



CIRCULAR NO: CMA/MRT/003/2020

24 March 2020

ASSESSMENT OF THE KENYAN CAPITAL MARKETS AND ADDITIONAL GUIDANCE TO THE INDUSTRY IN LIGHT OF THE CORONA VIRUS

BACKGROUND

The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, the Capital Markets (Collective Investment Schemes) Regulations, 2001, the Capital Markets (Online Foreign Exchange Trading) Regulations, 2017 and the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 require every Licensed Intermediary, Issuer of Securities and Approved Collective Investment Scheme to comply with the deadlines stipulated for the submission and publication of the monthly, quarterly, half year unaudited and full year audited financial statements to the Capital Markets Authority.

The Authority's initial assessment of the secondary market's performance points to a continued decline in equity market prices as reflected in the stock indices, albeit at a lower rate, with the NSE-20 Share index declining by 4.9 percent during the week ending 20 March 2020, compared to the significant decline of 11.5 percent during the previous week. Further it should be noted that the decline is relatively lower than the performance of indices of other securities exchanges globally.

Mixed performance is expected among listed companies as some of the sectors of the economy may be more affected than others by the disruption and abrupt slowdown in economic activity occasioned by the COVID-19 pandemic and the measures taken to limit the spread of the virus.

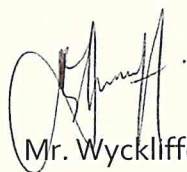
GUIDANCE TO THE CAPITAL MARKET INDUSTRY PLAYERS

For all the Licensed Intermediaries, Issuers of Securities to the Public, approved Collective Investment Schemes and other approved persons with deadlines for submission and publication of audited financial statements due in the months of March 2020 and April 2020, these are extended by one month respectively. However, firms that are able to complete and file their statements and publish within the regulatory timelines are encouraged by the Authority to do so in the interest of ensuring that investors obtain the information in a timely manner.

The Authority has relaxed the disclosure obligation in relation to publication of announcements and financial statements in two newspapers of national circulation until 30th June 2020. In the alternative, and in order to ensure timely and seamless flow of the required information to the investing public, we direct that all the required disclosures be published on the following three platforms: the firm's own website and social media platforms; the Nairobi Securities Exchange website for all issuers and trading participants; and the Capital Markets Authority website by all entities affected by this guidance. However, firms who have no challenges publishing the same in the newspapers are encouraged to do so.

Where a firm is subject to other regulatory obligations outside the scope of the Authority, the firm is advised to consult with such other applicable regulator(s) where an obligation which has been altered by this Circular is applicable under a different regime outside the Authority's mandate.

The Authority may issue further guidance to the market if circumstances change. For further enquiries, do not hesitate to contact the Authority through financialanalysis@cma.or.ke.



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ACTING CHIEF EXECUTIVE