

## INVESTMENT ADVISERS



### Compliance with License requirements

Section 29 of the *Capital Markets Act and Part IV of the Capital Markets (Licensing Requirements) (General) Regulations, 2002 and the Capital Markets (Corporate Governance)(Market Intermediaries) Regulations, 2011*

	Requirement	Met Y/N/N/A	Comment
1.	Duly completed and executed application form (Form 1) 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.	Accounts (6 months unaudited +2 years where relevant)		
	<ul style="list-style-type: none"> <li>▪ Paid up share capital (x ≥ Kshs 2,500,000)</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Evidence of minimum paid up share capital</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Shareholders' funds (x ≥ Kshs 2,500,000)</li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Liquid capital (x ≥ The higher of Kes. 1,000,000 or 8% of total liabilities)</li> </ul>		



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5.	Business plan with details of the following:		
	<ul style="list-style-type: none"> <li>▪ Management structure               <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 who are 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> <li>▪ The Chairman of the Board must be a non-executive Director</li> </ul> </li> </ul>		
	<ul style="list-style-type: none"> <li>▪ Company Secretary (<i>Disclose the name of an individual and ICPSK Number</i>)</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>		



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	<ul style="list-style-type: none"> <li>Name and competencies of Chief Executive</li> </ul>		
	<ul style="list-style-type: none"> <li>Financial projections for 3 years</li> </ul>		
	<ul style="list-style-type: none"> <li>Operating and IT system (<i>describe the system in place or the system to be put in place once licensed</i>)</li> </ul>		
	<ul style="list-style-type: none"> <li>External Auditor</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>Details of premises</li> </ul>		
	<ul style="list-style-type: none"> <li>Details of staff (please note the requirement for risk management, 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>		
6.	Directors' declaration as required under paragraph 1(e) of the Application form		
7.	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</li> </ul>		



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	<p>processes that ensure the intermediary's risk management and internal controls;</p> <ul style="list-style-type: none"> <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>		
9.	Clear separation of roles and responsibilities of the chairman and chief executive.		
11.	Have a policy for appointment of employees		
12.	Have a Risk Management framework in place		
13.	Two (2) letters of business reference		
14.	One (1) letters of bank reference		
15.	Comprehensive Curriculum Vitae for directors and key personnel*		
16.	Duly filled and executed Fit & Proper Form for directors and key personnel		
17.	Valid certified copies of Police Clearance Certificates for directors and key personnel		
18.	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);”