



## EXPOSURE OF A PROPOSED NEW RULE OF THE SECURITIES AND EXCHANGE COMMISSION

### New Rule

1. Proposed Rule on Unclaimed Dividends (E-Dividend Mandate)

### PROPOSED NEW RULE ON UNCLAIMED DIVIDENDS (E- DIVIDEND MANDATE)

#### Name/citation of the Rule(s)- E- DIVIDEND MANDATE

#### 1. Rules on E-Dividend Mandate

- a) These rules shall apply to all unclaimed dividends below 6 years.
- b) All Registrars shall ensure that all mandated accounts are credited with outstanding unclaimed dividends within 48 hours of receipt of the e-dividend mandate by shareholders.
- c) Registrars shall forward a status report of all mandated accounts to the Commission on quarterly basis which shall contain amongst others:
  - a) A list of requests by shareholders;
  - b) Number of requests processed;
  - c) Number of successful requests;
  - d) Number of unsuccessful requests with reasons.
- d) Where a Registrar fails to comply with Rule 1 (b) and (c) of these rules and regulations, such Registrar shall be liable to a penalty of a sum not less than 25% of the unremitted amount and N50,000 for every day the violation continues.

#### **Justification:**

*To serve as a deterrent to Registrars and ensure prompt compliance. These rules will also reduce the quantum of unclaimed dividends in the custody of the Registrars as well as discourage Registrars from keeping unclaimed dividends.*



# SEC NIGERIA

SECURITIES AND EXCHANGE COMMISSION, NIGERIA

## **2. Reporting of income earned from unclaimed dividend:**

- a) All public companies to whom unclaimed dividends have been transferred, after 15 months but less than 6 years, shall report in their Annual audited account the bank balance (s), investment (s) and the earned income on the unclaimed dividend funds, by way of note to the audited accounts.

Provided that the Registrars may also be required to make other reports on unclaimed dividends as may be requested by the Commission from time to time.

- b) Failure by any public company to make such report shall lead to appropriate sanction, including the forfeiture of the income to the Commission for the year which the company failed to report.
- c) Any company that fails to make the reports as required by Rule (b) shall be liable to pay the sum of N10 Million as penalty.

### **Justification:**

*To ensure that there is full compliance by the beneficiary public companies and to determine the contribution of unclaimed dividend funds in the performance of the public companies.*