



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 for transactions carried out at the Nairobi Securities Exchange as well as holding of listed and non-listed securities including other documents of title on behalf of investors.

Vision

Become the solution provider of choice for depository and settlement services.

Mission

Facilitate marketplaces that are secure, transparent and efficient.

Core Values

Passion: Intense enthusiasm, excitement and commitment to deliver value to our customers

Agility: Ability to move quickly and easily

Simplicity: Making investments in the capital markets for core and non-core products easy to understand and use

Innovation: Putting new ideas into practice and turning the outcomes of the creative process into useful products, services or work methods

Trust: Customers' firm belief that our people and systems are reliable, professional, secure, ethical and capable.

CDSC Core Services



Investor Services

- ✓ Online Account Access
- ✓ Email Statements Service
- ✓ Statement of Accounts
- ✓ CDSC Mobile App
- ✓ M-Akiba Bond
- ✓ Securities Lending and Borrowing (SLB)



Depository Services

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



Clearing and Settlement Services

- ✓ Equities, Corporate bonds and M-Akiba Settlement
- ✓ Guarantee Fund Management
- ✓ Trade Reporting & Clearing



Issuers Services

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

Our Journey

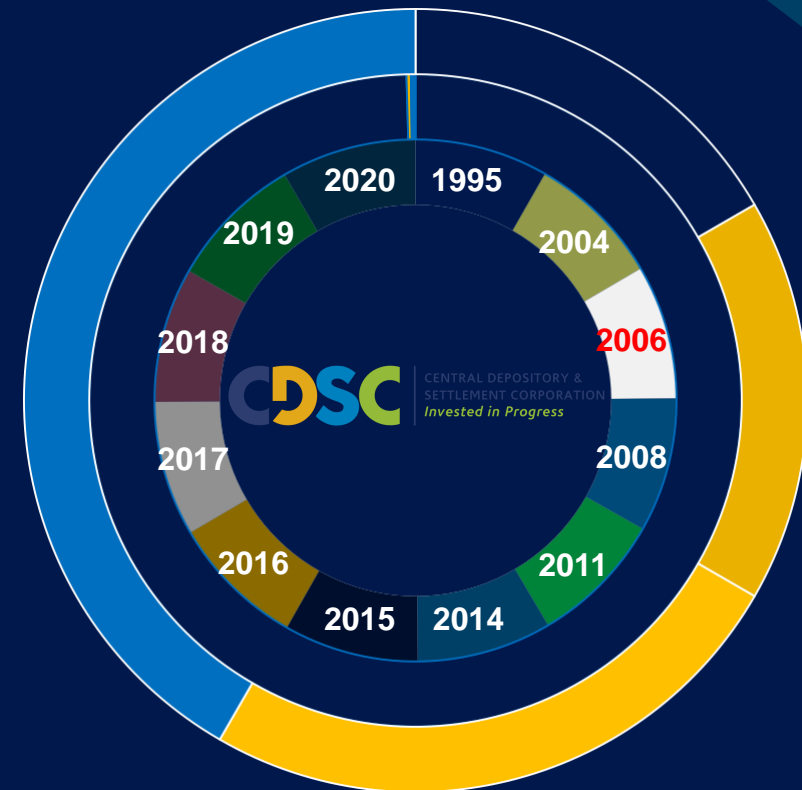
Since 1995

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.

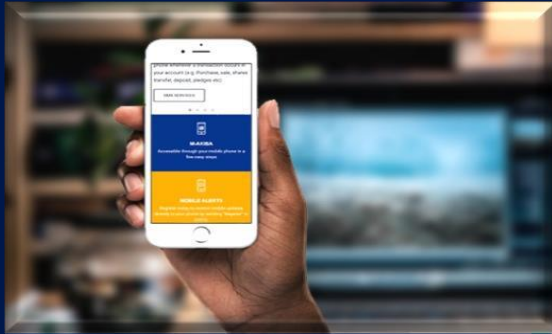
The KenGen Initial Public Offer in 2006 was the first major operation for CDSC. The IPO saw a huge increase in the number of CDS accounts opened. In 2008, CDSC also played a fundamental role in the listing of Safaricom, the largest IPO in the East and Central Africa region, where the number of CDS accounts 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 to 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 ALERT 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 gave investors 24 hour access to their CDS accounts enabling them to keep track of their shares on their mobile phones anywhere and at any time. This service was later halted but discussions are ongoing to review the viability of its re-introduction.

2011-2020 – CDSC REGISTRARS

The incorporation and establishment of CDSC Registrars Ltd in 2009 and 2010 brought about new opportunities in the CDSC growth journey. The CDSC Registrar Limited Company was appointed as a Registrar for the Deacons Public Offer in 2011 in Kenya, while CDSC Registrars Rwanda was appointed as a Registrar 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. I & M and UAP insurance company are other companies that contracted the CDSC Registry Arm to handle their respective registry businesses. In 2015, the company was appointed to offer receiving agent and registrar services for the first REITs IPO in Kenya, the Stanlib Fahari iReit. CDSC Registrars was also appointed as the registrar for M- Akiba the retail Government bond to be issued through mobile phones. In 2020, on reviewing the Group's business operations and optimizing resources for growth, CDSC made a strategic decision to sell off all its interest in CDSC Registrars Kenya and CDSC Registrars Rwanda to Escrow Group.

www.cdsckenya.com



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 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 to four working days.

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 while protecting 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 capital markets. CDSC rebranded and changed its logo in line with our renewed commitment of providing securing, efficient custody, clearing, settlement and related services by leveraging on technology and service excellence.

CDSC, also celebrated 12th year anniversary, having automated clearing and settlement of transactions on the Exchange. The automation has resulted in reduced and in some instances eliminated systemic risks associated with manual operations. CDSC also upgraded the clearing, delivery and settlement functions in line with international best practice.



www.cdsckenya.com

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 was launched in March 2017 with the issuer, the National Treasury, CDSC and the NSE as its agents to facilitate the roll out of the first government-issued 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.

2018 - CDSC Mobile Application

In 2018, the 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 notifications on transactions and corporate actions
- ✓ Personalized Account information

www.cdsckenya.com



2020 – SECURITIES LENDING AND BORROWING



CDSC CENTRAL DEPOSITORY & SETTLEMENT CORPORATION
Invested in Progress

**YOU CAN NOW
LEND YOUR SHARES
OR BORROW SHARES**
TO EARN MORE RETURNS
FROM THE STOCK MARKET.

CDSC's Securities Lending and Borrowing Platform now enables an investor to temporarily lend or borrow shares for a specific period, at an arranged fee.

The loaned shares are covered with adequate collateral from the borrower.

Contact us on corporate@cdskenya.com
or visit our website at www.cdskenya.com to learn more about Securities Lending and Borrowing

SLB
SECURITIES
LENDING &
BORROWING
[@cdskenya](https://www.cdskenya.com)

f t i y

CDSC launched Securities Lending and Borrowing (SLB) on August 4, 2020 in order to allow market participants to lend and borrow securities temporarily at an agreed fee.

For lenders, SLB is a good instrument with a low risk profile for generating extra returns on securities they are holding with a long term view. By lending these securities, investor receive extra income in form of lending fees, while still maintaining the right to recall the securities at any time.

For borrowers, it is an opportunity to make money through bear market conditions by participating in multiple trading strategies including short selling.

A customer with shares that constitute the NSE 20 Share Index contacts an SLB Agent for facilitation on account SLB transactions.

Email us on corporate@cdskenya.com or visit our website on www.cdskenya.com to learn more about how you can participate in securities lending and borrowing.

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 is regulated by the Capital Markets Authority. Our operations fall 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 are 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 Central Depository Agents – 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 of all securities transactions are settled.

KEY STAKEHOLDERS

- ✓ **The National Treasury**
- ✓ **Capital Markets Authority**
- ✓ **Central Bank of Kenya**
- ✓ **Retirement Benefits Authority**
- ✓ **Nairobi Securities Exchange**
- ✓ **Mobile Network Operators**
- ✓ **Central Depository Agents**
- ✓ **Fund Managers**
- ✓ **Listed Companies**
- ✓ **Fund managers**
- ✓ **General Public**

Corporate Sustainability

CDSC has a wider responsibility to share the value we create with the community around us. The organization benefits from the support of society and seeks to contribute to sustainable business practices that not only improve the return to our shareholders but also contributes to the improvement of the quality of life in the communities we serve. CDSC has undertaken CSR projects individually and in partnership with other institutions.

Some of the CSR activities include; championing for corporate governance practices, supporting children's homes, marathons and healthcare and environmental conservation.



Frequently Asked Questions (FAQs)

1. What does CDSC do?

CDSC provides clearing, settlement and depository services for shares and bonds that are listed on the Nairobi Securities Exchange (NSE). We are also authorized to hold securities for companies that are not listed on the NSE.

2. What is a depository?

A depository is like a bank, which holds securities (shares, bonds, Government Securities) for investors in electronic form. CDSC also ensures shares and bonds move from one CDS account to another when an investor buys or sales through the NSE.

3. What is a CDS Account?

It is an electronic account that holds shares and bonds. You need a CDS account to buy or sell shares.

4. How do I activate my account?

To activate your CDS, contact your stockbroker or custodian bank and get trading advice on which shares you can buy and which of your shares you can sell. If your account has been marked as dormant, you can fill a dormant account activation form. You only need your ID card. If you do not remember your stockbroker or custodian bank, you can contact CDSC for assistance.

5. Are there charges for dormant account activation?

CDSC does not charge for dormant account activation.

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

You cannot sell your shares while still in certificate form. To sell shares in certificate form, you need to open a CDS account and have the shares deposited into your account. The process is called immobilization of securities.

Frequently Asked Questions (FAQs)

7. What is the process for immobilization of shares?

- Visit your stockbroker/custodian bank with the share certificates.
- Open a CDS account if you do not have one.
- Fill a Securities Deposit (CDS 2) Form.
- Sign the Securities Deposit Form with the signature used when buying the shares.
- Return the form to your broker/custodian together with the share certificates.
- You will be given a signed duplicate copy of the Security Deposit form.
- Your broker/custodian bank will forward the certificates and forms to the company's shares registrar for verification.
- When the share registrar confirms the certificates are genuine, the share will be deposited in your CDS Account and you can now sell them.

8. What do I get to prove I have deposited my shares into my CDS account?

A Ensure you are given a duplicate copy of the Securities Deposit Form (CDS 2) by your stockbroker/custodian bank.

9. Can I get my share certificate back?

No. You can no longer get back your share certificate once they have been deposited into your CDS account. The law prohibits share registrars from printing and issuing paper certificates after the dematerialization date.

10. Can I use my shares to get a loan from a bank?

Yes. Follow the steps below.

- Visit your bank and fill a Securities Pledge Form (CDS 5) and take it to your broker/custodian bank.
- The broker/custodian will then forward the forms to CDSC.
- CDSC shall verify the information and flag the shares as pledged.

Note that you will not be able to trade in the pledged shares until you clear your loan with the lending institution. (CDSC charges a fee of Kshs.1000 for pledging of shares).

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

CDSC processes pledge request within 24 hours after receiving the documents from your broker/custodian bank.

Frequently Asked Questions (FAQs)

12. How can I have my shares unpledged?

When you repay the loan, the lender will fill the Pledge Release Form (CDS6) instructing CDSC to lift the pledge. (CDSC charges a fee of Kshs.1000 for the service).

13. How can I receive my statements via email?

If you have not yet provided your email address as part of your CDS Account contact details, please visit your broker and fill a CDS Account Maintenance Form (CDS1) with your email.

14. Can I have more than one broker/custodian banks?

Yes. You can open accounts with multiple preferred stockbrokers/custodian banks. Please note that the brokers/custodian banks will only have access to the shares you transact with them. To get your full account information, you can contact CDSC.

15. How can I move to another stockbroker?

To transfer from one stockbroker/custodian bank to another, you should first visit your current stockbroker/custodian bank and fill a Securities Transfer Form (CDS 4(AB)). Then take the form to the stockbroker/custodian bank of your choice. Note that the form must be signed by your current stockbroker/custodian bank for it to be fully processed. (You will be charged a fee of Kshs.200.00 per transfer).

16. How do I transfer brokers if my stockbroker/custodian bank closed?

The following stockbrokers are no longer in operation. Here is how to get assistance from each of them.

Nyagah Stockbrokers: Visit them in Upper hill at CMA offices at Embankment Plaza and fill a shares transfer form to move to a broker of your choice.

Discount Securities – Contact a Cooperative Bank branch near you to fill in an account activation form (CDS1A) and then file for shares transfer from Discount securities to Cooperative Bank custody.

Ngenye Kariuki – Visit their offices at Corner House, 6th Floor. Kimathi Street and fill a shares transfer form to move to a stockbroker or custodian bank of your choice.

African Alliance Investment bank – Clients can get assistance by visiting sterling capital offices at Delta Corner Annex, 5th Floor Ring Road – Westlands.

Frequently Asked Questions (FAQs)

17. How do I register for the CDSC mobile app?

- i. If you already have a CDS account, follow the steps below to register.
- ii. Go to Google Play/Apple store on your phone; Search for “CDSC mobile application”;
- iii. Download and install the application;
- iv. Go to your phone’s application menu and open the application;
- v. Click on “Register” and follow the instructions (You need to know your CDS account number. If you don’t remember it, kindly contact CDSC through the available contact channels provided below);
- vi. After registration, go to your email to retrieve the login credentials and;
- vii. Click on the menu tab to change the password after first login.

18. What does the CDSC mobile app do?

With the new CDSC mobile app, you can enjoy the following services;

- Have real-time access to your CDS account- anywhere and anytime
- View your full securities transaction history
- Get notification on movement in your CDS account and CDSC announcements through the CDSC alerts feature
- Direct contact to CDSC online support team

19. What is Securities Lending and Borrowing (SLB)?

CDSC has introduced Securities lending and borrowing (SLB) to allow investors with shares in the NSE 20 Share Index to earn extra income by lending their shares or borrowing shares for a period between 1 day and 1 year and in return they earn income in form of lending fees.

20. How much is the lending fees?

The lending fee to be earned is not fixed and will be market-determined. The lender can seek the assistance of their SLB Agent to know how to price their lending fee to ensure it is acceptable to borrowers.

Frequently Asked Questions (FAQs)

21. How do I lend my shares?

- i. Contact an SLB Agent
- ii. Submit your lending instructions (The shares you are willing to lend, the lending fees and the period you wish to lend)
- iii. The SLB Agent upon confirmation of the availability of shares in your account, shall capture the lending request in the CDS
- iv. The securities shall then be reserved and your lending request added to the lending pool or matched with an existing borrowing request
- v. If a borrower is found the transaction is said to have matched and you can start earning lending fees.

22. Who are the appointed SLB agents?

The following are the Appointed SLB Agents

- AIB-AXYS Africa
- Dyer & Blair Investment Bank
- Faida Investment Bank
- Kestrel Capital (EA)
- Standard Investment Bank
- Sterling Capital
- KCB Bank Kenya

You can find the contact details for the appointed SLB Agents in the link below:

<https://www.cdsckkenya.com/investor-education/approved-slb-agents>

23. Will I lose my dividends or miss on bonus shares when I lend out my shares?

No. The borrower is required to pay the lender any dividends that are issued during the SLB transaction period. The borrower is also required to return additional shares as a result of a split or bonus issuance.

The lender or the borrower can also end the SLB transaction early before the corporate action takes place. In both cases, the original owner of the shares (lender) will be able to enjoy any benefits of being a shareholder.



CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION
Invested in Progress

NATION CENTER, 10th FLOOR, KIMATHI STREET

P.O. Box 3464 - 00100 GPO NAIROBI

Tel: +254 (20) 2912000 / +254 (20) 2229407/08

Cell: +254 (0)724 256130 / +254 (0) 0733 222

Fax: +254 (20) 222 9405

Email: helpdesk@cdskenya.com



cdskenya



cdskenya



www.cdskenya.com



@Cdskenya



Central Depository &
Settlement Corporation

