



Corporate Performance Risk Management Report

[For October - December (Quarter 2),2019-2020]

Background

The main objective of the established Enterprise Risk Management (ERM) framework is to ensure alignment of strategy, processes, people, technology and funds in order to identify, evaluate and manage opportunities, uncertainties and threats in a structured and disciplined manner and geared towards achieving strategic objectives.

As part of the reporting requirements contained in the Risk Management Policy and Procedures, Management is mandated to report on a periodic basis to the Board on the extent of implementation of risk management strategies. This report presents progress made in the implementation of risk mitigation strategies established under the Enterprise Risk Management Framework that was adopted by the Board in August 2017. Presented below is the risk assessment and ranking methodology adopted;

Risk Impact Rating And Score

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

Opportunity Impact Rating And Score

Insignificant 1	Minor 2	Moderate 3	Major 4	Transformational 5
An opportunity that if it materializes would have no noticeable effect on the achievement of the targets set.	An opportunity that if it materializes would yield a small cost and/or schedule saving to an activity, project or department	An opportunity that if it materializes would yield a moderate cost and/or schedule savings and would enhance the achievement of important requirements	An opportunity that if it materializes would yield a major cost and/or schedule savings and would greatly enhance the achievement of important and secondary requirements	An opportunity that if it materializes would greatly transform the strategic impact of the Authority and the continued realization of its strategic mandate.

Risk/ Opportunity Likelihood Rating and Score

Probability	Description	Risk Score	Opportunity Score	Consideration
Almost Certain	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
Highly Likely	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
Likely	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
Unlikely	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
Rare	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				

Risk Treatment Decision

Overall Score	Overall Rating	Risk Treatment Decision
20-25	Very High	Extensive management essential
10-16	High	Management effort required
5-9	Medium	Management effort worthwhile
3-4	Low	Risk may be worth accepting while monitoring
1-2	Very Low	Accept

Overall Opportunity Rating							Opportunity Treatment Decision		
Impact	Transformational 5	5	10	15	20	25	Overall Score	Overall Rating	Opportunity Treatment Decision
	Major 4	4	8	12	16	20	20-25	Very High	Extensive management effort essential to harness opportunity
	Moderate 3	3	6	9	12	15	10-16	High	Management effort required to actualize opportunity
	Minor 2	2	4	6	8	10	5-9	Medium	Management effort worthwhile to pursue opportunity
	Insignificant 1	1	2	3	4	5	3-4	Low	Opportunity worth monitoring
		Rare 1	Unlikely 2	Likely 3	Highly Likely 4	Almost Certain 5	1-2	Very Low	Opportunity worth noting
		Likelihood							

Detailed Activities With Corporate Risks:

NO	Strategic Objective	Strategic Outcome	Strategic KPI	Departmental Objective	Related Risk/s	Activity Description	Department	Departmental Activity KPI	Activity Performance Update
1	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To secure ICT systems, Applications and Data	Cyber security threats 20	Implement Multi-Factor Authentication (MFA) on the remote access VPN 25 %	ICT	Use of two-factor authentication on remote access VPN by March 2020 Use of two-factor authentication on web-based systems by March 2020	Installed a Proof of Concept (PoC) for the RSA SecurID mutli-factor authentication Configured multi-factor authentication on the remote access VPN and erp.cma.or.ke online portal Conducted a demo to the Chief Executive on the implemented PoC No update for the quarter

2	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Proactively engage the Ministry of Education to achieve the necessary reforms to enable greater access to capital market education 80 %	IEPA	Continuous engagement conducted and demonstration of a progress report from KICD showing impact	KICD has developed a report that was shared to the JFSR in Malindi regarding the competency based curriculum progress. A workshop organized by KICD and attended by JFSR (including CMA) was held in November 2019 in Naivasha as the next phase to streamline curriculum content for junior secondary. Further, the Authority participated in a forum held in December 2019 organized by the KICD to sensitize stakeholders on the new Competency Based Curriculum.
									1. Successful bidder awarded the tender to supply and install the

								Information Repository and Business Intelligence system by the PIU 2. Contract negotiations on going between the successful bidder and the PIU 3. Contract between the National Treasury and the successful bidder Attain Enterprises has been executed 4. Vendor mobilizing resources on their end. 5. CMA-ICT, Attain and Sciencesoft teams met various user departments to gather requirements. 6. Feedback on the Creation of an intelligent Folder Structure collected from Various Departments. 7. Provision of a development
3	Leveraging technology to drive efficiency in the capital markets value chain	-> Institutional Service Delivery, Operational Efficiency and Sustainability	To initiate the implementation of KMIT Strategy 2019-23Operationalize KMIT Strategy 2019-2023.	Obsolescence of server hardware equipment and systems software at the Authority 25	Acquire and install a Information Repository and Business Intelligence system 35 %	ICT	1. Requirements gathering and design by October 2019 2. Installation of the Information Repository and Business Intelligence system by November 2019 3. Setup and configuration of the Financial analysis tools and upload of the portal and market participant components by February 2020	

								Environment for System completed. 8. Sciencesoft Technical team granted Access to the Test Environments of potential Datasources. 9. Review of the Functional Requirements(FR D) document from the Vendor ongoing.
4	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To secure ICT systems, Applications and Data	Cyber security threats 20	Installation of CCTV in strategic locations 70 %	ICT	<p>1. Development of the Terms of Reference (TORs) by December 2019</p> <p>2. Acquisition of the CCTV equipment by February 2020</p> <p>3. Installation of the CCTV system by April 2020</p> <p>1. Conducted evaluation of the submitted tenders for the supply and installation of CCTV system 2. Next Technologies was the best evaluated bidder 3. Next Technologies was awarded the contract to supply and install the CCTV system</p>
								1. Contract for the supply of the hardware infrastructure and

								associated components has been signed between the National Treasury and the successful bidder Computech Limited. 2. Contract for the supply of the operating system software, email and system databases has been signed between the National Treasury and the successful bidder Attain Enterprise Solutions. 3. The hardware and software upgrade projects with the Computech Limited and Attain Enterprises respectively were initiated. 4. Review and acceptance of the respective project plans was conducted. 5. Development of the low-level
5	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability	To increase automation levels of internal processes through infrastructure, system and applications upgrades	<p>Obsolescence of server hardware equipment and systems software at the Authority 25</p> <p>Opportunity to replace all the obsolete rack-based servers 20</p>	<p>Conduct hardware and software server and application upgrades 40 %</p>	ICT	<p>1. Delivery of the respective softwares by October 2019 2. Delivery of the hardware storage system by October 2019 3. Installation of the hardware infrastructure by December 2019 4. Installation and upgrades of the softwares by February 2020</p>	

								design documents was initiated for both hardware and software 6. Electrical works for the installation of the new UPS system were also conducted. 7. Software Licenses delivered to CMA and all are available on the volume license portal
6	To ensure a robust, facilitative and responsive policy and regulatory framework for capital market development and efficiency	-> Supervision, Stability and Governance		To identify and provide feedback on evolving market trends that may necessitate changes to policy and regulatory framework.	Low business of licensed entities. 25 Collapse of a Collective Investment Scheme. 20	Support the GIPS implementation committee, for the adoption of GIPS standards by Fund Managers through engagement with stakeholders and give recommendations on areas of review in the CIS Regulations. 50 %	MS	1. Implementation of Global Investment Performance Standards (GIPS) across fund management. 2. Full participation in the review of the CIS Regulations. The GIPS implementation committee is holding a 5-day retreat in January 2020 to discuss elements of the GIPS standards to be adopted by fund managers

7	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Investigate effectively for enforcement and effective enforcement through fair process leading to proportionate and dissuasive enforcement sanctions	Lack of adequate number of resources 20	Initiate enforcement action within 14 working days of applicable approval and expeditiously finalize enforcement proceedings and take action in accordance with the Fair Administrative Actions Act 100 %	IE	Period to initiate and complete enforcement action	During the quarter, achieved average turn around of 13.3 days, against target of 14 days.
8	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Investigate effectively for enforcement and effective enforcement through fair process leading to proportionate and dissuasive enforcement sanctions	Lack of adequate number of resources 20	Resolution of public complaints and quarterly regulatory reports to Commission on Administrative Justice 50 %	IE	100 % resolution and timely submission of reports to Commission on Administrative Justice	The Quarterly Report for October - December 2019 has been finalized and forwarded to CAJ.

9	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Low business of licensed entities. 25 Regulated entities engaging in unlicensed/new business lines without prior regulatory approval and emergence of new business lines in the Capital Markets space without prior regulatory approval 25	Carry out risk assessment for all intermediaries twice in the year with updates throughout the year. 50 %	MS	Carry out risk assessment for all intermediaries twice in the year with updates throughout the year.	First risk profiling exercise for the financial year carried out in August 2019 with the second scheduled for Feb 2019
10	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Regulated entities engaging in unlicensed/new business lines without prior regulatory approval and emergence of new business lines in the Capital Markets space without prior regulatory approval 25	Carry out routine, ad hoc or thematic inspections and conduct pro-active follow-up on issues including offsite monitoring. 80 %	MS	Inspections – onsite and offsite	1) Inspections conducted in October - Nov 2019 2) Next inspections scheduled for April- May 2020 1) Inspection reports and feedback concluded 4) Adhoc inspection carried out on Stanlib in Oct 2019

11	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Trading, Clearing and settlement systems upgrade at NSE and CDSC 20	Assess the two systems and advise on their suitability for approval for go-live by the Authority. 100 %	MS	Assessment of the NSE upgraded ATS and CDSC Perago System	The new systems at CDSC and NSE successfully went live in October 2019
12	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Provide effective oversight of capital markets institutions, operations and infrastructure.	Inadequate capacity within MSD 20	Continuously conduct training needs assessment and implement L&D program. 50 %	MS	Aligned staff competency with changing operating environment	The MS Department is continuously conducting training needs assessment and implementing the L&D program.
13	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To secure ICT systems, Applications and Data	Cyber security threats 20	Develop a Cybersecurity framework for the Authority 20 %	ICT	1. Draft implementation of the cybersecurity framework by December 2019. 2. Review of the cybersecurity framework by management by January 2020. 3. Review, approval and adoption by the board by March 2020 4. Staff sensitization of the Cybersecurity framework by June 2020	No update for the quarter

14	Leveraging technology to drive efficiency in the capital markets value chain	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To initiate the implementation of KMIT Strategy 2019-23Operationalize KMIT Strategy 2019-2023.	Obsolescence of server hardware equipment and systems software at the Authority 25	Re-engineer business processes to enhance data capture on existing systems for future analytics 20 %	ICT fhgfh	1. Continuous review of the workflows and business processes has started so as to determine the re-engineering process 2. Developed the low level design documents that will guide in the upgrade of the ERP and RBSS systems 3. Design of the de-coupling of the ERP and RBSS databases
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15	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To act as gate keepers in ensuring that compliant firms and products are admitted into the capital markets leading to sound institutions and operations	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	To co-ordinate the review and approval of applications within set timelines 100 %	CA	100% compliance with set timelines	i) The turnaround time for issuance of licenses is 25 days ; the turnaround time achieved for this quarter was 9 days) ii) The turnaround time for approval of issue of securities and private transfers is 14 days; the turnaround time for this quarter was achieved in 4.71 days hence an over achievement ii) Approval of corporate actions ought to be achieved within 7 days , the days achieved was 1 day
16	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To enhance adherence and enforcement of sound financial reporting standards and continuous reporting obligations	Failure by government majority owned listed companies to submit and publish audited financial statements 20	To review compliance by issuers of securities and market intermediaries with the continuous reporting obligations. 90 %	CA	Ensure 100% of firms comply with continuous reporting obligations	All reviews due in the quarter were done

17	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To facilitate approval of notifications and announcements by listed companies and licensed entities	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	To facilitate the approval of announcements of material changes in listed companies 100 %	CA	100% compliance with set timelines	The turnaround times for announcements and advertisements is 1 day; announcements were approved within a day as per the timelines.
18	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance -> Supervision, Stability and Governance	->Adoption of GIPS by at least 30% of licensed fund managers.	To act as gate keepers in ensuring that compliant firms and products are admitted into the capital markets leading to sound institutions and operations	Yield driven investment decisions by fund managers without due regard to quality of the investment 20	Investigate the appetite and requirement to implement GIPS across the fund management industry 45 %	CA	Adoption of GIPS by at least 30% of licensed fund managers.	Specific aspects of the GIPS are being compiled to be considered in the revision of the Collective Investment Scheme regulations. The TORs for consultant for CIS regulations has already been drafted
19	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To continuously engage with identified potential issuers of securities by DRPS including private equity firms, banks, Government entities, Public Private partnerships	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	To engage with various stakeholders and potential issuers identified by DRPS to facilitate market deepening 90 %	CA	Number of meetings with potential applicants identified with DRPS	Engagements were held with a few potential applicants in the quarter

20	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To continuously engage with identified potential issuers of securities by DRPS including private equity firms, banks, Government entities, Public Private partnerships	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	Hold pre review meetings with applicants 80 %	CA	Number of meetings with applicants (20 meetings by June 2020)	More than four pre review meetings were held in the quarter
21	Leveraging technology to drive efficiency in the capital markets value chain	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Internally leverage Information, communication and technology to enhance efficiency and service delivery	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	Advanced Financial Analysis System Implemented 39 %	CA	To commence implementation of Advanced FA system	The consultant is expected in the authority from October 28th to November 8th for Business Intelligence and Data Repository project requirement gathering schedule

22	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To operate a controlled ICT environment through appropriate Policies and Governance	Failure of 3rd party ICT service providers 20	Maintain and manage maintenance contracts and service level agreements (SLA's) for the respective ICT services 75 %	ICT	1. Maintenance contracts for the respective ICT services in place	1. Executed the maintenance contract for the CMA Intranet and Correspondence Management System 2. Awarded the maintenance contract for Fire suppression for the CMA datacenter. Contract review currently being undertaken by the Legal department
23	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To act as gate keepers in ensuring that compliant firms and products are admitted into the capital markets leading to sound institutions and operations	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	To review applications submitted for admission to regulatory sandbox. 100 %	CA	100% compliance with policy guidance note	Three firms were admitted in the quarter that is Genghis, Wezesha and Inova

24	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To provide sufficient Human Resources to deliver the strategic plan	Ineffective succession planning 20	Recruit critical positions to address skills gaps 40 %	HCA	Staff competency aligned with the strategic plan	Critical positions have been identified for filling upon approval of the structure and accordingly included in budgetary proposals for 2020/2021.
25	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To provide sufficient Human Resources to deliver the strategic plan	Delayed approval of Human Resource Instruments 25	Align the new Organizational structure to the CMA Act and Strategic Plan to facilitate external approval 40 %	HCA	Staff competency aligned with the strategic plan	HR Instruments were submitted to State Corporation Advisory Committee for review and approval.
26	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To promote innovation and regulatory sandbox uptake	Sub Optimal Uptake of Capital markets products and services 20	Enhance uptake of the Regulatory sandbox platform 50 %	MD	Five (5) FinTech admitted to the test environment under the regulatory sandbox.	Authority engaged the Association of SMEs and Enablers Kenya as well as ILAB to support the usage and the development of Capital market related innovations
									<ul style="list-style-type: none"> The Authority in conjunction with the Ministry of Devolution organized three-

27	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening	To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Engage the National Treasury to leverage REITs, ABS to finance big-ticket development projects touching on the Big 4 agenda 30 %	MD	Engage State Department for Housing and Urban Development, and KMRC to utilize capital markets for funding Engage KWPF TO fast-track the Issuance of the Pooled Water Fund ABS	day breakfast sessions targeting Investment Banks, Fund Managers and Trustees, Insurance Firms and SACCOs between 18th and 20th September 2019 at Laico Regency Nairobi. The workshop provided a forum for brainstorming on the role of the private sector in financing public infrastructure projects by Kenyan Cities and subsequent development of a sub-national finance market in Kenya. • On 20 December 2019, the Authority being part of the National Treasury and Planning National Sovereign Green Bond Steering Committee,
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								participated in the first committee meeting. The National Treasury constituted the Committee during the quarter and aims to support the National Treasury in the development and building of requisite structures, policy guidelines and framework to tap into the newly emerging Green Bond Market. It is upon this background that the National Treasury developed the Kenya Sovereign Green Bond Framework
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28	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To support effectiveness of projects within the Authority.	Poor Project development, roll out and management 20	Integration of CMA's Market Surveillance System (MSS Capizar) to the upgraded automated trading system, development of system specifications & procurement of a multi-asset surveillance system. 35 %	SRPT	To support effectiveness of projects within the Authority.	1. In December 2019, Infotech Middle East FZ-LLC the vendor for the Authority's MSS Capizar system was able to install a working solution of the integrated system to ATS and CDS systems. User Acceptance Testing (UAT) shall commence in January 2020. 2. FSVC are at the tail end of finalizing the inception report and workplan. In Q3, they are expected in the country for the next visit to complete the specifications of the system and commence the procurement process for the same.
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29	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Participation in the Spelling Bee Championships by including capital markets terminology 100 %	IEPA	Number of capital markets and financial terminology used during the Spelling Bee Championships	Made a presentation at KTN to students. Provided a comprehensive list of capital markets documents for purposes of selecting words to be used during the spelling bee championship. The competition concluded in November 2019 and the report shared with the Authority.
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30	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Enhance Strategy implementation and Performance Evaluation	Continuous monitoring of PPRMIS to track implementation of the Authority's Strategic papers & projects and monitor risks 20	Precise Monitoring and Evaluation to ensure completion of activities within department and team's work plans; Resource planning and alignment and Risk monitoring 50 %	SRPT	85% completion of the workplans by June 2020	The department conducted precise Monitoring & Evaluation in the period under review and is will work committedly to ensure: completion of activities within department and team's work plans; proper resource planning and alignment and Risk monitoring
31	To ensure a robust, facilitative and responsive policy and regulatory framework for capital market development and efficiency	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Finalization and validation of the White Paper to inform and lead discussions of development of a National Consumer Financial Education Policy and Strategy with respect to capital markets in Kenya 85 %	IEPA	White paper on a national consumer financial education strategy in place	Arrangements for presentation of the White Paper to WG1 in progress following incorporation of comments from CNF as well as from the CE.

32	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Decreased level of investor protection due to low levels of financial literacy and capability 20	Enhance awareness and protection of investors by leveraging technology 80 %	IEPA	At least two testimonial campaigns	Developed infographics and content on Facebook as a result of the dealings with Interweb Global Fortune Developed and WIIE Public Offering. RFQs for Testimonial production services and the quotations were received and the process restarted due to challenges. Held a live facebook chat in October 2019. Conducted a Scavenger Hunt competition on the resource centre portal . Development of e-brochures in progress. White paper reviewed by CE awaiting WG1. CPD launched and providers accredited.
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33	Enhancing strategic influence	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Organize a forum for Judges , Magistrates and legal research analysts in collaboration with the JFSR 40 %	IEPA	Completed forums	Forum for Judges and Magistrates not held in November 2019 as scheduled due to challengers at the Judiciary. CMA awaiting communication of new date for the event.
34	Enhancing strategic influence	-> Optimal Product and Services Uptake and Market Deepening		To enhance capacity for intermediaries to not only provide services at a-standardized homogenous high level but to also be the 'last leg' of our investor education outreach programmes.	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Put requisite structures to operationalize the securities industry CPD in Kenya 100 %	IEPA	40% of the certified market players undertaking the CPDs	1) MOU signed with ICIFA. 2) Stakeholders and CMA staff sensitized on the CPD Policy 3) CPD circular issued to intermediaries 4) CPD service providers circular issued to intermediaries Full CPD implementation expected in 2020 calendar year.

35	Leveraging technology to drive efficiency in the capital markets value chain	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To support effectiveness of projects within the Authority.	Poor Project development, roll out and management 20	Development of a Project Management Module on PPRMIS and rollout of the project management module and refresher training to staff on the Project Management Guidelines 10 %	SRPT	Automation of the project management process by June 2020	The Project Management Module is meant to be prioritized in Q3 The refresher training to staff on the project management guidelines will be carried out together with the proposed staff training sessions for Performance & Risk and the Strategic Plan to be executed collectively in February 2020.
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36	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Enhance Strategy implementation and Performance Evaluation	Continuous Monitoring of the CMMP Portal to track implementation of the Master Plan 25	Provide: Logistical support to the CMMP working groups; technical support to the CMMP working groups and continuous review and update of the CMMP portal 60 %	SRPT	100 % implementation of 2019-2020 CMMP work plan	The CMMP secretariat met on 27th November and has been reorganized with revised TORs. The portal was continuously reviewed with the latest updates being made in December. Other activities being undertaken include ; Research paper on Market fee liberalization & paper on market making for equities ; Proposed initial draft amendment to the Central depository Act to support Omnibus trading in Kenya; Development of policy framework to support County financing after NT feedback on report.
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37	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To improve efficiency and effectiveness of the Authority's operations in project management.	Burnout caused by juggling many projects and Authority activities.. 25	Collation of all projects and information of all resources allocated to all the projects & prepare a report to advise on resource balancing within the Authority 50 %	SRPT	Review assignments to different projects within the Authority and advise resource balancing by December 2019	Resource balancing reporting has been ongoing this quarter due to the on boarding of 4 ICT projects running in concurrence with other projects within the Authority.
38	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Enhance Strategy implementation and Performance Evaluation	Poor Project development, roll out and management 20	Develop and Implement a corporate and cascaded performance measurement framework. 25 %	SRPT	Cascaded corporate performance measurement framework by June 2020	The development of the cascaded performance measurement framework is still ongoing. This was reprioritized to Q3 of the year due to competing priorities.

39	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Trading, Clearing and settlement systems upgrade at NSE and CDSC 20	Facilitating the vendor Infotech to ensure completion of integration before the new NSE / CDSC systems go live. 90 %	MS	- Surveillance reports - Market intelligence database - Exception reports on market abuses	NSE / CDSC systems successfully went live in October 2019 and integration successful. The user acceptance tests are ongoing to ensure that the system meets all expectations prior to releasing the vendor from the contract.
									3 applicants (Pezesha - internet-based crowdfunding, Innova - cloud-based data analytics and Genghis - mobile unit trust) already admitted to the Regulatory Sandbox as at Quarter ended Sep 2019. Two other Firms Belrium and Pyypl have been given no objections to develop the

40	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening	To promote innovation and regulatory sandbox uptake	Leverage the Regulatory Sandbox and Fintech to develop innovative and transformative capital markets solutions	To review applications submitted for admission to regulatory sandbox. Enhance uptake of the Regulatory sandbox platform. Propose new and innovative capital markets products and services	MD	Five (5) FinTech admitted to the test environment under the regulatory sandbox.	product and the related infrastructure before their admission to the Regulatory Sandbox. The SRC is finalizing on a few outstanding issues to support the exit of Genghis Capital Limited from the Regulatory Sandbox following the successful testing of Gencap Wekeza Mobile Unit Trust product also known as 'Mali' during a nine-month testing period. The testing was done in collaboration with Safaricom Limited. Consequently, the Authority has granted a 'letter of no objection' to the licensed Investment Bank, to roll out the product at
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								commercial scale to the open market.
								<ul style="list-style-type: none"> • The Authority in conjunction with the Ministry of Devolution organized three-day breakfast sessions targeting Investment Banks, Fund Managers and Trustees, Insurance Firms and SACCOs between 18th and 20th September 2019 at Laico Regency Nairobi. The workshop provided a forum for brainstorming on the role of the private sector in financing public infrastructure projects by Kenyan Cities and subsequent development of a sub-national finance market in Kenya. • On 20 December 2019,

41	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening	To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Engage the National Treasury, strategic partners such as Ministry of Housing and Planning, potential issuers in leveraging REITS and ABS to finance big ticket development projects touching Big 4 Agend 50 %	MD	Number of Big 4 agenda Related issuances in capital markets	Authority participated as a Presenter, Panelist and Exhibitor at the ISK Regional Conference held at Radisson Blu Upperhill between 13th to 15th November 2019. The workshop was themed The Land & Property Sector: Advancing Sustainable Development. The Authority provided insights on Unlocking New Frontiers in Real Estate Investments with REITS as a tool of modern Real Estate Agenda in Kenya. The Authority is collaborating with the Exchange and RAK to organize a National REITs conference in Q3. • The Authority held a meeting with the Ministry of
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Mining on 15th November 2019 to deliberate on the draft Mining Local Equity Participation) Regulation 2019. This is expected to support listings by Petroleum and Mining Related companies at the Stock Exchange. • The Authority participated as a facilitator and exhibitor at the Kenya Institute of Planners Workshop on 4 to 8 November 2019 at the Diani Reef Beach Resort and Spa Kwale. The Workshop was themed unoccupied mansions and the Authority and presented on mobilizing capital for implementation of Capital Investment

							Plans. • The Authority participated as a facilitator at the Cytonn Asset Managers Trustee Training on 3rd to 4th October 2019 at Sarova White sands Mombasa. The workshop was themed Maximizing Pensions Returns through Alternative Investments and CMA presented on the role of Pension Funds in Deepening Capital Markets.
							The Authority engaged National Treasury & Planning on the FSD (Africa) submitted terms of reference (TORs) for a consultancy to draft a harmonized National Policy on Islamic Finance on

42	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To support strategies to promote issuances and enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20 Delayed business decision-making by potential issuers and market organizers to come to market 20	Engage the National Treasury, Vision 2030 Delivery Secretariat and other stakeholders to activate the use of Islamic Capital Markets Products and Services to support government infrastructure 30 %	MD	Number of Islamic Finance issuances supporting Government infrastructure	4th November 2019. As a result, National Treasury & Planning communicated to FSD (Africa) requesting for amendments to the TORs prepared by FSDA to incorporate requirements that among others, TNT & Planning will be the one to sign-off on satisfactory delivery of all the TOR provisions. The Authority is awaiting a concurrence of the FSDA and TNT & Planning before facilitating progress towards drafting the National Policy document.
									The Authority participated in the launch of the PE investing guide on

43	To ensure a robust, facilitative and responsive policy and regulatory framework for capital market development and efficiency	-> Supervision, Stability and Governance -> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Engage the East Africa Venture Capital and Private Equity Association (EAVCA) on necessary reforms and modalities for its members to enter the mainstream capital markets 45 %	MD An MOU with EAVCA in place Identified, reviewed and addressed challenges hindering PE exits through the Capital markets Policy Guidance Note to SRO Recognition of EAVCA Policy support to enhance early operationalization of LP Act	15th October 2019. The investing guide provides baseline guidance on the review of PE asset classes. The Authority concurrently submitted policy proposals to the National Treasury to empower the Authority to regulate private equity and venture capital even as they aim to apply the newly issued investing guide. The Authority is also working towards the development of a Policy Guidance Note on Private Equity towards the establishment of a recognition and registration regime for Private Equity in the Capital Markets and the institution of an MOU with
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									EAVCA to support market-deepening initiatives.
44	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations and meetings with Kenya Water Pool Fund to fast-track the Issuance of the Pooled Water Fund ABS 30 %	MD	ABS issuance by June 2021	Initial engagements with KWPF scheduled for Q3
45	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Quarterly consultations and meetings with Kenya Association of Stock Brokers and Investment Banks on industry strategies to ramp up capital markets products uptake 50 %	MD	Reactivated brokerage and investment banking activity in capital markets Identified, reviewed and addressed challenges hindering uptake of capital markets products and services by KASIB members	Engagements ongoing

46	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations and meetings with Association of Collective Investment Schemes on industry strategies to ramp up capital markets products uptake 25 %	MD	Increase in CIS activity and interest Number of new CIS licenses	Initial discussions held with Chairperson ACIS, Stakeholder engagement targetted for Q3
47	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations and meetings with Fund Managers Association on industry strategies to ramp up capital markets products uptake 30 %	MD	Increase in AUMs in capital markets Increased interest in fund management activity (No of new Fund manager licenses)	Stakeholder engagement scheduled for Q3.
48	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations and meetings with Real Estate Association of Kenya on industry strategies to ramp up capital markets products uptake 50 %	MD	Increased REIT activity Number of new REIT issuances	The Authority has partnered with RAK and NSE to undertake a stakeholder REITs workshop in March 2020

49	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations and meetings with Kenya Bankers Association on industry strategies to ramp up capital markets products uptake 50 %	MD	% increase in banking industry activity as a percentage of total activity Increased banking listings in capital markets	Stakeholder workshop scheduled for Q3 2020.
50	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations with all associations and market intermediaries on industry strategies to ramp up capital markets products uptake 50 %	MD	Identified, reviewed and addressed challenges hindering uptake of capital markets products and services	Proposal developed. The one-on-one engagements with senior management of market intermediaries and industry associations are currently ongoing. The Authority will hold a market-wide workshop in Q3.
51	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Consultations with all Trustees in Nairobi, Mombasa, Eldoret, Nakuru and Kisumu 40 %	MD	Identified, reviewed and addressed challenges hindering Trustee uptake of capital markets products and services	Activity to be progressed in Q3.

52	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Collaborate with Investor Education and Public Awareness Department on awareness creation initiatives 70 %	MD	Market deepening participation in Awareness creation initiatives	The IEPA, CC and Market deepening department held a retreat between 22nd and 23rd October 2019 to rollout a collaborative strategy on awareness and market deepening in light of board requirement to synergize activities. The Action Plan has been developed for implementation
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53	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Maximize social media and/or digital marketing to promote awareness and optimal uptake of capital markets products and services 25	Leverage social media and online platforms to disseminate information to the public on new capital markets products and services 50 %	MD	Development of a Market Deepening YouTube Vlog and WordPress Blog focused on social media marketing and information dissemination of capital markets products and services	The Authority through Market Deepening and CC departments has been rolling out periodic infographics through the Authority's social media pages. Further, the Authority has developed Vlogs on various capital markets products and services that will support the social media awareness and marketing.
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54	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To devise strategies to enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20	Based on the structured engagements with industry stakeholders oversee the formation of a market-wide influential stakeholder think-tank team to address market wide challenges 50 %	MD	Capital Markets Industry think tank operationalized	The department has developed the draft Thinktank proposal and Terms of reference. The Authority's senior management in collaboration with the Market deepening team have embarked on a series of meetings with industry stakeholders senior Executives. Ultimately, the Authority will organize a Market-wide forum prior to the development of the Think tank.
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55	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the development, diversification and uptake of capital market products and services	Sub Optimal Uptake of Capital markets products and services 20	Review existing milestones and determine the next steps towards enabling issuance and disbursement of Islamic Finance Capital Market products 50 %	MD	Roadmap and timelines for ICM and IF issuance and disbursement in place	Milestones on the Islamic Finance Project have been Finalized. The Authority is engaging the National Treasury and the Private sector to explore the issuances of both Sovereign Sukuk, liquidity management and also corporate sukuks respectively. A national Islamic Stakeholder and policy workshop is scheduled for quarter 3.
									During the review period, the Authority engaged National Treasury & Planning on the FSD (Africa) submitted terms of reference (TORs) for a consultancy to draft a harmonized National Policy on

56	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To devise strategies to enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20	Device strategies to facilitate operationalization of Islamic Finance in Kenya's Capital markets and push for issuance of Sukuk (Corporate/Treasury) by 2020 50 %	MD	Sukuk issuance	Islamic Finance. As a result, National Treasury & Planning communicated to FSD (Africa) requesting for amendments to the TORs prepared by FSDA to incorporate requirements that among others, TNT & Planning will be the one to sign-off on satisfactory delivery of all the TOR provisions. The team is awaiting a concurrence of the FSDA and TNT & Planning before facilitating progress towards drafting the National Policy document.
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57	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To support strategies to promote issuances and enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20	Support the on boarding and issuance of Fixed Income Exchange Traded Fund by ABSA) 40 %	MD	Fixed Income Exchange Traded Fund issued	During the Quarter, the department engaged two potential ETF issuers by ABSA and Altree
58	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To support strategies to promote issuances and enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20	Collaborate with the NSE Ibuka platform to support the CMA Business incubator and accelerator on the listing experience 59 %	MD	Number of Hostees graduated to listing	The department engaged NSE and KASIB on Ibuka platform and the potential synergies to support market deepening. The Authority are working with the Exchange on a forum targetting Mombasa Business Community on 24th January 2020

59	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening -> Optimal Product and Services Uptake and Market Deepening	->Number of capital markets issuers with capital markets products related to the manufacturing, housing, agriculture and healthcare sector increased by two (2) by June 2020.	To devise strategies to enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20	Develop a stakeholder map for each of the New and Existing Capital Markets products Devise action plan to implement findings from the Islamic Finance and Issuers demand assessment surveys 60 %	MD	Stakeholder mapping for all capital markets products and services undertaken Findings of Islamic and Demand assessment survey implemented	The department has developed the draft stakeholder map for all new products and services. The department in conjunction with IEPA and CC also developed a joint Action Plan on Market deepening and investor awareness initiatives. Further, joint reporting of initiatives will be undertaken to the Board on a periodic basis
60	Enhancing strategic influence	-> Optimal Product and Services Uptake and Market Deepening		To devise strategies to enhance uptake of capital markets products and services	Sub Optimal Uptake of Capital markets products and services 20	Leverage existing MOUs and foster new strategic alliances and partnerships with key industry associations and relevant institutions to support market deepening 40 %	MD	MOU between CMA and KEPSA in place MOU between CMA and MCK in place MOU between CMA and KIE in place	The department implemented the strategy in collaboration with KAM to rollout Market deepening initiatives. MOUs with FCA UK, KEPSA and MCK are in the pipeline to actualize deepening initiatives

61	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening -> Optimal Product and Services Uptake and Market Deepening	-> Composite Unweighted Investor Education Measurement Index (IEMI) increased from 41% to 44% by June 2020.	To enhance capacity for intermediaries to not only provide services at a-standardized homogenous high level but to also be the 'last leg' of our investor education outreach programmes.	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Facilitate 2 capacity building sessions for market intermediaries using the Train-the-trainer approach by 30th June 2020 100 %	IEPA	Number of successful TOT sessions	Held a forum for Intermediaries & Potential Issuers workshop on Transaction Advisory in July 2019 and three Training of Trainer sessions for market intermediaries - Dyer & Blair, Stanlib and Suntra - as part of World Investor Week in October 2019.
62	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To enhance capacity for intermediaries to not only provide services at a-standardized homogenous high level but to also be the 'last leg' of our investor education outreach programmes.	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Work with stakeholders to establish a committee of industry players to conduct a campaign to re-tool all investment by retail investors to pooled vehicles like collective investment schemes-unit trust 10 %	IEPA	formation of committee and increase in CIS uptake	scheduled for quarter 3

63	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the uptake of capital markets products and services by retail and institutional investors on the demand side	Decreased level of investor protection due to low levels of financial literacy and capability 20	host at least 3 Diaspora Facebook conferences 33 %	IEPA	3 Diaspora Facebook conferences completed	One Diaspora Conference held. Two more to be held in Q3 and Q4
64	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Decreased level of investor protection due to low levels of financial literacy and capability 20	Continuously develop capital market education materials for investors and distribute these through digital channels (E-Derivatives, E-Investor Protection and CPD E-Brochure) 65 %	IEPA	3 E-brochures developed	Brochure content being developed. Drafts are under review internally.
65	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the uptake of capital markets products and services by retail and institutional investors on the demand side	Decreased level of investor protection due to low levels of financial literacy and capability 20	<ul style="list-style-type: none"> • Develop two short testimonials targeting different segments • Operationalize the investor education online calendar 70 %	IEPA	testimonials developed and the online calendar operationalized	Testimonial procurement process was deferred due to some challenges. Development of investor education online calendar underway in consultation with KenyaWeb.

66	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the uptake of capital markets products and services by retail and institutional investors on the demand side	Decreased level of investor protection due to low levels of financial literacy and capability 20	Presentation at the Diaspora KNCCI conference in Dallas, Texas. USA 100 %	IEPA	75% positive level of responses	The Authority participated as a speaker as well as exhibitor during the Dallas Conference.
67	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the uptake of capital markets products and services by retail and institutional investors on the demand side	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Identify and use of Bloggers to disseminate information. 60 %	IEPA	10% increase in coverage as compared to last financial year blogging service reach	Kenya Wall Street identified and procured for purposes of information dissemination. The blogger facilitated dissemination of investor protection as well as public awareness information through social media during the WIW.

68	Enhancing strategic influence	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	Leverage of partnerships with other stakeholders and development partners to enhance Knowledge, Attitude and Practice towards capital markets 20	Draft MOU on partnerships with the Kenya Diaspora Association (KDA), sign and implement the MOU 35 %	IEPA	MoU in place	Requested the KDA to provide an update on implementation of various resolution made during the last two annual conferences which the Authority participated. This will inform the way forward and key aspects / objectives of the MoU.
69	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To facilitate the uptake of capital markets products and services by retail and institutional investors on the demand side	Leveraging on the Resource Persons programme and key staff members from all the Authority departments 20	Implement a framework for working with professionals across the country in furthering the investor education and public awareness agenda by conducting 16 forums utilizing the outsourcing strategy 15 %	IEPA	At least 12 forums	Scheduled to begin 3rd quarter upon sensitization of the Resource Persons on the expectations following the demarcation of the IEPA and MD roles.

70	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		To support effectiveness of projects within the Authority.	Poor Project development, roll out and management 20	Develop a business intelligence system 30 %	SRPT	Automation of the project management process by June 2020	The contract for the implementation of the Business Intelligence (BI) and Data repository (DR) project was signed on 30th September with the vendor as Attain Enterprise Solutions Ltd (AESL) in a Joint Venture (JV) with ScienceSoft OY a firm from Belarus. The consultants carried out a requirements & specifications gathering exercise between the dates 28th Oct to 8th November 2019, targeting all departments. They are to deliver a Functional Requirements Document (FRD) on 29th November for review.
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71	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Compliance with statutory requirements and best practices in procurement and disposal	Non compliance with the Procurement Plan requirements and procurement procedures 20	Maintain and sustain prudent financial management practices 90 %	PRO C	1. Approved procurement plans for each financial year 2. Compliance with statutory reporting timelines	1. Procurement plan for the financial year 2019/2020 approved by the CMA board 2. Submission of Q2 statutory reports done to PPRA and The National Treasury
72	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To enhance capacity for intermediaries to not only provide services at a-standardized homogenous high level but to also be the 'last leg' of our investor education outreach programmes.	Ineffective Continuous Professional Development (CPD) program 20	Launch and operationalize the CPD program in Kenya 60 %	IEPA	40% of the certified market players undertaking the CPDs	CPD Circular issued to market intermediaries and CPD providers accredited and a circular on accreditation issued. Full implementation of the CPD program expected in 2020 calendar year.

73	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To disseminate and provide investor protection information to both potential and current retail and institutional investors and issuers;	<p>Leveraging on the Resource Persons programme and key staff members from all the Authority departments 20</p> <p>Decreased level of investor protection due to low levels of financial literacy and capability 20</p>	<p>Implementation of 2019/2020 investor education strategy in line with the recommendations of the Capital Markets Investor Behavioral and Situational Study. 70 %</p>	IEPA	60% positive feedback on forums undertaken on investor education and protection.	<p>Held Cytonn Asset managers Forum, ICIFA, ISK, Kenya Planners Association, IHRM, Baraton University, Kitale Technical. Judiciary forum postponed, awaiting new date. A ToT forum held for intermediaries and a pension fund administrators in Kirinyaga County. Also participated in WIW during which various initiatives were undertaken.</p>
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74	To facilitate the development, diversification and uptake of capital market products and services	-> Optimal Product and Services Uptake and Market Deepening		To identify and evaluate strategies to influence behavioural and attitudinal characteristics of the investing public and existing and potential issuers.	Decreased level of investor protection due to low levels of financial literacy and capability 20	Explore the effectiveness of various education delivery channels per target market segment 20 %	IEPA	Review and implement investor education strategies for each market segment.	Discussions ongoing on procurement of a system that can help in the computing of the Investor Education Measurement Index. This requirement was incorporated in the BI and Data Repository Project.
75	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		BUDGET APPROVAL	Inadequate Financial Resources. 20	Maintain and sustain prudent financial management practices 80 %	FIN	Expenditure within budget	The Authority is on a surplus of Ksh.150M for the half year ending Dec 2019. This could however be attributed to limited activities in Q1 owing to budget approval delays
76	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		REVENUE COLLECTION	Inadequate Financial Resources. 20	Appropriation in Aid (A-I-A)(Fees and Levies) 100 %	FIN	Annual revenue ≥ 1051 million	As at end of December 2019 cumulative revenue for half year was 560.8 million against a target of 525.5 million

77	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Effective ICF Management and administration	Inadequate Financial Resources. 20	Quarterly report on ICF investments tracked quarterly on 91 day T bill 100 %	FIN	Effective management of ICF fund with annual returns on invested funds exceeding weighted average 91 day T bill rate.	As at November average ICF investment return was 9.19% as compared to 91 day T bill rate of 7.2%
78	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Investigate effectively for enforcement and effective enforcement through fair process leading to proportionate and dissuasive enforcement sanctions	Litigation against CMA enforcement processes and unfavorable court decisions 25	Enhance effective market conduct through proactive supervision of capital market operations and effective enforcement 100 %	IE	Enforcement reports/NTSC/Enforcement action notification	No Contest and No Enforcement Action Policies being implemented.
79	Ensure optimal institutional efficiency and effectiveness of CMA	-> Institutional Service Delivery, Operational Efficiency and Sustainability		Investigate effectively for enforcement and effective enforcement through fair process leading to proportionate and dissuasive enforcement sanctions	Lack of adequate number of resources 20	Periodically submit fraud management reports to management and the Board 100 %	IE	Management and Board update reports	Reports investigations issued to management. Also issued fraud report on Real People Ltd and Chase Bank Limited. Draft BP on chase bank issued

80	To ensure a robust, facilitative and responsive policy and regulatory framework for capital market development and efficiency	-> Optimal Product and Services Uptake and Market Deepening		To identify and provide feedback on evolving market trends that may necessitate changes to policy and regulatory framework.	Regulated entities engaging in unlicensed/new business lines without prior regulatory approval and emergence of new business lines in the Capital Markets space without prior regulatory approval 25	Finalize market operational rules pending for securities lending and borrowing. 100 %	MS	Develop SLB market operational rules	Market operational rules for securities lending and borrowing were completed.
81	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Trading, Clearing and settlement systems upgrade at NSE and CDSC 20	Facilitate CDSC to modernize its systems to facilitate the trading of all products in the capital markets efficiently and implement a real Delivery versus Payment (DvP) system. 100 %	MS	CDSC facilitates trading for all existing and new products in the market.	The new CDSC system was commissioned and Go-Live was finalized on October 14, 2019.

82	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Trading, Clearing and settlement systems upgrade at NSE and CDSC 20	Facilitate the CDSC to develop an implementation a plan, including timelines, arising from the initial assessment report on CPMI-IOSCO compliance 75 %	MS	CDSC develops an implementation Plan for the initial assessment report on CPMI-IOSCO compliance .	CDSC is undertaking an independent self-assessment on its compliance with IOSCO-CPMI PFMI principles and has contracted Thomas Murray to undertake this exercise. The consultant had engagements with Authority's team on Oct 15, 2019. Report is expected around February 2020.
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83	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance -> Supervision, Stability and Governance	->Complete assessment of the soundness of market infrastructures at NSE and CDSC by September 30, 2019.	Provide effective oversight of capital markets institutions, operations and infrastructure.	Trading, Clearing and settlement systems upgrade at NSE and CDSC 20	Prescribe compliance with mandatory global Financial Markets Infrastructure standards applicable to all approved providers of capital markets infrastructure. Oversee upgrade of the new NSE-CDSC system 100 %	MS	Systems up time Level of security of systems	The Authority oversaw transitioning to the new trading and settlement systems at the NSE and CDSC respectively which went live on 14 Oct 2019. After a detailed assessment, the Authority granted approval for launch of both systems on Oct 3, 2019.
84	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Trading, Clearing and settlement systems upgrade at NSE and CDSC 20	Conduct an assessment to establish the level of preparedness of NSE upgraded ATS and CDSC new Perago System and make appropriate recommendations. 100 %	MS	CDSC to successfully upgrade to Perago system and NSE to fully upgrade its system.	The Board approved the go-live of the CDS system and the upgraded ATS system and the two systems went live on October 14 2019.

85	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		To identify and provide feedback on evolving market trends that may necessitate changes to policy and regulatory framework.	Low business of licensed entities. 25 Regulated entities engaging in unlicensed/new business lines without prior regulatory approval and emergence of new business lines in the Capital Markets space without prior regulatory approval 25	Host a forum targeting the leadership of market intermediaries by 31st December 2019 to receive feedback on areas of concern with the regulatory requirements and other emerging issues. 25 %	MS	Facilitate a half-day workshop for market intermediaries to receive feedback on regulatory concerns.	Stakeholder workshops planned for 3-4 December 2019 for issuers and 10 December 2019 for Market intermediaries to be undertaken in Collaboration with Issuer Governance Team and Market Supervision Team respectively, moved to Jan 30 to 31st 2020 due to logistical considerations.
86	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance		Provide effective oversight of capital markets institutions, operations and infrastructure.	Inadequate capacity within MSD 20	Training of market supervision team on supervision and surveillance of the derivatives market by December 31, 2019. 100 %	MS	Conduct an internal training for MS team on Derivatives Markets and Online Forex Trading.	The entire MS team was trained on the Derivatives Market and Online Forex Trading between 11-13 September 2019.

87	To Ensure sound market infrastructure, institutions and operations	-> Supervision, Stability and Governance	->100% compliance of applications with regulatory requirements, eligibility criteria and turnaround times.	To act as gate keepers in ensuring that compliant firms and products are admitted into the capital markets leading to sound institutions and operations	Sub optimal internal capacity (staff numbers and skills set in review of new products) 20	Issuance of licenses within 25 working days after a complete application has been submitted 90 %	CA	Compliance with turn around time	The average issuance days was 9 days
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Corporate Risks heatmap

Impact	Catastrophic 5				SRPT/R/5 MD/R/2 MS/R/15 ICT/R/7 MS/R/5	MS/R/14 ICT/R/13 HCA/R/13 IE/R/14 SRPT/R/16 MS/R/2
	Major 4					MD/R/5 CA/R/14 HCA/R/14 ICT/R/19 CA/R/15 IE/R/3 PROC/R/1 SP/R/15 FIN/R/20 CA/R/2
	Moderate 3					
	Minor 2					
	Insignificant 1					
		Rare 1	Unlikely 2	Likely 3	Highly Likely 4	Almost Certain 5
		Likelihood				


No	Risk	Score	Ref No
1	Low business of licensed entities.	25	MS/R/14
2	Obsolescence of server hardware equipment and systems software at the Authority	25	ICT/R/13
3	Delayed approval of Human Resource Instruments	25	HCA/R/13
4	Litigation against CMA enforcement processes and unfavorable court decisions	25	IE/R/14
5	Burnout caused by juggling many projects and Authority activities..	25	SRPT/R/16
6	Regulated entities engaging in unlicensed/new business lines without prior regulatory approval and emergence of new business lines in the Capital Markets space without prior regulatory approval	25	MS/R/2
7	Delayed business decision-making by potential issuers and market organizers to come to market	20	MD/R/5
8	Poor Project development, roll out and management	20	SRPT/R/5
9	Sub Optimal Uptake of Capital markets products and services	20	MD/R/2
10	Failure by government majority owned listed companies to submit and publish audited financial statements	20	CA/R/14
11	Ineffective succession planning	20	HCA/R/14
12	Failure of 3rd party ICT service providers	20	ICT/R/19
13	Collapse of a Collective Investment Scheme.	20	MS/R/15
14	Yield driven investment decisions by fund manager without due regard to quality of the investment	20	CA/R/15
15	Lack of adequate number of resources	20	IE/R/3
16	Non compliance with the Procurement Plan requirements and procurement procedures	20	PROC/R/1
17	Unresponsive policy,legal and regulatory framework due to partial/piecemeal adoption by policy makers	20	SP/R/15
18	Inadequate Financial Resources.	20	FIN/R/20
19	Cyber security threats	20	ICT/R/7
20	Inadequate capacity within MSD	20	MS/R/5


Detailed Status of Corporate Risks


Analysis of CMA Top Risks

#	Description	Current Rating	Prior Rating	Risk Drivers	Risk Management Strategy Undertaken	Effect of Risk to Authority	Further action to be undertaken	Person Responsible
1	Low business of licensed entities.	25 (5*5) 	25 (5*5)	<ul style="list-style-type: none"> - 1. Macroeconomic factors leading to less disposable income among investors. - 2. Cutthroat competition leading to commission undercutting. - 3. Competition from other regulated products e.g. flight of funds from stocks to fixed income and other safer investments. - 4. Competition from unregulated products e.g. private equity in search of higher returns. 	<ul style="list-style-type: none"> - The Authority continuously encourages the market to come up with innovative products so as to be competitive and not be wholly independent on traditional capital market products, so that it is more attractive to potential investors - The Authority continuously encourages licensed entities to come up with innovative products so as to be competitive and not be wholly independent on traditional products - CMA continuously sensitizes the public on benefits of investing in capital markets. - 1. CMA is carrying out investigations on 	<ul style="list-style-type: none"> - 1. Increase in market malpractices. 2. Loss of income to the Authority. 3. Loss of credibility of the Authority. 4. Loss of investor funds. 5. Loss of investor confidence. 	<ul style="list-style-type: none"> - 1. Encourage diversification from core business to other new regulated products. 2. Encourage licensed entities to explore more innovative marketing strategies. 3. Enhance investor education initiatives. 	Manager Market Supervision



					unlicensed firms purporting to undertake online forex trading 2. CMA continuously sensitizes the public on benefits of investing in capital markets.			
2	Obsolescence of server hardware equipment and systems software at the Authority	25 (5*5) ← ● →	25 (5*5)	<ul style="list-style-type: none"> - Continuous release of new hardware infrastructure, Operating system, Application and/or Database software by system owners/vendors - Continuous use of old server and storage hardware equipment 	<ul style="list-style-type: none"> - 1. Effective patching of all the operating systems, application and database management system software nearing end-of-life 2. Project initiation between CMA and Attain on the upgrade of Enterprise systems, applications and operating system software 3. Received the licenses for the respective operating system software and enterprise applications from the vendor Attain 4. Developed a low-level design document that will be used in the software upgrades - 1. Timely replacement of failed hardware infrastructure peripherals such as hard disks and power supply units 2. Project initiation between CMA and Computech on 	<ul style="list-style-type: none"> - 1.Exposing the ICT resources to zero day attacks 2. Running application or server platforms not support by vendor security/critical updates 	<ul style="list-style-type: none"> - 1. Continuous patching of current operating systems, application or database software using the Windows Server Update Services (WSUS) 2. Upgrade of the operating system software, Database management systems, email infrastructure and enterprise applications to the most current versions available - 1. Maintenance and management of the right operating environment in terms redundant power supply and adequate cooling at the server room 2. Timely repair of failed or faulty peripherals in the current server hardware 3. Installation, setup and configuration of a new 	Manager Information Communication Technology


					the server hardware upgrade 3. Conducted current server infrastructure review and developed a low level design document that will guide the hardware upgrade 4. Procured 6 additional blade servers for use in the expected storage infrastructure		storage and server hardware at the Primary data center and DR sites respectively 4. Migration of the enterprise applications and systems from the current obsolete hardware to the new hardware infrastructure	
3	Delayed approval of Human Resource Instruments	25 (5*5) 	20 (5*4)	- Lengthy process of approving the Human Resource Instruments by the National Treasury	- The Authority engaged with SCAC to review CMA HR Instruments in a retreat held in Naivasha for one week. Approval of the instruments by The National Treasury is awaited.	- Low staff morale. Failure to achieve key targets.	- Continuous Board engagement with relevant authorities for approval.	

4	Litigation against CMA enforcement processes and unfavorable court decisions	25 (5*5) 	6 (3*2)	<p>- 1. Court orders issued against the Authority 2. Lack of appreciation of capital market operations by the judiciary 3. Enforcement actions not based on substantive ad procedural law</p> <p>- 1. Compliance of the enforcement procedure and enforcement actions with the regulatory framework (CM Act, FAAA and Constitution) 2. Appeals lodged in matters where adverse judgements were delivered against the Authority. 3. The Enforcement Department engages with Legal Department and/or External Counsel to ensure that pleadings are filed to defend the Authority's position. 4. Development of proposal to address risk of bias</p>	- Major	<p>- 1. Compliance of the enforcement procedure and enforcement actions with the regulatory framework (CM Act, FAAA and Constitution) 2. Appeals lodged in matters where adverse judgements were delivered against the Authority. 3. Development of proposal to address risk of bias</p>	Manager Investigations & Enforcement
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5	Burnout caused by juggling many projects and Authority activities..	25 (5*5) 	20 (4*5)	<ul style="list-style-type: none"> - Too many projects competing for the same resources. - On-boarding many projects with competing priorities. - Lack of Balancing of work among resources in the Authority. 	<ul style="list-style-type: none"> - Exertion of pressure on PIU and different vendors to ensure there are no further delays to the projects implementation. - Engagement with vendors to outline the detailed project plans to enable efficient resource planning. - Resource and projects activity balancing to ensure resources are not too far stretched. 	<ul style="list-style-type: none"> - Demoralized project team members due to increased workload leading to project under-performance. 	<ul style="list-style-type: none"> - In the teams that have been formed, there shall be an emphasis going forward on resource balancing as a mitigation measure. Roles and responsibilities defined to ensure efficiency. Completion and rollout of the project management module will also assist in this. - Proper project management practices to ensure the on boarded projects do not fail or delay beyond the set constraints due to juggling too many projects. - Carrying out project management risk mitigation measures to ensure projects do not under perform. 	Team Leader Strategy Risk & Performance
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6	Regulated entities engaging in unlicensed/new business lines without prior regulatory approval and emergence of new business lines in the Capital Markets space without prior regulatory approval	25 (5*5) ← ● →	25 (5*5)	<ul style="list-style-type: none"> - Stiff competition in traditional revenue generating activities and limited available products in the market. - Gaps, inconsistencies and ambiguities in the current regulatory framework. 	- Routine inspections conducted in Oct- Nov 2019 and one of the inspections objectives is to ascertain business practices	<ul style="list-style-type: none"> - 1. Potential erosion of capital. 2. Potential misapplication of clients' assets. 3. Loss of investor confidence in case clients discover that the new business lines lacked regulator's approval. 4. Lack of market integrity. - 1. Potential erosion of capital. 2. Potential misapplication of clients' assets. 3. Loss of investor confidence in case clients discover that the new business lines lacked regulator's approval. 4. Lack of market integrity. 	<ul style="list-style-type: none"> - • Conduct routine/thematic inspections to ascertain business practices and collate feedback to inform the establishment of proper frameworks. • Unlicensed business lines/firms involved in capital market business are brought under regulatory ambit. • Continuous engagement with the market. • Continuous review of the regulatory frameworks. • Submission of information gathered through market intelligence to Market Development and Policy and Regulatory Framework Departments. • The Authority to issue public warnings on unlicensed entities issuing products that take the form of regulated activities which have not yet been approved by the Authority 	Manager Market Supervision
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7	Delayed business decision-making by potential issuers and market organizers to come to market	20 (4*5) 	20 (5*4)	<ul style="list-style-type: none"> - Financial, legal and regulatory constraints - Lengthy issuer on-boarding processes 	<ul style="list-style-type: none"> - Establishment of Market deepening department to address low uptake of capital markets products and services - Continuous engagements with potential issuers such as Acorn to ensure a seamless issuance process 	<ul style="list-style-type: none"> - Loss of Revenues - Reputational risk Missed investment opportunities - Low uptake of capital markets products and services - Low uptake of capital markets products and services Missed Revenue and investment opportunities Low market performance 	<ul style="list-style-type: none"> - Targeted engagements with the whole issuer ecosystem including potential issuers, transaction advisers, investment banks and stock brokers 	Team Leader Market Deepening
8	Poor Project development, roll out and management	20 (5*4) 	12 (4*3)	<ul style="list-style-type: none"> - Inadequate resources - On-boarding many projects with competing priorities. 	<ul style="list-style-type: none"> - Escalation to the CE and senior management on the impact the delay in roll out of FSSP funded projects has caused to resource planning and management. - Resource planning activities have taken place to ensure that the projects are delivered within the stipulated timelines 	<ul style="list-style-type: none"> - Inefficient Resource allocation and utilization - Delayed implementation and execution of the Authority's work-plan and strategic objectives. 	<ul style="list-style-type: none"> - Linking resource and activity planning to ensure the inadequate resources are effectively utilized to ensure the running projects do not fail. - Engaging with CE, Directors and Senior management to guide on project resource planning 	Team Leader Strategy Risk & Performance
						<ul style="list-style-type: none"> - Low Uptake of new 	<ul style="list-style-type: none"> - Robust engagements with relevant stakeholders including transaction advisers, NSE, CDSC, CA, RAK, ACIS, FMA, Trustees, Corporate 	

9	Sub Optimal Uptake of Capital markets products and services	20 (5*4) 	25 (5*5)	<ul style="list-style-type: none"> - Low level of awareness of Capital Markets products and services by Industry associations, Fund managers, Investors and Capital Markets ecosystem - Low investor and issuer confidence on Capital Markets - Unattractive returns to spur exits by PE funds - Inadequate utilization of modern techniques and technology to broadcast capital markets products and services - Ineffective business promoters (or lack of business promoters) for the derivatives products and/or no market maker 	<ul style="list-style-type: none"> - The Authority has put in place a Market Deepening Road Map and Work plan - The department developed a strategic plan with KAM to roll out deepening initiatives - The Authority engaged EAVCA to firm up approach on enhancing PE activity within the Capital markets as well as regulatory oversight of the PE industry. - The department has collaborated with the Corporate Communication to rollout a robust social media marketing and campaign program - Engage NSE, KASIB and FMA to provide strategies to enhance market making for equities, derivatives market 	<ul style="list-style-type: none"> Capital Markets products and services. Poor market performance i.e. declining securities market index and market turnover. Increased market concentration and low liquidity levels. Illiquid Bond Market Exit of foreign investors Declining activity and performance by Market intermediaries Increased profit warnings Low revenue for the Authority Dampened economic growth resulting from capital markets - Low Uptake of new Capital Markets products and services. - Low Uptake of new Capital Markets products and services. Missed investment opportunities - Low Uptake of new Capital Markets products and services. Missed investment opportunities - Identify the entities to 	<ul style="list-style-type: none"> Finance firms and all key stakeholders to explore strategies to ramp up uptake. Based on engagements, the development of an Industry Think Tank to align and implement industry and Authority's market deepening initiatives - Implementation of the CMA KAM strategic plan and robust roll out of targeted awareness and market deepening initiatives - Continuous engagement and collaboration with EAVCA towards identification of challenges facing PE entry to the capital markets and the development of an MOU, Policy Guidance Note to SRO Recognition of EAVCA and Policy support to enhance early operationalization of LP Act - Rollout of Videos, Blogs and Social Media 	Team Leader Market Deepening , Team Leader Market Deepening
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						undertake the role of primary dealers/market makers	Campaigns on Capital Markets products and services - Develop incentives through policy proposals to support Market making in the equities and derivatives market	
10	Failure by government majority owned listed companies to submit and publish audited financial statements	20 (4*5) ← ● →	20 (4*5)	- Delay to appoint the Auditor General	- 1. We granted extension to the affected companies until the Auditor General is appointed 2. The affected companies were required to publish the extension notice providing adequate reason for the delay in publication of audited financial statements	- 1. Delay to analyse performance of the listed companies leading to delay in taking appropriate actions or proposing recommendations	- The affected companies to publish the extension notice providing adequate reason for the delay in publication of audited financial statements	Manager Corporate approvals
11	Ineffective succession planning	20 (4*5) ← ● →	20 (4*5)	- Failure to afford the right talent	- Board engagement with the National Treasury	- Business continuity may be hampered Low staff morale when they act in higher roles for long duration	- Review of succession planning matrix across the organization	

12	Failure of 3rd party ICT service providers	20 (4*5) ← ● →	20 (4*5)	- 1. Fiber cuts 2. Domain Naming Service (DNS) failure on the provider's servers which hosts our domain (cma.or.ke) 3. Configuration changes from the service providers end	- 1. Maintenance of two separate independent internet links	- 1. Inability to send or receive external emails 2. Unavailability of the CMA website	- 1. Continue to maintain and manage the two independent internet links for redundancy 2. Manage and maintain valid contracts for the provision of Internet, Domain and web hosting services 3. Require Kenyaweb to implement redundancy on their DNS servers	
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13	Collapse of a Collective Investment Scheme.	20 (5*4) ← ● →	20 (5*4)	<ul style="list-style-type: none"> - Lack of a trustee for a CIS. - Ineffective discharge of duties by the trustee of a CIS. - Poor investment decisions that are not supported by proper due diligence. - Poor governance structures around the establishment of CIS's. - Lack of uniformity in reporting investment performance leading to unfair business competition among fund managers. 	<ul style="list-style-type: none"> - Discussions have been with Cytonn Management on alternative ways of ensuring oversight of a CIS in the absence of a trustee. - The CMA has held meetings with KCB and Co-operative Bank trustees to provide updates on the CIS's under their oversight. - The Board of Amana Capital have been summoned to provide measures to be undertaken to resolve the unrecoverable investments in the Nakumatt CP and Jamii Bora fixed deposits. - 1. Review of CIS Regulations is ongoing. 2. Possible adoption of GIPS provisions in the CIS regulatory framework is being considered. 	<ul style="list-style-type: none"> - Reputational damage on the entire CIS market, leading to massive withdrawal requests. 	<ul style="list-style-type: none"> - Require all CIS's to be properly structured. - Summon trustees for failure to provide adequate oversight over CIS's. - 1. All fund managers that invested in bad instruments to be required to provide their investment rationale. 2. Directors and Trustees to the CIS funds to be held personally liable for failure to ensure that investments are backed by proper research. - 1. Review of CIS Regulations. 2. Possible adoption of GIPS provisions in the CIS regulatory framework is being considered. 	Manager Market Supervision
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14	Yield driven investment decisions by fund manager without due regard to quality of the investment	20 (4*5) 	20 (4*5)	<ul style="list-style-type: none"> - Unfair competition among fund managers in attracting public funds - The Collective Investment Scheme does not provide a standardized method of calculating yield 	<ul style="list-style-type: none"> - Quarterly review of assets under management to check if all investments have been correctly reflected and invested within the limits - We reviewed the TORs of the consultant to be hired to revise Collective Investment Scheme Regulations 	<ul style="list-style-type: none"> - 1.Possible run in the CIS Industry 2.Loss to investors - 1.Loss to investors 	<ul style="list-style-type: none"> - Quarterly review of assets under management to check if all investments have been correctly reflected and invested within the limits - Inclusion of GIPS provisions in amended CIS regulations 	
15	Lack of adequate number of resources	20 (4*5) 	20 (4*5)	<ul style="list-style-type: none"> - 1. Low staff complement - 2. Insufficient compensation to attract specialized skills - 3. Staff deployment to other departments due to low value in the Department 	<ul style="list-style-type: none"> - 1. Request made to the Human Capital to engage temporary assistants pending recruitment of officers for the enforcement department. 2. Expand the establishment. 3. Recruit optimally 	- Major	<ul style="list-style-type: none"> - 1. Filling the vacancy available. 2. Expand the establishment. 3. Recruit optimally 	
16	Non compliance with the Procurement Plan requirements and procurement procedures	20 (4*5) 	12 (4*3)	<ul style="list-style-type: none"> - 1. Departmental plans not drawn from the budget - 2. Users circumventing the procurement process - 3. User specifications not clear/well drawn - 4. Short time frames provided by users to deliver services/goods 	<ul style="list-style-type: none"> - The user departments have already been engaged to ensure submission of the departmental procurement plans 	<ul style="list-style-type: none"> - Delayed delivery of goods and services, Warnings and/or sanctions from PPRA - Loss of funds 	<ul style="list-style-type: none"> - Sensitization and Monitoring 	Manager Procurement

17	Unresponsive policy, legal and regulatory framework due to partial/piecemeal adoption by policy makers	20 (4*5) ← ● →	20 (4*5)	<ul style="list-style-type: none"> - Vested interests from peer government agencies and other sectors of the economy - Competing Gok priorities 	<ul style="list-style-type: none"> - Stakeholder engagement on policy proposals i.e RBA engaged on Policy Proposal touching on PE firms accessing pension monies policy proposal. TNT engaged prior to stakeholder consultation on NSE Recovery Board in relation to SOE's in which they are the anchor shareholder. - Demonstration to GoK that there will be no tax leakages on granting tax incentives i.e Proposal on finality of withholding tax on interest income from corporate bonds for investors to TNT demonstrates this and evidences the existing tax inequity. 	<ul style="list-style-type: none"> - Failure to launch new products or launched products failing to gain traction 	<ul style="list-style-type: none"> - Targeted stakeholder engagement on outstanding policy recommendations - Employment of financial modelling techniques to present cost-benefit analysis to GoK 	Assistant Manager Policy
18	Inadequate Financial Resources.	20 (4*5) ← ● →	20 (4*5)	<ul style="list-style-type: none"> - Low Market Turnover. - 	<ul style="list-style-type: none"> - Spending within revenue collected revenue - Prioritizing strategic plan activities 	<ul style="list-style-type: none"> - Lack of delivery of mandate 	<ul style="list-style-type: none"> - Facilitate Market deepening - Facilitate uptake of existing products through market deepening 	
							<ul style="list-style-type: none"> - 1. Maintain a robust email spam filtering solution 2. 	

19	Cyber security threats	20 (5*4) ← ● →	20 (5*4)	<ul style="list-style-type: none"> - 1. Ransomware such as Wannacry, Locky etc 2. Viruses, spyware, spam and other forms of malware 3. Phishing and pharming - Unpatched client and server operating systems - Social engineering through malicious email - Unauthorized access to critical systems or data 	<ul style="list-style-type: none"> - 1. Maintained an effective web filtering solution 2. Maintained a robust email spam filtering solution 3. Maintained an effective end-point security solution 4. Maintained an effective backup process for critical data - Maintained an effective patch management program for client and server systems - Conducted user awareness on current threats - Managed and maintained the principle of least privilege in granting access to ICT resources Monitored the respective critical aspects of the ICT infrastructure 	<ul style="list-style-type: none"> - 1. Data corruption and/or loss 2. Data theft 3. Breach of employee privacy 4. Reputation damage as a result of succesful data breaches - Data loss and/or data corruption through zero-day attacks - Users clicking on malicious links or attachments sent on email or other mediums to enable a successful attack - 1. Privilege escalation 2. Data loss 3. Unauthorized access to confidential information 	<ul style="list-style-type: none"> Maintain an updated and licensed enterprise anti-virus 3. Send out monthly ICT security tips to staff 4. Maintain a successful backup solution and process 5. Maintain an effective web filtering solution 6. Maintain and manage an effective perimeter firewall with relevant patches 7. Acquire a Security Incident and Event Management systems (SIEM) and Network Access Control for indedpth network and systems monitoring for the detection and prevention of vulnerabilities and threats - Maintain an effective patch management program for client and server systems - Continue to sensitize staff on the evolving cyber security threat landscape - 1. Review of user profiles assigned to staff on the enterprise systems 2. Review of the Domain
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							Admins membership 3. Review of staff access to the file server systems	
20	Inadequate capacity within MSD	20 (5*4) ← ● →	20 (5*4)	<ul style="list-style-type: none"> - Inadequate staff complement - Competing corporate and departmental priorities. - Inadequate technical skills on capital markets products, services and operations. 	<ul style="list-style-type: none"> - Temporary staff and intern joined the team during the quarter - MS is conducting continuous assessment of the work plan to ensure alignment to corporate objectives. Tracking of departmental work plan activities is reported during all departmental meetings. - Training needs in different areas has been identified and continual capacity building is carried out through training MS staff e.g. several staff were trained abroad on risk management and stress testing 	- MS mandate not optimally delivered	<ul style="list-style-type: none"> - Ongoing assessment of MS capacity needs and continuous identification of suitable staff for absorption to the relevant MS functions. - Conduct ongoing assessment of MS work plan objectives and ensuring alignment to corporate objectives. - Effective training needs analysis and implementation of training plan. 	Manager Market Supervision




Corporate Opportunities Heatmap




Impact	Transformational 5				ICT/O/3 MD/O/2	MD/O/1 SRPT/O/14
	Major 4					MS/O/3 SRPT/O/15
	Moderate 3					
	Minor 2					
	Insignificant 1					
		Rare 1	Unlikely 2	Likely 3	Highly Likely 4	Almost Certain 5
		Likelihood				

No	Risk	Score	Ref No
1	Roll out robust social media marketing to promote capital markets products and services uptake	25	MD/O/1
2	Continuous Monitoring of the CMMP Portal to track implementation of the Master Plan	25	SRPT/O/14
3	Trading, Clearing and settlement systems upgrade at NSE and CDSC	20	MS/O/3
4	Opportunity to replace all the obsolete rack-based servers	20	ICT/O/3
5	Support fintech companies with listing potential to test their ideas in preparation for roll-out and ultimate listing.	20	MD/O/2
6	Continuous monitoring of PPRMIS to track implementation of the Authority's Strategic papers & projects and monitor risks	20	SRPT/O/15

Detailed Status of Corporate Opportunities

Analysis of CMA Top Opportunities

#	Description	Current Rating	Prior Rating	Risk Drivers	Risk Management Strategy Undertaken	Effect of Risk to Authority	Further action to be undertaken	Person Responsible
1	Roll out robust social media marketing to promote capital markets products and services uptake	25 (5*5) 	25 (5*5)	<ul style="list-style-type: none"> - Need to invest efforts into social media marketing and awareness of capital markets products and services. - Low Responsiveness to social media queries by the investing public and the investors 	<ul style="list-style-type: none"> - Collaborative effort with Corporate Communications to implement a robust social awareness campaign of capital markets products and services - Collaborative effort with Corporate Communications to implement a social awareness campaign of capital markets products and services 	<ul style="list-style-type: none"> - Enhanced awareness and visibility of capital markets products and services - Enhanced capital markets customer experience and investor journey 	<ul style="list-style-type: none"> - Roll out of products Videos and Blog posts on capital markets products and services - Dedicated resource to undertake social media customer experience and market deepening 	Team Leader Market Deepening
2	Continuous Monitoring of the CMMP Portal to track implementation of the Master Plan	25 (5*5) 	25 (5*5)	<ul style="list-style-type: none"> - Continuous engagement with complementary institutions such as NT, to implement activities that are under their mandate. 	<ul style="list-style-type: none"> - Revamping the CMMP Portal; Ensuring continuous update of the Portal 	<ul style="list-style-type: none"> - Increased credibility 	<ul style="list-style-type: none"> - Ensure CMMP Portal information is accurately & fully updated 	Team Leader Strategy Risk & Performance , Chief Executive
3	Trading, Clearing and settlement systems upgrade at NSE and CDSC	20 (4*5) 	16 (4*4)	<ul style="list-style-type: none"> - Systems change/overhaul 	<ul style="list-style-type: none"> - NSE and CDSC systems upgraded in October 2019 	<ul style="list-style-type: none"> - 1. Improved investor confidence 2. Improved market integrity 	<ul style="list-style-type: none"> - Ensure successful go live of systems on 14th October 2019 	Manager Market Supervision

4	Opportunity to replace all the obsolete rack-based servers	20 (5*4) 	20 (5*4)	- Additional procurement of six blade servers to be installed in the new storage system	- 1. Sought approval to procure additional blade servers 2. Placed the order to acquire the blade servers	- Stability, availability and security of the server infrastructure	- 1. Installation of the additional blade servers to the new storage infrastructure 2. Transfer of load from the current rack-based servers to the new blade servers	Manager Information Communication Technology
5	Support fintech companies with listing potential to test their ideas in preparation for roll-out and ultimate listing.	20 (5*4) 	12 (4*3)	- Instatement of the Sandbox Review Committee team. Efficiency in processing Fintech applications Senior Management Support.	- Active engagements with potential fintech candidates	- Increased chances of product/service roll-out.	- intensification of active engagements with potential fintech candidates	Team Leader Market Deepening
6	Continuous monitoring of PPRMIS to track implementation of the Authority's Strategic papers & projects and monitor risks	20 (4*5) 	16 (4*4)	- Continuous engagement with relevant stakeholders both internal & external to implement activities that are under their mandate	- Ensuring continuous update of the system	- Efficient and effective monitoring of risks, project implementation and performance management	- Ensure information on PPRMIS is accurately & fully updated	Team Leader Strategy Risk & Performance , Chief Executive

Lessons Learnt

NO	Strategies That Worked Well	Department
1	Market intermediaries have expressed willingness to meet with the Authority on highlighted areas of regulatory concern and provided explanations, clarification on challenging areas as well as proposed road maps for rectification of issues such as corporate governance requirements, client account deficit and liquid capital deficit	IE
2	During the quarter, engagement with market intermediaries provided opportunity for amicable resolution of several client complaints, without the Authority resorting to harsh administrative action.	IE
3	Although face to face engagements are effective towards achieving results and demonstrating impact in the short, medium to long term, the department leveraged more technology for increased outreach while saving costs specifically during the World Investor Week such as a Facebook Conference, infographics on Social Media, Crossword Puzzle and the Scavenger Hunt Competition.	IEPA
4	Kenya's improvement of five positions to 56 globally on attractiveness to investors	MD
5	CMA-NSE Shengzen forum. The NSE and Shengzen exchanges hosted and launched for the first time a joint investor forum dubbed the China-Kenya Capital Market Service Initiative Forum (the "China-Kenya Initiative"). The forum aimed at linking Micro, Small and Medium Enterprises (MSMEs) sector in Kenya to investors in Shenzhen to allow a capital formation platform on a larger scale.	MD
6	Development of the Recovery Board Opinion editorial and the pursuit to realize the institution of a Recovery Board in Kenya's Capital Markets.	MD
7	Real Estate Investment Trusts (REIT's), which were exempt from corporate tax are now also exempt from income tax.	MD
8	Companies that list under the Nairobi Securities Exchange's GEMS program for the next three years can be forgiven tax penalties and interest, provided they pay the principal amount. This move to encourage listing at the NSE became effective in November 2019. But if they delist within five years, that window lapses and all taxes due before listing will again become payable.	MD
9	The Authority submitted the 2020/21 policy proposals that were anchored on the theme "Enhancing Capital Market Deepening in Kenya'.	MD
10	Enhanced strategic partnerships with key institutions such as KAM, ISK, KIP to promote investor education and market deepening	MD
11	NSE CDSC System upgrades contributed to enhanced participation of investors and increased activity.	MD
12	Consistent and timely engagement with stakeholders as informed by market intelligence on policy issues i.e We wrote to the EAC on time in relation to changing the earlier amendment of Sections 611 and 615 of the of the Companies Act.	PRF
NO	Strategies That Did Not Work	Department
1	There were no strategies that did not work well during the quarter	IEPA
2	Leveraging the Capital Markets to fund Big 4 Agenda related projects. Kenyan Government spending anticipated to increase as Kenya implements the "Big Four Agenda" infrastructure projects, while upbeat private consumption should further support the expansion.	MD
3	Leveraging Ibuka platform to promote listings in the capital markets	MD
4	Negative publicity associated with Cytonn Asset Management's Constitutional Petition filed against the Capital Markets Authority	MD
5	None was reported during the period we utilized policy intelligence to proactively identify arising policy issues and timely address them.	PRF

NO	Near Misses	Department
1	There were no near misses during the quarter	IEPA
2	Interweb Global Fortune's illegally collecting investor funds while promising high returns or dividends, which were not realistically available through credible investment products.	MD
3	Despite engagement with KDIC on amendments to the KDI Act especially where there were clear typo's hit a snag with them opposing any change to their act. The CE to engage KDIC CEO on the same.	PRF

