

# COMMUNIQUE

## ISSUED AT THE CONCLUSION OF THE UDO UDOMA AND BELO-OSAGIE'S ("UUBO") 6TH ANNUAL INVESTIGATIONS, COMPLIANCE AND ETHICS ("I.C.E.") REGULATORS' MASTERCLASS

In 2018, Udo Udoma and Belo-Osagie ("UUBO") launched its flagship initiative, the annual UUBO Investigations, Compliance, and Ethics (I.C.E.) Summit. This initiative demonstrates our unwavering commitment to building capacity, supporting professional development, and facilitating robust discussions on a wide range of legal and regulatory matters.

The sixth edition of the UUBO I.C.E. Summit was held on October 15 and 17, 2024. The second day featured a specialised regulators' masterclass (the "**Masterclass**") organised in collaboration with the Securities and Exchange Commission ("SEC") at the SEC Towers in the Federal Capital Territory, Abuja.

The Masterclass, themed "Bridging the Gap: Enhancing Collaboration between the Regulator and the Regulated," was organised to discuss the critical importance of fostering a stronger and more collaborative relationship between regulatory bodies and the entities they oversee.

### INTRODUCTORY REMARKS

The event commenced with a welcome address by Mrs. Yinka Edu, a partner in the Compliance and Investigations practice group at UUBO. She shared the history and significance of the annual I.C.E. Summit within the regulatory sector, highlighting past regulators' masterclasses and acknowledging the regulatory agencies that have participated over the years.

Mrs. Edu also provided an overview of the day's session, which included a keynote address by the Director General of the SEC, a formal presentation by Mr. Sam Cookey, and a panel discussion featuring speakers from various regulatory agencies.

### KEYNOTE ADDRESS

The commencement remarks were followed by a keynote address from the Director General of the SEC, Dr. Emomotimi Agama, who spoke on the importance of strengthening ethical standards in governance and ensuring adherence to the code of conduct for Capital Market Operators and their employees.

His address highlighted significant milestones in the development of the Nigerian capital market and underscored the shared responsibility between regulators and market participants in fostering a transparent, efficient, and resilient financial market.

Dr. Agama reaffirmed the SEC's commitment to building partnerships with market operators and other stakeholders to promote open communication, transparency, and shared responsibility, all aimed at creating a stable capital market in Nigeria.

In his words:

*"the source of our market depends on our collective effort to uphold integrity, foster collaboration and maintain the highest ethical standards, as we navigate the complexities of a rapidly evolving financial system, we must remain steadfast in our commitment to governance, transparency and accountability and our sovereign national pride. By so doing, we are not only protecting the interest of investors but also paving the way for sustainable growth and long-term prosperity for Nigeria's capital market and our citizens..."*

## PRESENTATION

Mr. Sam Cooney, Founder and Chief Executive Officer of CG & QMS, delivered a presentation titled **"The Regulator and the Regulated: Enabling Improved Communications for Regulatory Success."** His presentation emphasised the importance of open communication between regulators and the regulated, setting the tone for the event's core discussions.

### Highlights of the Presentation

- (i) **Symbiotic Relationship Between Regulators and the Regulated:** Mr. Cooney emphasised the mutual dependence between regulators and the regulated, stressing the importance of both working in tandem to ensure the effectiveness of the regulatory system.
- (ii) **Role of Regulators as Mediators:** He highlighted the role of regulators as mediators between the regulated entities and the government. As enablers within the value chain, regulators must prioritise public interest. He urged regulators to reflect on how their decisions and actions influence the regulatory environment, ensuring they contribute to an ecosystem that benefits society as a whole.
- (iii) **Balancing Technical and Economic Regulation:** Mr. Cooney noted that regulators often focus on technical aspects of regulation, which are more manageable, but the economic impact of regulations has far-reaching consequences for the public. He called for a shift in focus, urging MDAs to go beyond technical expertise and prioritise service delivery, as the economic effects of regulations can profoundly affect the population.
- (iv) **Addressing Communication Barriers:** He noted that regulators often communicate reactively, typically responding to incidents, which creates communication barriers. Instead, regulators should adopt proactive and consistent communication with both the general public and the companies they regulate. He cautioned that focusing solely on penalties and interventions, without highlighting positive initiatives, may project an unwillingness to collaborate.
- (v) **Leveraging Digital Media:** Mr. Cooney emphasised the significance of digital media, particularly social platforms, for enabling

two-way communication, in contrast to traditional print media. He urged regulatory bodies to develop corporate communication strategies that embrace modern digital trends, ensuring effective public engagement and alignment with the evolving digital and communication landscape, catering to diverse audiences across all age groups.

- (vi) **Regulators as Drivers of Public Interest:** In conclusion, Mr. Cookey stated that regulators play a vital role in advancing public interest. To be effective, regulators must remain adaptable, well-informed, and seize new opportunities to enhance their regulatory efficiency and effectiveness.

## PANEL DISCUSSION

The Masterclass also included a panel discussion moderated by renowned public relations expert, Mr. Yomi Badejo-Okusanya. The panelists included:

- Mr. Lawrence Abang, Head of Dispute & Litigation, Legal and Regulations Services Department, the Nigerian Communications Commission (“NCC”).
- Ms. Florence Abebe, Head of Anti-Competitive Practices Department, the Federal Competition and Consumer Protection Commission (FCCPC).
- Hajiya Sefiya Ahmed Yabo, Assistant Director, SEC.
- Mr. Dafe Akpeneye, Commissioner, Legal, Licensing and Compliance Division, the Nigerian Electricity Regulatory Commission (“NERC”).
- Mr. Augustine Okwah, Legal Manager, the Nigerian Upstream Petroleum Regulatory Commission (“NUPRC”).

The panelists discussed a range of issues related to the Masterclass theme, offering valuable insights on how the relationship between regulators and the regulated can be enhanced.

The panel addressed various aspects of the regulatory environment in Nigeria, focusing on challenges and solutions for improving compliance and fostering collaboration between regulators and businesses. Key issues discussed included balancing strict enforcement with a business-friendly atmosphere, streamlining regulatory processes to reduce bottlenecks, and enhancing transparency.

The panelists explored the role of technology in simplifying regulation, the need for clearer communication between regulators and regulated entities, and the importance of collaboration to improve compliance outcomes. The conversation also highlighted the impact of regulatory actions, strategies for crisis management, and the long-term vision for aligning Nigerian regulations with global standards. Finally, the session emphasised the future of regulation, advocating for reforms to strengthen regulator-business relationships and adapt to evolving industry needs.

A few highlights of the discussions on the panel session include:

### The Importance of Compliance to Reliability

The panel discussed the need for businesses to view compliance as a crucial element of reliability, suggesting that they appoint resolute regulatory compliance officers. Challenges at the state level were also acknowledged, where state legislatures may prioritise revenue generation over legal alignment. Additionally, the panelists highlighted the impact of passing laws that conflict with constitutional provisions, noting that this exposes agencies to the risk of multiple lawsuits.

**Balancing Strict Enforcement with Collaboration**

Regarding the balance between strict enforcement and fostering a collaborative environment, the panelists reiterated the importance of firm action. The panelists noted that regulators must employ both 'hard and soft' regulatory tools depending on the situation. The regulators pointed out that creating a conducive regulatory environment requires careful assessment of each case to determine whether strict enforcement or engagement is most appropriate for each case.

### The Role of Compliance Officers in Fostering Cooperation

The panel discussed the crucial role of compliance officers in fostering cooperation between regulatory agencies and the entities they regulate. They particularly noted the successful establishment of a committee of Chief Compliance Officers in Nigeria's capital markets, which has significantly closed compliance gaps within the sector.

### Challenges of Limited Capacity within MDAs

Regarding challenges, the panelists noted the lack of capacity within many government ministries, departments, and agencies (MDAs) as a root cause of distrust between regulators and the industries they oversee. Increasing regulatory capacity was highlighted as essential for enabling effective engagement with the public and ensuring adherence to legal frameworks.

### Need for Stakeholder Engagement in Regulatory Development

While some panelists confirmed the existence of frameworks for stakeholder engagement prior to the publication of guidelines and regulations, many acknowledged that this practice is not widespread. The panel emphasised the need for all regulations to be made available for industry input before they are finalised and implemented.

## U-LAW'S COMPLIANCE CALCULATOR

U-Law, founded by UUBO, is a specialised platform dedicated exclusively to entrepreneurs, small businesses, and startups. The Masterclass included a live demonstration of U-Law's Compliance Calculator. This tool is designed to assist businesses in identifying their statutory compliance obligations.

The Compliance Calculator offers an overview of each company's compliance status. It provides a summary to ensure that businesses have the appropriate policies and procedures in place to protect their operations and promote adherence to Nigerian laws.

## MASTERCLASS RECOMMENDATIONS AND KEY TAKEAWAYS

The Masterclass featured an interactive session where participants engaged in discussions on various issues aimed at enhancing effective regulation. The following key takeaways and recommendations emerged from the session:

### 1. Establishment of a Cross-Agency Collaboration Platform

Government Ministries, Departments and Agencies ("MDAs") should create a platform for cross-agency collaboration and the exchange of ideas, potentially organised through the Presidential Enabling Business Environment Council (PEBEC). This would allow MDAs to develop unified approaches to regulation and reduce friction across sectors.

### 2. Expansion of Joint Committees Across Levels

While some sectors have joint committees, this practice is not universal and often involves only chief executives. It was recommended that initiatives which advance collaboration be implemented across various levels within the MDAs. This should include secondments between MDAs to foster skills transfer and

promote greater understanding across different sectors.

### **3. Encouragement of Memoranda of Understanding (MOUs) Between MDAs**

MDAs should encourage the establishment of Memoranda of Understanding (MOUs) to minimise conflicts, clarify roles, and ensure that regulatory objectives are met without duplication of efforts.

### **4. Broadening Stakeholder Engagement**

MDAs should broaden their stakeholder engagement to not only include participants within their respective sectors but also the wider public which is affected by their regulations and decisions.

### **5. Reevaluation of Policies on Independence**

MDAs should reconsider their policies on independence to ensure that, while maintaining good governance and avoiding regulatory capture, they do not foster an environment that is distant or unapproachable.

### **6. Creating a Supportive Regulatory Environment**

MDAs should strive to create an environment where, while they possess the authority to penalise infractions, regulated entities can still approach the regulator for guidance and assistance.

Mrs. Sunmola also extended her thanks to Mr. Sam Cookey, the panel session moderator Mr. Yomi Badejo-Okusanya, and the panelists, Mr. Lawrence Abang, Ms. Florence Abebe, Hajiya Sefiya Ahmed Yabo, Mr. Dafe Akpeneye, as well as all regulatory agencies in attendance.

She concluded by encouraging continued collaboration and engagement between regulators and industry stakeholders.

### **APPRECIATION**

UUBO extends its profound gratitude to Dr. Emomotimi Agama, the Director-General of the SEC; Mr. Tunde Kamali, the Director, Market Development Department, SEC; Mr. Sam Cookey, Mr. Yomi Badejo-Okusanya, Mr. Lawrence Abang, Ms. Florence Abebe, Hajiya Sefiya Ahmed Yabo, Mr. Dafe Akpeneye, and Mr. Augustine Okwah, along with all representatives from the various regulatory bodies in attendance.

Your participation and insights were invaluable, and we look forward to your continued support at future Masterclasses.

### **CLOSING REMARKS**

The event concluded with closing remarks by Mrs. Adeola Sunmola, a partner at UUBO and head of the firm's Compliance and Investigations team. She expressed the firm's gratitude to the Securities and Exchange Commission, under the leadership of Dr. Emomotimi Agama, for their ongoing support of the Regulators' Masterclass and for the professionalism demonstrated by all SEC personnel involved in planning the event.