

Kenya Launches Strategic Block Trades Channel to Mobilise Global Capital via Discounted Bulk Shares

Government and Capital Markets Authority (CMA) announce framework to drive privatisation and boost liquidity in East African markets.

KENYA, June 3, 2026 /

EINPresswire.com/ -- The Government of Kenya, in close coordination with the Capital Markets Authority (CMA), has officially announced the launch of the Kenya Strategic Bulk Transaction Channel. This newly established framework marks a critical milestone in the nation's comprehensive capital



market reforms, specifically designed to streamline large-scale equity transitions. By introducing a highly regulated environment for block trades, the initiative provides global institutional investors with a transparent, efficient pathway to secure discounted bulk shares in leading enterprises, thereby accelerating the privatisation of state-owned assets and driving sustainable capital formation across the region.

Driving the National Privatisation Strategy

Over the past several fiscal cycles, the Kenyan government has actively pursued structural reforms aimed at managing public debt burdens, optimizing public-sector balance sheets, and accelerating critical infrastructure development. A cornerstone of this economic recovery plan is the strategic privatisation of high-performing state-owned enterprises (SOEs) and the restructuring of public equity holdings. Prominent transactions, such as the proposed initial public offering (IPO) of the Kenya Pipeline Company (KPC) and the strategic reallocation of equity in Safaricom, underscore the state's commitment to leveraging private capital for national development.

The introduction of the Strategic Bulk Transaction Channel represents a systematic response to these macroeconomic objectives. By offering structured block trades to domestic and international institutional investors, the government seeks to transition blocks of shares in a

manner that preserves market stability. This channel is specifically calibrated for "patient capital"—institutional entities, pension funds, and sovereign wealth funds that possess a long-term investment horizon and are capable of absorbing large equity tranches without causing destabilising price fluctuations on the secondary market.

Structured Off-Book Trades and Discounted Shares

In high-volume capital markets, executing massive equity transactions on the public order book can lead to significant market friction, characterised by severe price slippage and heightened volatility. To mitigate these risks, the newly launched strategic channel utilises off-book block trades. This mechanism allows institutional participants to negotiate and execute large-volume transactions safely outside the continuous public trading matching engine, ensuring that the broader retail market remains unaffected during the transition of ownership.

To incentivise these substantial, long-term capital commitments, the framework accommodates the structured allocation of discounted bulk shares. Under strict regulatory guidelines, these transaction-specific discounts reflect the volume of capital deployed and the lock-up periods agreed upon by the investing institutions. Financial analysts note that the provision of discounted bulk shares is a standard, globally accepted practice to compensate institutional buyers for taking on concentrated liquidity risks and committing to long-term holding patterns that support the underlying company's growth.

CMA Regulatory Safeguards

To ensure absolute compliance and maintain the highest standards of market integrity, the Capital Markets Authority (CMA) of Kenya has established comprehensive regulatory guardrails for the operation of the bulk transaction channel. All transactions executed through this channel are subject to the strict provisions of the Capital Markets Act and its accompanying subsidiary legislations.

The CMA's active involvement serves as a crucial trust mechanism for international investors who require legal and regulatory certainty before deploying substantial capital. The regulatory framework mandates:

- Pre-transaction Disclosure and Vetting: Ensuring that all participating institutional entities undergo rigorous Know Your Customer (KYC) and Anti-Money Laundering (AML) verification.
- Fair Pricing Benchmarks: Establishing clear formulae for the calculation of allowable discounts on bulk transactions, ensuring that discounted bulk shares are priced equitably without disadvantaging minority shareholders.
- Post-trade Transparency: Requiring immediate, detailed reporting of completed block trades to the exchange and the regulator, maintaining an audit trail that guarantees public accountability.

Targeting Core Economic Sectors

Capital mobilised through this channel will directly benefit Kenya's core economic pillars. In the energy sector, funds related to entities like KPC will finance pipeline expansion and renewable energy transitions. For telecommunications, equity reallocations in leaders like Safaricom will bring in global tech investors to offer strategic guidance. Finally, the incoming liquidity will help fund major transport and water infrastructure projects, fostering a self-sustaining development

model.

Global institutional investors are invited to participate in this structured, transparent framework and share in the long-term growth of one of Africa's most dynamic economies.

About the [Kenya Capital Market](#) Initiative

The Kenya Capital Market Initiative is a coordinated strategic effort supported by the Government of Kenya and the Capital Markets Authority (CMA). The initiative is dedicated to advancing capital market reforms, encouraging foreign direct investment (FDI), and facilitating the orderly transition of state-controlled assets to private institutional ownership. By implementing international best practices in block trades and structured equity transactions, the initiative seeks to promote economic growth, enhance market liquidity, and secure Nairobi's position as the primary financial gateway to East Africa.

Kenya Capital Market Initiative

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