



CIRCULAR NO.001/ 2017

March 23, 2017

TO: ALL FUND MANAGERS MANAGING REGISTERED COLLECTIVE INVESTMENT SCHEMES

RE: FULL COMPLIANCE WITH THE CAPITAL MARKETS (COLLECTIVE INVESTMENT SCHEMES) REGULATIONS 2001 DURING THE COMPILATION OF THE ANNUAL REPORT

The Authority, for the benefit of informed investor protection and equitable transparency wishes to remind the fund managers of all Collective Investment Schemes to adhere fully to the Capital Markets (Collective Investment Schemes) Regulations, 2001 when compiling annual financial statements.

Upon the review of audited financial statements for the year ended December 31, 2015, it is evident that there is partial compliance to this regulation among the Collective Investment Schemes.

The Authority seeks to bring to your attention the following regulations that should be complied with during the compilation of end year financial results as outlined in the Capital Markets (Collective Investment Schemes) Regulations, 2001:

- 1) Regulation 19: Fund manager's reports.
- 2) Regulation 27: Duties and obligations of a trustee.

Note: In addition to information on investment objectives, fund performance and income, the trustee's report should include a report on whether in the custodian's opinion, the fund manager has in all material respects managed the scheme in accordance with the provisions of the CMA Regulations, incorporation documents, the information memorandum and the rules of the collective investment scheme, and if the

fund manager has not done so, the respect in which it has not done so and the steps which the custodian has taken in respect thereof.

- 3) Regulation 31: Matters to be provided for in the trust deed.

Note: The fee charged by the fund manager and the fees payable to the trustees should be disclosed in the financial reports.

- 4) Regulation 78: Broad investment guidelines.

- 5) Regulation 96: Part II - Comparative Table

Note: The comparative table should set out the performance record over the last 5 calendar years or over the whole period in which it has been in existence if less than five years.

The report should also show the total value of the collective investment scheme portfolio and the price for a share of each class and the number of shares of each class in issue at the end each of the last three annual accounting periods (or all of the collective investment scheme's accounting periods, if less than three).

- 6) Regulation 96: Part III - Report of the custodian.

- 7) Regulation 96: Part IV- Report of the Auditor.

Note: In addition to the auditor's professional opinion on whether the financial statements give a true and fair view of the state of financial affairs of the fund, the report of the auditor should cover other key matters including whether the accounts have been properly prepared in accordance with the CMA Regulations.

The purpose of this circular is to inform all the Fund Managers of Collective Investment Schemes to ensure that the above are incorporated in the annual report of the Collective Investment Schemes in addition to any other disclosures for the financial year ended December 31, 2016 and all subsequent financial years. Note that all other reporting obligations for Collective Investment Schemes remain the same.

Kindly ensure compliance and do not hesitate to contact the Authority in case you require further clarification.

Yours faithfully



Paul M. Muthaura
CHIEF EXECUTIVE