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## E-Newsletter - Issue 3

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### NKOREGAMBA MWEBESA JOINS THE TEAM AS CHIEF EXECUTIVE



Mr. Nkoregamba Mwebesa - Chief Executive

The new Chief Executive, Mr. Nkoregamba Mwebesa, joined CDSC on February 10th, 2020. This is after the CDSC Board of Directors confirmed his appointment on 9th January, 2020.

Mr. Nkoregamba replaces Mrs. Rose Mambo, who left the corporation in September 2019 after a 12-year tenure at the helm of the Company, when the Board of Directors appointed Ms. Hilda Njeru as the acting Chief Executive.

Nkoregamba has more than 25 years of experience, as a highly strategic and purpose-driven corporate leader in the Financial Services Sector in the East Africa Region. His expertise spans Banking, Wealth and Investment Management, Capital Markets and Securities Trading, and Investment Banking.

He joins CDSC from Stanlib Kenya Limited (Stanlib), a wholly owned subsidiary of Liberty Holdings, where as Managing Director since December 2016, he crafted and led the strategic turnaround of the business.

Prior to joining Stanlib, Nkoregamba served as the Chief Executive of SBG Securities Limited (SBGS), a member of the Nairobi, Uganda and Rwandan Securities Exchanges and a wholly owned subsidiary of the Stanbic Holdings Plc. Nkoregamba served SBGS from January 2009, where he led the strategic re-positioning of the business into a top tier regional investment bank.

### THOMAS MURRAY UPGRADES THE RISK ASSESSMENT FOR CDSC FROM A- TO A



Thomas Murray, the global post-trade risk and custody specialists, has upgraded the Central Depository and Settlement Corporation (CDSC) Risk Assessment from A- to A, which denotes a 'Low' Overall Risk.

CDSC commissioned Thomas Murray to assist in the CPMI-IOSCO self-assessment of the Principles for Financial Market Infrastructures (PFMIs) as part of Kenya's efforts to comply with mandates set by G-20 authorities. Thomas Murray, as an independent capital markets expert, analyzed CDSC's practices and arrangements in the context of the assessment methodology defined by CPMI-IOSCO.

The assessment consisted of three stages: data collection, an onsite due diligence visit, and remote analysis. During the first stage, CDSC completed a questionnaire designed by Thomas Murray to efficiently gather all the relevant information on CDSC. This included copies of the legal framework governing CDSC's operations and other supporting material needed for the assessment. Read more on <https://www.cdsckenya.com/media-center/news-events>

### SECURITIES LENDING & BORROWING [SLB] STAKEHOLDERS FORUM



CDSC held a stakeholder's workshop on the Securities Lending & Borrowing (SLB) at a Nairobi Hotel to sensitize market participants on the draft Central Depository (Securities Lending and Borrowing), Rules and Operational Procedures 2019. The SLB product is designed to increase liquidity and foreign participation as well as overall investor confidence in the efficiency of the Kenyan capital markets. The Head of Legal and Compliance Hilda Njeru noted, CDSC has lodged an application with the Capital Markets Authority - Kenya to implement SLB in the regulatory sandbox environment as the wheels of rule-change take their course to allow for screen-based SLB in the Capital Markets SLB Regulations.

"In a market that is dominated by participation from foreign investors, we must remain competitive as an attractive destination for investment firms and individuals looking to diversify their equity portfolios" noted Hilda Njeru.

Local investment banks and fund management firms seeking to increase their income options will also benefit from the potential price gains from securities borrowed or lent without having to own them or losing ownership depending on which side of the transaction one shall be.

Upon successful implementation and uptake by market participants, SLB should trigger liquidity in the market as it provides:

- \* To long term investors, who are the potential lenders, an alternative way to making money with your idle stock rather than having to sell it off;
- \* To borrowers a way to make money using the lender's securities, without having to put in the capital to purchase the portfolio;
- \* To the market participants, another avenue to make some commissions from arranging the lending and borrowing agreements



Marion Kiroti, Head of Operations giving an overview of the SLB during the stakeholders forum at the Hilton Hotel



Jesse Kagoma, Head of Finance & Administration explains the proposed structure of fees for the Securities Lending & Borrowing product



A participant asking a question on the SLB product



NSE PLC Chief Operating Officer David Wainaina making a presentation



### 10TH CHAMPIONS OF GOVERNANCE (COG) AWARD

CDSC sponsored and participated during the 10th Champions of Governance (COG) Award Gala Night held in November 2019 at a Nairobi Hotel. CDSC sponsored seven staff members drawn from various departments within the organization led by the Head of Legal and Compliance, Hilda Njeru.

The award aimed at recognizing the best individuals and organizations that exhibit the highest standards in good governance practices. The Head of Public Service Dr. Joseph Kinyua, graced the occasion as the Chief Guest.





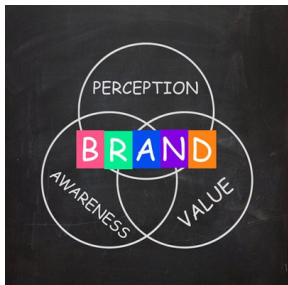
**HR** administered an Internal Satisfaction survey on December 30th and closed on January 17, 2020. The survey covered four areas; Service delivery, Leadership, Communication and contentment with CDSC as an employer of choice. Summary of the scores for the satisfaction levels were as follows;

#### FEEDBACK

**Service delivery** - 95.14%  
**Leadership** - 72.22%  
**Communication** - 50%  
**Contentment with CDSC as an employer** - 83.3%

#### BRAND & CUSTOMER SATISFACTION SURVEY

Corporate Affairs conducted an external Customer Satisfaction and Brand Recognition Survey on 19 December 2019 to 20 January 2020. Corporate Affairs administered the survey through the website, Facebook, Twitter as well as, printed copies at the reception desks. Forty-three (43) responses were documented at the close of the survey at 9:00 AM on 20 January 2020.

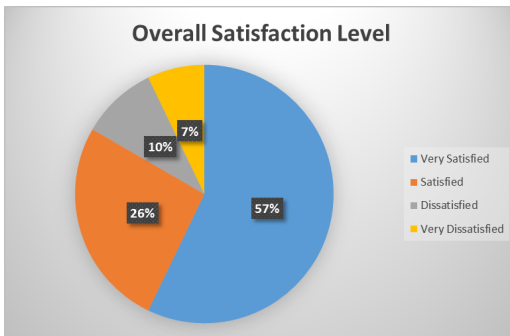
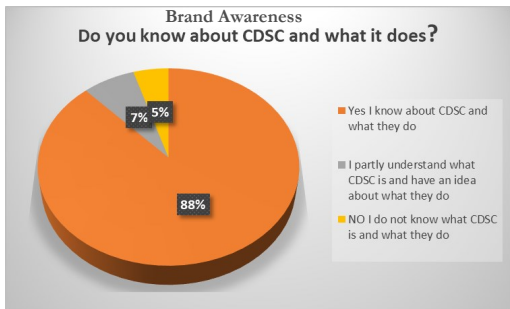


Overall satisfaction levels of products and services - **83%**  
 Brand Recognition - **95%**  
**73%** - Excellent service delivery

**88%** - Social media as most preferred channel to raise their queries.

Most of the respondents have mostly interacted with M-Akiba Bond. Closely followed by email statement services.

**71%** of the respondents noted it was easy to access CDSC products and services.



The Head of Legal and Compliance, Hilda Njeru received the award for Distinguished Taxpayers from His Excellency the President Uhuru Kenyatta. Looking on the Cabinet Secretary National Treasury Amb. Ukur Yatani

#### CDSC RECOGNIZED AS A DISTINGUISHED TAXPAYER

CDSC recognized for making significant contribution in having made impressive revenue growth, embraced reform initiatives thus registering highest corporation tax yield and growth in the Financial Year 2018/2019 during the Tax payers Day in 2019.

#### STANDARD CHARTERED NAIROBI MARATHON



CDSC sponsored twenty eight staff members during this year's Standard Chartered Nairobi Marathon, which took place on Sunday, October 27, 2019 in Nairobi. The Marathon provided CDSC with a great platform to raise funds towards the 'Future makers' initiative to open opportunities for the next generation to learn, earn and growth. Staff members participated in various race types such as the 10 Km and 5 Km.

#### CUSTOMER SERVICE WEEK 2019

CDSC participated during this year's Customer Service Week that is celebrated annually during the first full week in October internationally. This year's celebration was held on October 7 - 11, 2019.

The week provided CDSC a unique opportunity to boost morale, motivation, and teamwork among employees, Raise awareness of the importance of customer service on Social Media, as well as remind customers of our commitment to customer satisfaction.

#### WORLD INVESTORS WEEK 2019



CDSC took part in the World Investor week, which is a global outreach by securities regulators aimed at raising awareness about the importance of investor education and protection. The WIW 2019, which was the third edition of an initiative of the International Organization of Securities Commissions (IOSCO), saw countries in six different continents executing investor focused activities.

During WIW 2019, CDSC leveraged on social media to share key messages during the WIW period. Messages shared ranged from investment tips, Capital Markets product and services, milestones and developments in the Capital Markets industry.

#### NEWS ROUNDUP

##### CMA TO TIGHTEN UNIT TRUSTS OVERSIGHT AFTER INVESTOR LOSSES

The Capital Markets Authority (CMA) has ordered money market funds to disclose in detail where they have invested clients' cash as well as the terms of those deals following revelations of investment gambles that have lost investors billions of shillings. CMA acting CEO Wycliffe Shamiah said the regulator plans to audit the committees that make investment decisions after they realized some of the funds were being controlled by lone rangers.

Unit trusts in Kenya held a cumulative Sh71.4 billion in assets under management by the end of September 2019, latest data from CMA shows, with 92.4 percent of these assets held in government securities, cash deposits and listed equities. Amana Capital was recently in the spotlight for stopping its clients from withdrawing their funds after investing Ksh.275 million, up to 20% of its assets in the collapsed Nakumatt Holdings.

#### CMA TO REGULATE SALE OF COFFEE



Draft regulations published by the National Treasury Secretary, Ukur Yatani state that coffee trading companies as well as weekly commodity auctions will now be regulated under the Capital Markets Act - a departure from the current situation where the operations are under the Coffee (General) regulations through the Agriculture and Food Authority's Coffee Directorate.

The Treasury said the changes to be effected through section 12(1) of the Capital Markets Act would cover all key coffee trading functions, including licensing of brokers, establishment of companies trading in the commodity, and a direct settlement system that would guarantee speedy and transparent payment of proceeds from sales.

In a move aimed at limiting the diversion of sales proceeds, the Treasury said a direct settlement system shall be established by a licensed commercial bank competitively selected by a coffee trading company subject to approval from CMA.

According to the new rules, officials will now be required to maintain a database for records of coffee sales at the auction floor and establish a linkage between the direct settlement system provider and licensed coffee warehouses to facilitate release of coffee buyers or roasters upon payment.

Coffee trading will now be regulated by the Capital Markets Authority (CMA) as the Treasury moves to tame cartels, who have been blamed for diminishing farmers earnings.

