

SECURITIES AND EXCHANGE COMMISSION, NIGERIA



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AN ADDRESS DELIVERED AT THE PRESS BRIEFING OF THE THIRD CAPITAL
MARKET COMMITTEE (CMC) MEETING IN 2018

SEC LAGOS ZONAL OFFICE

Thursday, November 15, 2018

- Distinguished ladies and gentlemen
- It is my pleasure to welcome all of you to the third edition of the CMC meeting. This meeting is evidence of the excellent commitment of the capital market community towards developing a robust capital market.
- During our discussions today, we hope to receive updates/presentations from the Technical Committees, SROs and Observer Groups on their various activities and achievements from the last CMC.
- There are some development in the capital market and the economy.
- On the global front, the recent Global Financial Stability Report by IMF indicated that the global financial system is generally improving. However, some risks are evolving, which include: increase in interest rate in advanced countries, such as in the US, as well as increased debt, especially in sub-Saharan African countries
- In terms of interest rate, we understand this is a signal to foreign investors to exit Emerging and Frontier Markets or at least reduce their exposures to such markets. Also, for economies with high foreign debts, it indicates increased debt service costs. Currently, we can see the impact some of these in our market. This, therefore, underscores our efforts to develop a robust domestic retail investor base as a complement to foreign participation.
- Further on the domestic front, economic growth is projected to be 1.9% at the end of 2018. Although positive, this is still weak and there is room for improvement. Equally, there is upward pressure on inflation on the back of increased election campaign and fiscal spending as well as the impact of floods on agricultural communities and prices. The proposed increase in minimum wage will also be expected to have some effects in the near future.

- The recent increase in the global price of crude oil is beneficial to the country, but there is the urgent need to build fiscal buffers (savings) and utilize oil proceeds to develop other relevant sectors of the economy.
- On the regulation of the domestic capital market, some proposed amendments to capital market rules have been sent to the Minister for approvals while those approved on Green Bonds, Investment Advisory Services and Inclusion of BVN as a valid means of identification of individual clients in the capital market are being implemented.
- It will also interest you to know that the Securities and Exchange Commission, Nigeria has become the first capital market regulator to participate in a flagship Pan-African programme designed to strengthen the continent's capital markets.
- Through this programme, FSD Africa will assist SEC Nigeria in several ways. FSD will fund an institutional capacity audit to identify strengths and areas of improvement in the SEC's operations as well as provide support to implement recommendations. It will also help in promoting FinTech regulation.
- SEC Nigeria is excited about the cooperation with FSD Africa and the tremendous potential the various programmes hold in complementing our efforts to enhance capacity and further strengthen our ability to regulate the capital market.
- Technology is dominating every industry. While it is clear that FinTech has already made huge inroads into many aspects of the financial industry, many opportunities still exist. We can probably assume that financial services over the next 10 years will experience a higher degree of change than in the last 100 years.
- We have now established a new Division on FinTech in the Commission; in addition, we would today be inaugurating a Market-Wide FinTech Committee to come up with a FinTech Roadmap for the Nigerian Capital Market.

- The Nigerian Capital Market Master plan, no doubt, has been very instrumental in guiding the development of our market. We, therefore, need to ensure that it is constantly relevant and updated. To this end, we are inaugurating a committee to review the Master plan in terms of its assumptions, objectives, initiatives, and strategies. This is necessary for us to be properly guided towards having a modern, efficient and competitive market, both of today and the future.
- You will all recall that in an effort to galvanize capital market literacy, relevant stakeholders had pledged financial commitments toward the success of this mandate. The first phase of the project with the Nigerian Educational Research and Development Council (NERDC) has commenced. The Financial Literacy Committee will give details later in their presentation.
- It is worthy to note that the SEC and NSE have made 100% payment, while some Trade Groups have made partial payments. We, therefore, appeal to those that have not completed their payments, or that have not made any payment at all, to do so in a timely manner.
- As you are aware, we had previously discussed and directed that all Trade Groups should be registered with the Commission and the new deadline is 31st of December, 2018. Currently, many of the trade groups have concluded their registration with the exception of about four. We therefore ask the concerned trade groups to do so before the new deadline or risk de-recognition.
- We wish to also bring to your attention that a team of technical experts from The Financial Action Task Force (FATF) would be visiting Nigeria in 2019 first quarter for the second round of “Mutual Evaluation Exercise” on effective implementation of AML/CFT regulation. The team would randomly visit any CMO's firm independently without prior notification. Therefore, CMOs should ensure the efficiency of measures put in place for combating money laundering and terrorism financing, adopting and conforming to FATF 40 recommendations as well as SEC AML/CFT regulations.

- The Commission observes high compliance from CMOs on the submission of a report on Weekly Foreign Transaction Report (FTRs). This is commendable and we implore CMOs to keep this up and equally ensure timely submission of other reports and filings.
- Also, I want to use this opportunity to ask members to respond early to the e-dividend impact assessment questionnaire as well as the quarterly National Balance of Payments filing.
- Once again, I say, welcome. It is a pleasure to see many of you here and I am sure we would have a very fruitful deliberation.

Thank you and good morning.

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