

How We Regulate and Develop the Capital Markets

The Authority, led by the Board of Directors and supported by the Chief Executive together with the Management, carries out its mandate of regulating and developing the Kenyan capital markets through a regulatory framework that is deliberately designed to meet this objective.

The Enabling Legislation

The capital markets industry operates within certain regulatory framework which the players in this industry must adhere to in the course of offering their services. Since inception, the Authority has strived to deepen and broaden the capital markets by developing a regulatory framework that facilitates the development of new financial products and institutions through research and ensuring fairness and orderliness in the capital markets industry. The regulatory framework of the Authority is comprised of the following:

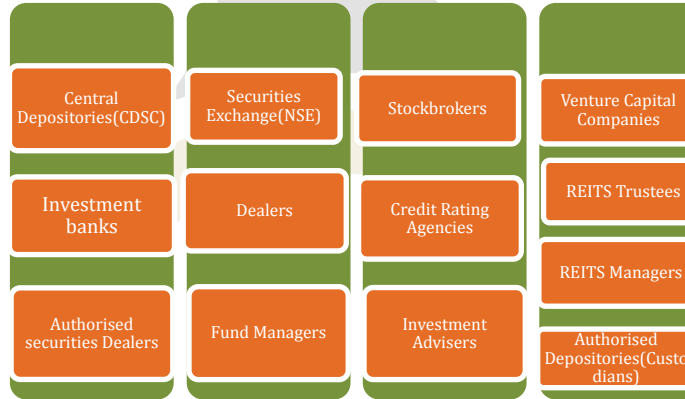
Main Acts:

1. The Capital Markets Act;
2. The Central Depositories Act, 2000

Regulations and Guidance:

1. The Capital Markets (Licensing Requirements) (General) Regulations, 2002
 2. The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002
 3. The Capital Markets (Collective Investment Schemes) Regulations, 2001
 4. The Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011
 5. The Capital Markets (Conduct of Business) (Market Intermediaries) Regulations, 2011
 6. The Capital Markets (Asset Backed Securities) Regulations, 2007
 7. The Capital Markets (Takeovers and Mergers) Regulations, 2002
 8. The Capital Markets (Foreign Investors) Regulations, 2002
 9. The Capital Markets (Registered Venture Capital Companies) Regulations, 2007
 10. The Capital Markets (Demutualization of the Nairobi Securities Exchange Limited) Regulations, 2012
 11. Central Depositories (Regulation of Central Depositories) Rules, 2004
 12. The Capital Markets Tribunal Rules, 2002
 13. Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013
 14. The Capital Markets (Nairobi Securities Exchange Limited Shareholding) Regulations, 2016
 15. The Capital Markets (Derivatives Markets) Regulations, 2015
- ### Guidelines:
1. The Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015
 2. Guidelines on the Approval and Registration of Credit Rating Agencies
 3. Guidelines on Financial Resource Requirements for Market Intermediaries
 4. Guidelines on Management Supervision for Internal Control
- The above Acts, regulations as well as the Guidelines are what the Authority uses to supervise and regulate the market intermediaries. The regulatory framework is crafted in such a way that it encourages self-regulation to the maximum practical extent.

For more information on regulations please refer to our website:
www.cma.or.ke



For further information, please contact:



CAPITAL MARKETS AUTHORITY

Embarkment Plaza, 3rd Floor, Upper Hill,
Longonot Rd, Off Kilimanjaro Avenue
P. O. Box 74800 – 00200, NRB
Telephone: +254 -20 – 2264900 | +254 - 20
– 2710789, 2710775
+254-722 2221910
Fax: 254 - 020 – 2228254
Email: corporate@cma.or.ke
Website: www.cma.or.ke

Disclaimer

This brochure is by no means a conclusive document. The Capital Markets Authority takes no responsibility for any consequences arising from decisions taken on the basis of the contents of this brochure.



Promoting the integrity and growth of the Capital Markets

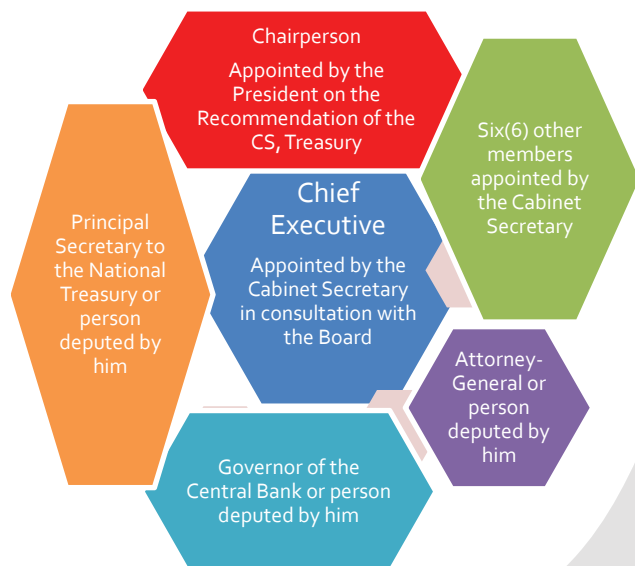
WHO WE ARE



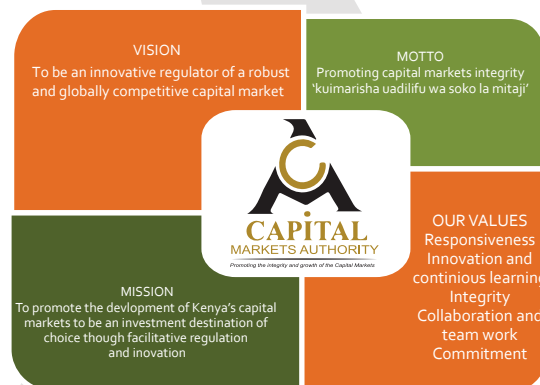
Promoting the integrity and growth of the Capital Markets

Composition of the Board

The Capital Markets Authority is governed by a Board of Directors who are responsible for providing the overall policy direction, oversight and leadership to the Authority.



Mission, Vision, Motto and Core Values



Our Objectives

The principal objectives of the Authority are:

- To develop all aspects of the capital markets and the removal of impediments to the creation of incentives for long term investments in productive activities;
- To facilitate the existence of a nationwide system of stock market and brokerage services so as to enable wider participation of the general public in stock market;
- To create, maintain and regulate a market in which securities can be issued and traded in an orderly, fair, and efficient manner, through the implementation of a system in which the market participants regulate themselves to the maximum practicable extent;
- To protect investor interests;
- To operate a compensation fund to protect investors from financial loss arising from the failure of a licensed broker or dealer to meet his contractual obligations; and
- To develop a framework to facilitate the use of electronic commerce for the development of capital markets in Kenya.

Who we are

The Capital Markets Authority (the Authority) is a statutory agency established by the Capital Markets Act, Cap 485A of the Laws of Kenya as a body corporate with perpetual succession and a common seal. The Authority was established in 1989 when the Act came into force but was formally inaugurated in March 1990. As a statutory agency, the Authority is charged with the prime responsibility of regulating the development of orderly, fair and efficient capital markets in Kenya with the view to promoting market integrity and investor confidence.

What we do

The Authority derives its powers to regulate and supervise the capital markets industry from the Capital Markets Act, the Central Depositories Act and the Regulations issued thereunder. The functions of the Authority as provided by the Act and the regulations include the following;

- Licensing and supervising all the capital market intermediaries
- Ensuring proper conduct of all licensed persons and market institutions
- Regulating the issuance of the capital market products (bonds, shares etc.)
- Promoting investor education and public awareness
- Protecting investors' interest

Constitution of the Board

Chairperson

- **Appointed by the president on the recommendation of the CS, Treasury**
- legal
- economics;
- banking;
- financial;
- accounting OR insurance matters

Six other members

- **Appointed from among persons who have experience and Expertise in**
- legal
- economics;
- banking;
- financial;
- accounting OR insurance matters

Promoting the integrity and growth of the Capital Markets