

SECURITIES AND EXCHANGE COMMISSION



**Goodwill Message delivered at the 2023 edition of
DataPro Annual International Rating Webinar**

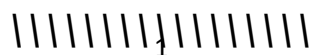
THEME: ROLE OF SUB-NATIONALS AND CREDIT RATING AGENCIES IN
INFRASTRUCTURAL DEVELOPMENT

By

Lamido Yuguda, CFA, FCA, FCIB

**Director General
Securities and Exchange Commission**

Thursday, October 12, 2023



1. Good afternoon, distinguished Ladies and Gentlemen. Please permit me to stand on the already established protocol.
2. It is an honour to once again be invited by DataPro to present a goodwill message at this year's international rating webinar themed '**Role of Sub-Nationals and Credit Rating Agencies in Infrastructural Development**'.
3. I must commend DataPro for its commitment in organizing another webinar aimed at developing the Nigeria's debt capital market. This forum, without doubt, provides a platform for the timely exchange of ideas and knowledge capable of leading to the development of a roadmap for sustainable infrastructure financing at the subnational levels.
4. Infrastructure development is essential for economic growth and social progress of any nation. It provides the foundation for businesses to operate and for people to access essential services, such as education, healthcare, water and transportation.
5. Subnational governments have critical roles in infrastructural development to provide such essential services to their citizens. Indeed, this could be said to be one of the basic responsibilities of a subnational government.
6. Credit rating agencies play an important role in infrastructural development by providing independent assessments of the creditworthiness of subnational governments and other borrowers. This information is utilized by investors to make informed investment decisions on optimal capital allocation.

7. At the Securities and Exchange Commission (SEC), we have introduced several initiatives on repositioning the Nigerian capital market to better support infrastructural development. These include, articulation of responsive and facilitative regulations to support innovation and access to capital for sub nationals and other entities; promotion of good corporate governance practices; an improved registration process; and transparent disclosure regime.
8. In addition, the Commission has put in place a number of mechanisms to oversee the activities of all Capital Market Operators and other regulated entities including rating agencies through the mechanisms of registration, code of conduct and general oversight.
9. In the past few years, there were some concerns on the roles of rating agencies in the global financial system. For example, rating agencies were challenged with respect to their roles in the 2008 financial crisis. Some critics had argued that rating agencies were too lenient in their ratings of subprime mortgage-backed securities, which contributed to the crisis.
9. The Commission is not unaware of these concerns, and is committed at ensuring that registered rating agencies operate in a fair and transparent manner. We have taken a number of steps to protect investors and promote confidence in the debt capital market by strengthening our oversight function on rating agencies through Issuance of new regulations and amending existing ones to improve the quality and transparency of the entire credit ratings.
10. Other notable reforms in the debt capital market introduced by SEC include developing rules on book building, shelf registration,

green, social, and sustainability bonds, checklist templates to guide market operators for fixed income transactions, reviewing cost of registration fees for fixed income and collaboration with the Association of Issuing Houses in Nigeria (AIHN) to streamline the issuance process.

11. These initiatives have enhanced the average issuance period and improved the price discovery process for the debt issues. As a result, the value and volume of debt issuances by sub-national and corporates have tremendously increased over the years. For instance, the value of state bond issued and registered by the SEC from 1978 to 2022 rose from N20 Million to N1.13 Trillion respectively.
12. Meanwhile, the **Ten-Year Capital Market Master** Plan which was launched in 2014 and revised in November 2022 has outlined a number of initiatives aimed at deepening further of the debt capital market through innovations that could unlock private capital for various infrastructural projects which the sub nationals can leverage upon.
13. I believe that the synergy between the subnational governments and credit rating agencies will potentially play a major role in promoting sustainable infrastructural developments, create a favorable investment climate and advance the country's quest for rapid transformation.
14. Ladies and Gentlemen, I am confident that the discussions that take place at today's event will lead to new ideas on how to accelerate infrastructure development in our country, especially at the sub national levels. It is my expectation that the impressive line-up of panelists, seasoned operators, issuers and other discussants assembled here will do justice to the different issues for discourse at this webinar.

15. Once again, I congratulate the Board, Management and Staff of DataPro Credit Rating Agency for their professionalism and commitment to ethical capital markets.
16. I wish you all fruitful deliberations.
17. Thank You

Lamido Yuguda, *FCA,CFA,FCIB*

Director General