The Growth Enterprise Market Segment (GEMS)

The market for mid-sized companies with high growth potential.

Benefits to companies

Access Low Cost Capital for Business Growth.
The capital markets through the Growth Enterprise Market Segment provide small and mid-cap companies with affordable, more sustainable, longer term financing.

Experience Lower Corporate Tax as a Listed Company
Newly listed companies pay lower corporation taxes, depending on the percentage of the companies’ shares offered as follows:

<table>
<thead>
<tr>
<th>Percentage of Issued Capital</th>
<th>Corporate Tax Rate</th>
<th>Tax Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>27%</td>
<td>3 Years</td>
</tr>
<tr>
<td>30%</td>
<td>25%</td>
<td>5 Years</td>
</tr>
<tr>
<td>40%</td>
<td>20%</td>
<td>5 Years</td>
</tr>
</tbody>
</table>

Companies listing by introduction pay 25% Corporate Tax for 5 Years

Other tax incentives for listed companies include:
- No Stamp Duty on additional share capital, and
- No Capital Gains Tax on sale of shares
Boost Your Companies Profile
The company’s profile is enhanced through the publicity of its listing.

Create Value for You and Your Shareholders
Listing allows companies to realize their value in comparison to industry and international benchmarks.

Improve Your Corporate Governance and Operational Efficiency
Companies listed on the GEMS market work with the NSE’s Nominated Advisors to streamline their governance structures, accounting practices and operational efficiency. This ensures that the companies are equipped with all of the requisite knowledge and expertise, creating stronger structured companies.

Strategic Growth and Investment
Listing enables companies to participate in structured corporate finance transactions, such as mergers, acquisitions and strategic investments.
GEMS Eligibility Requirements

Incorporation Status
- A public company limited by shares and registered under the Companies Act.

Share Capital
- A minimum authorized and fully paid up ordinary share capital of ten (10) million Kenya shillings.
- The company should have at least one hundred thousand (100,000) shares in issue.

Free Transferability of Shares
- The shares should be freely transferable.
- The shares should not be subject to any restrictions on marketability or any pre-emptive rights.

Working Capital and Solvency
- The company must be solvent with adequate working capital.
- Directors shall be required to give an opinion on working capital adequacy for at least twelve (12) months following the listing.

Time of Operation and Profitability
- The company ought to have been in operation for at least one (1) year.
- No record of profitability is required.

Competence, Stability of Directors and Management
- The directors and senior management of the company should have the necessary expertise and experience to run the company.
Number of Directors
• A minimum five (5) directors.
• One Third 1/3 of the directors should be non-executive.
• For at least 2 years prior to date of application, no director should have been declared bankrupt, charged of fraud, criminal offences or financial misconduct.

Director’s Induction Programme (DIP) and NOMAD
• One third (1/3) of the directors are required to have completed the DIP prior to listing while the rest are required to do the course within six (6) months of listing the company.
• The company must appoint a Nominated Advisor (NomAd) by contract and have one at all times while listed.

Immobilization of Shares and Share Ownership Structure
• At least 15% of issued shares should be available for trade by public within 3 months of listing (excluding those held by a controlling shareholder or Company’s senior management).

Retention of Management and Controlling Shareholders
• The company must ensure the retention of qualified management during the listing and keep the same for 12 months following listing.
• Controlling shareholders are restricted on the sale of their shareholding over a twenty-four (24) month period on a tiered schedule.