

Nairobi, July 5, 2021

NSE DERIVATIVES MARKET (NEXT) CELEBRATES 2 YEARS SINCE INCEPTION

The NSE Derivatives Markets today crossed its second year mark. NEXT is the second derivatives market in Africa. Derivatives are an investment tool whose value is derived from underlying assets like bonds, commodities, currencies, interest rates, market indexes and stock based on the expected future price movement of the asset. They allow investors to make a gain or hedge against losses by taking a bet on the future price movement. NEXT enables you to trade Equity Index Futures and Single Stock Futures.

Over the past two years, NEXT has grown as a market and witnessed milestones such as the launch of the Mini NSE 25 index futures contracts, which goes a long way in increasing liquidity and encouraging broad exposure to the Kenyan equities market through the equity index futures contracts. Additionally, In February 2021 the NSE introduced real-time Derivatives Market data on the Elektron Real Time platform offered by Refinitiv, a leading global financial markets infrastructure and data provider. This initiative made Refinitiv the first international data vendor to onboard the NEXT data, extending the reach of the NSE derivatives market regionally and globally.

The market has grown steadily since launch in July 2019 with turnover growing from Kes. 20.5 million in 2019 to Kes. 148 million by the close of H1 2021. The H1 2021 performance marks a 668% turnover gain over a similar period in 2020. Year to date, the increase in trading activity has also led to a 385% increase in average daily turnover compared to 2019 and 2020 levels. To enhance uptake, the NSE, continues to engage with key stakeholders. Specifically the NSE is concentrating its efforts towards, enhancing the knowledge and training of key market participants, addressing the need to update Investment Policy Statements (IPS) that govern local institutional assets with administrators, trustees and fund managers; and onboarding of online trading members who have built a sizeable community of active retail investors.

Geoffrey Odundo, Chief Executive, NSE noted *“The response towards NEXT demonstrates the confidence the market has despite a constrained and tough economic environment due to the COVID-19 Pandemic. We are proud to cross the two year mark today and to be an Exchange leading in innovation in line with one of our key priority areas to increase product uptake of our alternative products by our investors.”*

The NSE recently on boarded EGM Securities (the first online trading broker to offer NSE derivatives) and Scope Markets as derivatives trading members bringing the total number to 9.

A list of approved Trading Members is available on the NEXT website.
(<https://www.nse.co.ke/next-derivatives-membership/accredited-members.html>)

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Notes to the Editor

About NSE

The Nairobi Securities Exchange (NSE) is the principal securities exchange in Kenya. It offers a world class trading facility for local and international investors and issuers looking to gain exposure to Kenya’s and Africa’s economic growth. NSE plays a vital role in the growth of Kenya’s economy through mobilization of domestic resources and international capital. The NSE is a founder member of the African Securities Exchanges Association and the East African Securities Exchanges Association. It is a full member of the World Federation of Exchanges and the Association of Futures Markets, and a partner Exchange in the United Nations Sustainable Stock Exchanges Initiative (SSE). NSE operates under the jurisdiction of the Capital Markets Authority of Kenya

About NSE Derivatives Market (NEXT)

NEXT is the Nairobi Securities Exchange (NSE) derivatives market that facilitates the trading of Equity Index Futures and Single Stock Futures contracts in the Kenyan market. NEXT is regulated by the Capital Markets Authority (CMA). NEXT was established as a result of; Increased integration of the Kenyan financial markets with international markets, increased volatility in asset prices in local and international financial markets the need for more sophisticated risk management tools and strategies and the need to broaden and deepen Kenyan financial markets.

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