

CSDs: CDSC (Kenya)

Date: 17 Dec 2009

SMI Markets: Kenya

CMIRR Markets: Kenya

Introduction of Settlement Limits and Increase of Guarantee Fund Contributions at CDSC

The Central Depository Settlement Corporation (CDSC) is to introduce settlement limits/caps from 11 January 2010. The daily settlement amount will vary depending on the sales and purchases activities of market participants.

Subsequently, the CDSC will increase the participant contributions to the guarantee fund from the current KES 1.5 million to KES 5 million. This is expected to be implemented within 12 months after the introduction of the settlement limits.

CSD Risk Impact

CDSC (Kenya)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A-

Flash Impact = Positive

The introduction of settlement caps based on the activities of the market participants should mitigate the risk of a default. Furthermore, the increase in the participant contributions to the guarantee fund will provide, when implemented, additional protection to members in the event of a default in the market. The impact on Counterparty Risk has been set as 'Positive' accordingly.

Market Information Impact

Kenya

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Kenya

Market Rating: BBB

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

The introduction of settlement caps based on the activities of the market participants should mitigate the risk of a default. Furthermore, the increase in the participant contributions to the guarantee fund will provide, when implemented, additional protection to members in the event of a default in the market. The impact on Counterparty Risk has been set as 'Positive' accordingly.

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