



AFSA

Astana
Financial
Services
Authority

Consultation Paper

AFSA-F-CE-2023-0002

**List, timing and procedure of report
submission by digital asset exchanges of
the Astana International Financial Centre**

Unrestricted

05 October 2023

Introduction

Why are we issuing this Consultation Paper (CP)?

1. The Astana Financial Services Authority (AFSA) has issued this Consultation Paper to seek suggestions from the market on adopting “List, timing and procedure of report submission by digital asset exchanges of the Astana International Financial Centre” (AIFC Rules) (hereinafter referred to as “Rules of reporting for cryptoexchanges”).

Who should read this CP?

2. The proposals in this paper will be of interest to current and potential AIFC participants dealing with digital assets, specifically AIFC-licensed cryptoexchanges (also referred to as “Digital Asset Exchange”) as well as the market and other stakeholders.

Terminology

3. Defined terms have the initial letter of the word capitalised, or of each word in a phrase. Definitions are set out in this the Glossary Rules ([GLO](#)). Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

What are the next steps?

4. We invite comments from interested stakeholders on the proposed framework. All comments should be in writing and sent to the address or email specified below. If sending your comments by email, please use “Consultation Paper AFSA-F-CE-2023-0002” in the subject line. You may, if relevant, identify the organisation you represent when providing your comments. The AFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise. Comments supported by reasoning and evidence will be given more weight by the AFSA.
5. The Once we receive your comments, we shall consider if any refinements are required to this proposal.
6. AFSA prefers to receive comments by email at consultation@afsa.kz or posted to:
Policy and Strategy Division
Astana Financial Services Authority (AFSA)
55/17 Mangilik EI, building C3.2, Astana, Kazakhstan

Structure of this CP

- Part I – Background;
- Part II – Issues;
- Part III – Best Practice;
- Part IV – Proposals;
- Part V – Public Consultation Questions;
- Part VI – Outcomes.

Background

On 27 June 2022, AFSA along with state peer regulators of Republic of Kazakhstan has officially launched the Pilot project for the cooperation of the cryptoexchanges with second-tier banks of Kazakhstan (“Pilot Project). Prior to the launch of the Pilot Project, AFSA along with state regulators of Republic of Kazakhstan negotiated and approved on 23 May 2022 the Rules of the Pilot Project that contained the mechanism of cooperation of cryptoexchanges and second-tier banks.

To reflect the feedback received from the Pilot Project in national legislation of Kazakhstan and AIFC, and to provide the legal basis for reporting by cryptoexchanges that cooperate with second tier banks of Kazakhstan after the completion of the Pilot Project, the National Parliament (The Majilis) of Republic of Kazakhstan adopted amendments to the Constitutional Law of Republic of Kazakhstan “On Astana International Financial Center” № 176-VII on 30 December 2022 that came into force on 01 April 2023 (hereinafter referred to as “Constitutional Law on AIFC”) and required among other requirements to adopt this Rules of reporting for cryptoexchanges.

According to Article 4 (6) of Constitutional Law on AIFC the Rules of reporting for cryptoexchanges were drafted following obtaining agreement from National Bank or Republic of Kazakhstan.

Issues

Absence of the clear rules and regulations for cooperation of cryptoexchanges with second-tier banks of Kazakhstan hindered the steady developed of the crypto industry in Kazakhstan.

The launch of the Pilot Project in June 2022 was a milestone in the development of crypto sphere in AIFC and Kazakhstan, that allowed access of cryptoexchanges to commercial banks of Kazakhstan under certain conditions and limitations to test the cooperation and identify areas for further policy decisions.

The positive feedback received from the Pilot Project was reflected in the Rules of reporting for cryptoexchanges.

Best Practice

Rules of reporting for cryptoexchanges were developed taking into consideration Pilot Project Rules, feedback received from the Pilot Project, AIFC Rules and Regulations and Acting Law of Kazakhstan.

Proposals

Rules of reporting for cryptoexchanges implements detailed requirements on cryptoexchanges to disclose financial and other performance data to AFSA and NBRK. Specifically, Rules of reporting for cryptoexchanges require to submit on a monthly basis data on trading volumes, number of clients, volume of custodied assets.

Public consultation questions

In the course of public consultation, existing and potential market participants will be invited to comment on the following questions:

- (1) AFSA invites comments on the draft Rules of reporting for cryptoexchanges.
- (2) Are there any provisions that are not clear? What are they and what is your interpretation of them? How would you recommend addressing the lack of clarity?
- (3) AFSA proposes that the Rules of reporting for cryptoexchanges will come into operation 6 (six) months after its adoption. Do you agree with proposed timing? How much time will your business need to make itself compliant with the proposed amendments?

Outcomes

It is expected that the implementation of the Rules of reporting for cryptoexchanges by the AFSA will help:

- 1) address the issue of collecting comprehensive data in respect of operation of cryptoexchanges that will ensure timely monitoring and applying supervision measures by AFSA if necessary;
- 2) provide clear rules for cryptoexchanges that cooperate with second-tier banks of Kazakhstan regarding reporting requirements;
- 3) lay down legal basis for information exchange between AFSA and NBRK on the activities of AIFC-licensed cryptoexchanges that cooperate with second-tier banks of Kazakhstan with purposes of monitoring the risks, trends in crypto market, macroeconomic risk analysis, analysis of risks to financial stability.

This will collectively help to create a clear and detailed AIFC Rules of reporting for cryptoexchanges that cooperate with second-tier banks of Kazakhstan.

List, timing and procedure of report submission by digital asset exchanges of the Astana International Financial Centre (AIFC Rules)

1. General Provisions

- (1) This "List, timing and procedure for reporting of digital asset exchanges of the Astana International Financial Centre (hereinafter - "Rules") is developed in accordance with paragraph 6 of Article 4-1 of the Constitutional Law of the Republic of Kazakhstan dated 7 December 2015 № 438-V "On the Astana International Financial Centre".
- (2) The following basic definitions are used in these Rules:
 - a. Digital Asset Trading Facility Operator (or "Digital Asset Exchange") – a participant of the Astana International Financial Centre (hereinafter – "AIFC"), which has a licence to carry out regulated activity of Operating a Digital Asset Trading Facility according to the AIFC acts.
Other definitions used in these Rules shall be defined in accordance with the concepts stipulated by the legislation of the Republic of Kazakhstan or AIFC acts.
- (3) The provisions of these Rules shall apply to a Digital Asset Trading Facility Operator.
- (4) These Rules establish requirements for the list, timing and procedure of report submission by a Digital Asset Trading Facility Operator.

2. Requirements and procedure of report submission by the Digital Asset Trading Facility Operator

A Digital Asset Trading Facility Operator shall submit reports on transactions made with digital assets to the Astana Financial Services Authority and the National Bank of the Republic of Kazakhstan in accordance with the procedure, timing, list and reporting templates prescribed in Schedule 1 to these Rules.

Reporting templates for Digital Asset Trading Facility Operator**Report No. 1. Information on transactions volumes**

Frequency: monthly.

Persons subject to reporting: Digital Asset Trading Facility Operator.

Submission deadline: not later than the fifteenth (inclusive) day of the month following the reporting month. If the fifteenth day of the month falls on a weekend or public holiday, the reporting deadline is postponed to the next business day. If the reporting deadline expires during the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located, the tenth business day following the day of expiration of the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located shall be deemed to be the reporting deadline date.

In case of absence of information, the reports shall be submitted with null values.

Reports shall be submitted in Microsoft Excel format.

Template

the name of the Digital Asset Trading Facility Operator representing the template

Information on transaction volumes (detailed)

Client type No.1 (buyer/exchange party No.1)	Country of residence of client No.1	Client type view No.2 (seller/exchange party No.2)	Country of residence of client No.2	Type of operation	Number of operations	Amount of operations (KZT)	Amount of operations (USD)	Number of digital assets	Type of digital assets	Transaction currency
1	2	3	4	5	6	7	8	9	10	11

Name _____ Address _____

Phone _____

Email _____

Responsible _____

_____ surname, name и middle name (if applicable) signature, phone
First manager or a person authorised by him/her to sign the report

_____ surname, name и middle name (if applicable) signature, phone

Date « ____ » _____ 20__

Instructions on filling in the template - Information on the volume of operations

The template contains 11 boxes that include the following information about the payment and (or) transfer of money:

1. Following customer type codes shall be indicated in Columns 1 and 3:
 - 1 - Non-resident individual of the Republic of Kazakhstan;
 - 2 - Resident individual of the Republic of Kazakhstan;
 - 3 - retail investor legal entity (non-resident only);
 - 4 - professional investor;
 - 5 - a digital miner-resident of the Republic of Kazakhstan;
 - 6 - digital miner - non-resident of the Republic of Kazakhstan;
 - 7 - digital mining pool - a legal entity-resident of the Republic of Kazakhstan;
 - 8 - digital mining pool – a legal entity non-resident of the Republic of Kazakhstan.
2. Following shall be indicated in columns 2 and 4: the two-letter code of the country of citizenship for the client – an individual or the code of the country of registration for the client - a legal entity (structure without formation of a legal entity) in accordance with the national classifier of the Republic of Kazakhstan NK RK ISO 3166-1-2016 "Codes for representation of names of countries and units of their administrative-territorial subdivisions. Part 1. Country codes".
3. following two-digit code of the transaction type shall be indicated in column 5:
4. 01 - purchase/sale of digital assets by clients;
5. 02 - exchange by clients of one type of digital asset for another type of digital asset.
6. number of conducted transactions shall be indicated in column 6.
7. Following shall be indicated in column 7: the amount of conducted transactions in tenge up to two digits after decimal point (if code 02 is indicated in column 5, column 7 shall not be filled in). If purchase and sale transactions of unbacked digital assets were conducted in foreign currencies, the amount of operations in tenge shall be indicated at the official exchange rate of the National Bank of the Republic of

Kazakhstan as of the date of the operation, set in accordance with the procedure established by the Rules of setting the official exchange rate of the national currency of the Republic of Kazakhstan to foreign currencies, approved by the Decree of the Board of the National Bank of the Republic of Kazakhstan No. 242 dated 24 August 2012.

8. Following shall be indicated in column 8: the amount of transactions in US dollars up to two digits after decimal point, at the official exchange rate of the National Bank of the Republic of Kazakhstan as of the date of the transaction, established in accordance with the procedure stipulated by the Rules for Establishing the Official Exchange Rate of the National Currency of the Republic of Kazakhstan to Foreign Currencies, approved by the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 24 August 2012 No. 242 (if code 02 is indicated in column 5, column 8 shall not be filled in) - the amount of transactions in column 7 / official exchange rate of the National Bank of the Republic of Kazakhstan to foreign currencies (if code 02 is indicated in column 5, column 8 shall not be filled in). The sum of transactions in column 7 / official exchange rate for 1 US Dollar.
9. the quantity of digital assets as per operations shall be indicated in column 9. In case column 5 specifies the code of transaction type - 03, column 9 shall indicate the number of digital assets through the sign "/", for example: within the exchange of "Bitcoin" to "Tether" it shall be indicated 1/29 000.
10. the code of the type of unbacked digital asset when it is purchased and (or) sold for fiat shall be indicated in Column 10:
 - BTC - Bitcoin;
 - ETH - Ethereum;
 - USDT - Tether;
 - USDC – USD Coin;
 - BUSD – Binance USD;
 - DAI - DAI;
 - DOGE - Dogecoin;
 - BNB - BNB;
 - XRP - Ripple;
 - STETH – Lido Staked Ether;
 - ADA - Cardano;
 - SOL - Solano;
 - TRX - Tron;
 - MATIC - Polygon;
 - LTC - Litecoin;
 - DOT - Polkadot;
 - BCH - Bitcoin cash;
 - WBTC - Wrapped Bitcoin;

SHIB - Shiba Inu;
AVAX - Avalanche;
UNI - Uniswap;
LINK - Chainlink;
XLM - Stellar;
LEO – LEO Token;
XMR - Monero;
TUSD - True USD;
ATOM – Cosmos Hun;
ETC – Ethereum classic;
OKB - OKB;
TON - Toncoin;
OTH - other than the above types of unbacked digital assets.

In case of exchange (when column 5 indicates 03) of an unbacked digital asset to another type, the pair code of the digital assets (with a "/" sign) involved in the exchange shall be indicated, for example (2 examples): in the exchange of "Bitcoin" to "Tether", BTC/USDT shall be indicated, in the exchange of "Bitcoin" to another type of digital asset (Filecoin, FIL), BTC/OTH shall be indicated.

11. Following shall be indicated in column 11: the three-digit code of currency of payment in accordance with the national classifier of the Republic of Kazakhstan NK RK 07 ISO 4217-2012 "Codes for designation of currencies and funds" (if code 02 is indicated in column 5, column 11 shall not be filled in).

Report No. 2. Information on the volume of custodied digital assets

Frequency: monthly.

Persons subject to reporting: Digital Asset Trading Facility Operator.

Submission deadline: not later than the fifteenth (inclusive) day of the month following the reporting month. If the fifteenth day of the month falls on a weekend or public holiday, the reporting deadline is postponed to the next business day. If the reporting deadline expires during the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located,

the tenth business day following the day of expiration of the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located shall be deemed to be the reporting deadline date.

In case of absence of information, the reports shall be submitted with null values.

Reports shall be submitted in Microsoft Excel format.

Template

the name of the Digital Asset Trading Facility Operator representing the report

Information on the volume of custodied digital assets (detailed)

Type of client	Country of residence	Number of digital assets in custody	Type of digital asset	Value of digital assets in custody (KZT)	Value of digital assets in custody (USD)
1	2	3	4	5	6

Name _____ Address _____

Phone _____

Email _____

Responsible _____

surname, name и middle name (if applicable) signature, phone

First manager or a person authorised by him/her to sign the report

_____, surname, name и middle name (if applicable) signature, phone
Date « ____ » _____ 20 ____

Instructions on filling in the template - Information on the volume of custodied digital assets

Information is provided as of the last date of the reporting month.

The template contains 7 columns including the following information on digital asset custody:

1. following customer type codes shall be indicated in column 1 shall:
 - 1 - Non-resident individual of the Republic of Kazakhstan;
 - 2 - Resident individual of the Republic of Kazakhstan;
 - 3 - retail investor legal entity (non-resident only);
 - 4 - professional investor;
 - 5 - a digital miner-resident of the Republic of Kazakhstan;
 - 6 - digital miner - non-resident of the Republic of Kazakhstan;
 - 7 - digital mining pool - a legal entity-resident of the Republic of Kazakhstan;
 - 8 - digital mining pool – a legal entity non-resident of the Republic of Kazakhstan.
2. following shall be indicated in column 2: the two-letter code of the country of citizenship for the client - individual or the code of the country of registration for the client - a legal entity (structures without formation of a legal entity) in accordance with the national classifier of the Republic of Kazakhstan NK RK ISO 3166-1-2016 "Codes for representation of names of countries and units of their administrative-territorial subdivisions. Part 1. Country codes".
3. the number of digital assets stored in the digital wallet as of the last date of the reporting month shall be indicated in column 3.
4. column 4 specifies the code of the type of unbacked digital asset in custody:
 - BTC - Bitcoin;
 - ETH - Ethereum;
 - USDT - Tether;
 - USDC – USD Coin;
 - BUSD – Binance USD;

DAI - DAI;
DOGE - Dogecoin;
BNB - BNB;
XRP - Ripple;
STETH – Lido Staked Ether;
ADA - Cardano;
SOL - Solano;
TRX - Tron;
MATIC - Polygon;
LTC - Litecoin;
DOT - Polkadot;
BCH - Bitcoin cash;
WBTC - Wrapped Bitcoin;
SHIB - Shiba Inu;
AVAX - Avalanche;
UNI - Uniswap;
LINK - Chainlink;
XLM - Stellar;
LEO – LEO Token;
XMR - Monero;
TUSD - True USD;
ATOM – Cosmos Hun;
ETC – Ethereum classic;
OKB - OKB;
TON - Toncoin;
OTH - other than the above types of unbacked digital assets.

5. Following shall be indicated in column 5: the value of stored digital assets in tenge up to two digits following the decimal point, at the official exchange rate of the National Bank of the Republic of Kazakhstan as of the date of the transaction, set in accordance with the procedure set forth in the Rules of setting the official exchange rate of the national currency of the Republic of Kazakhstan to foreign currencies, approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated 24 August 2012 No. 242.
6. the value of custodied digital assets in US dollars up to two digits following the decimal point in column 6.
7. columns 5 and 6 shall be filled in units (in thousands of units) of the respective currency.

Report No. 3. Information on the number of clients

Frequency: monthly.

Persons subject to reporting: Digital Asset Trading Facility Operator.

Submission deadline: not later than the fifteenth (inclusive) day of the month following the reporting month. If the fifteenth day of the month falls on a weekend or public holiday, the reporting deadline is postponed to the next business day. If the reporting deadline expires during the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located, the tenth business day following the day of expiration of the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located shall be deemed to be the reporting deadline date.

In case of absence of information, the reports shall be submitted with null values.

Reports shall be submitted in Microsoft Excel format.

Template

the name of the Digital Asset Trading Facility Operator representing the report

	Type of clients	Total number
1	2	3
1)	Retail investor	
1.1.	An individual resident of the Republic of Kazakhstan	

1.2.	An individual - non-resident of the Republic of Kazakhstan	
1.3.	Non-resident legal entity of the Republic of Kazakhstan	
1.4.	AIFC Participant	
2)	Professional investor	
2.1.	An individual resident of the Republic of Kazakhstan	
2.2.	An individual - non-resident of the Republic of Kazakhstan	
2.3.	Non-resident legal entity of the Republic of Kazakhstan	
2.4.	AIFC Participant	
3)	Digital miner	
3.1.	Digital miner resident in the Republic of Kazakhstan	
3.2.	Non-resident digital miner of the Republic of Kazakhstan	
4)	Digital mining pool	
4.1.	Digital mining pool - legal entity - resident of the Republic of Kazakhstan	

4.2.	Digital mining pool - legal entity - non-resident of the Republic of Kazakhstan	
	Total number of customers	

Name _____ Address _____

Phone _____

Email _____

Responsible _____

surname, name и middle name (if applicable) signature, phone

First manager or a person authorised by him/her to sign the report

surname, name и middle name (if applicable) signature, phone

Date « ____ » _____ 20__

Instructions on filling in the template - Information on the number of clients

Information is provided as of the last date of the reporting month.

The template contains the following information about the number of clients:

1. Following shall be indicated in Column 3: the total number of clients according to the type of investor (that passed the procedure of client due diligence according to the requirements of the legislation on combating money laundering and terrorism financing) of the relevant item and sub-item.
2. Paragraph 4) shall indicate the digital miners that carry out mining in the territory of Kazakhstan.
3. Paragraph 5) shall specify the total number of customers specified in paragraphs 1) - 4).

Report No. 4. Information on volumes of transaction by servicing banks

Frequency: monthly.

Persons subject to reporting: Digital Asset Trading Facility Operator.

Submission deadline: not later than the fifteenth (inclusive) day of the month following the reporting month. If the fifteenth day of the month falls on a weekend or public holiday, the reporting deadline is postponed to the next business day. If the reporting deadline expires during the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located, the tenth business day following the day of expiration of the state of emergency throughout the entire territory of the Republic of Kazakhstan or the territory where the Digital Asset Trading Facility Operator is located shall be deemed to be the reporting deadline date.

In case of absence of information, the reports shall be submitted with null values.

Reports shall be submitted in Microsoft Excel format.

Template

 the name of the Digital Asset Trading Facility Operator representing the report

for _____ year

Information on volumes of transaction by servicing banks

Name of servicing bank	Type of operation	Number of operations	Amount of operations (KZT)	Currency of operation
1	2	3	4	5

Instructions on filling in the template - Information on volumes of transaction by servicing banks

Information is provided as of the last date of the reporting month.

The template contains the following information on servicing banks and fiat transactions of Digital Asset Trading Facility Operator clients:

1. column 1 shall contain the name of the bank providing fiat services to the Digital Asset Trading Facility Operator and its clients (for example: JSC "Bank").

2. column 2 shall contain one of the following codes of the type of "fiat" transaction in accordance with Annex 2 to the Rules of application of codes of economic sectors and purpose of payments approved by the Decree of the Board of the National Bank of the Republic of Kazakhstan dated 31 August 2016 No. 203:
371 - replenishment of virtual account for purchase of digital assets;
372 - transfer of money to the client's own bank account after transactions with digital assets.
3. column 3 shall contain the number of conducted "fiat" transactions indicated in column 2.
4. column 4 shall contain the amount of conducted transactions in tenge up to two digits following the decimal point. If fiat transactions were conducted in foreign currencies, the amount of transactions in KZT shall be indicated at the official exchange rate of the National Bank of the Republic of Kazakhstan as of the date of the transaction, set in accordance with the procedure established by the Rules of setting the official exchange rate of the national currency of the Republic of Kazakhstan to foreign currencies, approved by the Decree of the Board of the National Bank of the Republic of Kazakhstan No. 242 dated 24 August 2012.
5. column 5 shall contain the three-digit code of the payment currency in accordance with the national classifier of the Republic of Kazakhstan NK RK 07 ISO 4217-2012 "C"