

CAPITAL MARKETS AUTHORITY

INTEGRATED REPORTING WORKSHOP

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Background of CMA

- ▶ CMA is a statutory institution established in 1989 via an Act of Parliament
- ▶ Reports to The National Treasury
- ▶ Prime responsibility - regulating and facilitating the development of orderly, fair and efficient capital markets in Kenya.
- ▶ Vision – A proactive regulator of a competitive and robust capital market
- ▶ Mission - To promote the development of Kenya's capital market to be an investment destination of choice through facilitative regulation and innovation.

The Capital Markets Master Plan

- ▶ It's a comprehensive plan that charts the development of the Capital markets in the next ten years
- ▶ It's a crucial guide to realize our vision to become *"The Heart of African Capital Markets"*
- ▶ Its one of the flagship projects for the Financial Services Sector under MTP II of Vision 2030
- ▶ It was developed and now being implemented through wide stakeholder involvement

Snapshot of the CMMP

Centres of Excellence

Pillars

Building blocks

Focus areas

I Support developmental and economic transformation

1 Domestic market
accessibility and prosperity

Stimulate devolved domestic prosperity

Address devolution funding needs

Enhance consumer education and literacy

2 Gateway for regional and
international capital flows

Leverage East Africa as an integrated market

Capital market financing for Kenya's core strengths

3 Providing access to
international financial
markets

Alignment with NIFC

Advocate for an attractive business environment

Establish and develop international linkages

II The infrastructure of the markets

4 Deeper, more liquid
domestic markets

Enhance securities markets

Develop commodities and derivatives market

5 International-standard
market infrastructure

Enhance depository and settlement infrastructure

Develop clearing house infrastructure

6 Institutional and capacity
building initiatives

Develop and retain professional talent

III The legal and regulatory environment

7 Sound, responsive regulation
and legal frameworks that
inspire confidence

Strengthen and streamline financial regulation

Restructure legal framework for regulation

Build capacity of capital market regulators

8 Improved corporate
governance and financial
reporting

Strengthen and enforce corporate governance standards

Adhere to international reporting and disclosure standards

9 Innovative, open and
competitive environment

Open access to market infrastructure

Liberalise fee structure

Involve the Competition and Consumer Protection Authorities

Commodities
derivatives
- Agriculture
- Energy
- Min/Metals

Construction
& real estate
development

Technology
services &
financial
inclusion

Infrastructure
finance
(physical)

Financial
services

- Islamic finance
- Asset
management
- Financial
derivatives



CMMP –Cont'

- ▶ Financial Reporting is anchored under the pillar on Legal and Regulatory Environment
- ▶ The pillar envisages measures and actions that will improve corporate governance and financial reporting.
- ▶ A sound financial market is critically dependent on sound corporate governance and reliable and transparent financial reporting.
- ▶ Without this, a market is unlikely to develop or attract foreign interest.

CMMP Cont'

- ▶ Issuance of misleading financial reports can cause enduring reputational damage to any capital market, which can be a challenge to reverse.
- ▶ There needs to be confidence that financial reports reflect the true and fair view of a company's affairs in line with IFRS

Provisions in the Regulations

- ▶ **Public Offers Regulations – all companies intending to issue securities in Kenya must have prepared their Financial statements in line with IFRS**
- ▶ **Same for issuance of debt securities**
- ▶ **Any deviations with IFRS should be disclosed in the IM's**
- ▶ **Continuous reporting- Financial statements MUST comply with IFRS**

Provisions in the Regulations

- ▶ This includes any interim accounts produced by the companies
- ▶ CFO's must be members of ICPAK
- ▶ Board Audit Committee members to have some accounting background

Regional Collaboration

- ▶ EASRA Initiatives
- ▶ Harmonization of Supervisory frameworks
- ▶ All EAC countries apply IFRS
- ▶ Discussions on regional awards on good financial reporting



Collaborations

- ▶ A coordinated effort by all players is key
- ▶ CMA works with ICPAK to ensure sound financial reporting in the Capital markets – embedded in the CMMP
- ▶ CMA relies a lot on Auditors who are members of ICPAK
- ▶ CFO's need to be members of ICPAK- rely on ICPAK

Collaborations

- ▶ Joint workshops for our market intermediaries
- ▶ Sponsoring the Fire Award
- ▶ Policy formulation and stakeholder engagements
- ▶ Fit and proper reference Checks
- ▶ Other regulators in Kenya and Globally

THANK YOU!