



## Derivatives Clearing Fact Sheet

This Product Fact Sheet provides you with key information about this product/service. The document should be read in conjunction with the Terms and Conditions of the Product and the Bank's Tariff Guide which is available in our branches. Should there be any aspect of information contained in this document that is not clear to you, please refer to your relationship manager, or our customer care team on [customercare@stanbic.com](mailto:customercare@stanbic.com) or +254711068100 for more information.

### Product Summary

Derivatives clearing involves acting as an intermediary on behalf of trading members (participants) and their clients (investors) for every trade executed on NEXT (Nairobi Securities Exchange (NSE) Derivatives Market)

A derivative is a financial contract with a value that is derived from an underlying asset. The asset from which a derivative derives its value is referred to as an underlying asset. The price of a derivative rises and falls in accordance with the value of the underlying asset

A derivative trading is the investment in the financial instruments/contracts by willing buyers/seller in the market through a derivatives exchange.

### Derivatives Clearing Services offering include:

- Account Opening and Maintenance
- T+1 Cash Settlement
- Position/Cash Management
- Margin Management
- Risk Management
- Client Reporting

### Who can apply/Target clients:

Clients are typically registered stockbrokers who would have to qualify and register as Trading Members with NEXT (Nairobi Securities Exchange (NSE) Derivatives Market) and the Capital Markets Authority (CMA).

Every trading member in the derivatives market must have a nominated clearing member in order to successfully participate in trading listed derivatives.

### Eligibility Criteria

- Client must be an Investment Bank or registered Stock Broker
- Client must be an approved trading member by NSE Clear (a subsidiary of Nairobi Securities Exchange) and CMA
- Client must be an existing bank client and have an active business history with the bank of at least one (1) years
- Clients are required to maintain collection, trust and call accounts with the bank and must complete all account opening documents. In addition, a Clearing Agreement which details all relevant Terms and Conditions and the Schedule of Charges, must be signed and returned.
- For a complete list of the KYC documentation, please refer to your Relationship Manager.

### Fees and Charges

- The pricing of the NSE Derivatives Market product is regulatory guided by NSE and approved by CMA. These are published on the NSE website – <https://www.nse.co.ke/next.html>
- Clearing member fees are charged per contract
- For further information on the fees, please contact your relationship manager

### Potential Risks

- The performance of a derivative contract is subject to price movements of the underlying security.
- As the product is pre-funded, the investors in the derivative contracts are required to ensure that their trust accounts are funded sufficiently to meet any margin calls failing which the clearing member can institute close out of the position in line with the approved NSE Derivatives Default Handling Policy.



## Rights and Obligations

To the extent that clients enter into Clearing Member arrangement with Stanbic Bank, it will be within the terms and conditions of the bank [www.stanbicbank.co.ke](http://www.stanbicbank.co.ke), NEXT Derivatives Markets rules and regulations, operational procedures; policies and terms and conditions as provided by NSE Clear Limited - <https://www.nse.co.ke/next.html> and the Clearing Member – Trading Member and service level agreement, which are available from our Investor Services product team. These will govern the product engagements during the life of the contract.

## Complaints Procedure

Should you have any complaint related to this product or any other product or service offered by Stanbic Bank, we welcome you to lodge your complaint in line with our Complaints Procedure. A copy of this procedure is available on our website - [www.stanbicbank.co.ke](http://www.stanbicbank.co.ke) or alternatively you can visit your nearest branch.

## Customer Sign-Off

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### For more information or queries, contact us at:

Customer Care Centre (CCC)

Tel: +254 (20) 3268 888 / +254 (20) 3268 999

Mobile: 0711 068 888 or 0732 113 888

Email: [customercare@stanbic.com](mailto:customercare@stanbic.com)

Website: [www.stanbicbank.co.ke](http://www.stanbicbank.co.ke)