

SECURITIES AND EXCHANGE COMMISSION



Opening Remarks

Launching of the National Investor Protection Fund (NIPF)

And

Inauguration of the NIPF Board

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SEC Nigeria

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Protocol.

1. I am very delighted to welcome you to this important ceremony. In this segment, we shall be launching the National Investor Protection Fund (NIPF) and inaugurating its Board. We are very pleased that you distinguished guests have honoured our invitation. I would like to particularly appreciate Dr. Shamsuddeen Usman for kindly accepting to perform this ceremony.
2. This is a very historic day for the Nigerian capital market and indeed the entire economy because with the NIPF's establishment, Nigeria joins an elite group of a handful of countries with this kind of investor compensation scheme. While dozens of jurisdictions have functional investor protection funds run mainly by Exchanges and their dealing members, Nigeria is now among only a few countries to have a National Investor Protection Fund, to compensate investors for pecuniary losses arising from the insolvency, bankruptcy or negligence of non-broker/dealer capital market operators.
3. Since the 2008 financial crisis in which the Nigerian stock market lost about 70% of its value, investor confidence was dealt a huge blow and remnants of that apathy still impacts the state of the market. This, coupled with the prevailing

macroeconomic environment, has been a major impediment to market recovery.

4. The Securities and Exchange Commission (SEC) which has a dual mandate of regulating and developing the capital market has put in place several reform measures to restore investor confidence and attract investors back to the market. Today we are here to commemorate the culmination of one of those initiatives.

Rationale for the Establishment of the NIPF

5. Investors are at the heart of any modern financial system. It is their savings that are mobilized by the financial system to accelerate capital formation, improve efficiency of resource allocation, boost economic growth, tackle unemployment and support investment in infrastructure. Investors are equally critical for financial system stability. This is why the protection of investors is a cardinal goal of securities regulators world-wide.
6. The SEC's enabling law, Investments and Securities Act (ISA) 2007, in foresight requires the SEC to set up a national investor compensation scheme. Specifically, Section 13(k) of the Investment and Securities Act 2007, enjoins the Commission to

“act in the public interest having regard to the protection of investors and the maintenance of fair and orderly markets, and to this end establish a nationwide trust scheme to compensate investors whose losses are not covered under the Investors Protection Funds

administered by Securities Exchanges and Capital Trade Points”.

7. In a bid to comply with this provision, the Board of the SEC approved the establishment of the Fund and earmarked resources to serve as its take-off grant in 2011. Subsequently, the NIPF was incorporated on March 9, 2012 as a company limited by Guarantee. To give effect to the establishment of the Fund, the Commission on April 15, 2015 promulgated and approved Rules to guide the implementation of the Fund.
8. The Rules provide that the NIPF shall be governed by a Board composed of seven members to be chaired by the SEC Director General. Members of the Board will include SEC Executive Commissioners and three experienced private sector persons. The Board, being inaugurated today, shall be responsible for the administration and management of the Fund, and disbursement from the Fund.
9. The Rules also provide for the setting up of a “Verification Committee”, also being inaugurated today, which is charged with the responsibility of reviewing claims put forward by investors and making recommendations to the Board. The verification Committee shall comprise of Heads of relevant operational departments of the Commission whose job schedule deals directly with such investors.
10. The 10-year Nigerian capital market Master Plan, which has become SEC’s guiding document, considers the investor

protection fund as a critical ingredient for restoring and sustaining investor confidence. It therefore firmly recommended the urgent establishment of the fund. Since the new Management at SEC assumed duty, the NIPF and other capital market initiatives have received priority attention.

11. The SEC has played its part and will continue to take its investor protection mandates with all seriousness. We have provided the take-off grant for the initial operation of this Fund. Going forward however, the entire capital market community should come together to discuss details of how we can all contribute to continued funding for this critical market vehicle.
12. We shall ensure that the Fund immediately gets down to the important business of compensating investors in accordance with the Rules guiding its operation. In particular, the Verification Committee will quickly commence its assignment by scrutinizing the already processed compensation claims so that hopefully we may soon begin to see beneficiaries from the Fund emerge.
13. As I yield the stage to allow the official inauguration of the NIPF Board and the effectual launching of the Fund, I would like to once again appreciate all our distinguished guests for your kind attention.

Thank you.