
**THE NAIROBI SECURITIES EXCHANGE
MARKET PARTICIPANTS RULES,
2014**

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PART I: PRELIMINARY

1. Citation

These Rules may be cited as the Nairobi Securities Exchange (Market Participants) Rules, 2014.

2. Interpretation

The definitions used in the Capital Markets Act, Cap. 485A of the Laws of Kenya (including the Regulations and Guide lines issued thereunder), shall apply to these Rules where the context allows.

Unless inconsistent with the context, the singular includes the plural and the use of either gender includes the other. Headings are purely for reference purposes and shall not be taken into account in the interpretation of the Rules.

3. Definitions

In these Regulations, unless the context otherwise requires –

“Act” refers to the Capital Markets Act (Cap 485A) and the subsidiary legislation made thereunder;

“Application Fee” means the fee payable to the Exchange by a person applying for admission as a Market Participant;

“Authority” has the meaning assigned to it in the Act;

“Authorized Representative” includes a representative or employee of a Market Participant designated as such by the Exchange and registered as a user with the Exchange;

“Authorized Securities Dealer” means a person authorized to deal in securities and operate in a specified market segment as may be prescribed by the Authority;

“Board” refers to the Board of Directors of the Nairobi Securities Exchange Limited;

“Central Depository” refers to a central depository duly licensed by the Authority under the Central Depository Act No. 4 2000, Laws of Kenya and which is a central depository for NSE-listed securities;

“Controlling Interest” means ownership or voting interest of over thirty three and a third per cent (33 1/3 %) in the shares of a Market Participant;

“Dealer” means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities; whether or not he carries on any other business;

“Exchange” refers to the Nairobi Securities Exchange Limited;

“Key Personnel” has the meaning assigned to it in the Act;

“Market Access Fee” means the fee payable by a Market Participant to the Exchange to gain access to the Exchange Trading Platform.

“Market Maker” means any Market Participant which has been authorized by the Exchange under Rule 8A to undertake the business of Market Making;

“Market Making” means the creation of demand and supply for securities by way of entry into the Automated Trading system of bids and offers by a Market Participant for purposes of enhancing Liquidity in accordance with the market making rules of the Exchange;

“Market Participant” refers to a Trading Participant, Clearing Member, Trading Member, Market Maker, Nominated Advisor or any other person admitted by the Exchange in accordance With the NSE Rules;

“NSE Rules” mean the Rules of the Nairobi Securities Exchange;

“Securities” has the meaning assigned to it in the Act;

“Trading Participant” refers to an entity licensed by the Authority and admitted by the Exchange as a Trading Participant under these Rules;

“Trading Platform” refers to any software, hardware, communications and network systems, which are used to carry out Transactions or other operations related to Transactions on the Exchange.

“Transaction” means any purchase or sale of a security on the Exchange.

Words and expressions not defined in these rules shall bear the meaning ascribed to them in the Act or NSE Rules, as the case may be.

PART II: ADMISSION AND CESSATION OF MARKET PARTICIPANTS

4. Access and Rights

- 41 No person or entity shall have access to the Trading Platform or facilities organized and maintained by the Exchange; or be entitled to hold themselves out as a Market Participant of the Exchange, unless they have been admitted as a Market Participant in accordance with the Exchange's Rules.
- 42 A Market Participant shall have no claims whatsoever to ownership/ or, shareholding of the Exchange nor have any right to participate in the sharing of the assets or profits of the Exchange unless such ownership is acquired in accordance with the Articles of Association of the Exchange.

5. Qualifications for Admission as a Market Participant

An applicant seeking to be admitted as a Market Participant of the Exchange shall:

- i. be a body corporate;
- ii. be licensed by the Authority as a stockbroker, dealer, investment bank, authorized securities dealer or other license category as may be prescribed by the Authority from time to time as being eligible to be a Market Participant;
- iii. Pay the Market Access Fee as prescribed by the Board and approved by the Authority; and
- iv. Attain such certifications as maybe prescribed by the Board or the Authority.

6. Application for Admission as a Market Participant

- 61 A Market Participant shall make an application for admission to the Exchange for consideration by the Board.
- 62 An applicant for admission as a Market Participant shall submit the following information to the Exchange:
 - i. Details of its operating systems in place to conduct its business; and
 - ii. The business systems and procedures in place to properly conduct its business; and
 - iii. The amount, composition and breakdown of beneficial ownership of the applicant's capital and its most recent annual financial statements, where applicable; and
 - iv. A statement that it does not own, directly or indirectly, or in concert with any Associate, any shares in any other Market Participant of the Exchange and whose shares are not owned, directly or indirectly, or in concert with any Associate, by any other Market Participant of the Exchange; and
 - v. The composition of its board of directors and Key Personnel; and
 - vi. A statement that it does not have as any of its directors or officers a person who was a director or officer of a Market Participant whose rights as a Market Participant has been revoked or currently suspended by the Exchange; and
 - vii. That it has made, or is in the process of making, satisfactory arrangements to comply with the requirements of the Central Depository; and
 - viii. That it has subscribed to or is in the process of subscribing to such Professional Indemnity Cover or such other insurance policy as may be required by the Exchange; and

- ix. A statement disclosing its multiple licenses if any and the procedures in place to mitigate possible conflicts of interest arising from such; and
 - x. Copies of its risk manuals, procedures and code of ethics
- 63 An applicant shall also submit to the Exchange:
- i. A duly completed application form in the form set out in Appendix A of these Rules;
 - ii. The Application Fee as provided in Appendix B of these Rules;
 - iii. A certified copy of its Certificate of Incorporation;
 - iv. A certified copy of its Memorandum and Articles of Association;
 - v. A certified copy of the License issued to it by the Authority; and
 - vi. Such other document or information as may be reasonably required by the Exchange.
- 64 The applicant shall pay the Market Access Fee within thirty (30) days from the date of approval of its application by the Exchange.
- 65 As from the date of payment of the Market Access Fee, the applicant shall be duly admitted as a Market Participant and entitled to all the benefits accorded to Market Participants.
- 66 Should the applicant fail to make payment of the Market Access Fee within the thirty (30) day period referred to in Rule 6.4 above, the applicant's application shall automatically lapse, unless the Board in its absolute discretion extends such period.
- 67 Every Market Participant shall register with the Exchange the name under which it is licensed as a Market Participant by the Authority.
- 68 A Market Participant shall register with the Exchange no more than one principal business address held for the purpose of dealing in securities. A Market Participant may however register branch offices. All offices shall be notified to the Exchange.
- 69 A Market Participant shall give at least (30) days advance notice of commencement or re-commencement of business to the Exchange.

7. Change in control of a Market Participant

- 7.1 Any Market Participant who wishes to sell a controlling interest or transfer its rights and liabilities as a Market Participant shall give written notice of such intention to the Exchange and to the Authority and the full name, address and description of the proposed transferee.
- 7.2 The proposed transferee shall apply to the Exchange to become a Market Participant in place of the transferor and the procedure and requirements for admission to be a Market Participant other than payment of the Application Fee shall apply.
- 7.3 No transfer of a Market Participant shall be approved unless the transferor Market Participant has settled or made undertakings to the Exchange to settle all obligations arising from trading and the Authority has licensed the transferee.
- 7.4 The duly executed agreement to transfer shall be lodged with the Exchange and, once approved by the Board, the transferor's name shall be deleted from the register of Market Participants and the transferee's name entered in its stead.

8. Cessation of business and Voluntary deregistration by Market Participants

- 8.1 A Market Participant which intends to cease the conduct of its business entirely shall give the Exchange and the Authority at least three (3) months prior written notice of its intention to do so.
- 8.2 A Market Participant which intends to voluntarily deregister from the Exchange as a Market Participant shall do so by making a written application to the Exchange.

- 83 The Exchange may postpone the effective date of voluntary deregistration and may impose other measures that it considers necessary for the protection of investors, customers or counterparties of the Market Participants. The Exchange may postpone the effective date of deregistration if the Exchange considers that any matter affecting the Market Participant should be investigated.
- 84 The Market Participant shall supply, where required by the Exchange, such information concerning the circumstances of the voluntary deregistration as shall, in the opinion of the Exchange, be necessary for it to determine whether to exercise its mandate under these rules.
- 85 The Exchange may revoke the admission of a Market Participant which has ceased to conduct the business activities for which it was admitted.
- 86 An announcement of the cessation of business or voluntary deregistration from trading shall be made by the Market Participant to all other Market Participants or, investors and the public in at least two (2) daily newspapers of nationwide circulation at a time and frequency as prescribed by the Board.
- 87 The Market Participant shall not have the right to the reimbursement of any fees, dues, assessments, charges or penalties paid by it to the Exchange or the Central Depository.
- 88 The Market Participant shall pay any fees, dues, assessments, charges or penalties in respect of the period preceding its termination of membership.
- 89 The Directors of a Market Participant shall remain personally liable to the Exchange or any other Market Participant in respect of any claims, debts and liabilities of the company which accrued during the conduct of its business as a Market Participant for a period of three (3) years after cessation of business or voluntary deregistration. This limitation shall not apply to any other liabilities or claims arising in respect of third parties.
- 8.10 A Market Participant shall perform and complete any transactions entered into by it prior to the date of its cessation of business, voluntary deregistration or removal from admission as a Market Participant.
- 8.11 The Market Participant shall within thirty (30) days following the date upon which its suspension, expulsion or cessation of business becomes effective return to the Exchange and the Central Depository any software, equipment and documentation which may have been made available to it by the Exchange or the Central Depository.

8A. Market Making

8A.1 General Principles:

The primary responsibilities of Market Makers are to maintain a fair and orderly market in their securities of responsibility and generally to make a positive contribution to the functioning of the market. Each Market Maker must ensure that trading for the Market Maker's own account is reasonable under the circumstances, is consistent with just and equitable principles of trading, and is not detrimental to the integrity of NSE nor the market.

8A.2 Authorisation:

No person or entity shall be entitled to undertake Market Making on the Exchange unless they have been authorized as a Market Maker in accordance with this Rule 8A. A Market Maker may be authorized as such for more than one specified security or asset class.

8A.3 Market Maker Requirements:

A Trading Participant wishing to be authorized as a Market Maker, either generally or with regard to a particular security of the Exchange, shall in addition to meeting the requirements for its continued operation as a trading participant fulfill the following criteria:

- i. minimum capital requirements: have a minimum share capital of KShs. 100 Million;
- ii. liquidity requirements: have minimum liquid capital of at least Kshs. 30 million or eight per cent of its total liabilities, whichever is higher; and
- iii. performance history: have either a minimum of 3 years since obtaining CMA licence; or have as key personnel persons with at least 3 years' relevant experience at a senior level in capital markets

8A.4 Application:

- i. An applicant is required to apply as a Market Maker in respect of each market segment on which it intends to make market.
- ii. The applicant shall submit its application on its official letterhead accompanied by such information/ documentation as would prove that it meets the criteria set out in Rule 8A.3 above, and shall pay the fees stipulated for Market Makers under Appendix B, provided always that the Exchange reserves the right to require additional information from an applicant.
- iii. An applicant will be notified in writing of the decision of the Exchange on its application.
- iv. Market Maker permits shall be non-exclusive and non-transferable
- v. Each Market Maker approval shall state the trading day on which it is to come into effect, the period and the market making security for which it is granted.
- vi. NSE may on reasonable and lawful grounds and after giving an applicant appropriate notice and opportunity to be heard, reject an application to register as a Market Maker notwithstanding that such applicant satisfies the applicable qualification criteria set forth in these Rules.
- vii. The NSE shall have the sole discretion to accept or reject the application, or to accept an application subject to certain conditions to be fulfilled as determined by the NSE from time to time.
- viii. Any person aggrieved by the decision of the NSE to reject an application, shall have a right of appeal to the Authority.
- ix. If an application for approval as a Market Maker is refused and the applicant does not exercise its right of appeal or if the appeal is unsuccessful, no further application by the same applicant shall be considered for a period of ninety (90) days after the date of refusal, or such shorter period as the Exchange may determine.
- x. The Exchange shall notify the Authority of the appointment of market makers within seven (7) days of making of such an appointment.

8A.5 Resignation:

- i. If a Market Maker wishes to resign as a Market Maker, whether generally from a market segment or with regard to a specified security, it shall comply with any outstanding contractual obligations under any existing market making contract with the issuer and give a written notice to the Exchange of its intention to resign not less than thirty (30) days prior to the proposed date of resignation.
- ii. The Exchange may accept the resignation unconditionally or subject to such conditions as it may deem fit, or may refuse to accept the resignation until it is satisfied that all outstanding contractual or other

obligations of the Market Maker have been satisfied or will be satisfied, provided that the Exchange will not accept a resignation from a market segment while there is still any outstanding contract with an issuer for market making.

8A.6 Termination, Suspension or Restriction Of Market Making Activity:

The Exchange may automatically suspend or terminate a Market Maker or restrict its market making activities, by written notice, upon the happening of all or any of the following events:

- i. The Market Maker has been wound up whether on a voluntary basis or otherwise;
- ii. A receiver / manager, provisional liquidator or liquidator has been appointed for the Market Maker;
- iii. The Market Maker fails to fulfill any of the requirements provided in these rules, the NSE Rules and the Capital Market regulations;
- iv. The Market Maker is convicted of any offence in or outside Kenya or had disciplinary action taken against it and its officers for breaches involving dishonesty or fraud; or
- v. The Market Maker continuously breaches its obligations for a period as determined by the Exchange.
- vi. Any other event of default as may be determined by the Exchange

The Exchange shall notify the Authority when it suspends, terminates, or restricts a Trading Participant from Market Making, and shall state the reasons thereof.

Whenever the Exchange suspends or terminates a Market Maker, the Exchange will allow sufficient time for any issuer affected thereby to appoint an alternative Market Maker for its securities.

8A.7 Compliance:

Market Makers will be required to specifically comply with the requirements set out in Appendix C (as such appendix may be amended from time to time by the Exchange and notified to the Trading Market Participants).

8A.8 Effective Market Making:

This Rule 8A will apply to any Market Participant undertaking the business of Market Making, whether directly under a market making agreement or indirectly under any other agreement (including an effective market making agreement or an agency agreement), with such modifications as are necessary with regard to cross-listed securities.

8A.9 Legal Framework for Market Making

Market Makers shall be bound by the provisions of the NSE Rules, their Market Making Agreements with the Exchange or an Issuer, as the case may be, and the Guidelines and the applicable security specific Incentive Programs as may be published by the Exchange from time to time.

PART III: CONTINUOUS OBLIGATIONS FOR MARKET PARTICIPANTS

9. Compliance, Suitability and Enforcement

- 9.1 Every entity which has been admitted as a Market Participant pursuant to these rules shall be bound by and comply with:
 - i. The Act, NSE Rules (as amended from time to time), any circulars, notices or guidelines issued by the Authority, the Exchange ; and
 - ii. Any requirements, decisions, or directions given by the Authority and the Exchange.
- 9.2 To ensure compliance with these rules a Market Participant must, at all times have:

- i. adequate trade execution, recording, reporting and settlement procedures and if relevant, order and quote management procedures and systems that are compliant with the Exchange Trading Platform;
 - ii. sufficient staff with adequate knowledge, experience, training and competence;
 - iii. adequate internal procedures and controls; and
 - iv. A compliance officer appointed in accordance with the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011, who shall be identified to the Exchange and shall be the primary point of contact between the Market Participant and the Exchange.
- 93 A Market Participant shall at all times comply and remain in compliance with the capital and financial requirements imposed on it by the Authority, and shall provide evidence of such compliance to the Exchange on a quarterly basis within fifteen (15) days from the end of each calendar quarter.
- 94 A Market Participant shall pay an annual subscription fee to the Exchange as set forth in Appendix B of these Rules.
- 95 A former Market Participant shall be bound by these Rules in respect of all activities which were subject to these Rules that took place prior to termination of its Market Participation until the latest of:
- i. one year after it ceases to be a Market Participant; or
 - ii. The date on which all of its trades on the Exchange are settled and completed; or
 - iii. The date on which all outstanding subscriptions, charges or all other sums due to the Exchange are paid in full.
- 96 The Exchange shall enforce the provisions of these Rules using the procedures set out in the NSE Market Participants Business Conduct and Enforcement Rules, 2014.

10. Employees and Authorized Representatives

- 101 A Market Participant shall ensure that their authorized representatives are registered as users with the Exchange. The Market Participant shall ensure that any applicants for registration are certified to be fit and proper persons by the Authority for the responsibility of dealing in securities.
- 102 A Market Participant shall be liable for all transactions made on its behalf by any authorized representative it employs and shall fulfill such transactions according to these rules.
- 103 E v e r y p e r s o n wishing to be registered as an authorized representative shall undertake to abide by the rules and the decisions of the Exchange.
- 104 E v e r y authorized representative shall have successfully completed an examination prescribed by the Exchange.
- 105 T h e Exchange may investigate the conduct and integrity of any person to be appointed as an authorized representative and absolute discretion to withhold or to withdraw approval at any time giving reasons for such rejection.
- 106 If there is any change of employment of authorized representatives, the Market Participant by whom any such person is or was employed shall immediately inform the Exchange .

11. Charges and Fees

- 11.1 A Market Participant shall pay to the Exchange:
- i. all applicable fees, subscriptions, charges or other sums set out in Appendix B of these Rules;
 - ii. Connection fees for network and access to the ATS;
 - iii. Transaction levies and other transaction related fees and commissions;

- iv. All other sums due to the Exchange pursuant to any contracts between the Exchange and the Trading Participant;
 - v. all penalties levied on the Market Participant by the Exchange;
 - vi. All other sums notified by the Exchange.
112. A Market Maker shall pay to the Exchange all applicable fees and subscriptions set out in Appendix B of these Rules.

12. Right to be heard

Any Market Participant cited for a violation of these Rules shall have a right to be heard before a decision is made or sanction levied by the Exchange in enforcing these Rules.

13. Appeal

A Market Participant may appeal to the Authority where aggrieved by any decision of the Exchange.

14. Rules to be binding

A Market Participant upon admission to the Exchange shall append its seal to these Rules.

15. Effective Date

These Rules shall come into effect upon approval by the Authority.

APPENDIX A: APPLICATION FORM

The application should contain the following information:

- i. the details of its license from the Authority;
- ii. A description of the human and technical resources that the applicant will allocate to its activity as a Trading Participant or Authorized Securities Dealer;
- iii. a commitment of the applicant to abide by the Rules of the Exchange;
- iv. a commitment by the applicant to at all times observe proper ethical standards and act with honesty, integrity, fitness and properness, fairness, due skill and care, diligence, efficiency and transparency in its dealings; and
- vi. Any other information as required by the Exchange.

APPENDIX B: FEES

FEES (In Kshs)

	Trading Participant	Authorized Securities	Market Makers
Application fees	25,000,000	1,000,000	100,000
Annual Subscription	100,000	100,000	50,000

Appendix C: Market Maker Requirements

a. Rights and Obligations

- i. A Market Maker shall fill order imbalances at the Opening and Closing auctions on any given day and will provide liquidity to reduce or eliminate imbalances.
- ii. A market maker in a specified security shall maintain a continuous two-sided quote during regular market hours that are within the percentage band of the Best Bid and Offer (BBO) as shall be published by the Exchange from time to time.
- iii. Quotes shall be equal to or better than the Best Bid Offer (BBO) for a minimum percentage of continuous trading time during the mandatory period, as stipulated by NSE, on a security by security basis.
- iv. A Market maker shall not quote outside the trading band for any given day.
- v. The minimum and maximum trading band shall be as determined by the NSE and in accordance with the Trading Rules.
- vi. Where there are wide price movements in a particular security for more than two days, NSE may on the request of a market maker, suspend or vary the market maker's obligations.
- vii. A Market Maker is required to designate a trader ("Designated Trader") within its establishment for each asset for which it is a Market Maker, and shall provide NSE with the names of all Designated Traders and their security assignments, and forthwith advise NSE of any change to such information and in any event no later than 24 hours thereafter.
- viii. Notwithstanding the appointment of the Designated Traders, shall continue to be responsible for the market making obligations relating to the securities assigned to the firm.
- ix. A market maker shall not be obligated to maintain executable quotes in a security during the opening auction.
- x. A market maker's quoting obligations shall be suspended during a trading halt, suspension or pause, and shall not re-commence until after the first regular-way transaction following that halt, suspension or pause. The quoting obligation will commence as soon as there has been a regular two-way transaction on the security.
- xi. A market maker is not obligated to enter a quote based on the prior day's last sale at the commencement of regular trading hours if there is no Best Bid ("BB") or Best Offer ("BO").

b. Bid and Offer Prices

- i. A Market Maker for a specified security must enter bid and offer prices into NSE's trading facilities for the purpose of buying and selling of the specified security as follows:
 1. With a minimum presence as stipulated by NSE;
 2. Within the maximum spread allowed by NSE; and
 3. Must not be less than the minimum quantity allowed by NSE.
- ii. The NSE may prescribe certain circumstances in which a Market Maker is exempted from entering bid and offer prices as required under this Rule.

c. Spread Maintenance

- i. Market Makers shall maintain the spread goal agreed upon with NSE in each of their securities of responsibility on a time-weighted average basis.
- ii. NSE shall monitor the spreads on an ongoing basis, and assess the performance of Market Makers on a monthly basis.
- iii. The Market Maker shall notify NSE if for any reason it is unable to maintain its spread goal.

d. Continuing Obligations

The following conditions shall apply to a Market Maker throughout the term of its registration.

- i. The Market Maker shall comply with the qualification criteria stated in these Rules;
- ii. The Market Maker shall notify NSE of the following in writing:
 1. Any change in capital that causes the Market Maker to fall below the minimum paid up capital requirements;
 2. Any change that would disqualify it as a Market Maker based on these Rules;
 3. Any change in the place of business of the Market Maker;
 4. Change in name of the Market Maker;
 5. Any other material change of the Market Maker;
 6. The Market Maker shall be bound by and shall comply with these rules and directives and such rules and directives as may be issued by NSE from time to time;
 7. The termination of its market making contract for any security or issuer.



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Discover Opportunity

**THE NAIROBI SECURITIES EXCHANGE
MARKET PARTICIPANTS
(BUSINESS CONDUCT AND
ENFORCEMENT)
RULES, 2014**

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CHAPTER 1

1. GENERAL PROVISIONS

1.1. Citation

These Rules may be cited as the Nairobi Securities Exchange Market Participants Business Conduct and Enforcement Rules 2014.

1.2. Purpose

121 The overall goal of these Rules is to promote uniform standards of business conduct by Industry Persons in order to achieve an ethical, fair, transparent, orderly and efficient securities market.

122 Chapter 2 of these Rules sets out ten (10) principles to guide Industry Persons in the delivery of services.

The 10 principles form the foundation of the Rules herein. They are:

- i. Act with integrity and professionalism;
 - ii. Exercise diligence and due care
 - iii. Disclose or avoid conflicts of interest;
 - iv. Act in the best interest of the client and the securities market;
 - v. Uphold Securities Market Laws
 - vi. Acquire and enhance knowledge and skills;
 - vii. Act in a Financial Responsible Manner;
 - viii. Protect Client Assets;
 - ix. Practice Free and Fair Competition; and
 - x. Communicate Important and Relevant Information to Stakeholders.
- 123 The Rules prescribe the minimum requirements that an Industry Person should observe in the conduct of their business and enforcement criteria for dealing with infringements.
- 124 These Rules will ensure that the Market Participants comply with the Authority's requirements for conduct of business and corporate governance.

13 Scope of Application

133 These Rules shall be binding and enforceable on all industry persons. Market Participants shall be responsible for implementation and enforcement of these Rules on their employees and agents.

134 These Rules are not intended to replace, amend or vary any of the provisions of the Laws currently in force relating to Capital Markets in Kenya.

14 Effective Date

143 The effective date of these Rules shall be the date specified by the Board following approval by the Authority.

15 Interpretation

15.1 In these Rules unless the context provides or requires otherwise:

“Act” refers the Capital Markets Act (Cap. 485A) of the Laws of Kenya;

“ATS” has the meaning attributed to it under the Exchange Trading Rules;

“Authority” refers to the Capital Markets Authority;

“Authorized Securities Dealer” means a person authorized to deal in securities and operate in a specified market segment as may be prescribed by the Authority;

“Board” refers to the Board of Directors of the Nairobi Securities Exchange Limited;

“Disciplinary Committee” refers to the Disciplinary, Compliance and Surveillance Committee, or such other committee of the Board of NSE charged with the responsibility of monitoring compliance of, and enforcing disciplinary measures against Market Participants, as may be mandated or constituted from time to time;

“Investor Compensation Fund” refers to the Investor Compensation Fund established under the Capital Markets Act (Cap. 485A) of the Laws of Kenya;

“Market Participant” refers to a Trading Participant, Clearing Member, Trading Member, Authorized Securities Dealer, Market Maker, Nominated Advisor or any other person admitted by the Exchange in accordance with the NSE Rules;

“Material Infringement” refers to a deliberate, reckless or negligent act or omission that results in a breach of capital markets laws and regulations and loss or risk of loss to investor funds or securities;

“Trading Participant” refers to an entity licensed by the Authority and admitted by the Exchange as a Trading Participant;

“The Exchange” refers to the Nairobi Securities Exchange Limited;

“The Exchange Investor Complaints Database” refers to the electronic registry of investor complaints maintained by the Exchange;

“The Exchange Investor Complaints Desk” refers to the office assigned with the role of handling investor complaints received at the Exchange;

“Industry Person” refers to a Market Participant, its directors, employees and agents and any other individual or legal entity contracted by the Market Participant for the delivery of securities market intermediary services;

“Services” refers to those services that a Market Participant is licensed to conduct under the Capital Markets Act and Regulations;

“Schedule” Refers to a Schedule under these Rules.

1.52 Reference to any statutory provision or any law shall be deemed to reference to that law as amended from time to time and to all rules, regulations and directives issued thereunder and shall include rules made by The Exchange.

1.53 Words importing the masculine gender only include the feminine and all other genders and vice versa.

1.54 Words importing the singular number only include the plural number and vice versa.

1.55 Words and expression not defined in these Rules shall bear the meaning ascribed to them in the Act or any relevant Regulations or Rules as the case may be.

“NSE Rules” means the Rules of the Nairobi Securities Exchange;

“Securities” has the meaning assigned to it in the Act;

“Trading Platform” refers to any software, hardware, communications and network systems, which are used to carry out Transactions or other operations related to Transactions on the Exchange.

“Transaction” means any purchase or sale of a security on the Exchange.

Words and expressions not defined in these rules shall bear the meaning ascribed to them in the Act or NSE Rules, as the case may be.

CHAPTER 2

2. BUSINESS CONDUCT PRINCIPLES

The following principles shall guide an Industry Person in the delivery of securities market intermediary services and other interactions with clients, investors, the Exchange, the Authority and the general public.

21 Act with Integrity and Professionalism

An Industry Person will at all times act with integrity and in a professional manner towards their clients, the Exchange, the Authority and the general public.

22 Exercise Diligence and Due Care

An Industry Person will act diligently and exercise due care in performance of their duties to clients.

23 Disclose or Avoid Conflicts of Interest

An Industry Person will make full and unambiguous disclosure of any situation that gives rise to a conflict of interest or avoid the situation giving rise to the conflict of interest.

24 Act in the Best Interest of the Client and the Securities Market

An Industry Person will at all times act in the best interest of their client and the securities market.

25 Uphold Securities Market Laws

An Industry Person will at all times uphold the Laws and Regulations governing the securities markets and principles set out herein

26 Acquire and Enhance Relevant Knowledge and Skills

An Industry Person will endeavor to acquire the requisite knowledge and skills for effective performance of their responsibilities and will use such knowledge and skills for the betterment of the securities market and their peers.

27 Act in a Financially Responsible Manner

A Market Participant will conduct its business in a financially responsible manner and shall maintain adequate financial resources to service its liabilities as they fall due.

28 Protect Client Assets

An Industry Person will make sufficient arrangements for protection its clients' assets held on behalf of the client.

29 Practice Free and Fair Competition

A Market Participant will exercise free and fair trade practices.

210 Communicate Important and Relevant Information to Stakeholders

A Market Participant shall communicate to stakeholders' information of a non-confidential nature that may be important and relevant to such stakeholders.

CHAPTER 3

3. BOARD AND DISCIPLINARY COMMITTEE

31 Establishment of the Disciplinary Committee

- 3.1.1 The Board shall appoint a committee of a maximum of five (5) members and at least three (3) Board members with at least one member having recent and relevant expertise in Trading Rules of the Securities Market to enforce these Rules.
- 3.1.2 Three (3) members, two of whom must be independent non-executive Board members shall be considered a quorum for the purposes of enforcement of these Rules and any other Rules of the Exchange.
- 3.1.3 When the Committee meets to deliberate on NSE as a listed Company, two (2) additional members may attend the meetings by invitation, one of whom shall represent public interest, while the other one shall be a specialist.
- 3.1.4 The Disciplinary Committee shall appoint at its first meeting, the Chairman, Vice Chairman and Secretary of the Committee.
- 3.1.5 The Board shall set out the Terms of Reference of the Disciplinary Committee.
- 3.1.6 All Members of the Disciplinary Committee shall serve for an initial period of one (1) year, or such other period as the Board, in its discretion, shall deem fit. Notwithstanding the foregoing, the membership of any Committee member who is also a Board member shall automatically terminate in the event that the member ceases to be a non-executive director of the Board.
- 3.1.7 The Board shall fix such remuneration as maybe necessary for the Members of the Disciplinary Committee.
- 3.1.8 The Committee Chairperson shall be an independent non-executive director and at least three (3) persons appointed to the Disciplinary Committee shall be independent persons. "Independent Person" for purposes of this Rule shall refer to a person who is not directly affiliated to any of the Market Participants as a shareholder, director, former director, employee or former employee, or indirectly affiliated through an association with a person who is directly affiliated to a Market Participant.

32 Powers of the Board and the Disciplinary Committee

- 3.2.1 The Disciplinary Committee shall have the power to enforce these Rules and other Rules of the Exchange.
- 3.2.2 Any power that may be exercised by the Disciplinary Committee pursuant to these Rules may also be exercised by the Board.
- 3.2.3 The Disciplinary Committee shall conduct the regulatory and compliance functions of the Exchange on behalf of the Board.

324 All decisions of the Disciplinary Committee shall be signed by the Chairman and

Secretary of the Committee.

325 The Chairman of the Disciplinary Committee shall convene meetings of the Committee as and when required.

326 The Disciplinary Committee shall prepare a report to the Board on all disciplinary and compliance matters handled and any sanctions levied at every next meeting of the Board.

327 The Board may on its own motion or at the request of the Disciplinary Committee take over or deal with any disciplinary or compliance matter.

328 The decisions of the Disciplinary Committee shall be by consensus and where such consensus cannot be reached, a vote shall be taken to determine the matter.

33 Finality of Decisions

331 A decision of the Disciplinary Committee made pursuant to these Rules will be final and binding on the Market Participant to which it relates subject to the sanctions provisions under Rule 5.6.

332 A decision of the Board made pursuant to these Rules will be final and binding on the Market Participant to which it relates subject to the sanctions provisions under Rule 5.6.

CHAPTER 4

4. BUSINESS CONDUCT RULES

4.1 General Rules

A Market Participant shall: -

- 4.1.1 Not engage in any unprofessional conduct involving dishonesty, fraud or deceit or commit any act that reflects adversely on its professional reputation, integrity and competence;
- 4.1.2 Not knowingly or negligently make a misrepresentation by giving false statement or omitting information that they know to be important and relevant when presenting investment analysis, recommendations or advice;
- 4.1.3 Not engage in insider trading activities or other market manipulative activity and shall publish or cause to be published at the earliest opportunity all price sensitive non- public information within its knowledge;
- 4.1.4 Act in good faith in all its dealings and/or communications with its clients, investors, the Exchange, the Authority and other Market Participants;
- 4.1.5 not recommend to a client the purchase or sale of a security without reasonable grounds to believe that the recommendation is suitable for the client on the basis of information furnished by the client and upon reasonable enquiry concerning the client's investment objectives, financial situation and needs, and upon reasonable examination of the client's financial records;
- 4.1.6 Keep client details confidential except where authorized to disclose the information by the client or where legally required to disclose the information;
- 4.1.7 Disclose to clients in writing all circumstances that may give rise to a conflict of interest and use its best efforts to place clients' interests ahead of its own where conflict is unavoidable;
- 4.1.8 In all research reports or other representations to clients disclose all possible conflicts of interest with respect to each of the researchers, key personnel or the Firm itself;
- 4.1.9 Inform a client of any situation where it is likely to take an opposite transaction or position to that of the client before engaging in such transaction or taking such position;
- 4.1.10 decline to act where a conflict of interest is likely to affect their independence and objectivity;
- 4.1.11 exercise prudence when acting on behalf of a client;
- 4.1.12 not prejudice its client in order to directly or indirectly benefit the Firm or any of its directors or employees;

- 4.1.13 places all client instructions for purchase or sale of securities before the instructions of the Firm or any of its directors or employees;
- 4.1.14 not act in a way that may prejudice the fair, orderly and efficient operations of the Securities Market;
- 4.1.15 not engage in any practice intended to manipulate the price of a security or investor behavior;
- 4.1.16 be required to possess the necessary knowledge and skills to perform the services that they offer to clients;
- 4.1.17 decline to perform for a client a service which they are not qualified to perform but may engage other qualified persons to provide the service;
- 4.1.18 continuously update themselves on the requirements of capital markets laws and regulations, especially those that are relevant to performance of their responsibilities;
- 4.1.19 not be availed the defence of ignorance when found to be in breach of any of the Capital Markets Laws,

4.2 Know Your Client Procedures

A Market Participant shall:

- 4.21 Take sufficient client details when opening an account for a client and shall as a minimum take the details set out in Form A of Schedule 1;
- 4.22 Only accept written instructions from clients or their duly authorized agents whose identity has been duly verified;
- 4.23 Update its clients records regularly and shall ensure that it has sufficient internal controls to prevent unauthorized transactions in a client account;
- 4.24 report to the Exchange and the Authority any transactions and activities in a client's account which it knows or reasonably considers to be in breach of the Capital Markets Act, Regulations or Guidelines.

4.3 Know Your Employee/Agent Procedures

A Market Participant shall:

- 4.31 take sufficient details of each of its employees including educational and professional background, a copy of the identity card or passport, a passport photograph, contact details, immediate family details and residence;
- 4.32 take sufficient details of an agent including copies of incorporation documents, the list of the agent's directors and senior management, the agent's business location, previous financial statements, professional background and details of relevant experience;
- 4.33 conduct a background check on a new employee or agent with the aim of avoiding persons with previous criminal convictions for financial crimes or fraud and persons with a background which points to a lack of ethics and proper practices;
- 4.34 require their directors and employees to disclose in writing all the Central Depository accounts in their name or controlled by them and require the directors and employees to disclose all securities transaction in such accounts.

4.4 Record Keeping

- 4.41 A Market Participant shall maintain all information, financial statements, forms, books, records and reports required by the Exchange and the Authority in a proper state for a minimum period of seven (7) years and shall avail these to the Exchange or the Authority upon request.
- 4.42 No person shall destroy, remove or cause to be removed any original documents of a Market Participant from the Market Participant's custody.
- 4.43 No Market Participant shall remove or cause to be removed any original documents in their custody from Kenya to a foreign jurisdiction without the consent of the Exchange.

4.5 Notification of Material Information

A Market Participant shall inform the Exchange and the Authority in writing of any new material information or development with respect to its business. The notifications to be made shall include:

- 4.51 Change of the business name of the Market Participant;
- 4.52 Change of the physical address of the Market Participant's head office;
- 4.53 Change of the Market Participant's primary contact details;
- 4.54 The opening or closure of a branch;
- 4.55 Acquisition of a subsidiary company;
- 4.56 A change in the control of the Market Participant;

- 4.57 A resolution to increase or reduce the share capital of the Market Participant;
- 4.58 An appointment, resignation or removal of a director or key personnel;
- 4.59 An arrangement to retrench or lay off employees; or
- 4.510 Any winding up petition filed against the Market Participant, or a scheme or arrangement entered into with creditors by the Market Participant or any of its subsidiaries or associate companies.

4.6 Financial records and controls

- 4.61 A Market Participant shall prepare and submit to the Authority and the Exchange, interim financial reports and annual audited accounts prepared in accordance with the International Financial Reporting Standards (IFRS).
- 4.62 The financial statements shall as a minimum, include the following financial reports:
 - (a) Statement of Financial Position;
 - (b) Statement of Comprehensive Income;
 - (c) Statement of Cashflow;
 - (d) Statement showing either –
 - (i) all changes in equity; or
 - (ii) changes in equity other than those arising from capital transactions with owners and distributions to owners;
 - (e) Accounting policies and explanatory notes.
- 4.63 Schedule 2 hereof lists the minimum line items to be included on a Market Participant's balance sheet and income statement.
- 4.64 A Market Participant shall not use its client creditor balances to fund transactions of clients who fail to remit payment for the purchase of securities by the settlement date.

4.7 Dealing with Material Infringements by Employees/Agents

- 4.71 A Market Participant shall document each instance of a material infringement by its employee or agent and take appropriate action on the offender.
- 4.72 The records of material infringements maintained by the Market Participant may be availed to the Exchange or the Authority upon a request or during an inspection or investigation.
- 4.73 Where a Market Participant severs or terminates the services of an employee or agent on account of a suspected material infringement, the Market Participant shall immediately notify the Exchange and Authority of such termination of services including the details of the material infringement and the suspected offender.
- 4.74 The Exchange may take disciplinary action on a Market Participant where the Market Participant does not make a report pursuant to rule 4.7.3.

CHAPTER 5

5. ENFORCEMENT

51 Handling of Client Complaints by MarketParticipants

- 51.1 A Market Participant shall document each complaint received from its client on a client complaint form. The client complaint form should as a minimum include the details set out in Form B of Schedule 1.
- 51.2 A Market Participant shall maintain a register of all the complaints received from its clients.
- 51.3 A Market Participant shall be responsible for handling complaints arising out of the Services performed under an agency agreement.

52 Procedure for Lodging Complaints at the Exchange

- 52.1 An investor aggrieved by an act or omission of a Market Participant shall first file a complaint in writing with that Market Participant.
- 52.2 A Market Participant shall resolve each complaint received from an investor within Fourteen (14) days of receipt of the complaint or submit its position regarding the complaint to the Exchange and a copy to the client as may be directed by the Exchange.
- 52.3 Where the aggrieved is not satisfied by the decision of the Market Participant, he will be entitled to lodge a formal complaint at the Exchange Investor Complaints Desk and such complaint shall be entered into the Exchange Investor Complaints Database.
- 52.4 Where the complaint cannot be resolved immediately by the Exchange or where the investor is not satisfied with the decision of the Exchange, the Exchange shall forward the complaint to the Authority.
- 52.5 The Exchange and Market Participants shall keep records of all investor complaints received and decisions made regarding those complaints.

53 Inspections

- 53.1 The Exchange shall have the power to enter the premises of a Market Participant during normal business hours and inspect books, records and accounts of a Market Participant and may impose any of the sanctions prescribed under Rule 5.6.
- 53.1 Following an inspection, the Exchange may write to a Market Participant and request an explanation for various issues noted during the inspection.
- 53.2 A Market Participant shall respond to the Exchange letter written pursuant to Rule 5.3.1 as may be directed by the Exchange.

533 The Exchange will not disclose to third parties any information gathered from a Market Participant during inspections but it may disclose the information to the Authority as may be required by the Act and Regulations.

5.4 Investigations

541 The Exchange, may, on its own motion or at the order of the Disciplinary Committee or the Board, commence an investigation on a Market Participant to look into a violation or potential violation of these Rules and/or the Act, Regulations and other Rules of the Exchange.

542 The persons appointed to conduct the investigation must disclose to the Exchange Chief Executive any situation that may give rise to a conflict of interest and should decline to act if they would not be independent and objective in the investigation.

5.5 Situations Calling for Disciplinary Action

55.1 The Disciplinary Committee may exercise its disciplinary powers against a Market Participant in such manner as it thinks fit if the Market Participant:

55.1.1 is found to be in breach of any rules of the Exchange;

55.1.2 violates an order of the Board or Committee made pursuant to these Rules.

55.2 Without prejudice to the generality of the foregoing, the Committee and the Board may exercise their disciplinary powers against a Market Participant in the following instances, in such manner as they think fit:

55.21 Where the Market Participant is in breach of any of the conditions (if any) in the grant of its licence or authorization;

55.22 Where the Market Participant is reasonably suspected of having conducted itself in such a manner as to call for disciplinary action and an investigation is being conducted into the affairs of the Market Participant for this purpose;

55.23 Where the Market Participant sells a client's securities or otherwise deals with a client's CDS account without the client's authority;

55.24 Where the Market Participant knowingly or negligently disseminates false, misleading or inaccurate reports concerning market information or conditions that affect or tend to affect the price of any security;

55.25 Where an Market Participant induces or attempts to induce another person to buy or sell securities;

55.25.1 by dishonestly concealing any material fact;

55.25.2 by making or publishing or causing to be made or published whether recklessly dishonestly or otherwise, any statement, promise or forecast that is misleading false or deceptive;

55.26 When the Market Participant is reasonably suspected or is under investigation for market malpractices or market abuse or any activity that is likely to undermine the integrity of the market;

55.27 When the Market Participant fails to maintain records as required under these Rules;

55.28 When the Market Participant fails to submit any reports required to be submitted under these Rules within the time prescribed for submission;

5.5.2.9. When the Market Participant fails to report a transaction which it is required to report or knowingly makes a false report;

55210 Where the Market Participant has failed to adequately supervise their employee or agent or to prevent a breach of securities laws or a prohibited act or omission by their employee or agent;

55211 When the Market Participant has been convicted of fraud or a financial offence;

55212 Where the Market Participant has failed to pay any money due to his clients or any other Market Participant.

- 552.13 Where the Market Participant has failed to pay any monies due to the Exchange.
- 552.14 Where winding up proceedings are commenced against a Participant or where a winding order is made against an Market Participant;
- 552.15 If after becoming aware of any financial inability on its part the Market Participant fails to notify the Exchange of such inability or does not cease dealing in securities;
- 552.16 Where the Market Participant is declared insolvent and unable to pay its debts by a Court of Law;
- 552.17 When the Market Participant makes use of or reveals any confidential information obtained by reason of participating in an investigation;
- 552.18 Where the Market Participant refuses to appear before the Committee or the Board when summoned to appear; or
- 552.19 When the Market Participant fails to comply with an order of the Board or the Committee.

5.6 Sanctions

- 561 In the event of a breach of these Rules by an industry person, the Disciplinary Committee may exercise any of the following sanctions against the industry person or respective Market Participant:
- i. A private or public censure.
 - ii. Require the Market Participant to take action against its employee or agent for a breach of Rules; failing which, the Exchange may sanction the Market Participant.
 - iii. For an industry person who is an authorized ATS Operator, restriction from continuing to act as an ATS Operator for a defined period or indefinitely.
 - iv. A restriction of the Market Participant's or Authorized Securities Dealer's trading limits.
 - v. A restriction of the Market Participant trading access for a duration not exceeding 10 working days.
 - vi. Order an audit of a Market Participant the cost of which shall be paid by the Market Participant before commencement of the audit.
 - vii. A suspension of the Market Participant subject to the approval of the Board and the Authority.
 - viii. A financial penalty as prescribed herein.
- 562 Any sanction imposed by the Exchange on a Market Participant shall take into consideration the gravity of the offence committed and past conduct of the Market Participant.
- 563 If any Market Participant fails to comply with an order of the Disciplinary Committee made under Rule 5.6.1, the Board may without limiting any other remedies or penalties available to it, suspend the Market Participant until the order is complied with.
- 564 The powers of the Disciplinary Committee and the Board to sanction a Market Participant may be exercised separately and cumulatively.
- 565 The Exchange will inform the Authority of any sanctions levied against a Market Participant.

5.7 Financial Penalties

5.7.1 The maximum penalty that may be levied by the Exchange for a breach of any of these Rules is Kenya shillings five million (Kshs. 5,000,000).

- 572 The Disciplinary Committee may levy a financial penalty of up to Kenya shillings one million (Kshs. 1,000,000) without reference to the Board.
- 573 Any levy above Kenya shillings one million (Kshs. 1,000,000) shall only be levied by the Board.
- 574 The Exchange shall notify the Authority of any penalty levied by the Exchange against a Market Participant.
- 575 All financial penalties levied by the Exchange shall be deposited in the Investor Compensation Fund established under the Capital Markets Act.

5.8 Right to be Heard

- 581 Any Market Participant cited for a violation of these Rules shall have a right to be heard before a sanction is levied by the Disciplinary Committee or the Board.
- 582 A Market Participant may be represented by its director, officer or legal counsel at the Exchange at a hearing of the Disciplinary Committee or the Board and shall prepare a written statement of its representations at the hearing to be presented to the Committee and/or the Board.

5.9 Appeals

- 591 Any Market Participant that is found guilty of breaching these Rules and sanctioned may appeal such finding to the Authority.
- 592 Upon considering an appeal from a Market Participant on merit, the Authority may amend, vary, set aside or reverse the decision of the Exchange and exercise any other powers that it has pursuant to the Act

CHAPTER 6

6. MISCELLANEOUS PROVISIONS

61 Responsibility over Employees and Agents

A Market Participant shall be responsible for supervising and monitoring the activities of its directors, employees and agents to ensure their compliance with the provisions of these Rules.

62 Internal Manuals

6.2.1 All Market Participants will prepare internal manuals to comply with these Rules within 6 months of the effective date hereof.

6.2.2 The internal manuals prepared by a Market Participant pursuant to Rule 6.2.1 above may include supplementary provisions as long as the provisions of the manuals are not inconsistent with the principles and rules set out herein.

63 Training and Accreditation

6.3.1 A Market Participant will ensure that its employees obtain all necessary accreditation required by the Exchange or the Authority.

6.3.2 A Market Participant will not assign a non-accredited employee with tasks required to be performed by a person with accreditation.

64 Liability of the Exchange

6.4.1 The Exchange, the Board, the Disciplinary Committee and Officers of The Exchange shall not be liable for any bona fide act done or omission made under these Rules.

SCHEDULE 1

FORM A - NEW CLIENT ACCOUNT OPENING FORM

INDIVIDUAL/CORPORATE DETAILS

Legal Name(s): 1.	ID No / Passport No/ Incorporation no:	PHOTO
2.	Nationality:	
3.	Country:	
Contact address:	Age:	
Post code: City:	Gender: Male Female	
Telephone no:	Employer's Name	
Fax:	Employers telephone no:	
Email:	Position Held	
Spouse Name:	Spouse's Employer:	
Directors names and ID no:		
Bank Reference	Bank Account Number	Contact Person
Listed company(ies) where client is an officer or director:		
Listed company(ies) where client owns or controls 10% or more of shares:		

ACCOUNTDETAILS:

Account Type: Individual <input type="checkbox"/> Joint Account <input type="checkbox"/> Investment club <input type="checkbox"/> Corporate <input type="checkbox"/> Partnership <input type="checkbox"/> Other?		CDS Account Number: (official use)
Discretionary <input type="checkbox"/> Non Discretionary <input type="checkbox"/>		
Customers Investment Objectives: • Income % • Growth (Long Term) % • Growth (Inter term) % • Growth (Short Term) % <div style="text-align: right;">Total 100%</div>	Risk Tolerance: • Investment Grade % • Good Quality % • Speculative % • High risk % <div style="text-align: right;">Total 100%</div>	Annual Average Net Income: • Below Kshs.480,000 • Kshs.480,001 – 1,200,000 • Kshs.1,200,001- 3,600,000 • Above Kshs. 3,600,000
Investment Knowledge: Nil <input type="checkbox"/> Limited <input type="checkbox"/> Good <input type="checkbox"/> Sophisticated <input type="checkbox"/> Specify.....		Investment Experience: Nil <input type="checkbox"/> Stocks <input type="checkbox"/> Fixed income securities <input type="checkbox"/> Other <input type="checkbox"/> Specify.....

List CDS Accounts held with other Brokers	Does anyone else have authority or financial Interest in this account? Name: _____ Phone: _____
Official Use	
Receiving Officer's Name	Advisor Comments:
Type of client: Walk In <input type="checkbox"/> Personal Contact <input type="checkbox"/> Referral <input type="checkbox"/> Referee's name and contact:	
Signatures:	
Client signature/stamp	Broker signature/stamp
Agreements and Authorizations Attached: <ul style="list-style-type: none"> <input type="checkbox"/> Photocopy of identification docs/ incorporation docs <input type="checkbox"/> Trading Authorization <input type="checkbox"/> Power of Attorney(if applicable) <input type="checkbox"/> Utility Bill <input type="checkbox"/> Discretionary Trading Agreement <input type="checkbox"/> Corporate Resolution authorizing trading <input type="checkbox"/> CDS Application form <input type="checkbox"/> Other 	

FORM B - CLIENT COMPLAINTS FORM

NAME	
DATE AND TIME	
PHYSICAL AND POSTAL ADDRESS	
EMAIL	
TELEPHONE	
NATURE OF COMPLAINT	
DETAILS OF COMPLAINT	

Client Signature

OFFICIAL USE ONLY

Received by:

Date:

Action taken:

Date resolved and outcome:



SCHEDULE 2

FORMAT AND CONTENT OF MARKET PARTICIPANTS FINANCIAL REPORTS

Market Participant Firms shall be required to disclose the following line items on the face of the respective financial statements together with the necessary explanatory notes;

a) **Statement of Income**

- Turnover
- Commission from brokerage services
- Income from the dealing division(where applicable)
- Other incomes
- Operating income
- Earnings before tax
- Earnings after tax
- Fines related to capital markets offences

b) **Statement of Financial Position**

- Noncurrent assets
- Investments
- Intangible assets
- Current assets
- Client debtors
- Client creditors
- Clients cash and bank balances
- Total assets
- Share capital
- Capital reserves
- Revenue reserves
- Noncurrent liabilities
- Current liabilities
- Total financing

c) **Risk Management Policies**

- Financial risks
- Operational risks
- Liquidity risks
- Compliance risks and contingent liabilities

d) **Aged Debtors and Creditors in the following categories**

Days

0-7

8-14

Above 14