



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR 2024/2025**



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FOR THE FINANCIAL YEAR
2024/25**

**Prepared in accordance with the Accrual Basis of
Accounting Method under the
International Public Sector Accounting Standards (IPSAS)**

LETTER OF TRANSMITTAL

The Cabinet Secretary
The National Treasury and Economic Planning
Nairobi

Dear Hon. Cabinet Secretary,

I have the honor of submitting the Annual Report of the Capital Markets Authority for the fiscal year ended 30 June 2025. The Report has been prepared in accordance with the provisions and requirements of section 36 (2) of the Capital Markets Act, Cap 485A.

Respectfully yours,



Chairman
Mr. Ugas Sheikh Mohamed, EBS



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MARKET INDICES

NSE ALL SHARE INDEX	164.92	▲ 1.15 (0.70%)
NSE 20 SHARE INDEX	2,692.37	▲ 18.56 (0.69%)
NSE 25 SHARE INDEX	4,275.22	▲ 32.46 (0.76%)
NSE 10 SHARE INDEX	1,229.58	▲ 9.28 (0.76%)

TOP GAINERS

KCB GROUP	41.50	▲ 3.75	9.94%
EQUITY GROUP	38.20	▲ 2.80	7.91%
SAFARICOM	17.65	▲ 1.25	7.64%
CO-OPERATIVE BANK	13.75	▲ 0.90	7.02%
I&M HOLDINGS	31.00	▲ 1.90	6.52%

TOP LOSERS

BRITAM HOLDINGS	6.10	▼ -0.40	-6.15%
SAMEER AFRICA	0.65	▼ -0.04	-5.80%
NATION MEDIA	11.00	▼ -0.60	-5.17%
UMEME LTD	1.20	▼ -0.06	-4.76%
DEACONS EA	1.35	▼ -0.05	-3.57%

EABL 192.00 ▲ 1.00 (0.52%)	KCB 41.50 ▲ 3.75 (9.94%)	EQUITY 38.20 ▲ 2.80 (7.91%)	SCOM 17.65 ▲ 1.25 (7.64%)
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MARKET WATCH

SYMBOL	BID	ASK	LAST	% CHANGE	VOLUME
SCOM	17.60	17.70	17.65	7.64%	23,947,700
EQUITY	38.10	38.20	38.20	7.91%	19,287,400
KCB	41.25	41.50	41.50	9.94%	14,680,200
COOP	13.70	13.75	13.75	7.02%	8,120,000
EABL	191.50	192.00	192.00	0.52%	5,870,000
ABSA	14.10	14.20	14.20	1.43%	4,560,900
STANCHART	157.00	157.50	157.00	1.29%	2,345,600

EQUITY TURNOVER



MARKET STATUS

OPEN

TIME
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DATE: 20 MAY 2024

Market Statistics

- Market Cap: KES 832.2M
- Equity Turnover: 36.4%
- Foreign Buys: 35.6%
- Foreign Sales: 72.0%
- Total Deals: 1,286
- Total Volume: 4.58M

NSE nairobi securities exchange

NSE Market Traders

- Charles Omondi
- Safaricom
- Equity
- SCOM
- ABSA
- STANCHART
- COOP
- EABL
- KCB



ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Capital Markets Authority (the 'Authority') is a body corporate established under the Capital Markets Authority Act, 1989. The Act was amended in 2000 and renamed as Capital Markets Act. CMA is domiciled in Kenya, Nairobi Upper Hill.

The Authority is composed of a Board constituted as follows:

- i. A Chairperson appointed by the President on the recommendation of the Cabinet Secretary to The National Treasury.
- ii. Six other members appointed by the Cabinet Secretary.
- iii. The Cabinet Secretary to The National Treasury (TNT) or a person deputed by him/her.
- iv. The Governor of the Central Bank of Kenya (CBK) or a person deputed by him/her.
- v. The Attorney General or a person deputed by him/her; and
- vi. The Chief Executive Officer of the Authority.

The Chairperson and the six members are persons who have experience and expertise in legal, financial, banking, accounting, economics or insurance matters, serve for a period of three years and are eligible for re-appointment for another three years.

b) Principal Activities

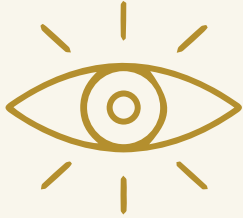
The Authority promotes and facilitates the development of orderly, fair, and efficient capital markets in Kenya.

The CMA is a regulatory body charged with the prime responsibility of supervising, licensing, and monitoring the activities of market intermediaries, including the stock exchange and the Central Depository and Settlement Corporation (CDSC) and all the other persons licensed under the Capital Markets Act. It plays a critical role in the economy by facilitating mobilization and allocation of capital resources to finance long-term productive investments.

c) Key Management

CMA's day-to-day management is under the following key organs:

- Board of Directors (BOD).
- The Chief Executive Officer (CEO).
- Directors and Senior Management.
- Various Management Committees.



OUR VISION

The trusted regulator of an inclusive Capital Markets.



OUR MISSION

To regulate and promote the development of an orderly, fair, and efficient capital and commodities markets that safeguard stakeholder Interests.

CORE VALUES

To fulfill its mandate, pursue the Vision and accomplish its Mission the CMA will be guided by its core values of:

- C** - **Customer focus**
We are dedicated to providing exceptional service and value to our customers, and we strive to exceed their expectations in every interaction.
- A** - **Accountability and Integrity**
We are committed to acting with honesty, fairness, transparency, ethically and above board in all of our operations.
- P** - **Professionalism**
We are committed to upholding the highest standards of behavior, ethics, and expertise in all of our interactions.
- I** - **Innovativeness**
We are dedicated to providing exceptional service and value to our customers, and we strive to exceed their expectations in every interaction.
- T** - **Teamwork and Trustworthiness**
We encourage open communication, mutual respect, and shared decision-making among our employees and partners.
- A** - **Agility and Continuous learning**
We are committed to adapting quickly to changing circumstances, embracing new ideas and technologies, and continuously developing our skills and knowledge.
- L** - **Leadership**
We are committed to leading by example, setting high standards, and inspiring others to achieve their full potential.

Registered office 3rd Floor, Embankment Plaza
Longonot Road, Upper Hill
P.O. Box 74800, 00200
Nairobi, Kenya.

Authority contacts Telephone: (254) 202264900
E-mail: ceoffice@cma.or.ke
Website: www.cma.or.ke

Principal bankers NCBA Bank Kenya PLC
Mara/Ragati Roas Upper Hill,
P.O. Box 30437, 00100
Nairobi, Kenya.

HFC Limited
Kenyatta Avenue/Koinange Street,
Rehani House
P.O. Box 30088, 00100,
Nairobi, Kenya.

KCB
Mortgage Centre, Salama House,
Mama Ngina Street
P.O. Box 45129, 00100
Nairobi, Kenya.

Authorized independent auditor Ronalds LLP
Certified Public Accountants
136 Manyani East Road,
Off Waiyaki Way,
P. O. Box 41331,00100
Nairobi, Kenya.

On behalf of The Auditor General
Office of the Auditor General
Anniversary Towers
University Way
P.O. Box 30084, 00100
Nairobi, Kenya.

Principal legal adviser The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112, 00200
Nairobi, Kenya.

Principal Activities - Market Operations

Market Supervision

During the review period, the Authority conducted inspections across various market participants as part of its oversight mandate. These included prudential and conduct inspections, pre-licensing inspections and AML/CFT/CPF inspections.

Inspections were conducted covering various license categories reflecting the Authority's continued focus on market conduct, compliance, and risk-based supervision within the financial sector. License categories covered included Investment Banks, Fund Managers, Stock brokers, Coffee brokers, Investment Advisers, Corporate Trustees Authorised Securities Dealers, REIT Managers as well as Firms in the Regulatory Sandbox

Anti-Money Laundering (AML), Counter-Financing of Terrorism (CFT), and Countering the Financing of Proliferation (CPF)

During the year, the Authority enhanced its effort towards Anti-Money Laundering(AML), Counter-Financing of Terrorism (CFT), and Countering the Financing of Proliferation (CPF) in line with the Financial Action Task Force (FATF) requirements specifically the deficiencies identified in the September 2022 Mutual Evaluation Report. Kenya is now implementing a FATF-mandated action plan with clear timelines to address these gaps.

The Authority participates in the national working group to implement areas relevant to its mandate. CMA has strengthened its risk-based supervision of capital market intermediaries through risk assessments, inspections, monitoring, and enforcement. It has also enhanced staff capacity, issued guidance, and sensitized intermediaries on key AML/CFT/CPF obligations, including Customer Due Diligence, Beneficial Ownership, and Suspicious Transaction Reporting.

The Government has enabled the establishment of the relevant legal framework to support the role of the Authority which continues to create capacity to strengthen its regulatory role.

Licensing and Approvals

The Authority is mandated to promote, regulate, and facilitate the development of fair and efficient capital markets through licensing and approvals. Its licensing function involves reviewing applications from market operators to ensure compliance with statutory requirements. By enforcing these standards, CMA safeguards investor interest and supports the orderly growth of capital markets in line with its legal and regulatory framework.

During the 2024/2025 financial year, the Authority licensed 26 companies and approved issuances by 3 companies, as outlined in the table below:

Table 1: List of license applications processed in the financial year 2024/2025:

Month	S/N	Entity	Type of License
July 2024	1	Mirova Sunfunder East Africa Limited	Investment Adviser
	2	Nandi Coffee Cooperative Union Coffee Brokers Limited	Coffee Broker
	3	Minnesota Coffee Marketers Limited	Coffee Broker
	4	Mi Vida Homes Limited	REIT Manager
	5	Kingsland Court Trustee Services Limited	Corporate Trustee
	6	Capital A Investment Bank	Investment Bank
October 2024	7	AKN Investments Limited	Authorised Securities Dealer
	8	Trademax Global Markets KE Pty Limited	Non-dealing online Foreign Exchange Broker License.
	9	Store Poa Enterprise Limited	Money Manager
	10	Givva Wealthtech Limited	Intermediary Service Platform Provider
	11	Moran Capital Management Limited	Investment Adviser
	12	CPF Capital and Advisory Limited	Investment Adviser
	13	CPF Capital and Advisory Limited	Reit Manager
	14	Entrust Advisory Limited	Investment Adviser
	15	Future Construct Investment Managers Limited	Reit Manager
December 2024	16	Kenya Alliance Asset Management Limited.	Fund Manager
January 2025	17	Tradium Investments Services Limited	Fund Manager

Month	S/N	Entity	Type of License
May 2025	18.	Swala Capital Limited	Fund Manager
	19.	Meridian Asset Management Limited	Fund Manager
	20.	Standard Chartered Bank (Kenya) Limited	Corporate Trustee
	21.	NCBA Bank Kenya Plc	Corporate Trustee
	22.	MTC Trust and Corporate Services Limited	Corporate Trustee
June	23.	Stanbic Bank Kenya Limited	Corporate Trustee
	24.	Legatum Capital Advisory Limited	Investment Adviser
	25.	Rock Advisers Limited	Investment Adviser
	26.	Fintrust Securities Limited	Authorised Securities Dealer

Source: CMA Internal

Table 2: The list of Authorized Equity Transactions in the financial year 2024/2025 is provided below:

Issuer	Transaction Type, Description and Value	Authorization Date
Standard Group Plc	Approval of the issuance and listing of 232,661,610 new ordinary shares of Standard Group Plc through a rights issue at an offer price of Kshs 5.0 in the ratio of 11 new shares for every 3 ordinary shares. (11:3)	14 March 2025
Shri Krishana Overseas Limited (SKL)	Approval to Shri Krishana Overseas Limited (SKL) for listing by introduction of Fifty Million Five Hundred Thousand (50,500,000.00) Ordinary Shares at an offer price of Kenya Shillings Five and Ninety Cents (KES 5.90/=) per share with a par value of Kenya Shillings Twenty Cents (KES 0.20/=) each on the Small and Medium Enterprise (SME) Market Segment of the Nairobi Securities Exchange (the NSE)	09 June 2025
CIC Insurance Group Plc	Approval to CIC Insurance Group Plc (CIC) for the approval of bonus issue of new ordinary shares existing right holders of an aggregate nominal amount of Kes. 261,553,587/- to be allotted and distributed as fully paid bonus shares to the holders of the existing ordinary shares of the company	17 June 2025

Source: CMA Internal

Investigations and Enforcement

The Authority has the power to investigate and take enforcement actions as provided under Section 11 (3)(cc) and Section 25 A (1) of the Capital Markets Act, Cap. 485A. These provisions empower CMA to inquire into licensed entities, impose administrative sanctions, and uphold market integrity through fair and impartial processes. During the period, the Authority took thirty three enforcement actions for violations of various capital market regulations.

c) Key Management

CMA's day-to-day management is under the following key organs:

- Board of Directors (BOD).
- The Chief Executive (CE).
- Directors and Senior Management.
- Various Management Committees.

d) Fiduciary Management

The key management personnel who held office during the period and who had direct fiduciary responsibility were:

Designation	Name
1. Chief Executive Officer	FCPA Wyckliffe Shamiah, MBS
2. Director Internal Audit	Esther Maiyo
3. Corporation Secretary & Director Legal Affairs	Hellen Ombati
4. Director Technology, Research and Knowledge Management	Solomon Kirwa
5. Director Market Operations	Daniel Ngenga Warutere
6. Ag. Director Corporate Services	Andrew Muthabuku
7. Ag. Director, Policy & Market Development	Samuel Kamunyu Njoroge
8. Senior Manager, Accounting and Finance	John Njoroge
9. Senior Manager, Commodities	Matthew Mukisu
10. Senior Manager, Strategic Risks and Projects	James Kivuva
11. Senior Manager, Market Supervision	Evelyne Loko Mbithi
12. Senior Manager, Policy & Regulatory Framework	Jairus Muaka
13. Senior Manager Research and Analytics	Wilberforce Ong'ondo
14. Senior Manager Investigations and Enforcement	Esther Manthi
15. Principal Supply Chain Management Officer	Jeremiah Yego
16. Ag. Senior Manager, Approvals, Analysis, and Issuer Governance	Victor Otieno
17. Ag. Senior Manager Information Communication and Technology	Douglas Mwaniki
18. Head, Capital Markets Fraud Investigation Unit	Michael Wiso

e) Fiduciary Oversight Arrangements

Board Committees

Subject to fundamental, strategic, policy and formal matters reserved for its decision, pursuant to Section 14 of the Capital Markets Act, the Board works through committees which operate within defined Terms of Reference (ToRs. *Mwongozo*, The Code of Governance for State Corporations also guides on the number and Terms of Reference for Board Committees. Other committees are formed on an ad-hoc basis as need arises. Pursuant to the Circular dated 11 March 2020 from the Head of Public Service on Management of State Corporations in Kenya, Board Committees should be reconstituted every 12 months. During the period under review, the Board constituted the following committees:

The Finance and Planning Committee

This committee consists of four members, all of whom are non-executive members of the Board. The committee was chaired by Mr. Nicholas Kamuya Ng'arua. This committee has an oversight into all financial issues including budgets, financial reporting process and controls and procurement. The committee met five times during the year.

The Audit, Corporate Governance and Risk Management Committee

This committee consists of five members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Natasha Awuor Aduwo. It has an oversight responsibility of reviewing, assessing adequacy and monitoring internal controls, risk management and corporate governance processes; examining internal and external audit reports and recommendations; overseeing financial reporting and reviewing the accounting principles, policies and practices adopted in the preparation of financial statements. The committee met four times during the year.

The Human Resource and Communication Committee

This committee consists of four members, all of whom are non-executive members of the Board. The Committee was chaired by Prof. Michael Bowen. It is responsible for human resource matters including recruitment, management succession and the corporate communication function. The committee met nine times during the year.

The Technical and Policy Committee

The committee consists of six members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Elena Natalia Pellegrini. It is responsible for considering technical and policy matters of the Authority, including reviewing the Authority's strategy and continuous oversight of the review of the capital market legal and regulatory frameworks. The committee met six times during the year



2. THE BOARD OF DIRECTORS

NAME	POSITION
Mr. Ugas Sheikh Mohamed, EBS	Chairperson of the Board
Hon. FCPA. John Mbadi, EGH	Member: Cabinet Secretary, The National Treasury & Economic Planning
Mr. Musa Kathanje	Alternate to Cabinet Secretary, The National Treasury
Hon. Dorcas Oduor, OGW, EGH	Member: Attorney General
Ms. Christine Kanini	Alternate to Hon. Attorney General
Dr. Kamau Thugge	Member: Governor, Central Bank of Kenya
Mr. David Luusa	Alternate to Governor, Central Bank of Kenya
Mr. Meshack Moses Kiprono Mr.	Independent Member
Gibson Kimani Maina	Independent Member
Ms. Elena Natalia Pellegrini Ms.	Independent Member
Ms. Natasha Awuor Aduwo	Independent Member
Prof. Michael Bowen	Independent Member
Mr. Nicholas Kamuya Ngarua	Independent Member
FCPA Wyckliffe Shamiah, MBS	Chief Executive Officer

CORPORATION SECRETARY

Ms Hellen Ombati	Corporation Secretary and Director, Legal Affairs
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THE BOARD OF DIRECTORS

The Board of the Authority (The Board) is responsible and accountable to the Government of Kenya (GoK), through The National Treasury, in ensuring that the Authority complies with the law and the highest standards of corporate governance.

- i. There are eleven members of the Board, all of whom, save for the Chief Executive Officer, are non-executive directors.
- ii. The members possess a broad range of skills and competencies, including legal, finance, banking, economics and management.
- iii. During the period under review, the Board met seven times.

COMPOSITION OF THE BOARD

During the period under review, the Board was composed as follows:

1. Mr. Ugas Sheikh Mohamed, EBS (Chairperson)



Mr. Ugas Sheikh Mohamed, EBS was appointed the Chairperson of the Board of Directors of Capital Markets Authority, for a period of three years, with effect from the 24 February 2023.

Mr. Mohamed has 27 years' experience in strategic management, leadership and as a development specialist. He has worked with Fortune 500, blue chip companies in the USA such as Microsoft, Verizon Communications at various levels of management. He has worked in the Information, Communication and Technology sector at executive, engineering, senior project management, and consultant levels. He is a humanitarian and social justice advocate for the underprivileged. He is a founding member and the chairperson of the board of a global non-profit organization based in the USA. He is currently in private business practice, as well as serving as a board director and trustee of several private businesses, non-profits, and endowments.

Mr. Mohamed is a holder of a Bachelor of Science degree in Information Systems from the University of Phoenix, and Master of Business Administration (MBA) from the University of Dallas, Texas. He holds high level certifications from Microsoft, HP storage SAN systems, IITL, Compaq, VMware cloud computing, Virtualization, and a PMP.

He previously served as a board member at the ICT Authority for 3 years and as a Board of Governor and Council Member at Kenya Technical Trainers College (KTTC) for 6 years.

2. Hon. FCPA. John Mbadi Ng'ongo, (Cabinet Secretary, The National Treasury & Economic Planning)



Hon. John Mbadi is the Cabinet Secretary (CS) for the National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassi Constituency.

His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.

3. Mr. Musa Kathanje (Alternate to Cabinet Secretary, the National Treasury)



Mr. Musa Kathanje was appointed to the Capital Markets Authority Board as the Alternate to the Cabinet Secretary, National Treasury and Economic Planning on 17 July 2020. He is currently the Director of Macro and Fiscal Affairs Department at the National Treasury, a post he has held since November 2016. He joined the National Treasury in June 2013 on secondment from the Central Bank of Kenya where he had grown through the ranks for over 17 years. Mr. Kathanje oversees the formulation and analysis of macroeconomic and fiscal policies to support the national budget process at the National Treasury. He has over 28 years of experience in macroeconomic policy formulation and analysis, as well as regional economic integration. He has extensive professional training from

among others, the International Monetary Fund, the United Nations Department of Economic and Social Affairs, the Federal Reserve Bank of New York, the Macroeconomic and Financial Management Institute of Eastern Africa (MEFMI) and IMF East Africa.

Key areas of training include macroeconomic policy and forecasting, monetary policy management, fiscal policy formulation and econometrics. Mr. Kathanje serves as Kenya's Focal Point for the Human Capital Project of the World Bank.

He holds among others, a two-year certificate in macroeconomic modelling under the United Nations/African Research Network for Development Policy Analysis from the University of Pretoria, South Africa. Mr. Kathanje holds Masters and Bachelor degrees (first class honours in Economics) from the University of Nairobi and is currently finalizing a PhD in Business Administration (Finance) from Jomo Kenyatta University of Agriculture and Technology. Additionally, he has a CPA I certificate.

Mr. Kathanje represents the Principal Secretary, National Treasury in the Monetary Policy Committee of the CBK and has previously served as an Alternate to the Principal Secretary, National Treasury in the following Boards: Vision 2030 Delivery Secretariat; Kenya Revenue Authority; Konza Technopolis and the Kenya Institute of Public Policy Research and Analysis.

4. Hon. Dorcas Oduor, OGW, EBS (Attorney General)



Hon. Dorcas Oduor, OGW, EBS, SC the Attorney General was sworn in as a Member of the Judicial Service Commission pursuant to Article 171(2) (e) of the Constitution, effective 23rd August 2024.

Until her appointment Hon. Oduor was the Secretary, Public Prosecutions and the Principal Deputy to the Director of Public Prosecutions. A career Prosecution Counsel, she previously served in Public Prosecutions for over 20 years having begun her career as a State Counsel in 1991.

Hon. Oduor holds a master's degree in international Conflict Management and an LL. B Degree from the University of Nairobi.

5. Alternate to Hon. Attorney General: Ms. Christine Kanini



Ms. Christine Kanini is Deputy Chief State Counsel at the Office of the Attorney General in the Government Transactions Division. She serves on the Board of the Capital Markets Authority as an alternate to the Hon. Attorney General.

She previously served in the National Irrigation Board and Kenya Academy of Sports as an alternate to the Attorney General.

Prior to joining the Office of the Attorney General, Ms. Christine Kanini served as a Legal Associate at the law firm of A.B. Patel & Patel Advocates and Mburu Kariuki & Company Advocates. Ms. Christine Kanini has over 12 years' experience and knowledge in commercial and financial transactions. She has also experience in Public Procurement, Public Finance, Public Private Partnerships and Land laws. She holds a Master of Laws (LLM) degree in international law and a Bachelor of Laws (LLB) degree from the University of Nairobi.

6. Dr. Kamau Thugge (Governor, the Central Bank of Kenya)



Dr. Kamau Thugge C.B.S., is the tenth Governor of the Central Bank of Kenya (CBK) and has been in office since June 19, 2023.

Dr. Thugge joined CBK after a long and distinguished career in the international and Kenyan public service. He worked in the International Monetary Fund (IMF) in both policymaking and non-policymaking departments. These include the Policy Review and Development Department and the Trade Policy Division. In these roles, Dr. Thugge helped to design the Highly Indebted Poor Countries Initiative (HIPC) as well as other policy initiatives. He also worked on various Article IV missions. Dr. Thugge also served as Mission Chief to Botswana and Lesotho in the wake of the global financial crisis.

Dr. Thugge has held various senior roles in Kenya, including as the Head of the Fiscal and Monetary Affairs Department at The National Treasury, as Economic Secretary and as Senior Economic Advisor. Dr. Thugge also served as Principal Secretary at The National Treasury, and lately as Senior Advisor to the President and Head of Fiscal and Budget Affairs. Dr. Thugge helped to design and implement various laws including the Public Finance

Management Act, the Commission on Revenue Allocation (CRA) Act, the Independent Officers (Appointment) Act, the Public Procurement and Disposal of Assets Act, and many more. In these roles, he also served on various boards including that of the Central Bank of Kenya, the Monetary Policy Advisory Committee (and later the Monetary Policy Committee), the Kenya Revenue Authority (KRA) and the Capital Markets Authority.

The Governor holds a bachelor's degree from the Colorado College, and Master's and PhD Degrees in Economics from Johns Hopkins University in the United States.

7. Alternate to Governor, Central Bank of Kenya: Mr. David Luusa



Mr David Luusa joined the Central Bank of Kenya in April 2020 and was appointed Director, Financial Markets Department (FMD). He serves on the Board of the Capital Markets Authority as an alternate to the Governor of the Central Bank of Kenya.

Prior to joining the Bank, David served at Standard Chartered Bank as a member of the Executive Committee and Head of Financial Markets in the East Africa region. He has extensive banking experience across different markets in Africa and Europe, holding senior leadership responsibility within financial markets. He holds a Master

of Arts degree in Economic Science from the University of Aberdeen and serves on the Monetary Policy Committee of the Central Bank of Kenya.

8. Mr. Meshack Moses Kiprono (Independent Member)



Mr. Meshack Moses Kiprono was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24th February 2023.

Mr. Kiprono is an investment and banking professional with over 14 years of experience in the capital markets. He is a graduate of Bachelor of Commerce, banking and finance from Makerere University. Throughout his career, he has developed a deep understanding of financial instruments and investment vehicles, as well as the regulatory environment that governs them. He has a track record of success in managing complex financial transactions.

Mr. Kiprono is highly skilled in financial analysis and risk management and has a keen eye for identifying emerging trends in the market. He has expertise in equity and fixed income securities, structured products, and alternative investments.

9. Mr. Gibson Kimani Maina (Independent Member)



Mr. Gibson Kimani Maina was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Mr. Maina holds a Bachelor of Laws degree from the University of Nairobi and is an Advocate of the High Court of Kenya. He is currently serving as a Partner at Kilukumi & Company Advocates which specializes in commercial transactions and corporate governance. He has developed extensive knowledge in commercial transactions and a deep understanding of the legal and regulatory environment.

He brings valuable legal expertise and unique perspective which helps to navigate complex legal and regulatory challenges leading to informed strategic decision and mitigation of legal risks

10. Ms. Elena Natalia Pellegrini (Independent Member)



Ms. Elena Natalia Pellegrini was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Ms. Pellegrini's career in financial markets spans over 15 years, her primary focus is on client and relationship management, working to develop strategies and enhance client offerings in the forex, commodities and in capital markets space.

She has worked for several financial institutions including Standard Bank of South Africa, Chicago Mercantile Exchange Group (CME), and ICBC Standard Bank in the United Kingdom. Throughout her career, she has developed analytical skills, the ability to understand complex financial markets and has held a specialist role in regulatory reporting, providing solutions to clients that ensured reporting was in line with the appropriate governing body.

Most recently in the capital markets space, working closely with the business to enhance the post-trade services for all Exchange-Traded Derivatives (ETDs), cash equities and fixed income to reduce risk and drive efficiencies across bilateral and triparty post trade interactions.

Ms. Pellegrini holds a Bachelor of Science degree in Psychology from Middlesex University in London.

11. Ms. Natasha Awuor Aduwo (Independent Member)



Ms. Natasha Awuor Aduwo was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Ms. Aduwo holds a Bachelor of Laws degree from the University of Nairobi. She is a legal consultant, a Certified Mediator, and a member of Federation of Women Lawyers-Kenya. She is also a board member at Safe Hands Trust, an organization that focuses on children in conflict with the law.

Ms. Aduwo is a purpose-driven legal professional and Mediator with gained skill set and wealth of knowledge on legal matters. She is adept at drafting and reviewing legal contracts and agreements, client management and general office management.

Led by her strong problem-solving and organizational skills, she has established a unique ability to steadfastly manage numerous duties and responsibilities pertinent to a company's growth.

12. Prof. Michael Bowen (Independent Member)



Prof. Michael Bowen was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Prof. Bowen is an Associate Professor of Environmental Economics and is currently the Principal at Daystar University, Nairobi Campus. Before this, he was the Director of Research at Daystar University between 2015 to 2019 and Deputy Director, Quality Assurance between 2013 to 2015 in the same institution. In the period between 2005 and 2012, he was a senior researcher within the same university.

Earlier in his academic career he taught at Kenya Methodist University where he rose to head the Department of Business Administration. Between 2012 and 2014 he was a council member at Daystar University representing the staff. He previously chaired the Board of IDB Capital, a parastatal under the Ministry of Industry and Trade. Prof. Bowen has supervised more than 100 Master's and PhD students to completion. He has been involved in several funded research and his publications are listed on Google Scholar and Research Gate with 740 citations on former, with the leading paper cited 653 times.

Prof. Bowen has presented papers in international conferences in the USA, Netherlands, Hong Kong, Japan, Dubai, South Africa, UAE, Kenya, Tanzania and Uganda. He has been an external examiner for National University of Science and Technology (Zimbabwe), Jomo Kenyatta University, Kenya Methodist University, Moi University, Africa Nazarene University, Management University of Africa and University of Eldoret. He has also been an editor and reviewer of several journals. In addition, he has been part of teams in writing several academic programs from Undergraduate to PhD.

He holds a PhD in Environmental Economics from Moi University.

13. Mr. Nicholas Kamuya Ngarua (Independent Member)



Mr. Nicholas K. Ngarua was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 26 May 2023. Mr. Ngarua's areas of practice and key highlights include tax advisory work including but not limited to issuing advisory opinions to clients in relation to tax demands made by the Kenya Revenue Authority and assisting the firm in matters before the Tax Appeals Tribunals. He also deals with general tax consultancy, including issuing advisory opinions on tax optimization for clients, advising on transfer pricing policies, and general taxation liabilities for entities in Kenya.

Mr. Ngarua is an Advocate of the High Court of Kenya (LL. B Hons) (Dip. KSL), a Commissioner of Oaths/Notary Public and an Associate Member, Chartered Institute of Arbitrator.

14. FCPA, FA, Wyckliffe Shamiah, MBS (Chief Executive Officer)



FCPA. Wyckliffe Shamiah is the Chief Executive Officer of the Capital Markets Authority with effect from 20 November 2020. Prior to this appointment, Mr. Shamiah served as the Acting Chief Executive from 01 January 2020. Before that, he served as the Director, Market Operations, from November 2011 and held senior positions in market supervision, research, financial analysis, and compliance in a career of over 29 years.

During this period, Mr. Shamiah has represented the Capital Markets Authority in different capacities. He represented the Authority on the Council of the Institute of Certified Public Accountants of Kenya, sat on the IOSCO Board where he represented the Growth and Emerging Markets Committee (GEMC) in 2020 to 2021. He is currently a member of the IOSCO Africa & Middle East Regional Committee (AMERC) and the Financial Stability Board Regional Consultative Committee for Sub-Saharan Africa. Regionally, he is a past Chairman of the regional association of securities regulators of East Africa (EASRA) where he has played a major role in development of capital markets having contributed immensely in capacity building programmes in Tanzania, Uganda, Rwanda, and Burundi. He sits on various boards including the Insurance Regulatory Authority, Retirement Benefits Authority, and the Vision 2030 Delivery Board.

Mr. Shamiah is a Fellow of the Institute of Certified Public Accountants and holds a master's in business administration (Finance Option) from the University of Nairobi and a Bachelor of Arts Degree in Mathematics and Economics from Egerton University. He is also a Financial Analyst as a member of the Institute of Certified Investment and Financial Analysts.

15. Hellen Ombati (Corporation Secretary)



Hellen Kwamboka Ombati is an accomplished legal professional and Governance Practitioner, currently the Corporation Secretary and Director Legal Affairs at the Capital Markets Authority. She is an Advocate of the High Court of Kenya with 33 years experience in Human Rights with a bias on Women and Child Rights, Civil Litigation, Tax Law, Conveyancing, Contracts and Legal Agreements, Securities and Financial Services Law. She is a Certified Secretary, an accredited Governance Auditor and trainer in corporate governance. She is an accredited Legal and Compliance Auditor.

Hellen is a member of the Law Society of Kenya (LSK), Chartered Institute of Arbitrators (UK) and Kenya branch, Institute of Certified Secretaries (ICS), and Chartered Institute of Securities & Investments (CISI (UK)). She is a holder of a Master of Business Administration (MBA) in Strategic Management from the Catholic University of Eastern Africa (CUEA) and a Bachelor of Laws (LLB) degree from the University of Nairobi.

Hellen was nominated among the top 50 In – House Counsel in May 2025 and was awarded a Certificate of Recognition for being among the top 50 leading In -House Counsel in the Public Sector Category in the Nairobi Legal Awards by the Law Society of Kenya, Nairobi Branch.



KEY MANAGEMENT TEAM

FCPA Wyckliffe Shamiah, MBS

Position Chief Executive Officer
Date joined the Authority 20 May 1997
Profession Accountant
Key qualifications MBA, BA, FCPA, FA



Edwin Njamura

Position Director, Corporate Services
Date joined the Authority 17 July 2012
Profession Management
Key qualifications EMBA, BCOM, CPA(K), BSP,
Certificate in Public Policy
**Upto 18 January 2025*



Luke Ombara

Position Director, Policy & Market Development
Date joined the Authority 15 February 1995
Profession Economist
Key qualifications BA, BSP
**Upto 14 May 2025*



FCPA Esther Maiyo

Position Director Internal Audit
Date joined the Authority 15 February 1995
Profession Accountant
Key qualifications MBA, BCOM, CPS (K), CISA, FCPA



Hellen Ombati

Position Corporation Secretary & Director Legal Affairs
Date joined the Authority 06 May 2016
Profession Lawyer & Certified Secretary
Key qualifications MBA, LLB, Dip-French, Dip in Law, CPS(K)



Solomon Kirwa

Position Director Technology, Research & Knowledge Management
Date joined the Authority 02 June 2022
Profession ICT
Key qualifications CPA, BSC.IT, MSC.IT, MBA



Daniel Warutere

Position Director Market Operations
Date joined the Authority 10 November 2008
Profession Lawyer
Key qualifications LLB, CPS, CPA, Post Grad Cert, Capital Markets



Samuel Njoroge

Position
Date joined the Authority
Profession
Key qualifications

Ag. Director Policy & Market Development
03 January 2005
Economist
BA, MA (Econ), MCSI(UK), CIFA(K), Fellow
FLPFI(USA), FESK, MKIM, M.LoD(K)



Andrew Muthabuku

Position
Date joined the Authority
Profession
Key qualifications)

Ag. Director Corporate Services *From 18 January 2025
01 July 2011
Human Resources & Administration
MBA, BA, H-Dip (HRM)



Douglas Mwaniki

Position
Date joined the Authority
Profession
Key qualifications

Ag. Senior Manager, Information & Communications
Technology
14 September 2015
Information Technology
BSC, Msc (ITM), CISSP, (ISC)2



John Njoroge

Position
Date joined the Authority
Profession
Key qualifications

Senior Manager, Accounting and Finance
04 February 2008
Accountant/Economist
BA, CPA(K), CPS(K), BSP



Matthew Mukisu

Position
Date joined the Authority
Profession
Key qualifications

Senior Manager, Commodities
07 March 2016
Economist
MA (Economics), BSC, CPA(K)



James Kivuva

Position
Date joined the Authority
Profession
Key qualifications

Senior Manager, Strategic Risks and Projects
15 February 2016
Information Technologist
BSC, PRINCE 2, CBAP, Advanced Sysbase Database
Administration and Performance Tuning Certification



Jairus Muaka

Position
Date joined the Authority
Profession
Key qualifications

Senior Manager, Policy & Regulatory Framework
05 January 2009
Economist
M.A Economic Policy, B.A Economics



Wilberforce Ongondo

Position Senior Manager Research and Analytics 11
 Date joined the Authority November 2008
 Profession Researcher
 Key qualifications BSc, MBA



Justus Agoti

Position Senior Manager Market Deepening
 Date joined the Authority 14 January, 2010
 Profession Economist
 Key qualifications M.A. (Economics), B.A. (Economics), H. Dip, HRM, CPA, CMSA



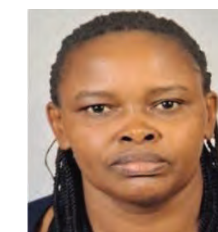
Esther Manthi

Position Senior Manager Investigations and Enforcement
 Date joined the Authority 01 March 2011
 Profession Lawyer, Certified Financial Analyst
 Key qualifications Master of Arts (International Conflict Management), (LLB), International Introduction to Securities & Investment (CISI,UK)



Evelyn Mbithi

Position Senior Manager Market Supervision
 Date joined the Authority 06 November 2008
 Profession Business & Finance
 Key qualifications BCom, MBA finance, Dip in Applied Maths & statistics



Jeremiah Yego

Position Principal Supply Chain Management Officer
 Date joined the Authority 01 August 2017
 Profession Supply Chain Management
 Key qualifications MSc (Procurement and Logistics, BCom, CIPS (Chartered Institute of Procurement & Supply, KISM (Kenya Institute of Supplies Management)



Michael Wiso

Position Head Capital Markets Fraud Investigations Unit
 Date joined the Authority 11 March 2019
 Profession Advocate of the High Court of Kenya
 Key qualifications LL.M, MA, LLB, PGD



ABBREVIATIONS

BA	Bachelor of Arts
BCOM	Bachelor of Commerce
BSC	Bachelor of Science
BSP	Balanced Scorecard Professional
CFE	Certified Fraud Examiner
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
CPS	Certified Public Secretary
Dip	Diploma
EMBA	Executive Master of Business Administration
FA	Financial Analyst
FCPA	Fellow of the Institute of Certified Public Accountants
H. Dip	High Diploma
HRM	Human Resource Management
LLB	Bachelor of Law
LLM	Master of Law
MA	Master of Arts
Pg Dip	Post Graduate Diploma



CHAIRPERSON'S STATEMENT

Overview of the Global Economy



The recent data from the World Bank indicates that the growth of world economies is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. The World Bank data shows that the growth is expected to weaken to 2.3 percent in 2025, with deceleration in most economies relative to the year 2024. Compared to late 2024, global financial conditions have generally been tighter in 2025, mostly because of uncertainties surrounding trade policies. Asset prices mostly recovered after an initial 90-day tariff pause was announced and after the rollback of U.S.-China tariffs in May 2025, but financial market volatility increased, and equity markets fell globally as trade tensions escalated in early April 2025.

Emerging and Development Markets

The World Bank Global Prospectus report 2025 indicates that growth in Emerging and Developing Economies (EMDE) is expected to drop to 3.8 percent in 2025 after the trade shocks that have affected the global economy. The growth will then gradually be expected to increase to an average of 3.9 percent during 2026–2027, which is around 1.2 percentage points lower than the average for 2010–2019.

One of the main causes of the decline in EMDE development prospects is economies with high levels of trade and investment openness. Large manufacturing sectors, high global value chain participation, and reliance on international financial markets all contribute to these economies' increased susceptibility to the negative effects of recent shocks to global trade and confidence, as well as the sharp increases in financial market volatility and uncertainty.

Africa and the East African Community (EAC) Region

Regional conflicts, rising geopolitical fragmentation, and heightened global uncertainty due to new trade policies in different countries. Africa's economic performance improved in 2024, but growth remains fragile amidst multiple shocks and rising global uncertainty. Driven by robust government expenditure and private consumption, average real gross domestic product (GDP) growth increased slightly from 3.0 percent in 2023 to 3.3 percent in 2024. Of the 54 African nations, 29 showed signs of development in 2024.

Between 2023 and 2024, ten African nations (including Angola, Ghana, Niger, and Uganda) saw growth rises of more than 1.0 percentage points. However, ongoing price pressures, currency depreciations, and hefty debt service costs masked this modest gain.

The Africa Development Bank Africa Economic outlook report indicates that East Africa countries growth is projected to accelerate from 4.3 percent in 2024 to 5.9 percent in 2025 and 2026. This reflects resilience in Ethiopia, Rwanda, Djibouti, Uganda, and Tanzania, all expected to attain an average growth rate of 6 percent or higher in 2025 - 26, supported by continued public investments to deepen domestic value chains in the agriculture sector and domestic energy infrastructure.

Domestic Performance and National Outlook

In the face of more recent shocks, such as inflationary pressures in 2024, climate change shocks, muted business sentiment after the protests in mid-2024, and decreased public spending amid ongoing fiscal consolidation efforts, the nation's economy has demonstrated remarkable resilience. Thus, after a cyclical recovery of 5.6% growth in 2023, GDP growth slowed to an expected 4.5% in 2024. During 2025–2027, the World Bank predicts Kenya's growth to rebound

to an average of 4.9%, mostly due to accommodating monetary policy, a reduction in inflation, and an increase in credit growth that is expected to boost company earnings, hence stimulating private investment and consumption.

Appreciation

On behalf of the Capital Markets Authority, I am grateful for the consistent support from the Government of Kenya in executing our responsibilities since my appointment to this position by His Excellency Dr. William Samoei Ruto, C.G.H. President of the Republic of Kenya in 2023. I also wish to express my sincere appreciation to the National Treasury and Economic Planning, the entire capital markets sector, and our fellow Financial Services Regulators for their significant contribution, which have been crucial in helping us achieve our goals during this period.

I also wish to acknowledge the invaluable efforts of my colleagues on the CMA Board, as well as the Chief Executive Officer, Management, and Staff of the Authority. Their continued commitment and teamwork were and will continue to be instrumental as we advance our mission of enhancing capital formation and fostering a culture of savings in our country.



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Chairperson



REPORT OF THE CHIEF EXECUTIVE OFFICER

1 Market Performance



Primary Market

During the 2024/25 financial year, a total of Thirty-four (34) Treasury bonds were issued. These included twenty-six (27) re-opened bonds, four (4) tap sales and three (3) buy backs. In this period, the government aimed to raise KShs.665.00 billion. The Bids received amounted to KShs.1,134.16 billion, with the government accepting offers worth KShs.863.84 billion, indicating an aggregate acceptance rate of 129.90%. As regards the corporate bond market, the total outstanding amount on issue was KShs.25.92 billion as at March 2025, a 35.07 percent increase from KShs.19.19 billion as at June 2024.

During the financial year, the Authority participated in the bell ringing ceremony of the Linzi Sukuk presided over by the President of the Republic of Kenya, H.E. William Samoei Ruto and hosted by the Nairobi Securities Exchange (NSE) on July 31, 2024. The event marked the official recognition and confirmation of the listing of the Linzi Sukuk on the Unquoted Securities Platform (USP) of the NSE. The proceeds raised from the Sukuk is being used to develop 3,069 institutional housing units, in alignment with the Government's ambitious Transformative Agenda on affordable housing.

To improve the capital markets products uptake, the Authority implemented a Capital Markets Resource Persons Program which commenced in 2023. The objective of the program is to recruit three (3) resource persons per county, to conduct awareness forums on behalf of the Authority at the grass root levels in respective counties. Implementation of the program continues to be implemented in a phased approach. So far, 83 resource persons have been onboarded in the program in 33 counties. Recruitment for the remaining 14 counties will be progressed in the next financial year. Under the program, 76 investor education forums have been conducted in 13 Counties, reaching 2,478 participants at the grassroots, comprising various segments - women groups, the youth, learning institutions, community-based organizations.

In addition, the uptake of the Securities Industry Certification program (SICP) and CPD continued to show growth over the years since inception in 2015 which had 29 to 5,319 practitioners who undertook the SICP as of June 2025. 592 practitioners undertook certification within the 2024/2025 financial year.

Secondary Market

As of June 2025, the country's equity market capitalization was KShs.2.42 trillion, a 41.52% increase from KShs.1.71 trillion recorded in June 2024. This significant growth continues to reflect a positive sentiment in the equity market and investor confidence as well as favourable market conditions compared to what was recorded in 2023/24. Also, the volume of share traded increased by 41.41% with NASI, NSE 20, NSE 25 and NSE10 share index increasing by 40.13%, 47.31%, 37.65% and 35.76% to close the financial year at 153.43, 2440.26, 3938.28 and 1516.93 respectively. In terms of equity turnover, the country's 2024/25 figure stood at KShs.114 billion (KShs.76.48 billion – 2023/24), a 49 percent increase against the equity turnover levels recorded in the previous financial year.

As regards the secondary bond market, during the financial year, the country's bond market turnover increased significantly to KShs.2,154 billion from 1,115.74 billion in 2023/24, a 81.72 percent increase in bond turnover. This was the highest bond turnover ever achieved in the Kenyan bond market.

In terms of foreign equity portfolio, investors made purchases worth KShs.36, 920 million and foreign sales worth KShs.57,627 million, resulting in a cumulative net equity outflow worth KShs.20,707 million.

2) Major Market Developments

Below is a highlight of some of the key market developments during the financial year.

- a. During the year, the Authority actively coordinated, sponsored and was a key speaker at the Annual REITs Conference 2024 organized by the REITs Association of Kenya (RAK) conducted between October 31 and November 1, 2024. The conference, themed "Navigating New Frontiers: Unlocking the Potential of Africa's REITs Market," brought together international experts, industry leaders, legal firms, securities exchanges, and capital markets regulators from various countries across the continent, including Somalia, Morocco, Ghana, South Africa, and Rwanda. The discussions centered on challenges hindering the improved uptake of REITs, including tax-related issues such as capital gains tax and stamp duty, regulatory obstacles, structuring challenges and gaps in public awareness.
- b. In partnership with key stakeholders in Islamic Finance, on 16 October 2024, management hosted the official launch of the Q & A in Islamic Finance Book. The launch was a key milestone as it marked the successful completion of an initiative aimed at adapting the international Q & A in Islamic Finance Book to the Kenyan context, achieved through a collaborative effort between the Authority and select experts in Islamic Finance. The long-term objective of launching the book is to have a document that demystifies Islamic Finance as a way of improving the understanding of Islamic Finance in the country.
- c. The Authority hosted the capacity-building workshop on capital markets and green bonds for members of the County Executive Committee drawn from the counties involved in the green bonds county assessment project led by Financial Sector Deepening Kenya (FSD) Kenya. The forum brought together experts in county financing through green bonds to discuss various topics, including the financing of sustainable projects through green bonds, utilizing capital markets for county financing, and providing updates on the progress following the completion of the county green bonds assessment project spearheaded by FSDK.
- d. The Authority participated at the launch of the County Green Finance Assessment report at the Hyatt Regency, Nairobi on 25 April 2024. The launch, which was organized by Financial Sector Deepening Kenya (FSDK), was a culmination of the earlier process of County assessments for green projects to support the development of an inclusive green finance ecosystem in Kenya. Management was represented as a keynote speaker and a panelist in a plenary session organized by FSDK. The assessments and report were a result of the partnership, expertise, and work of specialists from FSD Kenya, Agosto & Co., The National Treasury and Economic Planning, Capital Markets Authority, ADA Consortium, the Nairobi Securities Exchange, and the County Governments of Embu, Kirinyaga, Kisumu, Laikipia, Nairobi, Makueni, Nandi, Taita-Taveta, Vihiga, and Wajir. Through the FSD Kenya county green finance project preparation facility, the identified green projects in the select 10 counties will be prepared and funded at scale (with some benefitting from capital markets funding) in a manner that resonates with the county development priorities and those of the national government.
- e. CMA continues to leverage technology through various channels such as organizing and hosting the 4th Virtual Capital Markets Open Day. Thirty (30) capital market intermediaries participated as exhibitors and attracted 1,114 participants, 250 of whom were in attendance throughout the day. The event provided a platform for the public to interact with market intermediaries on capital markets matters, investor education as well as address participant queries, aimed to promote informed investment decision-making among the public.

In so far as Investigations and enforcement for investor protection is concerned, the Authority undertook the following initiatives:

- i) Investor protection initiatives aimed at boosting investor confidence including capital market investigation and enforcement processes, the online whistle blower portal and reporting via the complaint's portal and email. In accordance with its statutory mandate to protect investors' interests, the Authority undertook 33 enforcement actions against market intermediaries, issuers, and listed companies. These enforcement actions included the imposition of financial penalties, restriction and suspension of licenses, issuance of regulatory directives, warnings and cautions to licensees, cease and desist and information Notice to unregulated entities and orders requiring licensees to reinstate investors.
- ii) Issuance of investor alerts for the protection of investor interests and use of alternative dispute resolution mechanisms in resolution of disputes between market stakeholders.
- iii) Collaboration with global regulators under the IOSCO MMoU to bolster information sharing and cross-border fraud deterrence initiatives. In line with its investor protection mandate, on 14 May 2025, the Authority signed the Enhanced Multilateral Memorandum of Understanding (EMMoU). The EMMoU is set to enhance and advance cooperation and the exchange of information among securities regulators across the globe with an objective to strengthen financial market integrity and investor protection. The EMMoU is expected to foster greater cross-border enforcement cooperation and assistance among securities regulators, enabling them to respond to the risks and challenges posed by globalization and advances in technology.
- iv) Engagements with market intermediaries on fraud risk assessment and discussions on promoting cooperation within the industry to address emerging challenges, and
- v) Stakeholder engagements for market fraud deterrence by closely working with other state agencies including financial industry regulators and agencies (CMFIU, DCI and ODPP).

All the above Authority efforts were aimed at not only improving the impact of the execution of the Authority's regulatory mandate but also fostering market development. We hope that the next financial year will bring higher growth to the country's capital market.

Financial Highlights

RESULTS

The results for the year are summarized below: -

	Note(s)	2025 Kshs. '000	2024 Kshs. '000
Total income for the year	6-9	<u>1,267,127</u>	<u>962,606</u>
Total operating expenditure for the year		<u>(962,959)</u>	<u>(907,610)</u>
Surplus before tax		<u>304,169</u>	<u>54,996</u>
Remission to National Treasury		-	<u>(140,000)</u>
Net Surplus		<u>304,169</u>	<u>(85,004)</u>
Less Surplus Overpaid b/f		<u>(74,090)</u>	-
90% Surplus Calculation	11a	<u>(153,567)</u>	<u>-</u>
Retained Surplus		<u>76,512</u>	<u>(85,004)</u>

Details of each line are found under respective notes in the Annual Report and Financial Statements.



FCPA Wyckliffe Shamiah, MBS

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statements an evaluation of the National Government entity's performance against predetermined objectives.

The CMA Strategic Plan 2023 – 2028 charts the strategic direction within our broad mandate of regulating and developing the capital and structured commodities markets for the next five years. The Plan design model focused on five key perspectives (Key result areas), namely Customers, Financial Stewardship, Internal Business Processes, Learning & Development/Organization Capacity, and Leadership and Governance. The overriding theme within each perspective is to enhance inclusiveness in the markets, maintain institutional sustainability, enhance operational excellence, develop agility in dealing with emerging issues, and strengthen investor protection and governance, respectively. The Plan's overall goals include:

1. Growing aggregate market capitalization from Kshs. 5.6 trillion to Kshs. 6.6 trillion by 2028.
2. Growing revenue from Kshs. 1 billion to Kshs. 1.6 billion by 2028.
3. Enhancing strategy, performance, and enterprise risk management.
4. Attracting, developing, engaging, and retaining a competent staff compliment.
5. Strengthening leadership and governance.

CMA develops its annual work plans, directly cascaded from the strategic plan, based on the above perspectives and goals. Assessment of the Board's performance against its annual work plan is done every quarter.

The Authority achieved its performance targets set for the FY 2024/25 period, as indicated in the table below:

This strategic framework is outlined below:

	Strategic Issues	Strategic Theme	Strategic Goal	Key Result Areas
1	Customer Focus	Inclusivity	Grow aggregate market capitalization from Kshs. 5.6T to Kshs. 6.6T by 2028	Customer Base
2	Financial Stewardship	Sustainability	Grow revenue from Kshs. 1B to Kshs. 1.66B by 2028	Financial Sustainability
3	Internal Business Processes	Operational Processes and Procedures	Service delivery excellence	Performance, Productivity and Risk
4	Organizational Capacity / Learning & Growth	Agility and Leadership	Attract, develop, engage, and retain a competent staff compliment	Human Resource
5	Leadership and Governance	Effective Governance	Strengthened Leadership and governance	Environmental, Social and Governance

Table 2: Performance against predetermined objectives.

Key Result Area 1: Customer Base

Strategic Objective	Outcome	Outcome Indicator	Target	Observation
			2024/25	RAG Status
Increase customer base and democratize wealth	Increased uptake of capital markets products and services	% Growth in the Number of Investors	3% (Year on Year.)	The target has been achieved. The number of investors increased by 9.2%, rising from 2.49 million during the last review period to 2.72 million, reflecting continued market growth and confidence.

Strategic Objective	Outcome	Outcome Indicator	Target		Observation
			2024/25	RAG Status	
		Number of Issuers	2 (Year on Year.)	4	The target has been achieved. 4 issuances were approved during the review period.
		% Growth in Value of Assets Under Management (AUM)	3% (Year on Year.)	105%	The target has been achieved. AUM increased by KES 242.1 billion, from KES 254.1 billion during the last review period to KES 496.2 billion this FY.
		Aggregate Market Capitalization (Kshs. Trillion)	5.8 Tn	7.6 Tn	The target has been achieved. Aggregate Market Capitalization was app. KES 7.6 trillion this FY, up 15% YoY from KES 6.6 trillion in the last FY.
Increase annual market turnover	Increased market liquidity	Turnover ratio - equities	5% increase year on year.	4%	Slightly below target but recoverable. The equities turnover ratio at the Nairobi Securities Exchange declined slightly from 4.5% in June 2024 to 4% this FY. Despite this dip, Year-on-Year equities turnover rose by 76%, driven by liquidity enhancement measures, increased local and foreign investor participation, and strong blue-chip stock performance.
		Turnover ratio - bonds	5% increase year on year.	29.6 %	The target has been achieved. Bond turnover ratio stood at 29.6%, up from 15.26% in June 2024. However, corporate bond turnover remains low, accounting for just 0.07% of total bond market activity.
Improve customer experience and brand visibility	Strengthened brand visibility through digital media presence	% growth in social media followers	10% percent growth in social media followers	29%	The target has been achieved. The Authority recorded a 29% growth in social media followers, rising from 194,357 in the last FY to 250,721 this FY.

Key Result Area 2: Financial Sustainability

Strategic Objective	Outcome	Outcome Indicator	Target		Observation
			2024/25	RAG Status	
Increase revenue	Increased revenue	Revenue in Kshs `000	1,286,124,000	1,167,992,000	Slightly below target but recoverable. Projected Q4 revenue is KES 1,220 million, achieving 91% of the budgeted target of KES 1,286 million.
Enhance resource mobilization	Successful implementation of strategic initiatives	Amount of externally mobilized funds in Kshs	150M	20 Mn	Target not met, and more effort is required. Progress has been made, but further effort is needed to fully realize resource mobilization goals.
Optimize Costs	Increased cost savings	% of cost savings per annum	10% per annum	6.67%	Below target, but Substantial Growth. Negotiated savings totaled KES 8,973,026 as of June 2024, representing 6.67% of total procurement expenditure. This reflects a significant improvement from 2.17% (KES 2,434,173) in FY 2023-2024 — a 268% increase.

Key Result Area 3: Productivity, Performance, and Risk Management

Strategic Objective	Outcome	Outcome Indicator	Target		Observations
			2024/25	RAG Status	
Improve Performance, Productivity, and Risk Management	Improved organizational performance and productivity.	Performance Contract score	Very Good	-	To be evaluated in Q1 FY 2025-2026
		Productivity Index Score	Good	-	To be evaluated in Q1 FY 2025-2026

Key Result Area 4: Human Resource

Strategic Objective	Outcome	Outcome Indicator	Target		Observations
			2024/25	Status	
Enhance human resource capacity	Improved staff productivity, motivation, and retention.	Employment engagement index	75%	78%	Target has been achieved. Employee engagement index improved by 3%, rising from 75% in FY 2022/23 to 78% in FY 2024/25.
		Work environment index	75%	73%	Below Target, but achievable Employee satisfaction with the work environment declined slightly by 1%, from 74% in FY 2022/23 to 73% in FY 2024/25.

Key Result Area 5:

Environmental, Social, and Governance Practice

Strategic Objective	Outcome	Outcome Indicator	Target		Observations
			2024/25	Status	
Strengthen Internal Control systems	Enhanced accountability	Level of implementation of audit recommendations.	100%	58.2%	Progress, but needs improvement. Cumulatively, 58.2% of audit recommendations were reviewed and confirmed as satisfactorily implemented.

The Authority has delivered strong results against strategic targets over the past year, exceeding key targets and demonstrating resilience and adaptability in a dynamic economic environment. Collectively, these achievements signal the effectiveness of recent market reforms and increased market confidence. However, the performance also reveals critical areas requiring focused strategic action to ensure sustainable and inclusive market growth.

Implementation challenges

The following implementation challenges were identified during the review period.

- i. The need to adjust to broad-based fiscal austerity measures leading to resource constraints.
- ii. Prolonged approval and legislative processes hindered the timely implementation of priority reforms and delayed responsiveness to market needs.
- iii. Judicial constraints and Legal uncertainties through Court injunctions affecting the implementation of some initiatives.

Material matters that are likely to have a significant impact on sustainability, which might influence the ability of value creation over the short, medium, and long-term, are outlined below:

Material Matter	Key Considerations
1. Regulatory & Policy Environment	- Policy adaptability and reform - Effective and timely enforcement
2. Economic Environment	- Macroeconomic stability (GDP, inflation, interest & exchange rates) - Market liquidity and investment climate
3. Technological Advancements	- Digital transformation and RegTech - Cybersecurity and data protection - Fintech integration
4. ESG & Stakeholder Engagement	- Sustainable finance and climate risk integration - Corporate governance - Inclusive stakeholder participation
5. Political & Legal Environment	- Political stability and policy continuity - Legislative robustness - Market abuse prevention (fraud, manipulation)
6. Market Structure & Dynamics	- Financial product innovation and diversification - Regional competitiveness - Infrastructure modernization
7. Human Capital	- Talent development and retention - Capacity building - Workforce well-being
8. International Relations	- Global standards alignment - Cross-border cooperation - Foreign portfolio investment attraction
9. Risk Management & Resilience	- Risk identification and mitigation - Crisis preparedness - Market and institutional resilience

Highlight on the Authority’s value creation model

Inputs	Key Activities (Based on Mandate & Strategy)	Outputs	Outcomes	Value Created (Short, Medium, Long-Term)
Financial Capital	<ul style="list-style-type: none"> ○ Prudent use of levies, fees, and grants ○ Resource mobilization strategy 	<ul style="list-style-type: none"> ○ Funded regulatory operations ○ Investment in digital infrastructure 	<ul style="list-style-type: none"> ○ Enhanced operational efficiency ○ Sustainable funding base 	Financial resilience to support independent regulation and innovation
Human Capital	<ul style="list-style-type: none"> ○ Staff recruitment, capacity building, and performance management ○ Talent retention and leadership development 	<ul style="list-style-type: none"> ○ Skilled, knowledgeable workforce ○ High-performance culture 	<ul style="list-style-type: none"> ○ Improved regulatory oversight ○ Institutional agility and innovation 	Institutional excellence and credible enforcement
Intellectual Capital	<ul style="list-style-type: none"> ○ Policy research, market surveillance, and strategy formulation ○ Regulatory sandbox and innovation hubs 	<ul style="list-style-type: none"> ○ New frameworks, guidelines, and policies ○ Thought leadership in capital markets 	<ul style="list-style-type: none"> ○ Evidence-based decision-making ○ Adaptive regulation 	Market confidence and relevance in a dynamic financial ecosystem
Social & Relationship Capital	<ul style="list-style-type: none"> ○ Stakeholder engagement ○ Investor education and awareness ○ Regional and international collaboration 	<ul style="list-style-type: none"> ○ Trusted partnerships ○ Public education campaigns ○ MoUs and cooperation agreements 	<ul style="list-style-type: none"> ○ Improved public trust ○ Increased investor participation 	Strong ecosystem relationships and inclusive capital market development
Technological Capital	<ul style="list-style-type: none"> ○ Automation and digitization of regulatory processes ○ Data analytics and market intelligence 	<ul style="list-style-type: none"> ○ Digital supervisory tools ○ Real-time reporting platforms 	<ul style="list-style-type: none"> ○ Enhanced transparency and responsiveness ○ Reduced compliance burden 	Tech-enabled regulation and data-driven oversight
Natural Capital	<ul style="list-style-type: none"> ○ Promotion of ESG integration ○ Support for green finance, carbon markets, and climate disclosures 	<ul style="list-style-type: none"> ○ ESG reporting guidelines ○ Green finance frameworks 	<ul style="list-style-type: none"> ○ Increased sustainable finance activity ○ Enhanced ESG compliance 	Environmental resilience through capital markets innovation
Institutional Capital	<ul style="list-style-type: none"> ○ Strengthening Governance ○ Strategic planning and risk management ○ Regional leadership in regulatory frameworks 	<ul style="list-style-type: none"> ○ Clear mandates and accountability structures ○ Aligned strategies and KPIs 	<ul style="list-style-type: none"> ○ Improved institutional integrity ○ Better regulatory coordination 	Regional leadership and harmonized market development

CORPORATE GOVERNANCE STATEMENT

Board Committees

Subject to fundamental, strategic, policy and formal matters reserved for its decision, pursuant to Section 14 of Capital Markets Act, the Board works through a number of committees which operate within defined Terms of Reference. Other committees are formed on ad-hoc basis as need arise. During the period under review, the Board constituted the following committees:

The Finance and Planning Committee

This committee consists of four members, all of whom are non-executive members of the Board. The committee was chaired by Mr. Nicholas Kamuya Ng'arua. This committee has oversight on all financial issues including budgets, financial reporting process and controls and procurement. The committee met five times during the year.

The Audit, Corporate Governance and Risk Management Committee

This committee consists of five members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Natasha Awour Aduwo. It has an oversight responsibility of reviewing, assessing adequacy and monitoring internal controls, risk management and corporate governance processes; examining internal and external audit reports and recommendations; overseeing financial reporting and reviewing the accounting principles, policies and practices adopted in the preparation of financial statements. The committee met four times during the year.

The Human Resource and Communication Committee

This committee consists of four members, all of whom are non-executive members of the Board. The Committee was chaired by Prof. Michael Bowen. It is responsible for human resource matters including recruitment, management succession as well as the corporate communication function. The committee met nine times during the year.

The Technical and Policy Committee

The committee consists of six members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Elena Natalia Pellegrini. It is responsible for considering technical and policy matters of the Authority, including reviewing the Authority's strategy and continuous oversight of the review of the capital market legal and regulatory frameworks. The committee met six times during the year.

BOARD AND COMMITTEE MEETINGS ATTENDANCE

BOARD MEETING ATTENDANCE FOR THE YEAR 2024-2025										
No	Board Member	Classification	Designation	Finance and Planning Committee (FPC). Total: 5 meetings Scheduled: 5 Special: 0	Audit, Corporate Governance and Risk Management Committee Total: 4 Meetings Scheduled: 4 Special: 0	Technical and Policy Committee (TPC). Total: 6 Meetings Scheduled: 6 Special: 0	Human Resources and Corporate Communication Committee (HRCC). Total: 9 Meetings Scheduled: 6 Special: 3	Joint Audit and Finance and Planning Committee Meeting: Total: 1 Meeting	Board Meetings Total: 7 Meetings Scheduled: 6 Special: 1	Other Board Engagem ent Meetings . Total number of meetings (30)
1.	Mr. Ugas Sheikh Mohamed, EBS	Chairperson	Board Chairperson- Term as Chairperson of CMA from February 2023.						7/7	27/30
2.	Ms. Natasha Awuor Aduwo	Independent Member	Chairperson, Audit, Corporate Governance and Risk Management Committee from 18 July 2024		4/4	5/6 <i>(The term in TPC for FY 2023-2024 commenced on 18 July 2024)</i>	1/9 <i>(The meeting held on 12 July 2024. The term in HRCC during FY 2023-2024 came to an end on 18 July 2024.)</i>	1/1	7/7	8/30
3.	Ms. Elena NNatalia Pellegrini	Independent Member	Chairperson. Technical and Policy Committee.	1/5 <i>(The Meeting held on 11 July 2024. The term in FPC during FY 2023-2024 came to</i>	4/4	6/6		1/1	7/7	7/30

4.	Mr. Gibson Maina	Independent Member	Chairperson, Audit, Corporate Governance and Risk Management Committee up to 18 July 2024	an end on 18 July 2024)	4/5 <i>The term in FPC for FY 2023-2024 commenced on 18 July 2024</i>			1/6 <i>The meeting held on 12 July 2024. The term in TPC during FY 2023-2024 came to an end on 18 July 2024</i>	8/9 <i>(The term in HRCC for FY 2023-2024 commenced on 18 July 2024)</i>	1/1	6/7	8/30
5.	Mr. Meshack Kiprono	Independent Member	Chairperson Finance & Planning Committee up to 18 July 2024	1/5 <i>(The meeting held on 11 July 2024. The term in FPC during FY 2023-2024 came to an end on 18 July 2024)</i>	4/4		5/6 <i>The term in TPC for FY 2023-24 commenced on 18 July 2024)</i>	1/9 <i>(The meeting held on 12 July 2024. The term in HRCC during FY 2023-2024 came to an end on 18 July 2024.)</i>	1/1	7/7	9/30	
6.	Prof. Michael Bowen	Independent Member	Chairperson. Human Resources and Communications Committee	1/5 <i>(The meeting held on 11 July 2024. The term in FPC during FY 2023-2024 came to an end on 18 July 2024)</i>	4/4			9/9	1/1	6/7	10/30	
7.	Mr. Nicholas Ng'arua	Independent Member	Chairperson Finance & Planning Committee effective 18 July 2024	4/5 <i>The term in FPC for FY 2023-2024 commenced on 18 July 2024</i>			1/6 <i>(The meeting held on 12 July 2024. The term in TPC during FY 2023-2024 came to an end on 18 July 2024)</i>	5/9 <i>(The term in HRCC for FY 2023-2024 commenced on 18 July 2024)</i>	1/1	6/7	10/30	
8.	Mr. Musa Kathanje	Representing Principal Secretary National Treasury		5/5	3/4		5/6		1/1	7/7	5/30	

9.	Mr. David Luusa	Alt. to the Governor Central Bank of Kenya				3/6			1/1	7/7	1/30
10.	Ms. Christine Kanini	Alt. to the Attorney General of Kenya				5/6	9/9			7/7	7/30
11.	Mr. Chrisologus Makokha	Representing the Inspector General (Corporations)			3/4	6/6	6/9		1/1	6/7	4/30
12.	Mr. Simon Indimuli	Representing SCAC								2/7	
13.	Mr. Michael Njinhia	Representing SCAC								2/7	

*Mr. Ugas Mohamed – Chairperson of CMA Board effective 24 February 2023

*The Board Committees were reconstituted effective 18 July 2024

*Mr. Nicholas Ng'arua- Chairperson Finance and Planning Committee effective 18 July 2024

*Prof Michael Bowen- Chairperson Human Resource and Communications Committee effective 24 February 2023

*Ms. Natasha Aduwo- Chairperson Audit Corporate Governance and Risk Management Committee Meeting effective 18 July 2024

*Ms. Elena Pellegrini- Chairperson Technical and Policy Committee Meeting effective from 24 February 2023

*Mr. Gibson Maina was the Chairperson Audit Corporate Governance and Risk Management Committee Meeting until 18 July 2024

*Mr. Meshack Kiprono was the Chairperson Finance and Planning Committee until 18 July 2024

*Mr. Meshack Kiprono and Ms. Natasha Aduwo were members of the Human Resource and Communications Committee until 18 July 2024

*Mr. Nicholas Ng'arua and Mr. Gibson Maina were members of the Technical and Policy Committee until 18 July 2024

*Prof Michael Bowen was a member of the Finance and Planning Committee until 18 July 2024

*Mr. Simon Indimuli and Mr. Michael Njinhia are State Corporations Advisory Committee officials and facilitated the Board self evaluation.

*Mr. Chrisologus Makokha is an alternate to the Inspector General, (Corporations).

*Other Engagements Meetings included consultations with CMA Management, Workshops and Retreats etc

Section 81 of the Public Finance Management Act (PFMA), 2012 requires the Board Members to prepare annual financial statements in respect of Capital Markets Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial period and the operating results of the Authority for that period. The Board Members are also responsible for safeguarding the assets of the Authority.

The Board Members are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and at the end of the financial period ended 30th June 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority.
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the Authority;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Board Members are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial period ended 30th June 2025, and of the Authority's financial position as at that date.

The Board Members further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board Members to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on **28 August 2025** and signed on its behalf by:



Chairperson



Chief Executive Officer



MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Operational and Financial Performance

The Authority has in the year continued to deliver its mandate of promoting and facilitating the development of an ordinary, fair, and efficient Capital Market in Kenya. The surplus for the year ended June 30, 2025, was **Kshs 304.170million** before tax and after charging the deficit brought forward from last financial year (2023/2024) of **Ksh82.436million**. In line with Regulation 219 of the Public Finance Management Regulations (PFMR) the Authority's Surplus has been calculated as **Kshs 153.567Million**.

The revenue increase was above last year's actual figure mainly attributable to the resilience in the market and the bearish trend experienced. The Authority approved Rights and bonus issues, a sign that the capital markets space is an attractive source of capital. The Commissions earned from issuance of Government bonds was 28% higher than targeted level, as the Government increased its ceiling to fund ongoing strategic projects.

The Authority is in a strong cashflow position capable of meeting its obligations as they fall due. The performance at hand has a bearing on future market activities. It is worth note that any changes affecting investors in the economic, social and political environment have a significant impact on the capital markets industry. The Authority is keen to monitor any emerging issues that may have a significant effect on the industry, and factors such in its policy proposals to surmount reduction of investor confidence in the capital markets. The Authority projects future growth of new capital markets products and increased uptake which will build more revenue for sustainability and make CMA a reliable Government entity.

SECTION B

Compliance with statutory requirements

The Authority is in compliance with all statutory obligations including, but not limited, to: remittances of Pay As You Earn (PAYE), PPRA Capacity Building Ley, Social Health Insurance Fund (SHIF), National Social Security Fund (NSSF), Retirement benefits Contributions for Staff, Value Added Tax (VAT), Higher Education Loans Board (HELB), and Withholding income tax within the stipulated deadlines.

The Authority being the Capital Markets regulator in Kenya, is subject to legal proceedings in the normal course of business. While it is not possible to forecast or determine the results of all pending legal proceedings, the Authority assesses the adequacy of its provisions periodically against case developments and related legal costs. A full provision has been made in the books for estimated legal costs. CMA also has a prequalified list of legal consultants from which services are sourced competitively from time to time.

SECTION C

Major risks identified in the ERM.

The Authority has in place an Enterprise Risk Management (ERM) Framework based on which Risk Management has been mainstreamed within CMA to allow for structured risk assessments on a continuous basis. The ERM Framework was reviewed and enhanced in 2024 in line with the Authority's 2023-2028 Strategic Plan, national policy guidelines and international best practices such as ISO 31000.

The Board is responsible for the Authority's risk management and at least once every quarter receives reports to enable the review, monitoring, and evaluation of the implementation and effectiveness of the ERM framework. Risks and opportunities are ranked in accordance with their probable likelihood and impact, on a scale of 1-5, with the ones having an overall score of 20 and above being flagged as major risks.

All members of the Authority share the responsibility of managing risks and opportunities to ensure the achievement of CMA’s strategic objectives. The Authority follows the Three Lines of Defense Model, which establishes clear accountability and ownership for risk management and separates risk-taking from risk oversight. This model promotes a risk culture that emphasizes awareness, appropriate behaviors, and decision-making based on risk.

Risk Management Process

The Authority’s risk management process is a systematic application of policies, procedures, and practices that involve various activities such as communicating and consulting, establishing the context, assessing, treating, monitoring, reviewing, recording, and reporting on risks and opportunities that may have an impact on achievement of CMA’s strategic objectives. CMA’s risk management process complies with the requirements of:

- a) The Public Finance Management Act and its attendant Regulations require the Chief Executive Officer to establish a system of risk management that builds robust Authority operations and includes a fraud prevention mechanism¹;
- b) Mwongozo, the Code of Governance for State Corporations that requires CMA Board of Directors (Board) to ensure that an effective process and system of risk management is in place and to develop a policy on risk management that considers sustainability, ethics, and compliance risks².
- c) National Treasury Procedures Manual for the Development of Institutional Risk Management Policy Framework in Ministries, Departments and Agencies³.
- d) Public Sector Risk Management Guidelines⁴.
- e) ISO Standard 31000:2018 Risk Management Guidelines which provide guidelines on risk management principles, framework, and process.
- f) COSO 2017 Enterprise Risk Management Framework and Guidance - Integrating Risk Management with Strategy and Performance.

The process is integrated with the CMA Quality Management System based on ISO 9001:2015 standard.

Risk assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. Risk assessment is conducted systematically, iteratively, and collaboratively, drawing on the knowledge and views of stakeholders. It uses the best available information, supplemented by further enquiry as necessary.

- 1. **Risk Identification** - The purpose of risk identification is to find, recognize and describe risks that might help or prevent the Authority from achieving its objectives.
- 2. **Risk Analysis** - The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls, and their effectiveness.
- 3. **Risk Evaluation** - The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.

The Authority has a 5*5 risk assessment methodology for the likelihood and impact of its possible risks and opportunities that informs its risk treatment decisions as summarized below:

Risk Impact Rating and Score

Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
An event that,	An event that, if it	An event that, if it	An event that, if it	The regulatory or

¹Public Finance Management Act Regulations Legal Notice 34 of 2015, s.165

² Issued Jointly by Public Service Commission and State Corporations Advisory Committee, January 2015, Chapter 3 Page 20 and 21

³ Issued by the National Treasury and Economic Planning, May 2023

⁴ Developed by the Public Sector Accounting Standards Board in collaboration with the Internal Auditor General Department in the National Treasury and Economic Planning, Nov 2022

Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
if it occurs would have no effect on the achievement of the targets set	occurs, will cause small cost (and/or schedule) increases that, in most cases, can be absorbed by the activity, project or department	occurred, would cause moderate cost and schedule increases, but important requirements would still be met	occurred, would cause major cost and schedule increases. Secondary requirements may not be achieved	statutory standing of the Authority is brought into serious question or the project is terminated

Risk/ Opportunity Likelihood Rating and Score

Probability	Description	Risk Score	Opportunity Score	Consideration
Almost Certain	90% or greater chance of the event occurring during the life of the objective	5	5	The risk/ opportunity event has occurred during the last 3-6 months or is certain to occur in the next 3-6 months
Highly Likely	65% to 90% chance of the event occurring during the life of the objective	4	4	There is a history of frequent occurrence. The risk/ opportunity event has occurred during the last 6-12 months or may occur in the next 6-12 months
Likely	35% to 65% chance of the event occurring during the life of the objective	3	3	There is a history of casual occurrence. The risk/ opportunity event has occurred during the last 12-36 months or may occur in the next 12-36 months
Unlikely	10% to 35% chance of the event occurring during the life of the objective	2	2	The risk/ opportunity event occurs from time to time. The event has occurred during the last 36-60 months or may occur in the next 36-60 months
Rare	Less than 10% chance of the event occurring during the life of the objective	1	1	The risk/ opportunity event has not occurred in CMA but has occurred in other similar organizations. The risk event may occur beyond the next 60 months

Overall Risk Rating

Impact	Catastrophic – 5	5	10	15	20	25
	Major – 4	4	8	12	16	20
	Moderate - 3	3	6	9	12	15
	Minor – 2	2	4	6	8	10
	Insignificant – 1	1	2	3	4	5
		Rare 1	Unlikely 2	Likely 3	Highly Likely 4	Almost Certain 5
		Likelihood				

The Authority continuously identifies risks and opportunities and assesses them and puts in place treatment measures or exploitations strategies respectively to address the risks and opportunities. For the period ended June 30, 2025, the key corporate risks and opportunities with an overall score of 20 and above and the strategies deployed to treat or harness them respectively are as summarized below:

RISKS

1. Unwillingness to cooperate from a section of coffee/Commodity sector-regulators.

The Authority is addressing this through:

- a. Submitting responses to ongoing court petitions filed by coffee brokers. As part of its legal strategy, the Authority aims to present evidence before the High Court demonstrating that due process was followed in proposing the Capital Markets (Coffee Exchange) (Fees) Regulations, 2025.
- b. Conducting coffee grower's sensitization and outreach engagements on the benefits of the direct payment policy. In collaboration with the Ministry of Cooperatives, the Authority also engaged growers in Counties to enhance coffee productivity.

2. Resistance to Coffee and commodity reforms process.

The Authority is engaging local political and influential leaders during sensitizations to reduce resistance among value chain actors.

3. False or misleading information and deceptive practices to undermine confidence in Capital Market activities, products, and services.

The Authority is countering scams by sharing infographic messages on investment safety and responding in real time to social media disinformation campaigns, effectively quelling the same.

4. Sub-optimal implementation of Financial Action Task Force (FATF) recommendations in the capital markets sector to address strategic deficiencies.

The Authority is addressing this through inspections of firms and issuing of Notices to Show Cause for non-compliance with the AML/CFT framework and building capacity of its staff.

5. Failure by insolvent issuers of securities to comply with regulatory requirements due to financial challenges.

The Authority is addressing this through:

- a. Upholding strict financial statement submission deadlines, denying extension requests from non-compliant intermediaries.
- b. Allowing some listed companies having financial challenges to publish their financials on their websites.
- c. Sensitizing issuers of securities to clarify key provisions of the Collective Investment Schemes Regulations.

6. Low nationwide awareness outreach programs targeting all segments of the population.

The Authority leveraged technology to host virtual events to complement physical forums and partnered with stakeholders to co-host or participate in their forums to enhance awareness and increase outreach nationwide. Additionally, investor protection videos were developed and shared on social media.

OPPORTUNITIES

1. Leveraging partnerships with other stakeholders, technology and social media to enhance knowledge, attitude and practice towards capital markets.

The Authority is harnessing this opportunity through:

- a. Conducting webinars leveraging technology, for example sessions on Sukuk regulations, the Virtual Capital Markets Open Day, a Resource Persons webinar, and a creatives-focused webinar with the Kenya Film Commission were undertaken in quarter 4.
- b. Investor education videos were developed and shared on social media.
- c. Mass media outlets (newspapers and radio stations) to raise awareness of capital markets products and services.

2. Leveraging the regulatory sandbox to develop and roll out mass market transformative capital markets products & services.

The Authority is harnessing this opportunity through the Sandbox Review Committee (SRC) engaging prospective applicants showing interest in being admitted to the regulatory sandbox particularly in virtual asset innovations.

3. Improved uptake of capital markets products and services.

During the FY, the Authority approved Kenya's first asset-backed security (ABS) to raise up to Kshs 44 billion for the Talanta Sports Complex, with the Notes set to list on the Nairobi Securities Exchange's Fixed Income segment. Additionally, new Fund Managers and funds were approved to strengthen the Collective Investment Scheme (CIS) sector.

4. **Carefully studying court and tribunal decisions and drawing critical lessons and sharing those lessons with lawyers (internal and external).**

During the year, the Authority studied judgments from the Capital Markets Tribunal and the courts and highlight key issues and lessons learnt from the case and a case digest was developed to further disseminate insights.

5. **Political support from His Excellency the President towards implementation of the 8-Pillar Coffee Reforms.**

During the year, the Authority, through the Coffee Reforms Implementation Committee chaired by the CS for Cooperatives, secured presidential support for the 8-pillar coffee reform strategy. The President's public endorsement significantly boosted the initiative's momentum.

6. **Leverage periodic meetings with relevant stakeholders such as the Kenya National Bureau of Statistic (KNBS), Financial sector regulators, the National Treasury and others to gather required data.**

During the year, the Authority engaged key research partners including KNBS and financial sector regulators through data-sharing meetings to enhance data collection for research and financial analysis.

SECTION D

Material arrears in statutory/financial obligations

The Authority has no statutory arrears and promptly meets all its statutory obligations. The Authority's defined contribution pension scheme is oversighted by a Board of Trustees and is administered by an independent administrator. Remittance of Staff contributions is up to date.

SECTION E

Financial probity and serious governance issues

There are no issues of financial improbity reported by Management, any Board Committee or by external auditors. There are no governance issues and conflicts of interest at the Board or top management of the Authority are disclosed accordingly when they arise.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Authority exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence.

1. Sustainability strategy and profile

The Authority as a body corporate established under the Capital Markets Act CAP 485A has an obligation of being a good corporate citizen to protect, enhance and invest in the well-being of society and the natural ecology. The Authority has a responsibility of ensuring that the exercise of its regulatory mandate is done ethically, meet legal requirements and show consideration for society, communities and the environment as a responsible and sustainable regulator. The Authority strives to ensure that its corporate citizenship programs are manifested in tangible programs.

During the period under review, the Authority, in partnership with development partners, commissioned the following consultants in a bid to enhance ESG practices within the capital markets space:

- a. **A joint venture led by GreenCo ESG Consultants Limited** to undertake a comprehensive ESG assessment of the capital markets landscape and ecosystem. The assessment is aimed at strategically aligning the nation's capital markets with recognized global standards and identifying strategic incentives to attract ESG focused investments in Kenya.
- b. **A joint venture led by Jambo Tree (K) Limited** to undertake an in-depth analysis of Kenya's carbon markets including stakeholder mapping, demand-supply dynamics and risk/opportunity assessments. The study sought to outline the key actors active in the carbon space and markets; scope the typologies, quantities and features of diverse instruments of climate finance; map the prevailing institutional, legal and policy framework and provide concrete recommendations to the CMA that will guide the Authority in defining its space and role in the evolving carbon markets scene in Kenya.
- c. Further, the Authority in a bid to ensure that the legal framework of Issuers underpins sustainability practices, is currently undertaking an overhaul of the Code of Corporate Governance for Issuers of Securities to the

Public, 2015 proposed Environmental, Social and Governance Code to be subjected to public participation and normal regulatory process.

In line with the Authority's commitment to promoting ESG practices, sustainable and inclusive finance and responsible investment within the capital markets, and with support from Financial Sector Deepening Kenya (FSD-Kenya), an opportunity was provided for staff to undertake ESG and Carbon Markets Certification Training. The trainings are offered by the Global Reporting Initiative and the Frankfurt School of Finance and Management and are currently ongoing.

During the fourth quarter, the Authority hosted a full-day stakeholder workshop themed "*The State of Corporate Governance of Issuers of Securities: Navigating ESG and Carbon Markets.*" The workshop brought together strategic stakeholders to, among other objectives, review ongoing ESG and carbon market initiatives in Kenya and build consensus on a structured approach to maximizing their economic, social and environmental benefits. Expert speakers provided insights into the current regulatory and operational landscape and outlined the expected roles of various stakeholders in advancing sustainable development through ESG and carbon markets.

During the week of 4 to 10 May 2025, staff from the Authority together with the carbon markets consultants attended site visits and meetings to various carbon market projects in Kenya including:

1. Chyulu Hills REDD+ Carbon Project.
2. Worldwide Fund for Nature (WWF).
3. Amboseli Land Owners Conservancies Association (ALOCA).
4. Lake Turkana Wind Power (LTWP) Project.
5. Northern Kenya Rangelands Carbon Project.

The purpose of the visits was to gain practical exposure, identify gaps and opportunities, and inform the development of a robust regulatory framework for Kenya's carbon markets.

On 20th June 2025, the CMA, in collaboration with the Nairobi Securities Exchange (NSE), convened with the consultants to co-develop the design and architecture of a Carbon Markets Exchange, one of the key recommendations emerging from the assessment, alongside several other strategic proposals.

The Authority also developed the Machine Learning ESG Analyst (MALENA) Platform to significantly enhance the assessment of sustainability practices by issuers and drive ESG integration within the Kenyan capital markets. The Platform went live and the Authority is using it to assess issuers' sustainability practices.

On 14 November 2024, ICPAK officially launched the Roadmap for the adoption of the IFRS Sustainability Disclosure Standards, IFRS S1 (sustainability related disclosures) and S2 (climate risk related disclosures). As a key stakeholder in the phased adoption of IFRS S1 and S2, which are set to become mandatory by January 2027, the Authority is committed to guiding this process by providing a clear and practical implementation plan aligned to the roadmap to ensure a smooth and effective transition within the capital markets sector. Since the launch of the standards by ISSB and subsequently by ICPAK in September 2023, a National Sustainability Reporting and Climate Change Steering Committee (NSRCCSC), of which the Authority is an active member, has been established to oversee the adoption of the standards.

The Authority has initiated a process to develop and implement an ESG policy for the Authority to contribute to a broader ESG agenda as a responsible, resilient and sustainable regulator. In climate related risks and opportunities, the Authority will develop parameters, identify risks/opportunities, define risk appetite for climate related risks, categorize climate risks into a risk taxonomy, embed climate considerations in its operations, collect & analyze data and most importantly report via the annual report and the Authority’s website. Going forward, the Authority will integrate climate-related risks and opportunities into the Authority’s Risk Register maintained in the Projects, Performance, and Risk Management Information System (PPRMIS), ensuring they are monitored alongside other key risks.

2. Environmental Performance

The Authority continued to champion environmental conservation efforts during the 2024/25 financial year, building on a legacy of sustainable practices and strategic partnerships. In line with the Government’s target to plant 15 billion trees by 2032, the Authority deepened its collaboration with the Kenya Forest Service (KFS) and financial sector regulators to contribute meaningfully to the national afforestation agenda.

On 2 May 2025, the Authority, through an addendum to its Memorandum of Understanding with the Kenya Forest Service, rehabilitated a degraded area within Ngong Road Forest Station, planting 4,400 trees. This initiative marked a milestone in the Authority’s commitment to restoring key forest ecosystems.

Further amplifying this commitment, the Authority partnered with the Insurance Regulatory Authority (IRA), Retirement Benefits Authority (RBA), and KFS to launch a 1-million tree planting initiative. This initiative was officially inaugurated through a tree planting session of Sorget Forest, Kericho County, serving as the first step in a collaborative conservation journey among financial regulators.

In recognition of the role technology plays in advancing Environmental, Social, and Governance (ESG) practices, the Authority adopted MALENA AI, an ESG intelligence tool designed to help monitor and promote ESG compliance among licensed market intermediaries and issuers. This tool is expected to enhance sustainability reporting and data-driven decision-making across the capital markets.

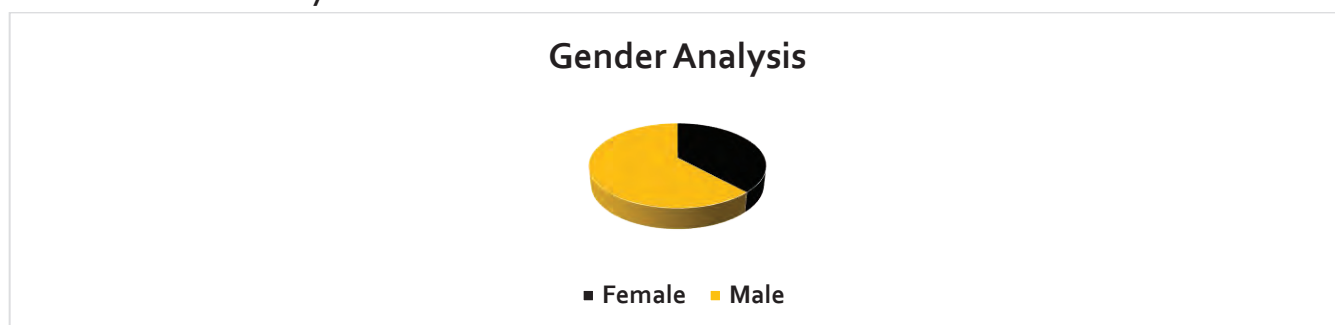
3. Employee welfare

a) Gender Matters

The Authority remains committed to upholding the constitutional requirement that no more than two-thirds of either gender shall occupy positions within public institutions. Currently, the female-to-male ratio stands at 38% to 62%, reflecting the Authority’s commitment to diversity and inclusion.

In addition to gender equity, the Authority actively promotes inclusivity by ensuring that recruitment, selection, and promotions reflect the face of Kenya, in alignment with the National Values and Principles of Governance. Gender considerations are also factored into appointments to task forces and committees assigned to critical mandates, ensuring broad representation in the execution of CMA’s responsibilities.

CMA Staff Gender Analysis



b) Occupation Health and Safety

Employees are the most important asset of the Authority. The Board and Management endeavours to create a conducive work environment where each employee feels valued as a team player. In the FY2024/2025, the Authority conducted cleaning and fumigation of its offices on a quarterly basis to ensure there is a conducive work environment. Further to that the Authority enhanced office ventilation by increasing the number of portable fans, replenishment of First Aid boxes, hand sanitizers, among others.

The Occupation Safety and Health Committee comprising of ten members from wide representation of the departments in the Authority was trained by the Directorate of Occupational Safety and Health Services (DOSHS) on the OSHA policies facilitating the Authority with mechanisms of continuous compliance with the workplace requirements. Further to that, and within OSHA, the First Aid and Fire Marshals Committees were re-sensitized on the requirements that the Authority is supposed to comply with from time to time.

The Authority's workplace facilities are also conducive for persons with disabilities, and CMA focuses on improving the environment more in the future. The Authority has done this by ensuring that its budget for Work environment facilitation are factored in. This includes but not limited to, office lighting, appropriate furniture, office ventilation, among others.

c) Learning Management System

CMA continued to implement a cloud-based Learning Management and e-learning Management System (LMS). This system provides a single source of coordination and information for its Learning & development activities, as well as an integrated E-Learning platform. This initiative has facilitated the development and delivery of eLearning programs for both talent and competency development at CMA.

d) Leadership and Management Skills Development

During the year, the Authority sponsored a total of five (4) staff to undertake supervisory and managerial courses to develop the leadership and managerial capabilities of staff. The courses were offered by Kenya School of Government for periods ranging between two (2) to six (4) weeks.

f) Performance appraisal

The Authority continued to implement Performance Management System (PMS) known as Annual Capability Review (ACR) with the aim of aligning key performance measures with strategy at all levels of the organization and supporting staff to gradually acquire the relevant capabilities for their roles. It aims at improving efficiency with a focus on outcomes and value and initiatives beyond the day-to-day job requirements provided in the staff job description.

4. Market place practices

a) Responsible competition practice.

The Authority ensures that the regulated market players uphold the required regulatory standards through continuous supervision. Supervision entails both offsite and onsite monitoring to ensure observance of good conduct, deployment of safe and secure technological solutions in trading and servicing of clients' orders.

Additionally, market players are required to observe good corporate governance practices, maintain the required standards of internal controls as well as meet the stipulated financial requirements. During FY 2024/2025, the Authority conducted prudential risk-based onsite inspections for various licensed categories including online forex and coffee brokers and standalone AML/CFT inspections where enforcement actions were issued for identified regulatory breaches. Offsite monitoring was enhanced through application of the Regulatory Management Information System (RegMIS) which has automated risk profiling, inspection follow-up and relationship management modules.

The Surveillance division continuously monitors trades for market malpractice in real time and post-trade, and the scope of the division was extended to include surveillance of the coffee auction ecosystem.

b) Responsible supply chain and supplier relations

During the Financial Year 2024/2025, the Authority continued to advance inclusive procurement practices in line with the Access to Government Procurement Opportunities (AGPO) programme. By the close of the financial year, contracts amounting to Kshs.38,764,060.86 were awarded to AGPO-registered firms comprising Women, Youth, and Persons with Disabilities. This represented 45.33% of the total procurement expenditure accessible to disadvantaged groups, marking a 30.36% increase from the previous year's allocation of Kshs.29,735,339.12. This upward trend underscores the Authority's commitment to empowering disadvantaged groups through public procurement.

In alignment with the Buy Kenya, Build Kenya initiative, the Authority awarded 93.39% of the total procurement expenditure to locally registered firms supplying Kenyan-made goods and services. The total value of local procurement stood at Kshs.125,575,007.20, reflecting a 29% increase from the Kshs.97,344,070.15 recorded in FY2023/2024. This demonstrates the Authority's sustained efforts to promote local industry and support national economic growth through procurement.

To enhance efficiency and cost-effectiveness in the procurement of recurring goods and services, the Authority entered into Framework Agreements with the best evaluated bidders, following competitive processes. These agreements provided clearly defined deliverables, performance expectations, timelines, and payment terms, anchored within competitively negotiated and locked pricing structures.

A new list of registered suppliers was developed during the third quarter of the financial year, following an open and transparent tendering process. The list will remain valid for a two-year period, expiring in 2026, and will serve as the primary source for identifying bidders for restricted tenders where applicable. In compliance with Section 44 of the Public Procurement and Asset Disposal Regulations, 2020, the list will be updated biannually or as need arises. To foster engagement and ensure suppliers are well-informed, a supplier sensitization session was conducted in Quarter 3 of the financial year, focusing on procurement opportunities and the Authority's commitment to collaborative partnerships.

The Supply Chain Department also prioritized prompt processing of procurement documentation to facilitate timely invoice payments for satisfactorily delivered goods and services. This approach ensured continuity in service delivery and mitigated cash flow disruptions for suppliers, thereby fostering mutually beneficial relationships with competent vendors. In line with best practices and performance targets, the Authority consistently ensured that all verified invoices were settled within 30 days, thereby promoting supplier confidence and adherence to public financial management standards.

c) Responsible marketing and advertisement

The Authority plays the gatekeeping role to ensure that only fit and proper entities/persons/products operate and are offered in the market. Once an entity/person/product is approved, the Authority requires such entities to submit all advertisements for their products/services for approval prior to publication.

Online Forex brokers are required to feature prominently in their advertisements the client loss ratio for transparency of investment risk of the product to potential investors and the Authority proactively monitors advertisements of capital markets products to ensure they were approved prior to advertisement.

d) Product stewardship

The Authority has consistently taken regulatory measures to ensure investors are protected. Its oversight role seeks to promote responsible conduct among key officers of market intermediaries, who are responsible for safeguarding investors' assets. CMA continues to build strategic alliances with key stakeholders both within and outside the country in the execution of its mandate as a regulator. In this regard, the Authority has partnered with the Directorate of Criminal Investigations (DCI), whose officers are seconded to the Capital Markets Fraud Investigation Unit (CMFIU) to pursue criminal matters in the capital markets.

The Authority is also working closely with the office of the Director of Public Prosecution and benefits from global regulatory cooperation on exchange of information. CMA engaged its peer regulators around the world through the International Organization of Securities Commissions (IOSCO).

The Capital Markets Tribunal has also acted on a facilitative organ for dispute resolution with the market before escalating to the High Court if deemed necessary.

5. Corporate Social Responsibility/Community Engagements

As a responsible corporate citizen, the Authority remains dedicated to contributing positively to society through impactful Corporate Social Investment (CSI) initiatives aligned with national priorities.

Through its established partnership with KFS, the Authority not only expanded its reforestation efforts but also ensured the sustainability of past initiatives. The maintenance and regular tending of previously planted tree seedlings continued under KFS stewardship, with bi-annual status reports submitted to the Ministry of Environment, Climate Change, and Forestry as part of the monitoring framework.

The Authority's engagement in CSI extended to supporting transparency and accountability in the financial sector. It continued its sponsorship of the Financial Reporting (FiRe) Award, a joint initiative with the Institute of Certified Public Accountants of Kenya, the Nairobi Securities Exchange (NSE), the Retirement Benefits Authority, and the Public Sector Accounting Standards Board. The Award promotes excellence in financial reporting, governance, and corporate disclosure among public and private sector institutions.

The Authority remains steadfast in integrating environmental conservation and social responsibility into its core operations. By deepening partnerships, embracing innovation, and aligning with national and global sustainability agendas, the Authority has reinforced its role as a forward-looking, responsible regulator committed to promoting a resilient and inclusive financial ecosystem.



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited Annual Report and Financial Statements for the year ended 30 June 2025, which show the state of the Capital Markets Authority's affairs.

i. Principal activities

The Authority promotes and facilitates the development of orderly, fair and efficient capital markets in Kenya.

ii. Results

The results of the Authority for the year ended 30 June 2025, are set out on page 56 to 97.

iii. Directors

The members of the Board of Directors who served during the year are shown on page 8.

iv. Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of their surplus funds reported in the audited Annual Report and Financial Statements after the end of each financial Year. In compliance to this CMA will remit the amount of Kshs. 153,567 million as computed in note 11 of these financial statements.

v. Auditors

M/S Ronalds LLP Certified Public Accountants were authorized by the Auditor General to carry out the audit of the Authority for the Year ended 30 June 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on her behalf.

By Order of the Board



Hellen Ombati
Corporation Secretary/Secretary to the Board

Date: 28 August 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, and the Capital Markets Act require Board Members to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Board Members are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board members are also responsible for safeguarding the assets of the Authority.

The Board Members are responsible for the preparation and presentation of the Authority's Annual Report and Financial Statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the Financial Year ended on 30th June 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Annual Report and Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the authority;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for the Authority's Annual Report and Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the State Corporations Act.

The Board Members are of the opinion that the Authority's Annual Report and Financial Statements give a true and fair view of the state of Authority transactions during the Financial Year ended 30th June 2025, and of the Authority's financial position as at that date. The Board Members further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's Annual Report and Financial Statements as well as the adequacy of the systems of internal financial control.

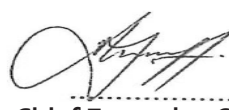
Nothing has come to the attention of the Board Members to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Annual Report and Financial Statements

The Authority's Annual Report and Financial Statements were approved by the Board on **2 Auguo25**.

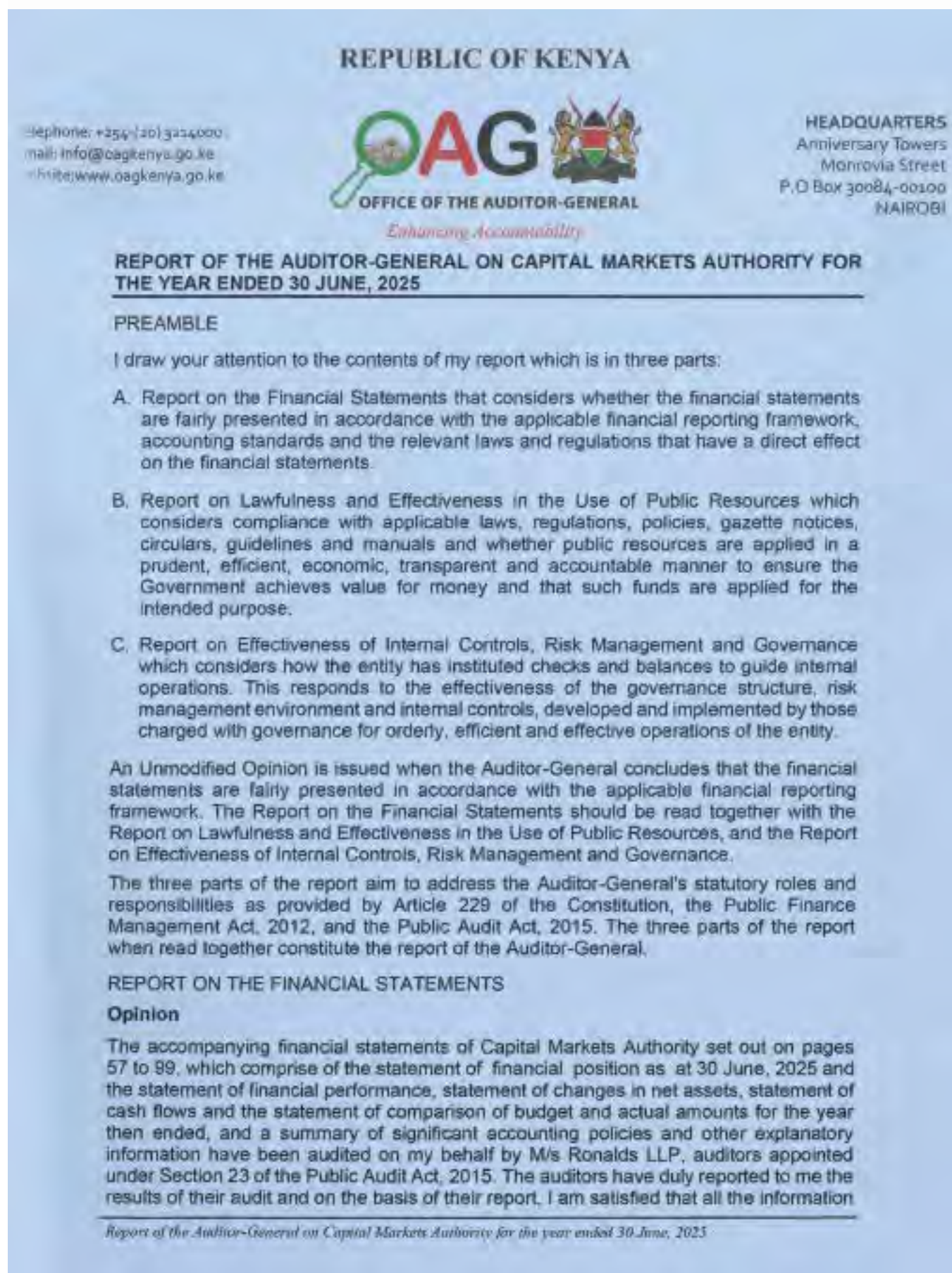


Chairperson



Chief Executive Officer

REPORT OF THE INDEPENDENT AUDITOR FOR THE CAPITAL MARKETS AUTHORITY



and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Capital Markets Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Capital Markets Authority Act, Cap.485A of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Capital Markets Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

Key audit matter	How the matter was addressed
<p>Estimation of expected credit loss model on financial assets</p> <p>The Authority applies IPSAS 41 – ‘Financial Instruments’ in estimation of expected credit loss.</p> <p>The financial assets subjected to expected credit loss model are receivables, staff loans and advances, held to maturity investments and cash at bank as shown in notes 13, 14, 15 and 16 of the financial statements.</p> <p>The determination of the values in the expected credit loss model requires significant judgements hence an increased level of audit focus is applied. The key areas include;</p>	<p>The following audit procedures were conducted;</p> <p>We obtained an understanding of the basis and parameters used to determine the expected credit losses and evaluated if it is in accordance with IPSAS 41 requirements.</p> <p>On sample basis, we assessed the segmentation of the financial assets by reviewing the</p>

Key audit matter	How the matter was addressed
<ul style="list-style-type: none"> • Assessment criteria of the risk of default occurring in the financial statements and the determination criteria for significant increase in credit risk. The segmentation of the financial assets into a 12 month or a lifetime probability of Default relies on the above assessment and determination criteria. • The assumptions and parameters used in determining the Probability of Default, Loss Given Default and Exposures at Default for the categories of financial assets in the financial statements. • The reasonableness and the supportability of the forward-looking information used in the model. <p>Therefore, there is complexity in determining the level of accuracy and reasonableness of the Management estimates with regards to expected credit loss.</p>	<p>credit performance and the aging analysis to determine compliance with model requirements.</p> <p>We performed subsequent tests on significant account balances' receipt after the year end.</p> <p>We assessed the appropriateness of the assumptions used in the model by recalculating the Probability of Default, Loss Given Default and Exposure at Default.</p> <p>Review of the appropriateness of the assumptions used in determining forward-looking information by assessing the internal and publicly available information.</p>

Other Information

The Directors are responsible for the other information set out on page 4 and 55 which comprises of Key Entity Information and Management, the Board of Directors, Key Management Team, the Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The other information does not include the financial statements and our auditor's report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and, accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Procurement of Insurance Brokerage Services for Medical Cover

During the year under review, an insurance brokerage firm was awarded a contract for provision of insurance brokerage services for medical cover at a contract sum of Kshs.11,901,512 through a Tender Number: CMA/RT 00/2024-2025 using restricted tendering method without any justification contrary to Section 102 (1)(c) of the Public Procurement and Asset Disposal Act, 2015 which gives conditions under which restricted tender can be used including where the competition for contract, because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers and evidence to the effect that there are only a few known suppliers of the goods, works and services.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of an Internal Procurement Policy Manual

A review of the operations in the Procurement Department indicates that it lacks a formal Internal Procurement Manual which is essential for translating legal and policy

frameworks into practical, organization-specific procedures. The absence of a manual creates a gap in operational consistency and clarity which can lead to inconsistent application of procurement practices across departments, increased risk of non-compliance, inefficiencies and a lack of clearly defined internal control measures.

In the circumstances, the lack of an internal procurement policy manual could impact negatively on the overall internal controls over procurement.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 September, 2025

NOTE:

This is a copy of the Audit Report by the Auditor General on the financial statements for the year ended 30 June 2025. Whereas the financial statements published in this annual report are the same as in the signed accounts, the pagination is slightly different from that referenced in the auditor's report because of the additional business-related material included in the annual report. The financial statements as presented in this report are pages 61 to 111.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2025


	Note(s)	June 2025 Kshs.'000	June 2024 Kshs.'000
Revenue from non-exchange transactions			
Capitalization, rights and new issue fees	6	1,071,468	734,546
Donor fund income	7	<u>29,259</u>	<u>11,894</u>
		<u>1,100,727</u>	<u>746,440</u>
Revenue from exchange transactions			
Finance income	8	34,076	73,354
Other income/CMA-ICF Management Fees	8	<u>127,542</u>	<u>142,765</u>
Total revenue		<u>1,262,345</u>	<u>962,559</u>
Expenses			
Employee costs	33	(525,911)	(522,881)
Use of goods and services	35	(335,131)	(303,499)
Remuneration of directors	29	(35,887)	(14,126)
Depreciation and amortization expense	34	(16,929)	(25,655)
Repairs and maintenance	36	<u>(49,101)</u>	<u>(41,449)</u>
Total expenses		<u>(962,959)</u>	<u>(907,610)</u>
Other gains/ (losses)			
(Loss)/Gain on sale of assets	9	<u>4,783</u>	<u>47</u>
Surplus/(Deficit) before tax		304,169	54,996
Taxation	11 b	-	
Surplus/(deficit) for the period		304,169	54,996
90% Surplus / Remission to National Treasury	11 a	<u>(153,567)</u>	<u>(140,000)</u>
Net Surplus/ (Deficit) for the period		<u>150,602</u>	<u>(85,004)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 2025


		June 2025	Prior Year Audited June 2024
	Note(s)	Kshs.'000	Kshs.'000
ASSETS			
Current assets			
Inventories	12	1,927	1,892
Trade and other receivables from non exchange transactions	13a	129,207	105,303
Trade and other receivables from exchange transactions	13b	14,707	20,499
Staff loans and advances/guarantee fund	14	51,977	47,046
Held-to-maturity investments	15	464,804	171,274
Cash at bank and in hand	17	114,936	177,374
Investors' Compensation Fund	18	2,144,802	1,217,112
Total Current assets		2,922,360	1,740,500
Non-current assets			
Property and equipment	19	40,607	46,596
Intangible assets	20	10,192	588
Staff loans and advances/guarantee fund	14	373,851	339,004
Held-to-maturity investments	15	40,243	40,172
Right of Use- Lease Asset	25	107,107	133,883
Investors' Compensation Fund's investments	18	4,698,006	4,661,393
Total Non-current assets		5,270,006	5,221,636
Total Assets		8,192,366	6,962,136
Liabilities			
Current liabilities			
Trade and other payables	21	282,807	263,185
Provision for Legal liabilities and charges	22	85,812	89,989
Investors' Compensation Fund	18	2,144,802	1,217,113
Deferred income	24	7,449	36,498
Surplus payable to National Treasury	11b	153,567	
Lease Liability/Obligation	23	26,775	23,044
Total Current liabilities		2,701,212	1,629,829
Non-current liabilities			
Investors' Compensation Fund liabilities	18	4,698,006	4,661,393
Lease Liability/Obligation	23	86,852	115,220
Total Non-current liabilities		4,784,858	4,776,613
Total liabilities		7,486,070	6,406,442
Net Assets			
Capital Fund	27	27,886	27,886
General Fund	26	255,091	144,525
Staff Mortgage and Car loan Fund	28	423,319	383,283
Total Net Assets		706,296	555,694
Total Net Assets and Liabilities		8,192,366	6,962,136

The financial Statements set out on pages 61 to 111 were approved for issue by the Board Members of the Authority on 28 August 2025 and were signed on its behalf by:

Chief Executive Officer



Director, Corporate Services



ICPAK No. 2626

Chairperson of the Board



**CAPITAL MARKETS AUTHORITY STATEMENT OF FINANCIAL
POSITION AS AT JUNE 30, 2025**

	Note	June 2025 Kshs.'000	Prior Year Audited June 2024 Kshs.'000
ASSETS			
Current assets			
Inventories	12	1,927	1,892
Trade and other receivables from non-exchange transactions	13(a)	129,207	105,303
Trade and other receivables from exchange transactions	13(b)	14,707	20,499
Staff loans and advances/guarantee fund	14	51,977	47,046
Held-to-maturity investments	15	464,804	171,274
Cash at bank and in hand	17	114,936	177,374
Total Current Assets		777,558	523,388
Non-current assets			
Property and equipment	19	40,607	46,596
Intangible assets	20	10,192	588
Staff loans and advances/guarantee fund	14	373,851	339,003
Held-to-maturity investments	15	40,243	40,172
Right of Use- Lease Asset	25	107,107	133,883
Total Non-current assets		572,000	560,242
Total Assets		1,349,558	1,083,630
Liabilities			
Current liabilities			
Trade and other payables	21	282,807	263,185
Provision for Legal liabilities and charges	22	85,812	89,989
Deferred Income	24	7,449	36,498
Surplus to National Treasury	11b	153,567	-
Lease Liability/Obligation	23	26,775	23,044
Total Current liabilities		556,410	412,716
Non-current liabilities			
Lease Liability/Obligation	23	86,852	115,220
Total Non-current liabilities		86,852	115,220
Total liabilities		643,262	527,936
Equity/Funds			
Capital fund	27	27,886	27,886
General fund	26	255,091	144,525
Staff Mortgage and Car loan fund	28	423,319	383,283
Total Equity/Funds		706,296	555,694
Total Equity and Liabilities		1,349,558	1,083,630

The financial Statements set out on pages 61 to 111 were approved for issue by the Board Members of the Authority on 28 August 2025 on its behalf by:

Chief Executive Officer



Director, Corporate Services

ICPAK No. 2626



Chairperson of the Board

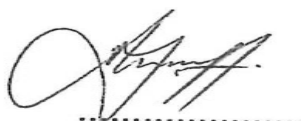


16. INVESTOR COMPENSATION FUND STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

		June 2025	Prior Year Audited June 2024
ASSETS	Note(s)	Kshs'000	Kshs'000
Current assets			
Fees receivable	18	111,231	97,234
Cash and cash equivalents	18	18,139	27,200
Investor Compensation Fund Investments Held-to-maturity	18	<u>2,015,432</u>	<u>1,092,678</u>
Total Current assets		<u>2,144,802</u>	<u>1,217,112</u>
Non-current assets			
Investments in Listed Companies	18	91,175	63,525
Investors' Compensation Fund's investments Held to maturity	18	<u>4,606,831</u>	<u>4,597,868</u>
Total Non-current assets		<u>4,698,006</u>	<u>4,661,393</u>
Total Assets		<u><u>6,842,808</u></u>	<u><u>5,878,505</u></u>
The Fund	18	<u><u>6,842,808</u></u>	<u><u>5,878,505</u></u>

The Financial Statements set out on pages 61 to 111 were approved for issue by the Board Members of the Authority on 28 August 2025 and were signed on its behalf by:

Chief Executive Officer



Date: 28 August 2025

Director, Corporate Services



ICPAK NO. 2626

Date: 28 August 2025

Chairperson



Date: 28 August 2025

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED JUNE 30, 2025

	Capital Fund Kshs.'000	General Fund Kshs.'000	Staff Mortgage and Car Loan Fund Kshs.'000	Total Kshs.'000
As at 1 July 2023	27,886	53,642	394,270	475,798
Surplus for the year	-	54,996		54,996
90% Surplus to National Treasury/Advance Payment on budget Rationalization 11.a		(140,000)		(140,000)
Transfer from Building Fund		164,900		164,900
Transfer from/(to) Staff Mortgage and Car loan fund	-	10,987	(10,987)	-
At 30 June 2024	27,886	144,525	383,283	555,694
At 01 July 202	27,886	144,525	383,283	555,694
(Deficit)/Surplus for the Period	-	304,169		304,169
90% Surplus to National Treasury		(153,567)		(153,567)
Transfer from/(to) Staff Mortgage and Car loan fund	-	(40,036)	40,036	-
At June 30, 2025	27,886	255,091	423,319	706,296

CAPITAL MARKETS AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	June 2025	Prior Year Audited June 2024
	Note(s)	Kshs.'000
		Kshs.'000
Cashflows from Operating Activities		
Receipts		
CMA Equity and Bond Fee Transaction fee levy, Capitalisation fees, Right issue fees, Approval fees, Derivatives fees	1,207,188	800,639
CMA-ICF Management Fees	135,830	122,994
Licenses Fees	42,089	32,209
Market Development Fees	8,294	9,710
Finance income	11,276	14,895
Other income	3,552	3,926
Total Receipts	1,408,228	984,372
Payments		
Use of goods and services	238,357	129,568
Employee costs	523,883	449,492
Board Expenses	27,747	33,695
Repairs and maintenance	2,858	3,275
Bank Charges	685	706
Rent Paid	37,283	37,922
Taxation Paid	10,596	9,395
Payment to National Treasury	-	540,000
Staff Loans	39,778	30,608
Other Payments	92,410	80,080
Transfer of ICF Fees	187,708	98,168
Total Payments	1,161,305	1,412,911
Net cash flows from/(used in) operating activities	37	(428,539)
Cash flows from investing activities		
Purchase of property and equipment	(10,671)	(22,930)
Purchase of intangible assets	(9,932)	(642)
Proceeds from disposal of property and equipment	4,843	213
(Purchase)/sale of treasury bonds	(71)	9,915
(Purchase)/sale of treasury bills	(293,530)	578,545
Net cash flows from/(used in) investing activities	(309,361)	565,101
Net increase/decrease) in cash and cash equivalents	(62,438)	136,562
Cash and cash equivalents at start of the period	177,374	40,812
Cash and cash equivalents at end of the period	16	177,374

INVESTOR COMPENSATION FUND STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2025

		June 2025	Prior Year Audited June 2024
	Note(s)	Kshs.'000	Kshs.'000
Cash flows from operating activities			
Receipts			
Investment Income		889,443	717,902
Fines, penalties and levies		19,015	3,865
Other Income/Dividend Income		3,990	-
Transaction fee Income		187,708	98,168
Total receipts		1,100,157	819,934
Payments			
Bank Charges		(24)	(18)
CMA-ICF Management Fees		(135,830)	(123,494)
Total Payments		(135,854)	(123,512)
Net cash flows from/(used in) operating activities	38	964,303	696,422
Cash flows from investing activities			
Purchase of treasury bonds from the Investors' Compensation Fund		44,619	(827,165)
(Purchase)/sale of treasury bills from the Investors' Compensation Fund		(1,017,983)	156,914
Net cash used in from investing activities		(973,364)	(670,251)
Net increase/(decrease) in cash and cash equivalents		(9,061)	26,171
Cash and cash equivalents at start of the period		27,200	1,029
Cash and cash equivalents at end of the period	18	18,139	27,200

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original Approved budget	Adjustments- Revision 1	Adjustments- Revision 2	Approved Revised Annual budget	Actual cumulative to date	Performance difference	% Utilization	
	June 2025 Kshs.'000	June 2025 Kshs.'000		June 2025 Kshs.'000	June 2025 Kshs.'000	June 2025 Kshs.'000		
REVENUE								
Fee income from Transaction Fee-Equities	295,000	-		295,000	274,798	(20,202)	93%	a)
Fee income from Transaction Fee-Bonds	28,500	-		28,500	64,615	36,115	227%	
Application and Licensing fees	140,772	-		140,772	37,890	(102,882)	27%	b)
Market development Fees	9,150	-		9,150	8,699	(451)	95%	c)
Capitalization, rights & IPO's	45,000	-		45,000	82,376	37,376	183%	d)
REITS approval Income	19,700	-		19,700	3,512	(16,188)	18%	e)
Capitalisation and bond approvals	487,500	-		487,500	599,566	112,066	123%	f)
Derivatives Fees	25	-		25	12	(13)	49%	g)
Fee based income	1,025,647	-		1,025,647	1,071,468	45,821	104%	
Finance income-External Investments	40,825	-		40,825	34,076	(6,749)	83%	h)
Other income/ICF Management Fees	101,520	-		101,520	132,324	30,804	130%	i)
Total income	1,167,992	-		1,167,992	1,237,869	69,877	106%	
EXPENSES								
Personnel cost	492,000	43,000		535,000	525,911	9,089	98%	a)
Rent and maintenance	44,000	384		44,384	43,946	438	99%	b)
Equipment maintenance and stationery	20,230	32,819		53,048	49,101	3,948	93%	c)
Telephone Courier & Postage	4,085	2,815		6,900	4,243	2,657	61%	d)
Office Expenses and Utilities	9,185	8,636		17,821	12,203	5,618	68%	e)
Publicity and Advertising	4,290	20,610	19,000	43,900	43,104	796	98%	f)
Medical scheme and insurance expenses	45,437	4,233		49,670	51,484	1,814	104%	g)
Training and Conferences (Staff Training & Development)	11,000	10,000		21,000	20,953	47	100%	h)
Motor vehicle running expenses	4,222	3,758		7,980	5,353	2,627	67%	i)
IOSCO membership	3,027	2,856		5,883	5,462	421	93%	j)
Library Books and Periodicals	1,874	1,326		3,200	1,623	1,577	51%	k)
Board Members Expenses	24,500	5,500	6,200	36,200	35,887	313	99%	l)
Professional & consultancy services	6,746	22,560		29,306	28,357	949	97%	m)
Litigation/Legal expenses	1,685	14,515		16,200	2,142	14,058	13%	n)
Market Development & Islamic Finance	7,419	46,300		53,719	53,287	432	99%	o)
Capital Markets Master Plan (CMMP)	750	3,800		4,550	3,710	840	82%	p) q) r)
Investors' education and awareness programme	2,500	18,800		21,300	20,746	554	97%	s) t)
Capital Expenditure			47,545	47,545	20,603	26,942	43%	
Commitments in Budget not recognized- OPEX					3,126			
Commitments in Budget not recognized- CAPEX					4,573			
Total expenditure	682,950	241,911	72,745	997,605	935,815	69,490	94%	
Budget Surplus/(Deficit) for the period	485,042			170,387	302,054	131,667		

RECONCILIATION BETWEEN SURPLUS AS PER THE BUDGET AND SURPLUS AS PER THE STATEMENT OF FINANCIAL PERFORMANCE

A reconciliation between the actual amounts on a comparable basis as presented in the Budget Performance and the actual amounts in the Statement of Financial Performance for the Period Ended June 30, 2025, is presented below.

The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

Description	Original budget	Adjustments	Final Annual budget	Actual Cumulative to date
	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.000
Surplus under Statement of Financial Performance				150,602
Less: Surplus (Deficit) under Statement of Budgeted and Actual Amounts				<u>302,054</u>
Difference				<u><u>-151,452</u></u>
Explained by:				
Surplus under the Statement of Budget and Actual Amounts				302,054
External Mobilization / Donor Funding	45,000		45,000	29,259
Depreciation & Amortization Expense	25,000		25,000	(16,929)
90% Surplus Calculation in the Statement of Financial Performance				(153,567)
Capital Expenditure			47,545	20,604
Commitments in Budget not recognized-OPEX				3,126
Commitments in Budget not recognized-CAPEX				4,573
Provision for doubtful debts				(8,494)
Donor Funded Expenses				<u>(30,023)</u>
Surplus under the Statement of Financial Performance				<u><u>150,602</u></u>
RECONCILIATION BETWEEN BUDGET REVENUE AND EXPENDITURE AS PER APPROVED BUDGET				Ksh'000
Total Budget Revenue in the Statement of Comparison of Budget				
Basis differences: External Mobilization /Donor Funding (Non-Cash)				1,167,992
Total Revenue in the Approved Budget				<u><u>45,000</u></u>
				<u><u>1,212,992</u></u>
Total Expenditure Budget in the Statement of Comparison of Budget				997,605
Basis differences: Depreciation & Amortization				25,000
Capital Expenditure				<u>(47,545)</u>
Total Expenditure in the Approved Budget				<u><u>975,060</u></u>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

Notes on Significant variances between actual and budget. Given the end year tracking should be at 100%

REVENUE

- a) **Transaction Fee income from NSE:** Equities transaction fees achieved 93% of the annual target, reflecting the expected trading activity in the equities market. Bond transaction fees surpassed the annual budget to close the quarter at 227% and this robust performance in the bond market was primarily driven by a reduction in interest rates, driving an increase in secondary bond trading activity.
- b) **Application and licensing fees:** The performance was at 27% of the annual budget, and the collection cycle for license renewal fees was undertaken in Q3. The Authority had anticipated to be able to collect fees levied on Collective Investment Schemes Assets Under Management (AUM) but the regulations are not yet gazetted. Hence the underperformance on this revenue stream in the financial year.
- c) **Market development fees:** The billing for market development fees is calculated based on the market capitalization of NSE-listed companies as of November 30th, resulting in a strong performance 95% of the annual budget.
- d) **Capitalization, rights & IPO's:** The performance was at 183% to the annual budget, largely attributed to a bonus issue approved for the Kenya Reinsurance Corporation Ltd in Q1, HF Group PLC's rights issue in quarter 2, Bamburi Shares sale and approval for the listing of Linzi Infrastructure Bond in Q4.
- e) **REITs Approval Income:** Revenue from this stream closed at 18% of the annual budget, with the underperformance attributable to no new approval REIT issuance.
- f) **Approval fees on the GOK (CBK) bonds:** Approval fees on the GOK (CBK) bonds: The performance was at 123% of the annual target as GOK increased its ceiling in the year and continues to raise funds on issuance of bonds to address budget funding needs.
- g) **Derivative Fees:** Performance was at 49% of the annual budget and is attributable to the low level of market activity.
- h) **Interest Income/Finance Income:** Interest Income/Finance Income: Investment income was 83% of the annual budget, falling below the projected 100%. This performance is reflective of reduced interest rates in the market, that reported lower than-anticipated returns on funds currently invested with the Central Bank of Kenya (CBK), mainly Treasury bills.
- i) **External mobilization/Donor Funding:** Activity in external mobilization and donor funding have picked up considerably fairly, closing at 65% of the annual budget. There is progress also with the consultancies to

undertake both ESG and carbon market assessment, both underway. The remaining portion of the mobilization is to cater for consultancies not yet paid based on milestones in the respective contracts.

- j) **Other Income:** Other income is primarily derived from the CMA-ICF management fee, charged monthly at a rate of 2.0% of the ICF fund value apportioned monthly. The revenue stream closed at 119% of the annual budget.

EXPENSES

Total expenditure for the period amounted to Kshs 938.307 million, representing an overall budget utilization rate of 96%. This is well within the anticipated 100% utilization expected by the end of the Financial Year. Consequently, the overall absorption rate fell short of the period target by 10% but this is aligned to expenditure control efforts at the national level.

- a) **Personnel Costs:** Personnel costs are currently at 96% of the annual budget, closely aligning with the expected utilization of 100% for this period. This performance reflects a situation where personnel expenses remained well within the Authority's projections.
- b) **Rent and maintenance:** The budget utilization under this vote was 84% of the annual budget and is within the expected budget performance range as the Authority efficiently utilized its resources.
- c) **Equipment maintenance and stationery:** The budget utilization under the equipment maintenance and stationery stands at 93% of the annual allocation. This is well aligned, with budget available.
- d) **Telephone Courier & Postage:** Telephone Courier & Postage: The expenditure is currently 61% of the annual budget allocation. The cost is well aligned with budget as the Authority continues to enhance efficiency in utilization of telephone and postal services
- e) **Office Expenses and Utilities expenses:** The utilization level was at 68% of the annual budget and was within the resource allocation.
- f) **Advertising and Publicity expenses:** The utilization under this category was 98% of the annual budget. A specific budget revision was done in Quarter 4 to cater for the 1million tree growing initiative, amounting to Ksh19million. The approval was granted, and the launch of the tree planting was done on 30th June 2025.
- g) **Medical Scheme and Insurance Insurances:** The utilization under this vote was at 104% of the annual budget which is slightly above the target for the year. This is attributable to late billing of some medical service expenses outstanding from the previous scheme provider. Nonetheless, Management vetted the expenses, and they were genuinely payable.
- h) **Staff Training & Development expenses:** The expenditure utilization stands at 100% utilization of the annual budget. Staff in the Authority continue to sharpen their skills in line with international best practices to enhance their productivity
- i) **Motor vehicle running expenses:** The vote was spent at 67% of the annual budget. The Authority has relatively new vehicles for efficiency, and Value for money continues to be observed with staff using pooled transport on official assignments

- j) **IOSCO Membership expenses:** The expenditure closed at 93% of the annual budget, with annual subscriptions for year 2025 paid as well as Management participation in the Annual conference in Qatar.
- k) **Library Books and Periodicals:** Library Books and Periodicals: The Budget utilization was 51% of the annual budget as various subscription renewals were initiated during the year.
- l) **Board Members Expenses:** The utilization level was 97% of the annual budget this budget line was revised with additional amount approved by the National Treasury of Ksh6.2 million, which has since been utilized. Included in the Board expenses is a provision for a performance bonus for FY2023/2024.
- m) **Professional and consultancy expenses:** The budget utilization under this vote is 100% of the annual allocation. Consultancy services are being procured on a need basis, with the primary costs incurred during the quarter related to market player investigations and fraud investigation activities. A total of Kshs 6,965,245.00 was spent on conducting fraud investigations and attending various court hearings. Additionally, Kshs 10,851,184.00 was utilized for ISO-related certification audits, which were necessary expenditures to maintain operational compliance and safeguard the integrity of the Authority's operations in line with ISO standards.
- n) **Litigation/Legal expenses:** The utilization under this category was 6% of the annual budget in the year.
- o) **Market Development and Islamic Finance costs** Market Development and Islamic Finance costs: The utilization under this vote is 99% of the annual budget, driven by engagements in Islamic finance and policy legislation in support of the new legislations including expenses towards enhancement of the regulatory frameworks of various capital markets products. Capital markets master plan, (CMMP) Costs amounted to 43% of the annual budget.
- p) **Investor Education expenses'** spend was 80% of the annual budget as more county engagement investor awareness campaigns and outreaches through radio, Tv, and social media were undertaken. There were also sponsorships and partnerships undertaken including Sponsorship for the REITS Conference and CMA Kenya Contribution towards the 2024 FinAccess Survey. The Authority has aligned the requirements of the new Government's agenda for investor awareness.
- q) **Capital markets master plan, (CMMP):** Utilization was at 82% of the budget , in line with the 2023/2028 strategic plan as it gets implemented, along with stakeholder engagements and capacity-building activities.
- r) **Depreciation and amortization of intangible assets expenses:** Depreciation and amortization of intangible assets tracked at 68% of the annual budget in the period. Planned purchases of approved ICT assets were done in quarter 4 resulting in slight under performance from budget.

17. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) and allow the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Authority, and all values are rounded to the nearest thousand (Kshs '000') unless where indicated. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all periods presented.

2. Statement of compliance and basis of Preparation

The financial statements have been prepared on a historical cost basis and where applicable revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments may be held at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the periods presented.

3. Adoption of new and revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024

<p>IPSAS 43: Non-Leases</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Authority early adopted this in FY2023/2024 and has consistently reported in line this Standard this financial year.</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires, assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>No Impact of this IPSAS is expected in the Authority's financial statements.</i></p>

<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>No Impact of this IPSAS is expected in the Authority's financial statements.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard is to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; and iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The Authority finds no impact of this standard on its financial statements.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9-Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Authority will assess the impact of the new standard by the due date.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions.</p> <p>This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The Authority will assess the impact of the new standard by the due date.</p>

ii. Early adoption of standards

IPSAS 43: The Capital Markets Authority (CMA) adopted IPSAS 43, "Leases," which replaces IPSAS 13, earlier in FY2023/2024, one year before the applicable effective date of 1st January 2025. This new standard changed how leases were accounted for by requiring us to recognize most lease agreements on the balance sheet, reflecting both the right to use the leased assets and the obligation to make lease payments.

The standard sets out the principles for recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents

This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows.

The Authority signed a new lease in July 2023 and therefore in line with its core value of agility, continuous learning and innovativeness decided to early adopt this standard. The impact of this standard is a slight increase in rent expense for the year and recognition of right of use of lease asset and a corresponding liability of lease liability.

The adoption of IPSAS 43 has led to recording lease asset totaling Kshs **120,494,798.30** and a lease liability totaling Kshs **125,946,361.08**

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non –exchange transactions

Fees and levies

The Authority recognizes revenues from fees and levies when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Donor income

Donor funds are received through Government supported programmes and other development Agencies. These funds are recognized at fair value when there is reasonable assurance that the Authority will comply with the conditions attaching to them and the funds will be received. Donor funds related to purchase of assets are treated as deferred income and allocated to statements of financial performance income over the useful lives of the related assets while grants related to expenses are treated as donor fund income in the income statement.

Revenue from exchange transactions

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

Interest income is accrued as it is earned over the life of investments held.

b) Budget information

The original budget for FY2023/2024 was approved by The National Treasury and Economic Planning on 30th June 2023.

The National Treasury Circular No.2 of 2024 dated 27th March 2024 laid out the various policy measures to enhance state corporations' revenue generation and expenditure rationalization in line with government's fiscal consolidation efforts. To that end, the 2024/25 FY recurrent expenditure budget rationalized to a level that is not more than 70% of the 2023/2024 budget. However, the Authority appealed for a budget revision and the same was graciously approved on 25th November 2024.

The Capital Markets Authority's budget is prepared on a cash basis, hence a reconciliation between the actual comparable amounts and the amounts presented has been presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes/surplus due to The National Treasury

The Authority is exempt from income tax vide S.219(3) of PFMA regulation no.34 of 2015.

On 20th March 2015, The National Treasury issued PFMA Regulation No. 34 which under Section 219 exempts the Authority from paying taxes in the future. The Authority is, however, required to submit 90% of its surplus to the National Treasury.

d) Property, plant and equipment

This includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate</u>
Motor vehicles	25%
Furniture & fittings	12.5%
Office equipment	20%
Computers & copiers	25%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining the surplus for the year.

e) Leases

Finance leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority.

Operating Leases

The Authority has a lease contract for a period of six years from 1st July 2023 to 30th June 2029 and in line with IPSAS, 43, this has been recognized in the financial statements with effect from 1st July 2023. By early adopting IPSAS 43 we recognized a right-of-use assets amounting to Kshs 120,494,798.30 and lease liabilities totaling Kshs 125,946,361.08. The current financial year 2024/2025 right of use asset is Ksh107,107,000 with the lease liabilities totaling Kshs113,629,000 respectively.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Amortisation is calculated using the straight-line method to write down the cost of each licence or item of software to its residual value over its estimated useful life of three years.

The useful life of the intangible assets is assessed as finite.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or a group of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments.
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

i. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

g) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Contingent liabilities

The Authority does not recognize contingent liability but discloses details of any contingencies in the notes to the Annual Report and Financial Statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is not remote.

i) Nature and purposes of reserves

The Authority creates and maintains the following reserves.

- a) Capital reserves- These signify initial equity capital contributed to start off the Capital Markets Authority by The National Treasury.
- b) General reserves- These are accumulated reserves from operations.
- c) Building fund- The Authority has in the past had approved building Fund. These are approved funds for acquisition of own premises; and

d) Staff mortgage and Car Loan Fund-which represents backup funds placed with lenders to assure low cost of staff loans in line with government policy to make them more affordable.

j) Changes in accounting policies and estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

k) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined Contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Authority also contributes to the statutory National Social Security Fund (NSSF), a national defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and currently the NSSF Rates Kenya 2024 saw a significant change, introducing a tiered contribution system. The NSSF Act of 2013 mandates a two-tier contribution system for Kenya's National Social Security Fund. Both employers and employees must contribute 6% of an employee's pensionable earnings to the NSSF.

l) Gratuity obligations

The Authority pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity are recognized when they accrue to employees.

A provision for gratuity payable is made in the statement of financial position. The gratuity is not subject to actuarial valuation.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

The Authority manages the Investor Compensation Fund (ICF) and reports the funds held in the bank, call accounts on behalf of ICF as part of cash and cash equivalents.

o) Inventories

Inventories are stated at the lower cost and net realizable value. Cost is determined by using the first-in first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

p) Related party

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise of members of the Board, CEO and Directors.

q) Comparative figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

r) Subsequent events

There have been no events after the financial year end with a significant impact on the financial year end with a significant impact on the financial statements for the year ended 30 June 2024.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Authority's Annual Report and Financial Statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Significant judgements made in applying the Authority's accounting policies

The judgements made by the board members of the Authority in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognized in the Annual Report and Financial Statements include:

Whether the Authority has the ability to hold 'held-to maturity' investments until they mature. If the Authority were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140. Key assumptions made within the next financial year include:

i. Retirement benefit obligations

The pensions contributions into the Defined Contribution (DC) Scheme are expensed as incurred in the year.

ii. Impairment losses

Estimates are made in determining the impairment losses on receivables. Such estimates include the determination of the net realizable value or the recoverable amount of the asset.

c) Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the assets is based on the assessment of experts employed by the Authority.
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii. The nature of the processes in which the asset is deployed.
- iv. Availability of funding to replace the asset.
- v. Changes in the market in relation to the assets

d) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Risk Management Objectives and Policies

a) Financial risk management

The Authority's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Authority's overall risk management policies are set out by the Board and implemented by the Management and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Authority's performance by setting acceptable levels of risk. The Authority does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on an Authority-wide basis. The Authority does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by considering the financial position, experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilization of the credit limits and the credit period is monitored by management on a monthly basis.

	Fully performing	Past due but not impaired	Impaired	Total
	Kshs.'000	Kshs.'000	Kshs.'000	Kshs.'000
At June 30, 2025				
Held-to-maturity investments	505,047	-	-	505,047
Staff loans and advances/ fund	425,829	-	-	425,829
Trade receivables	128,367	-	-	128,367
Other receivables	12,072	-	-	12,072
Cash at bank, in hand and deposits	114,796	-	-	114,796
Maximum exposure to credit risk	1,186,111	-	-	1,186,111

Over 6 months

	2024	2023
	Kshs.'000	Kshs.'000
	—	—
	0	0

The ageing analysis of past due but not impaired trade receivables is

The past due debtors are nil. An impairment provision of Shs 14,989,280.35 is held against the impaired receivables. The Authority does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.

ii) Expected Credit Losses (ECL)

The Authority adopted IPSAS 41 (Financial Instruments) in the year and has considered all its financial assets in the modelling including the staff loans and advances, investments in the government's bonds and treasury bills and trade receivables. However, upon further assessment of the significant increase in credit risk (SICR) by comparing the risk of default at the initial recognition of the mentioned financial assets to the current risk of default, we have reasonable expectations of recovering the cashflows thereof in its entirety thus we consider them not risky. We therefore had an adjusted Probability of Default (PD) at 0%, hence the Nil exposure as of 30th June 2025 and therefore Zero final expected credit losses.

Specific customers with deteriorating characteristics, for instance Uchumi and Mumias etc. were considered in the model based on the actual historical losses experienced in previous years.

Our forward-looking expected credit loss calculation has been based on estimation of current and future probability of default (PD), exposure at default (EAD), and loss given default (LGD).

iii) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Authority's short, medium and long-term liquidity requirements, thereby ensuring that all financial liabilities are settled as they fall due.

The Authority manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturity. The amounts disclosed are contractual undiscounted cash flows.

	Less than one month Kshs.'000	Between 1-3 months Kshs.'000	Between 3-12 months Kshs.'000	Over 1 year Kshs.'000	Total Kshs.'000
Period ended June 30, 2025					
Trade payables	10,467				10,467
Other payables	52,485	5,804	4,515		62,804
Provision for liabilities and charges	10,623			92,032	102,655
Gratuity obligations	106,882				106,882
	<u>180,456</u>	<u>5,804</u>	<u>4,515</u>	<u>92,032</u>	<u>282,807</u>

iv) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprise three types of risks: interest rate risk, price risk and foreign exchange risk.

a. Interest rate risk

The Authority's investments in fixed rate bonds expose it to fair value interest rate risk. The Authority has no interest-bearing liabilities. The Authority considers that a change in interest rates of 2 percentage points in the year ending 30th June 2025 is reasonably possible. If the interest rates on the Authority's held-to-maturity investments at the year-end were to decrease/increase by this number of percentage points, with all other factors remaining constant, the reported deficit would be lower/higher by Kshs 0.27 million.

b. Price risk

Marketable instruments held by the Authority include Treasury Bonds and Treasury Bills whose market prices are subject to change. The Authority reviewed the portfolio, set exposure limits and responded to market price changes and conditions to secure both fair values and cash flow from such instruments

c. Foreign exchange risk

Foreign exchange risks would arise where transactions or bank balances are denominated in foreign currency. The Authority's transactions and bank balances are denominated in Kenya Shillings. Hence the exposure to foreign exchange risk does not exist.

6. Revenue from non-exchange transactions

	June 2025 Kshs.'000	June 2024 Kshs.'000
Fees income		
Capitalization, rights and new issue fees	82,376	4,672
Approval for listing of Government securities	599,566	480,819
NSE - transaction fees	339,414	217,019
Application and licensing fees	41,402	22,921
Market development fees	8,699	9,108
Derivative fees	12	8
	<u>1,071,468</u>	<u>734,546</u>

The Authority charges fees on the following basis:

Fee Type	Rate
a) Capitalization / rights issues	0.25% of the value of the issue
b) New issues / IPOs	0.15% of the value of the issue
c) Approval for listing of Government securities	0.075% of the amount raised
d) Market development fees charged to listed companies	0.01% subject to a minimum of Kshs 50,000 and a maximum of Kshs 100,000 per annum.
e) NSE- Transaction Fees-Equity	0.12% of the value of the equities traded
f) NSE- Transaction Fees-Bonds	0.0015% of the value of bonds traded
g) Derivative fees (CMA Levy fees with respect to derivatives contracts traded)	0.01% of value of contracts traded.
h) License Fees:	
• Central Depositories	Kshs 200,000
• Credit Rating Agencies	Kshs 200,000
• Securities Exchange	1% of the gross earnings
• OTC Exchange	Kshs 2,500,000
• Derivatives Exchange	Kshs 2,500,000
• Investment Banks	Kshs 250,000
• Stockbrokers	Kshs 100,000
• Online Forex Money Manager	Kshs 100,000
• Authorized Securities Dealer	Kshs 200,000
• Fund Managers	Kshs 100,000
• Investment Advisers	Kshs 50,000
• Authorized Depositories	Kshs 100,000
• Reit Managers	Kshs 100,000
• Reit Trustees	Kshs 200,000
• Other Trustees e.g Corporate Trustees-Based on Existing CIS Regulations	Kshs 100,000
• Authorized Reits	Kshs 150,000
• Employee Share Ownership Plans (ESOPs)	Kshs 150,000
• Collective Investments Schemes	Kshs 150,000
• Forex Brokers	(i) Dealing Broker-Kshs 250,000/=
	(ii) Non-Dealing Broker-Kshs 100,000/=
• Derivatives Brokers	Kshs 50,000
• Coffee Brokers	Kshs 50,000

A more detailed description of the basis of charging CMA fees is available at the second schedule of the Capital Markets Authority's Act.

7. Donor fund income

	June 2025 Kshs'000	June 2024 Kshs'000
Donor Fund Income	<u>29,259</u>	<u>11,894</u>

In December 2023, the Authority received a Kshs 40 million grant from the Financial Sector Deepening Kenya (FSDK) to enhance the Environmental, Social, and Governance (ESG) framework from a capital market perspective. The Authority recognized Kshs 29.259Million(2024: Ksh11.894million) in the year ended June 30, 2025 from the donor funds . This brings to the total Kshs 33.031 Million which has been spent so far. In addition, a consultant has been engaged to conduct the ESG (carbon market) assessment within the year, and the remaining funds are expected to be utilized in FY 2025/2026 on payment of consultants.

8. Revenue from exchange transactions other income

	June 2025 Kshs'000	June 2024 Kshs'000
Interest income	34,076	73,354
Miscellaneous income	<u>127,542</u>	<u>142,765</u>
	<u>161,618</u>	<u>216,119</u>

Miscellaneous income comprises revenue from CMA-ICF Management Fee charged monthly at 2.0% of ICF fund value.

9. (Loss)/Gain on sale of assets

	<u>4,783</u>	<u>47</u>
Gain on disposals of Property Plant and Equipment		

10. Surplus

a) Items charged

The following items have been charged in arriving at net surplus for the year

	Note	June 2025 Kshs.'000	June 2024 Kshs.'000
Depreciation of property and equipment	18	16,598	23,049
Amortisation of intangible assets	19	330	2,606
Authority board members' emoluments, allowances and other Board related expenses	26	35,149	14,126
Post employment benefits expense	10(b)	60,628	58,504
Provision on Trade and other receivables	13(b)	<u>8,494</u>	<u>367</u>

	June 2025	June 2024
	Kshs.'000	Kshs.'000
b) Employee benefits expense		
The following items are included in employee benefits expense:		
Retirement benefit costs	60,628	58,504
Defined contribution scheme	<u>60,628</u>	<u>58,504</u>

The Authority operates an in-house defined contribution (DC) scheme for its employees. The investment of the scheme's assets is managed by an independent fund manager, GenAfrica Investment Management Limited, and administered by Zamara administrators & Consultants on behalf of the Trustees.

11a. Transfer of Surplus to The National Treasury

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Surplus Remission has been computed as follows:

	June 2025 Shs'000	June 2024 Shs'000
Total Revenue (Note No.6, 7,8 and 9)	1,267,128	962,606
Operating Expenses	<u>(962,959)</u>	<u>(907,610)</u>
Surplus before tax	304,269	54,996
Add back:		
Depreciation	16,599	23,049.00
Amortization	<u>330</u>	<u>2,606.00</u>
Adjusted Surplus	321,098	80,652
Adjusted Surplus	321,098	80,652
Less:		
Transfer from Deferred Income		(11,894)
Capital Expenditure	(28,110)	(6,512)
Transfer to Mortgage fund	<u>(40,036)</u>	<u>10,987.00</u>
Net Surplus/ (Deficit)	252,952	73,233
90%	227,657	65,910
90% Surplus due to National Treasury	<u>227,657</u>	<u>65,910</u>
Advance Payment on budget Rationalization/ Previous year	<u>(74,090)</u>	<u>(140,000)</u>
Surplus payable/ Overpayment	<u>153,567</u>	<u>(74,090)</u>

11b Surplus Remission Payable

	June, 2025	June, 2024
Surplus payable for the year	(74,090)	65,910
	227,657	(140,000)
	<u>153,567</u>	<u>(74,090)</u>

On 20th March 2015, The National Treasury issued PFMA Regulation No.34 which under section 219 exempts the Authority from paying taxes. The regulation requires corporations exempted from income tax to remit 90% of surplus to the National Treasury

12. INVENTORIES

	June 2025	June 2024
	Kshs.'000	Kshs.'000
Supplies & Accessories for Computers, Printing, and Communication & Office and General supplies	1,792	1,693
Hospitality expenses/Kitchen Items	136	199
Total inventories at the lower of cost and net realizable value	1,927	1,892

Inventories consist of stationery and computer consumables required for day-to-day use by the Authority.

13a. Trade and other receivables from non-exchange transactions

	Kshs.'000	Kshs.'000
Less: Provision for impairment losses	(14,989)	(6,496)
Net trade receivables	124,232	31,987

13b. Trade and other receivables from exchange transactions

	2025	Audited
	Kshs.'000	Kshs.'000
transactions	14,707	20,499
At 1st July	6,496	6,129
Collection	-	(883)
Add: Additional provision	8,493	1,250

At 30 June 2025

14,9896,496

The movement on the provision for impairment losses for exchange transactions is as follows:

At 1st July

367

-

Less: Provisions Reversed

-

(883)

Add: Additional provision

-

1,250

At 30 June 2025

367367

14. Staff loans and advances

	Current June 2025 Kshs.'000	Current June 2024 Kshs.'000	Non- current June 2025 Kshs.'000	Non- current June 2024 Kshs.'000	Total June 2025 Kshs.'000	Total June 2024 Kshs.'000
Car loans	8,051	6,191	15,620	14,022	23,671	20,213
Other loans and advances	3,423	2,764	-	-	3,423	2,764
Staff mortgage back up funds*	<u>40,504</u>	<u>38,091</u>	<u>358,231</u>	<u>324,982</u>	<u>398,735</u>	<u>363,073</u>
	<u>51,977</u>	<u>47,046</u>	<u>373,851</u>	<u>339,004</u>	<u>425,829</u>	<u>386,050</u>

* These funds are deposited with the bank to support concessionary interest rate facilities to staff.

Mortgage back up accounts are:

HFC: Mortgage 3000013543 and Mortgage 2000094161

HFC: Car Loans

KCB : Car Loans

KCB Mortgage MM1509100194

Total

Kshs.'000

175,064

8,460

15,211

223,671422,406

15. Held-to-maturity investments - Government securities

	June 2025 Kshs.'000	Prior Year Audited June 2024 Kshs.'000
Non-current		
Treasury bonds		
Maturing after four years	-	25,100
Unamortized (discount)/premium	-	-
Sub-total (a)	<u>0</u>	<u>25,100</u>
Treasury bonds		

Maturing after one year Unamortized (discount)/premium Sub-total (b)	40,355 (112) <u>40,243</u>	15,255 (183) <u>15,072</u>
Total Non-current (a+b)	<u>40,243</u>	<u>40,172</u>
Current Treasury bonds		
Maturing within one year Unamortized (discount)/premium Sub-total (a)	- - <u>-</u>	28,300 (620) <u>27,680</u>
Treasury bills	474,300	152,350
Unamortized discount Sub-total (b)	(9,496) <u>464,804</u>	(8,756) <u>143,594</u>
Total Current (a+b)	<u>464,804</u>	<u>171,274</u>
Total	<u>505,047</u>	<u>211,446</u>

The fair value of the held-to-maturity assets -treasury bonds and treasury bills at the reporting date were:

Non- current Held-to-maturity investments	<u>40,243</u>	<u>40,172</u>
Current Held-to-maturity investments	<u>464,804</u>	<u>171,274</u>

16. Cash and Cash Equivalent

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
Current account	15,073	47,234
Cash in hand	140	140
On - call deposits	92,192	130,000
Gratuity Fund Call Deposit	<u>7,531</u>	<u>-</u>
	<u>114,936</u>	<u>177,374</u>

17. Cash in Hand and Bank

Banks

			June 2025	Prior Year Audited June 2024
			Kshs.'000	Kshs.'000
Name of the Bank	Bank account no.	Account currency		
NCBA PLC	6580810018	Kshs.	13,301	36,553
HF Bank	3000013543- 0	Kshs.	<u>1,772</u>	<u>10,681</u>
			15,073	47,234

Cash in hand

Cash in hand	Kshs.	<u>140</u>	<u>140</u>
Short term deposits			
	Kshs.		
Fixed/Call Deposits		92,192	130,000
Gratuity Fund Call Deposit		7,531	-
		<u>99,723</u>	<u>130,000</u>
Total cash in hand and bank		<u>114,936</u>	<u>177,374</u>

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Short-term bank deposits	99,723	130,000
Cash at bank and in hand	15,213	47,374
Investors Compensation Fund bank balance (Note 18) - (KCB)	<u>18,139</u>	<u>27,200</u>
	<u>133,075</u>	<u>204,575</u>

18. Investors' Compensation Fund

In accordance with Section 18 of Capital Markets Act, Cap 485A, the Authority is required to maintain a fund to be known as the Investors' Compensation Fund for the purpose of granting compensation to investors who may suffer a pecuniary loss resulting from the failure of a licensed broker or dealer to meet its contractual obligations. This requirement was implemented in July 1995.

The Fund derives its income from the following sources:

- Interest accruing funds received from subscribers to public issues, between the day of closing the issue and making the refunds.
- 0.01% of the consideration from sale and purchase of shares through the Nairobi Securities Exchange.
- 0.004% of the consideration from sale and purchase of bonds traded through the Nairobi Securities Exchange
- Interest earned from investment of the funds held in this account.
- Financial penalties imposed on operators for non-compliance with Capital Markets Authority Rules and Regulations.

The Investors' Compensation Fund balance is represented by the following assets:

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
Non-current		
Equity investment in the Central Depository and Settlement	12,250	12,250
Equity investment in the NSE	78,925	51,275
Total Equity Investment(a)	<u>91,175</u>	<u>63,525</u>
Treasury bonds		
Maturing after five years	3,141,350	3,041,350
Unamortised discount(premium)	32,737	33,556
Sub-total (b)	<u>3,174,087</u>	<u>3,074,906</u>
Maturing after one year	1,419,055	1,519,055
Unamortised discount	13,688	3,906
Sub-total (c)	<u>1,432,744</u>	<u>1,522,961</u>
Sub-total Non-current treasury bonds (b+c)	4,606,831	4,597,868
Total Non-current (a+b+c)	<u>4,698,006</u>	<u>4,661,393</u>
Current		
Treasury bonds		82,000
Unamortised discount		(768)
Sub-total (a)	<u>-</u>	<u>81,232</u>
Treasury bills	2,173,150	1,123,400
Unamortised discount	(157,717)	(111,954)
Sub-total (b)	<u>2,015,433</u>	<u>1,011,446</u>
Total (a+b)	<u>2,015,433</u>	<u>1,092,678</u>
Fees receivable	111,230	97,233
Bank balance	18,139	27,200
Sub-total (c)	<u>129,369</u>	<u>124,433</u>
Total Current (a+b+c)	<u>2,144,802</u>	<u>1,217,111</u>
Total Fund	<u>6,842,808</u>	<u>5,878,504</u>

The movement in the fund balance during the year is as shown below:

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
At beginning of the year	5,878,505	5,182,083
Nairobi Securities Exchange transactions fees	195,207	104,559
Interest on investments	845,958	678,590
Financial penalties	19,015	3,865
Gain /(loss)in Investment in NSE	31,640	700
Management Fees	(127,494)	(91,273)
Bank Charges	<u>(24)</u>	<u>(18)</u>
At end of the year	6,842,808	5,878,505

19. Property and Equipment

	Motor vehicles Kshs.'000	Computer & Copiers Kshs.'000	Office equipment Kshs.'000	Furniture & fittings Kshs.'000	Capital work-in- progress Kshs.'000	Total Kshs.'000
Cost						
As at June 2023	51,965	179,393	21,743	95,043	289	348,433
Additions	-	4,677	411	782	17,349	23,218
Disposals	-	(4,457)	(277)	-		(4,734)
Transfers/Adjustment					(289)	(289)
At 30 June 2024	51,965	179,614	21,876	95,825	17,349	366,628
Additions	-	6,622	8,469	3,133	-	18,224
Disposals	(7,726)	(6,549)	(1,028)	(572)	-	(15,875)
Transfers/Adjustment					(7,554)	(7,554)
At June 30, 2025	44,238	179,686	29,317	98,386	9,795	361,423
Depreciation						
As at June 2023	(35,402)	(154,350)	(20,954)	(90,847)	-	(301,552)
Depreciation	(6,398)	(14,892)	(347)	(1,412)		(23,049)
Accumulated depreciation reversed on disposal	-	4,291	277	-		4,568
At June 30 2024	(41,799)	(164,951)	(21,024)	(92,259)	-	(320,033)
Depreciation	(6,396)	(7,487)	(1,453)	(1,262)		(16,598)
Accumulated depreciation reversed on disposal	7,726	6,489	1,028	571		15,815
At June 30, 2025	(40,469)	(165,948)	(21,449)	(92,949)	-	(320,816)
Net carrying amount						
At June 30, 2025	3,769	13,738	7,868	5,437	9,795	40,607
At June 30 2024	10,165	14,663	852	3,566	17,349	46,596

20. Intangible assets

Intangible assets	Intangible Assets Kshs.'000
Software costs	
Cost	
At 01 July 2023	154,286
Additions/ Transfers from WIP	642
Work in progress	-
Derecognition/Impairment	(3,771)
Transfers from WIP (Capital-in-Progress Items)	-
At 01 July 2024	151,157
Additions/ Transfers from WIP	9,933
Work in progress	
Derecognition	-
At June 30, 2025	161,090
Amortisation	
At 01 July 2023	151,733
Amortisation	2,607
Reclassification	(3,771)
At 01 July 2024	150,569
Amortisation	329
Derecognition/Impairment	-
At June 30, 2025	150,898
Net book value	
At June 30, 2025	10,192
At June 30 2024	588

21. Trade and Other Payable

	June 2025 Kshs.'000	June 2024 Kshs.'000
Trade payables	10,467	25,745
Provisions	102,654	65,242
Gratuity obligations	106,882	101,302
Accruals	62,804	70,896
	<u>282,807</u>	<u>263,185</u>

Included under trade and other payables are the provisions for various services whose movement has been presented below:

Provisions	Leave benefits Kshs.'000	Performance bonus Kshs.'000	Others Kshs.'000	Total Kshs.'000
At 01 July 2024	10,542	82,099		92,641
Additional provisions raised	9,838	8,216	69,718	87,772
Provision utilized		(61,502)	(5,713)	(67,215)
Provision reversed	(10,542)	-	-	(10,542)
At June 30, 2025	<u>9,838</u>	<u>28,813</u>	<u>64,004</u>	<u>102,655</u>

Accruals	Consultancies Kshs.'000	Other Provisions Kshs.'000	Total Kshs.'000
At July 2024	5,075	45,336	50,410
Additional accruals	34	98,125	98,159
Accruals realized/reversed	-	(108,848)	(108,848)
At June 30, 2025	<u>5,108</u>	<u>34,613</u>	<u>39,721</u>

22. Provision for Legal Liabilities and Charges

	June 2025 Kshs.'000	Prior Year Audited June 2024 Kshs.'000
At 01 July 2024	89,989	97,134
Add: Additional provision	1,365	7,431
Less: Provision written back	(5,542)	(14,576)
At June 30, 2025	<u>85,812</u>	<u>89,989</u>

The Authority being the Capital Markets regulator in Kenya, is subject to legal proceedings in the normal course of business. While it is not possible to forecast or determine the results of all pending legal proceedings, the Authority assesses the adequacy of its provisions periodically against case developments and related legal costs.

23. Lease Liability

The Authority occupies four floors at Embankment Plaza, a total of 24,765 square feet, in the Upper Hill under the open plan office design.

A new lease contract for a period of six years to 30th June 2029 is in place, and in line with IPSAS, 43, this was recognized in the Statement of Financial Position with effect from 1st July 2023.

The lease liability has a balance of Kshs 113,629,000.00

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
Lease Liability/Obligation	113,629	138,264
	<u>113,629</u>	<u>138,264</u>

The Lease obligation is broken down as follows:

Not later than 1 year	26,775	23,044
Later than 1 year to 6 Years	<u>86,852</u>	<u>115,220</u>
	<u>113,627</u>	<u>138,264</u>

24. Deferred income

CMA received Kshs40 million from FSDK for enhancing the ESG framework, with Kshs20 million received in January 2024 for initial project milestones. Kshs 29.048 Million (2024:Kshs 3.502 million) was spent for the period ending June 30, 2025.

In addition, A consultant has been engaged to conduct the ESG (carbon market) assessment within the year, and the remaining funds are expected to be utilized in FY 2025/2026

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
Opening balance	36,497	60,216
Recognized in the Year		-
Utilized in the Year		(8,392)
Management fee due from ICF	-	(51,824)

FSDK ESG Development Grant Extended in the year	-	40,000
Grant Utilized in the Year	<u>(29,048)</u>	<u>(3,502)</u>
Deferred	<u>7,449</u>	<u>36,498</u>

25. Right of Use-Lease Asset

The Right of Use lease asset has a balance of Kshs 107,106,000

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
Right of Use-Lease Asset	<u>107,107</u>	<u>133,883</u>
	<u>107,107</u>	<u>133,883</u>

26. General Fund

Opening balance
Surplus/ (Deficit) for the
Period/year
Transfer from/(to) Staff Mortgage and Car loan
fund

Transfer from Building Fund

At June 30, 2025

General fund represents accumulated surpluses over the years.

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
Opening balance	144,525	53,642
Surplus/ (Deficit) for the Period/year	150,602	(85,004)
Transfer from/(to) Staff Mortgage and Car loan fund	(40,036)	10,987
Transfer from Building Fund	<u>-</u>	<u>164,900</u>
At June 30, 2025	<u>255,091</u>	<u>144,525</u>

27. Capital fund

At June 30, 2025

	June 2025	Prior Year Audited June 2024
	Kshs.'000	Kshs.'000
At June 30, 2025	<u>27,886</u>	<u>27,886</u>

Capital fund represents the initial contribution by the Government of Kenya towards the establishment of the Capital Markets Authority.

28. Staff Mortgage and Car Loan Fund

	June 2025 Kshs.'000	Prior Year Audited June 2024 Kshs.'000
Opening balance	383,283	394,270
Appropriation from general fund (Note 25)	40,036	(10,987)
At June 30, 2025	<u>423,319</u>	<u>383,283</u>

29. Related Party Transactions

	June 2025 Kshs.'000	June 2024 Kshs.'000
Board members of the Authority' remuneration		
Honoraria	-	-
Retainer	9,000	9,000
Sitting allowances	7,685	9,765
Training expenses	1,779	2,107
Others (medical, mileage, bonus)	17,423	(6,746)
Total	<u>35,887</u>	<u>14,126</u>
ii) Key management compensation	June 2025 Kshs.'000	June 2024 Kshs.'000
Gross salaries	60,621	57,863
Pension-NSSF	462	5
Gratuity	13,941	4,289
	<u>75,024</u>	<u>62,157</u>

There were 7 members of senior management who served during the year (2024:7)

30. Refundable deposits

	June 2025 Kshs.'000	June 2024 Kshs.'000
Customer deposits		0
Prepayments from customers		0
Other deposits	179	0
	<u>179</u>	<u>0</u>

Other Refundable deposits relates to deposits paid for disposable items during the year.

31. Commitments

a. Contracted for but not recognised

Capital expenditure and recurrent expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	June 2025 Kshs.'000	June 2024 Kshs.'000
Capital expenditure contracted for	4,573	6,422
Recurrent expenditure contracted for	3,126	6,159
	<u>7,699</u>	<u>12,581</u>

b. Item description

	Capital Kshs.'000	Recurrent Kshs.'000	Total Kshs.'000
Microwaves, cooker & storage cabinet	164		164
Network Infrastructure upgrade	4,409		4,409
Provision of Conference Facilities to Host a Workshop on Preparatory Initiatives for Implementation of Artificial Intelligence and Big Data Infrastructure		162	162
Provision of social Media Content Creators		1,000	1,000
5-day Report Writing		135	135
Servicing of ACs		71	71
Repair of Assorted Items and Electrical Works		58	58
Enhancing awareness through the Diaspora Handbook Publication		300	300
Productivity workshop conference facilities		488	488
Conference facility for 3 pax for 3 weeks for CACM		303	303
Correspondence Management System Enhancement		224	224
Decommissioning of old AC from Data Centre to Conference Room		385	385
Total	<u>4,573</u>	<u>3,126</u>	<u>7,699</u>

32. Contingent liabilities

The Authority has no contingent liabilities in the period as all prior year tax penalties and interest (see note 31) for which waiver had been applied for with the Kenya Revenue Authority (KRA) have been fully reversed on the account of the amnesty provided by the Revenue Authority.

33. Employee costs

Employee costs	June 2025 Kshs.'000	June 2024 Kshs.'000
Consolidated pay, leave pay and passages	447,136	444,826
Staff uniform expenses	577	820
Staff welfare and other costs	17,570	18,731
Staff retirement benefits	60,628	58,504
	<u>525,911</u>	<u>522,881</u>

34. Depreciation and Amortization Expense

	June 2025 Kshs.'000	June 2024 Kshs.'000
Property, plant and equipment	16,599	23,049
Intangible assets	330	2,606
	<u>16,929</u>	<u>25,655</u>

35. Use of Goods and Services

	June 2025 Kshs.'000	June 2024 Kshs.'000
Rent and maintenance	43,946	44,998
Telephone Courier & Postage	4,243	5,292
Office Expenses and Utilities	12,203	9,406
Publicity and Advertising	43,104	18,720
Medical scheme and insurance expenses	45,816	37,988
Other Insurances	5,668	6,225
Training and conferences	20,953	67,824
Motor vehicle running expenses	5,352	5,886
IOSCO membership	5,462	5,065
Library Books and Periodicals	1,623	3,964
Professional and market development services	115,773	73,254
Auditor's remuneration	1,748	2,575
Investors' education and awareness programme	20,746	17,335
Tribunal expenses	-	9,969
Prior years' tax settlement	-	(5,369)
Provision for doubtful debts	8,494	367
	<u>335,131</u>	<u>303,499</u>

36. Repairs and Maintenance

	June 2025 Kshs.'000	June 2024 Kshs.'000
Internet Bandwidth & Web hosting	3,953	4,567
Software Licenses & Support	22,604	15,771
Other ICT Expenses	3,833	3,032
Printing Costs	328	311
Purchase of Stationery items	1,965	2,112
Toners & Computer Consumables	1,794	2,391
Equipment & Computer Maintenance	501	1,442
Maintenance of Office Furniture & Fittings	73	272
Annual Service Maint. Contracts	13,212	11,378
Other General Office costs	838	173
	49,101	41,449

37. Cash Generated From Operations - CMA

	June 2025	June 2024
	Note(s)	Kshs.'000
Cash flows from operating activities		Kshs.'000
Surplus for the year		304,169
Adjustments for:		
Tax expense		-
Depreciation of property and equipment	19	16,598
Amortization of intangible assets	20	329
Deferred donor funded income	24	(29,048)
Gain on disposal of property and equipment	9	(4,783)
Interest income	8	(34,077)
Operating Surplus before working capital changes		253,932
Decrease/increase) in:		
Inventories	12	(36)
Trade and other receivables	13	(18,112)
Right of Use- Lease Asset	25	26,776
Staff loans and advances	14	(39,778)
Increase/decrease) in:		
Trade and other payables	21	18,875
Provision for liabilities and charges	22	(4,176)
Non-current provisions		(24,635)
Cash generated from operations		212,846
Interest received	8	34,077
Transfer to National Treasury		-
Net cash generated from operating activities		246,923
		57,564
		(5,370)
		23,049
		2,607
		(23,717)
		(47)
		(73,354)
		(19,268)
		(176)
		(19,868)
		(133,883)
		11,831
		68,352.00
		(7,144)
		138,263
		38,107
		73,354
		(540,000)
		(428,539)

38. Cash Generated From Operations - ICF

	Note(s)	June 2025 Kshs.'000	June 2024 Kshs.'000
Cash flows from operating activities			
Interest income	18	(845,958)	(678,590)
Operating Surplus before working capital changes		(845,958)	(678,590)
Decrease/increase) in:			
Trade and other receivables		(13,997)	(60,536)
Increase/decrease) in:			
ICF Fund		978,300	756,958
Provision for liabilities and charges			
Cash generated from operations		118,345	17,832
Interest received	18	845,958	678,590
Surplus paid			-
Net cash generated from operating activities		964,303	696,422

39. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has not provided any guarantees to the Authority.

Other related parties include:

- i. The National Treasury
- ii. Other Financial Regulators
- iii. Other State Corporations and Semi-Autonomous Government Agencies
- iv. Board of directors

	2025 Kshs.	2024 Kshs.
Transactions with related parties		
a. Sales to related parties		
Others (specify) Bond Approval fees	599,566	480,819
Salaries for seconded staff	4,399	3,876
Total	603,965	484,695
b. Purchases from related parties		
Purchases of electricity from KPLC	4,285	4,473
Training and Conference Fees paid to govt. Agencies	8,168	8,168
Total	12,453.00	12,641

c. Grants /transfers from the government

Donations in kind

Total

40. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

41. Ultimate and Holding Entity

The Capital Markets Authority is a Semi-Autonomous Government Agency under the National Treasury. Its ultimate parent is the Government of Kenya.

42. Currency

The financial statements are presented in Kenya Shillings (Kshs) and rounded in "ooo" unless where indicated.

APPENDICES: APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue/observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and Designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>During the previous year, the Authority Auditor's Report was unmodified/unqualified. There were no issues for follow up. The issue highlighted in the "Other Matter" section of other Information contained in the Auditor's opinion related to compliance with the Data Protection Act 2019, had already been clarified. The Authority has been compliant with the Data Protection Act 2019, since 30th November 2023 and was certified as a data controller and as a data processor.</p>				

Chief Executive Officer



Date: 28 August 2025

Chairperson of the Board



Date: 28 August 2025

APPENDIX II : INTER ENTITY TRANSFERS

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
FSD-Kenya	See Appendix 3	Development	29,258,952.18	29,258,952.18	0	0	0	0	29,258,952.18
State Department of Trade and Investments Promotion	See Appendix 3	Others/ Reimbursement	4,398,930.4	4,398,930.4	0	0	4,398,930.40	0	8,797,860.80
Total			33,657,882.58	33,657,882.58	0	0	4,398,930.40	0	38,056,812.98

As per note 7 - Donor Fund income: The Authority received support from FSSP, and the funds were paid directly to the consultants. The indicated income is therefore generated from deferred income for FSSP-sponsored projects that were capitalized based on their completion level. There was also Support from other development partners such as FSDK during the financial year

The above amounts were confirmed based on the projects' milestones. Donor funds related to purchase of assets are treated as deferred income and allocated to statement of financial performance income over the useful lives of the related assets while grants related to expenses are treated as donor fund income in the income statement.

Senior Manager Accounting & Finance

Capital Markets Authority

Sign 

KEY:

FSSP : Financial Sector Support Project : This was a World Bank funded project that strengthens the legal regulatory and institutional environment for improved financial stability.

APPENDIX III: RECORDING OF TRANSFERS FROM DONORS

ENTITY NAME: CAPITAL MARKETS AUTHORITY				
Break down of Transfers from Donors				
FY 2024/2025				
a. Reimbursements for Capacity building Technical Costs.				
				Indicate the FY to which the amounts relate
	Islamic finance World Bank funded training 24th-28th February 2025-Malaysia	Transaction Description	Amount (Kshs)	2024/2025
		Cost Paid Directly	182,302.16	
			182,302.16	
b. Other Payments- Reimbursement				
Details of the Payment				
	Reimbursements for State Department of Trade and Investments Promotion	Transaction Description	Amount (Kshs)	
	Seconded Staff	Reimbursement of costs incurred for seconded Staff	4,398,930.40	2024/2025
			4,398,930.40	
	Donor Funded- ESG Activities by FSDK Kenya	Contra-Donor Funded Expenses and Donor Funding income	29,258,952.18	2024/2025
		Total	29,258,952.18	
		GRAND TOTAL	33,840,184.74	

APPENDIX IV: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Tree planting in Sorget Forest in Kericho County	Increase Forest Cover	Tree Planting	0	0	0	19,000,000.00	A-I-A	Kenya Forest Services

APPENDIX V: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Programme	Sub-programme	Disaster Type	Category of disaster related expenditure (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
		Fire & Special Perils	Mitigation	Insurance Premium	181,182	

APPROVALS, ANALYSIS AND ISSUER GOVERNANCE

The Approvals, Analysis, and Issuer Governance Department (AAIG) plays a critical role in ensuring that the Authority meets its objectives of protecting investor interests, ensuring that the capital markets are fair, efficient, and transparent, and reducing systemic risk. The Department contributes to these objectives by reviewing applications for approval of issuance of securities and related transactions, licensing, monitoring the financial performance of regulated entities, and assessing compliance of licensed entities and issuers of securities with the applicable corporate governance guidelines. The AAIG has 4 divisions:

- 1) Licensing Division;
- 2) Debt Equity and Other Schemes Division;
- 3) Issuer Governance Division, and
- 4) Financial Analysis and Reporting

Licensing

The Authority's mission is to regulate and promote the development of an orderly, fair and efficient capital and commodities market that safeguards stakeholders' interests. One of the core functions of the Authority in alignment with its mission is to license compliant market intermediaries. In the Financial year 2024/2025, the Authority licensed 20 entities, as detailed below:

Investment Bank

- 1) Capital A Investment Bank Limited

Fund Managers

- 2) Tradium Investments Services Limited
- 3) Meridian Asset Management Limited
- 4) Swala Capital Limited

Authorised Securities Dealer

- 5) AKN Investments Limited

Investment Advisers

- 6) Mirova Sunfunder East Africa Limited
- 7) Moran Capital Management Limited

- 8) Entrust Advisory Limited
- 9) CPF Capital and Advisory Limited

Real Estate Investment Trust (REIT) Managers

- 10) Mi Vida Homes Limited
- 11) CPF Capital and Advisory Limited
- 12) Future Construkt Investment Managers Limited

Corporate Trustee

- 13) Kingsland Court Trustee Services Limited
- 14) Standard Chartered Bank (Kenya) Limited
- 15) MTC Trust and Corporate Services Limited
- 16) NCBA Bank Kenya Plc

Money Manager

- 17) Store Poa Enterprise Limited as a

Non-Dealing online Foreign Exchange Broker

- 18) Trademax Global Markets (Ke) Limited

Intermediaries Service Platform Provider

- 19) Givva Wealthtech Limited

Coffee Broker

- 20) Nandi Coffee Cooperative Union Coffee Brokers Limited

The Authority is confident that these firms will make a significant contribution in deepening the Kenyan Capital and Commodities Markets.

The Authority is also committed to support the implementation of the Capital Markets (Commodity Exchange) Regulations 2020. To ensure implementation of the said regulations, the Authority participated in a workshop by Kenya National Multi-Commodity Exchange (KOMEX) between 23 January to 25 January 2025. KOMEX is a government sponsored initiative aimed at enabling actors along agricultural, mineral and oil systems to engage in structured trading of commodities with an aim of price discovery, reduction of post-harvest handling and facilitate agricultural financing through collateral management.

The purpose of the workshop was to conduct User Acceptance Test for the proposed KOMEX System to determine any unresolved issues from previous User Acceptance Tests. The System Modules that were reviewed include: Membership Management, Warehousing, Central Registry Database, Automatic Trading System, Clearing and Settlement, Market Surveillance, among others. The Authority approved the KOMEX System and advised KOMEX to continue to work towards full compliance with the Commodities Exchange licensing requirements and to submit a substantive application for license for the Authority's consideration.

Debt Equity and other Schemes Division

The Debt, Equity, and Other Schemes Division (DEOS) plays a crucial role in overseeing the issuance securities and other products within the Capital Markets. This Division is responsible for ensuring that debt securities, equity offerings, collective investment schemes, alternative investment funds and corporate actions comply with established legal and regulatory frameworks prior to their approval. The Division is tasked with reviewing of incorporation documents, scrutinizing information memoranda, and reviewing of various approval requests. This Division ensures that there is continued transparency, market integrity and protection of investor interests.

a) Approvals of Fixed Income Securities

The Authority granted the following approvals for the financial year 2024/2025.

- 1) Linzi Finco 003 Trust to raise Kenya Shillings Forty-Six, Seven Hundred and Ninety-One Billion (Kshs. 44,791,00,000) Secured Medium Term Notes Under the Linzi 003 Infrastructure Backed Securities Programme.

b) Approvals of Equities Securities

The Authority granted the following approvals for the financial year 2024/2025.

- 1) Rights issue and Listing of up to 1,499,995,255 newly Issued Ordinary Shares of HF Group PLC on the Main Investment Market Segment of the Nairobi Securities Exchange;
- 2) The Listing by introduction by Shri Krishana Overseas PLC of Fifty Million Five Hundred Thousand (50,500,000.00) Ordinary Shares on the Small and Medium Enterprise (SME) Market Segment of the Nairobi Securities Exchange;
- 3) The Issuance of a Shareholders Circular by KCB Group PLC with Respect to the Sale of 100% of the Ordinary Shares of National Bank of Kenya Limited to Access Bank PLC;
- 4) The Issuance through a rights issue and Listing of up to 283,661,120 newly issued Ordinary Shares of Standard Group PLC on the Main Investment Market Segment of the Nairobi Securities Exchange;
- 5) The issuance and listing of 500,000,000 new ordinary shares of Sanlam Kenya Plc through a rights issue at an offer price of Kshs 5.0 in the ratio of 125 new shares for every 36 ordinary shares;

- 6) The bonus issue of new ordinary shares of a nominal amount of Kshs. 261,500,000 by CIC Group Insurance PLC; and
- 7) The Issuance of a shareholders' Circular by I&M Group Plc in respect of issue of 86,500,000 new ordinary shares to East Africa Growth Holding representing approximately 4.97% of the enlarged share capital of I&M Group Plc.

c) Approvals of Corporate Actions

The Authority granted the following approvals for the financial year 2024/2025:

- 1) Takeover offer by Amsons Industries Limited and the competing offer by Savannah Clinker Limited of up to 100% of the shares in Bamburi Cement PLC;
- 2) Exemption from the requirement to make a take-over offer in the indirect acquisition of additional ordinary shares in Sanlam Kenya Plc by Allianz Europe BV;
- 3) Acquisition of 84.423% of ordinary shares of Kenya Orchards Limited by Africa Mega Agriculture Centre Limited;
- 4) Share buyback of up to 10% of its issued share capital of Centum Investments Company Plc;
- 5) The listing option contracts on the Derivatives Market by Nairobi Securities Exchange;
- 6) The amendment to the NSE Trading Rules;
- 7) Reclassification of NSE-listed firms under the Main Investment Market, SME Market, Main Fixed Income Market, and SME Fixed Income Market Segments; and
- 8) Exemption from the requirement to make a Take-Over Bid concerning the acquisition of 66.7% of the issued share capital of Sanlam Kenya by Hubris Holdings Limited and Sanlam Allianz Africa Proprietary Limited.

d) Approval of Collective Investment Schemes

The Authority approved 9 collective investment schemes, 9 additional sub-funds and 2 Alternative Investment Funds in the year 2024/2025 as follows:

- 1) CPF Unit Trust Funds;
- 2) Rencap Unit Trust Scheme;
- 3) Investcent Investment Bank Trust Funds;
- 4) Invescent Alternative Investment Fund;
- 5) GCIB Unit Trust Scheme;
- 6) Spearhead Africa Infrastructure (Special) Fund;
- 7) Mansa X Special Fund as Sub-Funds of Standard Investment Trust Funds;
- 8) VCG Offshore Opportunities Special Funds;
- 9) Conversion of the Dry Associates Balanced Fund to a Special Fund;
- 10) Octagon Unit Trust Scheme;
- 11) CIC Global Special Fund as part of the CIC Unit Trust Scheme;
- 12) Britam Money Market Fund (USD) as part of the Britam Unit Trust Funds;
- 13) Oak Multi-Asset Special USD Fund as apart of the Faida Unit Trust Funds;

- 14) Orient Dollar Money Market Fund (USD) as part of the Orient Unit Trust Fund;
- 15) Ziidi Collective Investment Scheme;
- 16) Ziidi Shariah Money Market Fund as part of the GCIB Unit Trust Funds;
- 17) Kibaba Special Multi-Asset Fund (KES) and Kibaba Special Multi-Asset Fund (USD) as part of the Taifa Unit Trust Funds;
- 18) Sanlam Special GBP Fixed Income Fund as part of Sanlam Unit Trust Funds;
- 19) ICEA LION Multi-Strategy Bond Fund; and
- 20) ALA Capital Collective Investment Scheme.

e) Authorization of Real Estate Investment Trust (REIT)

The Authority continues to support development of REITS in Kenya. In that regard, the following approvals were granted:

- 1) The Vuka Blended Unit Offering by Acorn Investment Management Limited, aimed towards retail investors of the ASA D-REIT and ASA I-REIT; and
- 2) A Supplemental Offering by Acorn Investment Management Limited to Raise Up to Kes 3,850,000,000 for the ASA I-REIT and Kes. 1,650,000,000 for the ASA D-REIT.

Issuer Governance Division

The Issuer Governance Division serves as a key pillar in promoting strong corporate governance and advancing the integration of Environmental, Social, and Governance (ESG) practices among issuers of securities to the public. The Department oversees compliance with the Capital Markets regulatory framework and the Code of Corporate Governance, while providing strategic guidance to issuers to support the adoption of robust governance structures and sustainable business practices. Through its continuous oversight and engagement with issuers, the Department supports the development of resilient and competitive markets, enhances investor confidence and ensures that Kenya's capital markets remain aligned with global governance and ESG standards and the evolving expectations of investors and other stakeholders.

i. Assessment of Corporate Governance Practices by Issuers & Publication of the 7th Edition of the State of Corporate Governance Report

The Authority undertook an Assessment of the reporting templates received from issuers during the period and customized feedback shared with each assessed issuer on the state of application of the Code of Corporate Governance Practices for Issuers of Securities to the Public. The Authority then published the 8th Edition of the State of Corporate Governance Report in December 2024. The annual publication outlines CMA's independent assessment of how companies listed on the Nairobi Securities Exchange (NSE) and issuers of corporate bonds are applying the principles and recommendations contained in the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (CG Code).

The Authority assessed a total number of fifty-three (53) Issuers. Out of these, thirty-eight (38) Issuers had a Leadership Rating, nine (9) had a Good Rating, four (4) had a Fair Rating and two (2) Needs Improvement Rating. Notably, the number of issuers that attained a Leadership Rating Score increased from twenty-seven (27) in the FY 2023/2024 assessment to thirty-eight (38) in the 2024/2025 assessment. Additionally, the number of issuers rated as "Needs Improvement" has significantly declined, reflecting meaningful progress in the adoption and implementation of sound corporate governance principles within their structures and operations.

Another notable achievement is the improvement in the annual weighted overall governance score for all issuers. The score increased from 73.56% (Good Rating) in the 2023/2024 financial year to 78.88% (Leadership Rating) in the 2024/2025 financial year, representing a 5.32% improvement.

The assessment also showed encouraging progress across the various governance principles under the Code, with all principles attaining a Leadership Rating during the 2024/2025 financial year. Among the principles, Accountability, Risk Management and Internal Control recorded the highest performance at 84.47% (Leadership Rating), reflecting enhanced oversight by boards in establishing effective internal control systems, strengthening risk management frameworks and promoting responsible corporate stewardship. Significant improvements were also observed in several principles compared to the previous financial year. In particular, Board Operations and Control registered the most notable improvement, increasing by 9.44% from 67.93% (Good Rating) in FY 2023/2024 to 77.37% (Leadership Rating) in FY 2024/2025. This improvement was largely driven by issuers realigning board composition to comply with regulatory requirements, including the designation of Independent Non-Executive Directors and Non-Executive Directors as required under the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 (POLD Regulations, 2023).

These findings highlight the Authority's continued dedication to strengthening corporate governance frameworks, recognizing their central role in promoting the long-term stability and resilience of Kenya's capital markets. Through ongoing assessments and strategic guidance, the Authority seeks to progressively enhance governance standards, supporting a market that is transparent, competitive and aligned with international best practice.

ii. ESG Collaboration between Financial Sector Deepening Trust (Kenya) and the Capital Markets Authority

The Authority advanced its ESG and sustainable finance agenda through a strategic collaboration with the Financial Sector Deepening Trust (Kenya). Under this partnership, the Authority commissioned ESG and carbon markets consultancies, funded through an ESG grant from FSD Kenya, to strengthen the capital markets policy framework and enhance the market's capacity to attract green and sustainable finance.

Key Areas of Collaboration and Achievements

a) ESG Assessment Consultancy

The Authority commissioned a comprehensive ESG assessment of Kenya's capital markets ecosystem to evaluate ESG adoption, readiness, reporting practices, compliance costs and alignment with international standards. The exercise informed the development and refinement of key policy and market instruments which will provide a structured foundation for improving ESG disclosure, governance and compliance across the capital markets.

b) Carbon Markets Assessment Consultancy

The Authority also commissioned a carbon markets assessment to support the development of an enabling regulatory, policy and institutional framework for carbon markets and their integration with the capital markets. Key focus areas included the establishment of supporting market infrastructure, inter-agency coordination, public-private partnerships and capacity building to scale climate-related investments.

c) Capacity Building Initiatives

The collaboration supported targeted capacity building initiatives within the Authority aimed at strengthening internal expertise on ESG and carbon markets. In line with the Authority's commitment to promoting ESG practices, sustainable and inclusive finance and responsible investment within the capital markets, the Authority provided various opportunities for Board members and technical staff to undertake ESG and Carbon Markets training. Notably, a total of thirty-one (31) staff members undertaking various ESG/Carbon Markets certification programmes offered by the Frankfurt School of Finance and Management, the GRI Professional Certification Programme and GHG Management Institute in the period between March 2025 to September 2025. These initiatives significantly enhanced the Authority's institutional readiness to observe, assess and guide ESG and sustainability practices among market participants.

iii. ESG and Carbon Markets Stakeholder Workshop

In April 2025, the Authority hosted a full-day stakeholder workshop themed "The State of Corporate Governance of Issuers of Securities: Navigating ESG and Carbon Markets." The workshop formed part of the Authority's ongoing efforts to assess and strengthen corporate governance practices among issuers, drawing on insights from the State of Corporate Governance Reports published over the past seven years, including the most recent report issued in December 2024, which noted both notable improvements and areas requiring further attention.

The engagement also recognized the rapidly evolving global ESG and carbon markets landscape and the growing need for Kenya's capital markets to adapt to emerging risks, opportunities and sustainability-related expectations. The workshop brought together a broad range of stakeholders to facilitate informed dialogue and shared understanding.

Discussions focused on the findings of the 2024 corporate governance report, updates on recent ESG initiatives within the market and an assessment of carbon market developments in Kenya. Emphasis was placed on building consensus around a structured approach to maximizing the economic, social and environmental benefits of carbon markets. The workshop also provided a forward-looking platform to explore strategies and insights to guide the future integration of ESG and carbon market considerations into corporate governance and capital markets development.

Expert contributions during the session examined the prevailing regulatory and operational environment and highlighted the complementary roles of various stakeholders in promoting sustainable development. The outcomes of the workshop informed ongoing policy work, strengthened stakeholder alignment and supported the Authority's broader mandate to foster transparent, resilient and sustainable capital markets.

iv. IFC Machine Learning ESG Analyst (MALENA)

The Capital Markets Authority (CMA) continued its collaboration with the International Finance Corporation (IFC) to advance the use of the Machine Learning ESG Analyst (MALENA) platform as a tool for strengthening ESG integration within Kenya's capital markets. The initiative is aimed at enhancing the Authority's ability to assess sustainability and corporate governance practices among issuers through the application of artificial intelligence.

A key milestone was achieved in March 2025 with the launch of the MALENA Questionnaire Hub on the MALENA B2C platform. This development enabled the Authority to directly access and utilize the tool to systematically assess sustainability practices by issuers, thereby strengthening data-driven oversight and consistency in ESG evaluations.

Financial Analysis and Reporting Division

The Authority continues to monitor listed companies and market intermediaries' compliance with financial-related reporting requirements as stipulated in the various Capital Markets Regulations and Guidelines. This entails the review of periodic financial statements submitted to the Authority by listed companies and Licensed entities, including Collective Investment Schemes. Other reports reviewed by the Division include the corporate bond returns by issuers of debt securities; use of proceeds report by issuers of securities to the public, among other financial information. Additionally, at the point of licensing or approvals, the division reviews the

companies' financial information to ensure their compliance with the International Financial Reporting Standards and all the other applicable Regulations.

Key Highlights

- 1) **Debt Issuances:** As of 30 June 2025, there were six active debt issuers (corporate bonds, sukuk, asset backed securities), including East African Breweries PLC, Real People Kenya Limited, Family Bank Limited, Kenya Mortgage Refinance Company Batian Income Properties, Linzi Sukuk and Linzi Finco. The total outstanding amount of bond issues was Kshs. 70.8 billion as highlighted in the table below:

Issuer	Outstanding Amount (Kshs.)	Maturity date
Real People MTN	390,930,000	28-Feb-25
Kenya Mortgage Refinance	936,690,400	23-Feb-29
Family Bank MTN	4,000,000,000	18-Dec-26
Batian Income Properties	6,666,505,000	08-Nov-39
Linsi Sukuk	3,000,000,000	03-May-39
EABL Fixed MTN	11,000,000,000	29-Oct-26
Linzi FinCo 003 ABS	44,791,000,000	8-Jul-40
Total Active Bonds	70,785,125,400	

Fund Managers and nominee accounts held the largest proportion of the corporate bonds at Kshs. 55.1 billion representing 78% of the outstanding corporate bonds in issue. The banks, investment companies, insurance companies, and individuals held the remaining 22%. The table below shows the issuers with their holdings:

Bondholders	Amounts (Kshs.)	Proportion
Fund managers/Nominee Accounts	55,073,044,265	77.8%
Investment Companies & Institutions	9,813,235,000	13.9%
Banks	4,543,540,000	6.4%
Insurance Companies	607,200,000	0.9%
Retail Investors	562,306,135	0.8%
SACCOs	185,800,000	0.3%
Total	70,785,125,400	100.0%

- 2) **Assets Under Management by Collective Investment Schemes (CIS) and Non-CIS:** As at 30 June 2025, there were fifty-five (55) approved Collective Investment Schemes (CIS) made

up of 234 funds. As of 30 June 2025, the total assets under management by the Collective Investment Schemes (CIS) amounted to Kshs. 596.3 billion, being a 135% increase from Kshs. 254.1 billion reported as of June 30, 2024. Additionally, Sanlam Unit Trust Scheme reported the highest assets under management (AUM), representing the highest market share of 19.1% followed by CIC and Standard Investment Bank at 15.7% and 12.9% respectively, as shown below:

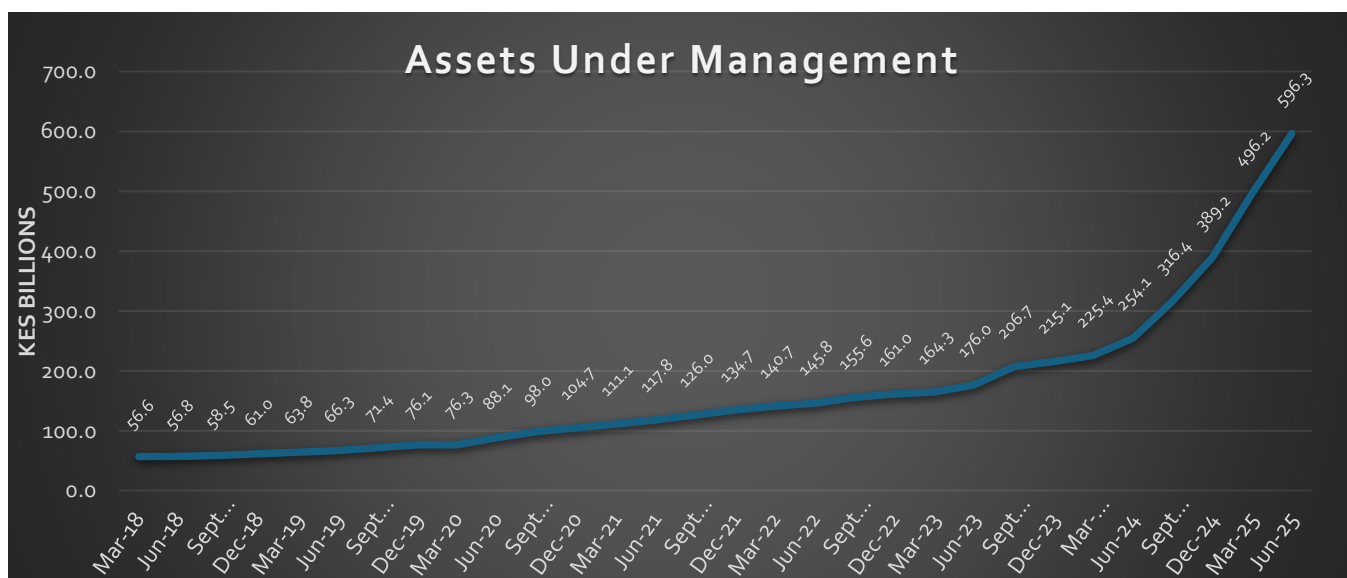
	Unit Trust	Assets Under Management	Market Share
1	Sanlam Unit Trust Scheme	113,652,623,208	19.1%
2	CIC Unit Trust Scheme	93,365,971,448	15.7%
3	Standard Investment Bank	77,036,004,677	12.9%
4	NCBA Unit Trust Scheme	56,501,606,086	9.5%
5	Britam Unit Trust Scheme	41,149,992,034	6.9%
6	Absa Unit Trust Funds	25,400,504,477	4.3%
7	Old Mutual Unit Trust Scheme	23,451,452,244	3.9%
8	ICEA Unit Trust Scheme	22,869,365,707	3.8%
9	Coop Unit Trust Scheme	21,173,928,105	3.6%
10	KCB Unit Trust Scheme	16,380,480,858	2.7%
11	Jubilee Unit Trust Scheme	15,264,523,089	2.6%
12	Etica Unit Trust Fund	12,727,156,643	2.1%
13	Madison Unit Trust Funds	11,666,560,028	2.0%
14	Ziidi Money Market Fund	10,223,213,648	1.7%
15	Nabo Africa Funds	8,474,262,962	1.4%
16	Dry Associates Unit Trust	6,213,619,178	1.04%
17	Faida Unit Trust Funds	5,753,616,666	0.96%
18	Stanbic Unit Trust Funds	4,349,547,817	0.73%
19	Lofty Corban Unit Trust	4,102,814,488	0.69%
20	Zimele Unit Trust	3,736,625,903	0.63%
21	Apollo Unit Trust Scheme	3,014,545,651	0.51%
22	Arvocap Unit trust funds	2,890,763,732	0.48%
23	Kuza Unit Trust Scheme	2,700,029,314	0.45%
24	GenAfrica Unit Trust Scheme	2,698,689,873	0.45%
25	Mali Money Market Fund	2,391,009,822	0.40%
26	Cytonn Unitrust Funds	2,332,037,614	0.39%
27	African Alliance Kenya	1,761,032,866	0.30%
28	Enwealth Unit Trust	1,289,837,048	0.22%
29	Gulfcap Unit Trust Funds	766,419,110	0.13%
30	Mayfair Unit Trust Funds	737,292,647	0.12%
31	Orient Unit Trust Scheme	692,299,265	0.12%
32	Genghis Unit Trust Funds	607,526,117	0.10%
33	CPF Unit Trust Scheme	360,828,400	0.06%
34	Faulu Unit Trust Scheme	287,379,525	0.05%
35	Taifa Unit Trust Scheme	158,295,501	0.03%
36	Equity Investment Bank	115,150,280	0.02%

37	Amana Unit Trust Funds	27,407,281	0.005%
38	XENO Unit Trust Funds	18,372,875	0.003%
39	Wanafunzi Fixed Income Fund	907,854	0.0002%
40	Jaza Unit Trust Scheme	4,195	0.000001%
	TOTAL AUM	596,343,698,237	100.0%

The most popular fund was the Money Market Fund. Other funds include Fixed Income Funds, Equity Funds, Balanced Funds, and Special Funds as shown in the table below:

Amount in Kshs.	Jun-25	Proportion
Money Market Fund	372,809,703,930	62.5%
Special Fund	113,393,175,509	19.0%
Fixed Income Fund	105,625,739,527	17.7%
Equity Fund	2,886,528,540	0.5%
Balanced Fund	1,628,550,731	0.3%
Total	596,343,698,237	100.0%

Notably, the total assets under management held by fund managers have grown steadily from Kshs. 56.6 billion in March 2018 to Kshs. 596.3 billion as of June 2025, representing 953% growth as shown in the graph below:



The total assets under management by Non-CIS as of 30 June 2025, amounted to Kshs. 3.4 trillion, with pension funds comprising the highest market share as shown below:

Funds	Jun-25	% Proportion
Pension Funds	2,203,349,428,653	64.2%
Insurance Funds	576,564,375,393	16.8%
Wealth Management portfolio	389,110,292,791	11.3%
Other Segregated Funds	262,070,017,340	7.6%
Total	3,431,094,114,176	100%

- 3) **Licenses:** In the full year ended 31 December 2024, licensees reported a total income of Kshs. 19.1 billion compared to the total income of Kshs. 15.4 billion reported in the year 2023, which represents a 24% increase. During the same period, the licensed entities reported a cumulative net profit of Kshs. 3.6 billion compared to Kshs. 3.4 billion reported in a similar period in 2023, representing a 6% increase.

In the full year ended December 31, 2024, licensees registered a net asset position of Kshs. 20.5 billion compared to Kshs. 18.7 billion reported in December 2023, representing a 10% increase. The table below summarizes licenses performance in the financial year ended 31 December 2024:

License Category (Amt in Kshs)	Total Assets	Total Liabilities	Net Assets	Total Income	Total Net Profit
Investment Banks	12,652,253,864	4,253,577,904	8,398,675,960	4,021,214,418	712,060,110
Fund Managers	12,077,172,835	2,925,999,649	9,151,173,186	10,930,313,091	2,863,639,763
Stockbrokers	3,004,043,883	1,904,464,024	1,099,579,859	857,982,587	159,862,543
Online Forex Broker (Non-Dealing)	3,849,085,883	2,381,617,248	1,467,468,635	2,524,089,533	(190,082,806)
Investment Advisors	713,216,682	322,363,913	390,852,769	739,901,541	25,982,806
Total	32,295,773,147	11,788,022,738	20,507,750,409	19,073,501,170	3,571,462,416

- 4) **Listed Companies:** listed companies reported total assets amounting to Kshs. 11 trillion, net assets of Kshs. 2.1 trillion and net liability position of Kshs. 122.5 billion. Additionally, the total income amounted to Kshs. 2.2 trillion and net profit at Kshs. 369.5 billion as shown in the table below:

Issuers (Amounts in Kshs. '000)	Total Assets	Total Liabilities	Net Assets	Working Capital	Total Income	Total Net Profit
Listed Banks	7,939,258,496	6,694,769,676	1,244,488,820	-	859,273,135	242,098,495
Listed Insurance Companies	712,977,392	539,358,062	173,619,330	-	71,919,918	20,309,880

Companies listed under other sectors	2,362,931,870	1,652,607,088	710,324,782	(122,496,929)	1,310,389,980	107,097,188
Total	11,015,167,758	8,886,734,826	2,128,432,932	(122,496,929)	2,241,583,033	369,505,563

CORPORATE AFFAIRS AND INTERNATIONAL RELATIONS

The Corporate Affairs and International Relations function supports the Chief Executive Office in upholding a positive public image of the Authority among capital markets stakeholders and the public. This is done by supporting the Authority in the implementation of deliverables in the Strategic Plan 2023–2028, the Annual Corporate Workplan, and the Performance Contract.

Information Sharing

The Authority consistently provides stakeholders with timely updates on developments, including approval of new licenses, approval of corporate actions by listed companies, and other securities issuances, and activity within the Regulatory Sandbox. Flagship publications including the State of Corporate Governance Report, the Capital Markets Statistical Bulletin, and the Capital Markets Soundness Report are also shared with stakeholders including the media. These reports continue to provide unbiased and reliable information which helps create an understanding of the various developments in the capital markets.

To enhance product awareness and protect investors, the Authority has been rolling out various campaigns on social media, radio, and television to reach diverse audiences. Social media has proved to be a valuable platform, and the Authority is active on Facebook, Twitter, LinkedIn, Instagram, TikTok, YouTube and WhatsApp.

Corporate Social Investment and Sustainability

In line with its corporate responsibility and environmental stewardship, the Authority participates in tree planting drives as part of the National Agenda of planting fifteen billion trees by 2032. In the last financial year, through a partnership with the Kenya Forest Service (KFS), the Authority planted 4,400 trees in Ngong Forest. In collaboration with the Retirement Benefits Authority and the Insurance Regulatory Authority, the Authority planted three million trees in various parts of the country. Each state agency planted one million trees in a framework arrangement with KFS.

International Affairs

On the global stage, the Authority actively engages with peer regulators through its membership of the International Organization of Securities Commissions (IOSCO), the leading international standard-setting body for securities regulation.

In the last financial year, the Authority participated in IOSCO's Annual Meeting as well as the Africa–Middle East Regional Committee Annual Meeting. These engagements culminated in the signing of the Enhanced Multilateral Memorandum of Understanding (EMMoU) to strengthen cross-border cooperation and information sharing. The Authority is also working with the Guernsey Financial Services Commission to develop a collaborative framework to facilitate engagement on areas of mutual interest.

Further, the Authority hosted peer regulators and other entities for knowledge sharing and study tours. Delegations from the Financial Markets Authority of the West African Monetary Union (AMF-UMOA), the Capital Markets Tribunal of Tanzania, the Securities and Exchange Commission (SEC) of Ghana, and the Investor Protection Board of Zimbabwe visited Kenya. These engagements facilitated invaluable discussions on areas of mutual interest and reinforced Kenya's position as a regional hub for capital markets developments.

CAPITAL MARKETS FRAUD INVESTIGATIONS UNIT

INTRODUCTION

The Capital Markets Fraud Investigations Unit (CMFIU) is a specialized Unit derived from the Directorate of Criminal Investigations of the National Police Service. The Unit carries out criminal investigations of cases that fall under the Capital Markets Authority. The Unit works closely with the Directorate of Market Operations (DMO) of the Capital Market Authority on investigation, coordination, and information sharing. The Unit has a two-way reporting mechanism, that is to the Chief Executive Office, Capital Market Authority, and to the Director of Criminal Investigations (DCI).

CRIME TRENDS

During the financial year 2024/2025, there was an increase of three cases in offences relating to carrying out business in collective investment schemes and online foreign exchange trading without a license. However, investigations are ongoing to identify the perpetrators for prosecution purposes.

SUMMARY OF CURRENT CASES

Y E A R	P B C	P U I	P A K A	REFERED TO DMO FOR ENFORCEMENT	T O T A L	DECREASE BY	INCREASE BY	FINALISED	CLOSED NFPA
2014	5	20	3	2	30	-	-	3	-
2015	6	22	4	-	32	-	2	4	-
2016	6	10	2	1	19	13	-	5	-
2017	4	13	2	2	21	-	2	0	-
2018	7	14	5	1	27	-	6	14	-
2019	3	16	2	1	22	5	-	11	2
2020	6	18	3	2	29	-	7	3	1
2021	7	17	6	-	30	-	1	5	1
2022	9	22	1	-	32	-	2	-	3
2023	11	12	-	1	24	8	-	4	1
2024	6	14	1	1	22	2	-	-	-
2025	4	16	1	-	21	1	-	-	-
Total	71	196	31	11	299	-	-	-	-

GLOSSARY

PBC- Pending Before Court

PUI- Pending Under Investigation

PAKA- Pending Arrest of Known Accused

ENFORCEMENT- Referred to Directorate of Market Operations for Administrative Action

FINALIZED- The files that have been closed after judgement from court

NFPA- Files Closed No Further Police Action

INFORMATION, COMMUNICATION AND TECHNOLOGY

The ICT Department has continued to play a pivotal role in driving efficiency, process automation, and digital transformation within the Authority. In alignment with the Strategic Plan 2023–2028 and the Technology Research and Knowledge Management Strategy 2023–2028, ICT championed the implementation of technology-driven initiatives to enhance market integrity, investor confidence and protection, and overall operational effectiveness. During the Financial Year 2024–2025, ICT focused on strengthening governance, enhancing digitalization, advancing cybersecurity, and improving infrastructure resilience.

ICT Governance

The Department aligned the ICT governance framework with the evolving regulatory and operational landscape to reflect best practice. This included consolidating several policies into one Master ICT Policy to facilitate a structured framework for managing use of technology resources at the Authority. This is expected to support efficient service delivery, promote accountability and compliance with legal and regulatory requirements. Some of the policies that were consolidated included; ICT Infrastructure Replacement, Information Security and Baseline Controls, and Cloud Adoption policies.

This has supported enhanced risk management by establishing standards for security, data protection, and system reliability, while fostering consistency and standardization across ICT operations.

Innovation and Digitalization

There were concerted efforts to rollout digital transformation through extensive automation and modernization of the Authority's core systems, thereby significantly strengthening its Supervisory Technology (SupTech) capabilities and Regulatory Technologies (RegTech). Key milestones included; the completion of the Risk Management, Inspection Management, Case and Complaints Management modules which form the Regulatory Management Information System (RegMIS). To manage complaints and cases effectively, Complaints and Case Management systems were launched.

This deepening of digitalization through business process re-engineering and automation to streamline regulatory oversight, market supervision and compliance, data accuracy and operational efficiency and enabled real-time analysis of market activities.

The RegMIS system enabled seamless information sharing across the various regulatory and market oversight mandates, reduced effort duplication and facilitated early identification of current and emerging market risks. This system now supports dynamic dashboards, automated workflows, and business intelligence that will provide various departments with actionable insights.

The Projects Performance and Risks Management Information System (PPRMIS) was also enhanced to align it with the Corporate Strategic plan 2023 – 2028 in terms of projects and risks monitoring and performance. The Enterprise Resource Planning and Correspondence Management systems were further enhanced with improved workflows, integrated analytics, and automated reminders, improving user efficiency and accountability. These initiatives have enhanced data-driven market oversight, data driven decision-making and efficient regulatory reporting at the Authority.

Infrastructure Management

The backbone of the ICT services is the server, storage and network hardware and software infrastructure. This infrastructure was proactively managed and maintained with key upgrades being undertaken to enhance resilience and reliability. The upgrades included the wireless network infrastructure, servers, disaster recovery firewall, data center air conditioning, UPS system, network access control.

Cybersecurity and Business Continuity

ICT developed the cybersecurity technical controls implementation matrix based on the adopted framework – Cyber-Visibility and Exposure Framework (CVEQ) which outline the control categories which include preventive, detective, curative and protective measures. In light of the significant rise in cyber threats, there was sustained effort to manage and enhance cyber resilience through deployment of advanced layered defenses, proactive monitoring and compliance all geared towards elevating the cybersecurity resilience.

Strategic Focus for Financial Year 2025–2026

In the next financial year, ICT will focus on expanding digitalization initiatives, strengthening cybersecurity maturity, and exploring emerging technologies such as Artificial Intelligence, Machine Learning, and Blockchain to drive regulatory efficiency and data intelligence.

MARKET DEEPENING

The Market Deepening function is responsible for initiating and implementing initiatives to support market development. The Department oversees the creation of an enabling environment for stakeholders to access capital market products and services as a springboard to facilitating the development, diversification, and improved uptake of capital market products and services.

During the year under review, the following activities ranging from coordinating stakeholder engagements and advocating different market-based financing methods among others, to improve product uptake, were executed.

1) STAKEHOLDER ENGAGEMENTS

As part of its mandate to improve the uptake of capital markets products & services, through the Market Deepening Department, during the period, the Authority undertook targeted stakeholder engagements including; the Capital Markets Real Estate Investment Trusts (REITs) workshops, Green finance workshops with the Commission for Revenue Allocation (CRA), and County Executive Committee members, the Islamic Finance workshops, engagements with the privatization commission, Investment Banks and Corporate Advisors workshop, and the Fifth Capital Markets Consultative Forum (CMCF) workshop among others.

1.0. REITs Engagements

- a) In August 2024, the Authority collaborated with NSE and the REITs Association of Kenya (RAK) by actively coordinating and participating in the REITs Masterclass workshop. The workshop brought together law firms, REITs trustees, REITs managers, Nairobi Securities Exchange (NSE), Kenya property developers Association (KPDA), Fund managers Association (FMA), Association of Pension Trustees and Administrators of Kenya (APTAK), Central Depository and Settlement Corporation (CDSC), custodians, and existing & potential REITs issuers, among others.

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- b) In September 2024, the Authority in collaboration with industry stakeholders including KASIB, the NSE & RAK, hosted a capacity building workshop for officials from the National Treasury & Economic Planning. The primary objective of the workshop was to address the various issues and challenges hindering the adoption of Real Estate Investment Trusts (REITs) in Kenya, with a significant focus on tax-related concerns, including stamp duty, income tax, and capital gains tax.
 - c) Between 31 October and 1 November 2024, the Authority participated in the REITs Annual Conference 2024 organized by the REITs Association of Kenya. The conference, themed "Navigating New Frontiers: Unlocking the Potential of Africa's REITs Market," convened international experts, industry leaders, legal firms, securities exchanges, and capital markets regulators from various countries across the continent. They included Somalia, Morocco, Ghana, South Africa, and Rwanda. The discussions centred on challenges hindering the adoption of REITs, such as tax-related issues including capital gains tax and stamp duty, regulatory obstacles, structural difficulties, and gaps in public awareness.

2.o. Islamic Finance Engagements

- b) The Authority has been participating in engagements with Salihin Advisory (A consultant on Shariah Finance) in partnership with Prof. Ahcene Lahsasna (from Malaysia). The aim was for him, in collaboration with market experts to revise his Islamic Finance Q&A book for the Kenyan Industry. On 16 October 2024, the Authority, in partnership with key stakeholders in Islamic Finance, introduced the Q & A Book in Islamic Finance. This launch marked the successful completion of an initiative aimed at adapting the Malaysian Q & A Islamic Finance Book to the Kenyan context, achieved through a collaborative effort between the Authority and experts in Islamic Finance. The Q & A Book was successfully revised and launched and is expected to enhance the understanding of Islamic Finance.
- c) On 19 September 2024, engagements were held with the National Treasury & Economic Planning on Islamic Finance White Papers and proposed milestones towards engaging all relevant stakeholders. The engagements were to facilitate development of strategies to realise a Shariah-compliant advisory body for the financial sector.
- d) On 17 April 2025, the Authority participated in a summit on Unlocking Ethical and Halal Investment Opportunities through Shariah-Compliant REITs, organized by RAK. The CMA

Chairperson, Mr. Ugas Mohamed, delivered a speech on the potential for Shariah-compliant REITs in the capital markets. The forum brought together industry leaders, financial experts, regulators, Islamic Finance investors and Shariah scholars to explore REITs as a strategic investment and fundraising tool and the structuring of Shariah-compliant REITs.

- e) On 23 April 2025, the Authority hosted financial sector regulators and other key stakeholders, including PCF, for an Islamic Finance Workshop on the development of a Governance Framework for Islamic Finance. Key areas of discussion centred around developing a National Policy on Islamic Finance in Kenya and establishing an Advisory Council on Islamic Finance Matters.

3.0. Capital Markets Roundtable engagements (CMRT)

- f) A Capital Markets Technical Working Group (CMTWG) meeting was held on 12 and 14 August 2024 to propose six State-Owned Enterprises to be part of the privatisation pipeline.
- g) CMRT participated in a meeting on 27 September 2024 convened by the Cabinet Secretary National Treasury Mr. John Mbadi to discuss closer collaboration for the growth of the capital markets.

4.0. Green finance

- h) On 20 November 2024, the Authority conducted a capacity-building workshop focused on capital markets and green bonds for members of the County Executive Committee from the counties involved in the green bonds county assessment project led by FSD Kenya. The session covered various aspects of green bonds financing including; financing sustainable projects through green bonds and utilizing capital markets for county funding.



CECs' capacity building workshop

- i) On 12 February 2025, the Authority held engagements with the Commission on Revenue Allocation to synergize efforts to encourage county financing through the capital markets. A key aspect of the discussions centred around sustainability linked instruments including green & social bonds. An Action Plan was developed to rejuvenate joint initiatives established including; County Credit worthiness initiative, Market-based financing, and Capacity building for County Governments.
- j) On 10 April 2025, the Authority hosted a stakeholders forum on ESG and Carbon Markets, to update them on recent developments around ESG and carbon markets, amidst growing interest in ESG.
- k) Between 19-20 May 2025, the Authority participated in the Kenya Carbon Markets Conference organized by the Kenya Special Envoy on Climate from the Office of the President, focused on unlocking Kenya's carbon market potential and the effective operationalization of carbon markets in the country.
- l) On 16 June 2025, the Authority supported the IFC in the execution of a forum on leveraging capital market instruments for sustainable investments in East Africa. The forum brought together

Sustainable Finance as well as potential issuers of sustainability related instruments to identify the opportunities and challenges in the use of sustainable finance instruments.

5.0. Engagement on privatization

- m) On 4 March 2025, the Authority participated in a forum with the Privatization Commission, NSE, KASIB & the Custodians Association to discuss the privatization programme, following the declaration of the Privatization Act 2023 as unconstitutional. As a way forward the institutions agreed on a few action points to resuscitate the privatization process including: Appealing against the Privatization Act 2023 ruling; Amending clauses in the Privatization Act 2005; and Reintroducing the Privatization Act 2023 as Privatization Bill, 2025.
- n) Between 16 & 20 June 2025, the Authority participated in a workshop to enhance preparedness for anticipated privatization transactions. As a way forward, deepening collaboration between the Privatisation Commission and Authority was agreed.

1.0. Engagement with Intermediaries

- o) **Investment Banks and Corporate Advisors' Engagement:** On 8 April 2025, the Authority hosted a consultative forum with capital markets industry stakeholders on best approaches to create a pipeline of potential issuers in the capital market.



The CMA CEO, FCPA. Wyckliffe Shamiah, MBS, make remarks during the investment banks forum.

- p) **5th Capital Markets Consultative Forum:** On 29 May 2025, the Authority hosted the fifth Capital Markets Consultative Forum, offering an opportunity to review activities undertaken during the 2024/2025 financial year and to chart a forward-looking path for the domestic capital markets.

The forum examined market performance, evaluated the effectiveness of ongoing reforms, and offered practical strategies for sectoral growth.

MARKET SUPERVISION

Prudential Supervision

The Authority is responsible for regulating and developing orderly, fair, and transparent capital and commodities markets in Kenya.

In accordance with Sections 11 (3) (j) and 12B(2)(b) of the Capital Markets Act, the Authority conducts inspections of the activities, books, and records of individuals or entities licensed by the Authority. To fulfill this mandate, the Market Supervision Department implemented a risk-based supervision strategy, performing regular assessments of licensed entities throughout the year.

This risk-based supervision framework determines the necessary level of supervisory focus for each entity and optimally allocates resources for monitoring regulatory compliance. The framework utilizes quantitative and qualitative data collected through risk rating questionnaires and firm-specific information from Risk-Based Capital Adequacy (RBCA) filings. The results of the risk profiling exercise provided essential insights that informed the planning and execution of inspections.

During the 2024/2025 Financial Year, the Authority conducted 49 onsite inspections. The focus was on prudential regulations, Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT/CPF), coffee brokers as well as pre licensing requirements.

Inspections are a crucial exercise that enables the Authority to collaborate with market intermediaries to address risks and compliance issues in line with the Act, CMA Regulations as well as the intermediaries' policies and procedures.

To enhance its supervisory capabilities, the Authority has continued to innovate and in the current year rolled out a Regulatory Management Information System (RegMIS) a system that will ensure efficiency especially in offsite monitoring of regulated entities, products, and services. This system leverages technology to strengthen the risk-based supervision framework, improving relationship management, risk profiling, and compliance monitoring.

Capacity Building

Capacity building among market participants is essential for achieving the Authority's regulatory objectives relating to protection of investors' interests. During the year, the Authority hosted a capacity-building session for corporate trustees of Unit Trusts, focusing on their roles under the Capital Markets (Collective Investment Schemes) Regulations 2023. This forum encouraged open dialogue between the Authority and trustees, clarifying regulatory expectations. In addition, the Authority organized a capacity-building program for compliance officers for market intermediaries, with special emphasis on the need to comply with regulatory framework and the officers' role in enhancing compliance

AML/CFT/CPF SUPERVISION

In line with Financial Action Taskforce (FATF) requirements, the Authority has continued enhancing AML/CFT/CPF supervision in the capital markets sector. These initiatives contributed towards reinforcing the institution's AML/CFT compliance framework and mitigating exposure to money laundering, terrorism financing, and related financial crime risks.

During the financial year, the Authority undertook several initiatives to enhance the AML/CFT/CPF compliance awareness within the capital markets sector through a Money laundering reporting Officer (MLROs) capacity building workshop in collaboration with the Financial Reporting Centre (FRC) with an aim to enhance identification and detection of suspicious transactions and activities and effective implementation of targeted financial sanctions.

On-site and offsite inspections were conducted for licensed entities of both medium and high- risk ratings under various licensed categories. Regular follow-ups were undertaken to address identified gaps and deficiencies to ensure effective mitigation of money laundering, terrorism financing, and proliferation financing risks within the sector.

Through various engagements, the Authority strengthened collaboration and information-sharing mechanisms with key stakeholders and regulators, including FATF, ESAAMLG and the FRC to enhance the effectiveness of regulatory oversight and implementation of AML/CFT/CPF measures.

The Authority also issued and published circulars to guide reporting institutions on practical application of their obligations relating to Politically Exposed Persons (PEPs), Beneficial Ownership (BO) requirements, Customer Due Diligence (CDD), and Enhanced Due Diligence (EDD). The guidance aims to strengthen institutional understanding and implementation of risk-based measures covering the key action items in line with FATF requirements.

In addition, the Authority attended specialized AML/CFT/CPF meetings with an aim of strengthening supervisory effectiveness, and aligning regulatory practices with FATF requirements, emerging international standards and best practices.

Markets Infrastructure

During the year, a review of core market infrastructure facilitating trading, depository, and settlement in capital and securities markets was conducted. Key institutions, including the Nairobi Securities Exchange and the Central Depository and Settlement Corporation Limited, initiated a process to evaluate existing systems' ability to meet current and future market needs. This process will lead to initiatives aimed at upgrading core market infrastructure to enhance efficiency and support innovation.

To improve access to equities markets for retail investors, the Authority approved amendments to the NSE Trading Rules, lowering number of shares that an investor may purchase from 100 to 1 share.

Throughout the year, the capital markets witnessed the introduction of new market infrastructure, with various intermediaries implementing mobile-based and online digital solutions to enhance service delivery and expand their reach both domestically and in the diaspora. These solutions include intermediary service platforms and digital fund management options that allow the public to purchase unit trusts via mobile phones and other electronic channels. The Authority is aware of the new risks that may come from new products and services and is enhancing both internal and external capacity to ensure protection of investors' interests and both stability and sustainability of regulated firms.

PEOPLE AND CULTURE

The People and Culture (P&C) function plays a strategic role in ensuring that the Authority is equipped with the requisite skills, competencies, and talent to effectively deliver on its mandate. Working collaboratively across departments, the function provides integrated and forward-looking solutions in key areas including recruitment and selection, compensation and benefits, learning and development, performance and productivity management, employee wellness, as well as recognition and reward. Through these interventions, the P&C function not only supports the Authority's operational priorities but also fosters a high performing, engaged, and resilient workforce. This, in turn, strengthens institutional capacity and contributes to the sustained achievement of the Authority's strategic objectives.

CMA recognizes the challenge of youth unemployment in Kenya and remains committed to addressing it through structured capacity-building initiatives. In collaboration with the Public Service Commission (PSC), the Authority participated in the Public Service Internship Programme, which provided recent graduates with an opportunity to acquire practical, work-based skills over a 12-month period. During the year, the Authority hosted twelve interns under the programme, offering them hands-on exposure in key areas of capital markets regulation and development. The internship experience was complemented by a structured mentorship and coaching programme, where senior officers were assigned to guide and support the interns, providing valuable professional insights and enhancing their readiness for the job market. In addition, the Authority engaged six (6) industrial attachés under a student-focused programme running for a period of three months. Similar to the internship programme, the attachés benefited from practical learning experiences and exposure to the operations of the Authority, further contributing to their professional development and giving them experience in the workplace.

The Authority remains committed to enhancing efficiency and effectiveness in the delivery of staff output. In line with the Government's directive for Ministries, Departments and Agencies to institutionalize productivity measurement, and following the mainstreaming of productivity measurement across the public service, the Authority adopted key deliverables outlined in the FY 2024/25 circular issued by the Ministry of Labour and Social Protection. These deliverables informed the Authority's performance contract commitments on productivity mainstreaming as summarized below:

Sub-Indicator	Unit of Measure	Target	Completion Date
Develop workplace productivity improvement strategy	%	20%	Quarter 1 (30/09/2024)
Implement workplace productivity improvement strategy	%	30%	Quarter 2 & 3 (31/03/2025)

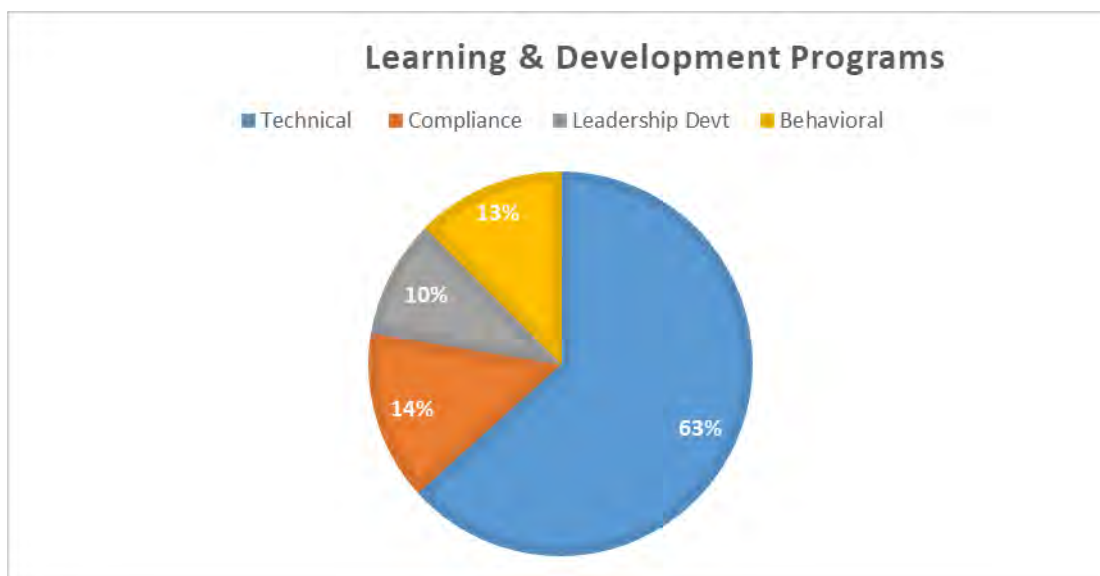
Validate data and compute productivity index	%	20%	Quarter (30/06/2025)	4
Improved Productivity Index	%	26%	Quarter (30/06/2025)	4
Submit quarterly performance reports to NPCC using prescribed format	%	4%	Quarterly (30/06/2025)	

To institutionalize a culture of productivity management, the Authority, in collaboration with the National Productivity and Competitiveness Centre (NPCC), developed a Productivity Measurement Framework to guide the tracking of productivity levels across the organization. This partnership has been instrumental in aligning workforce efforts with the Authority's core mandate while promoting efficiency in work processes.

During the 2024/2025 Financial Year, the Authority attained a productivity index of 3.444, translating to a Very High productivity rating. This marks an improvement from the FY 2023/24 index of 3.382 out of a maximum score of 5, demonstrating sustained progress in enhancing organizational performance.

The Authority will continue to collaborate with NPCC, the body mandated to spearhead productivity measurement across MDAs, to further strengthen its productivity strategies and sustain high performance, in recognition of the critical role a productive workforce plays in delivering impactful national socio-economic outcomes.

During the Financial Year 2024/2025 Financial Year, the Authority implemented a structured Learning and Development programme organized into four key areas: technical training, continuous professional development (CPD), behavioral (soft skills), and leadership development. This approach reflected a deliberate strategy to build a well-rounded workforce capable of responding to the evolving demands of the financial sector. Technical training accounted for most programmes at 63%, underscoring a strong focus on enhancing role-specific competencies in line with the Staff Competency Framework.



In addition, compliance-driven CPD, the Authority supported staff in meeting professional body requirements, including the Law Society of Kenya, Institute of Certified Public Accountants of Kenya, Institute of Human Resource Management, Kenya Institute of Supply Management, Institute of Certified Public Secretaries of Kenya, and Institute of Certified Investment and Financial Analysts. Overall, these capacity-building programmes strengthened staff capabilities in managing institutional systems and processes, thereby enhancing the Authority's effectiveness in delivering its mandate.

During the Financial Year 2024/25, the Authority conducted an employee engagement survey and attained an overall Employee Engagement Index of 78 %, reflecting an improvement from the 75 % recorded in the FY 2022/23. In addition, a comprehensive Training Needs Assessment was undertaken to identify critical skills gaps and inform targeted capacity building interventions aligned with their strategic objectives. The exercise involved staff surveys, key informant interviews with Heads of Department, and a review of the Institutional Skills Gap Analysis and Staff Competency Framework. It identified priority gaps in emerging areas such as data analytics, financial technology (FinTech), regulatory technology (RegTech), ESG and climate finance, alongside behavioral competencies including strategic thinking, innovation, and collaboration. The process was conducted with technical support from the Public Service Commission. The findings will guide the development of structured learning and development programmes to enhance institutional capacity and regulatory effectiveness over the medium term.

RESEARCH AND ANALYTICS

PRIMARY MARKETS

Equities Market

Initial Public Offers (IPOs)

There were no equity Initial Public Offers (IPOs) during the quarter under review.

Table 1: Initial Public Offers (IPOs)-(2006-2025)

Company	Shares on Issue	Year of Issue	Issue Price	Subscription level
	Ordinary Shares	Year/Month	KShs. / Unit	%
KenGen	658,900,000	2006, April	11.90	333%
Scan group	69,000,000	2006, June	10.45	620%
Eveready	63,000,000	2006, Aug	9.50	830%
Access Kenya	80,000,000	2007, March	10.00	363%
Kenya Re	240,000,000	2007, July	9.50	334%
Safaricom	10,000,000,000	2008, June	5.00	532%
Co-op Bank	701,000,000	2008, October	9.50	81%
British American	660,000,000	2011, September	9.00	60%
NSE	66,000,000	2014, September	9.50	764%
Stanlib Fahari REIT	625,000,000	2015, October	20.00	28.96%
TOTAL	13,162,900,000			

Source: NSE/CMA

Additional Offers

There were no additional offers during the quarter under review.

Table 2: Additional Offers (AOs) and Public Offering POs (2006- 2025)

Company	Shares on Issue	Type of issue	Year of Issue	Offer Price	Subscription level
	Ordinary Shares	AOs/POs		KShs	
Mumias Sugar	91,999,220	AO	2006	49.50	95%
Deacons Kenya	12,800,000	PO	2010	62.50	87.5%
UAP	12,500,000	PO	2012	60.00	129.59%
SMEP DTM	145,454,546	PO	2012	11.00	16.67%
ARM Cement	353,655,200	AO	2016	40.00	100%
NBV	30,000,000	AO	2018	2.00	-
NBV	415,000,000	AO	2020	0.20	-
TOTAL	1,061,408,966				

Source: NSE/CMA

Listing by Introduction

There were no listings by introduction during the Financial Year under review.

Table 3: Listings by Introduction (2006-June 2025)

Company	Shares on Issue	Year of Issue	Offer Price
Equity Bank	90,500,000	2006	90.00
CFC Insurance Holdings	515,270,364	2011	6.15
Trans century Limited	267,038,090	2011	50.00
Longhorn Publishers	58,500,000	2012	14.00
CIC Insurance	2,179,615,440	2012	3.50
Umeme	1,623,878,005	2012	8.80
Home Afrika Ltd.	405,300,000	2013	12.00
Flame Tree	24,287,500	2014	8.00
Kurwitu Ventures	102,272	2014	1,250.00
Nairobi Business Ventures	23,600,000	2016	5.00
Barclays New Gold ETF	400,000	2017	1,205.16
Bank of Kigali group Plc	896,759,222	2018	30.00
Homeboyz Entertainment Plc	63,200,000	2020	4.66
TOTAL	6,148,450,893		

Source: NSE/CMA

Right Issues

The Authority approved a right issue for the Standard Group PLC to mobilize KShs.1.5 billion from shareholders. Additionally, the Sanlam Kenya concluded its rights issue, mobilizing full amount of KShs.2.5 billion, with an 82 percent uptake from shareholders and Sanlam Allianz Africa covering the remaining 18 percent.

Table 4: Right Issues 2006-June 2025

Company	Shares on Issue (Mn)	Date of Issue	Offer Price	Sum Raised KShs. Mn	Subscription level
DTB	15.53	2006	50.00	2,305.81	297.00%
OLYMPIA	30.00	2007	14.00	428.40	102.00%
DTB	23.29	2007	70.00	2,902.06	178.00%
NIC BANK	16.48	2007	70.00	1,719.17	149.00%
HFCK	115.00	2008	20.00	2,369.00	103.00%
KCB	221.78	2008	25.00	8,122.02	146.00%
KCB	887.11	2010	17.00	12,500.00	83.00%
TPSEA	24.70	2010	48.00	1,185.69	135.00%
STANCHART	15.11	2010	165.45	2,499.84	161.00%
KPLC	488.63	2010	19.50	9,830.34	103.00%
KQ	1,477.17	2012	14.00	14,487.95	70.00%
DTB	24.46	2012	74.00	3,369.52	186.00%
NIC	98.72	2012	21.00	7,007.46	338.00%
CFC STANBIC	121.64	2012	33.00	4,495.72	112.00%
SCB	22.08	2012	145.00	8,272.93	258.00%
DTB	22.01	2014	165.00	3,631.65	440.00%
NIC BANK	42.66	2014	49.25	1,904.03	221.00%
UCHUMI	99.50	2014	9.00	579.12	184.00%
HF GROUP	116.67	2015	30.00	9,011.84	257.00%

Company	Shares on Issue (Mn)	Date of Issue	Offer Price	Sum Raised KShs. Mn	Subscription level
LONGHORN	126.19	2016	4.20	533.00	101.00%
KENGEN	4,396.72	2016	6.55	28,798.54	92.00%
CROWN PAINTS	71.18	2021	10.00	809.59	90.00%
TRANSCENTURY	1876.01	2022	1.10	828.11	40.13%
HF GROUP	1,500.00	2024	1:2	6,383.98	138.32%
SANLAM KENYA	5000.00	2025	5.00	2,500.00	82%
TOTAL	11,832.64			136,475.77	

Source: NSE

Bonus Issues

CIC Insurance PLC mobilized KShs.261.5 million in June 2025 from a bonus issue. Further, both boards for Kapchorua Tea Kenya and Williamson Tea Kenya proposed 1:1 bonus share issue seeking to capitalize KShs.39.12 million and KShs.87.56 million, respectively.

Table 5: Bonus Issues 2013-June 2025

Company	Date (Month/Year)	Bonus Issue Ratio
Nation Media Group	Mar-13	1:5
Carbacid Investments	Oct-13	1:2
CIC insurance	July-14	1:5
Longhorn Kenya	Sep-2014	3:2
Panafric	Feb -2015	1:2
National Bank	Mar- 2015	1:10
Jubilee	Mar- 2015	1:10
Crown Paints	May -2015	2:1
WTK	Jun-2015	1:1
Kapchorua Tea Kenya	Jun -2015	1:1
Diamond Trust Bank	Mar-2016	1:10
NSE	Mar-2016	1:3
Jubilee Holdings Limited- Uganda Listing	Mar- 2017	1:10
Cooperative Bank (K) Ltd	Mar- 2017	1:5
National Bank of Kenya	Apr- 2017	1:10
Flame Tree Group	Apr- 2017	1:10
NIC Bank	Mar-2018	1:10
HFCK	Mar-2018	1:10
I&M Holdings	Mar- 2019	1:1
Kenya-Re	July -2019	3:1
Car & General (K)	Jan-2022	1:1
Kenya Re Insurance	30-May-2024	1:1
CIC Insurance Group	28-March-2025	1:10
Kapchorua Tea Kenya*	27-June-2025	1:1
Williamson Tea Kenya*	27-June-2025	1:1

* Proposed; Source: NSE

Share Buybacks

In June 2025, Nation Media Group (NMG) became the first company in East and Central Africa to launch a corporate share buyback, repurchasing up to 10 percent of its issued shares, about 20.7 million shares, on the Nairobi Securities Exchange at KShs.25 per share following shareholder approval on June 25.¹

Stock Splits

There was no stock split during the Financial Year under review.

Table 6: Stock Splits 2006-June 2025

Company	Date (Month/Year)	Share Split Ratio
Centum	Oct-06	10:1
Barclays	Nov-06	1:5
Sasini	Dec-06	5:1
CMC Holdings	Jan-07	10:1
KCB	Mar-07	10:1
Nation Media Group	Mar-08	2:1
Equity Bank	Feb-09	1:10
KenolKobil	May-10	10:1
KPLC	Oct-10	1:8
ARM	May-12	5:1
City Trust	Jan-13	5:1
Carbacid Investments	Oct-13	1:5
Limuru Tea	May-15	1:2
Kenya Airways	Nov-17	1:20

Source: NSE

Treasury Bonds

In the 2024/25 financial year under review, the Government of Kenya, through the Central Bank of Kenya (CBK), raised KShs.863.84 billion from the primary bonds market. This was achieved through the issuance of twenty-one (21) treasury fixed coupon bonds, including one savings development bond and four infrastructure bonds. This represents a 9.48 percent increase compared to KShs.789.01 billion raised in the 2023/24 financial year through the issuance of eight bonds. During the financial year under review, the government undertook a bond buyback amounting to KShs.50.09 billion for FXD1/2022/003,

¹ [National Media Group Share Buyback Results](#)

FXD1/2020/005, and IFB1/2016/009 bonds. It also issued longer-dated securities as part of its debt management strategy to manage maturities.

Table 7: Issued/Re-opened Treasury Bonds (FY 2024/25)

Date	BOND	Amt Issued (bn)	Amt Received (bn)	Amt Accepted (bn)	% AA/AI	% AR/AI	Type
Jul-24	FXD1/2023/02	20.00	0.49	0.49	2.43	2.44	Tap Sale
	FXD1/2024/10	30.00	7.07	6.75	22.51	23.56	Re-opened
	FXD1/2008/20		7.61	3.01	10.05	25.38	Re-opened
Aug-24	IFB1/2023/6.5	50.00	96.86	74.17	148.34	193.72	Re-opened
	IFB1/2023/17		29.46	14.53	29.06	58.92	Re-opened
	IFB1/2023/17	15.00	35.19	32.02	213.49	234.57	Tap Sale
Sep-24	FXD1/2024/010	30.00	13.40	11.57	38.55	44.65	Re-opened
	FXD1/2016/020		9.25	7.71	25.7	30.82	Re-opened
Oct-24	FXD1/2016/010	30.00	36.62	28.03	93.42	122.05	Re-opened
	FXD1/2022/010		14.35	3.25	10.84	47.83	Re-opened
	FXD1/2022/010	15.00	16.50	15.09	100.62	109.98	Tap Sale
Nov-24	FXD1/2023/10	25.00	16.33	10.29	41.14	65.32	Re-opened
	FXD1/2022/15		16.72	15.4	61.59	66.87	Re-opened
	FXD1/2024/10	20.00	55.58	30.52	152.58	277.88	Re-opened
Dec-24	FXD1/2023/10	25.00	47.40	34.92	139.69	189.58	Re-opened
	FXD1/2018/20		23.92	18.49	73.95	95.69	Re-opened
	FXD1/2024/10	20.00	53.63	43.45	217.24	268.14	Re-opened
Jan-25	FXD1/2018/15	30.00	30.58	23.75	79.18	101.92	Re-opened
	FXD1/2022/25		28.42	24.73	82.43	94.74	Re-opened
Feb-25	IFB1/2022/14	70.00	93.13	65.26	93.22	133.05	Re-opened
	IFB1/2023/17		100.77	65.55	93.65	143.95	Re-opened
	FXD1/2022/003	50.00	10.28	9.27	18.54	20.55	Buyback
	FXD1/2020/005		40.07	35.08	70.16	80.15	Buyback
IFB1/2016/009		5.74	5.74	11.47	11.48	Buyback	
Mar-25	FXD1/2018/25	25.00	47.01	35.25	140.99	188.05	Re-opened
Apr-25	FXD1/2020/015	70.00	20.9	20.88	29.83	29.85	Re-opened
	FXD1/2022/015		18.15	17.98	25.69	25.93	Re-opened
	FXD1/2022/025		32.68	32.54	46.48	46.69	Re-opened
	FXD1/2020/015	10.00	13.240	12.590	125.93	132.40	Tap Sale
May-25	FXD1/2022/015	50.00	26.41	25.28	50.56	52.83	Re-opened
	FXD1/2022/025		30.68	25.10	50.21	61.36	Re-opened
	FXD1/2012/020	30.00	54.39	43.52	145.07	181.29	Re-opened
Jun-25	FXD1/2020/015	50.00	84.73	57.87	115.75	169.47	Re-opened
	SDB1/2011/030		16.62	13.77	27.53	33.25	Re-opened

Source: CBK

Corporate Bonds

Table 8: Issued Corporate Bonds and Commercial Papers in Kenya as at June 2025

ISSUER	ARRANGERS	APPROVED AMOUNT	ISSUED AMOUNT	APPROVAL DATE	ISSUE DATE	MATURITY DATE	OUTSTANDING AS at June, 2025
EABL FIXED MEDIUM TERM NOTE – First Tranche	ABSA Investment Bank	11,000,000,000	11,000,000,000	6-Aug-21	29-Oct-21	29-Oct-26	11,000,000,000
REAL PEOPLE MEDIUM TERM NOTE							
RPBD.BD.03/08/20-0047-13.65	NCBA Investment Bank		1,363,900,000	25-Jun-15	10-Aug-15	28-Feb-25	310,800,000
RPBD.BD.19/04/21-0049-13.75			267,600,000		10-Aug-15	28-Feb-25	80,130,000
Sub-Total			1,631,500,000				390,930,000
FAMILY BANK MEDIUM TERM NOTE		8,000,000,000					
FAMILY-FXD	NCBA		3,999,000,000	28-May-21	30-Jun-21	31-Dec-26	3,999,000,000
FAMILY-FLT			1,000,000				1,000,000
FAMILY- MXD			-				-
Sub-Total			4,000,000,000				4,000,000,000
KENYA MORTGAGE REFINANCE COMPANY	NCBA Investment Bank	1,400,000,000	1,400,000,000	10-Jan-22	4-Mar-22	23-Feb-29	936,690,400
LINZI FINCO TRUST	Liaison Financial Services Ltd	6,538,665,366		15-Sep-23	22-Apr-24	3-May-39	
Tranche 1			3,000,000,000				3,000,000,000
BATIAN INCOME PROPERTIES		10,000,000,000		5-Nov-20			
Tranche 1			1,869,005,000				1,869,005,000
Tranche 2			2,525,000,000				2,525,000,000
Tranche 3			2,070,500,000				2,070,500,000
Tranche 4			202,000,000				202,000,000
Sub-Total			6,666,505,000				6,666,505,000
Total Outstanding Amount							25,994,125,400

Source: CMA

SECONDARY MARKETS

Equities Market

In the financial year under review, the equity market capitalization rose significantly by 41.30 per cent to Kshs.2,417.06 billion at the end of June 2025 from Kshs.1,710.64 billion recorded at the end financial year 2023/25 ended June 2024. The volume of shares traded increased by 41.35 percent, indicating heightened activity in the equities market. This surge in trading volume contributed to a 49.76 percent rise in market turnover, which reached KShs.114.54 billion. The market exhibited bullish performance, as reflected in a 47.31 percent increase in the NSE 20 Share Index.

Table 9: Equities Market Key Performance Indicators statistics for FY 2024/25

Month/Year	Volume (Mn)	Equity Turnover (KShs. Bn)	NSE20-Share Index (Points)	Market Capitalisation (KShs. Bn)
FY 2023/24	4,081	76.48	1,656.50	1,710.64
July-24	294	5.86	1,669.73	1,651.83
August-24	392	6.51	1,678.21	1,619.78
September-24	334	5.02	1,775.67	1,676.24
October-24	382	4.94	1,905.51	1,840.97
November-24	501	6.79	1,861.35	1,745.88
December-24	846	29.39	2,010.65	1,939.74
January-25	632	9.57	2,162.58	1,983.70
February-25	473	8.57	2,300.17	2,076.83
March-25	471	8.13	2,226.88	2,056.07
April-25	362	8.16	2,135.51	1,981.79
May-25	501	9.63	2,183.46	2,111.21
June-25	580	11.97	2,440.26	2,417.06
FY 2024/25	5,769	114.54	2,440.26	2,417.06
% Change	41.35%	49.76%	47.31%	41.30%

Green-Positive; Red-Negative; Source: NSE

Corporate Actions

Table 10: Corporate Actions within FY 2024/25

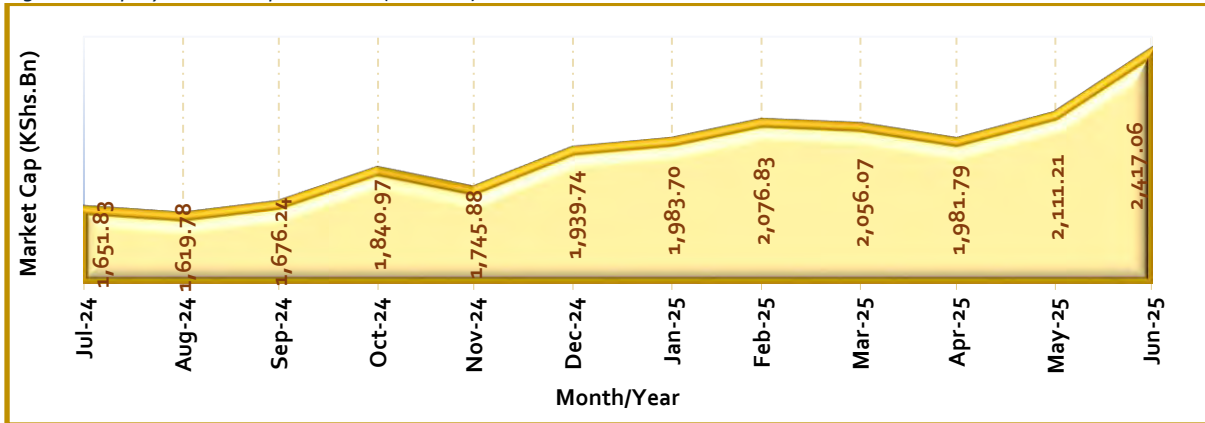
Security	Date	Corporate Action	Offer
STANBIC HOLDINGS	08-Jul-24	Interim Dividend	KES 1.84
UMEME	19-Jul-24	Final Dividend	Ushs.26.00
BRITISH AMERICA TOBACCO	25-Jul-24	Interim Dividend	KES 5.00
EAST AFRICAN BREWERIES	30-Jul-24	Final Dividend	KES 6.00
CENTUM INVESTMENT	30-Jul-24	Final Dividend	KES 0.32
HF GROUP	13-Aug-24	Rights Issue	1:3
KCB GROUP	22-Aug-24	Interim Dividend	KES 1.50

Security	Date	Corporate Action	Offer
BOC	22-Aug-24	Interim Dividend	KES 1.50
STANDARD CHARTERED BANK	22-Aug-24	Interim Dividend	KES 8.00
NCBA GROUP	22-Aug-24	Final Dividend	KES 2.25
ABSA BANK KENYA	26-Aug-24	Interim Dividend	KES 0.20
BAMBURI CEMENT	30-Aug-24	Special Dividend	KES 18.25
KENYA POWER & LIGHTING	29-Oct-24	Final Dividend	KES 0.70
KENGEN	29-Oct-24	First & Final Dividend	KES 0.65
CARBACID INVESTMENTS	31-Oct-24	Final Dividend	KES 1.70
HF GROUP	04-Nov-24	Rights Issue	2:1
I&M GROUP	20-Nov-24	Interim Dividend	KES 1.30
BK GROUP	21-Nov-24	Interim Dividend	KES 1.00
EA PORTLANDS	28-Nov-24	First & Final Dividend	KES 1.00
EABL PLC	20-Jan-25	Interim Dividend	KES 2.00
KENYA POWER & LIGHTING CO PLC	30-Jan-25	Interim Dividend	KES 0.20
SAFARICOM	13-Feb-25	Interim Dividend	KES 0.55
BAT Plc	24-Feb-25	Final Dividend	KES 50.00
STANBIC HOLDINGS	05-Mar-25	Final Dividend	KES 18.90
SANLAM KENYA	07-Mar-25	Rights Issue	126:35, KES 5.00
KCB GROUP	13-Mar-25	Final Dividend	KES 1.50
STANDARD CHARTERED BANK	19-Mar-25	Final Dividend	KES 37.00
CO-OPERATIVE BANK OF KENYA	20-Mar-25	Final Dividend	KES 1.50
ABSA BANK KENYA	20-Mar-25	Final Dividend	KES 1.55
KAKUZI	25-Mar-25	Final Dividend	KES 8.00
DIAMOND TRUST BANK KENYA	26-Mar-25	Final Dividend	KES 7.00
NCBA GROUP	26-Mar-25	Final Dividend	KES 3.25
I&M GROUP	26-Mar-25	Final Dividend	KES 1.70
LIBERTY KENYA HOLDINGS	26-Mar-25	Final Dividend	KES 0.50
LIBERTY KENYA HOLDINGS	26-Mar-25	Special Dividend	KES 0.50
EQUITY GROUP HOLDINGS	27-Mar-25	Final Dividend	KES 4.25
LAPTRUST IMARA IREIT	27-Mar-25	A full year Distribution	KES 0.82
NAIROBI SECURITIES EXCHANGE	28-Mar-25	First & Final Dividend	KES 0.32
KENYA RE INSURANCE CORPORATION	28-Mar-25	Final Dividend	KES 0.15
CIC INSURANCE GROUP	28-Mar-25	First & Final Dividend	KES 0.13
CIC INSURANCE GROUP	28-Mar-25	Bonus Issue	1:10
BK GROUP	28-Mar-25	Final Dividend	KES 19.02
JUBILEE HOLDINGS	04-Apr-25	Final Dividend	KES 11.50
BOC KENYA	04-Apr-25	First & Final Dividend	KES 6.15
TOTALENERGIES MARKETING	30-Apr-25	First & Final Dividend	KES 1.92
CROWN PAINTS KENYA	30-Apr-25	First & Final Dividend	KES 3.00
CAR & GENERAL	30-Apr-25	First & Final Dividend	KES 0.80
SAFARICOM	09-May-25	Final Dividend	KES 0.65
TPS EASTERN AFRICA	14-May-25	First & Final Dividend	KES 0.35
UMEME	24-Jun-25	Interim Dividend	Ushs. 222
KAPCHORUA TEA KENYA	27-Jun-25	First & Final Dividend	KES 25.00
WILLIAMSON TEA KENYA	27-Jun-25	First & Final Dividend	KES 10.00
KAPCHORUA TEA KENYA	27-Jun-25	Bonus Issue	1:1
WILLIAMSON TEA KENYA	27-Jun-25	Bonus Issue	1:1

Source: NSE

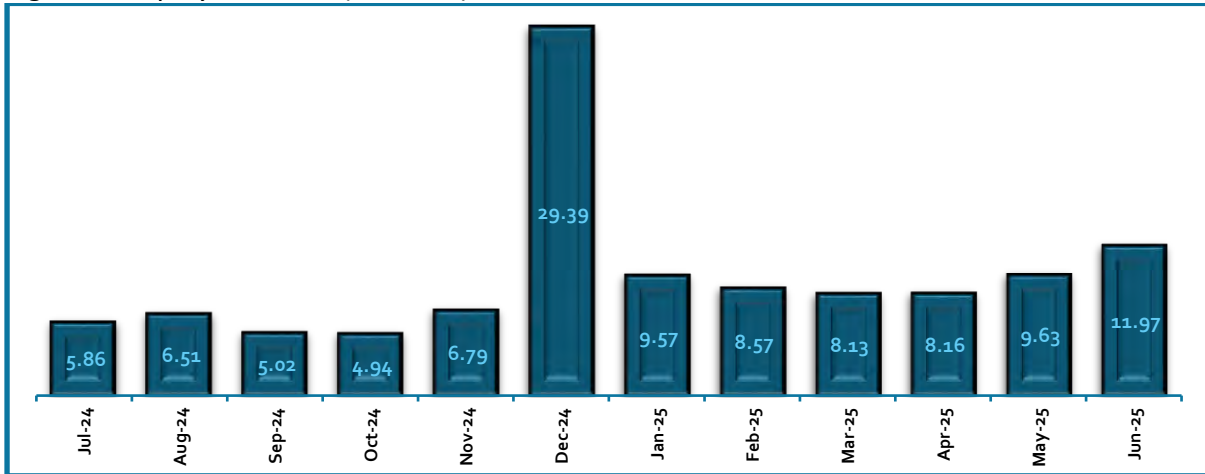
Trend in Equities Market Key Performance Indicators during 2024/2024 Financial Year

Figure 1 : Equity Market Capitalization (KShs. Bn)



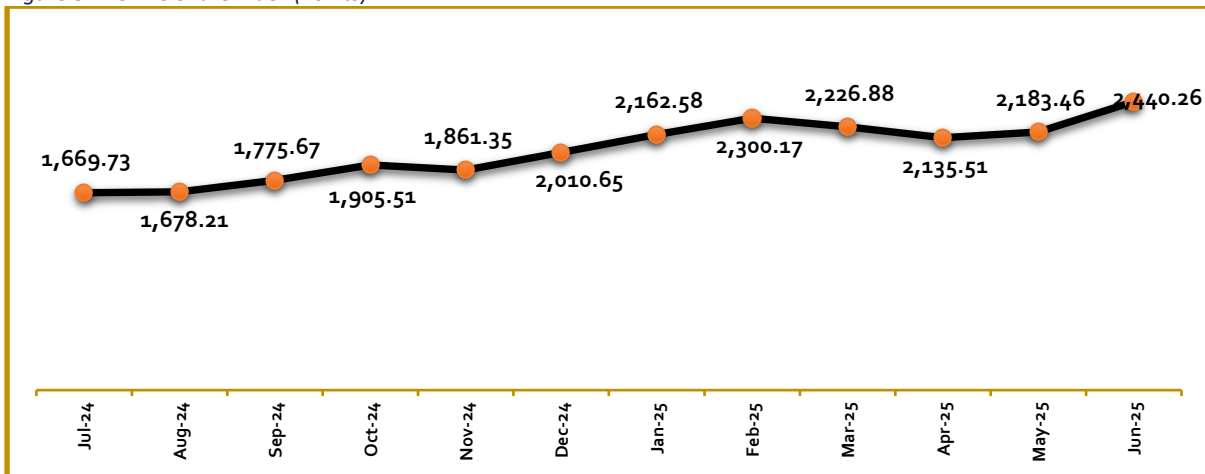
Source: NSE

Figure 2 : Equity Turnover (KShs. Bn)



Source: NSE

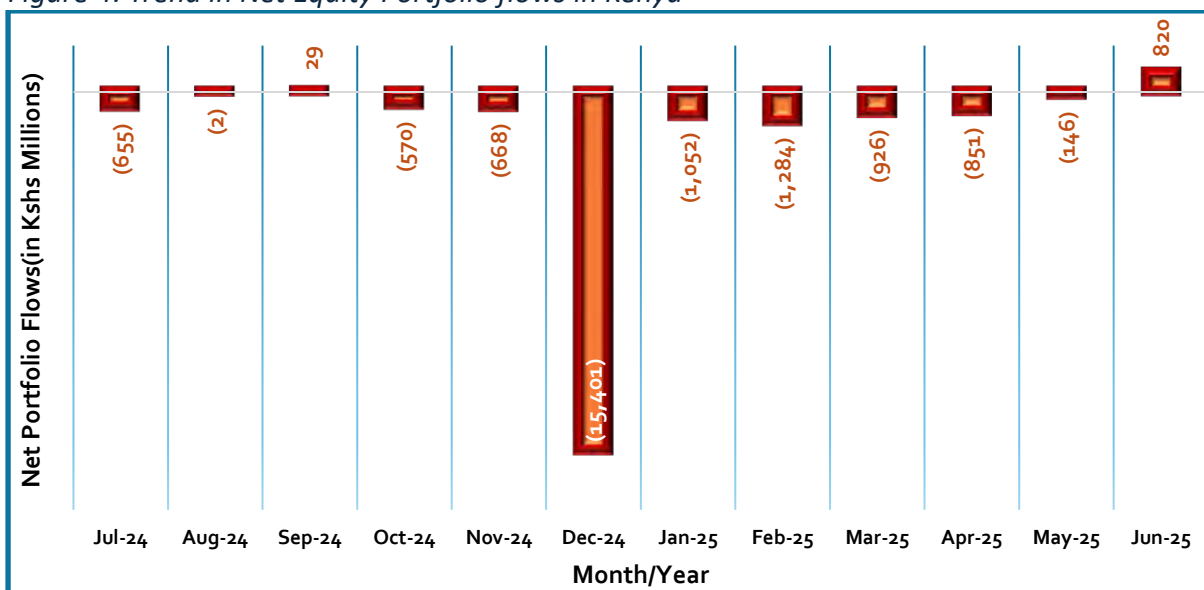
Figure 3 : NSE 20 Share Index (Points)



Foreign Investors Portfolio

The financial year ending June 2025 recorded a net foreign equities inflow of KShs.849 million and a net foreign equities outflow of KShs.21,556 million, cumulatively resulting to a net foreign equities outflow of KShs.20.71 billion. This is compared to a net equity inflow of KShs.5.13 billion for the previous financial year ending June 2024. Only September 2024 and June 2025 recorded a net foreign equities inflow. The highest net foreign outflow occurred in December 2024, primarily attributed to the buyout of Bamburi Cement shares by the Tanzanian conglomerate Amsons Group.

Figure 4: Trend in Net Equity Portfolio flows in Kenya



Source: NSE

Bonds Market

In the financial year under review, the bonds market performance also improved markedly. The number of deals rose by 19.78 percent to 35,770, while total bond turnover nearly doubled, rising by 93.04 percent to KShs.2,153.84 billion. The bonds index increased by 11.48 percent to 1,159.52 points, and the outstanding value of listed bonds grew by 10.79 percent to KShs.5,135.46 billion. These trends reflect improved investor confidence and increased activity in the fixed income segment of the capital markets.

Table 11: Bonds Market Key Performance Indicators statistics for FY 2024/25

Month/Year	Deals	Total Bond Turnover (KShs. Bn)	Bonds Index (Points)	Outstanding Value (KShs. Bn)
FY 2023/24	29,864.00	1,115.74	1,040.12	4,635.36
July-24	2,773	170.84	1,032.22	4,645.61
August-24	2,642	87.68	990.89	4,733.39
September-24	2,589	132.52	1,002.41	4,784.70
October-24	2,481	123.84	1,014.94	4,781.71
November-24	2,517	117.57	1,074.60	4,816.65
December-24	2,296	130.12	1,107.41	4,896.73
January-25	2,479	168.73	1,115.30	4,945.21
February-25	3,705	271.44	1,152.96	5,076.02
March-25	3,900	284.64	1,163.71	5,033.49
April-25	3,877	255.91	1,163.26	5,053.55
May-25	3,294	200.08	1,153.10	5,034.50
June-25	3,217	210.47	1,159.52	5,135.46
FY 2024/25	35,770.00	2,153.84	1,159.52	5,135.46
% Change	19.78%	93.04%	11.48%	10.79%

Green-Positive; Red-Negative; Source: NSE

Trend in Bonds Market Key Performance Indicators during 2024/2024 Financial Year

Figure 5 : Bonds Capitalization (KShs. Bn)

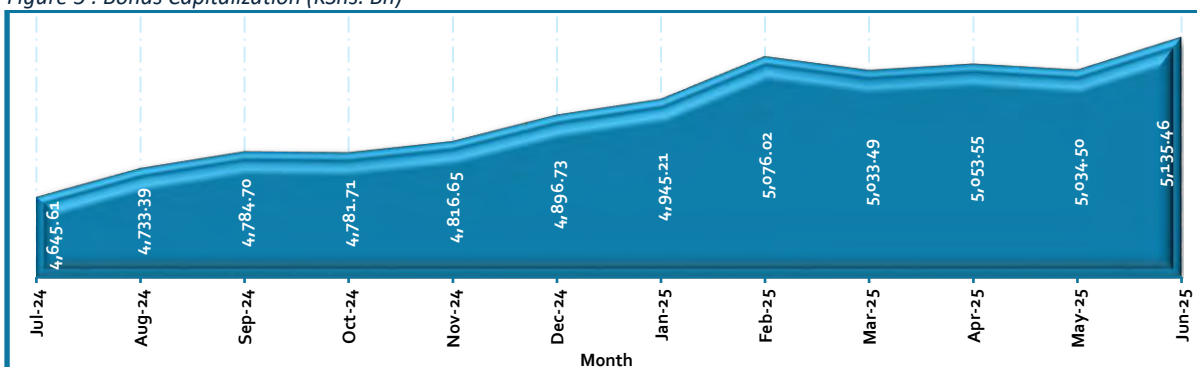


Figure 6 : Bonds Turnover (KShs. Bn)

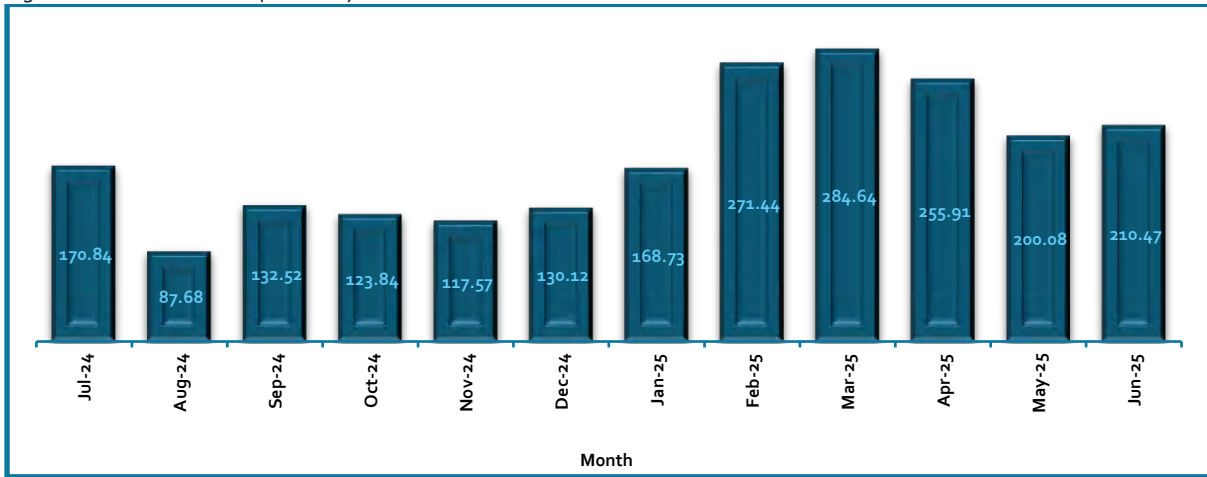
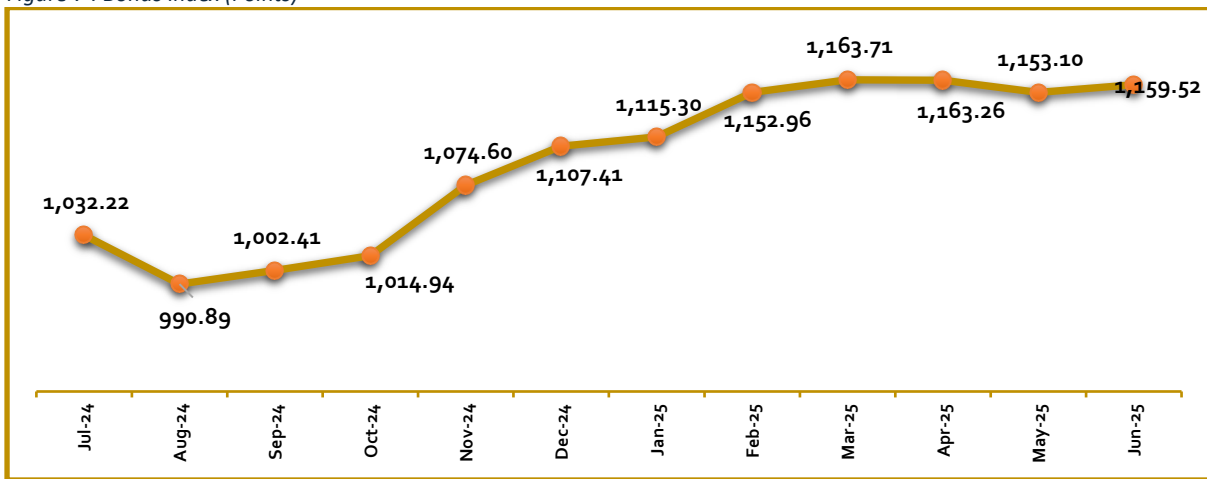


Figure 7 : Bonds Index (Points)



Research Papers & Surveys

Every financial year, the Authority prepares and publishes research papers on a wide range of issues, products, services, infrastructure and/or challenges that have an impact on the performance of capital markets in Kenya. In addition, the Authorities Research Team also publishes period reports including the Weekly Capital Markets Performance Update, the Monthly Capital Markets Research Update, the capital markets Quarterly Statistical Bulletin, the Bi-annual Capital Markets Performance Update.

During the 2024/2025 Financial Year the department prepared the following research and strategic papers:

a) Analytical Review of the 2024 FinAccess Survey on Capital Markets in Kenya

The Authority conducted a sub-sector capital markets study to assess the usage of capital-market products and services, using data from the 2024 FinAccess Survey to examine factors influencing investment behaviour in Kenya. The findings show that participation in capital-markets products and services increased from 2.3 percent in 2021 to 3.1 percent in 2024, reflecting the growing role of capital markets in mobilizing domestic savings, financing government priorities under the Bottom-Up Economic Transformation Agenda (BETA), and channelling resources into productive investments. The study also highlights persistent disparities in participation across gender, regional, socio-economic, age, and vulnerable groups, with women, youth, persons with disabilities (PWDs), and rural populations remaining significantly underrepresented. To address these gaps, the paper recommends targeted interventions for these groups, including strengthening financial literacy, deepening financial inclusion, and improving equitable access to capital-market opportunities.

b) A review of The Capital Markets Authority Resource Centre and Its Contribution to Knowledge Management

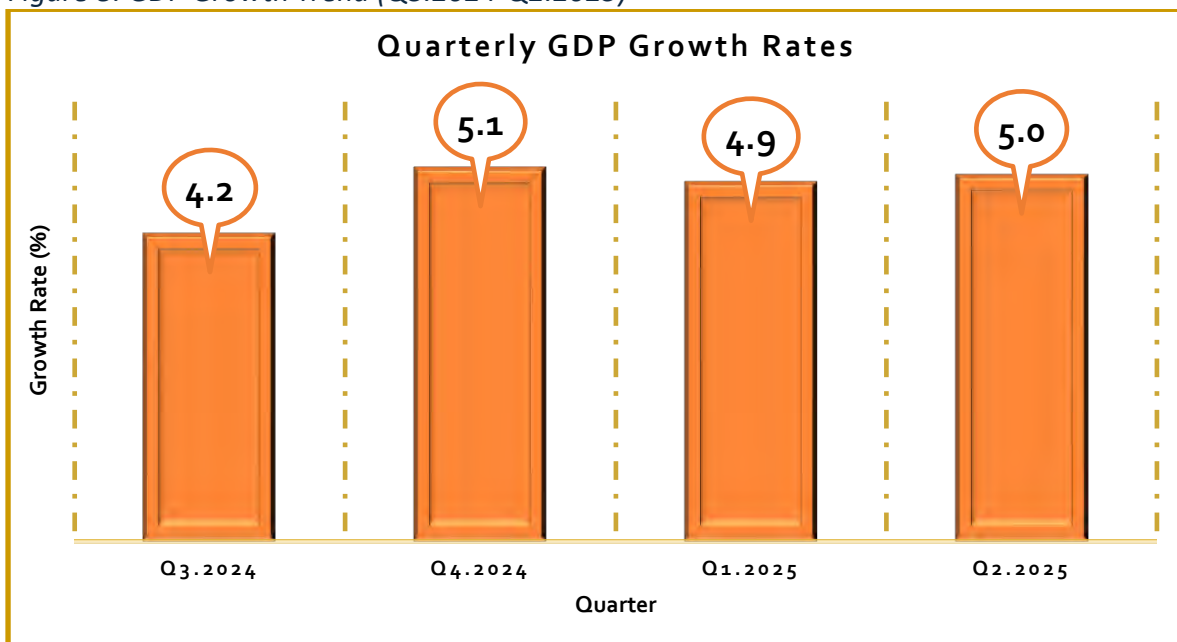
The Capital Markets Authority evaluated its Resource Centre's effectiveness in supporting knowledge management, noting increased usage by both staff and external users in 2024. A total of 550 staff accessed the facility, with slightly higher participation from female gender with 52.5 percent than male with 47.5 percent. Readability of printed resources rose from 269 in 2023 to 283 in 2024, supported by the acquisition of 140 new resources. The study recommended continued resourcing of the Resource Centre to meet the evolving needs of its users.

MACROECONOMICS ENVIRONMENT

GDP Growth Rate

Based on the Kenya National Bureau of Statistics (KNBS) Quarterly GDP Report for Q2 2025, Kenya's economy grew by 5.0 percent, compared to a growth of 4.9 percent in Q1 2025. The economy recorded strong growth was supported by robust performances in Agriculture, Forestry and Fishing (4.4%), Transportation and Storage (5.4%) and Financial and Insurance (6.6%). The growth was also supported by Construction and Mining and Quarrying activities that rose by 5.7 and 15.3 per cent, respectively. Electricity and water supply activities also recorded improved performance in the quarter under review, posting a growth of 5.7 per cent.²

Figure 8: GDP Growth Trend (Q3.2024-Q2.2025)



Source: KNBS

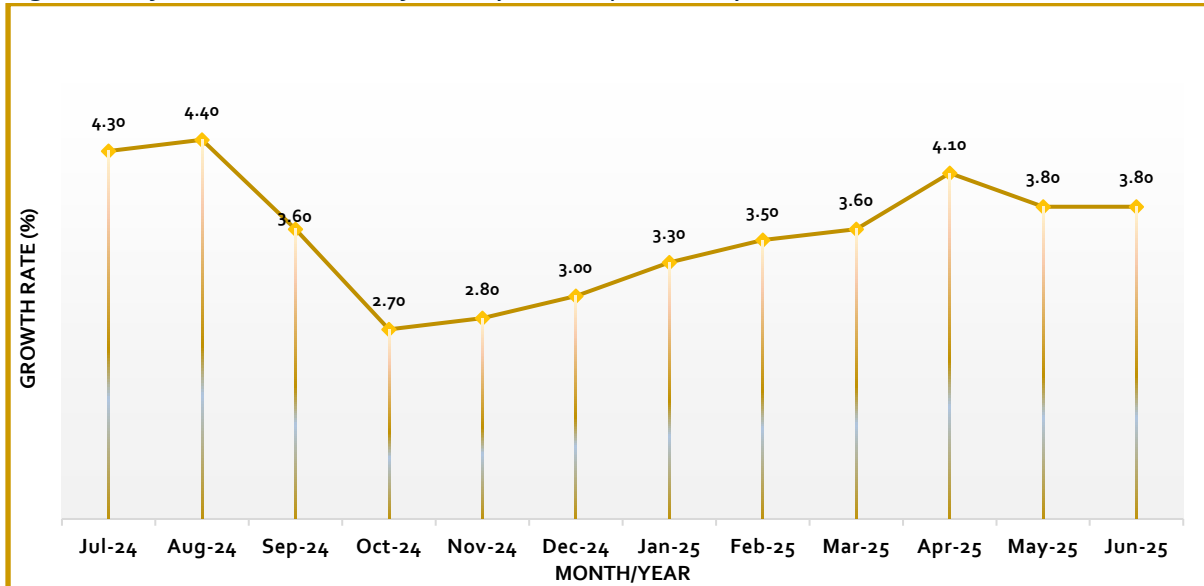
Kenya Inflation Rate

According to the latest Consumer Price Indices (CPI) and Inflation Rates report by the Kenya National Bureau of Statistics (KNBS), annual inflation stood at 3.8 percent in June 2025, unchanged from May and well within the Central Bank of Kenya's target range of 2.5 to 7.5 percent. During FY 2024/2025, Kenya's annual inflation remained well-anchored within the Central Bank's target band of 2.5–7.5 percent, starting at 4.3 percent in July 2024, dropping to a low of 2.7 percent in October, and closing the year at 3.8 percent in June 2025. The decline was

² [Quarterly GDP Report Q2 2025](#)

mainly supported by housing, water, electricity and gas alongside lower pump prices that eased transport costs. However, upward pressure emerged from the Housing, Water, Electricity, Gas, and Other Fuels Index, particularly due to higher electricity tariffs, while seasonal increases in vegetables and select fresh produce moderated the overall decline.³

Figure 9: Inflation Rates Trend for the year the period July 2024 –June 2025



Source: CBK/KNBS

³ [KNBS Consumer Price Indices and Inflation Rates for June 2025](#)

Kenya's Economy Outlook

While projections vary slightly among different reports, there is a consensus that Kenya's economy is expected to grow steadily in the financial year 2024/2025. The African Development Bank's African Economic Outlook highlights that growth will be supported by improved agricultural performance following favourable rainfall, alongside resilience in services such as ICT, transport, and financial services. Similarly, the World Bank projects that sustained investment in infrastructure and ongoing government reforms will continue to anchor economic activity. Inflation is expected to remain broadly within the Central Bank of Kenya's target range, supported by easing global commodity prices, although risks tied to weather variability, exchange rate pressures, and imported inflation remain.

At the same time, the economy continues to grapple with fiscal pressures. Both the African Development Bank and World Bank underscore the challenge of a high fiscal deficit and increasing debt service obligations, which constrain fiscal space for development expenditure. These institutions emphasize the need for fiscal consolidation, enhanced domestic revenue mobilization, and structural reforms to maintain debt sustainability. Nonetheless, Kenya's medium-term outlook remains favourable, with growth projected to benefit from greater investor confidence, stronger regional integration, and an improving global environment.

COMMODITIES

The coffee sub-sector reform agenda recorded significant progress during the financial year 2024/2025, reflecting sustained efforts to enhance market efficiency, transparency, and value realization for coffee farmers.

During the period under review, the number of licensed coffee brokers remained stable at eighteen (18). These include: Nandi Coffee Cooperative Union Brokers; Baringo Kawa Brokerage Company Ltd; Meru South Coffee Marketing Company Ltd; Kirinyaga Slopes Coffee Brokerage Company Ltd; Coffee Estates Bourgeoise Brokers Limited; Minnesota; Mt. Elgon Coffee Marketing Agency; United Eastern Kenya Coffee Marketing Ltd; Murang'a County Coffee Dealers Co. Ltd; Meru County Coffee Marketing Agency; Kipkelyon Brokerage Company Ltd; Kinya Coffee Marketing Agency Ltd; Kiambu Coffee Marketing Company Ltd; Alliance Berries Ltd; Bungoma Union Marketing Agency Ltd; Embu Coffee Farmer Marketing Agency Ltd; New Kenya Planters Co-operative Union PLC; and KCCE Marketing Agency Ltd.

Notably, fourteen (14) of the licensed brokers are owned by coffee cooperative unions across major coffee-growing regions. This development represents a significant structural shift in the

market, empowering coffee growers—particularly cooperatives—to directly access the Nairobi Coffee Exchange (NCE) and participate more actively in the marketing and price discovery of their produce.

A key milestone during the year was the appointment of an eight-member Nairobi Coffee Exchange (NCE) Working Committee by the Cabinet Secretary for Cooperatives and MSMEs Development, in February 2025 (Gazette Notice No. 1954 of 2025). The Committee was mandated to, among other functions:

- Operationalize the governance, institutional, and organizational framework of the restructured Exchange; and
- Review and establish the incorporation, legal structure, and ownership framework of the NCE.

This initiative is anchored in the broader policy objective of transforming the NCE into a fully-fledged, modern commodities exchange that promotes transparency, enhances price discovery, and operates as a central counterparty to guarantee settlement across the coffee value chain.

The Working Committee made notable progress in executing its mandate. Key achievements include the onboarding of critical personnel and the enhancement of the auction trading system (COSMOS). The system upgrades now support specialized auction windows for small coffee lots and facilitate participation by international buyers, while also strengthening integration with sector regulators and Direct Settlement System (DSS) providers.

Market performance indicators showed strong growth during the review period. The volume and value of coffee traded at the NCE and settled through the DSS increased significantly. Between 1 July 2024 and 30 June 2025, a total of **39,021 metric tonnes of coffee**, valued at USD 247.24 million (approximately KES 32.14 billion), were traded and settled through the DSS. This represents a 30.6% increase in sales proceeds compared to the previous crop year (2023/2024), which recorded 41,617 metric tonnes valued at USD 189.29 million (KES 24.61 billion). The growth reflects improved market confidence, enhanced transparency, and increasing adoption of structured trading mechanisms.

In parallel, the Authority, in collaboration with the Ministry of Cooperatives and MSMEs Development, undertook targeted coffee grower sensitization programmes across key producing counties, including Kakamega, Makueni, Machakos, Bomet, Nandi, Kericho, Narok, Kisii, Migori, and Nyamira. These engagements aimed to strengthen awareness of ongoing reforms, promote best practices in coffee production, and enhance stakeholder participation in the reformed market framework.

The Authority also continued to support the operationalization of the Kenya National Multi-Commodities Exchange (KOMEX), a flagship initiative under the Fourth Medium-Term Plan (2023–2027). KOMEX is expected to play a transformative role in the agricultural commodities ecosystem by improving market access, enhancing price transparency, stabilizing commodity prices, and increasing trading efficiency. The platform is further positioned to unlock value for

farmers while attracting both domestic and international investment into Kenya's commodities markets.

STRATEGY, RISKS AND PROJECTS

The Strategy, Risks, and Projects Department is responsible for the development and implementation of the Authority's strategic plans, managing project execution, and monitoring organizational performance to identify areas for improvement. Additionally, the department ensures the Authority's financial and operational soundness through effective enterprise risk management, implementation of corruption prevention measures and quality assurance in line with ISO 9001 international Quality Management System (QMS) standard.

A. Review of the Authority's Performance

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the Financial Statement, a statement of the national government entity's performance against predetermined objectives. The Capital Markets Authority (CMA) has five key areas of focus within its 2023-2028 Strategic Plan: the plan delineates activities across Customer, Financial, Internal Business Processes, Learning and Development/Organizational Capacity, and Leadership and Governance perspectives.

In alignment with the key outcomes outlined in the Plan, CMA identified the following strategic goals for the period:

1. Grow aggregate market capitalization from Kshs 5.6 trillion to Kshs. 6.6 trillion by 2028.
2. Grow revenue from Kshs. 1 billion to Kshs. 1.66 billion by 2028.
3. Enhance strategy, performance, and enterprise risk management.
4. Attract develop engage and retain competent staff compliment.
5. Strengthen Leadership and governance.

In executing its strategic plan, the Authority develops annual work plans, which are evaluated at the end of each financial year to assess the achievement of performance objectives. A detailed assessment of these results is provided in the Statement of Performance against Pre-Determined Objectives.

Overall, the Authority successfully implemented 90.7% of its planned activities, with the remaining partially or non-implemented activities scheduled for the next financial year, 2025-2026. Significant growth targets were met in key areas such as growth in number of investors, growth in number of issuers, growth in assets under management, aggregate market capitalization, and growth in social media followers.

However, market liquidity outcomes were mixed: bond market liquidity exceeded expectations, while equity market liquidity declined. As a result, revenue targets were not fully met due to reduced equity market activity. The target on resource mobilization to supplement revenue was

also not met leading to a resource mobilization committee being formed to enhance efforts on resource mobilization for flagship projects domiciled within the strategic plan.

The Authority faced several implementation challenges, including fiscal austerity measures, lengthy approval and legislative processes, and court injunctions that postponed the execution of some initiatives. The Authority's management has since developed effective mitigation strategies to address these issues moving forward including diversification of revenue sources, strengthening financial forecasting and scenario planning, enhancing cost efficiency, enhancing staff engagement, and improving workplace conditions.

B. Projects Implemented

The department successfully managed the implementation of thirteen (13) projects during the 2024/2025 financial year, ensuring full compliance with the Board-approved CMA Project Management (PM) Guidelines. This oversight guaranteed the successful execution of twelve (12) projects within the Authority with one (1) being carried forward into FY 2025-2026.

Of the twelve (12) projects successfully completed, eleven (11) were technology-based, while one focused on ensuring recertification of the Authority based on ISO 9001:2015.

Additionally, the department provided critical guidance on resource allocation across the Authority's priority projects and documented key challenges and lessons learned during the implementation period.

C. Implementation of the Enterprise Risk Management Framework

The Authority has in place an Enterprise Risk Management (ERM) Framework based on which Risk Management has been mainstreamed within the Authority to allow for structured risk assessments continuously. The SRP Department coordinates the design, implementation, monitoring, reporting, and review of the Authority's ERM Framework. The risks are ranked by their probable likelihood and impact, on a scale of 1-5, with the ones scoring above 20 being flagged as major risks.

All members of the Authority share the responsibility of managing risks to ensure the fulfilment of strategic objectives. The Authority follows the Three Lines of Defense Model, which establishes clear accountability and ownership for risk management and separates risk-taking from risk oversight. This model promotes a risk culture that emphasizes awareness, appropriate behaviours, and decision-making based on risk.

The Authority continuously identifies risks and opportunities, assesses them, and puts in place treatment measures or exploitation strategies respectively to address the risks and opportunities.

During the financial year 2024/25 the Authority continued to observe enterprise risk management in line with the implemented ERM Framework. Quarterly reporting on risks and opportunities was adhered to. Performance and Risks Management Committee meetings were held at the end of each quarter to monitoring the Authority' risks and opportunities and

subsequent reporting to the Board to enable the review, monitoring, and evaluation of the implementation and effectiveness of the ERM framework.

D. Maintenance of the Quality Management System under ISO 9001:2015

The SRP Department coordinates the Authority's maintenance of its Quality Management System (QMS) certification under ISO 9001 international standard to ensure full adherence to the standard requirements. The Authority has maintained ISO 9001 certification since 2009 and has seen tremendous improvements in its processes over the years through the process approach, a principle cultivated by the QMS.

During the financial year 2024/25 the Authority onboarded a consultant (Top quest) to provide ISO 9001:2015 re-certification and surveillance audits services. This included awareness trainings to management and all staff, capacity building of new auditors and refresher trainings for lead auditors as well as facilitating implementation workshops for process owners and ISO champions.

The Authority then successfully underwent both internal audits and external surveillance audits undertaken by the Kenya Bureau of Standards (KEBS) on 11 Dec 2024, whereby the Authority was recertified for another 3-year period to 7 December 2027.

PICTORIAL



16 May 2025. CEO FCPA Wyckliffe Shamiah, MBS and CMA delegates during the signing of the Enhanced Multilateral Memorandum of Understanding during the 2025 IOSCO annual meeting in Doha, Qatar.



Chairperson Ugas Mohamed, EBS (right) and CEO, Wyckliffe Shamiah, MBS (left) during the launch of the Q&A in Islamic Finance on 16 October 2024.



CEO Wyckliffe Shamiah, MBS leads staff during a tree planting exercise in Ngong forest on 2 May 2025



14 April 2025. CEO Wyckliffe Shamiah, MBS presented an award to KenGen Kenya during the Internal Audit and Risk Awards Gala Dinner.



A team of the Financial Regulators led by our CEO Wykcliffe Shamiah, MBS during a tree planting exercise in Sorget Forest, Kericho County on 30 June 2025



Chairperson Mr. Ugas Mohamed, EBS presents the award to the winner in the category of Commercial and Services, Centum Investments during the FiRe Awards Ceremony on 7 December 2024



Kenya National Chamber of Commerce and Industry (KNCCI) President Dr. Erick K. Rutto sign an MoU to collaborate on various initiatives aimed at facilitating growth and development of both MSME's on 1 October 2024



CAPITAL
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