

CUSTODIANS CHECKLIST

Compliance with License requirements

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

Shall be a Bank licensed under the Banking Act or any other financial institution demonstrating capacity to undertake custodial services. The Applicant is a bank licensed by the Central Bank of Kenya under license number.....

	Requirement ⁱ	Y/N/ NA	Comment
1.	Duly completed application form (Form 1 set out in the First Schedule)		
2.	Certified copy of the Certificate of incorporation and valid license		
3.	Certified Copy of CR12 and Beneficial Ownership document from Business Registration Services		
4.	Certified Copy of Articles and Memorandum of Association (<i>with objects that authorize the company to carry out the business for which the license is sought</i>)		
5.	Initial and continuous paid-up capital of at least Kes. 1 billion shillings which shall always be unimpaired and shall not be advanced to the directors or associates of the Custodian		
6.	Shareholders' funds of Kshs. 1 billion (paid up share capital and reserves)		
7.	Minimum Liquid capital of Kshs. 50,000,000.00 or 8% of its total liabilities, maintained throughout the duration of the licence.		
8.	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.		
9.	Financial year of custodian shall end on 31 st December each year		

	Requirement ⁱ	Y/N/ NA	Comment
10.	Certified Copy of Articles and Memorandum of Association (<i>with objects that authorize the company to carry out the business for which the license is sought</i>)		
11.	Details of staff: 11.1 Details, qualifications, experience, and expertise of: i. the chief executive, and ii. key staff including; Chief Finance Officer, Internal Auditor, MLRO, Compliance Officer and Company Secretary that must be relevant to effectively manage or operate the business of a trustee iii. Name and competencies of Head of Custodial Services. 11.2 Please note the requirement for the chief financial officer, risk management officer, compliance officer and internal audit functions as per the Corporate Governance Regulations. The internal auditor and chief financial officer must be members of Institute of Certified Public Accountants of Kenya (ICPAK) in good standing and the internal auditor must not be the compliance officer)		
12.	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.		
13.	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		

	Requirement ⁱ	Y/N/ NA	Comment
	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 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		

	Requirement ⁱ	Y/N/ NA	Comment
	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.		
14.	Management Structure		
15.	Directors' profiles		
16.	Directors' declaration		
17.	The experience of the company's principals to undertake the proposed regulated activities		
18.	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.		
19.	The Chairman of the Board must be a Non-Executive Director		
20.	Company Secretary (<i>Disclose the name of an individual and ICPSK Number</i>)		
21.	Declaration by the persons authorized as prescribed under form 1 in the first schedule		
22.	Shareholding Structure detailing the number of shares, the percentage holding and including the ultimate		

	Requirement ⁱ	Y/N/ NA	Comment
	beneficial shareholding of all corporate shareholders and any existing Trusts if applicable		
23.	Name and competencies of Chief Executive		
24.	Have a policy for the appointment of employees.		
25.	Submission of a board charter that: i. Confirms the Board's responsibility for adoption of strategic plans, monitoring the operational performance, the determination of policies and processes that ensure the intermediary's risk. 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 management which shall be regularly reviewed and updated as necessary. iv. Identifies the key risk areas that require regular monitoring		
	Clear separation of roles and responsibilities of the Chairman and the Chief Executive Officer		
	Data protection policy in line with the Data Protection Act 2019		
	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.		
26.	A Risk Management Framework in place		
27.	Particulars of the proposed Operating and IT system		

	Requirement ⁱ	Y/N/ NA	Comment
28.	Details of the proposed independent external auditor		
29.	Two (2) letters of business reference		
30.	One letter of Bank reference		
31.	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.		
32.	Dully filled and executed Fit & Proper Form for Directors and Head of Custodial Services. 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		
33.	A valid certified copy of the certificate of good conduct for Head of Custodial Services		
34.	Application Fees of Kshs. 10,000 payable via E-Citizen.		
35.	Submission of a complete application through E-Citizen and delivery of physical application at the Authority's Offices		

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.