



## **Exposure Of Sundry Amendments To The Commission's Rules And Regulations**

### **Details of the proposed amendments are as follows:**

1. Proposed Amendment to Rule 39- Annual Report
2. Proposed Amendment to Rule 41- Quarterly Report
3. Proposed Amendment to Part N- Miscellaneous Rules
4. Proposed Amendment to Schedule 1 Part D- SEC Fees on Market Deals

**LEGEND:** Additions are underlined and Justifications are *italicized*.

### **1. Proposed Amendment to Rule 39 (7)- Penalty**

#### **Full Text of Existing Rule:**

Any company that fails to file its annual report with the Commission as in (1) above shall be liable to a fine of ₦1 million and the sum of ₦25,000.00 for every day the default continues.

#### **Proposed Amendment:**

Any public company that fails to ~~file its annual report with the Commission as in (1) above~~ comply with any of the provisions of Rule 39 above shall be liable to a penalty of not less than ₦1 million and the sum of ₦25,000.00 for every day the default continues.

### **2. Proposed Amendment to Rule 41 (5)- Penalty**

#### **Full Text of Existing Rule:**

Any company which fails to file quarterly report with the Commission shall be liable to a fine of N1million and the sum of N25,000 for every day the default continues.

#### **Proposed Amendment:**

Any public company which fails to ~~file quarterly report with the Commission~~ comply with any of the provisions of Rule 41 above shall be liable to a fine of ₦1 million and the sum of ₦25,000.00 for every day the default continues for each of the violation.



**Justification:** *One of the reasons for amending Rule 39 and 41 requesting public companies to simultaneously file Audited Annual Reports and Quarterly Reports with the relevant exchanges (where applicable) and placed on the company’s website is to enable investing public have relevant and timely disclosures for decision making.*

*However, the Commission has observed that many public companies file their Audited Annual Accounts and Quarterly Reports timeously to the Commission but not simultaneously placing same on their websites and based on Rule 39(7) and 41(5) the Commission is unable to penalize the defaulting companies. Additionally, some public companies refuse to comply with Rule 39(3) which states that “ The chief executive officer and chief financial officer or officers or persons performing similar functions in a public company shall in filing the annual account, attach a duly signed certification letter to the matters specified in Section 60(2) of the Act”.*

### **3. Proposed Amendment to PART N: MISCELLANEOUS RULES**

#### **Full Text of Existing Rule 602 (Title):**

Attendance at General Meetings of Securities Exchanges/other S.R.Os, public companies, collective investment schemes, and court-ordered meetings in mergers and take-overs.

#### **Proposed Amendment:**

~~Attendance at General Meetings of Securities Exchanges/other S.R.Os, public companies, collective investment schemes, and court-ordered meetings in mergers and take-overs.~~

**Justification:** *The provision under the Rule is not limited to attendance at general meetings. It also provides for notice of meetings and conduct of meetings.*

### **4. Proposed Amendment to Schedule 1, Part D: SEC Fees on Market Deals**

#### **Full Text of Existing Rule:**

**PART D**

***Others***



**S.E.C. FEES ON MARKET DEALS**

1. Payment to Commission by broker/dealer on every security traded on the Exchange (payable by buyer) 1% market value of security
2. Filing fee for proxy materials N5,000.00
3. Fees for inspection, copying and certifying records kept by S.E.C.:
  - (a) Inspection of any document N500.00
  - (b) Certification of any document:
    - (1) First page N1000.00
    - (2) Every subsequent page N100.00
    - (c) Photocopying (each page) N100.00

**Proposed Amendment:**

**PART D**

***Others***

**OTHER S.E.C. FEES ON MARKET DEALS**

1. Payment to Commission by broker/dealer on every security traded on the Exchange (payable by buyer) 1% market value of security
2. Filing fee for proxy materials for general meetings ~~N5,000.00~~ 500,000.00
3. Fees for inspection, copying and certifying records kept by S.E.C.:
  - (a) Inspection of any document ₦1000.00
  - (b) Certification of any document:
    - (1) First page ₦1000.00
    - (2) every subsequent page ₦100.00
    - (c) Photocopying (each page) ₦100.00

***Justification:*** Many public companies have argued that the proxy fee referred to in Schedule 1 relates to market deals and not for general meetings. In order to prevent ambiguity, there is need to properly align this filing fee for proxy materials for general meetings in its proper place in Rule 602.



*Rule 602 is on attendance at general meetings of securities exchanges/other S.R.Os, public companies, collective investment schemes, bondholders meetings, completion meetings for public offerings and court-ordered meetings in mergers and takeovers.*