



OVER THE COUNTER PLATFORM OPERATOR CHECKLIST

Compliance with License Requirements

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

Application done by an approved securities exchange, Investment Bank, Broker dealer or a dealer.

	Requirement	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		
3.	A copy of the Articles and Memorandum of Association		
4.	A copy of CR12 and Beneficial Owners Document from Business Registration Services		
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.	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,		

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	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.		

	Requirement	Y/N /NA	Comment
	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 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.		
7.	The prescribed fees set out in the Seventh Schedule;		
8.	Latest copy of audited financial statements		
9.	Details of the trading platform proposed to be adopted by the applicant which shall be a digital platform.		
10.	Information relating to market facilities including the quotation board and information board.		
11.	A Code of conduct and Trading Rules specifying: i) requirements of membership to the platform; ii) instruments to be traded on the platform;		

	Requirement	Y/N /NA	Comment
	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		
12.	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		
13.	Details of Staff 12.1 Details and qualifications, experience, and expertise of: i) Chief Executive officer who has at least ten years' experience at a senior management level and demonstrates expertise in matters relating to capital markets or other disciplines relevant to the functions of the exchange; and		

	Requirement	Y/N /NA	Comment
	ii) Key staff including; Chief Finance Officer, Risk management officer, Internal Auditor, Chief Technology Officer and Compliance Officer. 12.2 Please note the requirement for the chief financial officer, risk management officer, compliance officer and internal audit functions as per the Corporate Governance Regulations). 12.3 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.	Data protection policy in line with Data Protection Act 2019		
16.	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.		
17.	Company Secretary (Disclose the name of an individual and ICS Number in good standing)		
18.	Particulars of the proposed operating and Information Technology System		
19.	A declaration by the persons authorized as prescribed under form 1 in the first Schedule.		

	Requirement	Y/N /NA	Comment
20.	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 iv. Identifies the key risk areas that require regular monitoring		
21.	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).		
22.	Additional information, as may be required by the Authority.		
23.	Commitment that the over-the-counter platform shall only trade in unlisted securities.		
24.	Details of physical premises		
25.	Details of the independent External Auditor		
26.	Submission of a board charter that: v. confirms the Board's responsibility for adoption of strategic plans, monitoring operational performance, the determination of policies and processes that ensure the		

	Requirement	Y/N /NA	Comment
	intermediary's risk management and internal controls; vi. reserves specific powers to itself and delegates other matters to the management of a market intermediary vii. provides a code of conduct that addresses conflict of interest relating to directors and management which shall be regularly reviewed and updated as necessary viii. Identifies the key risk areas that require regular monitoring		
27.	Clear separation of roles and responsibilities of the Chairman and the Chief Executive Officer		
28.	Have a policy for the appointment of employees.		
29.	A Risk Management Framework in place		
30.	One letter of bank reference		
31.	Two (2) letters of business reference		
32.	Proof of payment of application fees of Kshs. 10,000 payable via E-Citizen.		
33.	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.