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Ethiopian Capital Market Authority

16/07/2024

The Ethiopian Capital Market Authority (ECMA) is pleased to announce the issuance of a groundbreaking directive that will enable the licensing of the first securities exchange in Ethiopia.

The ECMA, an autonomous regulatory authority established under Proclamation No. 1248/2021, is empowered to issue directives in accordance with Article 108 of the proclamation. In line with this mandate, the authority has prepared and registered the "Directive on Licensing, Operation, and Supervision of Securities Exchanges, Derivatives Exchanges, and the Over-The-Counter Market No. 1009/2024." This directive has been registered by the Ministry of Justice of the Federal Democratic Republic of Ethiopia and takes effect starting July 16, 2024.

This comprehensive directive sets forth the documentation, related terms, and requirements necessary to obtain a license for operating exchanges and over-the-counter markets. It outlines the supervisory framework for exchanges, the need for internal regulations approved by the authority, reporting obligations to the authority, and various standards governing the process.

For the first time in Ethiopia, this directive facilitates the licensing of securities and over-the-counter markets. It enables both government and private companies to utilize the market for selling shares and bonds, thereby creating a conducive environment for raising capital and undertaking significant projects. Moreover, it establishes a transparent and controlled trading system for service providers with market licenses to buy and sell securities.

This directive consolidates the previously fragmented securities trading in Ethiopia into a single, licensed, and regulated market, enhancing the sector's contribution to stakeholders and the national economy. It also paves the way for the Ethiopian Securities Exchange S.C. to commence operations by granting an exchange license.

For more information or to access the full directive, please visit the ECMA website at [ecma.gov.et]

About ECMA

The Ethiopian Capital Market Authority (ECMA) stands as a pivotal institution mandated to foster the development and regulation of the capital market within the Federal Democratic Republic of Ethiopia. Established under Article 3(1) of the Proclamation, the ECMA operates as an independent regulatory body with its own juridical identity, reporting directly to the Prime Minister of Ethiopia. Embracing a multifaceted approach, the ECMA is committed to enhancing investor confidence, facilitating capital mobilization, and promoting sustainable economic growth through robust regulatory frameworks and strategic initiatives.

For enquiries & additional information contact

Saron Woldegabriel
Head of communications
Phone: 011-5-57-81-62
Email: communications@ecma.gov.et

For more information, please visit ecma.gov.et.

