



**REMARKS OF THE CHIEF EXECUTIVE OF NAIROBI SECURITIES EXCHANGE,
MR. GEOFFERY ODUNDO, DURING THE LISTING OF THE BARCLAYS NEWGOLD
EXCHANGE TRADED FUND (ETF)
MONDAY, MARCH 27, 2017**

Dr. Kamau Thugge; Principal Secretary, National Treasury;
Mr. Jeremy Awori, Managing Director, Barclays Bank of Kenya;
The Members of the Board of Barclays present;
The Members of the Board of NSE present;
Members of the Media;
Distinguished ladies and gentlemen;

Good morning,

It is my great pleasure to be here today at the listing of the inaugural Exchange Traded Fund of our region. A lot of hard work and planning has gone on in the background to bring this market segment to fruition. In 2014, the Exchange held various consultative sessions with potential issuers and had a joint engagement with CMA and market players. In 2015, the Exchange steered a number of stakeholder engagements and trainings for market players to understand and appreciate the instrument. We have also been actively working on the regulatory framework for the trading and listing of ETFs and the eligibility criteria and guidelines for market making.

Exchange Traded Funds are a significant and highly successful product of financial innovation that are found in more developed financial markets. First introduced in Canada in the early 1990's, the use of Exchange Traded Funds gathered momentum after the listing of the S&P Depository Receipts on the American Stock

Exchange in 1993. Since then, ETFs have grown tremendously with approximately 4,779 such funds on the global exchanges with about USD 3.42 trillion in assets (as of 2016), comprising not only stocks and bonds but also currencies and commodities.

Globally, assets continue to flow into exchange traded funds, and investors continue to praise these products for their tax efficiency, their liquidity, their modest fees and their ease of trading. The popularity of ETFs can be easily explained; ETFs allow investors to spread their risk, diversify their portfolio and have ease of purchase and exit. ETFs have continuous pricing and liquidity throughout the trading day. ETFs are traded on a stock exchange just like shares, and for us here you can buy a minimum of 100 units, just like equities. We are also happy to note that due to our collaborative efforts with the government any capital gains made on the ETF will not be subjected to capital gains tax.

Today, we celebrate the listing of the Barclays NewGold ETF. The ETF shall track the performance of Gold. The ETF is to be issued as Gold Bullion Debentures by NewGold, a South African special purpose vehicle owned fully by NewGold Owner Trust. Globally, gold has emerged as one of the most reliable safe havens of wealth, remaining largely unchanged in the long-run despite the short-term market volatilities. Gold can be used to hedge against inflation, deflation and currency risk.

On behalf of the Board of Directors of NSE, I wish to congratulate Barclays Bank Limited and New Gold Issuer Limited and the entire transaction team for taking this bold step and becoming the first issuer of this innovative product and indeed our first listing this year. This marks such a profound achievement in the history of our capital market and a great triumph for our country.

Dr. Thugge;

In 2016, the NSE was awarded The Most Innovative African Stock Exchange by Ai Capital Markets and Index Series Awards. This is the second time the NSE has

received this prestigious accolade, having won the same category in 2013. Innovation and product diversification is at the heart of the Exchange. Just last week, we successfully launched the M-Akiba Retail Bond, which NSE was appointed to spearhead through your Ministry. In the course of this year we will complete the upgrade of our Automated Traded System, which will support the trading of new equity and quasi-equity instruments in a robust platform with dynamic surveillance capability.

We are also working towards launching the Derivatives Market in coming months where we are looking at commencing with index and single stock futures. The Exchange is also aggressively promoting all its market segments to bring new issuers to market and boost vibrancy of the bourse. We will continue to work with the government on the privatization and listing of government institutions which will deepen investor participation in our market. NSE is also working with the Government of Kenya and key industry players on the introduction of rules and regulations around securities lending and borrowing in an effort to enhance liquidity in the market.

Ladies and Gentlemen;

The Exchange will continue to support the growth of ETF market through our dedicated Business Development and Public Education program to see more investors participate in the market. We have scheduled a training in April this year, to discuss the global ETF market where we have an international renowned speaker from London with over 15 years' experience in the ETF market. I urge all players to continue to engage with the NSE and attend our workshops and trainings to promote awareness on these new products.

The NSE is committed to enhancing a close working relationship with all market players to promote innovations and establishing our capital markets as a leader

both regionally and internationally. We have the experience to support your ideas. If you need any advice on product creation, development and marketing, come and talk to us.

Once again, I congratulate Barclays on their listing and urge other companies to follow in their footsteps by utilizing the capital market as source of medium to long term financing.

Thank you.

GEOFFREY ODUNDO

CHIEF EXECUTIVE