

BROKER-DEALER CHECKLIST

Compliance with Licensing Requirements

Part IV of the Capital Markets Act, Part V and the Fourth Schedule of the Capital Markets (Licensing Requirements) (General) Regulations, 2025 and the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011

A Broker-Dealer shall be a company limited by shares and shall be eligible to carry out all or any of the following functions: engaging in the business of stockbroker, engaging in the business of a dealer; and promoting or arranging underwriting of issuance of securities.

	Requirement	Y/N/ N/A	Comment
1.	Duly completed and executed application form (Form 1 set out in the First Schedule).		
2.	Certified copy of the Certificate of Incorporation.		
3.	Copy of CR12 and Beneficial Ownership Document from Business Registration Services.		
4.	Certified copy of Articles and Memorandum of Association.		
5.	A statement of 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.		
6.	Evidence of paid-up share capital of a minimum amount of Kshs. 70 million, which shall always be unimpaired and shall not be advanced to the directors or associates of the Broker Dealer		
7.	Shareholders' funds of Kshs. 70 million (paid up share capital and reserves) shall not fall below one hundred and fifty million shillings at any time).		
8.	A liquid capital of Kshs. 50,000,000 or 8% of total liabilities (whichever is higher)		

	Requirement	Y/N/ N/A	Comment
9.	Financial projections for 3 years		
10.	Financial year (January 1 st to 31 st December)		
11.	Details of proposed independent external auditor		
12.	A business plan shall include- a) A full explanation of the capital markets-related business, its background (including its legal structure and creation) and what it is intending to do. b) 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. c) 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. d) The company's short- and long-term objectives Any long-term strategy and expansion plans. e) A clear view of the company's target market, key customers, distribution, products and pricing. f) The expected customer experience of the business from day one. g) Details of the company's intended investment strategies, fee and remuneration policies, governance framework (including the organizational structure) and key personnel h) The experience of the company's principals to		

	Requirement	Y/N/ N/A	Comment
	undertake the proposed regulated activities it plans to conduct. i) 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. j) 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. k) Any other activity that the company may engage in that reasonably could have a material impact on net capital within the first twelve months of business operations. N/B (This can however be sent separately with the financial statements). l) An analysis of any key third party relationships m) Exit arrangements in case the company wishes to discontinue business. Disclosure of how clients will be refunded and transfer of assets etc. n) The company's marketing strategy. o) Details of any outsourcing plans or other key operational matters. p) An analysis of key risks and mitigation strategies. q) Corporate governance structure with disclosures on shareholding and details of ultimate beneficial shareholders.		

	Requirement	Y/N/ N/A	Comment
13.	Details of staff 13.1 Details and qualifications, experience, and expertise of the following: i. the chief executive, and ii. key staff including; Chief Investment Officer, Chief Finance Officer, risk management officer, Internal Auditor, Chief Technology Officer, Chief Dealer and Compliance Officer, that must be relevant to effectively manage or operate the business of a Broker Dealer. 13.2 Please note the requirement for the chief financial officer, risk management officer, compliance officer and internal audit functions as per the Corporate Governance Regulations. 13.3 The internal auditor and chief financial officer must be members of ICPAK and the internal auditor must not be the compliance officer.		
14.	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.		
15.	Organizational Chart (Organogram with names of personnel)		
16.	Particulars of the proposed information technology and access to the trading network in compliance with the trading, clearing, delivery and settlement requirements of the securities exchange		
17.	A letter from the securities exchange stating that the applicant meets all the relevant requirements		

	Requirement	Y/N/ N/A	Comment
	of that securities exchange and that the securities exchange would admit the applicant if licensed by the Authority		
18.	Details of physical premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the license relates		
19.	Data protection policy in line with the Data Protection Act, 2019		
20.	Please note to provide: i. Anti-Money Laundering policy, ii. Know your client procedures, and iii. Counter financing of terrorism that are compliant with the AML/CFT Legal framework.		
21.	Details of the following: i. Board of Directors which should comprise of: ii. A minimum of 3 directors a third of whom must be natural persons. iii. At least one third should be independent and non-executive. iv. Not more than one third of the Directors are close relations of any director. A director should not hold more than two directorships in market intermediaries unless they are subsidiaries or holding companies.		
22.	The Chairman of the of the Board must be a non-executive director		
23.	Company Secretary (Disclose the name of an individual and ICPSK Number).		

	Requirement	Y/N/ N/A	Comment
	Shareholding Structure, detailing the number of shares, the percentage holding and including the ultimate beneficial shareholding of all corporate shareholders and any existing Trusts if applicable.		
24.	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		
25.	Evidence that the directors have undergone relevant training on corporate governance (provided that the market intermediary shall ensure that any person appointed as a director undergoes the training within six months of appointment).		
26.	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.		
27.	A declaration by the Persons authorized as prescribed under Form 1 in the first schedule		
28.	Submission of a board charter that: i. confirms the Board's responsibility for adoption of strategic plans, monitoring operational performance, the determination of policies and processes that ensure the intermediary's risk management and internal controls; ii. reserves specific powers to itself and delegates other matters to the management of a market intermediary iii. provides a code of conduct that addresses conflict of interest relating to directors and		

	Requirement	Y/N/ N/A	Comment
	management which shall be regularly reviewed and updated as necessary iv. Identifies the key risk areas that require regular monitoring		
29.	Clear separation of roles and responsibilities of the chairman and chief executive		
30.	Have a policy for appointment of employees		
31.	A Risk Management Framework in place		
32.	Two (2) letters of business reference		
33.	One (1) letter of bank reference.		
34.	Fit and Probity Assessment documents (For substantial shareholders (Fifteen percent holding), Directors and Key Personnel) a. Comprehensive Curriculum Vitae for directors and Key personnel, including: updated email addresses of former employers and referees b. Duly filled and executed Fit and Proper forms for Directors and Key personnel c. Valid certified copies of Police Clearance Certificate for Director and key personnel d. National ID / Passport Bio Data page e. Passport photo f. Credit reference Bureau certificate		
35.	Proof of Payment of Application Fees (Kshs. 10,000) payable via E-Citizen		



	Requirement	Y/N/ N/A	Comment
36.	Submission of a complete application through E-Citizen and delivery of physical application at the Authority's Offices		

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ⁱ The checklists issued by the Capital Markets Authority Kenya (CMA) are intended to provide clarity and assistance in navigating regulatory requirements. However, it is important to note that these checklists are not intended to serve as a substitute for reading and comprehending the regulations themselves. Individuals and entities subject to regulatory oversight should familiarize themselves with the applicable laws, rules, and regulations, and seek appropriate legal or professional advice as needed. The checklists provided by the Capital Markets Authority are meant to supplement, not replace, a thorough understanding of regulatory obligations.