

E-Newsletter - Issue 2

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ROSE MAMBO EXITS CDSC AFTER 12 YEARS OF EXEMPLARY SERVICE



Rose has been with CDSC since 2007 serving diligently as the organization's Chief Executive for twelve years. CDSC has weathered the ups and downs of the capital markets and experienced growth in its brand, financial performance as well as set up robust corporate governance structures to ensure the organization's future growth.

"We would like to thank Mrs. Mambo for her stewardship and dedicated service to the organization in the role of Chief Executive Officer for the last 12 years, and wish her all the best in her future endeavors."

CDSC Board of Directors

Pictorials — Staff, Board and Stakeholders bid farewell to the Captain in the industry after 12 remarkable years



CDSC Directors share a light moment with Ms. Mambo during the stakeholders farewell cocktail party at the Nairobi Sankara Hotel



Capital Markets Chief Executive Paul Muthaura (L) & Ms. Mambo (R) pose for a photo with one of the CDA's representative during the stakeholders farewell cocktail party at the Nairobi Sankara Hotel



It was a toast for Rose Mambo for the remarkable 12 years transformative journey



Head of Risk, Francis Kibathi present an autograph to Ms. Mambo during the staff farewell party held at the Royal Golf Club



It was time to make those moves.....



Head of ICT James Gikonyo share a light moment with Ms. Mambo during the staff farewell party held at the Royal Golf Club

HILDA NJERU APPOINTED CDSC ACTING CHIEF EXECUTIVE



CDSC Board of Directors appointed the Group Company Secretary & Head of Legal and Compliance, Hilda Njeru as the Acting Chief Executive with effect from 1 October 2019. Ms. Njeru will be in charge until the CEO position is filled substantively and a new CEO assumes office.

Hilda holds a Master of Laws degree (LL.M) and a Bachelor of Laws degree (LL.B) both from the University of Nairobi. She has a Post Graduate Diploma in Law from the Kenya School of Law and is an Advocate of the High Court of Kenya. She is also a Certified Public Secretary, CPS (K) and has successfully completed the Certified Public Accountants (CPA) course. She has over 9 years experience in the field of financial law and compliance and has worked in the Banking and Capital Markets industries.

KSHS. 263 MILLION RAISED DURING RE-OPEN 3 OF M-AKIBA

CDSC raised a total of Kshs. 263,600,000 million against a target of Kshs.500,000,000 million, the highest amount ever raised during the Primary Market Offer.

The third tranche of the M-Akiba 2 Re-open 3 was on offer from Monday, August 19, 2019 and closed on Friday, September 6, 2019 attracting additional 51,461 new accounts bringing the total M-Akiba accounts to 565,725.

The total amount raised to date crosses the 1 Billion Mark to stand at Kshs. 1,045,120,100. CDSC also paid a total Kshs 31 million in interest to M-Akiba investors.

This brings total amounts paid out in interest payments to Ksh.98,560,000 since the first Issuance". Re-Open 3 tranche was a combination of two (July and September) issuances of Kshs.250m each.



"Recognizing the untapped potential to raise capital through issuance of Bonds to ordinary citizens, the government of Kenya, in conjunction with private sector players, launched a mobile centered government bond called M-Akiba in 2017 so that Kenyans can, with as little as US\$30, participate in the Government Securities Market." – President Uhuru Kenyatta

CSR AT YOUNG LIFE AFRICA CHILDREN'S HOME



CDSC Team and Children at Young Life Africa pose for a Group Photo



CDSC-sponsored one student to finish his form four studies at a cost of Ksh. 50,000



Inaugural Afro-Asia Fintech Festival held in Nairobi



CDSC participated in the inaugural Afro-Asia Fintech Festival that was held on 15th to the 16th of July 2019 at the Kenya School of Monetary Studies. The Festival, which was christened “FinTech in the Savannah”, was organized by the Central Bank of Kenya (CBK) in partnership with the Monetary Authority of Singapore (MAS). CDSC and NSE PLC jointly undertook investor education on M-Akiba Retail Infrastructure Bond and urged participants to invest in the bond.

CDSC ENGAGEMENT SURVEY



The survey attracted 39 respondents out of the targeted 41 staff members which

is 95% marking a significant improvement of 30% from the last such survey which had 25 responses at 65% conducted in December 16, 2016-January 13, 2017.

CDSC DIVERSIFIES PRESENCE ON SOCIAL MEDIA

CDSC now has presence on YouTube and Instagram. Corporate Affairs created accounts on the two platforms to educate and sensitize members of the public about



CDSC products and services as well as respond to queries raised about various products on those platforms.

CAPITAL MARKETS NEWS ROUND UP

KCB, NBK MERGER TO CREATE GIANT BANK SH1 TRILLION ASSETS



KCB Group announced that 87.70% of National Bank of Kenya (NBK) ordinary shareholders accepted the buyout offer representing 297,130,033 of the 338,781,200 shares. At the close of the takeover, KCB said that the offer is unconditional in all respects and that all corporate and regulatory approvals have been received.

In this regard, the offer is successful and KCB is now proceeding to completion. On completion, the conversion and swapping of shares occurred after meeting the condition for the conversion of the non-cumulative preference shares in the share capital of NBK. Upon the completion of the processes, KCB held 1,432,130,033 ordinary shares comprising 97.17% of the total issued share capital of NBK. In addition, KCB sought Capital Markets Authority provisions to compulsory acquire the remaining 41,651,167 issued ordinary shares of NBK. NSE delisted NBK from the bourse.

FOUR KSH.12.7BN CORPORATE BONDS MATURE THIS MONTH



The corporate bond market will shrink 27% in October as Ksh.12.7 billion is set to mature and four issuers leave the market. CIC Insurance, Housing Finance, KenGen and Consolidated Bank are expected to repay back their debt by end of the month. Kenya's

corporate bond market currently is a Ksh.47.2 billion portfolio issued by 10 firms compared to August 2014 when there were 28 listings with a value of Ksh.71.28 billion. There has been no listing since April 2017's Ksh.6 billion EABL bond. KenGen announced it will pay up the last tranche of its infrastructure bond in October 31, retiring Ksh.3.1 billion from the corporate bond books. Those who are repaying their bonds are not keen to continue using the market to fund their businesses. CIC Insurance Group announced it will be redeeming the Ksh.5 billion note in full upon their maturity on October 2, 2019. The listed firm said it will give priority to the sale of its 712 acres of freehold land before considering other options to replenish its balance sheet.

NEW YORK STOCK EXCHANGE PARENT COMPANY INTRODUCES BITCOIN

The parent company of the New York Stock Exchange (NYSE) will from Sunday offer investors the option to trade Bitcoin, giving the pioneer cryptocurrency further mainstream recognition. Operations will begin at the opening of the electronic financial market at 8:00 p.m. in New York. Brokers will then be allowed to trade futures contracts on one of the Intercontinental Exchange's (ICE) platforms, by betting on increases or decreases in the currency's value, just as with oil or gold. The cryptocurrency has been trading at around \$10,000 per bitcoin. ICE's virtual currency subsidiary, Bakkt, will lead the operation. Launched in August 2018, Bakkt was supposed to begin trading last November but the project was delayed. It was already possible to buy and sell Bitcoin directly on multiple smaller platforms, but those lacked the historic and official legitimacy of the ICE.

Another major stock exchange — the Chicago Mercantile Exchange (CME) — has since the end of 2017 also offered trading in cryptocurrency futures. About 7,000 such futures have been traded per day since the beginning of the year, worth a total of more than \$350 million per day, at the current value. But when the CME's futures contracts expire, clients receive the dollar equivalent of the Bitcoin value. The idea is to prevent investors from owning Bitcoins themselves. Bakkt's products are different in that brokers receive Bitcoins directly. They can then decide whether or not to entrust the Bitcoins to Bakkt, in a sort of secure virtual warehouse.

INVESTOR EDUCATION

CDSC endeavors to increase its brand visibility and promote investor education through initiatives like participating in all announced Annual General Meetings (AGMs) as part of our investor education initiatives.

During the period under review, CDSC participated and attended the Safaricom PLC Annual General Meeting held on 30 August 2019 at the Bomas of Kenya. Corporate Affairs took advantage of the forum to sensitize Safaricom PLC shareholders about M-Akiba and encouraged them to buy the bond.

MUMS IN BUSINESS FORUM



CDSC participated and undertook investor education at a Forum for Mums in Business held at Emory Hotel Kileleshwa, Nairobi. The Forum brought together mums in business in Kenya.

CDSC Head of Corporate Affairs Irene Mutiso had the privilege to represent the Chief Executive at the Forum and made a presentation themed “Investing in Kenya’s Capital Market – Opportunities available and how to get started” Irene elaborated what CDSC has to offer in the Capital Markets and the opportunities for women to invest.

CMA CHIEF EXECUTIVE SET TO EXIT END OF YEAR



CMA Chief Executive Mr. Paul Muthaura gives his remarks during Rose Mambos' farewell cocktail Party at the Sankara Hotel, Nairobi.

The Capital Markets Authority (CMA) board in July invited applications for the position of chief executive with the incumbent Paul Muthaura set to quit at end of the year. The CMA board chairman Mr. James Ndegwa said applicants were to present their applications before end of September. This means the board is seeking to unveil the next CEO ahead of Mr. Muthaura's exit. Candidates were required to have expertise in money, capital markets or finance, said Mr. Ndegwa.

They were also required to be holders of Master's degree either in law, finance, accounting, economics, banking, insurance or equivalent from recognized institutions of higher learning. Mr. Muthaura, 41, last month announced he will leave, marking an end to a seven-and-a-half-year stint at the helm of the markets regulator. Under his tenure, the CMA has instituted several reforms in the local capital markets as well as the introduction of various products.

DEPOSITORS OF FAILED BANKS TO BE PAID UP TO KSH.500,000

Depositors will from July 2020 access up to half a million shillings of their deposits within 30 days in the event of a bank's failure. This is after the Kenya Deposit Insurance Corporation (KDIC) revised the deposit insurance coverage from Ksh.100,000, offering huge relief to savers who have struggled to retrieve their cash from failed banks. Kenyans have recently witnessed three bank failures, including Dubai Bank, Chase Bank (since acquired by Mauritius-based SBM) and Imperial Bank. The Government expects the increased insurance to nudge Kenyans into saving more of their money in banks as the lending sector's confidence is boosted. The new limit translates into more than double increase in the deposits insured by KDIC, from 8% to 20% that has been in place since 1989. It is the first time in 30 years, that KICD is revising the coverage limit, in what is aimed to inject confidence in the banking sector.



KENYA MARKS WORLD INVESTOR WEEK

The Capital Markets Authority is participating in the World Investor Week to enhance investor awareness, protection, education and protection. The third edition of the campaign which started on Monday and ends on 6th October is an initiative of the International Organization of Securities Commissions. The regulator will be conducting the campaign on vernacular stations, on social media and through a scavenger hunt on their online Resource Centre Portal.

