



**NAIROBI SECURITIES EXCHANGE PLC (NSE)**

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**MINUTES OF THE SIXTY SEVENTH (67<sup>TH</sup>) ANNUAL GENERAL MEETING OF THE COMPANY HELD BY ELECTRONIC COMMUNICATION ON THURSDAY, 3<sup>RD</sup> JUNE 2021 AT 11.00 A.M.**

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|-----------------------|-------------------------|--|------------------------------|
| <b>Present:</b>       | Mr. Kiprono Kittony     | - Board Chairman and holding proxy for Standard Chartered Nominee Accounts 302, 1590, 1665, 1682A, 1682B, 1695, 1713, 1739, 1742, 1754, 1805, 1822, 1840, 1859, 1910, 1912B, 1919, 1928, 1954, 1963B, 1996, 1997, 2013A, 2013B, 2016, 9360, KE002334, KE002382, KE14765, KE20374, KE21184 and KE22816. |                              |
|                       | Mr. Bob Karina          | - Board Vice Chairman/Member   |                              |
|                       | Mr. Geoffrey Odundo     | - Director   |                              |
|                       | Mr. Hosea Kili          | - Director/Member  |                              |
|                       | Ms. Nasim Devji         | - Director   | } <i>Attending virtually</i> |
|                       | Mr. Michael Turner      | - Director   |                              |
|                       | Mr. Paul Vollant        | - Director   |                              |
|                       | Ms. Risper Alaro-Mukoto | - Director   |                              |
|                       | Mr. Paul Mwai           | - Director   |                              |
|                       | Ms. Isis Nyongo         | - Director   |                              |
|                       | Members                 | - 3,529 Shareholders were present virtually in person or by Proxy  |                              |
| <b>In Attendance:</b> | Mr. Richard Njoroge     | - PricewaterhouseCoopers (PwC) - Auditors  |                              |
|                       | Mr. Kuria Waithaka      | - Company Secretary and Chief Legal Officer  |                              |
|                       | Ms. Jane Kiarie         | - Chief Finance Officer  |                              |
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The Chairman called the meeting to order at 11.00 a.m. and welcomed all present to the 67<sup>th</sup> Annual General Meeting of the Company. It was noted that the year’s Annual General Meeting was being held virtually, in light of the continuing prevailing public health circumstances with the COVID-19 pandemic and the Government protocols in place to reduce the spread of the disease.

**AGM MIN 1/2021 NOTICE, PROXIES AND QUORUM**

The Chairman introduced the Board members, the Chief Executive, the Company Secretary, the Chief Finance Officer and the Auditors’ representative present.

At the request of the Chairman, the Secretary read the notice convening this meeting and based on the members registered for the electronic Annual General Meeting, confirmed that a quorum to transact the business of the meeting. The Chairman, thereupon, declared the meeting properly convened and constituted to transact the business of the meeting.

**AGM MIN 2/2021            MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING**

The minutes of the Sixty Sixth (66<sup>th</sup>) Annual General Meeting of the Company held on 9<sup>th</sup> July 2020 which were distributed prior to the time of this meeting were, with the consent of the members present, taken as read.

**AGM MIN 3/2021            BOARD CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S REPORT**

**a) Board Chairman's Statement**

The Chairman read his Statement, as also contained in the Integrated Report and Financial Statements for the year ended 31<sup>st</sup> December 2020.

**b) Chief Executive's Report**

The Chief Executive made a brief presentation to the members on the Company's performance and the future outlook. The Chief Executive also took the opportunity to virtually introduce the Management Team of the Company.

**AGM MIN 4/2021            FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

With the consent of the members present, the Audited Financial Statements together with the Directors' Report for the Financial Year ended 31<sup>st</sup> December 2020 were taken as read.

At the request of the Chairman, Mr. Richard Njoroge of PricewaterhouseCoopers (PwC) read the Auditors' Report on the Financial Statements, the Auditors' Opinion, and the Report on other Legal Requirements as required by the Kenyan Companies Act and confirmed that the Auditors had issued an unqualified opinion.

The Chairman invited questions on the Annual Report from the shareholders, which questions were answered satisfactorily.

On a proposal by Mr. Mihr Samir Thakar and seconded by Mr. Geoffrey Bethuel Maoga, it was unanimously **resolved** that the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> December 2020 together with the Directors' and the Auditors' Reports thereon be and are hereby adopted.

**AGM MIN 5/2021            DIVIDEND**

It was noted that the Directors had recommended payment of a first and final dividend of Kshs 0.53 per ordinary share in respect of the Financial Year ended 31<sup>st</sup> December 2020.

On a proposal by Ms. Peris Nyambura Kamau and seconded by Mr. Anthony M. Githongo, it was unanimously **resolved** to declare a first and final dividend of Kshs 0.53 per Ordinary Share in respect of the Financial Year ended 31<sup>st</sup> December 2020 as recommended by the Directors. It was further unanimously **resolved** that the closure of the Register of Members at the close of business on 4<sup>th</sup> June 2021 for one day for the purposes of determining the qualifying members entitled to dividends, be and is hereby approved.

## AGM MIN 6/2021

### DIRECTORS REMUNERATION AND THE REMUNERATION REPORT

On a proposal by Mr. Stephen Irungu Kimani and seconded by Mr. John Macharia Ngugi, it was unanimously **resolved** to approve the Directors Remuneration and the Remuneration Report as detailed in the Integrated Report for the Financial Year ended 31<sup>st</sup> December 2020.

## AGM MIN 7/2021

### ELECTION OF DIRECTORS

- a) It was noted that four Directors were retiring from the Board, with three of them, namely Mr. Samuel Kimani (immediate former Board Chairman and an Independent Non-Executive Director), Mr. Bob Karina (Board Vice-Chairman and Director representing Trading Participants) and Mr. Hosea Kili (Independent Non-Executive Director) having served their 9 year terms in line with the Code of Corporate Governance for Issuers of Securities to the Public, 2015 and the Board Charter, and the fourth, Mrs. Nasim Devji (a Director representing Listed Companies) who was stepping down, on own her request, after serving for 6 years). The Chairman thanked them for their invaluable contribution to the Board.
- b) It was noted that Mr. Donald Wangunyu had been proposed as a Non-Executive Director representing Trading Participants, in accordance with Article 93 of the Company's Articles of Association.

On a proposal by Mr. Gabriel Njeru M'kwenda and seconded by Ms. Sally Jepkorir Kibor, it was unanimously **resolved** that Mr. Donald Wangunyu be and is hereby elected as a Director of the Company

- c) It was noted that Mr. Stephen Chege had been proposed as a Non-Executive Director representing Listed Companies, in accordance with Article 93 of the Company's Articles of Association.

On a proposal by Mr. Gerald Mbaabu M'ikunyua and seconded by Mr. Daniel Kimotho representing Stepping Stone, it was unanimously **resolved** that Mr. Stephen Chege be and is hereby elected as a Director of the Company

- d) It was noted that Ms. Risper Alaro, an Independent, Non-Executive Director retired at this meeting in accordance with Articles 94 and 95 of the Company's Articles of Association and, being eligible, had offered herself for re-election.

On a proposal by Mr. Isaac Ayekha Mudoga and seconded by Mr. Stephen Irungu Kimani, it was unanimously **resolved** that Ms. Risper Alaro be and is hereby re-elected as a Director of the Company.

- e) It was noted that Mr. Paul Mwai, a Director representing the Trading Participants, retired at this meeting in accordance with Articles 94 and 95 of the Company's Articles of Association and, being eligible, had offered himself for re-election.

On a proposal by Ms. Nancy Nyambura Njoka and seconded by Mr. Joshua Stephen Okumu Osanjo Osano, it was unanimously **resolved** that Mr. Paul Mwai be and is hereby re-elected as a Director of the Company.

## AGM MIN 8/2021

### APPOINTMENT OF MEMBERS OF THE BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE

On a proposal by Mr. Hannington Karanja Kangethe and seconded by Mr. Alois Wafula

Chami it was unanimously **resolved** that the following are hereby appointed to continue serving as a Member of the Board Audit, Risk and Compliance Committee for the Financial Year ending 31<sup>st</sup> December 2020 :

- a) Ms. Risper Alaro-Mukoto; and
- b) Mrs. Isis Nyong'o Madison.

#### **AGM MIN 9/2021**

#### **AUDITORS**

It was noted that Messrs PricewaterhouseCoopers (PwC) had retired as the Auditors of the Company. This was in line with Capital Markets Regulations, with Messrs PricewaterhouseCoopers (PwC) having served the Company for a period of five (5) years. The Chairman thanked the outgoing external auditors for having dutifully served the Company. The Board had recommended the appointment of Deloitte & Touche LLP as the new auditor, for the Financial Year ending 31<sup>st</sup> December 2021 in accordance with the provisions of Section 721 of the Companies Act, 2015.

On a proposal by Mr. Alois Wafula Chami and seconded by Mr. Charles Wanjau Maina, it was unanimously **resolved** to appoint Messrs Deloitte & Touche as Auditors of the Company for the Financial Year ending 31<sup>st</sup> December 2021 and in accordance with the provisions of Section 724 (1) of the Companies Act, 2015, the Directors were authorised to fix the Auditors' remuneration.

#### **SPECIAL BUSINESS**

#### **AGM MIN 10/2021**

#### **AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

It was **noted** that the Company's Articles at Article 126 provide that the Chairman of the Board shall serve for a maximum term of two consecutive years. This period had been deemed rather limiting to enable a Board Chairman effect and implement their agenda for the Company within that time. Therefore upon consultations held with various key stakeholders including the regulator, the Capital Markets Authority (CMA, over the last few years, it had been deemed necessary to revise the term of the Board Chairman upwards. It was noted that the term of the Board Chairman was embedded in Regulation 6(3) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002, and that the Articles of Association of the Company mirrored this Regulation.

On a proposal by Mr. Patrick Gitau Karanu and seconded by Mr. Paskwale Githae Wachira, it was unanimously **resolved** that subject to regulatory approval and legislative amendment, Article 126 of the Company's Articles of Association, be amended to read as follows:

*“Without prejudice to any provision of these Articles providing for the rotation, disqualification or removal of Directors, the Chairman shall hold office for a maximum of two consecutive terms of three years each or such other periods as may be provided under the Capital Markets Act or any other written law.”*

#### **AGM MIN 11/2021**

#### **ORDINARY RESOLUTIONS IN RESPECT OF THE NSE GROUP STRUCTURE**

It was noted that the NSE currently owns 100% shareholding in NSE Clear Limited, 22.5% shareholding in the Central Depository and Settlement Corporation Limited (CDSC), 88.9% in AKS Nominees Limited (the shareholding currently being consolidated with the current holding in CDSC) and 100% shareholding in Kenya Futures and Commodities Exchange Limited. The Company also owns the NSE LLP, an

entity recently set up to operate the Unquoted Securities Platform, which was approved by the CMA. All these entities are collectively referred to as the NSE Group.

The members were further informed that the Board intended to reorganise its corporate structure by creating a non-operating holding company. The restructure would be effected by the NSE incorporating a wholly owned subsidiary company (“NewCo”) and, subject to obtaining all regulatory approvals including from the CMA, NewCo would carry on the exchange business of the NSE. NSE would then operate as a holding company of the subsidiary / operating companies within the NSE Group.

It was proposed that the NewCo would operate under the name ‘Nairobi Securities Exchange Limited’ and the NSE would change its name to ‘NSE Group Plc’.

The proposed corporate restructuring was premised on the following:

- a. **Strategic Direction** - the proposed restructuring would allow the NSE better pursue its expansion strategy as well as its objective of offering diverse investment products and providing innovative investment solutions for deployment of capital to investors. This was in line with the NSE 2020-2024 Strategic Plan and the structure would support implementation of the said strategy.
- b. **Operational Efficiency** - the restructuring would effectively separate the securities businesses from other incidental business entities. This would result in operational efficiencies and better financial performance for the NSE.
- c. **Best Practice** - the proposed restructuring was in line with best practice adopted by various listed entities in Kenya as well as other securities exchanges which had implemented a holding company structure.

It was further noted that the Company had engaged various stakeholders on this matter including the Capital Markets Authority, the Competition Authority of Kenya – CAK (who had confirmed that being an internal restructuring, the transaction did not require prior authorization of the CAK before implementation), the National Treasury and the Kenya Association of Stockbrokers and Investment Banks among others. Upon receiving shareholder approval to proceed, the Company would then move to obtain the relevant regulatory approvals to progress to implementation. An information circular with more detailed information on this matter had been made available to shareholders.

On a proposal by Mr. David Muriithi Gitari and seconded by Mr. Johnson Henery Gicinga it was unanimously **resolved**:

- a) That the Directors of the NSE be authorized to incorporate the Nairobi Securities Exchange Limited, as a wholly owned subsidiary company of the NSE;
- b) That subject to obtaining all regulatory approvals including from the Capital Markets Authority, the exchange business of the NSE be carried on by the newly incorporated Nairobi Securities Exchange Limited and the NSE operates as a non-operating holding company; and
- c) That the Directors of the NSE be authorized to execute all such documents and do all things that are necessary to implement the corporate reorganization of the NSE referred to in Resolution 11 (b) above (and in the Notice).

**AGM MIN 12/2021      SPECIAL RESOLUTIONS IN RESPECT OF THE NSE GROUP STRUCTURE**

It was noted that the 9<sup>th</sup> Resolution was pegged to Agenda Item No. 12 and was to be passed as special resolutions.

On a proposal by Mr. Kelvin Mulama Representing Yelda Capital Limited and seconded by Mr. Edward Mbugua Muigai it was unanimously **resolved**:

- a) That subject to obtaining all regulatory approvals for the Nairobi Securities Exchange Limited to operate the exchange business, a new set of Articles of Association of the Company, be and is hereby approved and adopted as the new Articles of Association of the NSE in place of the existing Articles of Association; and
- b) That subject to obtaining all regulatory approvals for the Nairobi Securities Exchange Limited to operate the exchange business and approval of the Registrar of Companies, the change of the name of the NSE from ‘Nairobi Securities Exchange Plc’ to ‘NSE Group Plc’ be and is hereby approved, to take effect from the date of completion of the corporate reorganization.

**AGM MIN 13/2021      ANY OTHER BUSINESS**

The Secretary confirmed that no notice of other business had been received and as such there was no further business to be deliberated.

The Chairman then made some closing remarks, taking the opportunity to give the outgoing Directors an opportunity to make their remarks. The Directors gave their remarks and the Chairman thanked them again for their invaluable service, leadership and contribution to the Exchange and wished them well in their respective future endeavours.

**THERE BEING NO OTHER BUSINESS, THE MEETING WAS CLOSED AT 12.30 P.M.**

**CONFIRMED:** \_\_\_\_\_  
**CHAIRMAN**

**DATE:** \_\_\_\_\_