

## Application for a Licence to carry on Regulated Activities

This form must be submitted by all applicants applying for a Licence<sup>1</sup> to carry on one or more Regulated Activities, as defined in the AIFC General Rules, unless the Regulated Activity you<sup>2</sup> propose to carry on is limited to Operating a Representative office<sup>3</sup>. In addition to this form you may be required to complete other supplementary forms as applicable to your intended activities.

***Prior to completing the application, you are highly advised to do the following:***

- 1) Meet or conference-call with the AFSA authorisation team to discuss your intended activities;
- 2) Submit initial drafts of the touch-point, process flow diagrams, described in section 9.2 – Regulated Activities to be conducted, to the AFSA authorisation team, for their comments and feedback;
- 3) Meet or conference-call with the AFSA authorisation team for their comments and feedback on the initial drafts of the touch-point, process flow diagrams;<sup>4</sup> and
- 4) Submit the fully completed application, supplemental forms, and other required documents to the AFSA authorisation team for their consideration.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Please use the Application Form for a Representative Office.

<sup>4</sup> Depending upon the complexity of the proposed business the AFSA might request that a draft regulatory business plan (RBP) be submitted in advance of the fully completed application submission.

## Notes for completing this form

We occasionally refer to various Rules, sections, or chapters which make up the AIFC 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 Rules 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 this is the case. If you are confident that you have answered a particular question in another form or attachment then make an unequivocal reference to that response.

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

Ensure that 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.

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

**1. Declaration by the applicant**

1.1 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.

1.2 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.

1.3 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.

1.4 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.

1.5 I confirm that all documents submitted as part of this application, whether physical or electronic, become property of the AFSA.

\_\_\_\_\_

Signature of Director/Partner of the applicant<sup>5</sup>

\_\_\_\_\_

Date

Enter the name and position or title of the above signed Director/Partner of the applicant:

<sup>5</sup> Or the person who will be authorised by the entity once it has been incorporated or established.

**2. Contact details of the applicant**

2.1 Provide the following contact details for the individual from the applicant who is the principal for this application:<sup>6</sup>

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

2.2 Provide the following contact details for the individual from the applicant who is a backup person for this application:

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

2.3 Provide the name, scope of services and contact details of any professional adviser(s) that may be assisting the applicant<sup>7</sup> with this application.

|   |  |
|---|--|
| Name:   |  |
| Designation:                                    |  |
| Precise scope of the service(s) being provided: |  |
| Contact number:                                 |  |
| E-mail address:                                 |  |

2.4 Would you like us to copy in your adviser identified above on any correspondence?

|  |
|--|
|  |
|--|

<sup>6</sup> This person named will be responsible for the application during the authorisation process. He or she must be a representative of the applicant.

<sup>7</sup> The terms “firm” and “applicant” are used interchangeably in this form.

**3. Information about the applicant**

|      |  |  |
|------|--|--|
| 3.1. | If the applicant is a Branch of a non-AIFC incorporated entity <sup>8</sup> provide the following details about the non-AIFC firm:   |  |
|      | Full legal name:   |  |
|      | Date of incorporation:   |  |
|      | Country of incorporation:  |  |
| 3.2. | If the applicant is not applying as a Branch provide the following details:  |  |
|      | Full legal name (if already incorporated in the AIFC):   |  |
|      | Proposed name of the applicant:  |  |
|      | Proposed legal structure of the applicant:   |  |
|      | The registered or proposed business address of the applicant (if known):   |  |
| 3.3. | <p>The AFSA considers a “start-up” to be either:</p> <ul style="list-style-type: none"> <li>- <i>A newly formed financial services firm that is not part of a Group and which, by definition, will not have been subject to financial regulation; or</i></li> <li>- <i>A firm that is part of a Group and none of the entities within the Group have been subject to financial services regulation in a jurisdiction that has similar and comparable Rules to the AFSA.</i></li> </ul> |  |
|      | In respect to this definition is the applicant a start-up? <sup>9</sup>  |  |
| 3.4. | Are there any existing entities in the AIFC to which the applicant is related? If so, please provide full details.   |  |
| 3.5. | Are you, your parent or your head office regulated?  |  |
|      | If yes, please provide contact details of the regulator(s) <sup>10</sup> responsible for the authorisation and ongoing supervision of you, your parent or your head office,  |  |

<sup>8</sup> Non-AIFC entities are firms created outside of the AIFC under the laws of another jurisdiction. Firms established by non-AIFC entities in the AIFC are commonly referred to as Branches. A Branch is not a separate legal Person to the firm.

<sup>9</sup> When assessing your application as a start-up we will take into account (i) the track record of your Controllers and shareholders; and (ii) the experience and qualifications of your key management staff. Start-ups must demonstrate that they have an effective shareholder dispute-resolution mechanism in place.

|       |  |  |
|-------|--|--|
|       | including:   |  |
|       | Name of regulatory authority:  |  |
|       | Jurisdiction or country:   |  |
|       | Postal address:  |  |
|       | Details of the licence held:   |  |
|       | Date of licensing:   |  |
|       | Name of on-going supervisor:   |  |
|       | His/her designation:   |  |
|       | His/her contact number:  |  |
|       | His/her e-mail address:  |  |
| 3.6.  | Has the regulatory authority named above been notified of your firm's intention to seek a Licence in the AIFC?   |  |
| 3.7.  | If your AIFC firm is going to be a Branch, what is the address of your head office? Or, if it is going to be a Subsidiary, what is the address of the largest shareholder? |  |
| 3.8.  | Will the applicant be conducting Islamic Finance Business?   |  |
| 3.9.  | List any applications being made for waivers or modifications of AIFC Rules: <sup>11</sup>   |  |
| 3.10. | What is or will be the applicant's financial year-end (day and month)? <sup>12</sup>   |  |

<sup>10</sup> The AFSA will contact the regulatory authority as part of our due diligence on the applicant.

<sup>11</sup> If you are requesting any of the AIFC Rules to be waived or modified you must also submit the application form for Waivers or Modifications detailing the reasons and rationale for such.

<sup>12</sup> The financial year-end date will be used to determine your regulatory reporting requirements.

**4. Details about the applicant's Controllers**

|      |   |  |
|------|---|--|
| 4.1. | Provide information on the Controllers ( <u>not being natural persons</u> ) of the applicant:   |  |
|      | Name of Body Corporate, Limited Liability Partnership, or Trust:  |  |
|      | Place of incorporation or registration:   |  |
|      | Effective date of Shareholding:<br>(MM/YYYY)  |  |
|      | Percentage of effective Shareholding:   |  |
|      | Provide information for each of the board members of all Controllers:   |  |
|      | Name of individual:   |  |
|      | Date of birth (DD/MM/YYYY):   |  |
|      | Passport number (and a copy where available):   |  |
|      | If there are trust vehicles and/or other corporate entities in the line of ownership, please provide full details, including (but not limited to) ultimate Beneficial owners ("UBOs"), directors, trustees and beneficiaries. |  |

|      |  |  |
|------|--|--|
| 4.2. | Provide information about each of the Controllers ( <u>being natural persons</u> ) of the applicant: |  |
|      | Name of individual:  |  |
|      | Date of birth (DD/MM/YYYY):  |  |
|      | Passport number (provide a copy):  |  |
|      | Nationality:   |  |
|      | Country of residence:  |  |
|      | For Kazakhstani nationals, provide Individual Identification Number (provide                         |  |

|      |   |  |
|------|---|--|
|      | a copy):  |  |
|      | Shareholding details:   |  |
|      | Direct or indirect shareholder:   |  |
|      | Effective date of shareholding (MM/YYYY):   |  |
|      | Effective % of shareholding in applicant:   |  |
| 4.3. | Set out details of the individual's employment history during the past 10 years (including periods of part-time employment, unemployment or self-employment) <sup>13</sup> . List the records in reverse chronological order, starting from the most recent record. <sup>14</sup> If this information has been captured in the Approved Individual status form simply make reference to it: |  |

| <i>Name of employer and country of operation:</i> | <i>Nature of business of employer:</i> | <i>Designation and department:</i> | <i>Brief description of duties:</i> | <i>Period (MM/YYYY)</i> |            |
|---|--|------------------------------------|-------------------------------------|-------------------------|------------|
|   |  |                                    |                                     | <i>From:</i>            | <i>To:</i> |
|   |  |                                    |                                     |                         |            |

| 4.4.                        | Set out details of any directorships of the individual in any corporations, other than this appointment with the applicant. List the records in reverse chronological order, starting from the most recent: |                            |  |                                       |                                       |
|-----------------------------|---|----------------------------|--|---------------------------------------|---------------------------------------|
| <i>Name of corporation:</i> | <i>Place of incorporation:</i>  | <i>Nature of business:</i> | <i>Directorships: (executive or non-executive)</i> | <i>Date of appointment: (MM/YYYY)</i> | <i>% shareholding in corporation:</i> |
|                             |   |                            |  |                                       |                                       |

<sup>13</sup> There should be no gaps in the employment period. If the individual is on sabbatical or long leave, include this in the list. Where the individual is currently employed with a company in your Group, provide the details of the company, leaving the "To" field empty. Where the individual has no prior working experience, provide details of the last education institution attended.

<sup>14</sup> If the individual is currently employed by a corporation other than the applicant, state the individual's last day of employment, if applicable, with his/her current employer.

|             |   |
|-------------|---|
| <p>4.5.</p> | <p>For AIFC companies please explain who, or what entity, will provide the initial capital. Please be specific and include, at a minimum:</p> <ul style="list-style-type: none"> <li>• for Controllers <u>not being natural persons</u> – most recent audited financial statements, and if these are not available please explain why, and submit latest management accounts;</li> <li>• if the applicant is a <u>member of a group</u>, the latest group consolidated audited financial statements;</li> <li>• for Controllers <u>being natural persons</u> – full details of origin and source of funds, with supporting evidence.</li> </ul> |
|-------------|---|

**5. Controlled and Designated Functions**

5.1 Provide details on the appointment of the proposed individuals who will be performing Controlled Functions<sup>15</sup> in the table below:<sup>16</sup>

| Name of individual | Controlled Function <sup>17</sup> | Executive or non-executive | Resident of the Republic of Kazakhstan? |
|--------------------|-----------------------------------|----------------------------|---|
|                    | Senior Executive Officer          |                            |   |
|                    | Director                          |                            |   |
|                    | Finance Officer                   |                            |   |
|                    | Compliance Officer                |                            |   |

5.2 Provide details on the appointment of the proposed individuals who will be performing Designated Functions<sup>18</sup> in the table below:<sup>19</sup>

| Name of individual | Designated Function <sup>20</sup>  | Director, Partner, or Senior Manager? | Resident of the Republic of Kazakhstan? |
|--------------------|------------------------------------|---------------------------------------|---|
|                    | Senior Manager                     | N/A                                   |   |
|                    | Money Laundering Reporting Officer |                                       |   |
|                    | Responsible Officer                | N/A                                   |   |

<sup>15</sup> As described in GEN Rule 2.2 – Controlled Functions.

<sup>16</sup> You must submit an AFSA Application for Approved Individual status form for each proposed individual who will be performing a Controlled Function.

<sup>17</sup> An individual may perform more than one Controlled Function. However, there should be proper segregation between the business and control responsibilities.

<sup>18</sup> As described in GEN Rule 2.3 – Designated Functions.

<sup>19</sup> You must submit an AFSA Application for Designated Individual status form for each proposed individual who will be performing a Designated Function.

<sup>20</sup> An individual may perform more than one Designated Function. However, there should be proper segregation between the business and control responsibilities.

**6. Financial information of the parent or major shareholder**

6.1 In the table below provide the general financial information as requested.<sup>21</sup> In addition, we require audited financial statements for the last three years as well as the Group’s audited financial statements, where relevant.<sup>22</sup> Figures provided must be in USD:

Full legal name of the head office, parent or major shareholder whose financial information is presented herein: \_\_\_\_\_

| Applicant’s financial statement:    | Financial years ended: |              |              |
|-------------------------------------|------------------------|--------------|--------------|
|                                     | [DD/MM/YYYY]           | [DD/MM/YYYY] | [DD/MM/YYYY] |
| Revenue:                            |                        |              |              |
| Profits after tax:                  |                        |              |              |
| Shareholders’ funds / total equity: |                        |              |              |

| Consolidated / Group financial statement: | Financial year ended: |              |              |
|---|-----------------------|--------------|--------------|
|   | [DD/MM/YYYY]          | [DD/MM/YYYY] | [DD/MM/YYYY] |
| Revenue:                                  |                       |              |              |
| Profits after tax:                        |                       |              |              |
| Shareholders’ funds / total equity:       |                       |              |              |

<sup>21</sup> If the firm is a start-up then we would want to know the financial wherewithal of the major shareholder(s).

<sup>22</sup> The audited accounts should include balance sheet, profit and loss statement, and cash flow statement. Where audited accounts are unavailable supply interim unaudited accounts or management accounts.

**7. Regulated Activities being sought by the applicant**

7.1 Please complete the matrix below indicating the Regulated Activity you propose to undertake in respect to each Investment or financial product by ticking all boxes applicable.

*Please note that, if the applicant is a branch of a non-AIFC entity, it may only apply for regulated activities for which its head office has already been licensed by its home state regulator.*

| No | Proposed Regulated Activities (GEN Schedule 1) | Regulated Activity <sup>23</sup> | Deposits | Contracts of Insurance | Shares | Debentures | Warrants | Certificates | Structured products | Futures | Contracts for Differences | Options | Rights to or interests in Investments | Units in a Collective Investment Scheme | Sukuk | Profit Sharing Investment Account |
|----|--|----------------------------------|----------|------------------------|--------|------------|----------|--------------|---------------------|---------|---------------------------|---------|---------------------------------------|---|-------|-----------------------------------|
| 1. | Dealing in Investments as Principal            |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 2. | Dealing in Investments as Agent                |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 3. | Managing Investments                           |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 4. | Managing a Collective Investment Scheme        |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 5. | Providing Custody                              |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 6. | Arranging Custody                              |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 7. | Providing Trust Services                       |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |
| 8. | Providing Fund Administration                  |                                  |          |                        |        |            |          |              |                     |         |                           |         |                                       |   |       |                                   |

<sup>23</sup> Select the Licence your firm is applying for as well as the Investments you will be dealing in if the response-cell is available. That is, each Licence you are seeking that is listed here must be specified.

|     |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-----|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 9.  | Acting as the Trustee of a Fund                         |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10. | Advising on Investments                                 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11. | Arranging Deals in Investments                          |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12. | Managing a Restricted Profit Sharing Investment Account |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13. | Islamic Banking Business                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 14. | Providing Islamic Financing                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 15. | Insurance Intermediation                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 16. | Accepting Deposits                                      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17. | Providing Credit  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 18. | Advising on a Credit Facility                           |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 19. | Arranging a Credit Facility                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 20. | Providing Money Services                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**8. Anti-Money Laundering, Counter-Terrorist Financing and Sanctions**

|     |  |  |
|-----|--|--|
| 8.1 | Provide information on the Money Laundering Reporting Officer (MLRO) of the applicant:   |  |
|     | Full name of MLRO (as stated in passport):   |  |
|     | Passport number:   |  |
|     | The country and place of issue of the MLRO's passport:   |  |
|     | Please attach a copy of the current passport held by MLRO, and a copy of his/her current visa.   |  |
|     | Job title/level within the firm:   |  |
|     | Residential address:   |  |
|     | Telephone number:  |  |
|     | Mobile phone number:   |  |
|     | Email address:   |  |
|     | What steps has the applicant taken to ensure that MLRO is capable and suitably qualified to undertake the roles and responsibilities as set out in AIFC AML Rules? Please provide details:   |  |
| 8.2 | <p>Please attach the applicant's Anti-Money Laundering, Counter-Terrorist Financing and Sanctions policies, procedures, systems and controls, which must be specific to its AIFC activities and comply with the AIFC AML Rules. These policies, procedures, systems and controls should include, amongst other things, arrangements to:</p> <ul style="list-style-type: none"> <li>✓ ensure senior management of the applicant is aware of their responsibility for the applicant's compliance with the AIFC AML Rules, and the duty to exercise due skill, care and diligence in carrying out these responsibilities;</li> <li>✓ comply with the Law of the Republic of Kazakhstan No 191-IV dated 28 August 2009 on Counteracting legalisation (laundering) of proceeds obtained through criminal means and financing of terrorism and any other relevant laws of the Republic of Kazakhstan;</li> <li>✓ ensure compliance with relevant sanctions issued by such bodies as Committee on financial monitoring of the Ministry of Finance of the Republic of Kazakhstan and United Nations Security Council.</li> </ul> |  |

## 9. The regulatory business plan (RBP)

The RBP is an important document that will be used by the AFSA to help make decisions about the fitness and propriety of the applicant in seeking approval to conduct Regulated Activities.

*Please pay attention to the following useful tips:*

- ✓ Set out your strategy in a clear, unambiguous, and succinct manner. Ensure that there are no conflicting or confusing statements in your RBP.
- ✓ Capitalize the first letter of all words or terms that are defined in the GLO.
- ✓ Remember that the description of the applicant’s business is an important part of the overall application and is integral to the AFSA’s decision making. The amount of detail submitted should be proportionate to the:
  - Nature of the business the applicant intends to carry on;
  - Size and complexity of its proposed operations and Client base; and
  - Potential risks.
- ✓ Track any changes made to an RBP should it require a re-submission, so that changes can be efficiently identified.
- ✓ The AFSA authorisation team considers each and every applicant to be unique, with their own set of circumstances and issues that must be addressed specifically to the proposed business.
- ✓ Define all abbreviations and acronyms used in the RBP in the table below:

| <i>Abbreviation or acronym:</i> | <i>Abbreviation or acronym defined:</i> |
|---------------------------------|---|
|                                 |   |
|                                 |   |
|                                 |   |

- ✗ The AFSA does not expect to see sections that outline the applicant’s business “philosophy” or its “core values” or the “region’s market potential”.
- ✗ Do not copy and paste generic, on-line materials in the expectation that the questions in the RBP will have been answered.
- ✗ Do not refer to another response or repeat the same response in other text boxes. Each question posed is unique and requires a customised response.

### 9.1 Introduction and background

Provide a brief introduction to and history of the applicant, including what experience it or its Group have in conducting regulated financial services in Kazakhstan or any other jurisdictions:<sup>24</sup>

|  |  |
|--|--|
| The applicant and/or its Group (if part of a Group):   |  |
| Overview of the applicant:   |  |
|  |  |
| History/experience of the applicant and/or its Group:  |  |
|  |  |
| Has the applicant or any of its Controllers submitted an RBP or an application form to any other Financial Services Regulator to conduct Regulated Activities in the past? |  |
| If “yes”, when, and to what Regulator was the most recent submission?  |  |
| If “yes”, above, what was the resulting outcome of submission?   |  |

## 9.2 Regulated Activities to be conducted

The information in this section is critical for the AFSA to understand and assess the nature and complexities of the applicant’s proposed undertakings in terms of the Regulated Activities. In the text-boxes below discuss each of the Regulated Activities that you propose to offer. Document how each Regulated Activity will relate to your day-to-day business operations and services.

Please construct process flow-charts of your operations by incorporating all “touch-points” of the business flow processes. These will assist you in explicitly clarifying your Regulated Activities to us.<sup>25</sup>

These touch-point process flow diagrams should demonstrate “the flow of monies” in all transactions that occur within the business model. The applicant must include, for

<sup>24</sup> Describe the core business activities, expertise, scale of business, and country of operations of the applicant / Group. The description should also include any major developments in the history of the applicant / Group (e.g. attaining listing /regulated status, strategic acquisitions, change in shareholders, change in name, etc.

<sup>25</sup> If a particular business activity does not lend itself to a touch point-flow chart then explain the operations in detail so that all aspects of the processes have sufficient clarity.

example, such touch-points as:

- ✓ Client on-boarding; accounts that the Clients have to sign;
- ✓ Interactions with Clients and all various counterparties;
- ✓ Marketing of services;
- ✓ All mandates, Client agreements, and inter-agency management agreements or contracts with other financial service providers such as custodians, banking institutions, fund administrators, brokerages, clearing houses, etc.;
- ✓ How the applicant’s transactions are executed;
- ✓ How the Clients enter into buy/sell transactions;
- ✓ Interconnections of all legal entities such as Special Purpose Vehicles, General Partners, investment companies, etc.; and
- ✓ Where fees/revenues (such as premiums, referrals, commissions, percentages of assets under management, interest, etc.) and expenses/costs (incurred out-goings to counterparties, etc.) will occur.

| <b>Description of each Regulated Activity applied for and business-model flow charts:</b>      |  |
|--|--|
| Name of Regulated Activity #1:   |  |
| Confirm yes or no if a diagrammatic flow chart for this Regulated Activity has been provided:  |  |
| Detailed description of Regulated Activity with reference to the flow chart and revenue model: |  |
|  |  |

**9.3 General business description of activities**

A general, high-level overview of the applicant’s intended activities. The information here should link all the Regulated Activities described in question 9.2 above to give an overall picture of the applicant’s proposed business offering:

**9.4 Target markets, Client classifications, and on-boarding of Clients**

What geographical areas or regions will the applicant target and how will the marketing be conducted in the immediate term and what are the future plans?

|                           |
|---------------------------|
| Immediate target markets: |
|                           |
| Future target markets:    |
|                           |

Will the Clients be Retail, Professional, or Market Counterparties? Refer to COB, Chapter 2 – Client classification<sup>26</sup>:

| Client classification: | Yes or no? | Approximate numbers of Clients in first year: |
|------------------------|------------|---|
| Retail:                |            |   |
| Professional:          |            |   |
| Market Counterparty:   |            |   |

|  |
|--|
| Describe the Client acquisition strategy – how does the applicant plan to source its Clients. For example, referral, marketing, advertising, or transfer from within your Group?               |
|  |
| Where Clients will be transferred explain the process, timescale, and the due diligence that will be undertaken to ensure full compliance with the requirements of the AIFC COB and AML Rules: |
|  |
| Describe the Client on-boarding in terms of the AML and documentation processes, including who is responsible for Client on-boarding:  |
|  |
| Who is responsible for Client reporting?   |
|  |
| How often is Client reporting carried out?   |

<sup>26</sup> Within each Client classification provide details about the nature of the Clients. For example, individuals, niche sector, corporates, regulated financial institutions, etc.

|  |
|--|
|  |
|--|

**9.5 Relationship with Group – Shareholding structure**

Provide a Shareholding chart (as an attachment if more convenient) that depicts how the applicant is related to each of its shareholders (including natural persons), and to related entities, Subsidiaries and head office/Branch(s) (where applicable).

The chart should indicate the percentage of shareholdings or Controller interests held by each Person, the date and place of incorporation of each entity, and the place of residency of each natural person. Entities which are regulated should be identified, along with their Financial Services Regulator. Information on other forms of Controller interests should also be included (e.g. where Shares are held by a trust, provide details of all trustees, settlors and Beneficial owners).

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**9.6 Intra-Group dependencies**

Describe any intra-Group transactions and business relationships (e.g. guarantees, loans, cash flows, services, etc.) and their rationale:

|  |
|--|
|  |
|--|

**9.7 Consolidated supervision of the Group by other Regulators**

Describe the extent to which other Regulators, whether domestic or international, supervise the Group on a consolidated Group basis:

|  |
|--|
|  |
|--|

**9.8 Organisation structure and corporate governance**

Provide a full organization chart that depicts key appointments – including senior management and heads of function, reporting lines, and (where applicable) the reporting lines to the Group or head office:

|  |
|--|
|  |
|--|

**9.9 Board, senior management, committees, and independence of functions**

Describe the composition, scope, responsibilities, and reporting lines of each Board and management committee:

Describe the composition and responsibilities of the compliance committee:

Describe the independence (or non-independence) of control functions, including the segregation of duties:

- What measures are in place to ensure there are adequate segregation and independence of the control functions from the business functions?
- Explain the control functions to access to escalate any risks or regulatory issues to senior management or the Governing Body?

Describe any key-person risk in the firm and, if so, how will this be mitigated?

Identify any potential or actual conflicts of interests and explain how the corporate governance structure and controls of the applicant will mitigate or address each one:

**9.10 Human resources:**

Describe the applicant's proposed staffing and overall headcount upon authorisation and projected for the end of year-1:

Describe the front-end, support, and back-office functions and activities that will be conducted within the AIFC:

Briefly explain how the applicant will supervise, train, and monitor its employees to ensure they remain fit, proper, competent, and capable of performing the functions to which they are assigned:

What is the applicant's approach to its remuneration policy with particular reference to any incentives or commissions schemes?

**9.11 Outsourcing arrangements**

Provide details (if relevant) relating to any arrangements made with third party service providers in connection with the Regulated Activities the applicant will be conducting, including:

|  |
|--|
| What functions or activities will be outsourced or delegated:  |
|  |
| Will the above functions or activities be outsourced to a Group entity or an independent service provider?   |
|  |
| If the applicant will be utilizing the services of an independent service provider what was the rationale for choosing the one picked?   |
|  |
| How will the applicant ensure that the AFSA has access rights to inspect the systems of the service provider and to ensure access to information?  |
|  |
| Provide details of any business relationships with other counterparties in relation to the Regulated Activities. For example, custody arrangements, research, advisory services, and trade-execution services. (Note, these counterparties should be indicated on the flow charts in section 9.2.) |
|  |

**9.12 IT systems and data back-up**

Describe the proprietary and non-proprietary IT systems and the names of the products (if applicable) that the applicant will use to support its business activities:

|  |
|--|
| Record keeping of customer information and transactions: |
|  |
| Financial accounting:                                    |
|  |
| Compliance monitoring:                                   |
|  |

|  |
|--|
| Risk management:   |
|  |
| Suspicious transactions surveillance and reporting:  |
|  |
| Management reporting:  |
|  |
| The IT system in relation to the execution of Client and/or proprietary trades, if any. If the applicant will be providing direct market access or carries on programmed trading, describe the controls that will be put in place: |
|  |
| Data back-up and redundancy:   |
|  |

**9.13 Risk management**

|   |
|---|
| What are the unique internal risks and regulatory issues that could arise from the applicant conducting its specific Regulated Activities?                                |
|   |
| Describe the systems, policies, and procedures in place to identify, assess, mitigate, and monitor the internal risks and regulatory issues identified in the cell above? |
|   |
| What is the composition, responsibilities, and terms of reference of the risk committees:   |
|   |
| What is the frequency of risk-reporting to senior management or the Governing Body?   |
|   |
| Describe the business continuity procedures in case of a disruptive event:  |
|   |

**9.14 Compliance procedures and arrangements**

The applicant will have to provide copies<sup>27</sup> of the compliance procedures and monitoring programme in relation to its Regulated Activities at the time of application submission. In advance of this we would like to get a general understanding of your compliance procedures and arrangements.

|   |
|---|
| How are compliance breaches detected, recorded, categorised, rectified, and followed up?  |
|   |
| What is the scope and frequency of the compliance reviews or audits:  |
|   |
| Provide an overview of the applicant's proposed compliance monitoring programme:  |
|   |
| What are the arrangements for handling, resolving and recording complaints, with particular reference to the requirements of AIFC COB Rules, Chapter 15 – Complaints Handling and Dispute Resolution? |
|   |
| How will the applicant determine Client verification and how will these records be maintained?  |
|   |
| How will the Compliance Officer interface with risk management and internal audit to achieve a holistic view of controls around operational risk and governance?                                      |
|   |
| How will the applicant ensure training and competence are embedded into the culture of the firm?  |
|   |

**9.15 AML/CFT procedures and arrangements**

The applicant will have to provide copies<sup>28</sup> of the AML compliance procedures and monitoring programme in relation to its Regulated Activities and business activities at the time of application submission. In advance of that we would like to get a general understanding of your AML procedures and arrangements.

|  |
|--|
| What is the scope and frequency of the AML/CFT reviews or audits:                    |
|  |
| Provide an overview of how the applicant will monitor, detect, and report suspicious |

<sup>27</sup> Refer to Appendix 1 of this application form for detailed requirements of the compliance manual.

<sup>28</sup> Refer to Section 8.2.

customers, activities, and transactions:

Describe the training programmes and procedures to ensure Employees are made aware of their regulatory obligations with regards to AML/CFT:

**9.16 Internal and external audit**

Provide details of the scope, organisational structure, reporting lines, and staffing of the internal audit function (whether outsourced or not). If the applicant is part of a Group, provide details of the relationship between its internal audit function and the internal audit function of the Group:

Provide details of the scope, organisational structure, reporting lines, and staffing of the external audit function:

What is the name and details of the applicant’s proposed external auditor:

**9.17 Additional questions for applicants applying for Managing a Collective Investment Scheme**

The questions in this section are only for those applicants applying for the Regulated Activity of Managing a Collective Investment Scheme, that is, Fund Managers:

Who will be responsible for: 1) investment risk-management; and 2) valuation?

How will the applicant identify and mitigate conflicts of interest between the Fund manager, the Fund, and its investors?

Who will be responsible for Client on-boarding (including KYC/CDD) and Client reporting?

Describe the distribution channels and methods that the applicant intends to use:

Describe the due diligence process that the applicant will use when choosing outsource providers or delegates. These will include: investment managers; Fund administrators; transfer agencies; custody providers; etc.:

**9.18 Additional questions for applicants applying for Managing Investments**

The questions in this section are only for those applicants applying for the Regulated Activity of Managing Investments:

|  |
|--|
| Describe how the applicant will ensure best execution practices:                         |
|  |
| Who will be responsible for Client on-boarding (including KYC/CDD) and Client reporting? |
|  |
| Describe fee structures for Client accounts:   |
|  |

**9.19 First-year projections demonstrating adequate financial resources**

The first-year financial resources of the applicant are an important component in assessment of the firm’s fitness and probity, especially in terms of potential breaches to the minimum prudential requirements. We look critically at the initial capital injection and the estimated annual expenses. In particular, we want to know how long a newly authorised firm can continue its operations without any revenues in the early stages of operation and not contravene its Minimum Capital Requirement.

We also want to assess the applicant’s forecasted first-year revenues but, these will not be taken into account unless they can be substantiated with, for example, non-binding letters-of-intent from potential Clients or a revenue-stream transfer from another entity.

In the first-year projections we require the following data and commentary when compiling the spreadsheets:

- ✓ The opening balances of the statement of financial position (balance sheet) from for day-1 of operations;
- ✓ Cash-flow forecasts for each month;
- ✓ Monthly profit and loss accounts, split into income streams;
- ✓ A forecast of the applicant’s Capital Resources versus Minimum Capital Requirement by month; and
- ✓ A monthly statement of financial position (balance sheet).

Please use figures in USD only and use numeric months as the timing of your authorisation cannot be predicted. Explain or justify the assumptions made concerning the financial projections.

Present below the assumptions to support the financial projections:

|                          |
|--------------------------|
| On capitalization:       |
|                          |
| On liquidity:            |
|                          |
| On earnings or revenues: |
|                          |
| On costs or expenses:    |
|                          |

**9.20 Base capital and estimated annual expenses**

In the table below summarize the requested figures (in USD) as presented in the applicants one-year projections in section 9.19:

|  |  |
|--|--|
| Capital injection upon initiation of regulated activities (non-Branches only): |  |
| Estimated annual operational expenses in year-1 (Branches and non-Branches):   |  |
| Estimated revenues in first-year of operations (non-Branches only):            |  |

**10. Documentation Checklist**

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

| <b>Verify that the following required documents are attached with this application submission:</b>   | <b>Yes</b> | <b>No</b> | <b>N/a</b> |
|--|------------|-----------|------------|
| Incorporation certificate of Parent (if applicable):   |            |           |            |
| Board minutes approving establishment of the AIFC entity:  |            |           |            |
| Résumés/CVs for the individual Controllers:  |            |           |            |
| Résumés/CVs for the members of the Board of Directors (both executive and non-executive) as applicable:  |            |           |            |
| Approved Individual status forms for each individual performing a Controlled Function:   |            |           |            |
| Designated Individual status forms for each individual performing a Designated Function:   |            |           |            |
| Last audited accounts (if applicable): <sup>29</sup>   |            |           |            |
| Last audited Group accounts (if applicable): <sup>30</sup>   |            |           |            |
| A Shareholding chart that depicts how the applicant is related to each of its shareholders (including natural persons) and to its related entities, Subsidiaries, and head office/Branch, as applicable: |            |           |            |
| An organisation chart depicting the key appointments and reporting lines and, where applicable, the reporting lines to the Group or head office:   |            |           |            |
| A copy of the applicant’s remuneration policy:   |            |           |            |

<sup>29</sup> We require your most recent audited accounts. This should include balance sheet, profit and loss statement, cash flow statement and notes. Where audited accounts are unavailable, supply interim unaudited accounts or management accounts.

<sup>30</sup> We require the Group’s most recent audited accounts including the balance sheet, profit and loss statement, cash flow statement and notes. Where audited accounts are unavailable, supply interim unaudited accounts or management accounts.

|   |  |  |  |
|---|--|--|--|
| One-year financial projections with key assumptions and day-1 opening balances:   |  |  |  |
| If the applicant is a start-up evidence of source of funds: <sup>31</sup>   |  |  |  |
| Evidence, such as non-binding letters of engagement, to support the applicant’s revenue-stream estimations in the financial projections:      |  |  |  |
| If the applicant is a start-up, a copy of the Shareholders’ agreement:  |  |  |  |
| A copy of the employee code of conduct:   |  |  |  |
| Copies of any Board and management committees’ terms of reference:  |  |  |  |
| A certified copy of each Controller’s Kazakhstani ID card (if a Kazakhstani citizen or resident):   |  |  |  |
| A certified copy of each Controller’s passport (for non-Kazakhstani citizens):  |  |  |  |
| If your Parent is regulated in another jurisdiction provide a copy of its regulatory licence. It must include any restrictions or conditions: |  |  |  |
| Compliance Manual: <sup>32</sup>  |  |  |  |
| Anti-Money Laundering Procedures: <sup>33</sup>   |  |  |  |
| Compliance Monitoring Program: <sup>34</sup>  |  |  |  |
| Risk Management Policies: <sup>35</sup>   |  |  |  |

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

<sup>31</sup> Provide supporting evidence of the original source of funds which will be used to provide your initial Capital Resources. We require details of how the money sourced for a start-up entity has been generated. Also, provide a bank reference. You may be asked for a declaration that the funds are not from the proceeds of crime.

<sup>32</sup> Refer to Appendix 1 of this application form for detailed requirements of the compliance manual.

<sup>33</sup> Refer to Section 8.2.

<sup>34</sup> Your compliance monitoring program should document how compliance will be monitored within the business units.

<sup>35</sup> Your risk management policies should describe the risk management arrangements you will establish and maintain to identify, assess, mitigate, control, and monitor the risks arising from the financial services activities you conduct. Such arrangements should take into account any Funds for which you are acting as the Manager. Include the following: nature, scope, and organizational structure of your risk management functions; reporting lines and nature, scope, and frequency of risk reporting, including the composition and terms of reference of any risk committees, and any appropriate links to Group risk reporting.

## 11. Fit And Proper Questionnaire

If any answers are “Yes” to any of the questions, then provide a detailed explanation. If necessary, attach separate documentation. It will not necessarily impair our assessment of the applicant’s fitness and probity if there is a positive response in any of the disclosures. However, deliberately withholding information or providing false or misleading information may prevent the success of the application.

- 11.1 Has the applicant or any member of your Group been made aware, whether formally or informally, that it is the subject of a current or pending investigation, review or disciplinary procedure by any regulatory authority, professional body, Financial Services Regulator, self-regulatory organisation, regulated exchange, clearing house, government body, agency, or any other officially appointed inquiry? If “Yes”, provide full details:

- 11.2 Has the applicant or any member of its Group in the last 10 years been convicted or found guilty by any court of a competent jurisdiction of any criminal offence? If “Yes”, provide full details:

- 11.3 Has the applicant or any member of its Group in the last 10 years been the subject of disciplinary procedures by a government body or agency or any Financial Services Regulator, self-regulatory organisation, or other professional body? If “Yes”, provide full details:

- 11.4 Has the applicant or any member of its Group in the last 10 years contravened any provision of financial services legislation or of rules, regulations, statements of principle, or codes of practice made under it or made by a self-regulatory organisation, Financial Services Regulator, regulated exchange, or clearing house? If “Yes”, provide full details:

- 11.5 Has the applicant or any member of its Group in the last 10 years been refused or had a restriction placed on the right to carry on a trade, business, or profession requiring a licence, registration, or other permission? If “Yes”, provide full details:

- 11.6 Has the applicant or any member of its Group in the last 10 years received an adverse finding or an agreed settlement in a civil action by any court or tribunal of competent jurisdiction? If “Yes”, provide full details:

- 11.7 Have the applicant or any member of its Group in the last 10 years been censured, disciplined, publicly criticised, or the subject of any investigation or enquiry by any

regulatory authority, Financial Services Regulator, or officially appointed inquiry? If "Yes", provide full details:

## 12. Submitting your application to the AFSA

Once you are satisfied that this form and all other supporting forms and documents necessary for your completed application have been finalised, you can then proceed to arrange an application submission meeting with your authorisation contact at the AFSA.

We will undertake an initial review of it to ensure that your submission appears to be materially complete and all the necessary attachments are included.

For your submission we will require hardcopies of one set of application forms, supplemental forms, and purpose-written, attachment documents, as well as the same on memory stick. If you are submitting published documents (for example, a corporate annual report), they are to be submitted on memory stick only.

Firms are advised to retain a copy of this form, any supplements, and all attachments for their records.

## Appendix 1: Compliance manual and policy

The applicant must demonstrate that, holistically, its policies and procedures demonstrate a robust internal control and governance structure. The manual should address the points mentioned below. Note, this is not an exhaustive list:

1. What are the structural oversight and reporting arrangements that will ensure the applicant continually meet its compliance obligations under applicable legislation in the AIFC;
2. How compliance reports are prepared, authorised, disseminated, and followed up;
3. Policies and procedures, systems and controls, and customer documentation should cover areas such as client classification, terms of business, financial projections, marketing material, suitability, disclosure of fees and commissions, inducements, and segregation of Client Assets;
4. How compliance breaches are detected, recorded, categorised, rectified, and followed up;
5. How senior management will be apprised of such breaches;
6. How the AFSA and other Financial Services Regulators, if applicable, will be kept apprised of all relevant breaches;
7. How the Compliance Officer and Senior Management will remain up-to-date on any changes to applicable legislation and changes to the AIFC Rules and how will they be communicated to relevant staff;
8. What are the arrangements for handling, resolving and recording complaints, with particular reference to the requirements of AIFC COB, Chapter 15 – Complaints Handling and Dispute Resolution;
9. How the Compliance Officer will interface with risk management and internal audit to achieve a holistic view of controls around operational risk and governance;
10. How the applicant will ensure compliance by any Person under a material outsourcing or delegation arrangement with relevant requirements and procedures;
11. How the applicant will determine and maintain records of Client verification;
12. How the applicant will ensure compliance with financial reporting and regulatory Capital Requirements;
13. Whether a conflicts management policy has been, or will be, adopted. Describe how senior management and the Board will identify and manage conflicts of interest between: shareholders; Board members and the firm; segregation of functions to manage operational conflicts and conflicts between different Clients, and between the firm and Clients, or otherwise that may arise in the course of your business;
14. Describe the applicant's procedures for monitoring and managing Employee conflicts, including management of the employee code of conduct, a copy of which should be provided. How will the applicant deal with Employee Personal Transactions? See AIFC COB, Rule 7.5; and
15. The applicant's must also have systems and controls to review the adequacy of its Complaints handling policies and procedures. It must have Complaints handling policies and procedures that meet the requirements in AIFC COB, Chapter 7 – Complaints Handling and Dispute Resolution.