

**REMARKS BY MR. HENRY ROTICH, CABINET SECRETARY/ NATIONAL TREASURY, DURING THE UNVEILING OF THE NEW CENTRAL DEPOSITORY AND SETTLEMENT CORPORATION BRAND, AT THE STANLEY HOTEL NAIROBI, ON 10TH NOVEMBER 2016.**

**Johnstone Oltetia, representating Chief Executive Officer, Capital Markets Authority**

**Mr. Charles Ogalo, representing the Chairman CDSC**

**Mrs. Rose Mambo, Chief Executive Officer, CDSC**

**Board Members and Staff CDSC Staff,**

**The Media fraternity**

**Distinguished Guests,**

**Ladies and Gentlemen,**

I am pleased to join you this morning, as the Central Depository and Settlement Corporation (CDSC) unveils its new brand. I also note with appreciation that CDSC is not only unveiling her new look, but is also celebrating her 12th Anniversary. On behalf of the Government, I would like to take this opportunity to congratulate you for the significant milestones that you have achieved and your contribution towards the growth and development of Kenya's capital market.

**Ladies and Gentlemen,** as you are aware, the financial sector and in specific Capital Markets plays an important role in any country's economic development and better developed financial systems are associated with faster economic growth. Our financial sector is relatively strong and vibrant and is expected to play a critical role in the targets of economic growth rates set under Vision 2030. To ensure that the financial sector is able to achieve its role as set out under the vision, we are undertaking a number of reforms in the financial sector. These include:

- **First**, implementing efforts toward developing Kenya as a Financial Hub and in particular the operationalizing of the Nairobi International Financial Centre (NIFC). To this end we have already created the Nairobi International Financial Centre Authority to drive the process and submitted the NIFC Bill to the Cabinet for consideration.
- **Second**, we are at an advanced stage of streamlining the architecture for financial sector regulation through creation of the Financial Services Authority, which not only merges the existing regulators into one but also introduces a new market conduct framework across the non-bank financial sector.
- **Third**, we are implementing the Capital Markets Masterplan which is a 10 year road map towards having world class capital markets. I am pleased to note that we have already achieved 30 percent of the targets only 2 years into plan implementation.

**Ladies and Gentlemen**, as we undertake these reforms, availability of credible and efficient financial market infrastructures such as bonds and equities settlement systems is vital for the purpose of promoting a sound and efficient financial system. The government has taken advantage of the vibrant capital markets to raise much needed funds for financing various infrastructure projects. Through the capital markets, the government has been able to extend the yield curve by offering longer tenure bonds, with the longest being 30 years. This is a testament to the maturity of our capital market, made possible by the significant investments in technology by service providers such as CDSC.

In particular, I note that your investments in automating your services and the expansion the markets over time has facilitated an exponentially increase in market turnover from Kshs. 15.3 Billion in 2003 to Kshs. 209.4 Billion in 2015. Market capitalization also grew

from Kshs. 259 Billion in 2003 to a high of Kshs. 2.7 Trillion in early 2015. At the same time, the number of deals per year has increased from 93,300 deals in year 2005 to a total of 406,632 deals in 2015. CDSC's ability to handle such exponential growth is indeed commendable.

**Ladies and Gentlemen,** we are confident that our capital markets will continue to grow and will achieve even higher heights. This confidence is buttressed by the fact that our economy continues to show resilience, despite shrinking growth being experienced in other global economies. We expect the economy to grow by 6.0 percent this year up from 5.6 per cent in year 2015 supported by a vibrant services sector, currency stability, low inflation and a facilitative policy environment. We expect CDSC to play a role in facilitating this growth, by providing a robust capital market infrastructure, conducive for capital raising to finance investment activities.

**Ladies and Gentlemen,** the National Treasury will continue to support CDSC's endeavors and other steps it is taking to develop efficient depository and settlement services and empower its clients in their journey towards investment and by extension, their contribution to economic growth. We are, however, determined to ensure our settlement systems are efficient and convenient to the investors as well as issuers of securities. In this regard, in line with the Capital Markets Masterplan, the National Treasury has commissioned a study on a potential merger of CDSC's depository, and the CBK depository which currently handles government securities. The study will explore the possibility of implementing a horizontal settlement system architecture in line with best international practice.

As I conclude, I urge all the stakeholders in the financial services sector to maintain high levels of integrity and embrace corporate governance structures as we work towards realizing our ultimate goal of positioning Kenya as a world class global financial centre.

With these few remarks, it is my pleasure to unveil the new CDSC brand, and wish you success in your endeavors.

**Thank you.**