

# **Role of the Ethiopian Capital Market Administrative Tribunal within the Capital Market Ecosystem**

## **1. Introduction**

Trade and human life are so closely intertwined that it is hardly conceivable for anyone to doubt this reality. Accordingly, it may be said that trade is one of the most ancient activities of humankind. Beginning with simple and basic commodities, trade has gradually expanded to encompass increasingly complex goods and services, and in the present day, it has even reached a stage where documents possessing monetary value are traded.

The expansion of trade in documents with monetary value led to the creation of centralized securities trading system and laws to govern this trade. One such market is the capital market.

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In simple terms, the capital market can be said to be a platform that brings together people who have surplus money from daily consumption (suppliers) and individuals or companies who need money for various investments purpose. Suppliers in the capital market are individuals or institutions that provide

funds for loan or investment. Conversely, those seeking to raise capital may include companies, governments, or individuals. Accordingly, the capital market serves as a platform for the efficient trading of stocks, treasury bills, and other financial instruments that carry monetary value.

One of the main rationales for establishing the Ethiopian capital market ecosystem is its potential to contribute meaningfully to the resolution of the nation's economic constraints. The establishment of the Ethiopian Capital Market Administrative Tribunal (ECMAT) is indispensable for the effective realization of the ecosystem. It plays significant role in ensuring the efficient operation of the emerging capital market, reinforcing its credibility

as a reliable source of investment capital, and protecting investors in a manner consistent with applicable laws and standards.

## **2. Establishment of Ethiopian Capital Market Administrative Tribunal (ECMAT)**

ECMAT is an independent body established under Article 64 and the subsequent provisions of Ethiopian capital market proclamation No. 1248/2021. It operates with its own government allocated budget. The chairperson and the other judges of the tribunal are appointed by the Prime Minister. It is an independent institution, staffed with the necessary personnel,

including a Registrar, to effectively discharge its judicial responsibilities. The tribunal is required to submit an annual report to the Prime Minister.

The Capital Market Proclamation stipulates that a chairperson and deputy chairperson must possess the educational qualifications and professional experience required for appointment as Federal High Court judges. Similarly, Judges are required to have knowledge and experience in capital markets, business, accounting, or related fields.

The establishment of a specialized tribunal exclusively handling capital market cases is widely recognized as an effective practice around the world. While numerous countries could be cited as examples, Canada, India, and Nigeria

notably have comparable experience in this regard.

On the other hand, the Federal Democratic Republic of Ethiopia constitution allows for the establishment of other courts/tribunals by proclamation outside ordinary courts. Furthermore, Ethiopia had a previous experience on establishing special courts/tribunals with similar characteristics.

Since commencing its operations in mid-2025 G.C., the ECMAT has been guided by a vision "To Become African Beacon of Justice within the Capital Market Ecosystem" by 2035 G.C. Its objective is to maintain market dignity and integrity by providing impartial, reliable and efficient decisions to disputes arising from the capital market ecosystem.

Under the Capital Market Proclamation, the tribunal is mandated to ensure efficient resolution of cases through specialized expertise and flexible procedures, unlike the regular courts.

For example, the Proclamation obligates the Administrative tribunal to examine and decide on appeal presented to it within 60 days by emphasizing the time value of money.

Since prudent business people place a high value on time, the procedures, heavy case load, and limited efficiency of regular courts make them unsuitable for resolving capital market disputes.

The existence of capital market administrative tribunal which has flexible procedures, judges with special professional knowledge and experience in the field can deliver efficient and

predictable decision. These strengthen market integrity and also encourage foreign investment.

Therefore, if issues related to the capital market were left to regular courts, decisions could be delayed for years due to lengthy appointments and the strict judicial procedures they follow.

This would result in significant loss and harm to investors, and severely erode the public's confidence in the capital market eco system.

In line with this, drawing on the experience and practice of countries like Kenya, Tanzania, Zambia, South Africa, Nigeria, Canada, and others, as the capital market requires, the Ethiopian Capital Market Proclamation establishes the ECMAT to ensure flexibility,

specialization and efficiency to hear and decide based on appeals.

### **3. Jurisdiction of the Tribunal**

The tribunal have jurisdiction to hear and determine appeals on the decisions of the Ethiopian Capital Market Authority (ECMA) or a person exercising the functions or power of the authority made based on the Capital Market Proclamation, regulations, directives issued to enforce the proclamation. ECMAT after examining the appeal may confirm, reverse or issue other decision it deems proper.

The decisions will focus on the following bodies and matters:

- Disputes arising between the ECMA and the Ethiopian

Securities Exchange (ESX) or a Self-Regulatory Organization.

- Disputes arising between the ECMA and market participants.
- Disputes arising between market participants.
- Disputes arising between market participants and their customers/investors.
- Disputes arising between market participants and Self-Regulatory Organizations.
- Disputes arising between registered (public) companies and ECMA and ESX or a Self-Regulatory Organization.
- Disputes arising between the ECMA and an issuer or company whose registration of securities has been rejected by the Authority.

- Dispute arising between the ECMA and a person whose license has been suspended or revoked.
- Disputes between the ESX and a person or company whose security registration on the market has been rejected.
- Disputes between the ESX and an investor or company whose securities have been suspended from sale on the market.
- Disputes between the ESX and an investor or company whose securities have been removed from the market register.
- Disputes arising over a claim for compensation fund requested by an investor, who suffered financial damage due to the action of a

capital market service provider or the ESX, are the main ones.

#### **4. The Tribunal Power in executing its own decisions**

The ECMA serves as an appellate body for all decisions issued by the ECMA or a person exercising the powers and functions of the authority. Therefore, all decisions rendered by the tribunal must respect and ensure the right of the litigants to be heard, and shall be based on relevant laws and evidence. Also, the Administrative Tribunal must be able to obtain the assistance and support of other entities to the extent necessary to make an appropriate decision.

In this regard, the Administrative Tribunal is granted the power given to regular courts by the Ethiopian Civil

Procedure Code to enforce its decisions, rulings, orders, and proceedings.

Therefore, ECMAT has a power to Issue summons and compel any person to appear according to the summons, to require the giving of testimony under oath, including expert testimony, order the search and submission of documents necessary for the judgment, ruling, or order it issues, to issue necessary orders and injunctions to enforce its decision and perform other related functions.

The fact that a party dissatisfied with a decision given by the Administrative Tribunal can appeal to the Federal High Court indicates that the ECMAT has the jurisdiction of a Federal First Instance Court.

In examining the cases brought before them, the members of the Tribunal may,

as necessary, apply the procedures of ordinary courts and shall possess the powers of regular court judges. Accordingly, they have the power to order the police to enforce their decision, to hear expert testimony, and to summon and examine any witness.

