



DEMATERIALIZATION

Outcome of Review of Dematerialization
Report.

INTRODUCTION

- Constitution of the Technical Committee on Dematerialization
- Terms of reference of the Committee
 - Identify and remove impediments to the Dematerialization exercise
 - Identify responsibilities of stakeholders
 - Recommend modalities and timelines



RECOMMENDATIONS OF COMMITTEE & ACTION TAKEN BY SEC

Recommendation 1

- The SEC and other stakeholders in the market should immediately embark on massive enlightenment campaign on the Demat exercise.

- SEC Action:
 - Embarked on a nation wide enlightenment campaign to be run for 4 months by;
 - Placing adverts in national daily newspapers & TV stations.
 - Jingles on radios and TV stations (5 major languages)
 - Implementation of a Time table for enlightenment



Cont.....

Recommendation 2

- SEC to issue directives to Company Secretaries to confirm the authorized paid up capital of their companies and mandate their Registrar to update the register of members for onward transfer to the CSCS.

SEC Action

- Directives issued
- 70% compliance level.
- 2weeks given to 30% to comply



Cont.....

Recommendation 3

- SEC to issue directives to Registrars to generate and update electronic copy of register of members and forward same to CSCS in an agreed format;

SEC Action

- Directives issued by SEC
- As at 22nd July 2015, 7 Registrars have complied out of 22 Registrars.
- Extension of 2weeks to comply



Cont.....

Recommendation 4

- SEC should come up with a policy statement directing that allotments, rights and bonuses should be fully electronic.

SEC Action

- For quoted companies SEC insist that the offer document must state that investors CHN must be provided for electronic allotment of shares/rights, bonuses.
- A policy statement cannot be issued now because of the provisions of S147(i) CAMA.



Cont.....

Recommendation 5

- A standardized shareholder dematerialization Form designed by CSCS and the Registrars to facilitate the verification of investors information

Feedback

- The Demat Committee had designed a migration Form
- The Form has been further reviewed by stakeholders at a meeting organized by CSCS.
- Stockbrokers & Registrars to make forms available on their websites and offices.



Cont.....

Recommendation 6

- Investors to be advised to select a Broker of their choice in order to facilitate and enable them obtain their clearing House Number (CHN) from the CSCS

SEC Action

- The newspaper and TV adverts and radio jingles carry this message.



Cont.....

Recommendation 7

- SEC should urge the Corporate Affairs Commission (CAC) to facilitate the amendment of Section 147(i) of CAMA.

SEC Action

- Collaboration on-going.



Cont.....

Recommendation 8

- The Demat exercise should be used as a market development tool to educate investors and the general public about issues in the capital market.

SEC Action

- The SEC enlightenment campaign covers;
 - Dematerialization
 - E-dividend
 - Direct Cash settlement
 - Wonder Banks/Ponzi Schemes



Cont.....

Recommendation 9

- A Biometric solution should be adopted in view of the various benefits.

SEC Action

- Collaboration on-going with CBN and NIBSS on leveraging the BVN database.



Conclusion

- Target completion date of dematerialization: October 2015.
- Post Dematerialization exercise.
 - Rendering of reports by various stakeholders.



Thank you.

