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THE CAPITAL MARKETS ACT

(Cap. 485A)

THE CAPITAL MARKETS (LICENSING REQUIREMENTS)
(GENERAL) REGULATIONS, 2025

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THE CAPITAL MARKETS ACT

(Cap. 485A)

IN EXERCISE of the powers conferred by section 12(1) of the Capital Markets Act, the Cabinet Secretary for the National Treasury makes the following Regulations—

THE CAPITAL MARKETS (LICENSING REQUIREMENTS)
(GENERAL) REGULATIONS, 2025

PART—PRELIMINARY PROVISIONS

1. These Regulations may be cited as the Capital Markets (Licensing Requirements) (General) Regulations, 2025. Citation.

2. In these Regulations, unless the context otherwise requires— Interpretation.

“beneficial owner” means a natural person who ultimately owns or controls a legal person or the natural person on whose behalf a transaction is conducted, and includes those persons who exercise ultimate effective control over a legal person or arrangement;

“broker-dealer” means a person who—

- (a) makes or offers to make with any person, or induces or attempts to induce any person to enter into or offer to enter into, any agreement for, with a view to buy, sell, exchange or subscribe for securities; or
- (b) solicits or accepts any order for, or otherwise trades in securities;

“custodian” means a person licensed by the Authority to hold in custody funds, securities, financial instruments or documents of title to assets registered in the name of local investors, East African investors or foreign investors or of an investment portfolio;

“demutualization” means the separation of the ownership of an exchange from the right to trade on such exchange;

“demutualized exchange” means a securities exchange in which ownership and rights to trade are separate;

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

“in-principle” means the initial acceptance by the Authority of an application subject to fulfilment of set conditions;

“Intermediary Services Platform” means a digital application or otherwise which facilitates aggregation, marketing and distribution of capital markets products and services other than a platform that is deployed by an existing licensed institution for the purpose of improving efficiency and excludes crowdfunding platforms;

“Intermediary Services Platform Provider” means a person who operates an intermediary service platform;

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

“market intermediary” means a person licensed by the Authority;

“note trustee” means a trustee appointed in respect of any issue of debt instruments of a body corporate

“Over the Counter Platform” means a trading system with multiple user access that allows trading of, commodities, currencies, securities, whether listed or not, or other instruments directly between two parties and without a central exchange or broker;

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

“securities laws” means the Act, the Central Depositories Act and Regulations, guidelines, rules, circulars and other statutory instruments made thereunder; Cap. 485C.

“trustee” has the meaning assigned to it under the Act; and

“working capital” means the difference between the current assets and current liabilities excluding clients’ accounts.

PART II—SECURITIES EXCHANGES AND OVER-THE-COUNTER PLATFORMS

3. (1) A person who wishes to undertake a securities exchange business shall apply to the Authority for a licence.

Application for
licensing of
securities
exchanges.

(2) An application for grant of licence under sub-regulation (1) shall be in Form 1 as set out in the First Schedule and accompanied by—

- (a) memorandum and articles of association of the applicant which restricts the applicant to the business of operating a securities exchange and services incidental thereto;
- (b) the rules of the securities exchange;
- (c) the details of the trading system proposed to be adopted by the applicant;
- (d) proof of paid-up capital of one billion shillings;
- (e) the prescribed fee as set out in the Sixth Schedule; and
- (f) such additional information as may be required by the Authority.

4. Each securities exchange shall be demutualized.

Demutualization.

5. The rules of the securities exchange submitted under regulation 3(2)(b) shall contain provisions on the—

Rules of securities
exchanges.

- (a) admission to the listing, suspension or delisting of securities by the securities exchange;
- (b) the conditions governing dealing in securities by its trading participants for the protection of the rights of investors;
- (c) prompt and simultaneous disclosure to all investors of material information about a security of a price sensitive nature to enable appraisal of an issue by investors;
- (d) protection of investors against abuse of confidential information, misleading information, fraud, deceit, and other adverse practices in the issuing and trading of securities;
- (e) prohibition of market manipulation;
- (f) investigation into trading in securities and financial transactions of trading participants and for conducting random inspections on such trading participants;
- (g) suspension of trading of any security for the protection of investors or for the conduct of orderly and fair trading;
- (h) the conduct of securities trading by trading participants and the form in which information relating to transactions is to be maintained and reported to other trading participants and customers of the securities exchange;
- (i) segregation of the business accounts of trading participants from the business accounts of customers;
- (j) dispute resolution mechanisms;
- (k) proper safe keeping of any security in the custody of the securities exchange;
- (l) trading rights on the securities exchange;
- (m) registration by the securities exchange of full members, associate members, their representatives, authorized clerks and dealers;
- (n) conduct on the securities exchange of trading participants, their representatives, authorized clerks and dealers;
- (o) responsibility of trading participants for the actions of their employees and agents in their dealings with the public; and
- (p) any other matter that may be required by the Authority for the proper conduct of business.

6. (1) The Authority may prescribe limits on the ownership of a securities exchange by its trading participants.

Ownership of securities exchanges.

(2) A securities exchange may, in accordance with the procedures prescribed in its rules, admit a trading participant—

- (a) if that person satisfies any admission requirements of the securities exchange; and
- (b) on payment of admission fee approved by the Authority under section 29(2) of the Act.

(3) A director or a shareholder of a trading participant shall not be a director or hold beneficial interest either directly or indirectly in more than one trading participant of a securities exchange unless the trading participant has been exempted by the Authority on the basis of evidence of adequate internal controls to address conflict of interest.

(4) For purposes of subregulation (3), beneficial interest in a trading participant shall be an interest of fifteen per cent or more of the voting shares held directly or indirectly.

7. (1) Each securities exchange shall have a chief executive officer who shall be in charge of the day-to-day operations of the exchange.

Chief executive officers of securities exchanges.

(2) The chief executive officer shall be required to have sufficient professional capability to ensure that the exchange carries out trading, clearing and compliance functions of its trading participants and listed companies.

(3) A person shall be qualified for appointment as a chief executive officer of a securities exchange if such a person has at least ten years' experience at a senior management level and expertise in matters relating to capital markets or other disciplines relevant to the functions of the exchange.

(4) The tenure of the chief executive officer shall be determined by the board of directors of the exchange which tenure shall not exceed five years renewable once.

8. (1) Each securities exchange shall provide in its rules and articles of association—

Boards of directors of securities exchanges.

- (a) the tenure for the chairperson which shall be three years, renewable once;
- (b) a board of directors comprising of the chief executive officer of the securities exchange and at least one third independent and non-executive directors;
- (c) a maximum of two members of the board of directors who shall be elected from among the trading participants to represent the trading participants;
- (d) the independent and non-executive directors appointed under subparagraph (b) shall be persons who have knowledge and experience in investments, public service and corporate governance and shall represent the interests of investors and the public interest:

Provided that prior to making the appointment, the securities exchange shall submit the names of the persons proposed to be appointed as directors to the Authority for confirmation that the Authority has no objection to the proposed appointments;

- (e) two members of the board shall be elected by the shareholders of the securities exchange from nominees of

companies listed on the securities exchange to represent the listed companies.

(2) Subject to paragraph (1) (c), (d) and (e), the other persons appointed to the board of directors shall be elected by the shareholders of the exchange in accordance with the Companies Act.

(3) A director of a securities exchange has a duty to act in the best interests of investors and, where there is a conflict between the interests of the investors and the interests of the securities exchange, the director shall give priority to the interests of the investors.

9. (1) A trading system to be adopted by a securities exchange shall be approved by the Authority before such system is implemented.

Approval of securities exchange systems.

(2) The trading system referred to in paragraph (1) shall—

- (a) allow for all bids to purchase and offers to sell by trading participants to be exposed to each other;
- (b) provide an opportunity to access live trading information by members of the public;
- (c) provide a transparent and efficient pricing mechanism which—
 - (i) displays the best offer and bid prices
 - (ii) provides for matching;
 - (iii) displays the highest and lowest prices, the latest transactions as well as the volume of securities traded;
 - (iv) has an audit trail and trace back mechanism for all transactions;
 - (v) has sufficient internal controls and security measures to ensure that only authorized persons have access;
 - (vi) provides for integration with the Authority, a central securities depository system, trading participants and data providers; and
 - (vii) maintains records of all transactions and allows for retrieval of such records.

10. (1) Each securities exchange shall, within four months after the end of each financial year, make available to the Authority, the public and to the investors a summary of information on companies listed at the securities exchange.

Reporting by securities exchanges.

(2) The information referred to in paragraph (1) shall include the—

- (a) published accounts of companies listed on the securities exchange including statements of financial position and statement of comprehensive income;
- (b) date of incorporation, date of listing, names of directors, share capital, number and value of shares issued, and any changes in the share capital;

- (c) details of securities transacted and the prices (high, low and mid-market) at which such securities have been transacted during the year; and
- (d) earnings per share, dividend per share, shareholding structure (institutional, individual and foreign investors), principal or controlling shareholders and total number of shareholders.

(3) Each securities exchange shall maintain and publish on its website information regarding each company listed at the securities exchange including the—

- (a) name of the issuer and date of incorporation;
- (b) date of listing;
- (c) names of directors;
- (d) principal or controlling shareholders;
- (e) total number of shareholders;
- (f) authorized and paid-up share capital;
- (g) changes in authorized or paid-up share capital;
- (h) core and auxiliary line of business;
- (i) balance sheet and profit and loss accounts for the preceding five years;
- (j) volume and price movements (high and low) of the listed security; and
- (k) earnings per share and dividend per share.

(4) Each securities exchange shall, by the 31st March in each year, furnish the Authority with a report of its activities during the preceding calendar year and such report shall contain information on—

- (a) changes in its rules, if any;
- (b) changes in the membership of its board of directors;
- (c) composition and mandates of committees set up and changes (if any) in the membership of existing committees;
- (d) admission, suspension or expulsion of trading participants;
- (e) disciplinary action against trading participants including appointment of statutory managers;
- (f) arbitration of disputes;
- (g) securities listed, suspended or delisted; and
- (h) any other information that the Authority may require.

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

shall be made public by the securities exchange including by publishing in the security exchange's website.

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

(7) Financial statements of a securities exchange shall include the disclosures prescribed in the Third Schedule to these Regulations.

(8) The annual accounts of a securities exchange shall be audited by an independent auditor appointed by the board of directors with the consent of the Authority and such auditor shall not be removed without the approval of the Authority.

(9) A securities exchange shall furnish the Authority with all documents and notices that it issues to its members in connection with the annual general meetings within ten days prior to the date of such meetings.

(10) Communication to investors shall be by way of publication in at least one daily newspaper of national circulation and the exchange's website.

(11) A securities exchange shall immediately report to the Authority through telephone and in writing whenever—

- (a) there is a delay in the commencement, interruption or closing of trading;
- (b) trading is to be suspended in any security;
- (c) there are incidences of violation of the Act or the rules of the securities exchange;
- (d) there is unusual activity in the market;
- (e) the securities exchange receives non-public information that it determines could have a material effect on the market in general or on any specific securities.

11. (1) A person who wishes to establish, maintain or operate an over-the-counter platform shall apply to the Authority for licence.

Over-the-counter
platforms.

(2) An application for a license under subregulation (1) shall be in Form 1 set out in the First Schedule.

(3) An application under subregulation (1) shall be accompanied by—

- (a) details of the management structure, shareholders and directors;
- (b) certified copy of the certificate of incorporation;
- (c) certified copy of the Memorandum and Articles of Association;

- (d) latest copy of audited financial statements;
- (e) detailed information on the trading platform proposed to be adopted by the applicant which shall be a digital platform;
- (f) information relating to market facilities including the quotation board and information board;
- (g) a code of conduct and trading rules of the platform specifying the—
 - (i) requirements of membership to the platform;
 - (ii) instruments to be traded on the platform;
 - (iii) procedure for including instruments for trading on the platform;
 - (iv) suspension of trading of admitted instruments;
 - (v) procedure for cancellation of orders;
 - (vi) procedure for clearing and settlement; and
 - (vii) supervision of the platform;
- (h) the prescribed fees set out in the Sixth Schedule; and
- (i) such other information as the Authority may require.

PART III—INVESTMENT ADVISORS

12. (1) A person shall not engage in the business of an investment adviser or holdout as an investment adviser unless the person holds a license from the Authority.

Investment
adviser licenses.

(2) An application for the licence referred to under subregulation (1) shall be submitted to the Authority in Form 1 as set out in the First Schedule.

(3) The application under regulation 12(2) shall be accompanied by—

- (a) certificate of incorporation;
- (b) articles and memorandum of association documents;
- (c) evidence of adequate financial resources to operate the business to which the license relates;
- (d) a business plan containing the particulars as stated in the Second Schedule of these Regulations;
- (e) the particulars of the proposed operating and information technology system where applicable;
- (f) evidence of professional indemnity insurance of a value not less than five hundred thousand shillings;
- (g) a registered office as approved by the Authority;
- (h) staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available;

- (i) the proposed independent auditor;
- (j) the fees prescribed in the Sixth Schedule.

13. A person is eligible to be granted a licence under regulation 12 if the Authority is satisfied that—

Eligibility for licences.

- (a) the applicant is a company or limited liability partnership incorporated or registered in Kenya;
- (b) the applicant has a director, chief executive officer or managing partner who is found to be a fit and proper person to hold the particular position;
- (c) the representatives of the applicant who provide investment advice have at least three years' experience in advising on financial products or securities or fund or asset or portfolio management and are members of a professional body; and
- (d) the applicant has the necessary infrastructure to effectively offer investment advisory services.

14. Where an investment advisor offers investment advisory services using a digital platform that provides automated, algorithm-driven investment advisory services, the applicant shall, in addition to complying with the requirements under regulations 12 and 13 have—

Algorithm-driven investment advice.

- (a) its principal bank account in Kenya;
- (b) adequate capital and resources necessary for the efficient conduct of its business and operations;
- (c) adequate, secure and reliable systems for the proper functioning of its platform;
- (d) documented and robust processes, methodologies, and procedures in respect of the platform;
- (e) a risk management framework to identify, manage and mitigate risks in relation to the proper functioning of the platform;
- (f) client on-boarding procedures and checklist; and
- (g) data protection policy that seeks to—
 - (i) establish appropriate safeguards for ensuring the integrity of data on its platform;
 - (ii) ensures security and confidentiality of information;
 - (iii) keep copies of all relevant documents for a period of at least seven years; and
 - (iv) ensures confidentiality and privacy of information.

15. (1) Each investment adviser shall submit to the Authority—

Reporting obligations.

- (a) a monthly risk-based capital adequacy report and management accounts within fifteen days of the end of each month; and

- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year.

(2) The financial statements submitted under subregulation (1) shall comply with the disclosures prescribed under the Fourth Schedule of these Regulations.

(3) The Authority may require such other form of financial statements and information from the investment advisor as it may, by notice in writing, specify.

PART IV—INVESTMENT BANKS

16. (1) Any person who intends to carry on business as an investment bank shall apply to the Authority for a licence in Form 1 as set out in the First Schedule and accompanied by the fees specified in the Sixth Schedule.

Applications for licences and specific requirements for approval.

(2) An application under subregulation (1) shall be accompanied by—

- (a) the certificate of incorporation;
- (b) the articles and memorandum of association;
- (c) the audited financial statements for the preceding two years, where applicable, and unaudited financial statements for the period of the accounting year ending not earlier than six months prior to the date of application;
- (d) a business plan containing the particulars set out in the Second Schedule of these Regulations;
- (e) evidence of paid-up share capital of a minimum amount of one hundred and fifty million shillings;
- (f) anti-money laundering, know your client, and counter financing of terrorism procedures as prescribed by the Authority;
- (g) a statement on the qualifications, experience and expertise of the chief executive officer and key staff that are relevant to effectively carry on the business of an investment bank;
- (h) proposed operating systems and infrastructure suitably located and equipped to provide satisfactory services to clients; and
- (i) written confirmation from the securities exchange to which the applicant is seeking admission as a trading participant that the applicant shall be admitted upon securing a license from the Authority.

17. Each investment bank shall be a non-deposit taking institution and may carry out all or any of the following functions—

Authorised functions.

- (a) offer advisory services on—

- (i) public offerings of securities;
- (ii) corporate restructuring, take-overs, mergers, acquisitions and privatization; or
- (iii) corporate finance or options including issuance of equity or debt securities or loan syndication;
- (b) engage in the business of a stockbroker;
- (c) engage in the business of a dealer;
- (d) promote or arrange underwriting or issuance of securities;
- (e) engage in the business of a fund manager;
- (f) provide investment advisory services and contractual portfolio management; and
- (g) engage in market making activities.

18. A licensed investment bank may apply for admission as a trading participant with a securities exchange if the investment bank complies with the eligibility requirements of the securities exchange.

Admission to a securities exchange.

19. (1) The paid-up share capital of the investment bank shall not fall below one hundred and fifty million shillings at any time during the license period and shareholder's funds (paid up share capital and reserves) shall not fall below one hundred and fifty million shillings at any time.

Financial requirements.

(2) The minimum paid up share capital of the investment bank shall always be unimpaired and shall not be advanced to the directors or associates of the investment bank.

(3) Each investment bank shall maintain a liquid capital of fifty million shillings or eight per cent of its total liabilities, whichever is higher.

20. (1) Each investment bank shall submit to the Authority—

Reporting obligations.

- (a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month; and
- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year.

(2) The financial statements submitted under subregulation (1) shall comply with the disclosures prescribed under the Fourth Schedule of these Regulations.

(3) The Authority may require such other form of financial statements and information as it may, by notice in writing, specify.

PART V—BROKER-DEALERS

21. (1) Any person who wishes to carry on business as a broker-dealer shall apply to the Authority for a licence in Form 1 as set out in the First Schedule and pay the fee prescribed in the Sixth Schedule.

Application for licence.

(2) The application under subregulation (1) shall be accompanied by—

- (a) a certificate of incorporation;
- (b) memorandum and articles of association;
- (c) the audited accounts for the preceding two years where applicable and unaudited accounts for the period of the accounting year ending not earlier than six months prior to the date of application;
- (d) a business plan containing the particulars set out in the Second Schedule of these Regulations;
- (e) evidence of paid-up share capital as provided under regulation 23(1);
- (f) a statement on the qualifications, experience and expertise of the chief executive officer and key staff that are relevant to effectively carry on the business of a broker-dealer;
- (g) the organisational chart of the broker-dealer;
- (h) the proposed information technology and access to the trading network that complies with the trading, clearing, delivery and settlement requirements of the securities exchange to which the applicant intends to be admitted as a trading participant;
- (i) the proposed premises that are suitable for the provision of satisfactory service to clients or evidence acceptable to the Authority that such premises will be available;
- (j) evidence of staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available;
- (k) letter from the securities exchange stating that the applicant meets all the relevant requirements of that securities exchange and that the securities exchange would admit the applicant if licensed by the Authority;
- (l) the proposed independent auditor; and
- (m) a declaration that no person is a director or holds beneficial interest either directly or indirectly in more than one trading participant of a securities exchange.

(3) Each current or proposed director, chief executive officer or any other key personnel relevant to the business of a broker, dealer, stockbroker or dealer shall be fit and proper to hold the particular position that he holds or is to hold.

22. A broker-dealer shall be a company limited by shares and shall be eligible to carry out all or any of the following functions—

- (a) engaging in the business of stockbroker;

Authorised
functions of
broker-dealers.

- (b) engaging in the business of a dealer; and
- (c) promoting or arranging underwriting of issuance of securities.

23. (1) A broker dealer shall have a paid-up share capital of a minimum amount of seventy million shillings and the level of shareholders' funds (paid up share capital and reserves) shall not fall below seventy million shillings at any time during the license period.

Financial requirements for broker-dealers.

(2) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the licensee.

(3) A broker dealer shall maintain a liquid capital of fifty million shillings or eight per cent of its total liabilities, whichever is higher.

24. (1) A broker dealer, shall submit to the Authority and to the securities exchange of which they are trading participants—

Reporting obligations.

- (a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month; and
- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year.

(2) The financial statements in subregulation (1) should comply with the disclosures prescribed under the Fourth Schedule of these Regulations.

(3) The Authority may require such other form of financial statements and information as it may from time to time specify.

PART VI—STOCKBROKERS

25. (1) Any person who wishes to carry on business as a stockbroker shall apply to the Authority for a licence in Form 1 set out in the First Schedule.

Application for licenses.

(2) The application under subregulation (1) shall be accompanied by the prescribed fee set out in the Sixth Schedule.

26. (1) The application under regulation 25 shall be accompanied by—

Specific requirements for licensing.

- (a) a certificate of incorporation;
- (b) the memorandum and articles of association;
- (c) a statement of the audited accounts for the preceding two years where applicable and un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application;
- (d) a business plan containing the particulars stated in the Second Schedule of these regulations;
- (e) evidence of paid-up share capital as provided in regulation 28(1);

- (f) qualifications, experience and expertise of the chief executive officer must be relevant to effectively manage or operate the business in which the applicant is seeking a license;
- (g) the proposed management and qualifications of key personnel;
- (h) the proposed information technology and access to the trading network in compliance with the trading, clearing, delivery and settlement requirements of the securities exchange to which the applicant intends to be admitted as a trading participant under these Regulations;
- (i) the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such premises will be available;
- (j) evidence of staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available;
- (k) written confirmation from the securities exchange stating that the applicant complies with the admission requirements of the securities exchange and shall be admitted to the securities exchange upon securing the licence from the Authority;
- (l) the proposed independent auditor; and
- (m) a written declaration that a director or any person who holds a beneficial interest in the stockbroker does not, either directly or indirectly, hold a beneficial interest in any other trading participant of a securities exchange.

(2) Each person who is, or is to be, a director, chief executive officer or any other key personnel of the broker-dealer shall be fit and proper to hold that particular position.

27. (1) A stockbroker shall be a company limited by shares to carry out the business of buying or selling of securities as an agent for investors in return for a commission.

(2) A stockbroker shall not trade or deal on their own account.

(3) The commissions contemplated under subregulation (1) shall be as specified in the Fifth Schedule.

28. (1) A stockbroker shall have a paid-up share capital of a minimum amount of fifty million shillings and the level of shareholders' funds (paid up share capital and reserves) shall not fall below fifty million shillings at any time during the license period.

(2) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the licensee.

Authorised
functions of
stockbrokers.

Financial
requirements of
stockbrokers.

(3) A stockbroker shall maintain a liquid capital of thirty million shillings or eight per cent of its total liabilities, whichever is higher.

29. (1) A stockbroker shall submit to the Authority and to the securities exchange of which they are trading participants—

Reporting obligations.

- (a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month; and
- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year.

(2) The financial statements in subregulation (1) should comply with the disclosures prescribed under the Fourth Schedule of these Regulations.

(3) The Authority may require such other form of financial statements and information as it may from time to time specify.

PART VII—DEALERS

30. (1) An application for a license to operate as a dealer shall be submitted to the Authority in Form 1 set out in the First Schedule.

Application for licence.

(2) The application referred to in paragraph (1) shall be accompanied by —

- (a) a certificate of incorporation
- (b) memorandum and articles of association;
- (c) a statement of the audited accounts for the preceding two years where applicable and un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application;
- (d) a business plan containing the particulars stated in the Second Schedule of these regulations;
- (e) evidence of paid-up share capital as provided in regulation 32(1);
- (f) qualifications, experience and expertise of the chief executive officer must be relevant to effectively manage or operate the business in which the applicant is seeking a license;
- (g) the proposed management and qualifications of key personnel;
- (h) the proposed information technology and access to the trading network in compliance with the trading, clearing, delivery and settlement requirements of the securities exchange to which the applicant intends to be admitted as a trading participant under these Regulations;
- (i) the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity

to which the license relates or evidence acceptable to the Authority that such premises will be available;

- (j) evidence of staff capable of providing professional services to clients in the field of activity to which the license relates or evidence acceptable to the Authority that such staff will be available;
- (k) letter from the securities exchange stating that the applicant meets all the relevant requirements of that securities' exchange and that the securities exchange would admit the applicant if licensed by the Authority;
- (l) the proposed independent auditor; and
- (m) a declaration that no person is a director or holds beneficial interest either directly or indirectly in more than one trading participant of a securities exchange.

(3) Each person who is, or is to be, a director, chief executive officer or any other key personnel relevant to the business shall be fit and proper to hold the particular position that he holds or is to hold.

31. A dealer shall be a company limited by shares to carry out the business of buying, selling, dealing, trading, underwriting or retailing of securities except exchange-traded derivative contracts on its own account at an approved securities exchange.

Authorised functions of a dealer.

32. (1) A dealer shall have a paid-up share capital of a minimum amount of twenty million shillings and the level of shareholders' funds (paid up share capital and reserves) shall not fall below twenty million shillings at any time during the license period.

Financial requirements for dealers.

(2) The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the licensee.

(3) A dealer shall maintain a liquid capital of ten million shillings or eight per cent of its total liabilities, whichever is higher.

33. (1) A dealer shall submit to the Authority and to the securities exchange of which they are trading participants—

Reporting obligations.

- (a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month; and
- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year.

(2) The financial statements in subregulation (1) should comply with the disclosures prescribed under the Fourth Schedule of these Regulations.

(3) The Authority may require such other form of financial statements and information as it may from time to time specify.

PART VIII—INTERMEDIARY SERVICE PLATFORM
PROVIDERS

34. (1) Any person who intends to carry on business as an intermediary service provider person shall apply for a licence from the Authority in Form 1 as set out in the First Schedule and pay the fee prescribed in the Sixth Schedule.

Requirements for
licensing.

(2) An application under subregulation (1) shall be accompanied by the following—

- (a) a certificate of incorporation or formation documents;
- (b) a written agreement with a licensed market intermediary which shall, at the minimum, set out the following—
 - (i) the roles and responsibilities of the parties including rights and duties of the parties;
 - (ii) the extent of liabilities of the parties to the agreement;
 - (iii) dispute resolution mechanisms;
 - (iv) complaints handling procedures; and
 - (v) investor protection mechanisms;
- (c) a business plan detailing the nature of the service platform and business model;
- (d) evidence of adequate capital, office and human resources necessary for the efficient conduct of its business and operations;
- (e) organisational chart including the profiles of directors, shareholders, management and other key personnel who are fit and proper as provided under section 24A of the Act;
- (f) detailed information of the platform to be used including system capacity and security measures, its user terms and conditions and evidence of its functionality;
- (g) business continuity and disaster recovery plan;
- (h) record keeping procedures including audit trail for daily operations to meet emergencies;
- (i) adequate risk management framework that includes details of its fraud detection and prevention measures;
- (j) complaints handling procedure;
- (k) data protection policy;
- (l) policy on prevention of money laundering and counter terrorism financing;
- (m) any other additional documents or information the Authority may require; and
- (n) any other disclosure may be necessary.

35. The intermediary service platform provider shall submit quarterly reports to the Authority on such information as the Authority may advise. Reporting obligations.

36. An intermediary service platform provider may cease to operate as such upon giving a three months' notice to the licensed partner and stating reasons for the cessation and setting out the procedure and timelines for transition of its users. Cessation.

PART IX—FUND MANAGERS

37. An application for a license to operate as a fund manager shall be submitted to the Authority in duplicate in Form 1 set out in the First Schedule. Application for licence.

38. (1) The application under regulation 37 shall be accompanied with— Specific requirements for licensing.

- (a) certificate of incorporation;
- (b) memorandum and articles of association;
- (c) a statement of the applicant's audited accounts for the preceding two years, where applicable, and un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application;
- (d) a business plan containing the particulars stated in the Second Schedule of these regulations;
- (e) the shareholding structure, disclosing whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business;
- (f) the evidence of a minimum paid-up share capital as provided in regulation 39(1);
- (g) the qualifications, experience and expertise of the chief executive officer;
- (h) the proposed management and qualifications of key personnel;
- (i) the particulars of the proposed operating and information technology system;
- (j) the physical address of the proposed premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the license relates;
- (k) the staff capable of providing professional services to clients in the field of activity to which the license relates;
- (l) the proposed independent auditor; and
- (m) the fees prescribed in the Sixth Schedule.

(2) Each person who is, or is to be, a director, chief executive officer or manager of a fund manager, shall be fit and proper to hold the particular position which he holds or is to hold.

39. (1) The level of shareholders' funds (paid up share capital and reserves) for fund managers, shall not fall below twenty million shillings at any time during the license period.

Financial requirements and related companies.

(2) A custodian of an investment portfolio may in relation to the fund manager be a related company.

(3) Where a fund manager invests in a related company, that investment shall be limited to ten percent of the total funds managed by the fund manager.

(4) In this regulations, "related company" means a holding company or a subsidiary company or a company deemed to be otherwise under control of substantially the same persons or consist substantially of the same shareholders.

40. (1) Every fund manager shall submit to the Authority—

Reporting obligations.

(a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month;

(b) Quarterly management accounts and reports of the portfolio under its management within fifteen days of the end of each calendar quarter:

Provided that every fund manager shall prepare monthly reports of the portfolio under its management within fifteen days of the end of each calendar month which shall be made available to the Authority at such times as the Authority may require;

(c) half yearly reports of the portfolio under its management within thirty days of the end of each half-year, including reports of its own financial performance;

(d) annual reports of the total value of the portfolio under its management including the number of clients; and

(e) audited financial statements and risk-based capital adequacy reports for its operations in the form prescribed in the Fourth Schedule within three months following the closure of the financial year.

(2) Notwithstanding the provisions of subregulation (1), the Authority may require such other form of reports as it may from time to time specify.

PART X—CUSTODIANS

41. (1) Any person who intends to carry on business as a custodian shall apply to the Authority for a licence.

Application for licence.

(2) The application under subregulation (1) shall be in Form 1 as set out in the First Schedule and accompanied by the fee prescribed in the Sixth Schedule.

(3) A person is eligible to be granted a licence to carry on business as a custodian if that person—

- (a) is a bank licensed by the Central Bank of Kenya; or
 - (b) is a licensed financial institution that has the capacity and expertise to carry on business as a custodian and has—
 - (i) a paid-up share capital of at least one billion shillings; and
 - (ii) a liquid capital of at least fifty million shillings or liquid capital that is equal to eight per cent of its liabilities, which must be maintained throughout the duration of the licence.
- (4) An application under subregulation (1) shall be accompanied by—
- (a) a certificate of incorporation;
 - (b) articles and memorandum of association which shall be required to specify that the applicant was formed to carry on custodian business;
 - (c) audited financial statements for the preceding two years and six months unaudited, financial statements where relevant;
 - (d) business plan containing the particulars as set out in the Second Schedule;
 - (e) the organisational structure of the applicant;
 - (f) shareholding structure of the applicant detailing the number of shares, the percentage holding and including the ultimate beneficial shareholding of all corporate shareholders and any existing trusts if applicable;
 - (g) details about the external auditor;
 - (h) details about the company secretary;
 - (i) a risk management framework; and
 - (j) duly filled and executed fit and proper forms for directors, the head of custodial services and key personnel.

42. (1) Each custodian shall render custodial services to an investment portfolio in accordance with a written service agreement including —

Duties of
custodians.

- (a) taking into its custody or under its control all the assets of the clients of the intermediary and hold it in trust for the clients in accordance with the provisions of the written service agreement provided that cash and registrable assets shall be registered in the name of or to the order of the clients by the custodian;
- (b) receiving and keeping in safe custody title documents, securities and cash amounts and reconciliation of the investment portfolio;
- (c) opening an account in the name of each client for the exclusive benefit of such investment portfolio;

- (d) transferring, exchanging or delivering in the required form and manner securities held by the custodian upon receipt of proper instructions from the fund manager;
- (e) requiring from the market intermediary as the case may be, such information as it deems necessary for the performance of its functions as a custodian;
- (f) promptly delivering to the market intermediary or to such other persons as investment adviser or fund manager may authorize, copies of all notices, proxies, proxy soliciting materials received by the custodian in relation to the securities held in the fund account, all public information, financial reports and securities holder communications the custodian may receive from the issuers of securities and all other information the custodian may receive, as may be agreed between the custodian and the client;
- (g) exercising subscription, purchase or other similar rights represented by the securities subject to receipt of proper instructions from the market intermediary;
- (h) exercising the same standard of care that it exercises over its own assets in holding, maintaining, servicing and disposing of property and in fulfilling obligations in the agreement; and
- (i) where the title to investments is recorded electronically ensuring that entitlements of the clients of the market intermediary are separately identified in the records of entitlement maintained by the custodian.

(2) A custodian shall in executing its duties under subregulation (1) exercise prudence and professionalism.

(3) A custodian discharging its contractual duties to a market intermediary shall not contract agents to discharge those functions except where a portion of the investment portfolio is invested in offshore investments in which case the custodian may engage the services of an overseas sub custodian approved by the market intermediary with notification of such appointment to the Authority.

(4) The agreement referred to in subregulation (1) between the custodian and the market intermediary shall make provision on the computation of the fee in respect of custodial services which will be disclosed to the clients by the fund manager in the annual report.

43. Any person that appoints a custodian shall do so in writing.

44. Each custodian shall submit to the Authority—

- (a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month; and
- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year

Appointment of a custodian to be in writing.
Reporting obligations.

(2) The financial statements in subregulation (1) should comply with the disclosures prescribed under the Fourth Schedule of these Regulations.

(3) The Authority may require such other form of reports as it may from time to time specify.

45. The Authority may revoke the licence granted to a custodian at any time if the custodian ceases to satisfy the requirements of these Regulations.

Authority may
revoke licence.

PART XI—TRUSTEES

46. (1) A person who wishes to carry on business as a trustee shall apply to the Authority for a licence in Form 1 as set out in the First Schedule and pay the fee prescribed in the Sixth Schedule.

Application for
licence.

(2) A person is eligible to be granted a licence to carry on business as a trustee if that person—

- (a) is a company or such body corporate incorporated, formed or established in Kenya;
- (b) has an initial and continuous issued and paid-up capital of at least twenty million shillings;
- (c) has a minimum liquid capital of five million shillings or eight per cent of its liabilities whichever is higher which must be maintained throughout the duration of the license;
- (d) have as its directors and shareholders, persons who are fit and proper as provided under section 24A of the Act;
- (e) has sufficient financial, technical operational, and technological resources and experience necessary to enable it to effectively conduct its business and carry out its obligations as a trustee;
- (f) has staff with adequate experience and capacity to provide professional services as trustees; and
- (g) have in place adequate system, policies, processes, procedures and the necessary control environment to conduct its business.

(3) An application under subregulation (1) shall be accompanied by—

- (a) certified copy of incorporation or formation documents;
- (b) evidence in the constitutive documents authorizing the entity to carry on trustee business;
- (c) audited accounts for the preceding two years, where applicable;
- (d) a business plan;
- (e) letter of no-objection from the primary regulator, if any;

- (f) adequate insurance cover commensurate to its liabilities; and
- (g) details of the proposed external auditor.

47. Each trustee shall take reasonable care to ensure—

Duties of trustees.

- (a) that a scheme is managed by the fund manager in accordance with the scheme documents, and these regulations;
- (b) in relation to investment powers, that decisions about the constituents of the assets under management of the scheme do not exceed the powers conferred on the fund manager
- (c) that any irregularity or undesirable practice that it is aware of is notified to the fund manager and where no action is taken by the fund manager, the trustee to report the same to the Authority;
- (d) that it avoids conflicts of interest and treats the interests of all participants paramount in all matters; and
- (e) when acting as a note trustee to ensure that the provisions of the trust deed are adhered to and that the interests of the bond holders are taken care of.

48. (1) Each trustee shall submit to the Authority—

Reporting obligations.

- (a) monthly risk-based capital adequacy reports and management accounts within fifteen days of the end of each month;
- (b) audited financial statements and audited risk-based capital adequacy reports within three months following the end of its financial year;
- (c) a financial statement complying with the disclosures prescribed under the Fourth Schedule of these Regulations.

(2) The Authority may require, by notice in writing, such other information from a trustee.

PART XI—GENERAL REQUIREMENTS FOR LICENSING

49. (1) The Authority may on receipt of a complete application under these Regulations—

Processing of applications.

- (a) grant an approval in principle if it is satisfied that the application satisfies substantially the prescribed requirements; or
- (b) require additional information or clarification from the applicant or the fulfillment of certain specified conditions by the applicant that it may deem necessary for the further processing of the application.

(2) With the approval-in-principle, an applicant may proceed to establish operating facilities including the necessary operating systems and recruit staff for the proposed business but shall not commence operations until final issuance of the license.

(3) Upon the applicant satisfying all the requirements and any conditions that may be imposed by the Authority, the applicant shall inform the Authority in writing and submit the necessary evidence of compliance with the requirements as may be prescribed in these Regulations.

(4) An approval in-principle shall be valid for six months, the expiry of which an applicant who shall not have met the requirements will be required to apply for a new license.

50. (1) The Authority shall, if satisfied that an applicant has met all the requirements for licensing and upon payment of the fees set out in the Sixth Schedule, grant a license to operate.

Grant of licence.

(2) The Authority may impose such conditions or restrictions as it thinks fit and the Authority may, at any time by written notice to the licensee holder, vary any condition or restriction or impose further conditions or restrictions.

(3) The licensed entity shall be required to pay an annual regulatory fee as set out in the Sixth Schedule.

(4) A license granted shall remain valid unless suspended or revoked by the Authority in accordance with sections 26 and 26A of the Act.

51. (1) The prescribed annual license fees are payable in full for the year during which the license is initially issued and shall not be prorated for validity periods less than twelve months.

Payment of
licence fees.

(2) No portion of annual license fees already paid shall be refundable in the event the license is revoked, withdrawn, surrendered or otherwise terminated.

52. (1) A licensee may apply to the Authority for a licence to carry on another licensed business.

Licensee may
apply for more
than one licence.

(2) The application under subregulation (1) shall be in Form 1 as set out in the First Schedule.

(3) The licensee shall comply with such of the licensing requirements in respect of the licence being applied for as the Authority may determine.

53. An applicant for a license and existing licensees of the Authority are required to submit, as soon as reasonably practicable, updated business plans in the event that there are changes in the business and operating environment that may have an impact on their business.

Updating of
business plans.

54. (1) A broker dealer, stockbroker or dealer shall pay to the Authority and to the securities exchange of which they are trading participants the fees prescribed as payable by every buyer and seller of a security.

Payment of
transactions.

(2) A broker dealer, stockbroker or dealer shall pay to the investor compensation fund the fees prescribed as payable by each buying and selling broker dealer stockbroker, or dealer within fifteen days following a transaction.

(3) The fees payable in subregulations (1) and (2) shall be as set out in the Sixth Schedule.

55. (1) No person shall market securities in Kenya, whether the securities have been issued in Kenya or not, through advertisement, solicitation, invitation or by other means in whatever form or manner with an aim of reaching the general public or a section thereof unless such a person is licenced under these Regulations.

Marketing securities.

(2) No licensed person shall market securities outside Kenya, whether the securities have been issued in Kenya or not, through advertisement, solicitation, invitation or by other means in whatever form or manner with an aim to reaching the general public or a section thereof unless they have received the prior written approval of the Authority.

56. (1) Each person who is, or is to be, a director, chief executive officer or any other key personnel relevant to the business of a market intermediary shall be fit and proper to hold the particular position that he holds or is to hold.

Fit and proper.

(2) In determining whether a person is fit and proper to hold any particular position, regard shall be had to—

- (a) their probity, competence and soundness of judgment in fulfilling the responsibilities of that position;
- (b) the diligence with which the person is fulfilling or likely to fulfill those responsibilities;
- (c) whether the interests of customers, are or are likely to be in any way threatened by his holding that position, by virtue of past convictions or offences, involvement in irregularities, misappropriation of funds or manipulation of securities markets transactions;
- (d) has contravened the provision of any law designed for the protection of members of the public against financial loss due to dishonesty or incompetence of, or malpractice by, persons engaged in transacting with securities;
- (e) was a director of an entity that has been liquidated or is under liquidation or statutory management;
- (f) has taken part in any business practice that, in the opinion of the Authority, was fraudulent, prejudicial or which otherwise discredited his methods of conducting business;
- (g) has taken part or been associated with any other business practice as would, or has otherwise conducted themselves in such manner as to, cast doubt on his competence and soundness of judgment;
- (h) has been convicted of an economic crime under the Anti-Corruption and Economic Crimes Act, the Bribery Act, and the Proceeds of Crime and Anti Money Laundering Act;
- (i) whether the person has satisfactory past performance or expertise in the nature of the business being conducted;

- (j) whether the person has an appropriate range of skills and experience to understand, operate and manage the regulated activities or financial affairs;
- (k) whether the person has the technical knowledge and ability to perform prescribed duties for which they are engaged, especially recognized professional qualifications;
- (l) membership of relevant professional institutions;
- (m) whether there are any indicators that the person will not be able to meet its debts as they fall due;
- (n) whether the person has been subject to any judgment debt or award that remains outstanding or has not been satisfied within a reasonable period;
- (o) whether the person has made arrangements with creditors, filed for bankruptcy or been adjudged bankrupt or had assets sequestered; and
- (p) whether the person has been able to provide the Authority with a satisfactory credit reference.

57. (1) Each person notified by the Authority pursuant to section 13 of the Act shall provide any specified information in the form and content as required by the Authority, with regards to the information on orders, purchases, sales or trading and settlement of securities including documentation relating to such transactions and disclosure of beneficial ownership of securities and such information may be shared with other regulatory agencies for the sole purpose of ensuring compliance, enforcement and any other matters pursuant to a bilateral or multilateral memorandum of understanding.

Furnishing of
information to the
Authority.

(2) The information sought from any person under subregulation (1) shall be submitted to the Authority in a written form within the time specified by the Authority and such information may include statements made under oath.

(3) Where information has been submitted to the Authority under subregulation (2), the Authority may seek to verify such information and the person in possession of such information and documentation shall avail it without obstruction to the authorized personnel of the Authority.

(4) The Authority shall enter into a memorandum of understanding pursuant to section 11(3) (q) of the Act either on a bilateral or a multilateral basis with other regulatory organizations or agencies on a reciprocal basis to facilitate exchange of information for the purposes of development of the capital markets and for enforcement and compliance with the laws and regulations of capital markets applicable in the jurisdictions party to the memorandum of understanding.

(5) Where the Authority does not have within its jurisdiction information or documents requested under a bilateral or multilateral memorandum of understanding the Authority shall seek to collaborate

with other relevant agencies to obtain such information with a clear understanding with such other agencies that the information may be shared with other regulatory agencies pursuant to the memorandum of understanding.

(6) The information obtained under subregulations (1) and (5) shall be used by the Authority for regulatory purposes including enforcement and compliance and sharing with other regulatory agencies pursuant to the memorandum of understanding.

(7) The Authority may include information obtained under paragraphs (1) and (5) by the Authority for its internal regulatory purposes or exchange such information pursuant to section 11(3) of the Act.

PART XV—TRANSITIONAL AND REVOCATION PROVISIONS

58. (1) All licenses approved and issued by the Authority on the date these Regulations to come effect shall continue to be in force until revoked:

Transitional provisions.

Provided that where these Regulations impose additional requirements the licensed persons shall meet the new requirements stated in these regulations, where applicable, within twelve months from the date of commencement of these regulations.

(2) A person operating an over-the-counter platform or intermediary service platform shall make an application to the Authority within one year from the date of coming into effect of these regulations

59. The Capital Markets (Licensing Requirements) (General) Regulations are revoked.

Revocation. Sub. Leg.

FIRST SCHEDULE

(rr. 3(2), 11(2), 12(2), 16(2), 21(1), 25(1), 30(1), 34(1), 37, 41(2), 46(1), 52(2))

FORM 1

Application form to be licensed as a securities exchange, over the counter platform, investment bank, dealer, broker dealer, stockbroker, investment adviser, fund manager, trustee, custodian and intermediary service platform provider.

INFORMATION ON THE APPLICANT	
1. Name of the company	
2. PIN Number	
3. Address of Registered Office	
4. Date of Incorporation	
5. Address.....	
6. E-mail	
7. Location of Principal Office.....	
Telephone number of principal office.....	
Branch offices (if any)	
Details of Branch Offices	
INFORMATION ON THE APPLICANT'S BUSINESS	
8. State the exact nature of the activity to be carried on which obliges the applicant to apply for a license from the Capital Markets Authority	
9. Information on the business model (if applicable) and attach a business plan	
10. Description of the internal controls to secure the integrity of the business (if applicable) (e.g. risk management, data protection, information technology security, business continuity plan, control mechanisms for compliance with investor protection requirements)	

11. Evidence and details of the platform (if applicable) (e.g. ownership, readiness for use)		
<p>OWNERSHIP STRUCTURE, DIRECTORS, AND OTHER KEY PERSONNEL</p> <p><i>Fit and proper:</i> The Chief Executive Officer, Chief Financial Officer, Chief Compliance Officer, Secretary to the Board, Chief Internal Auditor, directors and senior managers must be fit and proper people to hold their respective positions.</p> <p><i>Capability:</i> The organization must have the right mix of people with the right skills and experience, in the right roles, to monitor the licensed business properly and effectively.</p> <p><i>Financial resources:</i> The organization must have adequate financial resources to effectively and efficiently run the business.</p>		
12. Details of capital structure:		
(a) Nominal capital (KSh.)		
(b) Number of shares (if applicable)		
(c) Paid up capital (KSh.)		
(d) Liquid capital (KSh.)		
(e) Working capital (KSh.)		
13. Shareholders (please attach a list showing the following details as well as the profile)		
Attach the CR12 form		
For corporate shareholders, disclose the ultimate beneficial owners of the shareholders		
Limited liability partnerships should attach Statement of Particulars for partners		
<i>Name</i>	<i>Address and telephone number</i>	<i>Number of shares held</i>
14. Directors (please attach a list with the following details and copies of relevant documents)		
For corporate directors, disclose the ultimate beneficial owners of such director		

<i>Name</i>	<i>Identity Card/Passport number</i>	<i>PIN number</i>	<i>Date of Appointment</i>	<i>Date of birth</i>	<i>Permanent address and telephone number</i>	<i>Academic and Professional qualification</i>	<i>Number of shares held in the company</i>
15. Company Secretary (details)							
(a) Name.....							
(b) Address.....							
(c) Institute of Certified Secretaries of Kenya Registration No.							
16. Details of the Chief Executive Officer and other Key personnel (<i>please attach a list with the following details</i>)							
<i>Name</i>	<i>Identity Card/Passport number</i>	<i>Pin number</i>	<i>Date of Appointment</i>	<i>Date of birth</i>	<i>Permanent address telephone number and email address</i>	<i>Academic and Professional qualification</i>	<i>Number of shares held in the company</i>
17. Profile of the persons listed in note 12.							
<i>Name</i>	<i>Post</i>		<i>Qualifications</i>		<i>Experience</i>		
OTHER PARTICULARS ON THE KEY PERSONNEL OF THE APPLICANT							
18. Particulars of other directorships of the directors and secretary.							
19. Particulars of shares held by directors or secretary in other companies.							
20. Has the applicant or any of its directors, secretary or members of senior management at any time been placed under receivership, declared bankrupt, or compounded with or made an assignment for the benefit of his creditors, in Kenya or elsewhere? Yes/ No. If 'yes', give details.							
21. Has any director, secretary or senior management of the applicant been a director of a company that has been:							

<p>(a) denied any license or approval under the Capital Markets Act or equivalent legislation in any other jurisdiction? Yes/No.</p> <p>If yes, give details.</p> <p>.....</p> <p>(b) a director of a company providing banking, insurance, financial or investment advisory services whose license has been revoked by the relevant authority? Yes/No.</p> <p>If yes, give details.</p> <p>.....</p> <p>(c) subjected to any form of disciplinary action by any professional body of which the applicant or any of its directors was a member? Yes/ No.</p> <p>If yes, give details.</p> <p>.....</p>
<p>22. Has any court ever found that the applicant, or a person associated with the applicant was involved in a violation of the Capital Markets Act or Regulations thereunder, or equivalent law outside Kenya? Yes/No.</p> <p>If 'yes', give details.</p> <p>.....</p>
<p>23. Is the applicant and/or a person associated with the applicant now the subject of any proceeding that could result in a 'yes' answer to the above question (21)? Yes/No.</p> <p>If 'yes,' give details.</p> <p>.....</p>
<p>24. (1) Is the applicant, or any shareholder, director or the secretary of the applicant, a member or director of a member company of any securities or derivatives exchange or any over the counter platform? Yes/ No.</p> <p>If 'yes', give details.</p> <p>.....</p> <p>(2) Have any of the above persons been:</p> <p>(a) refused membership of any securities or commodities exchange? Yes/No.</p> <p>If 'yes', give details.</p> <p>.....</p> <p>(b) expelled from or suspended from trading on or membership of any securities or commodities exchange or any over the counter platform? Yes/No.</p> <p>If 'yes' give details</p> <p>.....</p>

<p>(c) subjected to any other form of disciplinary action by any securities and commodities exchange?</p> <p>Yes/No.</p> <p>If 'yes', give details.</p> <p>.....</p>
REFERENCE
ADDITIONAL INFORMATION
<p>25. Any other additional information considered relevant to this application:</p> <p>.....</p>
<p>We..... (Director)</p> <p>..... (Director)</p> <p>and (Secretary)</p> <p>declare that all the information given in this application and in the attached documents is true and correct.</p> <p>Dated this day of 20</p> <p>Signed:</p> <p>.....) Director</p> <p>.....) Director</p> <p>.....) Secretary</p>
<p><i>Notes:</i></p> <p>The application shall be accompanied by the following:</p> <ul style="list-style-type: none"> (a) Articles of association (b) Certificate of incorporation (c) Business plan complying with the relevant capital markets laws (if applicable) (d) Detailed rules of operation of the business (e) Risk management plan (f) A copy of the platform's terms and conditions (if applicable) (g) A declaration by persons authorized as prescribed to accompany the application form (h) Any other documents referred to under the Regulations (i) The application fees

SECOND SCHEDULE

(*rr. 12(3)(d), 16(2)(d), 21(2)(d), 30(2)(d), 38(1)(d), 41(4)(d)*)

Particulars of business plan models

A business plan shall include:

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

THIRD SCHEDULE

(r. 10(7))

Disclosure by a securities exchange in financial statements

The accounts shall be prepared in accordance with the International Financial Reporting Standards and Accounting and Auditing Organization for Islamic Financial Institutions Standards.

1. The following shall be disclosed in the income statement:
 - (a) Income:
 - (i) listing fees
 - (ii) transaction fees
 - (iii) interest income
 - (iv) other income
 - (b) Expenditure:
 - (i) personnel costs including separate disclosure of consolidated pay, pension and gratuity
 - (ii) staff training
 - (iii) rent and maintenance
 - (iv) investor education
 - (v) directors' fees
 - (vi) annual fees payable to the Capital Markets Authority
 - (vii) committee members' expenses
 - (viii) audit fees
 - (ix) depreciation
 - (x) general administrative expenses
 - (xi) legal and professional expenses
 - (xii) other expenditure
2. The following shall be disclosed in the statement of financial position
 - (a) property, plant and equipment
 - (b) motor vehicles
 - (c) goodwill
 - (d) investments
 - (e) listing fees receivable
 - (f) deferred tax
 - (g) members fund or paid up capital
 - (h) revenue reserves or retained earnings
 - (i) compensation fund

FOURTH SCHEDULE

(*rr. 15(2), 20(2), 24(2), 29(2), 33(2), 40(1)(e), 44(2), 48(1)(c)*)

Disclosures by other licensees including broker dealers, stockbrokers, dealers, investment advisers, fund managers and investment banks in the financial statements

1. The following shall be disclosed in the income statement where applicable:
 - (a) Income:
 - (i) stock brokerage commission
 - (ii) consultancy income
 - (iii) dealing income
 - (iv) advisory income including restructuring, and corporate finance
 - (v) asset management fees
 - (vi) underwriting fees
 - (vii) other services income
 - (viii) interest income
 - (b) Expenditure
 - (i) directors' emoluments
 - (ii) staff costs
 - (iii) rent and maintenance
 - (iv) depreciation
 - (v) audit fees
 - (vi) administrative expenses
 - (vii) finance expenses
 - (viii) Payments to the Investors Compensation Fund
2. The following shall be disclosed in the statement of financial position:
 - (a) property, plant and equipment
 - (b) motor vehicles
 - (c) investments
 - (d) deposits and prepayments
 - (e) paid up capital
 - (f) retained earnings
 - (g) directors' loans
 - (h) shareholders loans
 - (i) amounts due to client

FIFTH SCHEDULE

(r. 27(3))

Brokerage commission and other fees

1. For new issues

(a) Fees:

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

(b) Placing Commission:

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

2. For secondary trading

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

*Stockbrokerage commission is a net contribution by the stockbroker of 0.02% to the CMA Investor Compensation Fund and CDSC Guarantee Fund fee.

- 3. Stockbrokerage commission shall be limited to Ksh. 100 for all odd lots of transactions up to Ksh. 3000 excluding statutory fees. Odd lots of transaction in excess of Ksh. 3000 shall be charged a commission at the prescribed rate of 1.76% excluding statutory fees.

3. For debt instruments (secondary market)

(a) Corporate bonds – (Secondary market)

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

(b) Government bonds – (Secondary market)

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

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

SIXTH SCHEDULE

[rr. 3(2)(e), 11(3)(f), 12(3)(j), 16(1), 21(1), 34(1), 38(1)(m), 41(2), 46(1), 50(1), (3), 54(3)]

Application, licensing and annual fees

	<i>Application fee (KSh)</i>	<i>Licensing Fee (KSh)</i>	<i>Annual regulatory fee (KSh)</i>
Securities Exchange	100,000	200,000	1% of the gross earnings Section 20(7) Capital Markets Act payable, excluding the transaction fees
Central Depository	100,000	200,000	Ksh. 200,000
Over the Counter platform	10,000	100,000	100,000
Investment Bank	20,000	250,000	250,000
Broker Dealer	10,000	200,000	200,000
Stockbroker	10,000	100,000	100,000
Dealer	10,000	100,000	100,000
Fund Manager	10,000	100,000 or 50,000 for fund managers licensed under the Retirement Benefits Act	0.05% of assets under management for Collective Investment Schemes subject to a minimum of Kshs. 100,000 and a maximum of Ksh 15,000,000 0.01% of assets under management for Non-Collective Investment Schemes other than pension funds subject to a maximum of Ksh 15,000,000
Investment Adviser	10,000	100,000	100,000
Custodian	10,000	100,000	100,000
Trustee	10,000	100,000	100,000
Intermediary Service Platform Provider	10,000	50,000	50,000

Made on the 25th November, 2025.

JOHN MBADI,
Cabinet Secretary for the National Treasury.