THE JOURNEY TO 'INTERNATIONALIZATION' AND 'DEMUTUALIZATION': THE NIGERIAN STOCK EXCHANGE AND THE ACTING OF A SCRIPT, 1985 TO 2021

Solomon Chichebem Lawrence
Department of History and International Studies
Nnamdi Azikiwe University, Awka
cs.lawrence@unizik.edu.ng

Daniel Chukwuma Nzereogu, Ph.D
Department of History and International Studies
Nnamdi Azikiwe University, Awka
dc.nzereogu@unizik.edu.ng

Tochukwu Asiegbu
Department of History and International Studies
Nnamdi Azikiwe University, Awka.
ie.asiegbu@unizik.edu.ng

ABSTRACT

In 1995, the Nigerian Stock Exchange was internationalized, which means that its trading platform was thrown open to the international community. With that development, it became possible for foreign companies to be listed on the Nigerian Stock Exchange (NSE). In May 2021, the NSE became fully demutualized. By demutualization is meant that the Exchange ceased to be mutually owned by a cooperative and became a public liability company, with power to sell its own shares to the general public and also regulate itself. The paper inquires into the journey that led to the adoption of these policies starting from 1985, when the Structural Adjustment Programme (SAP) was launched. It unravels the relationship between the two policies, their effects on the Nigerian economy and what propelled their *implementation. The paper establishes that both are part of the continuous push towards the opening up of the Nigerian economy as recommended and propelled by the Breton Woods Institutions and other international agents of the West beginning with the SAP. The paper argues that the tenets of the SAP have continued to determine the path of Nigerian economic policies since the mid 1980s, and that the NSE have thus far been acting out of the SAP script faithfully by the implementation of the policies under review. The paper cautions that if the NSE does not act the script with wisdom and properly domesticate the policies by bringing in local inputs and considerations into the recommendation, it may be opening up the economy to only the rich few to the detriment of the poor majority. Primary and secondary sources of information relevant to the subject matter are used.*

Key words: Internationalization, Demutualization, Nigerian, Nigerian Stock Exchange, Script

INTRODUCTION

Easy access to capital is very vital for economic growth and development. Industries and other economic institutions need capital to operate and expand their businesses which contribute to economic growth and development. The stock market, a branch of the Nigerian capital market,[1] plays such notable roles as mobilization of savings, creation of liquidity, risk diversification among others which are necessary for economic growth and development[2]. It is through capital build up that the stock market is able to play these vital roles. It has been empirically shown that there is a positive nexus between the capital building activities of stock markets and the level of economic development.[3] One of the major platforms through which capital is raised in Nigeria is the Nigerian Stock Exchange (NSE), an organized market where brokers meet to buy and sell stocks and shares in Nigeria. The NSE has been described as the 'center point' of Nigeria's capital market.[4] Its contribution to economic growth has however been adjudged to be meager.[5]

In the 1980s, a period often regarded as Africa's 'Lost Decade,' African countries witnessed economic decline. As a way out of the woods, the World Bank and other Breton Woods Institutions began to preach the doctrine of open economy to African leaders. Open economy doctrines are principally deregulatory in nature. They include reduction of budget deficits, currency devaluation, subsidy removal, tariff reduction, agriculture commodity price increase, sale or closure of state enterprises, price deregulation, and removal of restrictions on foreign investment among others.[6] African leaders were asked to adopt and implement these measures.

From that time, advocacy for state retreat from the economy and the giving of free hands to market forces to determine economic outcomes became popular. The cry of the West for the unseating of the state in economic affairs was aimed primarily at removing restrictions on foreign investments and opening up the economy. Apart from creating restrictions through their policies, the governments themselves were seen by the Western powers as obstacles. One of the core goals of Structural Adjustment Policies was therefore the removal of state control as a prelude to making the economy more open to both local and foreign investors.[7]

To compel them to deregulate and open up their economies, these foreign institutions and donor countries made compliance the condition for African countries to access their loans. Although most leaders of African countries did not get the consent of their people to comply with loan conditions, the fact that they needed money and had little or no alternative made them to take succumb not minding the consequence of complying. Since then, Nigeria began to make more decisive moves at opening up her economy. The NSE was not left out in the deregulation move.

The deregulation of the Nigerian economy and financial system in 1986 brought the need for a lot of changes in the capital market.[8] Some of the follow-up actions in line with the opening up agenda are the internationalization of the Nigerian Stock Exchange (NSE) in 1995 and the demutualization of the stock exchange in 2021, more than two decades after. The implementation of these two policies, one in the 20th century and the other in the 21st century, shows the resilient commitment of the Nigerian government to the opening up of the economy. These two policies though separated in time by more than twenty years have a lot in common. They are children of the same mother, the brainchildren of the West. The Nigerian economic policies since the 1980s have reflected a strong tendency to toe the path of the SAP.

This paper historicizes these two policies in the NSE with particular attention to the relationship between them, what propelled the implementation and their effects on the Nigerian economy. The overall aim is to show, using the NSE as an example, that the Nigerian government has continued to remain committed to the ideals of the West-dictated SAP- loosening and opening up of the economy- and has thus continued to act the SAP script. It is contended that foreign dictated policies, if they must be implemented at all must be done in a manner that will take cognizance of the local prevailing situations to avoid a counter-productive result.

The subject matter of this paper is very significant. As earlier stated, the stock exchange plays a very vital role of raising capital for business and economic development. Historical works on the Nigerian Stock Exchange are not very common. Some of the works already done include O. N. Okonkwo, H. O. Ogwuru, and E.I. Ajudua's "Stock Market Performance and Economic Growth in Nigeria : An Empirical Appraisal, "[9] Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency on the Nigerian Stock Market, Further Evidence from GARCH Model,"[10] O. A. Olakanmi, "Structural conduct and performance of Nigerian capital market (1991-2018)"[11] among others. These works give idea of the concepts of demutualization and internalization by extension. It provides ideas about the effects of these policies. Scanty historical information about the NSE are also provided.

However, most studies on the NSE like the ones mentioned above are not conducted using the historical research methodology. Apart from these lacuna, scholarly works focusing on the relationship between internationalization and demutualization of the NSE are currently non-existent to the best of the knowledge of the present writer. Also, no current work has linked the implementation of these policies to the SAP. The analysis made in this paper, showing the propelling force behind the adoption of these policies has not been extensively considered in literature. This paper will fill these gaps.

To do justice to the above stated aim, the rest of the paper is divided into six sections. The first section gives a historical background of the Nigerian Stock Exchange. The second section examines the NSE, the internationalization policy and the opening up agenda. The third section considers the NSE's demutualization policy in historical perspective, while the fourth analyzes the relationship between internationalization and demutualization using their collective implications for the Nigerian economy to show the relationship. In the fifth section, attention is focused on the propelling force behind the implementation of these policies. The sixth section is the conclusion.

Historical Background of the Nigeria Stock Exchange

Moves for the establishment of the NSE began in the late 1950s. The need for it arose partly from the need to augment poor government earnings coupled with the deficit budgeting operated then.[12] Government had to depend on borrowing for executing its development plan projects. As a result, a commission headed by R.E. Barbark was set up by the government in 1958 to advise on ways and means of establishing a share's market in Nigeria.[13] Following the recommendations of the Barbark Commission, the Lagos Stock Exchange (LSE) was registered as a business name, and the new entity presented with the certificate of registration of business name on 1st of March 1959.[14] On 15th September, 1960, it was incorporated and started operations on the 5th of June, 1961.[15] The original members of the NSE were mutual undertakers. These founding members were seven corporate entities that signed the Exchanges' Memorandum of Association. These were CT Bowring and Co. Nigeria Ltd, represented by R.S.V. Scott; Chief Theophilus Adebayo Doherty; John Holt Ltd; Investment Company of Nigeria Ltd (ICON); Sir. Odumegwu Ojukwu; Chief Akintola Williams; and Alhaji Shehu Bukar.[16] These founding members became the original mutual owners of the Exchange. The government issued the highest stock and so had to control and regulate the Exchange.[17] For most part of the 20th century, capital markets all over the world had one national exchange organized as a mutual cooperative owned by member broker-dealers.

By August 1961, the LSE had 19 security listings secured.[18] Market operations were initially conducted inside the Central Bank of Nigeria (CBN) buildings with four firms acting as market dealers. These four were Inlaks, John Holts, CT Bowring and Investment Company of Nigeria (ICON).[19] Apart from the first, these firms were also part of the founding firms and operators of the NSE. The volume of stocks begun with was small. As at August 1961, when trading started, the volume of stocks traded was eighty thousand five hundred pounds (£80, 500). This rose to twenty five thousand pounds (£25,000) by September the same year. The bulk of the investments were in government securities.[20]

The LSE, following the recommendation of the 1975/76 Financial Review Committee led by Dr. Pius Okigbo, was renamed the NSE on 2nd December, 1977.[21] Following this development, several branches of the Exchange were established in some of the major commercial cities of the country. Apart from Lagos, thirteen other branches were opened.[22] These include branches in: Abuja, Kaduna, Port Harcourt, Kano, Onitsha, Ibadan, Yola, Benin, Uyo, Ilorin, Abeokuta, Owerri and Bauchi (one in the FCT, four in the North, four in the Southeast and three in the Southwest). In 1986, the Nigerian capital market was deregulated and with this the shares of the government in the stock exchange began to decline. Government's role in the Exchange became increasingly regulatory.

The Securities Exchange Commission (SEC) was established by decree No. 71 of 1979 to regulate the activities of the NSE.[23] Its duty was to forestall the contravening of market rules and to nip in the bud any unfair manipulations in trading through surveillance or monitoring. The SEC had the power to fine, suspend or ban dealers found guilty of manipulations, in that case the shares of such dealers would not be traded on the Exchange platform until such bans are lifted. Until 1993, the SEC also determined prices of shares or stocks traded on the platform of the NSE.

In 1993, the NSE as a body was partially deregulated. With this development, prices of new issues were determined by issuing houses and stock brokers while prices of shares of the secondary market NSE was fixed by stock brokers alone. This initial deregulation of the NSE prepared the way for the implementation of internationalization policy in 1995, two years after.

The NSE, the Internationalization Policy and the Opening Up Agenda

The NSE began opening up in the mid 1980s, a period that correspond with the timing of the adoption of the SAP policy. In line with the ideals of the SAP, the NSE deemed it fit to widen the door to accommodate more investors as a strategy to increase capital build up. The first step towards the broadening of the capital market, which was part of the opening up agenda was the increased involvement of more Nigerian firms. This was an opening up in the internal dimension. In order to assist small and medium sized indigenous firms, the NSE relaxed the cost and listing requirements for these firms and established in 1985, a second-tiers securities market (SSM).[24] This was a prelude to the further opening up of the NSE.

The deregulation of the Nigerian economy and financial system in 1986 following the adoption of the SAP brought the need for further changes in the capital market. These changes would culminate in the internationalization of the NSE or its opening up to international investors. The NSE was internationalized in 1995, ten years after the adoption of the SAP.

However, the process that led finally to the official implementation of the policy of internationalization began with the linking up of the Lagos branch of the Nigerian Stock Exchange on June 2, 1987 with the Reuters electronic contributor system for online global dissemination of stock information.[25] This can be seen as the digitization of the Nigerian Stock Exchange. The Nigerian government sought with this move to keep the foreign community abreast with the operations and performance of the NSE in order to stir up their interest for investment in the Exchange. This move made the foreign community to see investment opportunities in Nigerian capital market. With this, private investors flooded the capital market. Before 1987, government shares dominated the Nigerian Stock Exchange. The share of private firms was minimal. However following the deregulation of the capital market in 1986, the share of government stock in the exchange began to decline, especially in 1987. In contrast, industrial equities and bonds as well as SSM has since then continued to increase annually.[26]

The internationalization of the Exchange was undertaken in 1995. In 1995, the same year that the internationalization policy was carried out officially, the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act of 1995 was passed into law. This was a legal provision that aimed at controlling and regulating international trading activities of the Exchange. Also in 1996, the NSE launched its internet system (CAPNET) as one of the infrastructural support for meeting the challenges of internationalization and achieving an enhanced service delivery.[27] The internalization policy heightened the interest of the private sector in the market.[28] This led to the increase in the capitalization of the NSE as the table below shows:

Year	Total Market Capitalization
1990	N16348.40 million
2000	N466058.70 million
2006	N5.12 trillion
2008	N13.5 trillion

***Source**:* adapted from Omowunmi Olokoyo Felicia Omowunmi, An Empirical Analyis of the Effect of Stock Market Crisis on Economic Growth: The Nigerian Case, *Acta Universitatis Danubus*, Vol 7 No. 4., 175: 2011, 175.

It is important to observe how increase in capitalization has impacted the Gross Domestic Product (GDP) over time. Although as Omowunmi submitted, the NSE capitalization share of the GDP was not very impressive, yet it made positive impact. The proportion of market capitalization to GDP was about 6.1% in 1970, but by 2006, some years after the internationalization which boost capital build up, it had risen to 18.20%.

All these benefits were however soon eroded in 2008. In early 2008, the NSE experienced a historic crash. This crash was characterized by the nose-diving of the market capitalization of the NSE from N13.5 trillion in early 2008 to less than N4.5 trillion in 2009.[29] Although there are many factors that affect happenings in the stock market such as global events, interest rates and inflation, human nature, company news and trends among others, yet certain factors pull more weight at specific times. Global economic events played a decisive role in the 2008 crash, and the crash in turn affected several economic factors.[30]

The crash brought loss of confidence in the economy by investors.[31] What must be understood is that the crash occurred in many parts of the world, Nigeria was badly hit because of the internationalization policy that had widely and indiscriminately opened the economy to international investors. When the crash set in, most of these international investors quickly withdrew their funds leading to the further crash of the Nigerian capital market. It also led to panic selling among other investors, leading to further crash in the prices of most stocks listed on the exchange. The outcompeting of local investors by powerful foreign investors paid the Nigerian economy only in the short-run, it proved disadvantageous in the long-run. There must therefore be a balance between the opening up of the economy and the retaining of some restrictions to make room for local content.

The Concept and History of Demutualization in the NSE: The NSE Still Opening Up

According to the Securities and Exchange Commission of Nigeria, Demutualization means the process through which a mutually or member owned organization becomes a shareholder owned company.[32] Right from inception, the NSE was owned and controlled by some stock brokers and few individuals as shown in the first section of this paper. This was not peculiar to Nigeria. For most part of the 20th century, capital markets all over the world were highly concentrated, featuring one national exchange organized as a mutual cooperative owned by member broker-dealers.[33] Thus, prior to demutualization, the NSE was owned by stock broking or issuing houses and few individuals regarded as members of the NSE.[34] Also, demutualization converts a company limited by guarantee or trust to one limited by shares. Before the demutualization, NSE was a mutually owned company in which traders and buyers transacted on trust,[35] it was thus limited by trust or guarantee. However with the demutualization, it became a public liability company limited by shares.

When demutualization occurs, the ownership rights of these former member-owners are exchanged for shares in the demutualized company. In effect their membership seats are converted to shares. (Empirics) Demutualization also involves the transformation of the NSE from a non-profit oriented organization to a profit-making one. Prior to demutualization, the NSE was a non-profit oriented organization. This position was altered by the NSE demutualization.

The demutualization of the Nigerian Stock Exchange went through some processes, and so did not start in 2021. The intention to demutualize was expressed by the NSE in 2011.[36] Following the expression of this intention, the Security Exchange Commission (SEC), which played an oversight role over the NSE then created a committee that would help to supervise and actualize the policy.[37] In 2015, SEC passed the Rules on Demutualization. With the passage of this rule, the regulatory framework for the operation and implementation of demutualization was codified.

Another important step taken in the process of getting the NSE to be demutualized was the securing of a legal backing for it. A bill to that effect was introduced to the Nigerian legislature. The Demutualization of the Nigerian Stock Exchange Bill was passed into law in 2017. The Nigerian government through the National Assembly passed the bill into law, envisaging that it would improve the running of the NSE and economy in general.[38]

The introductory portion of the Bill (Section 1 (2)) provides; “Notwithstanding any provision of the Companies and Allied Matters Act or the Memorandum and Articles of Association of The Exchange, The Exchange is, with the prior authorization of the Securities and Exchange Commission, empowered to adopt any process, procedure, structure or plan as may be deemed fit by its Council for the purpose of converting to a public company limited by shares" At its 56th Annual General Meeting, in September 2017, the NSE stated that it had achieved eighty percent (80%) demutualization in its process to reposition the capital market.[39] However, in May 2021, the NSE was fully and formally declared demutualized.

The demutualization policy is a continuation of the efforts of the NSE to further liberalize and open up the capital market to more investors just like internationalization. It shows that the country is West-bent and shows no sign of retreat. The economy will continue to be opened from what we can see now. The NSE is doing the obvious, acting the SAP script written for Africa since the 1980s.

Analyzing the Relationship and Implications of NSE Internationalization and Demutualization

It has been argued that the NSE demutualization was embarked upon to 'align with what is happening in other climes."[40] There is therefore a strong nexus between internationalization and demutualization. The former influenced the adoption of the other. They have several things in common. In this section, our goal is to show the relationship between these policies using their collective implications for the economy. Internationalization and Demutualization have similar advantageous and disadvantageous effects on the economy. Already, some elements of the effects of these policies have been noted in the previous sections. However, the collective positive and negative implications for the economy are examined, and also use to show their relationship.

Demutualization like internationalization as noticed from other climes, usually lead to increase in the listing of the stock exchange. With demutualization, corporate governance improves.[41] The corporate governance structure is strengthened and made more efficient as professionals regulate and run the exchange. Most of the stock broking houses whose ownership rights were converted into shares and who will now be responsible for the running of the NSE, are professional bodies.[42] This always buoys and boosts investors' confidence in the Exchange. This confidence in turn invariably leads to the increase of companies seeking to invest in and to be listed on the stock exchange. It should also be noted that with demutualization, the NSE itself will be listed on its own platform. This equally increases the number of listed firms on the Exchange.

Apart from increasing listing in the stock exchange, demutualization just as internationalization, increases the capitalization of the stock market. With demutualization, there will be influx of capital into the stock market and by extension into the economy**.** By converting mutually-owned organizations into investors-owned corporations, demutualization will increase NSE's access to more capital.[43] This capital can be used to increase efficiency, for instance investing the excess capital in technology.

Demutualization like internationalization will enhance profit making. Since the NSE is converted through demutualization from non-profit to profit-making organization, there is every possibility that the NSE will become more profit-conscious in its operations and also actually make more profits. In the case of internationalization, profit increases through increase in listings on the Exchange. However, the underlying fact common to the two policies is that they increase profit making.

These policies also have similar disadvantages and implications for the economy. Despite their advantages, demutualization and internationalization have certain shortcomings which may constitute real challenges for the Nigerian capital market specifically and the Nigerian economy in general. Where the NSE is profit-driven, a situation that demutualization and internationalization allow, abuse is almost inevitable if not properly checked. Since a demutualized NSE is self regulatory, it can abuse its position as both market participant and market regulator to its own advantage to the detriment of the other players in the market. Also, effective regulation can be sacrificed on the altar of short term goals, which essentially involves maximizing shareholders' profit.[44] In the same vein, internationalization can favour foreign investors above certain local investors.

Apart from effective regulation, other secondary objectives of business stand to be jeopardized when a company like the NSE becomes profit-conscious. These secondary objectives of business include customers' satisfaction, employees' satisfaction, product quality, research and development, regulation, corporate social responsibilities among others.[45] Ideally, the primary objective of business which is profit maximization, must not be pursued at the detriment of the secondary objectives otherwise, the business will prove unsustainable in the long-run.[46] This is even true for a public corporate entity like the NSE.

Also, as an open market operation, demutualization as well as internationalization will revitalize the economy, at least in the short-run. It will help to inject funds into the economy.[47] This however, may lead in the long-run, to the devaluation of the Nigerian currency (naira).[48]

Propelling Force behind NSE Internationalization and Demutualization: Acting the Script

It must first be emphasized, that these policies have an international rather than national origin. When analyzing NSE policy directions, experts often tend to look at the internally foreseen face values or benefits of such policies without critically considering the external pressures pushing the NSE towards a particular policy direction.[49] By so doing, such scholars are considering only one aspect of the reasons for NSE policy directions. Every decision has both a pull and a push factor. While the pull factor constitutes the foreseen advantages and benefits, the push factor constitutes the external pressures pushing the policy makers to adopt specific policies. One of the factors, either the pull or push factor always exercises more influence at a particular time. It is the candid view of this writer that the push factor has been stronger in compelling the adoption of internationalization and demutualization.

Demutualization, a shift in ownership and governance structure has been adopted by the NSE like other stock exchanges in many other climes to keep pace with global economic developments and competition.[50] It is therefore the pressure to keep pace with global developments in stock markets across the globe that the NSE was demutualized. Capitalist ideologies have actually permeated many countries through the almost irresistible force of globalization. Local needs and ingenuities have not driven economic policies in Nigeria and in many African countries, but international pressure begun in the 1980s by the SAP conditionalities.

It must be understood that the NSE is a member of many international organizations. It is a member of the World Federation of Exchanges,[51] observer at meetings of International Organizations of Securities Commission (IOSCO) and a foundation member of the African Stock Exchange (ASEA).[52] Apart from these, the NSE joined the United Nations Sustainable Stock Exchange (UN-SSE) Initiative on 31st of October, 2013, and this Exchange requires that members toe the path of sustainable stock market policies.[53]

The NSE's memberships of these international organizations controlled by the West have one way or the other influenced its adoption of the capitalist policies under review. Usually, belonging to the fold of international organizations more often than not compels a member to adopt the policies recommended by such organizations. The pressure from outside therefore constitutes the push factor for the adoption of internationalization and demutualization policies. The reason for the adoption of these capitalist policies cannot therefore be solely located inside; there is an external or international dimension to it. This international dimension in form of international pressure has its roots in the SAP policies in the context of Africa.

Related to NSE's membership of international capitalist organizations as a factor driving, its direction, are developments in the global capital market. There is strong veracity in the argument that the NSE policy shift towards internationalization and demutualization has a strong international origin and logic. This can only be confirmed from the fact noted by scholars and some experts, that demutualization is usually brought about by international competition, increase in trading volume internationally and the integration of capital markets globally.[54] A stock broker has equally made it clear that apart from other attractions like more profitability and thickening the market (increasing number of listed companies and capitalization), NSE demutualization was embarked upon to 'align with what is happening in other climes."[55]

Both internationalization and demutualization are better understood when seen in the light of the international pressure begun by the SAP recommendations and its imposed conditionalities. The World Bank and its affiliate organizations as tools in the hands of the West were used to impose SAP on African countries. The spirit of SAP was the opening up of African economies to foreign investors and the retreating of the state from the control of the economy. Such policies as privatization, deregulation etc, which were stringent austerity measures were recommended for Africa. African leaders felt they had no choice as they badly needed the loans to keep government running. Senegal was the first African state to obtain what was called "structural adjustment loan" from the World Bank in 1979.[56] Others followed suit starting from the following year, adopting these policies hook line and sinker without properly domesticating them. Of course, the foreign dictated policies didn't change Africa's lots, as its decline continued.

The recourse to austerity measures led to the neglect of social services as governments were under pressure to reduce spending on social services and infrastructure investments. This would later have long-term negative effects, and made economic recovery for African countries far much slower than envisaged. Africa's economy declined so much more. In one country after another, the standard of living fell drastically. By the middle of the 1980s, most Africans were as 'poor' as they were at the time of independence.[57] World Bank dictated economic policies had not only failed to lift African economies from the ditch, but had made the ditch deeper. In 1989, the World Bank admitted that "Overall, Africans are as poor today as they were 30 years ago.[58]

True, many countries have adopted the internationalization and demutualization policies, and more are doing so, especially in the 1980s. Nigeria has also danced to this loud music playing in the international community. It has joined the cast to act the SAP or open door policy script. It must however act wisely by ensuring a proper domestication of these policies.

CONCLUSION

Despite technological, supervisory, regulatory and other challenges posed by internationalization and demutualization, especially in Africa where the capital markets are still not sufficiently liberalized, these policies can still be implemented but must be done with caution. The government must put some things in place. It has a role to play in setting standards and properly domesticating these foreign economic policies. The government should commission a body that has no interest in the NSE to objectively study and review the internationalization policy and the demutualization regulatory frameworks and recommend areas that need to be adjusted to take care of Nigeria's current reality.

While it is true that demutualization gives the NSE power to regulate itself, it is still imperative for government to watch their back and deploy regulatory oversights to identify and address issues arising out of the implementation of these policies. Necessary platforms that will capably handle and resolve potential conflict of interest between the NSE dealers and the general shareholders must be put in proper place. The government must also set up measures to ensure that NSE's corporate governance is conducted with utmost transparency

Drive for profit has the danger of making the NSE compromise its position as a public entity. The inclusion in the board of directors, of external persons to serve as a check is necessary. The provision by the Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies, that the positions of the chairman of the board and CEO be separate and held by different individuals does not sufficiently solve this problem. It does not specify that either the Chairman or CEO must be an external person. This lacuna can be exploited and the law circumvented by ill-meaning persons.

Also to avoid the erosion of the gains of demutualization, senior executives appointed in the NSE must be legally made to be aware that while they owe responsibility to the shareholders, they must also act in public interest. Care must be taken to avoid opening up the economy to few rich public at the detriment of the many public who form the poor of the land. Also, as the economy is being opened to the international community, care must be taken to open the economy with sufficient guidelines and rules that will avoid jeopardizing local interests. This is what we mean by acting the script with wisdom.

It is understandable that in the current globalized economy of the world, refusing to open up ones economy would not be wise. However, the argument in this paper is that the economy must be liberalized or opened up in a manner that the local interest is not jeopardized. Other countries that have succeeded with these policies should be understudied. If these things are done, the NSE would be acting the open door policy or SAP script with wisdom, and the mistake of the 1980s will be avoided.

END NOTES

1. The Nigerian Capital market is the umbrella market under which is the stock market (or the Nigerian Stock Exchange, NSE). Apart from the NSE, other major branches or trading platforms in the Nigerian capital market include National Association of Security Dealers (NASD) which trades in the securities of companies that are not quoted on the stock exchange; the Financial Market Dealers Quotation (FMDQ) market, in which is traded bonds and equities; the Lagos Commodity Exchange (LCE) and the Nigeria Commodity Exchange (NCE), formerly Abuja commodity exchange. (I got this information from my interview with John Ifeanyi Osuoha, a Stock broker and Chairman of Bringforth Investment Limited, Lagos, at Obinipa Ezinhe, Mbano, Imo State, Nigeria, on the 27th of May 2021).
2. B. Oloyede, *Fundamentals of Investment Analysis*. Lagos: Lion press, 2001.

3. O. N. Okonkwo, H.O. Ogwuru, and E.I. Ajudua," Stock Market Performance and Economic Growth in Nigeria : An Empirical Appraisal", *6*(26), 33–43. 2014.
4. O. Olusegun, M. Oluwatoyin and F. Fagbeminiyi, "Nigerian Stock Exchange and Economic Development," in Journal of Knowledge Management, Information Management, Learning Management, No. 14: 2011, 17.
5. O. Olusegun, *et al*, "Nigerian Stock Exchange and Economic Development," 18.
6. Marthin Meredith, *The State of Africa: A History of Fifty Years of Independence* (London: Simon and Schuster, 2006), 371.
7. Marthin Meredith, *The State of Africa*, 371.
8. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency on the Nigerian Stock Market, Further Evidence from GARCH Model," *The International Journal of Applied Economics and Finance,* 4: 62-66.
9. O. N. Okonkwo, H.O. Ogwuru, and E.I. Ajudua," Stock Market Performance...".
10. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency...".
11. O. A. Olakanmi, "Structural conduct and performance of Nigerian capital market (1991-2018)," in *Journal of Economics and Sustainable Development*", Vol. 10, No.24, 2019: 131.
12. E.A. Sabina, C. D. Oleka and T.F.I. Nwanne, "The Nigerian Stock Exchange: Bane for Sustainable Economic Development," in European Journal of Business and Social Sciences, Vol. 3, No. 12, March 2015, 19 27, accessed at https://www.ejbss.com/recent.aspx-/, 24th May 2021.
13. E.A. Sabina *et al*, "The Nigerian Stock Exchange..." quoting E. U. Okoro-Okoro, Unpublished Monograph: Notes on Business Finance, University of Nigeria Nsukka, 1994, 31.
14. E.A. Sabina *et al*, "The Nigerian Stock Exchange..." 21.

15. "Opening of Lagos Stock Exchange," *The Financial Tines* (London), Thursday, June 15, 1961, 5; E. A. Sabina *et al*, "The Nigerian Stock Exchange…" 21.
16. "Opening of Lagos Stock Exchange…".
17. Interview with John I Osuoha.
18. Nigerian Finder, "History of the Nigerian Stock Exchange," hhttps//nigerianfinder.com/history-of-the-nigerian-stock-exchange/.
19. Opening of Lagos Stock Exchange, The Financial Tines (London), Thursday, June 15, 1961; page 5, edition 22, 417.
20. Good start on Lagos S.E. The fin times London, Tuesday , October 24, 1961, p. 5, ed 22, 528.
21. E.A. Sabina *et al*, "The Nigerian Stock Exchange…" 21.
22. O.A. Olakanmi, "Structural conduct and performance…" .
23. E.A. Sabina *et al*, "The Nigerian Stock Exchange…" 21.
24. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency…".
25. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency…".
26. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency…".
27. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency…".
28. Okpara Godwin Chigozie, 'Analysis of Weak-Form Efficiency…".
29. Olokoyo Felicia Omowunmi, An Empirical Analyis of the Effect of Stock Market Crisis on Economic Growth: The Nigerian Case, *Acta Universitatis Danubus*, Vol 7 No. 4., 175: 2011.
30. Omowunmi, An Empirical Analyis…".
31. Omowunmi, An Empirical Analysis, 175.
32. Regulations for Demutualization of Securities Exchanges in Nigeria.
33. Emmanuel Ohiri and Ayobamidele Akande, "The Demutualization of The Nigerian Stock Exchange," Stark Legal Barristers/Solicitors, November 2017.

34. Interview with John Ifeanyi Osuoha, Stock Broker and Chairman of Bringforth Investment Limited, at Obinipa Ezinhe, Mbano, Imo State, Nigeria, 27th of May, 2021.
35. Interview with Lawrence Tochukwu Moses, a stock Analyst and Internal Financial Controller, Bristow Helicopters, Ikeja, Lagos, in phone conversation, on the 25th of May, 2021.
36. E. Ohiri and A. Akande, "The Demutualization of The Nigerian Stock Exchange," .
37. Wiseman Ubochioma, "Demutualization of the Nigerian Stock Exchange: Problems and Prospects," This Day on-line News Paper, 3rd March 2020.
38. E. Ohiri and A. Akande, "Demutualization of the Nigerian Stock Exchange".
39. Proshare Intelligent Investing, viewed online at https://www.proshareng.com/news/Capital%20Market/NSE-holds-56th-AGM--says-it-has-achieved-80Percent-Demutualization/36500 (accessed 25th May 2021).
40. Interview with John I. Osuoha.
41. Ohiri and Akande, "Demutualization of the Nigerian Stock Exchange…".
42. Interview with Lawrence Tochukwu Moses.
43. Ohiri and Akande, "Demutualization of the Nigerian Stock Exchange…".
44. Ohiri and Akande, "Demutualization of the Nigerian Stock Exchange…".
45. Interview with John I. Osuoha.
46. Interview with John I. Osuoha.
47. Interview with Lawrence Tochukwu Moses.
48. Interview with Lawrence Tochukwu Moses.
49. Ohiri and Akande, "Demutualization of the Nigerian Stock Exchange…".

50. Ohiri and Akande, "Demutualization of the Nigerian Stock Exchange…".
51. More than 40% of members have demutualized.
52. Nigerian Finder, "History of the Nigerian Stock Exchange," https//nigerianfinder.com/history-of-the-nigerian-stock-exchange/.
53. Nigerian Finder, "History of the Nigerian Stock Exchange,"
54. Ohiri and Akande, "Demutualization of the Nigerian Stock Exchange…"
55. Interview with John I. Osuoha.
56. Marthin Meredith, *The State of Africa*, 369.
57. Marthin Meredith, *The State of Africa*, 368.
58. A. K. Fosu, "Governance and Development in Africa: A Review Essay," Working Paper Series No. 298, African Development Bank, Abidjan, Cote d'Ivoire, 2017