The Capital Markets Soundness Report (CMSR)

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"Driving SMEs Growth through Access to Capital Markets"

Quarterly Publication of the Capital Markets Authority (Kenya)

Abbreviations

ADF- African Development Fund

AGOA- African Growth and Opportunity Act

AIF- Alternative Investment Fund

ASD- Authorised Securities Dealer

CBK-Central Bank of Kenya

CDSC- Central Depositories Securities Corporation

CIS- Collective Investment Schemes

CMA- Capital Markets Authority

EAP- East Asia and Pacific

ESMA- European Securities and Markets Authority

ESX- Ethiopian Securities Exchange

ETF- Exchange Traded Fund

EU's-European Union

GDP-Gross Domestic Product

IMF-International Monetary Fund

IPO- Initial Public Offer

KPC-Kenya Pipeline Company

NSE- Nairobi Securities Exchange

NSIC- National Small Industries Corporation Ltd.

REITs- Real Estate Investment Trusts

SEBI- Securities and Exchange Board of India

SIDBI -Small Industries Development Bank of India

SME- Small and Medium Entreprises

UCITS- Undertakings for Collective Investment in Transferable Securities

VASPs- Virtual Assets Service Providers

SPECIAL MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Mr. Wyckliffe Shamiah, FCPA
Chief Executive Officer
Capital Markets Authority, Kenya

Welcome to the 36th Edition of the Capital Markets Soundness Report, which reviews key developments during the third quarter of 2025. Recognizing the importance of timely and reliable information, the Authority presents this report to help our stakeholders make informed decisions by assessing both the positive and adverse economic and financial developments across the globe. The report also highlights emerging opportunities and risks that investors, locally and internationally, should watch closely.

This edition is published against the backdrop of a relatively promising global, regional, and domestic investment and economic environment. Global GDP growth is projected at 3.2%, representing a 0.1 percent decline from the growth recorded in 2024. Growth in Sub-Saharan Africa is expected to remain steady at 4.1%, with the region anticipating an improvement to 4.4% in 2025.

However, despite encouraging signs, the global economy continues to face challenges arising from heightened geopolitical tensions in the Middle East, extreme weather events such as those experienced in the United States during the quarter, and the increasing frequency of cyberattacks linked to advanced technology use within the financial market space. Global markets remain alert, implementing necessary measures to mitigate and counteract the effects of these risks.

Domestically, the quarter was marked by significant milestones shaping the stability and growth of Kenya's capital markets. Notably, the Nairobi Securities Exchange (NSE) listed its first global equity Exchange Traded Fund (ETF) through the expansion of Satrix into Kenya, offering local investors an opportunity to participate in international markets. Additionally, Kenya witnessed the issuance of its first Asset-Backed Security (ABS), the Linzi-Finco Bond, which will finance the Talanta Sports Stadium, a major milestone since the introduction of the ABS Regulations in 2007. To further enhance retail participation, the NSE introduced single-unit trading, enabling investors to purchase as little as one share.

The Authority remains committed to fostering an enabling environment that attracts both local, foreign, institutional and retail investors. This is achieved through continuous regulatory reviews, licensing initiatives as witnessed during the quarter, and alignment of frameworks with market needs and international best practices. In this regard, in the FY 2025/2026, the Authority will be reviewing the Capital Markets Real Estate Investment Trusts Collective Investment Schemes Regulations 2013 and Capital Markets Foreign Investors Regulations-2015. We invite stakeholders to submit their comments on the proposed areas of amendment to the two regulations.

We extend our sincere appreciation to our esteemed readers for your continued support and readership, which greatly contributes to the realization of the Capital Markets Authority's mandate.

Enjoy your read

Mr. Wyckliffe Shamiah, FCPA

CHIEF EXECUTIVE OFFICER

EDITORIAL

Mr. Samuel Kamunyu Njoroge
Ag. Director, Policy and Market Development
Capital Markets Authority

Greetings and welcome to the third CMSR publication for 2025!

This quarter's special feature explores SME financing through capital markets, spotlighting progress on reforms and new avenues for SMEs to access affordable, long-term capital. Despite the existence of a diverse range of funding sources, Kenya's capital markets are among the least-tapped sources by SMEs. Many remain heavily reliant on bank finance, constraining their growth potential and resilience.

Recent regulatory reforms, notably the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, have provided a more conducive environment e for SMEs to access capital. The new framework introduces dedicated SME segments-one for equity securities and another for fixed-income securities-underpinned by lighter-touch admissions criteria, disclosure vigilance, and enhanced governance standards. SMEs can now list by introduction after 12 months of public issuance and are subject to appropriate compliance structures and timely disclosures. Complementary initiatives, such as the Investment-Based Crowdfunding Regulations, 2022, further expand alternative capital-raising avenues, enabling entrepreneurs to mobilize funds through licensed digital platforms.

Globally, the capital markets environment in Q3 2025 remained cautiously optimistic. Equity markets rebounded strongly, driven by robust IPO activity in the United States and China, while bond markets lagged amid persistent inflation and fiscal pressures. The IMF projects global growth to slow slightly to 3.2 percent in 2025 and 3.1 percent in 2026, reflecting tighter monetary conditions. Sub-Saharan Africa's outlook remains steady at 4.1 percent for 2025, with a moderate rebound expected in 2026, although the expiry of the African Growth and Opportunity Act (AGOA) may dampen export performance for some economies.

Across regions, innovation and sustainability defined market developments. China launched the first yuan-denominated tokenized money-market fund, the United States enacted the GENIUS Act to regulate stablecoins, and the European Union advanced its ESMA Climate Transition Plan toward net-zero by 2050. India adopted centralized inspections to enhance efficiency, while South Korea rolled out an AI-driven "one-strike penalties." system to detect and address market abuse swiftly.

Within Africa, financial integration intensified through Ethiopia's government securities trading, Egypt's introduction of a low volatility index, the EGX35-LV, and the African Development Fund's bid to raise US$5 billion every three years from global capital markets.

Domestically, Kenya's capital markets recorded transformative progress. The Nairobi Securities Exchange (NSE) listed its first global equity ETF, the Satrix MSCI World Feeder Fund, giving local investors access to over 1,500 global firms in 23 developed markets using Kenyan shillings. The KSh 44.7 billion Linzi FinCo bond to fund the Talanta Sports City Stadium showcases how private investment can finance large infrastructure projects sustainably. Reforms such as single-unit trading have lowered entry barriers, while the Government-Owned Enterprises Bill, 2025 prepares state corporations like Kenya Pipeline Company for listing. These reforms broaden investor participation, attract foreign capital, and position Kenya as a model for inclusive, innovative, and market-driven economic development in Africa.

In sum, the quarter underscores Kenya's continued transition toward an innovative, inclusive, and globally connected capital market. Strengthening SME participation, embedding technology, and sustaining regulatory agility will remain central to be pivotal in restoring market confidence and promoting long-term financial stability.

Enjoy your read!

Mr. Samuel Kamunyu Njoroge

Ag. Director Policy & Market Development

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I. SPECIAL FEATURE

DRIVING SME GROWTH THROUGH ACCESS TO CAPITAL MARKETS

Micro, Small, and Medium Enterprises (MSMEs) account for approximately 60 percent of Kenya's Gross Domestic Product (GDP). According to the Kenya Bankers Association, the country hosts over 7.4 million MSMEs. This sector, therefore, is a cornerstone of the economy, driving job creation, wealth generation, revenue mobilization, and innovation. In recognition of MSMEs critical role in economic growth, the national government established the State Department for MSME Development under the Ministry of Cooperatives and Micro, Small, and Medium Enterprises Development through Executive Order No. 1 of 2023. The department's core mandate is to support the growth and development of MSMEs towards the socioeconomic transformation of the Kenyan economy.

The Micro and Small Enterprises Act defines a micro enterprise as a firm, trade, service, industry or business activity, whose annual turnover does not exceed five hundred thousand shillings; employs less than ten people; and whose total assets and financial investment are determined by the government through the Cabinet Secretary from time to time. Micro enterprises include the manufacturing sector, where the investment in plant and machinery or the registered capital of the enterprise does not exceed ten million shillings, and the service sector and farming enterprises, where the investment in equipment or registered capital of the enterprise does not exceed five million shillings.

Small enterprises refer to a firm, trade, service, industry, or a business activity whose annual turnover ranges between five hundred and five million shillings and employs between ten and fifty people; and whose total assets and financial investment are determined by the Cabinet Secretary from time to time. The definition of small enterprises includes the manufacturing sector, where the investment in plant and machinery, as well as the registered capital of the enterprise, is between ten million and fifty million shillings; and service and farming enterprises, where the equipment investment, as well as registered capital of the enterprise, is between five million and twenty million shillings.

1.1 SMEs Financing through Capital Markets

To promote the growth of SMEs, a country must ensure that these enterprises have adequate financial resources to support their operations and expansion, thereby contributing to overall economic growth. Sufficient funding enables SMEs to remain resilient even during challenging economic periods. For instance, during the COVID-19 pandemic, many SMEs were forced to shut down due to financial constraints that hindered their ability to withstand the economic downturn.

Despite the wide range of funding opportunities available to SMEs, the capital markets remain one of the most attractive yet least utilized avenues for raising both short-term and long-term financing. Capital markets offer numerous advantages for SMEs seeking to raise funds, but most continue to rely heavily on bank financing.

A 2014 study by the World Bank revealed that, in most countries only a few of the largest firms issue securities, highlighting the limited participation of smaller enterprises. SMEs can access capital markets through various channels, including equity financing, via publicly traded shares on stock exchanges or privately traded shares such as private equity and venture capital, and market-based debt financing through bond issuance.

Below are some of the key benefits that a firm can gain by raising capital through the capital markets:

- ✓ **Tailored financial arrangements providing long-term finance to projects with diverse risk profiles -** Capital markets offer SMEs access to customized financing solutions that align with the nature and risk level of their projects. Unlike traditional bank loans, which often have rigid repayment schedules and shorter tenures, capital market instruments can be structured to match a firm's cash flow and investment horizon, making them ideal for financing long-term growth initiatives such as expansion, innovation, or modernization.
- ✓ **Liquidity creation**- By issuing shares or bonds, SMEs can convert their ownership interests or future income streams into liquid assets. This provides them with immediate access to capital while also creating opportunities for investors to trade these securities in the secondary market, enhancing market liquidity and potentially improving the valuation of the firm over time.
- ✓ **Risk-sharing opportunities**- Raising funds through the capital markets allows SMEs to share business risks with a broader pool of investors. Instead of relying solely on debt, where the burden of repayment lies entirely with the borrower, equity investors assume part of the business risk in exchange for ownership stakes and potential returns, thereby improving the firm's financial resilience.
- ✓ **Less cyclicality compared to bank financing**- Capital market financing is generally less sensitive to short-term economic fluctuations compared to bank lending, which tends to tighten during downturns. This means that SMEs can continue to access funds even in periods of economic stress, helping sustain their operations and growth when credit conditions in the banking sector become restrictive.
- ✓ **Acquiring long-term finance without repayment obligations-** Through equity financing, SMEs can raise substantial capital without incurring repayment obligations, as investors purchase ownership stakes rather than lending funds. This strengthens the firm's balance sheet and enables management to reinvest profits into business expansion rather than servicing debt.
- ✓ **Transferring risks to investors-** When SMEs raise capital through equity markets, part of the business operational risk is transferred to investors who now share in the business's performance.

This risk transfer can encourage entrepreneurs to pursue more ambitious growth strategies and innovative projects that may have been too risky under conventional financing arrangements.

- ✓ **Cost-effective financing option-** In the long run, capital market financing can be more cost-effective than bank borrowing. Once listed or recognized within market-based financing platforms, SMEs may enjoy lower capital costs due to investor competition and reduced reliance on intermediary fees. Moreover, successful market performance can further reduce the cost of future fundraising efforts.
- ✓ **Increased firm visibility and financial transparency with positive effects on credit access-** Participation in the capital markets requires adherence to disclosure and governance standards, which enhances a firm's transparency and credibility. This increased visibility can attract a wider range of investors and strategic partners, while improved financial reporting and governance practices can strengthen the firm's reputation, ultimately improving its access to credit and other funding sources.

1.2 Listing requirements for SMEs as provided under the new POLD regulations

In 2023, the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 were gazetted, replacing the earlier POLD Regulations that had been in effect since 2002. After serving the market for over two decades, the 2002 regulations had become outdated and misaligned with evolving market needs. This was one of the key drivers behind the Authority's decision to undertake a comprehensive review.

As a frontier market, and in recognition of the critical role played by Micro, Small, and Medium Enterprises (MSMEs) in the economy, it became necessary to establish a more enabling environment that allows these MSMEs to access capital more efficiently. As a result, the SME Fixed Income Securities Market Segment (SME FISMS) was introduced. SME Fixed Income Securities Market Segment means a market segment for the listing of debt securities the initial offer size of which is below four hundred million shillings or such higher amount as CMA may set from time to time.

Eligibility criteria for SME Fixed Income Securities Market Segment

Eligibility requirements outline the conditions that companies must meet to issue fixed income securities and list on the SME Fixed Income Securities Market Segment (SME FISMS). These requirements are outlined in the Third Schedule of the POLD 2023 Regulations.

Table 1 Eligibility Criteria for listing and public offering on SME FISMS

REQUIREMENT	CRITERIA
Legal Status	The firm must be a body corporate incorporated or registered under Kenyan law and should have been in business for at least two years.

REQUIREMENT	CRITERIA
Size- Share Capital and Net Assets of Issuer	A minimum issued and fully paid-up share capital of **ten million shillings (KShs.10,000,000)** and maintain net assets of at least **twenty million shillings (KShs.20,000,000)** prior to the public offering or listing of the securities. *"CMA reserves the discretion to vary or exempt an issuer from these requirements"*
Availability and reliability of financial records	Issuers must present up-to-date audited financial statements compliant with International Financial Reporting Standards(IFRS) and provide a limited review of interim financials if the last audited accounts are over four months old before the offer date, be confirmed as a going concern by external auditors, be free from loan covenant breaches, and, if already listed, include recent un-audited statements not older than six months in the Information Memorandum.
Listing and transferability of securities	All fixed income securities must be freely transferable, without restrictions on marketability or pre-emptive rights.
Directors and senior management	An issuer must have qualified senior management and a balanced board structure with executive non-executive and independent directors who are free from bankruptcy, criminal convictions, professional disqualifications, or serious offences.
Certificate of Comfort	If licensed to operate by any regulator in any other country, a certificate of no objection from the relevant regulators is required. Where there is a guarantor, the guarantor must provide the CMA with a financial capability statement certified by its auditors. Where the guarantor is a foreign bank, the guarantor should provide to the Authority a letter of no objection from the guarantor's primary regulator.
Debt ratios	Total liabilities, inclusive of the proposed fixed income securities issue, should not exceed four times the shareholders' funds.
Guarantee requirements	Issuers that do not meet requirements can use credit enhancement, with guarantees from an Authority-approved either bank, insurer, or financially capable institution.
Size of the issue and listing	Issue size: KES 20M–400M; minimum subscription: KES 10,000 (or higher as may be prescribed by CMA).

REQUIREMENT	CRITERIA
Trust and Trust Deed	Issuers of fixed income securities must appoint an independent corporate trustee with capital markets expertise. The trustee-issuer relationship must be free of conflicts, formalized through a trust deed submitted to the Authority, outlining trustee powers, duties, and issuer obligations to promptly report defaults or breaches.
Independent Receiving Bank	For bank issuers, the receiving bank must be independent, and all issue proceeds held in a trust account until securities are credited to investors' CDS accounts.
Transaction Agreements	The issuer must provide the Authority with signed copies of all agreements entered into with the transaction team prior to the opening date of the offer.

Eligibility Requirements for Public Offering and Listing of Equities in the SME Market Segment

As per POLD 2023 Regulations, the following are some of the requirements for SME listing at the NSE in the SME Market segment:

- ✓ The issuer to be listed shall be a body corporate duly incorporated or registered under the Laws of Kenya.
- ✓ The issuer must have been in business operations for at least two (2) years.
- ✓ The issuer shall have a minimum issued and fully paid-up ordinary share capital of ten million shillings.
- ✓ The issuer must have a minimum of seven (7) shareholders.
- ✓ The total assets immediately before the public offering or listing of shares should not be less than one hundred million shillings (unless exempted by the Authority).
- ✓ Securities to be listed shall be fully paid up, freely transferable, and not subject to any restrictions on marketability or any pre-emptive rights.
- ✓ The issuer shall have audited financial statements complying with International Financial Reporting Standards (IFRS) for the last one accounting period, including the accounting period ending on a date not more than four months before listing for issuers whose securities are not listed at the securities exchange, and six months for issuers whose securities are listed at the securities exchange.
- ✓ 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 (or six months in the case of an entity whose securities are listed on a security exchange) 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.
- ✓ The issuer must have suitable Senior Management with relevant and sufficient experience, none of whom shall have been convicted of a serious offence in any jurisdiction that may be considered inappropriate for the management of a listed company.

1.3 Disclosure Requirements

a. SME Market Segment Disclosure Requirements for Public Offers and Listing

The Eighth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 sets out the disclosure requirements for issuers seeking to list or make a public offer on the SME Market Segment. It requires issuers to provide clear information on their identity, including the names and addresses of directors, senior management, and advisors, as well as a declaration by the board affirming the accuracy and completeness of the information provided. The issuer must also disclose details of experts such as bankers, legal advisers, sponsors, and reporting accountants, together with any material interests they may have in the offer.

Further, the schedule requires disclosure of offer statistics, including the total amount of the issue, the number and price of securities, and the methodology used for pricing. The timetable for the offer must also be clearly presented, indicating the duration of the subscription period and the application process for different categories of investors. Additionally, the issuer is obligated to disclose any payments, securities, or other benefits provided to promoters within the year preceding the offer, excluding directors. They must also confirm whether any assets acquired by the company have been transferred into its name or pledged in support of the offer.

The disclosure requirements are intended to promote transparency and safeguard investors by ensuring that prospective investors in SME listings have access to complete, accurate, and timely information regarding the issuer’s structure, advisors, offer particulars, and related-party dealings.

b. SME Market Segment Disclosure Requirements for Listing by Introduction

The Ninth Schedule of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 outlines the disclosure requirements for issuers seeking to list securities on the SME Market Segment by introduction, meaning without raising new capital through a public offer. It requires issuers to disclose details of their directors, senior management, and advisers, together with a declaration affirming the accuracy of the information provided. Issuers must also describe the securities to be listed, including their number, class, rights, restrictions, and shareholding structure, while highlighting major shareholders.

In addition, they are required to disclose all material contracts or arrangements, especially those involving controlling shareholders, and to present recent audited financial statements in line with IFRS standards. Other required disclosures include ownership details, risk and internal control arrangements, corporate governance structures, and any potential conflicts of interest. Collectively, these requirements are intended to promote transparency and ensure that investors have adequate, reliable, and relevant information when trading SME securities listed by introduction.

1.4 Green Shoe Option

Green shoe option (or over-allotment option) is the right reserved by an issuer to allot up to a specified number of securities in excess of the number of the relevant securities declared as the securities on offer and available under the offer. Through the green shoe option provided for in the POLD regulations, SMEs underwriters are able to sell additional shares if the investors' demand is higher than expected. The green shoe option must be authorized by a resolution passed in a duly constituted general meeting of members of the issuer specifying the purpose for the green shoe option. The Information Memorandum should include all material disclosures about the green shoe option, including the securities to be offered in the green shoe option, which should not exceed 30% of the specified offer amount, and the use of the proceeds of the green shoe option. To maintain price stability using the green shoe option, the stabilization process is available for a period of not more than thirty days from the date on which trading in the securities on the secondary market of the securities exchange commences.

1.5 Crowdfunding

Crowdfunding presents an alternative avenue for SMEs to raise capital. The Capital Markets (Investment-Based Crowdfunding) Regulations, 2022, were gazetted to provide a framework for the licensing and supervision of crowdfunding platform operators and related transactions. The development of the regulations aligns with Kenya’s broader objective of enhancing access to market-based financing for SMEs, which often face challenges in meeting the stringent requirements of traditional listings on the NSE. Through the regulations, SMEs can mobilize funds by offering shares (equity crowdfunding) or debt instruments (debt crowdfunding) through CMA-approved crowdfunding platforms.

Eligibility Criteria

- ✓ A micro, small, or medium enterprise incorporated in Kenya with a minimum of two years’ operating track record and a good corporate governance record.
- ✓ Start-ups with a good operating track record and a good corporate governance record are eligible to raise funds through a crowdfunding platform.

- ✓ The aggregate amount that may be raised by an eligible micro, small, and medium enterprises or startup within a twelve-month period shall be a maximum amount of Kenya shillings one hundred million.

Public listed companies and their subsidiaries, entities with a poor governance record, and entities that intend to use the funds raised to provide loans or invest in other entities are prohibited from issuing debt and equities through crowdfunding. Eligible investors include sophisticated investors; retail investors with the investment limits prescribed by the crowdfunding platform operator, but up to a maximum of KSh. 100,000.

1.6 Process of SMEs Equity/Debt Issuance

Stage 1: SMEs Preparation to Issue

Figure 1 SMEs' Preparation to Issue

Source: CMA

Stage 2: CMA Approval Process

Figure 2 CMA Approval Process

Source: CMA

1.7 Jurisdiction Overview of SMEs

Across major global markets, SME listing frameworks are designed to lower costs, simplify requirements, and enhance access to capital. The United Kingdom leads with its Alternative Investment Market (AIM), supported by strong tax incentives such as the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS), which grant investors 30–50% tax relief. France, Australia, and Hong Kong also offer highly attractive incentives, including reduced listing fees, Research and Development tax credits, and government co-funding for IPO advisory costs. These markets combine fiscal incentives with flexible governance and streamlined disclosure rules, creating strong motivation for SMEs to list and fuelling sustained participation in their alternative markets.

China offers SMEs a raft of incentives including provincial grants, tax rate reductions, and fast-track approvals, resulting in a surge in SME listings from 1,000 in 2019 to over 2,200 by 2025. India follows closely with tax exemptions, subsidized advisory costs, and targeted credit support through Small Industries Development Bank of India (SIDBI) and National Small Industries Corporation Ltd. (NSIC), contributing to consistent growth in SME listings. Japan and South Korea maintain moderate incentive strength, focusing on tax reductions, advisory subsidies, and mentorship programs to build SME market readiness. Despite smaller listing volumes, these policies enhance long-term sustainability and post-listing performance through capacity building and structured support.

In Africa, South Africa and Kenya have developed emerging SME listing frameworks but remain constrained by limited uptake. South Africa offers grants and tax deductions for IPO-related expenses (**See Annexure 2 and 3 for more details)**. However, in Kenya and South Africa, participation remains minimal due to low investor awareness, liquidity challenges, and capacity gaps among SMEs. Strengthening fiscal incentives, enhancing market visibility, and creating awareness of the available listing opportunities could significantly improve SME participation in Kenya's capital markets and align it with successful international models.

CMA's Action Point

There exists a wide range of opportunities for SMEs in Kenya to access the capital markets, enabling them to raise capital and benefit from the broader advantages of market-based financing. The recent listing of Shri Krishna Overseas (SKL) on the Nairobi Securities Exchange's SME Market Segment demonstrates the potential for other SMEs to successfully tap into the capital markets for funding. The Capital Markets Authority remains committed to providing continuous support to SME firms throughout their onboarding and issuance processes, ensuring successful listings and contributing to the deepening and development of the domestic capital markets.

II. GLOBAL ECONOMIC AND CAPITAL MARKETS OUTLOOK

2.1 Global Economic Outlook

In the quarter under review, IMF World Economic Outlook 2025 indicated that global growth is projected to decelerate from 3.3 percent in 2024 to 3.2 percent in 2025 and to 3.1 percent in 2026. On a fourth quarter to fourth-quarter basis, growth is projected to decline from 3.6 percent in 2024 to 2.6 percent in 2025 and recover to 3.3 percent in 2026. At market exchange rates, world output is projected to grow by 2.6 percent in both 2025 and 2026, slowing down from 2.8 percent in 2024[1].

For advanced economies, growth is projected to be 1.6 percent in 2025 and 2026, both 0.2 percentage points lower than recorded in 2024 and projected in the October 2024.In sub-Saharan Africa, growth is expected to remain subdued, unchanged in 2025 from 4.1 percent in 2024, before picking up to 4.4 percent in 2026. Many low-income countries in sub-Saharan Africa benefited from preferential access to the US market under the African Growth and Opportunity Act (AGOA), which expired in September 2025. Halting this preferential access is expected to have sizable negative effects.

In the second quarter of 2025, seasonally adjusted GDP increased by 0.1% in the euro area and by 0.2% in the European Union (EU), compared with the previous quarter, according to a preliminary flash estimate published by Eurostat. In the first quarter of 2025, GDP had increased by 0.6% in the euro area and by 0.5% in the European Union. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 1.4% in the euro area and by 1.5% in the EU in the second quarter of 2025, after +1.5% in the euro area and +1.6% in the EU in the previous quarter[2].

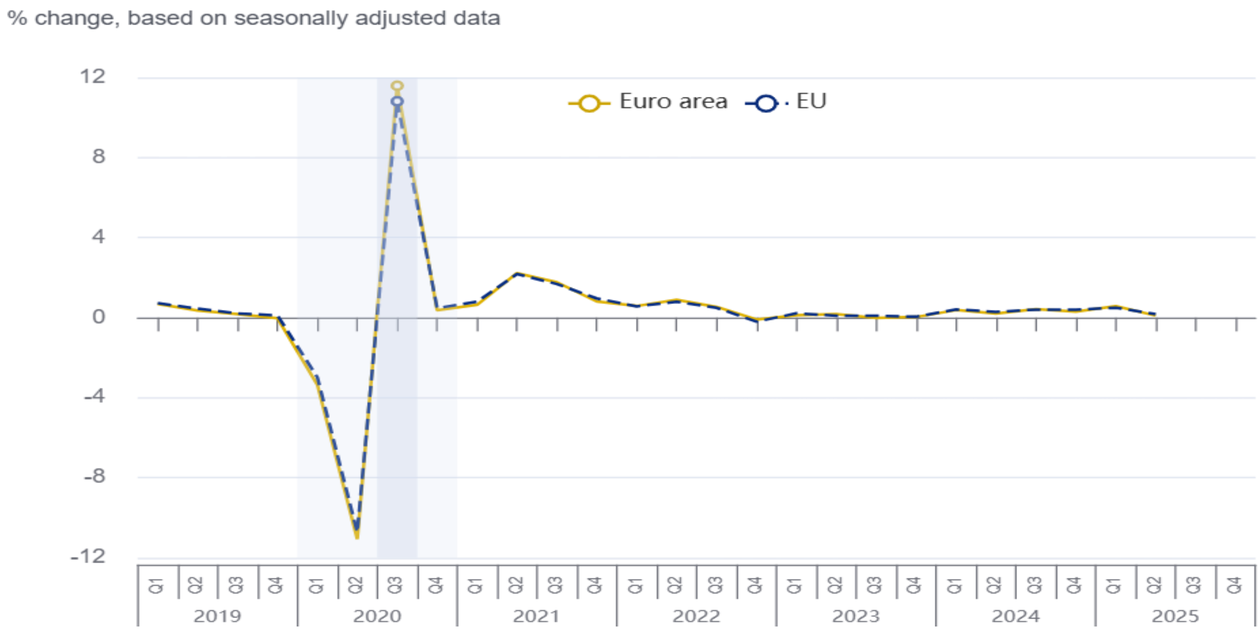
[1] https://www.imf.org/en/Publications/WEO/Issues/2025/10/14/world-economic-outlook-october-2025
[2] https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-30072025-ap

Figure 3 Overview of the World Economic Outlook Projections 2025/2026

		Projections	
	2024	2025	2026
World Output	**3.6**	**2.6**	**3.3**
Advanced Economies	**1.9**	**1.3**	**1.8**
United States	2.4	1.9	2.0
Euro Area	1.3	0.7	1.7
Germany	−0.2	0.3	1.0
France	0.6	0.8	1.0
Italy	0.6	1.0	0.1
Spain	3.7	2.5	1.8
Japan	1.3	0.2	1.1
United Kingdom	1.5	1.4	1.4
Canada	2.3	0.5	2.3
Other Advanced Economies[2]	2.1	1.2	2.8
Emerging Market and Developing Economies	**4.9**	**3.7**	**4.4**
Emerging and Developing Asia	5.9	4.5	5.3
China	5.4	3.7	5.0
India[3]	7.4	6.0	6.2
Emerging and Developing Europe	3.4	1.3	2.3
Russia	4.5	−0.5	0.5
Latin America and the Caribbean	2.4	2.1	2.6
Brazil	3.3	2.4	2.3
Mexico	0.4	1.5	1.7
Middle East and Central Asia	. . .	. . .	. . .
Saudi Arabia	4.4	4.0	4.0
Sub-Saharan Africa	. . .	. . .	. . .
Nigeria[4]	4.0	3.9	4.3
South Africa	0.5	1.5	1.0
Memorandum			
World Growth Based on Market Exchange Rates	3.0	2.2	2.8
European Union	1.6	1.0	1.7
ASEAN-5[5]	4.8	4.9	4.5
Middle East and North Africa	. . .	. . .	. . .
Emerging Market and Middle-Income Economies	4.9	3.7	4.4
Low-Income Developing Countries	. . .	. . .	. . .
Commodity Prices (US dollars)			
Oil[6]	−10.1	−8.3	−2.2
Nonfuel (average based on world commodity import weights)	8.3	7.1	1.2
World Consumer Prices[7]	**4.9**	**3.6**	**3.0**
Advanced Economies[8]	2.4	2.4	2.0
Emerging Market and Developing Economies[7]	6.7	4.4	3.7

Source: IMF

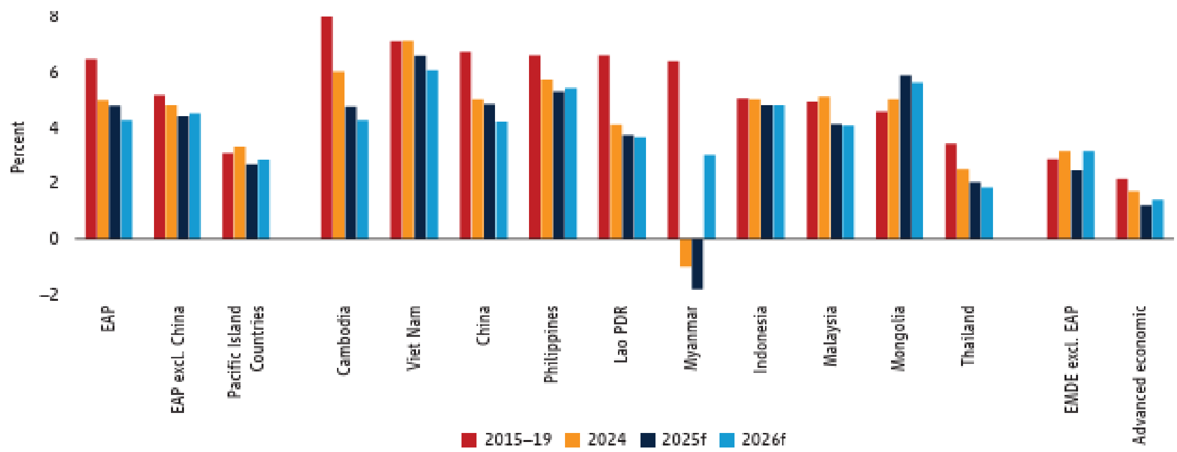
Figure 4 GDP Growth rates over previous quarter



Data source: Eurostat

Growth in East Asia and Pacific (EAP) countries is slowing down or plateauing as the external environment becomes less favourable and domestic difficulties persist. Growth in China, the region's largest economy, is projected to decline from 4.8 percent this year to 4.2 percent in 2026, because of an expected slowdown in export growth and a likely reduction in the fiscal stimulus in light of rising public debt. The rest of the East Asia and Pacific region is projected to grow by 4.4 percent in 2025 and 4.5 percent in 2026 in the face of higher trade barriers, elevated global economic policy uncertainty and slower global growth. The Pacific Island Countries are projected to grow by only 2.7 percent in 2025 and 2.8 percent in 2026 because they remain vulnerable to both global conditions and climate-related events.

Figure 5 EAP Growth projections



Source: World Bank

Growth in EAP is projected to decline in 2025, and growth in most EAP countries is unlikely to recover in 2026. The United States, an important market, has recently introduced higher "reciprocal tariffs" on most of its trading partners, as well as higher tariffs on imports in specific sectors such as steel, aluminium, copper, autos and auto parts. While China remains, the country facing the highest US tariff rate, in the other EAP countries, the magnitude and the source of the increase in tariff differs. Thailand, Viet Nam, the Philippines and Malaysia are less affected by the US "reciprocal tariffs" due to their export specialization in electronics and semiconductors (which are currently exempted), than Lao PDR, Cambodia and Myanmar which export apparel and other products.

2.2 Growth Outlook in Sub-Saharan Africa

Economic activity in Sub-Saharan Africa is projected to grow by 3.8 percent in 2025, up from 3.5 percent in 2024. The 2025 growth forecast for the region has been revised upward by 0.3 percentage point from the April 2025 Africa's Pulse projection. The revision reflects growth upgrades in large economies like Nigeria (0.6 percentage point), Ethiopia (0.7 percentage point), and Côte d'Ivoire (0.5 percentage point). In contrast, the

2025 growth forecasts for Angola, Botswana, Mozambique, Senegal, and Zambia were downgraded. Most countries in the region (30 of 47) experienced an upward revision of their growth forecasts for 2025.

For Sub-Saharan Africa, the aggregate effect of the restrictive trade policy may be modest as the region's trade linkages with the United States are smaller than those with Europe and China.27. However, the industry-level impacts may be significant in global value chain–linked activities, notably, textiles and apparel as well as footwear (Eswatini, Kenya, Lesotho, Madagascar, and Mauritius) and automotive and components (South Africa)[3].

2.3 Global Inflation

In the G7, year-on-year headline inflation remained broadly stable at 2.7% in August 2025. It increased by 0.2 in Canada, Germany, and the United States. However, it fell in Japan, reflecting a decline in food inflation and an even stronger decline in energy inflation. Core inflation remained the main contributor to headline inflation across the G7 except in Japan, where food and energy inflation combined had a larger impact. In the euro area, year-on-year inflation, as measured by the Harmonised Index of Consumer Prices (HICP), remained stable in August, at 2.0% for the third consecutive month. In the G20, year-on-year inflation remained broadly stable at 3.7% in August 2025.

Year-on-year headline inflation in the OECD, as measured by the Consumer Price Index (CPI), remained stable at 4.1% in August 2025, having hovered around this rate since March 2025. In August, it rose in 15 of the 38 OECD countries, declined in 13, and was stable or broadly stable in the remaining 10. Costa Rica fell further into deflation in August and inflation remained close to zero in Switzerland. Inflation was above 5.0% in Colombia and Estonia, and above 30% in Turkey.

In the United States, inflation is expected to pick up beginning in the second half of 2025, as the impact of tariffs is no longer absorbed within supply chains and instead passed on to consumers. Inflation then is expected to return to the Federal Reserve's 2 percent target during 2027. This forecast assumes only modest second-round effects, implying potential upside risks to US inflation in the baseline amid downside risks to employment.

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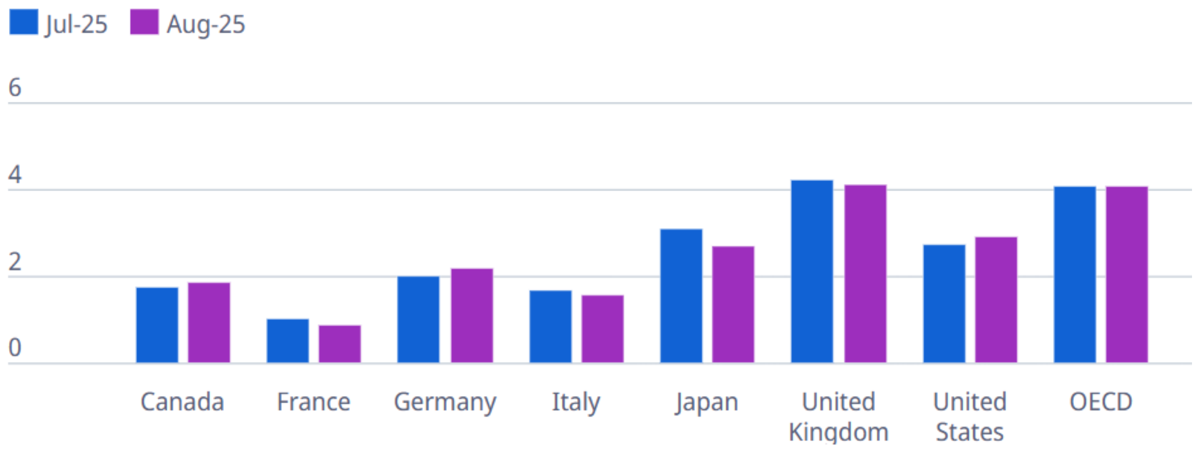
[3] https://openknowledge.worldbank.org/server/api/core/bitstreams/8322b452-2d9c-4708-9fa7-425245c58a7d/content

Figure 6 Consumer prices, G7 economies and ORCD- Total inflation and its components (All items, year-on-year inflation rate)



Source: OECD

2.4 Global IPO in Quarter three 2025

The report by the Earnest and Young indicates that the global IPO market experienced a significant upswing in the third quarter of 2025. A total of 370 companies went public worldwide, marking a 19% increase compared to the same quarter of the previous year. The issuance volume saw an even more impressive rise, increasing by 89% to $48.3 billion[4]. The highest shares of the global issuance volume in the first three quarters were in the Technology ($23.8 billion), Mobility ($14.2 billion), and Real Estate/Hospitality & Construction ($13.2 billion) sectors.

During first three quarters of year 2025, In the USA, the number of IPOs in the USA increased significantly to 180 in 2025 (from 121 in 2024), with an issuance volume of $33.0 billion (from $27.3 billion in 2024). In Switzerland, the SMG Swiss Marketplace Group went public on the Swiss stock exchange with an issuance volume of around 903 million CHF, making it the largest IPO in Europe this year and placing it among the top 10 worldwide. Switzerland recorded three new listings in 2025 so far, including Amrize's dual listing on SIX and NYSE and Bioversys AG's February IPO.

In China, the IPO market in Greater China also grew significantly, reaching 155 IPOs (from 119 in 2024) with an issuance volume of $35.9 billion (from $13.1 billion in 2024). The largest IPO by issuance volume in Q3 took place in Hong Kong - Zijin Gold International Co Ltd with $3.2 billion. In Europe region, European stock exchanges saw fewer companies listed year-on-year, with 73 IPOs compared to 97 in 2024. The issuance volume reached $9.4 billion compared to $15.4 billion during the same period last year.

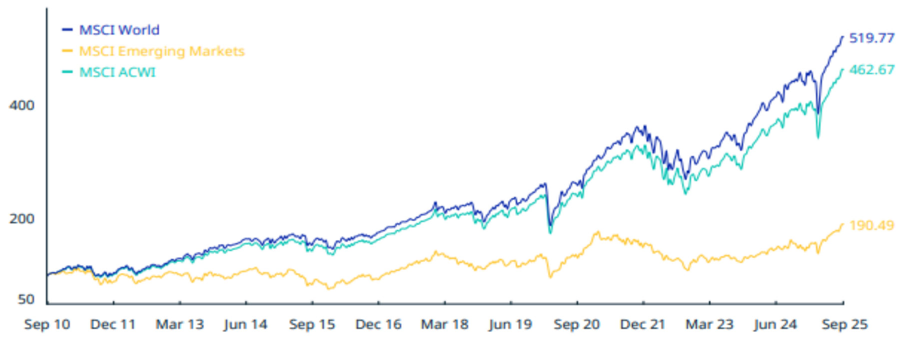
[4] https://www.ey.com/en_ch/insights/ipo/global-ipo-highlights-in-q3-2025-and-insights-for-future-ipo-candidates

2.5 Equity performance in Q3. 2025

Global equity markets registered positive returns, with the MSCI World Index and Emerging Market Index improving by 17.83 % and 28.22%, respectively, in United States Dollar terms, on a year-to-date basis.

Figure 7 MSCI World Index

CUMULATIVE INDEX PERFORMANCE — GROSS RETURNS (USD) (SEP 2010 – SEP 2025)



ANNUAL PERFORMANCE (%)

Year	MSCI World	MSCI Emerging Markets	MSCI ACWI
2024	19.19	8.05	18.02
2023	24.42	10.27	22.81
2022	-17.73	-19.74	-17.96
2021	22.35	-2.22	19.04
2020	16.50	18.69	16.82
2019	28.40	18.88	27.30
2018	-8.20	-14.24	-8.93
2017	23.07	37.75	24.62
2016	8.15	11.60	8.48
2015	-0.32	-14.60	-1.84
2014	5.50	-1.82	4.71
2013	27.37	-2.27	23.44
2012	16.54	18.63	16.80
2011	-5.02	-18.17	-6.86

INDEX PERFORMANCE — GROSS RETURNS (%) (SEP 30, 2025)

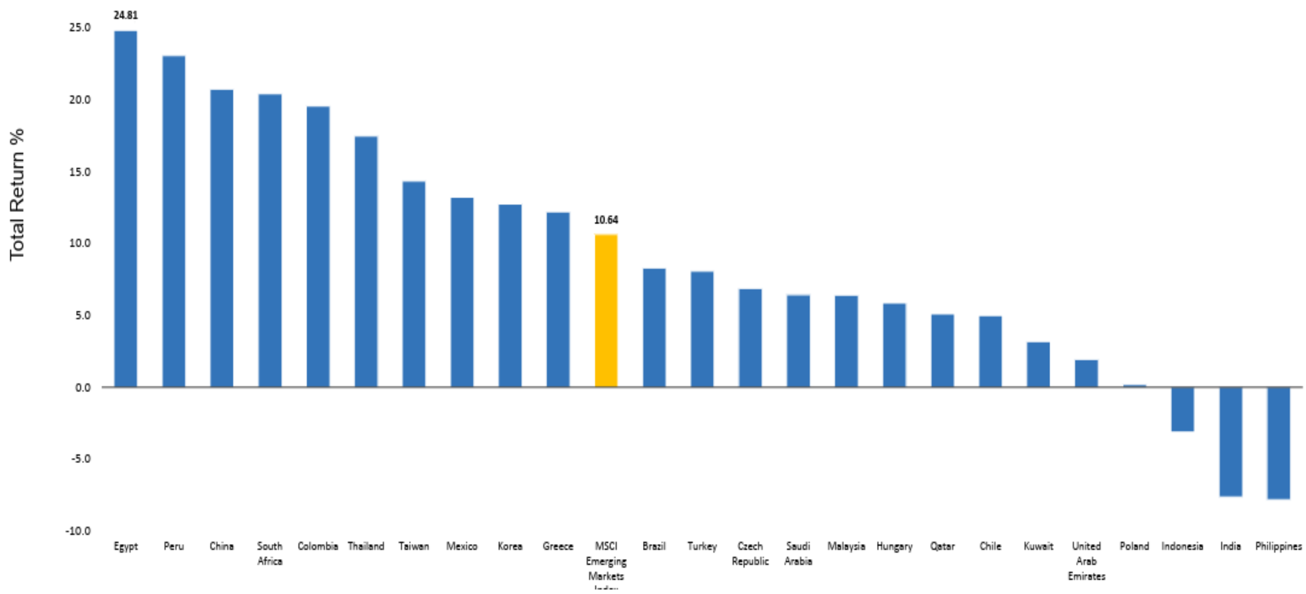
					ANNUALIZED			
	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since Dec 31, 1987
MSCI World	3.25	7.36	17.75	17.83	24.29	14.94	13.00	8.85
MSCI Emerging Markets	7.18	10.95	18.17	28.22	18.81	7.51	8.43	10.00
MSCI ACWI	3.66	7.74	17.80	18.86	23.70	14.07	12.47	8.68

FUNDAMENTALS (SEP 30, 2025)

	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI World	1.62	24.39	20.39	3.87
MSCI Emerging Markets	2.36	16.36	13.99	2.11
MSCI ACWI	1.70	23.16	19.44	3.55

Source: MSCI

Figure 8 Quarterly Returns of Emerging Market Countries -MSCI



Source: Morgan Stanley

The above figure shows the total return performance across various emerging markets, benchmarked against the MSCI Emerging Markets Index, which recorded a total return of 10.64%. In Q3. 2025, Egypt leads with 24.81% total return, followed by Peru, China, South Africa, Colombia, and Thailand, all of which recorded returns above 18%. The performance in these countries could be attributed to factors such as policy reforms, improved fiscal outlooks, robust commodity prices, or positive currency movements that boosted equity valuations. For instance, resource-rich economies like Egypt, South Africa, and Peru may have benefited from commodity price recoveries, while Asian economies like China and Thailand could have been supported by renewed domestic demand and easing monetary conditions.

The mid-tier group as per the MSCI ratings, which includes Taiwan, Mexico, Korea, Greece, Brazil, Turkey, and Saudi Arabia, reported moderate gains ranging between approximately 7% and 15%. Markets such as Czech Republic, Malaysia, Hungary, Qatar, Chile, Kuwait, United Arab Emirates, Poland, Indonesia, India, and the Philippines underperformed relative to the benchmark. These markets may have been affected by slower GDP growth, weaker corporate earnings, or rising interest rates that affected equity market performance. In particular, India's and the Philippines' negative returns could reflect capital outflows and valuation corrections after periods of strong prior growth.

In the year 2025, asset class performance shows a strong rebound led by International Small-Cap equities, returning 29.54%, the highest among all categories. This reflects renewed investor confidence in global and smaller-cap markets, likely driven by improving global economic conditions and easing financial constraints.

Figure 9 Asset Class Return Analysis (%)

HIGHER

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD 2025
Growth 5.67	Small-Cap 21.31	Emerging Markets 37.28	Growth -1.51	Growth 36.39	Growth 38.49	S&P 500 28.71	Value -7.54	Growth 42.68	Growth 33.36	International Small-Cap 29.54
International Small-Cap 5.46	Value 17.34	International Small-Cap 31.04	S&P 500 -4.38	S&P 500 31.49	Small-Cap 19.96	Growth 27.60	International -14.45	S&P 500 26.29	S&P 500 25.02	Emerging Markets 27.53
S&P 500 1.38	Mid-Cap 13.80	Growth 30.21	Value -8.27	Mid-Cap 30.54	S&P 500 18.40	Value 25.16	Mid-Cap -17.32	Global 22.20	Global 17.49	International 25.14
International -0.81	S&P 500 11.96	International 25.03	Mid-Cap -9.06	Global 26.60	Emerging Markets 18.31	Mid-Cap 22.58	S&P 500 -18.11	International 18.24	Mid-Cap 15.34	Global 18.44
Global -2.36	Emerging Markets 11.19	Global 23.97	Global -9.42	Value 26.54	Mid-Cap 17.10	Global 18.54	Global -18.36	Mid-Cap 17.23	Value 14.37	Growth 17.24
Mid-Cap -2.44	Global 7.86	S&P 500 21.83	Small-Cap -11.01	Small-Cap 25.52	Global 16.25	Small-Cap 14.82	Emerging Markets -20.09	Small-Cap 16.93	Small-Cap 11.54	S&P 500 14.83
Value -3.83	Growth 7.08	Mid-Cap 18.52	International -13.79	International Small-Cap 25.41	International Small-Cap 12.78	International 11.26	Small-Cap -20.44	International Small-Cap 12.62	Emerging Markets 7.50	Value 11.65
Small-Cap -4.41	International Small-Cap 4.32	Small-Cap 14.65	Emerging Markets -14.58	International 22.01	International 7.82	International Small-Cap 11.14	International Small-Cap -20.59	Value 11.46	International 3.82	Mid-Cap 10.42
Emerging Markets -14.92	International 1.00	Value 13.66	International Small-Cap -18.07	Emerging Markets 18.42	Value 2.80	Emerging Markets -2.54	Growth -29.14	Emerging Markets 9.83	International Small-Cap 2.76	Small-Cap 10.39

LOWER

Source: Morgan Stanley

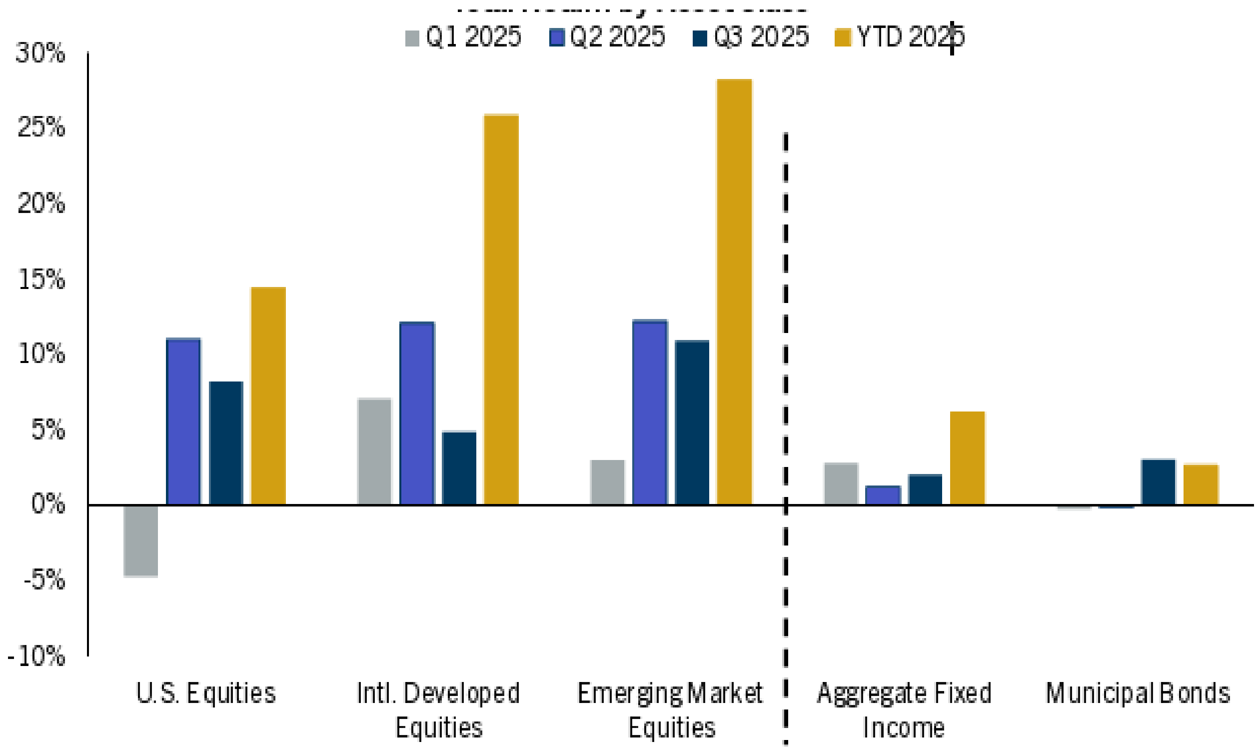
Emerging Markets follow closely with 27.58%. improved returns in emerging markets suggests renewed capital inflows, better growth prospects, and possibly stabilization in key developing economies. The U.S. assets such as the S&P 500 (14.83%) and Growth stocks (17.24%) continue to post improved returns.

Returns were solid across asset classes in Q3. 2025

Following a turbulent first half of 2025, global markets were considerably more stable in the third quarter. In addition to the US economy and business earnings turning out to be far stronger than anticipated, the impact of US tariffs was less severe than anticipated. Although the difference has decreased since Q1.2025, foreign stocks are still outperforming US indices by a considerable margin this year.

Emerging Market equities have exploded to a 28% return as the best-performing asset class this year, following a second straight quarter return of 10% or more. As rates declined due to expectations of interest-rate decreases, aggregate fixed income reported another strong quarterly return. For the first time this year, municipal bonds saw a quarterly increase in Q3.

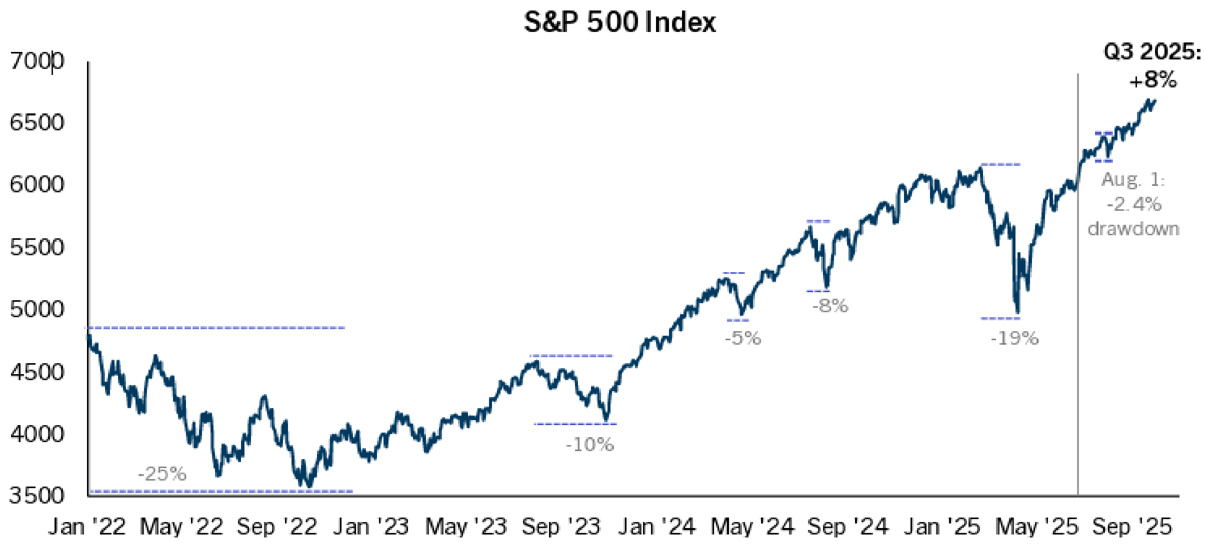
Figure 10 Total Return by Asset Class



Source: First Citizens Wealth/ Bloomberg

The S&P 500 rose 8% in the third quarter, and the index has gained 14% in year 2025 despite the sharp selloff in April 2025.

Figure 11 S&P 500 Index Jan 2022- Sept 2025



Source: First Citizens Wealth/ Bloomberg

2.6 Bond Markets

Globally, Bond markets underperformed, weighed down by persistent inflation concerns and fiscal uncertainty. The inflationary impact of tariffs and the fiscal implications of large-scale US tax cuts have driven yields higher, putting pressure on bond prices and making fixed income a challenging space for returns. Investment-grade corporate bonds saw their yield premium over government debt tighten modestly, supported by strong demand and the stable corporate picture. However, government bonds struggled as rising yields reflected investor unease over long-term fiscal sustainability. The UK, for example, saw 30-year gilt yields climb to levels not seen since the late 1990s, driven by concerns over borrowing and spending plans of the Autumn Budget[5].

2.7 Top International Regional and Local Risks and Opportunities During the Quarter

Key Risks Identified

1. ***Rising geopolitical tensions in the Middle East, especially between Israel and Iran, led to a marked increase in global risk aversion. Investors sought refuge in safe-haven assets such as gold, while wider financial markets experienced negative reactions due to the heightened geopolitical uncertainty.***

[5] https://www.charles-stanley.co.uk/insights/commentary/investment-commentary-third-quarter-2025

2. *Extreme weather events across Asia and North America severely disrupted supply chains and energy infrastructure, causing total economic losses estimated at $131 billion. Insurers absorbed about $80 billion of these costs, far surpassing the average losses seen over the past decade and even the past thirty years.*
3. *In the third quarter, a wave of high-profile cyberattacks shook financial and infrastructure systems worldwide. A ransomware breach at a major European clearinghouse disrupted cross-border trades, while several mid-sized U.S. banks grappled with online banking outages. In Asia, an attack on a key energy pipeline sent regional fuel prices surging. Together, these incidents rattled markets and underscored the growing risks posed by cyber threats to global financial markets stability.*

Key Opportunities

1. *In September, the U.S. Federal Reserve pivoted by cutting interest rates and signalling the possibility of further reductions. The move sent shockwaves through global markets, driving bond yields sharply lower, pushing equity benchmarks to record highs, and fuelling a renewed appetite for risk among investors.*
2. *As regulatory frameworks in the U.S. and Europe become clearer, segments of the digital asset market including tokenized money market funds and regulated stablecoins are gaining legitimacy. The development has caught the eye of institutional investors, many of whom are now turning to regulated digital finance as a new avenue for portfolio diversification.*
3. *Investor demand for climate-friendly assets surged in the third quarter, with green bonds and renewable energy stocks leading the charge. Companies presenting clear and credible transition plans drew significant capital inflows, signalling that ESG investing is steadily moving into the mainstream.*
4. *With risk sentiment on the rise, frontier markets across Africa and Asia saw a wave of renewed portfolio inflows. In August, Kenya recorded its second-strongest inflow of the year, supported by stabilizing currencies and attractive yields. The trend has opened new opportunities for both carry trades and long-term investors seeking growth at reasonable valuations.*

III. INTERNATIONAL DEVELOPMENTS

3.1 China Leads with Launch of the World's First Yuan-Denominated Tokenized Money Market Fund

China Asset Management (Hong Kong) made headlines with the launch of the world's first yuan-denominated tokenized money market fund, a product that combines traditional fund management with the transparency and flexibility of blockchain technology. Unlike conventional money market funds, which rely on centralized records, this fund issues digital tokens that serve as proof of ownership and can be tracked in real time on a public blockchain.

The fund primarily invests in safe, short-term instruments such as government bonds, fixed deposits, certificates of deposit, and commercial papers, with at least 70 percent of its holdings denominated in Chinese renminbi or settled assets. Investors can access the fund through traditional banks and brokers, or via Hong Kong's regulated virtual asset trading platforms, which is a dual approach designed to bring tokenized products closer to mainstream finance while maintaining regulatory safeguards.

Key Takeaway

There is growing progress globally in bridging the gap between traditional financial systems and blockchain innovation. For Kenya, there is an opportunity to explore tokenized or blockchain-based investment products that could make capital markets more accessible, efficient, and transparent. With careful planning and regulatory oversight, such innovations could offer investors greater flexibility, strengthen trust in the financial system, and help position Kenya as a forward-looking financial hub in Africa.

3.2 GENIUS Act Signed into Law

President Donald Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) into law, marking the first time the United States has established clear federal rules for stablecoins. These digital tokens, designed to maintain a steady value, have grown rapidly in recent years but have largely operated in a legal grey area.

The new law defines who can issue stablecoins, limiting issuance to regulated banks or specially approved non-bank firms. Each token must be backed one-to-one by cash or safe assets such as U.S. Treasury bills, with issuers required to publish regular reserve reports and undergo independent audits. Beyond financial rules, the Act also introduces strong consumer protections: issuers cannot imply that their tokens are legal tender or government-backed, and in case of trouble, holders are prioritized for payouts over other creditors.

Banking regulators will oversee compliance, with the Act clarifying that stablecoins are not to be treated as securities or commodities. National security provisions require adherence to anti-money laundering laws and grant authorities the power to freeze or redeem tokens under legal orders.

Supporters hail the GENIUS Act as a milestone for making stablecoins more trustworthy and reinforcing the U.S. dollar's global role. Critics, however, warn that the strict regulations could limit smaller innovators.

Key Takeaway

With the recent enactment of the VASPs Bill into an Act and with stablecoin oversight falling under the CBK, CMA will seek to leverage inter-agency collaboration to explore tokenized collective investment schemes or market instruments, ensuring that innovations in digital finance occur within a well-supervised environment that promotes investor protection and market confidence.

3.3 The European Securities and Markets Authority (ESMA) First Climate Transition Plan

The European Securities and Markets Authority (ESMA) issued its first Climate Transition Plan in July 2025, setting out actions to cut emissions from its operations and support the EU's wider climate goals. Using 2023 as the reference year, the initiative represents an important step in advancing the European Green Deal. The European Green Deal, launched in December 2019, is the EU's flagship strategy that combines economic growth with climate action, with the central aim of making Europe the first climate-neutral continent by 2050 through achieving net-zero greenhouse gas emissions.

ESMA's review of its footprint showed that the bulk of its 457 tonnes of CO_2 equivalent in 2023 came from staff travel, office energy use, and food services. To tackle this, the plan commits to reducing emissions by more than 15% by 2027 and around 31% by 2030, with the longer-term ambition of climate neutrality by mid-century. Measures include stricter controls on air travel, more efficient use of office space, and greener standards in procurement. Progress will be monitored annually and reported in ESMA's official statements under the supervision of senior management.

The plan serves two main purposes. On one hand, it enables ESMA to manage its operations more sustainably, cutting costs, boosting efficiency, and making its environmental impact more transparent. On the other, it strengthens ESMA's standing as a leader in sustainable finance, setting an example for other EU institutions and market participants. In this way, the plan not only supports the EU's Green Deal but also aligns ESMA with the global climate objectives of the Paris Agreement.

Key Takeaway

ESMA's Climate Transition Plan illustrates how a financial regulator can lead by example in embedding sustainability into both its internal operations and market oversight functions. For Kenya, this offers a valuable lesson on integrating environmental responsibility within the financial sector. By systematically tracking emissions, setting measurable reduction targets, and adopting greener operational practices, Kenyan financial sector regulators, who have already been at the forefront of promoting sustainability

initiatives, can further enhance transparency, operational efficiency, and demonstrate strong leadership in advancing sustainable finance.

3.4 Securities and Exchange Board of India (SEBI) eases compliance for brokers with centralized inspection regime

SEBI has taken a major step to make life easier for brokers by rolling out a centralized inspection regime. Until now, brokers and depository participants often faced multiple inspections from different exchanges, clearing corporations, and depositories, which meant duplication of effort and heavy compliance costs. Under the new system, these market institutions will work together and carry out joint inspections, giving regulators a full picture of a broker's operations while sparing firms from repeated checks. The inspections will also be risk-based, to mean those with a history of complaints or penalties will face annual reviews, while well-managed, low-risk brokers will only be inspected once every three years.

This move is seen as a win for both sides. For brokers, it reduces disruption and compliance burden, allowing them to focus more on serving clients. For regulators, it means oversight will be sharper and more efficient, since resources will be concentrated on higher-risk entities. Of course, the success of the system will depend on how smoothly the various institutions coordinate, and how fairly SEBI defines what counts as "high risk." Overall, the centralized approach marks a shift towards smarter regulation

Key Takeaway

Currently, the supervision of market intermediaries in Kenya, such as brokers remains largely fragmented across institutions including the CDSC and NSE. While the CMA has made notable progress in adopting risk-based supervision and enhancing coordination with these entities, the level of system integration and data sharing required for a fully centralized model like SEBI's is still limited. SEBI's centralized inspection framework provides a valuable benchmark for Kenya, offering insights on how to streamline oversight, reduce compliance costs for intermediaries, and direct regulatory focus toward higher-risk entities for more efficient and effective supervision in future.

3.5 South Korea's financial regulators to Launch AI powered 'One Strike-Out' system for unfair trading

South Korea's financial regulators are stepping up their fight against market misconduct with the launch of an AI-driven "one-strike-out" system aimed at unfair trading. The move brings together the Financial Services Commission, the Financial Supervisory Service, and the Korea Exchange in a coordinated effort to detect and punish malpractice such as stock price manipulation, false disclosures, and illegal short selling.

What makes this initiative stand out is its zero-tolerance approach i.e. a single proven violation can lead to severe consequences, including heavy fines, suspension from trading, and even permanent exclusion from the markets.

To make oversight more practical and timelier, South Korea's regulators plan to use smart monitoring systems that can spot unusual trading patterns and follow activity across multiple accounts. The goal is to catch problems early and act quickly.

Key Takeaway

Kenya is steadily making its mark as a regional leader in AI, with a 2025 survey by the Central Bank showing that half of the country's financial institutions have already adopted AI tools. Building on this momentum, introducing AI-driven surveillance in the capital markets could allow regulators to spot suspicious trading patterns across multiple accounts more accurately, while reducing the compliance burden on firms that follow the rules. If carefully designed and implemented, such a system could boost investor confidence, enhance market transparency, and help create a fairer and more resilient financial environment.

IV. REGIONAL DEVELOPMENTS

4.1 Ethiopian Securities Exchange (ESX) launches Government Securities Trading

Ethiopia has marked a significant milestone in the evolution of its financial markets with the launch of government securities trading on the Ethiopian Securities Exchange (ESX). For the first time, Treasury Bills are being traded on a formal, regulated platform, offering both local and international investors a transparent and secure avenue to participate in the country's financial system. This initiative is the culmination of years of strategic reforms under Ethiopia's Home-Grown Economic Reform Agenda, aimed at broadening financial inclusion, mobilizing domestic capital, and supporting sustainable economic growth.

The success of this launch relies on the coordinated efforts of key institutions, including the National Bank of Ethiopia, the Ethiopian Capital Market Authority, and the Central Securities Depository, which have worked to put in place the necessary infrastructure and regulatory framework for efficient trading. By providing businesses with new channels to raise capital and giving citizens an opportunity to invest in government securities, the ESX strengthens market confidence and promotes financial literacy.

Stability Implications

Ethiopia's move enhances regional financial stability prospects in the long term by broadening investment opportunities and deepening liquidity within the region's capital markets. Additionally, it signals growing momentum toward capital market deepening in East Africa, which could enhance regional financial integration, competition, and investor confidence.

4.2 Egypt's Exchange launches a new index that tracks low volatility stocks

Egypt has taken an important stride in developing a more resilient and sophisticated financial market with the launch of the EGX35-LV index, which tracks the 35 most liquid companies with the lowest price volatility. Spanning 13 sectors of the economy, the index includes prominent firms such as Commercial International Bank, Telecom Egypt, and Egyptian International Pharmaceutical Industries, offering investors a well-diversified and stable set of options. Unlike traditional benchmarks that may be heavily influenced by market swings, this index is specifically designed to provide lower-risk investment opportunities, appealing to investors who prioritize steady returns and portfolio stability.

The launch of the EGX35-LV is more than just adding another index to the market, it shows a clear, strategic effort by the Egyptian Exchange to strengthen the capital market and make it more attractive to both local and international investors. By combining liquidity with stability, the index gives investors a reliable option for longer-term investment, helping them make smarter decisions without worrying as much about sudden price swings.

Key Takeaway

A low-volatility index, such as Egypt's EGX35-LV, offers several practical benefits: it helps protect investors from sudden market swings, allows for better portfolio diversification, and encourages more people to participate by providing a lower-risk investment option. For Kenya, introducing a similar index could strengthen the capital market, make it more reliable and resilient, and attract both local and international investors, ultimately setting the stage for economic growth.

4.3 African Development Fund hopes to start tapping capital markets in 2027

The African Development Fund (ADF), which operates as the concessional lending arm of the African Development Bank, is set to make a groundbreaking entry into global capital markets in 2027. This initiative aims to raise approximately $5 billion every three years to fund development projects in low-income African countries, providing a more sustainable and diversified source of financing as traditional donor contributions decline. To achieve this, the ADF plans to amend its charter and obtain a formal credit rating, steps that signal a strategic shift toward financial resilience and greater independence from conventional aid flows.

Beyond simply raising funds, the ADF is exploring innovative financial instruments, including hybrid bonds, that can appeal to international investors while balancing risk and return. This approach reflects a growing trend among African development institutions to leverage capital markets for funding, combining transparency, efficiency, and market discipline. The move demonstrates how African institutions can mobilize private capital for development, encourages deeper integration of regional financial markets, and opens avenues for knowledge sharing, technical collaboration, and investment flows across the continent.

Ultimately, this strategy not only strengthens the ADF's ability to support development projects but also contributes to building a more resilient, self-reliant, and interconnected African financial ecosystem

Key Takeaway

The African Development Fund's plan shows how African institutions can open new funding avenues and attract investors from around the world. For Kenya, which already has a vibrant government securities market, it's a reminder of why strong, transparent, and well-regulated markets matter. It also highlights the value of exploring creative financing tools not just to drive domestic growth, but to deepen regional financial connections and build greater confidence among investors across Africa.

V. DOMESTIC MARKET DEVELOPMENTS

5.1 Nairobi Securities Exchange (NSE) lists first global Equity ETF as Satrix expands into Kenya

The Nairobi Securities Exchange (NSE) has marked a significant milestone with the listing of Kenya's first global equity ETF, the Satrix MSCI World Feeder Fund, opening new doors for local investors to participate in international markets. This ETF provides exposure to a diversified portfolio of over 1,500 companies across 23 developed countries, including major technology leaders like Apple, Microsoft, and Amazon, while allowing investors to trade in Kenyan shillings. By eliminating the need for offshore brokerage accounts and shielding investors from foreign exchange fluctuations, the fund makes global investing far more accessible and cost-effective.

Managed by South Africa's leading index-tracking firm, Satrix, the ETF mirrors the performance of the MSCI World Index through an investment in the iShares Core MSCI World UCITS ETF. With a low total expense ratio, it is designed for long-term growth, making it a compelling choice for both retail and institutional investors seeking diversification beyond local markets.

Beyond the immediate benefits for Kenyan investors, the listing reflects growing integration within African financial markets, highlighting the region's increasing sophistication and the ability of its exchanges to offer investment opportunities that rival global standards. It also underscores a broader trend toward financial inclusion, giving local investors a chance to participate in global growth while strengthening the capital markets' role in Kenya's economic development.

Stability Implication

This strengthens Kenya's capital markets by opening access to a globally diversified portfolio while allowing trading in shillings, which helps ease pressure on foreign reserves and lowers dependence on a handful of local stocks. It also enhances market sophistication, boosts investor confidence, and provides institutional investors with a more secure channel for global exposure.

5.2 Linzi FinCo's Sh44.7bn bond to fund Talanta Sports Stadium listed on NSE

In a groundbreaking development for Kenya's infrastructure and capital markets, Linzi FinCo 003 Trust issued a KSh 44.7 billion bond on the Nairobi Securities Exchange during the quarter under review to fund the Talanta Sports City Stadium. This innovative approach leverages the capital markets to finance large-scale public projects without placing additional strain on the national budget, using future revenues from the Sports, Arts, and Social Development Fund (SASDF) as collateral. The stadium, strategically located along Ngong Road in Nairobi, will have a capacity of 60,000 and is set to host the 2027 Africa Cup of Nations, with construction expected to be completed by December 2025.

The bond, offering a 15.04% annual return over 15 years with tax-exempt interest income, attracted strong demand from investors, highlighting increasing confidence in Kenya's financial markets and their capacity to support ambitious infrastructure projects. Beyond the immediate benefits of funding a state-of-the-art sports facility, the issuance represents a shift toward innovative financing solutions, showcasing how private capital can be mobilized for public development. It also strengthens public-private collaboration, sets a benchmark for future infrastructure projects in Kenya and the East African region, and signals to both local and international investors that Kenya's capital markets are maturing and capable of delivering impactful, long-term development outcomes

Key Takeaway

The Linzi Finco bond for the Talanta Sports City Stadium shows just how far Kenya's capital markets have come in supporting real, tangible development. By bringing in private investment instead of relying entirely on government funding, the country can build major projects while keeping public debt under control. For investors, it's an attractive opportunity with solid long-term returns and tax perks. More importantly, it sends a strong message that Kenya's financial markets are maturing, able to back large infrastructure projects, encourage collaboration between the public and private sectors, and set a standard for future developments both in Kenya and across the region.

5.3 Nairobi Securities Exchange introduces single-unit trading

During the quarter under review, the Nairobi Securities Exchange (NSE) introduced single-unit trading of shares. Previously investors had to buy a minimum of 100 shares, a requirement that often-put stock market participation out of reach for many retail investors, particularly when stock prices were high. With the new single-unit trading system, anyone can invest in as little as one share, dramatically lowering the entry barrier and enabling more Kenyans to participate in wealth creation through equities.

The change also streamlines trading by removing the Odd Lot Board, which previously handled smaller trades, and moving all orders onto the Main Order Book. This makes trading simpler, faster, and more efficient, while ensuring that small investors are treated on the same footing as larger ones. The move aligns with the NSE's broader vision of expanding financial inclusion and aims to grow the number of active investors in the market to 9 million by 2029. Beyond individual participation, single-unit trading is expected to deepen market liquidity, encourage a more diverse investor base, and contribute to the overall development and resilience of Kenya's capital markets, setting the stage for a stronger, more accessible, and modern investment environment.

Stability Implication

This is a welcome development that is likely to encourage local retail investment. The Capital Markets Authority (CMA) will play a central role in ensuring the successful implementation of single-unit trading. This includes closely monitoring market activity to track retail investor participation, particularly among first-time investors, and assessing how the reform affects overall market liquidity and trading volumes.

5.4 The Government Owned Enterprises Bill, 2025 to pave way for parastatal Listings on the Nairobi Securities Exchange

Kenya is set to transform its public sector and capital markets with the introduction of the Government Owned Enterprises Bill, 2025, which will pave the way for listing state-owned enterprises, or parastatals, on the Nairobi Securities Exchange (NSE). The law requires all new government-owned entities to be established under the Companies Act, aligning them with modern corporate governance standards and preparing them for public listing. The Kenya Pipeline Company (KPC) is expected to be the first parastatal to go public, marking a milestone in Kenya's privatization efforts since the 2008 Safaricom IPO.

Under this framework, the National Treasury will oversee the sale and partial divestment of state assets, requiring public interest entities to disclose financials and list at least 20% of their equity within a year of disclosure. This approach is designed to enhance transparency, encourage local ownership, and attract private capital, while also improving efficiency and competitiveness in formerly state-run enterprises. While the law faces some legal and political debate over the sale of strategic assets, its successful implementation could unlock significant opportunities for Kenyans to participate directly in the economy, reduce the financial burden on the government, and modernize the public sector. This reform represents a bold step toward a more dynamic, inclusive, and market-driven economy.

Key Takeaway

The new law is a major milestone for Kenya. It gives ordinary Kenyans the opportunity to own a share of key national companies, encourages transparency, and attracts private investment to help these businesses thrive. If implemented well, it could make state-owned firms more efficient, strengthen the stock market, and foster a more inclusive and dynamic economy that benefits everyone.

5.5 CMA licenses new market Intermediaries

During the quarter under review, the number of market intermediaries licensed by the CMA increased. The Authority continues to license diverse categories of intermediaries to strengthen investor confidence and support the growth and development of Kenya's capital markets. Below are the new licensees.

a. Fintrust Securities Limited licensed as an Authorised Securities Dealer (ASD) - Fintrust will be permitted to buy and sell fixed-income securities on behalf of clients, quote bid and offer prices for various instruments, and provide advisory services- contributing to greater price discovery and trading efficiency.
b. Stanbic Bank Kenya Limited was licensed as a corporate trustee- Stanbic Bank will be responsible for the oversight of collective investment schemes, ensuring compliance, governance, and investor protection.
c. Rock Advisors Limited- licensed as an investment advisor, with a focus on providing responsible and tailored financial advice to institutional clients across the country.
d. Legatum Capital Advisory Limited was licensed as an investment advisor. The firm will offer a diverse range of investment advisory services to clients, promoting capital preservation, wealth creation and sustainable investment practices.
e. TPXM Global Kenya Limited was licensed as a non-dealing Online Foreign Exchange Broker.
f. Point Forty Investment Advisory Limited was licensed as an Authorised Securities Dealer (ASD).
g. Silverhouse Capital Limited was licensed as an Investment Adviser.
h. Enwealth Impact Debt Fund Limited was licensed as an Alternative Investment Fund (AIF).
i. Kenya Climate Ventures Limited was licensed as a fund manager- Kenya Climate Ventures Limited will focus on providing both financial and technical assistance to gender-inclusive, climate-smart enterprises. It aims to establish and manage specialized Climate Impact Funds to accelerate investments in projects that promote gender inclusivity, climate change adaptation, and mitigation.
j. EDC Asset Management (Kenya) Limited was licensed as a fund manager to provide investment advisory, and segregated portfolio management services.
k. Jalia Advisers & Intermediaries Limited was licensed as an Investment Adviser. The firm seeks to deliver well-researched, customized, and sustainable investment solutions, supporting wealth creation and financial inclusion across the country.
l. A Corporate Trustee License was granted to Co-operative Bank of Kenya Limited. The bank has extensive experience in the capital markets, serving as a licensed custodian, REIT Trustee, and a listed entity. It currently provides trustee services to several Real Estate Investment Trusts and unit trust schemes.

m. Etica Capital Limited, a licensed Fund Manager, was granted approval to register the Etica Special Multi-Asset Fund (KES) under the Etica Unit Trust Funds.

n. CMA also granted authorization to Acorn Build-To-Rent Development Real Estate Investment Trust (REIT). The REIT, managed by Acorn Investment Management Limited, is designed to expand Kenya’s affordable rental housing market, enabling investors to participate in large-scale, professionally managed rental property developments.

VI. PERFORMANCE OF DOMESTIC CAPITAL MARKETS

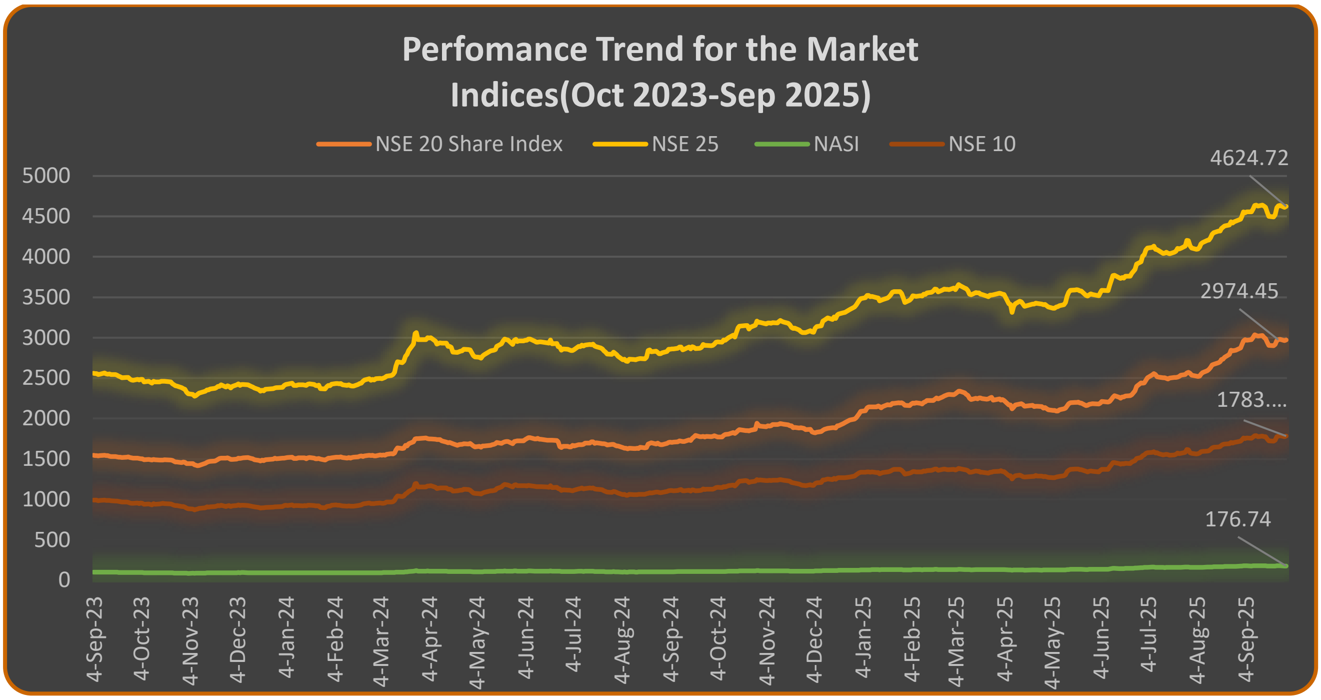
During the third quarter of 2025, Kenya's domestic capital markets demonstrated notable resilience, underpinned by robust market fundamentals, active investor engagement, and proactive regulatory oversight. Key market indices posted solid gains, while retail participation continued to rise and is expected to grow further following reforms such as the introduction of single-unit share trading. Furthermore, complementary macroeconomic policies, such as accommodative interest rates by the Central Bank of Kenya, have further bolstered investor confidence, making equities and bonds more attractive relative to other investment avenues.

6.1 Equity Market

The equities market emerged as one of the strongest-performing segments in the third quarter, outpacing its performance in both the first and second quarters of 2025. This strength was reflected in gains across all four key indices. The NSE 20, NSE 25, NASI, and NSE 10 closed the quarter at 2,972.64, 4,624.72, 176.74, and 1,783.31 points, respectively, rising from 2,440.26, 3,938.28, 153.43, and 1,516.93 at the end of Q2.2025.

When compared with Q1.2025 levels of 2,226.88, 3,535.38, 130.81, and 1,342.38, the indices show even stronger advances of 33.5%, 30.8%, 35.1%, and 32.9% over the past two quarters.

Figure 12 Trends of the Performance of the Market Indices



Source: CMA

Table 2 Equity Performance (July- September 2025)

Year	Month	Share Volume	Total Equity Turnover (KES)	NSE20 Share Index (Average)	NASI Share Index (Average)	NSE 25 Share Index (Average)	NSE10 Share Index (Average)	Market Cap (KESs Billion Mn)
Q3. 2025	Jul	487,135,400	12,509,305,947	2,514.93	159.98	4,089.91	1,569.27	2,524.22
	Aug	483,903,678	10,771,183,672.35	2,674.16	165.35	4,277.74	1,637.60	2,719.26
	Sep	847,547,881	22,701,285,418.31	2,967.88	176.87	4,578.71	1761.95	2,784.47
	Total	1,818,586,959	45,981,775,037.66					
Q2.	Apr	329,550,900	7,518,161,833	2169.78	127.15	3436.88	1297.48	1,981.79

Year	Month	Share Volume	Total Equity Turnover (KES)	NSE20 Share Index (Average)	NASI Share Index (Average)	NSE 25 Share Index (Average)	NSE10 Share Index (Average)	Market Cap (KESs Billion Mn)
2025								
	May	468,379,300	8,943,596,216	2153.81	130.94	3493.01	1,329.63	2,183.46
	Jun	579,832,200	11,967,967,309.06	2272.34	144.35	3732.83	1,434.87	2,417.06
	Total	1,377,762,400	28,429,725,358					

Source: CMA & NSE

MSCI Kenya index as of end of September shows a standout delivery in Q3 2025, advancing by +51.9% and 73.1% over the past 12 months significantly outperforming both global and peer frontier benchmarks and marking one of its most robust rallies in recent years. This momentum, coupled with improving fundamentals across other segments signals a broader recovery in Kenya's financial.

Figure 13 MSCI Kenya

INDEX PERFORMANCE — NET RETURNS (%) (SEP 30, 2025) / **FUNDAMENTALS (SEP 30, 2025)**

					ANNUALIZED							
	1 Mo	3 Mo	1 Yr	YTD	3 Yr	5 Yr	10 Yr	Since May 31, 2002	Div Yld (%)	P/E	P/E Fwd	P/BV
MSCI Kenya	3.76	19.23	73.12	51.89	11.52	4.03	5.98	15.84	5.80	6.29	na	1.35
MSCI Frontier Markets	1.20	14.89	36.22	37.82	18.63	10.55	7.10	7.71	3.56	12.25	na	1.84
MSCI ACWI	3.62	7.62	17.27	18.44	23.12	13.54	11.91	8.42	1.70	23.16	19.44	3.55

INDEX RISK AND RETURN CHARACTERISTICS (SEP 30, 2025)

		ANNUALIZED STD DEV (%) [2]			SHARPE RATIO [2, 3]				MAXIMUM DRAWDOWN	
	Turnover (%) [1]	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr	Since May 31, 2002	(%)	Period YYYY-MM-DD
MSCI Kenya	5.20	35.26	30.86	26.43	0.33	0.17	0.26	0.60	69.99	2021-08-17—2024-01-26
MSCI Frontier Markets	9.23	11.60	12.67	14.14	1.13	0.62	0.41	0.41	67.47	2008-01-15—2009-03-03
MSCI ACWI	2.51	12.53	15.01	14.66	1.35	0.73	0.70	0.48	58.38	2007-10-31—2009-03-09

[1] Last 12 months [2] Based on monthly net returns data [3] Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

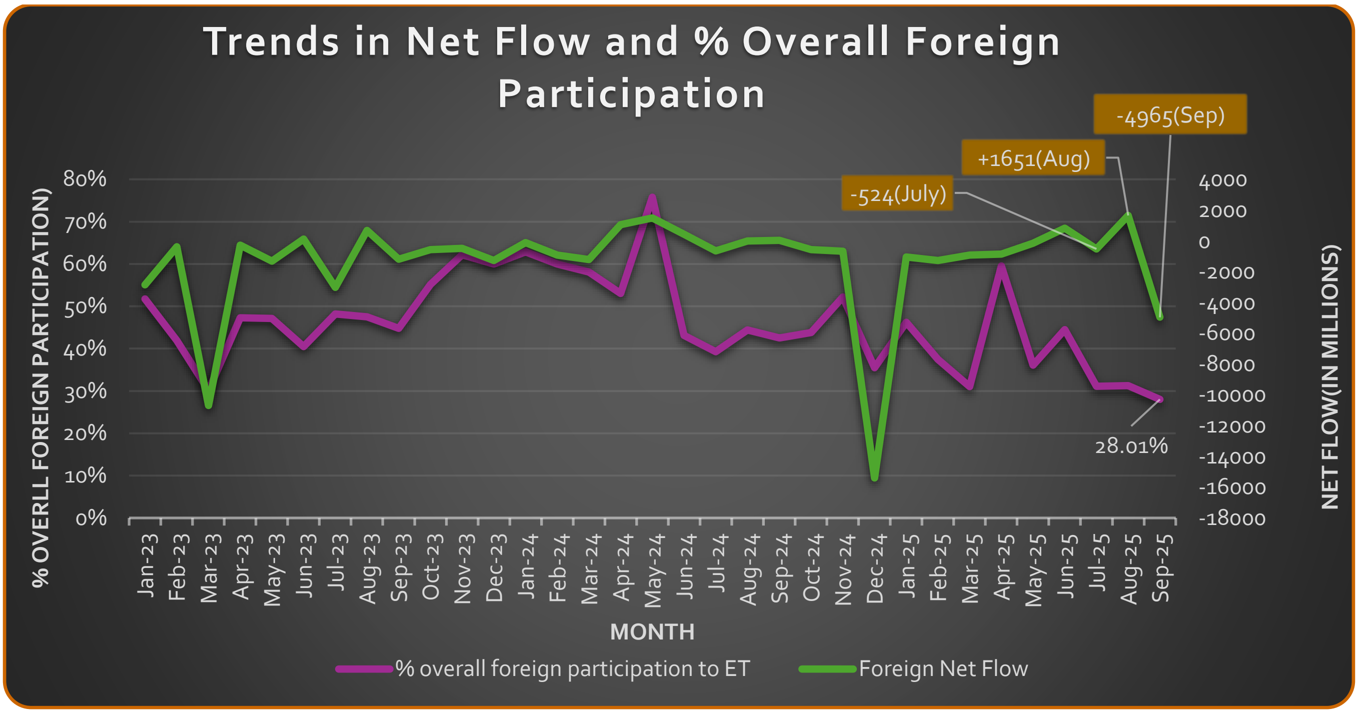
Source: MSCI Kenya

Net Flow and Overall Foreign Participation (July- September 2025)

During the third quarter of 2025, foreign investment activity in the market was notably volatile, with both inflows and outflows, unlike the more moderate trends seen in Q2. 2025. In July 2025, foreign investors recorded a net outflow of KShs.524 million, followed by a net inflow of KShs.1,651 million in August, before a net outflow of KShs.4,965 million in September 2025.

Overall, foreign participation as a share of total equity trading declined steadily from 31.07% in July to 28.01% in September, compared with Q2 levels of 36.06% to 44.47%, highlighting a clear reduction in foreign influence on market activity.

Figure 14 Trends in net flow and overall Foreign Participation (Jan 2023- September 2025)

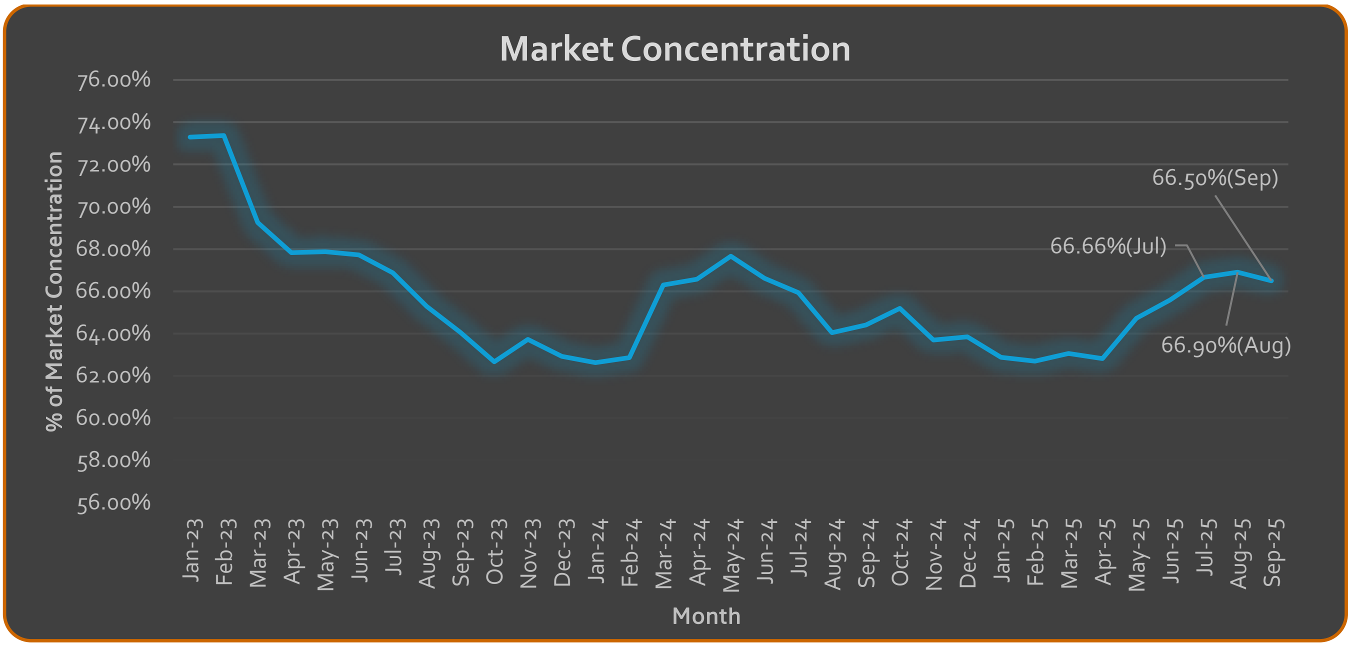


Source: CMA

Market concentration

Market concentration stayed high in the third quarter, averaging about 66%, slightly above the 62 – 65% range seen in Q2.2025. It edged up from 66.66% in July to 66.90% in August, before easing marginally to 66.50% in September. This trend shows that trading remained heavily centred on a few large-cap stocks such as Safaricom and leading banks, even as overall market turnover shifted which can be attributed to profit taking and heightened global risk sentiment.

Figure 15 Market Concentration (Top 5 Companies by Market Cap)



Source CMA

Notably, the sustained rise in market concentration shows investors' continued tilt toward blue-chip stocks amid economic uncertainty, with limited appetite for smaller counters. Enhancing investor awareness and access to information could help spread investment across a wider range of stocks, creating a more balanced and resilient market

6.2 Treasury Bond Market

In Q3.2025, the Kenyan government issued bonds worth KShs.250 billion, attracting subscriptions of KShs.713.15 billion, a clear sign of strong investor interest and widespread oversubscription. Acceptance rates varied across issues, with tap sales such as IFB1/2018/015 in August exceeding 100%, while some re-opened fixed-rate bonds recorded below 30% acceptance. Compared with the second quarter (April–June), Q3 saw higher subscription volumes and more intense oversubscription, especially for infrastructure bonds, highlighting a surge in investor appetite midway through the year.

Table 3 Treasury Bond Performance

Date	BOND	Amt Issued (KESs. Bn)	Amt Received (KESs. Bn)	Amt Accepted (KESs. Bn)	% AA/AI	% AR/AI	Issue
Jul-25	FXD1/2018/020	50	33.08	30.57	61.14	66.16	Re-opened
	FXD1/2018/025		43.83	36.08	72.16	87.66	Re-opened

	IFB1/2018/015		215.94	50.66	56.29	239.93	Re-opened
Aug-25	IFB1/2022/019	90.00	107.49	44.36	49.29	119.43	Re-opened
	IFB1/2018/015		130.34	127.98	255.96	260.68	Tap Sale
	IFB1/2022/019	50.00	77.11	51.79	103.58	154.22	Tap Sale
Sep-25	FXD1/2018/020		33.38	23.51	58.78	83.45	Re-opened
	FXD1/2022/025	40	63.91	37.93	94.83	159.78	Re-opened
	SDB1/2011/030	20	8.07	2.40	11.99	40.35	Re-opened
Total		**250**	**713.15**	**405.28**			
	FXD1/20/015	70.00	20.90	20.88	29.83	29.85	Re-opened
	FXD1/2022/015		18.15	17.98	25.69	25.93	Re-opened
	FXD1/2022/025		32.68	32.54	46.48	46.69	Re-opened
Apr-25	FXD1/2020/015	10.00	13.24	12.59	125.93	132.40	Tap Sale
	FXD1/2022/015	50.00	26.41	25.28	50.56	52.83	Re-opened
	FXD1/2022/025		30.68	25.10	50.21	61.36	Re-opened
May-25	FXD1/2012/020	30.00	54.39	43.52	145.07	181.29	Re-opened
	FXD1/2020/015	50.00	84.73	57.87	115.75	169.47	Re-opened
Jun-25	SDB1/2011/030		16.62	13.77	27.53	33.25	Re-opened
Total		**210.00**	**297.81**	**249.53**			

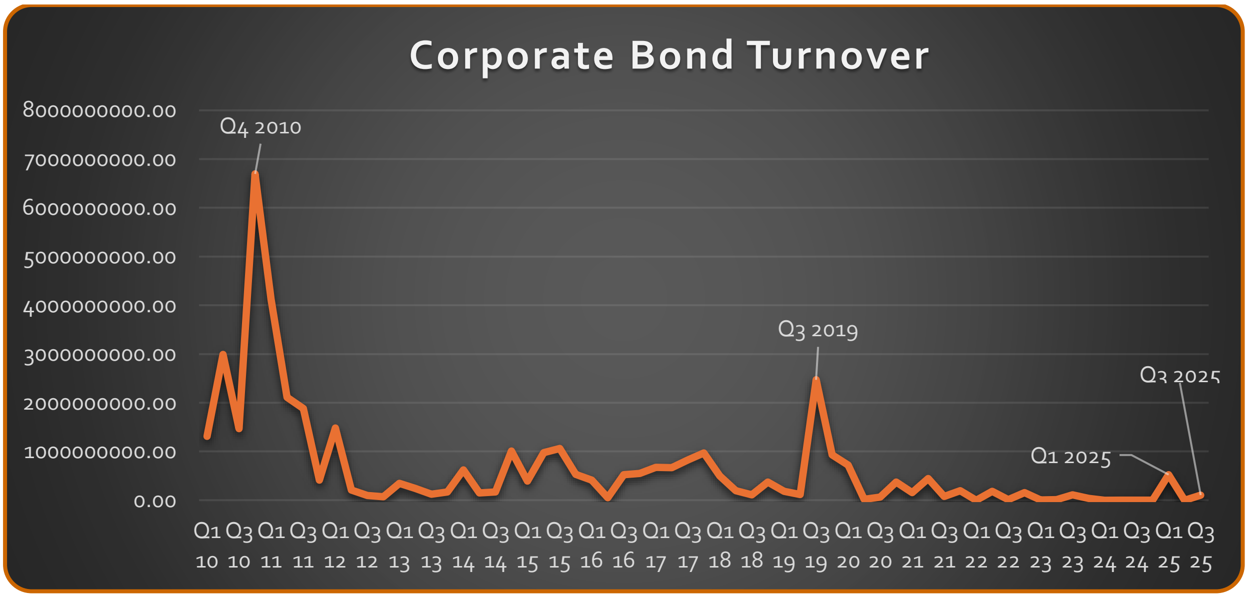
Source: CBK

As of 24 September 2025, the Nairobi Securities Exchange (NSE) secondary bond market crossed the KShs.2 trillion turnover mark, setting another milestone in Kenya's fixed-income trading. This was the first time the market reached such a level within a single year, surpassing the KShs.1.544 trillion full-year record of 2024 by over 30%.

6.3 Corporate Bond Market

In the Kenyan corporate bond market, Q3 2025 registered a notable improvement, with turnover rising sharply to KShs.105.13 million, compared to KShs.1.24 million in the previous quarter.

Figure 16 Trends in Corporate Bonds Turnover from 2010-2025

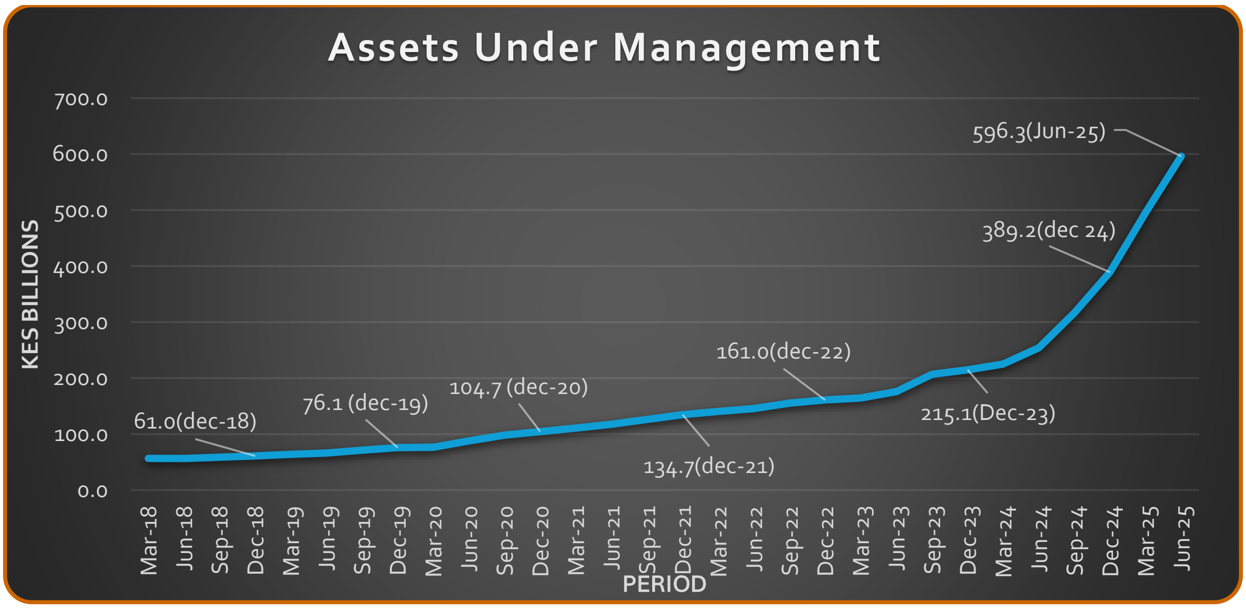


Source: CMA

6.4 Collective Investment Schemes (CIS)

Assets under Management (AUM) have continued on a strong growth path, expanding from KSh 56.6 billion in March 2018 to KSh 596.3 billion by June 2025, reflecting an overall increase of about 928%. During the first half of 2025 alone, AUM rose by approximately 53% relative to December 2024. This consistent growth trend highlights the deepening maturity of Kenya's collective investment sector and rising investor confidence, as shown in the graph.

Figure 17Asset Under Management for Collective Investment Schemes



Source: CMA

Annexure 1: CAPITAL MARKETS STABILITY SOUNDNESS INDICATORS FOR THE PERIOD 1 July– 30 September 2025

Stability Indicator	Quarter/Year	Market Statistics				Assessment Risk Level	Performance Brief for the Quarter	Ongoing Intervention Measures
1.0 Equity Market Depth								
NSE 20 Index Volatility Base Year= 2010	Q3.2025	July	Aug	Sep	Q3. Aver	Low (Indicative-Low < 1%; Medium 1%; High >10%)	The average Quarterly volatility for the three Market indices, NSE 20, NSE 25, and NASI was 0.41%, 0.43%, and 0.47%, Respectively.	The Market volatility for the three key indices NSE 20, NSE 25, and NASI remained low, staying below the 1% threshold. Low volatility indicates that price movements of the three indices were relatively stable during the period. This low volatility was likely driven by increased trading, earnings disclosures and macroeconomic shifts which helped steady the indices and reduce price fluctuations.
		0.39%	0.37%	0.46%	0.41%			
	Q2. 2025	Apr	May	Jun	Q2. Aver			
		0.84%	0.40%	0.45%	0.56%			
	Q1. 2025	Jan	Feb	Mar	Q1. Aver			
		0.56%	0.40%	0.47%	0.48%			
	Q4. 2024	Oct	Nov	Dec	Q4. Aver			
		0.71%	0.42%	0.58%	0.57%			
NSE 25 Index Volatility Base Year = 2015	Q3.2025	July	Aug	Sep	Q3. Aver	Low (Indicative – Low < 1% Medium: >1% high; >10%)		
		0.53%	0.31%	0.44%	0.43%			
	Q2. 2025	Apr	May	Jun	Q2. Aver			
		0.77%	0.41%	0.54%	0.58%			
	Q1. 2025	Jan	Feb	Mar	Q1. Aver			
		0.36%	0.44%	0.45%	0.42%			
	Q4. 2024	Oct	Nov	Dec	Q4. Aver			
		0.47%	0.30%	0.68%	0.54%			
NASI Volatility Base Year= 2010	Q3.2025	July	Aug	Sep	Q3. Aver	Low (Indicative – Low < 1% Medium: >1%		
		0.51%	0.41%	0.47%	0.47%			
	Q2. 2025	Apr	May	Jun	Q2. Aver			
		0.75%	0.42%	0.70%	0.62%			
	Q1. 2025	Jan	Feb	Mar	Q1. Aver			
		0.38%	0.35%	0.53%	0.42%			
	Q4. 2024	Oct	Nov	Dec	Q4. Aver			

		0.58%	0.32%	0.61%	0.50%	high; >10%)		
Equities Turnover Ratio	Q3.2025	July	Aug	Sep	Q3. Sum	Low (Indicative – annual: <8%- Low; >15% High)	The recorded turnover for Q3 2025 was 1.71% an Increase from 1.30% recorded in Q2. 2025.	The slight increase in equities turnover from 1.30% to 1.71% was driven by renewed investor interest, positive earnings, improved macroeconomic indicators, and increased foreign participation. Speculative trading, portfolio rebalancing, and corporate actions also supported the uptick. To sustain this momentum the NSE and CMA are enhancing market activity through liquidity support, easing foreign investor access, expanding investment products, and improving investor education.
		0.50%	0.40%	0.82%	1.71%			
	Q2. 2025	Apr	May	Jun	Q2. Sum			
		0.38%	0.42%	0.50%	1.30%			
	Q1. 2025	Jan	Feb	Mar	Q1. Sum			
		0.48%	0.41%	0.39%	1.28%			
	Q4. 2024	Oct	Nov	Dec	Q4. Aver			
		0.27%	0.35%	1.49%	2.11%			
2.0 Foreign Exposure Risk								
	Q3.2025	Jul	Aug	Sep	Q3. Aver	Low	Foreign	

Percentage (%) overall Foreign participation to Total Equity Turnover		**31.07%**	**31.28%**	**28.01%**	**30.12%**	**(Indicative – annual: <40%- Low; >90% High)**	Investor Participation at the end of the Q3,2025, Averaged at 30% a decrease from Q2 2025 at 46.68%.	In Q3 2025, foreign investors turnover average was 30.12% a decrease from 46.68% registered in Q2. 2025. The drop was most likely a mix of profit-taking and portfolio rebalancing after a large rally. Ongoing foreign outflows pose a sustained risk to market stability, emphasizing the importance of implementing targeted measures to enhance liquidity and stimulate investor activity at the Nairobi Securities Exchange. Newly reforms such as the introduction of single-share trading are aimed at improving market liquidity and fostering a more vibrant
	Q2. 2025	**Apr**	**May**	**Jun**	**Q2. Aver**			
		59.51%	**36.06%**	**44.47%**	**46.68%**			
	Q1. 2025	**Jan**	**Feb**	**Mar**	**Q1. Aver**			
		46.22%	**37.46%**	**31.03%**	**38.24%**			
	Q4. 2024	**Oct**	**Nov**	**Dec**	**Q4. Aver**			
		43.78%	**52.21%**	**35.49%**	**43.83%**			
Net Foreign Portfolio Flow (Ksh Million	**Q3.2025**	**Jul**	**Aug**	**Sep**	**Q3. Sum**	**High (Indicative – annual: Less (outflow. <Kshs (50billion)** **- High (outflow. >Kshs. 50 billion High**	The market recorded an outflow of 3,838 million compared to an outflow of 177 million between April and May 2025	
		(524)	**1,651**	**(4,965)**	**(3,838)**			
	Q2. 2025	**Apr**	**May**	**Jun**	**Q2. Sum**			
		(851)	**(146)**	**(180)**	**(177)**			
	Q1. 2025	**Jan**	**Feb**	**Mar**	**Q1. Sum**			
		(1052)	**(1284)**	**(926)**	**(3262)**			
	Q4. 2024	**Oct**	**Nov**	**Dec**	**Q4. Aver**			
		(569.99)	**(667.77)**	**(15,401.39)**	**(16,639.15)**			

								and resilient market environment.
3.0 Market Concentration Risk								
Market Concentration (Top 5 companies by market cap)	**Q3.2025**	**Jul**	**Aug**	**Sep**	**Q3. Aver**	**High (Indicative – annual: >50% High Concentration)**	Market concentration for the top 5 companies for the quarter ended September 2025 averaged at 66.69%	This Quarter trading activity was dominated by a few large-cap counters, mainly Safaricom and major banking stocks. The sustained rise in concentration levels across in Q3 2025 compared to Q2 2025 reflects continued preference for blue-chip stocks. By empowering investors with knowledge and information to make informed investment decisions, it will help reduce the inclination to concentrate investments in a limited number of dominant companies, thus have a
		66.66%	**66.90%**	**66.50%**	**66.69%**			
	Q2. 2025	**Apr**	**May**	**Jun**	**Q2. Aver**			
		62.81%	**64.73%**	**65.99%**	**64.51%**			
	Q1. 2025	**Jan**	**Feb**	**Mar**	**Q1. Aver**			
		62.88%	**62.69%**	**63.06%**	**62.88%**			
	Q4. 2024	**Oct**	**Nov**	**Dec**	**Q4. Aver**			
		65.20%	**63.69%**	**63.84%**	**64.24%**			

								more diverse and dynamic market environment which reduces the risks associated with excessive market concentration.

4.0 Derivatives Trading Statistics

Total Volume (No. of contracts)

No of Contracts

	Q2. Sum	July-25	Aug-25	Sep-25	Q3. Sum	% Chang Q2 Vs Q3
ABSA	20	9	3	6	18	10%
BATK	-	-	-	-	-	-
EABL	94	4	10	8	22	76.6%.
EQTY	7	6	-	2	8	14.28%
KCBG	13	14	7	10	31	138.46%
N25I	0	-	-	-	-	-
SCOM	51	43	38	23	104	103%
COOP	10	8	9	7	24	140%
NCBA	0	-	-	-		
IHMP	0	-	-	-		
SCBK	0	-	-			
25MN	0	-	-	-		
10MN	1	4	6	3	13	1400%
Total	196	88	73	59		

The volume of contracts traded in Q3.2025 was 220 translating to a 12% increase from 196 contracts recorded in Q2. 2025.

					220	

Gross Notional Exposure (GNE)	**Amount in Kshs**	**High (indicative – annual: >50% High concentration)**		The total value (Gross Exposure) of contracts traded during the quarter reduced to Ksh 4.351 million; a 85% decrease from Q1.2025.

	Q1. Sum	Apr-25	May-25	Jun-25	Q2. Sum	%Change Q2 Vs Q1
ABSA	312,410	175,650	90,050	92,500	358,200	15
BATK	-	-	-	-	-	-
EABL	-	36,200	-	1,685,075	1,721,275	-
EQTY	1,534,850	48000	91,600	183,200	322,800	79
KCBG	20,379,340	-	506,160	48,700	554,860	97%
N25I	-	-	-	-	-	-
SCOM	359,000	52,500	58,600	1,106,920	1,218,020	239%
COOP	5,622,910		-	161,000	161,000	
NCBA	901,400		-	-	-	-
IHMP	249,400		-	-	-	-
SCBK	504,805		-	-	-	-
25MN						
10MN				14,920	14,920	
Total	29,864,115	312,350	746,410	3,292,315	4,351,075	85%

<table>
<tr>
<td>Total Open Interest (No. of Contracts)</td>
<td>
<table>
<tr><th></th><th>Q2. Average</th><th>July-25</th><th>Aug-25</th><th>Sep-25</th><th>Q3. Average</th><th>%ChangeQ3</th></tr>
<tr><td>ABSA</td><td>5</td><td>2</td><td>3</td><td>2</td><td>2</td><td>60%</td></tr>
<tr><td></td><td></td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>BATK</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>EABL</td><td>2</td><td>2</td><td>51</td><td>-</td><td>17</td><td>750%</td></tr>
<tr><td>EQTY</td><td>-</td><td>-</td><td></td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>KCBG</td><td>-</td><td>25</td><td>1</td><td>-</td><td>8</td><td>-</td></tr>
<tr><td>N25I</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>SCOM</td><td>2</td><td>103</td><td>25</td><td>116</td><td>81</td><td>3,950%</td></tr>
<tr><td>COOP</td><td>-</td><td>26</td><td>1</td><td></td><td>9</td><td>-</td></tr>
<tr><td>SCBK</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>IMHP</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>NCBA</td><td>-</td><td>2</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>25MN</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>10MN</td><td>1</td><td>2</td><td>-</td><td>5</td><td>2</td><td>50%</td></tr>
<tr><td>Total</td><td>10</td><td>162</td><td>81</td><td>123</td><td>122</td><td></td></tr>
</table>
</td>
<td>Medium (Indicative – annual: >50% High concentration)</td>
<td>Overall, the total average number of open interest contracts recorded in Q3 2025 were 122 a 1120% increase from Q2.2025 value of 10</td>
<td>As for hedging instruments, the place of derivatives markets in the face of economic Uncertainty remains important in risk management.</td>
</tr>
<tr>
<td>Settlement Guarantee Fund (SGF) Coverage for Derivatives</td>
<td>
<table>
<tr><th></th><th>April -25</th><th>May-25</th><th>Jun-25</th></tr>
<tr><td>SGF</td><td>129,041,654</td><td>129,939,850</td><td>127,627,026</td></tr>
<tr><td>Average Market Value</td><td>10,412</td><td>24,078</td><td>109,744</td></tr>
<tr><td>SGF Coverage</td><td>12,394 times</td><td>5,397 times</td><td>1,163 times</td></tr>
</table>
Data as of June 2025
</td>
<td>*High (Indicative– annua l: >50%
High concentration</td>
<td>The SGF coverage ratio for the Derivatives market in Q2 2025 was sufficient during the period.</td>
<td>To maximize value from the SGF fund balances, there is deliberate effort by NSE to encourage increased activity by Market intermediaries in this market for Increased volumes of trade.</td>
</tr>
</table>

<table>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">5.0 Government Bond Market Exposure</td></tr>
<tr>
<td>Treasury Bond Market turnover Concentration</td>
<td>
<table>
<tr><td>Q3.2025</td><td>Jul</td><td>Aug</td><td>Sep</td><td>Q3. Aver</td></tr>
<tr><td></td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td>Q2. 2025</td><td>Apr</td><td>May</td><td>Jun</td><td>Q2. Aver</td></tr>
<tr><td></td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td>Q1. 2025</td><td>Jan</td><td>Feb</td><td>Mar</td><td>Q1. Aver</td></tr>
<tr><td></td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td>Q4. 2024</td><td>Oct</td><td>Nov</td><td>Dec</td><td>Q4. Aver</td></tr>
<tr><td></td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
</table>
</td>
<td>High (Indicative – annual: >50%High)</td>
<td>In Q3.2025, Treasury Bond market turnover was 100.00 %</td>
<td>Government activity in the bonds markets continues to dominate as the government targets domestic market savings to fund various Government activities.</td>
</tr>
<tr><td colspan="5">6.0 Investor Profile</td></tr>
<tr>
<td>Corporate Bond Market ownership</td>
<td>
<table>
<tr><th>Account Type</th><th>Number of Investors</th><th>Share Quantity</th><th>% By Share Quantity</th></tr>
<tr><td>EI</td><td>1</td><td>10,000,000</td><td>0.04</td></tr>
<tr><td>FC</td><td>3</td><td>131,549,607</td><td>0.57</td></tr>
<tr><td>FI</td><td>23</td><td>280,200,000</td><td>1.22</td></tr>
<tr><td>LC</td><td>603</td><td>21,180,010,513</td><td>92.35</td></tr>
<tr><td>LI</td><td>759</td><td>1,335,910,934</td><td>5.83</td></tr>
<tr><td>Total</td><td>1,389</td><td>22,937,671,054</td><td>100.00</td></tr>
</table>
Data computed as of 30 September 2025
Note: For every EAC, LI, and FI, the total calculated is a sum of both corporate and individual investors.
</td>
<td>High (Indicative – annual: >50% High concentration</td>
<td>In the quarter under review Local Corporates constituted the greatest share in investment followed by Local Investors with East Africa Investors constituting the least Number of investors.</td>
<td>Kenya has been facing a period of reduced corporate bond activity in the last few years. The Authority through its investor education and market deepening function has profiled retail investors to Increase activity within the domestic corporate bond market.</td>
</tr>
</table>

<table>
<tr><td></td><td colspan="5"></td><td></td><td></td><td></td></tr>
<tr>
<td>Equity Market</td>
<td colspan="5">
<table>
<tr><th>Account Type</th><th>Number of Investors</th><th>Share Quantity</th><th>% By</th></tr>
<tr><td>BR</td><td>6</td><td>14,498,291</td><td>0.01%</td></tr>
<tr><td>EC</td><td>265</td><td>1,414,178,754</td><td>1.37%</td></tr>
<tr><td>EI</td><td>7,141</td><td>114,051,121</td><td>0.11%</td></tr>
<tr><td>FC</td><td>381</td><td>15,593,383,249</td><td>15.11%</td></tr>
<tr><td>FI</td><td>7,979</td><td>554,482,850</td><td>0.54%</td></tr>
<tr><td>JR</td><td>207</td><td>1,619,763</td><td>0.0%</td></tr>
<tr><td>LC</td><td>40,705</td><td>69,806,707,091</td><td>67.67%</td></tr>
<tr><td>LI</td><td>1,248,543</td><td>15,700,042,946</td><td>15.22%</td></tr>
<tr><td>Total</td><td>1,305,227</td><td>103,198,964,065</td><td>100.00%</td></tr>
</table>
Data as of September 30, 2025
</td>
<td>High (Indicative – annual: >50%

High

concentration</td>
<td>In Q3. 2025 Local corporate investors constituted the majority in the investment in equity, followed by foreign Investors</td>
<td>While the proportion of local investors is higher than foreign investors, the share quantity held by each investor on a per capita basis remains low.</td>
</tr>
<tr><td colspan="9">7. 0 Settlement Compensation Coverage</td></tr>
<tr>
<td rowspan="8">Settlement Guarantee Fund</td>
<td rowspan="2">Q3.2025</td><td>Jul</td><td>Aug</td><td>Sep</td><td>Q3. Aver</td>
<td rowspan="8">(Indicative– annual: >1 times, implies full coverage</td>
<td rowspan="8">The settlement Guarantee Fund (SGF) ratio for the quarter under review was 2.45</td>
<td rowspan="8">Through Risk-Based supervision, the Authority has been monitoring the SGF figures. The fund remains adequate to guarantee settlement failure.</td>
</tr>
<tr><td>2.81</td><td>3.01</td><td>1.51</td><td>2.45</td></tr>
<tr><td rowspan="2">Q2. 2025</td><td>Apr</td><td>May</td><td>Jun</td><td>Q2. Aver</td></tr>
<tr><td>3.42</td><td>3.53</td><td>3.75</td><td>3.57</td></tr>
<tr><td rowspan="2">Q3. 2025</td><td>Jan</td><td>Feb</td><td>Mar</td><td>Q3. Aver</td></tr>
<tr><td>3.42</td><td>3.53</td><td>3.75</td><td>3.57</td></tr>
<tr><td rowspan="2">Q4. 2025</td><td>Oct</td><td>Nov</td><td>Dec</td><td>Q4. Aver</td></tr>
<tr><td>6.14</td><td>4.73</td><td>0.97</td><td>3.95</td></tr>
<tr><td colspan="9">8.0 Asset Base of Fund Managers, Stockbrokers, Investment Bank</td></tr>
</table>

<table>
<tr>
<td>Working Capital (Amount in Kshs Millions) *</td>
<td>
<table>
<tr><th></th><th>Amount in KshMillions</th><th></th><th></th><th></th><th></th></tr>
<tr><td></td><td>Total Assets</td><td>Total Liabilities</td><td>Net Assets June 2025</td><td>Net Assets June 2025</td><td>% change</td></tr>
<tr><td>Fund Mangers</td><td>10,370</td><td>2,848</td><td>7,522</td><td>7,740</td><td>2.82%</td></tr>
<tr><td>Investment Advisers</td><td>481</td><td>744</td><td>263</td><td>244</td><td>7.79%</td></tr>
<tr><td>Investment Banks</td><td>15,005</td><td>5,273</td><td>9732</td><td>8,784</td><td>10.79%</td></tr>
<tr><td>Online Forex Brockers</td><td>5,465</td><td>3,329</td><td>2,136</td><td>1,786</td><td>19.60%</td></tr>
<tr><td>Stockbrokers</td><td>2,995</td><td>1166</td><td>1,829</td><td>1658</td><td>10.31%</td></tr>
</table>
</td>
<td>Medium (Indicative –the Higher the figure, the more stable is the market</td>
<td>The net assets base of fund Managers, Investment Adviser, Investment Banks, Online Forex, and stockbroker as of September was KShs.7,522 million, KShs.263 million, KShs.9,732 million, 2,136 million and KShs.1,829 million respectively.</td>
<td>Capital markets licensees' net assets increased between July and September 2025 for Investment Adviser Online Forex brokers, Investment bank and stockbrokers and decreased for fund managers.</td>
</tr>
</table>

Source: CMA

Annexure 2: Jurisdiction analysis of listed SMEs

Country	SME Definition	Number of SMES Listed						
		2019	2020	2021	2022	2023	2024	2025

United Kingdom	A company with fewer than 250 employees and annual turnover under £50 million	1000	950	900	850	800	750	700
Germany	A business with fewer than 250 employees and annual sales under €50 million	50	60	70	80	90	100	110
France	A company with less than 250 employees and turnover ≤ €50 million.	150	160	170	180	190	200	210
Australia	A company with fewer than 200 employees or revenue ≤ AUD 50 million.	100	110	120	130	140	150	160
Japan	A company with fewer than 300 employees or capital below ¥300 million.	45	50	55	60	62	65	68
Hong Kong	A business with fewer than 250 employees and annual sales under €50 million	180	185	190	195	200	205	210
China	A company with fewer than 300 employees or revenue ≤ RMB 200 million	1000	1200	1400	1600	1800	2000	2200
South Korea	A business with fewer than 300 employees and turnover ≤ KRW 80 billion.	20	18	15	12	10	8	6
India	A business with fewer than 250 employees and turnover ≤ INR 250 crore	200	250	300	350	400	450	500
South Africa	A business with fewer than 200 employees and turnover ≤ ZAR 50 million	1	0	0	1	1	0	2
Kenya	A business with fewer than 100 employees, making less than	0	1	0	0	0	0	1

	KSh 800 million a year, and not part of a large group							

Source: CMA

Annexure 3: SMEs Listing Incentives

Country	Listing Incentives
United Kingdom	The U.K. operates one of the world's most advanced SME listing frameworks through its *Alternative Investment Market (AIM)*. Listing costs on AIM are roughly 40% lower than on the Main Market. The government's *Enterprise Investment Scheme (EIS)* and *Seed Enterprise Investment Scheme (SEIS)* provide investors with 30–50% tax relief on funds invested in qualifying SMEs and full capital gains tax exemptions on profits after three years. AIM companies also enjoy flexible corporate governance and streamlined reporting rules.
Germany	Germany's SME segment, the *Scale* platform under the Frankfurt Stock Exchange, provides SMEs with 30–40% lower listing fees compared to the Prime Standard. The government further offers a 25% Research & Development tax deduction and public co-funding grants of up to €200,000 for IPO advisory services and market preparation. Regional stock exchanges and state venture capital programs such as *High-Tech Gründerfonds* also support pre-listing financing and technical assistance. Germany's incentives mainly target innovation-driven SMEs and technology startups.
France	France actively promotes SME listings through its *Euronext Growth* market and targeted fiscal incentives. Listing fees are typically 50% lower than those on Euronext's main board, while the *Crédit d'Impôt Recherche (CIR)* program grants a 30% Research & Development tax credit for eligible SMEs. The public investment bank *Bpifrance* co-finances IPO readiness, covering between 50% and 70% of advisory and listing costs.
Australia	Australia promotes SME listings through tax and grant mechanisms. The *Early-Stage Innovation Company (ESIC)* framework and *Research & Development (R&D) Tax Incentive* offer a 43.5% refundable tax offset for eligible R&D spending and capital gains tax exemptions for investors in qualifying startups. State governments and innovation agencies provide grants of up to AUD 250,000 to offset IPO advisory and compliance costs. ASX's SME-friendly listing tier also reduces listing fees by roughly 25%, while the regulatory regime is simplified for smaller issuers.

Japan	Companies listing on SME-focused boards can receive up to ¥10 million (about $67,000) in listing fee subsidies and tax reductions between 15–20% for newly listed SMEs. Additionally, SMEA grants of up to ¥20 million ($134,000) support IPO preparation and advisory expenses. The government also provides structured mentorship, investor linkage, and financial literacy programs.
Hong Kong	Hong Kong's *Growth Enterprise Market (GEM)* provides SMEs with 30% lower listing fees and tax deductions for IPO-related expenses. The government agency *InvestHK* supports listing companies through advisory grants of up to HKD 500,000, while SME investors enjoy partial tax relief on investment income. GEM's lighter disclosure standards and regulatory flexibility help reduce listing preparation time by roughly 25–30%.
China	China's SME capital markets are heavily supported by fiscal incentives. Innovative SMEs benefit from a corporate tax rate cut to 15% (down from 25%), and local governments reimburse between 30% and 60% of IPO-related expenses. Provincial authorities also provide direct listing grants ranging from RMB 3 million to RMB 5 million (USD 400k–700k). Fast-track approval channels and state-funded advisory programs further accelerate access to capital markets.
South Korea	South Korea's *SME Promotion Act* offers 50% corporate tax cuts for the first three years after listing. Listing and compliance fees are also reduced by approximately 25%, and SMEs can access government co-funding of up to KRW 200 million (≈$150,000) for IPO advisory costs. The *KOSDAQ Scale-Up Fund* additionally provides co-investment to improve liquidity and post-IPO performance
India	India government subsidizes up to 50% of IPO advisory and listing costs, covering a maximum of ₹50 lakh (≈$60,000). Under *Section 54GB* of the Income Tax Act, investors in SME IPOs receive capital gains tax exemptions, while issuers benefit from reduced listing fees. The Small Industries Development Bank of India (*SIDBI)* and National Small Industries Corporation *(NSIC)* agencies provide credit guarantees and working capital for IPO preparation. Several states such as Gujarat and Maharashtra also offer SME IPO grants and reimbursements.
South Africa	South Africa provides a mix of 25% fee reductions, 100% tax deductibility for IPO expenses, and government grants of up to ZAR 2 million (≈USD 110,000) for SMEs preparing to list. Programs like the Black Business Supplier Development Programme (BBSDP) and SME Development Fund further assist with pre-listing mentorship, governance training, and audit compliance.

Source: CMA