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Mr. Karim Hajji, Chief Executive Officer, Casablanca Stock Exchange

Mrs. Anabela Chambuca, Chief Executive, Mozambique Stock Exchange

A visit to the Libyan Stock Market

Zimbabwe Minister of Finance, Mr. Tendai Biti and Ms. Beatrice Nkanza, Chairperson Committee of SADC Stock Exchanges (CoSSE)
Welcome Note

In this May edition of the ASEA e-Newsletter, we meet Mr. Karim Hajji, the Chief Executive of the Bourse de Casablanca, a man who has transformed the Bourse since his appointment in April 2009. Mr. Hajji was recently appointed to the Executive Committee of the African Securities Exchange Association (ASEA) and looks forward to making a significant contribution to the African Securities Exchanges. Read his interview on pg. 6

Ms. Anabela Chambuca is one of the two female Chief Executives of Stock Exchanges in Africa. She was appointed to head the Mozambique Stock Exchange on April 6, 2012. She hails from Maputo, Mozambique, is married and has two children. She tells us her journey at the Mozambican bourse and her challenges in her first year of office.

Kevin Virgil, partner, Pathfinder Ventures visited one of our members the Libyan Stock market and lived to tell the story. Read his very interesting account on pg 12

Is online investor relations necessary for stock exchanges and listed companies? Ms. Anne Guimard talks of the requirements that a listed company should have on their corporate website. Please read her article on pg. 16

We thank you for your continued support in contributing to this publication.

Enjoy your reading.
ASEA Secretariat

Members of the Association
Full Members
1. Bolsa de Valores de Cabo Verde
2. Bolsa de Valores de Moçambique
3. Botswana Stock Exchange
4. Bourse de Casablanca
5. Bourse de Tunis
7. Dar-es-Salaam Stock Exchange
8. Douala Stock Exchange
9. The Egyptian Exchange
10. Ghana Stock Exchange
11. JSE Ltd
12. Khartoum Stock Exchange
13. Libyan Stock Market
14. Lusaka Stock Exchange
15. Namibian Stock Exchange
17. Nigerian Stock Exchange
18. Malawi Stock Exchange
19. Uganda Securities Exchange
20. Sierra Leone Stock Exchange
21. Stock Exchange of Mauritius
22. Zimbabwe Stock Exchange
23. Rwanda Stock Exchange

Observer Member
1. Central Securities Clearing System Ltd. (Nigeria)

Affiliate Member
1. South Asian Federation of Exchanges (SAFE)
On April 5, 2013, the Ghana Stock Exchange hosted the 26th Executive Committee Meeting in Labadi Beach Hotel in Accra, Ghana. Some of the highlights of the meeting:

1. 17th Annual General Meeting & Annual Conference
   BRVM will host the 17th Annual General Meeting & Conference in Hotel Ivoire Abidjan, Ivory Coast on December 2-4 2013. The Conference website www.aseabrvm.org will be launched soon.

2. New Member
   ASEA welcomes the Sierra Leone Stock Exchange to the Association as the newest member.

3. Strategic Plan
   The committee adopted the following vision for the Association:

   **Vision**
   “To enable African Securities Exchanges be significant drivers of economic and societal transformation of Africa by 2025”

   The Committee further proposed the following seven strategic objectives of the Association to achieve the above Vision:
   1. Enhance the visibility of ASEA members at the international level and attract investments into African Stock markets;
   2. Promote market development among ASEA members;
   3. Provide an authoritative information portal on African public markets and emerge as a valuable source of aggregated statistics and information on African Exchanges;
   4. Emerge as a powerful lobbying and advocacy voice for ASEA members;
   5. Promote capacity building and training for ASEA members;
   6. Boost revenue streams of the Association in order to support its initiatives;
   7. Initiate strategic alliances on behalf of ASEA members.

   The strategic plan will be circulated to all Members and stakeholders for their input and recommendations before being adapted at the Annual General Meeting in December 2-4 2013.

4. Adoption of a new logo
   The committee unanimously agreed to adapt a new logo for the Association designed by I-Net Bridge.

5. Design and development of the ASEA Website
   I-Net Bridge in an agreement with ASEA has accepted, develop and upgrade the ASEA Website and Members will be updated on the launch of the new re-designed website.

Silvana Wanjiru
Secretary, ASEA

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President: Mr. Sunil Benimadhu, Chief Executive, Stock Exchange of Mauritius
Secretary: Ms. Silvana Wanjiru Kamau
Website: www.africansea.org
Contact: secretariat@african-exchanges.org swanjiru@nse.co.ke

- President: Mr. Sunil Benimadhu, Chief Executive, Stock Exchange of Mauritius;
- Vice President: Mr. Oscar Onyema, Chief Executive, The Nigerian Stock Exchange;
- Mr. Geoff Rothschild, Head: Government and International Affairs: JSE Ltd.;
- Mr. Joseph S. Kitamirike: Chief Executive Officer: Uganda Securities Exchange;
- Dr. Mohammed Omran, Executive Chairman: The Egyptian Exchange;
- Mr. Peter Mwangi, Chief Executive: Nairobi Securities Exchange;
- Mr. Ekow Afedzie, Deputy Managing Director: Ghana Stock Exchange;
- Mr Karim Hajji Chief Executive Casablanca Stock Exchange
1. You have recently been appointed as a Member of the Executive Committee of ASEA; tell us a little bit about yourself and what you bring to the table?

I am very honoured to be a member of ASEA’s Executive Committee. It’s a wonderful opportunity for me to make a real contribution to developing ever closer ties between securities exchanges in Africa and to cooperating in areas of mutual benefit to member countries. The Casablanca Stock Exchange can genuinely add value in areas where it has a strong reputation – technological expertise, investor education and high-quality human capital, not to mention its track record in overcoming obstacles. The Casablanca Stock Exchange is therefore well-placed to offer guidance and to generate ideas so as to help other African exchanges in their development.

2. Stock Exchanges in Africa have been clamouring for global recognition regarding the contribution made to their countries’ development? Do you think we are halfway there?

African exchanges have provided investors with some of the best returns over the past 10 years. The Nigerian Stock Exchange saw its market capitalization and volume rise by 40% and 12% respectively in 2012. This was even better than the Johannesburg Stock Exchange, Africa’s leading exchange and the Shanghai Stock Exchange, one of the world’s most promising markets. It’s not surprising therefore that these exchanges are looking for global recognition. Even less surprising is the extent to which they have become real catalysts for their countries’ economic development.

African countries are enjoying strong growth. Enormous projects are being undertaken and the banking sector is unable to meet such strong demand for capital by itself. But the stock exchanges are able to, provided that they...
are attractive to both companies and investors. It is essential however that they overcome their various shortcomings and deal with issues such as governance, technology and liquidity. This is a huge challenge of course, but I’m convinced that Africa’s securities exchanges can become effective catalysts for their countries’ economic development, gain the recognition that they merit on the global financial stage and help increase their countries’ share of the global economic pie.

3. There have been talks by the African union of an African Exchange. How achievable is this? What model do you see working best?

A pan-African securities exchange would indeed be an excellent way of achieving closer financial integration in Africa but that would require significant structural changes, as well as the acquisition of technology and infrastructure and the harmonization of regulatory, legal and accounting standards. Above all, such a project requires political will. It would be a long process but certainly advantageous over the long term. In the mean time, we can all work together to increase dual-listing or launch on Global depositary receipts for example, in order to develop our cooperation and the liquidity of our respective markets.

4. What is the value of ASEA to Member Exchanges and where would you like to see ASEA in the next 5 years?

ASEA was founded with the aim of establishing mutual cooperation and exchange of information among its African member countries. An additional goal was to raise awareness of Africa’s securities exchanges among the global financial community in order to attract potential investors. This was the main reason for establishing the FTSE ASEA pan-Africa index series in partnership with the FTSE Group. It is expected that ASEA will see a rise in its membership, enabling it to achieve ever closer integration between Africa’s securities exchanges.

5. Casablanca Stock Exchange is one of the oldest Exchanges in Africa. Comment on the achievements and outlook for the Exchange.

The Casablanca Stock Exchange was established in 1929. It has since undergone a number of reforms, the most important one being in 1993 which transformed it into the exchange that we recognise today. The stock market has grown over the years. The number of companies listed on the Exchange has risen from 53 in 2004 to 77 in 2012, an increase of 45.2%. Total market capitalization rose by 114.9% from MAD207bn to MAD445bn over the same period. Between 2007 and 2012, MAD96.3bn was raised on the Exchange through debt and equity. In 2011, issuance amounted to 2.25% of GDP, a level which has remained relatively stable since 2007.

The Parliament is currently examining a series of regulatory reforms, which, when adopted, will help boost the market. These include the introduction of a number of measures aimed, in particular, at developing the futures market. The Casablanca Stock Exchange is also working with a number of stakeholders towards developing a clearing house for derivative products as well as introducing a new trading system. New legislation authorising securities lending/borrowing was recently passed. A number of other market-related bills are in the pipeline.

The Casablanca Finance City project will also be positive for the Casablanca Stock Exchange as it will attract international investor interest and foster an eco-system with investment banks, advisors, lawyers, fund managers, which help further improve liquidity and develop IPOs.

6. Are there any caps on foreign investors? What is the ratio of domestic to foreign investors?

In 2012, foreign investors accounted for 14% of volume on the central market. Over the past five years, foreigners accounted for 29% of total market capitalization. In 2011, foreign investment, including by Moroccans living abroad, totalled
The Casablanca Stock Exchange is able to provide African companies with the capital necessary for their growth.
1. You have been recently appointed Chief Executive of the Mozambique Stock Exchange; please tell us a little bit about yourself and your experiences as the head of the bourse so far.

Mrs. Chambuca graduated in Economics and has previously been interned at Euronext Lisbon Stock Exchange. She is recognized as an economic specialist of Mozambique, expertise which has been gained through 5 years (2005-2010) working as the Head of the Department of Domestic Debt Analysis, and 2 years (2010-2012) as the Deputy National Director at the National Directorate of Budget, both in the Ministry of Finance. As for personal life, she is married, has two children and enjoys doing gymnastics.

I was appointed Chief Executive on the 6th April 2012. This is almost one year working in the Exchange which has been a very interesting but challenging experience, mainly because of three reasons. First, the capital market is still an unknown subject to almost the whole population of Mozambique, even among the market participants; second, there is almost no expertise regarding financial market functioning and its activities in the country and third, the Mozambican economy is going through a transformational phase, which demands greater effort from the different sectors of the economy, in order to prepare strategies to overcome obstacles that may appear.

Nevertheless, there are also encouraging aspects. Over the same period, I have had the opportunity to establish deep relationships with the institution’s workers and have been of great help in facilitating my integration into the institution’s environment. My team and I are optimistic of the future to the institution, combined with the various programmes that are presently being created internally.


This year, 2012 marks the thirteenth year of formal operations of the Mozambique Stock Exchange. We have achieved a number of achievements, such as the listing of the largest bond issue ever carried out in the Mozambican securities’ market, called Treasury Bonds 2012. Furthermore, in the same period, the largest volume of Commercial Paper was listed and traded in the exchange, after a past history of non-acceptance of this market by issuers and investors.

Also, the listing of shares of “CETA, Construções e Serviços, SA,” in June, allowed the institution to bring greater awareness to its activities, which contributed to an
increased interest from companies and investors to join the bourse. This also unleashed a new era for BVM’s operations, as for the first time, it reached a market capitalization of over USD1.000, 000 million. In the future Outlook, our intention is to give continuity to the projects that we presently have, mainly directed to reducing market illiquidity and increase the awareness and recognition of the Exchange.

3. There are a lot of challenges facing the African Stock Exchanges in general. What challenges do you face?
First – We need to increase the number of securities listed and develop measures to foster market liquidity.
Second – We need to foster institution’s awareness among the public.
Third – We need to create and establish a financial education program.
Fourth – We need to establish and manage a Central Securities Depository (CSD), which will allow the registration of market participants, recognized and accepted as members of the system.
4. How will you address illiquidity in your market?
Throughout 2012, we have developed works with IGEPE (Institute for Management of State Holdings), which is the body of reference in fostering and managing the State participation on the business sector, in order to identify potential portfolio State companies interested in being listed on the Stock Exchange.

To establish a primary dealer system and license market makers that will create liquidity on trading of Treasury Bonds, the BVM has prepared the general procedures, in coordination with the National Directorate of Treasury. The proposed procedures are expected to be approved in 2013.

Currently, BVM is working on establishing a Financial Literacy Program, with the main objective of spreading financial literacy, particularly with respect to capital markets, nationwide. However, this is still on its embryonic phase and much has still to be done, mostly in regard to human and financial resources allocation. We are also studying plans directed to the promotion of market participation in order to increase the current number of companies and securities listed. These are also included as one of the goals to be attained through the Financial Literacy Program described above. Moreover, we have been establishing platforms of cooperation with other Stock Exchanges, which presents similar market environment such as the BVM’s, in order to share relevant information for the Mozambican capital market development.

In order to make capital market issues more accessible, BVM is in the process of drafting a book collection, containing all the legislation governing the Mozambican capital market, as well as related legislation. This will provide information pertaining to all aspects involved in the functioning of the market (e.g., issuance, listing and investment).

Last but not least, after an analysis of the capital markets of countries in the SADC region and abroad, with regards to the models and regulations of existing Central Securities Depository, BVM is the process of creating conditions for the establishment of its own Central Depository.

5. Who owns the Mozambique Stock Exchange? Is the Exchange still funded by the national government?
Yes. BVM is a public institution, under the umbrella of the Ministry of Finance.

6. How do you encourage foreign investors’ participation in your market? Any tax on capital gains? Is there a policy on repatriation of dividends, interests? Are there any exchange controls?
Foreign investors benefit from free expatriation of capital, interest and dividends on capital invested in the Stock Exchange, governed by a notice from the Central Bank and instituted in 2003. This is presently being regulated by the Exchange Legislation. It is important to note that, according to the law recently approved by the Mozambican Government, companies (foreign or national), involved in the exploitation of Mozambican natural resources, will have to participate in the Mozambican capital market (through IPOs), in a percentage ranging from 5% to 20% of its total capital.

7. The Mozambique economy grew at an average rate of 6.8% in the year 2012, what are the factors behind this growth and is this being reflected in the growth of the stock Exchange?
It is important to highlight that, according the most recent statistical data in 2012, the Mozambican economy grew at an average rate of 7.5% compared to 7.3% in 2011 and 6.8% in 2010. This economic growth was largely determined by the development of the following sectors: financial services, public administration, transport and communications, agriculture and forestry, trade and repair services, electricity, water, education and the mining industry.
In December 2012, the harmonization of the monetary and budget policies, coupled with the good performance of the economy contributed to the retreat of the annual inflation measured by the Consumer Price Index of Maputo city, to 3%, after previously being 5.46% in 2011.

With the decline of inflation, there was also a decline in the general price level, increasing consumer buying power, demand and consequently the countries’ economic power. Because of this, BVM assisted the issuance of the greatest domestic public debt in Mozambique, called Treasury Bonds 2012. The issue, in the amount of 3,150,112,400.00 MT (105.0 million USD), represented a major milestone in the history of the Mozambican Capital Market. Moreover, there was also a significant listing on the Commercial paper market, which registered 6 new issuances and listings. Lastly, it also contributed in fostering BVM’s volume and value of transactions, which registered an increment of 352.15% and 355.11% respectively, when compared to 2011. In terms of its dimension, the stock exchange market capitalisation evolved from 16.998.24 million MT (573.30 million USD) in 2011 to 31.947.00 million MT (1077.47 million USD) in 2012, with a growth rate equal to 87.94%.

In 2013, we expect the results to be even better. The advent of mega-projects in the country, designed with the objective of maximizing opportunities arising from the recently discovered Mozambican natural resources such as gas, coal and oil, and the recently established law, approved by the Mozambican Government, which will encourage companies involved in the process of exploitation to participate in the capital market, represent a significant promise to the future operations of the Stock Exchange, as it relates directly to the biggest obstacles faced by BVM, namely, low levels of listed securities, investment and market liquidity.

8. How does your exchange benefit from being Members of ASEA?
Among the benefits BVM has gained from being a member of ASEA, there are:
- Greater promotion, through the dissemination of information in the website, media, conferences and seminars conducted within the Association’s scope.
- Greater openness to regional and international markets.
- Sharing of information and materials with other exchanges.

To establish a primary dealer system and license market makers that will create liquidity on trading of Treasury Bonds, the BVM has prepared the general procedures, in coordination with the National Directorate of Treasury. The proposed procedures are expected to be approved in 2013.
A Visit to the Libyan Stock Market

By Kevin Virgil, Partner, Pathfinders Ventures

I spent most of the past week in Tripoli, Libya. The primary intent for this trip was to choose a location that will house our long-awaited property venture there. That part of the trip went well; we have access to several feasible options in the city’s two best neighborhoods. Insh’allah (as they say here) we will finish negotiations and sign a lease within the next month; at that point the real adventure will begin…

But, that is a story for another (quickly approaching) day. For now, I wanted to share some background on this week’s visit to the Libyan Stock Market (LSM). I have visited several stock exchanges in frontier markets, and have found them to be an effective indicator of their country’s overall state of development.

Some quick facts and figures for the quants out there…

**Libyan Stock Market (LSM)**
- Total number of traded securities: 13
- Total number of listed (but not tradable) securities: 39
- Total market capitalization of all listings: 4.2bn LYD (note: 1 USD = 1.25 LYD)
- Average daily trading volume: LYD 80,000
- Number of licensed brokers: 8
- Trading hours: 10.00-12.00, Sun-Thu every week; closed for public holidays
- Trading commission: 100bp (60bp to broker, 40bp to exchange) + 0.25 dinar fee per trade, regardless of size
- Custodial services: Offered by exchange, not by banks or brokers
- Settlement: T + 3

Margin accounts: Absolutely not! Consumer credit is non-existent in Libya and that applies to securities accounts as well
Restrictions on foreign trading: None
Traded on exchange as of 1 April 2013:

**Banks**
- Mediterranean Bank
- National Commercial Bank
- Trade & Development Bank
- Gumhounia Bank
- Sahara Bank
- Wahda Bank

(Gumhounia, Sahara, and Wahda account for more than 50% of the exchange’s total market capitalization)

**Insurance**
- Deserts Insurance
- Libya Insurance
- United Insurance

**Financial Services**
- Libyan Stock Market

**Building Materials**
- National Union Engineering

As you can see, the numbers are tiny by Western standards; most US or European equities traders routinely push buttons that move more money than the entire exchange sees in a week. Keep in mind that Libya is a growth story… the country experienced the world’s highest GDP growth last year, a trend that is likely to continue. What better time to get to know LSM management than right now, when it’s still a relatively quiet place?
As a foreign investor, the best way to learn about this exchange is to visit its website (www.lsm.ly). Of course, like nearly everything else in Libya you must speak Arabic to understand it as no English-language translation is available. This also holds true with the exchange’s market data and promotional literature – under Qaddafi, English signage and literature were forbidden. Like many things in Libya, this will ultimately change but there are no immediate plans to do so.

The Libya Stock Market (LSM) is located on the Gergarish Road, in the fashionable Hay Al-Andalus neighborhood of Tripoli. This was my first trip back to Libya in six months, and I was struck by how many new businesses have opened in the neighborhood. New retail locations are everywhere, the restaurants are busy, and traffic is even worse than I remembered. Clearly there is a lot of disposable income here.

I had called earlier in the day and scheduled a meeting with Dr. Ahmed Karoud, the exchange’s general manager. Upon arrival, I walked through the trading floor – which is probably less than 300m2 in size. There are a couple of large electronic screens that show market data for the listed stocks and overall index (LYX).

The Chairman’s office is enormous and ornate, with some fantastic Arabic artwork and script on its walls. Dr. Karoud was younger than I expected, probably in his mid-30s. Libyan business hospitality is outstanding, and coffee/tea are nearly always offered to guests. Normally when I ask for coffee I expect to receive one of those ridiculously tiny Italian espressos; however this time I received a large cappuccino that puts Caffe Nero to shame.

Also in attendance were Ali Balrasa, the Exchange’s Director of IT and market data, and Mohammed Sallabi, the Director of Trading. The meeting lasted for an hour, the first few minutes of which was spent talking about Libya and its ongoing state of development. We then shifted to an overview of the LSM. The exchange is privately-owned; the government controls a 30% stake through its investment fund, but it is primarily owned by individuals and institutional investors. The LSM trades on-exchange with ticker LSM. It has been active since 2008, and was shut down for over a year during the 2011 revolution. Now it is back on-line and looking to grow. There are currently 80 employees working here.

One interesting point arose during our chat: under the “Great Socialist Republic” of Qaddafi’s regime, shares were routinely provided to the people. By management’s estimate, approximately 260,000 Libyan citizens own shares but are not yet authorized to sell them. Under the current government, this will change beginning in August 2014. If this holds true, expect to see a significant drop in prices across the LSM as the ‘main street’ Libyan sells his shares en masse for a quick payday. Most people here don’t place much value in stocks; it is likely that many do not even understand what a stock is. Forty-two years of socialism cannot be undone overnight.

To me, this scenario presents some parallels with the Russian voucher system of the early 90’s. After the Soviet Union’s collapse, the Yeltsin government gave every Russian ‘vouchers’ that implied ownership in the formerly state-owned factory, mill, or mine where they worked. The smart Russians bought as many vouchers as they could – sometimes literally trading with their less savvy colleagues for a bottle of vodka – and took control of those assets. This is how Abramovich, Deripaska et al went from shift managers to billionaire football club owners in a decade. Will that happen here? To paraphrase Mark Twain, “History never repeats, but it occasionally rhymes…”
I need to do some more research here, but my initial thoughts are as follows:

1. If the August 2014 window for Libyans to sell their shares remains in place, the market will most likely crash as bids will be hard to find. The time to step in might be once the rubble stops smoldering from that expected tidal wave of selling.

2. If the sale of shares does lead to a spike in volume – and at some point it will – the LSM will be one of the clear winners. It retains 40bp of every trade. (Of course, this will be offset to some degree by the sale of its shares – which were included in the great Qaddafi giveaway).

3. At least two real estate funds will be listed on-exchange over the next year. These will be privately-owned entities and will act as REITs, under the principles of Islamic finance. No information is publicly available at this time but they could prove to be interesting ways to participate in the enormous infrastructure spending spree that is about to take place here.

If you want to get involved on the LSM, you need to get in touch with one of its listed brokers. For foreigners, your best bet is Mubasher in the UAE or Beltone Securities in Egypt. Both are strong regional brokers with a MENA focus.

On the other hand, if you want to watch market data for individual stocks, you have two options: either through the LSM’s website (currently in Arabic only) or through Mubasher, which has built a very good electronic trading platform that covers over 20 MENA markets. A third option is on the way – the LSM has an agreement in principle with Bloomberg, who will begin offering market data through their terminals later this year. You should then be able to see delayed market data via their website, even if you’re not shelling out $2,000 per month for a terminal.

In summary, I found the LSM visit to be fascinating. Like the country itself, this is a business that is trying to rebuild after 42 years of socialist kleptocracy and a revolution. Clearly not an easy task, but management appears to be committed. Their management’s candor and friendliness were both encouraging and refreshing.

I followed the Iraq Stock Exchange for nearly four years before making my first trade there. I doubt that it will take that long to find the right entry point in Libya, but I expect that it will be awhile before sufficient liquidity and transparency are in place. For now, I plan to stay on the sidelines and watch closely. If you would like to stay informed, drop me a line here and I’ll let you know when I think that conditions are right to take a punt.

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Investor Relations (IR), in its most widely accepted definition, combines finance, legal and communications skills with industry knowledge. The main goal is not only to meet regulatory disclosure requirements but also to proactively communicate the company’s opportunities and challenges to current and potential shareholders. Its role often also expands to reach other stakeholders such as, current and future employees, civil society, national and local government bodies.

The advancement of technology has changed the face of information accessibility. Companies are gradually gaining agility in developing information strategies. These include “pull” strategies where internet users are taking the initiative to obtain information (for instance, when they want to download a company’s annual report) as well as “push” strategies where content is pushed to interested parties, such as earnings announcements. Technology innovation also allows for interactivity and dialogue between listed companies and the capital markets, abolishing the constraints of time and place. In a nutshell, this is what online Investor Relations is about.

Bearing in mind that transparency, governance, accountability and growth are part of the same value chain, it is fair to say that online Investor Relations is the glue that binds them together.

Indeed, The World Bank / OECD Global Corporate Governance Forum held in 2000 at The Sao Paolo Stock Exchange declared that “Effective corporate governance and an obligation of transparency are therefore necessary conditions to economic development in precisely those industries that will shape growth in the next millennium.”1 In 2012, the OECD added that “To facilitate access to capital for fast growing companies in emerging markets without hampering their entrepreneurial drive will be important in order to ensure a stable and sustainable path of development.”2 This is why it should matter to exchanges and to listed companies as both can stimulate economic expansion through their commitment to transparency. These, in turn, are trust-enablers which can effectively drive value.

Monitoring online disclosure by encouraging issuers As they seek to develop their markets, exchanges cannot ignore the power of transparency and therefore, good governance as well as liquidity on attracting and retaining quality, long-term investors. When it comes to addressing online Investor Relations, there are three main routes for exchanges to follow: - To develop and maintain a data repository, where listed companies file mandatory information. A good example of this is EDGAR, “the Electronic Data Gathering, Analysis, and Retrieval system, which performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies and others who are required by law to file forms with the U.S. Securities and Exchange Commission (SEC).”3 - To strengthen existing disclosure regulations by requiring listed companies to have a corporate website, and as part of it, an Investor Relations section. This may actually be part of the listing requirements. This section then needs to fulfill certain criteria: in particular, making a predefined, minimum list of legally required documents available to the public online, free of charge, in addition to the more traditional means of disclosure such as print media. - To educate, rather than legislate. In this respect, online Investor Relations is part of a broader effort by exchanges to promote best practices financial communication among issuers.

Encouraging international best practice online Investor Relations

In this day in age, online Investor Relations is no longer a “nice-to-have” by-product of the marketing department, but a must-have strategic function. Whether or not mandated by local regulation, its benefits are profound:

1. Effective & strategic online Investor Relations optimizes

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1 Address by Ronald J. Gilson, Meyers Professor of Law and Business, Stanford Law School at The Sao Paolo Stock Exchange, 2000, The World Bank / OECD Global Corporate Governance Forum
2 Corporate Governance, Value Creation and Growth - The Bridge between Finance and Enterprise (OECD), 2012
3 www.sec.gov
management’s time and IR budgets. A well-constructed Investor Relations website dramatically reduces print and mail costs, as well as telephone and travel expenses. More specifically, companies can refer incoming information inquiries to their website which acts as a central communications backbone. In terms of optimizing management’s time, the website should serve as the first point of departure for anybody researching a company or market anew. This reduces the need to conduct introductory roadshows and elevates the conversations on the company when management eventually meets with potential investors.

2. A well-crafted online communication strategy improves a company’s visibility. A website with quality content and meaningful information increases a company’s chances of attracting media and analyst coverage, as well as the potential investors who will provide the capital needed to finance strategic growth projects. This is especially true today, as fund managers chase alpha in terms of enhanced returns and particularly true as the investment case for Africa gains prominence. This is underscored by the World Bank / OECD Global Corporate Governance Forum. Accordingly “(...) the global economy has been reshaped by the extensive shift of wealth towards emerging economies.”

The importance of online Investor Relations is further supported by the results of the recent Shareholder Confidence 365 Study conducted by PR Newswire, Vintage Filings and CNW. According to more than half (53.4%) of the 13,000 individual and professional investors polled they would not or do not invest in a public company that does not have an Investor Relations website.

3. In keeping with most legislation, online reporting eradicates the risk of selective disclosure and ensures equal access to price-sensitive information. Through the Internet, information is available immediately to all interested parties.

Online IR 101

It is likely that technology will continue to evolve. To this end Online Investor Relations is the pivot or foundation on which a broader corporate communications strategy can be built. As a starting point, the following information should be found on every African listed company’s website:

- Share price information.
- Online annual report
- Financial calendar.
- Corporate information (“who we are”, history, strategy, corporate governance).
- News and press releases.
- Contact details (authorized spokesperson, not just the switchboard, with telephone numbers and email addresses).
- Share owner information (share ownership breakdown, dividend history, Annual General Meeting documentation).
- Financial results and statements.
- Earnings presentations.
- Analysts’ coverage.
- E-mail subscription list

Online IR: a communication opportunity

Needless to say, the world of corporate reporting is evolving. This is in part, being led by innovative technology and increased competition for capital. Moreover, investors and other stakeholders demand more comprehensive and higher quality information to gain a better understanding of a company and its performance. Businesses need to create the most effective vehicles to satisfy the broadest range of stakeholders while communicating their value, in both the near and long term. And, everyone needs to keep budgets in check. This makes online IR the most plausible solution.

Apart from its reach, online IR is a communication opportunity that can be made more powerful and more useful with the right attention to how one frames and sets the terms for the ongoing, necessary conversation with shareholders and stakeholders.

No matter the approach, the key remains a consistent story and presentation, communicating business value. Delivering a single, coherent message to all stakeholders improves disclosure and transparency, and gives stakeholders of all stripes reason to invest in your company and brand. A company’s website remains a potent vehicle for your company to tell its story, clarify its point of view and purpose, and engage all key stakeholders in a meaningful way.
A Certified Financial Analyst and a PhD in international finance, Anne Guimard is the Founder and President of FINEO Investor Relations Advisors and The School of Investor Relations.

A Certified Financial Analyst, Anne also holds a PhD in international finance. Following nearly two decades of experience as a Chief Investor Relations Officer at multi-listed groups and as financial analyst in equity research and Mergers & Acquisitions at leading investments banks, she founded FINEO Investor Relations Advisors in 1999. With offices in London, Paris and Johannesburg, the firm offers companies the independent, high value-added advice they need to effectively compete for capital on a global scale. One of FINEO’s key differentiators is that it has always put training and international best practices at the heart of its IR strategy consulting practice. This is further evidenced with the creation of The School of Investor Relations, a uniquely innovative training portal.

To this date, FINEO has attracted more than 1,300 companies in more than 60 countries. Author of several books on Investor Relations, Anne Guimard regularly speaks at international training courses and conferences. Anne serves on the Board of Directors of the National Investor Relations Institute in the USA, the world’s largest organization for Investor Relations professionals. She is also a member of the Investor Relations Society, the French Securities Analysts Association and the French Institute of Directors.
The emergence of the practice of “investor relations” in Africa – now is the time

There are two things I hear every day: that Africa is the last true emerging market opportunity and that social media and the Internet is changing the way the business world is communicating. Both true.

Rob Stangroom

What we need is a revolution in the way African listed companies disclose pertinent investment information online. We know it has been done in other countries. What we need is a few motivated professionals and government leaders (or the African Securities Exchanges Association) to encourage regulatory bodies to enable more proactive and timeous investment communications to all stakeholders.

Why? Because of the power of social media and the ability, through African stock exchanges, to provide a share of Africa’s future to Africans.

In Part I of this article, I will share how dedicated corporate achievers and the US National Investor Relations Institute (NIRI) were able to capitalise on market opportunities and through a steady transition in post war US, ensure that Investor Relations practices emerged as the way forward to communicate with shareholders. From limited participants, these forward thinking professionals were also able to engage the general public, enabling disclosure of investment information, transparently and ethically which captured the imagination and participation of a nation in rebuilding itself.

The USA’s revolution on the stock exchange took place gradually when post war listed companies started engaging shareholders individually, and aside from those wealthy few that engaged the services of analysts and stockbrokers to look after their investments, the broader public who had saved their meager earnings were elicited to invest in order to raise the capital (Africa is in a similar position).

In so doing, the number of investors rose far beyond market expectations and soon the dynamics of selling shares created administration backlogs in the back-office operations of Wall Street that brought on early New York Stock Exchange (NYSE) closings to handle the paperwork and over time, necessitated progressive technological automation and efficiency. The public, for the first time, began to get into the market and although individuals had played the market in the 1920s, nothing matched the numbers and trading volume of the 1950s and 60s.

African stock exchanges should take its cue from the story
that revolutionised the American stock market industry that now engages people from all walks of life to invest in stocks and shares.

Although in the US initially there were abuses in shareholder company relations, the perseverance and determination of a number of individuals from progressive American companies, enabled them to pioneer better regulation and safeguard the investments of individuals and corporates alike. African markets have a lower standard of regulation, but there is also evidence of regulatory improvements in a number of countries. In the 1950s and 1960s, the need to establish ethical US was still quite urgent and it was a high priority at the time.

General Electric (GE), one of that country’s oldest and most recognisable companies, had long practised the exportation of its senior management and organisational ideas to the American business community as a public service. In this regard the company’s new investor relations executives were able to share GE’s approach to the field. They responded early and perceptively to a growing challenge and a sea-change then taking place in the ways wealth was being created in deployed across America. The African continent has a wealth of entrepreneurs who, if not already doing so, could adopt this stance.

In the US, shareholder education, not only of potential investors, but media analysts and public relations companies at the time, was critical and it was in the 1950s that the term Investor Relations was coined. This is currently not a priority in Africa, although Africans demand a share in their own resources. The retail African investor is being ignored if judged by US standards of investor engagement. Stock markets are the future to resource ownership but African stock exchanges have yet to realise this in the context of where Africa is on the global investment stage at present.

In order for companies to grow and thrive, they need capital, and just like the post war US scenario, it makes economic and political sense to involve individuals where a culture of democracy would engage the general public to invest. It was rising activism of individual owners who fostered progressive investor relations practices at its outset. There’s no sign of this yet in African markets.

The social media phenomenon is partly the key in the ability to educate people on the African continent and give Africans a share of their own rich heritage. In turn, companies of all genres can raise capital and brand awareness that may not initially be available. It’s a case of motivation meeting opportunity. Just like the USA post World War II except in this case transformation could be a matter of years not decades.

Part II will discuss who should be responsible for promoting and publishing investor information online in Africa.

About Rob Stangroom
Rob is a Chartered Accountant specialising in online investor relations in African stock markets. He manages www.africanfinancials.com, Africa’s largest portal of free online annual reports. He acts in a consulting capacity for the Zimbabwe Stock Exchange and 25 listed companies.
Unlocking the Access to Africa

A question I often get asked is “How does FTSE decide to operate in any given market?” The first point to make is that FTSE is not trying to pick ‘winners or losers’. Like any other business we are focused on providing our customers with genuine choice.

The decision around what choices we offer our customers is not simply driven by FTSE’s desire to expand its business geographically. At its core, a good index should fully capture a particular investment opportunity set. This might be a simple equity index, an alternative asset class, or increasingly the new opportunities of Emerging and Frontier markets.

In 2002, FTSE Group entered into a formal cooperation agreement with the JSE (formally the Johannesburg Stock Exchange) in the creation of the FTSE/JSE Africa Index Series. This was the beginning of FTSE’s Africa adventure. From a handful of equity indices at launch, FTSE/JSE now calculates a breadth of indices in excess of 110 every day.

Innovation is at the core of the FTSE/JSE partnership, as is strong corporate governance. The transparent and rules based approach underpinning the FTSE/JSE Africa Index Series has helped create and develop South Africa’s growing Exchange Traded Funds (ETF) market. With assets under management in the region of $1bn, Satrix Managers based in Johannesburg operates a total of 7 ETFs, all replicating FTSE/JSE Africa Indices¹. FTSE’s experience of partnership in South Africa has served as a useful template for other markets in Africa.

In today’s 24 hour media world it is impossible to ignore the constant reports highlighting the challenges facing developed markets and the growth opportunities of Emerging and Frontier markets. It is therefore important that FTSE provides investors with the necessary tools to analyze and access markets across Pan Africa. To address the growing investor appetite, FTSE has formed a number of important partnerships in key markets on the continent. At the time of writing, FTSE is able to provide investor globally with Pan Africa indices via the following partnerships²

- FTSE/JSE Africa and All Africa Index Series
- FTSE CSE Morocco Index Series
- FTSE NSE Kenya Index Series
- FTSE NSE Kenya Shilling Government Bond Index Series
- FTSE ASEA Pan Africa Index Series
- FTSE ASEA Pan Africa Index Series

A lot of research and consultation is undertaken before FTSE launches any new index. Market reaction to the launch of these indices and sub indices has always been positive. In fact, upon hearing of the FTSE ASEA Pan Africa Index Series launch in December 2012, the UK Member of Parliament for Rochford and Southend East, James Duddridge felt compelled to write an article for the Royal African Society in London commending the index³.

FTSE has designed all of its Pan Africa indices to provide investors with a robust means to assess, measure and gain access to the underlying market. Not all investors have the same resource, knowledge or desire to research the full breadth of markets around the world. At the same time, assets owners are increasingly focused on the performance and cost of active versus passive funds. FTSE indices play an important role in helping to address these issues and provide investors with access to the increasingly popular markets of Pan Africa.

The FTSE JSE RAFI Index Series is a fundamentally weighted index in conjunction with Research Affiliates, LLC

A full list of FTSE indices is available via http://www.ftse.com/Indices/index.jsp

FTSE ASEA Pan Africa Index Series: Aiding investment with the brain – James Duddridge, MP

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The Association of Futures Markets conference held recently in Johannesburg saw two new exchanges join the Association. Fittingly both these new exchanges are African. Namely The Bond and Derivatives Exchange of Zambia; and the Nairobi Securities Exchange, Kenya. Both countries are very advanced in the development of their derivatives exchanges, and intend trading futures and options in the near future.

What does the introduction of Derivatives Exchanges mean for the specific countries and the continent as a whole? Can the introduction of these new exchanges indeed assist the countries and help develop the economies? The case for a derivatives exchange in a country is a compelling one. Derivatives exchanges globally have demonstrated their usefulness and stability in prosperous as well as calamitous times.

In Africa the need for derivatives exchanges are no more diminished than anywhere else in the world.Indeed, Africa has a paucity of functioning exchanges, and the time is ripe for the establishment of new exchanges. Prior to the establishment of new derivative exchanges, it is imperative that the necessity and usefulness of derivatives be understood. It is an unfortunate fact of life that all derivatives are unnecessarily tarred with the same brush. Broadly speaking derivatives can be divided into two types. The first type being that of unregulated over-the-counter derivatives, which have caused severe disruptions to the global economic system, and have justifiably attracted much negative press. The second type is a well regulated, guaranteed and transparent market which provides equal and fair access to all participants. It is the latter market that is under discussion for the remainder of the document.

Derivatives contracts were originally designed for the mitigation and management of risk. It is for this primary purpose that they are still at their most valuable. Derivatives provide for the efficient pricing and transfer of risk. i.e. from those who do not want the risk to those who are prepared to assume the risk at a negotiated price. Derivatives have many other uses and have been readily adopted by investors, speculators and market makers alike. Indeed an efficient derivatives market cannot function without the inclusion of hedgers, investors, speculators and market makers. Each party requires the presence and activity of the other.

It is sometimes misunderstood that the co-existence of a derivatives market alongside a spot market can be detrimental to the spot market. As the spot market is generally started before the derivatives market, there is often some suspicion aimed at the derivatives market. There is however no documented proof that this is the case. In fact there are numerous examples of derivatives substantially adding to the liquidity and turnover of the underlying market. Market makers and arbitrageurs need to hedge their derivative positions - and do so in the underlying market. Thus derivative and a spot market complement one another and are mutually beneficial. Derivative markets have truly blossomed with the development and accessibility of the personal computer. Derivatives lend themselves to smooth electronic trading, on a guaranteed central order book. Access is granted to many as everyone’s credit is equal – a function provided by the central counterparty and the clearing house. Derivatives therefore become powerful tools in an efficient economy, providing easy and relatively cheap access to a broad spectrum of participants. Derivatives can be traded on a wide array of asset classes including amongst others: equities, currency, interest rate products (bonds), soft and hard commodities, as well as more exotic instruments such as weather and carbon credits.

Derivatives have shown remarkable growth over the past two decades. The events as unfolded in the global financial crisis in 2008 as well as new global banking regulation will only heighten the requirement for a well regulated derivatives exchange. Africa remains the final frontier for economic development. Many African country’s growth vastly exceeds that of the developed world. Functioning, regulated derivatives exchanges will greatly assist the African states, to grow and stabilise their economies. This is an exciting development which will be keenly observed from many quarters.
It’s a wrap

More than 100 delegates from 60 organisations attended the 16th Annual Association of Futures Markets (AFM) conference in Johannesburg during February/March, hosted by the JSE and the Securities and Trading Technologies (STT). Keynote speaker Martyn Davies, CEO of Frontier Advisory Ltd praised the world-class competitive private sector of South Africa, emphasising the financial sector as being its major success story.

Davies referred to SA as a ‘first world economy in a third world wrapper’, pointing out that in 1999 50% of sub-Saharan GDP was represented by the country whereas today that figure is 29%. He was not as complimentary about the rest of Africa, and also warned that the US’s discovery of new shale gas may impact on its importation of energy from Africa.

This set the tone for a highly interactive conference that, says Chris Sturgess, the JSE’s Director of Commodity Derivatives, ‘allowed for an exchange of ideas and experiences amongst those who attended and are involved in the derivatives market across the globe. Through the JSE and STT’s active participation in the Association, I believe we will continue to evolve the use of derivatives as price risk management instructions in many emerging countries.’

Safer Safcom

Safcom, the clearing house for the JSE’s derivatives market, has announced the promulgation of the rules enabling the establishment of a default fund intended to add another layer of investor protection in the exchange traded derivative market, in an effort to improve market stability given the impact of the financial crisis of 2008.

The new rules pave the way for a new best of breed risk management process for the SA derivatives market aligned to global guidelines set by the International Organisation of Securities Commission (IOSCO) and compliant with Basel III requirements.

The fund allows the nine clearing members, most of whom are banks, together with the JSE on behalf of Safcom, to pay collateral into a default fund (a legally separate entity) and invested as per an investment mandate agreed by Safcom. Each clearing member’s contribution to the fund is calculated according to the risk that each member brings to the central counterparty (CCP). The size of the fund and proportional contributions will be recalculated quarterly by Safcom with the total size of the fund disclosed to the market.
‘For the JSE, this is a big step towards overhauling the risk process in the SA exchange traded derivatives market and raising the profile and credibility of this market, particularly given that trading decisions are increasingly being made based on the costs of doing that trade,’ says Leila Fourie, Director of post-trade services at the JSE. ‘For the first time, Safcom effectively has “skin in the game” as it is now legally bound (as are other clearing members) to contribute to reducing the impact of the risks faced by clearing members. This ultimately adds additional layers of protection for members and investors.’

Free Float
The FTSE/JSE Africa Index Series has been reconstructed from a banded free float methodology to an actual free float to bring it inline with global index methodology changes applied by FTSE. As a result, increased trade will impact all investments that attract an index including: unit trusts, exchange traded funds, institution funds, and index derivatives products.

‘While the JSE’s quarterly index review does not typically have a large impact, this quarter’s changes should see a spike in trading volumes due to a substantially larger than usual turnover in portfolio positions,’ says Dr Jannie Immelman, Head of Information Services at the JSE. For example, the JSE’s quarterly index review normally creates a portfolio churn of around 0.9% for FTSE/JSE Top 40 Index trackers, while this review is forecasted to result in a churn of 5.8% - nearly 6.5 times larger than normal.

“This change will improve the market representation of the indices and potentially reduce large changes to constituent weights. An additional advantage is that free float data available to investors will be significantly more precise,” says Immelman.

The upside of fuel increases
As the most consumed, and traded commodity globally, with crude oil sales of 88 million barrels a day, South African transporters should consider turning to the market to better manage their price risk, given the impact of fuel increases on the cost of doing business. ‘While speculative trading opportunities exist, the core purpose of a derivatives market is to provide underlying market participants with an opportunity to hedge their crude oil exposure,’ says the JSE’s Director of Commodity Derivatives, Chris Sturgess.

This is supported by Gerhard Labuschagne, trader for BVG, who says that South Africa spends US$400-billion annually on crude oil that is used to produce diesel, petrol and jet fuel. What South African transporters should be looking at is any drop in barrel price to US$80 or below, he advises, to lock into lower prices through oil options or futures.

This can be achieved through the JSE’s Commodities Derivatives market that allows trading in both oil options and futures contracts. The West Texas Intermediate (WTI) benchmark is well recognised, says Sturgess, “We are experiencing a steady rise in demand for WTI futures and options from people who want to protect themselves against uncertainty in the energy market. As we have seen over the past two years, there is huge volatility in oil prices and some analysts believe WTI will again rise above US$100 a barrel in the foreseeable future, given that Brent is already currently trading at US$110.”

‘Oil options,’ says Labuschagne, ‘should be seen as a way of protecting against fuel spikes and with the current exchange rate we will be looking at diesel prices, for example, beyond R15 per litre if WTI moves back to $140 a barrel.’
Lusaka Stock Exchange – Impact of Regulation Changes In the Financial sector on the Market

The Lusaka Stock Exchange has only 3 banks listed on its market out of a total of 19 banks in the industry and these include: Investrust Bank Zambia Plc, Standard Chartered Bank Zambia Plc and Zambia National Commercial Bank Plc.

In addition a holding company, Cavmont Capital Holdings Zambia Plc whose major subsidiary is Cavmont Capital Bank Zambia Plc. During 2012 banking industry total assets increased by 30% to K34,275 billion on 31 December 2012 (2011:K26,323 billion). Industry total deposits grew by 27% in 2012 to close at K25,161 billion on 31 December 2012 (2011:K19,762 billion). Industry total net loans and advances amounted to K15,624 billion on 31 December 2012, representing 51% increase over K10,353 billion recorded on 31 December 2011. Net industry-wide profit after tax increased by 19% to K680 billion in 2012 (2011:K572 billion).

A number of banks extended their operations in many new locations and installed more ATMs to bring banking services closer to communities and promote financial inclusion. These developments all happened amid many regulation changes which included:

1. Minima Primary Capital Requirements On 30 January 2012, the Bank of Zambia increased minima primary capital requirement from K12 billion to K104 Billion for locally owned banks and K520 billion for foreign owned banks, and set 31 December 2013 as compliance deadline, an extension of the earlier deadline of 31 December 2012.

2. Bank of Zambia Policy Rate On 26 March 2012, Bank of Zambia introduced a Policy Rate to provide financial market participants with a benchmark rate for setting of interest rates on credit products, and is used by the Bank of Zambia to signal its monetary policy stance to the market.

3. Statutory Instrument (SI) No. 33 Effective 18 May 2012, SI 33 prohibited quoting, paying or demanding or receiving foreign currency as legal tender for goods or services or any other domestic transactions. It was anticipated that this was going to help increase foreign currency floats and boost the strength of the Kwacha against major convertible currencies.

4. Benchmark Bonds Bank of Zambia introduced benchmark bonds effective 31 August 2012. This was to provide for a standard against which the performance of other bonds can be measured. The 3-year, 5-year and 10-year government bonds were assigned benchmark bond status. The objective of the benchmark bonds is to encourage secondary trading in government bonds and thereby increase market liquidity, ease pricing, and introduce transparency in price setting. The pricing of treasury bills and government bonds was also changed from multiple price auction to a single price auction system effective 31 August 2012.

5. Zambian Kwacha Rebasing During 2012, Bank of Zambia announced measures to rebase the Zambian currency by dividing by a factor of 1000 and restructured the bank notes, added some new denominations (KW100 and KW2) and introduced coins for lower denominations. The new currency became legal tender effective 1 January 2013.

6. Capping of Annual Lending Interest Rates On 21 December 2012, Bank of Zambia issued a Circular that introduced a cap on margins that commercial banks could put on the BoZ policy Rate effective 02 January 2013. The inaugural margin was 9%, taking the maximum lending rate to 18.25% until such a time as revision is made to either the applicable factor or margin, or both.

In order to comply with the minima capital requirements, Zambia National Commercial Bank Plc conducted a bonus issue to its shareholders. This included the following steps:

- Increase in authorized share capital from K1,500,000,000 to K100,000,000,000 made up of 10,000,000,000 ordinary
shares of K10 each par value;  
- Increase of issued and fully paid up shares from 1,155,000,009 to 8,662,500,068 ordinary shares;  
- Issue and allotment of 7,507,500,059 new ordinary shares of K10 par value each “Bonus Shares” to shareholders registered in the books on the record date 27 April 2012 on a ratio of 13 new ordinary shares for every 2 existing shares held as of record date.

Standard Chartered Bank Plc on the other hand had challenges to firstly meet with the minima capital requirements as it is classified as a foreign bank. The bank required to revise minimum capital requirement to K520 billion, comprised of at least 80% or K416 billion in issued and paid up capital, and the remaining 20% or K104 billion composed of reserves. Earlier, in April 2012 the bank conducted a 26-for-1 bonus share issue as part fulfillment of new capital requirements. The impact of the bonus issue was:

- Increase in the number of issued and fully paid up shares from 663,390,000,000 to 833,490,000,000 shares of K0.50 par value each;  
- The issue and allotment of 170,100,000,000 new ordinary shares “bonus shares” of K0.50 par value each to shareholders registered in the books of the company on the record date on the basis of 10 bonus shares for every 39 ordinary shares.  
- The price per share was adjusted downwards by dividing the closing price (K2.00) on the last day to trade (23 November 2012) by 1.2564. The resultant new provisional share price (K1.59) was used as the reference price upon which the subsequent consolidation was to be effected.

The second challenge arose from the currency rebasing exercise. All prices were to be divided by a factor of 1000 effective 1 January 2013. The dilutive effects of bonus issues of April 2011, April 2012 and November 2012 on the share price were quite significant. Prior to the April 2011 bonus share issue the price was K600. The price was diluted to K78 after the bonus. The second bonus diluted the price to K3.00. The third bonus issue diluted the price from K2 to around K1.59 and made dealing and trading on the LuSE impractical when rebased. Therefore a consolidation was proposed and implemented to adjust the share price ahead of the currency rebasing (but no change in market value) and gave a realistic working figure after currency rebasing was effected. The details and implications of the consolidation were as follows:

- A decrease in the number of authorized shares from 900,000,000,000 shares of K0.50 par value each to 1,800,000,000 shares of K250 par value each;  
- A decrease in the number of issued and fully paid up shares from 833,490,000,000 shares of K0.50 par value each, being the approximate number of issued and fully paid up ordinary shares after the Bonus Share Issue, to approximately 1,666,980,000 shares of K250.00 par value each;
- The consolidation increased the nominal value per share by a multiple of 500 whilst simultaneously decreased the number of authorized and issued shares by the same multiple.  
- The consolidation was effected on 27 November 2012.  
- The share price on 23 November 2012 was K2.00. This was divided by 1.2564 and then multiplied by 500 (consolidation price adjustment) resulting in a price of K796.00 per share.

Investrust Bank Plc opted to use retained profits to comply with the Bank of Zambia minima requirements for local banks. It further consolidated the share capital in order to adjust its share price prior to currency rebasing. This resulted in:

- The decrease in the number of authorized shares from 120,000,000,000 shares of K1.00 par value each to 120,000,000 shares of K1,000.00 par value each;  
- A decrease in the number of issued and fully paid up shares from 4,665,223,615 shares of K1.00 par value each to approximately 4,665,224 shares of K1,000.00 par value each.  
- The consolidation was effected on 17 December 2012. The share price K14.90 was multiplied by 1000 resulting into K14,900.00 ahead of currency rebasing.

Cavmont Capital Holdings Zambia Plc opted to undertake a Claw-back Rights Offer intended to raise a total of K90 billion to recapitalize Cavmont Bank Limited in order to comply with the revised minima capital requirements announced by the Bank of Zambia. The renounceable Claw-back Rights Offer by Cavmont Capital Holdings Zambia Plc of 64,285,714,286 ordinary shares at a subscription price of K1.40 per share in the ratio of 90 new ordinary shares for every 7 ordinary shares held on record date 2 November 2012.

The upside of bonus issues was that it improved liquidity in the stocks above with Standard Chartered Bank Zambia Plc accounting for bulk of volume traded.
The five (5) year bond issue provides investors with the option of investing in fixed rate notes at a fixed interest rate of 13.5% per annum. They also have the option of investing in equity linked notes at a fixed interest rate of 12.75% per annum plus an equity upside linked to the growth of the Company’s Net Asset Value subject to a maximum of 15% of the par value of the notes. The interest rate for both notes are payable semi-annually and will be redeemed in one installment on September 11, 2017.

Following the debt issue Centum has already deployed the funds through its private equity business to acquire 45% shareholding in Platcorp Holdings Limited, an emergency micro lender operating in Kenya, Uganda and Tanzania as Platinum Credit Limited ‘Pesa Chap Chap’. Platinum currently serves more than 80,000 customers across East Africa and the customer base is growing.

Centum Chairman, Mr. James Muguiyi, noted that the company had made huge strides in its slightly over forty (40) year history and highlighted:

1. A track record of growth of assets under management from Ksh. 6.0 billion ($68.67 Million) to Ksh. 19.0 billion ($217.44 Million);
2. Diversification of business lines in asset class and geography to ensure multiple revenue streams and;
3. Experienced and entrepreneurial management.

He added that Centum was firmly on course in pursuing its ambition to be Africa’s foremost investment channel by positioning itself at the heart of mobilizing local capital for the region’s projects. Mr. Muguiyi said that he was confident the firm would attain its target of Ksh.30.0 billion ($343.33 Million) assets under management before end of the current strategic period in March 2014.

Mr. Muguiyi pointed out to investors that Centum as an investment vehicle was in a position to enable them gain equity ownership in private and public companies that they would ordinarily not have access to. This he noted was important in bridging the gap that exists between capital available for investments and the investment opportunities. Mr. Eddy Njoroge, NSE Chairman noted that the relationship with Centum Investment Company “Centum” spans almost forty six (46) years, when ICDC Investment Company Limited listed on the Securities Exchange in 1967. “We are delighted that Centum is again setting trends in Kenya’s capital markets and cementing its relationship with the Exchange by being the first company in East Africa to list equity linked notes,” Mr. Njoroge said.

ABOUT CENTUM INVESTMENT COMPANY LTD. “CENTUM”

Centum invests across three (3) principal business lines: Private Equity, Real Estate & Infrastructure and Quoted Equity. As at 30 September 2012, Centum’s total assets were valued at Ksh. 19.2 Billion ($219.73 Million).

1. The Private Equity (PE) business line is Centum’s largest accounting for 58% of the portfolio. The PE business line invests in companies that largely serve the needs of the domestic and other African markets and focuses on acquisition of controlling and significant minority equity positions in unlisted companies. Investments in PE are made directly by Centum and will in the future also be through raising of third party funds. Real Estate & Infrastructure accounts for 28% of the portfolio.
Speaking during the 16th Annual AFM conference in Johannesburg, South Africa, Mr. Peter Mwangi the Chief Executive of NSE stated, “We are elated at joining the Association of Futures Markets as it the industry trade association, supporting members and particularly, emerging and frontier markets, in the establishment of derivative and futures markets, according to international best practise.”

Derivatives can be used either for risk management (i.e. to “hedge” by providing offsetting compensation in case of an undesired event, “insurance”) or for speculation (i.e. making a financial “bet”). The establishment of a derivatives market in Kenya will enable Kenyan corporate and individuals to manage risk such as fluctuating produce prices, currencies and interest rates more effectively.

Bloomberg and Nairobi Securities Exchange hosts analysts forum in Nairobi

On April 18 2013, Bloomberg LP and the Nairobi Securities Exchange (NSE) co-hosted an Analyst Forum at the Intercontinental Hotel in Nairobi, Kenya. The event was a success with over seventy (70) participants in attendance. Bloomberg’s portfolio specialist moderated the panel discussion focused on “Challenges Facing Investment Managers Today”.

The purpose of the Forum was to shed some light on how analysts can attract domestic and international investors by understanding how to analyze local companies and tailor that analysis for this audience and particularly foreign investors.

Working with global market vendors such as Bloomberg LP and ensuring transparency of Kenyan exchange-listed companies helps lure portfolio flows into the domestic market.

The FTSE NSE 15 is up 23.5% as at the end of trading on April 19 2013. Launched on November 8 2011, this tradable index reflects the performance of the largest 15 stocks trading on the Nairobi Securities Exchange, ranked by full market capitalisation.
1. Financial Literacy Initiatives
Apart from participating in various crowd pooling events DSE also hosted groups of students who visited Exchange to learn stock market operations. DSE is using these opportunities to disseminate knowledge on capital market issues. In September 2012 DSE jointly with IFC and NIC Capital of Kenya organized a forum with theme deepening capital market in Tanzania.

During the forum various papers were presented that aimed at enlighten the general public on roles of different financial institutions and opportunities available in the country stock market. From January 2013 DSE will be conducting a wider ever public education campaign that will cover the whole country. The programme will involve two (2) days seminars to prospective issuers on the Enterprise Growth Market (EGM) in all Regions, TV and Radio Programmes regarding existence of the second tier market for medium enterprises for a period of 36 weeks (9 months).

2. New Products/listings
There was no new issue on equity board during the period; however, DCB Commercial Bank application for rights and bonus shares was approved. DCB has applied for listing of additional 44.7 million ordinary shares. On bonds market the Government listed Treasury bonds worth TZS 614.27 billion (US$ 390.85 million) during the period of July to December 2012. This is an increased of 383% compared to bonds worth TZS 1270.07 billion (US$ 80.85 million) listed in during same period in year 2011.

3. New Rules/Regulations
During the period under review DSE started a project to review its Blue Print. The objective of this review is to come up with a revised DSE Blue Print that takes into account the new developments in the industry and which is suitable for the current and future market environment and acceptable to all stakeholders in the industry.

4. Issuer and Investor protection measures
During the period some of the DSE Brokers were fined by the DSE Governing Council for executing some transactions without mandate of rightful owners. The charges were based on DSE Rules on Know Your Customer procedures.

5. Measures to increase liquidity
Liquidity which is referred to the ability to buy or sell financial asset quickly and in large volume without substantially affecting the asset’s price is a major challenge to most African stock exchanges and DSE has no exception. In order to increase market liquidity, apart from setting certain requirements to companies seeking listing (where companies are required to have minimum shareholders of 1,000 and 25% of issued shares be on the hands of public) DSE is taking the following initiatives:
- Conducting public education to increase investor’s knowledge on role and opportunities available at the Exchange
- Develop financial product that will be listed like Exchange Traded Funds (ETFs).
- Engaging with the Government to off load its stake in companies and Parastatals which it still hold shares through stock market so as increase supply of securities.
The local stock market started 2013 on a positive note and was mainly marked by a solid performance during the first quarter of 2013, with the main indices recovering some of their lost gains over the previous months. The All-share index, SEMDEX, the total return index, SEMTRI and SEM-7 achieved a growth of 11.13%, 11.35% and 13.55% respectively during the first quarter of 2013. On the Development & Enterprise Market (DEM), a market for small and medium-sized companies, the DEMEX and the DEMTRI registered a growth of 2.61% and 3.07% respectively for the period under review. Total market capitalization, combining both Official Market and Development & Enterprise Market stood at Rs 240.74 billion on 29th March 2013, representing 70% of the GDP. Foreign investors reinstated their interest on the local market and net foreign investments remained positive throughout the first 3 months of 2013. Moreover, the stock market was also active on the listing front with new listings and capital-raising. A total amount of Rs 3.9 billion was raised on the Official Market. The table below highlights some market indicators during the first quarter of 2013.

### Index Performance

The graph below shows the evolution of the all share index, SEMDEX and the total return index, SEMTRI (Rs) for the period starting January 2012 to March 2013.

The stock market ended the month of January 2013 on strong gains. The SEMDEX and the SEMTRI gained 68.59 points and 216.11 points respectively at the end of January 2013. As for the blue chip index, the SEM-7 went up 4.27% during the same period. The local stock market pursued its growth momentum during the month of February 2013 and posted important gains on the back of good corporate earnings announced by some bellwether companies. From 24th January to 22nd February, the market indices closed in positive territory for 21 straight sessions registering gains up to 5% during the same period.
The stock market maintained its bullish trend in March and crossed the cap of 1900 points on 13th of March 2013. The SEMDEX closed the month of March 2013 at 1924.85 points generating a return of 11.13% on a year to date basis. The SEMTRI (Rs) and the SEM-7 also registered double digit gains during the same time frame as depicted in the table below.

### Index Performance

<table>
<thead>
<tr>
<th>Index</th>
<th>24-Jan-13</th>
<th>22-Feb-13</th>
<th>YTD Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEMDEX</td>
<td>1,787.33</td>
<td>1,872.82</td>
<td>4.78</td>
</tr>
<tr>
<td>SEM-7</td>
<td>350.73</td>
<td>369.32</td>
<td>5.30</td>
</tr>
<tr>
<td>SEMTRI (Rs)</td>
<td>5,539.13</td>
<td>5,805.93</td>
<td>4.82</td>
</tr>
<tr>
<td>SEMTRI (US$)</td>
<td>2,820.70</td>
<td>2,954.65</td>
<td>4.75</td>
</tr>
<tr>
<td>Market Capitalisation ( Rs Bn )</td>
<td>180.76</td>
<td>190.28</td>
<td>5.27</td>
</tr>
</tbody>
</table>

The stock market maintained its bullish trend in March and crossed the cap of 1900 points on 13th of March 2013. The SEMDEX closed the month of March 2013 at 1924.85 points generating a return of 11.13% on a year to date basis. The SEMTRI (Rs) and the SEM-7 also registered double digit gains during the same time frame as depicted in the table below.

### Stock Market Indicators

<table>
<thead>
<tr>
<th></th>
<th>29-Mar-13</th>
<th>YTD Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEMDEX</td>
<td>1,924.85</td>
<td>11.13</td>
</tr>
<tr>
<td>SEM-7</td>
<td>382.99</td>
<td>13.55</td>
</tr>
<tr>
<td>SEMTRI (Rs)</td>
<td>5,973.24</td>
<td>11.35</td>
</tr>
<tr>
<td>SEMTRI (US$)</td>
<td>2,994.24</td>
<td>9.72</td>
</tr>
<tr>
<td>Market Capitalisation ( Rs Billion )</td>
<td>195.57</td>
<td>11.64</td>
</tr>
<tr>
<td>No. of Companies</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Total Value Traded (Rs Billion)</td>
<td>3.24</td>
<td>-</td>
</tr>
<tr>
<td>Total Volume Traded (Million)</td>
<td>213.40</td>
<td>-</td>
</tr>
<tr>
<td>Market PER</td>
<td>13.47</td>
<td>-</td>
</tr>
<tr>
<td>Market Dividend Yield</td>
<td>2.88</td>
<td>-</td>
</tr>
</tbody>
</table>

### Turnover & Volume

Total value traded for the first three months of 2013 amounted to Rs 3.2 billion compared to Rs 1.7 billion traded in the first quarter of 2012. Total volume of shares for the period under review reached 213.4 million. The turnover ratio measured by the ratio of total turnover to market capitalization stood at 1.4%. The top trading sector has been the Banks & Insurance sector as shown in the chart.

### Foreign Investments

Another positive trend in the first quarter of 2013 has been the renewed interest of foreign investors on the SEM. They started 2013 on the same note as they ended 2012 i.e. on an optimistic note. Foreign investors demonstrated positive
mood throughout the period under review by injecting a net amount of Rs 542.2 million on the market. When comparing the first three months of 2013 against that of 2012, total net foreign investments have recorded a growth of nearly 365%.

**New Listings**

**OFFICIAL MARKET:**
- Le Merrit Holdings Ltd (Domestic Company)
- Ninety East Timaeus Capital Fund Pcc (Global Funds)
- RSJ Prop.Pcc (Global Funds)
- Bayport Management Limited (GBL 1 Company)

**MAJOR ACHIEVEMENTS**

**Investor Education**

**Courses on ETFs and Structured Products**
The Stock Exchange of Mauritius (SEM) is planning to introduce ETFs in the near future. In this connection, in association with South African bank Absa Bank Ltd (Absa), SEM conducted a series of free seminars during February of this year as part of an education campaign to introduce market participants to ETFs. The market participants who attended the courses were investment dealers, institutional investors and the public at large.

**Launching of SEM Young Investor Award Competition 2013**
The SEM has launched the 21st edition of the SEM Young Investor Award Competition 2013 on Friday 22nd March 2013. This year’s competition has attracted 190 teams of five students each is, 950 students, from 103 colleges across the country. The aims of the competition are: (1) to inculcate an investment culture among college students by giving them a hands on exposure to a key component of the financial services sector, namely the securities industry; (2) to give participants an opportunity to understand the operational aspects of the Stock Exchange and experience how to invest in the real-life environment; (3) to trigger the interests of college students in the financial sector activities, with the expectations that they pursue higher studies and professional careers in this growing sector of the Mauritian economy. The real-time competition started on 5th April 2013 and ends on 28th June 2013, spreading over a period of 3 months. Each team will be required to invest an investment fund of Rs 100,000 of token money in a portfolio consisting of the shares of 5 companies listed on the Official List of the Stock Exchange of Mauritius. Besides, each team will be required to present at the end of the competition a report in two parts (Investment plan & Investment report).

**Trading Issues – New Schedule of Tick Size**
The SEM also approved a new schedule of tick sizes applicable to trading of securities on the Official Market and the Development and Enterprise Market of the SEM with a view to improving efficiency of the market and liquidity. The new schedule of tick sizes became effective as from March 1st, 2013.

**Nomination – World Federation of Exchanges**
Mr. Sunil Benimadhu, Chief Executive of SEM was appointed as a member of the Governance Committee at the last Board meeting of the World Federation Exchanges.

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**THE STOCK EXCHANGE OF MAURITIUS (SEM)**
Brm: C06007748 | Phone: +230 212 9541 | Fax: +230 208 8409
4Th Floor, One Cathedral Square Bldg,16 Jules Koenig
St, Port-Louis, Mauritius (GMT +4)
Contact:sunil.benimadhu@sem.intnet.mu
www.stockexchangeofmauritius.com
Activity of Tunis Stock Exchange during the 1st Quarter 2013

Key Facts:

3 capital raising operations:
- 1st February: Tunisie Leasing, by cash subscriptions for an amount of TND 22 Million (USD 13,8 Million) and by incorporation of reserves for an amount of TND 1,5 Million (USD 0,94 Million)
- 14th February: Société de Production Agricole Teboulba (SOPAT), by incorporation of reserves. Total amount: TND 1,2 Million (USD 0,752 Million).
- 4th March: Automobile Réseau Tunisien Et Service (ARTES), by incorporation of reserves. Total amount: TND 6,4 Million (USD 4,01 Million).

Listing of 4 bond issues
- March 19th: Attijari Leasing (TND 20 Million)
- March 19th: Union Internationale des Banques “UIB” (TND 40 Million)
- March 19th: Arab Tunisian Lease ‘ATL’ (TND 30 Million)
- March 19th: Modern leasing (TND 26 Million)

4 bond issues were conducted:
- February 5th: SERVICOM, Total amount: TND 8 Million (USD 5,01 Million)
- February 21th: Arab Tunisian Lease ‘ATL’. Total amount: TND 30 Million (USD 18,8 Million).
- March 15th: TUNISIE LEASING. Total amount: TND 20 Million (USD 12,5 Million).
- March 18th: EL WIFACK LEASING. Total amount: TND 20 Million (USD 12,5 Million).

2 new IPOs

March 7th, celebration of the official listing of Land’or
Land’or is specialized in food-processing industry (cheese producer).
On March 7th, Tunis Stock Exchange organized a bell ceremony to celebrate the listing of Landor’s shares on the alternative market of Tunis Stock Exchange. The Chairman of the company, rang the bell marking the start of Landor shares trading.
Land/or capital increase amounted to USD 6,825,000 (TND 10,920,000) through the issue of 1,456,000 shares with a price of USD 4,700 (TND 7,500) per share. This operation has attracted 20,962 investors, with a demand reaching 13 times the offered amount.

March 21st, announcement of public offering results of Ae TECH:

Ae TECH is a company specialized in IT infrastructure, Access control, Voice/data solutions, and Software development.

Ae TECH capital increase reached USD 2,187,503 (TND 3,500,004) through the issue of 583,334 shares with a price of USD 3,750 (TND 6,000) per share. This operation has attracted 21,204 new shareholders, with a demand reaching 11 times the offered quantity.

The traditional ceremony of first listing was chaired by The Prime Minister Mr. Ali Laarayedh.

Approval of 2 new IPOs

During the 1st quarter of 2013, the Board of Directors of Tunis Stock Exchange has approved the admission on the official market, of 2 companies:

- On February 15th, 2013: One Tech Holding, an industrial group specialized in mechatronics and information and communication technologies.
- On March 14th, 2013: Hannibal Lease, a leasing company
ZSE hosts first 2013 CoSSE Meeting

The ZSE hosted the first CoSSE meeting for 2013 in the resort town of Victoria Falls. The meeting, which was held on the 14th of February 2013, was officially opened by the minister of finance Mr Tendai Biti.

CoSSE is a collective and cooperative body of various stock exchanges in the Southern African Development Community. A meeting such as this is usually held three times each year to enable members to interact, report on progress made on their respective exchanges as well as share ideas that aid the development of the various members.

CoSSE meeting in pictures

Delegates pay attention to proceedings of the meeting

Minister of Finance Mr Tendai Biti addressing delegates at the CoSSE conference held in Victoria Falls

Mrs Beatrice Nkanza CEO of LuSE and Chairperson of CoSSE, addresses delegates who included Mr Martin Matanda left, ZSE Acting Chief Executive Officer, and Finance minister Mr Tendai Biti

Notable Corporate Actions

Tractive Power Holdings Limited suspended 1 February 2013

Tractive Power Holdings Limited (TPHL) was suspended from trading pending a merger with Zimplow Limited. The merger was done through a Scheme of Arrangement, creating a new entity Zimplow Holdings Limited. The Scheme of Arrangement involved the offer to issue new Zimplow Holdings Limited shares to shareholders of TPHL at a share exchange ratio determined by independent
valuations accepted by the Directors. Alternatively shareholders received cash in lieu of their shareholding in TPHL where they had elected to do so.

**TN Bank Limited delisted 8 February 2013**

TN Bank Limited was demerged from TN Holdings Limited on the 5th of July 2012, following which Econet Wireless Zimbabwe Limited (EWZ) became a 45% shareholder of TN Bank Limited. This was followed by the admission of the issued ordinary shares in TN Bank Limited on the Zimbabwe Stock Exchange separately from the listing of TN Holdings Limited (now Lifestyle Holdings Limited) on the 11th of July 2012. EWZ sought to consolidate its shareholding in TN Bank Limited by acquiring all of the ordinary shares. It then made an offer to acquire all the TN Bank Limited ordinary shares through a share swap of one EWZ ordinary share for every 28.79 TN Bank Limited ordinary shares or alternatively US cents 15.91 for each TN Bank Limited ordinary share.

Following the successful offer to minorities, TN Bank Limited was delisted from the bourse on 8 February 2013.

**NMBZ Holdings Limited consolidation 25 February 2013**

The authorized share capital of the Company was consolidated from 3,500,000,000 (three billion five hundred million) ordinary shares to 350,000,000 (three hundred and fifty million).

NMBZ Holdings Limited shares began trading on the bourse post consolidation on 25 February 2013.

**Econet Wireless Zimbabwe Limited share split 1 March 2013**

The ZSE approved a share split in the shares of EWZ being a division of 1 ordinary share in the capital of the company into 10 ordinary shares. The split, according to a circular sent out to the investing public, “… will allow investors to trade each split share at a tenth of the market price of the company’s shares and thereby the liquidity and marketability of the split shares is expected to increase.”

The split shares began trading on the bourse on 1 March 2013.

**Zimplow Limited and Tractive Power Holdings Limited merger 11 March 2013**

On the 11th of March 2013, a ceremony was held at the ZSE trading floors to mark the merger of Zimplow Limited and Tractive Power Holdings Limited. Speaking at the ceremony, Finance minister Mr. Tendai Biti expressed optimism at the growth of trading activity on the bourse, highlighted by the market capitalisation approaching the five billion dollar mark. He said this was a positive development for government and treasury.

The new combined entity is trading on the bourse as Zimplow Holdings Limited effective 11 March 2013. On its first day of trading 1,186 million shares traded at a price of 4.5c, an increase of 28% on the last trading price.

Zimplow merger’ pictures

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Zimplow chairman Zed Rusike left, with Finance Minister Biti

Finance minister Biti and ZSE Chairperson Mrs Eve Gadzikwa, as she gives her address
Lifestyle Holdings Limited suspended 20 March 2013
The company was suspended from trading following a proposal to delist from the bourse.

ZSE launches Data Portal
The Zimbabwe Stock Exchange is very proud to announce that its new Data Portal was launched on 26th March 2013. According to the ZSE, “Using comprehensive data on our listed companies, world-class functionality, social media and an ethos of engaging our investment communities individually online, our mission is to promote informed investing in Zimbabwe.”

ZSE chairperson, Eve Gadzikwa said the portal is part of on-going brand re-building, which not only has the endorsement of the regulatory bodies of the Security Exchange Commission (SEC) and Centralised Security Depository (CSD – Chengetedzai), but the Government has on several occasions expressed its desire to see the ZSE modernise and attract capital.

“Most people are aware of the much talked about automation projects and the data portal will complement the modernisation efforts through improving the visibility of the Exchange and, therefore, attract capital,” explained Mrs Gadzikwa.

Five key features of the ZSE Data Portal are:
- 99% of all annual reports and corporate actions since 2009
- Use of social media tools
- Unique webmail account for each registered user
- Strong comparative charting tools, and
- Comprehensive investor reports

Visit the ZSE Data Portal today on www.zimbabwe-stock-exchange.com
ZSE hosts first 2013 CoSSE Meeting

This was the first CoSSE meeting for 2013. CoSSE usually holds three meetings per year. The meeting was held on the 14th February, 2013 at the Victoria Falls and it was hosted by the Zimbabwe Stock Exchange.

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The Minister of Finance in Zimbabwe, Hon. Minister Tendai, officially opened the meeting. He acknowledged the efforts by CoSSE in regional integration and encouraged more cooperation, collaboration, and coordination among Stock Exchanges in order to increase capital mobility in the Region. He noted the challenges faced by Exchanges and that policymakers should create an enabling environment in capital raising initiatives.

The Meeting was also attended by Brokers in Zimbabwe and they were encouraged to raise issues that make trading difficult and how these can be resolved. It was agreed that brokers should be invited to future meetings so that they can work harmoniously with stock exchanges.

The next CoSSE meeting will be held in Mozambique on the 13th June, 2013.
The West African Capital Markets Progress on Integration

The capital markets in the West African sub-region that is the Bourse Régionale des Valeurs Mobilières (BRVM), Ghana Stock Exchange (GSE), The Nigerian Stock Exchange (NSE), and Sierra Leone Stock Exchange (SLSE) after several years of making efforts, together with the respective regulators, at integrating these markets are finally making great progress.

The aim of the integration is to harmonize rules and create a common trading platform for the West African sub-region and thereby establish a larger market for issuers, brokers, buyers and sellers of securities.

A significant step was taken on January 18, 2013 by the inauguration of the West African Capital Market Integration Council and signing of a Charter by the chief executives of the four exchanges and the regulators of the various jurisdictions further committing themselves to the achievement of this goal. The inauguration of the West African Capital Market Integration Council (WACMIC) was officially conducted at the ECOWAS Commission, Abuja, Nigeria and administered by the ECOWAS President, His Excellency Kadre Desire Ouedraogo, who was represented by Mr. Hamid Ahmed, Commissioner for Trade, Industry, Customs and Free Movement. The inauguration ceremony was attended by the Director Generals of the Securities Commissions and Chief Executive Officers of the Securities Exchanges in Nigeria, Ghana, Sierra Leone and BRVM (the single market of the eight francophone West Africa).

In his address, Mr. Hamid Ahmed applauded the initiative to establish the WACMIC, which was the brainchild of industry stakeholders and pledged the Commission's support for the Council and the entire integration process. He emphasized the importance of integrating, the regional capital markets in mobilization of savings, efficient allocation of resources, formation of capital, and in fostering more efficient and resilient stock markets across the Region. He enjoined the WACMIC to fast-track the integration process to enable the capital market play its role toward the development of the real sector in the sub-region.

Each Council member signed the Charter and gave commitment speeches following the signature ceremony. The common theme in the Council members’ pronouncement was that the Charter represented a milestone in the anal of capital markets integration in ECOWAS. They all pledged their loyalty to the Council, while noting that in a globalized world economy, the only way to go to achieve economies of scale is the way of markets integration. They promised to commit resources and personnel to ensuring that the goal is realized and urged ECOWAS Commission to provide leadership support to help them discharge their responsibilities in the Council.

The Composition of the Council is as follows:
- DGs of SECs
- CEOs of Exchanges
- Observers: The Gambia, Guinea, Liberia, ECOWAS, Central Banks

The Council’s task is to take care of the implementation issues, such as policy and decision making, standard setting, validating all work done by the Technical Committee, coordinating with relevant stakeholders and governments as well as ECOWAS, UEMOA and WAMI. The Council has elected Mr. Oscar Oyema, the Chief Executive Officer of The
The West African Capital Markets Integration has a Secretariat made up of personnel from the Ghana Stock Exchange, The Nigeria Stock Exchange, Bourse Regional Valeurs Mobiliere (BRVM) and West African Monetary Instituted (WAMI). The Secretariat is based in Ghana. The roadmap for the integration is such that it is expected that Rules, Regulations and Operational procedures for the four markets will be harmonized by beginning of 2014 whilst common passport allowing brokers and Issuers to trade and raise capital across the sub-region by end of 2014.

The Council and Technical Committee held a meeting on November 13 – 14, 2012 in Lagos, Nigeria. The event, hosted by the Nigerian Stock Exchange (NSE), was a sequel to the decisions arrived at during the August 2012 stakeholders’ forum held in Accra, Ghana, the objective of which was to chart the roadmap on the modalities for achieving capital markets integration in the Sub-region. At this meeting a Charter which is to govern the activities of the Council and the Terms of Reference to guide the work of the Technical Committee were critically reviewed, edited, and subsequently adopted as amended.

The Technical Committee on January 16 – 18, 2013 held their first meeting at Abuja, Nigeria. The event was hosted by the Securities and Exchange Commission, Nigeria (SEC Nigeria). The committee was divided into two sub-committees, the Legal Sub-committee; the objective of which is to review and harmonize the legal and regulatory framework for operators and regulators in the West African Capital Markets. The other sub-committee is on Trading, Clearing and Settlement and Depository. This sub-committee was tasked with the objective to review and standardize the operational framework for operators in the West African Securities Markets. Specifically, the subcommittee is to review and harmonize the trading, clearing and settlement and depository systems (minimum standards for technology), as well as the procedures for primary/secondary markets activities. In addition, the subcommittee is expected to fashion out the best option possible in the short run for regional integration, in a bid to commence operation soonest. The Council held its inaugural meeting on March 18, 2013 in Abidjan, Côte D’Ivoire, hosted by Bourse Regional Valeurs Mobiliere (BRVM). The broad objective of the meeting was to initiate the process of implementation of the tasks assigned the Council in accordance with the WACMIC Charter. At this meeting the Council reviewed the work done so far by the Technical Committee and gave their comments.
### Total Value Traded*

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Equity Market Value Traded USD</th>
<th>Bond Market Value Traded USD</th>
<th>Total Value USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRVM</td>
<td>85,762,348</td>
<td>10,724,970</td>
<td>96,487,318</td>
</tr>
<tr>
<td>Botswana Stock Exchange</td>
<td>31,051,759.87</td>
<td>-</td>
<td>31,556,826.81</td>
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<tr>
<td>Casablanca Stock Exchange</td>
<td>1,379,422,644.65</td>
<td>278,911,415.13</td>
<td>1,658,334,059.77</td>
</tr>
<tr>
<td>Cape Verde Stock Exchange</td>
<td>143,429.27</td>
<td>19,032.26</td>
<td>162,461.53</td>
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<tr>
<td>Dar es Salaam Stock Exchange</td>
<td>6,553,793.73</td>
<td>9,764,102.31</td>
<td>16317896.04</td>
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<tr>
<td>Douala Stock Exchange</td>
<td>115,868.162</td>
<td>4,325,678.643</td>
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<td>Ghana Stock Exchange</td>
<td>37,648,531.81</td>
<td>-</td>
<td>37,648,531.81</td>
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<tr>
<td>Johannesburg Stock Exchange</td>
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<td>168,584,763,864,275</td>
<td>18,594,068,090,144</td>
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<tr>
<td>Lusaka Stock Exchange</td>
<td>8,970,556.00</td>
<td>89,388,626.73</td>
<td>98,359,182.73</td>
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<tr>
<td>Malawi Stock Exchange</td>
<td>7,448,395.05</td>
<td>-</td>
<td>7,448,395.05</td>
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<tr>
<td>Mozambique Stock Exchange</td>
<td>1,036,024.97</td>
<td>3,517,142.43</td>
<td>4,719,501.40</td>
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<td>Nairobi Securities Exchange</td>
<td>397,069,752</td>
<td>772,714,982</td>
<td>1,169,784,733</td>
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<tr>
<td>Namibian Stock Exchange</td>
<td>224,302,936</td>
<td>190,432</td>
<td>224,493,358</td>
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<td>Nigerian Stock Exchange</td>
<td>1,642,366,159.81</td>
<td>285,384</td>
<td>1,642,768,766.93</td>
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<tr>
<td>Rwanda Stock Exchange</td>
<td>21,465,002</td>
<td>-</td>
<td>21,465,002</td>
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<tr>
<td>Stock Exchange of Mauritius</td>
<td>101,001,713.23</td>
<td>1,367,421.46</td>
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<td>Tunis Stock Exchange</td>
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<td>Uganda Securities Exchange</td>
<td>7,321,063</td>
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<td>Zimbabwe Stock Exchange</td>
<td>397,069,752</td>
<td>772,714,982</td>
<td>1,169,784,733</td>
</tr>
</tbody>
</table>

*Only equity and bond value traded statistics are included. For other values please go to our website www.africansea.org

### Total Volume Traded

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Equity Market Volume Traded</th>
<th>Bond Market Volume Traded</th>
<th>Total Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRVM</td>
<td>20,322,332</td>
<td>565,174</td>
<td>20,887,506</td>
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<tr>
<td>Casablanca Stock Exchange</td>
<td>30,284,662</td>
<td>48,985.00</td>
<td>30,333,647.00</td>
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<td>Cape Verde Stock Exchange</td>
<td>4,235</td>
<td>1,699,000</td>
<td>1,703,235</td>
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<tr>
<td>Dar es Salaam Stock Exchange</td>
<td>17,526,066</td>
<td>30,958,428.69</td>
<td>48,484,494.69</td>
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<td>Douala Stock Exchange</td>
<td>7,879</td>
<td>288,942</td>
<td>296,821</td>
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<tr>
<td>Ghana Stock Exchange</td>
<td>68,121,925</td>
<td>-</td>
<td>68,121,925</td>
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<tr>
<td>Lusaka Stock Exchange</td>
<td>92,507,428.00</td>
<td>92,540,412.91</td>
<td>185,047,840.91</td>
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<tr>
<td>Johannesburg Stock Exchange</td>
<td>10,369,201,440</td>
<td>-</td>
<td>1,544,060,183,931</td>
</tr>
<tr>
<td>Mozambique Stock Exchange</td>
<td>272,731</td>
<td>1,146,350</td>
<td>1,469,081</td>
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<tr>
<td>Nairobi Securities Exchange</td>
<td>1,782,287,436</td>
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<td>1,782,287,576</td>
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<td>Namibian Stock Exchange</td>
<td>27,839,960</td>
<td>1,710,000</td>
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<td>37,433</td>
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<tr>
<td>Rwanda Stock Exchange</td>
<td>31,566,689</td>
<td>-</td>
<td>31,566,689</td>
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<td>Stock Exchange of Mauritius</td>
<td>213,385,318</td>
<td>16,142</td>
<td>213,401,460</td>
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<td>56,154,315</td>
<td>318,825</td>
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<td>561,066,976</td>
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### Market Capitalisation

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<th>Exchange</th>
<th>Market Capitalization (USD)</th>
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<td>Casablanca Stock Exchange</td>
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<td>Cape Verde Stock Exchange</td>
<td>347,484,369.14</td>
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<tr>
<td>Dar es Salaam Stock Exchange</td>
<td>8,497,749,163.80</td>
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<td>Douala Stock Exchange</td>
<td>227,794,544.910</td>
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<td>Ghana Stock Exchange</td>
<td>30,387.80</td>
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<td>18,602,307,704</td>
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<td>145,695,945,447</td>
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### Number of Transactions

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<th>Equity Number of Transactions</th>
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### Number of Listed Companies

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### Index Movement

<table>
<thead>
<tr>
<th>Exchange</th>
<th>Main Index</th>
<th>Main Index (Points)</th>
<th>Gains in Main Index %</th>
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<tbody>
<tr>
<td>BRVM</td>
<td>BRVM-10</td>
<td>184.04</td>
<td>8.44</td>
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<td>Casablanca Stock Exchange</td>
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<td>1.21</td>
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<td>N/A</td>
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<td>1,521.48</td>
<td>2.41</td>
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<td>LASI</td>
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<td>NSE 20 SHARE INDEX</td>
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<td>USE ALL SHARE INDEX</td>
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## Calendar of Events

<table>
<thead>
<tr>
<th>Institution</th>
<th>Event</th>
<th>Date</th>
<th>Place</th>
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</thead>
<tbody>
<tr>
<td>African Securities Exchanges Association</td>
<td>Annual General Meeting &amp; Conference</td>
<td>2nd December – 4th December 2013</td>
<td>Abidjan, Cote D’Ivoire</td>
</tr>
<tr>
<td>East African Securities Exchanges Association (EASEA)</td>
<td>Consultative meeting Executive Committee</td>
<td>t.b.c.</td>
<td>Tanzania</td>
</tr>
<tr>
<td>Committee of SADC Stock Exchanges</td>
<td>Cosse Meeting</td>
<td>June 13, 2013</td>
<td>Mozambique</td>
</tr>
<tr>
<td>World Federation of Exchanges (WFE)</td>
<td>IOMA, The WFE Annual Derivatives Conference</td>
<td>5th May to 7th May 2013</td>
<td>Korea Exchange</td>
</tr>
</tbody>
</table>

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Ms. Silvana Wanjiru  
Email: swanjiru@nse.co.ke  
Phone: + 254 20 2831000
JSE to host African Financial Markets Capacity Building Seminar

The JSE and ASEA will welcome delegates from the continent to the second annual Building African Financial Markets Capacity Building Seminar to be held at the South African exchange this September. Designed to cater for the interests and needs of financial market stakeholders from across the African continent the seminar will be of interest to ASEA members, financial regulatory bodies, stockbroking firms and other interested stakeholders.

“While there is formal capital market activity in a range of countries across Africa the potential for development of our financial markets is undeniable. This seminar aims to foster greater cooperation between different exchanges to facilitate financial integration within the region and ultimately attract greater investment inflows,” says Geoff Rothschild Head of Government and International Relations of the JSE.

The seminar programme includes a series of panel discussions, focused learning sessions on key topics, speaker events and networking opportunities. As a special feature this year delegates will be polled on areas of interest and these interests will be developed into three parallel technical sessions lead by industry experts.

Last year’s seminar was attended by 150 delegate most of them hailing from the SADC region. This year thanks to ASEA’s involvement a wider audience from the rest of the continent is expected.

The seminar takes place from Wednesday 11th to Friday 13 September 2013. For more information about the event or to register please contact Pearl Moatshe +27 11 520 7118 and Silvana Wanjiru +254 20 2831000