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2024

# **CAPITAL MARKETS SUPERVISION REPORT**



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The remarkable 82% growth in assets under management within the Collective Investment Schemes underscores the expanding opportunities for both retail and institutional investors.



Our capital markets continued to demonstrate steady growth, driven by robust regulatory reforms, increased investor confidence, and accelerated digital innovation.

I am pleased to present the Capital Markets Authority's Annual Supervision Report for the year 2024. This report reflects our unwavering commitment to promoting a robust, transparent, and inclusive capital markets ecosystem that supports Kenya's economic growth and aligns with global best practices.

The year 2024 was characterized by resilience and adaptability amid a challenging macroeconomic landscape. Our capital markets continued to demonstrate steady growth, driven by robust regulatory reforms, increased investor confidence, and accelerated digital innovation. The remarkable 82% growth in assets under management within the Collective Investment Schemes underscores the expanding opportunities for both retail and institutional investors.

The Authority achieved significant milestones in strengthening the regulatory and supervisory framework, including the introduction of new regulations for Alternative Investment Funds, Credit Rating Agencies, Collective Investment Schemes, and enhanced listing and disclosure requirements. These reforms aim to widen the range of investment products, deepen market integrity, and foster investor protection.

Recognizing the evolving risks in the global financial landscape, we intensified our risk-based supervision and compliance monitoring, with particular focus on Anti-Money Laundering and Counter-Terrorism Financing. Our continued collaboration with national and international stakeholders, including progress on the Financial Action Task Force (FATF) action plan, demonstrates our resolve to uphold the highest standards of market integrity.

## I CEO's Message (Cont')

Innovation remains at the heart of our agenda. We have facilitated the integration of fintech solutions, expanded digital channels, and successfully transitioned pioneering firms from our Regulatory Sandbox to full market operations. These efforts position Kenya's capital markets as a dynamic and competitive platform for sustainable capital formation.

Looking ahead, our strategic priorities will focus on finalizing key legislative updates, strengthening market supervision, enhancing operational efficiency through automation, and promoting financial literacy and investor education. We remain committed to supporting the government's Bottom-Up Economic Transformation Agenda by enabling wider access to capital, especially for SMEs, and promoting sustainable investment opportunities.

On behalf of the Capital Markets Authority, I extend my gratitude to our stakeholders, licensees, investors, and staff for their continued trust and collaboration. Together, we will build a more resilient, innovative, and inclusive capital market that drives Kenya's socio-economic prosperity.

**Thank you**



**82%  
Growth  
In Assets**



**We intensified our  
risk-based supervision  
and compliance  
monitoring, with  
particular focus on  
Anti-Money  
Laundering and  
Counter-Terrorism  
Financing.**



# Foreword By Director, Market Operations



We have enhanced our oversight of intermediaries and fortified market defence against financial crime risks.



We leveraged technology to automate key supervisory processes, enhance data-driven decision-making and expand digital surveillance tools.

The 2024 Annual Supervision Report provides a comprehensive overview of the supervisory activities, market trends, and regulatory advancements undertaken by the Capital Markets Authority over the past year.

The year under review was pivotal for strengthening the resilience and competitiveness of Kenya's capital markets. In response to emerging global and domestic challenges, the Authority intensified its risk-based supervision approach, focusing on promoting compliance, safeguarding market integrity, and reinforcing investor confidence.

Key supervisory milestones achieved during the year included the commencement of the implementation of new regulations for POLD, Collective Investment Schemes, Credit Rating Agencies, and Alternative Investment Funds. These regulatory enhancements were complemented by proactive surveillance and strengthened enforcement actions, ensuring that licensed market participants adhered to the highest standards of conduct and governance.

Through continuous inspections, stakeholder sensitization, and capacity building, we have enhanced our oversight of intermediaries and fortified market defence against financial crime risks.

Innovation continued to shape our supervisory approach. We leveraged technology to automate key supervisory processes, enhance data-driven decision-making, and expand digital surveillance tools.

## I Foreword By Director, Market Operations (Cont')

These measures have enabled us to respond more swiftly to market developments and to detect and mitigate potential risks in a timely manner.

The sector's performance indicators, including the steady growth in assets under management and sustained market participation, reflect the tangible impact of our collective efforts. The Authority remains committed to deepening engagement with market players, supporting product diversification, and encouraging responsible innovation that expands access to capital while protecting investor interests.

Looking ahead, we will build on the progress made by enhancing our supervisory methodologies, integrating advanced technologies into our operations, and promoting a culture of compliance across the industry. We are confident that through collaboration with all stakeholders, we will continue to foster a fair, transparent, and resilient capital markets environment that contributes meaningfully to Kenya's economic development.

**Thank you**

# Executive Summary

The Capital Markets Authority (CMA) of Kenya presents this Annual Supervision Report to highlight the key developments, performance trends, regulatory enhancements, and strategic priorities that shaped Kenya's capital markets in 2024.

During the year, the capital markets sector demonstrated resilience amid a moderating macroeconomic environment, recording steady growth in assets under management (AUM) and robust market activity, while implementing far-reaching regulatory reforms to align with global standards and emerging market trends.

## Key Highlights:

### Regulatory Reforms:

In 2023–2024, the CMA strengthened the regulatory framework through amendments to the Capital Markets Act and introduction of new regulations namely, the Capital Markets(Alternative Investment Funds) Regulations, 2023, the Capital Markets (Credit Rating Agencies) Regulations, 2023, the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023, the Capital Markets (Collective Investment Schemes) Regulations, 2023, the Capital Markets (Coffee Exchange) (Fees) Regulations, 2024. These reforms aim to enhance investor protection, market integrity, and product diversity.

### Supervisory Developments:

The Authority advanced risk-based supervision and enhanced compliance monitoring, especially on Anti-Money Laundering and Counter-Terrorism Financing. Kenya remains under FATF's "grey list" with an actionable plan to address strategic deficiencies. New systems were deployed to automate regulatory processes and deepen oversight.

### Market Infrastructure and Innovation

Technological advancements continued with more fintech solutions and digital channels expanding investor access. Four fintech firms successfully exited the Regulatory Sandbox to operate under full supervision.

### Market Performance

- i. As of December 31, 2024, the total assets held by market intermediaries stood at Kshs 34.1 billion, with net assets at Kshs 21.4 billion
- ii. The CIS industry assets under management stood at Kshs. 389.2 billion as of December 31, 2024.
- iii. Equities trading remained concentrated in a few large counters, with Safaricom leading in turnover and volume.
- iv. New issuances and listings, rights issues, takeovers, and market reclassifications signaled dynamic issuer activity.

### Outlook and Strategic Priorities for 2025:

The Authority will:

- i. Finalize pending legislative updates and address regulatory gaps for virtual assets and sustainable finance.
- ii. Deepen risk-based supervision and enhance surveillance.
- iii. Promote product innovation to widen access and attract more issuers, especially SMEs.
- iv. Strengthen investor protection through robust complaints resolution and investor education initiatives.
- v. Increase operational efficiency through automation and staff capacity building.

The Authority remains committed to its mission and values on ensuring customer protection, transparency, efficiency, responsiveness, and innovation with an objective of fostering an inclusive capital market.

The background of the slide is a blurred image of a financial market display, likely a stock exchange floor or a digital screen showing market data. It features various numbers in red and white, some of which are partially obscured by a large yellow gradient rectangle that covers the upper and central portions of the image. The numbers visible include '-6', '25,020.30', and '-272.01'.

# CHAPTER ONE

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STRUCTURE OF  
THE CAPITAL MARKETS

# CHAPTER ONE

## STRUCTURE OF THE CAPITAL MARKETS

### 1.1 Market Structure of The Capital Markets in Kenya

#### 1.1.1 Overview

The capital market in Kenya is anchored on a comprehensive legal and institutional framework that facilitates the mobilization and allocation of long-term capital to support economic development. The structure of the Kenyan Capital Markets comprises the Regulator, securities and derivatives exchanges, central depositories, financial market infrastructure institutions, market intermediaries, issuers, investors and various service providers. It is underpinned by robust regulation and continuous reforms aimed at promoting market efficiency, investor protection, innovation and financial inclusion.

The Capital Markets Authority established under the Capital Markets Act, Cap 485A, provides the regulatory oversight necessary to ensure orderly, transparent and fair operation of the capital markets. Over the years, Kenya has made significant strides in modernizing its capital /markets infrastructure, broadening the product base and supporting alternative financing channels aligned with global trends and investor demands.

The following chart presents the market structure of the Kenyan Capital, Securities and Commodities Markets regulated by the Authority.

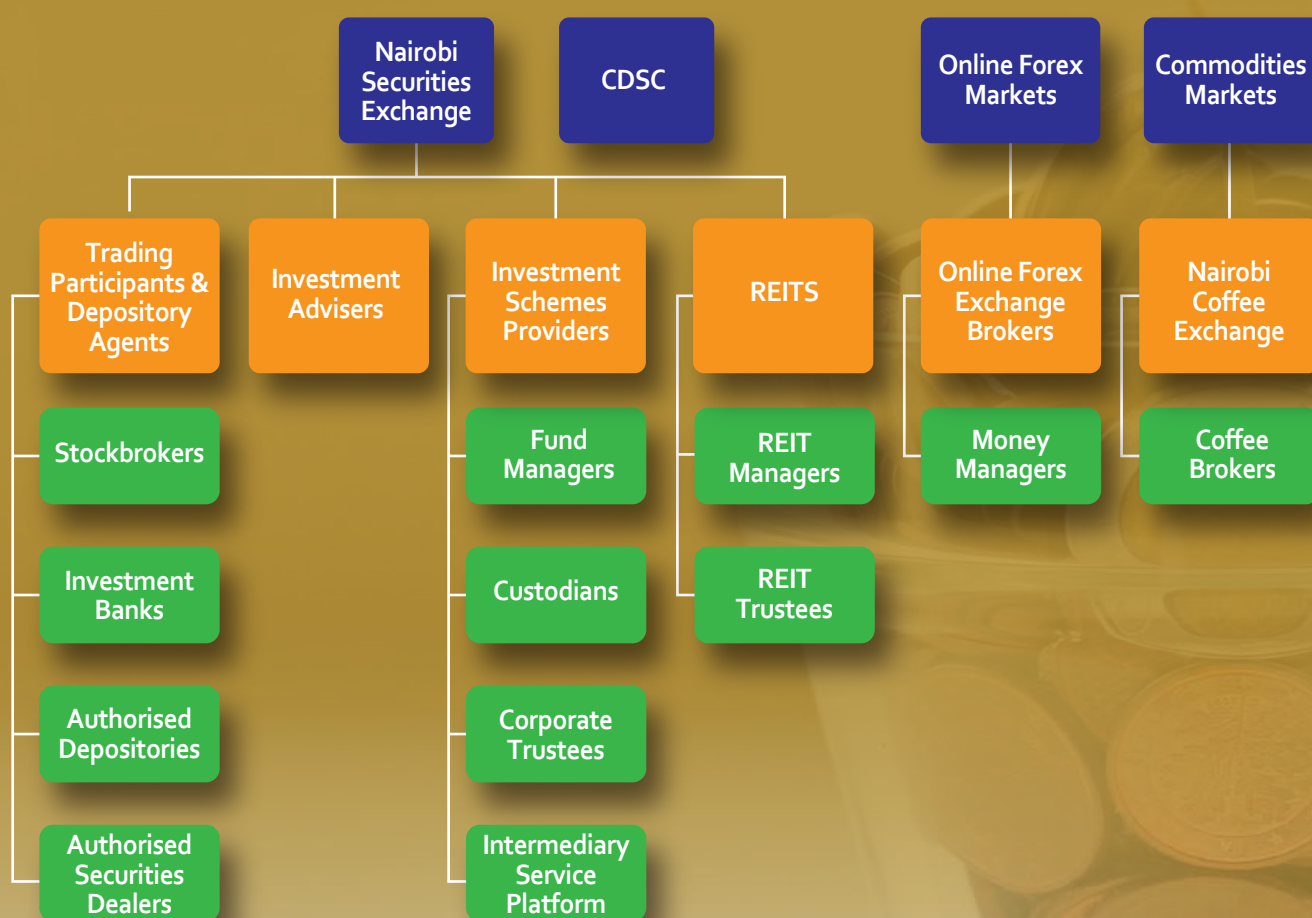


Figure 2.1.1: Market structure of the Kenyan capital markets

The components of the above chart interrelate as follows:

- a) Capital Markets Authority sits at the apex, providing regulatory oversight across all layers.
- b) Financial Market Infrastructure includes trading and post-trading institutions such as the NSE, CDSC and CBK (for government securities).
- c) Self-Regulatory Organizations (SROs) are organizations whose object is to regulate the operations of its members or of the users of its services and includes the organizations that may be recognized as such, by the Authority. The Authority has recognised three SROs namely NSE, EABX and NCE.
- d) Market Intermediaries are licensed and approved players (by the Capital Markets Authority) facilitating market access and services ranging from brokers, investment banks, fund managers, trustees, custodians, advisers, and rating agencies, among others.
- e) Issuers (listed companies, government, and other entities) offer various capital market products: equities, bonds, REITs, and asset-backed securities, among others.
- f) Investors span across individuals, institutions, local, and foreign clients.

### 1.1.2 Regulatory and Supervisory Framework

As per Section 11 of the Capital Markets Act, the principal objectives of the Authority are as follows:

- i. The development of all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for, longer-term investments in productive enterprises.
- ii. To facilitate the existence of a nationwide system of securities, commodities and derivatives markets and brokerage/intermediation services to enable wider participation of the public.
- iii. The creation, maintenance, and regulation of a market in which securities can be issued and traded in an orderly, fair, and efficient manner, through the implementation of a system in which the market participants are self-regulatory to the maximum practicable extent.
- iv. The protection of investor interests.
- v. The facilitation of a compensation fund to protect investors from financial loss arising from the failure of a licensed broker or dealer to meet their contractual obligations.
- vi. The development of a framework to facilitate the use of electronic commerce for the development of capital markets in Kenya.

The CMA works collaboratively with other financial sector regulators to ensure a harmonized and resilient financial system. That is.

- a) Central Bank of Kenya (CBK): regulates monetary policy and government securities.
- b) Insurance Regulatory Authority (IRA): oversees insurance companies, a key category of issuers and institutional investors.
- c) Retirement Benefits Authority (RBA): supervises pension schemes, which are major players in capital formation.
- d) Sacco Societies Regulatory Authority (SASRA): oversees Saccos, increasingly integrating with capital markets through regulated investment schemes.
- e) Financial Reporting Centre (FRC): supports market integrity through anti-money laundering and counter-terrorism financing frameworks.



### 1.1.3 Financial Market Infrastructure

Kenya's capital market is underpinned by robust financial market infrastructure entities, which provide critical services in trading, clearing, settlement, custody and data dissemination:

- a) Nairobi Securities Exchange (NSE): The NSE is the licensed securities exchange in Kenya, facilitating the listing and trading of securities, including equities, bonds, Real Estate Investment Trusts (REITs) and derivatives.
- b) Central Depository and Settlement Corporation (CDSC): CDSC facilitates electronic clearing, settlement and central custody of securities traded on the NSE.
- c) The Dhow CSD - Central Securities Depository for Government Debt Instruments under the Central Bank of Kenya.
- d) Nairobi Coffee Exchange (NCE): The NCE provides a platform where buyers and sellers come together to trade coffee in a transparent and efficient manner.
- e) East Africa Bonds Exchange (EABX): EABX provides an Over-the-Counter Securities Exchange for the trading of the fixed income securities in Kenya.

### 1.1.4 Market Segments at the Nairobi Securities Exchange

The Nairobi Securities Exchange is structured into distinct market segments to accommodate issuers of varying sizes, capital requirements and levels of operational maturity. These segments are designed to ensure regulatory flexibility, market access and appropriate investor protection, depending on the nature of the issuer and the securities being offered.

Each market segment is governed by specific eligibility criteria as stipulated under Regulation 11 of the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023. These segments are now categorized into four distinct market segments, namely:

- i. Main Investment Market Segment (MIMS)
- ii. Small and Medium Enterprises Market Segment (SME MS)
- iii. Fixed Income Securities Market Segment (FISMS)
- iv. Small and Medium Enterprises Fixed Income Securities Market Segment (SME FISMS)

The table below outlines the eligibility requirements for each of these market segments as provided in the Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023.

#### ELIGIBILITY REQUIREMENTS FOR PUBLIC OFFERING OF FIXED INCOME SECURITIES AND LISTING ON THE FISMS

| Requirement                                | MIMS   | SME MS   |
|--|--|--|
| 1. Incorporation                           | Body corporate incorporated or registered under the Laws of Kenya<br>Existed for at least 5 years.   | Body corporate incorporated or registered under the Laws of Kenya<br>Existed for at least 2 years. |
| 2. Min fully paid-up share capital         | Kshs 50 Million<br>Not less than 100,000 shares in issue<br>Minimum 250 shareholders   | Kshs 10 Million<br>Minimum 7 shareholders  |
| 3. Min total Assets Prior to Listing       | Not less than Kshs 1 billion   | Not less than Kshs 100 million   |
| 4. Transferability of shares               | Freely transferable and not subjected to any restrictions on marketability   |  |
| 5. Track record of profitability           | One year profitability with good growth potential and revenue earning record.  | Credible and auditable business plan with verifiable growth potential                              |
| 6. Solvency and Adequacy of Workin Capital | Issuer should be solvent and should have adequate working capital  |  |
| 7. Free Float                              | 15%<br>Lock in period for controlling and existing shareholders 24 months  | 10%<br>Lock in period for controlling and existing shareholders 24 months                          |
| 8. Certificate of comfort                  | If issuer is listed in a securities exchange outside Kenya or licensed by any other regulator, the Authority shall obtain a certificate of comfort from the primary exchange |  |
| 9. Advisors                                | Listing Compliance Officer   | Transaction Advisor  |

## ELIGIBILITY REQUIREMENTS FOR PUBLIC OFFERING OF FIXED INCOME SECURITIES AND LISTING ON THE FISMS

|   | REQUIREMENT   | CRITERIA MAIN FISMS  | FISMS SME   |
|---|---|--|---|
| 1 | Incorporation Status  | <ul style="list-style-type: none"> <li>• Issuer to be listed shall be a <b>body corporate</b></li> <li>• <b>Minimum 25 shareholders</b></li> <li>• <b>Been in existence for at least 5 years</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Issuer to be listed shall be a <b>body corporate</b></li> <li>• <b>Been in existence for at least 2 years</b></li> </ul>   |
| 2 | Share Capital and Net Assets of Issuer before public offering and listing | <ul style="list-style-type: none"> <li>• Min issued and fully paid-up share capital of <b>Kshs 50 Mn</b> and net assets of <b>Kshs 100 Million</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Min issued and fully paid-up share capital of <b>Kshs 10 Mn</b> and net assets of <b>Kshs 20 Million</b></li> </ul>  |
| 3 | Listing and Transferability   | <ul style="list-style-type: none"> <li>• All fixed income securities shall <b>be freely transferable</b> and not subject to any restrictions on marketability or pre-emptive rights</li> </ul>   | <ul style="list-style-type: none"> <li>• All fixed income securities shall <b>be freely transferable</b> and not subject to any restrictions on marketability or pre-emptive rights</li> </ul>                                |
| 4 | Availability and Reliability of Financial Records                         | <ul style="list-style-type: none"> <li>• Issuer must have audited financial statements complying with IFRS for accounting period ending on a date <b>not more than four months prior to proposed date of offer</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Issuer must have audited financial statements complying with IFRS for accounting period ending on a date <b>not more than four months prior to proposed date of offer</b></li> </ul> |
| 5 | Certificate of Comfort (COC)  | <ul style="list-style-type: none"> <li>• If issuer is licensed to operate by a regulator in any country, Authority shall obtain a COC.</li> <li>• Where there's a guarantor, consent of regulator shall be obtained by Authority; Guarantor to also provide the Authority with a <b>financial capability statement</b> duly certified by its auditors</li> </ul> |   |

## ELIGIBILITY REQUIREMENTS FOR PUBLIC OFFERING OF FIXED INCOME SECURITIES AND LISTING ON THE FISMS

|    | REQUIREMENT                | CRITERIA FISMS Main  | FISMS SME  |
|----|----------------------------|--|--|
| 6  | Profitability Track Record | <ul style="list-style-type: none"> <li>• The issuer must have declared <b>profits after tax attributable to shareholders in at least two of the last three financial periods</b> preceding the application for the issue</li> </ul>  | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |
| 7  | Guarantee requirements     | <ul style="list-style-type: none"> <li>• Where the issuer does not satisfy the requirements, it may seek a credit enhancement to have the securities it seeks to issue guaranteed. The <b>guarantor may only be a bank or an insurance company or any other institution with necessary financial capacity</b> acceptable to the Authority</li> </ul> |  |
| 8  | Rating                     | <ul style="list-style-type: none"> <li>• Issue may be rated by a CRA licenced/registered by the Authority</li> </ul>   | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |
| 9  | Debt ratios                | <ul style="list-style-type: none"> <li>• Total liabilities, including the new issue of fixed income securities shall <b>not exceed four times the level of shareholders funds</b></li> </ul>   |  |
| 10 | Size of Issue and Listing  | <ul style="list-style-type: none"> <li>• Minimum size of the issue shall be <b>Kshs 250 Mn</b></li> </ul>  | <ul style="list-style-type: none"> <li>• Minimum size of the issue shall be <b>Kshs 20 Mn and max 250mn</b></li> </ul> |
| 11 | Min Lot Size               | <ul style="list-style-type: none"> <li>• <b>Kshs 50,000</b></li> </ul>   | <ul style="list-style-type: none"> <li>• <b>Kshs 10,000</b></li> </ul>   |
| 12 | Trust and trust deed       | <ul style="list-style-type: none"> <li>• Appoint a trustee to represent the holders of the debt securities</li> </ul>  |  |
| 13 | Reporting accountant       | <ul style="list-style-type: none"> <li>• Should be independent of its auditor</li> </ul>   |  |

### 1.1.5 Licensed Capital Markets and Commodities Markets Intermediaries

These are entities that play a critical role in facilitating transactions, ensuring investor protection and supporting the overall functioning of the capital markets. The Capital Markets Authority licenses and supervises various categories of intermediaries, each serving a distinct function within the market ecosystem.

The categories of licensed intermediaries include:

- a) **Investment Banks:** These entities provide a wide range of services including underwriting of securities, advisory on mergers and acquisitions and portfolio management for institutional clients.
- b) **Stockbrokers:** Licensed to execute buy and sell orders on behalf of clients in the securities market and often offer investment advisory and client account services.
- c) **Derivatives Brokers:** Facilitate the trading of derivative contracts, including futures, in accordance with the rules of the approved derivatives exchange.
- d) **Investment Advisers:** Offer professional investment advice to clients, which may include individuals, institutions and collective investment schemes.
- e) **Fund Managers:** Manage pooled funds on behalf of investors and operate collective investment schemes and pension portfolios.
- f) **Authorized Securities Dealers:** Specialize in dealing in fixed income securities and may engage in proprietary trading or market making activities.
- g) **REIT Managers:** Manage Real Estate Investment Trusts (REITs), including sourcing, managing and operating the underlying real estate assets.
- h) **REIT Trustees:** Hold REIT assets in trust for unit holders, ensuring compliance with the trust deed and act in a fiduciary capacity.
- i) **Authorised Depositories:** Provide custody and settlement services for listed and unlisted securities, including record keeping of beneficial ownership.
- j) **Online Forex Brokers:** Provide online trading platforms and services to facilitate retail participation in the foreign exchange derivatives market.
- k) **Commodity Brokers:** Facilitate the trading and marketing of agricultural commodities through licensed auction platforms or commodity exchanges.
- l) **Trustees:** Responsible for holding assets of collective investment schemes in trust for investors and overseeing the operations of the scheme to ensure compliance with the trust deed and applicable regulatory requirements.
- m) **Custodians:** Hold and safeguard the assets of collective investment schemes and institutional investors, facilitate settlement of transactions and maintain records of beneficial ownership.
- n) **Intermediary Service Platform Providers (ISPPs):** ISPPs operate intermediary service platforms that facilitate the onboarding and servicing of investors in collective investment schemes, acting as a bridge between fund managers and investors

The number of licensees in each category continues to evolve, reflecting market dynamics, regulatory developments and investor demand. The Authority maintains an updated register of licensees on its official website to promote transparency and investor confidence.

### 1.1.6 Issuers and Capital Markets Products

Kenya's capital markets support a broad spectrum of issuers, including publicly listed companies, financial institutions, and development finance institutions. These entities access the capital markets to raise funds for expansion, infrastructure development, working capital, and innovation through a range of approved instruments.

The figures below illustrate the capital markets product structure, capturing the diversity of instruments available to issuers and investors.

## Capital Markets Products Structure



### 1.1.7 Regional and International Integration

Kenya is an active member of the East African Securities Regulatory Authorities (EASRA) and the African Securities Exchanges Association. The Authority is also a signatory to the IOSCO Multilateral Memorandum of Understanding, ensuring alignment with international regulatory standards.

Ongoing efforts under the African Exchanges Linkage Project and East African Capital Markets Infrastructure are expected to bolster cross-border trading, regional listings and investor flows across jurisdictions.

The capital markets sector continues to evolve into a sophisticated and diversified financial system guided by regulatory reforms, innovation and investor protection principles. The ongoing modernization of infrastructure, diversification of products and strengthening of the supervisory framework position Kenya's capital markets as a competitive platform for both domestic and international investors seeking long-term risk-adjusted returns.

## 1.2 Distribution of Capital Markets Intermediaries

Below is a table showing the distribution of Capital Markets Intermediaries by Category.

### Approved Institutions

| Name   | Category                             |
|--|--------------------------------------|
| 1. The Nairobi Securities Exchange                       | Securities Exchange                  |
| 2. NSE Derivatives Exchange                              | Derivatives Exchange                 |
| 3. Central Depository and Settlement Corporation Limited | Central Depository                   |
| 4. EABX PLC  | Over-the-counter Securities Exchange |
| 5. Agosto and Company Limited                            | Credit Rating Agency                 |
| 6. Metropol Corporation Limited                          | Credit Rating Agency                 |
| 7. Global Credit Company                                 | Credit Rating Agency                 |
| 8. Care Ratings (Africa) Private Limited                 | Credit Rating Agency                 |
| 9. A.M Best Europe –Rating Services Limited              | Credit Rating Agency                 |
| 10. Nairobi Coffee Exchange                              | Coffee Exchange                      |

### Derivatives Brokers

| Name   |
|--|
| 1. AIB-AXYS Africa Limited                       |
| 2. EGM Securities Limited (Trading as "FX Pesa") |
| 3. Faida Investment Bank Limited                 |
| 4. Genghis Capital Limited                       |
| 5. Kingdom Securities Limited                    |
| 6. SCFM Limited (Trading as "Scope Markets")     |
| 7. Standard Investment Bank Limited              |
| 8. Sterling Capital Limited                      |
| 9. NCBA Investment Bank Limited                  |
| 10. SBG Securities Limited                       |
| 11. Dyer and Blair Investment Bank Limited       |

### Investment Banks

| Name  | Licence No |
|---|------------|
| 1. ABSA Securities Limited  | 002        |
| 2. Dyer and Blair Investment Bank Limited                                     | 004        |
| 3. Equity Investment Bank Limited   | 005        |
| 4. Faida Investment Bank Limited  | 006        |
| 5. Genghis Capital Limited  | 007        |
| 6. KCB Investment Bank Limited  | 008        |
| 7. NCBA Investment Bank Limited   | 009        |
| 8. Renaissance Capital (Kenya) Limited  | 010        |
| 9. SBG Securities Limited   | 011        |
| 10. Standard Investment Bank  | 012        |
| 11. Sterling Capital Limited  | 021        |
| 12. Dry Associates Limited<br>(Trading as "Dry Associates Investment Bank")   | 114        |
| 13. Salaam Investment Bank Kenya Limited                                      | 115        |
| 14. Gulfcap Investment Bank Limited   | 170        |
| 15. Pergamon Investment Bank Limited  | 179        |
| 16. Investcent Investment Bank Limited  | 187        |
| 16. Capital A Investment Bank Limited<br>(Formerly Securities Africa Limited) | 100        |

## Corporate Trustees

| Name  | Licence No |
|---|------------|
| 1. Kingsland Court Trustee Services Limited | 207        |

## Stockbrokers

| Name                                    | Licence No |
|---|------------|
| 1. ABC Capital                          | 013        |
| 2. AIB-AXYS Africa Limited              | 141        |
| 3. Francis Drummond and Company Limited | 016        |
| 4. Kingdom Securities Limited           | 018        |
| 5. Old Mutual Securities Limited        | 020        |
| 6. Suntra Investments Limited           | 022        |
| 7. EFG Hermes Kenya Limited             | 105        |
| 8. Kestrel Capital (East Africa)Limited | 136        |
| 9. SPK Investments Services Limited     | 177        |

## Non-Dealing Online Forex Exchange Brokers

| Name  | Licence No |
|---|------------|
| 1. EGM Securities Limited (Trading as "FX Pesa")    | 107        |
| 2. SCFM Limited ( Trading as "Scope Markets")       | 123        |
| 3. Pepperstone Markets Kenya Limited                | 128        |
| 4. Exinity East Africa Limited                      | 135        |
| 5. HFM Investments Limited (Trading as "HFM")       | 155        |
| 6. Windsor Markets Kenya Limited                    | 156        |
| 7. Exness (KE) Limited (Formerly Tadenex Limited)   | 162        |
| 8. Ingot KE Limited (Formerly Ingot Africa Limited) | 173        |
| 9. Admirals KE Limited                              | 178        |
| 10. FP Markets Limited                              | 193        |
| 11. IC Markets (KE) Limited                         | 199        |
| 12. Trademax Global Markets (KE) Pty Limited        | 199        |

## Dealing Online Foreign Exchange Brokers

| Name                       | Licence No |
|----------------------------|------------|
| 1. Empire FX Trade Limited | 203        |

## Money Managers

| Name  | Licence No |
|---|------------|
| 1. Standard Investment Bank (Trading as "MANSA X")                                      | 116        |
| 2. Trade Sense Limited (Suspended for three months with effect from 28th February 2025) | 160        |
| 3. Store Poa Enterprise Limited   | 214        |

## Authorised Securities Dealers

| Name                              | Licence No |
|-----------------------------------|------------|
| 1. Standard Chartered (Kenya) Plc | 109        |
| 2. SBM Bank (Kenya) Limited       | 122        |
| 3. Private Wealth Capital Limited | 167        |
| 4. Kingdom Securities Limited     | 192        |
| 5. AKN Investment Limited         | 211        |

## Fund Managers

| Name  | Licence No |
|---|------------|
| 1. Orient Asset Managers Limited  | 023        |
| 2. Amana Capital Limited  | 024        |
| 3. Apollo Asset Management Company Limited  | 025        |
| 4. Britam Asset Managers (Kenya) Limited  | 027        |
| 5. Canon Asset Managers Limited<br>(Formerly Metropolitan Canon Asset Managers Limited) | 028        |
| 6. Nabo Capital Limited   | 029        |
| 7. CIC Asset Managers Limited   | 030        |
| 8. Co-op Trust Investment Services Limited  | 031        |
| 9. FCB Capital Limited  | 033        |
| 10. Fusion Investment Management Limited  | 034        |
| 11. GenAfrica Asset Managers Limited  | 035        |
| 12. ICEA Asset Lion Asset Management Limited  | 036        |
| 13. Madison Investment Managers Limited   | 037        |
| 14. Old Mutual Investment Group   | 038        |
| 15. Sanlam Investments East Africa Limited  | 040        |
| 16. Standard Chartered Investment Services Limited                                      | 042        |
| 17. Zimele Asset Management Company Limited   | 045        |



## Fund Managers (Cont...)

| Name  | Licence No |
|---|------------|
| 18. KCB Asset Management Limited  | 087        |
| 19. Cytonn Asset Managers Limited   | 108        |
| 20. Altree Capital Kenya Limited  | 110        |
| 21. Jubilee Asset Management Limited<br>(Formerly Jubilee Financial Services Limited) | 119        |
| 22. ABSA Asset Management Limited   | 129        |
| 23. African Diaspora Asset Managers Limited   | 131        |
| 24. CFS Asset Management Limited  | 134        |
| 25. I&M Capital Limited   | 145        |
| 26. Globetec Asset Managers Limited   | 154        |
| 27. African Alliance Kenya Asset<br>Management Limited                                | 165        |
| 28. CPF Asset Managers Limited<br>(formerly Financial Services Limited)               | 164        |
| 29. Kuza Asset Management Limited   | 161        |
| 30. Ndovu Wealth Limited  | 168        |
| 31. Mayfair Asset Managers Limited  | 172        |
| 32. Etica Capital Limited   | 171        |
| 33. Star Capital Management Limited   | 166        |
| 34. Lofty Corban Investments Limited  | 180        |
| 35. Spearhead Africa Asset Management Limited   | 186        |
| 36. ALA Capital Limited   | 185        |
| 37. MKM Capital Limited   | 188        |
| 38. Myxeno Investment Management Limited  | 190        |
| 39. Arvocat Asset Managers Limited  | 191        |
| 40. VCG Asset Management  | 196        |
| 41. GTXN Investments Limited  | 200        |
| 42. The Kenyan Alliance Asset Management<br>Limited                                   | 220        |
| 43. Tradium Investments Services Limited  | 221        |

## Investment Advisors

| Name                                   | Licence No |
|--|------------|
| 1. Bora Capital Limited                | 046        |
| 2. Deloitte Financial Advisory Limited | 051        |
| 3. Lifestyle Management Limited        | 054        |

## Investment Advisors (Cont...)

| Name   | Licence No |
|--|------------|
| 4. Price Waterhouse Coopers Associates         | 056        |
| 5. The Profin Group Limited                    | 059        |
| 6. Liaison Financial Services Limited          | 095        |
| 7. Waugh McDonald Wealth Management<br>Limited | 103        |
| 8. Ayesfield (Kenya) Limited                   | 104        |
| 9. Synesis Capital Limited                     | 112        |
| 10. AFG Wealth Kenya Limited                   | 124        |
| 11. Virtual Capital International Limited      | 125        |
| 12. Riscura Solutions (Kenya) Limited          | 146        |
| 13. Private Wealth Capital Limited             | 147        |
| 14. Waanzilishi Capital Limited                | 148        |
| 15. Salus Wealth Management Limited            | 174        |
| 16. Vedman Capital Limited                     | 177        |
| 17. Prime Limited                              | 194        |
| 18. Tim Walsh Advisory Services                | 201        |
| 19. Mirova Sunfunder East Africa Limited       | 204        |
| 20. Entrust Advisory Limited                   | 213        |
| 21. CPF Capital and Advisory Limited           | 217        |
| 22. Moran Capital Management Limited           | 218        |

## REIT Managers

| Name   | Licence No |
|--|------------|
| 1. Nabo Capital Limited                          | 076        |
| 2. CIC Asset Management Limited                  | 080        |
| 3. Fusion Investment Management Limited          | 081        |
| 4. ICEA Lion Asset Management Limited            | 092        |
| 5. Sterling REIT Asset Management Limited        | 097        |
| 6. H.F Development and Investment Limited        | 098        |
| 7. Britam Asset Managers Limited                 | 106        |
| 8. Cytonn Asset Managers Limited                 | 118        |
| 9. Acorn Investment Management Limited           | 133        |
| 10. ALA Capital Limited                          | 195        |
| 11. Mi Vida Homes Limited                        | 206        |
| 12. Future Construct Investment Managers Limited | 212        |
| 13. CPF Capital and Advisory Limited             | 216        |

### Coffee Brokers

| Name  | Licence No |
|---|------------|
| 1. Meru County Coffee Marketing Agency Limited            | 151        |
| 2. Kipkelion Brokerage Company Limited                    | 152        |
| 3. Muran'ga County Coffee Dealers Company Limited         | 153        |
| 4. United Eastern Kenya Coffee Marketing Agency           | 158        |
| 5. Mt. Elgon Coffee Marketing Agency                      | 157        |
| 6. Embu Coffee Farmers Marketing Agency Limited           | 159        |
| 7. Kinya Coffee Marketing Agency Limited                  | 181        |
| 8. Alliance Berries Limited                               | 182        |
| 9. Kiambu Coffee Marketing Company Limited                | 183        |
| 10. Bungoma Union Marketing Agency Limited                | 184        |
| 11. KCCE Marketing Agency Limited                         | 189        |
| 12. Kirinyaga Slopes Coffee Brokerage Company             | 202        |
| 13. Nandi Coffee Cooperative Union Coffee Brokers Limited | 205        |
| 14. Meru South Coffee Marketing Company Limited           | 208        |
| 15. Minnesota Coffee Marketers Limited                    | 209        |
| 16. Coffee Estates Bourgeoisie Brokers Agency Limited     | 210        |

### Reit Trustees

| Name                                       | Licence No |
|--|------------|
| 1. Housing Finance Company (Kenya) Limited | 088        |
| 2. Co-operative Bank of Kenya Limited      | 089        |
| 3. Kenya Commercial Bank Limited           | 090        |
| 4. NCBA Bank Kenya PLC                     | 197        |

### Intermediary Service Platform Providers

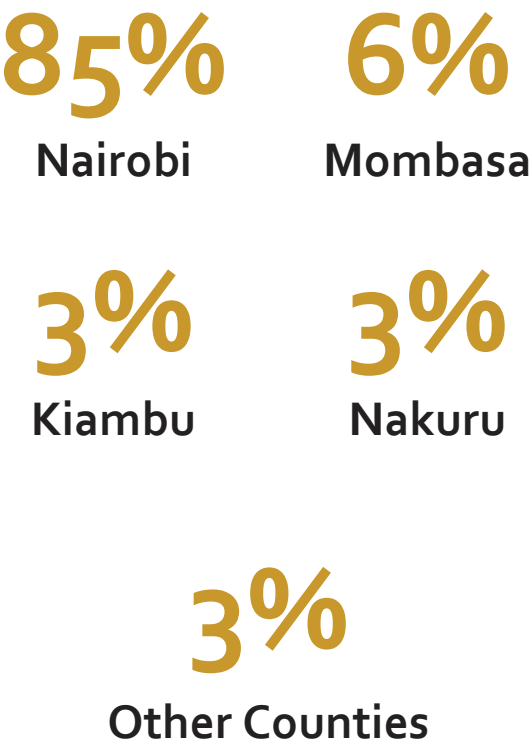
| Name                        | Licence No |
|-----------------------------|------------|
| 1. Givva Wealthtech Limited | 215        |

### 1.3 Distribution of Capital Markets Intermediaries

The distribution of capital markets intermediaries in Kenya, encompassing investment banks, stock-brokers, fund managers, and investment advisors, is predominantly centered in Nairobi, which hosts over 85% of these entities due to its role as the financial epicenter and home to the Nairobi Securities Exchange (NSE) and Capital Markets Authority (CMA).

Counties like Mombasa, Kisumu, Kiambu, and Nakuru have a modest presence, primarily through agents affiliated with investment banks or stock-brokers, insurance-affiliated services, bank-led services, or digital platforms, while other counties rely heavily on commercial banks and financial inclusion initiatives. As of December 2024, the CMA has licensed 161 market intermediaries, as depicted above in 1.2, but their physical footprint outside urban centers remains limited, highlighting opportunities for digital expansion and investor education to enhance market access across Kenya's 47 counties.

The table below shows the distribution of the agents across the country



# CHAPTER TWO

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DEVELOPMENTS IN THE  
CAPITAL MARKETS SECTOR

# CHAPTER TWO

## DEVELOPMENTS IN THE CAPITAL MARKETS SECTOR

### 2.1 Developments in the Supervisory Framework

The 2023–2024 fiscal year saw significant enhancements to Kenya’s capital markets regulatory framework, aimed at strengthening investor protection, promoting market efficiency, and aligning with international best practices. Key developments included:

#### 2.1.1 Amendments to the Capital Markets Act

The Anti-Money Laundering and Combating Terrorism Financing Laws (Amendment) Act, 2023 introduced changes to Sections 12B, 35A, and 35B of the Capital Markets Act, reinforcing compliance with the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009.

#### 2.1.2 New Regulations

##### 2.1.2.1 Capital Markets (Alternative Investment Funds) Regulations, 2023 (LN 170):

**Purpose:** Facilitate capital access for non-traditional investment vehicles.

**Scope:** Applies to all AIFs operating in or from Kenya.

##### 2.1.2.2 Capital Markets (Credit Rating Agencies) Regulations, 2023 (LN 171):

**Purpose:** Enhance transparency and credibility of credit ratings.

**Scope:** Covers all credit rating agencies in Kenya.

##### 2.1.2.3 Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023 (LN 172):

**Purpose:** Strengthen investor protection and capital formation.

**Scope:** Applicable to all issuers.

##### 2.1.2.4 Capital Markets (Collective Investment Schemes) Regulations, 2023 (LN 173):

**Purpose:** Improve operational integrity and investor confidence in CIS.

**Scope:** Governs all Collective Investment Schemes.

#### 2.1.3 Other Supervisory Enhancements

a) **Risk-Based Supervision:** Continued refinement of risk assessment methodologies for licensees.

b) **AML/CFT Compliance:** Stricter monitoring aligned with the amended Act.

c) **Automation of Regulatory Processes:** Adoption of in-house systems to streamline supervision.







#### **2.1.4 Anti-Money Laundering, Countering Terrorism and Proliferation Financing (AML/CFT/CPF)**

In February 2024, the Financial Action Taskforce (FATF) placed Kenya under increased monitoring, commonly known as the “grey list”. This followed a one-year post observation period from October 2022 to October 2023, where Kenya was required to address Anti-Money Laundering, Countering Terrorism and Proliferation Financing (AML/CFT/CPF) deficiencies identified in the Mutual Evaluation Report of September 2022.

Consequently, the FATF provided an action plan of key strategic deficiencies to be addressed by the country, including the Authority, with timelines to exit the grey list. The action plan highlighted the key issues to justify Kenya’s grey listing, and the corresponding remedial actions to be taken for resolution.

The Authority is part of the working group implementing the action plan areas relevant to its respective mandate, taking into consideration the timelines to fully address all identified deficiencies. To address these, CMA has conducted, enhanced, and is continually improving AML/CFT/CPF risk-based supervision of capital market intermediaries including risk assessments, onsite inspections, offsite monitoring and enforcement actions for breaches of AML/CFT/CPF obligations. In addition, the Authority has conducted capacity building of its technical staff, issued guidance and sensitized market intermediaries on obligations relating to preventive measures, i.e. Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), Beneficial Ownership (BO), Politically Exposed Persons (PEPs), Suspicious Transaction Reporting (STR) and Targeted Financial Sanctions (TFS).

Kenya is required to report at least three times per year to the FATF Joint Group and at least two times per year to the Eastern and Southern African Anti Money Laundering Group (ESAAMLG) to detail progress made in addressing the action plan.

The Prevention of Terrorism (Implementation of The United Nations Security Council Resolutions on the Suppression of Terrorism Regulations, 2024 was issued in November 2024, and this has enhanced legislation for the regulation and mitigation of terrorism financing risks.

## 2.2 Issuers

### A. Consolidation, Mergers and Acquisitions, and New Entrants In 2024.

#### a. Amsons Industries (K) Limited Takeover of Bamburi Cement Plc

Amsons Industries (K) Limited vide a letter dated July 10, 2024 notified the Authority of the intention to make a take-over offer to acquire 100% of Bamburi Cement Plc's ordinary shares.

The Company indicated that the offer was consistent with the Amson Group of Companies' strategy for growth and expansion into a more specialized approach to cement manufacturing, in addition to organic growth. The company indicated its interest in remaining listed at the NSE.

#### b. Kenya Orchards Limited acquisition by Africa Mega Agricorp Plc

Africa Mega Agricultural Centre Limited sought an approval by the Authority for the proposed purchase of 10,863,537 to (84.423% of the Issued share) shares of Kenya Orchards Limited and a further exemption from complying with the takeover requirements under Regulation 4 of the Capital Markets (Take-Overs and Mergers) (the Take Over Regulations) 2002.

The exemption was on the ground that Africa Mega Agricorp Plc shall be a strategic investor in the Company and shall leverage its international networks and ability to finance the turnaround strategy of the Company as well as the implementation of a diversification strategy to improve the performance of Kenya Orchards for the benefit of the shareholders and the investing public. The Company contended that the effect of this strategic investment will improve shareholder value.

#### c. HF Group PLC Rights Issue

On September 17, 2024 HF Group PLC, through their Transaction Advisors, Dyer & Blair Investment Bank, sought approval to issue and list 1,153,842,504 new ordinary shares with a Green Shoe option of 346,152,751 ordinary shares to cater for any over-subscription.

The rationale of the Rights Issue was to increase its investment in HFC Group PLC's expanded business segments to shore up its capital base and ensure it is sufficiently capitalized. The capital injection will allow HF Group Plc to continue to implement its growth strategy through its investments in growing business segments and enhancing its digital proposition.

### B. Key Market Developments- Reclassification of Companies' Segment

The Capital Markets (Public Offers, Listings and Disclosures) Regulations, 2023 (CMA POLD Regulations 2023) repealed the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (CMA POLD Regulations 2002). With the overhauling of the legal frameworks, changes were introduced in the segments for listing of securities issued to the public, as demonstrated below:

| CMA POLD Regulations 2023   | CMA POLD Regulations 2002   |
|---|---|
| <p>Regulation 11 provides the following segments for listing of securities to the public or list at a securities exchange:</p> <ul style="list-style-type: none"><li>a) Main Investment Market Segment</li><li>b) Small and Medium Enterprises Market Segment.</li><li>c) Main Fixed Income Securities Market Segment.</li><li>d) Small and Medium Enterprises Fixed Income Securities Market Segment.</li><li>e) Regional Fixed Income Securities Segment.</li></ul> | <p>Regulation 7 provides the following segments for listing of securities to the public or list at a securities exchange:</p> <ul style="list-style-type: none"><li>a) Main Investment Market Segment</li><li>b) Alternative Investment Market Segment.</li><li>c) Growth Enterprise Market Segment.</li><li>d) Fixed Income Securities Market Segment.</li><li>e) Regional Fixed Income Securities Segment</li></ul> |



Regulation 14 (1) of CMA POLD Regulations 2023 provides that an Issuer of securities to the public who does not wish to list the securities on a securities exchange shall meet the eligibility criteria and comply with the disclosure requirements prescribed for Small and Medium Enterprises Market Segment in the case of Equities and Small and Medium Enterprises Fixed Income Securities Market Segment in the case of Debt Securities.

CMA POLD Regulations 2023 introduces an important segment targeting the Small and Medium Enterprises (SMEs) as part of deliberate initiatives of broadening the number of Issuers in the Kenyan Capital Markets. The introduction of the SMEs segments aligns with the Government Bottom-Up Economic Transformation Agenda (BETA), which is geared towards economic turnaround through a value chain approach.<sup>1</sup> A key element of the value chain approach by the Kenyan Government is to support Micro, Small and Medium Enterprises (MSMEs) to provide employment and income opportunities for economically excluded segments of the population.

### **C. Stewardship Code for Institutional Investors, 2017**

The Stewardship Code for Institutional Investors 2017 applies to the asset owners (collective investment vehicles) and asset managers investing in the debt and equities of companies listed on a licensed securities exchange, and it calls for due diligence on the part of institutional investors to exercise ownership rights actively and responsibly as part of their fiduciary responsibility to their clients.

Principle 1 of the Stewardship Code provides that institutional investors shall develop and disclose policies on how they approach stewardship and responsible investment. These policies shall document how to approach stewardship in areas such as the integration of environmental, social and governance (ESG) factors in investment analysis.

For instance, under Regulation 102 (1) (b) of the Capital Markets (Collective Investment Schemes) Regulations, 2023 provides that for Equity Funds, the fund shall invest a minimum of sixty per cent (60%) of the market value of its asset under management in equities listed locally on a securities exchange. Such investments provide the fund managers with a unique opportunity of investing in securities of issuers that align with their investment policies, which should factor in Environmental, Social and Governance considerations. By such fund managers placing importance to ESG factors as a condition for investment in the securities of an Issuer, Issuers will be forced to adopt the best standards in a bid to improve their attractiveness for investment by Fund Managers.

Further, the Stewardship Code advocates for institutional investors to adopt strong conflict of interest frameworks to ensure that it reflects an explicit recognition of the need for institutional investors to act in the interests of the clients and that while some conflict of interest may occur, they should be avoided or minimised using tactics such as segregation of roles and Chinese walls.

The Stewardship Code advocates that in the investment context, the main focus of the institutional investors is on the aspects of the social, environmental and ethical practices by issuers that may pose a material commercial risk or opportunity. The Stewardship Code advocates that attention to these sustainability issues in the investment process shall be regarded as part of an institutional investor's fiduciary responsibility to the ultimate beneficiaries.

The following are the eight (8) firms have signed up the stewardship Code: Zimele Asset Managers, Sanlam East Africa Limited, Nabo Capital Limited, Kuza Asset Management Limited, ICEA Lion Asset Management Limited, Globotec Asset Managers Limited, CIC Asset Management Limited, and Cannon Asset Management Limited. By pledging their commitment, they have undertaken to adhere to the Stewardship Code's principles, which emphasize the need for active oversight of assets through meaningful engagement with issuers.

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<sup>1</sup> Bottom-Up Economic Transformation Agenda for Inclusive Growth, Fourth Medium Term Plan 2023-2027, The National Treasury and Economic Planning, 2024- [https://vision2030.go.ke/wp-content/uploads/2024/03/FINAL-MTP-IV-2023-2027\\_240320\\_184046.pdf](https://vision2030.go.ke/wp-content/uploads/2024/03/FINAL-MTP-IV-2023-2027_240320_184046.pdf)

## 2.3 Developments in Market Infrastructure

Throughout the year, the capital markets witnessed the introduction of new market infrastructure, with various market players implementing fintech and digital solutions to enhance service delivery and expand their reach. These innovations included share trading applications and unit trust access via mobile phones.

Four fintech companies that graduated from the CMA Regulatory Sandbox were brought into mainstream regulation. The Authority has worked with these new firms in areas including capacity building, relationship management, enhanced monitoring, and onsite inspection, to strengthen their governance and operational practices to enable them to operate sustainably in the market environment.

## 2.4 Supervision of the Commodities Market

The Authority conducted an on-site inspection on the Direct Settlement System (DSS) provided by Cooperative Bank between April 3rd – April 5th, 2024. This was the first ever inspection of the DSS and was aimed at ensuring compliance with the Capital Markets Act and Regulations thereto.

The Authority conducted various sensitizations in collaboration with various value coffee chain actors, regulators, and ministries. This includes conducting awareness campaigns at the grassroots level for coffee-growing counties, holding workshops for various players in the coffee value chain, and conducting one-on-one visits with licensed coffee brokers countrywide. The result from these sensitisation workshops has been a boost in understanding of a structured coffee exchange amongst coffee growers. Growers have understood their privileges provided by the law while also appreciating the role of regulators and key institutions in the value chain, notably the Nairobi Coffee Exchange and the DSS provider.

The Authority issued various circulars/advisories to guide coffee stakeholders and ensure that there is orderliness and fairness in the market. The circulars addressed regulatory compliance issues such as trading procedures, prompt payment to farmers, among others.

The circulars and directives were also meant to provide further clarity to the coffee regulations and NCE Trading Rules. Further, the Authority participated in various engagements with government ministries including the National Treasury, the Ministry of Co-Operatives and Micro, Small and Medium Enterprises (MSME) Development and the Ministry of Livestock and Agriculture.

## 2.5 Outlook

As we reflect on the developments and performance of Kenya's capital markets in 2024, the following strategic priorities will guide our efforts to enhance market integrity, foster innovation, and drive sustainable growth in the coming year:

### 1. Strengthening the Regulatory Framework

- Finalize Pending Amendments: To amend the Guidelines on the Prevention of Money Laundering and Terrorism Financing in the Capital Markets, 2015, to align with the Proceeds of Crime and Anti-Money Laundering Act, 2009 (Revised 2022).
- Monitor New Regulations: Track the implementation of the four key regulations introduced in 2023–2024 (AIFs, Credit Rating Agencies, Public Offers, and CIS), addressing operational challenges and providing guidance to licensees where needed.

### 2. Enhancing Market Supervision

- Deepen Risk-Based Supervision (RBS): Refine risk assessment tools to prioritize high-risk intermediaries and issuers, leveraging data from regtech systems and other automated systems.
- Boost Compliance Monitoring: Increase scrutiny of AML/CFT compliance across licensees, with targeted inspections for sectors with elevated risks.
- Expand Digital Surveillance: Invest in technology to monitor digital transactions, USSD-based onboarding, and virtual AGMs for real-time anomaly detection

### 3. Promoting Market Development

- Support Innovation: Fast-track licensing for virtual asset exchanges and green/sustainability-themed funds, pending gazettment of supporting regulations.
- Encourage Capital Formation: Work with issuers to streamline listing processes (e.g., automated CDSC/CBK accounts) and promote diverse products like REITs and derivatives.
- Stakeholder Engagement: Partner with EABX and other new entrants to enhance liquidity in alternative trading platforms and OTC markets.

### 4. Investor Protection & Education

- Complaint Resolution: Strengthen the Investor Compensation Fund (ICF) framework and publicize enforcement actions to deter misconduct.
- Financial Literacy: Launch campaigns to demystify CIS and digital trading for retail investors.

### 5. Operational Efficiency

- Automation: Scale up in-house systems (RegMis, eCitizen integration) to reduce manual reporting burdens for licensees and the Authority.
- Capacity Building: Train staff on emerging trends (e.g., behavioral finance, ESG metrics) to align supervision with global standards.

The Authority remains committed to a dynamic, transparent, and resilient capital market. We will prioritize collaboration with stakeholders, including the National Treasury, EABX, and industry associations, to implement these actions and publish progress in the 2025 report.



The background of the slide features a blurred image of financial market data. It includes several candlestick charts with green and red bars, and various colored moving average lines (blue, red, yellow) overlaid on the price data. The overall color scheme is dark with vibrant highlights from the charts.

# CHAPTER THREE

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CAPITAL MARKETS  
SECTOR PERFORMANCE

# CHAPTER THREE

## CAPITAL MARKETS SECTOR PERFORMANCE

### 3.1 Economic Environment

According to the Quarterly Gross Domestic Product report for the third quarter of 2024 by the Kenya National Bureau of Statistics (KNBS), the economy grew by 4.0% in Q3 2024, compared to a growth of 6.0% in the corresponding quarter of 2023. The growth was supported by notable performances in Agriculture, Forestry and Fishing, Transportation and Storage activities, Financial and Insurance activities, Real Estate activities, Wholesale and Retail activities and Accommodation and Food service activities. The growth was, however constrained by contractions in Construction and Mining and Quarrying activities.

Figure 1 : Real GDP Growth Rates



Source: KNBS

Sectoral analysis by the Kenya National Bureau of Statistics (KNBS) showed that the Agriculture, Forestry, and Fishing sector grew by 4.2 per cent in the quarter under review, compared to 5.1 per cent growth recorded in the same quarter of 2023. This growth was largely on account of favourable weather conditions that prevailed throughout the first three quarters of 2024. However, the sector's growth was constrained by a 12.2 per cent decline in tea production from 138,771.6 metric tonnes in the third quarter of 2023 to 121,868.3 metric tonnes in the similar quarter of 2024.

The Manufacturing sector recorded a real GDP growth of 2.3 per cent in the third quarter of 2024, slightly lower than the 2.8 per cent growth recorded during the same period in 2023. The manufacturing sector's growth in the third quarter of 2024 was largely driven by the food subsector, particularly sugar production. The growth of the sector was constrained by manufacture of galvanised sheet, cement production and assembly of motor vehicles.

Electricity and Water supply activities gross value-added growth decelerated to 0.9 per cent during the third quarter of 2024 compared to 3.3 per cent growth in a similar period of 2023. Growth of the sector was supported by increase in generation of hydro power and decrease in generation of electricity from thermal sources.

During the review period, the Construction sector recorded a 2.0 per cent contraction, compared to 4.0 per cent growth in the third quarter of 2023. The contraction was reflected by trends in key industry indicators. For instance, cement consumption declined by 10.0 per cent to stand at 2,196.7 thousand tonnes in the third quarter of 2024, from 2,439.7 thousand tonnes consumed in a similar quarter of 2023. The quantity of imported bitumen decreased by 40.9 per cent to 18,353.0 tonnes in the third quarter of 2024 from 31,053.5 tonnes imported in the third quarter of 2023.

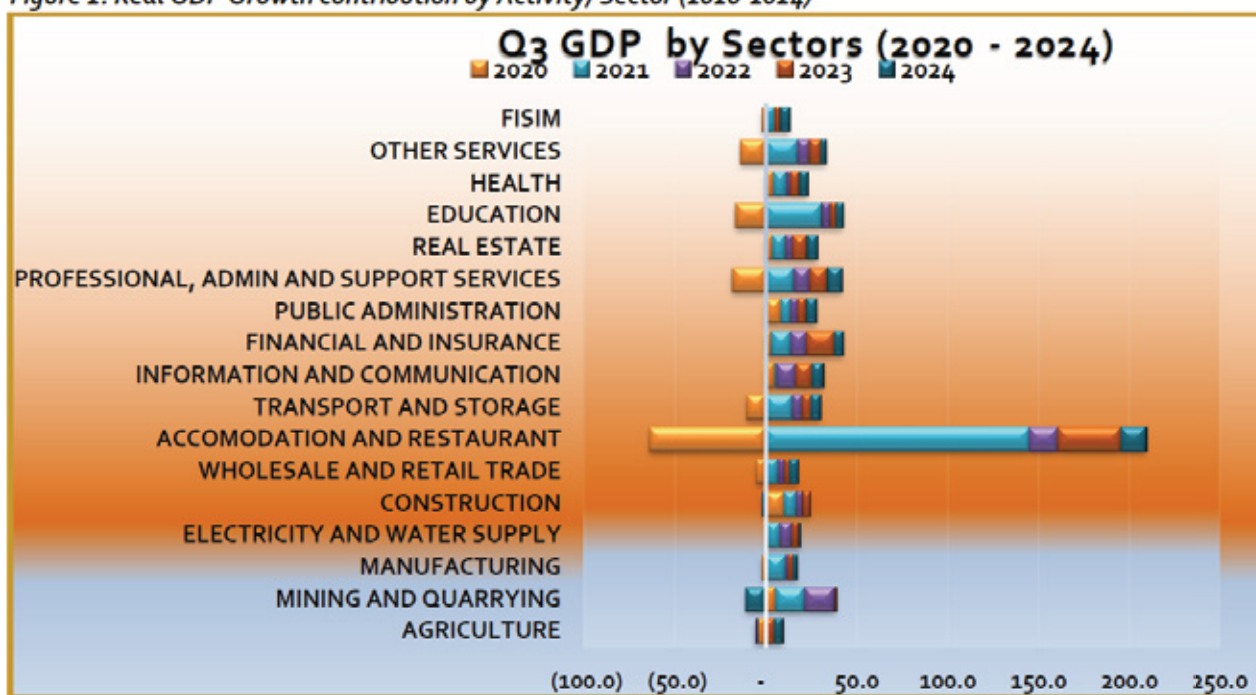
The Transportation and Storage sector grew by 5.2 per cent in the third quarter of 2024 compared to 5.1 per cent growth in the corresponding quarter of 2023. The sector growth was evidenced by increase in consumption of light diesel and port throughput. Consumption of light diesel, a key input for land transportation, increased by 2.7 per cent from 557.6 thousand metric tonnes in the third quarter of 2023 to 572.8 thousand metric tonnes in the period under review. On average, the prices of diesel declined by 8.1 per cent from KSh 187.52 per litre in the third quarter of 2023 to KShs. 172.33 per litre in the period under review, offering some cost relief to transport operators.

Elsewhere, the Accommodation and Food Service sector remained resilient in the quarter under review. The sector grew by 13.7 per cent in the third quarter of 2024 compared to 34.5 per cent growth in the third quarter of 2023. Visitor arrivals through major border points increased by 4.2 per cent to stand at 641,900. Visitor arrivals through the two major airports, the Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA) increased by 0.8 per cent from 486,102 in the third quarter of 2023 to 489,831 in the corresponding quarter of 2024.

The Financial and Insurance sector grew by 4.7 per cent in the third quarter of 2024 compared to 15.5 per cent in the corresponding quarter of 2023. The Central Bank Rate was reviewed downwards from 13.00 per cent in July to 12.75 per cent in both August and September of 2024 compared to 10.50 per cent for similar months of 2023.

The cost of credit rose during the third quarter of 2024, with average interest rates on loans and other advances by commercial banks increasing to 16.91 per cent in September 2024 from 13.98 per cent in September 2023

**Figure 2: Real GDP Growth contribution by Activity/ Sector (2020-2024)**



## 3.2 Performance of the Capital Markets Intermediaries

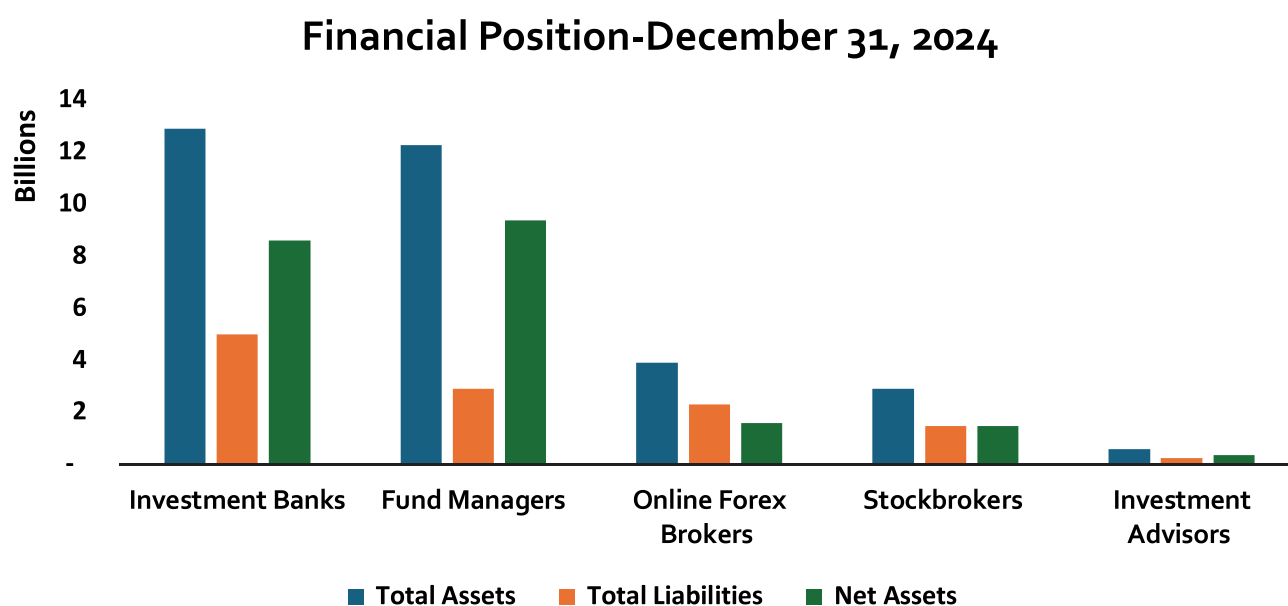
### A. Financial Position Analysis of the Capital Market Intermediaries

For the year ending December 31, 2024, market intermediaries reported total assets of Kshs. 34.1 billion and liabilities of Kshs. 12.8 billion. The performance of each license category is detailed below.



| License Category     | Total Assets          | Total Liabilities     | Net Assets            |
|----------------------|-----------------------|-----------------------|-----------------------|
| Fund Managers        | 12,268,159,674        | 2,900,019,029         | 9,368,140,646         |
| Investment Advisors  | 623,321,529           | 266,769,583           | 356,551,947           |
| Investment Banks     | 14,487,836,035        | 5,384,355,769         | 9,103,481,827         |
| Stockbrokers         | 2,956,449,883         | 1,876,355,024         | 1,080,094,859         |
| Online Forex Brokers | 3,849,085,883         | 2,381,617,248         | 1,467,468,635         |
| <b>Total</b>         | <b>34,184,853,004</b> | <b>12,809,116,653</b> | <b>21,375,737,914</b> |

The graphical representation of the financial position is shown below:



### Fund Managers

The fund managers reported total assets of Kshs 12.3 billion and total liabilities of Kshs 2.9 billion. CIC Asset Management Limited accounted for the largest total assets, at Kshs 2 billion. Additionally, this fund manager managed the highest Assets Under Management (AUM) of Kshs 82.5 billion. The table below presents the financial positions of various licensed fund managers

| No | Name   | Total Assets  | Total Liabilities | Net Assets    |
|----|--|---------------|-------------------|---------------|
| 1  | CIC Asset Management Limited                   | 2,086,711,000 | 83,679,178        | 2,003,031,822 |
| 2  | ICEA Lion Asset Management Limited             | 1,467,932,070 | 200,730,007       | 1,267,202,064 |
| 3  | Co-optrust Investment Services Limited         | 893,795,210   | 66,433,010        | 827,362,200   |
| 4  | GenAfrica Asset Managers Limited               | 1,046,721,670 | 356,860,104       | 689,861,566   |
| 5  | Standard Chartered Investment Services Limited | 1,140,771,125 | 474,534,628       | 666,236,497   |

|    |   |                       |                      |                      |
|----|---|-----------------------|----------------------|----------------------|
| 6  | Sanlam Investments East Africa Ltd        | 988,084,000           | 368,386,000          | 619,698,000          |
| 7  | Nabo Capital Ltd                          | 514,879,000           | 62,458,000           | 452,421,000          |
| 8  | Old Mutual Investment Group Ltd           | 748,520,000           | 325,525,000          | 422,995,000          |
| 9  | British American Asset Managers Limited   | 588,623,000           | 176,918,000          | 411,705,000          |
| 10 | ABSA Asset Management Limited             | 662,057,092           | 263,186,055          | 398,871,037          |
| 11 | Investcent Partners                       | 301,251,839           | 5,573,380            | 295,678,459          |
| 12 | KCB Asset Managers                        | 435,589,000           | 228,707,000          | 206,882,000          |
| 13 | Madison Investment Managers Limited       | 144,036,394           | 14,307,534           | 129,728,860          |
| 14 | African Alliance Kenya Asset Management   | 174,844,000           | 82,732,000           | 92,112,000           |
| 15 | Wanzilishi Capital Limited                | 82,929,327            | 1,070,268            | 81,859,059           |
| 16 | Etica Capital Limited                     | 99,995,576            | 18,893,649           | 81,101,927           |
| 17 | Zimele Asset Management Company Limited   | 96,321,657            | 19,175,257           | 77,146,400           |
| 18 | Fusion Investment Management Limited      | 88,428,901            | 16,962,713           | 71,466,188           |
| 19 | CPF Asset Managers Limited                | 69,945,000            | 3,594,000            | 66,351,000           |
| 20 | FCB Capital Limited                       | 64,695,204            | 1,154,841            | 63,540,363           |
| 21 | Apollo Asset Management Company Limited   | 61,414,646            | 9,695,191            | 51,719,455           |
| 22 | Jubilee Financial Services Ltd            | 50,133,809            | 749,504              | 49,384,305           |
| 23 | Mayfair Asset Managers Limited            | 54,279,799            | 6,815,322            | 47,464,477           |
| 24 | Cytonn Asset Managers Limited             | 65,668,868            | 18,597,334           | 47,071,534           |
| 25 | VCG Asset Management Limited              | 45,655,446            | 12,124,989           | 33,530,457           |
| 26 | Lofty-corban Investments Limited          | 43,366,553            | 10,074,071           | 33,292,482           |
| 27 | Orient Asset Managers Limited             | 42,538,885            | 12,390,692           | 30,148,193           |
| 28 | Kuza Asset Management Limited             | 25,818,743            | 1,078,324            | 24,740,419           |
| 29 | Star Capital Management Ltd               | 36,519,438            | 11,919,553           | 24,599,885           |
| 30 | Ala Capital                               | 18,200,000            | 0                    | 18,200,000           |
| 31 | Cannon Asset Managers Limited             | 26,498,748            | 9,139,646            | 17,359,102           |
| 32 | MyXeno Investment Management Limited      | 25,781,115            | 10,975,491           | 14,805,624           |
| 33 | Amana Capital Limited                     | 24,887,749            | 11,464,765           | 13,422,984           |
| 34 | Globetec Asset Managers Limited           | 13,963,659.00         | 2,125,216            | 11,838,443           |
| 35 | Arvocat Asset Managers Limited            | 22,595,858            | 11,277,312           | 11,318,546           |
| 36 | Altree Capital Kenya Limited              | 10,546,064            | 429,785              | 10,116,279           |
| 37 | Spearhead Africa Asset Management Limited | 4,159,229             | 281,210              | 3,878,019            |
|    | <b>Total</b>                              | <b>12,268,159,674</b> | <b>2,900,019,029</b> | <b>9,368,140,646</b> |

## Investment Advisors

The investment advisors category reported total assets of Kshs. 623.3 million and total liabilities of Kshs. 266.8 million. Liaison Financial Services Limited reported the highest total assets of Kshs. 233.3 million.

| No | Name                                  | Total Assets       | Total Liabilities  | Net Assets         |
|----|---------------------------------------|--------------------|--------------------|--------------------|
| 1  | Liaison Financial Services Ltd        | 233,347,690        | 88,386,713         | 144,960,977        |
| 2  | Mirova Sunfunder East Africa Limited  | 134,489,073        | 71,451,871         | 63,037,202         |
| 3  | Waugh McDonald Wealth Management Ltd  | 37,102,098         | 582,188            | 36,519,910         |
| 4  | AKN Investments                       | 33,109,774         | 156,600            | 32,953,174         |
| 5  | Synesis Capital Limited               | 35,627,156         | 14,371,911         | 21,255,245         |
| 6  | Virtual Capital International Limited | 72,644,687         | 54,140,747         | 18,503,940         |
| 7  | The Profin Group (K) Limited          | 14,773,666         | 1,574,726          | 13,198,941         |
| 8  | Lifestyle Management Limited          | 11,144,407         | 676,795            | 10,467,612         |
| 9  | Private Wealth Capital Limited        | 19,626,441         | 9,656,912          | 9,969,528          |
| 10 | RisCura Solutions (Kenya) Limited     | 12,413,088         | 4,463,998          | 7,949,090          |
| 11 | PwC Associates Limited                | 4,945,538          | 423,404            | 4,522,134          |
| 12 | Deloitte Finance Advisory Limited     | 4,120,458          | 693,735            | 3,426,723          |
| 13 | AFG Wealth Kenya Limited              | 134,918            | 2,074,357          | (1,939,439)        |
| 14 | Salus Wealth Management Limited       | 9,842,535          | 18,115,625         | (8,273,090)        |
|    | <b>Total</b>                          | <b>623,321,529</b> | <b>266,769,583</b> | <b>356,551,947</b> |

## Investment Banks

As of December 31, 2024, this license category reported total assets of Kshs. 14.5 billion and total liabilities of Kshs. 5.4 billion, resulting in a net asset position of Kshs. 9.1 billion. Dyer and Blair Investment Bank Limited reported the highest total assets in this category, amounting to Kshs. 2.3 billion, with a net asset position of Kshs. 1.71 billion.

| No | Name                                   | Total Assets          | Total Liabilities    | Net Assets           |
|----|--|-----------------------|----------------------|----------------------|
| 1  | Dyer And Blair Investment Bank Limited | 2,255,909,124         | 546,650,217          | 1,709,258,907        |
| 2  | Standard Investment Bank Limited       | 1,381,424,103         | 263,350,863          | 1,118,073,237        |
| 3  | KCB Investment Bank Limited            | 1,433,851,000         | 624,834,000          | 809,017,000          |
| 4  | Dry Associates Limited                 | 821,696,778           | 28,369,778           | 793,327,770          |
| 5  | NCBA Investment Bank Limited           | 1,124,627,000         | 413,224,000          | 711,403,794          |
| 6  | Equity Investment Bank Limited         | 746,337,739           | 169,215,842          | 577,121,896          |
| 7  | Sterling Capital Limited               | 728,600,479           | 286,184,672          | 442,415,807          |
| 8  | Faida Investment Bank Limited          | 716,020,357           | 284,886,646          | 431,133,711          |
| 9  | Pergamon Investment Bank Limited       | 1,185,218,968         | 768,014,701          | 417,204,267          |
| 10 | Absa Securities Limited                | 588,623,000           | 176,918,000          | 411,705,000          |
| 11 | Capital A Investment Bank Limited      | 534,869,019           | 143,364,615          | 391,504,404          |
| 12 | SBG Securities Limited                 | 816,227,273           | 434,212,992          | 382,014,281          |
| 13 | Renaissance Capital (Kenya) Limited    | 399,008,000           | 27,180,000           | 371,828,000          |
| 14 | Salaam Investment Bank Kenya Limited   | 1,338,677,173         | 992,977,514          | 345,699,659          |
| 15 | Gulfcap Investment Bank Limited        | 416,746,022           | 224,971,929          | 191,774,093          |
|    | <b>Total</b>                           | <b>14,487,836,035</b> | <b>5,384,355,769</b> | <b>9,103,481,827</b> |

## Stockbrokers

In the period that ended December 31, 2024, this license category reported the total assets of Kshs. 2.96 billion and total liabilities of Kshs. 1.9 billion. Kingdom Securities Limited reported the highest net asset position of Kshs. 0.29 billion.

| No | Name                                 | Total Assets         | Total Liabilities    | Net Assets           |
|----|--------------------------------------|----------------------|----------------------|----------------------|
| 1  | Kingdom Securities Limited           | 1,081,833,753        | 794,650,569          | 287,183,184          |
| 2  | EFG Hermes Kenya Limited             | 282,299,711          | 79,630,111           | 202,669,600          |
| 3  | AIB-AXYS Africa Limited              | 523,524,488          | 327,000,337          | 196,524,151          |
| 4  | Kestrel Capital E.A. Limited         | 413,578,000          | 269,532,000          | 144,046,000          |
| 5  | Francis Drummond and Company Limited | 314,539,546          | 221,665,472          | 92,874,074           |
| 6  | Suntra Investments Limited           | 152,385,880          | 60,094,586           | 92,291,294           |
| 7  | ABC Capital Ltd                      | 188,288,505          | 123,781,949          | 64,506,556           |
|    | <b>Total</b>                         | <b>2,956,449,883</b> | <b>1,876,355,024</b> | <b>1,080,094,859</b> |

## Online Forex Brokers (Non-dealing)

This licence category reported the total assets of Kshs. 3.9 billion and total liabilities of Kshs. 2.38 billion. Pepperstone Markets Kenya Limited reported the highest total assets of Kshs. 961.2 million.

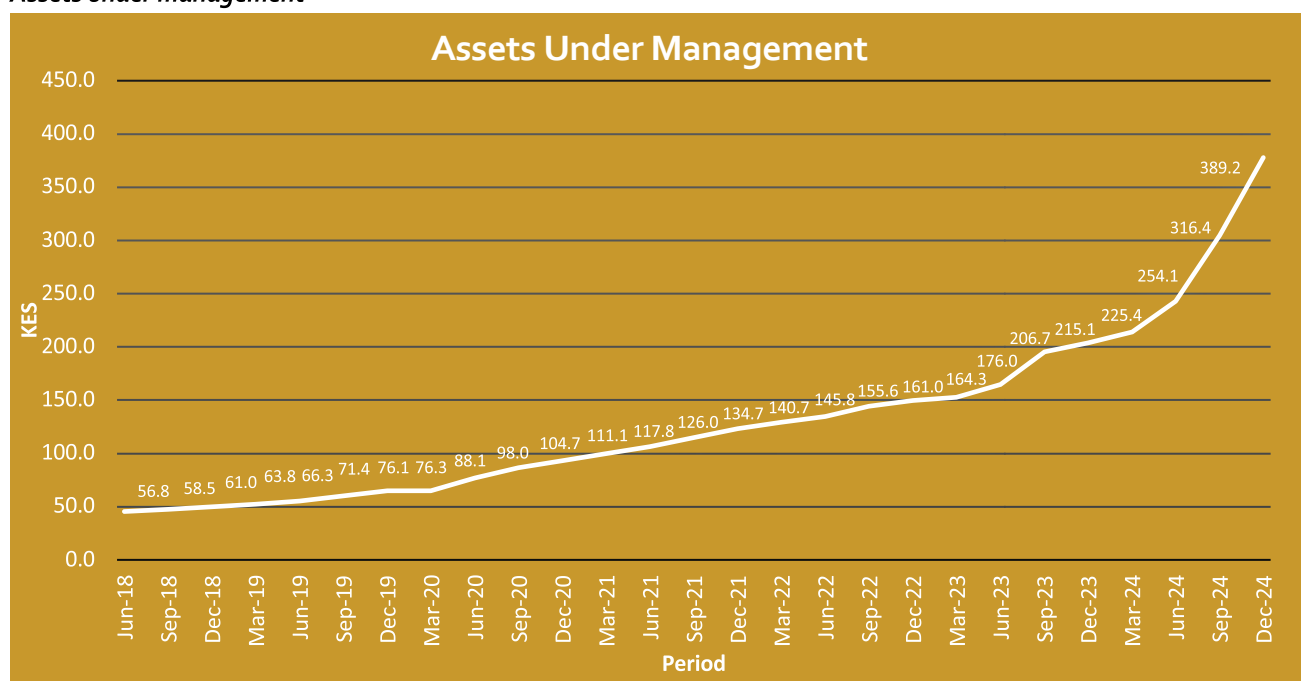
| No | Name                              | Total Assets         | Total Liabilities    | Net Assets           |
|----|-----------------------------------|----------------------|----------------------|----------------------|
| 1  | Pepperstone Markets Kenya Limited | 961,224,000          | 690,110,000          | 271,114,000          |
| 2  | Exness KE Limited                 | 362,961,189          | 113,819,393          | 249,141,796          |
| 3  | Exinity Capital East Africa Ltd   | 888,964,280          | 643,206,133          | 245,758,147          |
| 4  | Windsor Markets Kenya Limited     | 256,863,992          | 36,210,518           | 220,653,474          |
| 5  | SCFM Limited                      | 406,921,929          | 230,102,758          | 176,819,171          |
| 6  | EGM Securities Limited            | 439,791,629          | 361,664,490          | 78,127,139           |
| 7  | IC Markets Kenya Limited          | 58,110,354           | 3,144,364            | 54,965,990           |
| 8  | HFM Investments Limited           | 263,947,254          | 212,456,702          | 51,490,552           |
| 9  | Ingot Brokers Africa              | 138,623,393          | 88,623,393           | 50,000,000           |
| 10 | Admirals Ke Ltd                   | 40,262,587           | 905,241              | 39,357,346           |
| 11 | FP Markets Limited                | 31,415,276           | 1,374,256            | 30,041,020           |
|    | <b>Total</b>                      | <b>3,849,085,883</b> | <b>2,381,617,248</b> | <b>1,467,468,635</b> |

## B. Collective Investment Schemes Performance

As of December 31, 2024, there are 54 approved Collective Investment Schemes (CIS) comprising 232 funds. Out of these, 37 are currently active. The most popular fund is the Money Market Fund, with other fund types including Fixed Income Funds, Equity Funds, Balanced Funds, and Special Funds. Additional details about the funds can be found on the CMA website at <https://licensees.cma.or.ke/licenses/15/>.

Assets Under Management by the Collective Investment Schemes (CIS) In the period ended December 31, 2024, the total assets under management by the CIS amounted to Kshs. 389.2 billion, an 81% increase from Kshs. 215 billion reported on December 31, 2023. This growth can be attributed to the additional funds registered and the heightened interest in money market funds among investors. The increase is also a result of intensified marketing efforts by the fund managers.

## Assets under management



## Percentage growth of assets under management

| Period  | ASSETS UNDER MANAGEMENT (KSH) | % Growth |
|---------|-------------------------------|----------|
| Mar-18  | 56,642,056,226                | -1.0%    |
| Jun-18  | 56,771,038,621                | 0.2%     |
| Sep-18  | 58,518,320,339                | 3.1%     |
| Dec-18  | 61,038,764,434                | 4.3%     |
| Mar-19  | 63,779,326,870                | 4.5%     |
| Jun-19  | 66,330,132,999                | 4.0%     |
| Sep-19  | 71,383,145,552                | 7.6%     |
| Dec-19  | 76,098,353,091                | 6.6%     |
| Mar-20  | 76,344,340,590                | 0.3%     |
| Jun-20  | 88,095,105,789                | 15.4%    |
| Sep-20  | 97,998,549,395                | 11.2%    |
| Dec-20  | 104,714,877,486               | 6.9%     |
| Mar-21  | 111,085,289,898               | 6.1%     |
| Jun-21  | 117,771,817,966               | 6.0%     |
| Sep-21  | 126,047,735,882               | 7.0%     |
| Dec-21  | 134,668,490,786               | 6.8%     |
| Mar-22  | 140,666,984,795               | 4.5%     |
| Jun-22  | 145,767,496,722               | 3.6%     |
| Sep-22  | 155,568,506,453               | 6.7%     |
| Dec-22  | 161,004,846,353               | 3.5%     |
| Mar-23  | 164,276,028,462               | 2.0%     |
| Jun-23  | 175,985,666,302               | 7.1%     |
| Sep-23  | 206,660,193,500               | 17.4%    |
| Dec-23  | 215,054,231,777               | 4.06%    |
| Mar-24  | 225,361,358,760               | 4.79%    |
| Jun-24  | 254,059,658,387               | 12.7%    |
| Sept-24 | 316,378,602,240               | 25%      |
| Dec-24  | 389,152,818,812               | 23%      |

### a) CIS Market Share

The total assets under management held by fund managers as of December 31, 2024, was Kshs. 389.2 billion as shown in the table and graph below:

|    | Fund                                     | Dec 24                 | % holding   |
|----|--|------------------------|-------------|
| 1  | CIC Unit Trust Scheme                    | 82,497,160,655         | 21%         |
| 2  | Sanlam Unit Trust Scheme                 | 62,749,948,766         | 16%         |
| 3  | Mansa x Special Fund                     | 41,697,015,698         | 11%         |
| 4  | NCBA Unit Trust Scheme                   | 39,331,051,765         | 10%         |
| 5  | Britam Unit Trust Scheme                 | 29,283,255,262         | 8%          |
| 6  | ICEA Unit Trust Scheme                   | 19,282,580,479         | 5%          |
| 7  | ABSA Unit Trust Scheme                   | 14,898,534,768         | 4%          |
| 8  | Old Mutual Unit Trust Scheme             | 14,102,035,825         | 4%          |
| 9  | Co-op Trust Unit Trust Scheme            | 13,530,286,638         | 3%          |
| 10 | KCB Unit Trust Scheme Limited            | 9,321,988,666          | 2%          |
| 11 | Jubilee Unit Trust Scheme                | 8,942,038,765          | 2%          |
| 12 | Madison Unit Trust Funds                 | 8,361,109,197          | 2%          |
| 13 | Nabo Africa Funds                        | 6,909,431,974          | 2%          |
| 14 | Etica Capital Limited                    | 6,616,763,972          | 2%          |
| 15 | Dry Associates Unit Trust                | 5,157,605,895          | 1%          |
| 16 | Zimele Unit Trust Scheme                 | 3,244,967,865          | 1%          |
| 17 | Lofty Corban Unit Trust Scheme           | 2,889,475,861          | 1%          |
| 18 | Mali Money Market Fund                   | 2,796,395,143          | 1%          |
| 19 | Stanbic Unit trust scheme                | 2,437,553,264          | 1%          |
| 20 | Apollo Unit Trust Scheme                 | 2,428,553,797          | 1%          |
| 21 | Gen Africa                               | 2,389,092,535          | 1%          |
| 22 | Ziidi Money Market Fund                  | 1,713,352,979          | 0.4%        |
| 23 | Cytonn UnitTrust Fund                    | 1,700,168,457          | 0.4%        |
| 24 | African Alliance Kenya Unit Trust Scheme | 1,616,089,445          | 0.4%        |
| 25 | Kuza Asset Management Limited            | 1,264,886,907          | 0.3%        |
| 26 | Faida Unit Trust Scheme                  | 927,774,529            | 0.2%        |
| 27 | Enwealth Capital Unit Trust Scheme       | 866,797,008            | 0.2%        |
| 28 | Genghis Unit Trust Funds                 | 776,258,255            | 0.2%        |
| 29 | Arvocap Unit trust funds                 | 537,676,921            | 0.1%        |
| 30 | Orient Collective Investment Scheme      | 296,873,238            | 0.1%        |
| 31 | Faulu Unit Trust Scheme                  | 253,178,033            | 0.1%        |
| 32 | Equity Investment Bank                   | 119,458,891            | 0.03%       |
| 33 | Mayfair Unit Trust Scheme                | 117,708,217            | 0.03%       |
| 34 | Taifa Unit trust scheme                  | 52,338,313             | 0.01%       |
| 35 | Amana Unit Trust Funds                   | 27,610,003             | 0.01%       |
| 36 | MyXeno Unit Trust Scheme                 | 14,894,089             | 0.0038%     |
| 37 | Wanafunzi Unit Trust Scheme              | 906,738                | 0.0002%     |
|    | <b>Total</b>                             | <b>389,152,864,439</b> | <b>100%</b> |



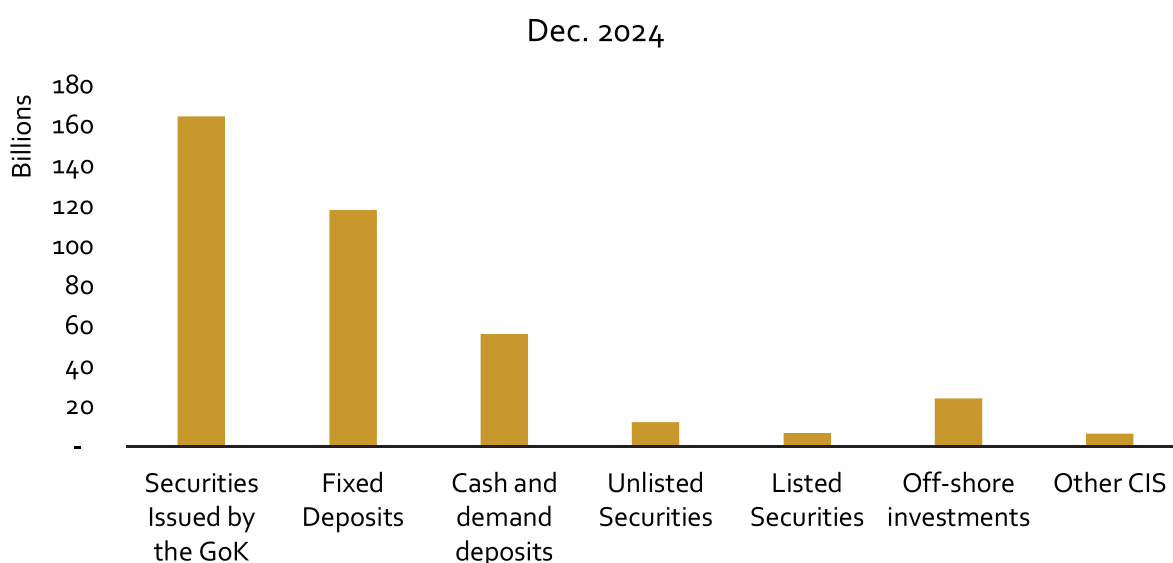
## Observations

- i. Stanbic Unit Trust Scheme reported the highest AUM increase of 621% from Kshs. 034 billion reported in Q3 2024 to Kshs. 2.44 billion reported in Q4 2024.
- ii. CIC Unit Trust Scheme maintained its leadership position by registering AUM of Kshs. 82.5 billion, representing 21% proportion of the total AUM. Sanlam came in at number two, with AUM of Kshs. 62.7 billion, being 16% proportion of the total AUM.

## b) Asset classes invested in by the CIS.

As of December 31, 2024, 42% (Kshs. 164.8 billion) of the total assets under management were invested in government securities. Government securities include treasury bonds, treasury bills, infrastructure bonds, and Eurobonds. The least amount of the AUM at 2% (Kshs. 6.6 billion) was in other CIS, as shown in the table and graph below:

| Asset                        | Dec-2024               | Proportion  |
|------------------------------|------------------------|-------------|
| Securities Issued by the GoK | 164,846,470,964        | 42%         |
| Fixed Deposits               | 117,999,735,825        | 30%         |
| Cash and demand deposits     | 56,220,675,825         | 14%         |
| Unlisted Securities          | 12,329,578,623         | 3%          |
| Listed Securities            | 6,959,601,059          | 2%          |
| Off-shore investments        | 24,220,553,307         | 6%          |
| Other CIS                    | 6,576,203,209          | 2%          |
| <b>TOTAL</b>                 | <b>389,152,818,812</b> | <b>100%</b> |



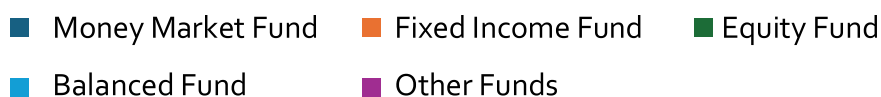
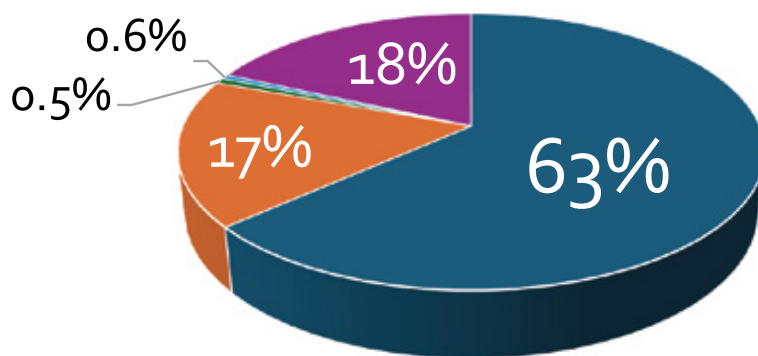
## c) Performance of the Dominant Funds

The most dominant funds among the approved CIS funds are the Money Market, Equity, Fixed Income, and Balanced funds. Other funds include growth, managed, Shariah-compliant, diversified, basket notes, wealth, and enhanced yield funds.

Money Market Funds dominate the CIS market at Kshs. 246.8 billion, representing 63% of the total. The Money Market Fund is preferred by investors because it's a low-risk investment channel. Fixed Income Funds come second at Kshs. 66.8 billion, representing 17%.

| Fund Type         | Dec-24          | Proportion |
|-------------------|-----------------|------------|
| Money Market Fund | 246,845,701,303 | 63%        |
| Fixed Income Fund | 66,782,903,465  | 17%        |
| Equity Fund       | 2,473,709,559   | 0.6%       |
| Balanced Fund     | 2,076,737,740   | 0.5%       |
| Other Funds       | 70,973,766,745  | 18%        |
| Total             | 389,152,818,811 | 100%       |

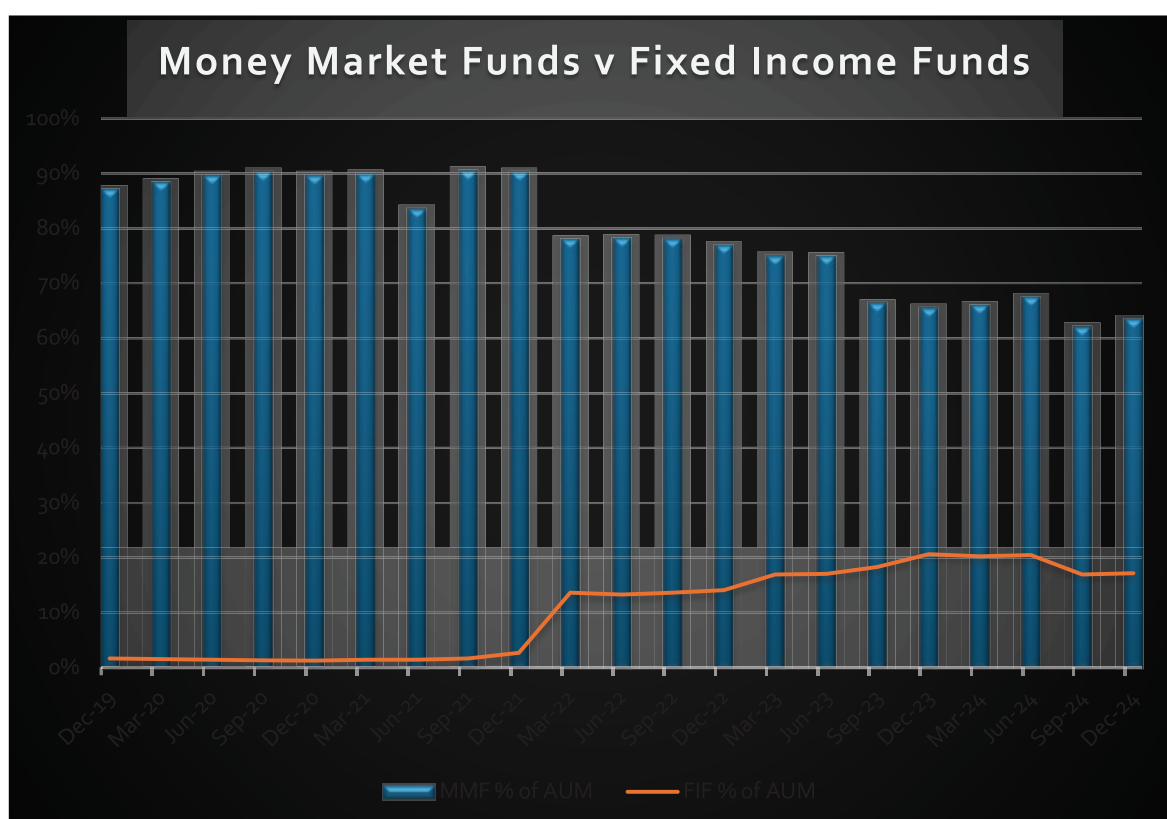
Amount



#### d) Fixed Income Fund (FIF) vs Money Market Fund (MMF)

The growth of fixed-income funds hit double digits post-December 2021, reducing the dominance of money market funds from regions of 90%+ in December 2021 to 63% in December 2024, as demonstrated in the table and graph below:

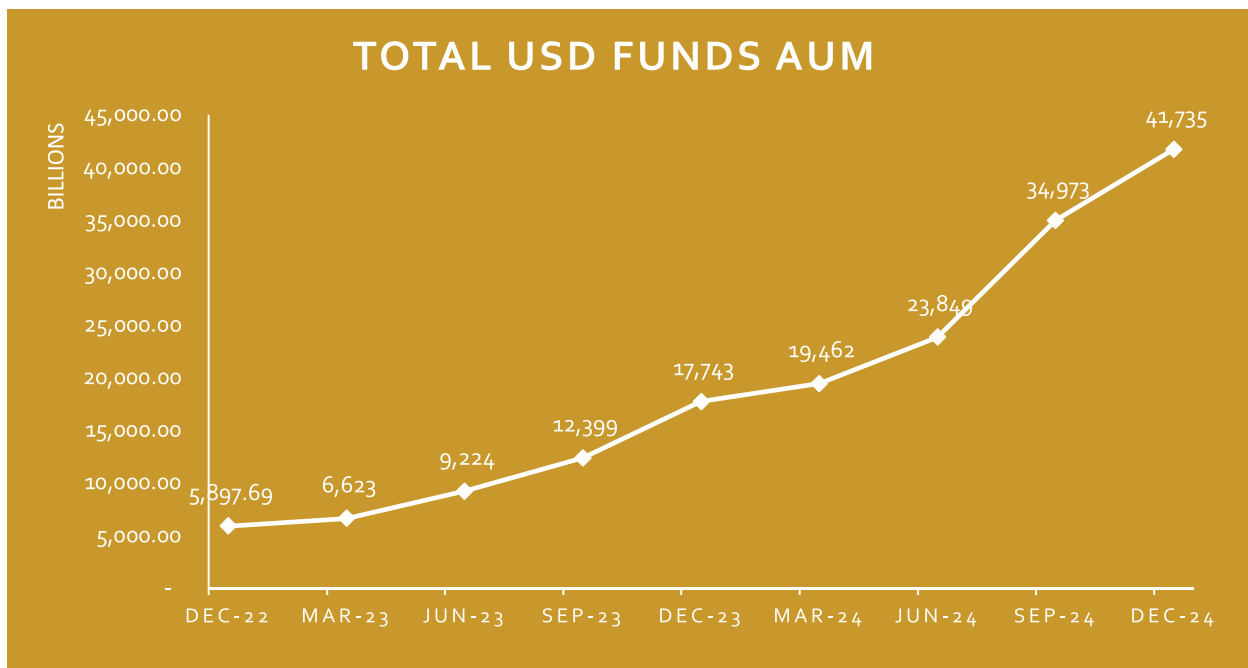
| Period | Money Market Funds | Fixed Income Fund | MMF % of AUM | FIF % of AUM | TOTAL AUM       |
|--------|--------------------|-------------------|--------------|--------------|-----------------|
| Dec-19 | 66,192,957,196     | 1,312,040,553     | 87%          | 2%           | 76,098,353,091  |
| Mar-20 | 67,358,033,248     | 1,166,477,163     | 88%          | 2%           | 76,344,340,590  |
| Jun-20 | 78,936,185,369     | 1,245,625,430     | 90%          | 1%           | 88,095,105,789  |
| Sep-20 | 88,423,637,184     | 1,325,413,229     | 90%          | 1%           | 97,998,549,395  |
| Dec-20 | 93,858,946,658     | 1,341,023,183     | 90%          | 1%           | 104,714,877,486 |
| Mar-21 | 99,806,604,615     | 1,542,857,845     | 90%          | 1%           | 111,085,289,898 |
| Jun-21 | 98,290,393,147     | 1,690,392,558     | 83%          | 1%           | 117,771,817,966 |
| Sep-21 | 113,968,534,172    | 2,119,804,621     | 90%          | 2%           | 126,047,735,882 |
| Dec-21 | 121,423,675,736    | 3,710,345,355     | 90%          | 3%           | 134,668,490,786 |
| Mar-22 | 109,544,566,658    | 19,287,541,067    | 78%          | 14%          | 140,666,984,795 |
| Jun-22 | 113,858,386,733    | 19,385,956,672    | 78%          | 13%          | 145,767,496,722 |
| Sep-22 | 121,265,536,871    | 21,220,345,186    | 78%          | 14%          | 155,568,506,453 |
| Dec-22 | 123,801,746,036    | 22,723,035,030    | 77%          | 14%          | 161,004,846,353 |
| Mar-23 | 123,035,331,002    | 27,804,989,965    | 75%          | 17%          | 164,276,028,462 |
| Jun-23 | 131,608,978,562    | 30,134,106,654    | 75%          | 17%          | 175,985,666,302 |
| Sep-23 | 136,998,883,433    | 37,790,226,569    | 66%          | 18%          | 206,660,193,500 |
| Dec-23 | 140,773,661,574    | 44,445,091,990    | 65%          | 21%          | 215,054,231,777 |
| Mar-24 | 148,615,653,431    | 45,836,115,363    | 66%          | 20%          | 225,361,358,760 |
| Jun-24 | 171,180,569,603    | 52,076,038,407    | 67%          | 20%          | 254,059,658,387 |
| Sep-24 | 196,790,306,572    | 53,527,238,648    | 62%          | 17%          | 316,378,602,240 |
| Dec-24 | 246,845,701,303    | 66,782,903,465    | 63%          | 17%          | 389,152,818,812 |



## e) Dollar Funds

Dollar Funds have continued to grow both in popularity and in terms of assets under management, as seen in the table below:

| USD Fund  | Dec-24                   | Sep-24                | Jun-24                | Mar-24                |
|---|--------------------------|-----------------------|-----------------------|-----------------------|
| NCBA Dollar Fixed Income Fund                   | 6,630,819,543.37         | 6,299,216,631         | 6,403,785,161         | 5,884,400,937         |
| Sanlam Fixed Income Fund USD                    | 12,153,695,341.17        | 8,724,999,317         | 6,083,023,944         | 3,911,255,735         |
| CIC MMF USD                                     | 3,732,417,800.33         | 3,599,872,491         | 3,125,669,841         | 2,778,546,561         |
| Dry Money Market Fund (USD)                     | 2,322,769,856.06         | 1,986,899,349         | 1,813,599,582         | 1,824,591,598         |
| NCBA Dollar Basket Note                         | 3,227,087,276.02         | 2,973,675,777         | 2,451,875,366         | 1,437,008,016         |
| Absa Unit Trust-Dollar Fund                     | 1,416,944,311.35         | 1,366,189,938         | 1,654,439,550         | 1,334,918,278         |
| Old Mutual MMF-USD                              | 1,033,103,847.37         | 1,343,805,325         | 859,003,766           | 835,014,160           |
| Nabo Fixed Income Fund USD                      | 550,955,202.22           | 516,385,851           | 544,673,715           | 709,486,433           |
| Nabo Money Market Fund (USD)                    | 598,755,944.07           | 303,180,322           | 282,638,256           | 395,546,036           |
| KCB MMF USD                                     | 512,621,771.53           | 364,884,469           | 162,853,414           | 162,853,414           |
| Kuza Money Market fund- USD                     | 170,219,683.22           | 124,859,167           | 97,644,126            | 74,020,117            |
| Lofty Corban USD MMF                            | 228,671,512.38           | 164,584,429           | 75,035,032            | 70,891,826            |
| Cytonn Money Market Fund USD                    | 49,248,010.84            | 51,951,501            | 40,499,073            | 31,882,732            |
| Enwealth Money Market Fund USD                  | 36,238,545.83            | 37,708,995            | 31,363,941            | 11,889,197            |
| Lofty Corban USD Fixed Income Fund              | 1,027,030.63             | 369,668               | 305,235               | -                     |
| Etica Money Market Fund - USD                   | 395,724,635.12           | 280,190,303           | 161,294,543           | -                     |
| Etica Shariah Fund -USD                         | 7,758,196.37             | 7,683,272             | 5,246,713             | -                     |
| Jubilee Money Market Fund (USD)                 | 1,226,067,237.72         | 762,794,242           | 55,663,578            | -                     |
| Mansa X Special USD Fund                        | 6,350,500,709.54         | 5,830,759,540         | -                     | -                     |
| Mansa X Shariah Special USD Fund                | 302,367,103.61           | 223,868,519           | -                     | -                     |
| Stanbic Fixed income Fund USD                   | 740,928,645.20           | 1,362,265             | -                     | -                     |
| Arvocat Eurofix fixed Income Special Fund       | 24,869,006.00            | 1,557,971             | -                     | -                     |
| Arvocat Africa Equity Special Fund              | 5,369,265.64             | 4,395,555             | -                     | -                     |
| Arvocat Multi-Asset Strategy Special Fund (USD) | 7,433,904.00             | 129,200               | -                     | -                     |
| Arvocat Global Equity Special Fund              | 2,474,651.00             | 1,555,144             | -                     | -                     |
| ICEA Fixed Income Fund                          | 6,799,497.92             |                       |                       |                       |
| <b>TOTAL AUM</b>                                | <b>41,734,868,528.52</b> | <b>34,972,879,240</b> | <b>23,848,614,834</b> | <b>19,462,305,041</b> |

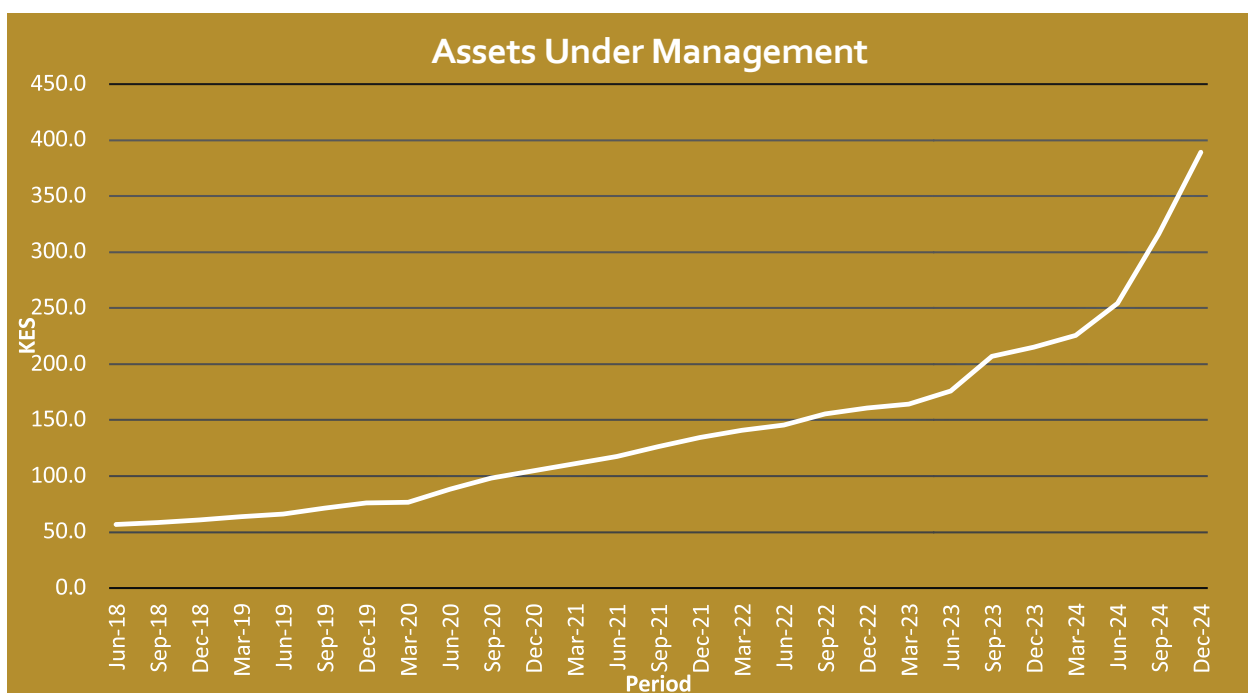


#### Notes

- i. The dollar funds have grown from Kshs. 19.5 billion in June 2024 to Kshs 41.7 billion in Q4 2024.
- ii. Notably, there has been an increased interest in and application to establish dollar funds from both the existing and new collective investment schemes seeking to set up dollar funds.
- iii. Dollar funds include money markets, fixed income, shariah, and special funds.
- iv. The increase in the dollar can generally be attributed to the necessity of creating a portfolio for clients that hedges against potential shilling depreciation.
- v. The assets under management by dollar funds grew by 230% from Kshs. 5.9 billion December 2022 to Kshs. 41.7 billion in Q4 2024 as shown in the graph above:

#### f) CIS Growth

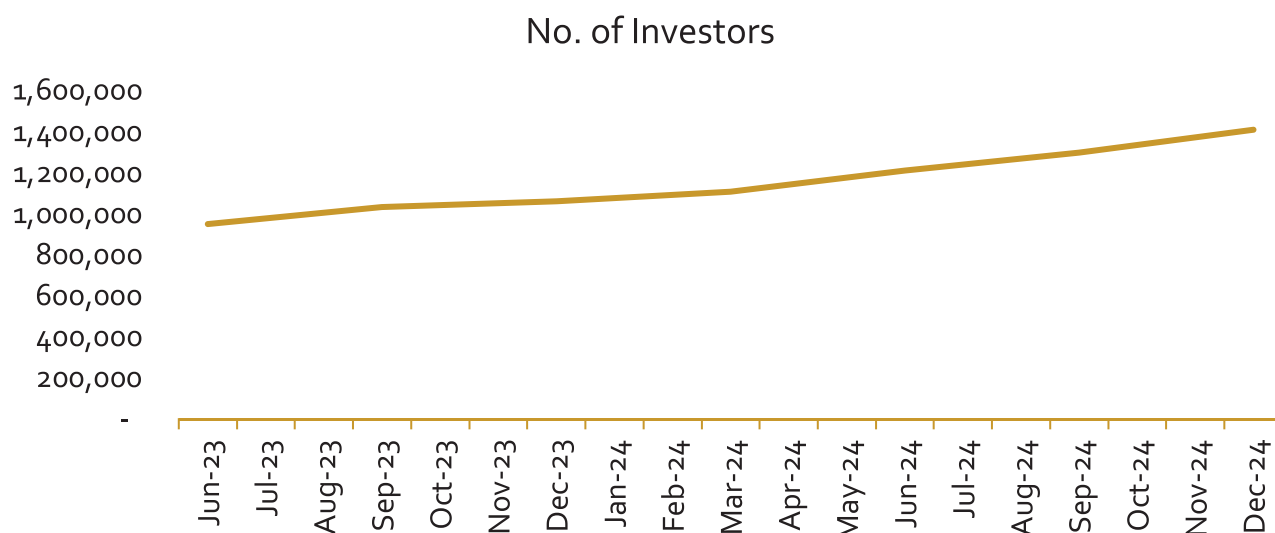
Assets under management have grown steadily from Kshs. 56.6 billion on March 31, 2018, to Kshs. 389 billion on December 31, 2024. The graph below represents the growth of the 6 years:



### g) Growth in the Number of CIS Investors

The number of investors in the various CIS Funds has continued to grow steadily over time, buoyed by increasing awareness in the market to save and invest especially, post covid era.

As of December 31, 2024, there were a total of 1,409,343 investors, this represents 7% increase from 1,299,300 investors in June 2024. The table below represents the growth over the 5 quarters.



## C. Commodities Market Performance

This section covers performance on number of coffee bags sold by the coffee brokers in the period ended December 31, 2024, sum value of the bags sold and prices fetched.

### i. Coffee Sales

As shown in the table below, 717,105 bags were sold in 2024, translating to 44.2 million kilos. The total gross value for the sales was USD 216,642,824.

| Coffee sale               | The sum of Full Bags | The sum of Weight (kilos) | (USD) The sum of Gross Value | Average price /50Kg |
|---------------------------|----------------------|---------------------------|------------------------------|---------------------|
| SALE 11-January 9,2024    | 15,572               | 946,498                   | 3,792,224                    | 200                 |
| SALE 12-January 16,2024   | 20,245               | 1,237,847                 | 4,878,439                    | 197                 |
| SALE 13-23 January 2024   | 21,359               | 1,305,997                 | 6,155,971                    | 236                 |
| SALE 14-30 January 2024   | 16,666               | 1,022,627                 | 4,452,891                    | 217.72              |
| SALE 15-February 6 2024   | 13,826               | 856,256                   | 4,583,517                    | 267.65              |
| SALE 16-February 13 2024  | 22,684               | 1,388,455                 | 7,042,158                    | 253.6               |
| SALE 17- February 20 2024 | 22,360               | 1,370,538                 | 6,688,800                    | 244.02              |
| SALE 18- February 27 2024 | 21,621               | 1,328,233                 | 6,491,833                    | 244.38              |
| SALE 19- March 5 2024     | 18,389               | 1,130,275                 | 5,537,362                    | 245                 |
| SALE 20- March 12 2024    | 15,711               | 966,897                   | 4,699,717                    | 243.09              |
| SALE 21- March 19 2024    | 19,857               | 1,217,353                 | 6,267,628                    | 257.43              |
| SALE 22- March 22 2024    | 19,948               | 1,227,210                 | 5,911,222                    | 237.35              |
| SALE 23- April 3 2024     | 29,082               | 1,805,476                 | 8,935,457                    | 247.45              |
| SALE 24- April 09 2024    | 22,414               | 1,375,679                 | 6,903,930                    | 250.93              |
| SALE 25- April 16 2024    | 16,860               | 1,036,230                 | 5,184,935                    | 250.183             |
| SALE 26- 23 April 2024    | 22,529               | 1,382,254                 | 6,898,035                    | 249.52              |
| SALE 27-April 30 2024     | 19,436               | 1,193,152                 | 5,823,372                    | 244.03              |



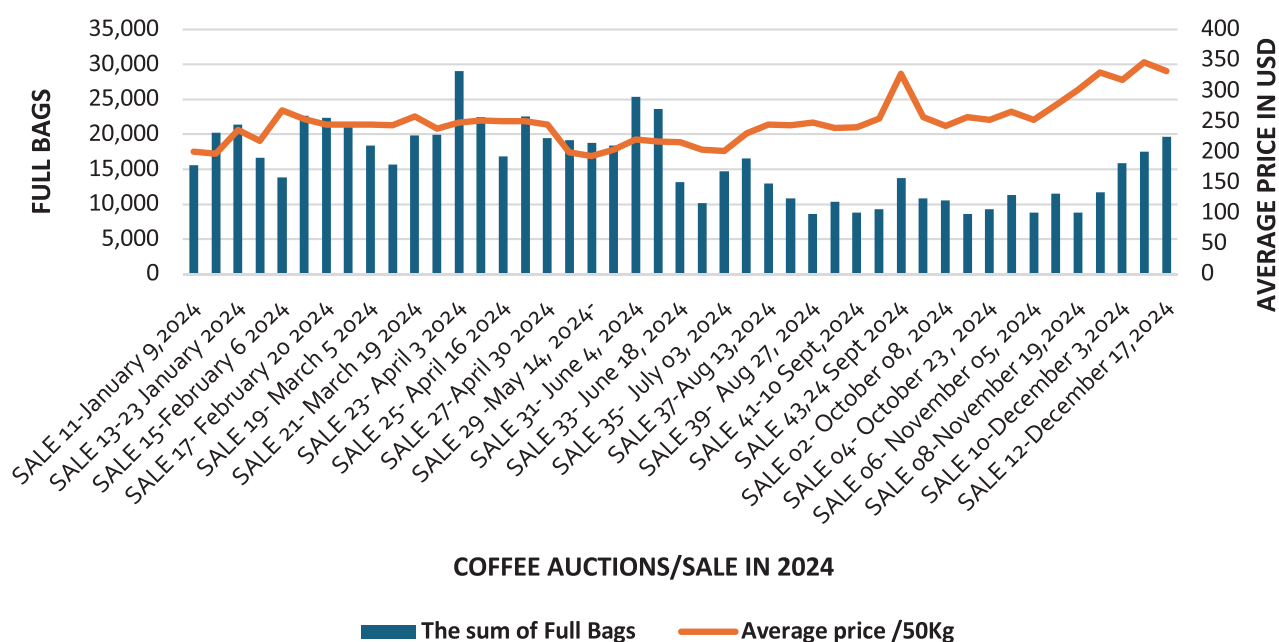
|                           |                |                   |                    |         |
|---------------------------|----------------|-------------------|--------------------|---------|
| SALE 28-May 7 2024        | 19,141         | 1,174,066         | 4,663,355          | 199     |
| SALE 29 -May 14, 2024-    | 18,762         | 1,156,930         | 4,466,282          | 193     |
| SALE 30- May 21, 2024     | 18,351         | 1,128,326         | 4,612,938          | 204     |
| SALE 31- June 4, 2024     | 25,391         | 1,557,635         | 6,852,927          | 220     |
| SALE 32 -June 11, 2024    | 23,613         | 1,449,219         | 6,283,210          | 217     |
| SALE 33- June 18, 2024    | 13,189         | 820,306           | 3,547,238          | 216     |
| SALE 34- June 25, 2024    | 10,151         | 629,224           | 2,560,247          | 203     |
| SALE 35- July 03, 2024    | 14,700         | 918,815           | 3,696,908          | 201     |
| SALE 36-Aug 06,2024       | 16,586         | 1,028,663         | 4,728,739          | 229.849 |
| SALE 37-Aug 13,2024       | 12,959         | 798,056           | 3,888,933          | 244     |
| SALE 38- Aug 20,, 2024    | 10,874         | 670,323           | 3,260,937          | 243.24  |
| SALE 39- Aug 27, 2024     | 8,552          | 525,178           | 2,600,943          | 247.62  |
| SALE 40- Sept 03, 2024    | 10,342         | 638,880           | 3,048,153          | 238.55  |
| SALE 41-10 Sept,2024      | 8,763          | 541,361           | 2,596,893          | 239.85  |
| SALE 42-17 Sept ,2024     | 9,267          | 575,320           | 2,819,538          | 254.04  |
| SALE 43,24 Sept 2024      | 13,714         | 850,362           | 4,327,953          | 327.00  |
| SALE 01- October 01, 2024 | 10,794         | 670,856           | 3,442,646          | 256.59  |
| SALE 02- October 08, 2024 | 10,514         | 653,111           | 3,159,343          | 241.87  |
| SALE 03- October 15, 2024 | 8,589          | 535,518           | 2,743,466          | 256.15  |
| SALE 04- October 23, 2024 | 9,314          | 578,340           | 2,922,093          | 252.63  |
| SALE 05- October 29, 2024 | 11,292         | 697,304           | 3,692,218          | 265     |
| SALE 06- Nov 05, 2024     | 8,744          | 543,625           | 2,739,641          | 251.98  |
| SALE 07-Nov 13,2024       | 11,473         | 709,414           | 3,922,985          | 276.49  |
| SALE 08-Nov 19,2024       | 8,816          | 546,075           | 3,284,997          | 300.78  |
| SALE 09-Nov 26,2024       | 11,652         | 721,459           | 4,754,859          | 329.53  |
| SALE 10-December 3,2024   | 15,870         | 980,065           | 6,234,967          | 318.09  |
| SALE 11-December 10,2024  | 17,494         | 1,079,775         | 7,479,935          | 346.37  |
| SALE 12-December 17,2024  | 19,639         | 1,215,457         | 8,062,986          | 331.69  |
| <b>Total</b>              | <b>717,105</b> | <b>44,184,640</b> | <b>216,642,824</b> |         |

## ii. Bags Versus Average Price

| Coffee sale               | The sum of Full Coffee Bags | Average price /50Kg |
|---------------------------|-----------------------------|---------------------|
| SALE 11-January 9,2024    | 15,572                      | 200                 |
| SALE 12-January 16,2024   | 20,245                      | 197                 |
| SALE 13-23 January 2024   | 21,359                      | 236                 |
| SALE 14-30 January 2024   | 16,666                      | 217.72              |
| SALE 15-February 6 2024   | 13,826                      | 267.65              |
| SALE 16-February 13 2024  | 22,684                      | 253.6               |
| SALE 17- February 20 2024 | 22,360                      | 244.02              |
| SALE 18- February 27 2024 | 21,621                      | 244.38              |

|                            |        |         |
|----------------------------|--------|---------|
| SALE 19- March 5 2024      | 18,389 | 245     |
| SALE 20- March 12 2024     | 15,711 | 243.09  |
| SALE 21- March 19 2024     | 19,857 | 257.43  |
| SALE 22- March 22 2024     | 19,948 | 237.35  |
| SALE 23- April 3 2024      | 29,082 | 247.45  |
| SALE 24- April 09 2024     | 22,414 | 250.93  |
| SALE 25- April 16 2024     | 16,860 | 250.183 |
| SALE 26- 23 April 2024     | 22,529 | 249.52  |
| SALE 27-April 30 2024      | 19,436 | 244.03  |
| SALE 28-May 7 2024         | 19,141 | 199     |
| SALE 29 -May 14, 2024-     | 18,762 | 193     |
| SALE 30- May 21, 2024      | 18,351 | 204     |
| SALE 31- June 4, 2024      | 25,391 | 220     |
| SALE 32 -June 11, 2024     | 23,613 | 217     |
| SALE 33- June 18, 2024     | 13,189 | 216     |
| SALE 34- June 25, 2024     | 10,151 | 203     |
| SALE 35- July 03, 2024     | 14,700 | 201     |
| SALE 36-Aug 06,2024        | 16,586 | 229.849 |
| SALE 37-Aug 13,2024        | 12,959 | 244     |
| SALE 38- Aug 20,, 2024     | 10,874 | 243.24  |
| SALE 39- Aug 27, 2024      | 8,552  | 247.62  |
| SALE 40- Sept 03, 2024     | 10,342 | 238.55  |
| SALE 41-10 Sept,2024       | 8,763  | 239.85  |
| SALE 42-17 Sept ,2024      | 9,267  | 254.04  |
| SALE 43,24 Sept 2024       | 13,714 | 327.00  |
| SALE 01- October 01, 2024  | 10,794 | 256.59  |
| SALE 02- October 08, 2024  | 10,514 | 241.87  |
| SALE 03- October 15, 2024  | 8,589  | 256.15  |
| SALE 04- October 23 , 2024 | 9,314  | 252.63  |
| SALE 05- October 29 , 2024 | 11,292 | 265     |
| SALE 06- November 05, 2024 | 8,744  | 251.98  |
| SALE 07-November 13,2024   | 11,473 | 276.49  |
| SALE 08-November 19,2024   | 8,816  | 300.78  |
| SALE 09-November 26,2024   | 11,652 | 329.53  |
| SALE 10-December 3,2024    | 15,870 | 318.09  |
| SALE 11-December 10,2024   | 17,494 | 346.37  |
| SALE 12-December 17,2024   | 19,639 | 331.69  |

## FULL BAGS VS AVERAGE PRICE(USD)



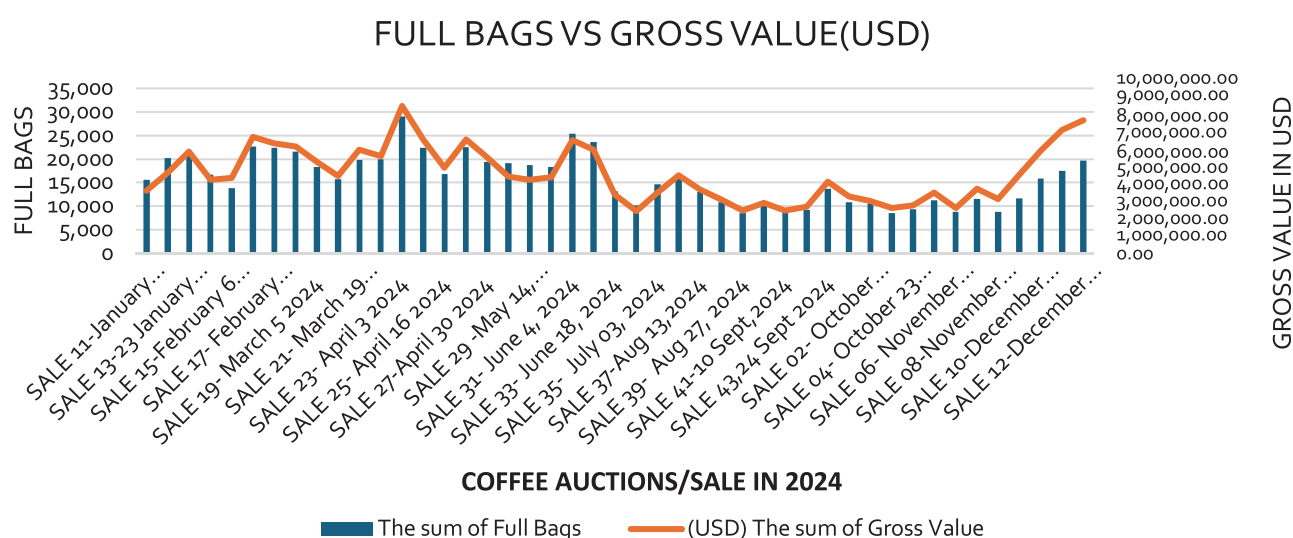
### COFFEE AUCTIONS/SALE IN 2024

■ The sum of Full Bags    — Average price /50Kg

### iii. Bags Versus Sum Gross Value

| Coffee sale               | The sum of Full Bags | (USD) The sum of Gross Value |
|---------------------------|----------------------|------------------------------|
| SALE 11-January 9, 2024   | 15,572               | 3,792,223.86                 |
| SALE 12-January 16, 2024  | 20,245               | 4,878,439.32                 |
| SALE 13-23 January 2024   | 21,359               | 6,155,971.04                 |
| SALE 14-30 January 2024   | 16,666               | 4,452,890.64                 |
| SALE 15-February 6 2024   | 13,826               | 4,583,516.62                 |
| SALE 16-February 13 2024  | 22,684               | 7,042,157.70                 |
| SALE 17- February 20 2024 | 22,360               | 6,688,800.40                 |
| SALE 18- February 27 2024 | 21,621               | 6,491,832.98                 |
| SALE 19- March 5 2024     | 18,389               | 5,537,361.68                 |
| SALE 20- March 12 2024    | 15,711               | 4,699,717.38                 |
| SALE 21- March 19 2024    | 19,857               | 6,267,628.14                 |
| SALE 22- March 22 2024    | 19,948               | 5,911,221.66                 |
| SALE 23- April 3 2024     | 29,082               | 8,935,457.12                 |
| SALE 24- April 09 2024    | 22,414               | 6,903,930.18                 |
| SALE 25- April 16 2024    | 16,860               | 5,184,934.88                 |
| SALE 26- 23 April 2024    | 22,529               | 6,898,035.42                 |
| SALE 27-April 30 2024     | 19,436               | 5,823,372.00                 |
| SALE 28-May 7 2024        | 19,141               | 4,663,354.70                 |
| SALE 29 -May 14, 2024-    | 18,762               | 4,466,282.26                 |
| SALE 30- May 21, 2024     | 18,351               | 4,612,938.46                 |
| SALE 31- June 4, 2024     | 25,391               | 6,852,927.32                 |

|                            |        |              |
|----------------------------|--------|--------------|
| SALE 32 -June 11, 2024     | 23,613 | 6,283,210.36 |
| SALE 33- June 18, 2024     | 13,189 | 3,547,238.46 |
| SALE 34- June 25, 2024     | 10,151 | 2,560,247.44 |
| SALE 35- July 03, 2024     | 14,700 | 3,696,907.74 |
| SALE 36-Aug 06,2024        | 16,586 | 4,728,739    |
| SALE 37-Aug 13,2024        | 12,959 | 3,888,933.46 |
| SALE 38- Aug 20,, 2024     | 10,874 | 3,260,937.38 |
| SALE 39- Aug 27, 2024      | 8,552  | 2,600,943.08 |
| SALE 40- Sept 03, 2024     | 10,342 | 3,048,152.98 |
| SALE 41-10 Sept,2024       | 8,763  | 2,596,892.82 |
| SALE 42-17 Sept ,2024      | 9,267  | 2,819,537.84 |
| SALE 43,24 Sept 2024       | 13,714 | 4,327,953.24 |
| SALE 01- October 01, 2024  | 10,794 | 3,442,645.70 |
| SALE 02- October 08, 2024  | 10,514 | 3,159,343.38 |
| SALE 03- October 15, 2024  | 8,589  | 2,743,465.78 |
| SALE 04- October 23, 2024  | 9,314  | 2,922,092.88 |
| SALE 05- October 29, 2024  | 11,292 | 3,692,218.06 |
| SALE 06- November 05, 2024 | 8,744  | 2,739,641.36 |
| SALE 07-November 13,2024   | 11,473 | 3,922,985.12 |
| SALE 08-November 19,2024   | 8,816  | 3,284,996.52 |
| SALE 09-November 26,2024   | 11,652 | 4,754,859.42 |
| SALE 10-December 3,2024    | 15,870 | 6,234,967.02 |
| SALE 11-December 10,2024   | 17,494 | 7,479,934.82 |
| SALE 12-December 17,2024   | 19,639 | 8,062,986.44 |

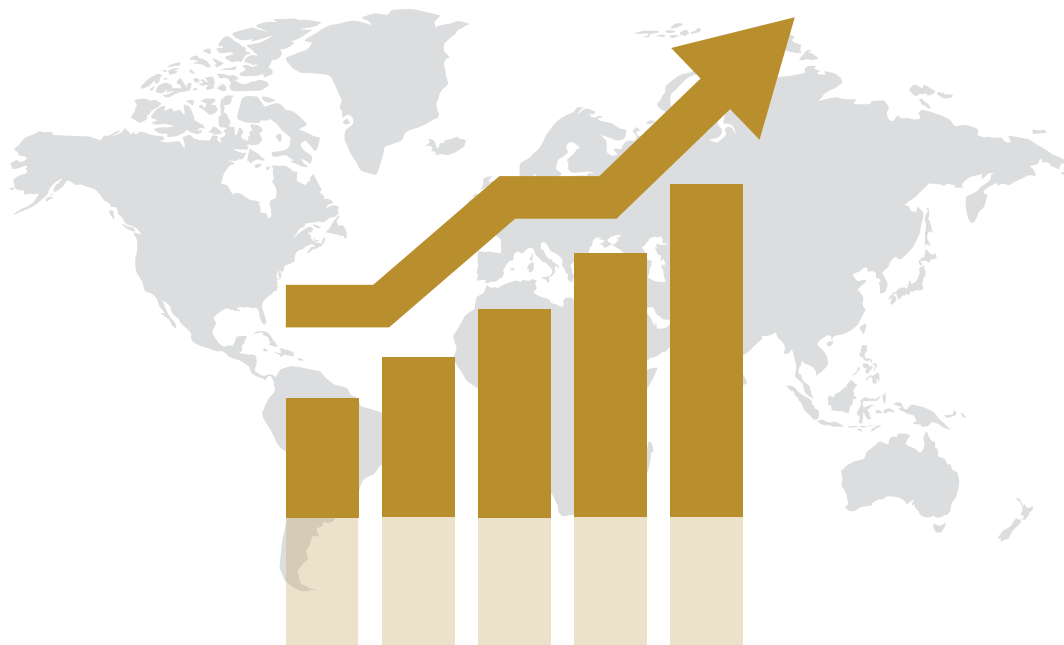


## D. Derivatives Markets Performance

During the year 2024, the Nairobi Securities Exchange derivatives market, known as NEXT, continued to record steady growth in both activity and product development. NEXT, which remains the second derivatives exchange in Africa, provides retail and institutional investors with access to cash-settled single stock and index futures contracts. By the end of 2024, the market registered a turnover of Kes 170.1 million and a traded volume of 6,683 contracts, representing notable increases of 166% and 127%, respectively, compared to the previous year 2023. Key milestones during the period included the approval for the introduction of options on futures, expansion of product offerings, and continued participation by clearing and trading members.

The table below presents the performance of the derivatives market since its inception.

| Year                    | 2019 | 2020  | 2021  | 2022  | 2023  | 2024  |
|-------------------------|------|-------|-------|-------|-------|-------|
| Turnover (Kshs Million) | 21   | 41    | 297   | 127   | 64    | 170   |
| Volume                  | 591  | 1,273 | 7,585 | 4,165 | 2,941 | 6,683 |



## E. Online Foreign Exchange Performance

### 1.1. Overview

During the period under review (Q3 2024 – Q4 2024) the online foreign exchange trading segment continued to experience increased participation and activity among retail investors. Data submitted by licensed Online Foreign Exchange Brokers indicates a steady growth in active trading accounts, coupled with persistently high loss ratios among retail clients.

The data reveals both structural and behavioural characteristics of the retail forex market in Kenya, including the scale of participation, profitability trends and economic outcomes across quarters. Despite marginal improvements in the proportion of winning accounts, the overall client loss ratios remain significantly elevated, indicating the continued vulnerability of retail investors engaging in leveraged trading.

### 1.2. Analysis of Submissions

Across the thirteen (13) licensed Online Foreign Exchange Brokers, nine (9) submitted loss ratio data for the period Q3 2024 through Q4 2024. The remaining three (4) brokers had not yet commenced operations and therefore did not submit data during the review period. Overall, the submitted data shows a consistently high loss ratio, with majority of client accounts incurring losses.

While a few brokers have shown isolated improvement in client profitability, the majority continue to report client loss ratios in the range of 80%–90%, with some brokers exceeding 95%. This reinforces the inherently risky nature of leveraged retail forex trading and the importance of adequate investor protection measures, including accurate risk disclosures and continuous investor education.

The table below presents the Client Loss Ratio Summary for Online Foreign Exchange Brokers from Q3 2024 to Q4 2024.

| Broker                              | Quarter | Winning Accounts | Losing Accounts | Total Accounts | Winning Accounts % | Losing Accounts % | Amount Won in USD | Amount Lost in USD | Won Amount % | Lost Amount % |
|-------------------------------------|---------|------------------|-----------------|----------------|--------------------|-------------------|-------------------|--------------------|--------------|---------------|
| EGM Securities Ltd                  | Q3 2024 | 2,642            | 14,833          | 17,475         | 15.12%             | 84.88%            | \$248,707.27      | \$2,100,171.46     | 10.59%       | 89.41%        |
|                                     | Q4 2024 | 2,252            | 12,098          | 14,350         | 15.69%             | 84.31%            | \$283,962.35      | \$1,561,923.4      | 15.38%       | 84.62%        |
| Exinity Capital East Africa Limited | Q3 2024 | 444              | 1,892           | 2,336          | 19.01%             | 80.99%            | \$214,532.47      | \$2,203,856.79     | 8.87%        | 91.13%        |
|                                     | Q4 2024 | 514              | 2,442           | 2,956          | 17.39%             | 82.61%            | \$379,994.98      | \$3,044,346.37     | 11.09%       | 88.91%        |
| Exness KE Limited                   | Q3 2024 | 3716             | 17,728          | 21,444         | 17.33%             | 82.67%            | \$595,813.93      | \$3,028,666.64     | 16.44%       | 83.56%        |
|                                     | Q4 2024 | 4,150            | 19,312          | 23,462         | 17.68%             | 82.32%            | \$743,230.30      | \$3,615,831.40     | 17.05%       | 82.95%        |
| HFM Investments Limited             | Q3 2024 | 7,109            | 26,609          | 33,718         | 21.08%             | 78.92%            | \$1,143,306.65    | \$3,781,893.11     | 23.21%       | 76.79%        |
|                                     | Q4 2024 | 10,543           | 32,698          | 43,241         | 24.38%             | 75.62%            | \$1,687,675.44    | \$5,007,695.03     | 25.19%       | 74.81%        |
| IC Markets (KE) Limited             | Q4 2024 | 13               | 36              | 49             | 26.53%             | 73.47%            | \$658.17          | \$16,019.8         | 3.95%        | 96.05%        |
| Ingot KE Limited                    | Q3 2024 | 74               | 321             | 395            | 18.73%             | 81.27%            | \$16,442.33       | \$70,037.47        | 19.01%       | 80.99%        |
|                                     | Q4 2024 | 60               | 257             | 317            | 18.92%             | 81.08%            | \$22,464.36       | \$95,845.54        | 18.99%       | 81.01%        |
| Pepperstone Markets Kenya Limited   | Q3 2024 | 2,669            | 15,607          | 18,276         | 14.61%             | 85.39%            | \$1,298,655       | \$10,833,919       | 10.70%       | 89.30%        |
|                                     | Q4 2024 | 2,779            | 15,715          | 18,494         | 15.03%             | 84.97%            | \$1,073,718       | \$10,919,259       | 8.95%        | 91.05%        |



|                               |         |     |       |       |        |        |             |              |        |        |
|-------------------------------|---------|-----|-------|-------|--------|--------|-------------|--------------|--------|--------|
| SCFM Limited                  | Q3 2024 | 312 | 1,581 | 1,892 | 16.48% | 83.52% | \$89,144    | \$471,656    | 15.90% | 84.10% |
|                               | Q4 2024 | 322 | 1,471 | 1,792 | 17.96% | 82.04% | \$80,880    | \$582,449    | 12.19% | 87.81% |
| Windsor Markets Kenya Limited | Q3 2024 | 717 | 5,841 | 6,558 | 10.94% | 89.06% | \$93,210.95 | \$703,335.67 | 11.70% | 88.30% |
|                               | Q4 2024 | 674 | 5,254 | 5,928 | 11.37% | 88.63% | \$82,239.85 | \$710,867.77 | 10.37% | 89.63% |

### 1.2.1. Average Win/Loss Ratios Across the Market

| Quarter | Average Win % | Average Loss % |
|---------|---------------|----------------|
| Q3 2024 | 14.55%        | 85.45%         |
| Q4 2024 | 13.68%        | 86.32%         |

The performance data submitted by licensed online foreign exchange brokers for the period Q3 2024 to Q4 2024 indicates a gradual but notable improvement in the proportion of client accounts registering profits. The average win rate across all reporting brokers decreased slightly from 14.55% in Q3 2024 to 13.68% in Q4 2024.

Nonetheless, the persistently high loss ratios across the majority of brokers ranging between 84% and 97%, highlight a structural challenge within the retail forex market. The data suggests that most clients continue to underperform, which may be linked to insufficient financial literacy, inadequate risk management and an overreliance on leverage.

### 1.2.2. Total Number of Accounts and Performance Movement

| Quarter | Total Accounts | Winning Accounts | Losing Accounts | Winning Accounts% | Losing Accounts% |
|---------|----------------|------------------|-----------------|-------------------|------------------|
| Q3 2024 | 102,095        | 17,683           | 84,412          | 17.32%            | 82.68%           |
| Q4 2024 | 110,590        | 21,307           | 89,283          | 19.27%            | 80.73%           |

The total number of active trading accounts between Q3 2024 and Q4 2024 increased from 102,095 to 110,590, representing an 8.32% growth. This steady increase reflects growing public interest in online forex trading, particularly among retail participants.

However, despite this expansion, the majority of clients continue to record trading losses. The sustained high proportion of losing accounts suggests that many new entrants may lack adequate financial knowledge or understanding of the risks associated with leveraged trading. This calls for a more structured approach to client onboarding, including suitability assessments and differentiated leverage limits based on trading experience.

The persistence of such high loss ratios points to a systemic challenge within the retail forex market. It reinforces the need for brokers to go beyond disclosure and actively enhance client education and risk awareness to ensure more sustainable trading practices.

### 1.2.3. Amounts Won vs. Amounts Lost (USD)

| Quarter | Total Won   | Total Lost   | Net Client Outcome |
|---------|-------------|--------------|--------------------|
| Q3 2024 | \$3,699,813 | \$23,193,536 | (\$19,493,723)     |
| Q4 2024 | \$4,354,823 | \$25,554,237 | (\$21,199,414)     |

Market-wide performance data indicates that while the total amounts won by clients increased from USD 3.7 million in Q3 2024 to USD 4.3 million in Q4 2024, a 17.70% rise, total losses also grew from USD 23.2 million to USD 25.6 million, marking a 10.18% increase.

The net retail loss position widened from USD 19.5 million to over USD 21.2 million within one year, hence the overall financial outcome for clients remains negative. This reinforces concerns over the structural risks inherent in leveraged trading.

## F. Key Developments in the Market

The 2023 Collective Investment Schemes and Alternative Investment Funds) Regulations In 2023, the Authority successfully concluded a comprehensive overhaul of the Capital Markets (Collective Investment Schemes) Regulations, 2002, culminating in the gazettment of the Capital Markets (Collective Investment Schemes) Regulations, 2023, and the Capital Markets (Alternative Investment Funds) Regulations, 2023 (CIS Regulations) on October 27, 2023.

These reforms are a pivotal milestone in aligning regulatory frameworks with evolving market needs, closing gaps in the 2002 CIS Regulations, and aligning with international best practices.

**Key Reforms in the 2023 CIS Regulations and the AIF Regulations** The notable reforms in the 2023 CIS Regulations include:

- a) Recognition of CIS structures as investment companies, unit trusts, or LLPs.
- b) Allowance for open-ended and closed-end funds.
- c) Streamlined application processes requiring only a licensed fund manager or investment bank to register schemes.
- d) Clear licensing and capital requirements for trustees, custodians, and Intermediary Service Platform Providers (ISPP).
- e) The ISPP facilitates the electronic distribution and marketing of CISs, subject to approval and enhanced user disclosure obligations
- f) Mandatory trustee independence from fund managers and enhanced oversight roles.
- g) Rigorous standards for reporting, marketing approvals, valuation, and performance disclosures.
- h) The CIS Regulations stipulate detailed fund categorization—Money Market, Equity, Fixed Income, Balanced, and Special Funds. The Special Funds target sophisticated investors, and the minimum investment threshold is Kshs. 100,000.
- i) The AIF framework targets high-net-worth investors, allowing pooled investments in non-traditional assets such as real estate, infrastructure, and hedge strategies. AIFs have a minimum investment threshold of Kshs. 1 million and are limited to 100 investors, with stringent risk disclosures and quarterly reporting



### 3.3 Transactions Data

#### 3.3.1 Equities

##### Equities Turnover Per Counter

The tables below show the top 10 companies in terms of volume traded in 2024.

| TOP TEN MOST TRADED COMPANIES IN 2024 |                       |             |
|---------------------------------------|-----------------------|-------------|
| COMPANY                               | VOLUME TRADED IN 2024 | PERCENTAGES |
| SCOM                                  | 1,777,675,469         | 36.0%       |
| KNRE                                  | 509,145,469           | 10.3%       |
| BAMB                                  | 380,696,457           | 7.7%        |
| KEGN                                  | 342,410,591           | 6.9%        |
| EQTY                                  | 338,882,538           | 6.9%        |
| KCB                                   | 335,357,111           | 6.8%        |
| KPLC                                  | 271,749,576           | 5.5%        |
| IMH                                   | 201,573,364           | 4.1%        |
| COOP                                  | 164,171,068           | 3.3%        |
| ABSA                                  | 111,756,707           | 2.3%        |

In 2024, a total of 4,937,495,018 shares were traded in the market. Safaricom emerged as the most actively traded counter, accounting for 36% of the total trading volume. Bamburi Cement was also among the top three most traded counters, recording 380.7 million shares traded, of which 349,789,242 shares were transacted through a block trade during its acquisition by Amsons Group. Following this transaction, the counter was subsequently suspended to facilitate the squeeze-out process for the remaining shareholders.

Below are the bottom 10 companies in terms of volume traded in 2024

| TOP TEN LEAST TRADED COMPANIES IN 2024 |                       |   |
|--|-----------------------|---|
| COMPANY                                | VOLUME TRADED IN 2024 | PERCENTAGES OF THE TOTAL VOLUMES TRADED |
| UNGA                                   | 391,471               | 0.0079%                                 |
| FAHR                                   | 277,900               | 0.0056%                                 |
| WTK                                    | 264,569               | 0.0054%                                 |
| CGEN                                   | 200,743               | 0.0041%                                 |
| SGL                                    | 151,097               | 0.0031%                                 |
| EGAD                                   | 118,854               | 0.0024%                                 |
| KAPC                                   | 116,118               | 0.0024%                                 |
| KUKZ                                   | 72,190                | 0.0015%                                 |
| GLD                                    | 16,100                | 0.0003%                                 |
| LIMT                                   | 1,197                 | 0.0000%                                 |

In terms of turnover, a total of Kshs 105.969 billion worth of shares were traded. Below are the top 10 companies in 2024 in terms of turnover.

| TOP TEN COMPANIES IN TERMS OF TURNOVER |                        |                                     |
|--|------------------------|-------------------------------------|
| COMPANY                                | TOTAL TURNOVER IN 2024 | PERCENTAGES CONTRIBUTED TO TURNOVER |
| SCOM                                   | 28,140,914,127.75      | 26.5558%                            |
| BAMB                                   | 24,391,581,480.85      | 23.0177%                            |
| EQTY                                   | 14,631,353,587.45      | 13.8072%                            |
| KCB                                    | 10,188,006,631.50      | 9.6141%                             |
| IMH                                    | 8,946,975,649.50       | 8.4430%                             |
| EABL                                   | 3,941,076,671.25       | 3.7191%                             |
| COOP                                   | 2,193,515,270.35       | 2.0700%                             |
| BAT                                    | 1,691,339,762.75       | 1.5961%                             |
| LAPR                                   | 1,550,000,000.00       | 1.4627%                             |
| ABSA                                   | 1,544,258,817.00       | 1.4573%                             |



| EQUITIES TRADED IN 2024              |                           |                           |                           |                |
|--------------------------------------|---------------------------|---------------------------|---------------------------|----------------|
| BROKER                               | PURCHASES                 | SALES                     | TOTAL                     | %AGE           |
| EFG Hermes Kenya Ltd                 | 21,461,173,950.87         | 22,486,579,589.10         | 43,947,753,539.97         | 20.74%         |
| SBG Securities Ltd                   | 12,989,698,485.83         | 26,712,926,259.10         | 39,702,624,744.93         | 18.73%         |
| Kestrel Capital E.A Ltd              | 12,574,788,730.22         | 11,859,006,177.57         | 24,433,794,907.79         | 11.53%         |
| KCB Capital Limited                  | 23,153,922,444.28         | 777,366,907.78            | 23,931,289,352.06         | 11.29%         |
| Faida Investment Bank Ltd            | 3,960,413,409.32          | 9,677,864,420.32          | 13,638,277,829.64         | 6.44%          |
| SBC Ltd                              | 6,607,562,878.75          | 7,015,758,107.95          | 13,623,320,986.70         | 6.43%          |
| Sterling Capital Limited             | 6,146,069,812.22          | 5,265,357,100.52          | 11,411,426,912.74         | 5.38%          |
| AIB-AXYS Africa Ltd                  | 5,282,913,362.10          | 5,573,565,139.31          | 10,856,478,501.41         | 5.12%          |
| Dyer and Blair Investment Bank Ltd.  | 3,785,312,198.03          | 3,778,784,140.53          | 7,564,096,338.56          | 3.57%          |
| Absa Financial Services Limited      | 2,147,832,227.50          | 2,666,884,207.10          | 4,814,716,434.60          | 2.27%          |
| NCBA Investment Bank Limited         | 1,899,556,124.60          | 2,502,653,209.98          | 4,402,209,334.58          | 2.08%          |
| Old Mutual Securities Limited        | 944,718,459.36            | 2,110,922,933.52          | 3,055,641,392.88          | 1.44%          |
| Genghis Capital Ltd.                 | 1,339,897,541.21          | 1,272,720,394.10          | 2,612,617,935.31          | 1.23%          |
| Renaissance Capital (Kenya) Limited  | 959,117,483.85            | 1,380,679,774.40          | 2,339,797,258.25          | 1.10%          |
| Kingdom Securities Limited           | 785,558,825.11            | 968,450,750.13            | 1,754,009,575.24          | 0.83%          |
| Equity Investment Bank Limited       | 963,135,247.55            | 659,499,291.91            | 1,622,634,539.46          | 0.77%          |
| Suntra Investments Limited           | 361,225,373.14            | 457,550,207.95            | 818,775,581.09            | 0.39%          |
| Securities Africa Kenya Limited      | 239,921,691.60            | 397,571,542.65            | 637,493,234.25            | 0.30%          |
| Francis Drummond And Company Limited | 207,432,963.28            | 226,190,108.03            | 433,623,071.31            | 0.20%          |
| ABC Capital Ltd                      | 134,489,977.13            | 152,798,455.76            | 287,288,432.89            | 0.14%          |
| Dry Associates                       | 12,152,666.25             | 13,595,764.74             | 25,748,430.99             | 0.01%          |
| Faida dealing                        | 12,199,017.00             | 12,369,767.75             | 24,568,784.75             | 0.01%          |
| Pergamon Investment Bank             | 1,381.00                  | -                         | 1,381.00                  | 0.00%          |
| <b>TOTAL</b>                         | <b>105,969,094,250.20</b> | <b>105,969,094,250.20</b> | <b>211,938,188,500.40</b> | <b>100.00%</b> |



### 3.3.2 Bonds

#### Bonds turnover presented per broker

| BONDS TRADED IN 2024                 |                             |                             |                             |                |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|
| BROKER                               | PURCHASES                   | SALES                       | TOTAL                       | %AGE           |
| Securities Africa Kenya Limited      | 291,103,901,575.65          | 258,905,348,025.60          | 550,009,249,601.25          | 17.81%         |
| Kestrel Capital E.A. Ltd             | 270,198,523,865.85          | 273,976,976,967.35          | 544,175,500,833.20          | 17.62%         |
| Absa Financial Services Limited      | 237,433,395,682.45          | 252,949,259,222.65          | 490,382,654,905.10          | 15.88%         |
| Standard Investment Bank Limited     | 125,994,988,051.20          | 143,689,053,532.10          | 269,684,041,583.30          | 8.73%          |
| SBG Securities Ltd                   | 121,624,890,802.50          | 105,261,224,326.40          | 226,886,115,128.90          | 7.35%          |
| Sterling Capital Limited             | 80,821,276,938.15           | 81,446,488,657.20           | 162,267,765,595.35          | 5.25%          |
| AIB-AXYS Africa Ltd                  | 77,447,423,310.83           | 71,210,143,700.33           | 148,657,567,011.16          | 4.81%          |
| Dyer and Blair Investment Bank Ltd.  | 59,383,897,377.75           | 54,721,351,473.00           | 114,105,248,850.75          | 3.69%          |
| NCBA Investment Bank Limited         | 56,860,715,796.95           | 52,182,058,895.10           | 109,042,774,692.05          | 3.53%          |
| Faida Investment Bank Limited        | 55,530,567,511.85           | 47,777,622,498.40           | 103,308,190,010.25          | 3.34%          |
| KCB Capital Limited                  | 35,289,666,729.23           | 64,617,310,742.73           | 99,906,977,471.96           | 3.23%          |
| Equity Investment Bank Limited       | 34,151,267,141.35           | 34,987,788,044.55           | 69,139,055,185.90           | 2.24%          |
| Kingdom Securities Limited           | 21,406,459,139.05           | 16,695,731,796.80           | 38,102,190,935.85           | 1.23%          |
| Pergamon Investment Bank             | 14,851,944,221.05           | 14,336,462,044.60           | 29,188,406,265.65           | 0.94%          |
| Suntra Investments Limited           | 12,148,669,516.25           | 14,406,735,181.40           | 26,555,404,697.65           | 0.86%          |
| ABC Capital Ltd                      | 13,238,383,877.70           | 13,098,707,350.25           | 26,337,091,227.95           | 0.85%          |
| Old Mutual Securities Limited        | 10,800,528,364.05           | 14,978,228,778.25           | 25,778,757,142.30           | 0.83%          |
| Renaissance Capital (Kenya) Limited  | 11,102,403,859.15           | 13,641,612,257.00           | 24,744,016,116.15           | 0.80%          |
| Genghis Capital Limited              | 11,486,410,757.50           | 10,534,231,655.70           | 22,020,642,413.20           | 0.71%          |
| Private Wealth.                      | 1,755,730,449.45            | 4,005,469,556.70            | 5,761,200,006.15            | 0.19%          |
| Dry Associates                       | 925,426,257.13              | 836,552,594.98              | 1,761,978,852.11            | 0.06%          |
| Francis Drummond And Company Limited | 801,307,414.00              | 115,573,878.50              | 916,881,292.50              | 0.03%          |
| EFG Hermes Kenya Limited             | 18,055,036.00               | 1,902,495.50                | 19,957,531.50               | 0.00%          |
| <b>Total</b>                         | <b>1,544,375,833,675.09</b> | <b>1,544,375,833,675.09</b> | <b>3,088,751,667,350.18</b> | <b>100.00%</b> |



Capital A Investment Bank, formerly known as Securities Africa Kenya Limited, had the highest bonds turnover in 2024

### 3.3.3 Derivatives

| Contracts    | Deals      | Volume       | Turnover           |
|--------------|------------|--------------|--------------------|
| INDEX (25MN) | 16         | 419          | 11,560,700         |
| SCOM         | 277        | 2,279        | 37,309,000         |
| EQTY         | 262        | 1,117        | 47,979,670         |
| KCBG         | 183        | 1,311        | 44,119,430         |
| EABL         | 57         | 480          | 7,652,680          |
| BATK         | 23         | 114          | 4,334,630          |
| ABSA         | 28         | 52           | 689,330            |
| NCBA         | 30         | 76           | 3,266,780          |
| COOP         | 46         | 578          | 7,627,080          |
| SCBK         | 3          | 5            | 91,590             |
| IMHP         | 36         | 252          | 5,468,770          |
| <b>TOTAL</b> | <b>961</b> | <b>6,683</b> | <b>170,099,660</b> |

The total turnover for the derivatives market in 2024 was Kshs. 170,099,660, with Equity Bank contracts being the highest traded at Kshs. 47,979,670, followed closely by KCB Group contracts at Kshs. 44,119,430. Safaricom had the highest number of deals and volumes in the year, at 277 and 2,279, respectively.

## 3.4 Other Performance Indicators

### 3.4.1 Employment Trends in the Capital Markets Sector

The table below shows a summary of the number of employees in the capital markets at the end of the 2023 and 2024 financial years

| Type of Licence               | Number of Employees in 2023 | Number of Employees in 2024 |
|-------------------------------|-----------------------------|-----------------------------|
| Fund Manager                  | 453                         | 549                         |
| Investment Bank               | 256                         | 280                         |
| Online Forex (Non-Dealing)    | 191                         | 204                         |
| Approved Institutions         | 78                          | 73                          |
| Stockbrokers                  | 37                          | 36                          |
| Investment Adviser            | 14                          | 14                          |
| Authorised Securities Dealers | 9                           | 9                           |
| Online Forex (Dealing)        | 0                           | 6                           |
| ISPP                          | 0                           | 8                           |
| <b>Grand Total</b>            | <b>1,038</b>                | <b>1,179</b>                |

From the table above:

- a) There was an increase in the number of employees in capital markets year on year
- b) The fund manager sector has the highest number of employees
- c) The fund manager, Investment banks and Online forex (Non-dealing) sectors accounted for more than 90% of the employees

The Approved Institutions and Stockbrokers sectors witnessed a decline in the number of employees

### 3.4.2 Digital Transactions vs Traditional




From December 2024, Kenya's capital markets have seen a significant shift toward digital transactions, driven by technological advancements, regulatory support, and increasing financial inclusion. Traditional transactions, while still relevant for certain demographics, are becoming less efficient and more costly, limiting their appeal in a rapidly digitizing economy.

The CMA's regulatory support and Kenya's tech-savvy population position digital transactions as the dominant force, with continued growth expected.



Digital platforms, such as Intermediary Service Platform(s), mobile apps and online brokerages, have made trading in stocks, bonds, and other financial instruments more accessible. Retail investors can execute trades in real time using smartphones and USSD, leveraging platforms like the Nairobi Securities Exchange (NSE) and digital brokerage services such as NSE Easy. Mobile money platforms like M-Pesa further simplify transactions by enabling seamless fund transfers and payments.

The table below shows comparative insights of both digital and traditional transactions in the Kenyan Capital Markets

| ASPECT DIGITAL   | TRANSACTION  | TRADITIONAL TRANSACTION   |
|--|--|---|
|  <p><b>Investor Demographics</b></p>  | Digital platforms appeal to younger, tech-savvy investors, including millennials and Gen Z, who prefer mobile and AI-driven solutions.   | Traditional transactions are favored by older investors or those with larger portfolios requiring personalized advisory services. |
|  <p><b>Financial Inclusion</b></p>    | Digital transactions have significantly boosted financial inclusion, with Kenya's high mobile penetration (over 80% of adults use mobile money) enabling broader participation in capital markets. | Traditional transactions, by contrast, cater to a smaller, often urban-based demographic.   |
|  <p><b>Regulatory Environment</b></p> | The Capital Markets Authority (CMA) has supported digital innovation through frameworks like the regulatory sandbox, testing robo-advisory and blockchain-based platforms.                         | Traditional transactions remain governed by well-established regulations, providing a sense of stability                          |



As of December 2024, digital brokerage transactions reached Kes. 21,396,404,186.31, reflecting a 1315% surge from Kes. 1,512,078,203.69 in 2023. In contrast, traditional brokerage transactions were valued at Kes. 190,541,784,314.09, marking a 26% increase from Kes. 150,661,390,815.54 in 2023.

## 3.5 Compliance Status

### 1. Risk Classification Per License Category - 2024

#### 1.1. Overview

In 2024, the Capital Markets Authority (CMA) undertook a risk assessment of licensed market intermediaries using the CMA Risk-Based Supervision (CMA-RBS) Model. This framework enables both qualitative and quantitative evaluation of risk elements of licensed entities, supporting early risk detection, planning of supervisory actions, and optimal resource allocation.

The assessment focused on the following key dimensions:

- a) Operational: This component depends on the type of license, type of customers and the business activity conducted by the intermediary.
- b) Prudential: This component depends on financial risks faced type of licensee (credit risk, market risk, liquidity risk, and concentration risk)
- c) Governance Controls: This component details the governance controls and possible effects of poor governance and weak controls.
- d) Capital Support: This component details the adequacy of capital and possible exposures on capital based on regulation

Each entity's risk rating across these dimensions was used to compute an Overall Risk Rating and determine the level of Supervisory Attention required. For the year 2024, the assessment was undertaken with a focus on four licensed categories; Investment Banks, Stockbrokers, Fund Managers and Non-Dealing Online Foreign Exchange Brokers.

#### 1.2. Definitions

- a) **Supervisory Status:** guides CMA on the appropriate level of oversight for each entity. Levels include Low, Moderate, Medium, High (Watchlist), and Extreme (Restructure).
- b) **Risk Impact Level:** an assessment criterion to determine the effect a failure of the licensee could have according to their trading volume, number of investors, assets under management or custody and income.
- c) **Overall Risk Rating:** A composite score summarizing all risk factors and determining the supervisory tier.

#### 1.3. Risk Rating Scale

| Risk Band      | Rating Scale | Supervisory Attention |
|----------------|--------------|-----------------------|
| Low Risk       | 0.00 – 0.49  | Minimal supervision   |
| Moderate Risk  | 0.5 – 1.50   | Regular monitoring    |
| Medium Risk    | 1.51 – 2.50  | Enhanced supervision  |
| High Risk      | 2.51 – 3.50  | Watchlist             |
| Very High Risk | 3.50 – 4.00  | Restructure           |

Risk rating scale ranging from 0 – 4

#### 1.4. Average Risk Scores by License Category

| License Category | Operational Risk Factor | Prudential Risk Factor | Governance Control Factor | Capital Support | Impact Level | Overall Rating | Average Supervisory Status |
|------------------|-------------------------|------------------------|---------------------------|-----------------|--------------|----------------|----------------------------|
| IB               | 0.5                     | 1.0                    | 0.4                       | 1.2             | 1.4          | 1.1            | Moderate risk              |
| SB               | 0.8                     | 1.3                    | 0.4                       | 2.4             | 1.7          | 2.1            | Medium risk                |
| FM               | 0.4                     | 0.8                    | 0.3                       | 1.5             | 0.8          | 1.0            | Moderate risk              |
| Forex            | 0.9                     | 0.8                    | 0.2                       | 1.3             | 2.2          | 1.7            | Medium risk                |

**IB** – Investment Banks, **SB** – Stockbrokers, **FM** – Fund Managers, **Forex** – Non-Dealing Online Foreign Exchange Brokers

##### 1.4.1. Investment Banks (IB)

**Profile:** Lowest average scores across nearly all risk factors.

**Capital Support** and **Impact Level** were slightly elevated but within moderate risk levels.

**Supervisory Action:** routine oversight sufficient; no high-risk indicators.

##### 1.4.2. Stockbrokers (SB)

**Profile:** Highest Capital Support score (2.4), suggesting relatively low capacity to absorb shocks.

Elevated **Prudential Risk** and **Impact Level** contribute to the highest **Overall Rating** (2.1).

**Supervisory Action:** enhanced supervision, capital adequacy reviews, and frequent monitoring.

##### 1.4.3. Fund Managers (FM)

**Profile:** Most stable licensed category with consistently low scores across all dimensions save for Capital Support.

**Overall Rating:** 1.0 — lowest among all categories.

**Supervisory Action:** routine supervision.

##### 1.4.4. Online Forex Brokers (Forex)

**Profile:** High **Impact Level** (2.2), meaning that their failure could significantly affect market and investor confidence.

**Operational** and **Prudential Risks** are moderately high.

**Overall Rating:** 1.7 — in the medium risk band.

**Supervisory Action:** Targeted oversight on entities with high risk, ensure AML/CFT compliance and consumer protection safeguards.

##### 1.4.5. Average Overall Risk Rating by Category

**Investment Banks:** 1.1 (Moderate Risk)

**Stockbrokers:** 2.13 (Medium Risk)

**Fund Managers:** 1.00 (Moderate Risk)



## Forex Brokers: 1.70 (Medium Risk)



Heatmap visualizing the Overall Risk Ratings per firm (anonymized) across the four license categories

- **Dark Red** = High risk (above 2.5) — requires **intensive supervision**
- **Orange** = Elevated risk — **enhanced monitoring** may be needed
- **Yellow** = Moderate risk — **standard supervision**
- **Green** = Low risk (below 0.75) — **stable entities**

This color-coded view quickly shows where regulatory attention is most needed, especially in **Stockbrokers** and **Online Forex Brokers**, where several entities fall in the high-risk zone.

### Investment Banks:

Most entities fell within the **Moderate Risk** range with only two (2) entities rated at **Medium Risk**.  
Supervisory Intervention: The CMA maintains routine supervision with thematic reviews for outliers.

### Stockbrokers:

Three (3) entities exceeded **High-Risk** thresholds with a rating greater than 2.5, the rest being rated at **Medium Risk** with the exception of one (1) firm rated at **Moderate Risk**.

Supervisory Intervention: The CMA conducts enhanced monitoring, onsite inspection, and monitors financial health indicators more closely.

### Fund Managers:

This category contains the widest spread, varying from **Low Risk** to **Medium Risk** with the highest score observed at 2.

Supervisory Intervention: Differentiated supervision based on the risk level; reduced frequency for stable entities and a focus on those at Medium Risk.



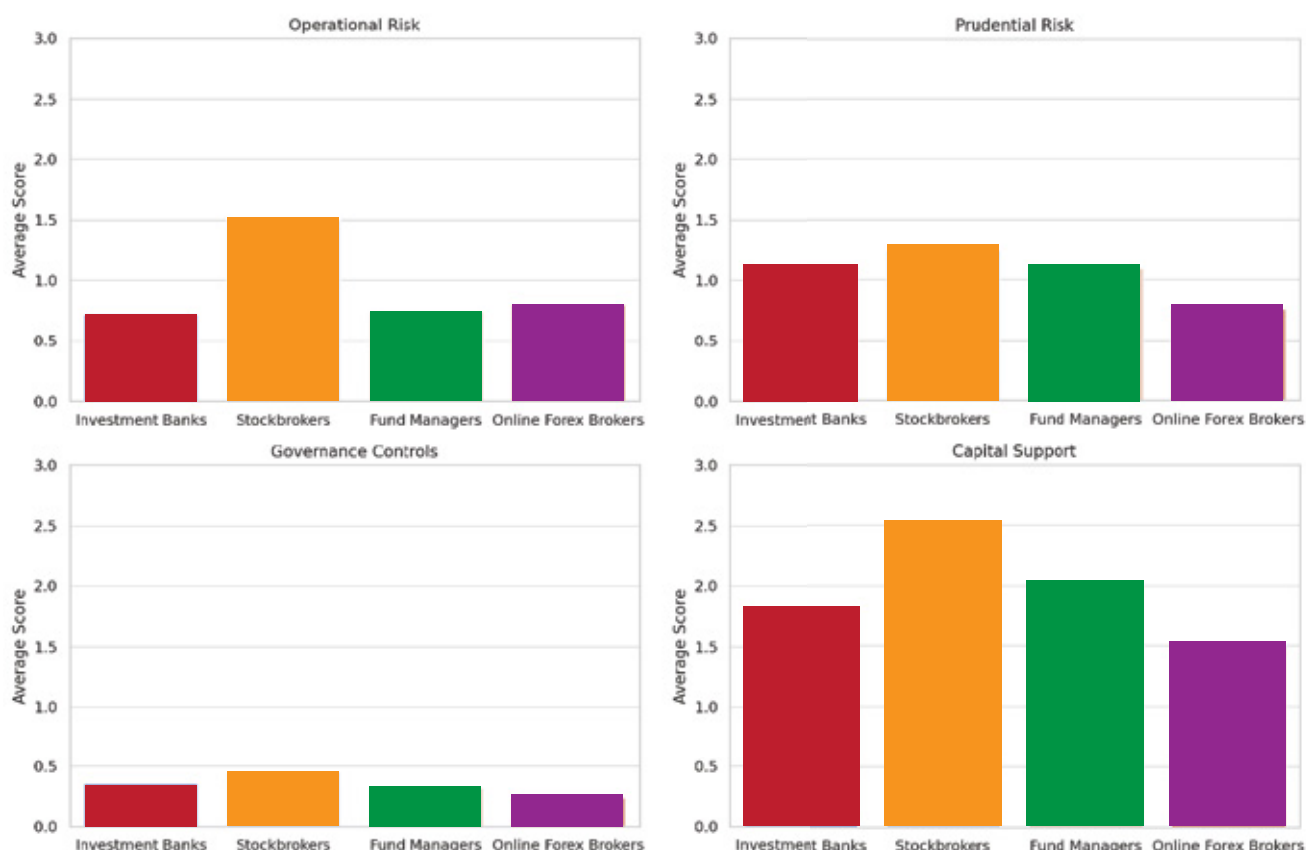
### Online Forex Brokers:

Notable concentration of high-risk scores with two (2) entities having a rating greater than 2.5. The ratings vary from **High Risk** (Watchlist) with the highest entity rated at 3.84 and **Low Risk**, with the lowest rated at 0.61.

Supervisory Intervention: Differentiated supervision based on the risk level; reduced frequency for stable entities and a focus on high and medium-risk entities.

### 1.5. Average Risk Factor by License Category - 2024

Average Risk Factors by License Category (2024)



### Average Risk Factor by License Category

- a) **Operational Risk** and **Capital Support Risk** are notably higher for **Stockbrokers**.
- b) **Governance Risk** is consistently low across all categories, with **Online Forex Brokers** showing the lowest.
- c) **Prudential Risk** is relatively even, though slightly elevated for **Stockbrokers** and **Investment Banks**.

## 1.6. Summary Table

This table summarizes average, highest, lowest, and count of high/low risk entities across the four license categories

| Category             | Average Overall Rating | Highest Rating | Lowest Rating | High Risk Entities (Rating > 2.5) | Low Risk Entities (Rating ≤ 0.75) |
|----------------------|------------------------|----------------|---------------|-----------------------------------|-----------------------------------|
| Investment Banks     | 1.06                   | 2.04           | 0.6           | 0                                 | 3                                 |
| Stockbrokers         | 2.13                   | 3.35           | 1.39          | 3                                 | 0                                 |
| Fund Managers        | 1                      | 2.03           | 0.26          | 0                                 | 9                                 |
| Online Forex Brokers | 1.7                    | 3.84           | 0.61          | 2                                 | 2                                 |

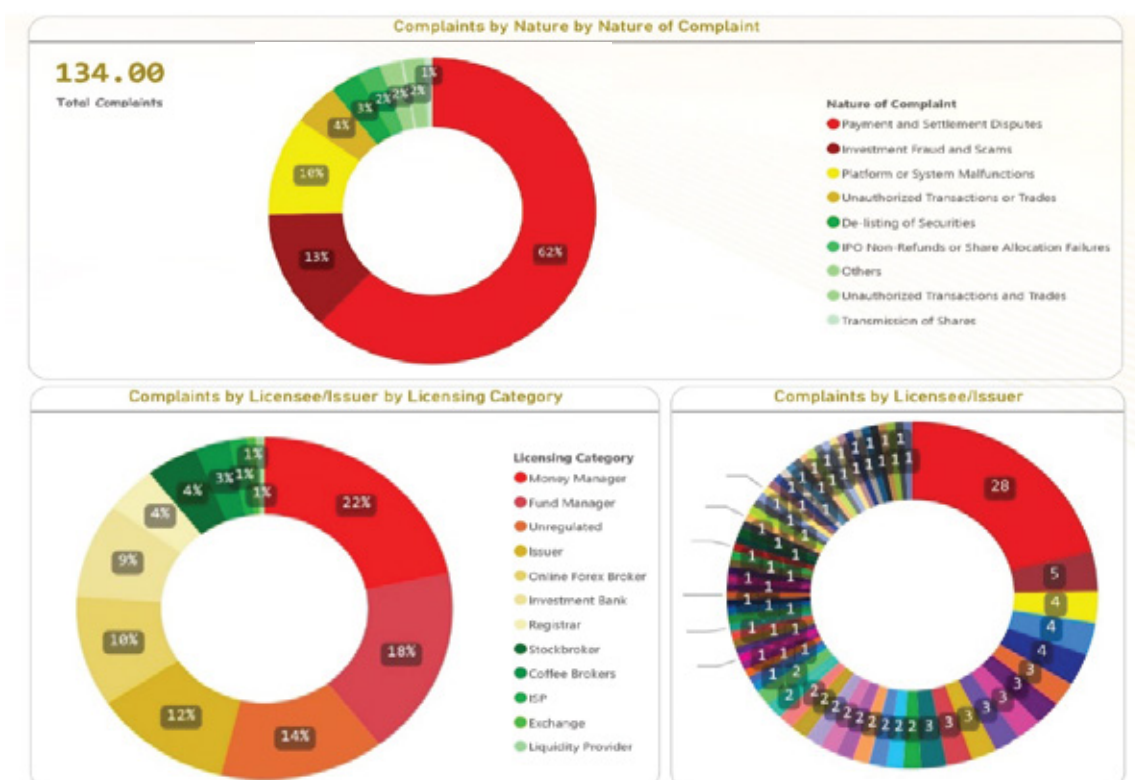
**Average, highest, lowest, and count of high/low risk entities**

## 3.6 Complaints Statistics

In 2024, the Authority received a total of 134 complaints, categorized by the nature of the complaint, licensing category of the licensee/issuer, and the specific licensee or issuer involved. The majority of complaints (62%) related to payment and settlement disputes. During the year, a significant rise in investment scams was observed, comprising 13% of the total complaints, with a strong correlation to unregulated entities, which accounted for 14%. These unregulated businesses are considered high-risk since they lack compliance oversight, and the public risks losing funds. Although complaints were fairly distributed across entities, one licensee experiencing operational challenges was the subject of 28 complaints during the year.

Entities licensed under the fund manager and money manager categories were involved in 40% of all complaints, with most issues associated with payment and settlement disputes. In response to these trends, the Authority is prioritising efforts to strengthen oversight of both licensed and unregulated entities. These actions aim to enhance market integrity, reduce consumer risk, and address emerging issues more effectively.

### Graphical Representation of Complaints



### 3.7 Enforcement

| LICENSEE/PERSON   | BREACH  | ENFORCEMENT ACTION TAKEN  |
|---|---|---|
| <p>8 former directors of Chase Bank Limited (In Liquidation) CBKL</p> <p>Former Chief Executive Officer of Chase Bank Limited (In Liquidation) CBKL</p> | <ul style="list-style-type: none"> <li>➤ Preparation and publication of false and misleading financial statements for the period ended December 31 2014 which were part of the CBKL Information Memorandum (IM) for the Medium Term Note (MTN) issued in 2015 contrary to the provision of <i>Section 30D(1), 30GA and 34(a) &amp; (b) of the capital Markets Act</i></li> <li>➤ Failure to disclose material information to the MTN investor relating to payment of Kshs. 1billion bonus contrary to the provision of <i>Section 34(b) of the Capital Markets Act as read together with Regulation 12(1) of the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulation 2002.</i></li> </ul> | <p>A financial penalty of Kshs. 26 million was imposed.</p>                                     |
| Auditor   | <ul style="list-style-type: none"> <li>➤ Failure to undertake reasonable due diligence leading to overstatement of cash and balance in the CBKL published IM</li> <li>➤ Failure to undertake reasonable due diligence to confirm legal ownership of the investments purportedly acquired by CBKL under the Musharakkh financing model leading to misstatement of the investments in the CBKL published IM</li> <li>➤ Leading to misrepresentation and misclassification in the Bank's financial statement for the period ended December 31 2014 contrary to the <i>Section 30D(1), 30GA and 34(a) &amp; (b) of the capital Markets Act</i></li> </ul>   | <p>Auditor paid a financial penalty of Kshs. 10,000,000 to Investor Compensation Fund (ICF)</p> |

|                       |  |  |
|-----------------------|--|--|
| 2 Listed companies    | Unauthorised immobilization and fraudulent belonging to a late shareholder, contrary to the requirements of CM Act, Central Depository Act and the attendant regulations.  | The Authority issued a Notifications of Enforcement Action to reinstate clients' shares and to pay the accumulated corporate actions.  |
| 1 Money manager       | Non compliance with various licensing requirements.  | License suspended.   |
| 1 Stockbroker         | Erroneous allocation and subsequent sale of a client's Safaricom IPO shares contrary to requirements of Regulation 22(1)(b) and 22 (2) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002.  | The Authority issued a Notification of Enforcement Action ordering the broker to restitute the client of the non-allocated shares together with the accrued corporate actions. |
| 1 Market intermediary | <p>Failure to comply with investment guidelines contrary to the provisions of Regulation 78 of the Capital Markets of cash and balance in the CBKL published IM</p> <ul style="list-style-type: none"> <li>➤ Failure to undertake reasonable due diligence to confirm legal ownership of the investments purportedly acquired by CBKL under the Musharakkh financing model leading to misstatement of the investments in the CBKL published IM</li> <li>➤ Leading to misrepresentation and misclassification in the Bank's financial statement for the period ended December 31 2014 contrary to the <b>Section 30D(1), 30GA and 34(a) &amp; (b) of the capital Markets Act</b></li> </ul> | Directive for the firm to come into compliance within 90 days.<br>Compensation Fund (ICF)  |
| 2 Listed companies    | Unauthorised immobilization and fraudulent belonging to a late shareholder, contrary to the requirements of CM Act, Central Depository Act and the attendant regulations.  | The Authority issued a Notifications of Enforcement Action to reinstate clients' shares and to pay the accumulated corporate actions.  |

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| 1 Money manger         | Non compliance with various licensing requirements.   | License suspended.  |
| 1 Stockbroker          | Erroneous allocation and subsequent sale of a client's Safaricom IPO shares contrary to requirements of Regulation 22(1)(b) and 22 (2) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002.   | The Authority issued a Notification of Enforcement Action ordering the broker to reconstitute the client of the non-allocated shares together with the accrued corporate actions.   |
| 1 Market intermediary  | Failure to comply with investment guidelines contrary to the provisions of Regulation 78 of the Capital Markets (Collective Investment Scheme-CIS) Regulations.   | Directive for the firm to come into compliance within 90 days.  |
| 1 Market intermediary  | Failure to exercise due diligence, and weak internal controls contrary to the requirements of Regulation 3(b) of the Capital Markets (Conduct of Business) (Market Intermediaries) Regulations, 2011 which requires a market intermediary to always exercise due skill, care and diligence, and Guideline 5 and Guideline 6(5) of the Guidelines on the Prevention of Money Laundering and Terrorism Financing in the Capital Markets, which demands market intermediaries to always obtain satisfactory evidence in scrutinizing the identity of a customer. | The Authority issued the firm with a Regulatory Directive to comply with regulatory requirements.   |
| 1 Market intermediary. | Unauthorised dealing in a client's account by the firm's employee contrary to the requirements of the Capital Markets (Online Foreign Exchange Trading) Regulations, Capital Markets (Conduct of Business) (Market Intermediaries) Regulation, 2011.  | The Authority issued a Notification of Enforcement Action requiring the firm to reconstitute the complainant of the loss suffered in his account as a result of unauthorised dealing in his account by Ingot Africa Limited employee. Besides, the Authority issued the entity with a regulatory warning. |

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| 1 Coffee broker        | Irregular market conduct contrary to the provisions of the Capital Markets (Coffee Exchange) Regulations 2020 which demand that coffee sale proceeds be settled directly to the growers and not to any service providers.  | The Authority issued the firm with Regulatory directive directing the firm to ensure that it only engages with growers                                |
| 1 Coffee broker        | Regulatory non-compliance by uploading erroneous transaction file to the Direct Settlement System (DSS) contrary to the provisions of Regulation 41 (2) of the Capital Markets (Coffee Exchange) Regulations, 2020 which mandate a growers authorized representatives to ensure growers particulars for which payment will be due to the grower and any other outstanding liabilities payable by the grower is correct and relevant. | The Authority issued the firm with a Regulatory caution   |
| 1 Coffee broker        | Offense engaging in both direct sales as a coffee agent and brokerage as a coffee broker   | The Authority issued the firm with a regulatory directive.  |
| 1Market intermediary.  | Late submission of risk-based capital adequacy (RBCA) returns for the period ended June 2024 contrary to the provisions of the guidelines on financial resource requirements for market intermediaries.  | The Authority issued firms with Regulatory caution for late submission of risk-based capital adequacy (RBCA) returns                                  |
| 1 Fund manager         | Non-compliance with regulatory requirements on liquid capital as provided for under Regulation 30 (4) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002.   | The Authority issued a Directive to the fund manager requiring the firm to regularize its liquid capital position as per the regulatory requirements. |
| 1 Market intermediary. | Late submission of AML/CFT Independent Auditor's report contrary to the requirements of POCAMLA and Authority's issues circulars on AML/CFT contrary to the requirements of POCAMLA and Authority's issues circulars on AML/CFT.   | The Authority issued regulatory the firm for late submission of AML/CFT Independent Auditor's report.   |



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| 1 Money manager    | Failure to submit AML/CFT Independent Auditor's report and ML/TF & Proliferation financing Risk Assessment report contrary to the requirements of POCAMLA and Authority's issues circulars on AML/CFT.  | The Authority directed the firm to pay financial penalty of Kshs. 500,000 to the ICF for Failure to submit AML/CFT Independent Auditor's report and ML/TF & Proliferation financing Risk Assessment report. |
| 2 Fund managers    | Failure to submit and publish financial statements for the period ending December 31, 2023, contrary to the requirements of the Capital Markets (Collective Investment Schemes, Regulation, 2023 and the Capital Markets (Licensing Requirements) (General) Regulations 2002. | The Authority directed the firms to pay a financial penalty to the ICF for Failure to submit and publish financial statements for the period ending December 31, 2023, as per the regulatory requirements.  |
| 3 Listed company   | Failure to submit the monthly shareholding status report for February and March 2024 within regulatory timelines.   | The Authority issued a Regulatory Directive requiring the listed company to submit shareholding reports.  |
| 1 Listed company   | Failure to comply with the Authority's directive pursuant to section 11(3)(i).  | The Authority issued a directive requiring the company to pay a financial penalty for Kshs. 200,000 to the ICF account, for failure to comply with the Authority's directive.                               |
| 8 listed companies | Late submission of the corporate governance reporting template for the year ended February 28, 2024, contrary to the requirement of the Authority's <b>Circular No. CMA/MRT/004/2017</b> .  | The Authority issued Regulatory Caution, besides directing various firms Board to commit themselves to ensuring that the Corporate Governance Reporting Template Completion and submission is               |

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|                       |   | undertaken within the regulatory timelines.   |
| 1 Listed company.     | Fraudulent immobilization and subsequent sale of a shareholder's shares, contrary to the provisions of the Capital Markets (Public Offers, Listing and Disclosures Requirements) Regulations, 2002, Central Depository Operational Procedures, 2012 and the Central Depository Act, 2000  | The Authority issued a Notification of Enforcement Action directing the firm to reinstate the fraudulently immobilized shares and to compensate the Estate of the deceased shareholder the accrued corporate actions. |
| 1 Stockbroker.        | Unauthorized trading in a client's account. The firm induced transactions in the complainant's account without the complainant's written instructions contrary to the client's interests, contrary to the provisions of the Capital Markets Act, Capital Markets (Conduct of Business) (Market Intermediaries) and Capital Markets (Licensing Requirements) (General) Regulations 2001. | The Authority issued a Notification of Enforcement Action letter to the firm to reconstitute a client for the loss suffered in his account because of unauthorized trading.   |
| 1 Listed company      | Non-compliance with Capital Markets Regulatory requirements in relation to takeover/Acquisition transactions contrary to the requirements of the Capital Markets Act and POLD on private transfers and block trading, Takeover Regulations and NSE Trading Rules.   | The Authority issued a financial penalty of Kshs. 10, 000, 000.   |
| 1 Market intermediary | Non-compliance with Capital Markets Regulatory requirements in relation to takeover/Acquisition transactions contrary to the requirements of the Capital Markets Act and POLD on private transfers and block trading, Takeover Regulations, and NSE Trading Rules.  | The Authority issued a financial penalty of Kshs. 10, 000, 000.   |

## Conclusion

The year 2024 was a defining period for Kenya's capital markets, marked by resilience, innovation, and strengthened regulation. The sector recorded steady growth supported by investor confidence, technological progress, and enhanced oversight.

Going forward, the Capital Markets Authority remains committed to advancing sustainable finance, widening access to capital, and promoting inclusive market participation. Through collaboration with stakeholders, the Authority will continue to uphold transparency, efficiency, and good governance to build a vibrant, resilient, and globally competitive capital markets ecosystem that supports Kenya's economic transformation





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