

DEBT SECURITIES – LISTING BY INTRODUCTION

1. DOCUMENTS IN SUPPORT OF APPLICATION

Requirement	
1.	Information Memorandum which complies with the disclosure requirements highlighted hereunder
2.	Certified copy of the Certificate of Incorporation of Applicant
3.	Certified Copy of the Memorandum and Articles of Association of Applicant
4.	Certificate of Compliance (issued by Registrar of Companies, Kenya) (for foreign applicant)
5.	Board of Directors Resolution authorizing listing by introduction
6.	Shareholders Resolution authorizing listing by introduction
7.	Legal Opinion from primary jurisdiction (for foreign issuer)
8.	Kenyan legal opinion which complies with the provisions of Regulation 6 of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002
9.	Reporting Accountants' report
10.	Audited financial statements / annual reports for the last three financial years <i>NOTE: The latest audited financial statements to be less than 4 months old from the proposed date of offer. (The Authority may require latest management accounts, limited audit review and the applicant shall be advised accordingly if this is the case)</i>
11.	Letter approving the issue and listing of the securities from the primary regulator (for foreign securities)

2. ELIGIBILITY CRITERIA CHECKLIST

The eligibility disclosures for corporate bonds are provided for under both the Second and the Third Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 as highlighted below:

REQUIREMENT	CRITERIA	Met: Y, N or N/A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
Incorporation with limited liability	The issuer to be listed shall be a public company registered under the Companies Act (Cap 486) or any other body corporate established or incorporated in Kenya under the provision of any written law.		
Size: Share Capital and Net Assets of Issuer	The issuer shall have a minimum authorized, issued and fully paid up share capital of Kshs. 50 million and net assets of Kshs. 100 million before the public offering of the securities.		
Listing and transferability of securities	All fixed income securities except for commercial papers shall be listed and shall be freely transferable and not subject to any restrictions on marketability or pre-emptive rights.		

Availability and reliability of financial records	<ul style="list-style-type: none"> ▪ The issuer other than the Government of Kenya issuing Treasury Bonds or other Government securities, must have published audited financial statements complying with IAS for an accounting period ending on a date not more than three months prior to the proposed date of the offer. 		
	<ul style="list-style-type: none"> ▪ Where more than nine months have elapsed since the end of the financial year to which the last published annual accounts relate, the issuer shall prepare an interim audited financial statement covering at least the first six months following the end of that financial year which must be included in or appended to the prospectus. 		
	<ul style="list-style-type: none"> ▪ In the case of issuers whose securities are listed at a securities exchange in Kenya but where not more than six months have elapsed since the end of the financial year, unaudited financial statements covering the period preceding the six months must be included in or appended to the prospectus. 		
	<ul style="list-style-type: none"> ▪ The financial soundness of the issuer shall not be in any doubt and the issuer must have prepared financial statements for the latest accounting period on a going concern basis and the audit report must not contain any emphasis of matter or qualification in this regard. 		
	<ul style="list-style-type: none"> ▪ At the date of the application, the issuer must not be in breach of any of its loan covenants particularly in regard to the maximum debt capacity. 		

<p>Directors and senior management</p>	<ul style="list-style-type: none"> ▪ As at the date of the application and for a period of at least two years prior to the date of the application, no director of the issuer shall have <ul style="list-style-type: none"> - any petition under bankruptcy laws pending or threatened against the director (for individuals), or any winding-up petition pending or threatened against it (for corporate bodies); - any criminal proceedings in which the director was convicted of fraud or any criminal offence, or be named subject of pending criminal proceeding, or any other offence or action either within or outside Kenya; or - been the subject of any ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibits such director from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity. 		
	<ul style="list-style-type: none"> ▪ The issuer must have suitable senior management with relevant experience for at least one year prior to the listing, none of whom shall have committed any serious offence that may be considered inappropriate for the management of a listed company. 		
	<ul style="list-style-type: none"> ▪ At least one third of the issuer's board of directors shall be non-executive directors. 		

Certificate of comfort	<ul style="list-style-type: none"> ▪ If the issuer is licenced to operate as a bank or an insurance company the issuer must obtain a certificate of no objection from the relevant regulator. 		
	<ul style="list-style-type: none"> ▪ Where there is a guarantor and in the event that the guarantor is a bank or insurance company licensed to operate in Kenya, the consent (except where the guarantor is an offshore bank or insurance company not subject to regulation of the Central Bank of Kenya or Commissioner of Insurance) of the Central Bank of Kenya or the Commissioner or Insurance as the case may be, will be required. 		
	<ul style="list-style-type: none"> ▪ Where there is a guarantor, the guarantor shall provide the Authority with a financial capability statement duly certified by its auditors. 		
Profitable historic track record and future prospects	The issuer must have declared positive profits after tax attributable to shareholders in at least two of the last three financial periods preceding the application for the issue.		
Guarantee requirements	<ul style="list-style-type: none"> ▪ Where the issuer does not satisfy the requirements it may seek a credit enhancement to have the securities it seeks to issue guaranteed, or where the issuer is not willing to be subjected to the disclosure requirements it may have the securities it seeks to issue guaranteed. 		
	<ul style="list-style-type: none"> ▪ The guarantor may only be a bank or an insurance company or any other institution with necessary financial 		

	capacity acceptable to the Authority and a copy of the guarantee document shall be subject to approval of and be submitted to the Authority with the information memorandum.		
Debt ratios	<ul style="list-style-type: none"> ▪ Total indebtedness, including the new issue of fixed income securities shall not exceed 400% of the company's net worth (or gearing ratio of 4:1) as at the latest balance sheet. 		
	<ul style="list-style-type: none"> ▪ The funds from operations to total debt for the three trading periods preceding the issue shall be maintained at a weighted average of 40% or more. 		
	<ul style="list-style-type: none"> ▪ The conditions as provided must be maintained as long as the fixed income securities remain outstanding. 		
Size of the issue	<ul style="list-style-type: none"> ▪ The minimum size of the issue shall be Kshs. 50 million. 		
	<ul style="list-style-type: none"> ▪ The minimum issue lot size shall be: <ul style="list-style-type: none"> (i) Kshs. 100,000 for corporate bonds and preference shares or such higher amount as may be required by the Authority; and 		
Minimum size for listing	For an issuer to maintain listing of its fixed income security, the minimum size of the fixed income security listed shall be Kshs. 50,000,000, except in the case of redemption.		

3. DISCLOSURE REQUIREMENTS CHECKLIST

Fixed Income Securities Market Segment Disclosure requirements for Public Issues part C (r.10(c)) of the Third Schedule to the Capital Markets (securities) (public offers, listing and disclosures regulations, 2002

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
ID.A.00	Identity of directors, senior management and advisers (i.e. persons responsible for the information disclosed)		
A.01	The name, home or business address and function of each of the persons giving the declaration set out in paragraph A.02		
A.02	A declaration in the following form:		
	The directors of [the issuer], whose names appear on page [] of the prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.		
A.03	The names, addresses and qualifications of the auditors who have audited the issuer's annual accounts in accordance with IAS for the last two financial years.		
A.04	If auditors have resigned, have been removed or have not been re-appointed during the last two financial years and have deposited a statement with the issuer of circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed.		
A.05	The names and addresses of the issuer's bankers, legal advisers, sponsors, reporting accountants and any other expert to whom a statement or report included in the prospectus has been attributed.		
ID.B.00	Offer statistics and expected timetable		
B.01	1(1) A statement that the Authority has approved the public offering and listing of the securities at the Fixed Income Securities Market Segment of a securities exchange. 2		
	1(2) Cautionary statement of the Authority.		
B.02	A statement that a copy of the prospectus has been delivered to the Registrar.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
ID.C.00	Information on the issuer		
C.01	The name, registered office and, if different, head office of the issuer. If the issuer has changed its name within the last three years, the old name must be printed in bold type under the new name.		
C.02	The country of incorporation of the issuer.		
C.03	The date of incorporation and the length of life of the issuer, except where indefinite.		
C.04	The legislation under which the issuer operates and the legal form which it has adopted under that legislation.		
C.05	A description of the issuer's principal objects and reference to the clause(s) of the memorandum of association in which they are described.		
C.06	The place and date of registration of the issuer and its registration number.		
C.07	A statement that for a period of not less than five working days from the date of the information memorandum or for the duration of any offer to which the information memorandum relates, if longer, at a named place as the Authority may approve, where the following documents or copies thereof (where applicable) could be inspected:		
	1(a) the memorandum and articles of association of the issuer; 2		
	1(b) any trust deed of the issuer or of its subsidiary undertakings which is referred to in the information memorandum;		
1(c) each document mentioned in paragraphs C.12 (material contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;			

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	<p>1(d) copies of service agreements with managers or secretary/ies, underwriting, vendors' and promoters' agreements entered into during the last two financial years;</p> <p>1(e) the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;</p> <p>1(f) all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the prospectus;</p> <p>1(h) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the prospectus, including, in the case of a company incorporated in Kenya, all notes, reports or information required by the Companies Act.</p>		
C.08	Where any of the documents listed in paragraph C.07 are not in the English language, translations into English must also be available for inspection. In the case of any document mentioned in paragraph C.12 (material contracts), a translation of a summary of such document may be made available for inspection, if the Authority so requires.		
C.09	The amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics. If any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
C.10	The names of the persons so far as they are known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement, which may lead to their adopting a common policy in respect of the issuer.		
C.11	If the issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuers position within it stating, where the issuer is a subsidiary undertaking, the name of and number of shares in the issuer held (directly or indirectly) by each parent undertaking of the issuer.		
C.12	A summary of the principal contents of :		
	1(a) each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the prospectus, including particulars of dates, parties, terms and conditions, any consideration passing to or from the issuer or any other member of the group, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with paragraph C.07; and		
	1(b) any contractual arrangement with a controlling shareholder required to ensure that the issuer is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the issuer or any other member of the group. 2		
C.13	If any contract referred to in paragraph C.12 relates to the acquisition of securities in an unlisted subsidiary, or associated company, where all securities in the issuer have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the issuer, or associated companies, or its subsidiaries is interested and to what extent.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
C.14	A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.		
C.15	Details of any material changes in the businesses of the issuer during the past five years.		
C.16	Where the information given pursuant to paragraphs C.14 to C.15 has been influenced by exceptional factors, that fact must be mentioned.		
C.17	Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous four months) a significant effect on the group's financial position or an appropriate negative statement.		
C.18	Information on any interruptions in the group's business, which may have or have had during the recent past (covering at least the previous four months) a significant effect on the group's financial position.		
C.19	<p>Information concerning the principal investments (including new plant, factories and research and development) being made during the current financial year, with the exception of interests being acquired in other undertakings, including -</p> <p>1(a) the geographical distribution of these investments; and</p> <p>1(b) the method of financing such investments.</p>		
C.20	Information concerning the group's principal future investments (including new plant, factories, and research and development, if any), with the exception of interests to be acquired in other undertakings, on which the issuer's directors have already made firm commitments.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
C.21	Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.		
C.22	The basis for any statements made by the issuer regarding its competitive position shall be disclosed.		
ID.D.00	Operating and financial review and prospectus (the recent development and prospects of the group)		
D.01	Unless otherwise approved by the Authority in exceptional circumstances:		
(a)	1(a) general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular - the most significant recent trends in production, sales and stock and the state of the order book; and recent trends in costs and selling prices; and		
(i)			
(ii)			
	1(b) Information on the group's prospects for at least the current financial year. Such information must relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.		
D.02	Provide information on the risk factors that are specific to the issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".		
D.03	Where a profit forecast or estimate appears, the principal assumptions upon which the issuer has based its forecast or estimate must be stated. Where so required, the forecast or estimate must be examined and reported on by the reporting accountants or auditors and their report must be set out; there must also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	directors.		
D.04	The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.		
ID.E.00	Directors and employees		
E.01	The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group:		
	1(a) directors, alternate and proposed directors of the issuer and each of its material subsidiaries including details of other directorships;		
	1(b) the senior management of the issuer including the chief executive, board secretary and finance director, with details of professional qualifications and period of employment with the issuer for each such person; and		
	1(c) founders, if the issuer has been established as a family business or in existence for fewer than five years and the nature of family relationship, if any.		
	1(d) Detailed disclosure of chief executive or other senior management changes planned or expected during twenty four months following the issue and listing of the security or appropriate negative statement.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
E.02	In the case of a foreign issuer, information similar to that described in E.01, relative to the local management, if any. Where the Authority considers the parent company is not adequately represented on the directorate of its subsidiaries, an explanation is required.		
E.03	A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3% of the share capital of the issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.		
ID.F.00	Major shareholders and related party transactions		
F.01	The following information shall be provided regarding the issuer's major shareholders, which means shareholders that are the beneficial owners of at least 3% or more of the issuer's voting securities:		
	a) provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders;		
	b) disclose any significant change in the percentage ownership held by any major shareholders during the past three financial years; and		
	c) indicate whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.		
F.02	Information shall be provided as to the portion of each class of securities held in Kenya and the number of shareholders in Kenya.		
F.03	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control,		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	including the amount and proportion of capital held giving a right to vote.		
F.04	Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.		
F.05	In so far as is known to the issuer, the name of any person other than a director who, directly or indirectly, is interested in 10% or more of the issuer's capital, together with the amount of each such person's interest.		
F.06	Provide information required on (a) and (b) below for the period since the beginning of the issuer's preceding five financial years up to the date of the information memorandum, with respect to <u>transactions or loans</u> between the issuer and:		
	(a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;		
	(b) associates;		
	(c) individuals owning, directly or indirectly, an interest in the voting power of the issuer that gives them significant influence over the issuer, and close members of any such individual's family;		
	(d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of the issuer and close members of such individuals' families; and		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the issuer and enterprises that have a number of key management in common with the issuer. Shareholders beneficially owning a 10% interest in the voting power of the issuer are presumed to have a significant influence on the issuer, including:		
F.06(e)	<p>(i) the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiaries was a party; and</p> <p>(ii) the information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, nature of the costs, the transaction(s) in which it was incurred and the interest rate on such transaction(s).</p> <p>(iii) the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiary(ies) to or for the benefit of any of the persons listed above.</p>		
F.07	Full information of any material inter-company finance.		
F.08	Where a statement or report attributed to a person as an expert is included in the information memorandum, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the information memorandum, and has not withdrawn his consent.		
F.09	If any of the named experts was employed on a contingent basis, owns an amount of shares in the issuer or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.		
ID.G.00	FINANCIAL INFORMATION –		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
G.01	A statement that the annual accounts of the issuer for the last three financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications must be reproduced in full and the reasons given.		
G.02	A statement of what other information in the prospectus has been audited by the auditors.		
G.03	Financial information as required by paragraphs G.09 to G.11 set out in the form of a comparative table together with any subsequent interim financial statements if available.		
G.04	Financial information as required by paragraphs G.09 to G.11 set out in the form of an accountants' report.		
G.05	If applicable, an accountants' report, as set out in paragraphs G.09 to G.11 on the asset which is the subject of the transaction.		
G.06	If the issuer prepares consolidated annual accounts only, it must include those accounts in the prospectus in accordance with paragraph G.03 or G.04.		
	(b) If the issuer prepares both own and consolidated annual accounts, it must include both sets of accounts in the prospectus in accordance with paragraph G.03 or G.04. However, the issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts, with the approval of the Authority.		
G.07	Where the issuer includes its own annual accounts in the prospectus, it must state the profit or loss per share arising out of the issuer's ordinary activities, after tax for each of the last five financial years.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(b)Where the issuer includes consolidated annual accounts in the prospectus, it must state the consolidated profit or loss per share for each of the last five financial years; this information must appear in addition to that provided in accordance with (a) above where the issuer also includes its own annual accounts in the prospectus.		
G.08	A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.		
G.09	If the issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given. In the case of issuers incorporated in a country where issuers are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.		
G.10	A table showing the changes in financial position of the group over each of the last three financial years in the form of cash flow statement.		
G.11	<p>The accountant's report shall disclose a pro-forma balance sheet, profit and loss account and a cash flow projection for the next twelve months following the issue and the following ratios for the last three financial years immediately preceding the issue -</p> <ul style="list-style-type: none"> (a) earnings before interest and taxes interest cover; (b) funds from operations to total debt percentage; (c) free cash flow to total debt percentage; (d) total free cash flow to short-term debt obligations; (e) net profit margin; (f) post-tax return (before financing on capital employed); (g) long term debt to capital employed; and (h) Total debt to equity. 		
G.12	Where the prospectus includes consolidated annual accounts, disclosures are required:		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with IAS);		
	(b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in paragraph G.15; and		
	For each of the undertakings referred to in (b) above -		
	(i) the total proportion of third-party interests, if annual accounts are wholly consolidated; or		
	(ii) The proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.		
G.13	Details on a consolidated basis as at the most recent practicable date (which must be stated and which in the absence of exceptional circumstances must not be more than fourteen days prior to the date of publication of the prospectus) of the following, if material -		
	(a) the borrowing powers of the issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;		

Para	Requirement	Met Y/N/A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(b) The circumstances, if applicable, if the borrowing powers have been exceeded during the past two years. Any exchange control or other restrictions on the borrowing powers of the issuer or any of its subsidiaries;		
	(c) The total amount of any loan capital outstanding in all members of the group, and loan capital created but un-issued, and term loans, distinguishing between loans guaranteed, un-guaranteed, secured (whether the security is provided by the issuer or by third parties), and unsecured;		
	(d) all off-balance sheet financing by the issuer and any of its subsidiaries;		
	(e) the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, un-guaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;		
	(f) The total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or		
	(g) How the borrowings required to be disclosed by paragraphs (c) to (f) above arose, stating whether they arose from the purchase of assets by the issuer or any of its subsidiaries.		
	(2) An appropriate negative statement must be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (1) above; as a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
G.14	Details of material loans by the issuer or by any of its subsidiaries stating:		
	(a) the date of the loan;		
	(b) to whom made;		
	(c) the rate of interest;		
	(d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;		
	(e) the period of the loan;		
	(f) the security held;		
	(e) the value of such security and the method of valuation;		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(f) if the loan is unsecured, the reasons therefore; and		
	(i) If the loan was made to another company, the names and addresses of the directors of such company.		
15	<p>(1) Information in respect to matters listed below relating to each undertaking in which the issuer holds (directly or indirectly) on a long term basis an interest in the capital that is likely to have a significant effect on the assessment of the issuer's own assets and liabilities, financial position or profits or losses –</p> <p>(a) the name and address of the registered office;</p> <p>(a) field of activity;</p> <p>(b) the proportion of capital held;</p> <p>(c) the issued capital;</p> <p>(d) the reserves;</p> <p>(e) the profit or loss arising out of ordinary activities, after tax, for the last financial year;</p> <p>(f) the value at which the issuer shows in its accounts the interest held;</p> <p>(g) any amount still to be paid up on shares held;</p> <p>(h) the amount of dividends received in the course of the last financial year in respect of shares held; and</p> <p>(i) the amount of the debts owed to and by the issuer with regard to the undertaking.</p> <p>(2) The items of information listed in (1) above must be given in any event for every undertaking in which the issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the issuer or if that interest accounts for at least 20% of the net profit or loss of the issuer or, in the case of a group, if the book value of that participating interest represents at least 20% of the consolidate net assets or at least 20% of the consolidated net profit or loss of the group.</p>		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(3) The information required by (1) (e) and (f)		
G.16	A statement by the directors of the issuer that in their opinion the working capital available to the group is sufficient for the group's present requirements, or, if not, how it is proposed to provide the additional working capital thought by the directors of the issuer to be necessary. The working capital statement should be prepared on the group, as enlarged by the acquisition of assets.		
G.17	Where the financial statements provided under paragraphs G.01 to G.05 are prepared in a currency other than Kenya shillings, disclosure of the exchange rate between the financial reporting currency and Kenya shillings should be provided, using the mean exchange rate designated by the Central Bank of Kenya for this purpose, if any:		
	(a) at the latest practicable date;		
	(b) the high and low exchange rates for each month during the preceding twelve months;		
	(c) for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period; and		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	(d) if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the issuer or associates, disclose the person from whom they will be acquired and how the cost to the issuer will be determined.		
H.00	The debt securities for which application is being made		
H.01	A statement that application has been made to the Authority for the securities to be listed (if applicable) in the Fixed Income Securities Market Segment, setting out the relevant debt securities.		
H.02	A statement whether or not all the debt securities have been marketed or are available in whole or in part to the public in conjunction with the application.		
H.03	A statement that a copy of the information memorandum or prospectus, as the case may be, has been delivered to the Registrar.		
H.04	The nominal amount of the debt securities and if this amount is not fixed, a statement to that effect must be made.		
H.05	The nature, number and numbering of the debt securities and the denominations.		
H.06	Except in the case of continuous issues of short-term debt securities, the issue and redemption prices and nominal interest rate. If several interest rates or variable interest rates are provided for, an indication of the conditions for changes in the rate.		
H.07	The procedures for the allocation of any other advantages and the method of calculating such advantages.		
H.08	<p>A statement regarding tax on the income from the debt securities withheld at source -</p> <p>(a) in the country of origin (if applicable); and</p> <p>(b) in Kenya.</p>		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
H.09	A statement whether the issuer assumes responsibility for the withholding of tax at source.		
H.10	Arrangements for the amortization of the loan, including the repayment procedures.		
H.11	The names and addresses of the issuer's registrar and paying agent(s) for the securities in any other country where the securities listing (if applicable) has taken place.		
H.12	The currency of the loan and any currency option; if the loan is denominated in units of account, the contractual status of such units.		
H.13	The final repayment date and any earlier repayment dates.		
H.14	The date from which interest becomes payable and the due dates for interest.		
H.15	The time limit on the validity of claims to interest and repayment of principal.		
H.16	The procedures and time limits for delivery of the debt securities, and a statement as to whether temporary documents of title will be issued.		
H.17	Except in the case of continuous issues in respect of short term securities, a statement of yield. The method whereby that yield is calculated must be described in summary form.		
H.18	A statement of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued.		
H.19	The nature and amount of the issue.		
H.20	The number of debt securities which have been or will be created and/or issued.		
H.21	The nature and scope of the guarantees, sureties and commitments intended to ensure that the loan will be duly serviced as regards both the repayment of the debt securities and the payment of interest.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
H.22	Details of trustees or of any other representation for the body of debt security holders.		
H.23	(1) The name, function, description and head office of the trustee or other representative of the debt security holders; and		
	(2) The main terms of the document governing such trusteeship or representation and in particular the conditions under which such trustee or representative may be replaced.		
H.24	A summary of clauses subordinating the loan to other debts of the issuer already contracted or to be contracted.		
H.25	A statement of the legislation under which the debt securities have been created and the courts competent in the event of litigation.		
H.26	A statement whether the debt securities are in registered or certificate form or where dematerialised a statement of account to be issued.		
H.27	Details of any arrangements for transfer of the securities and any restrictions on the free transferability of the debt securities.		
H.28	Other securities exchanges (if any) where listing is being or will be sought.		
H.29	(1) The names, addresses and descriptions of the persons underwriting or guaranteeing the issue; and-		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
	<p>(a) where the underwriter is a company, the description must include -</p> <ul style="list-style-type: none"> (i) the place and date of incorporation and registered number of the issuer; (ii) the names of the directors of the company; (iii) the name of the secretary of the company; (iv) the bankers to the company where applicable; and (v) the authorised and issued share capital of the company. 		
	<p>(b) (i) Where the issue is fully or partially guaranteed, the guarantor shall assume the responsibility and redemption obligation under the issue and in that regard, shall satisfy the Authority of its financial capacity to guarantee the issue.</p>		
	<p>(ii) Where the guarantor is a bank or an insurance company licensed to operate in Kenya, the consent of the Central Bank of Kenya or the Commissioner of Insurance, as the case may be, will be required.</p>		
	<p>(2) Where not all of the issue is underwritten or guaranteed, a statement of the portion not covered shall be made.</p>		
H.30	<p>If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.</p>		
H.31	<p>The names of the securities exchanges (if any) on which debt securities of the same class are already listed.</p>		
H.32	<p>If debt securities of the same class have not yet been listed but are dealt in on one or more other regulated, regularly operating, recognized, open markets, an indication of such markets.</p>		
H.33	<p>If an issue is being effected at the same time as listing or has been effected within the three months preceding such listing the following information must be given:</p>		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
H. 33	<p>(a) the procedure for the exercise of any <u>right of pre-emption</u>; the negotiability of subscription rights. The treatment of subscription rights not exercised and-</p> <p>(i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;</p> <p>(ii) the issue premium or discount and the amount of any expenses specifically charged to the subscriber or purchaser; and</p> <p>(iii) the methods of payment of the price, particularly as regards the paying-up of securities which are not fully paid.</p>		
	<p>(b) except in the case of continuous debt security issues, the period during which the issue or offer remained open or will remain open and any possibility of early closure.</p>		
	<p>(c) the methods of and time limits for delivery of the securities and a statement as to whether temporary documents of title have been or will be issued.</p>		
	<p>(d) the names of the receiving agents.</p>		
	<p>(e) a statement, where necessary, that the subscriptions may be reduced and a statement of the relative facts where it is the intention, in the event of over subscription, to extend a preference on allotment to any particular company or group such as employees and pension funds.</p>		
	<p>(f) except in the case of continuous debt security issues, the estimated net proceeds of the loan. If the capital offered is more than the amount of the minimum subscription referred to in paragraph H.34, the reason for the difference between the capital offered and the said minimum subscription.</p>		
	<p>(g) the purpose of the issue and intended application of its proceeds.</p>		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
H.34	The minimum amount which, in the opinion of the directors, must be raised by the issue of the securities in order to provide the sums, or, if any part thereof is to be order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:		
	(a) the purchase price of any property, purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;		
	(b) any preliminary expenses payable by the issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting or guaranteeing any securities of the issuer;		
	(d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose		
	(e) any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case; and		
	(f) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided		
H.35	A summary of the rights conferred upon the holders of the debt securities and particulars of the security (if any) therefor.		
H.36	Where debt securities are issued by way of conversion or replacement of debt securities previously issued, a statement of all material differences between the security for the old debt securities and the security for the new debt securities, or, if appropriate, a statement that the security for the new debt securities is identical with all security for the old debt securities.		
H.37	Particulars of the profits cover for interest (if fixed), and of the net tangible assets.		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
H.38	Where the debt securities for which application is being made are offered by way of rights or open offer to the holders of an existing listed security, the following information must be given:		
	(a) (i) the pro rata entitlement;		
	(ii) the last date on which transfers were or will be accepted for registration for participation in the issue;		
	(iii) how the securities rank for interest;		
	(iv) the nature of the document of title and its proposed date of issue;		
	(b) in the case of a rights issue or open offer, how debt securities not taken up will be dealt with and the time in which the offer may be accepted;		
	(c) a statement pointing out possible tax implications for non-residents.		
H.39	In respect of convertible debt securities, information concerning the nature of the shares offered by way of conversion, exchange or for subscription and the rights attaching thereto.		
H.40	In respect of convertible debt securities, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended.		
H.41	<p>Where the debt securities for which application is being made are debt securities of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.</p> <p>Where an issuer seeks to raise additional capital amounting to twenty percent or more of the aggregate value of its listed fixed income securities such issuer shall obtain prior approval of the</p>		

Para	Requirement	Met Y/N/N A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
H.42	holders of such listed fixed income securities and the Authority.		

Corporate Governance requirements as per the Capital Markets Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya, 2002

REQUIREMENTS	MET Y/N	COMMENT
Identify reasons for non-compliance, where the company is not fully compliant, and indicate steps on how to comply.		
Have an effective board to offer strategic guidance, lead the company and be accountable to shareholders.		
Board to establish relevant committees to perform specific mandates.		
Board to specifically establish an audit and nominating committee.		
Board composes of a balance of executive and non-executive directors (including at least one third independent and non-executive directors of diverse skills or expertise (should be disclosed in the annual report).		
Every person, save for a corporate director, who is a director of a listed company shall not hold such position in more than five public listed companies at any one time		
Clear separation of roles and responsibilities of the chairman and chief executive.		
Every person who is a Chairperson of a public listed company shall not hold such position in more than two public listed companies at any one time		
The Board should appoint a nominating committee consisting mainly of independent and non-executive directors who will consider candidates for directorship proposed by the chief executive and shareholders.		

Establishment of an audit committee of at least three independent and non-executive directors by the board who shall report to it.		
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