



Our Profile



Who we are

CENTRAL DEPOSITORY & SETTLEMENT CORPORATION LIMITED

The Central Depository & Settlement Corporation Limited (CDSC) is a limited liability Company approved by the Capital Markets Authority to provide automated clearing, delivery and settlement facilities in respect of transactions carried out at Nairobi Securities Exchange as well as holding of listed and non-listed securities including other documents of title on behalf of investors.

CDSC has a subsidiary Company, CDSC Registrars; a private company duly incorporated in Kenya in 2009, and a sister company incorporated in Rwanda in 2010. The CDSC Registry combines experience, innovation and customer centricity approach to offer timeouts and meticulous services to businesses, Issuers, their shareholders and other stakeholders.

Mission

To provide secure, efficient custody, clearing, settlement and related services to all stakeholders by leveraging on technology and service excellence.

Vision

A leading provider of innovative solutions for custody, clearing and settlement services.

Core Values

Bankability; Transactional trust

Integrity; Public reliability

Customer centric; Market solutions

Professionalism; Competence

Confidentiality; Non-disclosure

Stewardship; Wise and just use of talent and resources in a collaborative manner

CDSC Core Services



Investor Services

- ✓ Online Account Access
- ✓ Email Statements Service
- ✓ Statement of Accounts
- ✓ CDSC Mobile App
- ✓ Data Vending
- ✓ M-Akiba Bond



Depository Services

- ✓ Securities Accounts
- ✓ Deposits
- ✓ Transfers
- ✓ Pledges and Releases



Clearing and Settlement Services

- ✓ Equities, Corporate bonds and M-Akiba settlement
- ✓ Guarantee fund
- ✓ Trade Reporting & Clearing



Issuers Services

- ✓ Rights Issues
- ✓ Dividends
- ✓ Initial Public Offers
- ✓ Bonus Issues
- ✓ Ad Hoc Reports



Our Journey

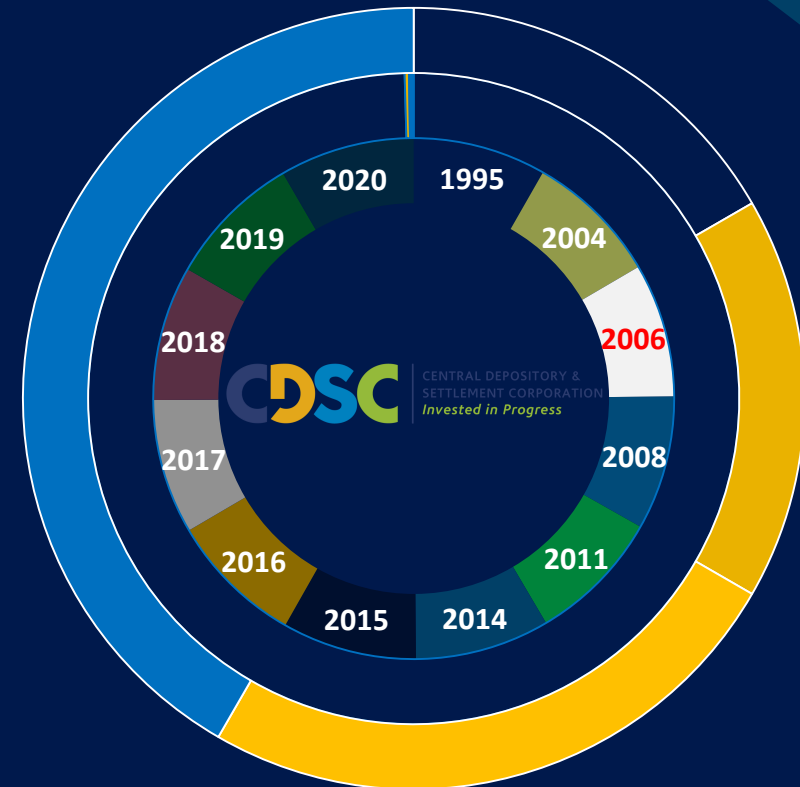
Since 1995

In 1995, the idea for a Central Depository was mooted and a study commissioned to look into its viability. A Draft bill was submitted to Parliament in 1997 and three years later the Central Depositories Act, 2000 was passed. CDSC was incorporated with the signing of a shareholders' agreement.

A search for a technology solution begun, culminating in the tender award to Millennium Information Technology (MIT) of Sri Lanka for the provision of a Central Depository System in 2002. In November 2004, CDS operations commenced. CDS account opening begun in earnest, and Immobilization (a process of converting shares from physical certificates to electronic form and depositing into CDS accounts) and Delivery versus Payment (DVP) Settlement begun in tranches. On 28th February 2005, full DVP settlement for all listed companies at the NSE was achieved. Market education training took place in 2005.

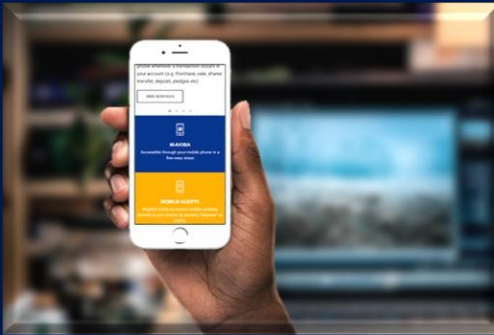
The KenGen Initial Public Offer in 2006 was the first major operation for CDSC. This saw a huge increase in the number of CDS accounts opened. CDSC also played a fundamental role in the listing of Safaricom, the largest IPO in the East and Central Africa region, where the number of CDS accounts increased from 0.8 to 1.7 million. CDSC has lived up to its mission of realizing efficiency by settling trades in 4 days and sought ways of further reducing this period. Having set the platform for the implementation of the Automated Trading System (ATS) by the NSE in 2006, CDSC has catapulted the Kenyan Capital Markets into the global arena with a commitment to achieving transactional trust, integrity and dynamism in the market.

Our Journey



2004 – 2015 – Market Contributions

CDSC has registered impressive milestones since 2004, as part of its larger mission to enhance efficiency in the capital markets. When CDSC commenced operations, the stock market in Kenya had subdued trading volumes and low levels of investor participation. This was due to the inefficient and largely manual trading system. This landscape has however since changed. Automation has contributed towards increased market activity both in the equity and bond markets. The attainment of an entirely paperless securities market, through immobilization and later dematerialization was a game changer for the market.



2008 – SMS SERVICE

CDSC embarked on a series of joint investor campaigns with the Capital Markets Authority and the Nairobi Securities Exchange in a bid to ensure that the population seized the multiple investment opportunities. With the growth in investor numbers, CDSC introduced an SMS service which gives investors 24 hour access to their CDS accounts enabling them to keep track of their shares on their mobile phone anywhere and at any time which can be accessed by sending an SMS to 22372 and following the instructions thereof to complete the registration.

2011-2015 – CDSC REGISTRARS

The incorporation and establishment of CDSC Registrars Ltd in 2009 and 2010, a subsidiary owned and operated by CDSC, respectively brought about a new sphere to CDSC's successes. The CDSC Registrar Limited Company was appointed as Registrars for the Deacons Public Offer in 2011 in Kenya, while CDSC Registrars Rwanda was appointed for the Bank of Kigali and Bralirwa IPO's in 2011. In 2014, CDSC Registrars was appointed the Nairobi Securities Exchange Initial Public Offering Registrar and processing agent, a task it successfully executed in a fully dematerialized environment. CDSC Registrars was also appointed as the registrar for M- Akiba the retail Government bond to be issued through mobile phones.



2012-2014 – Dematerialization

The process of Dematerialization commenced in 2012 and reached its conclusion on 1st November, 2013, when shares of all firms listed at the Nairobi Securities Exchange (NSE) were irreversibly converted into electronic form. The dematerialization of corporate bonds in November 2014 was the culmination of the efforts towards a completely paperless securities market. Share certificates are therefore, no longer recognized as prima facie evidence of ownership of shares; since evidence of ownership is now in the electronic holdings maintained in the Central Depository System (CDS) operated by CDSC. With the implementation of Dematerialization, risks involved with physical certificates have been eliminated and the time required to clear each transaction reduced tremendously.

In October 2014 CDSC concluded the dematerialization of corporate bonds, bringing to a close the era of the use of paper certificates within the Kenyan Capital markets. The achievement of an entirely paperless securities market has enhanced CDSC's capacity to provide more efficient services at a cheaper cost as well as protect assets under its custody from losses resulting from misuse, fraud or insufficient record keeping.

2016 - CDSC Re-Branding

In 2016, the Central Depository and Settlement Corporation (CDSC), unveiled its new brand, as the company seeks to entrench its position in the money markets. CDSC rebranded and changed the logo in line the renewed commitment of providing securing, efficient custody, clearing, settlement and related services by leveraging on technology and service excellence.

CDSC, also celebrated its 12th year anniversary, having automated the clearing and settlement of transactions on the exchange, having reduced and even eliminated systemic risks associated with manual operations. CDSC also upgraded the clearing, delivery and settlement functions in line with international best practice.

2015 – Settlement Processes

CDSC introduced Settlement through the Central Bank of Kenya (CBK) which is a more robust model, to enhance Settlement finality and reduce risks associated with settling capital markets transaction with commercial bank money. CDSC is adapting to best practices and complying with global standards. The cash side of the settlement process for transactions concluded on the Nairobi Securities Exchange is now being carried out through the Central Bank's Real Time Gross Settlement System (RTGS). Through their design, RTGS settlement systems eliminate counter party risk. It provides the ultimate risk free means of discharging payment obligations between parties due to the finality and irrevocability of debits and credits to participants' accounts. The securities leg of the settlement process, which entails the transfer of securities between the buyers and sellers is still carried out at CDSC, with the settlement cycle T+3 being maintained.



2017 – M -AKIBA Retail Infrastructure Bond



The M-Akiba Retail Infrastructure Bond issued by the Government of Kenya exclusively via the mobile phone platform kicked off in 2015 with the issuer, the National Treasury, appointing the Central Depository and Settlement Corporation Limited (CDSC) and the Nairobi Securities Exchange (NSE) as its agents to facilitate the roll out of the first government Mobile Traded Bond dubbed “M-Akiba”.

The M-Akiba bond was officially launched in 2017 with a pilot phase in March and the main issue done in June. The bond has since inception had five issuances and raised over Kshs.1 Billion with over 500,000 M-Akiba CDS accounts opened.

M-Akiba bond seeks to facilitate the Government through the National Treasury to borrow funds from its citizens to fund its current and ongoing infrastructure development projects. Previously the government has borrowed from a smaller population, mostly comprising institutions like pension funds and commercial banks as well as high net worth individuals.

2018 - CDSC Mobile Application

In 2018, the Central Depository and Settlement Corporation Limited (CDSC) commissioned its mobile application. The CDSC Mobile application innovation is to give clients control of their security holdings through unrestricted access to their CDS accounts.

TRACK YOUR CDS ACCOUNT ANYWHERE, ANYTIME WITH CDSC MOBILE APP

The new CDSC Mobile Application allows you to keep track of your investments in real time. Investors can enjoy a wide range of benefits including:

- ✓ Real time account tracking 24/7
- ✓ View transaction history
- ✓ Receive alerts on Transactions and corporate actions
- ✓ Personalized Account information

www.cdsckenya.com



2018 – CDSC DATA VENDING SERVICE

Did you know you can get access to market transactional data for all accounts held in the CDS system?

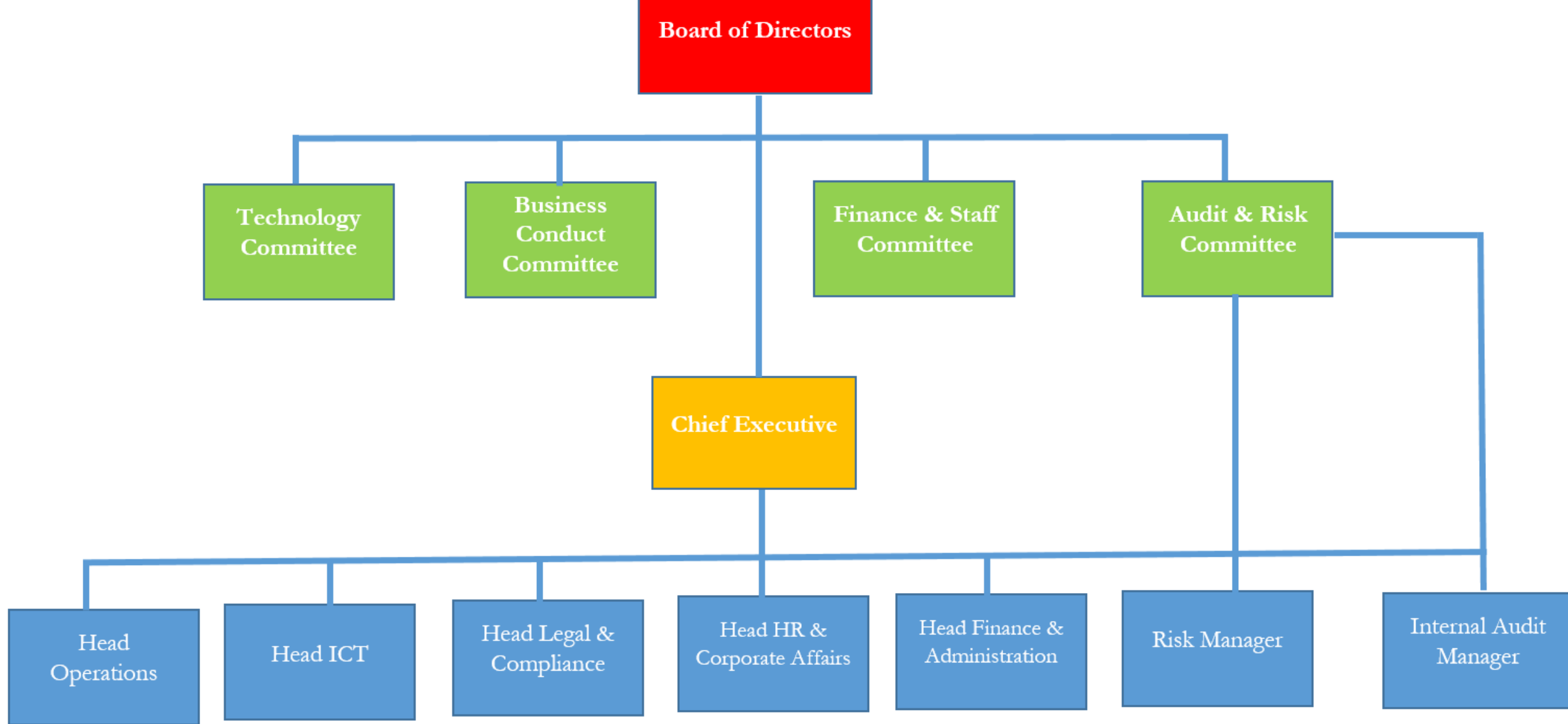
CDSC Data Vending Service offers a wide range of data sets that can cater for both the commercial and academic needs of our clients.



Email us on corporate@cdskenya.com to access in depth capital markets related data sets through the CDSC Data Vending Service

Ownership & Governance

The Capital Markets Challenge Fund Ltd.	50%
Nairobi Securities Exchange PLC.	22.5%
AKS Nominees Ltd.	18%
Capital Markets Investor Compensation Fund	7%
Uganda Securities Exchange Ltd	2.5%



Regulatory Environment



CDSC operates under the regulatory oversight of the Capital Markets Authority. CDSC falls under the ambit of the Capital Markets Act and the Regulations and Rules there under.

CDSC as an integral financial market infrastructure plays a critical role for the efficient functioning of the domestic and regional financial markets. Its day-to-day management is guided by the CDS Rules. The CDSC Operational Procedures outline the detailed processes and description on how the different functions are performed. The Rules and Operational Procedures and any amendments thereon must be approved by the Capital Markets Authority.

CDSC also enters into various contractual relations with stakeholders for provision of various services. Key among these is the Agreements signed between CDSC and the CDAs as well as Agreements between CDSC and the Settlement Banks. CDSC has also entered into an Agreement with the Central Bank of Kenya through which the funds leg of all securities transaction is settled.

KEY STAKEHOLDERS

- ✓ The National Treasury
- ✓ Central Bank of Kenya (CBK)
- ✓ Capital Markets Authority
- ✓ CDSC Registrars Limited
- ✓ Nairobi Securities Exchange
- ✓ Mobile Network Operators
- ✓ Central Depository Agents (CDAs)
- ✓ Listed companies
- ✓ General Public

Corporate Sustainability

CDSC has a wider responsibility to the society in general as it conducts its business, aiming to make a return its investors. This is necessitated by the fact that CDSC benefits from the support of society and therefore in turn has a responsibility to contribute to the welfare of that community and the environment in which it operates. CDSC has undertaken CSR projects in partnership with other institutions.

CSR ties into our overall business objectives; the CDSC communication strategy includes CSR as a way to allow our stakeholders to experience the CDSC brand.

CDSC CSR Objectives

- ✓ To build and retain world class human capital. CSR fits within this goal in that it provides a good environment for staff to bond and interact outside the office setting
- ✓ To market CDSC and enhance brand awareness
- ✓ To contribute towards the needs of the less fortunate in the society



Frequently Asked Questions (FAQs)

1. What is CDSC?

CDSC stands for the Central Depository and Settlement Corporation Ltd, a company incorporated under the Companies Act to establish a central depository under the Central Depository Act, 2000.

2. What does CDSC do?

The business of the company is to establish and operate a central depository system (CDS) and provide central clearing, settlement and depository services for securities that are listed on the Nairobi Securities Exchange PLC. We are also authorized to hold securities that are not listed.

3. Who regulates CDSC?

The Capital Markets Authority (CMA)

4. What is a depository?

A depository is like a bank, which holds securities (like shares, bonds, Government Securities among others) for investors in electronic form. Besides holding securities, a depository also provides custody, delivery and settlement services for all transactions that go through the securities exchange.

5. What is CDS?

CDS stands for the Central Depository System. This is a computer system operated by The Central Depository and Settlement Corporation (CDSC) that facilitates holdings of securities in electronic accounts, opened by shareholders and manages the process of transferring securities traded at the Securities Exchange.

6. What are the benefits of the CDS?

CDS assures you of safer faster and easier trading in your securities. You do not have to wait for the issue of certificates before you can trade again as your securities are credited to your account 4 days after the date of trade.



7. What is a CDS account?

It is an electronic account that holds securities.

8. Do I have to open a CDS account?

Yes, if you intend to trade in securities that are listed on the Nairobi Securities Exchange.

9. How do I open a CDS account?

By completing and signing a securities account opening/maintenance form with your CDA (stockbroker/investment bank/custodian). The form is called CDS 1. Opening a CDS account is free

10. Who is a Central Depository Agent (CDA)?

A CDA is either a Stockbroker, an Investment Bank or a Custodian Bank, appointed by CDSC to open accounts in the CDS on behalf of investors.

11. Who is a Registrar?

A registrar is the entity that carries out security transfers, transmission and consolidation of securities on behalf of a company and attends to queries relating to non-receipt of dividends on shares of the company.

12. Who is a Custodian?

A Custodian is a financial institution that holds customers' securities for safekeeping to minimize the risk of their theft or loss. A custodian holds securities and other assets in electronic or physical form.

13. What is required to open a CDS account?

You need two recently taken passport size photographs, original National ID or passport. In the case of a company you need the original certificate of incorporation, and if you are an organization registered in any other way you need the certificate of registration. Directors of a company will also need to provide their ID Cards and passport size photographs.

You need to sign the form (CDS 1) before your Central Depository Agent (CDA)

14. What are the benefits of having a CDS account?

- ✓ Immediate transfer of securities - no need to visit and re-verify your signature with the registrar
- ✓ Elimination of risks associated with physical certificates such as bad delivery, fake securities among others
- ✓ Reduction in paperwork involved in transfer of securities
- ✓ Change in address recorded by the CDA gets registered electronically with all companies in which investor holds securities eliminating the need to correspond with each of them separately
- ✓ Transmission of securities is done by CDA eliminating correspondence with the companies in which investor holds securities
- ✓ Convenient method of consolidation of CDA accounts
- ✓ Holding all equity investments in a single account
- ✓ Automatic upload of securities into the client's CDS account, (in cases of shares splits, consolidation, bonus and rights issues, among others)

15. What do I get when I open a CDS account?

You will obtain from your CDA a duplicate copy of the account opening form for your records which includes your unique CDS account number. You will also agree to a secret question and answer with your CDA for purposes of identifying you. Please keep the question and answer confidential.

16. Is there a minimum balance of securities that I need to hold in my CDS account?

No you can hold any amount of securities in our CDS account.

17. Will someone else be able to operate my account on my behalf?

Yes, this can be done when you authorize any person to operate your account by executing a power of attorney and submitting it to your CDA. This can be agreed upon between your CDA and yourself.

18. Will I be able to operate joint accounts?

Yes, each of you will have to present 2 recently taken passport size photographs, original National IDs or passports. You will then both sign the form (CDS 1) before your Central Depository Agent (CDA)

19. What happens if I still have a share certificate?

You are currently not able to trade in securities still in certificate form. To buy or sell shares, you need to open a CDS account and have the securities deposited into your account. The process is called immobilization of securities.

20. What is the process of depositing securities?

- Visit a CDA with the certificates you want to deposit.
- Be sure you have already opened an account or are ready to do so.
- You will be issued with and assisted to complete a Security Deposit Form (CDS 2).
- Sign your form with the signature used when buying the securities.
- Return the form to the CDA together with the certificates you have indicated on the form to be deposited.
- You will be given a signed duplicate copy of the deposit form.
- The CDA will forward the certificates and forms to the company's shares registrar for verification.
- When the registrar confirms the certificates as genuine, the securities will be deposited in your account.
- Once the securities are in your account you can trade in them.

21. What do I get to prove I have deposited securities into my CDS account?

- You get the duplicate copy of the deposit form (CDS 2)
- You get a monthly statement from CDSC if you have a trade that month.
- The statements are issued directly to your postal or e-mail address as indicated on the form.



22. What if I want my certificate back?

With effect from the Dematerialization date -30th November 2012- for shares and 2013 for bonds, you can no longer get back your certificates. The law prohibits share registrars to print and issue paper certificates after the dematerialization date.

23. What do I need to do to update details in my CDS account?

You will need to obtain Securities Account Maintenance Form (CDS1) from your CDA, complete it with your new information and submit it back to the CDA.

24. Can I use my securities to borrow funds from a lending institution?

Yes. You and the lender will complete a Pledge Form (CDS 5) and deliver it to your CDA. The CDA will then forward the forms to CDSC. CDSC shall flag the securities as pledged. You will not be able to trade in the pledged securities up and until you clear your loan with the lender. A fee of Kshs.1000 is chargeable.

25. How long does it take to process a Pledge?

Within 24 hours of the documents reaching CDSC.

26. What if I had already pledged my securities to a bank/lender and left them my share certificates?

You can agree with the lender to have the securities immobilized and immediately have the securities marked as pledged in the CDS.

27. How does the pledge get lifted from my account?

When you repay the loan, the lender completes the necessary Form (CDS6) instructing CDSC to lift the pledge. A fee of kshs.1000 is chargeable.

28. Will I be able to change the securities offered in a pledge?

Yes. If the lender agrees, you will be able to change the securities offered in a pledge.



29. Will I receive dividend on the pledged securities?

Yes, you are still the owner of the securities and will therefore continue to receive dividend on the pledged securities. The lender will only get the benefits if the pledge is invoked and the shares are recorded in the lender's account.

30. When do I get a statement from CDSC?

You will get statements under the following conditions;

- If you have had activity in your account, you will receive a statement from CDS at the end of that month
- You can request for an interim statement of your account at our offices, Nation Centre, 10th floor. You will be charged a fee of kshs.50 per interim statement.
- You could also register with our SMS service whereby you will have unlimited access to your account, all you will need is to send the word “register” to 22372, and you will receive instructions on how to register. This facility allows you to keep track of your shares. E.g (Mini statements, portfolio, automatic notifications whenever there is a transaction in your account.) Each SMS costs Kshs.10.00
- You can also get your statements via email.

31. How do I receive statement via email?

All you need to do is contact your CDA. You will be issued with a Securities Account Maintenance Form (CDS 1) to fill in the new contact details. Email Statement Service is free!

32. Can I use a different CDA from the one I have been using?

Yes, you can open accounts with your preferred CDA. Please note that the CDA will only have access to the securities you have put in that account.

33. How can I move from one CDA to another?

By completing and signing the Securities Transfer Form, (CDS 4(AB)). The form must be signed by your current CDA. You will be charged a fee of Kshs.200.00 per transfer.



34. How do I transfer securities if my CDA is under Statutory Management?

CMA will announce the Statutory Manager through the media. Investors with securities in the CDA will be required to transfer their securities to other CDAs of their choice. A transfer fee of Kshs. 200 is chargeable.

35. Do I lose my dividends and bonuses if my CDA is under statutory management?

No, you will still get your entitlements without any change. Bonus shares are credited directly into your CDS account.

36. How long does it take to complete a trade in CDS?

A maximum of 4 days. Your stockbroker can however arrange for a shorter period.

37. How safe is the CDS?

CDSC has taken measures to ensure the security of your shares. The company has offsite back up facilities and procedures that would ensure business continuity in the event of anything happening either to the computer system or its usual premises. CDSC has taken precautions to ensure its system is not interfered with.

CDSC has employed staff of high integrity and keep very high levels of confidentiality. Where appropriate and available the Company has taken insurance.

38. Why am I always referred to my CDA for service?

A CDA is authorized by CDSC to open CDS accounts on behalf of investors. They are the only ones who can effect any changes necessary in your CDS account.

39. How many CDS accounts can one open with CDSC?

You can open several CDS accounts with your preferred CDA. Your shares and corporate bonds are held in one account; however, for the Government Retail Bond M-Akiba, you are required open a CDS account using your mobile phone. Please visit www.m-akiba.go.ke for more details.

40. Where can I get more information about CDSC and CDS?

Please feel free to contact our helpdesk at 2912000/2229407 ext. 319 or 0724 256 130, 0733 222 033. Or email us at helpdesk@cdskenya.com.

41. What if I have any complaints about CDSC's services?

Please write to us at cdskenya@cdsc.com or visit our offices at Nation Centre 10th floor.





CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION
Invested in Progress

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