

# **ANNUAL REPORT & ACCOUNTS 2008**



## **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**

## **TABLE OF CONTENTS**

### **SECTION 1**

1.	Director-General's Transmittal Letter.....	4
2.	Our People	
2.1	Board of the Commission.....	9
2.2	Executive Management.....	10
2.3	Heads of Department.....	11

### **SECTION 2**

3.	The Economy	
3.1	Review of the Economy.....	13

### **SECTION 3**

#### **THE NIGERIAN CAPITAL MARKET**

4.	Report on Operational Activities	
4.1	The Primary Market.....	16
4.2	The Secondary Market.....	27
4.3	Collective Investments.....	39
4.4	Mergers, Acquisitions and Take Overs.....	44
4.5	Registration of Capital Market Operators.....	48
4.6	Market Development Programmes.....	49
4.7	Financial Standard and Corporate Governance.....	52
5.	Report on Legal and Enforcement Activities	
5.1	Legal Opinions.....	54
5.2	Litigation.....	54
5.2	Rule Making.....	54
5.3	Market Surveillance.....	55
5.4	Investigations.....	55
5.5	Enforcement and Compliance.....	56

## **SECTION 4**

### **ANNUAL ACCOUNTS**

57

- Members of the Commission, Professional Advisers and Offices
- Report of the Commission
- Report of the Auditors
- Significant Accounting Policies
- Balance Sheet
- Income and Expenditure Account
- Cash Flow Statement
- Five year Financial Summary
- Notes to the Accounts

## DIRECTOR GENERAL'S TRANSMITTAL LETTER

It is with great pleasure that I forward to you, the Annual Report and Accounts of the Securities and Exchange Commission for the year 2008.

The consistent phenomenal growth the capital market had witnessed from mid 2005 to 2007 began to decline from March 2008, in spite of the impressive results reported by most listed companies. This situation was further compounded by the liquidity crunch in the global financial market. The Commission conducted an in-depth research and identified additional local factors that either directly or indirectly contributed to the sustained bearish run in the market. Worthy of commendation were the efforts of the Presidential Advisory Committee on Capital Market which resulted in speeding up actions towards restoring market liquidity and confidence.

Despite the bearish run that started in mid-March 2008, the market turnover (volume and value) in 2008 was higher than in 2007. As at November 2008, an aggregate of N186.66 billion shares worth **N2.33 trillion** were exchanged on the floor of the Nigerian Stock Exchange (NSE) in contrast to only **138.08** billion securities exchanged for N2.09 trillion in 2007.

However, the NSE all share index declined by about 48% to close at 33,025.75 points in November 2008 down from 63,016.56 points in March 2008 before the beginning of the meltdown. Similarly as at November 2008, market capitalization of listed equities had declined by about N5.0 trillion or 41.0% from its value in March 2008 (i.e N7.31 trillion as at

November 2008 down from N12.28 trillion in March 2008). In 2007 market capitalization closed as N10.30 trillion.

In spite of all these, the Commission remained optimistic of a bright prospect for the market in 2009 and beyond, as the global liquidity crunch eases and with improved macro and micro economic conditions locally. As earlier stated, the basis for confidence remained the impressive results most listed companies reported in 2008.

The primary market also suffered a decline in 2008. A total of **72.98 billion** securities valued at **N780.62 billion** were issued as at November 2008 compared to **95.04 billion** securities valued at **N1.34 trillion in 2007**.

In the debt segment of the market, the FGN bond worth **N515.00 billion** were auctioned in 22 different issues of between N10.0 to N30.0 billion, much of which were oversubscribed. The Debt Management Office allotted **N494.18 billion** from the total subscription of **N855.14 billion**.

Transactions on the OTC market were on the upswing with a total of **N8.26 trillion**, involving **8.17 billion** units of bonds exchanged in 67,144 deals.

The Commission in 2008 undertook various market development activities in the areas of market enlightenment, conferences/workshops, rules/regulations on new processes among others.

A two day workshop was organized in Abuja early in 2008 for High Court Judges, Justices of the Court of Appeal, and the Supreme Court. The objective was to familiarize the members of the Higher Bench with capital market laws and processes in order to aid expeditious adjudication of securities market related cases. The exercise was carried out in conjunction with the National judicial Institute.

In July 2008, the Commission, the NSE and Association of Issuing Houses jointly hosted a National Workshop on financing the 7-point Agenda of the Federal Government through the Capital Market. The underlying objective was the desire to reposition the capital market to effectively provide the funds required for infrastructural development.

Enforcement remained a top priority in securities market regulation, and during the year the Commission intensified action in this area.

In order to enhance the depth of activities in the capital market, the Commission during the year issued new Rules on custodian of securities, Depository and Participants Regulation; Regulation of Securities Clearing and Settlement; Rules on Share buy-back as well as Rules on market makers. To support these initiatives aimed at bolstering activities in the market, the Commission further followed up with 50% fee reduction on transactions in the primary and secondary markets.

Human resource is the most valuable asset of the Commission. In the year 2008, capacity building for staff was given the desired priority.

As part of efforts to further professionalize the Commission and give staff the opportunity of aspiring to the highest cadre of management, the Federal Government during the year appointed three (3) Executive Commissioners from the ranks of the Commission at the expiration of the term of former commissioners and in line with the Investments & Securities Act (ISA) 2007.

In order to reposition the market to make it more efficient, the Commission constituted two National Committees on the Review of Market Structure and Processes and the Code of Corporate Governance respectively.

The Commission also engaged a Consultant to carry out a diagnostic study of its organizational structure and business processes.

The focus of the Commission in 2009 would be to vigorously implement the recommendations of these Committees.

On the international level, the Commission continued to participate in the activities of the International Organization of Securities Commissions (IOSCO).

During the year under review, the Director-General of the Commission was unanimously re-elected Chairman of the International Organization of Securities Commissions (IOSCO) Regional Committee for Africa and the Middle East (AMERC).



Looking forward in 2009, a number of regulatory measures would be undertaken to restore market confidence in order to ensure significant recovery from the meltdown.

It is my hope that all the various measures introduced by Government in the wake of the economic downturn would impact positively on the market and the economy in general.

**Musa Al-Faki**  
**Director-General**

## **2.1 BOARD OF THE COMMISSION**

**Senator Udoma Udo Udoma**  
Chairman

**MUSA AI-FAKI**  
Director General

**Ms. Daisy Ekineh**  
Executive Commissioner, Operations

**Alhaji Lawal Sani Stores**  
Executive Commissioner,  
Finance & Administration

**Mr. Charles A. Udora**  
Executive Commissioner, Legal & Enforcement

**Alhaji Yahya Ali**  
Commissioner

**Mrs. Aderonke Fatade**  
Commissioner

**Mr. Omoha Lexy Omoha**  
Rep. Federal Ministry of Finance

**Alhaji Umaru Bello Girei**  
Rep. Central Bank of Nigeria

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

## **2.2 EXECUTIVE MANAGEMENT**

**Musa Al-Faki**  
Director General

**Ms. Daisy Ekineh**  
Executive Commissioner, Operations

**Alhaji Lawal Sani Stores**  
Executive Commissioner,  
Finance & Administration

**Mr. Charles A. Udora**  
Executive Commissioner, Legal & Enforcement

## 2.3 HEADS OF DEPARTMENT

**Mrs. Salamatu H.Suleiman**

Director/Secretary to the Commission

**Mr. Sylvester O. Akele**

Director/HOD Research & Market Development

**Mr. Mustapha Usman Jega**

Director/Coordinator, Zonal Offices

**Mr. Moses A. Isiaku**

Director/HOD Administration

**Mr. I. Kola Ekundayo**

Director/HOD Internal Control

**Mr. Abatcha Bulama**

Director/HOD Finance & Accounts

**Mr. I. B. Bello**

Director/HOD, Lagos Zonal Office

**Mrs. A. O. Obhielo**

Deputy Director/HOD FS&CG

**Mr. O. E. M. Elujekor**

Deputy Director/HOD Onitsha Zonal Office

**Mr. E. K. Aigbekaen**

Deputy Director/HOD Legal

**Mr. A. U. O. Anyameluor**

Deputy Director/HOD, Human Resources

**Mr. Abubakar Tijjani Abba**

Deputy Director/HOD Information Technology (IT)

**Mr. Abdul Zubairu**

Deputy Director/HOD, Kano Zonal Office

**Ms. Mary Uduk**

Deputy Director/HOD Securities & Investments Services

**Mrs. Mary Ekwo**

Deputy Director/HOD RRIE

**Mr. O. W. Akpan**

Deputy Director/HOD Port Harcourt Zonal Office

**Mr. Ismail Mohammed Ville**

Deputy Director/HOD  
Corporate Affairs

**Mr. E. A. Okolo**

Deputy Director/HOD  
Monitoring & Investigation

**Mrs. Maryam Sallau**

Assistant Director/HOD  
Kaduna Zonal Office

**Mr. Abdukadir Usman**

Assistant Director/HOD  
Maiduguri Zonal Office

**Mr. R. C. Karawusa**

Assistant Director/HOD  
Enforcement & Compliance (E&C)

**Mr. Efiok I. Efiok**

Senior Manager/Ag. HOD  
Collective Investment  
Services (CIS)

### **3.1 REVIEW OF THE ECONOMY**

Most macro-economic indices in Nigeria were moving in the positive direction until the middle of the year when the effects of the global economic crisis began to manifest in the country. Indeed, notwithstanding the global economic down turn, the country recorded a positive growth of 6.77% in the Gross Domestic Product (GDP) in 2008, compared with 6.22% in the preceding year. The growth was driven largely by the strong performance of the non-oil sector, particularly agriculture, which was estimated to have grown by nine percent (9%).

The capital market also witnessed steady growth in the first quarter of 2008. Market capitalization rose from N13.295 trillion in December 2007 to N15.267 trillion at the end of March 2008. In the same vein, the Nigerian Stock Exchange (NSE) All-Share Index grew from 57,990.22 points in December 2007 to 63,016.56 points in March, 2008.

The vibrancy witnessed in the market during the first quarter was driven principally by such factors as improved macro-economic environment, favourable sovereign credit rating as well as improved public awareness and subsequent speculative activities by many investors.

The positive performance was however punctuated by the bearish trend which started from mid March and persisted till December, 2008. This development was apparently caused by a multiplicity of factors, including the upsurge in private placements by private companies, heavy speculative activities of short term investors, who also quickly exited, exit of some foreign investors owing to the global credit crunch arising from the global financial meltdown and margin calls by banks/stockbrokers on their clients. Consequently, market indices declined significantly. Market Capitalization of listed securities which stood at N13.295 trillion as at December 2007 fell to N 9.563 trillion as at December, 2008. The NSE All-Shares Index fell from 57,990.22 points as at December, 2007 to 31,450.78 points as at December, 2008. The value of new issues, which stood at N1,935 trillion in 2007, fell to N1,509 trillion in 2008. However, there was an improvement in the value of transactions in 2008, as an aggregate trading value of N2.379 trillion was recorded during the year, as against N2,086 trillion in 2007.

Notwithstanding the downturn in the market, many analysts believe that the fundamentals of the market remained strong as evidenced by the impressive audited results of quoted companies, with investors enjoying appreciable dividend yields and bonuses during the period.

The pension segment of the financial market during the year witnessed some important developments. For instance, the Federal Government through the National Pension Commission (PENCOM), issued retirement bonds to civil servants, who retired under the new scheme from 1<sup>st</sup> July 2007 to 1<sup>st</sup> July, 2008. In its efforts to effectively regulate the segment, PENCOM also issued guidelines on “**whistle blowing**” to operators in pension fund market.

From a figure of \$63 billion as at September 2008, which the Central Bank of Nigeria (CBN) observed was enough to cover 16 months of import requirement, the country’s foreign reserve declined to \$58.4 billion at the end of December, 2008. This could be attributed to the impact of the current global economic meltdown and the lingering unrest in the Niger-Delta region. The year end figure was, however, higher than that of the previous year, which stood at \$51.32 billion as at December 2007. With this development, the IMF’s projection of \$73.2 billion foreign reserves for Nigeria in year 2008 could not be achieved.

The decline in both private inflows and the price of crude oil at the international market put pressure on the Naira during the year. With a rise in demand for foreign exchange at the Wholesale Dutch Auction System (WDAS), the Naira inevitably depreciated in value when compared to other currencies. For instance, the Naira stood at N152 to the Dollar (\$) in December 2008 as against N116.3 in December, 2007. This was in spite of the various steps taken by the CBN to stem the tide including participating actively in the daily inter-bank exchange market.

At the 206<sup>th</sup> meeting of the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) held during the year, the apex bank introduced expansionary monetary measures in order to increase supply of funds to the banks. The measures included reduction of the Liquidity Ratio from 40 to 30 percent, reduction in the Cash Reserve Ratio from 4 to 2 percent and reduction of Monetary Policy Rate from 10.25% to 9.75%.

The targeted single digit year-on-year inflation rate could not be achieved in the year under review as inflation rate, which stood at 8.5% at the end of 2007, increased significantly to 15.1% at the end of December, 2008. The development was attributed to low volume of production, shortage of goods and services, increased spending by the three tiers of government, rising cost of production and prolonged crises especially in the Niger Delta region. In a similar vein, interest rate which was between 18% and 20% in 2007 increased to between 23% and 26% in 2008.

The outlook for 2009 however remained promising, as the revenue from the non-oil sector is expected to offset the decline in the revenue from the oil sector. The optimism stems from the expected buoyant agricultural output for the year as efforts towards diversifying the revenue base of the Nigerian economy are intensified.

In addition, more commitment on the side of government on service industry and solid minerals, as well as the development of key infrastructure will help boost the economy in 2009 and beyond.



## **4. REPORT ON OPERATIONAL ACTIVITIES**

### **4.1 THE PRIMARY MARKET**

#### **New Issues**

Activities in the primary market in 2008, though lower, compared favorably with that of 2007 in spite of the prolonged slide in prices of equities on the secondary market. The lull in the secondary market created anxiety and eroded investors' confidence in the market. This led to the suspension of some new issues that were expected during the year. However, the FGN bond segment attracted more investors as primary and secondary bond activities (on the OTC market) received considerable attention.

During the year, the Commission approved ten (10) offers for subscription, ten (10) rights issues, fifteen (15) private placements, one (1) preference stock, twelve (12) supplementary offers, two (2) loan stocks, and one (1) state government bond.

A regional offer of Ecobank Transnational Incorporated worth about US\$2.322 billion equivalent to ₦290.18 billion (offer for subscription and rights) was also approved during the year. In all, 87.30 billion securities valued at ₦1.12 trillion were approved in 2008 from fifty three (53) issues. In 2007, 95.04 billion securities valued at ₦1.34 trillion were recorded from fifty six (56) issues. With this position, the market recorded a drop of 8.14% and 16.42% respectively in the volume and value of securities approved by the Commission in 2008 compared to the position in 2007.

**TABLE 1: SUMMARY OF NEW ISSUES IN 2008 BY TYPE OF OFFER**

<b>Mode of Offer</b>	<b>No. of Issues</b>	<b>Volume of Shares (m)</b>	<b>Value of Shares (N' m)</b>	<b>% of Total Value</b>
<i>Subscription</i>	11	23,056.64	357,127.61	21.88
<i>Rights</i>	11	11,497.29	220,711.00	13.52
<i>Private Placement</i>	15	27,593.44	164,469.42	10.07
<i>Preference Share</i>	1	4,000.00	38,000.00	2.33
<i>Loan Stock</i>	2	300	5,170.00	0.32
<i>State Government Bond</i>	1	0	50,000.00	3.06
<i>Supplementary Offer/ Additional Verification</i>	12	20,849.19	281,993.32	17.27
<b>Total Approved by SEC</b>	<b>53</b>	<b>87,296.56</b>	<b>1,117,471.35</b>	<b>68.45</b>
<i>FGN Bonds</i>	22	0	515,000.00	31.55
<b>Overall</b>	<b>75</b>	<b>87,296.56</b>	<b>1,632,471.35</b>	<b>100.00</b>

Source: SEC

**TABLE 2: SUMMARY OF FLOATED NEW ISSUES IN 2008 BY SECTOR**

<b>Sector</b>	<b>No. of Issues Involved</b>	<b>Volume (million)</b>	<b>Value (N'million)</b>	<b>% of total value</b>
2 <sup>nd</sup> Tier Securities	2	5,740.00	4,870.00	0.30
Banking	17	47,187.42	795,377.78	48.72
Chemical & Paints	1	123.03	2,214.54	0.14
Commercial/Services	1	800.00	12,400.00	0.76
Construction	1	62.75	815.75	0.05
Healthcare	1	110.00	440.00	0.03
Industrial/Domestic Products	1	1,242.22	2,484.44	0.15
Information, Communication & Telecommunication	3	6,159.76	48,839.38	2.99
Insurance	13	15,931.14	46,847.47	2.87
Maritime	2	3,797.47	15,000.01	0.92
Media	1	1,829.48	9,147.39	0.56
Petroleum (marketing)	2	462.00	110,241.40	6.75
Printing & Publishing	1	80.75	2,018.75	0.12
State Government	1	0	50,000.00	3.06
Federal Government	22	0	515,000.00	31.55
Others (unquoted securities)	6	3,770.54	16,774.44	1.03
<b>Total</b>	<b>75</b>	<b>87,296.56</b>	<b>1,632,471.35</b>	<b>100.00</b>

As in the recent past, the banking sector accounted for most of the Issues approved by the Commission during the year. The sector recorded an aggregate of 47.19 billion ordinary shares valued at ₦795.48 billion in

seventeen (17) Issues to account for about 49.0% of the total value of securities registered for the year. Petroleum (marketing) sector was second with a total value of ₦110.24 billion from a hybrid offer of one Issuer. The ₦50 billion Lagos state bond (1<sup>st</sup> tranche) ranked third in value terms while three (3) offers of the "Information, Communication & Telecommunication" sector valued at ₦48.84 billion was fourth on the list. With thirteen (13) Issues valued at ₦46.85 billion, the "Insurance" sector occupied the fifth position, accounting for 2.86% of the total securities issued in 2008. Thus, with the exception of the FGN Bonds the above top five (5) sectors recorded ₦1.05 trillion or 94.0% of the total value of new securities issued in 2008 from thirty six (36) Issues.

### **Top 10 Equities with highest value of shares:**

The hybrid regional offer of Ecobank Transnational Incorporated Plc topped the league of the ten (10) equities with the highest value of shares during the year. The corporation's dollar denominated offer for subscription and rights of 8.88 billion ordinary shares amounted to about ₦290 billion. This was followed by First Inland Bank Plc with the sum of ₦122.0 billion worth of securities (comprising of offer for subscription, rights, preference shares and supplementary offers). PlatinumHabib Bank Plc, African Petroleum Plc and Zenith Bank Plc occupied the third, fourth and fifth positions as they were given approval to capitalize ₦120.89 billion, ₦110.24 billion and ₦67.89 billion respectively during the year. Consequently, the ten highest offers by value during the year accounted for about 85.0% or ₦945.72 billion of the value of new issues approved by the Commission.

**TABLE 3: TEN (10) MEGA OFFERS IN 2008**

S/ N	Equity	Type of issue (s) offered	Volume (million)	Value (million Naira)
1	Ecobank Transnational Incorporated Plc	Subscription/Rights	8,880.28	290,178.26
2	Firstinland Bank Plc	Rights/subscription/preference shares/ supplementary issues	12,944.63	122,005.10
3	Platinum Habib Bank Plc	Private Placement/ Supplementary issue	7,111.21	120,890.57
4	African Petroleum Plc	Subscription/Rights	462.00	110,241.40
5	Zenith Bank Plc	Supplementary issue	1,745.33	67,893.34
6	Access Bank Plc	Supplementary issue	4,442.50	66,193.25
7	Skye Bank Plc	Subscription/Rights/Supplementary issue	4,081.93	54,896.11
8	Fidelity Bank Plc	Supplementary issue	6,498.90	51,991.20
9	Starcomms Plc	Private Placement	3,184.76	41,401.88
10	First City Monument Bank Plc	Supplementary issue	1,430.55	20,027.70
	<b>Total</b>		<b>50,782.09</b>	<b>945,718.81</b>

**TABLE 4: QUARTERLY SUMMARY OF NEW ISSUES IN 2008**

Quarter	No. of Issues			Volume (million)			Value (million n Naira)		
	Equities	Debt	Total	Equities	Debt	Total	Equities	Debt	Total
1 <sup>st</sup>	14	6	20	30,224.36	-	30,224.36	271,747.71	150,000.00	421,747.71
2 <sup>nd</sup>	10	5	15	18,601.85	-	18,601.85	214,959.44	130,000.00	344,959.44
3 <sup>rd</sup>	19	8	27	22,405.11	300.00	22,705.11	268,312.65	150,170.00	418,482.65
4 <sup>th</sup>	8	6	14	15,693.48	-	15,693.48	306,845.97	140,000.00	446,845.97
<b>Total</b>	<b>51</b>	<b>25</b>	<b>76</b>	<b>86,924.80</b>	<b>300.00</b>	<b>87,224.80</b>	<b>1,061,865.77</b>	<b>570,170.00</b>	<b>1,632,035.77</b>

**TABLE 5: FLOATED NEW ISSUES (1991 – 2008)**

	Offer for Subscription/ Private Placement	Rights Issues	Total Equities	Interest Bearing Securities	Total
	N' million	N' million	N' million	N' million	N' million
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	4,221.34	1,631.84	5,853.18	15.00	5,868.18
1997	8,343.17	2,120.43	10,463.60	350.00	10,813.60

1998	13,754.74	893.32	14,648.06	370.00	15,018.06
1999	4,629.95	7,208.49	11,838.44	200.00	12,038.44
2000	834.07	4,873.75	5,707.82	11,500.00	17,207.82
2001	10,511.44	22,168.59	32,680.03	4,518.76	37,198.79
2002	24,015.45	17,268.54	41,283.99	20,000.00	61,283.99
2003	11,317.68	18,112.18	29,429.86	150,650.00	180,079.86
2004	156,176.67	27,541.80	183,718.47	11,699.91	195,418.38
2005	355,698.96	50,140.52	405,839.48	146,942.50	552,781.98
2006	207,994.93	47,689.61	255,684.54	451,709.95	707,394.49
2007	1,198,730.68	139,844.56	1,338,575.24	596,500.00	1,935,075.24
2008	841,590.35	220,711.00	1,062,301.35	570,170.00	1,632,471.35

## Offer for Sale

During the year, the Commission also approved three (3) offers for sale, involving 3.98 billion ordinary shares valued at **N38.42** billion. The sales were to enable the issuers meet the necessary listings requirements. The breakdown of the offers is on table 6 below:

**TABLE 6: APPROVED OFFER FOR SALE IN 2008**

<b>COMPANY</b>	<b>OFFER PRICE (N)</b>	<b>VOLUME (MILLION)</b>	<b>VALUE N'M</b>	<b>ISSUING HOUSE</b>	<b>DATE OPENED</b>
Daar Investment and Holding Company Plc	5.00	960.00	4,800.00	BGL Securities Limited	25/02/08
Starcomms Plc	13.00	1,767.24	22,974.12	Chapel Hills Advisory Partners Ltd/ Stanbic IBTC Bank Ltd	03/06/08
Honeywell Flour Mills Plc	8.50	1,252.94	10,650.00		
<b>Total</b>		<b>3,980.18</b>	<b>38,424.12</b>		

## Bond Issues

The Debt Management Office (DMO) on behalf of the federal government, during the year, auctioned bonds valued at **N515.0** billion bonds in twenty two (22) different issues of between **N10.0** to **N30.0** billion, all of which were oversubscribed. In all, the DMO allotted bonds valued at **N494.18** billion from the total subscription of **N855.14** billion.

**TABLE 7: AUCTION SUMMARY FOR FGN BONDS IN 2008**

<i>Date</i>	<i>Tenor (Yrs)</i>	<i>Amount Auctioned (N'BILLION)</i>	<i>Level of Subs (%)</i>	<i>Amount Subscribed (N'BILLION)</i>	<i>Amount Allotted (N'BILLIO N)</i>	<i>*Margi nal Rate (%) )</i>
January 25, 2008 (December 14, 2010) – Re-opened	3	30.00	164.63	49.39	30.00	8.99
January 25, 2008 (FGN Bond 2008)	5	20.00	226.80	45.36	20.00	9.45
February 29, 2008 (FGN Bond Dec 14, 2010) – Re-opened	3	30.00	133.47	40.04	30.00	8.99
February 29, 2008 (FGN Bond Jan. 25, 2013) – Re-opened	5	20.00	123.72	24.745	20.00	9.45
March 26, 2008 (FGN Bond Dec. 14, 2010) – Re-opened	3	30.00	146.66	44.00	30.00	8.99
March 26, 2008 (FGN Bond Jan. 25, 2013) – Re-opened	5	20.00	198.05	39.61	20.00	9.45
April 25, 2008 (January 25, 2013) – Re-opened	5	30.00	193.30	57.99	30.00	9.45
May 30, 2008 (January 25, 2013) – Re-opened	5	30.00	112.13	33.64	30.00	9.45
May 30, 2008 (May 30, 2018)	10	20.00	175.40	35.08	20.00	10.70
June 27, 2008 (January 25, 2013) – Re-opened	5	30.00	153.43	46.03	30.00	9.45
June 27, 2008 (May 30, 2018) – Re-opened	10	20.00	92.70	18.54	18.54	10.70
Jul.25,2008(May 30, 2018) – Re-opened	10	20.00	161.60	32.23	9.82	12.75
Jul.25,2008(July 25, 2011)	3	25.00	125.28	31.32	15.82	10.50
Aug.29, 2008(Jul 25, 2011) – Re-opened	3	30.00	107.80	32.34	30.00	11.40
Aug. 29, 2008(May 30, 2018) – Re-opened	10	20.00	221.30	44.26	20.00	12.75
September 26, 2008 (July 25, 2011 – Reopened)	3	30.00	183.70	55.11	30.00	11.00
September 26, 2008 (May 30, 2018 – Reopened)	10	20.00	231.40	46.28	20.00	12.45
October 29, 2008 (July 25, 2011 – Reopened)	3	30.00	167.17	50.15	30.00	10.00
October 29, 2008 (May 30, 2018 – Reopened)	10	20.00	223.15	44.63	20.00	11.99
November 26, 2008 (July 25, 2011 – Reopened)	3	20.00	174.9	34.98	20.00	10.00
November 26, 2008 (November 28, 2013)	5	10.00	258.9	25.89	10.00	10.50
November 26, 2008 (November 28, 2028)	20	10.00	235.2	23.52	10.00	15.00
<b>Total</b>		<b>515.00</b>		<b>855.14</b>	<b>494.18</b>	

**TABLE 8: SUMMARY DETAILS OF FLOATED NEW ISSUES IN 2008**

<b>COMPANY</b>	<b>TYPE OF ISSUE</b>	<b>NOMINAL VALUE (N)</b>	<b>OFFER PRICE (N)</b>	<b>VOLUME (MILLION)</b>	<b>VALUE N'M</b>	<b>ISSUING HOUSE</b>	<b>DATE OPENED</b>
Firstinland Bank Plc	Subscription	0.50	9.50	5,000.00	47,500.00	Firstinland Capital Limited	03/01/08
Skye Bank Plc	Subscription	0.50	14.00	2,231.60	31,242.40	Vetiva Capital Management Ltd/FBN Capital Ltd	14/01/08
Daar Communications Plc	Subscription	0.50	5.00	1,829.48	9,147.39	BGL Securities Ltd	25/02/08
Standard Alliance Insurance Plc	Subscription	0.50	3.95	4,750.00	18,762.50	Vetiva Cap. Mgt Ltd/Spring Cap. Mkt. Ltd/Diamond Bank Plc/Firstinland Bank Plc/Skye Bank Plc	14/03/08
Custodian and Allied Insurance Plc	Subscription	0.50	5.20	350.00	1,820.00	Chapel Hill Advisory Partners Ltd	20/03/08
National Sports Lottery Plc	Subscription	0.50	15.50	800.00	12,400.00	Strand Capital Partners Ltd.	14/07/08
NPF Microfinance Bank Plc	Subscription	1.00	3.00	338.81	1,016.43	Firstinland Capital Limited	20/08/08
African Petroleum Plc	Subscription	0.50	250.00	199.07	49,767.50	Union Capital Markets Ltd	21/08/08
Equity Assurance Plc	Subscription	0.50	3.50	1,500.00	5,250.00	Skye Financial Services Limited	01/09/08
Honeywell Flour Mills Plc	Subscription	0.50	8.50	941.18	8,000.00		
Ecobank Transnational Incorporated Plc	Subscription	US\$ 0.025	33.66 (US\$ 0.27)	5,116.50	172,221.39	Ecobank Nig. Plc/Stanbic IBTC/ICMG Sec. Ltd	25/08/08
Firstinland Bank Plc	Rights	0.50	8.50	968.86	8,235.31	Firstinland Capital Limited	03/01/08
Skye Bank Plc	Rights	0.50	12.50	1,500.61	18,757.63	Vetiva Capital Management Ltd/FBN Capital Ltd	14/01/08
Custodian and Allied Insurance Plc	Rights	0.50	5.20	400.00	2,080.00	Chapel Hill Advisory Partners Ltd	20/03/08
NPF Microfinance Bank Plc	Rights	1.00	2.50	417.19	1,042.98	Firstinland Capital Limited	20/08/08
African Petroleum Plc	Rights	0.50	230.00	262.93	60,473.90	Union Capital Market Limited	21/08/08
Ecobank Transnational Incorporated Plc	Rights	US\$ 0.025	31.34 (US\$ 0.25)	3,763.78	117,956.87	Ecobank Nig. Plc/Stanbic IBTC/ICMG Sec. Ltd	25/08/08
Equity Assurance Plc	Rights	0.50	3.00	770.79	2,312.37	Skye Financial Services Limited	01/09/08
Guaranty Trust Assurance Plc	Rights	0.50	1.25	1,250.00	1,562.50	GTBank Plc/Lead Capital	04/09/08
First Aluminum Nigeria Plc	Rights	0.50	2.00	1,242.22	2,484.44	Zenith Capital Limited	08/09/08
Crusader (Nigeria) Plc	Rights	0.50	4.50	797.88	3,590.46	Diamond Bank Plc	24/09/08
Nigerian-German Chemical Plc	Rights	0.50	18.00	123.03	2,214.54	Vetiva Capital Management Ltd/UBA Capital (Africa) Ltd	20/10/08
Chams Nigeria Plc	Private Placement	0.50	2.50	2,000.00	5,000.00	UBA Global Markets/Fidelity Bank Plc/Skye Bank Plc/San trust Sec. Ld	07/01/08
Niger Insurance Plc	Private Placement	0.50	2.65	181.13	479.99	Afribank Capital Limited	05/03/08
Regency Alliance Insurance Plc	Private Placement	0.50	0.50	1,840.60	920.30	Dominion Trust Ltd	15/04/08
Japaul Oil & Maine Services Plc	Private Placement	0.50	3.95	2,657.84	10,498.47	Firstinland Bank Plc/Futureview Financial Services Ltd	06/05/08
Starcomms Plc	Private Placement	0.50	13.00	3,184.76	41,401.88	Chapel Hill Advisory Partners Ltd/Stanbic IBTC Bank Ltd	03/06/08
Ekocorp Plc	Private Placement	0.50	4.00	110.00	440.00	Zenith Capital Ltd	25/06/08
ARM Properties Plc	Private Placement	0.50	4.17	1,360.93	5,675.08	Vetiva Capital Mgt Ltd/Diamond Bank Plc	23/07/08
Platinum Habib Bank Plc	Private Placement	0.50	17.00	5,000.00	85,000.00	Platinum Capital Limited/ Vetiva Capital Mgt Ltd	24/07/08
Chams Nigeria Plc	Private	0.50	2.50	975.00	2,437.50	UBA Global Markets/Fidelity Bank Plc/Skye Bank Plc/San Trust Sec.	18/08/08

	Placement					Ltd	
DVCF Oil and Gas Plc	Private Placement	1.00	1.00	708.75	708.75	Deap Cap. Mgt & Trust Plc/Bank PHB Plc	18/08/08
Niger Delta Exploration and Production Plc	Private Placement	10.00	90.00	3.68	331.20	Chapel Hill Advisory Partners Ltd	21/08/08
Guaranty Trust Assurance Plc	Private Placement	0.50	1.25	3,750.00	4,687.50	GT Bank Plc/Lead Capital Limited	04/09/08
Capital Oil Plc	Private Placement	0.25	1.00	4,000.00	4,000.00		
Capital Oil Plc	Private Placement	0.25	0.50	1,740.00	870.00		
Longman Nig. Plc	Private Placement	0.50	25.00	80.75	2,018.75		
Firstinland Bank Plc	Preference Stock	0.50	9.50	4,000.00	38,000.00	Firstinland Capital Limited	03/01/08
Access Bank Plc	Supplementary Offer	0.50	14.90	4,442.50	66,193.25	Chapel Hill Advisory Partners Ltd	04/01/08
Japaul Oil & Maine Services Plc	Supplementary offer	0.50	3.95	1,139.63	4,501.54	First inland Bank Plc/Future view Financial services Ltd	06/02/08
First City Monument Bank Plc	Supplementary Offer	0.50	14.00	1,430.55	20,027.70	FCMB Capital Markets Limited	06/03/08
Zenith Bank Plc	Supplementary Offer	0.50	38.90	1,745.33	67,893.34	Zenith Capital Ltd/Access Bank Plc	04/04/08
PlatinumHabib Bank Plc	Supplementary Offer	0.50	17.00	2,111.21	35,890.57	Vetiva Capital Markets Ltd	07/04/08
Costain West Africa Plc	Supplementary Offer	0.50	13.00	62.75	815.75	Vetiva Capital Markets Ltd	17/04/08
Fidelity Bank Plc	Supplementary Offer	0.50	8.00	6,498.90	51,991.20	Fidelity Bank Plc	09/06/08
Skye Bank Plc	Supplementary Offer	0.50	14.00	349.72	4,896.08	Vetiva Capital Mgt Ltd/FBN Capital Ltd	09/06/08
Custodian and Allied Insurance Plc	Supplementary Offer	0.50	5.20	40.74	211.85	Chapel Hill Advisory Partners Ltd	16/06/08
Afribank Nigeria Plc	Supplementary offer	0.50	25.00	52.09	1,302.25	Union Capital Mkts Ltd/Afribank Cap Mkts	24/07/08
Firstinland Bank Plc	Supplementary offer	0.50	9.50	1,063.71	10,105.22	Firstinland Capital Limited	15/09/08
Firstinland Bank Plc	Additional Allotment	0.50	9.50	1,912.06	18,164.57	Firstinland Capital Limited	15/09/08
Total				86,996.56	1,062,301.35		

Source: SEC

**TABLE 9: SUMMARY DETAILS OF STATE BOND/DEBENTURES IN2008**

COMPANY	ISSUE TYPE	VOLUME (MILLION)	VALUE N'M	ISSUING HOUSE	DATE OPENED
Crusader (Nigeria) Plc	Convertible Debenture Stock	40.00	4,000.00	Diamond Bank Plc	22/09/08
Custodian and Allied Insurance Plc	Loan Stock (Private Placement)	260.00	1,170.00	Chapel Hill Advisory Partners Ltd	21/08/08
Lagos State Government	Bond (1 <sup>st</sup> Tranche)	500.00	50,000.00		
<b>Total</b>		<b>800.00</b>	<b>55,170.00</b>		



## REGISTRATION OF SECURITIES

In addition to the registration of the approved Fifty five (55) new Issues, the Commission also registered the following Securities:

- Thirty (30) bonus Issues, comprising 45.77 billion Ordinary Shares valued at ₦25.85 billion;
- Twenty eight (28) existing Securities with volume and nominal value of 141.81 billion and ₦70.93 billion respectively;
- Three (3) existing debt;
- Two (2) Preference Shares were also converted to equities during the year.

**TABLE 10: REGISTERED BONUS ISSUES IN 2008**

<b>Company</b>	<b>Volume (million)</b>	<b>Value (N'million)</b>	<b>Date Registered</b>
Unity Bank Plc	1,720.60	860.30	02/01/08
Ashaka Cem. Plc	7,028.42	3,514.21	18/01/08
General Telecom. Plc	5,472.67	5,472.67	12/02/08
Union Homes, Savings and Loans Plc	8,000.00	4,000.00	25/02/08
Standard Alliance Insurance Plc	1,437.69	718.85	07/01/08
DN Meyer Plc	243.75	121.88	07/01/08
Union Bank Nig. Plc	1,930.32	965.16	09/04/08
Evans Medical Plc	44.22	22.11	15/04/08
Deap Capital Management Plc	500.00	250.00	15/04/08
Ekocorp Plc	55.52	27.76	12/05/08
Regency Alliance Insurance Plc	859.40	429.70	16/05/08
Niger Insurance Plc	790.17	395.09	28/05/08
NAHCO Plc	109.38	54.69	09/06/08
DVCF Oil & Gas Plc	32.36	16.18	09/06/08
Benue Cement Company Plc	348.05	174.03	09/06/08
Avon Crowncap & Containers Plc	113.99	57.00	16/06/08
Morison Industries Plc	60.87	30.44	08/08/08
Oando Plc	150.81	75.41	22/08/08
Dangote Sugar Refinery Plc	2,000.00	1,000.00	22/08/08
RT Briscoe Plc	113.46	56.73	03/09/08
Eterna Oil & Gas Plc	130.00	65.00	12/09/08
UBA Plc	5,748.39	2,874.20	16/09/08
First Bank Nig. Plc	4,972.51	2,486.26	09/10/08
Niger Delta Exploration Production Plc	24.51	245.10	17/10/08
Presco Plc	500.00	250.00	18/11/08
Royal Exchange Plc	335.99	168.00	04/12/08
Flour Mills of Nig. Plc	155.31	77.66	29/12/08
Julius Berger Nig. Plc	900.00	450.00	31/12/08

<i>Prestige Assurance Plc</i>	429.99	215.00	31/12/08
<i>Union Homes Savings &amp; Loans Plc</i>	1,562.50	781.25	31/12/08
<b>Total</b>	<b>45,770.88</b>	<b>25,854.68</b>	

**TABLE 11: REGISTERED EXISTING SECURITIES IN 2008**

<b>Company</b>	<b>Volume of shares (million)</b>	<b>Value of shares (N'million)</b>	<b>Date Registered</b>
<i>Chams Nig. Plc</i>	1,720.60	860.30	18/01/08
<i>Universal Insurance Plc</i>	8,971.58	4,485.79	22/01/08
<i>Intercontinental Homes, Savings &amp; Loans Plc</i>	5,472.67	2,736.34	05/02/08
<i>Daar Communications Plc</i>	8,000.00	4,000.00	19/02/08
<i>Investment and Allied Assurance Plc</i>	28,000.00	14,000.00	30/04/08
<i>Fidson Healthcare Plc</i>	1,500.00	750.00	15/05/08
<i>Starcomms Plc</i>	3,693.71	1,846.86	03/06/08
<i>Omatek Ventures Plc</i>	2,941.79	1,470.90	10/06/08
<i>Tantalizers Plc</i>	2,950.00	1,475.00	11/06/08
<i>Lucky Fibres Plc</i>	4,193.21	2,096.61	19/06/08
<i>Sterling Bank Plc</i>	13,317.03	6,658.52	23/06/08
<i>FTN Processors Plc</i>	2,000.00	1,000.00	27/06/08
<i>Aso Savings &amp; Loans Plc</i>	8,679.15	4,339.58	15/07/08
<i>ARM Properties Plc</i>	322.63	161.32	18/07/08
<i>Industrial &amp; General Insurance Plc</i>	11,761.35	5,880.68	22/07/08
<i>Mass Telecom Innovation Nig. (MTI) Plc</i>	4,400.00	2,200.00	24/07/08
<i>Ecobank Transnational Incor. (ETI) Plc</i>	7.92	23.17	01/08/08
<i>Union Diagnostic &amp; Clinical Serv. Plc</i>	2,960.95	1,480.48	04/09/08
<i>Abbey Building Society Plc</i>	4,200.00	2,100.00	17/09/08
<i>Multiverse Resources Plc</i>	4,058.99	2,029.50	18/09/08
<i>AG Homes Savings &amp; Loans Plc</i>	1,000.00	500.00	18/09/08
<i>Courtville Investment Plc</i>	2,960.00	1,480.00	18/09/08
<i>IHS Nigeria Plc</i>	4,400.00	2,200.00	18/09/08
<i>Equity Assurance Plc</i>	707.88	353.94	
<i>Mtech Communication Plc</i>	4,966.67	2,483.34	17/10/08
<i>Allied Energy Plc</i>	1,588.36	794.18	10/11/08
<i>Oando Plc</i>			
<i>(share equity participation Scheme)</i>	40.00	20.00	10/11/08
<i>Honeywell Flour Mills Plc</i>	7,000.00	3,500.00	2/12/08
<b>Total</b>	<b>141,814.49</b>	<b>70,926.51</b>	

**TABLE 12: APPROVED CONVERSIONS IN 2008**

<b>COMPANY</b>	<b>Type</b>	<b>NOMINAL VALUE (N)</b>	<b>Conversion PRICE (N)</b>	<b>VOLUME (MILLION)</b>	<b>VALUE N'M</b>	<b>Date Approved</b>
United Bank for Africa Plc	Debt- to-equity Conversion	0.50	30.00	206.50	6,195.00	21/01/08
Studio Press Nigeria Plc	Debt- to-equity Conversion	0.50	1.40	262.78	367.89	08/04/08
Intercontinental Bank Plc	Conversion of Preference Shares to equity	0.50	0.50	816.60	408.30	03/11/08
Intercontinental Bank Plc	Conversion of Preference Shares to equity	0.50	0.50	46.66	23.33	20/11/08
Access Bank Plc	Debt- to-equity Conversion	0.50	6.07	71.76	435.58	
<b>Total</b>				<b>1,404.30</b>	<b>7,430.10</b>	

### Allotment Clearance

The Commission processed and cleared fifty eight (58) allotment proposals, involving seventeen (17) offers for subscription, eleven (11) rights, fifteen (15) private placements, one (1) preference stock, two (2) offers for sale and twelve (12) supplementary Issues. Thus, a total of 105.98 billion ordinary shares valued at ~~N~~1.19 trillion were processed.

A look at the level of subscription to the offers revealed that twenty seven (27) of the Issues were oversubscribed, twenty eight (28) Issues (inclusive of twelve (12) supplementary issues) were 100% subscribed while only two (2) Issues were undersubscribed. Consequently, N1.187 trillion was capitalized by the issuers.

**TABLE 13: ALLOTMENTS APPROVED IN 2008**

<b>Company</b>	<b>Offer Price (N)</b>	<b>Volume of shares offered (million)</b>	<b>Value of shares offered (N'million)</b>	<b>Level of Subscription (%)</b>	<b>Amount capitalized</b>	<b>Date Approved</b>
<b><u>Subscriptions:</u></b>						
Access Bank Plc	14.90	4,721.84	70,355.40	341.00	70,355.40	04/01/08
NAHCO Plc	17.50	90.00	1,575.00	673.40	1,575.00	15/01/08
International Breweries Plc	0.87	1,600.00	1,392.00	362.60	1,392.00	21/01/08
First City Monument Bank Plc	14.00	4,500.00	63,000.00	227.37	63,000.00	06/02/08
Japaul Oil & Marine Serv. Plc	3.95	1,007.49	3,989.58	552.46	3,989.58	06/02/08
Nig. Bag Manufacturing Co. Plc	3.90	1,865.00	7,273.50	291.80	7,273.50	26/02/08
Fidelity Bank Plc	8.00	5,501.10	44,008.80	233.00	44,008.80	25/03/08
Afribank Plc	25.00	4,000.00	100,000.00	105.21	100,000.00	25/03/08
Zenith Bank Plc	39.90	1,763.00	68,580.70	495.99	68,580.70	04/04/08
PlatinumHabib Bank Plc	17.00	5,000.00	85,000.00	268.90	85,000.00	04/04/08
Costain West Africa Plc	13.00	178.16	2,316.12	240.90	2,316.12	17/04/08
AllCO Insurance Plc	2.20	2,500.00	5,500.00	216.00	5,500.00	08/05/08
Skye Bank Plc	14.00	2,231.60	31,242.40	162.68	31,242.40	09/06/08
Custodian & Allied Ins. Plc	5.20	350.00	1,820.00	147.00	1,820.00	16/06/08
Firstinland Bank Plc	9.50	5,000.00	47,500.00	185.10	47,500.00	18/06/08
Standard Alliance Ins. Plc	3.95	4,750.00	18,762.50	108.00	18,762.50	30/06/08
Daar Communications Plc	5.00	1,829.48	9,147.40	100.00	9,147.40	01/07/08
<b><u>Rights:</u></b>						
NAHCO Plc	16.50	35.00	577.50	175.00	577.50	15/01/08
Japaul Oil & Marine Serv. Plc	3.50	291.55	1,020.42	170.50	1,020.42	06/02/08
Thomas Wyatt Nig. Plc	2.50	100.00	250.00	100.05	250.00	28/02/08
DVCF Oil & Gas Plc	1.00	129.44	129.44	208.24	129.44	03/03/08
Fidelity Bank Plc	8.00	498.90	3,991.20	115.00	3,991.20	25/03/08
Zenith Bank Plc	36.90	1,654.58	61,053.92	101.00	61,053.92	04/04/08
Costain West Africa Plc	11.00	519.74	5,717.14	114.00	5,717.14	17/04/08
Skye Bank Plc	12.50	1,500.61	18,752.61	111.85	18,752.61	09/06/08
Custodian & Allied Ins. Plc	5.20	400.00	2,080.00	102.00	2,080.00	16/06/08
Firstinland Bank Plc	8.50	968.86	8,235.34	114.35	8,235.34	18/06/08
First Aluminium Nig. Plc	2.00	1,242.22	2,484.44	69.99	1,738.86	10/12/08
<b><u>Private Placements</u></b>						
Goldlink Insurance Plc	1.50	814.00	1,221.00	100.00	1,221.00	14/01/08
Chams Nig. Plc	2.50	2,000.00	5,000.00	100.00	5,000.00	26/03/08
Regency Alliance Ins. Plc	0.50	1,840.60	920.30	100.00	920.30	29/04/08
Japaul Oil & Mar. Serv. Plc	3.95	2,657.84	10,498.45	100.00	10,498.45	03/06/08
Starcomms Plc	13.00	4,950.00	64,350.00	111.00	64,350.00	19/06/08
Ekocorp Plc	4.00	110.00	440.00	100.00	440.00	29/07/08
PlatinumHabib Bank Plc	17.00	5,000.00	85,000.00	100.00	85,000.00	14/08/08
Chams Nigeria Plc	2.50	975.00	2,437.50	100.00	2,437.50	05/09/08
Niger Delta Exploration Prod. Plc	90.00	3.68	331.20	100.00	331.20	12/09/08

<i>Custodian &amp; Allied Ins. Plc</i>	4.50	260.00	1,170.00	100.00	1,170.00	12/09/08
<i>ARM Properties Plc</i>	4.17	1,360.93	5,675.08	100.00	5,675.08	15/09/08
<i>GT Assurance Plc</i>	1.25	3,750.00	4,687.50	100.00	4,687.50	30/10/08
<i>Niger Insurance Plc</i>	2.65	181.13	479.99	100.00	479.99	30/10/08
<i>DVCF Oil &amp; Gas Plc</i>	1.00	708.75	708.75	100.00	708.75	15/12/08
<i>Longman Nigeria Plc</i>	0.50	80.75	40.38	100.00	40.38	24/12/08
<b><u>Preference Shares</u></b>						
<i>Firstinland Bank Plc</i>	9.50	4,000.00	38,000.00	81.69	31,042.20	18/06/08
<b><u>Offer for Sale</u></b>						
<i>Dangote Flour Mills Plc</i>	15.00	1,250.00	18,750.00	621.00	18,750.00	04/01/08
<i>Daar Communications Plc</i>	5.00	960.00	4,800.00	100.00	4,800.00	01/07/08
<b><u>Supplementary offers:</u></b>						
<i>Access Bank Plc</i>	14.90	4,442.50	66,193.25	-	66,193.25	
<i>Japaul Oil &amp; Marine Serv. Plc</i>	3.95	1,139.63	4,501.53	-	4,501.53	04/01/08
<i>First City Monument Bank Plc</i>	14.00	1,430.55	20,000.00	-	20,000.00	06/02/08
<i>Zenith Bank Plc</i>	38.90	1,745.33	67,893.47	-	67,893.47	06/03/08
<i>PlatinumHabib Bank Plc</i>	17.00	2,111.21	35,890.63	-	35,890.63	04/04/08
<i>Costain West Africa Plc</i>	13.00	62.75	815.76	-	815.76	07/04/08
<i>Fidelity Bank Plc</i>	8.00	6,498.90	54,391.20	-	54,391.20	17/04/08
<i>Skye Bank Plc</i>	14.00	349.72	4,896.04	-	4,896.04	09/06/08
<i>Custodian &amp; Allied Ins. Plc</i>	5.20	40.74	211.87	-	211.87	09/06/08
<i>Afribank Nigeria Plc</i>	25.00	52.09	1,302.25	-	1,302.25	24/07/08
<i>Firstinland Bank Plc</i>	9.50	1,063.71	10,105.25	-	10,105.25	15/09/08
<i>Firstinland Bank Plc (Additional Allotment)</i>	9.50	1,912.06	18,164.57	-	18,164.57	15/09/08
<b>Total</b>		<b>105,980.44</b>	<b>1,194,631.38</b>		<b>1,186,928.00</b>	

## 4.2 THE SECONDARY MARKET

### A. ACTIVITIES ON THE NIGERIAN STOCK EXCHANGE

#### • Trading Volume and Value

Although trading statistics on the floor of The Nigerian Stock Exchange (NSE) in 2008 compared favorably with the preceding year, the figures were on a downward trend over the months following a bearish run which began mid March of 2008. For instance; in the first quarter, 68.55 billion ordinary shares were exchanged for ~~N~~990.42 billion, compared to 53.06 billion valued at ~~N~~739.59 billion in the second quarter. The figure fell further to 48.01 billion ordinary shares amounting to ~~N~~494.77 billion in the third quarter. By the end of the year, an aggregate of 191.03 billion shares worth ~~N~~2.37 trillion were exchanged on the floor of The Nigerian Stock Exchange (NSE) in over 3.5 million deals. About ~~N~~3.53 billion (inclusive of ~~N~~1.0 million worth of government bond) was also traded in the debt segment during the year, bringing the total volume and value of traded securities to about 194.61 billion and ~~N~~2.38 trillion respectively. In 2007, 138.08 billion securities were exchanged for ~~N~~2.09 trillion.

**TABLE 14: COMPARATIVE SUMMARY OF TRADING STATISTICS**

Securities	2007			2008		
	Deals	Volume (million)	Value (million Naira)	Deals	Volume (million)	Value (million Naira)
Government Bonds	-	-	-	1	0.001	1.00
Industrial Loans/Preference Shares	57	2.87	2,870.00	137	3.75	3,527.92
Equities	2,569,651	138,080.74	2,083,424.59	3,537,552	190,996.66	2,376,571.80
<b>Total</b>	<b>2,569,708</b>	<b>138,083.61</b>	<b>2,086,294.59</b>	<b>3,537,690</b>	<b>191,000.41</b>	<b>2,380,100.72</b>

The number of sectors listed on the exchange in the equities segment increased from thirty two (32) in 2007 to thirty five (35) during the year. This was due to additional listings and few other reclassifications. One (1) of the sectors; "Aviation" recorded zero deals throughout the year. The "Banking" sector accounted for most of the transactions as investors exchanged 71.583 billion units of the banking shares for ₦1.524 trillion in over 1.6 million deals. The sector, thus, accounted for 36.78% and 64.03% of the volume and value of securities traded for the year.

In volume terms, "Insurance" sector shares were the most traded but came second in terms of number of deals and value of traded shares. In the reviewed period, 82.652 billion shares of companies in the insurance sector were traded for ₦274.502 billion in 698,342 deals. Occupying the third, fourth and fifth positions were "Food, Beverages & Tobacco", "Petroleum (marketing)" and "Building Material" sectors with ₦98.184 billion, ₦86.622 billion and ₦53.495 billion worth of shares traded respectively. The above top five sectors accounted for over 2.6 million deals, involving 160.584 billion units of shares valued at ₦2.037 trillion. The sectors thus accounted for 75.44%, 84.08% and 85.58% of the overall deals, volume and value of traded securities respectively.

**TABLE 15: TRADING STATISTICS IN 2008 BY SECTOR**

<i>Sector</i>	<i>Deal</i>	<i>Volume (unit of shares)</i>	<i>Value (Naira)</i>
<i>2nd-Tier Securities</i>	8,384	261,019,426	2,386,531,830.98
<i>Agriculture</i>	53,117	1,923,623,684	14,296,972,842.71
<i>Air Services</i>	25,094	582,774,745	14,802,612,849.19
<i>Automobile &amp; Tyre</i>	69,929	2,774,232,066	15,041,478,108.16
<i>Aviation</i>	0	0	0.00
<i>Banking</i>	1,603,227	71,582,806,381	1,524,142,962,742.22
<i>Breweries</i>	75,956	1,714,075,990	50,690,793,929.43
<i>Building Materials</i>	51,328	1,795,032,500	53,494,522,554.65
<i>Chemical &amp; Paints</i>	20,269	408,343,950	5,499,999,584.59
<i>Commercial/ Services</i>	10,202	1,389,356,338	20,306,426,136.17
<i>Computer &amp; Office Equipment</i>	13,148	499,226,096	2,567,384,762.08
<i>Conglomerates</i>	115,209	6,261,597,817	52,273,013,228.83
<i>Construction</i>	30,427	602,561,640	12,364,032,666.20
<i>Engineering Technology</i>	10,694	308,077,467	3,435,320,617.42
<i>Food/ Beverages &amp; Tobacco</i>	218,674	3,778,338,395	98,183,648,582.27
<i>Footwear</i>	1,843	28,320,775	162,199,016.00
<i>Healthcare</i>	47,744	900,410,562	9,268,086,954.49
<i>Hotel &amp; Tourism</i>	10,627	666,738,215	5,470,183,306.12
<i>Industrial/ Domestic Products</i>	42,709	1,348,445,282	11,877,581,860.78
<i>Information, Communication &amp; Telecommunication</i>	15,535	2,090,509,595	11,557,876,632.34
<i>Insurance</i>	698,342	82,651,674,980	274,501,760,871.72
<i>Leasing</i>	26,780	1,026,786,295	12,464,839,976.75
<i>Machinery (Marketing)</i>	16,608	192,559,113	2,242,124,033.10
<i>Maritime</i>	70,468	1,486,192,111	12,286,408,425.98
<i>Media</i>	2,241	15,368,733	67,356,471.36
<i>Mortgage Companies</i>	40,989	2,442,520,219	13,599,199,358.32
<i>Other Financial Institutions</i>	10,580	668,628,376	5,281,455,308.73
<i>Packaging</i>	100,167	692,880,050	4,969,953,520.99
<i>Petroleum(Marketing)</i>	97,198	776,562,630	86,622,156,787.12
<i>Printing &amp; Publishing</i>	7,717	119,495,861	1,590,645,680.06
<i>Real Estate</i>	6,531	198,864,231	5,004,481,232.24
<i>Real Estate Investment Trust</i>	537	1,078,824	125,025,529.04
<i>Road Transportation</i>	23,396	1,257,425,746	5,899,576,316.88
<i>Textiles</i>	4,358	84,875,613	522,148,361.60
<i>The Foreign Listings</i>	7,524	466,260,002	43,573,041,621.49
<b>Total (equities)</b>	<b>3,537,552</b>	<b>190,996,663,708</b>	<b>2,376,571,801,700.01</b>
<b>Debt Securities</b>	<b>138</b>	<b>3,571,200</b>	<b>3,528,920,000.00</b>
<b>Overall Total</b>	<b>3,537,690</b>	<b>191,000,234,908</b>	<b>2,380,100,721,700.01</b>



- **Market Turnover**

The market turnover dropped by 52% to 9.7 billion at the end of December 2008 from the 20.08 billion recorded in January. Similarly, the NSE All Share Index (ASI) plummeted sharply by 46.30% from 58,570.55 points in January to 31,450.78 points as at December 31, 2008 and in tandem with the market capitalization as at 31<sup>st</sup> December, which stood at N6.96 trillion as against N10.69 trillion in January 2008, representing 35% decrease.

In summary, a total volume of 193.14 billion shares valued at N2.4 trillion in 3,535,528 deals was recorded in the year under review in contrast to a total volume of 128.5 billion shares value at N1.92 trillion traded in 2,388,839 deals in 2007.

<b>Months</b>	<b>Volume (B' Shares)</b>	<b>Value (B'N)</b>	<b>Index (Points)</b>	<b>Capitalization</b>
January	20.09	283.19	58,570.70	10.69
February	28.06	413.33	65,075.02	13.88
March	18.67	293.90	63,016.56	12.12
April	16.47	260.69	59,440.91	11.49
May	16.80	232.95	58,929.02	11.61
June	19.79	249.48	55,949.01	10.92
July	19.97	190.75	53,110.91	10.64
August	17.38	169.64	47,789.20	9.74
September	10.65	134.38	46,216.13	9.84
October	6.03	40.89	36,325.86	7.97
November	7.97	66.85	33,513.72	7.40
December	9.7	44.15	31,450.78	6.96

- **Sectorial Performance:**

During the period under review, the Banking sector maintained dominance (measured by turnover volume), consistently followed by the Insurance sector.

- **New Listing:**

Below is the schedule of the new listing during the period:

<b>S/ N</b>	<b>Company</b>	<b>Shares</b>	<b>Value per Unit</b>	<b>Remarks</b>
1	Skye Shelter Fund Plc	20,000,000	N100.00	By way of Introduction
2	Consolidated Hallmark Assurance Plc	6,000,000,000	N1.85	By way of Introduction
3	Universal Insurance Co. Plc	13,971,581,169	N1.85	By way of Introduction
4	Goldlink Insurance Co. Plc	9,099,894,000	N1.80	By way of Introduction
5	Dangote Flour Mills Plc	6,000,000,000	N15.00	By way of Introduction

- **Listing with Additional Shares**

<b>S/ N</b>	<b>COMPANY</b>	<b>ADDITIONAL SHARES</b>	<b>PRICE PER SHARE</b>
1	Fidson Healthcare Plc	1,500,000,000	N7.50
2	Omatek Ventures Plc	2,941,789,472	N4.90
3	Tantalizers Plc	2,950,000,000	N3.50
4	Regency Alliance Insurance Plc	4,850,000,000	N1.75
5	Investment and Allied Assurance Plc	28,000,000,000	N1.30
6	Aso Savings & Loans Plc	8,679,148,676	N3.50
7	Nigerian Bag Manufacturing Company Plc	6,215,000,000	N3.90
8	Starcomms Plc	6,878,478,096	N13.65
9	FTN Cocoa Processors Plc	2,000,000,000	N2.50
10	Capital Hotels Plc	1,548,780,000	N6.50
11	Union Diagnostics & Clinical Serv. Plc	2,960,948,774	N3.00
12	Chams Plc	4,620,600,000	N2.50
13	DAAR Communications Plc	8,000,000,000	N5.00
14.	Mass Telecom Innovation Nig (MTI) Plc	4,893,594,400	N4.00

• **Supplementary Listing:**

<b>S/N</b>	<b>COMPANY</b>	<b>ADDITIONAL SHARES</b>	<b>REASONS</b>
1.	International Breweries Plc	1,600,000,000	Public Offering
2.	FCMB Plc	5,930,547,759	Public Offering
3.	Dangote Sugar Refinery Plc	2,000,000,000	Bonus of 1 for 5
4	R.T. Briscoe Plc	113,460,000	Bonus of 1 for 4
5	Benue Cement Company Plc	348,046,875	Bonus of 1 for 8
6	Eterna Oil & Gas Plc	150,000,000	Conclusion of Rights Offerings
7	IBTC-Chartered Bank Plc	6,250,000,000	IBTC-Chartered Bank & Stanbic Bank (Nig) Ltd
8	Access Bank Plc	9,164,340,987	Conclusion of the Public Offering
9	NAHCO	125,000,000	conclusion of the Public and Rights Offerings
10	Deap Capital Mgt. & Trust Plc	500,000,000	Bonus of 1 for 2
11	Oceanic Bank	10,580,786,978	Conclusion of Public offering
12	CCNN	173,334,864	Conclusion right offering
13	AIICO Insurance	637,726,000	Conclusion of merger between NFI Insurance & Lamda Insurance Co. Ltd.
14	Cornerstone Insurance	498,205,285	Successful placing of shares with Capital Alliance Private Equity II Ltd
15	FCMB	900,000,000	Global Depository Receipt (GDR)
16	United Bank for Africa Plc	206,500,000	Debt-Equity Swap
17	United Bank for Africa Plc	5,541,889,990	Bonus 1 for 2
18	Ecobank Transnational Inc.	5,387,106,814	Stock Split 5 for 1
19	Guaranty Trust Bank Plc	1,259,090,909	Bonus 1 for 11
20	National Salt Co. of Nig. Plc	441,573,063	Bonus 1 for 5
21	Eterna Oil & Gas Plc	121,200,000	Bonus 1 for 5
22	Beta Glass Co. Plc	45,452,000	Bonus 1 for 10
23	PlatinumHabib Bank Plc	7,111,213,559	conclusion of the I P O & Supplementary Allotment

24	Oando Plc	150,814,104	Bonus 1 for 5
25	AG Leventis Nigeria Plc	441,215,051	Bonus 1 for 5
26	UTC Nigeria Plc	112,125,000	Bonus 1 for 10
27	Zenith Bank Plc	5,162,891,311	conclusion of the I P O & Supplementary Offer
28	Mobil Oil Nigeria Plc	60,099,210	Bonus 1 for 4
29	Nigerian Aviation Handling Co. Plc	109,375,000	Bonus 1 for 8
30	Thomas Wyatt Nigeria Plc	100,000,000	conclusion Right Offer
31	Presco Plc	500,000,000	Bonus 1 for 1
32	Tripple Gee & Co. Plc	164,985,000	Bonus 1 for 2
33	Japaul Oil & Maritime Serv. Plc	5,096,505,536	PO, RO and Shares Placing
34	Prestige Assurance Plc	429,996,932	Bonus 1 for 4
35	Access Bank Plc	5 223,000,834	Debt-Equity Conversion
36	Fidelity Bank Plc	12,499,487,995	PO, RO and SO
37	Sovereign Trust Insurance Plc	648,633,443	Bonus 1 for 5
38	First Bank of Nigeria Plc	4,972,508,093	Bonus 1 for 4
39	Costain (WA) Plc	760,653,675	Hybrid Offer
40	Julius Berger Nig. Plc	900,000,000	Bonus 3 for 1
41	Regency Alliance Insurance Plc	1,212,500,000	Bonus 1 for 4
42	Academy Press Plc	100,800,000	Bonus 1 for 2
43	Flour Mills of Nig. Plc	155,306,666	Bonus 1 for 10
44	Diamond Bank Plc	1,315,931,191	Bonus 1 for 10
45	Intercontinental WAPIC Insurance Plc	843,634,000	Bonus 1 for 5
46	Ashaka Cement Plc	284,375,000	Bonus 1 for 6
47	Neimeth International Pharmaceutical Plc	164,315,179	Bonus 1 for 4
48	Union Homes Savings & Loans Plc	1,562,500,000	Bonus 1 for 4
49	Thomas Wyatt Nigeria Plc	20,000,000	Bonus of 1 or 10
50.	Nigerian Enamel Ware Plc	11,520,000	Bonus of 1 for 5
51.	Union Bank of Nigeria Plc	2,251,621,046	Bonus of 1 for 6
52.	Ekocorp Plc	110,000,000	Conclusion of placing
53.	UBA Plc	4,311,292,493	Bonus 1 for 4

- **Delisting:**

**A. Bonds**

1. The FGN Bond 2011 (Local Contractors Debt) and NFI Insurance Plc were delisted from the Daily Official List.
2. The FGN Bond 2012 (Local Contractors Debt Series 3) was delisted from the Daily Official List.
3. The N2.46 billion Special FGB Bond 2012 for Local Contractors Debt and N150 billion 3<sup>rd</sup> FGN Bond 2011 (Local Contractors Debt 2) were delisted from the Daily Official List.
4. The 2<sup>nd</sup> FGN Bond 2008 series 5 (s5), was delisted from the daily official list.

**B. Equities**

A total of 19 companies were delisted for being inactive.  
Details are as follows:

1. ACEN Insurance Plc
2. Amicable Assurance Plc
3. BAICO Insurance Plc
4. Atlas Nigeria Plc
5. Ceramics Manufacturing Plc
6. Beverages (WA) Nigeria Plc
7. Enpee Plc
8. Tate Industries Plc
9. Maureen Laboratories Plc
10. Rietzcot Nigeria Plc.
11. Intra Motors Nigeria plc
12. Aviation Development co.plc
13. Grommac Industries plc
14. Onwuka Hi-Tech Industries plc
15. Nigerian Yeast & alcohol Manufacturing plc

16. Security Assurance plc
17. Nigerian Lamps Industries plc
18. Sun Insurance plc
19. Nigerian Textiles Mills

- **Full Suspension:**

Afroil Plc and Capital Oil Plc were placed on full suspension following the out come of investigation carried out on the companies by the Commission. In addition, suspension was imposed on Nampak Nigeria Plc following suspected accounts misstatement by the company. Full suspension was imposed on Chevron Oil Nigeria Plc on Monday, April 21, 2008 following the failure of the Board of Directors to honour an invitation from The Exchange to explain suspected moves by the core investors to divest from the company. However, the suspension was lifted on Wednesday, April 23, 2008 following representation made to The Exchange by the Company, where satisfactory explanations as to the reasons for their actions were given.

Others placed on **Full Suspension** for breaching the Post-Listing requirements of The Exchange (Non-submission of their Quarterly and Annual Reports over time) were:

<b>S/N</b>	<b>COMPANY NAME</b>
1	African Paints Plc
2	Arbico Plc
3	BCN Plc
4	Epic Dynamics Plc
5	Ferdinard Oil Mills Plc
6	Aba Textile Mill Plc
7	Abplast Plc
8	Albarka Air Plc
9	Asaba Textile Mill Plc
10	Oluwa Glass Co. Plc

- **Company Migration:**

Cutix Plc migrated from the Second-Tier Market and was reclassified in the Engineering Technology sector in the First-Tier Market on Monday, February 18, 2008.

- **Shares Reconstruction:**

The issued shares of International Energy Insurance Plc were reconstructed in the ratio of 1:3. The company now has issued shares of 5,505,233,528 shares listed at a price of N5.79k per share down from 16,507,670,584 shares.

The issued shares of Ecobank Nigeria plc was reconstructed in the ratio of 1 for 3, bringing the issued shares to 7,218,075,642.

- **Other Developments**

**i) Penalty Charge Review**

The Commission in its bid to discourage stock broking firms in the habit of remitting SEC fees late, proposed an upward review of the penalty which was approved and the rule on late remittance of SEC fees amended as follows:

***"Late remittance of SEC fees on market deals: N100,000.00 flat rate and in addition payment of interest on the amount due to the Commission at the rate of 8% above the ruling Monetary Policy Rate (MPR) of the Central Bank of Nigeria (CBN), and where the default continues for a period exceeding 60 days, the operator shall be referred for enforcement action"***

**ii) Review of selected Stocks**

- As part of its efforts to protect investors and to enhance confidence in the market, the Commission reviewed and analyzed some selected

stocks traded on the Floor of the Exchange that witnessed unprecedented price appreciation. The companies were observed not to have been rendering their financial statement for the past three years nor declared dividends for over ten (10) years.

The corporate status and the incessant price movement of the following companies were investigated and appropriate actions taken:

- Morrison Industries Plc
- Big Treat Plc
- First Aluminum Plc
- Capital Oil Plc
- Afroil Plc

## **B. ACTIVITIES ON THE ABUJA SECURITIES AND COMMODITY EXCHANGE**

During the year under review, there were more negotiated transactions than floor based trading at the Abuja Securities & Commodity Exchange (ASCE).

### **TRADED COMMODITIES AND NEGOTIATED TRADE TRANSACTIONS AT THE ABUJA SECURITIES AND COMMODITY EXCHANGE FOR YEAR 2008**

The following commodities were sourced from the exchange on demand:

1. Cowpea – white and brown
2. Groundnut – shelled and unshelled
3. Maize – white, red and yellow
4. Millet – gero and maiwa
5. Sorghum – white, red and yellow
6. Rice
7. Melon
8. Sesame Seed
9. Soya Beans



Below is the summary of negotiated trade transactions consummated at the Exchange:

<b>S/N</b>	<b>Organization / Company</b>	<b>Commodity</b>	<b>Status</b>
1	Gold Touch Nig. Ltd	Garlic	Inactive
2	Guinness Nig. Ltd	Yellow Sorghum	Inactive
3	Olomowewe Industries Ltd	White Sorghum	Inactive
4	Grand Cereal and Oil Mills Ltd	White Sorghum	Inactive
5	Grand Cereal and Oil Mills Ltd	White Maize	Inactive
6	Olomowewe Industries Ltd	White Sorghum	Inactive
7	Livestock Feeds Plc	Soya Beans	Inactive
8	Olomowewe Industries Ltd	White Sorghum	Inactive

### **4.3 COLLECTIVE INVESTMENT SERVICES**

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

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

As at December 2008, there were 39 registered/approved Unit Trust Schemes in Nigeria which comprised 36 open ended Funds and three (3) closed ended Funds, made up of the following categories.

- 21 Equity Based Funds
- 7 Money Market Income Funds
- 3 Bond Funds
- 4 Ethical Funds
- 2 Balance Funds (mix of equity and money market)
- 1 Real Estate Investment Trust Fund
- 1 Specialized Fund

#### **Applications Received**

A total of eighteen (18) applications for registration of Unit Trust scheme were received during the year 2008. They include the following:-

- i) **Zenith Funds:** (i.e Zenith Equity, Zenith income and Zenith Ethical Funds).
- ii) **Investec Asset Management:** (Investec Global Managed Fund).
- iii) **Afrinvest Equity Fund**
- iv) **Women's Investment Fund**
- v) **Union Homes Real Estate Investment Trust Fund**
- vi) **Afribank Funds:** (Afribank Growth Fund, Afribank Wealth Fund, Afribank Energy Fund).
- vii) **Bayhead Emerging Market Alpha Fund (BEMAF)**
- viii) **Legacy BNK-10 Fund**
- ix) **BGL Sapphire Fund, BGL Nubian Fund, BGL XCalibar Fund**

**x) Diaspora Investment Fund:**

**xi) SIM Capital Alliance Fund**

**xii) Stanbic IBTC Africa Equity Feeder Fund**

**xiii) Stanbic IBTC Ethical Fund** (Registration of additional units)

- Aggregate Par Value of Offer Applications received and processed: **N104,975,000,000**
- Total Number of Applications/Funds approved within the period under review: **9 (Nine new Funds)**
- Average Level of Subscription: **123%**  
(Computed as a geometric mean)
- Aggregate Net Asset Value :**N26,984,073,454.6**  
(Post Approval of Offer)
- Total number of Subscribers cleared in all (nine) 9 approved Fund Offers: **64,863**

***New Products Offer:***

Two (2) new products offers were received in 2008:  
Description/Type:

(i) N50 Billion Union Homes Hybrid REITS Offer  
(An Offer of **970,873,787 units of N51.50 each**)

(ii) N2 Billion Legacy BNK – 10 **(An Offer of 2,000,000,000 units @ N1.00 each).**

**Approvals granted in 2008**

**i) Bedrock and Anchor Funds**

**ii) ARM Aggressive Growth Fund**

**iii) Lotus Halal Investment Fund:**

**iv) Union Trustees Mixed Fund**

**v) Zenith Funds**

**vi) Stanbic IBTC Ethical Fund**

**Inspection of Collective Investments Schemes**

Onsite inspections on three (3) schemes were undertaken during the year. The inspections covered:

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

**Review of Annual Reports and Audited Accounts**

The Commission received and reviewed twelve (12) reports and Audited Accounts of some of the Schemes:

- 1) CORAL GROWTH FUND
- 2) CORAL ETHICAL FUND
- 3) CORAL INCOME FUND
- 4) ARM DISCOVERY FUNDS
- 5) NIGERIA INTERNATIONAL GROWTH FUND
- 6) DVCF OIL AND GAS
- 7) CONTINENTAL UNIT TRUST FUND
- 8) OCEANIC VINTAGE FUND
- 9) STANBIC IBTC ETHICAL FUND
- 10) STANBIC IBTC EQUITY FUND
- 11) STANBIC IBTC GUARANTEE INVESTMENT FUND
- 12) THE FRONTIER FUND

**Liquidation**

During the year under review, two (2) schemes held their extra ordinary general meeting prelude to the termination of the schemes. i.e.:

- i) LIGHTHOUSE (FORMERLY RIMS) UNIT TRUST FUND
- ii) FIRST INTERSTATE UNIT TRUST FUND

## Change of Name

IBTC Funds applied for the change of name of the Fund managed by it to Stanbic IBTC Equity Funds, Stanbic IBTC Ethical Fund and Stanbic IBTC Income Fund respectively. The Application was approved by the Commission.

## B. VENTURE CAPITAL

Since inception, the Commission registered a total number of eleven Venture Capital fund management companies; namely:

- a) SME Manager Limited]
- b) Amalgamated Capital Fund Limited
- c) Deap Venture Capital Fund – Oil & Gas
- d) IBTC Ventures Limited]
- e) Enterprise Capital Management Limited
- f) First Fund Limited
- g) Fidelity Union Securities Limited
- h) Intercontinental Capital Market Limited
- i) Citizens Investment and Securities Limited
- j) Guardian Express Trust Limited
- k) HNB Trustees Limited

As at December 2008, five (5) of the Venture Capital companies were active and managing a total of ~~N~~13,374,929,860.90 on behalf of their clients/parent companies.

The breakdown is shown below:

ACTIVE SCHEMES	AMOUNT UNDER MANAGEMENT
FIRST FUND LILIMITED	6,008,620,312.93
IBTC VENTURES LIMITED	4,403,880,000.00
SME MANAGER LIMITED	2,178,454,773.00
DEAP VENTURE CAPITAL FUND - OIL GAS	328,386,984.00
AMALGAMATED CAPITAL FUND LIMITED	455,587,789.00
<b>TOTAL FUNDS BEING MANAGED BY THE FIVE ACTIVE SCHEMES AS AT 30<sup>TH</sup> SEPTEMBER, 2008</b>	<b>13,374,929,860.93</b>

## WINDING UP

HNB Trustees wound – Up its operations, during the year under review.

## **MERGER**

Guardian Express Trust Limited and Citizens investment and Securities merged to become Spring Capital Market Limited.

### **Inspection of Venture Capital Companies**

During the year under review, the Commission inspected four (4) Venture Capital companies:

- a) Amalgamated Capital Fund Limited
- b) Intercontinental Capital Market Limited.
- c) Spring Capital Market Limited
- d) Fidelity Union Securities Limited

## **C. COMMUNITY SAVINGS SCHEMES**

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

- (a) Desogo Shoshal Ventures (DSV)
- (b) Source ways Multipurpose Cooperative Society
- (c) Zumars Multipurpose Cooperative Society
- (d) GTEN Investment & Trust Limited

#### **4.4 MERGERS, ACQUISITION AND TAKEOVERS**

During the year 2008, the Commission received nine (9) applications, three (3) of which were mergers, five (5) acquisitions and one (1), takeover.

	<b>Mergers</b>	<b>Acquisition</b>	<b>Takeover</b>	<b>Scheme of Arrangement</b>	<b>Total</b>
New Applications	3	5	1	-	9
Approved Applications	3	9	1	1	14

The approved transactions cut across many sectors of Insurance, Industrial/Domestic Products, Food/ Beverages and Tobacco, other Financial Institutions, Telecommunications as well as the Banking sector.

Two of the approved applications were from the Capital Market sub-sector of the economy. This was due to the new minimum capitalization approved by the Federal Government for all capital market operators in the country, before the implementation was suspended.

##### **New Applications**

##### **i. Mergers**

1. Merger between Crown Flour Mills Ltd, Interstate Flour Mills and Mix & Bake Mills Industries Ltd.
2. Merger of Robber Estates Nigeria Ltd. Araromi Robber Estates Ltd., Utagbo-Uno Robber Estate Ltd and Water Side Rubber Estates Ltd.
3. Merger of MTN Nigeria Communications Ltd and VGC Communications Ltd.

##### **ii. Acquisitions**

1. Acquisition of Maddison Square Holding B.V by Rekitt Benckiser Plc, UK.
2. Acquisition of Denham Management Ltd. By Chapel Hill Advisory Partners Ltd.
3. Acquisition of VGC Communications Ltd by MTN Communications Nigeria Ltd.
4. Acquisition of CSL Stockbrokers Ltd. And City Securities Registrars Ltd by FCMB Capital Markets Ltd.

5. Acquisition of De-united Foods Industries and Insignia Print Technology LFTZ Enterprise by Dufil Prima Foods Ltd.

### **iii. Takeovers**

Takeover of Spring Bank Plc by Bank PHB Plc

### **Approved Applications**

#### **i. Merging Companies**

1. Merger between Tower Aluminium Nigeria Plc and Cook 'N' Lite Nigeria Plc.

**Resultant Entity – Tower Aluminium Nigeria Plc.**

2. Merger of Sovereign Trust Insurance Plc, Coral International Insurance Company Ltd and Prime Trust Insurance Company Ltd.

**Resultant Entity – Sovereign Trust Insurance Plc.**

3. Merger between MTN Nigeria Ltd and VGC Communications Ltd.  
Purchase Consideration

**Resultant Entity – MTN Nigeria Ltd.**

#### **ii. Acquisitions**

1. Acquisition of Baytide Nigeria Ltd by Tantalizers Ltd.
2. Acquisition of Hallmark Assurance Plc and Nigerian General Insurance Company Ltd. by Consolidated Hallmark Insurance Plc.
3. Acquisition of Cement Company of Northern Nigeria Plc by Damnaz Cement Company Ltd.
4. Acquisition of Denham Management Ltd. By Chapel Hill Advisory Services Ltd.
5. Acquisition of Perpetual Assurance Company Ltd. By Standard Alliance Insurance Plc.



6. Acquisition of De-United Foods Industries Ltd. and Insignia Print Technology LFTZ Enterprise by Dufil Prima Foods Ltd.
7. Acquisition of CSL Stockbrokers Ltd and City Securities Registrars Ltd by FCMB Capital Markets Ltd.
8. Acquisition of VGC Communications Ltd by MTN Nigeria Communications Ltd.
9. Acquisition of Kudandami Community Bank Ltd. by Gyallesu Community Bank Ltd.
10. **Scheme of Arrangement** involving Royal Exchange Assurance (Nigeria) Plc, Royal Prudential Life Assurance Company Plc and Royal Exchange General Insurance Company Limited.

The Scheme of Arrangement resulted in Royal Exchange Assurance Plc becoming a holding company with two operating Insurance Companies, namely: Royal Prudential Life Assurance Company Plc and Royal Exchange General Insurance Company Ltd.

### iii. Takeovers

- **Takeover of Spring Bank Plc by Bank PHB Plc**

Bank PHB acquired 33% of the issued and fully paid-up share capital of Spring Bank Plc and thereafter in compliance with Section 131 of the Investments and Securities Act, 2007 made a mandatory offer to the Shareholders of Spring Bank Plc for a takeover.

## POST CONSOLIDATION INSPECTIONS

The Commission conducted Post consolidation inspections on the following companies to ascertain compliance with provisions in the Scheme Document Acquisitions Bids approved by the Commission.

1. Standard Trust Assurance Plc
2. Kapital Insurance Company
3. International Energy Insurance Co. Ltd.
4. Goldlink Insurance Ltd

5. Linkage Assurance Plc
6. Oceanic Bank International
7. Leadway Assurance Company Ltd.
8. Sterling Assurance Nigeria Ltd.
9. Custodian & Allied Insurance Plc
10. National Salt Company of Nigeria Plc
11. Union Bank of Nigeria Plc
12. Regency Alliance Insurance Plc
13. Capital Express Insurance Company Ltd
14. Industrial & General Insurance Ltd.
15. First Assurance Plc
16. Aiico Insurance Plc
17. Royal Exchange Assurance Plc
18. Soan Systems Associate Management Ltd.
19. African Development Insurance Company Ltd.
20. Crusader Insurance Plc
21. IBTC Chartered Bank Plc
22. Flour Mills Nigeria Plc
23. Oando Plc
24. Jap Telecoms Ltd.
25. FCMB Plc
26. NEM Insurance Plc

## **4.5 REGISTRATION OF CAPITAL MARKET OPERATORS**

### **Fresh Applications**

A total number of six (6) applications were received during the period under review.

### **Renewal of Registration**

Two hundred and twenty six (226) companies/firms' renewed their registration during the period under review.

### **Police Clearance**

A total number of thirty three (33) police clearance reports were received in respect of applications of Sponsored Individuals.

## **4.6 MARKET DEVELOPMENT PROGRAMMES**

Major Market Development activities included the following:

### **1) Capacity Building Workshop on Capital Market**

#### **Laws for Judges**

The Commission held a two-day workshop on Capital Market Laws, Ethics and Judicial Interpretations for Superior Judges and Selected operators.

The objective was to:

- Educate and guide judges on how to effectively interpret capital market laws.
- Minimize delays associated with handling capital market related cases as investment is time bound.
- Encourage the National Judicial Institute (NJI) to include securities laws as part of its curriculum.

### **2) National Workshop on Financing the 7-Point Agenda of the Federal Government through the Capital Market**

The conference was jointly organized by the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange (NSE) and the Association of Issuing Houses of Nigeria (AIHN) in July 2008 at the Transcorp Hilton Hotel, Abuja. The workshop was aimed at bringing together stakeholders from both the public and private sectors to:

- Address critical issues concerning infrastructure i.e supply and funding gap
- Find ways of sourcing funds for infrastructure development
- Identify infrastructure needs of each zone
- Identify and reinforce the role of the capital market in each sector's development.

### **3) Student/Excursions**

The Commission hosted students from various institutions at its Head Office and Zonal Offices during the year under review. Some of those that visited the Commission included:

- EFCC Cadet Course III
- Whiteplains British School, Abuja
- Nigerian Economics Students Association, University of Jos Chapter
- The Nigerian Mathematics Students Association, University of Jos Chapter
- Christian Accounting Students Association, ABU Chapter
- National Association of Management Students, Kogi State University

### **4) Introduction of Capital Market Studies in Universities**

Arrangements reached advanced stage to introduce Capital Market Studies in the under-listed universities. Facility visits were planned for the 1<sup>st</sup> quarter of 2009 to ascertain the readiness of the following institutions.

- University of Abuja
- University of Maiduguri
- Anambra State University
- Ebonyi State University
- Nasarawa State University

### **5) Initiation of Capital Market Awareness Campaign at National Youths Service Corps Orientation Camps**

### **6) Translation of Pamphlets on e-Allotment and e-Dividend into Hausa language**

**7) New Partnership for African Development (NEPAD) – African Peer Review Mechanism (APRM) Programme**

The Commission participated in the NEPAD/APRM programme during the period under review.

The New Partnership for Africa Development (NEPAD) is an integrated sustainable development initiative for the economic and social revival of Africa involving constructive partnership between Africa and the developed world.

**8)** The Commission in collaboration with the Abuja Securities and Commodity Exchange (ASCE) visited and sensitized the farmers in each of the six geopolitical zones, known to be core producers of specific agricultural commodities.

**9)** The Commission participated in the United Nation Conference on Trade and Development (UNCTAD) project on Warehousing Receipt System, Warehousing and Capacity Building.

## **4.7 FINANCIAL STANDARDS & CORPORATE GOVERNANCE**

### **1) FINANCIAL ANALYSIS OF QUOTED COMPANIES**

The Annual Reports and Accounts of eleven (11) public companies were reviewed for compliance with the code of corporate governance and to assess the financial state of the companies.

Generally, the following observations were applicable to most of the companies.

- Creation of share premium account to write off good will account
- Notice of AGMs less than mandatory period.
- Absence of remuneration committees
- Size of the Banks board
- Inclusion of Managing Directors in Audit Committees

### **2) UNCLAIMED DIVIDENDS**

Of the 3 identified classes of investors, the foreign class of shareholders had claimed 95.5% of N7.8 Billion declared. Institutional Shareholders claimed 87.5% and individual shareholders had the lowest unclaimed dividends of 18%.

The trend in submitted returns revealed that most of the companies did not maintain segregated accounts for unclaimed dividends in the banks, and only segregated them in their books.

The unclaimed dividends were reported as cash at bank.

Some of the companies had left the unclaimed dividends with the registrars

Inspections were conducted and defaulters identified for necessary action.

As part of its efforts towards minimizing the volume of unclaimed dividends, the Commission forwarded a letter to Central Bank on the need to mandate all banks to accept dividend warrants into savings accounts.

The Commission also forwarded a letter to the Institute of Registrars to request all its members to adopt the e-dividend and image formatting, for verification of signatures.

### **3) REVIEW OF CODE OF CORPORATE GOVERNANCE**

The Commission initiated the review of the code of corporate governance for public companies with the setting up of industry wide committee to work with other stakeholders. The Committee's report is expected in the first quarter of 2009.

### **4) CODE OF CONDUCT FOR SHAREHOLDERS ASSOCIATIONS**

A Code of Conduct for Shareholders Associations in Nigeria was launched by the Commission during the period under review and became operational in December, 2008.



## **5. REPORT ON LEGAL AND ENFORCEMENT ACTIVITIES**

### **5.1 LEGAL OPINIONS**

A total of 69 legal opinions were rendered during the period under review some of which focused on the following areas:

1. **UNIDROIT Convention on Intermediated Securities- Need for SEC to Develop Local Regulations**
2. **International Comparative Legal Guide**
3. **Final Roadmap Report on the Rejuvenation of Fixed Income Market in Nigeria Presented to the International Finance Corporation**
4. **Review of the Bill for an Act to Establish the Federal Competition Commission and for Purposes Connected Therewith**
5. **Giving Breath to Market Making Structure Using the Stabilization Fund**
6. **Review of the Proposed e-Commerce and e-Transaction Bill**

### **5.2 LITIGATION**

During the year under review, the Commission was involved in 78 matters in various courts across Nigeria. 32 of the cases were concluded with 46 pending.

### **5.3 RULE MAKING**

During the year, the Commission continued the review of its rules in order to meet the dynamics of the market. To this end new rules were made in respect of the following:

1. Custodian of Securities
2. Depositories and Participants Regulation
3. Regulation of Securities Clearing and Settlement
4. Regulation of Market Makers

Amendments to the following existing rules were also made:

1. Schedule II of the Rules and Regulations dealing with late remittance of SEC Fee.
2. Rule 109B dealing with the regulation of share buy-back.
3. Schedule I of the Rules and Regulations which deals with Market Transaction fees was amended following the general reduction in fees across the board.

### **5.3 MARKET SURVEILLANCE**

(i)	Target inspections conducted	-	116
(ii)	Complaints resolved	-	839
(iii)	Cases forwarded for enforcement actions	-	395
(iv)	Money Laundering Compliance Inspection	-	120
(v)	33 Operators penalized for violating rules requiring Compliance with Money Laundering Prohibition Act and Rules of the Commission.		
(vi)	Quarterly Returns by market operators reviewed	-	569
(vii)	Verification inspections for utilization of Issue proceeds	-	19

### **5.4 INVESTIGATIONS**

#### **A. Complaints against Stockbrokers**

(i)	Fraudulent/unauthorized sale of shares	-471
(ii)	Non-purchase/failure to transfer shares	- 227
(iii)	Non-payment of sale proceeds/conversion of same	- 188
(iv)	Falsification of client accounts	- <u>72</u>
	Total	<b>958</b>

#### **B. Complaints against Registrars**

(i)	Non-receipt of share certificates	- 5,609
(ii)	Non-receipt of dividend warrant	- 172
(iii)	Non-receipt of Bonus Certificate	- 150
(iv)	Non-verification of Certificates	- 129
(v)	Miscellaneous issues (update on shareholding, Issuance of missing Certificates etc)	- <u>101</u>
	Total	<b>6,161</b>

<b>C.    <u>General Complaints</u></b>	<b>-       3865</b>
<b>Grand Total</b>	<b>-       10,984</b>

## **5.5    ENFORCEMENT AND COMPLIANCE**

- (i) Fourteen (14) illegal operators referred to the Nigerian Police Force for further investigation and prosecution.
- (ii) Two (2) operators referred to the Economic and Financial Crimes Commission (EFCC) for further investigation and prosecution.
- (iii) Twenty-Five (25) operators suspended for violation of the Investments and Securities Act (ISA) 2007 and the Rules and Regulations.
- (iv) Fifty-Seven (57) operators and Companies fined for various violations.
- (v) A public company penalized for mis-statements in its published Audited Accounts. Some of its Directors found culpable were banned from holding directorship positions in public companies for a given period of time.
- (vi) Investors who suffered losses during the Bonkolans scam in the market were restituted through share buy back by the indicted operators.

# **SECTION 4**

## **ANNUAL ACCOUNTS**

## SECURITIES & EXCHANGE COMMISSION

### MEMBERS OF THE SECURITIES AND EXCHANGE COMMISSION, PROFESSIONAL ADVISERS AND OFFICES

#### **MEMBERS OF THE COMMISSION:**

Senator Udoma Udo Udoma	Chairman (Wef 17/06/08)
Musa Al-Faki - Director General	Member
Alh. Suleiman A. Kwari - Exec. Comm. Fin & Admin.	Member (Up to 09/05/08)
Alh. Lawal Sani. Stores - Exec. Comm. Fin & Admin.	Member (Wef 17/06/08)
Elder David O. Ogwu - Exec. Comm. Operations	Member (Up to 09/05/08)
Ms. Daisy Ekineh - Exec. Comm. Operations	Member (Wef 17/06/08)
Mr Charles Udora - Exec. Comm. Legal & Enforcement	Member (Wef 17/06/08)
Alh. Yahaya Ali	Member (Wef 17/06/08)
Mrs. Aderonke Fatade	Member (Wef 17/06/08)
Alh. J. I. Zarewa (Rep. Fed. Min. of Finance)	Member (From 17/06/08 to 11/09/08)
Mr Omoha Lexy Omoha (Rep. Fed. Min. of Finance)	Member (Wef 11/09/08)
Alh. Umar Bello Girei (Rep. of CBN)	Member (Wef 17/06/08)
Mrs. Salamat Hussaini-Suleiman	Secretary (Up to 16/12/08)
Mr. Edosa Kennedy Aigbekaen	Ag. Secretary (Wef 17/12/08)

#### **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

**SECURITIES & EXCHANGE COMMISSION**

**MEMBERS OF THE SECURITIES AND EXCHANGE COMMISSION,  
PROFESSIONAL ADVISERS AND OFFICES (CONT'D)**

<b>Head Office</b>	SEC TOWER, Plot 272 Samuel Adesujo Ademulegun Street Central Business District P.M.B. 315, Garki Abuja, Nigeria.
<b>Lagos Zonal Office</b>	No 3, Idejo Street Victoria Island P.M.B. 12638, Marina Lagos, Lagos State.
<b>Kano Zonal Office</b>	African Alliance House (4th Floor) F1, Sani Abacha Way/ Airport Road Opposite KLM Airlines Kano, Kano State.
<b>Port Harcourt Zonal Office</b>	First Bank Building 22/24 Aba/ Port Harcourt Road Port Harcourt, Rivers State.
<b>Maiduguri Zonal Office</b>	11, Baga Road, Maiduguri Borno, State.
<b>Kaduna Zonal Office</b>	Wema Bank House, Opposite National Library Kaduna, Kaduna State.
<b>Onitsha Zonal Office</b>	39, Awka Road, Onitsha Anambra State.
<b>Ibadan Zonal Office</b>	17, Oshuntokun Avenue, Old Bodiga Ibadan, Oyo State.

## SECURITIES & EXCHANGE COMMISSION

### REPORT OF THE COMMISSION FOR THE YEAR ENDED 31ST DECEMBER, 2008

The Members of the Commission have pleasure in presenting their report together with the audited financial statements for the year ended 31st December, 2008.

#### 1 LEGAL FORM

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

#### 2 PRINCIPAL ACTIVITIES

The Commission is charged with the duties of:

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

## SECURITIES & EXCHANGE COMMISSION

### REPORT OF THE COMMISSION (CONT'D)

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

#### 3 BOARD OF THE COMMISSION

The composition of the Commission as provided for under section 3 of the Investments and Securities Act No. 29 of 2007 is as stated on page 2 of these financial statements.

#### 4 OPERATING RESULTS FOR THE YEAR

	2008	2007
	N	N
Income	21,282,196,854	18,988,913,529
Expenditure	(6,775,828,244)	(5,048,244,705)
Excess of Income over expenditure for the year	14,506,368,610	13,940,668,824
Net Suplus for the year	<u>14,506,368,610</u>	<u>13,940,668,824</u>

#### 5 FIXED ASSETS

Movements in Fixed Assets during the year are as shown in note 1 on page 13 of these financial statements.

#### 6 THE COMMISSION'S RESPONSIBILITIES

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

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



SECURITIES & EXCHANGE COMMISSION

REPORT OF THE COMMISSION (CONT'D)

7 FINANCIAL COMMITMENTS

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

8 AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act 1990, the Auditors, Messrs Ugochukwu Nwankwo & Co., having indicated their willingness, will continue in office as Auditors of the Commission.

ABUJA, NIGERIA  
23RD MARCH, 2009

BY ORDER OF THE COMMISSION



EDOSA KENNEDY AIGBEKAEN (ESQ)  
(AG. SECRETARY)

## REPORT OF THE AUDITORS TO THE MEMBERS OF SECURITIES AND EXCHANGE COMMISSION

We have audited the financial statements set out on pages 9 - 16 which have been prepared under the accounting policies set out on page 8.

### **Respective responsibilities of the Commission and auditors**

As stated on page 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 judgements made by the Commission in the preparation of the financial statements; and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud, other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. The financial statements, subject to some limitations in the 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, 2008 and of the surplus and statement of cash flow for the year ended on that date and have been properly prepared in accordance with the provisions of Investments and Securities Act No. 29 of 2007, Companies and Allied Matters Act 1990 and the relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

Lagos, Nigeria  
23rd March, 2009

*Ugochukwu Dwankeho Plo*  
CHARTERED ACCOUNTANTS



## SECURITIES AND EXCHANGE COMMISSION

### SIGNIFICANT ACCOUNTING POLICIES

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

(a) BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

(b) FIXED ASSETS

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

(c) INCOME AND EXPENDITURE RECOGNITION

Income from Capital Market Operations 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 publications is written off to the Income and Expenditure account in the year in which it was incurred.

(e) DEPRECIATION

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

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

(f) REPAIRS AND RENEWALS

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

(g) RETIREMENT BENEFITS

The liabilities in respect of retirement benefits are funded through payments to the Pension Fund Scheme. Prior to February 2006, the Fund was provided in full by the Commission and invested externally. With regard to the Pension Reform Act, 2004, payroll deduction of 5% of qualified components of staff emoluments as employee contribution was commenced from February, 2006 in addition to the 25% being contributed by the Commission. Staff contributions to the new scheme managed by the selected PFAs are funded through payroll deductions while the Commission's contributions are charged to the income and expenditure account.

SECURITIES AND EXCHANGE COMMISSION

BALANCE SHEET AS AT 31ST DECEMBER, 2008

	Notes	2008		2007	
		N	N	N	N
<b>Fixed Assets</b>	1		4,783,650,189		4,582,631,286
<b>Investments at Cost;</b>					
FRN Dev. Stock			5,800,000,000		0
			10,583,650,189		4,582,631,286
<b>Current Assets:-</b>					
Money Market Outlays	2	20,976,806,860		14,709,405,635	
Debtors and Prepayments	3	3,490,121,462		2,670,555,077	
Cash in hand and at Bank	4	2,938,122,114		1,710,661,250	
		27,405,050,436		19,090,621,962	
<b>Less: Current Liabilities</b>					
Creditors and Accruals	5	1,918,192,900		1,118,607,868	
		1,918,192,900		1,118,607,868	
<b>Net Current Assets</b>			25,486,857,536		17,972,014,094
			36,070,507,725		22,554,645,380
<b>FINANCED BY:</b>					
Capital Grant	6		496,858,251		496,858,251
General Reserve Fund	7		202,184,147		0
Accumulated Fund	8		35,371,465,327		22,057,787,129
			36,070,507,725		22,554,645,380



) DIRECTOR GENERAL



) EXECUTIVE COMMISSIONER (FINANCE & ADMIN.)

The notes set out on pages 13 to 16 form an integral part of these financial statements.

**SECURITIES AND EXCHANGE COMMISSION**  
**INCOME AND EXPENDITURE ACCOUNT FOR THE**  
**YEAR ENDED 31ST DECEMBER, 2008**

	Notes	2008	2007
		N	N
<b>INCOME</b>	9	21,282,196,854	18,988,913,529
<b>LESS EXPENDITURE:</b>			
Staff Emoluments	10	1,219,003,631	1,433,938,727
Board Members Allow/Expenses		41,812,817	26,687,165
Management Meeting Expenses		42,310,644	18,575,598
Contribution to Pension Fund		2,133,353,268	246,239,264
Staff Welfare and Development	11	741,673,632	557,379,248
Rent and Rates		50,539,633	128,414,662
Travelling Expenses		632,535,094	529,686,089
Printing & Stationery		77,871,576	93,938,646
Motor Running Expenses		34,593,511	30,603,013
Generator Running Expenses		56,791,425	33,678,300
Communication		52,254,057	45,258,563
Repairs & Renewals		261,119,761	178,904,366
Electricity		5,608,161	5,841,596
Newspapers & Periodicals		8,721,510	12,657,060
Bank Charges		1,534,346	1,705,249
Corporate Affairs and Publicity		299,785,306	189,929,150
Insurance		106,522,641	94,927,868
Audit Fee		15,225,000	15,225,000
Professional Fees		89,886,637	93,203,711
Subscriptions & Donations		54,264,640	26,159,893
Capital Market Development		13,935,000	10,938,485
(Gain)/Loss on Disposal of Assets		2,868,088	(2,590,518)
Recruitment & Records		330,620	862,500
Sundries	12	131,918,719	146,647,905
Depreciation		696,368,527	629,433,167
Subvention		5,000,000	500,000,000
		(6,775,828,244)	(5,048,244,705)
Excess of income over expenditure		14,506,368,610	13,940,668,824

The notes set out on pages 13 to 16 form an integral part of these financial statements.

**SECURITIES AND EXCHANGE COMMISSION**

**CASHFLOW STATEMENT FOR THE  
YEAR ENDED 31ST DECEMBER, 2008**

	<b>2008</b>	<b>2007</b>
	<b>N</b>	<b>N</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	14,506,368,610	13,940,668,824
<b>Adjustment for:</b>		
General Reserve	202,184,147	0
Depreciation	696,368,527	629,433,167
Prior year adjustments	(383,953,826)	(188,384,426)
(Profit)/Loss on disposal of fixed assets	2,868,088	(2,590,518)
Adjustment on fixed assets	0	7,461,723
Funds generated from operations before working capital changes	15,023,835,546	14,386,588,770
<b>WORKING CAPITAL CHANGES</b>		
Money Market Outlays	(6,267,401,225)	(9,936,386,595)
Debtors & Prepayments	(819,566,385)	(1,149,060,515)
Creditors & Accruals	799,585,032	(619,117,647)
Cash generated from operations	8,736,452,968	2,682,024,013
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(907,118,631)	(1,674,117,100)
Redemption of 11.75% FGN 24 Dev. Stock	0	911,000
Investment (FGN Development Stock)	(5,800,000,000)	0
Proceeds from sale of fixed assets	6,863,113	2,590,518
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Contribution to CRF	(808,736,586)	0
<b>Net Increase/(Decrease) in Cash</b>	1,227,460,864	1,011,408,431
Cash at the beginning	1,710,661,250	699,252,819
Cash at the end( <b>Note 4</b> )	2,938,122,114	1,710,661,250

# SECURITIES AND EXCHANGE COMMISSION

## FIVE YEAR FINANCIAL SUMMARY

	2008	2007	2006	2005	2004
	N'000	N'000	N'000	N'000	N'000
<b>CAPITAL EMPLOYED:</b>					
Fixed Assets	4,783,650	4,582,631	3,545,409	2,193,906	873,284
<b>INVESTMENTS:</b>					
FRN Dev. Stock	5,800,000	0	911	911	911
<b>CURRENT ASSETS:</b>					
Debtors & Prepayments	3,490,122	2,670,556	1,521,496	1,380,985	884,698
Money Market Outlays	20,976,806	14,709,405	4,773,018	1,751,395	888,927
Cash at Bank	2,923,306	1,706,077	692,694	947,692	171,566
Cash in Hand	14,816	4,583	6,558	4,109	10,383
	37,988,701	23,673,252	10,540,086	6,278,998	2,829,769
<b>LESS CURRENT LIABILITIES</b>					
Creditors and Accruals	(1,918,192)	(1,118,607)	(1,737,725)	(163,617)	(394,054)
Bank Overdraft	0	0	0	(25,749)	(1,382)
Net Assets	36,070,508	22,554,645	8,802,361	6,089,632	2,434,333
<b>FINANCED BY:</b>					
Capital Grant	496,858	496,858	496,858	390,000	-
General Reserve	202,184	0	0	0	-
Reserve For Pension	0	0	0	1,000,000	-
Accumulated Fund	35,371,465	22,057,787	8,305,503	4,699,632	2,434,333
	36,070,508	22,554,645	8,802,361	6,089,632	2,434,333
<b>INCOME AND EXPENDITURE A/C.</b>					
Income	21,282,197	18,988,914	7,346,282	5,802,691	3,963,464
Expenditure	(6,775,828)	(5,048,245)	(3,306,154)	(2,588,127)	(2,279,501)
Excess of Income over Exp.	14,506,369	13,940,669	4,040,128	3,214,564	1,683,963
Less: Provision for Pension & Gratuity Liability	0	0	0	(1,000,000)	-
Net Surplus for the year	14,506,369	13,940,669	4,040,128	2,214,564	1,683,963

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER, 2008

1 FIXED ASSETS

	TOTAL	BUILDING PROJECT	LAND & BUILDINGS	LEASEHOLD CAR PARK	OFFICE FURNITURE & EQUIP.	HOUSEHOLD FURNITURE & EQUIPMENT	MOTOR VEHICLES	BOOKS
<b>Cost:</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>
As at 01/01/08	6,660,004,468	246,745,544	3,559,584,534	17,721,965	2,086,718,505	177,629,157	538,918,719	32,686,044
Additions	907,118,631	-	236,430,305	-	506,323,158	14,708,780	141,483,957	8,172,481
Disposal	(85,722,625)	-	-	-	(6,220,000)	-	(79,502,625)	-
As at 31/12/08	7,481,400,474	246,745,544	3,796,014,839	17,721,965	2,586,821,663	192,337,937	600,900,051	40,858,475
<b>Depreciation:</b>								
As at 01/01/08	2,077,373,183	-	219,486,483	14,630,926	1,229,521,816	162,298,413	434,589,719	16,845,826
Charges	696,368,527	-	94,900,371	2,993,778	451,873,009	14,967,066	128,031,675	3,602,687
Disposal	(75,991,425)	-	-	-	(6,220,000)	-	(69,771,425)	-
As at 31/12/08	2,697,750,285	-	314,386,854	17,624,704	1,675,174,825	177,265,469	492,849,969	20,448,463
<b>Net Book Value:</b>								
As at 31/12/08	4,783,650,189	246,745,544	3,481,627,986	97,261	911,646,838	15,072,468	108,050,082	20,410,012
As at 31/12/07	4,582,631,286	246,745,544	3,340,098,051	3,091,039	857,196,689	15,330,745	104,329,000	15,840,218



SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE ACCOUNTS (CONT'D)

	2008	2007
	N	N
2 <u>MONEY MARKET OUTLAYS</u>		
Money Market Investments	20,976,806,860	14,709,405,635
	<u>20,976,806,860</u>	<u>14,709,405,635</u>
3 <u>DEBTORS &amp; PREPAYMENTS</u>		
Staff Debtors	1,758,559,403	1,441,894,564
Sundry Debtors	287,873,911	273,767,254
Pre-payments	1,443,688,148	954,893,259
	<u>3,490,121,462</u>	<u>2,670,555,077</u>
4 <u>CASH IN HAND &amp; BANK</u>		
Petty Cash	14,815,583	4,583,038
Bank Balances	2,923,306,531	1,706,078,212
	<u>2,938,122,114</u>	<u>1,710,661,250</u>
5 <u>CREDITORS &amp; ACCRUALS</u>		
Vehicle Insurance Deposit	984,386	973,614
Accrued Audit Fee	7,612,500	8,725,000
Sundry Creditors	31,398,688	168,236,947
Charges Accrued	1,878,197,326	940,672,307
	<u>1,918,192,900</u>	<u>1,118,607,868</u>

# SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE ACCOUNTS (CONT'D)

	2008	2007
	N	N
6 <u>CAPITAL GRANT</u>		
Balance brought forward	496,858,251	496,858,251
Subvention received during the year	0	0
	496,858,251	496,858,251
	=====	=====
7 <u>GENERAL RESERVE FUND</u>	202,184,147	0
	=====	=====
This represents one-fifth (20 percent) of the Commission's operating cash surplus for 2007 financial year in compliance with Section 22(1) of the Fiscal Responsibility Act of 30th July, 2007.		
8 <u>ACCUMULATED FUNDS</u>		
Balance brought forward	22,057,787,129	8,305,502,732
Contribution to CRF during the year	(808,736,586)	0
Prior year adjustments	(383,953,826)	(188,384,426)
Net Surplus for the year	14,506,368,610	13,940,668,824
	35,371,465,327	22,057,787,129
	=====	=====
9 <u>INCOME</u>		
Income from operations	19,453,640,321	18,292,841,117
Investment Income	1,777,904,267	656,334,736
Other Income	50,652,266	39,737,676
	21,282,196,854	18,988,913,529
	=====	=====
10 <u>STAFF EMOLUMENTS</u>		
Salaries and Wages	404,260,154	361,334,681
Allowances	814,743,477	1,072,604,045
	1,219,003,631	1,433,938,727
	=====	=====

# SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE ACCOUNTS (CONT'D)

	2008	2007
	N	N
11 <u>STAFF WELFARE &amp; DEVELOPMENT</u>		
Medical	73,987,865	78,125,476
Training	599,764,173	416,600,689
Entertainment	28,671	3,615,760
Dressing Allowance	38,720,303	36,669,522
Uniform and Kits	3,874,900	1,795,800
Recreation Expenses	25,297,720	20,572,000
	<u>741,673,632</u>	<u>557,379,247</u>
12 <u>SUNDRIES</u>		
Contingency	4,061,404	0
Relocation Expenses	57,922,000	52,209,827
Data Communication Expenses	1,345,500	3,137,600
Computer Accessories & Statistics	11,186,400	11,120,606
Staff Donations	13,716,755	4,389,073
Computer Accessories & Statistics	20,004,420	17,925,989
Others	23,682,241	57,864,810
	<u>131,918,719</u>	<u>146,647,905</u>
13 <u>ENCUMBERED ASSETS:</u>		
Some properties of the Commission were encumbered sequel to 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 Commission was contesting the sale of the affected properties and the factual position required to effect possible consequential adjustments could not be clearly determined as at the balance sheet date.		
14 <u>CONTINGENT LIABILITIES:</u>		
There are pending litigations against the Commission. However, no provision has been made in these financial statements, as the Commission is of the opinion that no significant liability would arise there from.		
The Commission is of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the Securities & Exchange Commission, have been taken into consideration in the preparation of these financial statements.		
15 <u>COMPARATIVE FIGURES</u>		
Comparative figures where necessary, have been reclassified to conform to changes in classifications in the current accounting year.		
16 <u>APPROVAL OF FINANCIAL STATEMENTS</u>		

These financial statements were approved by the Commission at the board meeting held on 23rd March, 2009.