

QUOTED COMPANIES CEOS' DINNER 2011



REMARKS BY OSCAR ONYEMA, CEO, THE NIGERIAN STOCK EXCHANGE AT THE QUOTED COMPANIES CEOS' DINNER 2011 17 OCTOBER, 2011

Ladies and Gentlemen, it gives me great pleasure to welcome you to this landmark event in the life of The Nigerian Stock Exchange, the first of our CEO dinners. I am indeed elated by the large turnout of our quoted company CEOs.

It is no news that the NSE services the 2nd largest financial Centre in sub-Saharan Africa; what is worthy of mention is that we have this honour only because of your collective endeavors in the business terrain of our nation. As an operator of markets we play an important role in setting rules to ensure fair, orderly and transparent markets and in enforcement and general oversight. However it is your companies that comprise the engine of our economy.

Since I assumed office in April of this year, my team and I have left no stone unturned in ensuring that we lay the right foundation for restoring market integrity and renewing our promise to you. Our promise is to provide you a first rate platform for listing that promotes:

- Visibility – inclusion in local and foreign indices and portfolios
- Growth –access to capital; lower cost of borrowing
- Transparency – greater public confidence through listing disciplines
- Continuity – a basis for survival beyond company founders
- Sustainability – spreads the risk of long-term investment projects
- And many more...



Despite recent challenges, the capital market remains an indispensable vehicle to ensure Nigeria's continued development. At the NSE we have set a broad objective to create an African institution that competes effectively in the global market place in a manner that showcases the best of African enterprises to the global community. The NSE is poised to champion the acceleration of Africa's economic development. We plan to achieve this dream through various initiatives, many of which are already underway. The following are examples:

- Market segmentation exercises that categorize our companies by industry, market capitalisation and whether they are growth or income stocks. We are consolidating the thirty three segment classification of our Daily Official List into 12 sectors, to better reflect global standards and standard international industrial classifications. You have all been notified of the proposed new sectors and sub sectors, and we have received valuable feedback from a number of you. Market capitalisation and growth/income segmentation will give us a more detailed understanding of our companies, and in turn provide input into investor education efforts regarding portfolio construction, asset allocation and risk diversification.
- Targeted Business Development Efforts that Prioritize Key Industry Segments. The new sectors which I mentioned above include four that are crucial to the Nigerian economy but are extremely underrepresented in our markets: agriculture (more than 40% of GDP), oil and gas (over 90% of export earnings), telecommunications (over 80 million GSM subscribers and including the fastest growing telecoms operator in sub Saharan Africa) and the Utility sector. These sectors are priority areas for us in terms of our efforts to attract new companies to The Exchange.
- Introduction of value added services – Corporate governance, investor relations, institutional services, analyst coverage, and corporate access. These services will form a crucial part of our sales and retention efforts. Our aim is to ensure that all our companies realise the value of listing on the Exchange, and indeed forums such as this are key in that effort. I mentioned earlier that this is the first in a regular series of CEO Dinners. Going forward, these dinners will be focused around industry segments based on our new sector classifications, giving us an opportunity to interact around issues that affect particular sector groupings.
- Five Products in Five Years. The Exchange currently lists equities and bonds, but the market is dominated by equities, with minimal trading in bonds. As well as increasing market activity in both equities and bonds, we also plan to introduce exchange traded funds, options and financial futures. Indeed we are on course to introduce our first ETF this year. These initiatives are a vital part of increasing the vibrancy, depth and competitiveness of The Exchange. Naturally the introduction of these products will be accompanied by extensive education of both operators and investors.
- Facilitating buy back of company shares. The Exchange's proposed rules have been filed with the SEC for approval.
- Attention to Technology: acquiring a cutting edge trading platform and improving operator and investor experience in dealing with The Exchange.
- Evaluating, Reengineering and Automating Processes, which have a direct impact on improving liquidity and depth, including introducing: market making, short selling and securities lending.
- An Information driven market– a revitalized website, post listing compliance status symbols, market quality statistics, broker volume data, etc.
- Need listings requirements to give The NSE more flexibility in attracting a good quality companies.

These and other initiatives depend critically on close engagement with our quoted companies and other stakeholders. I hope you have already begun to notice increased levels of communication from The Exchange. So far we have notified you all about changes in our Listings function, planned changes in company segmentation on our Daily Official List, and have also corresponded on more company-specific initiatives. Indeed a key element of our reorganisation has been the establishment of the Listings Sales and Retention function to interact more closely with you, our listed companies, the backbone of our Exchange, and to ensure we add value to you.

We have also engaged quoted companies through our Listing Regulation function on various compliance issues. We are working proactively to ensure that quoted companies meet their reporting obligations on time, as a matter of course. I am happy to report that the compliance rate for reporting 2010 year end financials is 95% as at today.

In sustaining this renewed vigor, we of course acknowledge that our people as our most prized asset; we will not be able to fully accomplish our strategic goals without a skilled and energized workforce. It gives me pleasure to introduce my team to you.

As we look to you and all the stakeholders in the market to partner with us in the critical task of capital market development, we are guided by a vision that fuels our commitment and optimism: to become **“The Gateway to African Markets”**.

Ladies and Gentlemen, on this note, I would like to once again thank you for taking time from your busy schedules to be here with us tonight. I wish you continued success in your endeavors to grow your companies and assure you of our continued support in this respect.