

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**CAPITAL MARKETS AUTHORITY**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

PARLIAMENT  
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THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 02 OCT 2025 DAY: Thursday

TABLED: Hon. Silvanus Osoo (Majority Party Whip)

BY: Anastacia





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## 10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited Annual Report and Financial Statements for the year ended 30 June 2025, which show the state of the Capital Markets Authority's affairs.

### i. Principal activities

The Authority promotes and facilitates the development of orderly, fair and efficient capital markets in Kenya.

### ii. Results

The results of the Authority for the year ended 30 June 2025, are set out on page 56 to 97.

### iii. Directors

The members of the Board of Directors who served during the year are shown on page 8.

### iv. Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of their surplus funds reported in the audited Annual Report and Financial Statements after the end of each financial Year. In compliance to this CMA will remit the amount of 153,567 million as computed in note 11 of these financial statements.

### v. Auditors

M/S Ronalds LLP Certified Public Accountants were authorized by the Auditor General to carry out the audit of the Authority for the Year ended 30 June 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on her behalf.

By Order of the Board

*Hellen Ombati* ..... Date *28/6/2025* .....

**Hellen Ombati**  
**Corporation Secretary/Secretary to the Board**



**d) Product stewardship**

The Authority has consistently taken regulatory measures to ensure investors are protected. Its oversight role seeks to promote responsible conduct among key officers of market intermediaries, who are responsible for safeguarding investors' assets. CMA continues to build strategic alliances with key stakeholders both within and outside the country in the execution of its mandate as a regulator. In this regard, the Authority has partnered with the Directorate of Criminal Investigations (DCI), whose officers are seconded to the Capital Markets Fraud Investigation Unit (CMFIU) to pursue criminal matters in the capital markets.

The Authority is also working closely with the office of the Director of Public Prosecution and benefits from global regulatory cooperation on exchange of information. CMA engaged its peer regulators around the world through the International Organization of Securities Commissions (IOSCO).

The Capital Markets Tribunal has also acted on a facilitative organ for dispute resolution with the market before escalating to the High Court if deemed necessary.

**5. Corporate Social Responsibility/Community Engagements**

As a responsible corporate citizen, the Authority remains dedicated to contributing positively to society through impactful Corporate Social Investment (CSI) initiatives aligned with national priorities.

Through its established partnership with KFS, the Authority not only expanded its reforestation efforts but also ensured the sustainability of past initiatives. The maintenance and regular tending of previously planted tree seedlings continued under KFS stewardship, with bi-annual status reports submitted to the Ministry of Environment, Climate Change, and Forestry as part of the monitoring framework.

The Authority's engagement in CSI extended to supporting transparency and accountability in the financial sector. It continued its sponsorship of the Financial Reporting (FiRe) Award, a joint initiative with the Institute of Certified Public Accountants of Kenya, the Nairobi Securities Exchange (NSE), the Retirement Benefits Authority, and the Public Sector Accounting Standards Board. The Award promotes excellence in financial reporting, governance, and corporate disclosure among public and private sector institutions.

The Authority remains steadfast in integrating environmental conservation and social responsibility into its core operations. By deepening partnerships, embracing innovation, and aligning with national and global sustainability agendas, the Authority has reinforced its role as a forward-looking, responsible regulator committed to promoting a resilient and inclusive financial ecosystem.



The Surveillance division continuously monitors trades for market malpractice in real time and post-trade, and the scope of the division was extended to include surveillance of the coffee auction ecosystem.

**b) Responsible supply chain and supplier relations**

During the Financial Year 2024/2025, the Authority continued to advance inclusive procurement practices in line with the Access to Government Procurement Opportunities (AGPO) programme. By the close of the financial year, contracts amounting to KSHs.38,764,060.86 were awarded to AGPO-registered firms comprising Women, Youth, and Persons with Disabilities. This represented 45.33% of the total procurement expenditure accessible to disadvantaged groups, marking a 30.36% increase from the previous year's allocation of KSHs.29,735,339.12. This upward trend underscores the Authority's commitment to empowering disadvantaged groups through public procurement.

In alignment with the Buy Kenya, Build Kenya initiative, the Authority awarded 93.39% of the total procurement expenditure to locally registered firms supplying Kenyan-made goods and services. The total value of local procurement stood at KSHs.125,575,007.20, reflecting a 29% increase from the KSHs.97,344,070.15 recorded in FY2023/2024. This demonstrates the Authority's sustained efforts to promote local industry and support national economic growth through procurement.

To enhance efficiency and cost-effectiveness in the procurement of recurring goods and services, the Authority entered into Framework Agreements with the best evaluated bidders, following competitive processes. These agreements provided clearly defined deliverables, performance expectations, timelines, and payment terms, anchored within competitively negotiated and locked pricing structures.

A new list of registered suppliers was developed during the third quarter of the financial year, following an open and transparent tendering process. The list will remain valid for a two-year period, expiring in 2026, and will serve as the primary source for identifying bidders for restricted tenders where applicable. In compliance with Section 44 of the Public Procurement and Asset Disposal Regulations, 2020, the list will be updated biannually or as need arises. To foster engagement and ensure suppliers are well-informed, a supplier sensitization session was conducted in Quarter 3 of the financial year, focusing on procurement opportunities and the Authority's commitment to collaborative partnerships.

The Supply Chain Department also prioritized prompt processing of procurement documentation to facilitate timely invoice payments for satisfactorily delivered goods and services. This approach ensured continuity in service delivery and mitigated cash flow disruptions for suppliers, thereby fostering mutually beneficial relationships with competent vendors. In line with best practices and performance targets, the Authority consistently ensured that all verified invoices were settled within 30 days, thereby promoting supplier confidence and adherence to public financial management standards.

**c) Responsible marketing and advertisement**

The Authority plays the gatekeeping role to ensure that only fit and proper entities/persons/products operate and are offered in the market. Once an entity/person/product is approved, the Authority requires such entities to submit all advertisements for their products/services for approval prior to publication.

Online Forex brokers are required to feature prominently in their advertisements the client loss ratio for transparency of investment risk of the product to potential investors and the Authority proactively monitors advertisements of capital markets products to ensure they were approved prior to advertisement.



#### **b) Occupation Health and Safety**

Employees are the most important asset of the Authority. The Board and Management endeavours to create a conducive work environment where each employee feels valued as a team player. In the FY2024/2025, the Authority conducted cleaning and fumigation of its offices on a quarterly basis to ensure there is a conducive work environment. Further to that the Authority enhanced office ventilation by increasing the number of portable fans, replenishment of First Aid boxes, hand sanitizers, among others. The Occupation Safety and Health Committee comprising of ten members from wide representation of the departments in the Authority was trained by the Directorate of Occupational Safety and Health Services (DOSHS) on the OSHA policies facilitating the Authority with mechanisms of continuous compliance with the workplace requirements. Further to that, and within OSHA, the First Aid and Fire Marshals Committees were re-sensitized on the requirements that the Authority is supposed to comply with from time to time. The Authority's workplace facilities are also conducive for persons with disabilities, and CMA focuses on improving the environment more in the future. The Authority has done this by ensuring that its budget for Work environment facilitation are factored in. This includes but not limited to, office lighting, appropriate furniture, office ventilation, among others.

#### **c) Learning Management System**

CMA continued to implement a cloud-based Learning Management and e-learning Management System (LMS). This system provides a single source of coordination and information for its Learning & development activities, as well as an integrated E-Learning platform. This initiative has facilitated the development and delivery of eLearning programs for both talent and competency development at CMA.

#### **d) Leadership and Management Skills Development**

During the year, the Authority sponsored a total of five (4) staff to undertake supervisory and managerial courses to develop the leadership and managerial capabilities of staff. The courses were offered by Kenya School of Government for periods ranging between two (2) to six (4) weeks.

#### **f) Performance appraisal**

The Authority continued to implement Performance Management System (PMS) known as Annual Capability Review (ACR) with the aim of aligning key performance measures with strategy at all levels of the organization and supporting staff to gradually acquire the relevant capabilities for their roles. It aims at improving efficiency with a focus on outcomes and value and initiatives beyond the day-to-day job requirements provided in the staff job description.

### **4. Market place practices**

#### **a) Responsible competition practice.**

The Authority ensures that the regulated market players uphold the required regulatory standards through continuous supervision. Supervision entails both offsite and onsite monitoring to ensure observance of good conduct, deployment of safe and secure technological solutions in trading and servicing of clients' orders.

Additionally, market players are required to observe good corporate governance practices, maintain the required standards of internal controls as well as meet the stipulated financial requirements. During FY 2024/2025, the Authority conducted prudential risk-based onsite inspections for various licensed categories including online forex and coffee brokers and standalone AML/CFT inspections where enforcement actions were issued for identified regulatory breaches.

Offsite monitoring was enhanced through application of the Regulatory Management Information System (RegMIS) which has automated risk profiling, inspection follow-up and relationship management modules.



The Authority has initiated a process to develop and implement an ESG policy for the Authority to contribute to a broader ESG agenda as a responsible, resilient and sustainable regulator. In climate related risks and opportunities, the Authority will develop parameters, identify risks/opportunities, define risk appetite for climate related risks, categorize climate risks into a risk taxonomy, embed climate considerations in its operations, collect & analyze data and most importantly report via the annual report and the Authority's website. Going forward, the Authority will integrate climate-related risks and opportunities into the Authority's Risk Register maintained in the Projects, Performance, and Risk Management Information System (PPRMIS), ensuring they are monitored alongside other key risks.

## 2. Environmental Performance

The Authority continued to champion environmental conservation efforts during the 2024/25 financial year, building on a legacy of sustainable practices and strategic partnerships. In line with the Government's target to plant 15 billion trees by 2032, the Authority deepened its collaboration with the Kenya Forest Service (KFS) and financial sector regulators to contribute meaningfully to the national afforestation agenda.

On 2 May 2025, the Authority, through an addendum to its Memorandum of Understanding with the Kenya Forest Service, rehabilitated a degraded area within Ngong Road Forest Station, planting 4,400 trees. This initiative marked a milestone in the Authority's commitment to restoring key forest ecosystems.

Further amplifying this commitment, the Authority partnered with the Insurance Regulatory Authority (IRA), Retirement Benefits Authority (RBA), and KFS to launch a 1-million tree planting initiative. This initiative was officially inaugurated through a tree planting session of Sorget Forest, Kericho County, serving as the first step in a collaborative conservation journey among financial regulators.

In recognition of the role technology plays in advancing Environmental, Social, and Governance (ESG) practices, the Authority adopted MALENA AI, an ESG intelligence tool designed to help monitor and promote ESG compliance among licensed market intermediaries and issuers. This tool is expected to enhance sustainability reporting and data-driven decision-making across the capital markets.

## 3. Employee welfare

### a) Gender Matters

The Authority remains committed to upholding the constitutional requirement that no more than two-thirds of either gender shall occupy positions within public institutions. Currently, the female-to-male ratio stands at 38% to 62%, reflecting the Authority's commitment to diversity and inclusion.

In addition to gender equity, the Authority actively promotes inclusivity by ensuring that recruitment, selection, and promotions reflect the face of Kenya, in alignment with the National Values and Principles of Governance. Gender considerations are also factored into appointments to task forces and committees assigned to critical mandates, ensuring broad representation in the execution of CMA's responsibilities.

### CMA Staff Gender Analysis

#### Gender Analysis



■ Female ■ Male



- c. Further, the Authority in a bid to ensure that the legal framework of Issuers underpins sustainability practices, is currently undertaking an overhaul of the Code of Corporate Governance for Issuers of Securities to the Public, 2015 proposed Environmental, Social and Governance Code to be subjected to public participation in a normal regulatory process.

In line with the Authority's commitment to promoting ESG practices, sustainable and inclusive finance and responsible investment within the capital markets, and with support from Financial Sector Deepening Kenya (FSD-Kenya), an opportunity was provided for staff to undertake ESG and Carbon Markets Certification Training. The trainings are offered by the Global Reporting Initiative and the Frankfurt School of Finance and Management and are currently ongoing.

During the fourth quarter, the Authority hosted a full-day stakeholder workshop themed "*The State of Corporate Governance of Issuers of Securities: Navigating ESG and Carbon Markets.*" The workshop brought together strategic stakeholders to, among other objectives, review ongoing ESG and carbon market initiatives in Kenya and build consensus on a structured approach to maximizing their economic, social and environmental benefits. Expert speakers provided insights into the current regulatory and operational landscape and outlined the expected roles of various stakeholders in advancing sustainable development through ESG and carbon markets.

During the week of 4<sup>th</sup> to 10<sup>th</sup> May 2025, staff from the Authority together with the carbon markets consultants attended site visits and meetings to various carbon market projects in Kenya including:

1. Chyulu Hills REDD+ Carbon Project.
2. Worldwide Fund for Nature (WWF).
3. Amboseli Land Owners Conservancies Association (ALOCA).
4. Lake Turkana Wind Power (LTWP) Project.
5. Northern Kenya Rangelands Carbon Project.

The purpose of the visits was to gain practical exposure, identify gaps and opportunities, and inform the development of a robust regulatory framework for Kenya's carbon markets.

On 20th June 2025, the CMA, in collaboration with the Nairobi Securities Exchange (NSE), convened with the consultants to co-develop the design and architecture of a Carbon Markets Exchange, one of the key recommendations emerging from the assessment, alongside several other strategic proposals.

The Authority also developed the Machine Learning ESG Analyst (MALENA) Platform to significantly enhance the assessment of sustainability practices by issuers and drive ESG integration within the Kenyan capital markets. The Platform went live and the Authority is using it to assess issuers' sustainability practices.

On November 14, 2024, ICPAK officially launched the Roadmap for the adoption of the IFRS Sustainability Disclosure Standards, IFRS S1 (sustainability related disclosures) and S2 (climate risk related disclosures). As a key stakeholder in the phased adoption of IFRS S1 and S2, which are set to become mandatory by January 2027, the Authority is committed to guiding this process by providing a clear and practical implementation plan aligned to the roadmap to ensure a smooth and effective transition within the capital markets sector. Since the launch of the standards by ISSB and subsequently by ICPAK in September 2023, a National Sustainability Reporting and Climate Change Steering Committee (NSRCCSC), of which the Authority is an active member, has been established to oversee the adoption of the standards.



**4. Carefully studying court and tribunal decisions and drawing critical lessons and sharing those lessons with lawyers (internal and external).**

During the year, the Authority studied judgments from the Capital Markets Tribunal and the courts and highlight key issues and lessons learnt from the case and a case digest was developed to further disseminate insights.

**5. Political support from His Excellency the President towards implementation of the 8-Pillar Coffee Reforms.**

During the year, the Authority, through the Coffee Reforms Implementation Committee chaired by the CS for Cooperatives, secured presidential support for the 8-pillar coffee reform strategy. The President's public endorsement significantly boosted the initiative's momentum.

**6. Leverage periodic meetings with relevant stakeholders such as the Kenya National Bureau of Statistic (KNBS), Financial sector regulators, the National Treasury and others to gather required data.**

During the year, the Authority engaged key research partners including KNBS and financial sector regulators through data-sharing meetings to enhance data collection for research and financial analysis.

## SECTION D

### Material arrears in statutory/financial obligations

The Authority has no statutory arrears and promptly meets all its statutory obligations. The Authority's defined contribution pension scheme is oversighted by a Board of Trustees and is administered by an independent administrator. Remittance of Staff contributions is up to date.

## SECTION E

### Financial probity and serious governance issues

There are no issues of financial improbity reported by Management, any Board Committee or by external auditors. There are no governance issues and conflicts of interest at the Board or top management of the Authority are disclosed accordingly when they arise.

## 9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Authority exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence.

### 1. Sustainability strategy and profile

The Authority as a body corporate established under the Capital Markets Act CAP 485A has an obligation of being a good corporate citizen to protect, enhance and invest in the well-being of society and the natural ecology. The Authority has a responsibility of ensuring that the exercise of its regulatory mandate is done ethically, meet legal requirements and show consideration for society, communities and the environment as a responsible and sustainable regulator. The Authority strives to ensure that its corporate citizenship programs are manifested in tangible programs. During the period under review, the Authority, in partnership with development partners, commissioned the following consultants in a bid to enhance ESG practices within the capital markets space:

- a. **A joint venture led by GreenCo ESG Consultants Limited** to undertake a comprehensive ESG assessment of the capital markets landscape and ecosystem. The assessment is aimed at strategically aligning the nation's capital markets with recognized global standards and identifying strategic incentives to attract ESG focused investments in Kenya.
- b. **A joint venture led by Jambo Tree (K) Limited** to undertake an in-depth analysis of Kenya's carbon markets including stakeholder mapping, demand-supply dynamics and risk/opportunity assessments. The study sought to outline the key actors active in the carbon space and markets; scope the typologies, quantities and features of diverse instruments of climate finance; map the prevailing institutional, legal and policy framework and provide concrete recommendations to the CMA that will guide the Authority in defining its space and role in the evolving carbon markets scene in Kenya.



## RISKS

**1. Unwillingness to cooperate from a section of coffee/Commodity sector-regulators.**

The Authority is addressing this through:

- a. Submitting responses to ongoing court petitions filed by coffee brokers. As part of its legal strategy, the Authority aims to present evidence before the High Court demonstrating that due process was followed in proposing the Capital Markets (Coffee Exchange) (Fees) Regulations, 2025.
- b. Conducting coffee grower's sensitization and outreach engagements on the benefits of the direct payment policy. In collaboration with the Ministry of Cooperatives, the Authority also engaged growers in Counties to enhance coffee productivity.

**2. Resistance to Coffee and commodity reforms process.**

The Authority is engaging local political and influential leaders during sensitizations to reduce resistance among value chain actors.

**3. False or misleading information and deceptive practices to undermine confidence in Capital Market activities, products, and services.**

The Authority is countering scams by sharing infographic messages on investment safety and responding in real time to social media disinformation campaigns, effectively quelling the same.

**4. Sub-optimal implementation of Financial Action Task Force (FATF) recommendations in the capital markets sector to address strategic deficiencies.**

The Authority is addressing this through inspections of firms and issuing of Notices to Show Cause for non-compliance with the AML/CFT framework and building capacity of its staff.

**5. Failure by insolvent issuers of securities to comply with regulatory requirements due to financial challenges.**

The Authority is addressing this through:

- a. Upholding strict financial statement submission deadlines, denying extension requests from non-compliant intermediaries.
- b. Allowing some listed companies having financial challenges to publish their financials on their websites.
- c. Sensitizing issuers of securities to clarify key provisions of the Collective Investment Schemes Regulations.

**6. Low nationwide awareness outreach programs targeting all segments of the population.**

The Authority leveraged technology to host virtual events to complement physical forums and partnered with stakeholders to co-host or participate in their forums to enhance awareness and increase outreach nationwide. Additionally, investor protection videos were developed and shared on social media.

## OPPORTUNITIES

**1. Leveraging partnerships with other stakeholders, technology and social media to enhance knowledge, attitude and practice towards capital markets.**

The Authority is harnessing this opportunity through:

- a. Conducting webinars leveraging technology, for example sessions on Sukuk regulations, the Virtual Capital Markets Open Day, a Resource Persons webinar, and a creatives-focused webinar with the Kenya Film Commission were undertaken in quarter 4.
- b. Investor education videos were developed and shared on social media.
- c. Mass media outlets (newspapers and radio stations) to raise awareness of capital markets products and services.

**2. Leveraging the regulatory sandbox to develop and roll out mass market transformative capital markets products & services.**

The Authority is harnessing this opportunity through the Sandbox Review Committee (SRC) engaging prospective applicants showing interest in being admitted to the regulatory sandbox particularly in virtual asset innovations.

**3. Improved uptake of capital markets products and services.**

During the FY, the Authority approved Kenya's first asset-backed security (ABS) to raise up to Kshs 44 billion for the Talanta Sports Complex, with the Notes set to list on the Nairobi Securities Exchange's Fixed Income segment. Additionally, new Fund Managers and funds were approved to strengthen the Collective Investment Scheme (CIS) sector.



Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
if it occurs would have no effect on the achievement of the targets set	occurs, will cause small cost (and/or schedule) increases that, in most cases, can be absorbed by the activity, project or department	occurred, would cause moderate cost and schedule increases, but important requirements would still be met	occurred, would cause major cost and schedule increases. Secondary requirements may not be achieved	statutory standing of the Authority is brought into serious question or the project is terminated

**Risk/ Opportunity Likelihood Rating and Score**

Probability	Description	Risk Score	Opportunity Score	Consideration
<b>Almost Certain</b>	90% or greater chance of the event occurring during the life of the objective	5	5	The risk/ opportunity event has occurred during the last 3-6 months or is certain to occur in the next 3-6 months
<b>Highly Likely</b>	65% to 90% chance of the event occurring during the life of the objective	4	4	There is a history of frequent occurrence. The risk/ opportunity event has occurred during the last 6-12 months or may occur in the next 6-12 months
<b>Likely</b>	35% to 65% chance of the event occurring during the life of the objective	3	3	There is a history of casual occurrence. The risk/ opportunity event has occurred during the last 12-36 months or may occur in the next 12-36 months
<b>Unlikely</b>	10% to 35% chance of the event occurring during the life of the objective	2	2	The risk/ opportunity event occurs from time to time. The event has occurred during the last 36-60 months or may occur in the next 36-60 months
<b>Rare</b>	Less than 10% chance of the event occurring during the life of the objective	1	1	The risk/ opportunity event has not occurred in CMA but has occurred in other similar organizations. The risk event may occur beyond the next 60 months

**Overall Risk Rating**

Impact	Catastrophic – 5	5	10	15	20	25
	Major – 4	4	8	12	16	20
	Moderate - 3	3	6	9	12	15
	Minor – 2	2	4	6	8	10
	Insignificant – 1	1	2	3	4	5
		Rare 1	Unlikely 2	Likely 3	Highly Likely 4	Almost Certain 5
		Likelihood				

The Authority continuously identifies risks and opportunities and assesses them and puts in place treatment measures or exploitations strategies respectively to address the risks and opportunities. For the period ended June 30, 2025, the key corporate risks and opportunities with an overall score of 20 and above and the strategies deployed to treat or harness them respectively are as summarized below:



opportunities are ranked in accordance with their probable likelihood and impact, on a scale of 1-5, with the ones having an overall score of 20 and above being flagged as major risks.

All members of the Authority share the responsibility of managing risks and opportunities to ensure the achievement of CMA's strategic objectives. The Authority follows the Three Lines of Defense Model, which establishes clear accountability and ownership for risk management and separates risk-taking from risk oversight. This model promotes a risk culture that emphasizes awareness, appropriate behaviors, and decision-making based on risk.

### Risk Management Process

The Authority's risk management process is a systematic application of policies, procedures, and practices that involve various activities such as communicating and consulting, establishing the context, assessing, treating, monitoring, reviewing, recording, and reporting on risks and opportunities that may have an impact on achievement of CMA's strategic objectives. CMA's risk management process complies with the requirements of:

- a) The Public Finance Management Act and its attendant Regulations require the Chief Executive Officer to establish a system of risk management that builds robust Authority operations and includes a fraud prevention mechanism<sup>1</sup>;
- b) Mwongozo, the Code of Governance for State Corporations that requires CMA Board of Directors (Board) to ensure that an effective process and system of risk management is in place and to develop a policy on risk management that considers sustainability, ethics, and compliance risks<sup>2</sup>.
- c) National Treasury Procedures Manual for the Development of Institutional Risk Management Policy Framework in Ministries, Departments and Agencies<sup>3</sup>.
- d) Public Sector Risk Management Guidelines<sup>4</sup>.
- e) ISO Standard 31000:2018 Risk Management Guidelines which provide guidelines on risk management principles, framework, and process.
- f) COSO 2017 Enterprise Risk Management Framework and Guidance - Integrating Risk Management with Strategy and Performance.

The process is integrated with the CMA Quality Management System based on ISO 9001:2015 standard.

### Risk assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. Risk assessment is conducted systematically, iteratively, and collaboratively, drawing on the knowledge and views of stakeholders. It uses the best available information, supplemented by further enquiry as necessary.

1. **Risk Identification** - The purpose of risk identification is to find, recognize and describe risks that might help or prevent the Authority from achieving its objectives.
2. **Risk Analysis** - The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls, and their effectiveness.
3. **Risk Evaluation** - The purpose of risk evaluation is to support decisions. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.

The Authority has a 5\*5 risk assessment methodology for the likelihood and impact of its possible risks and opportunities that informs its risk treatment decisions as summarized below:

### Risk Impact Rating and Score

<b>Insignificant</b> 1	<b>Minor</b> 2	<b>Moderate</b> 3	<b>Major</b> 4	<b>Catastrophic</b> 5
An event that,	An event that, if it	An event that, if it	An event that, if it	The regulatory or

<sup>1</sup>Public Finance Management Act Regulations Legal Notice 34 of 2015, s.165

<sup>2</sup> Issued Jointly by Public Service Commission and State Corporations Advisory Committee, January 2015, Chapter 3 Page 20 and 21

<sup>3</sup> Issued by the National Treasury and Economic Planning, May 2023

<sup>4</sup> Developed by the Public Sector Accounting Standards Board in collaboration with the Internal Auditor General Department in the National Treasury and Economic Planning, Nov 2022



## 8. MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A

#### Operational and Financial Performance

The Authority has in the year continued to deliver its mandate of promoting and facilitating the development of an ordinary, fair, and efficient Capital Market in Kenya. The surplus for the year ended June 30, 2025, was **Kshs 304.170million** before tax and after charging the deficit brought forward from last financial year (2023/2024) of **Ksh82.436million**. In line with Regulation 219 of the Public Finance Management Regulations (PFMR) the Authority's Surplus has been calculated as **Kshs 153.567Million**.

The revenue increase was above last year's actual figure mainly attributable to the resilience in the market and the bearish trend experienced. The Authority approved Rights and bonus issues, a sign that the capital markets space is an attractive source of capital. The Commissions earned from issuance of Government bonds was 28% higher than targeted level, as the Government increased its ceiling to fund ongoing strategic projects.

The Authority is in a strong cashflow position capable of meeting its obligations as they fall due. The performance at hand has a bearing on future market activities. It is worth note that any changes affecting investors in the economic, social and political environment have a significant impact on the capital markets industry. The Authority is keen to monitor any emerging issues that may have a significant effect on the industry, and factors such in its policy proposals to surmount reduction of investor confidence in the capital markets. The Authority projects future growth of new capital markets products and increased uptake which will build more revenue for sustainability and make CMA a reliable Government entity.

### SECTION B

#### Compliance with statutory requirements

The Authority is in compliance with all statutory obligations including, but not limited, to: remittances of Pay As You Earn (PAYE), PPRA Capacity Building Ley, Social Health Insurance Fund (SHIF), National Social Security Fund (NSSF), Retirement benefits Contributions for Staff, Value Added Tax (VAT), Higher Education Loans Board (HELB), and Withholding income tax within the stipulated deadlines.

The Authority being the Capital Markets regulator in Kenya, is subject to legal proceedings in the normal course of business. While it is not possible to forecast or determine the results of all pending legal proceedings, the Authority assesses the adequacy of its provisions periodically against case developments and related legal costs. A full provision has been made in the books for estimated legal costs. CMA also has a prequalified list of legal consultants from which services are sourced competitively from time to time.

### SECTION C

#### Major risks identified in the ERM.

The Authority has in place an Enterprise Risk Management (ERM) Framework based on which Risk Management has been mainstreamed within CMA to allow for structured risk assessments on a continuous basis. The ERM Framework was reviewed and enhanced in 2024 in line with the Authority's 2023-2028 Strategic Plan, national policy guidelines and international best practices such as ISO 31000.

The Board is responsible for the Authority's risk management and at least once every quarter receives reports to enable the review, monitoring, and evaluation of the implementation and effectiveness of the ERM framework. Risks and



Section 81 of the Public Finance Management Act (PFMA), 2012 requires the Board Members to prepare annual financial statements in respect of Capital Markets Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial period and the operating results of the Authority for that period. The Board Members are also responsible for safeguarding the assets of the Authority.

The Board Members are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and at the end of the financial period ended 30<sup>th</sup> June 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority.
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the Authority;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Board Members are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial period ended 30<sup>th</sup> June 2025, and of the Authority's financial position as at that date.

The Board Members further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board Members to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

#### Approval of the financial statements

The Authority's financial statements were approved by the Board on 28<sup>th</sup> August 2025 and signed on its behalf by:

  
.....  
Chairman

  
.....  
Chief Executive

9.	<b>Mr. David Luusa</b>	Alt. to the Governor Central Bank of Kenya		3/5 (The appointment to FPC for FY2023 - 2024 effective 18 July 2024)		3/6		1/1	7/7	1/30
10.	<b>Ms. Christine Kanini</b>	Alt. to the Attorney General of Kenya				5/6	9/9		7/7	7/30
11.	<b>Mr. Chrisologus Makoha</b>	Representing the Inspector General of Kenya		5/5	3/4	6/6		1/1		4/30
12.	<b>Mr. Simon Indimuli</b>								2/7	
13.	<b>Mr. Michael Njihia</b>								2/7	

\*Mr. Ugas Mohamed – Chairperson of CMA Board effective 24 February 2023

\*The Board Committees were reconstituted on 18 July 2024

\*Mr. Nicholas Ng’arua- Chairperson Finance and Planning Committee effective 18 July 2024

\*Prof Michael Bowen- Chairperson Human Resource and Communications Committee effective 24 February 2023

\*Ms. Natasha Aduwo- Chairperson Audit Corporate Governance and Risk Management Committee Meeting effective 18 July 2024

\*Ms. Elena Pellegrini- Chairperson Technical and Policy Committee Meeting effective from 24 February 2023

\*Mr. Gibson Maina was the Chairperson Audit Corporate Governance and Risk Management Committee Meeting until 18 July 2024

\*Mr. Meshack Kiprono was the Chairperson Finance and Planning Committee until 18 July 2024

\*Mr. Meshack Kiprono and Ms. Natasha Aduwo were members of the Human Resource and Communications Committee until 18 July 2024

\*Mr. Nicholas Ng’arua and Mr. Gibson Maina were members of the Technical and Policy Committee until 18 July 2024

\*Prof Michael Bowen was a member of the Finance and Planning Committee until 18 July 2024

\*Mr. Mr. Simon Indimuli and Mr. Michael Njihia are SCAC officials and attended the board evaluations within the year.

\*Mr. Chrisologus Makokha is an alternate to the Inspector General, State Corporations.

\*Other Engagements Meetings included consultations with CMA Management, Workshops and Retreats etc



CAPITAL MARKETS AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025

				2024 came to an end on 18 July 2024)						
4.	<b>Mr. Gibson Maina</b>	Independent Member	Chairperson, Audit, Corporate Governance and Risk Management Committee up to 18 July 2024	4/5 <i>(Appointment to FPC effective 18 July 2024)</i>		1/6 <i>(The term in TPC came to an end on 18 July 2024)</i>	8/9 <i>(The term in HRCC commenced on 18 July 2024)</i>	1/1	6/7	8/30
5.	<b>Mr. Meshack Kiprono</b>	Independent Member	Chairperson Finance & Planning Committee up to 18 July 2024	1/5 <i>(The term in FPC for FY2023-2024 came to an end on 18 July 2024)</i>	4/4	5/6 <i>(The term in TPC commenced on 18 July 2024)</i>	1/9 <i>(The term in HRCC came to an end on 18 July 2024)</i>	1/1	7/7	9/30
6.	<b>Prof. Michael Bowen</b>	Independent Member	Chairperson. Human Resources and Communications Committee	1/5 <i>(The term in FPC for FY came to an end on 18 July 2024)</i>	4/4		9/9	1/1	6/7	10/30
7.	<b>Mr. Nicholas Ng'arua</b>	Independent Member	Chairperson Finance & Planning Committee effective 18 July 2024	4/5 <i>(The appointment to FPC effective 18 July 2024)</i>		1/6 <i>(The term in TPC came to an end on 18 July 2024)</i>	5/9 <i>(The term in HRCC commenced on 18 July 2024)</i>	1/1	6/7	10/30
8.	<b>Mr. Musa Kathanje</b>	Representing Principal Secretary National Treasury		5/5	3/4	5/6		1/1	7/7	5/30



**BOARD AND COMMITTEE MEETINGS ATTENDANCE**

**BOARD MEETING ATTENDANCE FOR THE YEAR 2024-2025**

No	Board Member	Classification	Designation	Finance and Planning Committee (FPC). Total: 5 meetings  Scheduled: 5 Special: 0	Audit, Corporate Governance and Risk Management Committee Total: 4 Meetings Scheduled: 4 Special: 0	Technical and Policy Committee (TPC). Total: 6 Meetings Scheduled: 6 Special: 0	Human Resources and Corporate Communication Committee (HRCC). Total: 9 Meetings Scheduled: 6 Special: 3	Joint Audit and Finance and Planning Committee Meeting Total: 1 Meeting	Board Meetings Total: 7 Meetings  Scheduled: 6 Special: 1	Other Board Engagement Meetings. Total number of meetings (30)
1.	Mr. Ugas Mohamed	Independent Member	Board Chairperson-Term as Chairperson of CMA from February 2023.						7/7	27/30
2.	Ms. Natasha Awuor Aduwo	Independent Member	Chairperson, Audit, Corporate Governance and Risk Management Committee of 18 July 2024		4/4	5/6 (The term in TPC commenced on 18 July 2024)	1/9 (The term in HRCC came to an end on 18 July 2024)	1/1	7/7	8/30
3.	Ms. Elena Pellegrini	Independent Member	Chairperson. Technical and Policy Committee.	1/5 (The Meeting held on 11 July 2025. The term in FPC during FY 2023-	4/4	6/6		1/1	7/7	7/30

## 7. CORPORATE GOVERNANCE STATEMENT

### Board Committees

Subject to fundamental, strategic, policy and formal matters reserved for its decision, pursuant to Section 14 of Capital Markets Act, the Board works through a number of committees which operate within defined Terms of Reference. Other committees are formed on ad-hoc basis as need arise. During the period under review, the Board constituted the following committees:

#### The Finance and Planning Committee

This committee consists of four members, all of whom are non-executive members of the Board. The committee was chaired by Mr. Moses Meshack Kiprono. This committee has oversight on all financial issues including budgets, financial reporting process and controls and procurement. The committee met six times during the year.

#### The Audit, Corporate Governance and Risk Management Committee

This committee consists of five members, all of whom are non-executive members of the Board. The committee was chaired by Mr. Gibson Kimani Maina. It has an oversight responsibility of reviewing, assessing adequacy and monitoring internal controls, risk management and corporate governance processes; examining internal and external audit reports and recommendations; overseeing financial reporting and reviewing the accounting principles, policies and practices adopted in the preparation of financial statements. The committee met four times during the year.

#### The Human Resource and Communication Committee

This committee consists of five members, all of whom are non-executive members of the Board. The Committee was chaired by Prof. Michael Bowen. It is responsible for human resource matters including recruitment, management succession as well as the corporate communication function. The committee met nine times during the year.

#### The Technical and Policy Committee

The committee consists of five members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Elena Natalia Pellegrini. It is responsible for considering technical and policy matters of the Authority, including reviewing the Authority's strategy and continuous oversight of the review of the capital market legal and regulatory frameworks. The committee met eight times during the year



Highlight on the Authority's value creation model

Inputs	Key Activities (Based on Mandate & Strategy)	Outputs	Outcomes	Value Created (Short, Medium, Long-Term)
<b>Financial Capital</b>	<ul style="list-style-type: none"> <li>○ Prudent use of levies, fees, and grants</li> <li>○ Resource mobilization strategy</li> </ul>	<ul style="list-style-type: none"> <li>○ Funded regulatory operations</li> <li>○ Investment in digital infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced operational efficiency</li> <li>• Sustainable funding base</li> </ul>	Financial resilience to support independent regulation and innovation
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>○ Staff recruitment, capacity building, and performance management</li> <li>○ Talent retention and leadership development</li> </ul>	<ul style="list-style-type: none"> <li>○ Skilled, knowledgeable workforce</li> <li>○ High-performance culture</li> </ul>	<ul style="list-style-type: none"> <li>• Improved regulatory oversight</li> <li>• Institutional agility and innovation</li> </ul>	Institutional excellence and credible enforcement
<b>Intellectual Capital</b>	<ul style="list-style-type: none"> <li>○ Policy research, market surveillance, and strategy formulation</li> <li>○ Regulatory sandbox and innovation hubs</li> </ul>	<ul style="list-style-type: none"> <li>○ New frameworks, guidelines, and policies</li> <li>○ Thought leadership in capital markets</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence-based decision-making</li> <li>• Adaptive regulation</li> </ul>	Market confidence and relevance in a dynamic financial ecosystem
<b>Social &amp; Relationship Capital</b>	<ul style="list-style-type: none"> <li>○ Stakeholder engagement</li> <li>○ Investor education and awareness</li> <li>○ Regional and international collaboration</li> </ul>	<ul style="list-style-type: none"> <li>○ Trusted partnerships</li> <li>○ Public education campaigns</li> <li>○ MoUs and cooperation agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Improved public trust</li> <li>• Increased investor participation</li> </ul>	Strong ecosystem relationships and inclusive capital market development
<b>Technological Capital</b>	<ul style="list-style-type: none"> <li>○ Automation and digitization of regulatory processes</li> <li>○ Data analytics and market intelligence</li> </ul>	<ul style="list-style-type: none"> <li>○ Digital supervisory tools</li> <li>○ Real-time reporting platforms</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced transparency and responsiveness</li> <li>• Reduced compliance burden</li> </ul>	Tech-enabled regulation and data-driven oversight
<b>Natural Capital</b>	<ul style="list-style-type: none"> <li>○ Promotion of ESG integration</li> <li>○ Support for green finance, carbon markets, and climate disclosures</li> </ul>	<ul style="list-style-type: none"> <li>○ ESG reporting guidelines</li> <li>○ Green finance frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• Increased sustainable finance activity</li> <li>• Enhanced ESG compliance</li> </ul>	Environmental resilience through capital markets innovation
<b>Institutional Capital</b>	<ul style="list-style-type: none"> <li>○ Strengthening Governance</li> <li>○ Strategic planning and risk management</li> <li>○ Regional leadership in regulatory frameworks</li> </ul>	<ul style="list-style-type: none"> <li>○ Clear mandates and accountability structures</li> <li>○ Aligned strategies and KPIs</li> </ul>	<ul style="list-style-type: none"> <li>• Improved institutional integrity</li> <li>• Better regulatory coordination</li> </ul>	Regional leadership and harmonized market development

## Implementation challenges

The following implementation challenges were identified during the review period.

- i. The need to adjust to broad-based fiscal austerity measures leading to resource constraints.
- ii. Prolonged approval and legislative processes hindered the timely implementation of priority reforms and delayed responsiveness to market needs.
- iii. Judicial constraints and Legal uncertainties through Court injunctions affecting the implementation of some initiatives.

Material matters that are likely to have a significant impact on sustainability, which might influence the ability of value creation over the short, medium, and long-term, are outlined below:

Material Matter	Key Considerations
1. Regulatory & Policy Environment	- Policy adaptability and reform - Effective and timely enforcement
2. Economic Environment	- Macroeconomic stability (GDP, inflation, interest & exchange rates) - Market liquidity and investment climate
3. Technological Advancements	- Digital transformation and RegTech - Cybersecurity and data protection - Fintech integration
4. ESG & Stakeholder Engagement	- Sustainable finance and climate risk integration - Corporate governance - Inclusive stakeholder participation
5. Political & Legal Environment	- Political stability and policy continuity - Legislative robustness - Market abuse prevention (fraud, manipulation)
6. Market Structure & Dynamics	- Financial product innovation and diversification - Regional competitiveness - Infrastructure modernization
7. Human Capital	- Talent development and retention - Capacity building - Workforce well-being
8. International Relations	- Global standards alignment - Cross-border cooperation - Foreign portfolio investment attraction
9. Risk Management & Resilience	- Risk identification and mitigation - Crisis preparedness - Market and institutional resilience



					FY 2022/23 to 73% in FY 2024/25.
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Key Result Area 5: Environmental, Social, and Governance Practice

Strategic Objective	Outcome	Outcome Indicator	Target		Observations
			2024/25	Status	
Strengthen Internal Control systems	Enhanced accountability	Level of implementation of audit recommendations.	100%	58.2%	Progress, but needs improvement. Cumulatively, 58.2% of audit recommendations were reviewed and confirmed as satisfactorily implemented.

The Authority has delivered strong results against strategic targets over the past year, exceeding key targets and demonstrating resilience and adaptability in a dynamic economic environment. Collectively, these achievements signal the effectiveness of recent market reforms and increased market confidence. However, the performance also reveals critical areas requiring focused strategic action to ensure sustainable and inclusive market growth.

Optimize Costs	Increased cost savings	% of cost savings per annum	10% per annum	6.67%	<b>Below target, but Substantial Growth.</b> Negotiated savings totaled KES 8,973,026 as of June 2024, representing 6.67% of total procurement expenditure. This reflects a significant improvement from 2.17% (KES 2,434,173) in FY 2023-2024 — a 268% increase.
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Key Result Area 3: Productivity, Performance, and Risk Management

Strategic Objective	Outcome	Outcome Indicator	Target		Observations
			2024/25	RAG Status	
Improve Performance, and Risk Management	Improved organizational performance and productivity.	Performance Contract score	Very Good	-	To be evaluated in Q1 FY 2025-2026
		Productivity Index Score	Good	-	To be evaluated in Q1 FY 2025-2026

Key Result Area 4: Human Resource

Strategic Objective	Outcome	Outcome Indicator	Target		Observations
			2024/25	Status	
Enhance human resource capacity	Improved staff productivity, motivation, and retention.	Employment engagement index	75%	78%	<b>Target has been achieved.</b> Employee engagement index improved by 3%, rising from 75% in FY 2022/23 to 78% in FY 2024/25.
		Work environment index	75%	73%	<b>Below Target, but achievable</b> Employee satisfaction with the work environment declined slightly by 1%, from 74% in



Strategic Objective	Outcome	Outcome Indicator	Target		Observation
			2024/25	RAG Status	
					blue-chip stock performance.
		Turnover ratio - bonds	5% increase year on year.	29.6 %	<b>The target has been achieved.</b> Bond turnover ratio stood at 29.6%, up from 15.26% in June 2024. However, corporate bond turnover remains low, accounting for just 0.07% of total bond market activity.
Improve customer experience and brand visibility	Strengthened brand visibility through digital media presence	% growth in social media followers	10% percent growth in social media followers	29%	<b>The target has been achieved.</b> The Authority recorded a 29% growth in social media followers, rising from 194,357 in the last FY to 250,721 this FY.

Key Result Area 2: Financial Sustainability

Strategic Objective	Outcome	Outcome Indicator	Target		Observation
			2024/25	RAG Status	
Increase revenue	Increased revenue	Revenue in Kshs '000	1,286,124,000	1,167,992,000	<b>Slightly below target but recoverable.</b> Projected Q4 revenue is KES 1,220 million, achieving 91% of the budgeted target of KES 1,286 million.
Enhance resource mobilization	Successful implementation of strategic initiatives	Amount of externally mobilized funds in Kshs	150M	20 Mn	<b>Target not met, and more effort is required.</b> Progress has been made, but further effort is needed to fully realize resource mobilization goals.

Table 2: Performance against predetermined objectives.

Key Result Area 1: Customer Base

Strategic Objective	Outcome	Outcome Indicator	Target		Observation
			2024/25	RAG Status	
Increase customer base and democratize wealth	Increased uptake of capital markets products and services	% Growth in the Number of Investors	3% (Year on Year.)	9.2%	<b>The target has been achieved.</b> The number of investors increased by 9.2%, rising from 2.49 million during the last review period to 2.72 million, reflecting continued market growth and confidence.
		Number of Issuers	2 (Year on Year.)	4	<b>The target has been achieved.</b> 4 issuances were approved during the review period.
		% Growth in Value of Assets Under Management (AUM)	3% (Year on Year.)	105%	<b>The target has been achieved.</b> AUM increased by KES 242.1 billion, from KES 254.1 billion during the last review period to KES 496.2 billion this FY.
		Aggregate Market Capitalization (Kshs. Trillion)	5.8 Tn	7.6 Tn	<b>The target has been achieved.</b> Aggregate Market Capitalization was app. KES 7.6 trillion this FY, up 15% YoY from KES 6.6 trillion in the last FY.
Increase annual market turnover	Increased market liquidity	Turnover ratio - equities	5% increase year on year.	4%	<b>Slightly below target but recoverable.</b> The equities turnover ratio at the Nairobi Securities Exchange declined slightly from 4.5% in June 2024 to 4% this FY. Despite this dip, Year-on-Year equities turnover rose by 76%, driven by liquidity enhancement measures, increased local and foreign investor participation, and strong



## 6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statements an evaluation of the National Government entity's performance against predetermined objectives.

The CMA Strategic Plan 2023 – 2028 charts the strategic direction within our broad mandate of regulating and developing the capital and structured commodities markets for the next five years. The Plan design model focused on five key perspectives (Key result areas), namely Customers, Financial Stewardship, Internal Business Processes, Learning & Development/Organization Capacity, and Leadership and Governance. The overriding theme within each perspective is to enhance inclusiveness in the markets, maintain institutional sustainability, enhance operational excellence, develop agility in dealing with emerging issues, and strengthen investor protection and governance, respectively. The Plan's overall goals include:

1. Growing aggregate market capitalization from Kshs. 5.6 trillion to Kshs. 6.6 trillion by 2028.
2. Growing revenue from Kshs. 1 billion to Kshs. 1.6 billion by 2028.
3. Enhancing strategy, performance, and enterprise risk management.
4. Attracting, developing, engaging, and retaining a competent staff compliment.
5. Strengthening leadership and governance.

CMA develops its annual work plans, directly cascaded from the strategic plan, based on the above perspectives and goals. Assessment of the Board's performance against its annual work plan is done every quarter.

This strategic framework is outlined below:

	Strategic Issues	Strategic Theme	Strategic Goal	Key Result Areas
1	Customer Focus	Inclusivity	Grow aggregate market capitalization from Kshs. 5.6T to Kshs. 6.6T by 2028	Customer Base
2	Financial Stewardship	Sustainability	Grow revenue from Kshs. 1B to Kshs. 1.66B by 2028	Financial Sustainability
3	Internal Business Processes	Operational Processes and Procedures	Service delivery excellence	Performance, Productivity and Risk
4	Organizational Capacity / Learning & Growth	Agility and Leadership	Attract, develop, engage, and retain a competent staff compliment	Human Resource
5	Leadership and Governance	Effective Governance	Strengthened Leadership and governance	Environmental, Social and Governance

The Authority achieved its performance targets set for the FY 2024/25 period, as indicated in the table below:


- warnings and cautions to licensees, cease and desist and information Notice to unregulated entities and orders requiring licensees to reinstate investors.
- ii) Issuance of investor alerts for the protection of investor interests and use of alternative dispute resolution mechanisms in resolution of disputes between market stakeholders.
  - iii) Collaboration with global regulators under the IOSCO MMoU to bolster information sharing and cross-border fraud deterrence initiatives. In line with its investor protection mandate, on 14<sup>th</sup> May 2025, the Authority signed the Enhanced Multilateral Memorandum of Understanding (EMMoU). The EMMoU is set to enhance and advance cooperation and the exchange of information among securities regulators across the globe with an objective to strengthen financial market integrity and investor protection. The EMMoU is expected to foster greater cross-border enforcement cooperation and assistance among securities regulators, enabling them to respond to the risks and challenges posed by globalization and advances in technology.
  - iv) Engagements with market intermediaries on fraud risk assessment and discussions on promoting cooperation within the industry to address emerging challenges, and
  - v) Stakeholder engagements for market fraud deterrence by closely working with other state agencies including financial industry regulators and agencies (CMFIU, DCI and ODPP).

All the above Authority efforts were aimed at not only improving the impact of the execution of the Authority's regulatory mandate but also fostering market development. We hope that the next financial year will bring higher growth to the country's capital market.

#### Financial Highlights

RESULTS		2025 Shs '000	2024 Shs '000
The results for the year are summarized below: -	<b>Note(s)</b>		
Total income for the year	6-9	<u>1,267,127</u>	<u>962,606</u>
Total operating expenditure for the year		<u>(962,959)</u>	<u>(907,610)</u>
Surplus before tax		<u>304,169</u>	<u>54,996</u>
Remission to National Treasury		<u>-</u>	<u>(140,000)</u>
<b>Net Surplus</b>		<u>304,169</u>	<u>(85,004)</u>
Less Surplus Overpaid b/f		<u>(74,090)</u>	<u>-</u>
90% Surplus Calculation	11a	<u>(153,567)</u>	<u>-</u>
<b>Retained Surplus</b>		<u>76,512</u>	<u>(85,004)</u>

Details of each line are found under respective notes in the Annual Report and Financial Statements.



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Mr. Wyckliffe Shamiah, FCPA  
Chief Executive Office



## 2) Major Market Developments

Below is a highlight of some of the key market developments during the financial year.

- a. During the year, the Authority actively coordinated, sponsored and was a key speaker at the Annual REITs Conference 2024 organized by the REITs Association of Kenya (RAK) conducted between October 31 and November 1, 2024. The conference, themed "Navigating New Frontiers: Unlocking the Potential of Africa's REITs Market," brought together international experts, industry leaders, legal firms, securities exchanges, and capital markets regulators from various countries across the continent, including Somalia, Morocco, Ghana, South Africa, and Rwanda. The discussions centered on challenges hindering the improved uptake of REITs, including tax-related issues such as capital gains tax and stamp duty, regulatory obstacles, structuring challenges and gaps in public awareness.
- b. In partnership with key stakeholders in Islamic Finance, on October 16, 2024, management hosted the official launch of the Q & A in Islamic Finance Book. The launch was a key milestone as it marked the successful completion of an initiative aimed at adapting the international Q & A in Islamic Finance Book to the Kenyan context, achieved through a collaborative effort between the Authority and select experts in Islamic Finance. The long-term objective of launching the book is to have a document that demystifies Islamic Finance as a way of improving the understanding of Islamic Finance in the country.
- c. The Authority hosted the capacity-building workshop on capital markets and green bonds for members of the County Executive Committee drawn from the counties involved in the green bonds county assessment project led by Financial Sector Deepening Kenya (FSD) Kenya. The forum brought together experts in county financing through green bonds to discuss various topics, including the financing of sustainable projects through green bonds, utilizing capital markets for county financing, and providing updates on the progress following the completion of the county green bonds assessment project spearheaded by FSDK.
- d. The Authority participated at the launch of the County Green Finance Assessment report at the Hyatt Regency, Nairobi on April 25th, 2024. The launch, which was organized by Financial Sector Deepening Kenya (FSDK), was a culmination of the earlier process of County assessments for green projects to support the development of an inclusive green finance ecosystem in Kenya. Management was represented as a keynote speaker and a panelist in a plenary session organized by FSDK. The assessments and report were a result of the partnership, expertise, and work of specialists from FSD Kenya, Augusto & Co., The National Treasury and Economic Planning, Capital Markets Authority, ADA Consortium, the Nairobi Securities Exchange, and the County Governments of Embu, Kirinyaga, Kisumu, Laikipia, Nairobi, Makueni, Nandi, Taita-Taveta, Vihiga, and Wajir. Through the FSD Kenya county green finance project preparation facility, the identified green projects in the select 10 counties will be prepared and funded at scale (with some benefitting from capital markets funding) in a manner that resonates with the county development priorities and those of the national government.
- e. CMA continues to leverage technology through various channels such as organizing and hosting the 4th Virtual Capital Markets Open Day. Thirty (30) capital market intermediaries participated as exhibitors and attracted 1,114 participants, 250 of whom were in attendance throughout the day. The event provided a platform for the public to interact with market intermediaries on capital markets matters, investor education as well as address participant queries, aimed to promote informed investment decision-making among the public.

In so far as Investigations and enforcement for investor protection is concerned, the Authority undertook the following initiatives:

- i) Investor protection initiatives aimed at boosting investor confidence including capital market investigation and enforcement processes, the online whistle blower portal and reporting via the complaint's portal and email. In accordance with its statutory mandate to protect investors' interests, the Authority undertook 53 enforcement actions against market intermediaries, issuers, and listed companies. These enforcement actions included the imposition of financial penalties, restriction and suspension of licenses, issuance of regulatory directives,



## 5. REPORT OF THE CHIEF EXECUTIVE

### 1) Market Performance

#### Primary Market

During the 2024/25 financial year, a total of Thirty-four (34) Treasury bonds were issued. These included twenty-six (27) re-opened bonds, four (4) tap sales and three (3) buy backs. In this period, the government aimed to raise KShs.665.00 billion. The Bids received amounted to KShs.1,134.16 billion, with the government accepting offers worth KShs.863.84 billion, indicating an aggregate acceptance rate of 129.90%. As regards the corporate bond market, the total outstanding amount on issue was KShs.25.92 billion as at March 2025, a 35.07 percent increase from KShs.19.19 billion as at June 2024.

During the financial year, the Authority participated in the bell ringing ceremony of the Linzi Sukuk presided over by the President of the Republic of Kenya, H.E. William Samoei Ruto and hosted by the Nairobi Securities Exchange (NSE) on July 31, 2024. The event marked the official recognition and confirmation of the listing of the Linzi Sukuk on the Unquoted Securities Platform (USP) of the NSE. The proceeds raised from the Sukuk is being used to develop 3,069 institutional housing units, in alignment with the Government's ambitious Transformative Agenda on affordable housing.

To improve the capital markets products uptake, the Authority implemented a Capital Markets Resource Persons Program which commenced in 2023. The objective of the program is to recruit three (3) resource persons per county, to conduct awareness forums on behalf of the Authority at the grass root levels in respective counties. Implementation of the program continues to be implemented in a phased approach. So far, 83 resource persons have been onboarded in the program in 33 counties. Recruitment for the remaining 14 counties will be progressed in the next financial year. Under the program, 76 investor education forums have been conducted in 13 Counties, reaching 2,478 participants at the grassroots, comprising various segments - women groups, the youth, learning institutions, community-based organizations.

In addition, the uptake of the Securities Industry Certification program (SICP) and CPD continued to show growth over the years since inception in 2015 which had 29 to 5,319 practitioners who undertook the SICP as of June 2025. 592 practitioners undertook certification within the 2024/2025 financial year.

#### Secondary Market

As of June 2025, the country's equity market capitalization was Kshs.2.42 trillion, a 41.52% increase from Kshs.1.71 trillion recorded in June 2024. This significant growth continues to reflect a positive sentiment in the equity market and investor confidence as well as favourable market conditions compared to what was recorded in 2023/24. Also, the volume of share traded increased by 41.41% with NASI, NSE 20, NSE 25 and NSE10 share index increasing by 40.13%, 47.31%, 37.65% and 35.76% to close the financial year at 153.43, 2440.26, 3938.28 and 1516.93 respectively. In terms of equity turnover, the country's 2024/25 figure stood at Shs.114 billion (Shs.76.48billion – 2023/24), a 49 percent increase against the equity turnover levels recorded in the previous financial year.

As regards the secondary bond market, during the financial year, the country's bond market turnover increased significantly to Shs.2,154 billion from 1,115.74 billion in 2023/24, a 81.72 percent increase in bond turnover. This was the highest bond turnover ever achieved in the Kenyan bond market.

In terms of foreign equity portfolio, investors made purchases worth Shs.36, 920 million and foreign sales worth Shs.57,627 million, resulting in a cumulative net equity outflow worth Shs.20,707 million.



## Appreciation

On behalf of the Capital Markets Authority, I am grateful for the consistent support from the Government of Kenya in executing our responsibilities since my appointment to this position by His Excellency Dr. William Samoei Ruto, C.G.H. President of the Republic of Kenya in 2022. I also wish to express my sincere appreciation to the National Treasury and Economic Planning, the entire capital markets sector, and our fellow Financial Services Regulators for their significant contribution, which have been crucial in helping us achieve our goals during this period.

I also wish to acknowledge the invaluable efforts of my colleagues on the CMA Board, as well as the Chief Executive Officer, Management, and Staff of the Authority. Their continued commitment and teamwork were and will continue to be instrumental as we advance our mission of enhancing capital formation and fostering a culture of savings in our country.



Chairman

## 4. CHAIRMAN'S STATEMENT

### Overview of the Global Economy



The recent data from the World Bank indicates that the growth of World economies is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. The World Bank data shows that the growth is expected to weaken to 2.3 percent in 2025, with deceleration in most economies relative to the year 2024. Compared to late 2024, global financial conditions have generally been tighter in 2025, mostly because of uncertainties surrounding trade policies. Asset prices mostly recovered after an initial 90-day tariff pause was announced and after the rollback of U.S.-China tariffs in May 2025, but financial market volatility increased, and equity markets fell globally as trade tensions escalated in early April 2025.

### Emerging and Development Markets

The World Bank Global Prospectus report 2025 indicates that growth in Emerging and Developing Economies (EMDE) is expected to drop to 3.8 percent in 2025 after the trade shocks that have affected the global economy. The growth will then gradually be expected to increase to an average of 3.9 percent during 2026–2027, which is around 1.2 percentage points lower than the average for 2010–2019.

One of the main causes of the decline in EMDE development prospects is economies with high levels of trade and investment openness. Large manufacturing sectors, high global value chain participation, and reliance on international financial markets all contribute to these economies' increased susceptibility to the negative effects of recent shocks to global trade and confidence, as well as the sharp increases in financial market volatility and uncertainty.

### Africa and the East African Community (EAC) Region

Regional conflicts, rising geopolitical fragmentation, and heightened global uncertainty due to new trade policies in different countries. Africa's economic performance improved in 2024, but growth remains fragile amidst multiple shocks and rising global uncertainty. Driven by robust government expenditure and private consumption, average real gross domestic product (GDP) growth increased slightly from 3.0 percent in 2023 to 3.3 percent in 2024. Of the 54 African nations, 29 showed signs of development in 2024.

Between 2023 and 2024, ten African nations (including Angola, Ghana, Niger, and Uganda) saw growth rises of more than 1.0 percentage points. However, ongoing price pressures, currency depreciations, and hefty debt service costs masked this modest gain.

The Africa Development Bank Africa Economic outlook report indicates that East Africa countries growth is projected to accelerate from 4.3 percent in 2024 to 5.9 percent in 2025 and 2026. This reflects resilience in Ethiopia, Rwanda, Djibouti, Uganda, and Tanzania, all expected to attain an average growth rate of 6 percent or higher in 2025 - 26, supported by continued public investments to deepen domestic value chains in the agriculture sector and domestic energy infrastructure.

### Domestic Performance and National Outlook

In the face of more recent shocks, such as inflationary pressures in 2024, climate change shocks, muted business sentiment after the protests in mid-2024, and decreased public spending amid ongoing fiscal consolidation efforts, the nation's economy has demonstrated remarkable resilience. Thus, after a cyclical recovery of 5.6% growth in 2023, GDP growth slowed to an expected 4.5% in 2024. During 2025–2027, the World Bank predicts Kenya's growth to rebound to an average of 4.9%, mostly due to accommodating monetary policy, a reduction in inflation, and an increase in credit growth that is expected to boost company earnings, hence stimulating private investment and consumption.



## ABBREVIATIONS

BA	Bachelor of Arts
BCOM	Bachelor of Commerce
BSC	Bachelor of Science
BSP	Balanced Scorecard Professional
CFE	Certified Fraud Examiner
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
CPS	Certified Public Secretary
Dip	Diploma
EMBA	Executive Master of Business Administration
H. Dip	High Diploma
HRM	Human Resource Management
LLB	Bachelor of Law
LLM	Master of Law
MA	Master of Arts
Pg Dip	Post Graduate Diploma
ESG	Environmental, social, and governance

**Jeremiah Yego**

Position Principal Supply Chain Management Officer  
 Date joined the Authority 1 August 2017  
 Profession Supply Chain Management  
 MSc (Procurement and Logistics), BCom, CIPS  
 (Chartered Institute of Procurement & Supply), KISM  
 (Kenya Institute of Supplies Management)



**Esther Manthi**

Position Senior Manager Investigations and Enforcement  
 Date joined the Authority March 01, 2011  
 Profession Lawyer, Certified Financial Analyst  
 Key qualifications Master of Arts (International Conflict Management),  
 Bachelor of Laws Degree (LLB), Strategic Leadership  
 Programme (SLDP), Senior Management Course (SMC),  
 International Introduction to Securities & Investment  
 (Kenya) (CISI), Certificate in Fintech & Regulatory  
 Innovation



**Evelyn Mbithi**

Position Senior Manager Market Supervision  
 Date joined the Authority November 06, 2008  
 Profession Business & Finance  
 Key qualifications BCom, MBA finance, Dip in Applied Maths & statistics



**Justus Nyameyio Agoti**

Position Senior Manager Market Deepening  
 Date joined the Authority January 14, 2010  
 Profession Economist  
 Key qualifications M.A. (Economics), B.A. (Economics), H. Dip, HRM, CPA,  
 CMSA



**Michael Wiso**

Position Head Capital Markets Fraud Investigations Unit  
 Date joined the Authority March 11, 2019  
 Profession Advocate of the High Court of Kenya  
 Key qualifications LL.M, MA, LLB, PGD





**CAPITAL MARKETS AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

**Samuel Njoroge**

Position Ag. Director Policy & Market Development  
Date joined the Authority January 3, 2005  
Profession Economist  
Key qualifications BA, MA (Econ), MCSI(UK), CIFA(K), CKM(USA), FESK, MKIM, M.IoD(K)



**Andrew Muthabuku**

Position Ag. Director Corporate Services  
Date joined the Authority July 1, 2011  
Profession Human Resources & Administration  
Key qualifications MBA, BA, H-Dip (HRM)



**Douglas Mwaniki**

Position Ag Senior Manager, Information & Communications Technology  
Date joined the Authority September 14, 2015  
Profession Information Technology  
Key qualifications BSC, Msc (ITM), CISSP, (ISC)2



**John Njoroge**

Position Senior Manager, Accounting and Finance  
Date joined the Authority February 4, 2008  
Profession Accountant/Economist  
Key qualifications BA, CPA(K), CPS(K), BSP



**Matthew Mukisu**

Position Senior Manager, Commodities  
Date joined the Authority March 7, 2016  
Profession Economist  
Key qualifications MA (Economics), BSC, CPA(K)



**James Kivuva**

Position Senior Manager, Strategic Risks and Projects  
Date joined the Authority February 15, 2016  
Profession Information Technologist  
Key qualifications BSC, PRINCE 2, CBAP, Advanced Sysbase Database Administration and Performance Tuning Certification



**Jairus Muaka**

Position Senior Manager, Policy & Regulatory Framework  
Date joined the Authority January 5, 2009  
Profession Economist  
Key qualifications M.A Economic Policy, B.A Economics



**Wilberforce Ongondo**

Position Senior Manager Research and Analytics  
Date joined the Authority November 11, 2008  
Profession Researcher  
Key qualifications BSc, MBA



### 3. KEY MANAGEMENT TEAM

**FCPA Wyckliffe Shamiah**

Position Chief Executive Officer  
Date joined the Authority May 20, 1997  
Profession Accountant  
Key qualifications MBA, BA, FCPA



**Edwin Njamura**

Position Director, Corporate Services  
Date joined the Authority July 17, 2012  
Profession Management  
Key qualifications EMBA, BCOM, CPA(K), BSP, Certificate in Public Policy  
*\*Upto January 18, 2025*



**Luke Ombara**

Position Director, Policy & Market Development  
Date joined the Authority February, 15 1995  
Profession Economist  
Key qualifications BA, BSP  
*\*Upto May 14, 2025*



**FCPA Esther J. Maiyo**

Position Director Internal Audit  
Date joined the Authority February 15, 1995  
Profession Accountant  
Key qualifications MBA, BCOM, CPS (K), CISA, FCPA



**Hellen Ombati**

Position Director Legal Affairs & Corporation Secretary  
Date joined the Authority May 6, 2016  
Profession Lawyer & Certified Secretary  
Key qualifications MBA, LLB, Dip-French, Dip in Law, CPS(K)



**Solomon Kirwa**

Position Director Technology, Research & Knowledge Management  
Date joined the Authority June 2 2022  
Profession ICT  
Key qualifications CPA, BSC.IT, MSC.IT, MBA



**Daniel Warutere**

Position Director Market Operations  
Date joined the Authority November 10, 2008  
Profession Lawyer  
Key qualifications LLB, CPS, CPA, Post Grad Cert, Capital Markets





**15. Hellen Ombati(Company Secretary)**



Company Secretary (CS). H. K Ombati is the Director Legal and Company Secretary of the Capital Markets Authority.

She is a holder of a Master of Business Administration (MBA) in Strategic Management from the Catholic University of Eastern Africa and a Bachelor of Laws (LLB) degree from the University of Nairobi. She is a Certified Public Secretary (CPS-K) and a member of the Institute of Certified Secretaries of Kenya (ISPCK). CS. Ombati is an advocate of the High Court of Kenya and a member of the Law Society of Kenya (LSK) as well as the Chartered Institute

of Arbitrators– UK and the Kenya Institute of Supply Management (KISM). She also holds a Diploma in French from Alliance Française, Paris.

She joined the CMA in May 2016 as the Head Legal Affairs and Corporation Secretary. Prior to joining the CMA, she served as the Manager Legal Services & Board Coordination at the Kenya Revenue Authority. CS Ombati has been involved in conveyancing practice, preparation of contracts and legal agreements, commercial law as well as company secretarial work. She has also participated in civil society where she was engaged in civil litigation and prosecution of criminal cases at FIDA Kenya. She has also worked as a State Counsel at the Attorney General's Chambers.

to head the Department of Business Administration. Between 2012 and 2014 he was a council member at Daystar University representing the staff. He previously chaired the Board of IDB Capital, a parastatal under the Ministry of Industry and Trade. Prof. Bowen has supervised more than 100 Master's and PhD students to completion. He has been involved in several funded research and his publications are listed on Google Scholar and Research Gate with 74 citations on former, with the leading paper cited 653 times.

Prof. Bowen has presented papers in international conferences in the USA, Netherlands, Hong Kong, Japan, Dubai, South Africa, UAE, Kenya, Tanzania and Uganda. He has been an external examiner for National University of Science and Technology (Zimbabwe), Jomo Kenyatta University, Kenya Methodist University, Moi University, Africa Nazarene University, Management University of Africa and University of Eldoret. He has also been an editor and reviewer of several journals. In addition, he has been part of teams in writing several academic programs from Undergraduate to PhD.

He holds a PhD in Environmental Economics from Moi University.

### 13. Mr. Nicholas Kamuya Ngarua (Independent Member)



Mr. Nicholas K. Ngarua was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 26th May 2023.

Mr. Ngarua's areas of practice and key highlights include tax advisory work including but not limited to issuing advisory opinions to clients in relation to tax demands made by the Kenya Revenue Authority and assisting the firm in matters before the Tax Appeals Tribunals. He also deals with general tax consultancy, including issuing advisory opinions on tax optimization for clients, advising on transfer pricing policies, and general taxation liabilities for entities in Kenya.

Mr. Ngarua is an Advocate of the High Court of Kenya (LL. B Hons) (Dip. KSL), a Commissioner of Oaths/Notary Public and an Associate Member, Chartered Institute of Arbitrator.

### 14. Mr. Wyckliffe Shamiah (Chief Executive Officer)



Mr. Shamiah is the Chief Executive Officer of the Capital Markets Authority. Prior to his appointment, on 19th November 2020, he was the Acting Chief Executive from January 2020. He was previously the Director of Market Operations (DMO) and has worked at the Authority for over 22 years in various capacities with all-round exposure in various aspects of capital markets.

He is the Chairman of the Market Supervision and Risk Management sub-committee of the East African Securities Regulators' Forum. He also sits on the Financial Stability Board Regional Group of Sub-Saharan.

Mr. Shamiah holds a Bachelor's degree in Economics and Mathematics from Egerton University and a Master's in Business Administration from the University of Nairobi. He is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has served on the ICPAK Council from 2009 to 2022.



**10. Ms. Elena Natalia Pellegrini (Independent Member)**



Ms. Elena Natalia Pellegrini was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Ms. Pellegrini's career in financial markets spans over 15 years, her primary focus is on client and relationship management, working to develop strategies and enhance client offerings in the forex, commodities and in capital markets space.

She has worked for several financial institutions including Standard Bank of South Africa, Chicago Mercantile Exchange Group (CME), and ICBC Standard Bank in the United Kingdom. Throughout her career, she has developed analytical skills, the

ability to understand complex financial markets and has held a specialist role in regulatory reporting, providing solutions to clients that ensured reporting was in line with the appropriate governing body.

Most recently in the capital markets space, working closely with the business to enhance the post-trade services for all Exchange-Traded Derivatives (ETDs), cash equities and fixed income to reduce risk and drive efficiencies across bilateral and triparty post trade interactions.

Ms. Pellegrini holds a Bachelor of Science degree in Psychology from Middlesex University in London.

**11. Ms. Natasha Awuor Aduwo (Independent Member)**



Ms. Natasha Awuor Aduwo was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Ms. Aduwo holds a Bachelor of Laws degree from the University of Nairobi. She is a legal consultant, a Certified Mediator, and a member of Federation of Women Lawyers-Kenya. She is also a board member at Safe Hands Trust, an organization that focuses on children in conflict with the law.

Ms. Aduwo is a purpose-driven legal professional and Mediator with gained skill set and wealth of knowledge on legal matters. She is adept at drafting and reviewing legal contracts and agreements, client management and general office management.

Led by her strong problem-solving and organizational skills, she has established a unique ability to steadfastly manage numerous duties and responsibilities pertinent to a company's growth.

**12. Prof. Michael Bowen (Independent Member)**



Prof. Michael Bowen was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Prof. Bowen is an Associate Professor of Environmental Economics and is currently the Principal of the Nairobi Campus of Daystar University. Before this, he was the Director of Research at Daystar University between 2015 to 2019 and Deputy Director, Quality Assurance between 2013 to 2015 in the same institution. In the period between 2005 and 2012, he was a senior researcher within the same university.

Earlier in his academic career he taught at Kenya Methodist University where he rose



the Public Procurement and Disposal of Assets Act, and many more. In these roles, he also served on various boards including that of the Central Bank of Kenya, the Monetary Policy Advisory Committee (and later the Monetary Policy Committee), the Kenya Revenue Authority (KRA) and the Capital Markets Authority.

The Governor holds a bachelor's degree from the Colorado College, and Master's and PhD Degrees in Economics from Johns Hopkins University in the United States.

**7. Alternate to Governor, Central Bank of Kenya: Mr. David Luusa**



Mr David Luusa joined the Central Bank of Kenya in April 2020 and was appointed Director, Financial Markets Department (FMD). He serves on the Board of The Capital Markets Authority as an alternate to the Governor of the Central Bank of Kenya.

Prior to joining the Bank, David served at Standard Chartered Bank as a member of the Executive Committee and Head of Financial Markets in the East Africa region. He has extensive banking experience across different markets in Africa and Europe, holding senior leadership responsibility within financial markets. He holds a Master of Arts degree in Economic Science from the University of Aberdeen and serves on the Monetary Policy Committee of the Central Bank of Kenya.

**8. Mr. Meshack Moses Kiprono (Independent Member)**



Mr. Meshack Moses Kiprono was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24th February 2023.

Mr. Kiprono is an investment and banking professional with over 14 years of experience in the capital markets. He is a graduate of Bachelor of Commerce, banking and finance from Makerere University. Throughout his career, he has developed a deep understanding of financial instruments and investment vehicles, as well as the regulatory environment that governs them. He has a track record of success in managing complex financial transactions.

Mr. Kiprono is highly skilled in financial analysis and risk management and has a keen eye for identifying emerging trends in the market. He has expertise in equity and fixed income securities, structured products, and alternative investments.

**9. Mr. Gibson Kimani Maina (Independent Member)**



Mr. Gibson Kimani Maina was appointed to the Board of the Capital Markets Authority as an independent member for a period of three years, with effect from 24 February 2023.

Mr. Maina holds a Bachelor of Laws degree from the University of Nairobi and is an Advocate of the High Court of Kenya. He is currently serving as a Partner at Kilukumi & Company Advocates which specializes in commercial transactions and corporate governance. He has developed extensive knowledge in commercial transactions and a deep understanding of the legal and regulatory environment.

He brings valuable legal expertise and unique perspective which helps to navigate complex legal and regulatory challenges leading to informed strategic decision and mitigation of legal risks



**4. Hon. Dorcas Oduor, OGW, EBS (Attorney General)**



Dorcas Oduor, OGW, EBS, SC the Attorney General was sworn in as a Member of the Judicial Service Commission pursuant to Article 171(2)(e) of the Constitution, effective 23rd August 2024.

Until her appointment Hon. Oduor was the Secretary, Public Prosecutions and the Principal Deputy to the Director of Public Prosecutions. A career Prosecution Counsel, she previously served in Public Prosecutions for over 20 years having begun her career as a State Counsel in 1991.

Hon. Oduor holds a master's degree in international Conflict Management and an LL. B Degree from the University of Nairobi.

**5. Alternate to Hon. Attorney General: Ms. Christine Kanini**

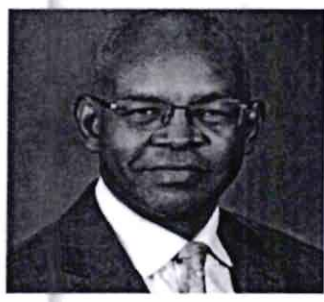


Ms. Christine Kanini is Deputy Chief State Counsel at the Office of the Attorney General in the Government Transactions Division. She serves on the Board of the Capital Markets Authority as an alternate to the Hon. Attorney General.

She previously served in the National Irrigation Board and Kenya Academy of Sports as an alternate to the Attorney General.

Prior to joining the Office of the Attorney General, Ms. Christine Kanini served as a Legal Associate at the law firm of A.B. Patel & Patel Advocates and Mburu Kariuki & Company Advocates. Ms. Christine Kanini has over 12 years' experience and knowledge in commercial and financial transactions. She has also experience in Public Procurement, Public Finance, Public Private Partnerships and Land laws. She holds a Master of Laws (LLM) degree in international law and a Bachelor of Laws (LLB) degree from the University of Nairobi.

**6. Dr. Kamau Thugge (Governor, the Central Bank of Kenya)**



Dr. Kamau Thugge C.B.S., is the tenth Governor of the Central Bank of Kenya (CBK) and has been in office since June 19, 2023.

Dr. Thugge joined CBK after a long and distinguished career in the international and Kenyan public service. He worked in the International Monetary Fund (IMF) in both policymaking and non-policymaking departments. These include the Policy Review and Development Department and the Trade Policy Division. In these roles, Dr. Thugge helped to design the Highly Indebted Poor Countries Initiative (HIPC) as well as other policy initiatives. He also worked on various Article IV missions. Dr.

Thugge also served as Mission Chief to Botswana and Lesotho in the wake of the global financial crisis.

Dr. Thugge has held various senior roles in Kenya, including as the Head of the Fiscal and Monetary Affairs Department at The National Treasury, as Economic Secretary and as Senior Economic Advisor. Dr. Thugge also served as Principal Secretary at The National Treasury, and lately as Senior Advisor to the President and Head of Fiscal and Budget Affairs. Dr. Thugge helped to design and implement various laws including the Public Finance Management Act, the Commission on Revenue Allocation (CRA) Act, the Independent Officers (Appointment) Act,



His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.

### 3. Mr. Musa Kathanje (Alternate to Cabinet Secretary, The National Treasury)



Mr. Musa Kathanje was appointed to the Capital Markets Authority Board as the Alternate to the Cabinet Secretary, National Treasury and Planning since 17th July 2020. He is currently the Director of Macro and Fiscal Affairs Department at the National Treasury, a post he has held since November 2016. He joined the National Treasury in June 2013 on secondment from the Central Bank of Kenya where he had grown through the ranks for over 17 years. Mr. Kathanje oversees the formulation and analysis of macroeconomic and fiscal policies to support the national budget process at the National Treasury. He has over 28 years of experience in macroeconomic policy formulation and analysis, as well as regional economic integration. He has extensive professional training from among others, the

International Monetary Fund, the United Nations Department of Economic and Social Affairs, the Federal Reserve Bank of New York, the Macroeconomic and Financial Management Institute of Eastern Africa (MEFMI) and IMF East Africa.

Key areas of training include macroeconomic policy and forecasting, monetary policy management, fiscal policy formulation and econometrics. Mr. Kathanje serves as Kenya's Focal Point for the Human Capital Project of the World Bank.

He holds among others, a two-year certificate in macroeconomic modelling under the United Nations/African Research Network for Development Policy Analysis from the University of Pretoria, South Africa. Mr. Kathanje holds Masters and Bachelor degrees (first class honours in Economics) from the University of Nairobi and is currently finalizing a PhD in Business Administration (Finance) from Jomo Kenyatta University of Agriculture and Technology. Additionally, he has a CPA I certificate.

Mr. Kathanje represents the Principal Secretary, National Treasury in the Monetary Policy Committee of the CBK and has previously served as an Alternate to the Principal Secretary, National Treasury in the following Boards: Vision 2030 Delivery Secretariat; Kenya Revenue Authority; Konza Technopolis and the Kenya Institute of Public Policy Research and Analysis.



## THE BOARD OF DIRECTORS

The Board of the Authority (The Board) is responsible and accountable to the Government of Kenya (GoK), through The National Treasury, in ensuring that the Authority complies with the law and the highest standards of corporate governance.

- i. There are eleven members of the Board, all of whom, save for the Chief Executive Officer, are non-executive directors.
- ii. The members possess a broad range of skills and competencies, including legal, finance, banking, economics and management.
- iii. During the period under review, the Board met seven times.

## COMPOSITION OF THE BOARD

During the period under review, the Board was composed as follows:

### 1. Mr. Ugas Sheikh Mohamed (Chairman)



Mr. Ugas Sheikh Mohamed was appointed the Chairperson of the Board of Directors of Capital Markets Authority, for a period of three years, with effect from the 24 February 2023.

Mr. Mohamed has 27 years' experience in strategic management, leadership and as a development specialist. He has worked with Fortune 500, blue chip companies in the USA such as Microsoft, Verizon Communications at various levels of management. He has worked in the Information, Communication and Technology sector at executive, engineering, senior project management, and consultant levels. He is a humanitarian and social justice advocate for the underprivileged. He is a founding member and chairman of board of global non-profit based in the USA. He is currently in private business practice, as well as serving as a board director and trustee of several private businesses, non-profits, and endowments.

Mr. Mohamed is a holder of a Bachelor of Science degree in Information Systems from the University of Phoenix, and Master of Business Administration (MBA) from the University of Dallas, Texas. He holds high level certifications from Microsoft, HP storage SAN systems, ITL, Compaq, VMware cloud computing, Virtualization, and a PMP.

He previously served as a board member at the ICT Authority for 3 years and as a Board of Governor and Council Member at Kenya Technical Trainers College (KTTC) for 6 years.

### 2. Hon. FCPA. John Mbadi Ng'ongo, (Cabinet Secretary, The National Treasury & Economic Planning)



Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassi Constituency.

## 2. THE BOARD OF DIRECTORS

NAME	POSITION
Mr. Ugas Sheikh Mohamed	Chairman of the Board
Hon. FCPA. John Mbadi EGH	Member: Cabinet Secretary, The National Treasury & Economic Planning
Mr. Musa Kathanje	Alternate to Cabinet Secretary, The National Treasury
Hon. Dorcas Oduor, OGW, EGH	Member: Attorney General
Ms. Christine Kanini	Alternate to Hon. Attorney General
Dr. Kamau Thugge	Member: Governor, Central Bank of Kenya
Mr. David Luusa	Alternate to Governor, Central Bank of Kenya
Mr. Meshack Moses Kiprono	Member
Mr. Gibson Kimani Maina	Member
Ms. Elena Natalia Pellegrini	Member
Ms. Natasha Awuor Aduwo	Member
Prof. Michael Bowen	Member
Mr. Nicholas Kamuya Ngarua	Member
Mr. Wyckliffe Shamiah	Chief Executive

## CORPORATION SECRETARY

Ms Hellen Ombati	Director legal and Company Secretary-Capital Markets Authority
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## e) Fiduciary Oversight Arrangements

### Board Committees

Subject to fundamental, strategic, policy and formal matters reserved for its decision, pursuant to Section 14 of the Capital Markets Act, the Board works through committees which operate within defined Terms of Reference (ToRs). *Mwongozo*, The Code of Governance for State Corporations also guides on the number and Terms of Reference for Board Committees. Other committees are formed on an ad-hoc basis as need arises. Pursuant to the Circular dated 11<sup>th</sup> March 2020 from the Head of Public Service on Management of State Corporations in Kenya, Board Committees should be reconstituted every 12 months. During the period under review, the Board constituted the following committees:

#### The Finance and Planning Committee

This committee consists of four members, all of whom are non-executive members of the Board. The committee was chaired by Mr. Nicholas Ng'arua. This committee has an oversight into all financial issues including budgets, financial reporting process and controls and procurement. The committee met Six times during the year.

#### The Audit, Corporate Governance and Risk Management Committee

This committee consists of five members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Natasha Awuor Aduwo. It has an oversight responsibility of reviewing, assessing adequacy and monitoring internal controls, risk management and corporate governance processes; examining internal and external audit reports and recommendations; overseeing financial reporting and reviewing the accounting principles, policies and practices adopted in the preparation of financial statements. The committee met five times during the year.

#### The Human Resource and Communication Committee

This committee consists of four members, all of whom are non-executive members of the Board. The Committee was chaired by Prof. Michael Bowen. It is responsible for human resource matters including recruitment, management succession and the corporate communication function. The committee met nine times during the year.

#### The Technical and Policy Committee

The committee consists of six members, all of whom are non-executive members of the Board. The committee was chaired by Ms. Elena Natalia Pellegrini. It is responsible for considering technical and policy matters of the Authority, including reviewing the Authority's strategy and continuous oversight of the review of the capital market legal and regulatory frameworks. The committee met six times during the year.

#### d) Fiduciary Management

The key management personnel who held office during the period and who had direct fiduciary responsibility were:

##### Designation

##### Name

- |  |                        |
|--|------------------------|
| 1. Chief Executive   | Wyckliffe Shamiah      |
| 2. Ag Director Corporate Services                                | Andrew Muthabuku       |
| 3. Ag Director, Policy & Market Development                      | Samuel Kamunyu Njoroge |
| 4. Director Market Operations                                    | Daniel Ngenga Warutere |
| 5. Director Internal Audit                                       | Esther J. Maiyo        |
| 6. Director Legal Affairs & Corporation Secretary                | Hellen Ombati          |
| 7. Director Technology, Research and Knowledge Management        | Solomon Kirwa          |
| 8. Ag Senior Manager, Approvals, Analysis, and Issuer Governance | Victor Otieno          |
| 9. Senior Manager, Education, Certification and Awareness        | Samuel Kamunyu Njoroge |
| 10. Senior Manager, People and Culture                           | Andrew Muthabuku       |
| 11. Ag Senior Manager Information Communication and Technology   | Douglas Mwaniki        |
| 12. Senior Manager, Accounting and Finance                       | John Njoroge           |
| 13. Senior Manager, Commodities                                  | Matthew Mukisu         |
| 14. Senior Manager, Strategic Risks and Projects                 | James Kivuva           |
| 15. Senior Manager, Market Supervision                           | Evelyne Loko Mbithi    |
| 16. Senior Manager, Policy & Regulatory Framework                | Jairus Muaka           |
| 17. Senior Manager Research and Analytics                        | Wilberforce Ong'ondo   |
| 18. Head, Capital Markets Fraud Investigation Unit               | Michael Wiso           |
| 19. Senior Manager Investigations and Enforcement                | Esther Syombua Manthi  |
| 20. Principal Supply Chain Management Officer                    | Jeremiah Yego          |
| 21. Senior Manager Market Deepening                              | Justus Nyameiyo Agoti  |



### Our Vision

The Trusted Regulator of an Inclusive Capital Markets.

### Our Mission

To regulate and promote the development of an orderly, fair, efficient capital and commodities markets that safeguard stakeholder Interests.

### Core Values

To fulfil its mandate, pursue the Vision and accomplish its Mission the CMA will be guided by its core values of:

1. **C - Customer focus** We are dedicated to providing exceptional service and value to our customers, and we strive to exceed their expectations in every interaction.
2. **A - Accountability and Integrity** We are committed to acting with honesty, fairness, transparency, ethically and above-board in all of our operations.
3. **P - Professionalism** We are committed to upholding the highest standards of behavior, ethics, and expertise in all of our interactions.
4. **I - Innovativeness** We embrace creativity and innovation as the driving force behind our success, constantly seeking new and better ways to meet the needs of our customers and stay ahead of the competition.
5. **T - Teams and Trustworthiness** We encourage open communication, mutual respect, and shared decision-making among our employees and partners.
6. **A- Agility and continuous learning** We are committed to adapting quickly to changing circumstances, embracing new ideas and technologies, and continuously developing our skills and knowledge.
7. **L – Leadership** We are committed to leading by example, setting high standards, and inspiring others to achieve their full potential.

### c) Key Management

CMA's day-to-day management is under the following key organs:

- Board of Directors (BOD).
- The Chief Executive (CE).
- Directors and Senior Management.
- Various Management Committees.

23	April 11, 2025	KCB PLC Group and Britam Asset Managers (Kenya) Limited	<p>A Notification of Enforcement Decision was issued in the matter of Akay and Epass versus KCB PLC Group and Britam Asset Managers (Kenya) Limited, dismissing all claims brought by Epass and Akay.</p> <p>On the claim concerning the alleged unlawful purchase of the Real People Medium Term Note (MTN), the Committee found that restitution was not warranted, as the investment had not matured and no quantifiable loss had occurred given that noteholders had voted to extend the maturity date. The Committee further rejected the claim for special damages related to Chase Bank fixed deposits, noting that the complainants failed to meet the legal threshold for restitution under Sections 11(3)(cc)(ii) and 25A(2) and (3) of the Capital Markets Act, as well as the general legal standard for proving special damages. Claims for legal fees, forensic audit costs, and other associated expenses were also dismissed, as such costs are not recoverable in administrative proceedings. Finally, the Committee found no basis for awarding general damages, affirming that such damages are not recoverable under contract law and are not contemplated within the Capital Markets Act.</p>
24	April 17, 2025	Suntra Investment Limited	<p>The Authority issued a Notification of Enforcement Action to the firm for failing to allot 50 Co-operative Bank shares to an investor. The investor was neither issued a share certificate nor received any corporate actions due to Co-operative Bank shareholders since the date of purchase. Pursuant to Section 11(1)(d) as read with Section 11(3)(cc)(ii) of the Capital Markets Act, the Authority directed the firm to purchase the unallocated shares and to reinstate all accrued corporate actions from December 2007 to the date of the directive.</p>
25	May 20, 2025	KCB Investment Bank Limited	<p>An Infringement Notice was issued to KCB Investment Bank for breaching regulatory requirements in the takeover of Bamburi Cement PLC by Amsons Industries (K) Limited.</p> <p>The Authority lifted the restrictions placed on KCB Investment's license which prohibited the firm from acquiring or engaging new transaction advisory clients, customers, or associates imposed several sanctions.</p> <p>The financial penalty of KES 10 million levied pursuant to Sections 11(3)(cc) and 25A of the Capital Markets Act was maintained and issued a further Regulatory Caution to KCB Investment Bank, warning the firm to ensure full compliance with the requirements of the Capital Markets regulatory framework.</p>



			Matibo's original share portfolio. shares portfolio of Mr. Ngei Matibo as of March 2015.
20	February 13, 2025	Pepperstone Markets Limited Kenya	The Authority issued an Enforcement Action against Pepperstone Brokers for financial losses incurred by an investor as a direct result of the inability of the firm's platform to fulfill the request for a leverage adjustment and directed the firm to effect a payment of £5,050.63 to the investor's account as full compensation for financial losses directly resulting from the unfulfilled change in leverage. Pepperstone Brokers was also directed to provide a statement confirming that the said account has been duly credit
21	February 28, 2025	KCB Investment Bank Limited	<p>An Infringement Notice was issued to KCB Investment Bank for breaching regulatory requirements in the takeover of Bamburi Cement PLC by Amsons Industries (K) Limited. Acting as the Transaction Adviser, Sponsoring Stockbroker, and Lead Acceptance Agent, KCB Investment Bank failed to submit the offer results to the Authority prior to initiating the transfer of shares. It also facilitated the transfer of 96% of Bamburi's issued share capital through the Block Trade Board without prior notification or approval, in direct violation of Rule 6.5.3 of the NSE Trading Rules, which limits such transactions to 24.99%.</p> <p>As a result, the Authority imposed several sanctions. First, a financial penalty of KES 10 million was levied pursuant to Sections 11(3)(cc) and 25A of the Capital Markets Act. Second, the Authority restricted KCB Investment's license for a period of three months ending on 24 May 2025, prohibiting the firm from acquiring or engaging new transaction advisory clients, customers, or associates. The restriction did not apply to existing clients with binding contracts executed before the date of the enforcement action.</p> <p>Lastly, the Authority issued a Regulatory Caution to KCB Investment Bank, warning the firm to ensure full compliance with the requirements of the Capital Markets regulatory framework.</p>
22	February 28, 2025	Nairobi Securities Exchange Plc	<p>The Authority issued an Infringement Notice to the Nairobi Securities Exchange (NSE) for failing to comply with regulatory requirements during the takeover of Bamburi Cement PLC by Amsons Industries (K) Limited. The NSE facilitated the transfer of 96% of Bamburi's issued shares through the Block Trade Board without prior notification or approval from the Authority and without disclosing this method in the Offer Document. The action breached Rule 6.5.3 of the NSE Trading Rules, which limits such block trades to 24.99% of a listed company's issued share capital.</p> <p>The Authority imposed a financial penalty of KES 10 million on the NSE and issued a Regulatory Caution to ensure future takeover transactions comply fully with the legal and regulatory framework governing capital markets.</p>



			action required the bank to compensate an investor by returning their shares along with any accrued corporate actions.
11	30 <sup>th</sup> August 2024	African Diaspora Asset Managers Ltd.	The firm received a regulatory caution under Section 11(3)(i) and Section 25A(1)(a)(i) of the Capital Markets Act for the late submission of its AML/CFT Independent Auditor's Report.
12	25 <sup>th</sup> September 2024	Pitch Investors	The firm received a cease and desist notice for operating a crowdfunding platform in Kenya without a valid license.
13	4 <sup>th</sup> November 2024	Trade Sense Ltd.	A notification of enforcement action was issued, requiring the firm to pay a financial penalty due to its failure to submit the mandated AML/CFT independent auditor's report and ML/TF and proliferation financing risk assessment report.
14	29 <sup>th</sup> November 2024	Nairobi Business Ventures Plc	The company received a regulatory directive for failing to submit its corporate governance report for the year ended March 31, 2024. This submission is mandated by a circular No. CMA/MRT/004/2017 and Clause 1.1.3 of the Code of Corporate Governance Practices for Issuers of Securities to the Public (2015), which requires all listed companies and public issuers to report to the Capital Markets Authority, investors, and the public on their adherence to the Code. The Authority has set a deadline for the company's submission.
15	6 <sup>th</sup> December 2024	Amana Capital Ltd	A notification of enforcement action was issued to the company for failing to publish and submit an unaudited financial statement for the half-year period ended June 30, 2024, to the Authority. The company was directed to publish and submit the statement within a specified timeline.
16	13 <sup>th</sup> December 2024	East Africa Breweries PIC	An enforcement directive was issued, ordering the company to reinstate the fraudulently immobilized and sold shares of a deceased investor and compensate their estate with accrued dividends.
17	January 17, 2025	African Diaspora Asset Managers Limited	Directive issued to the firm for failure to submit unaudited Risk Based Capital Adequacy (RBCA) Report since December 2022 pursuant to the requirement set by clause 45(1) and (5) of the guidelines on financial resource requirement for market intermediaries which stipulate that a licensed entity shall at the end of each month, and not later than fifteen days after the end of each month submit to the Authority.
18	January 17, 2025	Trade Sense Limited	Directive issued to the firm for failure to submit unaudited Risk Based Capital Adequacy (RBCA) Report since October 2024 pursuant to the requirement set by clause 45(1) and (5) of the guidelines on financial resource requirement for market intermediaries which stipulate that a licensed entity shall at the end of each month, and not later than fifteen days after the end of each month submit to the Authority.
19	January 23, 2025	Dyer And Blair Investment Bank	Notification of Enforcement Action issued to Dyer & Blair Investment Bank for engaging in unauthorised trading in the account of Mr. Ngei Matibo. Pursuant to Sections 11(1)(d) and 11(3)(cc)(ii) of the Capital Markets Act, the Authority directed the firm to refund Mr. Ngei Matibo the sum of KShs. 8,328,500, being the cash deposited with the firm in 2015. In addition, the firm was directed to reinstate Mr.



			<p>the Capital Markets (Collective Investment Schemes) Regulation, 2023, and Regulation 32 (1) (d) of the Capital Markets (Licensing Requirements) (General) Regulations 2002. Both regulations mandate the timely submission of these statements by fund managers to the Authority.</p> <p>As a result of these contraventions:</p> <ul style="list-style-type: none"> <li>Members of the Board were directed to pay a penalty of Kshs 10,000 each. This action was taken pursuant to Sections 11 (3) (cc) (i), 25A (6) (b), 25A (1) (c) (iii), and 34A (a) (i) of the Capital Markets Act.</li> <li>The fund manager was directed to pay a financial penalty of Kshs 100,000. This penalty was levied pursuant to Sections 11 (3) (cc) (i), 25A (6) (b), 25A (1) (a) (vi), and 34A (a) (ii) of the Capital Markets Act.</li> </ul>
3	10 <sup>th</sup> July 2025	Britam Asset Managers (K) Ltd.	<p>A Notification of Enforcement Action was issued to the company due to its non-compliance with regulatory requirements concerning liquid capital. The company also failed to submit a report confirming its compliance.</p> <p>The firm breached Regulation 30 (4) on liquid capital requirements, resulting in a financial penalty of Kshs 200,000. This penalty was imposed under Sections 11 (3) (cc) (i), 25A (6) (b), 25A (1) (a) (vi), and 34A (a) (ii) of the Capital Markets Act.</p>
4	17 <sup>th</sup> July 2024	Coffee Estates Bourgeoise Brokers Ltd.	<p>A regulatory directive was issued to the coffee broker mandating the coffee broker to choose between operating as a coffee brokerage or a coffee agent, given the specific circumstances of the case.</p>
5	9 <sup>th</sup> August 2024	SPK Investments Services Ltd.	<p>The firm was directed to pay outstanding annual stockbroker license fees of Kshs 100,000, as per a regulatory directive issued under Section 11(3)(i) of the Capital Markets Act.</p>
6	9 <sup>th</sup> August 2024	Housing Finance Company Ltd.	<p>The company was directed to pay outstanding annual market development fees of Kshs 100,000. This payment is mandated by Part A (g) (i) of the Seventeenth Schedule of the Capital Markets (Public Offers, Listing and Disclosures) Regulations, 2023, which prescribes this annual fee for listed companies.</p>
7	9 <sup>th</sup> August 2024	Bungoma Union Marketing Agency Ltd.	<p>The Company was directed, under Section 11(3)(i) of the Capital Markets Act, to pay outstanding annual coffee broker license fees of Kshs 50,000, as mandated by the Second Schedule of the Capital Markets (Coffee Exchange) Regulations, 2020.</p>
8	9 <sup>th</sup> August 2024	Wanafunzi Investment Ltd.	<p>The Company was directed, under Section 11(3)(i) of the Capital Markets Act, to pay outstanding annual CIS licence fees of Kshs 250000, as mandated by the Seventh Schedule of the Capital Markets (Collective Investment Schemes) Regulations, 2023.</p>
9	13 <sup>th</sup> August 2024	Zimele Asset Management Ltd	<p>The firm received a regulatory caution under Sections 11(3)(i) and 25A(1)(a)(i) of the Capital Markets Act for failing to submit its RBCA returns, as mandated by Clause 45(1) of the Guidelines on Financial Resource Requirements for Market Intermediaries.</p>
10	16 <sup>th</sup> August 2024	Co-operative Bank Ltd.	<p>A notification of enforcement action was issued to the bank under sections 11(3)(cc)(ii) and 11(1)(d) of the Capital Markets Act. This</p>



Month	S/N	Entity	Type of License	License Number
June	23.	Stanbic Bank Kenya Limited	Corporate Trustee	228
	24.	Legatum Capital Advisory Limited	Investment Adviser	229
	25.	Rock Advisers Limited	Investment Adviser	230
	26.	Fintrust Securities Limited	Authorised Securities Dealer	227

The list of Authorized Equity Transactions in the financial year 2024/2025 is provided below:

Issuer	Transaction Type, Description and Value	Authorization Date
Standard Group Plc	Approval of the issuance and listing of 232,661,610 new ordinary shares of Standard Group Plc through a rights issue at an offer price of Kshs 5.0 in the ratio of 11 new shares for every 3 ordinary shares. (11:3)	March 14, 2025
Shri Krishana Overseas Limited (SKL)	Approval to Shri Krishana Overseas Limited (SKL) for listing by introduction of Fifty Mil-lion Five Hundred Thousand (50,500,000.00) Ordinary Shares at an offer price of Kenya Shil-lings Five and Ninety Cents (KES 5.90/=) per share with a par value of Kenya Shillings Twenty Cents (KES 0.20/=) each on the Small and Medium Enterprise (SME) Market Segment of the Nairobi Securities Exchange (the NSE)	June 9, 2025
CIC Insurance Group Plc	Approval to CIC Insurance Group Plc (CIC) for the approval of bonus issue of new ordinary shares existing right holders of an aggregate nominal amount of Kes. 261,553,587/- to be allotted and distributed as fully paid bonus shares to the holders of the existing ordinary shares of the company	June 17, 2025

### Investigations and Enforcement

The Authority has the power to investigate and take enforcement actions as provided under Section 11 (3)(cc) and Section 25 A (1) of the Capital Markets Act, Cap. 485A. These provisions empower CMA to inquire into licensed entities, impose administrative sanctions, and uphold market integrity through fair and impartial processes.

In the financial year 2024/25 the Authority took the various enforcement actions as outlined below.

Table: Enforcement actions taken by the Authority between July 2024 and June 2025

No.	Date of enforcement action	Licensee/ Person	Enforcement action taken
1	3 <sup>rd</sup> July 2024	Kirinyaga Slopes Coffee Brokerage Co. Ltd.	A regulatory caution was issued to the coffee broker for failing to comply with Regulation 41 (2) (6) of the Capital Markets (Coffee Exchange) Regulations, 2020. This action was taken under Section 11 (3) (i) and Section 25A (1) (a) (i) of the Capital Markets Act, specifically due to concerns regarding the correctness and relevance of information provided by the broker.
2	10 <sup>th</sup> July 2024	Amana Capital Ltd.	Notification of enforcement action was issued to the firm due to its failure to submit audited financial statements within three months of the end of its financial year. This contravenes Regulation 124 (1) of



Month	S/N	Entity	Type of License	License Number
	3	Minnesota Coffee Marketers Limited	Coffee Broker	187
	4.	Mi Vida Homes Limited	REIT Manager	206
	5.	Kingsland Court Trustee Services Limited	Corporate Trustee	207
	6.	Capital A Investment Bank	Investment Bank	100
October 2024	7.	AKN Investments Limited	Authorised Securities Dealer	211
	8.	Trademax Global Markets KE Pty Limited	Non-dealing online Foreign Exchange Broker License.	219
	9.	Store Poa Enterprise Limited	Money Manager	214
	10.	Givva Wealthtech Limited	Intermediary Service Platform Provider	215
	11.	Moran Capital Management Limited	Investment Adviser	218
	12.	CPF Capital and Advisory Limited	Investment Adviser	217
	13.	CPF Capital and Advisory Limited	Reit Manager	216
	14.	Entrust Advisory Limited	Investment Adviser	213
	15.	Future Construkt Investment Managers Limited	Reit Manager	212
December 2024	16.	Kenya Alliance Asset Management Limited.	Fund Manager	220
January 2025	17.	Tradium Investments Services Limited	Fund Manager	221
May 2025	18.	Swala Capital Limited	Fund Manager	223
	19.	Meridian Asset Management Limited	Fund Manager	226
	20.	Standard Chartered Bank (Kenya) Limited	Corporate Trustee	222
	21.	NCBA Bank Kenya Plc	Corporate Trustee	224
	22.	MTC Trust and Corporate Services Limited	Corporate Trustee	225

	Period	Number
1	August and October 2024 (Prudential).	14
2	February -March 2025 (AML/CFT/CPF)	12
3	June 2025 (Coffee)	6
	<b>Total</b>	<b>32</b>

The details of the inspections conducted are as follows:

No.	License Category	No. onsite inspections conducted
1	Fund Managers	7
2	Online Forex Brokers	7
3	Sandbox Graduates	1
4	Coffee Brokers	9
5	Stockbrokers	3
6	Investment Bank	5
	<b>Total</b>	<b>32</b>

#### Anti-Money Laundering, Countering Terrorism and Proliferation Financing (AML/CFT/CPF)

In February 2024, the Financial Action Taskforce (FATF) placed Kenya on the "grey list" following a review of AML/CFT/CPF deficiencies identified in the September 2022 Mutual Evaluation Report. Kenya is now implementing a FATF-mandated action plan with clear timelines to address these gaps.

The Authority participates in the national working group to implement areas relevant to its mandate. CMA has strengthened its risk-based supervision of capital market intermediaries through risk assessments, inspections, monitoring, and enforcement. It has also enhanced staff capacity, issued guidance, and sensitized intermediaries on key AML/CFT/CPF obligations, including Customer Due Diligence, Beneficial Ownership, and Suspicious Transaction Reporting.

Kenya submits regular progress reports to FATF and ESAAMLG. The 2024 Prevention of Terrorism Regulations has further strengthened the legal framework, while virtual asset regulation is underway to address emerging risks.

#### Licensing and Approvals

The Authority is mandated to promote, regulate, and facilitate the development of fair and efficient capital markets through licensing and approvals. Its licensing function involves reviewing applications from market operators to ensure compliance with statutory requirements. By enforcing these standards, CMA safeguards investor interests and supports the orderly growth of capital markets in line with its legal and regulatory framework.

During the 2024/2025 financial year, the Authority licensed 26 companies and approved issuances by 3 companies, as outlined below:

#### List of license applications processed in the financial year 2024/2025:

Month	S/N	Entity	Type of License	License Number
July 2024	1	Mirova Sunfunder East Africa Limited	Investment Adviser	204
	2	Nandi Coffee Cooperative Union Coffee Brokers Limited	Coffee Broker	188



## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

The Capital Markets Authority (the 'Authority') is a body corporate established under the Capital Markets Authority Act, 1989. The Act was amended in 2000 and renamed as Capital Markets Act. CMA is domiciled in Kenya, Nairobi Upper Hill.

The Authority is composed of a Board constituted as follows:

- i. A Chairman appointed by the President on the recommendation of the Cabinet Secretary to The National Treasury.
- ii. Six other members appointed by the Cabinet Secretary.
- iii. The Principal Secretary to The National Treasury (TNT) or a person deputed by him.
- iv. The Governor of the Central Bank of Kenya (CBK) or a person deputed by him.
- v. The Attorney General or a person deputed by him; and
- vi. The Chief Executive of the Authority.

The Governor of the Central Bank of Kenya (CBK) or a person deputed by him.

1

A Chairman appointed by the President on the recommendation of the Cabinet Secretary to The National Treasury.

4

The Attorney General or a person deputed by him.

2

Six other members appointed by the Cabinet Secretary.

5

The Chief Executive of the Authority.

3

The Principal Secretary to The National Treasury (TNT) or a person deputed by him.

6



The chairman and the six members are persons who have experience and expertise in legal, financial, banking, accounting, economics or insurance matters, serve for a period of three years and are eligible for re-appointment for another three years.

### b) Principal Activities – Market Operations

#### Market Supervision

The Authority is mandated under Section 12 of the Capital Markets Act, Cap. 485A to supervise and monitor capital market activities in Kenya. This includes oversight of market conduct, products, infrastructure, and participants to ensure fair, efficient, and transparent operations that uphold investor protection and market integrity. In discharging this mandate, the market supervision function conducts periodic onsite inspections to assess compliance with regulatory requirements, evaluate risk management practices, and reinforce the Authority's commitment to proactive oversight and enforcement.

In the financial year 2024/2025, inspections were conducted during two periods: August and October 2024, February and March 2025 and July 2025. The table below summarizes the number of firms inspected during these periods.

**CAPITAL MARKETS AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025**

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**Registered office** 3<sup>rd</sup> Floor, Embankment Plaza  
Longonot Road, Upper Hill  
P.O. Box 74800, 00200  
Nairobi, Kenya.

**Authority contacts** Telephone: (254) 2221910/  
2264900/2221869/2226225  
E-mail: corporate@cma.or.ke  
Website: www.cma.or.ke

**Principal bankers** NCBA Bank Kenya PLC  
Mara/Ragati Roads Upper Hill,  
P.O. Box 30437, 00100  
Nairobi, Kenya.

HFC Limited  
Kenyatta Avenue/Koinange Street,  
Rehani House  
P.O. Box 30088, 00100,  
Nairobi, Kenya.

KCB  
Mortgage Centre, Salama House,  
Mama Ngina Street  
P.O. Box 45129, 00100  
Nairobi, Kenya.

**Authorized independent auditor** Ronalds LLP  
Certified Public Accountants  
136 Manyani East Road,  
Off Waiyaki Way,  
P. O. Box 41331, 00100  
Nairobi, Kenya.

**On behalf of** The Auditor General  
Office of the Auditor General  
Anniversary Towers  
University Way  
P.O. Box 30084, 00100  
Nairobi, Kenya.

**Principal legal adviser** The Attorney  
General  
State Law Office  
Harambee Avenue  
P.O. Box 40112, 00200  
Nairobi, Kenya.



**TABLE OF CONTENTS**

1.	Key Entity Information And Management .....	4
2.	The Board Of Directors .....	15
3.	Key Management Team .....	23
4.	Chairman's Statement .....	27
5.	Report Of The Chief Executive .....	29
6.	Statement Of Performance Against Predetermined Objectives For FY 2024/25 .....	32
7.	Corporate Governance Statement .....	39
8.	Management Discussion And Analysis .....	44
9.	Environmental And Sustainability Reporting .....	48
10.	Report Of The Directors .....	54
11.	Statement Of Directors Responsibilities .....	55
12.	Report Of The Independent auditor For The Capital Markets Authority .....	56
13.	Consolidated Statement Of Financial Position As At June 30, 2025 .....	58
14.	Capital Markets Authority (CMA) Statement Of Financial Position As At June 30, 2025 .....	59
15.	Investor Compensation Fund (Icf) Statement Of Cash Flows For The Period Ended June 30, 2025 63	
16.	Statement Of Comparison Of Budget And Actual Amounts .....	64
	Reconciliation Between Surplus As Per The Budget And Surplus As Per The Statement Of Financial Performance .....	65
17.	Notes To The Financial Statements .....	69
	Appendices: .....	99
	Appendix I: Progress On Follow Up Of Auditor Recommendations .....	99
	Appendix Iii: Recording Of Transfers From Donors .....	101
	Appendix Iv: Reporting Of Climate Relevant Expenditures .....	102





## 11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, and the Capital Markets Act require Board Members to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Board Members are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Board members are also responsible for safeguarding the assets of the Authority.

The Board Members are responsible for the preparation and presentation of the Authority's Annual Report and Financial Statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the Financial Year ended on 30<sup>th</sup> June 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Annual Report and Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the authority;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for the Authority's Annual Report and Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the State Corporations Act.

The Board Members are of the opinion that the Authority's Annual Report and Financial Statements give a true and fair view of the state of Authority transactions during the Financial Year ended 30<sup>th</sup> June 2025, and of the Authority's financial position as at that date. The Board Members further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's Annual Report and Financial Statements as well as the adequacy of the systems of internal financial control.

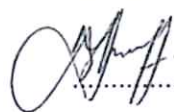
Nothing has come to the attention of the Board Members to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the Annual Report and Financial Statements

The Authority's Annual Report and Financial Statements were approved by the Board on 28<sup>th</sup> August 2025.

  
.....

Chairman

  
.....

Chief Executive Officer



# REPUBLIC OF KENYA

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*Enhancing Accountability*

## REPORT OF THE AUDITOR-GENERAL ON CAPITAL MARKETS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

The accompanying financial statements of Capital Markets Authority set out on pages 57 to 99, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by M/s Ronalds LLP, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information

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*Report of the Auditor-General on Capital Markets Authority for the year ended 30 June, 2025*



and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Capital Markets Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Capital Markets Authority Act, Cap.485A of the Laws of Kenya and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Capital Markets Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

<b>Key audit matter</b>	<b>How the matter was addressed</b>
<p><b>Estimation of expected credit loss model on financial assets</b></p> <p>The Authority applies IPSAS 41 – ‘Financial Instruments’ in estimation of expected credit loss.</p> <p>The financial assets subjected to expected credit loss model are receivables, staff loans and advances, held to maturity investments and cash at bank as shown in notes 13, 14, 15 and 16 of the financial statements.</p> <p>The determination of the values in the expected credit loss model requires significant judgements hence an increased level of audit focus is applied. The key areas include;</p>	<p>The following audit procedures were conducted;</p> <p>We obtained an understanding of the basis and parameters used to determine the expected credit losses and evaluated if it is in accordance with IPSAS 41 requirements.</p> <p>On sample basis, we assessed the segmentation of the financial assets by reviewing the</p>



Key audit matter	How the matter was addressed
<ul style="list-style-type: none"> <li>• Assessment criteria of the risk of default occurring in the financial statements and the determination criteria for significant increase in credit risk. The segmentation of the financial assets into a 12 month or a lifetime probability of Default relies on the above assessment and determination criteria.</li> <li>• The assumptions and parameters used in determining the Probability of Default, Loss Given Default and Exposures at Default for the categories of financial assets in the financial statements.</li> <li>• The reasonableness and the supportability of the forward-looking information used in the model.</li> </ul> <p>Therefore, there is complexity in determining the level of accuracy and reasonableness of the Management estimates with regards to expected credit loss.</p>	<p>credit performance and the aging analysis to determine compliance with model requirements.</p> <p>We performed subsequent tests on significant account balances' receipt after the year end.</p> <p>We assessed the appropriateness of the assumptions used in the model by recalculating the Probability of Default, Loss Given Default and Exposure at Default.</p> <p>Review of the appropriateness of the assumptions used in determining forward-looking information by assessing the internal and publicly available information.</p>

**Other Information**

The Directors are responsible for the other information set out on page 4 and 55 which comprises of Key Entity Information and Management, the Board of Directors, Key Management Team, the Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The other information does not include the financial statements and our auditor's report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and, accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.



## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Irregular Procurement of Insurance Brokerage Services for Medical Cover**

During the year under review, an insurance brokerage firm was awarded a contract for provision of insurance brokerage services for medical cover at a contract sum of Kshs.11,901,512 through a Tender Number: CMA/RT 00/2024-2025 using restricted tendering method without any justification contrary to Section 102 (1)(c) of the Public Procurement and Asset Disposal Act, 2015 which gives conditions under which restricted tender can be used including where the competition for contract, because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers and evidence to the effect that there are only a few known suppliers of the goods, works and services.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Lack of an Internal Procurement Policy Manual**

A review of the operations in the Procurement Department indicates that it lacks a formal Internal Procurement Manual which is essential for translating legal and policy

frameworks into practical, organization-specific procedures. The absence of a manual creates a gap in operational consistency and clarity which can lead to inconsistent application of procurement practices across departments, increased risk of non-compliance, inefficiencies and a lack of clearly defined internal control measures.

In the circumstances, the lack of an internal procurement policy manual could impact negatively on the overall internal controls over procurement.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the



International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**29 September, 2025**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2025**

	Note(s)	June 2025 Shs'000	June 2024 Shs'000
<b>Revenue from non-exchange transactions</b>			
Capitalization, rights and new issue fees	6	1,071,468	734,546
Donor fund income	7	<u>29,259</u>	<u>11,894</u>
		<b>1,100,727</b>	<b>746,440</b>
<b>Revenue from exchange transactions</b>			
Finance income	8	34,076	73,354
Other income/CMA-ICF Management Fees	8	<u>127,542</u>	<u>142,765</u>
<b>Total revenue</b>		<b>1,262,345</b>	<b>962,559</b>
<b>Expenses</b>			
Employee costs	33	(525,911)	(522,881)
Use of goods and services	35	(335,131)	(303,499)
Remuneration of directors	29	(35,887)	(14,126)
Depreciation and amortization expense	34	(16,929)	(25,655)
Repairs and maintenance	36	<u>(49,101)</u>	<u>(41,449)</u>
<b>Total expenses</b>		<b>(962,959)</b>	<b>(907,610)</b>
<b>Other gains/ (losses)</b>			
(Loss)/Gain on sale of assets	9	<u>4,783</u>	<u>47</u>
<b>Surplus/(Deficit) before tax</b>		<b>304,169</b>	<b>54,996</b>
Taxation	11 b	-	-
<b>Surplus/(deficit) for the period</b>		<b>304,169</b>	<b>54,996</b>
90% Surplus / Remission to National Treasury	11 a	<u>(153,567)</u>	<u>(140,000)</u>
<b>Net Surplus/ (Deficit) for the period</b>		<b>150,602</b>	<b>(85,004)</b>




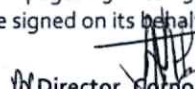
CAPITAL MARKETS AUTHORITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2025


13. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

		June 2025	Prior Year At June 2024
	Note(s)	Shs'000	Shs'000
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	12	1,927	1,892
Trade and other receivables from non exchange transactions	13a	129,207	105,303
Trade and other receivables from exchange transactions	13b	14,707	20,499
Staff loans and advances/guarantee fund	14	51,977	47,046
Held-to-maturity investments	15	464,804	171,274
Cash at bank and in hand	17	114,936	177,374
Investors' Compensation Fund	18	2,144,802	1,217,112
<b>Total Current assets</b>		<b>2,922,360</b>	<b>1,740,500</b>
<b>Non-current assets</b>			
Property and equipment	19	40,607	46,596
Intangible assets	20	10,192	588
Staff loans and advances/guarantee fund	14	373,851	339,004
Held-to-maturity investments	15	40,243	40,172
Right of Use- Lease Asset	25	107,107	133,883
Investors' Compensation Fund's investments	18	4,698,006	4,661,393
<b>Total Non-current assets</b>		<b>5,270,006</b>	<b>5,221,636</b>
<b>Total Assets</b>		<b>8,192,366</b>	<b>6,962,136</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	282,807	263,185
Provision for Legal liabilities and charges	22	85,812	89,989
Investors' Compensation Fund	18	2,144,802	1,217,113
Deferred income	24	7,449	36,498
Surplus payable to National Treasury	11b	153,567	
Lease Liability/Obligation	23	26,775	23,044
<b>Total Current liabilities</b>		<b>2,701,212</b>	<b>1,629,829</b>
<b>Non-current liabilities</b>			
Investors' Compensation Fund liabilities	18	4,698,006	4,661,393
Lease Liability/Obligation	23	86,852	115,220
<b>Total Non-current liabilities</b>		<b>4,784,858</b>	<b>4,776,613</b>
<b>Total liabilities</b>		<b>7,486,070</b>	<b>6,406,442</b>
<b>Net Assets</b>		<b>706,296</b>	<b>555,694</b>
Capital Fund	27	27,886	27,886
General Fund	26	255,091	144,525
Staff Mortgage and Car loan Fund	28	423,319	383,283
<b>Total Net Assets</b>		<b>706,296</b>	<b>555,694</b>
<b>Total Net Assets and Liabilities</b>		<b>8,192,366</b>	<b>6,962,136</b>

The financial Statements set out on pages 56 to 95 were approved for issue by the Board Members of the Authority on 28<sup>th</sup> August 2025 and were signed on its behalf by:

  
Chief Executive Officer  
Date 28/8/25

  
Director, Corporate Services  
ICPAK No 2626  
Date 28/8/25

Chairman of the Board  
  
Date 28/8/25

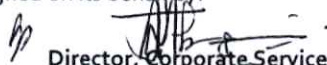
14. CAPITAL MARKETS AUTHORITY (CMA) STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

	Note(s)	June 2025 Shs'000	Prior Year Audited June 2024 Shs'000
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	12	1,927	1,892
Trade and other receivables from non-exchange transactions	13(a)	129,207	105,303
Trade and other receivables from exchange transactions	13(b)	14,707	20,499
Staff loans and advances/guarantee fund	14	51,977	47,046
Held-to-maturity investments	15	464,804	171,274
Cash at bank and in hand	17	114,936	177,374
<b>Total Current Assets</b>		<b>777,558</b>	<b>523,388</b>
<b>Non-current assets</b>			
Property and equipment	19	40,607	46,596
Intangible assets	20	10,192	588
Staff loans and advances/guarantee fund	14	373,851	339,003
Held-to-maturity investments	15	40,243	40,172
Right of Use- Lease Asset	25	107,107	133,883
<b>Total Non-current assets</b>		<b>572,000</b>	<b>560,242</b>
<b>Total Assets</b>		<b>1,349,558</b>	<b>1,083,630</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	282,807	263,185
Provision for Legal liabilities and charges	22	85,812	89,989
Deferred Income	24	7,449	36,498
Surplus to National Treasury	11b	153,567	-
Lease Liability/Obligation	23	26,775	23,044
<b>Total Current liabilities</b>		<b>556,410</b>	<b>412,716</b>
<b>Non-current liabilities</b>			
Lease Liability/Obligation	23	86,852	115,220
<b>Total Non-current liabilities</b>		<b>86,852</b>	<b>115,220</b>
<b>Total liabilities</b>		<b>643,262</b>	<b>527,936</b>
<b>Equity/Funds</b>			
Capital fund	27	27,886	27,886
General fund	26	255,091	144,525
Staff Mortgage and Car loan fund	28	423,319	383,284
<b>Total Equity/Funds</b>		<b>706,296</b>	<b>555,694</b>
<b>Total Equity and Liabilities</b>		<b>1,349,558</b>	<b>1,083,630</b>

The financial Statements set out on pages 56 to 95 were approved for issue by the Board Members of the Authority on 28<sup>th</sup> August 2025 and were signed on its behalf by:

  
Chief Executive Officer

Date: 28/8/25

  
Director, Corporate Services  
ICPAK No. 2626

Date: 28/8/25

Chairman of the Board

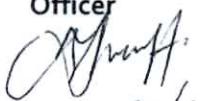
  
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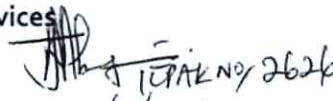


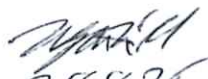
**15. INVESTOR COMPENSATION FUND (ICF) STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025**

		June 2025	Prior Audited June 2024
ASSETS	Note(s)	Shs'000	Shs'000
<b>Current assets</b>			
Fees receivable	18	111,231	97,234
Cash and cash equivalents	18	18,139	27,200
Investor Compensation Fund Investments Held-to-maturity	18	<u>2,015,432</u>	<u>1,092,678</u>
<b>Total Current assets</b>		<u><b>2,144,802</b></u>	<u><b>1,217,112</b></u>
<b>Non-current assets</b>			
Investments in Listed Companies	18	91,175	63,525
Investors' Compensation Fund's investments Held to maturity	18	<u>4,606,831</u>	<u>4,597,868</u>
<b>Total Non-current assets</b>		<u><b>4,698,006</b></u>	<u><b>4,661,393</b></u>
<b>Total Assets</b>		<u><b>6,842,808</b></u>	<u><b>5,878,505</b></u>
<b>The Fund</b>	18	<u><b>6,842,808</b></u>	<u><b>5,878,505</b></u>

The financial Statements set out on pages 56 to 95 were approved for issue by the Board Members of the Authority on 28<sup>th</sup> August 2025 and were signed on its behalf by:

Chief Executive  
 Officer  
  
 Date 28/8/25

Director, Corporate  
 Services  
  
 Date 28/8/25

Chairman of the Board  
  
 Date 28.8.25

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED JUNE 30, 2025**

	Capital Fund Shs'000	General Fund Shs'000	Staff Mortgage and Car Loan Fund Shs'000	Total Shs'000
As at 1 July 2023	27,886	53,642	394,270	475,798
Surplus for the year	-	54,996		54,996
90% Surplus to National Treasury/Advance Payment on budget Rationalization		(140,000)		(140,000)
Transfer from Building Fund		164,900		164,900
Transfer from/(to) Staff Mortgage and Car loan fund	-	10,987	(10,987)	-
<b>At 30 June 2024</b>	<b>27,886</b>	<b>144,525</b>	<b>383,283</b>	<b>555,694</b>
At 01 July 2025	27,886	144,525	383,283	555,694
(Deficit)/Surplus for the Period	-	304,913		304,913
90% Surplus to National Treasury		(153,567)		(153,567)
Transfer from/(to) Staff Mortgage and Car loan fund	-	(40,036)	40,036	-
<b>At June 30, 2025</b>	<b>27,886</b>	<b>255,091</b>	<b>423,319</b>	<b>706,296</b>



**17. CAPITAL MARKETS AUTHORITY (CMA) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025**

	June 2025	Prior Year Audited June 2024
Note(s)	Shs'000	Shs'000
<b>Cashflows from Operating Activities</b>		
<b>Receipts</b>		
CMA Equity and Bond Fee Transaction fee levy, Capitalisation fees, Right issue fees, Approval fees, Derivatives Fees	1,207,188	800,631
CMA-ICF Management Fees	135,830	122,991
Licenses Fees	42,089	32,209
Market Development Fees	8,294	9,711
Finance income	11,276	14,891
Other income	3,552	3,921
<b>Total Receipts</b>	<b>1,408,228</b>	<b>984,371</b>
<b>Payments</b>		
Use of goods and services	238,357	129,561
Employee costs	523,883	449,491
Board Expenses	27,747	33,691
Repairs and maintenance	2,858	3,271
Bank Charges	685	701
Rent Paid	37,283	37,921
Taxation Paid	10,596	9,391
Payment to National Treasury	-	540,001
Staff Loans	39,778	30,601
Other Payments	92,410	80,081
Transfer of ICF Fees	187,708	98,161
<b>Total Payments</b>	<b>1,161,305</b>	<b>1,412,911</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>37 246,923</b>	<b>(428,539)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(10,671)	(22,930)
Purchase of intangible assets	(9,932)	(642)
Proceeds from disposal of property and equipment	4,843	211
(Purchase)/sale of treasury bonds	(71)	9,911
(Purchase)/sale of treasury bills	(293,530)	578,541
<b>Net cash flows from/(used in) investing activities</b>	<b>(309,361)</b>	<b>565,101</b>
<b>Net increase/decrease) in cash and cash equivalents</b>	<b>(62,438)</b>	<b>136,561</b>
<b>Cash and cash equivalents at start of the period</b>	<b>177,374</b>	<b>40,811</b>
<b>Cash and cash equivalents at end of the period</b>	<b>16 114,936</b>	<b>177,371</b>

**15. INVESTOR COMPENSATION FUND (ICF) STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2025**

	June 2025	Prior Year Audited June 2024
Note(s)	Shs'000	Shs'000
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Investment Income	889,443	717,902
Fines, penalties and levies	19,015	3,865
Other Income/Dividend Income	3,990	-
Transaction fee Income	187,708	98,168
<b>Total receipts</b>	<u>1,100,157</u>	<u>819,934</u>
<b>Payments</b>		
Bank Charges	(24)	(18)
CMA-ICF Management Fees	(135,830)	(123,494)
<b>Total Payments</b>	<u>(135,854)</u>	<u>(123,512)</u>
<b>Net cash flows from/(used in) operating activities</b>	38 <u>964,303</u>	<u>696,422</u>
<b>Cash flows from investing activities</b>		
Purchase of treasury bonds from the Investors' Compensation Fund	44,619	(827,165)
(Purchase)/sale of treasury bills from the Investors' Compensation Fund	(1,017,983)	156,914
<b>Net cash used in from investing activities</b>	<u>(973,364)</u>	<u>(670,251)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(9,061)</u>	<u>26,171</u>
<b>Cash and cash equivalents at start of the period</b>	<u>27,200</u>	<u>1,029</u>
<b>Cash and cash equivalents at end of the period</b>	18 <u>18,139</u>	<u>27,200</u>



**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

	Original Approved budget	Adjustments- Revision 1	Adjustments- Revision 2	Approved Revised Annual budget	Actual cumulative to date	Performance difference	% Utilization	
	June 2025 Shs'000	June 2025 Shs'000		June 2025 Shs'000	June 2025 Shs'000	June 2025 Shs'000		
<b>REVENUE</b>								
Fee income from Transaction Fee-Equities	295,000	-		295,000	274,798	(20,202)	93%	a)
Fee income from Transaction Fee-Bonds	28,500	-		28,500	64,615	36,115	227%	
Application and Licensing fees	140,772	-		140,772	37,890	(102,882)	27%	b)
Market development Fees	9,150	-		9,150	8,699	(451)	95%	c)
Capitalization, rights & IPO's	45,000	-		45,000	82,376	37,376	183%	d)
REITS approval Income	19,700	-		19,700	3,512	(16,188)	18%	e)
Capitalisation and bond approvals	487,500	-		487,500	599,566	112,066	123%	f)
Derivatives Fees	25	-		25	12	(13)	49%	g)
<b>Fee based income</b>	<b>1,025,647</b>	<b>-</b>		<b>1,025,647</b>	<b>1,071,468</b>	<b>45,821</b>	<b>104%</b>	
Finance income-External Investments	40,825	-		40,825	34,076	(6,749)	83%	h)
Other income/ICF Management Fees	101,520	-		101,520	132,324	30,804	130%	i)
<b>Total income</b>	<b>1,167,992</b>	<b>-</b>		<b>1,167,992</b>	<b>1,237,869</b>	<b>69,877</b>	<b>106%</b>	
<b>EXPENSES</b>								
Personnel cost	492,000	43,000		535,000	525,911	9,089	98%	a)
Rent and maintenance	44,000	384		44,384	43,946	438	99%	b)
Equipment maintenance and stationery	20,230	32,819		53,048	49,101	3,948	93%	c)
Telephone Courier & Postage	4,085	2,815		6,900	4,243	2,657	61%	d)
Office Expenses and Utilities	9,185	8,636		17,821	12,203	5,618	68%	e)
Publicity and Advertising	4,290	20,610	19,000	43,900	43,104	796	98%	f)
Medical scheme and insurance expenses	45,437	4,233		49,670	51,484	1,814	104%	g)
Training and Conferences (Staff Training & Development)	11,000	10,000		21,000	20,953	47	100%	h)
Motor vehicle running expenses	4,222	3,758		7,980	5,353	2,627	67%	i)
IOSCO membership	3,027	2,856		5,883	5,462	421	93%	j)
Library Books and Periodicals	1,874	1,326		3,200	1,623	1,577	51%	k)
Board Members Expenses	24,500	5,500	6,200	36,200	35,887	313	99%	l)
Professional & consultancy services	6,746	22,560		29,306	28,357	949	97%	m)
Litigation/Legal expenses	1,685	14,515		16,200	2,142	14,058	13%	n)
Market Development & Islamic Finance	7,419	46,300		53,719	53,287	432	99%	o)
Capital Markets Master Plan (CMMP)	750	3,800		4,550	3,710	840	82%	p) q) r)
Investors' education and awareness programme	2,500	18,800		21,300	20,746	554	97%	s) 0% t)
Capital Expenditure			47,545	47,545	20,603	26,942	43%	
Commitments in Budget not recognized- OPEX					3,126			
Commitments in Budget not recognized- CAPEX					4,573			
<b>Total expenditure</b>	<b>682,950</b>	<b>241,911</b>	<b>72,745</b>	<b>997,605</b>	<b>935,815</b>	<b>69,490</b>	<b>94%</b>	
<b>Budget Surplus/(Deficit) for the period</b>	<b>485,042</b>			<b>170,387</b>	<b>302,054</b>	<b>131,667</b>		

**RECONCILIATION BETWEEN SURPLUS AS PER THE BUDGET AND SURPLUS AS PER THE STATEMENT OF FINANCIAL PERFORMANCE**

A reconciliation between the actual amounts on a comparable basis as presented in the Budget Performance and the actual amounts in the Statement of Financial Performance for the Period Ended June 30, 2025, is presented below.

The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

Description	Original budget Ksh'000	Adjustments Ksh'000	Final Annual budget Ksh'000	Actual Cumulative to date Ksh'000
Surplus under Statement of Financial Performance				150,602
Less: Surplus (Deficit) under Statement of Budgeted and Actual Amounts				<u>302,054</u>
<b>Difference</b>				<b><u>-151,452</u></b>
Explained by:				
Surplus under the Statement of Budget and Actual Amounts				302,054
External Mobilization / Donor Funding	45,000		45,000	29,250
Depreciation & Amortization Expense	25,000		25,000	(16,929)
<b>90% Surplus Calculation in the Statement of Financial Performance</b>				<b>(153,567)</b>
<b>Capital Expenditure</b>				
Commitments in Budget not recognized-OPEX			47,545	20,600
Commitments in Budget not recognized-CAPEX				3,120
Provision for doubtful debts				4,570
Donor Funded Expenses				(8,494)
<b>Surplus under the Statement of Financial Performance</b>				<b><u>(30,023)</u></b>
<b>RECONCILIATION BETWEEN BUDGET REVENUE AND EXPENDITURE AS PER APPROVED BUDGET</b>				<b><u>150,602</u></b>
				<b>Ksh'000</b>
Total Budget Revenue in the Statement of Comparison of Budget				
Basis differences: External Mobilization /Donor Funding (Non-Cash)				1,167,990
<b>Total Revenue in the Approved Budget</b>				<b><u>1,212,990</u></b>
Total Expenditure Budget in the Statement of Comparison of Budget				997,600
Basis differences: Depreciation & Amortization				25,000
Capital Expenditure				(47,545)
<b>Total Expenditure in the Approved Budget</b>				<b><u>975,060</u></b>



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

Notes on Significant variances between actual and budget. Given the end year tracking should be at 100%

### REVENUE

- a) **Transaction Fee income from NSE:** Equities transaction fees achieved 93% of the annual target, reflecting the expected trading activity in the equities market. Bond transaction fees surpassed the annual budget to close the quarter at 227% and this robust performance in the bond market was primarily driven by a reduction in interest rates, driving an increase in secondary bond trading activity.
- b) **Application and licensing fees:** The performance was at 27% of the annual budget, and the collection cycle for license renewal fees was undertaken in Q3. The Authority had anticipated to be able to collect fees levied on Collective Investment Schemes Assets Under Management (AUM) but the regulations are not yet gazetted. Hence the underperformance on this revenue stream in the financial year.
- c) **Market development fees:** The billing for market development fees is calculated based on the market capitalization of NSE-listed companies as of November 30th, resulting in a strong performance 95% of the annual budget.
- d) **Capitalization, rights & IPO's:** The performance was at 183% to the annual budget, largely attributed to a bonus issue approved for the Kenya Reinsurance Corporation Ltd in Q1, HF Group PLC's rights issue in quarter 2, Bamburi Shares sale and approval for the listing of Linzi Infrastructure Bond in Q4.
- e) **REITs Approval Income:** Revenue from this stream closed at 18% of the annual budget, with the underperformance attributable to no new approval REIT issuance.
- f) **Approval fees on the GOK (CBK) bonds:** Approval fees on the GOK (CBK) bonds: The performance was at 123% of the annual target as GOK increased its ceiling in the year and continues to raise funds on issuance of bonds to address budget funding needs.
- g) **Derivative Fees:** Performance was at 49% of the annual budget and is attributable to the low level of market activity.
- h) **Interest Income/Finance Income:** Interest Income/Finance Income: Investment income was 83% of the annual budget, falling below the projected 100%. This performance is reflective of reduced interest rates in the market, that reported lower than-anticipated returns on funds currently invested with the Central Bank of Kenya (CBK), mainly Treasury bills.
- i) **External mobilization/Donor Funding:** Activity in external mobilization and donor funding have picked up considerably fairly, closing at 65% of the annual budget. There is progress also with the consultancies to undertake both ESG and carbon market assessment, both underway. The remaining portion of the mobilization is to cater for consultancies not yet paid based on milestones in the respective contracts.

- j) **Other Income:** Other income is primarily derived from the CMA-ICF management fee, charged monthly at a rate of 2.0% of the ICF fund value apportioned monthly. The revenue stream closed at 119% of the annual budget.

## EXPENSES

Total expenditure for the period amounted to Kshs 938.307 million, representing an overall budget utilization rate of 96%. This is well within the anticipated 100% utilization expected by the end of the Financial Year. Consequently, the overall absorption rate fell short of the period target by 10% but this is aligned to expenditure control efforts at the national level.

- a) **Personnel Costs:** Personnel costs are currently at 96% of the annual budget, closely aligning with the expected utilization of 100% for this period. This performance reflects a situation where personnel expenses remained well within the Authority's projections.
- b) **Rent and maintenance:** The budget utilization under this vote was 84% of the annual budget and is within the expected budget performance range as the Authority efficiently utilized its resources.
- c) **Equipment maintenance and stationery:** The budget utilization under the equipment maintenance and stationery stands at 93% of the annual allocation. This is well aligned, with budget available.
- d) **Telephone Courier & Postage:** Telephone Courier & Postage: The expenditure is currently 61% of the annual budget allocation. The cost is well aligned with budget as the Authority continues to enhance efficiency in utilization of telephone and postal services
- e) **Office Expenses and Utilities expenses:** The utilization level was at 68% of the annual budget and was within the resource allocation.
- f) **Advertising and Publicity expenses:** The utilization under this category was 98% of the annual budget. A specific budget revision was done in Quarter 4 to cater for the 1million tree growing initiative, amounting to Ksh19million. The approval was granted, and the launch of the tree planting was done on 30th June 2025.
- g) **Medical Scheme and Insurance Insurances:** The utilization under this vote was at 104% of the annual budget which is slightly above the target for the year. This is attributable to late billing of some medical service expenses outstanding from the previous scheme provider. Nonetheless, Management vetted the expenses, and they were genuinely payable.
- h) **Staff Training & Development expenses:** The expenditure utilization stands at 100% utilization of the annual budget. Staff in the Authority continue to sharpen their skills in line with international best practices to enhance their productivity
- i) **Motor vehicle running expenses:** The vote was spent at 67% of the annual budget. The Authority has relatively new vehicles for efficiency, and Value for money continues to be observed with staff using pooled transport on official assignments
- j) **IOSCO Membership expenses:** The expenditure closed at 93% of the annual budget, with annual subscriptions for year 2025 paid as well as Management participation in the Annual conference in Qatar.



- k) **Library Books and Periodicals:** Library Books and Periodicals: The Budget utilization was 51% of the annual budget as various subscription renewals were initiated during the year.
- l) **Board Members Expenses:** The utilization level was 97% of the annual budget this budget line was revised with additional amount approved by the National Treasury of Ksh6.2 million, which has since been utilized. Included in the Board expenses is a provision for a performance bonus for FY2023/2024.
- m) **Professional and consultancy expenses:** The budget utilization under this vote is 100% of the annual allocation. Consultancy services are being procured on a need basis, with the primary costs incurred during the quarter related to market player investigations and fraud investigation activities. A total of Kshs 6,965,245.00 was spent on conducting fraud investigations and attending various court hearings. Additionally, Kshs 10,851,184.00 was utilized for ISO-related certification audits, which were necessary expenditures to maintain operational compliance and safeguard the integrity of the Authority's operations in line with ISO standards.
- n) **Litigation/Legal expenses:** The utilization under this category was 6% of the annual budget in the year.
- o) **Market Development and Islamic Finance costs** Market Development and Islamic Finance costs: The utilization under this vote is 99% of the annual budget, driven by engagements in Islamic finance and policy legislation in support of the new legislations including expenses towards enhancement of the regulatory frameworks of various capital markets products. Capital markets master plan, (CMMP) Costs amounted to 43% of the annual budget.
- p) **Investor Education expenses'** spend was 80% of the annual budget as more county engagement investor awareness campaigns and outreaches through radio, Tv, and social media were undertaken. There were also sponsorships and partnerships undertaken including Sponsorship for the REITS Conference and CMA Kenya Contribution towards the 2024 FinAccess Survey. The Authority has aligned the requirements of the new Government's agenda for investor awareness.
- q) **Capital markets master plan, (CMMP):** Utilization was at 82% of the budget , in line with the 2023/2028 strategic plan as it gets implemented, along with stakeholder engagements and capacity-building activities.
- r) **Depreciation and amortization of intangible assets expenses:** Depreciation and amortization of intangible assets tracked at 68% of the annual budget in the period. Planned purchases of approved ICT assets were done in quarter 4 resulting in slight under performance from budget.



## 17. NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

The financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) and allow the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Authority, and all values are rounded to the nearest thousand (Kshs '000') unless where indicated. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all periods presented.

### 2. Statement of compliance and basis of Preparation

The financial statements have been prepared on a historical cost basis and where applicable revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments may be held at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the periods presented.

### 3. Adoption of new and revised Standards

#### i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024

IPSAS 43:	Non-	<b>Applicable 1<sup>st</sup> January 2025</b>
Leases		The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>The Authority early adopted this in FY2023/2024 and has consistently reported in line this Standard this financial year.</i>
IPSAS 44:	Non-	<b>Applicable 1<sup>st</sup> January 2025</b>
Current Assets Held for Sale and Discontinued Operations		The Standard requires, assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>No Impact of this IPSAS is expected in the Authority's financial statements.</i>



<p>IPSAS 45- Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b>No impact of this IPSAS is expected in the Authority's financial statements.</b></p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard is to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; and</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>The Authority finds no impact of this standard on its financial statements.</b></p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9-Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b>The Authority will assess the impact of the new standard by the due date.</b></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions.</p> <p>This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b>The Authority will assess the impact of the new standard by the due date.</b></p>

## ii. Early adoption of standards

**IPSAS 43:** The Capital Markets Authority (CMA) adopted IPSAS 43, "Leases," which replaces IPSAS 13, earlier in FY2023/2024, one year before the applicable effective date of 1<sup>st</sup> January 2025. This new standard changed how leases were accounted for by requiring us to recognize most lease agreements on the balance sheet, reflecting both the right to use the leased assets and the obligation to make lease payments.

The standard sets out the principles for recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.



This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows.

The Authority signed a new lease in July 2023 and therefore in line with its core value of agility, continuous learning and innovativeness decided to early adopt this standard. The impact of this standard is a slight increase in rent expense for the year and recognition of right of use of lease asset and a corresponding liability of lease liability.

The adoption of IPSAS 43 has led to recording lease asset totaling Kshs 120,494,798.30 and a lease liability totaling Kshs 125,946,361.08

#### 4. Summary of significant accounting policies

##### a) Revenue recognition

###### i) Revenue from non –exchange transactions

###### Fees and levies

The Authority recognizes revenues from fees and levies when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

###### Donor income

Donor funds are received through Government supported programmes and other development Agencies. These funds are recognized at fair value when there is reasonable assurance that the Authority will comply with the conditions attaching to them and the funds will be received. Donor funds related to purchase of assets are treated as deferred income and allocated to statements of financial performance income over the useful lives of the related assets while grants related to expenses are treated as donor fund income in the income statement.

###### Revenue from exchange transactions

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### Interest income

Interest income is accrued as it is earned over the life of investments held.

##### b) Budget information

The original budget for FY2023/2024 was approved by The National Treasury and Economic Planning on 30th June 2023.

The National Treasury Circular No.2 of 2024 dated 27th March 2024 laid out the various policy measures to enhance state corporations' revenue generation and expenditure rationalization in line with government's fiscal consolidation efforts. To that end, the 2024/25 FY recurrent expenditure budget rationalized to a level that is not more than 70% of the 2023/2024 budget. However, the Authority appealed for a budget revision and the same was graciously approved on 25th November 2024.

The Capital Markets Authority's budget is prepared on a cash basis, hence a reconciliation between the actual



comparable amounts and the amounts presented has been presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

**c) Taxes/surplus due to The National Treasury**

The Authority is exempt from income tax vide S.219(3) of PFMA regulation no.34 of 2015.

On 20th March 2015, The National Treasury issued PFMA Regulation No. 34 which under Section 219 exempts the Authority from paying taxes in the future. The Authority is, however, required to submit 90% of its surplus to the National Treasury.

**d) Property, plant and equipment**

This includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	<u>Rate</u>
Motor vehicles	25%
Furniture & fittings	12.5%
Office equipment	20%
Computers & copiers	25%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining the surplus for the year.

**e) Leases**

**Finance leases**

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority.

**Operating Leases**

The Authority has a lease contract for a period of six years from 1st July 2023 to 30th June 2029 and in line with IPSAS, 43, this has been recognized in the financial statements with effect from 1st July 2023. By early adopting IPSAS 43 we recognized a right-of-use assets amounting to Kshs 120,494,798.30 and lease liabilities totaling Kshs 125,946,361.08. The current financial year 2024/2025 right of use asset is Ksh107,107,000 with the lease liabilities totaling Kshs113,629,000 respectively.



#### **f) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. Amortisation is calculated using the straight-line method to write down the cost of each licence or item of software to its residual value over its estimated useful life of three years.

The useful life of the intangible assets is assessed as finite.

### **Financial instruments**

#### **Financial assets**

##### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### **Impairment of financial assets**

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or a group of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments.
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)



## **i. Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

### **g) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### **h) Contingent liabilities**

The Authority does not recognize contingent liability but discloses details of any contingencies in the notes to the Annual Report and Financial Statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is not remote.

### **i) Nature and purposes of reserves**

The Authority creates and maintains the following reserves.

- a) Capital reserves- These signify initial equity capital contributed to start off the Capital Markets Authority by The National Treasury.
- b) General reserves-These are accumulated reserves from operations.
- c) Building fund- The Authority has in the past had approved building Fund. These are approved funds for acquisition of own premises; and
- d) Staff mortgage and Car Loan Fund-which represents backup funds placed with lenders to assure low cost of staff loans in line with government policy to make them more affordable.

### **j) Changes in accounting policies and estimates**

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

## k) Employee benefits

### Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined Contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Authority also contributes to the statutory National Social Security Fund (NSSF), a national defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and currently the NSSF Rates Kenya 2024 saw a significant change, introducing a tiered contribution system. The NSSF Act of 2013 mandates a two-tier contribution system for Kenya's National Social Security Fund. Both employers and employees must contribute 6% of an employee's pensionable earnings to the NSSF.

### l) Gratuity obligations

The Authority pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity are recognized when they accrue to employees.

A provision for gratuity payable is made in the statement of financial position. The gratuity is not subject to actuarial valuation.

### m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

## n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

The Authority manages the Investor Compensation Fund (ICF) and reports the funds held in the bank, call accounts on behalf of ICF as part of cash and cash equivalents.

## o) Inventories

Inventories are stated at the lower cost and net realizable value. Cost is determined by using the first-in first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.



**p) Related party**

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise of members of the Board, CEO and Directors.

**q) Comparative figures**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**r) Subsequent events**

There have been no events after the financial year end with a significant impact on the financial year end with a significant impact on the financial statements for the year ended 30 June 2024.

## **5. Significant judgments and sources of estimation uncertainty**

The preparation of the Authority's Annual Report and Financial Statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**a) Significant judgements made in applying the Authority's accounting policies**

The judgements made by the board members of the Authority in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognized in the Annual Report and Financial Statements include:

Whether the Authority has the ability to hold 'held-to maturity' investments until they mature. If the Authority were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

**b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140. Key assumptions made within the next financial year include:

**i. Retirement benefit obligations**

The pensions contributions into the Defined Contribution (DC) Scheme are expensed as incurred in the year.

**ii. Impairment losses**

Estimates are made in determining the impairment losses on receivables. Such estimates include the determination of the net realizable value or the recoverable amount of the asset.

**c) Useful lives and residual value**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i. The condition of the assets is based on the assessment of experts employed by the Authority.
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii. The nature of the processes in which the asset is deployed.
- iv. Availability of funding to replace the asset.
- v. Changes in the market in relation to the assets

**d) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**5. Risk management objectives and policies**

**a) Financial risk management**

The Authority's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Authority's overall risk management policies are set out by the Board and implemented by the Management and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Authority's performance by setting acceptable levels of risk. The Authority does not hedge against any risks.

**i) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on an Authority-wide basis. The Authority does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by considering the financial position, experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilization of the credit limits and the credit period is monitored by management on a monthly basis.

	Fully performing	Past due but not impaired	Impaired	Total
At June 30, 2025	Shs'000	Shs'000	Shs'000	Shs'000
Held-to-maturity investments	505,047	-	-	505,047
Staff loans and advances/ fund	425,829	-	-	425,829
Trade receivables	128,367	-	-	128,367
Other receivables	12,072	-	-	12,072
Cash at bank, in hand and deposits	114,796	-	-	114,796
<b>Maximum exposure to credit risk</b>	<b>1,186,111</b>	<b>-</b>	<b>-</b>	<b>1,186,111</b>



	2024 Shs'000	2023 Shs'000
Over 6 months	0	0

The ageing analysis of past due but not impaired trade receivables is

The past due debtors are nil. An impairment provision of Shs 14,989,280.35 is held against the impaired receivables. The Authority does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.

**ii) Expected Credit Losses (ECL)**

The Authority adopted IPSAS 41 (Financial Instruments) in the year and has considered all its financial assets in the modelling including the staff loans and advances, investments in the government's bonds and treasury bills and trade receivables. However, upon further assessment of the significant increase in credit risk (SICR) by comparing the risk of default at the initial recognition of the mentioned financial assets to the current risk of default, we have reasonable expectations of recovering the cashflows thereof in its entirety thus we consider them not risky. We therefore had an adjusted Probability of Default (PD) at 0%, hence the Nil exposure as of 30th June 2025 and therefore Zero final expected credit losses.

Specific customers with deteriorating characteristics, for instance Uchumi and Mumias etc. were considered in the model based on the actual historical losses experienced in previous years.

Our forward-looking expected credit loss calculation has been based on estimation of current and future probability of default (PD), exposure at default (EAD), and loss given default (LGD).

iii) **Liquidity risk**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Authority's short, medium and long-term liquidity requirements, thereby ensuring that all financial liabilities are settled as they fall due. The Authority manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturity. The amounts disclosed are contractual undiscounted cash flows.

	Less than one month Shs'000	Between 1-3 months Shs'000	Between 3-12 months Shs'000	Over 1 year Shs'000	Total Shs'000
<b>Period ended June 30, 2025</b>					
Trade payables	10,467				10,467
Other payables	61,529		1,275		62,804
Provision for liabilities and charges	10,623			92,032	102,655
Gratuity obligations	106,882				106,882
	<u>189,681</u>		<u>1,275</u>	<u>92,032</u>	<u>282,807</u>

iv) **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprise three types of risks: interest rate risk, price risk and foreign exchange risk.

a. **Interest rate risk**

The Authority's investments in fixed rate bonds expose it to fair value interest rate risk. The Authority has no interest-bearing liabilities. The Authority considers that a change in interest rates of 2 percentage points in the year ending 30th June 2025 is reasonably possible. If the interest rates on the Authority's held-to-maturity investments at the year-end were to decrease/increase by this number of percentage points, with all other factors remaining constant, the reported deficit would be lower/higher by Kshs 0.27 million.

b. **Price risk**

Marketable instruments held by the Authority include Treasury Bonds and Treasury Bills whose market prices are subject to change. The Authority reviewed the portfolio, set exposure limits and responded to market price changes and conditions to secure both fair values and cash flow from such instruments

c. **Foreign exchange risk**

Foreign exchange risks would arise where transactions or bank balances are denominated in foreign currency. The Authority's transactions and bank balances are denominated in Kenya Shillings. Hence the exposure to foreign exchange risk does not exist.



## 6. Revenue from non-exchange transactions

	June 2025 Shs'000	June 2024 Shs'000
<b>Fees income</b>		
Capitalization, rights and new issue fees	82,376	4,672
Approval for listing of Government securities	599,566	480,819
NSE - transaction fees	339,414	217,019
Application and licensing fees	41,402	22,921
Market development fees	8,699	9,108
Derivative fees	12	8
	<u>1,071,468</u>	<u>734,546</u>

The Authority charges fees on the following basis:

Fee Type	Rate
a) Capitalization / rights issues	0.25% of the value of the issue
b) New issues / IPOs	0.15% of the value of the issue
c) Approval for listing of Government securities	0.075% of the amount raised
d) Market development fees charged to listed companies	0.01% subject to a minimum of Kshs 50,000 and a maximum of Kshs 100,000 per annum.
e) NSE- Transaction Fees-Equity	0.12% of the value of the equities traded
f) NSE- Transaction Fees-Bonds	0.0015% of the value of bonds traded
g) Derivative fees (CMA Levy fees with respect to derivatives contracts traded)	0.01% of value of contracts traded.
h) License Fees:	
• Central Depositories	Kshs 200,000
• Credit Rating Agencies	Kshs 200,000
• Securities Exchange	1% of the gross earnings
• OTC Exchange	Kshs 2,500,000
• Derivatives Exchange	Kshs 2,500,000
• Investment Banks	Kshs 250,000
• Stockbrokers	Kshs 100,000
• Online Forex Money Manager	Kshs 100,000
• Authorized Securities Dealer	Kshs 200,000
• Fund Managers	Kshs 100,000
• Investment Advisers	Kshs 50,000
• Authorized Depositories	Kshs 100,000
• Reit Managers	Kshs 100,000
• Reit Trustees	Kshs 200,000
• Other Trustees e.g Corporate Trustees-Based on Existing CIS Regulations	Kshs 100,000
• Authorized Reits	Kshs 150,000
• Employee Share Ownership Plans (ESOPs)	Kshs 150,000
• Collective Investments Schemes	Kshs 150,000
• Forex Brokers	(i) Dealing Broker-Kshs 250,000/=
	(ii) Non-Dealing Broker-Kshs 100,000/=
• Derivatives Brokers	Kshs 50,000
• Coffee Brokers	Kshs 50,000
• Other Application & Licensing Fees	Application Fees-Kshs 2,500, CIS-Kshs 10,000

A more detailed description of the basis of charging CMA fees is available at the second schedule of the Capital Markets Authority's Act.

**7. Donor fund income**

	June 2025 Shs'000	June 2024 Shs'000
Donor Fund Income	<u>29,259</u>	<u>11,894</u>

In December 2023, the Authority received a Kshs 40 million grant from the Financial Sector Deepening Kenya (FSDK) to enhance the Environmental, Social, and Governance (ESG) framework from a capital market perspective. The Authority recognized Kshs 29.259Million(2024: Ksh11.894million) in the year ended June 30, 2025 from the donor funds . This brings to the total Kshs 33.031 Million which has been spent so far. In addition, a consultant has been engaged to conduct the ESG (carbon market) assessment within the year, and the remaining funds are expected to be utilized in FY 2025/2026 on payment of consultants.

**8. Revenue from exchange transactions - other income**

	June 2025 Shs'000	June 2024 Shs'000
Interest income	34,076	73,354
Miscellaneous income	<u>127,542</u>	<u>142,765</u>
	<u><b>161,618</b></u>	<u><b>216,119</b></u>

Miscellaneous income comprises revenue from CMA-ICF Management Fee charged monthly at 2.0% of ICF fund value.

**9. (Loss)/Gain on sale of assets**

Gain on disposals of Property Plant and Equipment	<u>4,783</u>	<u>47</u>
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## 10. Surplus

	Note	June 2025 Shs'000	June 2024 Shs'000
<b>a) Items charged</b>			
The following items have been charged in arriving at net surplus for the year			
Depreciation of property and equipment	18	16,598	23,049
Amortisation of intangible assets	19	330	2,606
Authority board members' emoluments, allowances and other Board related expenses	26	35,149	14,126
Post employment benefits expense	10(b)	60,628	58,504
Provision on Trade and other receivables	13(b)	<u>8,494</u>	<u>367</u>
		<b>June 2025</b>	<b>June 2024</b>
<b>b) Employee benefits expense</b>		<b>Shs'000</b>	<b>Shs'000</b>
The following items are included in employee benefits expense:			
Retirement benefit costs			
Defined contribution scheme		60,628	58,504
		<u>60,628</u>	<u>58,504</u>

The Authority operates an in-house defined contribution (DC) scheme for its employees. The investment of the scheme's assets is managed by an independent fund manager, GenAfrica Investment Management Limited, and administered by Zamara administrators & Consultants on behalf of the Trustees.

### 11 a Transfer of Surplus to The National Treasury

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Surplus Remission has been computed as follows:

	June 2025		June 2024	
	Shs'000		Shs'000	
Total Revenue (Note No 6, 7,8 and 9)		1,267,128		962,606
Operating Expenses		<u>(962,959)</u>		<u>(907,610)</u>
Surplus before tax		304,169		54,996
Add back:				
Depreciation	16,599		23,049.00	
Amortization	<u>330</u>	<u>16,929</u>	<u>2,606.00</u>	<u>25,655</u>
Adjusted Surplus		321,098		80,652
Adjusted Surplus		321,098		80,652
Less:				
Transfer from Deferred Income			(11,894)	
Capital Expenditure	(28,110)		(6,512)	
Transfer to Mortgage fund	<u>(40,036)</u>	<u>(68,146)</u>	<u>10,987.00</u>	<u>(7,419)</u>
Net Surplus/ (Deficit)		252,952		73,233
90%		227,657		65,910
90% Surplus due to National Treasury		<u>227,657</u>		<u>65,910</u>
Advance Payment on budget Rationalization/ Previous year		<u>(74,090)</u>		<u>(140,000)</u>
Surplus payable/ Overpayment		<u>153,567</u>		<u>(74,090)</u>

### 11 b. Surplus Remission Payable

	June 2025	June 2024
	Shs'000	Shs'000
Payable at the beginning of the year	(74,090)	
Surplus payable for the year	227,657	65,910
Paid during the year		<u>(140,000)</u>
<b>Payable at end of the year</b>	<u>153,567</u>	<u>(74,090)</u>

On 20<sup>th</sup> March 2015, The National Treasury issued PFMA Regulation No.34 which under section 219 exempts the Authority from paying taxes. The regulation requires corporations exempted from income tax to remit 90% of surplus to the National Treasury

### 12. Inventories

	June 2025	June 2024
	Shs'000	Shs'000
Supplies & Accessories for Computers, Printing, and Communication & Office and General supplies	1,792	1,693
Hospitality expenses/Kitchen Items	<u>135</u>	<u>199</u>
<b>Total inventories at the lower of cost and net realizable value</b>	<u>1,927</u>	<u>1,892</u>

Inventories consist of stationery and computer consumables required for day-to-day use by the Authority.



**13a. Trade and other receivables from non-exchange transactions**

	June 2025 Shs'000	June 2024 Shs'000
Trade receivables	140,721	83,339
Statutory management expenses receivable	-	-
Less: Provision for impairment losses	(14,989)	(6,496)
Net trade receivables	125,232	83,339
Other receivables	3,475	21,964
<b>Trade and other receivables from non-exchange transactions</b>	<b>129,207</b>	<b>105,303</b>

**13b. Trade and other receivables from exchange transactions**

	June 2025 Shs'000	Prior Year Audited June 2024 Shs'000
Trade receivables	2,635	3,814
Less: Provision for impairment losses	-	-
Net trade receivables	2,635	3,814
Prepayments	12,072	16,686
Trade and other receivables from exchange transactions	14,707	20,499
<b>Total trade and other receivables from non exchange and exchange transactions</b>	<b>143,914</b>	<b>125,802</b>

The movement on the provision for impairment losses for non exchange transactions is as follows:

At 1st July	6,496	6,129
Less: Provisions Reversed on Debt Collection	-	(883)
Add: Additional provision	8,493	1,250
<b>At 30 June 2025</b>	<b>14,989</b>	<b>6,496</b>

The movement on the provision for impairment losses for exchange transactions is as follows:

At 1st July	367	-
Less: Provisions Reversed	-	(883)
Add: Additional provision	-	1,250
<b>At 30 June 2025</b>	<b>367</b>	<b>367</b>

14. Staff loans and advances

	Current June 2025 Shs'000	Current June 2024 Shs'000	Non- current June 2025 Shs'000	Non- current June 2024 Shs'000	Total June 2025 Shs'000	Total Jun-24 Shs'000
Car loans	8,051	6,191	15,620	14,022	23,671	20,213
Other loans and advances	3,423	2,764	-	-	3,423	2,764
Staff mortgage back up funds*	<u>40,504</u>	<u>38,091</u>	<u>358,231</u>	<u>324,982</u>	<u>398,735</u>	<u>363,073</u>
	<u>51,977</u>	<u>47,046</u>	<u>373,851</u>	<u>339,004</u>	<u>425,829</u>	<u>386,050</u>

\* These funds are deposited with the bank to support concessionary interest rate facilities to staff.

Mortgage back up accounts are:

HFC: Mortgage 3000013543 and Mortgage 2000094161

HFC: Car Loans

KCB : Car Loans

KCB Mortgage MM1509100194

Total

Shs'000
175,064
8,460
15,211
<u>223,671</u>
<u>422,406</u>





**15. Held-to-maturity investments - government securities**

	June 2025	Prior Year Audited June
	Shs'000	Shs'000
<b>Non-current</b>		
Treasury bonds		
Maturing after four years	-	25,100
Unamortized (discount)/premium	-	-
Sub-total (a)	<u>0</u>	<u>25,100</u>
Treasury bonds		
Maturing after one year	40,355	15,255
Unamortized (discount)/premium	(112)	(183)
Sub-total (b)	<u>40,243</u>	<u>15,072</u>
<b>Total Non-current (a+b)</b>	<u><b>40,243</b></u>	<u><b>40,172</b></u>
<b>Current</b>		
Treasury bonds		
Maturing within one year	-	28,300
Unamortized (discount)/premium	-	(620)
Sub-total (a)	<u>-</u>	<u>27,680</u>
Treasury bills	474,300	152,350
Unamortized discount	(9,496)	(8,756)
Sub-total (b)	<u>464,804</u>	<u>143,594</u>
<b>Total Current (a+b)</b>	<u><b>464,804</b></u>	<u><b>171,274</b></u>
<b>Total</b>	<u><b>505,047</b></u>	<u><b>211,446</b></u>

The fair value of the held-to-maturity assets -treasury bonds and treasury bills at the reporting date were:

<b>Non-current</b>		
Held-to-maturity investments	<u>40,243</u>	<u>40,172</u>
<b>Current</b>		
Held-to-maturity investments	<u>464,804</u>	<u>171,274</u>

### 16. Cash and Cash Equivalent

	June 2025	Prior Year Audited June 2024
	Shs'000	Shs'000
Current account	15,073	47,234
Cash in hand	140	140
On - call deposits	92,192	130,000
Gratuity Fund Call Deposit	<u>7,531</u>	-
	<u><b>114,936</b></u>	<u><b>177,374</b></u>

### 17. Cash in Hand and Bank

#### 17a. Banks

			June 2025	Prior Year Audited June 2024
	Name of the Bank	Bank account no.	Account currency	Shs'000
	NCBA PLC	6580810018	Shs	13,301
	HF Bank	3000013543- 0	Shs	<u>1,772</u>
				<u>15,073</u>
				36,553
				<u>10,681</u>
				47,234

#### 17b. Cash in hand

Cash in hand	Shs	<u>140</u>	<u>140</u>
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#### 17c. Short term deposits

	Shs		
Fixed/Call Deposits		92,192	130,000
Gratuity Fund Call Deposit		7,531	-
		<u>99,723</u>	<u>130,000</u>
<b>Total cash in hand and bank</b>		<u><b>114,936</b></u>	<u><b>177,374</b></u>

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Short-term bank deposits	99,723	130,000
Cash at bank and in hand	15,213	47,374
Investors Compensation Fund bank balance (Note 18) - (KCB)	<u>18,139</u>	<u>27,200</u>
	<u><b>133,075</b></u>	<u><b>204,575</b></u>



## 18. Investors' Compensation Fund

In accordance with Section 18 of Capital Markets Act, Cap 485A, the Authority is required to maintain a fund to be known as the Investors' Compensation Fund for the purpose of granting compensation to investors who may suffer a pecuniary loss resulting from the failure of a licensed broker or dealer to meet its contractual obligations. This requirement was implemented in July 1995.

The Fund derives its income from the following sources:

- i. Interest accruing funds received from subscribers to public issues, between the day of closing the issue and making the refunds.
- ii. 0.01% of the consideration from sale and purchase of shares through the Nairobi Securities Exchange.
- iii. 0.004% of the consideration from sale and purchase of bonds traded through the Nairobi Securities Exchange
- iv. Interest earned from investment of the funds held in this account.
- v. Financial penalties imposed on operators for non-compliance with Capital Markets Authority Rules and Regulations.

The movement in the fund balance during the year is as shown below:

The Investors' Compensation Fund balance is represented by the following assets:

	June 2025	Prior Year Audited June 2024
	Shs'000	Shs'000
<b>Non-current</b>		
Equity investment in the Central Depository and Settlement	12,250	12,250
Equity investment in the NSE	78,925	51,275
Total Equity Investment(a)	<u>91,175</u>	<u>63,525</u>
Treasury bonds		
Maturing after five years	3,141,350	3,041,350
Unamortised discount(premium)	32,737	33,556
Sub-total (b)	<u>3,174,087</u>	<u>3,074,906</u>
Maturing after one year	1,419,055	1,519,055
Unamortised discount	13,688	3,906
Sub-total (c)	<u>1,432,744</u>	<u>1,522,961</u>
Sub-total Non-current treasury bonds (b+c)	4,606,831	4,597,868
<b>Total Non-current (a+b+c)</b>	<b><u>4,698,006</u></b>	<b><u>4,661,393</u></b>
<b>Current</b>		
Treasury bonds		82,000
Unamortised discount		(768)
Sub-total (a)	<u>-</u>	<u>81,232</u>
Treasury bills	2,173,150	1,123,400
Unamortised discount	(157,717)	(111,954)
Sub-total (b)	<u>2,015,433</u>	<u>1,011,446</u>
<b>Total (a+b)</b>	<b><u>2,015,433</u></b>	<b><u>1,092,678</u></b>
Fees receivable	111,230	97,233
Bank balance	18,139	27,200
Sub-total (c)	<u>129,369</u>	<u>124,433</u>
<b>Total Current (a+b+c)</b>	<b><u>2,144,802</u></b>	<b><u>1,217,111</u></b>
<b>Total Fund</b>	<b><u>6,842,808</u></b>	<b><u>5,878,504</u></b>

**20. Intangible assets**

	Intangible Assets Shs'000
<b>Intangible assets</b>	
<b>Software costs</b>	
Cost	
At 01 July 2023	154,286
Additions/ Transfers from WIP	642
Work in progress	-
Derecognition/Impairment	(3,771)
Transfers from WIP (Capital-in-Progress Items)	-
<b>At 01 July 2024</b>	<b>151,157</b>
Additions/ Transfers from WIP	9,933
Work in progress	
Derecognition	-
<b>At June 30, 2025</b>	<b><u>161,090</u></b>
<b>Amortisation</b>	
At 01 July 2023	151,733
Amortisation	2,607
Reclassification	(3,771)
<b>At 01 July 2024</b>	<b><u>150,569</u></b>
Amortisation	329
Derecognition/Impairment	-
<b>At June 30, 2025</b>	<b><u>150,898</u></b>
<b>Net book value</b>	
At June 30, 2025	<u>10,192</u>
At June 30 2024	<u>588</u>



The movement in the fund balance during the year is as shown below:

	June 2025	Prior Year Audited June 2024
	Shs'000	Shs'000
At beginning of the year	5,878,505	5,182,083
Nairobi Securities Exchange transactions fees	195,207	104,559
Interest on investments	845,958	678,590
Financial penalties	19,015	3,865
Gain /(loss)in Investment in NSE	31,640	700
Management Fees	(127,494)	(91,273)
Bank Charges	(24)	(18)
At end of the year	<u>6,842,808</u>	<u>5,878,505</u>

## 19. Property and Equipment

	Motor vehicles Shs'000	Computer & Copiers Shs'000	Office equipment Shs'000	Furniture & fittings Shs'000	Capital work-in-progress Shs'000	Total Shs'000
<b>Cost</b>						
As at June 2023	51,965	179,393	21,743	95,043	289	348,433
Additions	-	4,677	411	782	17,349	23,218
Disposals	-	(4,457)	(277)	-		(4,734)
Transfers/Adjustment					(289)	(289)
<b>At 30 June 2024</b>	<u>51,965</u>	<u>179,614</u>	<u>21,876</u>	<u>95,825</u>	<u>17,349</u>	<u>366,628</u>
Additions	-	6,622	8,469	3,133	-	18,224
Disposals	(7,726)	(6,549)	(1,028)	(572)	-	(15,875)
Transfers/Adjustment					(7,554)	(7,554)
<b>At June 30, 2025</b>	<u>44,238</u>	<u>179,686</u>	<u>29,317</u>	<u>98,386</u>	<u>9,795</u>	<u>361,423</u>
<b>Depreciation</b>						
As at June 2023	(35,402)	(154,350)	(20,954)	(90,847)	-	(301,552)
Depreciation	(6,398)	(14,892)	(347)	(1,412)		(23,049)
Accumulated depreciation reversed on disposal	-	4,291	277	-		4,568
<b>At June 30 2024</b>	<u>(41,799)</u>	<u>(164,951)</u>	<u>(21,024)</u>	<u>(92,259)</u>	-	<u>(320,033)</u>
Depreciation	(6,396)	(7,487)	(1,453)	(1,262)		(16,598)
Accumulated depreciation reversed on disposal	7,726	6,489	1,028	571		15,815
<b>At June 30, 2025</b>	<u>(40,469)</u>	<u>(165,948)</u>	<u>(21,449)</u>	<u>(92,949)</u>	-	<u>(320,816)</u>
<b>Net carrying amount</b>						
At June 30, 2025	<u>3,769</u>	<u>13,738</u>	<u>7,868</u>	<u>5,437</u>	<u>9,795</u>	<u>40,607</u>
At June 30 2024	<u>10,165</u>	<u>14,663</u>	<u>852</u>	<u>3,566</u>	<u>17,349</u>	<u>46,596</u>

## 21. Trade and Other Payable

	June 2025 Shs'000	June 2024 Shs'000
Trade payables	10,467	25,745
Provisions	102,654	65,242
Gratuity obligations	106,882	101,302
Accruals	<u>62,804</u>	<u>70,896</u>
	<b><u>282,807</u></b>	<b><u>263,185</u></b>

Included under trade and other payables are the provisions for various services whose movement has been presented below:

Provisions	Leave benefits Shs'000	Performance bonus Shs'000	Others Shs'000	Total Shs'000
At 01 July 2024	10,542	82,099		92,641
Additional provisions raised	9,838	8,216	69,718	87,772
Provision utilized		(61,502)	(5,713)	(67,215)
Provision reversed	<u>(10,542)</u>	<u>-</u>	<u>-</u>	<u>(10,542)</u>
<b>At June 30, 2025</b>	<b><u>9,838</u></b>	<b><u>28,813</u></b>	<b><u>64,004</u></b>	<b><u>102,655</u></b>

Accruals	Consultancies Shs'000	Other Provisions Shs'000	Total Shs'000
At July 2024	5,075	45,336	50,410
Additional accruals	34	98,125	98,159
Accruals realized/reversed	<u>-</u>	<u>(108,848)</u>	<u>(108,848)</u>
<b>At June 30, 2025</b>	<b><u>5,108</u></b>	<b><u>34,613</u></b>	<b><u>39,721</u></b>

## 22. Provision for legal liabilities and charges

	June 2025 Shs'000	Prior Year Audited June 2024 Shs'000
At 01 July 2024	89,989	97,134
Add: Additional provision	1,365	7,431
Less: Provision written back	<u>(5,542)</u>	<u>(14,576)</u>
<b>At June 30, 2025</b>	<b><u>85,812</u></b>	<b><u>89,989</u></b>

The Authority being the Capital Markets regulator in Kenya, is subject to legal proceedings in the normal course of business. While it is not possible to forecast or determine the results of all pending legal proceedings, the Authority assesses the adequacy of its provisions periodically against case developments and related legal costs.



### 23. Lease Liability

The Authority occupies four floors at Embankment Plaza, a total of 24,765 square feet, in the Upper Hill under the open plan office design.

A new lease contract for a period of six years to 30th June 2029 is in place, and in line with IPSAS, 43, this was recognized in the Statement of Financial Position with effect from 1st July 2023.

The lease liability has a balance of Kshs 113,629,000.00

	June 2025	Prior Year Audited June 2024
	Shs'000	Shs'000
Lease Liability/Obligation	113,629	138,264
	<u>113,629</u>	<u>138,264</u>

The Lease obligation is broken down as follows:

Not later than 1 year	26,775	23,044
Later than 1 year to 6 Years	86,852	115,220
	<u>113,627</u>	<u>138,264</u>

### 24. Deferred income

CMA received Kshs40 million from FSDK for enhancing the ESG framework, with Kshs20 million received in January 2024 for initial project milestones. Kshs 29.048 Million (2024:Kshs 3.502 million) was spent for the period ending June 30, 2025.

In addition, A consultant has been engaged to conduct the ESG (carbon market) assessment within the year, and the remaining funds are expected to be utilized in FY 2025/2026

	June 2025	Prior Year Audited June 2024
	Shs'000	Shs'000
Opening balance	36,497	60,216
Recognized in the Year		-
Utilized in the Year		(8,392)
Management fee due from ICF	-	(51,824)
FSDK ESG Development Grant Extended in the year	-	40,000
Grant Utilized in the Year	<u>(29,048)</u>	<u>(3,502)</u>
Deferred	<u>7,449</u>	<u>36,498</u>

## 25. Right of Use-Lease Asset

The Right of Use lease asset has a balance of Kshs 107,106,000

	June 2025 Shs'000	Prior Year Audited June 2024 Shs'000
Right of Use-Lease Asset	<u>107,107</u>	<u>133,883</u>
	<b><u>107,107</u></b>	<b><u>133,883</u></b>

## 26. General Fund

	June 2025 Shs'000	Prior Year Audited June 2024 Shs'000
Opening balance	144,525	53,642
Surplus/ (Deficit) for the Period/year	150,602	(85,004)
Transfer from/(to) Staff Mortgage and Car loan fund	(40,036)	10,987
Transfer from Building Fund	<u>-</u>	<u>164,900</u>
<b>At June 30, 2025</b>	<b><u>255,091</u></b>	<b><u>144,525</u></b>

General fund represents accumulated surpluses over the years.

## 27. Capital fund

	June 2025 Shs'000	Prior Year Audited June 2024 Shs'000
At June 30, 2025	<u>27,886</u>	<u>27,886</u>

Capital fund represents the initial contribution by the Government of Kenya towards the establishment of the Capital Markets Authority.



## 28. Staff Mortgage and Car Loan Fund

	June 2025 Shs'000	Prior Year Audited June Shs'000
Opening balance	383,283	394,270
Appropriation from general fund (Note 25)	40,036	(10,987)
<b>At June 30, 2025</b>	<b>423,319</b>	<b>383,283</b>

## 29. Related Party Transactions

	June 2025 Shs'000	June 2024 Shs'000
<b>Board members of the Authority' remuneration</b>		
Honoraria	-	-
Retainer	9,000	9,000
Sitting allowances	7,685	9,765
Training expenses	1,779	2,107
Others (medical, mileage, bonus)	17,423	(6,746)
<b>Total</b>	<b>35,887</b>	<b>14,126</b>

	June 2025 Shs'000	June 2024 Shs'000
<b>ii) Key management compensation</b>		
Gross salaries	60,621	57,863
Pension-NSSF	462	5
Gratuity	13,941	4,289
	<b>75,024</b>	<b>62,157</b>

There were 7 members of senior management who served during the year (2024:7)

## 30. Refundable deposits

	June 2025 Shs'000	June 2024 Shs'000
Customer deposits	0	0
Prepayments from customers	0	0
Other deposits	179	0
	<b>179</b>	<b>0</b>

Other Refundable deposits relates to deposits paid for disposable items during the year.

### 31. Commitments

a. **Contracted for but not recognised**

Capital expenditure and recurrent expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	June 2025 Kshs'000	June 2024 Kshs'000
Capital expenditure contracted for	4,573	6,422
Recurrent expenditure contracted for	3,126	6,159
	<u>7,699</u>	<u>12,581</u>

b. Item description	Capital Kshs'000	Recurrent Kshs'000	Total Kshs'000
Microwaves, cooker & storage cabinet	164		164
Network Infrastructure upgrade	4,409		4,409
Provision of Conference Facilities to Host a Workshop on Preparatory Initiatives for Implementation of Artificial Intelligence and Big Data Infrastructure		162	162
Provision of social Media Content Creators		1,000	1,000
5-day Report Writing		135	135
Servicing of ACs		71	71
Repair of Assorted Items and Electrical Works		58	58
Enhancing awareness through the Diaspora Handbook Publication		300	300
Productivity workshop conference facilities		488	488
Conference facility for 3 pax for 3 weeks for CACM		303	303
Correspondence Management System Enhancement		224	224
Decommissioning of old AC from Data Centre to Conference Room		385	385
Total	<u>4,573</u>	<u>3,126</u>	<u>7,699</u>

### 32. Contingent liabilities

The Authority has no contingent liabilities in the period as all prior year tax penalties and interest (see note 31) for which waiver had been applied for with the Kenya Revenue Authority (KRA) have been fully reversed on the account of the amnesty provided by the Revenue Authority.



### 33. Employee costs

Employee costs	June 2025 Kshs'000	June 2024 Kshs'000
Consolidated pay, leave pay and passages	447,136	444,820
Staff uniform expenses	577	820
Staff welfare and other costs	17,570	18,731
Staff retirement benefits	60,628	58,504
	<u>525,911</u>	<u>522,881</u>

### 34. Depreciation and Amortization Expense

	June 2025 Kshs'000	June 2024 Kshs'000
Property, plant and equipment	16,599	23,049
Intangible assets	330	2,606
	<u>16,929</u>	<u>25,655</u>

### 35. Use of Goods and Services

	June 2025 Kshs'000	June 2024 Kshs'000
Rent and maintenance	43,946	44,998
Telephone Courier & Postage	4,243	5,292
Office Expenses and Utilities	12,203	9,406
Publicity and Advertising	43,104	18,720
Medical scheme and insurance expenses	45,816	37,988
Other Insurances	5,668	6,225
Training and conferences	20,953	67,824
Motor vehicle running expenses	5,352	5,886
IOSCO membership	5,462	5,065
Library Books and Periodicals	1,623	3,964
Professional and market development services	115,773	73,254
Auditor's remuneration	1,748	2,575
Investors' education and awareness programme	20,746	17,335
Tribunal expenses		9,969
Prior years' tax settlement	-	(5,369)
Provision for doubtful debts	8,494	367
	<u>335,131</u>	<u>303,499</u>

### 36. Repairs and Maintenance

p	June 2025 Kshs'000	June 2024 Kshs'000
Internet Bandwidth & Web hosting	3,953	4,567
Software Licenses & Support	22,604	15,771
Other ICT Expenses	3,833	3,032
Printing Costs	328	311
Purchase of Stationery items	1,965	2,112
Toners & Computer Consumables	1,794	2,391
Equipment & Computer Maintenance	501	1,442
Maintenance of Office Furniture & Fittings	73	272
Annual Service Maint. Contracts	13,212	11,378
Other General Office costs	838	173
	<u>49,101</u>	<u>41,449</u>

### 37. a Cash Generated From Operations-CMA

		June 2025	June 2024
	Note(s)	Shs'000	Shs'000
<b>Cash flows from operating activities</b>			
Surplus for the year		<u>304,913</u>	<u>57,564</u>
<b>Adjustments for:</b>			
Tax expense		-	(5,370)
Depreciation of property and equipment	19	16,598	23,049
Amortization of intangible assets	20	329	2,607
Deferred donor funded income	24	(29,048)	(23,717)
Gain on disposal of property and equipment	9	(4,783)	(47)
Interest income	8	<u>(34,077)</u>	<u>(73,354)</u>
<b>Operating Surplus before working capital changes</b>		<u>253,932</u>	<u>(19,268)</u>
Decrease/increase) in:			
Inventories	12	(36)	(176)
Trade and other receivables	13	(18,112)	(19,868)
Right of Use- Lease Asset	25	26,776	(133,883)
Staff loans and advances	14	(39,778)	11,831
Increase/decrease) in:			
Trade and other payables	21	18,875	68,352.00
Provision for liabilities and charges	22	(4,176)	(7,144)
Non-current provisions		<u>(24,635)</u>	<u>138,263</u>
<b>Cash generated from operations</b>		<u>212,846</u>	<u>38,107</u>
Interest received	8	34,077	73,354
Transfer to National Treasury		-	<u>(540,000)</u>
<b>Net cash generated from operating activities</b>		<u>246,923</u>	<u>(428,539)</u>

### 38. Cash Generated From Operations-ICF

	Note(s)	June 2025	June 2024
		Shs'000	Shs'000
<b>Cash flows from operating activities</b>			
Interest income	18	<u>(845,958)</u>	<u>(678,590)</u>
<b>Operating Surplus before working capital changes</b>		<u>(845,958)</u>	<u>(678,590)</u>
Decrease/increase) in:			
Trade and other receivables		(13,997)	(60,536)
Increase/decrease) in:			
ICF Fund		978,300	756,958
Provision for liabilities and charges			
<b>Cash generated from operations</b>		<u>118,345</u>	<u>17,832</u>
Interest received	18	845,958	678,590
Surplus paid			-
<b>Net cash generated from operating activities</b>		<u>964,303</u>	<u>696,422</u>



### 39. Related Party Disclosures

#### Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

#### Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has not provided any guarantees to the Authority.

Other related parties include:

- i. The National Treasury
- ii. Other Financial Regulators
- iii. Other State Corporations and Semi-Autonomous Government Agencies
- iv. Board of directors

	2025 Kshs	2024 Kshs
<b>Transactions with related parties</b>		
<b>a. Sales to related parties</b>		
Others (specify) Bond Approval fees	599,566	480,819
Salaries for seconded staff	4,399	3,876
<b>Total</b>	<b>603,965</b>	<b>484,695</b>
<b>b. Purchases from related parties</b>		
Purchases of electricity from KPLC	4,285	4,473
Training and Conference Fees paid to govt. Agencies	8,168	8,168
<b>Total</b>	<b>12,453.00</b>	<b>12,641</b>
<b>c. Grants /transfers from the government</b>		
Donations in kind	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 40. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

### 41. Ultimate and Holding Entity

The Capital Markets Authority is a Semi-Autonomous Government Agency under the National Treasury. Its ultimate parent is the Government of Kenya.

### 42. Currency

The financial statements are presented in Kenya Shillings (Kshs) and rounded in "ooo" unless where indicated.

APPENDICES:

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue/observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and Designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
During the previous year, the Authority Auditor's Report was unmodified/unqualified. There were no issues for follow up. The issue highlighted in the "Other Matter" under other Information section contained in the Auditor's opinion that was related to compliance with the Data Protection Act 2019, had already been clarified. The Authority has been compliant with the Data Protection Act 2019, since 30 <sup>th</sup> November 2023 and was certified (Identification No. 472-162F-400C) as a data controller and as a data processor.					

Chief Executive Officer



Date.....28/8/25.....

Chairman of the Board



Date.....28/8/25.....



APPENDIX II : INTER ENTITY TRANSFERS

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Others - must be specific	Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		
FSD-Kenya	See Appendix 3	Development	29,258,952.18	29,258,952.18	0	0	0	0	29,258,952.18
State Department of Trade and Investments Promotion	See Appendix 3	Others/ Reimbursement	4,398,930.4	4,398,930.4	0	0	4,398,930.40	0	8,797,860.80
<b>Total</b>			<b>33,657,882.58</b>	<b>33,657,882.58</b>	<b>0</b>	<b>0</b>	<b>4,398,930.40</b>	<b>0</b>	<b>38,056,812.98</b>

As per note 7 - Donor Fund income: The Authority received support from FSSP, and the funds were paid directly to the consultants. The indicated income is therefore generated from deferred income for FSSP-sponsored projects that were capitalized based on their completion level. There was also Support from other development partners such as FSDK during the financial year

The above amounts were confirmed based on the projects' milestones. Donor funds related to purchase of assets are treated as deferred income and allocated to statement of financial performance income over the useful lives of the related assets while grants related to expenses are treated as donor fund income in the income statement.

Senior Manager Accounting & Finance

Capital Markets Authority

Sign 

**KEY:**

FSSP : Financial Sector Support Project : This was a World Bank funded project that strengthens the legal regulatory and institutional environment for improved financial stability.

**APPENDIX III: RECORDING OF TRANSFERS FROM DONORS**

ENTITY NAME: CAPITAL MARKETS AUTHORITY			
Break down of Transfers from Donors			
FY 2024/2025			
<b>a.</b>	<b>Reimbursements for Capacity building Technical Costs.</b>		
		<b>Transaction Description</b>	<b>Amount (Kshs)</b>
			<b>Indicate the FY to which the amounts relate</b>
	Islamic finance World Bank funded training 24th-28th February 2025- Malaysia	Cost Paid Directly	182,302.16
			2024/2025
			<b>182,302.16</b>
<b>b.</b>	<b>Other Payments- Reimbursement</b>		
	<b>Details of the Payment</b>	<b>Transaction Description</b>	<b>Amount (Kshs)</b>
	Reimbursements for State Department of Trade and Investments Promotion Seconded Staff	Reimbursement of costs incurred for seconded Staff	4,398,930.40
			2024/2025
			<b>4,398,930.40</b>
	Donor Funded- ESG Activities by FSDK Kenya	Contra-Donor Funded Expenses and Donor Funding income	29,258,952.18
			2024/2025
		<b>Total</b>	<b>29,258,952.18</b>
		<b>GRAND TOTAL</b>	<b>33,840,184.74</b>



APPENDIX IV: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting in line with the achievement of 15 billion trees by 2032.	Tree planting in Sergoit Forest in Kericho County	Increase Forest Cover by planting 1 million Trees	Tree Planting	0	0	0	19,000,000.00	A-I-A	Kenya Forest Services

**APPENDIX V: REPORTING ON DISASTER MANAGEMENT EXPENDITURE**

Programme	Sub-programme	Disaster Type	Category of disaster related expenditure (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
		Fire & Special Perils	Mitigation	Insurance Premium	181,182	





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