



AMENDMENTS No. 9 AIFC MARKET RULES

Approval Date: 9 December 2023

Commencement Date: 01 August 2023

Astana, Kazakhstan



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

(...)

Guidance: Purpose and application of MAR

(...)

As Security Tokens may be issued using DLT or any other similar technology approved by the AFSA, in these Rules, references to the term DLT should also be taken as including any other similar technology approved by the AFSA for the issuance, transfer and storage of a Security Token.

(...)

SCHEDULE 1: REGISTRATION DOCUMENT*

(...)

* In the case of a Prospectus relating to a Security Token the Registration Document must include the additional content information set out in Schedule 4.

(...)

SCHEDULE 2: SECURITIES NOTE*

(...)

*In the case of a Prospectus relating to a Security Token the Securities Note must include the additional content information set out in Schedule 4.

(...)

SCHEDULE 4: ADDITIONAL CONTENT OF A PROSPECTUS FOR SECURITY TOKENS

1. A Person producing a Prospectus in relation to a Security Token must ensure that:

(a) the Prospectus contains:

(i) information specified in paragraph 2; and



(ii) a statement confirming the matters specified in paragraph 3 made by a suitably qualified independent third party professional, who has given consent under MAR 1.9.3 for that statement to be included in the Prospectus; and

(b) in the case of a Security Token which will be admitted to trading on an Authorised Market Institution, the Prospectus contains the information specified in paragraph 4.

2. The following information is specified for the purposes of paragraph 1(a)(i):

(a) the essential characteristics of the Security Token, including the rights and obligations conferred by it and details of the Person or Persons responsible for meeting such obligations and against whom such rights can be exercised;

(b) the type of Security which the Security Token constitutes and a clear analysis as to how the Security Token meets the definition of such type of Security;

(c) details of the technology that is used to issue, store or transfer the Security Token including whether there is sufficient capability for restrictions on transferability in order to address AML and CFT risks;

(d) how the holder of a Security Token may exercise any rights conferred by it, such as voting or participation in shareholder actions;

(e) if the capital to be raised through issuing of the Security Token is to be used to fund the creation of a new Token, detailed information about:

(i) the project or venture to be funded;

(ii) whether it is the Issuer or a third party who will receive and apply the capital raised towards that project or venture (and if a third party, what rights and obligations a holder of the Security Token has in respect of that third party);

(iii) the features of that new Token and any rights and obligations attaching to it;

(iv) details of the delivery or establishment of the project or venture, including any right of a Security Token holder to have their contribution refunded if any funding requirement is not met, the expected timetable for completion, any milestones included in that timetable and an explanation of the consequences if the timetable is not met; and

(v) the risks associated with the project or venture, including those associated with the technology used to deliver or facilitate its completion or the Token's ongoing use;

(f) how title to the Security Tokens is established, certified or otherwise evidenced;

(g) cybersecurity risks associated with the Security Token or its underlying technology, including whether there is a risk of loss of the Security Token in the event of a cyber attack, and details of steps that have been, or can be, taken to mitigate such risks;



(h) details of other risks associated with the use of the DLT application, particularly those relating to Digital wallets and the susceptibility of private cryptographic keys to misappropriation; and

(i) any other information relevant to the Security Token that would reasonably assist a prospective investor in making an informed decision about investing in the Security Token.

3. The matters to be confirmed by a third party professional in the statement referred to in paragraph 1(a)(ii) are that:

(a) the DLT application, used to issue, store or transfer the Security Tokens offered under the Prospectus, is an authentic, valid and workable solution capable of meeting its intended purpose; and

(b) the Prospectus accurately describes the architecture, functionality, effect, risks and vulnerabilities of the DLT application, including its compatibility with other technologies, applications and services with which it is intended to interact.

4. The following information is specified for the purposes of paragraph 1(b):

(a) details of a facility on which the Security Token is admitted to trading or cleared including:

(i) the Person responsible for operating an Authorised Market Institution;

(ii) details of each DLT application used by the operator to facilitate trading or clearing of the Security Token and the functionality provided by that DLT application;

(iii) details as to how the operator of the facility meets the technology and governance requirements set out in AMI 2-1.2;

(b) details of the custody arrangements for the Security Token that are permitted or required by the operator of facility, including, in respect of each such arrangement:

(i) the Person who carries out the function of the Digital wallet Service Provider;

(ii) the Person who is responsible for the safe custody of the Security Token when held in the Digital wallet; and

(iii) risks associated with the Digital wallet, such as the consequences of the loss of cryptographic keys (private and public), cyber security risks associated with Digital wallets held online, loss, theft or destruction of Digital wallets held offline, and whether and how such risks are addressed;

(c) whether smart contracts are being used or executed on the facility and, if so:

(i) what form those smart contracts take;

(ii) how the legal rights and obligations arising under the smart contracts are exercised, including when contract or settlement finality occurs, (whether by the smart contract itself, an underlying natural language contract or a combination of both); and



(iii) details of the relationship between those smart contracts and any underlying natural language contract.