



# **MASTER PLAN IMPLEMENTATION:**

## **Tracking Implementation for Remaining part of 2015**

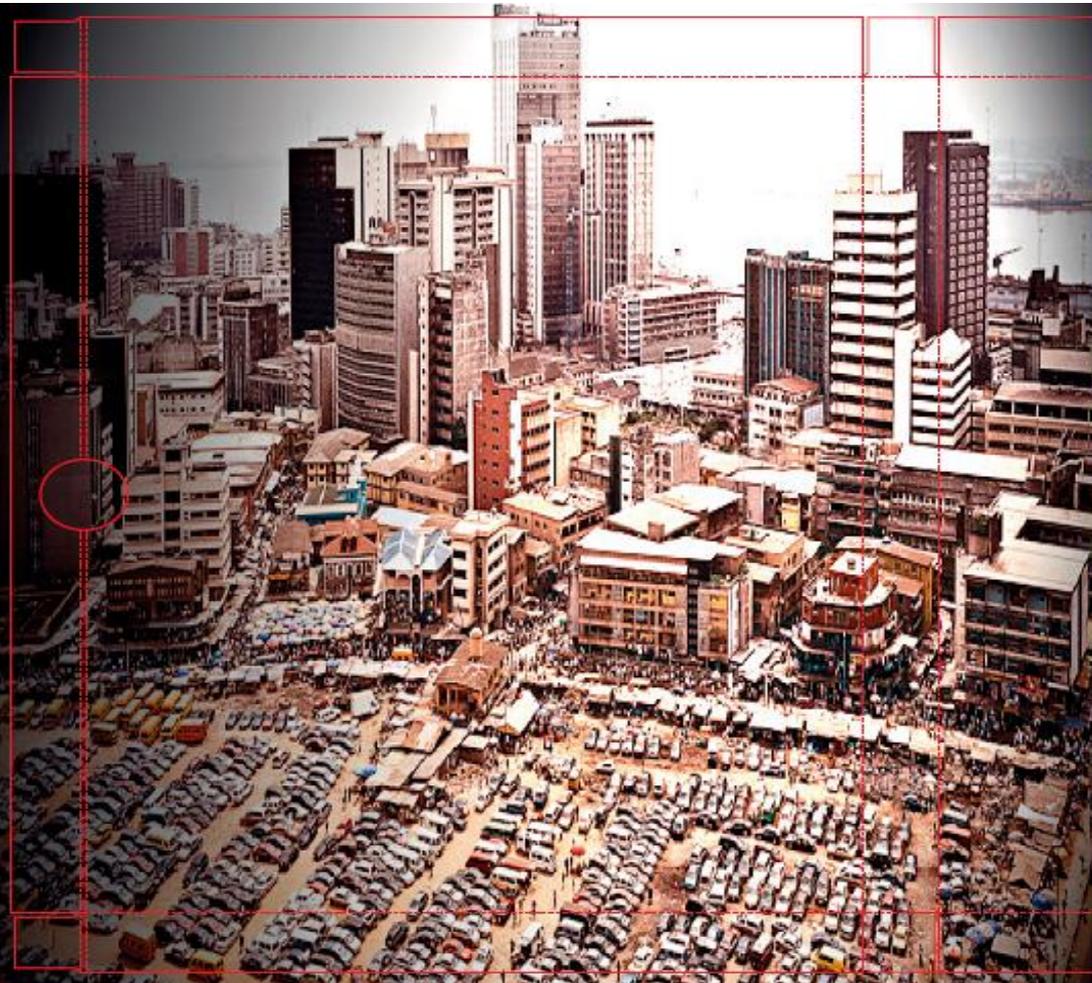
**Rt. Hon. Zakawanu Garuba,  
Executive Commissioner (Corporate Services)  
Sup. Executive Commissioner (Operations)  
Securities & Exchange Commission**

*28<sup>th</sup> July, 2015*



# SEC NIGERIA

SECURITIES AND EXCHANGE COMMISSION, NIGERIA



## NIGERIAN CAPITAL MARKET MASTERPLAN

10 Year Plan  
2015-2025



**SEC NIGERIA**  
SECURITIES AND EXCHANGE COMMISSION, NIGERIA

# OUTLINE

**Focus on implementation**

**The Implementation Council**

**Implementation Architecture**

**Updates on master plan deliverables**

**a. Dematerialization**

**b. Unclaimed Dividends**

**c. Transaction Cost**

**d. Regulatory Efficiencies**

**e. Minimum Requirements**

**f. Non-Interest Products**

**g. Unified Licensing Model**

**h. Commodities Market**

**i. Corporate Governance**

**j. Responsive Rulemaking**

## FOCUS ON IMPLEMENTATION



**The Strategic Focus of SEC over the next 10 years will be the faithful implementation of the three master plan blueprints**

**1*****THE CAPITAL MARKET MASTER PLAN IMPLEMENTATION COUNCIL***

<b>INDIVIDUAL MEMBERS</b>	
1.	Mr. Tola Mobolurin (Proposed Chairman)
2.	Dr. Suleyman Ndanusa
3.	Prof. Koyinsola Ajayi
4.	Dr. Adedotun Sulaiman
5.	Mr. Ariyo Orisekun
6.	Mrs. Hajara Adeola
<b>INSTITUTIONAL MEMBERS</b>	
	<b>NUMBER OF REPs</b>
7.	DG SEC 1
8.	EXE. COMM. OPERATIONS SEC 1
9.	DG PENCOM 1
10.	Federal Ministry of Finance 1
11.	Nigerian Stock Exchange (NSE) 1
12.	Chairman Senate Committee on Capital Market 1
13.	Chairman House of Reps Committee on Capital Market 1
14.	Bankers' Committee 1
15.	ASHON/CIS/ISSUING HOUSES 1
16.	FMAN/CUSTODIANS/REPORTING ACCOUNTANTS 1
17.	SOLICITORS/TRUSTEES/REGISTRARS/RATING AGENCIES 1
<b>QUOTED COMPANIES</b>	
18.	i. LARGE CAP 1
19.	i. MID CAP 1
20.	i. SMALL CAP 1
<b>UNQUOTED COMPANIES FROM STRATEGIC INDUSTRIES</b>	
21.	i. Power Sector 1
22.	i. Telecommunications Sector 1

## ***IMPLEMENTATION ARCHITECTURE***

Implementation will be led by Master Plan Implementation Council Comprising Prominent Business Leaders, Captains of Industry and Market stakeholders

Ownership of the Project at the Highest Levels: the Presidency, National Assembly, Law Enforcement and Coordinated by the SEC Project Management Team

**Towards the 2025  
Nigerian Capital Market**

Feedback and continuous monitoring and evaluation of each project will be prioritized

Tactically, we will focus on quarterly timelines picking items from the capital market master plan and focus on diligently implementing them within the quarter

## **DEMATERIALIZATION**

### **Objective**

*To boost market efficiency, safety and liquidity*

### **Actions Taken**

- ✓ Report of the Dematerialization Committee was reconsidered and is being diligently implemented*
- ✓ The recommended robust public enlightenment campaign has been developed and has started airing nationwide. It is being run for a period of 3 months in the major languages*
- ✓ Registrars have been directed to complete reconciliation of registers*
- ✓ SEC has approved the dematerialization form and investors are currently encouraged to fill them (the form has been uploaded to SEC website, operators should do same)*
- ✓ Current negotiations ongoing with CBN and NIBSS on leveraging the BVN database*
- ✓ Guidelines on full implementation of e-allotment, e-dividends, e-bonus and e-rights are embedded in SEC Rules (Part F Sections 279; 295; and 338)*

### **Actions yet to be concluded**

- Airing of the public enlightenment will continue to run till September*
- Completion of reconciliation by registrars*
- Completion of dematerialization forms by investors*
- CSCS to report level of compliance by registrars*
- **Target Completion Date for Exercise: October 2015***

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## ***UNCLAIMED DIVIDENDS***

### ***Objective***

***To resolve the legacy issues involved and bring to closure the quantum of unclaimed dividends***

### ***Actions Taken***

- ✓ Continued implementation of the e-dividend scheme (presentation by NIBSS later)***
- ✓ SEC directed Registrars to return unclaimed dividends older than 15 months to the respective companies***
- ✓ Evidence of compliance with this directive currently being received and reviewed by our staff***
- ✓ Public enlightenment developed to educate the public about e-dividends has commenced***
- ✓ The CBN being engaged to solve legacy issues of dividends trapped in defunct banks***

***➤ Target Completion Date for Exercise: October 2015***

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## **TRANSACTION COST ANALYSIS**

### **Objective**

***To ensure significant but gradual reduction in both implicit and explicit transactions costs and boost competitiveness***

### **Actions Taken**

- ✓ Worked with consultants to conduct a comparative analysis of our cost structure benchmarked against those of developed, emerging and frontier markets***
- ✓ Held meetings with the NSE and CSCS to determine new cost structure***
- ✓ Involved trade groups to analyze the report and look at their fee structure to determine areas of cut***
- ✓ Considering proposals for reducing implicit costs and narrowing spreads***
- ✓ Presentation by the engaged consultant Accenture expected in the course of this meeting***

### **Actions yet to be taken**

- Trade groups to submit their new fee structure***
- Announce all-round reductions in explicit costs while simultaneously implementing changes that would impact implicit costs***
- SEC, NSE and CSCS to announce transaction fee reductions***
- Target Completion Date for Exercise: December 2015***

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## **REGULATORY EFFICIENCY**

### **Objective**

*To simplify processes for participation in our market and reduce compliance costs by leveraging e-processes*

### **Actions Taken**

- ✓ *We have converted all SEC forms and other regulatory filings into electronically editable formats*
- ✓ *Work has commenced on developing portals to host these forms*
- ✓ *In preparation for e-filing, we have mandated operators to ensure complete filing before we begin processing applications*

### **Actions yet to be taken**

- *Full IT audit of SEC to determine ICT infrastructure requirements for the market*
- *Training session for compliance officers and operators that will be using the portals*
- *Go live*
- *Target Completion Date for Exercise: End of 2015*

## ***NON-INTEREST CAPITAL MARKET PRODUCTS***

### ***Objective***

***To deepen the non-interest capital market in Nigeria***

### ***Actions Taken***

- ✓ Full implementation of the Non-Interest Capital Market Products master plan has begun***
- ✓ SEC has set up a small working group headed by Mrs. Hajara Fola Adeola to work closely with the CBN to develop guidelines on liquidity status for non-interest capital market products***
- ✓ The team will also liaise with PenCom to articulate specific amendments needed to be made to PenCom***
- ✓ Presentation by the Committee Chairperson expected later***

### ***Actions yet to be taken***

- Advocacy visits to major issuers on sukuk issuance***
- Reviewing draft guidelines on liquidity status for sukuk and other non-interest capital market products***
- Target issuance of non-interest T-bills by the CBN***
- Target Completion Date for Exercise: Working Group's report expected by October 2015***

- 1. Direct Cash Settlement:** Extensive work has been done on this. A consultant has been engaged. Mr. Ade Bajomo's presentation will provide more details.
- 2. Unified Licensing Model:** We set up a small team led by Mr. Sonnie Ayere to work on a draft framework. Their report is being studied for further engagement with the CBN. Mr. Ayere will be making a presentation on the report.
- 3. Commodities:** This is a major area in the master plan. Significant progress has been made in setting up electronic warehouse receipt system by both the NCX and AFEX. Presentation by AFEX later. As promised at last CMC, the Commodities sub-Committee report has been shared with NCX as requested by the MD.
- 4. Minimum Requirements:** There will be a presentation by the SEC team on the level of compliance and next steps for verification.
- 5. Corporate Governance Scorecard:** Our Rules Committee is working on each provision of the Code and the Scorecard will be launched within the year.
- 6. Responsive Rule Making:** Our Rules Committee has been revitalized and now meets at least once every 2 weeks
  1. Regulatory framework for Financial Holding Companies
  2. Regulatory framework for exploration and production companies
  3. Regulatory framework for crowdfunding, venture capital and private equity

**Thank you!**



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*28<sup>th</sup> July, 2015*