



PRESS RELEASE

NGENYE KARIUKI AND COMPANY LIMITED

In furtherance of fulfilling its mandate, the Capital Markets Authority (The Authority) has been undertaking a comprehensive set of reforms aimed at promoting, regulating, and facilitating the development of orderly, fair and efficient capital markets in Kenya. A key component of these reforms has been focused on measures to safeguard the integrity of the capital markets, strengthen investor confidence, and thereby enhance and broaden investor participation in the market. This is primarily because the Government is well aware that failure to do this will prevent us from positioning the capital markets industry to play the pivotal role that it is expected to play in achieving our development objectives as outlined under Vision 2030.

It is against this background that the Minister for Finance in February 2009, directed the Capital Markets Authority, to undertake bold actions and implement a set of measures to protect investors and boost confidence in the capital markets.

Since then, we have gone a long way in implementing these measures. As part of these measures we have ensured strict enforcement of the law against market participants found not to be in compliance with proper corporate governance through penalties and other actions. We have also strengthened corporate governance by enhancing the capitalization provisions for capital

market intermediaries and these measures which result in well capitalized institutions are now enshrined in law. Moreover, we have been working with a few intermediaries who were at the risk of experiencing financial difficulties to help them restructure their businesses and bring them on a sound footing. The Authority is happy to note that as a result of these concerted efforts, investor confidence has improved considerably.

Ngenye Kariuki and Company limited has been found not to be in compliance with the legal and regulatory provisions as outlined in the Capital Markets Authority Act for some time. While efforts have been made to restructure the company, these have not borne significant fruit and as a result, no significant progress has been made. In this regard, and in the exercise of its regulatory mandate, under the Capital Markets Act , mainly the protection of the interests of the investors, the Board of the Capital Markets Authority has resolved to place Ngenye Kariuki and Company Limited under statutory management. Mr Wycliffe Shamiah has been appointed the Statutory Manager with effect from 5 February 2010 for a period of six (6) months.

The statutory management is being undertaken to ensure an orderly approach to addressing the challenges facing the company and to give the company a chance to revive its business. This will also help to protect the investor interests especially in facilitating their access to trading at the Nairobi Stock Exchange. Moreover, this measure will provide the opportunity to trace and preserve any assets of the company that may be applied to compensate investors with proven losses.

The Statutory Manager, will exercise the powers conferred on him by the Capital Markets Act and assume the management, control, and conduct of the affairs and business of Ngenye Kariuki and Company to the exclusion of its shareholders and its Board of Directors.

The Statutory Manager will be communicating detailed guidance to the investors, customers and creditors of Ngenye Kariuki and Company Limited on the procedures to be adopted for making claims in addition to the mechanisms to facilitate the transfer of CDS accounts of those investors who desire to effect trades in the near future.

All parties concerned are requested to give the Statutory Manager up to **March 1, 2010** to enable the Statutory Manager familiarize himself with all aspects of the company prior to forwarding any claims or lodging any requests for transfer of CDS Accounts.

Stella Kilonzo

Chief Executive

Capital Markets Authority

5 February 2010