

## COMMODITY EXCHANGE CHECKLIST



### Compliance with Licensing Requirements

Section 29 of the Capital Markets Act, Part II of the Capital Markets (Commodity Markets) Regulations, 2020 and the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011

	Requirement	Met Y/N	Comment
1.	Duly completed and executed Form A set out in the First Schedule of the Capital Markets (Commodity Markets) Regulations, 2020		
2.	Certified Copy of Certificate of Incorporation		
3.	Certified copies of memorandum and articles of association (with objects that allow the company to carry out the business for which the license is sought).		
4.	Rules of the applicant (in accordance with Regulation 6 of the Capital Markets (Commodity Markets) Regulations, 2020).		
5.	Details of trading, clearing and settlement systems proposed to be adopted by the applicant.		
6.	Satisfactory bank references.		
7.	A business feasibility plan (as per the Business Model Analysis Guideline issued by the Authority) evaluated by an entity with a proven track record and expertise in commodity markets or commodity market development, establishment or management.		

8.	<p>The business plan to include the following:</p> <ul style="list-style-type: none"> <li>(a) Full explanation of the Capital Markets related business;</li> <li>(b) Target market and clientele;</li> <li>(c) Business model to be adopted;</li> <li>(d) Company's objectives both short and long term;</li> <li>(e) Details of outsourcing plans and other key operational matters;</li> <li>(f) Analysis of key conduct risks; and</li> <li>(g) Management structure.</li> </ul>		
9.	<p>Board of Directors (in accordance with Section 29(1) of the Capital Markets Act, Regulation 10 of the Capital Markets (Commodity Markets) Regulations, 2020 and Regulation 3 and 4 of the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011 and other relevant provisions thereunder.</p>		
10.	<p>Company Secretary (Disclose the name of an individual and ICPSK Number)</p>		
11.	<p>Shareholding Structure, detailing the number of shares, the percentage holding; (including the ultimate beneficial shareholding of all corporate shareholders) and any existing Trusts if applicable.</p> <p>Please note the shareholding structure requirements as stipulated under section 29(5) of the Capital Markets Act</p>		
12.	<p>External Auditor</p>		
13.	<p>Details of Premises</p>		
14.	<p>Details of staff (please note the requirement for the chief financial officer, risk management officer, compliance officer and internal audit functions as per the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011).</p>		
15.	<p>Evidence that the clearing and other arrangements made, its clearing house and its members are such as to provide a reasonable assurance that all obligations arising out of contracts entered on the applicant will be met.</p>		

15.	Evidence of minimum authorized, issued and paid up equity share capital to support initial infrastructural investments and three years' operating capital.		
16.	Satisfactory minimum liquid net-worth requirements as specified under Regulation 19 of the Capital Markets (Commodity Markets) Regulations, 2020.		
17.	Evidence of Exchange's financial capacity, functional expertise and infrastructure to: <ul style="list-style-type: none"> <li>i) Establish and operate a fair and efficient commodity exchange;</li> <li>ii) Meet contingencies or disasters including events such as technical complications occurring with automated systems; and</li> <li>iii) Provide adequate security arrangements on risk identification and mitigation, data protection and fail safes on critical infrastructure.</li> </ul>		
18.	Minimum amount of money, as determined by the Authority, for deposit in the settlement guarantee fund before the commencement of trading		
19.	Duly filled Fit & Proper forms of all the directors and key personnel (please note to attach certified copies of their certificates of good conduct, comprehensive CV's, passport photos and all the required documents).		
20.	Certificate of Good conduct for Directors, persons holding majority shareholding and Key personnel		
21.	Application Fees (Ksh. 10,000)		