



**THE Nigerian
STOCK EXCHANGE**

RC: 2321

FINANCIAL MARKETS REGULATION AND REFORM

Presented by

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for

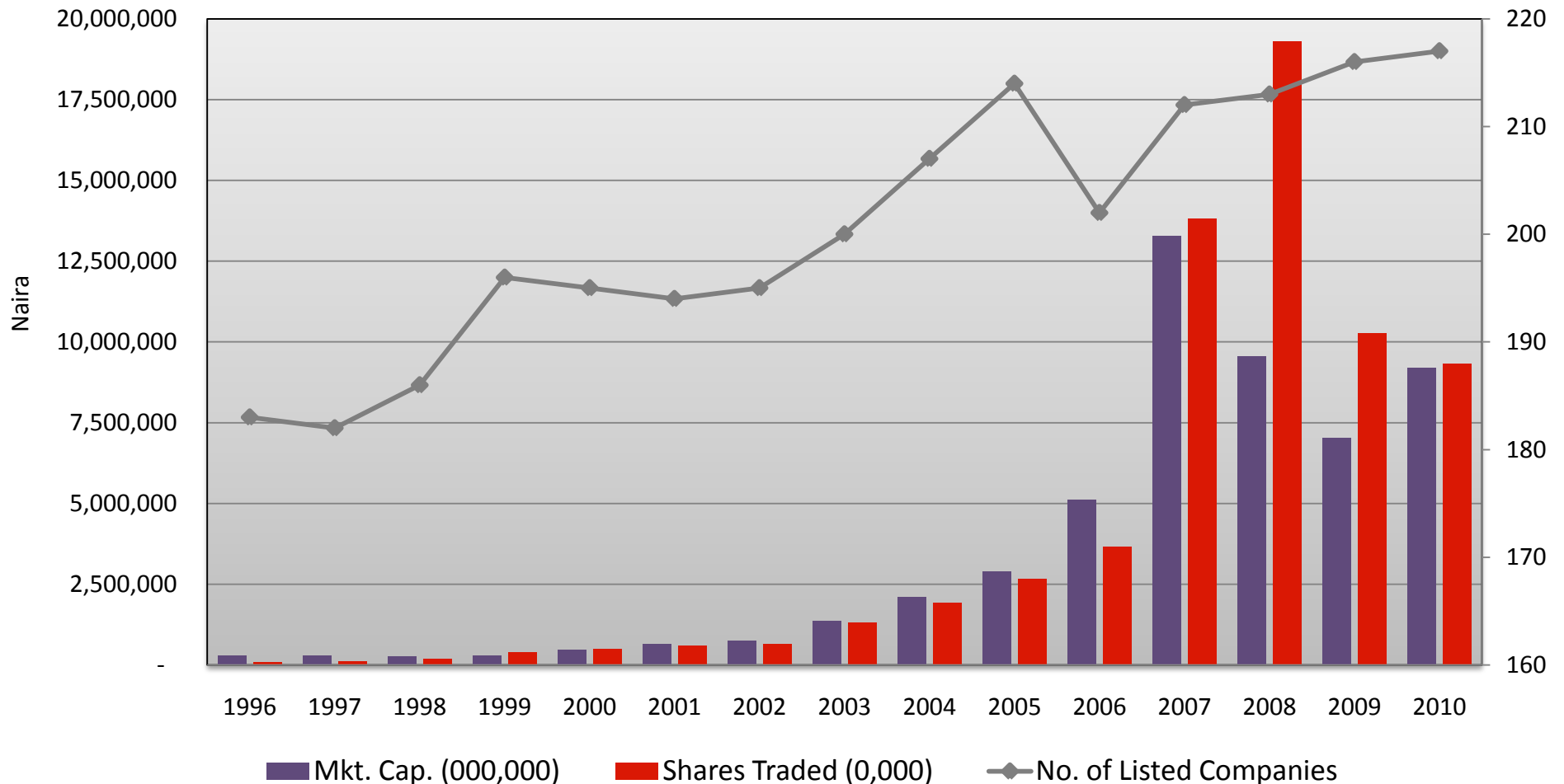
CSL STOCKBROKERS & FCMB

3rd Annual Investor Conference

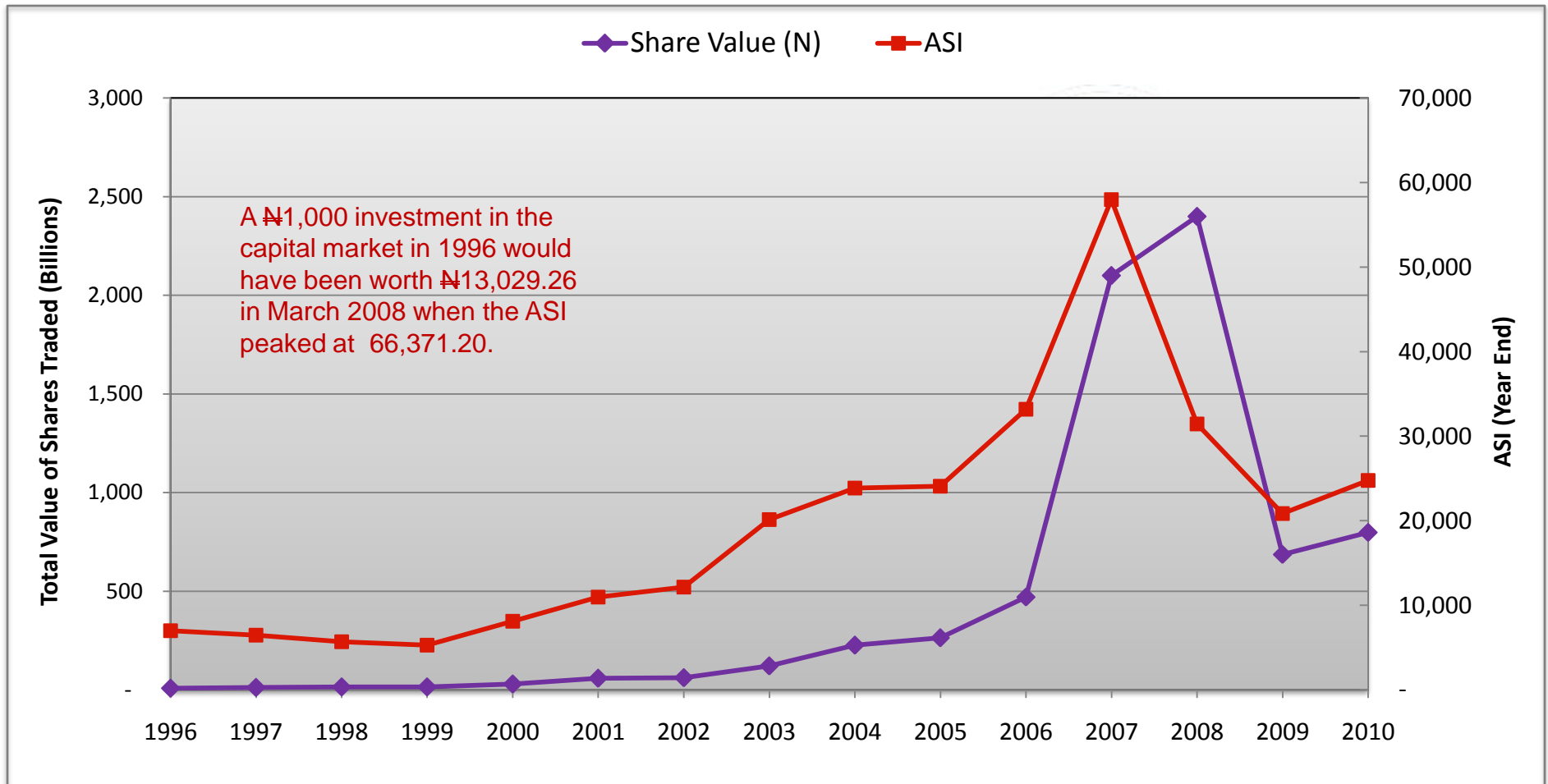
Southern Sun, Ikoyi

September 26, 2011

Capital Market Performance (Equities, 1996-2010)



Capital Market Activity (Equities, 1996-2008)



2007-2009 Financial Crisis

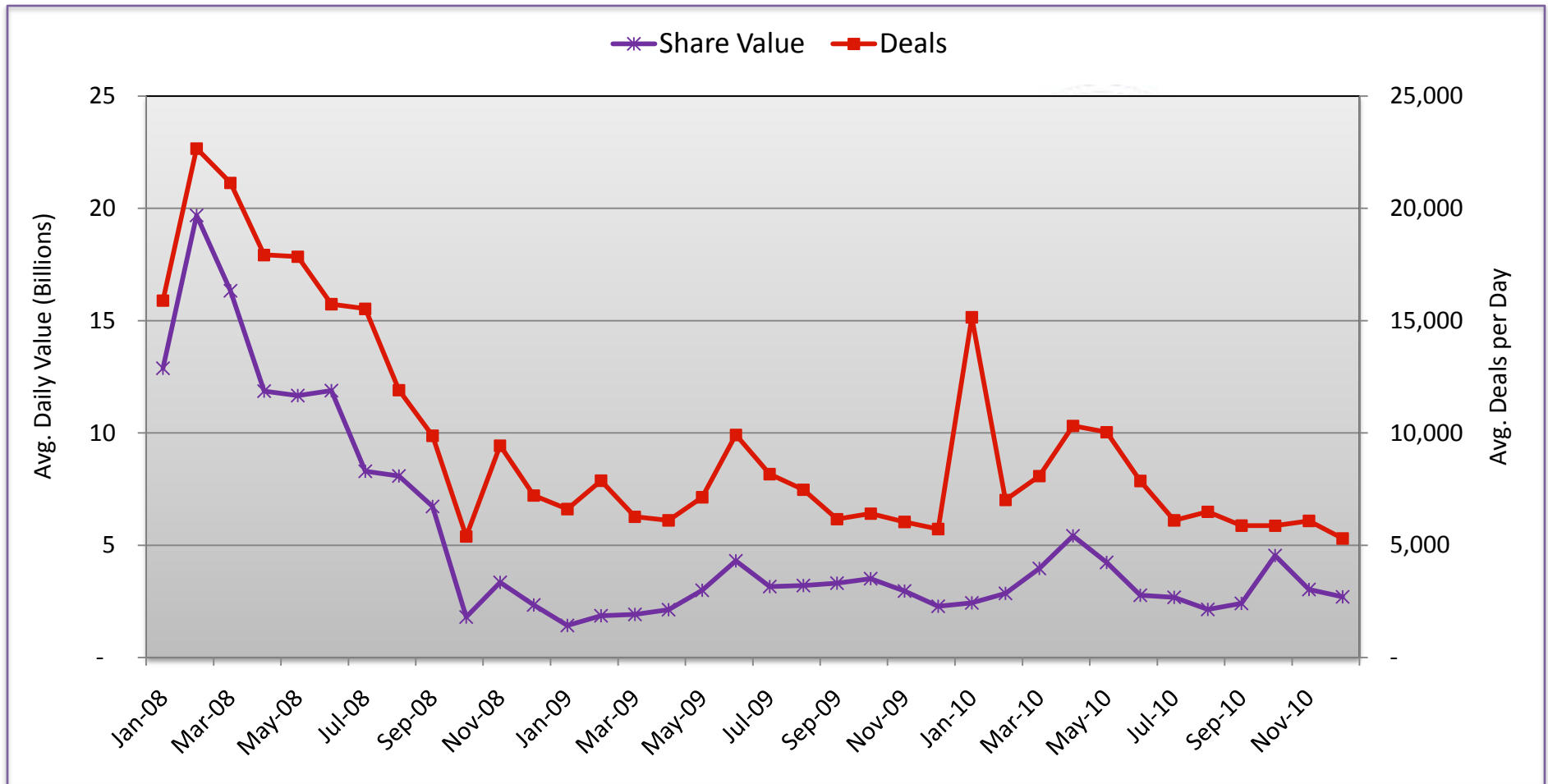
- Global financial meltdown
- Nigerian financial crisis
 - Bank over-exposure
 - High rates of margin lending
 - Failed risk management processes
 - High rate of default
 - Illiquid financial and capital systems



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Result:
Capital market crash

Capital Market Activity (Equities, 2008-2010)



Regulator Intervention

- **CBN Intervention**

- Bank tests and intervention
- Bank recapitalization
- Margin Rules
- Separation of non-banking businesses

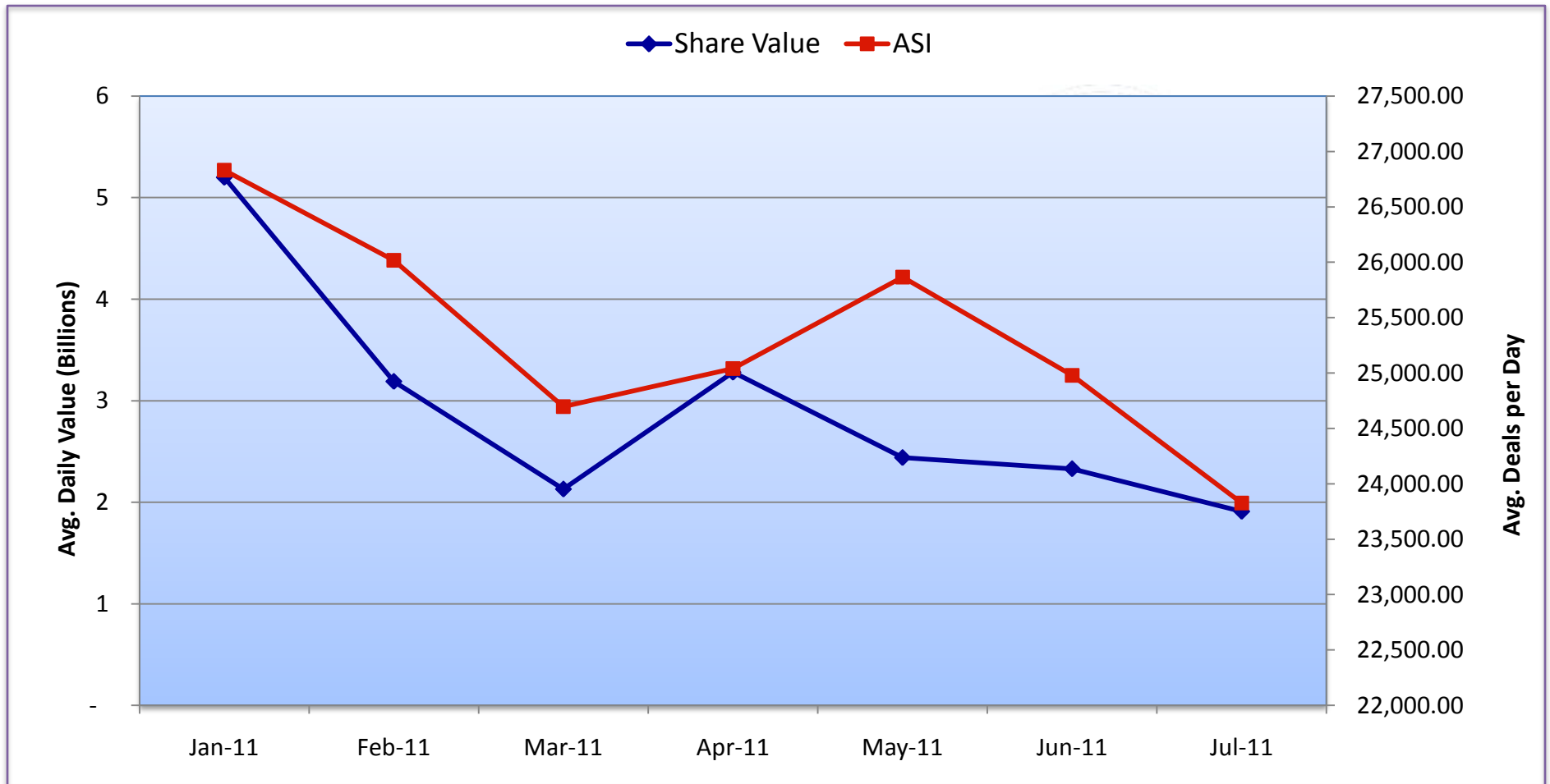
- **SEC Intervention**

- Broker-dealer recapitalization
- Market-wide administrative ‘housekeeping’
 - Change in management of the NSE
 - Legal action against market violators
- Corporate governance requirements
- Introduction of IFRS reporting standards



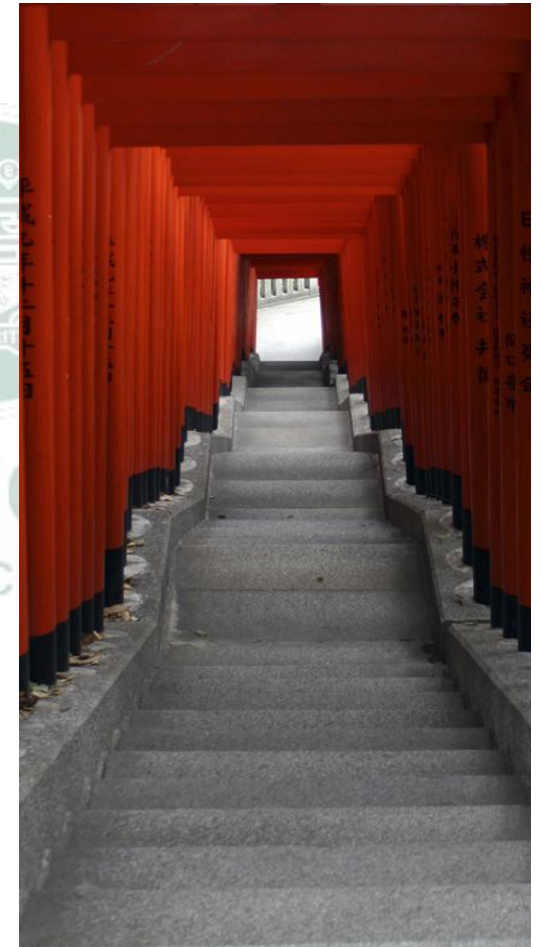
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Capital Market Activity in 2011 (Equities, Jan-Jul)



Global Markets

- American Crisis
 - High debt burden
 - Lower credit rating
- European Union
 - Over-extended banking systems
 - Greece: Default on credit obligations
 - Italy, Ireland, Spain
- Africa markets

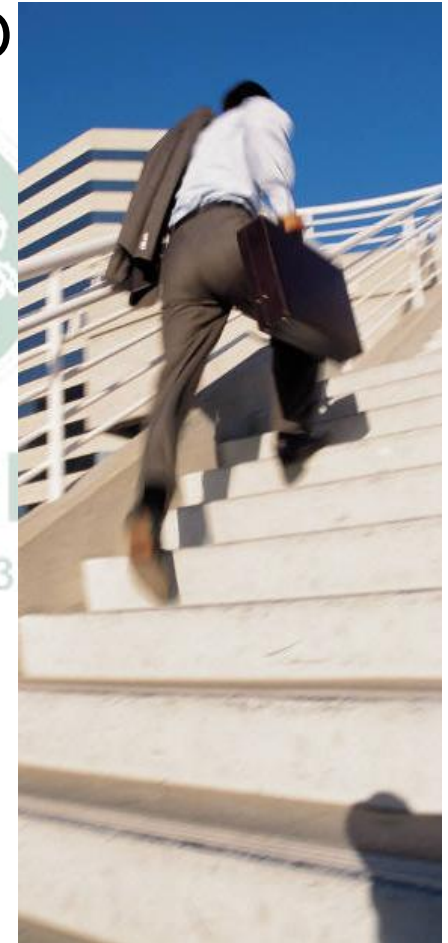


NSE Regulatory Reform

- Restructuring for effective operation as an SRO
- Legal and Regulation Division
 - Broker-Dealer Regulation
 - Supervision , monitoring and enforcement
 - Listings Regulation
 - Disclosure Standards
 - Recent update of penalties for violations of rules
 - Listings requirements
 - Corporate Governance
 - Annual certification of compliance
 - Review of ‘Share Buy-Back’ policy
 - Surveillance
 - Automation
 - Implementation of Market Quality analysis



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Liquidity and Investor Confidence Delivery Matrix

		Term
		<i>Short (2011)</i>
Span of Control	<i>Within NSE Control</i>	<ul style="list-style-type: none"> - Market Making - Securities Lending - Market Segmentation - Short Selling - Introduction of ETFs - Revised Listing Requirements - Company Share Buy-Back
	<i>Outside NSE Control</i>	<ul style="list-style-type: none"> - Government Intervention - AMCON Debt Resolution - Broker Access to Low Cost Funding

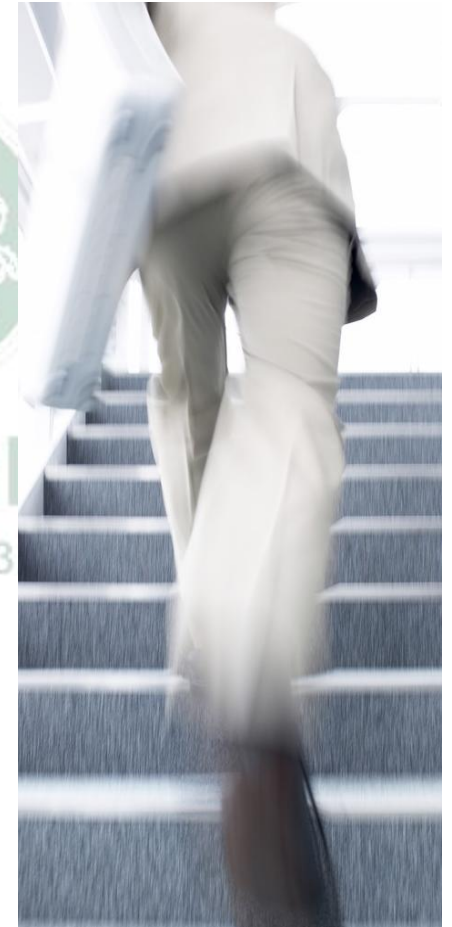
Outcome

- Fair and transparent marketplace
- Enhanced investor confidence
- Foundation for market depth and breath
 - Efficient market
 - New products
 - New company listings



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Thank You

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