



OPENING REMARKS AT THE PRESS CONFERENCE

ON

COMMEMORATION OF 50 YEARS OF CAPITAL MARKET REGULATION

IN NIGERIA

Arunma Oteh

Director General

Securities and Exchange Commission

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Honourable Ministers, Governor of the Central Bank of Nigeria (CBN), Media Representatives, Distinguished Ladies and Gentlemen, welcome to the morning briefing on our 31st October 2011 event to launch the one-day commemoration of 50 years of capital market regulation.

I am indeed honoured to host this event, today. Let me start by thanking the media not only for their presence here today but also for their hard work over the last 50 years to draw attention to the important role of the Nigerian capital markets in building the Nigerian economy and in transforming our society. I also thank our partners for their support and for their role in nurturing capital market regulation over the last 50 years.

I want to publicly acknowledge the Central Bank for its foresight in establishing the Capital Issues Committee in October 1962. As you all may know, the Capital Issues Committee, inaugurated under the aegis of the CBN, is the forebearer of the Securities and Exchange Commission. Mallam Sanusi, I will also like to express sincere appreciation to you for your personal support since I joined the SEC in January 2010, for supporting our capital markets reform agenda, and for strengthening collaboration amongst Nigerian regulators.

Hon Minister of Trade and Investment, Mr Segun Aganga, you have in the very short time since your Ministry was established, proactively drawn attention, across the world, to the many investment opportunities that Nigeria has to offer. My profound gratitude also, for your guidance and support, particularly during your tenure as the Minister of Finance.



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Hon Minister of Power, Professor Bart Nnaji, we appreciate that you are able to join us in this pre-event press conference to outline the many investment opportunities that are available in the power sector.

The far reaching effects of the global financial crisis while difficult for Nigeria as with other countries have highlighted the fundamentals that position Nigeria as the preferred investment destination. First, Nigeria has enjoyed political stability since the return of democracy in 1999. In addition, the macroeconomic reforms embarked on since 2003, has engendered an enabling environment for economic growth. Nigeria is also expected to remain one of the fastest growing economies in the world with an average GDP growth rate of 8.5%. Nigeria has one of the ten highest real income per capita growth rates in Sub Saharan Africa, an indicator of the increasing purchasing power of its over 150 million people. This is without doubt a veritable incentive for investors in the consumer sector. Equally important are the huge investment opportunities in agriculture, infrastructure, oil and gas, natural resources as well as in other sectors of the economy. This is even more so now than ever before given the Nigerian Government's commitment to address the infrastructure deficit notably power, reverse import dependency and unleash the potential of its people. These apparent gaps in themselves present huge opportunities for the discerning investor.

The ongoing financial sector reforms have engendered a better capitalized and more stable financial sector that is strong enough to provide robust financial intermediation and support Nigeria's position as the preferred investment destination. With respect to the capital markets, the SEC has in the past 22



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months invested significant resources in catalyzing its transition to a world class capital market. In the first instance, we undertook a diagnostic review of the capital market and have been implementing reforms in line with the recommendations of this review.

Consequently, we have improved our enforcement regime. This has resulted in higher levels of compliance and reduced improprieties. We have strengthened market rules and regulation with the introduction of new rules and the amendment of existing ones. One of such is the introduction of margin guidelines designed to curb excessive risk taking by operators.

We have also addressed gaps in corporate governance with the introduction of the Code of Corporate Governance effective April 22, 2011. The new code of Corporate Governance has been adjudged to be comparable to internationally acceptable codes. In addition, we are facilitating a seamless transition to risk based supervision and are working with publicly quoted companies to ensure that they are able to transition to International Financial Reporting Standards (IFRS) in 2012. These we believe will ensure adequate and timely disclosure of information thereby promoting market integrity.

Current statistics reveal that only about 5million Nigerians out of a population of 150million people invest in the capital market. Of this total, only 230,000 people, representing 0.15% of the total population, invest in Collective Investment Schemes. We believe that there is great opportunity for growth in this aspect of the market both for the investor and the managers of such funds. In anticipation of the expected growth, the Commission has intensified efforts to strengthen the



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market including examination of fund managers and trustees of such schemes and recently encouraged the establishment of an industry trade group for the fund manager.

The leadership of the Nigerian Stock Exchange (NSE) has been strengthened with the appointment, earlier in the year, of a new CEO, Mr. Oscar Onyema and a new Executive Director for IT and Market Operations, Mr. Ade Bajomo. The new NSE team has outlined a bold vision to build a credible market with five product ranges – equities, fixed income, exchange traded funds (ETFs), options and financial futures - over the next 5 years. They expect that these products will enhance liquidity and market depth and lead to a robust market that will have a market capitalization of US\$1trillion by 2016. The Commission believes that demutualization of the Stock Exchange will further strengthen the Capital Market. Consequently, the Commission had on September 22, 2011, inaugurated an industry wide committee to develop a roadmap for the demutualizing the Exchange.

In addition to the foregoing, the Commission has undertaken a review of its internal structures to improve efficiency and service delivery. We have also committed resources to enhancing our processes through fortification of our ICT platform in the areas of Registration, Returns Rendition and Analytics. To address knowledge gaps, we continue to invest in capacity building initiatives for SEC Staff, operators and the general public.

We are delighted that the world has awoken to the huge opportunities in Nigeria. In addition, Nigeria has taken the bull by the horn and leveraged the



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financial crisis to lay the foundation for a world class capital market as we believe that you need a world class capital market as a channel for the many investment opportunities that abound in Nigeria.

All of these are the outcome of almost 50 years of unrelenting commitment to market regulation. Our journey began when on October 31, 1962, the Capital Issues Committee was inaugurated with the mandate to examine applications from companies seeking to raise capital from the capital market and recommend the timing of such issues. The Committee subsequently metamorphosed into the Capital Issues Commission in 1973 which was superseded by the Securities and Exchange Commission in 1980.

To commemorate this milestone in our evolution, we are embarking on a year-long series of commemorative activities targeted at position Nigeria in its pride of place as the preferred investment destination. The series of programmes, titled "Project 50" will commence with our flagship event, the investment forum scheduled for October 31, 2011. Indeed, 'Project 50' is an opportunity for us to showcase the centrality of the capital market to the orderly development of the Nigerian economy.

The Investment forum will feature 5 panels, namely the Economists' Panel, the Regulators' Panel, the Market Panel, the Opportunities Panel and the Visioning Panel. The panel of distinguished economists will examine the Nigerian economy and offer their perspective on how Nigeria can actualize our shared vision of becoming one of the world's leading economies in 2020. The panel of regulators will outline the key elements of effective regulation and its role in



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building a leading economy. The Market panel will discuss the essential aspects of market development, notably depth, breadth, liquidity, and market efficiency. The opportunities panel will offer an exposé into the opportunities in various sectors of the economy whilst the visioning panel will outline the trajectory the country needs to follow to actualize our vision for the capital market.

The day-long programme will close with the premiere of breeze, an SEC sponsored a Nollywood movie which will highlight the merits of a culture of saving and investing.

Over the course of the next 12 months ending on the 31st of October, 2012, we plan to share with the world, the enormous potential of Nigeria, on sectoral basis including agriculture, petroleum, power, information and communication technology and the creative industry

On this note distinguished ladies and gentlemen, I invite you to join us in the year long commemoration of 50 years of capital market regulation in Nigeria and more especially, to showcase Nigeria as the preferred investment destination.

Thank you.