



Rwanda's Capital Market Corporate Governance Rules Are Now Binding

CMA Regulations No 002/CMA/2026 Of 02/10/2026

October 2026 | BDO East Africa (Rwanda) Ltd



About the Author



Egide Clément Niyitegeka Kabano (Clement), FCCA, CPA(R), is Partner, Risk Advisory Services at BDO East Africa (Rwanda) Ltd. He serves as Member and Vice Chair of the ICPAR'S Steering Committee for the adoption of IFRS Sustainability Disclosure Standards in Rwanda (ISSBSC), and as Member and Vice Chair of ICPAR's Professional Standards Committee.

On 2 October 2026, the Capital Market Authority (CMA) published Regulations No 002/CMA/2026 relating to capital market corporate governance in a special edition of the Official Gazette. The Regulations took effect on the day of publication, with no transition period, and repeal the 2012 Capital Market Corporate Governance Code. What was largely a code of good practice is now a binding set of minimum standards.

Boards, audit committees and executive teams of affected companies should act now. The first annual reports prepared under the new rules will be closely read by investors and the regulator.

2 Oct 2026

In force on publication

None

Transition period

52

Articles in 10 chapters

2012

Governance code repealed

Who Is Affected

The Regulations apply to listed companies and to issuers of securities to the public. They also name companies planning to issue securities to the public, public companies, State-owned companies, private companies and SMEs. Parent and holding companies must apply the standards across their groups and disclose the group structure and how the group board oversees its subsidiaries.

What Has Changed

Board structure and independence

- ❖ Boards must have 7 to 11 directors (3 to 5 for SMEs), at least half non-executive and at least one third independent.
- ❖ The Chair must be independent and cannot be the CEO.
- ❖ Independence is lost after nine consecutive years on the board, a holding above 2%, or certain relationships with the company, its auditor, customers or suppliers in the past three years.
- ❖ Independent directors may be paid through sitting allowances only.
- ❖ No director may sit on more than three listed-company boards.
- ❖ Quorum requires one third of independent directors and two executive directors, including the CEO.
- ❖ Nominations must reflect gender equality and age diversity, and one third of directors rotate.

Board practice

- ❖ Annual evaluation of the Board, Chair, each director and each committee, with improvement plans.



- ❖ Funded induction for new directors and at least one refresher course a year.
- ❖ A professionally qualified company secretary; if outsourced, the provider cannot be the auditor or company lawyer.
- ❖ Annual declarations of interest, including those of immediate family, and published conflict-of-interest and related-party transaction policies.

Committees

- ❖ Nominating, Remuneration and Audit Committees are mandatory, with publicly disclosed terms of reference.
- ❖ The Audit Committee chair must be an independent financial expert and member of a professional body in good standing; the committee meets at least quarterly.
- ❖ Large or complex companies should consider a separate risk committee.

Risk, internal audit and external audit

- ❖ The Board owns the risk management framework, including IT governance, and sets risk appetite.
- ❖ Listed companies must have an internal audit function with a charter, reporting functionally to the Audit Committee chair.
- ❖ The external audit engagement partner of a listed company rotates every five years. Auditors may not provide non-audit services that lead them to audit their own work, and audit team members may not hold shares in the client.

Shareholders and stakeholders

- ❖ AGM documents go on the company website; resolutions may not be bundled; minutes are published within ten days.
- ❖ Electronic general assemblies and remote voting are permitted where the articles of association allow them.
- ❖ Committee chairs and the external auditor must attend the AGM and answer questions.
- ❖ Whistleblowing and grievance channels must be open to employees, suppliers, customers and affected communities, with protection for good-faith reporters.

Disclosure and sustainability

- ❖ The annual report must disclose beneficial shareholders, director profiles, attendance and tenure, committee activities, the remuneration policy, the gender target, whistleblowing statistics and environmental and social risks, targets and performance.
- ❖ The Audit Committee must report its view on the CFO and the finance function, internal controls and internal audit, and the auditor's non-audit services and independence.
- ❖ Non-financial information in the annual report must be independently assured by a competent professional.
- ❖ Boards must disclose any non-compliance with the Regulations, with the steps and timeline to comply.

What Boards Should Do Now

- ❖ **Run a gap assessment** against all 52 articles and agree a remediation plan, since non-compliance must be disclosed with a timeline.
- ❖ **Review board composition:** size, independent ratio, Chair independence, tenure over nine years, shareholdings above 2% and directors' other listed board seats.
- ❖ **Check the articles of association** for quorum, electronic meetings and remote voting.
- ❖ **Constitute or refresh the three mandatory committees** and publish their terms of reference.



- ❖ **Update and publish core policies:** Board charter, code of conduct, delegation of authority, conflicts of interest, related-party transactions, minority shareholder rights, stakeholder engagement, remuneration and whistleblowing.
- ❖ **Confirm internal audit arrangements:** charter, resourcing and reporting lines to the Audit Committee.
- ❖ **Review the external audit relationship:** partner rotation, non-audit services and team shareholdings.
- ❖ **Plan the next annual report** for the new governance, remuneration and sustainability disclosures and for assurance of non-financial information.
- ❖ **Schedule the annual Board evaluation and director training** for the year ahead.

Points to watch

Some provisions would benefit from CMA guidance, including how far the Regulations reach private companies and SMEs, how the nine-year independence limit works alongside the Audit Committee's reassessment, the quorum requirement for boards with a single executive director, and which assurance standard applies to non-financial information. We will share further updates as guidance emerges.

How BDO Can Help

Our Risk Advisory Services team supports boards and management with:

- ❖ corporate governance gap assessments and compliance roadmaps;
- ❖ Board, committee and director performance evaluations;
- ❖ Board charters, committee terms of reference and governance policies;
- ❖ internal audit outsourcing, co-sourcing and internal audit charters;
- ❖ enterprise risk management and IT governance frameworks;
- ❖ independent whistleblowing hotline services;
- ❖ sustainability and ISSB-aligned reporting and assurance readiness;
- ❖ director induction and annual governance training.



Detailed Summary Of The Regulations

The Capital Market Authority (CMA) has replaced the 2012 voluntary governance code with binding Regulations that took effect on 2 October 2026, with no transition period.

1. At A Glance

Item	Detail
Instrument	Regulations No 002/CMA/2026 of 02/10/2026 relating to the capital market corporate governance
Issuer	Chief Executive Officer, Capital Market Authority of Rwanda (signed by Romeo Ngarambe)
Legal basis	Law n° 057/2021 bis of 18/09/2021 establishing the CMA, Article 9
CMA Board approval	26 August 2024
Publication	Official Gazette n° Special of 02/10/2026 (Kinyarwanda, English, French)
Entry into force	Date of publication: 2 October 2026 (Art. 52)
Repeals	Capital market corporate governance code n° 09, 2012 (Art. 50)
Drafting language	English (Art. 51)
Structure	10 chapters, 52 articles

The Regulations set minimum standards so that companies are directed by a Board of Directors supported by management (Art. 1).

2. Scope Of Application (Art. 3)

The Regulations apply to two groups:

- ❖ **Group (a):** listed companies and issuers of securities to the public or a section of the public, whatever their business, shareholders or stakeholders.
- ❖ **Group (b):** companies that intend to issue securities to the public, public companies, State-owned companies, private companies, and small and medium-sized enterprises.

Group companies are covered too: parent or holding companies must adopt and monitor governance policies across subsidiaries and disclose the group structure, control arrangements and the group board's oversight of group entities (Art. 5). Every company must be led by an ethical and effective Board accountable to shareholders, stakeholders, creditors and employees, and shareholders are responsible for appointing competent directors (Art. 4).

3. Board Of Directors (Chapter III, Arts. 6-16)

Boards must now meet hard numeric thresholds on size, independence and tenure, backed by annual evaluation, training and conflict declarations.

Composition (Art. 6)

A board has 7 to 11 directors; an SME board has 3 to 5. At least half must be non-executive and at least one third independent. Independent directors are paid through sitting allowances only.

Independence Tests (Art. 7)

An independent director must not, among other things:

- ❖ have been employed by the company or its subsidiaries in the last three years;
- ❖ represent a substantial shareholder, or hold more than 2% of share capital or voting power;



- ❖ have immediate family ties with advisers, directors or senior employees;
- ❖ have had a material business relationship with the company in the past three years;
- ❖ have been the statutory audit partner or a key audit team member in the past three years;
- ❖ have been a director or manager of a significant customer or supplier in the past three years;
- ❖ receive remuneration beyond the director's fee, or join share option, pension or incentive schemes;
- ❖ be in a cross-directorship with the company's executives;
- ❖ have served on the board for more than nine consecutive years.

Duties (Art. 8)

The Board acts collectively and carries 26 listed responsibilities. Key ones: approve strategy that integrates environmental and social risks; set up risk management and internal control frameworks; publish a code of conduct and a Board charter; adopt a written delegation-of-authority framework; set and review CEO targets annually; oversee succession planning; and **disclose any non-compliance with the Regulations, with the steps and timeframe to comply** (Art. 8(x)).

Conduct And Competence (Art. 9)

Directors need integrity, financial literacy, industry knowledge and time. A director may hold **no more than three board seats in listed public companies**. The Board must approve a process for independent professional advice at the company's expense.

Quorum (Art. 10)

One third of the independent directors, plus two executive directors including the CEO.

Nomination (Art. 11)

The Nominating Committee runs a formal, transparent process, collects candidate information (qualifications, other directorships, interests, a three-year disqualification statement) and verifies backgrounds independently. That information goes to all shareholders before the vote. New directors receive an appointment letter and formal induction. Nominations must respect gender equality, age diversity and professional background.

Tenure And Rotation (Art. 12)

No general term limit. After nine years, the Audit Committee reassesses an independent director's independence and reports in the annual report. One third of directors rotate to ensure continuity.

Other Appointments (Art. 13)

Non-executive and independent directors must inform the Nominating Committee chair before accepting any new appointment and record it in the register of interests.

Training (Art. 14)

Companies fund induction for new directors (law, governance, accounting, site visits) and at least one refresher course a year from a reputable provider.

Evaluation (Art. 15)

Annual evaluation of the Board, Chair, individual directors and committees, overseen by the Nominating Committee and followed by improvement plans; an external evaluator may be used.

Conflicts Of Interest (Art. 16)

A Board-approved, published conflict-of-interest policy is required. Directors, officers and senior managers declare their interests and those of immediate family at least annually and on any change. Interested parties are excluded from related decisions. A related-party transactions policy must be published on the website, with RPTs on commercial terms and disclosed in the annual report.



4. Leadership And Management (Chapter IV, Arts. 17-20)

The Chair must be independent and can never be the CEO, and every company needs a professionally qualified company secretary.

Chair And CEO (Art. 17)

The roles are separated, the Chair must meet the independence criteria, and the split of responsibilities is written into the Board charter. The Chair leads the Board's work plan and agendas, ensures timely information and draws out non-executive contributions.

Company Secretary (Art. 18)

A professionally qualified company secretary advises the Board on governance. The role may be outsourced where a full-time post is not justified, but the provider must be independent and cannot also be the auditor, company lawyer or another Board adviser. The secretary keeps an annual record of compliance with these Regulations and other laws.

Board And CEO (Art. 19)

The Board appoints, evaluates annually against agreed targets, and may dismiss the CEO after due process. Management may attend Board meetings as standing or ad hoc invitees.

CEO And Management (Art. 20)

The CEO proposes long-term strategy, annual business plans and budgets, staffs key functions competently, and reports regularly on risks. The risk management function must be led by an officer experienced in risk management.

5. Board Committees (Chapter V, Arts. 21-25)

Three committees are mandatory, each with written terms of reference that must be publicly disclosed; committee recommendations remain subject to Board decision, and the Board may delegate power without abdicating accountability (Arts. 21-22).

Committee	Minimum size	Independence	Chair	Other requirements
Nominating (Art. 23)	3 non-executive directors	Majority independent	Independent director	Board approves nominees before the shareholder vote
Remuneration (Art. 24)	3 directors	At least 1 independent	Not specified	Covers management, NED pay and company-wide pay policy; may be merged into Nominating if the Board is too small
Audit (Art. 25)	3 directors	Majority independent	Independent, financial expert, qualified in audit/finance/accounting, member of a professional body in good standing	All members financially literate; meets at least quarterly

Large or complex companies should consider a separate risk committee (Art. 27(5)).

6. Remuneration And Reward (Chapter VI, Art. 26)

Companies need a formal, transparent remuneration policy in which performance pay forms a significant share of management reward and includes ESG measures.

- ❖ Staff do not decide their own pay; the Remuneration Committee recommends the policy for Board approval.



- ❖ Performance measures cover financial, governance, environmental and social dimensions, and must not encourage excessive risk-taking.
- ❖ Non-executive rewards reflect time commitment and responsibility.
- ❖ The Committee must benchmark against comparable companies and take relative performance into account.

7. Risk Management, Internal Control And Audit (Chapter VII, Arts. 27-32)

Listed companies must have an internal audit function reporting to the Audit Committee chair, and the external audit partner must rotate every five years.

Risk Management (Art. 27)

The Board owns the risk framework, including IT governance; sets risk appetite; receives regular risk reports; and reviews foreseeable risks and responses. The framework must identify, assess and prioritise material risks continuously, with performance measures for risks and mitigation. Management runs the system day to day.

Internal Controls (Art. 28)

The Audit Committee ensures management maintains a sound control system and reviews financial, operational and compliance controls and risk policies at least annually.

Internal Audit (Arts. 29-30)

Mandatory for listed companies: well-resourced, competent, independent of management, with an Internal Audit Charter and access to all levels. The head of internal audit reports functionally to the Audit Committee chair and administratively to the CEO. The audit plan must include a review of compliance with laws, regulations and company policies.

External Auditor (Art. 31)

- ❖ The Audit Committee recommends appointment, removal, fees and terms; shareholders approve the appointment.
- ❖ The auditor and engagement partner must be independent and free of actual or perceived conflicts.
- ❖ Audit firms must not provide accounting or other non-audit services that lead them to audit their own work.
- ❖ The engagement partner, audit team and engagement review partner must not hold shares in the client.
- ❖ The engagement partner of a listed company rotates every five years.
- ❖ "Auditor" means a member of the Institute of Certified Public Accountants of Rwanda (Art. 2(a)).

Audit Committee Duties (Art. 32)

Recommend the appointment, removal and pay of the head of internal audit; approve the internal audit scope and plan before each financial year; review internal audit reports and management follow-up; assess the internal audit function annually; review the external auditor's competence, independence and objectivity annually; and meet the external auditor without management at least once a year.

8. Shareholders, Stakeholders And Whistleblowing (Chapter VIII, Arts. 33-37)

General assemblies become more transparent and can be held electronically, and whistleblowing channels must be open to external stakeholders, not just staff.



Equal Treatment (Art. 33)

Shareholders of the same class have equal voting, subscription, transfer and information rights. A published minority-shareholder policy must cover changes of control and disposals of substantially all assets. Information leaked to some shareholders must be disclosed publicly as soon as practicable and reported to the CMA immediately.

General Assembly (Art. 34)

- ❖ Agenda, registration process, voting rules and draft resolutions go on the website.
- ❖ One resolution per separate issue; no bundling unless interdependent.
- ❖ Remote participation and voting in absentia may be allowed; articles of association must provide for it.
- ❖ Minutes are published within **ten days** of the meeting.
- ❖ Committee chairs and the external auditor must attend the AGM and take questions; the agenda must reserve time for this.

Voting (Art. 35)

One share, one vote. Proxy rules must be simple and sent with the AGM notice; the Chair explains voting rights.

Stakeholders And ESG (Art. 36)

The Board ensures a formal stakeholder policy. The company must protect employee and customer health, safety and dignity, put in place fraud and anti-corruption measures, and mitigate environmental and community impacts.

Whistleblowing And Grievances (Art. 37)

The Board oversees confidential channels for employees, suppliers, customers, affected communities and other stakeholders to report suspected non-compliance, fraud or misconduct. Stakeholders must be told how to use them in an understandable format and language, and good-faith reporters must be protected from retaliation.

9. Disclosure And Transparency (Chapter IX, Arts. 38-49)

The annual report becomes the main compliance vehicle: it must carry governance, remuneration, committee and sustainability disclosures, and the non-financial information in it must be independently assured.

General duties (Arts. 38-39). Timely, accurate disclosure on financial and non-financial position, strategy, risk, business model, performance, ownership and E&S matters. Price-sensitive information is published immediately. Financial statements must give a true and fair view under international financial reporting standards and be audited under International Standards on Auditing. **Non-financial information in the annual report must be assured by a competent professional assessor applying international assurance standards (Art. 39(6)).**

Annual Report Must Disclose	Article
Major and beneficial shareholders, holdings, key stakeholders	39(4)(a)
Strategy, business model, risk, performance, governance; material E&S risks and responses; directors' responsibility statement	39(4)
Board statement confirming each director's commitment to ethical leadership	40
Directors' and management's interests in securities; material RPTs; contracts in which directors are interested; services from a controlling shareholder	41
Each director's category, qualifications, tenure, attendance, directorships (current and past five years); Board gender target and progress	42
Each committee's chair, members, role, activities, meetings and attendance	43



Annual Report Must Disclose	Article
Nominating Committee: nomination and induction process	44
Audit Committee: oversight of reporting, non-audit services, view on CFO and finance function, internal control and internal audit effectiveness, auditor independence	45
Remuneration policy, level and mix, pay-setting process, link to performance	46
Sustainability framework used, E&S risks and opportunities, targets, KPIs and performance	47
Whether a whistleblowing mechanism exists, complaint themes, how addressed, number outstanding	48
Independent directors and their years of service	12(2)

Website (Arts. 38(3), 49). The website must hold the annual and interim reports, investor briefings, company policies, the Board charter and committee terms of reference, kept up to date.

10. Points Of Note And Interpretation Issues

Several provisions are new, strict or unclear on a plain reading and are worth raising with clients or with the CMA.

- ❖ **No transition period.** The Regulations applied from 2 October 2026. The practical route for companies not yet compliant is the Art. 8(x) duty to disclose non-compliance with a remediation plan and timeline.
- ❖ **Breadth of scope.** Art. 3(b) lists private companies and SMEs alongside prospective issuers. Read literally, this goes well beyond the capital market; read with the title and Art. 1, it is likely aimed at companies that issue or plan to issue securities. CMA guidance would help.
- ❖ **Quorum.** Art. 10 requires two executive directors including the CEO. Boards with the CEO as the sole executive director cannot form a quorum without change. Articles of association need to be checked against this.
- ❖ **Nine-year rule.** Art. 7(o) bars independence after nine consecutive years, while Art. 12(1) lets the Audit Committee reassess and potentially retain the designation. The interaction needs clarifying; a conservative approach is to reclassify or refresh long-serving directors.
- ❖ **Independent director pay.** Art. 6(2) limits independent directors to sitting allowances, which rules out annual retainers; Art. 26(4) speaks of rewards reflecting time commitment. Fee structures should be reviewed.
- ❖ **Chair independence.** Art. 17(2) requires an independent Chair. Chairs who represent a major shareholder or exceed the 2% holding threshold will not qualify.
- ❖ **Assurance of non-financial information.** Art. 39(6) requires external assurance of the non-financial content of the annual report but names no standard (for example ISAE 3000 or ISSA 5000) or effective date.
- ❖ **Drafting points.** Art. 7(n) lists "being identified in the annual report as independent" among the disqualifying conditions, which looks like a drafting slip. Art. 39(5) refers to "International Financial Accounting Standards", read here as IFRS.
- ❖ **No specific sanctions article.** Enforcement would rest on the CMA's general powers under Law n° 057/2021 bis.
- ❖ **Board seat cap.** Art. 9(1)(g) limits directors to three listed-company boards; affected directors need to plan exits.



OFFICE EMAIL:
rwanda@bdo-ea.com



OFFICE TELEPHONE:
+250 788 309 225/ +250738304070



OFFICE LOCATION:
CAREER CENTER BUILDING,
8TH FLOOR



Emmanuel HABINEZA
Managing Partner
emmanuel.habineza@bdo-ea.com
+250 732 304 070



Clement NIYITEGEKA
Risk Advisory Partner
clement.niyitegeka@bdo-ea.com
+250 788 544 696



Ernest Chirwa
Audit Partner
ernest.chirwa@bdo-ea.com
+250 782 276 527



Rosette Niwewarwego
Audit Partner
rosette.niwewarwego@bdo-ea.com
+250 788 899 830

