



**CAPITAL MARKET ADVISORY COUNCIL**

**ANNUAL REPORT &  
FINANCIAL STATEMENTS JANUARY 2009-  
JUNE 2010**

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## **Our Vision**

To be a key contributor to Rwanda becoming a competitive financial centre

## **Mission**

To nurture wealth by facilitating the development of an orderly, fair, transparent and efficient capital market

## **Core Values**

Good Governance, Knowledge, Creativity and Innovation

## ABREVIATIONS

- **BCR:** Banque Commerciale du Rwanda
- **BNR:** Banque Nationale du Rwanda (Central Bank)
- **BRALIRWA:** Brasserie et Limonaderie du Rwanda
- **CEO:** Chief Executive Officer
- **COUNCIL:** Board of Directors of CMAC
- **CSR :** Caisse Sociale du Rwanda
- **EASEA:** East Africa Security Exchanges Association
- **EASRA:** East African Securities and Regulatory Authorities
- **EMC:** Emerging Markets Committee
- **ESMID:** Efficient Securities Market Institutional Development
- **IFAC:** International Federation of Accountants
- **IFC:** International Finance Corporation
- **IOSCO:** International Organisation of Securities Commissions
- **IPSAS:** International Public Sector Accounting Standards
- **KCB:** Kenya Commercial Bank
- **MINECOFIN:** Ministry of Finance and Economic Planning
- **MoU:** Memorandum of Understanding
- **OTC:** Over The Counter
- **PSF :** Private Sector Federation
- **SORAS:** Societe Rwandaise d'Assurance

## CORPORATE INFORMATION

### BACKGROUND AND CMAC PROFILE

CMAC was established by the Prime Minister's order n° 01/03 of 28/03/2007. The council reports to the Minister of Finance and Economic Planning and is responsible for:

- a) Developing guidelines for the issuance and trading of debt and equity securities in Rwanda;
- b) Developing legislation required for the operations of securities issuance and transactions;
- c) Promoting the interests of market participants;
- d) Considering the interests of other stakeholders;
- e) Establishing an over-the-counter market to enable securities transactions;
- f) Sensitising the public on the role of the capital market for economic development

The Council is mainly responsible for providing strategic leadership in the development of the capital market in Rwanda.

### CORPORATE GOVERNANCE

The board of Capital Market Advisory Council consists of 11 non-executive directors representing different interest groups appointed by the Minister of Finance. The board works through periodic board and committee meetings and is answerable to the Minister of Finance.

#### The Composition of the Board:

	NAMES	OCCUPATION	INSITUTION	SECTOR
1.	Mr. Henry Gaperi	Managing Director	Caisse Sociale	Finance
2.	Mr. Mark Rugenera	Managing Director	SORAS	Insurance Companies
3.	Mr. Gregoire Muramira	Managing Director	Optimum Insurance Brokers	Insurance Brokers
5.	Mr. Vincent Munyeshyaka	Director of Corporate Planning	MINECOFIN	Ministry of Finance
6.	Mrs. Henriette Zimulinda	Managing Director (Chairperson Women Entrepreneurs Chamber)	Vision Services Ltd	Private sector
7.	Mrs. Yvonne Mukankuranga	Lawyer	IMPRIMERIE NOUVELLE	Bar Association of Lawyers
8.	Mrs. Adelaide Kagwesage	Head of Financial	BNR	Banking

		Market Division	Central Bank	
10.	Dr. James Ndahiro	Member of Business Law Reform Cell	MINIJUST	Ministry of Justice
11.	Mr. Emmanuel Hategeka	Secretary General	PRIVATE SECTOR FEDERATION	Private Sector Advocacy Body
12.	Mr. Robert Mathu	Executive Director	CMAC	Capital Markets

### **The Rwanda Over The Counter – ROTC**

#### **Primary Market**

The capital market is divided into primary and secondary markets. The primary market handles new issues. This is also where new capital is raised and securities sold for the first time. Correspondingly, sale proceeds of the securities offered flow directly from the buyers or investors to the issuers of the securities.

#### **Secondary Market**

The secondary market focuses on trading securities sold or issued in the primary market and already in the hands of the public. Once securities have been successfully issued in the primary market, they are subsequently traded in the secondary market. This is where stock markets, stock exchanges or OTC markets by whichever name the market may be referred to, provide facilities for secondary trading.

The secondary market heavily complements the primary market. An active secondary market makes it easier for corporate entities and governments to raise fresh capital through the primary market.

#### **Trading Operations**

The Capital Market Advisory Council established Over the Counter (OTC) trading operations. Rwanda OTC secondary trading is conducted through a dual process. Members trade at the OTC market where they are allowed to buy or sell directly to clients in their offices. Equally, members are allowed to trade with other members either face to face or through telephone calls during working hours on normal working days. In addition, an open outcry trading session is conducted on the trading floor.

During the designated trading floor sessions at the CMAC secretariat, all members must report all transactions conducted from the closure of the previous official trading session till the beginning of the next trading session.

#### **The physical location and address:**

ECOBANK Building, 5th Floor  
Avenue de la Paix,  
P O Box 6136 Kigali, Rwanda

## CHAIRMAN'S STATEMENT



Mr. Marc Rugenera, Chairman of the Board of Directors of CMAC (Since March 2010)

It is with much pleasure and honour that I present the annual report and financial statements of the Capital Market Advisory Council (CMAC) for the period ended June 2010. The fiscal year 2009/2010 was indeed great for CMAC and marked significant achievements that were possible through coordinated efforts of the board of directors, management, potential stakeholders notably, the Government of Rwanda through the Ministry of Finance and Economic Planning.

The establishment of a capital market in Rwanda marked the culmination of the overall financial sector reforms under the Financial Sector Development Program. The set up of the capital market was aimed at deepening the financial sector by making available a market mechanism and facilities that would enable the private and public sectors have access to long term capital for economic development.

The CMAC Board of Directors has worked extremely hard in providing strategic direction to the management of the CMAC secretariat and the emerging capital market as a whole. In addition, it has provided policy recommendations ranging from the legal framework, fiscal incentives and the privatisation policy that would stimulate the emergence and development of a capital market in Rwanda.

In the year end December 2009, Rwanda Economic Growth registered a drop in GDP growth from 11.2 percent in 2008 to 5.5 percent in 2009 mainly due to unfavourable domestic and international economic environment. Key to these factors was the international financial crisis and decline in international commodity prices that resulted in the domestic credit crunch in early 2009. The economy recovered in the year 2010 and Rwanda registered a GDP growth of 7.5 percent.

During the second year of its existence, the capital market was able to mobilise Rwf 5 billion, which was raised during the third and fourth quarter of 2009/2010 through the issuance of two treasury bonds.

The equity market in the Rwanda OTC market was activated on 16<sup>th</sup> June 2010 with the listing of Kenya Commercial Bank (KCB).

It is important to point out that by the end of the 2009/2010 financial year, the process to list the Bralirwa IPO was at an advanced stage and this only be done in the early months of the following year; 2010/2011

In the period under review, CMAC undertook to inform the general public on the relevance of the capital market through awareness campaigns on various radio stations, the national broadcaster, Rwanda Television (RTV) and the Internet.

Public education and awareness shall remain a permanent activity in the operations of the Capital Market going forward.

Finally, it is notable to report that Rwanda, as a full member of EAC and through regional integration initiatives, notably the common market protocol, it is now possible for domestic companies and investors in Rwanda to tap into the capital markets within the rest of the region to finance their long term capital needs for economic development.

I would like to extend my sincere thanks and appreciation to the Ministry of Finance and Economic Planning, the National Bank of Rwanda for their leadership and support, the Board of CMAC for their tireless efforts and, of course, the management for carrying out their tasks faithfully and successfully to ensure a functional capital market in Rwanda.

Signature: \_\_\_\_\_

Name: Mark Rugenera  
[Chairman of CMAC Board]

Date: \_\_\_\_\_



## PHOTO GALLERY



*A trading session during the official listing of the Kenya Commercial Bank at the ROTC in June 2010*



*Participants during a session of the Securities Industry Training Institute (SITI) training workshop involving capital market practitioners held in Kigali in 2009*



*Senior KCB and CMAC officials during the official listing of KCB at the ROTC Market in June 2010*



*Mr. Charles Furaha, the Legal Affairs Manager, CMAC, (Left) during a public education and awareness drive at the Ministry of Internal Security in August 2009*



*A public education campaign held in 2010 at the Senate premises of the Republic of Rwanda*



*The East African Securities Exchange Association conference in Kigali in 2009*

## PROFILE OF THE BOARD OF DIRECTORS



**Mr. Marc Rugenera**  
**Chairman (Since March 2010 to date)**

Mr. Rugenera is the Managing Director of SORAS, an insurance firm. He is a former Minister of Finance and Minister of Commerce, Industry and Tourism. He is also a former Managing Director of Import and Export Company, and a Project Analyst with the Rwanda Development Bank. He holds a Masters degree in Business Engineering, from the Brussels Management School.



**Mr. Henry Kanyesiime Gaperi**  
**Chairman (Since inception to March 2010)**

Mr. Gaperi is the Revenue Policy and Administration Advisor at the EAST AFRITAC which is part of the IMF's new Africa Capacity-Building. He previously served in different capacities including as Chief Executive Officer of the Social Security Fund of Rwanda (CSR) and Chairman of the Rwanda Development Bank. He sits on the boards of several companies and government institutions. He has over 20 years experience as university lecturer among other high ranking positions in the Rwandan Government. He holds an MBA (Finance and Accounting) from Simon Fraser University, Canada and a B.Com from the National University of Lesotho.



**Mr. Emmanuel Hategeka**  
**Member**

Mr. Hategeka is the Permanent Secretary in the Ministry of Trade and Industry and former Secretary General of the Private Sector Federation. He holds an MBA from Maastricht School of Management and a Bachelor of Commerce Degree (Finance option) from Makerere University, Uganda.



**Mr. Vincent Munyeshyaka**  
**Member**

Munyeshyaka is presently the Director of the Corporate Planning Unit, Ministry of Finance and Economic Planning. He is the former Head of the Financial Market Development Section at the Central Bank of Rwanda. He holds a DES-*Diplome d'Etudes Superieures* in banking from the *Institut Technique de Banque*, Paris, France and a Bachelors degree in International Economics from the National University of Rwanda.



**Dr. James Ndahiro**  
**Member**

He is currently a Member of Parliament at the East African Legislative Council and the Chairman of the Rwanda Stock Exchange. He holds a PhD in Accounting and Finance from the University of Manchester, United Kingdom and a MBA degree in Accounting and Finance from the Maastricht School of Management (MSM), the Netherlands. He holds a Diploma in Managing the Global Economy from the Maastricht School of Management from the Netherlands and the University of Ottawa, Canada. He is also a member of the Association of Certified Chartered Accountants of England and Wales.



**Mr. Gregoire Muramira**  
**Member**

Mr. Muramira is the General Director of Ascoma Rwanda - Optimum Insurance Brokers. He is a former Deputy Director General of Cogebank and former Senior Executive of National Bank of Rwanda. He sits in the boards of several private companies. He holds a Diploma in Commercial Sciences and Finance from the Official University of the Democratic Republic of Congo.



**Mrs. Adélaïde Kagwesage**  
**Member**

Mrs. Kagwesage is the Head of Financial Market Division, National Bank of Rwanda (NBR). She has worked at the NBR for 12 years where she served as a Monetary Analyst in Research and Statistics Department. She is also a member of the working group that set up the money market. She holds a Bachelor's degree in Economics, Financial Management option from Kinshasa University (DRC).



**Mrs. Yvonne Mukankuranga**  
**Member**

Mrs. Mukankuranga is a lawyer and member of the Kigali Bar Association. She holds a degree in Law from the National University of Rwanda in Butare, Rwanda.



**Mrs. Henriette Zimulinda**  
**Member**

She is the Managing Director of Vision Services Ltd. She has formerly served as Chairperson of the Chamber of Women Entrepreneurs in Rwanda, Private Sector Federation and Chairperson of Women Promotion, Popular Bank of Rwanda and Administration and Finance Director in the Ministry of Youth, Sports and Culture.

She holds a Bachelor of Arts degree in Finance and Management from the Kigali Independent University (ULK), Rwanda and a Bachelors of Arts degree in Business Administration from ISC Kinshasa, the Democratic Republic of Congo.



**Robert C. Mathu**  
**Member**

Robert Mathu is the Executive Director of CMAC. He started his career at the Nairobi Stock Exchange (NSE) in 1990 where he worked through the initial transformation of the NSE.









He was also involved in setting up of the Dar-es-Salaam Stock Exchange operations as the Technical Advisor.

He also assisted in the establishment of the Uganda Securities Exchange in in 1996. He worked as a stockbroker in Nairobi for three years before taking up his current assignment in Rwanda.

Robert Mathu has an MBA in International Banking and Finance from the University of Birmingham UK, Bachelors degree in Commerce from the University of Nairobi.

## CMAC BOARD COMMITTEES

The CMAC Board exercises its oversight role through a governance structure comprising of various committees as indicated below:

<b>1. LISTING COMMITTEE</b>	<ul style="list-style-type: none"> <li> Yvonne MUKANKURANGA- Member</li> <li> Adelaide KAGWESAGE – Member</li> </ul>
<b>2. PUBLIC EDUCATION &amp; AWARENESS</b>	<ul style="list-style-type: none"> <li> Yvonne MUKANKURANGA- Member</li> <li> Adelaide KAGWESAGE – Member</li> </ul>
<b>3. FINANCE &amp; MANPOWER COMMITTEE</b>	<ul style="list-style-type: none"> <li> Dr. James NDAHIRO – Coordinator</li> <li> Henry GAPERI – Member</li> <li> Gregorie MURAMIRA - Member</li> </ul>
<b>4. INSTITUTIONAL DEVELOPMENT</b>	<ul style="list-style-type: none"> <li> Henrietta ZIMULINDA – Coordinator</li> <li> Henry GAPERI –Member</li> <li> Marc RUGENERA - Member</li> <li> Vincent MUNYESHYAKA -Member</li> </ul>
<b>5. TRADING COMMITTEE</b>	<ul style="list-style-type: none"> <li> Yvonne MUKANKURANGA – Coordinator</li> <li> Dr. James NDAHIRO – Member</li> <li> Henrietta ZIMULINDA – Member</li> <li> Vincent MUNYESHYAKA –Member</li> </ul>

All Board Committees are governed by terms of reference developed by the board and are mandated to make recommendations to the board on all matters under their consideration. The function and structure of the committees for the period under review are described below.

## **FUNCTIONS OF THE COMMITTEE**

### **Listing Committee**

The committee is responsible for reviewing and recommending new and any additional Listing Rules. The committee also assists the board in identifying impediments to listing of securities at the Exchange and makes recommendations of ways and measures to address such impediments.

### **Public Education and Awareness Committee**

The purpose of public education and awareness committee is to oversee the overall education and awareness of the public on the existence and the business of capital market in Rwanda.

### **Finance and Manpower Committee**

The committee is responsible for guiding the board on the efficiency and effectiveness of operations including financial, human resource and non-financial controls of CMAC Secretariat. The committee further reviews the existing administrative procedures; systems and processes and recommends improvements thereon.

### **Institutional Development Committee**

The institutional development committee of the Council is mandated to lead and guide the Council in attaining the growth and development of institutions and organisations that play a role and constitute the capital market.

### **Trading Committee**

The Trading committee is responsible for advising the board on the additions and alterations to the trading, delivery and settlement procedures, rules and regulations of the Exchange.

### **CMAC Secretariat**

The day to day business of CMAC is run by the management headed by an Executive Director and senior technical staff housed at the CMAC secretariat on 5th Floor Ecobank Building in Kigali.



## THE MEMBERS OF STAFF OF CMAC



*Mr. Robert C. Mathu  
Executive Director*



*Mr. Celestin Rwabukumba  
Operations Manager*



*Mr. Olivier Kamanzi  
Deputy Executive Director*



*Ms. Vanice Busingye  
Finance and Administration Manager*



*Mr. Charles Furaha  
Legal and Corporate Affairs  
Manager*



*Mr. Emmanuel Mugiraneza  
Public Relations Officer*



*Mrs. Nina Mulisa  
IT Officer*

## EXECUTIVE REPORT



### Mr. Robert Mathu, Executive Director

During the year 2009/2010, the Capital Market Advisory Council continued to underscore the significance of savings mobilisation as one of the key interventions that will be necessary to address the economic challenges ahead.

In the period under review, CMAC drafted and presented capital market draft laws to the cabinet. The Secretariat also drafted the capital market incentives policy that was approved by the cabinet in August 2009. The policy was designed for the purpose of attracting both investors and insurers through different fiscal and non-fiscal incentives.

The OTC equity market was activated with the cross listing of the Kenya Commercial Bank (KCB) on 18th June 2009 and two Government Bonds. Financial literacy continued to be an important priority of the secretariat. In this regard, public education workshops and seminars, Radio and TV shows to mention but a few, were run both in English and Kinyarwanda to ensure the information reached as many investors as possible.

CMAC organized quarterly training for the industry players and staff. The training programs were aimed at granting certification to industry, professionals and intermediaries upon the publication of the capital market laws. CMAC signed an MOU in 2008 to join the East African Securities Regulatory Authorities (EASRA). Since then, and throughout the year under review, CMAC has been participating in the EASRA quarterly consultative meetings that form the basis of discussions on regional issues concerning capital markets development and integration.

I would like to extend my sincere thanks and appreciation to different stakeholders including the Ministry of Finance and Economic Planning, the Board of CMAC and management for their unreserved efforts and commitment to make the Rwanda Capital Market vibrant competitive.

**Signature:**

**Name: Robert C. Mathu**

**[Executive Director]**

Date: \_\_\_\_\_

# **CMAC ACTIVITY REPORT (JANUARY 2009 TO JUNE 2010)**

## **1. Legal Framework**

In the period under review, CMAC drafted and presented capital market draft laws to the cabinet. They were approved by the cabinet and sent to the Chamber of Deputies for adoption. The laws included;

- (a) The law establishing the Capital Market Authority;
- (b) The Law regulating the Capital Markets in Rwanda;
- (c) The law regulating the Collective Investment Schemes.

By the end of the period under review, the above three draft laws were still in parliament being deliberated on and were to be passed in the early months of the 2010/2011 financial year.

In the same period, the Trust Law was drafted and a stakeholders workshop conducted to validate it. During the validation workshop, Dr. Hamis Kibola, the CEO and founder of Unity Trust of Tanzania (UTT), was invited to offer his technical advice and input to the draft law. After the validation workshop, Dr. Kibola conducted a separate workshop with key stakeholders elaborating the process it took Tanzania to have a fully functioning Unit Trust and its benefits to the economy.

## **2. Public Education and Awareness Program**

Financial literacy continued to be an important priority of the secretariat. During the year under review, the Secretariat pursued a number of initiatives aimed at raising the literacy levels of both the existing as well as the potential investors. The initiatives included:

- I. **Workshops and seminars:** These were conducted in various forums involving public and private institutions, cooperatives, savings schemes, higher learning institutions, permanent secretaries of the Government ministries and members of parliament as indicated in details in the achievements section.
- II. **Radio and TV shows:** CMAC introduced Radio talk shows on a local radio with wide coverage and the national television, RTV. The shows are run both in English and Kinyarwanda to ensure the information reaches to as many investors as possible. The details are in the achievements section.

## **3. Capital Market Incentives Policy**

During the period under review, CMAC drafted capital market incentives policy that was approved by the Cabinet in August 2009. The incentives policy was designed to attract both investors and issuers through different fiscal and non fiscal incentives.

In line with the approved incentives policy, the following amendments were made in income and VAT laws and were published and gazetted in the Official Gazette of the Republic of Rwanda of 28<sup>th</sup> May 2010.

The income tax and Valued Added Tax (VAT) were amended to include tax incentives recommended under the Common Market Protocol. Some of these include:

- (a) **Withholding tax on dividend on listed companies is now 5% from 15%,**
- (b) **Tax interest on listed bonds with a maturity of 3 years is now 5% from 15%**
- (c) **Corporate income taxes were reduced to lower rates ranging from 28% to 20%.**
- (d) **All registered collective investments are exempted from taxes.**
- (e) **The Valued Added Tax or VAT is exempted for all listed securities. All venture capital companies are exempted from VAT for a period of five years.**

#### **4. Capital Market Privatisation Policy and Strategy**

The Capital Market Privatisation Policy and Strategy was approved by the Cabinet in August 2009. In the period under review, over 10 profitable Rwandan companies were identified as priority for the Government to float its shares to the public within an agreed timeframe.

The first company on the list to be privatised was BRALIRWA Ltd. The initial public offer (IPO) process to offload BRALIRWA shares started in the early months of 2009 and was due for completion in October 2010.

#### **5. Market Performance**

##### **a. Equity Market**

During the period under review, the OTC Market activated the equity market with the cross listing of the Kenya Commercial Bank (KCB) on 18<sup>th</sup> June 2009. A total of 91,600 shares were traded at the opening price of Rwf 160 per share, lowest price of Rwf 140 and highest price of Rwf 182 per share. The traded shares yielded a turnover of Rwf. 15,129,100 in 66 transactions.

##### **b. Bond Market**

Two Government bonds were issued in 2009/2010. The first bond (FXD1/2010/2yrs) worth Rwf. 2.5 Billion at a fixed rate of 9.5% was issued on 14/01/2010 and will mature in 2012. The second one (FXD2/2010/3yrs) worth Rwf2.5 billion was issued on 25/04/2010 and matures in 2013 at a fixed rate of 9.75%.

There was one Government and one corporate outstanding bond. The Government bond (FXD3/2008/3yr) worth Rwf5 billion matures in 2011 and *Banque Commerciale du Rwanda* (BCR) corporate bond worth Rwf1billion matures in 2017.

### c. Suspension of Kingdom Securities

The suspension of Kingdom Securities occurred after the management had reviewed the operations of admitted members of CMAC and found out that Kingdom Securities had never been operational since admission.

### 6. Capacity Building – Training

CMAC organises quarterly training programs for the industry players, staff, and investors. The programs will grant the certification upon the publication of the capital market laws.

In addition to these, staff have participated in training workshops outside the country either directly related to their duties or the industry.

### 7. Separation of Functions CMAC and RSE

The process has started with the establishment of the RSE Board of directors and will be completed upon the publication of the capital market laws. The Rwanda Stock Exchange is a Limited company by shares owned mainly by the brokers at 60% ownership.

### 8. Regional Integration into the East African Capital Markets

CMAC signed an MOU in 2008 to join the East African Securities Regulatory Authorities (EASRA). Since then and throughout the period under review, CMAC has been participating in EASRA quarterly consultative meetings that form the basis of discussions on regional issues concerning capital markets. In the period under review, CMAC was elected the chair of EASRA on a two-year term.

**N.B.** Rwanda Over-the-Counter (OTC) Market was established by the Capital Market Advisory Council (CMAC) in January 2008. CMAC is the Capital Markets Regulator and in the year under review, it had admitted seven members namely; African Alliance Rwanda, Continental Discount House, Dallas Securities Brokerage, Dyer & Blair Rwanda, Faida Securities Rwanda, Kingdom Securities, MBEA Brokerage and MBEA Financial Services.

## ACHIEVEMENTS IN 2009-2010

No.	Main Action	Indicators	Time of Completion	Results
1.	Capital Market Legal Framework	Have draft laws in place and ready for parliament adoption and enactment including the draft law regulating	January 2010	Three draft laws: 1. Establishing Capital Market Authority 2. Regulating Capital Markets 3. Separate draft law regulating the collective investment schemes ➤ In Parliament within Budget and Patrimony Commission for adoption and enactment.

		Collective Investment Schemes		
2.	National Public Education and Awareness on Capital Market	<ul style="list-style-type: none"> <li>- Workshop for issuers</li> <li>- Intermediaries</li> <li>- Investors</li> <li>- Higher learning institutions</li> </ul>	November 2009	<p>A total of 3,493 people were educated compared to 2,500 people sensitised at the end of 2008. Beneficiaries sensitised were drawn from the following Government and private institutions:</p> <ol style="list-style-type: none"> <li>1. Districts: The Districts of Nyabihu, Nyanza, and Rusizi</li> <li>2. Ministries: MINIJUST; Office of the Prime Minister – PRIMATURE, Cabinet Affaires, Ministry of Defense, Ministry of Trade and Commerce; Ministry of Youth, MIFOTRA, MIJESPOC, MININFRA, MININFO; MINALOC; MINAFFET</li> <li>3. Private Sector: RWANDATEL, BRALIRWA; International Rwanda Trade Fair organised by the PSF,</li> <li>4. Government Agencies: BNR; RDB/RIEPA; Electrogaz; OCIR THE, RAMA, Auditor General of the Government; National Automobile Guarantee Fund; Public Service Commission, Office of Ombudsman, National Service of Gacaca Courts, High Council of the Media,</li> <li>5. High Learning Institutions: Kigali Institute of Research and Technology – KIST, National University of Rwanda, SFB, Kigali Institute of Management, Université Libre de Kigali -, ULK; UNILAK</li> <li>6. Law Makers: <ul style="list-style-type: none"> <li>• Members of the Senate of the Republic of Rwanda in June 2009,</li> <li>• Members of Chamber of Deputies of</li> </ul> </li> </ol>

				<p>the Republic of Rwanda in October 2009</p> <p>7. Diaspora: Members of the Rwandan Diaspora organized by MINAFFET in August 2009,</p> <p>8. Workshop: Payment, Clearing, and Settlement Workshop organized by BNR and MEFMI – Macro-economic &amp; Financial Management Institute of Eastern and Southern Countries.</p> <p>9. Seminar on long term savings / World Savings Day: Heads of Treasury Departments Insurance institutions, CSR, BNR, Banks, Microfinance, Cooperatives, SACCOs.</p>
3.	New Listings	<ul style="list-style-type: none"> <li>• CMAC Privatisation of Government Shares</li> <li>• Increase the number of listed securities on the ROTC market</li> <li>• Working with BNR and MINECOFIN to resume the Treasury Bond issuance program</li> </ul>	<p>August 2009</p> <p>January 2010</p> <p>December 2009</p> <p>January 2010</p>	<ul style="list-style-type: none"> <li>• Approved by the Cabinet</li> <li>• To facilitate the process of the Government divestiture from Bralirwa, the Minister of Finance and Economic Planning has formed the Capital Market Privatisation Committee. The committee provides the overall guidance and coordination of privatisation on behalf of the GOR.</li> <li>• Listing of Bralirwa on ROTC, first domestic IPO</li> <li>• CIMERWA has expressed an interest in issuing corporate bonds</li> <li>• BNR consultant working with CMAC to resume the issuance of treasury bonds in order to build the yield curve.</li> </ul>
4.	SME Bond Funding Program	Submit the proposal to MINECOFIN	December 2009	Proposal drafted and submitted to MINECOFIN for approval
5.	Human Capital Developme	CMAC staff participated in the following		<ul style="list-style-type: none"> <li>• Financing Business Through the Capital Market Workshop – Kigali/Rwanda March 2009 (All staff)</li> </ul>

	nt (Capacity building among CMAC staff members)	programs both locally and internationally		<ul style="list-style-type: none"> <li>• Asset Backed Securitisation Workshop in Nairobi – August 2009 (2 staff members)</li> <li>• High Level Task Force to negotiate the EAC Common Market Protocol both in Bujumbura/Burundi and Kampala/Uganda – August and September 2009 (1 staff member)</li> <li>• Country Consultation Meetings on the EAC Monetary Union – September 2009 (1 staff member)</li> <li>• Study on the establishment of a monetary union among the Partner States of EAC Workshop – Kigali/Rwanda September 2009 (2 staff members)</li> <li>• In-Country Payment, Clearing &amp; Settlement Systems Workshop by BNR and MEFMI – Kigali/Rwanda September 2009 (1 staff member)</li> <li>• Financial Markets Infrastructure Workshop by IFC/SMID Project – Gisenyi/Rwanda September 2009</li> <li>• IOSCO Assessment Workshop – Arusha/Tanzania October 2009</li> <li>• Study Tour to the University Challenge and Public Education of CMA Uganda – Kampala/Uganda November 2009 (1 staff member)</li> </ul>
5.	Human Capital Development (Capacity building among the members and industry)	Increase number of trained individuals from different sectors and intermediaries/members	Quarterly	<p>Courses conducted under SITI (ESMID IFC Program) and a total of 123 people trained on capital markets:</p> <ul style="list-style-type: none"> <li>• Market Participant Course provided to 23 market practitioners in July 2009</li> <li>• Specialty Course provided to 40 Directors and Officers in July 2009</li> <li>• Corporate Governance Course provided to 24 employees from BNR, BHR, FINABANK, BCR, CMAC, DALLAS SECURITIES, SFB, RWANDATEL, CIMERWA, ASCOMA-RWANDA, RRA, RURA, and KIE)</li> </ul>



				<ul style="list-style-type: none"> <li>• Fundamental Course provided to 36 employees from different sectors from 23rd November through 4th December 2009</li> </ul>
6.	Capital Market incentives	Attracting both supply and demand	February 2010	<ul style="list-style-type: none"> <li>• A package of incentives both non and fiscal incentive were approved by the Cabinet</li> <li>• RRA and MINECOFIN working together to amend the tax law.</li> <li>• The package of incentives to be tabled in parliament for adoption and approval by February 2010</li> </ul>
7.	Cross Listing of securities	Companies in East Africa to list in Rwanda (NSE, DSE, USE)	March 2010	One EAC Company to cross-list on OTC Market
8.	Regional Integration		Quarterly	<ul style="list-style-type: none"> <li>• Capital Markets, Insurance and Pensions Committee (CMIPC) Meeting in Nairobi – May 2009</li> <li>• CMAC attended and participated actively in the EAC Pre and Post-budget meeting of Ministers of Finance alternatively in Nairobi/Kenya and Arusha/Tanzania – May and October 2009</li> <li>• CMAC and CDSC Kenya (Central Depository System Corporation) working on a mechanism to process cross-border transactions through electronic platforms</li> <li>• CMAC hosted the 14th EASEA (East Africa Securities Exchanges Association) meeting in Rwanda in July)</li> <li>• CMA Kenya hosted 28th EASRA meeting at Lake Naivasha Simba Lodge Naivasha</li> <li>• CMAC hosted EAC Financial Infrastructure Workshop organised by IFC under ESMID Program at Lake Kivu Serena Hotels, Gisenyi (Report attached)</li> <li>• CDSC Nairobi hosted the 15th EASEA Meeting in Mombasa</li> <li>• CMA Uganda hosted 29th EASRA Meeting at Pearl Development Group</li> </ul>

				Limited, Kampala
9.	Depository and Registry	CMAC submitted the proposal to CDSC Kenya for access to their CDS	December 2009	<ul style="list-style-type: none"> <li>• Proposal submitted to CMAC Board and approved</li> <li>• CMAC waiting final proposal from CDSC Kenya to access their central depository (CDSC Kenya waiting for MIT to provide the cost for CDS Rwanda)</li> </ul>
10.	Separation of functions	Submit the proposal to CMAC Board for activation of Rwanda Stock Exchange	December 2009	<ul style="list-style-type: none"> <li>• CMA – Rwanda</li> <li>• Rwanda Stock Exchange</li> </ul>
11.	Electronic display and trading platform	Submit the proposal to CMAC Board for acquisition of an electronic platform	January 2010	<ul style="list-style-type: none"> <li>• Electronic display platform</li> <li>• Electronic trading platform</li> </ul>

## The members of the ROTC during 2009/2010

Member	Contact Address	Member	Contact Address
FAIDA Securities Rwanda Ltd Centenary House 4 <sup>th</sup> Floor Avenue de la Paix KIGALI - Rwanda	Bob Karina P.O BOX 45236-00100, Nairobi Email: bob@faidastocks.com Local: Cecilia Kaunga Mob: + 250 782859330 Email: Cecilia@fib.co.ke	DALLAS Securities Brokerage DALLAS HOUSE P.O Box 1028 KIGALI	Mrs. Immy Kamarade Managing Director Email: immy1965@yahoo.com Mob: +250 788302113
African Alliance Rwanda Centenary House Building, 6 <sup>th</sup> Floor P.O Box 6368 KIGALI	Kenneth Kitariko Managing Director Mob: +250 785694490 Email: Securitiesrw@africanalliance .com rwandaops@gmail.com mudandil@gmail.com	MBEA Brokerage Services Rwanda S.A & MBEA Financial Services Sarl Avenue de la paix P.O Box 92 KIGALI	Andrew Otengo Owini Executive Director Local contact: Eric Ngabo Mob:+250 785640768 Email: Kanaroug@yahoo.com
Continental Discount House 5 <sup>th</sup> Floor Ecobank building P.O Box 6237 KIGALI	Shehzad Noordally General Manager Email: shehzadn@cdhrwanda.org. rw Tel: +250 252570736	Dyer and Blair Chadel Building Avenue des Milles Collines P.O Box 5292 KIGALI	Simon Kalenzi CEO Email: spkalenzi@yahoo.com Tel: +250 570390

## **AUDITED FINANCIAL REPORT**

### **Statement of the management's responsibilities**

Article 70 of the Organic Law N° 37/2006 of 12/09/2006 on State Finances and Property requires budget agencies to submit annual reports which include all revenues collected or received and all expenditures made during the fiscal year, as well as a statement of all outstanding receipts and payments before the end of the fiscal year.

Article 21 of the Organic Law N° 37/2006 and Article 9 and Article 11 of Ministerial Order N°002/07 of 9 February 2007 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

The Board and Management accepts responsibility for the financial statements, which have been prepared using the "modified cash basis" of accounting as defined by Article 2 (20) of the Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations and using appropriate accounting policies supported by reasonable and prudent judgments and estimates.

These financial statements have been extracted from the accounting records of CMAC and the information provided is accurate and complete in all material respects. The financial statements also form part of the consolidated financial statements of the Government of Rwanda.

In the opinion of Board and Management, the financial statements give a true and fair view of the state of the financial affairs of CMAC. The Management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, ensuring adequate systems of internal financial control and safeguarding the assets of CMAC.



Signature: \_\_\_\_\_

\_\_\_\_\_

Name: Marc Rugenera  
[Chairman of CMAC Board]

Robert Mathu  
[CMAC Executive Director]

Date: \_\_\_\_\_

## **INDEPENDENT AUDITOR'S REPORT**

### **To the management of the Capital Market Advisory Council (CMAC)**

We have audited the financial statements of the Capital Market Advisory Council (CMAC), set out on pages 30 to 36, which have been prepared on the basis of the accounting policies set out on page 32. We obtained all the information and explanations which we considered necessary for our audit.

### **Respective responsibilities of management and the independent auditors**

The Management of the Capital Market Advisory Council (CMAC) is responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the project and of the operations for the period. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to them.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing. The Auditing Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, proper books of accounts have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of financial affairs of the Capital Market Advisory Council (CMAC) as at 30 June 2010 and its surplus for the year then ended.

**Innocent Kiiza**

**Partner**

**RUMA Certified Public Accountants**

Date \_\_\_\_\_

**STATEMENT OF INCOME AND EXPENDITURE FOR THE 12  
MONTHS ENDED 30 JUNE 2010**

	Notes	12 months ended 30 Jun 10 RwF	6 months ended 30 Jun 09 RwF
<b>Receipts</b>			
Transfer from Treasury	4.3.1 (a)	521,755,958	100,000,000
Other receipts	4.3.1 (b)	29,820,241	9,538,245
<b>Total receipts</b>		<b>551,576,199</b>	<b>109,538,245</b>
<b>Payments</b>			
Salaries	4.3.2(a)	321,936,625	124,641,039
Purchase of goods and services	4.3.2(b)	136,344,486	87,126,606
Capital expenditure	4.3.2(c)	10,608	8,060,775
Other expenses	4.3.2(d)	-	279,781
<b>Total payments</b>		<b>458,291,719</b>	<b>220,108,201</b>
<b>Surplus / (Deficit)</b>		<b>93,284,480</b>	<b>(110,569,956)</b>

The financial statements were authorized for issue on \_\_\_\_\_ 2011 by:

**Robert C. Mathu**  
\_\_\_\_\_  
Chief Executive Officer

**Mark Rugenera**  
\_\_\_\_\_  
Chairman

## 4.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

		12 months ended	6 months ended
	Notes	30 Jun 10	30 Jun 09
		Rwf	Rwf
<b>Assets</b>			
Cash at Bank		99,612,566	5,906,996
Cash in Hand		53,397	49,019
Account receivable		-	-
<b>Total assets (a)</b>		<b>99,665,963</b>	<b>5,956,015</b>
<b>Liabilities</b>			
Account payables	4.3.3	(635,368)	(37,220)
<b>Total Liabilities (b)</b>		<b>(635,368)</b>	<b>(37,220)</b>
<b>Net assets (a-b)</b>		<b>99,030,595</b>	<b>5,918,795</b>
<b>Represented by:</b>			
Accumulated surplus / (deficit) c/d		5,918,795	116,478,071
Prior year adjustment		(172,680)	10,680
Current year surplus / (deficit)		93,284,480	(110,569,956)
<b>Total</b>		<b>99,030,595</b>	<b>5,918,795</b>

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the requirements of Article 70 of the Organic Law on State Finances and Property: Law No. 37/2006 of 12 September 2006 and Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations.

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. In the context of Ministerial Order N°002/07 of 9 February 2007 relating to Financial Regulations, the modified cash basis of accounting means financial transactions which are recognised in the books of account as follows:

1. Generally, transactions are recognised only at the time the associated cash flows take place;
2. The expenditure on acquisition of fixed assets is not capitalised. Thus, fixed assets are written-off on acquisition and the wear and tear (depreciation) of those assets is not recorded in the books of account; and;
3. Prepaid expenditure/advances is written-off during the period of disbursement. The recognised “modification” is as follows:
  - I Invoices for goods and services which are outstanding on the date of the closure of the fiscal year are recognised as liabilities for that specific fiscal year;
  - II Loans and advances are recognised as assets/liabilities at the time of disbursement and related interest is recognised only when disbursed. Interest payable on public debt is accrued; and
  - III Book balances denominated in foreign currencies are converted into the Rwanda Francs at rates of exchange ruling on that date issued by the National Bank of Rwanda. The associated exchange losses are recorded as recurrent expenditure while the exchange gains are recorded as recurrent revenue.

### **Presentation Currency**

The financial statements are reported in Rwanda Francs, being the currency of legal tender in Rwanda.

### **Revenue**

#### **Cash transfers from Treasury**

These are budgetary allocations from Central Government and are disbursed directly to the bank account of the institution periodically. The budgetary allocation is mainly used to



fund recurrent expenditure of the institutions. The receipts are recognised when the cash is received.

### **Direct payments by Treasury**

These are payments directly made to suppliers by the Government on behalf of the institutions. Direct payments are recorded when the transfer is made to the supplier.

### **Other income**

Other income includes application and admission fees from brokers, listing fees from trading companies and sale of tender documents.

### **Expenditure**

Expenditure is classified according to major categories in line with Article 19 of Ministerial Order N°002/07 of 09/02/2007 relating to financial regulations. The main categories of expenditure include salaries, goods and services, exceptional expenditure and capital expenditures. Expenditure is recognised when payment is made.

### **Cash**

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise balances with banks and investments in short-term money market instruments.

### **Receivables and Advances**

Receivables include amounts due to CMAC as at the end of the reporting period.

### **Accounts payable**

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. These are recognised as liabilities for that specific fiscal year.

### **Foreign currencies**

Transactions denominated in foreign currencies are translated to the Rwandan Franc at the rate of exchange issued by the National Bank of Rwanda (BNR) applicable for the dates of the transaction.

## NOTES TO THE FINANCIAL STATEMENTS

### 4.3.1 Receipts

		12 months ended 30-Jun-10	6 months ended 30-Jun-09
<b>(a) Cash transfer from treasury</b>		<b>RwF</b>	<b>RwF</b>
<b>Detail</b>	<b>Date</b>		
Inter entity Transfer	14-07-2009	42,065,775	-
Inter entity Transfer	28-07-2009	100,000,000	-
Inter entity Transfer	16-10-2009	99,690,183	-
4th Quarter transfer 2010	20-01-2010	100,000,000	-
4th Quarter transfer 09/10	03-05-2010	180,000,000	-
Budget support 1st quarter -2009	19-03-2009	-	100,000,000
		<b>521,755,958</b>	<b>100,000,000</b>

### (b) Other Income

<b>Detail</b>	<b>RwF</b>	<b>RwF</b>
Annual membership fees	468,471	9,098,245
Participation fees	150,000	-
Admission fees	4,663,100	-
Listing fees	22,000,000	-
Training fees	2,458,670	-
Sales of tender documents	80,000	440,000
	<b>29,820,241</b>	<b>9,538,245</b>

### 4.3.2 Payments

<b>(a) Salaries</b>	<b>RwF</b>	<b>RwF</b>
Medical insurance	-	189,370
Salaries	246,818,918	94,339,685
CSR	9,171,253	2,267,210
TPR	65,838,122	222,767
FARG	108,332	27,622,007
	<b>321,936,625</b>	<b>124,641,039</b>

	12 months ended 30 June 2010	6 months ended 30 June 2009
<b>(b) Purchase of goods and services</b>	<b>RwF</b>	<b>RwF</b>
Office Supplies & Consumables	10,078,960	6,588,241
Water and Energy	1,583,042	77,000
Health and Hygiene	2,541,800	2,160,000
Tools & Spare Parts	46,550	-
Maintenance & Repairs	861,130	677,864
Transport & Travel	32,109,894	1,216,300
Rental Costs/Office Rentals	12,786,217	9,528,088
Publications and Printing	673,847	8,981,346
Public Relations and Awareness	22,078,012	24,409,668
Communication Costs	9,325,660	6,726,966
Professional Services	31,153,227	28,324,878
Training Costs	11,176,965	(1,563,745)
Miscellaneous Expenses	1,758,113	-
Membership Fees	171,069	-
	<b>136,344,486</b>	<b>87,126,606</b>
<b>(c) Capital expenditure</b>	<b>RwF</b>	<b>RwF</b>
Furniture & Fittings -Office partitioning	-	1,089,360
Information Systems & Equipment	10,608	303,600
Furniture & Fittings	-	379,000
Computers and Printers	-	6,288,815
	<b>10,608</b>	<b>8,060,775</b>
<b>(d) Other expenses</b>	<b>RwF</b>	<b>RwF</b>
Bank charges	-	161,131
Miscellaneous expenses	-	118,650
	-	<b>279,781</b>
<b>4.3.3 Account payable</b>		
	<b>RwF</b>	<b>RwF</b>
3% Withholding Tax	<b>635,368</b>	<b>37,220</b>

## BUDGET EXECUTION REPORT FOR THE 12 MONTHS ENDED 30 JUNE 2010

	Budgeted	Actual	Variance
Income	Rwf	Rwf	Rwf
Transfers from MINECOFIN	770,617,124	521,755,958	(248,861,166)
Other income	35,000,000	29,820,241	(5,179,759)
<b>Total</b>	<b>805,617,124</b>	<b>551,576,199</b>	<b>(254,040,925)</b>
Expenditure			
Employee costs	350,381,724	321,934,625	28,447,099
Goods and Services	420,235,400	135,907,120	284,328,280
<b>Total</b>	<b>770,617,124</b>	<b>457,841,745</b>	<b>312,775,379</b>
<b>Surplus / (Deficit)</b>	<b>35,000,000</b>	<b>93,734,454</b>	<b>(58,734,454)</b>

### Budget Variance Analysis – Income

The variances were caused by the budget requested and actual budget received.

- Funds received from MINECOFIN were below what was budgeted by Rwf 248,861,166.
- Other Income: The variance of Rwf 5,179,759 was caused by some of the members who didn't pay annual membership fee and SITI training participants who also did not pay their participation fee.

### Budget Variance Analysis – expenditure

- Employee costs: No staff had been recruited by the end of the year as it had been anticipated.
- Goods and services: Most of the activities were to depend on CMAC laws in parliament which were supposed to be published early 2010 but were not published by the end of June 2010