

## REIT TRUSTEE



### Compliance with License requirements

*Regulation 125 of The Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013 and the Capital Markets (Corporate Governance)(Market Intermediaries) Regulations, 2011*

	Requirement	Met Y/N/NA	Comment
	<b>Requirement</b>		
1.	Duly completed application Form (Form 3-Eighth Schedule, REITs Regulations ) in duplicate		
2.	Certified copy of the Certificate of incorporation		
3.	Certified copy of the Memorandum and Articles of Association ( <i>with objects that authorize the company to carry out the business for which the license is sought</i> ).		
4.	Unaudited accounts for the period of the accounting year ending not earlier than 6 months prior to the date of the application		
5.	The applicant's audited accounts for the preceding two years (where applicable) or in the case of entities which, at the time of application, have been in existence for less than six months from the date of their incorporation, submit an opening balance sheet and an auditor's certification of the share capital of the company		

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Requirement	Met Y/N/NA	Comment	
6.	A minimum paid up share capital of one hundred million shillings <sup>1</sup> ;		
7.	Liquid capital of five million shillings or eight percent of total liabilities, whichever is higher <sup>2</sup> .		
8.	Business plan that complies with the requirements of regulation 125(1)(d) of the Capital Markets (Real Estate Investment Trusts) (Collective Investment Schemes) Regulations, 2013		
9.	<p>Management structure</p> <ul style="list-style-type: none"> <li>▪ Board of Directors which should comprise of: <ul style="list-style-type: none"> <li>○ A minimum of 3 directors a third of whom must be natural persons</li> <li>○ At least one third should be independent and non-executive directors</li> <li>○ Not more than one third of the directors should be close relations of any director</li> </ul> </li> <li>▪ A director should not hold more than 2 directorships in market intermediaries unless they are subsidiaries or holding companies</li> </ul>		

<sup>1</sup> Where a trustee is a bank licensed under the Banking Act or an insurance company licensed under the Insurance Act, it shall be considered to be in compliance with these financial requirements as long as it holds a valid licence issued by either the Central Bank of Kenya or the Insurance Regulatory Authority –Regulation 126 (6)

<sup>2</sup> See Note 1 above

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	<b>Requirement</b>	<b>Met Y/N/NA</b>	<b>Comment</b>
	<ul style="list-style-type: none"> <li>▪ The Chairman of the Board must be a non-executive Director</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Directors' declaration confirming the matters set out in Note 1 (e) of the Eighth Schedule to the REITs Regulations</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Company Secretary (indicate name of individual and CPS Number)</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Shareholding Structure, detailing the number of shares, the percentage holding and including the ultimate beneficial shareholding of all corporate shareholders and any existing Trusts if applicable.</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Where the applicant is a bank or an insurance company, it shall obtain and submit to the Authority a no objection letter from its primary regulator.</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Name and competencies of Chief Executive</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ the particulars of the proposed operating and information technology system to be utilized in connection with the scheme;</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ One (1) Letter of Bank reference (where the applicant is a bank, the reference should be obtained from a bank</li> </ul>		

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	independent of the applicant)		
	<ul style="list-style-type: none"> <li>▪ Two (2) Letter of Business References</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Details of premises</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Details of staff (please note the requirement for chief financial officer, risk management officer, compliance officer and internal audit functions as per the Corporate Governance Regulations. The internal auditor and chief financial officer must be members of ICPAK and the internal auditor must not be the compliance officer)</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ External Auditor</li> </ul>		
10.	Submission of a board charter that: <ul style="list-style-type: none"> <li>▪ confirms the Board’s responsibility for adoption of strategic plans, monitoring operational performance, the determination of policies and processes that ensure the intermediary’s risk management and internal controls;</li> <li>▪ reserves specific powers to itself and delegates other matters to the management of a market intermediary</li> <li>▪ provides a code of conduct that addresses conflict of interest relating to directors and management which shall be regularly reviewed and updated as necessary;</li> <li>▪ identifies the key risk areas that require regular monitoring.</li> </ul>		



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11.	Comprehensive Curriculum Vitae of Directors and key personnel		
12.	Clear separation of roles and responsibilities of the chairman and chief executive.		
13.	Have a policy for appointment of employees		
14.	A Risk Management framework in place		
15.	Duly filled and executed Fit & Proper Form for Directors and key personnel*		
16.	Police clearance Certificate for Directors and key personnel*		
17.	Application fees (Kshs 2,500)		

\*Key personnel is defined in the Capital Markets Act “a person who manages or controls the activities of a licensed or a regulated person and includes-

- (a) the chief executive officer, chief financial officer, chief compliance officer, secretary to the Board, chief internal auditor or any manager; and
- (b) any person who holds a position or discharges responsibilities of any person referred to in paragraph (a);”