



CDSC

CENTRAL DEPOSITORY &
SETTLEMENT CORPORATION LIMITED

DEMATERIALIZATION

FAQ

(Frequently Asked Questions)



Safer, Faster, Easier...

1. What is Dematerialization?

Dematerialization is the next step after immobilization. On the dematerialization date, the underlying physical certificate will cease to be evidence of ownership of securities of any company quoted at the Nairobi Securities Exchange (NSE). Evidence of ownership will be in the electronic holdings maintained in the Central Depository System (CDS) operated by CDSC.

2. What is a Dematerialized Security?

It is a book entry security which has been prescribed by CDSC under section 24 of the Central Depositories Act, whereby the underlying physical certificate is no longer recognized as evidence of ownership under the Companies Act Cap 486 on or after the dematerialization date.

3. What is the Dematerialization date?

This is the date prescribed by CDSC under section 24 as being the last day on which certificates representing such a security shall be recognized as evidence of ownership under the Companies Act Cap 486. In this case, the "date" is **November 30th 2012**.

4. What is the impact of Dematerialization?

Currently, shares can be withdrawn from a CDS account and held in a certificated form. With effect from the Dematerialization date (**30th November 2012**) shares will not be withdrawn from the CDS account because the law does not permit the issuing of share certificates with respect to a dematerialized security.

5. What does Dematerialization mean to the issuer?

Issuers of Dematerialized securities will no longer issue certificates to their shareholders whether for additional shares, bonus issues, rights issues or shares splits. All these shall be issued in electronic form.

6. What Do I need to do as a shareholder if I have already deposited all my shares in the CDS account?

You shall not be required to take any further action as a result of dematerialization.

7. What are the benefits of Dematerialization?

- There will be no loss of certificates since they will be kept in an electronic form.
- It will be easier and faster to transfer or sell your shares.
- Your share certificates will not be mutilated since they will be kept in electronic form in your CDS account.
- You can still keep your certificate as a souvenir.
- Cost of issuing new shares will be greatly minimized.

8. What happens to my shares after the 30th November 2012?

After the Dematerialization date, your registrar will open a CDS account where all shares that have not been immobilized shall be held in trust by your respective issuer.

9. What if I want to access my shares which are held in trust by the issuer?

If you wish to access your shares for purposes of trading, transfer etc you will need to follow a verification process through your registrar after which, your shares will be transferred to your personal CDS account once you have opened it.

10. How do I keep track of my shares?

CDSC shall send you monthly statements if your account is active otherwise; you will receive your statement only once a year. However, if you would like to view/download/print your statements, you can visit our website on **www.cdscskenya.com**. You can also subscribe to our mobile services and you shall receive an alert every time there is an activity in your account e.g corporate actions, sale, buy, etc., for a minimal fee of Kshs.10.00 per alert. To subscribe, send the word "**register**" to **2372** and follow the instructions.

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