AFSA REPORT ON

THEMATIC REVIEW OF FUND MANAGERS

(AIFC Participants authorised to carry out Managing a Collective Investment Scheme)

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AFSA

CONTENT:

1. CONTEXT AND METHODOLOGY

The Astana Financial Services Authority (the 'AFSA'), in exercising its supervisory functions, conducted a **thematic review of AIFC Participants authorised to carry on the Regulated Activity of Managing a Collective Investment Scheme** (the 'Thematic Review'). The Thematic Review assessed sampled Firms':

- *Financial conduct, fund governance, investor protection, recordkeeping and compliance with the applicable AIFC Rules and Regulations (COB); and*
- *Systems and controls on calculation and monitoring of Capital Resources and Liquid Assets and compliance with AIFC Prudential Rules for Investment Firms (PRU INV).*

The AFSA sampled and reviewed **19 Fund Managers** and **104 active funds under their management** as at the third quarter of 2025. The reviewed funds had aggregate Assets Under Management of **over USD 2.4 billion, representing 98% of total Assets Under Management** of the fund management sector at the review date. The sampled population included both firms that provide the financial service of Managing a Collective Investment Scheme as a standalone activity and firms that combine it with other types of regulated activities.

The review period covered 1 January 2025 to 30 September 2025. Where necessary, the review period was extended through additional information requests. The assessment included questionnaires, policies and procedures, Offering Materials, client and investor files, bank and custody records, transaction data, valuation materials, corporate approvals and interviews with relevant Approved Individuals, and other relevant documents that were requested from and submitted by sampled firms.

2. OVERVIEW OF KEY FINDINGS AND OBSERVATIONS

2.1. The overview of key findings and observations of Fund Managers' Financial Conduct and Compliance with AIFC Rules (COB)

The Thematic Review identified deficiencies in the quality and maturity of financial conduct frameworks across the reviewed firms. Several firms demonstrated established controls, while others relied on incomplete documentation, informal practices or controls that were not sufficiently independent. The most common weaknesses concerned customer due diligence, related-party transactions, valuation, fund disclosures, transaction records and cooperation with AFSA.

Overall, Fund Managers should strengthen the following areas:

a) governance and compliance arrangements for AML/CFT, conflicts of interest, valuation and fair treatment of Unitholders;
b) independent review, approval and documentation of related-party transactions, asset valuations, fees and preferential terms;
c) recordkeeping, reconciliation and regulatory reporting processes that allow transactions, ownership and Fund Property to be traced and reproduced promptly.

The observations in this report are thematic and they do not replace firm-specific inspection findings or any supervisory or enforcement action that AFSA may take in an individual case. These recommendations and expectations reflect AFSA's supervisory guidance and market good practices. They do not constitute additional Rules and do not override any individual requirements separately issued by AFSA to a specific AIFC Participant.

Table 1. Overview of common observations identified during the Thematic Review

No	Common observation	Recommendation
1	Weaknesses in CDD, PEP identification, beneficial ownership, SoF/SoW verification and ongoing monitoring.	Complete and update CDD; identify PEP links and UBOs; independently verify SoF/SoW; reassess risk and apply ongoing monitoring.
2	Conflicts of interest, related-party transactions and transactions not demonstrated to be on arm's-length terms.	Identify and record conflicts; apply independent review and approval; demonstrate market terms; exclude conflicted persons from decisions and voting.
3	Valuation weaknesses, inconsistent NAV/AUM data and insufficient independent support for asset/Unit values.	Maintain clear valuation methodologies; reconcile records; obtain independent evidence; test impairment; resolve inconsistencies before NAV is calculated.
4	Incomplete or inconsistent Fund documents, fee disclosures, amendments and fair-treatment arrangements.	Align all Fund documents; disclose fees and preferential terms; follow required approval and notice procedures; treat Unitholders fairly.
5	Insufficient transaction records, cash-flow traceability and reconciliation evidence in respect of Fund Property.	Maintain complete and reproducible records, including bank/custody evidence, agreements, payment records, registers and transaction-level reconciliations.
6	Incomplete, delayed or inaccurate information provided to AFSA and inadequate regulatory cooperation.	Provide complete and accurate information within deadlines; maintain records in a readily reproducible form; escalate material issues and notify AFSA promptly.
7	Weaknesses in governance, Fund structure, licensing perimeter and alignment between disclosed investment strategy and actual activity.	Ensure the Fund remains within the scope of the Firm's Licence; ensure that the Fund retains the characteristics of a Collective Investment Scheme; establish appropriate investment governance; and monitor actual activity against the disclosed strategy.

2.2. The overview of key findings and observations of PRU Investment Firms' Systems and Controls under the AIFC Prudential Rules for Investment Firms (PRU INV)

The overall result of Thematic Review of systems and controls on calculations and monitoring of Capital Resources and Liquid Assets, and its compliance with PRU INV indicated that the quality and maturity level of the systems and controls that must enable firms to calculate and monitor their Capital Resources and Liquid Assets **vary significantly from case to case**. In some cases, the systems and controls do not meet AFSA expectations and are not appropriate for the nature, scale and complexity of the firms' business and risk profile, which creates a risk that they do not enable firms to comply with prudential requirements at all times. Some of the firms demonstrated low but adequate maturity level and adequacy of their systems and controls and assessed that they may enable firms to calculate, monitor and comply with prudential requirements, but still have gaps and areas for improvement in identifying, assessing, responding to and monitoring risks related to financial resilience in good time.

Overall, it is recommended that the PRU Investment Firms enhance their:

a) **written systems and controls** on calculation and monitoring of Capital Resources and Liquid Assets, and compliance with PRU INV;
b) **risk management framework** and ensure their effective integration with systems and controls on calculation and monitoring of Capital Resources and Liquid Assets and compliance with PRU INV; and
c) **corporate governance frameworks**, *including the role of independent directors in PRU Dealing Investment Firms*, and increase the engagement of Governing Bodies in overseeing and ensure efficiency of systems and controls on calculation and monitoring of Capital Resources and Liquid Assets and compliance with PRU INV

following the recommendations and expectations provided by this Thematic Review, but not limited to them, and to ensure that, at all times, Capital Resources and Liquid Assets comply with PRU INV and are adequate in relation to the nature, scale and complexity of its business and its risk profile.

These recommendations and expectations reflect AFSA's supervisory guidance and market good practices. They do not constitute additional Rules and do not override any individual requirements separately issued by AFSA to a specific AIFC Participant.

Table 2 of this Thematic Review report provides the overview of common observations revealed during the Thematic Review and recommendations to address observations. This report does not replace individual recommendations that may be issued to a firm.

Table 2. Overview of common observations revealed during the Thematic Review

No	Common observations	Recommendation
1	The absence of required written systems and controls on calculation, compliance and monitoring of prudential requirements	**Develop the written policies and/or procedures that describe firm's systems and controls** that enable it to calculate and monitor Capital Resources and Liquid Assets and comply with PRU INV
2	A formalistic approach to the development of policies and procedures for calculation, compliance and monitoring of prudential requirements	Develop the policies/ procedures describing systems and controls that is **not formalistic in nature**, but establishes a business process and effective controls appropriate to nature, scale and complexity of firm's business and its risk profile
3	Policies and procedures that describe the systems and controls do not reflect the actual processes and practices	Revise either their policies/ procedures or the systems and controls (the business process) themselves, depending on whichever practice will more effectively enable the firm to calculate and monitor Capital Resources and Liquid Assets and compliance with PRU INV and appropriate for the nature, scale and complexity of the firm's business and risk profile
4	The lack of procedural elements, like defined roles of involved units and/or key personnel, responsibilities and steps for calculations, monitoring and reporting	Revise and ensure that the policies/ procedures on systems and controls on calculation and monitoring of Capital Resources and Liquid Assets describe the procedural steps of the systems and controls.
5	The absence of procedures and actions to be taken if a firm becomes aware, or has reasonable ground to believe, that it is or may be in breach of any applicable PRU INV requirements, incl. but not limited to notifying AFSA	Enhance the systems and controls of firms with actions to be taken if firm becomes aware, or has reasonable ground to believe, that it is or may be in breach of any applicable PRU INV requirements, including but not limited to internal and external notifications, contingency arrangement to bringing into compliance Capital Resources and Liquid Assets, mitigating risks and ensuring its liabilities can be met
6	Immaturity of risk management system and low integration level with systems and controls on monitoring of firms' compliance with prudential requirements	Enhancement of risk management systems and integration with systems and controls on prudential compliance
7	The systems and controls do not enable firms to monitor their compliance with PRU INV "at all times"	Enhancement of systems and controls on prudential compliance with adding interim monitoring to ensure that firms have sufficient financial resources to address the capital and liquid assets requirements (*i.e. daily and/or interim monitoring and/or impact assessment of large transactions, or other approaches adequate to the nature, scale and complexity of firms business and risks*)
8	Policies and procedures are drafted and approved in languages other than English and have no English language versions	To develop, properly document, approve and maintain written policies and procedures on systems and controls on calculation and monitoring of Capital Resources and Liquid Assets, and compliance with PRU INV in English
9	No periodic re/assessment and/or revision (i.e. at least once a year) of adequacy of its systems and controls on prudential compliance	Periodic re/assessment and/or revision of adequacy of its systems and controls on prudential compliance, i.e. at least once a year and noted by Directors, BoD
10	The low involvement of firms' Directors (Board of Directors) in the oversight of	Ensuring that Directors (Board of Directors) are involved in and informed about the oversight of compliance with prudential requirements, should consider whether the minimum Capital

prudential compliance and monitoring of financial resilience	Resources and Liquid Assets are adequate to ensure that there is no significant risk that firm's liabilities will not be met as they fall due, and monitoring if systems and controls are adequate and appropriate to firm's nature, scale, complexity of business, risk profile. Enhancement of the Corporate Governance and role of independent Directors.

3. AFSA EXPECTATIONS RELATED TO THE FINDINGS AND OBSERVATIONS

The AFSA expects that:

- **Sampled AIFC Participants** are expected to implement recommendations mentioned in this Thematic Review by 31 December 2026. Failure to do so by this date does not, of itself, constitute a breach of the requirements, however, AFSA will take a Participant's progress against this date into account in its ongoing risk assessment and supervisory engagement with that Participant, and may exercise its supervisory powers, including issuing individual requirements, where it considers this necessary;

- **AIFC Participants, authorised to carry out regulated activity of Managing a Collective Investment Scheme**, but were not sampled or authorised by AFSA after the review date, are expected to conduct a self-assessment of their own activities, systems and controls and implement recommendations and expectations of the AFSA;

- **The AIFC Participants, authorised to carry out investment business activities**, are recommended to take note of recommendations and expectations of the AFSA and implement them where applicable; and

- **Firms applying to get AFSA authorisation** to carry out regulated activities of investment business in the AIFC, including but not limited to Managing a Collective Investment Scheme, are expected to take note of recommendations and expectations of the AFSA and implement them where applicable.

The other timeframes can be set in writing by the AFSA and **directed individually** to firms if case requires immediate action to be taken.