



SECURITIES & EXCHANGE COMMISSION

2004

ANNUAL REPORT
&
ACCOUNTS

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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



Executive Management



Musa Al-Faki
Director-General



Alhaji Sulelman A. Kwari
Commissioner, Finance &
Administration



Mr. David Ogwu
Commissioner, Operations





Director General's Transmittal Letter

The Honourable Minister of Finance,
Federal Ministry of Finance,
Central Business District,
Abuja.

Dear Honourable Minister,

I am pleased to submit to you the 2004 Annual Report and Accounts of the Securities & Exchange Commission (SEC). The report is the 25th to be released by the Commission and it coincides with the organization's 25th anniversary.

In the Second quarter of the year, Government directed the raising of the minimum capital base of banks from N2 billion to N25 billion as part of a 13-point reform agenda. It is worth mentioning that this led to an upsurge in capital market activities and also deepened the market. The Securities and Exchange Commission wishes to submit that it was able to cope with the enormous challenges. The major activities and programmes recorded in 2004 are as follows:

NEW ISSUES

The announcement by the CBN Governor, increasing the minimum capital base of banks to N25 billion on or before December 31st, 2005 impacted positively on the new issues market. There was an upsurge in the volume and value of securities floated by banks in their effort to meet the minimum capital base. There were twenty (20) new issues from both quoted and unquoted banks representing 73.9 percent (N144.31 billion) of the total value of new issues floated in 2004. The commitment of the Commission towards the total re-activation of the bond market continued and yielded results. In the review period, three (3) state governments floated revenue bonds, totaling N11.50 billion. Other sectors that raised funds





from the market were the Petroleum (Marketing) Sector (N24.65 billion), Food/Beverages and Tobacco Sector (N5.24 billion), the Insurance Sector (N4.17 billion) the Conglomerates Sector for both quoted and unquoted securities (N2.84

billion), Automobile and Tyre sector (N1.24 billion), Breweries Sector (N0.98 billion), Industrial/Domestic products (N0.40 billion). There were two (2) unquoted issues (N0.081 billion). In total, there were forty-nine (49) new issues of 46.82 billion ordinary shares valued at N195.42 billion for the year. In the previous year, there were thirty four (34) new issues valued at N180.80 billion. This represents increases of 44.12 percent, 210.27 percent and 8.52 percent recorded in terms of number, volume and value respectively.

THE SECONDARY MARKET

The secondary market showed remarkable improvement in activities during the period under review. This was a manifestation of the enlightenment campaigns by the Commission on the need for Nigerians to embrace the capital market as a viable avenue for long term investment as well as an indication of increased economic activities arising from the on-going economic reform programme of government. The year 2004 witnessed substantial appreciation of market capitalization, which hit N2, 112.5 billion, in contrast to N1, 359.2 billion recorded in 2003. This increase, which represented a gain of N753.3 billion or 55.42 percent, was attributed to the listing of the Federal Government Bond, new listings, enhanced prices of some securities and enlarged capital base of some listed companies. Trading activities on The Nigerian Stock Exchange (NSE), in terms of volume and value, equally improved tremendously during this period. An aggregate of 19,208.70 million ordinary shares valued at N 225,800.54 million was traded in 2004, in contrast to 13,307.04 million ordinary shares worth N120, 703.04 million traded in 2003. This showed increases of 44.35 per cent and 86.94 percent in terms of volume and value respectively, when compared with the figures from the previous year. As in previous years, the equities sector dominated trading activities throughout the year, accounting for 191.89 million shares or 99.1 percent of the aggregate transactions in respect of volume. The Bond Market recorded 16.79 million shares or 0.09 percent while the industrial loans/preference shares sector registered 0.02 million. In terms of value, the equities sector accounted for N223,776.49 million or 99.09 percent, the industrial loans/preference shares sector registered N17.48 million or 0.01 percent while the bond market recorded N2, 026.51 million or 0.90 percent. The increase in trading activities could be attributed generally to the government economic reforms, the listing of new companies on the stock exchange, listing of government bonds and the renewed interest shown by Nigerians towards investing in the market, amongst other reasons.





MARKET REGULATION

During 2004, the Commission intensified its position with respect to discipline and fairness with regards to market regulation aimed at investor protection, in line with the provisions of the Investment and Securities Act (ISA) and the Rules and Regulations of SEC. Tools of Regulation such as Surveillance, Investigation, Enforcement and Rule Making, in line with international best practices, were used to achieve this objective.

Arising from new trends and developments in the market, the Commission amended its Rules and Regulations to ensure proper policing of the market. In 2004, not less than fifty (50) Rules and Regulations were amended to check anticipated breaches of rules and new developments that were anticipated in the market. To ensure that only qualified and credible individuals operated in the market, the Commission scrutinized and registered a total of 56 Consultants, 44 Market Operators and 71 additional supplementary individuals and 10 additional functions. In addition, the registration of 186 capital market operators/ consultants was renewed after they scaled through all necessary conditions required of them. In line with the government reform programme and current developments in the capital market, the ISA is being reviewed by a body comprising of all stakeholders in the market to make the law more acceptable and all-encompassing. This is aimed at addressing gray areas that may impede on the operations of the capital Market and to provide for new and anticipated developments considering the dynamism of the market. The Commission has acquired Securities Market Analysis Research and Trading System (SMARTS), an electronic device that will be connected to the server of The NSE. This will enable the Commission monitor trading on the floor of the Exchange real-time on line and also make analysis of trades on historical basis. This system will allow for any alert to be put in place and ensure transparency in securities trading, in line with international best practices.

CAPITAL MARKET DEVELOPMENT

In line with its efforts towards the execution of its developmental mandate, the Commission employed, as usual, tools such as workshops, seminars, enlightenment campaigns etc to reach out to the populace, educating them on the viability of the capital market as an avenue for long term investment and as a means of sourcing funds by States and Local Governments for developmental purposes. At the end of 2004, the Commission had carried enlightenment campaigns to twenty three (23) states of the Federation. It also organized several specialized workshops on new products and processes such as Mortgaged Backed Securities (MBS).

THE REVIEW OF THE INVESTMENT AND SECURITIES ACT (ISA) 1999

The Commission has continued to make effort to ensure that capital market laws adequately meet the ever-increasing challenges of the market as well as Nigeria's obligations to the International Organization of Securities Commissions (IOSCO), Financial Action Tax Force (FATF) and other multilateral institutions. Consequently, in 2004, along with other stakeholders, the Commission jointly sponsored a thematic workshop under the auspices of the Federal House of Representatives committee on the Capital Market to review the ISA. The workshop, among other things, recommended the urgent need for a technical committee to undertake a comprehensive review of the ISA. The Commission, within the limits of its resources, is taking steps towards the implementation of the recommendations.

DEVELOPMENT OF DEBT INSTRUMENTS

A committee was set up to consider modalities for resuscitating the bond market, which had hitherto been dormant for close to two decades. Wide ranging consultations with stakeholders were held. Institutions such as the Debt Management Office (DMO), The Nigerian Stock Exchange (NSE), the Central Bank of Nigeria (CBN) and the International Finance Corporation (IFC) were reached. The outcome of these consultations provided grounds for revamping the activities in the bond market which resulted in the floating of N150 billion Federal Government bond as well as other state Government bonds in 2004.

The Federal Government bond was issued in four tranches of N30 billion, N40 billion, N40 billion and N40 billion with redemption dates of September 2006, September 2008, September 2010 and September 2013 respectively. The first tranche was 186% oversubscribed, the second 29.8% under subscribed, the third 9.8% under subscribed and the fourth tranche 0.015% under subscribed.

Within the period, two state governments floated debt instruments to finance capital projects. Cross River state floated a N4.0 billion bond with a tenor of four years to finance the upgrading and expansion of Obudu Ranch Resort while Akwa Ibom issued its first revenue bond of N6.0 billion to finance infrastructural development i.e. Roads, Housing and Industrial Estates. It had a tenor of 3 years. This, no doubt, impacted positively as a viable alternative available to the Federal Government and States for deficit financing, and an indication of the viability of the capital market to provide the necessary funding intervention for government projects.



INTRODUCTION OF CAPITAL MARKET STUDIES INTO SECONDARY SCHOOLS AND TERTIARY INSTITUTIONS

In pursuit of our developmental role, efforts have been geared towards the introduction of capital market studies into Nigerian Secondary Schools. In this vein, the Commission developed a draft syllabus for secondary schools to meet the requirement for the introduction of the studies. Already, the National Council on Education has approved the implementation of the programme. A workshop on the infusion of capital market studies into the relevant secondary school subjects was held in collaboration with the National Educational Research and Development Council (NERDC) within the period under review.

At the tertiary level, capital market studies has been introduced as a course of study in Ahmadu Bello University Zaria and some other institutions.

NATIONAL CAPITAL MARKET QUIZ COMPETITION

The first National Capital Market Quiz Competition for secondary schools was held across the country. The Quiz was organized with the aim of exposing secondary school

students to the rudiments of capital market operations. It was also intended to sensitize and arouse their interest on the relevance of the capital market in the overall economic development of the nation.

INTERNATIONAL DEVELOPMENT

In pursuance of the provisions of the Investment and Securities Act (ISA) No. 45 of 1999, the Commission continued to maintain its relationship with other jurisdictions. The Commission adopted key IOSCO initiatives for its Rules and Regulations. These have assisted in ensuring that the market operates within International best practices.

Nigeria's commitment and exemplary contribution to IOSCO cannot be overemphasized as attested to by the fact that Nigeria continued to chair the Africa/Middle East Regional Committee (AMERC) of IOSCO in 2004. The AMERC is one of the four (4) standing regional committees of IOSCO. It is made up of all IOSCO ordinary members in Africa and the Middle East. Being the Chairman of Africa and Middle East Regional Committee (AMERC), Nigeria acted as the Secretariat where it supervised the activities of AMERC by co-coordinating meetings and also ensuring adequate sharing of information. The Chair of AMERC provided Nigeria with the opportunity to be a member of the Executive Committee of IOSCO, the highest decision making body of the organization.

In line with current global trends that lay emphasis on the integration of capital markets, the





Commission submitted an application to become a signatory to the IOSCO Multilateral Memorandum of Understanding (MMOU).

The Reforms of the Federal Government, aimed at repositioning the economy, had expanded operations and size of the Nigerian capital market thereby vesting enormous responsibilities on the Commission. I must admit that in spite of the huge resources required for policing the capital market which was not available, the Commission lived up to the expectations of the Nigerian public. My Dear Minister, it is in view of this that I would use this medium to pay tribute to the entire staff of the Commission for their zeal and determination in meeting the challenges of 2004.

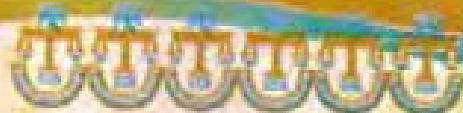
Finally, I wish to extend to you, the Honourable Minister of State and the entire staff of the Ministry of Finance, the appreciation and gratitude of the Securities and Exchange Commission for your continuous support towards the growth and development of the Nigerian capital market. I must admit that it is as a result of your support that the Commission was able to record the strides it attained in the 2004.

Thank you.

Yours faithfully,



MUSA AL-FAKI
DIRECTOR-GENERAL



The Economy

The macro-economic framework for the year 2004 was designed to further reinvigorate the economy, consolidate previous achievement and set it on the path of sustainable growth. The 2004 rolling plan, emphasize, inter-alia, the acceleration of privatization, liberalisation, private sector development, anti-corruption, transparency and accountability, public sector reforms and governance and institutional reforms.

The trade and tariff policies adopted during the year were geared towards the protection of domestic producers of finished goods. Similarly, in the agricultural sector import duties on virtually all imported food items were increased. This was aimed at encouraging the consumption of local food and beverages.

The performance of the economy was however mixed during the year with Gross Domestic Product (GDP) growth rate (at 1990 constant basic prices) decreased from 10.23% in 2003 to 6.09% in 2004.

On the other hand, non-oil GDP grew impressively in the first quarter by 40.1% over the actual performance in the corresponding quarter of 2003.

Similarly the stock of external reserves

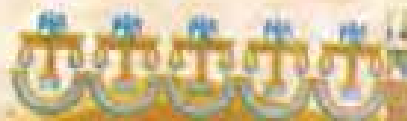
increased from about \$7.45 billion in 2003 to \$16.96 billion in 2004.

The economy in 2004 witnessed the de-regulation of the down stream sector of the oil industry, with far reaching implications for the economy particularly productive activities as capacity utilization dropped from 45.5% to 44% in 2004. The policy resulted in price increases by oil marketers which worsened with the rise in the prices of crude oil at the international market.

Efforts were intensified during the year to raise the tempo of the privatization exercise which had witnessed a lull for a while with crucial pre-privatization activities including reforms Sectors. These included the power Sector, maritime Sector and Aviation Industry, among others.

During the period under review, the Dutch Auction System (DAS) re-introduced in July 2002 was retained to achieve a better management of the exchange rate. The auction system therefore helped slow reserve loss while allowing the official rate to be market determined.

The exchange rate of the naira to the dollar remained relatively stable during the year, especially in the third quarter, compared with the year 2003. The naira appreciated by 2% from N136 to US \$1, in 2003 to N132.85 to US \$1 in 2004. This could be attributed to government's tight fiscal and monetary stance.



The central bank guidelines requiring all banks to meet a minimum capital base of N25 billion before the end of 2005 also contributed to stabilizing the rate as many banks shifted their focus from foreign exchange transactions to concentrate on mergers and acquisitions and public offers of their shares as part of strategies to meet the apex bank's deadline. Inflation rate dropped from 14% in 2003 to 9.5% in 2004.

Government during the year continued to show commitment to addressing the problem of high interest rate. Consequently, the CBN further lowered the Minimum Rediscount Rate (MRR) from 18.5% in 2002, and 16.5% in 2003 to 15% in 2004. Interest rates therefore hovered between 19% and 21% in the year under review.

During the period, the growth in money supply (M_2) was 16.0%, induced by the expanding fiscal activities of the three tiers of government.

Available records from the Debt Management Office (DMO) showed that outstanding external debt as at 31st December, 2004 stood at US \$35,944.66 million as against US \$32,916.81 million in December 2003, indicating an increase of US \$3,027.85 million or 9.20%. The increase in the debt was largely as a

result of the rising interest component coupled with the depreciation of the US dollar in which the debts were dominated against other currencies.

As with the previous year, the Nigerian capital market continued to witness improved performance when compared with the preceeding year, 2003. New issues were valued at N195.4 billion a significant increase, from N180.1 billion recorded as at the end of 2003. The growth is even more impressive when viewed against the fact that the N150 billion federal government bond was issued in year 2003.

Market capitalization and stock index stood at N2.11 trillion and 23,844.5 points respectively as at December 2004. These represented 55.15% and 44.51% increase from N1.36 trillion and 16,500.46 points as at December 2003.

Market capitalization as a percentage of Gross Domestic Product (GDP) also increased from 19.6% in December 2003 to 25.5% as at December 2004.

The impressive performance of the capital market during the year under review could be partly attributed to the N25 billion recapitalization of banks ordered by the CBN, and sustained investors confidence in the market.



The Nigerian Capital Market

Primary Market Activities, 2004

NEW ISSUES

Following the appointment of Prof. Charles Soludo as the Central Bank of Nigeria Governor in early 2004, the apex bank in July of same year, directed all banks to raise their capital base to a minimum of N25.0 billion on or before December 2005.

Although the pronouncement, especially as it related to the eighteen month deadline, generated mixed reactions from stakeholders in the economy, it has impacted positively on the new issues segment of the capital market. This was evidenced in the volume of securities floated by banks to shore up their capital base to either meet the new requirements or in readiness for consolidation (merger/acquisition). Twenty (20) New issues were raised from the sector alone involving both quoted and unquoted banks which accounted for 73.9 percent (N144.31 billion) of the total value of new issues floated in 2004.

Other sectors that raised very substantial sums from the market during the reviewed year were Petroleum (marketing) sector (N24.65 billion), Food/Beverages & Tobacco sector (N5.24 billion), Insurance sector (N4.17

billion) for both quoted/unquoted companies), Conglomerates sector (N2.84 billion), and Automobile & Tyre sector (N1.24 billion). Others were the Breweries sector (N0.98 billion), Industrial/Domestic Products (N0.40 billion) and two (2) unquoted issues (N0.081 billion). Three (3) state governments also floated revenue bond for a total N11.50 billion. On the aggregate, forty-nine (49) new issues of 46.82 billion ordinary shares worth N195.42 billion were floated as against thirty-four (34) issues, involving 15.09 billion ordinary shares valued at N180.08 billion offered in 2003. Thus, increases of 44.12Percent, 210.27Percent and 8.52Percent were recorded in number, volume and value of issues respectively in 2004, when compared with the position in 2003.

Analysis by mode of offer showed that twenty-two (22) of the issues were offers for subscription (including six (6) supplementary offers) for a total of 30.67 billion ordinary shares, amounting to N144.61 billion. This represented 74.0Percent of the total value of issues in 2004. Twenty (20) rights issues were also floated with volume of 7.70 billion ordinary shares valued at N27.54 billion. Other issues floated during the year included one (1) preference stock (0.40 billion ordinary shares valued at N0.20 billion), three (3)



private placements (8.04 billion ordinary shares worth N12.13 billion) and the three (3) state government bonds valued at N11.50 billion.

A quarterly analysis of new securities issued in 2004 indicated that the 4th quarter with fifteen (15) issues floated recorded the highest value of issues worth N100.22 billion, representing 51.29Percent of the aggregate value of issues. This was followed by the 3rd quarter (N58.09 billion) with fifteen (15) issues, the 2nd quarter (N26.59 billion with eleven (11) issues and the 1st quarter (N10.52 billion) with eight (8) issues.

Apart from the three (3) state governments that raised funds, N6.0 billion (Akwa Ibom State), N4.0 billion (Cross River State) and N1.50 billion (Ekiti State) for various developmental projects, thirty (30) companies were granted approval to increase their shareholders funds. The issue proceeds were largely meant for business expansions, acquisition of information technology equipment, enhancement of working capital and meeting statutory requirements, among others.

Of the stocks floated in 2004, the offer for subscription of Guaranty Trust Bank worth N21.2 billion, topped the list in term of value, followed by the Initial Public Offer of Zenith Bank Plc valued at N20.4

billion (Supplementary offer inclusive). Also, the top 10 most valued issues were Oceanic Bank Int'l Plc (N17.56 billion), Wema Bank Plc (N17.50 billion), Afribank Nig. Plc (N17.00 billion), Intercontinental Bank Plc (N16.50 billion), Oando Plc (N16.01 billion), City Express Bank Plc (N9.00 billion), Access Bank Plc (N8.70 billion) and Africa Petroleum Plc (N8.64 billion). These ten issues with aggregate value of N152.51 billion, represented 78 percent of the total value of new issues raised in 2004 which was N195.42 billion.

Detailed analyses of the issues are as follows:

OMEGABANK PLC

The bank issued by way of rights 1.033 billion ordinary shares of 50k each at N1.20 per share valued at N1.240 billion. The net proceeds was to finance the purchase of information technology equipment (29.70Percent), expansion of branch network (21.00Percent) and provision of additional working capital (49.30Percent).

LAW UNION & ROCK INSURANCE NIG. PLC

The company made a public offer for subscription, of 0.600 billion ordinary shares of 50k each at N1.20 per share, amounting to N0.600 billion. The offer was to enable the company meet up with the required new minimum paid-up capital of insurance companies and to enhance its working



capital. The net proceeds would be utilized for additional statutory deposit with CBN (3.85Percent) and investment in money and capital market instruments, government securities and properties (98.15Percent).

IMB INTERNATIONAL BANK PLC

The bank floated through public offer for subscription 5.800 billion ordinary shares of 50k each at N0.53 per share for a total worth of N3.074 billion. The offer was to finance branch network expansion programme (15.41Percent), enhancement of existing information technology base for improved customer service (25.68Percent), repayment of money due to IMB Master Fund (10.99Percent) and working capital for the bank's operations (47.92Percent).

GUINEA INSURANCE PLC

The company offered to its existing shareholders by way of rights 0.480 billion ordinary shares of 50k each at N0.55 per share valued at N0.264 billion. The net proceeds would be utilized as follows:

Investment in gilt edged securities 30 Percent
Provision of working capital 40 Percent
Enhancement of information technology 30 Percent

CRUSADER INSURANCE PLC

The company issued a preference stock (rights) involving 0.400 billion ordinary

shares of 50k each at par, amounting to N0.200 billion. The offer was to be used to fund the company's new minimum capital and strengthen its working capital (18.5 Percent) and for long-term investment capacity ahead of the expected reform of the pension system (81.5Percent).

WEMA SECURITIES AND FINANCE PLC

The company offered by way of rights 0.235 billion ordinary shares of N1.00 each at N1.80 per share worth N0.423 billion. The purpose of the offer was to enhance the company's working capital (40.0Percent), information technology (35.0Percent) as well as expand the branch network (25.0Percent).

N.E.M. INSURANCE PLC

The company offered by way of rights 0.563 billion ordinary shares of 50k each at N0.55 per share, valued at N0.309 billion. The purpose of the offer was to enhance the company's working capital so as to comply with the new minimum capital requirement of the Insurance Act 2003. Fifty (50) percent each of the net proceeds would be invested in money and capital market instruments respectively.

STANDARD TRUST BANK PLC

The bank was granted approval to capitalize the oversubscribed portion of its public offer valued at N4.00 billion floated in 2003. The supplementary offer involved 1.103 billion ordinary shares of 50k each at N4.00 per share, amounting to N4.412 billion.



IMPRESIT BAKOLORI PLC

The company, in furtherance of its initiatives aimed at enhancing its information technology and infrastructure, establishment of viable subsidiaries and brand transformation among others, floated by way of rights 12.60 million ordinary shares of 50k each at N0.50 per share valued at N6.30 million. 40Percent of the net proceeds would be utilized to enhance working capital, 30Percent for information technology, 20Percent for expansion of branches, while 5Percent each would go for purchase of Asphalt plant spare parts and repairs of earth moving equipments respectively.

AFRICAN PETROLUEM PLC

The company offered by way of rights to its existing shareholders 0.216 billion ordinary shares of 50k each at N40.00 per share amounting to N8.640 billion. 30.56Percent of the net proceeds would be utilized as additional working capital, while 69.44 Percent was meant to upgrade the existing storage facilities, lubricant plants and retail outlets.

SECURITY ASSURANCE PLC

Two (2) offers were floated by the company concurrently, a rights and a subscription. The aggregate volume and value of the issues stood at 0.520 billion ordinary shares and N0.303 billion respectively. The break down is as follows:

Rights: 0.180 billion ordinary shares of 50k each at N0.55 per share, amounting to N0.099 billion.

Subscription: 0.340 billion ordinary shares of 50k each at N0.60 per share valued at N0.204 billion

The proceeds from the two (2) offers were to provide the company with additional working capital, enhancement of information technology, and to meet up the statutory capital requirements.

AMICABLE ASSURANCE PLC

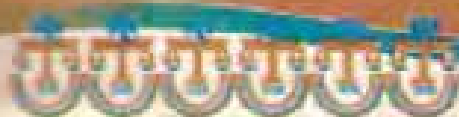
The company offered for public subscription, 0.600 billion ordinary shares of 50k each at N0.60 per share worth N0.360 billion. The net proceeds would be utilized to meet up with the new minimum paid-up capital requirement (74.26Percent), upgrade information technology system (7.13Percent) and enhance its working capital (18.61Percent).

TRADE BANK PLC

The bank issued 1.000 billion ordinary shares of 50k each at N1.00 per share valued at N1.000 billion. The purpose of the offer was to fund the expansion of branch network (35Percent), investment in information technology infrastructures (25Percent) and enhancement of working capital (40Percent).

CROSS RIVER STATE GOVERNMENT

In its quest to upgrade and expand the Obudu Ranch Resort to international standard, the government of Cross River State floated a



redeemable tourism Development Bond worth N4.0 billion at par. 44Percent of the net proceeds was meant for repayment of bridge finance while 56Percent would be used to further upgrade the ranch resort.

NIGER INSURANCE PLC

The company offered by the way of rights 0.200 billion ordinary shares of 50k each at N3.30 per share, amounting to N0.660 billion. The purpose of the offer was to finance strategic investment in equity (quoted and unquoted) that will enhance the productivity of the company.

CORNERSTONE INSURANCE PLC

The company issued to its existing shareholders, by way of rights, 0.454 billion ordinary shares of 50k each at N1.85 per share worth N0.840 billion. The net proceeds from the offer would be deployed to strengthen the company's retention capacity, finance its branch offshore and agency network expansion, corporate office development and business diversification programme.

GUARANTY TRUST BANK PLC

The bank issued for public subscription 1.000 billion ordinary shares of 50k each at N10.60 per share, amounting to N10.600 billion. The commission also approved 1.000 billion ordinary shares of 50k each at N10.60 per share valued at N10.600 billion for the bank arising from the oversubscribed public offer. The total proceeds valued at N21.200 billion would

be utilized as follows:

- o Branch Expansion 32Percent
- o Working Capital 32Percent
- o Information Technology 16Percent
- o Regional Expansion 16Percent
- o Universal Banking 4Percent

ZENITH BANK PLC

The bank floated an Initial Public Offer of 0.800 billion ordinary shares of 50k each at N10.90 per share worth N8.720 billion which was oversubscribed by 454.92 percent. Consequently, the bank sought approval to capitalize the oversubscribed portion, 1.070 billion ordinary shares of 50k each at N10.90 per share, amounting to N11.670 billion (Supplementary offer). Thus, the aggregate volume and value of issues raised by the bank stood at 1.870 billion and N20.390 billion respectively.

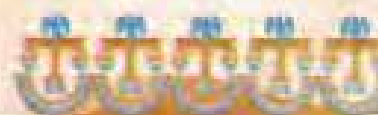
ALPGAM INVESTMENT PLC

The company made a private placement of 50.0 million ordinary shares of N1.00 each at N1.50 per share valued at N75.0 million to finance the following projects:

- o Acquisition of office assets and equipment -2.42Percent
- o Investments in liquefied petroleum gas -62.73Percent
- o Working capital -27.58Percent

R. T. BRISCOE PLC

The company concurrently made an offer for subscription and a rights issue both comprising 187.50 million ordinary shares of



50k each, amounting to N937.5 million.

The offers were issued as follows:

- o Subscription-125.0 million ordinary shares of 50k each at N5.00 per share valued at N625.0 million
- o Rights - 62.50 million ordinary shares of 50k each at N5.00 per share worth N312.50 million.

GATEWAY BANK PLC

The bank floated a rights issue of 1.205 billion ordinary shares of 50k each at N1.75 per share, amounting to N2.109 billion. The issue was to finance branch network expansion - (40Percent), investment in information technology - (20 Percent) and enhancement of working capital - (40Percent).

PRUDENT BANK PLC

The bank offered by way of rights 0.914 billion ordinary shares of 50k each at N1.25 per share valued at N1.143 billion. The issue was meant to support the ongoing growth and modernization initiatives of the bank such as enhancement of information technology (21.6Percent), branch network expansion (46.0Percent) and additional working capital (32.4Percent).

AKWAIBOM STATE GOVERNMENT

The state government floated a redeemable development bond of N6.0 billion at par to enable it develop its infrastructures. 41.67 percent of the net

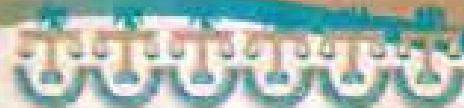
proceeds would be utilized for the dualization of Abak & Oron road, 33.33 percent for development of housing estate located at Eket, Ikot Abasi and Uyo, while the remaining 25 percent was meant for development of industrial estates located at Itu, Eket, Ikot Abasi and Essien Udim.

OANDO PLC

The company simultaneously offered 0.020 billion ordinary shares of 50k each at N95.00 per share valued at N1.936 billion through rights to its existing shareholders, and 0.031 billion ordinary shares of 50k each at N97.50 per share, amounting to N3.063 billion for public subscription. A supplementary offer of 0.113 billion ordinary shares capitalized at N11.010 billion was also approved following the company's oversubscribed public offer. The company thus beefed up its shareholders fund by N16.009 billion. The issue was being undertaken to enable the company achieve growth initiatives and augment working capital. The net proceeds would be applied for terminals, storage tanks and pipelines (59.75Percent), working capital (31.47Percent), information technology (6.71Percent), Kaduna lube plant expansion (1.30Percent) and improvement of quality, health, safety and environmental standard (0.77Percent).

FIRST ASSURANCE PLC

The company issued 0.250 billion ordinary shares of 50k each at N0.60 per share, amounting to N0.150 billion. The net proceeds from the offer would be utilized as follows:



- o Quoted investment - 50Percent
- o information technology development - 20Percent
- o Working capital and mobility/logistic - 20Percent
- o Branch network upgrade - 10Percent

JOS INTERNATIONAL BREWERIES PLC

The company offered for subscription 0.393 billion ordinary shares of 50k each at N2.50 per share worth N0.983 billion. 33.0Percent of the net proceeds were meant to refurbish the company's production plants, 10.0Percent for enhancement of information technology, 16.4Percent for repayment of bridging facility while 40.6Percent was for provision of additional working capital.

OCEANIC BANK INTERNATIONAL PLC

The bank offered for public subscription 3.200 billion ordinary shares of 50k each at N5.30 per share valued at N16.960 billion. 0.114 billion ordinary shares worth N0.604 billion was also capitalized as the issue was 3.55Percent over subscribed. Thus, a total of N17.562 billion was raised by the bank to finance the establishment of 41 new branches (30.0Percent), information technology upgrade (20.0Percent) and enhancement of working capital (50Percent).

UAC NIGERIA PLC

The company offered to its existing shareholders 0.227 billion ordinary shares of 50k each at N12.50 per share valued at N2.838 billion. This is to enable the company finance the expansion of operations in key growing businesses in line with the company's long-term plans and to reduce short-term borrowings. The net proceeds would be applied as below:

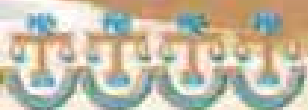
1. Business Expansion Plan:
 - o Development of new Mr. Bigg's restaurants and production hubs- 29 Percent
 - o Development of Innscor Franchised Counters (brands)- 15Percent
 - o Expansion of MDS warehousing and distribution facilities- 16Percent
2. Debt Reduction- 40Percent

EKITI STATE GOVERNMENT BOND (2nd TRANCHE)

The state government floated N1.50 billion of its N4.00 billion redeemable development bond to enable it finance the following:

- o Urban & rural road construction
- o Establishment of oil palm plantation
- o Establishment of college of medicine, University of Ado-Ekiti (UNAD)
- o Rural electrification projects
- o Rehabilitation & expansion of water projects
- o Housing projects
- o Enterprises development



**ACCESS BANK PLC:**

The bank issued for public subscription 3.00 billion ordinary shares of 50k each at N2.90 per share worth N8.70 billion. The net proceeds would be utilized to finance strategic business development such as establishment of 30 new branches (40Percent), information technology upgrade (20Percent), and increment in working capital to support business expansion, taking advantage of emerging opportunities (40Percent).

MUTUAL BENEFIT ASSURANCE PLC

The company floated by way of rights 0.413 billion ordinary shares of 50k each at N0.75 per share valued at N0.310 billion. The net proceeds would be utilized to finance expansion of oil and gas business (44Percent), opening of new branch offices (29Percent), expansion of information technology system (17Percent) and additional working capital (10Percent).

AFRIBANK NIGERIA PLC

The bank offered for subscription 2.500 billion ordinary shares of 50k each at N6.80 per share, amounting to N17.00 billion. This is to finance branch network expansion - (10Percent), upgrade the existing information technology - (18Percent) and additional working capital - (72Percent).

FLOUR MILLS NIG

The Company made a rights issue of

0.437 billion ordinary shares of 50k each at N12.0 per share, amounting to N5.242 billion. The purpose of the offer was to finance the following:

- o Replacement, refurbishment and modernization of mills, A,B,C together with their tempering and cleaning facilities.
- o Provision of depot infrastructure in Abuja, and Enugu, new ware house/administrative blocks, renovation of existing blocks, fence, security post, construction of concrete open space and new networks, part-funding of investment in power generation to convert from diesel to natural gas powered generators, repayments of medium term loan for an additional mill.

INTERCONTINENTAL BANK PLC

The bank issued for public subscription 2.75 billion ordinary shares of 50k each at N6.00 per share worth N16.50 billion. The offer is to enable the bank expand its branch network to 96 new locations, upgrade its information technology as well as provide robust working capital for the bank to take advantage of emerging business opportunities.

VONO PRODUCT PLC

The company simultaneously floated a rights issue of 0.097 billion ordinary shares of 50k each at N1.60 per share, amounting to N0.155 billion and an offer for subscription of 0.155 billion ordinary shares of 50k each at



N1.60 per share valued at N0.248 billion. The total proceeds involving 0.252 billion ordinary shares worth N0.403 billion would be utilized for modernization of foam plant and equipment, expansion of foam factory and additional working capital.

FIDELITY BANK PLC

The bank concurrently made a rights issue and private placement, totaling 2444 billion ordinary shares of 50k each at N1.25 per share valued at N3.055 billion. The issues were as follows:

Rights: 0.450 billion ordinary shares of 50x each at N1.25 per share valued at N0.563 billion

Private Placement: 1.994 billion ordinary shares of 50k each at N1.25 per share, amounting to N2.493 billion.

The two (2) issues were meant to shore up the capital base of the bank to meet the new N25 billion minimum paid up capital requirement for banks, upgrade the bank's information technology system in its existing 23 branches, fund investments in existing subsidiaries and new pension administrative companies as well as provide additional working capital.

WENABANK PLC

The bank issued for public subscription 5.00 billion ordinary shares of 50k each at N3.50 per share, worth an aggregate of

N17.50 billion. The offer is to expand the bank's branch network in all state capitals and upgrade its information technology and infrastructure.

INCAR NIGERIA PLC

The company offered by way of rights 0.251 billion ordinary shares of 50k each at N1.20 per share worth N0.302 billion for the following purposes:

- o To develop property in Ikoyi;
- o To finance establishment of information technology training centre in Kaduna and Kano;
- o To strengthen fish haulage and retail business;
- o To augment working capital requirement



were also registered.

Also on the registration list were forty-nine (49) new issues of 46.82 billion ordinary shares, amounting to N195.42 billion. An analysis of the new issues showed that sixteen (16) were offer for subscription (27.19 billion ordinary shares valued at N106.14 billion), six (6) supplementary offers (3.48 billion ordinary shares, amounting to N38.47 billion), twenty (20) rights issues (7.70 billion ordinary shares worth N27.54 billion), one (1) preference stock (399.82 million ordinary shares valued at N199.91 million), three (3) private placements (8.04 billion ordinary shares, amounting to N11.57 billion) and three (3) revenue bond worth N11.50 billion. A total of 1.21 billion securities valued at N1.04 billion were also ratified during the year. On the aggregate, the commission registered one hundred and six (106) securities, involving 86.52 billion ordinary shares worth N218.51 billion in the reviewed year.

PROCESSED OFFER DOCUMENT

The commission, in 2004, processed a total of one hundred and eight (108) various applications, involving 127.26 billion ordinary shares worth N272.62 billion. Eighty-six (86) of these applications, involving 83.47 billion ordinary shares, were cleared while twenty-two (22) others involving 43.79

billion ordinary shares valued at N60.10 billion were under process as at the end of 2004.

A breakdown of the cleared applications showed that there were fourteen (14) offers for subscription consisting of 20.89 billion ordinary shares valued at N102.46 billion, eighteen (18) rights issues of 6.15 billion ordinary shares worth N26.61 billion, five (5) supplementary offers involving 3.40 billion ordinary shares valued at N38.29 billion, three (3) private placements consisting of 8.04 billion ordinary shares valued at N11.57 billion and two (2) development bonds worth N10.00 billion. Among the cleared applications during the year were thirty-one (31) bonus issues involving 23.74 billion ordinary shares amounting to 12.15 billion, thirteen (13) existing securities of 21.24 billion ordinary shares worth N11.43 billion and one (1) offer for sale of 100.00 million ordinary shares amounting to N120.00 million.

ALLOTMENT CLEARANCE

The Commission approved forty-five (45) allotment proposals in 2004 (including fifteen (15) issues that were floated in 2003). Thus, thirty (30) allotment proposals were submitted and approved out of the forty-eight (48) new securities issued in 2004. Out of the fifteen (15) allotted issues floated in 2003, five (5) were oversubscribed, four (4) fully subscribed while six (6) others were undersubscribed. Proceeds worth N22.89 billion was capitalized from these issues from a total value of N23.64 billion applications.



Among the allotted new issues offered in 2004, eight (8) were offers for subscription, four (4) supplementary offers, fifteen (15) rights issues, one (1) private placement and two (2) revenue bonds. Fourteen (14) of these issues were over subscribed, five (5) fully

subscribed and eleven (11) under subscribed.

A total of N100.65 billion worth securities were allotted from the aggregate value of N103.23 billion from thirty (30) applications received by the commission representing 97.5Percent level of success.

Table 1

MARKET CAPITALISATION AND GDP

year (1)	Market Capitalisation N'Billion (2)	GDP at Current Market Prices N'Billion (3)	(2) as percentage of (3)
1988	10.02	145.24	5.90
1989	12.85	144.80	5.25
1990	15.34	200.64	6.28
1991	23.14	324.01	7.14
1992	31.27	540.81	5.69
1993	47.44	695.90	6.82
1994	66.37	911.07	7.28
1995	180.31	1,957.69	9.20
1996	368.80	2,740.46	10.43
1997	381.95	2,835.01	9.95
1998	262.52	2,765.67	9.49
1999	300.00	3,190.67	9.39
2000	478.60	4,337.60	10.55
2001	623.60	5,172.20	12.02
2002*	761.90	5,403.01	14.10
2003*	1,539.27	6,947.82	19.56
2004*	2,110.70	8,364.96	25.34

Source: The Nigerian Stock Exchange, Federal Office of Statistics and Central Bank of Nigeria

*Revised

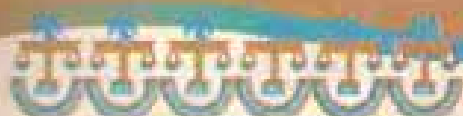
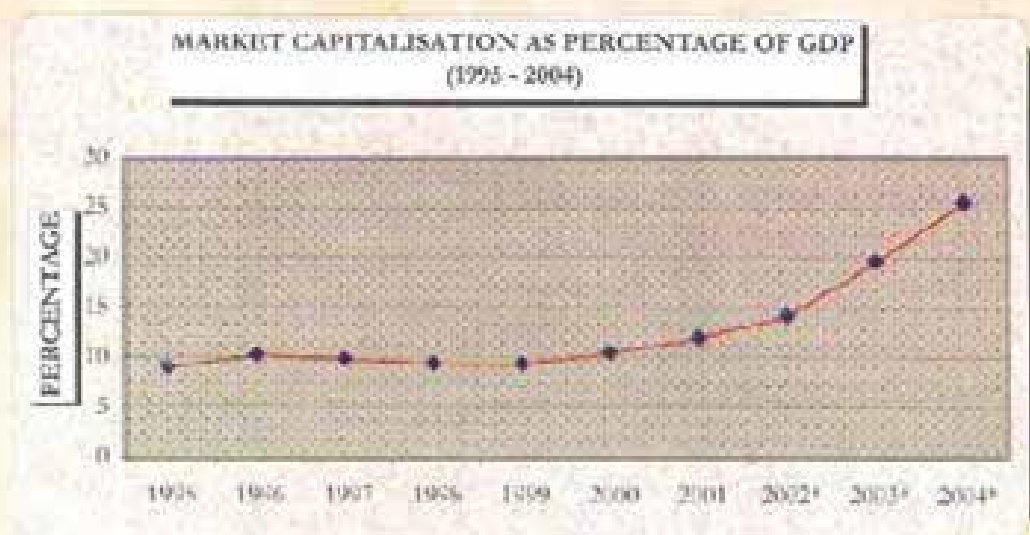


Chart 1



Compiled from data supplied by the NSE, CBN and FOS

Chart 2



Compiled from data supplied by the NSE, CBN and FOS



Table 2
FLAUGHTED NEW ISSUANCES JANUARY - DECEMBER, 2004

COMPANY	TYPE OF ISSUE	NOMINAL VALUE (N)	OFFER PRICE (P)	VOLUME OFFERED (M)	VALUE OFFERED (N x M)	ISSUANCE AGENT	DATE OFFERED
Orange Bank Plc	Rights	0.50	1.20	1,013.45	1,240.14	Leadbanks Plc/Investment Trust Ltd	13/01/04
Law Union and Rock Ins. Ng. Plc	Subscription	0.50	1.20	500.00	600.00	S&B Bank Plc/Dominion Trust Ltd	14/01/04
MO Int'l Bank Plc	Subscription	0.50	0.53	5,405.00	3,494.60	Trinity Merchant Bank Ltd	23/01/04
Guinea Insurance Plc	Rights	0.50	0.55	480.00	264.00	Abn-Amro International Ltd	30/01/04
Guinean Insurance Plc	Preference Stock (Right)	0.50	A: P: 0	340.00	160.00	Capital Bankcorp Ltd/Foreward Sec. Ltd	09/02/04
Wema Securities and Finance Plc	Rights	1.00	1.80	535.00	415.00	Wema Securities and Finance Plc	09/02/04
R. E. M. Insurance Plc	Rights	0.50	0.55	562.50	309.38	Guinean Insurance Plc Ltd	11/02/04
Standard Trust Bank Plc	Supplementary Offer (Rights)	0.50	1.00	1,113.37	4,453.48	PRB Group/PRB Bank Ltd/DTIC	11/02/04
Immaculate Bank Plc	Rights	0.50	0.50	12.00	6.00	Immaculate Bank Plc	10/04/04
African Petroleum Plc	Rights	0.50	0.60	213.00	8,640.00	Abn-Amro Int'l Ltd. & Virgin Bank, Bank Ltd	03/05/04
Security Assurance Plc	Rights	0.50	0.55	180.00	99.00	Abn-Amro Int'l Ltd.	24/05/04
Security Assurance Plc	Subscription	0.50	0.60	240.00	294.00	Abn-Amro Int'l Ltd.	24/05/04
Amicable Assurance Plc	Subscription	0.50	0.60	600.00	360.00	Financial Securities Ltd	24/05/04
Prudential Assurance Plc	Supplementary Offer (Rights)	0.50	1.30	16.83	176.71	Cooper Banking Brokers Ltd	24/05/04
Trade Bank Plc	Subscription	0.50	1.00	1,000.00	1,000.00	MOB Int'l Bank Ltd	01/06/04
Onion Silver State Government	Redm. Tourism Dev. Bond	par	742	0.00	1,000.00	Leadbanks Plc	02/06/04
Wye Insurance Plc	Rights	0.50	0.30	200.00	600.00	Trusthouse Plc Ltd & Union Bank, Bank Ltd	02/06/04
Commercial Insurance Plc	Rights	0.50	1.25	450.00	562.50	Leadbanks Plc/DTIC Bank Plc	14/06/04
Guinean Trust Bank Plc	Subscription	0.50	1.80	1,000.00	10,500.00	Prudential Plc & Abn-Amro Int'l Bank, Ltd	30/06/04
Bank of Africa Plc	Subscription	0.50	1.90	800.00	8,720.00	PRB Bank Plc/Abn-Amro Int'l Bank, Ltd	01/07/04
Wye Insurance Plc	Private Placement	1.00	1.50	30.00	75.00	Guinean Trust Bank Ltd	02/07/04
R. T. Finance Ng. Plc	Rights	0.50	5.00	52.50	312.50	PRB Capital, Bankers	20/07/04
R. T. Finance Ng. Plc	Subscription	0.50	5.00	125.00	625.00	PRB Capital, Bankers Ltd	26/07/04
Guinean Bank Plc	Rights	0.50	1.75	1,205.47	2,109.57	Abn-Amro Int'l Capital Markets Ltd	09/08/04

Table A Cont'd

company	capital type	nominal value N	nominal value %	interest rate	interest payable	issue N	issue date
Prudential Bank Plc	Rights	0.50	1.25	914.36	1,142.95		18/08/04
Abuja State Government	Redeemable Dev. Bond	par	par	0.20	6,000.00		20/08/04
Quindia Plc	Rights	0.50	05.00	20.58	1,036.10		05/08/04
Quindia Plc	Subscription	0.50	97.50	21.42	3,053.45		20/08/04
First Assurance Plc	Rights	0.50	0.50	230.00	100.00		05/09/04
First Assurance Plc	Subscription	0.50	2.50	394.50	583.75		05/09/04
Consolidated Bank International Plc	Subscription	0.50	5.30	3,000.00	14,960.50		06/09/04
UAC Nigeria Plc	Rights	0.50	12.50	317.16	2,839.50		10/09/04
Zenith Bank Plc	Supplementary Offer (Subs.)	0.50	10.00	1,000.00	10,000.00		20/09/04
State Street Government	Redeemable Dev. Bond	par	par	0.00	1,500.00		27/09/04
Commerce Trust Bank Plc	Supplementary Offer (Subs.)	0.50	10.00	1,000.00	10,000.00		20/10/04
Access Bank Plc	Subscription	0.50	2.00	3,000.00	9,700.00		11/10/04
Marshall Islands Assurance Plc	Rights	0.50	6.75	413.39	310.50		18/10/04
Access Bank Plc	Subscription	0.50	6.80	2,500.00	17,000.00		25/10/04
Quindia Plc	Supplementary Offer (Subs.)	0.50	40.50	112.90	11,009.50		11/11/04
First Union Plc	Rights	0.50	10.00	436.80	5,241.60		15/11/04
Investment Bank Plc	Subscription	0.50	6.50	2,500.00	16,250.00		15/11/04
First Union Plc	Rights	0.50	1.00	96.71	154.74		23/11/04
West Bank Plc	Subscription	0.50	1.00	104.93	247.81		23/11/04
Facility Bank Plc	Rights	0.50	1.25	149.20	507.30		23/11/04
Facility Bank Plc	Private Placement	0.50	1.25	1,994.21	2,492.89		22/12/04
WEMA Bank Plc	Subscription	0.50	3.50	5,000.00	17,500.00		25/12/04
First Nigeria Plc	Rights	0.50	1.20	281.25	201.50		03/12/04
Consolidated Bank International Plc	Supplementary Offer (Subs.)	0.50	5.20	118.61	600.13		09/12/04
City Savings Bank Plc	Private Placement	0.50	1.50	6,000.00	9,000.00		11/12/04
Total				46,817.53	493,418.38		

Chart 3

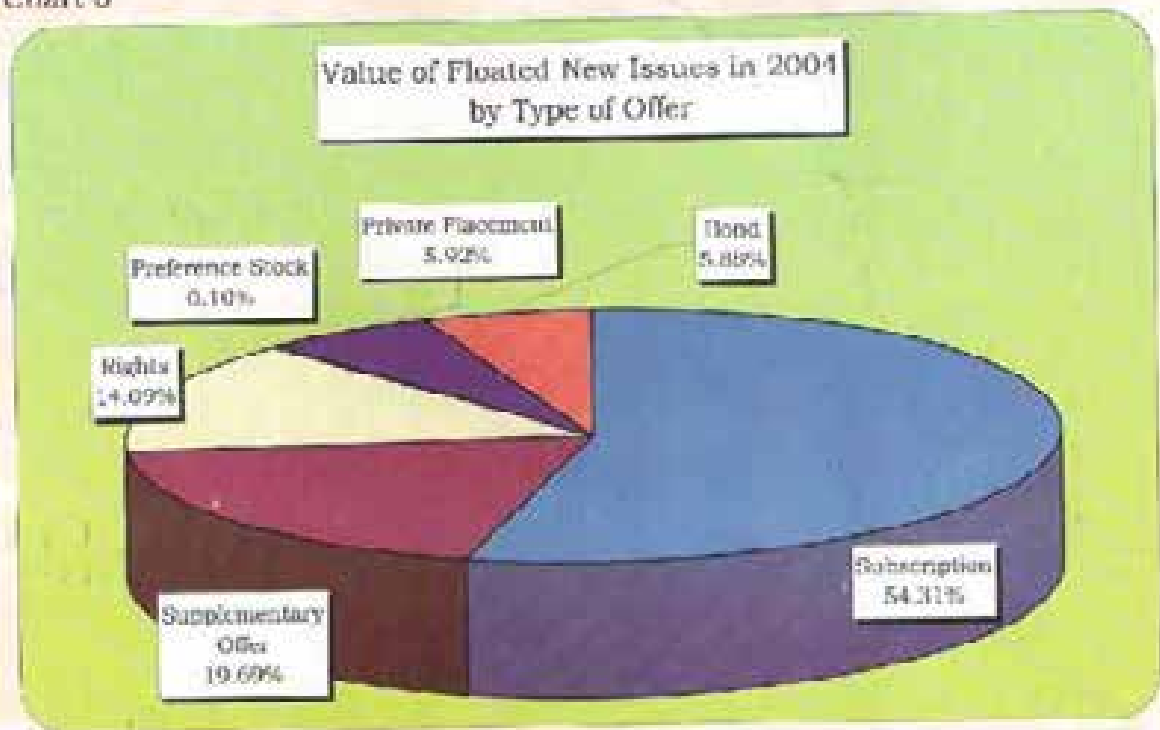
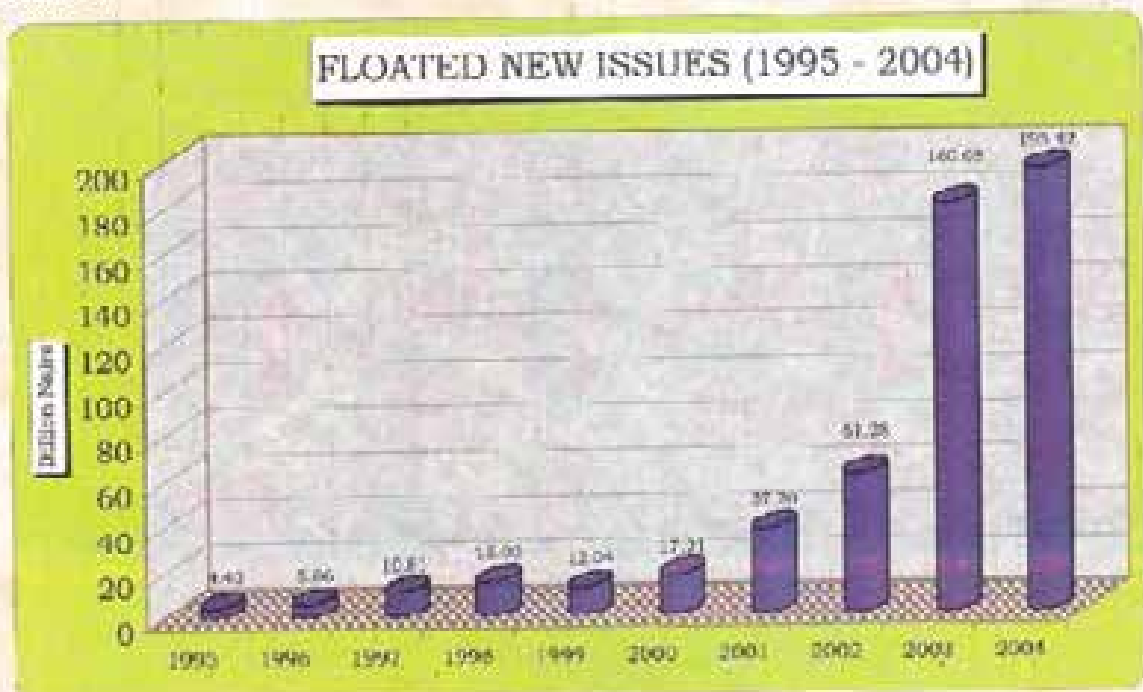


Chart 4



**Table 3 SUMMARY OF FLOATED NEW ISSUES IN 2004**

Mode of Offer	No. of Issues	% of Total	Volume (million)	% of Total	Value (N'million)	% of Total Value
SUBSCRIPTION	16	33.33	27,194.85	58.09	106,138.09	54.31
SUPP. OFFER (SUBS.)	6	12.50	3,477.25	7.43	38,470.60	19.60
RIGHTS	20	41.67	7,701.00	16.45	27,541.80	14.09
PREFERENCE STOCK	1	2.08	399.82	0.85	199.91	0.10
PRIVATE PLACEMENT	3	6.25	8,044.31	17.18	11,567.80	5.92
BOND	3	6.25	-	-	11,500.00	5.88
TOTAL	49	102.08	46,817.23	100.00	195,418.38	100.00

Table 4 SECTORAL SUMMARY OF FLOATED NEW ISSUES IN 2004

Sectors	Issues Involved	% of Total	Volume (m)	% of Total	Value (N'm)	% of Total
Quoted securities:						
Automobile & Tyre	3	6.12	418.75	0.94	1,239.00	0.63
Banking	14	28.57	29,370.95	62.74	128,578.42	65.80
Breweries	1	2.04	393.50	0.84	983.75	0.50
Conglomerates	1	2.04	227.16	0.49	2,839.50	1.45
Food/Beverages & Tobacco	1	2.04	436.80	0.93	3,241.00	1.68
Industrial/Domestic Products	2	4.08	231.64	0.51	402.63	0.21
Insurance	11	22.45	3,856.08	8.24	3,812.16	1.95
Petroleum (Marketing)	4	8.16	380.72	0.81	24,649.25	12.61
Revenue Bonds	3	6.12	-	-	11,500.00	5.88
Unquoted Securities:						
Banking	6	12.24	10,799.03	23.07	15,730.77	8.05
Insurance	1	2.04	600.00	1.28	360.00	0.18
Others	2	4.08	62.60	0.13	81.30	0.04
Total	49	100.00	46,817.23	100.00	195,418.38	100.00



Table 5 QUARTERLY SUMMARY OF FLOATED NEW ISSUES IN 2004

Quarter	No. of Issues	% of Total	Volume (million)	% of Total	Value \$ million	% of Total
1st	8	16.33	10,114.14	21.60	10,823.91	8.39
2nd	11	22.45	4,079.03	8.71	26,385.17	13.60
3rd	15	30.61	8,350.31	17.84	58,086.49	29.72
4th	15	30.61	24,273.73	51.85	100,222.81	51.29
Total	49	100.00	46,817.23	100.00	195,418.38	100.00

Table 6 SUMMARY OF FLOATED NEW ISSUES 1990 - 2004

Year	Offer for Subscriptions/Private Placements	Rights	Total Equities	Interest Bearing Securities	All Securities (Total)
	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>
1990	139.51	370.01	509.52	645.00	1,184.82
1991	551.45	192.58	744.03	335.00	1,099.03
1992	684.73	524.64	1,209.37	515.00	1,724.37
1993	706.17	1,517.25	2,223.42	413.50	2,636.92
1994	826.12	605.56	1,431.68	730.00	2,161.68
1995	1,250.40	2,659.78	3,910.18	515.40	4,425.58
1996	4,211.34	1,631.84	5,843.18	13.00	5,856.18
1997	8,343.17	2,130.43	10,463.60	350.00	10,813.60
1998	13,754.74	893.32	14,618.06	370.00	15,018.06
1999	4,629.95	7,208.49	11,838.44	900.00	12,038.44
2000	834.07	4,673.75	5,707.82	11,500.00	17,207.82
2001	10,511.44	22,168.39	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	16,112.18	29,429.86	150,650.00	180,079.86
2004	156,176.57	27,341.80	183,718.47	11,699.91	195,418.38

The Secondary Market

TRADING ACTIVITIES ON THE NIGERIAN STOCK EXCHANGE, 2004.

Trading activities on The Nigerian Stock Exchange (NSE) in terms of volume and value recorded an impressive improvement during the review period.

An aggregate of 19,208.70 million ordinary shares valued at N225, 820.54 million was traded in year 2004 in contrast to 13,307.01 million ordinary shares worth N120, 703.04 million traded in 2003. This showed increases of 44.35 per cent and 86.94 per cent in terms of volume and value respectively when compared with the figures from the previous year.

Trading activities were dominated by the equities sector as experienced over the years. The sector recorded 19,191.89 million or 99.91 per cent of the aggregate transactions in respect of volume. The Bond market recorded 16.79 million or 0.09 percent while the Industrial Loan/Preference Shares sector registered 0.02 million. In terms of value, the equities Sector accounted for N223,

776.49 million or 99.09 per cent, the Industrial Loan/Preference Shares sector registered N17.46 million or 0.01 per cent while the Bond market recorded N2, 026.57 million or 0.90 per cent.

Quarterly analysis of trading statistics showed that the second quarter was the most active during the reporting year as it registered a trading value of N74,996.67 million. The third quarter was the second most active, having recorded N53,816.89 million in securities trading. The first quarter occupied the third position with a N51,180.81 million trading value. While the fourth quarter with N45,826.15 million was the least active.

In line with the patterns established in the past years, the Lagos/Abuja/Kano/ Yola/Port Harcourt on-line trading floors controlled the bulk of activities on the exchanges, having registered securities traded worth N225,759.55 million or 99.97 per cent of the total value traded. The Ibadan trading floor recorded N59.98 million or 0.03 per cent of the aggregate value of securities traded. There was however, no trading on the Kaduna and Onitsha trading floors.

Table 7

VOLUME OF TRANSACTIONS ON THE NIGERIAN STOCK EXCHANGE (2003 - 2004)

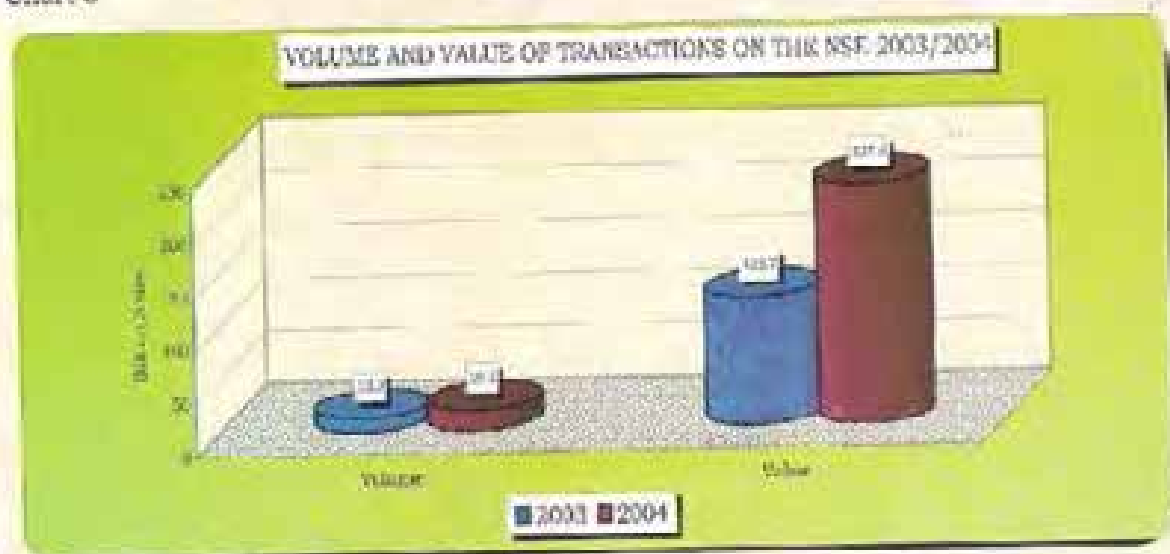
	2003 (million units)	% of Total	2004 (million units)	% of Total	% Change (2003/2004)
Government Stocks	64.69	0.40	16.79	0.09	(74.05)
Industrial Loans/Preference Shares	0.25	0.00	0.02	0.00	(92.00)
Equities	13,342.06	99.51	19,197.89	99.91	44.93
Total	13,307.00	100.00	19,208.70	100.00	44.35

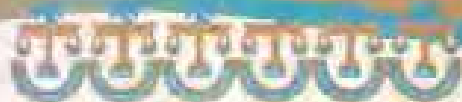
Table 8

VALUE OF TRANSACTIONS ON THE NIGERIAN STOCK EXCHANGE (2003 - 2004)

	2003 (million Naira)	% of Total	2004 (million Naira)	% of Total	% Change (2003/2004)
Government Stocks	6,547.04	5.42	2,026.57	0.50	(69.05)
Industrial Loans/Preference Shares	269.43	0.22	17.48	0.01	(93.51)
Equities	113,886.57	94.35	223,776.40	99.09	96.49
Total	120,703.04	100.00	225,820.54	100.00	87.09

Chart 5





Market Capitalisation of The Nigerian Stock Exchange

Government reforms boosted economic activities in the year 2004 as evident in the significant increase in the market capitalisation of stocks quoted on The Nigerian Stock Exchange (NSE). The CBN directive for banks on the N25.0 billion recapitalization on or before December 2005 was one of the government reforms which acted as a driving force for most banks as they accessed the capital market for funds. Even banks that were hitherto unlisted got listed on The Nigerian Stock Exchange in the process. This, and the listing of the Federal Government Bond among other factors, impacted positively on the aggregate market capitalization of The NSE. Thus, the market capitalisation which stood at N1,359.2 billion in the preceding year, appreciated substantially to close the year 2004 at N2,112.5 billion, representing N753.3 billion or 55.42 per cent gain.

Analysis on monthly basis showed that the market capitalisation had closed January, 2004 at N1,568.5 billion, reaching N1,923.8 billion in February. The tremendous improvement in the market value during that period was as a result of significant appreciation in share prices as well as new listing of the N150.00 billion Federal government bond floated in September the previous year. In March, the market became bearish as the market capitalisation dropped by N104.5 billion to N1,819.3

billion. By April, the market value had risen by N198.0 billion, hitting a N2.0 trillion mark as many companies witnessed good trading results during that period.

At the close of business in May, the market capitalisation appreciated slightly from N2,017.3 billion recorded in the previous month to N2,161.8 billion owing to some sharp stock price appreciations especially in the "Petroleum (Marketing)" sector during the month. In June, 6.0 billion ordinary shares of Oceanic Bank International Nigeria Plc were listed on The Nigerian Stock Exchange thus increasing the overall market capitalisation to N2,250.2 billion though there was fall in prices of some equities as a result of price adjustments for dividend payment declared at their Annual General Meetings. This development continued in July as the market capitalisation depreciated further by N146.5 billion to stand at N2,103.7 billion at the end of that month.

The month of August witnessed a tremendous drop in the aggregate market capitalisation by N233.2 billion (or 12.1 per cent) as it closed the month at N1,870.5 billion. However, the market recovered in September as market capitalisation rose from N1,871.8 billion at the end of that month to N2,008.0 billion in October for a gain of N136.2 billion or 7.3 per cent when compared with the figure for the previous month. This could be attributed to the listing of Zenith Bank Plc and Acen Insurance Plc during the period.



By November, the market value had reached N2,054.8 billion and further appreciated to close the year at N2,112.5 billion.

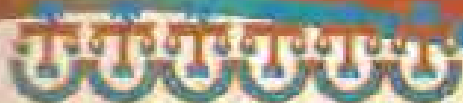
As recorded in the past years, the "Equities" sector accounted for the bulk of the total market capitalisation. The equities market capitalisation stood at N1,928.4 billion (First and Second Tier securities) in the reporting year as against N1,325.6 billion in 2003. This showed a remarkable increase of N600.8 billion or 45.3Percent. The "Federal Government Development Stock" sector rose by N150.0 billion or 8,823.5 per cent to N151.7 billion or 7.2 per cent of the overall market value to record the second highest market capitalisation. The sector had recorded only N1.7 billion in the previous year. The "State and Local Government Bonds" sector market capitalisation was N26.4billion (a 12.3 per cent increase) compared to N23.5 billion in the preceding year. The "Industrial Loans and Preference Stocks" sector however fell by N0.4 billion or 4.8 per cent to N8.0 billion as against N8.4 billion recorded in the previous year. On the aggregate, the market capitalisation of debt securities stood at N186.1 billion as against N33.6 billion, which indicated a 453.9 per cent increase.

Market concentration remained skewed towards a few companies. For example, the 50 most capitalised companies

accounted for N1,756.0 billion or 91.2 per cent of the total market value while the top twenty recorded N1,486.8 billion to represent 76.2 per cent of the aggregate market value.

On individual company basis, Nigerian Breweries Plc, with a market capitalisation of N323.7 billion, ranked first and represented 22.1 per cent of the top twenty and 16.8 per cent of the total equities market capitalisation. This was followed by Guinness Nigeria Plc with a market value of N138.0 billion or 9.4 per cent of the top twenty and 7.2 per cent of the aggregate equities market capitalization. First Bank of Nigeria Plc with N94.4 billion placed third, thus, accounting for 6.4 per cent and 4.9 per cent of the top twenty and the equities total market value respectively. Following closely was Zenith Bank Plc, which recorded a market capitalization of N94.1 billion. This represented 5.4 per cent and 4.9 per cent of the top twenty and the aggregate market capitalisation respectively. Union Bank Nigeria Plc was fifth with N94.0 billion to control 6.4 per cent of the top twenty equities and 4.9 per cent of the overall equities market value.

Among the top twenty companies by market capitalization, United Bank for Africa Plc was the least capitalized equity. The bank posted a market value of N26.9 billion, which represented 1.8 per cent of the top twenty and 1.4 per cent of the aggregate market capitalisation. Occupying the nineteenth position was Intercontinental Bank Plc with N28.0 billion, while African Petroleum Plc



which recorded N29.8 billion was eighteenth.

Stock Index Performance

The rise in equity prices prevalent in year 2003 persisted during the year under review. The market exhibited a bullish trend which further gave rise to the upward surge in market activities as shown in the Nigerian Stock Exchange (NSE) All-share index movement with observed improvement during the year.

The index, which closed the year 2003 at 20,128.9 points appreciated to 23,844.5 points by the end of 2004 to establish 3,715.6 points or 18.5 percent gain.

Analysis on a quarterly basis revealed that the all shares index had closed the first quarter at 22,896.4 points appreciating impressively to 28,887.4 points at the end of second quarter of the year. It however fell to 22,739.7 points as at September 30, 2004. The index thereafter rose slightly to 23,844.5 points to close the fourth quarter.

SHARE PRICE MOVEMENT

The Nigeria International Funds Plc (100\$), listed under the Managed fund sector emerged the highest price gainer during the reporting year as its unit price appreciated to N7,172.97 from N7,062.49 in the previous year for a gain of N110.48 or 1.56 percent. Mobil Oil

Nigeria Plc was second on the list with a gain of N40.05. This was followed by Guinness Nigeria Plc N32.99, Oando Plc N26.60, and African Petroleum Plc N26.13. Ashaka Cement Plc occupied the tenth position with N4.75 or 26.76 percent share price gain. The impressive gain recorded by the equities sector were registered mostly by the Petroleum sector.

The highest price loss in equity prices was registered by Nigeria Energy Sector Fund Plc, which recorded N51.50 or 5.48 percent drop. Its unit price declined to N889.00 from N940.50 in the preceding quarter. Nigerian Breweries Plc shed N20.40 to record the second position. West African Portland Company Plc (N7.21) and Cadbury Nigeria Plc (N5.75) settled at The third and fourth positions respectively.

PERFORMANCE OF QUOTED COMPANIES THAT HELD THEIR ANNUAL GENERAL MEETINGS (BETWEEN JAN-DEC 2004)

Quoted companies on The Nigerian Stock Exchange (NSE) which held their AGM for 2003 financial year recorded an impressive performance in terms of **ASSET, NETWORTH, TURNOVER, and PAT** when compared with the companies' performance for the preceding year. The impressive performance was attributed to the present government's commitment to ensuring a



private sector driven economy thus providing a conducive atmosphere for entrepreneurship. Consequent upon their good performance, most companies declared dividends and made bonus issues to their investors. Of the 200 quoted companies on The Nigerian Stock Exchange (NSE) in 2003, seventy two (72) companies report were available as at the time of the analysis.

ASSETS

For instance, the aggregate assets of the seventy two (72) quoted companies appreciated to N1, 330.61 billion in 2003 as against N1, 133.55 billion posted for 2002. This showed an increase of N197.06 billion or 17.40 per cent. On sectoral basis, the Banking sector recorded the highest in terms of ASSETS, with N930.27 billion during the period under review, compared to the N792.68 billion it posted in the preceding year. This shows an increase of N138.14 billion or 17.43 per cent. The petroleum* sector came second with a total of N87.51 billion in 2003 representing N6.52 billion or 8.05 percent increase over the N80.99 billion it recorded in 2002.

Analysis of individual companies revealed that Union Bank Nig plc recorded the highest ASSETS of N366.68 billion in 2003 and N299.76 billion in 2002. Its assets thus increased by N66.92 billion or 22.32 percent during

the period. It was followed by United Bank for Africa plc (UBA), with ASSETS value of N203.87 billion in 2003 compared to N200.20 billion in 2002.

The corresponding total liabilities rose by N183.07 billion or 19.9 per cent, from N919.34 billion in 2002 to N1, 101.41 billion in 2003. On sectoral basis, the Banking sector led others in terms of ASSETS and LIABILITIES. The sector recorded the highest liability of N833.81 billion in 2003 as against N711.58 billion it registered in 2002. This was followed by the Petroleum sector. In 2003 the sector posted liabilities totaling N67.50 billion compared to N51.25 billion in 2002. This represents an increase of N16.25 billion or 31.71 percent.

On individual company basis, Union Bank Nig plc emerged with the highest liability of N329.19 billion in 2003, showing an increase of N62.33 billion or 23.36 percent from N266.86 billion recorded in 2002. In the second position was United Bank for Africa plc with N188.97 billion liability in the year 2003, a decline of 0.32 percent from N189.57 billion attained in year 2002.

NETWORTH

Similarly, the overall networth of the 72 quoted companies rose to N229.20 billion in 2003, from N214.21 billion in the preceding year, representing a N15.0 billion or 7.00 per cent increase.

The "Banking" sector recorded the highest



networth of N96.47 billion in 2003, N15.37 billion or 18.95 percent increase over N81.10 billion it posted in 2002. This was followed by the "Food, beverages and tobacco" sector with N21.88 billion.

On individual company basis, Union Bank of Nigeria Plc led others with networth of N37.49 billion in 2003 as against N32.90 billion in the previous year. This shows an increase of N4.59 billion or 13.95 per cent. Nigeria Bottling Company Plc recorded the second highest networth of N17.82 billion, while Guinness Nigeria Plc came third with a networth of N16.91 billion.

TURNOVER

The total turnover for all companies in 2003 appreciated by N110.16 billion or 21.6 per cent to N619.35 billion as against N509.19 billion posted in the previous year. The "Petroleum" sector emerged the highest with a turnover of N197.38 billion in the reporting year, representing an increase of N50.96 billion or 34.8 percent over the N146.42 billion turnover recorded in 2002.

The "Banking" sector ranked second with a turnover of N136.56 billion followed by the "Food, beverages and tobacco"

sector with N68.53 billion.

Analysis on individual company basis showed that Total Nigeria Plc from the Petroleum sector topped the chart with N66.75 billion turnover in the reviewed period as against N55.38 billion it posted in 2002. This indicated an increase of N11.37 billion or 20.53 per cent. "Oando plc" was at the second position with a turnover of N63.45 billion. Guinness Nigeria Plc registered N47.51 billion to come third.

PROFIT AFTER TAX (PAT)

In terms of profitability, the aggregate profit after tax (PAT) stood at N37.41 billion and N51.02 billion in 2002 and 2003 respectively. This represented an increase of N13.61 billion or 36.4 per cent.

The "Banking" sector recorded the highest PAT of N18.60 billion, an increase of N6.30 billion or 51.2 per cent over N12.30 billion attained in 2002. This was followed by the "Conglomerates" sector and the "Breweries" sector with N8.65 billion and N7.91 billion respectively.

Union Bank Nigeria Plc declared the highest PAT of N8.26 billion in 2003, an increase of N2.80 billion or 49.94 per cent over N5.66 billion recorded in 2002. Guinness Nigeria Plc with a N7.91 billion PAT came second, while





Nigerian Bottling Company Plc was at the third position, having declared N4.40 billion profit after tax.





Table 9

SUMMARY OF MARKET CAPITALISATION OF SECURITIES LISTED ON THE NIGERIAN STOCK EXCHANGE FOR THE YEAR ENDED 2004

SECURITIES	2003 (N'B)	% of Total	2004 (N'B)	% of Total	% Change Btw. 2003/2004
FIRST TIER EQUITIES	1,324.8	97.5	1,925.9	91.2	45.4
SECOND TIER EQUITIES	0.8	0.1	0.5	0.0	(37.5)
SUB - TOTAL	1,325.6	97.5	1,926.4	91.2	45.3
FEDERAL GOVT./DEV. SOCK	1.7	0.1	151.7	7.2	8,823.5
STATE/ LOCAL GOVT. BONDS	23.5	1.7	26.4	1.2	12.3
INDUSTRIAL LOANS/PREF. SHARES	8.4	0.6	8.9	0.4	(4.8)
SUB - TOTAL	33.6	2.5	186.1	8.8	453.9
GRAND TOTAL	1,359.2	100.0	2,112.5	100.0	55.4



Table 10

MAJOR PRICE GAINS ON THE NIGERIAN STOCK EXCHANGE (NSE)

POSITION	COMPANY	PRICE AS AT 31-DEC-03 N.K	PRICE AS AT 31-DEC-04 N.K	GAIN (N.K)	% CHANGE
1	NIG. INTERNATIONAL FUND PLC	7062.49	7172.97	110.48	1.56
2	MORIL OIL NIGERIA PLC	143.95	181.00	40.05	27.82
3	GUINNESS NIGERIAN PLC	64.00	116.99	32.99	39.27
4	QANDO PLC	85.40	112.00	26.60	31.15
5	AFRICAN PETROLEUM PLC	42.87	69.00	26.13	60.95
6	NESTLE NIGERIA PLC	125.00	149.62	24.62	19.70
7	CONOIL PLC	114.99	131.00	16.01	13.92
8	TEXACO (NIG) PLC	160.00	169.00	9.00	5.63
9	TOTAL NIGERIA PLC	175.00	182.49	7.49	4.28
10	ASHAKA CEMENT PLC	17.75	22.50	4.75	26.76

Table 11

MAJOR PRICE LOSSES ON THE NIGERIAN STOCK EXCHANGE (NSE)

POSITION	COMPANY	PRICE AS AT 31-DEC-03 N.K	PRICE AS AT 31-DEC-04 N.K	LOSS (N.K)	% CHANGE
1	NIGERIA ENERGY SECTOR FUND	940.50	869.00	51.50	5.46
2	NIGERIAN BREWERIES PLC	63.20	42.80	20.40	32.28
3	WEST AFRICAN PORTLAND CO PLC	18.51	11.30	7.21	38.95
4	CADBURY NIGERIA PLC	64.75	59.00	5.75	8.88
5	NIG. BOTTLING COM. PLC	62.50	57.25	4.25	6.85
6	UNION BANK NIGERIA PLC	23.01	21.00	4.01	16.03
7	JULIUS BERGER NIG. PLC	20.00	16.40	3.60	18.00
8	UNILEVER NIGERIA PLC	18.50	15.50	3.00	15.22
9	IFESCO PLC	12.18	9.71	2.47	20.28
10	DN MEYER PLC	7.57	5.25	2.32	30.65

Source: compiled from data supplied by the NSE

Table 12

TOP 20 EQUITIES ON THE NIGERIAN STOCK EXCHANGE BY MARKET CAPITALISATION AS AT YEAR ENDED 31ST DECEMBER, 2004

	EQUITIES	MARKET CAPITALISATION (₦B)	PERCENTAGE OF TOP 20 (%)	PERCENTAGE OF TOTAL (%)
1	NIGERIAN BREWERIES PLC	323.7	21.5	16.8
2	GUINNESS NIGERIA PLC	138.0	9.1	7.2
3	FIRST BANK OF NIGERIA PLC	94.4	6.3	4.9
4	ZENITH BANK PLC	94.1	6.2	4.9
5	UNION BANK NIG PLC	94.0	6.2	4.9
6	NESTLE FOODS NIGERIA PLC	79.1	5.2	4.1
7	NIGERIAN BOTTLING CO. PLC	75.0	5.0	3.9
8	GUARANTY TRUST BANK PLC	70.1	4.6	3.6
9	OANDO PLC	65.1	4.2	3.3
10	TOTAL NIGERIA PLC	62.0	4.1	3.2
11	CADBURY NIGERIA PLC	59.1	3.9	3.1
12	CONOIL PLC	53.9	3.6	2.8
13	UNILEVER NIGERIA PLC	46.9	3.1	2.4
14	STANDARD TRUST BANK PLC	44.5	2.9	2.3
15	MOBIL OIL NIGERIA PLC	44.2	2.9	2.3
16	TEXACO NIGERIA PLC	42.9	2.8	2.2
17	OCEAKIC BANK INTERNATIONAL PLC	37.8	2.5	2.0
18	AFRICAN PETROLEUM PLC	29.8	2.0	1.5
19	INTERCONTINENTAL BANK PLC	28.0	1.9	1.5
20	UNITED BANK FOR AFRICA PLC	26.9	1.8	1.4
	SUB - TOTAL	1,906.5		78.3
	OTHERS	417.4		21.7
	GRAND TOTAL	1,925.9	100.0	100.0

Source: Compiled from data supplied by the NSE

Table 13

SECTORAL GROUPING OF EQUITIES BY MARKET CAPITALISATION ON THE NSE AS AT YEAR ENDED DECEMBER 31, 2004

POSITION	SECTOR	MARKET CAPITALISATION (₦'000)	PERCENTAGE OF TOTAL (%)
1	Banking	662,712.60	34.40
2	Breweries	467,235.92	24.25
3	Petroleum (Marketing)	297,458.10	15.44
4	Food/Beverages and Tobacco	239,295.13	12.42
5	Conglomerates	92,014.20	4.78
6	Building Materials	48,631.32	2.52
7	Insurance	25,080.35	1.30
8	Foreign Listings	23,632.49	1.23
9	Healthcare	11,611.26	0.60
10	Agriculture/Agro-allied	9,635.64	0.50
11	Real Estate	8,900.00	0.46
12	Hotel and Tourism	6,447.41	0.33
13	Industrial/Domestic Products	5,500.07	0.29
14	Construction	5,021.85	0.26
15	Chemical and Paints	4,463.02	0.23
16	Managed Funds	4,191.84	0.22
17	Automobile and Tyre	3,204.89	0.17
18	Packaging	3,107.52	0.16
19	Textiles	2,942.90	0.15
20	Airlines	2,602.00	0.14
21	Printing and Publishing	894.50	0.05
22	Computer and Office Equip.	656.87	0.03
23	Engineering Technology	428.72	0.02
24	Footwear	121.13	0.01
25	Commercial/Services	105.00	0.01
26	Machinery (Marketing)	49.73	0.00
	SUB TOTAL	1,925,937.53	99.97
27	Second Tier Securities	527.59	0.03
	TOTAL	1,926,465.12	100.00

Table 14

THE NIGERIAN STOCK EXCHANGE ALL-SHARE INDEX : 2000 - 2004

MONTH	2000	2001	2002	2003	2004
JANUARY	5,752.9	8,794.2	10,650.0	13,298.8	22,712.88
FEBRUARY	5,955.7	9,180.5	10,581.9	13,658.8	24,797.43
MARCH	5,965.2	9,159.8	11,214.4	13,531.1	22,896.4
APRIL	5,892.8	9,591.6	11,399.1	13,438.0	25,793.0
MAY	6,095.4	10,153.8	11,486.7	14,085.3	27,730.8
JUNE	6,466.7	10,937.3	12,440.7	14,555.5	28,887.4
JULY	6,900.7	10,576.4	12,458.2	13,952.0	27,062.1
AUGUST	7,394.1	10,329.0	12,327.9	15,426.0	23,774.3
SEPTEMBER	7,298.9	10,274.2	11,811.6	16,500.5	22,739.7
OCTOBER	7,415.3	11,091.4	11,451.5	18,743.5	23,354.8
NOVEMBER	7,154.4	11,169.6	11,622.7	19,319.3	23,270.5
DECEMBER	8,111.0	10,963.1	12,137.7	20,128.9	23,844.5

Table 15

THE NSE ALL-SHARE INDEX PERCENTAGE CHANGE 1984 -2004

YEAR	INDEX	% CHANGE	CUM. 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	23,844.45	18.5	693.6

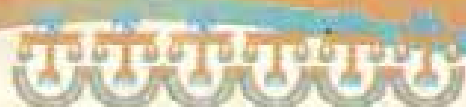


Chart 6

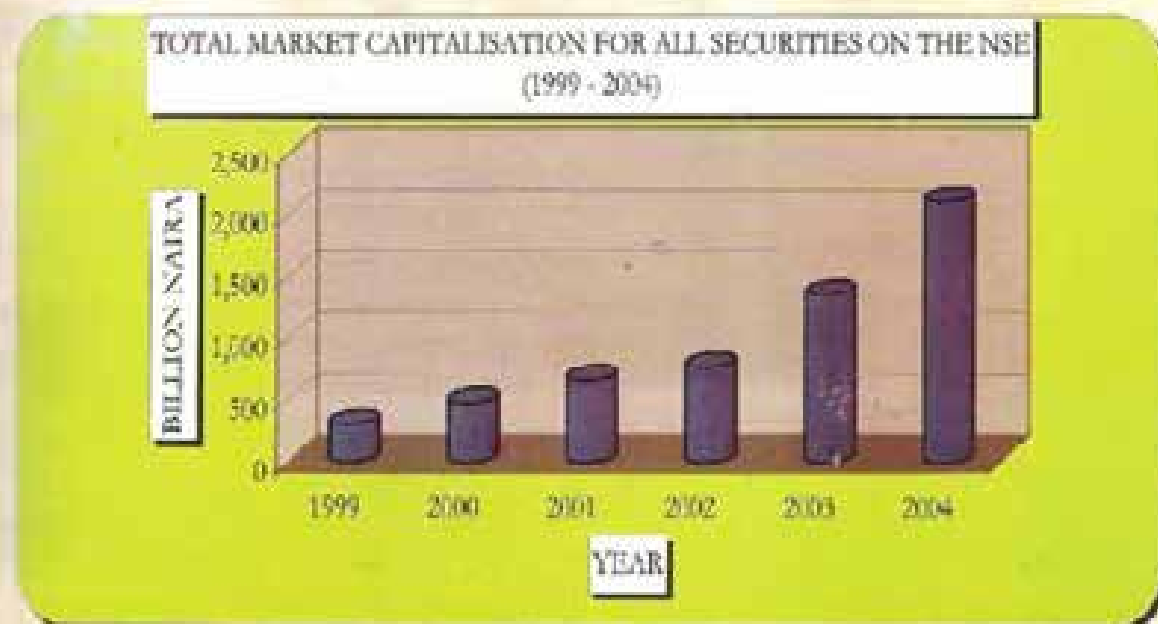


Chart 7

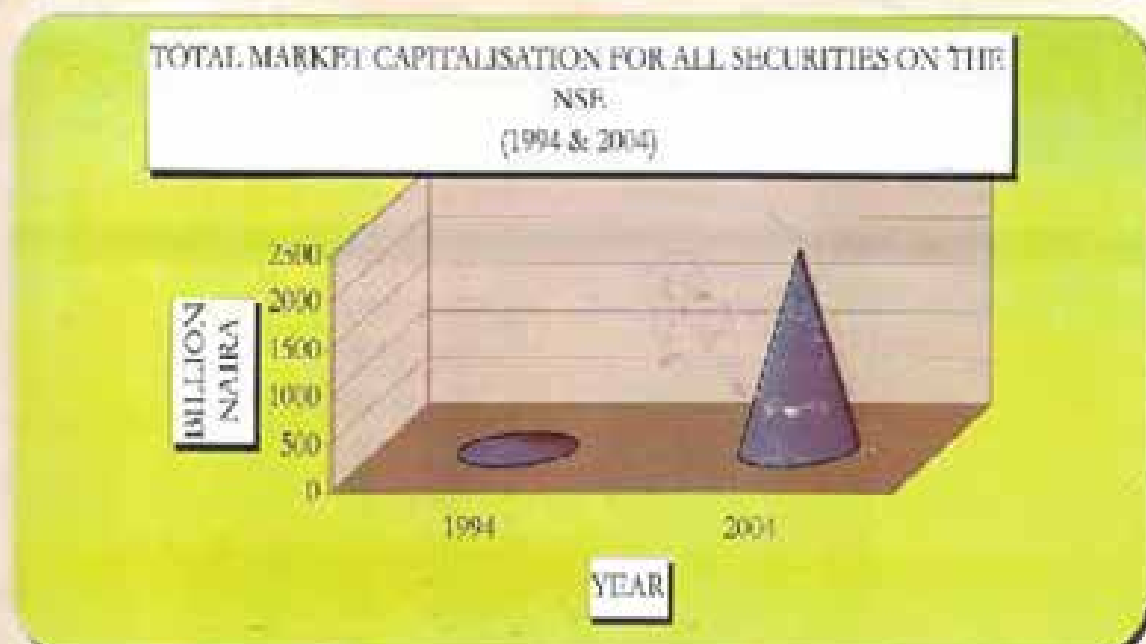




Chart 8

TEN MOST CAPITALISED EQUITIES ON THE NSE AS AT DECEMBER 31, 2004

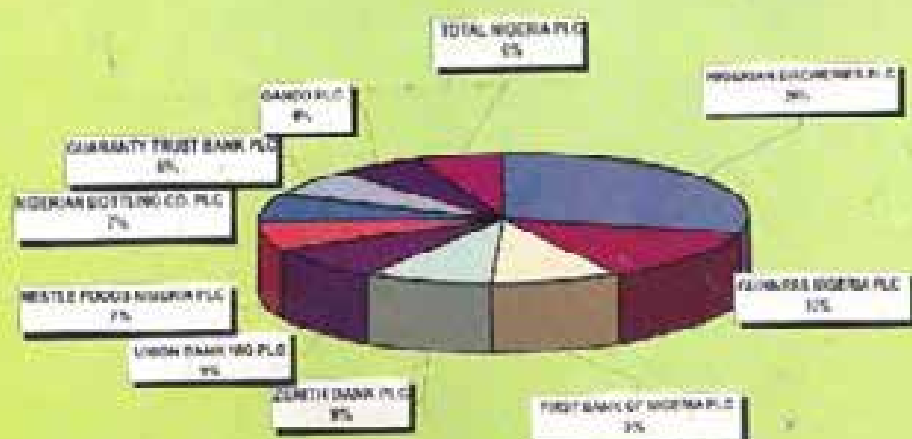


Chart 9

EQUITIES MARKET CAPITALISATION ON THE NSE AS AT DECEMBER 2004

LIST

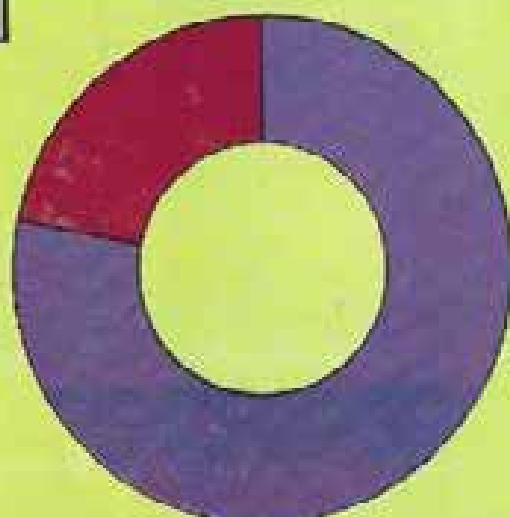
OTHERS
22%TOP 20
78%



Chart 10



Chart 11

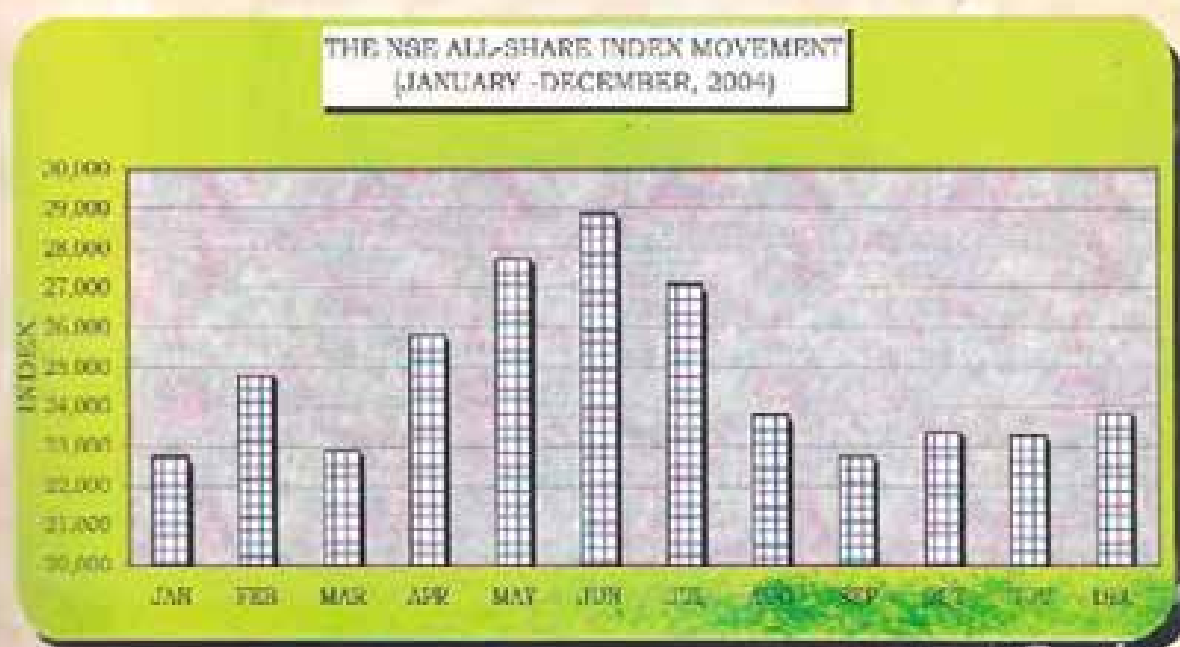




Chart 12

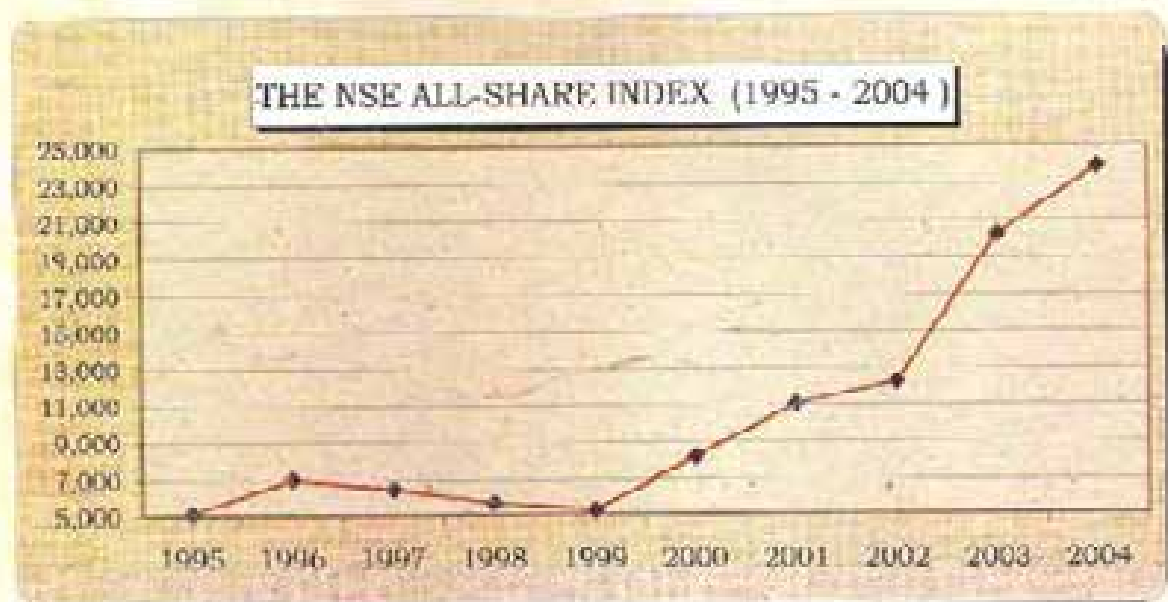
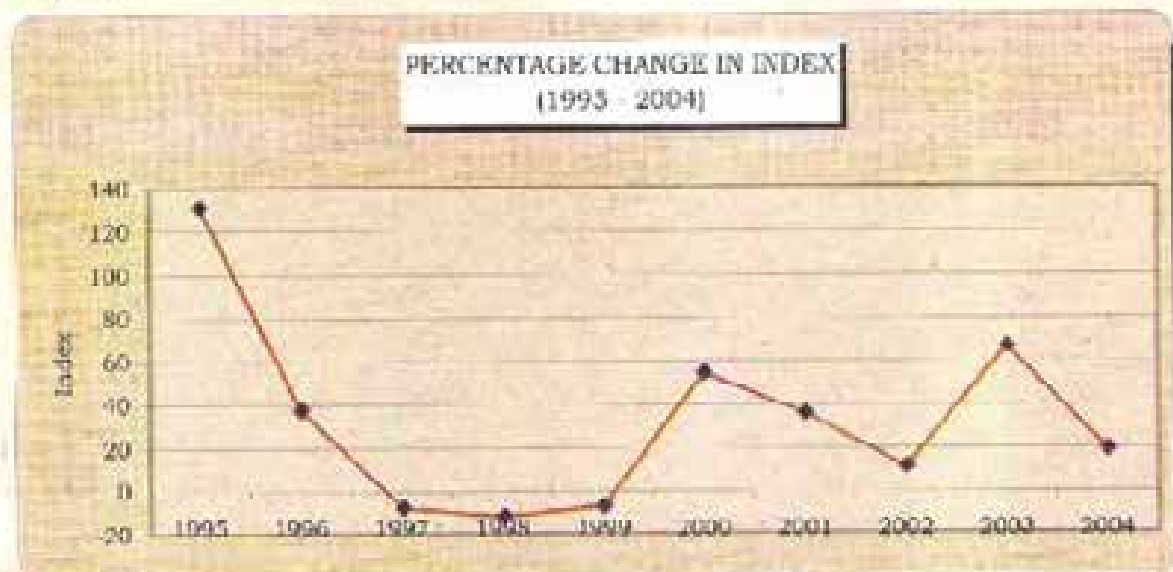


Chart 13





Feature Article

Trends In Corporate Governance In Nigeria

INTRODUCTION

Corporate governance, which is essentially concerned with the way companies are governed, has in recent years become a very popular topical issue among corporate elites in both developed and developing countries.

What then is Corporate Governance? There are many definitions of corporate governance. Bob Tricker defined it as "essentially the exercise of power over the modern corporation (large and small), holding company and subsidiary, listed and private". Corporate Governance has also been defined by J. Wolfensohn in terms of what has generally come to be considered the principles of corporate governance. To him, "Corporate Governance is about promoting corporate fairness, transparency and accountability. Another definition considers corporate governance as being concerned with how a company is structured and controlled internally to ensure that the business is run lawfully and ethically with due regard to all stakeholders.

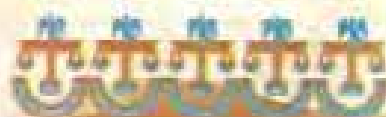
Although there are many definitions, one thing that is common in the definitions is that of providing direction for companies, a role performed by the board. Corporate governance seeks to establish and


moderate relationship between boards and their shareholders, company regulators and other stakeholders. It also ensures a proper and efficient system of regulating directors to restrain them from abusing their powers.

Good corporate governance facilitated by the corporate organs charged with the responsibility ensures, among other things, that investment decisions of companies are based on rational economic judgment and prudent risk analysis thus guaranteeing higher chances of corporate success. The lack of it on the other hand, precipitates economic crisis which could be severe, long lasting and difficult to remedy for any company or even nation.

Corporate governance became a field of study and practice out of necessity arising from increasing number of high profile corporate failure around the world. Companies that had become well established and respected over decades were found to have been involved in unethical practices.

On the international scene, we saw the collapse of large companies like Enron, WorldCom, Rank Xerox, Parmalat, Bank of Credit and Commerce International (BCCI), and the large scale crisis that rocked the Asian Financial Institutions. In Nigeria, the





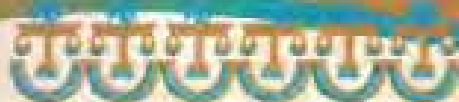
examples of the corporate failures are better seen in what happened in the financial services sector some years back. The collapse of banks such as Abacus Merchant Bank Nigeria Limited, Royal Merchant Bank Limited, Rims Merchant Bank Limited, Financial Merchant Bank Nigeria Ltd, Progress Bank Plc, Republic Merchant Bank of Nigeria Limited, no doubt exemplified the inadequacies of the time. Outside the banking sector, we saw "creative accounts" in which AP concealed debts well in excess of N20 billion, over valuation of the shares of Lever Brothers, (Unilever) the fraudulent sale of shares involving Bonkolans Securities and others.

In view of the effects of corporate failures on companies and national economies, countries all over the world have taken one step or the other to ensure good corporate governance. In the United States for example, the Sarbanes Oxley Act 2002 deals specifically with the core issues of transparency, integrity and oversight of the financial market. Specifically, the Act in S.3(8). States: "The Commission should promulgate such rules and regulations, as may be necessary or appropriate in the public interest or for the protection of investors, and in furtherance of this Act". Other salient provisions are criminal penalties for altering documents, criminal penalties for defrauding shareholders of publicly

traded companies and increased criminal penalties under Securities Exchange Act of 1934. Other jurisdictions like the U.K., Canada, Japan, South Africa etc have all taken similar, and in some cases, more pragmatic measures to ensure good corporate governance. In Nigeria, you are aware that we have also launched a Code of Corporate Governance. The efforts by Nigeria in this regard will be examined in detail later in this paper.

Most corporate failures in many parts of the world have always been blamed on general economic recession. However, detail and more focused researches on corporate failures have shown that whereas some companies that had been adjudged well established, strong and successful failed in times of economic recessions, some smaller ones survived. For instance, in 1994, John Clutterbuck in his work showed that companies that failed shared some of the following characteristics.

- Leadership of the company vested in an individual who combines the office of Chairman and Chief Executive with domineering tendency.
- Persistent violation, and non-compliance with internal controls of the company by the Chief executive.
- Optimistic (or even distorted) rather than prudential financial reporting.



- Irregular board meetings, often without adequate information given in advance.
- Minimal disclosure in the accounts of the company.

It is the combination of these factors that undermine the capacity of a company to face the challenges of any economic downturn rather than the economic downturn itself.

CORPORATE GOVERNANCE IN NIGERIA

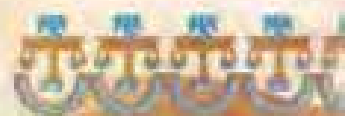
The issue of Corporate Governance started generating interest in Nigeria even before the spate of corporate failures that swept across the globe some years ago. But in the late 1990s, it was well articulated and placed in the agenda of corporate survival and growth of corporate entities by corporate chieftains like Dr. Christopher Kolade and Mr. Akintola Williams who spearheaded the campaign for *business integrity in Nigeria*. From then onward, the issue gained more attention. The campaign emphasized need for company directors to make responsible corporate governance a reality in Nigeria by accepting the challenge to understand the principles of corporate governance and ensure the implementation of same in their companies. Contributing along the same line, others like Mr. Segun Agbetuyi emphasized the fact that

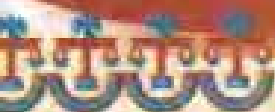
responsible corporate governance had already been embraced by most successful companies in other parts of the world and therefore the Nigerian corporate elites must change with the times.

The campaign identified some abuses that were prevalent in many Nigerian corporate entities to include "lack of probity, transparency, integrity and accountability". These abuses were laid at the doorstep of boards of directors and professional managers. Other abuses included the tendency of managers to "inflate balance sheet with unearned income" in an attempt to "boost their own remuneration and capital gains if they are investors" in the company, selling of corporate assets at "ridiculous prices for self-seeking purposes", insufficient attention to stakeholders etc.

You will agree with the fact that it is the failure to imbibe the values of corporate governance that these patriotic corporate chieftains called for that led to the failure of the corporate entities mentioned above and of course many more.

Some further causes of the failure of these companies in Nigeria, as we are all aware, include irregularities in financial reporting, lack of adequate internal controls or failure to observe them and general violation of prudential guidelines, boardroom squabbles, failure of boards to make necessary and timely adjustments to reposition their companies when signs of failure emerged,





overzealous boards that made decisions to expand company operations without considering the issues of solvency and risk, greedy and dominant shareholders who influence company investment decisions, for instance, diversification with the sole motive of expropriating other shareholders etc.

From the foregoing, you can imagine how delighted I am that this forum is jointly organized by KPMG and the Nigerian Shareholders' Solidarity Association (NSSA). I am so delighted because while KPMG is a major investment adviser, external auditor, reporting accountant and consultant in the capital market, the NSSA, under the leadership of Asiwaju Akintunde Asalu is a major shareholders' group in the market. Both bodies are indispensable to the Nigerian capital market because your contributions to good corporate governance are invaluable to avoiding the devastating effects of corporate failures on investors and the economy as a whole. It is in the light of this that we all must continue to pursue with even greater vigour the campaign for corporate governance.

Good corporate governance will assure investors of the accuracy, genuineness and sufficiency of the information available to them for investment decision and the protection of their rights. The absence of this will make investors very unwilling to invest no matter how high the

return potentials. Good corporate governance will guarantee sound financial management leading to corporate success and the ability of these corporate entities to shoulder their responsibilities to all stakeholders.

At this juncture, it must be pointed out that the issues that corporate governance covers are so many and diverse that it has equally attracted many definitions.

GOOD CORPORATE GOVERNANCE

Good corporate governance is simply those mechanisms at work within a company that conform with the principles of transparency, fairness, accountability and responsibility.

Transparency is the openness in decision-making process and the timely release of full and accurate information (financial and non-financial) necessary to guide investors on their decision-making. *Fairness* ensures that shareholders, irrespective of the size of their shareholding are treated equally. In addition, inside shareholders should not take advantage of their positions to commit the company to transactions that will benefit them at the expense of the outside shareholders.

Accountability requires that the two major corporate organs, board and management are accountable to the stakeholders for what they do. These corporate organs should also aim at managing the company so well as to ensure that the long-term value of the company is maximized within the limits of the law. And *Responsibility* considers whether





the board and management should be liable to the stakeholders for their performance. Another aspect of responsibility demands that a company should be aware of, and respond to issues of social concerns in the communities they operate in.

VEHICLE OF CORPORATE GOVERNANCE

Implementing Corporate governance is the work of the board which is divided into two classes of directors, the outside (non-executive) and inside (Executive) directors.

The outside directors have responsibility for the overall determination of the corporate objectives, formulation of policies and general plan for the co-ordination of finance, production and distribution as the case may be. On the other hand, the inside (executive) directors form the main plank for the implementation of corporate governance. They are expected to ensure efficient execution of the corporate plan and business on a day-to-day basis to achieve the specific targets of the company over a defined time frame, implement and supervise the

internal control system approved and instituted for the company, ensure that the board receives accurate and full information it needs for good decision making etc.

BENEFITS OF GOOD CORPORATE GOVERNANCE

The practice of good corporate governance makes a company to conduct its business in an ethical way. This builds a good reputation for the company. This good reputation makes investors always willing to invest in it and lending institutions will have no hesitation advancing credit facilities to the company if, and when it applies for any. This results in increased profits and sustainable growth for the company.

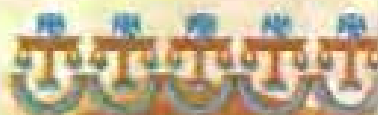
In a similar vein, nations that are perceived to have imbibed international best practices in corporate governance attract a large proportion of international capital in the forms of foreign direct investment, portfolio investment or even direct credit loans.


We must also remind ourselves that the Federal government's economic policies and initiative of promoting the private sector as the engine of growth can only succeed if good corporate governance is adhered to by the private sector.

Initiatives and Efforts of the SEC

In response to the need for good corporate governance, SEC, in collaboration with the Corporate Affairs Commission (CAC) set up a Committee

which involved all stakeholders to work on a Code of Corporate Governance for public quoted companies in Nigeria. The outcome is the code for public quoted companies





known as *Code of Best Practices on Corporate Governance in Nigeria* which was launched by the President, Chief Olusegun Obasanjo, in November 2003. Some of the main provisions of the Code include:

i. COMPOSITION, ROLE AND RESPONSIBILITIES OF THE BOARD

The Board which must not be dominated by any single individual is expected to consist of a minimum of 5 and maximum of 15 members. It should be made up of competent people, preferably with a track record of achievements, relevant experience, high sense of accountability, and committed to upholding good corporate governance. It is responsible for ensuring that the business and affairs of the company are managed in such an efficient way as to continually create value for all stakeholders.

To achieve this, the directors must ensure strategic planning of the operations of the company. Professional selection and objective performance appraisal and compensation of senior executives, integrity of financial reporting etc.

To enable the board perform its duties effectively, the schedule of matters that determine the direction and control of the company should be reserved for its deliberations and if any director needs professional advice on any matter that will enhance the growth and stability of the

company, this must be made available at the company's expense.

Every newly appointed director should undergo sufficient company and board orientation to prepare them for the task. And the selection of board members should also take into consideration the mix of their skills in line with the needs of the company. In addition, no board member should be involved in any business with the company, as that is capable of compromising his roles and duties.

I have dwelled so much on the board because, as stated earlier in the paper, corporate governance is essentially the responsibility of the board.

ii. AUDIT COMMITTEES

The Code requires companies to establish Audit Committees in line with CAMA S 359(4) to ensure quality financial reporting and observance of instituted internal controls in order to ensure good corporate governance. The Committee should comprise of knowledgeable and independent persons of integrity that cannot be brought under the influence of anybody in the company. The Committee is to review the reports of both external and internal auditors and also facilitate healthy and professional interaction of the external auditors and executive directors of the company while at the same time, helping the board of directors in carrying out its responsibilities of reviewing and approving



only financial statements that are accurate.

The Code of Corporate Governance in Nigeria made specific provisions regarding the composition and quality of Audit Committees to enable them (audit committees) meet the rising expectations by stakeholders of their companies and regulatory authorities on these. This is necessary in view of the crucial role they can play in stemming the rising tide of corporate failures.

Some of the provisions concerning the composition of the Committee are that a majority of non-executive serving on the committee should be independent of the company (i.e. independent of management and free of business or other relationship capable of interfering with the conduct of their responsibilities), the Chairman of the Committee should be a non-executive director nominated by members of the Committee and the Secretary of the Committee should be either the company secretary or auditor or such other person nominated by the committee.

Regarding the qualifications and qualities of members of the Committee, they are expected to be able to read and understand basic financial statements, have reasonable knowledge of the risks facing the company and the essential controls put in place by the company to mitigate or even avert such risks.

The committee should meet at least three (3) times a year, and once with the external auditors, without the executive board members being present.

I have tried to be more elaborate on the audit Committees because I understand that is the major concern at this forum. Considering the provisions made by the code of corporate governance, it is clear that the audit committees could help avert corporate failures.

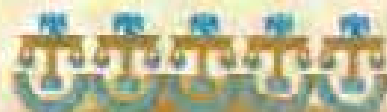
iii. SHAREHOLDERS

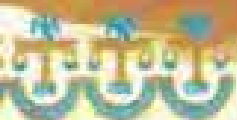
The code expects companies and their boards to give all their shareholders (institutional or non-institutional) equal access to information, and also allow shareholders activism that could have positive influence on the standard of corporate governance. All rights (statutory and general) of shareholders including that of electing directors and approving their conditions of services should be respected.

iv. ANNUAL GENERAL MEETINGS (AGMS)

All Annual General Meetings are to be held at venues that are accessible and affordable to majority of the shareholders. Notices of every AGM must be dispatched with annual reports and audited financial statements at least 21 days before the date the meeting is due to hold.

These are some of the major provisions. I am aware that all of you here are already so





conversant with the Code that what I have said here has only served as a reminder. However, some events indicate that many companies are not complying. We intend to take steps to ensure compliance.

LIMITATIONS OF THE CODE OF CORPORATE GOVERNANCE

The Code has a basic limitation in the sense that it has no statutory backing. It is merely advisory and its implementation is based on moral suasion. Consequently, the pace and thoroughness with which the code is being implemented leaves much to be desired.

Added to the point above, is the fact that there are no strong legislative enactments on corporate governance (especially relating to the private sector) in Nigeria yet. The provisions in CAMA cannot cope with the current challenges of corporate governance. This is unlike the United States of America which, in the wake of the corporate scandals made legislative reforms that required up to 900 big companies in the US to certify their books. Nigeria does not have anything like that yet. There is also the problem of resistance to change by company executives who may feel uncomfortable with the provisions of the code as well as the problem of indifference by majority of shareholders to what the code stands for.

THE WAY FORWARD

I. THE BOARD

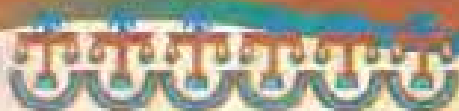
The Commission's first expectation of the

Boards of Directors is that they should be committed to doing the right things the right way and enforce same in their organisations. They should ensure such excellent social dynamics of board interaction and harmonious working relationships between boards and managers that will enable the boards to think inspirationally and practically. Boards should add value to companies by providing insight advice and support (but without undue interference) to the Chief Executive to help him manage the business of the company effectively and thus, guarantee its success. Furthermore, the boards will need to commission periodic and appropriate audits which will test the application of the company's internal control procedures and investigate areas of weaknesses. In order to ensure that directors meet these expectations, the issue of director induction is important.

OTHER SPECIFIC ACTIONS REQUIRED OF DIRECTORS

- Design internal strategy to ensure compliance with the Code
- Review Board structure and composition, separation of the office of the Chairman and CEO, as well as board strategy.
- Commence preparation for the inclusion of a stand-alone section on "Statement of Compliance with Code of Corporate Governance" in the





annual report.

- Better corporate communication and enhanced information disclosure

II. FINANCIAL REPORTING

As a result of the limitations of most shareholders in understanding and interpreting profit and loss account and balance sheets, it is recommended that financial statement figures need to be explained. The additional information to be made available should be company-specific and include non-financial performance measures and indicators of activity that underpin investors' value creation. The explanation should cover the operating results, main risk factors and challenges, information on the company's liquidity status, long-term capital structure, business ethics, and lastly a "going concern" consideration as a certified statement by the Board that the company's going concern status is not being threatened and shall remain in business into the foreseeable future.

EXTERNAL AUDITORS

Additionally, we need to ensure that the external auditors maintain complete independence in all respects in pursuance of their statutory attestation functions. External Auditors should not be engaged in any other form of contractual business with the organisation nor maintain any

relationships that could result in conflict of interest. This will prevent collusion between the Board or senior management and the auditing firm that will be detrimental to shareholders and investors. It is also good corporate practice to rotate external auditors after serving for a given number of years. The Commission is considering the incorporation of this practice into its rules and regulations.

ISSUES OF TRANSPARENCY AND ACCOUNTABILITY

Transparent conduct enhances the credibility and standing of directors as well as the reputation of the company. Transparency in annual reporting of corporate activities is expected to include amongst others, full disclosure of issues such as related party transactions, going concern status, directors interests, and other matters such as conflict of interest.

As custodians of corporate assets, directors should ensure that corporations remain credible and free from accusations of abuse.

v. INVESTOR RELATIONS

On shareholders participation in company matters, more efforts need to be made to ensure that the annual general meeting provides a broad forum necessary for shareholders to adequately express their views on matters affecting their companies. It is in fact suggested that in addition to the AGMs, Investor's Fora could be created to





provide further opportunities for shareholders to express their opinions on their companies. This could also take the form of an Investor Relations Desk in every Nigerian company solely dedicated to handling complaints and issues pertaining to the management of the company that are raised by shareholders. Research has shown that good corporate governance practices affect investor's perception of, and pricing of companies' shares. And investors opinions and views could, on the other hand enhance good corporate governance.

The boards should ensure that the following basic rights of shareholders are protected:

- access to relevant information about the corporation on a timely and regular basis
- a fair share of the profits of the corporation
- authorization of additional shares
- participation in amendments to statutes, or articles of incorporation or similar governing documents of the company.

vi. CHANGE MANAGEMENT

The Internet is a global information exchange pool, and its concern to us is that it has enormous potential for the strengthening of investor relations, dissemination of accurate information in a

timely fashion at lower costs than traditional methods like radio adverts, television and print media.

The implementation and use of ICT by organisations in order to maximize the efficiency of their operations should be followed closely by adequate Change Management initiatives initiated by Executive Management.

vii. RATING AND RECOGNITION

Incentives for Compliance

In terms of recognition of efforts by various companies towards promoting and implementing good corporate governance practices, the Commission intends to commence Corporate Governance rating of companies, and give deserving companies formal recognition for their efforts and contribution to the economy in this regard.

CONCLUSION

Corporate Governance is evolving in Nigeria. The proactive efforts of the SEC and CAC, which led to the launching of the Code of Good Corporate Governance in Nigeria in 2003, is a major contribution in this direction. And in view of the need to act proactively to avert corporate failures and national economic problems resulting therefrom, Nigeria needs to pass new legislations on corporate governance and/or reform existing laws. This more than anything else, the enforcement of corporate governance laws and rules is something of





global concern. We need to strengthen our enforcement mechanisms. This is what all progressive countries of the world are doing. It is the trend and Nigeria should not allow itself to be left out.

In the spirit of collaboration, the regulatory institutions concerned with corporate governance matters, the financial services sector regulators and all stakeholders need to establish a forum for regular interaction on corporate governance. In this light, there

is need for the Corporate Affairs Commission, Securities and Exchange Commission, Central Bank of Nigeria, Nigerian Insurance Commission, the Nigerian Stock Exchange, the Abuja Commodities and Securities Exchange, the Nigerian Deposit Insurance Corporation and all other stakeholders to institute the Nigerian Annual Corporate Governance Forum.





THE COMMISSION AND ITS FUNCTIONS



Mr. I. B. Bello
Deputy Director/Head of
Department, Registration

Registration

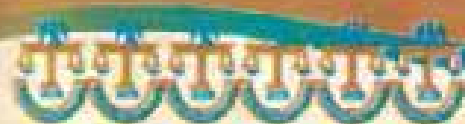
REGISTRATION OF CAPITAL MARKET OPERATORS/ CONSULTANTS

The Investment and Securities Act No. 45, of 1999 section 8(F) empowers the Commission to Register and Regulate Corporate and individual Capital Market Operators. In the year 2004, the following Registration activities were carried out:

FRESH REGISTRATION

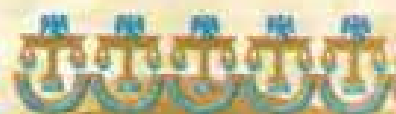
During the year under review, a total number of 56 consultants, 42 operators' applications were approved. Approval was also granted for 71 additional / supplementary individuals and 10 additional functions. The breakdown of the Fresh Registrants is as follows:





Month	Consultant	No. of Operator	Add. Sp. Individual	Add. Function	Total
January	10	4	8	3	25
February	4	3	7	-	14
March	1	-	-	-	1
April	6	7	8	2	23
May	11	5	5	Nil	21
June	4	2	11	2	19
July	4	2	5	Nil	11
August	Nil	Nil	Nil	Nil	Nil
September	2	5	4	Nil	11
October	3	5	5	1	14
November	10	8	17	2	37
December	1	1	Nil	Nil	2
TOTAL	56	42	70	10	178

S/N	Name of Company/Firm	Function	Date of Registration
1.	Springboard Trust & Investment Ltd.	I/H & 2 Add. Ind.	20/01/04
2.	Yobe Investment Com. Ltd.	Suppl. Ind.	20/01/04
3.	EIB Trustees Limited	F/P Manager, 1 Add. Ind.	20/01/04
4.	Independent Securities Ltd.	I/H	20/01/04



5	Balogun Badejo & Co.	Add. Ind.	20/01/04
6	TRW Stockbrokers Ltd.	Add. Ind	20/01/04
7	Midas Stockbrokers Ltd.	Suppl. Ind.	21/01/04
8	Nicon Trustees Limited	Add. Ind	21/01/04
9	First Trustees Nig. Limited	Suppl. Ind.	21/01/04
10	Support Services Limited	Add. Ind	21/01/04
11	BSD Securities Limited	Add. Ind	24/02/04
12	Denham Management Ltd.	Add. Ind	24/02/04
13	Transworld Investment Ltd.	Add. Ind	24/02/04
14	Interstate Securities Ltd	Add. Ind	24/02/04
15	Platinum Capital Ltd.	Add. Ind	24/02/04
16	A.A.A. Stockbrokers Ltd.	Add. Ind	24/02/04
17	Sec. Transactions & Trust Co.	Add. Ind	24/02/04
18	HNB Trustees Ltd.	Add. Ind	07/04/04
19	IBN Securities Ltd.	Suppl. Ind.	07/04/04
20	Asset Resources Mgt. Co. Ltd.	Suppl. Ind.	06/04/04
21	Sunny Okon & Co.	Add. Ind	07/04/04
22	Trust Yields Securities Ltd.	Suppl. Ind.	07/04/04
23	Lead Securities Investment Ltd.	B/D, Add. F/P Mgr	06/04/04
24	Agusto & Co. Ltd.	Suppl. Ind.	06/04/04
25	Fidelity Finance Co. Ltd.	Suppl. Ind.	07/04/04
26	Professional Stockbrokers Ltd.	Suppl. Ind.	07/04/04
27	Cornerstone Trustees Ltd.	F/PP Manager, Corp. Inv. Adv.	07/04/04
28	Trade Bank Plc	Suppl. Ind.	25/05/04
29	AfriBank International Ltd.	Add. Ind	25/05/04
30	IBTC Asset Mgt. Ltd.	Add. Ind	25/05/04
31	Vono Products Plc	Suppl. Ind.	26/05/04
32	Horizon Stockbrokers Ltd.	Add. Ind	26/05/04
33	Fountain Trust Bank	I/H & R/Banker	29/05/04
34	Adesanya & Akisanya & Co.	Add. Ind	29/06/04
35	Union Trustees Ltd.	F/Portfolio Mgr.	29/06/04
36	Union Merchant Bank Ltd.	Add. Ind	29/06/04
37	F & C Securities Ltd.	Add. Ind	29/06/04
38	Lead Bank Plc	Add. Ind	29/06/04
39	Stanbic Bank Limited	Suppl. Ind	29/06/04
40	CSL Stockbrokers Ltd.	Suppl. Ind	29/06/04



41	Future View Securities Ltd.	Add. Ind	30/06/04
42	Union Bank of Nigeria Ltd.	Add. Ind	30/06/04
43	Greaf Africa Registrars Ltd.	Add. Ind	30/06/04
44	Horizon Stockbrokers Ltd.	Add. Ind	30/06/04
45	UAC Plc	Suppl. Ind.	30/06/04
46	GTI Capital Ltd.	Suppl. Ind.	28/07/04
47	Nigeria - American Merchant Bank	Suppl. Ind.	29/07/04
48	Light House Asset Management Limited	Suppl. Ind.	28/07/04
49	Mission Securities Ltd.	Suppl. Ind.	28/07/04
50	De-Lords Securities Ltd.	Add. Ind	27/07/04
51	First Allstate Securities Ltd.	Suppl. Ind	06/09/04
52	Beshworth Assets & Trust Ltd.	Suppl. Ind	06/09/04
53	Consolidated Investment Ltd.	Suppl. Ind	06/09/04
54	Cashcraft Asset Management Ltd.	Spon. Ind.	06/09/04
55	IBTC Asset Management Ltd.	I/H	08/10/04
56	Dorothy Ufol & Co.	Add. Ind	08/10/04
57	BGL Securities Ltd.	Suppl. Ind	08/10/04
58	Counters Trust Securities Ltd.	Add. Ind	08/10/04
59	Abdulai Taiwo & Co.	Add. Ind	08/10/04
60	OMF Securities & Fin. Ltd.	Add. Ind	08/10/04
61	Crossworld Securities Ltd.	Add. Ind	23/11/04
62	Denham Mgt. Limited	Add. Ind	23/11/04
63	Nigerian Stockbrokers Ltd.	Add. Ind	23/11/04
64	WSTC Financial Services Ltd.	Add. Ind	23/11/04
65	Fidelity Finance Co. Ltd.	Add. Ind	24/11/04
66	Cashcraft Asset Mgt. Ltd.	Add. Ind	24/11/04
67	The Investors Advisers Ltd.	Add. Ind	24/11/04
68	Core Trust & Investment Ltd.	B/D	24/11/04
69	IBTC Asset Mgt. Ltd	Add. Ind	24/11/04
70	UBA Securities Ltd.	B/D	24/11/04
71	Pilot Finance Ltd.	Add. Ind	24/11/04
72	Intercontinental Securities Ltd.	Add. Ind	24/11/04
73	Equity bank of Nigeria Ltd.	Add. Ind	24/11/04



74	EIB International Bank Plc	Add. Ind	24/11/04
75	Fountain Securities Ltd.	Add. Ind	24/11/04
76	Trans Africa Fin. Services Ltd.	Add. Ind	24/11/04
77	Santrust Securities Ltd.	Add. Ind	24/11/04
78	Fidelity Union Securities	Add. Ind	24/11/04
79	DBL Securities Ltd.	Add. Ind	23/11/04
80	Global Capital Market	I/H	20/01/04
81	Gevard Kufu & Co.	R/Accountants	20/01/04
82	Ogunjobi, Adegboye & Co.	R/Accountants	20/01/04
83	Olumide Solowara Chambers	Solicitors	20/01/04
84	John Edo Arterebhe & Co.	R/Accountants	20/01/04
85	Great Africa Registrars	Registrars	20/01/04
86	Bayo Osipitan & Co.	Solicitors	20/01/04
87	Taiwo Adeoluwa & Associate	Solicitors	20/01/04
88	Rotimi Sanni & Co.	Solicitors	21/01/04
89	Badru Oloogun & Co.	Solicitors	21/01/04
90	Omowola Tijani & Co.	Solicitors	21/01/04
91	Prudent Chambers	Solicitors	21/01/04
92	Magnum Trust Bank	I/H, R/Banker	21/01/04
93	Avanta Capital Partners	Inv. Adv.	24/02/04
94	Adewole Suleman & Co.	Solicitors	25/02/04
95	Jubril & Co.	R/Accountants	25/02/04
96	Prudent Bank Plc	I/H, R/Banker	25/02/04
97	Supo Ale-John	Solicitors	5/02/04
98	J. E. Bala	R/Accountants	25/02/04
99	Zuma Securities	B/D	24/02/04
100	Chief Afe Babalola	Solicitors	17/03/04
101	Noble Financial Trust Ltd.	F/Portfolio Mgr/C. Inv. Adv.	06/04/04
102	Foundation Chambers	Solicitors	06/04/04
103	Essien & Essien	Solicitors	06/04/04
104	The Law Crest	Solicitors	06/04/04
105	Vetiva Capital Management	I/H, F/Portfolio Mgr.	06/04/04
106	SMADAC Resources Ltd.	B/D	06/04/04
107	Core Trust & Investment Ltd.	F/Portfolio Mgr/G Inv. Adv.	06/04/04
108	Wali-Uwais & Co.	Solicitors	06/04/04
109	Zenith Securities Ltd.	B/D	07/04/04
110	Mayunbe Richards & Co.	Ind. Inv. Adv.	07/04/04
111	Revelation Partners	Solicitors	07/04/04
112	Investment Monitors Ltd.	Sub-Broker	07/04/04
113	PSL Limited	B/D	25/05/04

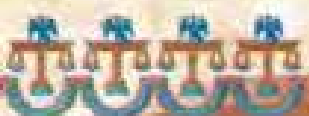


114	Zeal First Fruits Chambers	Solicitors	25/05/04
115	Stockhouse Resources Ltd.	Corp. Inv. Adv.	25/05/04
116	Babatunde A. Adejuwon & Co.	Solicitors	25/05/04
117	Churchfields Solicitors	Solicitors	25/05/04
118	Fresh Fields	Solicitors	25/05/04
119	Aitenoria Okojie & Co.	Solicitors	25/05/04
120	Adonai Stockbrokers Ltd.	B/D	25/05/04
121	Layonu Oyeleke Ltd.	Solicitors	25/05/04
122	Adesanya & Akinsanya Associates	Solicitors	26/05/04
123	Tom Halim & Co.	Solicitors	26/05/04
124	Ahmed Uwais & Co.	Solicitors	26/05/04
125	Dr. T. C. Osanakpo & Co.	Solicitors	26/05/04
126	Express Discount Ltd.	F/Portfolio Mgr. Ind. Adv.	26/05/04
127	Olalekan Yusuf & Co.	Solicitors	26/05/04
128	Ladi Ajose Adeogun	Solicitors	29/06/04
129	Udochi Iheanacho & C	Solicitors	29/06/04
130	UBA Plc	R/Banker	30/06/04
131	Charles Musa & Co. o.	Solicitors	30/06/04
132	Haruna Soba & Associates	Solicitors	30/06/04
133	Indemnity Finance Ltd.	B/D	30/06/04
134	Enterprise Capital Management Ltd.	Venture Cap. Mgt.	26/05/04
135	Amalgamated Capital Funds Ltd.	Venture Cap. Mgt.	26/05/04
136	SME Manager Ltd.	Venture Cap. Mgt.	21/01/04
137	Citizens Investment & Securities Ltd.	Venture Cap. Mgt.	16/04/04
138	Andrew Onejeme & Associates	Solicitors	27/07/04
139	Data - Pro Ltd.	Rating Agency	27/07/04
140	N. O. Atewogboye & Co.	Solicitors	27/07/04
141	Niche Securities Ltd.	B/D	27/07/04
142	Olisa Agbakoba & Associates	Solicitors	27/07/04
143	B.B. Dan Habu & Co.	Solicitors	27/07/04
144	Regency Assets Management Ltd.	B/D	06/09/04
145	Tower Assets Management Ltd.	Corp. Sub-Broker	06/09/04
146	First Fund Ltd.	Venture Capital & Inv. Adv.	06/09/04
147	Templars	Solicitors	06/09/04
148	First Bank of Nigeria Plc	R/Bankers & Underwriters	06/09/04





149	Marimpex & Investment Co.	B/D & I/H	06/09/04
150	Femi Sunmonu & Associates	Solicitors	06/09/04
151	Mark Anthony & Co.	Solicitors	08/10/04
152	IBTC Ventures Ltd.	Venture Cap. Mgt.	08/10/04
153	H. Pierson Associates	Corp. Inv. Adv.	08/10/04
154	Babatunde Adeyemo & Co.	R/Accountants	08/10/04
155	Consult & Capital Ltd.	R/Accountants	08/10/04
156	National Bank of Nigeria	Underwriter/Bankers to Issue	08/10/04
157	Dapo Akinosun & Co.	Solicitors	08/10/04
158	Stronghold Investment Ltd.	F/Portfolio Mgr	08/10/04
159	Adesokan & Adesokan	Solicitors	23/11/04
160	ESS Investment & Trust	Corp. Sub Broker	23/11/04
161	Adedeji & Omotomo	Solicitors	23/11/04
162	Emeka Etiaba & Co.	Solicitors	23/11/04
163	Gbenga Odusola & Co.	Solicitors	23/11/04
164	Tokunbo Oriemobi & Co.	Solicitors	23/11/04
165	Yakubu Maikasuwa & Co.	Solicitors	23/11/04
166	Rolex Securities Ltd.	B/D	23/11/04
167	D. I. Kekemeke & Co.	Solicitors	23/11/04
168	Femi Oyekola & Co.	Solicitors	23/11/04
169	Osaratin Giwa - Osagie	Solicitors	23/11/04
170	True Vine Global Asset Management	Corp. Inv. Adv., P/Mgr	24/11/04
171	FCMB Capital Market	I/H	24/11/04
172	Global Bank Plc	R/Accountants	24/11/04
173	Silverthorn Investment & Trust	Corp. Inv. Adv.	24/11/04
174	J. K. Randle & Co.	R/Accountants	24/11/04
175	Kakawa Asset Management	F/Portfolio Mgr, Inv. Adv.	24/11/04
176	Stock Investment Securities	Corp. Inv. Adv., P/Mgr.	24/11/04
177	Guardian Express Trust Ltd.	V/Capital, F/Mgr, Corp. Inv. Adv.	30/12/04
178	Sofunde, Osakwe, Ogundipe & Belgore	Solicitors	30/12/04

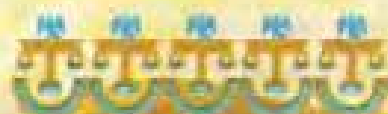


**RENEWAL OF REGISTRATION**

During the year under review 186 Capital Market Operators/ Consultants renewed their registration for various functions. Below are the details:

MONTH	NO. OF RENEWAL
JANUARY	8
FEBRUARY	5
MARCH	8
APRIL	10
MAY	6
JUNE	29
JULY	21
AUGUST	20
SEPTEMBER	19
OCTOBER	12
NOVEMBER	21
DECEMBER	14
TOTAL	186

S/N	NAME OF COMPANY	Function	DATE OF RENEWAL
1	Bola Sodipe & Co.	R/Accountants	09/01/04
2	Empire Securities Ltd.	B/D	08/ 01/04
3	Midland Investment & Trust Co.	B/D	09/01/04
4	UBA Capital & Trust Ltd.	Inv. Adv, P/M, Trustees	13/01/04
5	Fidelity Bank Plc	I/H, R/B	13/01/04
6	Prominent Securities Ltd.	B/D	13/01/04
7	Financial Derivatives	I/H	02/02/04
8	Nnamdi Oyeka & Co.	R/Accountants	05/02/04
9	Dorothy Ufat & Co.	Solicitors	15/01/04
10	Folu Securities Ltd.	B/D	15/01/04
11	Intercontinental Capital Markets	I/H, P/M	23/02/04
12	Anthony Ononye & Co.	R/Accountants	23/02/04
13	Mercov Securities Ltd.	B/D, F/P Manager	01/03/04
14	Interstate Securities Ltd.	I/H, B/D	04/03/04
15	First Stockbrokers	B/D	10/03/04
16	Kola Awodein & Co.	Solicitors	10/03/04
17	Ihyang Nyong & Co.	R/Accountants	10/03/04



18	HNB Trustees	F/P Manager	10/03/04
19	Molten Trust Ltd.	B/D	15/03/04
20	The Law Union	Solicitors	17/03/04
21	De-Canon Investment Ltd.	B/D	19/03/04
22	Jerry Akpan & Co.	Solicitors	02/04/04
23	Jimmy Akpan & Co.	Solicitors	01/04/04
24	Mutual Alliance Investment & Securities	B/D	01/04/04
25	Asuquo & Asuquo	Solicitors	01/04/04
26	PIPC Securities Ltd.	B/D	10/03/04
27	Heritage Investment & Securities Ltd.	B/D	07/04/04
28	Akinwunmi & Basari	Solicitors	07/04/04
29	First City Monument Bank Ltd.	I/H, R/Bankers, F/Port Folio Mgr.	08/04/04
30	The Okomu Oil Palm & Co.	Registrars	07/04/04
31	Transworld Investment Ltd.	B/D	08/04/04
32	IBTC Limited	I/H, R/Bankers, B/D	07/04/04
33	WSTC	B/D	08/04/04
34	Ndoma Egba Ebin & Co.	Solicitors	16/04/04
35	T.C. Mbanefo & Co.	Solicitors	16/04/04
36	Centre Point Securities Ltd.	Registrars	20/04/04
37	Olumuyinka Aderojo & Co.	Solicitors	22/04/04
38	Lead Bank Plc	I/H, F/P Mgr., Bankers to Issue Rating Agency	23/04/04
39	Agusto & Co	Solicitors	26/04/04
40	Chiji Okoli Associates	Solicitors	30/04/04
41	Fidelity Finance Co. Ltd.	B/D, I/H	04/05/04
42	NICON Trustees	Registrars, Inv. Adv, Trustees, P/Mgr	12/05/04
43	Royal Crest Finance Ltd.	B/D	13/05/04
44	Union Bank of Nig. Plc	Registrars	24/05/04
45	PAC Solicitors	Solicitors	28/05/04
46	Newdevco Finance Serv. Co. Ltd.	B/D	31/05/04
47	KPMG Professional Services	Inv. Adv., R/Accountants	02/06/04
48	Pricewaterhouse Coopers	R/Accountants	02/06/04
49	Olawoyin & Olowoyin	Solicitors	02/06/04
50	International Capital Securities Ltd.	B/D	02/06/04
51	Shalom Investments & Securities Ltd.	B/D	02/06/04



52	Trade Bank Plc	In-House Registrars	03/06/04
53	Vono Products Plc	In-House Registrars	03/06/04
54	Security Swaps Ltd.	B/D	03/06/04
55	Union Merchant Bank Ltd.	I/H, R/Bankers, Inv. Adv.	10/07/04
56	Unix Securities & Investment Ltd.	B/D	07/06/04
57	IBN Securities Ltd.	I/H, B/D, F/P Mgr	04/06/04
58	First Securities Discount House Ltd.	Corp. Inv. Adv., F/P Mgr.	07/06/04
59	Allbond Investments Ltd.	B/D	07/06/04
60	Mobe Investment Co. Ltd.	Inv. Adv., B/D, F/P Mgr.	07/06/04
61	M'Alahyidi & Co.	R/Accountants	07/06/04
62	Godwin Richard	Solicitors	08/06/04
63	Marina International Bank Ltd.	I/H	08/06/04
64	Clearview Investment Co. Ltd.	B/D	08/06/04
65	ARM Trustees Ltd.	Trustees	07/06/04
66	Muhtari Dangama & Co.	Inv. Adv., R/Accountants	09/06/04
67	2AS Amao Consult	Sub-Broker	11/06/04
68	Future View Securities Ltd.	I/H, B/D	10/06/04
69	The City Law Associates	Solicitors	06/06/04
70	LMB Stockbrokers Ltd.	I/H, B/D	15/06/04
71	Lawrence Edosa	Solicitors	28/06/04
72	Jamcel Investment Ltd.	B/D	21/06/04
73	Apex Securities Ltd.	B/D	12/07/04
74	Babajide Kolu & Co.	Solicitors	23/06/04
75	Olajide Oyewole & Co.	Solicitors	28/06/04
76	Taiwo O. Egerton S. & Co.	Solicitors	28/06/04
77	Stanbic Bank Nig. Ltd.	I/H	29/06/04
78	UAC of Nigeria Plc	In-House Registrars	29/06/04
79	Crossworld Securities Ltd.	B/D	05/07/04
80	Support Services Ltd.	B/D	05/07/04
81	Epic Investment Trust Ltd.	B/D	05/07/04
82	International Standard Sec. Ltd.	B/D, I/H	12/07/04
83	Tiddo Securities Ltd.	B/D, Registrar	16/07/04
84	Magnartis Fin. & Investment Ltd.	B/D, I/H	19/07/04
85	Afribank Trustees & Investment	P/F, Trustees	19/07/04
86	Jaiye Agoro, Salami & Co.	Solicitors	19/07/04
87	Trusthouse Investment Ltd.	I/H, B/D	19/07/04
88	George Etomi & Partners	Solicitors	21/07/04
89	F. O. Akinrele & Co.	Solicitors	21/07/04



90	Odujinrin & Adefolu	Solicitors	27/07/04
91	House of Laws	Solicitors	27/07/04
92	De-Lords Securities Ltd.	B/D	27/07/04
93	Mission Securities Ltd.	B/D	28/07/04
94	GTI Limited	B/D	28/07/04
95	Lighthouse Assets Management	I/H, B/D, Inv. Adv.	28/07/04
96	Nigerian-American Merchant Bank	I/H, Inv. Adv., F/P Mgr.	28/07/04
97	APT Securities & Funds	B/D	30/07/04
98	Mega Equities Ltd.	B/D	09/08/04
99	MBC Securities	I/H, Inv. Adv., B/D, P/Mgr	16/08/04
100	BFCL Assets & Securities	B/D	16/08/04
101	Zik Chuka Obi & Co.	Solicitors	13/08/04
102	Legal Partnership Consult	Solicitors	13/08/04
103	Allcrown Investment Services Ltd.	Registrars	20/08/04
104	Falcon Securities Ltd.	I/H, B/D	23/08/04
105	Profund Securities Ltd.	I/H, B/D	24/08/04
106	Capital Assets Ltd.	B/D	24/08/04
107	Ajumogbobo & Okeke	Solicitors	26/08/04
108	Solid Rock Securities	B/D	26/08/04
109	Guaranty Trust Bank	I/H, R/Bankers, F/P Mgr.	27/08/04
110	Trust Yield Securities	B/D	31/08/04
111	MBC International Bank	I/H, R/Bankers	02/09/04
112	Centre Point Investment	B/D	02/08/04
113	Dele Olufun & Co.	R/Accountants	02/08/04
114	United Securities	Registrars	02/08/04
115	F. O. Fagbohungho	Solicitors	04/08/04
116	Chartered Bank Plc	I/H, Inv. Adv.	13/08/04
117	Sola Oyeta & Co.	Solicitors	27/08/04
118	Imperial Finance & Securities	Corp. Inv. Adv., F/P Mgr.	07/09/04
119	Pilot Finance	B/D	07/09/04
120	Deap Capital Management & Trust	F/P Mgr.	08/09/04
121	O. Adekoya & Co.	Solicitors	103/09/04

122	Top Most Finance & Investment	B/D	10/09/04
123	Oladapo Sokoya & Co.	Solicitors	16/09/04
124	G. Elias & Co.	Solicitors	16/09/04
125	Kakawa Discount House	Inv. Adv., P/M	20/09/04
126	Osammor, Otono & Co.	Solicitors	24/09/04
127	Banwo & Ighodalo	Solicitors	24/09/04
128	CSL Stockbrokers Ltd.	B/D	30/09/04
129	Hearbeat Investment Ltd.	B/D	30/09/04
130	Moses Durodola & Co.	R/Accountants	30/09/04
131	Akintola Williams Deloitte & Touche	R/Accountants	30/09/04
132	ICMG Securities Ltd.	I/H, B/D	30/09/04
133	Flour Mills of Nigeria Plc	In-House Registrars	30/09/04
134	Equity Bank of Nigeria Ltd.	I/H, P/M	30/09/04
135	M. E. Esononjor & Co.	Solicitors	07/10/04
136	City-Code Trust & Investment Co. Ltd.	I/H, B/D	07/10/04
137	IBTC Asset Management Ltd.	I/H	08/10/04
138	Dorothy Ufol & Co.	Solicitors	08/10/04
139	BGL Securities Ltd.	B/D, I/H	08/10/04
140	Counters Trust Securities Ltd.	B/D, I/H	08/10/04
141	Abdulai Taiwo & Co.	Solicitors	08/10/04
142	Union Bank Plc	Registrars	08/10/04
143	Perfecta Investment Trust Ltd.	B/D	08/10/04
144	OMF Securities Ltd.	B/D	08/10/04
145	Summit Finance Co. Ltd.	I/H, B/D	08/10/04
146	Signet Investment & Securities Ltd.	B/D	08/10/04
147	Alatia Nzowi & Co.	R/Accountants	20/10/04
148	NAL Bank Plc	I/H, R/Bankers, F/P Mgr.	21/10/04
149	Zenith International Bank Ltd.	I/H, Inv. Adv., F/P Mgr.	21/10/04
150	Alliance Capital Management	B/D	08/10/04
151	Shinkafi Kusamotu Dojo & Co.	Solicitors	22/10/04
152	FBN (Merchant Bankers)	I/H, P/M, R/Bankers	01/11/04
153	Tropic Securities Ltd.	B/D	01/11/04
154	Jenkins Investment Ltd.	B/D	01/11/04
155	Nig. Life & Pension Consultant	Inv. Adv., FM	01/11/04

156	Independent Securities Ltd.	B/D, IH	04/11/04
157	M & F Investment & Securities LL	B/D	05/11/04
158	UTB Plc	IH, R/Bankers	05/11/04
159	HAD Audit	R/Accountants	08/11/04
160	Kole Oluwajana & Co.	Solicitors	09/11/04
161	Intercontinental Securities Ltd.	IH, B/D	09/11/04
162	Adebola Sobanjo & Co.	R/Accountants	05/11/04
163	S.P.A. Ajibade & Co.	Solicitors	21/11/04
164	Santrust Securities	B/D	24/11/04
165	The Investors Adviser	B/D	24/11/04
166	EIB International Bank Plc	IH, R/Bankers, F/P Mgr., Registrars	24/11/04
167	DBL Securities	Registrars, IH, P/Mgr.	24/11/04
168	Trans Africa Finance Services	IH, B/D	24/11/04
169	Union Stockbrokers	B/D	25/11/04
170	Libra Law Office	Solicitors	30/11/04
171	Anchoria Investment & Securities Ltd.	B/D	30/11/04
172	ETB Limited	IH, F/P Mgr. R/Bankers	01/12/04
173	AAA Stockbrokers Ltd.	B/D	07/12/04
174	Nigerian Stockbrokers	B/D	23/11/04
175	Global Asset Management	B/D	06/12/04
176	Express Portfolio	B/D	09/12/04
177	Fortress Asset & Investment Management Ltd.	F/P Mgr	15/12/04
178	Nwankwo Ikwuendo	Solicitors	15/12/04
179	Biodun Akin-Aina & Co.	Solicitors	16/12/04
180	Sij Soelen & Co.	Solicitors	17/12/04
181	Macraize Trust & Securities Co. Ltd.	B/D	20/12/04
182	Reward Inv. & Services Ltd.	B/D	20/12/04
183	F & C Securities Ltd.	B/D	24/12/04
184	Chris Abugo & Co.	Solicitors	27/12/04
185	International Bank Plc	R/Bankers, Underwriters	29/12/04
186	Resort Securities & Trust Ltd.	B/D	30/12/04

**PRE-REGISTRATION INSPECTION**

The Commission embarked upon Pre-registration inspection for all prospective Capital Market Operators with the view to verifying their locational address and to ensure they have required facilities to operate. Pre-Registration visits on the other

hand ensure that those who apply to operate in the Capital Market meet the Commission's requirement for the functions they desire to perform. One hundred and fifty (150) pre-registration inspections were concluded in the year 2004. Below are the details of the inspections.

MONTH	NUMBER
JANUARY	7
FEBRUARY	23
MARCH	19
APRIL	16
MAY	5
JUNE	12
JULY	12
AUGUST	18
SEPTEMBER	3
OCTOBER	NIL
NOVEMBER	35
DECEMBER	NIL
TOTAL	150



Securities and Investment Services



Ms. S. D. Ekineh
Director/Head of Department,
Securities and Investment Services

During the year 2004, the Commission registered forty-nine (49) applications in respect of public offers, right offers and private placements involving 46.817 billion ordinary shares valued at N195.419 billion and cleared forty-five (45) allotments involving 28.206 billion ordinary shares valued at N132.536 billion. Thirty-three (33) bonus issues were approved involving 10.450 billion ordinary shares valued at N11.113 billion and fifteen existing securities involving 22.275 billion ordinary shares valued at 11.137 billion.

The figures compared to 2003 showed an increase in the number of applications cleared as the breakdown of the application shows that twenty-two (22) public offers, rights issues and private placement which involved 9.26 billion ordinary shares amounting to N22.79 billion while twenty-seven (27) bonus issues

consisting 10.55 billion ordinary shares and seven (7) existing securities of 102.63 billion ordinary shares. The increase could be attributed to the number of insurance companies and banks that accessed the market to meet up with the capitalization directive issued by their respective regulators.

Additionally, as part of its effort to advance the development of the market, the Commission also issued directives/circulars on:

- Absorption of excess subscription monies, where an issue was oversubscribed and the issuer decided to capitalize the excess applications monies, the Commission directed that a revised forecast was to be made to accommodate the excess application monies.

- Also sequel to the withdrawal of the operating licenses of



Amicable Assurance and Security Assurance Plc by NAICOM owing to their inability to meet the statutory minimum paid up capital for insurance companies, the Commission approved the abortion of the offers and directed the issuing houses/issuer to return the subscription monies to affected subscribers.

the Commission further observed that adverts placed on national dailies in respect of public offers did not contain adequate information to enable investors make informed decisions. The Commission therefore directed that all adverts made on the national dailies must henceforth contain a brief summary of the offer, profit forecast and other relevant earning ratios.

the Commission also drew the attention of operators to the provisions of Sections 52 (2) (c) and (3) of ISA 1999 which effectively limits the contents of advertisements of public offerings to only information cleared by it. Similarly issuing houses/issuers were directed to desist from making advertisements, public road shows or public pronouncements in respect of private placement offers as information regarding private placements are to be placed only with the identified investors and not the general public.

Additionally, all application forms meant for prospective investors to be inserted inside newspapers and other avenues must henceforth be accompanied by an abridged prospectus to enable investors make an informed decision on the investment in compliance with section 48(1) of the ISA 1999.



Table 16

REGISTERED SECURITIES FOR THE YEAR 2004

	COUNTRY	NOMINAL VALUE (\$)	OFFER PRICE (¢)	VOLUME (MILLIONS)	VA. OF STK.	ISSUING AGENCY
	OFFERS FOR AGENCY SECURITIES					
1	UAE Union and Bank for Rtg. Plc	0.50	1.20	500.00	600.00	RAI Bank Plc/Emirates Trust Ltd.
2	UAE Bank Plc	0.50	0.85	8,800.00	3,000.00	Abu Dhabi Bank Ltd
3	Security Assurance Plc	0.50	0.60	340.00	204.00	Abu Dhabi Bank Ltd
4	Arabian Assurance Plc	0.50	0.60	740.00	360.00	Emirates Securities Ltd.
5	Trade Bank Plc	0.50	1.00	1,000.00	1,000.00	ABU Dhabi Bank Ltd
6	Guaranty Trust Bank Plc	0.50	10.00	1,000.00	10,000.00	ABU Dhabi Bank Plc/Arabian Bank Plc/Emirates Trust Ltd.
7	Zenith Bank Plc	0.50	10.00	800.00	8,000.00	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
8	R. T. Finance Plc	0.50	5.00	125.00	625.00	ABU Dhabi Bank Plc Ltd.
9	Qaida Plc	0.50	17.50	31.42	550.00	ABU Dhabi Bank Plc Ltd.
10	Int. International Breweries Plc	0.50	2.50	363.50	908.75	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
11	Qatar Bank International Plc	0.50	5.50	3,200.00	17,600.00	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
12	Qatar Bank Plc	0.50	2.00	3,000.00	6,000.00	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
13	Ad-Dar Bank Plc	0.50	6.50	2,500.00	16,250.00	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
14	International Bank Plc	0.50	6.00	2,750.00	16,500.00	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
15	Qatar Finance Plc	0.50	1.00	154.93	77.46	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
16	Qatar Bank Plc	0.50	3.50	5,000.00	17,500.00	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.
	Sub Total:			27,194.93	106,138.00	
	STOCKS/AGENCY/STOCKS					
1	Shamir Trust Bank Plc	0.50	4.00	1,100.37	4,401.48	ABU Dhabi Bank Plc/Emirates Bank Plc Ltd.

	Company	Shareholder Value (R)	Shareholder Proportion (%)	Shareholder Value (R)	Shareholder Proportion (%)	Company
0	Prestige Assurance Plc	0.50	2.30	76.83	176.71	Cooper Fletching Parakeeters Ltd
1	Zenith Bank Plc	0.50	16.00	1,070.92	11,068.67	IBRD Ltd/IBRD (Washington Redskins) Ltd
4	Transview Trust Bank Plc	0.50	16.00	1,000.00	10,000.00	ICMIB Day, Month, Year to 6 Months Plc, Co. Ltd
5	Dards Plc	0.50	97.50	112.92	11,009.70	PCMO Capital Market Ltd
6	Oxente Bank International Plc	0.50	5.30	113.01	009.13	2000 Ltd/2000 Sec. Ltd
	Sub Total			3,477.25	38,476.68	
	REGARD ASSURANCE					
1	Omega Bank Plc	0.50	1.30	1,033.45	1,299.14	Landmark Plc/Overseas Trust Ltd
2	Galaxy Insurance Plc	0.50	0.35	450.00	209.00	Atlantic International Ltd
3	Wrens Securities and Finance Plc	1.00	1.80	215.00	402.00	Wrens Securities and Finance Plc
4	A. W. M. Insurance Plc	0.50	0.35	562.50	309.38	Urban Mercant Bank Ltd
5	Imperial Global Plc	0.50	0.50	12.60	4.30	Imperial Overseas Company Ltd
6	Miracle Petroleum Plc	0.50	40.00	216.00	8,646.00	Atlantic Ltd Ltd, & Urban North Bank Ltd
7	Security Assurance Plc	0.50	0.35	180.00	99.00	Atlantic Ltd Ltd
8	Niger Insurance Plc	0.50	3.30	200.00	606.00	Trusthouse Ltd Ltd & Urban West Bank Ltd
9	Coventry Insurance Plc	0.50	1.88	433.60	309.16	Landmark Plc/NAL Bank Plc
10	R. T. Briscoe Nig. Plc	0.50	5.00	62.80	312.50	PCMO Capital Market Ltd
11	Gateway Bank Plc	0.50	1.75	1,205.47	2,109.57	Atlantic International Capital Market Ltd
12	Prudent Bank Plc	0.50	1.30	914.35	1,142.95	Overseas Trust Ltd/Overseas & Trust Ltd
13	Oando Plc	0.50	95.00	20.35	1,936.10	PCMO Capital Market Ltd

Table 16 Cont'd: RATIFICATION OF ISSUES IN 2004

Company	Issue Type	Nominal Value (N)	Volume of Shares (m)	Value N'm	Date Registered
Mobil Oil Nig. Plc	Bonus (39/00)	0.50	96.16	48.08	20/01/04
Ecobank Nigeria Plc	Bonus	1.00	870.22	870.22	01/09/04
Phoenix of Nig. Ass. Plc	Bonus 2002	0.50	51.72	25.86	04/11/04
Phoenix of Nig. Ass. Plc	Bonus 2003	0.50	29.55	14.78	04/11/04
Phoenix of Nig. Ass. Plc	Rights	0.50	163.59	81.80	04/11/04
Sub Total			1,211.24	1,040.73	

Table 17 SUMMARY OF REGISTERED SECURITIES IN 2004

Mode of Offer	No. of Issues	% of Total	Volume (m)	% of Total	Value (N'm)	% of Total
Offer for Subscription	16	15.09	27,194.85	32.21	106,138.09	49.18
Supplementary Offer	6	5.66	3,477.25	4.12	38,470.69	17.82
Right Issues	20	18.87	7,701.00	9.12	27,541.80	12.76
Revenue Bonds	3	2.83	0.00	0.00	11,500.00	5.33
Private Placements	3	2.83	3,044.31	3.53	11,567.89	5.36
Preference Stocks	1	0.94	399.82	0.47	199.91	0.09
Bonus Issues	39	36.79	15,654.37	18.54	8,216.35	3.81
Existing Securities	13	12.26	23,745.88	24.57	11,147.70	5.17
Ratifications	5	4.72	1,211.24	1.43	1,040.73	0.48
Grand Total	106	100.00	84,428.72	100.00	215,825.16	100.00

Table 16 Cont'd: REGISTERED BONUS ISSUES IN 2004

Company	Issued Value (N)	No. of Shares Issued (m)	Amount Capitalized (N)	Date Registered
32 Cooperative Development Bank Plc	0.53	576.00	288.00	03/11/04
33 Nigerian Breweries Plc	0.53	363.47	181.74	13/11/04
34 First Bank of Nigeria Plc	0.53	444.60	222.30	11/11/04
35 Rural Bank of Nigeria Plc	0.53	27.857	156.79	16/11/04
36 Academy Press Plc	0.50	50.40	25.20	23/11/04
37 Tropicana Nigeria Plc	0.50	371.18	185.59	07/12/04
38 Prudential Bank Plc	0.50	609.37	304.79	27/12/04
39 Transnational Bank Plc	0.53	750.00	375.00	29/12/04
40 Coca-Cola Plc	0.53	113.66	57.88	27/12/04
Sub Total		15,654.37	7,827.19	

Table 16 Cont'd: REGISTERED EXISTING SECURITIES IN 2004

Company	Issued Value (N)	No. of Shares Issued (m)	Amount Capitalized (N)	Date Registered
1 Citic Bank Plc	0.50	142.00	71.00	11/22/04
2 Nigerian Breweries Plc	0.50	10.50	5.25	01/23/04
3 Citic Bank Plc	0.50	1,330.50	665.25	29/03/04
4 Citic Bank Plc	0.50	3,207.11	1,603.56	01/06/04
5 Citic Bank Plc	0.50	6,000.00	3,000.00	28/06/04
6 Citic Bank Plc	0.50	52.00	26.00	20/06/04
7 Citic Bank Plc	0.50	11.00	5.50	11/09/04
8 Citic Bank Plc	0.50	12.50	6.25	11/09/04
9 Citic Bank Plc	0.50	12.00	6.00	10/11/04
10 Citic Bank Plc	0.50	245.35	122.68	17/11/04
11 Citic Bank Plc	0.50	99.50	49.75	03/12/04
12 Citic Bank Plc	0.50	5,000.00	2,500.00	16/12/04
13 Citic Bank Plc	0.50	4,500.00	2,250.00	20/12/04
Sub Total		20,740.88	10,370.44	

Company	Issued Value (N)	No. of Shares Issued (m)	Amount Capitalized (N)	Date Registered
1 Citic Bank Plc	0.50	228.47	114.24	07/11/04
2 Citic Bank Plc	0.50	210.00	105.00	20/11/04
3 Citic Bank Plc	0.50	146.57	73.29	22/01/04
4 Citic Bank Plc	0.50	298.91	149.46	11/02/04
5 Citic Bank Plc	0.50	323.33	161.67	15/02/04
6 Citic Bank Plc	0.50	100.00	50.00	15/02/04
7 Citic Bank Plc	0.50	300.00	150.00	25/02/04
8 Citic Bank Plc	0.50	300.00	150.00	05/03/04
9 Citic Bank Plc	0.50	12.00	6.00	23/03/04
10 Citic Bank Plc	0.50	205.00	102.50	15/03/04
11 Citic Bank Plc	0.50	82.27	41.14	22/03/04
12 Citic Bank Plc	0.50	212.45	106.23	22/03/04
13 Citic Bank Plc	0.50	401.11	200.56	24/03/04
14 Citic Bank Plc	0.50	412.32	206.16	21/04/04
15 Citic Bank Plc	0.50	1,000.00	500.00	29/05/04
16 Citic Bank Plc	0.50	31.85	15.93	25/06/04
17 Citic Bank Plc	0.50	42.00	21.00	22/06/04
18 Citic Bank Plc	0.50	62.40	31.20	15/07/04
19 Citic Bank Plc	0.50	180.00	90.00	23/07/04
20 Citic Bank Plc	0.50	81.54	40.77	29/07/04
21 Citic Bank Plc	0.50	135.00	67.50	02/08/04
22 Citic Bank Plc	0.50	352.00	176.00	03/08/04
23 Citic Bank Plc	0.50	1,500.00	750.00	25/08/04
24 Citic Bank Plc	0.50	217.30	108.65	01/09/04
25 Citic Bank Plc	0.50	324.82	162.41	13/09/04
26 Citic Bank Plc	0.50	48.00	24.00	13/09/04
27 Citic Bank Plc	0.50	1,000.00	500.00	20/09/04
28 Citic Bank Plc	0.50	1,021.57	510.79	20/10/04
29 Citic Bank Plc	0.50	20.00	10.00	20/10/04
30 Citic Bank Plc	0.50	1,028.97	514.49	01/11/04
31 Citic Bank Plc	0.50	510.22	255.11	01/11/04

Chart 14

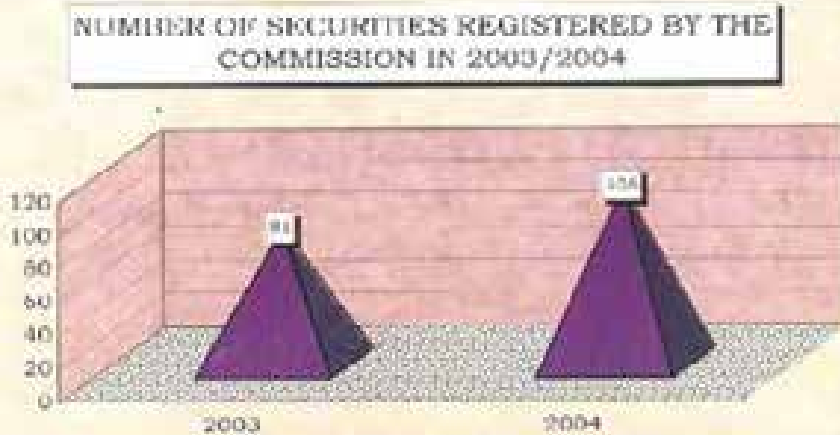


Chart 15

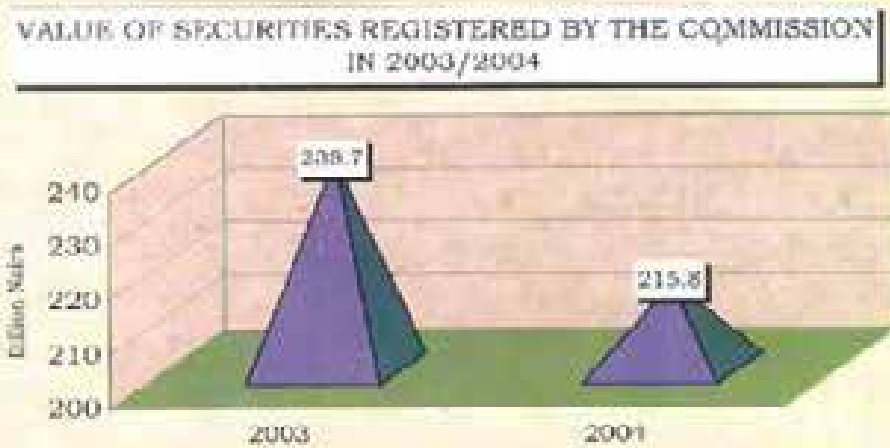


Chart 16

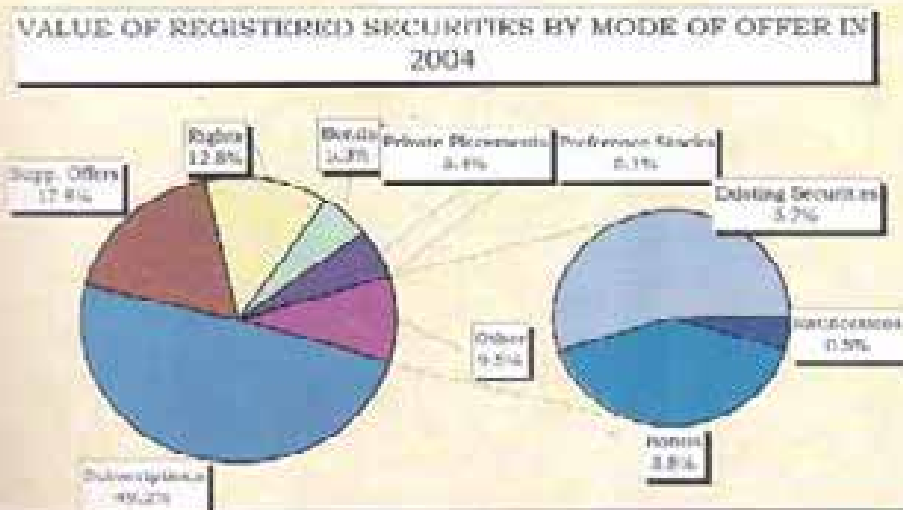


Table 18
PROCESSED OFFER DOCUMENTS IN 2004

COMPANY	ISSUING HOUSE	ISSUE TYPE	MINIMUM VALUE (N)	OFFER PRICE (N)	VOLUME PAID/ISS.	TAKE- UP (N)	REMARK
1 Academy Press Plc		Bonds	0.50	0.50	50.40	25.20	Cleared
2 ACB International Bank Plc		Bidding Securities	0.50	0.50	3,000.00	2,500.00	Cleared
3 Access Bank Plc		Bonds	0.50	0.50	2,000.00	500.00	Cleared
4 Access Bank Plc	IMC Ltd (IMC) Cap. Markets Ltd	Bidding Securities	0.50	2.50	3,000.00	5,700.00	Cleared
5 Access Bank Plc	IMC Ltd (IMC) Cap. Markets Ltd	Bidding Securities	0.50	2.50	2,000.00	2,500.00	Cleared
6 Airbank Nigeria Plc	Airbank Ltd (Airbank) Cap. Markets Ltd	Bidding Securities	0.50	5.50	2,000.00	17,000.00	Cleared
7 Airbank Nigeria Plc	Airbank Ltd (Airbank) Cap. Markets Ltd	Bidding Securities	0.50	40.00	316.00	8,600.00	Cleared
8 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
9 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
10 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
11 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
12 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
13 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
14 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
15 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
16 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
17 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
18 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
19 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
20 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
21 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
22 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
23 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
24 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
25 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
26 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
27 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
28 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
29 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared
30 Airtel Nigeria Plc	Airtel Nigeria Ltd (Airtel) Cap. Markets Ltd	Bidding Securities	0.50	10.00	10.00	10.00	Cleared

COMPANY	ISSUING INSTRUMENT	ISSUE TYPE	REDUCTION VALUE (%)	OFFER PRICE (%)	VOLUME (BILLION)	VALUE TND	REMARKS
25	Boobank Nigeria Plc	None	1.00	1.00	217.56	217.56	Closed
26	RTN International Bank Plc	None	0.50	0.50	401.11	200.56	Closed
27	Fidelity Bank Plc	None	0.50	0.50	397.25	326.58	Closed
28	Fidelity Bank Plc	Private Note & Publicly Secured	0.50	1.25	1,094.31	2,492.89	Closed
29	Fidelity Bank Plc	Private Note & Publicly Secured	0.50	1.25	449.89	562.36	Closed
30	First Assurance Plc	Guaranteed Resource Co. Ltd./Guaranteed Sub Ltd	0.50	0.60	290.00	159.00	Closed
31	First Bank of Nigeria Plc	None	0.50	0.50	444.59	222.30	Closed
32	First City Monument Bank Plc	Outstanding Securities	0.50	0.50	4,500.00	2,250.00	Closed
33	First Indulgent Bank Plc	Magnum Trust Bank/Indulgent Box Ltd	0.50	1.00	1,500.00	1,500.00	Under Process
34	First Indulgent Bank Plc	Magnum Trust Bank/Indulgent Box Ltd	0.50	0.70	4,021.24	2,814.87	Under Process
35	First Mills Plc	ITFC & Zaria	0.50	12.00	436.80	5,241.60	Closed
36	First Trust Bank Plc	None	1.00	1.00	183.15	183.15	Closed
37	Guaranty Bank Plc	Intercontinental Capital Markets Ltd	0.50	1.75	1,205.47	2,109.57	Closed
38	Global Bank Plc	None	1.00	1.00	101.36	101.36	Closed
39	Global Bank Plc	Outstanding Securities	1.00	1.00	49.50	49.50	Closed
40	Global Bank Plc	BOI, Securities Ltd	0.50	1.50	3,313.30	4,970.25	Under Process
41	Great Nigeria Plc	Outstanding Securities	0.50	0.50	400.00	300.00	Closed
42	Great Nigeria Plc	Capital Mortgage/20th Street Building	0.50	1.20	150.00	120.00	Under Process
43	Great Nigeria Plc	Capital Mortgage/20th Street Building	0.50	1.20	400.00	480.00	Under Process
44	Guaranty Trust Bank Plc	None	0.50	0.50	1,000.00	500.00	Closed
45	Guaranty Trust Bank Plc	FCMB Cap. Mkt. & Asset & Insurance Mkt. Co. Ltd	0.50	10.60	1,000.00	10,600.00	Closed
46	Guaranty Trust Bank Plc	FCMB Cap. Mkt./Insurance & Insurance Mkt. Co. Ltd	0.50	10.60	1,000.00	10,600.00	Closed
47	Guaranty Trust Bank Plc	None	0.50	0.50	750.00	375.00	Closed
48	Guaranty Trust Bank Plc	Other Member Bank, Volume Capital Mkt. Ltd	0.50	1.20	4,241.99	5,090.39	Under Process
49	Heath Nigeria Bank Plc	Outstanding Securities	0.50	0.50	911.76	238.84	Under Process

COMPANY	ISSUE TYPE	ISSUE PRICE (N)	OFFER PRICE (N)	VOLUME (MILLION)	VALUE (N)	REMARK
50. Boka Hotels Plc	Bonus	0.50	0.50	180.00	90.00	Closed
51. JMB Morgan Plc	Existing Securities	0.50	0.50	171.40	85.70	Closed
52. Injarede Bakori Plc	Rights	0.50	0.50	18.60	9.30	Closed
53. Inoor Nigeria Plc	Rights	0.50	1.20	251.25	301.50	Closed
54. Inoor Nigeria Plc	Issuing Securities	0.50	0.50	13.50	6.75	Closed
55. Intensity Bank Plc	Rights	0.50	0.75	90.40	67.80	Under Process
56. Intercontinental Bank Plc	Existing Securities	1.50	1.00	30.00	30.00	Closed
57. Intercontinental Bank Plc	Subscription	0.50	0.50	2,750.00	1,375.00	Closed
58. Japari Oil & Maritime Services Plc	Existing Securities	0.50	0.50	306.96	153.48	Under Process
59. Japari Oil & Maritime Services Plc	Subscription	0.50	0.50	602.00	301.00	Under Process
60. Jor International Brokers Plc	Subscription	0.50	2.50	303.50	758.75	Closed
61. Jor International Brokers Plc	Existing Securities	0.50	0.50	54.25	27.12	Closed
62. Lead Bank Plc	Rights	0.50	1.00	812.50	812.50	Under Process
63. Magnum Trust Bank Plc	Existing Securities	0.50	1.50	2,500.00	3,750.00	Under Process
64. Mutual Benefit Assurance Plc	Rights	0.50	0.75	614.33	460.75	Closed
65. N. E. M. Insurance Plc	Rights	0.50	0.50	582.00	291.00	Closed
66. NAL Bank Plc	Bonus	1.50	0.50	342.46	171.23	Under Process
67. Niger Insurance Plc	Bonus	0.50	0.50	100.00	50.00	Closed
68. Niger Insurance Plc	Rights	0.50	1.50	200.00	300.00	Closed
69. Nigerian Seeding Company Plc	Bonus	0.50	0.50	324.82	162.41	Closed
70. Northern Nigeria Flour Mills Plc	Bonus	0.50	0.50	37.13	18.57	Closed
71. Oando Plc	Rights	0.50	0.50	20.00	10.00	Closed
72. Oando Plc	Subscription	0.50	0.75	31.42	23.57	Closed
73. Oando Plc	Subscription	0.50	0.75	112.92	84.70	Closed
74. Oando Bank International Plc	Subscription	0.50	5.50	3,200.00	17,600.00	Closed

COMPANY	Company Name	Offering Type	Offering Size (Mn)	Offering Price (Mn)	Offering Amount (Mn)	Offering Status
75	Greenbank Bank International Plc	Offer	0.50	5.00	11,551	0.0215 Cleared
76	Greenbank Bank Intl Plc	Banking Securities	0.50	0.50	6,000.00	3,000.00 Cleared
77	Prestige Assurance Plc	Bonus	0.50	0.50	80.27	51.14 Cleared
78	Prudent Bank Plc	Bonus	0.50	0.50	699.57	304.79 Cleared
79	Prudent Bank Plc	Private Placement	0.50	1.50	2,500.00	3,750.00 Under Process
80	Prudent Bank Plc	Greenbank Trust Ltd/Prudent Trust Ltd	0.50	1.25	514.36	1,142.63 Cleared
81	R. T. Briscoe Nig. Plc	FCMB Capital Markets	0.50	5.00	62.50	312.80 Cleared
82	R. T. Briscoe Nig. Plc	FCMB Capital Markets Ltd	0.50	5.00	25.00	625.00 Cleared
83	R. T. Briscoe Plc	Bonus	0.50	0.50	37.50	18.75 Cleared
84	R. T. Briscoe Plc	FCMB Capital Markets	0.50	5.00	0.00	1.00 Aborted
85	Royal Exchange Assurance Nig Plc	Bonus	0.50	0.50	213.57	106.79 Cleared
86	Security Assurance Plc	AbnBank Intl Ltd	0.50	0.50	150.00	95.00 Cleared
87	Security Assurance Plc	AbnBank Intl Ltd	0.50	0.60	340.00	204.00 Cleared
88	Standard Trust Bank Plc	30k Securities Ltd	0.50	1.00	2,000.00	14,000.00 Under Process
89	Standard Trust Bank Plc	FCMB Capital Markets Ltd/STBC	0.50	4.00	1,103.37	4,413.48 Cleared
90	Texaco Nigeria Plc	Bonus	0.50	0.50	7.251	25.29 Under Process
91	Total Oil Nigeria Plc	Bonus	0.50	0.50	42.44	21.22 Cleared
92	Trade Bank Plc	FCMB Intl Bank Ltd	0.50	1.50	1,000.00	1,000.00 Cleared
93	UAC Nigeria Plc	FCMB Cap Mkt/Trade Bank Plc	0.50	12.50	227.16	2,859.50 Cleared
94	Uak Insurance Plc	Bonus	0.50	0.50	896.40	298.20 Cleared
95	Uak Insurance Plc	Banking Securities	0.50	0.50	112.00	71.00 Cleared
96	Union Dicon Salt Plc	Bonus	0.50	0.50	20.00	10.00 Cleared
97	Union Dicon Salt Plc	Universal Trust Bank	0.50	5.00	200.00	1,000.00 Cleared
98	Valurand Nigeria Plc	ABC International Bank	0.50	8.00	46.40	271.00 Under Process
99	Vemo Product Plc	FCMB Capital Markets Trust Bank Plc	0.50	1.00	56.71	154.79 Cleared

COMPANY	ISSUING HOUSE	ISSUE TYPE	NOMINAL VALUE (R)	OFFER PRICE (R)	VOLUME (MILLION)	VALUE TM	REMARKS
100 Vono Product Plc	Fin. Derivatives Ltd & Fidelity Trust Bank Plc	Subscription	0.50	1.60	154.93	247.39	Closed
101 Wapac Insurance Plc		Bonus	0.50	0.50	333.33	166.67	Closed
102 Wema Bank Plc		Bonus	0.50	0.50	14,337.46	1,078.73	Closed
103 Wema Bank Plc	WTC and Lead Bank Plc	Subscription	0.50	3.50	5,000.00	17,500.00	Closed
104 West Africa Milk Company Plc		Bonus	1.00	1.00	62.49	62.49	Closed
105 Zenith Bank Plc		Bonus	0.50	0.50	1,032.37	516.19	Closed
106 Zenith Bank Plc	WTC Ltd/70% (Murdum Bankers) Ltd	Subscription Supplementary	0.50	10.90	800.00	8,720.00	Closed
107 Zenith Bank Plc	WTC Ltd/70% (Murdum Bankers) Ltd	offer	0.50	10.90	1,070.52	11,668.67	Closed
108 Zenith Bank Plc		Existing Securities	0.50	0.50	3,097.11	1,548.56	Closed
TOTAL					127,260.77	272,621.81	



Table 19 SUMMARY OF PROCESSED OFFER DOCUMENTS CLEARED IN 2003/2004

TYPE OF SECURITIES	No. OF ISSUES		VOLUME (Million Shares)		VALUE (Rm)	
	2003	2004	2003	2004	2003	2004
Subscriptions	6	14	5,862.26	20,804.85	8,926.62	102,464.09
Right Issues	13	18	3,764.37	6,152.55	12,176.17	26,614.66
Bonus Issues	27	31	10,547.20	23,744.71	5,273.60	12,154.13
Private Placements	3	3	141.63	8,044.31	1,192.73	11,567.89
Loans/Debits	1	-	-	-	650.00	-
Grants	1	2	-	-	150,000.00	10,000.00
Supplementary Offers	-	5	-	3,400.42	-	38,293.98
Conversions	2	-	1,247.70	-	3,173.85	-
Existing Securities	7	13	102,633.87	21,237.80	51,319.00	11,428.67
Unit Trust	1	-	5.00	-	500.00	-
Transfers	1	-	45.35	-	22.68	-
TOTAL	62	86	123,847.38	83,474.64	233,728.65	212,823.42

Table 20 SUMMARY OF PROCESSED OFFER DOCUMENTS (UNCLEARED) IN 2003

TYPE OF SECURITIES	NO. OF ISSUES	% OF TOTAL	VOLUME (m)	% OF TOTAL	VALUE (Rm)	% OF TOTAL
Offers for Subscriptions	5	22.73	10,967.49	25.06	26,156.24	43.86
Supplementary Offer	2	9.09	1,000.26	2.28	2,001.50	4.83
Right Issues	5	22.73	5,580.22	12.74	4,319.42	7.19
Bonus Issues	3	13.64	655.03	1.50	327.52	0.54
Grants	0	0.00	0.00	0.00	0.00	0.00
Existing Securities	3	9.09	5,468.72	12.49	2,734.36	4.55
Private Placements	4	18.18	20,014.41	45.71	23,339.56	38.84
Offer for Sale	1	4.55	100.00	0.23	120.00	0.20
TOTAL	22	100.00	43,786.13	100.00	60,098.40	100.00

Chart 17



ALLOTMENT CLEARANCE (JANUARY-DECEMBER, 2004)

Issuer	Issue Type	Offer Price N	No. of Shares Offered Million	Value of Shares Offered N/m	Lot or Subscription %	Proceeds Capitalized N/m	Date Opened	Date Maturity	Issuing House
ISSUES FORTIFIED IN 2003									
A.G. Leventis Plc	Right	1.34	948.25	512.06	10.87	1,208	17/03/03	12/01/04	BOC Ltd
MICO Insurance Plc	Right	2.00	300.00	600.00	00.00	600.00	11/06/03	06/01/04	Counter Trust Securities Ltd
Pine Bank Nig. Plc	Right	14.50	528.11	9,456.64	11.34	1,400.04	29/09/03	21/11/03	FIN (Merchant) Bankers Ltd
Teal Bank Plc	Private Placement	0.80	1,00.00	80.00	100.00	80.00	10/11/03	30/03/04	Lead Bank Plc
Scotiabank Plc	Right	2.00	308.67	607.34	42.34	277.66	11/10/03	30/01/04	BOC Ltd
Isa Ltd Plc	Subscription	1.00	2,500.00	2,500.00	113.79	2,500.00	03/11/03	12/02/04	FIN (Merchant) Bankers Ltd/BOC Ltd
Standard Trust Bank Plc	Subscription	1.00	1,000.00	1,000.00	283.36	1,000.00	01/12/03	08/03/04	FIN (Merchant) Bankers Ltd/BOC Ltd
Standard Trust Bank Plc	Subscription	1.00	1,140.97	1,140.97	-	1,140.97	-	11/03/04	FIN (Merchant) Bankers Ltd/BOC Ltd
60 million Treasury Bank Plc	Right	1.00	240.65	240.65	112.74	240.65	29/12/03	25/03/04	Lead Bank Plc
London Assurance Ltd	Right	0.70	430.00	294.00	06.53	303.50	29/12/03	02/03/04	Insurance Trust & Inv Ltd
Accum Insurance Co Plc	Right	0.60	113.70	62.22	42.39	36.50	23/11/03	23/03/04	Insurance Trust & Inv Ltd
Accum Insurance Co Plc	Subscription	0.70	192.88	134.82	45.10	62.53	23/11/03	23/03/04	Accum Inv Ltd
Valued Nig Plc	Private Placement	8.00	6.34	51.04	33.33	17.00	17/12/03	25/02/04	FCMB Ltd/BOC Ltd/Lead Bank Ltd
Valued Nig Plc	Right	6.00	75.21	451.26	74.77	355.31	26/12/03	30/04/04	Accum Inv Ltd
Prattage Assurance Plc	Subscription	2.50	70.81	176.21	100.00	176.21	18/08/03	26/02/04	Counter Trust Securities Ltd
ISSUES RECALLED IN 2004									
Law Union & Royal Ins Plc	Subscription	1.20	300.00	400.00	87.50	520.00	11/01/04	06/04/04	Std. Bank Plc & Insurance Trust Ltd
IMB Inv Trust Plc	Subscription	0.50	1,000.00	1,074.00	95.17	2,140.83	23/01/04	25/03/04	Union Merch Bank Ltd
Overhead Plc	Right	1.50	1,233.45	1,850.14	68.52	153.45	13/01/04	13/02/04	Lead Bank Plc/Counter Trust Ltd
Wema Securities & Fin Plc	Right	1.80	236.00	425.00	100.00	425.00	09/02/04	02/06/04	FCMB Cap. Mkts. Ltd/BOC Ltd/Fin Bank Ltd
Guarantee Insurance Plc	Right	0.93	488.00	234.80	95.24	251.21	30/01/04	11/05/04	Capital Insurance Ltd/Prattage & Sec. Ltd
Counter Trust Securities Plc	Right	0.50	394.82	198.91	78.51	153.01	09/02/04	30/06/04	Union Merch Bank Ltd
N.P.M. Insurance Plc	Right	0.50	462.34	303.45	30.29	277.17	11/02/04	17/05/04	N.P.M. Bank Plc

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Table 22
SUMMARY OF ALLOTMENT PROPOSALS CLEARED IN 2004

Mode of Offer	No. of Issues	Volume of Shares applied for million	Value of Shares applied for N' million	Proceeds capitalized N' million	Level of Subscription %	No. of Issues Over- Subscribed	No. of Issues Fully- Subscribed
ISSUES FLOATED IN 2003							
Subscriptions	3	3,092.60	6,634.82	6,562.56	98.91	2	0
Supplementary Offers	2	1,180.20	4,590.19	4,590.15	100.00	2	2
Right Issues	6	3,018.76	12,312.58	11,668.76	94.77	3	1
Private Placement	2	106.36	101.04	67.01	66.32	0	1
Sub Total	13	7,997.94	23,537.63	22,888.52	96.83	5	4
ISSUES FLOATED IN 2004							
Subscriptions	8	12,456.42	44,642.45	43,834.30	98.19	6	0
Supplementary Offers	4	2,297.03	13,891.50	13,880.50	100.00	2	2
Right Issues	15	5,404.67	19,151.50	18,322.28	95.25	6	2
Private Placement	1	50.00	75.00	23.28	31.04	0	0
Revenue Bonds	2		5,570.00	4,584.00	82.24	0	1
Sub Total	30	20,208.14	103,229.54	101,648.36	97.50	14	3
Grand Total	43	28,206.08	106,868.17	123,536.87	97.37	19	7

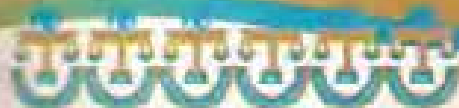
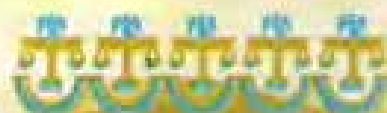


TABLE 3.1
MARKET CAPITALIZATION OF LISTED EQUITIES OF THE NIGERIAN STOCK EXCHANGE AS AT DECEMBER 31, 2004

	EQUITIES	OUTSTANDING NO. OF SHARES (MILLION)	MARKET PRICE (₦/SQ)	MKT. CAP. -₦-M	NOMINAL VALUE -₦-	EARNING PER SHARE -₦-	P/E RATIO	DIV. PER SHARE -₦-	DIV. YIELD -%
1	NIGELIAN SERVICES PLC	7,562.41	42.80	323,671.15	0.50	0.53	55.85	1.10	2.37
2	OLYMPIA NIGERIA PLC	1,179.94	116.09	138,041.16	0.50	5.71	17.44	5.25	4.49
3	PRIME BANK OF NIGERIA PLC	4,001.39	23.60	94,432.80	0.30	3.34	7.76	1.35	0.37
4	ZENITH BANK PLC	6,000.80	15.69	94,140.00	0.50	0.74	21.20	0.00	0.50
5	UNION BANK NIGERIA PLC	4,474.40	21.00	93,962.40	0.50	1.86	11.29	1.40	5.57
6	SECTEL POWER NIGERIA PLC	528.44	149.62	79,064.89	0.50	7.83	19.11	2.00	1.34
7	NIGERIAN PORTLAND CEMENT PLC	1,209.28	57.73	70,033.42	0.50	3.70	15.61	1.50	2.60
8	TOTAL NIGERIA PLC	339.32	182.49	61,959.09	0.50	7.83	23.30	5.50	3.01
9	OLYMPIA NIGERIA PLC	1,000.84	59.00	59,040.56	0.50	3.03	19.47	1.75	2.97
10	CONCRETE PLC	411.60	131.00	53,919.60	0.50	1.14	98.20	3.50	2.67
11	UNITED OVER NIGERIA PLC	3,026.61	15.50	46,912.92	0.50	0.62	23.00	0.61	3.94
12	QUANTUM TRUSTEEN PLC	4,000.00	11.69	46,760.00	0.50	0.79	14.00	0.45	3.85
13	CARLOS PLC	407.70	112.00	45,662.40	0.50	1.14	98.20	2.25	2.01
14	ASSOCIATED TRUST BANK PLC	6,000.00	7.41	44,460.00	0.50	0.73	10.15	0.20	2.70
15	NORON OF NIGERIA PLC	240.40	184.00	44,333.60	0.50	10.94	15.30	6.00	3.20
16	TELECOM NIGERIA PLC	253.90	169.00	42,924.30	0.50	1.88	82.30	1.50	0.80
17	OLYMPIA BANK INTERNATIONAL PLC	6,000.00	6.20	37,800.00	0.50	0.56	11.25	0.60	0.00
18	AFRICAN PETROLEUM PLC	432.00	69.00	29,808.00	0.50	4.11	16.70	3.00	4.34
19	INTERNATIONAL BANK PLC	3,888.65	7.81	28,027.35	0.50	1.07	7.30	0.40	5.12
20	UNITED BANK FOR AFRICA PLC	2,975.00	9.05	26,923.75	0.50	1.50	5.80	0.60	6.63
21	N. H. B. (NIGERIA) PLC	282.99	83.51	23,632.49	32.00	0.00	0.00	2.67	3.20
22	ROST CITY MOUNTAIN BANK PLC	4,500.00	5.18	23,310.00	0.50	0.06	80.33	0.00	0.00
23	FE INDUSTRIES PLC	1,742.47	11.64	20,282.35	0.50	0.96	12.13	0.75	6.44
24	AFRICAN CEMENT PLC	677.50	22.50	19,743.75	0.50	2.54	8.60	1.70	7.56
25	N. A. PORTLAND CEMENT PLC	1,713.20	11.30	19,361.76	0.50	0.00	0.00	0.90	4.42
26	WEMA BANK PLC	4,072.84	3.53	16,306.26	0.50	0.21	18.71	0.10	2.54
27	AFRICAN PLC	2,208.33	6.63	14,641.23	0.50	0.05	28.80	0.20	3.02
28	WACC PLC	908.64	14.17	12,875.43	0.50	3.11	4.55	0.60	4.23



	EQUITIES	OUTSTANDING NO. OF SHARES (MILLION)	MARKET PRICE (₦/K)	INT. CAP. ₦/M	NOMINAL VALUE ₦/M	EARNING PER SHARE ₦/M	P/E RATIO	DIV. PER SHARE ₦/M	DIV. YIELD -%
29	CHARTERED BANK PLC	4,204.65	3.24	12,126.14	0.50	0.45	5.61	0.20	3.22
30	FLOR MILLS NIGERIA PLC	728.00	10.61	12,092.28	0.50	2.15	7.62	0.70	4.21
31	FIRST ATLANTIC BANK PLC	3,204.25	3.26	16,446.83	0.50	0.14	25.29	0.07	0.15
32	ACCESS BANK NIGERIA PLC	3,090.00	3.42	10,260.00	0.50	0.19	18.09	0.10	2.92
33	7 UP BOTTLING COMPANY PLC	409.98	25.00	10,249.50	0.50	2.79	8.93	1.00	4.00
34	DATA PROCESSING DEVELOPMENT PLC	1,009.62	8.90	8,900.00	0.50	0.78	11.41	0.45	5.65
35	ALLIANCE BANK PLC	4,030.00	2.00	2,015.00	0.50	0.05	40.00	0.08	4.00
36	STANCO INTERNATIONAL GUINTEA BANK NIGERIA PLC	797.20	7.95	6,338.14	0.50	1.01	7.87	0.50	3.77
37	PEB INTERNATIONAL BANK PLC	2,405.02	2.26	1,429.03	0.50	0.12	18.83	0.12	5.31
38	CRESCENT COMPANY OF NIGERIA P.L.C	733.45	6.43	4,878.69	0.50	0.42	8.09	0.02	0.30
39	PRISCO PLC	800.50	9.71	4,855.00	0.50	0.69	11.07	0.50	5.15
40	ACE INTERNATIONAL BANK PLC	5,000.00	0.94	4,700.00	0.50	0.09	10.44	0.00	0.00
41	CRONOLITE PLC	317.97	14.50	4,610.57	0.50	2.65	5.47	1.00	5.90
42	TOURISM COMPANY OF NIGERIA PLC	1,188.20	4.00	4,551.20	0.50	0.39	100.00	0.00	0.00
43	CHARTERED BANK NIGERIA PLC	454.20	3.01	4,280.04	0.50	0.25	39.75	0.02	0.42
44	ROYAL EXCHANGE ASSURANCE NIGERIA PLC	3,042.34	1.30	4,048.11	0.50	0.41	4.25	0.10	5.65
45	200 INTERNATIONAL BANK PLC	2,272.38	1.76	2,999.89	0.50	0.15	10.00	0.05	3.31
46	HAL BANK PLC	2,339.99	1.51	2,856.38	0.50	0.07	18.14	0.05	3.94
47	LENNAX ASSURANCE PLC	3,279.89	1.27	2,511.46	0.50	0.71	22.16	0.15	0.91
48	MANNING BANK NIGERIA PLC	292.00	26.40	2,893.00	0.50	0.12	9.82	0.10	8.47
49	ALLIANCE BANK PLC	3,090.00	1.18	3,540.00	0.50	0.03	0.00	0.11	2.43
50	OC-OPERATIVE BANK PLC	2,565.00	1.35	3,462.75	0.50	0.02	44.50	0.05	5.62
51	TRADIE BANK PLC	3,700.00	0.80	3,293.00	0.50	0.05	25.80	0.00	0.00
52	GULF BANK OF NIGERIA PLC	2,250.00	1.44	3,240.00	0.50	0.05	16.10	0.10	3.90
53	AFRICAN RESERVE BANK PLC	800.00	4.06	3,222.00	0.50	0.00	0.00	0.10	11.36
54	MIDDEL INSURANCE PLC	3,580.00	0.88	3,150.40	0.50	0.11	9.73	0.05	4.67
55	LIBERTY BANK PLC	2,750.00	1.07	2,942.50	0.50	0.07	13.57	0.05	5.26
56	ISLAND BANK PLC	3,070.00	0.93	2,916.00	0.50	0.00	14.00	0.10	7.39
57	LEIGH BANK PLC	2,174.77	1.26	2,740.21	0.50	0.00			
58	TRANS INTERNATIONAL BANK PLC								

	COMPANIES	OUTSTANDING NO. OF SHARES (MILLION)	MARKET PRICE 2010	ERT. CAP. 2010	NOMINAL VALUE 2010	EARNING PER SHARE 2010	P/E RATIO	DIV. PER SHARE 2010	DIV. YIELD 2010
59	ABUJAH BANK PLC	3,001.09	0.85	2,550.85	0.50	0.00	0.00	0.00	0.00
60	ALUBOMA ARI PLC	3,000.00	0.80	2,400.00	0.50	0.00	0.00	0.00	0.00
61	ARMSTRONG INTERNATIONAL PLAMA PLC	743.91	2.94	2,201.49	0.50	0.12	24.50	0.15	5.10
62	ATTACAL MIDLAND PLC	655.20	3.20	2,099.20	0.50	0.35	9.46	0.30	8.37
63	A. O. DIVINITY PLC	1,825.58	1.09	2,000.00	0.50	0.18	6.63	0.27	8.69
64	ABUJAH EXHIBITION PLAZA PLC	2.50	889.00	2,222.50	1,000.00	63.33	13.60	56.26	6.50
65	W. A. PANA. INC. PLC	800.00	2.65	2,120.00	0.50	0.40	6.60	0.17	6.42
66	BETA CLASS COMPANY PLC	454.52	4.53	2,058.96	0.50	0.00	0.00	0.50	11.04
67	OMEGA BANK PLC	1,330.00	1.34	1,790.20	0.50	0.03	44.67	0.09	6.72
68	RENECE CEMENT PLC	465.00	4.10	1,915.50	0.50	0.00	0.00	0.16	3.90
69	ORIO PLC	416.00	4.59	1,909.11	0.50	0.73	6.29	0.26	6.10
70	WATERFORD PLC	371.28	5.00	1,856.28	0.50	0.00	0.00	0.07	1.40
71	INTERNATIONAL TRUST BANK PLC	2,339.12	0.76	1,824.51	0.50	0.16	4.88	0.10	12.82
72	NORTHERN NIGERIA FLOUR MILLS PLC	111.38	15.80	1,763.03	0.50	0.93	17.01	0.30	1.90
73	CO-OPERATIVE DEV. BANK PLC	2,304.00	0.79	1,881.92	0.50	0.10	7.30	0.12	16.44
74	SAVANNAH BANK PLC	2,000.00	0.80	1,600.00	0.50	0.00	0.00	0.10	12.50
75	UNITED NIGERIAN TRAVELS PLC	841.28	1.87	1,576.93	0.50	0.00	0.00	0.38	18.72
76	R. T. BESSON PLC	187.90	7.22	1,353.75	0.50	1.31	5.80	0.35	4.85
77	DUNLOS PLC	604.80	2.16	1,306.32	0.50	0.00	0.00	0.15	6.94
78	WTC PLC	1,121.25	1.15	1,289.44	0.50	0.16	7.19	0.14	12.17
79	STANDARD ALLIANCE INSURANCE PLC	700.00	1.75	1,225.00	0.50	0.19	9.20	0.10	5.71
80	BOC BANK PLC	393.12	3.08	1,210.81	0.50	0.28	11.00	0.18	5.84
81	CAP PLC	146.00	7.15	1,051.20	0.50	0.86	8.31	0.50	6.99
82	DAB INTERNATIONAL BANK PLC	2,044.72	0.55	1,155.94	0.50	0.00	0.00	0.02	8.62
83	ADCO PLC	700.00	1.67	1,169.00	0.50	0.30	8.37	0.10	5.99
84	VIRGIL ALUM. PLC	1,241.79	0.94	1,167.28	0.50	0.18	5.22	0.10	10.64
85	ABUJAH INT'L FUND PLC	5.46	7,173.97	1,151.68	6,280.00	0.00	0.00	180.84	2.32
86	SWAN MEDICAL PLC	368.54	3.31	1,109.21	0.50	0.32	9.41	0.20	6.64
87	BESSON PARTS PLC	217.37	4.45	1,054.24	0.50	0.51	9.51	0.40	4.23
88	UNION BROOKBURY PLC	160.00	6.52	953.20	0.50	0.00	0.00	0.10	9.31

	EQUITIES	OUTSTANDING NO. OF SHARES (MILLION)	MARKET PRICE (PSE)	SECT. CAP. -N-M	NOMINAL VALUE -N-	BANKING PER SHARE -N-	P/B RATIO	P/E PER SHARE -N-	DIV. YIELD -N-
88	MAYN BREAD PLC	130.92	5.20	641.10	0.50	0.41	11.82	0.30	5.77
89	SCOS PLC	727.07	1.15	836.13	0.20	0.09	12.78	0.15	13.04
91	SM RIVER PLC	145.74	5.25	765.14	0.50	0.36	14.58	0.45	8.57
92	CONCRETE INSURANCE PLC	626.87	1.25	758.34	0.50	0.13	9.60	6.12	9.60
93	CAPPA & DALLERTY PLC	98.44	7.25	713.69	0.50	1.28	5.66	0.30	2.76
94	UNIT INSURANCE PLC	735.20	0.84	647.97	0.50	0.21	3.50	0.20	23.83
95	SCOTTISH LIFE ASSURANCE PLC	724.00	0.98	654.72	0.50	0.12	7.70	6.02	2.15
96	JOSEPHSON ASSURANCE PLC	168.50	3.80	640.30	0.50	0.17	22.35	0.00	0.00
97	CNT LEASING PLC	490.00	1.49	566.00	0.50	0.18	8.20	0.10	6.71
98	REPSOL PLC	371.25	1.55	579.15	0.50	0.00	0.00	0.05	2.21
99	PRIMA VIDEO PLC	100.00	5.40	542.00	0.50	0.64	8.47	0.20	3.69
100	ROGERLACHENAL CHEM PLC	153.75	3.42	523.96	0.50	0.69	5.79	0.30	6.77
101	PROFITABLE ASSURANCE PLC	263.35	1.97	518.60	0.50	0.27	7.30	0.15	9.14
102	TERESA DEL SOL PLC	218.12	1.99	434.18	0.50	0.00	0.00	0.06	4.02
103	AVON COSMETICS PLC	569.98	0.69	293.29	0.50	0.11	6.20	0.08	11.59
104	ACAPAY PRESS PLC	201.60	1.05	393.12	0.50	0.22	8.56	0.05	2.58
105	JOHN DODD PLC	389.15	0.99	385.26	0.50	0.00	0.00	0.16	15.15
106	MOGULA VEH & TRAIL PLC	420.00	0.69	373.80	0.50	0.10	8.90	0.13	16.85
107	INTERNATIONAL INSURANCE PLC	412.91	0.90	371.02	0.50	0.00	0.00	0.04	8.89
108	LAWCO ASSURANCE PLC	420.00	0.83	348.60	0.50	0.11	7.50	0.00	6.00
109	TRIUMPH DES PLC	340.36	1.00	340.36	0.50	0.08	12.50	0.15	13.00
110	LONGMAN MOBILE PLC	147.20	2.22	326.34	0.50	0.25	8.85	0.12	5.41
111	PS MANCHESTER PLC	40.00	8.00	320.00	0.50	1.13	7.08	0.25	3.13
112	ROBERTSON BROS PLC	199.26	1.57	312.52	0.50	0.10	15.70	0.13	8.28
113	QUINTON INSURANCE PLC	435.20	0.70	294.64	0.50	0.32	2.10	0.07	10.00
114	APPOINT PLC	215.68	0.55	283.62	0.50	0.00	0.00	0.15	27.27
115	ADAMA TEXTILE MILL PLC	77.68	3.63	281.58	0.50	0.00	0.00	0.20	5.51
116	GLUCOPH PLC	125.00	2.23	278.75	0.50	1.28	1.74	0.20	8.97
117	ALUMINIUM EXTRUSION IND. PLC	160.00	2.66	266.00	0.50	0.00	0.00	0.19	3.74

	EQUITIES	OUTSTANDING NO. OF SHARES (BILLION)	MARKET PRICE (R/S)	MKT. CAP. -B/-M	BOOKING VALUE -B/-	EARNING PER SHARE -B/-	P/E RATIO	DIV. PER SHARE -B/-	DIV. YIELD -B/-
118	CAM UNION AND BOYS CO-OPERATIVE PLC	303.00	1.29	338.00	0.50	0.08	15.10	0.10	11.63
119	CPA PLC	513.70	0.50	236.85	0.50	0.09	0.00	0.10	26.00
120	ADEN INSURANCE PLC	423.12	0.55	245.43	0.30	0.10	5.20	0.00	0.00
121	ZAMRAX INSURANCE PLC	214.08	1.09	253.35	0.50	0.07	2.90	0.07	6.42
122	AMICABLE ASSURANCE PLC	313.5	0.23	236.07	0.50	0.01	73.00	0.02	2.70
123	GUIN PLC	132.10	1.88	208.72	0.50	0.20	0.00	0.10	0.33
124	BALCO INSURANCE PLC	242.50	0.85	206.13	0.50	0.00	0.00	0.10	11.70
125	CHPLI ARABIC PLC	120.49	1.21	205.04	0.50	0.02	2.09	0.10	8.77
126	AVIATION DEVELOPMENT COMPANY PLC	200.00	1.01	202.00	0.50	0.45	2.20	0.05	24.75
127	SECORIS PLC	184.69	1.25	193.36	0.50	0.25	5.00	0.10	10.40
128	ARICO PLC	140.50	1.20	185.63	0.50	0.00	0.00	0.10	8.00
129	FIRST ASSURANCE PLC	200.00	0.84	168.00	0.50	0.00	0.00	0.05	5.90
130	BOC PLC	109.20	1.44	155.02	0.50	0.40	2.94	0.20	14.89
131	UNIVERSITY INSURANCE PLC	120.00	1.25	150.00	0.30	0.00	0.00	0.20	16.00
132	ALFA FORTIS MILLER PLC	158.34	0.91	144.27	0.20	0.00	0.00	0.20	21.96
133	QURIA INSURANCE PLC	240.00	0.57	136.80	0.50	0.04	14.20	0.07	12.28
134	LOFTAN INVESTMENT PLC	140.41	0.97	136.20	0.50	0.00	0.00	0.20	20.72
135	ELI INSURANCE PLC	325.00	0.59	132.75	0.50	0.00	11.20	0.00	10.17
136	SECURITY ASS. PLC	138.54	0.81	128.12	0.50	0.00	0.00	0.07	8.64
137	ALUM. IND. OF SOMALIA PLC	63.00	2.00	126.00	0.50	0.47	4.20	0.05	2.50
138	PRINTER BROUWERIES PLC	126.00	0.90	112.18	0.50	0.06	15.50	0.00	5.45
139	CONFIDENCE FOR PLC	180.00	0.64	115.20	0.50	0.05	12.80	0.03	4.00
140	NGAR MEDIA PLC	83.75	1.36	108.88	0.50	0.00	0.00	0.00	3.85
141	KA GLASS PLC	109.07	0.94	101.50	0.50	0.00	0.00	0.00	0.00
142	MOHAR IND. PLC	61.31	1.17	106.83	0.50	0.10	11.70	0.07	2.88
143	FRANK NATION WARE PLC	100.00	1.02	108.00	0.50	0.00	0.00	0.10	5.52
144	JICA PLC	194.70	0.50	101.24	0.50	0.00	0.00	0.00	10.00
145	POLY PROCESTER PLC	240.00	0.40	100.80	0.50	0.00	8.44	0.10	26.57
146	OLUWA GLASS PLC	75.72	1.30	130.71	0.50	0.00	0.00	0.00	3.00
147	WATER PLC	42.04	2.29	97.65	0.50	0.00	0.00	0.10	4.37

	COMPANIES	OUTSTANDING NO. OF SHARES (MILLION)	MARKET PRICE (NIG)	NET CAP. -N-	NOMINAL VALUE -N-	EARNING PER SHARE -N-	P/E RATIO	DIV. PER SHARE -N-	REV. YIELD -N-
148	PRETANCO OIL MILLS PLC	100.00	0.97	97.00	0.50	0.00	0.00	0.20	20.00
149	COLEMAN CEMENT INDUSTRIES PLC	136.08	0.68	92.55	0.50	0.00	22.07	0.20	36.70
150	VOVO PLC	48.36	1.90	91.89	0.50	1.09	1.47	0.20	10.33
151	NEW BALANCE CO. NIGERIA PLC	115.49	0.76	88.53	0.50	0.16	4.70	0.00	2.43
152	WTA PLC	81.00	1.00	81.00	0.50	0.00	0.00	0.10	9.17
153	MANCOT NIGERIA COMPANY PLC	129.00	0.65	83.20	0.50	0.00	0.00	0.10	15.38
154	STUDIO DRESS PLC	50.00	1.62	81.00	0.50	0.34	4.70	0.10	7.41
155	STUDIO TRATTLE BELL PLC	45.30	1.66	76.94	0.50	0.00	0.00	0.00	3.01
156	NYAMCO PLC LTD	30.38	2.32	70.48	0.50	0.00	0.00	0.30	12.03
157	EVERESTO FIELDS PLC	24.76	2.83	70.07	0.50	0.00	0.00	0.30	14.60
158	AFSCOL PLC	107.27	0.64	68.65	0.30	0.00	0.00	0.00	3.13
159	FOOT ASHLEY ACCESSORIES NIG. LTD	156.40	0.36	67.10	0.30	0.00	0.00	0.00	27.78
160	AFRICAN PAINT (NIG) PLC	139.00	0.48	62.40	0.30	0.12	4.00	0.00	0.00
161	SEICHA ROYAL WARE PLC	19.20	3.10	59.52	0.30	0.48	6.46	0.30	9.65
162	AMORCITA PLC	125.01	0.45	56.25	0.30	0.00	0.00	0.00	8.89
163	THE EVERARDS PLC	120.00	0.45	54.00	0.30	0.00	0.00	0.00	0.00
164	NATIONAL BAIT PLC	79.96	0.69	55.17	0.50	0.00	0.00	0.50	72.46
165	LEHMAN PLC	70.16	0.77	54.02	0.50	0.00	0.00	0.18	10.48
166	CELESTIA OIL PALM PLC	72.00	0.75	54.00	0.50	0.00	0.00	0.07	9.33
167	MANWOOD INDUST. PLC	70.50	0.69	48.44	0.50	0.00	11.50	0.10	26.09
168	INTERLUX TRICH. PLC	37.88	1.27	48.11	0.50	0.00	0.00	0.00	4.72
169	HOUSING NIGEL PLC	30.00	0.87	43.50	0.50	0.00	0.00	0.00	5.76
170	PRIMEIR PARTS PLC	62.50	0.67	41.83	0.50	0.00	0.00	0.07	20.45
171	SAFETY WARE NIG. PLC	15.00	2.24	33.60	0.50	0.00	8.50	0.20	5.93
172	ADDITIONAL PLC	51.70	0.60	32.00	0.50	0.00	0.00	0.15	24.10
173	LE-GLOVE PLC	50.00	0.64	32.00	0.50	0.00	0.00	0.00	7.81
174	SWAPCO PLC	29.45	1.05	30.92	0.50	0.00	0.00	0.12	11.43
175	PERMAN NIG. NIGERIA PLC	123.40	0.25	30.85	0.50	0.00	0.00	0.00	12.00
176	ELIARTERS PLC	60.00	0.80	30.00	0.50	0.00	0.00	0.00	0.00
177	YOUNG LAMPS PLC	100.00	0.27	27.00	0.50	0.00	0.00	0.00	0.00

	EQUITIES	OUTSTANDING NO. OF SHARES (MILLIONS)	MARKET PRICE (RHS)	MKT CAP -RHS-	CONTROL VALUE -RHS-	EARNINGS PER SHARE -RHS-	P/E RATIO	DIV. PER SHARE -RHS-	DIV. YIELD -RHS-
178	GEST CAP. INV. GROUP PLC	50.00	0.43	21.00	0.50	0.09	0.09	0.00	0.00
179	TRIUMPHANT PLC	70.88	0.38	26.93	0.50	0.09	0.09	0.00	92.11
180	EXACT PRODUCTS NIGERIA PLC	18.00	1.43	25.10	0.50	0.09	0.09	0.08	3.53
181	CAMPBELL PLC	70.20	0.37	25.97	0.25	0.09	0.09	0.00	8.11
182	ATPLAT PLC	25.00	1.01	25.25	0.50	0.09	0.09	0.08	7.92
183	AGASS NIGERIA PLC	20.00	1.03	20.50	0.50	0.09	0.09	0.15	14.55
184	MULTISER LABS PLC	68.00	0.27	18.36	0.25	0.09	0.09	0.00	0.00
185	JOYRA MOTORS PLC	30.00	0.57	17.10	0.50	0.09	0.09	0.00	8.77
186	GRIMMUT PLC	40.00	0.44	16.00	0.50	0.09	0.09	0.10	25.00
187	UNION VENTURES PLC	27.56	0.56	15.43	0.50	0.09	9.33	0.02	3.57
188	JARLE TILES PLC	24.00	0.63	15.12	0.50	0.09	0.09	0.06	9.52
189	ROXANA INT. PLC	30.00	0.59	17.00	0.50	0.14	3.57	0.10	20.00
190	TATE PLC	67.56	0.21	13.96	0.50	0.09	0.09	0.00	25.81
191	SOB PLC	21.00	0.64	13.44	0.50	0.09	0.09	0.11	17.19
192	CHRISTIE P/L	24.00	0.51	12.24	0.50	0.09	0.09	0.10	19.61
193	LEOPARD GARMENT PLC	30.00	0.59	10.50	0.50	0.09	0.09	0.00	0.00
194	SEWAL PLC	15.00	0.69	9.00	0.50	0.09	0.09	0.05	8.33
195	FLEXIBLE PACE PLC	17.00	0.50	8.50	0.50	0.09	0.09	0.00	0.00
196	AFRICA PRIMA INTERNATIONAL PLC	13.12	0.42	6.94	0.50	0.11	4.05	0.05	11.11
197	OMNIBUS TECH. PLC	68.17	0.10	6.82	0.50	0.09	0.09	0.02	20.00
198	ANDRINTL PLC	24.20	0.22	5.32	0.25	0.09	0.09	0.02	9.09
199	CAIRO PLC	35.19	0.13	5.30	0.20	0.09	0.09	0.09	0.00
200	DEVERADES RLX PLC	6.00	0.83	4.92	0.50	0.09	0.09	1.00	121.95
201	RAE UNITY PET. PLC	15.00	0.39	4.50	0.50	0.09	0.09	0.00	0.00
202	TROPICAL PET. PLC	14.60	0.29	4.28	0.30	0.09	0.09	0.09	0.00
203	M. A. ALTM. PRODUCTS PLC	6.70	0.56	3.38	0.50	0.30	1.67	0.15	30.00
204	ATLAS NIGERIA PLC	17.12	0.13	2.26	0.50	0.09	0.09	0.09	0.00
205	FORN/INT DASHA P/L	4.44	0.51	2.26	0.30	0.09	0.09	0.20	39.02
206	NIGERIA BEMHO MICHENE P/L	3.88	0.15	0.58	0.30	0.09	0.09	0.00	40.00
207	STONIS PLC	5.92	0.14	0.81	0.50	0.09	0.09	0.07	50.00



Monitoring

Mr. Moses A. Isiaku
Deputy Director/Head of Department
Monitoring & Investigation

Section 8(F) of the ISA No: 45 of 1989 empowers the Commission to register and regulate corporate and individual Capital Market Operators as defined in section 30 of the Act

In furtherance of the provisions of the Act and relevant rules and regulations, the Securities & Exchange Commission adopted the twin tools of off and on site inspection to monitor the operators in the capital market. The Commission also reviews the accounts of public companies and returns on the utilization of offer proceeds to ensure compliance with laid down guidelines, rules and regulations.

A. OFF-SITE INSPECTION

A total number of 1,065 quarterly returns were received during the year under review. The details are as follows:-

Broker Dealer	-	477
Issuing House/Underwriters	-	146
Registrars	-	119
Portfolio Managers	-	74
SRO (NSE)	-	4
Trustees	-	78

Investment Advisers	-	73
Utilization of Issue Proceeds	-	<u>94</u>
		1065

Out of the 1065 returns, 989 were analyzed and concluded, while about 736 letters containing various observed lapses were communicated and the rate of responses had been satisfactory. While 76 returns were pending.

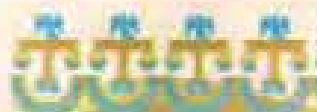
PENALTIES

A sizeable amount was paid as penalties on late and non-submission of quarterly returns from various operators and issuers. This has led to improvement in the submission of returns by the operators.

UTILIZATION OF OFFER PROCEEDS

The Commission's process of analyzing returns on utilization of offer proceeds involves obtaining information from audited financial/management accounts as well as requesting for documentary evidence of all expenditure incurred.

The following 35 listed issuers submitted returns on utilization of issue proceeds:



1. Guaranty Trust Bank Plc
2. Gulf Bank of Nigeria Plc
3. Linkage Assurance Plc
4. Royal Exchange Assurance Plc
5. Conoil Plc
6. Fountain Trust Bank Plc
7. Neimeth International Pharmaceutical Plc
8. First Atlantic Bank Plc
9. Intercontinental Bank Plc
10. EIB International Bank Plc
11. Champion Breweries Plc
12. Inland Bank (Nig) Plc
13. Standard Alliance Insurance
14. Lion Bank Plc
15. Wapic Insurance
16. Guardian Express Bank
17. Intercity Bank
18. First Interstate Bank
19. All States Trust Bank
20. Magnum Trust Bank
21. Evans medical Plc
22. Lead Bank
23. Fidelity Bank
24. Law Union & Rock Insurance
25. Alico Insurance
26. Lasaco Assurance
27. Hallmark Bank Plc
28. First Bank Plc
29. Valucard Nigeria Plc
30. Wema Securities and Finance Plc
31. Omega Bank Plc
32. Acon Insurance Plc
33. Crusade Insurance
34. Arbico Plc
35. Impresit Bakolori Plc



The returns were analyzed and observed lapses were communicated to the issuers.

B. ON-SITE INSPECTION

A total of Twenty Four (24) operators covering 56 registered functions were inspected in 9 off-site inspections during the year. Out of the 9 inspections, two (2) were target inspections, three (3) routine inspections and the remaining four (4) were inspections on utilization of offer proceeds.

TARGET INSPECTIONS

Thomas Kingsley Securities Limited - **Broker Dealer**

Apex Securities Limited - **Broker Dealer**

ROUTINE INSPECTIONS

Capital Assets Ltd	-	Reg & Broker/Dealer
First Atlantic	-	I/H, F/M, R/Banker & I/Adv
Assets Mang.	-	P/Mngr & I/Adviser
Lighthouse Assets Mgt	-	I/H, B/D, and I/Adviser
Anchoria Securities Limited	-	Registrars & B/Dealer
Chartered Bank	-	I/Adv, F/M, R/Banker & I/H
Trustees Mgt. Limited	-	Trustees, & I/Adviser
IMB bank Plc	-	I/H, Reg & P/Mgr.
IT IS Securities Limited	-	B/D & I/H
DBL Securities Limited	-	Trustees & Registrars
Greenwich Trust Limited	-	I/H & B/D
Imperial Finance Sec. Ltd	-	C/I/Adviser & F/Manager
Interstate Securities Limited	-	I/H & B/D
First Securities Limited	-	I/Adv & F&P Manager
FIIST Ventures Limited	-	Registrars
Royal Exc Assurance Nig Plc	-	Trustees
City Securities Limited	-	Registrars
Diamond bank Plc	-	I/H & B/D
Guaranty Trust Bank	-	F&P Mgr, I/H & R/Banker
Icon Stockbrokers	-	I/H & B/D



PZ Industries Plc	- Registrars
Commercial Investment Trust	- I/Adv, F&P Mgr & Trustees
Credit Swift Limited	- I/Adv and F&P Manager

Highlights of some of the inspections.

- The Fidelity Bonds of some of the companies have expired although efforts were being made for renewal
- The registration status of most of the operators had expired even though explanations were made that their renewals were currently being processed.

INSPECTION ON UTILIZATION OF OFFER PROCEEDS.

Fountain Trust Bank Plc
Access bank Plc
Trans International Bank Plc
Okomu Oil Palm Plc

ANNUAL GENERAL MEETINGS

During the year under review, representatives of the Commission attended the annual general meetings of the quoted companies listed below:

Impresit Bakolori Plc
Jos Breweries Plc
Jaiz International Plc
Texaco Nigeria Plc
AshakaCom Plc
Presco Plc
Royal Exchange Assurance (Nig) Plc
United Nigerian Textiles Plc
West African Portland Cement Plc
First Bank of Nigeria Plc
Dumez Nigeria Plc
Lion Bank of Nigeria Plc
Afprint Nigeria Plc
Aribank Nigeria Plc

REVIEW OF COMPREHENSIVE AUDITS OF REGISTRARS BY EXTERNAL AUDITORS

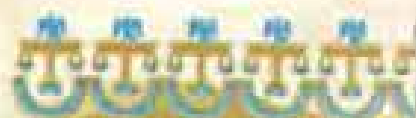
The Auditors were commissioned among others, to review and confirm the total number of shares in quoted company's registers vis-à-vis their issued share capital.

Among others the auditors made the following recommendations: -

- Rights and bonus issues should be credited to the shareholder's accounts in CSCS
- Application forms for the purchase of shares should carry bank account number for applicants to reduce the incidents of unclaimed dividends.
- Public companies should pay all dividends declared before declaring new ones.
- The Commission should articulate a policy to ensure the separation of Registrar's assets from those of its parent company to prevent loss of assets in the event of liquidation.
- Registrars should develop websites to enable shareholders access to their holdings when they desire.
- The Commission should devise an efficient and effective means of monitoring dividend accounts of quoted

• A major issue observed was non-compliance with disclosure requirements as contained in Statement of Accounting Standards No.15 on non-banking and other financial institutions.

Based on this observation, the Commission is in the process of developing comprehensive disclosure requirements for the guidance of operators and auditors.



companies via their registrars with a view to ensuring that cash required to meet up with dividend payments is complete, intact and not re-injected into the business.

- The Commission should continue to educate the public on the operation of the capital market.
- The Commission should introduce fingerprint in addition to the signature as a safeguard against fraud.
- Registrars should upgrade their information technology to facilitate interconnectivity with the Commission, clients and shareholders while ensuring confidentiality and security.

INVESTIGATION

During the year under review, a total of 896 complaints were treated by the Commission out of this figure 133 were resolved and investigation on them closed. The complaints were received from the investing public against Capital Market Operators, while some were lodged by Capital Market Operators, against some of their colleagues. These fell mainly under the following categories:

- Non-receipt of Dividend Warrant/Certificates
- Non-purchase of shares
- Unauthorized sale of shares
- Non-remittance of share proceeds
- Illegal conversion of shares
- Non-transfer of shares

SUMMARY OF CASES TREATED

Complaints on Stockbrokers	- 472
Complaints on Registrars	- 424
Total cases reviewed	- 896

SOME NOTABLE COMPLAINTS

The Major disputes under investigation include: -

- Floco Vs Golden Guinea Breweries Plc
- Chartered Bank Plc Vs Falcon Securities & Capital Trust Brokers
- Estate of Late L.A. Adejumo
- Helko Nigeria Limited Vs Thomas Kingsley Securities Limited
- Various complaints against CSL Securities Limited

2. RESOLVED/CLOSED CASES

The Commission closed its investigation on 133 cases between June and December 2004 following the satisfactory resolution of the matters.

CASES RECOMMENDED FOR ENFORCEMENT AND COMPLIANCE

The Commission is in the process of considering taking enforcement and compliance action against Akirtoch Securities and Asset Plus Ltd due to their involvement on issues bordering on the integrity of the Market.



CASES AGAINST THOMAS KINGSLEY SECURITIES LTD. TRANSFERRED TO INTERIM MANAGEMENT TEAM

Complaints received against Thomas Kingsley Securities Limited were forwarded to the Interim Management Team that was set up to manage the securities firm, the IMT comprises of the representatives of the CSCS, NSE and the Commission.

ALL PARTIES MEETING

The Commission convened an All-Parties Meeting in the following cases:

- a. UBA Securities Limited (Osoni Salami Deceased) Vs EMI Capital Securities Limited
- b. Alh. Rayanu Alhassan Vs Newdevco

Finance Limited and UBAPlc

- c. Samson Ogungbemi Vs Molten Trust Limited & Sanbros Trust and Securities Limited
- d. Frank Walters Nigeria Limited Vs Heritage Investments & Securities Limited
- e. City Securities Limited Vs Eagle Stockbrokers Limited, Tomil Securities Limited, Phillip Mitte Vs Ali (verification of 56,000 units of Total Nigeria Plc shares)

CLEARANCE OF OPERATORS SEEKING FOR RENEWAL OF REGISTRATION

The Commission cleared all operators with no record of complaints and whose registration renewals were due



NON-PERFORMING DEBENTURES.

Below is a schedule of non-performing debentures.

Snos.	NAME OF ISSUER	NAME OF TRUSTEE	TYPE OF ISSUES	TOTAL AMOUNT
1.	Nigerian Lamp Plc	NIDB Trustees	Unsecured debenture stock 1994/1997	N10million
2.	Okitipupa oil farm company plc	NICON Trustees	Redeemable mortgage	N20million
3.	Blackwood Hodge plc	Royal Exchange Assurance plc	Floating Rate unsecured redeemable debenture 1994	N20million
4.	Aboseldehyde plc	" " "	Floating Rate redeemable debenture stock 1997/1999	N15million
5.	Afroil plc	" " "	Syndicated working capital facility	N30million



LEGAL OPINIONS

Mrs Salamatu H. Suleiman
Director/Head of Department,
Secretariat/Legal Advisory

Below are some of the legal opinions expressed on various issues which assisted management to take decisions towards promoting an efficient and virile Capital Market.

1. Scheme of Merger between Lexington International Insurance Company Ltd, Safeway Insurance Ltd and Express Insurance Company

The Commission offered opinion in respect of two (2) directors who did not sign the scheme documents in the merger of the above-mentioned three (3) insurance companies. The issue was whether or not it should accept the letter of indemnity signed by the Managing Director of Lexington International Insurance Co. Ltd in place of the directors signatures, stating that he should be held responsible by the Commission, if any of the directors raised any objection to the merger in future.

The Commission examined all the

records and observed as follows:

The Federal High Court Lagos, on November 5, 2003, ordered a separate meeting to articulate ways and manners in which the companies are to be merged with Mr. Victor Amoma Nahuff appointed by the Court, to act as Chairman.

Sequel to the above directives, the meeting was held on November 19, 2003 and the report of the meeting subsequently filed in Court and the Corporate Affairs Commission on December 4, 2003. The Commission was also represented at the meeting.

The meeting also satisfied the Commission's requirement in Section 100(1) &(2) of the ISA 1999 since it was attended by all shareholders, whose shares put together, make up the mandatory three quarter (¾) in value of shares of the organisations.

In view of the above, it was opined that the letter of indemnity be accepted by the Commission and approval be given to them provided other requirements of the Commission were met, to enable the Court



sanction the scheme.

The Commission was therefore of the opinion that the merger arrangement should proceed even if there was no such letter of indemnity, since the law requiring the support of the majority was satisfied.

2. Cooperative Bank Plc

The issue arose from a letter by the Central Bank of Nigeria in which a letter from one Prince Johnson Adekunle Adeyeba representing Bowman Group of Investors in Cooperative Bank Plc was attached for the Commission's attention.

Prince Adeyeba, in the letter addressed to the Director-General, The Nigerian Stock Exchange, alleged that notwithstanding the 46.1 percent held by Bowman Group in Cooperative Bank Plc, they had not been given due representation on the Board of the Bank even though Article 57 of the Articles of Association of the Bank stated that the Board of Directors shall reflect the voting rights of the shareholders and shall be proportional to their contribution to the paid up capital of the Bank.

According to Prince Adeyeba, the Chairman and Managing Director of the Bank held less than 36 percent of the shares of the Bank, but they continued to hold on to the management of the Bank.

He also alleged that certain insider credits directed by the CBN to be repaid had not

been repaid by the Chairman and his group, although the Bowman Group, to which he belongs, had paid up its own part.

The letter further stated that the Bank wanted to hold an AGM on January 20, 2004 and that they, as minority shareholders, were not part of that decision.

The Commission noted that the General meeting of companies is regulated by CAMA 1990 and Meetings and Proceedings of Companies are dealt with in Part viii of CAMA.

It also stated that Section 213 of CAMA required that every company shall in each year hold a general meeting in addition to any other meeting in that year. The decision to hold a general meeting is left to the Board of Directors.

An extra ordinary general meeting, however, might be requisitioned by any member or members of the company holding at the date of requisition not less than one-tenth of the paid up capital of the company.

For a general meeting to be validly convened, the notice of such meeting would have been sent to all those entitled to such notice, 21 days before the date of such meeting and that is 21 days from the date the notice was sent out (Section 217 of CAMA). In addition to this notice, a public company shall at least 21 days before the

general meeting, advertise a notice of such meeting in at least two daily newspapers.

In the case of Cooperative Bank Plc, the notice of an annual general meeting scheduled for January 20, 2004 was published on December 29, 2003 and this was at least 21 days before the date of the meeting. The complaint of Prince Adeyeba was that he and his group, known as the Bowman Group, were not part of the decision.

In this circumstance, the Commission advised that:

- the CBN should investigate the issue related to "insider credit";
- the Commission should not be drawn into corporate politics of this nature;
- Prince Adeyeba should use the holdings of his Group effectively so as to get on the Board of the Bank;
- Since the convening of the AGM was done by the Board of the Bank, it was unimpeachable so long as the provisions of CAMA on notice of AGM were complied with.

3. EIB International Bank Plc 2002/2003 Annual General Meeting/Annual Report and Accounts

The issues arose from the undermentioned letters:

(a) Letter dated 13th January 2004 from the Company Secretary of EIB International inviting the Commission to the Bank's 17th Annual General Meeting coming up on January 29, 2004;

(b) letter dated 20th January 2004 from Ademola Adesokan & Co, Solicitors to Dr. Ogunlewe, a director in EIB, drawing the attention of the Commission to a Court order restraining the Chairman and some directors of EIB from parading themselves as such. The Solicitor also urged the Commission not to cooperate or support or in any way encourage the Bank and the affected directors to disobey the Court order by according recognition to the audited accounts signed by Mr. Olasewere as Chairman of EIB or the proceedings of any AGM convened or presided over by the affected directors.

The issue was whether the Commission should recognize any proceeding of any AGM presided over by the affected directors or the annual report signed by the Chairman of EIB, Mr. Olasewere.

The Commission examined the Court order issued by the Federal High Court Lagos on 19th September 2002 in respect of Suit No. FHC/L/CS/881/2002 between Dr. Ogunlewe and EIB & 4 others.

The injunction restrained the directors listed as respondents from continuing to act or exercise the duties of Chairman and directors respectively of the 5th respondent (EIB) pending the determination of the motion on notice.

The Commission was of the view that since there was no injunction whatsoever against the Bank itself, it (the Bank) could go ahead with its AGM while other members of the Board of the Bank or any of the directors who is not one of the respondents could preside over the AGM proposed for January 29, 2004. The Commission opined that it would be in contempt of the Court if any of the respondents participated in the AGM as directors of the Bank.

It was also of the view that since there was no evidence that the motion on notice had been taken, the injunction against the respondents was therefore still in force.

If the annual report forwarded to the Commission was signed before the injunction was issued, then the Commission could accord it the necessary recognition for regulatory purposes.

The Commission was of the view that the AGM being arranged by EIB did not violate the Court injunction since no such order prohibiting the Bank from convening an AGM was made by the Court.

The Commission's representatives should attend the AGM and file their usual reports.

4. Registration of a Religious / Church Fund

According to the letter from NAL Asset Management and Trustees Ltd (NAMTL), the company was approached by a Church in Lagos to act as Trustees to a fund to be set up solely for members of the Church, for investment purposes in order to encourage savings amongst its members.

NAMTL was of the view that it was entirely a religious investment restricted to its members and therefore did not fall within the definition of Collective Investment Scheme especially as the general public was not invited to participate.

The Commission referred to Section 123 of the ISA which defines Collective Investment Scheme amongst others as "any arrangement (with respect to property of any description including money) in which participants pool their contributions for the purpose of sharing the profits or income arising from the management of other money or property solely from the efforts of a third party".

From this definition, the Commission was of the opinion that it was clear that the proposed fund which would be contributed by members of the Church had all the characteristics of a Collective Investment Scheme.



It was therefore of the view that the fund was not a religious investment. It is an investment fund under trust which will be so incorporated and governed by a trust deed and therefore needed to be regulated. It therefore qualified for a Collective Investment Scheme with an already predetermined segment of the public as the target.

The Commission also viewed it as an open ended fund which is open to all present and future members of the Church. It should therefore be subjected to the requirements of the Commission in respect of Collective Investment Schemes.

5. Publication of an Annual Report on Banking law & Allied Matters

The Commission had received a letter from Media Law Publication dated December 1, 2003 informing it that it had concluded plans to be publishing an Annual Report on Banking Law, Practice, Policy, Ethics & Allied Matters. The report, it said, will be coming out in February of every year commencing from February 2004.

The purpose of the letter to the Commission was as follows:

- to inform the Commission of their publication;
- to seek its official permission to include the relevant publication of the

Commission in this report;

- to request for all the relevant reports, statements, guidelines, briefs etc on bank operations, regulations, policy examination and researches for the year 2003, including 2003 judicial decision especially of the Appellate & supreme Court concerning the Commission.

The Commission examined the content of the letter as well as the 2nd & 3rd requests of the organisation and was of the view that:

- Although R&MD of the Commission is at present vested with the responsibility of handling some of the Commission's publications, more outlets like the one being offered by the organisation could still be explored to educate the public about the Commission's activities, since this would raise the level of awareness and knowledge of the capital market, which could translate to the positive development of the market.
- Activities of other sectors of the Financial system of the economy are also targeted for publication by the organisation. This in essence means that the Commission should not be left out.
- The expected publicity is without any financial cost to the Commission.

The Commission therefore opined that it will



discuss with media law publication, the modalities, structure of the report, purpose, royalties (if possible) as well as other vital issues relating to copyrights.

6. Financial Services Regulation Coordination Committee (FSRCC) Draft Legislation on Whistleblowing

The Legal & Enforcement and Harmonisation & Coordination Sub-Committee of the FSRCC had considered the draft Whistleblowing legislation as prepared by the Legal Services Commission of the CBN.

After deliberation, the Sub-committee came up with its own draft.

The Commission reviewed the draft and made the following observations /comments:

The bill was meant to make it obligatory for employees and officials of institutions in the financial services sector to disclose information on any malpractice, fraud or other activities which might endanger the economy, to any of the regulatory authorities in the financial services sector.

The draft bill made provisions for the protection of an employee who made such disclosure provided the disclosure was made in good faith (Section 7).

Under Section 7 of the draft, an employee subject to any detriment on account of disclosures made in accordance with the provisions of the Act, shall be entitled to compensation among others. Apart from that, the employer who contravenes Section 7 of the Act would be subject to sanction in addition to the compensation it has to make to the affected employee.

In order to ensure that an aggrieved employee does not make false disclosures about his employers, any person who knowingly gives false information is subject to imprisonment for between 2-5 years or a fine of not less than N500,000 (Five hundred thousand Naira).

The Commission was of the belief that these safeguards would encourage people to make genuine disclosures devoid of bad faith.

In its opinion, the Commission felt that the draft bill had sufficient provisions to protect the person making disclosures about the activities of his employers that may be detrimental to the economy.

7. IMB Morgan: Ratification of Rights Issue of 171,396,602 Ordinary Shares of 50k each, existing Securities of 120,000,000 and Conversion of 35,939,000 Preference Shares



In the course of reviewing the application from IMB Morgan Plc for the registration of the above Issues, they observed that the Issues, particularly the Rights Issue, were concluded before approval was given by the Commission. When contacted, the company pleaded that the Commission should ratify the issue.

The Commission, in reviewing the issue, considered Rule 7 of the Commission's Rules and Regulations which provides that "Except as otherwise specified, any person who violates any provision of these Rules and Regulations shall be liable to a fine not exceeding N5,000 for every day of default".

There is no specific rule in the Rules and Regulations stipulating the penalty to be imposed in the above circumstance. The Commission was therefore of the opinion that Rule 7 should apply in this case. N5,000 (five thousand Naira) should be imposed as penalty, starting from the date the Rights Issue opened to the date the company sought for ratification from the Commission.

8. Petition on Notice and Conduct of Scoa Plc Extra Ordinary General Meeting

The main issue was the petition by the Independent Shareholders Association led by one Mr. Nwosu that the notice of the

EGM was not sent to shareholders within the 21 days stipulated by CAMA

The second issue was that details of the proposed amendment to the company's MEMART were not stated in the notice.

On the first issue, available evidence showed that most of the notices were within the required 21 days.

As regards the publication of the notice in the Guardian Newspaper on 23rd October 2003, the Commission was of the view that it was an additional requirement to the notice provided for in Section 217 of CAMA as it relates to public companies.

The said publication sufficiently described the venue, date and place as well as the general nature of the business of the meeting.

The Commission, after reviewing the issues raised in the petition, advised that even if there was an error or omission in the notice with respect to the place, date, time or general nature of the business of the meeting by the provisions of Section 218(5) of CAMA, that will not invalidate the meeting so long as the officers of the company did not act in bad faith.

The Commission therefore concluded that the fact that effort was made to send out notices within 21 days period and also the publication in the Newspaper, were



indications of good faith on the part of the officers of the company.

9. Verification of the Authenticity of Form CO7 filed by IMB International Bank Plc

The Commission received a Certified True Copy (CTC) of Form CO7 stating the names of some directors who had been re-elected at its meeting held on September 8, 2003 and offered advice on whether or not to accept the validity of the document in spite of its non-compliance with the provisions of Sections 55-58 of the company's MEMART.

The Commission was of the opinion that since the appointment was done at the Board meeting after passing a special resolution, and the documents evidencing the appointment had been certified by the Corporate Affairs Commission, the documents may be accepted as genuine, since CTC documents in law are as good as the original.

10. Proposed Merger of Chevron Nigeria (CNL), Chevron Oil Company (Nig.) Ltd and Texaco Overseas (Nig.) Petroleum Co Unlimited-Status of KPMG as Financial Advisers to the Scheme

The main issue raised in the proposed merger of the companies was whether KPMG, a registered Investment Adviser,

not being an Issuing house, could act as an agent for the merging companies for purpose of filing the scheme documents with the Commission on behalf of the companies. Rule 192 of the Commission's Rules and Regulations defined the functions issue, what was not clear from the Rules was whether a Scheme of Arrangement was intended to be part of primary issues for which an issuing house could act as agent for the issuer. It appeared that the Rules were silent on who could act as agent and file documents with the Commission as far as Schemes of Arrangements were concerned.

In other words, there was a gap in the Rules on matters relating to Mergers, Takeovers and other forms of business combinations as well as Collective Investment Schemes and other roles? ancillary to any of the above.

A close look at the provisions showed that it was the intention of the Commission that investment advisers should perform the function of financial advisory services without empowering them to act as agents for an issuer in a primary issue or parties in a scheme of Arrangement for Merger, Takeover or other forms of business considerations.

It was also clear from the provisions of the rules that an issuing house was to act as an agent of the issuer in a primary issue. What was not clear from the Rules was whether a



Scheme of Arrangement was intended to be part of primary issues for which an issuing house could act as agent for the issuer. It appeared that the Rules were silent on who could act as agent and file documents with the Commission as far as Schemes of Arrangements were concerned.

In other words, there was a gap in the Rules on matters relating to Mergers, Takeovers and other forms of business combinations as well as Collective Investment Scheme and special funds that are usually approved by the Commission from time to time. The Commission therefore opined that the Rules should be amended to clarify the situations and make provisions for areas not unequivocally covered since the present Rules seem to focus on public issues.

Considering the amount of work that KPMG had done in relation to the merger application in terms of offering financial advisory services and preparing the scheme documents, it was recommended that the firm should be allowed to file the scheme documents on behalf of the merging companies, especially where the present rules were not so clear on who could act as agent in respect of schemes of arrangements.

This dispensation may be granted the operator under the power granted the Commission to waive the operation of any of its Rules as it relates to any transaction in

the capital market in Section 262(1)(g) of the ISA.

It was also recommended that as a way of giving Investment Advisers more responsibilities and incentives, corporate investment advisers should be empowered by the rules to act as agents for parties in a scheme of arrangement since they are allowed to offer financial advisory services.

Finally, it was recommended that the following amendments should be made to Rules 183 and 192 respectively:

Rule 183

"Registered Issuing house shall perform the following among others:

- (i) Financial/investment advisory services
- (ii) Acting as agent of issuers of securities for purposes of primary issues (including Rights issue), scheme of arrangement in mergers, takeover and other forms of business combinations as well as collective investment schemes and special funds and acting as the link between their clients and the Commission;
- (iii) Coordinating activities of other professionals and parties to issues and Schemes of Arrangement.



- (iv) Preparation of registration statement, prospectus and other offer documents as well as scheme documents.
- (v) Underwriting of issues
- (vi) Any other role ancillary to any of the above.

Rules 192

Registered Investment Advisers may perform the following functions among others:

- (i) Financial advisory services.
- (ii) Acting as agent to parties in a Scheme of Arrangement (corporate investment advisers only).
- (iii) Preparation of scheme documents relating to Schemes of Arrangement (corporate investment advisers only).
- (iv) Making recommendation as to the type of securities to buy or sell.
- (v) Publication of financial market periodicals.
- (vi) Any other function as may be specified by the Commission from time to time.

11. Registration of Chief Afe Babalola - The Way Forward

In 2002, Chief Afe Babalola applied to be registered as a capital market consultant in the capacity of a Solicitor. He went through the processes and completed all registration requirements. He was invited to the Registration Committee on September 25, 2002. At the meeting, however, Chief Babalola felt slighted at the manner of questioning and refused to answer questions on his knowledge of the law relating to capital market operations, stating that having been enrolled at the Supreme Court as a Solicitor and Advocate, he did not see why he should be subjected to any such interview by a body outside the Body of Benchers or the General Council of the Bar. Thereafter, the interview was terminated.

Shortly after this, he filed an action in the Federal High Court Abuja praying for a declaration that the directive by the Commission that all lawyers seeking to practice in the capital market must undergo a "test" on their knowledge of the law relating to the capital market was null and void as no such power was granted by the ISA no. 45 of 1999.

The law firm of Idigbe & Idigbe was briefed to represent the Commission. Mr. Idigbe advised on the need to dialogue with Chief Babalola with a view to settling the matter



out of Court, especially as Chief Babalola had taken all the necessary steps to comply with the Commission's registration requirements. On the basis of this, he arranged a meeting with Chief Babalola at Protea Hotel on March 3, 2004.

From the discussions at the meeting, the Commission believed Chief Babalola was not against the registration of lawyers by the Commission. He actually stated during the meeting that he believed all players in the capital market ought to be regulated and that was why he took steps to complete all the procedures for registration even though some other senior lawyers objected. He stated that regulation would bring sanity to the system and elicit the confidence of investors in the capital market.

Having taken all the necessary steps to register with the Commission, it was opined that he should be encouraged so that his support can also be used in convincing those who are opposed to regulation that they need to comply with the Commission's directives.

It also referred to Rule 15(4) of the Rules and Regulations, which empowered the Commission to waive the appearance of any person before the Registration Committee for interview.

It therefore recommended that considering the fact that Chief Babalola had shown sufficient good faith by going through all the

procedures for registration and came for the registration interview even when some of his colleagues did not want to go through the process, he should be granted registration as a capital market consultant in the capacity of a Solicitor without any further requirement for interview by the Registration Committee. Thereafter, the Commission's Solicitor should be instructed to take steps to get Chief Babalola to withdraw the matter in Court.

12. Legal Representation in the Investments & Securities Tribunal (IST) in the Appeal against the Commission's Decisions in the Matter of Bonkolans Investments Ltd & Ors APC/21/2002

Following the decision of the Commission's APC in the above matter, four of the affected companies namely; Union Bank of Nigeria Plc, FIS Securities Ltd, Lighthouse Asset Management Ltd and CSCS filed appeals against the decision at the Investments & Securities Tribunal (IST).

The four appeals were later consolidated and the law firm of Idigbe & Idigbe was approved by Management to defend the Commission.

13. Cross River State Bond Issue Indebtedness of the State Government to Strabag Construction (Nig.) Ltd



Jackson, Etti & Edu (Solicitors) wrote a letter dated November 15, 2003 to the Commission intimating it that Cross Rivers State Government was indebted to its clients, Strabag Construction Co. (Nig.) Ltd for various construction contracts executed between 1999 and 2002, which indebtedness had not been disclosed in the Audited Accounts and other offer documents filed with the Commission.

The Commission contacted the issuing house which explained that the indebtedness was not a loan, but amounts due from the State as a result of contracts entered into in the ordinary course of its business of governance.

They also contended that the amount involved should not be part of the provisions of Rule 308(2) of the Commission's Rules and Regulations which states that "the proposed bond shall not exceed 50 percent of the actual revenue of the Issuer during the life of the Bond".

The issue presented here was whether the State's indebtedness to Strabag should be included as part of the "total loan outstanding" as provided in Rule 308(2) of the Commission's Rules and Regulations, and also whether the indebtedness could be referred to as a loan.

The Commission referred to the Black's Law Dictionary Sixth Edition, for the definitions of loan and indebtedness and

concluded thereafter that the State did not loan money to Strabag or vice versa. The State was only indebted to Strabag because of services rendered by Strabag to it. The monies owed Strabag by the State therefore could not be regarded as a loan.

On the issue of disclosure in the prospectus, the Commission opined that Rule 56(iv) of the Commission's Rules and Regulations provides that every prospectus shall contain amongst other requirements, the indebtedness of the company. The State by this provision was therefore obliged to disclose its indebtedness in whatever form in the prospectus.

The Commission was therefore of the opinion that the State's indebtedness to Strabag was not a loan and should not be included in computing the total loans outstanding, but should have been reflected in the prospectus.

14. Lighthouse Asset Management Ltd Application For Registration of Additional Supplementary Individual(s)

Lighthouse Asset Management Ltd had applied for registration of additional sponsored individuals, but in the course of processing their application, the Commission observed various deficiencies and thus offered opinion on the discrepancies.



The issues raised against the company in respect of their application were as follows:

1. Non payment of some outstanding fees and penalties.
2. Failure to buy back 100,000 units of Nestle Plc shares in the Bonkolans scam.
3. Failure to meet some of the registration requirements by the sponsored officers.

The Commission reviewed the issues and noted that in respect of Issue 1, the application should not be finalized until the penalties and other outstanding fees were paid.

On Issue 2, the Commission advised that since the IST had upheld the company's appeal against the decision of the APC, that could no longer be held against the company for purposes of registration.

On the issue of sponsored officers and the non-availability of previous employer's report, the Commission advised that if the applicant had any other previous employer other than Rims Merchant Bank (in liquidation) a report should be sought from that other previous employer. And if there was none, then the applicant should be advised to sponsor another person.

In conclusion, the Commission was of the view that the application should not be approved until the applicant and its

sponsored individuals comply with the registration requirements.

The Commission therefore suggested that the company should comply and put its house in order first, before considering registering additional individuals.

15. BAICO Insurance Interim Management Board.

By a letter dated February 3, 2004, the Managing Director/Chief Executive Officer of BAICO Insurance Plc wrote to the Technical Adviser/Chairman of IMB requesting that approval be given by the Interim Management of the company for the use of No. 12, Abibu-Oki Street, (Head office of the company) as part of the security to secure a loan of N50 million.

The Interim Management had earlier approved a loan of N50 million, but after a valuation of BAICO's properties, other than the BAICO Plaza, it was shown that the total value of all the properties could not provide sufficient security for the loan obtained from Suburban. Hence the request to include BAICO Plaza as part of the securities to secure the loan.

The issue here was whether the Interim Management Board could approve the use of BAICO Plaza as security.

The Commission noted that it was quite



clear from the provisions of Section 63(1) & (2) of CAMA that decisions needed to be made by a company could be made by either the shareholders at a general meeting or the Board of directors or any other officer or agents appointed by the shareholders or the Board of directors. It further stated that the law also provides that the powers of the shareholders and the Board of directors shall be as stated in the Articles of Association of the company.

The Commission was of the opinion that in the BAICO's case, the Interim Management Board was appointed to take charge of the affairs of the company. They could therefore step into the shoes of the Board of directors for now.

However, since offering BAICO Plaza as part of the security for the loan was a substantial contract, the approval of the shareholders of the company at a general meeting was required. In addition, it was observed that the company was virtually offering all its properties to secure the loan, which it had already expended to pay outstanding debts and other items.

The Commission therefore advised that the shareholders of the company should be made aware of these facts, especially the proposed offer of the Head office as security.

16. Case No. APC/42/2001 Application No. IST/OA/01/2003 UBN of Nig. Plc Vs International Standard Securities Ltd

On November 23, 2001 the Administrative Proceedings Committee of the Commission gave its decision in the case between the Administrators of the Estate of Adebunkunola Olisa and International Standard Securities Ltd (ISSL), Lever Brothers Nig. Plc and Union Bank of Nig. Plc (UBN).

In the said decision the Committee advised Lever Brothers Nig. Plc and UBN that if they so wish, they could institute an action against ISSL on the indemnity to them in respect of the transaction.

Based on the above, UBN instituted an action against ISSL at the IST. The Bank also felt that the Commission was a necessary party and should be joined in the matter.

The question to be determined was whether the Commission should accede to the request of UBN Plc to be joined in the matter as Co-Applicant.

The Commission analysed the issue and was of the opinion that it did not have any interest in the matter before the IST, hence it would not be appropriate for it to be joined as Co-Applicant.



The Commission also opined that it should be seen as an independent and impartial apex regulator of the Nigerian Capital market and that at best, it could be called upon by either party or the IST to give evidence if the need arose.

17. Non-Compliance with the Registration Requirements of ISA by Companies Managing Pension Fund Assets

The matter came up due to the fact that, there were known insurance companies managing pension funds/schemes and also capital market operators/fund managers managing pension fund/scheme who were not registered with the Commission.

The insurance companies had insisted that insurance companies managing pension funds were not under any obligation to register under the ISA 1999. They also insisted that insurance companies are statutorily subjected to the control and regulation of the National Insurance Commission as provided for in the Insurance Act and therefore could not be regulated by the Commission (SEC).

The Commission, in its opinion, relied on the provisions of Section 9 of the ISA which gives power to establish specialized Commissions for the purpose of regulating collective investments including unit trusts, susu schemes, pension funds and other

such schemes.

The Commission also took note of the Pension Fund Bill passed by the National Assembly. Section 15 of the said Bill provides for the establishment of the National Pension Commission to regulate, supervise and ensure the effective administration of pension matters in Nigeria.

The Commission finally emphasized that it would continue to regulate pension fund management until the proposed bill becomes law.

18 Development of the Nigerian Economy through the Capital Market, Review of Equities Transaction Fees of The NSE and the CSCS

The Nigerian Stock Exchange by a letter dated March 10, 2004 had informed the Commission that it had increased equity transaction fees for itself and the Central Securities Clearing System Ltd (CSCS) from a combined 0.5percent to 1.0percent. The new fee took effect from the second quarter of 2004 i.e. April 2004.

A Stock Exchange is at liberty to change its rules, but in doing so, they must comply with the Commission's rules.

Rule 124 of the Commission's Rules and Regulations provides that "An Exchange



shall file with the Commission, three copies of a report of any proposed amendment or repeal of or any addition to its rules not later than 30 days before any action is taken on such amendments, repeal or addition by the members of the Exchange or by any governing body thereof". Further regulations are in Rule 119(b)(1)(2) and (3) of the Rules and Regulations.

The NSE neither complied with the procedure in amending its rule by increasing the equity transaction fees for itself and the CSCS nor did it comply with Rule 119(B)(3) in issuing the circular or notice to stockbroking firms informing them of the increase.

The Commission, after reviewing the violation by NSE, opined as follows:

1. A letter be written to The NSE informing it of the violation of the Commission's rules and regulations and asking it to desist from such act in the future.
2. The Commission should ratify the said amendment of The NSE's rules.
3. The NSE be penalized in accordance with Rule 7 of the Commission's rules and regulations.

19. Acquisition of the Assets of Calabar Cement Company Ltd (In Liquidation)

Calabar Cement Company Ltd (CALCEMCO) was incorporated in 1964 and was jointly owned by the Federal Government of Nigeria and the Cross River State Government until 1998 when it was shut down as a result of operational deterioration.

The company was later slated for privatization in 2002 and a professional liquidator was appointed for the purpose of offering the assets of the company for sale.

United Cement Company of Nigeria (UNICEM) emerged winner of the bids and it eventually purchased the assets of the company for the sum of N1.04 billion.

The purchased assets were as follows:

1. Land and buildings
2. Quarry and Quarry infrastructures
3. Furniture and equipment
4. Investments
5. Book debts

The main issue in the entire transaction was whether or not the purchase of the assets of Calabar Cement Company Ltd by United Cement Company of Nigeria (UNICEM) constituted an acquisition that fell under the regulatory purview of the Commission.

UNICEM had through its advisers, Investment Banking & Trust Co. Ltd (IBTC), argued that what it purchased were not shares and that rather it purchased the assets of the company which were offered for sale, thus it should not be considered as an acquisition.

It further argued that since the sale of the assets was effected pursuant to the BPE Act 1999, the provision of Section 99(4) of the ISA specifically excludes the application of Section 100 of the ISA in the transaction.

The Commission reviewed the issue and was of the opinion that:

1. Rule 228(ii) of the Commission's Rules and Regulations provides that the provisions of the regulation shall apply to every merger, acquisition or business combination involving acquisitions of shares and assets of another company. This in effect means that acquisition is not restricted to shares alone but also assets of the acquired company.
2. Since the Commission is the regulatory authority in matters relating to mergers, acquisitions and business combinations, the fact that Section 99(4) made exceptions, did not preclude the Commission from performing its statutory function in any transaction, to ensure that the ISA are complied with.

The Commission therefore opined that UNICEM should be compelled to comply with the Commission's requirement on acquisition.

20. Discharge of Mr. Ayodeji Rauf on a Ruling of "No Case to Answer" in respect of the Nestle Scam

The law firm of Frank Umesie & Co by a letter dated 31st March 2004, wrote to The Nigerian Stock Exchange (NSE) in respect of the above subject matter.

The said letter drew the attention of The NSE to the ruling of the Magistrate Court, Ighosere, Lagos, wherein their client, Ayodeji Rauf, was discharged from standing trial in respect of Nestle share scam.

The firm therefore sought the following:

1. that The NSE publish a rejoinder to its earlier information on the capital market fraud;
2. punctuate in the publication, the error made in implicating their client in the fraud and equally apologise to him.

A copy of the letter was also sent to the Commission.

The Commission, after reviewing the matter and the annexures (copy of the Court ruling), discovered that the name Ayodeji

Rauf did not appear under the names of the parties to the matter before the Court.

The only name in the ruling was Abdul Raufu Waili, while the name indicated by the APC is Abdul Rauf Ayodeji. It was thereafter advised that the APC should ascertain whether the person discharged by the Court was the same person indicted by the APC.

21. Nigerian-American Merchant Bank (NAMBL). Registration Status with the Commission

The Bank was registered to perform the function of Issuing House.

Following its failure to meet its underwriting commitments in the Enpee Industries Rights Issue in 2000, the Bank appeared before the APC. The APC directed it to refund the sum of N2.3 million it illegally charged to Enpee Industries. Rather than comply with the APC directive, the Bank filed an action against the Commission at the Federal High Court.

The Commission examined the Issue and also considered the provisions of new Rule 21(6) of the Rules and Regulations and concluded that having failed to comply with the terms and conditions imposed by the Commission, and as long as the action remains pending in the Court, NAMBL cannot have its registration renewed or

revalidated.

NAMBL had applied for renewal of its registration and the Commission advised that certain conditions be fulfilled before the application was processed.

The Commission advised that NAMBL should comply with the Commission's directives to pay ENPEE Industries Plc the sum due from its underwriting commitment and also to discontinue all suits filed against the Commission.

According to the terms of settlement to be filed, Paragraph 7 stipulated that the Commission shall not take any steps to prevent the plaintiff (NAMBL) from exercising its rights and privileges as a registered issuing house.

However, the Commission advised that under the new Rule 21(6) of the Rules and Regulations, the applicant was supposed to be re-evaluated before its registration is reinstated. Having been suspended for over 12 months, reinstatement would not be automatic. Clause 7 of the terms of settlement was therefore advised to be deleted.

The Commission also advised that written confirmation of ENPEE's acceptance of the terms of settlement be given to the Commission and that action on the application for renewal be stayed until copies of the notice and order of Court



dismissing the cases were filed with the Commission. Thereafter, after satisfying the requirements for registration, the application may be approved. The matter is still pending.

22. 1st Cross River State N4 Billion Tourism Development Bond

The Cross River State Government had filed the necessary documents with the Commission for approval for it to raise N4 Billion for tourism development.

While the Commission was processing the application, Jackson, Etti & Edu, Solicitors to Strabag Construction Co, informed the Commission that the State was indebted to the Company and requested to inspect the documents filed with the Commission to ascertain whether or not the indebtedness was disclosed.

The company later filed an action in Court against the State including the Commission and others as defendants, requesting the Court to determine whether the application was not null and void having failed to comply with Rule 308 of the ISA and whether the State was not legally incompetent to raise funds in the value of N4 Billion.

The company was also praying for an injunction to restrain all the defendants including the Commission from processing or approving the issuance and registration of the bond.

The Commission, after reviewing the matter, advised that since there was no subsisting Court order pending against the Commission, the Commission could go ahead and give its approval if the necessary requirements were met by the applicant.

Secondly, the balance of convenience was in favour of the State and the overriding public interest made it imperative for the Commission to perform its statutory duty of approving the bond issue rather than resolving it in favour of Strabag, who had other alternative ways of recovering its debt from the State Government.

23. Abnormal Price Movement of AP Plc Shares

There were reports about the unusual movement in the price of AP shares between August and September 2003. On the basis of the report, the Commission investigated the matter and found out that a total of N378,838,844.29 was released to Unex Securities by AP to purchase AP shares for Staff Pension Fund (SPF).

The report, amongst others, also showed that securities valued at N162,805,430.38 belonging to AP SPF were given to Unex Securities to sell and the proceeds used to purchase AP shares for SPF.

Some cheques issued by AP Plc for the purchase of its shares were lodged in Unex current account instead of the client's



trading account.

The report was for reviewed and after the review, the Commission pointed out that certain questions needed answers and advised that Unex Securities' role in the whole transaction should be thoroughly investigated and where they are found culpable, be sanctioned accordingly.

The questions raised by the Commission were as follows:

- i. Was there any conspiracy between UNEX and the MD and the Chairman for the shares to be lodged in their account before they were transferred to AP SPF?
- ii. Did the chairman and the MD take any benefit from the transfer?
- iii. Was there any deliberate attempt by AP or its principal officers to create a false market for its shares knowing fully well that there would be a rights issue by the company.
- iv. Was there any utilization of insider information to deal by those connected with the company who bought AP shares during the period?
- v. Were there no other signatories to the AP SPF account for the company to decide not to buy the shares directly into the account of AP SPF? and Were

there other underlying considerations for taking this decision?

- iv. The stockbroking firm, UNEX Securities, from the report, did not fully cooperate with the investigating team. Most of the documents relating to the transactions were gotten from the CSCS. Is the company hiding anything? UNEX Securities should be investigated or be invited to the APC to explain their role in the whole transaction.

The Commission opined that those issues be ascertained before approving the AP Rights Issue.

24. Omega Bank Plc: Rights Issue of 1,033,447,312 Ordinary Shares of 50k Each at N1.20k per share

Lead bank Plc filed an application before the Commission on behalf of Omega bank Plc for a rights issue of 1,033,447,312 ordinary shares of 50k each at N1.20k per share. The issue opened on January 13, 2004 after obtaining the approval of the Commission. Thereafter, Ekiti State Government, which is a major shareholder in the Bank, employed a due diligence consortium to review the information provided by the Bank.

The Bank had in the Rights Circular stated that they were involved in 15 material claims and litigations while the due



diligence consortium alleged that the Bank was involved in 40 claims and litigations.

The Commission reviewed the list of cases and discovered that most of the cases were those instituted by the Bank for the recovery of debts owed it. Some had been concluded, others were settled out of Court while some were on the basis of employer-employee relationship which in the opinion of the Commission were not material.

The Commission therefore advised that the materiality of cases and litigations to any offer is determined by the Commission. Thus, if the list was forwarded by the applicant and the Commission reviewed it before the approval, then the Commission was estopped from taking any adverse step against the applicant.

The Commission also advised that the complainant should be informed that only cases it considered material to the offer were approved for disclosure.

25. COBEC S.P.R.L. Vs Nigercem

The Federal Ministry of Finance vide their letter dated April 2, 2004, forwarded to the Commission a letter of complaint from COBEC, a company based in Brussels, Belgium.

In the letter, COBEC alleged that it entered into a contract for the delivery of cement with the Nigerian Cement Company Ltd

(Nigercem) and obtained an arbitration award in Nigeria and a judgment in a Brussels Court against the company for the non-payment of its outstanding balance of the contract.

COBEC also claimed that it complained to the Commission via a letter dated December 6, 1990, warning the Commission that Nigercem issued wrong statements and fake balance sheets to the public and also claimed that Nigercem hid the existence of the company's unpaid debt owed them in its prospectus. They complained that despite their letters to the Commission, the Commission did not take steps to investigate the matter. On receipt of the letter, the Commission investigated the matter and found out that there was no evidence to show that the Commission received the said letter of December 6, 1990.

A letter dated July 14, 2003, was also written to Nigercem by the Commission on the issue of its indebtedness to COBEC. Nigercem has not yet responded till date.

The Commission was therefore of the opinion that the Minister of Finance be briefed that the Commission had taken steps to investigate the allegations since it became aware of the matter.

26. Twentieth Century Vintage Ltd Vs Mr. Adewale Raji Suit No. FHC/OS/CS/5/2004



Union Merchant Bank Ltd (Issuing House) has applied to the Commission on behalf of IMB International Bank Plc, for registration of their offer for subscription of 5,800,000,000 ordinary shares to which the Commission approved.

The Commission received a Court Order dated March 25, 2004 from the Federal High Court, Osogbo, directing the 1st defendant who had been duly elected as the Managing Director of IMB Int. Bank Plc to administer its affairs properly. The order also restrained the Commission amongst others from allotting/registering the newly created shares of the Bank. Thereby restraining the Commission from carrying out its statutory function of regulating public offers.

The Commission, upon examination of the Court Order, was of the opinion that though the Commission was not a party to the matter, by virtue of its statutory role as a vehicle through which allotments/transfers of shares are passed for approval, it was invariably affected by the Order.

The Commission therefore opined that the order be obeyed no matter how perverse it may seem and also that the Commission obtain details of the Court processes related to the matter from the Federal High Court to enable it make informed decisions. It noted that action be stayed regarding the processing of the offer. However, on

examination of other Court processes including the ruling of the Federal High Court Lagos that the status quo of the parties be maintained, the Company then opined that the offer could be approved by the Commission.

27. Extracts of the APC Meeting Held From 18th -20th May 2004

Appeals were filed at the IST by Union Bank Plc, CSCS, Lighthouse Asset Management and FIS Securities Ltd against the APC decision in the Bonkolans case. The tribunal gave its decisions separately. Concerning Union bank Plc, the Tribunal affirmed the decision of the APC that they should restore the investors to their original position since they were in breach of their duty of care which resulted in the losses that occurred.

The Tribunal, however, set aside the decision of the Committee on penalties and ordered the refund of monies paid by UBN to the Commission in compliance with the judgment.

FIS Securities was held vicariously liable for the acts of its employees and consequently ordered to pay in cash the equivalent value in shares to the affected investors. The Commission was also ordered to refund cost of proceedings paid to it.

CSCS was held culpable and liable for



failing to detect the input of forged certificates into the system by its staff and consequently was to pay compensation to those investors who incurred loss due to the fraud.

The Commission was also ordered to refund the cost of proceedings paid by CSCS.

28. Illegal Takeover Through Massive Purchase of Studio Press Nig. Plc Shares and Erosion of Nigeria Investment in the Company

Klett Holdings Ltd and Rommac Agencies Ltd were both shareholders of Studio Press Plc until 2000 when Klett Holdings Ltd transferred its holdings in Studio Press to Rommac Agencies Ltd resulting in Rommac Holding 70percent of the total shares of Studio Press Plc.

All the requisite documents were filed and prescribed fees paid, after which the Commission gave its approval and issued a letter of "No Objection" to the transaction.

A letter of complaint was however received from Mr. Olujimi Lakanu alleging amongst other things that after the new management took over, he was forced to resign as Managing Director/CEO, and that there had not been an AGM convened. He called for an investigation from the Commission.

The Commission advised that a person,

irrespective of his nationality can own up to a 100percent of the shareholding in an enterprise in Nigeria except for those listed as prohibited enterprises in the NIPC Act.

It was also advised that the power of appointment or termination of a Managing Director/CEO of a company lies with the shareholders in an AGM as governed by CAMA and as such, this had nothing to do with the Commission.

The Commission advised further that, since the actions of the company had not in any way violated any of the provisions of the ISA or the Rules and Regulations, the Commission need not interfere and that Mr. Olujimi Lakanu's complaints were more of an internal administrative problem which does not lie within the functions of the Commission and which would more appropriately be addressed by requisitioning an EGM.

29. Petition Against FSB International Plc-2002 Public Offer

There were three main issues the Commission advised on in respect of this matter:

- i. whether the Director's statement in the 2002 Prospectus concerning Profit Before Tax (PBT) for the year ending March 31, 2003 and 2004, being N1,095,312,000 and N1,553,906,000



respectively was considered a false statement and as such, to be treated as a misstatement, constituting a breach under the ISA and liable to pay compensation to investors under Section 62 of the ISA.

- ii. whether the receipt of the application of Ndackson & Co. on December 19, 2002 by FSB after the issue closed on December 9, 2002 was a violation of Rule 60 of the Rules and Regulations; and
- iii. whether there was any violation of the rules by IBTC regarding the remittance of the issue proceeds to FSB.

The Commission, on the first issue, advised that the statements complained about were merely forecasts based on some assumptions and if for some unforeseeable circumstances the forecasts were not attained, it would not be enough to warrant any sanction. Rather, where an issuer decides to make forecasts in the prospectus, a statement or clause ought to be inserted to caution investors that such forecasts were based on assumptions which may or may not positively impact on the profitability of the issuer.

On the second issue, it was advised that since the application was dated December 19, 2002 and the issue closed on December 9, 2002, and there was no record that the offer was extended, then it constituted a

clear violation of Rule 60 of the Rules and Regulations. Consequently, explanations were required from the issuing house, and if not satisfactory, they should be sanctioned.

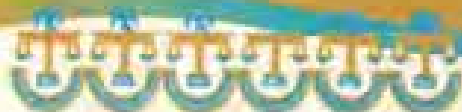
On the third issue, the Commission opined that there was evidence that IBTC remitted the proceeds within the stipulated time and in accordance with the instructions of the Issuer. IBTC therefore, did not violate Rule 64 of the Rules and Regulations.

30. Suit No. FHC/ABJ/M/270/2003 Osindero, Oni & Lasebikan Vs SEC

The main issue in the above suit was whether the APC was charging the applicants, Osindero, Oni & Lasebikan with making untrue statements in a prospectus by non-disclosure of full indebtedness as auditors to an issue, which constituted a criminal offence under Section 63 of the ISA, whereas the APC had no criminal jurisdiction.

The Commission was of the opinion that Section 62 of the ISA, which prescribed civil liability for any untrue statements contained in a prospectus, gave the APC powers to invite the applicant to appear before it. This is in accordance with the powers of Section 259 of the ISA.

31. Centre Point Bank Plc - Rights Issue of 414,193,118 Ordinary Shares of 50k Each



A report on Centre Point Bank Plc's rights issue of 414,193,118 ordinary shares of 50k each was by the Commission.

The allotment proposal indicated that the issue was undersubscribed, even after a two week extension was granted by the Commission. Subsequently, the Commission directed that the offer be aborted and all monies be returned to investors who purchased these shares.

The issue was whether Centre Point Bank Plc complied with the Commission's Rule 70(5)(iv).

The Commission noted that the Bank did not return the monies through the registrars within the 30 days period prescribed in Rule 70(5)(iv).

Investigations showed that Centre Point Bank Plc as Issuing House, did not remit the issue proceeds as prescribed under Rule 64 which is a violation subject to sanction under Rule 64(6)(b). It was opined that the bank be sanctioned accordingly.

32. Transfer of Operating Licence of Eagle Stockbrokers Ltd to Securities Trading and Investment Ltd

The Commission was informed by The Nigerian Stock Exchange that they had completed the assignment of the dealing

licence of Eagle Stockbrokers Ltd to Securities Trading & Investment Ltd. They stated that the assignment did not include the takeover of the total indebtedness of Eagle Stockbrokers Ltd and also that they had received complaints that Eagle Stockbrokers were indebted to the total sum of N7.7 million to investors.

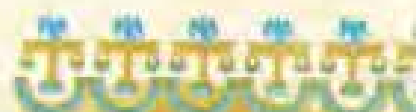
The Commission opined that the transfer of such dealing licence should be on the principle of buyer beware (caveat emptor). It further advised that the investors be compensated through the Investors' Protection Fund.

33. Capital Market Website

Fountain Field Systems and Communications Ltd, an e-organisation company engaged in consultancy services, is developing a website that would be devoted to the Nigerian Capital market containing information for use by regulators, operators, businessmen, the international and academic communities for research purposes.

The company had written to the Commission for its consent to create the website.

The Commission was of the opinion that it would give its consent for the creation of the website subject to the Commission's consent being obtained before any information concerning the Commission



was reproduced i.e. the rights to reproduce the Commission's publications/items should be reserved.

34. NIKRON Associates Strengthening the Regulatory Framework of the Nigerian Securities Industry

Nikron Associates wrote a letter to the Commission sharing their ideas on how the regulatory framework of the Nigerian Securities Industry could be improved. A write up titled "Developing the regulation of the Nigerian Securities Industry to International Standards, using the UK Model as a Template" was attached to the letter.

The Commission observed that most of the policies suggested and listed in the write up had already been imbibed by it in its regulatory framework.

The Commission opined that it would have been more beneficial to the Commission if the write up had been a critique of the present regulatory framework, where lapses were identified and detailed suggestions and examples from the UK compared with the present framework, with a view to improving the system.

35. The Use of Afribank Pension Fund

The Commission received a report on the investigation of the privatization of Afribank

Nig. Plc and the movement in shareholding position in the Bank.

One of the findings of the report was that the Bank's pension fund invested the sum of N2.3 billion towards the acquisition of the bank's shares and that the investment constituted 74percent of the scheme's total fund. According to the report, the Bank had therefore violated the provisions of the Trustee Investment Act 1962.

The main issue was whether Afribank, by investing 74percent of the value of its pension fund, violated the provisions of the Trustee Investment Act.

The Commission, after reviewing Section 3 of the Act and Rule 261 of the Commission's Rules and Regulations, concluded that there was no violation of the Act because the Act is merely a guide to the investment of trust funds and the trustees had the discretion to invest in accordance with the requirements of the instrument creating them or in accordance with the provisions of the law.

The Commission was also of the opinion that even where a trustee failed to comply with the guidelines, there is no sanction to be imposed, as the Act does not have any penal provisions.

Rule 261 of the Commission's Rules and Regulations provides that at least 50percent of the funds shall be invested in



securities issued by or under the authority of any government in Nigeria and other market instruments.

The intention of the drafters of this rule was to make it mandatory for pension funds to invest substantial part of their funds in capital market instruments which are believed to be safer than investments in short term instruments of the money market.

The Commission was therefore of the opinion that the dominant law in the circumstance was the ISA and the Rules and Regulations made pursuant to it, and that the action of Afribank Pension Fund by investing 74percent of the value of its fund was in conformity with Rule 261 of the Rules & Regulations of the Commission.

36. Suit No. CA/A/68/M/2004- Bonkolans Investment Ltd Vs CSCS Ltd & 4 Ors

A motion on notice for stay of proceedings and hearing notice was filed at the Court of Appeal, Abuja and forwarded to the Commission by its Counsel, Idigbe & Idigbe.

The Central Securities Clearing System (CSCS) and The Nigerian Stock Exchange (NSE), Applicants/Respondents in the matter, filed an ex-parte application before the IST claiming that Bonkolans Investment

Ltd, the 1st Respondent should reimburse the investors who suffered losses as a result of the Nestle foods Plc scam.

The Investments & Securities Tribunal (IST) granted the application pending the hearing of the motion on notice. The 1st Respondent thereafter brought a preliminary objection, suggesting that the entire suit be struck out for lack of jurisdiction of the tribunal to entertain the matter.

The Tribunal dismissed the preliminary objection of the 1st Respondent, whereby they filed an appeal against the ruling of the Tribunal and a motion asking for stay of proceedings pending the determination of the appeal.

The facts of the case however showed that the Commission's powers would not be jeopardized in any way, as the Commission did not have any interest to protect in the matter.

The Commission therefore opined that it need not be represented in the matter by Counsel, but hinted that its staff would be nominated to attend Court on the next adjourned date and on subsequent hearings to watch brief on its behalf.

37. African Oxygen Ltd-Enquiry By Standard Bank of South Africa



BOC Group Plc (BOC) holds 60percent shareholding in BOC Gases Nigeria Plc (BOC Nig.), a Nigerian public limited company. BOC also holds 55percent of African Oxygen Ltd (Afrox), a South African subsidiary through which it has interests in some companies and in other countries in Southern Africa.

In a letter dated April 23, 2004 written to the Commission by Standard Bank of South Africa on behalf of Afrox Ltd, it was stated that BOC was considering restructuring the Group whereby all its African subsidiaries would be held by Afrox in order to simplify and reflect the current management structure of the Group, making it easier for shareholders and analysts to understand.

The issue raised in the letter was whether the arrangement constituted an acquisition/takeover of BOC Nigeria by Afrox which would require compliance with the Commission's Rules and Regulations on Mergers/Acquisitions and Takeovers.

Another issue was the transfer of BOC Group's holding in BOC Nigeria to Afrox in exchange for the issue of more shares of Afrox to BOC.

It was the opinion of the Commission that it was an acquisition of majority shares in BOC Nigeria by Afrox. It was also opined that had Afrox been a company registered in Nigeria, then it would have been viewed as merely an internal restructuring within

the company and therefore would not fall under Section 99 of the ISA.

The Commission also advised that since Afrox is a foreign company acquiring 60percent of the shares of a Nigerian public limited company, it could be used for the purpose of exercising voting rights. As such, the transaction was an acquisition which qualifies under Section 99 of the ISA, and required compliance with the requirements of the law and the Commission's rules relating to acquisition of substantial shares in another company.

38. Unclaimed Dividends Trust Fund - Treatment of Unclaimed Dividends In Other Jurisdictions -The US Example

The issue of unclaimed dividends had become quite prevalent that a National Committee on unclaimed dividends was set up by the Commission in 2001 to address it. One of the recommendations of the Committee was the setting up of an Unclaimed Dividend Trust Fund (UTDF). The Commission has however, been criticized by some stakeholders and allusions made that the Commission intended to convert the fund for its own use.

The example was given of how unclaimed dividends in the US were treated. Where a security holder is declared lost, the unclaimed dividends go to the Unclaimed



Property Administrator of the State of the last address of the lost security holder after 3 7 years, rather than back to the companies whose dividends the shareholders had not yet claimed.

It was established that loss of contact with security holders resulted mainly from (i) change of address of the security holder; and (ii) transfer of beneficial ownership.

The US SEC rules impose obligations on transfer agents (Registrars) to take steps to locate the correct addresses of each security holder, by making not less than two attempts in good faith to locate the lost security holder before turning them over to an unclaimed property administrator.

Another point noted was the fact that the US SEC set up a National data base on lost security holders to facilitate the build up of statistics and provide information on the amount of assets resulting from the loss of security holders in the capital market.

This search is seen to be in the public interest thereby enhancing investor protection. The Commission therefore opined that its objectives were not far fetched from those steps taken by US SEC and also considering rules whereby Registrars and Broker/Dealers would be given the responsibility to locate shareholders who invested through them.

39. Notification Requirement of Foreign Direct Investments in Private Companies

The firm of Jackson, Etti & Edu wrote a letter dated July 16, 2004 to the Commission seeking Clarification on Section 8(k) of the ISA 1999 and Rule 209 of the Rules and Regulations made pursuant to the ISA. It wanted to know on whether a transfer by a foreign parent company of its entire minority shareholding in a Nigerian company, under a scheme of arrangement, required notification or registration with the Commission.

The Commission opined that the purpose of Section 8(k) of the ISA was for the maintenance of a data bank of direct investment flow into Nigeria. Prior to the enactment of the ISA, the SEC Act 1988 empowered the Commission to give approval to share transfer in any enterprise whether public or private in which there was alien participation. Under the ISA, a foreigner does not require the Commission's approval, although it would need to be notified of the transaction in compliance with Section 8(k) of the ISA in order to monitor and check insider trading practices.

The Commission also opined that the provisions of the ISA superceded those of the SEC Decree 1988 (which has been



repealed) relating to the requirement that securities, except those of private companies, be registered with the Commission and further reiterated that all the company needed to do was to notify the Commission for statistical purposes. The responsibility for maintaining a register of foreign direct investment lies with the Nigerian Investment Promotion Commission (NIPC)

40. Unauthorised Sale of Shares - Need For Sanctions

It was observed that majority of cases against stockbrokers had been in the area of unauthorised/illegal sale of investor's shares and that there was no specific provision imposing penalties on such erring market operators other than the request that the operator restore the shares with accrued benefits to the investor. It was also observed that there was a serious need to check and reduce these fraudulent acts to the barest minimum in order to maintain discipline in the market, since there was no specific provision in the ISA or in the Rules and Regulations imposing such a penalty for illegal sale of investors' shares, even though Rule 110(d) prohibited the practice.

The Commission advised that even though an erring stockbroker could be brought before the APC and sanctioned accordingly under Rule 7 of the Rules, it would be more appropriate for the Rules Committee to

come up with a specific provision prescribing a penalty, for example payment of N5,000 per day from the time the unauthorised sale took place, to the date the investor's securities were re-purchased or the value paid to him.

41. Review of "A Critical Analysis of the Regulatory Framework of the Nigerian Capital Market - A paper presented by Dr. Tunde Ogowewo of Kings College London at The Nigerian Stock Exchange's Biennial Conference on July 1, 2004

The above titled paper was presented by Dr. Tunde Ogowewo and it focused on the regulatory framework of the Nigerian capital market and its weaknesses.

The first weak link he identified was on the legitimacy of the ISA, which in his opinion, was not a legitimate law since it was passed by a military government 3 days before it handed over to a democratic government.

The Commission was of the opinion that the fact stated above could not illegitimize every law that was passed under a military regime, as long as the law was passed by the appropriate law making authority under that dispensation. More so, the 1999 Constitution, by virtue of Section 315, gave the ISA validity. It therefore could not be declared an invalid law.

The second weakness identified was what the writer referred to as the poor architectural design and drafting of the ISA. He said law making was not taken seriously in the military era, especially subjecting laws, (the ISA for example) to public debate. It was the view of the Commission that before the ISA was promulgated, the Odife Panel organised a workshop of stakeholders where they had the opportunity to comment on the draft ISA before it was finalized.

The third weakness identified in the paper was the excessive reliance on criminal sanctions which in Dr. Ogowewo's opinion was a limitation to effective enforcement, since criminal proceedings have the drawback of the burden of proof being higher than in a civil matters, i.e. criminal proceedings require proof beyond reasonable doubt while in a civil action, it is based on a balance of probabilities which is easier to attain. Also noted was that the goal of regulation was to influence behaviour towards a particular direction.

It was his view therefore, that most of the provisions should be decriminalized and civil liabilities imposed on violators. The Commission noted however that it current ISA review and the Federal Attorney General's Committee on the review of financial sector legislation had decriminalized most of the provisions and

imposed civil penalties.

There were three other areas of concern expressed by Dr. Ogowewo: i) the Status of the Investments and Securities Tribunal (IST), ii) 1percent levy on secondary market transactions and iii) SEC's action in respect of unclaimed dividends.

It was his view that the IST might be declared unconstitutional by the Courts if the Tribunal was challenged on the basis that decisions of the Commission, as a federal agency, could only be challenged at the Federal High Court, which is given exclusive jurisdiction by Section 251(1) (r).

The Commission was of the opinion that the National Assembly is empowered by the Constitution to make laws on any of the items on the exclusive legislative list and the creation of the IST by the ISA is one of such exercises which cannot be declared unconstitutional.

On the issue of the 1percent charge on market deals, it was opined that the presenter did not understand that the Commission's regulatory activities went beyond registration of securities, since it also maintain surveillance on trading activities on the secondary market while complaints are investigated by it. The Commission was however of the view that by the time government provided some level of funding and trading increased.

considerably, the charges could be adjusted.

On the issue of regulation of unclaimed dividends, Dr. Ogowewo was of the view that it was wrong for the Commission to take over Management of unclaimed dividends from public companies because they had proprietary rights over the funds until they were paid to shareholders.

The Commission opined that the State still had the right to intervene, to protect the contractual rights of the shareholders as evidenced in other jurisdictions where the State takes over the responsibility to manage the funds until the lost shareholders are found, as seen in the US example.

The Commission referred to the proposal for an Unclaimed Dividend Trust Fund that would be managed by a Trust made up of the representatives of all stakeholders including the public companies, debunking the notion that the Commission would make use of the funds, as one of its cardinal objectives is investor protection.

The Commission was also of the view that the paper did not have the correct information about the regulatory activities of the Commission and recommended that more information be posted on the Commission's website to enable the public to better appreciate the regulatory framework of the Nigerian capital market.

42. Registration of Portfolio Managers

The Commission offered clarification on what the new minimum paid up capital requirement was for market operators seeking registration as fund/portfolio managers under Rule 37(viii) of the Rules & Regulations, as amended by Paragraph 8(9&10).

Rule 17(3) of the Rules & Regulations provided that "The minimum paid up capital for multiple functions shall be the aggregate of the minimum paid up capital of all functions applied for". The minimum paid up capital requirement is N20 million. This therefore means that any capital market operator who would wish to carry out both functions of portfolio manager and fund manager must have the aggregate minimum paid up capital for the multiple functions he would carry out which would amount to N40 million.

43. Application of Sulaimon & Co to Act As Reporting Accountant to the International Trust Bank Plc Rights Issue of 1 Billion Ordinary Shares - Meaning of APC Decision on the Firm in the AP Plc Matter

Sulaimon & Co. was the Reporting Accountant to the AP Plc privatisation offer in which certain information were concealed in the company's prospectus

and they have applied to the Commission to approve its appointment as reporting accountant to the proposed International Trust Bank Plc rights issue of 1 Billion.

Guardian Trust Insurance Co. Ltd (GTI) for an insurance product named "GTI BANKER EXTRA"

The matter was whether there was an adverse report against Sulaimon & Co that could affect the decision to approve its appointment as reporting accountant to the proposed offer, since the matter was referred to the APC for determination.

The APC found that Sulaimon & Co failed to exercise professional diligence in handling the assignment in the AP Plc offer and also by stating that the account represented a true and fair view of the company's account, when it did not, contravened Section 54 of the ISA.

The APC, in its decision, directed that the matter be referred to ICAN for disciplinary action against Sulaimon & Co for its unprofessional conduct. The Commission, however, opined that since there was no transitional order as to whether or not the firm could continue to operate in the market pending the report from ICAN, the Commission could not stop it from acting as a reporting accountant to the offer.

44. Report by Nigerian Deposit Insurance Corporation (NDIC) to FSRCC on the Approval Given by the National Insurance Commission (NAICOM) to

There was a complaint by NDIC that NAICOM approved an insurance product seeking to insure bank deposits which it considered an infringement on its statutory power to insure bank deposits under the NDIC Act 1988 as amended, since the NDIC was established by law to insure deposit liabilities of licensed banks to boost confidence in the Nigerian banking system. The question arose as to whether the NDIC had the responsibility for the insurance of deposit liabilities to the exclusion of all other insurance companies in Nigeria.

Section 5 of the NDIC Act indicated that the NDIC was charged with such responsibility but what was not clear was whether such banks and financial institutions could not take additional cover for their deposit liabilities from other insurance companies.

The Commission was of the opinion that as long as a bank complied with the statutory requirement of insuring its deposit liabilities with the NDIC, there was nothing prohibiting the banks from taking additional insurance with other companies subject to the provisions of the Insurance Act.

Furthermore, since there is no statutory prohibition by any statute relating to

Insurance in Nigeria, the Commission further advised that the NDIC and NAICOM would have to dialogue on the matter for amicable settlement or in the alternative, the NDIC Act could be amended to make insurance of deposit liabilities exclusive to the NDIC.

45. State of Affairs of G. Cappa

A vacuum was created in the management of the company when the General Manager, Mr. Bob Mathew and the Finance Manager, Mr. Helmut Braun, suddenly left Nigeria consequent upon which the Chairman, Brig. Gen. E. E. Ikwue took steps to fill that vacuum by constituting a Management Committee comprising of all Heads of Commissions.

A meeting was requisitioned by 4 members of the Board through the company secretary, Messrs DTT Services Ltd. The Chairman was served with a copy of the notice but he obliged to the date and venue of the meeting which was postponed to March 16, 2004.

The meeting was attended by the four directors and the company secretary while another meeting was convened on the same day by the Chairman and the rest of the Board members.

The convening of the two meetings brought about two sets of conflicting Board

Resolutions as a result of which the company's status was greatly affected.

All parties were invited by the Commission for a meeting with a view to settling the conflict at the end of which the DG directed that a public notice be made to the effect that SEC was going to investigate the affairs of the company.

The Commission was of the view that a full investigation be conducted by the Commission in conjunction with the SSS and EFCC.

46. Possible Acquisition of 30percent Interest In a Public Company by Way of Private Placement

Capital Bancorp Limited, a market operator, wrote to the Commission on September 14, 2004 requesting the Commission's position on the proposal for a core investor to acquire up to 30percent of its client, a quoted company with financial problems.

The Commission was of the view that public companies may raise funds through a public offer, rights offer or private placement, subject to compliance with the Commission's rules. It was the Commission's view that the company could raise the money through private placement provided it complies with the rules on private placement (as amended in 2002).



The Commission also opined that after obtaining prior approval from it, the number of purchasers should not be more than 50, and it must also have been approved by a resolution at the company's general meeting convened for that purpose.

The other alternative was for the company to make a public offer where it would disclose in the prospectus that 30percent of the equity would be allotted to a core investor.

47. Matters of Presco Plc

The Commission received a letter from the Onitsha Zone Shareholders Association concerning the management of Presco Plc.

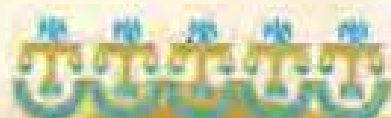
According to the letter, the Managing Director of Presco Plc who owns 64% of the shares is also the Chief Executive of a company in Ghana and as a result, the management of Presco Plc has suffered because the Managing Director does not give full attention to the management of the Nigerian company.

The Commission was of the view that since one of the Commission's major functions is investor protection; it should liaise with the Corporate Affairs Commission (CAC) to carry out an inspection of the company to ascertain the veracity of the shareholders' complaints since it has great implications on good corporate governance.

The Commission also opined that the issue be made a corporate governance issue that chief executives of quoted companies should not serve in similar capacity to other companies (whether local or foreign) to avoid having an absentee managing director which would have negative impact on the investors and enhance corporate failure. Furthermore, the Commission in conjunction with the Stock Exchange should amend the rule on the minimum shareholding others could have in public companies outside the promoters, such that if the company is to raise money through public offer for the first time, it should offer not less than 51percent of the shares of the company. This would avoid the promoters holding the company to ransom or managing the company in a manner not consistent with public ownership of the company.

48. General Enquiries on whether a Foreign Shareholder can hold more than 60percent of the Capital of a Schedule 3 Company and Whether a Foreign Shareholder who Holds 59.5percent of Such a company can Dictate the Removal of Directors of the Company Appointed by Nigerian Minority Shareholders

Phillip Ndubuisi Umah & Co, Legal Practitioners and Notaries public vide their letter of October 7, 2004 made enquiries on two issues:



- (a) Whether the foreign shareholder of First Aluminum Nigeria Plc can validly take up more than 60percent shares in the company.
- (b) Whether the foreign shareholder in the company can dictate the removal of 3 Nigerian directors appointed to represent the interest of Nigerians who hold 40percent of the shares of the company.

The Commission advised on the first issue, that there was currently no law in Nigeria restricting foreigners from owning up to 60percent shareholding in any company in Nigeria.

Before the abrogation of the Nigerian Enterprises Promotion Act 1989, the provision then was that foreigners were not allowed to hold more than 60percent shareholding in some companies while they could not hold more than 40percent in others.

The Nigerian Investment Promotion Commission (NIPC) Act which was promulgated in 1995 repealed the NEP Act thereby abrogating the provisions restricting foreign ownership of companies in Nigeria, hence there is no restriction as to the percentage shareholding a foreigner may own in a Nigerian enterprise.

On the second issue, the Commission

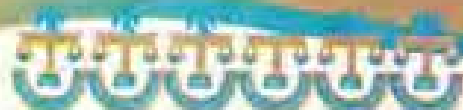
advised that since it is a public company, the removal of a director must be determined at the company's Annual General Meeting. The holders of 59.6percent of the shares of First Aluminum Nigeria Plc therefore cannot dictate the removal of the 3 Nigerian directors unless a poll is demanded at the company's AGM.

49. Registration of Equity and Fund Manager Ltd: Verification of documents

The above stated company commenced registration with the Commission to perform the functions of stockbrokers and in the course of verifying their documents, it was discovered by the Commission that Form CAC 2.5 (Return on Allotment of shares) and the share capital clause in the MEMART were visibly altered. It was recommended that the altered document should not be accepted by the Commission except it was accompanied by a sworn affidavit.

The Commission agreed with the recommendation and further opined that it may also conduct search at the Corporate Affairs Commission (CAC) to ensure the authenticity of the alteration before the company is registered.

The Commission further opined that where such alteration can be corrected by the company by filing another document, they should be encouraged to do so.

**50. Oceanic Bank Plc-Initial Public Offer**

The opinion offered was on the non-disclosure of some contingent liabilities by Oceanic Bank Plc during the company's initial public offer. The audited account the Commission considered in respect of the offer was the company's five years audited account ended September 2003 and its nine-month account as at June 30, 2004.

The CBN approved the company's audited account on the basis of which the Commission approved the offer. However, shortly after the approval, an adverse report was revealed concerning a commercial paper issued by the bank which was not liquidated until July 2004.

This fact was not stated in the audited accounts of the Bank nor reflected in the nine-month accounts submitted to the Commission for the purpose of the public offer. The Bank's defence was that the CBN approved the account and that the liability had been liquidated before the offer opened. The Commission opined that regulation in the capital market emphasized full disclosure where every material information about an issuer must be disclosed.

There was a possibility that the Bank's asset and other earnings would have been different from what was shown in the prospectus and they were aware of the possibility of what happened, which was

why they did not disclose the facility in the account.

The Commission therefore recommended that the Bank be reprimanded and not fined since the commercial paper had been redeemed and no negative impact on the investors had been occasioned.

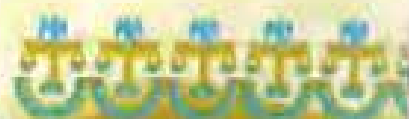
51. Interim Management for Thomas Kingsley Securities Limited

The Commission reviewed the terms of reference for the Interim Management Committee for Thomas Kingsley Securities Ltd (TKSL) with regard to the letter from Guaranty Trust Bank requesting for a Court Order to enable it freeze the account of TKSL.

The Commission advised that a regulatory agency may intervene in the operation of the account of an entity it regulates in order to protect the interest of the investing public and the entity itself. To do this, the agency would have to obtain an order of a Court of competent jurisdiction as long as it is able to substantiate the need for such an order. The Commission also opined that it would file an action at the IST to request for the freezing of the account of TKSL.

52. Access Bank Plc-2004 Public Offer of 3,000,000,000 Ordinary Shares of 50KAI N2.90k Per Share

The Commission offered opinion on whether or not an application for



amendment of the Prospectus in respect of the above offer should be granted especially where the offer had already opened. The amendment sought by the Issuer was to enable them utilize any over subscribed portion of the offer to the extent which their unissued authorized share capital could accommodate, since in their registered prospectus they had disclosed that they would utilize only up to an amount not exceeding 1,000,000,000 ordinary shares.

The Commission was of the opinion that if the amendment was not such as would prejudice the investors, then the issuer should be allowed to amend its prospectus. In this case since the amendment being proposed was to enable the company to issue additional shares to subscribers to the extent of their unissued authorized shares, then it was in the interest of the subscribers who ordinarily would have been refunded their subscription monies.

It was also advised that a supplementary prospectus should be registered and published in both electronic and print media and at least two national dailies.

53. Applicability of Section 99(3) of the ISA 1999

Udo Udoma & Bello-Osagie, Legal practitioners vide their letter of October 15, 2004 informed the Commission that their

client, a foreign investor was proposing to acquire a majority shareholding in a non-GSM telecommunication company.

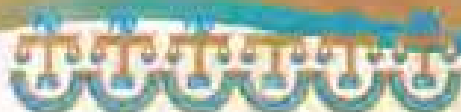
The law firm requested the advice based on the provisions of Section 99(3) of the ISA to enable them take investment decision. They further requested the Commission to provide them with the following clarification:

1. Whether the holding company's scenario as stated above would exempt the said company.
2. That the Commission should suggest the circumstance in which the exemption would apply.

The Commission advised that in view of the declaratory judgment delivered recently by the IST in Beta Consortium Vs SEC which is currently on appeal, the Commission would not give any opinion without going through the documents. It also advised the Solicitors to request their clients to file their papers with the Commission to enable it ascertain the applicability or otherwise of Section 99(3) of the ISA to the envisaged transaction.

54. Investigation into the Affairs of G. Cappa Plc

The Commission received a memo from the Acting Chairman, Committee on Investigation into the State of Affairs of G.



Cappa Plc dated December 8, 2004, requesting for legal advice on how to stop the proposed Extra-Ordinary General meeting (EGM) of the company slated for December 16, 2004 in view of the Commission's effort to amicably resolve the conflict/crisis that engulfed the company especially at this stage when the recommendation of the Committee was about to be implemented.

The Commission, after reviewing Clause 102(2) the Memorandum & Articles of Association of the company, Section 8(y) of the ISA 1999 and Sections 215(1)(2), 310, 310(i), 311(1) and 312(1) of CAMA, observed that the Commission could not directly stop the meeting in view of the fact that this related to convening an EGM, an exclusive preserve of the CAC. The Commission then opined to liaise with the CAC to stop the EGM.

55. IBTC Nigeria Equity Fund Consent to Invest in the Offer of Private Placement in the shares of the Investment Banking & Trust Co. Ltd

The Commission offered legal opinion on whether IBTC Nigeria Equity Fund registered with the Commission as a Unit Trust Scheme could invest in the shares of the Investment banking & Trust Co. which was undertaking a private placement of

800,000,000 ordinary shares of 50k each.

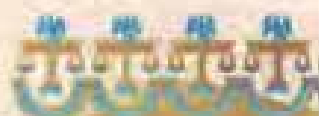
The Commission advised that under the Rules of the Commission, managers of unit trust scheme were prohibited from investing in the instruments of their sponsoring companies, their associates or the trustees instruments or other in-house instruments which include the instruments of their holding companies as contained in Rule 247(y) which made it mandatory for a provision to this effect to be in the Trust Deed. The Commission also advised that IBTC Nigeria Equity Fund could not invest in the instruments of IBTC Ltd. Apart from this, it advised that since IBTC is a private company, going by the provisions of the Trustee Investment Act, Trust Funds cannot invest in a private company like IBTC Ltd.

LITIGATIONS

**1. MR. JACK E. MORGAN VS IMB INTERNATIONAL BANK PLC & ORS
SUIT NO. FHC/ABJ/CS/25/2004**

On January 19, 2004, Union Merchant Bank Ltd (Issuing House) on behalf of IMB International Bank Plc applied to the Commission for registration of its offer for subscription of 5,600,000,000 ordinary shares of 50k each at 53k per share.

After meeting the requirements of the Commission as enshrined in the ISA No. 45 1999, the Commission vide its letter dated



January 20, 2004, approved the Issue. The offer opened on January 23, 2004 and was expected to close on February 20, 2004. The Commission however was on January 20, 2004 served with Motion on Notice & Affidavit in support of it, Motion Ex-parte & Affidavit of Urgency filed by Mr. Jack E. Morgan against IMB Int. Bank Plc, SEC & Central Bank of Nigeria (CBN) at the Federal High Court, Abuja.

The plaintiff, who is the Director of IMB Int. Bank Ltd with about 7.3percent of the total shareholding of the 1st defendant, was asking the Court for the following orders:

1. An order of interlocutory injunction restraining the 2nd Respondent (SEC) from further processing, entertaining and/or taking further steps towards approving or giving approval to the proposed offer for subscription of the ordinary shares of the 1st Defendant/Respondent for the purpose of raising additional N5.8 billion for recapitalization requirements of the Bank, pending hearing and determination of the substantive suit.
2. An order of interlocutory injunction restraining the 1st Respondent (IMB Int. Bank Plc) from proceeding with the proposed public offer as contained in the application and draft prospectus submitted by the 1st Defendant/Respondent to the 2nd Defendant/Respondent, pending the

final hearing and determination of the substantive suit.

3. An Order of interlocutory injunction restraining the 3rd Defendant/Respondent (CBN) from withdrawing and or taking steps or measures towards withdrawing the Banking licence of the 1st Defendant/Respondent, pending hearing and final determination of the substantive suit.
4. Such further order or other orders as the Honourable Court may deem fit to make in the circumstance.

The Commission reviewed the Court processes vis-à-vis declaration/orders sought by the plaintiff and observed that they were a fundamental and direct challenge to the powers and regulatory functions of the Commission charged with the statutory responsibility of protecting and promoting the capital market in Nigeria.

The plaintiff was challenging the offer by making reference to their resolution at the EGM of 10th April, 2003 whereby it was agreed that a public offer for subscription, by which the public would be invited to subscribe to the shares of the 1st defendant, would only become an option where the proposed rights issue proved inadequate to raise the required funds needed for recapitalization.



The Commission observed that the suit was aimed at stopping IMB Int. Bank Plc from raising fund in respect of the issue until the matter was heard and determined by the Court. It may be recalled that similar injunction was sought in the case of Rosula Nig. Ltd Vs Inland Bank Plc which was recently struck out.

The Commission was advised to defend this suit as the Court was being asked to make an order restraining the Commission from doing anything in respect of the said issue that was about to open.

**2. Suit No. FHC/CS/172/2003
Richmond Securities Ltd Vs SEC &
ORS**

The Commission was informed, through a letter dated February 10, 2004, by its Solicitors Aina, Blankson & Co., that Counsel was at Court in respect of the above matter scheduled for the application of the plaintiff to amend its statement of claim, and for counsel's application to have the name of the Commission struck out as a party to this suit.

The Court however did not sit. The erstwhile presiding judge, Justice Ejiofor is presently presiding over election tribunal in Jos.

The matter continues.

**3. Suit No. FHC/ABJ/CS/575/2003 The
Governing Council of the Industrial
Training Fund Vs SEC**

The Writ of summons in respect of the above stated matter was filed in the Federal High Court, Abuja on December 4, 2003 against the Commission. The Plaintiff's claims against the Commission were as follows.

1. A declaration that the defendant is within the categories of employers envisaged by the ITF Decree No. 47 1971 as (amended) to register with the plaintiff.
2. An order of Court directing the defendant to comply with the plaintiff's enabling Decree.
3. An order directing the defendant to allow the plaintiff to examine its accounts to verify the current level of the defendant's indebtedness to the plaintiff as required by the ITF enabling Decree.
4. A sum equal to 5percent on the total outstanding monthly, as required by the ITF enabling Decree for defaulters.
5. The cost of action.

The law firm of A. Adegoke & Co was instructed to handle the matter on behalf of



the Commission, which has been scheduled for April 7, 2004 for mention.

4. Suit No. IST/OA/02/2003 - Samuel Osigwe Vs BPE & Ors

The Commission received an Originating Application dated 10th November 2003, filed against BPE & Ors including the Commission, by Samuel Osigwe at the Investments & Securities Tribunal, Abuja.

The Applicant filed the suit for himself and as the representative of those who had registered to purchase shares with public companies under the Privatisation Share Purchase Loan Scheme (PSPLS).

The applicant alleged that the Respondents had violated Sections 50, 52, 55, 57, 62, 83, 84 & 86 of the Investments & securities Act 1999 and Rules 51 & 110 - 118 of the Commission's Rules & regulations thus he claimed amongst others as follows:

1. An order directing the Respondent to suspend the share acquisition scheme as presently structured until the 1st Respondent (BPE) complies with the relevant provisions of the ISA and the Rules & Regulations.
2. In the alternative, an order directing the Respondents to immediately comply

with the provisions of the ISA and the underlying rules and regulations with respect to the PSPLS by ensuring that the relevant registration statement/prospectuses are duly filed with and effectuated by the Commission.

On March 11, 2004, the Tribunal delivered an interlocutory ruling striking out the 2nd 15th Respondents. The applicant filed a notice of appeal on the Commission informing it of its intention to go on appeal.

The appeal was challenging the ruling of the Tribunal striking out the 2nd 15th Respondents.

The Commission noted that being the 16th Respondent, it was just a nominal party and the outcome of the appeal would not in anyway affect the Commission's position. The matter continues.

5. Suit No. FHC/ABJ/CS/236/04 Ime Nya Asanga Vs Governor of Akwa Ibom State & Ors

The above suit was instituted by the plaintiff against the defendants including the Commission as the 3rd defendant.

The plaintiff's case was that the proposed N6 billion Floating Rate Redeemable Revenue Bond by the Akwa Ibom State Government was in breach of Section



The plaintiff claimed the following reliefs amongst others:

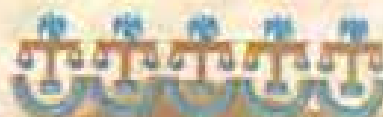
- a. An order of perpetual injunction restraining the 1st and 2nd Defendants, either by themselves or through their joint and/or respective agents, servants, trustees, privies or persons howsoever called or described, from further proceeding with, processing or in any other manner, advancing their bid to create and offer for public subscription, a N6 Billion Floating Rate Redeemable Revenue Bond or any other bond or security.
- b. An order of perpetual injunction restraining the 3rd Defendant, either by itself or through its agents, servants, trustees, privies or persons howsoever called or described, from further proceeding with, processing or approving and/or registering the application of the 1st Defendant to create and offer for public subscription, a N6 Billion Floating Rate Redeemable Revenue Bond.
- c. An order of perpetual injunction restraining the 4th Defendant, either by itself or through its agents, servants, trustees, privies or persons howsoever

called or described, from further proceeding with, processing listing or in any other manner, making public, offering for public subscription or advancing the efforts of the 1st Defendant to create and offer a N6 Billion Floating Rate Redeemable Revenue Bond.

- d. An order of perpetual injunction restraining the 5th Defendant, either by itself or its agents, servants, trustees, privies or persons however called or described, from accepting for payment, processing or in any other manner, giving effect to the Irrevocable Letter of Authority and Standing Payment Order issued by the 1st Defendant as security for its bid to create and offer for public subscription a N6 Billion Floating Rate Redeemable Revenue Bond or any other bond or security in breach of the proviso to section 172(1) of the Investment and Securities Act

The Commission appointed the firm of Prudent Chambers to represent it in the matter. The Solicitors have filed a Notice of Preliminary Objection supported by an affidavit. The matter is still on-going and is up for hearing.

6. Suit No. FHC/ABJ/CS/152/2004
Strabag Construction Nig. Ltd Vs
Cross River State Governor & Ors



Sometime in October 2003, Cross River State submitted its application to the Commission seeking approval to raise the sum of N4.6 billion through the capital market.

The Commission received Court processes on April 6, 2004 filed by Strabag Construction Ltd at the Federal High Court Abuja, against it as the 4th Respondent.

The Law firm of Yunus Ustaz Usman (SAN) & Co. was appointed to represent the Commission in the matter. The Solicitors have filed a Memorandum of Appearance on behalf of the Commission. The matter is presently on-going.

7. Suit No. FHC/UM/CS/236/2001 Chief A. U. Nsofor & Ors Vs Mr. Klaus P. Flohr & Ors.

The above matter was instituted by 2 directors of Golden Guinea Plc namely Chief A. U. Nsofor & Chief Slowe Nnochiri at the Federal High Court, Umuahia against Mr. Klaus Peter Flohr & Golden Guinea Breweries Plc challenging the rights issue of 136,080,000 ordinary shares of 50k each raised by African Int. Ltd on behalf of Golden Guinea Breweries Plc in August 1999.

The plaintiff obtained an interim injunction

vide an Exparte Order granted by the Federal High Court Umuahia in their favour on 13/6/01 as follows:

- i. An order of interim Injunction restraining the 1st defendant (Mr. Klaus Peter Flohr) from parading himself or holding himself out as the holder of 57,432,000 shares of the 2nd defendant (GGB Plc) pending the determination of the motion on notice.
- ii. An order of interim injunction restraining the first defendant from holding himself as a director of the 2nd defendant pending the determination of the motion on notice.
- iii. An order of interim injunction restraining the 2nd defendant from holding the AGM until the motion on notice was determined. The Court granted all the prayers of the plaintiff.

Sequel to the above, the Commission was advised to be joined as a party as the apex regulator of the capital market to assist the Court in arriving at a just and fair decision and to determine the following questions:

- whether SEC had the final authority under the ISA to approve allotment of shares in public companies;
- whether SEC had the power to direct any public company to abide by its lawful directives;

- whether any public company can legally disregard SEC's directives aforesaid.

The External Solicitors assigned to handle the matter, Okey Owhonda & Co., informed the Commission vide their letter dated June 21, 2004 that the Federal High Court Umuahia had dismissed the suit for want of diligent prosecution and this had brought the matter to its logical conclusion.

**8. Suit No. FHC/L/CS/172/2003
Richmond Securities Ltd & Ors Vs
SEC**

The Commission received Court processes on 14th March 2003 informing it that the above suit had been instituted by Richmond Securities Ltd (Plaintiff) against the Nigerian Stock Exchange, SEC and FITTCO Securities Ltd seeking the following relief:

1. A declaration that the suspension of the plaintiff as a member of The NSE was illegal, null and void and of no effect.
2. A declaration that the registration of Fittco Securities Ltd by The NSE on the plaintiffs dealing license was illegal.
3. An order of injunction restraining Fittco Securities Ltd from trading on the floor of The NSE.
4. An account of profits made by Fittco for trading with the plaintiff's license on the

floor of the 2nd defendant.

5. The sum of N2m as general damages
6. The sum of N1m being cost of the action.

The external Solicitors handling the matter for the Commission, Aina, Blankson & Co. informed the Commission vide its letter dated July 1, 2004 that the matter had been re-assigned to a new judge and would start de-novo.

**9. Suit No. FHC/L/CS/896/2002 7Up
Bottling Co. Plc Vs SEC & Ors**

The Commission in October 2000 received a complaint from the firm of Deji Sasegbon & Co., Solicitors to the complainant, Mr. Husam El-Khalil one of the sons of late Mohammed El-Khalil of 7Up Bottling Co. Plc, who died in 1992. He alleged that the transfer of his shares was contrary to the provision of the Commission's Decree 45, 1999.

The Commission referred the matter to its APC, which at its sitting on March 8, 2002, after hearing the parties, found the company guilty and directed as follows:

1. That Husam El-Khalil was still the bonafide owner of the 18 shares in 7Up Bottling Co. Plc as reflected in the register of shareholders as at 1978 and should accordingly be re-instated with the shares including all accrued

benefits viz: dividends, rights & bonuses from 1978 to date;

2. That for failure to seek and obtain the Commission's approval before effecting the transfers by Mohammed El-Khalil for his three sons in 1983, contrary to Section 7 of SEC Decree 1979, the company was ordered to pay penalty to the Commission accordingly.

Before the company complied with the above directives, the Commission was served with Court processes filed at the Federal High Court, Lagos asking for an order of interlocutory injunction restraining the Commission, their officers, servants, agents and privies from enforcing the sanctions and penalties imposed on the plaintiff in pursuance of the powers conferred on the Commission under the ISA No. 45 1999.

The external Solicitor handling the matter on behalf of the Commission, Udo Udoma & Co., informed the Commission on the 12th of July 2004 that the Court had dismissed the preliminary objection raised by the 3rd Defendant and the matter was subsequently adjourned to October 2004 for hearing. The matter continues.

10. Suit No. FHC/ABJ/M/335/2002 Alh. Umar Abba Gana Vs SEC & Ors

The above action was filed in the Federal High Court, Abuja, by the plaintiff/applicant against the Commission for an order of prohibition restraining the Commission from compelling him to appear before it and or investigating an alleged corruption or criminal concealment of debt owed by the African Petroleum Plc while he was the Managing Director, in view of the pendency of a criminal charge against him in the Magistrate Court, Lagos.

The plaintiff/applicant was also asking for a declaration that the Commission did not have any power under the Constitution and the ISA to constitute a Commission of inquiry or to set up an Administrative Proceedings Committee. In addition, he was seeking for an injunction restraining the Commission from interfering in any manner with the matter, since it was already before the Court for trial.

Solicitors to the Commission (Paul Usoro & Co) informed the Commission in their letter dated July 15, 2004 that the matter came up on July 14 & 15, 2004 for continuation of hearing of the plaintiff's substantive application for judicial review. The matter continues.

11. Suit No. FHC/KD/CS/66/00 Maji Johnson & 69 Ors Vs A. G. Federation & Ors

The Commission was not a party to the



above stated matter. The matter was instituted by the Applicants at the Federal High Court, in a bid to stop Kabo Holdings Ltd or Durbar Hotels Plc from allotting 40 percent shares of Kabo Holdings Ltd to the public.

The Commission was subpoenaed by the Federal High Court, Kaduna, at the instance of Counsel to the National Council on Privatisation and Commercialisation and the Bureau of Public Enterprises (BPE), to tender before it a copy of the ISA No. 45 of 1999 and the Rules & Regulations on 26th July 2004.

The subpoena was complied with and the said documents were marked as Exhibit SEC I & II respectively.

**12. Suit No. FHC/ABJ/CS/285/2004
Muftau Ajayi Vs SEC**

The above stated action was filed in the Federal High Court, Abuja, by the plaintiff (former Manager in charge of Finance & Accounts of AP Plc prior to its privatisation) against the Commission.

The plaintiff was seeking for perpetual injunction restraining the Respondents whether by itself, its servants, agents and/or representatives from treating or continuing to treat the applicant as one of the persons who authorized the issue by African Petroleum Plc, of the prospectus

dated 30th March 2000, said to contain untrue statements as contained in the Respondents letter of April 19, 2004.

The law firm of Capital Chambers were instructed to handle the matter on behalf of the Commission. The matter is still up for hearing.

**13. Suit No. FHC/ABJ/M/270/2003
Osindero, Oni & Lasebikan Vs SEC**

The applicants instituted an action in the Federal High Court Abuja against the Commission, seeking an order of prohibition to prohibit the Commission from inviting them to appear before its Administrative Proceedings Committee (APC) investigating the alleged concealment of N22.5 billion debt in the prospectus issued during the privatisation of AP in 2000. The suit came up on 9th February 2004. The Law firm of Paul Usoro & Co is handling the matter on behalf of the Commission.

The applicant's contention was that by the Commission compelling them to appear before its APC, it breached their fundamental human rights to fair hearing and that the charges against them had criminal elements which the Commission had no power to try under Section 235 of the ISA.



The Court delivered its judgment on April 21, 2004 in favour of the plaintiff and consequently, the Commission was restrained from compelling the appearance of the plaintiffs before its APC.

The Commission was not satisfied with the judgment and appealed on the ground that the learned judge did not seem to understand the workings of the capital market and therefore erred in arriving at his decision. The matter is presently on appeal.

14. Suit No. FHC/L/CS/573/04 Mr. Vincent Anene Ikechukwu Vs Premier Breweries Plc

The above-stated matter was filed at the Federal High Court, Lagos against the Commission as the 11th Defendant.

The plaintiff is a shareholder in the 1st Defendant company and complained about the sale of 20percent of shares owned by the Federal Government in the 1st defendant and sought for the following reliefs:

1. A declaration that the purported acquisition by the 5th & 6th defendants and/or their privies of the shares of the Federal Government of Nigeria in the 1st defendant (and which shares were held on its behalf by the 3rd & 4th defendants) without the participation of

the 2nd defendant and/or the prior authorisation of the 11th defendant in defiance of the provisions of Public Enterprises (Privatisation & Commercialisation) Act as well as those of the Investment and Securities Act, were therefore illegal, null and void and of no effect whatsoever.

2. An order of injunction restraining the 5th and 7th defendants from parading themselves as the owners/holders of the said Federal Government's shares in the 1st defendant and from purporting to exercise any legal or/and equitable rights ordinarily vested on an owner or holder of such shares including sale/transfer, mortgage and attending and voting at general meetings of the 1st defendant.
3. An order of injunction restraining the 1st and 4th defendants from recognizing the said shares as the property of the 5th and 7th defendants and/or their privies or dealing on the shares in such a way or doing anything whatsoever to suggest that they were owned or held by the latter.

The matter was slated for hearing on October 20, 2004 and the staff of the Commission attended the Court and watched the proceedings on the above date since the matter was not capable of affecting the operation of the Commission even if judgment was given against the

Defendants.

15. Suit No. IST/OA/01/2004 Beta Consortium Ltd Vs SEC

The Applicant, Beta Consortium Ltd had filed the above suit before the IST seeking for the following declaration amongst others:

- A. A declaration that Sections 99(3) and 99(4) of the Investments and Securities Act 1999 (reflected as Section 99(4) in the circulated Exposure Draft of ISA amendments 2003), and Rule 230 of the Rules and Regulations 1999 had exempted the acquisition by the Applicant of the assets of Nigerian Hotels Ltd from those requiring the approval of or regularization with the Respondent as stipulated in Section 99(2) of the ISA.
- B. A declaration that the directive contained in the Respondent's letter dated December 30, 2003 requesting the applicant to forward certain documents and pay N50,000 acquisition fee, and 1percent of the value of acquisition was null and void.

The law firm of Garba Tumaka & Co. was instructed to handle the matter on behalf of the Commission at the Investments & Securities Tribunal.

The Investments & Securities Tribunal (IST)

delivered its judgment in respect of the above stated matter on October 28, 2004.

The Tribunal, in the said judgment declared as follows:

- i. The Respondent by virtue of Section 99(2) of the ISA had general power of prior review and approval of every merger, acquisition or business combination under ISA and SEC Rules & regulations.
- ii. The Applicant, pursuant to Section 99(4) of ISA, had failed to show that it was a holding company and as such was not exempted under the foregoing subsection.
- iii. Pursuant to Section 99(4) of the ISA and the Rules & Regulations of SEC, the duly consummated transaction involving the acquisition of Ikoyi Hotel by the Applicant under the authority of the National Council on privatisation, a Federal Govt. agency, was exempted from the prior review and approval of the Respondent which exemption was an exception to the Respondent's general power as contained in Section 99(2).
- iv. The Respondent was not empowered to take any further action on such exempted transactions. Therefore the directive contained in the Commission's letter dated 30th

December 2003 to the Applicant was declared null & void and was accordingly set aside.

The Commission, after reviewing the judgment of the Tribunal, observed that the Tribunal erred in law by ruling that the acquisition of Ikoyi Hotels by Bota Consortium under the privatisation scheme of the Federal Govt. was exempted under Section 99(4) of the ISA.

The Commission maintained that the transaction was only exempted from prior review and approval under Section 99(2) but that it would still have to comply with the other provisions of the ISA.

The Commission would therefore appeal against the said judgment at the Court of Appeal. The law firm of Punuka chambers were instructed to file an appeal at the Court of Appeal on behalf of the Commission.

The matter is currently on appeal.

16. Suit No. FHC/L/CS/701/04 Thomas Kingsley Securities Ltd Vs Oyo State Govt. & Ors.

The above suit was instituted by the plaintiff against the defendants at the Federal High Court Lagos.

The plaintiff, in his statement of claim was claiming the sum of N97,052,719.64 being

amount due to him for services rendered to the defendant and general damages for breach of contract.

Management, after hearing the plaintiff at the APC sitting dated August 3-5, 2004, directed that the Commission should apply to be joined as a co-defendant. The law firm of A. Adegoke & Co. were instructed to handle the matter on behalf of the Commission.

17. Suit No. FHC/ABJ/CS/416/02 Chief Afe Babalola SAN Vs SEC & Ors

The Commission was on November 20, 2002 served with an originating summons filed by Chief Afe Babalola against it at the Federal High Court Abuja. The applicant wanted the Court to determine the following questions, amongst others.

Whether the general directives of SEC to the effect that legal practitioners including the applicant who were enrolled with the Supreme Court of Nigeria must submit to tests conducted by SEC on their knowledge of law relating to capital market regulated by the SEC as a prerequisite for registration to practice as a barrister and/or Solicitor in relation to the SEC regulated capital market operations, was not illegal, null and void, and of no effect.

However, in view of the letter of registration issued to Chief Afe Babalola (SAN) by the Commission, the parties agreed to settle

out of Court.

A copy of the settlement was filed in Court and this brought the matter to a logical conclusion.

18. Suit No. IST/OA/03/2003 CSCS & NSE Vs Bonkolans, SEC & Ors

The above stated matter came up on September 8, 2004 for hearing at the IST, Abuja, and in the course of hearing the matter, the Tribunal requested the Commission to furnish it on September 15, 2004 with the level of its compliance with the judgment delivered on February 26, 2004 in respect of Suit No. APC/21/2002 Bonkolans Vs SEC.

On September 15, 2004, the Commission was represented at the Tribunal by its Solicitors along with some staff to brief the Tribunal.

The staff reported the level of compliance with the Tribunal's directives. Stating that the Commission had vide its letter dated April 22, 2004 forwarded the names of those incriminated in the scam to the EFCC & Attorney-General of the Federation for further investigation and prosecution of those found criminally liable in the scam. They informed the Tribunal that the Commission had forwarded to EFCC

records of investigation and all necessary documents that would assist it in its further investigation.

On the issue of buy-back/restitution by brokers involved, they informed the Tribunal that the APC was in the process of convening a meeting and as soon as the meeting was held the stockbrokers/registrars etc involved would be informed on the steps to be taken to enable investors who suffered losses recover their investments.

After hearing the level of the Commission's compliance with the directives contained in the Tribunal's judgment from the Commission's representatives, Counsel to EFCC applied to the Tribunal to move his application for objection to be joined as a co-defendant as contained in the motion filed by CSCS and The NSE to enable them transfer the sum of N338,582,017.20 (three hundred and thirty eight million five hundred and eighty two thousand Seventeen Naira Twenty Kobo) recovered by EFCC from the accounts of the culprits in Diamond Bank.

Responding to the preliminary objection raised by Counsel to EFCC, the lead Counsel stated that they had no objection in view of their understanding of SEC's ongoing collaborative efforts at bringing the culprits to book and eventual recovery of the laundered money for the benefit of the defrauded investors and the application of the Counsel to the EFCC was sustained.

The application to join the EFCC in the matter was dismissed by the Tribunal.

The Tribunal held as follows:

1. The 1st, 2nd, 5th & 6th Respondents were liable to make restitution to the investors who suffered losses as a result of the fraudulent sale of the 3,130,469 units of Nestle shares (the subject matter of their action) by the 2nd Respondent acting as agent/servant of the 1st Respondent. As there was no way the instant case could be resolved without attending the previous appeal, the 1st Respondent was grouped among the stockbroking firms found liable to restore investors in the appeal between CSCS Vs SEC, Appeal No. IST/APP/01/2003.
2. The 1st, 2nd & 6th Respondents were also ordered to jointly and severally restore the investors who suffered losses as a result of the fraudulent sales of Nestle Plc shares to their original position before the scam in line with the review made by the Apex regulator (SEC) as directed by the Tribunal in the Appeal between CSCS Vs SEC, Appeal No. IST/APP/01/2003.
3. The 4th Respondent (SEC) was also directed by the Tribunal to take into consideration the judgment and to include the 1st Respondent in carrying out the earlier order of the Tribunal in

CSCS Vs SEC, Appeal No. IST/APP/01/2003. In so doing any assets belonging to the 1st, 2nd, 5th & 6th Respondents which had been identified should be applied.

The Commission would therefore convene the APC in order to implement the judgment of the Tribunal and to forward to EFCC the names of B. N. International Ltd with a view to freezing its account to enable the Commission use such funds to restore the affected investors in addition to the name of the 1st, 2nd, & 6th Respondents earlier forwarded to EFCC as directed by the IST in its judgment in CSCS Vs SEC, Appeal No. IST/APP/01/2003.

19. MANHATTAN INVESTMENT LTD VS- Respondent

1. COOPERATIVE DEVELOPMENT BANK PLC - Applicant

- | | |
|--------|--------------|
| 2. SEC | } Defendants |
| 3. NSE | |

The above stated matter was instituted at the Court of Appeal Lagos by the Applicant against the Commission as one of the defendants.

The Respondent is the holder of 102,622,301 units of equity shares of the Applicant, CDB Plc, and was issued with a share certificate for 100 million units of the

said shares which led to the commencement of the above stated suit at the Federal High Court Lagos. The parties settled out of Court and the terms of settlement were duly filed in Court.

The terms of settlement between the Applicant and the Respondent, filed in Court on June 26, 2002, stated as follows:

That the Applicant shall get one of its major shareholders i.e. Govt. of Akwa Ibom State to pay to the Respondent the total sum of N156,000,000 in the following installments:

- N50,000,000 immediately
- N53,000,000 before July 30, 2002
- N53,000,000 on or before August 30, 2002

The Respondent was paid the above stated amount less what the applicant called statutory fees of N2,671,500 which they withheld in view of the motion on notice and the affidavit they filed at the Federal High Court Lagos, on 14th May, 2003 seeking for the variation of the Consent judgment which was subsequently dismissed as incompetent.

The applicant, in its ground of appeal filed at the Court of Appeal, Lagos, is challenging the ruling of the Federal High Court, Lagos, delivered on the 9th June, 2004, which dismissed its application to review the matter that was initially settled out of Court and which formed the basis of the present appeal filed at the Court of Appeal Lagos.

The applicant sought for the determination of the following questions:

1. Whether in a transaction involving sale of shares on the floor of the Exchange in a public company both parties to the transaction were liable to pay the statutory fees.
2. Whether such statutory deductions could be made from a judgment debt representing the sale of such share before payment out of the vendor/judgment creditor.
3. If the answer to (1) and (2) were in the affirmative, an order that the judgment sum of N156,000,000 less statutory fees of N2,671,500, which had been paid to the Respondent be made as full and final payment of the judgment debt.

The Applicant also sought for an order setting aside the order of the Federal High Court dismissing their application.

The Commission reviewed the Court Processes and observed that the Commission was only included as a nominal party being the regulator of the capital market. Apart from that, no allegation was made against it.

The Commission therefore intimated its staff to watch the brief and revert back at the end of each proceeding.

20. Molten Trust Limited & Ors Vs SEC Suit No. IST/M/18/2004

The Applicant applied to the IST for the suspension of further execution of the decision of the APC of SEC suspending the 1st & 2nd applicants (Molten Trust Ltd and its Managing Director, Mr. M. O. Oduwole) from the capital market for 3 months and 1 year respectively with effect from 5th August 2004.

The Tribunal, in its ruling, stated that the prayer of the 1st appellant (Molten Trust Ltd) asking for the suspension of further execution of the APC decision of 5th August 2004 suspending the 1st appellant from capital market activities for three months failed on the ground that the suspension period had elapsed (5th August- 4th Nov. 2004) and as such an injunction order could not be a remedy for an act which had already been complied with.

The Tribunal also refused to grant the prayer of the 2nd appellant. Instead it directed that parties to the case opt for expeditious hearing as required under Section 236(5) ISA 1999.

The Tribunal also made a consequential order directing the Commission to file an undertaking as to damages to the appellant within five (5) days of this ruling. The wordings of the undertaking should be

feasible enough to accommodate whatever damages the appellants may suffer if it was discovered at the end of the hearing that an order of injunction/stay of execution should have been made.

The Commission had forwarded a letter of undertaking to the Tribunal as directed.

The matter is still up for hearing.

21. Obtaining Court Order to Freeze the Accounts of Thomas Kingsley Securities Ltd and Chief Kingsley Ikpe

Thomas Kingsley Securities Limited (TKSL) is a registered capital market operator in Nigeria. Following a number of complaints laid against it by investors, the Commission conducted investigations which led to the company's appearance before the Administrative Proceedings Committee (APC).

In the course of the APC's hearings, some matters bordering on criminality were discovered and the Chief Executive officer of the company, Chief Kingsley Ikpe, was handed over to the Economic and Financial Crimes Commission.

To aid it in the discharge of its statutory responsibility, the Commission deemed it necessary to obtain an Order from the Investments & Securities Tribunal to freeze

the accounts of the company with a view to protecting the interest of the investing public.

In line with the above, the Management of the Commission approved the appointment of the Law firm of H. S. Ahman & Co. to issue an order from the Investments & Securities Tribunal Abuja, on its behalf freezing the accounts of Thomas Kingsley Securities Limited and Chief Kingsley Ikpe, its Chief Executive Officer in Guaranty Trust Bank Plc, UBA, Union Bank Plc and Standard Bank in Abuja and any other Bank in Nigeria.

The Solicitors prepared and forwarded copies of the originating application, Motion Ex parte as well as affidavit in support of the motion for the Commission's comments.

The Commission, after reviewing it made its comments/input for the Solicitors to amend the documents before filing same at the Tribunal.

UBA Vs SEC IST/APP/04/2004

The Commission received Court processes filed against it by the United Bank for Africa Plc at the Investments & Securities Tribunal, Abuja.

The Commission received two letters of complaint dated June 25, 2003 from Alh. Rayyanu Alhassan over the unauthorized

sale of his First Bank shares totaling 125,348 units. He alleged that the transaction was masterminded by two (2) stock broking firms, Newdevoo Finance Services & Premium Securities respectively and perfected by United Bank for Africa Plc.

The Commission, on receipt of the Complaint, conducted an investigation into the matter.

Based on the result of the investigation, the Commission in October, 2004 invited parties involved for an All-Parties Meeting where UBA representatives were asked to explain why cheques drawn in the name of an individual were allowed to be lodged into a corporate account and proceeds credited to that account.

The Commission also directed UBA Plc to pay back Alhaji Rayanu Alhassan the value of the two cheques drawn in his favour i.e. two million, nine hundred and eighty five thousand, eighty six Naira, thirty kobo only (N2,985,086.30) vide our letter dated November 11, 2004.

The United Bank for Africa Plc complied with the Commission's directives on the matter but did not withdraw the suit instituted against the Commission at the Investment & Securities Tribunal Abuja.

The appellant in its notice of appeal was challenging the Commission's directive that the appellants acted in unprofessional

manner by clearing a crossed cheque in the name of Alh. Rayanu Alhassan to a third party (Legend Nigeria Limited). It was also their view that the Commission had no regulatory power over banking operations to sanction or issue any directives to pay Alh. Rayanu Alhassan the sum of N2,985,086.30.

The matter has been scheduled for 26th January 2005, for hearing.

The Commission had reviewed the processes served on it and observed that UBA Plc had violated the provision of "know-your-Customer" which the CBN stipulated. They also contravened the provisions of section 81(2) of the Bill of Exchange Act which stipulates that "wherein a banker on whom a cheque is drawn which is crossed nevertheless pays the same, or pays a cheque crossed generally otherwise than to a banker whom it is crossed, or his agent for collection being a banker, it is liable to the true owner of the cheques for any loss he may sustain owing to the cheques having been so paid"

The Commission was of the view that its action was within its regulatory power since the transaction complained of emanated from the capital market.

The Law firm of Umar & Imhanobe was instructed on December 21, 2004 to represent the Commission in the matter at the IST, Abuja. The matter continues.

AGREEMENTS

The Commission Drafted/reviewed various agreements to facilitate the operations in the capital market. The highlight of some of the agreements reviewed are as follows

1. Vetting of the IBTC Nigerian Equity Fund Further Supplemental Trust Deed, for registration.
2. Vetting of Application for registration as a Venture Capital Fund Manager by Amalgamated Capital Fund Limited.
3. Review of the new Insurance Act, 2003
4. Review of the proposed MOU between the Commission and China Securities Regulatory Commission (CSRC).
5. Vetting of documents for application for registration as a Venture Capital Fund Manager by NAMBL Asset Management Ltd.
6. Vetting of registration document for the application for registration as pension fund manager by Afribank Trustees and Investment Ltd.
7. Vetting of registration document for the application for registration as a venture capital fund manager by Deap Capital

Management and Trust Ltd

8. Vetting of registration documents as a venture capital manager submitted by Deap Capital Management and Trust Ltd.
9. Vetting of registration documents as venture capital manager submitted by First Funds Ltd.
10. Review of Registration document in respect of application for registration as a Rating Agency by DATAPRO.
11. Vetting of vending agreement and MOU in respect of AZ Mutual Investment Fund.
12. Vetting of application for the authorisation and registration of Coral Growth Fund.
13. Vetting of offer documents of Oceanic Bank International Plc offer for subscription of 3.2 billion ordinary shares of 50k each at N5.30k per share.
14. Vetting of offer documents of A Z Mutual Investment Fund.
15. Vetting of agreement on media consultancy between the Commission and Media Consultancy Services.
16. Vetting of application for registration and approval of Lead Fund.

17. Drafting of Linkserve Internet Services Agreement.

MATTERS REFERRED TO THE ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC)

In the matters of SEC Vs Bonkolans and O. O. Abiodun Vs Nigbel Securities Limited and others, the APC had decided to refer some parties to the Economic and Financial Crimes Commission (EFCC) for further criminal investigations as some of their actions bordered on financial crimes.

The parties were;

- (i) Messrs Lawrence Okwufulueze and Sylvester Ezeagwu of Bonkolans Investments Limited.

On the discovery of the scam in this matter and investigations by the Commission, the matter was referred to the APC for determination.

The APC found that the above persons masterminded the whole scam and upon getting the information they had absconded from the country, the Committee decided to refer them to the EFCC for further criminal investigation.

- (ii) Mr. M. Ayanbule.
Mr. Ayanbule was the Managing Director of Nigbel Securities Limited at the time the

Complainant paid in the sum of N1, 870,827.80 for the purchase of certain stocks on her behalf.

The Respondent failed to purchase the shares and the APC found as a fact that Mr. Ayanbule was the broker who handled the transaction and that he failed to carry out the complainant's instructions to purchase the shares.

The Committee decided to refer Mr. Ayanbule to the EFCC since it was learnt that he had absconded from the country.

APC/5/2003: SEC V. MICHAEL ADEGBUSI, UAC NIG. PLC.

This matter arose from the report that the 1st Respondent, Michael Adegbusi altered the shareholder's account of the 2nd Respondent, UAC of Nigeria Plc and introduced forged certificates into the CSCS system contrary to Section 86 of the ISA 1999.

It was further alleged that the 2nd Respondent was operating in the capital market without having a valid registration contrary to Section 29 of the Investment and Securities Act (ISA) No. 45 of 1999.

It was also alleged that the 3rd and 5th Respondents accepted and executed orders in respect of UAC Nig Plc shares not emanating from beneficial owners of securities contrary to Code 3 Paragraph 11

of the Code of Conduct for Capital Market Operations and their Employees.

REFERENCE OF SOME INDIVIDUALS AND FIRMS TO THE ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC) AND INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA (ICAN)

The Commission referred the following individual and firm to the EFCC and ICAN for further investigations on their roles in the alleged fraudulently concealed debts of AP Plc.

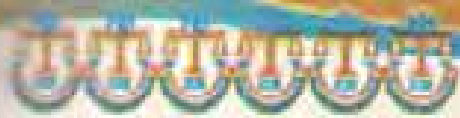
(i) MR. M. C. AJAYI

Mr. M.C. Ajayi was the Accounts Manager of AP Plc at the time of the offer for sale.

He acted in an unprofessional manner by fraudulently denying the Auditors access to relevant financial records of the company during the auditing exercise, prior to the offer for sale.

He was therefore referred to the EFCC for further investigations and the ICAN, his professional body, for further disciplinary action.

(ii) THE FIRM OF SULAIMON & CO AND THE ACCOUNTING FIRM OF OSINDERO, ONI & LASEBIKAN



The above firms acted as reporting accountants and auditors respectively in the AP Plo offer for sale.

While Sulaimon & Co acted in an unprofessional manner in discharging its duties, Osindero & Co neglected to appear before the APC to answer to allegations against it. Rather, it sued the Commission seeking order of Court to stop the APC from investigating it.

The APC directed that they be referred to the ICAN for further disciplinary actions. The APC secretariat accordingly referred the accounting firms to the ICAN body for further investigations.

APC MATTERS

- a. **Hearing in the matter of APC/1-9/2004: Several complaints against Thomas Kingsley Securities Limited.**

This matter arose from complaints received from 9 complaints against Thomas Kingsley Securities Limited.

The 1st and 2nd complainants, Chief Tony Ezenna and the Ministry of Commerce, Industry, Co-operative and Tourism, Oyo state, alleged that the Respondent disposed of their securities worth millions of naira without their knowledge or

authorization.

On the other hand, the 3rd to 9th Complainants alleged that the Respondent failed/refused/neglected to purchase and lodge for them various units of securities already paid for by them through the Respondent.

Furthermore, whereas the Respondent's paid up capital is only N40million it accepted mandates from the Complainants worth over N135million and thus allowed its total indebtedness towards its clients to exceed 200% of its paid up capital reserve.

Thirdly, the Commission's records showed that although the Respondent's registration with the Commission expired on June 12, 2002, the company continued to operate as broker/dealer without a valid registration.

At the hearing of the matters, some of the Complainants settled with the Respondent and consequently submitted their individual terms of settlement to the Committee.

Further hearing was adjourned to enable the Respondent to forward a sworn statement of defense in respect of all the matters.

In the interim, however, the Committee directed the respondent to file a sworn affidavit confirming the availability of funds to settle its indebtedness to the Complainants within 24 hours.



The Respondent has since complied with this directive and the sworn affidavit is being reviewed.

b. APC/4/2003: Sun Insurance Plc v. LMB Stockbrokers Limited & Anor.

Following the objection raised by the Respondents to the effect that the complainant filed a suit against them at the Federal High Court, Lagos, based on similar facts as those in this matter, the Committee directed the Complainant to elect whether to continue with the case in Court or withdraw same so that the Committee can determine the matter.

The Complainant was further directed to make its choice known to the Committee before the expiration of 14 days from the date of the sitting or the matter will be deemed to have been struck out.

At the sitting of May 19, the Committee decided to strike out the matter for the failure of the Complainant to comply with its directive.

C. FINALIZING OF THE RECORD OF PROCEEDINGS IN THE MATTER OF O.O. ABIODUN V NIGBEL SECURITIES LIMITED & OTHERS.

The Record of Proceedings in the above matter is being finalised.

Meanwhile, the Complainant in the matter, Mrs. O.O. Abiodun, wrote a letter to the Commission complaining about the following aspects of the APC decision:

- 1) that she mentioned the name of one Mr. Oyerinde who allegedly connived with the MD of Nigbel Securities Limited in perpetrating the fraud in the matter and called for the investigation of Mr. Oyerinde;
- 2) that the reprimand given to the Directors of Nigbel Securities Limited was not enough and that they should be made to bear the brunt of their misdeeds;
- 3) that she demands to know the consequences of the sale by Viva Securities Limited of her Nestle shares;
- 4) That she has not received her cheque for the Nestle dividends and the documents relating to the repurchase by Viva Securities.

The Commission is currently working on the document.

D. RE: APC/8/2002: NOTICE TO BENDU PETERS SERVICES LIMITED



This operator was invited to the APC in APC/8/2002 for its failure to comply with the Commission's minimum capital requirement and was penalized.

Following its failure to comply with the directives of the APC, the Committee at the sitting of May 23, 2004, directed the Secretariat to write and issue to it a 90-day ultimatum to comply with the Commission's minimum capital requirement, failing which appropriate sanctions shall be applied to it.

E. LETTER FROM THE NSE LIFTING SUSPENSION OF DELORDS SECURITIES LIMITED

The Nigerian Stock Exchange (NSE) sent to the Commission, a copy of its letter to De-Lords Securities lifting the operator's suspension from the market. In the letter, it stated that SEC and the police had cleared the operator for its role in the Bonkolans scam.

The Commission reviewed the said letter and based on the fact that the Commission did not suspend De-Lords Securities and that its broker, Joseph Omogbai was hitherto not registered with the Commission in that regard, the Commission recommended the need to carry out investigations to ascertain whether the said suspension was made by any of the Commissions of the Commission.

Management's approval or otherwise of the recommendations is still being awaited.

F. APPEALS/COMPLAINTS AGAINST THE DECISIONS OF THE APC IN THE MATTER OF APC/22/2002: SEC VSAPPLC & ORS

In the aftermath of the decision of the APC in the above matter, some parties sent their complaints and/or appeals to the Commission.

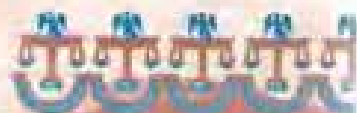
These parties include:

(i) AFRICAN PETROLUEM PLC

AP Plc wrote to the Commission and complained that the APC failed to penalize/sanction the firm of Osindero, Oni and Lasebikan, which carried out the audit that concealed the debts of the company prior to its year 2000 offer for sale.

After reviewing the letter, management approved the Commission's explanation that the Committee was constrained from taking a decision against the firm because of the suit filed by Osindero, Oni and Lasebikan against the Commission wherein it obtained an Injunction restraining it from inviting the firm to the proceedings.

Consequently, the audit firm was referred to the Institute of Chartered Accountants of



Nigeria (ICAN) for further investigation and appropriate disciplinary actions for the unprofessional manner it conducted the assignment.

The Commission has written a letter to AP Plc explaining the above to the company.

G. THE MATTER OF THE ENPEE INDUSTRIES PLC RIGHTS ISSUE OF 222,750,000 ORDINARY SHARES OF 50K EACH

The Nigerian American Bank Limited (NAMBL) appeared before the APC in APC/13/2001 following a complaint by ENPEE Industries Plc relating to ENPEE's Rights issue of 222,750,000 ordinary shares of 50k per share in which NAMBL acted as Issuing House and Underwriter.

The APC imposed some sanctions on NAMBL and after it failed to comply with the sanctions, NAMBL was suspended from the market.

NAMBL filed a suit at the Federal High Court Lagos against the ENPEE and the Commission.

NAMBL however appealed for the Commission to resolve the protracted dispute following which Management approved that the suspension be lifted subject to its paying to ENPEE the sum of

N1,222,022.48 part of the disputed sum.

NAMBL deposited cheques covering this sum with the Commission.

The Commission wrote a letter to NAMBL formally lifting the suspension and ENPEE was also advised to pick up the cheques at the Commission.

H. APC/1/2004: CHIEF TONY EZENNA VS. THOMAS KINGSLEY SECURITIES LIMITED

The APC continued hearing in this matter which was one of the complaints received from 9 (nine) complainants against Thomas Kingsley Securities Limited.

The Complainant, Chief Tony Ezenna, alleged that the Respondent disposed of his securities, worth millions of naira without his knowledge or authorization.

On the other hand, the 3rd to 9th Complainants alleged that the Respondent failed/refused/neglected to purchase and lodge for them various units of securities already paid for by them through the Respondent.

The Committee directed the Respondent to swear to an affidavit confirming the availability of funds for the purpose of settling the investor if the Committee so

decides.

At the hearing on the above dates, it was established that the Respondent swore to a false affidavit to the effect that he had N60m available whereas he did not have this as admitted by him when the Committee asked him to confirm his statement on oath.

Consequent on the above, the Committee ordered as follows:

1. That Thomas Kingsley Securities Limited be suspended from all capital market activities. The Managing Director of Thomas Kingsley Securities Limited Chief (Sir) Kingsley Ikpe be handed over to the Economic and Financial Crimes Commission (EFCC) for further investigation and possible prosecution.
 2. That the Corporate veil of Thomas Kingsley Securities Limited be lifted to ascertain who the Directors and Principal/Officers were to enable the EFCC interrogate them.
 3. That interim decision had been dispatched to all affected parties and would be reviewed at the next sitting of the Committee.
- APC/41/2001: SEC VS. NIGBEL SECURITIES LIMITED (IN THE ESTATE OF LATE PAAJANAKU)**

This matter is based on the Complaint received from Mr. Femi Ajanaku and Alabi Ogunsola that Nigbel Securities Limited sold shares in the Estate of Pa Ajanaku without their consent/authority as the beneficiaries of the estate.

Fountain Securities Limited presented a report of its review of the Estate of Pa Ajanaku and stated that Altrado Securities Limited was yet to respond to its letters of inquiry.

The Committee directed Alltrade Securities Limited to forward its response to Fountain Securities within one week.

The Committee also directed the Administrators to the Estate of Pa Ajanaku to assist the Committee to locate the whereabouts of Mr. Ola Oyerinde the former Managing Director of Nigbel Securities Limited, in order for him to clarify some issues in the matter.

The matter was adjourned for continuation of hearing.

J. APC/42/2004: USORO BURNS
AKPAN ABIA VS. UIDC SECURITIES
LIMITED

This matter is based on the complaint received from Mr. Usoro that he discovered

a forged letter which gave consent for one Mr. Ikwuegbu of UIDC to sell his stocks on his behalf.

The Complainant wants compensation for all dividend unpaid and all benefits due to him.

The Committee directed that a letter of warning be issued to UIDC for due diligence to be exercised in its future business dealings, since the present Managing Director was not the Managing Director at the time the fraud was perpetrated.

K. APC/10 - 40/2004: 31 COMPLAINTS AGAINST TRANSGLOBE INVESTMENT AND FINANCE COMPANY LIMITED

The APC received complaints from 31 Complainants against Transglobe Investment and Finance Company Limited bordering on unethical and unprofessional conducts.

The complaints ranged from non-lodgment of stocks paid for to unauthorized sale of the shares of the complainants by Transglobe.

On September 7 and 8 2004, the Committee invited and heard the testimonies of the respective parties and thereafter held the Respondent liable and consequently directed the Commission to

compute the entitlements of the respective Complainants in order to enable the Secretariat to articulate the decisions of the Committee for release to the parties.

L. HEARING IN RESPECT OF THE COMPLAINTS AGAINST THOMAS KINGSLEY SECURITIES LIMITED (TKSL): CONSTITUTION OF AN INTERIM MANAGEMENT TEAM (IMT) FOR TKSL

At its sitting of October 13, 2004, the APC decided to constitute an Interim Management Team (IMT) to oversee the affairs of TKSL with the following as members:

1. A reputable broker to be seconded by a reputable stock-broking firm
2. A representative of the Securities and Exchange Commission
3. A representative of The Nigerian Stock Exchange
4. A representative of the Central Securities Clearing Systems limited (CSCS)
5. A representative of the Economic and Financial Crimes Commission (EFCC)

Following receipt of the Terms of Reference of the IMT, the Commission wrote letters to the Head and members of the Team notifying them of their appointment and directing them to send the names of their



representatives on the Team to the Commission.

Furthermore, the Commission sent letters to the members of the Board of Directors of TKSL informing them of the Commission's decision.

Members of the Financial Services Regulatory Coordinating Committee (FSRCC) were duly notified of the above development.

PROPOSED AMENDMENT OF RULES AND REGULATIONS

During the period under review, the following amendment of the Rules and Regulations were drafted by the Commission:

1.Rule 3(4)

A new Sub Rule 3(4) was created and reads as follows:

"(4)Any paper, document or information filed with the Commission that contains false or misleading statement shall be subject to a penalty as prescribed in Rule 7 of these Rules".

Justification

The amendment was made to provide for sanction for false statement in returns so as

to deter market operators from making false or misleading statements in returns.

2.Rules 3(5)

A new Sub Rule 3(5) was created and reads thus: "(5)(i) All correspondence to the Commission by Securities Exchanges, other SRO's and Capital Market Operators shall be signed by any of the authorized signatories communicated to the Commission by the aforementioned from time to time".

"(5)(ii) All Securities Exchanges, other SRO's and Capital Market Operators shall furnish to the Commission specimen signatures from time to time".

Justification

To ensure that all correspondences with the Commission are from reliable and genuine sources.

Rule 11(2)

A proviso to this rule was created to read as follows:

"Provided that where a Bank or conglomerate intends to perform the functions of a registrar, it shall incorporate a separate entity for that purpose".



Justification

The amendment was made to separate the in-house registrar from the parent company so as to have a separate legal personality.

- (ii) **Broker, Broker/Dealer
Related Functions:**
 - (a) **Portfolio/Fund Manager**
 - (b) **Investment adviser.**

4.Rule 15(5)

A new Sub Rule 15(5) was created and reads as follows:

"(5) Every Stock broker employed in an institution involved in capital market activities shall be sponsored for registration by that institution".

Justification

For effective supervision and discipline of all those who deal in securities.

Justification

Currently, it is erroneously presumed that operators who intend to carryout multiple functions in the Capital Market are only required to sponsor a single individual in respect of the lead function, to cover for the entire function.

Therefore, the amendment is to ensure that operators who intend to carryout multiple functions must register separate individuals for each function so as to have diverse professionals handling all the functions.

5.Rule 15(6)

A new Sub Rule 15(6) is created and reads as follows:

"(6) Companies registered/seeking registration to carry out multiple functions shall sponsor the number of individuals prescribed for each function, provided that an applicant for any of the following related functions may sponsor only the minimum prescribed for the lead function:

- (I) **Issuing House.**
Related Functions:
 - (a) **Underwriter**
 - (b) **Investment adviser**

6.Rule 16(2) (ii)

A new Sub Rule 16(2) (ii) was created and reads thus:

"(2) (ii) "A B.Sc or HND holder or its equivalent or a higher degree with a minimum of seven (7) years in a Registrar's establishment registered by the Commission".

The existing Rule 16(2) (ii) should be renumbered 16(2) (iii).

7. Rule 19A

The existing Rule 19 renumbered 19A

8. Rule 19A(3) (g)



A new Sub Rule 19A(3) (g) was created and reads as follows:

"(3)(g) Evidence of attendance of at least one course organized by training bodies recognized by the Commission".

Justification

In order to improve on the efficiency and effectiveness of capital market operators.

9. Rule 19B

A new Rule 19B was created with subject matter titled **"Effectiveness of Registration or Renewal of Registration etc"**.

This was erroneously referred to as Rule 18A in the amendments made in 2002.

10. Rule 21(4) (b) (i) (iii)

A new sub-paragraph (iii) was created in Sub Rule 21(4) (b) and reads as follows:

"(iii) Where the individual has been out of the market for over three years, he shall file a fresh application".

Justification

To maintain discipline and integrity in the

market, the fresh application will require all the references including police finger print and report. This is because one who has been out of the market for three (3) years would have been out of the purview of the market.

11. Rule 29(3) and (4)

New Sub Rules 29(3) and (4) were created and they read as follows:

(3) The Commission shall within sixty (60) days after the filing of an application pursuant to the Act and these Rules and Regulations, make known its decision to either grant or after appropriate notice and opportunity for hearing, deny registration to the Issuing House, unless the application is withdrawn by the applicant.

(4) A notice under paragraph (3) of this Regulation shall contain the reasons and grounds upon which the Commission is considering not to register an Issuing House and shall stipulate the time (not being less than fourteen (14) days from the receipt of the notice) within which representations may be made to the Commission in respect thereof. The notice shall stipulate the time and place of the hearing referred to in paragraph (3).

Justification

To provide for time within which the Commission should make known its decision whether or not to register an



applicant.

12. Rule 30(2)

A new Sub Rule 30(2) was created and reads as follows:

(2) Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of an underwriter.

13. Rule 31(6)

A new Sub Rule 31(6) was created and reads thus:

(6) Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of a broker/dealer.

14. Rule 32(2)

A new Sub Rule 32(2) was created and reads as follows:

(2) Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of a sub-broker.

15. Rule 33(2)

A new Sub Rule 33(2) was created and reads as follows:

(2) Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of a banker to an issue/receiving banker.

16. Rule 34(2)

A new Sub Rule 34(2) was created and reads thus:

(2) Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of a registrar.

17. Rule 35(1) (viii)

Rule 35(1) (viii) was amended to read as follows:

(viii) Evidence of minimum paid up capital of N10 million, provided that where the applicant is an insurance company, it shall maintain the minimum paid up capital as prescribed by the Insurance Act in force.

Justification

The Insurance Act 1997 prescribed in the exiting rule has been amended by Insurance Act, 2003 and it prescribes new minimum paid up capital.

18. Rule 35(3)

A new Sub Rule 35(3) was created and reads as follows:

"(3) Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of a trustee".



SECTION THREE

19. Rule 36(3)

Commission by the Issuer filing an
application on Form SEC 6 as



19. Rule 36(3)

A new Sub Rule 36(3) was created and reads as follows:

"(3)Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of an investment adviser".

20. Rule 37(2)

A new Sub Rule 37(2) was created and reads as follows:

(2)Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of fund/portfolio manager.

The existing Rule 37 should be renumbered 37(1).

21.Rule 39D

A new Sub Rule 39D was created and reads as follows:

"D Rule 29(3) and (4) shall, with all necessary modifications, apply in case of denial or suspension of registration of a capital market consultant".

22.Rule 40 1(B)

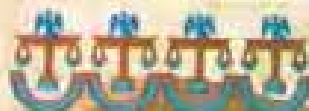
Rule 40 1(B) was amended and reads as follows:

"(B) Registration Requirements"

1. A security shall be registered with the

Commission by the Issuer filing an application on Form SEC 6 as provided in Schedule 3 to these Rules and Regulations accompanied by:

- (i) a copy of the resolutions by the general meeting authorizing the offer and certified by the company secretary;
- (ii) 2 copies of the Memorandum and Articles of Association (including amendments thereto) of the Issuer certified by CAC;
- (iii) copy of certificate of incorporation certified by CAC;
- (iv) signed copy of audited account for the preceding five (5) years or number of years for which the company has been in operation. Where a company has operated for less than three (3) years, it shall in addition to audited accounts, if any, provide a statement of affairs disclosing the following information:
 - (a) Financial Statement;
 - (b) Date of Incorporation;
 - (c) Authorized Share Capital;
 - (d) Paid up capital which shall not be less than the minimum subscription level prescribed by the Companies and Allied Matters Act (CAMA);





- (e) Profile of Promoters/Directors; any) reached between the Issuer and technical partner(s);
- (f) Profile of Management Staff; (xii) feasibility report on project to be financed (for debt issue);
- (g) A summary of the businesses or objects of the company. (xiii) State Government Official Gazette (applicable to State Bonds);
- (v) 2 copies each of the draft prospectus and abridged prospectus; (xiv) Irrevocable Standing Payment Order (ISPO) applicable to State and Local Government Bonds;
- (vi) 2 copies of the draft Trust Deed, where applicable; (xv) enabling legislation passed by the Legislative House (applicable to State and Local Government Bonds);
- (vii) 2 copies of the underwriting agreement and sub-underwriting agreement, where applicable; (xvi) rating report by a registered rating agency (applicable to a debt instrument);
- (xiii) 2 copies of vending agreement, incorporating agreements defining the relationship between the joint issuing houses in respect of the offer where there is more than one issuing house; (xvii) letter from the Issuer opting out of underwriting where the issue is not to be underwritten;
- (ix) Letters of consent given by the parties to the issue, sworn to before a Notary Public/Commissioner for Oaths. Where the consent is contained in a Power of Attorney, it should be executed and stamped; (xviii) CAC form containing the particulars of directors, certified by CAC;
- (x) list of claims and litigations the issuer is involved in, prepared by the solicitor to the issue; (xix) mandate letter by the Issuer to the Issuing House;
- (xi) evidence of technical agreement (if (xx) evidence of payment of registration and filing fees;
- (xxii) NSE exemption certificate (where applicable);



- (xiii) Any other document required by the Commission under these Rules and Regulations”.

Justification

In order to provide for detailed registration requirements of all the securities mentioned in Rule 40(A).

23. Rule 41(4). Requirements for Registration of Community Savings (Esusu Schemes)

The words (ESUSU SCHEMES, ADASHE SCHEME Etc) are added to the subject title of Sub Rule 41(4) subject title was amended by adding the word “/Esusu” to read as follows:

“REQUIREMENTS FOR REGISTRATION OF COMMUNITY SAVINGS SCHEMES (ESUSU, ADASHE etc)”

Sub Rule 41(4) 2. Was amended by deleting the entire provision and inserting in its place, the following:

2. Community Savings Scheme operators shall complete FORM SEC 6A1 for purpose of registration of the scheme and subsequently, every six (6) months.

Sub Rule 41(4) 4 were amended by deleting the entire provision and inserting in

its place, the following:

All completed registration forms shall be submitted to the Local Government Council Secretariat within which the scheme operates.

24.Rule 49 (ii)

Rule 49 (ii) was amended to read thus:

“Where changes mentioned in one (1) above affect the audited accounts, the corrected accounts shall be filed with the Commission within six (6) months of the occurrence of the aforementioned change.”

25.Rule 50. Filing of Registration Statement (OFFER DOCUMENTS)

The Rule was amended to read as follows:

“The registration statement for the distribution of securities shall be filed by an Issuing House and shall conform to the requirements of the Act, Rule 40 and any other requirement prescribed by the Commission”.

Justification

The Rule as presently couched, seems to give the impression that an issuer, whether registered by the Commission or not, can file its offer documents without the assistance of an Issuing House. Moreover, the requirements of Rules 38 and 39 have no bearing with the filing of offer documents.

26. Rule 56 - Contents of a Prospectus/Rights Circular.

The Rule was amended by adding “/Rights Circular” to the subject title of the rule.

Justification

The requirements were similar.

Rule 56(vii)-(ix) was amended to read thus:

(vii) five (5) years historical financial information stating the accountant's report, accounting policies, balance sheets, profit and loss accounts, cash flow and notes to the accounts.

(viii) Letter from the reporting accountants reviewing the audited accounts for the period, profit forecast and the underlying assumptions (not applicable to Rights Issue).

(ix) rating report (for debt issue).

Items (ix) (xiv) were renumbered (x) (xv).

27. Rule 59A - Parties to an Issue

A new Rule 59A was created and reads as follows:

59A - Parties to an Issue/Scheme

“Parties to an issue include the directors of the issuer, directors of companies involved

in Mergers or other Business combinations, capital market operators and other professionals whose opinions and activities directly impact on capital market transactions.”

Justification

To provide a definition of parties to an issue and dispel the Controversy surrounding who is to be regarded as a party to an issue.

The existing Rule 59 was renumbered 59B.
28. Rule 64(5) (b) and (c)

New Sub Rule 64(5) paragraphs (b) and (c) were created and they read as follows:

(B) The Commission may approve a variation on the use of issue proceeds upon application by the issuer, stating exceptional reasons for the variation, accompanied by a resolution of the general meeting of the company authorizing such variation.

(c) Failure by the issuer to comply with paragraphs (a) and above shall attract a penalty in accordance with Rule 7 of these Rules.

Justification

The use to which the proceeds of an issue would be put constitutes a major



consideration for participation by investors in a public offer. If the issue proceeds were to be applied to a different use, the shareholders of the company must be informed and their consent obtained.

The existing Sub Rule 64(5) should be renumbered 64(5) (a).

29. Rule 65 - Summary Report on Completion of a Public Offer

A new paragraph (h) was created and reads as follows:

(H) Analysis of cost incurred during the course of the offer.

Existing (h) was to be renumbered (i).

Justification

To provide for a requirement in practice which was not reflected in the Rules?

30. Rule 68 - Allotment Period.

The existing Rule 68 was renumbered Rule 68(1) and amended by the addition of the following words "not exceeding two (2) weeks" at the end of the Rule. It would now read:

(1) Allotment shall be done not later than six (6) weeks after the close of the issue unless the Commission, on application from the

issuer, deems it necessary in the interest of the public and for the protection of investors to grant a written extension of time not exceeding two (2) weeks.

A new Sub Rule 68(2) was created and reads as follows:

(2) Where the Issuer/Issuing House fails to submit allotment proposal within the stipulated period or any extended period granted, the Commission may impose appropriate penalty or direct that the issue be aborted irrespective of the level of subscription.

Justification

It was observed that most times issuers failed to submit allotment proposal to the Commission long after the stipulated period for such submission. They are prepared to pay the fine, which is usually insignificant compared to what they earn on the amount realized from the issue if invested. The amendment is to discourage the observed practice and to encourage issuers/issuing houses to submit the allotment proposals within the stipulated time.

31. Rule 69(2)

A new Sub Rule 69 (2) was created and reads as follows:

(2) In the case of a Rights Issue,



renounced right will be allotted with preference to small investors applying for specified minimum subscription level.

Justification

To make provision for basis of allotment of additional shares in a rights issue in respect of shares declined. In the past, companies that failed to allot additional shares to shareholders in respect of applications made for those that declined to take up a rights issue have argued that there is nothing in the law or regulations which compel them to allot additional shares.

32. Rule 70

Sub Rule 70 (1) was amended by deleting the word "undersubscribed":

(1) Underwritten securities shall be warehoused by the underwriter(s) and sold on the floor of the Securities Exchange or Capital Trade Point within six (6) months after allotment.

A new Sub Rule 70(5) was created and reads as follows:

(5) Where an issue is not fully subscribed, the under subscribed portion which is not underwritten shall revert to the company as part of its un-issued authorized share capital.

The existing Sub rule 70(5) was renumbered 70(6).

The existing Sub Rule 70(5) (ii) was recast and renumbered as Sub Rule 70(6) (i) and reads as follows:

(i) The issuer/issuing house shall notify the Commission of the level of subscription within six (6) weeks after the close of offer and the Commission may, in the interest of the investing public, direct that the issue be aborted.

The existing Sub Rule 70(5)(i) should be renumbered as Sub Rule 70(6)(i).

Justification

This is to clarify the impression that undersubscribed securities which are not underwritten could be warehoused.

33. Rule 71 Returns on Allotment

Sub Rule 71(1) (iii) was amended by deleting the word "registered" and inserting in its place, the word "rejected".

Items (v) (xiv) were created and read as follows:

(v) consent letter signed by both issuer and issuing house endorsing proposed basis of allotment;



- (vi) issue proceeds account where the allotment proposal is late.
- (vii) certificate of capital importation (where foreign capital is involved);
- (viii) letter of acceptance from subscribers/shareholders (where the basis of allotment is seen not to be fair);
- (ix) evidence of the re-financing (where the offer is for re-financing);
- (x) submission of the list of total number of the shareholders;
- (xi) range analysis;
- (xii) list of applicants that accepted their rights in full showing provisional allotment and rights accepted;
- (xiii) list of applicants that accepted their rights partially showing provisional allotment, rights taken and renounced rights;
- (xiv) list of applicants that accepted additional rights showing provisional allotment, additional requested and additional allotted.

Justification

To codify returns on allotment requirements for both public and rights issue that is being implemented but not reflected in the Rules.

34. Rule 99 - Cash Transaction.

- (I) All payments for purchase or sale of securities shall be made either by personal cheque or bank draft, provided that a prospective purchaser of securities may deposit cash, not exceeding N50, 000, with a Stock- broker on account of the transaction.

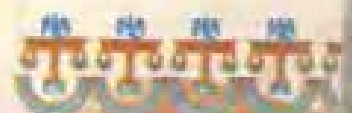
35. Rule 100 - Know your Customer

Capital market operators shall obtain information about their clients before entering into a binding contract with them. For this purpose, they shall demand, among others, the following:

- (i) Individuals:
 - (A) Names
 - (B) Address (Street, Number and Name of Town).
 - (C) Next of Kin.
 - (D) Passport Photograph.
 - (E) Thumb Print.
 - (F) Signature

ii) Institutional (Corporate) Investors

- (a) Name and address.
- (b) Certificate of incorporation certified by CAC.
- (c) Memorandum and Articles of



Association certified by CAC.

- (d) CAC Form showing list and particulars of Directors certified by CAC.
- (e) CAC Form on return of allotment of shares showing share structure certified by CAC.

36. Rule 170 Reports to be filed.

Sub Rule 170(1) (3) was amended and reads as follows:

Every registered market operator shall:

- (1) File with the Commission (whether or not in operation) reports listed in Schedule IV of these Rules and Regulations.
- (2) Quarterly returns shall be filed three (3) days after the end of the quarter.
- (3) Annual account which shall be satisfied by an auditor and prepared on the calendar or fiscal year basis shall be filed in not later than six (6) months after the end of the accounting year.

Justification

The Rule as presently drafted tends to give the impression that registered market operators are to file reports annually. Moreover, market operators that are not in operation fail to render returns and their arguments have been that there is no

express provision in the Rules requiring them to render returns even when they are not in operation.

37. Rule 182B - Suspension of a Broker.

A new Rule 182B with title, Suspension of a Broker was created and reads as follows:

- (1) Any broker suspended for a period longer than three (3) months shall provide the Commission, not later than seven (7) working days, with the following:
 - (i) list of all clients' securities with both the Registrar and CSCS;
 - (ii) any share certificate not sent for verification;
 - (iii) Share certificate not verified by Registrar;
 - (iv) unexecuted mandate of clients;
 - (v) clients dividend warrant or certificates not delivered;
 - (vi) cash balance of all clients;
 - (vii) trading and operational account statements.
- (2) The Commission may, upon receipt of the information direct the transfer of such account to other houses, with the consent of the clients, and such other steps that may be appropriate.

40. REVIEW OF RULES ON CREDIT RATING AGENCIES AS PROVIDED FOR IN THE RULES AND REGULATIONS

Following the IOSCO conference, four high level objectives for the reinforcement of rating process were recommended by the Technical Committee of IOSCO, which includes:

- 1 Credit Rating should endeavour to issue opinion that help reduce the asymmetry of information among borrowers, lenders and other market participants.
- 2 Credit Rating decisions should be independent and free from any political or economic pressure and from any conflicts of interest arising due to the Credit Rating ownership structure, business or financial interest activities, or the Financial Interest of the Credit Rating employees. Credit Rating should as far as possible, avoid activities, procedures or relationships that may compromise or appear to compromise the independence and objectivity of the Credit Rating Operation.
- 3 Credit Rating should make disclosure and transparency an objective in their rating activities.
- 4 Credit Rating should maintain in confidence all non-public information communicated to them by any issuer, or its agents, under the terms of confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially.

The Commission is currently reviewing these objectives and had streamlined the above mentioned principles for deliberation by the Rules Committee. The Commission was of the opinion that the Principles be incorporated into SEC Rules on Credit Rating and the following Rules were therefore proposed:

- (i) a sworn undertaking that all rating shall be devoid of the CRA's Political Interest or the Political Interest of its Directors, Employees and Associate, in order not to be biased, be seen to be biased or give the impression of bias;
- (ii) a sworn undertaking that no rating shall be influenced either by reason of inflation, deflation or by any other form of economic pressure;
- (iii) an undertaking to maintain the confidentiality of all non-public information communicated to them by any issuer or its agents and to abide strictly by the terms of any confidentiality agreement or otherwise under a mutual understanding that the

information is shared confidentially

41. Review/Incorporation of approved guidelines for the Registration of Venture Capital under Rules 282 and 283

The Commission reviewed the provisions of Rules 282 and 283 of SEC Rules and Regulations relating to registration of Venture Capital Fund Managers. The Commission presented the reviewed amendments for the deliberations of the Rules Committee and possible inclusion in the Rules as follows:

Rule 15

The penalty for failure to appear before the Commission's Registration Committee/Re-appearance Fee.

The Committee considered the need to provide penalties for applicants who fail to appear before the Commission's Registration Committee or fail to demonstrate sufficient knowledge of Capital Market activities.

A new item (ii) and (iii) were created under Sub-Rule 15(4) and read as follows:

- Except with the prior permission of the Commission, any applicant who fails to appear before the Commission's Registration Committee shall be liable to a fine as contained in Schedule II of these Rules and Regulations.

- (iii) Any applicant who fails to demonstrate sufficient knowledge of capital market operation before the Commission's Registration Committee shall on appearance at subsequent interview pay a re-appearance fee as contained in Schedule II of these Rules and Regulations.

- ii. Rule 204 Issue of Dividend Warrants etc.

A new Sub Rule 204(1) was created and reads as follows:

- (1) Dividend declared shall be paid en-bloc by the issuance of a cheque or transfer of funds to the Registrar not later than three (3) working days after the Annual General Meeting where the dividend was declared.

A new Sub Rule 204(2) was created and reads as follows:

- (2) Dividend shall be paid only out of the current profits or revenue reserves of the company. No company shall borrow for the purpose of paying dividend.

A new Sub Rule 204(3) was created and reads as follows:

- (3) A company shall not declare dividend if

there are reasonable grounds to believe that the company is or would be, after payment, unable to pay its liabilities as they fall due.

A new Sub Rule 204(4) was created and reads as follows:

- (i) All directors who pay or are party to the payment of dividends out of capital shall be personally liable to refund to the company any payment so made.
- (ii) All directors who recommend the payment of dividends when it is apparent that the company has no resources to pay, shall be personally liable to pay the declared dividends to shareholders.

The existing Sub - Rules 204(1) - (4) should be renumbered (5) - (8).

Justification

Experience had shown that some public companies declare dividends even where the situation of the company did not warrant dividend payment. Dividends, when declared were sometimes not paid, and in some cases, when paid, were paid out of borrowings from banks. The new rules were created to prevent distortion of the market by a public company creating a misleading impression of its performance.

iii. Rule 231 Procedures for Obtaining Approval for Mergers

The word "Requirements" in the subject title was deleted and now reads:

"Procedures for Obtaining Approval for Mergers".

Rule 231 was amended to read as follows:

"Companies proposing a merger, acquisition or combination shall:

- (i) file with the Commission, a pre-merger notice for evaluation;
- (ii) upon notification of approval in principle, of (i) above, file a draft Scheme of Arrangement for clearance;
- (iii) file an application in the Federal High Court seeking an order to convene a court ordered meeting;
- (iv) following the resolution of the shareholders at the court ordered meeting, the applicants shall file with the Commission a formal application for approval of the proposed merger.
- (v) comply with post approval requirements.

Justification

To make the Rule more user-friendly and to enable companies wishing to undertake merger know the appropriate procedures in making application to the Commission.

iv. Rule 232

The word "Requirement for" was added to the subject title of Rule 232 and read thus:

"Requirements for Pre Merger Notice"

v. Rule 233

The subject title was amended to read as follows:

"Requirements for Formal Application".

Sub Rule 233(1) was amended to read as follows:

- (1) Upon clearance of the draft scheme of arrangement by the Commission and passing of resolutions at the court ordered meetings, a formal application for approval of a proposed merger, acquisition or combination shall be filed with the Commission.

Sub Rule 233(2) (d) was amended by deleting the words "draft" and "(if any)" to read as follows:

- (c) Scheme of Arrangements;

Justification

The amendments were proposed in order to clarify the provision for seeking approval from the Commission relating to application of Mergers.

vi. Rule 233

Rule 233(2)(a)(v) was amended by substituting the word "serving" with the word "surviving" in line 3.

vii. Rule 234 - Post Approval Requirements

Rule 234 was amended to read as follows:

"After the final approval given by the Commission and the court order sanctioning the scheme, the following requirements shall be complied with by the applicant:

- (a) Obtain the court order sanctioning the scheme;
- (b) File a copy of the court order sanctioning the scheme within seven (7) days of the court making the order.
- (c) File a copy of the newspaper publication of the court order;
- (d) File a statement of the actual cost of the scheme;

- (e) File a notification of the completion or not of the exercise within three (3) months of the courts' order;

ii. Rule 250

- (f) File summary reports of the scheme in respect of the following:

Definition:

- (i) plans for employees of the acquired company
- (ii) settlement of shareholders
- (iii) utilization of monies injected into the company, if any.

"Pension" means sum of money paid regularly by an employer to a person who no longer works in that employment because of age, disablement, or retirement in accordance with his condition of service or to his widow or dependant children, or from funds to which he and his employers have both contributed.

Justification

To reflect in the Rules, documents that are required and to harmonize the court order sanctioning the scheme with the provision of Section 100(6) of the ISA.

(1). Drafting/Amendments of Rules

The Commission drafted/reviewed the under- mentioned Rules and Regulations:

"Pension Fund" means any fund, scheme or arrangement, the assets of which are held under irrevocable trusts and the main objects being the provision of non assignable and non-commutable retirement payment or annuities for an individual or his dependants after his death, or for any group or class of such individuals and their dependants.

iii. Rule 251

I. REGULATION OF PENSION FUND

The provisions of this part (H3) were amended to read as follows:

Purpose of Scheme.

"The provisions of this part shall apply to pension funds managed by third party professional fund managers as well as In-house Pension Schemes".

The provisions of the rule were deleted and in its place, the following provisions were inserted:

"Purpose of Scheme: the purpose of a Pension Fund Scheme shall be clearly



stated and shall include payment of retirement benefits to persons who have ceased to be in employment and who contributed or are beneficiaries of the fund, so set aside by the company or organization in whose employment they were before retirement".

iv. Rule 256

The phrase "based on fraud or misconduct constituting a criminal offence" was deleted in lines 2 & 3 under Rule 256.

The rule was further amended by creating a proviso which reads as follows:

"Provided that where it is a Contributory Scheme, such officer shall be entitled to the contribution made by him/her before the dismissal".

Rule 256 now reads thus:

"No person entitled to benefit under the scheme shall lose his benefits except upon dismissal.

Provided that where it is a Contributory Scheme, such officer shall be entitled to the contribution made by him/her before the dismissal".

Justification

Dismissal should not be a bar to drawing

contribution made by an employee.

v. Rule 257(ii)

Item (ii) was amended to read as follows:

(ii) The employer and the employee may contribute to the scheme and the contributions shall be paid to the Trustee at monthly intervals.

Justification

Salaries are paid monthly and deductions made accordingly. The deductions representing contributions to the Pension Fund should forthwith be paid at the intervals in which they are deducted.

Vi. Rule 262

Item

(i) was amended by deleting the words "monthly and" to read as follows:

(i) The Managers of the fund shall file quarterly returns with the Commission not later than the end of the month following the quarter.

Justification

It would be too onerous to require that Managers should file monthly and quarterly returns.

Item (ii) was amended to read as follows:



- (iii) The penalty shall be paid by the Manager of the Fund and on no account shall it be charged to the fund.

Justification

To create a sense of responsibility and due diligence on the Part of managers.

vii. Rule 264

In Rule 264 the word "person" on the first line was deleted and the word "pension" was inserted. On the last line, the word "as" was deleted and the word "of" was inserted. The amended rule now reads:

"A pension fund manager shall in the conduct of its business observe high standard of integrity, professionalism and fairness in its dealings with clients. It shall therefore exercise due diligence and avoid conflict of interest in the performance of the duties of a Fund Manager".

viii. Rule 265

The rule was amended by inserting the words "without prejudice to Rule 261" before the provision of the rule to read as follows:

"Without prejudice to Rule 261, all applications for registration of Pension Fund shall comply with the requirements of the Trustees Investment Act and the Rules of the Commission".

ix. Rule 266

In Rule 266 the word "authorization" on the first line was deleted and the word "registration" was inserted in its place. The amended rule reads:

"All applications for registration of Pension Fund shall indicate the method of valuation of investments in accordance with the standards prescribed by the Nigerian Accounting Standards Board".

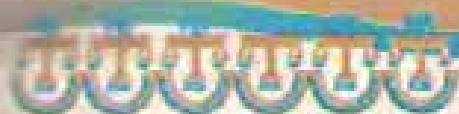
x. Rule 269

Item (i) was amended by inserting the word "fund" after pension and the word "operations" after separate. The amended item (i) reads:

(i) The manager of a Pension Fund shall maintain separate operations accounts from that of the fund".

xi. Rule 270

Rule 270 was amended to read as follows: "The management fee/charges by the managers of a pension fund shall not



exceed 3% of the income of the fund"

Justification

The original rule did not provide the basis for calculation of the fees/charges.

xii. Rule 271

The words **"AUTHORISE AND"** was deleted from the title. The amended title reads: **PENALTY FOR FAILURE TO REGISTER FUND**

Item (i) was amended by deleting the word **"authorized"** on the first line and inserting in its place the word **"registered"**. The amended Item (i) reads:

(i) "Every Pension Fund shall be registered by the Commission before it commences operation".

Item (ii) was amended by deleting the word **"authorization"** on the first line and inserting in its place, the word **"registration"**. The amended Item (ii) reads:

(ii) "Failure to comply with the provisions for registration of the fund shall constitute a violation of these Rules and Regulations and subject to a penalty of up to N5,000.00 per day during the period of default"

xiii. Rule 308 - Requirements for Registration

Rule 308(1) was amended by the creation of a new item (xii) to read as follows:

(xii) Rating report by a registered rating agency;

The existing items (xii) (xvii) was renumbered (xiii) (xviii).

Justification

To provide more information to would-be investors to a proposed bond and the rating of the issuer.

Rule 308(1) (vii) was amended by deleting the word **"authority"** and inserting in its place the word **"authorizing"**.

The amended item reads as follows:

(vii) two copies of the state government gazette or local government byelaw containing the instrument authorizing the issue of the bond.

Sub Rule 308(2) was amended to read as follows:

(2) The total loans outstanding, including the proposed bond, shall not exceed 50% of the actual revenue of the issuer for the preceding year.



Justification

The Sub rule as presently drafted conflicts with Section 172(1) of the ISA. The amendment is to bring the rule in conformity with the provisions of the Act.

xiv. Rule 308 (5) was amended by deleting the words "15 working days" and inserting in its place "2 months".

xv. Rule 312. Attendance at AGM of Securities Exchanges/other SROS, Public Companies, Collective Investment Schemes and Court ordered Meetings in Mergers and Take-Overs

Rule 312A (i) was amended by the addition of the words "Securities Exchanges/other SRO's and Merging Companies" and reads as follows:

(i) All Public Companies, Unit Trusts/Investment Trust Schemes, Securities Exchanges/other SROS and Merging Companies shall officially invite the Commission to their Annual General Meetings (AGMs).

Justification

To strengthen the Commission's oversight functions and to ensure transparency in the conduct of the affairs of the operators in the Capital Market.

(2). The Commission also reviewed/audited the entire Schedules of the Rules and Regulations.

(3). Review/Audit of the entire Schedule in the Rules and Regulations.

SCHEDULE 1

REGISTRATION FEES AND MINIMUM CAPITAL REQUIREMENT

PART A.

REGISTRATION FEES

A1. MARKET OPERATORS

Initial		Renewal
Nk		N K
1.	Application Form	5,000.00
2.	Application Form for Self-Administered	



(In-House) Pension Scheme	1,000.00	
3. Broker/Dealer	20,000.00	20,000.00
4. Broker	20,000.00	20,000.00
5. Dealer	20,000.00	20,000.00
6. Corporate sub-Broker	20,000.00	20,000.00
7. Individual sub-broker	5,000.00	5,000.00
8. Underwriter	30,000.00	30,000.00
9. Issuing House	50,000.00	50,000.00
10. Registrar	20,000.00	20,000.00
11. Portfolio Manager	20,000.00	20,000.00
12. Capital Market Fund Manager/Venture Capital Fund Manager.	20,000.00	20,000.00
13. Private Sector Pension Fund Manager	20,000.00	20,000.00
14. Insurance Companies acting as underwriter in Public issues	30,000.00	30,000.00
15. Corporate Investment Adviser	20,000.00	20,000.00
16. Individual Investment Adviser	5,000.00	5,000.00
17. Commodities Broker	20,000.00	20,000.00
18. Sponsored Individual	1,000.00	1,000.00
19. Banker to an Issue	20,000.00	20,000.00
20. Trustee	20,000.00	20,000.00



21.	Rating Agency	20,000.00	20,000.00
22.	Capital Market Consultant (corporate)	20,000.00	20,000.00
23.	Capital Market Consultant (partnership)	20,000.00	20,000.00
24.	Capital Market Consultant (individual)	5,000.00	5,000.00
25.	Venture Capital Company	50,000.00	50,000.00
26.	Pension Fund Manager	20,000.00	20,000.00

A2. MARKET FACILITIES

N	K	N	K
1.	Securities Exchanges and Branches	100,000.00	100,000.00
2.	Commodities Exchanges and Branches	100,000.00	100,000.00
3.	National Association of Securities Dealers and other SRO's	100,000.00	100,000.00
4.	Capital Trade Points	25,000.00	25,000.00
5.	Clearing, Settlement, Depository and Custodial Agencies	100,000.00	100,000.00

PART B

MINIMUM CAPITAL REQUIREMENT

1.	Broker/Dealer	N 70 million
2.	Broker	40 million
3.	Dealer	30 million

4	Corporate Sub-Broker	5 million
5	Individual Sub-Broker (net worth)	500,000.00
6	Underwriter	100 million
7	Issuing House (non bank)	150 million
8	Registrar	50 million
9	Portfolio Manager	20 million
10	Capital Market Fund Manager/ Venture Capital Fund Manager	20 million
11	Private Sector Pension Fund Managers	50 million
12	Corporate Investment Adviser	5 million
13	Individual Investment Adviser (net worth)	500,000.00
14	Commodities Broker	40 million
15	Stock Exchange	500 million
16	Commodity Exchange	500 million
17	Clearing, Settlement and Custodial Agency	500 million
18	Capital Trade Point	20 million
19	Capital Market Consultant (Corporate)	5 million
20	Capital Market Consultant (partnership) (net worth)	2 million

21.	Capital Market Consultant (individual) (net worth)	500,000.00
22.	Trustee	40 million
23.	Rating Agency	20 million
24.	Venture Capital Company	20 million

PART C**SECURITIES**

- | | | | |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|
| (1) | Collective Investment Schemes | Flat rate of | N35,000.00 |
| (2) | Filing fee for Registration of Securities | Flat rate of | N10,000.00 |
| (3) | The registration fees of Securities of Public Companies (including rights issue) special funds and processing fees on offer for sale are as provided here under: | | |

First Tier Market

For the first half a billion worth of securities offered	1%
Next half a billion:	0.75%
Above one billion:	0.50%

Second Tier Market:

Flat rate for securities offered at	0.50%
Bonus Issue:	N5,000.00

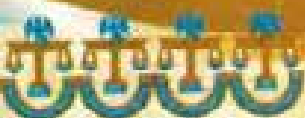
- (4) Fees on Federal/State/Local Government Bonds and debentures of Public



Limited Companies

i.	Primary Market (Registration Fee)	0.5%
ii.	Secondary Market Transaction	0.1%
(5)	Authorization fee for units of the Fund of Unit Trust Scheme	
	First N10 million	0.1%
	Next N10 million	0.075%
	Above N20 million and up to N40 million	0.050%
	Any sum thereafter	0.025%
	Annual Supervision fee subject to a minimum of N10,000.00	1% gross income of the fund.
(6)	Registration of Real Estate Investment funds	
	First N50 million	0.1%
	Next N50 million	0.075%
	Above N100 million and up to N200 million	0.050%
	Any sum thereafter	0.025%
	Annual supervision fee 1% gross income of the fund, Subject to a minimum of N10,000.00	
(7)	Registration of Venture Capital Funds	
	First N100 million	0.1%
	Next N100 million and up to N400 million	0.075%
	Above N400 million and up to N900 million	0.050%





Any sum thereafter 0.025%

Annual supervision fee 1% gross income of the fund,
Subject to a minimum of N10,000.00

(8) Processing fee for Schemes of Merger/Acquisition and Take Over

Filing fee for pre-merger notice N50,000.00

First N500 million share capital 1%

Next N500 million share capital .75%

Any sum thereafter .50%

(9) Registration of Existing Securities (for public companies whose securities are not yet registered)

First N500 million (of paid up share capital) 1%

Next N500 million .75%

Any sum thereafter .50%

The Commission drafted/reviewed the report of the SEC disclosure requirements.

i. Caveat on Risk factor on the cover page of the prospectus

The prospectus shall contain in front or inside cover page, the following statement to be highlighted in bold

letters "for information concerning certain risk factors which should be considered by prospective investors"

ii. Risk factor

Risk factors peculiar to the issuer shall be stated in the prospectus including the following risk:

- a. Risks associated with the business activities of the entity





- b. Sectoral risk risks associated with the sector e.g. Energy sector risk.
- c. Political risk i.e. - risks associated with the political climate.
- d. Currency risk
- e. Environmental risk.

(2). Definitions and Corporate Directory

The proposed requirement approved by the Committee was drafted by the Commission.

The prospectus shall contain:

- a. A glossary of abbreviations and technical terms to guide investors on definitions and explanations of abbreviations and terms. This is particularly necessary for companies engaged in technical activities.
- b. Addresses and telephone numbers of the Issuer's branch/regional office, head/management office, e-mail, website and Registrar's office (if different).
- c. Names of all exchanges where the company's shares are listed or are to be listed. (it is expected that with globalization and regionalization, Nigerian entities will have access to other markets and vice-versa)

(3). Expected time frame for completion of project

The expected period within which the Issuer would complete the project(s) for which funds were obtained should be stated in the prospectus. The Issuer should also disclose the gestation period of the project(s).

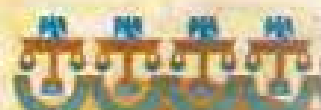
(4). Information about Company and Group

- i. The availability of raw materials i.e. where the company derives or will derive its raw materials from.
- ii. Quality control procedures or quality management programme in place.

(5). Information on Shareholders/ director/key Management

The prospectus shall provide a statement as to whether or not any director or key management personnel and, where applicable, its key technical personnel, was or had been involved in any of the following events (whether in or outside Nigeria):

- i. A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a



director or key personnel or

- ii. A conviction in a criminal proceeding or is a named subject of pending criminal proceedings or (currently a requirement) : or

- iii. The subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body precluding him from acting as an Investment Adviser, dealer in Securities, Director or employee of a Financial Institution and engaging in any type of business practice or activity.

Nos. (ii) and (iii) are however subject to CMC's amendment.

(6). Related Party Transactions/ Conflicts of Interest

The prospectus shall disclose:-

- i. The existing and potential related - party transactions and conflicts of interest in relation to the company *and its related parties, together with steps taken to resolve such conflicts of interest.*
- ii. The nature and extent of the related party transactions and conflict of interest situations.

- iii. Declaration of any expert on existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the company/group.

(7). Directors' Interest

The prospectus shall disclose.

- i. Information and details of amounts or benefits paid or intended to be paid or given to any promoter within the 2 years preceding the date of the prospectus.
- ii. The full particulars of the nature and extent of any interest, whether direct or indirect of any director and major shareholder in the promotion of, or in any material assets within 2 years preceding the date of the prospectus acquired or disposed of by or leased to the company or any of its subsidiary companies or are proposed to be acquired or disposed of by or leased to the company or any of its subsidiary companies. Such particulars shall include the following:-
 - a. The consideration passing to or from the company or any of its subsidiary company; and
 - b. Brief particulars of all transactions relating to any such material assets which have taken place within 2

years proceeding the date of the prospectus or an appropriate negative statement.

9. Mergers or Takeover

- a) The prospectus shall contain a statement as to whether or not either of the following has occurred during the preceding year and the current financial year:
 - a) merger or public takeover offers by third parties in respect of the company's securities;
 - b) Merger or public takeover offer by the company in respect of other company structures.
- b) If either of the foregoing statement is in the affirmative, the prospectus shall state the price of the offer and the outcome thereof.

10. Illustration

If the prospectus contains photographs or illustration of properties or assets, which do not belong to the issuer, the photographs or illustrations shall be accompanied by a statement to the effect that the properties or assets depicted do not belong to the company.

(10). Financial Information Segmental Analysis

In the case of an issuer which is a group of companies, the prospectus issued shall

contain a detailed analysis of the company/group over the past 5 years or 3 years (as applicable), preceding the date of the prospectus including segmental reporting of revenue and operating profits by (where applicable) subsidiary/associated company, products/services and markets/geographical location.

(11). Accountant's Report Purchase of any business:

If the proceeds or any part of the proceeds of the issue of the securities is to be utilized directly or indirectly for the purchase of any business, the reports shall deal with:

- b) The financial statement of the business to be purchased for the preceding (5) years
- c) The balance sheet of the business for each of the preceding 5 years immediately after the last date to which the accounts of the business were made up.
- d) Such date shall not in any case, be more than 9 months prior to the issue of the prospectus.

(12). Acquisition of another Company

The requirement was accepted by the committee as follows:

- a) The proceeds or any part of the proceeds of the public offering of the

- securities are to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of securities of any other company; and
- b) By reason of that (such) acquisition, or anything to be done in consequence of or in connection with it, that company would become a subsidiary of the issuer. The report shall be with the income statement and balance sheet of that other company referred to in the prospectus, in accordance with the Nigerian generally accepted accounting principles and SEC rules.

(13). Property Schedule Land and Building

- a) Fixed assets of the issuer shall be disclosed in the prospectus. In the case of building i.e. offices, factories etc. There shall be full disclosure on:
- The lease period;
 - The particular usage of which it is being put to, if industrial property e.g. factory, the capacity utilization of the factory and all other relevant information relating thereto.
 - There shall be a property schedule, which shall contain a summary of the list of properties owned or leased by the issuer and categorized according to the purpose for which they are held. The schedule should be in the following format.

Property Schedule

Title Details, Address	Status owned/ leased	Description, age and tenure	Purpose/use	Net book value	Market value where the asset has been revalued

- The prospectus shall contain a valuer's report where the asset had been revalued.

During the period under review, the Commission after collating and considering the inputs/submissions of various stakeholders, drafted rules on Disclosure requirement based on the recommendation of the Rules Committee. These include: -

A 1. Cover Page

The following statements shall appear in bold on the cover page:

You are advised to read and understand the contents of the prospectus. If in doubt, please consult your Stockbroker, Lawyer, Banker or an Independent Investment Adviser.

This prospectus has been seen and approved by the directors of the management company and for promoters of the unit trust and they collectively and individually accept full responsibility for the accuracy of all information given and confirm that, after having made all enquiries which are reasonable in the circumstances, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

• CORPORATE DIRECTORY

The prospectus shall include corporate directory of the issuer, which shall amongst others include: -

- Directors and principal officers of the issuer.
- Email and website address (if any) of the fund manager

DIAGRAMMATIC CHARTS

Where applicable, and for ease of understanding, the prospectus may include the use of charts, diagrams/flowcharts in the presentation of information.

Fees and Charges

The following statement shall be stated boldly in the prospectus, "Investors are advised to seek information on the fees and charges before investing in the fund."

- Disclosure of Fees Charged in Unit Trust
- Give a breakdown of the fees.
- State clearly that the management fee would be based on the gross income of the fund.
- State that the initial expenses should be borne by unit holders and amortized over a maximum period of five (5) years in order not to put much burden on the unit holders.

•MAXIMUM COST OF ISSUE

The estimated average issue cost shall not be more than 6% in line with the allowable cost in public offers generally.

•TRUSTEE TO THE FUND

There shall be adequate information on the trustee to the fund. This should include detailed information about the trustees and the managers as well as to principal activities and profile of the Directors and Management.

B. The Commission also identified areas of concern to be addressed by the Commission in the Implementation plan from the FATF list of NCCTS. Identified areas include:

- A financial institution should be required by law or regulation to report to the FIU a suspicious transaction report STR when it suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity. Section b(1) and (2) MLPA 2004 mandated Financial Institution to make an STR to the NFIU within Seven (7) days of the suspicious transaction. Securities & Exchange Commission to stipulate in the Rules a requirement for the Nigerian Stock Exchange and CSCS to comply with the provisions of the MLPA and send a copy to the Commission.

- Financial Institutions should be required to give special attention to business relationships and transactions with persons from or in countries which do not have or insufficiently apply the FATF recommendations.

Securities & Exchange Commission has no regulation in place to address the issue of funds from tax heavens and countries with poor anti money laundering laws.

- Financial Institutions should be required to have policies in place or take such measures as may be needed to prevent the misuse of technological developments in money laundering or terrorist Financing Schemes. Securities & Exchange Commission to adapt paragraph X of CBN's KYC Directive 2001 as appropriate.

- Financial Institutions should be required to have policies in place and appropriate risk management systems to determine whether a potential customer, a customer or the beneficial owner is a Politically Exposed Person (PEP). Where a customer has been accepted and the customer or beneficial owner is subsequently found to be a PEP, Financial Institutions should be required to obtain senior management approval to continue the relationship and also to take reasonable measures to establish the source of wealth and source of funds of customers and beneficial owners identified as PEPS. Securities & Exchange Commission to adopt paragraph 9 of CBN's

KYC directive as appropriate.

• Financial Institution has doubts about the veracity of previously obtained customer identification data. SEC to enlarge the provisions of the proposed Rule 100 to require regular review of customer identification information and updating it at the least opportunit;. Para (xiii) of KYC directive of 2001, para 1.2.3 KYCM

• Where financial institution is unable to verify the identity of the customer, it should not be permitted to open the account, commence business relations or perform the transaction and it should consider making a suspicious transaction report. SEC to adapt Paragraph 2.7.3 of CBN's KYCM and align it with the provision of MLPA 2004

• Financial institutions should be required to obtain information on the purpose and intended nature of the business relationship. SEC to adapt paragraph 1.2.3 of CBN's KYCM

• Where the minimum AML/CFT requirements of the home and host countries differ, branches and subsidiaries of financial institutions in host countries should be required to apply the higher standard, to the extent that local laws and regulations permit. SEC has no laid down guidelines regulating the conduct of registered entities that operate outside the shores of the country as regards conformity

with AML/CFT standards.:

1. Information on the fund

The prospectus shall set out the details of the fund with respect to the following:

(a) Where the fund invests in foreign securities

i. Asset allocation of the fund (by asset category) and principal foreign markets where investments will take place.

ii. The fund's policies and strategies relating to investment in foreign securities, if not already covered under (i) above

iii. The investment management capabilities of the management company or any delegate thereof (as the case may be) in relation to the fund's investment in foreign securities; and

iv. Other relevant information (e.g. costs to be borne by the fund)

(b) Where the fund participates in futures contracts

i. Categories of derivatives that will be utilized by the fund;

ii. The fund's policies and strategies relating to investment in unlisted securities.

2. Disclosure of track Record of the unit trust fund and its manager.
 - b. Names of Creditors constituting up to 5% and more of the Company's debt portfolio shall be disclosed.

a. Fund manager

The prospectus shall disclose the profile including 3-5 years financial summary. Where the fund is created, it requires statement of affairs.

b. The Fund.

- (i) Where the fund is existing, 3-5 years financial summary.
- (ii) Where the fund is just starting, it requires a statement of Affairs.

3. Recommended financial and non-financial Disclosure Requirements

Balance Sheet items.

Disclosure on liabilities.

- a. Details of all material liabilities classified by tenure and with appropriate headings in the notes. E.g. Bank overdrafts, Commercial Papers and Bankers Acceptances, Trade Credit etc. shall not be lumped together under one item but must be clearly disclosed in the financial statements by way of appropriate headings in the notes.

4. Contingent Liability

All known contingent liabilities shall be qualified (where practicable) and disclosed by way of note to the accounts.

5. The Commission also identified areas of concern to be addressed by the commission in the implementation plan for the FATE list of NCCTS by SEC; identified areas include:

- (a) Financial institutions should be required to put in place screening procedures to ensure high standards when hiring employees. Though Section 8(w) ISA gives power to SEC to disqualify unfit individuals from being employed in the capital market, it does not have screening procedure for the regulated entities when hiring staff. SEC to look at CBN (BSD, OFID) circular of 4/01/01 on appointment of board and top management positions in Nigerian banks and provide guidelines to the market operators on appointment to the board and management positions.
- (b) Financial institutions should be required to take adequate steps to

satisfy themselves that copies of identification data and other relevant documentation relating to CDD requirements will be made available by the third party upon request without delay. SEC to adapt paragraph 7.3.1 of CBN's KYCM.

- (c) Financial institutions relying upon a third party should be required to immediately obtain from the third party the necessary information concerning certain elements of the customer due diligence process. SEC to adapt paragraphs 7.2.1 and 8.2.2 of CBN's KYCM.

- (d) On-going due diligence should include scrutiny of transaction undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer and where necessary, source of funds. SEC to adapt paragraph 1.2.3 of CBN's KYCM.

1. Directors' Remunerations

- (a) Remuneration of each director whether in cash or kind should be disclosed in both prospectus and annual report.
- (b) All benefits in kind should be quantified

in monetary terms by the company. Any other benefits i.e. share/stock options given to directors shall also be disclosed in both the financial statements and prospectus.

- (c) Share/stock options should be disclosed and be expensed in the Company's books to avoid the practice of falsely recognizing same as profit.

2. Off-Balance Sheet Item

Off balance sheet transactions should be disclosed both in the financial statements and property presented in the prospectus.

3. Narratives

The prospectus and Annual Report should include adequate narratives to guide investors on issues particularly relating to accounts and other technical matters.

4. Corporate Governance Compliance

The prospectus and Annual Reports should state the level of compliance with the code of Corporate Governance.

5. Disclosure of Information Affecting the Financial Condition of a Company

- (a) All information likely to affect the financial condition of a company should be made available to the

Securities Exchange by the company. Such information should be disclosed on the floor of the exchange immediately the information is made available.

- (b) Information relating to the following should also be disclosed:
- (i) Changes in the board of the company,
 - (ii) The death/resignation of a principal officer of a company,
 - (iii) Significant drop or increase in company's inventory,
 - (iv) Major fire outbreak;
 - (v) Major theft or major destruction of the company's assets or disruption of production.

6. Disclosure of Interest of Stock Broking Firms in Quoted Companies

Stock broking firms should disclose their interests in public companies such disclosures should also be reflected in the

Annual Reports.

7. Disclosure of Interest of Quoted Companies in Stock Broking Firms

All quoted companies should disclose their interests in stock broking firms. Such disclosures shall also be reflected in annual reports.

8. Disclosure of Fees Charged By Brokers For Transactions Made on Behalf of Clients

Brokers should disclose to their clients full details of fees chargeable on secondary market transactions.

9. Brokers shall disclose the exact prices which they bought each quantity of stock for a client.



Mrs C.O. Onogwu
Deputy Director/Head of Department,
Collective Investment Services.

Collective Investment Services

- To invest in the shares of IBTC Plc (the parent Company). The application was reviewed and found to be in violation of the provisions of Rule 247 paragraph 'O' of SEC Rules and Regulations. Management approved the recommendation that consent be denied and this was communicated to the Company accordingly.

2) **Paramount Equity Fund (former ICON Unit Trust Scheme)**

Denham Management Limited-Fund Manager to Paramount Equity Fund applied to the Commission for the registration of additional 479,000,000 units in order to raise the number of units from 21,000,000 to 500,000,000. A letter was written to the Fund Manager to submit some additional documents which up till date are being expected.

Denham Management Limited also wrote a letter seeking for approval to change the name of the scheme from ICON Unit Trust Scheme to Paramount Equity Fund.

3) **Gateway Bank Plc A-Z Mutual Investment Fund**

A-Z Mutual Investment Fund submitted its allotment proposal to the Commission, and it was approved and communicated to the Company.

4) **Asset & Resource Management Discovery Fund**

The Discovery Fund applied to issue fractional units of the fund to its unit holders. The proposal was approved by the Commission and communicated to the Company.

The Fund Manager to Discovery Fund also wrote to the Commission notifying it of its plan to

The Investment and Securities Act (ISA) No: 45 of 1999 section 9(c) empowers the Commission to establish Departments for the purpose of regulating Collective Investment Schemes such as Unit Trust, Pension Funds, Esusu and other schemes. The Schemes include: Unit Trust Schemes, Investment Trust/ Venture Capital, Pension Fund, other specialized funds.

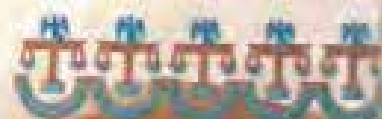
UNIT TRUST SCHEMES

During the period under review, the Commission received nineteen (19) applications for the registration and authorization of Unit Trust Schemes, out of which eight (8) were approved. They are:

1) **IBTC Asset Management Ltd**

IBTC Asset Management, Fund Manager of IBTC Nigeria Equity Fund submitted three applications during the year namely: The change of Registrar from FSB International Bank Plc to First Trustees Nigeria Limited.

The registration and authorization of additional 2 Million units of N1,000.00 each to IBTC Nigeria Equity Fund.



change the Registrar of the fund from Union Bank Plc (Registrars Department) to First Trustees Registrars. The request was approved by the commission and was communicated to the Fund Manager.

5) FSDH Asset Management Limited- Coral Growth Fund

An application for the registration of Coral Growth Fund as a Unit Trust Scheme was received from FSDH Asset Management Limited. The application was for the registration and authorization of 750,000 units at N1,000.00 each in the fund. The application was approved by the commission.

6) Lead Fund

An application for the registration and authorization of 1,500,000 units at N1,000.00 each of Lead Fund was received from Lead Bank Plc on behalf of Lead Securities and Investment Limited. The application was reviewed and a letter requesting for additional documents have been forwarded to the Fund Manager.

7) Lead Unit Trust Scheme

An application for the restructuring of Lead Unit Trust Scheme was received from the scheme's Fund Manager (Lead Bank Plc). A letter was written to the Fund Manager requesting for additional documents to enable the Commission process the application.

8) FB Asset Management Limited

FB Asset Management Limited wrote a letter to the Commission seeking for authorization for the registration of FB Asset Management Fund as a Unit Trust Scheme. Some observed lapses have been

communicated to the Fund Manager. Their response is still being awaited.

9) Supra Commercial Trust Limited

Supra Commercial Trust Limited applied for the Commission's approval to launch a new product called 'invest and prosper (investpro)'. The Fund Manager also applied for a change of name from Bacad Finance and Investment Company Limited to Supra Commercial Trust Limited.

The Commission advised the Fund Manager to hire the services of a registered Issuing House to package the application on its behalf.

10) Zion Golden Investment and Trust Limited

An application was received from Zion Golden Investment and Trust Limited to develop a Real Estate Investment Scheme named "Golden City Fund". The application form and the guidelines for such registration were sent to the Company to enable it apply formerly to the Commission.

11) Avante Capital Partners

Avante Capital Partners applied to the Commission to operate a Unit Trust Scheme. The application is being reviewed.

Approvals Granted

12) Approval was granted to IBTC Nigeria Equity Fund to change its Registrar from FSB International Bank Plc (Registrars) to First Registrars Nigeria Limited

13) The Commission approved the registration and authorization of additional 2,000,000

units of N1,000.00 for IBTC Nigeria Equity Fund.

- 14) IBTC Asset Management Limited was granted approval to invest in Presco Plc.
- 15) An approval was granted to Denham Management Limited to effect the change of the scheme's name from ICON Unit Trust to Paramount Equity Fund.
- 16) The registration and authorization of 500,000,000 units of A-Z Mutual Investment Fund was approved by the Commission. The Fund Manager to the Scheme is Gateway Bank Plc.
- 17) The Commission also gave approval to Asset & Resource Management Company Limited Fund Manager to Discovery Fund to allot fractional units of the fund.
- 18) Approval was given to the Fund Manager of Discovery Fund to effect the proposed change of Registrar from Union Bank Registrars to First Registrars Nigeria Limited.
- 19) An approval was also granted to FSDH Asset Management Limited, to operate a Unit Trust Scheme called Coral Growth Fund and for the authorization and registration of 750,000,000 units at N1,000.00 each.

ENQUIRIES ON THE OPERATIONS OF UNIT TRUST SCHEMES AND THE MARKET IN GENERAL

- » Chartered Institute of Stockbrokers sought for information on character of

persons who applied for its membership and an adequate response was given to them.

- » In response to Mr. Olatunbosin Olatosi Olumuyiwa's letter requesting for information on Unit Trust Schemes in Nigeria, the Commission furnished him with the required information.
- » A request for application forms and checklist for the authorization and registration of Unit Trust Scheme was received from Entrust Asset Management Limited. The company was furnished with the required details.
- » An official of Morgan Trust & Asset Management Plc came to make an enquiry on the procedure for registering Unit Trust Schemes. The officer was issued with the application forms and checklist.
- » An enquiry was received from Denham Management Limited in respect of Real Estate Investment Scheme and the enquiry has been responded to.
- » A letter of enquiry requesting for data on Mutual Fund/Unit Trust Scheme was received from NDIC. The data were compiled and sent to NDIC.
- » Cash Craft Limited requested for the requirements for floating a Unit Trust Scheme and the requirements were forwarded to them.
- » Another enquiry was received from Arteria Nigeria Limited and the Commission has responded to the enquiry.

COMPLAINTS ON UNIT TRUST SCHEMES

A complaint was received from Dr. Mahe Dange, a

unit holder in the distressed MBA Mutual Trust Scheme over non-payment of dividend. The complaint is being treated.

Annual Reports & Accounts

The Commission received the following Audited Accounts during the year under review:-

Nigeria Global Investment Fund (Account for 2000-2002)

Denham Management Millennium Fund (consolidated Accounts for 1999-2002)

Nigeria International Growth Fund (Accounts for June 2004)

Centre Point Unit Trust (Accounts for December 2003)

Nigeria International Debt Fund (Accounts for 2003)

IMB Energy Master Fund (Accounts for June 2003)

Paramount Equity Fund (Accounts for 2000, 2001, 2002)

Discovery Fund (Accounts for 2003) The accounts were analyzed and approved by the Commission.

Annual General Meeting (AGM)

The following schemes held their Annual General Meeting during the year under review.

- i. IBTC Nigeria Equity Fund
- ii. ARM Discovery Fund
- iii. First Interstate Unit Trust

Observations on the Annual General Meetings

Attendance were low but the quorum for the meetings were formed through proxies. Items on the Agenda were adequately deliberated upon. The Fund Managers were advised to repackage and re-launch the Fund for enlarged

income while unit holders were also advised to invest additional money in the units

It was suggested that the Commission should organize a forum with the Fund Managers, Trustees, and Registrars in order to rub minds on the issues/problems affecting the Unit Trust Schemes operations.

The meetings were conducted in an orderly manner.

On-Site Inspection

During the year under review, the following schemes were inspected.

- i) IMB Energy Master Fund
 - * IMB Bank Plc (Fund Manager)
 - * UBA Capital and Trust Limited (Trustee)
 - * IMB Bank Plc Registrar's Commission (Registrar)
- ii) Nigeria International Debt Fund
 - * Securities Transaction & Trust Co. Ltd (Fund Manager)
 - * UBA Capital and Trust Limited (Trustee)
 - * United Securities Limited (Registrar)
- iii) IBTC Nigeria Equity Fund
 - * IBTC Asset Management Limited (Fund Manager)
 - * HNB Trustee Limited (Trustees)
 - * First Registrars Nigeria Limited (Registrar)
- iv) MBA Mutual Trust
 - * Abacus Unit Trust Scheme
- v) ARM
 - * Asset and Resource Management (Fund Manager)
 - * First Trustees (Trustee)
 - * Union Bank Registrar's Commission (Registrar)
- vi) Lighthouse Unit Trust

- Lighthouse Asset Management Limited (Fund Manager)
- Nikon Trustees Limited (Trustee)
- HNB Trustee (Registrar)
- vi) Paramount Equity Fund
- Denham Management Limited (Fund Manager)
- Royal Exchange Assurance Nigeria Plc (Trustee)
- ICON Stockbroker Limited (Registrar)
- vi) Nigeria International Growth Fund
- Fidelity Bank Plc (Fund Manager)
- First Trustees Nigeria Limited (Trustee)
- First Registrars Nigeria Limited (Registrar)

Off Site Inspection

The off-site inspection was carried out based on analysis of the statutory Monthly Returns submitted by unit trust schemes. Seventeen (17) schemes sent in their returns. They are:

The observations from off-site inspection include:-

- in-house investment
- Returns were not sent regularly
- Most Schemes did not attach the breakdown of the expenses incurred.
- The basis for the computation of management fees were in most cases not provided.

The findings/observations were communicated to the affected Schemes for corrective measures.

Other Issues

A copy of the draft micro-finance policy for Nigeria was received from the Central Bank of Nigeria and reviewed. The reviewed

document is further being considered.

A letter by NAL Asset Management and Trustee Limited, subsidiary of NAL Bank Plc seeking the Commission's advice on the possibility of registering a religious/church fund restricted to members of the religious group was reviewed. The views of the Commission has been communicated to the company.

First Registrars Nigeria Limited, proposed Registrars to Discovery Fund wrote to accept the new role of replacing Union Bank Plc Registrar's Department.

A letter was sent to the Managing Director of IMB International Bank Plc on the status report of IMB Energy Master Fund for which the bank is the Fund Manager. The Fund Manager's status report was to confirm among other things that following its successful Public Offer earlier in the year, the amount owed the Fund ought to have been refunded. The inspection report as at December, 2004 confirmed that the Fund has not been credited to the Scheme and the Commission is taking positive steps to ensure compliance.

The Commission wrote a letter to Fidelity Bank Plc seeking for an explanation as to why adverts were placed in the newspapers for Nigeria International Growth Fund without the Commission's approval. The Fund Manager was also to confirm if the Trustees consent was sought before the advert placement. The Company responded by pleading that it was an oversight.

SecTrust Limited Fund Manager to Nigeria International Debt Fund wrote to notify the Commission of the Fund's 14th Coupon payment. The information was noted and filed accordingly.

The Commission also received a letter from Fidelity Bank Plc requesting for approval of the following changes in Nigeria International Growth Fund:-

- i) Reduction in the initial charge on the fund's offer price from 5percent to 3percent
- ii) Reduction of the minimum subscription of the fund from 10,000 units to 5,000 units.

Approval was granted by the Commission.

Meetings

- i) A meeting was held between SEC and UBA Capital and Trust Limited on 14th September 2004 at SEC's head office. Amongst issues discussed was the outstanding documents particularly Terminal Accounts yet to be submitted by the company in respect of the two distressed schemes namely, Abacus Unit Trust and MBA Mutual Trust Fund. The report is being considered by the Commission.
- ii) A meeting between the Commission and Centro Point Bank Plc. Fund Manager to Centre Point Unit Trust was held in respect of the proposed 2002 Annual General Meeting. A letter convening the decision of the Commission with regards to the outcome of the meeting has been sent to the Fund Manager for necessary action.
- iii) A meeting between SEC, the joint Issuing Houses (FBN Merchant Bankers and BGL Securities Limited) to Discovery Fund offer and the Fund Manager (Asset and Resource Management Co. Limited) was held in order to discuss the issue of

who should bear the cost of the penalty paid to SEC from the fund. The Fund Manager was directed to refund the money and has since complied.

- iv) A meeting was held between SEC, Asset & Resource Management Limited and Union Bank Registrars Commission in respect of the change of Registrars to Discovery Fund. The change had been effected. By the change, Union Bank Registrar was replaced with First Registrars Nigeria Limited.

Summary of Analysis of twenty-one (21) Unit Trust Schemes registered with the Commission (See Appendix A)

As at 31st December, 2004, a total number of twenty-one Unit Trust Schemes were registered with SEC excluding MBA and Abacus whose Fund Managers were distressed but are presently being managed by the Trustees. Please see the various subscription levels in Appendix 1B.

The aggregate value of Gross Assets of all the registered Schemes as at 31st December, 2004 is N20,214,765,729.77 (N20.2 Billion) while aggregate Net Asset Value of all Funds/Schemes within the sector for same period is N19,276,616,539.94 (N19.2Billion).

Total investments was N18,019,499,428.7 (N19.02 Billion), of this amount, Capital Market Investments totaled N13,548,884,742.69 (13.6 Billion) representing 13.35percent of total investments. Other ancillary investments as provided for in the Schemes Trust Deed of the total investment was N3,391,108,993.92 representing 17.35percent. See Appendix II.

Total income earned on Invested Funds for the period was N2,656,314,179.1 representing

4percent of total investments while total expenses stood at N1,238,433,239.4 (1.24 Billion) representing 6.4percent of aggregate Net Asset Value of the Funds in the Scheme. Please see attached table for detailed information) in Appendix III.

COMMUNITY SAVINGS

Under community savings, the Commission is to register collective Investment Schemes such as Ebusu, Adahse, Ajo etc for statistical purposes.

Registration of Community Savings Scheme

The Commission will commence the registration of Community Savings Schemes in Local Government Area Councils and as such, Oyo and Kano States were chosen as starting point. However, due to non response from the two (2) states, the enlightenment campaign could not hold during the year under review.

Individual applications received were kept in view till when a visit is made to the states where the applicants resided. In view of the above, there was no registration done.

VENTURE CAPITAL

Applications Received

Two (2) applications for registration and authorization of Venture Capital Managers were received during the period January-June, 2004 from the following companies:

- i. Heirs Capital Limited
- ii. Trade Bank Plc

Approval Granted

During the period under review eight (8) Companies were granted approval to carryout

the function of Venture Capital Managers. They are:

- i. SME Managers Limited
- ii. Fidelity Union Securities Limited
- iii. Amalgamated Capital Fund Limited
- iv. Enterprise Capital Management Limited
- v. Deep Capital & Trust Company Limited
- vi. IBTC Ventures Limited
- vii. First Funds Limited
- viii. Guardian express Trust Limited

Inspections (On-Site/Off-Site)

Post Registration Inspection was carried out on the following five (5) Companies to examine their books, records and operations as well as to ascertain the level of investment and amount of funds being managed by the Venture Capital Managers. This is in line with the Commissions function of market monitoring to ensure compliance with its Rules and Regulations.

- i. HNB Trustees Limited
- ii. Intercontinental Capital Market Limited
- iii. SME Managers Limited
- iv. Citizens Investment & Securities Limited
- v. Fidelity Union Securities Limited

Other Activities

1) The Commission held a meeting on the 15th September 2004 with the Small and Medium Enterprises Development Agency (SMEDAN), given its central and related role in promoting the development of Micro, Small and Medium Enterprises in Nigeria. Discussions at the meeting centered on collaboration between the two organizations and how to foster the development of Venture Capital and the Small and Medium Scale Enterprises Industry in Nigeria.

2) The Commission's Training School organized a workshop between the 9th and 10th

September 2004 titled "Developing Venture Capital Industry in Nigeria" at the SEC Lagos Zonal Office.

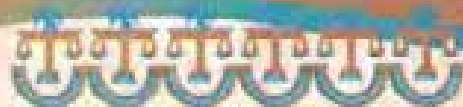
The workshop's aim was to improve the relatively low understanding of the concept of Venture Capital with a view to improving the regulatory capacity of the Commission as well as making it a vehicle for generating the necessary growth for SMES and the economy.

- 3) As part of its market development strategy, the Commission participated in the Nigeria Small & Medium Scale Industries Trade Fair. The fair was held in Abuja between November 29 to December 15, 2004. The Trade Fair provided an avenue for the Commission to educate the participants, entrepreneurs and high networth individuals on the importance of sourcing funds for developing SME's through registered Venture Capital Managers.
- 4) The Commission sent out enquiries during the year to six (6) countries' Capital Markets i.e. Malaysia, India, Indonesia and South Africa, Brazil and Singapore. This was to enable the Commission equip itself with international best practices on how Venture Capital Managers are being regulated. Responses were received and are being studied.
- 5) The underlisted Companies made enquiries from the Commission during the year.
 1. UBA Capital and Trust Companies
 2. Financial Institution Training Centre (FITC)
 3. Trade Bank Plc
 4. Heirs Capital Limited
 5. Daibi W. Dagogo River State University of Science and Technology Nkpolu, Port-Harcourt
 6. Nigerian Association of chambers of Commerce, Industry, Mines and Agriculture
 - 7). Letters were also sent to all the registered Venture Capital Companies requesting them to furnish the Commission with the total amount of fund they are managing since inception of operation. Total funds being managed by nine (9) out of the eleven (11) registered Venture Capital firms amounted to N4,373,194,235. The remaining two (2) firms presently have no funds.
 - 8). In line with its market development function, the Commission identified four (4) Companies which are operating as Venture Capital Managers without registration with the Commission. In spite of the series of letters written to the companies/telephone conversations drawing their attention on the need to come forward and regularize their operations with the Commission, the firms are yet to comply.

However, as a first step towards enforcement action, the Commission proposed to under take an enlightenment visitation to the identified Companies to explain the relevant provisions of the ISA to them on the need for registration.

The Companies are:

- i. Enterprise and finance support company Limited
- ii. CDC Capital Partners Limited
- iii. Leapfrog Venture Limited
- iv. Venture and Trust Limited



PENSION FUND

Registration as Pension Fund Managers

Six (6) Companies were registered as Pension Fund Managers during the year having met the minimum requirements for registration. They are listed below:-

- i) Asset & Retirement Management Companies Limited
- ii) NAL Asset Management & Trustees Limited
- iii) Associated Discount House
- iv) Union Trustees Limited
- v) Afribank Trustees Nigeria Limited
- vi) FSDH Asset Management Limited

Liaison with Stakeholders

The Commission met with some stakeholders during the year under review to seek for their support and collaboration in the registration and regulation of Pension Fund activities in the country. The organizations are:

- i) Joint Tax Board (JTB)
- ii) Nigeria Employers Consultative Association (NECA)
- iii) Association of Pension Fund & Investment Managers (APFIM)
- iv) Nigeria Labour Congress (NLC)

Pre-Registration Inspection

Pre-Registration Inspection was performed by the Commission during the year under review. The exercise was conducted on the six (6) registered Fund Managers listed above.

Special Investigation

The Commission conducted investigation into the case of suspected purchase of Afribank of Nigeria Plc's shares using funds from the employees Pension Fund in favour of Asset Management Nominees Limited.

Pension Reform Act 2004

The enactment of the Pension Reform Act 2004 put an end to SEC Registration and Regulation of Pension Fund activities in Nigeria. The Act established a regulatory body known as National Pension Commission (PENCOM). The PENCOM according to the provision of the Act was shouldered with the full responsibility of registration and regulation of Pension Fund activities in Nigeria.





Mr. C.A. Udora
Deputy Director/Head of Department,
Enforcement and Compliance

Enforcement And Compliance

In view of the functions and powers of the Commission as enumerated in the provisions of section 6 of the Investment and Securities Act (ISA) of 1999 No:45 and the relevant rules and regulations, the Commission has the responsibility of ensuring that participants in the market comply with the securities law. The Commission investigates reports of violations and suspected violations wherever it was established. Penalties are instituted to which offenders must comply or face legal action.

In the light of the forgoing the Commission handled various investigation, enforcement and compliance matters:

INVESTIGATION

Highlights of Matters Investigated

1. **Boniface Okafor Vs Centre Point Investment Limited**
Non-lodgment of 303 units of Lever Brothers shares belonging to Boniface Okafor
2. **John C. Okoye Vs De-Canon Investment Limited**
Non-lodgment of various shares belonging to John C. Okoye.
3. **Chief T.O Chiegboka Vs De-Canon Investment Limited**
Non-purchase of Nigerian Breweries PLC and Nestle PLC shares by De-Canon Inv. Ltd
4. **Nwose Thompson Chukwudi Vs Mayfield Investment Limited**
Unauthorized verification and sale of 12,166 units of Unipetrol shares belonging to Nwose Thompson Chukwudi
5. **Mrs. G.O Odukoya Vs Optimum Finance & Securities Limited**
Fraudulent sale of 21,696 units of Agip Plc shares belonging to Mr. G. O. Odukoya
6. **Onu Jonathan Job Vs All Crown Investment Services Limited**
Non-transfer of BOC Gases Nig PLC shares in favour of Onu Jonathan
7. **Mrs. Iyabode Lekuti Vs Union Bank of Nigeria PLC**
Non-receipt of dividend warrant on 200 units of Lever Brothers PLC
8. **Ahmed Ibn Lawal Vs Union Bank Registrars**



Non-receipt of 7-Up Bottling Co. PLC share certificates

U.S Haruna Vs AP PLC Registrars
Non-payment of dividend in favour of U.S Haruna Esq.

Onye Eldred Francis Vs Cadbury PLC Registrars
Alleged fraudulent dealings against Mr. E.F Onye

Edwin Ileka Vs Prudential Securities Limited
Complaint of illegal sale of 10,298 units of Nig. Breweries PLC shares belonging to Ileka Edwin

Oyedele A. Ojewole Vs Prudential Securities Limited
Purchase of accruals on the 1000 units of Nigerian Breweries PLC shares in favour of Oyewole Abiodun Oyewole

Mr. Simon M. Dim Vs Prudential Securities Limited
Claims of non-lodgment of 2,600 units of Nigerian Breweries PLC and 1000 Units of First Bank Of Nigeria PLC shares.

Estate of Nse Edem Asuquo Vs Gidauniya Investment & Securities Limited
UBA PLC certificate NO. 127492 for

120,000 units belonging to the Estate of late Nse Edem Asuquo.

15. **Prior Davies Ilo Onwudiwe Vs All Crown Investment Services Limited**
Non-payment of dividends of BOC Gases Nigeria Limited and Van Leer Container Nigeria PLC shares.

16. **Charles Nwafor Ikoocha Vs UBA Registrar Limited**
Non-receipt of dividend on 1,863 units of Agip PLC shares.

17. **Anthony Chinedu Udeagwu Vs UBA PLC (Registrars Department)**
Non receipt of 1000 units of UBA Plc shares belonging to Mr. Anthony Chiedu Udeagwu.

18. **Edward Osaro Ighodero Vs Partnership Investment Co. Limited**
Non-payment of 10,956 units of UBA shares.

19. **New Africa Merchant Bank PLC Vs IMB Morgan PLC**
Non-payment of interest accrued from judgment debt.

20. **Mr. O. A. Oshinowo:**
Non-receipt of Dunlop (Nig.) PLC dividend warrant.



21. **Nze P.E Williams Vs Union Bank PLC:** Non-issuance of Nestle PLC bonus certificate

22. **Rufus C. Ogbogu Vs Guinness Nigeria PLC:** Non-receipt of Guinness Nig. PLC share certificate from 1993 till date

23. **Golden Guinea Breweries Plc Right Issue (1999)**
Refund to Floco of the sum of N18, 124,600.00 paid for its Provisional Allotment in the company's 1999 Right Issue and convening of all parties meeting.

24. **Patrick Ifeanyichukwu Vs. UBA Plc:** Complaint against UBA Plc for negligent closure of the complainant's account.

25. **Mr. Henry Okwudili Ofoegbu Vs. Atlas Nig. Plc, Rak, unity Petroleum Plc And Abacus unit Trust Scheme:** (Non-payment of benefits due to Mr. Henry Okwudili Ofoegbu).

26. **Mr. Etebefia G. Ogugu Vs. IMB PLC:** (Non-receipt of share certificate of Hallmark Paper Products Plc)

Resolved Matters

1. List of Resolved Matters

1. SEC Vs. NAL Bank PLC & Intercontinental Securities Ltd
2. Chief (Dr.) O.G. Banigo Vs. Fidelity Finance Co Ltd
3. Eioke Ejikeme Vs. UBAPLC
4. Abayomi O. Ade
5. Mrs. Margaret I. Adayingbo Vs Options Securities Limited
6. F.O Peter Vs Centre Point Investment Limited
7. Magaji Ibrahim Abubakar Vs UBAPLC
8. Osuagu Blessing Vs First Registrars Nigeria Limited
9. Theresa Ejiofor Vs. AAA Stockbrokers
10. T.O.C Ojiako and Co. IRO Vs. General Securities Ltd
11. A.O Aina Vs Support Services Ltd
12. CSP Mark Ighagbon Vs FSB International Bank Plc Registrar
13. Chief Etim A. Ekong Vs Eko International Bank Plc
14. Center Point Securities Ltd Vs Liberty Merchant
15. Elder B.T Amah Hart against Various Complainants
16. Dr. Onuma Okezie Vs Afribank
17. Chukwukere Umeh Nelson Vs. All Crown Investment Ltd
18. Mr. E.I Oruye Vs. Mercantile Bank Of Nig Plc Regl. Okomu Oil Palm Plc.
19. Interstate Sec Ltd Vs Rims Sec Ltd
20. Korede Bolanle King Vs Transglobe



- Finance and Investment Ltd
21. Omooba F. Adetola Adewunmi Vs UBN Registrar
 22. UBA Registrars (IRO) Fashola Fatai Babatunde vs. Newdevco Finance Ltd
 23. Nnamdi Okeke vs Belfry Investment Ltd
 24. Commander O F Oduyemi vs Commissioned Securities Ltd
 25. Mrs. Iyabode Lekuti vs UBN Registrar
 26. Solo I. Eghobamien Vs. UIDC Sec. Ltd
 27. E. F. Oruyo Vs. First Registrars Nig. Ltd.
 28. Peter M. Emenakaya Vs. UIDC Securities Ltd
 29. C. A Omolodun Vs. General Securities Ltd
 30. Emordi Cyril Ejikema Vs. General Securities Ltd
 31. Emenike Anozie Vs. General Securities Ltd
 32. Mrs. Korede B. King Vs. Transglobe Investment & Finance Co. Ltd
 33. Abdullahi A. Baba Vs. IBN Securities Ltd
 34. Union Bank Plc (Registrars) Vs. Kundila Finance Services Ltd
 35. Gabriel Olufemi Ayodele Vs. Securities Swaps Ltd
 36. Mr. Olaoti Oluponke Arowolo Vs. UBN (Registrars)
 37. Ede Christopher Atta Vs. Union Bank Plc Registrar
 38. Okafor Amaechi Victor Vs. ValueLine

- Securities & Investment Ltd
39. Ilesanmi Isaac Ajibade Vs. NAL Plc (Registrar)
 40. Irewole Co-operative Society (Ibadan)
 41. Mr. Olukayode Joseph Oludayo

Matters referred to the Economic and Financial Crimes Commission and the Nigeria Police Force

The Commission referred the under listed cases to the EFCC and Nigeria Police Force.

1. SEC Vs. Akitorch Securities Ltd (45 cases)
2. SEC Vs. Halsec Finance Ltd (2 cases)
3. SEC Vs. Thomas Kingsley Securities Ltd. (9 cases and the CEO of the firm, Chief Kingsley Ekpe was reported to the EFCC for further investigation/prosecution)
4. SEC Vs. Transglobe Finance and Investment Ltd (29 cases and the former MD. Of the firm, Mr. Wilberforce Onwuka was reported to the EFCC for further investigation/prosecution)
5. SEC Vs. UAC Plc (Mr. Michael Adegbusi and Mr. A. J. Olisaemeka former Registrar of UAC Plc and of Apex Securities Ltd respectively were referred to the EFCC for further investigation/prosecution)
6. SEC Vs. Eagle Stockbrokers Ltd (19 cases)
7. Royal Trust Securities Ltd





8. Non registered Capital Market Operators

July 29, 2004 on the following conditions:

COMPLIANCE

BONKOLANS MATTERS

The Commission investigated a scam that was perpetrated by Bonkolans Investment Ltd sometime in 2002, involving Nestle Nig. PLC and Unilever Nig. PLC shares. The Commission has been monitoring compliance based on the directive of the APC on the buy-back of the shares as follows:

INVESTORS AND TRUST CO. LIMITED
(Non-purchase of 130,000 units of Nestle/ 5000 units of Unilever Nig Plc shares as directed by the APC under the Bonkolans case).

The operator's suspension was lifted on July 29 2003 and has paid the sum of N1,000,000.00 into the designed account at the CSCS

FALCON SECURITIES LTD

(The operator had 170,000 units of Nestle PLC shares to buy back under the Bonkolans scam).

- The operator has complied with the directive.

GOSORD SECURITIES LIMITED

The operator's suspension was lifted on

- That based on the records obtained from the CSCS, the house transacted 221,000 units of Nestle Nigeria PLC and 1,114,886 units of Unilever Nigeria PLC;
- The total sum of N51,556,552.46 was approved as the value of the shares. However the sum of N1.9 million recovered by the Police and received by the CSCS has been deducted, leaving the outstanding sum of N49,656,882.46;
- In line with the operator's proposal, approval was granted to it to pay the sum of N5,534,686.00 quarterly until the outstanding sum is liquidated;
- That the payment was to commence in October 2004;
- Failure to comply with the above conditions, it shall be suspended indefinitely pending full compliance.

The operator is yet to commence the payment as per its proposal.

VALMON SECURITIES LTD

- The operator claims that 50 units of Nestle Plc shares were listed against it in error. It forwarded various documents. The Commission is evaluating the case.
- However, 50 units of Nestle Plc shares are reflected against the operator. A letter was also written to the CSCS to verify the operator's claim.



that they write an undertaking to use the proceeds to buy back the outstanding shares. Approval was granted. The Commission further approved its request for further extension of time to June 2005.

THE DECISION OF THE INVESTMENT AND SECURITIES TRIBUNAL IN THE BONKOLANS MATTERS

SEC Vs Bonkolans Investment Ltd & Others

THE REVIEW OF THE APC DECISION IN CASE NO.APC/21/2002

The Nigerian Stock Exchange (NSE) in a letter dated October 25, 2004 informed the Commission that the affected brokers in the scam may have engaged in the illegal sale of their client's stock at the CSCS in order to meet the APC buy back arrangement in case No.APC/21/2002). Letters were written to the underlisted operators directing them to desist from such acts:-

1. Light House Asset Management Ltd
2. Gidauniya Investment Securities Ltd
3. Foresight Securities Ltd
4. AAA Stockbrokers Ltd
5. AIL Securities Ltd
6. Bonkolans Securities Ltd
7. Valmon Securities Ltd

8. FIS Securities Ltd
9. BGL Securities Ltd
10. Akitorch Securities Ltd
11. Alliance Capital Management Co. Ltd
12. Viva Securities Ltd
13. Sikon Securities & Investment Ltd
14. Investors & Trust Co. Ltd
15. Falcon Securities Ltd
16. Peak Investment & Securities Ltd

Secondly, the Nigerian Stock Exchange was informed about the Commission's demand for a letter of undertaking to be of good conduct from suspended stock broking firms before re-admitting them into the market. The CSCS and the Registrar, (UBN) were also notified.

THE DIRECTIVE OF THE ADMINISTRATIVE PROCEEDINGS COMMITTEE (APC) ON THE BONKOLANS CASE -RECOVERY OF N336M FROM EFCC

- Based on the IST judgment in the Bonkolans case, the APC directed the CSCS to forward details of all outstanding issues on the Bonkolans scam and a letter requesting the Commission to recover the above stated amount discovered by the EFCC during its investigations on the activities of the company. The Commission received a letter from the CSCS in respect of the above subject and is liaising with the EFCC.

UBN Nigeria PLC Vs International Standard Securities Limited

Solicitors to UBN PLC sought consent to join SEC as 2nd appellant at the IST. The Commission is considering the implication of granting the request.

British American Insurance Company (BAICO)

IMB International Bank PLC was directed to pay the outstanding interest amounting to N10, 578,167.02 and the accrued interest due to BAICO. Copies of the letter were sent to the Managing Director of BAICO and the Governor, Central Bank of Nigeria.

The above interest arose from the investment of the net issue proceeds amounting to N47, 697,866.40 on behalf of BAICO by IMB PLC when the former refused the issue proceeds released by the latter.

IMB PLC had in 2002 paid N1, 200,000.00 out of the N11, 578,167.02 interest due and promised that the outstanding N10, 578,167.02 would be paid in due course.

Centre Point Bank PLC

(The aborted Rights issue of 44,193,118)

- Centre Point Bank came to the market to raise money through Right

Issue. The Commission directed that the issue be aborted and monies refunded to the investors for reasons of under subscription. Inspection confirmed that the operator did not return all the monies as directed by the Commission and that the issue was not even up to 8.9percent subscribed as claimed.

- This was because Diamond Bank (receiving banks') statement revealed that only about N32 million was paid into the issue proceeds account as against the expected N42 million or there about. The Commission has directed further enforcement action on the operator.

SEC Vs Multinational Investments and Securities Limited.

(Non-compliance with the minimum paid-up capital requirement)

- The APC suspended the operator for non-compliance with minimum capital requirement of the Commission since 2001. The Auditors, Bola Sodipe & Co, later confirmed that the operator has complied with the minimum capital requirement on January 14, 2002 by the injection of N5,000,000 (Five Million Naira).
- However the operator had defaulted for 1,108 days. The APC directed that the Commission should consider an administrative solution to the matter.
- The directive was that the operator should be allowed to commence trading, pay

N1,000,000 (One Million Naira) only as penalty in 4 installments. The submitted repayment schedule was approved to ensure a time limit for the repayment. The operator has paid the first N250,000.00 in advance.

BENDU PETERS SERVICES (NIG) LTD
(Non Compliance with minimum capital requirement)

The operator was notified that it had not complied with the minimum capital requirement for the function of a corporate investment adviser. A deadline of 90 days effective July 15, 2004 as directed by the APC was given for it to comply; otherwise enforcement action will be taken against it. Its registration also lapsed on August 2, 2001.

Update on TMB Securities Limited
(Non-compliance with the minimum paid-up capital requirement)

- The company, which appeared before the APC in year 2001 was suspended. TMB Securities Ltd has not complied till date and The Commission took note of the persistent refusal by TMB Securities Limited to comply with its directive.
- The Commission received update that TMB Securities Ltd has not traded in the Nigerian Stock Exchange since 2002 and still had

not paid the outstanding penalty due to the Commission. The operator would be inspected before further action is taken.

NIGERIAN BREWERIES PLC

(Non-registration of the converted N7 billion unsecured variable loan stock)

- The Commission observed that Nigerian Breweries has refused to register the converted part of the variable loan stock that was converted to Equity.

Segun Demuren & Co. Vs. AIL Securities Ltd

- This is a complaint filed by Segun Demuren & Co. Solicitors, for and on behalf of 20 of its clients against AIL Securities Ltd. It complained of the illegal seizure of various stocks purchased for its clients through HP Securities Ltd, but lodged by AIL Securities Ltd.
- The Commission investigated the matter and discovered that the HP Securities had since folded up and AIL Securities refused to release the stocks to the investors without proper identification by HP Securities. A search report conducted on HP Securities Ltd at the Corporate Affairs Commission is being considered by the Commission. (Form C07 and Form C02 were attached).



THE OUTSTANDING COMPLAINTS AGAINST PRUDENTIAL SECURITIES LTD

Mr. Benjamin O. Ihekenandu VS. Prudential Securities Ltd

The non-lodgment of 1500 units of NB Plc shares where the operator was directed to investigate the complaint and forward evidence of resolution.

Mrs Sylvéria A. Adeniyi Vs Prudential Securities Ltd

The alleged illegal sale of 2063 units of Cadbury Nigeria PLC shares belonging to one Mrs. Silveria A. Adeniyi. The Operator was directed to resolve the complaint and forward an update to the Commission.

PRUDENTIAL SECURITIES LTD

The operator failed to comply with the conditions for the lifting of its suspension and its suspension was reinstated. In a letter dated September 27, 2004, the operator forwarded a cheque for the sum of N815, 424.01 being payment for the outstanding 14,061 units of FBN Plc, 26,690 units of Unilever Plc and all outstanding accruals it owed Mr. K. C. Ejere. Approval was again granted for the lifting of its suspension. However the complainant, Mr. K.C. Ejere wrote the Commission noting non-satisfaction with the alleged full and final payment made by

the operator. The Commission is liaising with the operator to reconcile and confirm the actual outstanding stocks especially the number of FBN and Unilever Plc shares due to the complainant.

PRIVATISATION OF AFRICAN PETROLEUM PLC

*(Payment of interest on the return monies -
IMB PLC)*

The Bureau of Public Enterprises confirmed to the Commission that JMB Int'l Bank had paid the outstanding interest to it in respect of the above matter.

The suspension order placed on IMB Plc was lifted after it cleared all outstanding issues against it in respect of the AP Plc privatization and BAICO Insurance Plc matter. The Nigerian Stock Exchange and CSCS were notified.

THE REVIEW OF COMPLIANCE STATUS OF ADMINISTRATIVE PROCEEDINGS COMMITTEE (APC) DECISIONS

The Commission presented a report on the compliance status of 16 matters at the APC sitting. The APC gave specific directives on some. It further directed that before the licenses of TMB Securities Ltd, ML Securities Ltd and Commercial Investment Co. Ltd could be withdrawn, a joint inspection of the companies should be conducted by the Commission.



The intent is to determine the extent of the liabilities on their respective books and the possible realizable assets with a view to taking steps to realize any assets before withdrawing their licenses.

NON-COMPLIANCE BY PUBLIC UNQUOTED COMPANIES WITH THE REQUIREMENTS OF THE ISA 1999

The Commission is liaising with the CAC to get an updated list of registered Public Ltd Companies to enable it ensure that both the Public and registered unquoted companies have registered their securities as required by the ISA with the SEC.

COMPLAINT AGAINST UNITED SECURITIES LTD. ON THE PURCHASE OF CORE INVESTMENT IN INTERNATIONAL TRUST BANK PLC BY MR. IHEJIANI

An all-parties meeting was held in the Commission on Sept 7, 2004 and the investor/complainant was directed to collect his share certificates from International Trust Bank Plc (ITB). The Commission also directed the company secretary of International Trust Bank Plc (ITB) to file with it an undertaking to release the share certificate to the complainant (Mr. Emelobe) and the complainant should also write and file with it an undertaking to pay the

transaction fees to ITB. The parties complied with the directives. The Commission had confirmed that the complainant has collected the share certificates.

UNILEVER NIGERIA PLC Vs ISSL (ADEBUKUNOLA OLISA)

(Indemnity provided by International Standards Securities Ltd) (ISSL)

- The Commission summarized the facts of the matter and recommended that ISSL should be directed to indemnify Unilever Nig. Plc.
- A directive was given that the parties should be advised to take the matter to the IST since it is in the best position to give an interpretation to the content of the letter of indemnity.
- The Commission wrote to Unilever Nig. Plc advising them to direct their complaint to the Investments and Securities Tribunal (IST). A copy of the letter was sent to the ISSL.

THE APC DECISION ON THE LATE ADEBUKUNOLA OLISA SHARES (RECOVERY OF THE FRAUDULENTLY SOLD UNILEVER SHARES)

The Commission is liaising with Union Bank Plc to confirm the amount of dividends that



have accrued on the shares. Union Bank Plc had re-purchased 862,307 units of the shares in favour of the Estate. What are outstanding are the accrued dividends and bonuses if any.

STOCK INVESTMENTS SECURITIES LIMITED

(Illegal operation of capital market activities)

- Arrests of Illegal operators was conducted through the Edo State Police Command. The report is being considered by the Commission for further action.

APC/42/2004

DECISIONS OF THE ADMINISTRATIVE PROCEEDINGS COMMITTEE IN RESPECT OF THE COMPLAINT BY USORO BURNS AKPAN ABIA AGAINST UIDC SECURITIES LTD

- Based on the APC decision and the assertions made by the operator during the APC proceedings that it had already purchased the shares, the Commission liaised with the operator to forward documentary evidence of the purchase of the 1,000 units of the Nigerian Breweries Plc shares. The operator was to respond not later than November 19, 2004. At the expiration of the said date, the operator promised to forward the documents, but is yet to

forward them.

- The Commission has confirmed on phone from the CSCS that the operator had already purchased the units of shares in question. However, the accruals are still outstanding.

THE DECISION OF THE APC (BETWEEN OKUMA AGHOGHO OGHOGHO AND UIDC SECURITIES LTD)

A letter was sent directing UIDC to comply with the APC decision. The APC had endorsed the terms of settlement reached between the parties wherein UIDC agreed to;

- buy the outstanding stocks;
- pay off the total dividends accrued and;
- pay N20, 000 only being expenses/ charges incurred by the complainant in pursuing the complaint.

EXTRACTS OF THE SITTING OF THE APC COMMITTEE HELD ON OCTOBER 12, 2004 (Review of APC/21/2002 SEC Vs Bonkolans Investment Ltd)

The Commission took adequate steps to implement the directives of the APC on the above matter. In response to the Commission's letters directing them to bear the Bonkolans scam liability on the basis of 60percent and 40percent respectively, the CSCS and Union Bank both stated that they were not in a position to comply with the Commission's directives, citing as their reason, another judgment of the IST which



stated that Bonkolans, Okwufulueze, B&N Int. Ltd and Basil Nkenchor are fully liable for the scam.

TRANSGLOBE INVESTMENT & FINANCE COMPANY LTD

The Commission coordinated the reconciliation exercise where the outstanding issues against the operator in the 31 cases were reviewed as directed by the APC. The operator forwarded some settlement cheques through the Commission.

OPERATORS CLEARED FOR REGISTRATION

Fidelity Union Securities Ltd (Application as a venture capital company) The application was cleared for fresh registration, as the applicant had no case with the Commission.

RENEWAL OF REGISTRATION

Ail Securities Ltd

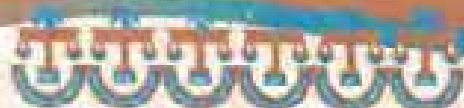
Following approval for the lifting of the suspension earlier imposed on the company, the Commission cleared Ail Securities Ltd for renewal of its registration.

AAA Stockbrokers Ltd

Following the Commission's rejection of the recommendation for the waiver of penalty for late compliance with the APC decision as directed by the APC, the operator was contacted and has now paid the penalty.

Assets Sharing between Cross River and Akwa Ibom States (Options Securities Ltd)

- Following a statement by First Registrars Nigeria Ltd that it had verified some share certificates through Options Securities Ltd, the Commission contacted Options for an explanation and directed the company to respond on or before October 15, 2003.
- Secondly the CSCS was also written and directed to place a caution on the Cross River State Account and forward to the Commission details of all transactions carried out including bonuses and payment of dividends between 1998 to date. This will enable the Commission take appropriate action on the matter.
- Thirdly, the Registrars were also directed to forward their updates for reconciliation by the Commission.
- The Commission attended a meeting scheduled at Calabar by the Cross River and Akwa Ibom States to resolve outstanding issues affecting the sharing of the jointly held stocks/shares following



the dispute arising from the asset sharing process of the states after the creation of Akwa Ibom State. The meeting was further adjourned to January 10, 2005.

- Dr. Baba - N5,000,000
- Mrs. Dorothy Ali - N100,000
- Gen. Chris Ali - N400,000
- Engr. J. O. Ogundipe - N557,487

Mr. Samuel A. Ikpeke was paid the sum of N950,000 as full and final settlement for the 61,989 units of Unilever Plc, which was illegally sold by Akitorch Securities Ltd.

HALSEC FINANCE LTD

The matter is referred to the EFCC following non further recoveries from the suspect.

INVESTIGATION OF UNREGISTERED PENSION FUND OPERATORS

The following are the unregistered Pension Fund Managers

- Glanvil Enthovan Life and Pension Fund Consultant
- Nigeria Life Pensions Consultant Limited
- Akin George Life and Pension Consultants
- UNICO Pension Trust Limited

They were reported to the Police for operating illegally without prior registration with the Commission.

The Commission liaised with the Police in its investigation until the enactment of the Pension Act which vested the Pension Commission with powers to regulate the aforesaid Managers. The investigation is now

INVESTIGATION ACTIVITIES BY THE EFCC: -

A letter from the EFCC informed the Commission of investigations being conducted on the following and requested the placement of caution on shares held by them pending the conclusion of the investigation:

- Chief Emmanuel Odinigwe Nwude
- Russell Shopping Mall Ltd
- African Shelter Bureau De Change Ltd

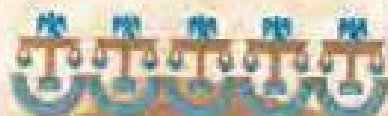
The Commission thereafter wrote a letter to the Central Securities Clearing System to place caution on all stocks belonging to the above.

POLICE INVESTIGATION

AKITORCH SECURITIES LTD

Following the efforts of the Police and the Commission, Akitorch Securities Limited was able to pay the following investors:

- Mrs Shodeinde - N1,000,000
- Chief (Mrs.) Bola Nakpodia - N1,000,000
- Chief Onitiri - N1,000,000



being kept in view.

CONCLUDED MATTERS

NIGERIAN AMERICAN MERCHANT BANK (NAMBL) Vs ENPEE INDUSTRIES PLC (Legal Opinion)

- The Commission gave a legal opinion on the legal effect of an unsigned and uncertified Terms of Settlement before a court order is given. The opinion was that it is of no legal effect and should be disregarded.
- Subsequently, NAMBL forwarded a cheque proposing settlement with SEC and Enpee Industries Plc.
- After the APC decision, the parties agreed to share the cost of the penalties imposed and the decision had since been complied with. NAMBL's suspension was also lifted.

APC/3/2003

CHIEF (CAPT.) C. O. IKUTIMINU VS URBANE STOCKBROKERS LTD

The operator had failed/neglected to purchase/lodge Sterling Nig Plc (now Smithkline Beecham) shares. The operator has since complied with the APC decision.

UNETHICAL PRACTICE AND FRAUDULENT DISPOSAL OF SHARES BY NOVA SECURITIES AND FINANCE LTD

This is a complaint lodged by Mr. N.A Lawal requesting the Commission to stop the sale and further recover his shares, which he pledged to secure a loan.

After the investigation, it was observed that the transaction and the issues raised in the complaint relate purely to money market operations and under the regulatory purview of the CBN. The complainant was advised to take his case to the CBN.

FRAUDULENT SALE OF UBA SHARES BY MULTINATIONAL INVESTMENT & SECURITIES LTD

The complainant filed a complaint against the above operator and the operator confirmed that it had resolved the matter. The Commission forwarded a letter to the complainant to confirm the resolution of the matter. The matter has been closed since no response has been received from the complainant.

LIST OF OPERATORS SANCTIONED BY THE APC

1. Alhaji Umar Abba Gana
- Banned from all capital market activities and holding directorship in any public company



2. Mr. Michael Adegbusi
- Banned from all capital market activities
3. Mr. A. G. Olsaemeka
- Banned from all capital market activities
4. Mr. Adim Jibunoh
- Banned from operating in any financial institution/industry
5. Mr. M. C. Ajayi
- Disqualified from being employed or participating in any capital market activity
6. Alhaji Gidado Mukhtar
- Banned from all capital market activities for a period of three years (3) from date of decision April 27, 2004
7. Prudential Securities Ltd
- Suspended from capital market activities
8. Molten Trust Limited
- Suspended from all capital market activities for a period of three months from date of decision August 31, 2004
9. Mr. M. O. Oduwole
- Suspended from all capital market activities for a period of one

year from date of decision- August 31, 2004

10. Mr. C. V. Ndunagu
- Cautioned to be more diligent in his dealings in the capital market.

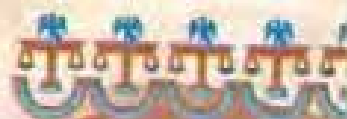
ENFORCEMENT

A. ADMINISTRATIVE PROCEEDINGS COMMITTEE

Forty six matters were concluded by the APC during the year. The matters are as follows:

There were nine complaints by various investors against Thomas Kingsley Securities Limited. After hearing the first one, the Commission's APC referred the operator and its MD/CEO (Chief Sir Kingsley Ikpe) to the EFCC for further criminal investigations because of the very huge sums of money involved. Also, to prevent Chief Ikpe from escaping abroad, his international passport was seized. The following were the cases against the operator:

- Chief Tony Ezenna vs. Thomas Kingsley Securities Ltd
- Oyo State Ministry of Commerce, Industry, Co-operative & Tourism vs. Thomas Kingsley Securities Limited
- Robert Kalu vs. Thomas Kingsley Securities Ltd.
- Pastor James Umor vs. Thomas Kingsley Securities Ltd.



- Elder Dr. U.O. Opara vs. Thomas Kingsley Securities Ltd.
- Olatoye Ojo vs. Thomas Kingsley Securities Ltd.
- Dr. I.O.J. Nwaiwu vs. Thomas Kingsley Securities Ltd.
- Alhaji Rasaki Arowolo vs. Thomas Kingsley Securities Ltd.
- Concerned Capital Market Investors (on behalf of Dennis Okoro & Chief Akwuiwu) vs. Thomas Kingsley Securities Ltd.

Other matters concluded during the year were the 31 complaints against Transglobe Investment & Finance Limited. In line with the APC's decision/directives, the operator has commenced restituting investors. The complaints against the operator were: -



1	APC/10/2004	Kogi State Foundation v Transglobe Finance & Invt. Ltd
2	APC/11/2004	Pinefields Investment Ltd v Transglobe Finance & Invt. Ltd
3	APC/12/2004	Sylvanus U. Oblejesu vs. Transglobe Finance & Invt. Ltd
4	APC/13/2004	Okafor Gregory Maduka vs. Transglobe Finance & Invt. Ltd
5	APC/14/2004	Major B.M Haruna v Transglobe Finance & Invt. Ltd
6	APC/15/2004	Umeh Nelson Chukwukere v Transglobe Finance & Invt. Ltd
7	APC/16/2004	Basil Nnana Mouka v Transglobe Finance & Invt. Ltd
8	APC/17/2004	Michael Ahuruonye v Transglobe Finance & Invt. Ltd
9	APC/18/2004	Mudiaga Ikpen & Phillip Uwaje v Transglobe Finance & Invt. Ltd
10	APC/19/2004	Geoffrey Chima Okafor v Transglobe Finance & Invt. Ltd
11	APC/20/2004	S.O. Sakeye v Transglobe Finance & Invt. Ltd
12	APC/21/2004	Omelora Inv. & Finance Ltd v Transglobe Finance & Invt. Ltd
13	APC/22/2004	Dr. Victor Ogunyemi v Transglobe Finance & Invt. Ltd
14	APC/23/2004	Ilobinso A.C v Transglobe Finance & Invt. Ltd
15	APC/24/2004	Engr. Abayomi Adenekan v Transglobe Finance & Invt. Ltd
16	APC/25/2004	Nwosu Nathan v Transglobe Finance & Invt. Ltd
17	APC/26/2004	Luke N Odinagbonu v Transglobe Finance & Invt. Ltd
18	APC/27/2004	N.K. Okali v Transglobe Finance & Invt. Ltd
19	APC/28/2004	Raymond C Iwunwa v Transglobe Finance & Invt. Ltd
20	APC/29/2004	Abiodun Ademorin Shonibare v Transglobe Finance & Invt. Ltd
21	APC/30/2004	Allbond Investment Ltd.v Transglobe Finance & Invt. Ltd
22	APC/31/2004	Joseph Ibikunle Jacobson v Transglobe Finance & Invt. Ltd
23	APC/32/2004	Nnamdi U. Chukwukere v Transglobe Finance & Invt. Ltd
24	APC/33/2004	Obioha Ome v Transglobe Finance & Invt. Ltd
25	APC/34/2004	Boniface O. Okafor v Transglobe Finance & Invt. Ltd
26	APC/35/2004	Ekweribe A. Valentine v Transglobe Finance & Invt. Ltd
27	APC/36/2004	Peter Okoli Ezafor v Transglobe Finance & Invt. Ltd
28	APC/37/2004	Silas Etuk v Transglobe Finance & Invt. Ltd
29	APC/38/2004	Charity Mbakwe v Transglobe Finance & Invt. Ltd
30	APC/39/2004	Uche A. Okekeuche v Transglobe Finance & Invt. Ltd
31	APC/40/2004	Albert Maduako Agusiegbe v Transglobe Finance & Invt. Ltd



The APC also heard and concluded the following matters -

- The concealment of a N26 billion debt in AP Plc during its privatization exercise
- The N13 million fraud in UACN Plc Registrar's Commission
- Mrs. O.O.Abiodun vs. Nigbel Securities Ltd & Others
- Okuma Aghogho Oghogho vs. UIDC Securities Ltd
- Usoro Burns Akpan Abia vs. UIDC Securities Ltd.
- Sun Insurance Co. Vs. Cashcraft Asset Management Co. Ltd.

2. APC MATTERS PART HEARD

- Estate of Pa Ajanaku vs. Nigbel Securities Ltd & others (The APC adjourned the matter at its own instance).

3. PENDING MATTERS -

- **FNC Igwe Vs. Decanon Inv. Ltd**
This is a complaint regarding non-lodgement of shares. The matter first came to the APC in 2001 and it directed both parties to reconcile account in order to arrive at the actual indebtedness. After several meetings the parties could not reconcile the account. The Commission is finalizing the memorandum and summary of fact of the matter for referral to APC.

• SEC vs. Universal Trust Bank Plc.

This matter was reported to the commission by the CBN which stated that in the course of its investigations into the exit of the former MD/CEO of the bank, it discovered manipulation of allotments, irregularities and discrepancies in the UTB public offer of 1999 in which the UTB management unilaterally directed the Registrar to warehouse and then re-allot 25percent of the shares to certain persons after the Commission's approval of the basis of allotment. This was done to raise the subscription level of the offer to meet the minimum subscription level stipulated in the Commission's Rules. The Commission finalized the memorandum and summary of facts preparatory to summoning all the offending parties in this case to appear before the Administrative Proceedings Committee (APC) of the Commission.

- **Niger Delta Exploration and Production Plc's** public offer for subscription of 19,733,333 ordinary shares of N10 each at N42 or US\$0.30 and private placement (Irredeemable Participating Investment Notes) of US\$46.823 in September 2001. The issuer and other parties were alleged to have violated several provisions of securities regulatory laws. The memorandum and summary of fact were finalized preparatory to summoning the parties for an APC



hearing.

- **Aswani Textiles Industry Plc & Kawu Abubakar Diya**

This is a complaint about the non-payment of interests and redemption warrants to the investor since 1998 on the Aswani Industries Plc's floating rate redeemable debenture stock of 1995/1998. The matter was referred to the EFCC for further investigation.

- **Estate of Late Augustine Onyia VS. Quantum Securities Ltd**

This is a complaint about the unauthorized use of the share certificates of late A.N. Onyia by the former MD of Quantum Securities Ltd, Mr. Nosa Guobadia, as security for loan from Chartered Bank without the consent of the Administrators of the Estate. Following the Commission's directives, the bank returned the certificates to the estate. However, inquiries conducted by the Commission revealed that Mr. Guobadia has left the country and is now resident in the United States of America.

- **Akin George & Co & 4 Ors**

The above firm and four (4) other companies were slated for Enforcement action for managing pension fund/schemes without registration with the Commission. However, Based on further investigation, the operators were

referred to the police and a media publication made in national dailies warning the public to beware of the activities of illegal operators.

- **J.K. Okebiyi vs. Icon Stockbrokers Ltd**

This complaint is about the non-lodgment of 1,000 units of NB Plc shares. A meeting was held with the complainant on April 29, 2004 and he was advised that he was not entitled to the stocks being claimed by him based on the advice of the Registrars. He promised to revert to the Commission upon confirmation of the computation of his entitlements from the Registrar.

- **Ahmed Badawi Saddiq vs. Prominent Securities Ltd**

This is a complaint about the unauthorized sale of 3,999 units of First Bank of Nigeria Plc shares. The operator forwarded evidence of repurchase of the principal shares as directed by the Commission and promised to repurchase the accruals within two weeks. Following the computation by First Registrars of the complainant's entitlements from 1998 to date, a directive was issued to the operator directing it to repurchase all of the complainant's accrued benefits as computed latest July 3, 2004. The complainant was invited to collect his accrued dividend as sent by the operator.



- **The Estate of Late I.A.A Nwosu v s . Pivot Finance & Investment Ltd**
 The deceased, while alive and up till his last letter to the Commission on 7th May 2001 alleged that in 1997 he paid N217,875 to the operator to acquire R.T.Briscoe Rights for him. The operator failed/refused/neglected to acquire the Rights for him. He also complained that the operator failed/refused/neglected to transfer several shares he sent to it for transfers. An all parties meeting was held and it was resolved that the operator should furnish documentary evidence of resolution of all the complainant's complaints and its payment of the sum of N945,841.02 which it claimed to have paid to the late Chief I.A.A. Nwosu before his demise latest 30th July. The Commission computed the operator's indebtedness to the complainant (N1,703,330.89) and sent it to the operator with a directive that it refund this sum to Nwosu's estate latest 7th January 2005.
- **Ministry of Economic Planning, Kaduna state vs. AAA Stockbrokers Limited**
 This is a complaint of non-purchase/non-lodgement of various shares, bonuses and dividends for staff of the ministry valued at N113,725.00 by the operator. The operator was issued directive to resolve the matter and forward evidence of the resolution on or before October 5, 2004. The Commission is considering withholding the renewal of the operator's registration with pending the resolution of the matter. The operator however forwarded evidence of repurchase and entered into an undertaking to pay the account entitlements by the end of January 2005.
- **Maikano Useni Sylvanus vs. Support Services Limited**
 This is a complaint of non-lodgement of 1,505 units of UACN Plc and 2,812 units of PZ Plc shares by the operator. The operator was directed to resolve the matter and forward evidence of resolution to the Commission on or before June 9, 2004. Also, the Commission is considering withholding the renewal of the operator's registration pending the resolution of the matter.
- **Unregistered/Illegal Capital Market Operators in Ilorin, Kwara State**
 Three companies in Ilorin, Kwara State
- **Van-Odus Trust Limited vs. Multinational Investment and Securities Ltd**
 This is a complaint regarding the illegal and unauthorized sale of 52,000 units of Nigerian Breweries Plc shares by the operator. The Commission is considering suspending the operator from Capital Market activities.



operating illegally in the Capital Market were referred to the Nigerian Police by the Commission. The three companies were Standard Chartered Securities, Penta Trust Investment Co. Ltd. and Davertex Securities Limited.

A team of policemen from Lagos arrested one Mrs. Comfort Daramola, and the MD of one of the companies, Davertex Securities. They could not however locate offices or officers of Standard Chartered Securities and Penta Trust Investment Co Ltd. The police investigation continues. An all parties meeting was held with three registered operators who were alleged to have been having dealings with the unregistered/illegal operators.

Networth Securities & Finance Limited vs. Apt Securities & Funds Ltd. This is a complaint of non-purchase of 225,000 units of Ecobank shares. Apt Securities was directed to pay a total of N172, 000.00 as interest on the principal to the complainant based on a computation using CBN's MRR. This resolution was conveyed to the respondent while the complainant was required to confirm in writing the receipt of payment and resolution of the matter.

- **Oyedapo M. Fola vs. AIL Securities Limited**

This is a case of alleged seizure of shares belonging to Mr. Oyedapo Moses Fola by AIL Securities Limited. The operator was directed to liaise with H.P. Securities limited to confirm the identity of the complainant (since it was in doubt of the latter's identity) to enhance the resolution of the matter by the transfer of the said stocks to his nominated account.

- **Beta Consortium Nigeria Limited**

This matter arose following the company's refusal to perfect its acquisition of Ikoyi Hotels Limited in 2001-2002. The offending company was directed to perfect the acquisition with the Commission within 30 days. In reaction to the Commission's directives, the company filed an action in court against the Commission at the Investment and Securities Tribunal and judgment was given in its favour which the Commission is challenging at the Court of Appeal.

- **Hannatu Kayit Vs. Lombard Asset Management Limited**

This complaint is about the mismanagement and unauthorized sale of investment of the complainant by the respondent. The Commission received a letter from the operator asserting repurchase of the shares and a cheque



representing the accrued dividend as directed by the Commission. A letter was written to the CSCS to confirm the repurchase while another letter was written to the complainant to come forward and collect her cheque which she did.

- **Victor Ola Fadahun Vs. ICON Stockbrokers Ltd**

This is a complaint on the operator's failure, refusal and neglect to lodge the complainant's 333 units (scrip issue) of Nigeria Breweries PLC shares, which the operator acquired on behalf of the complainant from Nigerian stockbrokers Ltd in 1992. The Commission computed the complainant's accrued benefits from 1992 to date and thereafter directed the operator to reconstitute the complainant based on the computation. Reacting to the Commission's letter to this effect, Icon Stockbrokers informed the Commission in December that they could not make good the delivery because Nigerian Stockbrokers Limited did not deliver the shares to them. An all parties meeting aimed at final resolution of the matter has been scheduled to hold in early 2005.

Other pending matters are as follows:

- David Oyebanjo Osilaja and Union Bank of Nig. Vs APPlc

- Col.P.U.N Omeruo vs. Trade Bank Nig Plc
- Estate of Pa Ajanaku vs. Pivot Finance & Investment Ltd
- Centre Point Bank Plc (undersubscribed rights issue)
- Efe G. Daniels vs. Capital Providers & Securities Ltd
- Martins Adedeji Oyenusi vs Investors & Trust Co. Ltd

3. Matters referred to the EFCC

Following from the APC's decisions, directives and the Commission's consent, some operators in the market (individuals and institutions) were handed over to the EFCC for further criminal investigations and prosecution. The operators are as follows:

- **Chief (Sir) Kingsley Ikpe MD/CEO Thomas Kingsley Securities Limited.**
Nine (9) complaints were made against TKSL. After hearing that of Chief To Ezerina, the APC handed over the complaint to the EFCC. Chief Ezerina's complaint alone was for the sum of N100 million.
- **Mr. Michael Adogbusi, former Asst. Manager, UACN Plc's Registrar Department, Mr. A.G. Olisaemeka, former Manager Lagos Branch Apex Securities Limited and Mr. M.A. Oduwole, MD/CEO Molten Trust Limited** who were involved in one way or the other in the



million share duplication scam that happened in UACN Plc's Registrar's Dept. between 2000 and 2001. While the first two men were arrested at the Commission's instance by the EFCC because of their active involvement in the scam, Mr. Oduwole was only picked up to aid the EFCC's investigations and to clarify some issues.

- **Mr. Wilberforce (Willy) Onwuka, former MD/CEO Transglobe Investment and Finance Company Limited** was handed over to the EFCC at the end of the hearing involving Transglobe because almost all of the 31 complaints against the company originated/occurred during his tenure and with his personal knowledge.

- **Aswani Textiles Industry Plc & Kawu Abubakar Diya**

This is a complaint about the non-payment of interests and redemption warrants to the investor since 1998 on the Aswani Industries Plc's floating rate redeemable debenture stock of 1995/1998. The matter was referred to the EFCC.

4. MATTERS REFERRED TO THE NIGERIAN POLICE

The Commission reported the under-listed companies to the police:

1. Glanville Enthoven Life & Pension Consultants
2. Nigeria Life Pension Consultants
3. Akin George Life & Pension Consultants
4. UNIC Pensions Trust

B. MONEY LAUNDERING MONITORING ACTIVITIES

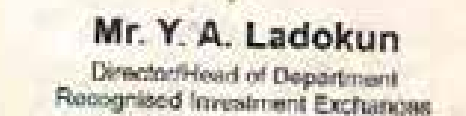
- The Commission notified all Capital Market Operators, Banks and Other Financial Institutions in Nigeria regarding the Enactment of the Money Laundering (Prohibition) Act 2004. This was to enable them report of suspicious transactions and international transfer of funds and securities carried on in their establishments that would impact on the Nigerian capital market to the Commission whose duty it is to monitor money laundering activities in the Nigerian capital market and check such wherever they may arise.

- In 2004, the Commission received and reviewed reports from some banks and Capital Market Operators (CMO) in compliance with the Money Laundering (Prohibition) Act 2004. They are as follows:

- (a) Zenith International Bank Ltd
- (b) Indo-Nigerian Bank



- (c) Pacific Bank
- (d) Afex Bank
- (e) Standard Trust Bank
- (f) FSB
- (g) Manny Bank
- (h) Fidelity Bank
- (i) EIB Bank
- (j) Global Bank
- (k) Triumph Bank
- (l) Access Bank
- (m) Gateway Bank
- (n) Union Bank
- (o) Continental Trust Bank
- (p) Universal Trust Bank
- (q) IBTC Assets Management Limited
- (r) Stanbic Equities Nigeria Limited
- (s) Cooper Fleming



PENDING REGISTRATION OF A COMMODITY EXCHANGE IN THE COUNTRY

- Visitation to farmers associations and warehouse operators
- Implementation of the agreement between the Commission and the ACE Audit Control and Expertise on Development of Commodity Exchange market in Nigeria.
- Public enlightenment campaigns in the six geo-political zones.
- Registration activities
- Training

NEW POLICY ON SEC FEES ON BOND TRADING

(i) Secondary Market Transaction
previous current
1percent (purchaser's side) 0.1percent

(ii) Primary Market Transaction
previous current Graduated by
size from 1percent
0.5percent

8. SEC / ACE made contact with Farmers Associations and Warehouse Operators

The Commission and ACE representatives carried out educational/sensitisation visits from 4th to 19th February, 2004. The team visited major stakeholders in the Commodity Exchange Market in Akure, Umuahia, Uyo, Zaria, Kano, Lagos and Port

Harcourt. The purpose of the visits was to, among others, achieve the following:

- Educate and sensitise stakeholders on regulation, principles and benefits of Commodity exchange Market in Nigeria. Two papers titled "Role of the Commission in the Regulation and Development of the Commodity Market" and "Principles and Benefits of the Commodity Exchange in Nigeria" were presented by the representatives of the Commission and ACE respectively at each of the places visited;
- inspect the physical state of some warehouses for adequacy and conformity with set standards;
- inspect related factories to ascertain level of production and raw materials needed with the aim of determining tradable commodities;
- administer questionnaires to relevant stakeholders and obtain their views on the proposed Commodity Exchange.
- The Commission is considering the report of the visit for further necessary action.

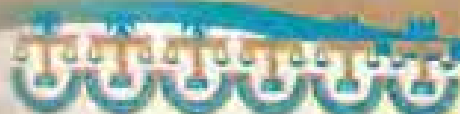
b. Review of Draft Report on Commodity Exchange Development in Nigeria

The Commission reviewed the draft report on the development of Commodity Exchange in Nigeria submitted by ACE and presented a summary report to the Internal Implementing Committee for further action.

c. Final Review of ACE Draft Report on Development of Commodity Exchange Market in Nigeria

The Internal Implementing Committee on Commodity Exchange Development in Nigeria met on the 16th and 17th July, 2004 with ACE consultants to finalise amendments on the draft report submitted by the consultant. The final report, which incorporates SEC's contribution, was submitted to the management on August 11, 2004. The report highlighted the following salient issues:

- Policy and institutional framework in support of commodity exchange market
- The legal base for control and regulation of the Nigerian Commodity Exchange
- Structure and operational modalities of commodity exchange markets monitoring and surveillance
- Projected business plan and operating forecast



- **SEC / ACE Mobilisation Workshop**

The Commission and ACE organised the above workshop between February 2 - 3, 2005 in Lagos. The objectives of the workshop were to promote the orderly development of commodity exchange in Nigeria through dialogue between key potential stakeholders, private sector and government institutions and to educate and sensitise participants on the importance and benefits of a Commodity Exchange in Nigeria.

production of agricultural commodities on a commercial scale. The Commission's paper titled "The Role of Commodity Exchange Towards Improving the Market of Agricultural and non-Agricultural Products" was presented by the Director (RIE) and the Divisional Head (CE) at the various locations of the workshop. At the workshop, the Commission addressed the issue of marketing of Agricultural products as a post harvest panacea. The Special Assistant to the President on Food Security sent a commendation letter to the Commission for its participation at the workshop.

REGIONAL WORKSHOPS

- **The Regional Workshop/ Exhibition on "Post Harvest Technology as a Panacea to Food Security And Economic Development" Organised by Special Assistant to the President on Food Security**

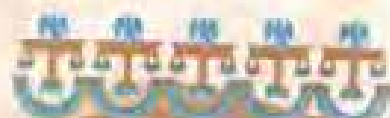
The Commission attended the subject workshops at Ondo- April 5 and 6, 2004 and Benue- April 26 and 27, 2004, Kastina- May 3 and 4, 2004 and Bauchi- May 13 and 14, 2004. It was organised by the office of the Special Assistant to the President on Food Security. The objective of the workshop was to sustain the rising level of Agricultural products being recorded in most states of the federation, and to further promote

- **Cassava Stakeholder's Forum and Exhibition Organized by the Presidential Committee on Cassava Export Promotion**

The Commission attended the above workshop from June 7 - 8, 2004. The objectives of the forum were to:

- give an opportunity to stakeholders to make input into the Cassava Development and Export Promotion Programme;
- exhibit the various products derivable from cassava, plant, machines and equipment;
- provide a forum for all stakeholders to interact and develop business opportunities in the cassava industry.

The Commission made maximum use of the forum as an enlightenment avenue by distributing commodity exchange flyers, active participation in the syndicate sessions



held and ensuring that commodity exchange was included in the Communiqué issued as the best platform to market Cassava as well as other Agricultural produce.

PUBLICATION

To maximise the enlightenment opportunity provided by the regional workshops, the Commission produced a flyer to provide answers to some Frequently Asked Questions (FAQ) on commodity exchange. This was a cost effective way of reaching a larger part of the public and hopefully, this will continue to create awareness on the commodity exchange market.

CONTACT WITH THE COCOA MARKETING INFORMATION SYSTEM (CMIS)

Four members of the Cocoa Marketing Information System visited the Commission on 13th April, 2004. The aim, according to the team leader and national project coordinator, Dr P. K. Attah, was to share ideas about collation of production statistics on Agricultural Commodities, particularly cocoa.

INFORMATION ON COMMODITIES USED AS RAW MATERIALS

The Commission worked with various processors (Nesle Nig. PLC, Unilever Nigeria Plc, U.A.C Nigeria Plc, and Cadbury Nigeria Plc) to compile information on the commodities they utilised as raw materials. This was done with a view to aiding the take-off of the Commodity Exchange. It is an on going process.

PROPOSED AMENDMENT TO SEC RULES ON COMMODITY EXCHANGE

The Commission designed Registration Forms, and is proposing amendments to sections of SEC Rules and Regulations that address commodity exchange issues.

UP DATE ON ABUJA SECURITIES AND COMMODITY EXCHANGE (ASCE)

A number of issues, still unresolved, are responsible for the ability of the Abuja Securities and Commodity Exchange (ASCE) to take-off. These are being addressed.



Mr. U. S. Mohammed

Director/Head of Department,
Mergers & Takeovers

The Investment and Securities Acts No. 45 of 1999, section 8(0) empowers the Commission to approve and regulate the activities of mergers and acquisitions and all forms of business combinations.

In furtherance of the provisions of the Act and the Rules and Regulations, the Commission processed five (5) merger applications during the year under review. One was received during the year while the remaining four (4) were carried over from the previous year. Out of the five (5) applicants, three were approved while two (2) were discontinued by the Commission.

A. APPLICATIONS RECEIVED

One (1) new application was received during the year while four (4) applications were brought forward from year 2003.

The new application was the scheme of arrangement between M-Net/SuperSport and their shareholders.

Mergers, Takeovers And Business Combinations

The Applications brought forward from last year included:

1. Merger between Equity Indemnity Insurance Company Limited and Equity Life Insurance Company Limited.
2. Merger between Chevron Nigeria Limited, Chevron Oil Company (Nigeria) Limited and Texaco Overseas (Nigeria) Petroleum Company Unlimited.
3. Merger between Lexington Insurance Company Limited, Express Insurance Limited and Safeway Insurance Company Limited.
4. Merger between Shelter Insurance Company Limited and International Insurance Group (Nigeria) Limited.

A. 1Scheme of Arrangement Between M-Net/SuperSport and Their Shareholders

The application was filed by Standard Corporate and Merchant Bank (a division of the Standard Bank of South Africa), Financial Advisers to M-Net SuperSport and their shareholders.

The companies applied for the de-listing of their listed shares on The Nigerian Stock Exchange.

respect of the scheme.

Following the filing of the documents by City Securities Limited, the company now complied fully with the Commission's request that details of cash settlement of the Nigerian shareholders be filed.

B. OTHER APPLICATIONS PROCESSED

B.1 Pre-merger Notice Between Equity Indemnity Insurance Company Limited and Equity Life Insurance Company Limited.

The application was filed by Lead Bank Plc, Financial Advisers to Equity Insurance Company Limited and Equity Life Insurance Company Limited.

The two companies decided to merge to enable them reposition in anticipation of the challenges posed by the deregulation of the Financial sector and to recapitalize in compliance with the Insurance Act of 2003, to enable them take on other composite Insurance.

RESULTANT COMPANY

The resultant company was to be Equity Indemnity Insurance Company Limited.

PROPOSAL

Equity Life Insurance Company Limited was to be absorbed by its parent company, Equity Indemnity Insurance Company Limited, after which, Equity Indemnity

Company would have been converted to a public liability company and thereafter, raise funds to increase its paid-up share capital to comply with the dictates of the Insurance Act of 2003.

Processing Stage

The company informed the Commission via a letter dated 28th May, 2004, that the transaction be suspended as other activities had superseded the merger plans.

B. 2. Proposed Merger of Chevron Nigeria Limited, Chevron Oil Company Nigeria Limited and Texaco Overseas Nigeria Petroleum Company Unlimited

KPMG Professional Services which filed the application initially, were not registered as an Issuing House. FBN (Merchant Bankers) were therefore appointed as the Financial Advisers to the scheme.

Processing Stage

In the proposal (the three companies were owned by Chevron Texaco U.S.A.), the whole of the ten thousand fully paid ordinary shares of N1.00 each of Texaco Overseas (Nigeria) Petroleum Company Limited and the whole of the one thousand fully paid ordinary shares of N20.00 each of Chevron Oil Company Nigeria Limited were surrendered and cancelled and all the assets, liabilities and undertakings of Texaco Overseas (Nigeria) Petroleum Company Unlimited and Chevron Oil



Company Nigeria Limited were transferred and vested in Chevron Nigeria Limited.

RESULTANT COMPANY

Chevron Nigeria Limited emerged the resultant company after the merger. Formal approval was granted on 30th September, 2004, and communicated to them. The company filed a copy of the court sanction of the merger as well as published the court sanction in Thisday Newspaper issue of November 5th, 8th and 9th 2004. The Commission is awaiting the gazetting of the court sanction.

B.3. Merger of Lexington International Insurance Company Limited, Express Insurance Company Limited and Safeway Insurance Company Limited.

The Financial Advisers, Mainland Trust Limited, De-canon Investment Limited and Anchoria Investment and Securities Limited filed an application on behalf of Lexington International Insurance Company Limited, Express Insurance Company Limited and Safeway Insurance Company Limited respectively.

PROPOSAL

All assets and liabilities of Safeway Insurance Company Limited and Express Insurance Company Limited were transferred to Lexington International Insurance Company Limited.

RESULTANT COMPANY

Lexington International Insurance Company Limited emerged the resultant company after the merger. The share capital of the enlarged company is N20,000,000.00

Processing Stage

Formal approval was granted and communicated to the company on 3rd February 2004 and the company filed the court-order sanctioning the scheme with the Commission on 4th March 2004.

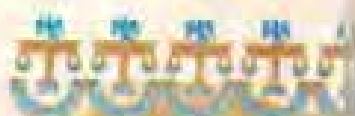
The publication of the court order in the Daily Independent Newspaper of 10th March, 2004, and the publication in the official gazette were filed with the Commission on 7th June, 2004.

B.4 Pre-Merger Notice Between Shelter Insurance Company Limited and International Insurance Group Nigeria Limited

A fresh application was filed by Financial Trust Company Limited and De-canon Investment Limited, Financial Advisers to Shelter Insurance Company Limited and International Insurance Group Nigeria Limited, respectively.

PROPOSAL

In the proposal, the two companies resolved to come together through a horizontal merger in order to meet the provisions of the Insurance Decree of 1997



and also to recapitalize, to enable them underwrite bigger volume of business and remain competitive.

RESULTANT COMPANY

Shelter Insurance Company Limited was to be the resultant company and N20,000,000 would be the share capital of the enlarged company.

Processing Stage

Financial Trust Company Nigeria Limited informed the Commission on 5th February 2004, that their function as Financial Advisers to the merger had been terminated.

C. Post-Merger Inspections

Post-Merger Inspections were conducted on the underlisted companies.

- (1) Edo Cement Company Limited
- (2) Lexington International Insurance Company Limited.

D. Applications Concluded

- (1) Lexington International Insurance Company Limited
- (2) M-Net/SuperSport and their shareholders

E. Applications Discontinued

The underlisted applications have been discontinued on account of non-submission of required documents for

processing:-

- (1) PNA Properties and Phoenix of Nigeria Assurance Plc.
- (2) Spaaco Nigeria Limited and Spaaco Holdings Limited
- (3) Pre-merger notice between Equity Indemnity Insurance Company Limited and Equity Life Insurance Company Limited.

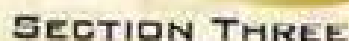
The company informed the Commission via a letter dated 28th May, 2004, that the transaction should be suspended as other activities had superseded the merger plans.

- (4) Pre-merger notice of Amo Farms Sanders Hatchery Limited and Amo Sanders Nigeria Limited.

The company informed the Commission via a letter dated 10th March, 2004 through Owo-Segun Nominees Limited (Securities and Management Consultants) that the merger option as a strategy for economic survival of the merging companies had been aborted and therefore had no instructions to pursue the merger exercise.

IN-HOUSE CAPACITY BUILDING WORKSHOPS ON MERGERS AND ACQUISITIONS

The Commission organized series of in-



the theme: Packaging, Disclosure and Regulatory Requirements, was held at the Lagoon Restaurant, Victoria Island, Lagos on 28th and 29th September, 2004.

- ## ACQUISITIONS

FRESH APPLICATIONS IN 2004

The following fresh applications were received during the year under review.

1] DIVESTMENT OF SHARES IN GUINNESS NIGERIA PLC

An application for the transfer of 14,224,577 units of Nigeria Breweries Plc and 48,783 units of Guinness Nig. Plc shares was forwarded to the Commission by Stanbic Bank Nig. Ltd. On review of the application, it was observed that the two transfers did not constitute acquisition.

2] STANDARD CORPORATE AND
MERCHANT BANK (SCMB) SOUTH
AFRICA

Standard Corporate and Merchant Bank (SCMB) informed the Commission of the acquisition of controlling shares in M-Net/Super sport by Naspers but the minority shareholders of the company (wherever they are including Nigeria) will be given the option to go along with

SEMINARS ON MERGERS AND ACQUISITIONS

A Seminar, jointly organized by SEC and the Association of Issuing Houses of Nigeria on Mergers and Acquisitions with



the acquirer or sell their shares under a scheme of arrangement pursuant to the acquisition. The documents were reviewed and are being processed further.

3] REGISTRATION OF SHARES IN CONSOLIDATED BREWERIES PLC

The company notified the Commission of its intention to transfer 5,360,000 ordinary shares of 50k each of the company to Zithos Holdings Limited (one of their shareholders.) The application was reviewed, processed and approved.

4] ACQUISITION OF SHARES IN RACAL SURVEY NIG LTD

Irving & Bonna applied to the Commission on behalf of its clients in respect of the share acquisition in Racal Survey (Nig) Ltd by Fugro Consultants International M.V. and Fugro Geodetic AG. The documents were reviewed and are being processed.

5] ACQUISITION OF REGENT BANK PLC BY FIRST CENTURY

The analysis of quarterly returns revealed that First Century International

Ltd acquired a total of 2,553,696,000 ordinary shares in Regent Bank Plc. The company was informed to regularize the transaction.

6] DIVESTMENT OF SHARES IN NCR NIGERIA PLC

The Company notified the Commission of its intention to divest its holding in Systemedia division, which is involved in the business of engineering equipment. The application was reviewed, processed and approved.

7] DIVESTMENT OF SHARES IN COOPERATIVE BANK PLC

Union stockbrokers on behalf of their clients sold holdings in co-operative bank plc totaling 132,607,159 ordinary shares or 44.2 percent of the bank.

Analysis of stock watch also revealed heavy trading in the shares of Co-operative Bank Plc on 18th and 30th December 2003. The transaction has been reviewed and will further be processed.

8] ENPEE INDUSTRIES PLC

The review of the quarterly returns of UBA Securities revealed that Wilko Cooperation owned 233,799,080



ordinary shares of Enpee Industries Plc, representing 62.97percent of the total share capital of the company. The company was written to regularize the acquisition, which has since been approved.

9] **SAFE TRUST SAVINGS & LOANS LTD**

Following a publication in "Thisday" newspaper of April 6, 2004 wherein it was stated that Magnum Trust Bank Plc acquired 56percent interest in Savings & Loans Ltd., the Commission wrote the bank to regularize the acquisition. This has been processed and approved.

10] **COOPER FLEMING STOCKBROKERS LIMITED**

The transfer of ownership of the company from B.I. Mahtani to Regent Bank Plc was reviewed and approved after the documents submitted were found to have met the Commission's requirements.

11] **HBM GENERAL SUPPLIERS LIMITED**

The application for the transfer of 70percent or 2,100,000 ordinary

shares of the company held by Amar Sadarangani to Pansona Investments Ltd is being processed.

12] **R.S. INDUSTRIAL COMPANY LTD**

The application for the transfer of 95.4percent or 2,862,000 ordinary shares of the company to Pansona Investments Limited is being processed.

13] **DAILY TIMES OF NIG. PLC**

The BPE, in a letter dated 31/8/04, invited the Commission to the handing over of Daily Times of Nig. Plc to Folio Communications Ltd. The transaction is yet to be regularized.

14] **NIGERIAN EMBROIDERY LACE MANAGEMENT CO. LTD**

The company notified the Commission of the transfer of 60percent equity of the company held by Bhojsons Holding Gibraltar, to Velco, Albel Holding Limited. The application has been processed and approved.

15] **G. CAPPANIGERIA PLC**

An application was received from Securities solution Ltd on behalf of G. Cappa Nig. Plc in respect of the



transfer of 55,952,234 ordinary shares of the company held by Gifenga AG to Bronze Finance Ltd. The application is still being processed.

16] COUNTERS TRUST SECURITIES LTD

The application was for the change in the shareholding and ownership structure of the company. The application is still being processed.

17] CENTRAL INSURANCE COMPANY LTD

After the review of a publication in "This Day" newspaper of November 2, 2004, wherein it was stated that UBA Plc had acquired 51 percent equity in CICO Ltd., United Bank for Africa Plc was asked to regularize the acquisition. Their Response is still being awaited.

OUTSTANDING APPLICATIONS

The following applications were brought forward from the previous year.

1] CALABAR CEMENT LTD

The Commission held a meeting with BPE, within the reporting period, wherein it promised to co-operate with the Commission in making sure that all privatized companies were regularized with the Commission. Calabar Cement company Plc, acquired by Flour Mills of Nig. Plc and Holcim

Trading SA, falls under this category.

2] NIGERCEM PLC

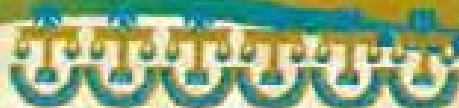
The Financial Adviser (Diamond Bank Limited) to the company is yet to forward the fees and necessary documents in respect of the acquisition of Nigercem Plc by Eastern Bulk Cement Plc. In their last letter, they informed the Commission that the Technical Committee on Privatization, South East was yet to provide the documents and fees because the change of ownership had not been concluded.

3] GLOBAL ENERGY PLC

The transaction for the transfer of the core investor shares of the company to Jagal Ventures Ltd with Lamprell West Africa Ltd and SBM offshore Ltd as Technical Partners, is among the transactions handled by BPE in the ongoing privatization exercise. This is yet to be regularized.

4] BHOJRAJ INDUSTRIES PLC

Following management's approval for search to be conducted at the Corporate Affairs Commission on the company, the search has been conducted and the report compiled. The company submitted an application for the transfer of 18,899,185 ordinary shares of N2.00 each of the company to



Jupiter Asset Management.

5] SPIE BATIGNOLLES NIG. LTD

The company is yet to regularize the transfer of 54,000,000 ordinary shares or 90percent of the shares of Spie S.A. of France to Spie Batignolles. An ultimatum dated June 3, 2004, was faxed to the company and their response is still being awaited.

6] IKOYI HOTEL

The regularization of the company's acquisition by Beta Consortium Ltd is still being contested by Beta Consortium. An enforcement action is being considered but there is a subsisting current action on the issue, following a ruling by The Investment and Securities Tribunal (IST).

7] AVON CROWN CAPS AND CONTAINER NIG. PLC

Mr. N.P Kirpalani, who earlier wanted to transfer his 402,464,553 shares of the company to Wilko Corporation, informed the Commission that he had decided to discontinue with the transfer. The issue has been put on hold.

8] CLARIANT (NIG) LTD

The Commission is still awaiting

outstanding documents from the company in respect of the proposed transfer of 28,000,000 ordinary shares of the company to Navac Limited (27,720,000) and Mr. Marcel Grossbacher (280,000).

9] GLOBE SPINNING MILLS (NIG) LTD

The company is yet to forward outstanding documents in respect of the transfer of 90,000,000 shares or 96percent of the company to Majestic Asset Management Limited. The issue is being kept on hold.

10] BHOJSONS & COMPANY NIG. PLC

Due to the discrepancies observed in respect of the proposed transfer of 45,377,494 ordinary shares of the company to Majestic Asset Management Ltd, a search was conducted at the Corporate Affairs Commission to confirm the status of the company. The report is being compiled.

11] D.N. MEYER PLC

The Commission has communicated the deficiencies observed in the documents forwarded by ACIMS Ltd



(Financial Adviser to the company) in respect of the divestment of shares in the company through Management Buy Out.

12] MOBITEL NIG. LTD

The Financial Adviser (International Securities Ltd) to the company is yet to forward the necessary documents and fees in respect of the proposed acquisition of the company by Harthill Finance Ltd.

13] GASLINK NIG. PLC

Oando Nig Plc is yet to forward the necessary documents and fees to the Commission in respect of its proposed acquisition of 51percent equity in Gaslink Nig. Plc. The Commission sent a reminder to the Company and response is still being awaited.

14] GREENLANE SECURITIES LIMITED

The issue is in view pending the payment of penalty imposed on the company by the Commission on another issue.

15] WIGGIN TEAPE PLC

The Financial Adviser to the company (EIB) informed the Commission that the company had ceased to operate

and that all efforts to liaise with WTN holdings and the company in respect of the transfer of 40 percent equity of Wiggin Teape to WTN holdings proved abortive. The issue is therefore kept in view.

16] REGENT BANK PLC

The Commission sent a letter to First Century International Ltd in respect of the acquisition of 74.94percent equity or 2,553,696 ordinary shares of Regent Bank Plc. The company is yet to regularize the transaction.

17] BOC GASES NIGERIA PLC

Standard Bank of South Africa is yet to respond to a reminder in respect of the enquiry it made concerning the proposed transfer of 60percent equity of BOC Gases Nig. Plc held by BOC Group Plc to African Oxygen (Afrox).

18] RESORT SAVINGS & LOANS

The acquisition of the company by Royal Exchange Assurance has been suspended as indicated in the company's letter to the Commission. The transaction is therefore kept in view.

19] IMB INTERNATIONAL BANK PLC



Following a public offer of 5.8 billion shares by IMB International Bank Plc, AP Plc was allotted 3,530,125,800 ordinary shares or 60.86percent of the total shares. The Commission in a letter dated August 16, 2004 requested AP Plc to regularize the acquisition and they are yet to respond.

20] HBM GENERAL SUPPLIES LTD

Following the transfer of 70percent equity of the company held by Mr. Amar Sadarangani to Pansona Investment Ltd., the company was asked to regularize the acquisition. Response is still being awaited.

21] R.S. INDUSTRIAL COMPANY LTD

Following the transfer of 95.4percent equity of the company held by Mr. Amar Sadarangani to Pansona Investments Ltd, the company was asked to regularize the acquisition. Response is still being awaited.

22] ZENON PETROLEUM AND GAS LTD

The company, in a telephone conversation confirmed its acquisition of the depot facilities of Marca International. The Commission requested the company to regularize the acquisition. The company denied the acquisition and the Commission

drew the attention of the company to the contradiction between the content of their letter and the telephone conversation with them. The company was therefore requested to regularize the transaction.

23] BUSINESSDAY NEWSPAPER

Following a newspaper report in "Business Day" newspaper of September 3, 2004, wherein it was reported that Johnnic (a South African Company) and Capital Alliance (a Nigerian based firm) had acquired 51percent stake in Business Day newspaper, the company was requested to regularize the acquisition. Response is still being awaited.

24] LAW UNION & ROCK INSURANCE COMPANY

The Commission observed a the transaction involving 91,492,440 ordinary shares of the company executed on the floor of the NSE by Nig. Stockbrokers (NSL).The stock broking firm was asked to confirm the buyers and response is still being awaited.

25] DAILYTIMES OF NIG. PLC

The BPE in a letter dated August 31, 2004, invited the Commission to the handing over ceremony of the company to Folio Communications Ltd. The





Commission requested Folio Communication to regularize the acquisition.

26] NIGERIAN EMBROIDERY LACE MANUFACTURING CO. LTD

The company through its Financial Adviser (Akintola Williams Deloitte & Touche), notified the Commission of the proposed transfer of 4,501,765 ordinary shares or 78.45percent equity of Nigerian Embroidery Lace Manufacturing Co. Ltd held by Bhojsons Holding, Gilbraltar, Mr. Bhagiran B. Chanrai and Mrs Lata B. Chanrai to Jupiter Asset Management Ltd. The Commission requested for the necessary documents and fees to regularize the transfer. Response is still being awaited.

27] NIGERIAN WIRE AND CABLE PLC

The Commission requested for information on the transaction involving 117,000,000 ordinary shares or 84percent equity of Nigerian Wire and Cable Plc from Global Asset Management Ltd. The company, in its response, informed the Commission that Golden Sprout Nigeria Ltd was the acquirer of the shares. The Commission asked the company to regularize the acquisition but the company, in its response, stated that it

only bought 19.5percent equity of the company. The Commission reminded another the company on the need to regularize the acquisition and response is still being awaited.

28] G. CAPPANIGERIA PLC

Management has been notified of the transfer of 55,952,234 ordinary shares or 44.76percent of the company held by Giffenga AG to Bronze Finance Ltd.

29] COUNTERS TRUST SECURITIES LTD

The company is yet to forward outstanding documents and fees in respect of the proposed transfer of 90,226,571 ordinary shares or 100percent equity of the company to FSDH Asset Management Ltd (19.99percent) and Mr. Rilwan Bello-Osagie (0.01percent). A letter dated November 23, 2004, was sent to the company and response is still being awaited.

30] GULF BANK NIGERIA PLC

The Bank is yet to respond to the request for the regularization of its 40percent equity holding in Bacad Finance & Investment Co. Ltd.

31] CENTRAL INSURANCE COMPANY LTD





Following the publication in "This Day" newspaper of November 2, 2004, regarding the acquisition of 51percent interest in the company by UBA Plc, UBA Plc was asked to regularize the acquisition. Their Response is still being awaited.

APPROVED APPLICATIONS

The following applications were approved during the period under review.

1) SMITHKLINE BEECHAM AND GLAXOWELCOME (NIG) PLC

A "no objection" approval was given to the company on February 28, 2004, to effect the change of the company's name.

2) OUTSPAN NIGERIA LTD

Following the company's submission of all necessary documents and fees in respect of the transfer of 37,500,000 ordinary shares of Outspan Nig. Ltd by Olam Holdings Ltd to Olam International Ltd, a "no objection" approval was granted to the company on January 13, 2004.

3) RECKITT BENCKISER LTD

A "no objection" approval was granted to the company on February 26, 2004 in respect of the transfer of the

company's shares to Madison Square holdings.

4) CONTINENTAL TRUST BANK LTD

The Commission vide a letter dated March 17, 2004, gave a "no objection" approval to the acquisition of 50.71percent or 1,775,104,804 ordinary shares of the bank by Standard Trust Bank Plc.

5) SAFMARINE NIGERIA LTD

Following the submission of all the necessary documents and fees by the company, the Commission gave a "no objection" approval on March 17, 2004 to the company in respect of the acquisition of 100percent shares of the company by Maersk Nig. Ltd.

6) IMPRESIT BAKOLORI

A "no objection" approval dated 1/6/04 was issued to the company in respect of the transfer of 20,237,000 ordinary shares of the company to Impreglio Spa.

7) INTERNATIONAL TRUST BANK PLC

The Commission issued a "no objection" approval dated 30/6/04 to Liberty Bank Plc in respect of the transfer of its 600,000,000 ordinary



shares in International Trust Bank Plc to a group of investors.

6] CONSOLIDATED BREWERIES PLC

A "no objection" approval dated 30/6/04 was issued to the company in respect of the transfer of its 5,360,000 ordinary shares of 50k each to Zithos International Limited.

9] NCRLTD

An approval dated 2/6/04 was issued to the company in respect of the divestment of its Systemedia Division to Nigerlink Industries Ltd.

10] WATER CRAFT SERVICES LIMITED

The Commission, vide a letter dated July 8, 2004 issued a "no objection" approval to the company in respect of the transfer of 10,000,000 ordinary shares or 100percent of Water Craft Services Limited to CTC International.

11] SAFETRUST SAVINGS AND LOANS LIMITED

A "no objection" approval dated September 13, 2004 was issued to Magnum Trust Bank Plc in respect of its acquisition of 56percent interest or 57,345,680 ordinary shares of N1.00 each in Safetrust Savings and Loans Limited.

12] WAPIC INSURANCE PLC

The company was issued a "no objection" approval on 31st August, 2004, in respect of the acquisition of 280,439,239 ordinary shares of the company by Intercontinental Bank Plc.

13] MORISON INDUSTRIES PLC

The Commission, vide a letter dated December 22, 2004 conveyed its "no objection" approval to the purchase of the assets of MSJ Industries by Morison Industries Plc.

14] ENPEE INDUSTRIES PLC

A "no objection" approval, dated December 20, 2004 was issued to the company in respect of the acquisition of 66,339,409 ordinary shares of 50k each of the company by Wilko Corporation Ltd.

15] COOPER FLEMING STOCKBROKERS LTD

The Commission, vide a letter dated December 22, 2004 conveyed its "no objection" approval to the transfer of 100,000,000 ordinary shares of 50k each or 100percent shareholding of the company to Regent Bank Plc.



16] DUNLOP NIGERIA PLC

The Commission conveyed its "no objection" approval vide a letter dated December 21, 2004 to the transfer of 152,409,164 ordinary shares of 50k each of the company, held by Dunaf Investment Ltd to Dunlop, Africa Marketing (UK) Ltd.

the company in respect of the transfer of 104,952,939 ordinary shares of the company held by Zithos Holdings Ltd to Heineken International Bv.

18] PILOT FINANCE LTD

The Commission, vide a letter dated December 20, 2004, conveyed its "no objection" approval to the acquisition of 55percent equity in the company by Osunkeye & Associates.

17] CONSOLIDATED BREWERIES PLC

A "no objection" approval dated December 28, 2004 was conveyed to





Mr. M.E. Imagbenikaro

Deputy Director/Head of Department,
Office of the Chief Accountant

In order to facilitate the close monitoring of activities and performance of all companies quoted on the Nigerian Stock Exchange and hence, instill investor's confidence in the ability of the Commission to adequately maintain surveillance on quoted companies performance, the Commission established the Office of the Chief Accountant in December 2003. It commenced operation in January 2004. The department is saddled with the following responsibilities amongst others:

- Analyses Financial Statements of Public Companies with a view to assessing their financial health and compliance with SEC Disclosure Requirements, applicable Accounting Standards and generally Accepted Accounting Principles (GAAP).
- Monitors compliance with the Code of Corporate Governance.
- Advises the Commission on

Activities of The Office of The Chief Accountant

Accounting and Auditing matters arising from the implementation of the Investments and Securities Act, 1999 and the rules and regulations made there under.

- Make input into the Commission's rules and regulations on matters affecting financial disclosure by public companies.
- Liaises with accounting and auditing standards setting bodies, regarding the promulgation of new or revised accounting and auditing standards (e.g. Nigerian Accounting Standards Board and International Accounting Standards Boards).
- Liaises with the Institute of Chartered Accountants of Nigeria (ICAN) and other professional accounting bodies in monitoring the activities of external auditors of quoted companies.
- Liaises with the capital market regulatory bodies of other countries with a view to sharing information and experience.

During the period under review, the Commission through the new office of the Chief Accountant (OCA) carried out the following activities:-

- 1) **CORPORATE GOVERNANCE ISSUES**
 - a) One of the functions of the Commission is to monitor compliance with the code of corporate governance by public

companies. The Commission has prepared a framework for monitoring compliance with the code of corporate governance by all Public Companies in Nigeria, as well as questionnaires that would assist in sensitizing quoted companies on their present state of disclosure and compliance.

b) State of Affairs of G. Cappa Plc

The Commission during the year under review, coordinated investigation into the state of affairs of G. Cappa Plc, a quoted company following a report on the existence of two factions on its Board of Directors.

The first All-Parties Meeting comprising the Board Members and other stakeholders to resolve the crisis was inconclusive as some parties were absent. Another meeting was to be convened.

c) Review of Annual General Meeting/EGM Reports

The Commission received and reviewed the reports of Forty-Three (43) companies that held Annual General Meetings (AGM) during the year. The review was aimed at evaluating shareholder's participation and activism as well as compliance with the applicable statutory provisions and the code of corporate governance, came up with the following observations:-

The Managing Directors of two companies were members of the Audit Committee of their companies. The companies were advised to replace the Managing Directors on the committee as this was against the spirit of the code of corporate governance.

The Chairman of one company was observed to have been absent in Four consecutive Annual General Meetings. He was accordingly advised to turn a new leaf.

The Meetings held during the year were generally well conducted and reported to be relatively satisfactory.

2) EXTERNAL RELATIONS

The Commission maintained professional liaison with the Nigerian Accounting Standard Board, ICAN, the World Bank and the Institute of Directors.

a) Nigerian Accounting Standard Board (NASB)

The Commission as a member of the NASB Council attended meetings of the Board during the year. It also attended a Seminar/Workshop on sensitization of External Auditors and preparers of financial statements on the compliance requirements of the NASB Act, 2003.

b) Institute of Directors

The Institute of Directors made a proposal to partner with the Commission in monitoring

compliance with the Code of Corporate Governance. The Institute also requested the Commission to act as one of the Trustees to its proposed centre for Corporate Governance. The proposals are being reviewed.

c) World Bank

World Bank officials visited the Commission in September 2004 on an exploratory visit. The purpose of the visit was to intimate the Commission with the recent activities of the Bank on review/assessment of financial reporting and auditing practices in Nigeria. The meeting also explored ways of co-operating that would be mutually beneficial to the two organizations.

d) Institute of Chartered Accountants of Nigeria (ICAN)

The Institute sought the Commission's views on the merits of its proposal to establish a joint monitoring of quality assurance of external auditors with its United Kingdom counterparts and also requested funding assistance for the project.

The Commission had responded and further developments were being awaited.

3) CORPORATE FINANCIAL REPORTING REFORMS: REPORT ON OBSERVANCE OF STANDARDS AND CODES:

ACCOUNTING AND AUDITING (ROSC A&A) IN NIGERIA BY THE WORLD BANK

A workshop was held in collaboration with the NASB and the World Bank, which sponsored a report on the observance of Standards and Codes (Accounting and Auditing) for Nigeria. The report of the workshop assessed the strengths and weaknesses of existing institutional frameworks for accounting and auditing practices, compared Nigerian Accounting and Auditing Standards with the international versions, examined the degree of compliance with the Nigerian Accounting and Auditing Standards and effectiveness of enforcement mechanisms of regulatory bodies.

Another stakeholders meeting held during the year under review prepared a Country Action Plan on how to address the weaknesses/lapses noted in the World Bank's Report.

The Commission has been identified as one of the lead regulatory bodies to implement the Fourteen Point Action Plan.

4) ANNUAL REPORT AND ACCOUNTS ANALYZED IN 2004

The Commission analyzed the Annual Report and Accounts of Eight banks and Seventeen other companies. Observations on the analyses were forwarded to the companies and responses were received and reviewed.

Some of the observations included: -

A. Banks

- High ratios of non-performing loans to total loans
- High ratios of operating expenses to interest income
- Violation of some provisions of the Banks and other Financial Institution's Act and payment of penalties

the level of their compliance with the Code of Corporate Governance. Other companies were therefore advised to disclose the level of their compliance with the code in subsequent Annual Report and Accounts.

B. Other Companies

- Low current and Quick assets ratios
- High cost of income generation
- Negative cash and cash equivalents
- High debt ratio
- Negative return on equity

5) 2004 IOSCO SURVEY ON AUDITORS OVERSIGHT

IOSCO Technical and Emerging Markets Committee coordinated a comprehensive survey of Auditor's oversight arrangement in the jurisdictions of IOSCO members.

Other details not provided in the notes to the accounts were requested and the companies were advised to take steps to improve the observed deficiencies. While one company was directed to provide an action plan on how it intends to reverse its dwindling fortunes.

The objective of the survey was to assess the level of implementation of the IOSCO Technical Committee Principles for Auditor oversight and principles of Auditor Independence and the role of Corporate Governance in Monitoring and Auditor's Independence.

The questionnaires numbering 130 were administered by the Commission.

C. Other Issues

- An Auditor was queried for not qualifying the accounts of a company in the face of overwhelming evidence of growing concern problems.
- Only two of the companies whose accounts were reviewed disclosed



Prof. Uka I. Ezenwe

Director/Head of Department
Nigerian Capital Market Institute

The Nigerian Capital Market Institute

"To be the centre of excellence for capital market training, development and research services in Nigeria and the African continent"

Its mission is:-

"To be a viable capacity building for instituting professionalism, transparency, integrity and best practices in the Nigerian and West African capital market"

The request for an institution for training and development in the capital market in Nigeria and pursuant to S.8 (p) of the Investments and Securities Act (ISA) 1998, which empowers the Securities and Exchange Commission (SEC) to promote investor's education and training of all categories of intermediaries in the securities industry, necessitated the establishment of the Nigerian Capital Market Institute (NCMI).

The Nigeria Capital Market Institute is therefore established to provide continuing education to all operators and other stakeholders in the market in order to fill the knowledge gaps in the industry. It is also required to build capacity and update knowledge on topical issues affecting the market.

The Nigerian Capital Market Institute (NCMI) is a company limited by guarantee with affiliation with the Securities and Exchange Commission (SEC). Its vision is:

It is important to note that before its incorporation as a company limited by guarantee, the Institute started as SEC Training School in 2001.

The NCMI is the first and foremost specialized faculty for continuing education and training of professionals and operators in the capital markets functional areas in Africa. Its training and development programmes run all year round to accommodate the work schedules and need of capital market operators. The focus of its programmes is three-pronged: capital Markets and Institutions, Corporate Finance and Investment Banking; and Investment and Risk Management.

The Institute has Five (5) training and developmental modules and are designed to accommodate the dynamic needs of capital market operators and professional managers. They are also structured to be situation and market specific within the context of the global financial system.



The Nigerian Capital Market Institute (NCMI) runs three categories of programmes:-

- Professional Development Programmes - 5 modules
- Client Specific Programmes
- Seminars and Workshops

Its professional development programmes are designed for professionals in the capital market, Issuing Houses, Broker/Dealers, Investment Advisers, Accountants and Solicitors to issue, Fund/Portfolio managers, Registrars and Depository Managers. Each module of the professional development programme lasted two weeks and included conceptual inputs, imports skills in valuation, analysis and business practice.

The professional development programme, client specific programmes and seminars and workshops (which lasted from 2-3 days) were conducted by a specialized core in-house resource professionals and academics from around the globe who provided expert input.

The teaching methodology included lectures, case studies, role plays, workshops, computer stimulation games,

group discussions in syndicates and expert discussions.

Review of Activities

The period under review witnessed improved activities. The Institute organized and carried out training programmes including courses, seminars, workshops on capital market issues for staff, capital market operators, workshops on capital market issues for staff, capital market operators, intermediaries, policy makers, students and members of the general public interested in the capital market and allied matters. Specifically, Fifteen (15) intensive workshops were successfully implemented with Five Hundred and Fifty Three (553) participants in attendance.

Significantly too, the Nigerian Capital Market Institute relocated to its new office at Plot 117, Adelokunbo Ademola Crescent, Wuse II, Abuja, a more serene and conducive environment, on November 2, 2004.

Given the growth prospects of the capital market, the NCMI, as usual, will continue to collaborate with all stakeholders in capital market to enhance and promote capital market training and education.

Below are details of the programmes that were run by the Institute in the year 2004.



S/NO.	TOPIC	DATE	NO OF PARTICIPANTS	VENUE
1.	Investigative Techniques and Enforcement in the Capital Market	11 th – 13 th , 2004	22	Abuja
2.	Developing Mortgage— Backed Securities Market in Nigeria	April 21 st – 23 rd	28	Lagos
3.	Corporate Governance and Practices for Directors (Joint Workshop with ICSAN)	March, 23 rd	13	Abeokuta
4.	Portfolio Management Techniques	April 28 th – 30 th	35	Lagos
5.	Managed Funds in the Capital Market	May 3 rd – 5 th	16	Lagos
6.	Accessing the Capital Market for Tourism Development (Joint Workshop with NTDC)	June, 3 rd – 5 th	30	Obudu
7.	The Investment and Securities Tribunal and Investors (Joint Workshop with CMSA)	June 16 th	49	Lagos
8.	Understanding Capital Market Rules and Regulations	July 19 th – 22 nd	46	Abuja
9.	Public Offering of Securities	July 28 th – 30 th	26	Lagos
10.	Introduction to Capital Market (for Banks, Capital Market Operators etc)	August 10 th – 13 th	28	Lagos
11.	Developing Venture Capital Industry	September, 9 th – 10 th	30	Lagos
12.	Introduction to Capital Market for students and others	October, 18 th – 29 th	43	Abuja
13.	Introduction to Capital Market II (for banks and other operator)	November, 1 st – 4 th	39	Lagos
14.	Capital Market Products	December, 8 th – 10 th	32	Lagos
15.	Mergers and Acquisitions: How not to go wrong (joint workshop with Roundtable Inc. of USA)	December, 15 th – 16 th	118	Lagos
		Total	553 participants	

B: Number of Participants Trained:

During the year under review, the NCMI trained 553 participants against 362 participants that were trained in 2003 which comprised both SEC staff and other Capital Market Operators.

C: Programme of Action for Year 2005

The NCMI is expected to implement 20 programmes in 2005 as against 28 programmed that were slated for implementation last year (only 17 were implemented). Specialized programmes may be conducted in conjunction with other organizations on request to sensitize stakeholders in other sectors of the economy (i.e. housing, tourism, corporate governance etc).

D: Impact of the Market

The Institute was able to impact positively on stakeholders in the Capital Market as it successfully implemented most of its programmes slated for year 2004 and this has tremendously helped in educating Capital Market participants on their various roles.



Mr. Sylvester O. Akolo

Director/Head of Department,
Research and Market Development

Research And Market Development

The Investment and Securities Act (ISA) No.45 1999 Section 8 (p) empowers the Commission to promote investor education and the training of all categories of intermediaries in the securities industry. Section 8 (t) empowers the Commission to conduct research into all or any aspect of the securities industry. Whilst a part of section 8 (e) also empowers the Commission to organize training programmes and disseminate information necessary for establishment of securities exchanges and Capital Trade Points.

In executing its developmental mandate, the Commission employs the tools of workshops, enlightenment campaigns, seminars, exhibitions, production of regular and special publications etc.

PUBLIC ENLIGHTENMENT CAMPAIGNS

In furtherance of the Commission's effort to introduce Capital Market studies in Nigerian Secondary Schools, a public Enlightenment workshop was organized for the officials of the Nigerian Educational Research and Development Council (NERDC) on the 16th September 2004. The NERDC is the Government Agency that is

saddled with the responsibility of infusion of new subjects into the curriculum of secondary schools.

CONFERENCES/WORKSHOPS

The First Corporate Summit and Dinner with Chieftains of Public Companies was held on the 15th May 2004. The theme for the summit was "Challenges for Promoting International Best Corporate Governance Practices: The Role of Investors, Management, Directors and other Stakeholders". The Seminar and Dinner was designed to create an avenue for interaction between the Management of the Commission and the Chief Executives of Quoted Companies, on the need to move the Capital Market forward in line with the demands of globalization.

TRADE FAIRS/EXHIBITION

The Commission participated in Trade Fairs during the year under review.

15th ENUGU INTERNATIONAL TRADE FAIR

The Fair was organized by the Enugu Chamber of Commerce and Industry

between the 16th - 26th April 2004. It has the theme "Sustaining Democracy through a stable Economy". The fair was aimed among others at intensifying efforts on the need for an enhanced action plan for sustainable economic growth through empowering small and medium scale enterprises. The Commission used the fair as an avenue to enlighten participants on the opportunities in the Nigerian Capital Market.

25th KADUNA INTERNATIONAL TRADE FAIR

The fair was organized by the Kaduna Chamber of Commerce, Industry, Mines and Agriculture (KADCCIMA) between the 27th February - 7th March 2004 at the Kaduna International Trade and Investment Center. The fair which has the theme "Sustainable Industrialization for Nigeria's Economic Growth and Development" was aimed among others at promoting all aspects of economic sectors through National and International co-operation. The Commission used the fair as an avenue of enlightening the general public on the functions of the Commission and the possible benefits of the capital market. In addition, it provided an avenue through which the Commission's publications were showcased and sold.

Excursions Visits

In its drive towards the introduction of Capital Market Studies in Secondary Schools, the Commission hosted Student Associations of some institutions during the year under review. The excursions were to enlighten and expose to the students to the basic rudiments of Capital Market Operations as well as studies.

Below is a list of some of the student groups that visited the Commission: -

- Nigerian Society for Capital Market Law, ABU Zaria
- Commission of Economics, Distance Learning Programme, University of Abuja
- National Association of Business Administration Students, Nassarawa State University Keffi
- Nigerian Universities Accounting Students Association, Nasarawa State University, Keffi
- Nigerian Universities Accounting Students Association, University of Ilorin Chapter
- Usman Danfodio University Sokoto, Accounting/Business Administration Students

- Nigerian Economics Students Association University of Ilorin Chapter
- National Association of Accountancy Students, Federal Polytechnic Auchi
- National Association of Business Administration Students (NABAS) Nassarawa State University
- Industry
- Unleashing Capital
- Performance of the Capital Market
- Good Corporate Governance Practices: Expectations of the Regulatory Authority

Publications

A number of publications were packaged/produced during the year under review to further enlighten and educate the public. They include: -

- SEC Quarterly Volume I IV
- 2003 Annual Report
- Compact Disc for 2002 Annual Report
- Stimulating Corporate Growth and Survival through merger and Acquisitions Being the proceedings of a seminar on Mergers and Acquisitions
- Director General's Book of Reading Essays in the Nigerian Capital Market

Investor Education

A number of Papers on issues affecting the Capital Market were prepared during the year. The papers were presented at different public forum. They are: -

- Housing Development in Nigeria: The role and benefits to the Insurance

- Deepening the Capital Market through innovative products

- Water project funding through the instrumentality of the Nigerian Capital Market in a privatized and commercialized water industry. The Securities and Exchange Commission Perspective

Research

A number of Papers and Research on issues affecting the Capital Market were prepared during the year. Some of the Research titles include: -

- The cost of Raising Funds in the Nigerian Capital Market
- Contribution of Quoted Companies Tax to the Aggregate Income Tax Revenue of Government
- Shareholding Pattern of Quoted Companies in Nigeria



- Performance of Issuing Houses in Terms of Issues Packaged
- Level of Unclaimed Dividend in the Nigerian Capital Market
- The Nigerian Capital Market Statistical and Economic Bulletin.

International Developments

Section 8 (x) of the Investments and Securities Act (ISA) No.45, 1999 empowers the Commission to liaise effectively with the regulators and supervisors of other Financial institutions locally and overseas.

In pursuance of the provisions of the Act, the Commission has participated in diverse fora, with a view to learning and adopting relevant practices, and moving our market in line with international best practices.

During the year under review the Commission undertook the following: -

IOSCO ANNUAL CONFERENCE

The 29th Annual Conference of the International Organization of Securities Commissions (IOSCO) was held in Amman, Jordan on 17th -20th May 2004. The Commission's delegates to the conference participated actively in the Plenary Sessions and Working Group

Meetings. IOSCO conference is an international meeting of securities regulators and other financial institutions around the world where regulatory issues are discussed. Some of the key issues of the 2004 annual conference include: -

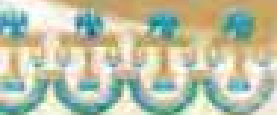
- Update on High Level Chairman's Task Force regarding International Securities Fraud. It specifically aims at strengthening securities market against Financial Fraud.
- Code of Conduct for Credit Rating Agencies. This is just to develop a code of conduct for Credit Rating Agencies to reduce market abuse.
- The IOSCO MOU which is to strengthen co-operation and the exchange of information among IOSCO members.
- Collective Investment Schemes (CIS). The concern of IOSCO under CIS is to regulate the fees charged by Investment Funds. To this end, many jurisdictions are in the process of revising their regulations relating to such fees.

IOSCO QUESTIONNAIRES

Questionnaire on Outsourcing of Financial Services for Market Intermediaries:

The IOSCO Technical Committee





published for public consultation the questionnaire which sets out a set of principles that are designed to assist regulated entities in determining the steps they should take when considering outsourcing activities. This included risk management aspect of such activities. The survey was administered to in September 2004 on 26 market intermediaries in Lagos, Abuja and Kaduna.

Questionnaire on the IOSCO MOU and the IOSCO Methodology:

The IOSCO Multilateral memorandum of Understanding was endorsed during the 2002 Annual Conference. Numerous IOSCO member jurisdictions have applied to become signatories to the MMOU. IOSCO encourages a widespread use of the MOU throughout its membership, in order to facilitate effective co-operation among securities regulators in order to facilitate effective co-operation among securities regulators in combating financial crime. The primary objective of the survey is to find out the positions of EMC member jurisdictions on using the MMOU.

Questionnaire on Assessment Methodology on the implementation of

IOSCO Objectives and Principles of Securities Regulation. This was answered and the responses sent back to Spain.

Other questionnaires include:

- Survey of Accounting Review and Enforcement Mechanisms with IOSCO Member Countries
- IOSCO Questionnaire on Collective Investment Schemes Development throughout jurisdictions of Emerging Markets
- Questionnaire on Takeover Regulations
- Survey questionnaire on Cross-Border activities of Market Intermediaries in Emerging Markets.

SEMINAR TRAINING PROGRAMME

The above programme was held on 15th - 19th November, 2004 with the theme: "Methodology for Assessing Implementation of the Objectives and Principles of Securities Regulation and Development of Action Plans". The training was designed to broaden the knowledge of participants on the IOSCO set principles. It was attended by two members of staff in Madrid, Spain.





Alh. Lawal Sani Stores
Deputy Director/Head of
Kano Zonal Office

Zonal Offices

KANO ZONAL OFFICE

1. **Familiarization tour of States within the zones:** Kano Zonal Office has successfully undertaken familiarization visits to the following states-Jigawa, Yobe, Katsina and Zamfara States.

The visit was aimed at intimating the state Governments and investors within the zones with the existence of the Commission's Zonal Office within their area and the services it renders.

2. **Registration of Capital Market Operators:** The zonal office has received and forwarded 4 applications for registration of Capital Market Operators to the Head Office, it has also received and forwarded to the Head Office applications for renewal of registration.

3. **Attendance of AGM of Public Quoted Companies:** The Zonal Office attended and represented the Commission in 4 AGMs of public companies that took place in Kano and other towns. The companies are: FSB International Plc, Northern

Nigeria Flour Mills, Inland Bank and STB Plc.

4. **Growth and Development of Community Saving Scheme:** The Head Office in collaboration with Kano Zonal Office visited the Kano State Ministry of Local Government as part of programmes for enlightening the Local Governments regarding the role of the Commission in developing the informal Saving Scheme and the development of a database for the scheme.

Some level of co-operation is being given by the Ministry for the successful implementation of the programme.

5. **Other Operational Activities:** In addition to the above mentioned activities, the Zonal Office successfully hosted the following events:-

Interactive Workshop on Development of Commodity Exchange Market in Kano, which was organized by the Commission and ASCE.



PORT HARCOURT Zonal Office

Mr. Z. N. Eleh
Deputy Director/Head of
Port Harcourt Zonal Office

AGM

for establishment of Commodities Market, particularly Cotton, Groundnuts and other commercial crops along with ACE as well as the Head Office.

Successfully organized the sub-zonal draws of the National Capital Market Quiz competition in conjunction with the Head Office.

Successfully hosted the Interactive Workshop of Development of Islamic Capital Market Instruments in Nigeria. This was done in collaboration with the Main Committee based in the SEC Head Office.

7. **Complain from Investors:** A total number of 21 complaints were received by the Zonal Office and forwarded to the Head Office for further investigation.

During the year under review PHZO attended and reported the AGMs held within its jurisdiction, except AP and Champion Breweries etc. They are as follows:

1. Emergency General Meeting of Premier Breweries Plc held on 15 April, 2004 at the Company's premises.
2. The 42nd AGM of NAL Bank Plc held on 27th May at Hotel Presidential
3. The 7th AGM of the IBTC Nigeria equity fund was held on 29th April, 2004 at Le Meridian Ogenyi place GRAPH
4. The Extra Ordinary General of Co-operative Development Bank Plc held at Ammity Luxury Hotel Uyo Akwa, Ibor State by Dokubo Horsfall
5. AGM of OANDO Plc on June 25, 2004 at Hotel Presidential PH
6. The AGM of Elah Lakes Plc held on July 21, 2004 at 13b Forces Avenue, Old GRAPH
7. The AGM of Benue Cement Company Plc held on 5th August, 2004 at Mirage Hotel Calaber, Cross River State

8. 34th AGM of Niger Insurance Plc held on 12th August, 2004 at Hotel Presidential PH
9. 17th AGM of Aluminum Extrusion Industries Plc held on 10th September, 2004 at Protea Hotel, Nike Lake Hotels Enugu.
10. 34th AGM of NEM Insurance Plc held on 23rd September, 2004 at Nike Lake Hotels Enugu
11. 43rd AGM of UBA Plc held on 30th September, 2004 at Hotel Presidential PH.
12. Extra Ordinary General Meeting of Standard Trust Bank Plc held on 7th October, 2004 at Hotel Presidential PH.
13. 21st AGM of Adswitch Plc and Cutix Plc held on 22nd October, 2004 by 9am and 11am respectively.
14. AGM of west Africa Glass Industry Plc held at the company's premises, 134 Trans Amadi Industrial Layout PH on 3rd December, 2004.
15. AGM of SCOA Nigeria Plc held on 14th November, 2004 at Hotel Presidential PH.
16. 13th AGM of First Atlantic Bank Plc held on 21st December, 2004 at Metropolitan Hotel Calabar, Cross Rivers State.

the Port Harcourt branch of the NSE

A visit was paid to the Onitsha branch of the Exchange, where trading activities were also reported.

ENQUIRIES

The PHZO received several enquiries from members of the public seeking for information on the following:

- (1) Difference between SEC and NSE
- (2) Mergers, Acquisitions and Takeover
- (3) Details about Capital Market of Nigeria
- (4) Registration process in the Commission
- (5) Collective Investment Schemes
- (6) Pension Fund etc

COMPLAINTS

During the period under review, several reports and complaints were lodged in the zonal office by investors, which were forwarded to the Head Office for further necessary action. Some of these complaints include:

- (1) Nwabuike Nwabueze
- (2) Daniel Erastus Okorie,
- (3) Thankgod Anyakora

RENEWAL OF EXPIRED FIDELITY BOND/PROFESSIONAL INDEMNITY INSURANCE

PHZO received the above mentioned letter dated 25/3/04 from Pan securities Limited and it has been forwarded to the Head office

NSE TRADING ACTIVITIES

During the period under review the PHZO observed and reported trading activities of

for further necessary action.

SALES OF SEC REGISTRATION FORMS

During the under review, several companies purchased registration/ renewal forms from the PHZO. The Bank draft and the applications were forwarded to the Head office for further processing.

TRADE FAIR

The PHZO and R&MD Commission represented the Commission at the 15th Enugu International Trade fare held from the 16th 26th April, 2004. The report and certificate of participation have been forwarded to the office of the DG. The fair was aimed at enlightening participants on the opportunities and benefits of investing in the Capital Market.

UNREGISTERED MARKET OPERATORS

The PHZO during the period carried out several investigations on the activities of unregistered Capital Market Operators. In this regard approval was granted by Management for PHZO to seal off the office of Money Field Services and Trust Limited an illegal operator in Port Harcourt with the Cooperation of the Nigerian Police efforts are being made to seal off the office.

REQUEST FOR COST SURVEY ON PROPOSED STAKEHOLDERS AND OPERATORS WORKSHOP FOR THE REVIEW OF THE ISA 1999

During the period under review, we received a memo dated 14, April, 2004 on the above stated subject matter from the chairman of the Committee requesting PHZO to carryout cost survey for the proposed programme. The Survey was carried out and the necessary costing was sent to the chairman of the Committee.

PRE-REGISTRATION/TARGET INSPECTION OF CAPITAL MARKET OPERATORS

During the period under review a staff of PHZO accompanied a staff from the Head office to carry out a target inspection on Apex Securities Limited.

Also a pre-registration inspection was carried out by a staff from the Head office in conjunction with a staff of PHZO.

INTERACTIVE SESSION ON FURTHER DEEPENING OF THE NIGERIAN CAPITAL MARKET

During the period under review, the above-mentioned interactive session was held at Mina Hotels Ltd, Port Harcourt for stakeholders within the zone. The Zonal Office assisted in organizing it along with the

Service Departments



Mr. Rabiu S. Gamswo
Director/Head of Department,
Human Resources

HUMAN RESOURCES

STAFF POSITION

Following the successful completion of tenures of the former Management of the Commission, a change was effected as follows:

Exit:

- Mal. S.A. Ndanusa - Director-General
- Aih. A. Gwadabe - Commissioner I (Finance and Admin)
- Mr. E.S.O. Onwionoko - Commissioner II (Operations)

Entry:

- Musa Al-faki - Director-General
- Mr. S. A. Kwari - Commissioner 1 (Finance and Admin)
- Mr. D. Ogwu - Commissioner 11 (Operations)

APPOINTMENTS (FRESH/CONFIRMATION)

Confirmation:

- Mr. C. O. Okereke - Director

Fresh:

- 2 Directors (Prof. Bob- Osaze & M.D. Jega)
- 2 Senior Supervisors
- 2 Drivers

Conversion of Appointment:

- 1 Executive Staff from Contract to Permanent (Mr. O.E.M. Elujekor)
- 10 Casual Security Guards to Permanent Staff

STAFF EXIT

- Retirements - 3 Staff
- Resignation - 4 Staff
- Death - 1 Staff
- Completion of Contract - 1 Staff

LEAVE OF ABSENCE

- 1 Staff (Mr. A. U. Birma)

DISCIPLINE

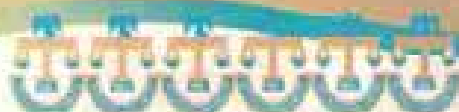
- 1 Dismissal (U.M. Wushishi)
- 1 Termination (Datti Muhammed)

CREATION OF DEPARTMENTS

- 2 Departments (Registration and Monitoring & Investigation) were created during the period under review.

MANPOWER DEVELOPMENT

The Commission implemented a well tailored and articulated training programme geared towards capacity building to enhance efficiency and effectiveness of staff on their jobs. Staff attended training programmes internationally, locally and in-house. Details of the training programmes are as follows:



LOCAL COURSES

S/No:	Cadre	No. of Beneficiaries/ Programmes
1.	Commissioners, D-G, & Board	4
2.	Directors	24
3.	Deputy Directors	27
4.	Assistant Directors	49
5.	Senior Managers	28
6.	Managers	38
7.	Assistant Managers	27
8.	Senior Supervisors	88
9.	Supervisors	14
10.	Senior Clerks & Others	29
*****	TOTAL	328

A total of three hundred and twenty eight (328) members of staff were trained on local courses in various institutions outside SEC in 2004.

This figure when compared with the figure of 226 recorded in 2003 shows an increase of 102 persons representing.



NIGERIAN CAPITAL MARKET TRAINING INSTITUTE (NCMI) COURSES

One hundred and forty six (146) members of staff participated in the various programmes organized by the NCMI in 2004.

S/No:	Cadre	No. of Beneficiaries/Programmes
1.	Directors	1
2.	Deputy Directors	6
3.	Assistant Directors	8
4.	Senior Managers	9
5.	Managers	12
6.	Assistant Managers	21
7.	Senior Supervisors	86
8.	Supervisors	1
9.	Senior Clerks & Others	2
****	TOTAL	146

The figure of 146, when compared to the figure of 160 in 2003, shows a decrease of 14 persons.

IN-HOUSE COURSES

Thirteen in-house programmes were successfully implemented from March – December, 2004. The in-house courses were organized for both old and new staff of the Commission.

FOREIGN COURSES

A total number of 81 members of staff participated in various foreign courses and Conference/Seminars in 2004. The analyses of numbers of the beneficiaries according to their cadres are as follows:

S/No:	Cadre	No. of Beneficiaries
1.	Top Executives	10
2.	Directors	9
3.	Deputy Directors	16
4.	Assistant Directors	19
5.	Senior Managers	5
6.	Managers	8
7.	Members of the Board and the House of representatives committee on Capital Market	14
*****	Total	81

When this figure of 81 is compared with the figure of 78 in 2003, it shows only a slight increase of 3, representing an increase of 3.85 percent.

car/motor cycle loans, housing/land loan etc. In appreciation of staff dedication to duty and productivity, the Commission gave out end of year gift to all staff.

REDEPLOYMENT

STAFF WELFARE

In recognition of the importance of the welfare of staff as a motivating tool for achieving optimum productivity, the Commission provided various welfare services to staff. Some of these services include the provision of necessary medical services and allowances, loans and advances such as furniture grant,

In recognition of the fact that the success of any organization, to a large extent, depends on the effective management of its human resources for maximum efficiency and effectiveness, staff were redeployed to appropriate departments/divisions based on their qualifications, experience and skills. This redeployment cut across executive, senior and junior staff cadres.



Mr. I. M. Ville

*Asst Director/Head of Department,
Corporate Affairs*

Corporate Affairs

The Corporate Affairs Department is responsible principally for the task of managing the public and corporate relations matters of the Commission by ensuring that adequate publicity of the activities of the Commission are carried out.

During the year under review, the Department sustained its good relations with the media and major stakeholders. Protocol services were also rendered.

Highlights of some of the major activities are as follows:

A MEDIA PUBLICATIONS

1. Media

The following Press Releases were issued and published in national dailies, Nigerian Television Authority and the Federal Radio Corporation of Nigeria.

- SEC takes capital market development to grassroots
- SEC cautions public on activities of illegal operators

- SEC/NERDC develop curriculum for capital market studies in secondary schools
- SEC lists conditions for extension of offer period
- SEC may sanction Avon Crown Cap Plc and Spie Batignoles Nigeria Limited
- SEC moves to new office
- Glaxo Smithkline Pharmaceutical Nigeria Limited and Glaxo Smithkline Consumer Plc may attract SEC's sanction
- Workshop on Introduction to Capital Market for Bankers and others
- SEC holds 1st National Quiz Competition on the Capital Market for secondary schools.
- National Assembly's thematic workshop on review of ISA No 45, 1999
- SEC gets new Executive Commissioners

During the year under review, the department also covered the following

- workshops held by the Commission:
- Developing a mortgage-backed securities market in Nigeria
- Portfolio Management Techniques, Planning and Writing Workshops
- Critic Workshop on development of capital market studies curriculum for secondary schools
- Workshop on the new Pensions law
- Supervisory management workshop etc

Other activities, which received prompt coverage, were:

- Ministerial Press Briefing by the Federal Ministry of Finance during the period under review
- Meeting with International Finance Corporation (IFC)
- Meeting with IMF expert mission to Nigeria
- Excursion visit by students of El-Amin International School, University of Ilorin, and University of Abuja etc
- Handover and resumption of new Commissioners was also given adequate coverage
- Coverage of workshop on tourism

and capital market in Obudu, Cross River State

- Coverage of Capital Market Committee (CMC) meeting in Lagos
- All Administrative Proceedings Committee (APC) hearings throughout the year
- Basic maintenance and improvement skills for drivers
- Visit of a delegation from SEC Ghana
- Understanding capital market rules and regulations.
- Coverage of National Quiz Competition at the various zones and national finals

ii PUBLICATION

The bi-monthly SEC News magazine, edited by the department with issues that highlight latest developments in the capital market and the Commission, were published as scheduled throughout the year under review.

B PROTOCOL AND PUBLIC RELATIONS

During the period under review, the Department effectively managed and processed visas and tickets for 74 staff of the Commission who attended foreign courses. Protocol services were also provided to the management of the Commission.



Mallam A Tijani Abubakar
Deputy Director/Head of Department,
Information Technology

Information Technology

Section 8 (1) of the investment and securities Act No 45 of 1999 empowers the commission to facilitate the linking of all markets in securities through modern Communication and data processing facilities in order to foster efficiency, enhance competition and increase the information available to brokers and investors.

PROJECT e-SEC

The Commission, in an effort to improve the technology level and enhance its function as a regular and also to keep pace with the ever changing sophisticated IT landscape in the Nigerian Capital market, commenced a computerization programme code-named project e-SEC. Through a resident consultant Deloitte & Touché, the commission selected a number of software, for implementation to automate its back office and front office operations.

The strategic vision of this is to "To facilitate the availability of timely and accurate information needed to manage day-to-day strategic direction of SEC by

the deployment of high quality, cost effective information system, tools and services"

The modules selected for implementation are:

Back Office

Lawson is an enterprise Resources planner which is targeted at automating the internal process of finance and accounts, Human Resources, Administrator, Internal Control Commission as well as the Budget Division of planning Commission. The Lawson implementation, which kicked off in July 2004, will bring about changes in the way work is currently being performed at SEC. A more efficient and systematic way of working will be introduced.

Front Office

The front office Commission consists of Commissions the interface directly with the operators. The following software were selected for these Commissions:

SECounsel

This is a case and litigation management system designed for the legal Commissions. Implementation of the SECounsel which commenced in mid October, 2004, will assist

the Commission in managing its case load for the entire organization. It is manages the relationship with outside counsel and ensures that all documents related to each case are properly tracked and accounted for.

SMARTS(Securities Market Analysis, Review and Research Trading System): This software is to assist front office Commissions with electronic surveillance activities. It provides state of the art tools that will enable The Nigeria Stock Exchange and the regulator, SEC, to protect the integrity of the capital market. **SMART** will allow stock exchanges and regulators to identify and analyse suspicious trading as they occur enabling efficient and rapid responses. The **SMART** implementation will begin from the Lagos Zonal Office in the second quarter 2005.

Registration management system(RMS): This is a web-enabled software that will assist with the registration process of securities and capital market operators at SEC. It will assist SEC with the regulation and online management of capital market operators.

This software will bring greater efficiency, increase validation controls and an open architecture for the interfacing with future technologies and e-commerce.

Laserfiche Document Imaging: This application will assist SEC in providing some form of security to documents received in the commission. Once documents are received, they will scanned, stored and indexed in the system. The system will help to prevent loss of records, save storage space, manage records easily and make images secure and centrally available. The implementation will commence in the second quarter of 2005.



Mr C. O. Okereke
Director/Head of Department,
Planning and Budget

PLANNING AND BUDGET

In an effort to design effective strategic plans and meet the challenges posed by the new ISA Act No.45 of 1999, and the changing Capital Market environment, the Commission, during the year under review, concluded the following:

- a. The report of a committee set up to define, streamline and properly eliminate any conflict, duplication of functions between Departments of the Commission.
- b. Executive Management Brainstorming Retreat held at Arcade Hotel.
- c. A SWOT analysis started in 2003. Recommendations were sent to management for further action.
- d. Quarterly Monitoring of Action plans of Departments..
- e. Quarterly Professional Group meetings. Monitoring of these has also been ongoing to enable staff build partnership, forge alignment and synergy both within and outside the Commission.
- f. The year 2003-2004 budgets were monitored and the various cost centres advised accordingly.
- g. The year 2005 budget was prepared and defended at the Federal Ministry of Finance. Provisional approval has been given, while the Federal Government approval was being awaited.
- h. The Commission has commenced the process of strategic corporate planning through the review of the SWOT Analysis, vision, mission, corporate values, corporate objectives, key strategies, review of plans, major goals and strategic action programmes; one of which is research /presentations into topical issues of strategic planning, delivery of lectures in the Commission. At present, papers have already been delivered in the Commission in preparation for the plan.
- i. The Commission has also embarked on the review of its past budget estimates on actual expenditure, income realized e.t.c. The Commission is in the process of embarking on a 3 tiers retreat embracing the whole Commission. This is commensurate with the new management's policy of taking all staff along for effective teamwork. This retreat would include junior, middle and executive staff of the commission.

21	Admiral Petroleum & Co.	101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000	Mr. Adnan Ibrahim - 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61	611	Arco & The...					Arco & The...			8-21-01	1994
62	612	Arco & The...					Arco & The...			8-21-01	1994
63	613	Arco & The...					Arco & The...			8-21-01	1994
64	614	Arco & The...					Arco & The...			8-21-01	1994
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67	617	Arco & The...					Arco & The...			8-21-01	1994
68	618	Arco & The...					Arco & The...			8-21-01	1994
69	619	Arco & The...					Arco & The...			8-21-01	1994
70	620	Arco & The...					Arco & The...			8-21-01	1994
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99	649	Arco & The...					Arco & The...			8-21-01	1994
100	650	Arco & The...					Arco & The...			8-21-01	1994

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101	State Engineering Corporation	State Engineering Corporation, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 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784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 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Sl. No.	Company Name	Particulars	Address	Director	11-Jan-08	20-Aug-08
148	148	148	148	148	148	148
149	149	149	149	149	149	149
150	150	150	150	150	150	150
151	151	151	151	151	151	151
152	152	152	152	152	152	152
153	153	153	153	153	153	153
154	154	154	154	154	154	154
155	155	155	155	155	155	155
156	156	156	156	156	156	156
157	157	157	157	157	157	157
158	158	158	158	158	158	158
159	159	159	159	159	159	159
160	160	160	160	160	160	160
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162	162	162	162	162	162	162
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164	164	164	164	164	164	164
165	165	165	165	165	165	165
166	166	166	166	166	166	166
167	167	167	167	167	167	167
168	168	168	168	168	168	168
169	169	169	169	169	169	169
170	170	170	170	170	170	170

Sl. No.	Company Name	Address	Representative	Registration Date	Expiry Date
160	160	160	160	160	160
161	161	161	161	161	161
162	162	162	162	162	162
163	163	163	163	163	163
164	164	164	164	164	164
165	165	165	165	165	165
166	166	166	166	166	166
167	167	167	167	167	167
168	168	168	168	168	168
169	169	169	169	169	169
170	170	170	170	170	170
171	171	171	171	171	171
172	172	172	172	172	172
173	173	173	173	173	173
174	174	174	174	174	174
175	175	175	175	175	175
176	176	176	176	176	176
177	177	177	177	177	177
178	178	178	178	178	178
179	179	179	179	179	179
180	180	180	180	180	180

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441	341	NUO International Bank Ltd.	Plot 304, Adedokunbo Adenola Crescent, Wuse 1, Abuja. Tel: 89-4237631	Issuing House, Reporting Banker & Fund/Purchase Mgr	Mr. M. I. Yahya - Director Mr. Benjamin A. Gbelle-VO-Dr Mr. Gbelle-Non - Officer Mr. Hassan Aliji Ahmed- Mgr	11-Jan-03	150M	20-Apr-03
442	739	Bank of America	Warden House 2nd Floor, P.O. Box 11287, Lagos. Tel: 89-4237631	Solicitors	W. Patrick N. Olatunji - Partner	14-Dec-02	-	-
443	883	Abuja Partners (Formerly O. Olatunji & Co.)	Kemp C. Olatunji, 2nd Floor, P.O. Box 11287, Lagos. Tel: 89-4237631	Solicitors	Mr. Adeniyi O. Alaji Mr. Patrick A. Dandele	9-Sep-02	200,000	19-Feb-03
444	945	O. Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Dr. Olatunji Olatunji Mr. Olatunji Olatunji	23-Oct-02	200,000	1-Jan-03
445	718	O. Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	8-Oct-02	150,000	10-Apr-03
446	893	O. Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	24-Sep-02	200,000.00	7-Mar-03
447	719	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	24-Sep-02	1M	3-Jun-03
448	912	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	14-Apr-02	10M	20-Feb-04
449	753	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	11-Sep-02	250,000	3-Aug-03
450	759	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	20-Oct-02	1M	21-Mar-04
451	813	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	21-Jul-02	2M	11-Sep-04
452	1016	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	25-May-02	1M	11-Mar-03
453	763	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	29-Apr-02	200,000	2-Oct-04
454	807	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	24-Sep-04	2M	11-Feb-03
455	828	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	1-Jul-02	25M	31-Mar-03
456	1031	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	26-Jul-02	250,000	3-Apr-03
457	397	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	13-Jun-03	200,000	19-May-04
458	971	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	19-Jan-04	5M	31-Dec-03
459	853	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	21-Apr-04	1M	19-Jan-04
460	896	Olatunji Olatunji & Co.	228, Herbert Macaulay Street, Alimosho, Lagos. Tel: 89-4237631	Solicitors	Mr. Olatunji Olatunji	18-Mar-02	200,000	1-Mar-03

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641	32	Wema Registrars Limited	42/43, Marina, PMB 12662, Lagos Wema Towers 25th floor 2A, Marina Lagos PMB 12662, Tel: 01-2699481	Registrars	Mr. M. Alimi J. Lekan - Regr. Mrs. Minodu V. U. M. - Mgr Mr. Sami Ullah Darian - Director Mr. Adeniji A. Olatubun - Officer	2N	21-Sep-05	31-Mar-05
642	812	Wema Trustees Limited	258b Adeola Hopwood Street, W/Island, P.O. Box 75549, Victoria Island, Lagos. Tel: 01-2620771-1, 4818450 Fax: 611369	Trustees	Olunwofemi Agoro - MD Alafio Feyeye - Sr Mgr M. Jackson - O/Off	3M	18-Aug-05	31-Dec-01
643	412	WSTC Financial Services	Suit 04, Boursat Complex, Michika Street, Off Ahmadu Bello Way by Assemblies of God Church, Gerik II, Abuja. Tel: 09-3141934, 01042125537, 88338498337	Broker/Dealer		4M	7-Apr-06	24-Feb-05
644	1053	Yakubu Makusuna & Co.	3, Amusement Park Street, Off Sika Abba Ibrahim Way, Gambia Village, PMB 1942, Conakry, Vdrb State. 076-527720 Fax: 076-527287 Lagos office: Suite 5A, East Pavilion, TBS Complex, Onikan, P.O. Box 64515, Federal Secretariat P.O. Box, Ikeja Lagos. Tel: 01-821289	Solicitors	Mr. Makusuna Yakubu	200,000	22-Nov-04	27-Oct-05
645	767	Vdrb Investment Co. Limited	8, Odeokunde Road, Rumuokoko, Lagos. Tel: 01-2612729	Broker/Dealer, Invest. Advisor & Portfolio Mgr.	Mr. Land Abba Nguru - Director Mr. Baru Alimola - O/Cash Mr. Haruna Saidu - Officer	25M	8-Jun-06	28-Dec-05
646	1003	Zael-Findrafts Chambers	P.O. Box 17155, Port Harcourt, Rivers State. Tel: 084-201987, 06031181227, 4822003189, 68124007005	Solicitors	Mr. Dennis Anielosa Andrew Samuel	1M	14-May-08	13-May-01
647	907	Zenith International Bank Limited	Plot 14 Akoka Adekunle Street, P.O. Box 75215, Victoria Island, Lagos State. Tel: 01-4618261, 4618271, 4618249, 2620727 Fax: 01-2618252	Banking House, Fixed Portfolio Mgt & Banker to various & Internal Service	Mr. Odebusi Odebusi - Mgr Odebusi Odebusi James - Mgr Amunloye Oluwalade P. - Cr.	114M	20-Oct-08	18-May-01
648	198	Zenith Securities Limited	Plot 84, Ajose-Kosoogun Street, P.O. Box 74315, W/Island, Lagos. Tel: 01-2610385, 26103259, 2620727, 2622824, 2615212 Fax: 01-4618921	Broker/Dealer	Mr. Bar A. Agbo - Mgr/O/C Timothy Fasimant - Mgr	4M	5-Sep-06	31-Jan-03
649	710	ZK Chua Ooi & Co.	Western House (2nd Floor), 1-2, Broad Street, P.O. Box 61544, Lagos. Tel: 01-2620661, 2620262 Fax: 2620661	Solicitors	Mr. ZK Chua Ooi - Solicitor	2M	12-Aug-08	1-Oct-01
650	513	Zuma Securities Limited	Lagos House (3rd floor), Ralph Shodinde Street, Off Ahmadu Bello Way, Central Business District, P.O. Box 7617, Wuse Abuja. Tel: 3404416106, 6843324015, 69-2541037, 34822045	Broker/Dealer	Mr. Usman N. Fatai - O/C Chief Balogun B. Adewale - "	4M	23-Feb-04	27-Apr-04

SECURITIES & EXCHANGE COMMISSION

BOARD OF THE SECURITIES AND EXCHANGE COMMISSION,
PROFESSIONAL ADVISERS AND REGISTERED OFFICE

MEMBERS OF THE COMMISSION

Col. Y. Madaki (Rtd)	Chairman	Up to 2/07/2004
Mal. S. A. Ndanusa (DG, SEC)	Member	Up to 25/10/2004
Muse Al-Faki (DG, SEC)	Member	From 26/10/2004
Alh. Abba A. Gwadabe (Comm. F & A)	Member	Up to 15/04/2004
Mr. E.S.O. Orwionoko (Comm. Operations)	Member	"
Alh. Suleiman A. Kwari (Comm. F & A)	Member	From 16/04/2004
Mr. David Ogwu (Comm. Operations)	Member	"
Dr. Rowland Anyanwu (Commissioner)	Member	Up to 2/07/2004
Chief Capt. Abiodun Lisk-Carew (Comm.)	Member	"
Bar. Danjuma Maina (Commissioner)	Member	"
Mr. Fred Archibong (Commissioner)	Member	"
Chief Mella Sasime (Commissioner)	Member	"
Mr. S.A. Ekenkhio (Rep of FMF)	Member	"
Mr. J.O. Aderibigbe (Rep of CBN)	Member	"
Mrs. Salamat Hussaini Sulciman	Secretary	

Auditors

Messrs Ugochukwu Nwankwo & Co.
(Chartered Accountants)
1, Obalolu Street
Ilupeju, Lagos

Bankers

Zenith International Bank Ltd
FSB International Bank Plc
Guaranty Trust Bank Plc
First City Monument Bank

Office

Tower 421, Constitution Avenue
Central Business District
P.M.B. 315, Garki
Abuja

Since 2nd July, 2004 when the Federal Government dissolved the Board of Many parastatals, the Commission had no Board.

SECURITIES & EXCHANGE COMMISSION

BOARD OF THE SECURITIES AND EXCHANGE COMMISSION,
PROFESSIONAL ADVISERS AND REGISTERED OFFICE (CONT'D)**Head Office**

Tower 421, Constitution Avenue
Central Business District
P.M.B. 315, Garki
Abuja

Lagos Zonal Office

UBA Building (3rd Floor)
57, Marina
P.M.B. 12638, Marina
Lagos

Kano Zonal Office

African Alliance House (4th Floor)
F1, Sani Abacha Way/Airport Road
Opposite KLM Airlines
Kano

Port Harcourt Zonal Office

First Bank Building
22/24 Aba/Port Harcourt Road
Port Harcourt

SECURITIES & EXCHANGE COMMISSION**REPORT OF THE COMMISSION FOR THE
YEAR ENDED 31ST DECEMBER, 2004**

The commission has pleasure in presenting her report together with the audited financial statements for the year ended 31st December, 2004.

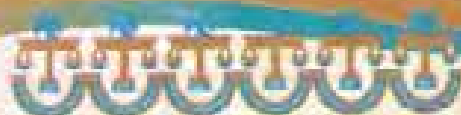
1. LEGAL FORM

The commission was established under the Securities and Exchange Commission Act (No. 71) of 1979 as re-enacted by Investments and Securities Act No. 45 of 1999.

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 organizing 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 regulatory apex organization for the Nigerian Capital Market including the promotion and registration of self-regulatory organizations 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;



SECURITIES & EXCHANGE COMMISSION

REPORT OF THE BOARD OF THE COMMISSION (CONTD)

- (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 Investments and Securities Act No. 45 of 1999.

3 BOARD OF THE COMMISSION

The composition of the Commission as provided for under section 2 of the Investments and Securities Act No. 45 1999 is as stated on page 2 of these financial statements.

4 OPERATING RESULTS FOR THE YEAR

The operational result of the year is as follows:-

	2001 N	2003 N
Income	3,963,464,444	2,032,757,679
Expenditure	(2,279,501,095)	(1,786,574,973)
Excess of Income over Expenditure	1,683,963,349	246,182,706
	=====	=====

5 FIXED ASSETS

Movements in Fixed Assets during the year are as shown in note 1 on page 13 of these Financial statements.

6 THE COMMISSION'S RESPONSIBILITIES

The board of 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. They are 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;
- judgments 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.



SECURITIES & EXCHANGE COMMISSION

REPORT OF THE BOARD OF THE COMMISSION (CONTD)

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.

8 **AUDITORS**

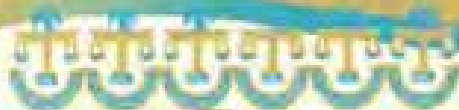
In accordance with Section 357(2) of the Companies and Allied Matters Act 1990, the Auditors, Messrs Ugochukwu Nwankwo & Co., having indicated their willingness, will continue in office as Auditors of the Commission.

ABUJA, NIGERIA
26TH SEPT, 2005

BY ORDER OF THE COMMISSION



SALAMATU HUSSAINI-SULEIMAN (MRS)
SECRETARY



Mr. I.K. Ekundayo
Deputy Director / Head of Department,
Internal Control

REPORT OF THE AUDITORS TO THE MEMBERS OF SECURITIES AND EXCHANGE COMMISSION

We have audited the financial statements set out on pages 9 - 16 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of the Commission and auditors

As stated on page 4, 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 generally accepted auditing standards. 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 judgments 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.

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 the information made available to us, are in agreement with the books of accounts.

Opinion

In our opinion the financial statement give a true and fair view of the state of affairs of the Commission as at 31st December, 2004 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. 45 of 1999, Companies and Allied Matters Act 1990 and the relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

CHARTERED ACCOUNTANTS

Aljo Chukwura R. Nwankwo & Co



LAGOS, NIGERIA
26th SEPT, 2005

We planned and performed our audit so as



SECURITIES AND EXCHANGE COMMISSION

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 is taken into account only in the period of receipt. However, expenditure is treated on accrual basis.

(d) STOCK

The cost of all stock of publications is written off to the Income and Expenditure account in the period 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 & Building	2.5%
Furniture & Equipment	25%
Motor Vehicles	33.3%
Library Books	10%

(f) REPAIRS AND RENEWALS


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

(g) RETIREMENT BENEFITS

The Commission provides a Pension Scheme for the benefit of its employees based on the employee's years of service and the final pensionable salary.

BALANCE SHEET AS AT 31ST DECEMBER, 2004

	Notes	N	2004 N	N	2003 N
Fixed Assets	1		873,284,269		717,075,370
Investment at Cost					
11.75% FRN 24 Dev					
Stock			911,000		911,000
			<u>874,195,269</u>		<u>717,986,370</u>
Current Assets:-					
Short term Investments	2	888,926,908			
Debtors and Prepayments	3	884,697,896		394,897,371	
Cash in hand and at Bank	4	181,948,924		191,850,239	
		<u>1,955,573,628</u>		<u>586,747,610</u>	
Less: Current Liabilities					
Creditors and Accruals	5	394,054,758		467,043,177	
Bank Overdraft	6	1,361,771		42,983,324	
		<u>395,435,529</u>		<u>510,026,501</u>	
Net Current Assets			<u>1,560,137,999</u>		<u>76,721,109</u>
			<u>2,434,333,268</u>		<u>794,707,479</u>
			- - - - -		- - - - -
FINANCED BY:					
Accumulated Fund	7		2,434,333,268		794,707,479
			<u>2,434,333,268</u>		<u>794,707,479</u>
			- - - - -		- - - - -

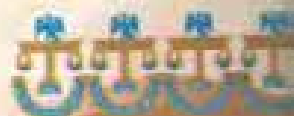


Paul

CHAIRMAN

DIRECTOR GENERAL

The notes set out on pages 13 to 16 form an integral part of these financial statements.





Mrs A. O. Obheilo
Deputy Director / Head of Department,
Finance & Accounts

SECURITIES AND EXCHANGE COMMISSION

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2004

	Notes	N	2004 N	N	2003 N
INCOME	8		3,963,464,144		2,112,757,679
LESS EXPENDITURE					
Directors Fees & Allowances		62,601,788		70,368,641	
Staff Emoluments	9	444,854,337		393,723,374	
Board Meeting Expenses		1,166,630		8,812,657	
Management Meeting Expenses		16,632,160		8,661,930	
Contribution to Pension Fund		163,883,180		190,369,653	
Staff Welfare and Development	10	209,803,781		141,199,380	
Rent and Rates		409,280,448		260,757,867	
Travelling Expenses		220,320,784		170,520,400	
Printing & Stationery		33,320,870		14,228,590	
Motor Running Expenses		17,024,327		23,876,310	
Communication		53,565,258		35,341,402	
Repairs & Renewals		70,188,823		58,049,519	
Electricity		6,805,740		5,294,774	
Newspapers & Periodicals		4,173,550		4,221,730	
Bank Charges		6,928,262		4,792,549	
Corporation Affairs/Publicity		80,542,085		86,368,776	
Insurance		10,658,679		11,311,408	
Professional Fees		16,318,625		29,171,638	
Subscription & Donations		13,265,450		9,224,050	
Audit Fees		5,700,000		3,850,000	
Capital Market Development		89,626,314		59,530,071	
Loss on Disposal of Assets		4,975,238			281,760
Recruitment & Records		3,239,000		66,714,423	
Sundries	11	90,186,618		126,614,071	
Depreciation		224,654,906			
Amortisation for monetised Veh. And other Assets		19,775,240			
			(2,279,501,095)		(1,786,574,973)
Excess of income over expenditure			1,683,963,349		326,182,706

The notes set out on pages 13 to 16 form an integral part of these financial statements.



SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF CASH FLOW FOR THE
YEAR ENDED 31ST DECEMBER, 2004

	2004 N	2003 N
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	1,683,963,349	246,182,706
Adjustment for:		
Depreciation	224,654,908	126,614,071
Prior year adjustments	(44,337,560)	(57,173,763)
Loss on disposal of fixed assets	4,975,238	-
	<hr/>	<hr/>
Funds generated from operations before working capital changes	1,869,255,935	315,623,014
WORKING CAPITAL CHANGES		
Short Term Investments	(888,926,908)	120,000,000
Debtors & Prepayments	(489,800,325)	(217,239,718)
Creditors & Accrual	(72,989,419)	183,113,302
	<hr/>	<hr/>
Cash generated from operations	417,539,283	401,496,598
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(399,812,790)	(290,472,579)
Proceeds from sale of fixed assets	13,973,745	-
	<hr/>	<hr/>
Net Increase/(Decrease) in Cash	31,700,238	111,024,019
Cash less Overdraft at the beginning	148,866,915	37,842,896
	<hr/>	<hr/>
Cash less Overdraft at the end	180,567,153	148,866,915
	<hr/>	<hr/>



SECURITIES AND EXCHANGE COMMISSION

FIVE YEAR FINANCIAL SUMMARY

	2004 N'000	2003 N'000	2002 N'000	2001 N'000	2000 N'000
CAPITAL EMPLOYED					
Fixed Assets	873,284	717,075	553,217	448,814	359,966
INVESTMENT:					
11.75% FRN 24 Dev. Stock	911	911	911	911	911
CURRENT ASSETS:					
Debtors & Prepayment	884,698	394,897	177,657	95,077	120,183
Short term Investments	888,927	-	120,000	70,000	20,000
Cash at Bank	171,566	186,485	65,283	49,050	11,236
Cash in Hand	10,383	5,365	7,819	5,025	936
	2,829,769	1,304,733	924,887	668,877	513,232
LESS CURRENT LIABILITIES:					
Creditors and Accruals	(394,064)	(467,043)	(283,930)	(144,085)	(69,997)
Bank Overdraft	(1,382)	(42,983)	(35,259)	-	(19,436)
Net Assets	2,434,333	794,707	605,698	524,792	423,799
FINANCED BY:					
Accumulated Fund	2,434,333	794,707	605,698	524,792	423,799
	2,434,333	794,707	605,698	524,792	423,799
INCOME AND EXPENDITURE A/C					
Income	3,963,464	2,032,758	1,598,524	1,129,419	565,015
Expenditure	(2,279,501)	(1,786,575)	(1,645,980)	(1,030,973)	(664,207)
Surplus/(deficit) for the year	1,683,963	246,183	(47,456)	98,446	(99,192)



SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER, 2004

	TOTAL	BUILDING PROJECT	LAND & BUILDINGS	LEASEHOLD CARPARK & EQUIP.	OFFICE FURNITURE & EQUIP.	HOUSEHOLD FURNITURE & EQUIP.	MOTOR VEHICLES	BOOKS
	N	N	N	N	N	N	N	N
Cost:								
As at 01/01/2004	1,341,484,937	237,654,667	171,780,692	5,746,852	585,767,318	125,481,039	198,510,129	16,541,040
Disposals	(142,854,239)	-	-	-	(6,229,226)	(25,199,160)	(111,425,853)	-
Additions	399,812,790	9,090,677	26,978,831	101	183,535,010	32,406,833	141,515,790	6,282,650
As at 31/12/2004	1,598,443,488	246,745,544	198,759,523	5,746,852	763,073,101	132,694,712	228,600,066	22,823,690
Depreciation:								
As at 01/01/2004	624,409,567	-	19,851,548	5,743,339	392,825,341	107,915,350	181,673,699	6,370,480
Disposals	(23,995,256)	-	-	-	(5,185,470)	(14,405,516)	(104,314,270)	2,235,010
Charges	224,654,908	-	4,566,572	3,623	136,664,126	12,546,749	68,638,868	-
As at 31/12/2004	725,159,228	-	24,418,120	5,746,842	434,303,977	106,056,583	145,998,207	8,605,490
Net Book Values:								
As at 31/12/2004	873,284,260	246,745,544	174,341,403	10	328,769,124	26,608,129	82,601,859	14,218,200
As at 31/12/2004	717,075,370	237,654,867	151,929,144	3,613	282,941,977	17,538,689	16,836,529	10,170,560



SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE ACCOUNTS (CONTD)

	2004 N	2003 P
2 <u>SHORT TERM INVESTMENTS</u>		
Money Market investment	888,926,908	-

	888,926,908	0
	- - - - -	- - - - -
3 <u>DEBTORS & PREPAYMENTS</u>		
Staff Debtors	288,425,589	126,105,697
Sundry Debtors	185,721,384	57,654,850
Pre-payments	410,550,723	210,836,824

	884,697,696	394,897,371
	- - - - -	- - - - -
4 <u>CASH IN HAND & BANK</u>		
Petty cash	10,382,766	5,364,845
Bank Balances	171,566,158	186,485,394

	181,948,924	191,850,239
	- - - - -	- - - - -
5 <u>CREDITORS & ACCRUALS</u>		
Vehicle Insurance Deposit	716,146	759,875
Accrued Audit Fees	5,700,000	3,850,000
Sundry Creditors	53,404,153	52,693,710
Charges Accrued Due (5a)	334,233,459	409,739,592

	394,053,758	467,043,177
	- - - - -	- - - - -

5a Included in Charges Accrued Due is the sum of N183,453,970 which represents Pension Fund Contribution due but not remitted as at 31st December, 2004.



SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE ACCOUNTS (CONTD)

	2004 N	2003 N
6 <u>BANK OVERDRAFT</u>		
Zenith International Bank	1,381,771	42,983,324
	<u>1,381,771</u>	<u>42,983,324</u>
	-----	-----
7 <u>ACCUMULATED FUNDS</u>		
Balances brought forward	794,707,479	605,698,536
Prior year adjustments	(44,337,560)	(57,173,763)
Surplus/(deficit) for the year	1,683,963,349	246,182,706
	<u>2,434,333,268</u>	<u>794,707,479</u>
	-----	-----
8 <u>INCOME</u>		
Income from operations	3,897,161,870	1,987,967,861
Investment Income	34,670,512	9,983,762
Other income	31,632,062	34,906,056
	<u>3,963,464,444</u>	<u>2,032,757,679</u>
	-----	-----
9 <u>STAFF EMOLUMENTS</u>		
Salaries and Wages	142,917,091	128,059,440
Allowances	301,937,246	265,663,934
	<u>444,854,337</u>	<u>393,723,374</u>
	-----	-----
10 <u>STAFF EMOLUMENTS</u>		
Medical	57,012,249	43,551,440
Training	116,010,919	80,233,429
Entertainment	3,926,455	2,954,301
Uniform	21,327,753	12,498,130
Recreation Expenses	11,526,435	2,877,458
	<u>209,803,751</u>	<u>142,114,758</u>
	-----	-----



SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE ACCOUNTS (CONTD)

	2004 N	2003 N
11 SUNDRIES		
Contingency	5,943,900	145,000
Relocation Expenses	40,943,500	8,780,667
Data Communication Expenses	6,440,332	3,581,700
Special Expenditure	8,009,651	7,270,313
Computer Accessories & Statistics	5,142,180	5,669,519
Football Club Expenses (12)	10,526,232	17,051,944
Others	13,180,823	24,215,280
	90,186,618	66,714,423
	-----	-----

- 12 Football Expenses were incurred in respect of "SEC FC" Abuja, a Football Club owned, funded and sponsored by the Commission in the Amateur League organised by Nigeria Football Association (NFA). Abuja Chapter.

13 APPROVAL OF FINANCIAL STATEMENTS

These financial statement were approved by the Commission on 26th September, 2005.



SEC

SECURITIES & EXCHANGE COMMISSION

CORPORATE HEAD OFFICE

Tower 421, Constitution Avenue,
Central Business District
P.M.B. 315, Garki, Abuja
Telephone: 09-2345272-5
Fax: 09-2345270
E-mail: sec@sec.gov.ng
www.sec.gov.ng

LAGOS ZONAL OFFICE

UBA Building (3rd Floor)
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PORT HARCOURT ZONAL OFFICE

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