

**PROPOSED AMENDMENTS TO THE CENTRAL BANK OF KENYA  
ACT FOR PURPOSES OF REGULATION AND SUPERVISION OF  
CREDIT GUARANTEE BUSINESS**

<b>SECTION TO BE AMENDED</b>	<b>PROPOSED AMENDMENT</b>	<b>JUSTIFICATION</b>
<p><b>Section 2</b></p>	<p><b>Insert the following new definitions in proper alphabetical sequence</b></p> <p><b>“Credit Guarantee Business”</b> means the business of providing a guarantee to a lender through absorption of all or a portion of the lender’s risk on credit facility made to a borrower in case of default;</p> <p><b>“Credit Guarantee Company”</b> means a company incorporated or registered under the Companies Act, (Cap 486) to conduct credit guarantee business;</p> <p><b>“Specified Credit Guarantee Company”</b> means a licensed credit guarantee company which is specified by the Bank under section 33V of the Act.</p>	<p><b>To introduce the definition of new terms</b></p>
<p><b>Section 4A (1)</b></p>	<p><b>insert a new sub-paragraph in paragraph (h)—</b></p> <p>(ix) credit guarantee companies and agents</p> <p><b>insert a new paragraph immediately after paragraph (h)—</b></p> <p>(i) license and supervise credit guarantee companies.</p>	<p><b>To regulate and supervise credit guarantee companies for anti-money laundering and combating the financing of terrorism and countering proliferation financing purposes (AML/CFT/CPF)</b></p> <p><b>To expand the objects of the Bank to regulate credit guarantee businesses</b></p>

SECTION TO BE AMENDED	PROPOSED AMENDMENT	JUSTIFICATION
<b>NEW INSERTION</b>	<b>PART VID — CREDIT GUARANTEE BUSINESS</b>	
Licensing	<p>33V. (1) A Credit Guarantee Company may apply to the Bank for licensing.</p> <p>(2) A Credit Guarantee Company with Government shareholding shall not engage in Credit Guarantee Business unless licensed by the Bank under this Act.</p> <p>(3) An application for a licence under this section shall be made to the Bank in the prescribed form and accompanied by the prescribed fee.</p> <p>(4) A person who contravenes the provision of subsection (2) commits an offence and is liable on conviction to a fine not exceeding one million shillings, or to imprisonment for a term not exceeding three years, or to both.</p>	<p><b>To give powers to the Bank to regulate credit guarantee business</b></p> <p><b>To create a criminal offence for violations relating to licensing requirements</b></p>
Powers of the Bank	<p>33T The Bank shall have the following powers with respect to the regulation of credit guarantee companies—</p> <p>(a) to license credit guarantee companies;</p> <p>(b) to determine the capital adequacy standards and related requirements for credit guarantee companies;</p> <p>(c) to prescribe the minimum liquidity requirements;</p> <p>(d) to prescribe permissible and prohibited activities for credit guarantee companies;</p> <p>(e) to supervise credit guarantee companies, including –</p> <p>(i) conducting both on-site and off-site supervision;</p>	<p><b>To give powers to the Bank to regulate credit guarantee businesses</b></p>

SECTION TO BE AMENDED	PROPOSED AMENDMENT	JUSTIFICATION
	<ul style="list-style-type: none"> <li>(ii) assessing professional and moral suitability of persons managing or controlling the credit guarantee companies;</li> <li>(iii) approving the Board and Management of the credit guarantee companies;</li> <li>(iv) approving the appointment of the external Auditors;</li> <li>(v) collecting regular data from credit guarantee companies;</li> <li>(vi) approving the annual audited accounts of credit guarantee companies before publication and presentation at the annual general meetings;</li> <li>(vii) certifying significant shareholder as fit and proper person.</li> <li>(f) to revoke or suspend a licence;</li> <li>(g) to direct or require such changes as the Bank may consider necessary;</li> <li>(h) to impose monetary, civil or administrative sanctions;</li> <li>(i) to prescribe in Regulations requirements relating to: <ul style="list-style-type: none"> <li>(i) licensing of credit guarantee companies</li> <li>(ii) corporate governance;</li> </ul> </li> </ul>	

SECTION TO BE AMENDED	PROPOSED AMENDMENT	JUSTIFICATION
	<ul style="list-style-type: none"> <li>(iii) risk management;</li> <li>(iv) internal controls;</li> <li>(v) shareholder obligations.</li> <li>(vi) operational requirements of credit guarantee business;</li> <li>(vii) supervisory reporting obligations;</li> <li>(viii) market conduct;</li> <li>(ix) information sharing;</li> <li>(x) anti-money laundering, combating the financing of terrorism and countering proliferation financing purposes;</li> <li>(xi) data protection;</li> <li>(xii) pricing parameters;</li> <li>(xiii) reporting and oversight by the Central Bank;</li> <li>(xiv) enforcement actions;</li> <li>(xv) closure, supervision or termination of credit guarantee business;</li> <li>(j) to take such other action as the Bank may consider necessary.</li> </ul>	