

FUND MANAGERS



Compliance with License requirements

Section 29 of the *Capital Markets Act, Part IV of the Capital Markets (Licensing Requirements) (General) Regulations, 2002 and the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011*

	Requirement	Met Y/N	Comment
1.	Duly completed and executed application form (Form 1) in duplicate		
2.	Certified copy of the Certificate of Incorporation		
3.	Certified copy of the Memorandum and Articles of Association (<i>with objects that allow the company to carry out the business for which the license is sought</i>).		
4.	Accounts (6 months unaudited +2 years where relevant)		
	<ul style="list-style-type: none"> ▪ Paid up share capital (\geq Kshs. 10 million) 		
	<ul style="list-style-type: none"> ▪ Shareholders' funds (\geq Kshs. 10 million) 		
	<ul style="list-style-type: none"> ▪ Liquid capital ($x \geq$ The higher of Kes. 5,000,000 or 8% of total liabilities) 		
5.	Business plan with details of the following:		

	<ul style="list-style-type: none"> ▪ Management structure 		
	<ul style="list-style-type: none"> ▪ Board of Directors which should comprise of: <ul style="list-style-type: none"> ○ A minimum of 3 directors a third of whom must be natural persons ○ At least one third should be independent and non-executive directors ○ Not more than one third of the directors who are close relations of any director ▪ A director should not hold more than 2 directorships in market intermediaries unless they are subsidiaries or holding companies ▪ The Chairman of the Board must be a non-executive Director 		
	<ul style="list-style-type: none"> ▪ Company Secretary (<i>Disclose the name of an individual and ICPSK Number</i>) 		
	<ul style="list-style-type: none"> ▪ Shareholding Structure, detailing the number of shares and the percentage holding <p>(Please note the shareholding structure requirements as stipulated under section 29(5) of the Capital Markets Act)</p>		
	<ul style="list-style-type: none"> ▪ The beneficial owners of the legal person or arrangement including beneficial owners of corporate shareholders 		
	<ul style="list-style-type: none"> ▪ Name and competencies of Chief Executive 		
	<ul style="list-style-type: none"> ▪ Financial projections for 3 years 		
	<ul style="list-style-type: none"> ▪ Operating and IT system (<i>describe the system in place or the system to be put in place once licensed</i>) 		
	<ul style="list-style-type: none"> ▪ External Auditor 		
	<ul style="list-style-type: none"> ▪ Details of premises 		
	<ul style="list-style-type: none"> ▪ Details of staff <p>(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</p>		

	financial officer must be members of ICPAK and the internal auditor must not be the compliance officer)		
	<ul style="list-style-type: none"> ▪ Directors' declaration as required under paragraph 1(e) of the Application Form 		
6.	<p>Submission of a board charter that:</p> <ul style="list-style-type: none"> ▪ 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; ▪ reserves specific powers to itself and delegates other matters to the management of a market intermediary ▪ 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. 		
7.	Clear separation of roles and responsibilities of the Chairman and Chief Executive.		
8.	Have a policy for appointment of employees		
9.	A Risk Management framework in place		
10.	Two (2) letters of business reference		
11.	One (1) letter of bank reference		
12.	Comprehensive Curriculum Vitae for directors and key personnel*		
13.	Duly filled and executed Fit & Proper Forms for directors and key personnel		
14.	Valid certified copies of Police Clearance Certificate for directors and key personnel*		
15.	Application Fees (Kshs. 2,500)		

*Key personnel is defined in the Capital Markets Act "a person who manages or controls the activities of a licensed or a regulated person and includes-

- (a) the chief executive officer, chief financial officer, chief compliance officer, secretary to the Board, chief internal auditor or any manager; and
- (b) any person who holds a position or discharges responsibilities of any person referred to in paragraph (a);