



**PRESS COMMUNIQUE OF THE 26<sup>TH</sup> EAST AFRICAN SECURITIES EXCHANGES ASSOCIATION (EASEA) MEETING HELD AT SERENA HOTEL, KIGALI, RWANDA FROM 20<sup>TH</sup> – 22<sup>ND</sup> JANUARY, 2016**

The East African Securities Exchanges Association (EASEA) held its 26<sup>th</sup> consultative meeting in Kigali, Rwanda from 20<sup>th</sup> – 22<sup>nd</sup> January, 2016. The meeting was chaired by Mr. Pierre Celestin Rwabukumba, Chairman of EASEA and Chief Executive Officer of the Rwanda Stock Exchange (RSE). In attendance were Mr. Geoffrey Odundo, Chief Executive, Nairobi Securities Exchange, Mrs. Mary S. Mniwasa representing Dar-es-salaam Stock Exchange (DSE), Mrs. Rose Mambo, Chief Executive Officer, Central Depository and Settlement Corporation (CDSC) Kenya and Mr. Paul Bwiso, Chief Executive Officer, Uganda Securities Exchange (USE) and representatives from the member institutions.

The Chairman, Mr. Rwabukumba welcomed members to the meeting and emphasized the need for the EASEA members to fast-track integration of their markets. He said there was need to speed up the integration process in order to create sustainable markets that are relevant enough to support the growth of the regional economy.

**REGIONAL INITIATIVES**

The following issues were discussed and agreed upon by EASEA for follow up and implementation

**1. Regional Integration Initiatives**

The meeting reviewed EASEA's Strategic Plan which consisted of the following initiatives:

- i) Regional Awareness Campaign
- ii) Electronic linkages for trading and depository infrastructures,
- iii) SITI training;
- iv) Broker Back Office(BBO) Standards;
- v) Inter-depository Transfers Procedures;
- vi) FTSE EASEA Index;
- vii) Regional Stockbrokers; and
- viii) Demutualization Process

It was agreed that a new strategic plan covering the next 5year period would be developed by the end of Q1 2016.

## 2. Capital Markets Infrastructure (CMI) Project

The project has the objective to link up trading and depository systems in the region to achieve cross border trading, clearing and settlement.

The meeting noted the progress of implementation of the CMI and agreed to consult with their respective institutions and stakeholders and revert back with a position on the way forward by end of February 2016.

## 3. Regional Inter-Depository Transfer Mechanism

The purpose of this initiative was to provide formal procedures on how to move securities between depositories in the region.

The procedures are fully operationalized but there is need for ongoing awareness. It is noted that the process will be enhanced once all depositories are SWIFT compliant as envisaged.

## 4. Securities Industry Training Institute (SITI East Africa)

The meeting resolved to reposition SITI as the main regional Capital Market training institution. An ad hoc Committee was put in place to come up with recommendations on the same before end of February 2016.

## MEMBER UPDATES

### RWANDA

#### RWANDA STOCK EXCHANGE (RSE)

The RSE expects to roll out the following products in the course of this year:

- i) Listing of two new IPOs
- ii) Listing of the first SME
- iii) Listing of GoR bonds and corporate bonds
- iv) Launch of ETP
- v) Introduction of ETFs
- vi) Launch Market makers
- vii) Launch of REITs

The RSE is in the final stages of automation of its trading infrastructure which will automatically be linked to the Central Securities Depository (CSD) and Real Time Gross Settlement System (RTGS) at the Central Bank of Rwanda.

A team composed of Capital Market Authority (CMA), Rwanda Stock Exchange (RSE), Central Bank of Rwanda and the Ministry of Finance and Economic Planning, has been put in place to work on the Bond Market Development.

RSE was admitted as a Partner Exchange to the United Nations Sustainable Stock Exchanges (UN SSE) Initiative.





## TANZANIA

### DAR-ES-SALAAM STOCK EXCHANGE (DSE)

DSE initiated actions that will improve its market development. These include;

- Public Awareness Initiatives
- Initiatives to increase new products & services
- Mobile Trading Platform
- Linkage of the DSE-CSD to the Central Bank's CDS
- EAC CMI
- Demutualization & Self-Listing of DSE

Demutualization & Self-Listing of DSE - DSE aims for an Initial Public Offer by 2016 followed by a self-listing on the Exchange. DSE has called for a lead transaction advisor, sponsoring broker and other experts to facilitate the listing. The listing will improve corporate governance and raise funds for expansion.

## KENYA

### NAIROBI SECURITIES EXCHANGE (NSE)

The NSE expects to roll out the following products in the course of this year:

- I. The Exchange is set to launch its Derivatives Market in Q1 of this year, with the initial products will be single stock and index futures before offering currency-based contracts.
- II. Mobile Bond trading platform, M-Akiba, is in place and is set to be launched in Q1 of 2016 through the issue of Government Debt.
- III. We expect new listings on the Main Investment Market Segment (MIMS) and the Growth Enterprise Market Segment (GEMS), and on the Fixed Income Market, we expect further Corporate and Government Debt issues.
- IV. The upgrade of the Automated Trading System (ATS) will be done in Q1 of 2016. This will allow the Exchange to better support its new product and service offerings.
- V. Exchange Traded Funds (ETFs) which are already at an advanced stage of development and they are expected to come on board this year.

The Exchange is working closely with stakeholders on:

- I. Securities Lending and Borrowing;
- II. Day trading for equities and bonds;
- III. Remote Membership;
- IV. Direct Market Access

NSE was admitted as the 18<sup>th</sup> Partner Exchange to the Sustainable Stock Exchanges (SSE) Initiative. We intend to promote sustainable business practice in the Capital Markets looking to enhance corporate transparency by working with our stakeholders to embrace

Environmental, Social and Governance (ESG) reporting standards. The NSE is looking into setting up sustainability based capital markets products by 2017.

## CENTRAL DEPOSITORY & SETTLEMENT CORPORATION (CDSC) – KENYA


- CDSC changed its settlement model from commercial banks to central bank money settlement on January 15<sup>th</sup> 2015, and this part of compliance with IOSCO principle 8. CDSC is now in the process of increasing an additional seven new commercial banks that will participate in the settlement so that some of the banks who are CDAs can do their own settlement.
- CDSC is in the process of procuring a consultant to assist with conducting self-assessment on compliance with CPSS IOSCO Principles.
- On the upgrade of the system, CDSC reported that the Alpha release of the software was installed at CDSC in December 2015 and is being reviewed. The Beta version is expected to be released by end of February 2016 while projected live date moved from end of Q1 to Q2 2016. This will be a simultaneous go-live with the NSE trading system for equities.
- CDSC reported that recommendations made from a Brand Audit have been adopted by the CDSC Board are scheduled to commence implementation from Quarter 2.
- CDSC is a founder shareholder together with the Nigerian depository CSCS of Africlear, a company whose purpose is to deliver information technology and support services to central securities depositories (CSDs) operating in Africa through initiatives designed to promote financial inclusion and improve market integration across the continent. Other shareholders are Altree Financial Services Group and the African Development Bank. CDSC is working through Africlear to make a system available in Kenya for Electronic General Meetings. This will allow shareholders of listed and cross listed securities across the region to electronically attend general meetings, view the proceedings and vote during the meeting even though they are not physically present at the meeting.

## UGANDA

### UGANDA SECURITIES EXCHANGE (USE)

USE has implemented the following initiatives:

- I. Automated Trading System (ATS) project – USE launched the ATS in July 2015 and it is already in place.
- II. Potential listings – Government bonds and GEM Products
- III. Debt Secondary Market Trading – to target Government and Corporate Bonds
- IV. Inter-Depository Receipts in place – Investors in the Ugandan and Kenyan market already started accessing securities through this arrangement.
- V. Data Vending – Presented to Board
- VI. Public Awareness Campaign in place
- VII. SCD In Place
  - SCD is now recognized as a standalone department with hope to create a subsidiary company in the near future.

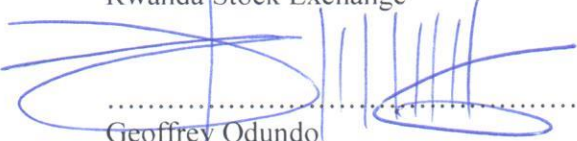


- The settlement cycle has been reduced to T+3 from T +5.
- SCD plans to achieve a 100% dematerialization by July 2016.

-ENDS-




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Chairman, East African Securities Exchanges Association  
Rwanda Stock Exchange



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Geoffrey Odundo  
Chief Executive Officer  
Nairobi Securities Exchange



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Rose Mambo  
Chief Executive Officer  
Central Depository & Settlement Corporation



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Mrs. Mary S. Mniwasa  
In-Charge of Legal and Corporate Affairs  
Dar-es-salaam Stock Exchange



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Paul Bwiso  
Chief Executive Officer  
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