

SECURITIES AND EXCHANGE COMMISSION



Keynote Address

Training Seminar by AFEX

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Protocol

Introduction/Appreciation

1. It is my pleasure to deliver the keynote address at this important two-day Seminar on Commodity Trading and Risk Management. When I received the invitation to chair this event, I had to reschedule some very important engagement due to the high importance the Securities and Exchange Commission (SEC) places on developing a vibrant commodities market in Nigeria. In particular, I have often made it very clear that the SEC will support any laudable initiative aimed at enhancing the capacity of our market to develop a robust ecosystem for commodities to thrive.
2. I would like to commend AFEX and INTL FCStone Limited for putting together this platform which will enable exchange of ideas, experiences and expertise. We commend AFEX in particular for not focusing solely on financial considerations but for taking active steps to further market development goals which are already yielding positive results. I understand that you have so far trained over 30,000 farmers on ways to forestall post-harvest losses in addition to linking 15,000 farmers to your electronic warehouse receipt system. This particular seminar is indeed timely considering government's policy shift towards economic diversification and the need to deepen capacity across the agricultural value chain.

Commodities Exchanges are Critical for Economic Transformation

3. As Nigeria pursues policies aimed at diversifying the economy, creating jobs and hastening socioeconomic development, it is becoming increasingly clear that Commodities Exchanges can play a crucial role in actualizing these lofty objectives. A detailed empirical study by the United Nation's Conference on Trade and Development (UNCTAD) analyzed the impact of commodities exchanges on development in emerging markets. Countries that were part of the study are also emerging countries with the most vibrant commodities markets such as India, Brazil, China, Malaysia and South Africa. Among the many insights in study's report is the fact that commodities exchanges play a central role in facilitating economic development especially by helping farmers to enhance their marketing and risk management capacity (such as reducing their exposure to price and other production risks).

4. For Nigeria, developing the commodities market could prove even more critical. With the policy thrust of the Federal Government to encourage investments in the agricultural and solid minerals sectors, now more than ever all hands must be on deck to develop a commodities market that can support these policy objectives. Nigeria ranks number 1 in global export rankings for commodities such as kolanut, shea nuts and shea butter, cassava, and yams. We also feature in top exporters for other commodities such as cocoa, rubber, oil palm, cashew

and sesame seed. Our ginger is reputed to possess the best aroma in the international markets. Export opportunities also exist for a wide variety of other agricultural commodities. This simply magnifies the potential of our agricultural sector to contribute significantly to economic growth and development.

Developing the Commodities Market in Nigeria is a Key Priority in the 10-Year Capital Market Master Plan

5. Considering the important role commodities exchanges will play in advancing Nigeria's economic diversification goals, we in the capital market community have taken steps to prepare the stage for vibrant commodities exchanges to emerge in the country. You may be aware that we are currently implementing the 10-year capital market master plan which is the blueprint for the growth and development of our market over the next decade. The master plan acknowledges commodities exchanges as critical for enabling investment diversification, risk management, price discovery and transactional efficiency. In fact, within the master plan the capital market community expresses strong belief that to boost Nigeria's competitiveness, we must develop a thriving commodities trading ecosystem. We believe this can be achieved by implementing the following strategic initiatives:

- a. Build a supporting and functional ecosystem for commodities trading;
 - b. Provide legal framework and appropriate legislation for commodities trading (we are reviewing the Warehouse Receipt Bill after which we will actively advocate its passage)
 - c. Build Centres of Excellence in areas of comparative advantage such as for oil & gas, cocoa, etc (delighted to have the government of Ondo State approach us for setting up cocoa trading venues in Akure)
 - d. Develop efficient commodities exchanges and trading platforms
 - e. Sponsor legislation to ensure Nigeria's crude oil sales are traded on local exchanges
 - f. Build capacity in commodities trading at the SEC and among market operators (an endeavor being supported by initiatives like this Seminar)
6. Since I assumed duty at the SEC I have made it very clear that my agenda for the capital market is to faithfully implement this master plan. I give you my personal commitment that all areas of the master plan will be implemented to the fullest, particularly aspects that have to do with building the commodities market. We are prepared to support the establishment of a vibrant commodities market, with regulatory oversight and the passage of rules guiding the activities of all market participants.

7. In light of the foregoing, I would like to commend AFEX once again for this laudable initiative. I enjoin all participants to take advantage of this platform and fully participate in the discussions. We hope that a key outcome of this Seminar will be a crop of new market participants in the commodity space fully ready to transform the market. The SEC remains committed to support you in this endeavor.

Thank you distinguished Ladies and Gentlemen for your kind attention.