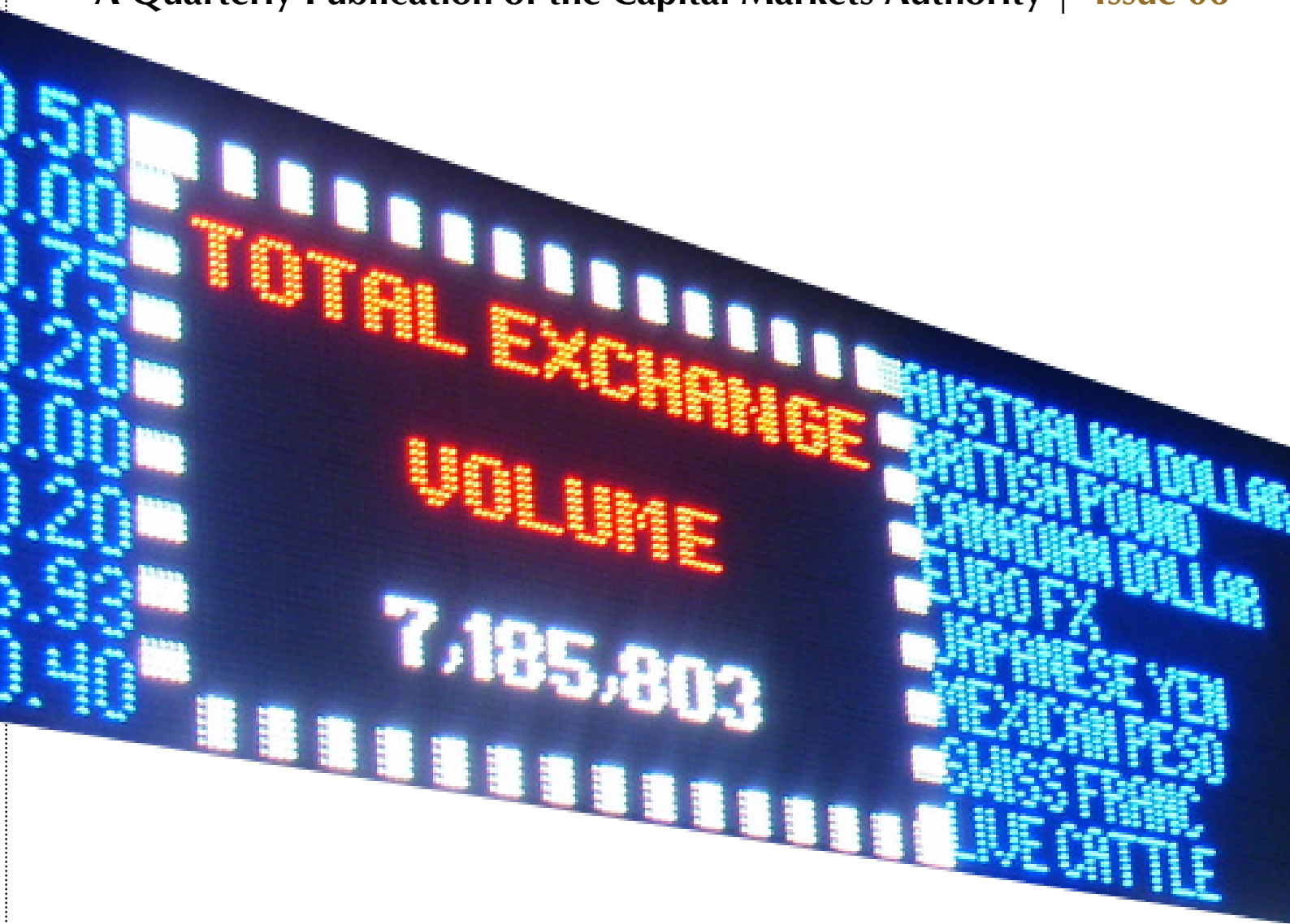


# CMA Forum

A Quarterly Publication of the Capital Markets Authority | Issue 06



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## OUR MISSION

To promote market confidence, investor protection and access to financial services within capital markets in Kenya and the region through effective regulation and innovation.

## OUR VISION

To be a world-class regulator of a vibrant capital market.



## INSIDE

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The thrust of the revised plan is to re-position the role of the Authority in driving the capital markets to mobilize and allocate resources as envisaged in the Kenya Vision 2030.

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# Chief Executive's Message

I am pleased to once again welcome you to our 6th issue of the CMA Forum, the official newsletter of the Capital Markets Authority. This issue gives insights to the following:

- CMA's Strategic Plan (2009-2012)
- Capital Markets as Drivers of Economic Growth
- Improving Clearing and Settlement of Securities Trading in Kenya
- Towards Successful Strategic Implementation
- Deepening Capital Markets knowledge through information

The Capital Markets Authority Strategic Plan 2009 - 2012 outlines the strategic activities the Authority will undertake during the plan period to define the strategic capital markets direction in the medium term. The broad diversity of the Plan activities is within the broad mandate of regulating and facilitating the development of Kenya's capital markets for the next four years.

In developing the strategic plan, the Authority undertook a situational analysis to identify emerging opportunities to lay a strong foundation and to realign the capital markets to play a stronger and more effective role in supporting financing and investment needs of our country. The Plan also seeks to provide a clear policy blueprint for the Kenyan capital markets. Along with these, the Authority has set out to develop its human capacity to be able to respond to emerging challenges, changing international standards and market innovations.

In order to establish a firm foundation for the successful implementation of the Plan, we developed a Service Delivery Charter which was launched simultaneously with the strategic plan. Through the Authority's Service Charter, we are affirming our belief in the value of

the people who are at the frontline of service delivery and implementation, and working to improve the quality of service within the capital markets. The Charter also provides a framework within which the Authority's performance can be evaluated by the stakeholders and defines the rights and obligations of stakeholders. It sets out the duties, responsibilities and service standards that stakeholders should expect when dealing with the Authority.

A monitoring and evaluation system has been designed to ensure that the Authority remains on track in implementation of the strategic Plan and the pursuit of the intended objectives within the stipulated plan period. We have constituted a dedicated Strategy Team that will be in-charge of the strategy execution and oversee the implementation process. The Authority will carry out a mid-term review to reconcile progress and take on board other emerging issues. It is appreciated that successful implementation of this plan will depend largely on the support and cooperation of the major stakeholders and stability in our economic systems. We will therefore work in close collaboration with all key stakeholders to ensure the planned activities are achieved within the stipulated plan period.

I would like to reiterate our commitment to make the Authority a world-class regulator of a vibrant capital market over the plan period. We will continue to actively participate in the regional and international arena to benchmark our practices with the best international standards and practices from organizations such as International Organization of Securities Commissions (IOSCO).

Formulation of the strategic plan and the service charter was a



**Mrs. Stella Kilonzo**  
*CHIEF EXECUTIVE*

**Through the Authority's Service Charter, we are affirming our belief in the value of the people who are at the frontline of service delivery and implementation, and working to improve the quality of service within the capital markets.**

consultative process and has factored in the contributions and suggestions from a diversity of stakeholders including Government ministries and market intermediaries and institutions. I therefore would like to thank all of those who made contributions towards finalization of this Strategic Plan and the Service Charter. I also wish to register my appreciation to the Authority Board for policy guidance as well as senior management and staff of the Authority for the effort in putting together these documents.



# Capital Markets Authority

## Strategic Plan (2009-2012)

The Capital Markets Authority reviewed its strategic plan that was covering the period 2007-2010 to develop this new Strategic Plan 2009 – 2012. The thrust of the revised plan is to re-position the role of the Authority in driving the capital markets to mobilize and allocate resources as envisaged in the Kenya Vision 2030. Specifically, The Authority is expected to effectively facilitate mobilization of savings in order to realize the target of raising stock market capitalization from 50% to 90% of GDP by 2012 and bond capitalization as a share of GDP from 16% to 30% by 2012.

The review of the plan comes at a time when the Authority is undergoing various challenges arising from governance weaknesses among some intermediaries. The other challenge is the global financial crisis that saw foreign capital flows turn from positive in 2007 to negative in 2008. The strategies developed in the Strategic Plan are therefore partly informed by the foregoing challenges. In charting the strategic path for the Authority, the direction is informed by the following strategic issues:

- a) The current range of financial products is not broad enough to meet the needs of potential capital markets stakeholders. Similarly, the available products are not liquid enough as per international standards;
- b) The legal and regulatory framework is not robust and facilitative enough in relation to international best practice;

- c) There is relatively weak institutional capacity and corporate image at the Authority;
- d) The capital markets infrastructure is undeveloped and the institutional arrangements are not supportive enough;
- e) There exists a weak professional and operational capacity of capital markets institutions and intermediaries;
- f) There is generally low level of investor education and public awareness with regard to capital markets products and services;
- g) There is need to strengthen the Authority's human capital and corporate culture;
- h) The strategic alliances with other stakeholders need to be strengthened;
- i) Though the Authority is utilizing ICT in execution of its mandate, the level of utilization is still low in relation to the increasing level of sophistication in the market.

The following Vision, Mission, core values and strategic objectives have been developed in line with the above strategic issues:

### Vision

To be a world-class regulator of a vibrant capital market.

### Mission

**To promote market confidence, investor protection and access to financial services within capital**

**markets in Kenya and the region through effective regulation and innovation.**

### Motto

**Promoting Capital Markets Integrity**

**(Kuimarisha uadilifu wa soko la mitaji)**

### Core Values

To fulfil its mandate, pursue the vision and accomplish its mission the Authority will be guided by the following core values:

- **Integrity** – We are committed to acting at all times with honesty, fairness, accountability, transparency, ethically and above board in all our operations;
- **Responsiveness** - We are sensitive to and will deal with issues and situations affecting all our customers in proactive and timely manner, using flexible decision making processes;
- **Collaboration and Teamwork** - We are committed to teamwork within the Authority and collaboration with our partners in the provisions of our services;
- **Fairness** - We shall treat our colleagues, clients and stakeholders equally and as we would like them to treat us;
- **Commitment** - We shall perform our duties with the highest level of

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# CMA Strategic Plan (2009-2012)

CONTINUED FROM PAGE 4

professionalism, dedication and always exceed the expectations of our clients and stakeholders; and

- **Innovation and Continuous learning** - We shall endeavour to provide the market with new products and services through continual learning and improvement.

## Strategic Objectives

To address the above challenges, the Authority has set ten strategic objectives of which its attainment will in turn contribute to the achievement of financial sector goals. These objectives are:

- Facilitation of the development of capital markets products and services. This objective will be achieved by broadening the range of products and services; and advising the Government on policies that impact capital on markets.
- Establishment of a robust, facilitative, legal and regulatory framework that conforms to international best practice. The strategies for achieving this objective will involve review of the existing legal and regulatory framework; and establishment of new regulations.
- Strengthening the institutional capacity and corporate image of the Authority. The objective will be accomplished by implementing the strategies of implementing Risk Based Supervision; building and strengthening image of the Authority; strengthening the financial base; and enhancing internal systems, policies and procedures.
- Enhancement of capital markets infrastructure and institutional arrangement. The strategies for achieving this objective involve strengthening of the market structure; facilitation of back-office system linked to ATS and specialised systems; and supporting NSE & CDSC to become effective self regulatory organizations (SRO).
- Strengthening the capacity of capital markets institutions and intermediaries. This objective will be accomplished through enhancement

of corporate governance practices; improving risk management systems among the intermediaries in line with RBS; promotion of professional and managerial capacity of markets intermediaries; and implementation of risk based supervision.

- Promoting investor education and public awareness. The strategies for achieving this objective are empowerment of investors and issuers to make informed decisions; and enhancement of public understanding of capital markets.
- Development of high performing human capital and promotion of positive corporate culture. This objective will be accomplished by adopting an integrated approach to human resource management; and promoting positive corporate culture.
- Building strategic alliances. The objective will be accomplished by pursuing integration of East African Capital Markets; and promoting cooperation with other securities organizations and markets.
- Enhancing effective and efficient utilization of Information & Communication Technology (ICT). The strategies for achieving this objective are development and implementation ICT strategy; and enhancement of ICT risk management.
- Ensuring effective implementation of the corporate strategy. This objective will be attained through development and implementation of annual work plans; establishment of a strategy implementation team; and Monitoring and evaluation performance at all levels of the Authority.

The Plan outlines the major strategic objectives to be implemented within the plan period and provides action plans and monitoring and evaluation mechanism in form of expected outcomes and time frame. The action plans will act as the tools for monitoring the progress of implementing the strategic plan.

## HIGHLIGHTS

### Mission

**To promote market confidence, investor protection and access to financial services within capital markets in Kenya and the region through effective regulation and innovation.**

### Motto

**Promoting Capital Markets Integrity**

### Core Values

**Integrity**

**Responsiveness**

**Collaboration & Teamwork**

**Fairness**

**Commitment**

**Innovation & Continued Learning**





# THE CMA Service Charter

## Introduction

The Capital Markets Authority service charter outlines our renewed commitment to serving the people of Kenya. It sets the minimum generic standards for the level and quality of services that are to be expected from officials of the Authority by stakeholders and members of the public in general. Through this document, the Authority is also re-affirming its belief in the value of the people who are at the frontline of service delivery implementation. The document also provides a framework within which the Authority's performance can be evaluated by the stakeholders.

The purpose of this service charter therefore is to enhance stakeholders' awareness of our mandate, vision, mission, values, core functions, the range of services we offer, and the standards we have set as well as our commitment to continuous improvement of services to satisfy our customers. In addition, this charter is expected to empower our clients by informing them of their rights and obligations thereby enabling them to make demands on our service delivery. The Service Charter also sets out the timelines which are critical in service delivery.

## Quality Policy Statement

The service charter outlines the quality policy statement as one of making quality every employees business to enable the Authority regulate and promote deep and vibrant capital markets through meeting and exceeding the market participants expectations of quality service and value, operating an active quality management system within the context of the ISO 9001:2008 standard, as well as pursuing continual improvement of the quality management system among others.

## General Rights and obligations of Customers of the Authority

In the service charter we have identified the following as the key rights and obligations of our stakeholders dealing with the Authority:

- a) Entitlement to complete, accurate and timely information on all aspects of the capital markets and the applicable laws, regulations and rules;
- b) Entitlement to equally, impartial treatment in the application of the law, regulations, rules and in accessing the Authority for inquiries;
- c) Entitlement to the payment of correct levies and fees for services delivered to you by us;
- d) Entitlement to courteous, humane, fair and non-discriminatory treatment in all dealings with the Authority's officials or agents;
- e) Assurance at all time that the information provided to the Authority will be treated with the confidentiality that it deserves;
- f) Assurance that the Authority will apply the law, regulations and rules consistently and impartially to everyone and will take your personal circumstances into account when dealing with you;
- g) Right to question the information, advice or service provided by us;
- h) Right to speak in confidence or ask for a private interview or meeting with us and to ask for an interpreter if one is required;
- i) Obligation to treat our staff in the same manner that you would

like to be treated yourself, with respect and courtesy;

- j) Obligation to provide us with the right information to enable us serve you in a timely and efficient manner;
- k) Obligation to inform us in a timely manner of any changes in your circumstances that could affect the service that we provide to you;
- l) Obligation to give us feedback on our service and let us know if we have exceeded your expectations so that we can recognize members of staff for going an extra mile.

## Specific rights and obligations of Customers of the Authority

It also outlines the following key specific rights and obligations while dealing with the Authority:

- a) Rights with regard to inspections and investigations;
- b) Market Intermediaries rights to information in respect of inspections;
- c) Right of appeal in respect of inspections findings or any other Authority's rulings;
- d) Right with respect of Licenses;
- e) Right with respect to Issues and Approvals;
- f) Right with respect of penalties;
- g) Right as supplier of goods and services;
- h) Right and obligation with respect to payment of Fees and Levies;
- i) Right with respect to new products and services and information on capital markets;
- j) Obligation with respect to compliance with continuous reporting obligations;
- k) Obligation with respect to accuracy of your documents;
- l) Obligation to Cooperate with the Authority's officers and to disclosure of information.

## General Information and Complaints Handling from Clients

The service charter makes particular commitment to: put customers first and provide efficient and effective delivery of services/products in a timely manner; ensure that our customers understand their rights and obligations and channels of redress; develop and implement investor education and awareness programmes to ensure that all our customers have the latest information on capital markets; actively encourage the participation of our customers in matters that affect them; and to get it right the first time and always among others. Additionally it also sets out the process by which complaints from our customers will be handled in instances where service delivery is below expectation.

## Feed Back and Review of the Service Charter

Through the Charter the Authority spells out the mechanism for conducting feedback on service delivery through strategies such as customer satisfaction surveys and investor education forums. This will allow us to review it regularly for it to keep pace and remain relevant in the face of changing economic and capital markets practices and trends.

# CAPITAL MARKETS as drivers of economic growth

**K**enya's long term development agenda spelt out in the vision 2030, targets an annual growth rate of 10% in the medium term with an investment rate of 30% of which a significant proportion will be financed through mobilizing domestic savings. While Kenya's financial sector is viewed as substantially diversified, it is dominated by banking institutions which have not evolved to provide long term capital adequately. If the anticipated investment level is to be achieved, it means that the financial sector must mobilize adequate and appropriate finance to meet the financing needs. Capital market development is an important component of financial sector development and supplements the role of the banking system in economic development. Specifically, capital markets assists in price discovery, liquidity provision, reduction in transactions costs, and risk transfer. They reduce information cost through generation and dissemination of information on firms leading to efficient markets in which prices incorporate all available information. Overall, stock markets provide market liquidity that enables implementation of long term projects with long term payoffs thereby promoting a country's economic growth endeavour. Moreover, efficient capital markets not only avail resources to investors, they also facilitate inflow of foreign financial resources into the domestic economy.

## Capital Markets and Financial Deepening

Capital markets offers an opportunity to the investors to diversify their financial asset basket and the firms an opportunity to diversify the sourcing of finance. The investors, for example, get a chance to diversify their asset basket with a risk free asset, the government bond. This acts as a good platform to bargain



**by Joseph Mwenda**  
Senior Market Research Officer,  
Research, Policy Analysis & Planning  
Department

their returns in other markets. Firms listing at the stock exchanges reduces the information asymmetry that keeps the bank lending rates high due to the risk premium attributable to information costs. Thus, capital market development makes the financial market move towards a level of a complete market. Financial sector development is assumed to affect growth through the amount of savings put in investment and the technological development. Well functioning institutions and markets, it is noted, augment technological innovation, capital accumulation and therefore economic growth. Well-functioning financial markets lower the costs of transaction increasing the amount of savings put into investment. They also allow for capital to be allocated to projects that yield the highest returns and therefore enhance economic growth rates.

## Capital Markets and Economic Growth

The centrality of savings and investment in economic growth has been given considerable attention in literature. For sustainable growth and development, funds must be effectively mobilized and allocated to enable businesses and the economy harness its human, material, and management resources for optimal output. The stock

market is an economic institution, which promotes efficiency in capital formation and allocation. The stock market enables governments and industry to raise long-term capital for financing new projects, and expanding and modernizing industrial/commercial concerns. If capital resources are not provided to those economic areas, especially industries where demand is growing and which are capable of increasing production and productivity, the rate of expansion of the economy often suffers. A unique benefit of the stock market to corporate entities is the provision of long-term, non-debt financial capital. Through the issuance of equity securities, companies acquire perpetual capital for development. Through the provision of equity capital, the market also enables companies to avoid over-reliance on debt financing, thus improving corporate debt-to-equity ratio.

The link between stock market performance and economic growth has often generated strong controversy among analysts based on their study of developed and emerging markets. According to some, the financial structure of a firm, that is, the mix of debt and equity financing, changes as economies develop. The tilt is however, more towards equity financing through the stock market. As economies develop, more funds are needed to meet the rapid expansion. The stock market serves as a veritable tool in the mobilization

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# Improving Clearing and Settlement of Securities Trading in Kenya

**K**enya's clearing and settlement systems can be described as partially consolidated. Post-trading infrastructures still remain fragile, thus having a restraining effect on taking capital markets growth to the next level. Financial market participants, investors and policy makers have the challenge of rationalising the clearing and settlement structures as a key step to deliver integrated capital markets in Kenya.

The clearing and settlement process provides an avenue for the safe transfer of ownership of securities from the seller to buyer. Clearing and settlement of a typical securities transaction involves the following basic steps:

1. Confirmation of the terms of the securities trade (Pre-clearing)
2. Clearance of the trade by which the respective obligations from the buyer and seller are established; this can involve both 'netting' (calculation of net positions and reducing all outstanding residuals to single debit/credit between itself and each member) and 'novation' (where the clearing house interposes itself between both parties to a trade (buy and sell), to remove counterparty risk); (Clearing)
3. Delivery of the securities from the seller to the buyer (Settlement)
4. Reciprocal payment of the funds (Settlement)
5. Custody, safekeeping and administration of the securities (Post-settlement)
6. Registration of ownership of securities on a legal record – (Post-settlement)

A Central Securities Depository (CSD) provides the primary settlement functions and are often supervised by national central banks or the capital markets regulators. CSDs offer investors, firms and intermediaries open access and inter-operability under secure and safe conditions.



**by Justus Agoti**  
Research Officer,  
Research, Policy Analysis  
and Planning Department

## The funds side of the clearing and settlement

Aside from the transfer of shares between parties, there is also the transfer of funds for purposes of clearance and settlement. In Kenya, the funds side of the clearing and settlement function is performed by a single institution which has served the market well thus far. It is my considered opinion however, that the institution that should be handling the funds side of the clearance and settlement of capital markets transactions should be an independent institution with diverse shareholding, of course with some government stake in there.

This is due to the fact that this institution would have vast confidential information that would help improve market confidence. In addition, transaction processing infrastructure would be improved, especially as the market moves closer towards complete scripless securities trading and possibly into online trading.

The advent of technological innovations have now made it possible to extend financial services at relatively low cost through mobile telephone money transfer services. It would be easier for mobile phone users to make financial transactions or transfers across the country conveniently and at low cost to an independent funds clearing and settlement institution, instead of paying to brokers' accounts for on-transfer to the "private" clearing and settlement institution.

Other benefits would include preventing brokers from collapsing with clients' funds and ease of handling of large IPOs (like was the case with Safaricom) which presented huge challenges because the receiving bank and the clearing and settlement bank were different entities. Finally, sometimes there may arise a conflict of interest if the funds clearing and settlement organization is a broker/dealer, listed company and clearing & settlement institution.

## CAPITAL MARKETS as drivers of economic growth

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and allocation of savings among competing uses which are critical to the growth and efficiency of the economy.

The determination of the overall growth of an economy depends on how efficiently the stock market

performs its allocative functions of capital. As the stock market mobilizes savings, concurrently it allocates a larger proportion of it to the firms with relatively high prospects as indicated by its rate of returns and level of risk. The importance of this function is that capital resources are channeled by the mechanism of the forces of

demand and supply to those firms with relatively high and increasing productivity thus enhancing economic expansion and growth. Consequently, the central objectives of capital markets worldwide remain the maintenance of the efficient market with attendant benefit of economic growth.



# Towards Successful Strategy Implementation



**by Peter Saigilu**  
Accountant,  
Finance Department

**T**he Capital Markets Authority has recently launched its 4 year strategic plan for 2009-2012. Amid the frenzy and public accorded to the Launch, we need to ask ourselves what really is a strategic plan and why is it so important for an organization. A strategic plan is simply a management game plan outlining where the organization is at the moment, where it is headed and how it will get there. The plan is outlined after undertaking strategic analysis, which is concerned with understanding the different forces affecting the organization and its choice of the best strategy. Different business environments call for different strategies, for example, in the Kenyan context Safaricom company has perfected a differentiation and diversification strategy, Kenya Cooperative Creameries, Uchumi, Kenya Airways and Nakumatt Supermarkets have all implemented successful turnaround strategies.

Strategic aspects such as the organization's mission, and vision affect where an organization is headed. This should permeate through all levels of the organization so that everybody has a big picture

of how their actions are helping the organization towards achieving its goal. A story is told of a cleaner at NASA the space organization in America who when asked about what his duties are, replied that he helps people go to the moon. Such is the unity of purpose that emanates from a well formulated and communicated organization Mission and Vision. On where the organization is at the moment, such aspects as situational and environmental analysis including SWOT (strength weakness opportunities and threats analysis) are undertaken for the internal business environment. In addition, PESTEL, which is an acronym of Political, Economic, Social/Cultural, Technological, Environmental and legal environment, is carried out where external environment analysis is the main focus. This helps an organization build on its Strengths, prepare itself and anticipate for opportunities and address areas of its weakness as well as ward off threats in its operations.

It should be noted that the crafting and execution of a well thought out business strategy emanating from a strategic plan is one of the surest ways of successfully growing a business and building a sustainable competitive advantage over actual and potential competitors. A key approach towards building and maintaining a successful competitive advantage is through innovation. Some of the challenges faced by organizations involved in implementing strategies involve the following.

- From the onset strategic implementation involves change which could be in form of new products, structures, systems and process. In today's fast paced and technologically changing environment, change is the only constant in the business environment. Strategy involves movement from one place

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## The Securities and Exchange Commission (SEC) Financial Conference for Regulators

**T**he Securities and Exchange Commission (SEC) held a financial conference for regulators in Nairobi on February 22-26, 2010 at the Kenya School of Monetary Studies. The purpose of the training was to inform regulators of the lessons learnt and way forward.

The Securities Training Conference had the highest participation levels ever witnessed in Africa, with more than 100 delegates from 8 African countries. The programme was conducted primarily by highly qualified and experienced SEC resource persons, and co-sponsored by the Capital Markets Authority- Kenya and the United States Agency for International Development (USAID).

The week-long program featured a detailed and candid exchange of best practices, practical experience, and an intense dialogue among participants on how we may all work together to ensure that our markets develop with a reputation for integrity that will attract both local and international capital. The training was officiated by CMA Chief Executive, Mrs. Stella Kilonzo and CMA Chairman, Mr. Micah Cheserem.

The training session also presented Kenyan regulators such as Capital Markets Authority, Retirement Benefits Authority and the Central Bank of Kenya with an opportunity to provide information from our perspective and receive feedback and suggestions. In addition, other African regulators from Ethiopia, Uganda and Nigeria participated at the conference.



From L to R: Mr. John Walsh, Director of Compliance, United States Securities Exchange Commission, Mr. Micah Cheserem, Chairman CMA Board and Mr. Michael Onyango, CMA Board Member converse during the United States Securities Exchange Commission Training Conference held on February 22 to February 26, 2010 at the Kenya School of Monetary Studies.



CMA staff respond to enquiries from members of the public at the CMA stand at the Eldoret National Show in March 2010. This is part of the CMA Investor Strategy of taking investor education to the regions of the country.



Participants at a seminar for farmers and business people in Eldoret pose for a photograph. The seminar was facilitated by officials of the Authority.



One of the long-term objectives of the Authority is introduce a curriculum in capital markets both in the secondary and tertiary institutions. As part of our investor education strategy, the Authority makes visits to Universities to make presentations on capital markets issues. Above students of Baraton University follow discussions at a public lecture in the main campus.



Recently the Authority developed The Capital Markets (Corporate Governance) (Market Intermediaries) Regulations 2009 with the view to enhancing transparency and accountability in the way these intermediaries are run. CEOs of capital market intermediaries pose for a group photo during a corporate governance training workshop held at the Sarova Stanley Hotel.



CMA staff attend fund raising dinner for the Starehe Girls Centre at the residence of the Moroccan Embassy. As part of its corporate social responsibility, the Authority donated Kshs. 50,000.00 towards this worthy cause.



# Towards Successful Strategy Implementation

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- to another, it deals with the movement of an organization from point A to another envisioned point B. The challenge for the organization is to incorporate stakeholder support to accept and support the change in this movement.
- Allocation of resources is also an important consideration in strategic implementation. Various strategic initiatives involve different amount of resources both financial, human and capital which are critical but limited in an organization. Allocation and distribution among the various competing needs for an organization will ultimately determine how well the strategy can be executed. It is critical to mention that in implementing of strategic initiatives provisions have to be made to develop employee skills and competence to operate within the intended new strategic direction, similarly systems should be set in place that select, motivate and reward people in accordance with the new strategic direction taken.
  - Stakeholders support is extremely important in achieving success in strategy execution. Various stakeholders in an organization have differing needs and concerns and strategic initiatives undertaken by the organizations may affect them positively, negatively and at times in both ways. Stakeholder's

analysis needs to be undertaken and their concerns and issues they raised need to be identified and alternatives to deal with issues raised identified in order to buy-in their support for successful strategic implementation.

- Monitoring and evaluation is a critical aspect in strategic implementation. Monitoring entails constantly reviewing whether the organization is on the right track in regards to implementing its strategy. It is also important to note that the external environment is dynamic and at times turbulent, in the formulation of the strategic plan it could have been envisaged different scenarios from the ones happening during implementation stage. With constant monitoring of both its internal and external environment, an organization is able to quickly seize opportunities as well as mitigate threats in its environment. Constant and periodic monitoring and evaluation of a company's strategic implementation is important as it prevents the organization from strategic drift which occurs when an organization strategy gradually moves away from the relevance of the forces at work in its environment and the organization becomes a victim of its past success.
- Strategic evaluation is slightly different from monitoring as it entails measuring your target performance with actual results

and identifying areas of weakness and supporting and strengthening areas of good performance. The strategic health of a company is evaluated in undertaking its strategic evaluation. It should be noted that measuring the strategic health of a company is far much more challenging to measure than other business indicators such as the financial health, or market share of a company. One can measure the financial performance of an organization by analysing the financial statements of an organization.

The strategic health of an organization encompasses far more organizational aspects such as customer perspective of the organization, internal perspective of the organization, how well it manages its operational processes and innovation and learning perspective that the organization can improve.

An organization should strive to achieve synergy in strategic implementation. Provisions should be made to create a fit between business level strategies and various functional strategies that can operationalize it as well as have strategy supportive policies and procedures.

As the Chinese saying goes "a journey of a thousand miles starts with the first step. The journey could be bumpy and the course meandering but the satisfaction of reaching the destination far outweighs the temporary discomforts."

## By Human Capital and Administration Department, CMA

The Authority has been pursuing ISO 9001:2008 certification for the last three years. Certification by Kenya Bureau of Standards has now been achieved which we consider to be a great milestone for the Authority. The ISO 9001:2008 awarded to the Authority is for a fixed term of three years from December 8 2009 upto December 7 2012.

According to the contract signed between Kenya Bureau of Standards and Capital Markets Authority, Kenya Bureau of Standards shall carry out surveillance audits of the Quality Management system every 6 months to determine its continued conformity to ISO 9001:2008 requirements.

By June 2010, the certifier (KEBS) is expected to carry out the first surveillance audits. Human Resource and Administration Department will carry out several activities in preparation for the audits which include sensitization of staff on the need to continually apply the ISO 9001:2008 procedures in the course of their duties, carry out internal audits with a view of determining the areas in the Quality Management System that require corrective and preventive action, convene a management review meeting to verify corrective and preventive action taken, and finally notify Kenya Bureau of Standards of our readiness for the surveillance audits.

We are committed not only in maintaining the Quality Management System, but also to continually improve it.

ISO 9001: 2008  
CERTIFICATION



# CORPORATE GOVERNANCE

## Training For Market Intermediaries

### Background:

The Authority held a two day corporate governance training for chief executives of capital markets intermediaries. The training was held in recognition of the importance of corporate governance in its contribution both to business prosperity and to accountability.

It sought to address corporate governance as a major concern not only in the capital market industry but in the country as a whole and shed light with a view to igniting debate on the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations 2009 and capital markets conduct of business draft regulations.

The Objective of the training was therefore to primarily sensitize the capital market intermediaries on the important role played by corporate governance in not only enhancing accountability, transparency and responsibility in the running of institutions but also in delivering shareholder value. In particular the program was among other things expected to take Chief executives of markets intermediaries through the following;

1. Introduction to key concepts, principles and theories of corporate governance
2. Develop an awareness of practical problems associated with interaction of the board, CEO, management and shareholder in a company globally and nationally
3. Highlight common corporate governance concerns or red-flags in emerging market companies
4. Help analysts develop skills necessary to evaluate the corporate governance of a company from the perspective of an investor or potential investor in the company.
5. Introduce practical solutions to increase net worth of companies through improved corporate governance
6. Discuss capital markets law and guidelines with regard to corporate governance

### The Training Session:

A 2-day Corporate Governance Training seminar for the Chief Executives of Market Intermediaries was held at the Sarova Stanley Hotel, Nairobi, Kenya between March 9 and March 10, 2010. The training which was officially opened by the chairman of the board covered a number of aspects that touch on Corporate Governance including the following; The Concept of Corporate Governance, Responsibilities of Shareholders, Duties and Responsibilities of an Organization's Board, The Capital Markets Legal Framework, Making Boards More Effective, The Board and Strategy, Risk Management, Understanding Financial Reports and Case Studies. A presentation was also made on the requirements for Capital Markets Intermediaries under the Proceeds of Crime and Anti Money Laundering Act 2009.

The seminar was anchored by facilitators from Center for Corporate Governance.

### Way Forward:

In conclusion the chairman and the chief executive underlined the need to inculcate the spirit of working together for the market through regular consultation, adding that all stood to benefit by so-doing. It was agreed at the end of the training that outstanding issues within the market would be ventilated through dialogue, and that each stakeholder would play their part in seeking to enhance the development of this market.

There is need for more of this kind of interaction and training for stakeholders. The Authority will continue to put together this kind of training and to give an opportunity for our licensees to air their views on any issue of concern.

## Staffing



Welcome Ms. Thandiwe Chemngorem who joined the Authority with effect from 15 March 2010 as a Surveillance Officer in the Market Supervision Department. Ms Thandiwe is a graduate of University of Brighton – UK with a BA (Hons) in International Finance & Capital Markets Studies. She previously worked for Distell Kenya Ltd - Nairobi, American Express - U.K and Barclays Bank – Nairobi.



Welcome Mr. Konrad Afande who joined the Authority with effect from 22 February 2010 as Assistant Manager, Market Development in Corporate Communications department.

Mr Afande holds a Bachelor of Science in Business Administration from Bowie State University – Maryland USA. He was previously working as a Senior Training Specialist, and as Information and Research Manager at Financial Industry Regulatory Authority, Rockville, Maryland USA, before coming back to Kenya in 2009 where he briefly worked as Manager, Continuous Professional Development (Management Consulting) at the Kenya Institute of Management.

Please join us in welcoming our new staff members !!

# Deepening Capital Markets

## Knowledge Through Information



**by Joshua M Gichiri**  
Librarian, Information  
and Communications  
Technology Department

The creation, distribution and manipulation of information has become the most significant economic and cultural activity today. Progress in information technologies and communication is changing the way we live, work and do business. Capital Markets Authority recognizes the importance of information as a resource and it is for this reason it continues to invest in a modern information resource center.

The CMA Library is located on the western wing of Reinsurance plaza building on the 12th floor along Taifa road. The library falls under the ICT department which is responsible for providing access to information

resources. The library houses specialized collection of books, journals and proceedings covering subjects related to the capital markets, such as financial products, investment planning, accounting and corporate governance. Other information materials include: prospectuses, annual reports and financial statements for the various listed companies.

The library is engaged in a continuous selection and acquisition of information resources including books, Reference materials, periodicals, journals and electronic resources so as to enrich the library collection and respond to the growing user information needs on various aspects of

capital markets development and products.

The library acquired and installed a library software system to enhance the utilization of Information Communication Technologies. This allows users to search and access the library holdings through an online public access catalogue. The library further subscribes to a host of online databases and resources to provide access to the internet searches in order to supplement the print media. The library has continued to serve the needs of a host of clientele ranging from our staff, university students, researchers and the general public. There is an increasing growing interest in the capital markets industry by the investing public and the library has been very instrumental in providing factual information.

To promote investor education, the library has continued to develop a special collection on investor education where one can find books and other information resources on basics of investing. The library has become a strategic resource of promoting investor education and awareness and deepening of the understanding of the capital markets. The availability of financial and annual reports for most of the listed companies in the library is one of the treasured possession that the Authority houses. The collection continues to attract a growing number of visitors such as international students and researchers.

The Authority will continue to improve the range of services offered and upgrade its stock to reflect the changing user needs. In keeping with the emerging Information Communication technologies, the library is working towards availing more information content online so as to remove geographical barriers in access to information. Currently the library is undertaking a project of converting all the available financials and annual reports into electronic format.

## All for a Good Cause



**by Konrad Afande**  
Assistant Manager, Market  
Development

Capital Markets Authority was one of the main sponsors at a charity dinner on Saturday March 23, 2010 hosted by the Ambassador and Permanent Representative of the Kingdom of Morocco to UNEP and UN Habitat, H.E Abdelilah Benryane and Mrs. Naima Benryane. The charitable event was held in honor of Starehe Girls Center to raise funds for various projects. The guest of honour was H.E. Mr. Eric van der Linden, Ambassador/Head of European Union Delegation to Kenya.

The event, hosted by the Moroccan Ambassador, was well attended from the various business sectors and included a live performance, an auction and several raffle ticket prizes. CMA was well represented by 8 staff members from various departments within the Authority.

Starehe Girls was founded five years ago in 2005 and has continued to make progress in development of the infrastructure through the support of many well wishers. In the last two years, nine classrooms, two laboratories, a health clinic and a dormitory for 160 students have been constructed. The Centre has 320 bright but disadvantaged girls from all the provinces in Kenya.

CMA donated KSH 50,000 towards the charitable event where Ms. Mary Nyachae, Founder Member of the Centre was the Master of Ceremony. Other main sponsors included. The Ambassador donated KSH 150,000, Standard Media Group with KSH50,00 and Standard Chartered Bank with KSH 50,000 just to name a few. CMA will continue to participate in goodwill charitable events during the course of the year. CMA recognizes the importance of corporate social responsibility and the role we must play in supporting our community on various projects.

# Market Overview

The first quarter of 2010 was marked by a significant improvement in performance of Kenya's capital markets. In the equities market, the turnover for the first 3 months of 2010 stood at Kshs.17.60b, a better performance than the Kshs. 11.76b registered in the quarter to December 2009 and almost 50%

of the total turnover for the whole of 2009. Traded share volumes for Q1/2010 were also about 50% of the total traded volumes in 2009, with average market capitalization figures surpassing the average market cap figures for the whole of 2009. The average NSE 20-share index was higher by 536 points

and 462 points compared to the preceding quarter's figures and the end-period index figures as at the end of 2009 respectively. In the bonds market, bond turnover saw a phenomenal rise, with Q1/2010 bond turnover figures registering a similar performance as the one for the whole of 2009's annual figures.

## PRIMARY MARKET

### a. Equities

There were no new equity issues during the period under review.

### b. Bonds

#### i. Treasury Bonds

Three new issues, one infrastructure issue and one re-opening of Treasury Bonds were issued during the quarter.

- i. 13 Jan 2010: Two And Five-Year Fixed Coupon, Discounted Treasury Bonds Issue No. FXD 1/2010/2 & the re-opening of issue No. FXD 1/2009/5 dated 01/02/2010;
- ii. 09 Feb 2010: Third Infrastructure Bond 8-YEAR Fixed Coupon Issue No. IFB1/2010/08 dated March 01, 2010 and
- iii. 12 Mar 2010: Two and Fifteen Year Government Treasury Bonds Issues No. FXD 1/2010/15 and FXD 2/2010/2 dated 29/03/2010.

**Table 1: Issued/Re-opened Bonds in the quarter to March 2010**

Bond Issue	Due Date	Offered (Kshs. M)	Bids (Kshs. M)	Accepted	Performance	Coupon	Yield
<b>January 2010</b>							
i. FXD 1/2010/2	30/01/2012	12,000.00	11,475.57	7,154.55	171.95%	8.000%	8.127%
ii. FXD 1/2009/5 (re-open)	15/09/2014		17,593.89	9,751.41		9.500%	9.592%
<b>February 2010</b>							
i. IFB1/2010/8	19/02/2018	14,500.00	35,287.37	16,263.84	243.30%	9.75%	9.57%
<b>March 2010</b>							
i. FXD 2/2010/2	26/03/2012	16,500.00	14,777.41	6,179.36	183.79%	7.108%	6.936%
ii. FXD 1/2010/15	10/03/2025		15,547.24	10,419.88		10.259%	9.980%

Source: CMA

#### ii. Corporate Bonds

There were no new corporate bond issues during the quarter.

**Table 2: Corporate Bond Issues as at March 2010**

Issuer	Approved Amount (Kshs mn)	Date of approval	Maturity	Outstanding (Kshs mn)	Yield (%)	Comments
Barclays Bank of Kenya Ltd	1,000	9-Oct-07	19-Nov-14	1,000	8.86%	Tranche 1
Barclays Bank of Kenya Ltd	2,000	16-Jul-08	16-Jul-13	2,000	11.50%	Tranche 2
Faulu Kenya Ltd	500	4-Apr-05	04-Apr-10	250	7.75%	
EADB	1,500	30-Jun-04	31-Dec-10	320	10.50%	
Sasini	600	22-Nov-07	22-Nov-12	600	11.75%	2nd Tranche
Athi River Mining	800	27-Oct-05	27-Oct-10	320	8.25%	16th Tranche
PTA Bank Ltd 2007	1,000	17-Sep-07	17-Sep-14	1,000	9.465%	
PTA Bank Ltd 2005	1,000	17-Sep-07	17-Sep-14	400	8.30%	
Mabati Rolling Mills - Fixed	2,000	1-Sep-08	1-Sep-16	726	13.00%	



**Table 2: Corporate Bond Issues as at March 2010**

Mabati Rolling Mills - Fixed	2,000	1-Sep-08	1-Sep-16	726	13.00%	
Mabati Rolling Mills - Floating	2,000	1-Sep-08	1-Sep-16	1,273.5	10.22%	
CFC Stanbic Bank Ltd - Fixed	5,000	10-Jun-09	1-Sep-16	2,402	12.50%	
CFC Stanbic Bank Ltd - Floating	5,000	10-Jun-09	1-Sep-16	97.9	9.90%	
Shelter Afrique Limited - Fixed	1,000	20-Aug-09	31-Aug-13	904.8	11.00%	
Shelter Afrique Limited - Floating	1,000	20-Aug-09	31-Aug-13	95.2	9.65%	
Safaricom Ltd – Fixed/5yr	7,050.6	02-Nov-09	03-Nov-14	7,050.6	0.00%	
Safaricom Ltd – Floating/5yr	462.4	02-Nov-09	03-Nov-14	462.4	0.00%	

Source: CMA

\*Mabati: 75% guaranteed by BBK

\*Faulu: 75% guaranteed by AFD, a French Governmental Financial Institution

Corporate Bonds worth Kshs 36.4 billion had been approved by the Authority as at March 2010, out of which, Kshs 17.9 billion worth remains outstanding.

## SECONDARY MARKET PERFORMANCE

### i. Equities

Turnover for the first 3 months of 2010 stood at Kshs.17.60b, a better performance than the Kshs. 11.76b registered in the quarter to December 2009 and almost 50% of the total turnover for the whole of 2009. Traded share volumes for Q1/2010 were also about 50% of the total traded volumes in 2009, with average market capitalization figures surpassing the average market cap figures for the whole of 2009. The average NSE 20-share index was higher by 536 points and 462 points compared to the preceding quarter's figures and the end-period index figures as at the end of 2009 respectively.

**Table3: Gross market statistics-Q42009/Q12010**

	Q1 2010			Q4 2009		
	Jan-10	Feb-10	Mar-10	Oct-09	Nov-09	Dec-09
NSE 20-Share Index	3565.28	3629.41	3932.87	3083.63	3189.55	3247.44
NASI	78.15	79.18	82.64	67.68	71.29	71.64
Shares Volume Traded (Mn)	603.91	369.76	525.77	303.3	396.36	214.9
Equity Turnover (Kshs. Bn)	6.36	4.21	7.03	4.52	4.65	2.59
Bonds Turnover (Kshs. Bn)	26.75	41.64	42.4	22.38	9.21	15.94
Average Mkt. Cap (Kshs. Bn)	910.02	922.06	962.31	783.97	825.83	831.83

Source: NSE, CMA

**Table 4: Key Market Performance Indicators: 2006 - 2010**

YEAR	MONTH	EQUITY TURNOVER (KSHS BN)	SHARE VOLUME (MN)	NSE 20- SHARE INDEX	MARKET CAP (KSHS BN)	BOND TURNOVER (KSHS BN)
2006	Jan to Dec	94.9	1,454.7	5646	791.6	48.6
2007	Jan to Dec	88.6	1,938.2	5445	851.1	84.9
2008	Jan to Dec	97.5	5,856.5	3521	853.67	95.3
2009	Jan to Dec	38.17	3,169.12	3247	834.17	110.65
2009	Oct to Dec	11.76	914.56	3173	813.88	47.53
2010	Jan to Mar*	17.60	1,499.44	3709	931.46	110.79

Source: NSE ,CMA

Equity turnover stood at Kshs. 17.60 billion in Q12010, against the Kshs. 11.76 billion recorded during the fourth quarter of 2009. Equities turnover therefore increased by 49.65% q-o-q. Share volume, the NSE 20-share index and Market Capitalization recorded corresponding improvements of 63.95%, 16.89%, and 14.45% respectively, while bond turnover increased by 133.09%.

## ii. Bonds

Kshs 110.79 billion worth of bonds was traded during Q1/2010, with 82.29% of the total amount being government bonds. This was a 133% improvement on the performance of Kshs. 47.53 billion registered in the quarter to December 2009.

**Table 5: Trading of Bonds – Q1 2010**

Month	Government Bond Turnover (Kshs bn)	CB Turnover (Kshs bn)
January	26.57	0.18
February	41.39	0.25
March	41.41	0.79
Total	109.37	1.22
% of Total BTO	98.90%	1.10%

Source: CMA, NSE

**Chart 1: Trends in Equity Turnover**

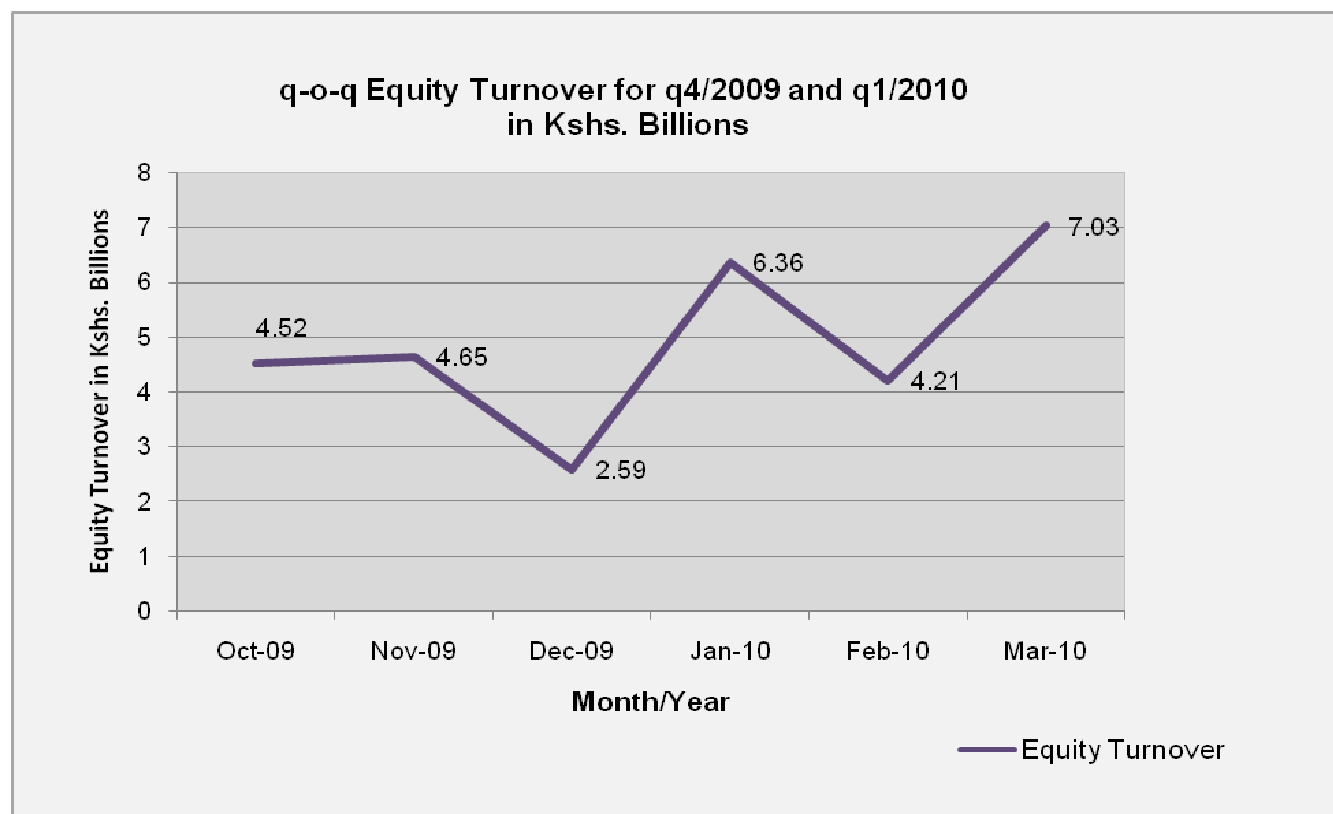
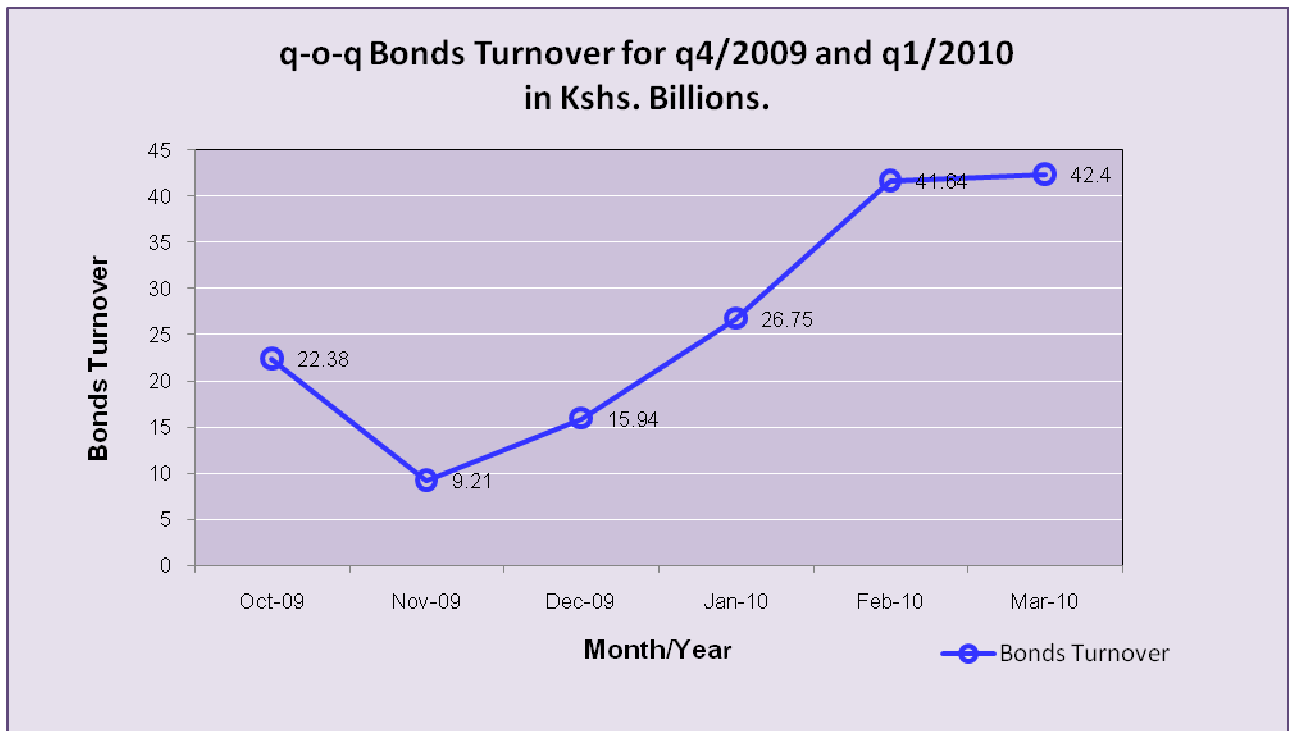
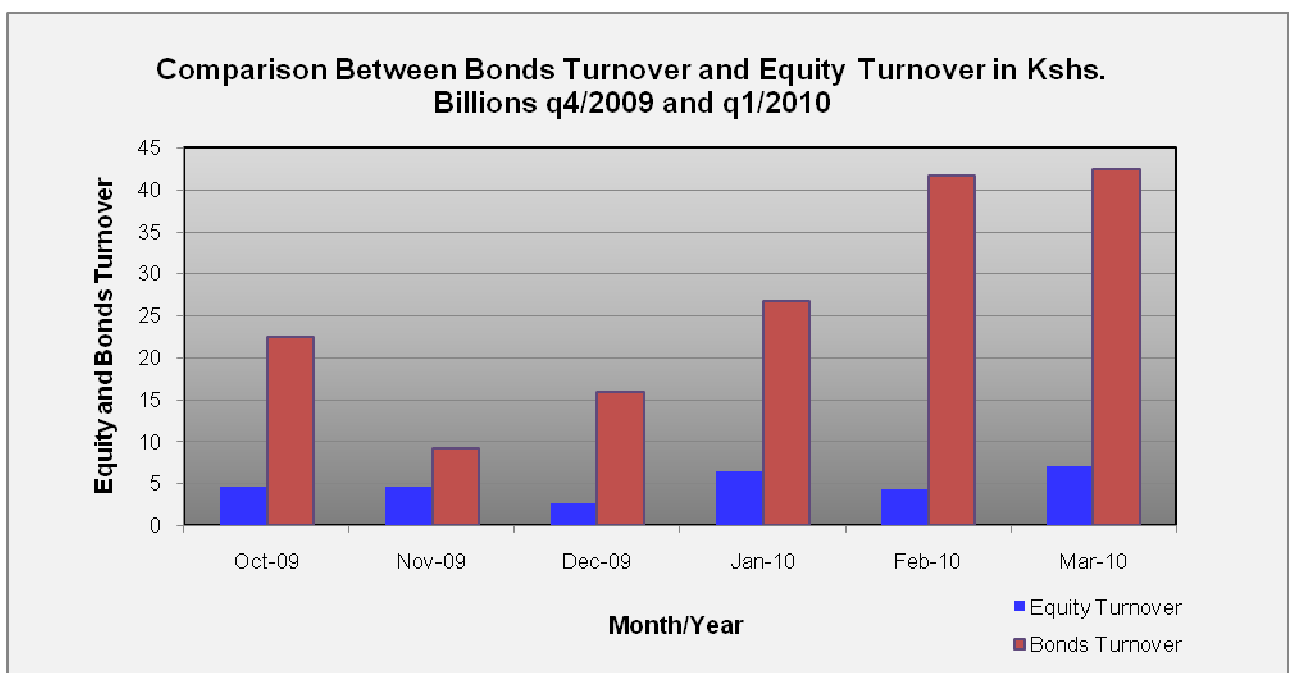


Chart 2: Trends in Bond Turnover



Source: CMA Research Database

Chart 3: Trends in Bond Vs Equity Turnover



Source: CMA Research Database



# List of Licencees - 2009

<i>Name of the Company</i>	<i>Address</i>	<i>Nature of Operation</i>
Acacia Fund Limited	P.O. Box 43233 - 00100, Nairobi	Venture Capital.
Central Depositories and Settlement Corporation Limited	P.O. Box 3464 - 00100, Nairobi	Central Depository.
Global Credit Rating Company	P.O. Box 76667, Wendywood 2144, South Africa	Credit Rating Agency.
The Nairobi Stock Exchange	P.O. Box 43633- 00100, Nairobi	Securities Exchange.
<i>Annual Licensees (for the period January 1, 2009 to December 31, 2009)</i>		

## *Stockbrokers:*

<i>Name</i>	<i>Address</i>	<i>Licence No.</i>
ABC Capital Limited	P.O. Box 34137-00100, Nairobi	01/09
African Alliance Kenya Securities Limited	P.O. Box 27639-00506, Nairobi	02/09
Kingdom Securities Limited	P.O. Box 73253-00200, Nairobi	03/09
NIC Capital Securities Limited	P.O. Box 63046-00200, Nairobi	04/09
Genghis Capital Limited	P.O. Box 28987-00200, Nairobi	05/09
Ngenye Kariuki and Company Limited	P.O. Box 12185-00400, Nairobi	068/08
Reliable Securities Limited	P.O. Box 50338-00200, Nairobi	069/08

## *Investment Banks:*

<i>Name</i>	<i>Address</i>	<i>Licence No.</i>
African Alliance Kenya Investment Bank Limited	P.O. Box 27639-00506, Nairobi	06/09
Afrika Investment Bank Limited	P.O. Box 41684-00100, Nairobi	07/09
Apex Africa Investment Bank Limited	P.O. Box 43646-00100, Nairobi	08/09
Barclays Financial Services Limited	P.O. Box 30120-00100, Nairobi	09/09
CBA Capital Limited	P.O. Box 30437-00100, Nairobi	010/09
CFC Stanbic Financial Services Limited	P.O. Box 44074-00100, Nairobi	011/09
Dry Associates Limited	P.O. Box 684-00606, Nairobi	012/09
Drummond Investment Bank Limited	P.O. Box 45465-00100, Nairobi	013/09
Dyer and Blair Investment Bank Limited	P.O. Box 45396-00100, Nairobi	014/09
Equatorial Investment Bank Limited	P.O. Box 52467-00200, Nairobi	015/09
Equity Investment Bank Limited	P.O. Box 75104- 00200, Nairobi	016/09
Faida Investment Bank Limited	P.O. Box 45236-00100, Nairobi	017/09
Kestrel Capital (East Africa) Limited	P.O. Box 40005-00100, Nairobi	018/09
NIC Capital Limited	P.O. Box 44599-00100, Nairobi	019/09
Renaissance Capital (Kenya) Limited	P.O. Box 40560-00100, Nairobi	020/09
Standard Investment Bank Limited	P.O. Box 13714 -00800, Nairobi	021/09
Sterling Investment Bank Limited	P.O. Box 45080-00100, Nairobi	022/09
Suntra Investment Bank Limited	P.O. Box 74016-00200, Nairobi	072/09
FCB Capital Limited	P.O. Box 56793 - 00300, Nairobi	068/09

## *Investment Advisers:*

<i>Name</i>	<i>Address</i>	<i>Licence No.</i>
Bridges Capital Limited	P.O. Box 62341-00200, Nairobi	023/09
Cititrust Kenya Limited	P.O. Box 30711-00100, Nairobi	024/09
Co-operative Consultancy Services (K) Limited	P.O. Box 48231-00100, Nairobi	025/09
Deloitte Financial Advisory Limited	P.O. Box 40092-00100, Nairobi	026/09
Executive & Corporate Advisory Services (K) Limited	P.O. Box 72216-00200, Nairobi	027/09
Finconsult Company Limited	P.O. Box 38725-00623 Nairobi	028/09
First Africa E.A Limited	P.O. Box 56179-00200, Nairobi	029/09
Iroko Securities (Kenya) Limited	P.O. Box 66249-00800, Nairobi	030/09
Jani Consultancy Services Limited	P.O. Box 40583-00100, Nairobi	031/09
Loita Asset Management Limited	P.O. Box 39466-00623, Nairobi	032/09
J.W. Seagon Limited	P.O. Box 634201-00619, Nairobi	033/09
Regnum Consultants Limited	P.O. Box 11431-00400, Nairobi	034/09
The Profin Group (Kenya) Limited	P.O. Box 9980 - 00100, Nairobi	035/09
Tsavo Securities Limited	P.O. Box 11987-00100, Nairobi	036/09
VFS International (K) Limited	P.O. Box 4-00621, Nairobi	037/09
Winton Investment Services Limited	P.O. Box 607-00621, Nairobi	038/09
Emerging Africa Capital Limited	P.O. Box 32200-00600, Nairobi	065/08
Equilibrium Capital Limited	P.O. Box 9000-00100, Nairobi	071/09
WSD Capital (Kenya) Limited	P.O. Box 99139, Mombasa	073/09
Franklin Management Consultants Limited	P.O. Box 61843 - 00200, Nairobi	070/09
Alliance Capital Partners Limited	P.O. Box 12181 - 00100, Nairobi	065/09

Citidell Company Limited	P.O. Box 185 – 00606, Nairobi	066/09
Lifestyle Management Limited	P.O. Box 1342 – 00606, Nairobi	067/09
PricewaterhouseCoopers Associates Limited	P.O. Box 43963 – 00100, Nairobi	079/09
Prudential Capital Limited	P.O. Box 32510 – 00600, Nairobi	080/09

#### *Fund Managers:*

<i>Name</i>	<i>Address</i>	<i>Licence No.</i>
African Alliance Kenya Management Company Limited	P.O. Box 27639-00506, Nairobi	039/09
Amana Capital Limited	P.O. Box 9480-00100, Nairobi	040/09
AIG Global Investment Co. (E.A) Limited	P.O. Box 67262–00200, Nairobi	041/09
Aureos Kenya Managers Limited	P.O. Box 30375–00100, Nairobi	042/09
British American Asset Managers Limited	P.O. Box 43233–00100, Nairobi	043/09
Co-optrust Investment Services Limited	P.O. Box 48231–00100, Nairobi	044/09
Genesis (K) Investment Management Limited	P.O. Box 79217–00200, Nairobi	045/09
ICEA Asset Management Limited	P.O. Box 46143–00100, Nairobi	046/09
InvesteQ Capital Limited	P.O. Box 56977-00200, Nairobi	047/09
Old Mutual Investment Services (K) Limited	P.O. Box 30059–00100, Nairobi	048/09
Old Mutual Asset Managers (K) Limited	P.O. Box 11589–00400, Nairobi	049/09
Sanlam Investment Management (K) Limited	P.O. Box 7848-00100, Nairobi	050/09
Standard Chartered Investment Services Limited	P.O. Box 30003–00100, Nairobi	051/09
Stanbic Investment Management Services (E.A.) Limited	P.O. Box 30550–00100, Nairobi	052/09
Zimele Asset Management Co. Limited	P.O. Box 76528-00508, Nairobi	053/09
CIC Asset Management Limited	P.O. Box 59485 – 00200, Nairobi	069/09
Madison Asset Management Services Limited	P.O. Box 20092 – 00100, Nairobi	078/09

#### *Authorized Depositories*

<i>Name</i>	<i>Address</i>	<i>Licence No.</i>
African Banking Corporation Limited	P.O. Box 46452-00100, Nairobi	055/09
Barclays Bank of Kenya Limited	P.O. Box 30120–00100, Nairobi	054/09
CFC Stanbic Bank Limited	P.O. Box 72833–00200, Nairobi	056/09
Co-operative Bank of Kenya Limited	P.O. Box 48231-00100, Nairobi	057/09
Dubai Bank Kenya Limited	P.O. Box 11129-00400, Nairobi	058/09
Equatorial Commercial Bank Limited	P.O. Box 52467-00200, Nairobi	059/09
Equity Bank Limited	P.O. Box 75104-00200, Nairobi	060/09
I & M Bank Limited	P.O. Box 30238-00100, Nairobi	061/09
Kenya Commercial Bank Limited	P.O. Box 48400–00100, Nairobi	062/09
National Bank of Kenya Limited	P.O. Box 72866–00200, Nairobi	063/09
NIC Bank Limited	P.O. Box 44599–00100, Nairobi	064/09
Prime Bank Limited	P.O. Box 43825-00100, Nairobi	064/09
Transnational Bank Limited	P.O. Box 75840 – 00200, Nairobi	081/09
Chase Bank Limited	P.O. Box 66049 – 00800, Nairobi	082/09

#### *Approved Collective Investment Schemes:*

1. African Alliance Kenya Unit Trust Scheme:
  - (i) African Alliance Kenya Shilling Fund.
  - (ii) African Alliance Kenya Fixed Income Fund.
  - (iii) African Alliance Kenya Managed Fund.
2. Old Mutual Unit Trust Scheme:
  - (i) Old Mutual Equity Fund.
  - (ii) Old Mutual Money Market Fund.
  - (iii) Old Mutual Balanced Fund.
  - (iv) Old Mutual East Africa Fund.
  - (v) Old Mutual Bond Fund.
  - (vi) Old Mutual East African Fund
3. British American Unit Trust Scheme:
  - (i) British American Money Market Fund.
  - (ii) British American Income Fund.
  - (iii) British American Balanced Fund.
  - (iv) British American Managed Retirement Fund.
  - (v) British American Equity Fund.
4. Stanbic Unit Trust Scheme:
  - (i) Stanbic Money Market Fund.
  - (ii) Stanbic Flexible Income Fund.
  - (iii) Stanbic Managed Prudential Fund.

#### 4. Stanbic Unit Trust Scheme:

- (i) Stanbic Money Market Fund.
- (ii) Stanbic Flexible Income Fund.
- (iii) Stanbic Managed Prudential Fund.

#### 5. Commercial Bank of Africa Unit Trust Scheme:

- (i) Commercial Bank of Africa Money Market Fund.
- (ii) Commercial Bank of Africa Equity Fund.

#### 6. Zimele Unit Trust Scheme:

- (i) Zimele Balanced Fund
- (ii) Zimele Money Market Fund

#### 7. Suntra Unit Trust:

- (i) Suntra Money Market Fund
- (ii) Suntra Equity Fund
- (iii) Suntra Balanced Fund

#### 8. ICEA Unit Trust:

- (i) ICEA Money Market Fund
- (ii) ICEA Equity Fund
- (iii) ICEA Growth Fund

#### 8. ICEA Unit Trust:

- (i) ICEA Money Market Fund
- (ii) ICEA Equity Fund
- (iii) ICEA Growth Fund

#### 9. Standard Investment Trust Funds:

- (i) Standard Equity Growth Fund
- (ii) Standard Income Fund
- (iii) Standard Balanced Fund

#### 10. Dyer and Blair Unit Trust Scheme:

- (i) Dyer and Blair Diversified Fund
- (ii) Dyer and Blair Bond Fund
- (iii) Dyer and Blair Money Market Fund
- (iv) Dyer and Blair Equity Fund

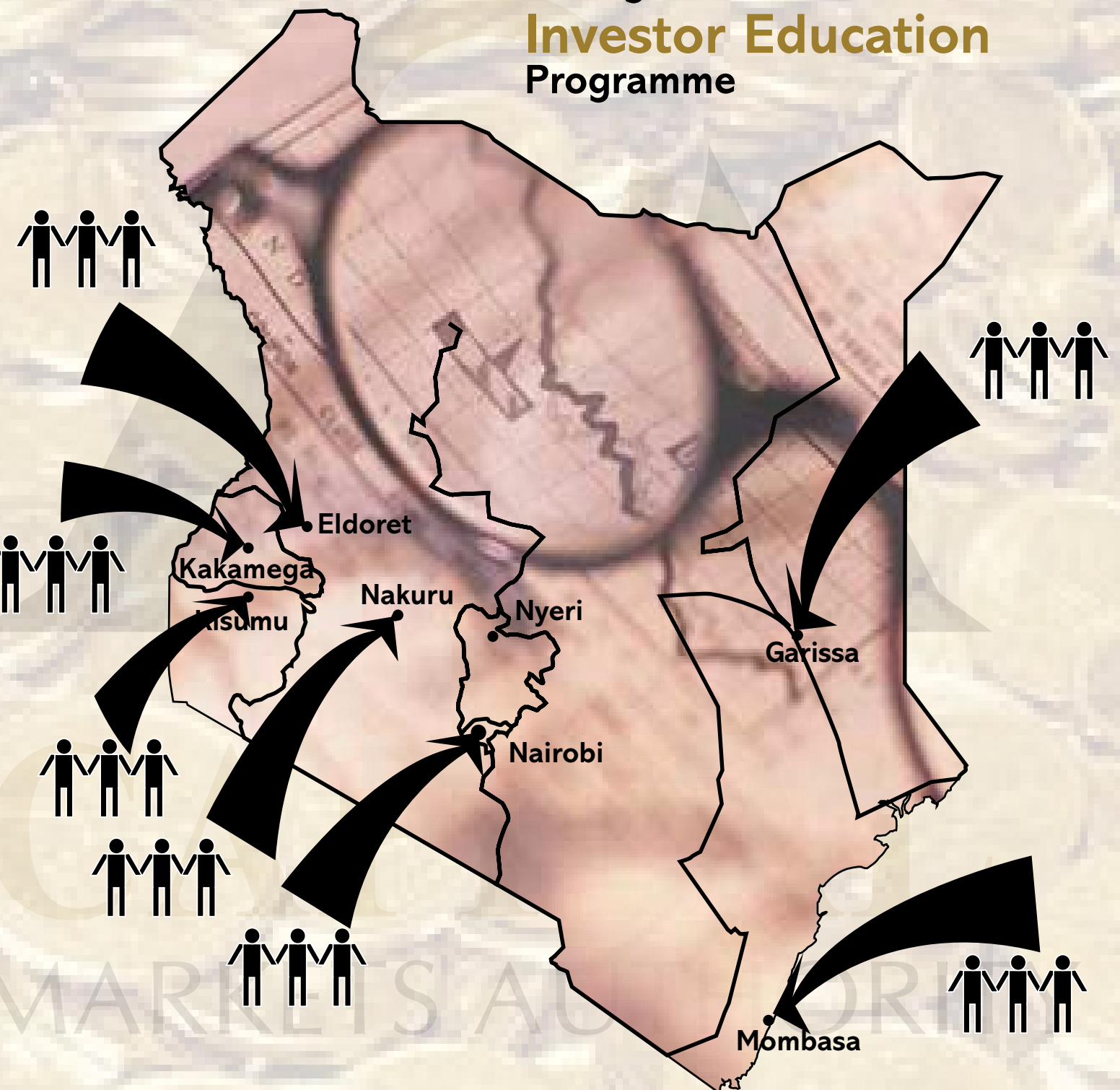
#### 11. CFC Unit Trust Fund

#### 12. Amana Unit Trust Funds Scheme

#### *Approved Employee Share Ownership Plans (ESOPS):*

1. EABL Employee Share Ownership Plan.
2. KENOL Employee Share Ownership Plan.
3. ARM Employee Share Ownership Plan.
4. AccessKenya Group Employee Share Ownership Plan.
5. Scangroup Employee Share Ownership Plan.
6. Safaricom Employee Share Ownership Plan.
7. Housing Finance Employee Share Ownership Plan.
8. Kenya Commercial Bank Limited Employee Share Option Plan.
9. Equity Bank Limited Employee Share Ownership Plan.
10. Standard Group Limited Employee Share Ownership Plan.

Enhancing Knowledge on  
**Capital Markets**  
through our  
**Investor Education**  
Programme



**Capital Markets Authority**

Reinsurance Plaza, Taifa Road  
P.O. Box 74800-00200, Nairobi

Tel: +254(20) 2221869 / 2221910

Fax: +254 (20) 2228254

Email: [corporate@cma.or.ke](mailto:corporate@cma.or.ke)

[www.cma.or.ke](http://www.cma.or.ke)