



AMENDMENTS № 11.2
AIFC CONDUCT OF BUSINESS RULES

Approval Date: 9 December 2023

Commencement Date: 1 January 2024

Astana, Kazakhstan



In this document, underlining indicates a new text and strikethrough indicates a removed text.

(...)

Guidance: Purpose of this rulebook

(...)

Chapter 1 (Application) states that the requirements in the COB rulebook generally apply to Authorised Firms licensed to carry on a Regulated Activity. Some requirements may be modified or disapplied altogether depending on the type of Authorised Firm involved, the nature of its activities, and/or the classification of the Client to whom the Authorised Firm provides services.

In particular, the majority of the COB rules do not apply to Insurance Intermediaries, Trust Service Providers, or Ancillary Service Providers, which are instead required to comply with the requirements set out in Chapters 11, 12 or 13 of COB respectively.

For the avoidance of doubt, COB does not apply to Representative Offices or Authorised Market Institutions, unless otherwise provided under Rules made by the AFSA.

(...)

1. APPLICATION

1.1. General application rule

The requirements in COB apply to an Authorised Firm with respect to any Regulated Activity carried on by an Authorised Firm operating within the jurisdiction of the AIFC as specified in Part 1 of the Framework Regulations.

(...)

1.2.2. Exclusions in relation to certain categories of Centre Participant

For the avoidance of doubt, the requirements in COB do not apply to:

(a) a Representative Office;

(b) an Authorised Market Institution (other than an Authorised Crowdfunding Platform ~~and an Authorised Digital Asset Trading Facility~~), except for COB 3 (Communications with Clients and Financial Promotions), unless otherwise provided under Rules made by the AFSA.

(...)

4. KEY INFORMATION AND CLIENT AGREEMENT



4.6. Provision of key features document relating to Security Tokens

- (1) An Authorised Firm must not provide a Financial Service to which this section applies to a Person unless it has provided that Person with a key features document containing the information in (2).
- (2) The key features document must contain the following information in respect of each Security Token relevant to the Financial Services that the Authorised Firm will provide to the Person:
 - (a) the risks associated with and essential characteristics of the Issuer, other Person responsible for discharging the obligations associated with the rights conferred (if different to the Issuer) and guarantor if any, of the Security Token, including their assets, liabilities and financial position;
 - (b) the risks associated with and essential characteristics of the Security Token, including the rights and obligations conferred and the type or types of Investment which it constitutes;
 - (c) whether the Security Token is or will be admitted to trading and, if so, the details relating to such admission, including details of the facility and whether the facility is within the AIFC;
 - (d) whether the Client can directly access the trading facility, or whether access is only through an intermediary, and the process for accessing the facility;
 - (e) risks associated with the use of DLT, particularly those relating to Digital wallets and the susceptibility of private cryptographic keys to misappropriation;
 - (f) whether the Client, the Authorised Firm or a third party is responsible for providing a Digital wallet service in respect of the Security Token, and any related risks (for example, at whose risk the Client's Security Tokens are held in the Digital wallet, whether it is accessible online or stored offline, what happens if keys to the Digital wallet are lost and what procedures can be followed in such an event);
 - (g) how the Client may exercise any rights conferred by the Security Tokens such as voting or participation in shareholder actions; and
 - (h) any other information relevant to the particular Security Token that would reasonably assist the Client to understand the product and technology better and to make informed decisions in respect of it.
- (3) The key features document must be provided in good time before the relevant Financial Service is provided to the Person, to enable that Person to make an informed decision about whether to use the relevant Financial Service.
- (4) The key features document does not need to be provided to a Person to whom the Authorised Firm has previously provided that information, if there has been no significant change since the information was previously provided.



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