

√ The related-party transactions; Pushing for prompt disclosure of related-party transactions allows shareholders/investors to evaluate and ensure that transactions are done on terms that are not more advantageous than if done on an arms-length basis.

√ The contingent liabilities; disclosure of information about contingent liabilities assist investors in assessing the present and expected financial performance and financial position of a company.

3. Annual General Meetings: It is your responsibility to attend or appoint a proxy and if need be, speak on any matters that remain unclear at the meeting.

4. Direction of the Company: It is your responsibility to raise issues related to the strategic and financial management of the company, the future direction of the company, its goals and objectives and its diversification and expansionary policy, if relevant.

5. Corporate Governance: It is your responsibility to ascertain the corporate governance policies and practices of the company. These policies are often crucial in determining how a company treats and relates with its shareholders. Shareholders will be responsible for making the following key decisions:

√ Removing a director from the Board.

√ Appointing a director to the Board.

√ Authorizing directors to issue new shares in the company.

√ Authorizing directors to enter into contracts with other companies or entities for the benefit of the company.

√ Approving directors' service contracts of more than 2 years' durations.

For further information, please contact:



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Promoting the integrity and growth of the Capital Markets

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES IN CAPITAL MARKETS



A shareholder is an individual or institution (including a company) that legally owns a share in a public or private company. A shareholder has rights and responsibilities which he or she should know as they form an essential part to being an informed investor. Although the Capital Markets Authority enforces to a certain degree shareholders' rights, an informed investor is less susceptible to risk.

It is important to note that some of these shareholder rights and responsibilities may be limited from time to time either directly or indirectly by the Authority or other government agencies, pursuant to the capital markets regulatory framework, or other relevant laws.

SHAREHOLDER RIGHTS

As a shareholder, the law provides you with several basic rights. Your rights depend largely on provisions of the Companies Act, 2015 and the company's Memorandum and Articles of Association. These are the first documents which you should consult when determining your rights in a company. The Code of Corporate Governance for Issuers of Securities, 2015 provides for the rights and responsibilities of directors and shareholders. The following are your general rights as a shareholder:

1. The right to receive a copy of audited financial statements, annual report and half-yearly results through your suitable channel of communication
2. The right to receive relevant information including the date, location and Agenda of AGM: This must be circulated to you at least 21 calendar days before the AGM.
3. The Right to Transfer Ownership: You have the right to a secure method of transfer and registration of ownership of your shares including the right to trade your securities on an approved exchange.
4. Voting: You have a right to speak and vote on important issues during the AGM and any Extraordinary General Meeting (EGM). This includes electing directors, appointing auditors and proposals for fundamental changes affecting the company.
5. Participation in AGM: Your full participation at AGMs ought to be protected by being provided with sufficient information on each subject to be discussed, sufficient information on voting rules or procedures, proxy models with different voting options, opportunity to question management, place items on the agenda and vote in absentia

6. Treatment/Handling: You have the right to be treated equitably in a fair, respectful and ethical manner as an investor or shareholder and your expenses and convenience should be a primary criterion when selecting the AGM Venue and location.

7. Company Information: You have the right to receive information about the company such as:

- ✓ The register of substantial shareholders.
- ✓ The register of debentures.
- ✓ The instruments and register of charges.
- ✓ The register of directors, managers and secretaries.
- ✓ The minute book of general meetings.
- ✓ The registrar and register of members.
- ✓ Sufficient information on decisions concerning fundamental corporate changes e.g. amendments to governing documents of the company.

8. Problem Resolutions: You have a right to receive fair consideration and prompt response from the company if any issues with your account arise and to be apprised of other avenues if unable to resolve.

9. Engaging Professional Advisors: You have a right to consult a financial advisor, lawyer or tax advisor on any issue relating to the company.

10. Entitlement: You have a right to distributed profit in the form of dividend, bonus shares, script dividend and rights issue as applicable and in the proportion of shares you hold, subject to the Companies Act, Code of Corporate Governance, the Articles of Association and the company's policies.

11. Opinion: You have a right to express an opinion on the company's performance.

12. Legal Action: You have a right to take legal action restraining/barring/blocking the management from implementing any action, plan or decision that you feel is not in the best interest of the company.

13. Opportunity to Inspect Accounts, Corporate Books and Records: You have a right to seek clarity on matters regarding accounts presented at Annual General Meeting (AGM) like annual reports, as well as to attend the offices of the issuer to view relevant documents.

14. Liability for Directors: You have a right to take to court any director or officer of the company who has participated in violations.

15. Directors Accountability: You have a right to exert pressure on the directors to be more transparent and accountable.

16. Directors Duty of Care: You have a right to raise any issues of any breach of duty by a director.

17. Liquidation: You have a right to share in the proceeds recovered when the company liquidates its assets, subject to the law on liquidation and winding up

18. AGMs: You have a right to raise issues relating to procedural and legal requirements of general meetings.

19. EGMs: You have a right to request for an Extraordinary General Meeting as provided for under the Companies Act, 2015.

SHAREHOLDER RESPONSIBILITIES

The following are your general responsibilities as a shareholder:

1. Risk Assessment: It is your responsibility to understand that all investments involve risk; it is advisable to ensure you assess all conceivable risks and make informed investment decisions on the following areas among others:
 - ✓ Market Risk - The value of securities like stocks and bonds may fluctuate over time based on social economic, company earnings and market sentiments among others.
 - ✓ Liquidity Risk - A risk that investment might not be easily sold or converted to cash in a timely manner.
 - ✓ Inflation Risk - You face inflation risk when you may not earn enough overtime in form of capital gains to keep pace with the increasing cost of living.

2. Engagement: Even though shareholders delegate direct responsibility for the administration of the company to the Board of Directors, they can oversee their investments and indirectly influence corporate decisions by engaging in active dialogues with the directors and corporate management. Shareholders can engage corporate management on a broad array of issues using an array of avenues to express concerns regarding their investments. It is therefore your responsibility to seek information from the company and take note of areas such as:

- ✓ The core business which reflects what the company does best and its future plans.
- ✓ The profile of Directors and Management team who are responsible for approving the strategic plans and providing the strategic direction for the company's growth as well as ensuring that the company's business is properly managed.
- ✓ The corporate governance practices and internal controls; Investors should make sure that the company in which they are going to invest or have invested in, practices good corporate governance and have sound internal controls.
- ✓ The financial statements of a company to be able to have some basis to understand and assess the company's ability to generate profits as well as its cash flow situation.