

CSDs: CBK (Kenya), CDSC (Kenya)

Date: 17 Oct 2008

SMI Markets: Kenya

CMIRR Markets: Kenya

Introduction of a Horizontal Repo Market

The Central Bank of Kenya (CBK) has announced the introduction of a Horizontal REPO market for inter-bank participants. Only government securities will be allowed as acceptable securities for repo. Commercial banks will be allowed to trade horizontal repo over-the-counter (OTC) whereas the outright sale of government securities will still need to trade across the exchange.

The facility, which was launched on 12 September 2008, is currently only available to commercial banks who have signed a Master Repurchase Agreement (MRA).

The official circular from CBK is available at: <http://www.centralbank.go.ke/downloads/bankingcirculars/Banking%20Circular%20Number%206.pdf>

CSD Risk Impact

CBK (Kenya)

Impacted Risk Type: Liquidity Risk

Current Rating = B

Flash Impact = Positive

The introduction of the horizontal REPO market should facilitate further development of the interbank short term cash market, thereby enhancing market liquidity. The impact is positive on liquidity risk.

CDSC (Kenya)

The introduction of the horizontal REPO market should facilitate further development of the interbank short term cash market, thereby enhancing market liquidity. The impact is positive on liquidity risk.

Market Information Impact

Kenya

This information affects the data contained in the Stock Lending and Repos sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Kenya

Market Rating: BBB

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = BB

Flash Impact = Positive

The introduction of the horizontal REPO market should facilitate further development of the interbank short term cash market, thereby enhancing market liquidity. The impact is positive on liquidity risk.

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