



CENTRAL DEPOSITORY &  
SETTLEMENT CORPORATION  
*Invested in Progress*

# CDSC Role in the Kenyan Capital Markets



# PRESENTATION OUTLINE



# 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 (CMA) to provide automated clearing, delivery and settlement services 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.

# CDSC HISTORY

*A snapshot of key highlights in our growth story*

**2000**

**CENTRAL DEPOSITORIES ACT**

Parliament passes law that allows the setting up of CDSC

**2004**

**COMMENCEMENT OF OPERATIONS**

CDSC starts operations with immobilization as first order of business

**2008**

**SMS SERVICE**

SMS Alert Service for clients to track their investments in real-time

**2011 - 2020**

**CDSC REGISTRARS**

Entry and exit of registry business through subsidiary CDSCR

**2012 - 2014**

**DEMATERIALIZATION**

All listed securities (bonds and shares) at the NSE were irreversibly converted into electronic form data stored in the CDS

**2016**

**REBRANDING**

New brand with renewed commitment to make progress possible by using technology to offer secure, efficient custody, clearing & settlement services

**2017**

**M-AKIBA**

Launch of world's first mobile-traded government infrastructure bond

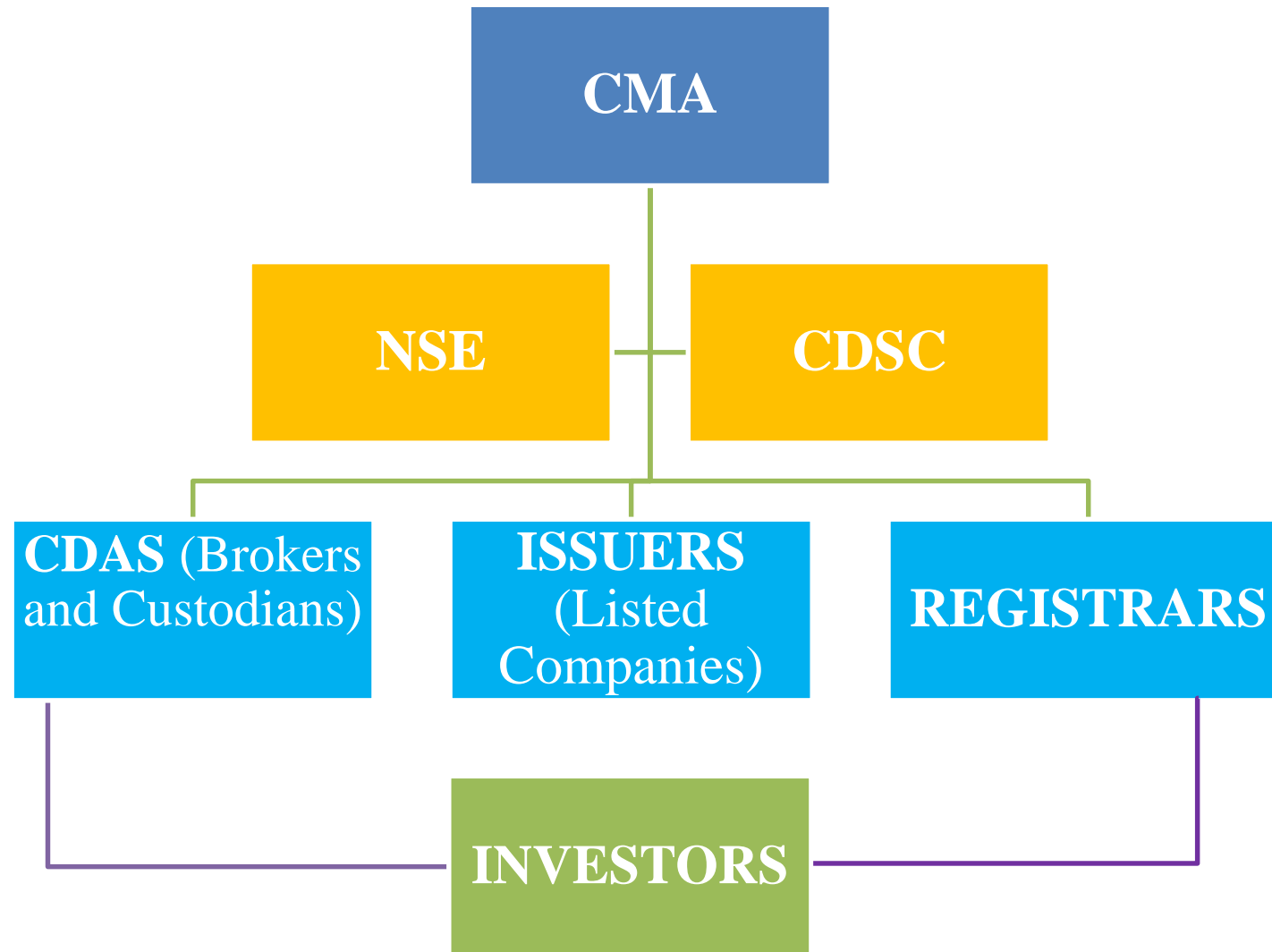
**2018 - 2020**

**NEW PRODUCTS AND SERVICES**

CDSC Mobile Application - 2018  
Securities Lending and Borrowing – 2020

Mkopo Hisa - 2021

# CAPITAL MARKETS OVERVIEW



# ROLES OF KEY PLAYERS



- License participants
- Regulate the capital markets to ensure fair play
- Approve IPOs and listing of Securities
- Investor education and protection



- Hold all listed securities (shares and corporate bonds) in the CDS
- Maintain official register of all listed securities
- Clearing and Settlement of Securities after trading



- List securities on the exchange after approval
- Provide securities trading platform to the market
- Provide market information (price list, corporate actions and shareholder notices)



# ROLES OF KEY PLAYERS cont.

## Central Depository Agents (CDA)

- Open CDS accounts on behalf of investors
- Provide a platform to their clients to access the capital markets
- Receive and execute trading (buy/sell) instructions from investors
- Facilitate any CDSC related investor requests

## Issuers

- These are companies whose shares are available for purchase at the exchange
- Provide timely financial performance updates and share material company information with investors

## Registrars

- Keeping updated records of the issuer's listed securities.
- Maintain and update the issuer's register of shareholders and bondholders
- Pay dividends and execute other corporate actions on behalf of the issuer

# GETTING STARTED

## WHY YOU SHOULD INVEST IN SHARES

- ❖ Diversification of risks
- ❖ Better returns
- ❖ Highly liquid investment alternatives
- ❖ Can be used as collateral to secure loan facilities
- ❖ Tax advantages. Exempt (CGT)
- ❖ Gradual accumulation of savings and wealth over time
- ❖ Participants and products are licensed and approved by the Capital Markets Authority (CMA)





# GETTING STARTED cont.



## OPENING A CDS ACCOUNT

- To participate (buy/sell shares and bonds) in the Kenyan capital markets as a retail or institutional investor, you need to open a CDS account. This is done at a stockbroker or custodian's office. The list of approved brokers and custodians is available on our website ([www.cdskenya.com](http://www.cdskenya.com)) under the investor education tab
- Investors need to provide two recently taken passport photos, A KRA pin and a copy of your ID/Passport.
- Companies need to provide their registration certificate documents and copies of ID/Passport of their directors.
- Potential investors may also be required to provide location and bank statement details by their broker/custodian as part of their internal KYC and AML checks

# CDSC PRODUCTS AND SERVICES.

## 1. DEPOSITORY SERVICES

- **Clearing and Settlement of Shares and Corporate Bonds**

- The Kenyan market settlement cycle is T+3 which is in line with international standards. (T - stands for Trading day)
- Settlement of securities happens at CDSC but funds settlement is conducted at CBK and settlement (selected commercial) banks. Since 2015, Settlement of funds has been carried out through the Central Bank of Kenya (CBK).

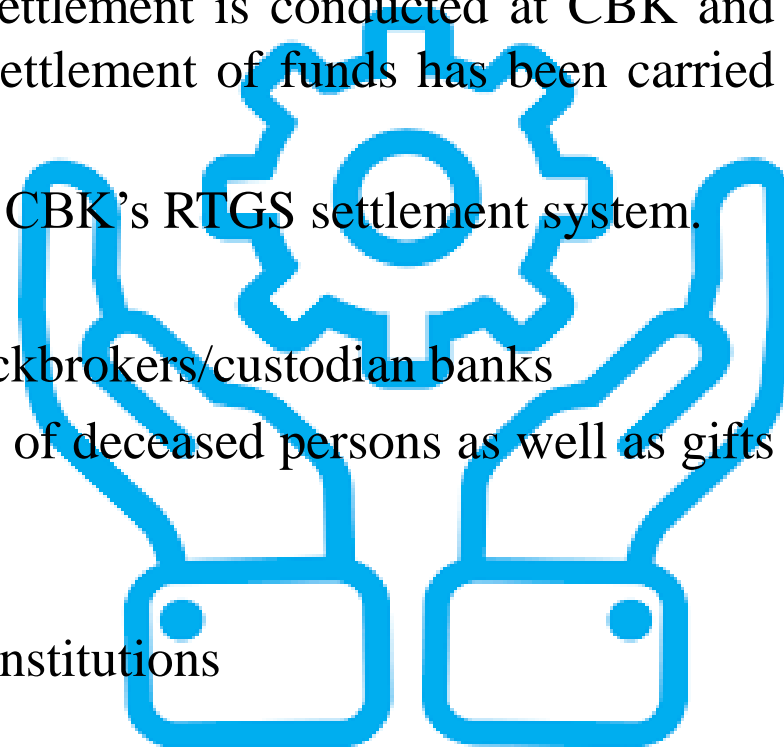
This has helped eliminate counterparty risk through use of CBK's RTGS settlement system.

- **Transfer of securities**

- Own account transfer where an investor is changing stockbrokers/custodian banks
- Also applies in private transfers such as cases of estates of deceased persons as well as gifts transfers

- **Pledges and releases**

- Use of securities to secure loan facilities with financial institutions



## 2. INVESTOR SERVICES

- **CDSC Chatbot and Mobile App**
- The CDSC Digital Channels allow 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
  - Personal Account information



A promotional banner for the CDSC Rhino App. The banner has a blue background with a white smartphone on the right side. The phone screen displays the 'RHINO' logo in a purple circle and the text 'from Chella Software' at the bottom. On the left side of the banner, the text 'CDSC' is at the top in a stylized font, followed by 'CENTRAL DEPOSITORY & SETTLEMENT CORPORATION' and 'Invested in Progress' in smaller text. Below this, the main headline reads 'DOWNLOAD THE RHINO APP AND ACCESS CDSC SERVICES' in large, bold, white capital letters. Underneath the headline are four white chevron arrows pointing right. At the bottom left, there is an orange button with a white chevron arrow and the text 'AVAILABLE ON GOOGLE PLAY'. At the bottom right, the website 'www.cdskenya.com' is displayed in white. The banner also features decorative white chevron arrows pointing up on the right side.

CDSC | CENTRAL DEPOSITORY & SETTLEMENT CORPORATION  
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**DOWNLOAD THE RHINO APP AND ACCESS CDSC SERVICES**

AVAILABLE ON GOOGLE PLAY

www.cdskenya.com

## 2. INVESTOR SERVICES Cont.

- **Securities Lending and Borrowing (SLB)**

You can now make money in any prevailing market condition by either lending your shares and earning lending fees or engaging in trading strategies like short selling to take advantage of short term price movements through CDSC's SLB product.



### Current list of approved SLB Agents

- Standard Investment Bank (SIB)
- AIB-AXYS Africa
- Faida Investment Bank (FIB)
- Dyer and Blair Investment Bank
- Equity Bank Kenya Ltd
- Sterling Capital
- Kestrel Capital
- NCBA Investment Bank
- Francis Drummond
- Kestrel Capital
- KCB Capital
- KCB Bank Kenya



## 2. OTHER INVESTOR SERVICES

- Client account opening and maintenance
- Monthly statements to active accounts via post or email
- Mkopo-Hisa. Using your shares to digitally secure credit facilities. Through strategic partnerships
- Facilitating client requests like Dormancy lifting, Closure etc.



*Currently, access to CDSC Services is through Stockbrokers and custodian banks.*



# DORMANCY



CDSC on March 1 2019, pursuant to the CDS Accounts Dormancy Rules and Procedures declared all accounts (Individual or Corporate, Local or Foreign) that had not recorded activity for a continuous period of twenty four (24) months. Would be declared **DORMANT**.

Re-activation of a dormant account is easy. Visit your broker/custodian bank and fill a re-activation request for the dormancy to be lifted.

Is my CDS account Dormant?

[www.cdskenya.com](http://www.cdskenya.com)





# THANK YOU



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