

CAUTIONARY STATEMENT: ONLINE FOREX TRADING BY UNLICENSED ENTITIES

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In line with its investor protection mandate, the Capital Markets Authority (CMA) has warned Kenyans against engaging in online foreign exchange trading through platforms of unlicensed entities as they risk losing their investments and may not be protected by the law. CMA also requires all online foreign exchange brokers or money managers not licensed by the Authority to cease and desist from trading, conducting sensitizations in Kenya and onboarding Kenyan investors or managing online foreign exchange portfolios.

CMA has issued three non-dealing online foreign exchange brokers licenses to EGM Securities Ltd, SCFM Limited, and Pepperstone Markets Kenya Ltd in line with the Capital Markets Act and the Capital Markets (Online Foreign Exchange Trading) Regulations, 2017. The Authority has also granted a Money Manager license to Standard Investment Bank (SIB) Limited.

According to the Capital Markets Act, section 23 (1), “ No person shall carry on business as online forex broker or hold himself out as carrying on such a business unless he holds a valid license issued under this Act or under the authority of this Act”.

The Authority has also noted that offshore firms are advertising online foreign exchange products during this Covid 19 crisis in Kenya without a license. This is illegal and such firms are directed to cease advertising their services locally unless they are licensed.

The Authority will take appropriate enforcement action against any persons or entities illegally conducting online foreign exchange trade or collecting client funds in contravention of the above regulatory provisions. Members of the public who have been affected or become aware of such illegal online foreign exchange transactions are advised to report to the Authority or to the Capital Markets Fraud Investigation Unit.