

**THE CAPITAL MARKETS AUTHORITY
(AMENDMENT) ACT, 1994**

No. 10 of 1994

Date of Assent: 5th January, 1995

Date of Commencement: 27th January, 1995

**AN Act of Parliament to amend the Capital Markets
Authority Act**

ENACTED by the Parliament of Kenya, as follows:—

1. This Act may be cited as the Capital Markets Authority (Amendment) Act, 1994. Short title.
2. Section 11 of the Capital Markets Authority Act, in this Act referred to as the “the principal Act”, is amended—

 - (a) in subsection (1) by inserting the following new paragraph immediately after paragraph (a)—

 - (b) to facilitate the existence of a nationwide system of stock brokerage services so as to enable wider participation of the general public in the stock market.
 - (b) by renumbering the existing paragraphs (b), (c) and (d) as (c), (d) and (e) respectively.

Amendment of section 11 of Cap. 485A.
3. Section 12 of the principal Act is amended in subsection (1) by inserting the following new paragraph immediately after paragraph (d)—

 - (e) the procedure for the participation of foreign investors in the Stock Market.

Amendment of section 12 of Cap. 485A.
4. Section 20 of the principal Act is amended—

 - (a) in subsection (2) by deleting paragraph (a) and inserting the following new paragraph—

 - (a) that the applicant is a limited liability company incorporated under the Companies Act, whose liability is limited by guarantee;
 - (b) by inserting the following new paragraph immediately after paragraph (a)—

 - (b) that the applicant’s board of directors is constituted in accordance with subsection (3);

Amendment of section 20 of Cap. 485A.

(c) by renumbering the existing paragraph (b) as paragraph (c);

(d) by inserting the following new subsections immediately after subsection (2)—

(3) The board of directors of a securities exchange shall comprise—

(a) five persons elected from amongst the brokers and dealers who are members of the securities exchange;

(b) two persons elected by the members of the securities exchange to represent listed companies;

(c) three persons who have knowledge and experience in investments, appointed by the securities exchange with the approval of the Authority, to represent individual investors, institutional investors and the general public; and

(d) the chief executive of the securities exchange.

(4) The directors of a securities exchange other than the chief executive shall elect a chairman from amongst themselves.

(5) The function of the board of directors of a securities exchange shall be the over-all administration of the stock exchange.

5. Section 29 of the principal Act is amended—

(a) in subsection (1) by renumbering paragraphs (b), (c), (d) and (e) as (a), (b), (c), and (d) respectively and inserting the following new paragraphs immediately after paragraph (d)—

(e) that the applicant has the necessary administrative capacity to carry on business solely as a broker or dealer;

(f) in the case of an application for a broker's licence, that the applicant shall carry on business solely on behalf of clients;

(g) in the case of an application for a dealer's licence, that the applicant shall carry on business solely on the applicant's own behalf.

(b) by deleting subsection (2) and inserting the following new subsections—

(2) A licensed broker or dealer may, on payment of the admission fee approved by the Authority, be admitted as a member of the securities exchange.

(3) A broker or dealer whose licence is not renewed under section 25, or whose licence is revoked under section 26 shall forthwith cease to be a member of the securities exchange.

6. Section 31 of the principal Act is amended in subsection (6) by inserting the words "or transfer" immediately after the word "sell".

Amendment
of section 31
of Cap. 485A.

7. (1) Notwithstanding the provisions of any other written law, a securities exchange existing at the commencement of this Act whose liability is not limited by guarantee shall, within ninety days of the commencement, incorporate in its name a limited liability company under the Companies Act whose liability is limited by guarantee, pursuant to the requirements of subsection (2) (a) of section 20.

Transitional
provisions.

Cap. 486.

(2) A company incorporated under subsection (1) shall be the successor to the securities exchange existing at the commencement of this Act which shall for all purposes be deemed to be dissolved and subject to this Act, all rights, duties, obligations, assets and liabilities of the securities exchange existing at the commencement of this Act shall be automatically and fully transferred to the company and any reference to the securities exchange in any contract or document shall for all purposes be deemed to be a reference to the company incorporated under subsection (1).

(3) A securities exchange existing at the commencement of this Act whose board of directors is not constituted in the manner prescribed in subsection (3) of section 20 shall, within

No. 10*Capital Markets Authority (Amendment)***1994**

ninety days of the commencement, reconstitute its board of directors in accordance with that subsection.

(4) A securities exchange which does not comply with the provisions of this section shall forthwith cease to be an approved securities exchange for the purposes of the Act.