

**SECURITIES AND EXCHANGE COMMISSION, NIGERIA**



**THE NIGERIAN CAPITAL MARKET MASTER PLAN  
2015-2025:  
THE JOURNEY SO FAR**

**MARY UDUK, FCIB  
Ag. Director General**

AN ADDRESS DELIVERED AT THE JOURNALISTS ACADEMY, 2018

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## PROTOCOL

Distinguished guests, ladies and gentlemen

1. I am delighted to be in the company of distinguished guests, journalists and other participants from all over the country to discuss such an important topic - **“Capital Market Master Plan: The Journey So Far”**.
2. This forum is coming after four years to the last one held in 2014 and coincidentally, holding four years after the development and deployment of the 10-Year Nigerian Capital Market Masterplan (2015-2025).
3. It is, therefore, my hope and expectation that at the end of this forum, we will leave here more informed and more enlightened on issues around the Nigerian Capital Market Masterplan.
4. As we are all aware, the history of the Nigerian Capital Market dates back to 1946, with the issuance of the first Nigeria's loan stock by the Colonial Government. In 1957, Government and other Securities Acts were enacted while the establishment of the Central Bank of Nigeria (CBN) was in 1958.
5. Interestingly, the first Treasury Bill (TB) issued by the CBN was in 1960, and the incorporation of the Lagos Stock Exchange as a private limited liability company was the same year.
6. In 1991, the CBN Decree was promulgated to expand its functions and in 1992, the first Municipal bond in the Nigerian Capital market was floated by the Lagos Island Local Government.
7. It will also interest you to know that between 2003 and 2008 the market recorded high levels of participation and boom.
8. Between 2003 and 2007, growth was rapid and regulation-induced. Market capitalization increased by over 66% CAGR from ₦1.4 trillion to ₦10.2 trillion. In March 2008, market capitalization reached a then all-time high of ₦12.6 trillion. Specifically, in 2005/2007, recapitalizing banks and insurance companies raised over \$10 billion from the capital market.

9. However, the All-Share Index (ASI) dropped by 52.6% by December 31, 2008 from the high in early 2008, while average daily trading volume also dropped by about 77% of high levels. The Nigerian stock market between March 5 and December 31 2008, therefore, lost about ₦5.7 trillion, or 45.1% in value.
10. It happened that the Market was highly concentrated and dominated by the banking sector which constituted 60% of the market then. 15 out of 20 most capitalized companies were banks. Risk management and corporate governance were not developed enough to support the fast growth thereby leading to inappropriate market behaviour and abuse of margin lending.
11. One of the resultant effects of the downturn was the loss of confidence in the market by investors and since then they have not fully returned to the market.
12. Meanwhile, from 2008 to date, the Commission focused on leading the market to recover.
13. Part of the recovery plan was the development of the 10-Year Nigerian Capital Market Master Plan (2015-2025) by the Commission in collaboration with other stakeholders to map out strategies to improve key areas especially investor protection and education, professionalism, product innovation, and for the expansion of the capital market's role in Nigeria's economy.
14. It is, therefore, our resolve to remain committed to developing our capital market in line with the 10-Year Master Plan.
15. With 101 initiatives, the Master Plan has the potential to expedite the implementation of the nation's economic agenda.
16. I am delighted to inform you that the Commission, alongside other major stakeholders, has succeeded in implementing many of the initiatives of the Master Plan.

17. For instance, we have ensured that all share certificates are fully dematerialized. This is to say that physical share certificates are now fully converted into electronic form in Nigeria. This initiative has further enhanced market efficiency and transparency.
18. The recapitalization of capital market operators was aimed at improving the baseline infrastructure of the CMOs, their market access and service delivery as well as enables them to comply fully with the New Minimum Operating standard set by the Commission. These were aimed at helping the market develop robust controls; strong governance framework and effective human capital. As at December 30, 2016, which was the deadline given for all CMOs to recapitalize, 384 out of 449 CMOs had fully complied. More of them have done so afterward.
19. Similarly, the National Investor Protection Fund (NIPF) was established to compensate investors for pecuniary losses, boost their confidence and encourage the domestic retail investors back to the market.
20. In the same vein, the e-Dividend Mandate Management System (eDMMS) was developed to reduce the quantum of unclaimed dividends in the market and also enable direct payment of investors' dividends into their nominated bank accounts. So far, 2.55 million accounts have been mandated under this system.
21. To further boost investors' confidence, enhance transparency and eliminate fraud in the market, the Direct Cash Settlement (DCS) initiative was introduced. DCS is an initiative that allows proceeds from the sale of investors' shares to settle directly into their account as against the system whereby the proceeds go to the broker's account before passing it to the investor. From inception, the process has been voluntary but was made compulsory from September 2017.
22. The SEC Corporate Governance Scorecard was equally developed and implemented with the aim of measuring the level of compliance of the SEC

Corporate Governance Codes and encourages better governance practices by public companies.

23. The development of non-interest finance is a major pillar in the improvement of the Nigerian capital market. In 2017, the First Sovereign Sukuk was issued to facilitate funding of infrastructure development of the country through the capital market. Before, then, Osun state was the first to issue a Sukuk to fund some educational projects.
24. It is important to note that there is the reduction of cost of issuance in the capital market in order to free up business resources, and encourage new market participants; thereby increasing the depth of the market which will also improve Nigeria's rating in 'Global competitiveness' and 'Doing Business Index'.
25. In 2013, the Financial Market Dealers Quotation (FMDQ) and National Association of Securities Dealers (NASD) were registered by the Commission to serve as alternative trading platforms. In addition to AFEX commodity exchange, these platforms have contributed to diversifying the product offerings in the Nigerian capital market.
26. The SEC is still on the implementation process of several initiatives in addition to the above-mentioned achievements. Amongst these are integration of the Nigerian Capital Market into the West African Capital Market Integration Program, establishment of National Savings Strategy, establishment of the Industry-Wide Technology Infrastructure, development of Sound Commodities Trading Ecosystem, demutualization of the Nigerian Stock Exchanges, promoting New Listings, infusion of Capital Market Studies into School Curriculum, among others.
27. At this juncture, I wish to commend the journalists for their assistance so far in propagating the initiatives of the Commission and enjoined them to continue to support the SEC in its quest to educate and enlighten the investing public, as means of further deepening the market.

28. Given the list of speakers I have seen lined up for this programme, I am confident that we shall all be more equipped at the end as they do justice to the various interesting topics.
29. Once again, I sincerely thank you all for turning up to this knowledge sharing event and implore you to sit back, contribute and enjoy the forum as the outcome will be greatly impactful and positively on the capital market and the economy as a whole.

Thank you and God bless.

**Mary Uduk, FCIB**

Ag. Director General

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