



IMPLICATIONS OF THE NPDR ON CAPITAL MARKET OPERATIONS

SEC WORKSHOP FOR CAPITAL MARKET OPERATORS

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July 2020

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NITDA



- NITDA was established to implement the National IT Policy of 2000. Strategy 13.3(iii) of the Policy provides **Ensure the protection of individual and collective privacy, security, and confidentiality of information**
- S.6(c) of NITDA Act 2007 provides- **the Agency shall-**
 - (a) Create a frame work for the planning, research, development, standardization, application, coordination, monitoring, evaluation and regulation of Information Technology practices, activities and systems in Nigeria and all matters related thereto and for that purpose...**
 - (c) develop guidelines for electronic governance and monitor the use of electronic data interchange and other forms of electronic communication transactions as an alternative to paper-based methods**

NDPR



OBJECTIVES

Data Privacy Protection

Secure Exchange of
Data

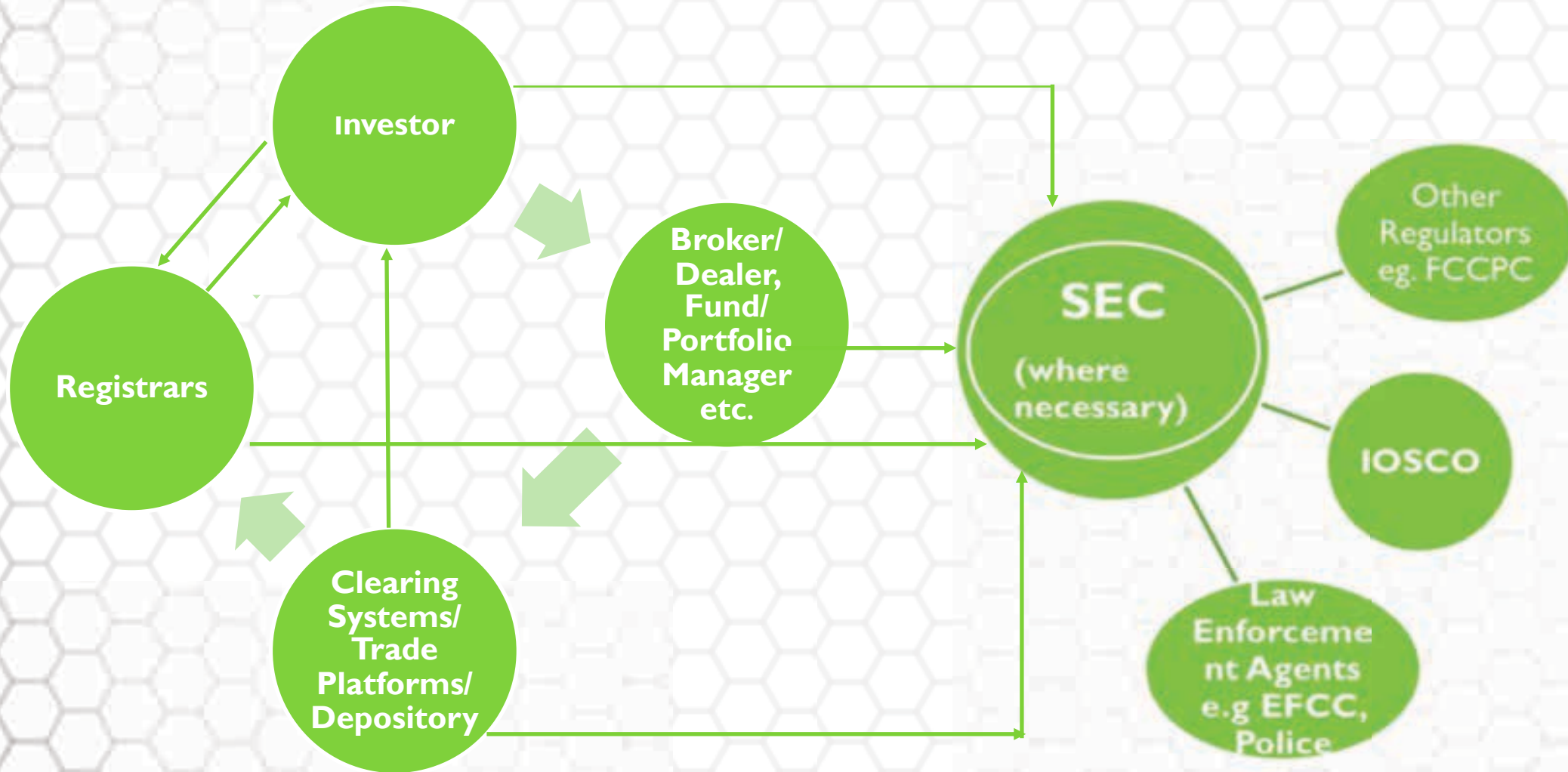
Improve Business
Environment

Create Sustainable jobs

SCOPE

All Residents of
Nigeria

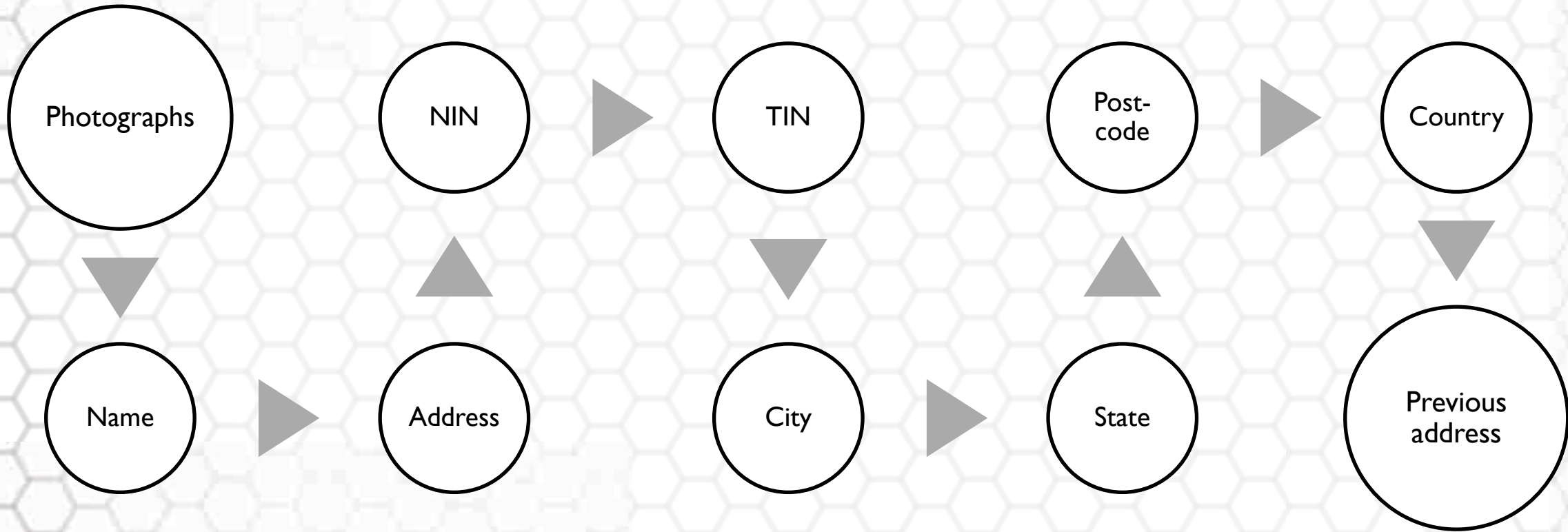
All Nigerians



- Surname, Other name, Alias
- Residential Address
- Employment
- Email
- Date, Place, State of Birth
- Nationality
- State of Origin
- Type of Account
- Account Number
- Date Opened
- Educational Institutions
- GSM No
- Gender
- Marital status
- BVN

- Visible Distinguished Mark
- Passport/Drivers License No.
- Name of Father
- Name of Mother
- Maiden Name
- Name of spouse
- Employment of spouse
- Name of spouse
- Name of employer
- Employer's address
- Bankers Name and Address
- Branch

Source: Form SEC 2: Application form for registration of sponsored individuals under ISA 2007



SN	CAPITAL MARKET POLICY	IMPLICATION ON DATA PRIVACY
1	KYC/AML/FTR: SEC Registration of all CMOs (S. 29, 38 ISA)	SEC has a Know Your Operator process which entails detailed personal information gathering.
2	Data Processing: CMOs have obligation of processing personal data of clients, employees etc. (S. 39(3) ISA)	CMOs are data controllers and are therefore subject to NDPR
3	Foreign Interest: Non-Nigerians can invest and participate up to 100% in any enterprise (S. 21 NIPC)	NDPR and global data protection principles must be adhered to
4	Portability: Transfer of capital, loan, interest, profit, dividends etc. is guaranteed (S. 24 NIPC)	Capital transfer is based on transfer of personal data of the owners of the capital. Hence the principles of data transfer applies
5	CDD: CMOs are required to conduct Customer Due Diligence. (S. 9 SEC AML Regulations 2019)	CMOs are required to identify all their clients and verify their identities using reliable, independently sourced documents, data or information. This falls under data Processing as defined by the NDPR



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- Right to Privacy
- Statutory Mandate
- Business implication of non-compliance
- Prevention of unauthorised access to data
- Crime reduction
- Customer retention
- Protection of Data Subjects' right



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- Regulatory Cost
- Discovery Cost
- Escalation Cost
- Notification Cost
- Remediation Cost
- Reputational Cost
- Market Cost

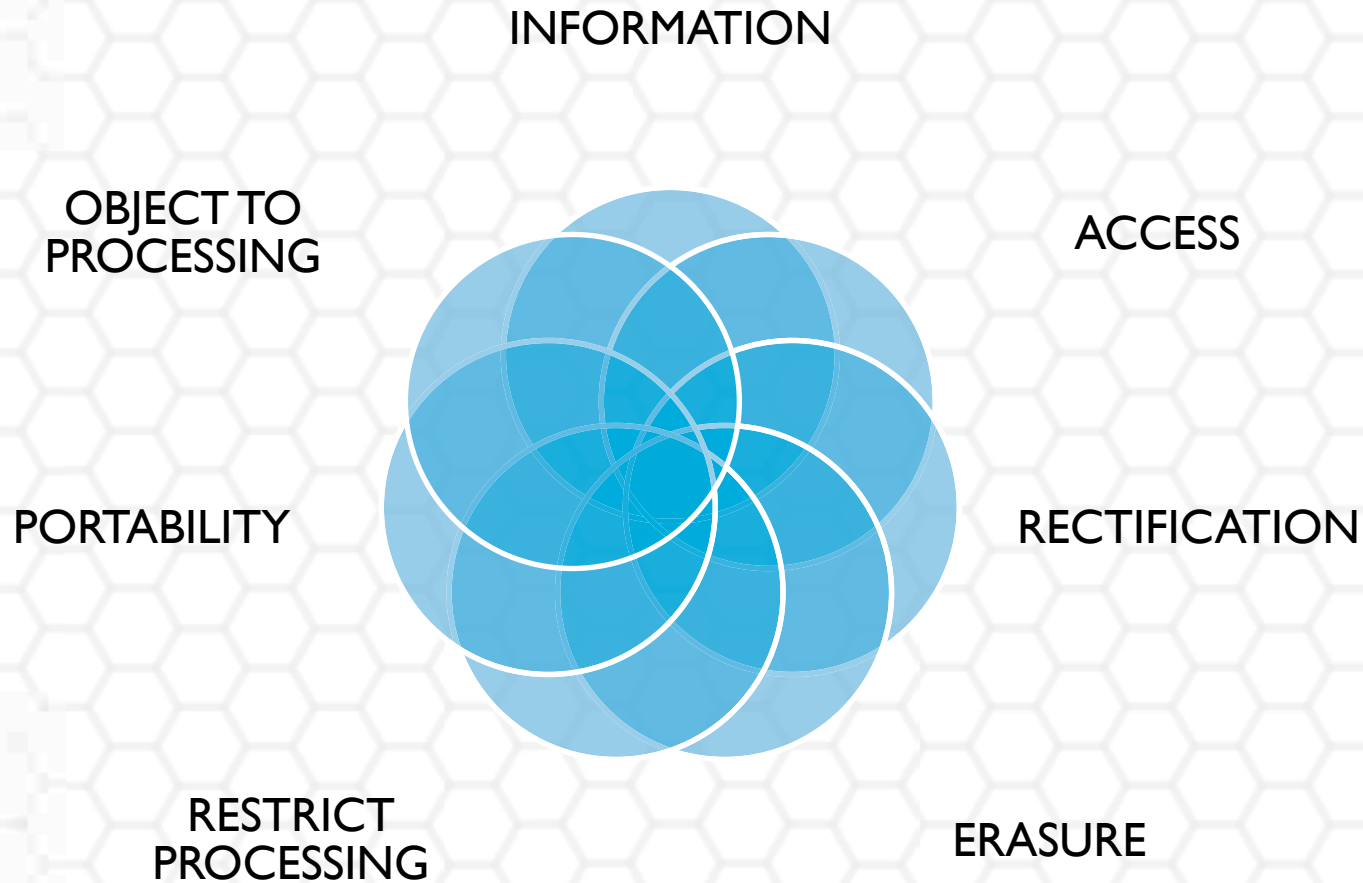
SN	PRINCIPLE	NDPR PROVISION
1	Lawfulness and Legitimacy	Art. 2.1(1 a) Personal data collected and processed must be legitimate and for lawful purpose
2	Specific Purpose	Art. 3.1(7c) Controller to inform Subject of purpose of collection
3	Accuracy	Art. 2.1(b) processed PD shall be adequate and accurate
4	Storage and Security	Art. 2.1 (c) PD shall be stored for the period only for the period they are reasonably required to so do. Art. 2.1(d); 2.6 Onus of Security lies on the Controller
5	Confidentiality, Integrity and Availability	Art. 3 enumerates the rights of a data subject. The principles of information security management which includes CIA are all covered
6	Compliance and Enforcement	Art. 4.1(4) DPCO are licensed to aid Compliance. Enforcement would be done by NITDA upon default by Controllers and Administrators

SN	FEATURES	NDPR	GDPR
1	Specific permission	YES	YES
2	Data Portability	YES	YES
3	Privacy by design	YES	YES
4	Right to be forgotten	YES	YES
5	Definitive Consent	YES	YES
6	Information in clear language	YES	YES
7	Limits on the use of profiling	YES	YES
8	Sanctions	2% Annual Gross Revenue; prosecution etc.	4% Global Revenue

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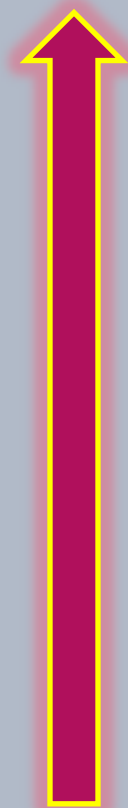


DATA SUBJECTS RIGHTS



DATA BREACH RISK CLASSIFICATION

Classes of Data Assets	PII (name, contact, education, career...)	Financial information and records	Sensitive personal information (medical, sexual orientation, biometric...)	Sensitive Financial Information (BVN, CHN, Card details, login credentials...)
Risks of Compromise	Unsolicited contact; Identity Theft	Marketing Nuisance; financial loss; risk to safety	Reputational Damage; financial loss; opportunity loss	Financial loss; Identity theft; reputational damage
> 1 million data Subjects	Red	Red	Dark Grey	Dark Grey
100k – 999k Data Subjects	Red-Orange	Red-Orange	Red	Red
10k-99,999k Data Subjects	Yellow-Orange	Yellow-Orange	Orange	Orange
1k to 9,999k Data Subjects	Light Orange	Light Orange	Yellow-Orange	Yellow-Orange
< 1k data subjects	Light Green	Light Green	Light Green	Light Green



RISK BASED STRATIFICATION



VERY HIGH

Clearing house, Registrar, depository, banks, exchanges, etc.

HIGH

SEC, Large CMOs (Stock Brokers, Fund Managers etc.)

AVERAGE

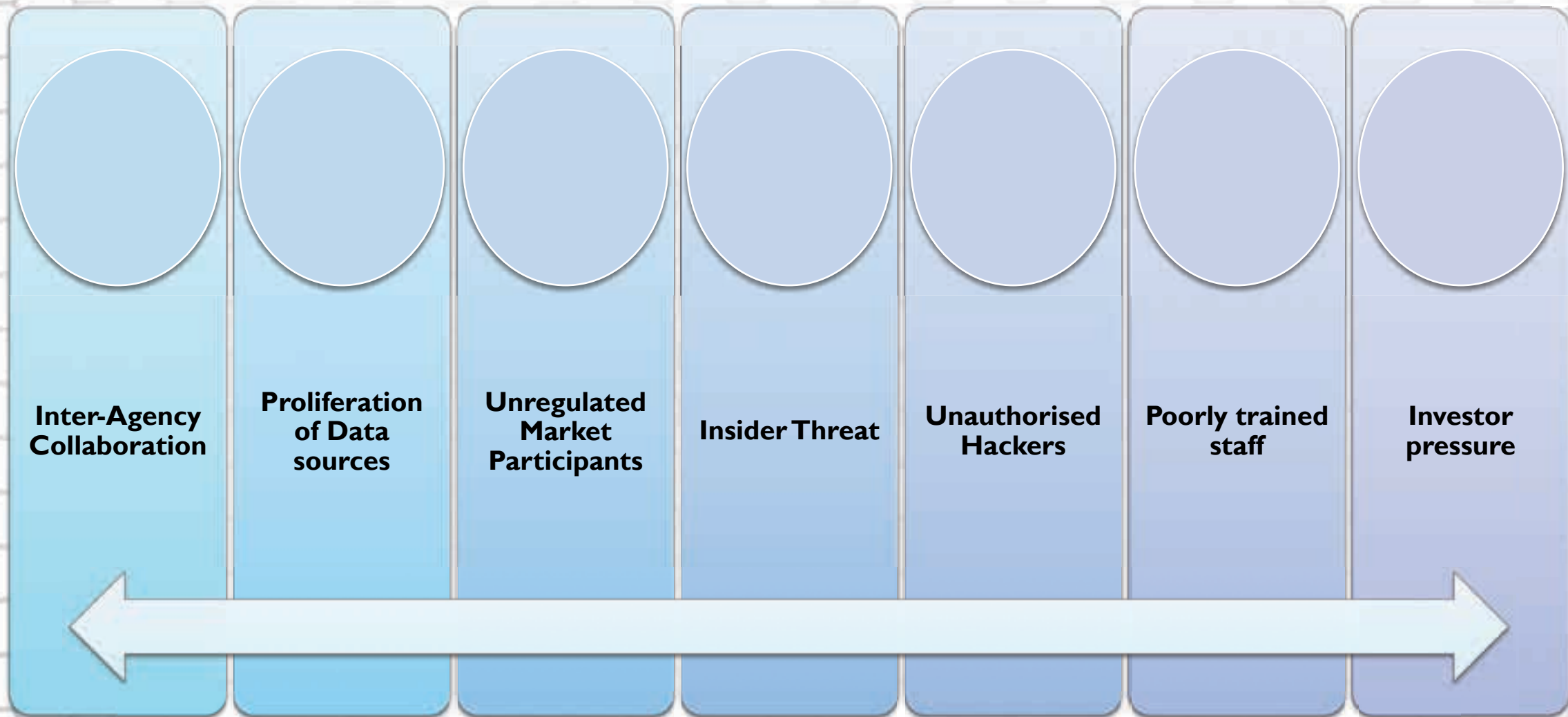
Medium CMOs

LOW

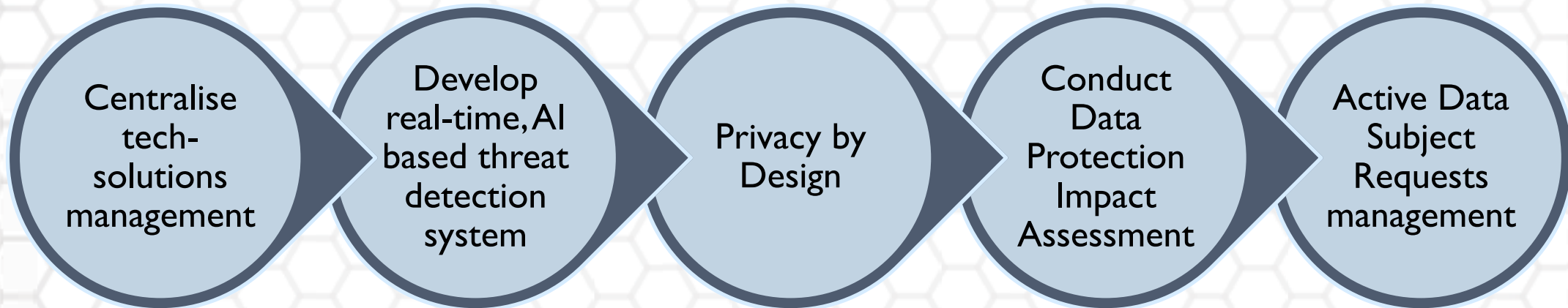
Payroll, staff, contractor data

VERY LOW

SMEs, payroll etc.



PRACTICAL BREACH PREVENTION TIPS



PATH TO



SEC

- More fora for awareness
- Review of existing forms and laws to in line with purpose of processing
- Harmonised data collection in a KYC repository
- Engage with NIMC to use the NIN as data source
- Framework to reduce compliance cost and standardise process

NITDA

- More awareness on NDPR
- Synergy with SEC to standardise compliance
- Advisory support on Data protection implementation for the Capital Market



THANK YOU!