



# COMMUNIQUE

OF THE 25th ANNUAL STOCKBROKERS' CONFERENCE OF CHARTERED INSTITUTE OF STOCKBROKERS (CIS) HELD ON THURSDAY, OCTOBER 28 & FRIDAY, OCTOBER 29, 2021 IN LAGOS.

## INTRODUCTION:

The Chartered Institute of Stockbrokers (CIS) held its 25th Annual Stockbrokers' Conference on Thursday, October 28 and Friday, October 29 2021 **themed: "CAPITAL MARKET AS A CATALYST FOR ECONOMIC DEVELOPMENT AND SUSTAINABLE GROWTH"**. The Conference was organised to build innovative conversations on optimizing vital elements of the capital markets to significantly improve economic development and sustainable growth in Nigeria.

The hybrid Conference was attended by the Chairman, House Committee on Capital Market, Honourable Babangida Ibrahim, ACS, Edo State Governor, Mr Godwin Obaseki, FCS, Osun State Governor, Mr Seyi Makinde and Chairman, Senate Committee on Capital Market, Senator Ibikunle Amosun. The Director-General, Securities and Exchange Commission (SEC), Mr Lamido Yuguda and Chief Executive Officer, NGX Group Plc, Mr Oscar Onyema, FCS also participated. Other distinguished guests in attendance included Mr Wale Ajayi, Partner and Head, Energy and Natural Resources Practice, KPMG, Dr Layi Fatona, retired entrepreneur and Geologist, Mr Bode Olanipekun, Managing Director, Wole Olanipekun and Co, Mr Oluwatuminiu Familusi, Tax Senior Manager, Ernst and Young and Joyce Dimkpa, Head, Oil and Gas, Stanbic IBTC Bank Plc.

The event was divided into four intensive technical sessions, reflecting the breakdown of the central theme.

## PARTICIPANTS' OBSERVATIONS AND EXPERTS' CONCLUSIONS

1. In 2020, the Nigerian Exchange Group ("NGX", formerly The Nigerian Stock Exchange) emerged the best performing stock market in the world (according to Bloomberg ranking), due to far reaching reforms that involved all major stakeholders in the market
2. The Nigerian capital market is still largely untapped; hence many opportunities abound but require a more efficiently functioning capital market to attract the level of investment required locally and from foreign investors.
3. Empirical facts have shown that there is a positive correlation between a country's economic development

and its capital market's level of development, while the capital market ought to be a barometer for gauging the pulse of the economy.

4. There is substantial market infrastructure, but alignment of fiscal and monetary policies will enhance market capacity to attract the much-needed capital inflow.
5. The core objective of the ten-year Capital Market Master Plan is to position the capital market for an accelerated development of the national economy and efforts are currently on-going to re-launch in view of the changes in the market dynamics.
6. The Petroleum Industry Act (PIA) is desirable to reinforce investment in the petroleum industry and generate forex to grow reserves.
7. Micro Small and Medium Scale Enterprises (MSMEs) are critical engines of growth and economic development, as average contribution of MSMEs to GDP is 48% with 10% to manufacturing.
8. Growth and development of MSMEs is hampered by lack of adequate capital and compounded by paucity of business skills, poor corporate governance and environmental challenges.
9. Fintech innovation is a game changer as the 2020s will be shaped by business sustainability, technology and globalisation. However, Nigeria's infrastructure deficit may frustrate the rate of penetration of Fintech and digital technology.
10. Identity Management has become one of the major impediments to successful implementation of Fintech in Nigeria. The Federal Government should resolve the option between the use of Bank Verification Number (BVN) and National Identification Number (NIN) as the former is limited to banking operation while the latter has wider scope.
11. The current complex processes linking the various operators in the capital market (Registrars, Stockbrokers, Securities Exchanges and the central depository) and the Central Bank of Nigeria (CBN) need to be better streamlined to make the deployment of Bank Verification Number (BVN) in the market more effective.

1. The emergence of crowdfunding has helped to reduce ponzi schemes in the market while creating an additional financial instrument for Stockbrokers in the Capital Market.
2. Crowdfunding has strong potentials to attract diaspora remittances and boost financial inclusion. However, both the Investment and Securities Act (ISA) and the Companies and Allied Matters Act (CAMA) have indirectly restricted crowdfunding to only Plcs. Adopting the nominee structure can allow SMEs to maintain their status as private companies after crowdfunding.
3. Unclaimed Dividend is a legacy issue which can be traced back to the indigenization exercises of 1972 and 1977 and the privatization programme of the 1990s when many investors used multiple accounts to enhance their share allotments.
4. The relatively high cost of collecting and cashing unclaimed dividend on the part of minority shareholders and the complexity of operating an Estate Account for unclaimed dividend beneficiaries by some Registrars increased the volume of unclaimed dividends in the country.
5. The Bank of Industry (BOI) should collaborate with Capital Market Operators to effectively integrate MSMEs into the Capital Market.
6. The process of collecting unclaimed dividends should be streamlined, including the use of unique identity management and reduction of cost for the investor.
7. More technology should be deployed for ease of claiming dividend. For instance, minority investors should be able to claim dividend through mobile phones like some form of government's payment.
8. The Securities and Exchange Commission (SEC) should enforce necessary rules by sanctioning any operator that makes payment of unclaimed dividend cumbersome.
9. There is a need to reform the law to protect minority shareholders such as expunging the statute bar on unclaimed dividend or make investment of unclaimed dividend by any institution unprofitable.
10. Market operators should uphold utmost integrity in all activities to build and sustain investor confidence in the market.

## RECOMMENDATIONS

1. There should be legislation to incentivise and encourage all tiers of governments in the country to partner and utilise the capital market to raise medium and long-term fund for executing development projects.
2. The Capital Market should be supported to play its natural role in realising the opportunities created by the Petroleum Industry Bill (PIB), including enabling local players in the industry to raise capital, optimize gains from deregulation and provide the ideal platform for listing of NNPC for optimal performance.
3. To attract investors into the petroleum industry and spur activities, there should be a minimum of 5 percent tax incentive.
4. Listing requirements should be relaxed on all securities trading platforms to enable Small and Medium Scale Enterprises (SMEs) benefit from securities exchange quotation, especially for the purpose of raising capital.
5. Apart from finance, other major enablers such as capacity building, access to local and international capital markets, local content enhancement and infrastructure must be put in place to ensure that Micro, Small and Medium Scale Enterprises (MSMEs) thrive in the country.
6. Although, SEC has built a safety net around crowdfunding activities to mitigate various risks and ensure investor protection, there should be stakeholder engagements to drive compliance with crowdfunding rules to enhance MSME financing.

**Signed**

**Mr. Olatunde M. Amolegbe, FCS**  
President/Chairman of Council