



UNQUOTED SECURITIES PLATFORM

OPERATIONAL GUIDELINES

11TH DECEMBER 2020

CONTENTS

CONTENTS	2
BACKGROUND	5
PURPOSE	5
KEY STAKEHOLDERS	5
NOTES	5
DEFINITIONS & ABBREVIATIONS	5
PART I - ISSUER ADMISSION	9
1. Introduction and General Provisions	9
2. Admission Trigger	9
3. Issuer Eligibility Criteria.....	9
4. Admission Transactions	9
5. Admission Procedure	9
6. Approval for Admission	10
7. Transaction Advisor	10
8. Issuer & Settlement Custodian & Registrar	11
9. Continued Issuer Obligations.....	11
A. Disclosure Requirements	11
B. Suspension and expulsion	11
C. Trading by Insiders.....	12
PART II - PARTICIPANT ADMISSION	13
10. Categories of Participants	13
11. Eligibility Requirements for Admission as a Participant	13
12. Requirements for Admission as a Participant	13
13. Vetting, Acceptance and Rejection of Application.....	13
A. Unquoted Securities Platform (USP) Systems	13
B. Training	13
C. Authorized Officers.....	13
15. Continuing obligations of Participants.....	14
16. General standards of conduct	14
A. Standards of integrity	14
B. Disclosure to investors	14
C. Confidentiality	15
D. Trading by employees.....	15
E. Disclosure of gifts	15
F. Prohibition of anonymous accounts	15
G. Waiver of investors' rights.....	15
H. Liability of directors and officers	15
17. Investor Acceptance and Maintenance Procedures.....	15
A. Investor acceptance	15
B. Investor mandates	16
C. Maintenance of investor records	16
18. Marketing and Advertising	16

19. Corporate Actions	16
20. Anti-Money Laundering and Combating Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT/CFP) Procedures.....	17
A. AML/CFT/CPF Policy	17
B. Know Your Customer (KYC) and Customer Due Diligence (CDD).....	17
C. Simplified Customer Due Diligence.....	17
D. Enhanced Due Diligence (EDD)	18
21. Voluntary Termination, Suspension, Expulsion, Readmission	18
PART III - TRADING AND SETTLEMENT	19
22. Trading Sessions	19
23. Official price list and other market data	20
24. The ATS trade matching mechanisms	20
25. Types of Orders:	20
A. Immediate or cancel: -	20
B. Good Till Cancelled: -	20
26. Trading Procedure	20
A. Buying and selling procedure.....	20
B. Maximum Order & Quote Size	21
C. Trading of USP security on 'cum' and 'ex' basis.....	21
D. Amendments of trade information	21
E. Negotiated Trades.....	21
27. Settlement.....	21
A. Settlement Processes	21
B. Off market transactions.....	22
C. Limitation of Liability.....	22
D. Transaction Records	22
E. Halt of trades.....	23
F. Cancellation of Orders.....	23
G. Suspension of USP securities On USP	23
28. Private Transfers	23
A. Nature of Transaction.....	23
B. Application for Approval of Private Transfers	23
29. Pledges.....	24
A. Pledge Process.....	24
B. Release Process	24
C. Foreclosure Process	24
30. Procedure for Rights Issues	25
PART V – MISCELLANEOUS	26
31. Limitation of Liability	26
32. Publicity	26
33. Complaints/Warnings	26
34. Resolution.....	26
35. Surveillance/Inspection.....	26
36. Confidentiality.....	27

37. Data Retention	27
38. Variation	27
39. Governing Law	27
PART VI – FEE SCHEDULES	28
40. Levies, Fees & Charges	28

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BACKGROUND

Following the Ibuka Program, NSE PLC identified the need for an unquoted securities trading platform which could be used for value discovery, capital raising and trading experience before graduating to the listing segments offered by the NSE PLC. This platform shall be referred to as the Unquoted Securities Platform (USP).

PURPOSE

This document describes the manner in which the USP shall be operated and used by all interested stakeholders for review and compliance.

KEY STAKEHOLDERS

The key stakeholders of the USP are:

- A. NSE Limited Liability Partnership (NSE LLP), the owner of the USP, whose Partners are the Nairobi Securities Exchange Plc and the Chief Executive Officer of the Nairobi Securities Exchange Plc.
- B. Management Committee appointed by the NSE LLP.
- C. Issuer to be admitted to the USP.
- D. Holders of a USP security of the Issuer.
- E. Investors interested in the USP security of the Issuer at the USP.
- F. Participating Agents of the Issuer or Investor to facilitate operations of the USP.

NOTES

1. These operational guidelines are made pursuant to:
 - A. the Partnership Agreement of the NSE LLP;
 - B. the incorporation documents of the NSE LLP;
 - C. an agreement between the NSE LLP and the Nairobi USP securities Exchange Plc;
 - D. an agreement between the NSE LLP and the USP Provider;
 - E. an agreement between the NSE LLP and KASIB;
 - F. internal policies at the NSE LLP;
2. These guidelines shall regulate all activities conducted on the USP and shall apply to all stakeholders involved in the USP.
3. NSE LLP may issue supplemental guidelines and directives relating to the activities of the USP. Such guidelines shall be binding on all stakeholders involved in the USP in the same manner as these guidelines.

DEFINITIONS & ABBREVIATIONS

Term	Definition
Authorized Officer	Person authorized by the Participant Agent to act on its behalf and can comprise the principal officer, authorized users and system administrator.
Board	The Board of Directors of the NSE Group.
Best Bid (BB)	The highest quoted price a Participant Agent is willing to pay for a particular security among all those offered by competing Participant Agents.
Best Offer (BO)	The lowest quoted price a Participant Agent is willing to sell a particular security among all those offered by competing Participant Agents.
Cash Settlement	Is settlement by an NSE LLP of cash instead of delivery of the physical underlying USP securities.
Clearing	The presenting and exchanging of information relating to the transfer of USP securities or funds.
Code of Conduct	The procedures of conduct contained in these guidelines.
Corporate Action	Any action taken by a company that may impact the shareholders' value directly.
Custodian	An entity licensed by the Central Bank of Kenya and responsible for safekeeping of USP securities, cash and other assets on behalf of investors.
Free float	The proportion of USP securities of an issuer held by public security holders.
Investor	Any member of the general public who transacts USP securities business with a Participant.
Issuer	Means the person by whom USP securities have been issued or are to be issued and shall include an acceptable body corporate or another acceptable legal entity that offers USP securities through private placement.
KASIB	The Kenya Association of Stock Brokers and Investment Banks.
Liquidity Facilitator (Market Maker)	A Participant Agent who may be licensed by the Issuer to enhance market liquidity of a particular USP security by providing firm bids and offers in a USP security at all times.
Listing by Introduction	Method of bringing USP securities for listing not involving a new issue of USP securities or any marketing of existing USP securities because the spread of shareholders already complies with the conditions for listing.
Listing Document	A statement issued by an entity seeking a listing of its USP securities, providing information to the public with regards to the entity and the USP securities. This includes a Pre-listing Statement, Offer Document or Circular.
Management Committee	The NSE management committee appointed by the NSE LLP and that reviews and approves applications by Issuers as per the Board's guidance.
Material Information	Any information that may affect the price of an Issuer's USP securities or influence investment decisions and includes, but is not limited to information on: - a) a merger, acquisition or joint venture; b) a split or USP security dividend; c) earnings and dividends of an unusual nature; d) the acquisition or loss of a significant contract; e) a significant new product or discovery; f) a change in control or significant change in management; g) a call of USP securities for redemption; h) the public or private sale of a significant amount of additional USP securities; i) the purchase or sale of a significant asset; j) a significant law suit; k) a significant labour dispute; l) USP securities buy back scheme;

Term	Definition
	m) an offer for another Issuer’s USP securities; n) significant alteration of the constitutive documents of the Issuer; o) significant borrowings; or p) any other peculiar circumstances that may prevail with respect to the Issuer or environment in which the Issuer operates.
Negotiated Trade	This is a trade that shall be performed between two investing clients for a specified amount of securities, at a specified price with one side being represented by the issuer.
Notice	Any circular or written communication labelled “Notice”, issued and delivered by registered mail, email or facsimile to a Participant Agent.
NSE LLP	Limited Liability Partnership which is fully owned and controlled by the NSE PLC.
Offer to the Public	An invitation to the public to subscribe for USP securities.
Official List	A list specifying all USP securities, which have been admitted for listing on the NSE LLP.
Order	A bid for or offer of USP securities in the secondary market of the NSE LLP.
Order Book	A component of the USP platform that holds all the bids and offers consummated by Authorized Traders.
Participant	A person or entity entitled, through admission on the USP to use the services and facilities thereof as authorized the Management Committee.
Primary Issuance	The initial issuance and placement of USP securities including all the operations related to the primary sale of USP securities.
Private Placement	Is the targeted sale of USP securities by the Issuer to an investor?
USP security Holder	A holder of a USP security including; (a) a director of the issuer or any of its subsidiaries; (b) an associate of a director of the issuer or any of its subsidiaries; (c) an employee share scheme or pension fund which is established for the benefit of the employees of the Issuer or any of its subsidiaries; or (e) any person who is beneficially interested.
Record Date	The date on which holdings are ascertained to determine entitlements arising out a corporate action.
Registrar	An entity providing USP securities register management services on behalf of Issuers.
Settlement	The discharge of obligations by the transfer of funds or USP securities.
Spread	The range between a buy order and a sell order placed on the USP.
Trader Identification Code	Specific log-in protocols and password assigned to Authorized Traders to access the USP platform.
Trading Participant Agent (Broker)	An entity involved in buying and selling of USP securities on its own account or as a principal.
Transaction Advisor	Appointed by the Issuer, is a licensee of a competent Authority or an Ibuka Panelist.
Underwriting	The commitment to purchase or subscribe for any USP securities that have not been purchased or subscribed for during the offer of USP securities to the public by the Issuer.
Unquoted	Means an entity that is not listed on a licensed USP securities Exchange regulated by the Capital Markets Act in Kenya
Unquoted Securities Platform (USP)	Unquoted Securities Platform owned and operated by NSE LLP, a fully owned body corporate of the NSE PLC.

Term	Definition
USP Securities	As defined under the CMA Act, but excluded those listed on a licensed exchange.
Working Day	Any day other than a public holiday and weekends in Kenya on which USP is open for trading.

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1. Introduction and General Provisions

This part provides the eligibility criteria, outlines the application, vetting and admission procedure. The role of the Issuer is demonstrated and the Continued Issuer obligations.

2. Admission Trigger

The decision to be admitted to the USP shall be initiated by the Board of Directors of the Issuer.

3. Issuer Eligibility Criteria

The following information should be provided to the Management Committee for determination of admission to the USP:

- a) incorporation status of a body corporate;
- b) articles of association as amended for the USP standard;
- c) shareholder agreement (if applicable);
- d) business nature;
- e) business policy framework;
- f) board charter;
- g) website;
- h) balance sheet structure;
- i) profit and loss track record and financial projections;
- j) dividend policy;
- k) certificate of comfort (if applicable);
- l) director profiles, chief executive office profile, head of finance profile;
- m) no free float restriction;
- n) any other criterion that the Management Committee may determine.

All Management Committee decisions are final and binding.

4. Admission Transactions

The USP Platform shall admit USP securities and Cooperative shares that have been issued through;

- (1) Introduction: means the admission of USP securities that have been issued through private placement.
- (2) Additional USP securities: any offer that involves additional USP securities than that already admitted to the USP.
- (3) Cooperative shares- means shares of a cooperative society resided in Kenya.

5. Admission Procedure

Every Applicant for admission shall: -

- (1) submit a completed Application Form as per the terms and conditions, providing the following: -
 - (a) full legal name of the applicant, and any trading names as may be applicable;
 - (b) the address of the registered office ;
 - (c) the details and qualifications of the applicant's Board and Management;
 - (d) description, history and outlook of the Applicant's business;
 - (e) the Transaction Advisor's Application Letter on behalf of the Applicant.
 - (f) the amount of the authorised share capital of each class of and number of USP securities in each class;
 - (g) the abbreviated name of the Issuer; and
 - (h) the full name and physical address of the Transaction Advisor, and all other parties involved in the Issuer's admission onto the NSE LLP.
 - (i) Any other document that may be required by the management committee to assist in the admission process.
- (2) submit audited annual financial statements for minimum one year or as maybe determined by the Management Committee.

- (3) provide the following: -
 - (a) Board resolution authorising the Applicant to list;
 - (b) Certified copies of incorporation documents;
 - (c) Certified copies of any applicable licences;
 - (d) Non-refundable application fee; and
 - (e) An undertaking to pay annual admission fees and any other fees as may be prescribed
- (4) Any other documents that maybe required by the Management Committee.

6. Approval for Admission

- (1) The NSE LLP shall process the application and provide feedback within twenty-one (21) calendar days of receipt of the application.
- (2) Upon successful admission of the USP securities, the NSE LLP shall issue a certificate of admission.
- (3) If the NSE LLP determines that an application is defective in any respect, it shall notify the Applicant of such deficiency.
- (4) The NSE LLP may request the applicant, its Transaction Advisor and or any other persons relevant to the admission, jointly or separately, to attend one or more interviews with the NSE LLP.
- (5) Where an Applicant fails to meet the admission requirements the NSE LLP may reject the application and advise the Applicant of its decision and reasons for the rejection.
- (6) Where an Applicant resubmits an application, the NSE LLP shall process the application as if it has been submitted for the first time.
- (7) The NSE LLP shall publish on its website or any other appropriate channel a list of admitted USP securities.

7. Transaction Advisor

A Transaction Advisor should be appointed by the Directors of an Issuer under the following circumstances:

1. Introduction of a new register;
2. Issuer is undertaking a capital raise activity as provided for under Part (1), Section (4); and
3. If an issuer has had an existing register that has been trading, the Management Committee may exempt the issuer from appointing a TA.

The Directors of an Issuer shall ensure the following:

- (1) the Admission Document/Admission Statement/ Offer Document is in compliance with the admission requirements and that:
 - (a) the information contained in the Listing Document/Offer Document is accurate and complete in all material respects and not false or misleading;
 - (b) there are no other matters, the omission of which would make any statement in the Admission Document/Admission Statement/ Offer Document false or misleading;
 - (c) statements of fact and opinion expressed by the directors in the Admission Document/Admission Statement/ Offer Document have been arrived at after due and careful consideration on the part of the directors and are founded on bases and assumptions that are fair;
 - (d) the directors of the new applicant have made sufficient enquiries to enable them to give the confirmations set out in the “responsibility statement” contained in the Admission Document/Admission Statement/ Offer Document;
 - (e) there are no matters, other than those disclosed in the Admission Document/Admission Statement/ Offer Document or otherwise in writing to the NSE LLP, which should have been disclosed for the NSE LLP to be able to consider the application for listing of the relevant USP securities.

Where a Transaction Advisor is appointed, they shall advise the Issuer on all of the Issuer’s responsibilities in a competent and professional manner, and must immediately inform the Management Committee of the NSE LLP in writing if the Issuer does not comply with these rules. The Transaction Advisor must, prior to the admission of the Issuer on the USP, confirm in writing that: -

- (1) it has explained to the directors of the Applicant the nature of the Applicant’s responsibilities under these rules;
- (2) all the documents required in terms of these guidelines have been submitted;
- (3) it considers the new applicant to be suitable for quoting on the NSE LLP;
- (4) the applicant complies with all conditions and requirements for admission of the Issuer;

8. Issuer & Settlement Custodian & Registrar

- (1) Upon admission, every Issuer shall be required to appoint a registrar and a Issuer custodian.
- (2) All the issued USP securities available for trading shall be registered in a Special Nominee account and the certificates of title shall be lodged with the custodian for safekeeping.
- (3) The issuer's registrar shall set up and manage a register of beneficiary holders of the USP securities which at all times shall add up to the certificates held by the custodian.
- (4) Beneficiary holders shall be issued with receipts backed by the USP securities in the safe custody of the custodian.
- (5) The settlement custodian is a USP appointed party and is responsible for the receipt, transfer and settlement of funds for all transfers through the USP.

9. Continued Issuer Obligations

A. Disclosure Requirements

- (1) An Issuer shall: -
 - (a) disclose all material information;
 - (b) publish audited annual financial statements within 4 months of the Issuer's financial year-end through electronic or any other means as be convenient to the issuer.
 - (c) submit a copy of the notice of its AGM or EGM at least three (3) business days before its publication.
- (2) The Issuer shall ensure that any statement, document or other information published is not misleading, false or does not omit any material facts.
- (3) Where an event of default occurs, the Issuer shall notify the NSE LLP in writing within 24 hours of such an occurrence, providing full details of the event including remedial actions and shall communicate the same to investors. For the purposes of this sub-section, events of default include:
 - (a) failure to distribute declared dividends in accordance to the published timetable;
 - (b) non-payment of interest or failure to make interest payments on USP securities in accordance with the published timetable; or
 - (c) removal or the resignation of an underwriter.
- (4) Where the NSE LLP becomes aware of any event of default, the NSE LLP may carry out investigations into such event of default and shall direct the defaulting party to implement any corrective action it deems appropriate.
- (5) As soon as is reasonably practicable, the Issuer shall notify the NSE LLP of: -
 - (a) any change in the Issuer's professional advisors;
 - (b) any change in the board composition or management of the Issuer;
 - (c) any change in the Issuer's name and address;
 - (d) any changes in the terms and conditions applying to a corporate action carried of the Issuer;
 - (e) any Board resolution authorising the Issuer to issue additional USP securities in the class already issued and causing the authorised capital to exceed the initially disclosed quantum;
 - (f) any changes to the terms and conditions of USP securities in issue; or
 - (g) any intention to alter the authorised or quoted USP securities, as may be permitted by the Issuer's constitutive documents or by resolution of shareholders providing comprehensive details of such intention including the date of effect, the amount to be so reduced and the balance upon alteration.
 - (h) Any other information that may be deemed material.
- (6) Where an Issuer is contemplating actions that may influence the price of its USP securities or where the Issuer acquires knowledge of the leakage of any material price sensitive information, it must publish a cautionary announcement advising investors to exercise caution when dealing in the USP securities until full details regarding the matter are announced.
- (7) Issuers contemplating a significant transaction shall publish a detailed notice of the proposed transaction or corporate action and fix in advance the record date for determining investors' entitlements.

B. Suspension and expulsion

- (1) The NSE LLP may suspend or expel an Issuer for any failure to comply with the provisions of these Guidelines.
- (2) The NSE LLP shall provide the Issuer with a reasonable opportunity to make representations why the suspension or removal should not be effected.
- (3) Where a quoted USP security is suspended, unless the NSE LLP indicates otherwise, the Issuer shall:
 - (a) continue to comply with all the requirements and continuing obligations applicable to it;

- (b) submit reports in the manner and frequency prescribed by the NSE LLP on any progress made to remedy the breach; and
 - (c) advise its investors, on a quarterly basis, of the state of the Issuer's business and the progress of any action to have the admission reinstated, including the date on or around which the Issuer expects the suspension to be lifted.
- (4) An Issuer that intends to voluntarily be removed from the NSE LLP shall: -
- (a) issue a circular to shareholders providing reasons for the proposed removal at least twenty-one (21) calendar days prior to the general meeting of the shareholders, where the removal will be tabled; and
 - (b) obtain prior shareholder approval at a meeting of members in compliance with the Companies Act and the Articles of Association of the Issuer.
- (5) An Issuer once admitted shall not exit for a period of three (3) years unless otherwise agreed with the Management Committee.

C. Trading by Insiders

The Issuer's directors and employees shall not trade while in possession of insider information and shall notify the NSE LLP of any dealing in the Issuer's USP securities by its directors or employees.

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PART II - PARTICIPANT ADMISSION

This Part provides for the general procedures for the admission of Participant Agents.

10. Categories of Participants

The NSE LLP may admit the following Participants: -

- (1) NSE Trading Participant Agents
- (2) Liquidity Facilitators
- (3) Custodians
- (4) Registrars
- (5) Any other category of person or entity that may be prescribed by the NSE LLP from time to time

11. Eligibility Requirements for Admission as a Participant

- (1) NSE Trading Participant Agents licensed by the CMA.
- (2) Liquidity Facilitators shall be an entity appointed by the Issuer for purposes of providing liquidity (USP securities and cash) for the particular issued USP security.
- (3) Custodians shall be an entity licensed by the Central Bank of Kenya.
- (4) Registrars shall be an entity appointed by the issuer.

12. Requirements for Admission as a Participant

- (1) NSE Trading Participant Agents shall submit an application form with their valid license from the Capital Markets Authority.
- (2) The Issuer shall appoint a Liquidity Facilitator, Registrar and Custodian at their discretion.

13. Vetting, Acceptance and Rejection of Application

- (1) The NSE LLP shall process a Participant application including vetting and advise the Applicant of the outcome within twenty one (21) calendar days of receipt of the application.
- (2) Upon successful admission as a Participant, the NSE LLP shall issue a certificate of admittance.
- (3) If the NSE LLP determines that an application is defective in any respect, it shall notify the Applicant of such deficiency, whereupon the Applicant shall take the necessary action to remedy the deficiency.
- (4) Where an Applicant fails to meet the admission requirements the NSE LLP may reject the application and advise the Applicant of its decision and reasons for the rejection.
- (5) Where an Applicant resubmits an application, the NSE LLP shall process the application as if it had been submitted for the first time.
- (6) All application fees shall be non-refundable.

14. Participant access to the Unquoted Securities Platform (USP) systems

A. Unquoted Securities Platform (USP) Systems

The USP shall provide admitted Participants with access to its technology platform under specified terms and conditions prescribed by the NSE LLP.

B. Training

The NSE LLP may prescribe training for Authorised Users in the operation of the Automated Trading Systems (ATS) and Clearing and Settlement System (CSS) and any other systems of the USP.

C. Authorized Officers

- (1) Every Participant shall appoint a Principal Officer, Authorized User and System Administrator.
- (2) A Principal Officer shall: -
 - (a) hold a managerial position at the Participant;
 - (b) be responsible for all transactions of the Participant;
 - (c) approve the Participant's Authorized Users and System Administrators who to act on behalf of the Participant;
 - (d) limit the rights and access of the Authorized Users to the ATS and CSS systems;
 - (e) be responsible for the completeness and accuracy of all information that is entered onto the systems of the NSE LLP by the Participant; and

- (f) ensure that all accounts created and transactions executed on the NSE LLP's systems are lawful and comply with these guidelines and related documents.
- (3) Each Participant shall have, at all times, at least two Authorized Users.
- (4) System Administrators shall maintain Authorized user profiles on the NSE LLP's systems and not have access to transaction entry facilities or management or enquiry functions.
- (5) The NSE LLP shall have the sole right to approve the request to creation of profiles for Authorized Officers.

15. Continuing obligations of Participants

- (1) Where applicable the Participants shall comply with the General standards of conduct and Investor Acceptance and Maintenance procedures below (No.17).
- (2) Every Participant shall comply with the applicable provisions of these guidelines.
- (3) Every Participant shall notify the NSE LLP of the following in writing: -
 - (a) any event or circumstance that may affect its standing as a Participant Agent in terms of these rules;
 - (b) any change in the place of business of the Participant Agent;
 - (c) change in name of the Participant Agent; and
 - (d) any material information.
- (4) Every Participating Agent shall notify the NSE LLP of the following in writing by email by the 5th day of the month following the end of the quarter, being 5th April, 5th July, 5th October, 5th January or the day following the 5th of the month in the case of a public holiday:
 - a) Quarterly trade volumes and turnover for the quarter just ended, and
 - b) Quarterly sales pipeline of potential issuers for the upcoming quarter
 - c) Update of quarterly sales pipeline of potential issuers for the preceding quarter

16. General standards of conduct

A. Standards of integrity

A Participant must, in the conduct of its business, observe high standards of integrity and fair dealing. In particular the Participant shall: -

- i. not knowingly circulate information which is false or misleading;
- ii. not knowingly manipulate the market or influence any persons for such purpose;
- iii. conduct its activities in a manner that is in line with the USP Guidelines
- iv. not participate in any dealings which may bring the market into disrepute; and
- v. In its dealings act honestly and fairly: -
 - (a) with due skill, care diligence and in the best interests of its investors;
 - (b) avoid conflicts of interests and where conflict cannot be avoided, ensure fair treatment to investors by disclosure, confidentiality or declining to act; and
 - (c) exercise independent professional judgement.

B. Disclosure to investors

Any representations made and information provided by a Participant to an investor must:

- (1) be factually correct;
- (2) be provided in plain and unambiguous language, and not be misleading;
- (3) be adequate and appropriate in the circumstances of the particular service, taking into account the factually established or reasonably assumed level of knowledge of the investor;
- (4) must disclose full and accurate information about the fees and any other charges that may be levied on the investor; and
- (5) where any such fee or charge is not reasonably pre-determinable, its basis of calculation must be adequately described;
- (6) advise of any material changes affecting the investor within reasonable time; and
- (7) advise of any restriction or limitation that may affect the access of that investor to his or her assets in advance.

C. Confidentiality

A Participant may not disclose any confidential information acquired or obtained from an investor about such investor, unless the written consent of the investor has been obtained beforehand or disclosure of the information is required in terms of the law.

D. Trading by employees

A Participant must establish and maintain controls and procedures in relation to transactions executed for the direct or indirect benefit of its employees.

E. Disclosure of gifts

- (1) A Participant must take reasonable steps to ensure that it or any person acting on its behalf does not offer, give, solicit or accept any valuable consideration if it is likely to conflict with any duty that the Participant owes to its investor.
- (2) A Participant who, in terms of an agreement with a third party, directly or indirectly accepts or may become eligible to accept any valuable consideration in respect of services rendered to an investor, must disclose to the investor in writing before the rendering of such service: -
 - (a) the existence of the agreement;
 - (b) the nature, extent, value and frequency of receipt of such valuable consideration to where such information is known prior to the rendering of the service; and
 - (c) the identity of the other person providing or offering the valuable consideration.

F. Prohibition of anonymous accounts

A Participant shall not open or operate an anonymous or fictitious account.

G. Waiver of investors' rights

- (a) No Participant shall waive any right or benefit conferred on an investor in terms of these rules.
- (b) No Participant shall recognise, accept or act on any waiver of these rules requested by the investor.

H. Liability of directors and officers

Any Participant, its director, manager, or officer shall be liable for any breach, non-compliance, violation or contravention of these Rules.

17. Investor Acceptance and Maintenance Procedures

A. Investor acceptance

- (1) Every Participant shall ensure that it obtains and maintains sufficient information on each investor account in order to identify the ultimate Beneficial Owner of an account.
- (2) The Participant shall obtain the following information and supporting documents in respect of each investor and where it is possible the Beneficial Owner of an account: -
 - (a) full name;
 - (b) certified copy of a valid identity document
 - (c) certified copies of Passport for foreign nationals;
 - (d) contact details;
- (3) For investors that are entities, the Participant shall obtain the following information and supporting documents: -
 - (a) name of entity;
 - (b) the legal status of the entity and its constitutive documents;
 - (c) the ownership and control structure of the entity and the ultimate Beneficial Owners;
 - (d) the identities of the directors, and their proof of residence;
 - (e) the identity of any person purporting to act on behalf of the entity;
 - (f) a resolution by the Board of Directors to invest, and identification of those who have authority to operate the investment account;
 - (g) nature and purpose of business;

- (h) principal place of entity's business operations;
 - (i) contact details
- (4) Where an investor fails to provide sufficient information, the Participant may not undertake a transaction on behalf of the investor.
- (5) The Participant shall periodically update investors' information and upon written request, provide the NSE LLP with the documents and information referred to under this section.

B. Investor mandates

- (1) A Participant must have a written agreement with an investor which sets out the relevant terms and conditions under which the Participant shall transact on behalf of the investor.
- (2) The agreement must set out the essential obligations of the Participant and of the investor which may include but are not limited to: -
 - (a) Nature and frequency of reporting; and
 - (b) Trading and Settlement obligations.

C. Maintenance of investor records

A Participant shall maintain in printed or electronic format, proper, complete and accurate investor and transaction records in a secure environment for a minimum period of seven (7) years.

18. Marketing and Advertising

- (1) Advertising material of a Participant must: -
 - (a) provide accurate, complete and unambiguous information about services rendered;
 - (b) emphasize the risk of loss and uncertainty of future results;
 - (c) separate facts from opinion;
 - (d) not recommend itself over the services of another Participant Agent;
 - (e) not contain any statement, promise or forecast which is fraudulent, untrue or misleading;
 - (f) if it contains performance data including awards and rankings include references to the Participant Agent's source and date on which the data was accessed;
 - (g) not contain hypothetical data;
 - (h) contain a warning statement about the risks involved in buying or selling USP securities;
 - (i) where past performance is referred to, contain a warning that past performances are not necessarily indicative of future performances; and
 - (j) if the investment value of USP securities mentioned in the advertisement is not guaranteed, should contain a warning that no guarantees are provided.
- (2) No Participant shall publish, broadcast or circulate any comment which may influence the price of any USP security unless such comment is accompanied by the name of the person or persons who compiled it.
- (3) Where a newsletter, circular or other publication by a Participant carries an expression of opinion on a USP security and the Participant has an interest in that entity, the existence of such an interest, without specifying names and amounts shall be disclosed in that newsletter, circular or other publication and if a director of the Participant is a director of the entity that shall also be disclosed.

19. Corporate Actions

- (1) Any arrangement between a Participant and an investor regarding issues pertaining to corporate actions must be recorded in writing.
- (2) The written arrangement must incorporate the instructions from the investor and the terms and conditions which will apply to the following issues pertaining to corporate actions: -
 - (a) whether the investor wishes to receive all entity's reports, proxy forms, notices, circulars, listing particulars and any other Issuer communications;
 - (b) whether the Participant is entitled and obliged to utilise its discretion in electing particular options in respect of all or certain corporate action events which require such an election to be made;
 - (c) whether the Participant may utilise its discretion in exercising voting rights on behalf of the investor;

- (d) the means of communication between the Participant and the investor if the Participant is not granted discretion to act independently. This will apply to the communication of the relevant issues to the investor by the Participant and the investor's response thereto;
- (e) the date and time by which the investor is required to make an election, if applicable; and
- (f) the option which the Participant may elect if the investor fails to advise the Participant of their election before the deadline specified in the Issuer circular, if applicable. This could either be the default for election or the Participant may be entitled to utilise its discretion in electing a particular option.

20. Anti-Money Laundering and Combating Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT/CFP) Procedures

A. AML/CFT/CPF Policy

- (i) Every Participant shall put in place policies, procedures and processes to comply with AML/CFT/CPF laws applicable to the securities sector. Such policies, procedures and processes shall include but not limited to: -
 - (a) A risk-based approach to AML/CFT/CPF;
 - (b) Know Your Investor and investor onboarding;
 - (c) Customer Due Diligence;
 - (d) Monitoring of transactions and reporting of suspicious transactions; and
 - (e) Identification of Politically Exposed Persons (PEPs) and other high-risk investors.
- (ii) Every Participant Agent shall have policies and procedures that govern the following: -
 - (a) Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures;
 - (b) Procedures for retention of investor and transaction records;
 - (c) Procedures for monitoring Politically Exposed Persons and high-risk investors;
 - (d) Procedures for reporting suspicious transactions;
 - (e) Legal consequences for failure to meet requirements of AML/CFT/CFP laws and guidelines;
 - (f) Implementation of guidelines and directives issued by a relevant regulatory agency; and
 - (g) Procedures for managing and assessing AML/CFT/CFP risk.

B. Know Your Customer (KYC) and Customer Due Diligence (CDD)

- (1) Every Participant shall undertake KYC and CDD measures when: -
 - (a) a business relationship is established;
 - (b) carrying out transactions above the threshold that shall be provided for by the Participant from time to time;
 - (c) where the transaction is carried out in a single operation or several operations that appear to be linked;
 - (d) where there is need for cross-border payments;
 - (e) where there are doubts about the veracity or adequacy of previously obtained customer's identification data.
- (2) When undertaking CDD a Participant shall profile investors in relation to: -
 - (a) the identity of Beneficial Owners, directors and any relevant officers of the investor;
 - (b) the purpose and intended nature of the business relationship;
 - (c) the investor's source of funds and source of wealth;
 - (d) associations that may exist between the investor and other investors of the Participant Agent;
 - (e) the financial status of the investor;
 - (f) the investor type of business; and
 - (g) the risk rating of the investor.

C. Simplified Customer Due Diligence

Where information on the identity of the investor and the Beneficial Owner is publicly available, a Participant may apply simplified CDD and the following must be obtained: -

- (a) In the case of local investors and Kenyans in the diaspora: -
 - i. National Identity Card; and
 - ii. Completed USP Securities Trading Account Opening Form.

- (b) In the case of Foreigners: -
 - i. Valid Passport; and
 - ii. Completed USP securities Trading Account Opening Form.
- (c) For Companies-local/foreign: -
 - i. Certified copy of certificate of incorporation;
 - ii. Board Resolution;
 - iii. National Identity Card or Valid passport for signatories; and
 - iv. Completed USP securities Trading Account Opening Form.

D. Enhanced Due Diligence (EDD)

- (a) Where high risk investors are concerned, Participants shall apply Enhanced Due Diligence which may include but not limited to enquiries on:
 - ii) the level and nature of the investor's trading activities over time;
 - iii) the ultimate beneficiary owners of the account;
 - iv) publicly available information on the investor;
 - v) the source of funds; and
 - vi) senior management's approval for transactions.
- (b) When undertaking EDD, a Participant shall collect and document more information on the investor and its activities.

21. Voluntary Termination, Suspension, Expulsion, Readmission

- (1) Where a Participant wishes to terminate its participation, it shall deliver a written notice to the NSE LLP of its intention to terminate participation not less than thirty (30) days prior to the proposed date of termination.
- (2) The NSE LLP may suspend or expel a Participant if the Participant is in breach of any of the provisions of these rules, provided such Participant Agent is afforded a reasonable opportunity to make representations.
- (3) The NSE LLP may readmit a Participant where the Participant has, in the view of the NSE LLP fully rectified the breach which formed the basis of the suspension or expulsion.
- (4) In the case of an expulsion and subsequent application for readmission, the Applicant shall complete the Application Form and pay a new application fee.

PART III - TRADING AND SETTLEMENT

22. Trading Sessions

(1) Trading on the NSE LLP shall be conducted during the sessions set out in the Table A below: -

Table A: Trading Sessions

Trading Sessions	
(a) Pre-Open [0800 - 0900Hrs]	(i) Volume Order imbalance shall be displayed in the Pre-Order Book during pre-open.
	(ii) The price input for an Order shall be based on the closing price in the previous trading session of the USP security and shall be within its price spread.
(b) Opening Auction[0900Hrs]	(i) The opening price of each USP security shall be calculated by the ATS during the opening auction.
	(ii) The opening price of each USP security shall be within the daily allowed price movement limits as prescribed by the NSE LLP from the closing price of the previous trading session.
	(iii) The opening price of a USP security shall be the price at which the greatest numbers of USP securities are matched.
	(iv) Valid orders from the previous day's trading session shall participate in the auction, preserving their time priority.
	(v) Where there are no trades in a USP security during the opening auction, the opening price for continuous trading shall be the closing price of the USP security in the previous trading session.
	(vi) All orders that are not matched during the opening auction shall be automatically transferred to continuous trading and registered in the Order Book in priority of first price and then time.
(c) Trading Session[0900Hrs-1500 Hrs]	Live trading session.

(2) The NSE LLP shall be open for trading on Working Days in Kenya.

(3) For the purpose of trading on the NSE LLP, the time that shall apply is the time shown on the ATS.

(4) During trading hours, USP securities dealers shall enter orders into a central Order Book using channels approved by the NSE LLP.

23. Official price list and other market data

- (1) The NSE LLP shall publish on its website daily, weekly and monthly information on corporate actions on key performance indicators, the prices and traded volumes including a pricelist.
- (2) The NSE LLP shall publish the daily USP price list in a local daily paper.
- (3) The NSE LLP shall share a copy of the above to the Capital Markets Authority.

24. The ATS trade matching mechanisms

All orders shall be ranked in the Order Book by reference to price and time as follows: -

- (4) priority shall be given to the Best Bid and best offer;
- (5) when buy or sell orders are entered at the same buy or sell price, priority shall be given to the earliest buy or sell Order on a first-in-first-out basis; and
- (6) where a partial execution of an Order occurs, the remaining volume will be registered in the Order book preserving its original time stamp.

25. Types of Orders:

A. Immediate or cancel: -

- (a) An Order qualified as immediate or cancel shall be executed immediately upon entry if there is a matching order in the system otherwise it shall be immediately cancelled.
- (b) Where an Order qualified as immediate or cancel is partly executed, the remainder shall be immediately cancelled.
- (c) Orders qualified as immediate or cancel shall not be entered during the pre-open session.

B. Good Till Cancelled: -

- (a) A GTC Order shall remain in the order book until cancelled by the USP securities dealer responsible for its entry.
- (b) Where the GTC Order is not matched or cancelled after thirty (30) days, it shall be automatically cancelled from the system.
- (c) Good Till Day Order that requires the USP securities dealer to specify the date on which the Order shall be automatically cancelled from the system if it remains unmatched.
- (d) Day Order shall remain valid until the close of the trading day on which it was entered, after which it shall be automatically cancelled from the system.
- (e) Limit Order is an order specifying the price and volume.
- (f) Market Order has no price limit and may be executed either in full or in part against eligible Orders, at the price of a new Order entered into the central Order Book or at the last trading price.

26. Trading Procedure

A. Buying and selling procedure

- (1) Every investor shall open and maintain USP securities trading account which shall be identified by a unique Trade Identification Code generated by the system;
- (2) An investor shall buy or sell his or her USP securities by placing a buy or sale Order with his or her USP securities dealer.
- (3) Upon receipt of the investor's buy or sale Order and having confirmed the availability of funds or USP securities, the USP securities dealer shall without delay enter the Order into the central Order book of the ATS;
- (4) The USP securities dealer shall send a contract note to the investor within 24 hours of the matched deal. The contract note shall provide details of the trade, including but not limited to: -
 - (a) price;
 - (b) volume traded;
 - (c) consideration;
 - (d) statutory fees;

- (e) trading and settlement fees; and
 - (f) brokerage fees.
- (5) Every matched trade shall be affirmed by a custodian.

B. Maximum Order & Quote Size

- (1) Maximum Order: Disclosure will be required for any trade volumes (bid/offer) that exceeds 20% of the total free float of the issued USP Securities in a single or aggregate transactions in advance of 24 hours ahead of the order placement.
- (2) Quote size: USP Security Prices will be traded at reasonable prices and capped at up to a maximum of 25% above the previous reported end of day price.

C. Trading of USP security on 'cum' and 'ex' basis

- (1) Following the declaration of a dividend or other entitlements, the USP security shall be traded and quoted on a 'cum-div' basis up to five (5) business days before the record date. Buyers of USP securities who transacted on a 'cum-div' basis shall have rights to the dividends or other entitlements declared by the company; thereafter, the USP security will be traded and quoted 'ex-div'.
- (2) Buyers of USP securities who transacted on an 'ex-div' basis shall have no rights to the dividends or other entitlements declared by entity.

D. Amendments of trade information

A trade may be amended before settlement, with the approval of the NSE LLP in the following circumstances: -

- (1) when made in error;
- (2) the parties to the trade have consented in writing to the amendment; and
- (3) if it does not prejudice the interests of other investors.

E. Negotiated Trades

- (1) Where investors wish to carry out a negotiated trade for securities trading on the Exchange, the respective participating agents/brokers shall notify the exchange in writing with all the necessary details of the trade.
- (2) The NSE LLP shall consider the application and revert to the applicants with an approval or otherwise within 3 working days. Where the approval is not granted in line with this provision, the NSE LLP shall state the reasons thereof to the applicants.
- (3) Negotiated trades shall be concluded through the USP through the order input process provided for in the USP guidelines.
- (4) The negotiated trade shall be concluded at a premium or discount based on the weighted average price of the security for the last one month as at the time of trading.
- (5) The premium or discount referred to above shall not exceed more than 30% of the weighted average price.
- (6) The negotiated trade price shall not affect the average weighted price (closing price) of the security.
- (7) The negotiated trade shall not be amended but can be cancelled before T+5.
- (8) The negotiated trade shall require clearance of stamp duty for ownership to change between the transacting parties and will be based on the negotiated trade rate.
- (9) The negotiated trade shall be reported as an off market transaction on the USP Price-list on T.

27. Settlement

A. Settlement Processes

- (a) The NSE LLP shall appoint a Custodian who shall hold funds from buyers in trust pending execution of trades.
- (b) Every custodian shall maintain a USP securities account and cash account for investors.
 - 1. All trades on USP shall be settled on a maximum of T+5 cycle
 - 2. On receipt of sell order USP shall validate availability of USP securities in the sellers account

- (on the sell side)
3. USP shall further validate the funding of the buyers position with the participating custodian
 4. Order matching shall take place on T+0
 5. On T+1 USP shall send trade confirmation to the custodian, registrar and USP securities dealer
 6. On T+1 the registrar shall initiate payment of stamp duty for the transaction
 7. On T+3 the registrar shall submit evidence of stamp duty payment to USP
 8. On T+4 USP shall instruct the custodian to release payment to the seller as well as payment of all commissions and levies applicable
 9. On T+4 USP shall instruct the registrar to transfer USP securities from the seller to the buyer
 10. On T+5 the registrar shall update the register and confirm to USP and the custodian
 11. Transfer instruments shall be cleared and delivered in such manner as may be prescribed by the Management Committee from time to time.
 12. Clearing and settlement shall be facilitated through the participating agents (custodians) and on a net basis and shall be coordinated by the USP linked registrar.
 13. It is the duty of the selling Participating Institution to ascertain that:
 - i. the instrument of verification is correctly authorised;
 - ii. the investor's signature is duly witnessed and the transferor's name, the number of shares and the numbers on the share certificates being verified are correctly stated on the instrument of the prescribed form.
 14. All trades executed on the Platform shall be done on a delivery versus payment basis.

B. Off market transactions

Off market transactions are prohibited, except with the approval of the NSE LLP, in the following circumstances: -

- (a) Deceased estate transfers of USP securities;
- (b) Transfer of USP securities between Custodians and between Custodians and their investors where there is no change in Beneficial Ownership;
- (c) Exercise of and allocation of employee share options or ownership schemes.
- (d) Transfer of securities between the Issuer and related parties in the form of a Negotiated Trade.

C. Limitation of Liability

No liability shall attach to the NSE LLP or its employees in respect of a loss or damage sustained by any person as a result of the bona fide exercise or performance of the functions of the NSE LLP provided that this section shall not be construed so as to prevent any person from recovering damages or compensation for loss or damage sustained by him or her which was caused by wilful negligence.

D. Transaction Records

Every USP securities dealer shall maintain accurate records of the date and time of receipt of each investor Order as follows: -

- (a) Received Orders - all orders received by the trading system grouped by Participant Agents;
- (b) Pending Orders - all valid orders pending matching;
- (c) Matched Orders - all orders that have been matched;
- (d) Pre-settlement reports for all matched orders;
- (e) Matched Trades Pending Settlement;
- (f) Settled Trades;
- (g) Failed Settlements;
- (h) Settlement Reports;
- (i) Contract Notes

E. Halt of trades

The NSE LLP may halt trading of a USP security during a particular session in the following circumstances:

- (a) Rapid price movement;
- (b) Unusual volumes;
- (c) When material information about the entity is about to be announced;
- (d) Sudden regulatory developments that may affect the entity; and
- (e) Any other circumstances as may be determined by the Management Committee from time to time.

F. Cancellation of Orders

- (a) Authorised Traders may cancel or modify an existing Order pending in USP provided the deal has not been executed.
- (b) Management may cancel Orders or transactions where fraud has been established or any other situation that USP considers will adversely affect the market.

G. Suspension of USP securities On USP

- (a) The Management Committee may, at its discretion, decide to remove, reclassify or suspend trading in a particular USP security if continuous trading will have an adverse effect on the Market.
- (b) A suspension of trading shall cease when the reasons for the suspension no longer exist.
- (c) An announcement shall be made when a USP security has been suspended and when the suspension has been lifted.
- (d) An Issuer shall be given an opportunity to be heard before a decision to remove, reclassify or suspend a USP security from trading is made.

28. Private Transfers

A. Nature of Transaction

An application to the Authority for approval of a private transaction shall be considered if the transaction is for the:

- (a) transfer to a close relation in the form of a gift;
- (b) settlement of a will or estate of a deceased person;
- (c) restructuring, mergers or acquisitions in a scheme which has been approved by the NSE LLP Management Committee;
- (d) transfer of an exceptional nature of a quoted security that the NSE LLP Management Committee considers acceptable with respect to a strategic investor and serves the investor or public interest; and
- (e) transfer not resulting in any change in beneficial ownership otherwise than for purposes of regulation (c) and (d) above.

B. Application for Approval of Private Transfers

For a private transfer of a quoted security	
Under (a), (b) and (e)	A participating agent representing the proposed transferee shall submit a written application with the required information and supporting documents, indicating reasons why the proposed transaction is eligible to be transferred in a private transaction.
Under (c) or (d) above	The applicant shall submit to the NSE LLP Management Committee for approval a detailed draft information memorandum or a circular to be distributed to the shareholders containing information on – <ul style="list-style-type: none">(a) a brief profile on the applicant including incorporation details, details on the Board, Management and shareholders;(b) Board Resolution and details on the shareholders;(c) the details of the proposed merger, takeover, acquisitions, share swap, reorganization or restructure scheme and any agreements entered or proposed to be entered into;

	<p>(d) a statement by the participating agent managing the transaction that the submission constitutes full disclosure of all material facts about the offer and issuer;</p> <p>(e) a letter of declaration by the directors accepting responsibility for the accuracy of the information and there are no facts the omission of which would make any statement herein misleading; and</p> <p>(f) any other matters as may be requested by the NSE LLP Management Committee.</p>
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29. Pledges

A. Pledge Process

1. The Pledgor (investor) will handover the duly completed and signed USP Securities Pledge Form and sale transfer form to the Participating Agent/Custodian.
2. The Pledgee (lending institution) will verify the instructions and the signature of the Pledgor and will acknowledge receipt of the pledge request by returning to the pledgor copies of the Pledge form and sale transfer form duly signed and stamped.
3. The Pledgor will hand over the Pledge form and sale transfer forms to the Pledgee and negotiate his pledge conditions.
4. The Pledgee will forward the completed and duly signed USP Securities Pledge Form to the USP through the Participating Agent/Custodian.
5. USP will check whether the information provided in the Sale transfer form and documents attached are in conformity with the rules and procedures.
6. The USP holds the right to reject incomplete pledge documents, stating reasons for rejection and return the pledge document to the Pledgee's Participating Agent/Custodian.
7. The USP will record the pledged securities and will freeze the securities in the Pledgor's account.
8. The USP will confirm to the pledgee's and the Pledgor's Participating Agent/Custodian on completion of the pledge by forwarding a copy of the USP Securities Pledge Form and Sales Transfer Form to each duly signed.
9. USP will confirm to the pledgee and the Pledgor's Participating Agent/Custodian the completion of the pledge by forwarding a copy of the sale transfer form.

B. Release Process

1. The Pledgee will submit instructions to his Participating Agent, on the USP Securities Pledge Release Form clearly stating that the pledge is being released for payment or any other reason.
2. The Pledgee Participating Agent/Custodian will forward the securities release letter to USP after verifying the details and signatories and completing the relevant section on the form.
3. Upon receipt of the release instruction from the Participating Agent/custodian, the USP will release the pledge in favour of the Pledgor.

C. Foreclosure Process

1. The Pledgee will submit instructions pertaining to foreclosure on securities pledged in the USP on the USP Securities Pledge Release / Foreclosure Form.
2. The Pledgee's Participating Agent will forward the Securities Pledge Release / Foreclosure Form to the USP after verifying the details and signatories and completing the relevant section in the form.
3. Ahead of effecting the sale through its participating agent, the Pledgee will give sufficient notice to the Pledgor as required by any applicable law or agreement. USP will issue a letter to the Pledgor notifying the Pledgor that the securities are being released for sale by the Pledgee.
4. The executing Participating Agent will inform USP immediately after the securities are sold. USP will then release the pledge and transfer the securities to the USP Account of the Pledgee for clearing and settlement purposes. The executing Participating Agent will allocate the sale to the Pledgee's USP Account.
5. The Pledgee shall be required to indemnify the USP in the event of any wrongful foreclosure.

30. Procedure for Rights Issues

An application for a Rights Issue shall be accompanied by the following:

- (a) Supplementary Information Memorandum containing information on:
 - i. the issuer's management and Board;
 - ii. a statement on any important development(s) affecting the applicant or its business;
 - iii. Information on the Rights Issue including:
 - Details on use of the net proceeds from the issue;
 - Basis of pricing of the new issue of shares;and
 - Designation or title of each class of shares proposed for additional listing and its amount, par value and whether fully paid.
 - iv. Information on all the parties involved in the Rights issue.
- (b) Timetable for the offer of the Rights Issue which includes the book closure date, last day for exercising rights, last day for renunciation of rights, last day for application for additional shares and effective date of quoting the new shares to existing and new shareholders;
- (c) Board Resolution and Shareholders resolution authorizing the rights issue;
- (d) CMA approval to conduct the rights issue;
- (e) Certified Cap. 486 copies as required under the Companies Act, authorizing the issue of new shares- the numbers, types, rights attached to the new securities need to be clearly stated; and
- (f) The issuer's application shall be endorsed by the Directors clearly indicating that all information stated in this application and the statements contained in the report are correct, and neither the Board of Directors' minutes, audit reports or any other internal documents contain information which could distort the interpretation of the report.

The NSE LLP Management will review and approve the application within 15 days of receipt.

31. Limitation of Liability

NSE LLP, NSE PLC, its directors or employees or its associated and affiliated companies assume no liability as regards any decision taken by the Issuer, holders of a USP security, investor or their stakeholders or any other stakeholder associated with the USP, on the basis of these guidelines. In no event will NSE PLC, its directors or employees or its associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages resulting from the information in this document.

32. Publicity

- (1) The Issuer shall require the express approval from the NSE LLP before making any matter public that pertains to the USP.
- (2) NSE LLP has the right to release certain updates in relation to these guidelines and Issuers and the Participants as and when deemed fit, on condition that any information that is deemed to be confidential to the relevant parties shall not be released to the public, unless NSE LLP seeks consent from the respective prior to disclosing the same.

33. Complaints/Warnings

The NSE LLP shall receive or make complaints/warnings that may be necessary to be directed to any stakeholder associated with the USP.

34. Resolution

1. If a dispute arises between any stakeholder associated with the USP and the NSE LLP (the “Parties”) as regards the USP services, a party may not commence in any court or arbitration proceedings relating to the dispute unless it has complied with the following paragraphs of this clause except where the party seeks urgent interlocutory or declaratory relief.
2. A party claiming that a dispute (the Dispute) has arisen under or in relation to this process must give written notice to the other party specifying the nature of the Dispute.
3. On receipt of that notice by that other party, all parties must endeavor to resolve the Dispute expeditiously using dispute resolution procedures such as mediation, expert evaluation or determination or similar procedures agreed by them.
4. The Parties will first enter into good faith discussions within fourteen (14) calendar days from when a dispute is communicated by one party to the other, with a view to resolving the dispute.
5. If the Parties do not agree, within the said fourteen (14) calendar days of the receipt of the notice (or such further period as agreed in writing by them), the Parties will agree on the following:
 - a) To have the dispute referred to a certified mediator and the Parties to have the matter resolved within thirty (30) calendar days;
 - b) To have the dispute mediated as per the Mediation Act, 2020 (when operationalized);
 - c) Failing resolution of the dispute through mediation, the parties will refer the matter to settlement by Arbitration, in accordance with the Arbitration Act, 1995 (Kenya) or any statutory amendment thereof in force. The Parties agree to have one arbitrator appointed by the Chairman for the time being of the Chartered Institute of Arbitrators (CIArb), Kenya Branch. The Parties will agree on the arbitration procedures to be adopted, failing which the Chairman of the CIArb Kenya Branch, will be requested to decide on the same.

35. Surveillance/Inspection

1. No Participant/Issuer shall waive their right to surveillance or inspection by the NSE LLP.
2. The NSE LLP will conduct surveillance or inspection on all transactions/activities or specific transactions/activities as it deems necessary.
3. The NSE LLP may hold any unclosed transactions while conducting its inspection under the evidence that it has reasonable grounds that the said transaction will result in unfair market practices.
4. Upon request by NSE LLP, a Participant/Issuer will be required to deliver copies of evidence within 2 calendar days.
5. The NSE LLP reserves the right to interview all parties involved in the activity/transaction(s).
6. The NSE LLP will endeavor to make its determination and issue its report within Day T + 14 calendar days after consultations with the Participant/Issuer.

7. The affected party will enforce the requested action by the NSE LLP within 7 calendar days of receipting the determination by the NSE LLP.
8. The NSE LLP shall undertake any necessary enforcement action as per Provisions 9 (B) and Provisions 21 under the Operational Guidelines in the event the required remedial action is not enforced within the agreed time frames.
9. The aggrieved party may exercise their right to appeal as per Provision (30) and (31) of the Operational Guidelines.

36. Confidentiality

1. No stakeholder associated with the USP should disclose confidential information pertaining to the NSE LLP and USP services and will at all times keep that information confidential, unless such disclosure is authorized in writing by NSE LLP prior to the disclosure, or disclosure is required under the law.
2. The NSE LLP will limit disclosure of any confidential information of the Issuer as it deems fit; keep all confidential information strictly confidential by using a reasonable degree of care, but not less than the degree of care used by it in safeguarding its own confidential information; and not disclose any confidential information received by it to any third parties (except as otherwise provided for herein).

37. Data Retention

The Issuer acknowledges that NSE LLP may retain data for a period of up to seven (7) years or as may be required by any law or regulation.

38. Variation

It is acknowledged that these Guidelines are subject to amendment, modification or variation from time to time.

39. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Republic of Kenya.

PART VI – FEE SCHEDULES

40. Levies, Fees & Charges

- (1) Admitted Participant shall pay the applicable fees in accordance to the NSE LLP Fees Schedule prescribed in Table B, as may be amended from time to time. Any changes in the respective fees will have a notification period of 3months.
- (2) The Participant shall make any and all payments due to the NSE LLP within thirty (30) days following receipt of the invoice.
- (3) Unless otherwise arranged, for payments received by the Participant, the Participant shall be responsible for the disbursement of KRA taxes arising out of the Participant’s activities on the NSE LLP.

Table B: Fee Schedule

Fee Type	Description												
Issuer Application Fees	KES 5,000												
Issuer- Admission Fee	An issuer will pay an initial Admission fee of 0.03% of the outstanding amount subject to a maximum cap of KES. 500,000 and a minimum of KES. 150,000.												
Commercial Papers- Admission Fee	An issuer will pay an initial Admission fee of 0.03% of the outstanding amount subject to a maximum cap of KES. 250,000 and a minimum of KES. 100,000.												
Annual service fees	An issuer will pay NSE an annual service fees of 0.015% of the outstanding amount for the subsequent years after admission on the USP subject to a maximum cap of KES 250,000 and minimum of KES 100,000. This fee will cater for the USP Services including executions, settlement, clearing, and reporting. Corporate actions such as dividends are excluded from this provision.												
Corporate Actions	An issuer will pay 0.1% of the nominal value of the additional securities to be listed subject to a maximum of KES 500,000 and a minimum of KES 50,000. A REIT issuer will pay 0.05% of the nominal value of the additional securities to be listed.												
Registrar/ Custodian fee	To be agreed between the Issuer and the respective service providers.												
Fundraising fees (Private placements/ Restricted offers)	0.50% of amount raised.												
Financier admission fee	Initial access fee KES 100,000 0.50% of amount funded												
Participating Agents	<ul style="list-style-type: none"> • NSE Members – No fee • Non- NSE Members – KES 100,000 on application. 												
USP secondary transfers /per transaction	<ul style="list-style-type: none"> • Up to 1.25% of the transaction value on both buy and sell side to the trading participating agents. • Platform fee structure based on the turnovers as indicated in the table: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Turnover (KES)</th> <th>Range</th> <th>Platform Fee</th> </tr> </thead> <tbody> <tr> <td>Up to 150 M</td> <td></td> <td>0.75%</td> </tr> <tr> <td>Between 150-500M</td> <td></td> <td>0.65%</td> </tr> <tr> <td>Above 500M</td> <td></td> <td>0.45%</td> </tr> </tbody> </table>	Turnover (KES)	Range	Platform Fee	Up to 150 M		0.75%	Between 150-500M		0.65%	Above 500M		0.45%
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Up to 150 M		0.75%											
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Above 500M		0.45%											

Private Transfers	Type of Private Transfer	Applicable Fee	
		Broker Fee	NSE Platform Fee
	(a) transfer to a close relation in the form of a gift;	0.1%	0.1%
	(a) Or (e) settlement of a will or estate of a deceased person;	Kshs. 1,000 per application	Kshs. 1,000 per application
	(c) transfer not resulting in any change in beneficial ownership	0.1% of the nominal value of securities.	0.1% of the nominal value of securities.
	(d) transfer of an exceptional nature of a quoted security that the NSE LLP Management Committee considers acceptable with respect to a strategic investor and serves the investor or public interest. This involves changes in beneficial ownership including restructuring, mergers or acquisitions in a scheme which has been approved by the NSE LLP Management Committee;	-	0.5% of the market value of the securities.

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