



The Capital Markets Authority is established by an Act of Parliament to promote, regulate and facilitate the development of an orderly, fair and efficient Capital Markets in Kenya. In line with its mandate to deepen and widen the capital markets, the Authority welcomes the policy proposals communicated through the Minister for Finance Budget Speech 2012, the Finance Bill and supporting legislation. The Authority and its stakeholders are confident that the following proposals will have a positive impact on the growth of the country's capital markets once adopted.

	<b>BUDGETARY PROPOSAL</b>	<b>REFERENCE</b>	<b>EXPECTED IMPACT</b>
1.	Amend the Capital Markets Act Cap 485A to vest the power to make regulations, rules, and guidelines in the Minister instead of the Authority	Capital Markets (Amendment) Bill 2012	This is to align the Capital Markets Act and the legislation process within the securities industry with the rest of public institutions. In this regard the power to make subsidiary legislation is vested in the Minister in Charge of the respective Ministry or Agency. In the case of the CMA these power will be vested in the Minister for Finance.
2.	Amend the Central Depositories Act, 2000 to include government securities as part of eligible security for purposes of clearing and settlement.	Central Depositories Act 2000	Enhance clearance and settlement by facilitating the move towards a single and efficient securities settlement infrastructure for both fixed income and equity securities.  This amendment will be critical to facilitate the transfer of clearing and settlement functions for government debt securities to the Central Depository and Settlement Corporation Limited. The first stage of this process being the Treasury Bills Mobile Direct project under development by the Treasury, Central Bank of Kenya and the World Bank
3.	Amend the law to create a framework for Growth Enterprise Market Segment within the NSE targeting small and medium enterprises (SMEs).	The Capital Markets (Securities) (Public offers, Listing and Disclosures) (Amendment) Regulations, 2012	Provide SMEs the opportunity to access long-term and relatively cheap capital through public listing as well as raising their profiles through trading on approved securities exchanges.
4.	Implement further reforms under the Proceeds of Crime and Anti-Money Laundering Act of 2009	Proceeds of Crime and Anti-Money Laundering	In order to strengthen the framework to combat money laundering in Kenya to conform with international best practice standards with a view to implementation of the Vision 2030

		(Amendment) Bill 2012  Capital Markets (Amendment) Act	target of attaining International Financial Centre status.  More specifically for the CMA this involves amendments to the Capital Markets Act to strengthen powers on investigations, sharing of information and broadening of the fit and proper assessment to include significant shareholders of licensed entities in addition to managers of such entities.
5.	The Government will commence a process to establish a consolidated financial sector regulatory framework bringing together the Capital Markets Authority, Insurance Regulatory Authority and Retirement Benefits Authority.	Budget speech 2012	To further strengthen the supervisory capacity, safeguard stability and enhance efficiency of the financial sector regulators.  This may require consolidation of the various regulatory frameworks and rationalization of the institutional frameworks and will be instrumental in informing the regulatory structures for the regional financial markets in the East African Community.
6.	Electronic filing of documents at the Companies Registry, the Lands Registry and other key agencies involved in business registration.	Budget Speech 2012	These efforts should reduce the cost of doing business and improve Kenya's Rating on Doing Business index, thus positioning our country as a preferred investment destination.  The Authority is implementing online licensing application processing and online reporting for intermediaries in line with the shift towards electronic filings.
7.	Amendment of Income Tax Rules on the taxation of trusts as well as taxation of rental income	VAT Bill 2012 and Budget Speech	The Authority will continue to engage with the Ministry of Finance and the Kenya Revenue Authority to ensure the taxation reform will support the tax efficiency of trust structures for collective investment schemes as well as Real Estate investment Trust schemes.
8.	Amend the Banking Act to expand the scope of banking business to include incidental financial services that can be offered by banks subject to review and approval by the Central Bank to ensure adequate risk mitigation.	Budget Speech 2012	This is an opportunity for the capital markets intermediaries to leverage on the wide banking network to extend their services to other parts of the country
<b>Mrs. Stella Kilonzo, MBS Chief Executive Capital Markets Authority</b>			