

CSDs: CDSC (Kenya)

Date: 18 Jul 2012

SMI Markets: Kenya

CMIRR Markets: Kenya

CDSC Adopts Multiple Settlement Bank Model

The Central Depository and Settlement Corporation Limited (CDSC) has opted to implement a multiple settlement bank model in the market. CDSC has appointed four settlement banks, with CFC Stanbic Bank acting as the primary settlement bank. The other settlement banks will open settlement accounts at CFC Stanbic Bank (re-appointed as the primary settlement bank) for the purpose of settling the net cash obligations of CDSC's participants.

The implementation of the multiple settlement bank model is expected to take place at the end of August 2012.

CSD Risk Impact

CDSC (Kenya)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A-

Flash Impact = Positive

The new clearing model reflects a stronger risk intermediation for the market as the settlement banks have been selected based on their core capital (among other things), and thus they are financially more robust than CDSC's participants. The impact is positive for Counterparty Risk.

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 new clearing model reflects a stronger risk intermediation for the market as the settlement banks have been selected based on their core capital (among other things), and thus they are financially more robust than CDSC's participants. The impact is positive for Counterparty Risk.

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Number: 2964231 Place of Registration: England & Wales

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