

# Capital Market Committee Meeting Q2-2021

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# Outline



*Clearing & Settlement and Depository Asset Statistics for H1'2021*



*Investor Update Data Statistics*



*Securities Services Data: Depository Admissions*

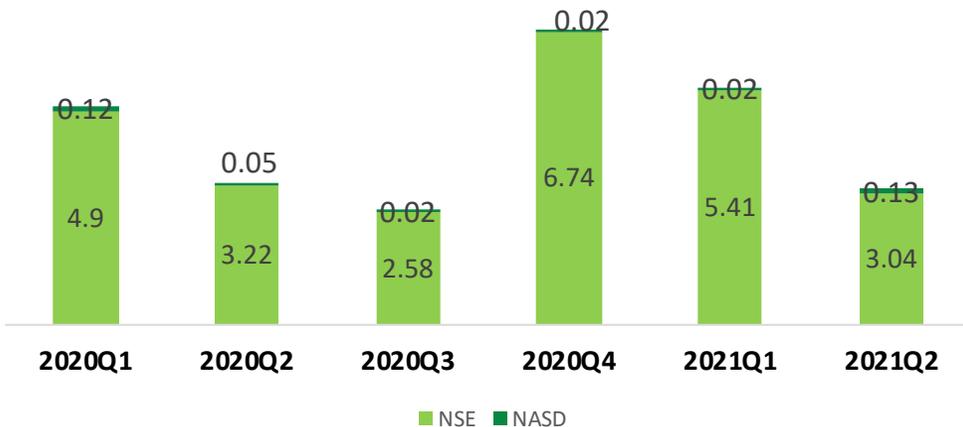


*Capital Market Development Highlights*



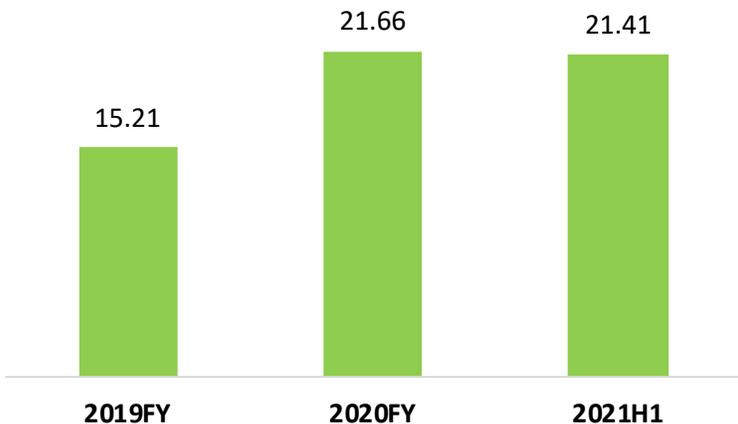
# Clearing & Settlement and Depository Assets Statistics

Average Daily Clearing and Settlement Value (N'Bn)

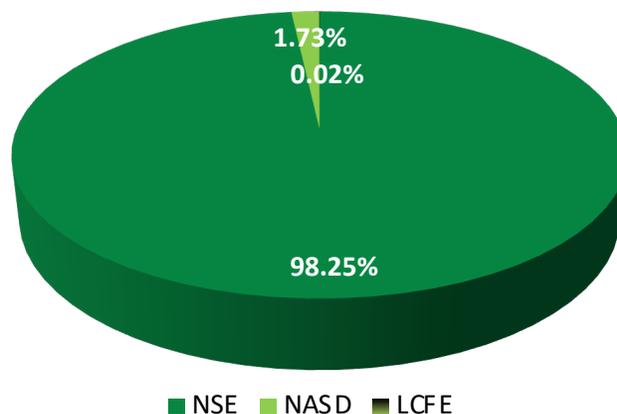


- The bullish investor sentiment on equities waned in the second quarter, as higher yields on risk-free Sovereign instruments influenced asset allocation. More so, concerns on new Covid-19 variants and Naira volatility undermined foreign portfolio flows to Nigeria, thus constraining market liquidity and attendant post-trade activities within the quarter.
- Resultantly, CSCS' post-trade settlement activity, which was largely skewed towards equities, declined to a daily average of N3.17bn in the second quarter of 2021 (from circa N5.43bn in the prior quarter; and N3.27 billion in the same period in 2020).

Value of Assets in Depository (N'Trn)



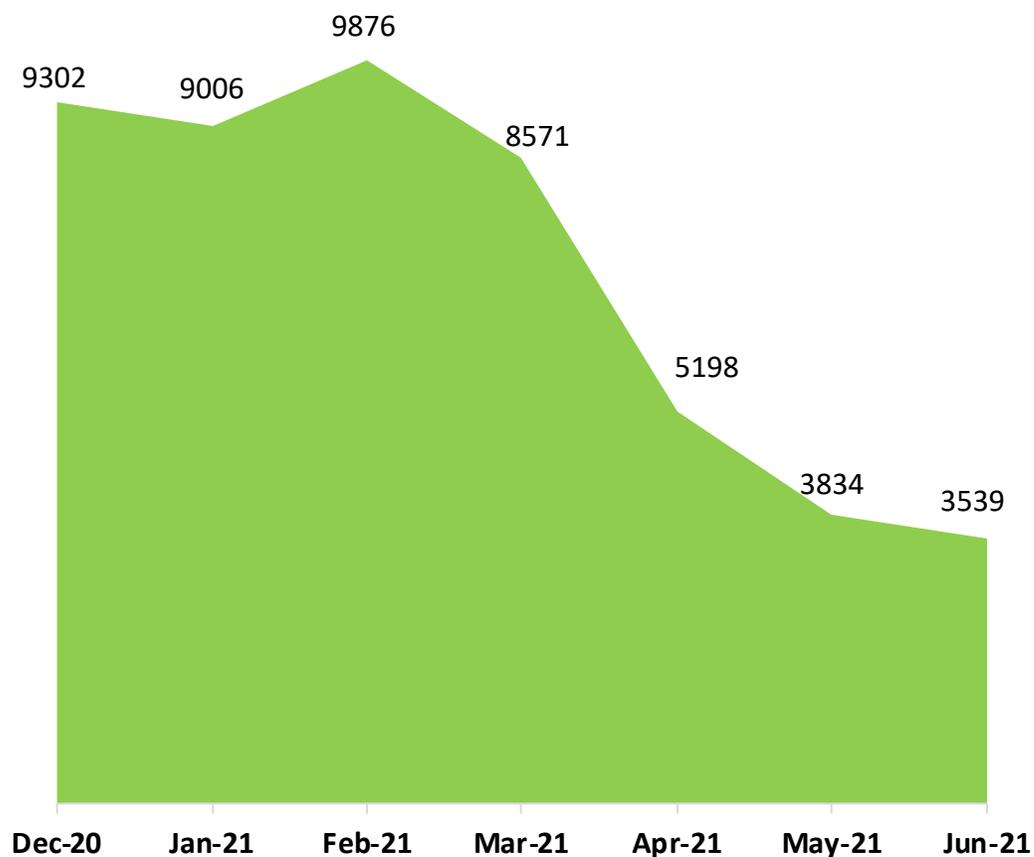
Total Clearing and Settlement Value by Trading Venue



- Reflecting the bearish equity market and attendant plunge in equity prices, depository assets saw a marginal decline in value under custody, notwithstanding new assets admitted into the depository in the period.
- Clearing and Settlement of trades done on The Nigerian Exchange (NGX) still dominate CSCS' clearing and settlement activities, representing c98% of settlement value, NASD-OTC Exchange and LCFE accounted for 1.73% and 0.02% of post-trade settlement activity respectively, as the trading venues increasingly gain momentum and fill the huge gap in the system with novel offerings.

# Investor Data Update Statistics

Statistics of accounts with full KYC update in H1'21



- In 2021 H1, the total number of accounts updated for KYC averaged c.6,700 accounts per month. A total of over 101,409 accounts, representing c.19% of identified accounts with KYC deficiencies, have been updated, in line with the SEC directive. The steady decline in Q2 in average number of accounts updated may be attributed to the bearish market sentiment.
- To enhance the process and user experience, CSCS has implemented a number of initiatives, including;
  - *Organizing webinars to upskill users' knowledge and experience on the portal*
  - *Provisioning dedicated staff to support brokers in data update and complaint resolution*
  - *Ongoing communication campaign across our social media channels to enhance awareness among retail investors.*
  - *Application features updates (based on feedback from the brokerage firms)*
- **Recommendations and next steps:**
  1. *Renewed advocacy for brokerage firms to sensitize clients to update accounts before the need to trade - most account updates were done at the time the investor needs to trade.*
  2. *SEC moral suasion and stakeholders' collaboration in educating retail investors on the benefits of the account update. The SEC-led Education Committee may also help in advocating for account update in addition to leveraging NSE Investor Clinic and the media*

# Securities Services Data: Depository Admissions



162 ISINs were issued in the first half of the year, relative to 98 ISINs in 2020H2.

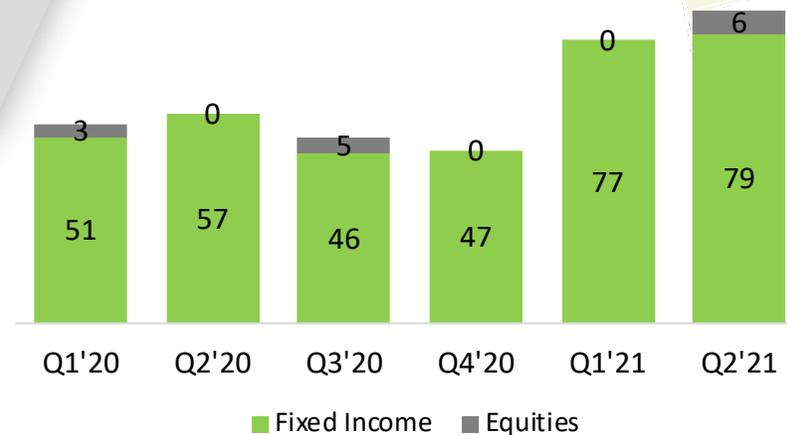


New securities admitted into depository was dominated by sovereign issues, with a few corporate offerings

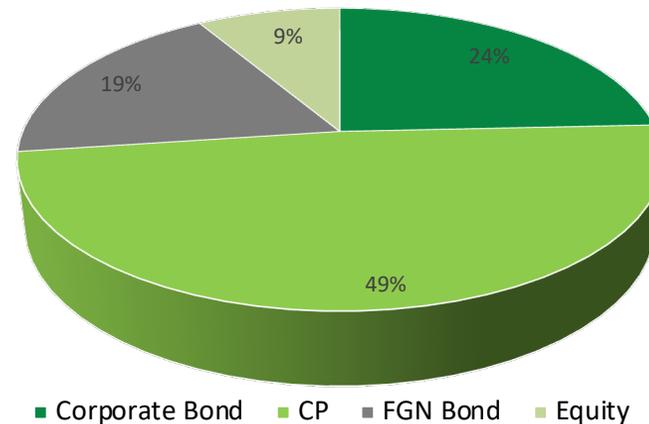


Fixed Income securities dominated new depository asset onboarding in 2021H1, given the bearish sentiment on equities.

ISIN Issuance: Number of Securities



2021 H1: New Depository Assets



# Capital Market Development Highlights

## CSD Interoperability

- Held engagements with the Association of Securities Exchanges of Nigeria (ASEN) on the operationalization of the Interoperability Rules released by the SEC
- Extended invitation for engagement to other CSD on operationalisation of the SEC Rules on Interoperability, as we focus on ensuring adequate risk management and system integrity that ensures safety of assets in all CSDs and protection of investor interest, including adherence to relevant data protection regulations to meet the requirements of all stakeholders.

## Transaction Processing Enhancement

- Continuous engagement with our market participants on ways to enhance extant operational processes with regards to transaction processing and new initiatives for enhanced market efficiency and growth.



*Thank  
you*

