

DIVERSE VENUE FOR GLOBAL INVESTOR COMMUNITY



AIFC STRATEGIC PILLARS

The positioning of Astana as the main financial center in the region will be achieved through the development and implementation of five main strategic pillars



Capital Market

Increasing domestic Capital Market liquidity and attracting more foreign investments



Asset management

Asset management of private and state funds by established international asset management companies within AIFC



Private Banking

Developing Private Banking expertise on the basis of based within AIFC international asset management companies



Islamic Finance

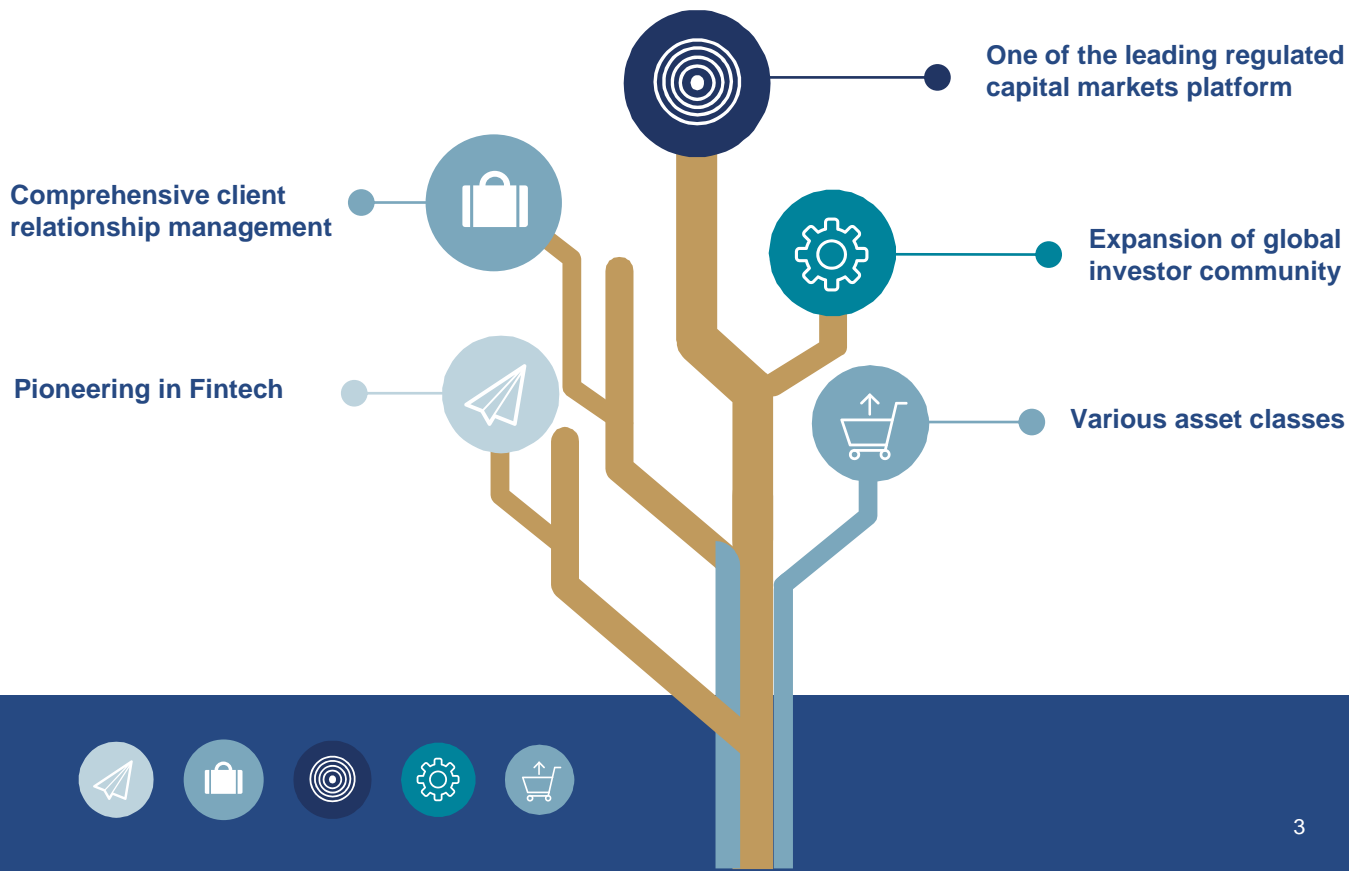
Creating local Islamic Finance market supported by local, international Islamic banks & financial institutions



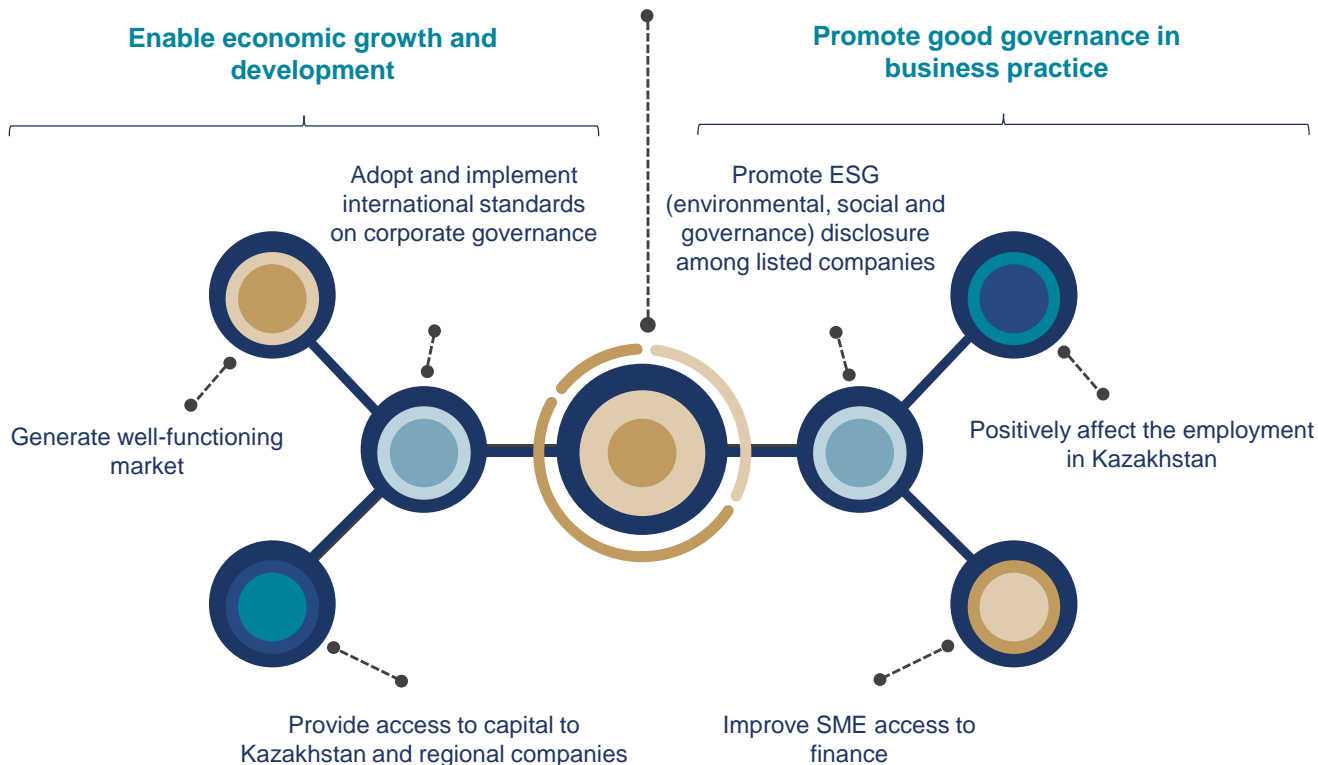
Financial Technologies

The introduction and development of Financial Technology to companies improve efficiencies and decrease costs

AIX STRATEGIC VISION

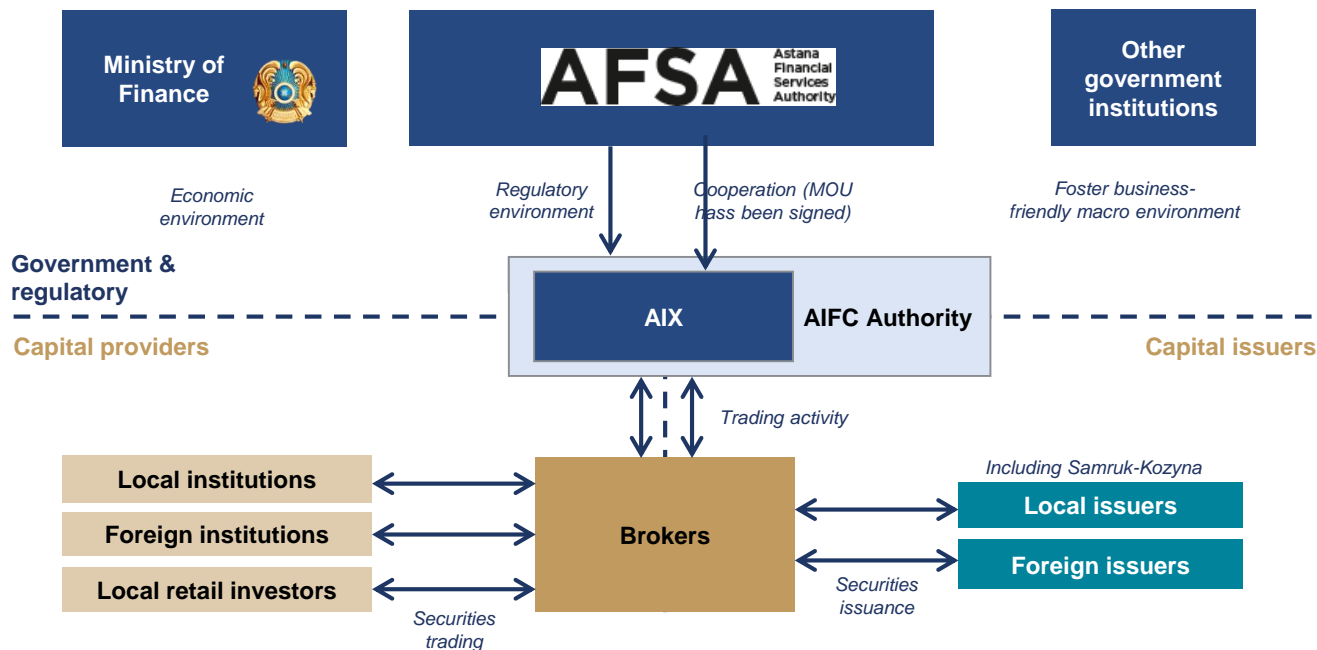


THE ROLE OF ASTANA INTERNATIONAL EXCHANGE



PLAYERS IN THE EXCHANGE ECOSYSTEM

The exchange is a key piece of national financial infrastructure, but its success will depend on a broad group of parties working in unison



A MAJOR COORDINATED EFFORT WILL BE REQUIRED BEYOND AIX TO GENERATE LIQUIDITY ACROSS EACH KEY INVESTOR SEGMENT

Segment	Unified Pension Fund	National Fund	Retail investors	Insurers	Asset managers
Approach to unlock liquidity	<ul style="list-style-type: none"> • Delegate management of meaningful asset blocks to AMs, with periodic re-allocation based on performance • Can require local investment in KZ • Active mgmt strategies for new, riskier tranches • Allow employers to choose managers for 5% contribution 	<ul style="list-style-type: none"> • Review overall asset allocation to increase local exposure • Increase local investment requirements for external managers alongside regular competitive reallocations to incentivise greater trading 	<ul style="list-style-type: none"> • Incentivise greater long-term and pension savings (eg, through tax-efficient wrappers, contribution top-ups) • Incentivise opening new brokerage accounts (eg, matched deposits) subject to maintaining minimum trading volumes 	<ul style="list-style-type: none"> • Incentivise employers to grow Pillar 2 savings through life products (eg, matched contributions, tax wrappers) • Facilitate market between insurance assets and asset managers (eg, marketing of benefits, capital introduction process) 	<ul style="list-style-type: none"> • No active approach; will benefit from pension reform, allocation of pension funds and life insurance incentives • Can target foreign players with tax / other incentives to open AIFC offices, encouraging wider competition between players
Driver	National Bank of Kazakhstan	National Bank of Kazakhstan	Ministry of Finance / Tax Authority	Ministry of Finance / Tax Authority	AIFC

Boosted demand for trading would encourage brokers to offer required services

IMPORTANT POLICY DECISIONS AND REFORMS

Timely Privatization

IPOs of SOEs owned
by Samruk-Kazyna



IPOs of private companies

IPOs of "Competitive Leaders -
National Champions" program
participants



Individual investors

Incentives for individual
investors to open and use
brokerage accounts



Subsoil use regulation

Mining codes and technical
audit standards for subsoil
mining companies



Management of national assets (UNPF, NF)

- More active trading
- Delegation of asset management
- Investing in domestic market



Pension system diversification

Tax incentives for employers and
individuals that invest in pension funds
– stock market institutional investors



AIFC CAPITAL MARKET PILLAR

ANCHORS IN DEVELOPMENT OF AIX

Based on Constitutional Statute of Republic of Kazakhstan NO. № 438-V ZRK of December 7, 2015 on the Astana International Financial Centre one of the purposes, objectives and principles is developing a securities market in the Republic of Kazakhstan and integrating it with international capital markets

Debt Market

Ensuring Euroclearability of the state bond market as catalyst for liquidity enhancement and cost decrease of state and private borrowing. In addition, it important to work towards including Kazakhstani bonds into the internationally recognized bond indexes.

Equities market

Holistic approach to privatization ensuring development of capital market on the backbone of privatization (index eligibility).

COOPERATION WITH EUROCLEAR

The aim is to create a market environment to enable Kazakhstani domestic securities to become Euroclearable

Becoming Euroclearable allows a market to sustain a single, powerful pool of liquidity, resulting in strong macro-economic benefits including a reduction in bond yields and an increase in the local liquidity of assets, which in turn creates a deeper, stable and larger domestic market



The Ministry of Finance of the Republic of Kazakhstan, AIX and Euroclear have signed a Memorandum to cooperate in the development of a new 'international link' for Kazakhstan

It is planned to implement **i-Link** platform to create a Kazakh Settlement System, with a single pool of liquidity

Through Euroclear Kazakhstan issuers would have access to both domestic and international investors on the same platform at AIFC and will have direct access to Euroclear clients who include more than 2,000 financial institutions in more than 90 countries.

AIX ROLE IN STRATEGIC DEVELOPMENT OF KAZAKHSTAN

				
<p>Comprehensive Privatization Plan for 2016-2020 for a wide range of investors on AIX</p>	<p>Companies planning an IPO on AIX</p>	<p>Kazakhstan and foreign investors will have equal access to the market</p>	<p>Launching IPOs of the "Competitive Leaders - National Champions" program</p>	<p>Recreation of legendary Silk Road shall increase business activity in the region and will attract infrastructure investments</p>

*<https://www.reuters.com/article/us-china-silkroad-summit/ambition-to-meet-reality-as-china-gathers-world-for-silk-road-summit-idUSKBN18631D>

"THE BELT AND ROAD" INITIATIVE (BRI)

AIFC IS WELL-PLACED TO BECOME EURASIAN GATE PROVIDING
TRADE AND FINANCIAL FLOWS BETWEEN COUNTRIES

AIFC will be devoted to providing diversified financial services, including bond and equity issuance, currency risk hedge instruments, RMB off-shore centre and other, to enable Belt and Road Initiative successful implementation

Silk Road Fund allocated US \$2bn to kick-start the China-Kazakhstan Production Capacity Cooperation Fund, aiming to step up bilateral cooperation in industrial capacity, agricultural products, energy, and regional connectivity

LEVERAGING OPPORTUNITIES WITHIN EURASIAN ECONOMIC UNION



The Eurasian Economic Union (EAEU) is an economic union which includes Russia, Kazakhstan, Belarus, Armenia and Kyrgyzstan. It has an integrated single market of 183 million people and GDP of over 4 trillion U.S. dollars (based on PPP).



Formation of a unified exchange platform within the EAEU is one of the key projects of the regional financial market integration.



There is an arrangement between the EAEU leaders concerning the establishment and further dislocation of the EAEU financial regulator in Astana, Kazakhstan by 2025.



Prospects for a unified exchange platform are closely related to leveling the development and regulation of the financial market infrastructure (in terms of increasing financial stability, minimizing risks, harmonizing technologies).



AIX is collaborating with Moscow Stock Exchange on projects of integration and welcomes involvement of other exchanges from the EAEU.

AIX PARTNERSHIPS



- Core strategic partners
to provide infrastructure,
financing and know-how
- Kazakh government entities
to enact reforms and policies to ensure
successful launch of exchange
- Post-trade partners
to provide outsourcing for
post-trader services
- Trading link partners
to provide mutual access to
listed securities
- Market development partners
to provide support through
strategic collaboration

AIX STRATEGIC PARTNERS



The AIFC has signed a Shareholders Agreement with the Shanghai Stock Exchange. As terms of this agreement, the Shanghai Stock Exchange cooperates with the AIFC on strategy and technology consulting, business planning, product design, market expansion and liquidity growth. SSE will also work closely with AIX to support the "Belt and Road" Initiative.

Nasdaq is a strategic partner and the technology provider of AIX. Nasdaq has delivered its state of the art trading technology to AIX which will provide international and domestic investors with easy and comfortable access to AIX's attractive financial instruments. The Nasdaq Matching Engine system offers exceptional performance and functionality.



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