



**AIFC FINANCIAL SERVICES EXEMPT  
FROM CORPORATE INCOME TAX**

**ORDER OF THE GOVERNOR NO. 38 OF  
2017**

(with amendments as of 9 January 2020,  
which commence on 9 January 2020)

Approval Date: 15 December 2017

Commencement Date: 01 January 2018



## FINANCIAL SERVICES EXEMPT FROM CORPORATE INCOME TAX

### Services Exempt from Corporate Income Tax

1. The list of financial services that are exempt from corporate income tax are specified in Schedule 1.

1.1 In the event a Centre Participant carries on any service specified in Schedule 1, the Centre Participant shall not be liable for corporation tax imposed by the Republic of Kazakhstan on income or capital resulting from that service provided the service is carried on in full compliance with AFSA Rules.

#### **Schedule 1**

A Regulated Activity and Market Activity listed in GEN.



**SCHEDULE 1 of GEN: REGULATED ACTIVITIES**

**Capital Markets**

1. Dealing in Investments as Principal

Dealing in Investments as Principal means buying, selling, subscribing for or underwriting any Investment as principal.

2. Dealing in Investments as Agent

Dealing in Investments as Agent means buying, selling, subscribing for or underwriting any Investment as agent.

**Asset Management**

3. Managing Investments

Managing Investments means managing on a discretionary basis assets belonging to another Person where the assets include any Investment.

4. Managing a Collective Investment Scheme

(1) Managing a Collective Investment Scheme means establishing, managing or otherwise operating or winding up a Collective Investment Scheme.

(2) To the extent that any activity under (1) constitutes Managing Assets, Providing Fund Administration, Dealing as Agent, Dealing as Principal, Arranging Deals in Investments, or Providing Custody, such a Regulated Activity is taken to be incorporated within Managing a Collective Investment Scheme.

5. Providing Custody

Providing Custody means one or more of the following activities:

- (a) safeguarding and administering Investments belonging to another Person; or
- (b) in the case of a Fund, safeguarding and administering Fund Property.

6. Arranging Custody

Arranging Custody means arranging for one or more Persons to carry on the Regulated Activity of Providing Custody.

7. Providing Trust Services

Providing Trust Services means:

- (a) the provision of services with respect to the creation of an express trust;
- (b) arranging for any Person to act as a trustee in respect of any express trust;
- (c) acting as trustee in respect of an express trust;
- (d) the provision of Trust Administration Services in respect of an express trust; or



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- (e) acting as protector or enforcer in respect of an express trust.

### 8. Providing Fund Administration

Providing Fund Administration means providing one or more of the following services in relation to a Fund:

- (a) processing dealing instructions including subscriptions, redemptions, stock transfers and arranging settlements;
- (b) valuing of assets and performing net asset value calculations;
- (c) maintaining the share register and Unitholder registration details;
- (d) performing anti money laundering requirements;
- (e) undertaking transaction monitoring and reconciliation functions;
- (f) performing administrative activities in relation to banking, cash management, treasury and foreign exchange;
- (g) producing financial statements, other than as the Fund's registered auditor; or
- (h) communicating with participants, the Fund, the Fund Manager, and investment managers, the prime brokers, the Regulators and any other parties in relation to the administration of the Fund.

### 9. Acting as the Trustee of a Fund

- (1) Acting as the Trustee of a Fund means holding the assets of a Fund on trust for the Unitholders where the Fund is in the form of an Investment Trust.
- (2) To the extent that any activity under (1) constitutes Providing Fund Administration or Providing Custody, such a Financial Service is taken to be incorporated within Acting as the Trustee of a Fund.

## Private Banking

### 10. Advising on Investments

- (1) Advising on Investments means giving advice to a Person in his capacity as an investor or potential investor, or in his capacity as agent for an investor or a potential investor, on the merits of his buying, selling, holding, subscribing for or underwriting a particular Investment (whether as principal or agent).
- (2) In sub-paragraph (1), "advice" includes a statement, opinion or report:
  - (a) where the intention is to influence a Person, in making a decision, to select a particular Investment or an interest in a particular Investment; or
  - (b) which could reasonably be regarded as being intended to have such an influence.

### 11. Arranging Deals in Investments



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Arranging Deals in Investments means making arrangements with a view to another Person buying, selling, subscribing for or underwriting an Investment (whether that other Person is acting as principal or agent).

### Islamic Finance

#### 12. Managing a Profit Sharing Investment Account

Managing a Profit Sharing Investment Account means managing an account or portfolio which is a Profit Sharing Investment Account.

### Other financial services

#### 13. Insurance Intermediation

- (1) Insurance Intermediation means:
  - (a) advising on a Contract of Insurance;
  - (b) acting as agent for another Person in relation to the buying or selling of a Contract of Insurance for that other Person; or
  - (c) making arrangements with a view to another Person, whether as principal or agent, buying a Contract of Insurance.
- (2) In (1)(a), 'advising' means giving advice to a Person in his capacity as a Policyholder, or in his capacity as agent for a Policyholder on the merits of his entering into a Contract of Insurance whether as principal or agent.
- (3) In (2), 'advice' includes a statement, opinion or report:
  - (a) where the intention is to influence a Person, in making a decision, to select a Contract of Insurance or insurance cover; or
  - (b) which could reasonably be regarded as being intended to have such influence.
- (4) The arrangements in (1)(c) include arrangements which do not bring about the transaction.
- (5) The arrangements in (1)(c) do not include the mere provision of information about:
  - (a) a Contract of Insurance, insurer, insurance intermediary or insurance manager to a Policyholder; or
  - (b) a Policyholder to an insurer, insurance intermediary or insurance manager,if the Person providing that information does not take any further steps to assist in concluding the Contract of Insurance.

#### 14. Operating a Representative Office

- (1) Operating a Representative Office means the marketing, from an establishment in the AIFC, of one or more financial services or investments which are offered in a jurisdiction other than the AIFC.
- (2) For the purposes of this paragraph, "marketing" means:



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- (a) providing information on one or more investments or financial services;
- (b) engaging in promotions in relation to such information provision; or
- (c) making introductions or referrals in connection with the offer of financial services or investments;

provided that such activities do not constitute:

- (d) advising on Investments; or
  - (e) receiving and transmitting orders in relation to an Investment.
- (3) An Authorised Person which is authorised to Operate a Representative Office may not have a Licence to carry on any other Regulated Activity.
  - (4) An Authorised Person which does not have a Licence to Operate a Representative Office does not Operate a Representative Office if it undertakes any activities of the kind described in sub-paragraph (2) that constitute marketing.
  - (5) Any communication which amounts to marketing in respect of a Financial Service or Investment, which is issued by or on behalf of a Government or non-commercial governmental entity, does not constitute marketing for the purposes of sub-paragraph (2).



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### SCHEDULE 3 of FSFR: Market Activities

1. Operating an Exchange
  - (1) Operating an Exchange means operating a facility which functions regularly and brings together multiple third party buying and selling interests in Investments, in accordance with its non-discretionary rules, in a way that can result in a contract in respect of Investments admitted to trading or traded on the facility.
  - (2) The facility referred to in (1) may be organised on a temporary or permanent basis and can be an order driven system, a quote driven system or a hybrid of such systems that enables the market to operate electronic trading or trading by other means.
2. Operating a Clearing House
  - (1) Operating a Clearing House means operating a facility where confirmation, clearance and/or settlement of transactions in Investments are carried out in accordance with the non-discretionary rules of the facility, under which the Person operating the facility:
    - (a) becomes a Central Counterparty (“CCP”); or
    - (b) provides a book-entry Securities Settlement System (“SSS”),regardless of whether or not such a Person also operates a Central Securities Depository.
  - (2) In (1):
    - (a) “confirmation” means verifying the terms of a transaction and checking that Investments, cash or both, including margin, are available to secure the exposure arising from the transaction;
    - (b) “clearance” means transmitting and reconciling orders prior to settlement and establishing settlement positions, including the calculation of net positions arising from transactions in Investments; and
    - (c) “settlement” means the completion of a transaction with the aim of securing the timely discharge (whether by performance, compromise or otherwise) of the rights and liabilities in relation to the transaction.
  - (3) In (1)(a), a Person operates as a CCP where it:
    - (a) ensures the performance of open contracts relating to Investments made on a facility for trading Securities; and
    - (b) does so by interposing itself between counterparties to such contracts by becoming either the buyer to every seller, or the seller to every buyer.
  - (4) In (1)(b), a Person operates an SSS where it operates a system which enables Investments held in accounts to be transferred and settled by book entry according to a set of predetermined multilateral rules.
  - (5) Acting as a Central Securities Depository in (1) means holding Investments in uncertificated (dematerialised) form to enable book entry transfer of such Investments for the purposes of clearing or settlement of transactions on its own facility and on any other similar facility.