

Rwanda

Regulation on Capital Markets (Licensing Requirements), 2012

Regulation 1 of 2012

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Regulation on Capital Markets (Licensing Requirements), 2012

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Pursuant to the Law N° 11/2011 of 18/05/2011 establishing the Capital Markets Authority especially in its Articles 3 & 4;

Pursuant to the Law N° 01/2011 of 10/02/2011 regulating the Capital market, especially in its Article 74;

Pursuant to the Law N° 40/2011 of 20/09/2011 regulating the Collective Investment Schemes especially in its Article 64;

The Capital Market Authority hereinafter referred to as the “AUTHORITY”, decrees:

Chapter One Preliminary

Article 1 – Purpose of the Regulations

These Regulations are aimed at establishing guidelines on how capital market players are licensed to operate on the market.

Article 2 – Definitions

In these Regulations, unless the context otherwise requires:

“**Act**” means the Law N° 01/2011 of 10/02/2011 regulating the Capital market in Rwanda;

“**Agent**” means a person authorized to act for and under the direction of another person when dealing with third parties;

“**Authority**” means the Capital Market Authority;

“**Custodian**” means a bank licensed under the Banking Act and approved by the Authority under the Act to carry out the function of Safekeeping and administering capital markets instruments as provided for under Annex 2 of the act;

“**Depository**” has the same meaning as in the Act;

“**Director**”, in relation to a body corporate, includes a person occupying in relation to it the position of a director (by whatever name called) and any person in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of that body are accustomed to act;

“**Exempted Person**” has the same meaning as in the Act;

“**Investment Adviser**” means a firm licensed by the Authority under the Act to undertake the following activities:

- (i) Arranging deals in capital markets instruments as provided for under annex 2 of the Act;

- (ii) Giving capital markets advice as provided for under annex 2 of the Act.

“Investment Bank” means a non deposit taking institution licensed by the Authority under the Act to carry out the following functions:

- (i) Dealing in capital markets instruments as provided for under annex 2 of the Act;
- (ii) Arranging deals in capital markets instruments as provided for under annex 2 of the Act;
- (iii) Giving capital markets advice as provided for under annex 2 of the Act.

“Investment Manager” means a firm licensed by the Authority under the Act to carry out the following functions:

- (i) Arranging deals in capital markets instruments as provided for under annex 2 of the Act;
- (ii) Managing capital markets instruments as provided for under annex 2 of the Act;
- (iii) Giving capital markets advice as provided for under annex 2 of the Act;

“Nominee company” in relation to a custodian, a depository or a trustee is a company incorporated and wholly owned by that firm whose only purpose is to hold capital markets instruments as a trustee on behalf of members or clients of that firm;

“Principal” is a person acting on their own behalf;

“Securities broker/dealer” means a firm or individual person licensed by the Authority under the Act to carry out the following functions:

- (i) Dealing in capital markets instruments as provided for under annex 2 of the Act;
- (ii) Arranging deals in capital markets instruments as provided for under annex 2 of the Act;
- (iii) Safekeeping and administering of capital markets instruments as provided for under annex 2 of the Act;
- (iv) Managing capital markets instruments as provided for under annex 2 of the Act;
- (v) Giving capital markets advice as provided for under annex 2 of the Act.

“Securities sponsor” in relation to issuance of a capital markets instrument is a person licensed by the Authority under the Act to undertake the following activities:

- (i) Arranging deals in capital markets instruments as provided for under annex 2 of the Act;
- (ii) Giving capital markets advice as provided for under annex 2 of the Act.
- (iii) Safekeeping and administering capital markets instruments as provided for under annex 2 of the Act.

Article 3 – Scope of the Regulations

These regulations apply to persons carrying out or intending to carry out in the Republic of Rwanda capital markets business as defined in Annex 1 of the Act. But the regulations do not apply to exempt persons.

Chapter II

Securities exchanges and clearing houses

Article 4 – Application for approval to conduct the business of a securities exchange

An application for approval to conduct the business of a securities exchange shall be submitted to the Authority in Form 1 set out in the First Schedule to these Regulations.

The application for approval as a securities exchange must be accompanied by:

- (a) particulars of the applicant including name, address, particulars of senior management and Board of directors and membership criteria;
- (b) The instrument of incorporation, if the applicant is a body corporate;
- (c) A copy of the applicant's rules;
- (d) A copy of any guidance issued by the applicant;
- (e) The prescribed fees;
- (f) The required particulars which are:
 - (i) particulars of any arrangements which the applicant has made, or proposes to make, for the provision of clearing services in respect of transactions effected on the exchange;
 - (ii) if the applicant proposes to provide clearing services in respect of transactions other than those effected on the exchange, particulars of the criteria which the applicant will apply when determining to whom it will provide those services.
- (g) Such additional information or documents as may be required by the Authority

Article 5 – Application for approval of a foreign securities exchange

An application for approval as a foreign securities exchange by a foreign licensed or approved applicant must:

- (a) Provide the address of a place in the Republic of Rwanda for the service on the applicant of notices or other documents required or authorized to be served on it;
- (b) Provide particulars of the applicant including instrument of incorporation, if the applicant is a body corporate, rules of the applicant, particulars of clearing arrangements;
- (c) Demonstrate that investors are afforded protection equivalent to that which they would be afforded if the body concerned were required to comply with recognition requirements;
- (d) Demonstrate that there are adequate procedures for dealing with a person who is unable or likely to become unable, to meet his obligations in respect of one or more market contracts connected with the securities exchange;
- (e) Demonstrate that the applicant is able and willing to co-operate with the Authority by the sharing of information and in other ways;
- (f) Demonstrate that adequate arrangements exist for co-operation between the Authority and those responsible for the supervision of the applicant in the country in which the applicant's head office is situated;
- (g) Pay the prescribed fees;
- (h) Provide such additional information or documents as may be required by the Authority.

Article 6 – Additional requirements for approval of securities exchanges

An application for approval of a securities exchange under Article (4) or recognition of a foreign securities exchange under article (5) shall be accompanied by—

- (a) Listing particulars of the exchange providing for the criteria for approval for listing of securities. The listing particulars shall in particular make provision for the disclosure of such information as investors

and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of:

- i) the assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities;
- ii) the rights attaching to those securities;
- (b) Details of the market segments of the exchange and criteria of listing or trading on each market segment;
- (c) Requirements as to prospectuses issued by issuers intending to list on the securities exchange;
- (d) Requirements as to sponsors of entities seeking listing;
- (e) Penalties for breach of listing rules;
- (f) Details of listing fees

Article 7 – Criteria for approval of securities exchanges

The Authority shall take the following into account when considering applications for approval of a securities exchange under article 4 or applications for approval of a foreign securities exchange under article (5).

(a) Financial resources

The securities exchange must have financial resources sufficient for the proper performance of its functions.

(b) Safeguards for investors

- (i) The rules and practices of the securities exchange must ensure that business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to investors.
- (ii) The securities exchange must:
 - (a) Limit dealings on the exchange to capital market instruments in which there is a proper market;
 - (b) where relevant, require issuers of capital markets instruments dealt in on the exchange to comply with such obligations as will, so far as possible, afford to persons dealing in the capital markets instruments proper information for determining their current value;
- (iii) The exchange must either have its own arrangements for ensuring the performance of transactions effected on the exchange or ensure their performance by means of services provided under clearing arrangements made by it with an approved clearing house;
- (iv) The exchange must either itself have or secure the provision on its behalf of satisfactory arrangements for recording the transactions effected on the exchange.

(c) Monitoring and enforcement

- (i) The securities exchange must have adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules and any clearing arrangements made by it;
- (ii) The arrangements for monitoring may make provision for that function to be performed on behalf of the securities exchange (and without affecting its responsibility) by any other body or person who is able and willing to perform it.

(d) Investigation of complaints

The securities exchange must have effective arrangements for the investigation of complaints in respect of business transacted by means of its facilities.

(e) **Promotion and maintenance of standards**

The securities exchange must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of capital markets business and to co-operate, by the sharing of information and otherwise, with the Authority and any other Authority, body or person having responsibility for the supervision or regulation of capital markets business or other financial services.

(f) **Supplementary**

- (i) Article (7) applies to securities exchanges only so far as they provide facilities for the carrying on of capital markets business; and nothing in this regulation shall be construed as requiring a securities exchange to limit dealings on the exchange to dealings in capital markets instruments.
- (ii) The references in this article (7) and elsewhere in these regulations or the Act, to ensuring the performance of transactions on a securities exchange are to providing satisfactory procedures (including default procedures) for the settlement of transactions on an exchange.

Article 8 – Application for approval to conduct business as a clearing house

An application for approval to conduct business as a clearing house must be accompanied by:

- (a) Particulars of the applicant including name, address, particulars of senior management and Board of directors, membership criteria where applicable
- (b) The instrument of incorporation, if the applicant is a body corporate;
- (c) A copy of the applicant's rules;
- (d) A copy of any guidance issued by the applicant;
- (e) The prescribed fees;
- (f) The required particulars which are:
 - (i) if the applicant makes, or proposes to make, clearing arrangements with an approved securities exchange, particulars of those arrangements;
 - (ii) if the applicant proposes to provide clearing services for persons other than an approved securities exchanges, particulars of the criteria which it will apply when determining to whom it will provide those services;
- (g) Such additional information or documents as may be required by the Authority.

Article 9 – Application for approval of a foreign clearing house

An application for approval of a foreign clearing house must be accompanied by:

- (a) Particulars of the applicant including name, address, particulars of senior management and Board of directors, membership criteria where applicable;
- (b) The instrument of incorporation, if the applicant is a body corporate;
- (c) A copy of the applicant's rules;
- (d) A copy of any guidance issued by the applicant;
- (e) The prescribed fees;
- (f) The required particulars which are:
 - (i) If the applicant makes, or proposes to make, clearing arrangements with an approved securities exchange, particulars of those arrangements;

- (ii) If the applicant proposes to provide clearing services for persons other than approved securities exchanges, particulars of the criteria which it will apply when determining to whom it will provide those services.
- (g) Demonstrate that the applicant is able and willing to co-operate with the Authority by the sharing of information and in other ways;
- (h) Demonstrate that adequate arrangements exist for co-operation between the Authority and those responsible for the supervision of the applicant in the country in which the applicant's head office is situated;
- (i) Such additional information or documents as may be required by the Authority.

Chapter III

Brokers, dealers, and sponsors

Article 10 – Application for a broker, dealer or sponsor license

An application for a license to act as a broker, dealer or sponsor shall be submitted to the Authority in Form 1 set out in the First Schedule.

The application shall be accompanied by:

- (a) The prescribed fees;
- (b) Particulars of the applicant, including name, address, particulars of senior management and Board of directors;
- (c) The certificate of incorporation, the memorandum and articles of association if any;
- (d) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of the application and audited accounts for the preceding two years (where applicable);
- (e) A business plan containing the particulars on:
 - (i) The management structure;
 - (ii) The directors, including one or more executive directors, their qualifications, addresses and details of other directorships;
 - (iii) The shareholding structure which shall disclose whether any of the shareholders will have an executive role to oversee the day to day operations of the business;
 - (iv) The evidence of a share capital of not less than RWF. 10 million in the case of a broker, 7 Million in case of a dealer or 10 million in case of sponsor;
 - (v) The qualifications, experience and expertise of the chief executive to effectively manage or operate the particular business for which application is made;
 - (vi) The proposed management and qualifications of key personnel;
 - (vii) The financial projections for three years;
 - (viii) the proposed information technology and access to the trading network in compliance with the trading, clearing, delivery and settlement requirements of the securities exchange to which the applicant intends to be admitted as a member under these Regulations;
 - (ix) One bank reference;
 - (x) Two business references;
 - (xi) The proposed independent auditor; and

- (f) Such additional information or documents as may be required by the Authority.

Article 11 – Financial requirements for brokers, dealers and sponsors

The level of shareholders' funds (paid up share capital and reserves) for a broker, dealer who is a body corporate or a sponsor shall not be below RWF. 7, 5 and 7 million respectively or such higher amount as may be determined by the Authority.

The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the securities broker/dealer or securities sponsor.

An applicant for a broker, dealer or sponsor licence must demonstrate ability to pay debts as and when they come due in the normal course of business and that the value of the company's assets is greater than the minimum of:

- (a) The value of its liabilities; and
- (b) The company's stated capital.

For purposes of paragraph 3 above, client money and client assets held by or on behalf of a licensed person shall not be included.

Chapter IV Investment advisers

Article 12 – Application for an investment adviser license

An application for a license to operate as an investment adviser shall be submitted to the Authority in duplicate in Form 1 set out in the Annex 1.

The application shall be accompanied with:

- (a) Particulars of the applicant including name, address, particulars of senior management and Board of directors;
- (b) Certificate of incorporation;
- (c) Memorandum and articles of association if any;
- (d) A statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and the applicant's audited accounts for the preceding two years;
- (e) A business plan containing the particulars of:
 - (i) The management structure;
 - (ii) The directors, including one or more executive directors, their qualifications, addresses and details of other directorships;
 - (iii) The shareholding structure, disclosing whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business;
 - (iv) The evidence of a minimum paid-up share capital of not less than RWF.5 million;
 - (v) The qualifications, experience and expertise of the chief executive;
 - (vi) The proposed management and qualifications of key personnel;
 - (vii) The financial projections for three years;
 - (viii) The particulars of the proposed operating and information technology system;

- (ix) One bank reference;
 - (x) Two business references;
 - (xi) The auditor of the applicant;
 - (xii) The prescribed application fees;
 - (f) Such additional information or documents as may be required by the Authority.
- (3) An application for an investment adviser's license can be made by an individual.
- [Please note: numbering as in original.]*

Article 13 – Financial requirements for investment advisers

The level of shareholders funds (paid up share capital and reserves) shall not at any time fall below RWF.2 million for investment advisers.

The paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the investment adviser.

The applicant for an investment adviser's license must demonstrate ability to pay debts as and when they come due in the normal course of business and that the value of the company's assets is greater than the minimum of;

- (a) The value of its liabilities; and
- (b) The company's stated capital.

For purposes of paragraph (3) above, client money and client assets held by or on behalf of a licensed person shall not be included.

Chapter V Investment banks

Article 14 – Application for a license to operate as an investment bank

An application for a license to operate as an investment bank shall be submitted to the Authority in Form 1 set out in the First Schedule.

The application shall be submitted together with:

- (a) the particulars of the applicant including name, address, particulars of senior management and Board of Directors;
- (b) A certificate of incorporation;
- (c) the memorandum and articles of association if any;
- (d) a statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and applicant's audited accounts for the preceding two years (where applicable);
- (e) a business plan containing the particulars on:
 - (i) management and shareholding structure of the investment bank;
 - (ii) directors, including their qualifications, addresses and details of other directorships;
 - (iii) evidence of financial capability or investment capital of RWF. 200 million in cash or portfolio of securities comprising fixed income securities and listed shares;

- (iv) qualifications, experience and expertise of the chief executive and dealers that must be relevant to effectively manage or operate the business of an investment bank;
- (v) proposed operating systems including dealing infrastructure suitably located and equipped to provide satisfactory service to clients; and
- (f) the prescribed application fees;
- (g) such additional information or documents as may be required by the Authority.

Article 15 – Financial requirements for investment banks

The level of shareholders' funds (paid up share capital and Reserves) shall not at any time fall below RWF.100 million

The minimum paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the investment bank.

An applicant for a license to operate as an investment bank must demonstrate ability to pay debts as and when they come due in the normal course of business and that the value of the company's assets is greater than the minimum of;

- (a) The value of its liabilities; and
- (b) The company's stated capital.

For purposes of paragraph (3) above, client money and client assets held by or on behalf of a licensed person shall not be included.

Chapter VII

Investment managers

[Please note: Chapter numbering as in original.]

Article 16 – Application for an investment manager's license

An application for a license to operate as an investment manager shall be submitted to the Authority in Form 1 set out in Annex 1.

The application shall be submitted together with:

- (a) Particulars of the applicant including name, address, particulars of senior management and Board of directors;
- (b) Certificate of incorporation;
- (c) Memorandum and articles of association where applicable;
- (d) A statement of the un-audited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and the applicant's audited accounts for the preceding two years;
- (e) A business plan containing the particulars of—
 - (i) the management structure;
 - (ii) the directors, including one or more executive directors, their qualifications, addresses and details of other directorships;
 - (iii) the shareholding structure, disclosing whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business;
 - (iv) the evidence of a minimum paid-up share capital of not less than RWF.20 million;

- (v) the qualifications, experience and expertise of the chief executive;
 - (vi) the proposed management and qualifications of key personnel;
 - (vii) the financial projections for three years;
 - (viii) the particulars of the proposed operating and information technology system;
 - (ix) one bank reference;
 - (x) two business references;
 - (xi) the auditor of the applicant;
 - (xii) the prescribed application fees;
 - (xiii) Such additional information or documents as may be required by the Authority.
- (3) An application for an investment manager's license shall be made by a firm.

[Please note: numbering as in original.]

Article 17 – Financial requirements for investment managers

The level of shareholders' funds (paid up share capital and reserves) shall not at any time fall below RWF.10 million for investment managers.

The paid up share capital shall always be unimpaired and shall not be advanced to the directors or associates of the investment adviser.

The applicant for an investment manager's license must demonstrate ability to pay debts as and when they come due in the normal course of business and that the value of the company's assets is greater than the minimum of;

- (a) the value of its liabilities; and
- (b) the company's stated capital.

For purposes of paragraph (3) above, client money and client assets held by or on behalf of a licensed person shall not be included.

Chapter IX

Determinations of applications made under these regulations

[Please note: Chapter numbering as in original.]

Article 18 – Determination of applications

An application made under these regulations must be determined by the Authority before the end of the period of 30 calendar days beginning with the date on which it received the completed application.

The Authority may determine an incomplete application if it considers it appropriate to do so; and it must in any event determine such an application within 15 calendar days beginning with the date on which it received the application.

The applicant may withdraw his application, by giving the Authority written notice, at any time before the Authority determines it.

If the Authority grants an application for a license or an approval, or for variation of a license, approval or recognition, it must give the applicant written notice.

The notice must state the date from which the license or approval, or the variation takes effect.

If the Authority proposes to limit, restrict or impose requirements in respect of a license or approval, it must give the applicant a warning notice.

Article 19 – Grant and refusal of license or approval

The Authority may, on an application duly made and after being furnished with all such information as it may require under that section, grant or refuse the application.

The Authority shall grant the application if it appears to it from the information furnished by the applicant and having regard to any other information in its possession that the applicant is a fit and proper person to carry on the business for which the license application is made and provide the services described in the application.

In determining whether to grant or refuse an application the Authority may take into account any matter relating to any person who is or will be employed by or associated with the applicant for the purposes of the business in question, and

- (a) if the applicant is a body corporate, to any director or controller of the body, to any other body corporate in the same group or to any director or controller of any such other body corporate;
- (b) if the applicant is a partnership, to any of the partners;
- (c) if the applicant is an unincorporated association, to any member of the governing body of the association or any officer or controller of the association.

In determining whether to grant or refuse an application, the Authority may also have regard to any business which the applicant proposes to carry on in connection with the activity to which the application relates.

In the case of a foreign applicant, the Authority shall have regard to the license or any form of authorization that the applicant holds.

A license, approval or recognition granted to a partnership:

- (a) shall be granted in the partnership name; and
- (b) shall authorize the carrying on of capital markets business in that name (or with the Authority's consent in any other name) by the partnership to which the license is granted, by any partnership which succeeds to that business or by any person who succeeds to that business having previously carried it on in partnership; and,
- (c) in relation to an authorization granted to a partnership constituted under the law of Rwanda or the law of any other country or territory under which a partnership is not a legal person, references in the Act to the holder of the license or the licensed person shall be construed as references to the persons or person for the time being authorized by the license to carry on capital markets business as mentioned in paragraph (b) above.

A license granted to an unincorporated association shall apply to the carrying on of capital markets business in the name of the association and in such manner as may be specified in the license.

Article 20 – Authority's power to vary a license or approval

The Authority may, on its own initiative and for sufficient cause, vary any license or approval in respect of a regulated activity.

A variation takes effect:

- (a) Immediately, if the notice given under paragraph (4) below states that that is the case;
- (b) on such date as may be specified in the notice; or
- (c) if no date is specified in the notice, when the matter to which the notice relates is no longer open to review.

A variation may be expressed to take effect immediately (or on a specified date) only if the Authority, having regard to the ground on which it is exercising its own-initiative power, reasonably considers that it is necessary for the variation to take effect immediately (or on that date).

If the Authority proposes to vary any license or approval in respect of a regulated activity, or varies it with immediate effect, it must give the licensed or approved person written notice.

The notice must:

- (a) give details of the variation;
- (b) state the Authority's reasons for the variation and for its determination as to when the variation takes effect;
- (c) inform the person that he may make representations to the Authority within such period as may be specified in the notice (whether or not he has referred the matter to the Panel);
- (d) inform him of when the variation takes effect; and
- (e) inform him of his right to refer the matter to the Panel established under the Capital Markets Act 2011.

The Authority may extend the period allowed under the notice for making representations.

If, having considered any representations made by the person, the Authority decides:

- (a) to vary the license or approval in the way proposed; or
- (b) not to rescind the variation

it must give him written notice.

If, having considered any representations made by the person, the Authority decides:

- (a) not to vary the license or approval in the way proposed;
- (b) to vary the license or approval in a different way; or
- (c) to rescind a variation which has been effected;

it must give him written notice.

A notice given under paragraph (7) must inform the person of his right to refer the matter to the Capital Markets Panel established under the Capital Markets Act 2011.

A notice under paragraph (8)(b) must comply with paragraph (5).

Article 21 – Withdrawal and suspension of a license or approval

The Authority may at any time withdraw or suspend any license or approval granted by it if it appears to it:

- (a) that the holder of the license, approval or recognition is not a fit and proper person to carry on the capital markets business which he is carrying on or proposing to carry on; or
- (b) without prejudice to paragraph (a) above, that the holder of the license or approval has contravened any provision of the Act or any regulations made under it or, in purported compliance with any such provision, has furnished the Authority with false, inaccurate or misleading information or has contravened any prohibition or requirement imposed by the Authority under the Act or regulations

The suspension of a license or approval shall be for a specified period or until the occurrence of a specified event or until specified conditions are complied with; and while a license or approval is suspended the holder shall not be a licensed or approved person.

Any period, event or conditions specified under paragraph (3) above in the case of a license or approval may be varied by the Authority on the application of the holder.

Article 22 – Notice of proposed refusal, withdrawal or suspension

Where the Authority proposes:

- (a) to refuse an application for license or approval; or
- (b) to withdraw or suspend a license or approval,

it shall give the applicant or the licensed or approved person written notice stating the reasons for which it proposes to act.

In the case of a proposed withdrawal or suspension the notice shall state the date on which it is proposed that the withdrawal or suspension should take effect and, in the case of a proposed suspension, its proposed duration.

Where the reasons stated in a notice under this article relate specifically to matters which:

- (a) refer to a person identified in the notice other than the applicant or the holder of the license, approval or recognition; and
- (b) are in the opinion of the Authority prejudicial to that person in any office or employment;

the Authority shall, unless it considers it impracticable to do so, serve a copy of the notice on that person.

Where a case is not required to be referred to the Capital Markets Panel by a person on whom a notice is served under this regulation, the Authority shall, at the expiration of the period within which such a requirement can be made:

- (a) give that person written notice of the refusal, withdrawal or suspension; or
- (b) give that person written notice of the grant of the application or, as the case may be, written notice that the license or approval is not to be withdrawn or suspended;
- (c) and the Authority may give public notice of any decision notified by it under paragraph (a) or (b) above and the reasons for the decision except that it shall not do so in the case of a decision notified under paragraph (b) unless the person concerned consents to his doing so.

Article 23 – Withdrawal of applications and licenses or approvals by consent

An application for a license or approval may be withdrawn before it is granted or refused; and, subject to paragraph (2) and (3) below, a license or approval granted to undertake capital markets business may be withdrawn by the Authority at the request or with the consent of the licensed or approved person.

The Authority may refuse to withdraw a license or approval if it considers that public interest requires any matter affecting the licensed or approved person to be investigated as a preliminary to a decision on the question whether the Authority should in respect of that person exercise its powers under the Act or these regulations.

The Authority may also refuse to withdraw a license or approval where in its opinion it is desirable that a prohibition or restriction should be imposed on the licensed or approved or that a prohibition or restriction imposed on that person should continue in force.

The Authority may give public notice of any withdrawal of license or approval under paragraph (1) above.

Article 24 – Right to refer matters to the Capital Markets Panel

An applicant who is aggrieved by the determination of an application made under these regulations may refer the matter to the Capital Markets Panel established under Capital Markets Act 2011.

A licensed or approved who is aggrieved by the exercise of the Authority's powers under these regulations may refer the matter to the Capital Markets Panel established under the Capital Markets Act 2011.

Chapter X

Miscellaneous and supplementary

Article 25 – General duty to comply

Every holder of a license or approval granted under these regulations shall at all times comply with all the requirements of the Act and regulations made under the Act and any conditions imposed on him by the Authority.

Article 26 – Disclosure of license or approval

Every holder of a license or approval granted under these regulations shall display his license or approval document at all premises in which he transacts with the public and include his license number in all published materials.

The requirement in paragraph (1) shall not be satisfied unless the license or approval document is displayed in such a manner as to be readily visible to the public.

Chapter XI

Fit and proper requirements for licensed and approved persons

Article 27 – Application of fit and proper requirements

These requirements apply to corporate bodies and individuals either seeking or who have been granted a license or approval in respect of a regulated activity.

In assessing fitness and propriety, the Authority will take into account a person's:

(a) **Honesty, integrity and reputation**

This includes an assessment of whether the person has:

- (i) been convicted of any criminal offence;
- (ii) been the subject of any adverse finding or any settlement in civil proceedings, particularly in connection with investment or other financial business, misconduct, fraud or the formation or management of a body corporate;
- (iii) been the subject of, or interviewed in the course of, any existing or previous investigation or disciplinary proceedings, by the Authority, by other regulatory authorities (including a previous regulator), clearing houses and securities exchanges, professional bodies, or government bodies or agencies;
- (iv) been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings;
- (v) contravened any of the requirements and standards of the regulatory system or the equivalent standards or requirements of other regulatory authorities (including a previous regulator), clearing houses and securities exchanges, professional bodies, or government bodies or agencies;
- (vi) been the subject of any justified complaint relating to regulated activities;
- (vii) been involved with a company, partnership or other organisation that has been refused registration, authorisation, membership or a license to carry out a trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated, or has been expelled by a regulatory or government body;

- (viii) as a result of the removal of the relevant license, registration or other Authority, the person has been refused the right to carry on a trade, business or profession requiring a license, registration or other related business;
 - (ix) been a director, partner, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection;
 - (x) or any business with which the person has been involved, has been investigated, disciplined, censured or suspended or criticized by a regulatory or professional body, a court or Panel, whether publicly or privately;
 - (xi) been dismissed, or asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar;
 - (xii) ever been disqualified from acting as a director or disqualified from acting in any managerial capacity;
 - (xiii) In the past, the person has been candid and truthful in all his dealings with any regulatory body and whether the person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards.
- (b) **Competence and capability**
- This includes an assessment of whether the person:
- (i) satisfies the relevant training and competence requirements in relation to the functions they are required or intend to perform;
 - (ii) Has demonstrated by experience and training, ability to perform the required functions.
- (c) **Financial soundness**
- This includes an assessment of whether:
- (i) The person has been the subject of any judgment debt or award, in the Republic of Rwanda or elsewhere, that remains outstanding or was not satisfied within a reasonable period;
 - (ii) in the Republic of Rwanda or elsewhere, the person has made any arrangements with his creditors, filed for bankruptcy, had a bankruptcy petition served on him, been adjudged bankrupt, been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order), offered a bankruptcy restrictions undertaking, had assets sequestered, or been involved in proceedings relating to any of these.

Article 28 – Repealing of inconsistent provisions

All prior regulatory provisions contrary to this regulations are hereby repealed.

Article 29 – Commencement

This regulation shall come into force on the date of its publication in the Official *Gazette* of the Republic of Rwanda.

Annex 1

Form 1

[Editorial note: The form has not been reproduced.]