**Digital Asset Trading Facility supplement**

This supplement form must be submitted by Persons applying to conduct the Regulated Activity[[1]](#footnote-2) of Operating a Digital Asset Trading Facility (hereinafter, referred to as “DATF” or the “Platform”). This financial service is defined in Schedule 1 of the AIFC General Rules.

In addition to this supplement, you[[2]](#footnote-3) must complete the *Application for a Licence to carry on Regulated Activities* form. Depending on the suite of Regulated Activities your firm will be offering, there might be other forms or supplements that must be completed and submitted. Where you believe a question in this supplement may have already been answered in the *Application for a Licence to carry on Regulated Activities* form or other forms then you may provide an unequivocal cross reference to the relevant section.

To assist you in completing this form we occasionally make reference to various rules, sections, or chapters of the various modules which make up the AIFC Regulations and Rules. However, these references are provided only as a guide and are not an exhaustive list of the rules that may be applicable to your situation. It is your responsibility to research any Regulations or Rules[[3]](#footnote-4) that might be pertinent to your application.

Do not leave any response-cells empty. If a question we ask does not pertain to your intended Regulated Activities respond to that effect in the cell. If it is more appropriate to answer certain questions in an attachment, then indicate in the cell that that is the case. The use of acronyms is to be avoided. If you do need to use acronyms, then they must be defined.

As a matter of good practice, and to avoid any confusion, words and terms that are defined in AIFC Glossary should have their first letter in upper-case.

Ensure that you are using the latest version of this application form. AFSA will only accept out-of-date forms if they are submitted within one month of the latest version available on our website. For your submission we will require the paper-based originals with handwritten signature of one set of application forms, supplemental forms, and purpose-written, attachment documents, as well as the same in electronic format.

You are advised to retain a copy of the form and all relevant attachments for the records.

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| 1. **Declaration by the applicant**
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* 1. I declare that, to the best of my knowledge and belief, having made due inquiry, the information given in this form, the supplements and documents attached, as well as any applicable supporting documents, is complete and correct. I understand that it may be a breach of Article 119(e) of the AIFC Framework Regulations to provide to the AFSA any information which is deceptive, misleading or dishonest.
	2. I understand that the Authorised Person shall comply with, and be bound by, the AIFC Rules and Regulations. I also acknowledge that it is sole responsibility of the Authorised Person to monitor the amendments introduced to the rules and regulations published on the official website of the AFSA.
	3. I declare my understanding that the AFSA may request more detailed information (including but not limited to, personal educational, employment and financial information) should it be deemed necessary to adequately assess the fitness and propriety of the firm or any person connected to the firm. I consent to the AFSA contacting any previous employers, educational institutions, professional organisations or any other organisation, to verify any information contained in this form.
	4. I confirm that I have the authority to make this application, to declare as specified above and sign this form for, or on behalf of, the applicant. I also confirm that I have authority to give the consent specified above.
	5. I understand that any personal data provided to the AFSA will be used to discharge its regulatory functions under the AIFC Data Protection Regulations, and other relevant legislation and may be disclosed to third parties for those purposes.
	6. I confirm that all documents submitted as part of this application, whether physical or electronic, become property of the AFSA.

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Signature of Director/Partner of the applicant[[4]](#footnote-5) | Date |

|  |
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| Enter the name and position or title of the above signed Director/Partner of the applicant: |
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| 1. **Business model**
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* 1. Are you or any part of your Group currently conducting Digital Asset services in the AIFC, Kazakhstan or any other country/territory? If your answer is yes, please provide an exhaustive list of jurisdictions you operate at as well as an exhaustive list of Digital Asset wallets you use for conducting these services:

|  |
| --- |
| [Insert text here] |

* 1. Have you or any part of your Group ever conducted Digital Asset services in the AIFC, Kazakhstan or any other country/territory? If your answer is yes, please provide an exhaustive list of jurisdictions you have operated at as well as an exhaustive list of Digital Asset wallets you have used for conducting these services. Please also indicate a date at which you have seized to conduct these services:

|  |
| --- |
| [Insert text here] |

* 1. If you answer positively to 2.1 of 2.2 please provide web-addresses through which you provide or have provided Digital Asser services:

|  |
| --- |
| [Insert text here] |

* 1. Provide a detailed description of the Digital Asset products and services that you intend to provide under the proposed Regulated Activity of DATF:

|  |
| --- |
| [Insert text here] |

* 1. Indicate Digital Assets and fiat pairings that you plan to list at the Platform:

|  |
| --- |
| [Insert text here] |

* 1. Provide details of the payment rails (including fiat rails) that you plan to use on the Platform:

|  |
| --- |
| [Insert text here] |

* 1. Do you plan to conduct over-the-counter transactions with Digital Assets[[5]](#footnote-6) on the Platform? If “yes”, please provide a description of the model:

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| --- |
| [Insert text here] |

* 1. Provide detailed information about the IT systems that will be utilised for the operation of DATF (including matching engine, cybersecurity, surveillance system, data storage, etc.). What is the current development status, and what is the proposed location of servers and systems? Please provide any other relevant details and plans.

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| --- |
| [Insert text here] |

* 1. Provide details about IT system vendors and any material outsourcing arrangements planned or concluded with third parties (including in relation to Know Your Customer (KYC), Know Your Transaction (KYT):

|  |
| --- |
| [Insert text here] |

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| --- |
| 1. **Conduct of business and Risk management**
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* 1. Provide detailed information about custody arrangements[[6]](#footnote-7). Specify whether you intend custody Digital Assets yourself or appoint a Third Party Digital wallet Service Provider for this purpose.

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| [Insert text here] |

* 1. In case of appointment of a Third Party Digital wallet Service Provider:
1. Provide a description of such Third Party Digital wallet Service Provider, including the arrangements it has in place for holding and safeguarding Digital Assets:

|  |
| --- |
| [Insert text here] |

1. Provide contact details of a Third Party Digital wallet Service Provider:

|  |  |
| --- | --- |
| Name: |  |
| Postal address |   |
| Contact number: |  |
| E-mail address: |  |

1. Is this third-party Digital wallet service provider an Authorised Firm by the AFSA or regulated by any Financial Services Regulator?

[ ]  Yes 󠄀 [ ]  No

If “yes”, provide details of the regulator(s), including:

|  |  |
| --- | --- |
| Name of regulatory authority: |  |
| Jurisdiction or country: |  |
| Details of the licence held: |  |
| Date of licensing: |  |

1. If a Third Party Digital wallet Service Provideris a non-AIFC firm regulated by a Financial Services Regulator, provide due diligence results that it is subject to an equivalent level of regulation as under the AFSA regime.

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| [Insert text here] |

* 1. Describe in detail how you plan to safeguard Clients’ Digital Assets, including:
1. Security features and measures in place to safeguard the Digital Assets:

|  |
| --- |
| [Insert text here] |

1. Protections in place to prevent compromise of Hot Digital wallets:

|  |
| --- |
| [Insert text here] |

1. What Cold Digital wallet hardware devices do you plan on using to store Clients’ Digital Assets? Please describe type of these devices, how do you plan to use them, as well as their technical architecture and functionality:

|  |
| --- |
| [Insert text here] |

1. Provide an explanation of how often you will carry out reconciliation of Clients’ Digital Assets, including a description of how this reconciliation will be carried out:

|  |
| --- |
| [Insert text here] |

* 1. Specify proposed proportion (%) in relation to storage of Clients’ Digital Assets in Hot and Cold Digital wallets[[7]](#footnote-8):

|  |  |  |
| --- | --- | --- |
|  | Hot Digital wallet | Cold Digital wallet |
| Retail Clients |  |  |
| Professional Clients |  |  |

* 1. Describe how will you mitigate the risks of payment or Digital Asset delivery failure in relation to executed transactions[[8]](#footnote-9)? How do you plan to deal with error transactions?

|  |
| --- |
| [Insert text here] |

* 1. Describe how investment limits are set and how will be monitored[[9]](#footnote-10):

|  |
| --- |
| [Insert text here] |

* 1. Provide a direct link to your website that demonstrates compliance with disclosure and risk warnings requirements[[10]](#footnote-11):

|  |
| --- |
| [Insert text here] |

* 1. Describe your systems and controls that will enable you to calculate and monitor capital resources and its compliance with the requirements in DAA 2.2.(2)[[11]](#footnote-12).

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| [Insert text here] |

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| 1. **Documentation Checklist**
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* 1. The documents must be attached to this application. Mark the appropriate response-cells with an “X” to confirm that these attachments form part of this submission:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Verify that the following required documents are attached with this application submission:** | **Yes** | **No** | **N/a** |
| 1.
 | Business Rules[[12]](#footnote-13) |  |  |  |
|  | Membership Rules[[13]](#footnote-14). |  |  |  |
|  | Admission to Trading Rules[[14]](#footnote-15); |  |  |  |
|  | Direct Electronic Access Rules[[15]](#footnote-16): |  |  |  |
|  | Cyber-security policy and procedures[[16]](#footnote-17): |  |  |  |
|  | Procedures on evaluation, selection and on-going maintenance and monitoring of IT systems[[17]](#footnote-18): |  |  |  |
|  | Development and testing methodologies on the viability and effectiveness for the updates of the IT system[[18]](#footnote-19); |  |  |  |
|  | Standardised conformance testing procedures relating to Members’ technology systems[[19]](#footnote-20); |  |  |  |
|  | Policies and procedures in relation to technology governance[[20]](#footnote-21): |  |  |  |
|  | Documentation related to IT system (if not covered under cyber security policies) that should be provided:* Organisational charts, job responsibilities structure;
* IT system design scheme demonstrating full details of the technology framework, including:
* Diagrammatic representation of the entire technology platform underlying the proposed model (operating systems, communication platforms, software, hardware elements in the framework and etc.);
* Clients on-boarding process, incorporating Know Your Customer (KYC) and Know Your Transaction (KYT) checks;
* integration and interaction with third-party system and operation of various support services to fulfil the delivery of the proposed model, products and services;
* execution and delivery of products or services intended by the business model, including process flow chart illustrating the flow of fiat money and Digital Assets within the transaction process.
 |  |  |  |
|  | Results of third-party technology governance and IT audit[[21]](#footnote-22); |  |  |  |
|  | Policy and procedure on Client Assets[[22]](#footnote-23) (if not covered under the provided policies and procedures): |  |  |  |
|  | Recordkeeping policy[[23]](#footnote-24) (if not covered under the provided policies and procedures): |  |  |  |
|  | Whistleblowing procedures[[24]](#footnote-25) (if not covered under the provided policies and procedures): |  |  |  |
|  | Business continuity and disaster recovery plan[[25]](#footnote-26) (if not covered under the provided policies and procedures): |  |  |  |
|  | Internal Audit Policy[[26]](#footnote-27) (if not covered under the provided policies and procedures): |  |  |  |
|  | Personal data protection policy[[27]](#footnote-28) (if not covered under the provided policies and procedures): |  |  |  |
|  | Designated Individual status form for a Chief Information Technology Officer |  |  |  |

* 1. If you responded “No” in any of the cells above provide an explanation:

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|  |

* 1. List additional supporting documents not covered in the above checklist:

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|  |

1. Terms defined in the Glossary (GLO) or the glossary sections in the Rules are identified by the capitalisation of the initial letter of a word or of each word in a phrase, unless the context otherwise requires the word to have its natural meaning. [↑](#footnote-ref-2)
2. The terms “you” and “your” as used throughout are not implied in the personal sense, but rather refer to the applicant applying for a Licence to carry on Regulated Activities. The terms “we” and “our” refer to the AFSA. [↑](#footnote-ref-3)
3. Before completing this form, you should review the AIFC Digital Asset Activities Rules, Rules and mechanisms of cooperation of Unbacked Digital Asset Exchanges and/or Centre Participants authorized to carry out digital assets-related activities with second-tier bank of the Republic of Kazakhstan and other applicable AIFC acts, which are available on the AFSA website at [orderly.myafsa.com](https://orderly.myafsa.com/). [↑](#footnote-ref-4)
4. Or the person who will be authorised by the entity once it has been incorporated or established. [↑](#footnote-ref-5)
5. Before responding, please review the AFSA Guidance for Over-the-Counter Transactions with Digital Assets. [↑](#footnote-ref-6)
6. Please check and ensure compliance with the AIFC Digital Asset Activities Rules, Rule 2.13.7, 2.13.8. [↑](#footnote-ref-7)
7. Refer to the AIFC Rules on Digital Asset Activities, Rule 2.13.9. [↑](#footnote-ref-8)
8. We are interested to know how you will intend to manage Client accounts in terms of payments, distributions, valuations, and reporting. [↑](#footnote-ref-9)
9. Refer to the AIFC Rules on Digital Asset Activities, Rule 2.11.2, Rules and mechanisms of cooperation of Unbacked Digital Asset Exchanges and/or Centre Participants authorized to carry out digital assets-related activities with second-tier bank of the Republic of Kazakhstan [↑](#footnote-ref-10)
10. Refer to the AIFC Rules on Digital Asset Activities, Rule 2.8.5. [↑](#footnote-ref-11)
11. Refer to the AIFC Rules on Digital Asset Activities, Rule 2.4.10.(3). [↑](#footnote-ref-12)
12. Refer to AIFC Rules on Digital Asset Activities, Rule 2.5.2. [↑](#footnote-ref-13)
13. Refer to AIFC Rules on Digital Asset Activities, Rule 2.5.6. [↑](#footnote-ref-14)
14. Refer to AIFC Rules on Digital Asset Activities, Rule 2.5.7. [↑](#footnote-ref-15)
15. Refer to AIFC Rules on Digital Asset Activities, Rule 2.7. [↑](#footnote-ref-16)
16. Refer to AIFC Rules on Digital Asset Activities, Rule 2.4.4. [↑](#footnote-ref-17)
17. Refer to AIFC Rules on Digital Asset Activities, Rule 2.4.5. [↑](#footnote-ref-18)
18. Refer to AIFC Rules on Digital Asset Activities, Rule 2.4.6., 2.4.8.(2). [↑](#footnote-ref-19)
19. Refer to AIFC Rules on Digital Asset Activities, Rule 2.4.7. [↑](#footnote-ref-20)
20. Refer to AIFC Rules on Digital Asset Activities, Rule 2.4.10., 2.4.11. [↑](#footnote-ref-21)
21. Refer to AIFC Rules on Digital Asset Activities, Rule 2.4.5(b), 2.4.9. [↑](#footnote-ref-22)
22. Refer to AIFC Conduct of Business Rules, Rule 8 [↑](#footnote-ref-23)
23. Refer to AIFC Conduct of Business Rules, AIFC General Rules. [↑](#footnote-ref-24)
24. Refer to AIFC Rules on Digital Asset Activities, Rule 2.13.2. [↑](#footnote-ref-25)
25. Refer to AIFC General Rules, Rule 5.8.4. [↑](#footnote-ref-26)
26. Refer to AIFC General Rules, Rule 5.5. [↑](#footnote-ref-27)
27. Refer to AIFC Data Protection Regulations and AIFC Data Protection Rules. [↑](#footnote-ref-28)