

# Annual Report & Accounts 2007



**Securities &  
Exchange  
Commission**



## *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



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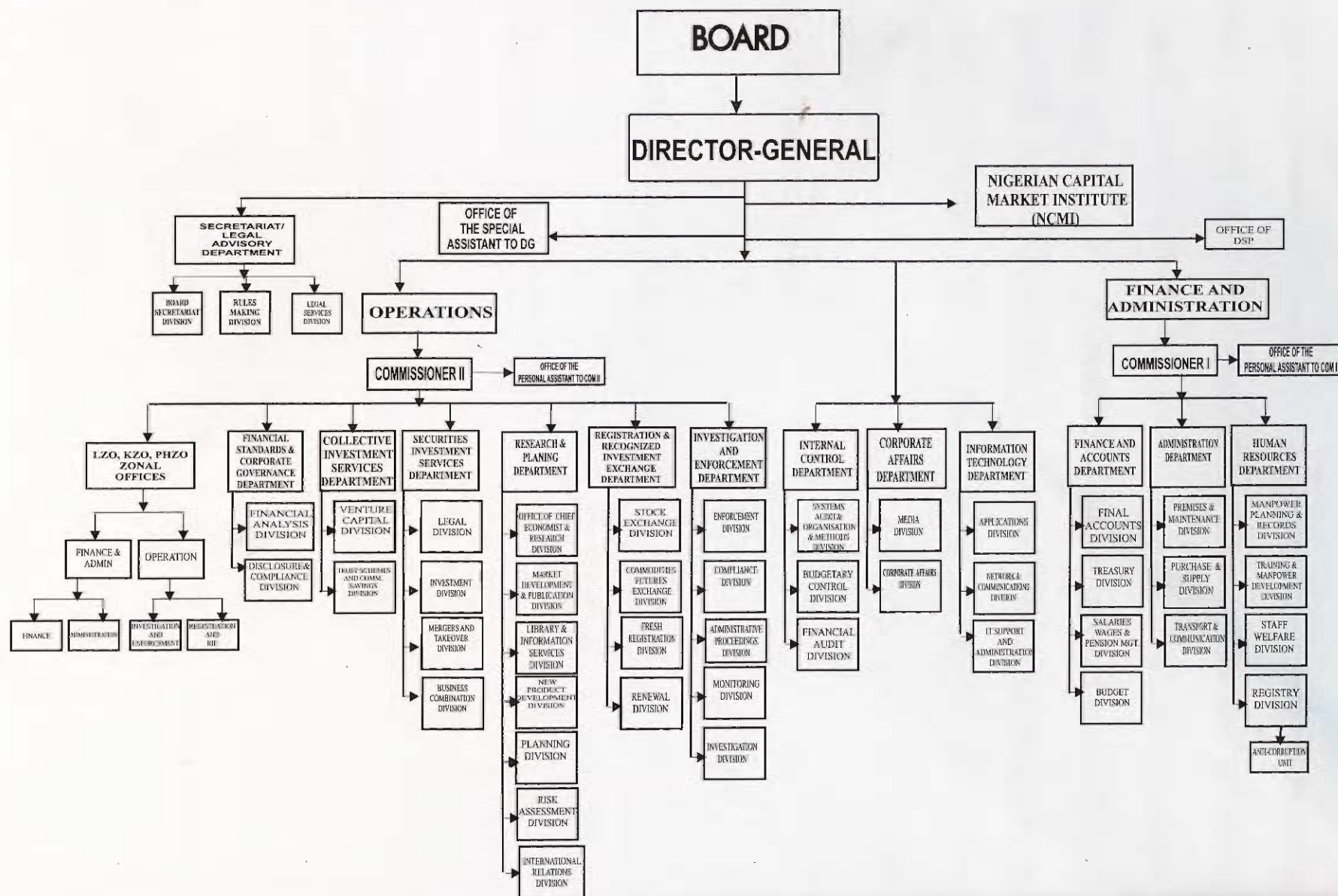
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## SEC'S ORGANIZATIONAL STRUCTURE June 2006





**I**t is with great pleasure that I forward to you, the Annual Report and Accounts of the Securities and Exchange Commission for the year 2007.

The Nigerian Capital Market has developed steadily since the conclusion of the consolidation exercise in the banking and Insurance sectors. The market witnessed a surge in activities in all sectors and segments. The resultant effect of these is that the investor base has expanded considerably with rapid growth in institutional investors. The market has become an important wealth management platform for the Nigerian society and reliable source of funds for the economy.

This report focuses on the following issues:

- performance of the market both the primary and secondary segments,
- market regulation and development; and
- key regulatory focus and prospects for 2008

The Nigerian capital market during the year 2007 continued to make giant strides in facilitating fund mobilization for national development. This is reflected by the impressive increase in the market indicators for both the primary and the secondary market. The new equities floated in 2007 which stood at N1.34 trillion, were in excess of the aggregate fresh equities put at N1.04 trillion issued between 1981 and 2006. The debt segment of the market was also active with the federal government bond.

During the year under review the new issues market was largely dominated by the financial institutions with the banking sector issues, including GDR, accounting for N1.28 trillion. The Insurance sector accounted for N18.86 billion.

The Secondary market witnessed an upsurge in

activities during the year. This is largely due to increased investor confidence and awareness.

The volume of activities recorded revealed that market indicators reached new heights with the All-share index closing the year at 57,990.22 points compared to 33,189.30 points at the end of 2006. This indicates a growth of about 75 per cent in 2007 as against 37.8 per cent in 2006.

Activities in the market were particularly higher in the Banking sector where a total of 80.907 billion ordinary shares valued at N1.478 billion were exchanged in over a million deals. The banking sector thus accounted for 70.84 per cent of the total value of transactions during the year.

Market transaction analysis confirmed that, most of the activities during the year were in equities. The value of equities traded stood at N2.086 trillion while the value of debt securities traded stood at only N2.87 billion.

The year 2007 was thus an extraordinary year in the evolution of the Nigerian capital market. The market expanded dramatically and became more closely correlated with the overall performances of the Nigerian economy.

The overall corporate governance performance of listed companies improved significantly due to the massive awareness campaign undertaken by the Commission and other regulatory measures taken to ensure good corporate governance practices in public companies.

Looking forward in 2008, a number of regulatory and developmental issues would be addressed by the Commission. These include the following:

1. development of the Commodities futures market;
2. development of new products and processes in the market;





3. strengthening of enforcement capacity of the Commission to tackle market abuses;
4. enhancement of activities in the corporate debt market;
5. enhancement of investor education and protection;
6. consolidation exercise in the market to ensure competitiveness.

It is my hope that in 2008 and with the support of the Honourable Minister of Finance and other stakeholders, the growth of the capital market as witnessed in 2007 would not only be sustained but improved further.



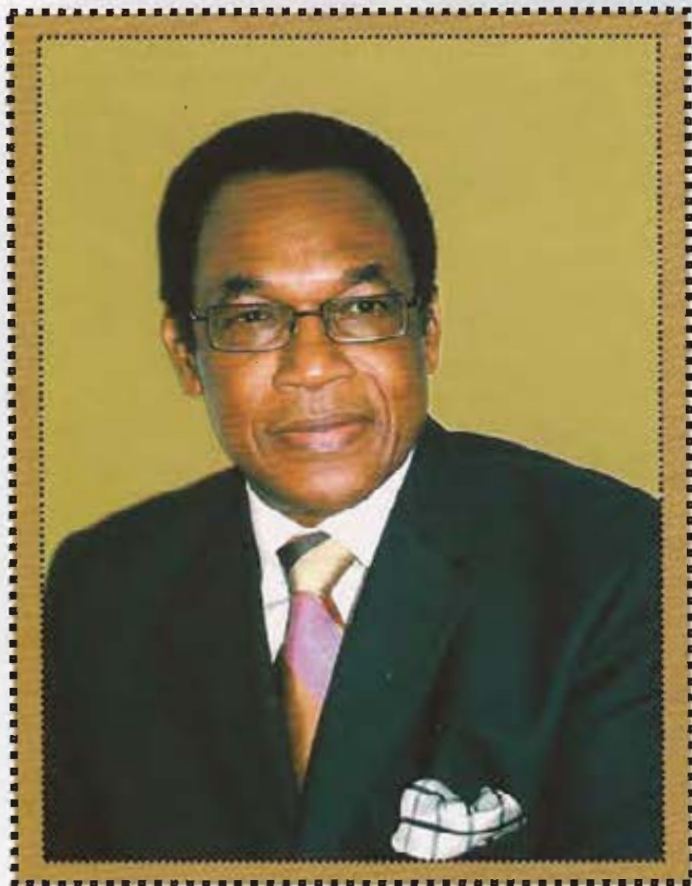
Musa Al-Faki  
Director-General

Musa Al-Faki  
Director General

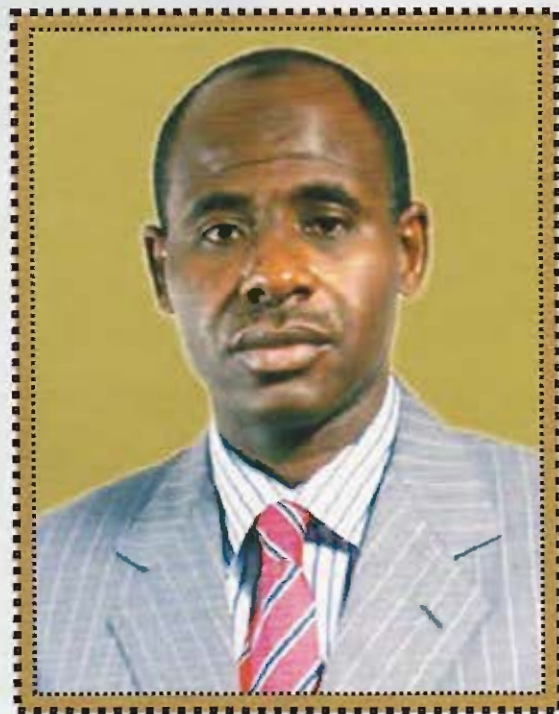




## OUR PEOPLE



**Chief John D. Edozien**  
Chairman



**Musa Al-Faki**  
Director General



**Suleiman A. Kwari**  
Executive Commissioner, Fin. & Admin



**Elder David Ogwu**  
Executive Commissioner, Operations





**HRH. Igwe Frank O. Nweke**  
Commissioner



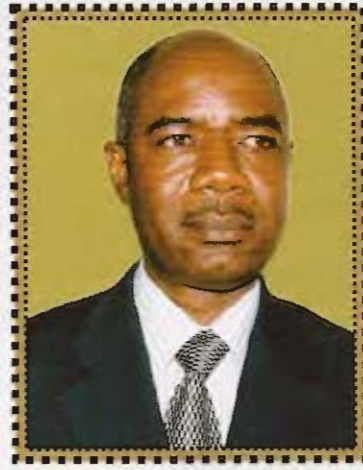
**Alh. Shaaba Lafiagi**  
Commissioner



**Alh. Mohammed Danjani Usman Auyo**  
Commissioner



**Hamidu Mahmud (Walin Mubi)**  
Commissioner



**Sir Kayode Otitoju**  
Commissioner



**Alh. J. I. Zarewa**  
Rep. Federal Min. of Finance



**Mrs. Salamatu H. Suleiman**  
Secretary to the Commission





**Musa Al-Faki**  
Director General



**Elder David Ogwu**  
Executive Commissioner, Operations



**Suleiman A. Kwari**  
Executive Commissioner, Fin. & Admin

**HEADS OF  
DEPARTMENTS**



**Ms. Daisy Ekineh**  
Director/HOD Securities and  
Investment Services



**Mrs. Salamatu H. Suleiman**  
Director/HOD Secretariat and Legal Advisory Department  
and Secretary to the Commission



**Mr. Sylvester O. Akele**  
Director/HOD Research  
& Market Development



**Mr. Chris O. Okereke**  
Director/Head Lagos Zonal Office





**Mr. Mustapha Usman Jega**  
Director/Head Kano Zonal Office



**Mrs. Mudirat M. Falade**  
Deputy Director RRIE.



**Mr. Moses A. Isiaku**  
Deputy Director/HOD  
Administration



**Mr. I. Kola Ekundayo**  
Deputy Director/HOD, Internal Control





**Mr. C. A. Udora**  
Deputy Director/HOD Investigation  
and Enforcement



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Deputy Director/HOD  
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**Mrs. A. O. Obhielo**  
Deputy Director/HOD FS&CG



**Abdul Zubairu**  
Deputy Director/HOD, NCMI





**Mr. Yusuf M. Aminu**  
Deputy Director/HOD Collective  
Investment Services



**Mr. A. U. O. Anyameluhor**  
Deputy Director Ag/HOD,  
Human Resources



**Mr. Abatcha Bulama**  
Deputy Director/HOD,  
Finance and Accounts



**Mr. Ismail Mohammed Ville**  
Assistant Director/HOD,  
Corporate Affairs



## **Section 1**

# **THE ECONOMY**



The Nigerian economy in 2007 continued its steady growth. The improvements were reflected in such indices as the growth of Gross Domestic Product (GDP) and other macroeconomic variables like interest rate, exchange rate and inflation rate.

The economy witnessed a growth of 7.64% in GDP during the year under review, compared to 6.25% in the preceding year. The growth was driven largely by the non-oil sector which was estimated at 10.99% compared to 9.47% in 2006. Among the contributory factors to GDP was bumper harvest in the agricultural sector, favourable crude prices in the international oil market as well as improved inflow of foreign investment arising from the Federal Government's economic reform programmes etc.

The effect of the restructuring of the financial sector brought about the needed funds to reposition the sector to compete favourably with other global financial players.

The reforms brought impressive growth including further deepening of the capital market as the banking sector and the debt segment of the capital market witnessed a flurry of activities. This included the issuance of Global Depository Receipts as banks continued to access the market to raise additional funds. While some banks accessed the market to enable them qualify to manage the nation's reserves, others accessed the market to upgrade information technology (IT) infrastructure and to expand their operations.

The total listed securities on The NSE stood at 310, indicating the market value of N13.30 trillion showing an increase of 159.6% when compared with total market capitalization of N5.12 trillion, involving 301 listed securities in 2006. In the same vein, the total value of new issues grew from N707.39 billion in 2006 to N1.94 trillion in

2007. Similarly, trading value on the secondary market rose from N470.25 billion in 2006 to N2.10 trillion in 2007. The All-Share Index equally grew by about 75 per cent closing at 57,990.22 points in 2007 from 33,189.30 points in 2006.

The year under review also witnessed a boom in the pension segment of the financial sector as fund assets under pension management recorded about N815 billion with over three million registered contributors in December 2007 as a result of the new Pension Reform Act of 2004. The boom in the segment gave rise to the huge inflow of pension funds into the capital market.

The reform in the financial sector also saw the emergence of bigger and stronger 48 insurance companies and one re-insurance company against the 106 in the pre-consolidation era. The reform is aimed partly to build capacity in order to meet up with global challenges in the industry.

The year-on-year inflation rate sustained the single-digit recorded in the previous year. Thus, the year-on-year inflation rate of 8.5 per cent recorded in 2006 declined to 6.6 per cent at the end of December 2007.

This improvement was as a result of the restrictive stance of monetary policy, fiscal restraint and favorable climate conducive for food production in some parts of the country during the period.

The continuous high external reserve balance of the nation and other factors contributed to reducing the volatility of the exchange rate as well as further closing the gap that had existed between the demand for and supply of dollars as a continuation of the previous year.

The period recorded some remarkable appreciation in the exchange rate of the naira against major world currencies, especially the dollar. The local currency exchange rate at the





Wholesale Dutch Auction System (WDAS) appreciated from N127.02 in December 2006 to N116.3 as at December 2007. This was due to several factors which included the huge capital inflow.

Reserves which stood at \$41.95 billion at the end of December 2006 rose to \$51.32 billion in December 2007 representing an increase of 24 per cent. This level could support about 24 months of current foreign exchange disbursements and imports. The continuous rise is attributable to the consistent increase in crude oil price in the international energy market and also the federal government's fiscal discipline.

The interest rate dropped from between 25% to 28% in 2006 to between 18% to 20% in 2007. The effect is the willingness of the public to borrow for business thereby impacting positively on the real sector of the economy.

For two years consecutively (2006 and 2007) the country was able to maintain its BB- rating, which to a large extent, sent a signal of policy consistency and stability to international markets.

Foreign portfolio investment jumped from N35billion naira in 2006 to N256 billion in 2007, indicating a percentage increase of 631%. The remarkable increase was prompted by foreign portfolio investors' interest in the capital market due to high returns, liquidity and safety of investors in the Nigerian environment.

The Federal government embarked on an initiative to tackle the huge size of Nigeria's local debt by reconfiguring its profile in the year under review. This move led to increased activity in the bond market.

In spite of the remarkable performance of the economy in 2007, the unstable nature of the energy sector which consists of the supply of petroleum products and the supply of electricity

led to increased cost of doing business which adversely affected the economy.

The economy has a promising outlook for 2008. The nation's GDP growth, according to CBN projections, would have to be above 10% in order to meet the set target of Financial System Strategy (FSS) 2020. The trend is expected to continue, if the implementation of monetary and socio-economic policies is sustained.



## **Section 2**

# **THE NIGERIAN CAPITAL MARKET**



**NEW ISSUES**

The Nigerian capital market during the year 2007 continued to make giant strides in facilitating funds mobilization for national development. This is reflected by the impressive increase in the market indicators in both the primary and secondary segments during the year. For instance, the new equities floated in 2007 alone, which summed up to N1.34 trillion, were in excess of the aggregate fresh equities, put at N1.04 trillion, issued between 1981 and 2006. The debt segment of the market was also active with Federal Government bonds.

During the year, the new issues market was largely dominated by the financial institutions, especially the banking sector. With the introduction of a new product, Global Depository Receipts (GDR), foreign and local investors participated largely in the banks mega offers all of which received overwhelming subscriptions. GDR is an instrument issued by a depository bank overseas evidencing interest in existing or newly created underlying shares of a local entity which are held by or on behalf of the depository bank. Seven banks issued over US\$ 2.0 billion worth of GDR during the year.

**Table 1: SUMMARY OF NEW ISSUES IN 2007**

<i>Mode of Offer</i>	<i>No. of Issues</i>	<i>Volume of Shares (m)</i>	<i>Value of Shares (N'M)</i>	<i>% of Overall Total Value</i>
Offer for Subscriptions/GDRs	19	47,667.82	770,640.16	39.82
Rights	14	10,418.36	139,844.56	7.23
Private Placements	7	9,787.90	23,532.54	1.22
Supplementary Offers	14	26,897.60	400,479.04	20.70
Conversion (Debt to Equity)	2	272.24	4,078.94	0.21
<b>Total (equities)</b>	<b>56</b>	<b>95,043.92</b>	<b>1,338,575.24</b>	<b>69.17</b>
FGN Bonds	20	-	596,500.00	30.83
<b>Overall Total</b>	<b>76</b>	<b>95,043.92</b>	<b>1,935,075.24</b>	<b>100.00</b>

Source: Securities and Exchange Commission

The total new issues floated by the banks, GDRs inclusive, totaled N1.28 trillion. This value is equivalent to 95.52 per cent of the total values of equities issued during the year. The Insurance sector accounted for N18.86 billion.

Among the sectors which accessed the market in 2007 were Construction (N9.84 billion), Maritime (N5.00 billion), Automobile & tyre (N4.39 billion), Airline Services (N2.15 billion), Building Material

(N1.56 billion), Petroleum (marketing) (N1.49 billion) and Breweries (N1.39 billion). Others included Other Financial Institutions (N924.08 million), Agriculture/Agro Allied (N346.79 million), Printing & Publishing (N269.62 million) and Computer & Office Equipment (N264.57 million). Three other unquoted equities floated the sum of N9.64 billion.





Table 2: SECTORAL SUMMARY OF FLOATED NEW ISSUES IN 2007

Sector	No. of issues involved	Volume (million)	Value (N'million)	% of Overall Total Value
<b>Quoted Securities:</b>				
Agriculture/Agro Allied	1	630.52	346.79	0.02
Airline Services	2	125.00	2,152.50	0.11
Automobile & Type	1	1,756.05	4,390.13	0.23
Banking	25	64,658.77	1,282,451.06	66.27
Breweries	1	1600	1,392.00	0.07
Building Material	1	173.33	1,559.97	0.08
Computer & Office Equipment	2	129.13	264.57	0.01
Construction	3	861.71	9,835.13	0.51
FGN Bonds	20	-	596,500.00	30.83
Insurance	10	17,978.85	17,640.60	0.91
Maritime	2	1,299.04	5,000.02	0.26
Other Financial Institutions	2	490.96	924.08	0.05
Petroleum (Marketing)	1	150.00	1,492.50	0.08
Printing & Publishing	1	149.79	269.62	0.01
<b>Unquoted Securities:</b>				
Insurance	1	814.00	1,221.00	0.06
Others	3	4,226.77	9,635.27	0.50
<b>Overall Total</b>	<b>76</b>	<b>95,043.92</b>	<b>1,935,075.24</b>	<b>100.00</b>

Source: Securities and Exchange Commission

In 2007, thirty-six (36) companies were in the market. Of this figure, ten equities accounted for N1.16 trillion or 86.57 per cent of the total value of issues floated. These included First Bank of Nig. Plc (offer for subscription, GDR, rights and supplementary offer of N250.00 billion), Oceanic Bank International Plc (offer for subscription and supplementary offer valued at N174.56 billion), Zenith Bank Plc (public offer and rights of N129.63 billion), United Bank for Africa Plc (public offer, rights, debt to equity conversion and supplementary offer worth N101.22 billion) and Afribank Nig. Plc (offer for subscription of N100.00 billion). Others were GT Bank Plc (GDR equivalent to N95.39

billion), PlatinumHabib Bank Plc (Initial Public Offer of N85.00 billion), Diamond Bank Plc (GDR and private placement valued at N77.68 billion), First City Monument Bank Plc (public offer and GDR valued at N75.60 billion) and Intercontinental Bank Plc (supplementary offers of N75.02 billion).

Offer for subscriptions and GDRs issued during the period add up to N770.64 billion. Rights issues were valued at N139.84 billion, private placements were worth N23.53 billion, fourteen supplementary applications approved aggregated to N400.48 billion while two debt to equity conversions approved added up to N4.08 billion.



**Table 3: SUMMARY OF FLOATED NEW ISSUES (1991 – 2007)**

Year	Offer for Subscriptions/ Private Placements	Rights	Total Equities	Interest Bearing Securities	All Securities (Total)
	N'M	N'M	N'M	N'M	N'M
1991	551.45	192.58	744.03	355.00	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	15.00	5,858.18
1997	8,343.17	2,120.43	10,463.60	350.00	10,813.60
1998	13,754.74	893.32	14,648.06	370.00	15,018.06
1999	4,629.95	7,208.49	11,838.44	200.00	12,038.44
2000	834.07	4,873.75	5,707.82	11,500.00	17,207.82
2001	10,511.44	22,168.59	32,680.03	4,518.76	37,198.79
2002	24,015.45	17,268.54	41,283.99	20,000.00	61,283.99
2003	11,317.68	18,112.18	29,429.86	150,650.00	180,079.86
2004	156,176.67	27,541.80	183,718.47	11,699.91	195,418.38
2005	355,698.96	50,140.52	405,839.48	146,942.50	552,781.98
2006	207,994.93	47,689.61	255,684.54	451,709.95	707,394.49
2007	1,198,730.68	139,844.56	1,338,575.24	596,500.00	1,935,075.24

Source: Securities and Exchange Commission

In the debt segment, there were no records of state/municipal bonds and corporate debts. However, the monthly bond issuance by the Federal Government intensified. Fourteen series of the 4th FGN bond were auctioned and allotted during the year. In addition, the Debt Management Office (DMO) reopened the 9th series four times monthly and also allotted bonds worth N11.69 billion to settle outstanding debt of Local Contractors in two separate bonds. Consequently, the values of the twenty issues auctioned in 2007 aggregated to N596.50 billion. The bonds received impressive patronage as all of them were significantly oversubscribed to the tune of N1.18 trillion, although only N603.69 billion were allotted in all. The coupon rates

ranged between 7.0% and 13.5% while the maturity periods were varied from 3, 5, 7 and 10 years.





Table 4: AUCTION SUMMARY OF FGN BONDS IN 2007

Date	Tenor (Yrs)	Amount Auctioned (N 'billion)	Level of Subs (%)	Amount Subscribed (N'BILLION)	Amount Allotted (N'BILLION)	*Marginal Rate (%)
January 26, 2007 (Series 1)	3	40.00	312.15	124.86	40.00	10.75
February 23, 2007 (Series 2)	5	35.00	285.14	99.80	35.00	9.5
March 30, 2007 (Series 3)	7	35.00	140.11	49.04	35.00	10.75
April 27, 2007 (Series 4)	3	65.00	265.15	172.35	65.00	9.00
May 25, 2007 (Series 5)	5	50.00	210.72	105.36	50.00	9.23
May 28, 2007 (Local Contractors Debt)	5	2.46	100.00	2.46	2.46	13.50
June 29, 2007 (Series 6)	7	45.00	132.89	59.80	45.00	9.20
June 19, 2007 (Local Contractors Debt)	5	9.23	100.00	9.23	9.23	13.50
July 27, 2007 (Series 7)	3	36.00	200.11	72.04	36.00	7.95
July 27, 2007 (Series 8)	10	20.00	176.30	35.26	20.00	9.85
August 31, 2007 (Series 9)	5	46.00	104.89	48.25	46.00	9.50
August 31, 2007 (Series 10)	10	20.00	203.05	40.61	20.00	9.35
September 28, 2007 (Series 9) re -opened	10	20.00	136.45	27.29	20.00	9.51
September 28, 2007 (Series 11)	7	30.00	155.30	46.59	37.19	9.25
October 26, 2007 (Series 9) re -opened	10	20.00	127.80	25.56	20.00	9.95
October 26, 2007 (Series 12)	3	22.81	296.93	67.73	22.81	7.00
November 30, 2007 (Series 9) re -opened	10	20.00	166.40	32.28	20.00	11.00
November 30, 2007 (Series 13)	3	30.00	110.93	33.28	30.00	9.20
December 14, 2007 (Series 9) re -opened	10	20.00	305.25	61.05	20.00	11.03
December 14, 2007 (Series 14)	3	30.00	221.47	66.44	30.00	8.99
<b>Total</b>		<b>596.50</b>		<b>1,179.28</b>	<b>603.69</b>	

Source: DMO

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

In sum, the total value of new securities floated in the year 2007 reached an historic high of N1.94 billion in seventy-six (76) issues compared to the sum of N707.39 billion accrued from seventy (70) issues in 2006.

A quarterly analysis revealed a rise in number,

volume and value of issues floated in 2007 from the first to the fourth quarter. The value of securities issued during the first quarter stood at N223.98 billion. It progressed to N368.36 billion in the second quarter and to N565.16 billion and N777.57 billion in the third and fourth quarter respectively.

Table 5: QUARTERLY SUMMARY OF FLOATED NEW ISSUES IN 2007

Quarter	No. of Issues			Volume (million)	Value N'million		
	Equities	Debt	Total		Equities	Debt	Total
1 <sup>st</sup>	9	3	12	11,258.87	113,984.51	110,000.00	223,984.51
2 <sup>nd</sup>	11	5	16	15,350.94	196,673.09	171,690.00	368,363.09
3 <sup>rd</sup>	16	6	22	33,198.15	393,155.50	172,000.00	565,155.50
4 <sup>th</sup>	20	6	26	35,235.96	634,762.14	142,810.00	777,572.14
<b>Total</b>	<b>56</b>	<b>20</b>	<b>76</b>	<b>95,043.92</b>	<b>1,338,575.24</b>	<b>596,500.00</b>	<b>1,935,075.24</b>



Table 6: NEW ISSUES FLOATED IN 2007

COMPANY	NOMINAL VALUE (N)	OFFER PRICE (N)	VOLUME (MILLION)	VALUE N'M	ISSUING HOUSE	DATE OPENED
<b>Offer for Subscriptions/TPO</b>						
*United Bank for Africa Plc	0.50	35.00	1,127.40	39,459.00	UBA Global Markets/BGL Securities Ltd FBN Capital Ltd/UBA Global Markets/Future View Financial Services Ltd/Falcon Securities Ltd/Intercontinental Capital Market Ltd	01/03/07
Oceanic Bank International Plc	0.50	16.50	3,357.99	55,406.84	Sterling Capital Market Ltd/Unity Bank Plc	08/03/07
Deap Capital Management and Trust Plc	0.50	2.00	375.27	750.54	FBN Capital Ltd/IBTC Chartered Bank Plc	19/03/07
*First Bank of Nigeria Plc	0.50	33.00	1,624.25	53,800.25	Chapel Hill Advisory Partners Limited	14/05/07
*Access Bank Plc	0.50	14.90	4,721.84	70,355.42	Sterling Capital Market Ltd/Unity Bank Plc	23/07/07
International Breweries Plc	0.50	0.87	1,600.00	1,392.00	FCMB Capital Markets Ltd/Oceanic Bank Plc	31/08/07
Nigerian Aviation Handling Co. Plc	0.50	17.50	90.00	1,575.00	First Inland Bank Plc/Future view Financial Services	10/09/07
Japaul Oil & Maritime Services Plc	0.50	3.95	1,007.49	3,979.59	Fidelity Union Securities Ltd	24/09/07
*Fidelity Bank Plc	0.50	8.00	5,501.10	44,008.80	FCMB/Ecobank/UBA Global/Chapel Hill/Afriinvest/FBN	27/09/07
*First City Monument Bank Plc	0.50	14.00	4,500.00	63,000.00	Afribank CAP Mkts/Union Cap. Mkts Ltd	16/10/07
Afribank Nig. Plc	0.50	25.00	4,000.00	100,000.00	Zenith Capital Ltd	01/11/07
Nigeria Bag Manufacturing Co. Plc	0.50	3.90	1,865.00	7,273.50	Vetiva Cap. Mgt Ltd/PHB Cap. Trust Ltd	07/11/07
PlatinumHabib Bank Plc	0.50	17.00	5,000.00	85,000.00	Zenith Capital Ltd/IBTC Chartered/FBN Cap/Access Bank	19/11/07
Zenith Bank Plc	0.50	38.90	1,763.00	68,580.70	Greenwich Trust Ltd	06/12/07
Allico Insurance Plc	0.50	2.20	2,500.00	5,500.00	Vetiva Cap. Mgt Ltd/FBN Capital Ltd	10/12/07
Costain (WA) Plc	0.50	13.00	178.16	2,316.03	Independent Securities Ltd	12/12/07
<b>Rights Issues</b>						
University Press Plc	0.50	1.80	149.79	269.62	Vetiva Capital Management Ltd	08/02/07
Guinea Insurance Plc	0.50	0.60	4,680.00	2,808.00	UBA Global Markets/BGL Securities Ltd	21/02/07
United Bank for Africa Plc	0.50	34.00	423.60	14,402.40	Sterling Capital Market Ltd/Unity Bank Plc	01/03/07
Deap Capital Management and Trust Plc	0.50	1.50	115.69	173.54	Vetiva Capital Management Ltd/Sterling Capital Markets Ltd	19/03/07
Eterna Oil & Gas Plc	0.50	9.95	150.00	1,492.50	FBN Capital Ltd/IBTC Chartered Bank Plc	14/05/07
First Bank of Nigeria Plc	0.50	31.00	1,496.76	46,399.56	IBTC Chartered Bank Plc & Sterling Capital Markets Limited	10/07/07
Cement Company of Northern Nigeria Plc	0.50	9.00	173.33	1,559.97	FCMB Capital Markets Ltd/Oceanic Bank Plc	10/09/07
Nigerian Aviation Handling Co. Plc	0.50	16.50	35.00	577.50	First Inland Bank Plc/Future view Financial Services	24/09/07
Japaul Oil & Maritime Services Plc	0.50	3.50	291.55	1,020.43	Fidelity Union Securities Ltd	27/09/07
Fidelity Bank Plc	0.50	8.00	498.90	3,991.20	Zenith Capital Ltd/IBTC Chartered/FBN Cap/Access Bank	06/12/07
Zenith Bank Plc	0.50	36.90	1,654.56	61,083.26	Diamond Bank Plc	12/12/07
Thomas Wyatt Nig. Plc	0.50	2.50	100.00	250.00	Vetiva Cap. Mgt Ltd/FBN Capital Ltd	12/12/07
Costain (WA) Plc	0.50	11.00	519.74	5,717.14	Deap Cap. Management Trust Plc	13/12/07
DVCF Oil & Gas Plc	0.50	1.00	129.44	129.44		
<b>Private Placement</b>						
Regency Insurance Plc	0.50	0.70	1,000.00	700.00	Dominion Trust Ltd	28/02/07
Thomas Wyatt Nigeria Plc	0.50	0.50	29.13	14.57	Intercontinental Capital Market Ltd.	08/03/07
Diamond Nigeria Plc	0.50	9.50	1,812.53	17,219.04	Vetiva Capital Management	25/04/07
Oasis Insurance Plc	0.50	0.70	1,003.51	702.46	Intercontinental Capital Markets Limited	13/07/07
Livestock Feeds Plc	0.50	0.55	630.52	348.78	Capital Bancorp Limited	01/08/07
Cornerstone Insurance Plc	0.50	0.74	4,498.21	3,328.68	Chapel Hill Advisory Partners Ltd	20/09/07
Goldlink Insurance Plc	1.00	1.50	814.00	1,221.00		24/12/07
<b>Supplementary Offers</b>						
Royal Exchange Assurance Plc	0.50	2.00	500.00	1,000.00	FCMB/Afribank/Vetiva Capital Management Ltd	04/04/07
Continental Reinsurance Plc	0.50	1.05	1,891.56	1,986.14	Sterling Capital Markets/Greenwich Trust Limited	19/04/07



Demart Nigeria Plc	0.50	2.50	1,756.05	4,390.13	Sterling Capital Markets Limited/ Ecobank Plc/UBA Global Markets Limited	26/04/07
Green Insurance Plc	0.50	0.70	1,003.51	702.46	Limited/Greenwich Trust Limited	09/05/07
Intercontinental Bank Plc (Sub)	0.50	13.50	4,989.85	67,362.98	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	12/06/05
Intercontinental Bank Plc (Pref. Stocks)	0.50	13.50	18.00	243.00	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	26/06/07
New Union and Rock Insurance Plc	0.50	1.10	637.36	701.10	Dominion Trust Limited	23/08/07
United Bank for Africa Plc	0.50	35.00	1,287.97	45,078.95	UBA Global Markets/BGL Securities Ltd FBN Capital Ltd/UBA Global Markets/Future View Financial Services Ltd/Falcon Securities Ltd/Intercontinental Capital Market Ltd Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	28/09/07
Oceanic Bank International Plc	0.50	16.50	7,221.37	119,152.61	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	28/09/07
Intercontinental Bank Plc	0.50	13.50	537.28	7,253.28	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	18/10/07
Additional Verification (public offer)	0.50	13.50	12.17	164.30	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	18/10/07
Intercontinental Bank Plc	0.50	13.50	12.17	164.30	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	18/10/07
Additional Verification (Rights)	0.50	13.50	12.17	164.30	Intercontinental Capital Markets Ltd/IBTC Chartered Bank Plc	18/10/07
First Bank of Nig. Plc	0.50	33.00	4,545.45	150,000.00	FBN Capital Ltd/IBTC Chartered Bank Plc FBN Capital Markets/Northbridge Investment Ltd	30/10/07
First Savings & Loans Plc	0.50	1.00	2,232.33	2,232.33		19/11/07
Heritage Trust Insurance Plc	0.50	0.80	264.70	211.76	-	11/12/07
<b>Conversion (Loan to equities)</b>						
United Bank for Africa Plc	0.50	21.00	108.43	2,277.03	United Bank for Africa Plc	04/05/07
Green (WA) Plc	0.50	11.00	163.81	1,801.91	Vetiva Cap. Mgt Ltd/FBN Capital Ltd	12/12/07
<b>Global Depository Receipts</b>						
OT Bank Plc (US\$750 million)	0.50	**	4,000.00	95,385.00	-	19/07/07
Bank City Monument Bank Plc (US\$100 million)	0.50	14.00	900.00	12,600.00	FCMB/Ecobank/UBA Global/Chapel Hill/Afriinvest/FBN	08/11/07
United Bank Plc (US\$ 600 million)	0.50	17.00	3,556.32	60,467.44	Vetiva Capital Management Ltd	19/11/07
<b>Total</b>			95,043.92	1,338,575.24		

Source: Securities and Exchange Commission

\*Conversion was done based on N127.18 to one US dollar

## LIST OF APPROVED OFFERS FROM JAN – DEC 2007

	ISSUER	ISSUING HOUSE	TYPE OF ISSUE	VOLUME (million)	OFFER PRICE N	VALUE N'M	DATE OPENED
1	United Bank for Africa Plc *	UBA Global Markets/BGL Securities Ltd	Subscription	1,127.40	35.00	39,459.00	01/03/07
2	Oceanic bank	FBN Capital/UBA Global Markets/Future View Financial Services Ltd/Falcon Securities/Intercontinental Intercontinental Capital Market Ltd	Subscription	3,357.99	16.50	55,406.84	05/03/07





## LIST OF APPROVED OFFERS FROM JAN - DEC 2007

	ISSUER	ISSUING HOUSE	TYPE OF ISSUE	VOLUME (million)	OFFER PRICE ₦	VALUE ₦'M	DATE OPENED
3	Deap Capital Management and Trust Plc	Sterling Capital Market Ltd/Unity Bank Plc	Subscription	375.27	2.00	750.54	19/03/07
4	First bank of Nigeria Plc *	FBN Capital Ltd/IBTC Chartered	Subscription	1,624.24	33.00	53,600.00	14/05/07
5	Access Bank Plc *	Chapel hill advisory partners limited	Subscription	4,721.84	14.90	70,355.42	23/07/07
6	International breweries plc.	Sterling capital market ltd /unity bank plc.	Subscription	1,600.00	0.87	1392.00	31/08/07
7	Nigerian aviation handling co. plc.	FCMB capital market ltd/ oceanic bank plc	Subscription	90.00	17.50	1,575.00	10/09/07
8	Japaul Oil & maritime services plc.	First inland bank plc/ future view financial services.	Subscription	1,007.49	3.95	3979.59	24/09/07
9	Fidelity Bank Plc*	Fidelity union securities limited	Subscription	5,501.10	8.00	44,008.80	27/09/07
10	First City Monument Bank Plc *	FCMB/Ecobank/ UBA Global/Chapel Hill / Afriinvest/ FBN	Subscription	4,500.00	14.00	63,000.00	16/10/07
11	Afribank Plc	Union capital market & FBN capital	Subscription	4,000.00	25.00	100,000.00	1/11/07
12	Nig Bags Manufacturing Plc	Zenith capital mkt Ltd	Subscription	1,865.00	3.90	7,273.50	7/11/07
13	Platinum Habib Bank Plc	Vetiva capital mgt Ltd	Subscription	5,000.00	17.00	85,000.00	19/11/07
14	Zenith Bank Plc	Zenith capital, FBN capital & Access bank Plc	Subscription	1,763.00	38.90	68,580.00	6/12/07
15	Aiico insurance Plc	Greenwich trust plc	Subscription	2,800.00	2.20	5,500.00	10/12/07
16	Costain west Africa Plc	Vetiva capital mgt Ltd & FBN capital	Subscription	178.16	13.00	2,316.11	12/12/07
17	University Press Plc	Independent Securities Ltd	Rights	146.79	1.80	269.62	08/02/07
18	Guinea Insurance Plc	Vetiva Capital Management Ltd	Rights	4,680.00	0.60	2,808.00	21/02/07
19	United bank for Africa Plc	UBA Global Markets/BGL Securities Ltd	Rights	423.60	34.00	14,402.40	01/03/07





## LIST OF APPROVED OFFERS FROM JAN - DEC 2007

ISSUER	ISSUING HOUSE	TYPE OF ISSUE	VOLUME (million)	OFFER PRICE N	VALUE N'M	DATE OPENED
21 Deep Capital Management and Trust Plc	Sterling Capital Market Ltd/Unity Bank Plc	Rights	115.69	1.50	173.54	19/03/07
22 First bank of Nigeria Plc	FBN Capital Ltd/IBTC Chartered bank Plc	Rights	1,496.76	31.00	46,399.56	14/05/07
23 Eternal Oil and Gas Plc	Vetiva Capital Management Ltd/Sterling Capital Markets Ltd	Rights	150.00	9.95	1,492.50	14/05/07
24 Cement Company of Northern Nigeria Plc	IBTC Chartered Bank Plc/Sterling Capital Markets Ltd	Rights	173.33	9.00	1,559.97	10/07/07
25 Nigerian Aviation Handling Co. Plc	FCM B Capital Markets Ltd/Oceanic Bank Plc	Rights	35.00	16.50	577.50	10/09/07
26 Seaport Oil & Maritime services plc	First inland bank plc/ future view financial services.	Rights	291.55	3.50	1,020.43	24/09/07
27 Fidelity bank plc	Fidelity union securities limited	Rights	498.90	8.00	3,991.20	27/09/07
28 Costain west Africa Plc	Vetiva capital mgt Ltd & FBN capital	Rights	519.74	11.00	5,717.14	12/12/07
29 Zenith Bank	Zenith capital, FBN capital & Access bank Plc	Rights	1654.56	36.90	16,053.26	06/12/07
30 Thomas Wyath Nig Plc	Diamond Bank Plc	Rights	100.00	2.50	250.00	12/12/07
31 Regency Insurance Plc	Dominion Trust Ltd	Private Placement	1,000.00	0.70	700.00	28/02/07
32 Thomas Wyatt Nigeria Plc	Intercontinental Capital Market Ltd	Private Placement	29.13	0.50	14.57	08/03/07
33 Diamond Nigeria Plc	Vetiva Capital Management	Private Placement	1,812.53	9.50	17,219.04	25/04/07
34 Oasis Insurance Plc	Intercontinental Capital Market Ltd	Private Placement	1,003.51	0.70	702.46	13/07/07
35 Livestock Feeds Plc	Capital Bancorp Ltd	Private Placement	630.52	0.55	346.79	01/08/07
36 Cornerstone Insurance Plc	Chapel Hill Advisory Partners Ltd	Private Placement	4,498.21	0.74	3,328.68	20/09/07
37 GoldLink Insurance Plc		Private Placement	814.00	1.50	1.22	24/12/07
38 Royal Exchange Assurance Plc.	FCMB/Afribank/ Vetiva Capital management Ltd.	Supplementary	500.00	2.00	1,000.00	04/04/07

LIST OF APPROVED OFFERS FROM JAN - DEC 2007

	ISSUER	ISSUING HOUSE	TYPE OF ISSUE	VOLUME (million)	OFFER PRICE N	VALUE N'M	DATE OPENED
38	Continental Reinsurance Plc.	Sterling capital markets/ Greenwich trust limited	Supplementary	1,891.56	1.05	1,986.14	19/04/07
39	Dunlop Nig. Plc.	Sterling Capital markets Ltd./Ecobank.	Supplementary	1,756.05	2.50	4,390.13	26/04/07
40	Oasis Insurance Plc	Intercontinental Capital Market Ltd/Greenwich trust Ltd	Supplementary	1,003.51	0.70	702.46	09/05/07
41	Intercontinental Bank Plc	Intercontinental Capital Market Ltd/IBTC Chartered Bank Plc	Supplementary (subscription)	4,989.85	13.50	67,362.98	12/06/05
42	Intercontinental Bank Plc	Intercontinental Capital Market Ltd/ IBTC Chartered Bank Plc	Supplementary (pref. share)	18.00	13.50	243.00	26/06/07
43	Law Union and Rock Insurance Plc	Dominion Trust Ltd	Supplementary	637.36	1.10	701.10	23/08/07
44	United Bank for Africa	UBA Global markets/BGL Securities Ltd	Supplementary	1,287.97	35.00	45,078.95	28/09/07
45	Oceanic Bank International Plc	FBN Capital Ltd/UBA Global Markets/Future View Financial Services Ltd/Falcon Securities Ltd/Intercontinental Capital Market Ltd	Supplementary	7,221.31	16.50	119,152.61	28/09/07
46	First Bank Plc *	FBN Capital Ltd/I BTC Chartered bank Plc	Supplementary	4,545.45	33	164.30	30/10/07
47	Aso Savings & Loans Plc		Supplementary	2,232.33	1.00	2,232.3	19/11/07
48	Sovereign Trust Insurance Plc		Supplementary	264.70	.80	211.76	11/12/07
49	Intercontinental Bank Plc	Intercontinental Capital Market Ltd/IBTC Chartered Bank Plc	Add. verification Public Offer	537.28	13.50	7,253.28	18/10/07
50	Intercontinental Bank Plc	Intercontinental Capital Market Ltd/IBTC Chartered Bank Plc	Add. verification Rights	12.17	13.50	164.30	18/10/07





## LIST OF APPROVED OFFERS FROM JAN – DEC 2007

	ISSUER	ISSUING HOUSE	TYPE OF ISSUE	VOLUME (million)	OFFER PRICE N	VALUE N'M	DATE OPENED
51	United Bank for Africa Plc	United Bank for Africa Plc	Conversion (Loan to equities)	108.43	21.00	2,277.03	04/05/07
52	Costain west Africa Plc	Vetive capital mgt Ltd & FBN capital	Conversion (Loan to equities)	4,000.00	11.00	44,000.00	
53	Diamond Bank Plc	Vetiva capital mgt Ltd & Morgan Stanly	Global Depository Receipts (GDR)	3,556,317, 896	\$1 3.75.		20/11/07
54	GT Bank Plc (US 750 million)		G DR	4,000.00		95,385.00	19/07/07
* These offers includes GDR component							
55	Fidelity Bank		GDR			\$250M	21/8/2007
56	Access Bank		GDR			\$300M	23/7/2007
57	First Bank		GDR			N100Bill	7/5/2007
58	FCMB		GDR			\$100M	7/2/2007
59	UBA		GDR			N2.6Bill	23/2/2007

Table 7: OFFER FOR SALE IN 2007

COMPANY	NOMINAL VALUE (N)	OFFER PRICE (N)	VOLUME (MILLION)	VALUE N'M	ISSUING HOUSE	DATE OPENED
National Salt Company of Nigeria Plc	0.50	22.00	400.00	8,800.00	Vetiva Capital Management Limited	15/06/07
Onigate Flour Mills Plc	0.50	15.00	1,250.00	18,750.00	FCMB Capital Markets/Zenith Capital Ltd	06/09/07
<b>Total</b>			<b>1,650.00</b>	<b>27,550.00</b>		

Source: Securities and Exchange Commission

## REGISTERED SECURITIES

In addition to the fifty-six (56) new issues (equities only) and two (2) offers for sale reported above, the Commission also registered thirty-six (36) bonus issues, twenty-seven (27) existing securities and two (2) share reconstructions in

2007. These one hundred and twenty-three (123) securities involved 212.27 billion ordinary shares valued at N1.45 trillion. In 2006, one hundred and thirteen (113) various securities, consisting of 162.01 billion units of shares worth N406.40 billion were registered.





Table 8: REGISTERED BONUS ISSUES IN 2007

Company	Nominal Value (Naira)	Volume of shares (million)	Value of shares (N'million)	Date Registered
May & Baker Nig. Plc	0.50	36.20	18.10	17/01/07
Longman Nigeria PLC	0.50	29.40	14.70	23/01/07
Ecobank Nigeria PLC	0.50	10,827.13	5,413.57	23/01/07
Flourmills of Nigeria PLC	0.50	388.27	194.14	09/02/07
NFI Insurance Company PLC	0.50	163.45	81.73	09/02/07
Transnation - Wide Express PLC	0.50	44.18	22.09	20/02/07
United Bank for Africa Plc	0.50	1,412.00	706.00	22/02/07
Oceanic Bank Int'l PLC	0.50	2,328.40	1,164.20	06/03/07
Japaul Oil & Maritime Services PLC	0.50	121.57	60.79	16/03/07
G. Cappa Nig. Plc	0.50	98.47	49.24	19/03/07
Sovereign Trust Insurance PLC	0.50	127.78	63.94	20/03/07
Union Bank Nigeria Plc	0.50	626.98	313.49	04/04/07
Guinness Nigeria Plc	0.50	294.99	147.50	19/04/07
Japaul Oil & Maritime Services Plc	0.50	111.66	55.83	25/05/07
Law Union & Rock Insurance Plc	0.50	300.00	150.00	28/05/07
Aiico Insurance Plc	0.50	350.00	175.00	01/06/07
Benue Cement Company Plc	0.50	309.38	154.69	07/06/07
Ecobank Transnational Incorporated Plc (\$0.125)*	**	122.46	1,950.33	12/06/07
Cement Co. of Northern Nigeria	0.50	97.16	48.58	22/06/07
GT Bank Plc	0.50	2,000.00	1,000.00	22/06/07
Triple Gee & Company Plc	0.50	15.71	7.86	02/07/07
Nigerian Aviation Handling Company Plc	0.50	450.00	225.00	12/07/07
R.T. Briscoe Nig. Plc	0.50	90.77	45.39	12/07/07
7-up Bottling Co. Plc	0.50	102.49	51.25	27/07/07
Deap Capital Management & Trust Plc	0.50	46.28	23.14	10/09/07
First Assurance Plc	0.50	32.02	16.01	18/09/07
First Bank of Nig. Plc	0.50	1,746.22	873.1	03/10/07
Okomu Oil Plc	0.50	158.99	79.50	07/10/07
Nestle Nig. Plc	0.50	132.11	66.06	25/10/07
Afribank Nig. Plc	0.50	1,021.69	510.85	25/10/07
Zenith Bank Plc	0.50	2,316.38	1,158.19	25/10/07
Cutix Plc	0.50	132.10	66.05	29/10/07
PZ Cussons Nig. Plc	0.50	635.28	317.64	13/11/07
PlatinumHabib Bank Plc	0.50	1,608.76	804.38	12/11/07
Ekocorp Plc	0.50	66.62	33.31	13/11/07
Aiico Insurance Plc	0.50	444.26	222.13	07/12/07
Total		28,789.16	16,283.78	

Source: Securities and Exchange Commission



Table 9: REGISTERED EXISTING SECURITIES IN 2007

Company	Nominal Value (Naira)	Volume of shares (million)	Value of shares (N'million)	Date Registered
University Press PLC	0.50	28.03	14.02	22/01/07
Longman Nigeria PLC	0.50	55.00	27.50	23/01/07
Transnation - Wide Express	0.50	4.36	2.18	20/02/07
Guinea Insurance PLC	0.50	53.92	26.96	21/02/07
Access Bank Nig. PLC	0.50	6,978.16	3,489.08	26/02/07
Ecobank Transnational Inco. (ETI)- Staff Scheme	0.50	2.57	41.21	26/03/07
Platinum Habib Bank PLC	0.50	6,435.02	3,217.51	28/03/07
DVCF Oil & Maritime Services Plc	0.50	1,294.45	1,294.45	01/06/07
Custodian & Allied Insurance Plc	0.50	4,000.00	2,000.00	07/06/07
Benue Cement Company Plc	0.50	247.50	123.75	07/06/07
Standard Trust Assurance (STACO) Plc	0.50	1,224.65	612.33	20/06/07
Airlines Services & Logistics Plc	0.50	634.00	317.00	25/06/07
International Energy Insurance Plc	0.50	16,509.67	8,254.84	09/07/07
Equity Indemnity Insurance Plc	0.50	3,175.23	1,587.62	10/07/07
R.T. Briscoe Nig. Plc	0.50	48.07	24.04	12/07/07
Red Star Express Plc	0.50	589.50	294.75	12/09/07
Cutex Plc	0.50	9.91	4.96	29/10/07
Big Treat Plc	0.50	2,000.00	1,000.00	04/11/07
Elcorpc Plc	0.50	252.08	126.04	13/11/07
Guaranty Trust Assurance Plc	0.50	10,000.00	5,000.00	04/12/07
National Sport Lottery Plc	0.50	5,200.00	2,600.00	12/12/07
Chams Plc	0.50	1,720.60	860.30	21/12/07
Goldlink Insurance Plc	0.50	3,735.95	3,735.95	28/12/07
Equity Assurance Plc	0.50	707.88	353.94	31/12/07
Dangote Flour Mills Plc	0.50	462.77	231.39	30/08/07
Nigerian Bag Manufacturing Co. Plc	0.50	5,000.00	2,500.00	06/11/07
Deep Capital Management Plc	0.50	462.77	231.39	03/16/07
<b>Total</b>		<b>70,832.09</b>	<b>37,971.20</b>	

Source: Securities and Exchange Commission

Table 10: SHARES RECONSTRUCTIONS IN 2007

Company	Nominal Value (Naira)	Volume of shares (million)	Value of shares (N'million)	Date Registered
Ecobank Transnational Inco. PLC (Split)	**	1,222.01	19,594.93	12/02/07
Unity Bank Plc (shares reconstruction)	0.50	14,736.89	7,368.45	24/08/07
<b>Total</b>		<b>15,958.90</b>	<b>26,963.38</b>	

Source: Securities and Exchange Commission





**ALLOTMENT CLEARANCE**

The total of sixty-four (64) allotment proposals, involving 118.84 billion ordinary shares amounting to N880.72 billion were processed and cleared by the Commission in 2007. Forty-three (43) of these applications were issues floated in 2006 while twenty-one (21) others were offers issued in 2007. The sum of N816.24 billion was however capitalized in all.

Public responses to offers, as indicated in the list of approved allotment proposals, were very impressive. The market recorded significant subscription level of over 700% in three distinct offers. Below is the summary of approved allotment clearance:

**Issues floated in 2006 Cleared in 2007**

Of the forty-three (43) allotment proposal in this

category, nine (9) were offer for subscriptions, thirteen (13) right issues, six (6) private placement, one (1) offer for sale, two (2) preference stocks and twelve (12) supplementary offers. Twelve (12) of these application were oversubscribed, five (5) fully subscribed, fourteen (14) were undersubscribed while twelve (12) were supplementary offers.

**Issues floated in 2007 cleared in 2007**

In this category, four (4) issues were offer for subscription, seven (7) rights issues, six (6) private placements, one GDR and three (3) supplementary offers. Ten (10) of these issues were oversubscribed, five (5) fully subscribed three (3) were undersubscribed and three (3) supplementary offers.

**Table 11: ALLOTMENT CLEARED IN 2007**

Company	Offer Price (N)	Volume of shares offered (million)	Value (N'million)	Level of Subscription (%)	Amount capitalized (N'million)	Date Approved
<b>ISSUES RAISED IN 2006 CLEARED IN 2007</b>						
<b>Subscriptions:</b>						
Law Union & Rock Ins. PLC	1.10	1,800.00	1,980.00	135.40	1,980.00	22/02/07
Standard Alliance Ins. PLC	1.10	2,000.00	2,200.00	99.98	2,199.56	23/02/07
Mutual Benefit Ass. PLC	0.60	4,000.00	2,400.00	94.71	2,273.04	28/02/07
Lasaco Assurance PLC	0.80	4,435.26	3,548.21	81.76	2,901.02	1/3/2007
Wapic Insurance Plc	2.40	250.00	600.00	887.00	600.00	23/03/07
Crusader Nig. Plc	1.35	1,665.12	2,247.91	93.00	2,090.56	29/03/07
Dunlop Nigeria Plc	2.50	1,504.48	3,761.20	216.72	3,761.20	26/04/07
Intercontinental Bank Plc	13.50	740.74	10,000.00	773.63	10,000.00	12/6/2007
Transnational Corporation Plc	7.50	8,000.00	60,000.00	36.20	21,720.00	31/07/07
<b>Rights:</b>						
Valucard Nigeria PLC	8.00	129.62	1,036.96	94.02	974.95	22/02/07
Royal Exchange Assurance PLC	2.00	2,002.26	4,004.52	35.80	1,433.62	26/02/07
Lasaco Insurance PLC	0.70	2,419.64	1,693.75	97.83	1,657.00	1/3/2007
Wapic Insurance PLC	2.40	1,000.00	2,400.00	105.00	2,400.00	23/03/07
Crusader Nig. PLC	1.35	787.57	945.09	93.00	878.93	29/03/07
Union Homes Savings & Loans Plc	1.80	3,000.00	5,400.00	99.30	5,362.20	19/04/07
Dunlop Nigeria Plc	2.30	756.00	1,738.80	100.00	1,738.80	26/04/07
Livestock Feeds Plc	0.55	544.72	299.60	227.90	299.60	30/04/07
Oasis Insurance Plc	0.60	1,090.83	654.50	66.97	438.32	9/5/2007
Fan Milk Plc	2.00	349.90	699.80	100.00	699.80	14/05/07





Intercontinental Bank Plc	13.50	1,531.94	20,681.19	62.86	13,000.20	12/6/2007
Union Homes Savings & Loans	1.80	20.79	37.42	100.00	37.42	27/07/07
WEM Insurance Plc	0.55	3,531.03	1,942.07	99.17	1,925.95	28/08/07
<b>Private Placements</b>						
Standard Trust Assurance PLC	0.75	189.69	142.27	100.00	142.27	7/2/2007
Sovereign Trust Insurance PLC	0.80	1,000.00	800.00	126.47	800.00	20/03/07
Continental Reinsurance Plc	1.05	6,000.00	6,300.00	164.89	6,000.00	19/04/07
Cass Insurance Plc	0.70	1,000.00	700.00	318.21	700.00	9/5/2007
Jan Inter-national Bank Plc	1.00	10,500.00	10,500.00	14.42	1,514.10	24/10/07
Jan Savings & Loans Plc	1.00	2,000.00	2,000.00	211.60	2,000.00	19/11/07
<b>Supplementary offers:</b>						
Avantage Assurance PLC	2.50	134.68	336.71	100.00	336.71	19/02/07
Avantage Insurance P LC	2.40	1,968.17	4,723.61	887.00	4,723.61	23/03/07
Royal Exchange Assurance Plc	2.00	500.00	1,000.00	24.97	249.70	4/4/2007
Continental Reinsurance Plc	1.05	1,891.56	1,986.14	100.00	1,986.14	19/04/07
Guinea Nigeria Plc	2.50	1,756.05	4,390.13	100.00	4,390.13	26/04/07
Cass Insurance Plc	0.70	1,178.62	825.03	100.00	825.03	9/5/2007
Intercontinental Bank Plc (Public offer)	13.50	4,989.85	67,362.98	100.00	67,362.98	12/6/2007
Intercontinental Bank Plc (Pref. Stock)	13.50	18.00	243.00	100.00	243.00	26/06/07
Intercontinental Bank Plc (Additional verification to public offer)	13.50	537.28	7,253.28	-	7,253.28	18/10/07
Intercontinental Bank Plc (Additional verification to rights offer)	13.50	12.17	164.30	-	164.30	18/10/07
Jan Savings & Loans Plc	1.00	2,232.33	2,232.33	-	2,232.33	19/11/07
Sovereign Trust Insurance Plc	0.80	264.70	211.76	-	211.76	11/12/2007
<b>Offer for Sale:</b>						
Dangote Sugar Refinery PLC	18.00	3,000.00	54,000.00	139.60	54,000.00	2/3/2007
<b>Preference Stock</b>						
Standard Alliance Insurance Plc	100.00	17.50	1,750.00	100.00	1,750.00	23/02/07
Intercontinental Bank Plc	13.50	1,482.00	20,007.00	101.20	20,007.00	26/06/07
<b>TOTAL</b>		<b>82,232.50</b>	<b>315,199.56</b>		<b>255,264.51</b>	
<b>ISSUES RAISED IN 2007 CLEARED IN 2007</b>						
<b>Subscriptions:</b>						
Deep Capital Management & Trust Plc	2.00	375.27	750.54	120.10	750.54	2/8/2007
United Bank for Africa Plc	35.00	1,127.40	39,459.00	232.63	39,459.00	25/09/07
Continental Bank International Plc	16.50	3,357.99	55,406.84	315.10	55,406.84	28/09/07
First Bank of Nig. Plc	33.00	1,624.25	53,600.25	752.40	53,600.25	29/10/07
<b>Rights:</b>						
University Press Plc	1.80	149.79	269.62	309.00	269.62	9/7/2007
Deep Capital Management & Trust Plc	2.00	115.69	231.38	101.80	231.38	2/8/2007
Esoma Oil & Gas Plc	9.95	150.00	1,492.50	231.14	1,492.50	26/09/07
United Bank for Africa Plc	34.00	423.60	14,402.40	69.51	10,011.11	25/09/07
First Bank of Nig. Plc	31.00	1,496.76	46,399.56	147.16	46,399.56	29/10/07
Cement Company of Northern Nig. Plc	9.00	173.33	1,559.97	260.00	1,559.97	7/11/2007
Guinea Insurance Plc	0.60	4,680.00	2,808.00	101.78	2,808.00	4/12/2007



<b>Private Placements</b>						
Thomas Wyatt Nigeria PLC	0.50	29.13	14.57	100.00	14.57	29/03/07
Diamond Bank Plc	9.50	1,812.53	17,219.04	99.11	17,065.79	25/05/07
Oasis Insurance Plc	0.70	1,003.51	702.46	100.00	702.46	27/07/07
Livestock Feeds Plc	0.55	630.52	346.79	100.00	346.79	29/10/07
Regency Insurance Plc	0.70	1,000.00	700.00	99.80	698.60	4/12/2007
Cornerstone Insurance Plc	0.74	4,498.21	3,328.68	100.00	3,328.68	7/12/2007
<b>Supplementary offers:</b>						
United Bank for Africa Plc	35.00	1,287.97	45,078.95	-	45,078.95	28/09/07
Oceanic Bank International Plc	16.50	7,221.37	119,152.61	-	119,152.61	28/09/07
First Bank of Nig. Plc	33.00	4,545.45	149,999.85	-	149,999.85	30/10/07
<b>GDR</b>						
First City Monument Bank Plc	-	900.00	12,600.00	100.00	12,600.00	7/12/2007
<b>TOTAL</b>		<b>36,602.77</b>	<b>565,523.01</b>		<b>560,977.07</b>	
<b>OVERALL TOTAL</b>		<b>118,835.27</b>	<b>880,722.57</b>		<b>816,241.58</b>	

Source: Securities and Exchange Commission





### Trading Activities on The Nigerian Stock Exchange (NSE)

In 2007, the secondary market witnessed impressive upsurge in activities with market indicators reaching new heights. For instance, the value of equities traded during the year, which

stood at N2.086 trillion, represents about 444 per cent of the value of securities traded in 2006. This was achieved from the sale of 138.084 billion securities in 2,569,708 deals. Of these figures, only 2.87 million debt securities worth N2.87 billion were traded in 57 deals. In 2006, 36.664 billion securities valued at N470.254 billion were traded on the floor of the exchange.

**Table 12: COMPARATIVE SUMMARY OF TRADING ACTIVITIES**

SECURITIES	2006			2007		
	Deals	Volume (M)	Value (N'M)	Deals	Volume (M)	Value (N'M)
Government Stock	6	2.39	1,665.36	-	-	-
Industrial Loans / Pref. Shares	-	-	-	57	2.87	2,870.00
EQUITIES	1,367,948	36,661.18	468,588.44	2,569,651	138,080.74	2,083,424.59
<b>TOTAL</b>	<b>1,367,954</b>	<b>36,663.57</b>	<b>470,253.8</b>	<b>2,569,708</b>	<b>138,083.61</b>	<b>2,086,294.59</b>

Source: Compiled from data supplied by The NSE.

Activities in the market were more intense in the banking sector, where a total of 80.907 billion ordinary shares valued at N1.478 trillion were exchanged in over a million deals. With this record, the banking sector accounted for 70.84 per cent of the total value of transactions for the year. The sector was followed by "Food, Beverages & Tobacco" (N125.413 billion) in value term, "Insurance" (N108.418 billion), "Building Material" (N76.919 billion), "Petroleum Marketing" (N67.116 billion) and "Breweries" (N61.691 billion) sectors. Others were "Conglomerates" (N52.322 billion), "The Foreign Listings" (N39.565 billion), "Air Services" (N14.989 billion) and "Mortgage Companies" (N9.867 billion). These ten (10) sectors accounted for 97.50 per cent or N2.034 trillion of the total value of transactions for the year.

A quarterly look at the trading statistics revealed that the third quarter was most active with the trading value of N637.186 billion from the sale of 36.337 billion securities in 753,725 deals. A turnover value of N582.387 billion was recorded in the fourth quarter with 37.657 billion securities sold in 651,832 deals. During the second quarter, N531.103 billion, involving 37.870 billion securities was recorded in 610,739 deals. The least transactions were recorded during the first quarter, when investors exchanged 26.219 billion ordinary shares worth N335.618 billion in 553,412 deals.





**Table 13: SECTORAL TRADING STATISTICS IN 2007**

Sector	Deals	Volume of Shares Traded	Value of Shares traded (Naira)
Banking	1,406,635	80,907,369,323	1,477,857,862,952.41
Foods, Beverages And Tobacco	157,913	3,542,550,599	125,412,976,748.60
Insurance	304,141	33,576,958,317	108,417,792,459.62
Building Materials	93,901	1,376,592,737	76,919,379,743.66
Petroleum (Marketing)	102,396	1,185,652,480	67,116,084,443.42
Breweries	82,907	1,529,990,117	61,691,400,391.26
Conglomerates	123,780	5,164,677,320	52,322,262,906.98
The Foreign Listings	3,304	228,152,982	39,565,140,419.41
Air Services	24,967	456,729,740	14,989,349,198.96
Mortgage Companies	25,495	1,264,149,808	9,866,959,837.74
Health Care	44,352	892,113,468	7,863,952,332.96
Automobile And Tyre	34,510	1,636,737,777	7,476,155,627.72
Leasing	18,074	1,062,618,562	5,777,018,781.64
Maritime	25,685	1,137,732,416	5,702,812,856.94
Agriculture/Agro -Allied	18,271	682,299,947	4,580,914,845.37
Industrial/ Domestic Products	31,794	1,216,727,301	3,912,707,048.78
Chemical And Paints	18,736	410,726,591	2,830,777,378.06
Road Transportation	6,376	225,116,420	2,327,418,401.29
Real Estate	4,216	357,903,042	2,066,127,061.90
Construction	5,937	147,451,844	1,711,901,311.74
Engineering Technology	3,409	303,111,383	1,126,473,715.63
Printing And Publishing	6,244	130,085,217	1,064,770,541.48
2nd Tier Securities	4,923	244,069,833	927,271,393.77
Packaging	7,352	109,019,577	912,568,138.35
Textile	5,009	135,025,588	340,775,065.71
Computer/ Office Equipments	5,736	63,530,746	291,985,586.66
Hotel & Tourism	1,230	27,948,860	157,573,754.27
Commercial/Services	1,001	28,841,301	125,250,981.61
Footwear	844	28,264,434	44,117,726.82
Other Financial Institutions	244	4,357,793	17,633,939.25
Aviation	255	3,575,100	6,829,573.63
Machineries (Marketing)	14	657,595	348,525.35
<b>Total Equities Traded</b>	<b>2,569,651</b>	<b>138,080,738,218</b>	<b>2,083,424,593,691</b>
<b>Total Debt Securities Traded</b>	<b>57</b>	<b>2,870,000</b>	<b>2,870,000,000.00</b>
<b>Total</b>	<b>2,569,708</b>	<b>138,083,608,218</b>	<b>2,086,294,593,691.07</b>

Source: Compiled from data supplied by The NSE.



Trading activities were carried out on-line in the following branches of The NSE: Lagos, Abuja, Kano, Port Harcourt, Yola, Benin, Kaduna, Zaria, Onitsha and Uyo.

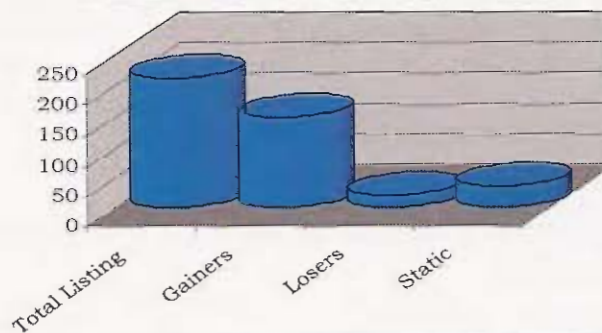
#### Percentage Price Gainers and Losers

As the Nigerian capital market witnessed heavy patronage in 2007, most companies listed on The Nigerian Stock Exchange (NSE) experienced sharp increases in their share prices. This bullish trend was also reflected in the share prices of some companies in the second tier segment of the exchange, as penny stocks seemed to be the most of investors. The vibrancy in the market can be attributed to favourable policies by the federal government. Prices of companies quoted in sectors like "Building Materials", "Banking" and "Insurance" among others, fluctuated favourably as investors engaged in position taking for future returns.

#### New Listings

Due to increased awareness of the market as a cheap source of finance, there was increased patronage by companies seeking listing on the NSE. The new listings involved the "Airline Services" sector, "Commercial/Services" sector, "Hotel and Tourism" sector, "Food and Beverages" sector, "Insurance" sector and "Commercial Services" sector. In all, twelve (12) new listings were recorded in 2007. However two companies (CFAO Plc and Blackhood Nigeria Plc) were delisted on the recommendation of their boards of directors. Total equity listings as at December 31, 2007 therefore stood at two hundred and twelve (212) companies up by three (3) from two hundred and nine (209) in 2006.

Performance of Companies Quoted on the NSE



One hundred and forty eight (148) companies posted increase in their share prices, eighteen (18) were on the losers chat while the share prices of thirty four (34) companies remained as in the previous year.

#### Gainers:

With 3,152.94% capital appreciation, Afrioil Plc emerged the highest price percentage gainer in

2007. The petroleum marketing company's share price moved from N0.34 at the close of trading in 2006 to N11.06. National Salt Company of Nigeria Plc gained 2,371.01% over its share price of 2006 to occupy the second position on the price percentage gainers table during the period under review. The sharp increase in the share price is attributable to the acquisition of Dangote Salt Limited by National Salt Company Plc in February.





By the second week of March, when the additional shares created by the acquisition exercise was added to the outstanding shares of the company, the price moved up to N5.00 per share. The share price of the company has continued to increase since the acquisition as a result of improved performance by the company and speculation of appreciable return on investment by investors.

The improved performance of the company was reflected in its unaudited half year report which was released in August. The result revealed that the company posted a turnover of N2.33 billion as against N7.0 million in the comparable period of 2006. Its profit after tax also shot up from a loss of N4.0 million in 2006 to a gain of N516.0 million. The company's share price thus appreciated from N0.69 per share at the close of business in 2006 to N17.05 per in 2007.

Capital Oil Plc followed in the third position having appreciated by 1,494.12% with its price moving from N0.34 to N5.42 per share at the close of trading in 2007. Capital Oil is one of the sixteen companies listed on the Second Tier (emerging market) segment of The NSE. Costain (West

Africa) Plc was fourth on the price percentage gainers chart as its share price moved by 1,193.84% from N1.46 in the previous year to N18.89 at the end of the reviewed period. The company's audited result for the year ended 31st March 2007 showed a turnover of N3.02 billion as against N1.11 billion in the preceding year. A profit after tax of N108.00 million was posted as against a loss of N1.5 billion in 2006.

IPWA Plc's share price rose by 1,112.12% to occupy the fifth position on the price percentage gainers table. The company's share price rose as high as N6.55 per share in July. However with not too impressive result released in August, the price started to decline as investors dumped their holdings for more profitable ventures. The audited result for the company's full year showed a turnover of N303.92 million as against N254 million in comparable period of 2005 and a loss after tax of N50.2 million as against a loss of 34.13 million in 2005. The company however started to witness impressive patronage as the price started to rise towards the end of the year to close at N4.00 per share. IPWA Plc's share price stood at N0.33 per share at the close of trading in 2006.

**Table 14: Top 10 Percentage Price Gainers on the NSE (2007)**

Position	Company	Price as at 31/12/07 N:K	Price as at 31/12/06 N:K	% Change (%)	Absolute Gain N:K	Earning per Share N:K
1.	Afrioil Plc	11.06	0.34	3,152.94	10.72	0.00
2.	National Salt Company of Nigeria Plc	17.05	0.69	2,371.01	16.36	0.00
3.	Capital Oil Plc	5.42	0.34	1,494.12	5.08	0.00
4.	Costain West Africa Plc	18.89	1.46	1,193.84	17.43	1.07
5.	IPWA Plc	4.00	0.33	1,112.12	3.67	0.00
6.	Grommac Industries Plc	3.61	0.38	850.00	3.23	0.00
7.	African Paint Nigeria Plc	3.49	0.38	818.42	3.11	0.12
8.	Nigerian Wire and Cable Plc	6.00	0.70	757.14	5.30	0.00
9.	PlatinumHabib Bank Plc	25.51	3.12	717.63	22.39	1.27
10.	Chellarams Plc	12.36	1.59	677.36	10.77	1.15

Source: Compiled from data supplied by the NSE





Other companies on the price percentage gainers table include: Grommac Industries Plc (850.00%), African Paints Nigeria Plc (818.42%), Nigerian Wire and Cable Plc (757.14%), PlatinumHabib Bank Plc (717.63%), Chellarams Plc (677.36%), C&I Leasing Plc (677.36%) and Japaul Oil and Maritime Services Plc (561.16%).

#### Losers:

Transnational Corporation of Nigeria Plc lost 57.66% of its unit price to lead eighteen other losers in the year 2007. From a unit price of N9.71 registered at the close of trading in 2006, the company's share price dropped by N6.57 to N3.14 per share on 31st December 2007. From August 2007, when the technical suspension placed on the shares of the company by The NSE was lifted, the price continued to plummet and finally closed at N3.14. It would be recalled that the company did its initial public offering in 2006 at N7.50 per share which was only about 40% subscribed.

Having registered a loss of 23.08% of its closing price in 2006, Dunlop Nigeria Plc dropped by N0.96, to occupy the second position on the price percentage losers table in the reviewed period. The company's share price started falling following the release of its unaudited result for the first quarter of 2007 in the second week of June. The result showed that the company's turnover only increased by N0.29 billion from N1.51 billion in the comparable period of 2006 to N1.80 billion in 2007. Its loss after tax increased from N53.31 million in 2006 to N337.7 million in 2007.

The company's audited report for the year ended 31st December also hit the market in the last week of the month with another unimpressive performance. In the report, a turnover of N5.1 billion as against N5.14 billion in 2005 was disclosed. Also, the loss after tax increased from N246.5 million to N647.9 million. These, discerning investors may have interpreted as a

bad omen and probably dumped the company's share for more profitable ones. Spring Bank Plc posted a loss of 21.93% for the fourth position during the period under review. The company's share price declined from N7.16 as at the last trading day of December 2006 to N5.59 in 2007.

Also on the league of losers was PS Mandrides Plc. The vegetable oil manufacturing company's share price declined steadily from N7.60 to N6.20 per share for the fifth position. The audited result of the company released in November, for the year ended 31st September 2005, revealed a decline in the company's turnover and profit after tax. The turnover slumped from N321.34 million in the comparable period of 2004 to N253.54 million in 2005. Similarly, the profit after tax dropped slightly from N17.93 million in 2004 to N17.19 million in 2005.

Nigeria International Debt Fund Plc and Ecobank Transnational Incorporated Plc followed on the sixth and seventh positions respectively on the losers table, mainly as a result of adjustments in their share prices. For instance, Nigeria International Debt Fund Plc made a coupon payment of N221.03 (i.e. \$1.87) per note in December. The company had earlier in August declared, in its audited report for the year ended 31st December 2006, a total investment income of N406.6 million (\$3.2 million) as against N224.4 million (\$1.71 million) in 2005. Its net income (i.e. profit after tax) stood at N228.93 million (\$1.8 million) as against N179.72 million (\$1.4million) in the previous year.

In the same vein, Ecobank Transnational Incorporated Plc posted remarkable performance during the year under review. The company, in February, executed a share-split of its 611,003,548 ordinary shares of \$0.25 per share into 1,222,007,096 ordinary shares of \$0.125 per share. The price was thus halved. Its audited result for the year ended 31st December 2006,





that hit the market in March, disclosed a gross earnings of \$359.9 million as against \$244.7 million in 2005. The profit after tax was \$69.35 million compared to \$41.5 million and a dividend of 3 cents per share was declared during the year. A bonus of one new share for every ten existing shares held was also declared.

The company also released a series of its quarterly analysis which also showed improved earnings and profit. The latest was for the quarter

ended September 2007, where a turnover of N60.28 billion was realized as against N35.88 billion in the comparative period of 2006. The profit after tax was N10.00 billion compared with N1.9 billion in 2006.

Others on the price percentage loser's chart included: Sun Insurance Plc (14.49%), NIYAMCO Plc (12.84%), Tourism Company of Nigeria Plc ((12.74%), Nigeria Energy Sector Fund Plc (12.01) and Epic Dynamics Plc (7.50%).

**Table 15: Top 10 Percentage Price losers on the NSE (2007)**

Position	Company	Price as at 31/12/07 N:K	Price as at 31/12/06 N:K	% Change (%)	Absolute loss N:K	Earning per Share N:K
1.	Transnational Corporation of Nigeria Plc	3.14	9.71	(67.66)	6.57	0.00
2.	Dunlop Plc	3.20	4.16	(23.08)	0.96	0.00
3.	Spring Bank Plc	5.59	7.16	(21.93)	1.57	0.16
4.	PS Mandrides Plc	6.20	7.60	(18.42)	1.40	0.43
5.	Nigeria International Fund Plc	5,692.74	6,897.51	(17.47)	1,204.77	139.91
6.	Ecobank Transnational Incorporated Plc	217.00	256.38	(15.36)	39.38	0.00
7.	Sun Insurance Plc	0.59	0.69	(14.49)	0.10	0.05
8.	Niyamco Plc	1.90	2.18	(12.84)	0.28	0.00
9.	Tourism Company of Nigeria Plc	3.15	3.61	(12.74)	0.46	0.00
10.	Nigeria Energy Sector Fund Plc	665.23	756.00	(12.01)	90.77	30.31

Source: Compiled from data supplied by the NSE

### Stock Index Performance

With the much activities witnessed in the secondary market during the year, the market was generally bullish and rewarding to investors. Consequently, the All-shares Index closed the

year on a very high note at 57,990.22 points compared to 33,189.30 points as at the end of 2006. This indicates a growth of about 75.0 per cent in 2007 as against the growth of 37.8 per cent in 2006.



**Table 16: THE NSE ALL - SHARE INDEX PERCENTAGE CHANGE 1984 - 2007**

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
2005	24,085.8	1.0	694.6
2006	33,189.3	37.8	732.4
2007	57,990.22	74.73	807.13

Source: Compiled from data supplied by The NSE

A review of the quarterly movement, of the index showed that it opened the month of January at 36,784.51 points gained 18.14 percent to close the first quarter at 43,456.14 points, The index appreciated further to 47,123.99 points at the beginning of the second quarter and closed the quarter at 51,330.46 points. The upward trend continued during the beginning of the third

quarter as it moved up to 53,021.68 points in July but fell by 5.27 per cent to close the quarter at 50,229.01 points. The index depreciated further to 50,201.82 points in October, but later gained 7.94 per cent to close at 54,189.92 points in November before finally ending the year at 57,990.22 points.

**Table 17: THE NIGERIAN STOCK EXCHANGE ALL - SHARE INDEX: 2003 - 2007**

Month	2003	2004	2005	2006	2007
January	13,298.8	22,712.88	23,073.8	23,679.4	36,784.51
February	13,668.8	24,797.43	21,953.5	23,843.0	40,730.71
March	13,531.1	22,896.4	20,685.4	23,336.6	43,456.14
April	13,488.0	25,793.0	21,961.7	23,301.2	47,123.99
May	14,086.3	27,730.8	21,482.1	24,745.7	49,930.19
June	14,565.5	28,887.4	21,564.8	26,161.2	51,330.46
July	13,962.0	27,062.1	21,911.0	27,880.5	53,021.68
August	15,426.0	23,774.3	22,935.4	33,096.4	50,291.09
September	16,500.5	22,739.7	24,635.9	32,554.6	50,229.01
October	18,743.5	23,354.8	25,873.8	32,643.7	50,201.82
November	19,319.3	23,270.5	24,355.9	31,632.5	54,189.92
December	20,128.9	23,844.5	24,085.8	33,189.3	57,990.22

Source: Compiled from data supplied by The NSE.





### Market Capitalisation

The market capitalization of all listed securities rose by N8.17 trillion in 2007. This represents about 160 per cent increase over the position in 2006 as the indicator closed at N13.30 trillion from N5.12 trillion in 2006. The impressive performance was influenced by the bullish market and additional listings of securities. The market witnessed the listing by introduction of twelve

(12) companies. There were also sixteen (16) debt securities and fifty-seven (57) supplementary listings. Only two (2) equities and three (3) debt securities were delisted during the year. The equities sector accounted for N10.30 trillion or 77.48 percent of the overall market capitalization for the year while the debt securities had the value of N2.99 trillion or 22.52 percent.

**Table 18: SECTORAL MARKET CAPITALIZATION AS AT DECEMBER 31<sup>ST</sup> 2007**

	SECTOR	Mkt. Cap. (N'M)	% of Overall Market Capitalization
1	Banking	6,432,245.73	48.38
2	Foods Beverages and Tobacco	900,869.01	6.78
3	Breweries	569,614.15	4.28
4	Building Materials	498,299.12	3.75
5	Petroleum(Marketing)	458,750.16	3.45
6	Insurance	419,017.00	3.15
7	Conglomerates	317,563.74	2.39
8	The Foreign Listings	292,250.54	2.20
9	Health Care	46,519.12	0.35
10	Mortgage Companies	45,250.00	0.34
11	Con struction	38,232.56	0.29
12	Automobile and Tyre	31,525.10	0.24
13	Airline	31,143.06	0.23
14	Agriculture/Agro- Allied	30,924.31	0.23
15	Commercial/Services	27,431.14	0.21
16	Real Estate	25,707.00	0.19
17	Chemical And Paints	24,252.25	0.18
18	Printing And Publishing	18,254.07	0.14
19	Industrial/ Domestic Products	16,972.13	0.13
20	Hotel & Tourism	16,337.48	0.12
21	Packaging	15,952.01	0.12
22	Maritime	9,329.57	0.07
23	Managed Funds	6,620.91	0.05
24	Leasing	4,860.00	0.04
25	Road Transportation	3,993.55	0.03
26	Textile	3,485.70	0.03
27	Computer/ Office Equipments	2,839.66	0.02
28	Engineering Technology	2,587.04	0.02
29	Aviation	1,944.00	0.01
30	Footwear	415.81	0.00
31	Machineries (Marketing)	1.29	0.00
	<b>Total (1<sup>st</sup> Tier Securities Market)</b>	<b>10,293,187.21</b>	<b>77.42</b>
	<b>2nd Tier Securities Market</b>	<b>7,835.62</b>	<b>0.06</b>
	<b>Total Equities Market Capitalization</b>	<b>10,301,022.83</b>	<b>77.48</b>
	<b>Total Debt Market Capitalization</b>	<b>2,993,562.11</b>	<b>22.52</b>
	<b>Overall Market Capitalization</b>	<b>13,294,584.94</b>	<b>100.00</b>

Source: Compiled from data supplied by The NSE





A quarterly look at the trend of the market capitalization revealed that it appreciated by 39.1 per cent during the first quarter to close at N7.13 trillion from N5.12 trillion end of 2006. The positive improvement was not unconnected with impressive 2006 financial performances reported by most of the blue-chip companies during the quarter. A total of 10 billion ordinary shares of 50k each at N18.00 per share of Dangote Sugar Refinery Plc, five (5) supplementary listings and N89.11 billion worth of FGN bond, involving three (3) issues were listed during the quarter.

In the second quarter, market capitalization gained 24.07 per cent over its position in the preceding quarter to close at N8.85 trillion. In this quarter alone, the market witnessed the listings of three (3) new equities, nineteen (19) supplementary listings (capitalized through bonuses), one (1) preference stock and one (1) FGN bond. In the period, the entire listed shares of CFAO Plc and three (3) of its debts were delisted from the Daily Official List.

Activities in the third quarter during which the bear dominated the market were a little slow. However, market capitalization appreciated by N377.33 billion to close the quarter at N9.23 trillion. The increase was as a result of the listings of four (4) new equities, twenty (20) supplementary listings and the listing of five (5) FGN bonds in the debt segment of the market.

During the last quarter, the total market value of all listed securities was significantly moved up by 44.07 per cent or N4.07 trillion to end the year at N13.30 trillion. The quarter witnessed thirteen (13) supplementary listings (resulting from bonuses) and four (4) new listings. A total of N179.19 billion worth of FGN bonds comprising five (5) distinct bonds were also listed. A total of 70,200,000 ordinary share of BlackHood Nigeria Plc which was listed under Machinery sector was de-listed from the Daily Official List based on the

recommendation of its board of Directors.

A Sectoral analysis for the year 2007 showed that the "Banking" sector remained the most capitalized as the sector's market value appreciated by N4.28 trillion or 199.94 percent, posting an aggregate market value of N6.43 trillion compared to N2.14 trillion recorded in the previous year. The second most capitalized sector was "Food/ beverages & Tobacco" which accounted for N900.87 billion or 8.74 percent of the overall market value. The "Breweries" sector occupied the third position with a market capitalization of N567.72 billion, having added N123.42 billion to its market value of N444.30 billion registered in December 2006. This was followed by the "Building" and "Petroleum (Marketing)" sectors with a market capitalization of N498.30 billion and N458.55 billion respectively.

The "Aviation", "Footwear", and "Machinery (Marketing)" sectors were down the table occupied the twenty-ninth, thirtieth and thirty first positions with a market value of N1.94billion, N415.81 million and N1.29 million respectively.

Market value of the twenty most capitalized equities in the year under review summed up to N7.30 trillion in contrast to N3.08 trillion recorded in 2006. This value represented 70.67 percent of all equities market capitalization and 54.76 per cent of the overall market value.

On individual basis, First Bank of Nigeria Plc posted a market value of N889.08 billion to top the league of twenty most capitalized equities. The Bank added N536.78 billion or 154.67 percent to its market value of N347.05 billion registered in the preceding year. A total of 7,666,470,465 ordinary shares were added to the company's shares outstanding from its recently concluded hybrid offer. Intercontinental Bank Plc which was at the tenth position in the previous





year rose to the second position with a market capitalisation of N752.59 billion. It added N606.73 billion or 415.97 percent to its market value of N145.86 billion as at December 31, 2006. United Bank for Africa Plc, Zenith Bank Plc and Union Bank Nigeria Plc occupied the third, fourth and fifth positions with market capitalization of N558.87 billion, N533.81 billion and N498.62 billion respectively.

Afribank Nigeria Plc was at the seventeenth position with market capitalization of N186.91 billion. Nestle Nigeria Plc moved from the thirteenth position last year to eighteenth with a growth of N58.61 billion in its market capitalization from N124.18 billion in 2006 to N182.79 billion in 2007. First City Monument Bank Plc and Ecobank Plc occupied the nineteenth and twentieth position with a market value of N180.30 billion and N172.15 billion respectively.

**Table 19: TWENTY MOST CAPITALIZED EQUITIES AS AT DECEMBER 31, 2007**

	Name Of Company	Mkt. Cap. N'B	% of Equities Mkt. Cap	% of Overall Mkt. Cap.
1	First Bank Of Nig Plc	889.08	8.63	6.69
2	Intercontinental Bank Plc	752.59	7.31	5.66
3	United Bank For Africa Plc	558.87	5.43	4.20
4	Zenith Bank Plc	533.81	5.18	4.02
5	Union Bank Nig Plc	498.62	4.84	3.75
6	Guaranty Trust Bank Plc	479.63	4.66	3.61
7	Oceanic Bank Int'l Plc	458.70	4.45	3.45
8	Dangote Sugar Refinery Plc	389.50	3.78	2.93
9	Nigerian Breweries Plc	370.57	3.60	2.79
10	Ecobank Transnational	292.25	2.84	2.20
11	Diamond Bank Plc	254.24	2.47	1.91
12	IBTC Chartered Bank Plc	248.63	2.41	1.87
13	West African Portland Cement Co. Plc	239.53	2.33	1.80
14	PlatinumHabib Bank Plc	205.20	1.99	1.54
15	Fidelity Bank Plc	194.77	1.89	1.47
16	Guinness Nigeria Plc	191.74	1.86	1.44
17	Afribank Nigeria Plc	186.91	1.81	1.41
18	Nestle Nigeria Plc	182.79	1.77	1.37
19	First City Monument Bank Plc	180.30	1.75	1.36
20	Ecobank Nigeria Plc	172.15	1.67	1.29
<b>Top 20 Market Capitalization</b>		<b>7,279.88</b>	<b>70.67</b>	<b>54.76</b>
Total Equities Market Capitalization		10,301.02		77.48
Overall Market Capitalization		13,294.58		

Source: Compiled from data supplied by The NSE.

**Table 20: PERFORMANCE OF LISTED EQUITIES ON THE NIGERIAN STOCK EXCHANGE AS AT DECEMBER 31, 2007**

	Equity Name	OUTSTANDING NO OF SHARES (MILLION)	MARKET PRICE (N:K)	MKT. CAP =N='M	NOMINAL VALUE =N=	EARNING PER SHARE =N=	P/E RATIO	DIV. PER SHARE =N=	DIV. YIELD =N=
<b>2nd Tier Securities</b>									
1	Adswitch Plc	125,005,250	3.58	447,518,795.00	0.20	0.04	89.50	0.04	1.12
2	Afri Pharm. Plc	24,898,850	0.50	12,449,425.00	0.50	0.11	4.55	0.05	10.00
3	Anino Int'l Plc	24,200,000	0.22	5,324,000.00	0.25	0.00	0.00	0.02	9.09
4	Capital Oil Plc	117,500,000	5.42	636,850,000.00	0.25	0.00	0.00	0.03	0.55
5	Cutix Plc	528,396,608	12.70	6,710,636,921.60	0.50	0.23	55.22	0.12	0.94
6	Flexible Packaging Plc	17,000,000	0.50	8,500,000.00	0.50	0.00	0.00	-	-
7	Juli Plc	194,700,000	0.55	107,085,000.00	0.50	0.00	0.00	0.07	12.73
8	Krabo Nig. Plc	39,187,500	0.13	5,094,375.00	0.20	0.00	0.00	-	-
9	New Pak Plc	42,262,850	1.05	44,375,992.50	0.50	0.00	0.00	0.12	11.43
10	Rak Unity Pet. Product	15,000,000	0.31	4,650,000.00	0.20	0.11	2.82	0.03	9.68
11	Rokana Industries Plc	30,000,000	0.58	17,400,000.00	0.50	0.14	4.14	0.10	17.24
12	Smurfit Print Nig. Plc	18,000,000	1.66	29,880,000.00	0.50	0.07	23.71	0.08	4.82
13	Tropical Pet. Products	14,600,000	0.35	5,110,000.00	0.50	0.00	0.00	0.03	8.57
14	Udeofson Garment Fac.	20,000,000	0.50	10,000,000.00	0.50	0.00	0.00	-	-



15	Union Ventures Pet. Plc	28,600,000	0.56	16,016,000.00	0.50	0.00	0.00	0.02	3.57
16	Wa. Alum. Product Plc	6,650,000	0.50	3,325,000.00	0.50	0.04	12.50	0.15	30.00
<b>Agriculture/Agro-Allied</b>									
1	Afprint Nigeria Plc	515,678,697	2.96	1,526,408,943.12	0.50	0.00	0.00	0.15	5.07
2	Ellah Lakes Plc	60,000,000	3.07	184,200,000.00	0.50	0.00	0.00	-	-
3	Grommac Industries	40,000,000	3.61	144,400,000.00	0.50	0.00	0.00	0.10	2.77
4	Livestocks Feeds	1,199,549,736	3.63	4,354,365,541.68	0.50	0.00	0.00	0.30	8.26
5	Okitipupa Oil Palm Plc	72,000,000	2.58	185,760,000.00	0.50	0.00	0.00	0.07	2.71
6	Okomu Oil Palm Plc	476,956,549	36.10	17,218,131,418.90	0.50	0.93	38.82	1.00	2.77
7	Presco Plc	500,000,000	14.55	7,275,000,000.00	0.50	0.62	23.47	0.60	4.12
<b>Airline Services</b>									
1	Airline Services And Logistics	634,000,000	16.59	10,518,060,000.00	0.50	0.59	28.12	0.05	0.30
2	Nigerian Aviation Handling Company	750,000,000	27.50	20,625,000,000.00	0.50	0.67	41.04	0.30	1.09
<b>Automobile And Tyre</b>									
1	Dunlop Nigeria Plc	4,772,528,418	3.20	15,272,090,937.60	0.50	0.00	0.00	0.15	4.69
2	Incar Nig. Plc	335,000,000	8.70	2,914,500,000.00	0.50	0.00	0.00	0.05	0.57
3	Intra Motors Plc	30,000,000	0.56	16,800,000.00	0.50	0.00	0.00	0.05	8.93
4	R.T. Briscoe Plc	453,840,000	29.17	13,238,512,800.00	0.50	1.45	20.12	0.50	1.71
5	Rietzcot Nigeria Co. Plc	128,000,000	0.65	83,200,000.00	0.50	0.00	0.00	0.10	15.38
<b>Aviation</b>									
1	Albarka Air Plc	3,000,000,000	0.58	1,740,000,000.00	0.50	0.00	0.00	-	-
2	Aviation Dev. Company	200,000,000	1.02	204,000,000.00	0.50	0.12	8.50	0.25	24.51
<b>Banking</b>									
1	Access Bank Nig. Plc	6,978,160,862	23.00	160,497,699,826.00	0.50	1.16	19.83	0.40	1.74
2	Afribank Nigeria Plc	6,130,119,998	30.49	186,907,358,739.02	0.50	1.42	21.47	0.30	0.98
3	Diamond Bank Plc	13,159,306,478	19.32	254,237,801,154.96	0.50	0.73	26.47	0.30	1.55
4	Ecobank Nigeria Plc	21,654,226,926	7.95	1,104,061,701,72,15	0.50	0.28	28.39	0.09	1.13
5	Fidelity Bank Plc	16,463,686,122	11.83	194,765,406,823.26	0.50	0.30	39.43	0.16	1.35
6	First Bank Of Nig Plc	19,890,032,370	44.70	889,084,446,939.00	0.50	1.17	38.21	1.00	2.24
7	First City Monument Bank Plc	9,549,763,475	18.88	180,299,534,408.00	0.50	0.95	19.87	0.35	1.85
8	First Inland Bank Nig. Plc	9,688,629,584	13.30	128,858,773,467.20	0.50	0.47	28.30	-	-
9	Guaranty Trust Bank Plc	13,850,000,000	34.63	479,625,500,000.00	0.50	1.26	27.48	0.75	2.17
10	Ibct Chartered Bank Plc	12,500,000,000	19.89	248,625,000,000.00	0.50	0.56	35.52	0.30	1.51
11	Intercontinental Bank Plc	18,536,774,979	40.60	752,593,064,147.40	0.50	1.24	32.74	0.70	1.72
12	Oceanic Bank Int'l Plc	11,642,006,625	37.40	435,411,047,775.00	0.50	1.51	24.77	0.42	1.12
13	Platinumhabib Bank Plc	8,043,781,166	25.51	205,196,857,544.66	0.50	1.27	20.09	0.70	2.74
14	Skye Bank Plc	7,503,044,788	17.19	128,977,339,905.72	0.50	0.74	23.23	-	-
15	Spryng Bank Plc	11,321,143,263	5.59	63,285,190,840.17	0.50	0.16	34.94	-	-
16	Sterling Bank Plc	10,552,847,632	7.28	76,824,730,760.96	0.50	0.20	36.40	0.10	1.37
17	United Bank For Africa Plc	11,290,279,980	49.50	558,868,859,010.00	0.50	1.90	26.05	1.00	2.02
18	Union Bank Nig Plc	11,579,765,377	43.06	498,624,697,133.62	0.50	1.63	26.42	1.00	2.32
19	Unity Bank Nig Plc	14,736,894,670	8.80	129,684,673,096.00	0.50	0.00	0.00	-	-
20	Universal Trust Bank Plc	2,339,119,992	0.48	1,122,777,596.16	0.50	0.16	3.00	0.10	20.83
21	Wema Bank Plc	10,186,249,752	15.00	152,793,746,280.00	0.50	0.55	27.27	0.10	0.67
22	Zenith Bank Plc	11,581,905,375	46.09	533,810,018,733.75	0.50	1.90	24.26	1.10	2.39
<b>Breweries</b>									
1	Champion Breweries Plc	900,000,000	3.31	2,979,000,000.00	0.50	0.00	0.00	0.02	0.60
2	Golden Guinea Breweries Plc	272,160,000	0.68	185,068,800.00	0.50	0.03	22.67	0.25	36.76
3	Guinness Nigeria Plc	1,474,925,518	130.00	191,740,317,340.00	0.50	7.02	18.52	4.50	3.46
4	Int'l Breweries Plc	512,914,681	2.57	1,318,190,730.17	0.50	0.00	0.00	0.08	3.11
5	Jos Int'l Breweries Plc	168,500,000	4.82	812,170,000.00	0.50	0.00	0.00	-	-





6	Nigerian Breweries Plc	7,562,562,340	49.00	370,565,554,660.00	0.50	1.91	25.65	1.59	3.24
7	Premier Breweries Plc	126,000,000	0.93	117,180,000.00	0.50	0.06	15.50	0.06	6.45
<b>Building Materials</b>									
1	Ashaka Cement Plc	1,706,250,000	53.12	90,636,000,000.00	0.50	1.63	32.59	1.50	2.82
2	Benue Cement Company Plc	2,784,375,000	51.00	142,003,125,000.00	0.50	0.56	91.07	0.16	0.31
3	Cement Co. Of Northern Nigeria Plc	1,068,213,421	23.00	24,568,900,683.00	0.50	0.00	0.00	0.15	0.65
4	Ceramic Manufacturers Nigeria Plc	123,404,000	0.25	30,851,000.00	0.50	0.00	0.00	0.03	12.00
5	Nigeria Cement Co. Plc	111,349,578	5.00	556,747,890.00	0.50	0.00	0.00	0.07	1.40
6	Nigerian Ropes Plc	265,409,280	3.55	942,202,944.00	0.50	0.00	0.00	0.13	3.66
7	Nigerian Wire Ind. Plc	15,000,000	2.24	33,600,000.00	0.50	0.00	0.00	0.20	8.93
8	West African Portland Cement Co. Plc	3,001,600,004	79.80	239,527,680,319.20	0.50	3.25	24.55	1.00	1.25
<b>Chemical And Paints</b>									
1	African Paints (Nig.) Plc	130,000,000	3.49	453,700,000.00	0.50	0.12	29.08	-	-
2	Berger Paints Plc	217,367,585	10.15	2,206,280,987.75	0.50	0.44	23.07	0.30	2.96
3	Cap Plc	210,000,000	64.00	13,440,000,000.00	0.50	3.93	16.28	3.25	5.08
4	Dn Meyer Plc	291,489,840	8.33	2,428,110,367.20	0.50	0.30	27.77	0.20	2.40
5	Ipwa Plc	513,696,000	4.00	2,054,784,000.00	0.50	0.00	0.00	0.13	3.25
6	Nig-German Chemicals Plc	153,786,012	26.00	3,998,436,312.00	0.50	1.12	23.21	0.45	1.73
7	Premier Paints Plc	62,500,000	1.21	75,625,000.00	0.50	0.14	8.64	0.07	5.79
<b>Commercial/Services</b>									
1	National Sports Lottery Plc	5,200,000,000	4.24	22,048,000,000.00	0.50	-	-	-	-
2	Red Star Express Plc	589,496,310	8.41	4,957,663,967.10	0.50	0.22	38.23	-	-
3	Trans-Nationwide Express	132,546,509	3.21	425,474,293.89	0.50	0.24	13.38	0.10	3.12
<b>Computer/ Office Equipments</b>									
1	Atlas Nig Plc	17,415,216	0.13	2,263,978.08	0.50	-	-	-	-
2	Hallmark Paper Products	50,000,000	0.91	45,500,000.00	0.50	0.00	0.00	0.05	5.49
3	Ncr (Nigeria) Plc.	108,000,000	3.50	378,000,000.00	0.50	0.29	12.07	0.05	1.43
4	Thomas Wyatt Nig. Plc	100,000,000	3.60	360,000,000.00	0.50	0.00	0.00	0.35	9.72
5	Tripple Gee And Co. Plc	369,619,200	5.25	1,940,500,800.00	0.50	0.17	30.88	0.13	2.48
6	Wiggins Teape Nig Plc	81,000,000	1.40	113,400,000.00	0.50	0.00	0.00	0.10	7.14
<b>Conglomerates</b>									
1	A.G. Leventis Nigeria Plc	1,826,579,986	5.10	9,315,557,928.60	0.50	0.20	25.50	0.10	1.96
2	Chellarams Plc	240,975,300	12.36	2,978,454,708.00	0.50	1.15	10.75	0.15	1.21
3	John Holt Plc	389,151,408	4.49	1,747,289,821.92	0.50	0.00	0.00	0.10	2.23
4	Paterson Zochonis Cussons Nigeria Plc	3,176,381,636	26.50	84,174,113,354.00	0.50	1.09	24.31	0.71	2.68
5	Scoa Nig. Plc	821,666,666	4.63	3,804,316,663.58	0.50	0.00	0.00	0.15	3.24
6	Transnational Corporation Of Nig. Plc	21,453,231,626	3.14	67,363,147,305.64	0.50	-	-	-	-
7	Uacn Plc	1,284,624,258	51.00	65,515,837,158.00	0.50	2.89	17.65	0.50	0.98
8	Unilever Nigeria Plc	3,783,296,248	21.85	82,665,023,018.80	0.50	0.00	0.00	0.70	3.20
<b>Construction</b>									
1	Aribico Plc	148,500,000	2.88	427,680,000.00	0.50	0.00	0.00	0.10	3.47
2	Cappa & D'alberto Plc	196,876,000	43.89	8,640,887,640.00	0.50	4.25	10.33	0.75	1.71
3	Costain (W.A) Plc	159,920,000	18.89	3,020,888,800.00	0.50	1.07	17.65	0.20	1.06
4	G. Cappa Plc	125,000,000	5.74	717,500,000.00	0.50	1.28	4.48	0.20	3.48
5	Julius Berger Nig. Plc	300,000,000	84.63	25,389,000,000.00	0.50	4.69	18.04	0.90	1.06
6	Roads Nig. Plc	20,000,000	1.83	36,600,000.00	0.50	0.00	0.00	0.15	8.20
<b>Engineering Technology</b>									
1	Interlinked Tech. Plc	37,877,204	1.59	60,224,754.36	0.50	0.12	13.25	0.06	3.77
2	Nigerian Wire And Cable Plc	420,000,000	6.00	2,520,000,000.00	0.50	0.00	0.00	0.15	2.50
3	Onwuka Hi-Tek Industries	68,172,398	0.10	6,817,239.80	0.50	0.00	0.00	0.02	20.00
<b>Foods Beverages And Tobacco</b>									
1	7-Up Bottling Comp. Plc	512,472,290	46.12	23,635,222,014.80	0.50	2.38	19.38	1.30	2.82
2	Beverages (W.A.) Plc	6,000,000	0.82	4,920,000.00	0.50	0.00	0.00	1.00	121.95
3	Big Treat Plc	2,000,000,000	5.61	11,220,000,000.00	0.50	-	-	-	-

4	Cadbury Nig. Plc	1,100,840,617	36.85	40,565,976,736.45	0.50	0.00	0.00	1.30	3.53
5	Dangote Sugar Refinery Plc	10,000,000,000	38.95	389,500,000,000.00	0.50	2.16	18.03	1.55	3.98
6	Ferdinand Oil Mills	100,000,000	0.47	47,000,000.00	0.50	0.00	0.00	0.20	42.55
7	Flour Mills Nig. Plc	1,553,100,000	82.59	128,270,529,000.00	0.50	4.68	17.65	0.90	1.09
8	Foremost Diaries Plc	4,438,750	0.51	2,263,762.50	0.50	0.00	0.00	0.20	39.22
9	N.Nig Flour Mills	148,500,000	25.51	3,788,235,000.00	0.50	0.00	0.00	0.25	0.98
10	National Salt Company Nigeria Plc	2,207,865,315	17.05	3,644,103,620.75	0.50	0.00	0.00	0.50	2.93
11	Nestle Nigeria Plc	660,546,875	276.72	182,786,531,250.0	0.50	9.82	28.18	10.10	3.65
12	Nig. Bottling Com. Plc	1,308,733,856	56.74	74,257,558,989.44	0.50	1.94	29.25	0.30	0.53
13	P.S.Mandrides Plc	40,000,000	6.20	248,000,000.00	0.50	0.43	14.42	0.20	3.23
14	Tate Industries Plc	66,561,071	0.21	13,977,824.91	0.50	0.00	0.00	0.05	23.81
15	Utc. Nigeria Plc	1,121,250,004	3.75	4,204,687,515.00	0.50	0.00	0.00	0.14	3.73
16	Union Dicon Salt Plc	360,000,000	13.00	4,680,000,000.00	0.50	0.00	0.00	0.50	3.85
<b>Footwear</b>									
1	Footwear & Accessor.Man.	186,400,000	1.70	316,880,000.00	0.50	0.00	0.00	0.10	5.88
2	Lennards (Nig) Plc	70,164,062	1.41	98,931,327.42	0.50	0.00	0.00	0.15	10.64
<b>Health Care</b>									
1	Aboseldehyde Labs Plc	51,700,000	0.59	30,503,000.00	0.50	0.00	0.00	0.15	25.42
2	Bcn Plc	21,000,000	1.02	21,420,000.00	0.50	0.00	0.00	0.11	10.78
3	Christlieb Plc	24,000,000	0.54	12,960,000.00	0.50	0.00	0.00	0.10	18.52
4	Ekocorps Plc	388,600,908	5.61	2,180,051,093.88	0.50	0.12	46.75	0.15	2.67
5	Evans Medical Plc	486,473,856	7.10	3,453,964,377.60	0.50	0.27	26.30	0.12	1.69
6	Glaxo Smithkline Consum.	956,701,192	23.50	22,482,478,012.00	0.50	1.04	22.60	0.45	1.91
7	Maureen Laboratories	68,000,000	0.27	18,360,000.00	0.50	0.00	0.00	-	-
8	May & Baker Nigeria Plc	700,000,000	13.43	9,401,000,000.00	0.50	0.46	29.20	0.30	2.23
9	Morison Industries Plc	91,307,250	2.71	247,442,647.50	0.50	0.06	45.17	0.10	3.69
10	Neimeth Int'l Pharm	1,540,573,815	5.20	8,010,983,838.00	0.50	0.21	24.76	0.15	2.88
11	Pharma - Deko Plc	100,000,000	4.95	495,000,000.00	0.50	0.00	0.00	0.20	4.04
<b>Hotel &amp; Tourism</b>									
1	Ikeja Hotel Plc	1,732,330,330	6.50	11,260,147,145.00	0.50	0.34	19.12	-	-
2	Tourist Comp. Of Nigeria Plc	1,611,850,000	3.15	5,077,327,500.00	0.50	0.00	0.00	-	-
<b>Industrial/ Domestic Products</b>									
1	Alumaco Plc	63,000,000	3.90	245,700,000.00	0.50	0.61	6.39	0.05	1.28
2	Aluminium Extrusion Ind.	100,000,000	2.50	250,000,000.00	0.50	0.21	11.90	0.10	4.00
3	B.O.C. Gases Plc	393,120,000	9.50	3,734,640,000.00	0.50	0.41	23.17	0.18	1.89
4	Epic Dynamics Plc	120,000,000	0.37	44,400,000.00	0.50	0.00	0.00	-	-
5	First Aluminium Nigeria	1,241,790,155	2.28	2,831,281,553.40	0.50	0.00	0.00	0.05	2.19
6	Liz. Olofin And Co. Plc	50,000,000	1.74	87,000,000.00	0.50	0.00	0.00	0.05	2.87
7	Nig. Enamelware Co Plc	48,000,000	12.00	576,000,000.00	0.50	0.36	33.33	0.50	4.17
8	Nigerian Lamps Ind. Plc	100,000,000	0.33	33,000,000.00	0.50	-	-	-	-
9	Niyamco Plc	30,375,000	1.90	57,712,500.00	0.50	0.00	0.00	0.30	15.79
10	Oluwa Glass Company	75,723,840	1.26	95,412,038.40	0.50	0.00	0.00	0.05	3.97
11	Vitafoam Nig. Plc	819,000,000	9.82	8,042,580,000.00	0.50	0.47	20.89	0.12	1.22
12	Vono Products Plc	300,000,001	4.40	1,320,000,004.40	0.50	0.00	0.00	0.20	4.55
<b>Insurance</b>									
1	Acen Insurance Plc	600,000,000	0.95	570,000,000.00	0.50	0.12	7.92	0.10	10.53
2	Alico Insurance Plc	1,691,666,667	3.43	5,802,416,667.81	0.50	0.26	13.19	0.10	2.92
3	Amicable Assurance Plc	310,510,521	0.73	226,672,680.33	0.50	0.00	0.00	0.02	2.74
4	Baico Insurance Plc	247,500,000	2.57	636,075,000.00	0.50	0.18	14.28	0.10	3.89
5	Confidence Insurance Plc	211,626,000	0.64	135,440,640.00	0.50	0.05	12.80	0.03	4.69
6	Continental Reinsurance Plc	10,372,774,316	3.86	40,038,908,859.76	0.50	0.00	0.00	-	-
7	Cornerstone Insur. Com.	5,059,226,953	4.60	23,272,443,983.80	0.50	0.16	28.75	0.04	0.87
8	Crusader Insurance	3,325,257,107	6.50	21,614,171,195.50	0.50	0.19	34.21	0.19	2.92
9	Custodian And Allied Insurance Plc	4,000,000,000	4.83	19,320,000,000.00	0.50	0.19	25.42	-	-
10	Equity Assurance Plc (First Assurance)	6,949,767,966	2.35	16,331,954,720.10	0.50	0.00	0.00	0.05	2.13
11	Great Nigerian Insurance Plc	1,500,000,000	3.80	5,700,000,000.00	0.50	0.00	0.00	-	-
12	Guinea Insurance	720,000,000	3.50	2,520,000,000.00	0.50	0.28	12.50	0.03	0.86
13	Intercontinental Wapic Insurance Plc	4,218,169,999	9.29	39,186,799,290.71	0.50	0.23	40.39	0.17	1.83



14	International Energy Insurance	16,509,670,584	1.93	31,863,664,227.12	0.50	0.04	48.25	-	-
15	Lasaco Assurance Plc	1,411,200,000	4.41	6,223,392,000.00	0.50	0.8	7.00	0.05	1.13
16	Law Union & Rock Ins. Plc	3,437,330,500	4.41	15,158,627,505.00	0.50	0.15	29.40	0.15	3.40
17	Linkage Assurance Plc	4,083,713,569	3.87	15,803,971,512.03	0.50	0.05	77.40	0.08	2.07
18	Mutual Benefit Ass. Plc	5,911,528,335	4.44	26,247,185,807.40	0.50	0.08	55.50	0.06	1.35
19	N.E.M. Insur. Co. (Nig) Plc	5,029,250,734	3.92	19,714,662,877.28	0.50	0.06	65.33	0.02	0.51
20	Nfi Insurance Plc	1,120,800,000	3.52	3,945,216,000.00	0.50	0.10	35.20	0.05	1.42
21	Niger Insura. Co (Nig) Plc	3,950,856,643	6.70	26,470,739,508.10	0.50	0.17	39.41	0.15	2.24
22	Oasis Insurance Plc	5,003,506,791	2.36	11,808,276,026.76	0.50	0.00	0.00	-	-
23	Prestige Assur. Co. Plc	1,719,987,726	8.90	15,307,890,761.40	0.50	0.29	30.69	0.15	1.69
24	Royal Exchange Assur.	2,818,611,783	5.25	14,797,711,860.75	0.50	0.10	52.50	0.05	0.95
25	Security Assurance Plc	180,000,000	0.81	145,800,000.00	0.50	0.00	0.00	0.07	8.64
26	Sovereign Trust Insurance	3,243,167,216	4.23	13,718,597,323.68	0.50	0.12	35.25	0.06	1.42
27	Staco Insurance Plc	4,829,477,966	3.86	18,641,784,948.76	0.50	0.16	24.13	-	-
28	Standard Alliance Ins.	3,643,173,450	4.25	15,483,487,162.50	0.50	0.12	35.42	0.10	2.35
29	Sun Insurance Plc	225,000,000	0.59	132,750,000.00	0.50	0.05	11.80	0.06	10.17
30	Unic Insurance Plc	2,581,733,505	4.31	11,127,271,406.55	0.50	0.12	35.92	0.05	1.16
<b>Mechineries (Marketing)</b>									
1	Nig. Sew. Mach. Man. Co.	5,880,000	0.15	882,000.00	0.50	-	-	-	-
2	Stokvis Nig. Plc	2,918,000	0.14	408,520.00	0.50	0.00	0.00	0.00	0.00
<b>Leasing</b>									
1	C & I Leasing Plc	600,000,000	8.10	4,860,000,000.00	0.50	0.20	40.50	0.16	1.98
<b>Managed Funds</b>									
1	Deap Capital Management Plc	1,000,000,000	4.02	4,020,000,000.00	0.50	0.09	44.67	-	-
2	First Capital Inv. Trust	60,000,000	0.45	27,000,000.00	0.50	0.00	0.00	-	-
3	Nig. Energy Sector Fund	2,500,000	665.23	1,663,075,000.00	1,000.00	30.31	21.95	76.00	11.42
4	Nig. Int'l Fund Plc (100\$Pa	160,000	5,692.74	910,838,400.00	8,550.00	139.91	2.66	221.03	3.88
<b>Maritime</b>									
1	Japaul Oil & Maritime Serv.	1,166,196,180	8.00	9,329,569,440.00	0.50	0.35	22.86	0.11	1.38
<b>Mortgage Companies</b>									
1	Union Homes Savings & Loans	6,250,000,000	7.24	45,250,000,000.00	0.50	0.18	40.22	0.05	0.69
<b>Packaging</b>									
1	Abplast Products Plc	25,000,000	1.01	25,250,000.00	0.50	0.00	0.00	0.08	7.92
2	Avon Crowncaps & Cont.	569,978,774	5.40	3,077,885,379.60	0.50	0.25	21.60	0.10	1.85
3	Beta Glass Co. Plc	454,520,000	21.43	9,740,363,600.00	0.50	1.45	14.78	0.15	0.70
4	Greif Nigeria ( Van Leer Cont.)	42,640,000	2.13	90,823,200.00	0.50	5.04	0.42	0.20	9.39
5	Nampak Nigeria Plc	214,083,618	7.40	1,584,218,773.20	0.50	0.18	41.11	0.10	1.35
6	Poly Products (Nig) Plc	240,000,000	2.42	580,800,000.00	0.50	0.00	0.00	0.05	2.07
7	Studio Press (Nig) Plc	56,000,000	1.62	90,720,000.00	0.50	0.13	12.46	0.12	7.41
8	W.A. Glass Ind Plc	199,066,550	0.54	107,495,937.00	0.50	0.00	0.00	-	-
<b>Petroleum (Marketing)</b>									
1	African Petroleum Plc	744,955,556	207.00	154,205,800,092.00	0.50	2.85	72.63	1.00	0.48
2	Afroil Plc	107,273,174	11.06	1,186,441,304.44	0.50	0.00	0.00	0.02	0.18
3	Chevron (Nig) Plc	253,988,672	160.00	40,638,187,520.00	0.50	6.20	25.81	4.10	2.56
4	Conoil Plc	693,952,940	84.18	58,416,958,489.20	0.50	3.66	23.00	2.75	3.27
5	Eternal Oil & Gas Plc	454,181,818	16.00	7,266,909,088.00	0.50	0.00	0.00	0.08	0.50
6	Mobil Oil Nig. Plc	240,396,842	180.00	43,271,431,560.00	0.50	7.58	23.75	9.10	5.06
7	Oando Plc	754,070,543	122.60	92,449,048,571.80	0.50	4.88	25.12	4.00	3.26
8	Total Nigeria Plc	339,521,837	180.00	61,113,930,660.00	0.50	8.71	20.67	6.60	3.67
<b>Printing And Publishing</b>									
1	Academy Press Plc	151,200,000	5.42	819,504,000.00	0.50	0.17	31.88	0.06	1.11
2	Daily Times Plc	24,000,000	0.69	16,560,000.00	0.50	0.00	0.00	0.06	8.70
3	Longman Nigeria Plc	176,400,000	18.00	3,175,200,000.00	0.50	1.36	13.24	0.40	2.22
4	University Press Plc	295,584,105	8.45	2,497,685,687.25	0.50	0.43	19.65	0.30	3.55



1	<b>Real Estate</b>								
	Uacn Property Develop.	1,100,000,000	23.37	25,707,000,000.00	0.50	1.01	23.14	0.35	1.50
	<b>Road Transportation</b>								
1	Associated Bus Company Plc	1,507,000,000	2.65	3,993,550,000.00	0.50	0.08	33.13	-	-
	<b>Textile</b>								
1	Aba Textiles	158,543,580	0.91	144,274,657.80	0.50	0.00	0.00	0.20	21.98
2	Asaba Textiles	77,679,400	3.63	281,976,222.00	0.50	0.00	0.00	0.20	5.51
3	Enpee Industries Plc	371,250,000	1.56	579,150,000.00	0.50	0.00	0.00	0.05	3.21
4	Nig. Textile Mills Plc	46,347,231	1.66	76,936,403.46	0.50	0.00	0.00	0.05	3.01
5	United Nig. Textiles Plc	843,284,027	2.85	2,403,359,476.95	0.50	0.00	0.00	0.10	3.51
	<b>The Foreign Listing</b>								
1	Ecobank Transnational	1,346,776,703	217.00	292,250,544,551.00	0.50	9.09	23.87	3.81	1.76



**Section 3**  
**THE COMMISSION**  
**AND**  
**ITS FUNCTIONS**



The activities of the Department from January to December 2007 are hereby summarized:

- The turnover from January to December, 2007 stood at N138.08 billion shares worth N2.086 trillion. This represents over 443.83% of what was recorded in the previous year.
- All-Share Index increased by 24,827.22 points or 74.9%. Opened at 33,163 and closed at 57,990.22 December 31, 2007;
- Market capitalization stood at N10.18 trillion at the end of December 2007 as against N4.223 trillion recorded in January 2007 indicating an increase of N5.957 trillion or 141.1%.
- There were seventeen (17) new listings in Federal Government Stock/State Bonds;
- Twelve (12) equities were listed, five memorandum listings were undertaken while six (6) were delisted. There were sixty (60) supplementary listings;
- Sixty-one (61) stocks were adjusted for dividend and 14,736,894,670 shares of Unity Bank Plc were admitted on the Daily official list at a price of N7.50 for reconstruction;
- The Commission in collaboration with ASCE sensitized quoted companies on the need to patronize the Exchange;
- A paper on "Trading of Crude Oil on the Nigerian Commodity Exchange" was written by the Department;
- Participated in various Trade Fairs to educate and enlighten the public;
- Monitored trading activities at the ASCE;
- Registered sixty-three (63) functions;
- Received three hundred and twelve (312) police clearance report of sponsored individuals; and
- Processed one hundred and seventy-seven (177) applications for renewal of registration.

## **1. Turnover**

The total turnover between January and December 2007 stood at 138.08 billion shares worth N2.086 trillion. This represents over 443.83% of what was recorded in the comparable period of 2006. The Banking sub-sector was the most active sub-sector during the period. High turnover during the review period resulted from the slew of big ticket transactions, portfolio reviews by investors and the released of corporate business result of some blue-chips companies.

## **2. All Share Index**

The All-Share Index which is the aggregate price gains and loses increased by 24,827.22 points or 74.9% during the period. The Index opened at 33,163 at the beginning of January 2007 to close at 57,990.22 by the end December 2007.

## **3. Market Capitalization**

The market capitalization stood at N10.18 trillion at end of December 2007 from N4.223trillion recorded in January 2007, indicating an increase of N5.957 trillion or 141.1%. The increase in the market capitalization is largely attributable to price appreciations recorded by highly capitalized stocks, new listings of equities & Federal Government Bonds and also the listing of supplementary issues.

## **4. New Listing**

### **(a) Federal Government Stock/State Bonds**

- 3-year N36 billion 4<sup>th</sup> FGN Bond Series 7 with a coupon rate of 7.95% and subscription rate of 200%
- 10-year N20 billion 4<sup>th</sup> FGN Bond Series 8 with coupon rate of 9.85% and subscription rate of 176.3%





- 10-year N20 billion 4<sup>th</sup> FGN Bond Series 9A with coupon rate of 9.35% and subscription rate of 203.05%
- 5-year N46 billion 4<sup>th</sup> FGN Bond Series 10 with coupon rate of 9.5% and subscription rate of 105%
- 10-year N20 billion 4<sup>th</sup> FGN Bond Series 9B with coupon rate of 9.35% and subscription rate of 136.45%.
- 7-year N37.19 billion 4<sup>th</sup> FGN Bond Series 11 with coupon rate of 9.25% and subscription rate of 155.3%.
- The 17,500,000 Units Floating Rate Cumulative Irredeemable Convertible Preference Shares at N100 each in favour of Standard Alliance Insurance Plc.
- 7-year N35 billion 4<sup>th</sup> FGN Bond 2014 Series 3. The coupon rate on the bond is 10.75% with a subscription rate of 140.1%.
- 5-year N4.107 billion Federal Government Contractors Bond 2011. The bond was issued to settle debt owed 12 local contractors at a fixed coupon rate of 13.5%.
- The 4-year N11 billion 4<sup>th</sup> FGN Bond 2010 Series 1 The coupon rate on the bond is 10.75%.
- 5-year N35 billion 4<sup>th</sup> FGN Bond 2012 Series 2. The coupon rate on the bond is 9.5% with a subscription rate of 285.1%.
- N65 billion 3year 4<sup>th</sup> FGN Bond 2010 Series 4. The coupon rate on the bond is 9%
- N50 billion 5year 4<sup>th</sup> FGN Bond 2012 Series 5. The coupon rate on the bond is 9.23%
- N45 billion 7year 4<sup>th</sup> FGN Bond 2014 Series 6. The coupon rate on the bond is 9.2%
- N2.46 billion 5year Special FGN Bond for local contractors 2012 with coupon rate of 13.5%.

- N9.2 billion 5year Special FGN Bond for local contractors 2012 with coupon rate of 13.5%
- Intercontinental Bank Plc Convertible Preference Shares

#### (b) Equities

- Big Treat Plc
- National Sports Lottery Plc
- Deap Capital Management Plc
- Continental Reinsurance Plc,
- Custodian & Allied Insurance Plc
- Standard Trust Assurance Plc
- Dangote Sugar Refinery Plc
- Airlines Sources & Logistic Plc
- Oasis Insurance Plc.
- International Energy Ins. Plc
- Ikeja Hotel Plc
- Red Star Express Plc.
- National Sports Lottery Plc

#### (c) Memorandum Quotation

Five Memorandum Listings were undertaken during the period. By this action, the number of managed funds under Memorandum Listing increased to 19. They were:

- 2,066,090,000 Units of UBA Bond Fund
- 2,409,730,000 Units of UBA Equity Fund
- 1,084,700,000 Units of UBA Money Market Fund
- 2,130,730,000 Units of UBA Balanced Fund
- 2,439,084,000 units of Oceanic Vintage Fund

#### 5. Supplementary Listings

During the period, there were sixty-three



Supplementary listing as shown on the attached table.

## 6. Delisting

### (a) Industrial Loans / Preference Shares

- CFAO Redeemable Debenture Stock
- CFAO Plc USDS
- CFAO ( NIGERIA) Ltd
- First FGN Bond 2006 was delisted from the Daily Official List following its maturity and full redemption.

### (b) Equities

- CFAO Nigeria Plc.
- BHN Plc

### Stocks Adjusted for Dividend

Sixty-five stocks were adjusted for dividend during the month as shown on the table attached.

### Share Reconstruction

The 14,736,894,670 reconstructed shares of Unity Bank Plc were admitted to the Daily Official List at a price of N7.50 per share. The listed shares were the outcome of the reconstruction of the post-merger shares of 44,210,684,000 Ordinary Shares.

### Stock Split

On Tuesday, February 13, 2007, Ecobank Transnational Incorporated executed a split of its 611,003,548 ordinary shares of \$0.25 per share into 1,222,007,096 ordinary shares of \$0.125 per share. The price was subsequently halved.

### Special Offer for Sale

Dangote Group, core investor in National Salt Co. of Nig. Plc offered for sale 400 million shares of the salt company in a bid to improve availability and liquidity of the stock on the

Secondary market. The special sale was executed at a price of N22 per share on Friday, June 15, 2007, and involved 179 stockbroking firms who made a total bid for 2.4 billion shares.

### Sector Reclassification

Afprint Nigeria Plc was reclassified from Textiles subsector to Agriculture and Agro-Allied subsector following the cessation of its textile operations since June 30, 2006.

### Change of name

- Standard Trust Assurance Plc was changed to STACO Insurance Plc
- PZ Industries Plc was changed to PZ Cussons Plc
- Wapic Insurance Plc was changed to Intercontinental Wapic Insurance Plc

## 7. Central Securities Clearing System (CSCS)

### Trade Guaranty Fund

The value of the Trade Guaranty Fund stood at N29,479,816.43 and the contributory stockbrokers remained 190 throughout the period. No settlement was made out of the fund

### Complaints Profiles

Thirty-eight complaints were received by the CSCS during the period, twenty-six were resolved and ten are outstanding and have been referred to NSE. None was referred to the Commission.

### Certificates

A total of 1,539,436 certificates were dematerialized and 137 certificates requested by clients were issued during the period.





**8 Other Developments on the Exchange**

As efforts are being put in place to kick off the third-tier securities market which is designed for Small and Medium Scale Enterprises (SMEs), a list of requirements for the listing of companies in the sub-sector were provided on

the floor of the Exchange during the period. The purpose of the third tier market is to help create a platform where small scale indigenous companies would be nurtured and get maximum support that would enable them move to second tier or first tier market.

**9. THE OTC MARKET FOR FEDERAL GOVERNMENT BONDS**

As at December 31<sup>st</sup>, 2007 a turnover of 3,947,284,982 billion Units worth N4,141,556,108,055.43 billion in 30,241 deals was recorded, as shown in the table below:-

PERIOD	DEALS	VOLUME (UNIT)	CONSIDERATION (#)
Jan-07	80	33,673,296	35,960,069,980.14
Feb-07	154	60,271,988	65,344,224,777.80
Mar-07	1,137	138,782,562	147,922,393,947.86
Apr-07	999	109,241,576	116,027,474,766.59
May-07	1,062	173,371,740	185,227,000,470.61
Jun-07	2,625	333,689,290	363,660,563,669.07
Jul-07	3,605	472,733,590	508,259,168,001.70
Aug-07	3,194	407,565,231	420,177,119,015.04
Sep-07	2,184	345,927,594	359,961,932,947.21
Oct-07	5,090	692,912,789	726,360,188,586.17
Nov-07	5,613	681,274,231	707,120,425,066.55
Dec-07	4,498	497,841,095	505,535,546,826.69
<b>TOTAL</b>	<b>30,241</b>	<b>3,947,284,982</b>	<b>4,141,556,108,055.43</b>



▪ **Commodity Exchange**

(a) **Visits to Major Users of the Commodities traded on the Exchange in Nigeria.**

The Department in collaboration with representatives of Abuja Securities and Commodity Exchange (ASCE) visited some identified agencies such as Nestle Plc, Cadbury Nig. Plc and Guinness Nig. Plc on 18<sup>th</sup> and 19<sup>th</sup> January, 2007 to sensitize them on the need for them to patronize the Exchange by purchasing part of their produce through it.

(b) **Participation at International Trade Fairs**

The staff of the Department were present at the Abuja, Kaduna, Enugu, Nasarawa,

Minna and Lagos International Trade Fairs to educate and enlighten the public and some participants on the existence and operations of the Commodity Exchange in Nigeria through:

- paper presentations
- Sale of the Commodity Exchange Project Document; and
- Distribution of Commodity Exchange flyers.

▪ **Commodity Market Watch**

As part of regulatory oversight function of the Commission, the staff of the Department were present at the Abuja Securities and Commodity Exchange (ASCE) trading floor to monitor trading activities every Tuesday and Thursday.

The Exchange was involved in negotiated trade transactions (i.e. trade consummated between the buyer and the seller outside the floor of the Exchange). The following were the negotiated trade transactions consummated at the Exchange:

S/N	Organization/Company	Commodity	Status
1.	Guinness Nigeria Plc	Yellow Sorghum	Transactions concluded
2.	Grand Cereal and Oil Mills Ltd	Soya Beans	
3.	Derivatives Industries Ltd	White sorghum	
4.	Moreson Nigeria Ltd	Soya beans	
5.	Moju Industries Ltd	Sesame Seed	Transactions Yet to be concluded
6.	Consolidated Resources Ltd	Sesame Seed	
7.	Moreson Nigeria Ltd	Sesame Seed	





**REGISTRATION OF MARKET OPERATORS****Fresh Registration Division**▪ **Fresh Application Received**

A total of two hundred and two fresh applications for registration for various functions in the market were received during the period under review.

▪ **Police Clearance Reports**

A total of three hundred and twelve

Police clearance of sponsored individuals were received during the year

▪ **Fresh Registration**

A total of 63 applicants were registered to perform various functions during the period under review as follows:

**FRESH REGISTRATION**

<b>APRIL</b>		
Broker/ dealer	-	6
Fund Managers	-	1
Portfolio Managers	-	1
Registrars	-	1
Solicitors	-	2
Estate Valuer	-	1
<b>JULY</b>		
Broker Dealer	-	7
Fund Managers	-	2
Fund/Portfolio Managers	-	2
Solicitors	-	13
Rating Agency	-	1
Corp. Investments Advisers	-	3
Reporting Accountants	-	3
<b>OCTOBER</b>		
Solicitor	-	1
Trustees/ Fund/Portfolio Mgr	-	1
B/Dealer & Issuing House	-	1
Issuing House, F/Portfolio Mgr	-	1
<b>DECEMBER</b>		
Fund/Portfolio Manager	-	2
Issuing House	-	1
Broker Dealer	-	1
Sub-broker	-	1
Corporate Investment Adviser	-	1
Solicitors	-	9
Reporting Accountants	-	1
<b>OTHER INFORMATION</b>		
Signatory Cards Received	-	46
Fidelity Bonds Field	-	294



## Renewal Division

Between January and 30<sup>th</sup> December, 2007 the department processed 177 applications for renewal of registration.

### Supplementary Listings

During the year, the following supplementary listings were also effected. Detail are as follows:

S/N COMPANY	ADDITIONAL SHARES	REASONS
1. Oceanic Bank International Plc	2,328,401,325	Bonus 1 for 4
2. Unic Insurance Plc	1,786,533,505	Public Offer.
3. United Bank for Africa	1,412,000,000	Bonus 1 for 5
4. ETI Plc	611,003,548	Stock Split of 1 for 1
5. National Salt Co. of Nig. Plc	2,127,908,648	Placement in favour of Dangote Ind. Plc
6. Thomas Wyatt Nigeria Plc	29,125,000	Placement in favour Moorehouse Mgt Ltd
7. R.T. Briscoe Plc	90,768,000	Bonus of 1 for 4
8. Benue Cement Company Plc	309,375,000	Bonus of 1 for 8.
9. Standard Alliance Insurance Plc	1,999,689,000	Conclusion of Public Offering.
10. Nestle Nigeria Plc	132,109,375	Bonus of 1 for 4
11. May & Baker Nigeria Plc	461,102,274	Conclusion of Public Offering
12. Law Union & Rock Insurance Plc	1,800,000,000	Conclusion of Public Offering
13. Mutual Benefits Assurance Plc	3,788,595,000	Conclusion of Public Offering
14. PlatinumHabib Bank Plc	6,435,024,933	Share Reconstruction
15. Ecobank Transnational Incorporated	122,200,710	Bonus of 1 for 10
16. Nigerian Enamelware Plc	28,800,000	Bonus of 1 for 1
17. Nigerian Aviation Handling Co. Plc	450,000,000	Bonus of 3 for 2
18. Ecobank Transnational Incorporated	2,568,898	Staff Scheme Shares
19. The Okomu Oil Palm Plc	158,986,549	Bonus of 1 for 2
20. Crusader Insurance (Nig) Plc	2,340,789,994	Conclusion of Public & Rights Offerings
21. Guaranty Trust Bank Plc	2,000,000,000	Bonus of 1 for 4
22. Union Homes Savings & Loans Plc	3,000,000,000	Conclusion of the co. Rights Issue
23. Prestige Assurance Plc	804,683,500	Conclusion of the company's Public Offer.
24. Dunlop Nigeria Plc	4,016,528,418	Public Offering Rights Offering and Supplementary allotment
25. Livestock Feeds Plc	544,270,000	conclusion of the Rights Issue
26. NBC Plc	9,456,378	following the scrip dividend option
27. Diamond Bank Plc	1,796,305,263	Successful Placing of the shares with Actis DB Holdings Limited.
28. Niger Insurance Plc.	790,167,329	Bonus of 1 for 4
29. UBA Plc	108,428,571	Conversion of the US\$18 million Convertible Loan Stock granted by PAIP-PCAP Sub 2 Ltd
30. DN Meyer Plc	48,581,640	Bonus of 1 for 5
31. FBN Plc	1,746,223,129	Bonus of 1 for 6
32. Zenith Bank Plc	2,316,381,075	Bonus of 1 for 4





Supplementary Listings *cont'd*

S/N COMPANY	ADDITIONAL SHARES	REASONS
33 AIICO Insurance Plc	291,666,667	Bonus of 1 for 6
34 Afribank Nig. Plc	1,021,686,666	Bonus of 1for 5
35 University Press Plc	149,794,966	The conclusion of the Rights Issue
36 Transcorp Nig. Plc	2,899,326,100	Conclusion of the Initial Public Offering
37 Royal Exchange Assurance Plc	1,266,803,144	Right issue
38 Wapic Insurance Plc	3,218,170,000	Combined public offer and supplementary offer
39 Standard Alliance Insurance Plc	172,484,450	Bonus 1 for 20
40 First Assurance Plc	6,467,751,096	Merger of equity Indemnity Insurance Limited and First Assurance Plc
41 Ashaka Cement Plc	243,750,000	Bonus of 1 for 6
42 Guaranty Trust Bank Plc	3,856,000,000	Global Depository receipt (GDR) offering
43 Union Home Savings & Loans	1,256,000,000	Bonus of 1 for 9
44 PZ Cussons Nig. Plc	635,276,327	Bonus of 1 for 4
45 Intercontinental Bank Plc	7,262,535,618	Hybrid offering
46 Nem Insurance Plc	792,088,000	Merger
47 Nem Insurance Plc	3,531,033,835	Right issue
48 Ekocorp Plc	55,514,415	Bonus Issue of 1 for 1
50 Cutix Plc	264,198,304	Bonus Issue of 1 for 1
51 PlatinumHabib Bank Plc	1,608,756,233	Bonus Issue of 1 For 4
52 Law Union & Rock Plc	637,330,500	Conclusion of share placing
53 UBA Plc	2,709,851,409	Conclusion of Right Issue & Public Offer
54 Intercontinental Bank Plc	549,452,531	Conclusion of Public & Rights Offerings
56 Union Bank of Nigeria Plc	1,929,960,896	following the bonus of 1 for 5
57 Evans Medical Plc	44,224,896	following the bonus of 1 for 10
58 Livestock Feeds Plc	630,519,000	following the Placing with three Investors
59 Sovereign Trust Insurance Plc	1,000,000,000	following a supplementary Issue
60 UBA PLC	2,709,851,409	following the conclusion of the Right Issue/ Public Offer

### Stocks Adjusted for Dividend

S/N	COMPANY	DPS
1.	Nigerian Enamelware Plc	N0.50
2.	AG Leventis Plc	N0.10
3.	Nigerian Bottling Co. Plc	N0.30
4.	Nigerian Aviation Handling Co. Plc	N0.30
5.	Ecobank Nigeria Plc	N0.09
6.	UACN Plc	N1.00
7.	Crusader Insurance (Nig) Plc	N0.15
8.	Guaranty Trust Bank Plc	N0.50
9.	UACN Property Dev. Co. Plc	N0.35
10.	Chevron Oil Nigeria Plc	N5.12
11.	Japaul Oil & Maritime Services Plc	N0.11
12.	Intercontinental bank Plc	N0.35
13.	Longman Nigeria Plc	N0.40
14.	Sovereign Trust Insurance Plc	N0.06
15.	Staco Insurance Plc	0.03
16.	Associated Bus Company Plc	0.08
17.	Africa Petroleum Plc	1.00
18.	Nigerian-German & Chemical Plc	N0.45
19.	Access Bank Plc	N0.40
20.	Wapic Insurance Plc	N0.125
21.	Trans-Nationwide Express Plc	N0.10
22.	Ashaka Cement Plc	N1.50
23.	May & Baker Nigeria Plc	N0.30
24.	Neimeth International Pharm Plc	N0.15
25.	Smart Products Nig. Plc	N0.05
26.	Nigerian Energy Sector fund	N13.77
27.	Grief Nig. Plc	N0.20
28.	Nigeria International Debt Fund	N314.86
29.	Presco Plc	N0.60
30.	Niger Insurance Plc	N0.15k
31.	Conoil Plc.	N2.75k
32.	Julius Berger Nig. Plc.	N0.90k
33.	Tripple Gee & Co. Plc	N0.13k
34.	Flour Mills Nigeria Plc	N0.90k
35.	First Bank of Nigeria Plc	N1.00k





**Stocks Adjusted for Dividend cont'd**

S/N	COMPANY	DPS
36	Zenith Bank Plc	N1.00k
37	Afribank Nigeria Plc	N0.30k
38	Diamond Bank Plc	N0.55k
39	IBTC-Chartered Bank Plc	N0.30k
40	Academy Press Plc	N0.06k
41	C & I Leasing Plc	N0.06k
42	Cornerstone Insurance Plc	N0.04k
43	CAP Plc	N0.75k
44	Dangote Sugar Refinery Plc	N0.40k
45	Ekocorp Plc	0.15
46	Dangote Sugar Refinery Plc	0.40
47.	Guinness Nigeria Plc	4.50
48	Cappa & D'Alberto Plc	0.75
49	Cappa & D'Alberto Plc	0.12
50	Adswitch Plc	0.04
51	7up Bottling Co. Plc	1.30
52	Nigerian Breweries Plc	0.55
53	PlatinumHabib Bank Plc	0.70
54	Chellarams Plc	0.15
55	Guaranty Trust Bank Plc	0.25
56	Union Bank of Nigeria Plc	1.00
57	UNIC Insurance Plc	0.05
58	Total Nigeria Plc	3.00
59	Nestle Nigeria Plc	1.75
60	UACN Plc	0.50
61	Avon Crown caps	0.10

**Stock Exchange Division**

1. The Dept. inspected the Abuja, Kaduna and Yola branches of the Nigerian Stock Exchange while the Head office and other branches were inspected by staff of the zonal offices.
2. Inspected the Central Securities Clearing System (CSCS).
3. Conducted reconciliation inspection on twenty-eight (28) stockbroking firms who defaulted in payment of fees.
4. Seven stockbroking firms were suspended from trading as a result of non remittance of SEC fees. However, suspension on five of the companies were subsequently lifted.
5. Staff of the department attended Annual General Meetings (AGMs) of twenty-three (23) quoted companies.
6. Conducted stakeholders' sensitization on e-bonus in Benin.





**Mrs. Mudirat M. Falade**

Deputy Director/HOD Registration and Recognized  
Investment Exchanges.



The operations of Collective Investment Schemes in Nigeria are governed by the provisions of Part XIII, Sections 152 - 196 of the Investments and Securities Acts, No. 29 of 2007 and the Rules and Regulations made pursuant thereof.

#### **A. TRUST SCHEMES**

As at December 2007 there were 31 registered/approved Unit Trust Funds in Nigeria comprised of the following investment class types

- 19 Equity based growth Funds
- 2 Money Market Income Funds
- 1 Bond Fund
- 2 Ethical Funds
- 3 Balanced Fund (mix of equity and money market)
- 1 Real Estate Mutual Fund
- 1 Specialized Oil and Gas Fund

#### **1. Applications Received**

A total of Seven (7) applications for registration of Unit Trust Schemes were received during the year 2007. They include the following:

- i. Anchor Fund for 2,000,000,000 units at N1.00 per unit each at par received from Greenwich Trust Limited as the Issuing House and sponsored by Cashcraft Asset Management Limited.
- ii. Bedrock Fund for 2,000,000,000 units of N1.00 per unit each at par received from Greenwich Trust Limited as the Issuing House and sponsored by Cashcraft Asset Management.

iii. IBTC Guaranteed Income Fund of 10,000,000 units at N100.00 per unit at par received from IBTC Chartered Bank Plc as the sponsor and the Issuing House.

iv. FBN Heritage Fund of 50,000,000 units at N1.00 each at par received from GTB Bank Plc as the Issuing House, sponsored by First Trustees Limited.

v. Union Trustee Mixed Fund of 4,000,000,000 units at N1.00 each received from Union Trustees Limited as the Issuing House, sponsored by Union Bank Plc.

vi. ARM Aggressive Growth Fund of 50,000,000 units at N20 each at par received from Zenith Capital Limited as the Issuing House, sponsored by ARM Asset Management Limited.

vii. Lotus Capital Halal Investment of 1,000,000,000 at N1.00 each received from Vetiva Capital Management Limited as the Issuing House sponsored by Lotus Capital Limited.

#### **2. Approvals Granted**

- i. The Registration and Authorization of the following Funds were approved,



following clearance by the Commission of the allotment proposal of units of the Fund issued to the public:

- DVCF Oil and Gas Plc
- Oceanic Vintage Fund
- Kakawa Guaranteed Income Fund
- Skye Shelter Fund
- IBTC Guaranteed Income Fund

The following Funds were also given approval to hold their Completion Board meeting and open the Offers to the public.

- Union Trustees Mixed Fund
- ARM Aggressive Growth Fund
- FBN Heritage Fund

Applications for the following Funds are under processing.

- Lotus Capital Halal Investment Fund
- Bedrock and Anchor Fund (yet to submit allotment Proposal)

Supplementary Trust Deed in respect of the following Funds were approved following prior review and clearance by the Department

- IBTC Ethical Fund
- Discovery Fund
- A-Z Mutual Fund

### 3. Performance Analysis for Trust Administered Schemes

**Aggregate Value of Investment (Table 4):** The aggregate value of investment of all registered unit trust and investment trust schemes grew at an average mean (geometric mean) rate of 53% over a three year period from 2004 to 2007 with the highest rate of increase (i.e. 80%) in year 2006.

#### ii. Aggregate Net Asset Value (Table 1):

At 53% this exactly mirrors the annualized mean rate of growth as aggregate value of investments by the Fund

#### iii. Aggregate Realized Income (Table 2):

Until the 632.8% increase recorded in the current year, aggregate realized income had been on the decline from year 2004 till 2006 when an increase occurred. This resulted in an annualized net rate of 20% decline in the aggregate realized income reported by the Funds.

The implication of this is that returns/yield to investors as recorded by the Funds were more of Capital appreciation over the years than realized income flow.

Accordingly in this regard, aggregate realized income as a percentage of aggregate Net Asset Value of the Fund from 2004 to 2007 were 13.8%, 3.7%, 0.42% and approximately 2.0% respectively.

#### iv. Rate of Public Subscription on Initial Offer:

An eleven year review of public response to initial offer of units of Unit Trust Schemes from inception in 1991 till 2006 showed an annualized mean rate of growth of 52.86% over the eleven years period showing an increasing public participation in investment in Unit Trust Schemes.

Years 2005 and 2006 recorded oversubscription of 113% and 112% respectively

### 4. Inspection

#### i. Onsite Inspection

The Department carried out onsite inspections on sixteen (16) different Schemes in the





year under review. The inspections covered:

- Routine inspection of Unit Trust Scheme
- Pre-registration inspection
- Pre-terminal inspection
- Post allotment inspection

The Department also carried out special inspection on the operations of twenty-four (24) illegal Ponzi Schemes in Lagos and Ibadan axis during the year under review.

## ii. Offsite Inspection

Offsite Inspection by way of analysis of statutory monthly/quarterly returns were undertaken during the year of review on registered Unit trust Schemes. Recommendations were made on observed deficiencies and appropriate remedial actions were communicated and enforced by the Department.

## 5. Annual Reports and Audited Accounts

The Commission had received from some of the Schemes their annual reports and audited accounts during the year under review. A total of eleven (11) such reports and audited accounts were received by the Department. Some of the reports were cleared by the Commission and approval given for the Funds to convene their Annual General Meeting.

## 6. Annual General Meeting

The following Funds held their Annual General Meeting during the year:

- IBTC Nigerian Equity Fund
- ARM Discovery Fund
- Coral Income Fund
- Coral Ethical Fund
- Coral Growth Fund

## 7. Liquidation

In the year under review, three Funds were earmarked for liquidation. They are at various stage of the process of final liquidation.

- Center point unit trust
- First Interstate Unit Trust and
- Gloria Unit Trust

## Problem/Observation with distressed Schemes

In the course of the Commission carrying out its statutory responsibilities, certain challenges affecting the operations and performance of the Funds were identified as follow:

- Failure to submit monthly and quarterly returns including the audited accounts to the Commission within a reasonable time.
- Failure to follow the returns format in the submission of returns.
- Conflict between the Trustee and Fund Manager in certain cases over the management/operation of the Fund.
- Lack of good record keeping where information are not adequately provided for when the need arises.
- Lack of adherence to investment objectives as agreed and signed upon in the Trust Deed.
- Relocation of offices by some Fund Managers or parties to the Fund without passing information on the new address to the Commission

## 8. Change of Name

Intercontinental Capital Markets Limited had applied for the change of name of the Fund managed by it and Registrars to the Fund respectively from A-Z Mutual Fund and City



Securities (Nig.) Limited to Intercontinental Integrity Fund and Intercontinental Registrars respectively. Application was approved by the Commission

## B. Venture Capital

Venture Capital Division was from inception primarily charged with the responsibilities of registration and regulation of the activities of Venture Capital Managers as well as fosters the development of that sub-section of the capital market.

### 1. Application Received

One application was received from Consortium Venture Capital Company Limited in the month of November. The application is yet to be approved

### 2. Approved Schemes

Since inception, the Commission has registered a total number of eleven (11) Venture Capital Fund management Companies; namely:

- SME Managers Limited
- Amalgamated Capital Fund Limited
- Deap Capital Management and Trust Ltd
- IBTC Ventures Limited
- Enterprise Capital Management Limited
- First Funds Limited
- Fidelity Union Securities Limited
- Spring Capital Market Limited
- Intercontinental Capital Market Limited
- HNB Trustees Limited
- Citizens Investment & Securities Limited

Out of these, five are active and managing a total of N5,762 billion on behalf of their clients/parent companies. The break down is shown below:

Active Schemes	Amount under management
Deap Venture Capital Management & Trust Limited	48,763,000.00
Intercontinental Capital Market Limited	1,527,531,700.00
SME Managers Limited	1,377,567,154.00
First Funds Limited	4,040,590,723.70
IBTC Ventures Limited	295,645,707.82
<b>Total Funds being managed by the five active Scheme as at December 2007</b>	<b>7,290,098,285.52</b>





HNB Trustees has wound-up its operation, while the remaining four schemes are presently not active due to non availability of fund from their various sources of funds. They are as follows:

- Enterprise Capital Management Limited
- Spring Capital Market Limited
- Fidelity Union Securities Limited
- Amalgamated Capital Funds Limited

### 3. Quarterly Returns

#### (Off-site Inspection)

Submission of periodic returns to the Commission is a requirement which must be compiled by all Capital Market operators as it is contained in Rule 283 (n).

In line with the Commission's requirement, the active Venture Capital companies/Schemes have been consistent in submitting their periodic returns (quarterly returns) to the Commission.

Based on the quarterly returns analysed, attached is a detail analysis of equity investment by these active Venture Capital Managers in SMEs for the year 2007.

#### Summary of Analysis

- (i) First Funds Limited disbursed more during the year under review when compared to the previous year i.e. 2006. A total N4,040,590,723.70 was disbursed this year as against N2,732,922,154.10 in the year 2006 an increase by 47.84%
- (ii) SME Managers Limited in 2006 disbursed a total of N216,100,000 and in year 2007 the sum of N2,571,842,145 an increase by 1,090% of N2,355,742,145.
- (iii) IBTC Ventures Limited disbursed

N569,769,652.36 in the year 2006 and N295,645,707.82 in the year 2007, a decline by 48.1% of (N274,123,944.54).

- (iv) Deap Venture Capital Fund (Oil and Gas) disbursed the of N48,763,000) in the present year which is their first year of operation.

The remaining six funds have not submitted any report on their activities for the year 2007.

#### On-site Inspection

During the year under review, Deap Venture Capital Fund (DVCF) Oil and Gas Company was inspected.

### C. Community Savings Unit

Applications for registration of Community Savings Schemes were received from the following companies:

- a) G. Akomas & Partners
- b) Mega Asset Management Limited
- c) Dascom 4 Real International.
- d) Legacy the SMEs Development Company Limited

Acknowledgement letters were forwarded to the companies, pending management decision on registration of Community Savings Schemes.





**Mr. Yusuf M. Aminu**

Deputy Director/HOD Collective Investment Services



**D**uring the year under review the Research and Planning Department carried out the following activities:

#### **A. PUBLIC ENLIGHTENMENT PROGRAMMES**

##### **State Enlightenment Workshops**

The Commission organized two enlightenment workshops in Ebonyi and Cross River States in October and November 2007 respectively. The workshops specifically examined the capital market as an option for financing the industrial development of the states. In addition, the workshops also provided the fora for discussing the investment opportunities available in the market and a Teachers' forum held in Ebonyi State to sensitize secondary school teachers in preparation for the introduction of capital market studies at the senior secondary school level.

##### **The FCT Bond Workshop**

A workshop with the theme Utilizing the Bond Market for Infrastructural Development was held in February, 2007. The workshop was organized to encourage the FCT administration, States and Local Governments around the FCT to access the bond market in developing infrastructure in their constituencies. Similar workshops were held in Abeokuta and Kano.

##### **The highlights of the workshop were:**

- The need to broaden the securities market in order to accommodate debt instruments
- Bond as a means to reducing the governments deficit financing
- A stable macro-economic environment which promotes an efficient Bond market
- The need for States and Local

Governments to ensure probity, accountability and transparency in the management of resources. This would help promote adherence to good corporate governance.

- CBN to ensure removal of all negative impediments to the growth of Bond market
- SEC to promote the growth of the market, by downward review of the cost of offers as well as granting of waiver on stamp duties, reduction of withholding tax on coupon and other financial and fiscal incentives
- The need for flexible time/period for issues
- A more comprehensive oversight function and aggressive on-site and off-site inspection should be carried out by SEC, with a view of protecting the investors. Thus, a call was made for SEC and all stakeholders to put all machineries in place for extensive information dissemination by way of seminars, workshops and conferences.
- Need for a controlled benchmark that would stand policy changes
- Underwriting of securities which was emphasized should be extended to debt instruments.

##### **Introduction of Capital Market Studies to Tertiary Institutions**

During the period under review, capital market studies was introduced as a course in the Faculty of Social Science, University of Benin. Plans for the commencement of a similar course in Ebonyi, Nassarawa and Anambra State Universities respectively are on.

##### **Student Excursion**

The Commission hosted students from nine (9)





educational institutions on excursion to its headquarters. The schools are Benue State University, Adekunle Ajasin University-Ondo State, ABU, Zaria, Nassarawa State University, Kogi State University, University of Abuja, Federal Polytechnic Offa, Plateau Polytechnic, and Ebonyi State University.

### Trade Fairs

As part of its public enlightenment campaign, the Commission participated at the following trade fairs: Abuja International Trade Fair (2nd-13th February, 2007), Kaduna International Trade Fair (23rd February, 2007), Ogun (Abeokuta) National Trade Fair and Seminar (17th-25th May, 2007), Nassarawa Domestic Trade Fair (21st-30th September, 2007), and Niger State Trade Fair (11th-18th August, 2007).

## B. PUBLICATIONS

The following publications were produced in 2007:

1. Resuscitating the Nigerian Corporate Bond Market
2. Issues in Capital Market Development (vol. IV)
3. SEC in the Implementation of the Federal Government Economic Reform Programmes
4. Securities Market Journal (SMJ) 12th Edition
5. SMJ 2006 Edition
6. SEC Quarterly

Work also commenced on the upgrading of the following publications during the year:

1. Commodity Exchange: What you need to know
2. SEC CD-ROM
3. Financing the States Through The Capital Market

4. Issues in Capital Market Development Vol. III

Work on the final processes for the production of the proceedings of the 2006 National Capital Market Conference was concluded during the year under review.

## C. INTERNATIONAL RELATIONS

### 32ND IOSCO ANNUAL CONFERENCE, 2007

The Commission attended the 32nd IOSCO Annual Conference hosted by SEBI, India in Mumbai in April, 9 – 12, 2007.

An annual conference is usually organized to provide avenues for the meeting of all members of IOSCO to discuss and take positions on issues and challenges confronting capital market regulation globally. The conference offers capital market participants, experts, technology vendors, media representatives, securities business magnates, development agencies such as International Monetary Fund (IMF), World Bank, etc opportunities to interact.

Participation in all these activities enable the Commission and indeed the Nigerian capital market to benefit and to share experiences with its global counterparts.

### 18TH INTERNATIONAL ORGANISATION OF SECURITIES COMMISSIONS (IOSCO) AFRICA/MIDDLE EAST REGIONAL COMMITTEE (AMERC) MEETING AND CONFERENCE

The Commission in collaboration with CMA, Egypt organized and coordinated the AMERC meeting and conference hosted by Egypt on February 20 – 22, 2007 which the Commission was also in attendance.





During the AMERC meeting, the regional committee reviewed its activities vis a vis the IOSCO mandates. Discussions focused on the IOSCO Strategic Direction to determine, how far AMERC member countries have complied.

Reports were also presented from the two AMERC Working Groups: WG I (Developing Bond Markets in AMERC countries) and WGII (Strategic Keys to Attract the Right Companies to Securities Markets).

At the end of the meeting, it was agreed that there was the need for regulators to work closely with relevant stakeholders towards better regulation of the securities industry. Enlightenment campaign in different segments of the market was also advocated. i.e. for the operators, stakeholders, investors; media etc. The need for more SROs working closely with the regulators was also suggested.

The Chairman of AMERC, Musa Al-Faki (DG, SEC) also re-iterated the need for enhanced communication in the region among others.

#### **BILATERAL MEMORANDA OF UNDERSTANDING (MOUs)**

- a. At the 32nd IOSCO Annual Conference in Mumbai, Nigerian SEC and the Securities Exchange Board of India (SEBI) signed a bilateral Memorandum of Understanding (MOU) on April 10, 2007. The aim of this MoU is to facilitate information exchange for co-operation and consultation and capacity building.
- b. The Commission also signed a bilateral MOU with the Securities Commission of Malaysia on the 15th of November 2007. The signing ceremony took place at the Head office of the Securities Commission of Malaysia in Kuala Lumpur, Malaysia.

The bilateral MoU between the two jurisdictions will sustain and strengthen the existing cordial relationship and will further promote cooperation by exchange of information and capacity building.

#### **SEC DISPLAY BANNERS**

Display Board/banners were produced to give an insight of the functions of the Commission and to raise awareness of the potentials of the Nigerian capital market to international investors particularly Nigerians in the diaspora.

These banners will be sent to various Nigerian Embassies and High Commissions in China, Germany, France and South Africa. Three have already been sent to the Nigerian High Commission in London.

#### **D. OTHER ACTIVITIES OF THE DEPARTMENT DURING THE YEAR UNDER REVIEW**

- The Department acted as secretariat to the Capital Market Committee (CMC) and the SEC/AIHN meetings. Both meetings were successfully organized during the period under review.

Issues discussed/addressed by SEC/AIHN forum included among others,

- Pre-Marketing/ Book Building
- Underwriting
- Firm Underwriting
- SEC/AIHN proposed National Conference on 7-Point Agenda of the Federal Government.
- The Department successfully organized a one day stakeholders interactive session on Mortgage – Backed Securities. Some of





The need for the stakeholders to initiate a proposal for amendment of the Land Use Act and other related legislations that impede Securitization transactions in Nigeria.

- The Securities and Exchange Commission to drive the process of MBS/ABS in Nigeria by setting a Committee to take a deeper look into the issue of Securitization.
- Other critical issues such as Title and Mortgage Insurance, credit enhancement etc need to be looked into as appropriate.
- The urgent need to build capacity by both the regulators and the operators.

The Department also organized a one-day stakeholders interactive session on compliance to Rules and Regulation in the Nigerian capital market.

The Session, among other things, concluded that:

- Fidelity bond had not been fully utilized in the market and it is the duty of the operators to call on their insurance companies for payment anytime the need arises and not SEC as they always thought.
- Corporate Affairs Commission (CAC) and Federal Inland Revenue should give same tax rebate to market operators as they did to banks during the consolidation exercise.
- The recapitalization and possible consolidation of capital market operators' exercise will not have any social consequences as some people are anticipating because a similar exercise in

the banking sector did not cause any.

- All market operators should have a Corporate Governance Department.

The Department reviewed the 2007 federal government budget and implication for the capital market. This was followed up with a quarterly analysis of the performance of the economy in the year. In addition to this, the department collated and analyzed data from the primary and secondary market for use of all stakeholders in the market.

- **Monthly Management Meeting:** The Department served as the secretariat for the monthly management meeting which is usually attended by Directors, Heads of Departments / Zonal Offices, and some strategic units in the Commission.

- **Plans Monitoring Exercise:** The Department carried out the Annual work-plan monitoring and evaluation exercise for all Departments and Zonal offices of the Commission. The exercise was to ascertain the level of implementation of the Commission's Year 2007 Action plan.

Salient gaps identified as well as remedies were communicated to Management which took appropriate actions to address them.

- **SERVICOM Monitoring:** The SERVICOM unit of the Commission domiciled in the Research and Planning Department liaised with all Departments to ensure the Commission complied with the SERVICOM work ethics/principles.

## E. LIBRARY AND INFORMATION SERVICES

The library added a total of 199 titles to existing stock during the year. Also 258 titles were delivered to the Lagos, Port Harcourt and Kano Zonal offices.







**Mr. Sylvester O. Akele**

Director/HOD Research & Market Development

## INVESTMENT DIVISION

A total of fifty four (54) offers were approved during the year under review. The breakdown is as follows:

- Seventeen (17) Offers for Subscription of 40,048.77 million ordinary shares, valued at N609,450.8 million were floated.
- Fourteen (14) Rights Issues of 10,298.09 million ordinary shares, valued at N94,879.42.
- Seven (7) Private Placements of 9,787.00 million ordinary shares, valued at N23,532.52.
- Twelve (12) Supplementary Offers of 20,648.09 million ordinary shares, valued at N4,706,141 million.
- Two (2) Conversions (loan to equities) resulting to 4,108,430,000 ordinary shares valued at N46,277,030,000.
- Two (2) Global Depository Receipts (GDRs) valued at US\$1.250 billion.

## Bonus

Bonus securities registered during the year under review were as follows:

- Thirty six (36) Bonus Issues of 28,789.16 million ordinary shares, valued at N16,283.78.
- Twenty six (26) Existing Securities of 70,832.09 million ordinary shares, valued at N37,971.20 million.
- Two (2) Shares Reconstruction of 15,958.9 million ordinary shares valued at N26,963.38.

## Allotment

A total number of sixty two (62) allotment proposals were cleared by the Department and the breakdown is as follows:

Offer for Subscription *	-	16
Rights Issue	-	21
Private Placement	-	11
Offer for Sale	-	1
Supplementary Offer	-	13

\* This component includes one (1) bond Issue, one (1) Redeemable Preference Share Issue and GDR issues.

### \* These offers includes GDR component

55. Fidelity Bank	GDR	\$250M	21/8/2007
56. Access Bank	GDR	\$300M	23/7/2007
57. First Bank	GDR	N100Bill	7/5/2007
58. FCMB	GDR	\$100M	7/2/2007
59. UBA	GDR	N2.6Bill	23/2/2007





**MERGERS & TAKEOVERS**

During the year 2007, the Department received twenty four (24) new applications. 21 applications were approved; this includes applications brought forward from the previous periods. The breakdown of the applications approved showed that twelve (12) were for Mergers, eight (8) for Acquisitions and one (1) for corporate restructuring.

These applications were mostly insurance companies, Banks (Universal and Community Banks), and Petroleum marketing companies and this was due to the insurance sector consolidation which had a deadline of February 2007 as well as banks' competitive repositioning and the directive by the Central Bank of Nigeria (CBN) for all community banks to convert to Micro-finance institutions on or before December 31, 2007 among others. Two of the approved applications were from Oando Plc, which successfully Spined - off its marketing section into an independent entity named Oando Marketing Limited.

Two of the approved applications were from Oando Plc, which successfully Spined off its marketing section into an independent entity named Oando Marketing Limited.

Oando Plc also obtained approval for the Scheme of Arrangement involving itself, Ocean and Oil Investments and the twelve (12) identified shareholders of Gaslink.

The Department work compared favorably with year 2006 where thirteen (13) mergers and ten (10) Acquisitions and Takeovers applications were approved.

**List of Merger Applications Received**

1. Continental Reinsurance Plc and Globe Reinsurance Plc

2. Kapital Insurance Company Ltd, Intercontinental Assurance Company Ltd and Global Commerce & General Assurance Ltd
3. Lasaco Assurance Plc and Elmac Insurance Ltd
4. Big Treat Ltd, Happy Bite Confectionery Ltd Bakers Delight Confectionery Ltd and Happy Chef Restaurants Ltd
5. Tower Aluminium (Nigeria) Plc and Cook N' Lite (Nigeria) Plc
6. Ecobank (Nigeria) Plc and Sterling Bank Plc
7. GTI Insurance Company Ltd, Hallmark Assurance Plc and Anchor Insurance Ltd
8. Investment and Allied Assurance Company Ltd, Gold Standard Insurers Ltd and Blue Shield Insurance Company Ltd

**Received Acquisition Applications**

- Acquisition of Vintage Community Bank Ltd by New Life Community Ltd
- Acquisition 50.7% paid up share capital of Cement Company of Northern Nigeria Plc by Damnaz Cement Company Ltd
- Acquisition of Gold Standard Insurers Ltd and First Chartered Insurance Company Ltd by Investment and Allied Assurance Company
- Acquisition of PHB Assets Management Ltd by Platinum Capital Ltd
- Acquisition of Nokia West Africa Nigeria Ltd and Siemens Nigeria Ltd by Nokia Siemens Network Nigeria Ltd
- Acquisition of Niger Delta Petroleum Resources Ltd by Niger Delta Exploration & Production Plc
- Acquisition of Chemur Ltd by Niger Delta Exploration & Production Plc
- Transfer of all the assets and business



undertakings of Food, Agro and Allied Industry Ltd, International Beer and Beverage Industry Ltd and Sona Breweries Plc to Sona System Associates Business Management Ltd  
Acquisition of Piccadily Insurance Ltd by

Zenith General Insurance Ltd

- Acquisition of 51% interest of GTI Insurance Ltd by Platinum Habib Bank Plc
- Acquisition of Hallmark Assurance Plc and Nigerian General Insurance Ltd by Consolidated Risk Insurers Plc
- Acquisition of Corporate Ideals Insurers Ltd by Oceanic Bank Plc
- Acquisition of World Wide Insurance Ltd by Mutual Benefits Assurance Plc
- Acquisition of Perpetual Assurance Company Ltd by Standard Alliance Insurance Plc
- Acquisition of Kudandami Community Bank Nig Ltd by Gyellesu Community Bank Nig Ltd
- Scheme of Arrangement involving Oando Plc, Ocean & Oil Investments Ltd & the 12 Shareholders of Gaslink



## Approved Merger &amp; Acquisition Transactions in 2007

## Mergers

S/N	Merging Companies	Resultant Company
1.	<p>Sterling Assurance Nig Ltd, Newline Insurance Company Ltd and Universe Reinsurance Co. Ltd</p> <p><b>Share Exchange Ratio:</b></p> <p>1 ordinary share of N1.00 each in Sterling Assurance in exchange for every 2 ordinary shares of N1.00 each in Newline Insurance Ltd.</p> <p>10,000 ordinary shares of N1.00 each in Sterling Assurance in exchange for every 1 ordinary share of N1, 000 each in Universe Reinsurance.</p>	Sterling Assurance Nig Ltd.
2.	<p>Linkage Assurance Plc and Central Insurance Company Ltd.</p> <p><b>Share Exchange Ratio:</b></p> <p>200 Ordinary shares of 50 kobo each in Linkage Assurance in exchange for every 119 ordinary shares of N1.00 each in Central Insurance Company Ltd.</p>	Linkage Assurance Plc.
3.	<p>Regency Insurance Plc, Destiny Insurance Company Ltd, Nigerian Alliance Assurance Corporation Ltd, and Capital Express General Insurance Ltd.</p> <p><b>Share Exchange Ratio:</b></p> <p>6 ordinary shares of 50 kobo each in Regency Alliance in exchange for every 5 ordinary shares of Regency Insurance.</p>	Regency Alliance Insurance Plc.



	<p>26 ordinary shares of 50 kobo each in Regency Alliance in exchange for every 20 ordinary Shares in Destiny Insurance Company Ltd.</p> <p>14 ordinary shares in Regency Alliance in exchange for every 10 Ordinary shares of Nigerian Alliance Assurance Corporation Ltd of N1.00</p> <p>24 ordinary shares of 50 kobo each in Regency Alliance in exchange for every 25 ordinary shares in Capital Express</p>	
4	<p>Capital Express Insurance Company Ltd and Regency Life Assurance &amp; Pension Ltd.</p> <p><b>Share Exchange Ratio:</b></p> <p>1 Ordinary share of N 1.00 each in Capital Express in exchange for every 5 Ordinary shares of 50 kobo each in Regency Life Assurance.</p>	Capital Express Insurance Company Ltd.
5	<p>NEM Insurance Plc and Vigilant Insurance Company Ltd.</p> <p>Share Exchange Ratio:</p> <p>100 Ordinary Shares of 50 kobo each in NEM Insurance in exchange for every 103 ordinary Shares in Vigilant Insurance Company Ltd.</p>	NEM Insurance Plc.





6.	<p>Kapital Insurance Company Ltd, Intercontinental Assurance Company Ltd and Global Commerce &amp; General Assurance Company Ltd.</p> <p><b>Share Exchange Ratio:</b></p> <p>3 Ordinary Shares of N1.00 each in Kapital Insurance in exchange for every 2 Ordinary shares of N1.00 each in Intercontinental Assurance.</p> <p>5 Ordinary Shares of N1.00 each in Kapital Insurance in exchange for every 21 Ordinary Shares of 50 Kobo each in Global Commerce &amp; General Assurance.</p>	Kapital Insurance Company Ltd.
7.	<p>Equity Indemnity Insurance Company Plc and First Assurance Plc.</p> <p><b>Share Exchange Ratio:</b></p> <p>5 Ordinary Shares of 50k each in First Assurance for every 2 Ordinary shares of 50k each in Equity Indemnity Insurance.</p>	Equity Indemnity Insurance Plc.
8.	<p>Crusader Insurance Company Plc and Admiral Insurance Company Ltd.</p> <p><b>Share Exchange Ratio:</b></p> <p>100 Ordinary Shares of 50k each in Crusader Insurance in exchange for every 366 Ordinary Shares of 50k in Admiral Insurance.</p>	Crusader Insurance Plc.
9.	<p>IBTC Chartered Bank Plc and Stanbic Bank (Nigeria) Limited.</p>	IBTC Chartered Bank Plc.



	<b>Purchase Consideration:</b>  6.25 billion IBTC Shares in exchange for the transfer of the assets & liabilities of Stanbic to IBTC.	
10.	Aiico Insurance Plc, NFI Insurance Plc and Lamda Insurance Company Ltd.  <b>Share Exchange Ratio:</b>  2 ordinary shares of 50 kobo each in Aiico in exchange for every 3 ordinary shares of N1.00 each in NFI Insurance Plc.  100 ordinary shares of 50 kobo each in Aiico in exchange for every 117 ordinary shares of N1.00 each in Lamda Insurance.	Aiico Insurance Plc.
11.	Royal Exchange Nig Plc, Phoenix Assurance of Nigeria Plc and African Prudential Insurance Company Ltd.  <b>Share Exchange Ratio:</b>  4 ordinary shares of 50 kobo each in Royal Exchange for every 11 ordinary shares of 50 kobo each in Phoenix Assurance.  1 ordinary share of 50 kobo each in Royal Exchange for every 1 ordinary share of N2.00 each in African Prudential Insurance.	Royal Exchange Assurance Plc.
12.	Custodian & Allied Insurance Plc and Fire, Equity & General Insurance Company Ltd  <b>Share Exchange Ratio:</b>  52 ordinary shares of 50 kobo each in Custodian Insurance in exchange for every 63 ordinary shares of N1.00 each in Fire, Equity & General Insurance	Custodian & Allied Insurance Plc





**Acquisitions**

S/N	Companies Involved	Acquiring Company
1.	<p>Leadway Assurance Company Ltd and Atlantic Assurance Ltd.</p> <p><b>Purchase Consideration:</b></p> <p>Atlantic Assurance Ltd Shareholders received N265.7 million as consideration for the acquisition of the entire shares of the Company.</p>	Leadway Assurance Company Ltd.
2.	<p>Crusader Insurance Plc, Golden Insurance Ltd, Refuge Insurance Ltd, and Royal Trust Assurance Ltd.</p> <p><b>Purchase Consideration:</b></p> <p>1 Ordinary Share of Crusader Insurance in exchange for every 5.82 ordinary shares in Golden Insurance.</p> <p>1 Ordinary Share of Crusader Insurance in exchange for every 3.13 Ordinary Shares of Royal Trust.</p> <p>1 Ordinary share of Crusader Insurance in exchange for every 27.49 Ordinary Shares of Refuge Insurance.</p>	Crusader Insurance Plc.
3.	<p>Diamond Bank Nigeria Plc and African Development Insurance Company Ltd.</p> <p><b>Purchase Consideration</b></p> <p>African Development Insurance Company Ltd Shareholders received N 539,750,000.00 as consideration for the acquisition of 95 % equity holdings in the Company.</p>	Diamond Bank Plc.



4.	<p>Sona Systems Associate Management Ltd, Sona Breweries Plc, Food Agro &amp; Allied Industries Ltd, and International Beer &amp; Beverage.</p> <p><b>Purchase Consideration:</b></p> <p>Sona Breweries Shareholders received N 640,368,000.00 (Six Hundred &amp; Forty Million, Three Hundred &amp; Sixty Eight Thousand Naira Only) as consideration for the acquisition of the entire assets of the Company.</p> <p>Food Agro &amp; Allied Ltd Shareholders received, N661,165,254.55 (Six Hundred &amp; Sixty One Million, One Hundred &amp; Sixty Five Thousand, Two Hundred &amp; Fifty Four Naira, Fifty Five Kobo) Only as consideration for the acquisition of the entire assets of the Company.</p> <p>International Beer &amp; Beverage Industries (Nigeria) Ltd Shareholders received, N227, 514,000.00 (Two Hundred &amp; Twenty Seven Million, Five Hundred &amp; Fourteen Thousand Naira Only) as consideration for the acquisition of the entire assets of the Company.</p>	<p>Sona Systems Associates Management Ltd.</p>
5.	<p>Industrial &amp; General Insurance Ltd (IGI) and Nasal Insurance Ltd.</p> <p><b>Purchase Consideration:</b></p> <p>1 Ordinary Share of IGI in exchange for every 7 ordinary shares of Nasal.</p>	<p>Industrial &amp; General Insurance Company Ltd.</p>





6.	<p>Oando Plc and Oando Marketing Limited.</p> <p><b>Purchase Consideration:</b></p> <p>Oando Marketing Limited received assets worth N16.386 billion in exchange for 49,750,000 Ordinary Shares of N1.00 each in Oando Plc.</p>	Oando Plc.
7.	<p>Niger Delta Exploration &amp; Production Plc and Niger Delta Petroleum Resources Ltd.</p> <p><b>Purchase Consideration:</b></p> <p>Payment of net consideration of \$4,227,476 by issuance of 7,410,232 Ordinary Shares of Niger Delta Exploration &amp; Production Plc, representing 50% of the amount and \$2,223,062 worth Niger Delta Petroleum Resources Ltd Irredeemable Participating Investment Notes (IPINs) representing the other 50% to the shareholders of the acquired Company.</p>	Niger Delta Exploration & Production Plc.
8.	<p>Niger Delta Exploration &amp; Production Plc and Chemur Ltd.</p> <p><b>Purchase Consideration:</b></p> <p>Payment of net consideration of \$2,361,150 by issuance of 6,746,143 Ordinary Shares of N10.00 each in Niger Delta Exploration &amp; Production Plc to the Shareholders of Chemur Ltd.</p>	Niger Delta Exploration & Production Plc.
9.	<p>Oando Plc, Ocean &amp; Oil Investments Ltd and 12 Identified Shareholders of Gaslink Nig Ltd.</p>	



**Purchase Consideration:**

Issuance of 118,177,993 Ordinary Shares of Oando Plc in exchange for all the fully paid Ordinary Shares of Ocean and Oil Investments in Oando Energy Services Ltd, Oando Production & Development Co. Ltd , Oando Exploration and Production Ltd, Oando Supply & Trading Ltd, and Oando Trading (Bermuda) Ltd totaling 11,765,889.

635,916,330 Ordinary Shares of the 12 identified minority Shareholders of Gaslink Nigeria Ltd be transferred to Oando in exchange for 63,591,633 Ordinary Shares each of Oando Plc.



**Ms. Daisy Ekineh**  
Director/HOD Securities and  
Investment Services



During the year 2007, the Secretariat/Legal Advisory Dept. carried out the following activities:

#### **A. LEGAL OPINIONS**

During the period under review, the Dept. rendered 34 major opinions details of some of which are as follows:

##### **1. Technical Suspension and Bonus Declaration by Companies**

Mr. Durojaiye wrote a letter to the Commission and raised two issues on which he requested for the intervention of the Commission.

On issue No.1, he suggested that SEC should come up with a stipulated time limit within which a security should be placed on technical suspension.

The Dept. opined that the Commission did not directly regulate the listing of securities at the NSE. The rules guiding listing of securities and the procedures that apply to securities when they are listed on the Stock Exchange are regulated by the NSE, and that the NSE stipulates that two weeks after the period of offer (usually 28 days maximum), the technical suspension on the shares should be lifted.

The Dept. opined that, it was therefore not possible for shares of a company to be on technical suspension for up to three or six months as suggested by Mr. Durojaiye.

On the 2nd issue of time lag between declaration and receipt of bonus, the Dept. opined that the present practice in the Commission was that after the company filed for registration of the

bonus shares with the Commission, the Registrar was expected to send these bonus shares to the respective shareholders within 15 days after registration. The Dept. observed that this practice was not reflected in the Rules and Regulations of the Commission and opined that the Rules Committee of the Commission be notified so as to formulate rules on the issue.

##### **2. Request for Guidance on Issues arising from the Unsuccessful Privaten Placement of 10 Billion Ordinary Shares by Assurance Bank Ltd (In Liquidation)**

The NDIC in a letter dated February 1, 2007 sought the Commission's advice on whether in a failed offer, it was lawful to return subscription monies to only a section of subscribers.

Rule 70(5)(iv) provides that the Registrar to the issue shall return monies to subscribers of the aborted issue not later than 30 days of the decision to abort.

In the Assurance Bank's case, the issue was grossly under subscribed and so, Rule 70 applied.

Under the provisions of Rule 70, the Registrar must return the monies to all subscribers without any discrimination regardless of where the subscription monies were paid by the subscribers.

The Dept. therefore advised that NDIC, being the provisional liquidator of Assurance Bank, should in conjunction with the Issuing Houses, put together all the subscription monies and remit same to the Registrar to the aborted offer for





return to all the subscribers.

3. **Registration of a Private Trust – Enquiry by Aluko & Oyeboode, Barristers & Solicitors**

The Dept.'s opinion was sought by CIS Dept. on whether a company which proposes to manage a private trust would need to apply for registration with the Commission as a fund manager.

The Dept. opined that since it had earlier been established that where a proposed fund did not qualify for registration since it was not going to be issued to more than 50 persons, the Manager of such a fund, constituted as a private trust also, would not be required to register with the Commission as a fund manager since it was not open to the public.

4. **Deap Capital Management & Trust Plc – Offer for Subscription of 375,265,870 Ordinary Shares of 50 kobo Each at N2.00 per Shares and Rights Offer of 115,691,506 Ordinary Shares of 50k Each at N1.50k per Share – Osammor, Otiono & Co, as Solicitor to the Company**

Osammor, Otiono & Co, Solicitors had written a letter to the Commission dated March 1, 2007, protesting its rejection by the Commission as the Solicitor to the company in the above offer, on the grounds that the firm was also the company secretary of the Issuer.

The Dept. noted that in a public offer, among other parties to the offer, were the Solicitor to the company and the Solicitor to the offer.

The role of the Solicitor to the company was to ensure that the company's Board resolutions regarding the offer were properly made and filed at the CAC.

The Solicitor to the issue on the other hand protects the interest of investors in an offer. He drafts all the agreements relating to the offer e.g. vending agreement and underwriting agreement. He also verifies all information and legal documents supplied by the company.

The Solicitor to the issue therefore performs a very critical role in a public offer because he protects the interest of the public in such an offer.

Whereas the Solicitor to the company could be dispensed with in an offer, an Issuer must appoint a Solicitor to the issue to review all the legal documents and information the company has provided.

The Dept. therefore opined that, a company secretary who is registered as a capital market consultant should be able to perform the function of Solicitor to the company in a public offer. There was no conflict of interest because the only interest he protects in the offer is that of the company.

The Dept. was also of the view that it was even better for the company secretary to be a party to an offer so that he could legally be held liable for any misstatement in the prospectus.

The Dept. was therefore of the view that, Osammor, Otiono & Co was qualified to act as Solicitor to the company being a registered market consultant.





5. **Dangote Sugar Refinery Plc Initial Public Offering of 3 Billion Shares of 50k Each – Request for Allotment of Shares Before Payment in Full by Afrinvest**

Based on the letter written by Afrinvest dated January 17, 2007 to the Commission, the Dept. wrote its opinion on a request that the Commission should approve the acceptance of application forms of some foreign investors in Dangote Sugar Refinery offer for allotment of shares to them before payment was made for the shares.

According to the letter, the current SEC rule which requires that payment for shares must be made upon application for shares is contrary to international practice as well as IOSCO principles which encourage "Delivery Versus Payment".

The letter also said that the rules did not allow reputable institutional investors to participate in Nigeria's equity market because they would not be permitted by their investment committees to take such risks.

The Dept. opined that any investor whether foreign or local must familiarize himself with the legal requirements related to the instrument he was interested in the country concerned before deciding whether or not to go ahead with the investment.

The Dept. also opined that Section 61 of the ISA requires that no allotment be made of any securities in a company offered to the public unless the sum payable upon application had been paid to and received by the company.

The Dept. finally stated that the request was contrary to the Rules and that other foreign investors had been participating in the primary market in accordance with the existing rules without seeking exemption and as such other prospective investors should also comply with the existing rules.

6. **Legal/Regulatory Restrictions in Respect of Private Placement by a Foreign Issuer – Request for Information on Procedures/Restrictions**

The Dept. wrote an opinion on the request by the Law firm of Ajumogobia and Okeke & Co. for information on any procedures/restrictions on a proposed private placement by a foreign company for subscription by Nigerian investors.

The Dept. opined that this amounted to a cross border transaction which falls under the regulatory purview of the Commission. The Dept. stated that this is provided for under Rule 220 of the Rules & regulation in Part F dealing with foreign investment which stated that a foreign government or company incorporated in a foreign country may offer or sell its securities to the Nigerian investing public through the Nigerian capital market.

The Dept. further opined that the foreign issuer offering its securities to a select group of Nigerian investors through private placement has to comply with Rule 221 which requires all foreign issuers to file their application in the prescribed form and also file an application for registration of the securities to be offered accompanied by a draft prospectus or a Placement Memorandum and such other





conditions as the Commission may prescribe.

The Dept. also advised that the foreign issuer in this case would also have to comply with the rules on private placement since it intends to offer the securities to a select group of Nigerians not more than 50 offerees.

#### 7. **Registration of a Private Trust**

The firm of Solicitors, Aluko & Oyeboade had requested for the Commission's clarification as to whether or not a private fund set up by way of a private trust or a limited partnership was required to be registered with the Commission.

The question here was, whether a private fund constituted under a private trust or limited partnership was subject to the Commission's regulation and whether such a private fund so constituted was a collective investment scheme.

By the provisions of the ISA and the Rules and Regulations, all collective investment schemes were required to be set up under a trust which is governed by a trust deed registered by the Commission. The units created under the trust are also to be registered with the Commission.

The Dept. referred to Section 123 of the ISA where collective investment scheme was defined as any arrangement where funds are pooled together by way of contribution by the participants for the purpose of sharing the profits or income accruing from the management of their property or money.

However, the collective investment

schemes as regulated by the Commission are usually constituted under a public trust as the scheme is set up for the benefit of the public who participate in sharing the profit from the management of the scheme.

Since according to the Solicitor's letter it was a collection of funds contributed by not more than 50 investors, it was the opinion of the Dept. that it did not qualify as a collective investment scheme as envisaged by section 123 of the ISA as the section deal with only the collective investment scheme that was opened to the general public.

The Dept. therefore advised that the fund being proposed as a private fund constituted as a private trust or limited partnership did not qualify for registration by the Commission since it would not be offered to more than 50 persons.

#### 8. **The Kakawa Guaranteed Income Fund: Advertisement without the Commission's Approval**

CIS Dept. by their memo dated February 12, 2007 sought the Dept.'s opinion/recommendation to invoke the penalty contained in Rule 7 of the Commission's Rules & Regulations against the above mentioned Fund for advertising their offer for subscription in Thisday Newspaper of February 12, 2007 without the Commission's registration and authorization thereby violating the provisions of Sections 45(1) and 125(1) of the ISA and Rule 51(ii) and (iii) of the Rules and Regulations respectively.

CIS Dept. also stated that the company





was only cleared to hold a completion board meeting and the final registration and approval of the offer was still pending with the Commission.

Reference was made to the Commission's letter dated December 29, 2006 conveying approval of the offer to enable them proceed with the completion board meeting with a specific warning that a formal confirmation letter of registration of SEC and other offer documents must be obtained before the offer was opened for subscription.

The Dept. in its review made reference to Rule 7 of the Commission's Rules and Regulations which provides that "except 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".

It also made reference to Sections 125(1) and 45(1) of the ISA which provide respectively as follows:

Section 125(1) "Notwithstanding anything contained in this Decree, no person shall establish or operate a unit trust scheme or carry on ... the business of dealing in units of a unit trust scheme (whether described as units or otherwise) unless such scheme is authorized by and registered with the Commission".

Section 45(1) "... it shall be lawful to make an invitation to the public to deposit money with a public company, if prior to the making of the invitation the written

consent of the Commission has been obtained and the invitation is made in accordance with such conditions and restrictions as may have been imposed by the Commission".

The Dept. also cited the provision of Rule 51(1)(i) & (ii) which provides that "It is an unlawful act for any person to offer for sale or to buy or sell securities which are subject to the provisions of the Act or these Rules and Regulations:-

- (I) before the issuer files a registration statement with the Commission; or
- (ii) after the registration statement has been filed but before it is cleared by the Commission.

The Dept. therefore was of the opinion that the company was indeed in violation of the provisions of the Rules and Regulations and the ISA and recommended that Rule 7 be invoked accordingly.

#### 9. **Proposed Scheme of Arrangement and Restructuring of Oando Plc – The Gaslink Acquisition**

The SIS Dept. sought opinion from the Dept. on the proposed acquisition of Gaslink by Oando Plc.

The issue was, whether Oando required the approval of the Commission in its acquisition of additional shares in Gaslink Ltd, a company in which it already had 59.35% holding by way of exchange of Oando shares with some shareholders of Gaslink Ltd.





The Dept. was of the view that by virtue of the 59.35% holding in Gaslink, the company was a subsidiary of Oando Plc.

The Dept. stated that what Oando intended to do, was to acquire more shares of Gaslink in order to raise its holding to at least 98% of the shares of the company. In other words, it wanted to make Gaslink a wholly owned subsidiary.

The Dept. observed that the restructuring in Oando involved a scheme of arrangement whereby Oando would acquire the equities in some companies in the downstream petroleum sector which it had owned jointly with Ocean and Oil Investments Ltd. The Dept. also observed that the acquisition of more shares in Gaslink was recently added to the list of companies in the scheme of arrangement.

The Dept. therefore was of the opinion that the arrangement with Gaslink was an acquisition. However, the question remained whether such acquisition required the Commission's approval considering that Gaslink was already a subsidiary of Oando. In other words, the relationship between Oando and Gaslink was that of a holding company and subsidiary.

The next question was whether it was a transaction that fell within the provisions of Section 99(3) of the ISA in which case, the transaction was exempted from compliance with Section 99(2) thereof.

The Dept. opined that in order for a transaction by a holding company to be exempted under Section 99(3), it must be done for investment purpose only and not

to be used for voting purpose, or otherwise to cause a substantial restraint of competition or to create a monopoly in its line of business.

The Dept. further opined that where the transaction would result in the use of shares acquired for voting purposes by the acquiree, it had to comply with Section 99(2) or where the result of the transaction was such as to cause a substantial restraint of competition or create a monopoly in any line of business, then no exemption could be granted.

The Dept. stated that from the arrangement proposed by Oando, the transaction was beyond the acquisition of virtually all the shares in Gaslink. The other leg of the transaction involved, the issue of Oando Plc shares to the shareholders of Gaslink from whom it was acquiring the Gaslink shares. Oando, being a public limited company, the shares should either be allotted by way of public/rights offer/private placement or through the secondary market.

It was the view of the Dept. that since part of the arrangement was for Oando shares to be allotted to the Gaslink shareholders, approval of the transaction was required.

The question arose as to whether the company was issuing the shares from its unissued shares or it was going to create new shares? Either way, the issue of registration of those shares was also important since they would eventually be subject to secondary market trading at some point.

The Dept. was of the view that while the Gaslink shares might have been acquired





for investment purpose by Oando, the transaction was otherwise than by cash and it would involve corresponding issue of shares in the holding company, therefore approval of the transaction by the Commission was required.

10. **Conditional Approval – Interpretation of the Exact Registration Date For Operators Who Attend Courses Months After the Registration Meeting**

The Dept's opinion was sought on the exact effective date of the registration of an applicant who was granted conditional approval by the Commission.

In other words, the question was, when the condition is fulfilled, does the registration take effect from the date when the conditional approval was granted or when the condition was fulfilled.

In its review the Dept. stated that a thing is conditional if it is subject to or dependent on a condition. A condition in itself is a future and uncertain event on which the existence or extent of an obligation or liability depended.

For example, if an item was subject to conditional delivery, it meant that possession of the item was only passed upon the happening of a specific event.

The Dept. was of the view that in the case of a conditional registration, the registration becomes effective only on the happening of the specific event which is the subject of the condition imposed. In other words, the registration cannot become effective until evidence of

attendance of a relevant capital market course by the applicant is presented to the Commission. Therefore the registration takes effect from the date when the condition imposed is fulfilled by the applicant.

As regards the period of the registration, the Dept. was of the opinion that every registrant had its own effective date of registration. If a company is registered on a particular date and a supplementary registration is approved for any of its sponsored individuals at a subsequent date, that is the effective date for that individual and the expiration of the company's registration should not extinguish the validity of the registration of that supplementary individual.

In other words, there cannot be an elongated registration period because the registration is for a period certain and so the computation for the purpose of determining the expiration of any operator's registration should be the actual date of registration of both the company and its sponsored officers respectively. In the same vein, there is nothing like a shorter registration period as again, the registration is for a period certain. Therefore, letters of registration should be issued with effect from the date the conditions imposed on an applicant is fulfilled.

11. **Transnational Corporation of Nigeria (Transcorp) Plc Offer for Subscription of 8,000,000,000 ordinary Shares of 50k Each At N7.50k Per Share.**

SIS Dept. sought the Dept's opinion in relation to a request from Issuing houses





to the Transcorp offer for the consent of the Commission to an underwriting arrangement in respect of the above offer, even though the offer had closed.

The company was seeking the consent of the Commission to underwrite the issue after it had closed.

It was pointed out that under Rule 70 of the Commission's Rules and Regulations where an offer not underwritten was subscribed to a level less than 25%, the issue shall be aborted by the Issuer/Issuing houses. However the Commission could consent to an application for the offer to be resuscitated under Rule 70(6)(v), and an underwriting arrangement could be concluded on a standby basis and filed with the Commission, otherwise the unsubscribed portion of the offer would revert to the company's un-issued share capital as provided in Rule 70(5).

After due examination, and in view of the fact that the Transcorp offer was said to be over 25 percent subscribed, the Dept. advised that the Commission should grant the approval for the issue to be underwritten since the parties had agreed and it would be in the overall interest of the offer. Further more, the Commission was in the process of making all offers to be 80% underwritten hence it was unlikely that a similar situation would arise in the future.

12. **Review of the Companies & Allied Matters Act of 1990**

The Commission had been invited by the Nigerian Law Reform Commission to forward its input on the review of CAMA

1990 on or before May 30, 2007 for incorporation into the proposed new CAMA.

The Commission's position was as follows:

(a) **Unclaimed Dividend**

The provision on unclaimed dividends should be amended so as to provide that 3 months after dividend becomes unclaimed, the amount should be paid into a trust account which should be managed by professional fund managers for the purpose of paying the shareholders whenever they come forward to claim their dividends.

In other words, the 12 years limitation period placed on recovery of unclaimed dividend should be removed.

(b) **Provision for e-offer and Transfer of Securities**

Considering the dynamics of the market and the need to improve the efficiency of the market, it was proposed that provision be made recognizing electronic issue and transfer of securities.

(c) **Time Share Certificates are Issued**

The Commission proposed that the period for the issuance of share certificate for both primary and secondary market should be harmonized to not more than 2 months.

(d) **Voting by Poll**

In consideration of the fact that more institutional and other core investors now invest in public





companies, it was the view of the Commission that a provision be made in CAMA requiring that all major decisions and issues that require special resolution, voting on such matters should be by poll and not by show of hands or by voice.

(e) **Entry into Shareholder's Account in a Registered Securities Depository to be Evidence of Share Ownership**

The Commission proposed that a provision be made for dematerialisation of share certificates and that an entry in the shareholders securities account with a recognized depository should be sufficient evidence of share ownership, apart from physical share certificate.

(f) **Code of Conduct for Shareholders' Association**

In order to ensure a high standard of conduct among members of shareholders' Associations in their interaction with the companies in which they have interest and also to promote good corporate governance, the Commission proposed that there should be a provision in CAMA (especially in the part dealing with Annual general meetings) incorporating the Code of conduct for Shareholders' Associations into the regulations of CAC in order to make it mandatory for shareholders to comply.

(g) **Code of Corporate Governance**

The provisions of the Code of Corporate Governance should be incorporated into CAMA to make them mandatory for public companies and other incorporated entities to comply with.

(h) **Notice of Annual general Meeting of Public Companies**

In order to ensure good corporate governance through the machinery of Annual/Extra Ordinary general meetings of public companies, the provisions on notice of AGM/EGM, should be amended by including the regulatory authorities in the financial services sector such as SEC, CAC, CBN (in the case of Banks) etc, as persons entitled to notice of such meetings as a matter of law.

(i) **Tenure for Auditors of Public Companies**

In order to improve the level of good corporate governance and prudent financial reporting in public companies, the Commission was of the view that there should be a specific tenure for auditors of public companies after which a new auditor should be appointed by the company. The Commission therefore proposed a 5 financial year tenure for an auditor to audit the financial statement of public companies, following which he may only be re-appointed after the expiration of at least another 5 financial years.



(j) **Independence of External Auditors**

Specific provisions to ensure the independence of external auditors of companies should be made in the review of CAMA.

(k) **Membership of Audit Committee**

As a way of ensuring quality financial reporting and monitoring of the effectiveness of internal control systems, it was the view of the Commission that a provision should be made requiring that only shareholders who have knowledge of accounting and internal control processes be elected into the audit committee and representatives of Directors on the Committee should be restricted to independent non-executive directors who have no business relationship with the company.

(l) **Tenure of Office for Audit Committee**

Members of Audit Committee should have one term of 3 years provided that such shareholders shall not be eligible for re-election until the expiration of three years after their term.

(m) **Timely Disclosure of Material Facts**

There should be provisions requiring public companies to make disclosure of material facts concerning them to be timely and balanced so that investors would have access to accurate, balanced and factual information.

(n) **Sanctions for Misstatements in Financial Statements of Companies.**

A provision should be made empowering CAC to administratively sanction any company that made any misstatements or publish any misleading information in its financial statement.

This should be in addition to powers to prosecute such company and its directors and principal officers for false or misleading statements in the company's financial statement.

(o) **Re-introduction of Non-voting shares, Share Warrants etc**

The Commission also proposed that in order to promote private sector investments, the prohibition of issue of non-voting shares, weighted voting and share warrants currently in CAMA be removed.

(p) **Establishment of Corporate Affairs Commission (CAC)**

It was suggested that Section 1(3) of CAMA be amended as follows: "The Commission shall have its headquarters in a location which is by law designated as the capital of the Federal Republic of Nigeria and shall establish an office in each state of the Federation".

The Act currently provides that the headquarters shall be in Abuja. This amendment is to ensure that the law does not need to be amended if for any reason Abuja ceases to be the Federal Capital of Nigeria.





(q) **Appointment of Secretary to the CAC**

In order to have an effective secretariat, there is the need for a provision for the appointment of a Secretary for the Board of the Commission. The present position in Section 5(4) of CAMA where it is not mandatory for the Commission to appoint a Secretary should be addressed.

(r) **Penalties and Fines**

The Commission observed that most of the penalties and fines in CAMA were not realistic, considering the gravity of most of the offences. The penalties and fines should therefore be reviewed upwards in order to meet the economic realities of the violations. The CAC should also be empowered to impose fines administratively rather than through a criminal prosecution.

13. **Commodity Exchange: Investor Protection Fund**

By a memo dated May 10, 2007, RRIE Dept. informed the Dept. that the provisions of Section 148(iii) under Part XII of the ISA 1999 was silent on whether or not Commodity Exchange should establish an investor protection fund.

It also suggested that the Committee on IPF be informed of the perceived lacuna with a view to addressing the matter in the proposed amendment of the ISA and the Rules and Regulations made pursuant thereto.

The Dept. reviewed the provisions of the ISA dealing with the establishment of the Investor Protection Fund (IPF) and opined that the word "securities exchange" used in Section 148(ii) was a generic term for all recognised exchanges or facility for

trading in securities and therefore covered commodity exchanges.

The Dept. opined that section 28 of the ISA defines securities exchange to include a stock exchange or an approved securities organization such as commodity exchange, an over-the-counter market, metal exchange, petroleum exchange, options, futures and derivatives exchanges and such other forms of securities organization within the meaning of the Act.

The Dept. was of the opinion that securities exchange refers to an exchange or securities organization recognised by the Commission, including the commodity exchange which is required under the ISA to establish a IPF which shall be applied for the purpose of compensating persons who suffer pecuniary loss from any defalcation committed by a member of the exchange or any of its directors or employee in relation to any money or other property which was entrusted or received by a member company or any of its directors or employee.

14. **Review of Articles of Association of Ecobank Transnational Incorporated**

The Dept. was represented in a team constituted by Management to attend a meeting convened by the capital market regulators of Ivory Coast, Ghana and Nigeria to deliberate on a reported dispute between Ecobank Transnational Incorporated (ETI) and one of its shareholders, Renaissance Capital (Rencap). The meeting also deliberated on issues arising from the amendment of ETI Memorandum and Articles of Association.





At the end of the meeting, the three regulators were requested to carry out responsibilities and Nigeria was specifically requested to amongst others verify whether or not Stanbic Bank and ICAP held any ETI shares on behalf of Rencap. It should also review the ETI MEMART for the purpose of identifying the clauses that were inconsistent with the laws and rules of the market as well as international best practice and recommend that they be expunged by ETI.

The Articles of Association of ETI was subsequently sent to the Dept. for review and in its review the Dept. observed that Article 8 was amended by the inclusion of sub-clause 8, 9 and 10(a – f). One of the new clauses required a shareholder whose shareholding had reached a threshold of 24.99% of the company's shares, to report to the regulatory authorities and thereafter make a mandatory offer to other shareholders. The Dept. was of the opinion that since the offer is mandatory, the provision was in conflict with the provisions of Section 104 of the ISA which prescribed a threshold of 33 1/3% or 33.3%.

15. **Request for Formal Clarification with Respect to the Compulsory Underwriting Requirement**

Guaranty Trust Bank Plc requested for clarification as to whether or not the new Rule 76 of the Commission's Rules and Regulations, which provides that the amount or percentage of the issue underwritten by any underwriter or syndicate of underwriters shall not be less than 80% of the securities on offer, also

applied to Unit Trust schemes.

It was the view of the Bank that mutual funds/unit trust schemes should be exempted from the application of the new Rule 76 of the Commission's Rules and Regulations.

The Dept. opined that in most developed jurisdictions, collective investment schemes were exempted from underwriting requirements.

The Dept. therefore advised that Unit Trust Scheme be exempted from underwriting, and the provisions of the new Rule 76(1) amended accordingly, while Rule 275 be retained in respect of Real Estate Investments Trust Schemes.

16. **SEC Vs Cadbury Plc & Ors – Request for Cadbury Investigation Report by Counsel to Akintola Williams Deloitte**

The Dept. examined the letter of 17/7/07 from Bambo Adesanya, SAN, Counsel to Akintola Williams Deloitte, in the above matter, requesting for some pages of the Commission's Investigation Committee's report on the Cadbury issue.

The Dept. was of the view that in every judicial or quasi-judicial proceeding, one of the most important pillars of justice is the principle of fair hearing. Fair hearing in this case involves not only giving every one the opportunity of being heard, it also involves giving every party all necessary information/document on which any of the parties is relying.

It was the further view of the Dept. that in the Cadbury matter initiated by the





Commission before the APC, the entire case was hinged on the report of the In-house Committee set up to investigate the allegations against Cadbury Plc. The Memorandum of Facts quoted copiously from the report and stated that "in view of the findings of that Committee, the respondents were invited before the APC to explain why sanctions should not be imposed on them for the alleged violations of the ISA and the subsidiary legislation made pursuant thereto".

The Dept. pointed out that in an administrative proceeding of this nature which is subject to judicial review, every effort must be made to ensure that there is fair hearing.

It therefore stated that the interest of fair hearing would not be served if parties to a matter before the APC were not given all the information needed to defend themselves. It stated that the current trend in practice and procedure in the Nigerian judicial system was what is referred to as "Front loading". This entails the filing of all relevant documents in a matter before a Court, for service on all parties before the matter was set down for hearing. It stated that this was actually what the APC Rules of Procedure sought to achieve when it provided that all parties must file a brief before hearing notice was served so that everyone involved would have the opportunity of knowing what he is coming to meet at the trial. In other words, there is no room for surprises.

The Dept. referred to **Garba V. University of Maiduguri (1986) 1 NWLR 553** where the Supreme Court held that fair hearing implied the following:

- (a) that a person knows what the allegations against him are;
- (b) what evidence has been given in support of such allegations;
- (c) what statements have been made concerning those allegations;
- (d) such person has a fair opportunity to correct or contradict such evidence;
- (e) the body investigating the charge against such person must not receive evidence behind his back.

The Dept. was therefore of the opinion that the respondents were entitled to a copy of that report in so far as the Commission was going to rely on it in prosecuting the matter.

It thereafter advised that the relevant pages of the report be given to Akintola Williams Deloitte and the other parties to enable them prepare their defense.

It also advised that in future, all appropriate documents to be relied on by the Commission in any matter before the APC be forwarded to the parties along with the notice of hearing as this would serve the cause of justice.

17. **Concerns Raised By Broker/Dealers at the 2-Day National Workshop on the Imperatives of Compliance With Rules and Regulations in the Nigerian Capital Market Organized By the Nigerian Stock Exchange at Owerri on the 26th And 27th July, 2007**

The participants at the 2-day workshop organized by the Nigerian Stock Exchange at Concord Hotel, Owerri, Imo -State on 26th – 27th July, 2007 raised the following





key points as a major concern:

1. That the Commission was yet to define the elements of the minimum paid up capital requirement,
2. That the Commission's imposition of N1 billion as paid up capital for Broker/Dealer lacked credible basis as stockbrokers/dealers were intermediaries and not deposit takers as banks,
3. That the Commission's failure to give some considerations for marginal operators, was punitive, and more like repeating what was happening in other sectors of the financial sector and that the exercise was too frequent.

The participants also suggested that the Commission:

- (a) should devise a soft landing measure for operators that would be required to meet the minimum paid-up capital requirement at the end of December 31, 2008, the deadline set by the Commission for operators to recapitalize.
- (b) Should have a three-layered capital base requirement that would suit various categories of operators.
- (c) should dedicate an officer that would be responsible for coordination of enquiries regarding re-capitalization.
- (d) should thoroughly investigate every complaint against market operators before applying sanctions or suspension on them.
- (e) should formulate a rule on margin trading
- (f) should hold registration meetings in Lagos.

Apart from the above suggestions of the participants, the Head (PHZO) also recommended that a representative each from

HR, RRIE, SLAD and the host zonal office should henceforth attend such workshops in order to clarify issues that might be raised during such workshops.

He also recommended that a 2 day enlightenment workshop on the new minimum paid up capital be organized for market operators.

After a review of all the issues raised at the workshop, and the recommendations of H (PHZO), the Dept. was of the view that the participants were confused about the reasons/purpose of CBN shareholders fund requirement under the banking consolidation and that under SEC's requirement of minimum paid up capital.

The Dept. advised that there was no better soft landing measure for operators that failed to meet up the minimum paid up capital requirements of the Commission than complying within the deadline of 31st December 2008 set by the Commission since there is still ample time for those that could not recapitalize within the stipulated time to merge with other entities.

The Dept. also opined that there was no need for the Commission to appoint a special desk officer that would coordinate the recapitalization exercise because this will amount to duplication of functions since issues relating to compliance with the new capital requirement will definitely be treated by either Registration Dept. or Merger & Acquisition Division.

On the issue of Registration meeting taking place in Lagos, the Dept. opined that since the Board had approved ceding of powers to the Zonal offices this would be taken care of. The Dept. stated that presently, most documentations pertaining to both fresh and renewal of registration were being handled by the Zonal offices. The only time the operators were expected at the Head office concerning registration was the day of the registration





meeting.

Finally, the Dept. advised that the main reason why the Commission directed operators to increase their capital base was to strengthen the market and make it globally competitive. It further advised that the operators ought not to complain about the new minimum paid up capital requirement, because the Commission had held wide range consultation with stakeholders in the capital market before same was reviewed.

On the clamour by participants for SEC to formulate a rule on margin trading, the Dept. advised that the matter be tabled before the Rules Committee.

**18. Registration with SEC – Request for Guidance by Udo Udoma & Bello-Osagie, Solicitors**

The firm of Udo Udoma & Bello-Osagie had by their letter of July 13, 2007 requested the Commission to confirm:

1. Whether the limited partnership known as Nigeria Advancement Fund LP is required to be registered with SEC.
2. Whether Vectis Nigeria GP Ltd which Is the General partner of the Limited partnership, is required to be registered with SEC whether as a venture capital fund manager or under any other category.
3. Whether Vectis Nigeria Ltd which will identify and advise the Limited partnership on its investment, is required to be registered with SEC as a Venture capital fund manager, an investment adviser or under any other category.

The Dept. was of the view that from the description of the duties of Vectis Nig. Ltd

in the letter by the Solicitor, it was set up to provide investment advice and manage the investment on behalf of Vectis Nigeria GP, and therefore ought to be registered as a fund/portfolio manager as well as an investment adviser with the Commission as provided for under Rules 37 and 188 of the Commission's Rules and Regulations.

**19. Registration of Investment Advisers – Review of Letter from Templars**

Templars, a firm of Legal practitioners had by a letter dated July 23, 2007 requested to know from the Commission whether a company that had been appointed as investment adviser by a foreign private equity fund manager to invest in securities of both private and public companies in Nigeria, needed to be registered by the Commission before it could carry out its duties under the agreement between them.

The Dept. reviewed the letter vis-à-vis the provisions of the Commission's Rules & regulations and advised that Rules 37 and 188 required the registration of such company by the Commission. Furthermore, Rule 210 of the Rules and Regulations provided that any person investing in securities of public companies involving foreign capital must do it through operators registered by the Commission.

**20. Request for Opinion on Audit Committee for First Inland Bank Plc**

First Inland Bank sought the Commission's guidance as to how the Bank could comply with the provisions of the Act for the purpose of including the report of the Audit Committee in the





Annual report and accounts.

Section 12(a) Part C of the Code of Corporate Governance in Nigeria provides that the Audit Committee should be established in accordance with section 359(3&4) of CAMA. Section 359(4) of CAMA provides that "the audit committee referred to in subsection (3) of this section, shall consist of an equal number of directors and representatives of the shareholders of the company (subject to a maximum number of six members) and shall examine the auditor's report and make recommendation thereon to the annual general meeting as it may think fit".

The Bank presently had 3 non-executive directors constituting the Audit Committee. This was because the Bank had not held its first Annual General Meeting where it would have elected representatives of shareholders on the Audit Committee.

The four banks before the merger had their separate audit committees. It would not be advisable for the Bank to appoint shareholders from these audit Committees.

The Dept. therefore advised that the Bank should make a statement in the annual report that at the time of reporting, the Bank had not held its first AGM and therefore could not elect representatives of the shareholders into the audit committee, hence the constitution of an interim audit committee made up of the 3 directors.

The statement should also state that the audit committee would be properly constituted according to Law when the 1st

AGM was held.

21. **Request for Regulatory Approval for Split Voting at Company's General Meeting**

Stanbic Nominees had by a letter dated 12th September, 2007 requested the Commission to come up with a regulation that would approve split voting at companies' AGM.

The Dept. opined that conduct of general meetings of a company was a corporate matter which falls under the regulatory purview of the Corporate Affairs Commission (CAC). The Department noted that the provisions of Section 224 to 230 of the Companies and Allied Matters Act (CAMA) 1990 made provisions for voting at Companies Annual General Meetings. Section 226(1) specifically provides that a member entitled to one vote need not use all his votes the same way.

This therefore means that split voting was allowed by CAMA 1990 and could be employed where a poll was demanded and not where voting is by show of hands.

Institutional investors and their nominees were therefore encouraged to employ strategies that would enhance their position at general meetings of companies in which they hold shares, by demanding for a poll on important resolutions when proposed.

The Dept. finally advised that a letter should be written to the company explaining the position of the law.





22. **PlatinumHabib Bank Plc – Public offer of 5 Billion Ordinary Shares at N17.00 per share**

The Commission had approved the above offer to open on 19th November 2007, and also approved the prospectus which stated that a maximum of 2,750,000,000 ordinary shares representing 55% of the offer would be preferentially allotted to identified investors and to international investors via an unlisted GDR programme.

Due to unfavourable conditions in the international capital market, the PlatinumHabib Bank Plc was no longer willing to continue with the issuance of the GDR and wished to sell those shares as preferential allotment to domestic investors at the offer price.

In effect, the 1,853,000,000 shares initially meant to be issued via an unlisted GDR programme would now be taken over by identified domestic investors.

In the Department's opinion, there was no mischief in what the Bank sought to do.

The Department therefore recommended that the Bank take the following steps:

- a) A resolution by the Board of the Bank seeking to discontinue the issuance of the unlisted GDR and approving that the US\$150 million unlisted GDR portion initially set aside for foreign investors be sold to domestic investors on a preferential allotment basis.
- b) The Bank should place adverts in at least 2 daily National newspapers informing the public of the Board's resolution.

- c) The Bank should place adverts in at least 2 daily National newspapers stating the alterations to the prospectus, and the reason for such alterations.

The above recommendations were suggested so that the Bank would be seen to be complying with the Commission's rules of full disclosure as well as protecting the interest of the investor.

23. **Dangote Industries Ltd: Exchangeable Bond - Notification**

The retained Nigerian Legal Advisers to the Dangote Industries Limited Exchangeable Bond transaction, Austen-Peters & Co. had by a letter dated 6th December, 2007 written to the Commission asking for the Commission's approval of the transaction.

The transaction involved Dangote Industries Ltd issuing a 5 year exchangeable Bond via a wholly owned offshore SPV to offshore institutional investors. The Bond would be collateralized by Dangote Sugar shares equivalent to twice the value of the bond, and the collateral would be held in an escrow account.

Investors would be paid interest during the life of the Bond and at maturity, the investor would either receive a pre-agreed number of Dangote Sugar shares or the cash value of his units in the bond. The investor would also be able to sell covered short positions in Dangote Sugar shares held in escrow by permitting the investor to borrow shares from the collateral account in exchange for cash collateral or other Nigerian shares of



equivalent values.

The Dept. was of the opinion that the main issue in the letter was that relating to securities lending. It noted that although the Act only made specific provisions on dealings in securities, this provision could apply to the intended transaction.

The Dept. further noted that there were no rules regulating securities lending in the Commission's Rules and Regulations, and advised that this issue be brought to the attention of the Rules Committee so as to formulate the necessary rules and regulations. The Department further advised that the Commission should allow the intended transaction, but all documents with respect to the transaction should be brought to the attention of the Commission.

## B. LITIGATION

During the year under review, the Commission was involved in 36 cases across the country. Out of this number, judgment was delivered in 16 cases bringing the matters to an end while 20 cases are still pending in various courts.

## C. Agreements

During the period under review, 6 agreements in which the Commission is a party were drafted by the Dept.

## (2) RULES MAKING DIVISION

The Dept. drafted the Commission's new Rules on Shelf Registration and Real Estate Investment Scheme as well as amendment of certain existing rules

which became effective having been forwarded to the Hon. Minister and no objection received from the Minister.

The rules approved are as follows:

1. **Rule 40(C)**  
A new rule 40(C) was created.

## SHELF REGISTRATION

### Definition:

- (1) Shelf Registration is a filing undertaken by issuers intending to access the market in the near future. It permits issuers to disclose certain information in a core disclosure document that is updated on a regular basis.

### Scope of Securities

- (1) Shelf Registration shall be applicable to all types of registrable securities as defined in Section 264 of the Investments and Securities Act, 1999

### Eligibility for use of the Shelf Registration

- (3) (a) Unless otherwise indicated by the Commission, all public companies listed on a recognized Securities Exchange for a minimum period of twelve months are eligible to issue, offer for subscription or purchase, or issue an invitation to subscribe for or purchase securities in accordance with a shelf registration.

Provided that there shall be full disclosure of:

- (i) any prosecution commenced against either the issuer or any of its subsidiaries in respect of any breach of any securities or banking laws or the Companies and Allied Matters Act, 1990;





- (ii) any action taken against the listed company by a recognized Securities Exchange in respect of any breach of the listing requirements of the Exchange;
- (b) An issuer shall not be eligible for shelf registration where the issuer or any of its subsidiaries has breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies, during the twelve calendar months immediately preceding the date of application to the Commission for registration of the shelf prospectus.

#### Transaction requirement

- (2) The value of the issue on offer under shelf registration shall not be less than N5 billion.

#### Requirement for Shelf Prospectus and Supplementary Shelf Prospectus

- (5) (i) A person may issue, offer for subscription or purchase, or make an invitation to subscribe for or purchase securities under a shelf registration where at the time of the issue, offer or invitation, there is in force a shelf prospectus as updated by a supplementary shelf prospectus, both of which have been registered by the Commission;
- (ii) A shelf prospectus shall be effective for a period of two years from the date of its issue and it shall not be renewed.

#### Contents of Shelf Prospectus and Supplementary Shelf Prospectus

- (6) (a) A shelf prospectus shall –
- (i) comply with the general form and contents of a prospectus as set out in Sections 48 to 63 of the Investments and Securities Act 1999 and Rules 52 to 59 of these Rules and Regulations;
  - (ii) state that the shelf prospectus has been registered by the Commission;
  - (iii) state that the registration of the shelf prospectus and supplementary shelf prospectus shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed therein;
  - (iv) contain a statement that no securities will be allotted or issued on the basis of the shelf prospectus read together with the supplementary shelf prospectus later than two years after the date of the issue of the shelf prospectus;
  - (iv) if it contains any statement made by an expert or contains what purports to be a copy of or an extract from a report, memorandum or valuation of an expert, state the date on which the statement, report, memorandum or valuation was made and whether or not it was prepared by the expert for incorporation in the shelf prospectus;
  - (v) disclose any prosecution commenced against either the issuer or any of its subsidiaries, during the twelve calendar months immediately preceding the date of application to the Commission for registration of the prospectus in respect of any breach or contravention of any securities or banking laws or the





Companies and Allied Matters Act, 1990 or the listing requirements of a recognized Securities Exchange;

- (vi) contain the relevant disclosures that neither the issuer nor any of its subsidiaries has, during the twelve calendar months immediately preceding the date of application to the Commission for registration of the shelf prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies; and
- (viii) set out such other information as may be specified by the Commission.
- (b) A supplementary shelf prospectus shall –
  - (i) state such information as may be specified in these Rules and Regulations on Contents of Prospectus;
  - (ii) state the offer period which should not be longer than 28 working days from the date of the issue of the supplementary Prospectus or such longer period as may be allowed by the Commission;
  - (iii) disclose information such as:
    - (a) where a matter has arisen and information in respect of that matter would have been required by the Investments and Securities Act, these Rules and Regulations or any listing requirements of a recognized Securities Exchange, to be disclosed in the prospectus if the matter had arisen at the time the shelf prospectus was prepared;

(b) where there has been a significant change affecting a matter disclosed in the shelf prospectus;

- (c) where the shelf prospectus contains a statement or information that is false or misleading;
- (d) where the shelf prospectus contains a statement or information from which there is a material omission;
- (e) any prosecution commenced against either the issuer or any of its subsidiaries during the twelve calendar months immediately preceding the date of application to the Commission for registration of the shelf prospectus and during the effective period of the shelf prospectus, in respect of any breach or contravention of any securities or banking laws or the Companies and Allied Matters Act, 1990 or the listing requirements of a recognized Securities Exchange;
- (f) that neither the issuer nor any of its subsidiaries has, during the twelve calendar months immediately preceding the date of application to the Commission for registration of the shelf prospectus and during the effective period of the shelf prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies;
- (g) that the supplementary shelf prospectus has been registered by the Commission and that a copy has been lodged with the Corporate Affairs Commission and the Securities Exchange where the securities are listed.





**General duty of Disclosure in Shelf Prospectus and Supplementary Shelf Prospectus**

- (7) (a) For the purpose of determining whether a shelf prospectus or supplementary shelf prospectus contains any statement or information which is false or misleading, or from which there is a material omission, regard shall be had to whether the shelf prospectus and supplementary shelf prospectus contain all such information that investors and their professional advisers would reasonably require, and expect to find in the shelf and supplementary shelf prospectus, for the purpose of making an informed assessment of –
- (i) financial position and prospects of the issuer;
  - (ii) the rights if any, attaching to the securities; and
  - (iii) the merits of investing in the securities and the extent of the risk involved in doing so.
- (b) The information that investors and their professional advisers would reasonably require and reasonably expect to find in the shelf prospectus and supplementary shelf prospectus under paragraph (a) is information –
- (i) which is known to all or any of the parties to the issue of shelf prospectus and supplementary shelf prospectus, or
  - (ii) which any of the persons referred to in sub-paragraph (i) would have been able to obtain by making such enquiries as were reasonable in the circumstances.
- (c) Without prejudice to the generality of sub-rule 6(a) or (b) above, in determining the information that is required to be included in a shelf prospectus and supplementary shelf prospectus under these rules, regard shall be had to –
- (i) the nature of the securities and business of the issuer of the securities.
  - (ii) the persons likely to consider acquiring such securities;
  - (iii) the fact that certain matters may reasonably be expected to be known to any professional adviser whom investors may reasonably be expected to consult; and
  - (iv) whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of securities is to be made are the holders of securities in the company, and if they are, to what extent (if any) relevant information has previously been given to them by the issuer under any law, any requirement of the rules or listing requirements of a recognized Securities Exchange or otherwise.

**Issuing of Shelf Prospectus**

- (8) Upon the registration of the shelf prospectus by the Commission, the issuer is allowed to issue the shelf prospectus, provided that –
- (a) securities are only to be issued upon the registration of a supplementary shelf prospectus by the Commission; and
  - (b) the form of application which would facilitate the issue of, offer for subscription or purchase of, or the making of an invitation to subscribe for or purchase of securities on the basis of the



shelf registration is attached to the supplementary shelf prospectus and not the shelf prospectus.

### Delivery of Shelf Documents to the Public

- (1) All shelf documents shall be made accessible to the public at the offices of the Issuer and Commission and by publishing same on the websites of the Commission and the Issuer.

### Fees for Shelf Registration

(10) All Issuers of a shelf prospectus shall pay a filing fee of N50,000 and a vetting fee of N200,000 at the time of placement of documents on the shelf and the appropriate fees for registration of securities as provided in these Rules and Regulations at the time of the issuance of the securities. .

## 2. Rule 41

### COLLECTIVE INVESTMENT SCHEMES

A new Rule 41(2) is created to read as follows:

- (2) Real Estate Investment Scheme (REIS)
  - (a) Requirements for Registration of Real Estate Investment Trust

An application for registration of a Real Estate Investment Trust shall be filed by the manager on Form SEC 6A (1-3) as provided in schedule 3 to these Rules and Regulations and shall be accompanied with:

- (i) 2 copies of draft prospectus;
- (ii) 2 copies of draft trust deed;
- (iii) letters of consent from the prospective parties to the trust;
- (iv) 2 copies each of certificate of incorporation and memorandum and articles of

association of the manager certified by the CAC;

- (v) 2 copies each of certificate of incorporation and memorandum and articles of association of the trustee to the trust certified by the CAC;
- (vi) 2 copies each of the particulars of the directors of the manager and trustee of the trust certified by CAC;
- (vii) sworn undertaking to file evidence of the *maintenance of separate Trust Accounts in a reputable bank*;
- (viii) evidence that the minimum paid up capital of the Manager and Trustee complied with the requirements of the Commission as stipulated in these Rules and Regulations.

- (a) **Requirements for the Registration of Units of Real Estate Investment Trust**

An application for registration of the units of the investment trust shall contain the following information:

- (i) the name under which the issuer is doing business and the address of its principal office;
- (ii) the name of the proposed scheme;
- (iii) date of commencement;
- (iv) investment objective of the scheme;
- (v) investment outlets;
- (vi) number of units proposed for issue;
- (vii) nominal value per unit;
- (viii) the names and addresses of the Directors or persons performing similar functions, the Chief Executive Officer and the Chief Accountant;
- (ix) the name(s) and address(es) of brokers to the scheme;
- (x) the names and addresses of all persons owning 5% and above of any class of shares of the issuer both on record and





beneficially as at the date of filing the application for registration of the trust scheme;

- (xi) the amount of the proposed units of the issue to which any person specified in paragraphs (viii), (ix) and (x) have indicated intention to buy or subscribe;
- (xii) the general nature of the business actually transacted or to be transacted by the manager;
- (xiii) sworn undertaking to file quarterly reports with the Commission;
- (xiv) any other information required by the Commission from time to time.

### 3. Rule 9

#### **Power of the Commission to demand and examine records required to be maintained**

Rule 9 (1) is amended by deleting the named market operators and inserting the words "entity" after the word "any" in line 3. The amended subsection (1) now reads:

- (1) The Commission may pursuant to the provisions of the Act, at any time it deems fit, examine the records and affairs of or call for information from any entity covered by the provisions of the Act.

New sub-rules (2) – (7) are created as follows:

- (2) An entity whose affairs are being inspected and every director, officer and employee thereof shall produce to the inspecting officer such books, securities, accounts, records and other documents in its custody or control and furnish him with such statements and information relating to its activities as the inspecting officer may require within such period as the inspecting officer may specify.

- (3) An entity being inspected shall allow the inspecting officer to have access to his or its premises or any premises occupied by any other person on his or its behalf and also extend facility for examining any books, records, documents and computer data in his or its possession or such other person and provide copies of documents or other materials which, in the opinion of the inspecting officer, are relevant for the purposes of the inspection.
- (4) The inspecting officer shall examine and may record the statements of any director, officer or employee of the entity.

- (5) Every director, officer or employee of the entity being inspected shall give the inspecting officer all assistance in connection with the inspection as the inspecting officer may require.

- (6) The Commission may appoint an auditor or any other professional to inspect or investigate, as the case may be, the books of accounts, records, documents or affairs of the entity;

Provided that the auditors or other professional so appointed shall have the same powers as vested in the inspecting officer under sub-rules (4) and (5) and the entity and its directors, officers and employees shall be under the same obligations towards the auditor so appointed as mentioned in the said sub-rules.

- (7) The Commission shall recover from the entity such expenses including fees paid to the auditor or other professional as may be incurred by it for the purposes of inspecting the books of accounts, records and documents of the entity.





Existing Rule 9(2) becomes 9 (8).

The words "person who" after "Any" are deleted and replaced with the words "entity which" to read as follows:

9(8) any entity which fails or neglects to comply with any request or stipulation in accordance with the foregoing provisions of this regulation shall be liable to a fine of N2, 500.00 for every day such failure, refusal or neglect persists and in addition to any other disciplinary measure the Commission may impose for the protection of investors.

A new sub-rule(9) is created to read as follows:

(9) Entity under this rule means market operator, person or institution covered by the provisions of the Act.

## 2. Rule 20 B

A new Rule 20B is created and the existing Rule 20 is renumbered Rule 20A.

### Rule 20B

#### **Suspension/Cancellation of Registration.**

The Commission may suspend or cancel the registration granted to a market operator or any registered function where the market operator contravenes any of the provisions of the Act, the Rules and Regulations, the code of conduct for capital market operators or fails to do any of the following:

- (a) furnish any information relating to its activities as required by the Commission or furnishes information which is false and misleading in any material particular;
- (b) submit periodic returns or reports as required by the Commission;
- (c) co-operate in any enquiry or inspection conducted by the Commission;
- (d) update its systems and procedures as recommended by the Commission;

(e) resolve the complaints of clients or fails to give a satisfactory reply to the Commission in this regard;

(f) meet renewal requirements.

(2) The Commission may cancel the registration granted a market Operator where it is found:

- (a) guilty of fraud or has been convicted of an offence involving moral turpitude; or
- (b) guilty of repeated defaults.

#### **Effect of Suspension and cancellation of Registration**

3) (a) From the date of the suspension of registration, the market operator shall cease to carry on any capital m a r k e t activity and shall be subject to the directives of the Commission with regard to any records, documents or securities that may be in its custody or control relating to its activities as a market operator.

(b) From the date of cancellation of registration, the market operator shall, with immediate effect, cease to carry on any capital market activity as a market operator and shall be subject to the directives of the Commission with regard to the transfer of any r e c o r d s , documents or securities that may be in its custody or control relating to its activities as a market operator.

#### **Publication of Order of Suspension or Cancellation.**

(4) The Commission shall publish the order of suspension or cancellation of registration in at least two national daily newspapers.





**5. Rule 25**

The title of the rule is amended by deleting the word "Agency" and inserting in its place the word "company".

The title now reads:

**REGISTRATION OF SECURITIES CLEARING AND SETTLEMENT COMPANY**

**Registration Requirements**

Preamble to sub-rule (1) is amended by deleting "depository" and "custodial" to now read thus:

- (1) An application for registration of Securities Clearing and Settlement Company shall be made in FORM SEC 5C contained in schedule III to these Rules and Regulations and accompanied by:
  - (i) copy of certificate of incorporation certified by the Corporate Affairs Commission (CAC);
  - (ii) two copies of the Memorandum and Articles of Association certified by the CAC;
  - (iii) sworn undertaking to promptly furnish the Commission with copies of any amendment to the rules of the clearing company;
  - (iv) information relating to settlement facilities including settlement procedure;
  - (v) an application for registration of at least three (3) principal officers of the company on FORM SEC 2;
  - (vi) information as to the organization of the company including the organizational and shareholding structure, profile of promoters, members of the Council/Board, principal officers as well as rules and procedures.

**6. Rule 165A**

A new Rule 165A is created and the existing Rule 165 is renumbered 165B.

The new rule 165A is created by transferring sub-rule 182B (3) to the new Rule 165A to read thus:

**165A**

**Ailing Market Operator**

The Commission may, where it deems fit, appoint an individual or body corporate to oversee the affairs of a suspended or ailing capital market operator in the interest of the general investing public.

**Rule 182B (2005 Amendments)**

The title is amended by deleting "Ailing Market Operator" to read:

"Suspension of a Broker".

**7. Rule 168B**

A new rule 168B is created and the existing Rule 168 is renumbered Rule 168A.

**168B**

**Appointment of Compliance Officer**

- (1) Every market operator shall appoint a compliance officer who shall be responsible for monitoring compliance with the Act, Rules and Regulations, notifications, guidelines, instructions e.t.c issued by the Commission or the Federal Government.
- (2) The compliance officer shall be registered by the market operator with the Commission as a sponsored individual by filing FORM SEC 2 as contained in schedule III of these Rules and Regulations.
- (3) The compliance officer shall immediately and independently report to the Commission any non-compliance observed by him.



8. **Rule 179**

**Periodic Report to Clients**

Rule 179(1) (i) is amended to read thus:

(i) a quarterly report of its clients accounts showing all purchase transactions on behalf of the client including the statement of account for the period.

In sub-paragraph (ii), the word "monthly" is replaced with the word "quarterly".

**H2 REAL ESTATE INVESTMENT SCHEMES.**

9. **RULE 250**

Real Estate Investment Scheme (REIS) may be constituted as a:

- (i) company, or
- (ii) Trust.

(A) **Company**

10. **Rule 251**

A company authorised to carry on business of Real Estate Investment shall meet the following requirements before its securities can be registered by the Commission:

- i) 2 copies of certificate of incorporation certified by the CAC
- ii) 2 copies of the Memorandum and Articles of Association and the objects clause of the memorandum shall state, among other businesses, that it is registered to invest in real estate and real estate related businesses.
- iii) 2 copies of the particulars of directors.
- iv) 2 copies each of the draft prospectus and abridged prospectus.
- v) evidence that the authorized share capital

is not below the aggregate of the issued capital of the company and the proposed public offer.

- vi) evidence of appointment of a property manager registered with the Commission.

11. **Rule 252**

**Requirements as to form of Prospectus**

- (1) The information required in a prospectus to be used or used in offering for sale or sale of units of a proposed real estate investment scheme shall follow the order provided in rule 255 and thereafter need not follow any particular order provided that the information is set forth in such a manner as not to obscure any required information from being complete or misleading.

- (2) The information set forth in the prospectus shall be presented in a clear and concise manner under appropriate captions or headings reasonably indicative of the subject matter set forth thereunder.

12. **Rule 253**

**Statements as Required in Prospectus.**

- (1) There shall be set forth on the outside front cover of every prospectus the following statements printed in red ink:

THIS PROSPECTUS AND THE UNITS WHICH IT OFFERS HAVE BEEN REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION. THE INVESTMENTS AND SECURITIES ACT PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS MISLEADING INFORMATION. REGISTRATION OF THIS PROSPECTUS AND THE





UNITS WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS CONTAINED OR FOR ANY OMISSION OF A MATERIAL FACT IN THE PROSPECTUS.

- (2) Every prospectus shall set forth on the page describing the "offer" the following statements:
  - (a) A copy of this prospectus has been delivered to the Securities and Exchange Commission (the Commission) for registration.
  - (b) This prospectus is issued in compliance with the Investments and Securities Act 1999, and the Rules and Regulations made thereunder for the purpose of giving information to the public with regard to the offer for subscription of units of the scheme.
  - (c) The directors of the issuer collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made reasonable enquiries that to the best of their knowledge and belief there are no material facts the omission of which would make any statement contained herein misleading.
  - (d) The Commission has approved the issue, offer or invitation in respect of the public offering and the approval shall not be taken to indicate that the Commission recommends the public offering. The Commission shall not be liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or

completeness, and expressly disclaims any liability whatsoever arising from reliance upon the whole or any part of the contents of the prospectus.

The valuation approved or accepted by the Commission shall only be utilized for the purpose of the proposal submitted to and approved by it and shall not be construed as an endorsement by the Commission on the value of the subject assets for any other purpose.

### 13. **Rule 254** **Date of Prospectus**

Every prospectus shall be dated on the front cover and the date shall not be earlier than the date of the completion board meeting.

### 14. **Rule 255** **Contents of a Prospectus**

Every prospectus shall contain the information required by the Act and shall, in addition, state the following information:

- (i) the front cover shall state the name of the issuer/promoter, registration number, amount of units being offered, the price and amount payable in full on application; provided that the initial public offer shall not be less than N1 billion and subsequent offers not less than N500 million;
- (ii) a reasonably detailed table of contents in the forepart of the prospectus showing the subject matter of the various sections or sub-sections of the prospectus and page number on which each such section or sub-section begins;
- (iii) the offer, stating the requirements of rule 253, the times of opening and closing the offer.
- (iv) names and addresses of the directors,
- (v) corporate directory of Issuer, Valuer(s), Issuing House, Registrar, Underwriter,





Solicitor to the issue, Reporting Accountant and property manager;

- (vi) history and prospects of the scheme;
- (vii) objective of the scheme;
- (viii) dividends, distribution or reinvestment options
- (ix) statement as to consents of professionals to the offer;
- (x) the warning statements that the rental yield on real estate portfolio held by the company is not equivalent to the yield of the securities as well as that the value of the real estate may fluctuate;
- (xi) full details of and description of the real estate held by the company and/or type of real estate to be acquired. The description of an existing property shall spell out the type(residential/commercial/ industrial) location, age, existing use, net lettable area and number of car parks;
- (xii) brief particulars of the tenancies indicating major tenants, tenancy period, occupancy rates, average current rentals, outgoings, net income and assessment of future income and major capital expenditure likely to be incurred in the immediate future.
- (xiii) brief description of the property manager including its experience in real estate/property management, total property under management, number of years in property management industry and staff strength;
- (xiv) the inclusion of a photograph in the prospectus will be permitted on the condition that the photograph is not more than six months old as at the date of the prospectus and the depicted real estate is wholly-owned or approved by the Commission to be wholly acquired;
- (xv) details on the valuation of real estates held by the company indicating date of last valuation, value of the estates and the basis of valuation, revaluation

surplus/deficit, net book value and any other relevant information;  
(xvi) application forms.

15. **Rule 256**  
**Underwriting**

- (1) All public issues of Real Estate Investment Scheme shall be firmly underwritten to the extent provided in Rule 257. There shall be no stand by underwriting.
- (2) Where the issue is underwritten by a syndicate of underwriters, the issuing house shall act as the lead underwriter provided however that in the case of a debt issue, a lead underwriter other than the issuing house may be appointed but shall be registered by the Commission as such. The Issuing house to the debt issue shall be a member of the syndicate of underwriters.
- (3) All underwriting and Sub-underwriting agreements shall be submitted to the Commission for clearance along with other registration documents.
- (4) Where any party or parties in an underwriting agreement intend to terminate the agreement, such party or parties shall give not less than 5 working days notice to the Commission and shall state the reasons for the intended termination. If the Commission is satisfied with the reasons given it may give approval for the termination of the agreement.
- (5) The arbitration clause (if any) in the underwriting agreement shall include provisions to the effect that:
  - (a) whenever a dispute arises between the parties, the Commission shall be notified within 5 working days;
  - (b) a maximum period of 10 working days will be allowed for the parties to resolve the dispute by themselves or appoint





- arbitrator(s);
- (c) the arbitrator(s) shall have a maximum period of 10 working days to resolve the dispute after the exchange of pleadings by the parties, failing which the matter shall be referred to the Commission for resolution;
- (d) any party aggrieved by the decision of the Commission may refer the matter to the Investments and Securities Tribunal (IST).
- (6) The underwriting agreement shall contain a statement that the terms and conditions of the agreement are in conformity with the provisions of the Investments and Securities Act 1999 and the Commission's Rules and Regulations made thereunder.

16. **Rule 257**

**Amount to be underwritten**

- (1) The amount or percentage of the issue underwritten by any Underwriter shall not be less than 35% of the number of units issued for subscription.
- (2) The level of underwriting commitment at any time shall not be more than 2½ times the paid-up share capital and reserves of the underwriter in the aggregate.

17. **Rule 258**

**Underwriting Commission**

The underwriting commission shall be as agreed between the Issuer and the underwriter(s) and shall be a percentage of the amount underwritten.

18. **Rule 259**

**Time Amount Underwritten is made Available**

The underwriter(s) shall make the amount underwritten available to the issuer on the day the offer opens.

19. **Rule 260**

**Minimum Level of Subscription**

- (1) The public issue of a Real Estate Investment Scheme shall be cleared for allotment by the Commission only if it is subscribed by at least 25% apart from the percentage underwritten.
- (2) The Issuing House shall notify the Commission of the level of subscription within six weeks after the close of the offer and the Commission may, in the interest of the investing public, direct that the issue be aborted.
- (3) The Issuing House shall publish in at least two daily national newspapers, details of the decision to abort the offer not later than 5 working days after the Commissions' directive that the issue be aborted.
- (4) The Receiving banker shall forward return monies to the Registrar, within 2 working days, after the Commissions' directive that the issue be aborted.
- (5) The Registrar to the issue shall return monies to subscribers to the aborted issue not later than 5 working days after the Commissions' directive that the issue be aborted.

20. **Rule 261**

**Investment Outlets**

- (1) The following requirements shall apply in the case of listed real estate investment company:

At least 75% of the company's total assets shall be in Real Estate. The remaining 25% may be in Real Estate related assets; Provided that not more than 10% shall be in liquid assets.

- (2) The level of development activity by the



company shall not exceed 20% of the portfolios' gross asset value.

- (3) The company shall hold on to any development made for a minimum of two years before disposing of it.
- (4) In the case of unlisted real estate investment company, the following shall apply:

At least 70% of the company's assets shall be in real estate or real estate related assets. A maximum of 10% of company's assets shall be in liquid assets at all times and the remaining 20% may be invested in other assets.

- (5) The provisions of subsections (2) and (3) of this section shall apply in the case of unlisted real estate investment company.
- (6) The assets of Real Estate Investment companies, whether listed or unlisted, shall not be invested outside Nigeria.

21. **Rule 262**  
**Valuation Report**

A valuation report of the company's real estate shall be filed with the Commission every two years by a real estate valuer registered with the Commission.

22. **Rule 263**  
**Quarterly Report**

A quarterly report on the performance of the scheme shall be filed by the company with the Commission.

23. **Rule 264**  
**Insurance**

The company's real estate assets shall be insured.

24. **Rule 265**  
**Borrowing**

Notwithstanding anything contained in its articles of association, the company shall not, in the exercise of its powers in relation to real estate investment, borrow beyond 25% of the shareholders' fund.

**B. Trust**

25. **Rule 266**  
**Application for Registration of Real Estate Investment Trust.**

An application for registration of the Trust shall be filed with the Commission.

26. **Rule 267**  
**Requirements as to Form of Prospectus**

- (1) The information required in a prospectus to be used or used in the offering for sale or sale of units of a proposed real estate investment trust shall follow the order provided in rules 270 and 272 and thereafter it need not follow any particular order provided that the information is set forth in such a manner as not to obscure any required information necessary to keep the required information from being complete or misleading.
- (2) The information set forth in the prospectus shall be presented in a clear and concise manner under appropriate captions or headings reasonably indicative of the subject matter set forth there under.

27. **Rule 268**  
**Statement as Required in Prospectus**

- (1) There shall be set forth on the outside front cover of every prospectus the following statements printed in red ink:

THIS PROSPECTUS AND THE UNITS WHICH IT





OFFERS HAVE BEEN REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION. THE INVESTMENTS AND SECURITIES ACT 1999 PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. REGISTRATION OF THIS PROSPECTUS AND THE UNITS WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS CONTAINED OR FOR ANY OMISSION OF A MATERIAL FACT IN THE PROSPECTUS.

(2) Every prospectus shall set forth on the page describing the "offer" the following statements:

- (a) a copy of this prospectus together with the documents specified herein, having been approved by the Trustees, has been delivered to the Securities and Exchange Commission ("the Commission") for registration;
- (b) this prospectus is issued in compliance with the Investments and Securities Act 1999 and the Rules and Regulations of the Commission for the purpose of giving information to the public with regard to the offer for subscription of units of the scheme;
- (c) the Directors of the Manager collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made reasonable enquiries, that to the best of their knowledge and belief there are no material facts the omission of which would make any statement contained therein misleading;
- (d) the Securities and Exchange Commission has approved the issue, offer or invitation in respect of the public offering and the

approval shall not be taken to indicate that the Commission recommends the public offering. The Commission shall not be liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever arising from reliance upon the whole or any part of the contents of the prospectus.

The valuation approved or accepted by the Commission shall only be utilized for the purpose of the proposal submitted to and approved by it and shall not be construed as an endorsement by the Commission on the value of the subject assets for any other purpose.

28. **Rule 269**  
**Date of Prospectus**

Every prospectus shall be dated on the front cover and the effective date of registration of the units which it offers shall not be earlier than the date of execution of the approved registration documents by all parties at a final meeting.

29. **Rule 270**  
**Contents of a Prospectus**

Every prospectus shall contain the information required by the Act and shall, in addition, state the following information:

- (i) the front cover shall state the name of the Issuer/Promoter, the Fund Manager, the registration number of the Fund Manager, the type of units offered, amount of units being offered, the price and amount payable in full on application. Provided that initial public offer shall not be less than N1 billion and subsequent offer shall not be less than N500 million;
- (ii) the following statements shall appear in





bold character on the cover page;

You are advised to read and understand the contents of the prospectus. If in doubt, please consult your Stockbroker, Solicitor, Banker or an Independent Investment Adviser;

- (iii) a reasonably detailed table of contents in the forepart of the prospectus showing the subject matter of the various sections or sub-sections of the prospectus and page number on which each section or sub-section begins;
- (iv) a corporate directory of the Manager which shall include details on –
  - (a) Directors and principal officers
  - (b) Names of the investment committee members specifying the independent members
  - (c) e-mail and website address (if any)
  - (d) 3 – 5 years financial summary. Where the manager is a new company, it shall furnish a statement of affairs;
- (v) corporate directory of valuer(s), Issuing House, Registrar, Underwriter (in case of close – ended trust) Solicitor to the issue, Reporting accountant, Trustee, Rating agency, and property manager;
- (vi) the offer stating the requirements of rule 268, the times of opening and closing of the offer;
- (vii) history and prospects of the scheme;
- (viii) objective of the fund, strategy for achieving the stated objective and a statement that material changes to the investment objective would require unit holders approval;
- (ix) offer price;
- (x) management and advisory services;
- (xi) preliminary charges. The following statement shall be written boldly in the

summary page: "Investors are advised to seek information on the fees and charges before investing in the Scheme"

- (xii) investment policy of the Scheme;
- (xiii) dividends, distribution and reinvestment options;
- (xiv) redemption policies (in case of open-ended trust);
- (xv) statement as to consents of professionals to the offer;
- (xvi) duration of the scheme and conditions relating to its termination, and modification of its Trust Deed;
- (xvii) for ease of understanding, the prospectus may include the use of charts, diagrams/flowcharts in the presentation of information;
- (xviii) a breakdown of the fees stating clearly that the management fee would be based on the net asset value of the scheme. It shall also state that the initial expense shall be borne by unit holders and amortised over a maximum period of 5 years;
- (xix) the prospectus shall include a section on the real estate investment trust to provide prospective unit holders with detailed information on the scheme for the purpose of making an informed assessment of the scheme. The following information about the scheme shall be disclosed:
  - (a) the schemes' specific peculiar risks. The strategy for managing those risks shall also be disclosed;
  - (b) the management company's policy on gearing and minimum liquid asset (in percentage terms) requirement of the scheme; Provided that the Trustees may on the advise of the Manager borrow on behalf of unit holders up to 15% of the Schemes net assets.
  - (c) full details of and description of the real





- estate held by the scheme and/or type of real estate to be acquired. The description of an existing property shall spell out the type (residential/commercial/industrial) location, age, existing use, net lettable area and number of car parks;
- (d) brief particulars of current tenancies indicating major tenants, tenancy period, occupancy rates, average current rentals, outgoings, net income and assessment of future income and major capital expenditures likely to be incurred in the immediate future;
- (xx) The prospectus shall contain a key data section with the following warning statements stated in bold characters:
- (a) that the rental yield on real estate held by the Scheme is not equivalent to the yield of the units and
- (b) that the value of the real estate may fluctuate;
- (xxi) information concerning the relationship between the management company and/or any of its associated/related companies with the vendors of real estate purchased or to be purchased shall be disclosed;
- (xxii) information about the property manager including its experience in real estate/property management, total property under management, number of years in property management industry and staff strength;
- (xxiii) the inclusion of a photograph in the prospectus will be permitted on the condition that the photograph is not more than six months old as at the date of the prospectus and the depicted real estate is wholly owned or approved by the Commission to be wholly acquired;
- (xxiv) the details on the valuation of real estate(s) held by the scheme shall be disclosed, including date of last valuation,

value of the estates and the basis of valuation, revaluation surplus/deficit, net book value and any other relevant information;

(xxv) application forms.

### 30. **Rule 271** **Requirements as to Form, Number, etc of Trust Deed**

- (1) Every Trust Deed filed pursuant to the registration of real estate investment trust shall be printed and properly bound on the left side in such a manner as to leave the reading matter legible.
- (2) Two copies of such Trust Deed shall be filed with the Commission together with a completed application for authorization of the scheme.
- (3) The Trust Deed shall state on the outside front cover page, in bold print, the following information:
- (i) date of the Trust Deed;
- (ii) name of the management company;
- (iii) name of the trustee company;
- (iv) name of the Scheme constituted by the Trust Deed;
- (v) that the Trustee will be liable for breach of its duties where it fails to carry out its responsibilities under the Trust Deed or report breach of the terms to the Commission.

### 31. **Rule 272** **Contents of Trust Deed**

- Every Trust Deed in which are expressed the trust of real estate investment scheme shall contain, among other things, the following information:
- (i) definition of terms used in the Trust Deed;
- (ii) constitution of the trust;
- (iii) issue of units provided that the initial value of units offered shall not be less than N1 billion and any subsequent issue





- (iv) shall not be less than N500 million.
- (iv) in case of open-ended trusts, redemption of units by the fund managers at prices calculated in the manner prescribed under these Rules and Regulations, and for settlement in respect thereof to be effected not later than five working days following the transaction;
- (v) investment policy; a statement that the scheme shall have an Investment Committee;
- (vi) registration of holders of units;
- (vii) mode of execution and issuance of unit certificate;
- (viii) a provision stating that the underlying assets of the scheme shall rest in the Trustee, or subject to any prescribed conditions, in a nominee approved by the Commission;
- (ix) in case of open-ended trust, prohibition or restriction of issue by and on behalf of the manager, of any advertisements, circular or any statement with respect to any sale price of units, the payments of other benefits received or likely to be received by unit holders, or invitation to buy units without disclosing also the yield from the units; and unless such circulars, advertisements, etc are cleared by the Trustee and approved by the Commission;
- (x) an annual management fee plus other expenses not exceeding 5% of net asset value of the fund;
- (xi) in addition to (x) above, the fund manager of the scheme shall be entitled to an incentive fee not exceeding 30% of total returns in excess of 10% of the scheme's net asset value per annum;
- (xii) appointment of auditor;
- (xiii) annual auditing of the scheme;
- (xiv) prohibition of the management company, Trustee and their affiliates from dealing as principals in the sale of underlying assets to the trust scheme;
- (xv) prohibition of deals in or retention of any underlying securities of any company if those individual officers of the management company or of their affiliates own each beneficiary more than ½ of 1 per cent of the securities of such company and together more than 5 per cent of the securities of the particular company;
- (xvi) duties and responsibilities of the Managers and Trustees;
- (xvii) remuneration of Trustees;
- (xviii) removal and retirement of Managers and Trustee; a statement that where the Trustee intends to withdraw or where the Manager is seeking the removal of the Trustee, the parties (i.e. the Trustee and the Manager) shall first notify the Commission and give reasons for the withdrawal or removal as well as the suitability of the new trustee to be appointed in its place;
- (xix) duration and termination of the trust;
- (xx) notices and meetings of unit holders;
- (xxi) affirmation of the separate incorporation of the Trustees and the management company under the Companies and Allied Matters Act, 1990;
- (xxii) provision that ensures that effective control over the affairs of the scheme is vested in and will be exercised independently by the Trustee of the scheme on behalf of unit holders;
- (xxiii) an undertaking by the Trustee to notify the Commission about any proposed change in management position of the Fund during the currency of the scheme;
- (xxiv) provision restricting the Fund Manager's absolute powers to invest the scheme's fund by requiring Trustee's consent before investments are finalized;
- (xxv) provision prohibiting Fund Manager from investing in its in-house, trustees' or their





- associates instruments;
- (xxvi) provision that promoters of real estate investment scheme shall subscribe to a minimum of 10% of initial issue;
- (xxvii) time frame for Trustee to act whenever it becomes necessary to enforce the terms and that the Trustee shall inform the Commission of any breach of the terms and conditions of the Trust Deed not later than 10 working days after the breach.

32. **Rule 273**  
**Filing Executed and Registered Trust Deed**

- (1) After approval of the Trust Deed by the Commission, an applicant shall forward a duly executed and stamped copy of such Trust deed to the Commission before commencing operation or dealing in units of the scheme constituted by the Trust Deed.
- (2) The Trust Deed shall be executed by the manager and Trustee to the scheme and stamped at the Stamp Duty's Office of the Internal Revenue Department.
- (3) The names of the Director and Secretary signing on behalf of the Manager/Trustee shall be clearly indicated in the position for signatures in the execution clause of the Trust Deed. Where the deed is executed by persons other than the Director and Secretary, the name and designation of such persons/officers signing the execution clause of the Trust Deed shall be stated against their signatures.

33. **Rule 274**  
**Underwriting**

- (1) All public issues of units of close-ended real estate investment fund shall be firmly underwritten to the extent provided in rule 275.
- (2) Where the issue is underwritten by a

syndicate of underwriters, the Issuing House shall act as the lead underwriter.

- (3) All underwriting and sub-underwriting agreements shall be submitted to the Commission for clearance along with other registration documents.
- (4) Where any party or parties in an underwriting agreement intend to terminate the agreement, such party or parties shall give not less than 5 working days notice to the Commission and shall state the reasons for the intended termination. If the Commission is satisfied with the reasons given, it may give approval for the termination of the agreement.
- (5) The arbitration clause (if any) in the underwriting agreement shall include provisions to the effect that:
  - (a) whenever a dispute arises between the parties, the Commission shall be notified within 5 working days;
  - (b) a maximum period of 10 working days will be allowed for the parties to resolve the dispute by themselves or appoint arbitrator(s)
  - (c) the arbitrator(s) shall have a maximum period of 10 working days to resolve the dispute after the exchange of leadings by the parties, failing which the matter shall be referred to the Commission for resolution;
  - (d) any party aggrieved by the decision of the Commission may refer the matter to the Investments and Securities Tribunal (IST).

- (6) The underwriting agreement shall contain a statement that the terms and conditions of the agreement are in conformity with the provisions of the Investments and Securities Act, 1999 and the Commissions Rules and Regulations made there under.

34. **Rule 275**





**Amount to be Underwritten**

- (1) The amount or percentage of the issue underwritten by any underwriter in a close-ended trust shall not be less than 35% of the number of units issued for subscription.
- (2) The level of underwriting commitment at any time shall not be more than 2½ times the paid up share capital and reserves of the underwriter in the aggregate.

35. **Rule 276**  
**Underwriting Commission**

The underwriting commission shall be as agreed between the issuer and the underwriter(s) and it shall be a percentage of the amount underwritten.

36. **Rule 277**  
**Time Amount Underwritten is Made Available**

In all cases of firm underwriting commitment, the underwriter shall make the amount underwritten available to the Issuer on the day the offer opens.

37. **Rule 278**  
**Minimum level of Subscription**

- (1) The public issue of units of real estate investment scheme shall be cleared for allotment by the Commission only if it is subscribed up to 65%. However, in the case of close-ended scheme, it shall be cleared for allotment only if it is subscribed by at least 25%, apart from the percentage underwritten.
- (2) The Issuing House shall notify the Commission of the level of subscription within six weeks after the close of offer and the Commission may, in the interest of the investing public, direct that the issue be aborted.
- (3) The Issuing House shall publish in at least two daily national newspapers, details of

the decision to abort the offer not later than 5 working days after the Commission's directive that the issue be aborted.

- (4) The Receiving banker shall forward return monies to the Registrar, within 2 working days, after the Commissions directive that the issue be aborted.
- (5) The Registrar to the issue shall return monies to subscribers to the aborted issue not later than 5 working days after the Commissions' directive that the issue be aborted.

38. **Rule 279**  
**Investment Outlets**

- (1) For close-ended real estate investment scheme the following requirements shall apply:
  - (i) at least 75% of the Funds total assets shall be in real estate; the remaining 25% may be in real estate related assets. Provided that not more than 10% shall be in liquid assets;
  - (ii) the level of new development activity by the fund Manager shall not exceed 20% of the Fund's gross asset value;
  - (iii) the Manager shall hold on to any development for a minimum of 2 years before disposing of it.
- (2) For open-ended real estate investment Scheme, the following shall apply:
  - (i) at least 70% of the scheme's assets shall be in real estate or real estate related assets, a maximum of 10% of the schemes' assets shall be in liquid assets at all times and 20% may be in other assets;
  - (ii) the provisions of paragraphs (ii) and (iii) of sub-rule (1) above shall apply.
- (3) The assets of real estate investment scheme, whether close-ended or open-ended shall not be invested outside Nigeria.





39. **Rule 280 A****Rating and Valuation Reports**

- (1) A rating report by a registered rating company shall be filed with the Commission every two years.
- (2) A valuation report of the Schemes' real estate assets shall be filed with the Commission every two years by a real estate valuer appointed by the Fund Manager and registered with the Commission.

40. **Rule 280 B****Quarterly Reports**

- (1) A quarterly report on the performance of the scheme shall be filed with the Commission by the fund Manager.
- (2) A half yearly report shall be filed with the Commission by the Trustee.

41. **Rule 281****Insurance**

The underlying assets of the Scheme shall be insured by the fund manager.

The Department drafted rules on the following inputs for further deliberations:

- i. Regulation of Acquisitions;
- ii. Regulation of custodian of securities in Nigeria;
- iii. Regulation of Depositories and participants; and
- iv. Regulation of Securities Clearing and Settlement companies.

The Department also carried out the following activities;

- (i) Preparation of drafted rules/amendment for deliberation by the Rules Committee;
- (ii) The Department also coordinated and acted as the secretariat at the retreat of

the rules Committee held on 16th – 17th March, 2007, wherein issues in respect of the Regulation of Custodian of Securities, Depositories and Related Parties and Guidelines in Securities Clearing and Settlement were deliberated upon.

The Dept. finalized the drafted rules for subsequent exposure to the market

The Commission's Rules on new market fees, Underwriting and new Minimum Paid up Capital became effective having being approved by the Hon. Minister of Finance.

Pursuant to Section 262 (4) of the Investments and Securities Act, (ISA) No. 45, 1999, the following amendments were also made by the Commission:

1. **Rule 25**  
**Registration of Securities Clearing and Settlement Agency.**

Rule 25 (1) (xv) is amended by deleting the sum of **N500 million** and inserting in its place, the sum of **N1 billion**.

2. **Rule 28**  
**Registration of Capital Market Operators.**

Rule 28 is amended by the creation of the function of **Market Maker** and the abolition of the function of Jobber.

The amended Rule now reads as follows:

The following capital market operators are subject to registration by the Commission:

- (1) Issuing House
- (2) Underwriter
- (3) Broker/Dealer



- (4) Market Maker
- (5) Sub – Broker
- (6) Registrar/Share Transfer Agent
- (7) Banker to an Issue/Receiving Banker
- (8) Trustee
- (9) Investment Adviser (Corporate and Individual)
- (10) Fund/Portfolio Manager
- (11) Rating Agency
- (12) Capital Market Consultant

Provided that only corporate bodies shall file application for the following functions:

- (1) Broker/Dealer
- (2) Market Maker
- (3) Sub – Broker
- (4) Underwriter
- (5) Issuing House
- (6) Registrar
- (7) Trustee
- (8) Fund/Portfolio Manager
- (9) Rating Agency
- (10) Corporate Investment Adviser
- (11) Banker to an Issue/Receiving Banker

3. **Rule 29**  
**Registration of Issuing Houses**

Rule 29 (1) (ix) is amended by deleting the sum of **N150 million** and inserting in its place the sum of **N2 billion**.

4. **Rule 30**  
**Registration of Underwriters**

Rule 30 (1) (x) is amended by deleting the sum of **N100 million** and inserting in its place the sum of **N2 billion**.

5. **Rule 31**  
**Registration of Broker/Dealer**

Rule 31 (1) (x) is amended by deleting the sum of **N70 million** and inserting in its place the sum of **N1 billion**.

6. **Rule 32**  
**Registration of Sub-Broker**

Rule 32 (1) (x) is amended by deleting the sum of **N5 million** and inserting in its place the sum of **N50 million**; and then delete the sentence "And in the case of an individual, evidence of minimum net worth of N500, 000".

7. **Rule 34**  
**Registration of Registrars and Share Transfer Agents**

Rule 34 (1) (x) is amended by deleting the sum of **N50 million** and inserting in its place the sum of **N500 million**.

8. **Rule 37**  
**Registration of Fund/Portfolio Manager**

Rule 37 (1) (ix) is amended by deleting the sum of **N20 million** and inserting in its place the sum of **N500 million**.

9. **Rule 75**  
**Underwriting of Public Issues**

Sub-rule (1) is amended by deleting the existing provisions and inserting in its place the following:

- (1) Without prejudice to Rules 256 and 274, all public issues shall be firmly underwritten to the extent provided in Rule 76 below.

10. **Rule 76**  
**Amount to be Underwritten**

Sub-rule (1) is amended as follows:





- (1) The amount or percentage of the issue underwritten by any underwriter or syndicate of underwriters shall not be less than 80% of the number of units issued for subscription.  
Sub-rule (2) is amended by inserting the words "by a single underwriter" after the word "commitment" to read thus:
- (2) The level of underwriting commitment by a single underwriter at any time shall not be more than 2½ times the aggregate of the paid-up share capital and the undistributable reserves.

## II. **Schedule 1**

### **REGISTRATION FEES AND MINIMUM CAPITAL REQUIREMENTS**

The schedule is amended as follows:

#### **PART A**

#### **REGISTRATION FEES**

##### **A1. MARKET OPERATORS**

		<b>INITIAL N</b>	<b>RENEWAL N</b>
1.	Application Form	5,000	-
2.	Broker/Dealer	100,000	100,000
3.	Broker	100,000	100,000
4.	Dealer	100,000	100,000
5.	Corporate Sub-Broker	50,000	50,000
6.	Underwriter	200,000	200,000
7.	Issuing House	200,000	200,000
8.	Registrar	100,000	100,000
9.	Fund/Portfolio Manager	100,000	100,000
10.	Corporate Investment Adviser	100,000	100,000
11.	Individual Investment Adviser	20,000	20,000
12.	Commodities Broker	100,000	100,000
13.	Sponsored Individual	10,000	10,000
14.	Banker to an Issue	100,000	100,000
15.	Trustee	100,000	100,000
16.	Rating Agency	100,000	100,000
17.	Capital Market Consultants (Corporate)	100,000	100,000
18.	Capital Market Consultants (Partnership)	50,000	50,000
19.	Capital Market Consultants (Individual)	20,000	20,000
20.	Venture Capital Company	50,000	50,000



## PART B

### MINIMUM CAPITAL REQUIREMENT

S/N	CATEGORY OF OPERATOR	MINIM PAID-UP CAPITAL (N)
1.	Issuing House	2 billion
2.	Broker/Dealer	1 billion
3.	Trustees	40 million
4.	Fund/Portfolio Manager	500 million
5.	Corporate Investment Adviser	5 million
6.	Registrar	500 million
7.	Rating Agency	20 million
8.	Corporate Sub-Broker	50 million
9.	Underwriter	2 billion
10.	Receiving Banker	As stipulated by CBN
11.	Consultant (Individual)	500,000
12.	Consultant (Partnership)	2 million
13.	Consultant (Corporate)	5 million
14.	Individual Investment Adviser	500,000
15.	Venture Capital Manager	20 million
16.	Commodities Broker	40 million
17.	Capital Trade Point	20 million
18.	Stock/Commodities Exchange	500 million
19.	Clearing & Settlement Agency	1 billion
20.	Market Maker	2 billion

## PART C

### SECURITIES

- (3) First Tier Market  
For the first half a billion Naira  
Worth of securities offered 0.60%  
Next half a billion 0.45%  
Above one billion 0.30%
- (4) Fees on State/Local Government Bonds and Debentures of Public Limited Companies:

- (i) Primary Market (Registration Fee) 0.3%  
(ii) Secondary Market Transaction 0.06%

- (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	0.60%
Next N500 million share capital	0.45%
Any sum thereafter	0.30%

- (9) Registration of Existing Securities (for public companies whose securities are





not yet registered)

First N500 million (of paid-up share capital)	
0.60%	
Next N500 million	0.45%
Any sum thereafter	0.30%

## PART D

### SEC Fees on Market Deals First Tier Market

1. Payment to Commission by Broker/Dealer on every security traded on the Exchange (payable by buyer) 0.60%

The Dept. rendered secretariat services to the Rules Committee meeting held on 23rd May 2007.

The Committee met to continue the deliberation on the drafted rules on custodian of securities, depositories and participants' regulations as well as regulation of securities clearing and settlement.

The Committee also held its meeting on the 5th of June, 2007.

The Department adopted some regulatory framework in India for the regulation of the Nigerian Capital Market in the areas of custody of securities and investor protection fund and appropriate recommendations made to Management for approval.

Below were the areas of regulation and the recommendations made thereto:

#### Registration

The Committee recommended that the Commission should adopt the practice of

registering only corporate bodies performing capital market functions while the oversight of individuals employed by the bodies be left with the Self Regulatory Organizations (SROs)

By section 8(w) of the Investment and Securities Act (ISA) 1999, the Commission is empowered to disqualify unfit individuals from being employed anywhere in the securities industry. The Commission can thus ban any professional from acting in the capital market under this section where such a professional causes injury in the market irrespective of whether or not such a professional was registered by it.

#### Grievance Procedure

The two Exchanges in India handle most conflict issues and report to the SEBI.

The grievance procedure in India is as follows:

- Complaint is received by the Exchange which examines same and attempts to settle;
- If settlement is not reached, a Committee is constituted to look into it;
- If any party is dissatisfied with the decision of the Committee, the dispute is then submitted to the arbitration in line with the arbitration laws of the country;
- If any party is dissatisfied with the arbitration award, he can appeal to the Securities Appellate Tribunal and from there on to the highest court of the land.

#### Recommendation

It was recommended that the Indian model be adopted so as to unburden the Commission and allow it to focus more on its core responsibility of regulating and developing the capital market.

The Exchanges should be encouraged to adopt the Indian model for dispute settlement.



### Investor Protection Fund (IPF)

In India, the following constitutes the sources of IPF funding:

- (i) 1% of the listing fees received on a quarterly basis;
- (ii) 100% of the interest earned on the 1% security deposit kept by the issuers at the time of the offering of securities to the public, immediately on refund of the deposit;
- (iii) the difference in the amount of auctions/close out and the market price of the securities;
- (iv) Initial contribution of Rs 10,000 per member;
- (v) Rs 3 per transaction;
- (vi) 1/3 of the sum deposited in an escrow account by the acquiring company in an acquisition and the unclaimed balance of the amount deposited for payment as consideration to shareholders that accepted the offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997

### Recommendation

The Committee recommended that the sources of income of Investor Protection Fund in Nigeria should be expanded so that the fund can grow. Relying on a one-off contribution by Stockbrokers is not enough.

Accordingly, the Exchanges should be encouraged to consider and adopt, with modifications, the sources of income for Investor Protection Fund in India.

### Forms

Currently, the Rules and Regulations of the Commission contain the list of forms used by the various departments and reference is made to them in the body of the Rules.

With the introduction of new products and services in the market, more forms are being designed by the relevant departments and they tend to conflict with each other.

### Recommendations

In the light of the above, it was recommended that each department should design forms appropriate to it and submit to Management for approval.

The Rules will be reviewed such that specific forms are not mentioned in the body of the Rules, but reference made to designated form wherever appropriate. This will make it easier for appropriate forms to be designed, approved and implemented by departments without necessarily amending the Rules.

The Dept. organized a round table meeting for the Rules Committee and Stakeholders on the 4th and 5th of July, 2007, to review the updated draft rules as well as exposure of the rules on Depositories, Custodian of Securities, and regulation of Clearing and Settlement System.

### (3) BOARD/SECRETARIAT SERVICES DIVISION

The Dept. provided secretariat and logistic services to the Joint Tenders & Projects Committee meeting held on 16th and 17th October, 2007 as well as the Board meeting of the Commission held on 22nd and 23rd October, 2007.







**Mrs. Salamatu H. Suleiman**

Director/HOD Secretariat and Legal Advisory  
and Secretary to the Commission

During the year under review, the Investigation and Enforcement Dept. carried out the following activities:

#### A. INVESTIGATION

The Department through the Division conducted investigations on all complaints emanating from capital market activities with a view to resolving the issues in contention in such complaints in order to sanitize the market and maintain zero tolerance on fraudulent activities in the capital market.

The complaints are usually against Stockbrokers, Registrars and others (multiple) involving financial institutions. The Department is also charged with monitoring anti money laundering activities in the market.

The breakdown of the activities is summarized as follows:

#### 1. INVESTIGATION OF COMPLAINTS AGAINST STOCKBROKERS

Within the period under review, investigations were conducted on complaints lodged against Stockbrokers. The classifications of complaints received are as stated below:

- Unauthorized/ fraudulent sale of shares by stockbrokers.
- Illegal transfer of shares by Stockbrokers.
- Non-remittance of share sale proceeds by stockbrokers.
- Non- purchase or undue delay in the purchase of shares by a stockbroker on behalf of an investor.
- Falsification of clients accounts and ;
- Miscellaneous complaints among operators.

The Department received and investigated (956) complaints against stockbrokers within the period under review.

#### THE BREAKDOWN OF THE COMPLAINTS ARE AS CATEGORIZED BELOW:

FRAUDULENT /UNAUTHORISED SALE OF SHARES	NON-PURCHASE/ FAILURE TO TRANSFER SHARES	NON PAYMENT OF SALE PROCEEDS/ CONVERSION	FALSIFICATION OF CLIENTS ACCOUNTS	TOTAL
469	188	227	72	956





## 2. INVESTIGATION OF COMPLAINTS AGAINST REGISTRARS

The Complaints received/ lodged against Registrars are largely in respect of the following:

- Non- receipt of certificates, dividend warrants, bonus or return monies from Registrars.

- Non verification of shares by Registrars.
- Non- issuance of share certificate by companies.

The Department investigated one thousand and six complaints lodged against Registrars.

### THE BREAKDOWN OF THE COMPLAINTS ARE AS CATEGORIZED BELOW:

NON RECEIPT OF SHARE CERTIFICATE	NON RECEIPT OF DIVIDEND WARRANT	NON RECEIPT OF BONUS CERTIFICATE	NON- VERIFICATION OF CERTIFICATES	MISCELLANEOUS ISSUES ( UPDATE ON SHAREHOLDINGS, RE-ISSUANCE OF MISSING SHARE CERTIFICATE E.T.C)	TOTAL
441	201	172	101	91	1,006

In addition to the above, miscellaneous complaints involving other parties apart from operators (e.g. complaints against Banks) were also investigated.

## 3. TARGET INSPECTION/ INVESTIGATIONS

The Department conducted target inspections in respect of 15 major cases in order to ascertain real issues on the complaints with the aim of verifying facts that would help in resolving issues in contention.

## 4. ALL PARTIES MEETINGS

A total of forty two (42) all parties meetings involving complainants and respondents for speedy resolution of major complaints were held.

## 5. CLOSED CASES

During the period under review, the Department closed nine hundred and sixty two case files (962) case files against Stockbrokers and Registrars based on the confirmation of satisfactory resolution of the complaints. Meanwhile, investigations are ongoing in respect of outstanding cases.

## 6. HIGHLIGHTS OF SOME MAJOR CASES

### a. INSPECTION AND INVESTIGATION ON ESL SECURITIES LIMITED

The Department conducted a target inspection and investigation on the books of ESL Securities Limited in accordance with section 8(q) of the Investment and



Securities Act 1999 in order to determine the role of ESL Securities Limited in the suspension of the Rights of some Ecobank Transnational incorporated (ETI) shareholders, particularly Renaissance Capital, ICAP Securities and Stanbic Nominees Limited.

The objective of the exercise was to ascertain whether ESL Securities Limited complied with the Rules and Regulations of the Commission, in the conduct of its activities.

Further Investigation on the matter is still in progress.

**b. INVESTIGATION ON THE ACTIVITIES OF NOSPETCO OIL AND GAS LIMITED**

The Commission in 2006 was alerted on the illegal activities of a company known as NOSPETCO Oil and Gas Limited which is engaged in an unauthorized Investment scheme.

The Commission on receipt of the information placed an advert in the national dailies alerting the public on the unregulated activities of the company and cautioning the public against investing in the firm. Further to the above, a directive was given by the Director General vide a memo dated July 6, 2007 that a target inspection should be carried out on the company to ascertain their mode of operation and find out the number of SEC staff that have investments in the Company.

**c. REVERSAL OF THE SALE OF 551,973,000 UNITS OF AFRIBANK PLC SHARES ACQUIRED BY ACCESS BANK PLC FROM NSITF/TRUSTFUND PENSIONS PLC**

The Association of Senior Staff of Bankers, Insurance and Financial Institutions (ASSBIFI) and National Union of Banks, Insurance and Financial Institutions Employees (NUBIFIE) had in a letter dated 12th October, 2006 lodged official complaint with the Commission on the above matter.

According to them, as stakeholders they would not quarrel with the directive to NSITF to divest from Afribank, but that the shares ought to have been offloaded on the floor of the exchange and by so doing would have giving Nigerians opportunities to buy them.

In their conclusion, they argued that the way and manner the shares were acquired by Access bank violated the provisions of section 2 (d) (i) and (ii) of the Banks and other Financial Institutions Act as well as Rules 235 (i) (a) & (b) and 238 (i) of Regulations on takeover. They therefore called on the Commission to suspend the transaction and also conduct a detailed investigation on the matter.

In our effort to resolve the matter, the Commission convened an all parties meeting on 18th January 2007 which was attended by all the parties. The meeting was however informed that the Central Bank of Nigeria has ordered the reversal of the transaction.

In compliance with the Central Bank of Nigeria directive on reversal, BGL Securities Limited (official broker to Access bank) initially transferred 180,000,000 units of the 551,973,000 units while the balance of 371,973,000 had been transferred back by Vetiva Capital Mgt Ltd.





**d. DISPUTE BETWEEN ECOBANK TRANSNATIONAL INCORPORATED (ETI) AND REINAISSANCE DIRECT INVESTMENTS LIMITED (RDIL).**

A complaint was lodged by Ecobank Transnational INCORPORATED (ETI) Lome, Togo in respect of illegal acquisition of ETI shares and non transparent nature of the transaction by Renaissance Direct Investment Limited (RDIL) of 22 Voznesenky Pereulok, Moscow, Russia and the complaint by Renaissance against ETI on denial of its shareholders' rights under RDIL, Stanbic Nominees Ltd and ICAP Securities Ltd.

Series of meetings of the two regulators and the stock exchanges of the est Africa capital market were convened to deliberate on the issues raised on the said companies and the matter was finally resolved.

**7. UPDATE ON JENKINS MATTER (VERIFICATION OF LIABILITIES OF JENKINS INVESTMENT LIMITED AND SETTLEMENT OF DEBTS OWED ITS CLIENTS)**

- Following a proposal submitted by the management of Jenkins Investment Ltd to reconstitute its clients, and the restructuring of the company, joint meetings between the Commission, the Nigerian Stock Exchange, the Directors of the firm and the clients were held to discuss the scheme of repayment proposed by the Directors.
- At the meetings, it was agreed as follows:

**Category A**

All clients who deposited various sums of

money for the purchase of Dangote Sugar Plc shares and Dunlop Nigeria Plc IPO will be fully paid back. The clients within this category were 38 in number and a total sum of N 7, 139, 720 was paid to them.

**Category B**

All clients whose claims were below N500, 000 as at December 2006, will be fully paid back. They were 153 in number, and a total sum of N 26, 233, 203. 84 was paid to them.

**Category C**

All clients whose claims were above N500, 000 as at December 2006, will be paid N100, 000 each while the balance will be paid within 12 months.

- In all, the Directors had paid N41, 172, 903. 84 to their clients

**8. MONEY LAUNDERING MONITORING ACTIVITIES**

The Money Laundering (Prohibition) Act, 2004 and SEC Rules on money laundering empowers the Commission to monitor money laundering activities perpetrated through the Capital Market.

In compliance with the provisions, the Commission ensures that registered Capital Market Operators (CMOs) forward weekly returns in respect of mandatory disclosure involving transactions of N1M (one million naira) and above on individual accounts and N5M (five million Naira) and above on corporate accounts, rendition of suspicious transactions and foreign exchange (forex) transaction of \$10,000.00 (Ten thousand dollars only) and above US Dollars threshold to the Commission.



**BELOW STATED IS THE BREAKDOWN OF THE REPORTS RECEIVED FROM JANUARY TO NOVEMBER, 2007.**

PERIOD	SUSPICIOUS TRANSACTIONS (SEC2)	FOREIGN EXCHANGE TRANSACTIONS (SEC 6)	MANDATORY DISCLOSURE (SEC 10)	TOTAL
January	Nil	10	2361	2371
February	Nil	Nil	7083	7083
March	Nil	10	8231	8241
April	16	Nil	7173	7189
May	Nil	Nil	13716	13716
June	Nil	Nil	25003	25003
July	Nil	Nil	21034	21034
August	Nil	Nil	35056	35056
September	Nil	Nil	16696	16696
October	Nil	Nil	26665	26665
November	3	Nil	17727	17730
<b>TOTAL</b>	<b>19</b>	<b>20</b>	<b>180,745</b>	<b>180,784</b>

These reports are analyzed by the Dept. and forwarded to the Nigerian Financial Intelligence Unit (NFIU) of the EFCC for further action.

**9. MONEY LAUNDERING COMPLIANCE INSPECTION**

The Commission within the period under review embarked on its quarterly Money Laundering Compliance inspection in conjunction with the Nigerian Financial Intelligence Unit, to ascertain the level of compliance by Capital Market Operators with the Provisions of the Money Laundering (Prohibition) Act, 2004 and SEC Rules.

In compliance with the provision of the money laundering Act, 2007 and the FATF requirements, the Department has successfully concluded inspections on (70) Stockbroking firms in order to

measure their anti money laundering and terrorist financing activities.

**10. PRE- EVALUATION MEETING BETWEEN THE COMMISSION, NFIU AND A REPRESENTATIVE OF THE US FINANCIAL CRIMES AND ENFORCEMENT NETWORK (FINCEN)**

A representative of the US Financial Crimes Enforcement Network (FINCEN) visited the Commission in September, 2007 in order to examine the Commission's Anti- Money laundering and "Counter Financing of Terrorism Programme".

**11. GIABA MUTUAL EVALUATION/ DETAILED ASSESSMENT ON THE COMMISSION'S ANTI- MONEY LAUNDERING AND TERRORIST FINANCING**





The Commission had a successful meeting with the officials of GIABA on the Commission's Anti money laundering policy and monitoring in compliance with the FATF 40+9 Recommendations in the capital market.

## **B. MONITORING ACTIVITIES**

The Department monitors the activities of the capital market through surveillance on the activities of Capital Market Operators. This is in pursuance of the regulatory objectives of the Commission as provided for in Section 13(r) of the ISA and Rule 46 of SEC Rules and Regulations thereto.

To effectively carry out these objectives, the department uses the underlisted tools to keep track of the operational activities of the Capital Market Operators:

- a. Routine inspection of Capital Market operators
- b. Off-site review of books and records of operators
- c. Target inspection
- d. Spot check on Capital Market Operators.

## **1.0 SHARE TRANSFER, ADMINISTRATION AND DIVIDEND PAYMENT**

- Worried by the following observed trends;
- high incidence of unclaimed dividends amounting to N19,295,398,869.00;
  - unclaimed surplus/return monies amounting to N131,194,727.42;
  - unclaimed share certificates of 768,135;
  - complaints of delayed verification of share certificates by investors;

The Commission is liaising with Registrars and Institute of Capital Market Registrars

with a view of finding a way to improve efficiency in the issue of share transfer and administration process.

Meetings have been held by the Commission with the Registrars on the issue and the resolutions reached so far are being considered.

## **1.1 PAYMENT OF DIVIDENDS**

Concerted efforts were made towards the implementation of Rule of 204(1) which provides that all dividends once declared must be paid en-bloc within 7 working days after the Annual General Meeting to the Registrars. This resulted in near elimination of certain practices which were hitherto considered accepted market practice. These included:

- piecemeal release of dividends to Registrars;
- direct payment of dividends by companies and
- non-release of funds meant for payment of dividends.

## **1.2 NON-PERFORMING DEBENTURES**

In a bid to restore investors' confidence in debt instruments series of meetings were held with issuers of non-performing debentures and the Trustees of the following companies:

- African Paints (Nig) plc
- Blackwood Hodge Plc
- Aboseldehyde Industries Plc
- Premier Breweries Plc
- Afro Oil Plc
- UTC Plc



### 1.3 STATUS OF STATE REVENUE BONDS

Bonds issued by the underlisted States are due for full redemption and the Trustees

have been requested to confirm that investors have received their full entitlements.

Responses from trustees on full redemption of the underlisted state revenue bonds are being awaited:

State	Instrument	Value (N'billion)	Year of final Redemption
Edo	Floating Rate Revenue Bond	1	2006
Akwa-Ibom	Floating Rate Revenue Bond	6	2006
Delta	Floating Rate Revenue Bond	5	2007
Lagos	Floating Rate Redeemable (Tourism Development Bond)	4	2009

The N15 billion Lagos state Redeemable Revenue bond is due for full redemption in 2009 and information provided by the trustees indicated that the amount in the sinking fund account as at September 2007 was N4,316,345,996.66.

### 1.4 DISPOSAL OF UNDERWRITTEN SHARES

The existing rule requiring cancellation of unsubscribed portion of shares in public offers, has eliminated the need to monitor activities in this area which was hitherto a source of malpractice. However, the introduction of compulsory underwriting (80%) has opened up another area that requires strict monitoring. A close supervision of the disposal of the shares is being done.

The department would also be looking at the area of conversion of Global Depository Receipts units to equities so as to ensure that investors are not taken advantage of.

### 2.0 STRENGTHENING FINANCIAL INTEGRITY OF MARKET INTERMEDIARIES

#### 2.1 Net Capital Rule

The Commission is developing a risk based method of determining capital adequacy for market intermediaries especially broker/dealers.

#### 2.2 Off-site Review of Quarterly Returns

The Department reviewed a total of 841 quarterly returns from market intermediaries (broker/dealers,





registrars, portfolio\ fund managers, issuing houses, trustees, investment advisers, rating agencies) and issuers on utilization of issue proceeds. The result of the reviews led to target inspections, directives from the Division guiding the activities of the parties while some have been placed under close surveillance.

From the various reviews carried out, the following were the most common observations:

- wrong classification of balance sheet items;
- submission of incomplete returns by market intermediaries;
- failure to make adequate provision for diminution in value of quoted investment to take care of adverse market movement;
- poor supervision resulting in unreliable financial records;
- late and non-submission of returns resulting in imposition of penalties;
- use of unrealized capital gains to wrongly boost shareholders base in an attempt to meet the new minimum capital base.

Details of the off site inspections are presented below:

<b>FUNCTIONS</b>	<b>2007</b>
Broker Dealers	373
Issuing Houses	78
Registrars	52
Portfolio/Fund Managers	90
Trustees	40
Investment Advisers	33
SRO's	3
Underwriters	10
Audited Accounts	64
Rating Agency	3

#### Utilisation of issue proceeds

<b>Description</b>	<b>2007</b>
State Revenue Bonds	7
Public - Offers/ Initial Public Offers	99

## 2.3 On-Site Inspections

### 2.3.1 Market Intermediaries

The target inspections of sixteen companies were conducted between January and November 26 2007.

- ICMG Securities Limited
- Perfecta Investment and Trust Limited
- Intercontinental Securities Limited
- Afrinvest W.A.Limited
- Premium Securities Limited
- Cooper Fleming stockbrokers Limited
- Resano Securities Limited
- BIC Securities Limited
- Calyx Securities Limited
- Epic Securities Limited
- Rostrum Investment
- Support Services Limited
- Partnership Investment and Company
- Union registrars
- Enterprise Brokers
- Midland Capital

The target inspections revealed amongst other issues that in some firms:

- clients and operational funds were lumped together which was a breach of Rule 178 (ii);
- the internal control system was poor;
- financial records were not regularly updated;
- combination of capital market business with finance house activities distorted



- performance evaluation;
- the corporate structures were so poor that effective internal supervision was jeopardized;
- no clearly defined investment strategies.

In order to address the above issues, some of them were requested to intensify training of their staff especially in the area of record keeping while others were asked to improve their poor liquidity and profitability positions.

There were also instances where staff involved in fraudulent activities were not reported to the Commission. The firms affected were asked to report such occurrences.

Generally all firms inspected were advised to ensure strict compliance with the Rules and Regulations guiding the conduct of their registered functions.

### TARGET INSPECTIONS

<b>FUNCTIONS</b>	<b>2007</b>
Broker Dealers	16
Issuing Houses	1
Registrars	1

#### 2.3.2 Utilisation of Issue proceeds

Verification inspections of thirteen companies were conducted from January to November 2007, to ascertain utilization of funds obtained from the capital market.

The companies inspected were:

- Cadbury Nig. Plc
- Wapco plc
- Oando plc

- Wema Sec and Finance limited
- Law Union and Rock plc
- Assurance plc
- ACEN Insurance plc
- Juli plc
- Standard Alliance plc
- AIICO plc
- SCOA Nig.plc
- Valucard Nig plc
- AG Leventis

Where utilization of issue proceeds deviated from the approved purpose of offer, the affected companies were invited for meetings and thereafter directed to take measures to regularize the deviations.

Furthermore, verification of utilization of issue proceeds by thirteen banks that accessed the market for funds was undertaken. The banks were:

- Zenith Bank Plc
- Oceanic Bank Plc
- Union Bank Plc
- Intercontinental Bank Plc
- Diamond Bank Plc
- Wema Bank Plc
- Afribank Plc
- UBA Plc
- Skye Bank Plc
- Fidelity Bank Plc
- IBTC Chartered Bank Plc
- Access Bank Plc
- Ecobank Plc

Information obtained from these banks revealed that:

- some of the banks utilized the funds in compliance with the purposes disclosed in the offer documents while almost all the banks were unable to identify specific areas in which working capital funds were utilised under the 'working capital sub-head.'





## C. ADMINISTRATIVE PROCEEDING COMMITTEE MATTERS

During the year under review, the Administrative Proceedings Division (APD) carried out the following assignments and attended to other issues brought to it, as the Secretariat of the Administrative Proceedings Committee of the Commission.

### 1. APC/1/2007: IN THE MATTER OF FINANCIAL MISSTATEMENT OF CADBURY NIGERIA PLC

In May 2007, the APC commenced hearing on the alleged misstatement of the accounts of Cadbury Nigeria Plc. Cadbury Nigeria Plc's Annual Report and Accounts had been reviewed by the Commission after which it informed the company of its observations with respect to declining profitability, worsening leverage ratio, deteriorating cash flow, inadequate disclosure, non-compliance with the Corporate Governance Code and obtaining loans for the payment of dividends contrary to SEC Rules and Regulations.

Sequel to this, the company commissioned the accounting firm of PriceWaterhouseCoopers which also reviewed the company's accounts and forwarded its report to the Commission. The Commission consequently set up an in-house investigation Committee which carried out a comprehensive investigation and reported that the year 2002 to 2005 Annual Reports of Cadbury Nigeria Plc contained misstatements to the tune of N8.3 billion Naira.

Consequently, Cadbury Nig. Plc, its Directors, principal officers and the firms

of Akintola Williams, Deloitte (the external Auditors of Cadbury Nig. Plc) and Union Registrars Ltd, were invited to appear before the APC on May 21, 2007 to explain their roles and why disciplinary actions should not be taken against them for violating the ISA and SEC Rules and Regulations made thereunder.

The expeditious hearing and determination of the matter by the APC was frustrated by Cadbury Nigeria Plc through the instrumentality of court injunctions.

In June 2007, the interim injunction granted by the Federal High Court Abuja in favour of the 1st Respondent was vacated and the suit struck out for want of jurisdiction. Consequently, the APC was reconvened to hear and determine the matter on July 23 and 24, 2007. Soon after hearing notices were served on all the parties, Cadbury Nigeria Plc served the Commission on Friday, July 20, 2007 with Notice of appeal against the striking out of its matter by the Federal High Court. As a result of this, hearing of the matter was suspended.

### 2. APC/1-22/2005: IN THE MATTER OF COMPLAINTS AGAINST ASSET PLUS SECURITIES LTD

The Dept. coordinated the full implementation of the 22 decisions given against Asset Plus Securities Ltd in this matter.

### 3. APC/23/2005: IN THE MATTER OF ASSET PLUS SECURITIES LIMITED V JIM OGUGUA

- a. This matter is currently pending before the APC for determination.





**b. Appointment of Falcon Securities Limited as Broker for the disposal of Jim Ogugua's stocks**

An interim order was given by the APC for the shares of Jim Ogugua which were held in the names of Edmund Okechukwu (his son) and Bretwood Securities Limited to be sold and the proceeds used to restore some of the fourteen (14) investors he had illegally sold their stocks from the box of Asset Plus Securities Ltd.

Falcon Securities Ltd was appointed to act as broker for the disposal of the and to open a nominee account into which all proceeds of the stocks disposed off will be deposited pending further directive from the Commission.

Falcon Securities Limited has since executed the mandate and the sum of Three Hundred and Fifty Nine Thousand, Nine Hundred and Twenty six Naira, Thirty Four Kobo (N359,926.34.00) was realized from the sale and applied accordingly.

**4. APC/41/2001: IN THE MATTER OF SEC V. NIGBEL SECURITIES LIMITED (ESTATE OF LATE PA AJANAKU)**

Appeal of Mr. Ayanbule against the APC Decision

The Investments and Securities Tribunal (IST) had allowed the appeal by Mr. Anyanbule against the APC decision and directed that the Appellant (Mr. Ayanbule) be retried on the ground that he was not given a fair hearing in the earlier hearing by the APC. The re-trial is being processed by the Dept.

**D. ENFORCEMENT ACTIONS**

**1 SUSPENSION OF OPERATORS FOR NON COMPLIANCE WITH MINIMUM PAID UP CAPITAL REQUIREMENT**

114 market operators were suspended for not meeting/complying with the then minimum capital requirement at the expiration of the 2005 deadline. The current status of the suspended firms as at December 2007 is as follows:

S/N	FIRMS	STATUS
1	AAA Stockbrokers Ltd	Still suspended
2	Apex Securities Ltd	Still suspended
3	Bestlink Investment Ltd	Still suspended
4	BIC Securities Ltd	Still suspended
5	Cashville Inv. & Sec. Ltd	Still suspended
6	City Financial. & Securities. Ltd (Formerly I. B. Finance & Sec. Ltd.)	Still suspended
7	City Investment Management Ltd	Still suspended
8	DBSL Securities Ltd	Still suspended
9	Dolbic Finance Ltd	Still suspended
10	Equator Stockbrokers Ltd	Still suspended





S/N	FIRMS	STATUS
11	Folu Securities Ltd	Still suspended
12	Global Inv. & Sec. Ltd.	Still suspended
13	HP Securities Ltd	Still suspended
14	IBN Securities Ltd	Still suspended
15	Indemnity Finance Ltd	Still suspended
16	Jenkins Investments Ltd	Still suspended
17	Kendall Securities Ltd	Still suspended
18	Laksworth Investment & Sec. Ltd	Still suspended
19	M. L. Securities Ltd	Still suspended
20	Marriot Securities & Inv. Ltd	Still suspended
21	Midlands Inv. & Trust Co. Ltd.	Still suspended
22	Morgan Trust & Asset Mgt. Plc	Still suspended
23	New Horizons Sec. Ltd	Still suspended
24	Nigerian International Securities Ltd	Still suspended
25	Omnisource International Ltd.	Still suspended
26	Perfection Sec. & Inv. Ltd	Still suspended
27	Prudential Securities Ltd	Still suspended
28	Regency Financings Ltd	Still suspended
29	Richmond Securities Ltd	Still suspended
30	Riverside Trust Ltd	Still suspended
31	Rivtrust Securities Ltd	Still suspended
32	Sikon Securities Ltd	Still suspended
33	Source Finance & Trust Ltd	Still suspended
34	Thomas Kingsley Sec. Ltd	Still suspended
35	TMB Securities Ltd	Still suspended
36	Visa Investments & Sec. Ltd	Still suspended
37	Zuma Securities Ltd	Still suspended

## 2 SUSPENSION OF 33 STOCKBROKING FIRMS FOR ILLEGAL SALE OF INVESTORS' STOCKS

Thirty three stockbroking firms were suspended during the year under review for involvement in the illegal sale of stocks belonging to clients. The suspension was lifted on some of the operators following the resolution of complaints against them.

## 3 SEALING UP OF OFFICES OF ILLEGAL OPERATORS

The Department carried out enforcement action against the following operators for illegally operating in the capital market

- CBS Chart International Ltd.
- Divine Harvest International Ltd.
- Exceed and Rewards Asset Management Ltd.
- Tripple S Stockbrokers Ltd.
- Standard Union Securities Ltd



Following reports of operation of illegal investment schemes in Ibadan, Lagos and Port Harcourt, the offices of 37 operators of such schemes were sealed up while their Bank Accounts were frozen on the orders of the Investments and Securities Tribunal.

#### **4 PARTIAL RESOLUTION / SETTLEMENT OF CLAIMS OF CLIENTS OF EAGLES STOCKBROKERS LTD**

The investors who lost their investments to Eagle Stockbrokers Ltd. have been partially restituted. This followed the acquisition of the trading licence of the company by Securities Trading Limited whose new promoters deposited the sum of N8,000,000.00 (eight million) for partial restitution of investors.

A notice was placed in some national dailies informing investors with complaints against Eagle Stockbrokers, to visit the Commission's office in Lagos in September 2007 with evidence of transactions.

In September 2007 some of the affected investors received bank drafts ranging from N50, 000 (fifty thousand Naira) to over N1, 000,000.00 (one million Naira) as partial restitution of their claims.

#### **5 CASES REFERRED TO THE ECONOMIC AND FINANCIAL CRIMES COMMISSION**

Thirteen (13) operators were referred to the EFCC for further investigation and prosecution. They are:

<b>S/N</b>	<b>OPERATOR</b>	<b>COMPLAINTS</b>
1	Riverside Trust Ltd.	12
2	MBA Securities Ltd.	2
3	Morgan Trust & Asset Mgt. Plc	5
4	UAC Plc Fraud & Mr. Michael Adegbusi	1
5	Mr. Wilber force Onwuka former MD/CEO Transglobe Investment & Finance Co. Ltd.	31
6	Akitorch Securities Ltd.	47
7	Halsec Finance Ltd.	4
8	Golden Guinea Breweries PLC	1
9	Nospectco Oil & Gas Ltd	1
10	Beachgrove Securities & Investments Ltd.	51
11	Asset Plus Securities Ltd.	21
12	ET & T Stockbrokers	1
13	Bonkolans Investments Ltd	1





## 6. EXCHANGE OF INFORMATION WITH SISTER REGULATORY AGENCIES

The Commission shared information with other regulatory institutions in the spirit of IOSCO Multilateral Memorandum of Understanding with a view to enforcing breaches of securities laws and regulations against persons that have absconded from Nigeria in order to avoid justice.

## E. COMPLIANCE ACTIVITIES

In furtherance of the discharge of the Commission's regulatory functions, the following compliance actions were undertaken in the period under review:

### 1. BONKOLANS SCAM (AGAINST 19 RESPONDENTS)

In April 2002 the Commission became aware of an alleged scam on the floor of the Nigerian Stock Exchange involving the sale of Nestle Plc shares and Unilever Plc shares belonging to Dr. Sunday Dankaro and Alhaji Bala Koki respectively through a syndicate group. The APC directed that stockbroking firms involved in the scandal and who were found liable should buy back the shares they transacted on.

Seventeen (17) persons were banned from engaging in any business in the capital market.

In an effort to ensure compliance with the APC decision, a total cash value of N329, 475, 657.18 has been recovered in conjunction with the EFCC. Currently two stockbroking firms have been appointed to utilize the monies recovered so far to buy back the shares in favour of the two

investors. The Commission is committed to ensuring 100% restitution to the families concerned. These include the principal stocks, accrued dividends over the years and bonuses thereon.

### 2. THE 43 COMPLAINTS AGAINST PRUDENTIAL SECURITIES LIMITED

The compliance efforts of the Dept. has elided the following results: out of the 43 complaints:

- 23 have been fully resolved with confirmation of satisfactory resolution from the investors/complainants and the files have been closed.
- 7 are currently subject of litigations in court and are therefore sub judis.
- 13 are outstanding and the Dept. is working tirelessly to ensure final resolution of all the matters to the satisfaction of the complainants.

### 3. ASSET PLUS SECURITIES LIMITED (22 cases)

The Department in January 2007 received 22 APC decisions on Asset Plus Securities Ltd. The APC ruled that the firm, its Directors and Principal Officers should restore the stocks of the affected complainants, failing which their stocks would be sold and the proceeds used to restore the investors.

In furtherance of these decisions, the following compliance actions were taken:

- a. The Department directed the relevant Registrars to freeze all stocks belonging to Asset Plus Ltd, its Directors and Principal Officers. The relevant Government Agencies i.e. the CAC and the EFCC were duly notified of the case and in compliance



with S. 235 of ISA, the EFCC was advised to commence criminal investigations against the Managing Director of Asset Plus Ltd who is currently at large.

- b. The Registrars recently reconciled the stocks held by or in the names of the respondents (who were held jointly and severally liable to restore the investors) to facilitate the sales thereof.
- c. The Commission has approved the appointment of Union Stock Brokers Limited to finalize the sale.

### Complaints

The Commission received 1,006 complaints in the year under review. 15 of the complaints were given a target investigation, 962 were satisfactorily resolved and closed while 44 are in various stages of completion.



**Mr. C. A. Udora**

Deputy Director/HOD Investigation and Enforcement



During the year 2007, the following activities were carried out by the Financial Standards and Corporate Governance Dept:

### 1. **Departmental Operational Manual**

Considering the technical nature of the activities of the department, an operational manual was designed by the department and approved by management.

The objective of this manual is that, it will provide a framework for staff to adhere to the procedures laid out, which will ensure high quality performance, staff development and consistency in approach to financial analysis, reporting and market performance assessment.

### 2. **Reporting Format for Publicly Quoted Companies: Half Yearly Return Form**

The Department designed a Half-yearly-Return Form for public quoted companies which was approved by management.

The objective is to enable the Commission capture and monitor on a continual basis the activities of all public quoted companies and to ensure that, companies engage in continuous self performance review.

An implementation guideline was also prepared to assist compliance with the reporting format. This has been sent to all the public quoted companies. It is also available on the SEC website ([www.sec.gov.ng](http://www.sec.gov.ng)) for downloading while information about the form was published in the national Dailies.

### 3. **Monitoring of Unclaimed Dividends in Quoted Companies**

Within the year under review the Dept. was directed by management to begin the monitoring of unclaimed dividend in the market.

In furtherance of this, the department developed a form on monitoring of unclaimed dividend & incorporated it in the Half Yearly Return Form. The return, which must be made latest by the end of the first month of the succeeding half year, is meant to capture the quantum of Unclaimed shareholders funds in the hands of the public companies.

To facilitate compliance an implementation guideline was also issued specifying the need to do the following:

#### (1) **Segregation of funds**

- A. All publicly quoted companies must maintain segregated accounts for unclaimed dividends funds.
- B. Companies are to separate unclaimed dividend from cash balances and provide explanatory notes to that effect in their annual reports.

#### (2) **Signatories/Managers of the Funds**

- A. All public companies are expected to provide:
  - (1) Names of the managers and signatories to the segregated accounts.
  - (2) Resume stating qualification and



Below is a summary of the reviews carried out on sectoral basis:

	Sector of the mkt.	No. of companies	No. Received	No. Analyzed	No.W.I.P	REMARK
<b>A.</b>	<b>General Business</b>					
	Conglomerates Breweries	13	8	4	4	
	Automobile& Tires	2	2			
	Food &Beverages	12	8	4	4	
	Industrial Domestic products	8	3	1	1	
	Chemical & Paints	7	5	2	3	
	Building Materials	4	3	1	1	
	Packaging, Printing & Publishing	7				
	Petroleum	8	4			
	Textiles	1				
	Agriculture	6	4	2	2	
	Real Estate	1	1	1		
	Maritime	1	1			
	Health care	9				
<b>B.</b>	<b>BANKING</b>	23	14	4	10	
<b>C.</b>	<b>INSURANCE</b>	31	10	3	7	

## 6. Observations from the Review of Companies' Annual Report and Accounts

High cost of sale, duplication of personnel cost through technical agreement which impact on profitability, as they are based on gross revenue or profit before tax, negative profitability as a result of write-off of obsolete and expired stocks and bad debt, trade revenue reversal, asset revaluation to shore up shareholders funds and high transfer price resulting in increase in the cost of material purchase were some of the observed lapses in annual reports and accounts reviewed.

Continuous monitoring and adoption of

various measures to monitor the activities of the companies executive directors will ensure improved value added of the quoted companies.

## Meeting with Companies

As a result of observation communicated and the responses received, three companies were invited to the Commission for an interactive meeting. Decisions reached at the end of the meeting have been communicated to the companies.

## 7. Workshops on Corporate Governance

Further to a grant to the Commission by





the World Bank, the Dept. organized workshops on Corporate Governance and Financial Reporting in Port Harcourt, Kano and Lagos

8. A symposium on the proposed introduction of new regulatory measures for oversight on unclaimed dividends was held in Lagos to create awareness of the proposal.



**Obhielo A. O. (Mrs.) FCA**  
Deputy Director/HOD FS&CG





**Section 4**  
**SERVICE**  
**DEPARTMENT**



**T**he dynamic nature of the capital market as well as the increasing sophistication of market operators have necessitated the Securities & Exchange Commission (SEC) to continue to consolidate on its Information and Communication Technology (ICT) infrastructure for effective market surveillance and regulation.

Accordingly, the period under review, witnessed the consolidation of the Commission's Project eSEC, which is a project designed to ensure an achievement of real-time online operation of the Commission's activities.

Among other tools, the following ICT tools were consolidated during the review period:

#### • **e-Surveillance**

This involved the full commencement of implementation of a software package known as Securities Monitoring Analysis, Research & Review Trading System (SMARTS). Upon complete implementation, SMARTS would be installed at the SEC's Head Office and Zonal Offices, so that all data mined from relevant trading engines can be received and converted for appropriate further analysis. This will ensure transparency in the market place through the tracking down of abuses and malpractices.

#### • **Document Management System**

The implementation of this application was to provide, for the Commission, a fast on-line access and retrieval of images and electronic documents. It is expected to enable SEC perform searches and retrievals of information as well as viewing and printing same.

When fully completed the application offers a further advantage of providing access security to vital capital market records.

#### • **eFORMS**

During the review year, the effective configuration and hosting of the Commission's Electronic Filing & On-line Registration Management System (eFORMS) was completed.

Expected to be commissioned within the 2nd Quarter of year 2008, the eFORMS would, among other things, enable the electronic registration of securities as well as electronic filing of applications for fresh/renewals of market operators registration. Filing of returns would also be made possible electronically.

#### • **Dynamic Capital Market Data Bank**

Designed to provide rich capital market information for investors, market operators, researchers, academicians and the general public, the Commissions Capital Market Data Bank was effectively configured and hosted on the internet during the review period.

In addition to covering all areas of the Nigerian Capital Market, data relating to emerging markets, developed markets and the African region would be expected to populate the dynamic Databank.

The Market Databank is being finalized for commissioning by the 2nd Quarter of 2008.

#### • **Dynamic Website**

The year under review in witnessed the completion, configuration and hosting of new websites for the Commission and the Nigerian Capital Market. Unlike, the former static website, the new sites are designed to be dynamic. The dynamic nature allows for on-line real time up loading of new information as well as uploading of existing ones.





The two sites are also expected to be commissioned by the 2nd Quarter of 2008.

Furthermore, with a view to positioning the Commission's new Head Office the following state-of-the-art ICT infrastructure were implemented during review period:

- Robust Local Area Network (with wireless extension to facilitate working with IT tools).
- Enterprise video conferencing
- Multimedia-based Conference Centre
- Integrated Clean power
- High speed internet facility.



**Mr. Abubakar Tijjani Abba**

Deputy Director/HOD Information Technology

**1.0 INTRODUCTION**

The Human Resource Department has the responsibility to recruit, develop and retain highly skilled and motivated staff for the effective and efficient regulation and development of the Capital Market.

The Department achieves this through four Divisions and units which make up the Department. These Divisions include:

- Manpower Planning and Recruitment
- Training and Manpower Development
- Staff Welfare
- Registry and records and
- Anti Corruption Unit

Below are the reports of the various Divisions for the year 2007.

**a. MANPOWER PLANNING AND RECRUITMENT DIVISION****1. Restructuring Exercise**

Following the decision by Management to re-structure and re-engineer the Commission's workforce, ninety five (95) members of staff were disengaged. All Their terminal benefits, baggage and transport allowances were paid and those pensionable started drawing on their pensions immediately including those that had not attained the pensionable age.

**2. Resignation**

Five (5) staff left the service of the Commission via resignation. The Division processed their benefits which were approved by Management.

**3. Demise Of Staff**

The Commission lost five (5) staff and a Pensioner within the period.

**4. Actuarial Valuation - 2004 & 2006**

Actuarial Valuation of the Staff Pension Fund for the years ended 31st December 2004 and 2006, were completed by the Actuaries - Alexander Forbes Consulting Actuaries Nig. Ltd.

**5. Sensitization On 2004 Pension Reform Act**

The Committee on policy implementation of the Staff Pension scheme in conjunction with the Human Resource Dept. organized a sensitization exercise for all staff of the Head office, the Capital Market Institute and the Zonal Offices. The exercise was to ensure that staff were well informed on the provisions of the new pension scheme and their implications on terminal benefits. (i.e. Gratuity & pension.).

**6. Defined Benefit Pension Scheme**

Following the application to the National Pension Commission for approval to continue with the Commission's Defined Benefit Pension Scheme, the Commission received the approval from PENCOM having met the necessary requirements.

**7. Sec Pension Fund**

Six (6) Pension Fund Administrators were engaged to manage the Funds and Assets of the Commission's Defined Benefit Pension Scheme as required by PENCOM. They are:

- a) IBTC Pensions Limited
- b) Sigma Pensions Limited
- c) Premium Pensions Limited
- d) Crusader Sterling Pensions Limited
- e) Penman Pensions Limited
- f) Amana Pensions Limited

**8. NYSC**

In line with its policy, the Commission





accepted youth corps members posted to it under the National Youth Service Scheme.

#### 9 Appointments

At the Commission's 25th and 26th Board meeting respectively, Six (6) Deputy Directors were appointed as Acting Directors. They are:

1. L. S. Stores
2. Moses A. Isiaku
3. I. B. Bello
4. I. K. Ekundayo
5. C. A. Udora
6. Abatcha Bulama

#### 10 Staff Release

Two Senior Management Staff were released to serve their State Governments, as follows:

- a) Mr. C. O. Okereke - Ebonyi State
- b) Mr. Aminu Yusuf - Niger State

#### 11 Study Leave

Mrs. Nwamaka Eze of Secretariat and Legal Advisory Department was granted one year study leave to undergo a Masters degree programme in Law at the University of East London.

Two staff who had been on study leave without pay resumed duty effective 10th September 2007 and 22nd November 2007 respectively.

#### 12 Contract Appointment

All Casual Security Guards were converted to Contract employees.

### B. TRAINING AND MANPOWER DEVELOPMENT DIVISION

The Training Division of Human Resource Department is charged with the responsibility of capacity building for staff of the Commission with the over-all aim of improving the professional competence of staff. It does this through the identification of training needs in conjunction with Heads of Departments, planning and implementation of training programmes to address the gap in skills, knowledge and attitude.

To achieve this, the Training Division liaises with local and international training Institutions and seeks Management approval of its proposal to match individual staff needs with available programmes. The year 2007 witnessed tremendous improvement in the number of participations in Foreign, and In-house training programmes as well as attendance to IOSCO meetings.

Below is the number and percentage distribution for foreign, Local and In-house training.

### (A) FOREIGN COURSES

S/N	CADRE	NUMBER OF PARTICIPATION	%
1	Top Executive	9	6.16
2	Director	5	3.42
3	Deputy Director	16	10.96
4	Assist. Director	12	8.22
5	Senior Manager	24	16.44
6	Manager	18	12.33
7	Non SEC Staff	8	5.48
8	Board Members	--	-
9	Assistant Manager	54	36.99
	<b>TOTAL</b>	<b>146</b>	<b>100</b>



## (B) IOSCO PROGRAMMES

S/N	CADRE	NUMBER OF PARTICIPATION	%
1	Top Executive	7	15.2
2	Director	9	19.6
3	Deputy Director	5	10.9
4	Assist. Director	4	8.70
5	Senior Manager	6	13.0
6	Manager	1	2.17
7	Non SEC Staff	5	10.87
8	Board Members	8	17.39
9	Assistant Manager	1	2.17
	<b>TOTAL</b>	<b>46</b>	<b>100</b>

From the analysis above, it is observed that the foreign training unit recorded an unprecedented number of participation of

Assistant Managers and Personal Secretaries participation in various programmes / courses during the period under review.

## 2. LOCAL TRAINING

## Beneficiaries According to Staff Cadre

S/N	CADRE	NO OF BENEFICIARIES	PER - CENTAGES
1.	DG/Executive Commissioners	-	-
2.	Directors	3	0.8
3.	Deputy Director	14	3.9
4.	Assistant Director	16	4.5
5.	Senior Manager	19	5.3
6.	Manager	27	7.5
7.	Assistant Manager	99	27.7
8.	Senior Supervisor	55	15.7
9.	Supervisor	16	4.5
10.	Senior Clerk	31	8.7
11.	Clerk	40	11.2
12.	Secretaries	38	10.6
	<b>TOTAL</b>	<b>358</b>	<b>100%</b>





**3. IN-HOUSE TRAINING**

<b>S/N</b>	<b>COURSE TITLE</b>	<b>FOR WHOM</b>	<b>NO OF PARTICIPANTS</b>	<b>PERCENTAGE</b>
1.	Pre-Retirement Planning Workshop (1st & 2nd Runs)	SM - D	36	6.2
2.	Building and Managing Effective Team	M - Above	20	3.5
3.	Contemporary Issues in Office Management	Secretaries	26	4.5
4.	Accounting for Decision Making	SS - M	23	4
5.	Financial Analysis, Treasury Management & Account Reconciliation	SS - M	25	4.3
6.	Work Attitude and Corporate Culture	SS - M	29	5.0
7.	Financial Management Workshop	SS - AM	25	4.3
8.	Acceptable Work Ethics and Change Management Strategies to Consolidate the Gain in the Financial Sector	SS - AM	27	4.7
9.	Developing Managerial Competence	AM - SM	29	5.0
10.	Persuasive Speaking and Presentation Skills	SS - M	25	4.3
11.	Front Office Staff Re- Orientation and Awareness Workshop	C - S	27	4.7
12.	Clerical Development and Office Appreciation	C - S	27	4.7
13.	Developing Interpersonal Skill for Administrative Staff	C - S	24	4.2
14.	Management Appreciation Workshop	SS - M	21	3.6
15.	Target Based and Reward Performance Management	SM - D	17	2.9
16.	Communication and Report Writing Skill	SS - M	31	5.4
17.	Commodities Exchange	AM - D	30	5.2
18.	Induction Course for New Staff/NYSC	New Staff/Corpers	57	9.9
19.	Preventive Health Care for Organisational Executives	SM - DD	24	4.2
20.	Drivers Performance Improvement Workshop	Drivers	24	4.2
	<b>TOTAL</b>		<b>547</b>	<b>100</b>



**C. STAFF WELFARE DIVISION**

The Division is responsible for the processing of loans and advances, provision of medical facilities and general welfare services for the staff.

The highlight of its activities during the year 2007 is as follows:

**1. LOANS AND ADVANCES****(A) SALARY ADVANCES**

A total of 7 applications were received in respect of salary advance to the tune of N150, 131.00. This was processed, approved and paid to the respective beneficiaries.

**(B) LOANS**

The Division processed 262 loan applications such as Enhanced housing loan, Existing housing loans, Construction of Building, Land loans, Motor Vehicle/ Cycle and Car repair loans to the tune of N899, 064,301.00 during the period under review, and the breakdown is as follows;

**(I) Enhanced Housing Loan**

Number of Beneficiaries = 196 Staff.  
Amount = N850,000.000.00

**(II) Existing Housing Loans**

Number of Beneficiaries = 17 Staff  
Amount = N33, 309,042.00

**(II) Motor Vehicle/ Cycle & Vehicle Repair Loans**

Number of Beneficiaries = 47 Staff  
Amount = N13, 847,144.00

**(III) Construction of Building Loan**

Number of Beneficiaries = 1 Staff  
Amount = 1,600,000.00

**(V) Land Loan**

Number of Beneficiaries = 1 Staff  
Amount = N308, 115.00

**2 FURNITURE ALLOWANCE**

The sum of N123, 779, 306.00 was processed approved and paid as Furniture allowance to 465 staff of the Commission.

**3. MEDICAL ALLOWANCE, REIMBURSEMENT AND BILLS****(A) MEDICAL ALLOWANCE**

Staff medical allowances approved during year 2007 totalled N53,591,808.52 including pensioners out of the budgeted N100,000,000.00.

**(B) MEDICAL BILLS**

The Commission approved the sum of N3, 022,173.00 as medical bills to various hospitals on exceptional cases.

**(C) REIMBURSEMENT**

The total sum of N4, 497,996.00 was processed and approved for 31 Staff of the Commission as reimbursement of amount incurred for treatment.

**4. HEALTH CLUB**

The sum of N24, 215, 080.00 was processed, approved and paid as allowances to Staff during the period under review. Also the sum of N2, 040,580 was used to purchase some health products.





## 5 IMMUNIZATION

In its effort to get rid of any disease attack on Staff, Management graciously approved the sum of N15, 650, 000.00 for immunization of Staff and dependents against Hepatitis B virus and Typhoid fever during the year.

## 6. NATIONAL HEALTH INSURANCE SCHEME (NHIS)

The Division received 502 National Health Insurance identity cards for staff and their dependants. This figure which represents 60% of the applicants have been distributed to staff. The delivery of the remaining 40% is being expected.

## 7. FIRST AID DRUGS

First Aid Drugs were purchased and distributed to various offices in the Commission.

## 8. WELFARE SERVICES (a.) MARRIAGES AND CONDOLENCES

34 Staff Marriages and 38 condolences were recorded during the year.

## D REGISTRY DIVISION

Based on its assigned responsibilities, the division performed the following functions in the year 2007:

### 1. PENSION SCHEDULE

Monthly pension schedule for the periods January to December, 2007 were processed and forwarded to Finance and Accounts Department for payment to the Commission's pensioners.

## 2. I.D. CARDS

The Division received two hundred and sixty-two (262) applications for I.D. cards. These were processed for newly employed members of staff, NYSC, IT, personalized drivers as well as replacements of defaced and misplaced I.D cards to staff during the period under review.

## 3. STAFF LISTS

The Division during the year, created and carried out extensive updating of the staff lists. This was done to capture accurately information on new employees, promotion, redeployments and the exclusion of staff that have left the Commission as well as other changes that occurred in the staff lists.

## 4. ANNUAL SALARY INCREMENTS

Staff annual salary increments for the months of January to December, 2007 were processed. Finance and Accounts Department and the deserving staff were duly communicated and all relevant records updated.

## 5. CASUAL LEAVE

The Division processed a total number of three hundred and thirty-eight (338) applications for Junior staff and five hundred and forty (540) for Senior staff that went on casual leave at various times during the year under review. On the whole, a total of one thousand four hundred and sixty (1,460) days were utilized on casual leave.



**6. SICK LEAVE**

During the period under review, fifty-six (56) Senior staff as well as fifteen (15) Junior staff presented excuse duty certificates as a result of sickness. Fifty nine (59) applications for sick leave were received from senior staff and forty five (45) from junior staff during the period under review. A total of seven hundred and sixty three (763) days were utilized for sick leave during the year.

**7. COMPASSIONATE LEAVE**

Forty- four (44) applications were received and processed during the period under review.

**8. EXAMINATION LEAVE**

One hundred and thirty-three (133) applications were received and processed during the period under review. Relevant documents were received and updated as well.

**9. ANNUAL LEAVE**

Five hundred and thirty-nine (539) applications were received and processed during the period under review.

**10. MATERNITY LEAVE**

The Division received and processed fourteen (14) applications during the period under review.

**11. DOCUMENTATION**

The Division documented seventy-two (72) newly recruited staff during the period under review.

**12. CONFIRMATION OF APPOINTMENT**

The Division processed the confirmation of appointment of two (2) members of staff that were due and who have met the necessary requirements.

**13. STAFF DAILY ATTENDANCE**

The preparation of daily, monthly and quarterly summaries of attendance for January to November, 2007 was concluded. Queries were issued to deserving staff members and analyses of their response were carried out and necessary recommendations made.

**14. LEAVE OF ABSENCE**

During the period under review, three (3) applications were received and processed.

**15. CHANGE OF NAME**

A total of eleven (11) applications were received and processed.

**16. CHANGE OF NEXT OF KIN**

A total of three (3) applications were received and processed.

**17. SECONDMENT**

Five (5) members of staff were still on secondment to the EFCC during the period under review.





**Mr. A. U. O. Anyameluhor**  
Deputy Director Ag/HOD, Human Resources

## 1. INTRODUCTION

Due to the global and dynamic nature of the capital market, operators and other stakeholders need to keep pace with emerging issues and developments therein.

There are noticeable gaps in the market. The NCMI is required therefore, to fill the gaps and build capacity for the market.

## 2. OUR VISION

To be the centre of excellence for capital market training, development and research services in Nigeria and the African Continent.

## 3. OUR MISSION

To be a viable building tool for instituting professionalism, transparency, integrity and best practices in the Nigerian and African Capital Markets.

## 4. OBJECTIVES

The objectives of the institute include the following:

- To organize and carry on training programme including courses, seminars, workshops, talk shows etc. on the capital market for capital market operators, intermediaries, students and members of the general public interested in the capital market as well as staff of the Securities and Exchange Commission.
- To sponsor workshops, research, information services and educational activities designed to improve economic and business management, increase private sectors initiatives, participation and leadership, and gain wide spread support for realistic and progressive economic programmes.

- To operate as an independent, non-governmental and non-partisan forum for private and public sector leaders fostering hope and dialogue in Nigeria's securities industry so as to enable leaders of thought (within and outside Nigeria) to explore, discover and continuously support ideas for improving the Nigerian financial sector.

- To develop and maintain a data base on securities, share price index, record of dealings of securities and commodities exchanges. Capital trade points, OTCs, external and domestic investment inflows in the securities sector and other securities data for monitoring and development of the standard of the Nigerian securities industry.

- To create an enabling environment conducive to good economic growth and development.

- To facilitate interaction between regulators of the Nigerian securities industry, self regulatory organisation (SROs) and other professionals engaged in or connected with the securities industry by sponsoring and organizing periodic luncheons, dinners, securities summits, retreats, workshops, educational and training courses, public and private dialogues.

- To publish the result of any or all its activities through such indicators, economic action agenda, position paper, research papers, books, periodicals and such other means as the Board of Directors may from time to time approve.

- To organize courses and practical educational instructions for its members, bureaucrats, technocrats, economic leaders, decision makers, media, academia, labour and other persons in the Nigerian capital market and its management.





To apply for and obtain the approval of the Federal Ministry of Education or other relevant authorities to award certificates and diplomas to participants at its programmes and courses to be determined by the NCMI Board of Directors from time to time, either by itself or by affiliation and cooperation with any educational institution within and outside Nigeria.

To support and encourage the introduction and teaching of capital market and allied courses in Nigerian schools, colleges and universities and such other courses as may be determined by Board of Directors from time to time.

To set up and fund research efforts and activities to carry on practical research on the Nigerian capital market in particular and the economy in general, including but not limited to energy, commodities, banking, insurance, manufacturing, agriculture, professional services and any other sector that the Board of Directors may determine from time to time.

To cooperate with public and private institutions in Nigeria and any other part of the world having the same or similar objectives etc.

## 5. ACTIVITIES

### (A) Inauguration of the Governing Council

The overall control and management of the NCMI is expected to be exercised by the Governing Council with a view to giving it credibility.

The NCMI Governing Council was inaugurated on Wednesday 27th June, 2007. It comprises of respected capital market operators, financial experts and seasoned administrators.

The composition is as follows:

1. Musa Al-Faki DG, SEC - Chairman
2. Suleiman A. Kwari Comm. (Fin. & Admin.) SEC - Member
3. Elder David Ogwu Comm. (Operations) SEC - Member
4. Mr. Lance Elakama Asst. DG, NSE - Member
5. Dr. Oladimeji Alo DG, FITC - Member
6. Mr. Oluwatoyin Albert - Member
7. Mr. Kayode Falowo Rep. Cap. Mkt. Trade Assoc. - Member
8. Representative of the CBN - Member
9. Managing Director of NCMI - Member

### (B) Appointment of the Managing Director

During the period under review, interview was conducted to appoint the Managing Director of the Institute.

### (C) Training Programmes

The Institute organized seven training workshops during the period under review and they are as shown below:



S/N	Topic	Date/Venue	Budget Expenditure	Actual Income	Actual Expenditure	Profit/Loss	No. of Participants
1	Effective capital market operations, registration and renewal strategy	5-8 Feb.07 Lagos	1,471,700	3,106,500	1,709,275	1,397,225	65
2	6 weeks comprehensive workshop for SEC NYSC	9 <sup>th</sup> May – 17 <sup>th</sup> June 07 Abuja	-	-	-	-	72
3	Pension fund asset liability management strategies & portfolio optimization	21-23 May 07 Obudu	2,718,000	2,257,500	2,562,050	-304,550	33
4	Effective capital market operations, registration and renewal strategies	3-6 Sept. 07 Abuja	1,280,655	987,000	1,185,565	-198,565	21
5	Effective capital market operations, registration and renewal strategies	25-28 Sept. 07 Lagos	1,625,300	3,885,550	2,112,450	1,773,100	77
6	New trends and regulatory challenges in the capital market for capital market correspondents	16-18 Oct. 07 Akodo, Lagos	2,348,300	3,250,000	2,232,960	1,017,040	50
7	Derivatives, Risk Mgt. and Bond Trading	26-29 Nov. 07 Lagos	2,615,340	3,761,250	2,438,480	1,322,770	55
	<b>Total</b>			<b>17,327,800</b>	<b>12,240,780</b>	<b>6,013,250</b>	<b>373</b>

#### (d) **Renovation of NCMI Building**

The Institute relocated to its permanent office building in 2006. It became necessary to uplift and bring the building to the required standard of a training Institute. The restructuring and renovation is on going. It is expected that it will be completed by the first quarter of 2008.



**Abdul Zubairu**  
Deputy Director/HOD, NCMI



**T**he Administration Department is charged with the responsibility of providing services for the smooth operation of the Commission's activities.

These services are centered on Premises and Maintenance, Purchasing and Supplies, Transport and Communication.

The Divisions that make up the Department are separately structured into three to cater for the above services.

## **PREMISES AND MAINTENANCE DIVISION**

### **NEW HEAD OFFICE**

During the year 2007, the Commission relocated from Tower 412 to its permanent head office at Plot 272 Samuel Ademulegun Street.

In pursuance of the Board decisions on the matter and after observing due process on all awarded contracts, towards the relocation to the new head office, the Dept. ensured that all the works were executed according to their priced Bill of Quantities. The contracts include the following:

- Partitioning works awarded to SAS space Design and Midelux Industries Nigeria Limited.
- Provision and installation of suspended ceiling handled by Poolad Consult Limited.
- Provision of public address system by Royal Consult Nigeria Limited.
- Provision of fire fighting equipment by Profile Project Nigeria Limited.
- Relocation of the chilling machines from the halls by KIT Facilities Engineering Nigeria Limited.
- Marbling of the executive floor by Pated Marbles Nigeria Limited.
- Installation of vertical window blinds by Technodynamics Limited
- Provision of DSTV facilities by Phil-Dak

Nigeria Limited

- Installation of surveillance security system by Ekapee Nigeria Limited.
- General furnishing of the offices by ITEX Furniture Nigeria Limited
- Provision and installation of access control system on 5th and 6th floors by Setcom Nigeria Limited
- Establishment of Multi-Media Centre by Progenics Corp Limited
- Provision and installation of Electrical/Mechanical works by Daten & Emcon Nigeria Limited.
- Landscaping by Elegant and Unique Limited
- Supply of 800KVA soundproof generator by John Holt Engineering
- Establishment of car park by Hashmite International Limited
- Builders work by L'abri Nigeria Limited
- Construction of car parking slots by Legitimate Properties Limited
- Provision and installation of access control system and time regulator system by Mindcraft Limited
- Installation of electro-Security device by Hightime Nigeria Limited
- Soundproofing of 591KVA open type generator by John Holt Engineering.

All these projects/works were jointly supervised by the appointed Consultant and the division.

Many of the contracts were successfully completed while some are ongoing.

### **LAGOS ZONAL OFFICE**

In view of the Commission's desire to procure a property to house the Lagos zonal office considering the enormous payments that were made as rents, there was the need to consider and approve the purchase of a property in any choice area of Lagos as the permanent office for Lagos zonal office.





Consequently, a suitable property was purchased for Lagos Zonal office at No. 3, Idejo Street, Victoria Island.

To make the building habitable for staff and to meet the Commission's operational needs, the Department in conjunction with the coordinating Consultant – Majoroh Partnership, commenced design of offices, alterations and installation of facilities for the new building. This resulted in the award of various contracts for the office as listed below:

- Builders work [external] was awarded to Messrs Flogod Nigeria Limited and
- Builders work [Internal for Block A] was to SAS Space Design
- Builders work [Internal for Block B] to SAS Space Design
- Internal partitioning to SAS Space Design.
- Provision and installation of Electrical/Mechanical works and installation of transformer substation was awarded to Daten & Emcon Nigeria Limited.
- Provision of DSTV facilities to Phil-Dak Nig Limited
- Provision and installation of surveillance security system to Ekapee Nigeria Limited
- Marbling of the entire blocks to Pated Marble Nigeria Limited
- Provision and installation of air conditioners to Messrs Dizengoff W.A Nigeria Limited
- Provision and installation of office furniture to ITEX Furniture Nigeria Limited
- Provision and Installation of PABX facility and integration with NITEL for external lines to Vivid Technology Limited
- Installation of suspended ceiling to Poolad Consult Nigeria Limited.

## **NIGERIAN CAPITAL MARKET INSTITUTE [NCMI]**

In pursuance of the Commission's goal of making the Institute achieve International standards, a sizeable property was acquired. The property is located at 14, Yauri Close, Garki II, Abuja.

In its efforts to ensure that alteration and other architectural works are done to achieve the set goals especially in areas of having open halls for conferences, lecture halls, business centre etc, various contracts for works to be executed in the institute were awarded. The contracts awarded are as listed below:

- Builders work awarded to L'abri Nigeria Limited
- Provision and installation of surveillance security system to Zamfa Global Links Limited
- Provision and installation of fire fighting equipment to Profile Project Limited
- Electrical works to Oslaferb Limited
- Danpalon roofing to Messrs Catino Nigeria Limited
- Provision and Installation of suspended ceiling was awarded to Poolad Consult Limited

## **PORTHARCOURT ZONAL OFFICE**

The zonal office was provided with Library furniture, public address system and projector for presentations. Although the zonal office is still in a rented office owned by First Bank Plc along Aba Road, the Commission is however, making efforts towards acquiring its own office building in Port Harcourt. Inspection of properties has been concluded and report forwarded for consideration towards the purchase of the property identified.





## KANO ZONAL OFFICE

The tenancy for Kano Zonal office was renewed till 2008. The 60KVA soundproof generator supplied to the office to ensure stable power supply at all times, was also installed.

## 2. PURCHASING & SUPPLY DIVISION

The Purchasing and Supplies Division of the Department comprises of the following units:

- a. Direct purchase and supplies
- b. Store and
- c. Services.

### DIRECT PURCHASE UNIT

About 199 items were purchased for various offices in the Commission for the period under review.

### STORE UNIT

A total of 194 items supplied to the store were inspected and certified by the Quality Control Committee (QCC).

### SERVICE UNIT

During the period under review, the unit attended to 363 meetings with the provision of refreshments.

Some of these meetings involved the Administrative Proceedings Committee (APC), Registration Committee, Management Meetings, Standing, Sub and Ad-hoc Committees, Students Excursion etc.

Sequel to this, a total of 363 meetings were attended to with the cost implication of N7, 105,180.00 only and with 6,031 participants in attendance.

## 3. TRANSPORT & COMMUNICATION DIVISION

The Communication unit of the division ensured the repairs and maintenance of communication equipment including GSM lines, procurement of telecommunication accessories both for the Executive and for the Commission's general office.

Telecommunication bills were settled, and other installations were undertaken.

The Transport and Fuelling unit processed Touring allowances, weekend/working late allowances, fuelling and registration of motor vehicle.

The Transport unit also undertook the repairs of the Commission's official vehicles.

Courier services were provided by the Courier unit.



**Mr. Moses A. Isiaku**  
Deputy Director/HOD Administration



## **Section 5**

### **ZONAL OFFICES**



## **REPORT OF ACTIVITIES OF THE KANO ZONAL OFFICE FOR THE YEAR ENDED 31ST DECEMBER, 2007**

This report is a summary of activities of KZO for the year 2007.

### **General Meetings**

- First Annual General Meeting of Unity Bank Plc
- Extra Ordinary General Meeting of Union Bank of Nigeria Plc

### **Investors Complaints**

- 315 complaints from investors were received during the year out of which 56 were resolved.
- Investigation of an illegal operator in Zaria, Kaduna State is on-going.
- Database on illegal market operators is being compiled, and information on other certificate interceptors is also being compiled.

### **Other Operational Activities/Market Development Matters**

- The Zonal office has commenced the process of establishing a Zonal Forum of stakeholders in the capital market.
- Progress on the introduction of capital market studies in Bayero University Kano is appreciable as the Vice Chancellor has

constituted working committees on the issue.

- The Kano Zonal office hosted Zonal Conference on Corporate Governance and Financial Reporting on March 15, 2007.
- Students from the Federal Polytechnic, Kauran Namoda, Federal Government Girls College Bauchi and Government Girls Secondary School Kachako visited the Zonal office on excursion and educational visit.
- Students from various institutions of higher learning came for academic research.
- The Zonal office participated at the 28th Kano International Trade Fair held between November 22 – December 03, 2007.

**Mr. Mustapha Usman Jega**

Director/Head Kano Zonal Office



## LAGOS ZONAL OFFICE – ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 2007

The following activities were carried out at the Lagos Zonal office in 2007:

1. Meetings Attended on Behalf of the Commission
  - I. Annual General Meetings - 50
  - ii. Extraordinary General Meetings - 30
  - iii. Completion Board Meeting - 23
  - iv. Court Ordered Meeting - 1
2. Pre-registration Inspection was carried out on 45 applicants seeking registration. One (1) routine inspection was carried out while seven (7) target inspections were conducted.
3. Police clearance referral letters were issued to two hundred and forty-one (241) applicants, while two hundred and seventy-six (276) police clearance reports received were forwarded to the Head office.

### OTHER ACTIVITIES

Other activities that were carried out during the year were as follows:

- i. The zonal office hosted Focus Group discussion with capital market operators on Financial System Strategy – Vision 2020. The meeting was attended by World Bank officials, 15 capital market operators and 3 SEC officials.
- ii. The zonal office hosted Committee on Tax Concession and Reduction in capital market transaction costs.

- iii. Investigation was carried out on allegation of significant purchase of AP shares by Mr. Jimoh Ibrahim.
- iv. The zonal office hosted the zonal Workshop on Corporate Governance held in Ibadan.
- v. Final year banking and finance students of the University of Nigeria, Enugu campus were received in the LZO on an excursion visit on 25th July 2007. The following papers were presented during the visit:
  - An overview of the Nigerian Capital Market
  - The Role of SEC
- vi. Interactive session with stakeholders on the new minimum capital requirement hosted by the zonal office
- vii. Reconciliation inspection with respect to the new SEC fees was carried out on identified houses.
- viii. Investigation on significant purchases of Afribank and Wema Bank shares was carried out respectively.
- ix. Meeting with capital market registrars hosted by the zonal office
- x. Symposium on e-dividend hosted by the zonal office.

### INVESTIGATION AND ENFORCEMENT

1. New complaints received - 249
2. Files treated - 1,073
3. Letters written in respect of complaints - 1,338
4. Complaints files received from Head office - 95



5.	Files recommended for enforcement action	-	43
6.	Files concluded and closed	-	136
7.	Searches on-the-spot investigation	-	22
8.	Meetings held with investors	-	58
9.	Request for information from Head office	-	2



**Mr. Chris O. Okereke**  
Director/Head Lagos Zonal Office

During the period under review, the following activities took place at the Port Harcourt Zonal office.

Letters were forwarded to 360 complainants informing them that their matters were received and were under investigation. Also the operators complained against were also requested to investigate the issues raised in the complainant's letters.

During the period under review, the PHZO received memos from the Investigation and Enforcement Dept. requesting for information on individuals who were seeking membership/fellowship of the Chartered Institute of Stockbrokers, ICAN, ICEN, etc. The information was given accordingly.

i. National Association of Economic Students, Niger Delta University,





Wilberforce Island, Bayelsa State.

- ii. Government Secondary School, Ikot Ibio Itong, Akwa Ibom State
- iii. Association of Banking and Finance Students of the University of Port Harcourt, Choba.

#### **C. Trade Fair**

The Zonal office participated in the following trade fairs on behalf of the Commission:

- i. 18th Enugu international trade fair organized by the Enugu chamber of commerce, industry, mines and agriculture.
- ii. 3rd Port Harcourt international trade fair organized by the Port Harcourt chamber of commerce, industry, mines and agriculture.

#### **D. Donation to Higher Institutions**

During the period under review, the Commission through the Zonal office donated study materials to the following institutions of higher learning:

- iii. University of Port Harcourt, Choba
- iv. University of Benin
- v. University of Nigeria, Nsuka
- vi. Imo State University, Owerri

#### **E. Annual General Meetings**

Staff of the zonal office represented the Commission at 13 Annual General Meetings and the reports were forwarded to the Commissioner (Operations).

#### **F. Inspection of Facilities of the Nigerian Stock Exchange**

The zonal office carried out quarterly inspection of the following NSE branches within the area of jurisdiction of the zonal office:

- NSE, Benin Branch, Edo State
- NSE, Uyo Branch, Akwa Ibom State
- 5. The zonal office received 5 applications for registration as capital market operators while one application for renewal of registration was treated during the period under review.



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

**Section 6**  
**ANNUAL**  
**ACCOUNTS**



Chief John D. Edozien	Chairman Up 23/10/07
Musa Al-Faki	Director General
Alh. Suleiman A. Kwari	Member
Elder David O. Ogbu	Member
Hr M, Igwe Frank O. Nweke	Member Up To 23/10/07
Alh. Shaaba Lafiagi	Member Up To 23/10/07
Alh. Hamidu Mahmud (Walin Mubi)	Member Up To 23/10/07
Sir Kayode Julius Otitoju	Member Up To 23/10/07
Alh. Mohammed Danjani Usman Auyo	Member Up To 23/10/07
Alh. J.I. Zarewa Rep. Fed. Min.of Finance	Member Up To 23/10/07
Mrs. Salamat Hussaini-Suleiman	Secretary

**Auditors**

Messrs Ugochukwu Nwankwo & Co  
Chartered Accountants  
1, Obalodu Street  
Ilupeju, Lagos

**Bankers**

Zenith International Bank Plc  
Fidelity Bank Plc  
Guaranty Trust Bank Plc  
First City Monument Bank  
Access Bank Plc  
Central Bank Of Nigeria

**Head Office**

Plot 272, Samuel Ademulegun Street  
Central Business District  
P.M.B.315, Garki, Abuja.

**Lagos Zonal Office**

No 3, Plot 162A, Idejo Street  
Victoria Island  
P.M.B. 12638, Marina, Lagos.

**Kano Zonal Office**

African Alliance House (4th Floor)  
F1, Sani Abacha Way/Airport Road  
Opposite KLM Airline, Kano

**Port Harcourt Zonal Office**

First Bank Building  
22/24, Aba Road  
Port Harcourt



**T**he members of the Commission have pleasure in presenting their report together with the audited financial statements for the year ended 31st December, 2007.

#### 1 **Legal Form**

The Commission was established under the Securities and Exchange Commission Act (no 71) of 1979 as re-enacted by the Investments and Securities Act (ISA) no. 29 of 2007

#### 2 **Principal Activities**

The Commission is charged with the duties of:

- (a) Regulating investments and securities business in Nigeria;
- (b) Registering and regulating securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and other recognized investment exchanges,
- (c) Registering securities to be offered for subscription or sale to the public;
- (d) Preparing adequate guidelines and 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 apex regulatory 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 power;

(I) Reviewing, approving and regulating mergers, acquisitions and all forms of business combinations;

(J) promoting investors education and the training of all categories of intermediaries in the securities industry;

(k) Undertaking such other activities as are necessary or expedient for giving full effect to the provisions of the Investments and Securities Act no 29 of 2007

#### 3 **BOARD OF THE COMMISSION**

The composition of the board of the Commission as provided for under section 3 of the Investments and Securities Act no.29 of 2007 is as stated on page 2 of these financial statements

#### 4 **OPERATING RESULTS FOR THE YEAR**

	<b>2007</b>	<b>2008</b>
	<b>N</b>	<b>N</b>
Income	18,988,913,529	7,346,282,008
Expenditure	(5,048,244,705)	(3,306,153,533)
Excess of income over expenditure		
For the year	13,940,668,824	4,040,128,474





Net Surplus for the year  
13,940,668,824      4,040,128,474

## 5 **FIXED ASSETS**

Movements in fixed assets during the year are as shown in note on page 13 of these financial statements.

## 6 **THE COMMISSIONS RESPONSIBILITIES**

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

The Commission is obliged to ensure that:

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

## 7 **FINANCIAL COMMITMENTS**

The Commission is of the opinion that all known 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**

**BY ORDER OF THE COMMISSION**

**6TH JUNE, 2008**



**SALAMATU HUSSAINI-SULEIMAN (MRS)  
(SECRETARY)**



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 5, 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 judgement made by the commission's circumstances, consistently applied and adequately disclosed.

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

## Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the

commission as at 31st December, 2007 and of the surplus and statement of cash flow for the year ended on that date and on that date and have been properly prepared with the provisions of investments and securities Act no. 29 of 2007, companies and Allied matters Act 1990 and the relevant statements of accounting standards issued by the Nigerian Accounting standards board.

*Ugochukwu O. Oshinwa*

**CHARTERED ACCOUNTANTS**



**Lagos, Nigeria  
6th June, 2008**





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

(a) **BASIS OF ACCOUNTING**

The accounts have been prepared under the historical cost convention

(b) **FIXED ASSETS**

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

(c) **INCOME AND EXPENDITURE RECOGNITION**

Income from capital market operation is taken into account only in the year of receipt. However, interest income and expenditure are treated on accrual basis.

(d) **STOCKS**

The cost of all stock of publication is written off to the income and expenditure account in the year in which it was incurred.

(e) **DEPRECIATION**

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

Land & buildings	2.5%
Furniture % equipment	2.5%
Motor vehicles	33 1/3%
Library books	10%

(f) **REPAIRS AND RENEWALS**

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

(g) **RETIREMENT BENEFITS**

The liabilities in respect of retirement benefits are funded through payment to the pension fund scheme. Prior to February 2006, the Fund was provided in full by the Commission and invested externally. With regard to the Pension Reform Act, 2004, payroll deduction of 5% of qualified components of staff emoluments as employee contribution was commenced from February, 2006 in addition to the 25% being contributed by the Commission. Staff contribution to the new scheme managed by the selected PFAs are funded through payroll deduction while the Commission's contribution are charged to the income and expenditure account.





**BALANCE SHEET**

AS AT 31ST DECEMBER, 2007

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	Note	2007		2006
		N	N	N
Fixed assets	1		4,582,631,286	3,545,409,077
Investment at cost				
11.75%FRN24 Dev.				
Stock			0	911,000
			<u>4,582,631,286</u>	<u>3,546,320,077</u>
<b>Current assets:-</b>				
Short term investment	2	14,709,405,635	4,773,019,040	
Debtors and prepayments	3	2,670,555,007	1,521,494,562	
Cash at hand and at bank	4	1,710,661,250	699,252,819	
		<u>19,090,621,962</u>	<u>6,993,766,421</u>	
<b>Less: current liabilities</b>				
Creditors and Accruals	5	1,118,607,868	1,737,725,515	
		<u>1,118,607,868</u>	<u>1,737,725,515</u>	
Net current assets			17,972,014,094	5,256,040,906
			<u>22,554,645,380</u>	<u>8,802,360,983</u>
<b>Financed by:</b>				
Capital Grant	6		496,858,251	496,858,251
Accumulated fund	7		22,057,787,129	8,305,502,732
			<u>22,554,645,380</u>	<u>8,802,360,983</u>

() DIRECTOR GENERAL  
MUSA AL- FAKI

() COMMISSIONER (FINANCE & ADMIN)  
ALH. SULEIMAN A. KWARI

The note set out on page 184 to 187 from an integral part of these financial statements.





# INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2007

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	Note	2007		2006	
		₦	₦	₦	₦
<b>INCOME</b>	8		18,988,913,529		7,346,282,008
<b>LESS EXPENDITURE:</b>					
Staff Emoluments	9	1,420,982,704		853,853,259	
Board members allows/Expenses		26,687,165		46,153,104	
Management meeting/Expenses		18,575,598		9,054,572	
Contribution to pension Fund		246,239,264		171,009,635	
Staff welfare and Development	10	557,379,248		298,995,699	
Rent and rate		128,414,662		64,487,045	
Traveling expenses		529,686,089		448,177,716	
Printing & stationery		93,938,646		73,996,772	
Motor running expenses		30,603,013		21,471,567	
Generator running expenses		33,678,300		8,773,515	
Communication		45,258,563		64,748,811	
Repairs & renewals		178,904,366		150,053,085	
Electricity		5,841,596		7,681,310	
Newspaper & periodicals		12,657,060		9,928,322	
Bank charges		1,705,249		3,665,922	
Corporate affairs and publicity		189,929,150		147,806,993	
Insurance		94,927,868		52,399,246	
Audit fees		15,225,000		9,450,000	
Professional fee		92,780,411		85,646,212	
Subscriptions& donations		26,159,893		23,062,853	
Capital market development		10,938,485		14,946,824	
(Gain)/loss on disposal of Assets		(2,590,518)		(1,811,581)	
Recruitment& records		862,500		808,850	
Sundries	11	160,027,228		223,003,817	
Depreciation		629,433,167		456,371,625	
Subvention to IST		500,000,000		-	
Amortisation of monetized Veh. and other assets		0		62,418,361	
			(5,048,244,705)		(3,306,153,534)
Excess of income over expenditure			13,940,668,824		4,040,128,474

The note set out on pages 184 to 187 form an integral part of these financial statements



**STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED 31ST DECEMBER, 2007

**2007****₦****CASH FLOW FROM OPERATION ACTIVITIES**

Surplus for the year	13,940,668,824	4,040,128,474
<b>Adjustment for:</b>		
Depreciation	629,433,167	456,371,625
Prior year adjustments	(188,384,426)	(434,258,137)
Reserve for pension & gratuity	0	(1,000,000,000)
Profit/loss on disposal of fixed assets	(2,590,518)	(1,811,581)
Adjustment on fixed assets	7,461,723	16,928,075
Funds generated from operations		
Before working capital changes	14,386,588,770	3,077,358,456

**WORKING CAPITAL CHANGES**

Short term investments	(9,936,386,595)	(3,021,623,218)
Debtors & prepayments	(1,149,060,515)	(140,510,131)
Creditors & accruals	(619,117,647)	1,574,108,895
Cash generated from operations	2,682,024,013	1,489,334,002

**CASH FLOW FROM FINANCING ACTIVITIES**

Capital Grant	0	106,858,251
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**CASH FLOW FROM INVESTING ACTIVITIES:**

Purchase of fixed assets	(1,674,117,100)	(1,824,802,843)
Redemption of FGN 24 Dev. Stock	911,000	0
Proceeds from sale of fixed assets	2,590,518	1,811,581

**Net Increase/(Decrease) in Cash**

Cash at the beginning	699,252,819	926,051,827
Cash at the end (note 4)	1,710,661,250	699,252,819





	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>CAPITAL EMPLOYED:</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Fixed Assets	4,582,631	3,545,409	2,193,906	873,284	717,075
<b>INVESTMENTS:</b>					
11.75% FRN 24 Dev. Stock	0	911	911	911	911
<b>CURRENT ASSETS:</b>					
Debtors & Prepayments	2,670,556	1,521,496	1,380,985	884,698	394,897
Short term Investments	14,709,405	4,773,018	1,751,395	888,927	
Cash at Bank	1,706,077	692,694	947,692	171,566	186,485
Cash in Hand	<u>4,583</u>	<u>6,558</u>	<u>4,109</u>	<u>10,383</u>	<u>5,365</u>
	23,673,253	10,540,086	6,278,998	2,829,769	1,304,733
<b>LESS CURRENT LIABILITIES</b>					
Creditors and Accruals	(1,118,607)	(1,737,725)	(163,617)	(394,054)	(467,043)
Bank Overdraft	<u>0</u>	<u>0</u>	<u>(25,749)</u>	<u>(1,382)</u>	<u>(42,983)</u>
Net Assets	<u>22,554,645</u>	<u>8,802,361</u>	<u>6,089,632</u>	<u>2,434,333</u>	<u>794,707</u>
<b>FINANCED BY:</b>					
Capital Grant	496,858	496,858	390,000	-	-
Accumulated Fund	22,057,787	8,305,503	4,699,632	2,434,333	794,707
Reserve For Pension	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	<u>22,554,645</u>	<u>8,802,361</u>	<u>6,089,632</u>	<u>2,434,333</u>	<u>794,707</u>
<b>INCOME AND EXPENDITURE A/C.</b>					
Income	18,988,914	7,346,282	5,802,691	3,963,464	2,032,758
Expenditure	<u>(5,048,245)</u>	<u>(3,306,154)</u>	<u>(2,588,127)</u>	<u>(2,279,501)</u>	<u>(1,786,575)</u>
Excess of Income over Exp.	13,940,669	4,040,128	3,214,564	1,683,963	246,183
Less: Provision for Pension & Gratuity Liability	<u>0</u>	<u>0</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
Net Surplus for the year	<u>13,940,669</u>	<u>4,040,128</u>	<u>2,214,564</u>	<u>1,683,963</u>	<u>246,183</u>





1	FIXED ASSETS	TOTAL	BUILDING PROJECT	LAND & BUILDINGS	LEASEHOLD CAR PARK	OFFICE FURNITURE & EQUIP.	HOUSEHOLD FURNITURE & EQUIPMENT	MOTOR VEHICLES	BOOKS
		N	N	N	N	N	N	N	N
<b>Cost:</b>									
As at 01/01/07	5,020,945,718	246,745,544	2,899,715,978	17,721,965	1,222,338,338	166,641,698	439,195,167	28,587,028	
Additions	1,674,117,100	-	659,868,556	-	867,238,167	11,212,459	131,698,902	4,099,016	
Disposals	(35,058,350)	-	-	-	(2,858,000)	(225,000)	(31,975,350)	-	
Adjustment	0	-	-	-	-	-	-	-	
As at 31/12/07	<u>6,660,004,468</u>	<u>246,745,544</u>	<u>3,559,584,534</u>	<u>17,721,965</u>	<u>2,086,718,505</u>	<u>177,629,157</u>	<u>538,918,719</u>	<u>32,686,044</u>	
<b>Depreciation:</b>									
As at 01/01/07	1,475,536,643	-	130,496,870	11,637,148	846,655,882	143,113,843	329,850,583	13,782,317	
Charges	629,433,167	-	88,989,613	2,993,778	378,348,320	19,392,320	136,714,486	2,994,650	
Disposal	(38,058,350)	-	-	-	(2,858,000)	(225,000)	(31,975,350)	-	
Adjustments	<u>7,461,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,375,614</u>	<u>17,250</u>	<u>-</u>	<u>68,859</u>	
As at 31/12/07	<u>2,077,373,183</u>	<u>-</u>	<u>219,486,483</u>	<u>14,630,926</u>	<u>1,229,521,816</u>	<u>162,298,413</u>	<u>434,589,719</u>	<u>16,845,826</u>	
<b>Net Book Value:</b>									
As at 31/12/07	<u>4,582,631,286</u>	<u>246,745,544</u>	<u>3,340,098,051</u>	<u>3,091,039</u>	<u>857,196,689</u>	<u>15,330,745</u>	<u>104,329,000</u>	<u>15,840,218</u>	
As at 31/12/06	<u>3,545,409,075</u>	<u>246,745,544</u>	<u>2,769,219,108</u>	<u>6,084,817</u>	<u>375,682,456</u>	<u>23,527,855</u>	<u>109,344,584</u>	<u>14,804,711</u>	



	2007 N	2006 N
<b>2 SHORT TERM INVESTMENTS</b>		
Money Market Investments	14,709,405,635	4,773,019,040
	<u>14,709,405,635</u>	<u>4,773,019,040</u>
<b>3 DEBTORS &amp; PREPAYMENTS</b>		
Staff Debtors	1,441,894,564	649,651,966
Sundry Debtors	273,767,254	474,327,443
Pre-payments	954,893,259	397,515,153
	<u>2,670,555,077</u>	<u>1,521,494,562</u>
<b>4 CASH IN HAND &amp; BANK</b>		
Petty Cash	4,583,038	6,557,664
Bank Balances	1,706,078,212	692,695,155
	<u>1,710,661,250</u>	<u>699,252,819</u>
<b>5 CREDITORS &amp; ACCRUALS</b>		
Vehicle Insurance Deposit	973,614	828,440
Accrued Audit Fees	8,725,000	4,950,000
Sundry Creditors	168,236,947	1,263,111,589
Capital Market Creditors	0	263,759,931
Charges Accrued	940,672,307	205,075,555
	<u>1,118,607,868</u>	<u>1,737,725,515</u>

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 2007  
(CONT'D)

	2007 N	2006 N
<b>6 CAPITAL GRANT</b>		
Balance brought forward	496,858,251	390,000,000
Subvention received during the year	0	106,858,251
	<u>496,858,251</u>	<u>496,858,251</u>
<b>7 ACCUMULATED FUNDS</b>		
Balance brought forward	8,305,502,732	4,699,632,395
Prior year adjustments	(188,384,426)	(434,258,137)
Net Surplus for the year	13,940,668,824	4,040,128,474
	<u>22,057,787,129</u>	<u>8,305,502,732</u>
<b>8 INCOME</b>		
Income from operations	18,292,841,117	6,980,709,247
Investment Income	656,334,736	328,129,075
Other Income	39,737,676	37,443,686
	<u>18,988,913,529</u>	<u>7,346,282,008</u>
<b>9 STAFF EMOLUMENTS</b>		
Salaries and Wages	361,334,681	393,242,143
Allowances	1,059,648,022	460,611,116
	<u><b>1,420,982,704</b></u>	<u><b>853,853,259</b></u>





	2006 N	2005 N
<b>10. STAFF WELFARE &amp; DEVELOPMENT</b>		
Medical	78,125,476	63,103,829
Training	416,600,689	179,220,031
Entertainment	3,615,760	0
Uniform	38,465,322	46,081,089
Recreation Expenses	20,572,000	10,590,750
	<b>557,379,248</b>	<b>298,995,699</b>
<b>11. SUNDRIES</b>		
Contingency	0	26,030,741
Relocation Expenses	52,209,827	29,164,000
Data Communication Expenses	3,137,600	38,150
Special Expenditure	0	57,824,647
Computer Accessories & Statistics	11,120,606	12,139,474
Football Club Expenses	0	9,417,444
Others	93,559,195	88,389,361
	<b>160,027,228</b>	<b>223,003,817</b>

**12. FIXED ASSETS:**

Some properties of the Commission were affected by the exercise of sale of government residential properties by the FCDA. There was however no provision or adjustment thereto in these financial statements as the factual position required to effect possible consequential adjustments could not be clearly determined as at the balance sheet date.

**13. CONTINGENT LIABILITIES:**

There are pending litigations against the Commission. However, no provision has been made in these financial statements as the Directors are of the opinion that no significant liability would arise there from.

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

**14. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the commission on 6th June, 2008.

**Mr. Abatcha Bulama**  
Director, Finance and Accounts













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