



PUBLIC NOTICE

THE CAPITAL MARKETS ACT (CAP. 485A)

COUNTRY CONSULTATIONS ON THE PROPOSED HARMONIZED EAST AFRICAN COMMUNITY (EAC) CAPITAL MARKETS LEGAL AND REGULATORY FRAMEWORK

The EAC Common Markets Protocol, effective July 1, 2010, prioritizes regionalization of the East African Capital Markets with the aim of providing an opportunity for the growth and deepening of the capital markets in the region to promote economic growth. Well integrated regional market will allow issuers to tap regional capital market to raise capital necessary to meet the costs of major infrastructural development and commercial ventures. The objectives of the EAC Monetary Union Protocol, effective 30th November 2013, complement those of the EAC Common Market Protocol in that the Protocol seeks to promote and maintain monetary and financial stability aimed at facilitating economic integration to attain sustainable growth and development of the Community. The EAC Monetary Union Protocol requires the implementation of the EAC Common Market Protocol as a pre-requisite to the realization of the monetary union.

The EAC regionalization strategy recommended that EAC regionalization should be implemented in legal and regulatory terms through a harmonized rather than a single overarching regime. Harmonization is interpreted to mean the implementation of minimum standards of regulation across all the EAC Partner States. Each country would recognize the regulatory regime of other countries through harmonization of policies and approximation of laws. The regionalization process has taken into consideration that the EAC capital markets are at different levels of development and that an overarching EAC Community law would only be feasible in the long-term after a high degree of convergence between the different EAC capital markets has been attained. These harmonized laws are developed in form of EAC Council of Ministers Directives by the CMA, NSE and CDSC together with their peer institutions in the EAC region.

The first set of seven EAC Council Directives developed in 2013 was issued by the EAC Council of Ministers on 28th April 2014. All the EAC Partner States are now in the process of transposing these Directives into their respective national legal frameworks. The second set of seven draft Council Directives is under consideration under the EAC structures.

The third set of eight Draft Council Directives is now ready for stakeholder consultation. The Directives cover Credit Rating Agencies, Evaluative and Analytical Services, Regulated

Activities, Regulatory Authorities, Real Estate Investment Trusts, Securities Exchanges; Central Securities Depositories and Business Continuity.

This Notice has been issued in accordance with the Constitution of Kenya, the Capital Markets Act and the Statutory Instruments Act to commence stakeholder and public consultation period for a period of the next thirty (30) days. The proposed Directives are available on the website of the Capital Markets Authority website:- www.cma.or.ke, the Nairobi Securities Exchange website www.nse.co.ke and the Central Depository and Settlement Corporation Limited website www.cdskenya.com. Kindly submit your comments on the draft Directives by **February 23, 2015** via email or hand delivery or post to: -

The Chief Executive Officer
Capital Markets Authority
Embankment Plaza, 3rd Floor, Longonot Road, Upperhill
P.O. Box 74800-00200, Nairobi
Email: corporate@cma.or.ke

Paul Muthaura
Ag. CHIEF EXECUTIVE
Capital Markets Authority

Andrew Wachira
Ag. CHIEF EXECUTIVE
Nairobi Securities
Exchange

Rose Mambo
CHIEF EXECUTIVE
Central Depositories &
Settlement Corporation