

**Disclaimer**

*This brochure is by no means a conclusive document. The Capital Markets Authority takes no responsibility for any consequences arising from decisions taken on the basis of the contents of this brochure. For more information or clarification on Collective Investment Schemes, please refer to our regulations on the same which are available at our website: [www.cma.or.ke](http://www.cma.or.ke)*

For further information, please contact:



**CAPITAL MARKETS AUTHORITY**

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*Promoting the integrity and growth of the Capital Markets*

**BEGINNERS GUIDE  
TO INVESTING IN  
CAPITAL MARKETS**

- Contact Capital Markets Authority, call 2264900 or the Nairobi Securities Exchange (NSE) at 2230692
- Email to [complaints@cma.or.ke](mailto:complaints@cma.or.ke), or [info@nse.co.ke](mailto:info@nse.co.ke)
- Complete an Online Complaints Form on the CMA website

- Report abuses in the industry to the Capital Markets Fraud Investigation Unit using the contacts below:
  - 0714 693414/0714 693365, 0731 544389,
  - 0773 199622
  - E-mail: [antifraudunit@cma.or.ke](mailto:antifraudunit@cma.or.ke)

- Complete online through CMA website



#### INVESTMENT CONSIDERATIONS

Know what products are available in the market and choose the right investment product	<ul style="list-style-type: none"> <li>• Stocks, Bonds, Collective Investment Schemes, Global Depository Receipts, Exchange Traded Funds, Real Estate Investment Trusts</li> <li>✓ Bonds are debt instruments that tend to attract institutional investors and trade in large blocks.</li> <li>✓ M-Akiba Bonds allows investors to purchase Government Bonds with a little as Ksh 3,000.</li> <li>✓ If you are hands-on, then direct purchasing of stocks is for you.</li> <li>✓ If not, you will want to consider investing in collective investment scheme.</li> <li>✓ An Exchange Traded Fund is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund.</li> <li>✓ A Global Depository Receipt is a certificate issued by a depository bank, which purchases shares of foreign companies and deposits it on the account.</li> </ul>
Know your investor profile	<ul style="list-style-type: none"> <li>• Should not only be according to your goals but also tolerance for risk</li> <li>• Are you "risk-taking" or "risk averse"</li> </ul>
Do your homework before you invest	<ul style="list-style-type: none"> <li>• Don't put your money in until you have understood all relevant information regarding the investment</li> </ul>
Build your buffer first	<ul style="list-style-type: none"> <li>• Do not embark on any investment program if you have not built up a cash buffer to take care of financial emergencies</li> </ul>
Think long term (over one year)	<ul style="list-style-type: none"> <li>• Short-term thinking can short-circuit long-term effectiveness.</li> </ul>
Stay on course	<ul style="list-style-type: none"> <li>• Review and monitor your investments</li> <li>• Track the performance of your returns</li> <li>• Evaluate options</li> </ul>
Avoid Putting All Your Eggs in One Basket	
Be aware of scams <i>(The information provided here is only a guide. It does not constitute investment, tax, legal, or any other</i>	<ul style="list-style-type: none"> <li>• If in doubt please contact Capital Markets Authority, call), or the Nairobi Stock Exchange (NSE) at 2230692</li> <li>• Ask questions</li> </ul>

#### TALK TO CMA

As a wise investor, you should know your rights and responsibilities. Be aware of the rules that protect you and your investments, and the legal recourse if things go wrong.

#### Step 1

- **Conduct 'Financial self examination'**
  - Analyse your financial objectives, your income sources, constraints and risk tolerance

#### Step 2

- **Deal only with licensed Entities**
  - Identify your financial investment advisor and open an account with them. Your investment advisor, be they an investment bank, a stock broker or any other firm advising you on investment must be a licensee of the Capital Markets Authority (CMA).

#### Step 3

- **Open a Central Depository System (CDS) account**
  - A Central Depository System (CDS) is a computer system operated by Central Depository and Settlement Corporation (CDSC), which facilitates holding of securities in electronic accounts opened by shareholders.

#### Step 4

- **How to open a CDS Account**
  - You open a CDS account by completing and signing a securities account opening/maintenance form with your Central Depository Agent (CDA), providing two recent passport size photographs and a photocopy of your national identity card. A CDA is a central depository agent, either a Stockbroker an Investment Bank or a Custodian Bank, who has been authorized by Central Depository and Settlement Corporation (CDSC) to open CDS accounts on behalf of investors.

#### Step 5

- **Take Control of your Trading Account**
  - Ensure that your stockbroker/investment bank does not trade in your account without your knowledge. It is important to make sure that you are receiving all documents relevant to your transactions including; receipts, transaction statement, purchase and sales contracts, CDS account statements, etc. It is this account you will be referring to find out what transaction have been made by the stockbroker on your behalf.
  - You can also receive sms account alerts from the CDSC by sending "Register" to 22372