



PRESS RELEASE

NAIROBI STOCK EXCHANGE ANNUAL GENERAL MEETING

NAIROBI, 29th JULY 2010..... The Members of the Nairobi Stock Exchange (NSE) held their 56th Annual General Meeting (AGM) at the Nairobi Serena Hotel, yesterday, the 28th of July 2010.

All Members of the Nairobi Stock Exchange were represented at the AGM which was Chaired by Mr. Eddy Njoroge.

Mr. Njoroge presented to the members a review of the performance of the NSE in 2009. He noted that notwithstanding the challenging macroeconomic environment in 2009, the NSE continued to fulfil its mandate of providing a robust capital access avenue for the both the public and private sector.

Indeed, noted Mr. Njoroge, the NSE continued to focus on improving its trading platform, in order to better suit the needs of issuers, both private and public.

All government and corporate bonds listed on the Nairobi Stock Exchange are now immobilised and trade through the automated trading system. This has improved the time it took to conclude transactions. Delivery versus Payment (DvP) is concluded in 3 days (t + 3), which is the globally accepted standard.

“Automation opened up the bond market, reduced operational risk and increased liquidity. It made it easier for issuers to tap into large pools of capital, as seen by the successful uptake of the Infrastructure Bonds (IFBs). The Government issued Kshs. 38.624 Billion worth of IFBs while the first ever corporate IFB was issued for Kshs. 25 billion,” said Mr. Njoroge.

“The Chairman went on to note, “The impact of automation continues to be felt. So far this year, bond turnover for the year to June 2010 stands at Kshs. 274.5 Billion, compared to Kshs. 47.83 Billion over a similar period last year,” said Mr. Njoroge.

The process of Demutualisation had gained momentum. Mr. Njoroge noted that on June 10, 2010, while delivering his Budget speech, the Deputy Prime Minister and Minister for Finance, made the following pronouncements regarding demutualization:-

1. The Capital Markets Act (CMA) Cap. 485A would be amended to facilitate demutualization;
2. On passage of the 2010 Finance Bill by Parliament, the amendments to The CMA Act would come into effect on January 1 2011.

The Chairman reiterated the commitment of the Exchange and its members towards seeing this process through. “As soon as the amendments to The CMA Act come into effect on January 1st 2011, we shall move with speed to conclude the process demutualization,” said Mr. Njoroge.

The Members unanimously re-elected the following Directors;

1. Mr. Lutaf Kassam (Institutional Director);
2. Mr. David Njoroge (Listed Company Director);
3. Mr. George Maina (Stock broker Director), and
4. Mr. Andre DeSimone (Stock broker Director)

**EDDY NJOROGE
CHAIRMAN**

NOTES TO THE EDITOR

1. In 2009, Kshs. 36 Billion was raised in debt capital by Corporates. This is compared to Kshs. 4 Billion in 2008. Kshs. 25 Billion was the KENGEN Public Infrastructure Bond (PIB)
2. In 2008, the government raised Kshs. 56.11 Billion (none of which was an IFB). In 2009, the Government issued Kshs. 82.861 Billion in government debt. Kshs. 38 Billion was raised through 2 issues of Infrastructure Bonds.
3. With the involvement of the Kenya Association of Stock Brokers and Investment Banks (KASIB), the Central Depository and Settlement Corporation (CDSC) and the Capital Markets Authority (CMA), the Exchange has shortlisted a vendor to provide a broker backoffice solution. All the interested parties have in principle agreed on the financing of the project, estimated at Kshs. 75.0 million, which is expected to go live in Q1 2011. The broker backoffice system will improve the existing internal risk management infrastructure of the members and the market surveillance infrastructure of the regulators. It demonstrates the commitment of the market towards investor protection.
4. The Exchange through the Securities Industry Training Institute (SITI) will facilitate market intermediary courses on familiarisation with the automated trading system, bond pricing & trading, and compliance with securities market rules and regulations.
5. In line with the NSE objective to be the most valuable brand in the EAC securities industry and to position Nairobi as the financial services hub of the Eastern Africa region. The NSE has applied to the World Federation of Exchanges (WFE) to upgrade its status from correspondent to affiliate member. In Africa, currently, only the Johannesburg Stock Exchange, Egyptian Exchange and the Stock Exchange of Mauritius are full members of the WFE.
6. The Exchange takes very seriously the issue of investor confidence, and it is with this in mind that the Complaints Handling Unit (CHU) was implemented also in 2009. A centralized automated system, it allowed investors, whether resident abroad or locally, to have their queries adequately addressed. In order to facilitate the reach of investors within the region, the NSE enabled access via SMS to 8485. Thus far, over 1,715 complaints have been received and our resolution rate is at 80%.