



## ASTANA INTERNATIONAL EXCHANGE MARKET CONSULTATION PAPER NO. 4 /2021

### AIX BUSINESS RULES REVISION

#### I. Overview

1. This consultation paper is issued by Astana International Exchange Limited (AIX) in order to invite all interested parties to comment on the revised AIX Business Rules.
2. Revision of AIX Business Rules comprises following streams:
  - a. Introduction of “Direct Listing” concept as a new section in AIX Regional Equity Market Rules (AIX REM);
  - b. Introduction of a new section “Public Sector Issuers” in AIX Markets Listing Rules (AIX MLR);
  - c. Enhancement of the existing chapters of AIX Business Rules (clarification, correction of factual errors and inconsistencies, exclusion of redundant or inapplicable provisions).
3. All comments should be in writing and sent to [listings@aix.kz](mailto:listings@aix.kz).
4. In sending your comments by email, please state “AIX Consultation Paper No. 4/2021” as the subject and include your name, job title, contacts and organisation you represent in the email body. AIX reserves the right to publish and share with third parties any comments received as part of Market Consultation, unless expressly requested otherwise at the time of making comments.
5. The deadline for providing comments is **September 1, 2021**.
6. Comments received as part of Market Consultation will be considered and will or will not be incorporated in the final draft of AIX Business Rules at the discretion of AIX.

## **II. Introduction of “Direct Listing” concept as a new section in AIX REM**

New section “Direct Listing” is being introduced as a new product in Regional Equity Market Segment, where a non-public Issuer is seeking to have the Securities Admitted to Trading on AIX without making an Offer of Securities (without new capital raising).

It is expected that Issuers will determine a reference price (instead of the offer price) by engaging investment banks or research house or other credible third party to get indicative/non-binding valuation. The reference price and the valuation methods and criteria will be described in the Prospectus. The Board is responsible for the fair and accurate prospectus disclosure.

The reference price will be used for commencement of trading. There will be extended opening auction (duration will be determined in a respective Market Notice on start of trading). During the opening auction only Limit Orders may be entered, which will be matched at the end of the auction. Afterwards, the normal Trading Cycles will apply.

A standard price volatility control will apply by default for the Direct Listings during the initial sell-down period – 10% volatility band; or such other percentage as AIX may determine on case-by-case basis and publish by Market Notice (AIX TRD17.2).

Market Capitalisation (AIX MLR10) and Shares in Public Hands/free-float (AIX MLR11) are waived for initial Admission and the first year; and these listing requirements should be fulfilled by the Issuer starting as of the first anniversary of the Admission Date.

Controlling Shareholder(s) will commit to sell at least 15% (to match a free-float requirement starting as of the first anniversary of the Admission Date) in the first year to procure the sufficient supply, but keep control >50% for at least of 365 days to protect investors from Controlling Shareholders fleeing a failed business.

The Issuer will be responsible for the offer and given the Controlling Shareholder’s sell down requirement, will need to ensure the offer is at a reasonable price (AIX ADS5.1.2). If no sufficient price formation is maintained, AIX may in its discretion require the Issuer to engage Market Makers under the AIX ADS Rules (AIX ADS5.1.3).

## **III. Introduction of a new section “Public Sector Issuers” in AIX MLR**

New section “Public Sector Issuers”, which sets out certain concessions for sovereign issuers and international financial organizations given their special legal status and that most requirements are not suitable for Public Sector Issuers, such as: non-applicability of the Corporate Governance Principles, simplified listing eligibility criteria, reduced market disclosure obligations, replacement of prospectus with offer terms.

## **IV. Enhancement of the existing chapters of AIX Business Rules**

**(i) AIX Membership Rules**

- appointment of process agent in AIFC (as opposed to process agent with an address within the whole territory of Kazakhstan) to conform with changes introduced in AIFC AMI Rules in December 2020;
- clarificatory changes to Member's continuing reporting obligations (market abuse, license effectiveness, profile details).

**(ii) AIX MLR**

- set of annual financials to conform with requirements in AIFC Market Rules (3-year period for Equity and 2-year period for non-Equity – Debenture and Structured Products);
- waiving obsolete requirements in relation to the scope of listing application documents (including requirements in the chapter for Pre-IPO Listings);
- electronic submission of listing application pack via AIX digital platform launched in 3q2020 (as opposed to hardcopy submissions at the AIX' registered address);
- clarifying timescale for exercising AFSA's stop order power in relation to AIX' listing decisions to conform with changes introduced in AIFC AMI Rules in December 2020.

**(iii) AIX Market Disclosure Rules**

- Clarification on scope of concurrent disclosure, when Issuer has its Securities (depending whether such Securities are of the same class or different classes) listed on AIX and other stock exchanges (depending on whether such exchange is recognized as equivalent or non-equivalent);
- Requirement on disclosure of audited annual financial statements of Guarantors and 6-month interim financials by Public Debt issuers.

**(iv) AIX Trading Rules**

- Alignment of time periods for reporting of off-the-Order-Book transactions in AIX TRD15.4 and the Market Notice on Reporting of off-the-Order-Book transactions.

**(v) AIX Green Bond Rules**

- Based on refining proposals received from AIFC Green Finance Centre, R&C introduced certain clarifying changes to align listing process and disclosure requirements for Green Bond Issuers with AIX MLR & AIX MDR standard and definitions.

**(vi) AIX Listed Fund Rules**

- Alignment of time periods for publication of annual financials with AIFC Market Rules (MAR3.4.2), whereby 4-month deadline was replaced with a 5-month deadline (= 150 days).

**(vii) AIX Belt and Road Market Rules**

- Certain clarifying changes to align listing process and disclosure requirements for BR Securities Issuers with AIX MLR & AIX MDR standard and definitions.

**(viii) AIX Glossary**

- New definitions: “Public Sector Issuer” for the purpose of a new rule AIX MLR 23 (Public Sector Issuers); and “Direct Listing” for the purpose of new rule AIX REM 6 (Direct Listings);
- Amendments to definition of “Competent Person” for the purpose of Mining Company Rules. Qualification criteria for competent persons were updated in line with the international standard (JORC and NI 43-101).

**Attachments to this consultation paper:**

- 1) Annex 1 - Comparison table of the proposed amendments to the AIX Business Rules;
- 2) Annex 2 - AIX Business Rules (as amended and restated) in redline.