

## LEGAL REGIME AND REGISTRATION OF A LEGAL ENTITY IN THE AIFC

The Astana International Financial Center (the “AIFC”) was created based on the experience of the international centers of New York, London, Dubai, Hong Kong and Singapore. AIFC offers a number of attractive conditions for business entities, including a legal regime based on the law of England and Wales.

The article will consider the legal regime of the AIFC, as well as the creation of legal entities according to the rules of the AIFC.

### 1. Legal regime and the AIFC court

The AIFC has a special legal regime adopted by the Constitutional Statute of The Republic of Kazakhstan On “The Astana International Financial Centre”<sup>i</sup> (the “AIFC Constitutional Statute”). According to Article. 4 of the AIFC Constitutional Statute, the current AIFC law is based on the Constitution of the Republic of Kazakhstan and consists of:

- AIFC Constitutional Statute;
- acts of the AIFC not contradicting the AIFC Constitutional Statute.

At AIFC, among others, there are the following acts that govern the creation of legal entities, as well as their activities on the AIFC territory:

- AIFC Companies Regulations<sup>ii</sup>
- AIFC Companies Rules<sup>iii</sup>
- AIFC General Partnership Regulations<sup>iv</sup>
- AIFC Limited Partnership Regulations<sup>v</sup>
- AIFC Non-Profit Incorporated Organisations Regulations<sup>vi</sup> as well as other acts.

i Constitutional Statute № 438-V ZRK OF 7 December 2015

ii AIFC Companies Regulations No. 2 of 2017

iii AIFC Companies Rules No.GRO004 of 2017

iv AIFC General Partnership Regulations No.5 of 2017

v AIFC Limited Partnership Regulations No.12 of 2017

vi AIFC Non-Profit Incorporated Organisations Regulations No.11 of 2017



Thus, firstly, the AIFC has a special legal regime regulated by the AIFC Constitutional Statute and secondly, the activities of the AIFC participants are regulated by acts of the AIFC.

The AIFC Court also operates on the territory of the AIFC, according to epy AIFC Court Regulations<sup>vii</sup> it consists of two tiers: 1. a Court of First Instance, which includes a specialist division to be known as the Small Claims Court; and 2. a Court of Appeal. Each Court is to be known as the Court. At the same time, the AIFC operates the International Arbitration Center.

## **2. Creation of legal entities according to the AIFC Rules**

The AIFC Companies Regulations prohibit from conducting of business unless a person has incorporated or has registered as an AIFC Participant, i.e. as a legal entity with the Registrar of Companies of AIFC that is entitled to conduct business in the territory of AIFC.

The AIFC Companies Regulations set forth a separate legal personality principle under which a company incorporated under the AIFC Companies Regulations has a separate legal personality from that of its shareholders, that means the liabilities of a company, whether arising in contract, tort or otherwise, are the company's liabilities and not the personal liabilities of any shareholder or officer of the company, except where otherwise provided in the mentioned AIFC Companies Regulations. Thus, as a general rule, companies registered with AIFC enjoys a separate legal personality principle and a liability limited to their shares amount.

In accordance with the AIFC Companies Regulations, the following companies can be created on the territory of the AIFC:

1. private company;
2. public company;
3. investment company;
4. restricted scope company;
5. special purpose company;
6. limited partnership;
7. limited liability partnership;
8. general partnership and other forms;
9. foundation;
10. non-profit incorporated organization.

For example, a limited liability partnership can be created by two or more persons. Two or more persons can apply for registration of a limited liability partnership, while having previously signed a partnership agreement. When applying for registration of a limited liability partnership, the application should indicate the following:

- the proposed name of the Limited Liability Partnership, which must end with the words 'Limited Liability Partnership';
- the proposed address of the partnership's registered office;
- the nature of the business, purpose or activity proposed to be conducted by the partnership;
- the name and address of each of the Persons who are to be members of the Limited Liability Partnership on incorporation;
- the names of those Persons who are to be Designated Members on incorporation or that every member of the partnership is a Designated Member;
- the other particulars (if any) required by the Registrar of Companies or the Rules.

To register a legal entity with the AIFC, you must pay a registration fee of 300 US Dollars. The term for registration of a legal entity with the AIFC depends on the chosen form of the legal entity and the time it takes to prepare the constituent documents.

Regarding the authorized capital, the AIFC rules establish various requirements for its minimum amount depending on the form of the legal entity. For example, the minimum authorized capital of a public company must be at least 100,000 US Dollars, and for a private company there are no requirements for a minimum authorized capital.

It is worth noting that it is possible under the AIFC Companies Regulations to register any company outside of AIFC as a recognized company with AIFC without creation of a new company. In order to be registered as a recognized company, it is necessary to apply to the Registrar of Companies as per the respective rules. As a result of such registration, the Registrar of Companies issues a certificate of recognition and assign an identification number to the Recognized Company that gives an official status of the AIFC Participant and the right of conducting business activities within AIFC.





All legal entities established in the AIFC (with the exception of a special purpose company) must operate in the AIFC, unless otherwise permitted by the registrar.

If you have any questions regarding the above issues, please contact. We will be glad to help you.



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