

Capital Markets in Kenya

Nairobi Stock Exchange

The Nairobi Stock Exchange (NSE) was established in 1954 as a voluntary association of stockbrokers registered under the Societies Act. The NSE currently has 54 companies with equity listings in the Main and Alternative Investment Market Segments (MIMS and AIMS). There is also a third segment for trading of government & corporate bonds and other fixed-income securities - the FIMS. A fourth segment for trade of derivative instruments is envisioned for the near future.

The total equity market capitalisation of these 54 companies as at 31 August 2002 was KShs 85.4 billion (US \$ 1.1 billion). In 1994, the NSE was at its peak and was rated by the International Finance Corporation (IFC) as the best performing market in the world with a rate of return of 179% in US Dollar terms. At that time, the NSE had a market capitalisation of KShs 137 billion (equivalent to US \$ 3.1 billion at the then prevalent exchange rate of KShs 45 to 1 US\$).



Capital Markets Authority

The Capital Markets Authority (CMA) was established under the Capital Markets Authority Act (renamed the Capital Markets Act in 2000), which became operational from December 1989. The CMA is responsible for the licensing, regulation and supervision of all operators in the capital markets.

The CMA has recently constituted a Capital Markets Advisory Committee. The committee consists of eleven appointed representatives from private-sector organisations, and nine ex-officio members representing the CMA, NSE, and other non-commercial organisations. The mandate of the committee is to act as a forum for discussion between the Authority and stakeholders on all matters pertaining to capital markets. **Naval Sood**, our partner leading capital markets advisory services in the Kenya office of PricewaterhouseCoopers has been appointed to this advisory committee.

PricewaterhouseCoopers has been involved in a number of capital markets transactions. Examples or recent transactions include advising on rights issues for East African Breweries Limited and the issue of commercial paper for Nation Media Group. We have also advised both the NSE and CMA on various projects including drafting a disclosure framework and listing rules, and the introduction of the Central Depository Scheme.

If you require more information about the capital markets advisory services PwC offers please contact:

Naval Sood naval.sood@ke.pwcglobal.com