



PRESS COMMUNIQUE

East African Securities Regulators Advocate for a “Centre Light” Model for Regional Regulation

Arusha, 18th April 2019..... The regional capital markets regulators, under the umbrella of East African Securities Regulatory Authorities (EASRA) have emphasized on the need for the EAC Policy and the Bill for establishment of the East African Financial Services Commission (EAFSC) to be aligned with the EAC Treaty and the East African Monetary Union (EAMU) protocol for better functioning of the EAFSC. In this regard, EASRA noted the opportunities for the EAFSC to take on key roles in coordinating adoption of regional standards as well as stimulating coordinated market development initiatives towards the establishment of an “East African Asset Class.” The Committee noted one of the critical tools that should be harnessed by the EAFSC is the use of existing Council of Ministers Directives on securities markets standards that have served to already guide convergence in 14 critical areas from licensing, to Investor compensation and market conduct. It was therefore reiterated that the legal position of Council Directives for these purposes should continue to be upheld to support the delivery of the Treaty. The call was made during the 48th EASRA Consultative Committee meeting which was held in Arusha from 15th to 18th April 2019.

In recognizing the value proposition from the integration of regional markets, the regulators agreed that structures would need to be put in place to improve linkage and coordination of priorities with industry. The Consultative Committee therefore strongly endorsed the convening of the East Africa Capital Markets Day to be held in Kigali, Rwanda from May 23 – 24th, 2019 which will provide an important platform for all stakeholders to agree on common priorities and implementation options.

Acknowledging the central role of small and medium enterprises (SME) as prime drivers of regional economies, the consultative meeting noted the opportunities for accelerated growth that could be

unlocked through providing an enabling environment to facilitate SMEs to raise capital through equity and debt crowd funding. Member acknowledged these opportunities would have to be informed by clear policy guidance to ensure a proper balance between encouraging innovation and investor protection. In this context members also deliberated on the emerging opportunities from fintech and the use of regulatory sandboxes to accelerate innovation and to broaden the reach of securities markets.

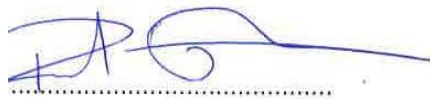
The Consultative Committee benefited from a presentation from the EAC Secretariat on the progress to date of the East African Community Capital Markets Infrastructure Project. In this regard, the Consultative Committee was pleased to hear that most milestones had been addressed to pave the way for synchronisation for all activities by end of August 2019 in the participating markets. The Committee reinforced its support for sustainable mechanisms that can successfully link both exchanges and CSDs in the EAC Region.

The Chairman of EASRA, Mr. Paul Muthaura stated that “the ultimate benefits of this project will be realized when investors in the region have access to the full spectrum of listed securities across all regional markets more conveniently and which will undoubtedly increase liquidity at the respective exchanges”. Further, he reiterated the need to ramp up the oversight efforts by all the securities markets regulators in East African capital markets so as to cope up with increased exposure that may be associated with the expanded market. In particular, he urged members to strengthen their Risk Based Supervision tools as well as revamping crisis management frameworks at jurisdictional level to support the regional market soundness.

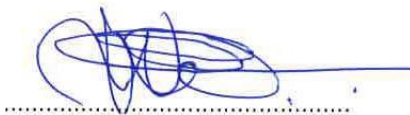
During the deliberations the regulators discussed: The finalization of the new strategic plan for EASRA; The approach to domesticating regional standards on the regulation of cross border trading of government securities which will among others, require partner states’ compliance with the IOSCO Principles for Financial Markets Infrastructure (PFMI); Opportunities that could be unlocked through consolidation of public education plans for EASRA members; The harnessing of Collective Investment Schemes as a tool to grow retail participation in the markets; Sharing of country experiences;; The road map for developing Stress Testing capacity in the regional capital markets; and implementation and Effects of IFRS 9 on Reporting Entities in EAC.

ENDS

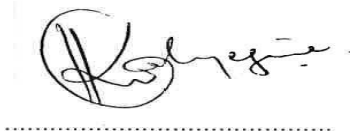
Mr. Paul Muthaura
Chief Executive
Capital Markets Authority – Kenya
Chairman-EASRA



Mr. Nicodemus Mkama
Chief Executive Officer
Capital Markets and Securities Authority - Tanzania



Mr. Keith Kalyegira
Chief Executive Officer
Capital Markets Authority – Uganda



Mr. Eric Bundugu
Ag. Executive Director
Capital Market Authority – Rwanda



NOTES TO THE EDITOR

Capital Markets Authority (CMA)-Kenya, Capital Markets Authority (CMA)-Uganda and Capital Markets and Securities Authority (CMSA)-Tanzania entered into a Memorandum of Understanding (MoU) and adopted a common blue print on the integration of the East African Capital Markets in 1997. This MoU formed the basis for the establishment of the East African Securities Regulatory Authorities (EASRA). The Capital Markets Authority (CMA)-Rwanda later joined EASRA in 2009, and the Bank of the Republic of Burundi (BRB) in 2011. EASRA continues to operate as a consultative institutional forum where the regulatory authorities discuss matters of mutual interest that affect their operations.

The main objectives of EASRA are Information sharing among the members; mutual assistance and cooperation between members; and advancing the integration of the East African capital markets. Under the memorandum signed by the regulators, EASRA is mandated to: Develop common capital market strategies; Harmonize capital market laws and structures; Foster regional capital markets development; Facilitate cross-border investments; Develop market infrastructure; Develop policy proposals for capital markets incentives; Develop proposals for the alleviation of impediments; and Develop a common/ similar trading system(s).