Nairobi, December 22, 2021

NSE Commits to Promote Sustainable Development Through Its Derivatives Market

The Nairobi Securities Exchange (NSE) today made a voluntary commitment to become a signatory of the Sustainable Stock Exchange (SSE)’s derivatives exchanges network to further the sustainability of financial markets. NSE’s collaboration with and contributions to the UN’s SSE Initiative reiterates its commitment to building a new kind of finance, shifting paradigms to support a new world view.

Throughout the last decade, the role of Stock Exchanges and equity markets in driving sustainable development has been well-explored, seeing the number of SSE members rise from 5 founding signatories to over 100 today. Meanwhile, the potential of derivatives exchanges and the derivatives market remains less understood. The new derivatives network and its founding signatories were announced in October 2021 as part of the UNCTAD World Investment Forum.

Commenting on NSE’s commitment, Mr. Geoffrey Odundo, NSE Chief Executive noted: “The NSE made a commitment to support a sustainable economy through undertaking various strategic interventions. Our Derivatives Market is nascent and steadily growing, by joining the SSE Derivatives network we hope to participate in multi-stakeholder dialogue to build consensus on sustainable finance in derivatives markets and meet the growing demand for new sustainability aligned derivatives products across all asset classes. We are keen on introducing commodity derivatives that specifically align with sustainability objectives, such as those supporting the transition to a low-carbon economy.”

The SSE, together with the World Federation of Exchanges (WFE), published a new report this year, which provides an action menu on how derivatives exchanges can promote sustainable development. Joining this new network will allow NSE to become an SSE Partner Exchange and work together with the initiative and its international network to further its sustainability efforts.

The NSE has a put in place a number of sustainable initiatives with the most recent being the launch of the Environmental, Social and Governance (ESG) Guidance manual that will help companies navigate, comply with and stay ahead of regulations that require disclosure of ESG information.

-ENDS-

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.

NEXT is the second derivatives market in Africa and 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.

About The SSE Initiative

The SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. The SSE’s mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policymakers and relevant international organizations, can enhance performance on ESG (environmental, social and corporate governance) issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The SSE seeks to achieve this mission through an integrated programme of conducting evidence-based policy analysis facilitating a network and forum for multi-stakeholder consensus-building, and providing technical assistance and advisory services.

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