

PRESS COMMUNIQUÉ
9th MEETING OF THE EAST AFRICAN SECURITIES EXCHANGES ASSOCIATION
(EASEA) HELD ON 15th DECEMBER 2007 AT THE NGURUDOTO MOUNTAIN
LODGE ARUSHA, TANZANIA

The Dar-es-Salaam Stock Exchange, the Nairobi Stock Exchange and the Uganda Securities Exchange held their ninth (9th) meeting under the auspices of EASEA on 15th December 2007 at the Ngurudoto Mountain Lodge, Arusha, Tanzania.

The meeting was chaired by Mr. Chris Mwebesa, Chairman EASEA and Chief Executive, Nairobi Stock Exchange (NSE), and attended by Mr. Simon Rutega, Chief Executive, Uganda Securities Exchange (USE), and Mr. Jonathan Njau, Chief Executive Officer, Dar-es-Salaam Stock Exchange (DSE), and other representatives of the three markets. The Chairman EASEA recognized the presence of Mr. Pierre Celestin Rwabukumba, the representative of the Capital Markets Advisory Council (CMAC) Rwanda, and Mr. Evans Osano Makini, the Programme Manager of the International Finance Corporation (IFC) Efficient Securities Markets Institutional Development (ESMID) Programme.

Representatives from the three markets presented reports on activities in their markets since the last meeting held on September 7th 2007 in Kampala, Uganda. The key highlights are as follows:-

Kenya

For the period ending December 14th 2007, the NSE 20 Share Index has fallen 5.98 per cent to 5,339.8 points, compared to 5,679.57 points on January 2 2007. The total equity turnover for the same period was Kshs. 86.0 billion, compared to Kshs. 96.0 billion in 2006. This performance was in an environment where the Exchange together with the Capital Markets Authority acted decisively to restore market confidence after the collapse of Francis Thuo & Partners; working to settle legitimate claims by the clients of Francis Thuo & Partners.

The Exchange has continued to use technology to improve access with the implementation of a Wide Area Network (WAN) for the members of the Exchange. Effective, December 17th 2007, members will be able to trade from their offices. The increase in order entry points created by the WAN facilitates increased trading. Further, it is the precursor of Internet Trading and day Trading, both of which will reduce the operating costs of clients of the NSE member firms by enabling them to input orders via web interface into the ATS system through a stockbroker's terminal.

Tanzania

The Dar-es-Salaam Stock Exchange (DSE) recorded a total turnover of Tshs. 10.70 billion compared to Tshs. 4.10 billion recorded in the previous quarter. The increase in turnover is attributed to demand for securities in the cement sector, as demand for cement within the Southern African Development Community (SADC) region drives up prices of the commodity. A total of 11,072,646 shares were traded in the third quarter compared to 4,480,546 shares in the second quarter.

The DSE approved for listing 5,238,096 additional shares of TOL Gases Ltd., arising out of a rights issue at a price of Tshs. 210.0 per share. In the same period the DSE approved an application from the National Investment Company Ltd. (NICOL) to list 150,504,684 shares with a market capitalization of Tshs. 45.2 billion. Both applications to list the securities are now with the Capital Markets and Securities Authority of Tanzania. The DSE is currently processing the application by the National Micro Finance Bank, to list 400.0 million shares with a market capitalization of Tshs. 208.0

billion. The application if approved will be the largest local offer on the DSE, culminating in the listing of the largest Tanzanian bank by assets.

Uganda

The Uganda Securities Exchange All Share Index (USE ALSI) closed at 1,039.64 on December 13th 2007. The market capitalization for all local listings has continued to beat previous records reaching Ushs. 1,557.6 billion on December 13th 2007. The draft CDS Bill was presented to the Cabinet of Uganda, a second presentation is to be made in the week beginning December 17th 2007; after which it is expected that the Bill will be tabled before the Uganda Parliament. Approval of the Uganda CDS Bill is required before the CDS serving the Uganda capital markets can be installed and operationalized.

In 2008, the USE expects the National Insurance Company Uganda IPO, to commence, culminating in the listing of the company's shares in March 2008. There are also ongoing discussions within the Government of Uganda to issue infrastructure bonds and a diaspora bond to attract capital from Ugandans in the diaspora for the funding of private public partnerships that will accelerate economic development within Uganda. In a similar vein, the Housing Finance Corporation of Uganda is expected to issue and list a housing bond.

Rwanda

The representative from Rwanda informed the meeting that capital markets development in Rwanda is one of the four pillars of the Rwanda Financial Sector Development Plan. The regulatory framework proposed is Self Regulatory Organization (SRO) structure. The inauguration and formal launch of the Capital Markets Advisory Council (CMAC) with twelve (12) representatives from the private sector, is expected to take place in January 2008. On the same day, an OTC market will be launched with the listing of a corporate bond and a Government of Rwanda long term treasury bond. The CMAC has also invited interested parties to apply to become market intermediaries. The CMAC has also received queries from the private sector on how to raise capital through the Rwanda capital markets.

The sustained performance of the East African capital markets demonstrates the continuing interest in our markets by both local and foreign investors, despite the ongoing effects of the global credit crisis. On December 12 2007, the Federal Reserve, acting jointly with central banks in Europe, pledged to offer as much as \$64 billion to financial institutions; in order to break a logjam in money markets that pushed up borrowing costs for lenders worldwide.

Going forward, and in order to encourage the participation of East Africans in cross border IPOs, the Association would like to urge the use of bank guarantees as an alternative to making an upfront payment with the accompanying application. This will reduce the exchange rate risk that investors have to incur before the allocation of their shares in an IPO.


EASEA Strategic Plan

Following on the decision in September 2007 to locate the Secretariat of the Association in Kampala, Uganda, the Association will launch an East African competition in order to identify a logo for the Association that is in keeping with its East African character and best conveys its mandate of developing the East African capital markets. The Association is also in the final stages of developing a three (3) year rolling strategic plan which shall prioritize the following initiatives:-

- a. Infrastructure Development
- b. Information Services Development

- c. Demutualization of the Markets
- d. Regional Market Awareness
- e. Capacity Building and Certification
- f. Product Development – infrastructure bonds
- g. Community Services (Corporate Social Responsibility [CSR])
- h. Regional Corporate Governance Code and Rules against Market Manipulation and Abuse.

The next EASEA meeting shall be held in Kenya in the first quarter of 2008.

A handwritten signature in black ink, appearing to read 'Chris Mwebesa', with a long horizontal stroke extending to the right.

MR. CHRIS MWEBESA
CHAIRMAN
EAST AFRICAN SECURTIES EXCHANEGS ASSOCIATION