

ANNUAL REPORT AND ACCOUNTS 2009



SECURITIES & EXCHANGE COMMISSION

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SECTION 1

- **OVERVIEW**
- **CHAIRMAN'S MESSAGE**
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OVERVIEW

AT A GLANCE

- **Head Office: Abuja (Federal Capital Territory)**
- **Seven Zonal Offices: Lagos, Kano, Port Harcourt, Kaduna, Maiduguri, Onitsha, Ibadan**
- **16 Departments**
- **500 Employees**

Who We Are

The Securities & Exchange Commission was established in 1979 as a government agency to regulate and develop the Nigerian capital market. It derives its mandate from the Investments and Securities Act (ISA) 2007.

The Commission is specifically responsible for the registration of securities offered to the public (public issues) by corporate entities or governments or offered by public companies to select groups of investors (private placement) or to shareholders (rights issues). It is responsible for the regulation of market operators and capital market consultants like solicitors, accountants and estate valuers that participate in capital market transactions. The Commission also regulates mergers, acquisitions, takeovers and all forms of business combinations in order to prevent monopolies and engender competition.

Broad Objectives

The Commission's overall objectives are to:

- ensure the existence of a stable, orderly, transparent, fair, efficient and viable market that protects investors
- effectively enforce relevant laws, rules, regulations and codes
- maintain zero tolerance for infractions in the market
- deepen the market by promoting the introduction of new products and processes
- contribute to the nation's economic growth and development.

VISION STATEMENT

To be Africa's leading capital market regulator.

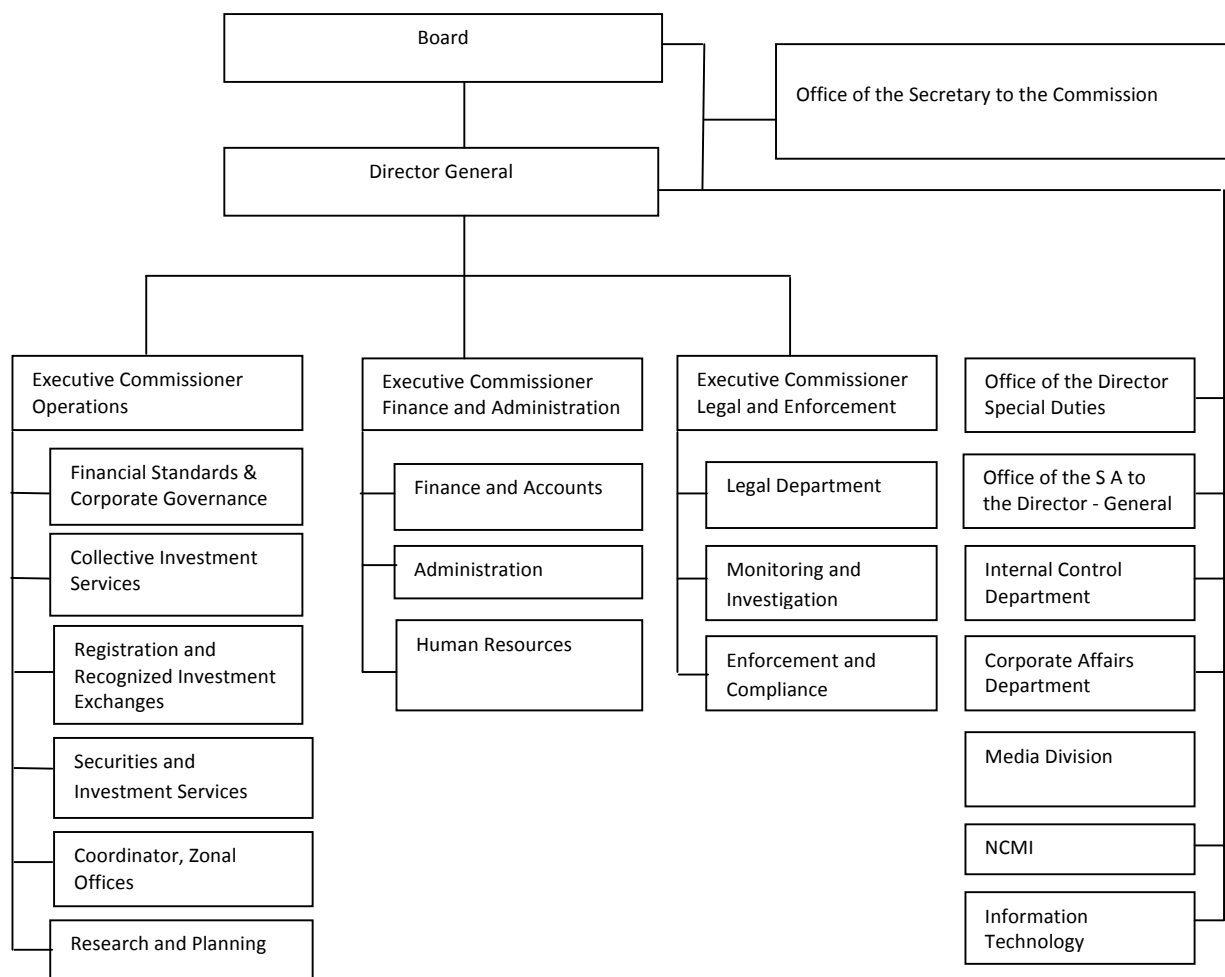
MISSION STATEMENT

To develop and regulate a capital market that is dynamic, fair, transparent and efficient to contribute to the nation's economic development.

CORE VALUES

- **Transparency:** The Commission requires that staff conduct themselves with unquestionable openness.
- **Integrity:** The Commission demands that staff conduct themselves with the highest ethical standards.
- **Proactiveness:** The Commission expects its staff to exhibit uncommon foresight and respond creatively to challenges ahead of time.
- **Fairness:** The Commission expects staff to treat its public equally.
- **Excellence:** The Commission demands from its staff unqualified commitment in rendering very high quality service.
- **Accountability:** The SEC demands that staff take full responsibility for their actions.
- **Teamwork:** The SEC expects its staff to work well together.

ORGANISATIONAL STRUCTURE



- Our Head Office comprises the Director-General's Office, Operations, Finance and Administration, and Legal and Enforcement Directorates as well as the Office of the Secretary to the Commission.
- We have seven Zonal Offices in different catchment areas to bring capital market activities nearer to the grassroots.
- The roles and responsibilities of each department and division are specified to avoid overlapping and conflicting roles.
- Individual employees also have well-defined schedules for maximum productivity and easy monitoring by superior officers.

CHAIRMAN'S MESSAGE

By any standards, 2009 was a challenging year for Nigeria. The fall in demand for oil from countries that were already deep into the global recession affected prices, while local unrest hit oil production and, consequently, exports. The results were dwindling foreign reserves and reduced foreign investments. Internally, rising food and energy prices heralded inflation, and while unemployment and lending rates rose, savings fell.

The Nigerian capital market closely mirrored the Nigerian and the world economy. As we started to feel the full effects of the economic crisis, investor confidence evaporated, and signs of recovery were few and far between.

As part of efforts to reposition the capital market in the wake of the crisis, the Commission set up a Committee to review the capital market structure and processes as well as another Committee on Corporate Governance. Both Committees submitted their reports and the Commission commenced implementation of their recommendations. Furthermore, the Commission began implementing an internal transformation programme guided by Accenture; introduced new rules on transparency; undertook greater monitoring and stricter enforcement against capital market transgressions.

This challenging time has also been a transitional one for our Board and Executive Management. I am grateful to Musa Al-Faki, Director-General until May 2009, and Ms Daisy Ekineh, acting Director-General for the remainder of the year, for their invaluable strategic input. I wish their successor Ms Arunma Oteh, who was appointed Director-General in January 2010, continued success in the same role.

It is only through the unswerving commitment shown by our Board, executives and departmental heads, and echoed by all our employees, that the Commission has been able to maintain a solid, sustainable business against such a challenging macro economic environment.

I am optimistic that the Commission will learn from its experiences over the last 12 months and that in 2010, we will begin to see the effects of our reforms on our own institutions as well as on the way market participants operate.

We have acted decisively to foster a fairer, more robust and flexible capital market; restore investor confidence, both within Nigeria and beyond its borders; and engender greater adherence to the rules and regulations that dictate market behaviour. Only when our efforts

have had time to take effect can we re-assess how much closer we are to being Africa's leading capital market regulator.

I am both optimistic and confident that the dedication and professionalism of all the Commission's staff will see us continue to make progress on behalf of investors in the year ahead. I particularly hope that this report reflects that confidence.

Senator Udoma Udo Udoma

Chairman, Securities & Exchange Commission, Nigeria.

DIRECTOR-GENERAL'S STATEMENT

The Honourable Minister of Finance,

It is my pleasure and privilege to present the 2009 Annual Report and Accounts of the Securities and Exchange Commission (SEC).

The year was particularly challenging for the global economy and the Nigerian financial market. The confluence of the global financial crisis in both advanced and emerging markets resulted in a significant erosion of wealth for institutional and retail investors leading to a noticeably sharp drop in value of retirement savings accounts and pension investments as investors were understandably reluctant.

The Securities and Exchange Commission responded both tactically and strategically to stabilize, sanitize and reposition the Nigerian capital market by strengthening enforcement, enhancing regulatory oversight, nurturing investor confidence and ultimately restoring market integrity. The Commission also doubled efforts to deepen and broaden the capital market to enable it compete favourably with other markets.

Capital market performance in 2009

Before I go further, I would like to highlight briefly the performance of the market in 2009. Like most other markets, the Nigerian market was not immune to the volatility of the global capital market resulting partially from the subprime mortgage crisis in the United States of America but more so from indigenous factors especially exaggeration of valuations and excessive risk taking. Moreover, the market lacked depth in diversity of products and offerings.

The market value of all listed securities at 2009 year-end stood at ₦7.0 trillion compared to ₦9.6 trillion at 2008 year-end, reflecting a loss of ₦2.5 trillion or 26.5%. Over the same period, the All-Share Index (ASI) fell by 33.8% to 20,827.2 points from 31,450.8 points. Equities accounted for ₦5.0 trillion or 71.0% of total market capitalisation while 49 debt securities formed the remainder. In 2009, the total value of primary offerings was ₦0.7 trillion, representing a decline of about 54.0% from 2008 levels. New equity issues fell by more than 96.0% to ₦0.03 trillion in 2009 from ₦0.9 trillion in 2008, while new debt issues increased by over 17.35% to ₦0.67 trillion in 2009 from ₦0.6 trillion in 2008.

The market appears to have bottomed out and investors are awaiting certainty as to the economic and capital market reforms agenda.

Reforms and initiatives

The impact of the global financial crisis while devastating for the Nigerian capital markets has given the Commission an opportunity to reposition the market to play a pivotal role in capital formation and in the development of the Nigerian economy. The vision of the Commission is to build a world class market where there is investor confidence, adequate product offering, efficient processes, market integrity, sound regulatory framework, strong and transparent disclosure and accountability as well as good corporate governance and a fair and efficient market place.

In anticipation of the strategic positioning to align with vision 20:2020 and SEC general reform agenda, the Commission resolved to be at the forefront of capital market reforms. In pursuit of this strategic goal, the Commission constituted a committee of experts to undertake a diagnostic review of the Nigerian capital market. Recommendations of the Committee are in different phases of implementation.

As a result, the Commission strengthened its monitoring and enforcement activities, adopting zero tolerance for all market infractions. A number of enforcement actions were taken against various capital market operators. Many were suspended from market operations while others were referred to the Economic and Financial Crimes Commission (EFCC) for further investigation and possible prosecution. A number of individuals were barred from holding directorships in specific public companies. Major infractions were also referred to the Administrative Proceedings Committee (APC) of the Securities and Exchange Commission, including those from the five banks in which the CBN intervened.

To enhance the Commission's regulatory oversight and meet international best practices, several rules were proposed. They are at various stages of adoption and are notably: new rules and regulations for book building; discontinuation of mandatory underwriting; shelf registration; share buy-back; market making; use of custodians for safe keeping of assets of collective investment schemes; requirement of 50% threshold for successful offers; compelling auditors of public companies to express an opinion on the existence, adequacy, effectiveness or otherwise of the internal control system and guidelines on margin trading. There was also the introduction of a Code of Conduct for Shareholders Associations and a draft code on Corporate Governance has been exposed to the market for comments.

Market development

There has been substantial reduction in market fees to encourage market development. As part of the Commission's efforts to promote the bond market, new rules on corporate bond issuance

were approved and book building system introduced. The Commission visibly promoted the formation of collective investment schemes to aid investors who lack the capacity and sophistication to assess the risk and rewards of capital market investments. The Commission also encouraged the establishment of the Association of Asset Managers as a trade group and embarked on significant investor education and capital market awareness activities including organizing quiz competitions for secondary schools in Nigeria and introducing capital market studies to the curricula of tertiary institutions. We are confident that a better understanding of the capital market by the public can potentially lead to increased awareness of the issues, elimination of sharp practices and ultimately increase confidence and investor base.

Outlook

As we look forward to 2010 and beyond, the Commission hopes to conclude the implementation of the transformation initiatives that will build a new foundation for a capital market that has simpler, more accessible processes; one in which rules and regulations are more effectively enforced; a market that effectively protects the everyday investor, rewards correct behaviour and can adapt to and evolve with changes in our growing economy.

Restoring the confidence that will allow our capital market to flourish and develop will require the support of all stakeholders. If we work together we will attain our vision which is to be: "Africa's leading capital market operator".

2010 will be another year in which the SEC will actively pursue this vision through ambitious reforms to ensure good corporate governance and greater market capacity, restore confidence and refocus on our core mission of providing the protection which investors fully expect and rightly deserve. That was our mission when we were founded and it's still our mission today.

Appreciation

On behalf of the Board and the Executive Management of the Securities and Exchange Commission, I wish to express our sincere gratitude to the Presidency, the Minister of Finance, the Minister of State for Finance, the leadership of the National Assembly and most importantly, the staff of the Commission for their support and commitment towards building a world class Nigerian capital market.

Thank you.

Arunma Oteh

Director-General

OUR PEOPLE

BOARD OF THE COMMISSION



Senator Udoma Udo Udoma
Chairman



Ms Arunma Oteh
Director-General (from 07/01/10)



Musa Al-Faki
Director-General (until 08/05/09)



Ms Daisy S Ekineh
Executive Commissioner, Operations
Acting Director-General (from 08/05/09)



Alhaji Lawal Sani Stores
Executive Commissioner, Finance
and Administration



Mr Charles A Udora
Executive Commissioner, Legal and Enforcement



Alhaji Yahya Ali
Non-Executive Commissioner



Mrs Aderonke Fatade
Non-Executive Commissioner

Mr Omoha Lexy Omoha
Rep. Federal Ministry of Finance

Alhaji Umaru Bello Girei
Rep. Central Bank of Nigeria



Mr Edosa Kennedy Aigbekaen
Acting Secretary to the Commission

EXECUTIVE MANAGEMENT



Musa Al-Faki

Director-General (until 08/05/09)



Ms Daisy S Ekineh

Executive Commissioner, Operations
Acting Director-General (from 08/05/09)



Alhaji Lawal Sani Stores

Executive Commissioner, Finance
and Administration



Mr Charles A Udora

Executive Commissioner, Legal and Enforcement

HEADS OF DEPARTMENT



Mr Edosa Kennedy Aigbekaen
Acting Secretary to the Commission
and Head, Legal Department



Mrs B C Okerefor
Acting Director/Head, Research and
Market Development



Mr Mustapha Usman Jega
Director/Coordinator, Zonal Offices



Mr Moses A Isiaku
Director/Head, RRIE



Mr I Kola Ekundayo
Director/Head, Internal Control



Mr Abatcha Bulama
Director/Head, Finance and Accounts



Mrs A O Obhielo
Acting Director/Head, FS&CG



Ms Mary Uduk
Acting Director/Head, Securities and
Investments Services (SIS)



Mr Bala Usman
Acting Director/Head,
Monitoring and Investigation



Mrs Louisa Eni-Umukoro
Acting Director/Head, Collective
Investment Services (CIS)



Mr Hussaini Dauda
Deputy Director/Head,
Human Resources



Mr Henry Rowland
Deputy Director/Head,
Information Technology (IT)



Mr D A Ibrahim
Deputy Director/Head,
Administration



Mr Ismaila Mohammed Ville
Deputy Director/Head,
Corporate Affairs



Mr R C Karawusa
Assistant Director/Head,
Enforcement and Compliance (E&C)



Mr I B Bello
Director/Head,
Lagos Zonal Office



Mr Sylvester O Akele
Director/Head,
Ibadan Zonal Office

Mr O E M Elujekor
Deputy Director/Head,
Onitsha Zonal Office

Mr O W Akpan
Deputy Director/Head,
Port Harcourt Zonal Office

Mr Abdul Zubairu
Acting Director/Head,
Kano Zonal Office

Mrs Maryam Sallau
Assistant Director/Head,
Kaduna Zonal Office

Mr Abdukadir Usman
Assistant Director/Head,
Maiduguri Zonal Office

SECTION 2

- **REPORT ON OPERATIONAL ACTIVITIES**

REPORT ON OPERATIONAL ACTIVITIES

THE PRIMARY MARKET

New Issues

In 2009, the total value of new securities floated in the market stood at ₦700.35 billion, representing a decline of about 54% when compared to 2008. This figure accrued from the issuance of five equities with a value of ₦31.24 billion and 37 debt securities, valued at ₦669.11 billion (see Tables 1–3).

In 2008, the value of new securities floated reached about ₦1.51 trillion.

Table 1: SUMMARY OF NEW ISSUES IN 2009

Mode of Offer	Number of Issues	Value of Shares (₦' million)
Subscription	1	3,300.50
Rights	2	27,522.00
Private Placement	2	417.25
Total Equities	5	31,239.75
Corporate Bond	1	13,165.00
State Govt. Bonds	3	41,500.00
FGN Bonds	33	614,440.00
Total Debt	37	669,105.00
Overall	42	700,344.75

Source: SEC

Table 2: NEW ISSUES OF PUBLIC COMPANIES IN 2009

Company	Type of Issue	Nominal Value (₦)	Offer Price (₦)	Volume (million)	Value (₦' million)	Issuing House	Date Opened
Eterna Oil Plc	Subscription	0.50	11.50	287.00	3,300.50	Radix Capital Markets Ltd / Meristem Securities Ltd	22/04/09
Eterna Oil Plc	Rights	0.50	9.95	533.00	5,303.35	Radix Capital Markets Ltd / Meristem Securities Ltd	22/04/09
Cadbury Nig. Plc	Rights	0.50	8.65	2,568.63	22,218.65	Stanbic IBTC Plc	15/09/09
African Paints Nig. Ltd	Private Placement	0.50	0.50	130.00	65.00	Chapel Hill Advisory Ltd	24/11/09
Interlinked Technology Plc	Private Placement	0.50	2.50	140.90	352.25	Radix Capital Partners	22/12/09
Total				3,659.53	31,239.75		

Source: SEC

Table 3: STATE GOVERNMENT/CORPORATE BONDS IN 2009

Issuer	Type Of Issue	Offer Price (₦)	Volume (million)	Value (₦' million)	Issuing House	Date Opened
IMO State Government of Nigeria (Series 1)	15.5% Fixed Rate Bond (2016)	1.00	18,500.00	18,500.00	UBA Capital Markets / Stanbic IBTC Bank / BGL Securities Ltd / Future View Financial Services Ltd	30/06/09
Kwara State Government of Nigeria (Series 1)	14.0% Fixed Rate Bond (2014)	1,000.00	17.00	17,000.00	GT Bank / BGL / Intercontinental Capital Market / Vetiva Capital Management	05/08/09
Niger State Government of Nigeria	14.0% Fixed Rate Bond (2014)	1,000.00	6.00	6,000.00	Zenith Capital Ltd / Renaissance Securities Ltd / BGL Plc	07/10/09
GT Bank Plc	13.59% Fixed Rate Bond (2014)	1,000.00	13.17	13,165.00	GTB Asset Management / FBN Capital / WSTC Financial Services Ltd	30/12/09
Total			18,536.17	54,665.00		

Source: SEC

The Debt Management Office (DMO), on behalf of the Federal Government of Nigeria (FGN), auctioned seven categories of FGN bonds during the year. The amount required was ₦614.44 billion but was subscribed to the value of ₦628.70 billion. The DMO allotted ₦640.94 billion.

Table 4: AUCTION SUMMARY FOR FGN BONDS IN 2009

Date Auctioned/Maturity	Tenor (Yrs)	Amount Auctioned (₦' billion)	Level of Subs (%)	Amount Subscribed (₦' billion)	Amount Allotted (₦' billion)	Marginal Rate (%)*
28th January 2009/30th January 2012	3	20.00	182.85	36.57	20.00	9.92
28th January 2009/28th November 2013**	5	20.00	132.90	26.58	20.00	11.40
28th January 2009/28th November 2028**	20	10.00	495.50	49.55	10.00	13.24
25th February 2009/30th January 2012**	3	20.00	177.45	35.49	20.00	10.25
25th February 2009/28th November 2013**	5	20.00	121.85	27.37	20.00	11.64
25th February 2009/28th November 2028**	20	10.00	252.10	25.21	10.00	13.21
18th March 2009/30th January 2012**	3	20.00	133.50	26.70	20.00	10.95
18th March 2009/28th November 2013**	5	20.00	118.20	23.64	20.00	12.00
18th March 2009/28th November 2028**	20	10.00	264.20	26.40	10.00	13.50
22nd April 2009/30th January 2012**	3	35.00	112.69	39.44	35.00	11.00
22nd April 2009/28th November 2013**	5	25.00	160.24	40.06	25.00	11.85
22nd April 2009/28th November 2028**	20	10.00	331.80	33.18	10.00	11.50
20th May 2009/22nd May 2012	3	20.00	179.45	35.89	20.00	10.50
20th May 2009/28th November 2013**	5	20.00	242.20	48.44	20.00	10.50
20th May 2009/22nd May 2029	20	10.00	332.80	33.28	10.00	12.49
17th June 2009/22nd May 2012**	3	20.00	200.35	40.07	20.00	10.50
17th June 2009/28th November 2013**	5	10.00	356.90	35.69	10.00	10.50
17th June 2009/22nd May 2029**	20	20.00	219.55	43.91	20.00	12.49
15th July 2009/22nd May 2012**	3	20.00	200.35	51.36	20.00	10.50
15th July 2009/28th November 2013**	5	20.00	356.90	40.42	20.00	10.50
15th July 2009/22nd May 2029**	20	20.00	219.55	46.44	20.00	12.49
19th August 2009/22nd May 2012**	3	20.00	180.80	36.16	20.00	10.50
19th August 2009/28th November 2013**	5	20.00	199.05	39.81	20.00	10.50
19th August 2009/22nd May 2029**	20	20.00	226.45	45.29	20.00	12.49
16th September 2009/22nd May 2012**	3(a)	20.00	145.95	29.19	35.00	10.50

16th September 2009/28th November 2013**	5	14.00	213.29	29.86	14.00	10.50
16th September 2009/22nd May 2029**	20	26.00	145.12	37.73	26.00	12.49
21st October 2009/22nd May 2012**	3	20.00	163.45	32.69	31.50	10.50
21st October 2009/23rd October 2019	10	10.00	358.9	35.89	10.00	7.00
21st October 2009/22nd May 2029**	20	19.44	220.37	42.84	19.44	12.49
18th November 2009/22nd May 2012**	3	15.00	289.33	43.40	15.00	6.75
18th November 2009/23rd October 2019**	10	20.00	152.15	30.43	20.00	8.32
18th November 2009/20th November 2029	20	30.00	247.20	74.16	30.00	8.50
Total		614.44		1,243.14		640.94

Source: DMO

* The Marginal Rate is the rate which is applied to all successful bids

** Re-opened

On a quarterly basis, the values of floated securities were more in the third quarter for both equities and debt securities (see Table 5). Insignificant value was recorded in the fourth quarter as no FGN bonds were issued in December. However, in terms of the number of issues, the market recorded most issues in the second quarter; the fewest issues were recorded in the first quarter due to the dormancy of the equities market.

Table 5: QUARTERLY SUMMARY OF NEW ISSUES IN 2009

Quarter	Number of Issues			Value (₦' million)		
	Equities	Debt	Total	Equities	Debt	Total
1st	-	9	9	-	150,000.00	150,000.00
2nd	2	10	12	8,603.85	188,500.00	197,103.85
3rd	1	10	11	22,218.65	197,000.00	219,218.65
4th	2	8	10	417.25	133,605.00	134,022.25
Total	5	37	42	939,057.17	669,105.00	700,344.75

Source: SEC

The growth in the value of floated new issues for interest-bearing securities within the last 15 years was sustained while the equities segment reflected a significant decline, especially when compared with the peak recorded in 2007 (see Table 6).

Table 6: VALUE OF FLOATED NEW ISSUES (1995–2009)

Year	Offer for Subscription/ Private Placement (₦' million)	Rights Issues (₦' million)	Total Equities (₦' million)	Interest Bearing Securities (₦' million)	Total (₦' million)
1995	1,250.40	2,659.78	3,910.18	515.40	4,425.58
1996	4,221.34	1,631.84	5,853.18	15.00	5,868.18
1997	8,343.17	2,120.43	10,463.60	350.00	10,813.60
1998	13,754.74	893.32	14,648.06	370.00	15,018.06
1999	4,629.95	7,208.49	11,838.44	200.00	12,038.44
2000	834.07	4,873.75	5,707.82	11,500.00	17,207.82
2001	10,511.44	22,168.59	32,680.03	4,518.76	37,198.79
2002	24,015.45	17,268.54	41,283.99	20,000.00	61,283.99
2003	11,317.68	18,112.18	29,429.86	150,650.00	180,079.86
2004	156,176.67	27,541.80	183,718.47	11,699.91	195,418.38
2005	355,698.96	50,140.52	405,839.48	146,942.50	552,781.98
2006	207,994.93	47,689.61	255,684.54	451,709.95	707,394.49
2007	1,198,730.68	139,844.56	1,338,575.24	596,500.00	1,935,075.24
2008	728,225.42	210,831.75	939,057.17	570,170.00	1,509,227.17
2009	3,717.75	27,522.00	31,239.75	669,105.00	700,344.75

Source: SEC

Registered Securities

Nine new issues were approved by the SEC, in addition to 28 bonus issues (see Table 7), comprising a total of almost 32.99 billion ordinary shares with a nominal value of ₦16.54 billion. In addition, 18 existing securities comprising 60.04 billion ordinary shares and a nominal value of ₦27.89 billion were registered by the Commission (see Table 8).

Table 7: REGISTERED BONUS ISSUES IN 2009

Company	Volume (Unit)	Nominal Value (₦)	Date Registered	Bonus Ratio
Regency Alliance Insurance Plc	1,212,500,000	606,250,000.00	22/01/09	375 for 500
Afribank Nigeria Plc	3,394,071,524	1,697,035,762.00	20/02/09	1 for 6
Intercontinental WAPIC Insurance Plc	843,634,400	421,817,200.00	11/03/09	1 for 5
United Bank for Africa Plc	4,311,292,492	2,155,646,246.00	19/03/09	1 for 4
Tripple Gee Plc	164,985,000	82,492,500.00	31/03/09	1 for 2
Mobil Oil Nigeria Plc	60,099,210	30,049,605.00	01/04/09	1 for 4
A. G. Leventis Nigeria Plc	441,215,051	220,607,525.50	01/04/09	1 for 5
A. G. Leventis Nigeria Plc	151,542,909	106,080,036.30	01/04/09	Ratification of 2004 dividend option at 70k per share
Longman Nigeria Plc	514,300,000	257,150,000.00	09/04/09	2 for 1
Academy Press Plc	100,800,000	50,400,000.00	19/05/09	1 for 2
UTC Nigeria Plc	112,125,000	56,062,500.00	22/05/09	1 for 10
Thomas Wyatt Nigeria Plc	20,000,000	10,000,000.00	04/06/09	1 for 10
FTN Cocoa Processors Plc	200,000,000	100,000,000.00	08/06/09	1 for 10
Neimeth International Pharmaceuticals Plc	164,315,179	82,157,589.50	09/06/09	1 for 4
GT Bank Plc	3,730,749,723	1,865,374,861.50	03/07/09	1 for 4
Union Bank Nigeria Plc	1,930,000,000	965,000,000.00	03/07/09	1 for 6
Chellarams Plc*	180,731,250	90,365,625.00	10/07/09	1 for 1
Sovereign Trust Plc	867,292,876	433,646,438.00	06/07/09	1 for 5
Chellarams Plc***	361,462,500	180,731,250.00	10/07/09	1 for 10
Nigeria Enamelware Plc**	28,800,000	14,400,000.00	14/07/09	1 for 1
Nigeria Enamelware Plc***	5,760,000	2,880,000.00	14/07/09	1 for 5
Zenith Bank	8,372,398,343	4,186,199,171.50	17/07/09	1 for 2
Ashaka Cement Plc	284,375,000	142,187,500.00	21/07/09	1 for 6
Multiverse Resources Plc	202,949,461	101,474,730.50	05/08/09	1 for 20
Benue Cement Company Plc	783,105,469	391,552,734.50	07/08/09	1 for 4
Nexans Kabel Metal Plc	9,333,333	18,666,666.00	13/10/09	1 for 5
First Bank of Nigeria Plc	4,143,756,742	2,071,878,371.00	27/10/09	1 for 6
Niger Insurance Plc	395,082,539	197,541,269.50	04/12/09	1 for 4
Total	32,986,678,001	16,537,647,581.80		

Source: SEC * Ratification of 2004 bonus issue ** 2007 Bonus *** 2008 bonus

Table 8: REGISTERED EXISTING SECURITIES IN 2009

Company	Volume (Unit)	Nominal Value (₦)	Date Registered
Resourcery Plc	2,576,686,039	1,288,343,019.50	15/01/09
Mass Telecom Innovation Nigeria Plc	1,212,500,000	606,250,000.00	28/01/09
Food Concepts & Entertainment Plc	3,580,075,000	1,790,037,500.00	05/02/09
Swap Technologies & Telecoms Plc	2,705,377,141	1,352,688,570.50	17/02/09
Afromedia Plc	4,035,497,260	2,017,748,630.00	11/03/09
Pinnacle Points Group Ltd (cross-border listing @ R0.0001)	4,579,782,814	6,411,695.93	12/03/09
Dil/Maltex Nigeria Plc	277,200,000	277,200,000.00	09/04/09
Portland Paints & Products Nigeria Plc	400,000,000	200,000,000.00	19/05/09
eTranzact International Plc	4,200,000,000	2,100,000,000.00	22/05/09
African Alliance Insurance Co. Plc	16,000,000,000	8,000,000,000.00	17/07/09
BECO Petroleum Products Plc	3,716,976,580	1,858,488,290.00	28/09/09
McNichols Consolidated Plc	270,000,000	135,000,000.00	12/10/09
Nexans Kabel Metal Plc	6,000,000	12,000,000	13/10/09
Resort Savings & Loans Plc	13,164,652	6,582,326.00	04/11/09
Niger Delta Exploration & Production Plc	8,628	86,280.00	11/11/09
Unity Kapital Assurance Plc	12,350,000,000	6,175,000,000.00	16/11/09
African Paints Plc	130,000,000	65,000,000.00	24/11/09
Geo Fluids Plc	3,991,563,298	1,995,781,649.00	31/12/09
Total	60,044,831,412	27,886,617,960.93	

Source: SEC

Share Consolidation

During the year, the Commission registered the share consolidation of Goldlink Insurance Plc. The company consolidated its existing 9,099,894,000 ordinary shares of 50 kobo each to 4,549,947,000 ordinary shares of 50 kobo each, implying that two existing shares held were reduced to one.

Share Buy-Back

The Commission approved a share buy-back programme of Custodian & Allied Insurance Plc during the period. The company applied to buy back 5% of its issued and fully paid shares.

Conversion (Preference Shares to Equity)

During 2009, the Commission approved the conversion of Intercontinental Bank Plc's 76.78 million irredeemable non-cumulative preference shares in favour of First Rand International (Mauritius), to equity. The preference shares were converted to 76.78 million ordinary shares of 50 kobo each, with a total value of ₦38.39 million (see Table 9).

Table 9: APPROVED CONVERSIONS IN 2009

Company	Type	Nominal Value (₦)	Conversion Price (₦)	Volume (million)	Value (₦ million)	Date Approved
Intercontinental Bank Plc	Preference Shares-to-Equity Conversion	0.50	0.50	76.78	38.39	28/01/09
Total				76.78	38.39	

Source: SEC

Allotment Clearance

In 2009, the Commission processed and cleared 26 allotment proposals. These involved a total of about 50.57 billion units of securities valued at ₦592.25 billion (see Table 10). However, the subscription level revealed total capitalised proceeds of ₦281.07 billion, which was 52.5% less than the value of shares offered.

Table 10: ALLOTMENTS APPROVED IN 2009

Company	Offer Price (₦)	Volume of Shares Offered (million)	Value of Shares Offered (₦ million)	Level of Subscription (%)	Amount Capitalised (₦ million)	Date Approved
Subscriptions						
ETI Plc	34.51 (US\$ 0.29)	5,116.50	176,570.39	45.37	80,109.99	13/02/09
NPF Microfinance Bank Plc	3.00	338.81	1,016.43	70.16	713.13	10/03/09
African Petroleum Plc	250.00	199.07	49,767.50	36.34	18,085.51	17/04/09
National Sport Lottery Plc	15.50	800.00	12,400.00	53.82	6,673.68	04/06/09
Honeywell Flour Plc	8.50	941.18	8,000.03	75.96	6,076.82	07/07/09
Equity Assurance Plc	3.50	1,500.00	5,250.00	75.96	3,987.90	06/07/09
Eterna Oil Plc	11.50	287.00	3,300.50	83.05	2,741.07	02/09/09
Rights						

Guaranty Trust Assurance Plc	1.25	1,250.00	1,562.50	104.00	1,562.50	02/02/09
ETI Plc	32.13 (US\$ 0.27)	3,763.76	120,929.61	7.13	8,622.28	13/02/09
Crusader Nigeria Plc	18.00	123.03	3,590.46	25.03	Aborted	27/02/09
NPF Microfinance Bank Plc	2.50	417.19	1,042.98	92.84	968.30	10/03/09
African Petroleum Plc	230.00	262.93	60,473.90	37.18	22,484.20	17/04/09
Nig-German Chemicals Plc	18.00	123.03	2,214.54	1.75	Aborted	03/06/09
Equity Assurance Plc	3.00	770.79	2,312.37	3.53	Aborted	16/06/09
Eterna Oil Plc	9.95	533.00	5,303.35	53.60	2,842.60	02/09/09
Cadbury Nigeria Plc	8.65	2,568.63	22,218.64	85.55	19,008.04	18/12/09
Private Placements						
Globe Reinsurance Plc	0.85	6,000.00	5,100.00	Less than 1%	Aborted	13/02/09
Capital Oil Plc	1.00	4,000.00	4,000.00	100.00	4,000.00	21/04/09
Capital Oil Plc	0.50	1,740.00	870.00	100.00	870.00	21/04/09
Offer for Sale						
Honeywell Flour Plc	8.50	1,252.94	10,649.99	69.69	7,421.98	07/07/09
Loan Stock/Bond						
Lagos State Government Bond – S1	1,000.00	50.00	50,000.00	117.93	50,000.00	05/02/09
Crusader Nigeria Plc	1,000.00	4.00	4,000.00	80.58	3,223.20	10/07/09
Imo State Government – S1	1.00	18,500.00	18,500.00	100.00	18,500.00	17/07/09
Kwara State Government Bond – S1	1,000.00	17.00	17,000.00	100.00	17,000.00	25/09/09
Niger State Government Bond	1,000.00	6.00	6,000.00	100.00	6,000.00	21/10/09
Additional Allotment						
Crusader Nigeria Plc (Debt Stock)	1,000.00	0.18	179.00	-	179.00	07/07/09
Total		50,565.04	592,252.19		281,070.20	

Source: SEC

THE SECONDARY MARKET

ACTIVITIES ON THE NIGERIAN STOCK EXCHANGE

Trading Volume and Value

Transactions on the floor of the exchange fell significantly from 2008 levels due to the bearish nature of the market. The market recorded a turnover value of ₦684.43 billion from the sale of about 102.68 billion securities executed in 1,732,737 deals, compared to a turnover of about ₦2.38 trillion exchanged for 193.13 billion securities in 2008. This represents a decline of 71.23% in value and 46.83% in volume of shares traded. Consequently, the equities turnover ratio ended the year at 13.93% (2008: 34.15%).

In 2009, the exchange witnessed the sale of 0.41 million units of industrial loans which were exchanged for ₦407.92 million in 15 deals while the government bond segment was dormant. In 2008, about ₦3.53 billion of industrial loans and ₦1.0 million worth of government bonds were traded.

Table 11: COMPARATIVE SUMMARY OF TRADING STATISTICS

Securities	2008			2009		
	Deals	Volume (million)	Value (₦' million)	Deals	Volume (million)	Value (₦' million)
Government Bonds	1	0.001	1.00	-	-	-
Industrial Loans/Preference Shares	137	3.75	3,527.92	15	0.41	407.92
Equities	3,535,389	193,132.88	2,375,613.78	1,732,722	102,684.32	684,019.11
Total	3,535,527	193,136.63	2,379,142.70	1,732,737	102,684.73	684,427.03

Source: Compiled from The NSE reports

Trading by Sector

Of the 35 classified sectors, only the Aviation sector did not record a single deal throughout the year. On the whole, about 56% of the total units of securities traded in 2009 were bank shares, which were exchanged in 952,481 deals. From these deals, the Banking sector accounted for about ₦457.19 billion or 67.0% of the turnover value for the year.

As shown in Table 12, the Insurance, Information, Communication and Telecommunication, Food/Beverages and Tobacco and Conglomerate sectors were behind the Banking sector in terms of volume of shares traded. These sectors recorded the sale of a little over 19.36 billion, 4.69 billion, 2.95 billion and 2.70 billion shares respectively. In value terms, the Breweries, Food/Beverages and Tobacco, Conglomerate and Petroleum (Marketing) sectors trailed behind the Banking sector with turnover values of ₦41.59 billion, ₦41.31 billion, ₦25.93 billion and ₦25.05 billion respectively.

Table 12: TRADING STATISTICS IN 2009 BY SECTOR

Sector	Deal	Volume (Unit of Shares)	Value (₦)
Second-Tier Securities	1,042	1,127,465,458	1,372,254,887.22
Agriculture	10,997	584,393,613	966,985,953.82
Air Services	18,381	218,466,814	1,761,299,433.66
Automobile and Tyre	9,661	792,340,775	1,138,448,665.93
Aviation	0	0	0.00
Banking	952,481	57,357,234,377	457,186,994,171.29
Breweries	55,433	949,826,438	41,593,623,551.76
Building Materials	40,789	1,006,785,560	21,315,593,517.45
Chemical and Paints	2,807	286,792,494	1,107,566,847.25
Commercial/Services	3,555	413,503,350	1,276,844,155.82
Computer and Office Equipment	3,251	204,095,640	246,032,328.61
Conglomerates	46,563	2,703,092,066	25,930,018,312.88
Construction	22,293	1,370,827,079	4,869,699,496.90
Engineering Technology	1,322	50,955,705	131,019,007.02
Food, Beverages and Tobacco	113,071	2,952,835,331	41,309,461,445.55
Footwear	35	252,479	1,095,320.14
Healthcare	18,402	679,166,911	2,276,966,398.57
Hotel and Tourism	1,402	1,219,335,525	3,565,116,171.23
Industrial/Domestic Products	6,628	176,215,608	799,718,527.38
Information, Communication and Telecommunication	24,020	4,691,310,670	8,024,847,600.06
Insurance	177,685	19,364,930,829	18,903,654,284.28

Leasing	4,672	343,043,462	1,708,707,957.55
Machinery (Marketing)	4	700,300	98,042.00
Maritime	40,469	1,320,071,880	2,206,017,783.36
Media	13,074	300,208,610	484,352,704.11
Mortgage Companies	17,966	1,703,510,757	2,699,133,045.53
Other Financial Institutions	5,784	738,183,401	1,581,021,495.94
Packaging	76,836	476,614,315	977,191,663.87
Petroleum (Marketing)	44,464	360,289,594	25,054,332,080.76
Printing and Publishing	4,262	97,642,419	598,387,915.93
Real Estate	3,333	65,143,720	1,195,498,086.87
Real Estate Investment Trust	108	309,266	30,570,275.35
Road Transportation	2,628	78,723,315	90,256,632.96
Textiles	139	3,000,332	7,171,597.98
Foreign Listings	9,165	1,047,053,794	13,609,131,336.88
Total (Equities)	1,732,722	102,684,321,887	684,019,110,695.91
Debt Securities	15	407,900	407,919,529.09
Overall Total	1,732,737	102,684,729,787	684,427,030,225.00

Source: Compiled from The NSE reports

Market Turnover

Market Capitalisation

In 2009, the market value of all listed securities closed at ₦7.03 trillion, a loss of ₦2.53 trillion (26.46%) compared to the ₦9.56 trillion reached in 2008. A decline of ₦3.73 trillion (28.08%) was registered in 2008.

As at the end of December 2009, there were 216 equities listed on the exchange. These equities accounted for ₦4.994 trillion or 71.04% of the overall market capitalisation; the remaining ₦2.036 trillion (28.96%) was accounted for by the market value of 49 debt securities. During the year, 14 equities were listed and 11 were de-listed while in the debt segment, 16 were listed and 53 securities that had matured were de-listed. Details of the new listed companies are given in Table 13.

Table 13: COMPANIES LISTED BY INTRODUCTION IN 2009

Name	Listing Price (₦)	Volume of Share Listed (Unit)	Sector
McNichols Consolidated Plc	0.98	201,885,335	Second Tier-Securities Market
Portland Paints & Products Plc	10.00	400,000,000	Chemical and Paints
Courteville Investment Plc	2.50	2,960,000,000	Commercial Services
Honeywell Flour Mills Plc	8.50	7,930,199,658	Food, Beverages and Tobacco
E-Tranzact International Plc	4.80	4,200, 000,000	Information, Communication and Telecommunication
IHS Nigeria Plc	5.00	4,400,000,000	Information, Communication and Telecommunication
Mtech Communications Plc	2.50	4,893,594,400	Information, Communication and Telecommunication
African Alliance Insurance Plc	3.50	16,700, 000,000	Insurance
Guaranty Trust Assurance	3.00	10,000, 000,000	Insurance
Unity Kapital Assurance Plc	2.50	12,350, 000,000	Insurance
Afromedia Plc	2.92	4,035,497,307	Media
Resort Savings & Loans Plc	1.25	13,175,732,404	Mortgage Companies
Beco Petroleum Plc	2.50	3,716,976,580	Petroleum (Marketing)
Pinnacle Points Group Plc	6.00	4,579,782,814	Foreign Listings

The Banking sector remained the most capitalised, accounting for 44.84% of equities market capitalisation and 31.85% of the total market capitalisation (see Table 14). However, the market value of the sector stood at about ₦2.239 trillion at the end of 2009, down by about 40.0% (2008: ₦3.716 trillion). The next-most capitalised sectors were Breweries, Food, Beverages and Tobacco, Building Materials and Petroleum (Marketing).

Table 14: SECTORAL MARKET CAPITALISATION AS AT 31ST DECEMBER 2009

Sector	Market Capitalisation (₦' million)	% of Equities Market Capitalisation	% of Overall Market Capitalisation
Banking	2,239,110.41	44.84	31.85
Breweries	599,066.74	12.00	8.52
Food, Beverages and Tobacco	594,372.54	11.90	8.45
Building Materials	299,935.73	6.01	4.27
Petroleum (Marketing)	255,155.74	5.11	3.63
Conglomerates	237,072.42	4.75	3.37
Insurance	200,959.99	4.02	2.86
Foreign Listings	163,729.20	3.28	2.33
Information, Communication and Telecommunication	67,173.54	1.35	0.96
Construction	61,009.86	1.22	0.87
Healthcare	37,780.94	0.76	0.54
Commercial/Services	28,099.54	0.56	0.40
Packaging	25,092.79	0.50	0.36
Mortgage Companies	24,850.81	0.50	0.35
Real Estate	21,846.00	0.44	0.31
Agriculture/Agro-Allied	19,470.46	0.39	0.28
Industrial/Domestic Products	18,112.16	0.36	0.26
Chemical and Paints	14,669.35	0.29	0.21
Other Financial Institutions	12,078.61	0.24	0.17
Airline Services	10,514.87	0.21	0.15
Printing and Publishing	10,378.58	0.21	0.15
Hotel and Tourism	9,956.09	0.20	0.14
Automobile and Tyre	8,023.49	0.16	0.11
Media	7,708.40	0.15	0.11
Maritime	7,076.85	0.14	0.10
Computer and Office Equipment	5,636.41	0.11	0.08
Engineering Technology	2,062.20	0.04	0.03
Real Estate Investment Trust	2,000.00	0.04	0.03

Aviation	1,740.00	0.03	0.02
Textile	1,602.24	0.03	0.02
Leasing	1,560.00	0.03	0.02
Road Transportation	1,145.32	0.02	0.02
Footwear	298.90	0.01	0.0043
Machineries (Marketing)	1.29	0.00003	0.00002
Total (First Tier Securities Market)	4,989,291.47	99.90	70.97
Second Tier Securities Market	4,804.23	0.10	0.07
Total Equities Market Capitalisation	4,994,095.70	100.00	71.04
Total Debt Market Capitalisation	2,035,881.36		28.96
Grand Total	7,029,977.06		100.00

Source: Compiled from The NSE reports

Thirteen of the 20 most capitalised equities in 2008 were also in the top 20 for 2009. The other seven on the table in 2008 (Oceanic Bank International Plc, Intercontinental Bank Plc, African Petroleum Plc, Bank PHB Plc, Wema Bank Plc, Fidelity Bank Plc and Afribank Nigeria Plc) were replaced in 2009 by Benue Cement Co. Plc, FCMB Plc, Diamond Bank Plc, Lafarge WAPCO Plc, Oando Plc, PZ Cussons Plc and Unilever Plc. As indicated in Table 15, market values of the top 20 companies at the end of 2009 totalled ₦3.47 trillion. This figure represents 69.48% and 49.36% of the equities market capitalisation and the total market capitalisation respectively.

First Bank of Nigeria Plc retained its position as the most capitalised equity with a market value of ₦407.54 billion, down from ₦524.85 billion in 2008. Nigerian Breweries Plc overtook Zenith Bank Plc to occupy second position in the ranking, with a market value of ₦400.97 billion while the latter occupied third position with a market value of ₦341.59 billion.

Table 15: 20 MOST CAPITALISED EQUITIES AS AT 31ST DECEMBER 2009

Current Ranking	Ranking in 2008	Company Name	Market Capitalisation (₦ billion)	% of Equities Market Capitalisation	% of Overall Market Capitalisation
1	1	First Bank Of Nigeria Plc	407.54	8.16	5.80
2	3	Nigerian Breweries Plc	400.97	8.03	5.70
3	2	Zenith Bank Plc	341.59	6.84	4.86
4	12	GT Bank Plc	289.13	5.79	4.11
5	8	United Bank for Africa Plc	232.81	4.66	3.31

6	16	Guinness Nigeria Plc	188.05	3.77	2.67
7	13	Dangote Sugar Refinery Plc	181.20	3.63	2.58
8	32	Benue Cement Company Plc	168.41	3.37	2.40
9	19	Nestle Nigeria Plc	158.20	3.17	2.25
10	10	Stanbic IBTC Bank Plc	140.06	2.80	1.99
11	4	ETI Plc	130.39	2.61	1.85
12	20	Access Bank Plc	124.92	2.50	1.78
13	22	First City Monument Bank Plc	117.28	2.35	1.67
14	21	Diamond Bank Plc	107.12	2.14	1.52
15	26	Lafarge WAPCO Plc	90.05	1.80	1.28
16	31	Oando Plc	85.07	1.70	1.21
17	14	Union Bank Nigeria Plc	81.06	1.62	1.15
18	41	PZ Cussons Nigeria Plc	79.41	1.59	1.13
19	11	Ecobank Nigeria Plc	76.73	1.54	1.09
20	40	Unilever Nigeria Plc	69.99	1.40	1.00
Top 20 Market Capitalisation			3,469.98	69.48	49.36
Equities Market Capitalisation			4,994.10		71.04
Overall Market Capitalisation			7,029.98		

Source: Compiled from The NSE reports

Stock Index Performance

The fall in prices of equities in 2009 reduced the value of the All-Share Index by 10,623.6 points (33.78%) as the indicator closed the year at 20,827.2 points (2008: 31,450.8 points). However, this decrease was less significant than the 45.80% decline of 2008. As shown in Table 16, the year-to-year net (cumulative) change in the value of the All-Share Index, from the base year (1984) to date, was reduced to 727.50% from 761.30%.

Table 16: NIGERIAN STOCK EXCHANGE ALL-SHARE INDEX PERCENTAGE CHANGE (1984–2009)

Year	Index	% Change	Cumulative Change (%)
1984	100.0	-	-
1985	127.3	27.3	27.3
1986	163.8	28.7	56.0
1987	190.9	16.5	72.5
1988	233.6	22.4	94.9
1989	325.3	39.3	134.1
1990	513.8	57.9	192.1
1991	783.0	52.4	244.5
1992	1,107.6	41.5	285.9
1993	1,543.8	39.4	325.3
1994	2,205.0	42.8	368.1
1995	5,092.0	130.9	499.1
1996	6,992.0	37.3	536.4
1997	6,440.5	(7.9)	528.5
1998	5,672.7	(11.9)	516.6
1999	5,266.4	(7.2)	509.4
2000	8,111.0	54.0	563.4
2001	10,963.1	35.2	598.6
2002	12,137.7	10.7	609.3
2003	20,128.9	65.8	675.1
2004	23,844.5	18.5	693.6
2005	24,085.8	1.0	694.6
2006	33,189.3	37.8	732.4
2007	57,990.2	74.7	807.1
2008	31,450.8	(45.8)	761.3
2009	20,827.2	(33.8)	727.5

Source: Compiled from The NSE reports

The monthly movements in the value of the All-Share Index in 2009 (see Table 17) indicated an average monthly decline of 2.19% (2008: 4.68%) with a negative net change of 26.30% (2008: 56.15%). The index reached its lowest point in March 2009, when it closed at 19,851.9 points, and peaked in May at 29,716.5 points. The five-year trend shows steady and progressive growth between 2005 and March 2008.

Table 17: NIGERIAN STOCK EXCHANGE ALL-SHARE INDEX (2005–2009)

Month	2005	2006	2007	2008	2009
January	23,073.8	23,679.4	36,784.5	58,570.6	21,813.8
February	21,953.5	23,843.0	40,730.7	65,652.4	23,377.1
March	20,685.4	23,336.6	43,456.1	63,016.6	19,851.9
April	21,961.7	23,301.2	47,124.0	59,440.9	21,491.1
May	21,482.1	24,745.7	49,930.2	58,929.0	29,716.5
June	21,564.8	26,161.2	51,330.5	55,949.0	26,861.6
July	21,911.0	27,880.5	53,021.7	53,110.9	25,286.6
August	22,935.4	33,096.4	50,291.1	47,789.2	23,009.1
September	24,635.9	32,554.6	50,229.0	46,216.1	22,065.0
October	25,873.8	32,643.7	50,201.8	36,325.9	21,804.7
November	24,355.9	31,632.5	54,189.9	33,025.8	21,010.3
December	24,085.8	33,189.3	57,990.2	31,450.8	20,827.2
Monthly Average Growth (%)	0.19	2.87	4.86	(4.68)	(2.19)
Net Change (%)	2.25	34.39	58.38	(56.15)	(26.30)

Source: Compiled from The NSE reports Note: the figures are for the last trading days of the month.

Price Percentage Gainers and Losers

Comparing the price levels of the existing 213 equities in 2008 to those in 2009 reveals that there were 19 'gainers', 149 'losers' and 34 static prices. Eleven others were de-listed from the daily official list. In 2008, 21 equities were listed by introduction while the market recorded 76 gainers, 93 losers and 23 static prices.

Four of the fourteen newly listed companies in 2009 recorded appreciation in their unit prices, from date of listings to end of year; nine recorded losses and the price of one was unchanged. As at 31st December 2009, the number of listed equities stood at 216.

Gainers

The top 10 gainers (see Table 18) recorded price appreciations ranging from 21.51% and 138.94%. The table was led by Benue Cement Co. Plc, which gained ₦25.01 to close the year with a unit price of ₦43.01 (2008: ₦18.00). This impressive gain was triggered by the company's performance in its 2008 financials, among other factors. The company recorded turnover of ₦16.5 billion (2008: ₦5.5 billion) and profits after tax of ₦4.1 billion (2008: ₦1.25 billion) and rewarded its shareholders with a bonus of one for four.

With appreciations of 133.77% and 122.42%, the second and third companies on the gainers table were Cement Company of Northern Nigeria Plc and PZ Cussons Nigeria Plc. The two companies, in their 2008 financials, rewarded their shareholders with dividends of ₦0.80 and ₦0.68 per share respectively.

Table 18: TOP 10 PRICE PERCENTAGE GAINERS ON THE NIGERIAN STOCK EXCHANGE IN 2009

Position	Company	Price on 31/12/08 (₦)	Price on 31/12/09 (₦)	Absolute Gain (₦)	% Change
1.	Benue Cement Company Plc	18.00	43.01	25.01	138.94
2.	Cement Co. Of Nigeria Plc	5.33	12.46	7.13	133.77
3.	PZ Cussons Nigeria Plc	11.24	25.00	13.76	122.42
4.	Unilever Nigeria Plc	10.38	18.50	8.12	78.23
5.	Northern Nigeria Flour Mills Plc	14.16	21.85	7.69	54.31
6.	Glaxo Smithkline Consumers Plc	14.68	22.40	7.72	52.59
7.	Nigerian Breweries Plc	40.85	53.02	12.17	29.79
8.	Guinness Nigeria Plc	99.50	127.50	28.00	28.14
9.	Nestlé Nigeria Plc	191.44	239.50	48.06	25.10
10.	Vitafoam Nigeria Plc	4.65	5.65	1.00	21.51

Source: Compiled from The NSE reports

The other nine of the nineteen gainers recorded price appreciations ranging from 1.06% to 20.16%.

In the preceding year, the top 30 companies registered gains in the range of 130% to 1,000%.

Losers

The losers chart (see Table 19) was led by Capital Oil Plc, whose unit share price fell by 95.73% to close 2009 at ₦0.59 (2008: ₦13.83), followed by Wema Bank Plc and Equity Assurance Plc with losses of 93.49% and 90.12% respectively.

Table 19: TOP 10 PRICE PERCENTAGE LOSERS ON THE NIGERIAN STOCK EXCHANGE IN 2009

Position	Company	Price on 31/12/08 (₦)	Price on 31/12/09 (₦)	Absolute Loss (₦)	% Change
1.	Capital Oil Plc	13.83	0.59	13.24	95.73
2.	Wema Bank Plc	14.29	0.93	13.36	93.49
3.	Equity Assurance Plc	5.06	0.50	4.56	90.12
4.	First Aluminium Plc	4.52	0.50	4.02	88.94
5.	African Petroleum Plc	293.98	33.51	260.47	88.60
6.	Fin Bank Plc	4.45	0.53	3.92	88.09
7.	Ikeja Hotel Plc	7.14	0.87	6.27	87.82
8.	Intercontinental Bank Plc	12.94	1.61	11.33	87.56
9.	Bank PHB Plc	10.24	1.32	8.92	87.11
10.	Spring Bank Plc	5.59	0.76	4.83	86.40

Source: Compiled from The NSE reports

The other 139 companies on the losers list in 2009 posted losses ranging from 0.62% to 85.98%. In 2008, the highest loser recorded a decline of 82.43%.

FGN Bond Market

Trading in Federal Government of Nigeria (FGN) bonds – off the exchange – remained vibrant in 2009. This market recorded a turnover of ₦18.178 trillion, from the sale of 16.79 billion units of bonds executed in 132,374 deals (see Table 20). In the preceding year, a turnover of ₦10.19 trillion was registered from the sale of 10.09 billion units of bonds in 80,135 deals. Since trading commenced on this platform in February 2006, 31.41 billion units of bonds valued at ₦33.11 trillion have exchanged hands in 248,232 deals.

Table 20: FGN BONDS TRADING STATISTICS (2006–2009)

Period	Deals	Volume (Unit)	Face Value	Consideration (₦)
Feb–Dec 2006	5,482	585,410,867	585,410,867,000	607,018,136,539.09
2007	30,241	3,947,284,982	3,947,284,982,000	4,141,556,108,055.44
2008	80,135	10,090,235,806	10,090,235,806,000	10,186,249,772,740.10
2009	132,374	16,789,262,632	16,789,262,632,000	18,178,582,784,463.00
TOTAL	248,232	31,412,194,287	31,412,194,287,000	33,113,406,801,798.00

Source: CSCS

COLLECTIVE INVESTMENTS

The operations of Collective Investment Schemes in Nigeria are governed by sections 152–196 of the Investments and Securities Acts, No. 29 of 2007 and the Rules and Regulations made pursuant to the Act.

REGISTERED UNIT TRUST SCHEMES

Approved Applications

During the period under review, the following of six applications for registration of Unit Trust Schemes were approved.

1. **BGL Sapphire Fund:** Application for registration of the proposed initial public offering of 200,000,000 units at ₦50.00 each. Approval was granted to hold a Completion Board Meeting. The Issuing House thereafter requested a suspension of the offer until the market improves. The offer is on hold.
2. **BGL Xcalibur Fund:** Application for registration of the proposed initial public offering of 100,000,000 units at ₦50.00 each. The Issuing House requested a suspension of the offer until the market improves. The offer is on hold.
3. **BGL Nubian Fund:** Application for registration of an initial public offering of 100,000,000 units at ₦50.00 each. The Issuing House also requested a suspension of the offer until the market improves. The offer is on hold.
4. **Stanbic IBTC Bond Fund:** Application for registration of 10,000,000 units at ₦100 per unit. The Fund is an 'open-ended' fund with the objective of achieving competitive returns on assets by investing in a diversified portfolio of high-quality (Corporate and Government) bonds. The Fund also intends to invest 10% of its asset in Eurobonds issued by Nigerian entities quoted on the exchange.
5. **Stanbic IBTC Money Market Fund:** Application for registration of 10,000,000 units at ₦1.00 each at 100 per unit. The objective of the Fund is to obtain as high a level of current income as is consistent with capital preservation. The Fund shall invest solely in money market instruments. The offer was oversubscribed.

6. **Nigerian International Debt Fund:** Application for restructuring the Fund from a 'closed-ended' to an 'open-ended' fund.

APPROVALS FOR ANNUAL AUDITED ACCOUNTS

A total number of 16 Funds audited accounts were reviewed and approved within the year. These include:

1. **Intercontinental Integrity Fund**
2. **Skye Shelter Fund**
3. **Denham Management Millennium Fund**
4. **Stanbic IBTC Equity Fund**
5. **DVCF Oil and Gas Fund**
6. **Kakawa Guaranteed Income Fund**
7. **FBN Heritage Fund**
8. **Coral Growth Fund**
9. **Coral Income Fund**
10. **Coral Ethical Fund**
11. **ARM Aggressive Growth Fund**
12. **ARM Discovery Fund**
13. **UBA Money Market Fund**
14. **UBA Balanced Fund**
15. **UBA Bond Fund**
16. **UBA Equity Fund**

ANNUAL GENERAL MEETINGS OF FLOATED FUNDS

During the period under review, 14 Funds held their Annual General Meeting (AGM), as shown in Table 21.

Table 21: ANNUAL GENERAL MEETINGS AND DIVIDENDS OF FLOATED FUNDS

S/No	Fund Name	Fund Manager	AGM Date	Dividend Declared
1.	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Management Ltd	AGM for the year ended 30th September 2008 was held on 21st April 2009	0.07 kobo per unit
2.	DVCF Oil & Gas Fund	DVCF Oil & Gas Plc	AGM for the year ended 30th September 2008 was held on 14th May 2009	15.5 kobo per unit
3.	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	AGM for the year ended 31st May 2008 was held on 28th April 2009	0.13 kobo per unit
4.	Legacy Income Fund	CSL Stockbrokers Limited	AGM for the year ended 31st March 2008 was held in June 2008	
5	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Management Ltd	AGM for the year ended 30th June 2009 was held on 20th August 2009	
6	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Management Ltd	AGM for the year ended 31st October 2008 was held on 20th August 2009	₦110.00 per unit
7.	UBA Equity Fund	UBA Asset Management Limited	AGM for the year ended 31st March 2008 was held on 9th July 2009	Nil
8.	UBA Money Market Fund	UBA Asset Management Limited	AGM for the year ended 31st March 2008 was held on 9th July 2009	0.075 kobo per unit
9.	UBA Bond Fund	UBA Asset Management Limited	AGM for the year ended 31st March 2008 was held on 9th July 2009	0.10 kobo per unit
10.	UBA Balanced Fund	UBA Asset Management	AGM for the year ended 31st March 2008 was held	0.025 kobo

		Limited	on 9th July 2009	per unit
11.	ARM Aggressive Growth fund	Asset & Resource Management Company Limited	AGM for the year ended 31st December 2008 was held on 4th December 2009	Nil
12.	ARM Discovery Fund	Asset & Resource Management Company Limited	AGM for the year ended 31st December 2008 was held on 4th December 2009	₦2.00 per unit
13.	Denham Management Millennium Fund	Chapel Hill Denham Management Limited	AGM for the year ended 31st December 2008 was held on 29th October 2009	Nil
14.	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	AGM for the year ended 31st May 2009 was held on 22nd December 2009	Nil

Table 22: PERFORMANCE INDICATORS OF SELECTED FUND MANAGERS

Name of Fund	2008	2007
DVCF Oil & Gas Fund	₦'000	₦'000
Total Investible Funds	561,381,142	369,833,750
% of Investible Funds	90.89%	92.81%
Appreciation in Market Value	(10,269,744)	71,127,831
Dividend Rate	15.5 kobo	14.0 kobo
Gross Income	121,644,672	89,499,116
Gross Expenditure	30,871,058	25,645,971
Equity Investments	152,587,006	333,228,286
Stanbic IBTC Ethical Fund	₦'000	₦'000
Total Investible Funds	7,447,761	6,134,337
% of Investible Funds	95.10%	94.29%
Appreciation in Market Value	(525,307)	1,294,993
Dividend Rate	0.07 kobo	0.085 kobo

Gross Income	(121,583)	1,678,940
Gross Expenditure	388,719	376,523
Equity Investments	6,467,761	5,884,337
Kakawa Guaranteed Income Fund		
	₦'000	₦'000
Total Investible Funds	1,493,086	N/A
% of Investible Funds	94.10%	N/A
Appreciation in Market Value	(7,474)	N/A
Dividend Rate	0.13 kobo	N/A
Gross Income	298,818	N/A
Gross Expenditure	98,951	N/A
Equity Investments	269,413	N/A
UBA Equity Fund		
	₦'000	₦'000
Total Investible Funds	3,006,835	N/A
% of Investible Funds	103%	N/A
Appreciation in Market Value	-	N/A
Dividend Rate	Nil	N/A
Gross Income	872,842	N/A
Gross Expenditure	153,649	N/A
Equity Investments	2,411,935	N/A
UBA Money Market Fund		
	₦'000	₦'000
Total Investible Funds	1,134,910	N/A
% of Investible Funds	102%	N/A
Appreciation in Market Value	-	N/A
Dividend Rate	0.075 kobo	N/A
Gross Income	240,402	N/A
Gross Expenditure	91,290	N/A

Equity Investments	224,110	N/A
UBA Bond Fund		
	₦'000	₦'000
Total Investible Funds	2,318,125	N/A
% of Investible Funds	98%	N/A
Appreciation in Market Value	-	N/A
Dividend Rate	0.10 kobo	N/A
Gross Income	503,820	N/A
Gross Expenditure	128,586	N/A
Equity Investments	Nil	N/A
UBA Balanced Fund		
	₦'000	₦'000
Total Investible Funds	2,244,665	N/A
% of Investible Funds	85%	N/A
Appreciation in Market Value	-	N/A
Dividend Rate	0.025 kobo	N/A
Gross Income	728,290	N/A
Gross Expenditure	141,113	N/A
Equity Investments	Nil	N/A

ON-SITE INSPECTION OF FUNDS

In the second quarter of the year, Fund Managers, Trustees and Registrars were inspected to ascertain compliance with their Trust Deeds, SEC Rules and Regulations and other applicable laws. The inspection revealed various issues and challenges which needed to be addressed. The inspections were conducted on the following Funds, Trustees and Registrars:

Funds

- Union Trustees Mixed Fund
- Union Real Estate Investment Trust Fund
- ARM Aggressive Fund
- ARM Discovery Fund

- Legacy Fund
- MBA Mutual Trust Fund
- Coral Growth Fund
- Coral Income Fund

Trustees

- UBA Trustees Limited
- First Trustees Limited
- BOI Trustees Limited

Registrars

- First Registrars Limited
- Sterling Registrars Limited
- Finbank Registrars Limited
- Union Registrars Limited

SPECIAL ON-SITE INSPECTION

The Commission appointed FDHL Consulting, in conjunction with its own Officers, to carry out on-site inspections of funds floated by the seven banks named by the Central Bank of Nigeria (CBN) as ailing funds managed by Fund Managers on the CBN's debtor list.

The Funds included:

- Oceanic Vintage Fund
- Intercontinental Integrity Fund
- Union Home REITS
- Union Trustees Mixed Fund
- IMB Energy Master Fund
- Anchor Fund
- Bedrock Fund.

SCHEMES RECOMMENDED FOR WINDING UP

- Devcon Mutual Fund
- Gloria Unit Trust Scheme
- First Interstate Unit Trust Scheme
- Lead Unit Trust Scheme
- Centre Point Unit Trust Scheme
- Coral Ethical Fund

Table 23: SUMMARY OF REGISTERED UNIT TRUST SCHEMES

Fund Name	Number of Registered Funds	Net Asset Value (₦)
Income Based Fund	7	5,623,406,485.89
Ethically Based Fund	3	7,306,064,773.42
Bond Based Fund	3	3,553,744,376.25
Balanced Based Fund	3	5,751,717,109.20
Real Estate Investment Trust Fund (REITS)	2	15,119,362,854.00
Specialised Based Fund	1	651,633,690.44

Monthly/Quarterly Returns of Unit Trust Schemes

During the period under review, 307 monthly returns and 81 quarterly returns were received and reviewed.

VENTURE CAPITAL

Registered Venture Capital Fund Manager

As at 31st December 2009, there were 11 venture capital fund management companies. These included:

- DVCF Oil and Gas
- Diamond Capital & Financial Markets Ltd
- First Funds Ltd
- IBTC Ventures Ltd
- SME Manager Ltd
- Enterprises Capital Management Ltd
- Fidelity Union Securities Co. Ltd
- Intercontinental Capital Market Ltd
- Spring Capital Market Ltd
- Unique Venture Capital Management Co. Ltd
- Amalgamate Capital Funds Company.

Of these, five are presently active and are managing a total of ₦14.69 billion on behalf of their clients and/or parent companies (see Table 24). However, DVCF Oil and Gas has stated its intention to restructure the Fund to a Unit Trust Scheme.

Table 24: ACTIVE VENTURE CAPITAL FUND MANAGEMENT COMPANIES

Fund Management Company	Value of Managed Funds (₦)
First Funds Ltd	4,008,620,312.93
IBTC Ventures Ltd	690,736,069.04
DVCF Oil and Gas	1,044,886,813.00
Diamond Capital & Financial Markets Ltd	5,000,000,000.00
SME Manager Ltd	3,942,640,909.00
Total	14,686,884,103.97

Off-Site Inspections

Five off-site inspections were carried out during the period under review.

MERGERS, ACQUISITIONS AND TAKEOVERS

During the year under review, the Commission received 14 applications, seven of which were acquisitions, six mergers and one takeover. There were a total of 11 approved transactions.

The approved transactions covered a number of sectors, including Banking, Insurance, Capital Markets, Oil, Beverages and Manufacturing. Three of the companies involved in insurance were fall-out of the Insurance sector consolidation, which was concluded in 2007.

NEW APPLICATIONS**ACQUISITIONS**

- (i) Acquisition of 100% equity holdings of Africa International Bank Ltd by Ecobank Nigeria Plc
- (ii) Acquisition of 100% equity holdings of Rencap Securities Ltd by Renaissance Securities Ltd
- (iii) Acquisition of 26.50% equity holdings of Wema Bank Plc by SW8 Investment Ltd
- (iv) Acquisition of 95% equity holdings of CFAO in Dil/Maltex Nigeria Plc by Consolidated Breweries Plc
- (v) Acquisition of 51% equity holdings of Nigeria Eagle Flour Mills Ltd by Flour Mills Nigeria Plc

- (vi) Transfer of 100% equity holdings of Diamond Bank in Diamond Securities Ltd to Diamond Capital & Financial Markets Ltd
- (vii) Transfer of all the assets, liabilities and undertakings of CFAO Motors Ltd to CFAO Nigeria Plc

MERGERS

- (i) Merger between Technological Support Centre Ltd and Brian Integrated Systems Ltd
- (ii) Merger between First Alliance Pension Ltd and Asset and Resource Pension Managers
- (iii) Merger between Stokvis Nigeria Plc and Naturelle Extracts Ltd
- (iv) Merger of Intercontinental Capital Markets Ltd, Intercontinental Securities Ltd and Intercontinental Finance & Investment Ltd
- (v) Merger between ADIC Insurance Ltd and ADIC Life Assurance Ltd
- (vi) Merger between A & G Insurance Ltd and A & G Life Plc

TAKEOVERS

- (i) **Mandatory Tender offer by Consolidated Breweries Plc to the shareholders of Dil/Maltex Nigeria Plc**

This application was a fall-out of an earlier application involving the acquisition of 95.5% equity holdings of CFAO in DIL/Maltex Nigeria Plc by Consolidated Breweries Plc. The application is exempted from the regulation of the Commission based on the provisions of Section 118 (3) of the ISA 2007.

APPROVED TRANSACTIONS

ACQUISITIONS

- (i) **Acquisition of 100% equity holdings of Elmac Insurance Company Ltd by Lasaco Insurance Plc**

Purchase Consideration

The purchase consideration was by share exchanges. A total of 10,940,933 ordinary shares of 50 kobo each were issued to the shareholders of Elmac Insurance Ltd in consideration for the acquisition of their 100% equity holdings. This was at a share exchange ratio of 42 ordinary shares of Elmac Insurance to every ordinary share of Lasaco Insurance Plc.

Acquiring Company

Lasaco Insurance Plc

(ii) Acquisition/Cancellation of 3,393,589 Irredeemable Participating Investment Notes (IPINs) of Niger Delta Exploration and Production Plc by the company

Purchase Consideration

The purchase consideration for the acquisition/cancellation of 3,393,589 Irredeemable Participating Investment Notes (IPINs) of Niger Delta Exploration and Production Plc was by both issuance of shares and payment of cash. The IPINs were earlier issued to investors by way of private placement in order to raise funds for the company's operations. The consideration was settled by the payment of \$10,542,620.23 (representing 30% of the total value of the IPINs to the Noteholders) and a total of 18,727,321 ordinary shares of Niger Delta Exploration and Production Plc (representing 70% of their value).

Acquiring Company

Niger Delta Exploration and Production Plc

(iii) Acquisition of 100% equity holdings of African International Bank Ltd by Ecobank Nigeria Plc

Purchase Consideration

The purchase consideration for the acquisition of 100% equity holdings of African International Bank Ltd by Ecobank Nigeria Plc was by payment of cash. A total of ₦65,000,000 was paid to the shareholders of African International Bank by Ecobank Nigeria Plc, based on ₦65 per share.

Acquiring Company

Ecobank Nigeria Plc

(iv) Acquisition of 51% equity holdings of GTI Insurance Ltd by Platinum Habib Bank Plc

Purchase Consideration

The purchase consideration for the acquisition of 51% equity holdings of GTI Insurance Ltd by Platinum Habib Bank Plc was by payment of cash. A total ₦1,530,000,000 was paid by Platinum Habib Bank to the shareholders of GTI Insurance Ltd.

Acquiring Company

Platinum Habib Bank Plc

(v) Acquisition of 100% equity holdings of Worldwide Insurance Company Ltd by Mutual Benefits Assurance Plc**Purchase Consideration**

The purchase consideration was by share exchanges. A total of 44,481,296 ordinary shares of 50 kobo each were issued to the shareholders of Worldwide Insurance in consideration for the acquisition of their 100% equity holdings. This was at a share exchange ratio of one ordinary share of Mutual Benefits Assurance for every five ordinary shares of Worldwide Insurance.

Acquiring Company

Mutual Benefits Assurance Plc

(vi) Acquisition of 100% equity holdings of Rencap Securities (Nigeria) Ltd by Renaissance Securities (Nigeria) Ltd**Purchase Consideration**

The purchase consideration for the acquisition of 100% equity holdings of Rencap Securities by Renaissance Securities was by payment of cash. A total of ₦70,000,000 was paid to the shareholders of Rencap Securities Ltd.

Acquiring Company

Renaissance Securities (Nigeria) Ltd

(vii) Acquisition of 26.50% equity holdings of Wema Bank Plc by SW8 Investment Ltd**Purchase Consideration**

The purchase consideration for the acquisition of 2,700,000,000 ordinary shares, representing 26.50% equity holdings of Wema Bank Plc, was by payment of cash. A total of ₦13,500,000,000 was paid to Wema Bank by SW8 Investment Ltd at a unit price of ₦5.00 per ordinary share.

Acquiring Company

SW8 Investment Ltd

(viii) Acquisition of 100% equity holdings of CSL Stockbrokers Limited and CSL Registrars Limited by FCMB Plc

Purchase Consideration

The purchase consideration for the acquisition of 100% equity holdings of CSL Stockbrokers Ltd and CSL Registrars Ltd by FCMB Plc was by payment of cash. A total of ₦6.65 billion and ₦995,000,000 was paid for the entire equity holdings of CSL Stockbrokers and CSL Registrars, at a unit price of ₦66.5 and ₦19.90 respectively.

Acquiring Company

FCMB Plc

(ix) Acquisition of 95.5% equity holdings of CFAO in DIL/Maltex Nigeria Plc by Consolidated Breweries Plc

Purchase Consideration

The purchase consideration for the acquisition of 95.5% equity holdings of CFAO in DIL/Maltex by Consolidated Breweries was by payment of cash. A total of €4,277,250 and ₦808,708,212 respectively was paid to CFAO.

Acquiring Company

Consolidated Breweries Plc

MERGERS

(i) Merger between West Africa Household Utilities Manufacturing Company Ltd (WAHUM) and Battery Manufacturing Company Nigeria Limited (BAMCO)

Purchase Consideration

The consideration for the transfer of all the assets, liabilities and undertakings of Battery Manufacturing Company Ltd to West Africa Household Utilities Manufacturing Company Ltd was by payment of cash. A total of ₦6.67 per share of Battery Manufacturing Company Limited was paid to the shareholders of the company.

Resultant Company

West Africa Household Utilities Manufacturing Company Ltd

MANAGEMENT BUY-OUT

- (i) **Acquisition of 70% equity holdings of Guaranty Trust Bank Plc in Assets & Resource Management Ltd by the management of Assets & Resource Management Ltd through a Management Buy-Out**

Purchase Consideration

The purchase consideration for 70% equity holdings of Guaranty Trust Bank Plc in Assets & Resource Management Ltd by the management of Assets & Resource Management Ltd was by payment of cash. A total of ₦80,000,000 was paid to Guaranty Trust Bank Plc.

Acquiring Company

ARM Management Buy-Out Ltd

Table 25: SUMMARY OF MERGERS, ACQUISITIONS, TAKEOVERS AND MANAGEMENT BUY-OUTS IN 2009

	Merger	Acquisition	Takeover	Management Buy-Out	Total
New Applications	6	7	1	-	14
Approved Applications	1	9	-	1	11

REGISTRATION OF CAPITAL MARKET OPERATORS

Fresh Applications

A total of 157 new applications for registration to perform various functions were received in 2009 (see Table 26).

Table 26: NEW APPLICATIONS IN 2009

S/No.	Applied Function	Number of Applicants	% of Total
1.	Fund/Portfolio Managers	45	28.66
2.	Solicitors	24	15.29
3.	Reporting Accountants/Auditors	16	10.19
4.	Corporate Investment Advisers	27	17.20
5.	Individual Investment Advisers	8	5.10

6.	Issuing Houses	6	3.80
7.	Venture Capital Managers	3	1.90
8.	Custodians	3	1.90
9.	Broker/Dealers	7	4.46
10.	Capital Market Consultants	8	5.10
11.	Registrars	2	1.27
12.	Sub-brokers	5	3.18
13.	Underwriter	1	0.64
14.	Trustees	1	0.64
15.	Rating Agency	1	0.64
TOTAL		157	100

Fund/Portfolio Managers constituted the majority of applicants with 45 applications, representing 28.66% of all new applications received during the year. They were followed by Corporate Investment Advisers and Solicitors, with 27 applicants (17.20%) and 24 applicants (15.24%) respectively.

Registration Meetings were held in April, June, July, October and December 2009, at which the applications of 50 capital market operators (CMOs) were approved (see Table 27).

Table 27: APPROVED CAPITAL MARKET OPERATOR APPLICATIONS IN 2009

S/No.	Company	Functions
1.	Vetiva Trustees Ltd	Trustees
2.	Skyview Capital Ltd	Broker/Dealer
3.	Kingsthrones Ltd	Corporate Investment Adviser
4.	Future View Securities Ltd	Broker/Dealer
5.	Odubumi Solarin & Co.	Reporting Accountant
6.	Dunn Loren Merrifield Ltd	Issuing House/Underwriter
7.	Solo Akuma & Associates	Solicitor
8.	Kedari Capital Ltd	Issuing House/Fund Portfolio Manager
9.	Angela Alim & Co.	Solicitor
10.	Madumere & Madumere – Osinachi Chambers	Solicitor
11.	Udoetuk & Associates	Estate Surveyor and Valuer

12.	Plural Securities Ltd	Broker/Dealer
13.	Diamond Registrars	Registrar
14.	Noah & Co.	Solicitor
15.	Yakubu A H Ruba & Co	Solicitor
16.	Tope Kuyoro & Co	Reporting Accountant/Auditor
17.	Woodland Capital Markets Plc	Broker/Dealer & Investment Adviser
18.	Chapel Hill Denham Securities Ltd	Broker/Dealer
19.	Equity & Trust Chambers	Solicitor
20.	Cardinal Stone Partners Ltd	Issuing House, Fund/Portfolio Manager
21.	E-Law & Co.	Solicitor
22.	Boaz Management & Financial Strategies Ltd	Portfolio Manager
23.	The Metropolitan Law Firm	Solicitor
24.	Solomon Ewuga & Associate	Solicitor
25.	First Integrated Capital Management Ltd	Broker/Dealer
26.	Access Investments Securities	Fund/Portfolio Manager and Corporate Investment Adviser
27.	Niyi Olopade & Co.	Solicitor
28.	Emma Ugwoke & Associates	Estate Surveyor and Valuer
29.	Farinde Olateju & Co.	Reporting Accountant and Auditor
30.	Funds Matrix & Assets Management Ltd	Broker/Dealer
31.	Nairacheque Securities Ltd	Portfolio Manager
32.	Bradford & Bingley Invest Ltd	Portfolio Manager
33.	Pengium Asset Management Ltd	Portfolio Manager
34.	ET&F Investment Ltd	Portfolio Manager
35.	Easy Trade Concept Ltd	Portfolio Manager
36.	Kellogs Assets Management Ltd	Portfolio Manager
37.	Proforte Ltd	Portfolio Manager
38.	Kayode Sofola & Associates	Solicitor
39.	Shuaibu Abdullahi Omata & Co.	Reporting Accountant
40.	Stanbic IBTC Trustees Ltd	Trustee
41.	Simmons Cooper Partners	Solicitor

42.	IVN Global Services	Individual Investment Adviser
43.	Adekunle Alli & Co.	Reporting Accountants/Auditor
44.	S Alhassan & Co.	Solicitor
45.	Consortium Investment Ltd	Broker/Dealer
46.	Peach & Prime Ltd	Portfolio Manager
47.	Global Mandate Consulting Ltd	Portfolio Manager and Corporate Investment Adviser
48.	Converged Dynamics Nig Ltd	Portfolio Manager
49.	F O Kilani & Co.	Solicitor
50.	Capital Structures Ltd	Portfolio Manager and Corporate Investment Adviser

A summary of approved applications by function can be found in Table 28 below.

Table 28: APPROVED CAPITAL MARKET OPERATOR APPLICATIONS BY FUNCTION

S/No.	Approved Functions	Number	Share (%)
1.	Issuing House	3	5.0
2.	Underwriter	1	1.7
3.	Solicitor	14	23.3
4.	Fund/Portfolio Manager	3	5.0
5.	Estate Surveyor and Valuer	2	3.3
6.	Broker/Dealer	8	13.3
7.	Registrar	1	1.7
8.	Reporting Accountant	5	8.3
9.	Auditor	3	5.0
10.	Corporate Investment Adviser	5	8.3
11.	Trustee	2	3.3
12.	Individual Investment Adviser	1	1.7
13.	Portfolio Manager	12	20.0
TOTAL		60	100

With 14 approved applications, solicitors constituted 23.3% of all approved applications, followed by Portfolio Managers with 12 approved applications (20%). Further analysis indicated that there were 18 approved applications (30%) from other capital market functions such as Issuing House, Broker/Dealer, Registrar, Fund/Portfolio Manager and Trustee.

FINANCIAL STANDARDS AND CORPORATE GOVERNANCE

During the year under review, the Commission carried out the following activities to foster good corporate governance in public companies and enhance the confidence of investors in the market.

DEVELOPMENT OF FINANCIAL REPORTING STANDARDS

During the year, the Commission directed that all external auditors of public companies should henceforth comply with the provisions of Section 63 of the Investments and Securities Act No. 29, 2007, which provides that an auditor of a public company shall, in their audit report to the company, issue a statement as to the existence, adequacy and effectiveness, or otherwise, of the internal control system of that company.

The aim is to ensure that financial reports are built on a solid foundation of integrity and transparency by public companies.

ANALYSIS OF ANNUAL REPORTS AND ACCOUNTS

The Commission reviewed the Annual Report and Accounts of 89 quoted companies during the year.

The aim of the review was to ascertain the financial health, going concern status, compliance with rules and regulations of the Commission and the Code of Corporate Governance.

INTERIM FINANCIAL REPORTING

In 2009, the Commission also commenced the review of quarterly reports and the earnings forecasts of quoted companies. In this regard, the Commission directed all quoted companies to file quarterly financial reports as well as earning forecasts as required by the ISA 2007. The emphasis is to monitor the performance of companies on a periodic basis, as well as for the reports to comply with SAS 30 and IAS 34.

The responses/reports received from the companies were not in line with the requirement of the standards. However, efforts are being made to ensure better reporting as required by the standards.

HALF-YEARLY RETURN FORMS/REPORTS

The Commission introduced the half-yearly return form for public quoted companies to disclose issues relating to corporate governance and financial disclosure compliance.

In furtherance of this directive, the Commission received half-yearly returns from 71 of the 213 quoted companies.

In the course of the review, the following lapses were observed in most of the companies:

- late rendition of returns
- non-commencement of e-dividend payment
- non-disclosure of the state of unclaimed dividend
- non-certification of the return forms by officers concerned
- the Audit Committee not having met with internal audit
- the Audit Committee not having met with the Board of the companies
- Board meetings not being regular
- not distinguishing the Executive Board members from Non-executive Board members
- the company's external auditors being engaged for a long period of time
- notices of AGM sent to shareholders falling short of the minimum 21 working days, as required by the Code of Corporate Governance
- inadequate Board Committees, e.g. some companies not having a Remuneration Committee or a Risk Management Committee
- non-provision of policy for newly appointed directors to receive orientation and formal training that could help them on the job
- non-existence of a policy on company's succession plan.

The lapses were communicated to the companies and most of them responded positively.

Penalties were imposed on companies that failed to render their half-yearly returns.

UNCLAIMED DIVIDEND

Public Companies are required to provide up-to-date information on their unclaimed dividend funds on a half-yearly basis. The total figure of unclaimed dividends of companies that sent their returns to the Commission in 2009 was ₦13,810,607,436.82.

CORPORATE GOVERNANCE ASSESSMENT FOR NIGERIA

A corporate governance assessment was conducted in 2009.

The assessment was part of the joint World Bank/IMF ROSC initiative and was conducted in collaboration with various national stakeholders.

The aim was to improve on the effectiveness of the Code of Corporate Governance and the Audit Committees of public companies.

MARKET DEVELOPMENT PROGRAMMES

SEMINARS/CONFERENCES

During the period under review, the Commission held the following seminars:

- a seminar on Intermediated Securities which attracted participants from other African countries and Europe
- an IOSCO seminar for the Africa/Middle East Regional Committee training programme, under the theme 'Examination, Investigation and Litigation of Securities Sales Practice Violations'.

ENLIGHTENMENT PROGRAMMES

The following enlightenment programmes were carried out in 2009:

- an NYSC orientation programme at NYSC orientation camps in Rivers and Cross River States with the theme 'Introducing the Capital Market: A Window for Wealth Creation and Career Development'
- presentation of a paper titled *Investment Decisions in the Capital Market and Financial Management in a Global Economic Meltdown* at the Students' Entrepreneurship Summit, Federal Polytechnic, Nekede, Owerri Imo State
- a radio programme on the Kaduna State Media Corporation, broadcast in English and Hausa, focusing on the activities of the Commission
- presentation of papers on Capital Market Operations and Functions of the Commission, at the Joint Seminars of the College of Business and Management Studies, Kaduna Polytechnic and Staff of National Board for Technical Education in Kaduna State

- an enlightenment programme in Jigawa State, with 262 participants from the state and local governments, investment companies, stockbroking outfits, educational institutions and civil societies.

EXCURSIONS

As part of its developmental mandate, the Commission hosted students and lecturers from various secondary and tertiary institutions across the country.

Various papers were presented to the students to educate them on the functions and activities of the Commission.

Investors' Education

During the period under review, the Commission carried out the following educational programmes:

- The second National Quiz Competition on the capital market for secondary schools
- training sessions for reporters and editors in conjunction with the Nigerian Capital Market Institute (NCMI) as part of the Commission's policy to ensure better reporting of the capital market in particular and the Nigerian economy in general
- training programmes organised by professional bodies such as the Finance Correspondents Association of Nigeria (FICAN) and the Capital Market Correspondents Association of Nigeria (CAMCAN), and training personnel at the sessions.

PUBLICATIONS

During the period under review, the Commission continued with production of SEC quarterly magazines, which also serve as an educational tool to investors.

SECTION 3

- **REPORT ON LEGAL AND ENFORCEMENT ACTIVITIES**

REPORT ON LEGAL AND ENFORCEMENT ACTIVITIES

LEGAL OPINIONS

During the period under review, 78 legal opinions were rendered on a wide range of issues affecting the market. Some of the key opinions were as follows:

i) Interpretation of Section 307 of the ISA 2007

Legal opinion was sought on the interpretation of Section 307 of the ISA 2007, with particular emphasis on the proper construction of the word '**may**' as used in the Act, in respect of market operators changing their registered name.

It was the view of the Commission that where a duty was imposed, whether or not the word '**may**' was used in the statute, it would be construed as meaning '**shall**'. Reference was made to the case of **Ude Vs Nwara SC. 282/1990**, where the Supreme Court held that the word '**may**' in the statute should be construed as mandatory.

The Commission submitted that the interpretation of the word '**may**' in Section 307(I) of the ISA should be construed to convey the same meaning as '**shall**' or '**must**', which was mandatory in nature and therefore imposed a duty on capital market operators (CMOs) to get the prior approval of the Commission before changing their registered names.

ii) Proposed IFC Naira-denominated bond

The International Finance Corporation (IFC) proposed to issue a Naira-denominated bond and requested waivers/exemptions/concessions on certain provisions of the ISA and the Rules and Regulations of the Commission.

After review of the schedule containing the waivers requested, the opinion was that the IFC should be made to comply with the provisions of the ISA 2007 and the Rules and Regulations of the Commission.

However, it was noted that because of the peculiar nature of the IFC as a supranational organisation, certain waivers could be granted under Rule 222 of the SEC Rules and Regulations.

iii) Payment of stamp duties by stockbroking firms

On the question of whether stockbrokers should pay stamp duties on contract notes to the Federal Inland Revenue Services (FIRS) or the Nigerian Postal Service (NIPOST), the Commission made a determination that stamping of contract notes did not involve payment of any additional tax other than the purchase of the stamp affixed to a contract note. The amount of purchase constituted the tax/revenue to the Government.

Also, the requirement in the above instance was not *ad valorem*, in accordance with the value of the taxed item, and affixing a stamp on the contract note satisfied the requirement of the Stamp Duties Act; it was therefore not payable to the FIRS.

iv) Warehousing of shares of foreign preferential shareholders

Intercontinental Bank requested the Commission's approval to warehouse the shares being offloaded by its foreign investors so as to avoid further depression of the Nigerian Stock Exchange volume index.

The bank was advised to buy back the shares and thereafter deal with them in accordance with Rule 109B of the Commission's Rules and Regulations.

v) A Bill for an Act to make it mandatory for the National Assembly to scrutinise and approve statutory instruments before it becomes enforceable

The Commission was of the opinion that the effect of the Bill on expeditious rule-making by the Commission be made known to the Honourable Minister of Finance, so that appropriate steps could be taken at Government level to ensure the Bill did not affect the rule-making powers of the Commission.

vi) Current development in unit trust schemes/mutual funds amid the meltdown in the capital market

First Trustees Nigeria Ltd requested the Commission to endorse the non-compliance of fund managers with the terms of the Trust Deed, as regards altering asset allocation allegedly designed to protect investors. The Commission was of the opinion that the request, if granted, would violate the ISA and the Rules and Regulations, as well as the provisions of the Trust Deed and therefore the request be declined.

vii) Request for clarification on registration for private equity funds

The Commission was of the opinion that private equity funds were not subject to registration since the schemes are not intended for the solicitation of funds from the public. However, it was advised that the investors to the fund must not exceed 50 persons.

ix) Interim Comparative Legal Guide – request for additional information on the application of Section 131 of the ISA

Aluko & Oyebode, a firm of solicitors, required clarification on the applicability of Section 131 (1) of the ISA 2007 to some takeover transactions.

The Commission reviewed this request and was of the view that there was an obligation on every shareholder acquiring 30% or more of the shares or voting rights of a company to make a takeover offer to other shareholders of that class. The Commission was also of the opinion that the ISA 2007 would apply to a shareholder holding 30% or more of shares of a company prior to the enactment of the Act.

x) Review of a bill for an Act to repeal the Nigerian Accounting Standards Board Act 2003 and enact the Financial Reporting Council of Nigeria and for matters connected therewith, 2007

The Commission received the draft Bill for its comments.

Following the review of the Bill, the Commission observed that while the Code of Best Practices for Corporate Governance in Nigeria (2003), which SEC (in collaboration with other regulatory bodies) drafted, was currently in force, Section 50(c) of the proposed Bill empowers the Directorate of Corporate Governance to issue a Code of Corporate Governance and establish a mechanism for periodic reassessment of the Code and Guidelines.

It was suggested that the section be expunged and the Bill be made to bring awareness to the existing code, which had been adopted and is in use in the Nigerian capital market.

xi) Proposed amendment to the Land Use Act – input of SEC

The Commission received a memo on the proposed amendments to the Land Use Act and advised that Section 22 of the Act be amended to make transfer of title to land easier, to support the development of the capital market.

Section 22 of the Act requires rightful owners of land to obtain the Governor's consent before any transfer of interest can be effected. Because the Governor's consent is not easily obtained, the process hinders investors who want to sell their property for the purpose of investing in the capital market.

xii) Nigerian International Financial Centre Establishment Bill 2009

The Commission received a letter from Central Bank of Nigeria, forwarding the draft of the above Bill for review. The Bill was for the establishment of a Nigerian International Financial Centre for the purpose of creating a world-class financial zone that will act as a catalyst for economic growth in Africa.

The Commission reviewed the draft Bill and forwarded its comments to the Central Bank of Nigeria for further consideration.

LITIGATION

During the year under review, the Commission was involved in 50 cases in various courts across Nigeria. Twelve of the cases were concluded, and 38 are still pending.

RULE MAKING

During the year under review, the following Amendments/New Rules were finalised and became effective:

- New Rules on bookbuilding
- Rules on sub-brokers
- Rules on the qualification of sponsored individuals.

The following proposed Rules were not finalised in 2009:

- Rules on issuing corporate bonds
- Rules on the Money Market Fund
- Rules on mergers
- Rules on procedures of the Administrative Proceedings Committee of the Commission
- Rules on the regulation of public companies
- Rules on margin finance/trade
- Rules on Inter-Dealer Brokers (IDB)
- Rules on bonus issues and other sundry amendments to the Rules and Regulations.

MARKET SURVEILLANCE

During the year under review, the Commission continued its market surveillance activities via on- and off-site inspections and reviews of financial statements.

A total of 95 market intermediaries were inspected to ascertain their compliance with the Investments and Securities Act 2007 and the Rules and Regulations, and also to assess their financial health. Some of the intermediaries were subsidiaries or affiliates of banks declared by CBN to be insolvent, while others were stockbroking firms that were highly indebted as a result of margin loans.

The Commission was also actively involved in the joint investigation of the following banks whose management was removed by the CBN as part of its reforms:

- Afribank Plc
- Union Bank Plc
- Intercontinental Bank Plc
- Oceanic Bank Plc
- Bank PHB Plc
- Spring Bank Plc
- Finbank Plc.

A total of 742 returns from market intermediaries were also reviewed.

Findings and Observations

The major findings of the Commission from the inspections and review of returns were as follows:

- The majority of the stockbroking firms had their shareholders' funds highly eroded due to their exposure to bank loans and the prolonged bearish trend in the market, which resulted in a fall in the share price of most quoted companies by more than 70%.
- There was a high level of interference in the management of capital market subsidiaries of banks by parent companies.
- A failure of controls and an absence of risk management expertise in most of the companies were identified.
- Manipulation of the proceeds of sales, as well as credit sales of the IPO of banks (share buy-backs), was also evident.
- Corporate governance practice was often weak and, in most of the firms, the board failed in its responsibility to provide effective supervision.
- The total indebtedness of the stockbroking firms to both banks and non-bank financial institutions amounted to ₦334 billion as at 30th June 2009.

Verification Inspections for Utilisation of Issue Proceeds

A total of 21 companies were inspected to verify the use of issue proceeds. This is to ensure that companies that source funds from the market used them in line with the plans contained in the offer documents.

The findings of the verification inspection revealed that the issue proceeds realised from the various offers were largely being used in line with the approved prospectus. However, one company (Starcomms Plc) was penalised for failing to do so.

INVESTIGATIONS

During the year under review, a total of 3,752 complaints were received against various market operators. The complaints were mainly against stockbrokers and registrars, with fewer complaints against other market operators. A total of 1,846 cases were concluded and closed.

The nature of the complaints against the stockbrokers can be summarised as follows, in descending order of occurrence:

- non-purchase of shares or undue delay in the purchase of stocks
- non-remittance of share sale proceeds
- unauthorised or fraudulent sale of shares
- refusal to transfer shares, or the illegal transfer of shares
- falsification of clients' accounts.

The nature of complaints against registrars included, in descending order of occurrence:

- failure to return monies for un-allotted shares
- non-receipt of dividend warrants and bonuses
- non-verification of share certificates
- failure to issue share certificates.

Mediation Efforts of the Commission

In line with the Commission's mediation policy, a total of 180 all-parties meetings were held during the year under review. Out of these, 121 were successfully resolved. A selection of cases resolved via all-parties meetings is contained in table 29.

Table 29: SELECTED ALL-PARTY MEETINGS IN 2009

S/No.	Parties	Nature of Complaint
1.	Apt Securities & Funds Ltd Vs. Wema Asset Management Ltd	Non-purchase of 100 million units of shares In Daar Communication Plc
2.	Tower Assets Management Ltd Vs. Mr Aliyu Abdulkura	Fraudulent misappropriation of funds against Tower Asset Management Ltd
3.	Marina Securities Ltd Vs. The Principal Partner, Joseph Nwobike & Co.	Illegal and fraudulent sale of shares of Mr Benjamin O Wilcox and Fisk Associates Ltd
4.	CSL Stockbrokers Ltd Vs. Prof. Salihu Yusuf Ingawa	Non-purchase of shares and unauthorised sale of shares

5.	Transglobe Investment & Finance Co. Ltd Vs. Omni-B Holdings Ltd	Petition against unethical/fraudulent practice
6.	UBA Stockbrokers Ltd Vs. Dr S P I Agi	Breach of contract and refusal to refund money
7.	Spring Registrars Ltd Vs. Peter John Okoli	Refusal of Spring Registrars Limited to recognise holding in African Continental Bank Plc (ACB) IFO Peter John Okoli
8.	1. Hon. Ita Enang Vs. Finland Registrars 2. Makanjuola Dahud Akinola Vs. Finland Registrars	Unallotment of Finbank Plc shares
9.	1. Mr Benjamin Wilcox 2. Fisk Associates Vs. Marina Securities Ltd	Illegal and fraudulent sale of the shares
10.	Fountain Securities Ltd Vs. Ms Wunmi Ladega, Mr O R Olusanjo	Non-refund of money
11.	Centre Point Investments Ltd Vs. Unity Bank Plc	Alleged Unity Bank Plc refusal to release shares for sale on margin account
12.	Anako Isaac Ifeanyichukwu Vs. UBA Registrars Ltd	Non-allotment of shares in UBA public offer of 1994
13.	Offor Uchenna Pascal Vs. Austenrous Global Resources Ltd	Non-purchase of shares paid for by Austenrous Global Resources Ltd
14.	Mrs Beatrice Igboanugo Vs. Solid Rock Investment Ltd	Unauthorized sale of 20,000 units of NB Plc shares
15.	Mainland Trust Ltd Vs. Mrs Asemota Efese Helen	Refund of money – non-purchase of shares
16.	Emenuga Chidi John Vs. Summit Finance Co. Ltd	Purchase of shares above the mandate of its client by Summit Finance Co. Ltd
17.	Mbano Brethren Vs. Austin & Alpha Values Ltd	Non-receipt of share certificate and dividend warrant
18.	Mrs C N Obiaku Vs. Gilonch Investment Ltd, agent to Lambeth Trust & Investment Co. Ltd	Dispute on purchase of shares of Mrs C N Obiaku
19.	Mrs Mordi Ekwutosi Vs. Union Registrars Ltd	Refusal of Union Registrars to release share certificate and dividend warrant belonging to Mrs Mordi Oneh

20.	Okoye Jonathan Okonkwo Vs. St. Martins Nigeria Ltd	Refund of money and non-receipt of First Inland Bank certificate
21.	Okonkwo Ugochukwu Simeon Vs. Transworld Investment & Securities Ltd and PaulMary Resources	Fraudulent sale of shares by Transworld Investment & Securities Ltd
22.	Amaugo Obioma Cyril Vs. Transworld Investment & Securities Ltd	Fraudulent sale of shares by Shalom Iyke Investment Company Ltd and Transworld Investment & Securities Ltd
23.	Obijaku Valentine Chukwujekwu Vs. Gosord Securities Ltd	Complaint against Uche Reginald of Gosord Securities Ltd for refusal to transfer shares bought from him

Outstanding Cases Against Registrars and Stockbrokers

In order to draw attention to market operators responsible for the highest number of infringements the Commission compiled a list of outstanding cases against Registrars (as shown in Table 30 figure 1) and Stockbrokers (as shown in Table 31) as at 31st December, 2009.

Table 30: OUTSTANDING CASES AGAINST REGISTRARS

S/No.	Registrars	Total Complaints Outstanding	Percentage %
1.	First Registrars Ltd	241	26
2.	Union Registrars Ltd	118	13
3.	Afribank Registrars Ltd	88	9
4.	Sterling Registrars Ltd	69	7
5.	Intercontinental Registrars Ltd	53	6
6.	Oceanic Registrars	42	4
7.	Zenith Registrars Ltd	42	4
8.	United Securities Ltd	41	4
9.	Diamond Registrars Ltd	36	4
10.	Wema Registrars	34	4
11.	Meristern Registrars	32	3

12.	UACN Registrars	30	3
13.	Fin Registrars	26	3
14.	UBA Registrars	25	3
15.	City Registrars	20	2
16.	Flour Mills Registrars	11	1
17.	Spring Registrars	9	1
18.	GT Registrars	26	3
	TOTAL	943	100

Figure 1: OUTSTANDING CASES AGAINST REGISTRARS

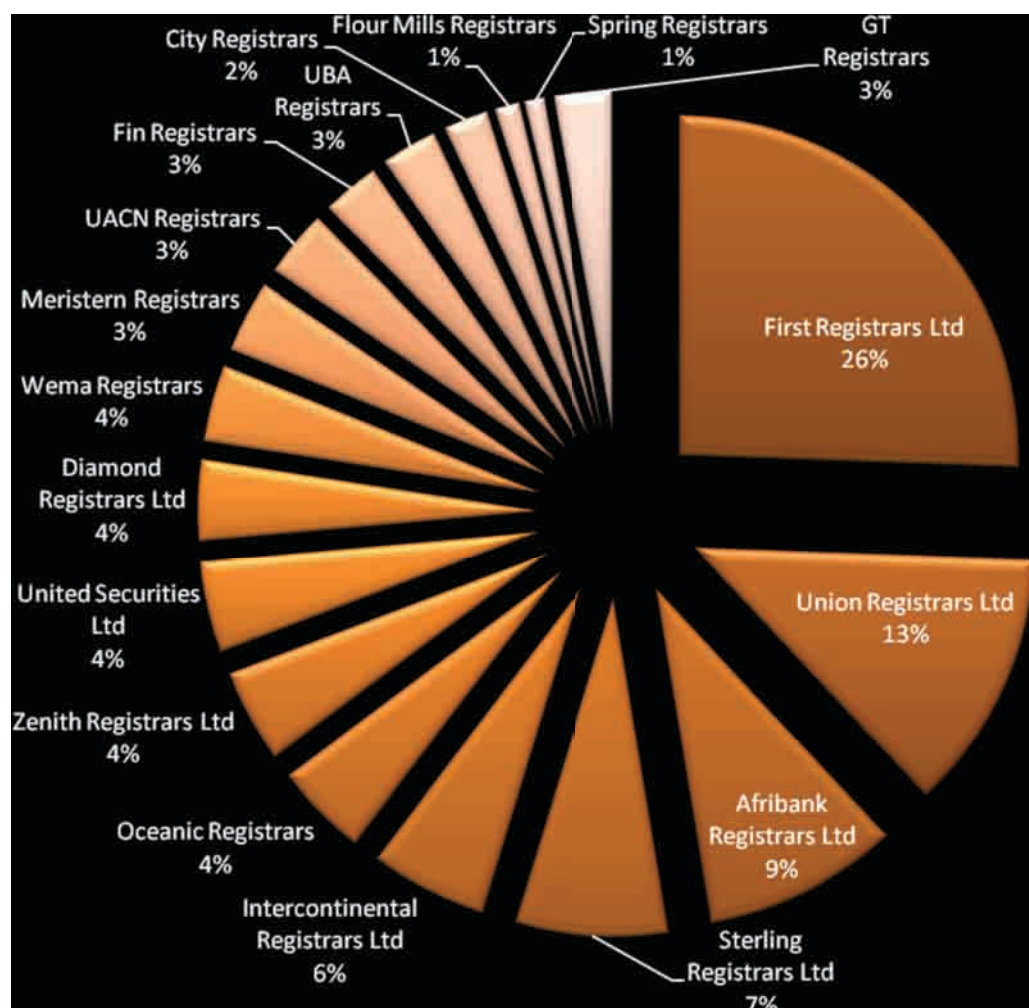


Table 31: OUTSTANDING CASES AGAINST STOCKBROKERS

Number of Complaints Outstanding	Number of Houses	Total Number of Complaints	%
Brokers with 1 complaint	82	82	9.50
Brokers with 2 complaints	44	88	10.20
Brokers with 3 complaints	16	48	5.60
Brokers with 4 complaints	19	76	8.81
Brokers with 5 complaints	16	80	9.30
Brokers with 6 complaints	9	54	6.30
Brokers with 7 complaints	6	42	4.90
Brokers with 8 complaints	5	40	4.60
Brokers with 9 complaints	3	27	3.10
Brokers with 10 complaints	4	40	4.60
Brokers with 11 complaints	2	22	2.55
Brokers with 12 complaints	5	60	6.90
Brokers with 13 complaints	2	26	3.00
Brokers with 14 complaints	1	14	1.60
Brokers with 15 complaints	1	15	1.70
Brokers with 16 complaints	1	16	1.90
Brokers with 22 complaints	2	44	5.10
Brokers with 27 complaints	1	27	3.12
Brokers with 29 complaints	1	29	3.40
Brokers with 33 complaints	1	33	3.82
TOTAL	221	863	100

Anti-Money Laundering Compliance

In compliance with the Anti-Money Laundering (Prohibition) Act (2004), the Commission inspected 77 capital market operators (CMOs) comprising 31 broker dealers, 29 broker

dealers/fund managers, and 17 fund/portfolio managers to determine their level of compliance with the Act and the relevant sections of the Rules and Regulations of the Commission.

Appointment of Compliance Officers by CMOs

In line with Section 9 of the Anti-Money Laundering (Prohibition) Act 2004 and the provisions of SEC Rule 168B on the need to appoint compliance officers, 417 CMOs were directed to comply. A total of 286 operators complied during the period under review.

ENFORCEMENT

The Commission undertook the following enforcement activities during the year under review.

i) Transglobe Investment & Finance Ltd

The operator was suspended for unauthorised and fraudulent disposal of shares belonging to SPDC Multipurpose Co-operative Society and for its failure to acquire shares paid for by the complainant.

The operator partially complied with the Commission's directive of restitution. The suspension has been lifted to enable the operator comply fully, based on the joint request of the parties to the Commission.

ii) Calyx Securities Ltd

The broker/dealer was suspended for the unauthorised sale of 11,500 units of FBN Plc shares belonging to its client and its refusal/failure to respond to the Commission's letters on the matter.

Following compliance with the Commission's directives and the investor's confirmation of the satisfactory resolution of the matter, the suspension was lifted.

iii) Harmony Securities Ltd

The broker/dealer was suspended for the fraudulent/unauthorised sale of 41,727 units of FBN Plc shares belonging to one Lekuti Owodunni, for its failure to respond to the Commission's letters and for its refusal to comply with the Commission's directives.

Following the satisfactory resolution of the case against the operator and the full payment of ₦187,500 as fine, the suspension was lifted.

iv) Light House Asset Management Ltd

The broker/dealer was suspended for failure to credit the account of its client (Mrs Oludolapo Gberevbie) with the sum of ₦558,547.70, being the amount illegally deducted from her account, and to comply with the Commission's directive.

The suspension of the broker/dealer was lifted following the presentation of further facts by the operator.

v) Finbank Plc and Fin Registrars Ltd

The operators were suspended for:

- failing to issue share certificates to subscribers
- failing to forward return monies to unsuccessful subscribers
- fraudulent allotment of shares in total disregard of SEC approval
- allotment of shares to subscribers, despite the CBN's rejection in its capital verification exercise.

vi) Gorsord Securities Ltd and Sikon Securities & Investment Ltd

The two stockbroking firms were suspended for the unauthorised sale of 2,164,077 units of Unilever Plc shares belonging to Chief Erasmus Obiechina Mbaekwe. The suspension is still in effect.

vii) International Energy Insurance Plc – directive to remove Lt General Salihu Ibrahim (retired) from its board

The Commission directed International Energy Insurance Plc to remove from its board Lt General Salihu Ibrahim (retired) as he was banned with other directors of a stockbroking firm, Asset Plus Securities Ltd, from holding directorship positions in any public company in Nigeria, following the determination to that effect by the commission's Administrative Proceeding Committee (APDC) in 2007. The company complied with the directive.

viii) Asset Plus Securities Ltd

In furtherance of a APC decision, the stocks belonging to the directors and principal officers of Asset Plus Securities Ltd were duly acquired and consolidated at the CSCS. Union Capital Markets Ltd was appointed to handle the distribution of the acquired shares to the affected

investors. The affected investors were also notified to ensure that they sign and submit the necessary transfer forms to the brokers as required.

ix) Bonkolans Investment Ltd and 17 others

The Commission enforced the decision of the APC on 17 stockbrokers that were involved in the matter and successfully paid the sum of ₦430 million to the families of Bala Koki and the late Sunday Dankaro, being the sum recovered from all the brokers and persons that participated in the Bonkolans scam, which was perpetrated through the illegal sale of Unilever Plc and Nestlé Foods shares belonging to the complainants in 2002.

The 3,130,460 units of Nestlé Foods shares were illegally sold between 11th July and 10th October 2001 while the 982,811 units of Unilever Plc shares were sold between 24th January and 11th July 2001.

x) Illegal Fund Managers/Wonder Banks

During the year, the Commission continued efforts to address the problems of illegal fund managers and in conjunction with other regulators, completed the compilation of claims against 440 illegal fund managers.

ADMINISTRATIVE PROCEEDINGS COMMITTEE (APC) PROCEEDINGS

During the year under review, the Administrative Proceedings Committee (APC) of the Commission held proceedings in respect of the following matters.

i) In the matter of the alleged illegal sale of Afroil Plc shares and other violations of the ISA 2007 and the Rules and Regulations made pursuant thereto

The APC of the Commission invited the parties to appear before it and explain why sanctions should not be imposed on them for violating the provisions of Sections 43, 60, 62, 63, 107 and 110 of the Investments & Securities Act (ISA) No. 29, 2007 and Rules 3 (4), 43 and 70 of the SEC Rules and Regulations 2000 as amended.

The APC heard the matter and reviewed oral and documentary evidence presented to it before making the following findings and decisions:

- Mr I O Sanni, the Managing Director and Chairman of both Afroil Plc and K S Funds Managers Limited, was directed to refund ₦185,224,660.22 he fraudulently converted; He was also banned from holding a directorship position in any public-quoted company for five

years; and referred to the Economic and Financial Crimes Commission (EFCC) for further investigation and prosecution.

- K S Fund Managers Limited was directed to forfeit the 49 million units of shares of Afroil Plc credited to it in order to have a board seat in the company.
- The auditor (Odili Okechukwu) who signed the 2007 Annual Report and Accounts of Afroil Plc, which contained irregularities and financial misstatements, had his application for registration as an auditor with the Commission deferred for three years and was referred to the Institute of Chartered Accountants of Nigeria (ICAN) for appropriate disciplinary action.
- The Directors, Messrs I O Sanni (2nd Respondent), Rita Ify Ejezie (4th Respondent), Gbolahan Agoro (6th Respondent), Alhaji Kasimu Tafida Bakori (7th Respondent) and Olusola Badmus (8th Respondent) were directed to pay a fine of ₦100,000 each for approving the filing of the Annual Report and Accounts, and Afroil Plc was directed to withdraw the said Annual Reports and Accounts filed and replace same with a revised authentic Annual Report and Accounts.
- The Directors, Messrs Eghosa E Osaghae (5th Respondent), Christopher Olumese (8th Respondent) and Jonah Unigwe Ikhidero (10th Respondent) were found not liable and accordingly discharged.
- Skye Bank Plc (11th Respondent), Reward Investment Ltd (12th Respondent) and PSL Securities Ltd (13th Respondent) violated Rule 43 of the SEC Rules and Regulations and were penalised to pay various sums in fine for failing to notify or consult the Commission on the sale of the illegally warehoused shares.

ii) In the matter against Alliance Capital Management Co. Ltd

The Commission received 237 complaints against Alliance Capital Management Co. Ltd regarding the unauthorised sales of shares, the non-purchase of shares paid for by investors and clients, and the failure to lodge share certificates with registrars.

The matters were referred to the APC and a hearing took place. The Committee directed the Respondent to reconcile its records and submit a report on the restitution of investors for the Committee's consideration.

iii) APC/01/2009: Securities & Exchange Commission Vs. Finbank Plc and 44 others

The matter arose from alleged securities market manipulations, and particularly the unauthorised acquisition of about 2.8 billion units of the bank's shares through shelf companies that were subsequently transferred to some directors at prices below the prevailing market price. Final decisions on the matter are pending.

iv) APC/02/2009: Securities & Exchange Commission Vs. Intercontinental Bank Plc and 42 others

The matter involved the alleged purchase of 1.7 billion units of its shares in the account of Intercontinental Market Securities Limited, of which about 1 billion units were subsequently transferred to some of its directors and/or their related companies. Final decisions on the matter are pending.

v) APC/03/2009: Securities & Exchange Commission Vs. Union Bank of Nigeria Plc and 23 others

The matter involved an alleged release of about ₦30 billion in Union Bank Plc to its subsidiary (Union Trustees) for the purchase of its shares. Final decisions on the matter are pending.

vi) APC/04/2009: Securities & Exchange Commission Vs. Oceanic International Plc and 27 others

The matter is in respect of an alleged release of about ₦49 billion for the purchase of its shares. Final decisions on the matter are pending.

vii) APC/05/2009: Securities & Exchange Commission Vs. Afribank Plc and 17 others

The matter has to do with an alleged release of about ₦111 billion for the purchase of its shares. Final decisions on the matter are pending.

MATTERS REFERRED TO THE POLICE FOR FURTHER INVESTIGATION

i) Bretenwood Limited (an illegal operator)

The Commission referred Bretenwood Ltd, an illegal operator, to the Nigeria Police for illegally obtaining money for shares and the unauthorised sale of shares belonging to Mr Johnson S Anene.

ACTIONS BEING CHALLENGED AT THE INVESTMENTS AND SECURITIES TRIBUNAL (IST)

i) Dr Timothy Menakaya Vs. Finbank Plc – complaint of non-refund of monies paid for the purchase of 20,000,000 units of shares in Finbank Plc 2008 Offer.

The complainant alleged that his application for 20,000,000 units of FinBank Plc shares during its public offer in 2008 was rejected but the bank went ahead to allot him shares instead of returning his money.

Upon enquiry by the Commission, the CBN confirmed that the complainant's application was rejected. Finbank Plc was therefore directed to return the complainant's money with interest at the rate of 25% from June 2008 when the CBN rejected the application. The bank has paid the complainant his money with interest at 19%, which the complainant is challenging at the IST.

ii) ZAC Idunoba Vs. Platinum Capital Ltd

The main issue was a determination of whether the transaction carried out between the complainant and Platinum Capital Ltd was a portfolio management or a stockbroking transaction.

The complainant, Mr Idunoba, claimed he gave the firm ₦50 million for fund management on a 30-day trial period while Platinum Capital Ltd held the position that the ₦50 million was meant for the purchase of shares.

The Commission resolved that it was portfolio management and directed the parties to abide by the 30-day trial period agreement. The operator filed the action at the IST to challenge the Commission's decision.

iii) Ogada Industries Ltd Vs. Union Homes Savings and Loan Plc

The complainant paid the sum of ₦21,019,356.00 to Union Homes Savings and Loans Plc for the allotment of 11,677,420 million units of UHSL 2006 rights issue. The rights were not allotted as a result of the failure and negligence of the receiving agent (Union Homes Savings and Loans Plc) to submit evidence of payment for the shares by the complainant to the issuing house (Union Capital Markets Ltd) for verification by the CBN. This resulted in the rejection of the application.

The Commission directed Union Homes Savings and Loans Plc to reconstitute the complainant by buying back the shares and paying all accruals due thereon. The complainant, being dissatisfied with the Commission's position, filed an appeal at the IST.

SECTION 4

- **ANNUAL ACCOUNTS**

ANNUAL ACCOUNTS

MEMBERS OF THE COMMISSION

Senator Udoma Udo Udoma	Chairman
Musa Al-Faki – Director General	Member (Up to 08/05/09)
Ms Daisy Ekineh – Exec. Comm. Operations (Ag. Director General with effect from 08/05/09)	Member
Alh. Lawal Sani Stores – Exec. Comm. Fin. and Admin.	Member
Mr Charles Udora – Exec. Comm. Legal and Enforcement	Member Member
Alh. Yahya Ali	Member
Mrs Aderonke Fatade	Member (Up to 14/12/09)
Mr L O Omoha (Rep. Fed. Min. of Finance)	Member
Mr B G Mohammed (Rep. Fed. Min. of Finance)	(With effect from 14/12/09) Member
Alh. Umaru Bello Girei (Rep. of CBN)	Ag. Secretary
Mr Edosa Kennedy Aigbekaen (Esq.)	

PROFESSIONAL ADVISERS AND OFFICES

Auditors	Messrs Ugochukwu Nwankwo & Co (Chartered Accountants) 1, Obalodu Street Ilupeju, Lagos
Bankers	Zenith Bank Plc Fidelity Bank Plc Guaranty Trust Bank Plc First City Monument Bank Access Bank Plc Central Bank of Nigeria
Head Office	SEC TOWER, Plot 272 Samuel Adesujo Street Central Business District

	PMB 315, Garki Abuja
Lagos Zonal Office	No 3, Idejo Street Opp. Icon House, Off Adeola Odeku Street Victoria Island PMB 12638, Marina Lagos, Lagos State
Kano Zonal Office	African Alliance House (4th Floor) F1, Sani Abacha Way/Airport Road Opposite KLM Airlines Kano, Kano State
Port Harcourt Zonal Office	First Bank Building (3rd Floor) 22/24, Aba Road Port Harcourt, Rivers State
Maiduguri Zonal Office	11, Baga Road, Maiduguri Borno State
Kaduna Zonal Office	Wema Bank Building (4th Floor) 22, Bida Road, Off Yakubu Gowon Way Kaduna, Kaduna State
Onitsha Zonal Office	Onitsha Business Village 4, Ridge Road GRA Onitsha, Anambra State
Ibadan Zonal Office	4b, Rotimi Williams Road Off Awolowo Avenue, Old Bodija Ibadan, Oyo State

REPORT OF THE MEMBERS OF THE COMMISSION

for the year ended 31st December 2009

The Members of the Commission have pleasure in presenting their report together with the audited financial statements for the year ended 31st December 2009.

1 LEGAL FORM

The Commission was established under the Securities & Exchange Commission (SEC) Act (No. 71) of 1979. This was repealed and re-enacted by SEC Act No. 29 of 1988, which was further re-enacted by the Investments and Securities Act (ISA) No. 45 of 1999 and yet further by the Investments and Securities Act (ISA) No. 29 of 2007.

2 PRINCIPAL ACTIVITIES

The Commission is charged with the duties of:

- (a) Regulating Investments and Securities business in Nigeria;
- (b) Registering and regulating Securities Exchanges, Capital Trade Points, Futures, Options and Derivatives Exchanges, Commodity Exchanges and any other recognised Investment Exchanges;
- (c) Registering securities to be offered for subscription or sale to the public;
- (d) Preparing adequate guidelines and organising training programmes and disseminating information necessary for the establishment of Securities Exchanges and Capital Trade Points;
- (e) Maintaining surveillance over the securities market to ensure orderly, fair and equitable dealings in securities;
- (f) Registering and regulating corporate and individual Capital Market Operators and their agents with a view to maintaining proper standards of conduct and professionalism in the securities business;
- (g) Protecting the integrity of the securities market against abuses arising from the practice of insider trading;
- (h) Acting as a regulatory apex organisation for the Nigerian Capital Market including the promotion and registration of self-regulatory organisations and capital market trade associations to which it may delegate its powers;
- (i) Reviewing, approving and regulating mergers, acquisitions and all forms of business combinations;

- (j) Promoting investors' education and the training of all categories of intermediaries in the securities industry;
- (k) Undertaking such other activities as are necessary or expedient for giving full effect to the provisions of the Investments and Securities Act No. 29 of 2007.

3 BOARD OF THE COMMISSION

The composition of the Commission as provided for under section 3 of the Investments and Securities Act No. 29 of 2007 is as stated on **page 84**.

4 OPERATING RESULTS FOR THE YEAR

	2009	2008
	₦	₦
Income	8,090,506,260	21,282,196,854
Expenditure	-6,129,024,355	-6,775,828,244
	-----	-----
Excess of income over expenditure for the year	1,961,481,904	14,506,368,610
	=====	=====

5 FIXED ASSETS

Movements in Fixed Assets during the year are as shown in note 1 on **page 96**.

6 THE COMMISSION'S RESPONSIBILITIES

The Commission is responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Commission at the end of each financial year, and of the surplus or deficit for that year, and comply with the Companies and Allied Matters Act 1990 and relevant provisions of the Investments and Securities Act No. 29 of 2007. The Commission is obliged to ensure that:

- proper accounting records are maintained;
- internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- judgements and estimates made are reasonable and prudent; and
- the going concern basis is used, unless it is inappropriate to presume that the

Commission will continue in operation.

7 FINANCIAL COMMITMENTS

The Commission is of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statements.

ABUJA, NIGERIA
30TH MARCH 2010

BY ORDER OF THE COMMISSION

EDOSA KENNEDY AIGBEKAEN (ESQ)
(ACTING SECRETARY)

REPORT OF THE AUDITORS

to the members of the Securities & Exchange Commission

We have audited the financial statements set out on pages 89–99 which have been prepared under the accounting policies set out on pages 87–88.

Respective responsibilities of the Commission and auditors

As stated on page 84, the Commission is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission in the preparation of the financial statements; and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud, other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. The financial statements, subject to some limitations in the information made available to us, are in agreement with the books of accounts.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Commission as at 31st December 2009 and of the surplus and statement of cash flow for the year ended on that date and have been properly prepared in accordance with the provisions of Investments and Securities Act No. 29 of 2007, Companies and Allied Matters Act 1990 and the relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

Lagos, Nigeria
30th March 2010

CHARTERED ACCOUNTANTS

SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the Commission in the preparation of these financial statements:

(a) **BASIS OF ACCOUNTING**

The accounts have been prepared under the historical cost convention.

(b) **FIXED ASSETS**

Fixed Assets (including library books) are stated at cost less accumulated depreciation.

(c) **INCOME AND EXPENDITURE RECOGNITION**

Income from Capital Market Operations is taken into account when received. However, Interest Income and expenditure are treated on accrual basis.

(d) **STOCKS**

The cost of all stock of publications is written off to the Income and Expenditure account in the year in which it was incurred.

(e) **DEPRECIATION**

Depreciation charge on Fixed Assets is calculated at the following annual rates to write off their costs on a straight line basis over the expected useful lives of the assets.

Land and Building	2.5%
Furniture and Equipment	25%
Motor Vehicles	33.3%
Library Books	10%

(f) **REPAIRS AND RENEWALS**

All repairs and renewals are written off in the year the expenses were incurred.

(g) **RETIREMENT BENEFITS**

The liabilities in respect of retirement benefits of employees are funded through

payments to the Pension Fund Scheme. Prior to February 2006, the Fund was provided in full by the Commission and invested externally. With regard to the Pension Reform Act, 2004, payroll deduction of 5% of qualified components of staff emoluments as employee contribution was commenced from February 2006 in addition to the 25% increased to 36.55% from January 2009 being contributed by the Commission. Staff contributions to the new Defined Benefits Scheme managed by the selected Pension Fund Administrators are funded through payroll deductions while the Commission's contributions are charged to the income and expenditure account. Additionally, the Commission makes special contributions to make up shortfalls arising from periodic actuarial valuation of the Pension liability and also to cover the asset-based fees charged on the assets of the Scheme by the Fund administrators.

(h) FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are translated to naira at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are reported at the rate of exchange prevailing at the balance sheet date. Any gain or loss arising on translation is included in the revenue and expenditure account.

BALANCE SHEET **as at 31st December 2009**

		2009		2008	
	Notes	₦	₦	₦	₦
Fixed Assets	1		3,972,825,066		4,783,650,189
Investments at Cost:					
FRN Dev. Stock			7,279,673,434		5,800,000,000
			-----		-----
			11,252,498,500		10,583,650,189
Current Assets:					
Money Market Outlays	2	23,478,217,642		20,976,806,860	
Debtors and Prepayments	3	3,553,032,370		3,490,121,462	
Cash in Hand and at Bank	4	790,851,530		2,938,122,114	
		-----		-----	
		27,822,101,542		27,405,050,436	
		-----		-----	

Less: Current Liabilities

Creditors and Accruals	5	2,104,684,864	1,918,192,900
		-----	-----
		2,104,684,864	1,918,192,900
		-----	-----

Net Current Assets		25,717,416,678	25,486,857,536
		-----	-----
		36,969,915,178	36,070,507,725
		=====	=====

FINANCED BY:

Capital Grant	6	496,858,251	496,858,251
General Reserve Fund	7	447,676,320	202,184,147
Accumulated Fund	8	36,025,380,607	35,371,465,327
		-----	-----
		36,969,915,178	36,070,507,725
		=====	=====

-----)
EXECUTIVE COMMISSIONER (FINANCE & ADMIN.)
Alh. Lawal Sani Stores

-----)
COMMISSIONER
Alh. Yahya Ali

The notes set out on **pages 96–99** form an integral part of these financial statements.

INCOME AND EXPENDITURE ACCOUNT **for the year ended 31st December 2009**

		2009		2008	
	Notes	₦	₦	₦	₦
INCOME	9		8,090,506,260		21,282,196,854
LESS EXPENDITURE:					
Staff Emoluments	10	1,574,493,686		1,219,003,631	
Board Members' Allowances/ Expenses		62,637,436		41,812,817	
Management Meeting Expenses		51,802,618		42,310,644	
Contribution to Pension Fund		558,717,423		2,133,353,268	
Staff Welfare and Development	11	990,606,450		741,673,632	
Rent and Rates		31,694,153		50,539,633	
Travelling Expenses		457,916,923		632,535,094	
Printing and Stationery		76,869,557		77,871,576	
Motor Running Expenses		25,078,603		34,593,511	
Generator Running Expenses		57,204,543		56,791,425	
Communication		70,528,800		52,254,057	
Repairs and Renewals		106,392,486		261,119,761	
Electricity		7,173,656		5,608,161	
Newspapers and Periodicals		7,760,661		8,721,510	
Bank Charges		3,140,007		1,534,346	
Corporate Affairs and Publicity		298,146,507		299,785,306	
Insurance		153,990,654		106,522,641	
Audit Fee		16,916,667		15,225,000	
Other Professional Fees		90,370,178		89,886,637	
Subscriptions and Donations		17,037,500		54,264,640	
Capital Market Development		26,910,718		13,935,000	
Loss on Disposal of Assets		396,802,201		2,868,088	
Recruitment and Records		229,000		330,620	
Sundries	12	224,867,426		131,918,719	

Depreciation	650,408,539	696,368,527
Subvention	0	5,000,000
Provision for Unretired Advances	171,327,963	0
	-----	-----
	-6,129,024,355	-6,775,828,244
	-----	-----
Excess of income over expenditure	1,961,481,904	14,506,368,610
	=====	=====

The notes set out on [pages 96–99](#) form an integral part of these financial statements.

STATEMENT OF CASH FLOW

for the year ended 31st December 2009

	2009	2008
	₦	₦
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the Year	1,961,481,904	14,506,368,610
Adjustment for:		
General Reserve	245,492,173	202,184,147
Depreciation	650,408,539	696,368,527
Prior Year Adjustments	-325,597,933	-383,953,826
Loss on Disposal of Fixed Assets	396,802,201	2,868,088
Provision for Unretired Advances	171,327,963	0
Adjustment on Fixed Assets	26,520,472	0
	-----	-----
Funds generated from Operations Before Working Capital Changes	3,126,435,319	15,023,835,546
WORKING CAPITAL CHANGES		
Money Market Outlays	-2,501,410,782	-6,267,401,225
Debtors and Prepayments	-234,238,871	-819,566,385
Creditors and Accruals	186,491,964	799,585,032
	-----	-----
Cash generated from Operations	577,277,631	8,736,452,968
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-266,585,227	-907,118,631
Investment (FGN Development Stock)	-1,479,673,434	-5,800,000,000
Proceeds from Sale of Fixed Assets	3,679,137	6,863,113
CASH FLOW FROM FINANCING ACTIVITIES		
Contribution to CRF	-981,968,691	-808,736,586

	-----	-----
Net Increase/(Decrease) in Cash	-2,147,270,584	1,227,460,864
Cash at the Beginning	2,938,122,114	1,710,661,250
	-----	-----
Cash at the End (Note 4)	790,851,530	2,938,122,114
	=====	=====

FIVE-YEAR FINANCIAL SUMMARY

	2009	2008	2007	2006	2005
	₦'000	₦'000	₦'000	₦'000	₦'000
CAPITAL EMPLOYED:					
Fixed Assets	3,972,825	4,783,650	4,582,631	3,545,409	2,193,906
INVESTMENTS:					
FRN Dev. Stock	7,279,673	5,800,000	0	911	911
CURRENT ASSETS:					
Debtors and Prepayments	3,553,032	3,490,122	2,670,556	1,521,496	1,380,985
Short-Term Investments	23,478,218	20,976,806	14,709,405	4,773,018	1,751,395
Cash at Bank	783,017	2,923,306	1,706,077	692,694	947,692
Cash in Hand	7,834	14,816	4,583	6,558	4,109
	-----	-----	-----	-----	-----
	39,074,600	37,988,700	23,673,252	10,540,086	6,278,998
LESS CURRENT LIABILITIES:					
Creditors and Accruals	-2,104,685	-1,918,192	-1,118,607	-1,737,725	-163,617
Bank Overdraft	0	0	0	0	-25,749
	-----	-----	-----	-----	-----
Net Assets	36,969,915	36,070,508	22,554,645	8,802,361	6,089,632
	=====	=====	=====	=====	=====
FINANCED BY:					
Capital Grant	496,858	496,858	496,858	496,858	390,000
General Reserve	447,676	202,184	0	0	0
Reserve For Pension	0	0	0	0	1,000,000
Accumulated Fund	36,025,381	35,371,465	22,057,787	8,305,503	4,699,632
	-----	-----	-----	-----	=====
	36,969,915	36,070,508	22,554,645	8,802,361	6,089,632
	=====	=====	=====	=====	=====
INCOME AND EXPENDITURE A/C:					
Income	8,090,506	21,282,197	18,988,914	7,346,282	5,802,691
Expenditure	-6,129,024	-6,775,828	-5,048,245	-3,306,154	-2,588,127
	-----	-----	-----	-----	-----
Excess of Income over Expenditure	1,961,482	14,506,369	13,940,669	4,040,128	3,214,564
Less: Provision for Pension and Gratuity Liability	0	0	0	0	-1,000,000
	-----	-----	-----	-----	-----
Net Surplus for the Year	1,961,482	14,506,369	13,940,669	4,040,128	2,214,564
	=====	=====	=====	=====	=====

NOTES TO THE ACCOUNTS

for the year ended 31st December 2009

1 FIXED ASSETS

	Total	Building Project	Land and Buildings	Leasehold Car Park	Office Furniture and Equipment	Household Furniture and Equipment	Motor Vehicles	Books
	N	N	N	N	N	N	N	N
Cost:								
As at 01/01/09	7,481,400,474	246,745,544	3,796,014,839	17,721,965	2,586,821,663	192,337,937	600,900,051	40,858,475
Additions	266,585,227	0	5,551,901	0	234,208,637	23,511,290	90,000	3,223,400
Disposals	-524,532,019	-246,745,544	-198,759,523	-17,721,965	-151,000		-61,153,987	
Adjustment	-10,952,381		-10,952,381					
	-----	-----	-----	-----	-----	-----	-----	-----
As at 31/12/09	7,212,501,301	0	3,591,854,836	0	2,820,879,300	215,849,227	539,836,064	44,081,875
	=====	=====	=====	=====	=====	=====	=====	=====
Depreciation:								
As at 01/01/09	2,697,750,284	-	314,386,854	17,624,704	1,675,174,825	177,265,469	492,849,969	20,448,463
Charges	650,408,539	-	94,765,359	97,261	449,976,206	10,674,678	91,090,953	3,804,082
Disposals	-124,050,679		-49,263,060	-17,721,965	-151,000		-56,914,653	
Adjustment	15,568,091				4,093,161	11,316,190		158,740
	-----	-----	-----	-----	-----	-----	-----	-----
As at 31/12/09	3,239,676,236	-	359,889,153	-0	2,129,093,192	199,256,337	527,026,269	24,411,285
	=====	=====	=====	=====	=====	=====	=====	=====
Net Book Value:								
As at 31/12/09	3,972,825,066	0	3,231,965,683	0	691,786,108	16,592,890	12,809,795	19,670,590
	=====	=====	=====	=====	=====	=====	=====	=====
As at 31/12/08	4,783,650,191	246,745,544	3,481,627,985	97,261	911,646,838	15,072,469	108,050,082	20,410,012
	=====	=====	=====	=====	=====	=====	=====	=====

2 MONEY MARKET OUTLAYS

Money Market Investments	23,478,217,642	20,976,806,860
	-----	-----
	23,478,217,642	20,976,806,860
	=====	=====

3 DEBTORS AND PREPAYMENTS

Staff Debtors	1,660,319,020	1,758,559,403
---------------	---------------	---------------

Sundry Debtors	790,611,518	287,873,911
Pre-Payments	1,273,429,795	1,443,688,148
	-----	-----
	3,724,360,333	3,490,121,462
Provision for Unretired Advances against exp.	-171,327,963	0
	-----	-----
	3,553,032,370	3,490,121,462
	=====	=====

4 CASH IN HAND AND BANK

Petty Cash	7,833,504	14,815,583
Bank Balances	783,018,026	2,923,306,531
	-----	-----
	790,851,530	2,938,122,114
	=====	=====

5 CREDITORS AND ACCRUALS

Vehicle Insurance Deposit	984,386	984,386
Accrued Audit Fee	5,920,833	7,612,500
Sundry Creditors	1,395,720,784	1,385,710,453
Charges Accrued	702,058,861	523,885,561
	-----	-----
	2,104,684,864	1,918,192,900
	=====	=====

Included in Sundry Creditors is ₦1.33 billion which comprises of various payments made for registration of offers that are still on hold.

6 CAPITAL GRANT

Balance brought forward	496,858,251	496,858,251
Subvention received during the year	0	0
	-----	-----
	496,858,251	496,858,251
	=====	=====

7	<u>GENERAL RESERVE FUND</u>	447,676,320	202,184,147
		=====	=====

This represents one-fifth (20 per cent) of the Commission's operating cash surplus from 2007 financial year in compliance with Section 22(1) of the Fiscal Responsibility Act of 30th July 2007.

8	<u>ACCUMULATED FUNDS</u>		
	Balance brought forward	35,371,465,327	22,057,787,129
	Contribution to CRF during the Year	-981,968,691	-808,736,586
	Prior Year Adjustments	-325,597,933	-383,953,826
	Net Surplus for the Year	1,961,481,904	14,506,368,610
		-----	-----
		36,025,380,607	35,371,465,327
		=====	=====

9	<u>INCOME</u>		
	Income from Operations	3,325,491,878	19,453,640,321
	Investment Income	4,718,322,142	1,777,904,267
	Other Income	46,692,240	50,652,266
		-----	-----
		8,090,506,260	21,282,196,854
		=====	=====

10	<u>STAFF EMOLUMENTS</u>		
	Salaries and Wages	476,197,773	404,260,154
	Allowances	1,098,295,913	814,743,477
		-----	-----
		1,574,493,686	1,219,003,632
		=====	=====

11	<u>STAFF WELFARE AND DEVELOPMENT</u>		
	Medical	83,629,061	73,987,865
	Training	820,605,008	599,764,173
	Entertainment	0	28,671
	Dressing Allowance	33,246,658	38,720,303
	Uniform and Kits	2,437,870	3,874,900
	Recreation Expenses	50,687,853	25,297,720

-----	-----
990,606,450	741,673,632
=====	=====

12 SUNDRIES

Contingency	0	4,061,404
Relocation Expenses	34,011,083	57,922,000
Data Communication Expenses	21,387,528	1,345,500
Computer Accessories and Statistics	7,189,062	11,186,400
Staff Donations	3,600,000	13,716,755
Beverages and Toiletries	23,324,195	20,004,420
Others	135,355,558	23,682,241
	-----	-----
	224,867,426	131,918,720
	=====	=====

13 REVOKED PROPERTIES

Some properties of the Commission were revoked, some sold and others reassigned to other parties sequel to the exercise of sale of government properties by the FCDA. Though the Commission was still contesting the sale and reassignment of the affected properties, the full net book value of the properties as at the balance sheet date have been adjusted in these financial statements.

14 CONTINGENT LIABILITIES

There were 47 pending litigations against the Commission as at 31st December 2009. However, no provision has been made in these financial statements as the Commission is of the opinion that no significant liability would arise from there.

The Commission is of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the Securities & Exchange Commission, have been taken into consideration in the preparation of these financial statements.

15 COMPARATIVE FIGURES

Comparative figures, where necessary, have been reclassified to conform to changes in classifications in the current accounting year.

16 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Commission at the Board meeting held on 30th March 2010.