

NEW RULES/AMENDMENTS TO THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION

Pursuant to Section 313(6) of the Investments and Securities Act 2007, the following new rules and amendments to the existing rules are made by the Commission.

RULES ON THE USE OF NOMINEE ACCOUNTS

A new **Rule 178C** is created as follows:

Definitions

For the purposes of this Regulation the following terms shall have the meanings hereinafter assigned to them:

Nominee registration: The registration of securities by a custodian/agent, where it is stated that the custodian/agent are not the owners of the securities.

Nominee account: The custodians/agents account in which clients' securities are maintained.

Custodian/agent: Corporate entity or firm authorized to hold securities owned by its clients.

Client: the person who receives the financial benefit from or bears the financial risk of securities and grants authorization to the custodian/agent to act in its own name and be registered as the beneficial owner of the securities.

Regulation of Nominee Account

1. Application

Corporate entity or firm authorized to hold securities owned by its clients shall apply to the Commission for approval to hold these in a nominee account and accept payment on behalf of its clients from individual issuers of securities.

2. Nominee Account Owners' approval

A client's securities shall not be registered in a nominee account without the client's consent. The custodian/agent shall inform the client of the legal effects of registering securities in a nominee account.

3. Information on clients

The custodian/agent shall have information available on clients requesting nominee registration of securities. The custodian shall inform the client of the obligation to provide information to the Commission under this regulation.

The custodian/agent shall preserve information on nominee accounts, for five years from the end of the business relationship.

4. Record of clients and financial instruments

A custodian/agent holding securities in a nominee account shall maintain a record of the shares of each individual client. The record shall always include the names and numbers of clients associated with the securities registered in the nominee account, as well as the number of securities covered by each nominee registration agreement. The record shall be prepared in such a way that there is no doubt regarding the ownership of financial instruments.

5. Identification of financial instruments registered in nominee accounts

The registrar of securities shall identify securities registered in nominee accounts separately in its records, so that there is no doubt as to which securities are held in nominee accounts.

6. Bankruptcy of custodians/agents

In the event that a custodian's/agent's estate is subjected to bankruptcy proceedings or a moratorium is granted on its debts, or the custodian/agent is wound up or comparable measures are taken, the client may, on the basis of the record provided, withdraw its securities from the nominee account, provided that their ownership is not disputed.

7. Rights conferred by securities

No other rights conferred by securities besides the rights provide herein are attached to a nominee account. Voting rights at shareholders meetings are not attached to nominee accounts (except expressly required to do so in writing).

8. Permission to accept payments, etc

A custodian/agent is permitted to accept payments on behalf of its clients from individual issuers of securities, including rights to dividends or other payment and rights to new shares in the event of an increase in share capital. The custodian/agent shall keep these payments separate from its other assets.

**9. Supervision and provision of information
Information on business**

The Commission reserves the right to demand from a custodian/agent the disclosure of the identity of the clients registered as owners of securities held in a nominee account at any specific point in time.

A custodian/agent shall provide the Commission with the information required under paragraph 1 in the form and within the time limit as specified by the Commission.

10. Revocation of registration

- a. The Commission may revoke the registration of the custodian/agent in a nominee account:
 - i. If the custodian/agent violates the provision of the Rules and Regulations of the Commission regarding the provision of information to the Commission on nominee accounts.
 - ii. If the custodian/agent in other respects commits serious or repeated violations of the legal provisions to which its activities are subject.
- b. Before any revocation pursuant to paragraph 2, the custodian/agent may be given a period of one month to rectify the situation, if rectification is possible in the estimation of the Commission.
- c. Revocation of the custodian's/agent's licence for approval in a nominee account shall be notified to the board of directors of the custodian and reasoned in writing.
- d. Where the approval of a custodian/agent is revoked the nominee accounts shall be transferred to another custodian/agent, which shall only be operated as a nominee account where the nominee enters into a new agreement with the new custodian/agent.

MADE AT ABUJA THIS 28th DAY OF FEBRUARY 2013