

Friday, December 3, 2021

KENYA IS THE FIRST FRONTIER MARKET TO LAUNCH DAY TRADING

The Nairobi Securities Exchange (NSE) has today officially launched day trading, as part of NSE's strategy to enhance market liquidity following approval from the Capital Markets Authority (CMA) on 26th October 2021. Day trading refers to the practice of purchasing and selling a security within a single day or trading session or multiple times over the course of the day.

The colorful event was graced by the Director General of the National Treasury, Mr. Albert Mwenda representing the Cabinet Secretary Ukur Yatani who noted, *"The launch of day trading is a testament of the country's continued development in enhancing its capital market capabilities and an acknowledgement of the positive impact of continued collaboration between the National Treasury, The Capital Markets Authority and the Nairobi Securities Exchange."*

The NSE currently has 65 listed securities on the trading system and all investors who currently have accounts at the Central Depository System (CDS) are able to take part in day trading.

Speaking during the event, Mr. Kiprono Kittony, EBS noted, *"Day trading has become very popular worldwide since the onset of the COVID-19 pandemic. Activity increased dramatically in the first quarter of 2020 with investors limiting exposures presented by uncontrollable risks and negative price gaps between one day's close and the next day's price at the open. We believe our market is ready for this solution and investors will exploit this solution in an effort to hedge risk and increase portfolio returns."*

In order to encourage day trading and complement this milestone, the NSE Board approved an incentive structure whereby investors who participate in day trades will receive a 5% discount on subsequent trades. These are levied at 0.114%, compared to normal trades which are levied at 0.12%. This benefit is enjoyed by the investor directly through their trading accounts.

"Since we launched day trading we have seen activity totaling 378 Million which is 2.1% of the total turnover. This is an indicator that our market participants understand and full embrace day trading." Said Mr. Geoffrey Odundo, Chief Executive, Nairobi Securities Exchange.

The NSE has been at the forefront of innovations with initiatives such as the Ibuka program for the growth of Small, Medium and Micro Enterprise Businesses; the M-Akiba Bond for mobile trading of Government Bonds by retail investors; Real Estate Investment Trusts for the development of the real estate industry in Kenya; the Unquoted Securities Platform a market infrastructure that facilitates the trading, clearing and settlement of securities of unquoted companies in Kenya; and NSE's recent partnership with Safaricom to enable customers to invest using 'Bonga Points'.

These initiatives have not only increased retail participation and enhance liquidity at the NSE but have also earned NSE the recognition of Africa's second most innovative exchange after South Africa.

-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 Day Trading

Following the approval from Capital Markets Authority (CMA) the Nairobi Securities Exchange (NSE) launched day trading on 22nd November, 2021 as part of NSE's strategy to enhance market liquidity.

Day trading refers to the practice of purchasing and selling a security within a single day or trading session or multiple times over the course of the day. To complement this milestone, the NSE Board approved an incentive structure whereby investors who participate in day trades will receive a discount on the second leg of the transaction which will be levied at 0.114% compared to normal trades which are levied at 0.12%. This benefit will be enjoyed by the investor directly through their trading accounts. The NSE has since championed the requisite infrastructure enhancements to ensure that this is achieved.

This milestone is a culmination of the investment in technology whereby the NSE commissioned a new trading system in October 2019 that enabled separation of the trading and post trading activities. The separation effectively enables the introduction of new products including Covered Short Selling and Day Trading which will revolutionize the capital markets and strengthen NSE's position as the preferred investment hub in the region.

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