



MINIMUM NUMBER OF SHARES

Shares are bundled in minimum lots of 100 shares and above in the main market boards. Fewer shares than 100 are available on the odd lots board.

MINIMUM NUMBER OF BONDS

Bonds are sold in minimum bundles of KShs 50,000.00. Small investors can pool their money together and buy a bond with the help of a money manager.



INTERNAL MARKET OPERATIONS

Trading Floor

The trading floor is the market place where stock brokers meet everyday to buy and sell shares and bonds through an auction system. Through the auction system, buyers and sellers offering the best prices are enabled to trade.

Public Gallery

This is a special place from where investors and members of the public view live trading as it takes place. All members of the public are welcome.

Delivery and Settlement

This is where share certificates and bond accounts are transferred from one investor to another and payments completed. It is also here that shares



and bonds of deceased persons are transferred to beneficiaries at a small administrative fee.

Information Center

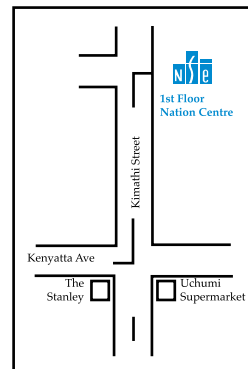
Here, investors and members of the public get answers to their questions about the stock exchange. An individual or group can also register to attend a free educational session organized by the Nairobi Stock Exchange. The NSE also gives free lectures to groups in their own premises through invitation. There are other operational structures in the market which include Market Research and Development, Compliance, Legal, Accounting and Administration.

LICENSED TRADING AGENTS

Stockbrokers

These are the traders in the market who wear the red jackets. They represent the licensed member firms of the NSE. Investors must trade through an authorized securities trader or authorized money manager. These stockbrokers are licensed to buy and sell shares and bonds on behalf of investors.

Stockbrokers earn a commission of 1.8% for their service. The commission is negotiable up to 1.5% for shares worth KShs 100,000.00 and above. There are 19 licensed trading agents or stockbrokers in the market.



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What is the Nairobi Stock Exchange?



NAIROBI STOCK EXCHANGE LTD
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WHAT IS THE NSE?

The Nairobi Stock Exchange is a Market, and commonly known as the NSE.

A MARKET?

Yes a market, very similar to Marigiti, Gikomba, Karatina, Kibuye, Sigalagala, Suneka, Kondele, Makutano, Wamunyu and other similar markets in Kenya.

WHAT IS DIFFERENT ABOUT THE STOCK EXCHANGE MARKET?

The main difference about the Stock Exchange market from other local markets is in the types of products traded, how they are traded and how they are paid for and transferred.

WHAT PRODUCTS ARE TRADED AT THE NAIROBI STOCK EXCHANGE?

The products traded at the NSE are Shares and Bonds. Shares and Bonds are money or financial products. Another name for Shares is Equities, while Bonds are also known as Debt Instruments. Products traded at the NSE are in one name called Securities.

At the moment, there are over 50 different types of shares and over 60 bonds at the NSE.

WHAT IS THE IMPORTANCE OF THIS MARKET TO THE ECONOMY?

For an economy to grow, money needs to shift from less to more productive activities. In other words, idle money and savings should be invested in productive activity for the economy to grow. The Nairobi Stock Exchange makes this possible by:

- Enabling idle money and savings to become productive by bringing the borrowers and lenders of money together at a low cost. The lenders (all savers) become the investors. They lend/invest and expect a profit/financial

reward. The borrowers also known as issuers in the market borrow and promise to pay the lenders a profit. We therefore encourage savings and investments.

- Educating the public about the higher profits in shares and bonds; how to buy and sell; when and why to buy and sell. We also educate the public on how to invest together as a group.
- Facilitating good management of companies by asking them to give periodic reports of their performance.
- Providing a daily market reports and price list to ensure that investors know the worth of their assets at all times.
- Providing financial solutions to common problems. Shares and bonds are accepted guarantees for Cooperative societies and bank loans. Shares and bonds can be planned, with the help of a money manager, to pay for school fees, medical, car and other insurance schemes, pension or retirement plans, etc.

Through shares and bonds, the government, small and big companies, cooperative societies and other organizations can raise money to expand their business activities, make a profit, create employment and generally help the economy to grow.



HOW IS THE NSE MARKET ORGANIZED?

Market days

The market is open Monday to Friday from 8.00 a.m to 5.00 p.m. Trading activities start at 10.00 a.m and continue until 1.00 p.m. Members of the public can view the market from the public gallery at any time while the market is open. The market is closed during public holidays.

Display Boards

Shares are displayed on an electronic board while bonds are displayed on white boards. Shares of companies are displayed in groups according to sectors, while Bonds are displayed according to issuers.

Display of Shares

Shares are grouped into 4 sectors, namely Agriculture, Commercial & Services, Financial and Industrial & Allied sectors. The shares are displayed in alphabetical order in each group for easy location by investors viewing trading from the public gallery. There are 53 company shares in the market.

Display of Bonds

Bonds are in two groups namely: Treasury Bonds issued by the government; and Corporate Bonds issued by companies.

They are displayed as and when the government or a company issues one. There are over 60 bonds in the market.

WHAT AMOUNTS CAN AN INVESTOR BUY?

An investor can buy as little or as much as he or she can afford. It is also possible to invest very little money in groups of small investors pooled together by money managers in the market.