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**AMENDMENTS NO. 2 TO THE AIFC GLOSSARY**

**AIFC ACT NO. FR0028 OF 2018**

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Astana International Financial Centre, Astana

30 July 2018

## **Amendments No. 2 to the AIFC Glossary No. FR0028 of 2018**

AIFC Glossary No. FR0017 of 2018 are to be amended by inserting the underlined text and deleting the struck through text as shown below:

## 1. APPLICATION

The AIFC Glossary sets out interpretative provisions of words and expressions used in the following AIFC Financial Services Regulations and Rules:

- (a) AIFC Financial Services Framework Regulations (FSFR)
- (b) AIFC General Rules (GEN)
- (c) AIFC Authorised Market Institutions Rules (AMI)
- (d) AIFC Market Rules (MAR)
- (e) AIFC Recognition Rules (REC)
- (f) AIFC Conduct of Business Rules (COB)
- (g) AIFC Representative Office Rules (REP)
- (h) AIFC Fees Rules (FEES)
- (i) AIFC Anti-Money Laundering, Counter – Terrorist Financing and Sanctions Rules (AML)
- (j) AIFC Collective Investment Scheme Rules (CIS)
- (k) AIFC Auditor Rules (AUD)
- (l) AIFC Prudential Rules for Investment Firms (PRU(INV))
- (m) AIFC Prudential Rules for Insurance Intermediaries (PRU (INT))
- (n) AIFC Islamic Finance Rules (IFR)
- (o) AIFC Islamic Banking Business Prudential Rules (IBB)
- (p) [AIFC Banking Business Prudential Rules \(BBR\)](#)

## 2. INTERPRETATION

<b><u>Accepting Deposits</u></b>	<u>The Regulated Activity as defined in paragraph 17 of Schedule 1 of GEN.</u>
<b><u>Advising on a Credit Facility</u></b>	<u>The Regulated Activity as defined in paragraph 19 of Schedule 1 of GEN.</u>
<b><u>Arranging a Credit Facility</u></b>	<u>The Regulated Activity as defined in paragraph 20 of Schedule 1 of GEN.</u>
<b><u>AT1 Capital</u></b>	<u>Additional Tier 1 Capital, as defined in BBR 4.16</u>
<b><u>Banking Business Firm</u></b>	<u>Has the meaning given in AIFC BBR rule 1.4</u>
<b><u>BBR</u></b>	<u>AIFC Banking Business Prudential Rules</u>
<b><u>BPG</u></b>	<u>AIFC Banking Business Prudential Guideline</u>
<b><u>Banking Book</u></b>	<u>Includes all on and off-balance sheet positions, exposures, items, which are not included in the Trading Book.</u>
<b>Bank</b>	A Regulated Financial Institution that is authorised to accept deposits, <u>as defined in BBR 1.5.</u>
<b>Base Capital Requirement</b>	The meaning given in PRU(INV) 3.3(3). <u>For Banking Business Firms has the meaning given in BBR 4.10.</u>
<b><u>Broker Dealer</u></b>	<u>Has the meaning given in BBR 1.6</u>
<b><u>Capital Conservation Buffer</u></b>	<u>Has the meaning given in BBR 4.31</u>
<b><u>Commodities Risk Capital Requirement</u></b>	<u>A component of Market Risk Capital Requirement and calculated in accordance with BBR 6.5 and chapter 6 of BPG.</u>
<b><u>Consolidated Return</u></b>	<u>A Consolidated prudential return means a prudential return which reflects the accounts, statements and reports of a Bank consolidated with those of the other members of its Financial Group.</u>
<b><u>Contingent Funding Plan</u></b>	<u>Has the meaning given in BBR 9.10</u>
<b><u>Credit Equivalent Amount</u></b>	<u>Has the meaning given in BBR 5.11</u>
<b><u>Credit Facility</u></b>	<u>Any facility which includes any arrangement or agreement which extends monetary credit whether funded or unfunded to a Person including but</u>

	<u>not limited to any loan or syndicated loan, mortgage, overdraft, financial lease, letter of credit, financial guarantee, trade finance, transaction finance, project finance or asset finance.</u>
<b><u>Credit Provider</u></b>	<u>Has the meaning given in BBR 1.7</u>
<b><u>Credit Risk</u></b>	<u>In relation to an Authorised Firm, the risk of loss if a counterparty fails to perform or on (or) meet its financial obligation to the Authorised Firm.</u>
<b><u>Credit Risk Capital Requirement</u></b>	The meaning given in PRU(INV) 3.3(4). <u>For Banking Business Firms has the meaning given in BBR 4.11 and in Chapter 5 of BBR.</u>
<b><u>Credit Risk Mitigation</u></b>	<u>Has the meaning given in BBR 5.14</u>
<b><u>Deposit</u></b>	<p>1. <u>A Deposit means a sum of money paid on terms:</u></p> <p>(a) <u>under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the Person making the payment and the Person receiving it; and</u></p> <p>(b) <u>which is not relevant to the provision of property (other than currency) or services or the giving of security.</u></p> <p>2. <u>In (1) money is paid on terms which are relevant to the provision of property or services or the giving of security if:</u></p> <p>(a) <u>it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services are not in fact sold, hired or otherwise provided;</u></p> <p>(b) <u>it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or</u></p> <p>(c) <u>without prejudice to (b), it is paid by way of security for the delivery up of property, whether in a particular state of repair or otherwise.</u></p> <p><u>Exclusions</u></p> <p>3. <u>A sum is not a Deposit if it is paid:</u></p> <p>(a) <u>by a Person in the course of carrying on a business consisting wholly or to a significant extent of lending money;</u></p> <p>(b) <u>by one company to another at a time when both are members of the same Group;</u></p> <p>(c) <u>by an Authorised Firm authorised to carry on the Regulated Activity of Accepting Deposits;</u></p> <p>(d) <u>by a Person who is a close relative of the Person receiving it or who is a director, manager or Controller of that Person</u></p>

	<p>4. <u>A sum is not a Deposit if it is received:</u></p> <p>(a) <u>by a lawyer acting in his professional capacity;</u></p> <p>(b) <u>by an accountant acting in his professional capacity;</u></p> <p>(c) <u>by an Authorised Firm or an Authorised Market Institution authorised to carry on any one or more of the Regulated Activities defined in Schedule 1 of the GEN, except Accepting Deposits, in the course of or for the purpose of any such Regulated Activity disregarding any applicable exclusions; or</u></p> <p><u>by a Person as consideration for the issue by him of a Debenture.</u></p>
<u>ECRA</u>	<u>External Credit Rating Agency</u>
<u>Equity Risk Capital Requirement</u>	<u>A component of Market Risk Capital Requirement and calculated in accordance with BBR 6.5 and chapter 6 of BPG.</u>
<u>Financial Group</u>	<p><del>The Persons determined in accordance with PRU(INV) 5.2(2).</del></p> <p><u>A group of entities which includes an Authorised Firm and:</u></p> <p>(a) <u>any parent incorporated in the AIFC;</u></p> <p>(b) <u>any Financial Institution subsidiaries (whether direct or indirect) of the parent or parents in (a) or of the Authorised Firm; and</u></p> <p>(c) <u>any entity which the AFSA directs the Authorised Firm to be included in the Financial Group.</u></p>
<u>Foreign Exchange Risk Capital Requirements</u>	<u>A component of Market Risk Capital Requirement and calculated in accordance with BBR 6.5 and chapter 6 of BPG</u>
<u>ICAAP</u>	<u>Internal Capital Adequacy Assessment Process, as defined in Pillar II of the Basel framework for banking supervision</u>
<u>Individual Capital Requirement</u>	<u>Has the meaning given in BBR 11.3</u>
<u>IRRBB</u>	<u>Interest Rate Risk in the Banking Book as defined in chapter 8 of BBR</u>
<u>Interest Rate Risk Capital Requirement</u>	<u>A component of Market Risk Capital Requirement and calculated in accordance with BBR 6.5 and chapter 6 of BPG.</u>
<u>Leverage Ratio</u>	<u>Has the meaning given in BBR 4.37</u>
<u>Liquidity Coverage Ratio (LCR)</u>	<u>Has the meaning given in BBR 9.16</u>
<u>Liquidity Risk</u>	<u>The risk of loss to an Authorised Firm as a result of inability to meet its obligations as they fall due.</u>
<u>Major Acquisition</u>	<u>As defined in Rule 6.2.4 of GEN</u>

<b><u>Market Risk</u></b>	<u>The risk of loss that arises from fluctuations in the values of, or income from, assets or in interest or exchange rates.</u>
<b>Market Risk Capital Requirement</b>	the meaning given in PRU(INV) 3.3(5). <u>For Banking Business Firms, has the meaning given in BBR 6.5</u>
<b><u>Matched Principal</u></b>	<u>An Authorised Firm which deals in Investments subject to the following conditions:</u>  <ul style="list-style-type: none"> <li>(i) <u>it enters into transactions as a principal only for the purpose of fulfilling its Clients' orders;</u></li> <li>(ii) <u>it holds positions for its own account ("positions") only as a result of a failure to match Clients' orders;</u></li> <li>(iii) <u>the total market value of the positions it holds is no more than 15% of its Tier 1 Capital; and</u></li> <li>(iv) <u>the positions are incidental in nature and are strictly limited to the time reasonably required to carry out a transaction of that nature.</u></li> </ul>
<b><u>Net Stable Funding Ratio (NSFR)</u></b>	<u>Has the meaning given in BBR 9.19</u>
<b><u>Operational Risk</u></b>	<u>Operational Risk is defined as the risk of incurring losses due to inadequate or failed internal systems, processes, and people, or from external events.</u>
<b>Operational Risk Capital Requirement</b>	the meaning given in PRU(INV) 3.3(6). <u>For Banking Business Firms, has the meaning given in BBR 7.6</u>
<b><u>Option Risk Capital Requirement</u></b>	<u>A component of Market Risk Capital Requirement and calculated in accordance with BBR 6.5 and chapter 6 of BPG.</u>
<b><u>Providing Credit</u></b>	<u>The Regulated Activity as defined in paragraph 18 of Schedule 1 of GEN.</u>
<b><u>Providing Money Services</u></b>	<u>A Regulated Activity defined in paragraph 21 of Schedule 1 of the GEN</u>
<b><u>Regulatory Capital</u></b>	<u>Has the meaning given in BBR 4.13</u>
<b><u>Risk Weighted Assets (RWAs)</u></b>	<u>Has the meaning given in BBR 4.7</u>
<b>Shell Bank</b>	A bank that has no physical presence in the country in which it is incorporated or licensed and which is not affiliated with a regulated financial group that is subject to effective consolidated supervision. <u>In this definition, <b>physical presence</b> in a jurisdiction is a presence involving</u>

	<a href="#"><u>meaningful decision-making and management and not merely the presence of a local agent or low level staff.</u></a>
<b><u>Solo Prudential Return</u></b>	<a href="#"><u>A prudential return is referred to as a Solo Prudential Return if it reflects the individual Bank's accounts, statements and reports</u></a>
<b><u>Tier 1 Capital</u></b>	<a href="#"><u>Has the meaning given in BBR 4.13</u></a>
<b><u>Tier 2 Capital</u></b>	<a href="#"><u>Has the meaning given in BBR 4.18</u></a>
<b><u>Trading Book</u></b>	<a href="#"><u>Has the meaning given in BBR 6.2</u></a>