



Exposure Of Proposed New Rule And Sundry Amendments To The Rules And Regulations Of The Commission

Legend: Additions are underlined; Deletions are ~~struck through~~; Justifications are *italicized*

New Rule

1. New Rule for Public Companies and Capital Market Operators to disclose penalties and sanctions imposed on them by SEC in their Audited Financial Statements

Sundry Amendments

1. Proposed amendment to Rule 8 (Exemptions)
2. Proposed amendment to Schedule I (Registration Fees, Minimum Capital Requirements, Securities and Others).

New Rule

- 1. New Rule for Public Companies and Capital Market Operators to disclose penalties and sanctions imposed on them by SEC in their Audited Financial Statements**

(i) Public companies and Capital Market Operators shall disclose penalties and sanctions in their annual report imposed by the Commission and shall continue to report outstanding penalties and sanctions in their subsequent Annual Reports by way of notes to the Accounts until all penalties owed the Commission are fully paid and sanctions fully complied with.

(iii) The Commission shall publish on all public channels, including the SEC website or any other medium, the list of public companies and capital market operators with unresolved regulatory issues.



Justification:

The proposal above is to enhance compliance with market regulations and regulatory directives.

Sundry Amendments

1. Proposed amendment to Rule 8 (Exemptions)

Existing Rule

Exemptions

(1) The provisions of the Act and these rules and regulations requiring registration shall not apply to:

- (a) any note, draft, currency, bill of exchange or banker's acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which has a maturity at the time of issuance not exceeding nine (9) months exclusive of days of grace, or the maturity of which is likewise limited;
- (b) any security issued by a person, organized and operated exclusively for religious, educational, benevolent, charitable or reformatory purposes and not for pecuniary profit and no part of the net earning which accrues to the benefit of any person, shareholder or individual and subject to such other terms and conditions as may be stipulated by the Commission. Any issue of securities pursuant to this exemption shall not exceed in aggregate value the sum of N5,000,000;

(2) The Commission may by rules add any class of securities or transactions to those exempted under this regulation.



Proposed Amendment

1) The provisions of the Act and these rules and regulations requiring registration shall not apply to:

- (a) any note, commercial paper, draft, currency, bill of exchange or banker's acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which has a maturity at the time of issuance not exceeding ~~Nine (9) months~~ 270 days exclusive of days of grace, or the maturity of which is likewise limited;

Provided that an Issuer of any note, commercial paper, draft, currency, bill of exchange or banker's acceptance which:

- i. does not fall within the exemptions specified in (a) above or which falls within the exemptions above but is to be rolled-over on maturity such that the tenor exceeds 270 days, or
- ii. falls within the exemption in (a) above, but seeks to make any new issuance of such securities within 12 months from the end of the tenor of the previous issue,

shall comply with the provisions of the Act and these rules on issuance of securities

- (b) any security issued by a person, organized and operated exclusively for religious, educational, benevolent, charitable or reformatory purposes and not for pecuniary profit and no part of the net earning which accrues to the benefit of any person, shareholder or individual and subject to such other terms and conditions as may be stipulated by the



Commission. Any issue of securities pursuant to this exemption shall not exceed in aggregate value the sum of N5,000,000;

2) The Commission may by rules add any class of securities or transactions to those exempted under this regulation.

Justification:

To clarify the applicability of the existing rules on corporate bonds and other exempted securities, to all issuances with a tenor above 270 days.

2. Proposed amendment to Schedule I (Registration Fees, Minimum Capital Requirements, Securities and Others).

Part A

PROPOSED INCREASE IN REGISTRATION, FILING/APPLICATION, PROCESSING AND REGISTRATION OF SPONSORED INDIVIDUALS FEES FOR FRESH APPLICANTS

S/ N	FUNCTION S	REGISTRATION (N)	FILING/APPLICATION (N)	PROCESSING (N)	REGISTRATION OF SPONSORED INDIVIDUALS (N)
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		Existing Fee	Proposed Amendment	Existing Fee	Proposed Amendment	Existing Fee	Proposed Amendment	Existing Fee	Proposed Amendment
1	Broker/Dealer	500,000.00	<u>5,000,000.00</u>	50,000.00	<u>100,000.00</u>	200,000.00	<u>300,000.00</u>	50,000.00	<u>100,000.00</u>
2	Broker	300,000.00	<u>3,000,000.00</u>	"	"	"	"	"	"
3	Dealer	300,000.00	<u>3,000,000.00</u>	"	"	"	"	"	"
4	Sub-broker (Corporate)	200,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
5	Sub-broker (Individual)	—	<u>500,000.00</u>	"	"	"	"	"	"
6	Sub-broker (Digital)	200,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
7	Inter-Dealer Broker	500,000.00	<u>5,000,000.00</u>	"	"	"	"	"	"
8	Underwriter	500,000.00	<u>10,000,000</u>	"	"	"	"	"	"
9	Issuing House	500,000.00	<u>10,000,000</u>	"	"	"	"	"	"



10	Registrar	500,000.00	<u>5,000,000</u>	"	"	"	"	"	"
11	Fund/Portfolio Manager/Venture Capital Company	500,000.00	<u>10,000,000</u>	"	"	"	"	"	"
12	Corporate Investment Adviser	300,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
13	Individual Investment Adviser	200,000.00	<u>500,000.00</u>	"	"	"	"	"	"
14	Robo Adviser (Not yet Approved)	—	<u>1,000,000.00</u>	"	"	"	"	"	"
15	Commodity Broker Dealer	25,000.00	<u>200,000.00</u>	10,000.00	<u>50,000.00</u>	25,000.00	<u>50,000.00</u>	10,000.00	<u>30,000.00</u>
16	Commodity Broker	25,000.00	<u>100,000.00</u>	10,000.00	<u>50,000.00</u>	25,000.00	<u>50,000.00</u>	10,000.00	<u>30,000.00</u>
17	Commodity Dealer	25,000.00	<u>100,000.00</u>	10,000.00	<u>50,000.00</u>	25,000.00	<u>50,000.00</u>	10,000.00	<u>30,000.00</u>
18	Receiving Banker (Banker to an Issue)	1,000,000.00	<u>10,000,000</u>	50,000.00	<u>100,000.00</u>	200,000.00	<u>300,000.00</u>	50,000.00	<u>100,000.00</u>



19	Trustee	500,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
20	Rating Agency	300,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
21	Capital Market Consultant (Corporate)	300,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
22	Capital Market Consultant (Partnership)	300,000.00	<u>1,000,000.00</u>	"	"	"	"	"	"
23	Capital Market Consultant (Individual)	200,000.00	<u>500,000.00</u>	"	"	"	"	"	"
24	Market Maker	500,000.00		"	"	"	"	"	"
25	Securities Lending & Borrowing	—		"	"	"	"	"	"
26	Capital Trade Point	500,000.00		"	"	"	"	"	"



27	Custodian of Securities	500,000.00	<u>10,000,000</u>	"	"	"	"	"	"
28	Nominee	—	<u>5,000,000</u>	"	"	"	"	"	"
29	Crowdfunding Intermediaries/Platform	500,000.00	<u>1,000,000</u>	"	"	"	"	"	"
30	Central Counterparty (CCP)	1,000,000	<u>30,000,000</u>	"	"	"	"	10,000.00	<u>100,000.00</u>
31	Clearing Settlement Depository (CSD)	1,000,000	<u>25,000,000</u>	"	"	"	"	50,000.00	"
32	Derivatives Clearing Member	—	<u>2,000,000</u>	"	"	"	"	"	"
33	Trade Repository (Not yet Approved)	—	<u>1,000,000</u>	"	"	"	"	"	"
34	Warehousing Operators	—	<u>500,000.00</u>	"	"	"	"	"	"
35	Collateral Management Company	—	<u>500,000.00</u>	"	"	"	"	"	"
36	Commodities Exchange	1,000,000	<u>10,000,000</u>	"	"	"	"	"	"



37	Dealer Bank	500,000.00	<u>2,000,000</u>	"	"	"	"	"	"
38	Securities Exchanges	1,000,000	<u>30,000,000</u>	"	"	"	"	"	"
39	Capital Market Holding Companies (CMHC)	-	<u>1,000,000</u>	"	"	"	"	"	"
40	Trade Associations	100,000.00	<u>200,000.00</u>	"	"	"	"	"	"

FEE FOR TRANSFER OF SPONSORED INDIVIDUALS REGISTRATION

	Existing FEE	PROPOSED AMENDMENT
Transfer Fees	N20,000.00	<u>100,000.00</u>

PROPOSED NEW FEES FOR EXISTING CAPITAL MARKET OPERATORS (CMOS)

S/N		FEES =N=
1.	Change of Registration status	<u>100,000.00</u>
2.	Appointment of Directors	<u>100,000.00</u>
3.	Registration of Nominee Account by Broker/Dealers	<u>100,000.00</u>



Proposed New Fees

S/N	TRANSACTION TYPE	EXISTING PROCESSING FEE	PROPOSED NEW FEE/AMENDMENT	JUSTIFICATION
1.	Share reconstruction	N100,000.00	<u>N1,000,000.00</u>	<i>Based on the volume of documents to be reviewed</i>
2.	All Business Combination with scheme consideration of N500,000.00 and below	No fee	<u>Flat fee of N1,500,000.00</u>	<i>Most of M&A transactions involve two stages review outside of post-documentation review. These require massive effort and time</i>
3.	Attendance of Staff at Court-Ordered Meeting	Cost of attendance at COM borne by the Commission.	<u>Cost of attending court-ordered meeting to be borne by the parties concerned</u>	<i>The invitation for the meeting is by sponsoring company</i>
4.	Shelf Registration	N200,000.00	<u>N1,000,000.00</u>	<i>Due to processing time involved and volume of documents to be reviewed</i>



5.	Registration of derivative contract	—	<u>500,000.00</u>	<i>Newly introduced product</i>

Proposed New Fees

S/N	APPLICATION TYPE	PROPOSED FEE	JUSTIFICATION
1.	<u>Capital Verification</u>	<u>N200,000.00</u>	
2.	<u>Request for amendment/change to use of proceeds post-approval</u>	<u>N5,000,000.00</u>	
3.	<u>Approval of advert contents of CMO(s)</u>	<u>N100,000.00</u>	
4.	<u>Rating Agencies to pay 10% of Ratings fee/Commission earned from solicited ratings</u>		

Part C

Securities

Existing Rule



Registration Fees for Units/Securities and Others

- | | |
|---|------------|
| (1) Application fee for registration of a Collective Investment Scheme, flat rate of | N50,000.00 |
| (2) Filing fee for registration of units/securities flat rate of | N50,000.00 |
| (3) Authorization fee for units of a unit trust scheme/open-ended investment company (including ETFs): | |
| Up to N5 billion | 0.027% |
| Over N5 billion | 0.025% |
| (4) Authorization fee for units/securities of Real Estate Investment Schemes; Specialized Funds; Private Equity Funds, Venture Capital Funds and Infrastructure Funds | |
| A flat fee of 0.025% of registered size | |

Proposed Amendment

Registration Fees for Units/Securities and Others

- | | |
|---|-----------------------|
| (1) Application fee for registration of a Collective Investment Scheme, flat rate of | N50,000.00 |
| (2) Filing fee for registration of units/securities flat rate of | N50,000.00 |



(3) Authorization fee for units of a unit trust scheme/open-ended investment company (including ETFs):

Up to N5 billion	0.027%
Over N5 billion	0.025%

(4) Registration/Authorization fee for units/securities of Real Estate Investment Schemes; Specialized Funds; Private Equity Funds, Venture Capital Funds and Infrastructure Funds

A flat fee of 0.025% of registered size

PART D

SEC FEES ON MARKET DEALS

Existing Rule

2. Filing fee for proxy materials N5,000

Proposed Amendment

SEC FEES ON MARKET DEALS

2. Filing fee for proxy materials N500,000



3. ANNUAL SUPERVISION FEES FOR COLLECTIVE INVESTMENT SCHEMES

Existing Rule

- (1) All CIS fund managers shall pay annual supervisory fees of 0.005% of the net asset value of the CIS under management not later than 31st January of every year to the Commission, failing which the fund manager shall be liable to a penalty of N100,000 and a further sum of N5,000 for every day of default.
- (2) Every fund/portfolio manager shall pay the following annual regulatory fees not later than 31st January to the Commission -
 - a. 0.25% of the total asset of all discretionary and non-discretionary funds/portfolios (other than CIS) under the management of the fund/portfolio manager targeted at retail investors
 - b. 0.01% of the total asset of all discretionary and non-discretionary funds/portfolios (other than CIS) under the management of the fund/portfolio manager targeted at qualified investors
- (3) A fund/portfolio manager shall be liable to a penalty of not less than N100,000 and a further sum of N5,000 for every day of default for failure to comply with (2) above.

Proposed Amendment

- (1) All CIS fund managers shall pay annual supervisory fees of ~~0.005%~~ 0.2% of the net asset value of the CIS under management not later than 31st January of every year to the Commission, failing which the fund manager shall be liable to a penalty of N100,000 and a further sum of N5,000 for every day of default.
- (2) Every fund/portfolio manager shall pay the following annual regulatory fees not later than 31st January to the Commission -
 - a. 0.25% of the ~~total~~ net asset value of all discretionary and non-discretionary funds/portfolios (other than CIS) under the management of the fund/portfolio manager targeted at retail investors



b. 0.01% of the ~~total~~ net asset value of all discretionary and non-discretionary funds/portfolios (other than CIS) under the management of the fund/portfolio manager targeted at qualified investors

(3) A fund/portfolio manager shall be liable to a penalty of not less than N100,000 and a further sum of N5,000 for every day of default for failure to comply with (2) above.

4. PAYMENT OF ADMINISTRATIVE CHARGES FOR REVIEW OF SUPPLEMENTAL DEEDS AND AMENDMENTS TO SUNDRY AGREEMENTS

Existing Rule

(1) Every proposed alteration to any document submitted with respect to the administration of a scheme shall attract the following processing charges –

	NATURE OF ALTERATION	CHARGE
A.	Supplemental trust deed	N100,000
B.	Amended and Restated trust deed	N200,000
C.	Where (b) above involves the merger of two or more funds	N50,000 (additional)
D.	Amendments to any other agreement	N100,000
E.	New agreement not previously filed during the scheme offer or launch	N100,000



F.	Request for legal opinion or advisory clarifications	Not less than N50,000
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- (2) Every draft document, amendment or supplemental listed in (1) requiring the Commission's approval or "No Objection" must be accompanied with evidence of payment of the corresponding administrative charge;
- (3) Failure to comply with (2) above shall be treated as non-filing.
- (4) The above charges in (a)-(d) shall not apply to alterations made as a result of new or amendments to the Rules and Regulations or the Act; Provided that were such document also includes additional alterations not as a result of new or amendments to the Rules and Regulations or the Act, the above charges shall apply

Proposed Amendment

- (1) Every proposed alteration to any document submitted with respect to the administration of a scheme shall attract the following processing charges –

	NATURE OF ALTERATION	CHARGE
A	Supplemental trust deed	N100,000 <u>N1,000</u>
B	Amended and Restated trust deed	N200,000 <u>N2,000</u>
C	Where (b) above involves the merger of two or more funds	N50,000 <u>N5,000</u> (additional)
D	Amendments to any other agreement	N100,000 <u>N5,000</u>



E	New agreement not previously filed during the scheme offer or launch	N100,000 <u>N5,000</u>
F	Request for legal opinion or advisory clarifications	Not less than N50,000 <u>N100,000</u>

- (2) Every draft document, amendment or supplemental listed in (1) requiring the Commission’s approval or “No Objection” must be accompanied with evidence of payment of the corresponding administrative charge;
- (3) Failure to comply with (2) above shall be treated as non-filing.
- (4) The above charges in (a)-(d) shall not apply to alterations made as a result of new or amendments to the Rules and Regulations or the Act; Provided that were such document also includes additional alterations not as a result of new or amendments to the Rules and Regulations or the Act, the above charges shall apply

Justification

The proposed amendment is made further to the regulatory mandate of the Commission. It has become pertinent to charge fees which reflect current economic realities for efficient performance of its duties.