

# SECURITIES AND EXCHANGE COMMISSION, NIGERIA



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

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

SEC LAGOS ZONAL OFFICE

*Friday, August 10, 2018*

- Good morning, it is my pleasure to welcome you all to the **2018 Second Capital Market Committee (CMC) Meeting**.
- Let me acknowledge the presence of my colleagues, the current executive management team of the Commission (the Acting Executive Commissioners Operations, Corporate Services and Legal and Enforcement Directorates of the SEC).
- As is a tradition at the CMC and during today's proceedings, we will receive inputs from SROs, technical committees, and other stakeholders. These inputs have always been invaluable in our discussions on improving our market. The Commission will also make a presentation on recent Economic and Capital Market performance.
- Last month, the 2<sup>nd</sup> Capital Market Stakeholders' Forum anchored by the joint Senate and House of Representatives Committees on Capital Market and Institutions, the Securities & Exchange Commission and other Stakeholders successfully held on **July 23, 2018**. During the forum, Vice President Yemi Osinbajo urged stakeholders in the financial sector to find a panacea to the challenge of funding that is affecting investment in the country.
- Nigeria's economy cannot thrive without a robust capital market. A developed, dynamic and vibrant capital market can immensely contribute to Nigeria's speedy economic growth and development. In the absence of an efficient capital market, the Nigerian financial system will concentrate financial risk in the banking system with no alternative channel of intermediation. Fostering the development of the Nigerian capital market will be a strong spur to economic growth for the country. I wish to share with you our commitment at the Commission to ensure that we deliver on the mission and vision of regulating and developing our capital market.

- Our 2018 focus areas for the Commission include **capacity building, funding, enhanced service delivery, and a renewed focus on master plan implementation.**
- As you are aware, as part of our Initiatives in implementing the 10 Year Capital Market Master Plan, SEC is pursuing the introduction of a standalone Capital Market curriculum into basic and senior secondary education and eventually in universities as a degree programme. During the last CMC, we all agreed to the payment of at least 50% of contributions towards financial literacy initiatives. Total contributions currently stand at N122, 434,200 with N96, 234,200 outstanding. SEC and NSE have paid 100% of their contributions while AIHN and FMAN have all paid 50%. ASHON and ICMR have equally made significant contributions. I, therefore, wish to urge others to honor their commitments.
- I wish to congratulate the five trade groups that have so far completed their registration process (The Capital Market Solicitors Association, Association of Individual and Investor Advisers, Association of Credit Rating Agencies, the Institute of Capital Market Registrars (ICMR) and the Fund Managers Association of Nigeria (FMAN). I enjoin others to complete the process to ensure seamless operation of the complaint management framework.
- Recently, members of the Pension Fund Operators Association of Nigeria (PenOP) met the NSE to discuss how the capital market can key into the Multi-Fund Structure that was kicked off by the pensions industry. We are always ready to facilitate and provide the necessary support.
- The Debt Management Office of Nigeria has Listed N10.69Billion Federal Government Green Bonds on the Nigerian Stock Exchange. It is expected that the listing would contribute significantly toward making Nigeria's bond market become more competitive in the global market for green bonds. Also, it is expected to bring about climate change awareness, help diversify the capital market, increase the bond market capitalization and help deepen the capital market by providing additional investible securities.

- Also, the Nigeria Mortgage Refinance Company (NMRC) has up-scaled the size of its debt programme to N440bn, which is now triple the size of its previous programme (N140bn). The bond market is dominated by FGN issuance, crowding out corporate issuance. More corporate bond issuance will improve the bond market, as it is believed that corporate issuance is an indication of a maturing market. The expansion will therefore create liquidity in the mortgage market. I should add here that we have noticed certain emerging trends in the financial markets that could destroy the corporate bond market and we taking necessary steps to forestall such an outcome.
- As part of our capital market development efforts and furtherance of our commitment to support innovativeness, the Commission is working towards setting up a Regulatory Sandbox that will offer a 'safe space' in which start-ups and other businesses can test innovative products, services, business models and delivery mechanisms relating to the capital market in a live environment without immediately satisfying all the necessary regulatory requirements. To this end, the Commission has commenced on-line regulatory sandbox assessment and visitation of innovation hubs in different parts of the country.
- In recognition of the growing influence of Financial Technology companies (Fin-techs), the Central Bank of Nigeria plans on putting in place measures to regulate and supervise the companies. This was made known at the Annual General Meeting of Nigeria electronic Fraud Forum (NeFF) which was held on the 28<sup>th</sup> of June, 2018. These new rules are expected to help the fin-techs in the money market. Fin-techs have also ventured into the capital market and are gaining prominence. We the stakeholders in the Capital Market, therefore, need to intensify our efforts in identifying relevant players and products with the view to regulating and developing the capital market segment of Fintech.

- I will also like to use this opportunity to solicit the cooperation of stakeholders in our data collection efforts. We are in the process of conducting an impact evaluation of the electronic dividend mandate System (e-DMMS). In addition, we will conduct a corporate governance study to know the status of corporate governance in public companies, the nature of capital flows of companies and bonds; inflow and outflow of foreign investment into these instruments.
- I want to say welcome once more. It is a pleasure seeing so many of you here and I wish us a very fruitful deliberation. Ladies and Gentlemen, we must press ahead and unlock our capital market's full potential.

Thank you.

**Mary Uduk, FCIB**

Ag. Director General

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