



FINANCIAL SERVICES SECTOR REPORT

Q4 2025



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Accolades



CHAMBERS AND PARTNERS

Firm Ranking

Banking and Finance - Band 3



LEGAL 500

Firm Ranking

Banking and Finance - Tier 2



IFLR 1000

Firm Ranking

Banking and Finance - Tier 4

Testimonials

"The professionals are all uniformly efficient, quick, comprehensive, and thorough. On technology too, I consider the firm as using the most modern tools."

Legal 500 2025 | Commercial, Corporate, and M&A

"Very dedicated, thorough, and knowledgeable."

Asset Finance | IFLR 1000 2024

"She's a very good lawyer, very knowledgeable, and great to deal with."

Suzanne Muthaura -Banking & Finance | IFLR 1000 2024



ABOUT US

MMAN Advocates is a leading Kenyan corporate law firm that aims to provide innovative and meaningful legal solutions for its clients.

Central to our culture is a commitment to deliver a superior experience for our clients by understanding their needs and exceeding their expectations.

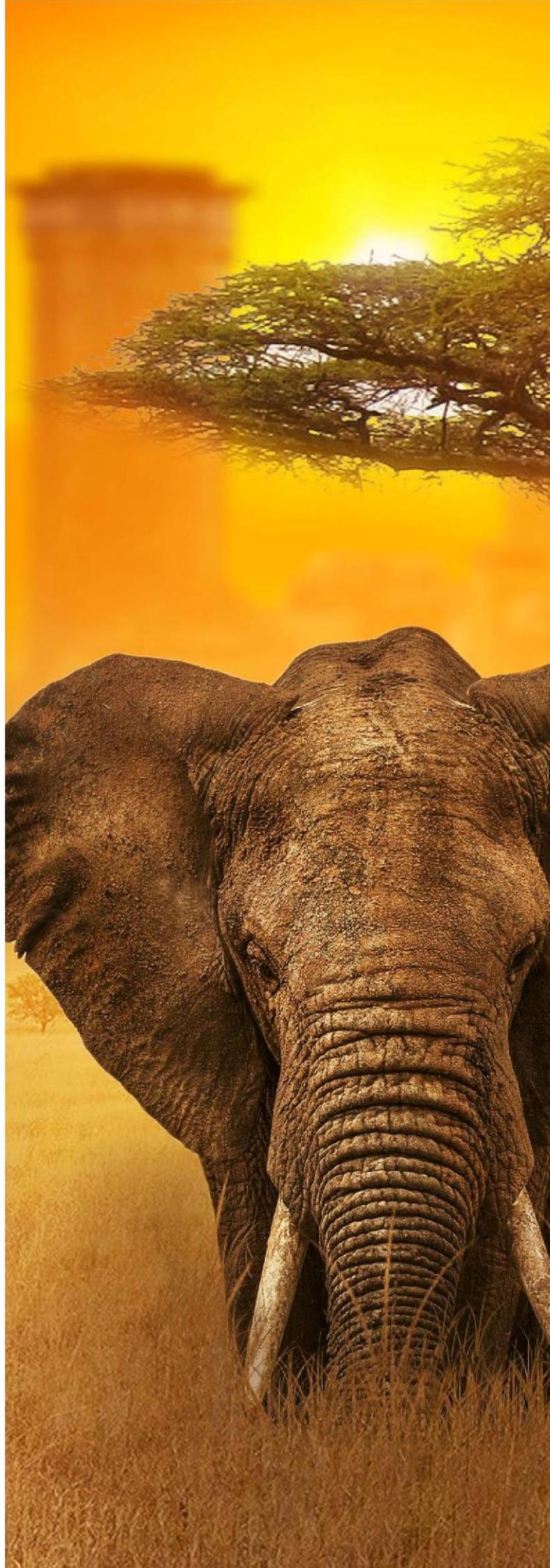
OUR REPUTATION

We are proud to be consistently ranked by internationally recognized legal directories, Chambers Global, IFLR1000 and Legal 500 as one of the leading commercial law firms in Kenya.

OUR GLOBAL PRESENCE

MMAN is the Kenyan member of the Eversheds Sutherland Africa Alliance, the largest legal network in Africa with firms in 37 countries. Eversheds Sutherland is a leading global legal services provider which has 66 offices across the world.

MMAN is also the Kenyan member of TerraLex, a leading international legal network with more than 155 independent law firms in 100 countries.



BANKING

I. Guidelines, Circulars, Notices, and Public Participation.

a) Circular on Customer Due Diligence (CDD) & Enhanced Due Diligence (EDD)

On the 31st December 2025, the Capital Markets Authority issued a Circular on Customer Due Diligence (CDD) & Enhanced Due Diligence (EDD). Market intermediaries are required to know their customers, understand the nature of their business and verify their source of funds in order to mitigate money laundering and terrorism financing risks. This is a requirement set out in Regulation 14 to 19 of the Proceeds of Crime and Anti-Money Laundering Regulations, 2023.

Special requirements are required for legal persons and arrangements to verify ownership structure, senior management and beneficial owners. CDD must be applied when:

1. establishing a business relationship;
2. conducting occasional transactions above USD/EUR 15,000, including situations where the transaction is carried out in a single operation/in several operations that appear to be linked;
3. executing wire transfers as per the Financial Action Task Force Recommendation 16;
4. there is suspicion of money laundering and terrorism financing; and
5. previously obtained customer identification data is inadequate or doubtful.

Based on the risk assessment outcome, intermediaries are required to apply:

1. Enhanced Due Diligence – this is required for customers, jurisdictions, products or services classified as high-risk for money laundering or terrorism financing.
2. Simplified Due Diligence – this is permitted only where a demonstrably low-risk profile is established. It is not permitted when there is suspicion of money laundering or terrorism financing.

It is required that all risk assessments and corresponding due diligence decisions be documented and retained for a minimum period of seven years and should be readily available for regulatory review and audit.

Instances where CDD cannot be completed, then one cannot open accounts, commence business of process transaction. Additionally, the market intermediary is required to file a suspicious transaction report with the Financial Reporting Centre.

Effective date: 31st December 2025.

b) Circular on Beneficial Ownership (BO)

On the 31st December 2025, the Capital Markets Authority issued a [Circular on Beneficial Ownership](#) to reinforce compliance with the Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT). Market intermediaries were being reminded of their obligation to identify, verify and maintain accurate and up to-date information on Beneficial Owners of all legal persons including Companies, Foreign-Created Entities, Limited Liability Partnerships and Trusts.

Effective date: 31st December 2025.

c) Compliance with Shareholding Requirements under the Capital Markets (Nairobi Securities Exchange Limited Shareholding) Regulations, 2016

On 29th October 2025, the Nairobi Securities Exchange PLC (NSE) issued a [Circular](#)

reaffirming the shareholding limits prescribed under the Capital Markets (Nairobi Securities Exchange Limited Shareholding) Regulations, 2016.

Under Regulation 3:

1. an individual or private company may not hold more than 5% of the NSE's equity, directly or indirectly;
2. a public company may not hold more than 10% of the NSE's equity; and
3. trading participants, collectively, may not hold more than 40% of the NSE's total equity.

The NSE has advised all shareholders, trading participants, and other relevant persons to exercise due caution to ensure compliance of the Regulations. Such persons shall be required to notify the NSE of the exchange of any proposed transactions involving NSE shares and obtain prior written confirmation before execution—including where investors are approaching or exceeding the prescribed thresholds.

INVESTMENTS

I. Guidelines, Circulars, Notices, and Public Participation.

DRAFT KENYA SOVEREIGN WEALTH FUND BILL, 2025

The Draft Kenya Sovereign Wealth Fund Bill, 2025 (the Draft Bill) was published by the National Treasury with stakeholders being invited for comments on or before the 7th November 2025. The Draft Bill establishes a statutory **Kenya Sovereign Wealth Fund (KSWF)** to manage and invest public revenues from natural resources and other qualifying sources in a structured, transparent, and prudent manner. Its objectives are:

1. provide the national government with a buffer from fluctuations in resource revenues or extraordinary macroeconomic shocks;
2. provide finance for strategic infrastructure investment priorities to foster strong and inclusive growth and development; and
3. build a savings base for future generations when minerals and petroleum resources are exhausted.

The Fund consists of **three distinct components**:

1. **Stabilisation Component** — The Stabilisation Component is designed to act as a fiscal buffer during periods of economic volatility, particularly where government revenues from natural resources fluctuate due to changes in global commodity prices or production levels. By setting aside excess revenues in periods of high performance, this component enables the Government to smooth public expenditure during downturns, reduce sudden budgetary shocks, and maintain continuity in essential

public services without resorting to emergency borrowing.

2. **Strategic Infrastructure Investment Component** — The Strategic Infrastructure Investment Component is intended to support the financing of priority national development and infrastructure projects that are aligned with Kenya's long-term economic and development objectives. This component allows the Fund to deploy capital into commercially viable public infrastructure initiatives, thereby reducing reliance on debt financing while catalysing economic growth, improving service delivery, and crowding in private sector participation through structured investments.
3. **Future Generation (Urithi) Component** — The Future Generation, or Urithi, Component is established to promote intergenerational equity by preserving a portion of Kenya's natural resource wealth for the benefit of future citizens. Funds allocated to this component are invested with a long-term horizon, ensuring that the finite proceeds from non-renewable resources are transformed into enduring financial assets that will continue to support national development long after the underlying resources have been depleted.

All resource revenues are initially deposited into a Holding Account at the Central Bank of Kenya, then transferred to the three components based on proportions set at the start of each financial year.

Historically, resource-rich nations have struggled to convert natural wealth into lasting prosperity due to volatility and governance gaps. Kenya stands at a key economic inflection point. The stated aim of the Draft Bill is to institutionalise the prudent management of resource revenues and strategically harness them for sustainable development, fiscal stabilisation, and long-term savings.

INSURANCE

I. Guidelines, Circulars, Notices, and Public Participation.

The Insurance Regulatory Authority (IRA) have published 13 draft insurance regulations and guidelines (Draft Regulations) under the Insurance Act, Cap. 487. Stakeholders were invited to submit written comments on or before the 21st November 2025 with various stakeholder engagements being conducted within the month.

The Draft Regulations propose significant regulatory reforms to strengthen supervision and promote sustainable insurance practice. They amend existing regulations or create new regulatory frameworks for the insurance sector. These are as listed below:

1. [Insurance \(Market Conduct\) Guidelines, 2025](#)
2. [Insurance \(Risk Management & Control Functions\) Guidelines, 2025](#)
3. [Insurance \(Corporate Governance\) Guidelines, 2025](#)
4. [Insurance \(Claims Management\) Guidelines, 2025](#)
5. [Insurance \(Reinsurance Arrangements\) Guidelines, 2025](#)
6. [Insurance \(Intermediaries\) Regulations, 2025](#)
7. [Insurance \(Index Insurance\) Regulations, 2025](#)
8. [Insurance \(Operations of Takaful\) Regulations, 2025](#)
9. [Insurance \(Products\) Regulations, 2025](#)
10. [Insurance \(External Auditors and Appointed Actuaries\) Regulations 2025](#)
11. [Insurance \(Service Providers\) Regulations 2025](#)
12. [Insurance \(Bancassurance\) \(Amendment\) Regulations 2025](#); and
13. [Insurance \(Amendment\) Regulations, 2025](#)

The Draft Regulations propose is an increase in the licensing and annual renewal fees for licensees as follows:

	Current Fees	Proposed Fees
Insurance companies	KES 150 000	KES 500 000
Reinsurance companies	KES 250 000	KES 750 000
Insurance brokers	KES 10 000	KES 100 000
Medical Insurance providers	KES 10 000	KES 100 000
Bancassurance intermediaries	KES 20 000	KES 200 000
Insurance agents	KES 1000	KES 5000

The Draft Insurance Regulations signal a deliberate effort by the Insurance Regulatory Authority to modernise Kenya's insurance framework in response to emerging and non-traditional risks. Notably, the Draft Regulations revise the classification of insurance business lines, proposing the formal recognition of cybersecurity insurance and virtual assets insurance as sub-classes of general insurance. This development reflects the growing exposure of businesses and individuals to digital risks, including cyberattacks, data breaches, and losses associated with virtual and digital assets, and provides a clearer regulatory basis for insurers seeking to underwrite such risks in Kenya.

The proposed Insurance (Index Insurance) Regulations, 2025, introduces a dedicated regulatory framework for the offering of index insurance products. Index insurance—particularly prevalent in Kenya's agricultural sector—differs from traditional indemnity insurance by triggering payouts based on predefined indices such as weather patterns or satellite data, rather than actual loss assessments. The proposed Regulations seek to standardise this growing product line by prescribing the approval process for index insurance products, setting out minimum product features, disclosure requirements, and parameters on claim payout periods.

Expanded reporting obligations are proposed to enhance regulatory visibility into insurers' financial health, risk exposure, and operational practices. The Regulations also strengthen the IRA's enforcement toolkit, including powers to issue directives, impose sanctions, and require remedial action for non-compliance. Collectively, the Draft Regulations support broader policy objectives such as financial inclusion, agricultural risk management, and responsible digitisation of financial services, while maintaining regulatory discipline and market stability.

FINTECH

I. Acts of Parliament

The Virtual Asset Service Providers Act, Act No. 20 of 2025 (link here)

This recently enacted Act introduces a legal framework to license and regulate the activities of virtual asset service providers. The types of virtual asset services considered are listed under the first schedule of the Act and include, but are not limited to, virtual asset wallet providers, virtual asset exchanges, virtual asset payment processors, virtual asset brokers, virtual assets investment advisors etc.

The Central Bank of Kenya, the Capital Markets Authority have been granted roles under the new Act to provide oversight, license service providers, issue guidelines and directives and provide advice to the Cabinet Secretary for the time being responsible for matters related to the National Treasury on policies and recommendations. These regulatory authorities also have the power to take administrative enforcement action against any person who violates any provision of the Act.

Depending on the nature of the services offered, VASPs may also fall within the scope of existing financial services legislation, including the National Payment System Act (Cap. 491A) and the Capital Markets Act, particularly where activities involve payment services, tokenised investments or advisory functions

Operation without a license issued under the Act amounts to an offence carrying a fine of up to Kenyan shillings twenty-five million in the case of a company or in the case of an individual to a fine not exceeding ten million shillings or imprisonment for a term not exceeding five years imprisonment of directors or to both. The Act provides for several other offences which attract various penalties.

The Act also expressly situates virtual asset activities within Kenya's broader legal and regulatory environment, including compliance with the Computer Misuse and Cybercrimes Act

(Cap. 79C), reflecting the heightened emphasis on cybersecurity, system integrity, and protection against technology-enabled financial crime.

In addition, Virtual Asset Service Providers are required to comply with Kenya's anti-money laundering, counter-terrorism financing, and counter-proliferation financing (AML/CFT/CPF) framework. This includes compliance with the Proceeds of Crime and Anti-Money Laundering Act (Cap. 59A), the Prevention of Terrorism Act (Cap. 59B), and oversight by the Financial Reporting Centre. These obligations encompass customer due diligence, ongoing transaction monitoring, record-keeping, and mandatory reporting requirements.

Upon commencement of the Act on 4 November 2025, any person providing virtual asset services is required to comply with its provisions within one year, failing which enforcement action may be taken by the relevant regulatory authority.

SACCOS

I. Guidelines, Circulars, Notices, and Public Participation.

Requirement for Submission of Mandatory Statutory Report under Sec 44 (3) of the Sacco Societies Act (CAP 490B)

On 16th October 2025, the Sacco Societies Regulatory Authority (SASRA) published a [Circular to External Auditors](#) requiring the submission of a Statutory Report on the financial condition of the deposit-taking business of SACCO societies. The notice applies to all external auditors and audit firms appointed to provide external audit services to regulated SACCO societies for a given financial year or period.

Under the notice, external auditors and audit firms are required to submit the Statutory Report directly to SASRA within four (4) months after the end of the relevant financial year. Failure to submit the report within the prescribed timeframe will result in the permanent removal of the auditor or audit firm from SASRA's Annual List of Registered and Approved External Auditors for Regulated SACCO Societies.

Effective date: 16th October 2025



Key Contacts



CHRISTOPHER KIRAGU
Head of Banking and Finance
Nairobi, Kenya

E: ckiragu@mman.co.ke



CAROLE AYUGI
Partner
Nairobi, Kenya

E: cayugi@mman.co.ke



SUZANNE MUTHAURA
Partner
Nairobi, Kenya

E: smuthaura@mman.co.ke



WARINGA NJONJO
Partner
Nairobi, Kenya

E: wnjonjo@mman.co.ke



JOMO NYARIBO
Partner
Nairobi, Kenya

E: jnyaribo@mman.co.ke



- NOTARIES PUBLIC
- COMMISSIONERS FOR OATHS

OFFICES:

4th Floor, Wing B, Capitol Hill Square,
Off Chyulu Road, Upper Hill, Nairobi.

TELEPHONE:

+254 20 869 7960 / +254 20 259 6994 /

+254 71 826 86 83

POSTAL ADDRESS:

P. O. Box 8418-00200,
Nairobi Kenya.

EMAIL:

mman@mman.co.ke

WEBSITE:

www.mman.co.ke

