



WACMIC

West African Capital Markets Integration Council

*Facilitating the creation
of an integrated capital
market*

The West African Capital Markets Integration Council (WACMIC) was inaugurated as the governing body for the integration of West African capital markets. The over-arching objective of the Council is to establish a harmonized regulatory environment for the issuance and trading of financial securities across the region, as well as to develop a common platform for cross-border listing and trading of such securities in the sub-region. WACMIC comprises the Chief Executives of the region's securities and commissions and securities exchanges, and is tasked with designing the policy framework and managing the implementation of the process that will facilitate the creation of an integrated capital market in West Africa. Specifically, the Council is to:

- Supervise the capital market integration programs
- Set up standards and validate all works done by the technical committees
- Coordinate relevant stakeholders, such as ECOWAS, WAMI and WAEMU
- Monitor and assess the state of preparedness of the member States in the integration process
- Source funds and other resources for the implementation of capital market integration
- Monitor standards and compliance post-integration



The process for integrating the region's capital market started in 2010 with the signing of a Memorandum of Understanding (MOU) by the Stock Exchanges and the regulatory authorities in the region to deepen cooperation, promote mutual assistance, and facilitate the exchange of information and consultation between and among countries.

WACMI is the West African Capital Market Integration program. The program has linkages to the West African Monetary Institute (WAMI), which was established in 2001 by the Heads of State in the West African Monetary Zone (WAMZ), comprising the West African nations of Gambia, Ghana, Guinea, Nigeria and Sierra Leone.

KEY ELEMENTS OF A SUCCESSFUL MARKET INTEGRATION

- Harmonized Trading, Clearing Depository & Settlement Framework
- Common Trading Platform
- Harmonized Listing & Regulatory Requirement
- Qualified West African Brokers (QWAB) & Common Passport

The value proposition for integration is essential; the West African sub-region is one with a strategic geographical footprint within Africa, and a large and diverse population of over 290 million which translates into a consumer base with significant domestic savings and investing potential. Achieving

integration will enable momentous growth in the markets, which will empower the region to remain relevant in attracting investment flows, while creating a much larger market for local and international businesses.

Additionally, integration will enable the movement of capital within the region, creating flexibility for issuers looking to raise capital and investors looking to invest across member states.

Technical committee meetings have been held in some countries like Abidjan and Ghana with a bid to develop the technical framework for trading and settlement infrastructure required to integrate the markets, as well as the legal framework necessary for seamless integration. Harmonization of listing, trading and settlement rules among member-countries is seen as crucial to the integration efforts of the sub-region. Nigeria, Ghana, Sierra Leone and the Bourse Regionale des Valeurs Mobilieres (BVRM) which features eight Francophone countries — are the main participating markets.

The integration is in three phases:

Integration Phase 1 - Sponsored Access

Brokers within the member countries can trade securities and settle in markets other than theirs, through local brokers in the other member jurisdictions. With signed MOU (recognized by each regulator in each WACMI member jurisdiction) in place, WACMI dealing members (broker-dealers) will be able to trade among themselves via sponsored access.

Integration Phase 2 - Integration of Qualified West African Brokers

Brokers who qualify for and receive a common passport will be mutually recognized by WACMI member securities exchanges, securities commissions and depositories (CSDs). These qualified West African brokers (QWAB) will therefore, be able to participate directly in the markets they wish to deal (trade) in across the West African jurisdictions.

Integration Phase 3 - Fully Integrated West African Capital Market

At this stage, all WACMI member exchanges will be linked in a virtual West African Securities Market (WASM), and QWABs will have access to listed securities and related market information to enable them execute transactions.

WHY CAPITAL MARKET INTEGRATION

- Greater range of investment and opportunity to enjoy economies of scale
- Results in a more efficient financial system and increased output, more jobs and lower prices
- Lower Prices for Financial Services
- More Efficient, Liquid and Broader Securities Markets
- Innovative Financial Products and Services
- Industrial Transformation of Markets
- Cheaper Corporate Financing
- More Efficient Allocation of Capital
- Higher Returns
- Enhanced Risk-Return Frontiers
- Improved Macroeconomic Performance