



CHECKLIST FOR MARKET MAKERS

Compliance with License Requirements

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

Market Maker' means a licensed Market Participant (Investment Bank, Dealer or Broker Dealer) which has been authorized by an Exchange to undertake the business of Market Making.

	Requirement	Met Y/N/NA	Comment
1.	Application letter on its official letterhead.		
2.	Certified copy of the Certificate of incorporation.		
3.	A copy of CR12 and Beneficial Owners Document from Business Registration Services		
4.	Certified copy of Articles and Memorandum of Association		
5.	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 Kshs. 100 million.		
7.	Liquid capital of at least Kshs. 30 million, or eight per cent of its total liabilities, whichever is higher.		
8.	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 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 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		
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	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.		
9.	Particulars of the proposed operating and Information Technology System		
10.	The applicant should have either held a CMA licence for a minimum of three (3) years or have key personnel with at least three (3) years' relevant experience at a senior level in the capital markets industry. The applicant should have sufficient staff with adequate knowledge, experience, training, and competence.		
11.	Applicant is a person licensed by CMA		
12.	Fitness and Probity Assessment Documents: The following documents are required for all Directors, Key Personnel and Substantial shareholders: 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		

13.	Adequate trade execution, recording, reporting and settlement procedures and if relevant, order and quote management procedures and systems that are compliant with the Exchange Trading Platform		
14.	Particulars of the proposed operating and information technology system		
15.	Data protection policy in line with Data Protection Act 2019		
16.	Organizational Chart (Organogram with names of personnel)		
17.	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.		
18.	Adequate internal procedures and controls. Applicant to provide: iv. Data protection policy in line with the Data Protection Act v. Know your client procedures, vi. Anti-Money Laundering policy and Counter financing of terrorism that are compliant with the Guidelines on Anti Money Laundering and counter financing of terrorism issued by the Authority and, vii. Cyber Security Policy		
19.	Company Secretary (Disclose the name of an individual and ICS Number in good standing)		
20.	A declaration by the persons authorized as prescribed under form 1 in the first Schedule.		
21.	The amount, composition and breakdown of beneficial ownership of the applicant's capital and its most recent annual financial statements, where applicable		
22.	Disclosure of any direct or indirect ownership of any other Market Participant of the Exchange		

23.	A statement confirming that none of its directors or officers has served as a director or officer of a Market Participant whose rights have been revoked or are currently suspended by the Exchange.		
24.	Evidence that the applicant has made, or is in the process of making, satisfactory arrangements to comply with the requirements of the Central Depository.		
25.	Evidence that the applicant has subscribed to, or is in the process of subscribing to such Professional Indemnity Cover or such other insurance policy if required by the Exchange		
26.	A statement disclosing its multiple licenses if any and the procedures in place to mitigate possible conflicts of interest arising from such.		
27.	Copies of its risk manuals, procedures and code of ethics		
28.	Details of physical premises		
29.	Details of the independent External Auditor		
30.	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 management which shall be regularly reviewed and updated as necessary		

	Identifies the key risk areas that require regular monitoring		
31.	Clear separation of roles and responsibilities of the Chairman and the Chief Executive Officer		
32.	Have a policy for the appointment of employees.		
33.	A Risk Management Framework in place		
34.	The applicant shall Submit audited financial statement at the point of submission.		
35.	A letter of No Objection from the Exchange		

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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.