



ELIGIBILITY AND DISCLOSURE REQUIREMENTS FOR PUBLIC OFFERING OF FIXED INCOME SECURITIES AND LISTING ON THE SME FIXED INCOME SECURITIES MARKET SEGMENT DISCLOSURE (SME FISMS)¹

Regulation 23(1) (f) and the Eleventh Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2023

1. DOCUMENTS IN SUPPORT OF THE APPLICATION

Requirement	
1.	Information Memorandum
2.	Trust and Trust Deed
3.	Certified copies of the Certificate of Incorporation /registration of Applicant
4.	Certified copies of other incorporation/registration documents (Memorandum of Association, Articles of Association and Partnership Deed – where applicable)
5.	Certified copy of Board of Directors Resolution recommending the listing of the fixed income securities
6.	Certified copy of Shareholders Resolution approving the listing of the fixed income securities
7.	A declaration by Directors on competency and suitability as provided for under the Eleventh schedule
8.	Legal Opinion
9.	Reporting Accountants' report
10.	Audited financial statements / annual report. NOTE: The issuer must have audited financial statements complying with International Standards of Auditing (ISA) for an accounting period ending on a date not more than four months prior to the proposed date of the offer.
11.	Introduction price valuation reports
12.	Underwriting Agreement (if applicable)
13.	Draft Agreements between the issuer and the members of the transaction team

2. ELIGIBILITY REQUIREMENTS FOR PUBLIC OFFERING OF FIXED INCOME SECURITIES AND LISTING ON THE SME FIXED INCOME SECURITIES MARKET SEGMENT (SME FISMS)

REQUIREMENT	REQUIREMENTS FOR PUBLIC OFFERING OF FIXED INCOME SECURITIES AND LISTING ON THE SME FIXED INCOME SECURITIES MARKET SEGMENT (SME FISMS)	MET YES/NO/N/A	COMMENTS
Legal Status	The Issuer shall be a body corporate incorporated or registered under any written law in Kenya.		
	The body corporate must have been in business operation for a period of at least 2 years .		
Size: Share Capital and Net Assets of Issuer	The issuer shall have minimum issued and fully paid-up share capital of ten million shillings , if a company		
	The Issuer shall have net assets of twenty million shillings before the public offering or listing of the securities.		
Availability and reliability of financial records	The issuer must have audited financial statements complying with International Standards of Auditing (ISA) for an accounting period ending on a date not more than four months prior to the proposed date of the offer.		
	The issuer shall provide a limited review of the interim financial statements where the recent accounting period ends on a date that is more than four months from the proposed date of the commencement of the offer.		
	The Issuer must be a going concern with the external auditor confirming the appropriateness of the use by the issuer’s directors of the going concern basis of accounting as well as a confirmation that no material uncertainties exist.		
	At the date of the application, the issuer must not be in breach of any of its loan covenants.		
	In the case of issuers whose securities are listed at a securities exchange in Kenya but where not more than six months have elapsed since the end of the financial year, un-audited financial statements covering the period preceding the six months must be included or appended to the Information Memorandum.		

Listing and transferability of securities	All fixed income securities shall be freely transferable and not subject to any restrictions on marketability or pre-emptive rights.		
Directors and senior management	As at the date of the application, no director of the issuer shall have: <ul style="list-style-type: none"> a. Any petition under bankruptcy or insolvency laws in any jurisdiction pending against him (for individuals), or any winding-up petition pending against it (for corporate bodies); b. been convicted for any crime in Kenya within the previous two years; or been the subject of any ruling of a court of competent jurisdiction or any government body in any jurisdiction or any professional body to which he may belong, that disables him from acting as a director or employee or a professional in the relevant field or engaging in business practice or activity in that jurisdiction 		
	The issuer must have suitable senior management with relevant and sufficient experience, none of whom shall have been convicted of any serious offence that may be considered inappropriate for the management of a listed company.		
	The issuer shall have a mix of both executive directors, non-executive, and independent directors.		
Certificate of Comfort	If the issuer is licensed to operate by any regulator in any country, a certificate of no objection from the relevant regulators will be required.		
	Where there is a guarantor, the guarantor shall provide the Authority with a financial capability statement duly certified by its auditors.		
	Where the guarantor is a foreign bank, the guarantor shall provide to the Authority a letter of no objection from the guarantor's primary regulator.		
Debt ratios	Total liabilities, including the new issue of fixed income securities shall not exceed four (4) times the level of shareholder's funds		
Guarantee requirements	Where the issuer does not satisfy any of the requirements under this Schedule, it may obtain a credit enhancement to have the securities it seeks to issue guaranteed.		

	The guarantor may only be a bank or an insurance company or any other institution with necessary financial capacity acceptable to the Authority		
	Submit a copy of the guarantee document which shall be subject to the approval of the Authority.		
Size of the issue and listing	The minimum size of the issue shall be twenty million shillings and a maximum of four hundred million shillings.		
	The minimum subscription shall be shillings 10,000/= or such higher amount as the Authority may prescribe from time to time.		
Trust and Trust Deed	An issuer shall, where there is any security or enhancement for the fixed income security, and may in any other case, appoint a trustee to represent the holders of its debt securities listed on the Exchange. The trustee shall be: <ul style="list-style-type: none"> a. a body corporate; and b. comprised of professionals with relevant and sufficient understanding of the capital markets. 		
	The trustee shall issue a statutory declaration to the effect that it is independent of the issuer		
	The issuer shall submit the trust deed between it and the trustee to the Authority which shall contain, at the minimum, provisions to effect of the following: <ul style="list-style-type: none"> a. that the trustee or the security trustee appointed shall ensure that it has the ability and powers to perform all of its duties as set out in the trust deed. b. the issuer shall promptly notify the trustee when the issuer is aware that: <ul style="list-style-type: none"> i. any event of default, enforcement event or other event that would cause acceleration of the repayment of the principal amount of the debt securities has occurred; or ii. any condition of the trust deed cannot be fulfilled. 		
Independent Receiving Bank	The receiving bank shall be independent of the issuer where the issuer is a licensed bank.		

	Any proceeds of the issue shall be held in the receiving bank in a trust account until after the securities are credited to buyers' CDS accounts.		
Transaction Agreements	The issuer shall submit to the Authority signed copies of all agreements between itself and transaction team before the offer opening date.		

3. SME FIXED INCOME SECURITIES MARKET SEGMENT DISCLOSURE REQUIREMENTS FOR PUBLIC ISSUES (LISTED AND UNLISTED)

REQ.	CRITERIA FOR SME FIXED INCOME SECURITIES MARKET SEGMENT DISCLOSURE REQUIREMENTS FOR PUBLIC ISSUES (LISTED AND UNLISTED)	MET YES/NO/ N/A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
1.	Identity of directors, senior management and advisers (i.e. persons responsible for the information disclosed)		
1.1	The name, business address, profile and function of each of the persons giving the declaration set out in paragraph 1.2. below		
1.2	A declaration in the form set out in paragraph 1.2 of the Eleventh Schedule SME Fixed Income Securities Market Segment Disclosure Requirements for Public Issues		
1.3	The names, addresses and material interest, including any negative statement, if any, in the issuer, of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the information memorandum has been attributed.		
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.		
2.	Offer Statistics and Expected Timetable		

2.1	<p>A statement that:</p> <p>2.1.1 the Authority has approved the public offering (and listing of the securities at the SME Fixed Income Securities Market Segment of a Securities Exchange;</p> <p>2.1.2 the Authority only approves the information memorandum as meeting the standards of completeness, comprehensibility and consistency imposed by these Regulations; and</p> <p>2.1.3 such approval should not be considered as an endorsement of the issuer that is the subject of the Information memorandum.</p>		
2.2	The total amount of the securities to be listed.		
3.	Information on the Issuer		
	3.1. The name (both legal and trading name, if any), registered office and, if different, head office of the issuer, and the website and any other digital platforms of the issuer, with a disclaimer that the information on the website or such other digital platform does not form part of the information memorandum unless that information is incorporated by reference into the information memorandum.		
	3.2. The country of incorporation of the issuer.		
	3.3. The date of incorporation and the length of life of the issuer, except where indefinite.		
	3.4. The legislation under which the issuer operates and the legal form which it has adopted under that legislation.		
	3.5. A description of the issuer's principal objects and activities, stating the main category(ies) of products sold or services performed, and the degree of any government protection and of any investment encouragement law affecting the business(es).		
	3.6 The place and date of registration of the issuer and its registration number.		
	3.7 Details of any recent events particular to the issuer and which are to a material extent relevant to an evaluation of the issuer's solvency.		
	3.8 Credit ratings assigned to an issuer at the request or with the cooperation of the issuer in the rating process. A brief explanation of the ratings if this has previously been published by the rating provider.		

4	Documents available for inspection		
4.1	<p>A statement that for the duration of any offer to which the information memorandum relates, including any extension if applicable, at a named place as the Authority may approve (including an indication of the website (or other approved digital platform) on which the documents may be inspected), where the following documents or copies thereof (where applicable) could be inspected:</p> <ul style="list-style-type: none"> 4.1.1 The articles of association (or the constitutive documents) of the issuer; 4.1.2 any trust deed of the issuer or of its subsidiary undertakings which is referred to in the information memorandum including any other transaction agreement including, but without limitation, the agency agreements, issue agreements, escrow agreements and security agreements; 4.1.3 the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable; 4.1.4 all reports, letters, and other documents, valuations and statements by any expert any part of which is included or referred to in the information memorandum; 4.1.5 the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the one financial year preceding the publication of the information memorandum, including, in the case of a company incorporated in Kenya, all notes, reports or information required by the Companies Act, 2015; 4.1.6 All other documents that would be relevant and material for consideration by an investor. 		
4.2	Where any of the documents listed in paragraph 4.1. are not in the English language, translations into English must also be available for inspection.		

5	Share Capital		
5.1	The amount of the issuer's nominal issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.		
5.2	The names of the persons, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer and particulars of the proportion of the voting capital held by such persons.		
5.3	If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuers position within it stating, where the issuer is a subsidiary undertaking, the name of and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.		
6	Material contracts		
6.1	<p>A summary of the principal contents of:</p> <ul style="list-style-type: none"> 6.1.1 each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the year immediately preceding the publication of the information memorandum, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group; and 6.1.2 any contractual arrangement with a controlling shareholder required to ensure that the issuer is capable at all times of carrying on its business independent of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group. 		
7	Business overview		

7.1	A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.		
7.2	Details of any material changes in the businesses of the issuer during the past year.		
7.3	Where the information given pursuant to paragraphs 7.1 to 7.2 has been influenced by exceptional factors, that fact must be mentioned.		
7.4	Information on any legal or arbitration proceedings, including any such proceedings which are pending or threatened of which the issuer is aware, which may have or have had a significant effect on the group's financial position or an appropriate negative statement		
7.5	Information on any interruptions in the issuer's business, which may have or have had during the recent past, covering at least the previous four months, a significant effect on the issuer's financial position.		
7.6	<p>Information concerning the principal investments (including new plant, factories and research and development) being made during the current financial year, with the exception of interests being acquired in other undertakings, including:</p> <p>7.6.1 the geographical distribution of these investments; and</p> <p>7.6.2 the method of financing such investments.</p>		
7.7	Information concerning the issuer's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments.		
7.8	Disclose the basis and source for any statements made by the issuer regarding its competitive position.		

8	Operating And Financial Review and Information Memorandum (The Recent Development and Prospects of The Issuer) And Profit Forecasts and Estimates		
8.1	<p>Disclose the following.</p> <p>8.1.1 general information on the trend of the issuer's business since the end of the financial year to which the last published annual accounts relate, and in particular:</p> <p>8.1.1.1 the most significant recent trends in production, sales and stock and the state of the order book; and</p> <p>8.1.1.2 recent trends in costs and selling prices.</p> <p>8.1.2 Information on the issuer's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus, and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.</p>		
8.2	Provide information on the risk factors that are specific to the issuer or its industry and make an offering speculative or on high risk in a section headed Risk Factors and Mitigation Measures.		
8.3	Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out; there must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.		
8.4	The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.		

9	Directors And Employees		
9.1	<p>The full name, date of birth, home or business address, nationality and function in the issuer of each of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to the issuer:</p> <ul style="list-style-type: none"> 9.1.1 Directors and alternate directors of the issuer and each of its material subsidiaries including details of other directorships; 9.1.2 the senior management of the issuer including the chief executive, board secretary and chief finance officer, with details of professional qualifications and period of employment with the issuer for each such person; 9.1.3 founders, if the issuer has been established as a family business and the nature of family relationship; 9.1.4 detailed disclosure of chief executive or other senior management changes planned or expected during twelve months following the issue and listing of the security or appropriate negative statement. 		
9.2	In the case of a foreign issuer, information similar to that described in 9.1, relative to the local management, if any an explanation will be required if it is considered that the parent company is not adequately represented on the directorate of its subsidiaries		
9.3	A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3% of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.		
10	Organizational Structure		
10.1	Disclosures on;		

	<p>10.1.1 If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of a diagram of the organizational structure.</p> <p>10.1.2 A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, the proportion of ownership interest held and, if different, the proportion of voting power held.</p>		
11	Major Shareholders and Related Party Transactions		
11.1	<p>The following information shall be provided regarding the issuer's major shareholders, that is, shareholders that are the beneficial owners of at least 3% or more of the issuer's voting securities:</p> <p>11.1.1 provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders;</p> <p>11.1.2 disclose any significant change in the percentage ownership held by any major shareholders during the past three financial years; and</p> <p>11.1.3 indicate whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.</p>		
11.2	Information on the number of all the shareholders of the issuer and their nationalities.		
11.3	State whether the issuer is directly or indirectly owned, controlled, or significantly influenced by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote and/or a right to appoint or remove directors.		
11.4	Describe any arrangements known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.		

11.5	<p>Provide the information required below for the period since the beginning of the issuer's preceding five financial years up to the date of the information memorandum, with respect to transactions or loans between the issuer and:</p> <ul style="list-style-type: none"> 11.5.1 enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer; 11.5.2 associates; 11.5.3 individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family; 11.5.4 key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and 11.5.5 Enterprises owned by directors or major shareholders of the issuer (or over which such persons are able to exercise significant influence) and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a 3% interest in the voting power of the issuer are presumed to have significant influence on the issuer, including: <ul style="list-style-type: none"> 11.5.5.1 the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiaries was a party; and 11.5.5.2 the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or 		
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	<p style="text-align: center;">subsidiary(ies) to or for the benefit of any of the persons listed above.</p> <p>11.5.6 The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, nature of the costs, the transaction(s) in which it was incurred and the interest rate on such transaction(s).</p>		
11.6	Full information of any material inter-company finance.		
11.7	If any of the named experts was employed on a contingent basis, owns an amount of shares in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.		
12	Financial Information		
12.1	A statement that the annual accounts of the issuer for the last financial year has been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given.		
12.2	A statement of what other information in the information memorandum has been audited by the auditors.		
12.3	Financial information as required by paragraphs 12.9. to 12.11. set out in the form of a comparative table together with any subsequent interim financial statements if available.		
12.4	Financial information as required by paragraphs 12.9. to 12.11 set out in the form of an accountants' report.		
12.5	If applicable, an accountants' report, as set out in paragraphs 12.9 to 12.11 on the asset which is the subject of the transaction.		
	<p style="text-align: center;">12.1.1</p> <p style="text-align: center;">If the issuer prepares consolidated annual accounts only, it must include those accounts in the information memorandum in accordance with paragraph 12.3 or 12.4.</p>		

	12.1.2 If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the information memorandum in accordance with paragraph 12.3 or 12.4.		
	<p>(a) Where the issuer includes its own annual accounts in the information memorandum, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last financial year.</p> <p>(b) Where the issuer includes consolidated annual accounts in the information memorandum, it must state the consolidated profit or loss per share for each of the last financial year; this information must appear in addition to that provided in accordance with above where the issuer also includes its own annual financial statements in the information memorandum.</p>		
12.8	A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.		
12.9	If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view but are required to draw them up to an equivalent standard, the latter may be sufficient.		
	<p>The accountant's report shall disclose a proforma statement of financial position and financial performance and a cash flow projection for the next twelve months following the issue and the following ratios for the last three financial years immediately preceding the issue:</p> <p>12.10.1. earnings before interest and taxes interest cover;</p>		

	<p>12.10. 2 funds from operations to total debt percentage;</p> <p>12.10.3 free cash flow to total debt percentage;</p> <p>12.10.4 Total free cash flow to short-term debt obligations;</p> <p>12.10.5 net profit margin;</p> <p>12.10. 6 post-tax return (before financing on capital employed);</p> <p>12.10.7 long term debt to capital employed; and</p> <p>12.10.8 total debt to equity.</p>		
12.11	<p>Where the information memorandum includes consolidated financial statements, disclosures are required:</p> <p style="padding-left: 40px;">12.11.1 of the consolidation principles applied , which must be described explicitly where such principles are not consistent with IFRS;</p> <p style="padding-left: 40px;">12.11.2 of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph 12.15; and</p> <p style="padding-left: 40px;">12.11.3 for each of the undertakings referred to in 12.12.2 above</p>		

	<p>12.11.3.1 the total proportion of third-party interests, if annual accounts are wholly consolidated; or</p> <p>12.11.3.2 the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.</p>		
	<p>12.12.1 Details on a consolidated basis as at the most recent practicable date, which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the information memorandum, of the following;</p> <p>12.12.1.1 the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;</p> <p>12.12.1.2 the circumstances, if the borrowing powers have been exceeded during the past two years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;</p> <p>12.12.1.3 the total amount of any loan capital outstanding in all members of the group, and loan capital created but un-issued, and term loans, distinguishing between loans guaranteed, un-guaranteed, secured, whether the security is provided by the issuer or by third parties, and unsecured;</p> <p>12.12.1.4 all off-balance sheet financing by the issuer and any of its subsidiaries;</p> <p>12.12.1.5 the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un-guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances</p>		

	<p>(other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;</p> <p>12.12.1.6 the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or</p> <p>12.12.1.7 how the borrowings required to be disclosed by paragraphs 12.13.3 to 12.13.7. above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.</p> <p>12.12.2 An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in 12.13.1 above. As a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect shall be made.</p> <p>12.12.3 For each item identified in 12.13.1 above, where applicable:</p> <p>12.12.3.1 the names of the lenders, if not debenture holders;</p> <p>12.12.3.2 the amount, terms and conditions of repayment or renewal;</p> <p>12.12.3.3 the rates of interest payable on each item;</p> <p>12.12.3.4 details of the security, if any;</p> <p>12.12.3.5 details of conversion rights;</p> <p>12.12.3.6 where the issuer or any of its subsidiaries has debts which are repayable within twelve months, state how the payments are to be financed; and</p>		
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	<p>12.12.3.7 if the issuer prepares consolidated annual accounts, the principles laid down in paragraph 12.6 apply to the information set out in this paragraph 12.13.</p>		
	<p>Details of material loans by the issuer or by any of its subsidiaries stating:</p> <p>12.13.1 the date of the loan; 12.13.2 to whom made; 12.13.3 the rate of interest; 12.13.4 if the interest is in arrears, the last date on which it was paid and the extent of the arrears; 12.13.5 the period of the loan; 12.13.6 the security held; 12.13.7 the value of such security and the method of valuation; 12.13.8 if the loan is unsecured, the reasons therefor; and 12.13.9 if the loan was made to another company, the names and addresses of the directors of such company.</p>		
	<p>12.14.1 Information in respect to matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long-term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits or losses:</p> <p>12.14.1.1 the name and address of the registered office; 12.14.1.2 field of activity; 12.14.1.3 the proportion of capital held; 12.14.1.4 the issued capital; 12.14.1.5 the reserves;</p>		

	<p>12.14.1.6 the profit or loss arising out of ordinary activities, after tax, for the last financial year;</p> <p>12.14.1.7 the value at which the issuer shows in its accounts the interest held;</p> <p>12.14.1.8 any amount still to be paid up on shares held;</p> <p>12.14.1.9 the amount of dividends received in the course of the last financial year in respect of shares held; and</p> <p>12.14.1.10 the amount of the debts owed to and by the issuer with regard to the undertaking.</p> <p>12.14.2 The items of information listed in 12.15.1 above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least 20% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 20% of the consolidated net assets or at least 20% of the consolidated net profit or loss of the group.</p> <p>12.14.3 The information required by 12.15.1.5 and 12.15.1.6 above maybe omitted where the undertaking in which a participating interest is held does not publish annual financial statements.</p> <p>12.14.4 The information required by 12.15.1.4 to 12.15.1.10 above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual financial statements, or, with the exception of 12.15.1.9 and 21.15.1.10 above, if the value attributable to the interest under the equity method is disclosed in the annual financial statements, provided that in the opinion of the Authority, the omission of the information is not likely</p>		
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	to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of securities in question.		
	A statement by the directors of the issuer that in their opinion the working capital available to the issuer is sufficient for the issuer's present requirements, or, if not, how it is proposed to provide the additional working capital thought by the directors of the issuer to be necessary. The working capital statement should be prepared on the group, as enlarged by the acquisition of assets.		
	<p>Where the financial statements provided under paragraphs 12.1 to 12.5. are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the mean exchange rate designated by the Central Bank of Kenya for this purpose, if any:</p> <ul style="list-style-type: none"> 12.16.1 at the latest practicable date; 12.16.2 the high and low exchange rates for each month during the preceding twelve months; 12.16.3 for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period; and 12.16.4 if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the issuer or associates, disclose the person from whom they will be acquired and how the cost to the issuer will be determined. 		
	A declaration from the receiving bank appointed to act as custodian confirming independence from the issuer and that the funds related to the issue will be held in a trust account.		

13	The Debt Securities for which application is being made		
	13.11	A statement that application has been made to the Authority for the securities to be listed, if applicable, in the SME Fixed Income Securities Market Segment, setting out the relevant debt securities.	
	13.12	A statement whether or not all the debt securities have been marketed or are available in whole or in part to the public in conjunction with the application.	
	13.13	The nominal amount of the debt securities and if this amount is not fixed, a statement to that effect must be made.	
	13.14	The nature, number and numbering of the debt securities and the denominations.	
	13.15	Except in the case of continuous issues of short-term debt securities, the issue and redemption prices and the nominal interest rate. If several interest rates or variable interest rates are provided for, an indication of the conditions for changes in the rate.	
	13.16	The procedures for the allocation of any other advantages and the method of calculating such advantages.	
	13.17	A statement regarding tax on the income from the debt securities withheld at source in the country of origin , if applicable, and Kenya.	
	13.18	A statement whether the issuer assumes responsibility for the withholding of tax at source.	
	13.19	Arrangements for the amortization of the loan, including the repayment procedures	
	13.20	The names and addresses of the issuer's registrar and paying agent(s) for the securities in any other country where the securities listing has taken place, if applicable.	
	13.21	The currency of the loan and any currency option; if the loan is denominated in units of account, the contractual status of such units.	
	13.22	The final repayment date and any earlier repayment dates.	

	13.23	The date from which interest becomes payable and the due dates for interest.		
	13.24	The time limit on the validity of claims to interest and repayment of principal.		
	13.25	The procedures and time limits for delivery of the debt securities, and a statement as to whether temporary documents of title will be issued.		
	13.26	Except in the case of continuous issues in respect of short-term securities, a statement of yield. The method whereby that yield is calculated must be described in summary form.		
	13.27	A statement of the resolutions, authorizations and approvals by virtue of which the debt securities have been or will be created and/or issued.		
	13.28	The nature and amount of the issue.		
	13.29	The number of debt securities which have been or will be created and/or issued.		
	13.30	The nature and scope of the guarantees, sureties and commitments intended to ensure that the loan will be duly serviced as regards both the repayment of the debt securities and the payment of interest.		
	13.31	Details of trustees or of any other representation for the body of debt security holders.		
	13.32	A statutory declaration from the trustee confirming its independence from the issuer and any other party in the transaction, and that they understand their responsibilities as contained in the Trust Deed appointing them. 13.32.1 The name, function, description and head office of the trustee or other representative of the debt security holders; and 13.32.2 The main terms of the document governing such trusteeship or representation and in particular the conditions under which such trustee or representative may be replaced.		

	13.33	A summary of clauses subordinating the loan to other debts of the issuer already contracted or to be contracted.		
	13.34	A statement of the legislation under which the debt securities have been created and the courts competent in the event of litigation.		
	13.35	A statement whether the debt securities are in registered or certificate form or where dematerialised a statement of account to be issued.		
	13.36	Details of any arrangements for transfer of the securities and any restrictions on the free transferability of the debt securities.		
	13.37	Other securities exchanges (if any) where listing is being or will be sought.		
	13.38	<p>Disclosure of</p> <p>13.38.1 The names, addresses and descriptions of the persons underwriting or guaranteeing the issue, and: where the underwriter is a company, the description must include:</p> <p>13.38.1.1 the place and date of incorporation and registered number of the issuer;</p> <p>13.38.1.2 the names of the directors of the company;</p> <p>13.38.1.3 the name of the secretary of the company;</p> <p>13.38.1.4 the bankers to the company where applicable; and</p> <p>13.38.1.5 the authorised and issued share capital of the company.</p> <p>13.38.2 Where the issue is fully or partially guaranteed, the guarantor shall assume the responsibility and redemption obligation under the issue and in that regard, shall satisfy the Authority of its financial capacity to guarantee the issue.</p>		

	<p>13.38.3 Where the guarantor is a bank or an insurance company licensed to operate in Kenya, the consent of the Central Bank of Kenya or the Commissioner of Insurance, as the case may be, will be required.</p> <p>13.38.4 Where not all of the issue is underwritten or guaranteed, a statement of the portion not covered shall be made.</p>		
	<p>13.39 If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.</p>		
	<p>13.40 The names of the securities exchanges (if any) on which debt securities of the same class are already listed.</p>		
	<p>13.41 If debt securities of the same class have not yet been listed but are dealt in on one or more other regulated, regularly operating, recognised, open markets, an indication of such markets.</p>		
	<p>13.42 If an issue is being affected at the same time as listing or has been affected within the three months preceding such listing the following information must be given:</p> <p>13.42.1 except in the case of continuous debt security issues, the period during which the issue or offer remained open or will remain open and any possibility of early closure.</p> <p>13.42.2 the methods of and time limits for delivery of the securities and a statement as to whether temporary documents of title have been or will be issued.</p> <p>13.42.3 the names of the receiving agents.</p>		

	<p>13.42.4 a statement, where necessary, that the subscriptions may be reduced and a statement of the relative facts where it is the intention, in the event of over subscription, to extend a preference on allotment/allocation to any particular company or group such as employees and pension funds.</p> <p>13.42.5 except in the case of continuous debt security issues, the estimated net proceeds of the loan. If the securities offered is more than the amount of the minimum subscription referred to in paragraph 13.33, the reason for the difference between the securities offered and the said minimum subscription.</p> <p>13.42.6 the purpose of the issue and intended application of its proceeds</p>		
	<p>13.43 The minimum amount which, in the opinion of the directors, must be raised by the issue of the securities in order to provide the sums, or, if any part thereof is to be order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:</p> <p>13.43.1 the purchase price of any property, purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;</p> <p>13.43.2 any preliminary expenses payable by the issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting or guaranteeing any securities of the issuer;</p>		

	<p>13.43.3 the repayment of any moneys borrowed in respect of any of the foregoing matters;</p> <p>13.43.4 working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;</p> <p>13.43.5 any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case;</p> <p>13.43.6 the amounts to be provided in respect of the matters from (a) to (e) above otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided;</p> <p>13.43.7 if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the issuer or associates, disclose the person from whom they will be acquired and how the cost to the issuer will be determined.</p>		
	13.44 A summary of the rights conferred upon the holders of the debt securities and particulars of the security, if any.		
	13.45 Where debt securities are issued by way of conversion or replacement of debt securities previously issued, a statement of all material differences between the security for the new and the old debt securities. The security for the new debt securities. If appropriate, a statement that the security for the new debt securities is identical with all securities for the old debt securities.		
	13.46 Particulars of the profits cover for interest (if fixed), and of the net tangible assets.		

	<p>13.47 Where the debt securities for which application is being made are offered by way of rights or open offer to the holders of an existing listed security, the following information must be given:</p> <ul style="list-style-type: none"> 13.47.1 the pro rata entitlement; 13.47.2 the last date on which transfers were or will be accepted for registration for participation in the issue; 13.47.3 how the securities rank for interest; 13.47.4 the nature of the document of title and its proposed date of issue; 13.47.5 in the case of a rights issue or open offer, how debt securities not taken up will be dealt with and the time in which the offer may be accepted; 13.47.6 a statement pointing out possible tax implications for non-residents. 		
	<p>13.48 In respect of convertible debt securities, information concerning the nature of the shares offered by way of conversion, exchange or for subscription and the rights attaching thereto.</p>		
	<p>13.49 In respect of convertible debt securities, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended</p>		
	<p>13.50 Where the debt securities for which application is being made are debt securities of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.</p>		

	13.51	Where an issuer seeks to raise additional capital amounting to twenty percent or more of the aggregate value of its listed fixed income securities such issuer shall obtain prior approval of the holders of such listed fixed income securities and the Authority.		
	13.52	Provide signed copies of all agreements between the issuer and transaction advisory team before the offer opening date.		

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.