

PRESS RELEASE

FEDERAL MINISTRY OF FINANCE

Thursday, May 27, 2010

Capital Market: FG To Ensure Regulators Protect Investors **...To Hold Capital Market Regulators To Non-negotiable Minimum Standards of Conduct**

Following the recent crisis in the nation's capital market, the Federal Government stated on Thursday that it would henceforth ensure investors are protected by the regulators of the market.

The government will also hold regulators to non-negotiable minimum standards of conduct in order to build a capital market that is strong, fair, efficient and robust.

The Honourable Minister of State for Finance, Mr. Remi Babalola, confirmed this in Abuja while inaugurating two committees to review the Investments and Securities Act (ISA) 2007 and design a code of governance for capital market regulators.

The Committee to Design Code of Corporate Governance for Capital Market Regulators is headed by the former Chairman of the National Pension Commission (PenCom), Mr. Fola Adeola, while Dr. Konyinsola Ajayi (SAN) is the Chairman of the Committee to Review ISA Act 2007.

The minister declared that regulatory and enforcement framework must be strong enough to avoid future breaches in securities law as contained in the Act.

He said, "Globally, regulatory lapses have been highlighted as a downside risk for the unusual market downturn. Inevitably, these regulatory procedures have now become the subject of examination and criticism.

"Nigeria is no exemption. We must ensure adequate steps are taken to sustain investor confidence and build a market hinged on integrity and full disclosure. As we emerge from a traumatized investor period, we must position our regulators to protect investors."

Babalola, who emphasised the need to subject the overarching law to constant updates, explained that it would help to leverage on the capital market to boost entrepreneurship, support the real sector and dent unemployment cankerworm.

“The essence of today is in line with our purpose to transform our capital market to a reference point in Africa where there is investor confidence, market integrity, sound regulatory framework and international standard of corporate governance.

“Under our leadership, there is a strategic transformation agenda for Securities and Exchange Commission as well as the Nigerian Stock Exchange to enhance the performance and contribution of the Nigeria’s capital market. We enjoin the two organisations to ensure prompt implementation,” he stated.

The minister listed the Terms of Reference for the Committee to Design Code of Corporate Governance for Capital Market Regulators as:

- * To review current ethical and corporate governance practices of capital market regulators,
- * To review international best practices regarding Code of Corporate Governance for Capital Market regulators,
- * To draw appropriate and relevant Code of Corporate Governance for Capital Market regulators in Nigeria covering all relevant areas including their roles, principles, ethics, guidelines and relevant implementation and operation of the governance plan.
- * To describe how such rules on governance have effect on all the board members, employees, commissioners and relevant stakeholders in terms of gifts, financial conflicts, personal conflicts, misuse of position, disclosure of information, unfair market practices, confidentiality, employment, appointments, terminations, compliance, and breach of code.

The Terms of Reference for the Committee to Review ISA Act 2007 include:

- * To review the ISA 2007 and draw out areas requiring amendment,
- * To review international best practices regarding statutes governing the operations of the capital market,
- * To prepare a draft Investments and Securities Bill for presentation to the National Assembly.

The two Committees have one month to submit their reports for consideration by the Federal Ministries of Finance and Justice as well as for onward submission to the Federal Executive Council.

Members of the 10-man Committee to design code of governance for capital market regulators include: Chief Executive Officer of FBN Investment Banking & Asset Management, Mr. Osaze Osifo (Vice-Chairman of the Committee); Director of Home Finance in the Federal Ministry of Finance, Alhaji Gidado Mohammed (Secretary of the Committee); Director of Legal in the Finance Ministry, Mrs. O.O. Moore; SEC Commissioner (Compliance and Enforcement), Mr. Charles Udora; and a Partner in Aellex, Mr. Fubara Anga.

Others are: the representative of the Office of the Hon. Minister of Finance, Mr. Bayo Adeniyi; the representative of the Office of the Hon. Minister of State for Finance, Mr. Olaide Agboola; the representative of IST, Hon. H.M. Rabi; a Director in Assets and Resource management (ARM), Alhaji Sadiq Mohammed.

The Committee to Review the ISA 2007 is made up of 17 members who are: Mr. Asue Ighodalo of Banwo & Ighodalo Solicitors (Vice-Chairman of the Committee); Director of Legal in the

Finance Ministry, Mrs. O.O. Moore; SEC Commissioner (Operators), Ms. Daisy Ekinah; General Manager, Nigerian Stock Exchange, Mr. Farooq Oreagba; Director of Homes Finance in the Federal Ministry of Finance, Alhaji Gidado Mohammed (Secretary of the Committee); and a Senior Advocate of Nigeria, Dr. Babatunde Ajibade.

Other members are the representative of the Office of the Hon. Minister of Finance, Mr. Bayo Adeniyi; the representative of the Office of the Hon. Minister of State for Finance, Mr. Bode Agunbiade; the representative of IST, Hon. A. Okusanya; Managing Director of MaxiFund, Mr. Okechukwu Unegbu; Managing Partner of Cardinal Stone Partners Limited, Mr. Mohammed Garuba; Deputy Managing Director of FDHL, Mr. Malcolm Gilroy; Group Executive Director of BGL, Mr. Chibundu Edozie; Alhaji Alhassan Gwarzo of Sterling Capital; the representative of Association of Issuing Houses of Nigeria, Mr. Kayode Falowo, and the representative of Association of Stockbroking Houses of Nigeria, Alhaji Ola Yusuff.

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