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PRESS RELEASE



## We facilitate investments by fostering connections between investors and business – AIFC Governor

BY: Diana Bizhanova- Kazinform

AIFC Governor, Renat Bekturov has shared insights into AIFC current agenda, the role of the financial centre within Central Asian region and the unique offerings for potential investors with Kazinform.

It has been six years since the AIFC was founded. How would you describe this milestone for AIFC and for your team?

Since its launch in 2018, Astana International Financial Centre (AIFC) has evolved into a renowned financial institution, playing a pivotal role in the advancement of the Kazakhstani financial market.

At its core, the AIFC stands as a testament to Kazakhstan's strategic decision to create a jurisdiction that offers a conducive environment for global investors. We've established an independent regulator dedicated to upholding the security, reliability, and transparency of the AIFC's financial system. The presence of independent justice through the AIFC Court and the International Arbitration Centre (IAC) serves as a pivotal factor in selecting a country for investment.

In infrastructure development, we facilitate investments by fostering connections between investors and projects. This includes the AIFC's exchange - AIX public securities market for both local and foreign investors, which grants access to a diverse array of financial instruments and provides modern trading platforms alongside low risk clearing and settlement infrastructure. Moreover, we create favourable conditions for businesses to operate, which encompasses tax incentives to the licensed companies, introducing new organisational and legal frameworks, and streamlining labour and visa procedures. By building a robust ecosystem that prioritises trust, transparency and predictability, the AIFC ensures a conducive environment for global capital.



The AIFC's approach to innovation is grounded in practicality and effectiveness. We offer new products and services previously unavailable in Kazakhstan's financial market, such as cryptocurrency exchanges, trading of digital assets, crowdfunding platforms, the standardisation of green financing and many others.

AIFC has steadily emerged as a significant platform, not only for Kazakhstan but for the entire Central Asian region, establishing itself as a dynamic hub for finance and investment. In particular, as of the latest Global Financial Centres Index (GFCI) 35, the AIFC ranked first in Eastern Europe and Central Asia, solidifying its position as a leading financial centre in the region. Additionally, topping the region in the Global Green Finance Index (GGFI) 12 showcases our commitment to sustainable finance and environmental responsibility.

The centre's regulatory strength lies in adhering to the strictest of international standards, with the AIFC regulator - AFSA forging partnerships with global financial services regulatory bodies. In 2023, our regulatory excellence received recognition from IOSCO and FATF/EAG in terms of AML/CFT, bolstering investor confidence in our transparent and robust regulatory framework.

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We remain committed to ensuring Kazakhstan is seen as an appealing destination for investors, and in 2023, we saw a record number of new registrations, with over 650 companies joining the AIFC community, bringing the total to around 2,600 participants from 78 countries. In surpassing our initial target, we raised about US\$11 billion in investments, and AIFC participants have paid KZT 97 billion in taxes.

AIFC has initiated a pilot project for the interaction of AIFC crypto exchanges with Kazakh banks. Around 53,000 clients have conducted crypto-fiat transactions securely, with a total turnover of \$239 million, facilitated by prominent exchanges and eight Kazakhstan banks.

Recognising the growing potential of Islamic finance and sustainability, the AIFC collaborates with international organisations to cultivate a favourable regulatory landscape. This effort has propelled it into the ranks of the top 15 nations with a mature Islamic finance market and has spearheaded environmentally-friendly endeavors, such as development of the carbon market in accordance with Kazakhstan's commitment to achieve carbon neutrality by 2060.

What are the biggest challenges AIFC faces in attracting international investors and companies, and how are you addressing these challenges? How does AIFC navigate the complexities of global (and also regional) economic uncertainties while trying to create an attractive environment for global investors?

Acknowledging the need for diversification and expanded collaborations, AIFC remains adaptable in response to shifting geopolitical dynamics, where each challenge presents an opportunity. The centre actively pursues the attraction of a diverse range of global businesses and investors, contributing to a resilient and interconnected global financial ecosystem.

We've noticed that the major international companies relocating their offices. Since its inception, the AIFC has successfully overseen the redomiciliation of several prominent companies to its jurisdiction. Notable examples include Kazakhstan Energy Reinsurance Company Ltd from Bermuda in 2019, Cheltenham Group Limited from the British Virgin Islands, Polymetal International Plc from the Island of Jersey, and Tselina Capital Limited from Cyprus, all in 2023.

Thanks to Polymetal's redomiciliation major global custodians have gained access to our depository via Citi Kazakhstan and can execute their clients' orders to buy and sell securities. This means that foreign investors can trade on AIX as if they were trading on their usual venues. Today POLY is the most traded share on the AIX.

Currently AIX has 10 custodian banks, including the largest global ones. These are significant players whose appearance on our market is a recognition of the Exchange.

The AIFC Court and IAC stand as reputable and effective forums for dispute resolution, boasting significant achievements in resolving and enforcing a record number of cases. Led by esteemed figures such as Chief Justice Lord Burnett of Maldon, these entities provide accessible legal avenues not only in Kazakhstan but across also 8 countries (Azerbaijan, Armenia, Georgia, Kyrgyzstan, Tajikistan, Türkiye, Turkmenistan, Uzbekistan), further enhancing investor confidence and trust in the AIFC's ecosystem. To date, more than 2 573 cases resolved and enforced by the AIFC Court and IAC. More than 570 lawyers obtained rights of audience from 30 countries and 32 jurisdictions.

The AIFC's accomplishments extend beyond attracting capital to Kazakhstan's economy, they have fostered an integrated capital market where foreign and domestic investors actively engage. Notably, AIX has seen substantial activity, with major global custodian banks participating, further solidifying the AIFC's international appeal. Its success stories include landmark IPOs such as those of Kazatomprom, Kaspi.kz, KazMunayGas, KEGOC, and Air Astana. Air Astana's AIX listing in early 2024 was notable because Kazakhstan investors had the opportunity to participate in pre-market trading alongside global counterparts on the London Stock Exchange, with the domestic order book surpassing its international counterpart by US\$60 million, highlighting the strength of our infrastructure and expertise, and enabling effective competition with leading financial centres.

What are some of the AIFC's most significant achievements to date, and how have they impacted Kazakhstan's and Central Asia's financial landscape?

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These moves not only bolsters the development of the stock market but also serves as a magnet for significant foreign investment, amplifying tax revenues, stimulating local enterprise production and generating employment opportunities.

We've observed analysts from prominent investment hubs, portfolio managers, global finance service providers reaching out to us, expressing keen interest in exploring opportunities in Kazakhstan, which reflects our market's readiness to accommodate global financial companies and institutions, paving the way for expanded investment opportunities, knowledge sharing, and economic growth.

In light of the recent registration of Amicorp Group within the AIFC, a significant milestone has been achieved for the further development of the local finance sphere. Amidst Kazakhstan's rapidly expanding financial market, Amicorp's presence within the AIFC introduces new financial services, particularly in asset management.

What trends do you observe in the financial sector of Central Asia?

We are observing a significant trend towards sustainable development and green finance, and of course rapid development of fintech. Facilitating the transition to environmentally friendly energy sources has been a priority in Kazakhstan's sustainable financing agenda, with the sustainable finance market in Kazakhstan currently valued at USD over a half billion. The efforts of the Green Finance Centre (GFC) in achieving this figure cannot be overstated, as it played a key role in building the regulatory foundation for these initiatives.

We take immense pride in the GFC's exclusive accreditation by the Climate Bonds Initiative (CBI) in Central Asia, as well as its recognition from the International Capital Markets Association as an external assessment provider. This recognition has solidified its leadership in the sustainability verification of financial instruments. In 2023, the GFC verified around 60% of green bonds and loans in Kazakhstan, demonstrating its significant influence in the broader Central Asian region.

In 2023, the GFC introduced ground-breaking financial instruments, such as the first CBI-certified green bond in Central Asia, inaugural Sustainability-Linked Bond (SLB). We also promoted social financing gender bonds, whose goal is to empower women and reduce gender inequality.

Our sustainable financing expertise is in high demand across the region. For example, we played a key role in issuing the first green bonds in Kyrgyzstan and Uzbekistan.

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Development of fintech and digital assets market play a crucial role in the development of the modern financial sector.

Through sophisticated FinTech ecosystem, AIFC provides a regulatory sandbox for fintech start-ups to practice innovation, with over 160 IT companies registered. The AIFC's jurisdiction has attracted over 430 technology, ICT, and fintech companies, fostering a culture of innovation and entrepreneurship.

The AIFC has emerged as a leading hub for blockchain technology, with major industry players like Binance, BitFinex and Bitfury establishing a presence at the Centre, alongside licensed platforms such as Bybit and BigOne.

AIFC's crowdfunding platforms have funded more than 300 projects, totaling over USD 35 million as of the end of 2023.

What specific initiatives has AIFC implemented to ensure that its benefits permeate to the broader Kazakh economy and society?

AIFC has undertaken specific initiatives to ensure that its benefits extend beyond its boundaries to positively impact the broader Kazakh economy and society. These initiatives encompass various sectors, ranging from finance to technology and sustainable development.

Through our educational programs and corporate training initiatives in finance, we've successfully trained over 18 000 specialists, contributing to the advancement of expertise within the finance industry.

Looking ahead, with the continued support of our partners, stakeholders and the vibrant ecosystem within the AIFC, we are steadfast in our commitment to advancing the AIFC's mission of promoting economic growth, facilitating investment, developing capital market and fostering innovation.

