



Showcasing The Nigerian Capital Market - CSCS Updates

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Outline

- Overview
- The Market
- Initiatives & Services
- Projects

Overview



- ✓ Commenced operations on April 14, 1997
- ✓ Financial Market Infrastructure (FMI) that provide Central Securities Depository (CSD) & sub-registry services for Nigerian Capital Markets: *Equities & Debt instruments*
- ✓ Providing electronic Clearing & Settlement services on the principle of Delivery vs. Payment (DVP)
- ✓ Licensed and regulated by the Securities & Exchange Commission (SEC)
- ✓ CSD rating for the CSCS Plc at 'A-' by Thomas Murray
"Positive" overall risk outlook."



Our values
S.E.C.U.R.E

Vision

“To be the globally respected and leading
Central Securities Depository in Africa”

Mission

“We create value by providing securities depository,
clearing, settlement and other services driven by
innovative technology and highly skilled work-force”



Membership



**Association of National Numbering Agencies
(ANNA)**



**Africa and Middle East Depositories
(AMEDA)**

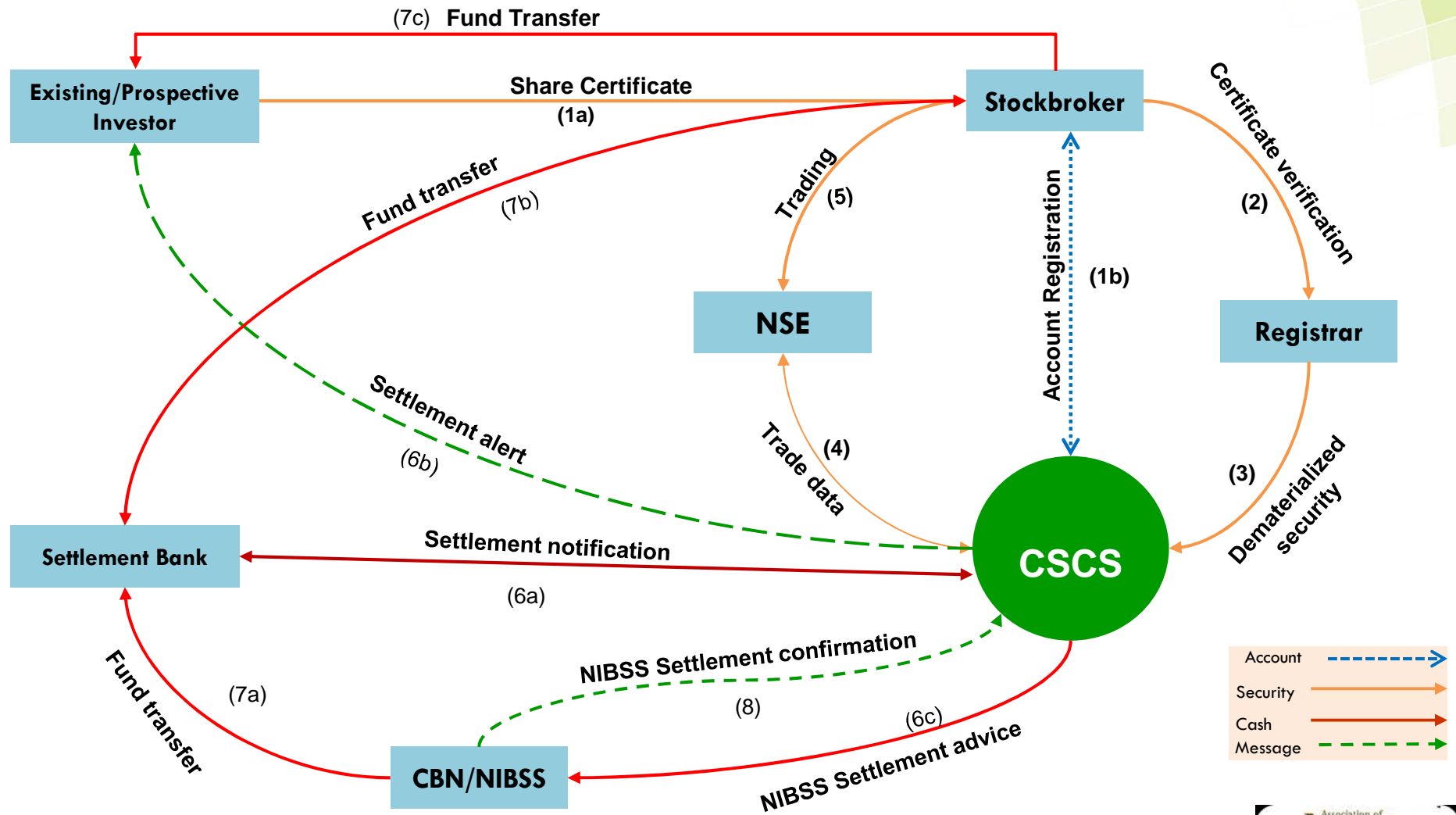


**West African Capital Market Integration Council
(WACMIC)**



The Market

Market Overview



Account Structure & Settlement Model

Account Holding Pattern

- ✓ Beneficial Owner's level
- ✓ Omnibus (Custodian)

Market Types

- ✓ On – Exchange:
Equities, Bonds, Exchange Traded Funds (ETFs), Global Depository Receipts (GDRs)
- ✓ Off – Exchange (OTC)
Debt & Money Market Instruments:
Bonds, Commercial Papers (CP) etc

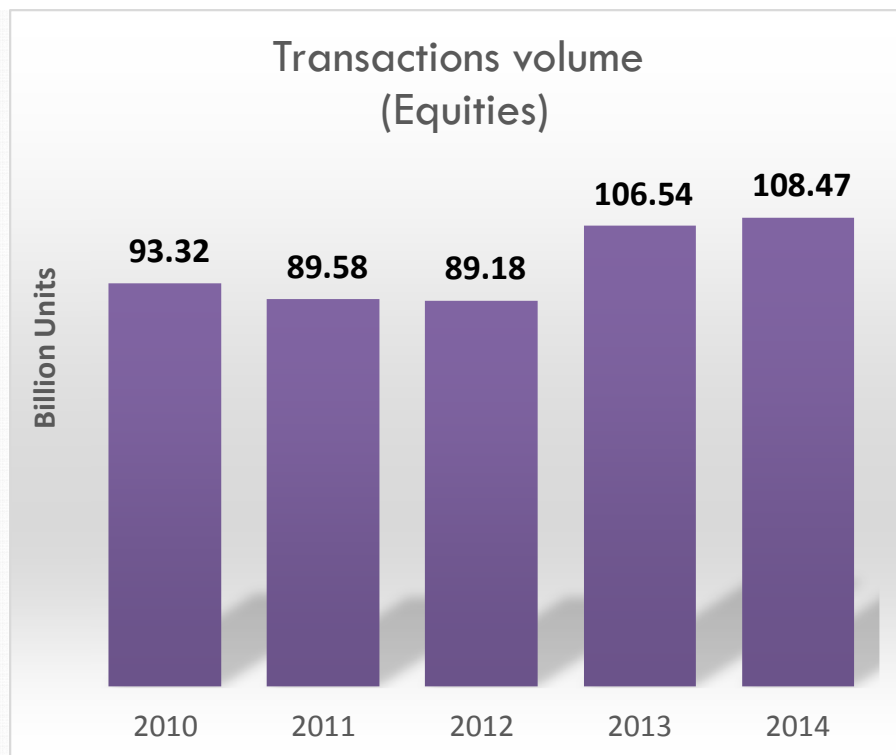
Settlement Cycle

- ✓ On Exchange:
Equities/ETFs: T + 3
Bonds: T + 2
- ✓ OTC: T + 2 (Flexible)
Bonds, CP, Electronic -
Warehouse Receipts (E-WR)

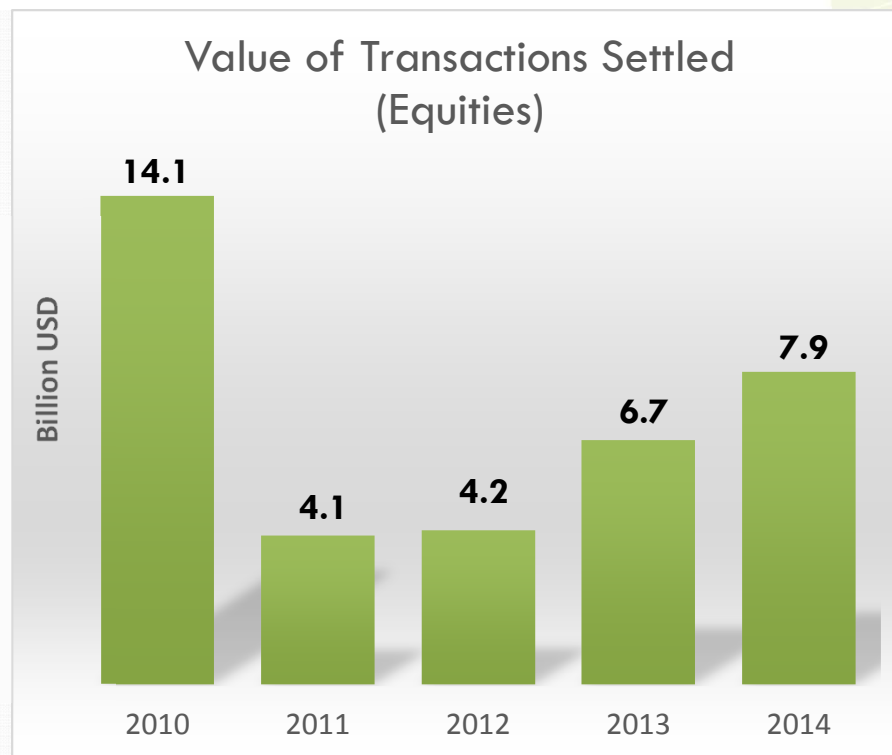
Settlement Model

- ✓ BIS Model 2:
Equities & Federal Government (FGN) Bonds (On – Exchange & OTC)
- ✓ BIS Model 1:
State & Corporate Bonds (OTC)

Market Snapshot (2010 – 2014)



Q1, 2015: Volume of transactions settled stood at 25.9 billion units, 8.48% decrease when compared to the same period in 2014.



Q1, 2015: Value of transactions settled stood at \$1.42 Billion, 1.9% increase over the same period in 2014.

Source of Exchange rates: <http://www.cbn.gov.ng/rates/ExchRateByCurrency.asp>

Market Initiatives & Services

With CSCS, loss of share certificates is fast becoming a thing of the past



Times have changed with CSCS

At Central Securities Clearing System (CSCS), we dematerialise your share certificates by simply entering them on our electronic registry and giving you a unique CHN number under which your certificates are lodged.

The benefits of this simple process of our Dematerialisation Service are numerous:

- It's a safe and convenient way to hold securities
- It ensures immediate transfer of securities
- Your account is automatically credited whenever bonus shares are declared
- It eliminates risks associated with paper certificates

Contact us for more information



Central Securities Clearing System

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Tel: 01-23456789, 23456799

Email: info@cscsnigeriaiplc.com www.cscsnigeriaiplc.com

Initiatives & Services



- ❖ *Introduction of X-alert system to notify investors on real time basis of every activities on their accounts*



- ❖ *Developed a Biometric Enrolment System (BES) to mitigate against incidence of identity theft*



- ❖ *Implemented movement of cash settlement to morning session to achieve Delivery Vs Payment (DVP).*



- ❖ *SWIFT implementation & increased connectivity capabilities with participants*



- ❖ *Africlear Initiative*

Initiatives & Services: Cont'd

❖ *Providing Depository, Clearing & Settlement services for:*

- ✓ *Un-quoted Public Companies on National Association of Securities Dealers (NASD) OTC platform(s)*
- ✓ *Securities traded on Financial Markets Dealers Quotations (FMDQ) OTC platform(s)*
- ✓ *Electronic Warehouse Receipts (EWR) issued by the Nigeria Commodity Exchange (NCX) approved Warehouses*

Initiatives & Services: Cont'd

❖ Legal Entity Identifier (LEI):



Commenced the issuance of Legal Entity Identifier (LEI) number having been appointed by Global Regulatory Oversight Committee (ROC) in August 2014 as a Pre – Local Operating Unit (LOU) through the Nigerian Security and Exchange Commission (SEC).

Services



- ❖ *Issuance of International Securities Identification Number (ISIN) code*
- ❖ *Issuance of Central Clearing House Number (CHN) to facilitate easy investor identification*
- ❖ *Providing online services to market participants for real time access to information with the use of authentication token: Registrars, NIBSS, Fixed Income Dealers, Stockbrokers etc.*
- ❖ *Other Services: Collateral management (Pledges), Special account(s) and online services.*

Services

❖ Ancillary Services:



- ✓ Provision of platform for Market Makers (MM) to have access to Securities Lending Agents (SLA) for securities and cash: *Market Making & Short Selling System; Margining*
- ✓ Provision of platform for the movement of Bonds from Over-The-Counter (OTC) to Exchange platform and vice versa for the purposes of achieving retail Bond market, efficiency and liquidity

Process Improvement

Secure Processes



- Information Security System (ISS) monitoring tool against malicious threats
- Enhanced Disaster Recovery infrastructure & Business Continuity Plan (DR/BCP)
- Improved workflow and document management through the deployment of electronic M – File system

Projects

Projects

- **Upgrade of IT infrastructure**
(Acquisition of next generation Post-trade CSD System)
- **ISO compliant Standards:**
 - *Information Security Management System (ISO: 27001)*
- **Establishment of Central Counterparty (CCP)**
- **Direct Settlement System (DSS) for Straight - through cash settlement of sales proceeds into the Investor's Bank account**



Projects: Cont'd



- **Collaboration with National Identity Management Commission (NIMC) & Central Bank of Nigeria (CBN) to develop a robust a central biometric KYC infrastructure**
- **Connection to the CBN Real-Time Gross Settlement (RTGS) system**
- **CSCS participation in West Africa Capital Market Integration (WACMI)**



Thank you