

February 2024

AIX Regulation Newsletter

AIX Regulation Newsletter is a regular update from AIX Regulation & Compliance office (“R&C”), which is issued from time to time to provide information and guidance for AIX Market Participants on various regulatory matters, expected standards and disciplinary action taken for breaches of AIX Group Business Rules.

About R&C

R&C operates under a self-regulatory (SRO) model to ensure the effectiveness of regulation and market integrity of AIX Markets. R&C performs front-line regulatory functions on the AIX Markets under supervision of Astana Financial Services Authority (“AFSA”) and reports on regulatory matters to AIX Board of Directors.

R&C is responsible for the monitoring the AIX Markets, developing and enforcing the AIX Group Business Rules and related procedures and facilitating effective engagement between Market Participants, R&C and AFSA.

Any dispute in relation to R&C’s regulatory rulings may be referred to the AIX Appeals Committee at secretary@aix.kz. If appeal has failed at the level of the AIX Appeals Committee, it could be referred to AFSA at <https://afsa.aifc.kz/submit-your-complaint/> and/or to the AIFC Court as the final court of appeal.

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I. AIX Business Rules Update

As part of periodic review of the rules and received requests from the market participants, AIX introduced amendments to the AIX Business Rules with effect as of 5 February 2024.

Summary of amendments:

(1) AIX Mining Company Rules (MCR)

- The definition of a "Competent Person" has been amended to allow employees of Issuers to provide professional services to the Issuer in relation to public reporting of Exploration Results, Mineral Resources and Ore Reserves. There is no obligation for the Competent Person(s) to be independent of the Issuer which has commissioned a report in compliance with the JORC Code. However, any conflict of interest must be either avoided or declared and managed
- "Development and production" and "production targets" reports have been removed from the requirement of being approved by the Competent Person, aligning the AIX Business Rules with common industry practice and international standards, such as the JORC Code.

(2) AIX Markets Listing Rules (MLR)

- Clarification is being provided that general suitability requirement (Rule MLR 5) is to be assessed by AIX irrespective of the type of Securities to be admitted to the AIX Official List, to meet the relevant AML/CFT statutory and regulatory requirements.

(3) AIX Admission and Disclosure Standards for Issuers (ADS)

- It is clarified that Offer documents, which are being submitted by the Issuers of Wholesale Bonds and/or Commercial Papers under the Securities Issuance Programmes, should be up to date (not older than 12 months) at the time of a respective tranche issuance.

(4) AIX Membership Rules

- The requirement to pay application fee at the time of the membership application submission was aligned with the AIX Fee Schedule.
- Consistency amendment to specify that in addition to retirement/resignation of a Director (Rule MLR2.4.2(vi)) a Member must inform AIX on appointment/ change of a Director in its board (Rule MLR2.4.2(vii)).

(5) Miscellaneous

- other clarifications, corrections of factual errors and inconsistencies, exclusion of redundant or inapplicable provisions in other chapters of AIX Business Rules.

The full text of the AIX Business Rules (as amended and restated) is available in section "Rules & Regulations" on AIX website: <https://aix.kz/about-aix/rules-regulations/>

II. Guidance for Issuers: SME Bonds

Guidance to market participants is an important tool to promote fair and transparent markets. Recently, AIX R&C introduced a thematic guideline on debt securities (hereinafter “SME Bonds”) tailored for small and medium-sized enterprises (SMEs) .

The new product is aimed to assist SMEs in tapping the market, taking into account the business life cycle of SMEs in Kazakhstan and the size of their funding needs. The Guidance describes how the Rules will be applied when admitting the SME Bonds to listing on AIX.

	Public Debt	Wholesale bond	Exempt Offer	SME
LISTING CRITERIA				
No restriction on Issuer’s jurisdiction of incorporation	✓	✓	✓	✓
Offering Document	Prospectus	Offer Doc (30 pages)	T&Cs	T&Cs
Offer Amount	>\$500k	>\$500k	>\$500k	<\$5mln
Target Investors	Retail & Institutional	Prof Clients; Accredited Investors	Accredited Investors	Retail
Audited financials	2 years	2 years	2 years	1 year
Currency	Any	Any	Any	KZT
Minimum denomination	Any	\$100k	Any (lots >\$100k)	Any
Guarantee	Optional	Optional	Optional	Mandatory
CONTINUING OBLIGATIONS				
Annual and semi-annual reports	Annual	x	x	x

For further details please refer to the [AIX Guidance on SME Bonds](https://aix.kz/about-aix/rules-regulations/), which is also available in section “Rules & Regulations” on AIX website: <https://aix.kz/about-aix/rules-regulations/>

III. Euroclear Signatory Card requirement

On 30 October 2023, Euroclear issued [Newsletter 2023-N-056](#) with updates for client's Authorised Signature List (ASL) requirements. Euroclear recommends using its new ASL template.

Euroclear Bank respectfully reminds customers to provide written notification of any changes in authorized signatories or signing powers of its representatives without delay and to submit an up-to-date authorized signatory list on a regular basis.

Euroclear highlights the importance of consolidation multiple authorized signatory lists into one active list.

AIX CSD and AIX Registrar remind that it is important for AIX to ensure that its Member/Participant/Client records remain up-to-date so in case of any change:

- profile information;
- list of traders having access to AIX Trading Facilities;
- list of users having access to post-trade system;
- list of Authorised Signatories or Responsible Person.

Member/Participant/Client should send a change request to ptd@aix.kz and registrar@aix.kz.

IV. Fees Update

AIX Fees have been amended to reflect:

- Listing fee for new product – SME Bonds;
- [Waiver](#) of listing fee for ESG bonds until 31 March 2024;
- Changes to the Structured Products listing fees;
- Introduction of the Application Fee and changes to payment of the Initial Membership Fee for AIX Trading Members;
- [Modification](#) of membership fees for the Tabadul hub members

AIX CSD Fees have been also updated for 2024.

The amended AIX and AIX CSD Fee Schedules are available at the following link [Fees](#).

V. AIX has been recognized by the European regulator ESMA

On 8 January 2024, the European Securities and Markets Authority (ESMA), which is the EU's financial markets regulator and supervisor, recognized AIX as an eligible third-country trading venue for the purpose of transparency compliance under MiFID II / MiFIR. AIX was included into the positive assessed list of the ESMA's [Transparency opinion](#).

Being included in the ESMA's positive assessment list implies that the European investment firms executing trades on AIX are exempt from the mandatory transaction reporting of such trades under MiFIR.

VI. Extension of AIX CSD Admitted Products

Pursuant to clause 7.1 of the AIX CSD Business Rules, AIX CSD Participant may submit an [Application Form](#) to have a class of Security (other than those admitted or to be admitted to the AIX Official List) approved as an Admitted Product at AIX CSD.

Eligibility criteria and the process for admission of securities to AIX CSD as Admitted Products are defined in the [AIX CSD Business Rules](#), [AIX CSD Business Procedures](#) and the relevant [Depository Announcement](#).