

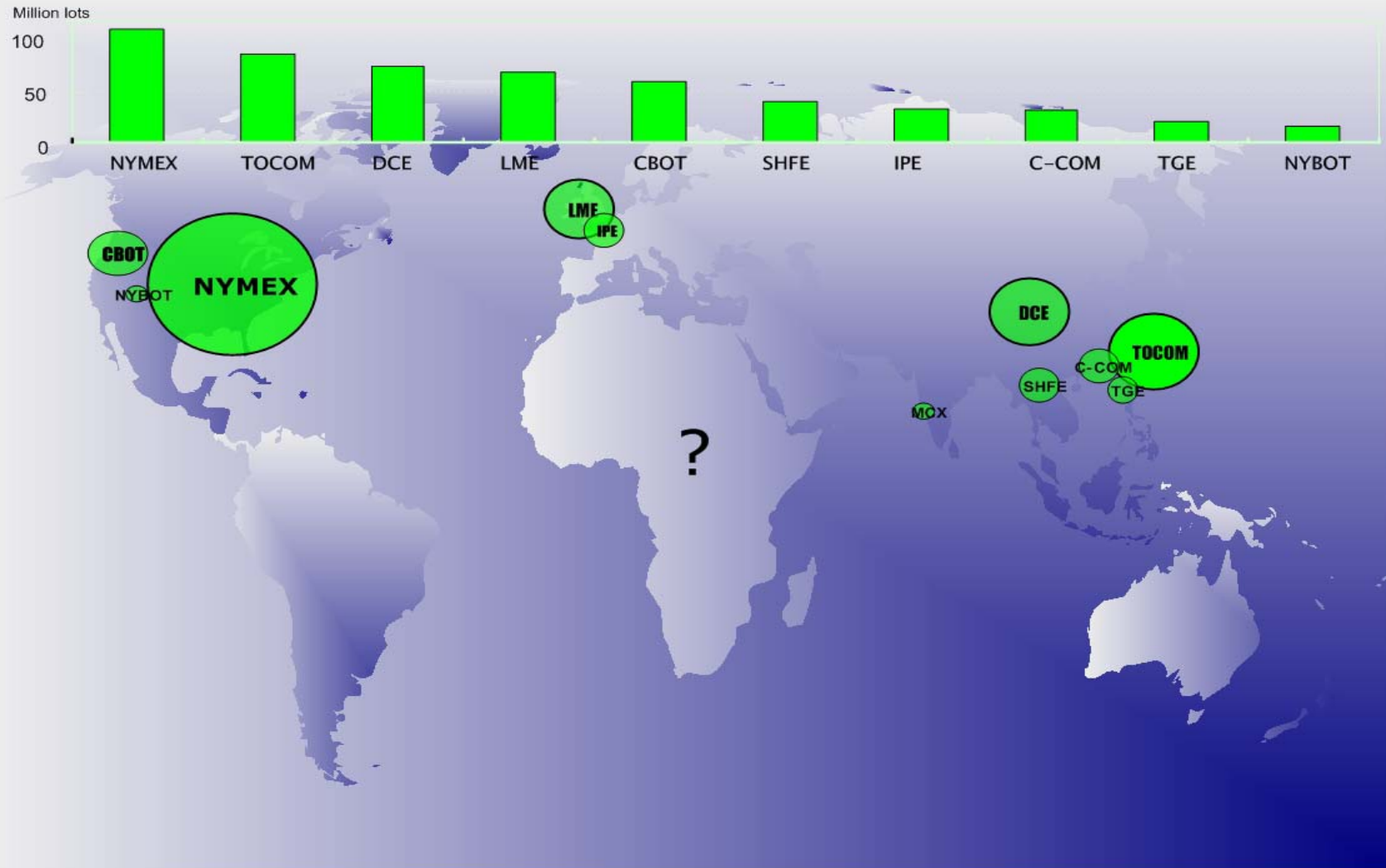
PACDEX
FAO May 2007



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Volume World Futures Exchanges



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African Commodity Markets – Current Scenario



- Commodities prime source of revenue & employment
- Highest export-revenue earner
- Industry relatively un-organized
 - Disintegrated value-chain
 - Minimal processing,
 - Declining share in international trade,
 - Low price realization
 - High degree of exploitation of the producers
- Increasing effects of globalisation and opening of international borders being felt



About PACDEX



- ❑ Initiated and conceptualised 2002
- ❑ Strategised 2003/4
- ❑ Consolidated Pan African Multi Commodity Exchange
- ❑ Price discovery instrument for Africa on
 - ❑ Mineral, Energy, Agricultural & Forex
- ❑ Physical & Derivatives
- ❑ Expected to launch 2007/8



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Participants of PACDEX



- UN - UNCTAD
- AU
- AfDB
- Collateral Management Companies
- Country Commercial Banks
- Technology Partners
- Insurance Companies
- Governments
- Traders, Hedgers, Speculators
- PACP



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Business Location



- PACDEX head office is going to be located in **Gaborone Botswana.**
- Local offices will be established in each participating African country



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Benefits of PACDEX



- Price Discovery
- Price stability
- Improved Financing Terms
- Transparency
- Information Dissemination
- Effective Protection of Market Participants
- Efficient Quality Control and Distribution Mechanism
- International Links
- Employment generation
- Improved Tax Collection



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PACDEX Contracts

Will include:

Physicals

Energy

Agricultural commodities

Mineral commodities

Freight

Derivatives

As above and

Indices



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Broad Regulatory Structure Framework



Regulatory Authority

- Creates Market-place Guidelines
- Approves - Articles, Bye-Laws, Business Rules of Market-place

1

Exchange Board & Management (SRO)

Governs and operates under the authority given by Articles, Bye-Laws, Rules and Business Rules

Committees

- o Membership Committee
- o Trading Committee
- o Clearing House Committee
- o Arbitration Panel

Advisory Panels

- o Commodity Specific
- o Contract Definitions
- o Trade Bodies

2

Clearing Members
Trading Members

3



Criteria for an Efficient Exchange



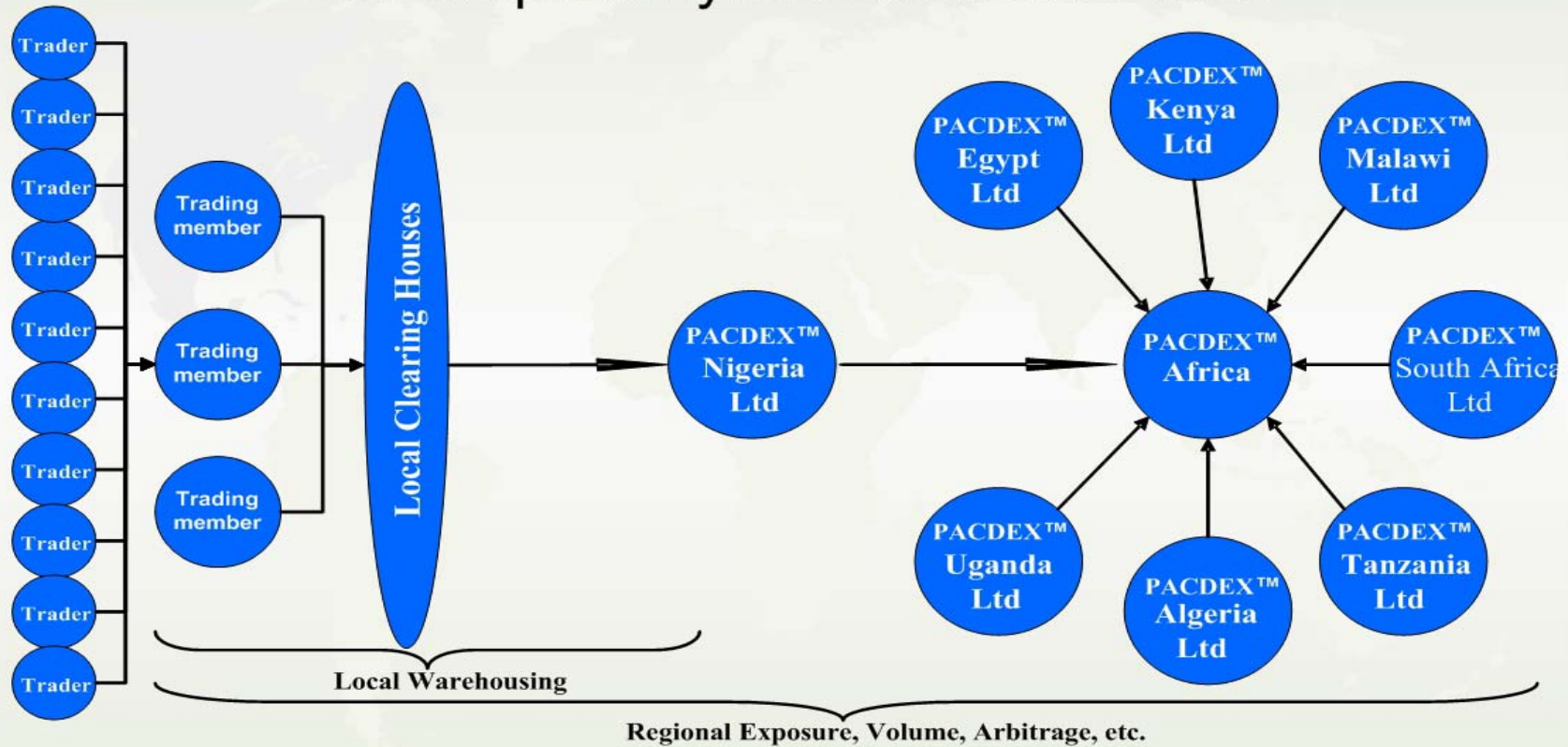
- Market **transparency**
- Online** Trading System
- Efficient **Settlement** Procedure
- Efficient **Risk Management** System
- Warehousing** Services
- Quality** Certification Services



Business description



Hub & spoke hybrid franchise model

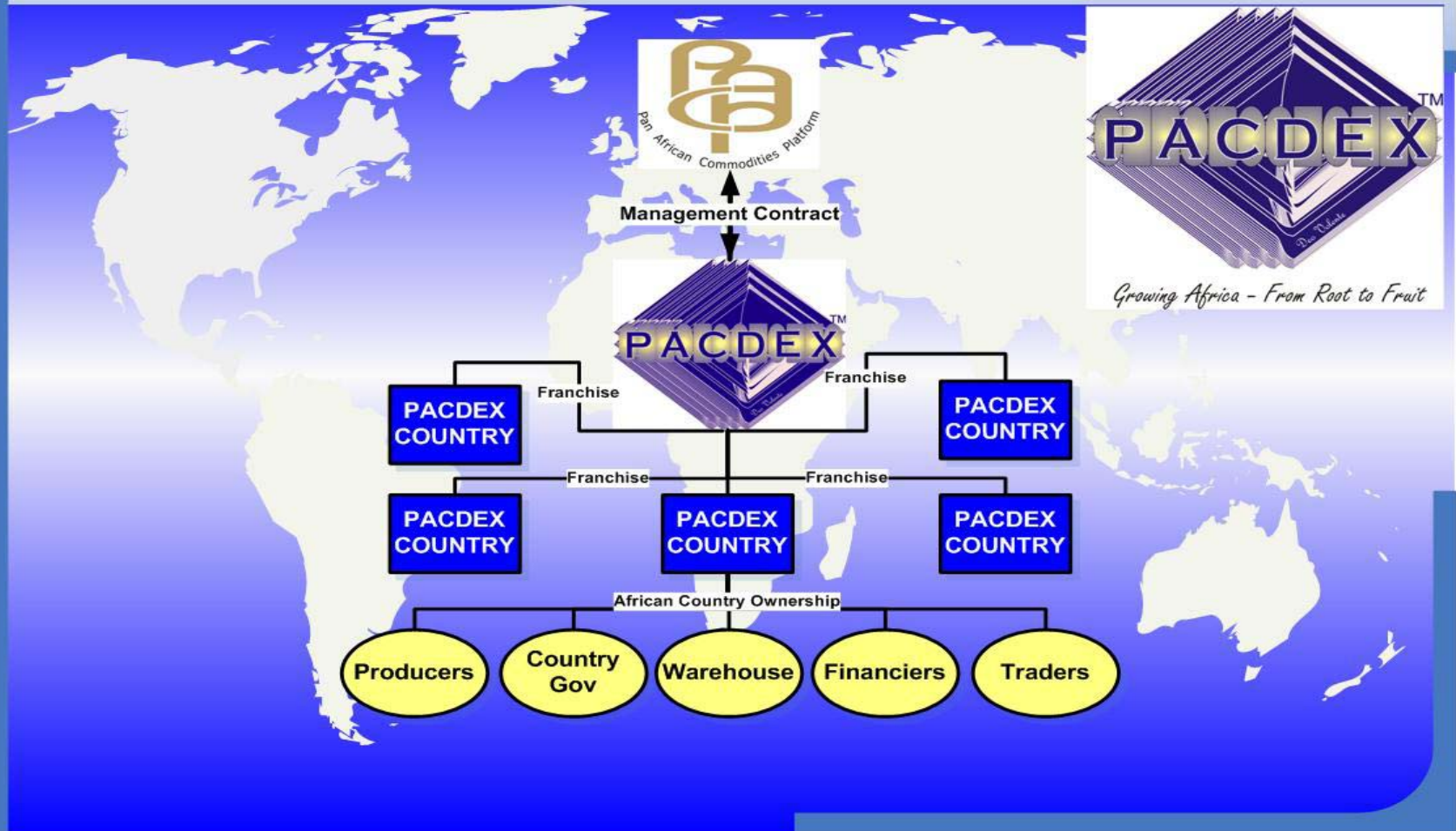




PACDEX Ownership



PACDEX AFRICA OWNERSHIP

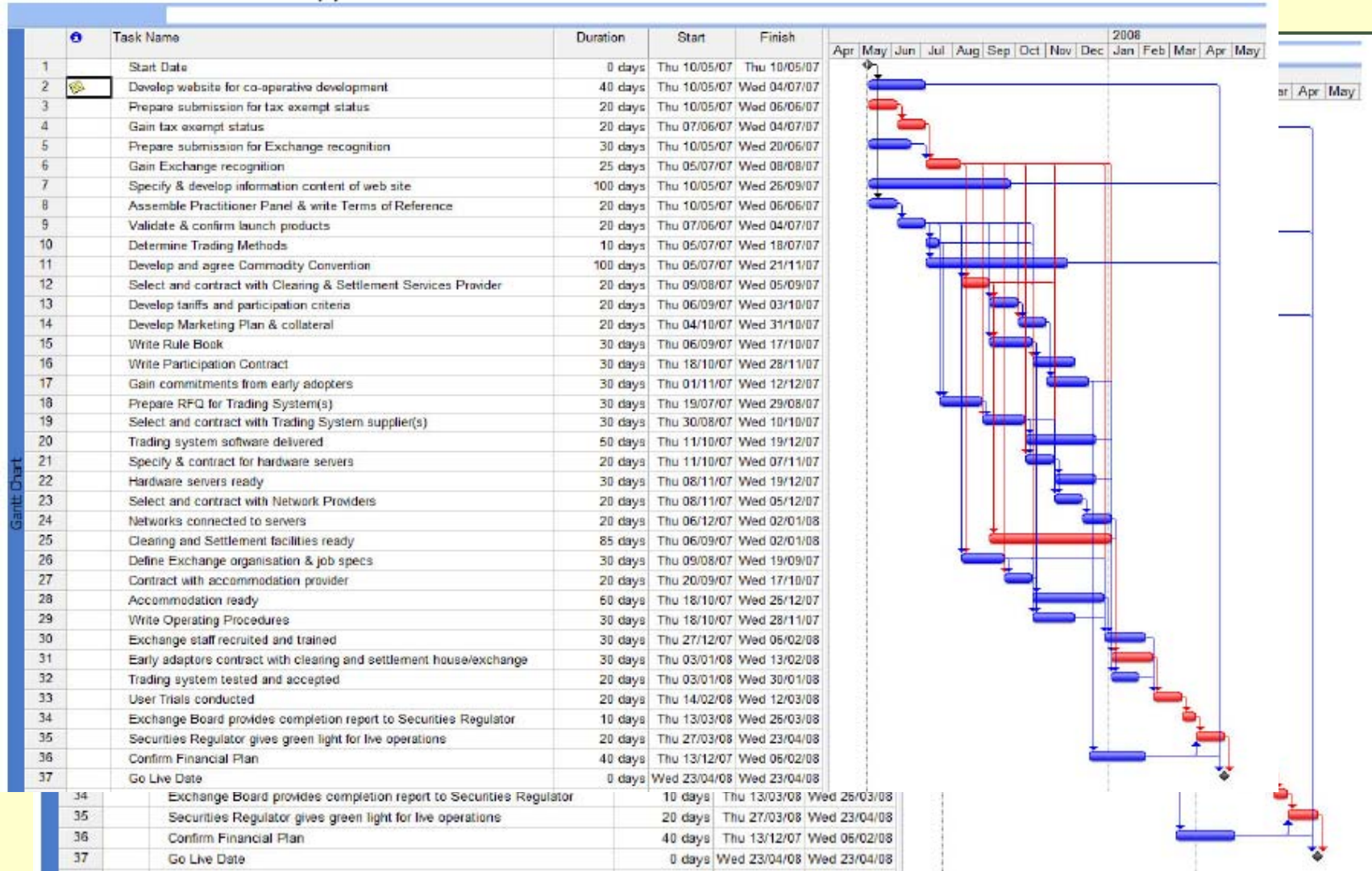


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Roll out of PACDEX



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Regional Challenges



- Different levels of development of financial systems legislative and infrastructure
- Different national Payment and Clearing Systems
- Different Trading Systems
- Lack of resources to operate a Trading System
- Lack of cooperation by national systems to pool resources



Principals of Transparency



- Regulator should be accessible to all players
- Regulations should be made visible for all and publicly available all the time
- Rules should be clear and understandable
- Rules should be enforced fairly openly and should apply to all players in a non-discriminatory manner

Thank you!

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