

**THE CAPITAL MARKETS (SECURITIES) (PUBLIC OFFERS, LISTING AND  
DISCLOSURES) REGULATIONS, 2002**

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**THE CAPITAL MARKETS ACT**  
*(Cap. 485A)*

**IN EXERCISE** of the powers conferred by section 12 (1) of the Capital Markets Act, the Capital Markets Authority makes the following Regulations –

**THE CAPITAL MARKETS (SECURITIES) (PUBLIC OFFERS, LISTING AND DISCLOSURES) REGULATIONS, 2002**

**PART I - PRELIMINARY**

- Citation.                   **1.** These Regulations may be cited as the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.
- Interpretation.           **2.** In these Regulations, unless the context otherwise requires –
- “Alternative Investment Market Segment” means a market segment for which securities of issuers that satisfy the eligibility requirements prescribed under regulation 7(1) (b) are listed;
- “days” means calendar days excluding Saturdays, Sundays and public holidays;
- "Directors Induction Program" means a training programme, approved by the Securities Exchange in consultation with the Authority, covering issues relating to directors responsibility in listed entities including corporate governance, regulatory compliance and accountability;
- L.N 61/2012
- L.N 113/2013           “East African Partner State regulator” means the regulator in an East African Community member state charged with the supervision of the capital markets;
- L.N. 36/2016           “executive director” means a member of a board who also serves as a manager of a company;
- L.N 30/2008  
Commenced on  
March 14,  
2008.                   “Fixed Income Securities Market Segment” means a market segment for which fixed income securities of issuers that satisfy the eligibility requirements prescribed under regulation 7(1) (c) are listed, and include

Government and corporate securities;

LN.61/2012 "Growth Enterprise Market Segment" means a market segment where issues that satisfy the eligibility requirements prescribed under Regulation (7)(1)(c), are listed.

L.N 30/2008 "IAS" means International Accounting Standards;

L.N. 36/2016 "independent director" means a member of a board of directors who-

- (a) does not have a material or pecuniary relationship with the company or related persons;
- (b) is compensated through sitting fees or allowances; and
- (c) does not own shares in the company;

Provided that after nine years of continuous service he or she ceases to be an independent director and assumes the position of a non-executive director;

L.N 30/2008

"introduction" means the listing of securities that are listed on another securities exchange or that are publicly held other than as a result of an immediately preceding public offer.

L.N 30/2008 "issuer" in relation to any securities, means the person by whom securities have been issued or are to be issued and shall include a company or other legal entity that offers securities to the public or a section thereof in Kenya , whether or not such securities are subject of an application for admission or have been admitted to listing."

LN 30/2008 "listing" means admission of a security to the official list of a securities exchange; and the terms "list" and "listed" shall be construed accordingly.

L.N 61/2012 "listing statement" means an information document prepared in connection with a listing on the Growth Enterprise Market Segment and does not constitute an information memorandum or prospectus unless specifically provided;

"Main Investment Market Segment" means a market segment for which securities of issuers that satisfy the eligibility requirements prescribed under regulation 7(1) (a) are listed;

"material information" means any information that may affect the price of an issuer's securities or influence investment decisions and includes information on -

- (a) a merger, acquisition or joint venture;
- (b) a block split or stock dividend;
- (c) earnings and dividends of an unusual nature;
- (d) the acquisition or loss of a significant contract;
- (e) a significant new product or discovery;
- (f) a change in control or significant change in management;
- (g) a call of securities for redemption;
- (h) the public or private sale of a significant amount of additional securities;
- (i) the purchase or sale of a significant asset;
- (j) a significant labour dispute;
- (k) a significant law suit against the issuer;
- (l) establishment of a programme to make purchases of the issuer's own shares;
- (m) a tender offer for another issuer's securities;
- (n) significant alteration of the memorandum and articles of association of the issuer; or
- (o) any other peculiar circumstances that may prevail with respect to the issuer or the relevant

industry.

“market segment” means a separate segment of the official list established by a securities exchange, with the approval of the Authority, with respect to listings of securities for which specific eligibility and disclosure requirements are prescribed;

"Nominated Advisor" means a registered person appointed to undertake the responsibilities set out under regulation 10A;

L.N. 36/2016

“non-executive director” means a member of a board of a company who can own shares in a company but-

(a) is not part of the management team or affiliated with the company in any way; and

(b) is not an employee of the company.

L.N 61/2012

“offer period” means a period not exceeding ten working days, or such longer period as the Authority may approve, during which an offer for subscription or sale of securities to the public remains open;

“official list” means a list specifying all securities which have been admitted to listing on any of the market segments of a securities exchange;

“regional fixed income securities” means fixed income securities issued under regulation 7(1) (d).

Cap. 486.

“Registrar” has the meaning as assigned to it in section 2 of the Companies Act;

L.N 113/2013

“related company” means a holding company, a subsidiary of another company or a subsidiary of the holding company of another company”;

“supplementary prospectus” means the prospectus referred to in regulation 13.

## **PART II - ELIGIBILITY, DISCLOSURE AND GENERAL REQUIREMENTS FOR PUBLIC OFFERS**

Application

L.N 30/2008.

**3.** (1) These Regulations shall apply to all offers of securities to the public in Kenya whether or not the issuer is seeking a listing on any securities exchange in Kenya.

(2) The Authority shall be the competent authority to grant approval for all public offers and listing of securities on any securities

exchange in Kenya.

L.N 61/2012

(2A). A Securities Exchange may approve the listing of a security on a Growth Enterprise Market Segment if –

- (i) that security is not offered to the public; and
- (ii) the listing is by way of introduction.

(3) A securities exchange shall list all securities approved for listing by the Authority upon being satisfied that the issuer has-

(a) obtained a letter of approval from the Authority for the listing of securities confirming that the issuer has satisfied the eligibility requirements prescribed under regulation 7(1) and the disclosure requirements prescribed under regulation 10 (1) with respect to the market segment in which the securities are to be listed; and

(b) attained the -

(i) total minimum subscription of shares as disclosed in the approved prospectus by the Authority in respect of public offering and listing of securities;

(ii) minimum shareholders prescribed for the respective market segment under regulation 7(1)(a) and (b); and

(c) with respect to additional issue and listing of securities of the same class as those already listed, obtained a letter of approval from the Authority confirming that the issuer satisfied the requirements for additional issues prescribed under regulation 11.

L.N 61/2012

(4) Every issuer of securities approved for listing by the Authority at a securities exchange shall pay the listing fees prescribed under the Sixth Schedule, to the securities exchange at which its securities are listed.



L.N 61/2012 (4A). An issuer of securities approved for listing by a securities exchange shall pay the listing fees as set out in the Seventh Schedule.

(5) Every person whose securities have been approved by the Authority for a public offer or listing shall state that fact on all announcements of the public offer or listing.

(6) A person whose securities have been approved by a Securities Exchange for listing shall state that fact on all announcements of the listing.

Meaning of  
"offer of  
securities."

4. A person is to be regarded as offering securities if, as principal -

(a) he makes an offer which, if accepted, would give rise to a contract for the issue or sale of the securities by him or by another person with whom he has made arrangements for the issue or sale of the securities; or

(b) he invites a person to make such an offer, but not otherwise and, except where the context otherwise requires, "offer" and "offeror" shall be construed accordingly.

Meaning of  
"offer to the  
public".

5. (1) A person offers securities to the public in Kenya if, to the extent that the offer is made to persons in Kenya, it is made to the public and for this purpose, an offer which is made to any section of the public, whether selected as members or debenture holders of a body corporate, or as clients of the person making the offer, or in any other manner, is to be regarded as made to the public; and the terms "public offer" and "public offering" shall be construed accordingly.

L.N 30/2008

(2) An issuer applying for a listing shall be bound by all the obligations arising in respect of a public offer of securities in so far as the obligations apply.

L.N 61/2012

(3) An issuer applying for a listing on the Growth Enterprise Market Segment shall be bound by all the obligations arising in respect of listing in such market.

Appointment  
of transaction  
adviser.

**5A.** (1) Any company proposing to offer its securities to the public or a section of the public shall appoint a transaction adviser.

L.N 101/2009

(2) A transaction adviser appointed under paragraph (1) shall be responsible for ensuring that the offer of securities is made in accordance with the Act and regulations issued thereunder.

(3) A person shall not be eligible for appointment as a transaction adviser unless such a person is licensed as an investment bank or is approved by the Authority to act as a transaction adviser for the particular offer of securities.

Issuer to  
publish  
prospectus.

L.N 30/ 2008

**6.** (1) When securities are to be offered to the public or a section of the public in Kenya the issuer shall publish an Information Memorandum by making it available to the public or the section of the public, free of charge at an address in Kenya, during the offer period or for such period prior to Listing as prescribed by the Authority.

L.N 30/ 2008

(2) The issuer shall, before the time of publication of the prospectus, obtain approval of the Authority that the information memorandum complies with these Regulations and shall deliver a copy thereof to the Registrar for registration.

(3) With respect to initial offers to the public, the prospectus shall include -

- (a) an accountant's report confirming compliance by the issuer of the financial disclosures prescribed under regulation 10(1); and
- (b) a legal opinion which shall include but not be limited to the following -
  - (i) whether all licences and consents required to perform the business or proposed business of the issuer have been duly obtained;
  - (ii) the validity of evidence of ownership of land, plant and equipment and other important and relevant assets of the issuer;
  - (iii) any agreements or contracts with respect to the proposed issue of

securities, including, where applicable but not limited to, underwriting contracts, agreements or contracts with any securities exchange, registrar and trustees of bonds, debentures or other credit securities;

(iv) any material litigation, prosecution or other civil or criminal legal action in which the issuer or any of its director is involved;

(v) whether the existing capital of the issuer and any proposed changes thereto is in conformity with applicable laws and has received all necessary authorizations; and

(vi) any other material items with regard to the legal status of the issuer and the proposed issue,

(b) Provided that where by reasons of exceptional circumstances acceptable to the Authority and disclosed in the prospectus, the issuer is not able to obtain a legal opinion, the directors of the issuer will be required individually and severally to declare and give an undertaking on the matters stated in regulation 6(3)(b)(i) to (vi), and such declaration and undertaking shall be included in the prospectus.

(4) The prospectus shall be published in the English language and shall be in black and white except for the issuer's logo.

(5) No person shall offer any securities to the public through an electronic form, unless on the basis of a prospectus approved by the Authority.

(6) Any person offering securities through an electronic form which has been approved by the Authority shall state in the prospectus whether

the application for subscription of such securities may be made in an electronic form and in that regard, the procedure and process of facilitating subscription and payment shall be disclosed in the prospectus.

(7) An issuer may distribute a prospectus to prospective investors through electronic form provided such prospectus shall be in the form and content as approved by the Authority.

(8) Where securities are offered through an electronic form the results of the subscription including the allocation process shall be posted on the issuer's website which shall disclose the broad classification of the allottees into individuals, local institutional investors and foreign investors.

(9) Allotment of securities offered to the public shall be made on the basis of the allotment policy disclosed in the prospectus unless the results of the subscription make such policy impractical and in such a case an amendment of the allotment policy shall be made with the approval of the Authority:

Provided where such amendment has been approved by the Authority the issuer shall announce the fact within twenty four hours of the grant of approval.

L.N 30/ 2008 9(A) When developing an allocation policy, an issuer or offeror shall ensure that the policy reserves at least forty per centum of the ordinary shares that are subject to an initial public offering and subsequent listing for investment by local investors.

L.N 30/ 2008 9(B) Where the per centum reserved for local investors is not fully subscribed for by local investors, the issuer or offeror may, with the prior written approval of the Authority allocate the shares remaining to foreign investors

(10) No person shall publish the results of the allotment of the public offer without notifying the Authority of the results at least twenty four hours prior to the date on which the allotment results are to be released to the public.

Issuing on  
growth  
Enterprise  
Market  
Segment.

L.N 61/2012

**6A** (1). A person who intends to issue securities on a Growth Enterprise Market Segment shall publish a listing statement by making it available to the public or to a section of the public, free of charge at an address in Kenya, for such period prior to listing as prescribed by the Securities Exchange.

(2) The issuer shall, before the time of publication of the listing statement, obtain approval of the Securities Exchange that the listing statement complies with these Regulations.

(3) A Securities Exchange shall, at least seven days prior to granting any approval of a listing statement, submit to the Authority a copy of the listing statement it is considering for approval with a confirmation that the listing statement is in compliance with these Regulations."

Book building

Inserted by  
L.N 113/2013

**6B** A person proposing to offer its securities to the public or a section of the public may use a book building process to determine the price for the offer of securities in accordance with the requirements set out in the Eighth Schedule to these Regulations

Eligibility to  
issue securities.

L.N 30/2008.

**7.** (1) No person shall be eligible to issue securities to the public or list at a securities exchange, unless –

(a) with respect to securities to be listed on the Main Investment Market Segment, the issuer complies with the eligibility requirements prescribed in Part A of the First Schedule;

(b) with respect to securities to be listed on the Alternative Investment Market Segment, the issuer complies with the eligibility requirements prescribed in Part B of the First Schedule;

L.N 61/2012

(bb) with respect to securities to be listed on the Growth Enterprise Market Segment, the issuer complies with the eligibility requirements as set out in Part C of the First Schedule;

(c) with respect to securities to be listed on the Fixed Income Securities

Market Segment, the issuer complies with the eligibility requirements prescribed in the Second Schedule.

(d) with respect to regional fixed income securities to be issued within the East African Community, the issuer complies with the eligibility requirements as set out in Part B of the Second Schedule.

Inserted by  
L.N 113/2013

(2) Any person who does not receive the minimum number of subscriptions in a public offering shall not be eligible to make another public offering before the expiry of one year from the date of approval of the previous public offering.

Issuers not  
seeking listing.

L.N 30/2008

**8.** (1) An issuer who does not wish to list on any market segment of a securities exchange shall comply with the eligibility and disclosure requirements prescribed for the Alternative Investment Market Segment in the case of an offer of shares to the public or for the Fixed Income Securities Market Segment in the case of an offer of debt securities or other fixed income security to the public.

L.N 30/2008

(2) An issuer who has made a public offer in accordance with subsection (1), may, after the expiry of not less than one year since the securities in question ceased to be the subject of an offer to the public, list those securities by introduction

Transfer to  
other market  
segment.

L.N 61/2012

**9.** (1) An issuer whose shares are listed on any market segment of a Securities Exchange shall not be eligible to transfer such securities to the other market segment before the expiry of one year from the date of listing on the first mentioned market segment.

L.N 61/2012

(2) A transfer of shares from or to any market segment of a Securities Exchange shall be subject to the approval of the Authority and compliance with the eligibility and disclosure requirements prescribed under these Regulations.

Disclosure  
requirement for  
public issues.

L.N 61/2012

**10.**(1) The form and content of a prospectus or listing statement shall comply with -

(a) Part A of the Third Schedule where the issuer seeks to list in the Main Investment Market Segment;

- L.N 61/2012
- (b) Part B of the Third Schedule where the issuer seeks to list in the Alternative Investment Market Segment; and
  - (c) Part C of the Third Schedule where the issuer seeks to list in the Fixed Income Securities Market Segment.
  - (cc) Part CC of the Third Schedule where the issuer seeks to list on the Growth Enterprises Market Segment;
  - (d) Part D of the Third Schedule where the issuer seeks to list on any segment of the market by way of Introduction.
- L.N 61/2012  
LN. 30/2008.

(2) Every prospectus or listing statement shall -

- L.N 61/2012
- (a) contain the following statement on its front page -
    - “As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus or listing statement, as the case may be. Approval of the issue and/or listing is not to be taken as an indication of the merits of the issuer or of the securities”; and
  - (b) state the allotment procedure to be applied in case of an over subscription for the securities to be issued pursuant to the prospectus.

**10A.** (1) An issuer seeking to be listed on the Growth Enterprise Market Segment shall appoint a Nominated Advisor by a written contract and shall ensure that it has a Nominated Advisor at all times.

(2) The Securities Exchange shall suspend an issuer from trading if the issuer, at any time, ceases to have a duly appointed Nominated Advisor.

(3) A Nominated Advisor shall—

- (a) advise and guide an issuer on the application of listing requirements of Growth Enterprise Market Segment;
- (b) manage the submission of the listing statement and all other documentation to the Securities Exchange and ensure its completeness and correctness before submission;
- (c) confirm to the Securities Exchange that —
  - (i) the issuer complies with all the conditions for listing as set out in the listing requirements for the Growth Enterprise Market Segment;
  - (ii) the information contained in the listing statement is accurate and complete in all material aspects;
  - (iii) there are no other matters, the omission of which would make any statement in the



listing statement  
false or misleading;

(iv) statements of fact and opinion expressed by the directors in the listing statement have been arrived at after due and careful consideration on the part of the directors founded on fair and reasonable bases and assumptions; and

(v) the directors of the applicant have made sufficient enquiries to enable them give the confirmations set out in the responsibility statement contained in the listing statement;

(d) satisfy itself on the credentials of the reporting accountants, auditors, competent persons, valuers, providers of opinions and any other party responsible for a listing statement as required under paragraph A.02 of Part CC of the Third Schedule;

(e) satisfy itself, prior to submitting any documentation which requires approval by the Securities Exchange, that to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisers-

- (i) it is in compliance with the eligibility and disclosure requirements for listing on the Growth Enterprise Market Segment; and
  - (ii) there are no material matters, other than those disclosed in writing to the Securities Exchange, which should be taken into account by the Securities Exchange in considering the application;
- (f) provide the Securities Exchange with any information or explanation known to it in such form and within such time as the Securities Exchange may reasonably require for the purposes of verifying whether the Nominated Advisor or the issuer have complied with the listing requirements;
- (g) advise the Securities Exchange immediately if it is aware or have reason to suspect that any of its clients have or may have breached the listing requirements;
- (h) submit all documents to the Securities Exchange and ensure that where such documents or any announcements are required, that they are in compliance with the continuous listing obligations;
- (i) take all reasonable steps to brief all new appointments to the board of directors of the issuer as to the

nature of their responsibilities under the listing requirements, other applicable regulation and the general nature of their obligations in relation to shareholders and shall ensure that —

- (i) at least one third of the directors of the issuer have completed the Directors Induction Programme (DIP) prior to listing and the remainder complete the same within six months after the listing; and
- (ii) all new appointments to the board of directors of the issuer complete the DIP within six months of appointment;
- (j) review with the issuer, prior to publication, all periodic financial information announcements, and any other documentation to ensure that the directors of the issuer, after due and careful consideration, understand the importance of accurately disclosing all material information to shareholders and the market;
- (k) ensure that at least one of its authorised representatives attends all board audit committee meetings

of the issuer in an advisory capacity to ensure that the issuer conducts its meetings in compliance with the listing requirements and any applicable regulations; and

- (l) carry out any activities relating to company for which it is the Nominated Advisor as may be requested by the Securities Exchange, from time to time.

(4) A Nominated Adviser shall, in the discharge of its responsibilities under these Regulations, observe due care and skill and ensure, at all times, that its conduct or judgment does not impair the integrity and reputation of the Growth Enterprise Market Segment.

Disclosure requirements for additional issues.

**11.** An issuer whose securities are listed at a securities exchange shall not issue, or authorize its registrar to issue or register, by way of capitalization, scrip dividend, additional rights issue or additional shares of the class listed, to a greater amount than the number hitherto authorized for listing except in accordance with the disclosure requirements for additional listing prescribed in the Fourth Schedule.

General duty of disclosure in prospectus.

L.N 61/2012

**12.**(1) In addition to the information required to be disclosed by virtue of these Regulations, a prospectus or information memorandum or a listing statement shall, subject to these Regulations, contain all such information as investors would reasonably require, and reasonably expect to find therein, for the purpose of making an informed assessment of-

- (a) the assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and

- (b) the rights attaching to those securities.

(2) The information to be included by virtue of these Regulations shall be such information as is referred to in paragraph (1) which is within the knowledge of any person responsible for the prospectus, or which it would be reasonable for him to obtain by making enquiries.

(3) In determining what information is required to be included in a prospectus by virtue of these Regulations, regard shall be had to the nature of the securities and of the offeror of the securities.

(4) The Authority may require additional information to be included in a prospectus if, in its opinion, it deems it in the interests of investors to be in a prospectus, supplementary prospectus or information memorandum.

(5). A Securities Exchange may require additional information to be included in a listing statement if, in its opinion, it is in the interest of investors to be in a listing statement.

Supplementary prospectus.

**13.(1)** Where a prospectus has been approved under these Regulations in respect of a public offer of securities and, at any time between the opening date and the closing date while an agreement in respect of those securities can be entered into in pursuance of that public offer-

- (a) there is a significant change affecting any matter contained in the prospectus the inclusion of which was required by these Regulations; or
- (b) a significant new matter arises the inclusion of information in respect of which would have been so required if it had arisen when the prospectus was prepared; or
- (c) there is a significant inaccuracy in the prospectus, the offeror shall, of its own motion, with prior consent of the Authority, or if required by the Authority, publish a supplementary prospectus containing particulars of the change or new matter or, in the case of an inaccuracy, correct it and deliver the supplementary prospectus to the Registrar for registration.

(2) In paragraph (1), the word "significant" means significant for the purpose of making an informed assessment of the matters mentioned in these Regulations.

(3) Where a supplementary prospectus has been approved in respect of a public offer of securities, the preceding paragraphs of these

Regulations shall have effect as if any reference to a prospectus were a reference to the prospectus originally registered and that supplementary prospectus, taken together.

(4) The provisions of regulation 6 shall apply to a supplementary prospectus.

Supplementary listing statement.

L.N 61/2012

**13A** (1). Where a listing statement has been approved under these Regulations, and at any time between the date of the listing statement and the date of listing of the relevant securities-

- (a) there is a significant change affecting any matter contained in the listing statement the inclusion of which was required by these regulations;
- (b) a significant new matter arises the disclosure of which would have been required if it had arisen when the listing statement was prepared; or
- (c) there is a significant inaccuracy in the listing statement, the issuer shall, on its own motion, with prior consent of the Securities Exchange, or if required by the Securities Exchange, publish a supplementary listing statement containing particulars of the change or new matter or in the case of inaccuracy, correct it.

(2) For the purposes of this regulation, "significant" means material change for the purposes of making an informed assessment of the matters mentioned in these Regulations.

Power of the Authority to extend, reopen or cancel.

L.N 30/2008

**14.** Where, in the opinion of the Authority, circumstances have occurred or new information has emerged that fundamentally alters the basis of approval of a public offer before the allotment date or date of listing in the case of an introduction which renders the information memorandum inadequate, the Authority may require the issuer -

- (a) to issue a supplementary prospectus disclosing such additional information; or
- (b) extend the offer to allow investors to make an informed decision in light of the new disclosure; or
- (c) re-open the offer for such period as shall be determined by the Authority to allow investors either to re-confirm their applications for subscription or withdraw their applications; or

(d) cancel the offer.

Exceptions.

**15.** The Authority may authorize the omission from a prospectus or supplementary prospectus of information whose inclusion would otherwise be required by these Regulations if the Authority considers that the disclosure of that information would be prejudicial to the interest of the offeror but does not prejudice the interest of investors.

Listing  
Statement  
exceptions.

L.N 61/2012

**15A.** The Securities Exchange may, in consultation with the Authority, authorize the omission from a listing statement, information whose inclusion would otherwise be required by these Regulations if the Securities Exchange considers that the disclosure of that information would be prejudicial to the interests of the issuer but does not prejudice the interests of investors.

Advertisements  
etc. in  
connection  
with offer of  
securities.

LN. 30/2008.

L.N 61/2012

**16. (1)** An advertisement, notice, poster or documents including a bridge prospectus announcing a public offer or listing of securities for which a prospectus or a listing statement is or will be required under these Regulations shall not be issued to or caused to be issued to the public in Kenya unless it states that a prospectus or a listing statement is or will be published, as the case may be, and gives an address in Kenya from which it can be obtained or will be obtainable.

L.N 61/2012

(2) The advertisements, notices, posters or documents referred to in paragraph (1) shall be submitted to the Authority or Securities Exchange in the case of listing on the Growth Enterprise Market Segment not later than forty-eight hours prior to publication, and the Authority may require such amendments thereto as it may consider necessary.

(3) Every application form for subscription of the securities offered in a prospectus shall state, in a conspicuous position, where the prospectus may be obtained, and the issuer shall disclose to the Authority the number of copies of the prospectus printed.

(4) Every issuer shall publish a bridge prospectus in at least two daily newspapers of national circulation and such prospectus shall disclose basic information on the issuer, including -

- (a) a summary of balance sheet and profit and loss accounts for the three years immediately preceding the issue;
- (b) the broad shareholding structure prior to the issue and the anticipated structure after the issue;

- (c) important highlights of the issue; and
- (d) any other information on the issue considered essential by the issuer.

Persons  
responsible for  
prospectus.

L.N 61/2012

**17.(1)** Subject to paragraphs (2) and (3), the persons who, for the purposes of these Regulations are responsible for a prospectus or a supplementary prospectus or a listing statement or a supplementary statement are -

- (a) the issuer of the securities to which the prospectus or supplementary prospectus or a listing statement or a supplementary statement relates;
- (b) where the issuer is a body corporate, each person who is a director of that body corporate at the time when the prospectus or supplementary prospectus or a listing statement or a listing statement or a supplementary statement is published;
- (c) where the issuer is a body corporate, each person who has given his consent to be named and is so named in the prospectus or supplementary prospectus or a listing statement or a supplementary statement as a director or as having agreed to become a director of that body corporate either immediately or at a future time;
- (d) each person who accepts, and is stated in the prospectus or supplementary prospectus or a listing statement or a supplementary statement as accepting, responsibility for, or for any part of, the prospectus or supplementary prospectus;



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- (e) the offeror of the securities, where the offeror is not the issuer;
- (f) where the offeror is a body corporate, but is not the issuer and is not making the offer in association with the issuer, each person who is a director of that body corporate at the time when the prospectus or supplementary prospectus or a listing statement or a supplementary statement is published; and
- (g) each person not falling within any of the foregoing paragraphs who has authorised the contents of, or of any part of, the prospectus or supplementary prospectus or a listing statement or a supplementary statement.

(2) Notwithstanding the provisions of paragraph (1), a person shall not be responsible for a prospectus or a supplementary prospectus or a listing statement or a supplementary statement –

- (a) under subparagraphs (1)(a), (b) or (c), unless the issuer has made or authorized the offer in relation to which the prospectus or supplementary prospectus or a listing statement or a supplementary statement is published; or
- (b) under subparagraph(1)(b), if such prospectus or supplementary prospectus or a listing statement or supplementary statement is published without his knowledge or consent and on becoming aware of its publication, he forthwith gives reasonable notice to the public and to the Authority that the prospectus or supplementary prospectus or a listing statement or supplementary statement was published without his

knowledge or consent.

(3) Where a person has accepted responsibility for, or authorised, only part of the contents of any prospectus or supplementary prospectus or a listing statement or a supplementary statement, he shall be responsible under paragraph (1)(d) or (g) only for that part and only if it is included or substantially included in the form and context to which he has agreed.

Underwriting  
requirements.

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**18.**(1) Every issuer shall seek professional financial advice to determine whether or not underwriting of the public offer of or listed securities is deemed necessary and any underwriting arrangement shall be subject to the prior approval of the Authority.

(2) Where the underwriter is a person related or associated to the issuer, the underwriter shall undertake to the Authority to dispose off any shares arising from the underwriting agreement within a period predetermined by the issuer and approved by the Authority.

(3) The Authority may extend the period referred to in paragraph (2) if satisfied that such extension would be in the best interest of the holders of ordinary shares of the company, having regard to the prevailing market conditions and any other factors that are relevant in the circumstances.

(4) Where the Authority extends the period referred to in paragraph (2) in accordance with paragraph (3), the issuer shall make a public announcement disclosing the period of such extension, any conditions attached to the extension and the circumstances necessitating the extension, in at least two daily newspapers of wide circulation.

### **PART III – CONTINUING OBLIGATIONS AND MISCELLANEOUS PROVISIONS**

Continuing  
obligations.

**19.** (1) Every issuer whose securities have been offered to the public shall comply with the continuing obligations specified in the Fifth Schedule with respect to the relevant market segment.

(2) In relation to the continuing obligation to disclose information, an issuer shall make immediate public disclosure of information which might reasonably be expected to have a material effect on market activity in the prices of, its securities.

(3) The information required to be disclosed under these Regulations shall be disclosed within twenty-four hours of the event,

simultaneously to the Authority, the securities exchange at which the issuer's securities are listed, if applicable, and to the public during non-trading hours of the relevant market segment.

(4) The announcement shall state whether the consent of the Authority or the securities exchange or other person is necessary and where necessary, the issuer shall apply for such consent within seven days of the announcement.

(5) An issuer who fails to comply with any continuing obligation within the prescribed time shall be liable to pay a penalty at the rate prescribed by the Authority.

Exceptions.

**20.** (1) These Regulations shall not apply to –

- (a) securities issued by or on behalf of the Government of Kenya or a body corporate established under any written law in Kenya other than the Companies Act; and
- (b) private offers.

(2) In considering the issue and listing of securities by a body corporate falling under subparagraph (a) of paragraph (1), the Authority shall take into account the issuer's ability to meet all financial obligations arising out of the issue and approve the issue subject to such conditions as may be necessary for the protection of investors or the public interest.

Meaning of private offers.

**21.**(1) For purposes of these Regulations, an offer of securities shall be regarded as private offer and accordingly shall be deemed not to be an offer to the public in Kenya if, to the extent that the offer is made to persons in Kenya under the following conditions -

- (a) the securities are offered to not more than one hundred persons;
- (b) the securities are offered to the members of a club or association (whether or not incorporated) and the members can reasonably be regarded as having a common interest with each other and with the club or association in the affairs of the club or association and in what is to be done with the proceeds of the offer;

- (c) the securities are offered to a restricted circle of persons whom the offeror reasonably believes to be sufficiently knowledgeable to understand the risks involved in accepting the offer;
- (d) the securities are offered in connection with a *bona fide* invitation to enter into an underwriting agreement with respect to them;
- (e) the securities are of a private company and are offered by that company to-
  - (i) members or employees of the company;
  - (ii) members of the families of any such members or employees;  
or
  - (iii) the securities are offered to a restricted circle of persons whom the offeror reasonably believes to be sufficiently knowledgeable to understand the risks involved in accepting the offer;
- (f) the minimum subscription for securities per applicant is not less than Kenya Shillings one hundred thousand (Kshs. 100,000);
- (g) the securities result from the conversion of convertible securities and a prospectus relating to the convertible securities was approved by the Authority and published in accordance with these Regulations;

- (h) the securities of a listed company are offered in connection with a take-over scheme approved by the Authority; or
- (i) the securities are not freely transferable.

(2) For the purposes of paragraph (e)(ii) the members of a person's family are the person's husband or wife, widow or widower and children (including stepchildren) and their descendants, and any trustee (acting in his capacity as such) of a trust the principal beneficiary of which is the person himself or herself, or any of those relatives.

Suspension and de-listing.

**22.**(1) No security shall be suspended or de-listed by a securities exchange without the prior approval of the Authority.

(2) The Authority may require a securities exchange to suspend a listed security where -

- (a) a decision has been made or is imminent that will lead to the placing of the issuer of such securities under statutory management, receivership, liquidation or voluntary winding up;
- (b) there is a significant restructuring involving the listed securities such as in the process of acquisition, mergers or takeovers; or
- (c) a recommendation has been made by the directors to the shareholders to have the securities suspended and where the holders of such securities through a special resolution at which a minimum of 75% of such security holders are represented without objection to the proposed suspension from at least 10% of the holders of securities resolve to have the securities suspended.

(3) The suspension of securities shall be subject to such time as predetermined by the Authority.

(4) The Authority may require a securities exchange to de-list a security where -

- (a) the issuer of such securities has been placed under statutory management, receivership or liquidation or voluntary winding up;
- (b) as a result of restructuring involving the listed securities, the issuer ceases to exist; or
- (c) a recommendation has been made by the directors to the shareholders to have the securities de-listed and where the share holders of such securities through a special resolution at which a minimum of 75% of such security holders are represented without objection to the proposed withdrawal from at least 10% of the holders of securities resolve to have the securities de-listed.

(5) Notwithstanding the provisions of paragraphs (2) and (4), the Authority may require the suspension or de-listing of an issuer in any other circumstances, which in the opinion of the Authority, serves to protect the interest of the investors.

(6) Where a security has been suspended or de-listed, the securities exchange shall publish such information in at least two local English dailies of national circulation.

Revocation of  
L.N 13 of  
2002.

**23.** The Capital Markets (Securities) (Public Offers and Listing Requirements) Regulations, 2002 are revoked.

Amendment of  
429 of 1992.

**24.** The Capital Markets Rules, 1992 are amended by deleting Parts XI and XII.

Amendment of  
L.N 428 of  
1992.

**25.** The Capital Markets Authority Regulations, 1992 are amended by deleting Part VIII.

L.N 30/2008

**FIRST SCHEDULE**

(r.7(1) (a) and (b) and (bb))

**ELIGIBILITY REQUIREMENTS FOR PUBLIC OFFERING OF SHARES AND LISTING**

	<b>PART A</b>	<b>PART B</b>	<b>L.N 61/2012 PART C</b>
<b>REQUIREMENT</b>	<b>CRITERIA FOR THE MAIN INVESTMENT MARKET SEGMENT</b>	<b>CRITERIA FOR THE ALTERNATIVE INVESTMENT MARKET SEGMENT</b>	<b>CRITERIA FOR THE GROWTH ENTERPRISE MARKET SEGMENT</b>
<b>Incorporation status</b>	The issuer to be listed shall be a public company limited by shares and registered under the Companies Act (Cap. 486 of the Laws of Kenya).	The issuer to be listed shall be a public company limited by shares and registered under the Companies Act (Cap. 486 of the Laws of Kenya).	The issuer to be listed shall be a public company limited by shares and registered under the Companies Act (Cap. 486 of the Laws of Kenya).

<b>Size: Share capital</b>	The issuer shall have a minimum authorized issued and fully paid up ordinary share capital of fifty million shillings.	The issuer shall have a minimum authorized issued and fully paid up ordinary share capital of twenty million shillings.	The issuer shall have a minimum authorized and fully paid up ordinary share capital of ten million shillings; and
<b>Net assets</b>	Net assets immediately before the public offering or listing of shares should not be less than one hundred million shillings.	Net assets immediately before the public offering or listing of shares should not be less than twenty million shillings.	The issuer must have not less than one hundred thousand shares in issue.
<b>Free transferability of shares</b>	<input type="checkbox"/> Shares to be listed shall be freely transferable and not subject to any restrictions on marketability or any preemptive rights.	<input type="checkbox"/> Shares to be listed shall be freely transferable and not subject to any restrictions on marketability or any preemptive rights.	Shares to be listed shall be freely transferable and not subject to any restrictions on marketability or any pre-emptive rights.
<b>Availability and reliability of financial records</b>	The issuer shall have audited financial statements complying with International Financial Reporting Standards (IFRS) for an accounting period ending on a date not more than four months prior to the proposed date of the offer or listing for issuers whose securities are not listed at the securities exchange, and six months for issuers whose	The issuer shall have audited financial statements complying with International Financial Reporting Standards (IFRS) for an accounting period ending on a date not more than four months prior to the proposed date of the offer or listing for issuers whose securities are not listed at the securities exchange, and six months for issuers	



securities are listed at the securities exchange. whose securities are listed at the securities exchange.

The Issuer must have prepared financial statements for the latest accounting period on a going concern basis and the audit report must not contain any emphasis of matter or qualification in this regard. The Issuer must have prepared financial statements for the latest accounting period on a going concern basis and the audit report must not contain any emphasis of matter or qualification in this regard.

**Competence and suitability of directors and management**

At the date of the application, the issuer must not be in breach of any of its loan covenants particularly in regard to the maximum debt capacity.

At the date of the application, the issuer must not be in breach of any of its loan covenants particularly in regard to the maximum debt capacity.

The issuer shall have a board of at least five directors, comprising of executive and non-executive members, with a majority non-executive directors who, together with the independent directors shall comprise at least one third of the total number of board members.

As at the date of application and for a period of at least two years prior to the date of the application, no director of the issuer shall have-

As at the date of application and for a period of at least two years prior to the date of the application, no director of the issuer shall have-

Any petition under bankruptcy or insolvency laws in any jurisdiction pending or threatened against any director (for individuals), or any winding-up petition pending or threatened against it (for

Any petition under bankruptcy or insolvency laws in any jurisdiction pending or threatened against any director (for individuals), or

As at the date of the application and for a period of at least two years prior to the date of the application-

- (i) any petition under bankruptcy or insolvency laws

corporate bodies)  
-any criminal proceedings in which the director was convicted of fraud or any criminal offence, nor be named the subject of pending criminal proceeding, or any other offence or action within or outside Kenya; or

been the subject of any ruling of a court of competent jurisdiction or any government body in any jurisdiction, that permanently or temporarily prohibits such director from acting as an investment advisor or as a director or employee of a stockbroker, dealer, or any financial service institution or engaging in any type of business practice or activity in that jurisdiction.

The issuer must have suitable senior management with relevant experience for at least one year prior to the listing, none of whom shall have committed any serious offence in any jurisdiction that may be considered

any winding-up petition pending or threatened against it (for corporate bodies)

-any criminal proceedings in which the director was convicted of fraud or any criminal offence, nor be named the subject of pending criminal proceeding, or any other offence or action within or outside Kenya; or

been the subject of any ruling of a court of competent jurisdiction or any government body in any jurisdiction, that permanently or temporarily prohibits such director from acting as an investment advisor or as a director or employee of a stockbroker, dealer, or any financial service institution or engaging in any type of business practice or activity in that jurisdiction.

in any jurisdiction pending or threatened against any director (for individuals), or any winding-up petition pending or threatened against it (for corporate bodies)

(ii) any criminal proceedings in which the director was convicted of fraud or any criminal offence, nor be named the subject of pending criminal proceeding, or any other offence or action within or outside Kenya; or

(iii) been the subject of any ruling of a court of competent jurisdiction or any government body in any jurisdiction, that permanently or temporarily prohibits such director from acting as an

inappropriate for the management of a listed company.

The issuer shall ensure continued retention of suitably qualified management during listing and no change of management for a period of twelve months following the listing other than for reason of a serious offence that may be considered to affect the integrity or be inappropriate for management of a listed company.

The issuer shall have a board comprising of executive directors with a majority of non-executive directors and at least one third of the total number being independent directors.

The issuer must have suitable senior management with relevant experience for at least one year prior to the listing, none of whom shall have committed any serious offence in any jurisdiction that may be considered inappropriate for the management of a listed company.

The issuer shall ensure continued retention of suitably qualified management during listing and no change of management for a period of twelve months following the listing other than for reason of a serious offence that may be considered to affect the integrity or be inappropriate for management of a listed company.

The issuer shall have a board of directors comprising a balance of executive and non-executive members,

investment advisor or as a director or employee of a stockbroker, dealer, or any financial service institution or engaging in any type of business practice or activity in that jurisdiction.

The directors and senior management of an applicant must collectively have appropriate expertise and experience for the governance and management of the applicant and its business.

Details of such expertise and experience must be disclosed in any listing particulars prepared by the applicant. “appropriate expertise and experience shall mean at least one year experience in the applicant’s business, or where the applicant has no previous record, experience in similar line of business”.

One third of the directors must have completed the

with a majority of non-executive directors, who, together with the independent directors shall comprise at least one third of the total number of board members.

Directors Induction Programme (DIP) prior to listing and the remainder must complete the same within six months after listing.

The issuer shall ensure continued retention of qualified management during listing and no change of management for a period of twelve months following the listing other than for reason of a serious offence that may be considered to affect the integrity or be inappropriate for management of a listed company.

**Dividend policy**

The issuer must have a clear future dividend policy.

The issuer must have a clear future dividend policy.

**Track record, profitability and future prospects**

The issuer must have declared profits after tax attributable to shareholders in at least three of the last five completed accounting periods to the date of the offer.

The issuer must have been in existence in the same line of business for a minimum of two years one of which should reflect a profit with good growth potential.

For purposes of listing by introduction by issuers listed on a foreign securities exchange, the issuer must have been listed for a minimum of two years.

For purposes of listing by introduction by issuers listed on a foreign securities exchange, the issuer must have been listed

for a minimum of two years.

**Solvency and adequacy of working capital**

The issuer should not be insolvent

The issuer should not be insolvent

The issuer should not be insolvent.

The issuer should have adequate working capital.

The issuer should have adequate working capital.

The issuer should have adequate working capital.

The Directors of the Issuer shall give an opinion on the adequacy of working capital for at least twelve months immediately following the share offering, and the auditors of the issuer shall confirm in writing the adequacy of that capital.

**Share ownership structure**

Following the public share offering or immediately prior to listing in the case of an introduction, at least twenty five per centum of the shares must be held by not less than one thousand shareholders excluding employees of the issuer.

Following the public share offering or immediately prior to listing in the case of an introduction, at least twenty per centum of the shares must be held by not less than one hundred shareholders excluding employees of the issuer or family members of the controlling shareholders.

The Issuer must ensure at least fifteen per cent of the issued shares (excluding those held by a controlling shareholder or people associated or acting in concert with him; or the Company's Senior Managers) are available for trade by the public.

In the case of a listing by introduction, the issuer shall ensure that the existing shareholders, associated persons or such other group of controlling shareholders who have influence over management shall give

No investor shall hold more than three per centum of the twenty per centum shareholding.

The issuer must ensure that the existing shareholders,

An issuer shall cease to be eligible for listing upon the expiry of three months of the listing date, if the securities available for trade by the public are held by less than twenty-five shareholders (excluding those held by a controlling shareholder or people associated or acting in concert with him, or the Company's Senior Managers.)

an undertaking not to sell their shareholding before the expiry of a period of twenty four months following listing and such undertaking shall be disclosed in the Information Memorandum

associated persons or such other group of controlling shareholders who have influence over management shall give an undertaking to the Authority not to sell their shareholding before the expiry of a period of twenty four months following listing and such undertaking shall be disclosed in the Information Memorandum.

The issuer must ensure that the existing shareholders, associated persons or such other group of controlling shareholders who have influence over management shall give an undertaking in terms agreeable to the Authority and the Securities Exchange restricting the sale of part or the whole of their shareholding before the expiry of a period of twenty four months following listing and such undertaking shall be disclosed in the listing statement.

The Board should facilitate the effective exercise of the rights of shareholders.

The Board should ensure there is equitable treatment of all holders of the same class of issued shares. The shareholders shall appoint independent auditors at each Annual General Meeting.

The Board shall protect, enhance and invest in the well-being of the economy, society and the environment.

The Board should facilitate the effective exercise of the rights of shareholders.

The Board should ensure there is equitable treatment of all holders of the same class of issued shares. The shareholders shall appoint independent auditors at each Annual General Meeting.

The Board shall protect, enhance and invest in the well-being of the economy, society and the environment.

**Certificate of comfort**

If the issuer is listed in a securities exchange outside Kenya or is licensed by any regulator the Authority shall obtain a certificate of no objection from that foreign securities exchange and from the relevant regulators.

If the issuer is listed in a securities exchange outside Kenya or is licensed by any regulator the Authority shall obtain a certificate of no objection from that foreign securities exchange and the relevant regulators.

**Listed shares to be immobilized.**

All issued shares must be deposited at a central depository established under the Central Depositories Act, 2000 (No. 4 of 2000).

**Nominated Advisor**

The issuer must appoint a Nominated Adviser in terms of a written contract and must ensure that it has a Nominated Adviser at all times.

L.N 30/2008  
L.N 113/2013

**SECOND SCHEDULE (r.7 (1) (c))  
PART A**

**ELIGIBILITY REQUIREMENTS FOR PUBLIC OFFERING OF  
FIXED INCOME SECURITIES AND LISTING ON THE FIXED  
INCOME SECURITIES MARKET SEGMENT**

**REQUIREMENT**

**CRITERIA**

**Incorporation Status**

The issuer to be listed shall be a body corporate.

**Size: Share Capital  
and Net Assets of  
Issuer**

The issuer shall have minimum issued and fully paid up share capital of fifty million shillings and net assets of one hundred million shillings before the public offering or listing of the securities

**Listing and transferability of securities**

All fixed income securities offered to the public or a section thereof except for commercial papers shall be listed and shall be freely transferable and not subject to any restrictions on marketability or pre-emptive rights.

Commercial papers are not transferable or to be listed at a securities exchange.

**Availability and reliability of financial records**

The issuer other than the Government of Kenya issuing Treasury Bonds or other Government securities, must have audited financial statements complying with International Financial Reporting Standards (IFRS) for an accounting period ending on a date not more than four months prior to the proposed date of the offer.

The Issuer must have prepared financial statements for the latest accounting period on a going concern basis and the audit report must not contain any emphasis of matter or qualification in this regard.

At the date of the application, the issuer must not be in breach of any of its loan covenants particularly in regard to the maximum debt capacity.

**Directors and senior management**

In the case of issuers whose securities are listed at a securities exchange in Kenya but where not more than six months have elapsed since the end of the financial year, un-audited financial statements covering the period preceding the six months must be included in or appended to the Information Memorandum.

As at the date of the application and for a



period of at least two years prior to the date of the application, no director of the issuer shall have –

- any petition under bankruptcy or insolvency laws in any jurisdiction pending or threatened against the director (for individuals), or any winding-up petition pending or threatened against it (for corporate bodies);
- any criminal proceedings in which the director was convicted of fraud or any criminal offence, or be named subject of pending criminal proceeding, or any other offence or action either within or outside Kenya; or
- been the subject of any ruling of a court of competent jurisdiction or any governmental body in any jurisdiction, that permanently or temporarily prohibits such director from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity in that jurisdiction.

The issuer must have suitable senior management with relevant experience for at least one year prior to the listing, none of whom shall have committed any serious offence that may be considered inappropriate for the management of a listed company.

At least one third of the issuer's board of directors shall be non-executive directors.

### **Certificate of comfort**

If the issuer is licenced to operate by any regulator in any country the Authority shall obtain a certificate of no objection from the relevant regulators.

Where there is a guarantor, the consent of its regulator shall be obtained by the Authority.

Where there is a guarantor; the guarantor shall provide the Authority with a financial capability statement duly certified by its auditors.

**Profitable historic track record and future prospects**

The issuer must have declared profits after tax attributable to shareholders in at least two of the last three financial periods preceding the application for the issue.

**Guarantee requirements**

Where the issuer does not satisfy the requirements it may seek a credit enhancement to have the securities it seeks to issue guaranteed.

The guarantor may only be a bank or an insurance company or any other institution with necessary financial capacity acceptable to the Authority and a copy of the guarantee document shall be subject to approval of and be submitted to the Authority with the information memorandum.

**Debt ratios**

Total indebtedness, including the new issue of fixed income securities shall not exceed four hundred per centum of the company's net worth (or gearing ratio of 4:1) as at the latest balance sheet.

The funds from operations to total debt for the three trading periods preceding the issue shall be maintained at a weighted average of forty per centum or more.

The conditions as provided must be maintained as long as the fixed income securities remain outstanding.

**Size of the issue**

The minimum size of the issue shall be fifty million shillings.

The minimum issue lot size shall be:

- (i) One hundred thousand for corporate bonds and preference shares or such higher amount as may be required by the Authority; and
- (ii) One million shillings for commercial paper.

**Minimum size for listing**

For an issuer to maintain listing of its fixed income security, the minimum size of the fixed income security listed shall be fifty million shillings except in the case of redemption.

**Renewal date**

Every issuer of commercial paper shall apply for renewal at least three months before the expiry of the approved period of twelve months from the date of approval.

Inserted by LN 113/2013

**PART B r.7 (1) (d)**

**I. REQUIREMENTS FOR ISSUANCE OF REGIONAL FIXED INCOME**

## **SECURITIES**

### **ELIGIBILITY TO ISSUE**

#### **Eligibility to issue**

An offer of fixed income securities approved for issue in more than one jurisdiction in East African Community shall be considered as a regional offer of fixed income securities and shall comply with the relevant regulations, rules or guidelines attaching to issuers of securities to the public in any jurisdiction in which the issue has been made.

#### **Approval entity**

The issuer shall elect a primary jurisdiction in which the issuer shall lodge the prospectus. The issuer shall simultaneously submit the prospectus to the regulators of other jurisdictions which the issuer proposes to raise capital for approval. The procedure for approval is as set out in item II of this Part.

#### **Issuer**

### **ISSUER**

#### **Incorporation status.**

The issuer shall be an entity incorporated or registered as a foreign entity in all jurisdictions where the offer is to be made.

#### **Share Capital**

Where the issuer is not a company, then the issuer shall be duly established under a written law or recognized under an international treaty.

#### **Net Assets.**

The minimum paid-up share capital shall be the local currency equivalent of United States of America dollars 850,000.

#### **Profitability**

The net assets shall be the local currency equivalent of United States of America dollars 1,700,000.

All sovereign borrowers, quasi-sovereign borrowers and treaty organizations are exempted from the share capital and net assets requirements.

**Exemption of SPVs**

An issuer, other than a special purpose vehicle, shall be required to have reported profits in at least two of the previous three years preceding the offer.

Provided that—

the regulatory authorities shall retain the discretion to grant a waiver in circumstances where decline in profitability is not considered to be a consequence of the fundamentals of the company.

**Issue size.**

A special purpose vehicle without a track record may raise capital and such special purpose vehicle shall be subjected to disclosure requirements on performance projections, risk factors and mitigations and on the availability of financial information to assess any projections made.

**Denomination of Offer and application of funds outside the jurisdiction where funds are raised**

An issuer that is an SPV shall be eligible for approval to make offers to institutional or sophisticated investors but not unrestricted offers to the public.

**Credit Enhancement.**

**ISSUE**

The minimum size of a regional fixed income security issue shall be the local currency equivalent of United States of America dollars 850,000.

An issuer may raise funds in any jurisdiction in the region without restriction on the jurisdiction where proceeds are to be used subject to disclosure of that fact in the information memorandum and subject to obtaining the necessary exemptions on exchange controls, if required.

An issuer shall determine the currency or currencies for the issue.

**Additional offers**

An issuer may secure credit enhancement:

Provided that where credit enhancement is to be provided, the following requirements shall apply-

—In the case of a guarantee:

-the guarantor shall be a bank, duly licensed non-bank financial institution, or recognized international financial institution;

-a letter of no objection shall be provided by the credit enhancer's primary regulator (other than in the case of an international financial institution);

-the guarantor shall be required to have a valid credit rating.

The Authority may prescribe any conditions or information requirements applicable to any other form of credit enhancement.

Notwithstanding that an issuer has made a regional fixed income security offer, the issuer, may, at any time, raise an additional amount in any one or more jurisdictions in accordance with a further pricing supplement updating the disclosures in the regional information memorandum. In all events, where a green shoe option is available, it shall be made to all countries where the offer has been made available.

## **FINANCIAL DISCLOSURE REQUIREMENTS**

Where an issuer has a track record, the following financial statements complying with International Financial Reporting Standards for the three years preceding the offer shall be required-

-Audited accounts not more than six months old at the time of the offer;

**Financial Statement Disclosure.**

**Financial Ratios**

**Cash flow projections.**

**Disclaimer statement.**

**Listing.**

-Where the audited accounts are more than six months old they shall be supported by management accounts.

-Management accounts shall be prepared to a date within one month of the date of the offer.

The financial ratios requirements applicable to national fixed income securities offers shall not be applicable to regional fixed income securities offers.

An issuer shall provide *proforma* financial statements which cover a period of not less than three years from the date of issue or where the fixed income security has a shorter maturity period, the life of that fixed income security.

All prospectuses for regional offers of fixed income securities shall contain the following statement on the front page-

**Trading, clearing and settlement.**

“As a matter of policy, the approving regulators assume no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus. Approval of the issue or listing is not an indication of the merits of the issuer or of the securities”

**Credit Ratings.**

Listing shall be mandatory for all regional offers of securities which are to be offered to the public or a section of the public:

Provided that this requirement shall not apply to offers targeted at institutional, sophisticated or professional investors.

An issuer who is not eligible for listing may be approved to issue its securities to sophisticated, institutional or professional investors and the securities may be approved for trade on regulated Over the Counter

(OTC) markets.

“An institutional”, “a sophisticated” or “a professional” investor means for the purposes of regional fixed income securities –

(a) any person licensed under any securities legislation applicable in the East African Community region;

(b) any authorized or a recognized scheme by any securities legislation applicable in the East African Community region;

(c) an individual, either alone or with any of his associates on a joint account, having proven liquid assets in excess of an amount as may be prescribed from time to time, or its equivalent in any foreign currency;

(d) any company or partnership having proven liquid assets in excess of an amount as may be prescribed from time to time, or its equivalent in any foreign currency.

**Professional Parties.**

An issuer of regional fixed income securities shall comply with the requirements relating to trading, clearing and settlement on any exchange on which its securities are traded or in line with the rules for the relevant OTC market as well as those of any central depository through which its securities are cleared and settled.

An issuer of regional fixed income securities shall maintain a valid credit rating for so long as the issue remains outstanding:

Provided that where an issuer has no track record or where the debt is to be funded from revenue from a specific project or designated cash flows, then the credit rating shall be in respect of the project or performance projections.

**Continuous disclosure obligations.**



Only a credit rating agency with a publicly available Code of Conduct guiding its ratings practices and which is in compliance with International Organization for Securities Commissions (IOSCO) Code of Conduct Fundamentals for Credit Rating Agencies (CRA) shall be eligible to provide credit rating reports:

Provided further that a credit rating agency which complies with the IOSCO CRA code shall not be required to be registered in any East African Community jurisdiction to be eligible to provide credit rating reports.

All Information Memoranda for regional offers of fixed income securities shall include a cautionary statement with words to the effect that-

“A credit rating is not a recommendation to apply for the securities on offer or an assurance of performance of the offer or the issue and investors should exercise due diligence and use the rating only as one of the considerations in making their investment decision.”

**Penalties.**

An issuer of regional fixed income securities shall in respect of any issue of securities comply with the following requirements relating to professional parties.

**Dispute resolution.**

*Transaction Arranger, Sponsoring Stockbroker or Placing Agent:*

**Payment of evaluation fees**

Appoint a transaction arranger, placing agent or a sponsoring stockbroker who shall be a corporate body licensed to carry out such function by at least one East African Community Partner State regulator and has affiliates in all regional jurisdictions where the security will be issued.

*Accountant's report*

Appoint a reporting accountant for the issue who shall be in compliance with all the requirements of their professional bodies. The reporting accountant shall be a firm registered in any East Africa Community country with affiliates in all East African Community countries.

*Legal Opinion*

Appoint a legal adviser who shall be in compliance with all the requirements of their professional bodies. The legal advisers shall be a firm registered in any East African Community country with affiliates in all East African Community countries.

*Paying and Receiving Bank*

Appoint paying and receiving banks which shall be banks licensed in the East African Community countries where funds are being raised. The issuer shall determine the number of receiving banks.

An issuer of a regional fixed income security shall be required to comply with the continuous disclosure obligations applicable to offers of fixed income securities in all jurisdictions in which it has raised capital from the public.

Where the regional fixed income security is listed on one or more securities exchanges or is traded on any regulated market within the East African Community region, it shall comply with the continuous obligations imposed by that securities exchange or market.

The issuer is obliged to avail to investors in all jurisdictions in which the issuer has raised capital, all relevant information for proper appraisal of the financial position of the issuer in an effective and timely manner.

The matters subject to continuous reporting includes-

- updates on rating reports;
- interim financial reporting;
- audited financial reports.

An issuer who fails to comply with the continuous disclosure obligations including failure to provide any required information to all investors simultaneously, is liable for breach of the continuous reporting obligations in any jurisdiction in which such omission occurs and the applicable sanctions shall apply.

The law in force in the jurisdiction where a cause of action arises shall apply in case of a dispute between an investor and an intermediary or between an issuer and an intermediary. The information memorandum shall specify the applicable law and mode of dispute resolution where a dispute involves the issuer and an investor.

Evaluation fees shall be paid at the time of application to the primary regulator. It shall be the duty of the primary regulator to transfer to the other regulators their share of the evaluation fees paid. In the event of a rejection, the issuer shall forfeit twenty five per cent of the evaluation fee paid.

## **II. INFORMATION MEMORANDUM APPROVAL PROCEDURE FOR ISSUANCE OF REGIONAL FIXED INCOME SECURITIES**

1. The issuer shall submit, for approval, a draft information memorandum accompanied by an evaluation fee to all East African Partner State regulators in which it intends to raise

capital indicating the jurisdiction that the issuer desires to be the primary approving jurisdiction (primary regulator).

2. Where an application has been lodged that is incomplete or unmeritorious *ab initio* as a regional fixed income security, the primary regulator shall have the discretion to reject the application in whole and inform the other regulators of such rejection and the reasons thereof. In the event of a rejection and the issuer wishes to proceed with the issuance, the issuer shall be required to lodge the application afresh in all jurisdictions and be liable to pay any application costs attaching thereto.
3. Each regulator shall apply the eligibility and disclosure requirements for issuance of regional fixed income securities for purposes of assessing the application.
4. In the event that any regulator seeks to interpret the applicability of any provision of the eligibility and disclosure requirements, that regulator shall officially communicate with all other regulators to determine the manner in which that matter will be addressed and the majority opinion shall prevail.
5. Where a regulator has communicated with the other regulators in accordance with paragraph 4, the regulators consulted shall revert within five working days of the receipt of communication and the final position shall be communicated to the issuer within ten days and copied to all regulators.

6. The other regulators shall submit any comments on the information memorandum to the primary regulator for consolidation for communication to the issuer. Where the primary regulator proposes to exclude certain matters from communication to the issuer, it shall communicate its intention to the other regulators, which action shall be subject to the timelines for communication under paragraph 5.
7. The primary regulator shall, upon completion of its review, submit the same for consideration and approval by its relevant authority in accordance with its applicable procedures for approval of offers to the public:

Provided that the submission shall not be made later than five working days following the receipt of the complying document from the issuer.

8. In the event of an approval, the primary regulator shall issue a letter to all other regulators communicating its approval and confirming that the issue complies with the regional criteria.
9. In the event of the grant of an approval of the issue, the primary regulator shall provide a copy of the letter of approval and details of any conditions imposed on that approval to all the other regulators. This approval will not be communicated to the issuer pending circulation and determination by the other regulators.
10. Upon receipt of a copy of the

approval letter from the primary regulator, every regulator which is in receipt of the information memorandum shall submit the final Information Memorandum together with the primary regulator's approval letter to their respective authorities for consideration and determination:

Provided that such submission shall not be made later than five working days following the receipt of the primary regulators decision as per the approval timetable set out in item III of this Part.

11. In the event that approval is declined, the primary regulator shall provide a copy of the reasons for such decision to all other regulators for their consideration. The primary regulator shall specify where the approval has been withheld for reasons other than those in the criteria set down for regional issues. Where a rejection occurs for reasons other than failure to comply with the regional guidelines, the other regulators shall retain full statutory discretion to approve or reject the application placed before it notwithstanding any approval or rejection by the primary regulator.
12. For the purposes of coordination, the approving regulators shall engage with any listing exchange in their jurisdiction to ensure compliance by the issuer with any reporting and disclosure obligations issued by the regulator and the securities exchange.
13. In so far the issuer has raised capital in a particular jurisdiction; the relevant regulator shall be responsible for the supervision of that issuer in

respect of that issue.

14. Where an imbalance in information disclosure occurs, the regulators shall coordinate any action with any relevant securities exchanges or trading platforms on which the securities in question are traded to mitigate the negative impacts of such information asymmetry on investors.

15. Any changes or interpretations made to this Schedule or the Approval Procedure shall be published by all the jurisdictions.

### **III. APPROVAL TIMETABLE**

T: Complying application lodged with all the regulators.

T+ 10: All comments from regulators lodged with the primary regulator.

T + 15: All areas for consultation for interpretation resolved.

T+ 20: All issues communicated to the issuer.

Y (date issuer reverts with complying documents) + 10: Primary regulator board determination (primary board may approve with conditions) and issues letter of comfort.

Y+ 15: All other regulator's board determination (decisions may be conditional indicating matters to be addressed).

Y+ 17: Communication of regulator's decision to issuer.

“day” means a business day

**THIRD SCHEDULE**  
**PART A** **(r.10(a))**  
**MAIN INVESTMENT MARKET SEGMENT DISCLOSURE**  
**REQUIREMENTS FOR PUBLIC OFFERINGS**

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**ID.A.00 Identity of directors, senior management and advisers (i.e. persons responsible for the information disclosed)**

A.01 The name, home or business address and function of each of the persons giving the declaration set out in paragraph A.02

A.02 A declaration in the following form:

The directors of [the issuer], whose names appear on page [ ] of the prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

A.03 The names, addresses and qualifications of the auditors who have audited the issuer's annual accounts in accordance with IAS for the last three financial years.

A.04 If auditors have resigned, have been removed or have not been re-appointed during the last three financial years and have deposited a statement with the issuer of circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed.

A.05 The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the prospectus has been attributed.

**ID.B.00 Offer statistics and expected timetable**



- B.01 (1) A statement that the Authority has approved the public offering and listing of the shares on the Main Investment Market Segment of a securities exchange.
- (2) Cautionary statement of the Authority.
- B.02 A statement that a copy of the prospectus has been delivered to the Registrar.
- B.03 If the offer is by more than one method, for each method of offering, state the total amount of the issue, including the expected issue price or the method of determining the price and the number of securities expected to be issued.
- B.04 For each public offering, and separately for each group of targeted potential investors, state the following information to the extent applicable:
- (a) the period during which the offer will be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of the period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the documents are first filed or distributed to the public, describe arrangement for announcing final or definitive date or period;
  - (b) method and time limits for paying up securities;
  - (c) method and time limits for delivery of securities (including provisional certificates, if applicable) to subscribers or purchasers;
  - (d) in case of pre-emptive purchase rights, the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised; and
  - (e) a full description of the manner in which results of the distribution of securities are to be made public, and when appropriate, the manner for refunding excess amounts paid by applicants (including whether interest is to be paid).

**ID.C.00 Information on the issuer**

- C.01 The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last five years, the old name must be printed in bold type under the new name.
- C.02 The country of incorporation of the issuer.
- C.03 The date of incorporation and the length of life of the issuer, except where indefinite.

- C.04 The legislation under which the issuer operates and the legal form which it has adopted under that legislation.
- C.05 A description of the issuer's principal objects and reference to the clause(s) of the memorandum of association in which they are described.
- C.06 The place and date of registration of the issuer and its registration number.
- C.07 A statement that for a period of not less than five working days from the date of the prospectus or for the duration of any offer to which the prospectus relates, if longer, at a named place as the Authority may agree, the following documents (or copies thereof), where applicable, could be inspected:
- (a) the memorandum and articles of association of the issuer;
  - (b) any trust deed of the issuer or of its subsidiary companies which is referred to in the prospectus;
  - (c) each document mentioned in paragraphs C.18 (material contracts) and E.11 (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
  - (d) copies of service agreements with managers or secretary/ies; underwriting, vendors' and promoters' agreements entered into during the last two financial years;
  - (e) in the case of an issue of shares in connection with a merger, the division of a company, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the issuer has not prepared its own or consolidated annual accounts (as appropriate);
  - (f) the latest competent person's report, in the case of a mineral company-
  - (g) the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
  - (h) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the prospectus;

(i) written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report pursuant to paragraph G.04 and giving the reasons therefor; and

Cap. 486 (j) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the five financial years preceding the publication of the prospectus, including, in the case of a company incorporated in Kenya, all notes, reports or information required by the Companies Act.

C.08 Where any of the documents listed in paragraph C.07 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph C.18 (material contracts), a translation of a summary of such document may be made available for inspection, if the Authority so requires.

C.09 The amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.

C.10 Where the issuer has authorised but un-issued capital or is committed to increase the capital, an indication of:

(a) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;

(b) the categories of persons having preferential subscription rights for such additional portions of capital; and

(c) the terms and arrangements for the share issue corresponding to such portions.

C.11 If the issuer has shares not representing capital:

(a) the number and main characteristics of such shares;

(b) the amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and

(c) a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

C.12 A summary of the provisions of the issuer's memorandum and articles of association regarding changes in the capital and in the respective rights of the various classes of securities.

C.13 A summary of the changes during the three preceding years in the amount of the issued capital of the issuer and, if material, the capital of any member of the group and/or the number and classes of securities of which it is composed. Intra group issues by partly owned subsidiaries and changes in the capital structure of subsidiaries which have remained wholly owned throughout the period may be disregarded. Such summary must also state the price and terms granted and (if not already fully paid) the dates when any installments are in arrears. If any asset has been acquired or is to be acquired out of the proceeds of the issue, its value must be stated. If there are no such issues, an appropriate negative statement must be made.

C.14 The names of the persons, so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.

C.15 Details of any change in controlling shareholder(s) as a result of the issue.

C.16 The history of any change in the controlling shareholder(s) and trading objectives of the issuer and its subsidiaries during the previous two financial years. A statement of the new trading objectives and the manner in which the new objects will be implemented. If the issuer or the group, as the case may be, carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results. The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar.

C.17 If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the name of and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.

C.18 A summary of the principal contents of :

(a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the prospectus, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph C.07; and

(b) any contractual arrangement with a controlling shareholder required to ensure that the company is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group.

- C.19 If any contract referred to in paragraph C.18 relates to the acquisition of securities in an unlisted subsidiary, or associate company, where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the issuer, or associate companies, or its subsidiaries is interested and to what extent.
- C.20 Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the three years immediately preceding the date of publication of the prospectus, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit. Where the interest of such promoter consists in being a member of a partnership, company, syndicate or other association of persons, the nature and extent of the interest of such partnership, company, syndicate or other association, and the nature and extent of such promoter's interest in the partnership, company, syndicate or other association.
- C.21 A statement of all sums paid or agreed to be paid within the three years immediately preceding the date of publication of the prospectus, to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the issuer.
- C.22 Where securities are issued in connection with any merger, division of a company, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets -

- (a) a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied;
  - (b) if the total emoluments receivable by the directors of the issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect; and
  - (c) if the business of the issuer or any of its subsidiaries or any part thereof is managed or is proposed to be managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.
- C.23 A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.
- C.24 For the business(es) described in paragraph C.23 above, the degree of any government protection and of any investment encouragement law affecting the business(es).
- C.25 Information on any significant new products and/or activities.
- C.26 A breakdown of net turnover during the last five financial years by categories of activity and into geographical markets in so far as such categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services falling within the group's ordinary activities are organised.
- C.27 The location, size and tenure of the group's principal establishments and summary information about land or buildings owned or leased. Any establishment which accounts for more than 10% of net turnover or production shall be considered a principal establishment.
- C.28 Details of any material changes in the businesses of the issuer during the past five years.
- C.29 Where the information given pursuant to paragraphs C.23 to C.28 has been influenced by exceptional factors, that fact must be mentioned.

- C.30 Summary of information on the extent to which the group is dependent, if at all, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are of fundamental importance to the group's business or profitability.
- C.31 Particulars of royalties payable or items of a similar nature in respect of the issuer and any of its subsidiaries.
- C.32 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous nine months) a significant effect on the group's financial position or an appropriate negative statement.
- C.33 Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous nine months) a significant effect on the group's financial position.
- C.34 A description, with figures, of the main investments made, including interests such as shares, debt securities etc., in other undertakings over the last five financial years and during the current financial year.
- C.35 Information concerning the principal investments (including new plant, factories and research and development) during the current financial year being made, with the exception of interests being acquired in other undertakings, including -
- (a) the geographical distribution of these investments; and
- (b) the method of financing such investments.
- C.36 Information concerning the group's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments.
- C.37 Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.
- C.38 The basis for any statements made by the issuer regarding its competitive position shall be disclosed.
- ID.D.00 Operating and financial review and prospectus (the recent development and prospects of the group)**
- D.01 Unless otherwise approved by the Authority in exceptional circumstances:

(a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular;

(i) the most significant recent trends in production, sales, stocks and the state of the order book; and

(ii) recent trends in costs and selling prices; and

(b) Information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

D.02 Provide information on the risk factors that are specific to the issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".

D.03 Describe the:

a) extent to which the financial statements disclose material changes in net revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or service.

b) impact of inflation if material - if the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and discussion of the impact of the hyperinflation on the issuer's business shall be disclosed;

c) impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by the currency borrowing and other hedging instruments; and

d) impact of any governmental factors that have materially affected or could materially affect, directly or indirectly, the issuer's operations or investments by the host country shareholders.



D.04 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out. There must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.

D.05 The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

**ID.E.00 Directors and employees**

E.01 The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group:

(a) directors, alternate and proposed directors of the issuer and each of its subsidiaries including details of other directorships;

(b) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and

(c) founders, if the issuer has been established as a family business or in existence for fewer than five years and the nature of family relationship, if any.

(d) detailed disclosure of chief executive or other senior management changes planned or expected during twenty four months following the issue and listing of the security or appropriate negative statement.

E.02 A description of other relevant business interests and activities of every such person as is mentioned in paragraph E.01 and, if required by the Authority particulars of any former forename or surname of such persons.

E.03 In the case of a foreign issuer, information similar to that described in E.01 and E.02 above, relative to the local management, if any. Where the Authority considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.

- E.04 The total aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group during the last two completed financial years under any description whatsoever.
- E.05 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3% of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.
- E.06 All relevant particulars regarding the nature and extent of any interests of directors of the issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the issuer during -
- (a) the current or immediately preceding financial year; or
- (b) an earlier financial year and remain in any respect outstanding or unperformed;
- or an appropriate negative statement.
- E.07 The total of any outstanding loans granted by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit.
- E.08 Details of any schemes for involving the staff in the capital of any member of the group.
- E.09 Particulars of any arrangement under which a director of the issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments which occurred during the past financial year and particulars of waivers in force at the date of the prospectus.
- E.10 An estimate of the amounts payable to directors of the issuer, including proposed directors, by any member of the group for the current financial year under the arrangements in force at the date of the listing prospectus.
- E.11 Details of existing or proposed directors' service contracts (excluding contracts previously made available for inspection in accordance with paragraph C.07 and not subsequently varied); such details to include the matters specified in paragraphs (a) to (g) below or an appropriate negative statement:

- (a) the name of the employing company;
- (b) the date of the contract, the unexpired term and details of any notice periods;
- (c) full particulars of the director's remuneration including salary and other benefits;
- (d) any commission or profit sharing arrangements;
- (e) any provision for compensation payable upon early termination of the contract;
- (f) details of any other arrangements which are necessary to enable investors to estimate the possible liability of the company upon early termination of the contract; and
- (g) details relating to restrictions prohibiting the director, or any person acting on his behalf or connected to him, from any dealing in securities of the company during a close period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities.

E.12 A summary of the provisions of the memorandum and articles of association of the issuer with regards to -

- (a) any power enabling a director to vote on a proposal, arrangement, or contract in which he is materially interested;
- (b) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body; and
- (c) retirement or non-retirement of directors under an age limit.

- E.13 Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in E.01 above, was selected as a director or member of senior management.
- E.14 The average numbers of employees and changes therein over the last five financial years (if such changes are material), with, if possible, a breakdown of persons employed by main categories of activity.
- E.15 Details relating to the issuer's audit committee, remuneration committee and nomination committee including the names of committee members and a summary of the terms of reference under which the committees operate.

**ID.F.00 Major shareholders and related party transactions**

F.01 The following information shall be provided regarding the issuer's major shareholders, which means shareholders that are the beneficial owners of at least 3% or more of each class of the issuer's voting securities:

a) provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders;

b) disclose any significant change in the percentage ownership held by any major shareholders during the past three years; and

c) indicate whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.

F.02 Information shall be provided as to the portion of each class of securities held in Kenya and the number of shareholders in Kenya.

F.03 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by any other corporation(s), foreign government or any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.

F.04 Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

F.05 In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in 10 % or more of the issuer's capital, together with the amount of each such person's interest.

F.06 Provide the information required on (a) and (b) below for the period since the beginning of the issuer's preceding five financial years up to the date of the prospectus, with respect to transactions or loans between the issuer and:

(a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;

(b) associates;

(c) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;

(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and

(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the issuer and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a 10% interest in the voting power of the issuer are presumed to have a significant influence on the issuer including:

(i) the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiary(ies) was a party; and

- (ii) the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above.

The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan, the transaction in which it was incurred, and the interest rate on the loan.

F.07 Full information of any material inter-company finance.

F.08 Where a statement or report attributed to a person as an expert is included in the prospectus, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the prospectus, and has not withdrawn his consent.

F.09 If any of the named experts employed on a contingent basis, owns an amount of shares in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.

**ID.G.00 Financial information**

G.01 A statement that the annual accounts of the issuer for the last five financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given.

G.02 A statement of what other information in the prospectus has been audited by the auditors.

G.03 Financial information as required by paragraphs G.14 and G.15 set out in the form of a comparative table together with any subsequent interim financial statements if available.

G.04 Financial information as required by paragraphs G.14 and G.15 set out in the form of an accountants' report.

G.05 If applicable, an accountants' report, as set out in paragraphs G.14 and G.15 on the asset which is the subject of the transaction.

G.06 (1) If the issuer prepares consolidated annual accounts only, it must include those accounts in the prospectus in accordance with paragraph G.03 or G.04.

(2) If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the prospectus in accordance with paragraph G.03 or G.04. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts with the approval of the Authority and such accounts shall be available for inspection in accordance with paragraph C. 07.

G.07

(1) Where the issuer includes its annual accounts in the prospectus, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last five financial years.

(2) Where the issuer includes consolidated annual accounts in the prospectus, it must state the consolidated profit or loss per share for each of the last five financial years; this information must appear in addition to that provided in accordance with (1) above where the issuer also includes its own annual accounts in the prospectus.

G.08

If, in the course of the last five financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in paragraph G.07 must be adjusted to make them comparable; in that event the basis of adjustment used must be disclosed.

G.09

Particulars of the -

(a) dividend policy to be adopted;

(b) pro-forma balance sheet prior to and immediately after the proposed issue of securities; and

(c) effect of the proposed issue of securities on the net asset value per share.

The above particulars must be prepared and presented in accordance with IAS. If the issuer is a holding company, the information must be prepared in consolidated form.

- G.10 The amount of the total dividends, the dividend per share and the dividend cover for each of the last three financial years, adjusted, if necessary, to make it comparable in accordance with paragraph G.08.
- G.11
- (1) Where not more than nine months have elapsed since the end of the financial year to which the last published annual accounts relate, an interim audited financial statement covering at least the first six months following the end of that financial year must be included in or appended to the prospectus. Where not more than six months have elapsed since the end of the financial year, un-audited financial statements covering the period preceding the six months shall be included in the prospectus of the issuer whose securities are already listed at a securities exchange.
- (2) Where the issuer prepares consolidated annual accounts, the interim financial statements must either be consolidated statements or include a statement that, in the opinion of the issuer's directors, the interim financial statements enable investors to make an informed assessment of the results and activities of the group for the period.
- G.12 A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.
- G.13 If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.
- G.14 A table showing the changes in financial position of the group over each of the last five financial years in the form of a cash-flow statement.
- G.15
- (1) Information in respect of the matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits and losses -
- (a) the name and address of the registered office;
  - (b) the field of activity;
  - (c) the proportion of capital held;
  - (d) the issued capital;
  - (e) the reserves;



- (f) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
- (g) the value at which the issuer shows in its accounts the interest held;
- (h) any amount still to be paid up on shares held;
- (i) the amount of dividends received in the course of the last financial year in respect of shares held; and
- (j) the amount of the debts owed to and by the issuer with regard to the undertaking.

(2) The items of information listed in (1) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least 20% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 20% of the consolidated net assets or at least 20% of the consolidated net profit or loss of the group.

(3) The information required by (1)(e) and (f) above may be omitted where the undertaking in which a participating interest is held does not publish annual accounts.

(4) The information required by (1)(d) to (j) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or, with the exception of 1(i) and (j) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the Authority, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

G.16 The name, registered office and proportion of capital held in respect of each undertaking not failing to be disclosed under paragraph G.15(1) or (2) in which the issuer holds at least 20% of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer or group and of the rights attaching to the securities for which application is made.

G.17 When the prospectus includes consolidated annual accounts, disclosure:

- (a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with IAS);

(b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph G.15; and

(c) for each of the undertakings referred to in (b) above -

(i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or

(ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.

G.18 Particulars of any arrangement under which future dividends are waived or agreed to be waived.

G.19

(1) Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the prospectus) of the following, if material:

(a) the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;

(b) the circumstances, if applicable, under which the borrowing powers have been exceeded during the past three years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;

(c) the total amount of any loan capital outstanding in all members of the group, and loan capital created but un-issued, and term loans, distinguishing between loans guaranteed, un-guaranteed, secured (whether the security is provided by the issuer or by third parties), and unsecured;

(d) all off-balance sheet financing by the issuer and any of its subsidiaries;

- (e) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un-guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;
- (f) the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
- (g) how the borrowings required to be disclosed under paragraphs (c) to (f) above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.

(2) An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (1) above; As a general rule, no account shall be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary.

(3) For each item identified in (1) above, where applicable -

- (a) the names of the lenders if not debenture holders;
- (b) the amount, terms and conditions of repayment or renewal;
- (c) the rates of interest payable on each item;
- (d) details of the security, if any;
- (e) details of conversion rights; and
- (f) where the issuer or any of its subsidiaries has debts which are repayable within twelve months, state how the payments are to be financed.

(4) If the issuer prepares consolidated annual accounts, the principles laid down in paragraph G.06 apply to the information set out in this paragraph G.19.

G.20 Details of material loans by the issuer or by any of its subsidiaries stating -

- (a) the date of the loan;
- (b) to whom made;
- (c) the rate of interest;
- (d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
- (e) the period of the loan;
- (f) the security held;
- (g) the value of such security and the method of valuation;

- (h) if the loan is unsecured, the reasons therefor; and
- (i) if the loan was made to another company, the names and addresses of the directors of such company.

G.21 Details as described in paragraph G.20 above of loans made or security furnished by the issuer or by any of its subsidiaries for the benefit of any director or manager or any associate of any director or manager.

G.22 Disclose how the loans receivable arose, stating whether they arose from the sale of assets by the issuer or any of its subsidiaries.

G.23 A statement that in the opinion of the directors, the issued capital of the issuer (including the amount to be raised in pursuance of this issue) is adequate for the purposes of the business of the issuer and of its subsidiaries for the foreseeable future, and if the directors are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the issuer and its subsidiaries are to be financed. The statement should be supported by a report from the issuer's auditor, reporting accountant, investment banker, sponsoring stockbroker or other adviser acceptable to the Authority.

G.24 The foreseeable future should normally be construed as the nine months subsequent to the date of the publication of the prospectus.

G.25 The following information regarding the acquisition, within the last five years, or proposed acquisition by the issuer or any of its subsidiaries, of any securities in or the business undertaking of any other company or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively called "the property") or any option to acquire such property shall be disclosed -

(a) the date of any such acquisition or proposed acquisitions;

(b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;

(c) details of the valuation of the property;

(d) any goodwill paid and how such goodwill was or is to be accounted for;

- (e) any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
- (f) the nature of title or interest acquired or to be acquired;
- (g) details regarding the vendors as described in paragraph I.01; and

G.26 The following details regarding any property disposed of during the past five years, or to be disposed of, by the issuer, or any of its subsidiaries -

- (a) the dates of any such disposal or proposed disposal;
- (b) the consideration received, detailing that settled by the receipt of securities or cash or by any other means and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property; and
- (d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest.

G.27 Where the financial statements provided under paragraphs G.01 to G.05 are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the mean exchange rate designated by the Central Bank of Kenya for this purpose, if any -

- (a) at the latest practicable date;
- (b) the high and low exchange rates for each month during the preceding twelve

months; and

(c) for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

**ID.H.00 The offer and listing**

H.01 An indication whether or not all the shares have been marketed or are available in whole or in part to the public in conjunction with the application.

H.02 A statement of the resolutions, authorisations and approvals by virtue of which the shares have been or will be created and/or issued.

H.03 The nature and amount of the issue.

H.04 The number of shares which have been or will be created and/or issued, if predetermined.

H.05 (1) A summary of the rights attaching to the shares for which application is made, and in particular the extent of the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of shares of the issuer in issue, like details must be given for each class.

(2) If the rights evidenced by the securities being offered or listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed or offered.

H.06 The time limit (if any) after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.

H.07 A statement regarding tax on the income from the shares withheld at source -

- (a) in the country of origin; and
- (b) in Kenya.

H.08 Arrangements for transfer of the shares and (where permitted) any restrictions on their free transferability (for example, provisions requiring transfers to be approved).

- H.09 The fixed date(s) (if any) on which entitlement to dividends arises.
- H.10 Other securities exchanges (if any) where admission to listing is being or will be sought.
- H.11 The names and addresses of the issuer's registrar and paying agent(s) for the shares in any other country where admission to listing has taken place.
- H.12 The following information must be given concerning the terms and conditions of the issue of the securities whether through a public or private placing with respect to the listing at a securities exchange where such issue or placing is being effected at the same time as the listing or has been effected within the three months preceding admission:
- (a) a statement of any right of pre-emption of shareholders exercisable in respect of the shares or of the disapplication of such right (and where applicable, a statement of the reasons for the disapplication of such right; in such cases, the directors' justification of the issue price where the issue is for cash; if the disapplication of the right of pre-emption is intended to benefit specific persons, the identity of those persons);
  - (b) the total amounts which have been or are being issued or placed and the number of shares offered, where applicable by category;
  - (c) if a public or private issue or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for any of these, details of any such tranche including -
    - (i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;
    - (ii) the issue premium and the amount of any expenses specifically charged to any subscriber or purchaser; and
    - (iii) the methods of payment of the price, particularly as regards the paying-up of shares which are not fully paid;
  - (d) the procedure for the exercise of any right of pre-emption, transferability of subscription rights and treatment of subscription rights not exercised;
  - (e) the period during which the issue or offer remained open or will remain open after publication of the prospectus, and the names of the receiving agents;

- (f) the names, addresses and descriptions of the persons underwriting or guaranteeing the issue and where the underwriter is a company, the description must include-
  - (i) the place and date of incorporation and registered number of the company;
  - (ii) the names of the directors of the company;
  - (iii) the name of the secretary of the company;
  - (iv) the bankers to the company; and
  - (v) the authorised and issued share capital of the company.
- (g) where not all of the issue has been or is being underwritten or guaranteed, a statement of the portion not covered;
- (h) a statement or estimate of the overall amount and/or of the amount per share of the charges relating to the issue payable by the issuer, stating the total remuneration of the financial intermediaries, including the underwriting commission, margin, guarantee commission placing or selling agent's commission; and
- (i) the estimated net proceeds accruing to the issuer from the issue and the intended application of such proceeds. If the capital offered is more than the amount of the minimum subscription referred to in paragraph H.13 below, the reasons for the difference between the capital offered and the said minimum subscription.

H.13 The minimum amount which, in the opinion of the directors, must be raised by the issue of the securities in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:

- (a) the purchase price of any property, as referred to in paragraph G.25, purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
- (b) any preliminary expenses payable by the issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting any securities of the issuer;
- (c) the repayment of any monies borrowed in respect of any of the foregoing matters;



(d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each of such purposes;

(e) any other material expenditure, stating the nature and purpose thereof and the estimated amount in each case;

(f) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided; and

(g) if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the issuer or associates, disclose the person from whom they will be acquired and how the cost to the issuer will be determined.

H.14 A description of the shares for which application is made and, in particular, the number of shares and nominal value per share or, in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached.

H.15 If shares are to be marketed and no such shares have previously been sold to the public, a statement of the number of shares made available to the market (if any) and of their nominal value, or, if they have no nominal value, of their accounting par value, or a statement of the total nominal value and, where applicable, a statement of the minimum offer price.

H.16 The securities exchange at which the shares will be listed and the dates on which the shares will be admitted to listing and on which dealings will commence.

H.17 The names of the securities exchanges (if any) on which shares of the same class are already listed.

H.18 If during the period covered by the last financial year and the current financial year, there has occurred any public takeover offer by a third party in respect of the issuer's shares, or any public takeover offer by the issuer in respect of another company's shares, a statement to that effect and a statement of the price or exchange terms attaching to any such offers and the outcome thereof.

- H.19 Where the shares for which application is being made are shares of a class which is already listed, information regarding the price history of the securities to be offered or listed shall be disclosed as indicated from (a) to (c) below. This information shall be given with respect to the market price at the securities exchange at which the securities are listed in Kenya and the principal trading market outside Kenya. If significant trading suspensions occurred in the prior three years, the issuer shall disclose -
- (a) for the five most recent full financial years, the annual high and low market prices;
- (b) for the two most recent full financial years and any subsequent period, the high and low market prices for each full financial quarter; and
- (c) for the most recent six months, the high and low market prices for each month.
- H.20 A statement whether the issuer assumes responsibility for the withholding of tax at source.
- H.21 To the extent known to the issuer, indicate whether major share-holders, directors or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offering or whether any person intends to subscribe for more offering, or whether any person intends to subscribe for more than 5% of the offering.
- H.22 Identify any group of targeted potential investors to whom the securities are offered. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for any of these, indicate any such tranche.
- H.23 If securities are reserved for allocation to any group of targeted investors, including, for example, offerings to existing shareholders, directors, or employees and past employees of the issuer or its subsidiaries, provide details of these and any other preferential allocation arrangements.
- H.24 Indicate whether the amount of the offering could be increased by the issuer or vendor by the exercise of a 'greenshoe' option subject to a maximum of 15% of the securities offered in the prospectus in case of over subscription of securities.

- H.25 Indicate the amount, and outline briefly the plan of distribution, of any securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of stockbrokers or dealers, describe the plan of distribution and the terms of any agreement or understanding with such entities and identify the stockbroker(s) or dealer(s) that will participate in the offering stating the amount to be offered through each.
- H.26 If the securities are to be offered in connection with the writing of exchange-traded call options where applicable, (in the case of issuers listed, in securities exchange(s) outside Kenya) describe briefly such transactions.
- H.27 Where there is a substantial disparity between the public offering price and the effective cash cost to directors or senior management, or affiliated persons, of securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offering and the effective cash contributions of such persons.
- H.28 Disclose the amount and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date.
- H.29 In the case of a subscription offering to existing shareholders, disclose the amount and percentage of immediate dilution if they do not subscribe to the new offering.
- H.30 The following information on expenses shall be provided:
- (a) the total amount of the discounts or commissions agreed upon by the underwriters or other placement or selling agents and the issuer shall be disclosed, as well as the percentage such commissions represent of the total amount of the offering and the amount of discounts or commissions per share;

(b) an itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the securities to be listed or offered and by whom the expenses are payable, if other than the issuer. The following expenses shall be disclosed separately -

- (i) advertisement;
- (ii) printing of prospectus;
- (iii) approval and listing fees;
- (iv) brokerage commissions;
- (v) financial advisory fees;
- (vi) legal fees; and
- (vii) underwriting fees.

If any of the securities are to be offered for the account of a selling shareholder, indicate the portion of such expenses to be borne by such shareholder. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given; and

(c) a statement or estimate of the overall amount, percentage and amount per share of the charges relating to the issue payable by the issuer, stating the total remuneration of the intermediaries, including the underwriting commission or margin, guarantee commission, placing or selling agent's commission.

H.31 Disclose the minimum amount which in the opinion of the directors must be raised through the issue of securities in form of total subscriptions in shares and value.

#### **ID.I.00 Vendors**

I.01 The names and addresses of the vendors of any assets purchased or acquired by the issuer or any subsidiary company during the five years preceding the publication of the prospectus or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid or payable to each vendor, and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding five financial years. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of the company, if required by the Authority. Where this information is unobtainable, the reasons therefor are to be stated.

I.02 State whether or not the vendors have given any indemnities, guarantees or warranties.

- I.03 State whether the vendors agreements preclude the vendors from carrying on business in competition with the issuer or any of its subsidiaries, or impose any other restriction on the vendor, and disclose details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.
- I.04 State how any liability for accrued taxation, or any apportionment, thereof to the date of acquisition, will be settled in terms of the vendors' agreements.
- I.05 Where securities are purchased in a subsidiary company, a reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in companies other than subsidiary companies, a statement as to how the value of the securities was arrived at.
- I.06 Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.
- I.07 The amount of any cash or securities paid or benefit given within five preceding years or proposed to be paid or given to any promoter not being a director, and the consideration for such payment or benefit.
- I.08 State whether the assets acquired have been transferred into the name of the issuer or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

## **PART B**

**(r.10(b))**

### **ALTERNATIVE INVESTMENT MARKET SEGMENT DISCLOSURE REQUIREMENTS FOR PUBLIC OFFERINGS**

- ID.A.00 Identity of directors, senior management and advisers (ie persons responsible for the information disclosed)**
- A.01 The name, home or business address and function of each of the persons giving the declaration set out in paragraph A.02
- A.02 A declaration in the following form:

The directors of [the issuer], whose names appear on page [ ], of the prospectus accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

- A.03 The names, addresses and qualifications of the auditors who have audited the issuer's annual accounts in accordance with IAS for the last two financial years.
- A.04 If auditors have resigned, have been removed or have not been re-appointed during the last two financial years and have deposited a statement with the issuer of circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed.
- A.05 The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the prospectus has been attributed.

**ID.B.00 Offer statistics and expected timetable**

**B.01**

(1) A statement that the Authority has approved the public offering and listing of the shares on the Alternative Investment Market Segment of a securities exchange.

(2) Cautionary statement of the Authority.

- B.02 A statement that a copy of the prospectus has been delivered to the Registrar.
- B.03 If the offer is by more than one method, for each method of offering state the total amount of the issue, including the expected issue price or the method of determining the price and the number of securities expected to be issued.
- B.04 For each public offering, and separately for each group of targeted potential investors, state the following information to the extent applicable:
  - a) the period during which the offer will be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of the period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the documents are first filed or distributed to the public, describe arrangement for announcing final or definitive date or period;

- b) method and time limits for paying up securities;
- c) method and time limits for delivery of securities (including provisional certificates, if applicable) to subscribers or purchasers;
- d) in case of pre-emptive purchase rights, the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised; and
- e) a full description of the manner in which results of the distribution of securities are to be made public, and when appropriate, the manner for refunding excess amounts paid by applicants (including whether interest is to be paid).

**ID.C.00 Information on the issuer**

- C.01 The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last two years, the old name must be printed in bold type under the new name.
- C.02 The country of incorporation of the issuer.
- C.03 The date of incorporation and the length of life of the issuer, except where indefinite.
- C.04 The legislation under which the issuer operates and the legal form which it has adopted under that legislation.
- C.05 A description of the issuer's principal objects and reference to the clause(s) of the memorandum of association in which they are described.
- C.06 The place and date of registration of the issuer and its registration number.
- C.07 A statement that for a period of not less than five working days from the date of the prospectus or for the duration of any offer to which the prospectus relates, if longer, at a named place as the Authority may agree, the following documents (or copies thereof), where applicable, could be inspected:
  - (a) the memorandum and articles of association of the issuer;
  - (b) any trust deed of the issuer or of its subsidiary companies which is referred to in the prospectus;

- (c) each document mentioned in paragraphs C.18 (material contracts) and E.10 (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
- (d) copies of service agreements with managers or secretary/ies, underwriting, vendors' and promoters' agreements entered into during the last two financial years;
- (e) in the case of an issue of shares in connection with a merger, the division of a company, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the issuer has not prepared its own or consolidated annual accounts (as appropriate);
- (f) the latest competent person's report, in the case of a mineral company;
- (g) the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
- (h) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the prospectus;
- (i) written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report pursuant to paragraph G.04 and giving the reasons therefor; and
- (j) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years (three years, if the issuer has been in existence for such a period) preceding the publication of the prospectus, including, in the case of a company incorporated in Kenya, all notes, reports or information required by the Companies Act.

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C.08 Where any of the documents listed in paragraph C.07 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph C.18 (material contracts), a translation of a summary of such document may be made available for inspection, if the Authority so requires.

C.09 The amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.



- C.10 Where the issuer has authorised but un issued capital or is committed to increase the capital, an indication of-
- (a) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;
  - (b) the categories of persons having preferential subscription rights for such additional portions of capital; and
  - (c) the terms and arrangements for the share issue corresponding to such portions.
- C.11 If the issuer has shares not representing capital:
- (a) the number and main characteristics of such shares;
  - (b) the amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and
  - (c) a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
- C.12 A summary of the provisions of the issuer's memorandum and articles of association regarding changes in the capital and in the respective rights of the various classes of securities.
- C.13 A summary of the changes during the two preceding financial years in the amount of the issued capital of the issuer and, if material, the capital of any member of the group and/or the number and classes of securities of which it is composed. Intra group issues by partly owned subsidiaries and changes in the capital structure of subsidiaries which have remained wholly owned throughout the period may be disregarded. Such summary must also state the price and terms granted and (if not already fully paid) the dates when any installments are in arrears. If any asset has been acquired or is to be acquired out of the proceeds of the issue, its value must be stated. If there are no such issues, an appropriate negative statement must be made.
- C.14 The names of the persons so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.
- C.15 Details of any change in controlling shareholder(s) as a result of the issue.

- C.16 The history of any change in the controlling shareholder(s) and trading objectives of the issuer and its subsidiaries during the previous two financial years. A statement of the new trading objectives and the manner in which the new objectives will be implemented. If the issuer or the group, as the case may be, carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results. The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar.
- C.17 If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the name and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.
- C.18 A summary of the principal contents of :
- (a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the prospectus, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph C.07; and
  - (b) any contractual arrangement with a controlling shareholder required to ensure that the company is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group.
- C.19 If any contract referred to in paragraph C.18 relates to the acquisition of securities in an unlisted subsidiary, or associate company where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the issuer, or associate companies, or its subsidiaries is interested and to what extent.
- C.20 Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the two years immediately preceding the date of publication of the prospectus, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit. Where the interest of such promoter consists in being a member of a partnership, company, syndicate or other association of persons, the nature and extent of the interest of such partnership, company, syndicate or other association, and the nature and extent of such promoter's interest in the partnership, company, syndicate or other association.

- C.21 A statement of all sums paid or agreed to be paid within the two years immediately preceding the date of publication of the prospectus, to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the issuer.
- C.22 Where securities are issued in connection with any merger, division of a company, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets –
- (a) a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied;
- (b) If the total emoluments receivable by the directors of the issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect; and
- (c) if the business of the issuer or any of its subsidiaries or any part thereof is managed by a third party under a contract or arrangement, the name an address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.
- C.23 A description of the group's principal activities, stating the main category of products sold and/or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.
- C.24 For the business (es) described in paragraph C.23 above, the degree of any government protection and of any investment encouragement law affecting the business (es).
- C.25 Information on any significant new products and /or activities.
- C.26 A breakdown of net turnover during the last two financial years (three where available) by categories of activity and into geographical markets in so far as such categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services falling within the group's ordinary activities are organised.

- C.27 Particulars of royalties payable or items of a similar nature in respect of the issuer and any of its subsidiaries.
- C.28 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous four months) a significant effect on the group's financial position or an appropriate negative statement.
- C.29 Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous four months) a significant effect on the group's financial position.
- C.30 A description, with figures, of the main investments made, including interests such as shares, debt securities etc., in other undertakings over the last two financial years and during the current financial year.
- C.31 Information concerning the principal investments (including new plant, factories and research and development) during the current financial year being made, with the exception of interests being acquired in other undertakings, including -
- (a) the geographical distribution of these investments; and
  - (b) the method of financing such investments.
- C.32 Information concerning the group's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuers directors have already made firm commitments.
- C.33 Information concerning policy on the research and development of new products and processes over the past two financial years, where significant.
- C.34 The basis for any statements made by the company regarding its competitive position shall be disclosed.
- ID.D.00 Operating and financial review and prospectus (the recent development and prospects of the group)**
- D.01 Unless otherwise approved by the Authority in exceptional circumstances:
- (a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular -
    - (i) the most significant recent trends in production, sales and stocks and the state of the order book; and
    - (ii) recent trends in costs and selling prices; and

(b) information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

D.02 Provide information on the risk factors that are specific to the issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".

D.03 Describe the:

a) extent to which the financial statements disclose material changes in net revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or services;

b) impact of inflation if material - if the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a history of the annual rate of inflation covering the period, and discussion of the impact of the hyperinflation on the issuer's business shall be disclosed;

c) impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by the currency borrowing and other hedging instruments; and

d) impact of any material governmental factors that have materially affected or could materially affect, directly or indirectly the issuer's operations or investments by the host country shareholders.

D.04 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out. There must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.

D.05 The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

#### **ID.E.00 Directors and employees**

- E.01 The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group:
- (a) directors, alternate and proposed directors of the issuer and each of its subsidiaries, including details of other directorships;
  - (b) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and
  - (c) founders, if the issuer has been established as a family business or has been in existence for fewer than five years and the nature of family relationship, if any; and
  - (d) detailed disclosure of chief executive or other senior management changes planned or expected during twenty four months following the issue and listing of the security or appropriate negative statement.
- E.02 A description of other relevant business interests and activities of every such person as is mentioned in paragraph E.01 and, if required by the Authority particulars of any former forename or surname of such persons.
- E.03 In the case of a foreign issuer, information similar to that described in E.01 and E.02 above, relative to the local management if any. Where the Authority considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.
- E.04 The total aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group during the last two completed financial years under any description whatsoever.
- E.05 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3% of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.
- E.06 All relevant particulars regarding the nature and extent of any interests of directors of the issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the issuer during -

- (a) the current or immediately preceding financial year; or
  - (b) an earlier financial year and remain in any respect outstanding or unperformed; or an appropriate negative statement.
- E.07 The total of any outstanding loans granted by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit.
- E.08 Particulars of any arrangement under which a director of the issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments in force at the date of the prospectus.
- E.09 An estimate of the amounts payable to directors of the issuer, including proposed directors, by any member of the group for the current financial year under the arrangements in force at the date of the prospectus.
- E.10 Details of existing or proposed directors' service contracts (excluding contracts previously made available for inspection in accordance with paragraph C.07 and not subsequently varied); such details to include the matters specified in paragraphs (a) to (g) below or an appropriate negative statement:
- (a) the name of the employing company;
  - (b) the date of the contract, the un-expired term and details of any notice periods;
  - (c) full particulars of the director's remuneration including salary and other benefits;
  - (d) any commission or profit sharing arrangements;
  - (e) any provision for compensation payable upon early termination of the contract;
  - (f) details of any other arrangements which are necessary to enable investors to estimate the possible liability of the company upon early termination of the contract; and
  - (g) details relating to restrictions prohibiting the director, or any person acting on his behalf or connected to him, from any dealing in securities of the company during a close period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities.
- E.11 A summary of the provisions of the memorandum and articles of association of the issuer with regards to:

(a) any power enabling a director to vote on a proposal, arrangement, or contract in which he is materially interested;

(b) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body; and

(c) retirement or non-retirement of directors under an age limit.

E.12 Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person, referred to in E.01 above, was selected as a director or member of senior management.

E.13 Details relating to the issuer's audit, remuneration and nomination committees including the names of committee members and a summary of the terms of reference under which the committees operate.

**ID.F.00 Major shareholders and related party transactions**

F.01 The following information shall be provided regarding the issuer's major shareholders, which means shareholders that are the beneficial owners of at least 3% or more of each class of the issuer's voting securities:

a) provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as at the most recent practicable date, or an appropriate negative statement if there are no major shareholders;

b) disclose any significant change in the percentage ownership held by any major shareholders during the past three financial years; and

c) indicate whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.

F.02 Information shall be provided as to the portion of each class of securities held in Kenya and the number of shareholders in Kenya.



- F.03 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by any other corporation(s), foreign government or other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.
- F.04 Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
- F.05 In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in 10 % or more of the issuer's capital, together with the amount of each such person's interest.
- F.06 Provide information required on (a) and (b) below for the period since the beginning of the issuer's preceding two financial years (three where available) up to the date of the prospectus, with respect to transactions or loans between the issuer and:
- (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;
  - (b) associates;
  - (c) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;
  - (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and
  - (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the issuer and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a 10% interest in the voting power of the issuer are presumed to have a significant influence on the issuer including-

- (i) the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiary(ies) was a party; and
- (ii) the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above.

The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan, the transaction in which it was incurred, and the interest rate on the loan.

F.07 Full information of any material inter-company finance.

F.08 Where a statement or report attributed to a person as an expert is included in the prospectus, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of prospectus, and has not withdrawn his consent.

F.09 If any of the named experts employed on a contingent basis, owns an amount of shares in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.

#### **ID.G.00 Financial information**

G.01 A statement that the annual accounts of the issuer for the last two financial years (three where available) have been audited. If audited reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and reasons given.

G.02 A statement of what other information in the prospectus has been audited by the auditors.

G.03 Financial information as required by paragraphs G.14 and G.15 set out in the form of a comparative table together with any subsequent interim financial statements if available.

G.04 Financial information as required by paragraphs G.14 and G.15 set out in the form of an accountants' report.

G.05 If applicable, an accountant's report, as set out in paragraphs G.14 and G.15 on the asset which is the subject of the transaction.

G.06 (1) If the issuer prepares consolidated annual accounts only, it must include those accounts in the prospectus in accordance with paragraph G.03 or G.04.

(2) If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the prospectus in accordance with paragraph G.03 or G.04. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts with the approval of the Authority and such accounts shall be available for inspection in accordance with paragraph C. 07.

G.07 (1) Where the issuer includes its annual accounts in the prospectus, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last two financial years.

(2) Where the issuer includes consolidated annual accounts in the prospectus, it must state the consolidated profit or loss per share for each of the last two financial years; this information must appear in addition to that provided in accordance with (1) above where the issuer also includes its own annual accounts in the prospectus.

G.08 If, in the course of the last two financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in paragraph G.07 must be adjusted to make them comparable; in that event the basis of adjustment used must be disclosed.

G.09 Particulars of -

(a) the dividend policy to be adopted;

(b) the pro-forma balance sheet prior to and immediately after the proposed issue of securities; and

(c) the effect of the proposed issue of securities on the net asset value per share.

The above particulars must be prepared and presented in accordance with IAS. If the issuer is a holding company, the information must be prepared in consolidated form.

- G.10 The amount of the total dividends, the dividend per share and the dividend cover for each of the last two financial years, adjusted, if necessary, to make it comparable in accordance with paragraph G.08.
- G.11 (1) Where not more than nine months have elapsed since the end of the financial year to which the last published annual accounts relate, an interim audited financial statement covering at least the first six months following the end of that financial year must be included in or appended to the prospectus. Where not more than six months have elapsed since the end of the financial year, un-audited financial statements covering the period preceding the six months shall be included in the prospectus of the issuer whose securities are currently listed at a securities exchange.
- (2) Where the issuer prepares consolidated annual accounts, the interim financial statement must either be consolidated statements or include a statement that, in the opinion of the issuer's directors, the interim financial statements enable investors to make an informed assessment of the results and activities of the group for the period.
- G.12 A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.
- G.13 If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.
- G.14 A table showing the changes in financial position of the group over each of the last two financial years (three where available) in the form of a cash flow statement.
- G.15 (1) Information in respect of the matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits and losses -
- (a) the name and address of the registered office;
  - (b) the field of activity;
  - (c) the proportion of capital held;

- (d) the issued capital;
  - (e) the reserves;
  - (f) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
  - (g) the value at which the issuer shows in its accounts the interest held;
  - (h) any amount still to be paid up on shares held;
  - (i) the amount of dividends received in the course of the last financial year in respect of shares held; and
  - (j) the amount of the debts owed to and by the issuer with regard to the undertaking.
- (2) The items of information listed in (1) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least 20% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 20% of the consolidated net assets or at least 20% of the consolidated net profit or loss of the group.
- (3) The information required by (1) (e) and (f) above may be omitted where the undertaking in which a participating interest is held does not publish annual accounts.
- (4) The information required by (1)(d) to (j) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or, with the exception of (1)(i) and (j) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the Authority the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

G.16 The name, registered office and proportion of capital held in respect of each undertaking not failing to be disclosed under paragraph G.15(1) or (2) in which the issuer holds at least 20% of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer or group and of the rights attaching to the securities for which application is made.

G.17 When the prospectus includes consolidated annual accounts, disclosure:

- (a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with IAS);
- (b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph G.15; and
- (c) for each of the undertakings referred to in (b) above;
  - (i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or
  - (ii) the proportion of the consolidation calculated on the basis of interest, if consolidation has been effected on a pro rata basis.

G.18 Particulars of any arrangement under which future dividends are waived or agreed to be waived.

G.19 (1) Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the prospectus) of the following, if material:

- (a) the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;
- (b) the circumstances, if applicable, if the borrowing powers have been exceeded during the past two years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;
- (c) the total amount of any loan capital outstanding in all members of the group, and loan capital created but un issued, and term loans, distinguishing between loans guaranteed, un guaranteed, secured (whether the security is provided by the issuer or by third parties), and unsecured;
- (d) all off-balance sheet financing by the issuer and any of its subsidiaries;

- (e) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;
  - (f) the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
  - (g) how the borrowings required to be disclosed by paragraphs (c) to (f) above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.
- (2) An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (1) above; As a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary.
- (3) For each item identified in (1) above, where applicable -
- (a) the names of the lenders if not debenture holders;
  - (b) the amount, terms and conditions of repayment or renewal;
  - (c) the rates of interest payable on each item;
  - (d) details of the security, if any;
  - (e) details of conversion rights; and
  - (f) where the issuer or any of its subsidiaries has debts which are repayable within twelve months, state how the payments are to be financed.
- (4) If the issuer prepares consolidated annual accounts, the principles laid down in paragraph G.06 apply to the information set out in this paragraph G.19.

G.20 Details of material loans by the issuer or by any of its subsidiaries stating -

- (a) the date of the loan;
- (b) to whom made;
- (c) the rate of interest;
- (d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
- (e) the period of the loan;
- (f) the security held;
- (g) the value of such security and the method of valuation;
- (h) if the loan is unsecured, the reasons therefor; and
- (i) if the loan was made to another company, the names and addresses of the directors of such company.

- G.21 Details as described in paragraph G.20 above of loans made or security furnished by the issuer or by any of its subsidiaries for the benefit of any director or manager or any associate of any director or manager.
- G.22 Disclose how the loans receivable arose, stating whether they arose from the sale of assets by the issuer or any of its subsidiaries.
- G.23 A statement that in the opinion of the directors, the issued capital of the issuer (including the amount to be raised in pursuance of this issue) is adequate for the purposes of the business of the issuer and of its subsidiaries for the foreseeable future, and if the directors are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the issuer and its subsidiaries are, to be financed.
- G.24 The statement should be supported by a report from the issuer's auditor, reporting accountant, investment banker, sponsoring stockbroker or other adviser acceptable to the Authority.

The foreseeable future should normally be construed as the nine months subsequent to the date of the publication of the prospectus.

- G.25 The following information regarding the acquisition, within the last two financial years, or proposed acquisition by the issuer or any of its subsidiaries, of any securities in or the business undertaking of any other company or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively called "the property") or any option to acquire such property shall be disclosed –

- (a) the date of any such acquisition or proposed acquisitions;
- (b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property;



- (d) any goodwill paid and how such goodwill was or is to be accounted for;
- (e) any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
- (f) the nature of title or interest acquired or to be acquired;
- (g) details regarding the vendors as described in paragraph I.01;

G.26 The following details regarding any property disposed of during the past two years (three where available), or to be disposed of, by the issuer, or any of its subsidiaries-

- (a) the dates of any such disposal or proposed disposal;
- (b) the consideration received, detailing that settled by the receipt of securities or cash or by any other means and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property; and
- (d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest.

G.27 Where the financial statements provided under paragraphs G.01 to G.05 are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the exchange rate designated by the Central Bank of Kenya for this purpose, if any -

- (a) at the latest practicable date;
- (b) the high and low exchange rates for each month during the preceding twelve months; and
- (c) for the two most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

**ID.H.00 The offer and listing**

- H.01 An indication whether or not all the shares have been marketed or are available in whole or in part to the public in conjunction with the application.
- H.02 A statement of the resolutions, authorisations and approvals by virtue of which the shares have been or will be created and/or issued.
- H.03 The nature and amount of the issue.
- H.04 The number of shares which have been or will be created and/or issued, if predetermined.
- H.05
  - (1) A summary of the rights attaching to the shares for which application is made, and in particular the extent of the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of shares of the issuer in issue, like details must be given for each class.
  - (2) If the rights evidenced by the securities being offered or listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed or offered.
- H.06 The time limit (if any) after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.
- H.07 A statement regarding tax on the income from the shares withheld at source -
  - (a) in the country of origin; and
  - (b) in Kenya.
- H.08 Arrangements for transfer of the shares and (where permitted) any restrictions on their free transferability (for example, provisions requiring transfers to be approved).

- H.09 The fixed date(s) (if any) on which entitlement to dividends arises.
- H.10 Other securities exchanges (if any) where admission to listing is being or will be sought.
- H.11 The names and addresses of the issuer's registrar and paying agent(s) for the shares in any other country where admission to listing has taken place.
- H.12 The following information must be given concerning the terms and conditions of the issue of securities whether through a public or private placing with respect to the listing at a securities exchange where such issue or placing is being effected at the same time as the listing or has been effected within the three months preceding admission:
- (a) a statement of any right of pre-emption of shareholders exercisable in respect of the shares or of the disapplication of such right (and where applicable, a statement of the reasons for the disapplication of such right; in such cases, the directors' justification of the issue price where the issue is for cash; if the disapplication of the right of pre-emption is intended to benefit specific persons, the identity of those persons);
  - (b) the total amounts which have been or are being issued or placed and the number of shares offered, where applicable by category;
  - (c) if a public or private issue or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for any of these, details of any such tranche including -
    - (i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;
    - (ii) the issue premium and the amount of any expenses specifically charged to any subscriber or purchaser; and
    - (iii) the methods of payment of the price, particularly as regards the paying-up of shares which are not fully paid;
  - (d) The procedure for the exercise of any right of pre-emption, transferability of subscription rights and treatment of subscription rights not exercised;
  - (e) The period during which the issue or offer remained open or will remain open after publication of the prospectus, and the names of the receiving agents;

- (f) The names, addresses and descriptions of the persons underwriting or guaranteeing the issue and where the underwriter is a company, the description must include -
  - (i) the place and date of incorporation and registered number of the company;
  - (ii) the names of the directors of the company;
  - (iii) the name of the secretary of the company;
  - (iv) the bankers to the company; and
  - (v) the authorised and issued share capital of the company.
- (g) where not all of the issue has been or is being under-written or guaranteed, a statement of the portion not covered;
- (h) a statement or estimate of the overall amount and/or of the amount per share of the charges relating to the issue payable by the issuer, stating the total remuneration of the financial intermediaries, including the underwriting commission or margin, guarantee commission, placing or selling agent's commission; and
- (i) the estimated net proceeds accruing to the issuer from the issue and the intended application of such proceeds. If the capital offered is more than the amount of the minimum subscription referred to in paragraph H.13 below, the reasons for the difference between the capital offered and the said minimum subscription.

H.13 The minimum amount which, in the opinion of the directors, must be raised by the issue of the securities in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:

- (a) the purchase price of any property, as referred to in paragraph G.25, purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
- (b) any preliminary expenses payable by the issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting any securities of the issuer.
- (c) the repayment of any moneys borrowed in respect of any of the foregoing matters;

(d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;

(e) any other material expenditure, stating the nature and purpose(s) thereof and the estimated amount in each case;

(f) the amount(s) to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided; and

(g) if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the issuer or associates, disclose the person from whom they will be acquired and how the cost to the issuer will be determined.

H.14 A description of the shares for which application is made and, in particular, the number of shares and nominal value per share in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached.

H.15 If shares are to be marketed and no such shares have previously been sold to the public, a statement of the number of shares made available to the market (if any) and of their nominal value, or, if they have no nominal value, of their accounting par value, or a statement of the total nominal value and, where applicable, a statement of the minimum offer price.

H.16 The securities exchange at which the shares are to be listed and the dates on which the shares will be admitted to listing and on which dealings will commence.

H.17 The names of the securities exchanges (if any) on which shares of the same class are already listed.

H.18 If during the period covered by the last financial year and the current financial year, there has occurred any public takeover offer by a third party in respect of the issuer's shares, or any public takeover offer by the issuer in respect of another company's shares, a statement to that effect and a statement of the price or exchange terms attaching to any such offers and the outcome thereof.

- H.19 Where the shares for which application is being made are shares of a class which is already listed, information regarding the price history of the securities to be offered or listed shall be disclosed as indicated from (a) to (c) below. This information shall be given with respect to the market price at the securities exchange at which the securities are listed in Kenya and the principal trading market outside Kenya. If significant trading suspensions occurred in the prior two years, the issuer shall disclose -
- (a) for the two most recent full financial years, the annual high and low market prices;
  - (b) for the one most recent full financial year, and any subsequent period, the high and low market prices for each full financial quarter; and
  - (c) for the most recent six months, the high and low market prices for each month.
- H.20 A statement whether the issuer assumes responsibility for the withholding of tax at source.
- H.21 To the extent known to the issuer, indicate whether major shareholders, directors or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offering, or whether any person intends to subscribe for more than 5% of the offering.
- H.22 Identify any group of targeted potential investors to whom the securities are offered. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for any of these, indicate any such tranche.
- H.23 If securities are reserved for allocation to any group of targeted investors, including, for example, offerings to existing shareholders, directors, or employees and past employees of the issuer or its subsidiaries, provide details of these and any other preferential allocation arrangements
- H.24 Indicate whether the amount of the offering could be increased by the issuer or vendor by the exercise of a 'greenshoe' option subject to a maximum of 15% of the securities offered in the prospectus in case of over subscription of the securities.

- H.25 Indicate the amount, and outline briefly the plan of distribution of any securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of stockbrokers or dealers, describe the plan of distribution and the terms of any agreement or understanding with such entities and identify the stockbroker(s) or dealer(s) that will participate in the offering stating the amount to be offered through each.
- H.26 If the securities are to be offered in connection with the writing of exchange-traded call options where applicable in the case of an issuer whose securities are listed at a securities exchange outside Kenya, describe briefly such transactions.
- H.27 Where there is a substantial disparity between the public offering price and the effective cash cost to directors or senior management, or affiliated persons, of securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offering and the effective cash contributions of such persons.
- H.28 Disclose the amount and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date.
- H.29 In the case of a subscription offering to existing shareholders, disclose the amount and percentage of immediate dilution if they do not subscribe to the new offering.
- H.30 The following information on expenses shall be provided:
- (a) the total amount of the discounts or commissions agreed upon by the underwriters or other placement or selling agents and the issuer shall be disclosed, as well as the percentage such commissions represent of the total amount of the offering and the amount of discounts or commissions per share;

(b) an itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the securities to be listed or offered and by whom the expenses are payable, if other than the issuer.

The following expenses shall be disclosed separately:

- (i) advertisement;
- (ii) printing of prospectus;
- (iii) approval and listing fees;
- (iv) brokerage commissions;
- (v) financial advisory fees;
- (vi) legal fees; and
- (vii) Underwriting fees.

If any of the securities are to be offered for the account of a selling shareholder, indicate the portion of such expenses to be borne by such shareholder. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given; and

(c) a statement or estimate of the overall amount, percentage and amount per share of the charges relating to the issue payable by the issuer, stating the total remuneration of the intermediaries, including the underwriting commission or margin, guarantee commission, placing or selling agent's commission.

H.31 Disclose the minimum amount which in the opinion of the directors must be raised through the issue of securities in form of total subscriptions in shares and value.

**ID.I.00 Vendors**



- I.01 The names and addresses of the vendors of any assets purchased or acquired by the issuer or any subsidiary company during the two years preceding the publication of the prospectus or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid or payable to each vendor, and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding two years. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of the company if required by the Authority. Where this information is unobtainable, the reasons therefor are to be stated.
- I.02 State whether or not the vendors have given any indemnities, guarantees or warranties.
- I.03 State whether the vendors agreements preclude the vendors from carrying on business in competition with the issuer or any of its subsidiaries, or impose any other restriction on the vendor, and disclose of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.
- I.04 State how any liability for accrued taxation, or any apportionment thereof to the date of acquisition, will be settled in terms of the vendors' agreements.
- I.05 Where securities are purchased in a subsidiary company, reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in companies other than subsidiary companies, a statement as to how the value of the securities was arrived at.
- I.06 Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.
- I.07 The amount of any cash or securities paid or benefit given within two preceding years or proposed to be paid or given to any promoter not being a director, and the consideration for such payment or benefit.
- I.08 State whether the assets acquired have been transferred into the name of the issuer or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

**FIXED INCOME SECURITIES MARKET SEGMENT DISCLOSURE  
REQUIREMENTS FOR PUBLIC ISSUES**

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**ID.A.00 Identity of directors, senior management and advisers (i.e. persons responsible for the information disclosed)**

A.01 The name, home or business address and function of each of the persons giving the declaration set out in paragraph A.02

A.02 A declaration in the following form:

The directors of [the issuer], whose names appear on page [ ] of the prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

A.03 The names, addresses and qualifications of the auditors who have audited the issuer's annual accounts in accordance with IAS for the last two financial years.

A.04 If auditors have resigned, have been removed or have not been re-appointed during the last two financial years and have deposited a statement with the issuer of circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed.

A.05 The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the prospectus has been attributed.

**ID.B.00 Offer statistics and expected timetable**

B.01

(1) A statement that the Authority has approved the public offering and listing of the securities at the Fixed Income Securities Market Segment of a securities exchange.

(2) Cautionary statement of the Authority.

B.02 A statement that a copy of the prospectus has been delivered to the Registrar.

**ID.C.00 Information on the issuer**

- C.01 The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last three years, the old name must be printed in bold type under the new name.
- C.02 The country of incorporation of the issuer.
- C.03 The date of incorporation and the length of life of the issuer, except where indefinite.
- C.04 The legislation under which the issuer operates and the legal form which it has adopted under that legislation.
- C.05 A description of the issuer's principal objects and reference to the clause(s) of the memorandum of association in which they are described.
- C.06 The place and date of registration of the issuer and its registration number.
- C.07 A statement that for a period of not less than five working days from the date of the information memorandum or for the duration of any offer to which the information memorandum relates, if longer, at a named place as the Authority may approve, where the following documents or copies thereof (where applicable) could be inspected:
- (a) the memorandum and articles of association of the issuer;
  - (b) any trust deed of the issuer or of its subsidiary undertakings which is referred to in the information memorandum;
  - (c) each document mentioned in paragraphs C.12 (material contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
  - (d) copies of service agreements with managers or secretary/ies, underwriting, vendors' and promoters' agreements entered into during the last two financial years;
  - (e) the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;

(f) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the prospectus;

(g) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the prospectus, including, in the case of a company incorporated in Kenya, all notes, reports or information required by the Companies Act.

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C.08 Where any of the documents listed in paragraph C.07 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph C.12 (material contracts), a translation of a summary of such document may be made available for inspection, if the Authority so requires.

C.09 The amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.

C.10 The names of the persons so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement, which may lead to their adopting a common policy in respect of the issuer.

C.11 If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the name of and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.

C.12 A summary of the principal contents of :

(a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the prospectus, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph C.07; and

(b) any contractual arrangement with a controlling shareholder required to ensure that the issuer is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group.

- C.13 If any contract referred to in paragraph C.12 relates to the acquisition of securities in an unlisted subsidiary, or associated company, where all securities in the issuer have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the issuer, or associated companies, or its subsidiaries is interested and to what extent.
- C.14 A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.
- C.15 Details of any material changes in the businesses of the issuer during the past five years.
- C.16 Where the information given pursuant to paragraphs C.14 to C.15 has been influenced by exceptional factors, that fact must be mentioned.
- C.17 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous four months) a significant effect on the group's financial position or an appropriate negative statement.
- C.18 Information on any interruptions in the group's business, which may have or have had during the recent past (covering at least the previous four months) a significant effect on the group's financial position.

C.19 Information concerning the principal investments (including new plant, factories and research and development) being made during the current financial year, with the exception of interests being acquired in other undertakings, including -

(a) the geographical distribution of these investments; and

(b) the method of financing such investments.

C.20 Information concerning the group's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments.

C.21 Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.

C.22 The basis for any statements made by the issuer regarding its competitive position shall be disclosed.

**ID.D.00 Operating and financial review and prospectus (the recent development and prospects of the group)**

D.01 Unless otherwise approved by the Authority in exceptional circumstances:

(a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular -

(i) the most significant recent trends in production, sales and stock and the state of the order book; and

(ii) recent trends in costs and selling prices; and

(b) Information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

- D.02 Provide information on the risk factors that are specific to the issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".
- D.03 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out; there must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.
- D.04 The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

**ID.E.00 Directors and employees**

E.01 The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group:

(a) directors, alternate and proposed directors of the issuer and each of its material subsidiaries including details of other directorships;

(b) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and

(c) founders, if the issuer has been established as a family business or in existence for fewer than five years and the nature of family relationship, if any.

(d) Detailed disclosure of chief executive or other senior management changes planned or expected during twenty four months following the issue and listing of the security or appropriate negative statement.

E.02 In the case of a foreign issuer, information similar to that described in E.01, relative to the local management, if any. Where the Authority considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.

E.03 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3% of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.

**ID.F.00 Major shareholders and related party transactions**

F.01 The following information shall be provided regarding the issuer's major shareholders, which means shareholders that are the beneficial owners of at least 3% or more of the issuer's voting securities:

a) provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders;

b) disclose any significant change in the percentage ownership held by any major shareholders during the past three financial years; and

c) indicate whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.

F.02 Information shall be provided as to the portion of each class of securities held in Kenya and the number of shareholders in Kenya.

F.03 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.

F.04 Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.



F.05 In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in 10% or more of the issuer's capital, together with the amount of each such person's interest.

F.06 Provide information required on (a) and (b) below for the period since the beginning of the issuer's preceding five financial years up to the date of the information memorandum, with respect to transactions or loans between the issuer and:

(a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;

(b) associates;

(c) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;

(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and

(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the issuer and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a 10% interest in the voting power of the issuer are presumed to have a significant influence on the issuer, including:

- (i) the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiaries was a party; and
- (ii) the information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, nature of the costs, the transaction(s) in which it was incurred and the interest rate on such transaction(s).
- (iii) the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiary(ies) to or for the benefit of any of the persons listed above.

F.07 Full information of any material inter-company finance.

F.08 Where a statement or report attributed to a person as an expert is included in the information memorandum, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the information memorandum, and has not withdrawn his consent.

F.09 If any of the named experts was employed on a contingent basis, owns an amount of shares in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.

**ID.G.00 Financial information**

G.01 A statement that the annual accounts of the issuer for the last three financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given.

G.02 A statement of what other information in the prospectus has been audited by the auditors.

G.03 Financial information as required by paragraphs G.09 to G.11 set out in the form of a comparative table together with any subsequent interim financial statements if available.

G.04 Financial information as required by paragraphs G.09 to G.11 set out in the form of an accountants' report.

- G.05 If applicable, an accountants' report, as set out in paragraphs G.09 to G.11 on the asset which is the subject of the transaction.
- G.06 (a) If the issuer prepares consolidated annual accounts only, it must include those accounts in the prospectus in accordance with paragraph G.03 or G.04.
- (b) If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the prospectus in accordance with paragraph G.03 or G.04. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts, with the approval of the Authority.
- G.07 (a) Where the issuer includes its own annual accounts in the prospectus, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last five financial years.
- (b) Where the issuer includes consolidated annual accounts in the prospectus, it must state the consolidated profit or loss per share for each of the last five financial years; this information must appear in addition to that provided in accordance with (a) above where the issuer also includes its own annual accounts in the prospectus.
- G.08 A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.
- G.09 If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.
- G.10 A table showing the changes in financial position of the group over each of the last three financial years in the form of a cash flow statement.

G.11 The accountant's report shall disclose a proforma balance sheet, profit and loss account and a cash flow projection for the next twelve months following the issue and the following ratios for the last three financial years immediately preceding the issue -

- (a) earnings before interest and taxes interest cover;
- (b) funds from operations to total debt percentage;
- (c) free cash flow to total debt percentage;
- (d) total free cash flow to short-term debt obligations;
- (e) not profit margin;
- (f) post-tax return (before financing on capital employed);
- (g) long term debt to capital employed; and
- (h) total debt to equity.

G.12 Where the prospectus includes consolidated annual accounts, disclosures are required:

(a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with IAS);

(b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph G.15; and

(c) for each of the undertakings referred to in (b) above -

(i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or

(ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.

G.13

(1) Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the prospectus) of the following, if material -

- (a) the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;
  - (b) the circumstances, if applicable, if the borrowing powers have been exceeded during the past two years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;
  - (c) the total amount of any loan capital outstanding in all members of the group, and loan capital created but un-issued, and term loans, distinguishing between loans guaranteed, un-guaranteed, secured (whether the security is provided by the issuer or by third parties), and unsecured;
  - (d) all off-balance sheet financing by the issuer and any of its subsidiaries;
  - (e) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un-guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;
  - (f) the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
  - (g) how the borrowings required to be disclosed by paragraphs (c) to (f) above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.
- (2) An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (1) above; as a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary
- (3) For each item identified in (1) above, where applicable -
- (a) the names of the lenders, if not debenture holders;
  - (b) the amount, terms and conditions of repayment or renewal;
  - (c) the rates of interest payable on each item;

(d) details of the security, if any;

(e) details of conversion rights;

(f) where the issuer or any of its subsidiaries has debts which are repayable within twelve months, state how the payments are to be financed; and

(g) if the issuer prepares consolidated annual accounts, the principles laid down in paragraph G.06 apply to the information set out in this paragraph G.13.

G.14 Details of material loans by the issuer or by any of its subsidiaries stating:

(a) the date of the loan;

(b) to whom made;

(c) the rate of interest;

(d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;

(e) the period of the loan;

(f) the security held;

(g) the value of such security and the method of valuation;

(h) if the loan is unsecured, the reasons therefor; and

(i) if the loan was made to another company, the names and addresses of the directors of such company.

G.15 (1) Information in respect to matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits or losses –

(a) the name and address of the registered office;

(b) field of activity;

(c) the proportion of capital held;

- (d) the issued capital;
- (e) the reserves;
- (f) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
- (g) the value at which the issuer shows in its accounts the interest held;
- (h) any amount still to be paid up on shares held;
- (i) the amount of dividends received in the course of the last financial year in respect of shares held; and
- (j) the amount of the debts owed to and by the issuer with regard to the undertaking.

- (2) The items of information listed in (1) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least 20% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 20% of the consolidated net assets or at least 20% of the consolidated net profit or loss of the group.
- (3) The information required by (1) (e) and (f) above maybe omitted where the undertaking in which a participating interest is held does not publish annual accounts.
- (4) The information required by (1) (d) to (j) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts, or, with the exception of (1) (i) and (j) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the Authority, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of securities in question.

G.16 A statement by the directors of the issuer that in their opinion the working capital available to the group is sufficient for the group's present requirements, or, if not, how it is proposed to provide the additional working capital thought by the directors of the issuer to be necessary. The working capital statement should be prepared on the group, as enlarged by the acquisition of assets.

G.17 Where the financial statements provided under paragraphs G.01 to G.05 are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the mean exchange rate designated by the Central Bank of Kenya for this purpose, if any:

(a) at the latest practicable date;

(b) the high and low exchange rates for each month during the preceding twelve months;

(c) for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period; and

(d) if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the issuer or associates, disclose the person from whom they will be acquired and how the cost to the issuer will be determined.

**FL.H.00 The debt securities for which application is being made**

H.01 A statement that application has been made to the Authority for the securities to be listed (if applicable) in the Fixed Income Securities Market Segment, setting out the relevant debt securities.

H.02 A statement whether or not all the debt securities have been marketed or are available in whole or in part to the public in conjunction with the application.

H.03 A statement that a copy of the information memorandum or prospectus, as the case may be, has been delivered to the Registrar.

H.04 The nominal amount of the debt securities and if this amount is not fixed, a statement to that effect must be made.

H.05 The nature, number and numbering of the debt securities and the denominations.

H.06 Except in the case of continuous issues of short-term debt securities, the issue and redemption prices and nominal interest rate. If several interest rates or variable interest rates are provided for, an indication of the conditions for changes in the rate.

H.07 The procedures for the allocation of any other advantages and the method of calculating such advantages.



- H.08 A statement regarding tax on the income from the debt securities withheld at source  
-
- (a) in the country of origin (if applicable); and
- (b) in Kenya.
- H.09 A statement whether the issuer assumes responsibility for the withholding of tax at source.
- H.10 Arrangements for the amortization of the loan, including the repayment procedures.
- H.11 The names and addresses of the issuer's registrar and paying agent(s) for the securities in any other country where the securities listing (if applicable) has taken place.
- H.12 The currency of the loan and any currency option; if the loan is denominated in units of account, the contractual status of such units.
- H.13 The final repayment date and any earlier repayment dates.
- H.14 The date from which interest becomes payable and the due dates for interest.
- H.15 The time limit on the validity of claims to interest and repayment of principal.
- H.16 The procedures and time limits for delivery of the debt securities, and a statement as to whether temporary documents of title will be issued.
- H.17 Except in the case of continuous issues in respect of short term securities, a statement of yield. The method whereby that yield is calculated must be described in summary form.
- H.18 A statement of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued.
- H.19 The nature and amount of the issue.
- H.20 The number of debt securities which have been or will be created and/or issued.

- H.21 The nature and scope of the guarantees, sureties and commitments intended to ensure that the loan will be duly serviced as regards both the repayment of the debt securities and the payment of interest.
- H.22 Details of trustees or of any other representation for the body of debt security holders.
- H.23 (1) The name, function, description and head office of the trustee or other representative of the debt security holders; and
- (2) The main terms of the document governing such trustee-ship or representation and in particular the conditions under which such trustee or representative may be replaced.
- H.24 A summary of clauses subordinating the loan to other debts of the issuer already contracted or to be contracted.
- H.25 A statement of the legislation under which the debt securities have been created and the courts competent in the event of litigation.
- H.26 A statement whether the debt securities are in registered or certificate form or where dematerialised a statement of account to be issued.
- H.27 Details of any arrangements for transfer of the securities and any restrictions on the free transferability of the debt securities.
- H.28 Other securities exchanges (if any) where listing is being or will be sought.
- H.29 (1) The names, addresses and descriptions of the persons underwriting or guaranteeing the issue, and -
- (a) where the underwriter is a company, the description must include -
- (i) the place and date of incorporation and registered number of the issuer;
- (ii) the names of the directors of the company;
- (iii) the name of the secretary of the company;
- (iv) the bankers to the company where applicable; and
- (iv) the authorised and issued share capital of the company.

(b) (i) Where the issue is fully or partially guaranteed, the guarantor shall assume the responsibility and redemption obligation under the issue and in that regard, shall satisfy the Authority of its financial capacity to guarantee the issue.

(ii) Where the guarantor is a bank or an insurance company licensed to operate in Kenya, the consent of the Central Bank of Kenya or the Commissioner of Insurance, as the case may be, will be required.

(2) Where not all of the issue is underwritten or guaranteed, a statement of the portion not covered shall be made.

H.30 If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.

H.31 The names of the securities exchanges (if any) on which debt securities of the same class are already listed.

H.32 If debt securities of the same class have not yet been listed but are dealt in on one or more other regulated, regularly operating, recognised, open markets, an indication of such markets.

H.33 If an issue is being effected at the same time as listing or has been effected within the three months preceding such listing the following information must be given:

(a) the procedure for the exercise of any right of pre-emption; the negotiability of subscription rights, the treatment of subscription rights not exercised and -

(i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;

(ii) the issue premium or discount and the amount of any expenses specifically charged to the subscriber or purchaser; and

(iii) the methods of payment of the price, particularly as regards the paying-up of securities which are not fully paid.

(b) except in the case of continuous debt security issues, the period during which the issue or offer remained open or will remain open and any possibility of early closure.

(c) the methods of and time limits for delivery of the securities and a statement as to whether temporary documents of title have been or will be issued.

(d) the names of the receiving agents.

(e) a statement, where necessary, that the subscriptions may be reduced and a statement of the relative facts where it is the intention, in the event of over subscription, to extend a preference on allotment to any particular company or group such as employees and pension funds.

(f) except in the case of continuous debt security issues, the estimated net proceeds of the loan. If the capital offered is more than the amount of the minimum subscription referred to in paragraph H.34, the reason for the difference between the capital offered and the said minimum subscription.

(g) the purpose of the issue and intended application of its proceeds.

H.34 The minimum amount which, in the opinion of the directors, must be raised by the issue of the securities in order to provide the sums, or, if any part thereof is to be order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:

(a) the purchase price of any property, purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;

(b) any preliminary expenses payable by the issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting or guaranteeing any securities of the issuer;

(c) the repayment of any moneys borrowed in respect of any of the forgoing matters;

(d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;

(e) any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case; and

(f) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided.

H.35 A summary of the rights conferred upon the holders of the debt securities and particulars of the security (if any) therefor.

H.36 Where debt securities are issued by way of conversion or replacement of debt securities previously issued, a statement of all material differences between the security for the old debt securities and the security for the new debt securities, or, if appropriate, a statement that the security for the new debt securities is identical with all security for the old debt securities.

H.37 Particulars of the profits cover for interest (if fixed), and of the net tangible assets.

H.38 Where the debt securities for which application is being made are offered by way of rights or open offer to the holders of an existing listed security, the following information must be given:

- (a)
  - (i) the pro rata entitlement;
  - (ii) the last date on which transfers were or will be accepted for registration for participation in the issue;
  - (iii) how the securities rank for interest;
  - (iv) the nature of the document of title and its proposed date of issue;
- (b) in the case of a rights issue or open offer, how debt securities not taken up will be dealt with and the time in which the offer may be accepted;
- (c) a statement pointing out possible tax implications for non-residents.

H.39 In respect of convertible debt securities, information concerning the nature of the shares offered by way of conversion, exchange or for subscription and the rights attaching thereto.

H.40 In respect of convertible debt securities, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended.

H.41 Where the debt securities for which application is being made are debt securities of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.

H.42 Where an issuer seeks to raise additional capital amounting to twenty percent or more of the aggregate value of its listed fixed income securities such issuer shall obtain prior approval of the holders of such listed fixed income securities and the Authority.

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### **THIRD SCHEDULE**

#### **PART D**

**(r.10(1) (d) )**

#### **DISCLOSURE REQUIREMENTS FOR LISTING BY INTRODUCTION**

##### **ID.A.00** Directors and advisers

A.01 A declaration in the following form:

The directors of [the issuer], whose names appear on page [ ] of the information memorandum, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

A.02 The name, home or business address and function of each of the persons giving the declaration set out in paragraph A.01

A.03 The names, addresses and qualifications of the auditors who have audited the issuer's annual accounts in accordance with International Financial Reporting Standards (IFRS) for the last three financial years.

A.04 If auditors have resigned, have been removed or have not been re-appointed during the last three financial years and have deposited a statement with the issuer of circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed.

A.05 The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting

accountants and any other expert to whom a statement or report included in the Information Memorandum has been attributed.

**ID.B.00 Listing Statistics**

B.01 (1) A statement that the Authority has approved the listing of the securities on the relevant market segment of a securities exchange.

(2) Cautionary statement of the Authority.

B.02 A statement that a copy of the Information Memorandum has been delivered to the Registrar.

B.03 The proposed listing price and the basis of determining the price.

B.04 The total amount of the securities to be listed.

**ID.C.00 Information on the issuer**

C.01 The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last five years, the old name must be printed in bold type under the new name.

C.02 The country of incorporation of the issuer.

C.03 The date of incorporation and the length of life of the issuer, except where indefinite.

C.04 The legislation under which the issuer operates and the legal form which it has adopted under that legislation.

C.05 A description of the issuer's principal objects with reference to its constitution documents.

C.06 The place and date of registration of the issuer and its registration number.

C.07 A statement that for a period of not more than fourteen days before the date of listing and until fourteen days after the date of listing, at a named place as the Authority may agree, the following documents (or copies thereof), where applicable, could be inspected-

a. The Information Memorandum;

b. the constitution documents of the issuer;

- c. any trust deed of the issuer or of its subsidiary undertakings which is referred to in the Information Memorandum;
- d. each document mentioned in paragraphs C.17 (material contracts) and E.11 (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
- e. copies of service agreements with managers or secretary/ies; underwriting, vendors' and promoters' agreements entered into during the last two financial years;
- f. in the case of a listing in connection with a merger, the division of a company, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the issuer has not prepared its own or consolidated annual accounts (as appropriate);
- g. the latest competent person's report, in the case of a mineral company-
- h. the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
- i. all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the Information Memorandum;
- j. written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report pursuant to paragraph G.04 and giving the reasons therefore; and
- k. the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the five financial years preceding the publication of the Information Memorandum, including, in the case of a company incorporated in Kenya, all notes, reports or information required by the Companies Act.

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C.08 Where any of the documents listed in paragraph C.07 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph C.17 (material contracts), a translation of a summary of such document may be made available for inspection, if the Authority so requires.



C.09 The amount of the issuer's authorised and issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.

Where the issuer has authorised but un-issued capital or is committed to increase the capital, an indication of:

C.10

(a) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;

(b) the categories of persons having preferential subscription rights for such additional portions of capital; and

(c) the terms and arrangements for the share issue corresponding to such portions.

C.11 If the issuer has shares not representing capital:

(a) the number and main characteristics of such shares;

(b) the amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and

(c) a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

C.12 A summary of the provisions of the issuer's constitution documents regarding the respective rights of the various classes of securities.

C.13 A summary of the changes during the three preceding years in the amount of the issued capital of the issuer and, if material, the capital of any member of the group and/or the number and classes of securities of which it is composed. Intra group issues by partly owned subsidiaries and changes in the capital structure of subsidiaries which have remained wholly owned throughout the period may be disregarded. Such summary must also state the price and terms granted and (if not already fully paid) the dates when any instalments are in arrears.

C.14 The names of the persons, so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.

- C.15 The history of any change in the controlling shareholder(s) and trading objectives of the issuer and its subsidiaries during the previous two financial years. A statement of the new trading objectives and the manner in which the new objects will be implemented. If the issuer or the group, as the case may be, carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results. The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar.
- C.16 If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the name of and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.
- C.17 A summary of the principal contents of:
- (a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the Information Memorandum, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph C.07; and
  - (b) any contractual arrangement with a controlling shareholder required to ensure that the company is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group.
- C.18 If any contract referred to in paragraph C.17 relates to the acquisition of securities in an unlisted subsidiary, or associate company, where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the issuer, or associate companies, or its subsidiaries is interested and to what extent.

- C.19 Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the three years immediately preceding the date of publication of the Information Memorandum, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit. Where the interest of such promoter consists in being a member of a partnership, company, syndicate or other association of persons, the nature and extent of the interest of such partnership, company, syndicate or other association, and the nature and extent of such promoter's interest in the partnership, company, syndicate or other association.
- C.20 A statement of all sums paid or agreed to be paid within the three years immediately preceding the date of publication of the Information Memorandum, to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the issuer.
- C.21 Where securities are listed in connection with any merger, division of a company, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets-
- (a) a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied;
  - (b) if the total emoluments receivable by the directors of the issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect; and
  - (c) if the business of the issuer or any of its subsidiaries or any part thereof is managed or is proposed to be managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.
- C.22 A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.

- C.23 For the business described in paragraph C.22 above, the degree of any government protection and of any investment encouragement law affecting the business.
- C.24 Information on any significant new products and/or activities.
- C.25 A breakdown of net turnover during the last five financial years by categories of activity and into geographical markets in so far as such categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services falling within the group's ordinary activities are organised.
- C.26 The location, size and tenure of the group's principal establishments and summary information about land or buildings owned or leased. Any establishment which accounts for more than ten per centum of net turnover or production shall be considered a principal establishment.
- C.27 Details of any material changes in the businesses of the issuer during the past five years.
- C.28 Where the information given pursuant to paragraphs C.22 to C.27 has been influenced by exceptional factors, that fact must be mentioned.
- C.29 Summary of information on the extent to which the group is dependent, if at all, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are of fundamental importance to the group's business or profitability.
- C.30 Particulars of royalties payable or items of a similar nature in respect of the issuer and any of its subsidiaries.
- C.31 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous nine months) a significant effect on the group's financial position or an appropriate negative statement.
- C.32 Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous nine months) a significant effect on the group's financial position.
- C.33 A description, with figures, of the main investments made, including interests such as shares, debt securities etc., in other undertakings over the last five financial years and during the current financial year.

- C.34 Information concerning the principal investments (including new plant, factories and research and development) during the current financial year being made, with the exception of interests being acquired in other undertakings, including -
- (a) the geographical distribution of these investments; and
  - (b) the method of financing such investments.
- C.35 Information concerning the group's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments.
- C.36 Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.
- C.37 The basis for any statements made by the issuer regarding its competitive position shall be disclosed.

**ID.D.00 Operating and financial review (the recent development and prospects of the group)**

- D.01 Unless otherwise approved by the Authority in exceptional circumstances-
- (a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular;
    - (i) the most significant recent trends in production, sales, stocks and the state of the order book; and
    - (ii) recent trends in costs and selling prices; and
  - (b) Information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the Information Memorandum and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.
- D.02 Provide information on the risk factors that are specific to the issuer or its industry in a section headed "Risk Factors" and highlight those that make the security speculative or high risk.

D.03 Describe-

(a) the extent to which the financial statements disclose material changes in net revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or service.

(b) the impact of inflation if material - if the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and discussion of the impact of the hyperinflation on the issuer's business shall be disclosed;

(c) the impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by the currency borrowing and other hedging instruments; and

(d) the impact of any governmental factors that have materially affected or could materially affect, directly or indirectly, the issuer's operations or investments by the host country shareholders.

D.04 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out. There must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.

D.05 The opinion of the directors, stating the grounds therefore, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

**ID.E.00 Directors and employees**

E.01 The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group:

(a) directors, alternate and proposed directors of the issuer and each of its subsidiaries including details of other directorships;

- (b) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and
  - (c) founders, if the issuer has been established as a family business or in existence for fewer than five years and the nature of family relationship, if any.
  - (d) detailed disclosure of chief executive or other senior management changes planned or expected during twenty four months following the listing of the security or appropriate negative statement.
- E.02 A description of other relevant business interests and activities of every such person as is mentioned in paragraph E.01 and, if required by the Authority particulars of any former forename or surname of such persons.
- E.03 In the case of a foreign issuer, information similar to that described in E.01 and E.02 above, relative to the local management, if any. Where the Authority considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.
- E.04 The total aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group during the last two completed financial years under any description whatsoever.
- E.05 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of three per centum of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the Information Memorandum, or if there has been no such change, disclosure of that fact.
- E.06 All relevant particulars regarding the nature and extent of any interests of directors of the issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the issuer during
- (a) the current or immediately preceding financial year; or

(b) an earlier financial year and remain in any respect outstanding or unperformed; or

(c) an appropriate negative statement.

E.07 The total of any outstanding loans granted by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit.

E.08 Details of any schemes for involving the staff in the capital of any member of the group.

E.09 Particulars of any arrangement under which a director of the issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments which occurred during the past financial year and particulars of waivers in force at the date of the Information Memorandum.

E.10 An estimate of the amounts payable to directors of the issuer, including proposed directors, by any member of the group for the current financial year under the arrangements in force at the date of the listing Information Memorandum.

E.11 Details of existing or proposed directors' service contracts (excluding contracts previously made available for inspection in accordance with paragraph C.07 and not subsequently varied); such details to include the matters specified in paragraphs (a) to (g) below or an appropriate negative statement:

(a) the name of the employing company;

(b) the date of the contract, the unexpired term and details of any notice periods;

(c) full particulars of the director's remuneration including salary and other benefits;

(d) any commission or profit sharing arrangements;

(e) any provision for compensation payable upon early termination of the contract;



- (f) details of any other arrangements which are necessary to enable investors to estimate the possible liability of the company upon early termination of the contract; and
- (g) details relating to restrictions prohibiting the director, or any person acting on his behalf or connected to him, from any dealing in securities of the company during a close period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities.

E.12 A summary of the provisions of the constitution documents of the issuer regarding -

- (a) any power enabling a director to vote on a proposal, arrangement, or contract in which he is materially interested;
- (b) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body; and
- (c) retirement or non-retirement of directors under an age limit.

E.13 Any arrangement or understanding with major security holders, customers, suppliers or others, pursuant to which any person referred to in E.01 above, was selected as a director or member of senior management.

E.14 The average numbers of employees and changes therein over the last five financial years (if such changes are material), with, if possible, a breakdown of persons employed by main categories of activity.

E.15 Details relating to the issuer's audit committee, remuneration committee and nomination committee including the names of committee members and a summary of the terms of reference under which the committees operate.

**ID.F.00 Major shareholders and related party transactions**

F.01 The following information shall be provided regarding the issuer's major security holders, which means security holders that are the beneficial owners of at least three per centum or more of each class of the issuer's voting securities:

a) provide the names of the major security holders, and the number of securities and the percentage of outstanding securities of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major security holders;

b) disclose any significant change in the percentage ownership held by any major security holders during the past three years; and

c) indicate whether the issuer's major security holders have different voting rights, or an appropriate negative statement.

F.02 Information shall be provided as to the portion of each class of securities held in Kenya and the number of security holders in Kenya.

F.03 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by any other corporation, foreign government or any other natural or legal person severally or jointly, and, if so, give the name of such controlling corporation, government or other person, and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.

F.04 Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

F.05 In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in ten per centum or more of the issuer's capital, together with the amount of each such person's interest.

F.06 Provide the information required on (a) and (b) below for the period since the beginning of the issuer's preceding five financial years up to the date of the Information Memorandum, with respect to transactions or loans between the issuer and:

(a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;

(b) associates;

(c) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;

(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and

(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major security holders of the issuer and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a ten per centum interest in the voting power of the issuer are presumed to have a significant influence on the issuer including:

(i) the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiary(ies) was a party; and

(ii) the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above.

The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan, the transaction in which it was incurred, and the interest rate on the loan.

F.07 Full information of any material inter-company finance.

F.08 Where a statement or report attributed to a person as an expert is included in the prospectus, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the Information Memorandum, and has not withdrawn his consent.

- F.09 If any of the named experts employed on a contingent basis, owns an amount of securities in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the listing, provide a brief description of the nature and terms of such contingency or interest.
- F.10 Provide a copy of the share register to the Authority

**ID.G.00 Financial information**

- G.01 A statement that the annual accounts of the issuer for the last five financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given.
- G.02 A statement of what other information in the Information Memorandum has been audited by the auditors.
- G.03 Financial information as required by paragraphs G.14 and G.15 set out in the form of a comparative table together with any subsequent interim financial statements if available.
- G.04 Financial information as required by paragraphs G.14 and G.15 set out in the form of an accountants' report.
- G.05 If applicable, an accountants' report, as set out in paragraphs G.14 and G.15 on the asset which is the subject of the transaction.
- G.06 (1) If the issuer prepares consolidated annual accounts only, it must include those accounts in the Information Memorandum in accordance with paragraph G.03 or G.04.
- (2) If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the prospectus in accordance with paragraph G.03 or G.04. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts with the approval of the Authority and such accounts shall be available for inspection in accordance with paragraph C. 07.
- G.07 (1) Where the issuer includes its annual accounts in the Information Memorandum, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last five financial years.

(2) Where the issuer includes consolidated annual accounts in the Information Memorandum, it must state the consolidated profit or loss per share for each of the last five financial years; this information must appear in addition to that provided in accordance with (1) above where the issuer also includes its own annual accounts in the Information Memorandum.

- G.08 If, in the course of the last five financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in paragraph G.07 must be adjusted to make them comparable; in that event the basis of adjustment used must be disclosed.
- G.09 Particulars of the dividend policy to be adopted;
- G.10 The amount of the total dividends, the dividend per share and the dividend cover for each of the last two financial years, adjusted, if necessary, to make it comparable in accordance with paragraph G.08.
- G.11 A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.
- G.12 If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.
- G.13 A table showing the changes in financial position of the group over each of the last five financial years in the form of a cash-flow statement.
- G.14 (1) Information in respect of the matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits and losses -
- (a) the name and address of the registered office;
  - (b) the field of activity;
  - (c) the proportion of capital held;
  - (d) the issued capital;
  - (e) the reserves;

- (f) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
- (g) the value at which the issuer shows in its accounts the interest held;
- (h) any amount still to be paid up on securities held;
- (i) the amount of dividends received in the course of the last financial year in respect of shares held; and
- (j) the amount of the debts owed to and by the issuer with regard to the undertaking.

(2) The items of information listed in (1) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least twenty per centum of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least twenty per centum of the consolidated net assets or at least twenty per centum of the consolidated net profit or loss of the group.

(3) The information required by (1) (e) and (f) above may be omitted where the undertaking in which a participating interest is held does not publish annual accounts.

(4) The information required by (1)(d) to (j) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or, with the exception of 1(i) and (j) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the Authority, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

G.15 The name, registered office and proportion of capital held in respect of each undertaking not failing to be disclosed under paragraph G.15 (1) or (2) in which the issuer holds at least twenty per centum of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer or group and of the rights attaching to the securities to be listed.

G.16 When the Information Memorandum includes consolidated annual accounts, disclosure:

(a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with International Financial Reporting Standards (IFRS));

(b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph G.15; and

(c) for each of the undertakings referred to in (b) above -

(i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or

(ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.

G.17 Particulars of any arrangement under which future dividends are waived or agreed to be waived.

G.18 (1) Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the Information Memorandum) of the following, if material:

(a) the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;

(b) the circumstances, if applicable, under which the borrowing powers have been exceeded during the past three years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;

- (c) the total amount of any loan capital outstanding in all members of the group, and loan capital created but un-issued, and term loans, distinguishing between loans guaranteed, un-guaranteed, secured (whether the security is provided by the issuer or by third parties), and unsecured;
  - (d) all off-balance sheet financing by the issuer and any of its subsidiaries;
  - (e) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un-guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;
  - (f) the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
  - (g) how the borrowings required to be disclosed under paragraphs (c) to (f) above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.
- (2) An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (1) above; As a general rule, no account shall be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary.
- (3) For each item identified in (1) above, where applicable -
- (a) the names of the lenders if not debenture holders;
  - (b) the amount, terms and conditions of repayment or renewal;
  - (c) the rates of interest payable on each item;
  - (d) details of the security, if any;
  - (e) details of conversion rights; and
  - (f) where the issuer or any of its subsidiaries has debts which are repayable within twelve months, state how the payments are to be financed.
- (4) If the issuer prepares consolidated annual accounts, the principles laid down in paragraph G.06 apply to the information set out in this paragraph G.19.

G.19 Details of material loans by the issuer or by any of its subsidiaries stating -



- (a) the date of the loan;
- (b) to whom made;
- (c) the rate of interest;
- (d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
- (e) the period of the loan;
- (f) the security held;
- (g) the value of such security and the method of valuation;
- (h) if the loan is unsecured, the reasons therefor; and
- (i) if the loan was made to another company, the names and addresses of the directors of such company.

G.20 Details as described in paragraph G.20 above of loans made or security furnished by the issuer or by any of its subsidiaries for the benefit of any director or manager or any associate of any director or manager.

G.21 Disclose how the loans receivable arose, stating whether they arose from the sale of assets by the issuer or any of its subsidiaries.

G.22 A statement that in the opinion of the directors, the issued capital of the issuer is adequate for the purposes of the business of the issuer and of its subsidiaries for the foreseeable future, and if the directors are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the issuer and its subsidiaries are to be financed. The statement should be supported by a report from the issuer's auditor, reporting accountant, investment banker, sponsoring stockbroker or other adviser acceptable to the Authority.

The foreseeable future should normally be construed as the nine months subsequent to the date of the publication of the Information Memorandum.

G.23 The following information regarding the acquisition, within the last five years, or proposed acquisition by the issuer or any of its subsidiaries, of any securities in or the business undertaking of any other company or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively called "the property") or any option to acquire such property shall be disclosed -

- (a) the date of any such acquisition or proposed acquisitions;
- (b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property;
- (d) any goodwill paid and how such goodwill was or is to be accounted for;
- (e) any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
- (f) the nature of title or interest acquired or to be acquired;
- (g) details regarding the vendors as described in paragraph I.01; and

G.24 The following details regarding any property disposed of during the past five years, or to be disposed of, by the issuer, or any of its subsidiaries -

- (a) the dates of any such disposal or proposed disposal;
- (b) the consideration received, detailing that settled by the receipt of securities or cash or by any other means and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property; and
- (d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest.

G.25 Where the financial statements provided under paragraphs G.01 to G.05 are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the mean exchange rate designated by the Central Bank of Kenya for this purpose, if any -

(a) at the latest practicable date;

(b) the high and low exchange rates for each month during the preceding twelve months; and

(c) for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

**ID.H.00 The offer and listing**

H.01 A statement of the resolutions, authorisations and approvals by virtue of which the securities are to be listed.

H.02 The nature and amount of the securities to be listed.

H.03 (1) A summary of the rights attaching to the securities, and in particular the extent of the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of shares of the issuer in issue, like details must be given for each class.

(2) If the rights evidenced by the securities being listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed.

(3) The time limit (if any) after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.

H.04 A statement regarding tax on the income from the shares withheld at source -

(a) in the country of origin; and

(b) in Kenya.

H.05 The fixed date(s) (if any) on which entitlement to dividends arises.

- H.06 Details of any other securities exchanges (if any) where admission to listing is being or will be sought.
- H.07 The names and addresses of the issuer's registrar and paying agent(s) for the shares in any other country where admission to listing has taken place.
- H.08 The following information must be given concerning the terms and conditions of the listing at a securities exchange where such listing is being effected at the same time as the subject listing or has been effected within the three months preceding application of the subject listing-
- (a) if the listing has been or is being made simultaneously on the markets of two or more countries
    - (i) the listing price, stating the nominal value or, in its absence, the accounting par value; and
    - (ii) the share premium;
  - (b) the period during which the Information Memorandum will be available prior to the admission to listing and the names of the agents where the Information Memorandum may be accessed;
  - (c) a statement or estimate of the overall amount of the charges relating to the listing payable by the issuer, stating the total remuneration of the financial intermediaries
- H.9 A description of the securities for which application is made and, in particular, the number of securities and nominal value per security or, in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached.
- H.10 The securities exchange at which the securities will be listed and the dates on which the securities will be admitted to listing and on which dealings will commence.
- H.11 The names of the securities exchanges (if any) on which securities of the same class are already listed.
- H.12 If during the period covered by the last financial year and the current financial year, there has occurred any public takeover offer by a third party in respect of the issuer's shares, or any public takeover offer by the issuer in respect of another company's shares, a statement to that effect and a statement of the price or exchange terms attaching to any such offers and the outcome thereof.

- H.13 A statement whether the issuer assumes responsibility for the withholding of tax at source.
- H.14 Where there is a substantial disparity between the listing price and the effective cash cost to directors or senior management, or affiliated persons, of securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison between that offer price and the listing price.
- H.15 Disclose the amount and percentage of immediate dilution resulting from the listing, computed as the difference between the listing price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date.
- H.16 The following information on expenses shall be provided-
- (a) the total amount of the discounts or commissions agreed upon by the financial intermediaries and the issuer shall be disclosed, as well as the percentage such commissions represent of the total amount of the listing costs per share;
  - (b) an itemised statement of the major categories of expenses incurred in connection with the listing and by whom the expenses are payable, if other than the issuer. The following expenses shall be disclosed separately-
    - (i) advertisement;
    - (ii) printing of Information Memorandum;
    - (iii) approval and listing fees;
    - (iv) financial advisory fees; and
    - (v) legal fees;
- The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given; and
- (c) a statement or estimate of the overall amount, percentage and amount per share of the charges relating to the listing are payable by the issuer, stating the total remuneration of the intermediaries.

**ID.I.00 Vendors**

- I.01 The names and addresses of the vendors of any assets purchased or acquired by the issuer or any subsidiary company during the five years preceding the publication of the Information Memorandum or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid or payable to each vendor, and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding five financial years. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of the company, if required by the Authority. Where this information is unobtainable, the reasons therefor are to be stated.
- I.02 State whether or not the vendors have given any indemnities, guarantees or warranties.
- I.03 State whether the vendors' agreements preclude the vendors from carrying on business in competition with the issuer or any of its subsidiaries, or impose any other restriction on the vendor, and disclose details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.
- I.04 State how any liability for accrued taxation, or any apportionment, thereof to the date of acquisition, will be settled in terms of the vendors' agreements.
- I.05 Where securities are purchased in a subsidiary company, reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in companies other than subsidiary companies, a statement as to how the value of the securities was arrived at.
- I.06 Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.
- I.07 The amount of any cash or securities paid or benefit given within five preceding years or proposed to be paid or given to any promoter not being a director, and the consideration for such payment or benefit.
- I.08 State whether the assets acquired have been transferred into the name of the issuer or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

**GROWTH ENTERPRISES MARKET SEGMENT DISCLOSURE REQUIREMENTS**

**ID.A.00 Identity of directors, senior management and advisors (i.e persons responsible for the information disclosed)**

A.01 The name, home or business address and function of each of the persons giving the declaration set out in paragraph A.02.

A. 02 A declaration in the following form-

The directors of the issuer, whose names appear on page [ ], of the listing statement accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.

A.03 The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the listing statement has been attributed.

**ID.B.00 Offer statistics and expected timetable**

B.01 (1) A statement that the Securities Exchange has approved listing of the shares on the Growth Enterprise Market Segment of the securities exchange.

(2) Cautionary statement of the Exchange.

B.02 The proposed listing price and the basis of determining the price.

B.03 The total amount of the securities to be listed.

**ID.C.00 Information on the issuer**

C.01 The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last two years, the old name must be printed in bold type under the new name.

C.02 The country of incorporation of the issuer.

C.03 The date of incorporation and the length of life of the issuer, except where indefinite.

C.04 The legislation under which the issuer operates and the legal form which it has adopted under that legislation.

C.05 A description of the issuer's principal objects and reference to the clause(s) of the memorandum of association in which they are described.

C.06 The place and date of registration of the issuer and its registration number.

C.07 A statement that for a period of not less than five working days from the date of the listing statement, at a named place as the Securities Exchange may agree, the following documents (or copies thereof), where applicable, could be inspected-

- (a) the memorandum and articles of association of the issuer;
- (b) any trust deed of the issuer or of its subsidiary companies which is referred to in the listing statement;
- (c) each document mentioned in paragraphs C.18 (material contracts) and E.10 (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
- (d) copies of service agreements with managers or secretary/ies, underwriting, vendors' and promoters' agreements entered into during the last two financial years;
- (e) in the case of an issue of shares in connection with a merger, the division of a company, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the issuer has not prepared its own or consolidated annual accounts (as appropriate);



- (f) the latest competent person's report, in the case of a mineral company;
- (g) the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
- (h) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the listing statement;
- (i) written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report in accordance with paragraph G.04 and giving the reasons therefor; and
- (j) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for at least one year (two years, if the issuer has been in existence for such a period) preceding the publication of the listing statement, including, in the case of a company incorporated in Kenya, all notes, reports or information required under the Companies Act (Cap. 486).

C.08 Where any of the documents listed in paragraph C.07 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph C.18 (material contracts), a translation of a summary of such document may be made available for inspection, if the securities exchange so requires.

C.09 The amount of the issuer's authorized and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.

C.10 Where the issuer has authorized but un issued capital or is committed to increase the capital, an indication of-

- (a) the amount of such authorized capital or capital increase and, where appropriate, the duration of the authorization;
- (b) the categories of persons having preferential subscription rights for such additional portions of capital; and
- (c) the terms and arrangements for the share issue corresponding to such portions.

C.11 If the issuer has shares not representing capital-

- (a) the number and main characteristics of such shares;
- (b) the amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and
- (c) a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

C.12 A summary of the provisions of the issuer's memorandum and articles of association regarding changes in the capital and in the respective rights of the various classes of securities.

C.13 If an issuer has been in operation, a summary of the changes during the preceding one financial year in the amount of the issued capital of the issuer and, if material, the capital of any member of the group or the number and classes of securities of which it is composed. Intra group issues by partly owned subsidiaries and changes in the capital structure of subsidiaries which have remained wholly owned throughout the period may be disregarded. Such summary must also state the price and terms granted and (if not already fully paid) the dates when any installments are in arrears. If any asset has been acquired or is to be acquired out of the proceeds of the issue, its value must be stated. If there are no such issues, an appropriate negative statement must be made.

C.14 The names of the persons so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons.

For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.

C. 15 Details of any change in controlling shareholder(s) as a result of the issue.

C.16 The history of any change in the controlling shareholder(s) and trading objectives of the issuer and its subsidiaries during the previous financial year.

A statement of the new trading objectives and the manner in which the new objectives will be implemented. If the issuer or the group, as the case may be, carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results.

The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar.

C.17 If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the issuer is a subsidiary undertaking, the name and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.

C.18 A summary of the principal contents of -

- (a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the year immediately preceding the publication of the listing statement, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group, unless such contracts have been available for inspection in the last year in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph C.07; and
- (b) any contractual arrangement with a controlling shareholder required to ensure that the company is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group.

C.19 If any contract referred to in paragraph C.18 relates to the acquisition of securities in an unlisted subsidiary, or associate company where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the issuer, or associate companies, or its subsidiaries is interested and to what extent.

C.20 Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the year immediately preceding the date of publication of the listing statement, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit. Where the interest of such promoter consists in being a member of a partnership, company, syndicate or other association of persons, the nature and extent of the interest of such partnership, company, syndicate or other association, and the nature and extent of such promoter's interest in the partnership, company, ' syndicate or other association.

C.21 A statement of all sums paid or agreed to be paid within the year immediately preceding the date of publication of the listing statement, to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the issuer.

C.22 Where securities are issued in connection with any merger, division of a company, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets —

- (a) a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied;
- (b) If the total emoluments receivable by the directors of the issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect; and
- (c) (c) if the business of the issuer or any of its subsidiaries or any part thereof is managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.

C.23 A description of the group's principal activities, stating the main category of products sold or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.

C.24 For the business (es) described in paragraph C.23 above, the degree of any government protection and of any investment encouragement law affecting the business (es).

C.25 Information on any significant new products or activities.

C.26 Particulars of royalties payable or items of a similar nature in respect of the issuer and any of its subsidiaries.

C.27 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous four months) a significant effect on the group's financial position or an appropriate negative statement.

C.28 Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous four months) a significant effect on the group's financial position.

C.29 A description, with figures, of the main investments made, including interests such as shares, debt securities etc., in other undertakings over the last financial year and during the current financial year.

C.30 Information concerning the principal investments (including new plant, factories and research and development) during the current financial year being made, with the exception of interests being acquired in other undertakings, including -

- (a) the geographical distribution of these investments; and

(b) the method of financing such investments.

C.31 Information concerning the group's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuers directors have already made firm commitments.

C.32 Information concerning policy on the research and development of new products and processes over the past two financial years, where significant.

C.33 The basis for any statements made by the company regarding its competitive position shall be disclosed.

**ID.D.00 Operating and financial review and listing statements (the recent development and prospects of the group)'**

D.01 Unless otherwise approved by a securities exchange in exceptional circumstances and with the approval of the Authority:

If the issuer had declared annual accounts in the past-

- (a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, if the issuer has published annual accounts in the past, and in particular —
  - (i) the most significant recent trends in production, sales and stocks and the state of the order book; and
  - (ii) recent trends in costs and selling prices; and
- (b) information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing statement and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

D.02 Provide information on the risk factors that are specific to the issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".

D.03 Describe the-

- (a) extent to which the financial statements disclose material changes in net revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume

- or amount of products or services being sold or to the introduction of new products or services;
- (b) impact of inflation if material -if the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a history of the annual rate of inflation covering the period, and discussion of the impact of the hyperinflation on the issuer's business shall be disclosed;
  - (c) impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by the currency borrowing and other hedging instruments; and
  - (d) impact of any material governmental factors that have materially affected or could materially affect, directly or indirectly the issuer's operations or investments by the host country shareholders.

D.04 Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out. There must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.

D.05 The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

#### **ID.E.00 Directors and employees**

E.01 The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group:

- (a) directors, alternate and proposed directors of the issuer and each ' of its subsidiaries, including details of other directorships;
- (b) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and
- (c) founders, if the issuer has been established as a family business or has been in existence for fewer than five years and the nature of family relationship, if any; and

- (d) detailed disclosure of chief executive or other senior management changes planned or expected during twenty four months following the issue and listing of the security or appropriate negative statement.

E.02 A description of other relevant business interests and activities of every such person as is mentioned in paragraph E.01 and, if required by the securities exchange particulars of any former forename or surname of such persons.

E.03 In the case of a foreign issuer, information similar to that described in E.01 and E.02 above, relative to the local management if any. Where the securities exchange considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.

E.04 The total aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group during the last completed financial year under any description whatsoever.

E.05 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 5% of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the listing statement, or if there has been no such change, disclosure of that fact.

E.06 All relevant particulars regarding the nature and extent of any interests of directors of the issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the issuer during —

- (a) the current or immediately preceding financial year; or
- (b) an earlier financial year and remain in any respect outstanding or unperformed; or
- (c) an appropriate negative statement

E.07 The total of any outstanding loans granted by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit.

E.08 Particulars of any arrangement under which a director of the issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments in force at the date of the listing statement.

E.09 An estimate of the amounts payable to directors of the issuer, including proposed directors, by any member of the group for the current financial year under the arrangements in force at the date of the listing statement.

E.10 Details of existing or proposed directors' service contracts (excluding contracts previously made available for inspection in accordance with paragraph C.07 and not subsequently varied); such details to include the matters specified in paragraphs (a) to (g) below or an appropriate negative statement:

- (a) the name of the employing company;
- (b) the date of the contract, the un-expired term and details of any notice periods;
- (c) full particulars of the director's remuneration including salary and other benefits;
- (d) any commission or profit sharing arrangements;
- (e) any provision for compensation payable upon early termination of the contract;
- (f) details of any other arrangements which are necessary to enable investors to estimate the possible liability of the company upon early termination of the contract; and
- (g) details relating to restrictions prohibiting the director, or any person acting on his behalf or connected to him, from any dealing in securities of the company during a close period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities.

E. 11 A summary of the provisions of the constitution documents of the issuer regarding —

- (a) any power enabling a director to vote on a proposal, arrangement, or contract in which he is materially interested;
- (b) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body; and
- (c) retirement or non-retirement of directors under an age limit.

E. 12 Any arrangement or understanding with major security holders, customers, suppliers or others, pursuant to which any person referred to in E.01 above, was selected as a director or member of senior management.

E.13 Details relating to the issuer's audit committee, remuneration committee and nomination committee including the names of committee members and a summary of the terms of reference under which the committees operate.

#### **ID.F.00 Major shareholders and related party transactions**



F.01 The following information shall be provided regarding the issuer's major security holders,, which means security holders that are the beneficial owners of at least three per cent or more of each class of the issuer's voting securities:

- (a) provide the names of the major security holders, and the number of securities and the percentage of outstanding securities of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major security holders;
- (b) disclose any significant change in the percentage ownership held by any major security holders during the past year; and
- (c) indicate whether the issuer's major security holders have different voting rights, or an appropriate negative statement.

F.02 Information shall be provided as to the portion of each class of securities held in Kenya and the number of security holders in Kenya.

F.03 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by any other corporation, foreign government or any other natural or legal person severally or jointly, and, if so, give the name of such controlling corporation, government or other person, and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.

F.04 Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

F.05 In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in 3% per cent or more of the issuer's capital, together with the amount of each such person's interest.

F.06 Provide the information required on (a) and (b) below for the period since the beginning of the issuer's preceding five financial years up to the date of the Information Memorandum, with respect to transactions or loans between the issuer and:

- (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;
- (b) associates;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;

- (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and
- (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major security holders of the issuer and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a 3% interest in the voting power of the issuer are presumed to have a significant influence on the issuer including:
  - (i) the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiary(ies) was a party; and
  - (ii) the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above.

The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan, the transaction in which it was incurred, and the interest rate on the loan.

F.07 Full information of any material inter-company finance.

F.08 Where a statement or report attributed to a person as an expert is included in the listing statement, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorized the contents of that part of the listing statement, and has not withdrawn his consent.

F.09 If any of the named experts employed on a contingent basis, owns an amount of securities in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the listing, provide a brief description of the nature and terms of such contingency or interest.

F.10 Provide a copy of the share register to the securities exchange.

## **ID.G.00 Financial information**

G.01 Financial information as required by paragraphs G.11 and G.12 set out in the form of an accountants' report.

G.02 If applicable, an accountants' report, as set out in paragraphs G.11 and G.12 on the asset which is the subject of the transaction.

G.03 (1) If the issuer prepares consolidated annual accounts only, it must include those accounts in the listing statement in accordance with paragraph G.01.

(2) If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the listing statement in accordance with paragraph G.03 or

G.04. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts with the approval of the securities exchange and such accounts shall be available for inspection in accordance with paragraph C. 07.

G.04 (1) Where the issuer includes its annual accounts in the listing statement, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last one financial year.

(2) Where the issuer includes consolidated annual accounts in the listing statement, it must state the consolidated profit or loss per share for each of the preceding financial year; this information must appear in addition to that provided in accordance with (1) above where the issuer also includes its own annual accounts in the listing statement.

G.05 If, in the course of the preceding financial year, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or re-organisation of capital, the profit or loss per share referred to in paragraph G.07 must be adjusted to make them comparable; in that event the basis of adjustment used must be disclosed.

G.06 Particulars of the dividend policy to be adopted;

(a) the dividend policy to be adopted;

(b) the pro-forma balance sheet prior to and immediately after the proposed issue of securities;

(c) the effect of the proposed issue of securities on the net asset value per share.

The above particulars must be prepared and presented in accordance with IAS. If the issuer is a holding company, the information must be prepared in a consolidated form.

G.07 The amount of the total dividends, the dividend per share and the dividend cover for each of the last financial year, adjusted, if necessary, to make it comparable in accordance with paragraph G.05.

G.09 A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.

G.10 If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.

G.11 A table showing the changes in financial position of the group over each of the last one financial year in the form of a cash-flow statement.

G.12 (1) Information in respect of the matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits and losses —

- (a) the name and address of the registered office;
- (b) the field of activity;
- (c) the proportion of capital held;
- (d) the issued capital;
- (e) the reserves;
- (f) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
- (g) the value at which the issuer shows in its accounts the interest held;
- (h) any amount still to be paid up on securities held;
- (i) the amount of dividends received in the course of the last financial year in respect of shares held; and
- (j) the amount of the debts owed to and by the issuer with regard to the undertaking.

(2) The items of information listed in (1) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least twenty per cent of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least twenty per cent of the consolidated net assets or at least twenty per cent of the consolidated net profit or loss of the group.

(3) The information required by (1) (e) and (f) above may be omitted where the undertaking in which a participating interest is held does not publish annual accounts.

(4) The information required by (1)(d) to (j) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or, with the exception of 1(i) and (j) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the securities exchange, the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

G. 13 The name, registered office and proportion of capital held in respect of each undertaking not failing to be disclosed under paragraph G.12 (1) or (2) in which the issuer holds at least twenty per centum of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer or group and of the rights attaching to the securities to be listed.

G.14 When the listing statement includes consolidated annual accounts, disclosure:

- (a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with International Financial Reporting Standards (IFRS));
- (b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph G.12; and
- (c) for each of the undertakings referred to in (b) above -
  - (i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or
  - (ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.

G.15 Particulars of any arrangement under which future dividends are waived or agreed to be waived.

G. 1 6 (1) Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the listing statement of the following, if material:

- (a) the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;
- (b) the circumstances, if applicable, under which the borrowing powers have been exceeded during the past three years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;
- (c) the total amount of any loan capital outstanding in all members of the group, and loan capital created but unissued, and term loans, distinguishing between loans guaranteed, un-guaranteed, secured (whether the security is provided by the issuer or by third parties), and unsecured;
- (d) all off-balance sheet financing by the issuer and any of its subsidiaries;
- (e) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un-guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;
- (f) the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
- (g) how the borrowings required to be disclosed under paragraphs (c) to (f) above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.

(2) An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (1) above; As a general rule, no account shall be taken of liabilities or guarantees between undertakings within same group, a statement to that effect being made if necessary.

(3) For each item identified in (1) above, where applicable –

- (a) the names of the lenders if not debenture holders;
- (b) the amount, terms and conditions of repayment or renewal;
- (c) the rates of interest payable on each item;
- (d) details of the security, if any;
- (e) details of conversion rights; and
- (f) where the issuer or any of its subsidiaries has debts which are repayable within twelve months, state how the payments are to be financed.

(4) The principles set out in paragraph G.06 shall apply where the issuer prepares consolidated annual accounts under this paragraph.

G.17 Details of material loans by the issuer or by any of its subsidiaries stating —

- (a) the date of the loan;
- (b) to whom made;
- (c) the rate of interest;
- (d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
- (e) the period of the loan;
- (f) the security held;
- (g) the value of such security and the method of valuation;
- (h) if the loan is unsecured, the reasons therefor; and
- (i) if the loan was made to another company, the names and addresses of the directors of such company.

G.18 Details as described in paragraph

G.17 above of loans made or security furnished by the issuer or by any of its subsidiaries for the benefit of any director or manager or any associate of any director or manager.

G.19 Disclose how the loans receivable arose, stating whether they arose from the sale of assets by the issuer or any of its subsidiaries.

G.20 A statement that in the opinion of the directors, the issued capital of the issuer is adequate for the purposes of the business of the issuer and of its subsidiaries for the foreseeable future, and if the directors are of the opinion that it is inadequate; the extent of the inadequacy and the manner in which and the sources from which the issuer and its subsidiaries are to be financed. The statement should be supported by a report from the issuer's auditor, reporting accountant, investment banker, sponsoring stockbroker or other adviser acceptable to the Authority.

The foreseeable future should normally be construed as the nine months subsequent to the date of the publication of the listing statement.

G.21 The issuer shall make the following information regarding the acquisition, within the last year, or proposed acquisition by the issuer or any of its subsidiaries, of any securities in or the business undertaking of any other company or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively called "the property") or any option to acquire such property shall be disclosed -

- (a) the date of any such acquisition or proposed acquisitions;
- (b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property;
- (d) any goodwill paid and how such goodwill was or is to be accounted for;
- (e) any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
- (f) the nature of title or interest acquired or to be acquired; and
- (g) details regarding the vendors as described in paragraph I.O.

G.22 The following details regarding any property disposed of during the past year, or to be disposed of, by the issuer, or any of its subsidiaries —

- (a) the dates of any such disposal or proposed disposal;



- (b) the consideration received, detailing that settled by the receipt of securities or cash or by any other means and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property; and
- (d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest.

Where the financial statements provided under paragraphs G.01 to G.05 are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the mean exchange rate designated by the Central Bank of Kenya for this purpose, if any —

- (a) at the latest practicable date;
- (b) the high and low exchange rates for each month during the preceding twelve months; and
- (c) for the most recent financial year and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

#### **ID.H.00 The listing**

H.01 A statement of the resolutions, authorizations and approvals by virtue of which the securities are to be listed.

H.02 The nature and amount of the securities to be listed.

H.03 (1 ) A summary of the rights attaching to the securities, and in particular the extent of the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of shares of the issuer in issue, like details must be given for each class.

(2) If the rights evidenced by the securities being listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed.

(3) The time limit (if any) after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.

H.04 A statement regarding tax on the income from the shares withheld at source —

(a) in the country of origin; and

(b) in Kenya.

H.05 The fixed date(s) (if any) on which entitlement to dividends arises.

H.06 Details of any other securities exchanges (if any) where admission to listing is being or will be sought.

H.07 The following information must be given concerning the terms and conditions of the listing at a securities exchange where such listing is being effected at the same time as the subject listing or has been effected within the three months preceding application of the subject listing-

(a) if the listing has been or is being made simultaneously on the markets of two or more countries

(i) the listing price, stating the nominal value or, in its absence, the accounting par value; and

(ii) the share premium;

(b) the period during which the listing statement will be available prior to the admission to listing and the names of the agents where the listing statement may be accessed;

(c) a statement or estimate of the overall amount of the charges relating to the listing payable by the issuer, stating the total remuneration of the financial intermediaries

H.9 A description of the securities for which application is made and, in particular, the number of securities and nominal value per security or, in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached.

H.10 The securities exchange at which the securities will be listed and the dates on which the securities will be admitted to listing and on which dealings will commence.

H.11 The names of the securities exchanges (if any) on which securities of the same class are already listed.

H.12 If during the period covered by the last financial year and the current financial year, there has occurred any public takeover offer by a third party in respect of the issuer's shares, or any

public takeover offer by the issuer in respect of another company's shares, a statement to that effect and a statement of the price or exchange terms attaching to any such offers and the outcome thereof.

H.13 A statement whether the issuer assumes responsibility for the withholding of tax at source.

H.14 Where there is a substantial disparity between the listing price and the effective cash cost to directors or senior management, or affiliated persons, of securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison between that offer price and the listing price.

H.15 Disclose the amount and percentage of immediate dilution resulting from the listing, computed as the difference between the listing price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date.

H.16 The following information on expenses shall be provided-

- (a) the total amount of the discounts or commissions agreed upon by the financial intermediaries and the issuer shall be disclosed, as well as the percentage such commissions represent of the total amount of the listing costs per share;
- (b) an itemised statement of the major categories of expenses incurred in connection with the listing and by whom the expenses are payable, if other than the issuer. The following expenses shall be disclosed separately-
  - (i) advertisement;
  - (ii) printing of listing statement;
  - (iii) approval and listing fees;
  - (iv) financial advisory fees; and
  - (v) the legal fees;

The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given; and

- (c) a statement or estimate of the overall amount, percentage and amount per share of the charges relating to the listing are payable by the issuer, stating the total remuneration of the intermediaries.

## **ID.I.00 Vendors**

I.01 The names and addresses of the vendors of any assets purchased or acquired by the issuer or any subsidiary company during the year preceding the publication of the Information Memorandum or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid or payable to each vendor, and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding five financial years. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of the company, if required by the Authority. Where this information is unobtainable, the reasons therefor are to be stated.

I.02 State whether or not the vendors have given any indemnities, guarantees or warranties.

I.03 State whether the vendors' agreements preclude the vendors from carrying on business in competition with the issuer or any of its subsidiaries, or impose any other restriction on the vendor, and disclose details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.

I.04 State how any liability for accrued taxation, or any apportionment, thereof to the date of acquisition, will be settled in terms of the vendors' agreements.

I.05 Where securities are purchased in a subsidiary company, reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in companies other than subsidiary companies, a statement as to how the value of the securities was arrived at.

I.06 Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.

I.07 The amount of any cash or securities paid or benefit given within the preceding year or proposed to be paid or given to any promoter not being a director, and the consideration for such payment or benefit.

I.08 State whether the assets acquired have been transferred into the name of the issuer or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

## FOURTH SCHEDULE (r.11)

### **DISCLOSURE REQUIREMENTS FOR ADDITIONAL ISSUES (Rights, scrip dividend, capitalization issues and open offers.)**

1. An issuer of securities to the public must ensure equality of treatment for all holders of such securities of the same class in respect of all rights attaching to such securities.
2. An issuer proposing to issue shares for cash may first offer those shares to existing shareholders in proportion to their existing holdings. Only to the extent that the securities are not taken up by such persons under the offer, may they then be issued for cash to others or otherwise than in the proportion to their existing holdings.
3. An issuer shall not issue shares which confer a controlling interest without prior approval of shareholders in general meeting through a special resolution.
4. An issuer intending to make an additional issue should make an announcement within twenty-four hours from the board's resolution to recommend the additional issue to the shareholders and such announcement shall state that the issue is subject to the approval of the shareholders and the Authority.
5. (1) Where an issuer obtains a general approval from the shareholders to issue shares for purposes of acquisition and authorizes directors to issue such shares for that purpose, the directors shall disclose to the shareholders and the general public any acquisition involving such shares in which an existing shareholder has an interest, or where the shareholding percentage or structure of the existing shareholding will change as a result of such acquisition.  
  
(2) Where as a result of such acquisition a shareholder by virtue of shares arising out of the acquisition is in a position to exercise control of an issuer, such acquisition shall only be carried out with a special resolution of the shareholders in general meeting notwithstanding the existence of the general provisions.
6. Where an issuer which has listed shares has received notification from its parent company that the parent company proposes to participate in future issues of shares by the issuer not made to existing shareholders in proportion to their existing holdings (in order to maintain its percentage shareholding in the issuer), such participation shall first be authorised by the shareholders in general meeting by special resolution and such authority shall be valid for a period of twelve months unless renewed by shareholders at another general meeting.
7. An issuer must obtain the consent of shareholders before any subsidiary company of the issuer makes any issue of shares for cash or transfer of existing shares of such subsidiary company so as to materially dilute the issuer's percentage interest in the shares of that

subsidiary company. For the purposes of this paragraph and paragraph 5 (1) above, a subsidiary company which represents 25% or more of the aggregate of the share capital and reserves or profits (after deducting all charges except taxation and excluding extraordinary items) of the group will be regarded as a major subsidiary company.

8. The obligation to obtain the consent of shareholders set out in paragraph 7 does not apply if the subsidiary company is itself listed and so must comply with paragraph 6. In such a case, the issuer must ensure that its equity interest in the subsidiary company is not materially diluted through any new cash issue or transfer of shares by such subsidiary company. In the case of a rights issue, if the issuer does not propose to take up its rights, an arrangement must be made for the rights to be offered to its shareholders so that they can avoid a material dilution in their percentage equity interest.
9. In a rights issue or open offer an issuer need not comply with paragraph (8) above with respect to:
  - (a) securities representing fractional entitlements; or
  - (b) securities which the directors of the issuer consider necessary or expedient to exclude from the offer on account of either legal problems under the laws of any territory, or the requirements of a regulatory body, provided that the Authority's consent is obtained.
10. In relation to a rights issue in which shareholders are given the right to participate in proportion to the amount of existing shares, such rights shall allow for renunciability in part or in whole in favour of a third party at the option of the entitled shareholders.
11. In relation to rights issues the issuer shall fix the closing date for the receipt of applications for, and acceptance of the new shares not later than thirty days after the books closing date.
12. An issuer shall issue to the persons entitled to a rights issue within ten days after a books closing date:
  - (a) letter of entitlement of rights; and
  - (b) provisional letter of allotment incorporating:
    - (i) form of acceptance;
    - (ii) request for splits;
    - (iii) form of renunciation; and
    - (iv) excess shares application form.
13. Except in the case of a rights issue to shareholders, no director of an issuer shall be given preferential allotment directly or indirectly in an issue of shares or other securities with rights of conversion to shares unless shareholders in general meeting have approved of the

specific allotment to be made to such director.

The notice of meeting shall state:

- (a) the number of securities to be so allotted;
- (b) the precise terms and conditions of the issue; and
- (c) that such directors shall abstain from exercising any voting rights.

14. When shareholders are offered a specific entitlement in a new issue of shares, such entitlement must be on pro rata basis with no restrictions placed on the number of shares to be held before entitlements accrue.

15. Once the basis of the entitlement is declared the issuer shall not make any subsequent alterations to such entitlements.

16. (1) Where the shares for which application is being made are offered by way of rights, open offer or otherwise or allotted by way of capitalization of reserves or undistributed profits or scrip dividend to the existing shareholders, the application shall be lodged with the Authority at least ten days prior to the date of books closure.

(2) The Authority shall be at liberty to impose such conditions as it deems fit for the protection of existing shareholders and potential investors in approving the application

(3) Where the shareholders resolutions have not been obtained, the Authority may approve the application subject to the approval of the shareholders.

17. (1) The issuer's application shall state:

(a) the applicant's name and date, place and number of incorporation;

(b) the dates of resolutions passed by its board of directors and shareholders (where already obtained) furnish certified copies as required under the Companies Act, authorizing the issue of new shares, and if there were any proceedings of a court of law involved, the date and outcome of such proceedings;

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(c) designation or title of each class of shares proposed for additional listing and its amount, par value and whether fully paid;

(d) the number of additional shares to be listed;

- (e) the effective date on which the additional shares are to be fully qualified for admission to trading;
- (f) the exchange at which the applicant's shares are listed;
- (g) purpose of issuance;
- (h) the names of the persons responsible for the application;
- (i) number of shares authorized by the articles and number of shares issued and fully paid;
- (j) where applicable, the number of un-issued shares of each class of security reserved for issuance for any purpose, and purpose for which they are reserved;
- (k) a brief description of the rights attached to the shares with regard to voting, dividends, liquidation proceeds, pre-emption in future capital increases or any other special circumstances;
- (l) the date with effect from which the additional shares will qualify for dividend, whether dividend will be paid in full, and the circumstances relevant to the time limitation on the right to dividend;
- (m) the nature of the document of title (if any) and its proposed date of issue;
- (n) how any fractions will be treated;
- (o) details regarding the proposed listing of the letters of allocation, the subsequent listing of the new shares and the amount payable in respect of listing fees;
- (p) details regarding the letters of allocation such as -
  - (i) acceptance;
  - (ii) renunciation;
  - (iii) splitting; and
  - (iv) mode of payment.
- (q) in the case of a rights or scrip dividend issue or open offer -
  - (i) how shares not taken up will be dealt with and the time in which the offer may be accepted;
  - (ii) whether or not the documents of title (if any) are renounceable; and



- (iii) a statement in bold and uppercase, on the front page, drawing shareholders' attention to the type of election to be made (i.e. whether shareholders will receive either cash or scrip if they fail to make the election);

Where the shares for which application is being made are shares of a class which is already listed, being offered by way of rights or open offer, a table of high and low traded market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the information memorandum and for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the information memorandum;

- (r) a statement pointing out possible tax implications for non-residents.

- (2) The issuer's application shall be endorsed with the following declaration under the signature of two directors or one director and the secretary:

“We hereby declare that all information stated in this application and the statements contained in the report are correct, and neither the board of directors' minutes, audit reports or any other internal documents contain information which could distort the interpretation of the report”.

- 18. An issuer shall issue to the persons entitled to a rights issue within ten days after a books closing date:

- (a) letter of entitlement of rights; and

- (b) provisional letter of allotment incorporating:-

- (i) form of acceptance;
- (ii) request for splits;
- (iii) form of renunciation; and
- (iv) excess shares application form.

- 19. An issuer shall not close its register to determine shareholders' entitlement to participate in a rights, scrip dividend or capitalization issue or open offer until one week after the information memorandum to shareholders has been approved by the Authority.

- 20. All schemes involving the issue of shares or other securities (including options) to employees shall comply with the registration and approval procedures for employee share ownership schemes prescribed in The Capital Markets (Collective Investment Schemes) Regulations, 2001.

21. The issuer shall in the case of rights or scrip dividend issue:

(a) show a timetable in respect of the following events-

- (i) books closure date to determine rights entitlement;
- (ii) last day for splitting;
- (iii) last day for exercise or rights;
- (iv) last day for renunciation of rights;
- (v) last day for application for additional shares; and

(b) state-

- (i) the rights new issue ratio, date and basis of determining the price of new issue shares;
- (ii) the expected net proceeds and its application;
- (iii) if any underwriting agreement exists, a copy of such agreement shall be submitted to the Authority;
- (iv) the names and addresses of the auditors who have audited the accounts of the issuer during the preceding three years; and
- (v) the names and addresses of the stockbrokers sponsoring the application for admission to listing.

22. An application for rights issue shall be accompanied by the following:

(a) information about the management of the applicant;

(b) a statement on any important development(s) affecting the applicant or its business since the latest annual report of the applicant;

(c) if the applicant's securities have been suspended, provide details of the same;

(d) if the shares to be listed are to be issued in connection with the acquisition of a controlling interest in, or of all the assets subject to a liability of another company and that company's profit and loss accounts to the date of the last balance sheet supplemented by the latest available interim statements;

(e) one copy of each contract, plan or agreement pursuant to which the shares applied are to be issued;

(f) if the shares applied for are to be issued in acquisition of an equity interest in another company, or properties or other assets, one copy of any engineering, geological or appraisal report, which may have been obtained in connection with the proposed acquisition;

(g) one copy each of all letters of approval from the relevant government authorities; and

(h) a statement or estimate of the cost involved in the application divided into-

- (i) brokerage expenses;
- (ii) approval and listing fees;
- (iii) printing;
- (iv) advertising;
- (v) professional fees (legal, auditors, valuers); and
- (vi) other costs.

23. The issuer shall state in tabular form, for each issue or series of funded or long-term debt of the issuer and its subsidiary companies, the following-

- (a) full title (including interest rate and maturity date);
- (b) amount authorized by the debt instrument;
- (c) amount issued to-date;
- (d) amount redeemed;
- (e) amount outstanding;
- (f) issue price;
- (g) date of payment of interest; and
- (h) date and terms of redemption.

24. The issuer shall, in the case of acquisitions, state-

- (a) whether the shares applied for are to be issued as a total or part of the consideration for the acquisition of-
  - (i) a controlling interest in, or the major part of the business and assets of, another company; or
  - (ii) specific assets or properties;
- (b) names of parties involved in the acquisition and the date of contract entered into;
- (c) the transaction, and the assets or business to be acquired, in sufficient detail to indicate the relative value thereof in relation to the consideration to be paid;
- (d) the principle followed and factors considered in determining the consideration to be paid in the acquisition, and the persons making the determination and their relationship to the applicant;
- (e) why the management of the issuer regards the acquisition as a favourable one from its point of view; and

- (f) whether or not any officer, director or major shareholder of the issuer (or a related company of the issuer) has any direct or indirect beneficial interest in the assets to be acquired or the consideration to be paid and, if such interest does exist, describe it.
25. If the controlling interest in, or the major part of the business and assets of, another company is being acquired, the issuer shall state briefly the history and business of that other company and furnish the financial statements of that other company.
26. If any engineering, geological or appraisal reports, were obtained in connection with the proposed acquisition the issuer shall include appropriate excerpts from such reports.
27. If the shares applied for are in respect of bonus shares capitalized from reserves the issuer shall-
- (a) identify the reserves from which the bonus shares are to be capitalized;
  - (b) show a three year schedule of the movements in the relevant reserve accounts; and
  - (c) where any of the reserves were created following a revaluation of the assets of the issuer, submit a copy of the relevant appraisal report, and a certificate from the issuer's auditors that the reserves are sufficient to cover the capitalization.
28. The issuer shall:
- (a) make a declaration that the annual accounts have been audited;  
and
  - (b) furnish a statement from the issuer's auditor stating all circumstances regarding the additional listing known to the auditor, which could influence the evaluation by investors of the assets, liabilities, financial position, results and prospectus are included in the report.
29. Where an issuer considers it necessary to make underwriting arrangements for the rights issue, details of such underwriting arrangements shall be subject to the approval of the Authority.
30. Disclosure of underwriting agreement, costs, details of the underwriter and relationship (if any) of the underwriter to the issuer or any of its directors shall be made.

**FIFTH SCHEDULE**  
**CONTINUING OBLIGATIONS**  
**General Continuing Obligations**

**(r. 1**

- A.01 Information to be disclosed shall include but not be restricted to any major development in the issuer's sphere of activity or expectation of performance which is not public knowledge which may:
- (a) by virtue of the effect of such development on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its securities; or
- (b) in the case of an issuer of debt securities, by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its securities, or significantly affect its ability to meet its commitments.
- A.02 An issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance. These persons may include prospective underwriters of an issue of securities, providers of funds or loans or the placers of the balance of a rights issue not taken up by shareholders. In such cases, the issuer must advise, preferably in writing, the recipients of such information that it is confidential.
- A.03 Information required by and provided in confidence to, and for the purposes of a government department, the Central Bank of Kenya, the Authority, or any other statutory or regulatory body need not be published.
- A.04 Where the information relates to a proposal by the issuer which is subject to negotiations with employees or trade union representatives, the issuer may defer publication of the information until such time as an agreement has been reached as to the implementation of the proposal.
- A.05 Where it is proposed to announce at any meeting of holders of an issuers' listed securities, information which might lead to substantial movement in their price, arrangements must be made for publication of that information to the securities exchange and the market so that the announcement at the meeting is made no earlier than the time at which the information is published to the market and forwarded to the Authority.
- A.06 An issuer must publish, by way of a cautionary announcement, information which could lead to material movements in the ruling price of its securities if at any time the necessary degree of confidentiality cannot be maintained, or that confidentiality has or may have been breached.

- A. 07 An issuer whose securities are listed on more than one securities exchange must ensure that equivalent information is made available at the same time to the market at all such securities exchange.
- A.08 The board of every issuer shall develop structures in order to-
- (a) independently verify and safeguard the integrity of financial reporting; and
  - (b) ensure the truthful and factual presentation of the company's financial position.
- A.09 The board shall state in the company's annual report its responsibility for preparing the annual report and accounts, which shall include a statement by the auditor on the auditor's reporting responsibilities.

**CO.B.00 Disclosure of periodic financial information**  
**Dividends and interest**

- B.01 (1) Announcements of dividends and/or interest payments on issued securities should be notified to the securities exchange, the Authority and the holders of the relevant security within twenty four hours following the Board's resolution in the case of an interim dividend or recommendation in the case of a final dividend, by means of a press announcement. The resolution must be at least twenty one days prior to the closing date of the register and shall contain at least the following information:
- (a) the closing date for determination of entitlements;
  - (b) the date on which the dividend or interest will be paid; and
  - (c) the cash amount that will be paid for the dividend or interest.
- (2) Where the shareholders at the annual general meeting do not approve a dividend recommended by the Board, this fact shall be announced by the Board by means of a notice within twenty four hours following the annual general meeting.
- B.02 Dividends declared by an issuer shall be paid out within ninety days of the date of the books closure in case of interim dividends, and ninety days of approval of the shareholders in the case of the final dividend.
- B.03 Notification of non-declaration of dividends or payment of interest must be published either in the interim or quarterly report, the annual financial statements or by way of a press announcement or where the issuer is listed on the Growth Enterprise Market Segment, on the issuer's website.

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B.04 An issuer declaring a final dividend prior to the publication of the annual financial statements or quarterly report must ensure that the dividend notice given to shareholders contains a statement of the ascertained or estimated consolidated profits before taxation of the issuer and its subsidiaries for the year, and also particulars of any amounts appropriated from accumulated profits, revenue and reserves of past years, or other special sources subject to the approval of the Authority, to provide wholly or partly for the dividend.

B.05 An issuer whose securities are listed shall announce any intention to fix a books closing date and the reason thereof, stating the books closure date, which shall be at least twenty one days after the date of notification to the securities exchange at which the securities are listed, in the case of an interim dividend, and in the case of a final dividend, the closure date shall be subject to the approval of the shareholders at the annual general meeting. The announcement shall include, the address of the share registry at which documents will be accepted for registration.

### **Interim and quarterly reports**

B.06 (1) In this part the terms -

“interim report” means half year financial reports to be issued within sixty days of the interim balance date;

“final report” means annual/ year end financial report;

“quarterly report” means a financial report, other than an interim or final report, covering a period of three months, issued in the course of a financial year on a best practice basis.

LN 61/2012 (2) All interim reports shall be prepared in accordance with relevant provisions of the International Financial Reporting Standards (IFRS).

(3) All issuers who have adopted a quarterly reporting practice shall, except in the case of a report issued pursuant to paragraph B.18, continue to issue reports on a quarterly basis in order to maintain consistency.

B.07 Every issuer of securities issued to the public approved by the Authority whether or not such securities are listed, shall prepare and publish an interim report within sixty days of the respective interim reporting date. An interim financial report shall include at a minimum the following components:

(a) condensed balance sheet;

(b) condensed income statement;

- (c) condensed statement showing either -
  - (i) all changes in equity; or
  - (ii) changes in equity other than those arising from capital transactions with owners and distributions to owners (statement of recognised gains and losses);
- (d) condensed cash flow statement; and
- (e) selected explanatory notes.

B.08 If an issuer publishes a set of condensed financial statements in its interim financial report, those condensed statements should include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes. Additional line items or notes should be included if their omission would make the condensed interim financial statements misleading.

B.09 Basic and diluted earnings per share should be presented on the face of an income statement, complete or condensed, for an interim period.

B.10 An issuer should include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report:

- (a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change;
- (b) explanatory comments about the seasonality or cyclicity of interim operations;
- (c) the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence; and
- (d) the nature and amount of changes in estimates of amounts reported.

The information should normally be reported on a financial year-to-date basis. However, the issuer should also disclose any events or transactions that are material to an understanding of the current interim period.



- B.11 Interim reports should include interim financial statements (condensed or complete) for periods as follows:
- (a) balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;
  - (b) income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year-to-date) of the immediately preceding financial year;
  - (c) a statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year; and
  - (d) cash flow statement cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
- B.12 If an estimate of an amount reported in an interim period is changed significantly during the financial year and a separate financial report is not published for that interim period, the nature and amount of that change in estimate should be disclosed in a note to the annual financial statements for that financial year.
- B.13 An issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements. However, the frequency of an issuer's reporting (annual, half-yearly, or quarterly) should not affect the measurement of its annual results. To achieve that objective, measurements for interim reporting purposes should be made on a year-to-date basis.
- B.14 Revenues that are received seasonally, cyclically, or occasionally within a financial year should not be anticipated or deferred as of an interim date if anticipation or deferral would not be appropriate at the end of the issuer's financial year.
- B.15 Costs that are incurred unevenly during an issuer's financial year should be anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

B.16 The measurement procedures to be followed in an interim financial report should be designed to ensure that the resulting information is reliable and that all material financial information that is relevant to an understanding of the financial position or performance of the enterprise is appropriately disclosed. While measurements in both annual and interim financial reports are often based on reasonable estimates, the preparation of interim financial reports generally will require a greater use of estimation methods than annual financial reports.

B.17 A change in accounting policy, other than one for which the transition is specified by a new IAS, should be reflected by -

(a) restating the financial statements of prior interim periods of the current financial year and the comparable interim periods of prior financial years, if the issuer follows the benchmark treatment under IAS 8; or

(b) restating the financial statements of prior interim periods of the current financial year, if the issuer follows the allowed alternative treatment under IAS 8. In this case, comparable interim periods of prior financial years are not restated.

B.18 Any announcement made by the issuer in respect of -

- (a) a dividend;
- (b) a capitalisation or rights issue;
- (c) the closing of the books;
- (d) a capital return; or
- (e) sales or turnover.

shall be issued so as to coincide with the release of the annual, interim or quarterly financial statement.

B.19 An issuer of securities listed at a securities exchange in Kenya shall publish an interim report within two months of the end of the interim period in the financial year and shall notify the securities exchange and the Authority. Where an issuer has subsidiaries, the said report shall be based on the group accounts.

B.19A Arrangers of commercial papers and corporate bonds shall submit quarterly returns in the prescribed format by the 10<sup>th</sup> day of the month following the end of the quarter.

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## Annual Financial Statements

- B.20
- (1) Every issuer of securities to the public whether listed or not shall prepare an annual report containing audited annual financial statements within four months of the close of its financial year.
  - (2) A complete set of financial statements includes the following components:
    - (a) balance sheet;
    - (b) income statement;
    - (c) a statement showing either -
      - (i) all changes in equity; or
      - (ii) changes in equity other than those arising from capital transactions with owners and distributions to owners;
    - (d) cash flow statement; and
    - (e) accounting policies and explanatory notes.
- B.21
- Directors should select and apply accounting policies so that the financial statements comply with all the requirements of each applicable IAS and interpretation of the Standing Interpretations Committee of IAS. Where there is no specific requirement, directors should develop policies to ensure that the financial statements provide information that is:
- (a) relevant to the decision-making needs of users; and
  - (b) reliable in that they -
    - (i) represent accurately the results and financial position of the issuer;
    - (ii) reflect the economic substance of events and transactions and not merely the legal form;
    - (iii) are neutral, that is free from bias;
    - (iv) are prudent; and
    - (v) are complete in all material respects.

- B.22 The presentation and classification of items in the financial statements should be retained from one period to the next unless:
- (a) a significant change in the nature of the operations of the issuer or a review of its financial statement presentation demonstrates that the change will result in a more appropriate presentation of events or transactions; or
  - (b) a change in presentation is required by an IAS or an interpretation of the Standing Interpretations Committee of the IAS.
- B.23 Each component of the financial statements should be clearly identified. In addition, the following information should be prominently displayed, and repeated when it is necessary for a proper understanding of the information presented:
- (a) the name of the issuer or other means of identification;
  - (b) whether the financial statements cover an individual company or a group;
  - (c) the balance sheet date or the period covered by the financial statements, whichever is appropriate to the related component of the financial statements;
  - (d) the reporting currency; and
  - (e) the level of precision used in the presentation of figures in the financial statements.

The period covered by financial statements should be no less than twelve months.

- B.24 As a minimum, the face of the balance sheet should include line items which present the following amounts:
- (a) property, plant and equipment;
  - (b) intangible assets;
  - (c) financial assets (excluding amounts shown under (d), (f) and (g));
  - (d) investments accounted for using the equity method;
  - (e) inventories;
  - (f) trade and other receivables;
  - (g) cash and cash equivalents;
  - (h) trade and other payables;
  - (i) tax liabilities and assets as required by IAS 12 - Income Taxes;
  - (j) provisions;
  - (k) non-current interest-bearing liabilities;
  - (l) minority interest;
  - (m) issued capital and reserves; and
  - (n) unclaimed dividends since the adoption of the IAS.

B.25 An issuer should disclose the following either on the face of the balance sheet or in the notes:

(a) for each class of share capital -

- (i) the number of shares authorised;
- (ii) the number of shares issued and fully paid, and issued but not fully paid;
- (iii) par value per share, or that the shares have no par value;
- (iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the year;
- (v) the rights, preference and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;
- (vi) shares of the issuer held by related companies of the issuer; and
- (vii) shares reserved for issuance under options and sales contracts, including the terms and amounts;

(b) a description of the nature and purpose of each reserve within owner's equity; and

(c) when dividends have been proposed but not formally approved for payment, the amount included (or not included) in liabilities;

B.26 As a minimum, the face of the income statement should include line items which present the following amounts -

- (a) revenue;
- (b) the results of operating activities;
- (c) finance costs;
- (d) share of profits and losses of associates and joint ventures accounted for using the equity method;
- (e) tax expense;
- (f) profit or loss from ordinary activities;
- (g) extraordinary items;
- (h) minority interest; and
- (i) net profit or loss for the period.

- B.27 (1) An issuer should present, as a separate component of its financial statements, a statement showing -
- (a) the net profit or loss for the period;
  - (b) each item of income and expense, gain or loss which, is recognised directly in equity, and the total of these items; and
  - (c) the cumulative effect of changes in accounting policy and the correction of fundamental errors dealt with under the benchmark treatments in IAS 8.
- (2) In addition, an issuer should present, either within this statement or in the notes -
- (a) capital transactions with owners and distributions to owners;
  - (b) the balance of accumulated profit or loss at the beginning of the period and at the balance sheet date, and the movements for the period; and
  - (c) a reconciliation between the carrying amount of each class of equity capital, share premium and each reserve at the beginning and the end of the period, separately disclosing each movement.
- B.28 An issuer should disclose the following if not disclosed elsewhere in information published with the financial statements:
- (a) the domicile and legal form of the issuer, its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office);
  - (b) a description of the nature of the issuer's operations and its principal activities;
  - (c) The name of the parent company and the ultimate parent company of the group; and
  - (d) either the number of employees at the end of the period or the average for the period covered by the financial statements.
- B.29 Every issuer shall notify the Authority, the securities exchange and the media of its annual results within twenty-four hours following approval of the issuer's directors for submission to shareholders.
- B.30 Every issuer shall, within six months after the end of each financial year and at least twenty-one clear days (including weekends and public holidays) before the date of the annual general meeting, distribute to all shareholders and holders of its debt securities:

(a) a notice of annual general meeting and annual financial statements for the relevant financial year; and

(b) the auditors report on the issuer's financial statements.

B.31

Where an issuer has subsidiaries, its annual audited accounts shall be prepared in consolidated form in accordance with the Companies Act and the relevant IAS. There shall be set out as separate items in every issuer's annual report:

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(a) the amount of turnover and investments and other income excluding extraordinary items, together with comparative figures for the previous year;

(b) a statement of source and application of funds with comparative figures for the previous year;

(c) a statement as at end of the financial year, showing the interest of each director of the issuer in the stated capital of the issuer, its subsidiary or in an associated company, appearing in the register maintained under the provisions of the Companies Act;

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(d) particulars of material contracts involving directors' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year, providing-

(i) the names of the lender and the borrower;

(ii) the relationship between the borrower and the director (if the director is not the borrower);

(iii) the amount of the loan;

(iv) the interest rate;

(v) the terms as to payment of interest and repayment of principle; and

(vi) the security provided.

- B.32 In respect of land and buildings, whether freehold or leasehold, to show as a note to the accounts a brief description of each of the major properties together with an indication as to the location of the properties concerned.
- B.33 In the case where a valuation has been conducted on the fixed assets of the issuer and/or its subsidiaries, a copy of the valuation report shall be made available for inspection at the issuer's registered office. Fixed assets of the issuer must be re-valued as regularly as possible but in any case at least once in ten years.

**CO.C.00 Notifications relating to capital**

- C.01 An issuer must make a public announcement and notify the securities exchange and the Authority of the following information relating to its capital:

**(a) alterations to capital structure**

Any proposed change in its capital structure including the structure of its debt securities.

**(b) new issues of debt securities**

Where a company has debt securities, any new issues of debt securities, and in particular any guarantee or security in respect thereof.

**(c) changes of rights attaching to securities**

Any change(s), in the rights attaching to any class of securities, in loan terms (or in the rate of interest carried by a debt security) or to any securities which are convertible.

**(d) basis of allotment**

The basis of allotment of securities offered generally to the public for cash and open offers to shareholders.

▪ **(e) issues affecting conversion rights**

▪

The effect, if any, of any issue of further securities on the terms of the exercise of rights under options, warrants and convertible securities.

**(f) results of new issues**

The results of any new issue of securities or of a public offering of existing securities.



**CO.D.00 Shareholding**

D.01 An issuer shall at the end of each calendar quarter, disclose to the securities exchange every person who holds or acquires 3% or more or in case of an issuer listed on the Growth Enterprise Market Segment, 5% or more of the issuer's ordinary shares, and shall publish in its annual report the following information on the its shareholding:-

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(a) distribution of shareholders –

<b>Shareholding (No. of shares)</b>	<b>No. of shareholders</b>	<b>No. of shares held</b>	<b>% shareholding</b>
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less than 500  
500 – 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 - 1,000,000  
above 1,000,000

- (b) names of the ten largest shareholders and the number of shares in which they have an interest as shown in the issuer's register of members;
- (c) distribution schedule of each class of shares other than ordinary shares, setting out the number of holders in the categories set out in sub paragraph (a) above;
- (d) name and address of the company secretary;
- (e) address and telephone number of the registered office; and
- (f) address of each office at which register of securities is kept.

D.01A Where an issuer is listed in the Growth Enterprise Market Segment, the disclosure in LN 61/2012 paragraph D 01 shall include a report on a consolidated basis of the quantity and characteristics of the company's securities directly or indirectly held by the Controlling Shareholder, and the senior managers, and the report on the evolution of the volume of securities held by them.

D.02 An issuer shall inform the Authority and the securities exchange in writing without delay if it becomes aware that the proportion of its securities in the hands of the public has fallen below the minimum prescribed in these Regulations.

D.03 An issuer shall provide the Authority and the securities exchange details of its shareholders which may be required by the Authority or the securities exchange.

**CO.E.00      Communication with shareholders**

E.01      Any meeting of shareholders (other than an adjourned meeting) shall be called by a twenty-one day notice in writing. All notices convening meetings shall specify the place, date, hour and agenda of the meeting. If the conventional meeting place is changed, full justification for the change must be given. The place chosen must be convenient to the general body of shareholders.

E.02      An issuer shall ensure that at least in each securities exchange in which its securities are listed all the necessary facilities and information are available to enable holders of such securities exercise their rights. In particular it shall:

(a) inform holders of securities of the holding of meetings which they are entitled to attend;

(b) enable them to exercise their right to vote, where applicable; and

(c) publish notices or distribute circulars giving information on -

(i) the allocation and payment of dividends and interest;

(ii) the issue of new securities, including arrangements for the allotment, subscription, renunciation, conversion or exchange of the securities; and

(iii) redemption or repayment of the securities.

E.03      A proxy form must be sent with the notice convening a meeting of holders of listed securities to each person entitled to vote at the meeting, and must comply with all requirements set out in the issuer's articles of association.

E.04      If a circular is issued to the holders of any particular class of security, the issuer must issue a copy or summary of that circular to the holders of all other listed securities.

E.05      The issuer must forward to the Authority and securities exchange copies of:

(a) all circulars, notices, reports, announcements or other documents at the same time as they are issued; and

- (b) all resolutions passed by the issuer at any general meeting of holders of listed securities within ten days after the relevant the general meeting.

**CO.F.00 CORPORATE GOVERNANCE**

F.01 (1) Every issuer shall comply with the corporate governance requirements stipulated in this Part.

(2) Every issuer shall disclose, in its annual report, a statement of the directors as to whether the issuer is applying the recommended corporate governance practices stipulated in the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 issued by the Authority.

Provided that where the issuer has not fully applied the recommended corporate governance practices, the directors shall indicate the steps being taken to ensure the application of such practices.

F.02 (1)Every company shall be headed by a board which shall offer strategic guidance, leadership and control of the company.

(2) Notwithstanding paragraph (1), the board shall-

- (a) have an appropriate balance of skills, experience, independence and knowledge of the company to enable the board to operate effectively;
- (b) have transparent and documented procedures for the appointment of successive boards to ensure smooth operation;
- (c) establish separate functions for itself and the management;
- (d) establish policies to ensure that directors of the board are independent;
- (e) develop a Code of Ethics and Conduct and ensure that the Code is complied with;
- (f) establish, periodically review and publicize the board charter on the company's website;
- (g) ensure the company complies with all applicable laws and standards; and

(h) be accountable to the company's shareholders.

(3) A person offering himself for appointment as a director of the board shall disclose any real, potential or perceived conflict of interest that may undermine the office of director.

(4) The board of an issuer shall on an annual basis, evaluate its performance, the performance of its chairperson, the chief executive officer and the company secretary.

F.03 The board of every issuer shall-

- (a) establish relevant committees to discharge its mandate including internal audit, risk management, remuneration, board nominations, finance, investments and governance;
- (b) formulate the terms of reference, duties and authority of each committee;
- (c) ensure that the committees are constituted with directors who have the necessary skills and expertise to handle the responsibilities allocated to the committees;
- (d) appoint chairpersons of the committees;
- (e) determine the procedure and process within which the committees may be allowed to engage independent professional advice at the company's expense; and
- (f) review the effectiveness and performance of the committees on an annual basis.

F.04 (1) A nomination committee established pursuant to paragraph F.03 shall consist of at least three independent directors.

(2) The chairperson of the nomination committee shall be an independent director.

(3) The nomination committee shall-

- (a) recommend to the board, candidates for the office of director to be considered for appointment by shareholders;
- (b) assess the performance and effectiveness of the directors of the company.

- F.05 (1) An audit committee established pursuant to paragraph F.03 shall consist of at least three independent directors.
- (2) The chairperson of the audit committee shall be an independent director.
- (3) The board shall ensure that at least one of the members of the audit committee holds a professional qualification in audit or accounting and be in good standing with the applicable professional body.
- F.06 There shall be public disclosure in respect of any management or business agreements entered into between the issuer and its related companies, which may result in a conflict of interest situation.
- F.07 (1) Every person except a corporate director who is a director of a public listed company shall not hold such a position in more than three public listed companies at any one time and in the case where the corporate director has appointed an alternate director, the appointment of such corporate shall be restricted to two public listed companies.
- Provided that the public listed company whose directors hold more than the prescribed limit, shall comply with these regulations within six months of gazettelement.
- (2) An executive director of a public listed company shall not hold such position in more than two public listed companies at any one time.
- F.08 (1) The chairperson of a public listed company shall be independent.
- (2) A chairperson of a public listed company shall not hold such position in more than two public listed companies at any one time:
- Provided that the public listed company whose chairperson holds more than the prescribed limit shall comply with these Regulations within six months of gazettelement.
- (3) The roles of chairperson and chief executive officer shall not be exercised by the same person.
- (4) Every public listed company shall have a succession plan for its chairperson, chief executive officer and employees.
- F.09 (1) The qualification and procedure for nomination and appointment of alternate board directors shall be the same as that required in the appointment of a substantive board director.
- (2) A principal director whether a body corporate or a natural person shall have only one alternate director.

(3) A body corporate shall not be nominated as an alternate director.

(4) An alternate director shall not be appointed as a member of the audit committee.

F.10                    The chief financial officers and persons heading the accounting department of every issuer shall be members of the Institute of Certified Public Accountants established under the Accountants Act.  
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F.11                    Where the persons referred to in paragraph F.10 are members of other internationally recognized professional bodies and are yet to register as members of the Institute of Certified Public Accountants, such persons shall register as members of the Institute within a period of twelve months from the date of gazettelement of these Regulations, or from the date of appointment to such position, whichever is later.

F.12                    The board of every issuer shall be assisted by a company secretary who shall be a member of the Institute of Certified Public Secretaries of Kenya established under the Certified Public Secretaries of Kenya Act.  
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F.13                    Every issuer shall establish formal and transparent policies and procedures, which shall be approved by shareholders for-

- (a) remuneration;
- (b) effective communication with stakeholders;
- (c) corporate disclosure policies and procedures;
- (d) dispute resolution for internal and external disputes; and
- (e) ensuring attraction and retention of board members.

F.14                    The board of an issuer shall-

- (a) facilitate the effective exercise of the rights of shareholders;
- (b) ensure that there is equitable treatment of all holders of the same class of shares; and
- (c) ensure that the shareholders appoint independent auditors at each Annual General Meeting.

- F.15 The Board of an issuer shall-
- (a) establish and review on a regular basis, the adequacy and integrity of the company's internal control systems for acquisitions and divestitures and management of information systems including compliance with applicable laws, regulations, rules and guidelines;
  - (b) set out its responsibility for internal control in the board charter;
  - (c) ensure the effectiveness of the company's risk management and internal control practices on an annual basis.
- F.16 The auditor of a listed company shall be a member of the Institute of Certified Public Accountants and shall comply with the International Standards of Auditing.
- F.17 The Board of an issuer shall protect, enhance and invest in the well-being of the economy, society and the environment.

**CO.G.00 Miscellaneous obligations**

- G.01 No further securities of the same class as securities already listed shall be issued or allotted to any person or listed, without the Authority's approval.
- G.02 A copy of any contractual arrangement with a controlling shareholder must be made available for inspection by any person at the registered office of the issuer during normal business hours on each business day.
- G.03 An issuer must ensure that appropriate transfer and registration arrangements for its listed securities are have been made and holders of the listed securities notified.
- G.04 All directors of an issuer, other than the managing director must retire by rotation at least once in every three years. At least one third of the directors shall be appointed as non-executive directors.
- G.05 (1) An issuer shall disclose all material information and make a public announcement of:
- (a) any change of address of the registered office of the issuer or of any office at which the register of the holders of listed securities is kept;

- (b) any change in the directors, company secretary or auditors of the issuer;
  - (c) any proposed significant alteration of the memorandum and articles of association of the issuer;
  - (d) any application filed in a court of competent jurisdiction to wind up the issuer or any of its subsidiaries. Details of the suit and the probable outcome of the suit must be confidentially submitted to the Authority and the securities exchange; and
  - (e) the appointment or imminent appointment of receiver manager or liquidator of the issuer or any of its subsidiaries; and
  - (f) any profit warning, where there is a material discrepancy between the projected earnings for the current financial year and the level of earnings in the previous financial year.
- (2) For the purposes of subparagraph (1)(f), the expression “material discrepancy” in relation to projected earnings for a financial year means that such earnings are at least 25% lower than the level of earnings in the previous financial year.
- (3) Unless otherwise stated, all public announcements which an issuer is required to make under these Regulations shall be made within twenty four hours of the happening of the event.

G.06 An issuer shall obtain approval of shareholders and make a disclosure in the annual report, for any:-

- (a) acquisition of shares of another company or any transaction resulting in such other company becoming a subsidiary or related company of the issuer;
- (b) sale of shares in another company resulting in that company ceasing to be a subsidiary of the issuer; or



(c) substantial sale of assets involving 25% or more of the value of the total assets of the issuer; and shall make a public announcement of the fact.

G.07

Where any agreement has been entered into in connection with any acquisition or realisation of assets or any transaction outside the ordinary course of business of the issuer and/or its subsidiaries, a copy each of the relevant agreement must be lodged with the Authority and securities exchange and be made available for inspection at the issuer's registered office.

**SIXTH SCHEDULE****(r.3 (4))****LISTING FEES****1. INITIAL LISTING FEES**

<b>MAIN INVESTMENT MARKET SEGMENT</b>	<b>ALTERNATIVE INVESTMENT MARKET SEGMENT</b>	<b>FIXED INCOME SECURITIES MARKET SEGMENT</b>
0.06% of the value of the securities to be listed subject to a minimum of Kshs 200,000 and a maximum of Kshs. 1,500,000.	0.06% of the value of the securities to be listed subject to a minimum of Kshs. 100,000 and a maximum of Kshs. 1,000,000.	0.0125% of the value of fixed income securities to be listed as follows:-  i) Corporate bonds and other fixed income securities - a minimum of Kshs. 100,000 and a maximum of Kshs. 1,000,000.  ii) Treasury Bonds and other Government securities – a minimum of Kshs. 100,000 and a maximum of Kshs. 500,000.

**2. ADDITIONAL LISTING FEES**

<b>MAIN INVESTMENT MARKET SEGMENT</b>	<b>ALTERNATIVE INVESTMENT MARKET SEGMENT</b>
0.1% of the nominal value of the additional securities to be listed subject to a minimum of Kshs. 50,000 and a maximum of Kshs. 500,000.	0.1% of the nominal value of the additional securities to be listed subject to a minimum of Kshs. 25,000 and a maximum of Kshs. 250,000.

The annual listing fee shall be payable upon the expiry of the twelve (12) month period following the initial listing fee. Where the period for which the first annual listing fee payable is less than twelve (12) months, the annual listing fee shall be prorated to December of that year.

### **3. ANNUAL LISTING FEES**

Annual listing fees for companies whose shares are listed shall be based on daily average market capitalization from January 1 to November 30 annually excluding the value of new or additional listing during the year. The annual listing fees for Fixed Income Securities shall be based on the total value outstanding as on November 30.

<b>MAIN INVESTMENT MARKET SEGMENT</b>	<b>ALTERNATIVE INVESTMENT MARKET SEGMENT</b>	<b>FIXED SECURITIES MARKET SEGMENT</b>
0.06% of the market capitalization of the listed securities subject to a minimum of Kshs 200,000 and a maximum of Kshs. 1,500,000.	0.06% of the market capitalization of the listed securities subject to a minimum of Kshs. 100,000 and a maximum of Kshs. 1,000,000.	0.0125% of the market value of the fixed income securities outstanding listed as follows:-  i) Corporate bonds and other fixed income securities - a minimum of Kshs. 100,000 and a maximum of Kshs. 1,000,000.  ii) Treasury Bonds and other Government securities – a minimum of Kshs. 100,000 and a maximum of Kshs. 2,500,000.

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**SEVENTH SCHEDULE (r.3 (4A))**

**LISTING FEE**

<b>Description</b>	<b>NSE</b>	<b>CDSC</b>	<b>CMA</b>
Initial listing fee (Introduction)	0.03% of the value of the securities to be listed subject to a minimum of Kshs.50,000 and a maximum of Kshs.250,000 (for SMEs listing securities worth 834m)	NA	NA
Additional listing fee	0.05% of the nominal value of the additional securities to be listed subject to a minimum of Kshs.25,000 and a maximum of Kshs.125,000.	NA	NA
Annual listing fees	0.015% of the market capitalization of the capitalization of the listed securities as at the 30th November subject to a minimum of Kshs.25,000 and a maximum Kshs.125,000.	0.010% of the market market capitalization of the listed securities as at the 30 <sup>th</sup> November subject to a minimum of shs.15,000 and a maximum of Kshs.83,333.	0.005% of the market capitalization of the listed securities as at the 30 <sup>th</sup> November subject to a minimum of Kshs. 10,000 and a minimum of Kshs. 41,667.

Inserted by  
L.N 113/2013

**EIGHTH SCHEDULE (R. 6B)**

**REQUIREMENTS FOR OFFER OF SECURITIES USING A BOOK BUILDING PROCESS**

**PART I**

## **PRELIMINARY**

1. “Book building” means a process undertaken by which a demand for the securities proposed to be issued by an issuer is elicited and built up and the price of such securities is assessed for the determination of the quantum of such securities to be issued.

“Book building portion” refers to the pool of securities that will be available for offer and allotment to the participating entities through the book-building process and which have been segregated from the securities to be offered at a fixed price.

“Book runner” refers to the primary coordinator of the book building process in debt and equity offers.

“Participating entity” means a professional investor as prescribed by the Authority.

“Regulations” means the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

## **PART II—BOOK BUILDING PROCESS**

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| <b>Book building portion</b>                  | 2. The portion of securities offered to the public that are to be available for the book-building process shall be identified as the "book building portion" in the information memorandum.  |
| <b>Fixed price portion</b>                    | 3. The balance of securities constituting the offer to the public, excluding the book building portion, shall be separately identified as ' fixed price portion ' in the information memorandum.   |
| <b>Approval of the information memorandum</b> | 4. A complying information memorandum shall be lodged with and approved by the Authority prior to the opening of the book building process and shall disclose, in addition to all other requirements:<br><br>(1) the size of the issue and the amounts to be raised through the book building and fixed price portions;<br><br>(2) the criteria for bid consideration and selection in the book building process;<br><br>(3) the duration of the book building period;<br><br>(4) the method and process of bidding; |

(5) the names and addresses of the book runner or syndicate members operating the bidding terminals for submitting bids.

Provided the information memorandum shall be approved pending inclusion of the price of the offer and the quantum of securities to be issued.

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| <b>Appointment of the book runner</b>                                     | 5. The book runner shall be nominated by the issuer from amongst persons who are qualified to act as transaction advisers and shall be identified as such in the information memorandum.  |
| <b>Circulation of information memorandum</b>                              | 6. The information memorandum approved by the Authority shall be circulated by the book runner to the participating entities inviting offers for the securities in respect of the book building portion.  |
| <b>Records of orders on book building portion</b>                         | 7. The book runner on receipt of the orders shall maintain a record of all the participating entities' names and the number of securities ordered and the price at which the participating entity is offering to subscribe to securities under the book building process.                                 |
| <b>Determination of the offer price.</b>                                  | 8. At the close of the book building period and following a review of the orders received in accordance with the criteria disclosed in the information memorandum, the book runner and the issuer shall determine the price at which the securities shall be offered to the public.                       |
| <b>Price for the offer shall be the same.</b>                             | 9. The issue price for the book building portion and fixed price portion categories shall be the same.  |
| <b>Issuer to ensure adequate arrangements are made to secure payment.</b> | 10. The issuer and book runner shall ensure that adequate arrangements for funds are made by all participating entities to support any offers lodged during the book building process. The nature of the arrangement required of participating entities shall be disclosed in the information memorandum. |
| <b>Allotment for the book building portion category.</b>                  | 11. The information memorandum shall indicate one date of allotment which shall be deemed date of allotment for the both the book building and fixed price portions.  |
|   | 12. The book runner shall have primary responsibility for the book building process.  |

<b>Responsibility of the book runner.</b>	13. An issuer may offer up to one hundred per cent of the offer securities through a book building process subject, where appropriate, to compliance with eligibility requirements relating to listing.
<b>Securities to be offered through book building.</b>	14. The information memorandum may prescribe a floor price or an indicative price band for the book building process and shall give the basis for the determination of the same.
<b>Indication of floor price or price band.</b>	15. On establishment of the offer price, the quantum of securities to be offered shall be determined based on the issue size divided by the price which has been determined.
<b>Determination of the number of securities to be offered.</b>	16. No incentive, whether in cash or kind, shall be paid to investors to participate in the book building process or the offer of securities.
<b>No participation incentives</b>	17. On determination of entitlements in the book building process the number of securities which each participating entity is to be allocated shall be communicated to the respective participating entity within 24 hours and a return on all allocations shall be made to the Authority within the same period.
<b>Communication of allocation to participating entities.</b>	18. The information memorandum containing all disclosures required under these regulations including the price and the number of securities offered shall be registered with the Registrar of Companies.
<b>Registration of the final information memorandum with the Registrar of Companies.</b>	

### **PART III—ADDITIONAL DISCLOSURES**

19. The following additional disclosure requirements shall be made in the information memorandum:

**Additional disclosures.** (1) The particulars of syndicate members of the book runner where more than one book runner is appointed.

Provided that the rights, obligations and responsibilities of each shall be defined in a binding agreement.

(2) The following statement shall be given under the 'basis for issue price:

"The issue price has been determined by the issuer in consultation with the book runner, on the basis of assessment of demand from the participating entities for the offered securities by way of book-building."

(3) The following accounting ratios shall be given under the basis for issue price for each of the accounting periods for which the financial information is given where applicable:

(a) Earning per share, pre-issue, for the last five years, as adjusted for changes in capital.

(b) Price earning ratio (P/E), pre-issue and comparison thereof with industry P/E where available.

(c) Average return on net-worth in the last five years.

(d) Net-Asset value per share based on last balance sheet.

(4) The accounting ratios disclosed in the information memorandum shall be calculated after giving effect to the consequent increase of capital on account of compulsory conversions outstanding, as well as on the assumption that the options outstanding, if any, to subscribe for additional capital shall be exercised.

## **PART V—PROCEDURE FOR BIDDING**

20. The method and process of lodging of offers during the book building process shall be subject to the following:

### **Procedure for bidding.**

(1) Bidding during the book building period shall be open for at least 3 days.

(2) Bidding shall be conducted on an electronically linked transparent system of computer terminals.

Provided that the Authority may, in writing, authorize bidding to be conducted otherwise than on an electronic system on a case by case basis.

(3) The syndicate members shall ensure that at least one electronically linked computer terminal is available for purposes of bidding at all locations where bids may be submitted.

(4) All locations where bids may be lodged shall be specified in the information memorandum.



(5) Investors shall place their bids only through the syndicate members who shall be responsible for ensuring that bids are only accepted from participating entities.

(6) The investors shall have the right to revise their bids in line with the procedure to be prescribed in the information memorandum.

Provided that where the Authority has authorized bidding to be conducted otherwise than on an electronic facility, investors shall not have rights to revise their bids.

(7) Bidding form—

(a) There shall be a standard bidding form to ensure uniformity in bidding and accuracy of information.

(b) The bidding form shall contain information about the investor, the price and the number of securities that the investor wishes to bid for.

(c) All bidding forms shall be serially numbered.

(d) The bidding form shall be dated and time stamped prior to being issued in duplicate and signed by the investor and countersigned by the syndicate member, with one form retained by the investor and the other by the book runner or the syndicate member.

(8) At the end of each day of the bidding period the demand shall be displayed graphically on the computer terminals for the information of the syndicate members as well as the investors and a record maintained by the book runner.

## **PART VI—ALLOCATION AND ALLOTMENT PROCEDURE**

**Allocation in case of under subscription.**

21. In case of an under subscription in any category, the undersubscribed portion may be allocated to the bidders in the other categories in accordance with the allocation policy disclosed in the information memorandum.

**Allocation criteria to be disclosed.**

22. The allocation of securities to investors under the book building portion shall be determined by the issuer and the book runner in accordance with criteria explicitly set out in the information memorandum.

23. Following the book building process—

- Period of fixed price offer.** (1) The offer period for the fixed price portion, shall open within 5 working days from the date of closure of bidding; and
- (2) The fixed price offer shall remain open for a period of at least 10 working days.
24. The investors who have participated in the book building process shall not be barred from participating in the fixed price portion of the offer.

**Investors eligible to make application in fixed price offer**

## **PART VII—MAINTENANCE OF BOOKS AND RECORDS**

**Separate collection accounts**

25. The issuer shall open two different accounts for collection of application moneys, one for the book building portion and the other for the fixed price portion category.

**Book runner to maintain the result of the allocation process**

26. A final book of demand showing the result of the allocation process shall be maintained by the book runner.

**Records to be maintained**

27. The book runner, any syndicate member, participating entities and other intermediaries involved in the book building process shall maintain adequate records on the book building process.

**Authority's power to inspect records**

28. The Authority shall have the power to inspect the records, books and documents relating to the book building process.



