

SPEECH BY HIS EXCELLENCY, HON. UHURU KENYATTA, C.G.H., PRESIDENT AND COMMANDER IN CHIEF OF THE DEFENCE FORCES OF THE REPUBLIC OF KENYA, DURING THE SELF-LISTING AND COMMENCEMENT IN THE TRADING OF THE SHARES OF THE NAIROBI SECURITIES EXCHANGE ON SEPTEMBER 9, 2014

Ladies and Gentlemen:

I am pleased to ring the bell to commence trading in the shares of the Nairobi Securities Exchange. In ringing the bell, we mark the end of a journey that has seen the conversion of the NSE from a mutual, members' association to a public, listed company owned by over 17,000 shareholders. We celebrate the growth and flourishing of a Kenyan institution.

Ladies and Gentlemen:

Our private sector is the most energetic and innovative in the region. But we remain some way short of the truly free and prosperous nation that we envisaged in Vision 2030. A vibrant financial services sector that supports our private sector, will create jobs, and hasten the advent of that happy day.

That is why Vision 2030's Medium Term Plan 2013 – 2017 (MTP II) lays out ambitious targets for access, stability and efficiency in our capital markets. To achieve these targets, the second Medium Term Plan identified two key flagship projects for the financial services sector: the establishment of the Nairobi International Financial Centre and the development and implementation of a Capital Market Master Plan. The demutualization and self-listing of the NSE were part of my government's plans to position Kenya as the financial services hub of East and Central Africa. Indeed, the NSE is only the second Exchange in Africa to list its shares. It follows the Johannesburg Stock Exchange; now the operator of the largest exchange on our continent.

Ladies and Gentlemen:

Let me say a little about the capital markets master plan. As you know, our markets have seen substantial reform in recent years: we sought to solve regulatory and institutional problems, because we knew that we had to strengthen our market infrastructure, our intermediation, our oversight and our governance standards. These things matter: if our markets are to mature, they must be transparent, and well governed, and they must serve the needs of working Kenyans.

Now, the listing of the NSE builds on those recent reforms. It will enhance accountability, transparency, market discipline as well as corporate governance. We expect it also to encourage further innovation in your product and service offerings. And we also expect it to deepen market participation. We seek transformative economic development, and this is a step in that direction.

Ladies and Gentlemen,

I have emphasised inclusion, and the importance of wider participation in financial markets. Let me now mention three recent promising innovations that I wish to encourage.

First, is the recently launched Growth Enterprise Market Segment. I believe it was designed to cater for the public listing of growing small and medium sized enterprises. It seems clear to me that too many of our small and medium sized businesses lack the capital they need. It seems equally clear that there are untapped pools of capital within the country, and that this innovation has the potential to connect capital-hungry businesses with the money they need to grow. Let me very strongly encourage you both to expand this initiative, and to raise awareness of it.

Second, is the Real Estate Investment Trusts. The introduction of REITs will provide Kenyans from all walks of life with an opportunity to participate in the real estate markets at an affordable cost. To preserve access to REITS, my government, through the National Treasury, the Capital Markets Authority, and the Kenya Revenue Authority will ensure that the tax framework to support this market is supportive and clear.

Third is the Derivatives Market. Not only do derivatives offer a wider range of investment channels, they also present a mechanism for hedging risks, whether on currencies, interest rates, minerals or agricultural produce. For the first time, the Kenyan farmer will be able to lock in the value of their produce in the future. This will

enable our farmers to find the financing necessary to plant their crops based on the future selling price. We know, too, that the overuse and misuse of derivatives has led to trouble in other markets. They will be carefully regulated here, but I believe their use opens new, productive opportunities.

Ladies and Gentlemen:

Let me also say a little about the Annual African Securities Exchanges Association (ASEA) Conference, which you are scheduled to host this November. I do not need to tell you that you will be Kenya's ambassadors to a very wide audience of our peers. Do not let your country down: mine is to ask you to showcase Nairobi as the financial services hub of East and Central; and to make the case for Kenya to your compatriots.

With these few remarks, I wish the Exchange happy Diamond Jubilee, and it is my pleasure to officially announce the commencement and trading of the NSE shares on the Main Investment Market Segment of the Exchange.

Asanteni sana. God bless you all

HON. UHURU KENYATTA, C.G.H
PRESIDENT OF THE REPUBLIC OF KENYA