

AN ADDRESS DELIVERED AT THE PRESS BRIEFING OF THE FIRST CAPITAL MARKET COMMITTEE (CMC) MEETING IN 2019

SEC LAGOS ZONAL OFFICE

**Friday, March 22, 2019**

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I welcome you ladies and gentlemen of the press to this briefing on the 1st Capital Market Committee (CMC) meeting for 2019.

The Nigerian capital market community held its first meeting for the year on Thursday March 21, 2019. The meeting is a periodic gathering of stakeholders in the Nigerian capital market where critical issues and robust discussions are held and decisions are taken concerning developments in the Nigerian capital market.

As many of you have observed, this week stands out as a memorable one in the Nigerian capital market as it witnessed the Commission hosting its 1st Awards Night on Tuesday, March 19, 2019, themed *committed partnership: capital market and economic development*, to recognize individuals who have partnered with the Commission to work in various Technical Committees towards achieving the initiatives in the SEC 10-year Capital Market Masterplan. We equally had the 3rd in the series of our Budget Seminar where the role of the capital market in effective budget implementation was discussed.

The year 2019 promises to be an interesting one for the Nigerian capital market as we shall undertake a review of the 10-year Nigerian Capital Market Master Plan. This review is intended to align the master-plan with current realities on macroeconomic, political and market development fronts. Meanwhile, the Commission has approved the rules on Green Bonds, and would in the nearest future introduce the rules on derivatives trading. We believe all these are necessary to move our sector forward.

I am glad to inform you that we had a successful CMC event yesterday. Discussions at the meeting featured updates, presentations from technical committees, SROs and observer groups on various capital market activities. The discussions and resolutions at the meeting include:

1. The Commission has made progress in attempting to resolve the issues around transmission of shares related to the estate of deceased investors. This process has commenced with the Lagos State Probate Registry and the Commission, with the support of relevant stakeholders, shall carry out an engagement/enlightenment programme for the probate registry.
2. The Commission will direct Public Companies to grant its representatives and Registrars at AGM Meetings, to address shareholders on the benefits of distributing annual reports electronically.
3. The Financial Literacy Technical Committee has developed and included financial literacy contents on dedicated web pages on the SEC website. We encourage investors to utilize these pages to learn more about the capital market.

4. As part of our efforts to ensure successful implementation of the complaints management framework, the Commission has ensured that all Trade Groups are duly registered. The Commission therefore is working on institutionalizing periodic meetings with the Heads of Trade Groups to define their roles and address their challenges.

5. The capital market community recognizes the importance of the E-IPO project to improve issuance processes and encourage more investor participation. The draft framework for its implementation has been developed and presented at the CMC meeting. The SEC has exposed the framework and rules guiding the e-IPO, and stakeholders now have up till Friday, March 29, 2019 to review and send their suggestions for improvement.

6. The existence of a harmonious relationship between the Commission and the CAC is very vital to the development of the Nigerian capital market. To this end, a technical committee would be constituted to address mutual issues of concern between the Commission and the CAC.

In addition to the resolutions reached by the CMC, members held discussions on other pertinent issues in the Nigerian capital market. These include;

1. Engagement between the Commission and CBN on margin lending has since commenced. However, deliberations are still ongoing on the inclusion of Bank shares in the margin list.

2. The market wide committee on identity management and account validation for transactions in the capital market was enjoined to fast track its activities. In furtherance of this initiative, the Commission is to engage the CBN to facilitate the validation process through NIBBS.

3. It was acknowledged that the Dematerialization exercise was successful. However, the implementation of this initiative was restricted to shares of listed companies. Consequently, the CMC is advocating for the extension of the exercise to shares of unlisted public companies. This would enhance liquidity and ease market processes.

4. The market advocated for the Commission to take strong actions against Company secretaries who aid the trade of shares of unlisted public company outside a SEC recognized platform as required by the law.

5. To showcase the immense potentials of the commodities ecosystem to the economies of sub-nationals, the Commission, in collaboration with the commodities ecosystem implementation committee, is planning activities to sensitize members of the Nigerian Governors Forum, especially now that general elections are over. To this end, an international conference is being proposed to hold in September 2019, with experts from within and other jurisdictions expected to be in attendance.

6. The market was also informed of some successes recorded thus far in the regularization of multiple share subscription. Through this exercise, some Nigerian investors in diaspora have been able to consolidate their shareholding accounts. Similarly, several local investors with numerous accounts have also been able to consolidate their investments.

7. We therefore enjoin the general public to take advantage of this initiative to regularize their shareholding accounts before the December 31, 2019 deadline. We crave the indulgence of the ladies and gentlemen of the press to sensitize the public on this initiative.

We continue to seek the support of the media and the collaboration of the entire market as we strive to build the capital market of our dreams.

Thank you.

Thank you and good morning.

**Mary Uduk, FCIB**

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