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ETHIOPIAN CAPITAL MARKET AUTHORITY

Minaye Corporate Building 15th Floor,
Flamingo Area, Kirkos Addis Ababa, Ethiopia
+251 115578250 | +251 115578310
communication@ecma.gov.et
ecma.gov.et

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Public Notice

The Ethiopian Capital Market Authority (ECMA), an autonomous regulatory body established under Proclamation No. 1248/2021 (the Proclamation), is responsible for regulating capital markets in Ethiopia. ECMA is tasked with protecting investors to ensure the existence of a capital market environment in which securities can be issued and traded in an orderly, fair, efficient, and transparent manner; reducing systemic risk by ensuring the integrity of the capital market and transactions; and promoting the development of the capital market by creating an enabling environment for long-term investments.

As per these objectives and the duties and responsibilities assigned under Article 5 and 6 of the Proclamation, ECMA is committed to enhancing investor confidence, facilitating capital mobilization, and promoting sustainable economic growth through robust regulatory frameworks and strategic initiatives. Pursuant to its mandate to develop regulatory frameworks, ECMA has issued various directives to facilitate investor protection, securities issuance, and the licensing of capital market intermediaries.

With regard to the issuance of securities, ECMA regulates public offerings of securities and advertisements of public offers under the Public Offering and Trading Directive No. 1030/2024. Any issuer who would like to offer securities to the public is required to submit a registration statement and obtain ECMA's approval, as per the requirements under Directive No. 1030/2024, unless exempted under Article 5 of the Directive. As per Article 53 of the same Directive, advertisements shall not be published or made available to the public without the approval of the Authority.

When it comes to licensing capital market service providers, ECMA requires entities to complete the formal company registration process from the authorized government organs first before ECMA can begin reviewing their applications for license. Even when the applicant is a share company under formation it has to finish its formation process in accordance with the proper laws and obtain commercial registration before it applies for a capital market service provider license. It is after ECMA verifies that the company is properly formed in accordance with applicable laws, it proceeds to evaluate the license application. If approved, ECMA formally announces the issuance of the license, and the list of licensed entities is made available on its official website.

ECMA also has an Investigations and Enforcement Department set up to investigate violation of capital market laws. This Department is currently investigating complaints filed against individuals and entities suspected of unlawfully raising funds through unauthorized securities offerings. Among those under investigation are Mr. Ermias Amelga and a company named Genesis Investment Services PLC, a Private Limited company. These investigations are being conducted in line with the principle of "the right to be heard" as per the FDRE Constitution with full respect for the rights and protections the constitution and other legal documents afford.

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To ensure the proper enforcement of capital market laws, In addition to setting up a department dedicated to investigating violations of capital market laws, ECMA has established a capital market law enforcement technical task force along with the Ministry of Trade and Regional Integration, Financial Intelligence Services, Ministry of Justice and the Federal Police Commission and has signed a memorandum of understanding between these law enforcement bodies on February 29, 2024. ECMA had since been working in close collaboration with the task force.

However, it should be noted that individuals and organizations should also be prudent when dealing with capital market-related issues. Therefore, ECMA urges individuals and organizations to conduct proper due diligence with the institutions that handle commercial registration and the registration and verification of establishment-related documents when participating in the establishment of business organizations and only seek investment advice from ECMA licensed investment advisors before investing their funds.

Additionally, we urge the public to verify with ECMA whether application for license has been made before entering contracts and making payments to individuals and organizations that solicit investments stating that they are in the process of obtaining a license to become a capital market service provider.

We also urge the public to verify with ECMA whether individuals and organizations claiming to be licensed as capital market service providers are licensed by the Authority before engaging with them and making payments.

We further notify the public that if there are any individuals and organizations that provide or attempt to provide capital market services without a license or advertisement in any media, they should report them to ECMA, and ECMA will take appropriate actions against such individuals and organizations.

For further inquiries on licensed Capital Market Service Providers or to report Tips, complaints and referrals, please contact the Ethiopian Capital Market Authority at:

Contact Information Email: <communications@ecma.gov.et>
Tel: +251115578250 or +251115578310
Website: <https://ecma.gov.et/>
LinkedIn: < Ethiopian Capital Market Authority: Posts >