



2021 CAPITAL MARKET COMMITTEE (WEBINAR) MEETING

Thursday, 11th November, 2021



REPORT OF THE NON-INTEREST CAPITAL MARKET IMPLEMENTATION COMMITTEE





MAJOR PROGRESS SINCE THE LAST CMC MEETING

- Debt Management Office commenced the FGN4 sukuk issuance process
- The SEC organized sensitization programme for PFAs on Non-interest RSA Funds
- More PFAs launched Non-interest RSA Funds
- The Committee continued engagement with the FIRS to release the tax circular for the taxation of Non-Interest Instruments





FACTORS RESPONSIBLE FOR DEVELOPMENTS

- The proactiveness of the SEC in engaging key stakeholders including the PENCOM, FIRS, the IFSB and the market
- Clearly articulated deliverables and committed committee





CHALLENGES/ STEPS TAKEN

Challenges

- Few investment grade potential corporate sukuk issuers in the domestic capital market (within the universe)
- Lack of clarity on taxation of non interest instruments
- Attracting PFA investment in Non-interest products
- Unavailability of sukuk issuance calendar and short term sukuk

Steps Taken

- Continuous engagement with stakeholders to issue an investment grade sukuk
- Continuous engagement of the FIRS on the release of tax circular for taxation of non-interest instruments
- Organised sessions with key stakeholders including the PENCOT, PFAs and IFSA on setting up non-interest RSA Fund
- Continuous engagement with the DMO on possible structures for short term sukuk and the necessity of an issuance calendar





ISSUES FOR CMC DELIBERATION

- How to encourage more PFAs to set up non-interest RSA and public sensitization of the fund
- Strategies for encouraging more investment grade potential corporate sukuk issuers
- Fast-tracking the release of tax circular by the FIRS
- Achieving a sukuk issuance calendar from DMO
- Achieving the issuance of short-term Sukuk

