

REMARKS BY THE CHIEF EXECUTIVE OF CAPITAL MARKETS
AUTHORITY, MR PAUL MUTHAURA DURING THE BRAND
INAUGURATION CEREMONY OF THE CDSC ON 10TH NOVEMBER 2016
AT THE STANLEY

The Cabinet Secretary for National Treasury;
Chairmen, Directors and Chief Executives of CDSC
Distinguished Ladies and Gentlemen:
All protocols observed.

1. It gives me great pleasure to join you this morning on this important occasion as we witness yet another transformative milestone in Kenya's capital markets. Allow me on behalf of Capital Markets Authority to congratulate CDSC. Indeed, the time is right for you to entrench yourselves as a vital cornerstone of our capital market, through this rebranding exercise. As you celebrate your 12th anniversary, it is important to take stock of your achievements as well as challenges in order to inform the way forward;
2. **Ladies and Gentlemen:** In this process of reinvention, the CDSC has committed to the process of improving its systems. No doubt the achievement of a progressive strengthening of market infrastructure can only serve to positively impact on the efficiency in the market. Noting the increasing visibility of Kenya as a global leader in fintech,

we are certain that CDSC will continuously and aggressively pursue optimization in their integration of technology in business.

3. **Ladies and Gentlemen:** As you are aware, an estimated 30% of the 112 recommendations of the Capital Markets Master Plan recommendations have been implemented just twenty-four months since its launch by the Cabinet Secretary to the National Treasury. One of the key initiatives projected in this policy document is Kenya's entry into the MSCI Emerging Market rankings by 2017. As we inch closer to this date, it is important that the key prerequisites for consideration in this prestigious ranking include progress in development of market infrastructure. For the CDSC, the key requirements are their convergence with global standards in clearing and settlement, depository, registry, custodial, stock-lending and short selling services. These development must be complemented CSD's capacity to provide facilitative environment for new products such as Global Depository Receipts, Exchange Traded Funds and Direct Market Access which will quickly move us up the rankings within a few years of admission into the MSCI and other index rankings that Kenya will adopt in future.

We are confident that conclusion of the CDSC's modernization agenda will to a large extent address one of the key challenges in our capital markets today, namely liquidity, through facilitating shorter settlement cycles and through the removal of pre-validation

requirements while strengthening overall market stability and certainty.

4. It cannot be overstated how critical efficient and secure clearing and settlement systems are attracting international capital. I therefore urge CDSC to build on today's milestone to lay very clear strategies and actions that will ensure our CSD is attractive not only to the local investors but to international investors. We therefore continue to encourage the CDSC to consistently carry out internal and independent systems audits to provide assurance on the robustness and reliability of the overall ecosystem.
5. As I finalize my speech, allow me to recognize CDSC for its efforts, together with the Nairobi Securities Exchange, Mobile Network Operators and other stakeholders towards realizing the M-Akiba project, a key initiative being driven by the National Treasury towards enhancing financial inclusion through providing access to retail investors to Government Bonds via mobile phone platforms. Full implementation of this solution will show great dividends in enhancing access for small savers to the capital markets. The launch of M-Akiba will leave no doubt as to the potential for Kenya to be 'a center for excellence' in financial innovation, having already achieved international acclaim for the development of M-PESA.

6. Lastly, I wish to convey my gratitude to the Cabinet Secretary for the National Treasury, for the support that he has availed to the industry, as we push the world-class market infrastructure agenda. Only two days ago, the CS chaired the 2nd Meeting of the Capital Markets Master Plan Steering Committee to discuss key interventions required to fully implement the Capital Markets Master Plan. I am glad that part of the feedback from this meeting was that the National Treasury is at the final stages of securing a consultancy to conclusively guide on the options on the unification of the CDSC and the Central Bank CSD.
7. We call upon all market stakeholders to support this cross section of initiatives as we see the CDSC move from strength to strength.

Asanteni!