



PRESS COMMUNIQUE

East African Securities Regulators agree on criteria for fit and proper assessment of market practitioners

Nairobi, 13th July 2018..... The regional capital markets regulators, under the umbrella of East African Securities Regulatory Authorities (EASRA) have adopted a regional framework for fit and proper assessment of market practitioners. This is to ensure that only operators meeting the highest ethical standards operate regionally. The framework has provisions focusing on the ability of a person to carry on a regulated activity competently, honestly and fairly. Additionally the framework has provisions for the evaluation of reputation, character, financial integrity and reliability of market operators.

The regulators also noted that the growth of financial services and products was increasingly becoming sophisticated with the increasing use of fin tech platforms that raise uncertainty on how they conform to existing regulatory requirements. To encourage innovation and enable regulators determine appropriate regulatory approaches, the regional regulators agreed to employ regulatory sandboxes which provide test environments where innovative products, services, business models can operate, subject to clear conditions on scale and reach, without incurring the regulatory consequences or meeting onerous regulatory requirements. To that end, a sample regulatory sandbox application and evaluation criteria was adopted in order to guide member states implementation of national sandbox initiatives. Regulators will also through the regulatory sandbox approach accommodate companies which want to leverage on non-currency related block chain technology to bring innovations to the capital markets.

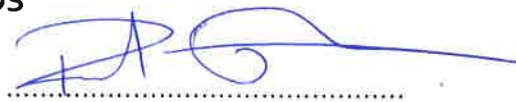
Speaking at the meeting, the Chairman of EASRA Mr. Paul Muthaura said that it will be important for capital markets to leverage technology to transform access and their impact on economic development. "The rise of distributed ledger technology provides an opportunity for capital

markets to boost efficiency in the eco-system of fund-raising and increase access to long term capital by businesses.

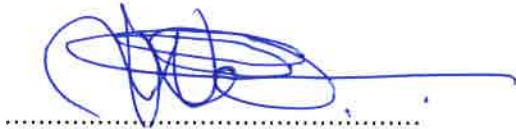
At the same meeting, the regulators also discussed: the development process for a new strategic plan; the implementation process for risk based supervision; implementation of the regional crisis management policy; the impact of the implementation of the IFRS-9; harmonization of the roles of CIS operators; collaboration arrangements with communication regulators; and the harmonization of insider dealing and market abuse provisions.

ENDS

Mr. Paul Muthaura
Chief Executive
Capital Markets Authority – Kenya
Chairman-EASRA



Mr. Nicodemus Mkama
Ag. Chief Executive Officer
Capital Markets and Securities Authority - Tanzania



Mr. Keith Kalyegira
Chief Executive Officer
Capital Markets Authority – Uganda



Mr. Eric Bundugu
Ag. Executive Director
Capital Market Authority – Rwanda



NOTES TO THE EDITOR

Capital Markets Authority (CMA)-Kenya, Capital Markets Authority (CMA)-Uganda and Capital Markets and Securities Authority (CMSA)-Tanzania entered into a Memorandum of Understanding (MoU) and adopted a common blue print on the integration of the East African Capital Markets in 1997. This MoU formed the basis for the establishment of the East African Securities Regulatory Authorities (EASRA). The Capital Markets Authority (CMA)-Rwanda later joined EASRA in 2009, and the Bank of the Republic of Burundi (BRB) in 2011. EASRA continues to operate as a consultative institutional forum where the regulatory authorities discuss matters of mutual interest that affect their operations.

The main objectives of EASRA are Information sharing among the members; mutual assistance and cooperation between members; and advancing the integration of the East African capital markets. Under the memorandum signed by the regulators, EASRA is mandated to: Develop common capital market strategies; Harmonize capital market laws and structures; Foster regional capital markets development; Facilitate cross-border investments; Develop market infrastructure; Develop policy proposals for capital markets incentives; Develop proposals for the alleviation of impediments; and Develop a common/ similar trading system(s).