



## EXTERNAL MEMORANDUM

<b>DATE:</b>	21 June 2024
<b>SUBJECT:</b>	<b>FRAMEWORK ON BANKING SECTOR RECAPITALISATION PROGRAMME – 2024</b>

### INTRODUCTION

Following prevailing macroeconomic challenges and headwinds occasioned by external and domestic shocks, the Central Bank of Nigeria (CBN) has mandated a recapitalisation programme for banks to strengthen their asset base and support economic growth in line with the Federal Government’s target of achieving a US\$1 trillion economy by 2030. Capital market has a significant role to play in facilitating the recapitalisation programme as the Banks are expected to leverage the market to raise the needed funds and /or engage in various forms of business combinations. As the regulatory institution mandated to regulate and develop the Nigerian capital market, the Securities and Exchange Commission (SEC), has the responsibility to ensure a smooth, transparent, and efficient capital raise process by the banks. This framework outlines the guidelines and procedures banks are required to follow to raise capital through rights issuance, private placements, or other approved methods during the 2024-2026 recapitalisation period.

### OBJECTIVES

- To serve as a comprehensive guide for Banks/Holding Companies and market participants to navigate the recapitalisation programme effectively.
- To ensure that the capital raising process is conducted efficiently, transparently, and in a manner that protects the interests of all stakeholders.
- To serve as a guide to the Banks/Holding Companies issuers and Capital Market Operators in filing applications for capital raise and/or mergers and acquisitions.
- To guide in ensuring full disclosure of material facts in compliance with the Investments and Securities Act 2007, Rules and Regulations of the Commission and other relevant laws.
- To ensure proper and timely review of the transactions

### CAPITAL RAISING OPTIONS

- **Rights Issue:** Banks/Holding Companies may offer new shares to existing shareholders on a pro-rata basis.
- **Public Offer:** Banks/Holding Companies may offer shares to the general public.
- **Private Placements:** Direct issuance of shares to a select group of investors.
- **Mergers and Acquisitions** and any form of business combination



## STEPS/PROCEDURE FOR REGISTRATION

- Applications/Documents are filed electronically via [offerapplications@sec.gov.ng](mailto:offerapplications@sec.gov.ng) email.
- Documents forwarded will be reviewed, and where there are observed deficiencies, this will be communicated to the applicants electronically.
- Note that where deficiencies are communicated, the timeline resets.
- In the absence of any deficiency, approval will be granted and communicated.

### Note:

- This framework is an excerpt of the existing Rules and Regulations of the Commission and should be read in conjunction with the relevant provisions of the Investment and Securities Act, 2007 and the Commission's Rules and Regulations.
- The Commission may require other documents or information as may be necessary.
- Where an issuer had already filed necessary documents with SEC (e.g. Memorandum and Articles of Association (Memart) or certificate of incorporation or certificate of increase in share capital, etc.) the issuer need not file the documents in subsequent transactions, provided the issuer enters into an undertaking that since the previous filing, there has been no change in the documents already filed with the Commission.
- Affected banks/Holding Companies are required to regularise/update their corporate information with the CAC prior to filing an application with the Commission.

Where an application is returned for being incomplete – a penalty of ₦1,000,000 and re-filing fee of ₦100,000 shall apply. This fee is payable by the Issuing House without a recourse to the Issuer or the Issue proceeds



## DOCUMENTATION REQUIREMENTS AND APPLICABLE FEES

S/N	FILING	FEES	REQUIREMENTS	REFERENCE TO ISA/SEC RULES & REGULATION
1.	Registration of Distribution of Securities: Initial Public Offer (IPO), Offer for Subscription, Rights Issues and Private Placements	<p>Filing fee ₦100,000</p> <p>Registration fee:</p> <ul style="list-style-type: none"> <li>– First ₦500 million (value of shares to be registered) 0.275%</li> <li>– Next ₦500 million 0.225%</li> <li>– Any sum thereafter 0.15%</li> </ul>	<ol style="list-style-type: none"> <li>1) Duly completed checklist</li> <li>2) Extract of the Shareholders' Resolution passed at the General Meeting (AGM or EGM) authorizing the offer;</li> <li>3) Board Resolution authorizing the Offer;</li> <li>4) Memorandum and Articles of the Issuer (including amendments thereto) recently certified by the CAC;</li> <li>5) Certificate of Incorporation of the Issuer certified by the Company Secretary;</li> <li>6) Audited Accounts for the preceding five years or number of years the Issuer has been in operation where it is less than 5 years;</li> <li>7) Certificate of Increase in Share Capital certified by the Company Secretary (where the Issuer has increased its share capital);</li> <li>8) Draft Prospectus, Rights Circular, or Placement Memorandum and Abridged Prospectus;</li> <li>9) Form SEC 6 (duly completed);</li> <li>10) CAC Status Report showing Statement of Share Capital, Return of Allotment, and Particulars of Directors. This should bear the original stamp of the CAC;</li> </ol>	<p>Part IX, Investments and Securities Act (ISA) No. 29, 2007</p> <p>Part F, Securities and Exchange Commission Rules and Regulations 2013 (as amended)</p>



- 11) Draft Underwriting and sub underwriting agreement (where the offer is underwritten);
- 12) Draft Vending Agreement;
- 13) Consent Letters of all the parties to the offer;
- 14) Mandate Letter;
- 15) Evidence of payment of Registration and filing fees;
- 16) Evidence of publication of notice of meeting in two (2) national dailies (applicable for Rights Issue and Private Placement);
- 17) Specimen e-allotment statement;
- 18) Draft Advert materials (Newspaper Publications, Posters and Jingles for public offers and rights issue);
- 19) Reporting Accountants' Report (for public offer);
- 20) Comfort letter from the solicitors to the issue (solicitors' opinion);
- 21) Comfort letter from the core investor(s) (for private placement);
- 22) List of Claims and Litigations of the Issuer;
- 23) Sworn Letter of declaration of full disclosure by the Issuer;
- 24) Letter of confirmation of going concern status from the directors and auditors;
- 25) CBN no objection (confirming the list of Directors and that there are no material changes in the Issuer's audited accounts);



2.	Executed Offer Documents- Initial Public Offer (IPO), Offer for Subscription, Rights Issues and Private Placements	Not Applicable	The following documents shall be filed with the Commission within <b>three (3)</b> business days of signing: <ul style="list-style-type: none"><li>a) Signed/executed copy of the Prospectus/Rights Circular/Placement Memorandum;</li><li>b) Copy of Vending Agreement (signed, sealed and stamped);</li><li>c) Copies of advert materials;</li><li>d) Specimen e-allotment statement</li></ul>	Part IX, Investments and Securities Act (ISA) No. 29, 2007  Part F, Securities and Exchange Commission Rules and Regulations 2013 (as amended)
3.	Proposed Basis of Allotment	Not Applicable	The following documents shall be filed within six (6) weeks for public offers/rights issues and ten (10) days for Private Placement: <ul style="list-style-type: none"><li>a) Basis of allotment;</li><li>b) Consent letter jointly signed by the Issuer and the Issuing Houses agreeing to the Proposed Basis of Allotment;</li><li>c) Draft Newspaper Announcement;</li><li>d) Statement of Issue Proceeds Account (signed and stamped by the receiving bank with the name of the authorized signatory indicated); and</li><li>e) CBN Capital Verification report on the source of capital (for allotment approval). The report</li></ul>	Part IX, Investments and Securities Act (ISA) No. 29, 2007  Part F, Securities and Exchange Commission Rules and Regulations 2013 (as amended)



			shall contain account details of the issue proceeds account, amount verified and date.	
4.	Mergers & Acquisitions	<p>Filing fee ₦100,000</p> <p>Processing fee:</p> <ul style="list-style-type: none"> <li>– First ₦500 million (based on the value of consideration) 0.3%</li> <li>– Next ₦500 million 0.225%</li> <li>– Any sum thereafter 0.15%</li> </ul>	<ol style="list-style-type: none"> <li>1) Duly completed checklist</li> <li>2) Extract of the board resolution of the companies authorizing the transaction;</li> <li>3) Extract of shareholders resolution of the companies authorizing the transaction</li> <li>4) Draft scheme document/information memorandum;</li> <li>5) Copy of valuation report relied on by the board of directors;</li> <li>6) CBN no objection (confirming the list of Directors and that there are no material changes to the companies’ audited accounts);</li> <li>7) Letter of consent given by parties to the scheme duly notarized by a notary public or a Commissioner for oath</li> <li>8) Copy of certificate of incorporation certified by the company secretary;</li> <li>9) CAC status report showing Statement of Share Capital, Return of Allotment, and Particulars of Directors. This should bear the original stamp of the CAC;</li> <li>10) Audited Accounts for the preceding five years or number of years the companies have</li> </ol>	Merger and Acquisitions Rules (August 2021 as amended)



			<p>been in operation where it is less than 5 years</p> <ol style="list-style-type: none"><li>11)Memorandum and Articles of the companies (including amendments thereto) recently certified by the CAC;</li><li>12)Summary of the claims and litigation</li><li>13)Letter of appointment of the financial adviser</li><li>14)Financial service agreement between the companies and the financial adviser</li></ol>	
5.	Formal Approval for Mergers		<ol style="list-style-type: none"><li>1) Duly completed checklist.</li><li>2) Extract of the minutes of the Court Ordered Meeting (COM) of the merging entities duly certified by a director and the company secretary</li><li>3) Extract of the executed shareholders resolutions passed at the separate COM</li><li>4) Copy of the scheme document duly signed by the parties to the merger</li><li>5) Scrutineers report showing the result of the voting and the total votes cast at the meeting</li><li>6) Stamped Power of Attorney of directors who were absent at the separate COM</li><li>7) Executed copy of the order of proceedings at the meeting</li><li>8) Report of reconciliation of the register of members with the company Registrar, Central Securities Depository and the relevant Securities Exchange</li></ol>	



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|  |  |  | 9) Evidence of clearance letter from the Federal Inland Revenue Service regarding any tax liability<br>10) All executed contracts in respect of the merger |  |
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## **Other Requirements**

1. An affiliate Registrar to a Bank or its Holding Company cannot maintain register of shareholders of a Bank or its Holding Company or act as the Registrar to an offer in which the Bank or the Holding Company is the issuer;
2. Banks or their Holding Companies are encouraged to undertake the capital raising exercise through a registered e-offering platform provided by a Securities Exchange. Potential subscribers who do not have access to internet or mobile devices shall subscribe through registered Receiving Agents;
3. Allotment proposals will not be approved until the CBN provides a capital verification report;
4. All applications with incomplete information will be rejected;
5. Bank Verification Number (BVN) is mandatory for all applicants;
6. There will be no preferential allotment.

## **Conclusion**

The SEC is committed to supporting the Central Bank of Nigeria's recapitalisation programme towards achieving the targeted objectives.

For further inquiries or clarification, banks and stakeholders are encouraged to contact the SEC's dedicated offer application email: [offerapplications@sec.gov.ng](mailto:offerapplications@sec.gov.ng)





## CHECKLIST FOR MINIMUM DOCUMENTATION REQUIRED TO SUPPORT A CAPITAL-RAISING APPLICATION

S/N	Documentation Required	Included (yes/no)	Remark
1.	Extract of the Shareholders' Resolution passed at the General Meeting (AGM or EGM) authorizing the offer		
2.	Board Resolution authorizing the Offer		
3.	Certificate of Increase in Share Capital certified by the Company Secretary (where the Issuer has increased its share capital)		
4.	Certificate of Incorporation of the Issuer certified by the Company Secretary		
5.	Memorandum and Articles of the Issuer (including amendments thereto) recently certified by the CAC		
6.	Audited Accounts for the preceding five years or number of years the Issuer has been in operation where it is less than 5 years		
7.	Draft Prospectus, Rights Circular, or Placement Memorandum and Abridged Prospectus		
8.	Form SEC 6 (duly completed)		
9.	CAC Status Report showing Statement of Share Capital, Return of Allotment, and Particulars of Directors. This should bear the original stamp of the CAC		
10.	Draft Underwriting and sub underwriting agreement (where the offer is underwritten)		
11.	Draft Vending Agreement		
12.	Consent Letters of all the parties to the offer		
13.	Mandate Letter		
14.	Evidence of payment of registration and filing fees		
15.	Evidence of publication of notice of meeting in two (2) national dailies (applicable for Rights Issue and Private Placement)		
16.	Specimen e-allotment statement		
17.	Draft Advert materials (Newspaper Publications, Posters and Jingles for public offers and rights issue)		
18.	Reporting Accountants' Report (for public offer)		
19.	Comfort letter from the solicitors to the issue (solicitors' opinion)		
20.	Comfort letter from the core investor(s) (for private placement)		
21.	List of Claims and Litigations of the Issuer		



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<b>22.</b>	Sworn Letter of declaration of full disclosure by the Issuer		
<b>23.</b>	Letter of confirmation of going concern status from the directors and auditors		
<b>24.</b>	CBN no objection (confirming the list of Directors and that there are no material changes in the Issuer's audited accounts)		

## Declaration

We hereby confirm that we have complied with and ensured compliance by the Issuer with the applicable disclosure requirements under the Investment and Securities Act and the SEC Rules and Regulations. We accept liability for any misstatement, untrue statement or omission of a material fact in the confirmations provided on the checklist.

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**Financial Adviser:**

**Name:**

**Designation**

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**Solicitor to the Transaction:**

**Name:**

**Designation**



## Checklist for Minimum Information Required to Support a Merger /Acquisition Application

S/N	Documentation Required	Included (y/n)	Remark
1.	Extract of the board resolution of the companies authorizing the transaction		
2.	Extract of shareholders resolution of the companies authorizing the transaction		
3.	Draft scheme document/Information memorandum		
4.	Copy of valuation report/fairness opinion relied on by the board of directors		
5.	CBN no objection to the proposed merger/acquisition		
6.	Letter of consent given by parties to the scheme duly notarized by a notary public or a Commissioner for Oath		
7.	Copy of certificate of incorporation certified by the company secretary		
8.	CAC status report showing Statement of Share Capital, Return of Allotment, and Particulars of Directors. This should bear the original stamp of the CAC		
9.	Evidence of reconciliation of the issued shares of the company with the company's Registrars, the relevant Central Securities Depository and the relevant Securities Exchange where its shares are listed/traded		
10.	Audited Accounts for the preceding five years or number of years the companies have been in operation where it is less than 5 years		
10	Memorandum and Articles of the companies (including any amendments thereto) recently certified by the CAC		
11.	Summary of the claims and litigation		
12.	Letter of appointment of the financial adviser		
13.	Financial service agreement between the companies and the financial adviser		



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## Declaration

We hereby confirm that we have complied with and ensured compliance by the companies with the applicable disclosure requirements under the Investment and Securities Act and the SEC Rules and Regulations. We accept liability for any misstatement, untrue statement or omission of a material fact in the confirmations provided on the checklist.

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**Financial Adviser:**

**Name:**

**Designation**

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**Solicitor to the Transaction:**

**Name:**

**Designation**



## Checklist for Minimum Information Required to Support a formal approval of a Merger

S/N	Documentation Required	Included (Y/N)	Remark
1.	Extract of the minutes of the Court Ordered Meeting (COM) of the merging entities duly certified by a director and the company secretary		
2.	Extract of the executed shareholders resolutions passed at the separate COM		
3.	Copy of the scheme document duly signed by the parties to the merger		
4.	Scrutineers report showing the result of the voting and the total votes cast		
5.	Stamped Power of Attorney of directors who were absent at the separate COM		
6.	Executed copy of the order of proceedings at the meeting		
7.	Report of reconciliation of the register of members with the Company Registrar, Central Securities Depository and the relevant Securities Exchange		
8.	Evidence of clearance letter from the Federal Inland Revenue Service regarding any tax liability		
9.	All executed contracts in respect of the merger		

### Declaration

We hereby confirm that we have complied with and ensured compliance by the companies with the applicable disclosure requirements under the Investment and Securities Act and the SEC Rules and Regulations. We accept liability for any misstatement, untrue statement or omission of a material fact in the confirmations provided on the checklist.

\_\_\_\_\_  
**Financial Adviser:**

**Name:**

**Designation**

\_\_\_\_\_  
**Solicitor to the Transaction:**

**Name:**

**Designation**



## Indicative Timeline for Capital Raising

<b>SEC Responsibility</b>	<b>Estimated duration</b>
Acknowledge receipt of filing	24 hours
Undertake a review of filing completeness	24 hours
Communicate deficiencies	10 business days
Grant approval of draft documents	5 business days
Communicate letter of approval of draft documents	24 hours
Review executed documents	5 business days
Grant approval of executed documents	5 business days
Communicate letter of approval for offer to open	24 hours
Review proposed basis of allotment	5 business days
Grant approval of the basis of allotment	5 business days
Issue letter of approval for allotment	24 hours

## Indicative Timeline for Mergers & Acquisitions

<b>SEC Responsibility</b>	<b>Estimated duration</b>
Acknowledge receipt of filing	24 hours
Undertake a review of filing completeness	24 hours
Communicate deficiencies	10 business days
Grant No objection to the Merger/Acquisition	5 business days
Communicate a No objection for Merger/Acquisition	24 hours
Review the report of Court Ordered Meeting	5 business days
Grant a formal approval of Merger	2 business days
Communicate letter of formal approval	24 hours