



DATE: 27TH MAY 2020

CIRCULAR NO. CMA/MRT/005/2020

REQUIREMENTS FOR CONVENING AND CONDUCTING VIRTUAL GENERAL MEETINGS BY ISSUERS OF SECURITIES TO THE PUBLIC

1. This Circular is issued pursuant to Section 11(3) (d) of the Capital Markets Act, Section 280 of the Companies Act and High Court Order under Miscellaneous Application No. E.680 dated and delivered at Nairobi on 29th April 2020.
2. The Circular applies to any issuer which finds it impracticable to conduct its general meeting in the manner required by its articles of association due to the measures set out by the Government as a result of Corona Virus (Covid-19) pandemic. Such measures include the public health laws, regulations and directives including the Public Health (Covid-19) Restriction of Movement of Persons and Related Measures Rules, 2020 precluding public gatherings and other restrictions.
3. The High Court under Misc. Application No. E680 ordered and directed that issuers be allowed to hold general meetings through virtual/electronic means, or any hybrid means subject to requesting for a No Objection from the Capital Markets Authority with specific details on:
 - a) The notice of the general meeting as provided for in the Companies Act
 - b) Sufficient information to enable shareholders make informed decisions on any resolutions placed before the general meeting
 - c) Sufficient opportunity for shareholders to ask questions and seek any clarifications that they require from the directors
 - d) How the shareholders will vote and the registration and voting procedure
 - e) Any other details that may be deemed appropriate in the circumstances.

4. When making an application for a No Objection, the issuer should disclose how it has met the conditions set out in (3) above and the requirements detailed in the table below, and attach any relevant documents:

Requirements for convening and conducting virtual general meetings by issuers	
1.	The general meeting has been properly convened in line with the Companies Act and the company's articles/Court Order under Misc. App No. E.680 with details on dates, time, resolutions, arrangements for shareholders to participate with relevant links, among other details. For example: <ul style="list-style-type: none"> a) Notice of the AGM is as per company's act requirements b) Disclosures have been made on the details and manner of the general meeting e.g virtual only/hybrid/physical c) Disclosures on how shareholders will register and participate d) Full disclosures on costs especially for shareholders using USSD logins
2.	The notice contains instructions and steps on how shareholders can log in, register, access proceedings and documents and participate
3.	Shareholders: <ul style="list-style-type: none"> a) are provided with sufficient information to enable them to make informed decisions b) have the opportunity to ask questions and seek clarification before and during the meeting c) have an opportunity to place items on the agenda d) have a mechanism to appoint proxies
4.	The details of the system to be used during the general meeting have been disclosed including: <ul style="list-style-type: none"> a) Its functionalities and capabilities b) provisions prior identification and registration of shareholders, c) ability to use a variety of gadgets, including the use of USSD d) ability to allow observers (including CMA to attend the meeting
5.	The system is user friendly, simple and easy to interact with, with step by step instructions for shareholders
6.	The system has been tested and security features have been confirmed and CMA has reviewed the system and is satisfied on its capabilities and compliance with the requirements
7.	The voting system is reliable, verifiable, secure and transparent (real time tabulation of voting)
8.	The virtual meeting upholds fair and equitable treatment of shareholders, with the mechanism for checking and confirming quorum for the meeting.
9.	There are communication channels to address shareholders' concerns, inquiries and complaints which are accessible to shareholders (phone number, email, SMS and other platforms)
10.	A comprehensive risk assessment has been done for the intended virtual general meeting by the issuer and the respective registrar

5. Upon receipt of a request for a No Objection from an issuer, the Authority shall process it and make a determination within fourteen (14) days from the date of receipt of the request.
6. Upon receipt of the No Objection from CMA, the issuer can proceed to issue the twenty-one (21) days statutory notice of the general meeting to its shareholders.
7. The Authority will review all shareholder questions raised and explanations received from the directors and/or management before and during the virtual general meetings to ensure that all shareholders (including the minority) rights are upheld.

A handwritten signature in black ink, appearing to read 'Wyckliffe Shamiah', written in a cursive style.

Wyckliffe Shamiah
Ag. CHIEF EXECUTIVE

