

SECURITIES AND EXCHANGE COMMISSION, NIGERIA



**Opening Remarks by the
Director General
Securities and Exchange Commission (SEC)**

LAMIDO YUGUDA

AN ADDRESS DELIVERED AT THE FIRST
CAPITAL MARKET COMMITTEE (CMC) MEETING

Thursday, August 20, 2020

- 1** Good morning distinguished ladies and gentlemen. It is my distinct honour to welcome you to the first Capital Market Committee (CMC) meeting in 2020.
- 2** As you are aware, this first meeting was earlier scheduled for April this year but had to be postponed due to the COVID-19 pandemic. We thank the Almighty God for sparing our lives up to this moment, to witness this meeting, and we pray for His continuous protection as we also take our own human steps at keeping safe. I also acknowledge the support of the capital market community in combatting the disease, which I will elaborate on shortly.
- 3** Today's meeting also marks the first interaction between the newly-inaugurated Management of the Commission and the capital market community and stakeholders. Interestingly, this comes at a time when the Covid-19 pandemic has ushered in a "new normal" in the way we interact and conduct our affairs. Nonetheless, we look forward to interesting and fruitful interactions and deliberations today.
- 4** Before and after our inauguration, I know we have interacted with many of us present here today. But please permit me to still use this opportunity to formally introduce the new Management of the Commission to the CMC. My name is Lamido Yuguda, I am the new Director General of the Commission. Mr. Reginald Karawusa is now the Executive Commissioner, Legal and Enforcement. Mr. Temidayo Obisan is the new Executive Commissioner, Operations while Mr. Ibrahim Boyi is the new Executive Commissioner, Corporate Services.

- 5 I wish to acknowledge the tremendous welcome, goodwill, and encouragement received from many of you on our appointment, confirmation and resumption.
- 6 We all count it as a great privilege to serve the Nigerian capital market in these capacities. We would like to assure you of our collective commitment to uphold the good initiatives we have seen in the market and continuously seek ways of improving them to the benefit of all stakeholders.
- 7 With your continued support and God's guidance, I believe we can take our capital market to where it should be, pulling its weight in terms of contributing to the Nigerian economy and assuming its place in the league of top markets of the world.
- 8 The Commission is open to engagements with stakeholders that will foster new partnerships or strengthen our relationship towards the development and transformation of the capital market. Therefore, we seek your support towards achieving the tasks before us; such that in few years to come, when we look back, we would all be glad with the results of our collaboration.
- 9 The Capital Market Master Plan 2015-2025, and the tremendous progress achieved since implementation began is an example of what we can achieve when the market comes together as one to do tackle challenges. I wish to reiterate our commitment to the continued implementation of the initiatives of the Ten-year Capital Market Master Plan, as well as other related initiatives targeted at developing our capital market. In order to increase the visibility and attractiveness of our market, we shall focus on building and sustaining a robust, transparent and efficient capital market that improves wealth creation, access to

finance, business growth and propels socio-economic and infrastructural development, capable of transforming the economy

- 10** We strongly believe that the Nigerian capital market can attain its potential if we all contribute our individual quotas to the growth of the investor and investment opportunities. We shall work towards maintaining an environment that is enabled by the appropriate regulatory framework, timely and affordable access to the market, zero tolerance for infractions, heightened investor confidence and awareness, innovative product development and good governance practices.
- 11** We need to restore investor confidence and attract the retail investor back to the market. The average investor in the capital market is relatively old and the number of CIS accounts in the market is less than 400,000. This means that young people are not investing in capital market, and only few Nigerians buy into capital market funds. These are not good for the market. The Commission recognizes that a fair, transparent and orderly market, with a sound regulatory framework can promote trust and restore this confidence. In turn, this improves the credibility of the capital market necessary to attract retail, institutional and foreign participants. In order to protect investors therefore, we will ensure strict enforcement of the Rules and Regulations of the Commission, including ensuring that erring market operators are duly penalized. We would further strengthen our enforcement regime and clamp down on illegal operators luring unsuspecting investors in our market.
- 12** Let me say that it is interesting to note that just less than a year ago when we had the 3rd CMC meeting of 2019 and were planning the 1st CMC for 2020, none of us envisaged that it would be delayed, that it would not be a physical meeting, and that technology will be of this immense

assistance. This then underscores the increasing importance of technology to our product and process development, cost-cutting measures and general operational and regulatory efficiency. It is therefore important that we introduce innovation to our activities both as operators and regulators.

- 13** The Commission, on its part, has resolved to improve its efficiency, maintain best practice standards and make better use of technology. We will also examine our processes with the aim of removing bottle-necks wherever they may be. We will keep our eyes on time-to-market and always bear in mind that the capital market competes with the banking market for as a source of funding, and we must become more competitive. Market operators must equally improve the quality of their documentation and ensure that their submissions are fully compliant with the Rules and Regulations of the Commission. They must also ensure that identified deficiencies are promptly addressed.
- 14** We will also be focusing on the investor experience, seeking to make it easier for the investor to understand and access the market. To this end, we shall be paying attention to issues around e-dividend and the quantum of unclaimed dividends we have. We believe that to make retail investors return to the market, their concerns must be addressed. Market conduct must also be improved, and bad behaviour rooted out. We count on your support to do this.
- 15** Another area of focus for us will be the non-interest finance part of the market. We have seen how successful Sovereign Sukuk issues have been, and wonder why we are yet to have sub-national and corporate issues. We must find the barriers and remove them, as this will help deepen the market and attract more capital into it.

- 16** Furthermore, as the Commission continues to engage with agencies and other key stakeholders on issues such as favourable tax regimes, margin loans, investor data and identity management, among several others, we look forward to providing the market with positive feedback. For instance, the meeting we organized in July between the market and NITDA on the Data Protection Regulation was well attended and quite informative. We are currently articulating and working on the next lines of action.
- 17** It is equally my pleasure to inform you that the International Organization of Securities Commissions (IOSCO) will, in October, commemorate the fourth edition of the World Investor Week. The commemoration is a week-long, annual global campaign which aims at promoting investor education and protection as well as strengthening collaborations among IOSCO members, highlighting a number of initiatives. In commemorating the Week, IOSCO members are expected to provide, in their jurisdictions, a wide variety of activities or events with the objective of disseminating key messages that increase investor education and protection, as well as financial literacy while fostering learning opportunities for investors.
- 18** As a leading member of IOSCO, especially from the Africa/Middle East bloc, and in view of the associated benefits, the Securities and Exchange Commission will join the rest of the world to mark this important week with planned activities focused on enlightening our retail investors on their rights, duties and responsibilities. I invite you to also participate with events geared towards propagating the capital market message while enlightening and protecting investors and the general public.
- 19** Many of the initiatives aimed at moving the capital market forward cannot advance without the selfless service of many members of the capital market community who are members of various capital market

committees. I appreciate this, and say a big Thank You to them. I also encourage everyone who is yet to, to put in their bit in one area or the other towards making this market what we want it to be.

- 20** No doubt, we are living in challenging times, shaped by the pandemic, with serious implications on households, businesses and governments. For instance, the recent IMF forecasts shows that the global economy is expected to contract by -4.9% this year and Nigeria by -5.4%. Similarly, the growth assumption used for the revised 2020 budget is that the Nigerian economy will contract by -4.2% this year. All these have implications for our citizens and market. We must not just sit back and fold our arms but seek how to improve the situation.
- 21** Consequently, the Commission organized the market to set up the Capital Market Support Committee on Covid-19 under the chairmanship of Alhaji Ariyo Olushekun. Through the Committee, the Nigerian capital market community has made various donations comprising ambulances, packs of water, face masks, infrared thermometers and other medical equipment to many private and government institutions. Let me use this opportunity to express our profound gratitude to the Chairman, members and secretariat of the committee as well as those who have made donations towards the success of the committee's task. May God protect you and all that are yours, and may He take this pandemic away from us.
- 22** Before introducing the business of the day, let me use this opportunity to congratulate two (2) members of this community who have assumed the leadership of their professional bodies in the last few months. First is Mr Bayo Olugbemi, FCIB as the 21st President of the Chartered Institute of Bankers of Nigeria (CIBN) and second is Mr. Olatunde Amolegbe, FCS, as the 11th President of the Chartered Institute of Stockbrokers (CIS). I wish you success during your tenures and look forward to positive

contributions to the capital market from your respective professional bodies.

- 23** As is the practice, today's meeting will take matters arising from the last meeting and receive updates from the various Technical Committees and Platforms while comments will be received on Observer Groups' activities. This will enable us see how we have performed since the last meeting and discuss policies and initiatives that we can leverage during this period.
- 24** It is therefore my pleasure to welcome you all to this meeting as I look forward to fruitful deliberations.
- 25** Thank you and good morning.

Lamido Yuguda

Director- General

Securities and Exchange Commission