**Brief information about Astana International Financial Centre**

The Presidential Decree “On the Astana International Financial Centre” has declared the creation of the Astana International Financial Centre (hereinafter – the AIFC) in the capital of Kazakhstan on the basis of the unique infrastructure of the international exhibition EXPO-2017. The AIFC is to start its operation in 2016.

In order to implement this Decree, as well as the Plan of the Nation - 100 concrete steps to implement the five institutional reforms of the Head of State (steps №70-72), the National Bank of Kazakhstan has elaborated the Constitutional law “On the Astana International Financial Centre”, which has currently entered into force and provides a legal framework for the functioning of the AIFC.

Two regulatory acts - Decrees of the President of the Republic of Kazakhstan were adopted in order to implement the Constitutional Law:

1. “On approval of the Astana International Financial Centre Management Council and membership of the Astana International Financial Centre Management Council” (hereinafter – Decree on the Council);

 2. “On determination of the borders of the territory of the Astana International Financial Centre” (hereinafter - Decree on the territory).

**Decree on the Council** provides for the establishment of the Management Council of the AIFC and approves membership of the Management Council of the AIFC. According to Article 10 of the Constitutional Law, the Management Council of the AIFC is a permanent collegial body headed by the President of the Republic of Kazakhstan.

**Decree on the territory**approves the territory of the AIFC within the city of Astana with clearly defined borders. It includes the annex of the Plan of the borders within the territory of the international specialized exhibition EXPO – 2017.

National Bank of Kazakhstan and the Government of the Republic of Kazakhstan have developed the **Joint Action Plan of the Government of the Republic of Kazakhstan and National Bank of Kazakhstan for the establishment and development of Astana International Financial Centre in the long term**, approved by the Decree of the Government of the Republic of Kazakhstan №393 dated May 30, 2015.

The international consulting firm, Boston Consulting Group (BCG) was engaged to participate in the development of this Plan.The document defines strategic directions for the development of the AIFC for 2016-2025, formulates key recommendations forthe effective design of each strategic direction, as well as provides detailed measures for the implementation of the Action Plan in cooperation with all concerned authorities.

The major strategic directions of the AIFC have been determined based on best practices and experience of the international financial centres.

The primary strategic directionis **capital markets**. Development of local liquid capital markets will attract additional foreign investment and accelerate the growth of the domestic economy. Capital market development will be a meaningful alternative to the banking system in Kazakhstan.

**Asset management** is another strategic directionof the AIFC. Localisation of the leading international asset management companies along with strengthening ofthe internal expertise in asset management can establish Astana as the main regional center for asset management.

 A third strategic direction - **private banking -**will be developed in conjunction with the asset management market and expertiseas a service for local high net worth individualsincludingmanagement of repatriated and attracted funds.

**Islamic Finance** shall be developed on an independent basisas an alternative to traditional banking services with the aim of stimulating the inflow of Islamic capital into the country.

**Alternative investment** (private equity funds, hedge funds, venture capital) will be consideredas an additional direction of the AIFC development.

Astana International Financial Centre (AIFC) will provide **unprecedented privileges for investors** having no analogues in the post-Soviet region:

* **modern infrastructure** created on the basis of EXPO international exhibition scheduled to be held in Astana in 2017;
* **tax exemption** for 50 years until (corporate income tax on income from financial and auxiliary services, individual income tax, land tax, property tax);
* **free office rent** for 2 years;
* **simplified currency, visa and labor regimes** for participants and employees of the AIFC as well as
* connection of Astana with key financial centers around the world via **direct flights.**

A key feature of the AIFC is the presence of a **separate legal system**based on the principles of **Common law**, according to which the financial court of the AIFC and International Arbitration Centre will conduct its operations. This will ensure fairness and justice and will greatly enhance the credibility of Kazakhstan in the eyes of foreign investors.

The proposed structure of the AIFC includes fourAIFC bodies, infrastructure organizations, as well as organizations engaged in financial activities in AIFC (licensed to operate by an authorized body responsible for the regulation of financial services and operations of members of the AIFC).

To date, the National Bank has established a legal entity - **JSC “AIFC Authority”** overseeing the conditions of day-to-day activities of the AIFC and representing its interests.

During the current year there are also plans to establishthe **Astana Financial Services Authority**,which will be responsible for the regulation of financial services and related activities in the AIFC. In addition, work is scheduled to begin on preparing the necessary legal framework for the establishment of **the AIFC courts and Arbitration Centre.** As known, justice within the AIFC will only be carried out by the AIFC courts. The courts will be independent in their activities and separate from the judicial system of Kazakhstan.

 Infrastructure organizations willincludeAIFC Stock Exchange, International Arbitration Centre, legal, auditing, accounting and consulting companies, the registrar of securities, depository, custodian and other entities that are not engaged in financial activities in the AIFC.

**English** shall be the official language of the AIFC. It will be used in all regulated spheres of public relations of the AIFC.Court proceedings as well as all transactions of the AIFC Participant will be carried out in English language.

Further advancementof the AIFC within the stated directions will significantly developcapital market, ensure its integration with international capital markets and attract foreign investment into the country. It will also give a strongimpetus to economic diversification of Kazakhstan, positively affecting both economic and social factors of domestic development.