

Press Release: 10th January 2025

Ethiopian Securities Exchange Launch Marks a New Dawn for Ethiopia

Addis Ababa 10th Jan 2025: The Ethiopian Securities Exchange (ESX) was officially launched today at an event officiated by Prime Minister Dr. Abiy Ahmed. The exchange, established by the country's sovereign wealth fund, Ethiopia Investment Holdings (EIH) in partnership with the Ministry of Finance with support from FSD Africa and FSD Ethiopia, marks a historic milestone in Ethiopia's economic development.

Licensed by the Ethiopian Capital Market Authority in December 2024 to operate as a Securities Exchange and Over the Counter (OTC) market, ESX is set to revolutionise the nation's capital markets. By providing equitable access to capital and enhancing liquidity, it aims to support private sector growth in Ethiopia, the second most populous country in Africa and one of the fastest growing economies globally, with projected GDP growth of 6.5 in 2025.

For decades Ethiopia's financial sector has lacked a strong mechanism for equitable access to capital and liquidity for the private sector. In particular, the lack of an interbank trading platform has meant banks could not effectively lend to one another. This resulted in high interest rates to borrowers and significant inefficiencies in bank liquidity management which has in turn constrained businesses, particularly small and medium-sized enterprises (SMEs).

The new exchange is already addressing this challenge. An interbank trading platform, which is part of the exchange, is optimising liquidity and improving credit flow in the banking system. Since its pilot in late October 2024, the platform has facilitated trades exceeding ETB 135 billion (USD 1.1 billion), demonstrating robust uptake by the banking sector. By enhancing price transparency and reducing transaction costs, the platform is already improving credit accessibility for businesses, enabling them to grow, innovate, and drive economic activity.

ESX's state-of-the-art multi-asset Electronic Trading Platform, which is integrated with a modern Central Securities Depository for post-trade settlement and clearing, will also support more efficient issuance and trading of financial instruments such as Equities, Treasury Bills and Bonds, Corporate Bonds, Commercial Papers, Repos, and Derivatives. This is expected to attract both domestic and international investors, further strengthening Ethiopia's financial markets.

ESX CEO Tilahun Esmael Kassahun was optimistic that the new bourse would inject dynamism in the economy and deepen especially the debt market to the benefit of all actors in the ecosystem. *"We see the new securities exchange as a multi-faceted financial infrastructure, providing multiple markets and variety of products, catering for*

different types of issuers and investors. The Fixed income market will provide a platform to list and trade debt instruments including treasury bills and bonds, corporate bonds and Shariah compliant securities such as Sukuk Bonds.”

On his part, **FSD Africa CEO Mark Napier** underscored the role of modern and deep capital markets in accelerating the already impressive economic growth momentum of Ethiopia. *“The launch of the ESX is a true game-changer for the country. As an organization running development finance programmes in well over thirty African countries, we know only too well the impact well-functioning and modern capital markets can have in catalyzing economic growth. We are proud to have played a role in the development of this exchange, that will undoubtedly spur equity, fixed income and other innovative financial instruments,”* noted Mark.

The launch of ESX follows significant economic reforms in Ethiopia over the past year, including floating the national currency, the Birr, opening the banking sector to foreign competition, and advancing capital market development. The exchange is poised to become a vital platform for raising capital, trading securities, and driving economic transformation.

About the Ethiopian Securities Exchange

The Ethiopian Securities Exchange (ESX) is Ethiopia’s first organized securities exchange, established as a self-regulatory organization (SRO) and central market facilitator. ESX provides a platform for equities, fixed income, and money market transactions, with a core mission to enhance capital access and allocation, contributing to Ethiopia’s economic growth.

About FSD Africa

FSD Africa is a specialist development agency established in 2012 by the UK Government working to make finance work for Africa’s future. We work on the ground in 30 countries to mobilise “green plus” finance that will power economic and social development while delivering environmental gains and building Africa’s resilience. We work on policy and regulatory reform, capacity strengthening and improving financial infrastructure, and addressing systemic challenges in Africa's financial markets to spark large-scale and long-term change. For more information, visit: www.fsdafrica.org

Media Contact

Wongel Tamene

Sr. Manager, Communication and Partnerships

Email: Wongel.Tamene@esx.et

Tel: +251 923 59 12 21

General Inquiries: info@esx.et

Website: www.esxethiopia.com