



**THE Nigerian
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NIGERIA'S EQUITY MARKET: UPDATE ON TRANSFORMATION & OUTLOOK

Presented by

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for

LAGOS BUSINESS SCHOOL

Breakfast Club

Oriental Hotel, Lekki

October 5, 2011

Outline

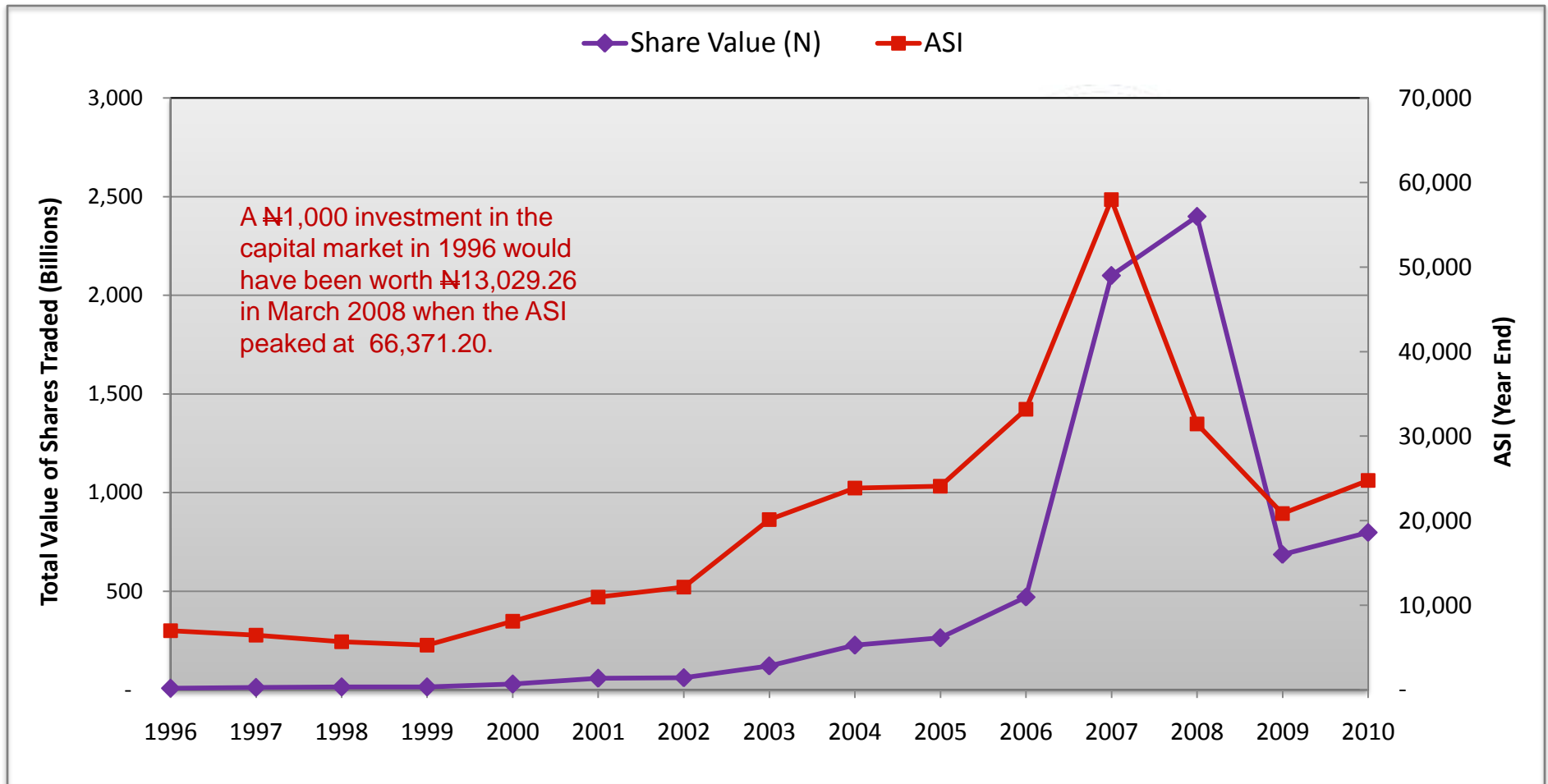
- Equity Market Performance
- Baseline Stats
- Drivers of Stats
- Key NSE Initiatives
- NSE Vision
- 5-Year Outlook



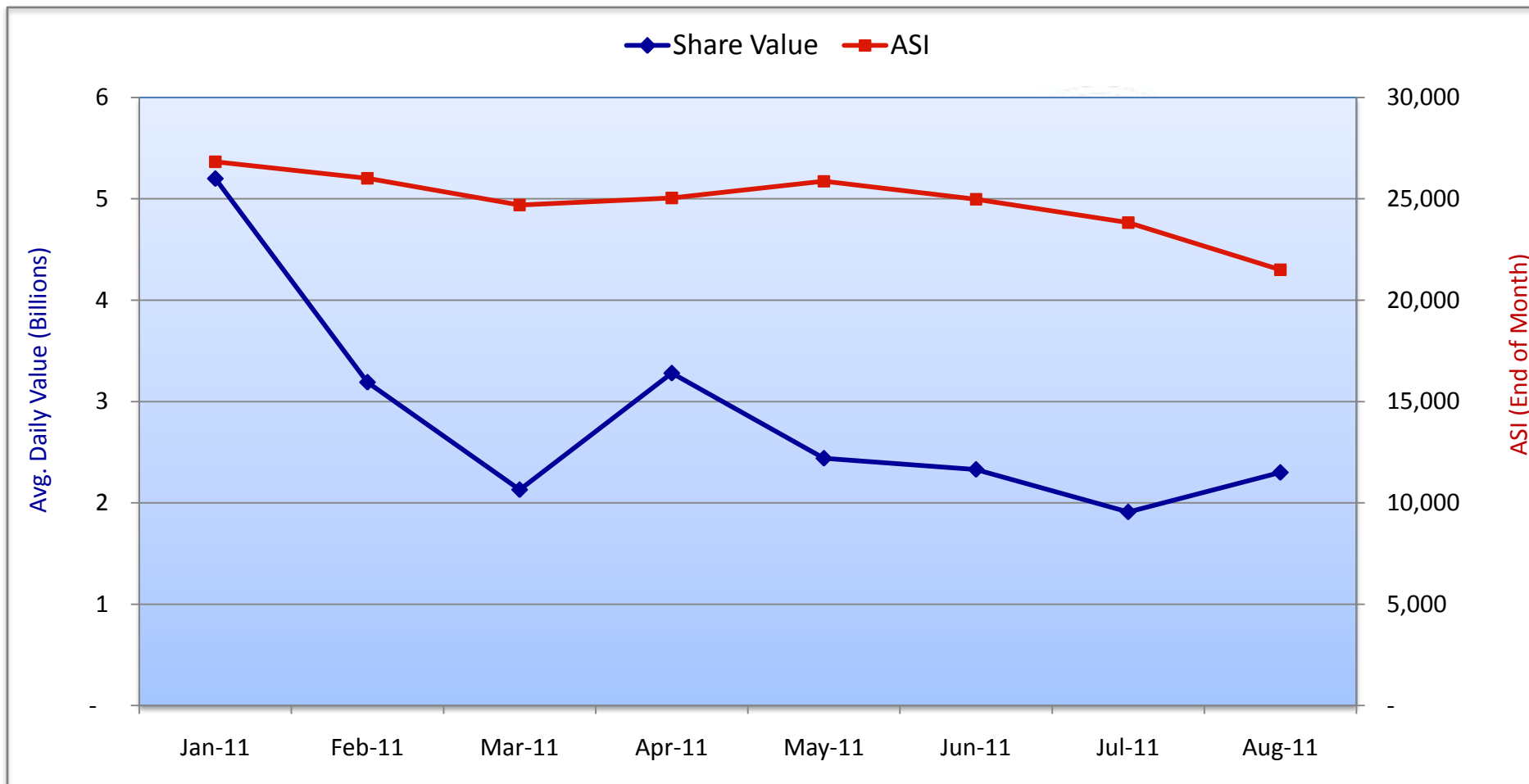
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Equities Market Activity (1996-2008)

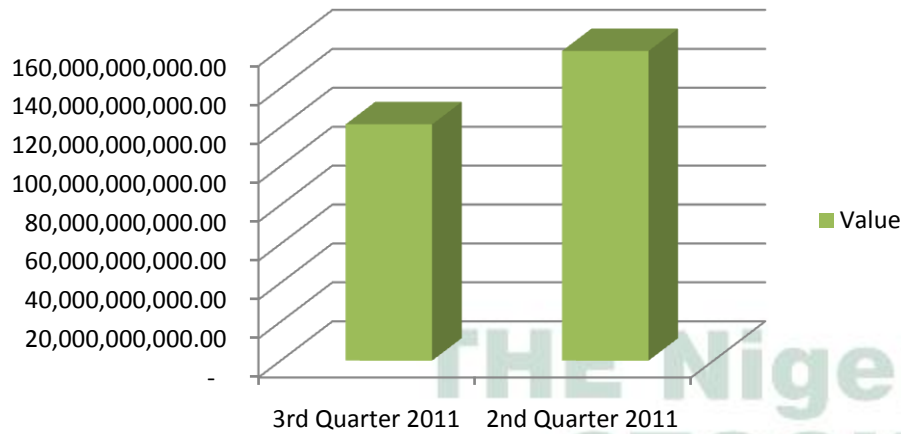


Equities Market Activity in 2011 (Jan-Aug)

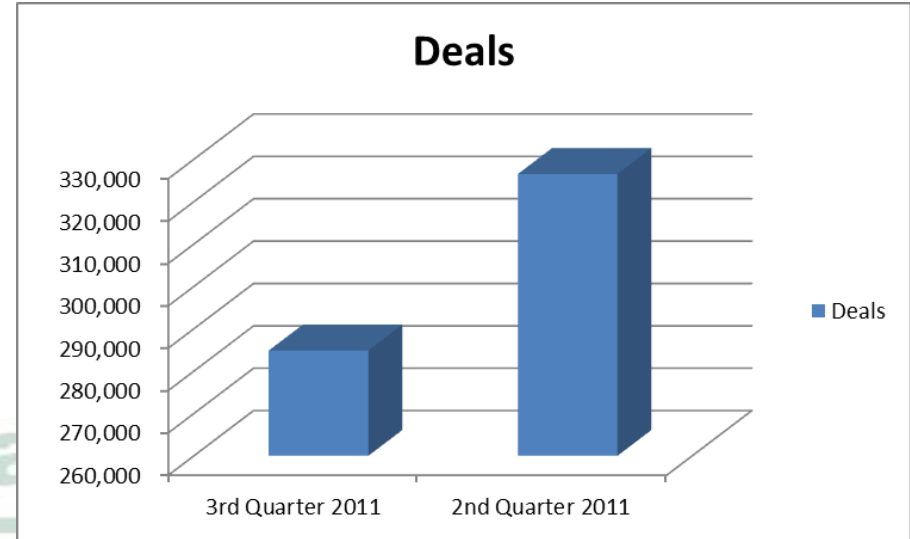


Baseline Statistics 3Q 2011

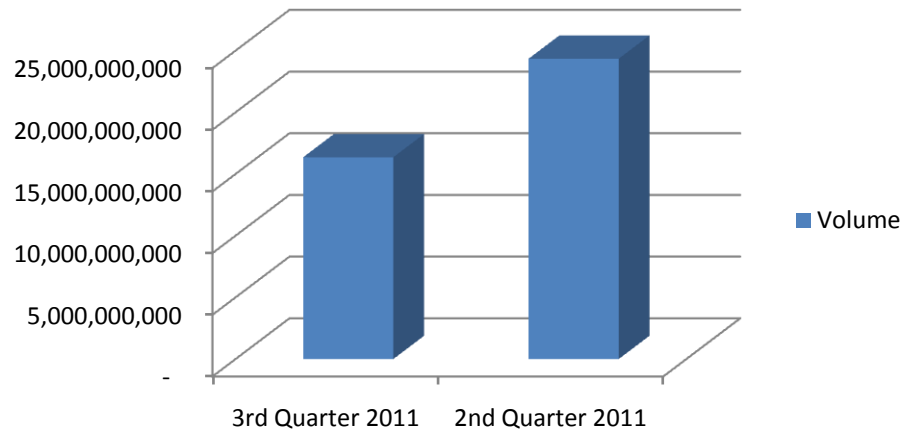
Value



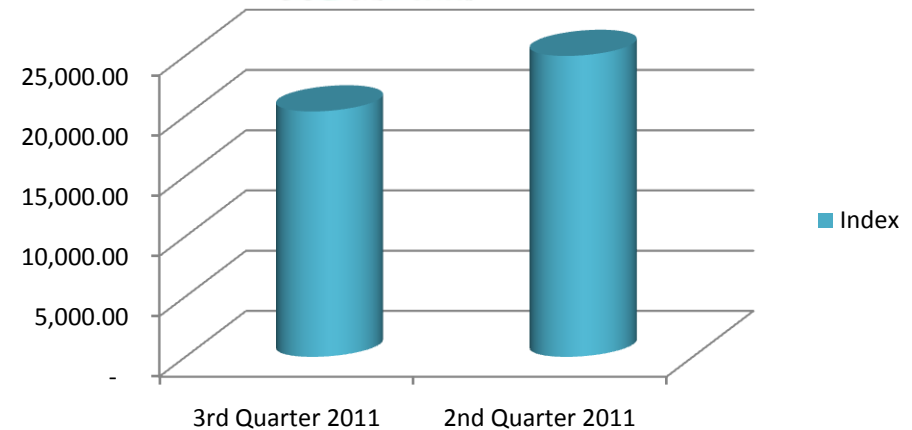
Deals



Volume



Index



Drivers of Baseline Stats

- Low Investor Confidence
- Banking Crisis (NSE Banking Index down 22.4%)
 - Nationalization of 3 banks (N30b erased in 1 day)
 - Uncertainty around completion of bank recapitalization by Sept 30
- Low Broker-Dealer Participation Rates
 - Margin loan debt overhang
 - Lack of access to financing (New prudential guidelines by CBN)
- Spate of Bombings by Islamic Fundamentalist Group
 - Foreign investors are cautious
- Lack of Liquidity and Depth
 - Low equity issuance, no IPO in 3Q2011
 - PFA and CPFA on the sidelines

Key NSE Initiative in the Short Run

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

NSE Strategic Initiatives

- GDP Growth
 - Over 7% yearly
- Target Sectors
 - Agriculture: 40% of GDP \$107m / 0% of market cap*
 - Oil & Gas: 15.9% of GDP \$2,147m / 4% of market cap*
 - Power: 7.9% of GDP \$0 / 0% of market cap*
 - Telecoms: 4.5% of GDP \$64m / 0% of market cap*
- Market Segmentation
 - 33 to 12 industry sector classifications
 - 3 market capitalization classifications: Large, mid, small
 - 2 stock classifications: Growth, income

* Average market capitalization June 2010 to May 2011



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NSE Regulatory Reform

- 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
 - Rules and Interpretations



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The NSE's Vision

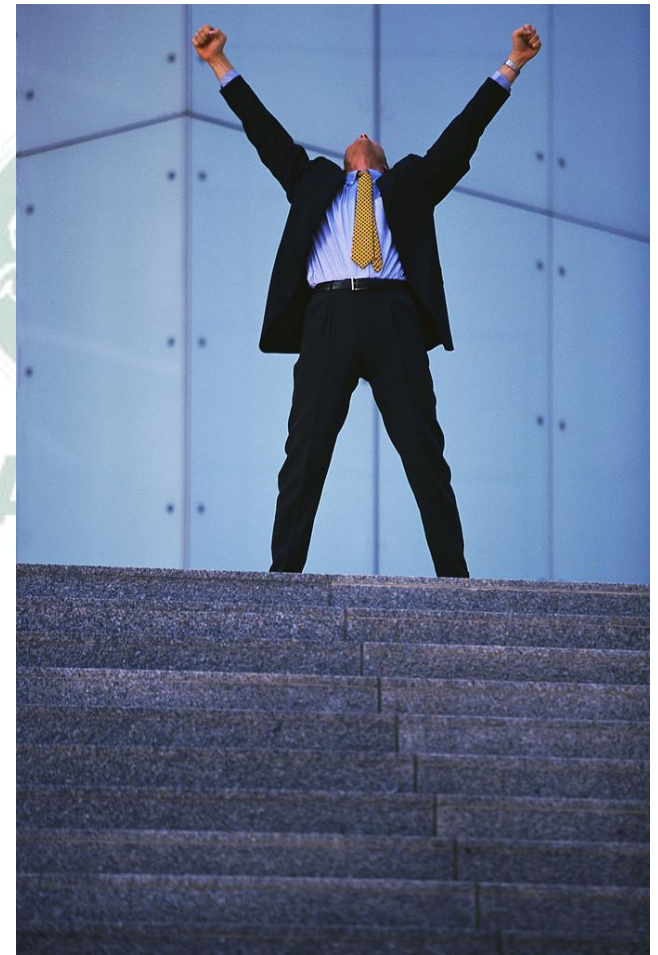
“To be the leading Stock Exchange in the African region for capital formation, driven by transparency, innovation, efficiency and liquidity.”

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To become the gateway to
African Markets.

NSE Vision - Gateway to African Markets

- Fair and transparent marketplace
- Full suite of investment products
- Deep and Liquidity markets
- Swift listing process
- Best-in-class trading platform
- 100% dematerialization
- STP



5-Year Outlook

- Restructuring for effective operation as an SRO





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Q&A

Thank You

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