

ANNUAL REPORT

2018



JANUARY – DECEMBER 2018

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LISTED EQUITY COMPANIES

There were no new Equity listings in the period under review. Listed companies remained at 7 (seven) on the SSX Main Board and none on the Alternative Board.

TABLE 1: LISTED EQUITY COMPANIES

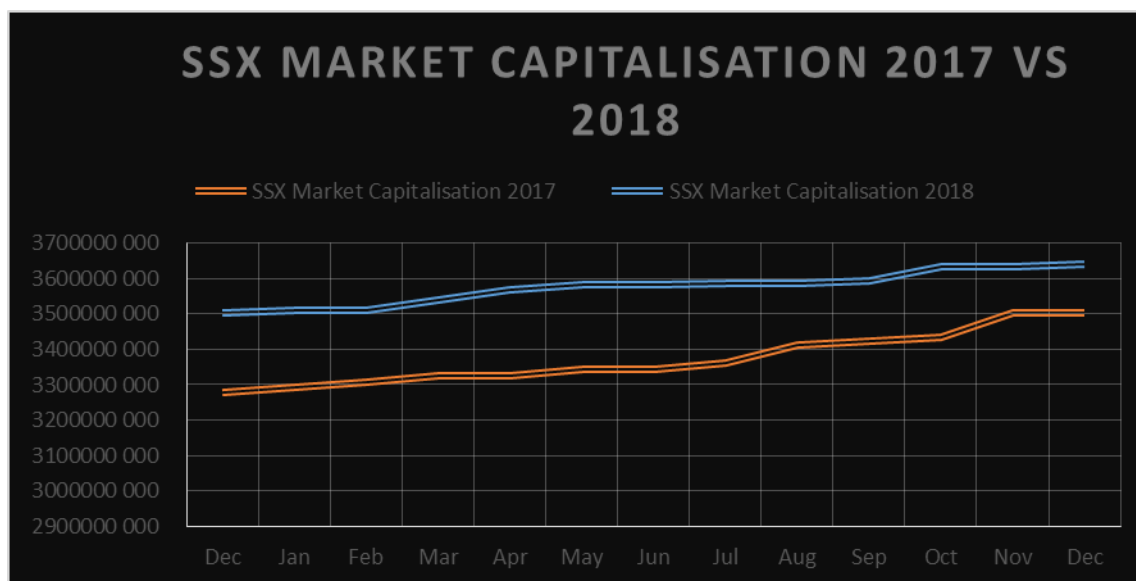
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
	18'	18'	18'	18'	18'	18'	18'	18'	18'	18'	18'	18'
Total companies listed	7	7	7	7	7	7	7	7	7	7	7	7
New entrants/listings	0	0	0	0	0	0	0	0	0	0	0	0
Domestic Companies	7	7	7	7	7	7	7	7	7	7	7	7
Foreign Companies	0	0	0	0	0	0	0	0	0	0	0	0

Source: SSX Trading Statistics, 2018

SSX MARKET CAPITALISATION

The SSX has made significant strides during the course of 2018. Although no new equities listings were seen during the year, other achievements were realized. These included an increase of 3.93%, a drop in comparison with 2017, which stood at 6.86%. It is also worth noting that the Market Capitalization of all listed companies surpassed the E 3.6 billion mark during the course of 2018, With the Highest market capitalisation realised in the 4th quarter.

Graph 1: Market Capitalisation 2017 vs 2018



Source: SSX Trading Statistics 2018

EQUITY TURNOVER

Trading during the course of 2018 was rather unpredictable. The year experienced lows of SZL6,888 during the 3rd quarter of 2018, while highs of SZL4,900,000 were recorded during the 1st Quarter of 2018. Overall, the total value of trades brought to the exchange amounted to SZL12,315,291.55 realised from a total of 2,689,047 shares.

A bulk of the trades were attributable to both SBC Limited and Greystone Limited. SBC accounted for 54.55% of all trades brought to the exchange this year and Greystone followed with 41.08%. A combined total number of 18 trades were brought to the Exchange by these two companies, followed by Nedbank with 3 trades, SEL with 2 trades and lastly SWAPROP with 1 trade.

Table 2: SSX Trading Statistics 2018

2018	Nedbank	SBC	Greystone	Swazispa	SWAPROP	RSSC	SEL	Total
Jan		55 848,00	12 216,00					68 064,00
Feb		4 293 900,00	4 900 000,00					9 193 900,00
Mar		52 000,00	13 369,00				146 745,00	212 114,00
Apr		16 000,00	2 850,00					18 850,00
May			29 500,00					29 500,00
Jun		24 000,00	24 794,75					48 794,75
Jul	25 311,00							25 311,00
Aug		20 000,00						20 000,00
Sep	59 499,00	34 800,00	6 888,00					101 187,00
Oct	74 591,00	661 524,00					170 900,00	907 015,00
Nov			9 000,00		60 450,00			69 450,00
Dec		1 560 205,80	60 900,00					1 621 105,80
Total	159 401,00	6 718 277,80	5 059 517,75	-	60 450,00	-	317 645,00	12 315 291,55

Source: SSX Trading Statistics 2018

TABLE 2: ANNUAL VALUE TRADED SUMMARY 2018

Company	Number of Shares	Share price	Emalangenzi	Date
Greystone Partners Ltd	1 016	275	2 794.00	10/01/2018
SBC Ltd	3 000	780	23 400.00	10/01/2018
SBC Ltd	4 160	780	32 448.00	15/01/2018
Greystone Partners Ltd	3 365	280	9 422.00	15/01/2018
SBC Ltd	500	780	3 900.00	05/02/2018
Greystone Partners Ltd	1 750 000	280	4 900 000.00	12/02/2018
SBC Ltd	550 000	780	4 290 000.00	12/02/2018
Greystone Partners Ltd	3 000	285	8 550.00	01/03/2018
SBC Ltd	3 400	800	27 200.00	01/03/2018
SEL Ltd	4 500	3255	146 745.00	21/03/2018
SBC Ltd	3 100	800	24 800.00	29/03/2018
Greystone Partners Ltd	1 691	285	4 819.00	29/03/2018
SBC Ltd	2 000	800	16 000.00	27/04/2018

Greystone Partners Ltd	1 000	285	2 850.00	27/04/2018
Greystone Partners Ltd	10 000	295	29 500.00	16/05/2018
SBC Ltd	3 000	800	24 000.00	06/06/2018
Greystone Partners Ltd	8 405	295	24 794.75	06/06/2018
Nedbank Ltd	2 301	1 100	25 311.00	20/07/2018
SBC Ltd	2 500	800	20 000.00	15/08/2018
SBC Ltd	4 350	800	34 800.00	07/09/2018
Greystone Partners Ltd	2 296	300	6 888.00	07/09/2018
Nedbank Limited	5 409	1 100	59 499.00	26/09/2018
SBC Ltd	79 815	800	638 520.00	01/10/2018
Nedbank Ltd	6 781	1 100	74 591.00	02/10/2018
SBC Ltd	2 840	810	23 004.00	03/10/2018
SEL Ltd	5 000	3 418	170 900.00	25/10/2018
Greystone Partners Ltd	1 000	300	3 000.00	13/11/2018
Greystone Partners Ltd	2 000	300	6 000.00	19/11/2018
SWAPROP	1 000	600	6 000.00	22/11/2018
SWAPROP	9 000	605	54 450.00	23/11/2018
SBC Ltd	186 918	810	1 514 035.80	10/12/2018
SBC Ltd	2 000	810	16 200.00	17/12/2018
Greystone Partners Ltd	15 000	304	45 600.00	17/12/2018
Greystone Partners Ltd	5 000	306	15 300.00	19/12/2018
SBC Limited	3 700	810	29 970.00	20/12/2018
TOTAL	2 689 047		12 315 291.55	

Source: SSX Trading Statistics, 2018

Graph 2: Value Traded Summary 2018

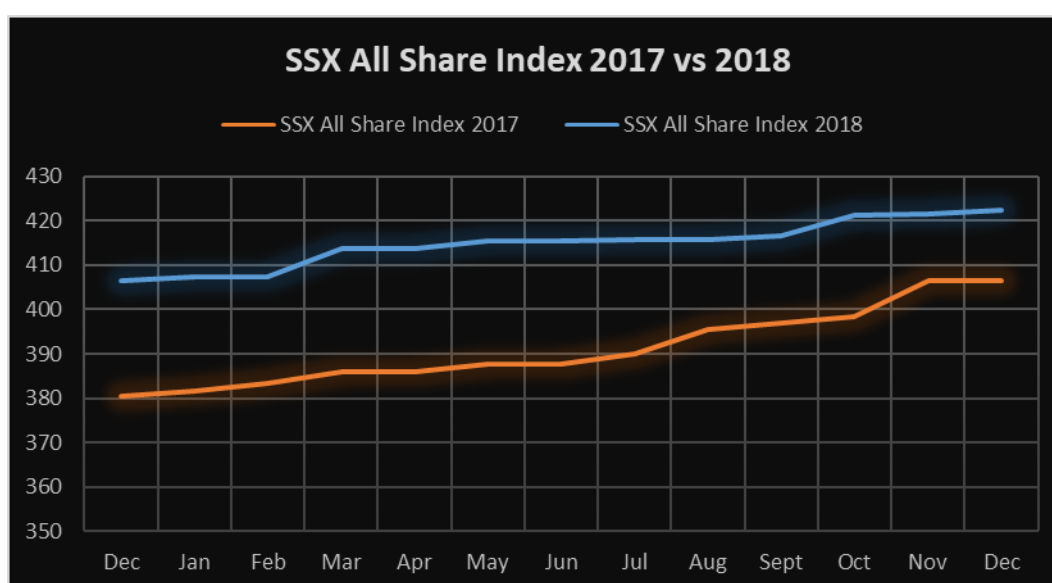


Source: SSX Trading Statistics 2018

SSX ALL SHARE INDEX TREND

The SSX All Share Index grew by 3.93% year-on-year. This marked a 43% decrease from 2017's year-on-year All Share Index Growth. The highest gains were seen during the 1st quarter when SEL share price increased from 3100cps to 3255cps. The All Share Index was further enhanced by the capital appreciation in the SBC share price, from 780cps to 800cps. As seen in the graph below, the slowest growth in the All Share Index was during the 3rd and 4th Quarter of 2018, which was characterized by increased volumes in trading, albeit at subdued prices.

Graph 3: All Share Index 2017 vs 2018



SHARE PRICE PERFORMANCE

The company with the largest capital appreciation during the course of 2018 was Greystone Partners Limited. 2018 saw Greystone's share price appreciate by 11.27%. This was a reflection of the amount of trading that happened on the Greystone stock. Given that 93% of the trades that took place during the year were attributable to Greystone Partners alone, it was expected that it would see considerable gains. Greystone Partners was followed by SEL, which recorded a 10.26% gain, and followed by SBC Limited at 3.85%. Nedbank and SWAPROP lagged behind at 1.85% and 0.83% respectively, while Swaziswa Holdings and RRSC remained flat.

Table 3: Share Price Performance

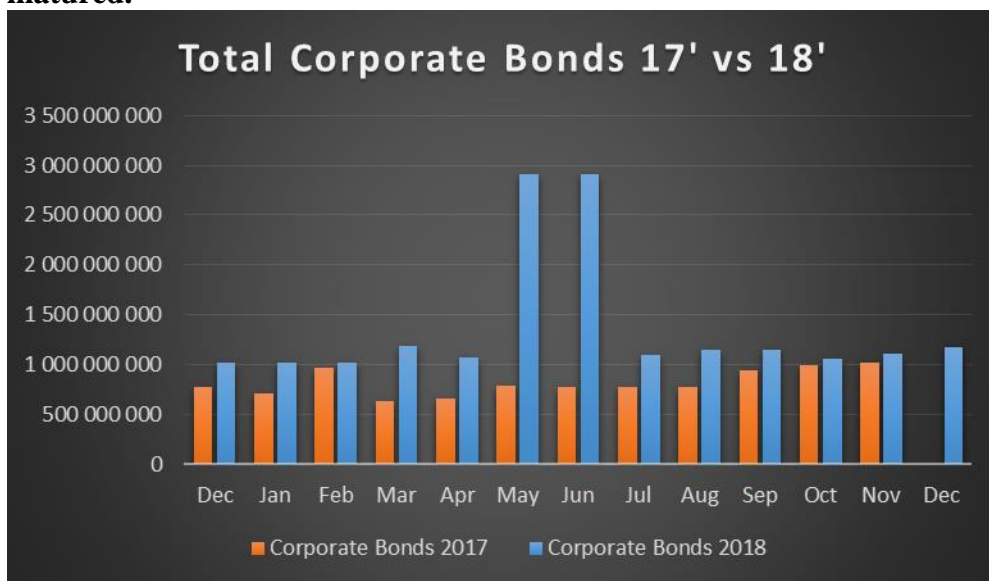
	2018	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Gain (%)
Nedbank		1080	1080	1080	1080	1080	1080	1080	1080	1100	1100	1100	1100	1100	1.85
Royal Swazi Sugar (RSSC)		1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	0.00
SWD Empowerment (SEL)		3100	3100	3100	3255	3255	3255	3255	3255	3255	3255	3418	3418	3418	10.26
SWAPROP		600	600	600	600	600	600	600	600	600	600	600	605	605	0.83
Swazi Spa Holdings		600	600	600	600	600	600	600	600	600	600	600	600	600	0.00
Greystone limited		275	280	280	285	285	295	295	295	295	300	300	300	306	11.27
SBC limited		780	780	780	800	800	800	800	800	800	800	810	810	810	3.85

DIVIDEND DECLARATIONS

Dividends declarations made during the course of 2018 were a total of five. Trailblazers in terms of declarations of dividends were Swaziland Empowerment Limited (SEL), who issued 2 dividend payments, respectively. SEL issued a generous 129cps during the 1st quarter, while the 3rd quarter dividend was 123cps. RSSC issued one dividend payment of 56.2cps in the 3rd quarter of 2018. Other dividends paid came from Greystone paid one dividend in the 2nd quarter of 4cps, while SBC Limited issued their dividend during the 4th quarter of 0.31cps.

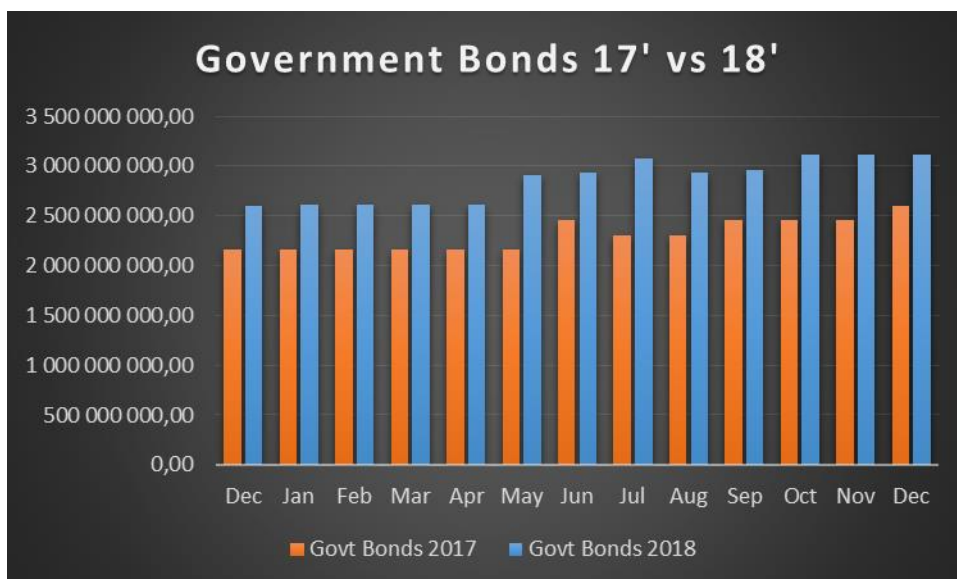
SSX CORPORATE BONDS

During the course of 2018, the SSX saw less activity in the bond market. With highs of SZL2.907 billion between May and June. And lows of SZL1.018 in the first quarter. A total of Seventeen corporate bond commenced trading in the year 2018, and seven bonds matured.



SSX GOVERNMENT BONDS

Government bond market in the year 2018 had an upward performance activity, reaching highs of SZL3.112 billion in the 4th quarter. The highest change was experienced in the 2nd quarter where the bond values increase from SZL2.607 billion to SZL2.907 billion, owing this to two Infrastructure bonds SGIFB004 and SGIFB005 that commenced trading in that quarter, amounting to a combine SZL300 million.



SSX FEE STRUCTURE

2017				
Equities Sustaining fees	Fixed Income Sustaining Fees	Pricing Supplements	Application Fees	Total
475 165	40 175	28 500	73 250	979 090
2018				
Equities Sustaining fees	Fixed Income Sustaining Fees	Pricing Supplements	Application Fees	Total
475 165	402 175	28 500	73 250	979 090

SSX MEMBERS

Two (2) stockbroking firms are currently licensed as Dealing Members of the SSX. These are:-

- Swaziland Stockbrokers Limited (SSL)
- African Alliance Swaziland Securities Limited (AASSL)

Four (4) banks are currently recognised as Exempt Dealers by the SSX. These are:-

- Nedbank Swaziland
- Standard Bank Swaziland
- First National Bank Swaziland
- Swaziland Development and Savings Bank

One (1) institution is recognized as a Debt Sponsor for Swaziland Government Bonds by the SSX. This is:-

- The Central Bank of Swaziland (CBS)

OTHER ACTIVITIES

SITUATION REPORT FOR SSX AUTOMATION PROJECT AS AT 31 DECEMBER 2018

The SSX is still conducting parallel runs, that is, trading at the SSX is done both on the newly acquired Automated Trading System (ATS) effective February 1, 2017, and manually via a call over system with trading sessions conducted between 12.00pm to 12.30pm on week days. The ATS and complimentary systems for stockbrokers, transfer secretaries, broker-dealers, and regulator's surveillance will officially go-live once the following outstanding works are complete:

1. SSX Interface with MTN for Mobile Trading

- Creation of Mobile App for Mobile Trading, USSD Code for Mobile Money transact ability and the MTN SMS gateway.

2. SSX ATS Integration with CBS CSD

- Interface between the SSX Automated Trading System (ATS) with the CBS Central Securities Depository (CSD) for clearing and settlement.

Escrow Systems finished the integration of the SSX ATS with the CBS. What is outstanding is the integration of the SSX ATS with MTN for mobile trading and settlement using mobile wallets.

The project is made up of a number of components that were broken down for manageability purposes but when integrated they will serve the entire objective of the project. The following table outlines the various components of our project and the latest status of each:

Component	Entities Involved	Status	Outstanding Task Owned by	Expected Date
Installation of the Trading System (ATS)	SSX and Escrow Systems	Completed	-	-
Installation and Setup of	Escrow Systems, Montran	Completed	-	-

Conventional Settlement System	instructed by CBS and SSX			
USSD Trading Platform	Escrow Systems and MTN	Completed	-	-
Payments interface to mobile wallets (MTN Money)	Escrow Systems and MTN	Completed awaiting testing with MTN	MTN	16/02/2018
Mobile Settlement	Escrow and Montran Instructed by CBS and SSX	Not yet commenced awaiting decision on quotation	SSX/FSRA	23/02/2018
Onboarding of Registers	Escrow and CBS	Stockbrokers and Transfer Secretaries to provide required information.	SSX	28/02/2018

In summary we are nearing completion of our project albeit of some setbacks that we are currently ironing out with Transfer Secretaries and Stockbrokers with respect to minimum KYC details required by the CBS to open an account. We also continue to pursue MTN for a tangible testing plan and quicker turnaround times from their teams.

The mobile settlement module is currently not available on the CBS CSD System and needs to be incorporated to support our strategy of extending access to the capital market and to the general population. This will also promote direct market access by investors and the lower end of the economy like students hence making our market affordable.

Escrow Systems have already developed and deployed the investor facing end of mobile trading and the missing link is the settlement component. Montran has promised to deliver the solution within 10 days of commencement.

We plan to launch the new system mid-March 2019 so that we meet the proposed first day of Swazi Mobile trading early 2019. The proposed roll out plan is in the following table of events:-

Task	Responsibility	Start Date	End Date	Status
Preparation of register data for onboarding	Stockbrokers and Transfer Secretaries	07/02/2018	16/02/2018 – first draft for testing 28/02/2018 – final file for onboarding	In progress

Onboarding	Escrow Systems	19/02/2018	19/02/2018 – Mock onboarding 28/02/2018 – final onboarding	Pending
Mobile Settlement, development, testing and commissioning	Montran	13/02/2018	23/02/2018	Pending
Testing integration to mobile wallet	MTN and Escrow	13/02/2018	16/02/2018	Pending
Market Wide Mock Run (end to end)	All players	26/02/2018	28/02/2018	Pending
Launch	SSX	23/03/2018	23/03/2018	Pending

As concerted efforts are made to go live on March 23, 2018, thus the legislation that provides for the electronic trading of shares needs to be expedited. The statutory instruments must be amended accordingly to support for the electronic trading of securities. Direct market access processes are also underway with MTN.

The Go Live date will also be agreed after the following things are completed:

- i. Finalisation and publication of the trading rules.
- ii. Finalisation and publication of the Fees & Levies structure.
- iii. Issuance of a Directive by the Regulator about Dematerialisation of securities
- iv. Issuance of a Public Notice by the Exchange about the Dematerialisation of securities

Lastly, all the market participants were informed that the parallel run will continue until further notice thus, until when all the above outstanding business issues are addressed.

UPDATING OF SSX LISTINGS REQUIREMENTS AND RULE BOOK

The SSX has engaged the services of a consultant to update and harmonize its Listings Requirements with those of the JSE. This is an effort to enable the exchange to introduce new products in a drive to add liquidity and depth to the market. In addition to the aforementioned, this is in line with a regional (CoSSE) initiative to minimize a disparity in the Listings Requirements of regional stock exchanges. Furthermore, the updating of Listings Requirements and Trading Rules will enable the automated trading of listed securities on the SSX Automated Trading System (ATS) and the clearing and settlement of same on the CBS Central Securities Depository (CSD).

The consultancy has undertaken the following activities in order to deliver on the objectives of the assignment:

- To review and revise all Listings Requirements and accompanying Schedules;

- To review and revise all Rules and accompanying Directives;
- To review and revise the SSX Fee Structure;
- To review and revise the Addendum to the GMSLA;
- To draft a Form for purchasing proprietary information by Market Data Vendors (MDVs) to improve the liquidity and attractiveness of our small national stock exchange; and
- To draft an Insider Trading Policy for SSX and FSRA personnel

The SSX working together with the Consultant will have to consult all stakeholders on their expectations and requirements with regard to the assignment at hand. He will then write a Stakeholder consultation report.

He will then circulate draft Listings Requirements and Schedules, Rule Book and Directives, Fee Structure, Global Master Securities Lending Agreement (GMSLA) and Addendum to all participants. Incorporate Stakeholder comments on draft before writing a draft to be presented to the FSRA Board and SSX.

Finally, he will incorporate the Board's comments before writing the final draft to be sent to the Ministries of Commerce, Finance and Justice for review.

This assignment is expected to be completed by end of April 2018.

ETF ROADSHOW – JANUARY 31 – FEBRUARY 2, 2018

From January 31st to February 2nd 2018, the SSX staff together with Mr. Michael Mgwaba, Head of Exchange Traded Products at Barclays Africa/ABSA, successfully ran an institutional investors road show educating the market on the different products which they offer for a tentative cross listing and gauging the overall appetite from investors for the listing of ETFs on the SSX.

INVESTMENT SEMINAR HOSTED BY J M BUSHA CAPITAL – FEBRUARY 26, 2018

The SSX team attended the annual Investment Seminar hosted by JM Busha Capital where financial market insights were shared among industry participants, all aimed at finding ways to develop this very important sector of the Swazi economy.

53RD CoSSE MEETING IN LESOTHO, MASERU – MARCH 22, 2018

The Manager SSX represented the SSX at this meeting which was hosted by the Maseru Securities Market (MSM). This meeting was officially opened by the Deputy Governor of the Central Bank of Lesotho, Dr Makhethu who was standing in for the Governor, Dr Adelaide Retsélisitsoe Matlanyane as they are tasked with the mandate of developing the Exchange or Capital Markets in Lesotho.

In his address, he emphasised that CoSSE as part of the Finance and Investment Protocol (FIP) should play an active role in cooperation, sharing of knowledge and expertise in the capital markets ecosystem. FIP wants to see more cross-listings and for Exchanges to work closely with the Committee of Senior Treasury Officials (CoSTO).

He thanked Malawi Stock Exchange (MSE), Botswana Stock Exchange (BSE) and Johannesburg Stock Exchange (JSE) for the notable support they extended in the development of MSM.

He reminded members that CoSSE was started as an independent body but was then incorporated into the SADC structures, thus all activities and reporting lines should be respected as per SADC structures.

He decried that the attention given to stock markets is not impressive or sufficient at governmental and national level, thus, more attention is required.

The CoSSE Chairperson, Ms Zeona Jacobs mentioned that CoSSE has a mandate to integrate her markets and maybe in future, have a single currency. Exchanges are yet to come up with feasible financial methodologies of achieving this interconnectivity goal, but first, liberalisation of Exchange Controls has to be done before regional integration can prosper.

She emphasized the importance of CoSSE representation in all CoMFI, CISNA and CCBG Meetings since staying present at these meetings gives CoSSE a chance to be given some airtime to voice out requests from these principals, while also learning what exchanges need to do to meet their required regulatory standards, among other issues.

She concluded by encouraging individual stock exchanges to submit articles for publishing on CoSSE and ASEA portals, magazines and websites.

Other issues deliberated on included the various activities happening in all the 12 Member Exchanges within the SADC region and what an exchange can learn from sister exchanges.

BANKING, ASSET MANAGEMENT, FINANCE AND INVESTMENT BUSINESS FORUM – MARCH 22-23, 2018

The SSX staff attended this event which was hosted by Africa Trusted Business Solutions at the Royal Swazi Spa, which saw the team being part of various discussions over the two days relating to innovations in the business development spectrum, especially the imminent go-live of the SSX Automated Trading Platform and a platform to market the exchange, in general. Current state on the BRICS countries, new investment strategies for pension funds and asset managers and the role of the Ombudsman of Financial Services in all of this were also deliberated on.

UPDATING OF LISTINGS REQUIREMENTS AND RULE BOOK

The SSX staff working alongside the Consultant and Legal Representative commenced on the final review and cross-checking exercise of the draft Listings Requirements and Schedules and the draft Rule Book and Directives to the Rules. This task started in the beginning of March and is expected to be completed by the end of the second quarter. As soon as this process is completed the SSX will be sending them out for public comment for a month's period.

SSX AUTOMATION PROJECT

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RETIREMENT FUNDS BREAKFAST SEMINAR

The SSX staff together with the Escrow Team attended this event hosted by Fiduciary Trusteeship Services at the Royal Swazi Spa on April 11, 2018. The keynote speaker was Ms Sara Mezui-Engo, Manager Alternative Investments at the Government Institutions Pension Fund of Namibia. Among Panelists attending were Mr Sandile Dlamini, CEO at Financial Services Regulatory Authority; Ms Jolly Mokorosi, Professional Trustee and Mr Andrew Le Roux, Executive Director at Montigny Group and President of the Federation of Swaziland Employers & Chamber of Commerce.

The SSX staff exhibited at the event while the Escrow Systems team presented on the updates of the Automation Project and the CEO, FSRA highlighted that the SSX will now be able to trade more products on the automated platform, which could not be traded while under the Manual Call over System due to their nature, such as ETFs, REITs, etc.

WORKSHOP ON UPDATES ON THE AUTOMATION OF THE SSX TRADING PLATFORM AND INVESTOR ACCOUNT OPENING – PARLIAMENT

On April 12, 2018 the SSX staff held a workshop for both Houses of Parliament to educate them on how to open Investment accounts and the dematerialisation process as the SSX

moves towards the automated trading platform. This meeting was well attended by Senators, Members of Parliament, Stockbrokers, Transfer Secretaries and Mobile Network Operator. The SSX was also accompanied by the Escrow Systems team who presented on the updates on the Automation Project and also assisted with technical clarifications.

Deputy President of the House of Senate, Senator Ngomyayona Gamedze highlighted in his Welcome Remarks that they were looking forward to this new technology that is set to change the Exchange trading landscape as the country moves towards realising the King's Vision 2022.

Every representative of the Members of the Exchange and others who will be dealing directly with the ATS had a chance to workshop the Parliamentarians on their duties/operations. The enthusiasm and questions from both Houses of Parliament showed that they are upbeat about the imminent go-live of the ATS.

In his Closing Remarks, Speaker of the House of Assembly, Honourable Themba Msibi expressed his appreciation to everyone for attending and the positive spirit displayed by all at the event. He highlighted that this initiative was also good for financial inclusion purposes.

COMMERCE INDZABA – UNIVERSITY OF SWAZILAND

On April 12, 2018 the SSX was also represented at the Annual Commerce Indzaba held at the University of Swaziland, Kwaluseni Campus. Companies were represented at this Indzaba, and the SSX had a stall, which students visited to source out more information about the SSX, and enquire about career opportunities available in the Finance space.

Students were excited to learn more about the SSX and its operations as well as the well anticipated automated trading platform which is expected to be launched in the coming months.

7TH ASEA BAFM CAPACITY BUILDING SEMINAR

The SSX Manager represented the Exchange at the 7th ASEA Building African Financial Markets (BAFM) Capacity Building Seminar hosted by Nairobi Securities Exchange (NSE) on April 19 – 20, 2018 at Villa Rosa Kempinski Hotel, Nairobi, Kenya. Mr Mangaliso Lushaba from the Capital Markets Development Division represented the Regulator at the same Seminar.

The theme was “Adaptive Innovation as a Lever for the Growth and Sustainable Development of African Financial Markets”. Speakers were from all spheres of the globe and presented on topics covering Disruptive technologies that are reshaping the future of African financial markets, with M-Akiba as a case in point; Blockchain as the future of finance; RegTech on leveraging technology in the effective risk management and

regulation of African financial markets and FinTech as an enabler for sustainable development. Building blocks for innovative markets as a guide for managing cyber risk was also deliberated on as almost all global markets have been targets for cybercrimes in recent years.

The seminar was a good learning platform for all financial markets players, whether in money markets or capital markets.

SSX AUTOMATION WORKING PARTY COMMITTEE

Whilst the Escrow Systems team was on the ground in Swaziland, a working party committee was formed comprising of members of the Exchange, namely Transfer Secretaries (PwC and KPMG), Stockbrokers (African Alliance and Swaziland Stockbrokers Limited), the Central Bank and Mobile Network Operator (MTN). This team met three times to run through the sprints set out for each party to have achieved before the go-live date of the automated trading platform. This party continues to work hand in hand via emails and skype for communications and updates until the integration with the CBS and mobile settlement with MTN is finalised.

JOB EVALUATION, GRADING AND PERFORMANCE MANAGEMENT WORKSHOP

The FSRA commissioned Deloitte Advisory Services to do a Job Evaluation, Grading and Performance Management exercise using the Paterson Job Evaluation Methodology. Take aways from the workshop which was facilitated by Ms. Debbie Hayter on May 2, 2018 were:

- Job Descriptions or Job Profiles should be detailed, but not too detailed to look like a standard operating procedure.
 - On Experience and Qualifications, it is all about what is required for the relevant job. Separate people from the job information, it is purely about the job.
 - On Job Evaluation or Job Grading, she mentioned that this does not equate to pay. Jobs of the same complexity should have the same pay. More complex jobs should get a higher pay than less complex jobs. Volume does not equate to higher pay, so long as the complexity is the same. But if they do more with an additional complexity, then there should be a higher pay.
 - Job Evaluation should not change just because a job has changed. It is not a negotiation forum.
 - It is not a hold-all for-all remuneration decision. A Job grade cannot solve a salary issue.
- Job Evaluation is not a means to reward performance, but Pay/Salary rewards performance.

- **Separate Pay against Grading. Do not grade a job based on salary. A job grade cannot resolve a salary issue.**
- **On Fairness, staff should be satisfied that the job descriptions have been done competently and fairly. As Consultants, they grade Job Content, not Job Titles. She emphasised that Job Titles are problematic, as sometimes you give a person a Title just to please them and some are given lower titles than what they are supposed to be. Thus, Job Title Standardisation is needed.**
- **Job Description is an approach to align remuneration.**
- **Job Evaluation fails by not communicating job descriptions with staff.**
- **Manager SSX and Ombudsman of Financial Services will be graded independently of the FSRA.**

A Job Evaluation Committee was set up whose role is to interpret the Paterson Job Evaluation Methodology which has 6 decision bands and 6 sub-grading. It was trained on all these. Difficulty emanates from not knowing in which band a job sits, looking at the Organisational Design helps.

FSRA INDUSTRY DAY AT NEW MALL PARKING, MBABANE

The SSX staff in partnership with all FSRA-regulated entities participated in an Industry Day in Mbabane on May 12, 2018. This saw the SSX team educate the people of Hhohho district about the services and products offered by the SSX.

SSX JOB EVALUATION INTERVIEWS

Deloitte Job Architecture Specialist, Ms Candice Karam-Collins conducted interviews of all SSX staff Job Descriptions so as to get a clear understanding of the job contents, tasks, role allocations, reporting structure, etc. to enable her to craft proper job descriptions of all positions.

LISTING PROSPECTING BY PAVILLION COURIERS

On May 16, 2018 the owners of Pavillion Couriers, Mr Sandile Simelane and his wife Ms Thuli Dlamini-Simelane visited the SSX offices to learn about the different options of listing on the SSX, the pros and cons between equities and debt instruments and the Advisory Team needed when bringing a listing on the Exchange. They want to diversify their portfolio by venturing into property development.

SCHOOLS ON EDUCATIONAL TOURS

SSX personnel co-presented with the Central Bank staff to Commercial Students from Baha'i High School who were accompanied by their teachers. The purpose of the event was primarily to provide career guidance to high school students from Grade 10-12. However, for the SSX this served as an opportunity to educate them about the operations of the SSX, extend financial education on capital markets and SSX brand awareness and inform them about the desired knowledge, skills and attributes from prospective employees looking to join the SSX.

They also got to be guided on the Undergraduate degrees to pursue post high school and the career paths to take in the Finance and Accounting fields in terms of Academic and Professional qualifications to pursue after their undergraduate degrees to open doors to the myriad of job opportunities in these fields. The SSX managed to reach out to an estimated 50 students on this day.

FSDIP CAPITAL MARKETS WORKING GROUP MEETING

The SSX staff together with the FSRA, Central Bank of Swaziland, Ministry of Finance and the private sector have selected individuals within the respective offices who will represent them in the implementation of a 3-year strategy plan which runs until 2020. This initiative is supported by the World Bank Group in a bid to grow the Swaziland Economy and increase the speed of the financial sector development. The four pillars of focus are financial stability, inclusion, diversity and modernisation. The Meeting of the working group was held at the Central Bank of Swaziland on May 22, 2018.

FSRA FIRST BI-ANNUAL 2018 CAPITAL MARKETS MEETING

On May 23, 2018 the SSX Staff attended the first Bi-Annual Breakfast meeting of all companies regulated by the FSRA Capital Markets Development Division. The CEO, Mr. Sandile Dlamini touched on a number of key issues pertaining to capital markets in the country. He emphasised the importance and the need for more Public-Private Partnerships, highlighting the need for industry innovation in the different sectors like manufacturing and agricultural products diversity.

On the 50% Local Asset requirement, he mentioned that the Investment Schedule Amendment will be passed by Parliament before it dissolves. It will be staggered over 24 months, with 40% after one year and 10% in the next year.

He also reported about the shift to Risk-based Supervision of the industry by the FSRA, where they will focus more on high risk areas in an entity and thrive to mitigate all inherent risks.

The 2018 High School Essay Competition will be launched this month and he urged all market participants to join in on the efforts of the FSRA with regards to educating the public on the Capital Markets Development Division and the Financial Markets as a whole. The tentative areas of focus during the competition will be on how we can use

technology to grow the economy, and the important role that must be played by the Capital Markets Development Division to grow the economy and that the expected GDP growth of at least 5% is what we should all be focused on achieving.

There was also the announcement of the launch of BSA Version 4 whose training of industry participants has been conducted over the past two weeks and the BSA V4.0 deployment closure meeting is tomorrow, June 8, 2018 at Mountain Inn starting at 9:00 AM.

The CEO also highlighted on progress made on the SSX automation project and that the official launch is expected before Parliament dissolves.

STAFF ATTACHMENTS, JOHANNESBURG, SOUTH AFRICA

Two SSX staff, were attached to South African Stock Exchanges and Clearing and Settlement House, Strate from June 4 - 8, 2018. The team visited three Exchanges; Johannesburg Stock Exchange, 4 Africa Exchange and ZAR X.

The latter two Exchanges are among the four new Exchanges, with A2X and Equity Express Securities Exchange (EESE) that have been licenced by the Financial Sector Conduct Authority (FSCA) in South Africa, and the former being the renowned JSE. Takings from these attachments, were learning more about the processes of the Exchanges, and efficient processes that have been adopted, that can and will assist the Swaziland Stock Exchange as it grows, and moves to an automated trading platform. A greater understanding was gained as far as the two SSX members' job descriptions were concerned, and these lessons will also contribute positively as they undertake their daily activities

Strate was also visited, where a deeper understanding of what clearing houses do was gained, from the technical side of things as well as from an operations point of view, as these two are the driving divisions of a clearing house.

JOB EVALUATION, GRADING AND PERFORMANCE MANAGEMENT POST MORTEM MEETING

The FSRA commissioned Deloitte Advisory Services to do a Job Evaluation, Grading and Performance Management exercise using the Paterson Job Evaluation Methodology. This was facilitated by Ms. Debbie Hayter.

The Job evaluation committee met on 11 June 2018, to get feedback on the Deloitte Advisory Services, from the interviews held in May as well as the Job evaluations and grading of the different job titles in the organisation.

The results were revealed to the committee and how the grading system was done. Some job titles were given new Titles, to clearly distinguish them from similar titles in a different Job category. It was emphasized as to the level of confidentiality of these results, and the sensitivity around these. Heads of Departments to share these with the relevant employees as soon as they have been approved.

4TH PENSION FUNDS INVESTMENT AND MANAGEMENT FORUM, ROYAL SWAZISPA CONVENTION CENTRE, EZULWINI

The Manager Stock Exchange represented the SSX at this event on June 21, 2018. The Minister of Finance stated that Pension Funds should be invested locally, and that is why the Local Asset Requirement (LAR) has been increased from 30% to 50%. Industry participants then requested that as a foundation/basis for this requirement, there should be effective regulation which has to come with an enabling legislation, the Local Asset Status (LAS), which will be used by the ETF companies who want to do inward listings (cross-listings) to apply for local asset status in order for them to be considered as a local asset where investments by local pension funds are concerned.

In other countries Local Asset Status applications are submitted by the Exchange or Pension Fund Administrators on behalf of their pension funds, after screening the scheme/product. There are no formal regulations regarding LAS requirements, but they are requested to highlight the following which forms the basis of whether to grant or deny local asset status:

- Whether these investments by pension funds will create economic activity and development in eSwatini.
- How will Citizens of eSwatini benefit from participating in these ventures.
- Funds raised from investors including pension funds to be used to finance the projects which will be in eSwatini's interest.
- Are there significant Employment and social benefits associated with these ventures.

The Minister also encouraged participants to focus on where their savings are invested to improve employment levels and standards of living of eSwati.

He also highlighted that eSwatini's reliance on trade within SACU affects the country adversely when SACU receipts decline thus, with the dwindling of customs revenue, government has to increase domestic taxes.

In closing he mentioned that government is instituting measures to reduce capital expenditure thus making debt reduction a major policy objective.

Since it is clear that eSwatini will be facing a bad economic environment, participants mentioned that deepening of the financial markets is imperative. This need Investment Unusual for there to be Development Unusual.

Participants also requested government to issue longer-dated bonds following global trends since short-term bonds are a challenge in terms of the turn-around interest payment obligations.

They also lamented laziness in people's approach to understand financial markets, risk and governance issues, stating that people have a silo mentality whereby a person concentrates on what concerns his/her work and clouds out other aspects/fields of knowledge that affect his/her job. Thus, we need to educate ourselves to understand these basic financial principles like cost of capital, GDP, interest rates, exchange rates, inflation rates, etc. Understanding these is a process of developing salience and learning.

Key fundamentals for investment risk analysis were discussed looking at the current issues in pension portfolio management, risk and investment strategies within the context of regulatory changes.

It was emphasized that Trustees should know the characteristics and complexities of asset allocation. They cannot leave it to chance, they just have to have investment expertise. Diversification in asset classes is imperative – agriculture, technology, property, fast moving consumer goods (FMCGs), and any sector of the economy where there are pockets of investment opportunities, or else, use SDGs as a way of investment opportunities in various goals/industries.

Trustees need to write down their interests in the investment mandate, start practising Impact Investing since commercial return is only enough to convince your principals for short-term but long-term investing is beneficial to the owners of the money. Thus Trustees must positively influence the financial, natural, intellectual, manufacturing, social and human capitals so that they think differently about the way decisions are made. Currently, decision making is dragged for longer than necessary.

Trustees should seek more training, and focus should be on individual skills and expertise. Above all, everybody must consider him/herself a Scholar of Investment Management, leaning does not stop.

FIRST NATIONAL BANK (FNB) SHAREHOLDER ANNOUNCEMENT

The milestone announcement was made by FirstRand's Strategic Expansion Executive, Samantha Balsdon at the Royal Villas Hotel, over a high profile breakfast session on June 22, 2018. This was attended by the Minister of Finance, Financial Services Regulatory Authority CEO, Central Bank of Eswatini Governor's representative, Swaziland

Revenue Authority Commissioner General, Swaziland Stock Exchange staff, representatives from the business community and other notable persons in the country's financial services industry.

Pending the formalities and approvals which FNB must undergo, the bank hopes to list on the Swaziland Stock Exchange before the end of this year, in a move that will add much needed vibrancy to the local bourse. The bank will sell the shares through its listing on the exchange and plans to empower ordinary emaSwati with the minimum twenty per cent (20 %) public float of its shares.

ASEA DISRUPTIVE TECHNOLOGY WORKING GROUP WEBEX MEETING

On June 28, 2018, the SSX joined this WG's first WEBEX meeting hosted by Mr. David Irungu from the Nairobi Securities Exchange which is also the permanent ASEA Secretariat. Mr. Waggema was managing the group on behalf of the Chair, Mr. Geoffrey Odundo, the CEO of NSE. This was attended by other Stock Exchanges in; Nairobi, Casablanca, JSE to name a few.

Matters discussed included meeting times of this working group, which should be at least four times in a year or quarterly. Members were encouraged to study the 4th Industrial Revolution and the potential disruptive technologies thereof and take a leading role with the Block chain, Crypto currency, Artificial Intelligence phenomenon than to ignore it as the world is moving in that direction. It was further alluded that the new technology will increase Integration efforts of member exchanges, and increase the liquidity of the emerging exchanges as well as increase the reach that the exchanges can achieve.

Members were encouraged to indigenise product offerings and also match product launches to the preparedness and appetite of the local market.

Members added that more education and making information available is needed, and members are encouraged to take this with high interest as it will make the working group more vibrant. Other members added that there is a need to also include other members of the exchanges (such as Stockbrokers, CSDs and Regulators of Financial Markets in the working groups, either as strategic members or partners.

An upcoming conference on Block Chain was announced, that will take place in Mauritius, and members to be sent the official invite as soon as dates have been finalised. Members would work on trying to subsidize these trainings for all ASEA members.

To sum it all, Exchanges have to be leading in terms of Disruptive Technologies instead of waiting to be disrupted.

The Member Exchanges of the Working Group are as follows:

1. Mr. Mohamed Saad, CIO, Casablanca Stock Exchange
2. Mr. Tshwantsho Matsena, CIO, Johannesburg Stock Exchange

3. Mr. Adekunle Ewuosho, Head Market Services, Nigerian Stock Exchange
4. Mr. Phil Daka, Lusaka Stock Exchange
5. Mr. Moussa Davou, BRVM
6. Mr. Emmanuel Alao, VP of Business Innovation, FMDQ Securities Exchange
7. Mr. Kopano Mogorosi, Head of IT Botswana Stock Exchange
8. Mr. Khaled Amer, IT Director, Egyptian Exchange
9. Ms. Joyce Dlamini, Manager Swaziland Stock Exchange
10. Mr. Irungu Waggema, Head of Information Technology, Nairobi Securities Exchange

FSDIP CAPITAL MARKETS WORKING GROUP MEETING

The Meeting of the working group was held at the Central Bank of Swaziland on June 28, 2018. The SSX staff together with the FSRA, Central Bank of Swaziland, Ministry of Finance and the private sector have selected individuals within the respective offices who will represent them in the implementation of a 3-year strategy plan which runs until 2020. This initiative is supported by the World Bank Group in a bid to grow the Swaziland Economy and increase the speed of the financial sector development. The four pillars of focus are financial stability, financial inclusion, diversification and modernisation.

The Central Bank reported that draft papers on Repurchase Agreements and Retail Bonds have been prepared and submitted to their Legal Department for review. It is expected that these will be operational within the current fiscal year.

ANTI-CORRUPTION SEMINAR HOSTED BY THE FEDERATION OF SWAZILAND EMPLOYERS & CHAMBER OF COMMERCE (FSE & CC)

The Manager Stock Exchange represented the SSX at this event on June 29, 2018 at Royal Villas, eZulwini. The Keynote Speaker was Professor and Advocate Thuli Madonsela, Chair of Social Justice Stellenbosch University, Founder of Thuma Foundation, former South African Public Protector and Member of Transparency International's Anti-Corruption Council who delved deep on how to promote good corporate governance and combat corruption in the Public Sector. She mentioned that since the African Union (AU) has declared 2018 as our Anti-Corruption Year, it has boosted the political will of all African countries thus, in eSwatini we need to revise our Corruption Act.

She mentioned that the cost of corruption was that it gives opportunities to the wrong people who unfortunately, are not the most able. It prevents democracy, erodes public trust, a threat to social cohesion, calls for the survival of the unfittest and compromises law enforcement.

She emphasised that we should practise EPIC Leadership which calls for leaders to be Ethical, Purpose-driven, Impact Conscious and Committed to serve.

SSX personnel co-presented with the Central Bank staff, on different dates, to Commercial Students from Mhlatane High School, Bulunga High School and Ekuphakameni Central High School who were accompanied by their teachers. The purpose of these tours are primarily to provide career guidance to high school students from Grade 10-12. However, for the SSX this served as an opportunity to educate them about the operations of the SSX, extend financial education on capital markets and SSX brand awareness and inform them about the desired knowledge, skills and attributes from prospective employees looking to join the SSX.

They also got to be guided on the Undergraduate degrees to pursue post high school and the career paths to take in the Finance and Accounting fields in terms of Academic and Professional qualifications to pursue after their undergraduate degrees to open doors to the myriad of job opportunities in these fields. The SSX managed to reach out to an estimated 80 students on scheduled days.

ROYAL SWAZI SPA ANNUAL FINANCIAL AWARENESS DAYS – JULY 3-4, 2018

The SSX staff was invited to participate in a financial wellness seminar at the Royal Swazi Spa which the Hotel Management had organised for its staff to get financial awareness on saving and investment opportunities locally. The SSX attended this two day event and presented on investing in listed companies and options of listing on the SSX as means of raising capital for business operations.

MEETING ON NEW LISTING OF ENTREPRENEURS SD LIMITED (ESD) ON THE SSX – JULY 5, 2018

SSX Staff had a meeting with JM BUSHA Investment Group to discuss its intent and readiness to list its first equity security on the Main Board of the Swaziland Stock Exchange (SSX) in 2018. This new company's Summary Information is as follows:

Company Name: Entrepreneurs SD Limited
Nature of Business: Investment holding company
Short Code: ESD
Ticker: ESD
Market Capitalisation: E182 209 972.78

A full prospectus will be provided soon to engage with Swaziland Stock Exchange (SSX) and the Financial Services Regulatory Authority (FSRA) on dates and other matters.

This delighted the SSX staff as it will strengthen the depth of the SSX as it will increase the number of shares available for trading and thus, improve trading activity and

liquidity on the Exchange. The SSX assured the Sponsor of its support to develop the eSwatini capital markets.

SIGNING OF INTFONGA YEMASWATI SHAREHOLDERS' AGREEMENT, ROYAL VILLAS, EZULWINI – JULY 5, 2018

The SSX as a potential collaborating partner to the signing of Intfonga YeMaswati Shareholders' Agreement was invited to this event which was graced by the Honourable Minister of Commerce, Industry and Trade, Mr Jabulani Mabuza. This all-important initiative to empower indigenous emaSwati was organised by the Swaziland Investment Promotion Authority (SIPA) to forge joint ventures to boost the economy through increased domestic and export trade and job creation. SIPA mobilised domestic investors to form an investment company, Intfonga YeMaswati that serves as a catalyst in forging business linkages with Foreign Direct Investors.

SSX MEETING WITH NHLANGANO BUSINESS COMMUNITY – JULY 12, 2018

The SSX staff was invited to a meeting with an identified group of business people in Nhlangano, who had an interest in knowing about the operations of the Exchange and options of growing their businesses through the SSX. The SSX team was pleased to present before this group, and answer all the questions the members had, especially about Listing options for SMEs, Investment options as retail Investors, as well as raising of capital through listing of Bonds.

WATERFORD KAMHLABA CAREER FAIR, MAVUSO TRADE CENTRE, MANZINI – JULY 25, 2018

The SSX was invited to the Waterford kaMhlaba Career Fair where over 30 schools participated and the SSX was able to engage students on career paths to pursue in Finance and Accounting as well as career opportunities available from a Stock Exchange perspective.

SCHOOLS EDUCATIONAL TOURS

SSX personnel co-presented with the Central Bank staff, on different dates, to Commercial Students from Hlutse High, Utech High, LaMdladla High and Sbovu High who were accompanied by their teachers. The purpose of these tours are primarily to provide career guidance to high school students from Grade 10-12. However, for the SSX this served as an opportunity to educate them about the operations of the SSX, extend

financial education on capital markets and SSX brand awareness and inform them about the desired knowledge, skills and attributes from prospective employees looking to join the SSX.

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ANNUAL ACCOUNTING UPDATE SEMINAR

The Swaziland Institute of Accountants (SIA) held its annual International Financial Reporting Standards (IFRS) Update, which was facilitated by Mr Raymond Chamboko CA(SA), where he incorporated practical case studies which allowed participants to immediately test their understanding of the principles learnt. The Manager SSX attended this Seminar as a Registered Accountant, RA(SD) and as expected in her line of duty to be abreast with changes happening around listed companies' reporting of their Financial Statements, especially IFRS 9 on Financial Instruments which replaced IAS 39 Financial Instruments: Recognition and Measurement and was effective from January 1, 2018.

IFRS 15 Revenue from contracts with customers

Revenue recognition is arguably one of the most important and controversial topics in financial reporting. Revenue is often a key performance indicator and drives the recognition of expenses and profits and valuation of an entity.

The course covered answers to the following questions:

- When should contracts be combined?
- How to identify the deliverable(s) promised to be transferred to the customer?
- When will revenue be recognised?
- What amount of revenue can be recognised?
- What disclosures are required?
- What are the transition options available?

IFRS 16 Leases

IFRS 16 has updated the guidance on the definition of a lease, and now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

IFRS 16 is effective for years starting on or after 1 January 2019.

The course covered answers to the following questions:

- Does an arrangement meet the definition of a lease?
- Are there any exemptions available to a lessee?
- How do I value the lease obligation and right-of-use asset?
- What disclosures are required?
- What are the transition options available?

IFRS 9 Financial instruments

IFRS 9 Financial Instruments was effective from 1 January 2018, and replaces IAS 39 **Financial Instruments: Recognition and Measurement**.

The course covered answers to the following questions:

- How should I classify financial instruments under IFRS 9?
- What are the different measurement principles under IFRS 9?
- How do I measure the expected credit loss?
- What are the transition options available?

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IAS 21 the Effects of Changes in Foreign Exchange Rates outlines how an entity is to account for foreign currency transactions and operations, and what exchange rate is to be used. **IFRIC 22** provides additional guidance for foreign currency transactions where an entity recognises a non-monetary asset (for example a prepayment) or non-monetary liability (for example deferred income) arising from the payment or receipt of consideration before the entity recognises the related asset, expense or income. **IFRIC 22** was effective for annual reporting periods beginning on or after 1 January 2018.

The course covered answers to the following questions:

- What exchange rate should I use to translate a transaction with multiple payment dates?

FSDIP CAPITAL MARKETS WORKING GROUP MEETING – JULY 31, 2018

This meeting was held at the Central Bank where progress was reported and an Action Plan was mapped. Next meeting was on August 28, 2018.

FSDIP CAPITAL MARKETS WORKING GROUP MEETING – AUGUST 28, 2018

The meeting was held at the Central Bank of Swaziland. The Swaziland Stock Exchange led the Working Group (WG) in a presentation addressing its challenges, solutions and milestones, which speaks to policy action number 39 and 40.

FACT FINDING MISSION, PRETORIA, SA – AUGUST 1-3, 2018

Two SSX staff members embarked on a fact finding mission to South Africa, after an invitation from CABRI's Programme Manager, Mr Johan Krynauw. Institutions visited were The South African National Treasury, Johannesburg Stock Exchange, The Collaborative Africa Budget Reform Initiative (CABRI), Bloomberg and STRATE South Africa. The Objective of this trip was to establish relationships with some of these institutions, learn more on their operational procedures and also seek advice on how the SSX can improve its liquidity, visibility, advise government on the creation of Strategy and Risk Management within Asset and Liability Management at the Treasury Department, building blocks essential for establishing a well-functioning Public Debt Office with the Treasury department to effectively manage Debt Operations at Front office, Middle office and Back office, and Bloomberg as a potential Market Data Vendor to the SSX.

CABRI wants to include eSwatini in its Africa Debt Monitor and is willing to assist the country through the Treasury department to build strong local currency debt capital markets and improve efficiencies in spending.

Communications have already begun with the Treasury department and the Central Bank so that individuals from the country can be trained under the Building Public Finance Management (PFM) Capabilities Programme, all aimed at capacitating them towards achieving value-for-money in public spending, budget transparency for greater accountability and participation, and sustainable public debt management.

SWAKI MEETING – AUGUST 21, 2018

SSX staff had a meeting with Swaki Investment Cooperation where discussions revolved around two potential listings of Swaki subsidiary companies in both the Property and Agri-business space.

FINANCIAL SECTOR DEVELOPMENT IMPLEMENTATION PLAN (FSDIP) JOINT WORKING GROUPS WORKSHOP – SEPTEMBER 13 – 14, 2018

Mr Dave Grace, Consultant for World Bank held a workshop at Mountain Inn which was coordinated by the Central Bank of Eswatini as FSDIP Secretariat. The main agenda was to identify progress in as far as implementation of the FSDIP Policy Actions for the different working groups:

- Banking Working Group

- Insurance & Retirement Funds Working Group
- Capital Markets Working Group
- Savings and Credit Institutions Working Group
- Payments and IT Working Group

He mentioned that the purpose of FSDIP is to develop and adopt a coherent vision and strategy for financial sector development in Eswatini that aligns policies, legislation, and regulations to the evolving needs of the sector. In this regard, he conducted a thorough diagnostics, out of which gap analysis and challenges were identified that are delaying implementation of the Policy Actions and finding ways of overcoming those challenges. 30 gaps were identified in banking, savings and credit, payments, insurance & retirement funds and capital markets.

To overcome these gaps, 51 policy actions and reforms were established with clear time frames, which covered the following:

- Legal Regulatory Fragmentation – the country’s legal and regulatory framework is fragmented and needs to be harmonised. Also, new entrants are discouraged as rules are not well documented or accessible.
- Lack of safety nets - contingency plans for emergency liquidity assistance and lender of last resort which puts the financial system at risk need to be strengthened. In essence, there is inadequate tools in place for contingency planning, crisis management and safety nets.
- Small Capital Markets - the capital markets are small and shallow making liquidity management hard for depository institutions and hard for retirement funds to meet the local asset requirement. More assets need to be introduced on the Exchange to offer diversification and balanced portfolios
- Incomplete Credit Sharing - credit information sharing is incomplete as mainly is bank based and limited to negative data.
- High Cost for Banking - small savings eroded by high bank charges, thus discouraging savings in banks.
- Weak MFIs, DFIs and SACCOs - MFIs, several SACCOs and development finance institutions are struggling financially and need to improve operational health before expanding.
- Consumer Protection - consumer protection framework covering credit information has not been developed and there are incomplete rules and recourse systems.
- SMMEs - existing partial credit guarantee system is not available to many lenders focused on the SMME market and there is insufficient data on SMME financing needs.

- **Payment System Interoperability** - Payment systems are not fully inter-operable and NBFIs lack access.
- **Mobile Competition** – MTN eSwatini has been a single operator of mobile services for close to two decades and this may limit development of the market. It is hoped that the coming into the MNO space by eSwatini Mobile since last year will bring the much needed competition in the telecommunication industry.

He then highlighted 4 Key Performance Indicators that need to be accomplished by 2018:

- I. **Ensure Stability of Finance System** - improve crisis management framework by: 1) increasing minimum capital adequacy ratios, and 2) developing guidelines for lender of last resort and emergency lending assistance.
- II. **Diversify the Financial System and its Resources** - implement a strong and well-regulated multi-tiered licensing regime for financial institutions.
- III. **Modernize the Financial System** - grow coverage of the credit bureau to include data on at least 50% of adults and implement a mechanism to correct inaccurate records.
- IV. **Deepen Financial Inclusion** - increase formal savings from 30% to 60% of adults through greater transparency, competition and use of technology. Decrease exclusion to 15% by 2020.

Among the Policy Actions that were identified as lagging behind were:

- **Enhance operational framework, resources and independence of FSRA.**
- **Improve the cash management systems of government. Policy Action 45.**
- **Regularize the government’s old age social grant scheme. Policy Action 48.**

Challenges that were identified by the various working groups included:

- **Finding sufficient time to make this a priority**
- **Identification of resources to support the working group**
- **Need to indicate interim progress on items (i.e., preliminary plan formulated, new product designs identified, etc.)**
- **Need for new legislation or regulations in several areas. Should be helping to support these items through introduction in Parliament.**
- **Not receiving internal control from work.**
- **Lack of accountability and leadership within the groups**
- **More support from Secretariat.**

- **Develop healthy competition and FUN among the groups. For example, annual cocktail reception to announce category prize winners under the following categories:**
 - **Most achieved in a year**
 - **1st to draft or pass a law**
 - **Best reporting**
 - **Most active working group**

FEDERATION OF EURO-ASIAN STOCK EXCHANGES (FEAS) 7TH ONSITE TRAINING, CAIRO EGYPT – SEPTEMBER 16 -20, 2018

The Egyptian Exchange as host, extended an invitation to ASEA Member Exchanges to participate in this annual weeklong onsite training which is coordinated by FEAS. Topics covered included processes and procedures within an Exchange ecosystem: from the overview of the Egyptian Market, Listing Rules and Regulations, Trading and Settlement Cycle, Disclosure and Corporate Governance, Membership of the EGX, Surveillance Guidelines covering rules and regulations, Surveillance Operations System, Risk Management and Sustainability in the Capital Markets including regional and global sustainability initiatives and their Model Guidance for reporting on Environmental, Social and Governance (ESG) Performances and the UN SDGs.

There was also a field trip to the Misr for Central Clearing, Depository and Registry (MCDR).

This training was a real eye opener on various processes and procedures within an Exchange, especially where the SSX needs to improve on, such as on Membership rules and regulations, listed companies' disclosure and governance obligations, risk management, surveillance rules and regulations, and other specific approaches, skills and techniques that the SSX can apply internally.

ASEA DISRUPTIVE TECHNOLOGY WORKING GROUP MEETING – SEPTEMBER 17, 2018

A webinar was convened to discuss solutions on how crypto currencies can be incorporated in operations of Exchanges. It was suggested that a Research needs to be done on Blockchain and Green Bonds. Face-to-face meeting/interview is proposed after/during the 22nd General Assembly and Annual Conference to be held in Nigeria in November 2018 and every exchange must determine how many participants will attend.

FSRA ROADSHOW AT BUHLENI – SEPTEMBER 22, 2018

SSX staff attended a Roadshow that was organised by the Regulator, FSRA which was meant to educate the public about operations of the SSX and how they can benefit from either listing their businesses or investing in listed companies securities. Members of the

public won themselves prizes after answering correctly the questions that were asked by SSX staff.

ESWATINI CAPITAL MARKETS ASSOCIATION OFFICIAL LAUNCH – SEPTEMBER 27, 2018

Mr Thabo Magagula of Umelusi Capital as Chair of this Association organised the launch which was held at Mountain Inn and was attended by industry players within the capital markets ecosystem, such as the Regulators in FSRA and Central Bank, SSX and Stanlib to name but a few. The main point of the event was to get members more involved in participating in the activities of the association. Resolutions taken were:

- Members resolved to change the name from Capital Markets Association of Swaziland to Eswatini Capital Markets Association.
- A bank account needs to be opened with Standard Bank Swaziland.
- Employment of a part time personnel and membership documents to be sent to all members that needs to be filled and returned to the Association for confirmation.
- A membership fee of E10 000 per year/per institution.
- A membership of E250 per year for individual professionals.
- Members need to come up with certain benefits for professionals to join the Association on a personal capacity.
- Constitution of the Association to be sent to members to read and comment on.

ESWATINI RETIREMENT FUNDS FORUM – OCTOBER 30, 2018, ROYAL SWAZI SPA, EZULWINI

Eswatini Stock Exchange staff attended a breakfast meeting which was hosted by Eswatini Retirement Funds Forum. The Theme of the event was “Governance of Retirement Funds” which was officially opened by the CEO of the Financial Services Regulatory Authority (FSRA), Mr Sandile S. Dlamini. Other notable speakers were:

- ✓ Ms Wilma Mokupo, who delivered The Keynote Address on *Good Governance & Trustee Training*. This was mainly addressing trustees on how they should uphold to High ethical standards and the need for training of trustees on best decision making which are in the best interest of beneficiaries of pension and retirement funds.
- ✓ Mr Victor Langa from African Alliance Eswatini Limited who indicated that they were in the process of listing a new company called Inala Capital whose main focus will be food chain and agriculture businesses.

A panel discussion was also held between the above mentioned speakers with the inclusion of Ms Jolly Mokorosi and Mr Muzi Dlamini. They discussed the need for a minimum

qualification requirement for one to be considered a trustee and how the incoming government can help improve the investment environment of Eswatini. They also touched on the issue of over spending when attending training sessions out of the country. Ms Wilma Mokupo emphasized that we should look at ways to minimize spending when travelling for training because the funds for all the trainings and travelling come from the pension funds. She then discussed how trustees or people appointed to manage pension funds need to understand that the funds are for the people and not for their personal enjoyment or to better their own agendas.

2ND TECHNOLOGY, INNOVATION AND ENTREPRENEURSHIP CONFERENCE - NOVEMBER 12-13, 2018, THE GEORGE HOTEL, MANZINI

Held at the George Hotel in Manzini, attended by key industry players in the Innovation and Entrepreneurship space, and entrepreneurs, and students from local universities as well as a representative from the Ministry of ICT. The two-day conference hosted by the Royal Science and Technology Park involved presentations from professionals and local entrepreneurs who shared not only how to start and maintain successful businesses, but also tips to stay at the top in an evolving and innovative business space.

Corporate pitches were done by the invited exhibitors including the Financial Services Regulatory Authority, Standard Bank and MTN, to name a few. The Stock Exchange also made a corporate pitch covering what the stock exchange does and how it can be of service to small businesses and entrepreneurs who would like to grow their businesses.

UNESWA ICT FAIR 2018 – NOVEMBER 16-17, 2018, UNESWA, KWALUSENI

Eswatini Stock Exchange team attended the annual ICT Fair hosted at UNESWA on the 16th – 17th November 2018.

- ✓ The University of Eswatini (UNESWA) together with Royal Science & Technology Park (RSTP), the Ministry of ICT and the Ministry of Education and Training realised the need to create ICT awareness in the Kingdom of Eswatini as an economic driver in attaining His Majesty's Vision 2022. The ICT Fair was initiated in 2017, to provide a platform for students, individuals and business players in the ICT industry to get an opportunity to showcase their innovative ideas, products and services to the community. Therefore, the ICT Fair even allows young children, individuals and students to contest in various competitions such as programming contests, innovation contests and gaming contests to stimulate their ICT passion. In addition to that, professionals in science, technology, engineering and mathematics engaged in Information Technology (IT) seminars pertaining to current technological opportunities, benefits, challenges, issues and as well as policies.
- ✓ The ESX team presented to the public, the Ministry of ICT and the Ministry of Education on the new exciting products that the ESX will be introducing in the near

future. The turnout was very encouraging and the public was very curious on the new mobile trading platform and how they could get involved in investing on companies listed on the ESX Board. Some of the companies that attended included Communications regulator, Mobile Operators, Financial Institutions, Government Institutions, News Media, and Consumers Association.

FINANCIAL INNOVATION SEMINAR - NOVEMBER 21, 2018, ROYAL VILLAS, EZULWINI

Eswatini Stock Exchange staff attended this event and the key speakers and topics touched on during presentations included the following:-

- Mr Moshtaq Ahmed – Digital Technologies Changing the Financial Sector where he highlighted that only 44% of Swatis have bank accounts and over 200,000 mobile money accounts. Globally, 300 billion invested in Fintech. Banks are changing nowadays, for example, we have (i) Bionic Bank, (ii) Invisible Bank, (iii) Open Bank

Things Eswatini needs to do to improve Financial Technology:

1. Smart Citizen – citizens need to adapt and adopt new technological changes
2. Smart Government e.g. Police need to use latest tech
3. Smart Business e.g. rural citizens have been engaged in same business over the years.
4. Shift focus from investing in infrastructure to technology

Mr Dumisani Dube presented on Fintech and Potential for Financial Inclusion

- Less regulation is needed to develop FinTech i.e. regulations need to allow new innovations to come in.
- Skills development, financial inclusion and networking & collaboration also needs to improve.
- Data - driven decision making should be promoted and hence need for data mining.

Dr Elizabeth Kasekende and Dr Ismael Arif presented on FinTech and Financial Regulation as well as Blockchain Technology

- Need for safe guards to mitigate cyber risks, building data capacity, governance & disclosure frame works and building staff capacity in new areas of required expertise.

MEETING OF THE SADC NATIONAL FINANCIAL INTERGRATION STAKEHOLDER CLUSTER – NOVEMBER 22, 2018

Eswatini Stock Exchange staff attended the SADC National Financial Integration Stakeholders meeting. Eswatini noted a number of issues which are hindering implementation of the RISDP Strategy 2030, namely.

- **Coordination at the national level and sector level is poor due to lack of capacity and skills to drive the regional integration at national level.**
- **No prioritised issues and look at funding for implementation of SADC programs.**
- **Alignment of RISDP with the National Development Plan is key to ensure ownership of SADC programs through funding and implementation.**
- **Implementation of RISDP and other activities is very slow hence results and benefits of regional integration may not be realized.**
- **SADC committee and some of its subcommittees do not meet as expected and do not set aside time for discussions and debate on regional issues.**
- **Broader stakeholders' consultations are lacking as subcommittee are not proactive but want to be invited.**
- **Sectors are not able to meet/attend SADC regional meetings due to lack of funds.**
- **Lack of information sharing by those who attend regional meetings.**
- **Need to liaise closely and align the program and activities of sectors with industrialized Strategy e.g. Youth, Skills, SMEs and job creation.**

CoSSE 54TH MEETING HOSTED BY THE JOHANNESBURG STOCK EXCHANGE (JSE), SANDTON, RSA – NOVEMBER 22, 2018

The CEO, GM Capital Markets Development and Manager ESX represented the ESX at this meeting which was hosted by the JSE. All countries' three quarters reports (January 1 – September 30, 2018) were reviewed and member exchanges were encouraged to engage government on capital markets issues especially policies.

Ms Zeona Jacobs, the former Chairperson of CoSSE reported that she has resigned from the JSE and Ms Anne Clayton would be the JSE Representative at CoSSE. Ms Sheila Abrahams who had been CoSSE Secretariat during Zeona's term also reported that she had also resigned from the JSE. She encouraged all Exchanges to participate in the "SA Tomorrow" Talk Show in New York since it does not promote only South Africa, but other countries within the SADC region.

The Chair requested Member Exchanges to meet deadlines, especially on information that is sent to third parties. He also mentioned that stakeholder engagement are key, especially with the African Development Bank (AfDB) to establish a Regional Development Fund.

He also reported that US Embassies across SADC countries will work with all exchanges and fund Anti-Money Laundering (AML) trainings.

He reported that the BSE will be hosting the 56th CoSSE Meeting and 23rd ASEA General Assembly and Annual Conference in Kasane, Botswana in November 2019.

FINSEC, Zimbabwe's Alternative Trading Platform was admitted as a Member of CoSSE after they presented their business case to other Exchanges and were satisfied

with their business model which was described as a bit different from the other exchanges as it is more technologically driven, and more aligned with the fourth industrial revolution. It is worth mentioning that FINSEC is a subsidiary of Escrow Group, whose sister company, Escrow Systems are in partnership with the ESX in the automation of its trading platform.

Mr Anirood Meeheelaul, SADC Secretariat reported that the Comoros, a French speaking country has joined SADC. He also reported that 40 million euros has been given to SADC just for the development of capital markets. He also mentioned that his contract at SADC and that of Ms Thembi Langa will be ending soon this year.

Subcommittee Reports

1. Capacity Building and Visibility Subcommittee – The Chairperson, Mr Ildio Guibalo from Mozambique Stock Exchange (BVM) reported that the Securities Lending Training will be conducted during the first quarter of 2019.

2. Legal Subcommittee – The Chairperson, Ms Zeona Jacobs from the JSE requested Member Exchanges to make use of the Development Finance Resource Centre and since she was leaving CoSSE after her resignation from the JSE, she urged members to speak to the SADC Secretariat, Mr Anirood Meeheelaul and Ms TThembi Langa about it.

3. Market Development Subcommittee - The Chairperson, Mr Thapelo Tsheole, the CEO of BSE and CoSSE Chairperson reported that a template will be developed to track implementation at all countries so as to ensure that the Bond Proposal of having bonds listed and traded on exchanges succeeds.

He also reminded all Member Exchanges that the \$1,500.00 annual subscriptions must be paid by February 28, 2019.

Reports from Regional Meetings

1. Committee of Insurance, Securities and Non-banking Authorities (CISNA) – Mr Dale Fick from Seychelles Stock Exchange (Trop-X) as they represented CoSSE at the first bi-annual CISNA Meeting reported that regulation should be like “cooking fish”, not over done to a point of stifling and killing regulated financial services providers. Mr Dorivaldo Teixeira from Angola Stock Exchange (BODIVA) as they represented CoSSE at the last bi-annual CISNA Meeting reported that they discussed centralisation of bond trading and passporting and that BODIVA launched a web portal to allow Retail Investors to buy government bonds much easily and faster.

Committee of Central Bank Governors (CCBG) – Ms Mabakoena Moonyane from Maseru Securities Market (MSM) reported that the Financial Markets Subcommittee (FMS) of the CCBG has agreed on the Hybrid Model of trading government bonds across SADC, which means that the primary market will be done by the Central Banks and secondary market will be at the Exchanges.

CoSSE Activities

The Chairperson reported that the Mercantile Exchange of Madagascar has been requested to join CoSSE since the political turmoil in that country seems to have settled back to normal.

Regional Roadshows in 2020 have been planned and Exchanges were encouraged to bring along listed companies.

Exchanges were encouraged to adopt Edutainment as a means of increasing visibility and brand awareness of Exchanges and their functions as anchors of capital markets.

Exchanges were again urged to constantly post data / information on CoSSE Portal and ASEA website.

MEETING WITH MR. MICHAEL MGWABA, ABSA CAPITAL – DECEMBER 23, 2018

The CEO and Manager ESX had a meeting with Mr Mgwaba, Head of Exchange Traded Products at ABSA Capital as a follow up discussion on cross-listing their ETFs on the ESX. He promised to share the Bond Programme for local Bond ETF creation as the CEO clearly stated that the 50% local asset legislative requirement still stands and that ETFs with foreign underlying assets will be treated as foreign assets/securities.

All parties agreed that a follow-up roadshow needs to be undertaken next year with the involvement of Asset Managers and Pension Funds since their buy-in is key.

ASEA GENERAL ASSEMBLY MEETING AND ANNUAL CONFERENCE – NOVEMBER 25 – 27, 2018, ORIENTAL HOTEL, LAGOS, NIGERIA

The CEO, GM Capital Markets Development and Manager ESX represented the ESX at the 22nd ASEA Annual AGM and Conference hosted by the Nigerian Securities Exchange. The annual ASEA conference is the flagship conference for the African Securities Exchanges Association (ASEA) and it provides a platform for African exchanges, policy makers, global investors, issuers and intermediaries to connect and develop their knowledge, build valuable networks, explore emerging trends as they relate to the capital market, and map out actionable initiatives that will drive the sustainable development of African financial markets.

The theme of this year's conference was "Champions On The Rise: Africa's Ascension To A More Sustainable Future", and it underpinned the need for operators of African capital markets to fully embrace sustainable business practices, as well as the opportunities and risks presented by the fourth industrial revolution.

On Day 1 at the General Assembly, the new incoming President of ASEA was elected, Mr Karim Hajji, the CEO of Casablanca Stock Exchange, taking over from Mr Oscar N. Onyama, OON, CEO of the Nigerian Stock Exchange. In his maiden speech, he emphasized that during his tenure, he will promote sustainability and enhance financial

inclusion. He mentioned that the banking system cannot finance all infrastructure needed in Africa and thus, Exchanges have to play a more prominent role. He allayed that State Owned Entities (SOEs) do not perform well and therefore, governments should consider listing a percentage of their holdings on African Exchanges, thereby improving their financial performance and invest in human capital and talent to rise to their fullest potential and spur economic growth. Last but not least, he reminded Exchanges to be mindful of climate change and thus, encourage governments to strongly invest in infrastructure and thus, float Green Bonds.

The ASEA 2019 – 2023 Strategy was also presented and officially adopted at the AGM.

Notable to report was the signing of a Memorandum of Understanding (MoU) between ASEA and the World Federation of Exchanges (WFE) which supports emerging markets around the world. Exchanges were encouraged to increase available data so as to increase appetite of our securities to the investing public. Ms. Nandini Sukumar, the CEO of the WFE mentioned that 7 out of 70 Members (10%) are from Africa which is a strong presentation.

On Day 2 and 3, various topical issues were discussed which were aimed at marketing African Exchanges as destinations for global capital flows. These included Product Development and Emerging Opportunities in Alternative Investments, Positioning African Securities Exchanges to Attract Greater Global Flows, Financing Africa’s Burgeoning Entertainment Industry, Driving Africa’s ‘Real’ Economy: Innovative Solutions for Market-Based SME Financing, Pathways to Inclusive Growth in Africa: Digital Finance, Financial Literacy, Inclusion and the Democratization of Wealth, FinTech for Africa, Driving Innovation and Efficiency in the 4th Industrial Revolution, African Capital Markets – Facilitators of Affordable Housing in Africa and RegTech and the Future of Regulation in Africa, among other topics.

The ASEA Market Development Working Group, where the Manager ESX is a member is mandated to explore and undertake issues of capacity building, advocacy, research and public relations. The Working Group undertook a comparative study about activities undertaken by member exchanges to attract listings and to attract investors. The study highlighted a number of initiatives deployed in the continent, their success, shortcomings and how they can be expanded for increased impact and results. The intention of this study was to serve as a reference point for strategies across African exchanges that are aimed, and have demonstrated success, at attracting listings and promoting investor participation in the stock market. Among the 28 member exchanges invited to participate in the study only 20 submitted their responses. The members who responded were: Botswana Stock Exchange, Eswatini Stock Exchange, Nairobi Securities Exchange, Stock Exchange of Mauritius, Casablanca Stock Exchange, Mozambique Stock Exchange, Douala Stock Exchange, Dar es Salaam Stock Exchange, Lusaka Stock Exchange, Tunis Stock Exchange, FMDQ OTC PLC, Zimbabwe Stock Exchange, Trop-X, Egyptian Exchange, NASD OTC Securities Exchange, Cape Verde Stock Exchange, Johannesburg Stock Exchange, The Nigerian Stock Exchange, Ghana Stock Exchange and Malawi Stock Exchange. My gratitude goes to all the members that responded.

Generally, African exchanges are faced with common challenges such as low levels of financial literacy, poor savings and investment culture, lack of awareness about the importance of the stock market and rigid regulatory environment, among others. A number of initiatives are being deployed by individual exchanges to address these challenges. However, there are significant constraints ranging from limited budget, skills gap and undiversified economies dominated by owner-managed businesses. In several cases, such initiatives are targeted at educating businesses about unlocking value through the stock market. Whilst there are clear indications of success with certain initiatives, the lead times tend to be long and there is high uncertainty to whether these initiatives would ultimately convert into actual listings.

The Disruptive Technology Working Group, where the Manager ESX is also a member had a meeting by the sidelines of the conference where the Egyptian Exchange was requested to share its knowledge and experiences on developing in-house technology systems instead of buying or outsourcing them.

Last but not least, Exchanges were encouraged to demutualise otherwise, they will be hamstrung around exchanges that have unclear governance structures and also to democratise capital markets by embracing disruptive technologies as stock markets.

Enormous transformation is needed in the thinking levels of Africans as capital formation in Africa is still very weak and thus, Exchanges need to be very strong to bring about change and should have dreams and development of our countries should be built around those dreams.

Exchanges were also urged to focus on integrating trading systems and knowledge sharing and embrace data analytics in our operations and drive innovation during this fourth industrial revolution.

COLLABORATED EDUCATIONAL AND BRAND VISIBILITY ROADSHOW – NOVEMBER 24, 2018

The ESX staff in partnership with FSRA and OMBUDSMAN, participated in a Roadshow at Siteki on the 24th November, 2018. This saw the ESX team educate the people of Lubombo district about the services offered by the ESX.

AFRICAN UNION CAPACITY BUILDING WORKSHOP – HOSTED BY THE BOTSWANA STOCK EXCHANGE – DECEMBER 5 – 7, 2018, GABORONE

The African Union fully sponsored this Capacity Building Workshop for ASEA Members whose theme was “The role of capital markets development in mobilising domestic resources in Africa”.

The Workshop attracted about 50 participants including representatives from African stock and securities exchanges, stockbrokers, regulatory authorities, private sector and regional economic communities. The African Securities Exchanges Association, United

Nations Economic Commission for Africa, African Development Bank, the African Capacity Building Foundation and the African Union Commission also attended.

The rationale of the Workshop was to bring together capital market practitioners with a view to building consensus on the role of capital markets in mobilising resources for Africa's development, in particular funding Agenda 2063 and the Sustainable Development Goals. Best practices were shared from across the continent on what measures have been taken to build the capacity of capital markets to fund infrastructure projects in particular, and to finance long term projects in general. The Workshop provided an opportunity to frame concrete policy options and actions for capital markets to be further developed and integrated in order to facilitate integration and harmonization of economic and financial policies.

It was noted that Africa's financial markets are mainly dominated by domestic institutional and private investors. The domestic institutional investors include banks, most of which are ill functioning, state owned and protected from outside competition, and insurance companies and pension funds. Capital markets recently began developing, though at a slow pace, and most African countries are still lagging behind. The number of active stock exchanges in Africa has grown considerably since 1989. However, most African countries' stock exchanges tend to be small and fragmented and they are characterized by a few listed companies, like the ESX.

Capital markets are crucial and imperative for the efficient functioning of financial markets and for governments in the promotion of both domestic and foreign savings and investments. The mobilisation and effective use of domestic resources has been identified as the most sustainable way of financing development. Mobilising domestic resources through the development of capital markets will go a long way in financing Africa's development and in creating wealth for the African citizens. In this regard, the need for key industry players to list on the stock exchanges in order to further deepen the African capital markets cannot be overemphasized.

The African Heads of States have emphasized the importance of domestic resource mobilisation for the development of the continent. Domestic resource mobilisation has become imperative as a result of the increasing developmental requirements of the continent including Agenda 2063 and the Sustainable Development Goals. Prioritising and investing in the capacity building of Member States so as to improve the capital markets is essential. Capital markets play a vital role in increasing the mobilisation of savings, therefore improving the efficiency and volume of investments, economic growth and the development of Africa.

The Addis Ababa Action Agenda (AAAA) of the Third Conference on Financing for Development called for the development of domestic capital markets, in particular, long-term bond and insurance markets, to meet longer-term financing needs. The AAAA also called for the strengthening of regional markets to achieve scale and depth that cannot be attained by the small and ineffective markets. The small size of capital markets in Africa contributes to their high operational costs and inefficiency. The integration of

financial markets in Africa is crucial for better mobilisation of resources, available within and outside the continent, and a stronger level of investment and economic growth.

The evolution of capital markets in Africa was also discussed at length where it was stated that the total capitalisation of African securities markets is currently estimated at around US\$2 trillion, up from US\$113 billion in the 1990s. However, 65% of the total market capitalisation and 25% of the total listings are in South Africa. African equity markets have seen some improvements in the volume of initial public offerings (IPOs) during the year 2017, driven mostly by South Africa, Egypt and Tunisia. Africa's stock markets are still illiquid, turnover ratios are very thin, at less than 1 per cent in many markets. Africa's share of the global equity turnover is less than 0.05 per cent.

This low liquidity implies more difficulty in supporting a local market's own trading systems, market analysis, and brokers as volume is too low. Most markets are capitalised below US\$50 billion, some with fewer than 10 listings, like the ESX. Overall, the prospects for growth in the African equity markets, including cross-border IPOs of African companies, are good, with South Africa, Egypt and Nigeria expected to lead the growth. There is a ray of hope shining on the ESX with the six prospective listings expected in 2019.

The bond markets have steadily increased over the years but nonetheless remain undeveloped. The bond market was about 140 per cent of global GDP as of 2013. In most African countries, however, the size of the bond market is less than 10 per cent of countries' GDP. Factors such as: economic size, openness of the countries' capital account, size and concentration of the banking sector, bureaucratic practices, interest rates spread, exchange rates volatility, fiscal balance challenges, corruption, quality of accounting standards, and size of domestic credit all impact the development of local bond markets. Non-local currency corporate debt activity continues to increase, indicating the increasing appetite for debt financing by African governments. Most of the non-local currency debt transactions are denominated in US dollars, with sovereign, supranational and non-US agencies accounting for over 75% of the total value of debt between 2013 and 2017. This debt was mainly raised by the financial sector, mostly Nigerian and South African banks.

The challenges faced by capital markets in Africa are many which include suffering from infrastructural bottlenecks. Trading, clearing, and settlement systems are slow, with some exchanges still operate using manual systems, like the ESX. In addition, private firms seem to lack confidence in the stock markets, selecting not to use them as a means of raising capital. The concern is that the risks associated with the required disclosure for IPOs are not adequately compensated by additional returns. Another challenge is that the costs that are required for companies to trade on the capital markets are high and cumbersome which discourages most companies from going public. African countries should work to overcome these challenges, partly by boosting the investor base by attracting foreign institutional and private investors. Increasing the investor base will work to improve competition and liquidity in the local market, which is necessary for the growth and development of African capital markets.

The Workshop discussed various Capital Markets related issues on the continent and provided guidance to Member States. The subsequent sessions were organised in breakaway sessions to exchange views on the following sub-themes:

I. Infrastructure and Technology

Inadequate and poor infrastructure remains the major obstacle towards capital market development in Africa. Some stock exchanges like the ESX are still trading using the manual open outcry systems thus, perpetrating lack of market transparency. Lack of technological platforms to integrate the capital markets in Africa is a major challenge. Johannesburg and Nigerian stock markets have made progress in terms of ICT development and through this reform the number of their listed securities and brokers increased. Investing in capital markets infrastructure is vital for the development of the continent as this can simplify trading across borders and contribute towards the transformation of Africa.

II. Liquidity

Liquidity plays a crucial role in capital markets development of Africa. The continent is still facing a challenge of low liquidity, as indicated by the turnover ratio which is less than 5% in many markets and the share of global equity which is less than 0.05%. The illiquidity in Africa's stock markets implies more difficulty in supporting the local market's own trading system. This also limits access to long term financing and hindering of countries' capacities for local equity and debt financing. Therefore, much needs to be done in order to improve the liquidity and attract more company listings.

III. Regional Integration

Africa has made great efforts in terms of regional integration through different cooperation agreements that have been signed to foster the development of economies, more recently the African Continental Free Trade Area (AfCFTA). Regional integration can steer up competition, increase infrastructure investments and open up an opportunity to raise more funds. In this regard, there is need to establish appropriate instruments to encourage cross-border investments through cross-border trading of shares and other securities.

ESCROW GROUP VISIT TO THE ESX TO FINALISE AUTOMATION PROJECT – DECEMBER 10 - 21, 2018

Two members of Escrow Group visited the ESX and its stakeholders to finalise the automation of the ESX project. The Escrow group was able to meet all relevant stakeholders and track on automation progress thus far. The technical side of the automation project finished their tests, however, the business side had administrative issues which need to be attended before the Escrow team can return in January 2019 to finalise the project and officially hand over the systems to the market. Some of these issues include:

- 1. Re-opening/reactivating ESX FNB Settlement Accounts which were discovered to could have been closed due to non-activity.**
- 2. Opening of Collection and Disbursement Accounts with MTN Eswatini for mobile trading.**
- 3. Opening of a Settlement account at the Central Bank of Eswatini.**
- 4. Demutualisation Directive by the Regulator after being gazetted by the Minister of Finance and subsequent Demutualisation Public Notice by the Exchange.**
- 5. Finalisation of reviewed Listings Requirements and Debt Listings Requirements together with their accompanying Schedules, Practise Notes and Guidance Letters, and the Rule Book with its accompanying Directives to the Rules.**

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