

## STOCKBROKER APPLICATION INSTRUCTION MANUAL AND CHECKLIST

### INTRODUCTION:

This document serves as a comprehensive guide for applicants, offering insights into navigating the license application process. It provides a detailed description of all the necessary steps, documents, and their requirements. It is important for applicants to read and understand the manual's contents prior to progressing with the application process.

### APPLICATION SECTIONS:

Step#	Step Description	Requirement (s)
<i>Initial Pages</i>	E-CITIZEN LANDING	Offers a quick overview of the services offered by CMA, which encompass new license processing, license renewal, and the handling of complaints.
	SIGN-ON PAGE	<ul style="list-style-type: none"> <li>• Redirects to the eCitizen Login page.</li> <li>• Sends verification code/OTP to either email or Phone.</li> </ul>
<b>1</b>	INSTRUCTIONS PAGE	Provides brief instructions to the user including how to apply for the License, and the associated fees for processing and obtaining the License.
<b>2</b>	APPLICANT DETAILS	Provide details of the person lodging the application through the portal.
<b>3</b>	SECTION 1:	
<b>4</b>	COMPANY INFORMATION	Provide the company details including the Company/Organisation Registration number, Company/Institution Name, KRA PIN, Year of Registration, Mobile Number, Email Address, Postal Code, Postal Address.
<b>5</b>	SECTION 2	
<b>6</b>	REGISTERED OFFICE	<p>The applicant is required to provide details of the registered primary office of the company, and if applicable, provide details of any branch offices. The information needed includes:</p> <ul style="list-style-type: none"> <li>• County</li> <li>• Sub County</li> <li>• Locality</li> <li>• Name of building/Plot No./Estate and House No.</li> <li>• Street/Road</li> <li>• Floor</li> <li>• Room/Door No</li> </ul>

Step#	Step Description	Requirement (s)
		<ul style="list-style-type: none"> <li>• Mobile Number</li> <li>• Company Email Address</li> </ul>
7	SECTION 3	
8	SHARE INFORMATION	<p>The applicant is required to provide share information at this stage. This includes:</p> <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Nominal Capital</li> <li>• Paid up capital</li> </ul>
9	SECTION 4	
10	DIRECTOR/ SHAREHOLDER INFORMATION	<p>The applicant is required to provide the Directors and shareholders information. It is important to note that the board of directors should comprise of:</p> <ol style="list-style-type: none"> <li>A minimum of 3 directors a third of whom must be natural persons.</li> <li>At least one third should be independent and non-executive directors; and</li> <li>Not more than one third of the directors who are close relations of any director.</li> <li>A director should not hold more than 2 directorships in market intermediaries unless they are subsidiaries or holding companies.</li> <li>The Chairman of the Board must be an independent and non-executive Director.</li> </ol> <p>For each Director/Shareholder details required include:</p> <ul style="list-style-type: none"> <li>• ID/Passport Number</li> <li>• Names</li> <li>• KRA PIN</li> <li>• Phone Number</li> <li>• Email</li> <li>• Postal address/Code</li> <li>• Occupation</li> <li>• Membership to professional body</li> <li>• Residential address <ul style="list-style-type: none"> <li>▪ County</li> <li>▪ Subcounty</li> <li>▪ Location/Ward</li> </ul> </li> </ul>

Step#	Step Description	Requirement (s)
		<ul style="list-style-type: none"> <li>▪ Name of building/Plot No./Estate and House No.</li> <li>▪ Street/Road</li> <li>▪ Floor</li> <li>▪ Room/Door No</li> </ul> <p>Additionally for Directors you are required to upload:</p> <ul style="list-style-type: none"> <li>▪ Copy of ID/Passport</li> <li>▪ Passport Photo</li> <li>▪ Fit and Proper form</li> <li>▪ Updated CV</li> <li>▪ Police Clearance Certificate</li> </ul>
11	SECTION 5	
12	KEY PERSONNEL	<p><b>THE FOLLOWING KEY STAFF DETAILS MUST BE PROVIDED in this section</b></p> <ul style="list-style-type: none"> <li>I) CEO</li> <li>II) Company Secretary</li> <li>III) Compliance Officer</li> <li>IV) Chief Financial Officer</li> <li>V) Internal Auditor</li> <li>VI) Risk Management Officer and</li> <li>VII) Anti-Money Laundering Reporting Officer</li> </ul> <p>Please note that the Compliance Officer may also be the Anti-Money Laundering Reporting Officer.</p> <p>For each of the key personnel, details required include:</p> <ul style="list-style-type: none"> <li>• ID/Passport Number</li> <li>• Names</li> <li>• KRA PIN</li> <li>• Phone Number</li> <li>• Email</li> <li>• Postal address/Code</li> <li>• Occupation</li> <li>• Membership to professional body</li> <li>• Residential address <ul style="list-style-type: none"> <li>▪ County</li> <li>▪ Subcounty</li> <li>▪ Location/Ward</li> <li>▪ Name of building/Plot No./Estate and House No.</li> <li>▪ Street/Road</li> <li>▪ Floor</li> </ul> </li> </ul>

Step#	Step Description	Requirement (s)
		<ul style="list-style-type: none"> <li>▪ Room/Door No</li> </ul> <p>It is important to note that:</p> <ul style="list-style-type: none"> <li>• The Company Secretary must be a member of the Institute of Certified Secretaries (ICS) and thus MUST provide the ICS membership number.</li> <li>• The Chief Financial Officer and Internal Auditor MUST provide their ICPAK membership numbers.</li> </ul> <p>Additionally, the applicant is required to upload the following documents for the Key personnel:</p> <ul style="list-style-type: none"> <li>▪ Copy of ID/Passport</li> <li>▪ Passport Photo</li> <li>▪ Fit and Proper form</li> <li>▪ Updated CV</li> <li>▪ Police Clearance Certificate</li> </ul>
13	QUESTIONS	The Section has 11 mandatory questions for the applicant. The Applicant is encouraged to provide accurate responses for these questions.
14	APPLICATIONS DOCUMENTS	Section provides a window for uploading the required application documents. The documents required have been described in the following checklist.

**DOCUMENT CHECKLIST:**

Document#	Document Name	Description
1	Memorandum and Articles of Association (Combined Document)	The articles of association should describe the business for which the license is sought. The Memorandum and Articles of Association should be duly certified by an advocate of the high court of Kenya.
2	Certificate of Incorporation	The copy of the certificate of incorporation should be duly certified by an advocate of the high court of Kenya
3	Business plan	A detailed Business plan with the Management structure details Please find attached the Capital Markets Business Plan

Document#	Document Name	Description
		Model Analysis Guideline, to guide you while preparing the business plan.
4	A statement of the un-audited accounts/Opening Statement showing current financial position	<p>Statement of Accounts shall be 6 months unaudited +2 years where relevant.</p> <p>For newly incorporated companies, an opening statement showing the current financial position will suffice.</p> <p>Please note the below financial requirements for this licence category:</p> <ul style="list-style-type: none"> <li>• Paid up share capital (x ≥ Kshs 50,000,000)</li> <li>• Shareholders' funds (x ≥ Kshs 50,000,000).</li> <li>• Liquid capital (x ≥ The higher of Kes. 30,000,000 or 8% of total liabilities)</li> </ul>
5	Signed Directors declaration document	<p>1. A Signed declaration by directors as to whether after due enquiry by them in relation to the interval between the date to which the last accounts have been made and a date not earlier than fourteen days before the date of the application –</p> <ol style="list-style-type: none"> <li>a) the business of the company has, in their opinion, been satisfactorily maintained;</li> <li>b) there have, in their opinion, arisen any circumstances adversely affecting the company's trading or value of its assets;</li> <li>c) there are any contingent liabilities by reason of any guarantees given by the company or any of its subsidiaries;</li> <li>d) there are, since the last annual accounts, any changes in published reserves or any unusual factors affecting the profit of the company or any of its subsidiaries.</li> </ol>

Document#	Document Name	Description
6	3 Year Financial Projection Document	A document that provides a 3 Year financial estimates.
7	CR12 Document	The Document shall provide details including Shareholding Structure, detailing the number of shares, the percentage holding and includes the ultimate beneficial shareholding of all corporate shareholders and any existing Trusts if applicable. (Please note the shareholding structure requirements as stipulated under section 29(5) of the Capital Markets Act).
8	Current Bank Statement	A recent statement provided by a bank that displays a snapshot of the Company's financial transactions and current account balances.
9	Description document of the operating and IT System in place/Planned	Provide a document outlining the existing or planned operating and IT systems
10	Profile of the External Auditor	Document should provide overview of the auditor or auditing firm responsible for independently evaluating the Company's financial statements and accounting practices. It shall include elements such as the auditor's name, their experience, independence, regulatory compliance, team composition, prior engagements, quality control measures, and disclosure of potential conflicts of interest.
11	Board Charter	The Board Charter should provide the following. <ul style="list-style-type: none"> <li>a) Structure and composition of the Board</li> <li>b) Role of the Board</li> <li>c) Desirable Characteristics of Directors</li> <li>d) Directors' compensation and reimbursements</li> <li>e) Board and Committee meetings</li> <li>f) A code of conduct that addresses conflict of interest relating to directors and management</li> <li>g) Key risk areas that require regular monitoring</li> </ul>
12	A policy for appointment of staff (HR Policy)	Provide a policy for appointment of employees describing the hiring processes and procedures of the company.
13	Risk Management framework Document	A document that provides a structured and systematic approach used by the Company to identify, assess, prioritize, and mitigate risks associated with the operations, projects, or systems.

Document#	Document Name	Description
14	Bank Reference Letter	A document provided by a bank detailing the Company's financial standing
15	Two Business Reference Letters (Combined into one document)	A document provided by another company to endorse and confirm the reliability, professionalism, and capabilities of the Company.
16	Chief Executive Officer Job Description	Provide a detailed Job Description for the Chief Executive Officer
17	Chairman Job Description	Provide a detailed Job Description for the Chairman

\*\*\*\*\*THE END\*\*\*\*\*