



# **GUIDANCE FOR FUND MANAGEMENT ACTIVITY AND FUNDS IN THE AIFC**

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**Astana, Kazakhstan**

## *Disclaimer*

This Guidance for Fund Management activity and Funds in the AIFC (“**Guidance**”) has been developed to provide an understanding of a Collective Investment Scheme (“CIS”) legal framework and general information on authorisation of a Fund Manager or establishing of a Fund in the AIFC. The Guidance should be read in conjunction with the relevant AIFC Acts. Anything stated in this Guidance shall be treated solely as clarification or explanation of provisions of the relevant AIFC Act(s) and in any case must not be regarded as setting out any requirements in addition to those provided in the AIFC Acts. Should anything in this Guidance be in contradiction with any provision of the AIFC Act(s), the provisions of the relevant AIFC Act(s) shall have prevailing force with any statement of this Guidance falling in contradiction with such AIFC Act being invalid for the purposes of explanation or clarification of the AIFC Act. Any such contradicting statement of this Guidance shall be treated merely as an example of good practice in the given business industry.

This Guidance does not cover all applicable requirements set out in the relevant AIFC Act(s). The AFSA makes no representations as to accuracy, completeness, correctness or suitability of any information provided herein and must not be liable for any error, omission, inconsistency or irrelevance of any of provisions set out herein. Information in this Guidance must not be deemed, considered or relied upon as legal advice and must not be treated as an equivalent or substitute for a specific advice concerning any individual situation. Any action taken upon the information provided in this Guidance is strictly at your own risk and the AFSA will not be liable for any losses and damages arising directly or indirectly in connection with the use of or reliance on information provided in this Guidance.

Defined terms are identified in this Guidance by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Constitutional Statute “On the Astana International Financial Centre” (“Constitutional Statute”) and AIFC Glossary (“GLO”). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

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## Introduction

The purpose of this Guidance is to provide existing and prospective Fund Managers with an understanding of the framework of Collective Investment Scheme (“CIS”) in the AIFC, processes and steps towards becoming a Fund Manager and establishing a CIS. There are some matters in this Guidance which apply to all types of Funds and some which are specific to certain types of Funds (exempt or non-exempt funds, specialist funds, etc.), so this Guidance must be read in conjunction with all applicable AIFC Act(s) relating to each specific Fund and case.

For the purpose of this Guidance, the terms “CIS(s)” and “Fund(s)” may be used interchangeably.

This Guidance contains:

- a. description of AIFC CIS framework;
- b. description of main requirements relating to Domestic Fund Managers and their authorisation and registration processes;
- c. description of the recognition process for Foreign Fund Managers;
- d. description of CIS classifications;
- e. description of the registration and notification processes that the AFSA follows when assessing and reviewing Funds;
- f. description of the notification process for Foreign Funds; and
- g. fees applicable to Fund Managers and Funds.

This Guidance is, therefore, relevant to existing and prospective fund managers who are seeking to establish and manage Funds in the AIFC and be authorised by the AFSA to do so.

## AIFC CIS Legal Framework

In general terms, a CIS is an arrangement under which professional Fund Managers pool money from investors and invest and manage it according to the pre-set investment objectives and parameters. An official definition of CIS may be found in section 92 of the AIFC Financial Services Framework Regulations. For an arrangement to be qualified as a CIS, following conditions must be satisfied:

- Investors participating in a CIS must not have day-to-day control over the management of a Fund;
- Arrangements must have either or both of the following characteristics:
  - a. contributions of investors and distributions to investors must be pooled;
  - b. assets must be managed as a whole by or on behalf of the Fund Manager;
- In case the contributions of investors and distributions to investors are pooled for separate parts of assets, an arrangement is not a CIS unless investors are entitled to exchange rights in one part of assets for rights in other part of assets.

Existing and prospective Fund Managers planning to establish and manage Funds in the AIFC must familiarise themselves and comply with the relevant AIFC Act(s), including but not limited to:

- AIFC Financial Services Framework Regulations;
- AIFC General Rules;
- AIFC Conduct of Business Rules;
- AIFC Collective Investment Scheme Rules;
- AIFC Prudential Rules for Investment Firms;
- AIFC Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Rules;
- AIFC Companies Regulations;
- AIFC Companies Rules;
- AIFC Limited Partnership Regulations;
- AIFC Limited Partnership Rules; and
- AIFC Market Rules (if CIS is to be listed on an Authorised Investment Exchange).

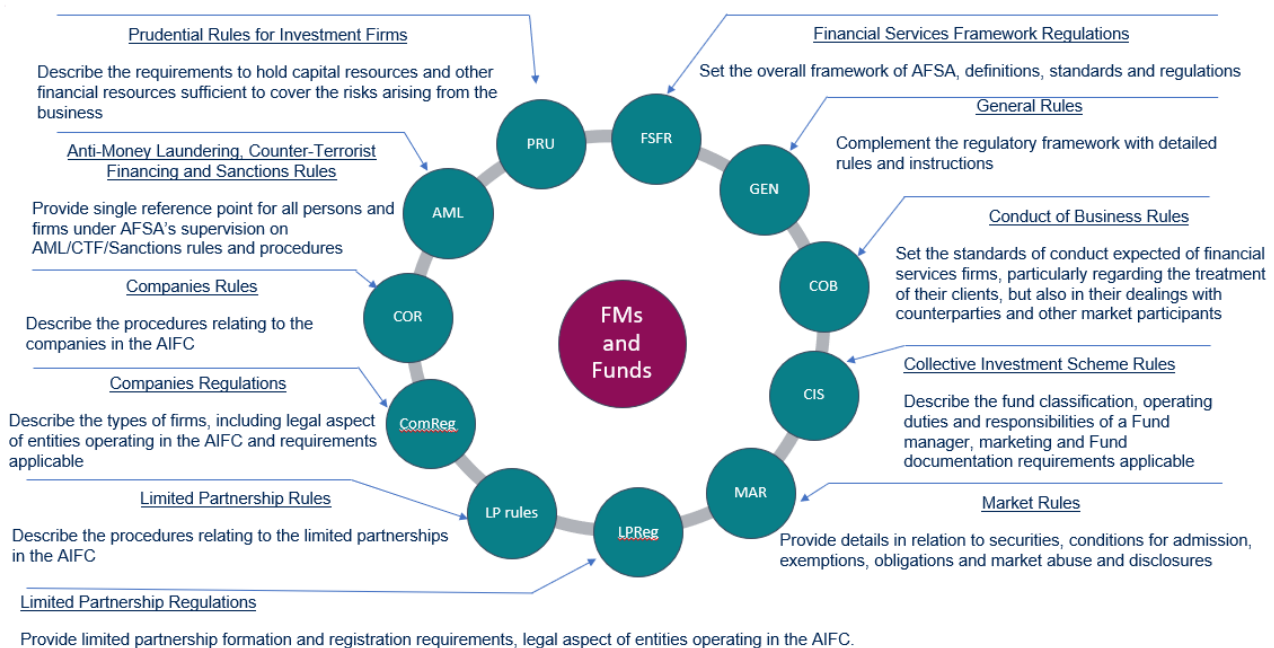


Figure 1: Legal framework for CIS

The Fund Manager's ability to present its compliance and adherence to the above AIFC Acts, as well as all other applicable AIFC Acts, its competence in the chosen field and evidence of operating with due skill, care and diligence affects the assessment of the Fund Manager by the AFSA and the consequent decision of the AFSA on giving its written consent to establish and operate a CIS in the AIFC.

## Fund Manager

A Collective Investment Scheme may only be established, promoted or marketed in the AIFC by a Person which is:

- a Domestic Fund Manager;
- a Foreign Fund Manager; or
- another Centre Participant.

### A. Domestic Fund Manager

A Domestic Fund Manager is permitted to manage:

- a Domestic Fund; or
- a Foreign Fund.

### Minimum Capital Requirement

A Fund Manager must ensure that it maintains at all times Capital Resources of at least its Minimum Capital Requirement. The Minimum Capital Requirement of a Fund Manager is equal to its Base Capital Requirement:

	Has an appointed Eligible Custodian	Does not have an appointed Eligible Custodian
Exempt Fund	50 000 USD	500 000 USD
Non- Exempt Fund	150 000 USD	

*Table 1: Base Capital Requirement for a Fund Manager*

### Liquid Assets requirement

A Fund Manager must have, at all times, Liquid Assets whose value is at least equal to 25% of the firm's Annual Operating Expenditure.

### Authorisation and registration processes of a Fund Manager in the AIFC

Managing a CIS is a Regulated Activity, and therefore an AIFC-registered firm must be authorised (i.e., get a License to carry on Regulated Activities) to conduct such activity if that activity is carried on by way of business (AIFC General Rules). However, there are certain exclusions where the firm is not considered to be carrying out the Regulated Activity, e.g., in respect of acting with or for Group of companies, in respect of Single Family Offices.

The short overview of the establishment process (both incorporation and authorisation) of the Fund Manager is described below:

- I. Contact the Participant Support & Sales team of the AIFC Authority:

*The Participant Support & Sales team of the AIFC Authority* is the first point of contact for all establishments interested in having a presence in the AIFC. You may contact them via [bcsc@aifc.kz](mailto:bcsc@aifc.kz).

There are two processes that need to be completed with AFSA in order to become a Fund Manager: incorporation (or registration) and authorisation. Firms should apply for registration to the Registrar of Companies of the AFSA and for authorisation – to the Authorisations Division of the AFSA.

II. The incorporation (or registration) process of a Fund Manager:

The Fund Manager might be in the form of a new legal entity (or subsidiary); or a branch of an existing entity outside of AIFC jurisdiction, which is regulated by a financial regulator.

- (1) You may apply online via the self-service portal (<http://www.digitalresident.kz/>) or contact the Office of the Registrar of Companies directly via [registration@afsa.kz](mailto:registration@afsa.kz).
- (2) The registration fee is 300 USD (paid once) if you apply via the self-service portal and 500 USD (paid once) if you apply on paper via [registration@afsa.kz](mailto:registration@afsa.kz).
- (3) The AFSA aims at completing the registration process within 5 business days after accepting finalised application package.
- (4) If the application is successful, the Office of the Registrar of Companies will notify you of the application status and issue a Certificate of Incorporation/Recognition.

III. The authorisation process of a Fund Manager. The following are some of the recommended preparation steps:

- (1) Determine who will be part of the senior management and who will be in the mandatory positions. Prepare to complete the necessary individual application forms. The [Guidance on Fitness and Propriety](#) clarifies AFSA's approach regarding the fit and proper assessment. Also, the [Guidance on Assessment, Competency and Trainings for Controlled and Designated Functions](#) sets AFSA's expectations in relation to training and competency programmes for individuals who perform Controlled or Designated Functions, in accordance with the AIFC Rules and Regulations.
- (2) Develop a comprehensive regulatory business plan that sets out your proposed activities, 3-year financial projections and budget, and resources such as human, systems, and financial.
- (3) Familiarise yourself with the applicable AIFC Regulations and Rules and be prepared to show how you will comply with them. This might include providing a compliance manual, a compliance monitoring programme, and risk management policies. The AIFC Regulations and Rules can be found on our website (<https://afsa.orderly.kz/>) in the Legal Framework section. The [guidelines](#) for internal policies and procedures available on our website can assist the applicant in preparation of the documents.
- (4) Determine your minimum regulatory capital requirements, with which you will need to comply at all times. This should be included in your 3-year financial projections.
- (5) The applicant must pay an application fee for Managing a Collective Investment Scheme in the amount of 5,000 USD and an application fee for each Approved Individual status in the amount of 200 USD in accordance with the [AIFC Fees Rules](#).
- (6) Fill out the application forms and provide supporting documents. It is vital that you supply all relevant information.

Upon submitting the preliminary application:

- (1) The AFSA will assess the forms and the documents and consider factors including those shown below:
  - Fitness and propriety of the applicant, its shareholders and Directors;
  - Track record and fund management expertise of the applicant and its parent company or major shareholders;
  - Ability to meet the minimum financial requirements prescribed under the AIFC



Prudential Rules for Investment Firms;

- Strength of internal risk management and compliance systems;
  - Business model/ plans and projections and the associated risks.
- (2) The AFSA will then provide you with the comments.
  - (3) You may submit the finalised application package via post or by hand to the AFSA office.
  - (4) If the application is successful, AFSA will notify you on the application status and issue an In-Principle Approval.
  - (5) Upon your satisfaction of the conditions set by the AFSA (e.g. establishing legal entity, injecting the prudential capital, and resolving other regulatory matters), the AFSA will issue a Licence.
  - (6) Annual supervision fee for Managing a Collective Investment Scheme is 3,000 USD in accordance with the [AIFC Fees Rules](#).

## Outsourcing

The AIFC recognises that the fund industry depends upon third-party service providers for the outsourcing of various functions. It is possible to delegate or outsource any of Fund Manager's Regulated Activities or delegate or outsource any of its other functions to another Person, which may be located in or outside the AIFC, on prior written notification to the AFSA at least 30 days before the outsourcing or delegation is scheduled to take effect. The outsourcing or delegation may only proceed if the Fund Manager does not receive an objection by the AFSA to the delegation or outsourcing prior to the specified date.

## B. Foreign Fund Manager

A Foreign Fund Manager is permitted to manage a Domestic Fund, and if the Units of such a Fund are offered in the AIFC, then it must be an Exempt Fund. The Foreign Fund Manager may apply to the AFSA for recognition by the AFSA for the purposes of managing a Fund by:

- (a) completing the relevant application [form](#);
- (b) providing such further information as the AFSA may require; and
- (c) paying the application fee for recognition as a Foreign Fund Manager in the amount of 2,000 USD in accordance with the [AIFC Fees Rules](#).

An applicant for recognition as a Foreign Fund Manager must satisfy the AFSA that the following requirements of AIFC CIS Rules are met and the Foreign Fund Manager has:

- (a) appointed a Fund Administrator and Eligible Custodian;
- (b) included in its application for registration a declaration stating that it is subject to regulation by a Financial Services Regulator:
  - a. in a Recognised Jurisdiction; or
  - b. in a jurisdiction that is not recognised by the AFSA; and
- (c) submitted to the AFSA a copy of its licence to manage funds granted by its home state Financial Services Regulator.

## Funds

### A. CIS Classification

The AIFC CIS framework offers Fund Managers the maximum range of options when choosing fund vehicles:

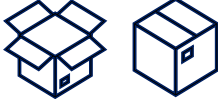


Investment Companies (open or closed ended)	Limited Partnerships	Protected cell companies (PCC)
<p>Allowing for incorporation of a fund vehicle using a corporate entity under the AIFC Companies Regulations, open ended investment companies allow for operation of traditional funds with regular subscription and redemption possibilities whilst closed ended investment companies may be used to structure a listed fund vehicle.</p> 	<p>As in other leading fund jurisdictions limited partnership structures can be used as the basis for AIFC fund structure.</p> 	<p>AIFC allows the structuring of funds and fund umbrellas using PCCs. This allows fund managers to legally segregate the assets and liabilities of each cell whilst operating under common management.</p> 

Table 2: Fund vehicles

The AIFC CIS Framework allows Fund Managers to easily provide funds to all investor types, whilst maintaining proportionate levels of investor protection. There are two main classifications of Funds established, promoted or marketed in the AIFC:

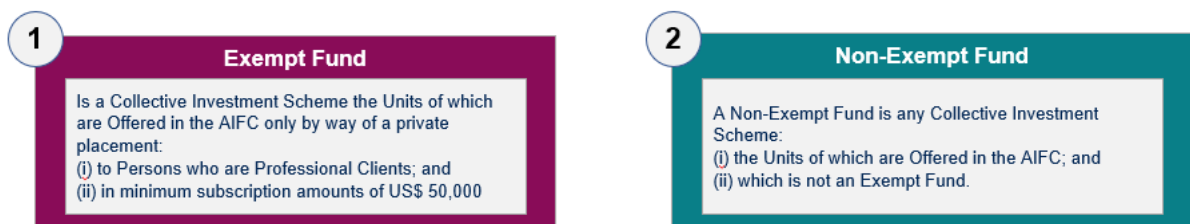


Figure 2: CIS classification

Considering the Retail Client-oriented nature of Non-Exempt Funds, the degree and extent of disclosures and requirements applicable to Non-Exempt Funds are more stringent than for Exempt Funds. The following table outlines the general requirements applicable to Non-Exempt Funds and Exempt Funds:

Fund Manager	Non-Exempt Fund	Exempt Fund	
	Domestic Fund Manager	Domestic Fund Manager	Foreign Fund Manager
Minimum capital requirements of Fund Manager	US\$ 150,000	US\$ 50,000*	n/a
Fund Domiciliation	AIFC and foreign jurisdictions		
Fund Registration/Notification	Registration	Notification	Registration
Fund Constitution	Required		
Offering Materials	Required		
Investors/Unit holders	Any	Professional Clients only	
Minimum Subscription amount	-	US\$ 50,000	
Eligible Custodian	Required	Not required (unless REIT)	Required
Fund Auditor	Required	Not Required (unless REIT)	
Periodic reports	Annual and quarterly	Not Required	
Financial reports	Annually (IFRS or US-GAAP)		

Table 3: General requirements for CIS

\* Fund has an appointed Eligible Custodian unless the appointment of an Eligible Custodian is not required due to the nature of the Fund and the type of assets which it holds. Otherwise, the base capital requirement increases to US\$ 500,000.

Funds, whether established as Non-Exempt Funds or Exempt Funds, may be formed as a Specialist Fund with specific nature of business and investment objectives. The AIFC allows the following types of Specialist Funds:

- Islamic Investment Fund;
- Private Equity Fund;
- Venture Capital Fund;
- Real Estate Investment Trust;
- Umbrella Fund;
- Fund of Funds;
- Feeder Fund;
- Master Fund;
- Any other Funds which comply with specific rules or guidelines that may be published by AFSA from time to time.

Specialist funds			
Exempt or Non-Exempt Fund			
<p><b>Islamic Investment Fund</b></p> <p>Fund, all operations of which are conducted in a Shariah compliant manner</p>	<p><b>Private Equity Fund (Exempt Fund)</b></p> <p>mainly invests in unlisted companies through equities, convertible debt</p>	<p><b>Venture Capital Fund (Exempt Fund and Domestic Fund)</b></p> <p>Limits the total number of subscriptions to an amount not to exceed \$100 million (or the equivalent in another currency) or a higher amount approved by AFSA</p>	<p><b>Real Estate Investment Trust (REIT)</b></p> <ul style="list-style-type: none"> <li>• invests at least 80% of its assets in income-producing real estate, with the remainder invested in cash or other securities;</li> <li>• receives at least 50% of the net profit from the rental of real estate;</li> <li>• distribute to unitholders [each year] not less than 80% of the annual net profit</li> </ul>

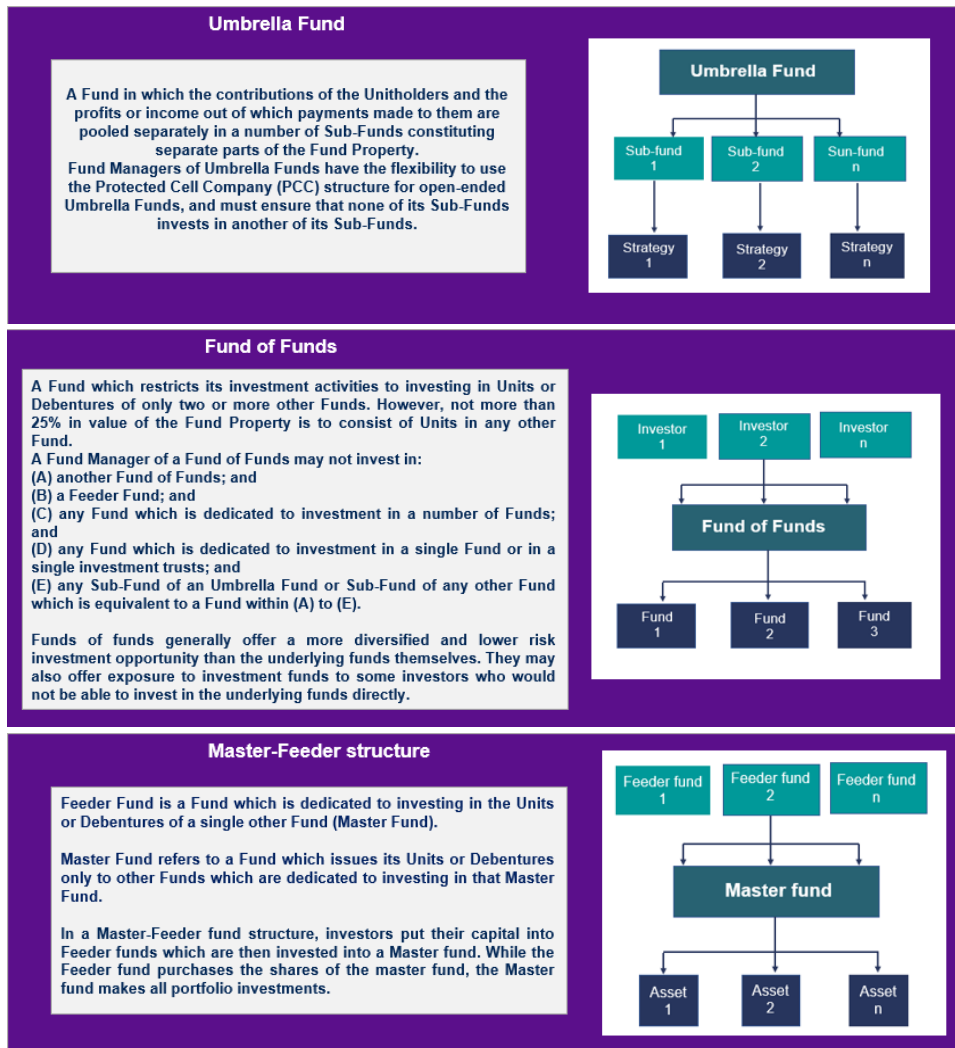


Figure 3: Specialist Funds

## B. Fund establishment process

Before the AFSA can issue its written consent to a Fund Manager to establish a Fund (both Non-Exempt or Exempt Fund), they must provide evidence satisfactory to the AFSA on its ability to manage a Fund on an ongoing basis. A Fund Manager, when exercising its powers and carrying out its duties, must, among other duties, act diligently, with due skill, care, honesty and integrity to Unitholders.

For the avoidance of doubt, an “establishment” includes procedures on registration of a Fund and notification on managing of a Fund, as relevant from case to case.

The AFSA will only review applications for registration of Funds or notifications for managing a Fund from:

1. Fund Managers authorised by the AFSA; and
2. Foreign Fund Managers that are authorised by a Financial Services Regulator:
  - in Recognised Jurisdictions (please see Schedule 2 of the AIFC Collective Investment Scheme Rules); or
  - in a jurisdiction that is otherwise acceptable to the AFSA (please see Schedule 3 of AIFC Collective Investment Scheme Rules).

In case the above criteria are met, a Fund Manager (both domestic and foreign) undergoes the Fund establishment process which involves certain steps towards obtaining the AFSA written consent to establish a Fund and incorporate a legal entity for that Fund as shown in the below figure.

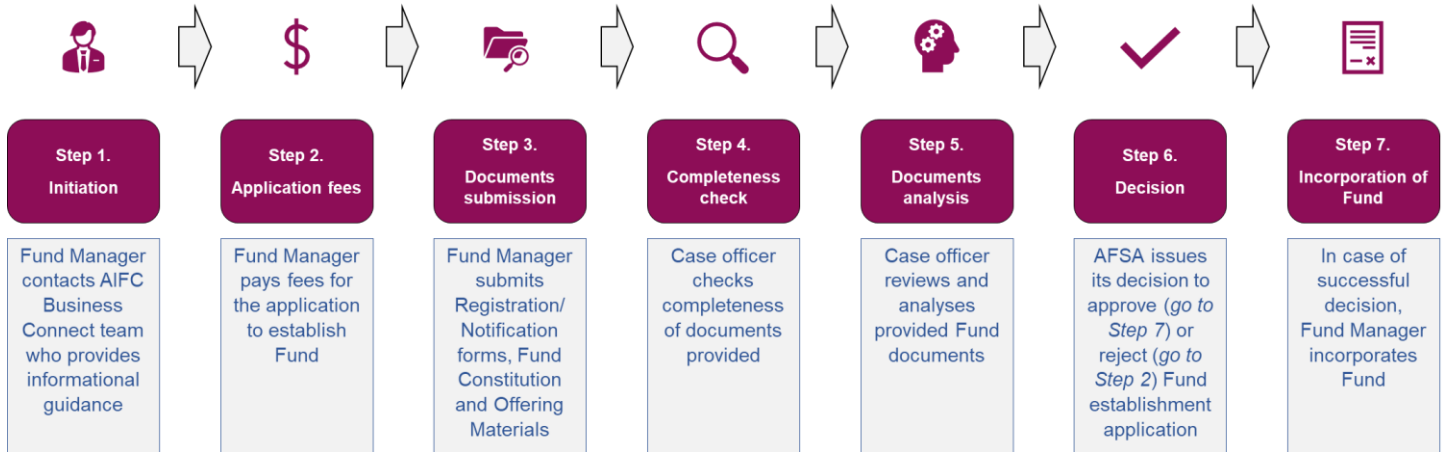


Figure 4: Fund establishment process

### Step 1: Initiation

We strongly recommend that firms, in the first instance, engage with the Participant Support & Sales team of the AIFC Authority. They will help you understand the value proposition of the AIFC to assist your evaluation of whether a presence here will make business sense for your firm. Existing and prospective Fund Managers may contact the Participant Support & Sales team of the AIFC Authority by emailing [bcgs@aifc.kz](mailto:bcgs@aifc.kz) and obtain informational guidance.

Next, you can contact the AFSA and express your intention to establish and manage a Fund in the AIFC either in a written form (by providing a signed hardcopy or via authorised emails) or during initial meeting with AFSA's representatives.

### Step 2. Payment of application fees

After preliminary discussions between you and the AFSA have taken place and preliminary details and parameters of the Fund have been taken into consideration, you will need to pay the application fee according to the invoice issued by the AFSA. Application fee amounts and deadlines for payment are outlined in AIFC Fees Rules – USD 1,000 for Exempt Funds and USD 2,000 for Non-Exempt Funds. You should note that the payment of these fees does not guarantee the positive decision of the AFSA on the establishment of a Fund. Application fees should be recognised as fees paid for the review of your Fund documents only. The application fees are considered as duly paid only when:

- the application fee is paid in full amount, excluding any bank commissions/fees;
- the application fee is paid in a timely manner; and
- receipt of the application fee to the AFSA's bank account is confirmed by the AFSA.

### Step 3. Documents submission

You will need to submit the following Fund documentation to a case officer:

- Registration form (for Non-Exempt Fund) or notification form (for Exempt Fund);

- Constitution (please see on page 15);
- Offering Materials (please see on page 16); and
- Any other significant documents related to the Fund (i.e., investment/subscription agreements, articles of association, etc.).

#### Step 4. Completeness check

The case officer reviews the package of Fund documentation and conducts the completeness check.

To be considered materially complete, the Fund documentation must be:

- filled out in all applicable sections of registration or notification forms;
- accompanied by the Constitution and Offering Materials, contents of which must include all significant/material matters of the Fund and be compliant with requirements set out in the applicable AIFC Act(s); and
- accompanied by the appropriate supporting documents (if any).

After the check, the case officer will inform you of completeness/incompleteness of package of the Fund documentation.

#### Step 5. Documents analysis

The case officer reviews and analyses the Fund documentation for its compliance with the relevant AIFC Act(s). It is important to note that obtaining AFSA written consent to establish a Fund is a reiterative process, which involves multiple rounds of reviews and discussions.

During the review stage, case officer will contact you to discuss or clarify the information submitted as part of the Fund documentation, provide comments, set up interviews with key individuals of a Fund Manager, and request any information which it considers relevant for consideration of an application. Your responsibility and ability to provide full, frank and quality information as well as your responsiveness and readiness to cooperate and provide requested information in a timely manner affects the overall timing of review. General details and explanations on content requirements of Fund documentation are discussed on page 15.

#### Step 6. Decision

After the review stage, the case officer informs you of the AFSA's decision to:

- give a written consent to establish a Fund;
- give a written consent to establish a Fund with conditions;
- send for revision of submitted Fund documentation according to the comments provided; or
- reject issuance of a written consent to establish a Fund.

You should note that if AFSA decides to reject applications, which were previously sent for revision, Fund Managers will need to repay the application fees and start the process from the beginning. The same approach applies to applications which were previously rejected.

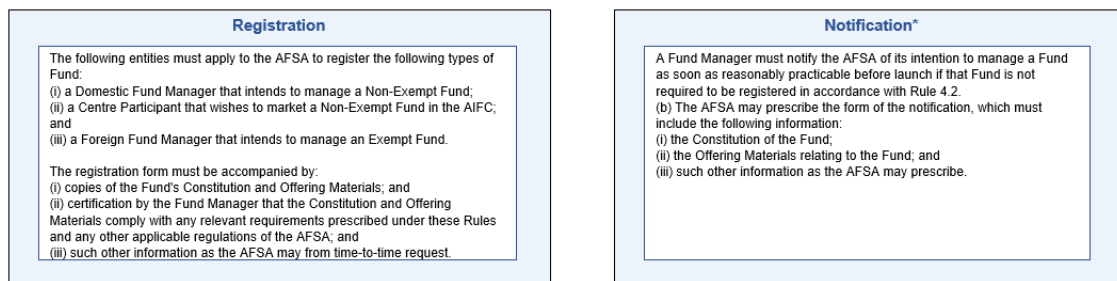
#### Step 7. Incorporation of Fund

In case of the AFSA's decision to approve the issuance of a written consent to establish a Fund

without or with conditions, you are eligible to begin incorporating and registering the legal entity for the Fund. Based on the AFSA’s written consent to establish a Fund, you may apply for incorporation/registration of the Fund either online via the self-service portal (<http://www.digitalresident.kz>) or offline via the Office of the Registrar of the AFSA ([registration@afsa.kz](mailto:registration@afsa.kz)). The registration fee is paid once only and equals USD 300 (for online applications) and USD 500 (for offline applications). If your application is successful, the Office of the Registrar of the AFSA will notify you of the application status and issue a Certificate of Incorporation.

### C. Fund documentation

The main information requirements are the same for all Funds, but each application will be assessed on its own merits depending on the nature, scale and complexity. You should note that despite the notion of “notification” for the Exempt Funds, it does not relieve Fund Managers planning to establish and manage Exempt Funds from complying with the relevant AIFC Act(s). However, the requirements that the Fund Manager must follow and comply with, as well as the degree of responsibility of a Fund Manager, are more stringent for Non-Exempt Funds. In this regard, during the review stage, the case officer analyses the Fund documentation related to Non-Exempt Funds more comprehensively and in-depth with a focus on detailed disclosures and explanations, considering the involvement of unsophisticated retail investors in Non-Exempt Funds.



*\*Practical implications*

According to Article 6.3.3 of AIFC Companies Rules, a Company must not be incorporated as an Investment Company, an existing Company must not be converted into an Investment Company, and a Company must not operate an Investment Company, unless:

- (a) the Company is formed, and is to operate, for the sole purpose of conducting the business of a Fund; and
- (b) the AFSA has given its prior Written consent.

According to the Article 7.1 of AIFC Limited Partnership Regulations, the AIFC Collective Investment Scheme Rules including any legislation administered by the AFSA on matters related to the regulation of financial services and related operations in the AIFC apply to a Limited Partnership or a Recognised Limited Partnership which is formed, and is to operate, for the sole purpose of conducting the business of a Fund.

AFSA conducts overview of the Notification similar to Registration cases to the degree and extent as the AFSA considers necessary or desirable to meet its regulatory objectives. After the overview, AFSA provides Fund manager its prior Written consent to establish Investment Fund formed as an Investment Company.

Figure 5: Registration and notification requirements

### Constitution

Fund Constitution represents a general document, which describes, for example, a general framework, strategy and rationale for establishing a Fund in the AIFC, investment objectives and policies, corporate, legal matters and main duties and responsibilities of a Fund Manager and its corporate bodies and committees. Fund Constitution should also include, *inter alia*, information on the organisational structure and terms of engagement of its management team. Besides, corporate procedures and litigation aspects of the Fund must also be disclosed in the Fund Constitution. Existing and prospective Fund Managers may use Schedule 1 of the AIFC Collective Investment Scheme Rules as a starting point in drafting the Fund Constitution (although it is applicable to Non-

Exempt Funds, it serves a good purpose for any Fund as it reflects significant and material matters of the Fund's operations). A Fund's Constitution may be considered as an appropriately compliant (with the AIFC CIS Rules) articles of association of an investment company or a partnership agreement of a limited partnership, or a trust deed in the case of a trust (as the case may be) when establishing the Fund in the AIFC.

## Offering Materials

Offering Materials represent a marketing document offered/circulated among potential investors which should allow them to make informed and weighted decision based on their investment objectives, risk appetites and sophistication. In this regard, Offering Materials should be written in-detail and extensively to help investors in decision making. Offering Materials should cover all aspects of the engagement between a Fund Manager – Fund – investors, including but not limited to:

- Description of the investment objective / strategy / policy and description of procedures on amending strategy and/or policy;
- Investment / asset policy: for example, types of investments/assets, limits placed on each investment/asset, allocation of funds for each investment/asset, restrictions to certain investment/asset, disposal;
- Clients: for example, their type (retail, professional), types of units/shares, minimum subscription amounts and limits, redemption terms and conditions, units exchange process, client on-boarding and know your customer procedures;
- Third party service providers (for example, a custodian, administrator, bank, appraiser, broker, auditor, registrar): for example, criteria to appoint, due diligence, duties of third party service providers, terms and conditions of the engagement with third party service providers, fees/penalties calculations;
- Fees and expenses: for example, disclosure of the entire structure of fees, including all other direct/indirect expenses and costs, calculations of these fees and expenses, limits on expenses, procedures to change the fee structure;
- Borrowing / leverage: for example, terms, limits, purpose, collateral options, approval/decision making procedures;
- Internal decision making and corporate procedures (including annual general meetings, ad-hoc meetings, replacement of a Fund Manager, etc.): for example, the description, procedures, deadlines, voting powers, rights and duties;
- Fund characteristics: for example, the size, duration, termination, information about a Fund Manager and its top management;
- Client Money and Investments: for example, protection mechanisms, description of accounting and reporting matters related to investors' money and investments;
- Distribution policy: for example, a waterfall, types and periodicity of distribution (dividends, re-investment, etc.);
- Listing: for example, description, procedures, terms and conditions, valuation;
- Risk and Liquidity Management: for example, description, disclosure, responsibility;
- Communication with investors: for example, procedures, channels, reporting, forms of communication and complaints handling;
- Disclaimers / statements: for example, regulatory, responsibility, Fund-specific;
- Record-keeping policy: for example, description, types of information to be recorded, retention periods;
- Any warrants, representations, covenants, restrictions, indemnities specific to a Fund;



- Any other details that are uncovered by the above points but represent an importance to the Fund Manager and Fund's activities.

Please note that the above list of Fund characteristics is not exhaustive and not universal. Certain characteristics may apply only to certain types of Funds, while others may be inapplicable. At the same time, comprehensively disclosing the above areas with sufficient level of details may significantly assist the AFSA in its decision-making process.

You are advised to include diagrams and graphics illustrating corporate structures, business process flows, governance arrangements, organisational design, clear reporting lines, control and IT systems environments and other relevant aspects of the Fund.

You should also bear in mind that the degree of disclosure and description of the above Fund characteristics should be more extensive and user-friendly for Non-Exempt Funds, considering that in most cases, Retail Investors do not possess relevant knowledge and experience in investing into Funds and/or may lack understanding of the financial sector as a whole.

The draft templates of Offering Materials for an Exempt Fund and a Non-Exempt Fund can be found on the AFSA website (<https://afsa.aifc.kz/>). There are some matters in these draft templates which may or may not apply depending on the specific situation, CIS characteristics and other miscellaneous matters, so these draft templates should be read in conjunction with the AIFC requirements and rules relating to each specific case.

## D. Foreign Funds

Foreign Fund is a Collective Investment Scheme that is not established or domiciled in the AIFC. A Domestic Fund Manager may establish and manage funds in a third-party jurisdiction (subject to the regulatory requirements of the host jurisdiction). Should the Fund Manager choose to do this, it is required to file a regulatory notification with the AFSA, including the following information:

- the Constitution of the Fund;
- the Offering Materials relating to the Fund; and
- such other information as the AFSA may prescribe.

## Fees

AIFC offers a transparent fee structure for Funds and Fund Managers. The table below highlights the regulatory fees applicable to Fund Managers and to Funds. For details of the AFSA fees, please refer to the AIFC Fees Rules on the AFSA website.

Type of Fee	Fees (in USD)
<b>Fund Manager Fees</b>	
Licensing application fee	<b>5000</b>
Annual supervision fee	<b>3000</b>
Application fee for recognition as a Foreign Fund Manager	<b>2000</b>
<b>Funds Fees</b>	
Non-Exempt Fund	<b>2000</b>
Exempt Fund	<b>1000</b>

*Table 4: Fees*