

DATE: 04 DECEMBER 2025
PRESS RELEASE

FOR IMMEDIATE RELEASE

NAMIBIA SECURITIES MARKET ENTERS A NEW ERA WITH GO-LIVE OF THE CENTRAL SECURITIES DEPOSITORY (CSD)

The Namibia Securities Exchange (NSX), in partnership with the Bank of Namibia (BoN) and under the oversight of the Namibia Financial Institutions Supervisory Authority (NAMFISA), is proud to announce that the Central Securities Depository Limited (CSD) has officially gone live in Namibia, marking a major milestone in the modernisation of the country's capital markets.

A Strategic Leap Forward

For more than a decade, outdated regulations prohibited the establishment of a CSD. However, with regulatory reforms and the issuance of a license on March 8, 2024, the NSX, BoN, and financial market participants worked together to design and implement the Central Securities Depository.

The launch of the CSD represents a significant transition from paper-based securities registration and settlement to a fully electronic, integrated system. The CSD will hold securities in electronic form, facilitate electronic clearing, settlement, and registration, and manage corporate action events. All payments will be made to the Bank of Namibia, in accordance with the IOSCO Principles for Financial Market Infrastructures.

With a live CSD, the system allows for:

1. Enhanced market efficiency and speed – The system enables delivery-versus-payment (DVP) mechanisms, reducing counterparty and settlement risk.
2. Risk reduction and greater security – Dematerialisation eliminates the reliance on paper certificates, mitigating fraud and manual processing errors.
3. Improved issuer and investor services – The CSD manages issuance functions, streamlines corporate actions, and facilitates accurate ownership registration.
4. Increased market liquidity and accessibility – The modernised infrastructure paves the way for both domestic and international investors to participate more easily in Namibian securities markets.
5. Transparency and regulatory alignment – With electronic ownership records, regulators and market participants gain access to accurate, real-time data and enhanced market oversight.

What this means for Stakeholders

1. For issuers: Reduced administrative burden and faster corporate action processing, potentially lowering overall costs.
2. For investors: Shorter settlement cycles, transparent ownership records, and reduced risks of lost or forged certificates.
3. For the market: A stronger foundation for future capital market growth, improved ability to attract foreign investment, and alignment with international best practices.

By eliminating paper-based securities and reducing settlement risk, Namibia's new digital system is expected to unlock higher liquidity and improve access for both institutional and retail investors. "The lesson for Namibia is clear: when you remove paper, reduce settlement risk and standardise post-trade processes, liquidity improves. Investors trade more, issuers can raise capital at finer spreads, and the market becomes more resilient," Governor of the Bank of Namibia, Dr. Johannes !Gawaxab explained.

"The go-live of the CSD is a transformative moment for Namibia's capital markets. It signals that we are serious about modern infrastructure, efficiency, and international competitiveness. Through the CSD, we will deliver a secure, efficient post-trade environment that strengthens investor confidence and opens new opportunities for market participation," said Tiaan Bazuin, Chief Executive of NSX Group.

Next Steps and Implementation

In the coming months, the CSD will continue rolling out the full onboarding of all market participants, migrate existing securities into the electronic environment, and ensure full automation of the new settlement system. The industry will be supported through comprehensive training, system integration projects, and ongoing stakeholder engagement, ensuring a smooth and coordinated transition.

CSD Participants

The Central Securities Depository currently operates in collaboration with five approved Central Securities Depository Participants (CSDPs) in Namibia. These participants play a critical role in facilitating investor access to the CSD system, maintaining client accounts, and ensuring compliance with post-trade settlement and custody standards.

The five approved CSDPs are:

1. Rand Merchant Bank (RMB)
2. Standard Bank Namibia
3. NSX Financial Market Services (NSX FMS)
4. Bank of Namibia
5. Nedbank Namibia

These institutions form the backbone of Namibia's post-trade environment, ensuring a secure, efficient, and transparent securities custody and settlement framework. In future, more participants can apply to be CSDPs.

About NSX, BoN and the CSD

The Namibia Securities Exchange (NSX) is the country's primary securities exchange, providing a platform for equity and debt instruments. The Bank of Namibia (BoN) is Namibia's central bank, responsible for monetary policy, financial stability, and oversight of the national payment system. The Central Securities Depository Ltd. (CSD) is a jointly owned entity between NSX and BoN, established to operate electronic securities registration and settlement services in line with international standards.

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