

**Central Depository and Settlement Corporation (CDSC) Concludes Independent Validation of its CPMI-IOSCO PFMI's Level of Observance with a London based Market Data, Counterparty Monitoring and Risk Analytics Firm - Thomas Murray.**



**NKOREGAMBA MWEBESA**  
Chief Executive Officer - CDSC

**26<sup>th</sup> May 2020 NAIROBI, LONDON** - Thomas Murray Ltd. ("Thomas Murray" or "TM"), the Market Data, Counterparty Monitoring and Risk Analytics firm, has provided an independent third-party view of Kenya's Central Depository and Settlement Corporation (CDSC's) level of observance of the principles set out by the Committee on Payment and Market Infrastructures (CPMI) and the Technical Committee of the International Organisation of Securities Commissions (IOSCO); CPMI-IOSCO Principles for Financial Market Infrastructures (PFMI). FMIs are expected to undertake regular self-assessments in order to establish their degree of observance of the PFMI, using the Disclosure Framework and Assessment Methodology published in 2012.

The results of the 2019 analysis show that CDSC is 'broadly' observant overall for the CPMI-IOSCO PFMI's. Out of the 24 Principles, 16 Principles are applicable to CDSC; out of which, CDSC 'fully' observes 3, 'broadly' observes 9, 'partly' observes 3, 'does not' observe 1.

Nkoregamba Mwebesa, Chief Executive Officer of CDSC noted, *"We are pleased to announce conclusion of the assessment of our compliance with the PFMI's. This is an important milestone for CDSC and our observance level is a testament of the maturity of the infrastructure in the Kenyan capital market, which speaks to our positioning as the investment destination of choice in Eastern Africa. We are grateful to Thomas Murray for working with us on this very detailed and extensive assessment, their experience in the area of CSDs across the globe has given us a remarkable opportunity to learn and share in their knowledge and expertise during the process."*

Jim Micklethwaite, Director, Head of Operations for Thomas Murray added, *"We are delighted to have worked with CDSC on this first time PFMI assessment and would like to thank them for their positive and open engagement throughout the process. The use of a third party such as Thomas Murray to conduct the assessment incorporates the benefits of having an independent opinion based on the standards and the experience the advisory firm has after conducting similar exercises with other FMIs in different countries. Thomas Murray's analysis shows that CDSC already has plans in place to further increase the levels of observance and we expect further developments as CDSC continues to implement its strategy over the next few years."*

In a news flash broadcasted on 31<sup>st</sup> January 2020, Thomas Murray upgraded the CDSCs Risk Assessment from A- to A, which denotes a 'Low' Overall Risk in the annual review of the report for CDSC. The improved rating was attributed to the significant changes in the Kenyan capital market affecting the depository as well as the additional information obtained in relation to all risk categories. The following changes to the risk assessments were assigned:

- |                                     |                           |
|-------------------------------------|---------------------------|
| 1. Asset Commitment Risk            | - Upgraded from BBB to A  |
| 2. Financial Risk                   | - Upgraded from A- to A   |
| 3. Operational Risk                 | - Upgraded from BBB to A+ |
| 4. Governance and Transparency Risk | - Upgraded from BBB to A- |

Nkoregamba said, *"The risk assessment upgrade is an important milestone for CDSC in realizing operational excellence and safeguarding market participants and investors' interests. Factors that contributed to the upgrade attests CDSC's commitment to manage and mitigate overall risks envisioned in the Capital Markets Master Plan which are aligned to best global practices"*.