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CIRCULAR NO: NCE/02/2024-2025

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TO: ALL COFFEE GROWERS

ALL LICENSED COFFEE BROKERS

ALL LICENSED COFFEE BUYERS

ALL ASSOCIATE MEMBERS OF THE EXCHANGE

DIRECT SETTLEMENT SYSTEM SERVICE PROVIDERS

CC: AFA-COFFEE DIRECTORATE

CAPITAL MARKETS AUTHORITY

THE NATIONAL TREASURY AND PLANNING MINISTRY

FROM: NAIROBI COFFEE EXCHANGE

DATE: FEBRUARY 17, 2025

**RE: COMPLIANCE TO LEGAL NOTICE No. 9 – CAPITAL MARKETS (COFFEE EXCHANGE) (FEES) REGULATIONS, 2024**

The above subject matter refers.

The operations of Nairobi Coffee Exchange (NCE) are regulated by the Capital Markets Authority pursuant to the Capital Markets (Coffee Exchange) Regulations, Legal Notice 40 of 2020. In accordance with Regulation 6 (h) of the Regulations, one of the obligations of NCE is to comply with the directives of the Capital Markets Authority.

In light of the foregoing, we wish to bring to your attention the Gazettement of the Capital Markets (Coffee Exchange) (Fees) Regulations, 2024 on 7th February 2025. A copy of the same is attached for ease of reference. Kindly take note that the said Regulations are binding on Nairobi Coffee Exchange in relation to its mandate under the Direct Settlement System. This is to thus advise that from 7<sup>th</sup> February 2025, when the Regulations took effect, Nairobi Coffee Exchange shall remit

commissions due through the Direct Settlement System in accordance with the said Gazette Notice immediately.

The Exchange is committed to ensuring a fair and efficient market.

Yours Faithfully,

A handwritten signature in dark ink, appearing to read 'Lisper', with a stylized flourish above the name.

**LISPER NDUNG'U**  
**CHIEF EXECUTIVE OFFICER**

LEGAL NOTICE NO. 9

THE CAPITAL MARKETS ACT

(*Cap. 485A*)

THE CAPITAL MARKETS (COFFEE EXCHANGE) (FEES)  
REGULATIONS, 2024

ARRANGEMENT OF REGULATIONS

*Regulation.*

1—Citation.

2—Interpretation.

3—Object of the Regulations.

4—Transaction fees.

5—Membership fees.

First Schedule—Transaction fees

Second Schedule—Membership fees

## THE CAPITAL MARKETS ACT

(Cap. 485A)

IN EXERCISE of the powers conferred by section 12 (1) (ka) of the Capital Markets Act, the Cabinet Secretary for the National Treasury and Economic Planning makes the following Regulations—

THE CAPITAL MARKETS (COFFEE EXCHANGE) (FEES)  
REGULATIONS, 2024

1. These Regulations may be cited as the Capital Markets (Coffee Exchange) (Fees) Regulations, 2024. Citation.
2. In these Regulations, unless the context otherwise requires— Interpretation.
  - “broker” has the meaning assigned to it under regulation 2 of the Capital Markets (Coffee Exchange) Regulations; Sub. Leg.
  - “buyer” has the meaning assigned to it under regulation 2 of the Capital Markets (Coffee Exchange) Regulations;
  - “coffee exchange” has the meaning assigned to it under regulation 2 of the Capital Markets (Coffee Exchange) Regulations;
  - “coffee sales proceeds” means monetary consideration received at the direct settlement system in exchange for clean coffee sold at a coffee exchange or, where applicable, through direct sales;
  - “direct settlement system” means a banking facility provided by a commercial bank regulated by the Central Bank of Kenya for the clearing and settlement of coffee proceeds; and
  - “member” means any person who has been admitted as a member of a coffee exchange.
3. The object of these Regulations is to provide for— Object of the Regulations.
  - (a) the maximum fees payable for coffee sold at a coffee exchange; and
  - (b) the annual membership fees payable by members of a coffee exchange to the exchange.
4. (1) A fee not exceeding one-point-eight per cent of the gross value of coffee sold at a coffee exchange shall be deducted from the coffee sales proceeds through the direct settlement system by the coffee exchange. Transaction fees.
  - (2) The coffee exchange shall, through the direct settlement system, apportion the fee deducted under subregulation (1) within twenty-four hours of receipt of the funds from the buyer in the proportions set out in the First Schedule.
  - (3) The Authority may direct the coffee exchange to remedy or mitigate the effect of any breach of subregulation (2).
5. A member of a coffee exchange shall pay an annual membership fee to the coffee exchange at the rate specified in the Second Schedule. Membership fees.

FIRST SCHEDULE  
TRANSACTION FEES

(r. 4(2))

<i>S/No.</i>	<i>Transaction fees</i>	<i>Percentage of transaction fees to be apportioned</i>
1.	Broker fees	1%
2.	Coffee exchange fees	0.3%
3.	Direct settlement system provider fees	0.3%
4.	Capital Markets Authority statutory fees	0.2%

SECOND SCHEDULE  
MEMBERSHIP FEES

(r. 5)

<i>S/No.</i>	<i>Category</i>	<i>Fee (KSh.)</i>
1.	Brokers	75,000
2.	Category 1 Buyers – Buying more than 1% of annual coffee traded	75,000
3.	Category 2 Buyers – Buying less than 1% of annual coffee traded	50,000
4.	Warehouse Operators (associate member)	115,000
5.	Millers (associate member)	115,000
6.	Transporters (associate member)	115,000
7.	Export bags providers (associate member)	115,000
8.	Input suppliers (associate member)	115,000
9.	DSS Providers (associate member)	115,000
10.	Other Commercial Banks (associate member)	115,000
11.	Any Coffee or Commodity Fund (associate member)	115,000

Made on 23rd December, 2024.

JOHN MBADI NG'ONGO,  
Cabinet Secretary for the  
National Treasury and Economic Planning.