

THE CAPITAL MARKETS (LICENSING REQUIREMENTS) REGULATIONS, 2023

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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 Cabinet Secretary to the National Treasury and Economic Planning makes the following Regulations-

**THE CAPITAL MARKETS (LICENSING REQUIREMENTS)
REGULATIONS, 2023**

PART I – PRELIMINARY

Citation	<p>1. These Regulations may be cited as the Capital Markets (Licensing Requirements) Regulations, 2023.</p>
Interpretation	<p>2. In these Regulations, unless the context otherwise requires –</p> <p>“Act” means the Capital Markets Act.</p> <p>“Alternative Trading System” means a trading platform whether operated physically, electronically or otherwise that brings together purchasers and sellers of securities and reporting of unlisted securities outside of an approved exchange.</p> <p>“Authority” means the Capital Markets Authority.”</p> <p>“Broker-dealer” means a person who by way of business, as a principal or an agent–</p> <p>(a) makes or offers to make with any person, or induces or attempts to induce any person to enter into or offer to enter into, any agreement for, with a view to buy, sell, exchange or subscribe for securities; or</p> <p>(b) solicits or accepts any order for, or otherwise trades in securities.</p> <p>“Compensation Fund” has the meaning assigned to it in section 2 of the Act.</p> <p>“Custodian” means a bank licensed under the Banking Act or a financial institution approved by the Authority to hold in custody funds, securities, financial instruments or documents of title to assets registered in the name of local investors, East African investors or foreign investors or of an investment portfolio.</p> <p>“Demutualization” means the separation of the ownership of an exchange from the right to trade on such exchange.</p>

“Demutualized exchange” means a securities exchange in which ownership and rights to trade are separate.

“Investment advisor” has the same meaning under the Act and includes digital platforms that provide automated, algorithm-driven investment advisory services with little to no human supervision,

“Intermediary Services Platform” means an electronic application or otherwise which facilitates the issuance, marketing and distribution of Capital Markets Products and services other than a platform that is deployed by an existing licensed institution for the purpose of improving efficiency.

“Intermediary Services Platform Provider” means a person that operates an electronic application or platform which facilitates the issuance, marketing, and distribution of Capital Markets Products and services.

“Key personnel” has the meaning assigned to it under section 2 of the Act.

“Liquid capital” in relation to a licensed entity, means the amount which the liquid assets of a licensed entity exceed its liabilities, as may be prescribed by the Authority;

“Rights to trade” means the rights of access to and the use of trading related facilities provided and maintained by a securities exchange which a securities exchange may grant a licensee of the Authority, subject to the rules of the securities exchange on admission of trading participants.

“Securities laws” means the Capital Markets Act, the Central Depositories Act and the regulations, guidelines, rules, or other statutory instruments and amendments made thereunder;

“Trustee” means a corporate body in which the property subject to a trust created is or may be vested in accordance with the terms of the trust deed;

“Working Capital” means the difference between the current assets and current liabilities excluding clients’ accounts which shall not fall below twenty percent of the prescribed minimum shareholders’ funds or three times the monthly operating costs whichever is higher.

PART II - SECURITIES EXCHANGES AND ALTERNATIVE TRADING SYSTEMS

<p>Application for approval for a securities Exchange</p>	<p>3. (1) An application for grant of approval to operate as a securities exchange shall be submitted to the Authority in Form 1 set out in the First Schedule.</p> <p>(2) The application under paragraph (1) shall be submitted together with</p> <ul style="list-style-type: none"> (a) the rules and articles of association of the applicant which shall be in a form that is satisfactory to the Authority and restricts the applicant to the business of operating a securities exchange and services incidental thereto. (b) details of the trading system proposed to be adopted by the applicant. (c) the prescribed fees set out in the Sixth Schedule; and (d) such additional documents as may be required by the Authority.
<p>Demutualization</p>	<p>4. An exchange shall be a demutualized exchange.</p>
<p>Rules of the Securities Exchange</p>	<p>5. The rules to be adopted by an applicant for approval to operate as a securities exchange shall contain provisions in compliance with the Act on the-</p> <ul style="list-style-type: none"> (a) admission to the listing, suspension or de-listing of securities by the securities exchange, through a procedure prescribed by the Authority. (b) the conditions governing dealing in securities by its trading participants so as to ensure protection of the rights of investors; (c) prompt disclosure, in a manner that is fair to all investors, of material information of a price sensitive nature and information likely to affect the price of a security including fees on management contracts, to enable appraisal of an issue by investors; (d) protection of investors against abuse of confidential information, misleading information, fraud, deceit, and other adverse practices in the issuing and trading of securities; (e) prohibition of market manipulation in any form. (f) investigation into trading in securities and financial transactions of trading participants and for conducting surprise checks on such trading participants. (g) suspension of trading of any security for the protection of investors or for the conduct of orderly and fair trading;

	<ul style="list-style-type: none"> (h) the conduct of securities trading by trading participants and the manner in which information relating to transactions is to be maintained and reported to other trading participants and customers of the securities exchange; (i) segregation from other business accounts of trading participants, of customers funds and securities; (j) arbitration of disputes and provision for appeal to the Authority by trading participants, investors and listed companies; (k) proper safe keeping of securities in its custody. (l) carrying out of the business of the securities exchange with due regard to interest of the investing public; (m) trading rights on a security exchange. (n) registration with the securities exchange of full members, associate members, their representatives, authorized clerks and dealers; (o) conduct of trading participants, their representatives, authorized clerks and dealers; (p) responsibility of trading participants for the actions of their employees and agents in their dealings with the public; and (q) any other matter that may be required by the Authority for the proper conduct of exchange business
<p>Membership of the Securities Exchange</p>	<p>6. (1) Trading participants of a securities exchange shall be licensees of the Authority with rights to trade at an approved securities exchange.</p> <p>(2) The Authority may prescribe limits on the ownership of a securities exchange by its trading participants.</p> <p>(3) A securities exchange may, in accordance with the procedures prescribed in its rules, admit as a trading participant, any person who has been licensed by the Authority to exercise rights to trade -</p> <ul style="list-style-type: none"> (a) if that person satisfies any admission requirements of the securities exchange; and (b) on payment of admission fee approved by the Authority under section 29(2) of the Act,

	<p>and accord that person the applicable rights to the relevant category of admission:</p> <p>Provided that, a securities exchange may assess an application for admission by a person seeking a license from the Authority and issue a confirmation that that person shall be admitted upon securing a license from the Authority.</p> <p>(4) A trading participant of a securities exchange or a director or a shareholder of a trading participant shall not be a director or hold beneficial interest either directly or indirectly in more than one trading participant of a securities exchange unless the trading participants has been exempted by the Authority on the basis of evidence of adequate internal controls to address conflict of interest.</p> <p>(5) In case of a listed trading participant of a securities exchange, an interest of fifteen percent or more of the voting shares held directly or indirectly shall be deemed to be a person’s beneficial interest for purpose of these Regulations.</p>
<p>Chairman and Chief Executive</p>	<p>7. (1) A securities exchange shall have a chief executive who shall oversee the day-to-day operations of the securities exchange and administration of sufficient professional capability to carry out trading, clearing and compliance functions of its trading participants and listed companies.</p> <p>(2) A person shall not be qualified for appointment as a chief executive of a securities exchange, unless such person has –</p> <ul style="list-style-type: none"> (a) at least ten years’ experience at a senior management level in matters relating to law, finance, accounting, economics, banking or insurance; and (b) expertise in matters relating to money, capital markets or finance. <p>(3) A securities exchange shall provide in its rules and articles of association;</p> <ul style="list-style-type: none"> (a) The tenure for the chairman which shall be three years, renewable once and the tenure of the chief executive officer, which shall not be less than three years and not exceeding five years, renewable once. (b) a board of directors comprising of the chief executive of the securities exchange and at least one third independent and non-executive directors. (c) a maximum two members of the board of directors who shall be elected from among or to represent the trading participants;

<p>No. 17 of 2015.</p>	<p>(d) the independent and non-executive directors appointed under subparagraph (b) shall be persons who have knowledge and experience in investments, public service and corporate governance and shall represent the interests of investors and the public interest:</p> <p>Provided that prior to making any such appointment the securities exchange shall submit the names of the persons proposed to be appointed as directors to the Authority for confirmation that the Authority has no objection to the proposed appointments;</p> <p>(e) two members of the board shall be elected by the shareholders of the securities exchange from nominees of companies listed on the securities exchange to represent the listed companies.</p> <p>(4) Subject to paragraph (3) (c), (d) and (e), the other persons appointed to the board of directors shall be elected by the shareholders of the exchange in accordance with the Companies Act.</p> <p>(5) A director of a securities exchange has a duty to act in the best interests of investors and, where there is a conflict between the interests of the investors and the interests of the securities exchange, the director shall give priority to the interests of the investors.</p>
<p>Requirements for approval of a securities exchange system.</p>	<p>8. (1) A trading system to be adopted by a securities exchange shall be approved by the Authority before such system is implemented.</p> <p>(2) The trading system referred to in paragraph (1) shall provide trading for</p> <p>a) a trading facility at which all bids to purchase and offers to sell are exposed to each other and at which members of the public are granted an opportunity to witness trading.</p> <p>b) a transparent and efficient pricing mechanism which: -</p> <p>(i) displays the best offer and bid prices.</p> <p>(ii) provides for automatic matching.</p> <p>(iii) displays the highest and lowest prices, the latest transactions as well as the volume of securities traded.</p> <p>(iv) has an audit trail and trace back mechanism for all transactions.</p> <p>(v) has sufficient internal controls and security measures to ensure that only authorized persons have access.</p>

	<ul style="list-style-type: none"> (vi) provides for integration with a central depository system; and (vii) maintains records of all transactions and retrieves such records as may be necessary.
Reporting obligations	<p>9. (1) A securities exchange shall within four months after the end of each financial year make available to the Authority, the public and to the investors, a summary of information on companies listed at the securities exchange.</p> <p>(2) The information referred to in paragraph (1) shall include the-</p> <ul style="list-style-type: none"> (a) published accounts of companies listed on such securities exchange including balance sheet and profit and loss statements; (b) date of incorporation, date of listing, names of directors, share capital, number and value of shares issued, and any changes in the share capital; (c) details of securities transacted and the prices (high, low and mid-market) at which such securities have been transacted during the year; and (d) earnings per share, dividend per share, shareholding structure (institutional, individual and foreign investors), principal or controlling shareholders and total number of shareholders. <p>(3) A securities exchange shall maintain information in both print and electronic form, regarding each company listed at the securities exchange and such information shall include the -</p> <ul style="list-style-type: none"> (a) name of the issuer and date of incorporation. (b) date of listing. (c) names of directors. (d) principal/controlling shareholders. (e) total number of shareholders. (f) authorized and paid-up share capital. (g) changes in authorized or paid-up share capital.

(h) core and auxiliary line of business.

(i) balance sheet and profit and loss accounts for the last five years.

(j) volume and price movements (high and low) of the listed security;
and

(k) earnings per share and dividend per share.

(4) A securities exchange shall, by the last day of March in each year, furnish the Authority with a report of its activities during the preceding calendar year and such report shall contain information on -

(a) changes in its rules and by-laws, if any.

(b) changes in the membership of its board of directors.

(c) composition and mandates of all the committees set up and changes (if any) in the membership of its existing ones;

(d) admission, suspension or expulsion of trading participants.

(e) disciplinary action against trading participants including appointment of statutory manager.

(f) arbitration of disputes.

(g) securities listed, suspended or de-listed.

(h) market turnover and capitalization per sector; and

(i) any other matters that the Authority may request.

(5) A securities exchange shall submit to the Authority, through electronic means, and make public a daily report on the securities transacted, the price movements on each security including low, high and average prices, and the volume of transactions in each security.

(6) A securities exchange shall furnish the Authority within thirty days after the end of each quarter, a report of all securities transactions for each day, including private transactions, the value of each transaction, names of the parties for each private transaction and the holders of notifiable interest disclosed to the securities exchange under Part II of these Regulations.

(7) (a) financial statement of a securities exchange shall include the

	<p>disclosures prescribed in the Fourth Schedule to these Regulations.</p> <p>(b) The annual accounts of a securities exchange shall be audited by an independent auditor appointed by the board of directors with the consent of the Authority and such auditor shall not be removed without the approval of the Authority.</p> <p>(8) A securities exchange shall furnish the Authority with all documents and notices that it issues to its members in connection with the annual general meetings within ten days prior to the date of such meetings.</p> <p>(9) Communication to investors shall be by way of publication in at least two daily newspapers of national circulation.</p> <p>(10) A securities exchange shall immediately report to the Authority by telephone and in writing whenever-</p> <p>(a) there is a delay in the opening or closing of the securities exchange;</p> <p>(b) there is a default on settlement and delivery.</p> <p>(c) trading is to be suspended in any security.</p> <p>(d) there are incidences of violation of the Act or the securities exchange rules;</p> <p>(e) there is unusual activity in the market.</p> <p>(f) the securities exchange receives any non-public information that its chief executive believes could have a material effect on the market in general or on any specific securities; or</p> <p>(g) The Authority requests any information.</p>
<p>Listing of securities by a securities exchange.</p>	<p>10. (1) A securities exchange shall not admit to listing a security which has not been approved for listing by the Authority.</p> <p>(2) A securities exchange shall admit to listing without any other conditions all securities approved by the Authority arising out of: -</p> <p>(a) a public offer, on attainment of the total minimum subscription of shares as disclosed in the prospectus approved by the Authority and minimum number of shareholders prescribed for the respective market segment;</p> <p>(b) an introduction.</p>

	<p>(c) rights issue.</p> <p>(d) scrip dividends offer; or</p> <p>(e) capitalization of reserves.</p> <p>(3) A securities exchange shall provide in its listing rules and with respect to each market segment the procedure for admission to listing of securities approved for listing by the Authority.</p>
Alternative Trading Systems	<p>11. (1) A person shall not establish, maintain or operate whether physically, electronically or otherwise an alternative trading and reporting system unless the person has obtained an approval from the Authority.</p> <p>(2) An application for approval to operate an Alternative Trading System shall be done by an approved securities exchange, Investment Bank, Broker dealer or a dealer.</p>
Requirements for approval	<p>12. (1) An application for approval as an Alternative Trading System shall be accompanied by:</p> <p>(a) details of the trading system proposed to be adopted by the applicant;</p> <p>(b) the prescribed fees set out in the Sixth Schedule; and</p> <p>(c) such additional documents as may be required by the Authority.</p>
	<p>PART III- INVESTMENT ADVISORS</p>
Application for Investment adviser license	<p>13. (1) A person who, for remuneration is engaged in the business of providing investment advice to a client or other persons or group of persons and any person who holds out himself as an investment adviser shall apply to the Authority for an investment adviser license.</p> <p>(2) An application for a license in sub regulation (1) shall be submitted to the Authority in duplicate in Form 1 as set out in the First Schedule.</p>
Professional Indemnity	<p>14. Investment advisers shall obtain professional indemnity insurance the value of which shall not be less than five hundred thousand shillings</p>

Specific requirements for approval.

15. (1) The application under regulation 15 shall be accompanied with –

- (a) certificate of incorporation or formation as applicable.
- (b) articles of association or formation documents as applicable.
- (c) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and the applicant's audited accounts for the preceding two years
- (d) a business plan containing the particulars on –
 - (i) the management structure.
 - (ii) the directors, including one or more executive directors, their qualifications, addresses and details of other directorships;
 - (iii) the shareholding structure, disclosing whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business;
- (e) the qualifications, experience and expertise of the chief executive or managing partner;
- (f) the proposed management and qualifications of key personnel.
- (g) the financial projections for three years.
- (h) the particulars of the proposed operating and information technology system
- (i) one bank reference
- (j) two Business references.
- (k) the proposed premises suitably located and equipped to

	<p>provide satisfactory service to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such premises will be available;</p> <p>(l) the staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available.</p> <p>(m) the proposed independent auditor.</p> <p>(n) the fees prescribed in the Second Schedule.</p>
Eligibility for license	<p>16. (1) In order to be entitled to apply for a licence under Regulation 15, an applicant shall be required to-</p> <p>(a) be a company or a limited liability partnership.</p> <p>(b) have as its director, chief executive or managing partner determined as fit and proper person to hold the particular position which he holds or is to hold</p> <p>(c) all the representatives of the applicant who provide investment advice have at least five years experience in activities relating to advice in financial products or securities or fund or asset or portfolio management and are members of a professional body.</p> <p>(d) whether the applicant has the necessary infrastructure to effectively discharge the activities of an investment adviser;</p>
Reporting obligations.	<p>17. (1) Every investment adviser shall submit to the Authority –</p> <p>(a) Quarterly management accounts within fifteen days of the end of each calendar quarter.</p> <p>(b) audited annual accounts for its operations in the form prescribed in the Fourth Schedule within three months following the closure of the financial year.</p> <p>(2) Notwithstanding the provisions of paragraph (1), the Authority may require such other form of financial statement as it may from time to time specify.</p>

	PART IV- INVESTMENT BANKS
Application for license and specific requirements for approval.	<p>18. (1) An application for a license to operate as an investment bank shall be submitted to the Authority in Form 1 set out in the First Schedule.</p>
	<p>(2) The application referred to in subparagraph (1) shall be submitted together with -</p> <ul style="list-style-type: none"> (a) the certificate of incorporation. (b) the articles of association. (c) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and applicant's audited accounts for the preceding two years (where applicable); (d) a business plan containing the particulars stated in the Third schedule of these regulations: <ul style="list-style-type: none"> (i) management and shareholding structure of the investment bank. (ii) directors, including their qualifications, addresses and details of other directorships. (i) evidence of paid-up share capital of a minimum amount of two hundred and fifty million shillings; (ii) qualifications, experience and expertise of the chief executive and dealers that must be relevant to effectively manage or operate the business of an investment bank; (iii) proposed operating systems including dealing infrastructure suitably located and equipped to provide satisfactory service to clients; and (iv) a letter from the securities exchange which the applicant is seeking admission as a trading participant confirming the admission of that applicant upon securing a license from the Authority where the applicant intends to be admitted as a trading participant at a securities exchange shall submit
Authorized functions.	<p>19. Investment banks shall be non-deposit taking institutions and shall carry out all or any of the following functions-</p> <ul style="list-style-type: none"> (a) offering advisory services on- <ul style="list-style-type: none"> (i) public offering of securities.

	<p>(ii) corporate restructuring, takeover, mergers, acquisitions and privatization. corporate finance, options, including issuance of equity or debt securities or loan syndication.</p> <p>(b) engaging in the business of stockbroker.</p> <p>(c) engaging in the business of a dealer.</p> <p>(d) promoting or arranging underwriting or issuance of securities.</p> <p>(e) promoting and acting as a fund manager of collective investment schemes.</p> <p>(f) providing investment advisory services and contractual portfolio management.</p>
Admission to a securities exchange.	20. A person licensed by the Authority as an investment bank shall be eligible to apply for admission as a trading participant with a securities exchange: Provided that the licensed investment bank complies with the eligibility requirements of the admitting securities exchange.
Financial requirements.	21. (1) The level of paid-up share capital shall not fall below two hundred and fifty million shillings at any time during the license period and in addition, shareholder's funds (paid up share capital and reserves) shall at no time fall below two hundred and fifty million shillings: (2) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the investment bank. (3) An investment bank shall maintain a liquid capital of fifty million or eight per cent of its total liabilities, whichever is higher.
	PART V- BROKER DEALER, STOCKBROKER AND DEALER
Application for license.	22. (1) An application for a license to operate as a broker dealer, stockbroker or a dealer shall be submitted to the Authority in Form 1 set out in the First Schedule. (2) The application referred to in paragraph (1) shall be accompanied by- (a) the prescribed fee set out in the Seventh Schedule (b) the documents, information and declarations specified in regulation 23
Specific requirements for approval.	23. (1) The application in regulation 22 shall be submitted together with – (a) the certificate of incorporation.

- (b) the memorandum and articles of association.
- (c) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and audited accounts for the preceding two years (where applicable);
- (d) a business plan containing the particulars on
 - (i) the management structure.
 - (ii) the directors, including one or more executive directors, their qualifications, addresses and details of other directorships;
 - (iii) the shareholding structure which shall disclose whether any of the shareholders will have an executive role to oversee the day to day operations of the business;
- (e) the evidence of paid up share capital as provided in regulation 27;
- (f) the qualifications, experience and expertise of the chief executive must be relevant to effectively manage or operate the business in which the applicant is seeking a license.
- (g) the proposed management and qualifications of key personnel.
- (h) the financial projections for three years.
- (i) the proposed information technology and access to the trading network in compliance with the trading, clearing, delivery and settlement requirements of the securities exchange to which the applicant intends to be admitted as a trading participant under these Regulations;
- (j) one bank reference.
- (k) two business references.
- (l) the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such premises will be available;

	<p>(m) the staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available;</p> <p>(n) letter from the securities exchange stating that the applicant meets all the relevant requirements of that securities exchange and that the securities exchange would admit the applicant if licensed by the Authority</p> <p>(o) the proposed independent auditor.</p> <p>(p) a declaration that no person is a director or holds beneficial interest either directly or indirectly in more than one trading participant of a securities exchange and.</p> <p>(q) the prescribed fees set out in the Seventh Schedule</p> <p>(2) Every person who is, or is to be, a director, chief executive, managing partner or any other key personnel of a broker, dealer, stockbroker or dealer shall be fit and proper to hold the particular position that he holds or is to hold.</p>
<p>Authorized functions of broker dealer</p>	<p>24. (1) A broker-dealer shall be a company limited by shares and shall be eligible to carry out all or any of the following functions:</p> <p>(a) engaging in the business of stockbroker</p> <p>(b) engaging in the business of a dealer.</p> <p>(c) promoting or arranging underwriting of issuance of securities.</p>
<p>Authorized functions of stockbroker</p>	<p>25. (1) A stockbroker shall be a company limited by shares to carry out the business of buying or selling of securities as an agent for investors in return for a commission and cannot trade or deal on their own account.</p>
<p>Authorized functions of a dealer</p>	<p>26. (2) A dealer shall be a company limited by shares to carry out the business of buying, selling, dealing, trading, underwriting or retailing of securities except exchange-traded derivative contracts on its own account.</p>
<p>Financial requirements. (Paid up share capital)</p>	<p>27. (1) A broker dealer shall have a paid-up share capital of a minimum amount of seventy million shillings and the level of shareholders' funds (paid up share capital and reserves) shall not fall below seventy million shillings at any time during the license period.</p>

	<p>(2) A stockbroker shall have a paid up share capital of a minimum amount of fifty million shillings and the level of shareholders' funds (paid up share capital and reserves) shall not fall below fifty million shillings at any time during the license period.</p> <p>(3) A dealer shall have a paid up share capital of a minimum amount of twenty million shillings and the level of shareholders' funds (paid up share capital and reserves) shall not fall below twenty million shillings at any time during the license period.</p> <p>(4) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the licensee.</p>
<p>Financial requirements. (Liquid capital)</p>	<p>28. A broker dealer shall maintain a liquid capital of seventy million shillings or eight per cent of its total liabilities, whichever is higher.</p> <p>(1) A stockbroker shall maintain a liquid capital of thirty million shillings or eight per cent of its total liabilities, whichever is higher.</p> <p>(2)A dealer shall maintain a liquid capital of thirty million shillings or eight per cent of its total liabilities, whichever is higher.</p>
<p>Financial year.</p>	<p>29. The financial year of broker dealers, stockbrokers and dealers shall end on the 31st of December in each year</p>
<p>Records to be maintained.</p>	<p>30. (1) A broker dealer, stockbroker or dealer shall maintain and preserve for a period of seven years, the following accounting documents –</p> <p>(a) journals or other records of original entry containing an itemized daily. record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursements of cash and all debits and credits; the records shall show the account for which each transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date and the name or other designation of the person from whom the securities were purchased or received or to whom they were sold or delivered;</p> <p>(b) ledgers, (or other records) reflecting all assets and liabilities, income, expense and capital accounts;</p> <p>(c) detailed records of nominee accounts.</p>

	<ul style="list-style-type: none">(d) all cheque books, bank statements, cancelled cheques and bank reconciliation accounts.(e) clients' accounts (or other records) itemizing separately each account of a client, all purchases, sales, receipts and deliveries of securities and all other debits and credits;(f) a memorandum of each client's order received for the purchase or sale of securities; the memorandum shall show orders in chronological sequence, the time of receipt, the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which the order was entered, the time of entry into the market for execution, the price at which the order was executed and, to the extent feasible, the time of execution or cancellation;(g) copies of confirmation of all purchases and sales, notices of all other debits and credits for securities and other items for the account of client;(h) records on all commissions earned on account of equities, bonds and others;(i) contract books or records, showing details of all contracts entered with trading participants of a securities exchange and duplicates of memoranda of confirmation issued to such other trading participant; and(j) any other accounting documents as may be determined by the Authority. <p>(2) The accounting documents specified under paragraph (1) shall be subject to inspection from time to time and without notice, by the Authority or securities exchange of which the broker dealer stockbroker or dealer is a trading participant.</p> <p>(3) A broker dealer or stockbroker shall maintain and preserve for each person who becomes a client, records and accounts for a period of seven years containing information on –</p> <ul style="list-style-type: none">(a) where the client comes through an investor agent, in the agent sub-account and where the client has been attended to by the supervisor or employee of the broker dealer or stockbroker authorized to attend to clients in the stockbroker's account, the client's name, date of birth, address, nationality or citizenship, identification, written instructions of the client, price limit, duration of the instructions and date of order and the name and address of the investor agent (where
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applicable) and where the client is a company, certified copies of memorandum and articles of association and the certificate of incorporation.

- (b) if the broker dealer or stockbroker, or any of its agents has made any recommendations to the client to purchase or sell any security, the record of such client shall include the client's occupation, identification, investment objectives, other information concerning the client's financial situation and needs which the stockbroker or any of its agents considered in making the recommendation, and the signature and name of the agent who made the recommendation to the client and the date when any order was given to the stockbroker or its agent and any price limit given.
- (c) A record or records with respect to each discretionary account shall include:
 - (i) the client's written authorization to the broker dealer or stockbroker to exercise discretionary power or authority in the client's account.
 - (ii) the reason given by the client for granting discretionary power or authority in his account; and
 - (iii) the written approval of the broker dealer or stockbroker's designated supervisor of each transaction in such account indicating the exact time and date of such approval.
- (d) a separate record for all complaints by clients and persons acting on behalf of clients; the complaints shall be filed alphabetically by clients' names and shall include copies of all materials relating to the complaint, and record of what action, if any has been taken by the stockbroker; copies of such materials and record of action taken shall be kept in the office through which the client's account is handled;
- (e) a separate record of all securities transactions by the broker dealer, stockbroker's or dealer's employees and directors in their own name or under nominees accounts;
- (f) a separate record of all securities transactions between the broker dealer stockbroker or dealer, and all listed companies in which the directors of the stockbroker or dealer have an interest; and
- (g) other records as the Authority shall determine from time to time.

	<p>(4) A stockbroker shall decline to take an order if, after reasonable inquiry, the client decline to furnish such items of information as required in paragraph (3) (a), (b and (c) and a statement to that effect is placed in the records, provided, however, that the client’s records shall state the client’s name and address.</p>
<p>Client accounts</p>	<p>31. A broker dealer or stockbroker shall –</p> <ul style="list-style-type: none"> (a) deposit clients’ funds in one or more bank account(s), which account(s) shall contain only clients’ funds and be clearly marked “clients’ accounts”. Such client accounts shall not be overdrawn for any reason. (b) maintain a separate record for each account showing the name and address of the bank where the account is maintained, the dates, amounts of deposits and withdrawals and the exact amount of each client’s beneficial interest in the account. (c) reconcile such accounts on a regular basis to ensure the amount indicated corresponds with the balances in the client account at any given time; and (d) ensure that clients’ orders for payments made in advance shall be executed according to clients’ instructions and in any event not later than one month from the date of receipt of the clients’ funds. Orders not executed within one month for whatever reason shall be renewed with fresh instructions from the client.
<p>Reporting obligations</p>	<p>32. A broker dealer, stockbroker and dealer shall submit to the Authority. and to the securities exchange of which they are trading participants:</p> <ul style="list-style-type: none"> (a) quarterly reports and accounts within fifteen days of the end of each calendar quarter; (b) half yearly reports and accounts within thirty days of the end of each half year; and (c) audited annual accounts within three months following the end of its financial year. (d) a financial statement complying with the disclosures prescribed under the Fourth Schedule of these Regulations. <p>(2) Every broker dealer, stockbroker or dealer shall prepare monthly reports and accounts within fifteen days of the end of each calendar month which</p>

	<p>shall be made available to the Authority at such times as the Authority may request.</p> <p>(3) The Authority may require such other form of financial statement as it may from time to time specify.</p>
<p>Conducting business through an agent</p>	<p>33. (1) A broker dealer or stockbroker may conduct business through a stockbroking agent provided the stockbroking agent has been contracted in writing to render such services.</p> <p>(2) Every broker dealer or stockbroker shall forward to the Authority, on an annual basis, a register of any agent contracted pursuant to paragraph (1) and shall notify the Authority of any amendment to the register of agents within five working days of such change.</p> <p>(3) A broker dealer or stockbroker shall be responsible for conducting all necessary due diligence to establish the competence, fitness and propriety of any person to be appointed as an agent, having specific regard to the past experiences and conduct of any such person, in establishing his capacity to facilitate the purchase and sale of securities as an agent of the broker dealer or stockbroker in the best interests of investors.</p> <p>(4) A broker dealer or stockbroker shall submit to the Authority for approval the standard form agency agreement they propose to enter with their agents and shall thereafter secure the approval of the Authority prior to amending such agreement.</p> <p>(5) A broker dealer or stockbroker shall not appoint as its agent any person already appointed by another broker dealer or stockbroker as its agent:</p> <p>(6) An agent shall not handle or deal with clients' funds.</p> <p>(7) A broker dealer or stockbroker shall be responsible for ensuring that the agent conducts its business efficiently, honestly and fairly with the integrity and professional skills appropriate to the nature and scale of activities and in accordance with the requirements of the Capital Markets Act and Regulations issued thereunder.</p> <p>(8) In the event of any misconduct by an agent, the broker dealer or stockbroker who appointed the agent shall report the misconduct to the Authority within forty-eight hours of the occurrence of the misconduct.</p>
<p align="center">PART VI- INTERMEDIARY SERVICE PLATFORM PROVIDER</p>	

Requirement for licensing	34. A person shall not operate an intermediary service platform unless that person has obtained a license from the Authority
Eligibility requirements and Grant of a license	<p>35. (1) An application for licensing to operate an intermediary service platform shall be accompanied by the following-</p> <ul style="list-style-type: none"> (a) evidence of the entity’s registration. (b) a written agreement with a licensed fund manager which shall at the minimum set out the following:- <ul style="list-style-type: none"> (i) roles to be played by the parties including their rights and duties (ii) extent of liabilities of the parties to the agreement (iii)dispute resolution mechanisms (iv)complaints handling procedures. (v) investor protection mechanisms (c) business plan detailing the nature of the service platform, how the platform will help delivery value to the capital markets and financial projections among others; (d) evidence of adequate capital, office and human resources necessary for the efficient conduct of its business and operations; (e) details of the organization structure and profiles of the directors, shareholders, management and other key personnel who are fit and proper as provided under section 24A of the Act; (f) detailed information of the platform to be used including system capacity and security measures, its user terms and condition and evidence of its functionality.

	<p>(g) business continuity and disaster recovery plan.</p> <p>(h) record keeping procedures including audit trail for daily operations to meet emergencies.</p> <p>(i) adequate risk management framework that includes details of its fraud detection and prevention measures.</p> <p>(j) data protection policy in compliance with the relevant laws.</p> <p>(k) policy on prevention of anti-money laundering and terrorism financing.</p> <p>(l) the approval fees set out in the Seventh Schedule; and</p> <p>(m) any other additional documents or information the Authority may require.</p> <p>(2) The Authority shall, if satisfied that an applicant has met all the requirements for licensing and upon payment of the fees set out in the Seventh Schedule, grant a license to operate as such.</p> <p>(3) The Intermediary Service Platform Provider shall be required to pay an annual regulatory fee as set out in the Seventh schedule.</p> <p>(4) A license granted shall remain valid unless suspended or revoked by the Authority in accordance with section 26 and 26A of the Act.</p>
<p>Disclosure obligations</p>	<p>36. An intermediary service platform provider shall make the following disclosures to its users-</p> <p>(a) Features and characteristics of the intermediary service platform.</p> <p>(b) Fees charged for using the platform;</p> <p>(c) data protection and privacy policy; and</p> <p>(d) any other disclosure as may be necessary.</p>
<p>Due diligence, data security, confidentiality, and integrity</p>	<p>37. An intermediary service platform provider shall-</p> <p>(a) establish appropriate safeguards for ensuring the integrity of the information received and processed through their platform.</p> <p>(b) ensure security and confidentiality of information.</p> <p>(c) maintain reliable and secure operating systems.</p>

	<p>(d) keep copies of all relevant documents for a reasonable period after the date on which the document comes into the possession of their portal;</p> <p>(e) ensure confidentiality and privacy of information; and</p> <p>(f) exercise due skill, care and diligence in monitoring any function outsourced from external service providers to ensure proper performance of the intermediary service platform</p>
Maintenance of records	<p>38. (1) An intermediary service platform provider shall keep and maintain such records as are necessary—</p> <p>(a) to enable it to comply with these Regulations; and</p> <p>(b) to demonstrate at any time that such compliance by it has been achieved.</p>
Reporting requirements	<p>39. The intermediary service platform provider shall submit quarterly reports to the Authority on such information as the Authority may advise.</p>
Prohibitions	<p>40. An intermediary service platform provider is prohibited from-</p> <p>(a) holding clients’ funds.</p> <p>(b) offering investment advice in whichever form; and</p> <p>(c) sharing clients’ data with non-affiliated third parties</p>
Cessation	<p>41. An intermediary service platform provider may cease to operate as such upon giving a three months’ notice to the licensee and the stating reasons for the cessation and setting out the procedure and timelines for transition of its users</p>
	<p>PART VII- FUND MANAGERS</p>
Application for license.	<p>42. An application for a license to operate as a fund manager shall be submitted to the Authority in duplicate in Form 1 set out in the First Schedule</p>
Specific requirements for approval.	<p>43. (1) The application under regulation 43 shall be accompanied with –</p> <p>(a) certificate of incorporation.</p> <p>(b) memorandum and articles of association.</p> <p>(c) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and the applicant’s audited accounts for the preceding two years (where applicable);</p>

	<p>(d) a business plan containing the particulars stated in the first schedule of these regulations –</p> <p>(e) the shareholding structure, disclosing whether any of the shareholders. will have an executive role to oversee the day-to-day operations of the business.</p> <p>(f) the evidence of a minimum paid-up share capital of not less than ten million shillings.</p> <p>(g) the qualifications, experience and expertise of the chief executive.</p> <p>(h) the proposed management and qualifications of key personnel.</p> <p>(i) the financial projections for three years.</p> <p>(j) the particulars of the proposed operating and information technology system;</p> <p>(k) one bank reference.</p> <p>(l) two Business references.</p> <p>(m) the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such premises will be available;</p> <p>(n) the staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available.</p> <p>(o) the proposed independent auditor.</p> <p>(p) the fees prescribed in the Seventh Schedule.</p> <p>(2) Every person who is, or is to be, a director, chief executive or manager of an fund manager, shall be fit and proper to hold the particular position which he holds or is to hold;</p>
Financial requirements	<p>44. (1) The level of shareholders' funds (paid up share capital and reserves) for fund managers, shall not fall below ten million shillings at any time during the license period.</p>

	<p>(2) a fund manager shall maintain a liquid capital of five million shillings or eight percent of its total liabilities, whichever is higher.</p> <p>(3) The paid share capital of the fund manager shall always be unimpaired and shall not be advanced to the directors or associates of the fund manager.</p>
<p>Records to be maintained.</p>	<p>45. (1) Every fund manager shall maintain and preserve for a period of seven years, the following records –</p> <ul style="list-style-type: none"> (a) journals, including cash receipts and disbursement records and any other records or original entry, forming the basis of entries in any ledger; (b) general and auxiliary ledgers, or other comparable records reflecting assets, liabilities, reserves, capital, income and expense accounts; (c) a record or memorandum of each order given by the fund manager for the purchase or sale of securities, or any instruction received by the fund manager from the client concerning the purchase, sale, receipt or delivery of a particular security and of any modification or cancellation or any such order or instruction, and the record shall – <ul style="list-style-type: none"> (i) show the terms and conditions of the order, instruction, modification or cancellation; (ii) identify the person connected with the fund manager who recommended the transaction to the client and the person who placed such order; (iii) show the account for which the order was entered, the date of entry, and the stockbroker by or through whom the order was executed, where appropriate; and (iv) show orders entered pursuant to the exercise of discretionary power on account of management of investment portfolios in which case a record of details of such contracts with clients, constituents of the portfolio, transaction fees agreed with the client and value of the portfolio shall be included. (d) all cheque books, bank statements, cancelled cheques and cash reconciliation of the fund manager; (e) all bills, statements or copies thereof, paid or unpaid relating to the business of the fund manager

- (f) originals of all written communication received from clients and copies of all written communication sent by the fund manager relating to-
- (i) any recommendations made or proposed to be given.
 - (ii) any receipts, disbursement or delivery of funds or securities; and
 - (iii) the placing or execution of any order to purchase or sell any security; provided, that if the investment adviser or fund manager sends any notice, circular or other advertisement offering any report, analysis, publication or other investment advisory services to more than ten persons, the fund manager shall not be required to keep a record of the names and addresses of the persons to whom it was sent except that if such notice, circular or advertisement is distributed to persons named on any list, the fund manager shall retain a copy of such notice, circular or advertisement, a record or memorandum describing the list and the source thereof
- (g) all written agreements or copies thereof entered by the fund manager with any client or otherwise relating to the fund manager's business.
- (h) a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommending the purchase or sale of a specific security, which the investment adviser or fund manager circulates or distributes, directly or indirectly, to ten or more persons, and if such notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication does not state the reasons for such recommendation, a memorandum from the fund manager (as the case may be) indicating the reasons thereof; all advertisements by the investment adviser or fund manager and all records, worksheets and calculations necessary to form the basis for performance data in such advertisements
- (i) a record of every transaction in a security in which the fund manager or any of the fund manager's employees acquire any direct or indirect beneficial ownership; the record shall state the title and amount of the security involved, the date, whether the transaction was a purchase or sale or other acquisition or disposition, the price at which it was effected, and the name of the stockbroker with or through whom the transaction was effected; and

	<p>(j) a copy of each written statement, the amendment or revision thereof, given or sent to any client or prospective client of such fund manager and a record of the dates that the same was given or offered to be given;</p> <p>(k) any other records as may be determined by the Authority.</p> <p>(2) The records specified under paragraph (1) shall be subject to inspection from time to time and without notice, by the Authority.</p>
<p>Appointment of a custodian</p>	<p>46. (1) A fund manager that manages discretionary funds shall appoint a custodian for the assets of the fund.</p> <p>(2) A custodian of an investment portfolio may in relation to the fund manager be a holding company or a subsidiary company or be deemed by the Authority to be otherwise under control of substantially the same persons or consist substantially of the same shareholders, provided that the investment in a related company shall be limited to ten percent of the total funds managed by the fund manager.</p>
	<p>PART VIII- CUSTODIAN</p>
<p>Eligibility for licensing as custodian</p>	<p>47. (1) A person shall not be eligible to be licensed and appointed as a custodian unless it is a bank licenced under the Banking Act or any other financial institution that demonstrates capacity and expertise in conducting custodial business and with—</p> <p>(i) an initial and continuous paid-up capital of at least fifty million shillings; and</p> <p>(ii) a minimum liquid capital of twenty-five million or 8% of its liabilities which must be maintained throughout the duration of the license.</p> <p>(2) The appointment of a custodian shall be in writing.</p>
<p>Application to be a custodian</p>	<p>48. (1) An application for a license shall be made in the manner set out in Form II of the First Schedule and shall be accompanied by the following—</p> <p>(a) certified copy of a valid license (if any) or certificate of incorporation;</p> <p>(b) articles of Association with objects that authorize the company to carry out custodial business.</p>

	<ul style="list-style-type: none">(c) audited financial statements for the preceding two years and 6 months unaudited, financial statements where relevant.(d) business plan.(e) details of the management structure.(f) shareholding structure detailing the number of shares, the percentage holding and including the ultimate beneficial shareholding of all corporate shareholders and any existing Trusts if applicable;(g) financial projections for three years.(h) details of the external Auditor.(i) details of the Company Secretary.(j) two (2) letters of business reference and one (1) letter of bank reference.(k) a risk management framework(l) duly filled and executed Fit & Proper Form for directors and Head of Custodial Services; and(m) Application fees as set out in the Seventh Schedule
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Duties of a custodian.

49. (1) A custodian shall render custodial services to the investment portfolio managed by the fund manager in accordance with the written service agreement between the custodian and the fund manager as the case may be and such service shall include –

- (a) taking into its custody or under its control all the property of the clients of the fund manager and hold it in trust for the clients in accordance with the provisions of the written service agreement provided that cash and registrable assets shall be registered in the name of or to the order of the clients by the custodian;
- (b) receiving and keeping in safe custody title documents, securities and cash amounts of the investment portfolio;
- (c) opening an account in the name of each client for the exclusive benefit of such investment portfolio;
- (d) transferring, exchanging or delivering in the required form and manner securities held by the custodian upon receipt of proper instructions from the fund manager;
- (e) requiring from the investment adviser or fund manager as the case may be, such information as it deems necessary for the performance of its functions as a custodian.
- (f) promptly delivering to the investment adviser or fund manager or to such other persons as investment adviser or fund manager may authorize, copies of all notices, proxies, proxy soliciting materials received by the custodian in relation to the securities held in the fund account, all public information, financial reports and stockholder communications the custodian may receive from the issuers of securities and all other information the custodian may receive, as may be agreed between the custodian, investment adviser or fund manager;
- (g) exercising subscription, purchase or other similar rights represented by the securities subject to receipt of proper instructions from the investment adviser or fund manager;
- (h) exercising the same standard of care that it exercises over its own assets in holding, maintaining, servicing and disposing of property and in fulfilling obligations in the agreement;
- (i) where title to investments are recorded electronically, ensuring that entitlements of the clients of the investment adviser or fund

	<p>manager are separately identified in the records of entitlement maintained by the custodian;</p> <p>(2) A custodian shall in executing its duties under paragraph (1) exercise the degree of care expected of a prudent professional custodian for hire.</p> <p>(3) A custodian discharging its contractual duties to an investment adviser or fund manager shall not contract agents to discharge those functions except where a portion of the investment portfolio is invested in offshore investments in which case the custodian may engage the services of an overseas sub custodian approved by the investment adviser or fund manager as the case may be with notification of such appointment to the Authority.</p> <p>(4) The agreement referred to in paragraph (1) between the custodian and the investment adviser or fund manager shall make provision on the computation of the fee in respect of custodial services which will be disclosed to the clients by the investment adviser or fund manager in the annual report.</p>
Grant of a license	<p>50. (1) The Authority shall, if satisfied that an applicant has met all the requirements for licensing and upon payment of the fees set out in the Seventh Schedule, grant a license to operate as a custodian.</p> <p>(2) The custodian shall be required to pay an annual regulatory fee as set out in the Seventh schedule</p>
Revocation of license	<p>51. The Authority may revoke the approval of a custodian if at any time thereafter the custodian ceases to satisfy the requirements of these Regulations</p>
	<p>PART IX- TRUSTEE</p>
Eligibility to be a trustee	<p>52. (1) In order to be eligible for a license as a trustee, an applicant shall –</p> <ul style="list-style-type: none"> (a) be a company or such body corporate incorporated, formed or established in Kenya. (b) have an initial and continuous issued and paid-up capital of at least twenty million shillings; (c) have a minimum liquid capital of five million shillings or 8% of its liabilities which must be maintained throughout the duration of the license; (d) have as its directors and shareholders, persons who are fit and proper as provided under section 24A of the Act;

	<p>(e) have sufficient financial, technical operational, and technological resources and experience necessary to enable it effectively conduct its business and carry out its obligations as a trustee of a collective investment scheme;</p> <p>(f) has staff capable of providing professional services as trustees; and</p> <p>(g) have in place adequate systems and policies, processes, procedures and the necessary control environment to conduct its business.</p>
<p>Requirements for licensing</p>	<p>53. An application for licensing shall be made in manner prescribed in Form II of the First Schedule and shall be accompanied by the following-</p> <ul style="list-style-type: none"> (i) certified copy of incorporation documents. (ii) evidence in the constitutive documents authorizing the entity to carry on trustee business; (iii) audited accounts for the preceding two years, where applicable; business plan; (iv) letter of no-objection from the primary regulator, if any; (v) details of the proposed external auditor and (vi) prescribed application fees set out in the Seventh Schedule.
<p>Grant of a license</p>	<p>54. (1) The Authority shall, if satisfied that the applicant has met all the requirements for licensing and upon payment of the fees set out in the Seventh Schedule, grant a license to operate as a trustee.</p> <p>(2) The trustee shall be required to pay an annual regulatory fee as set out in the Seventh schedule.</p> <p>(3) A license granted shall remain valid unless suspended or revoked by the Authority in accordance with section 26 and 26A of the Act</p>
<p>Duties of the trustee</p>	<p>55. (1) It is the duty of the trustee to take reasonable care to ensure—</p> <ul style="list-style-type: none"> (a) that the scheme is managed by the fund manager in accordance with the scheme documents, and these regulations. (b) in relation to investment powers, that decisions about the constituents of the assets under management of the scheme do not exceed the powers conferred on the fund manager;

	<p>(c) that any irregularity or undesirable practice that it is aware of is notified to the fund manager and where no action is taken by the fund manager, the trustee to report the same to the Authority; and</p> <p>(d) avoid conflicts of interest and treat the interests of all participants paramount in all matters.</p>
Trustee to ensure fund manager maintains sufficient records	<p>56. (1) The trustee shall ensure that the fund manager maintains accurate and sufficient records and adopts such procedures and methods for the calculation of prices at which participatory interests are issued and redeemed to ensure that those prices are within the limits for the time being prescribed under these Regulations.</p> <p>(2) Where the trustee is at any time not satisfied of any matter specified in sub regulation (1), it shall inform the Authority.</p>
	<p>PART X- INVESTOR COMPENSATION FUND</p>
Contribution by licensees.	<p>57. (1) Every buying or selling broker-dealer, stockbroker or dealer that is a trading participant of a securities exchange shall contribute to the Compensation Fund such amount as shall be prescribed from time to time by the Authority.</p> <p>(2) All monies contributed to the Compensation Fund shall be credited to a bank account established by the Authority for that purpose.</p>
Management and audit of the compensation fund.	<p>58. (1) The Compensation Fund shall be managed by the Authority as a separate fund and disclosed as such in the Authority’s annual balance sheet as an asset and liability.</p> <p>(2) The Authority shall keep proper accounts and records of the Compensation Fund and, every financial year, prepare a statement of accounts showing the movement and financial position of the Fund in the Authority’s annual report.</p> <p>(3) The accounts referred to in paragraph (2) shall include the income and all sources of contribution to and expenses or disbursements of the Compensation Fund including the fees charged by the Authority for the management of the Fund and any investments of the Fund.</p> <p>(4) The accounts and records of the Compensation Fund shall be audited by the auditor appointed by the Authority for the Authority’s annual accounts.</p>
Trustees of the Compensation Fund.	<p>59. Members of the Authority shall act as the trustees of the Compensation Fund and may appoint a committee of the Board to oversee its management.</p>

Meetings of the Compensation Fund.	<p>60. A special meeting of the members of the Authority shall be convened by the Chief Executive of the Authority whenever the business of the Compensation Fund so requires and the Board of the Authority shall determine the procedure for such meetings.</p>
Report to the Cabinet secretary.	<p>61. The Authority shall include information relating to the Compensation Fund in its annual report to the Cabinet secretary for the time being responsible for Finance.</p>
Compensation of investors.	<p>62. . Whenever an investor has suffered pecuniary loss due to the failure of a broker-dealer, stockbroker, dealer or on investment bank carrying out stockbroking business or dealing operations, to meet its contractual obligations, which loss has not been compensated –</p> <ul style="list-style-type: none"> (a) from the bank guarantee or securities furnished by such licensed person to the securities exchange or central depository as the case may be of which such licensed person is a trading participant; or (b) from the Compensation Fund of the securities exchange of which such licensed person is a trading participant; or (c) from any payment made by a statutory manager appointed under section 33 A (2) (a) of the Act; <p>(hereinafter referred to as “the net loss”) the investor shall apply to the Authority for compensation from the Compensation Fund in cash or securities equal to the net loss.</p>
Maximum compensation.	<p>63. (1) The net loss to an investor shall be subject to a maximum of two hundred thousand shillings.</p> <p>(2) The statutory manager shall recommend to the Authority the net loss that the investor may claim from the Compensation Fund.</p>
Notification of pecuniary loss	<p>64. (1) Every investor who has suffered a pecuniary loss shall notify the statutory manager of the licensed person liable for the loss within sixty days of the appointment of the statutory manager.</p> <p>(2) The statutory manager shall pay all valid claims within six months of its appointment</p>
Submission of claims.	<p>65. (1) The statutory manager shall submit to the Authority a list of investors to be compensated as well as the supporting documents.</p> <p>(2) The Authority shall convene a meeting of the Compensation Committee within twenty-one days of receipt of submission of a claim by the statutory manager.</p>

<p>Payment of claims</p>	<p>66. (1) Where payment has been made from the Compensation Fund on behalf of a licensed person, such licensed person shall be liable to the Compensation Fund for an amount equal to the payment made out of the Fund.</p> <p>(2) In the event of liquidation of a licensed person, the liquidator shall pay the Compensation Fund any money paid by the Fund to investors on behalf of the insolvent person under these Regulations to the extent of such payment.</p>
	<p style="text-align: center;">GENERAL REQUIREMENTS FOR LICENSING</p>
<p>Fit and proper</p>	<p>67. In determining whether a person is fit and proper to hold any particular position, regard shall be had to -</p> <ul style="list-style-type: none"> (a) their probity, competence and soundness of judgment in fulfilling the responsibilities of that position. (b) the diligence with which he is fulfilling or likely to fulfill those responsibilities; (c) whether the interests of customers, are or are likely to be in any way threatened by his holding that position, by virtue of past convictions or offences, involvement in irregularities, misappropriation of funds or manipulation of securities markets transactions. (d) has contravened the provision of any law designed for the protection of members of the public against financial loss due to dishonesty or incompetence of, or malpractice by, persons engaged in transacting with marketable securities; (e) was a director of a brokerage firm that has been liquidated or in under liquidation or statutory management; (f) has taken part in any business practice that, in the opinion of the Authority, was fraudulent, prejudicial or otherwise improper (whether unlawful or not) or which otherwise discredited his methods of conducting business. (g) has taken part or been associated with any other business practice as would, or has otherwise conducted themselves in such manner as to, cast doubt on his competence and soundness of judgment; (h) a declaration of beneficial owners of a license applicant and verification of identity of beneficial owners in all cases by the Authority; and

	(i) Whether he has been convicted of an economic crime under the Anti-Corruption and Economic Crimes Act.
	GENERAL REPORTING REQUIREMENTS
Financial Provision	<p>68. (1) The audited accounts for each year shall be submitted to the Authority not later than the 31st day of March.</p> <p>(2) The financial year of every licensed person shall be the period of twelve months ending on the 31st of December in each year: Provided that where the financial year of a licensed person is different from that prescribed in this paragraph at the commencement of this paragraph, The licensed person shall comply therewith within twelve months of such commencement.</p>
Marketing securities.	<p>69. No person shall market securities in Kenya, whether the securities have been issued in Kenya or not, through advertisement, solicitation, invitation or by other means in whatever form or manner with an aim of reaching the general public or a section thereof unless such a person is licensed under these Regulations</p>
	MISCELLANEOUS PROVISIONS
Transition	<p>70. (1) Licenses approved and issued by the Authority at the date these Regulations become effective shall continue to be applicable. Provided that the licensed persons shall meet the new requirements stated in these regulations where applicable within 12 months from the date of commencement of these regulations.</p> <p>(2) Institutions operating Alternative Trading Systems and Over the Counter Platforms shall make applications to the Authority within one year from the date of coming into effect of these regulations</p>
Revocation	<p>71. The Capital Markets (Licensing) (General) Regulations, 2002 are revoked.</p>

FIRST SCHEDULE

Form I – Application form for Companies

**APPLICATION FORM TO BE LICENSED AS AN INVESTMENT BANK, DEALER,
BROKER DEALER, STOCKBROKER, INVESTMENT ADVISER, FUND MANAGER,
TRUSTEE AND CUSTODIAN.**

Application is made for an Investment Bank/Broker Dealer/ Dealer/Stockbroker/ /Investment Adviser/Fund Manager/Trustee/Custodian. (tick as appropriate) license under these regulations and the following statements are made in respect thereof:

Note:

- i. If space is insufficient to provide details, please attach annexure(s).
- ii. Any annexure(s) should be identified as such and signed by the signatory of this application.

The information provided should be as at the date of the application.

INFORMATION ON THE APPLICANT
1. Name of the company
2. Registered Office
3. Date of Incorporation
4. Address.....
5. E-mail
6. Location of Principal Office..... Telephone number of principal office..... Branch offices (if any) Details of Branch Offices.....
INFORMATION ON THE APPLICANT’S BUSINESS
7. State the exact nature of the activity to be carried on which obliges the applicant to apply for a license from the Capital Markets Authority

8. Information on the business model (if applicable) (please attach a business plan if necessary)

9. Description of the internal controls to secure the integrity of the business (if applicable) (e.g. [risk management](#), data protection, information technology security, control mechanisms for compliance with investor protection requirements)

10. Evidence and details of the platform (if applicable) (e.g. ownership, readiness for use)

OWNERSHIP STRUCTURE, DIRECTORS, AND OTHER KEY PERSONNEL
 Fit and proper: Your Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer, Secretary to the Board, Chief Internal Auditor, directors and senior managers must be fit and proper people to hold their respective positions.
 Capability: Your organization must have the right mix of people with the right skills and experience, in the right roles, to monitor your licensed business properly and effectively.
 Financial resources: Your organization must have adequate financial resources to effectively and efficiently run the business.

11. Details of capital structure:
 (a) Nominal capital (Ksh.).....
 (b) Number of shares (if applicable)
 (c) Paid up capital (Ksh.).....
 (d) Liquid capital (Ksh.).....

12. Shareholders (please attach a list showing the following details)
 Also attach the CR12 form
 LLP'S attach.

<i>Name</i>	<i>Address and telephone number</i>	<i>Number of shares held</i>
-------------	-------------------------------------	------------------------------

13. Directors (please attach a list with the following details)

<i>Name</i>	<i>Identity Card/ Passport number</i>	<i>Date of Appointment</i>	<i>Date of birth</i>	<i>Permanent address and telephone number</i>	<i>Academic or Professional qualification</i>	<i>Number of shares held in the company</i>
-------------	---------------------------------------	----------------------------	----------------------	---	---	---

14. Company Secretary (details)

- i. Name.....
- ii. Address.....
- iii. Institute of Certified Secretaries of Kenya Registration No.

15. Details of the Chief Executive Officer and other Key personnel (please attach a list with the following details)

Name	Identity Card/ Passport number	Date of Appointment	Date of birth	Permanent address & telephone number	Academic or Professional qualification	Number of shares held in the company
------	--------------------------------	---------------------	---------------	--------------------------------------	--	--------------------------------------

16. Profile of the persons listed in note 12.

<i>Name</i>	<i>Post</i>	<i>Qualifications</i>	<i>Experience</i>
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OTHER PARTICULARS ON THE KEY PERSONEL OF THE APPLICANT

17. Particulars of other directorship(s) of the directors and secretary.

18. Particulars of shares held by directors or secretary in other companies.

19. Has the applicant or any of its directors, secretary or members of senior management at any time been placed under receivership, declared bankrupt, or compounded with or made an assignment for the benefit of his creditors, in Kenya or elsewhere? Yes/ No. If ‘yes’, give details.

20. Has any director, secretary or senior management of the applicant been a director of a company that has been:

a) denied any license or approval under the Capital Markets Act or equivalent legislation in any other jurisdiction: Yes/No.
 If yes, give details.

b) a director of a company providing banking, insurance, financial or investment advisory services whose license has been revoked by the relevant authority? Yes/No.
 If yes, give details.

.....
c) subjected to any form of disciplinary action by any professional body of which the applicant or any of its directors was a member? Yes/ No.
If yes, give details.
.....
.....

21. Has any court ever found that the applicant, or a person associated with the applicant was involved in a violation of the Capital Markets Act or Regulations thereunder, or equivalent law outside Kenya? Yes / No.
If 'yes', give details.
.....
.....

22. Is the applicant and/or a person associated with the applicant now the subject of any proceeding that could result in a 'yes' answer to the above question (21)? Yes/No.
If 'yes,' give details.
.....
.....

23. (1) Is the applicant, or any shareholder, director or the secretary of the applicant, a member or director of a member company of any securities or derivatives exchange or any over the counter platform? Yes/ No.
If 'yes', give details.
.....
.....
(2) Have any of the above persons been -
a) refused membership of any securities or derivatives organization? Yes / No.
If 'yes', give details.
.....
.....
b) expelled from or suspended from trading on or membership of any securities or derivatives organization or any over the counter platform? Yes/No.
If 'yes' give details
.....
.....
c) subjected to any other form of disciplinary action by any stock/securities or derivatives exchange?
Yes/No.
If 'yes', give details.
.....
.....

REFERENCE

24. Business references:

<i>Name</i>	<i>Address</i>	<i>Telephone number</i> <i>(s)</i>	<i>Occupation</i>

25. One bank reference, (where the applicant is a bank the reference shall be given by another bank independent of the applicant)

ADDITIONAL INFORMATION

26. Any other additional information considered relevant to this application:

.....
.....

We..... (Director)

..... (Director) and

..... (Secretary)

declare that all the information given in this application and in the attached documents is true and correct.

Dated this day of 20

Signed:

.....) Director

.....) Director

.....) Secretary

Secretary Note:

1. The following shall be submitted with the application for a license:

a) articles of association

b) certificate of incorporation

c) Business plan complying with the relevant capital markets laws (if applicable)

d) Detailed rules of operation of the business

e) Risk management plan

f) A copy of the platform's terms and conditions (if applicable)

g) a declaration by persons authorized as prescribed to accompany the application form

h) any other document(s) referred to under these Regulations

I) the relevant application fees.

**SECOND SCHEDULE
FIT AND PROPER FORM**

**FIT AND PROPER FORM FOR INDIVIDUALS WHO ARE OR ARE PROPOSING TO
BECOME DIRECTORS OR KEY PERSONNEL OF THE CROWDFUNDING
PLATFORM OPERATOR.**

COMPANY

Name of Applicant Company:

PERSONAL INFORMATION OF THE KEY PERSONNEL

Full names (Including former surname(s) and /or forenames by which you may have been known):

ID/Passport number:

Please state the capacity in which you are completing this form (i.e., as a director or key personnel)

Please state your full title and describe the particular duties and responsibilities attaching to the position(s), which you hold or will hold.

If you complete this form in the capacity of director, indicate whether, in your position as director, you have or will have executive responsibility for the management of the applicant's business.

In addition, please provide a copy of your **curriculum vitae**.

Place and date of birth:	<input type="text"/>
Citizen of:	<input type="text"/>
Resident of:	<input type="text"/>
Present business address:	<input type="text"/>
Present residential address:	<input type="text"/>

ACADEMIC AND PROFESSIONAL RECORD

Professional & academic qualifications (starting with highest qualification)

Special awards or honours (if any)

Membership in professional organizations

--

Occupation or employment (Present or most recent and for the past ten years) Note to include the dates, Name & business of employer and positions held.

--

Bodies corporate (other than the applicant) where you are now an, officer, shareholder, or manager? Give relevant dates.

--

Bodies corporate other than the applicant and those listed above where you have been a director, shareholder, controller or manager at any time during the last 10 years. Give relevant dates:

--

Past and present business affiliations (direct and indirect): Nature of affiliation (That is, director, officer, share Inclusive date holder with 10% and above (month and year):

Nature of business:	From:	To:

Do any of the above business affiliations maintain a business relationship with the institution? If so, give particulars:

--

Family group: Business affiliation (State name of business and nature of affiliation i.e., director, officer, significant shareholder. Also indicate the nature of the family group member's relation to the Applicant. *A family group member can be a spouse, parent, sibling, child, father-in-law, son-in-law, daughter-in-law, mother-in-law, brother-in-law, son-in-law, grandchild or spouse of a grandchild*).

--

PROBITY, COMPETENCE AND SOUNDNESS OF JUDGEMENT

Have you, in Kenya or elsewhere, been dismissed from any office or employment, or been subjected to disciplinary proceedings by your employer or barred from entry to any profession or occupation? If so, give particulars:

--

Has an adverse finding been made against you at any time preceding the date of this questionnaire in any civil or criminal proceedings by a court of law (whether in the Republic of Kenya or elsewhere) in which you were found to have acted fraudulently, dishonestly, unprofessionally, dishonorably or in breach of a fiduciary duty. If so, give particulars:

--

Have you at any time preceding the date of this questionnaire been found guilty by any professional or financial services industry body (whether in the Republic of Kenya or elsewhere) of an act of dishonesty, negligence, incompetence or management. If so, give particulars:

--

Have you at any time preceding the date of this questionnaire been denied membership of anybody on account of an act of dishonesty, negligence, incompetence or mismanagement? If so, give particulars:

Have you at any time preceding the date of this questionnaire been found guilty by any regulatory or supervisory body (whether in the Republic of Kenya or elsewhere), or has an authorization to carry on business been refused, suspended or withdrawn by any such body on account of an act of dishonesty, negligence, incompetence or mismanagement by yourself? If so, give particulars:

Have you at any time prior to the date of this questionnaire been disqualified or prohibited by any court of law (whether in the Republic of Kenya or elsewhere) from taking part in the management of any company or other statutorily created, recognized or regulated body, irrespective of whether such disqualification has since been lifted or not? If so, give particulars:

DILIGENCE WITH RESPECT TO THE PROPOSED ROLE

Would you confirm that if appointed as a director of the Company that you will undertake your role diligently, in accordance with the duties of a director under the law and that you will do so without reservation? If so, give particulars:

--

Are there any reasons which might impair your ability to undertake your role diligently?

--

WHETHER INTERESTS OF CUSTOMERS MAY BE THREATENED BY VIRTUE OF PAST CONVICTIONS OR OFFENCES

Have you at any time preceding the date of this questionnaire had any judgment (including a finding of fraud, misrepresentation or dishonesty) given against you in any civil or criminal proceedings, in the Republic of Kenya or elsewhere or are there any proceedings now pending which may lead to such judgment? If so, give particulars:

--

Have you at any time preceding the date of this questionnaire had any judgment (including a finding of fraud, misrepresentation, misappropriation of funds, manipulation or securities/market transactions, dishonesty) given against you in any civil or criminal proceedings, in the government of Kenya, Africa or elsewhere or are any proceeding now pending which may lead to such judgment? If so, give particulars:

Have you at any time preceding the date of this questionnaire knowingly or negligently aided or abetted other persons in the breach of any laws, regulations, exchange rules and/or codes of conduct? If so, give particulars:

Have you at any time preceding the date of this questionnaire been the subject of any investigation or disciplinary proceedings by any regulatory authority (whether in the Republic of Kenya or elsewhere) or exchange, professional body or government body or agency. If so, give particulars:

CONTRAVENTION OF LAWS DESIGNED TO PROTECT MEMBERS OF THE PUBLIC

Have you at any time preceding the date of this questionnaire ever been found to have contravened the provision of any law designed for the protection of members of the public against financial loss due to dishonesty or incompetence of, or malpractice by, persons engaged in transactions with marketable securities? If so, give particulars:

Have you at any time preceding the date of this questionnaire ever been a controlling shareholder, director of a company or member of a corporation or been involved in any business which has been found to have contravened the provision of any law designed for the protection of members of the public against financial loss due to dishonesty or incompetence of, or malpractice by, persons engaged in transaction with marketable securities? If so, give particulars:

LIQUIDATION OR STATUTORY MANAGEMENT

Have you ever been a director of a brokerage firm that has been liquidated or has been under liquidation or statutory management?

Has any entity with which you were associated as a director, shareholder or manager in any country made any compromise or arrangement with its creditors, been wound up or otherwise ceased business either while you were associated with it or within one year after you ceased to be associated with it?

IMPROPER BUSINESS PRACTICES

Have you ever taken part in or been associated with any business practice that is fraudulent, prejudicial or which otherwise could be viewed to have discredited your methods of doing business? If so, give particulars:

Have you ever taken part or been associated with any other business practice as would, or have you otherwise conducted yourself in such a manner as to cast doubt on your competence and soundness of judgment? If so, give particulars:

--

ADDITIONAL INFORMATION

Do you have any additional information, which should be brought to the attention of the Capital Markets Authority which may have an impact on the evaluation by the Authority of your good character, integrity, suitability or otherwise for the position(s) held/to be held? If so give particulars (The omission of material facts may represent the provision of misleading information).

--

Indicate the names, addresses, telephone numbers and positions of three individuals of good standing who would be able to provide a reference on your personal and professional integrity. (The referees must not be related to you and should have known you for at least three years).

--

CONFIDENTIALITY

The information given in response to this questionnaire shall be kept confidential by the Authority except in cases provided for by law.

DECLARATION

I am aware that it is an offence to knowingly or recklessly provide any information which is false or misleading. I am also aware that omitting material information intentionally shall be construed to be an offence and may lead to rejection of my application.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the supervisory authority

should be aware.

I undertake to inform the Authority of any changes material to the applications, which arise while the application is under consideration and after taking up of the relevant post.

Name:

Signature:

Dated:

Witnessed before me:

Signed:

Sworn at

this

day of

20

Before me:

Commissioner for Oaths

THIRD SCHEDULE
SCHEDULE FOR PARTICULARS OF BUSINESS PLAN MODELS TO BE
SUBMITTED DURING THE LICENCE REVIEW PROCESS BY AND PROPOSED
LICENSEES.

A Business Plan should provide the Authority with the opportunity to assess the sustainability of an applicant's business model over a period of three years considering in detail the products and services to be provided, strategy, existing and possible distribution channels and clients. Most business model plans submitted to the Authority by intermediaries and new applicants have been found to be vague, incomplete and do not make requisite and adequate disclosures. Below is a schedule to guide applicants for various license categories and already licensed entities on content of Business Plans: -

1. A full explanation of the capital markets-related business, its background (including its legal structure and creation) and what it is intending to do.
2. The company's target market and clientele i.e., whether a firm has identified a specific business opportunity or customer base. Further the firm should identify and acknowledge the existing competition.
3. The business model to be adopted by the company. Disclosure on how it will earn revenue whether by charging agency commission, management fee, profit sharing etc. and disclosure of how revenue is earned whether per transaction, per annum, percentage of transaction etc.
4. The company's objectives are both short term and long-term (for example, intended market share, aims and assets under management).
5. Any long-term strategy and expansion plans.
6. A clear view of the company's target market, key customers, distribution, products and pricing.
7. The expected customer experience of the business from day one.
8. Details of the company's intended investment strategies, fee and remuneration policies, governance framework and key personnel
9. What experience the company's principals have of the type of regulated activities it plans to conduct.
10. The employment background, experience and relevant qualifications of all individuals who will be performing significant influence-controlled functions and how this will help them with their role.
11. Financial projections (income statement and balance sheet) for three years, (these can be sent separately with the financial accounts) including working capital requirements which should include the supporting rationale behind the key line items projected and a demonstration of when the business is expected to break even.
12. Any other activity that the company may engage in that reasonably could have a material impact on net capital within the first twelve months of business operations. N/B (This can however be sent separately with the financial accounts).
13. Any key dependencies and business risks.
14. Exit arrangements in case the company wishes to discontinue business. Disclosure of how clients will be refunded and transfer of assets etc.
15. The company's marketing strategy.
16. Details of any outsourcing plans or other key operational matters.
17. An analysis of key conduct risks.

18. Corporate governance structure with disclosures on shareholding and details of ultimate beneficial shareholders.

In addition, applicants for licenses and licensees of the Authority should ensure that business plans are clear and are updated in the event there are any changes in their business plans relating to products and services offered, strategy, existing and possible distribution channels and clients and financial projections.

The Authority as part of implementing its supervisory mandate shall be analysing licensee's business performance as against the submitted Business Plans. Any variances noted by the Authority shall be discussed with respective licensees for purposes of understanding capital markets business trends and ensuring business plans are implemented as disclosed.

FOURTH SCHEDULE

DISCLOSURE BY A SECURITIES EXCHANGE IN FINANCIAL STATEMENTS.

The accounts shall be prepared in accordance with the International Accounting Standards

1. The following shall be disclosed in the income statement.

(a) Income -

- (i) listing fees
- (ii) transaction fees
- (iii) finance income
- (iv) other income

(b) Expenditure -

- (i) personnel costs including separate disclosure of consolidated pay, pension and gratuity.
- (ii) staff training
- (iii) rent and maintenance.
- (iv) investor education
- (v) directors' fees
- (vi) annual fees payable to Capital Markets Authority
- (vii) committee members' expenses
- (viii) audit fees
- (ix) depreciation
- (x) general administrative expenses
- (xi) legal and professional expenses
- (xii) others expenditure

2. The following shall be disclosed in the balance sheet.

- (a) property, plant and equipment
- (b) motor vehicles
- (c) goodwill
- (d) investments
- (e) listing fees receivable
- (f) deferred tax
- (g) members fund
- (h) revenue reserves
- (i) compensation fund.

FIFTH SCHEDULE
DISCLOSURES BY OTHER LICENSEES INCLUDING BROKER DEALERS,
STOCKBROKERS, DEALERS, INVESTMENT ADVISERS, FUND MANAGERS AND
INVESTMENT BANKS IN THE FINANCIAL STATEMENTS.

1. The following shall be disclosed in the income statement where applicable

a) Income

- (i) stock brokerage commission
- (ii) consultancy income
- (iii) dealing income
- (iv) advisory income including restructuring, and corporate finance.
- (v) asset management fees
- (vi) underwriting fees
- (vii) other services income
- (viii) finance income

b) Expenditure

- (i) directors' emoluments
- (ii) staff costs
- (iii) rent and maintenance.
- (iv) depreciation
- (v) audit fees
- (vi) administrative expenses
- (vii) finance expenses

2. The following shall be disclosed in the balance sheet.

- (a) property, plant and equipment
- (b) motor vehicles
- (c) investments
- (d) deposits and prepayments
- (e) share capital.
- (f) revenue reserves
- (g) directors' loans
- (h) shareholders loans
- (i) amounts due to client

**SIXTH SCHEDULE
BROKERAGE COMMISSION AND OTHER FEES.**

I. FOR NEW ISSUES

(a) Fees:

- (i) Sponsoring stockbrokers: Sponsoring fee as negotiated with the issuer.
- (ii) The issuer shall pay a marketing fee not exceeding Ksh. 25,000 each to all stockbrokers subject the stockbroker placing securities of a minimum value of Ksh. 250,000.

(b) Placing Commission:

- (i) Stockbrokers: 1.5% of the value of the successful application subject to a minimum of Ksh. 100/=.
- (ii) Participating banks (as agents of the issuer): 1% of the value of successful applications.

2. FOR SECONDARY TRADING

Consideration (Transaction Value)	Net Brokerage Commission %	Transaction Fee			Investor Compensation Fund Fee and Central Depository Guarantee Fund Fee		Total Maximum cost to Investor%
		NSE %	CMA %	CDSC %	CDSC Guarantee Fund %	CMA Investor Compensation Fund %	
Up to Ksh. 100,000	1.76*	0.12	0.12	0.08	0.01*	0.01*	2.10
Above Ksh. 100,000	Open to negotiation subject to a maximum of 1.5%	0.12	0.12	0.08	0.01	0.01*	1.70

- 3. * Stockbrokerage commission is a net contribution by the stockbroker of 0.02% to the CMA Investor Compensation Fund and CDSC Guarantee Fund fee.
- 4. Stockbrokerage commission shall be limited to Ksh. 100 for all odd lots of transactions up to Ksh. 3000 excluding statutory fees. Odd lots of transaction in excess of Ksh. 3000 shall be charged a commission at the prescribed rate of 1.76% excluding statutory fees.

3. FOR DEBT INSTRUMENTS (SECONDARY MARKET)

(a) CORPORATE BONDS – (SECONDARY MARKET)

BROKERAGE COMMISSION%	Transaction fee				Total transaction fees payable by Investor
	NSE %	CMA %	CDSC %	ICF %	Total %
0.024	0.0035	0.0015	0.002	0.004	0.035

(b) GOVERNMENT BONDS – (SECONDARY MARKET)

BROKERAGE COMMISSION%	Transaction fee			Total transaction fees payable by Investor
	NSE %	CMA %	ICF %	Total %
0.024	0.0055	0.0015	0.004	0.035

*Stockbroker commission is a net contribution by the market intermediaries trading in the secondary market (stockbrokers, investment banks and broker dealers) of 0.004% to the investor compensation fund.

4. PRIVATE TRANSFER FEES

Regulation 57 (a) fees levied at 2.1% of the value of transaction (being prescribed brokerage commission) where transaction value is below Ksh. 100, 000 (subject to a maximum of 1.5%) and shared as follows-		BROKERS & INVESTMENT BANKS.	NSE	CDSC
		Certified Securities	55%	45%
	Immobilized Securities	55%	NIL	45%
Regulation 57(b) or (e) Ksh.1,500 per	Certified Securities	55%	45%	NIL

<p>application (including an application relating to a portfolio of securities), (provided that where the total value of securities in the application is below Ksh. 10,000, no fee shall be payable) and shared as follows-</p>	<p>Immobilized Securities</p>	<p>55%</p>	<p>NIL</p>	<p>45%</p>
<p>Regulation 57 (c)..... Transfer arising out of the re-organization of the share capital of a listed company that does not result in change of beneficial interest in such share capital.....0.1% (Percentage of the nominal value of the shares) and payable to the Authority.</p>				
<p>Regulation 57 (c) or (d).....Any other transfer that results in change of beneficial interest in the shares capital of a listed company, including any transfer under a take-over scheme, merger or acquisition, approved by the Authority at 0.5% (percentage of the market value of the shares) and payable to the Authority</p>				

SEVENTH SCHEDULE

THE CAPITAL MARKETS AUTHORITY FEE STRUCTURE.

Application, Licensing and Annual Regulatory fee			
	Application fee	Approval Fee	Annual regulatory fee
Securities Exchange	Ksh. 100,000	Ksh. 200,000	1% of the gross earnings Section 20(7) Capital Markets Act payable, excluding the transaction fees
Central Depository	Ksh. 100,000	Ksh. 200,000	Ksh. 200,000
Private Equity and Venture Capital	-	Ksh. 250,000	Ksh. 250,000 (subject to a maximum of Ksh. 500,000)
Collective Investment schemes	-	Ksh. 150,000	Ksh. 150,000
	Application fee	Licensing fee	Annual regulatory fee
Investment Bank	Ksh. 20,000	Ksh. 250,000	Ksh. 250,000
Broker Dealer	Ksh. 10,000	Ksh. 200,000	Ksh. 200,000
Stockbroker	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000
Dealer	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000
Fund Manager	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000
Fund Manager Registered with the Retirement Benefits Authority	Ksh.10,000	Ksh.100,000	Ksh. 50,000
Investment Adviser	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000
Custodian	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000
Trustee	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000
Intermediary Service Platform Provider	Ksh. 10,000	Ksh. 100,000	Ksh. 100,000

Made on this..... 2023.

PROFESSOR. NJUGUNA NDUNG’U, (CBS)
Cabinet Secretary for the National Treasury and Economic Planning.