



## PROPOSED FEE SCHEDULE TEMPLATE

Tuesday, May 9, 2017

Lagos, Nigeria

**Disclaimer:** The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any agency of the Nigerian government.

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# INTRODUCTION

Why review transaction fees?

- To make our market more competitive
- In-line with recommendations of the market structure committee (Headed by Dotun Suleiman)
- In-line with key findings of the TCA Committee (Headed by Ade Bajomo)
- As provided for in the 10-Year Capital Market Master Plan





## EQUITIES: Current Cost of Issuance

- Issuing House – 45%
- Receiving Agents – 25%
- NSE – 10%
- SEC – 5%

85% of Issuance cost is paid to them

## FIXED INCOME: Current Cost of Issuance

- Issuing House – 34%
- Receiving Agents – 19%
- SEC – 4%
- Rating Agency – 4%

60% of Issuance cost is paid to them



## Proposed Fixed Income Primary Issuance Fee SEC Market Wide Proposal

S/N	Cost Centre	CURRENT FEE RATES	Proposed fee Rates
1	SEC	@ 0.15% of offer size	1st N500 Mn @ 0.15% Next N500 Mn @ 0.145% Balance above N1 Bn @ 0.1425%
2	NSE	@ 0.15% of offer size	Companies already having Equity Listing @ 0% Companies not having Equity Listing @ 0.0375% States and Supra-nationals @ 0.05%
3	ISSUING HOUSE	Max 1.35% of offer size	1 <sup>ST</sup> N1 Bn @ Max of 1.35% Next N1 Bn @ Max of 1.225% Balance above N2 Bn @Max of 1.15%
4	CSCS	@ 0.01% of Offer size	@ 0.0075% of Offer Size Capped @ N5 Mn
5	RECEIVING AGENT	@ 0.75% of Offer size	@ 0.25% of Offer size



## Proposed Fixed Income Primary Issuance Fee: SEC Market Wide Proposal

S/N	Cost Centre	CURRENT FEE RATES	Proposed fee Rates
6	STOCKBROKER	@ 0.13% of Offer size	@ 0.13% of Offer size
7	REGISTRARS	N30 (Existing Application)  N40 (New Application)  Take on fee of N1 Mn	N30 (Existing Application)  N40 (New Application)  Take on fee of N1 Mn
8	SOLICITORS TO THE ISSUE	@ 0.1% of Offer size  Subject to a min of N1 Mn	@ 0.05% of Offer size  Subject to a cap of N10 Mn
9	SOLICITOR TO THE COMPANY	@ 0.05% of Offer size  Subject to a min of N500,000	@ 0.01% of Offer size  Subject to a cap of N5 Mn
10	REPORTING ACCOUNTANT	@ 0.1% of Offer size	@ 0.05% of Offer size  Subject to a min of N1 Mn  Subject to a max of N7.5 Mn
11	AUDITORS	@ 0.05% of Offer size	@ 0.01% of Offer size capped of N4 Mn



## Proposed Fixed Income Primary Issuance Fee: SEC Market Wide Proposal

S/N	Cost Centre	CURRENT FEE RATES	Proposed fee Rates
12	TRUSTEES	0.1% - 0.35% Of Offer size	Max of 0.035% of Offer size  Capped of N5 Mn
13	UNDERWRITING	Negotiable (Excluded from current fee regime)	Max of 2.3% of Offer size
14	PRINTING/ ADVERTISEMENT/PUBLICITY/ OTHER EXPENSES	(Excluded from current fee regime)	Max of 0.2% of Offer size
	<b>TOTAL</b>	MAX 3.9375% (excluding underwriting commission, Printing/Adverts and Registrars fee )	Max 2.293% (excluding underwriting commission and Registrars fee )



## Proposed Equity Primary Issuance Fee SEC Market Wide Proposal

S/N	Cost Centre	CURRENT FEE RATES	PROPOSED FEE RATES
1	SEC	1st N500 Mn @ 0.30%	1st N500 Mn @ 0.275%
		Next N500 Mn @ 0.225%	Next N500 Mn @ 0.225%
		Balance above N1 Bn @ 0.15%	Balance above N1 Bn @ 0.15%
2	NSE	At 0.30% of Offer size	Main Board - Listing Fees - 0.25% of Offer size subject to maximum fee of N200m.
			Premium Board - Listing Fees 0.25% of Offer size subject to maximum fee of N400m.
			ASEM - flat fee of N100,000.00.



## Proposed Equity Primary Issuance Fee SEC Market Wide Proposal

S/N	Cost Centre	CURRENT FEE RATES	PROPOSED FEE RATES
3	ISSUING HOUSE	At 1.35% of Offer size	1 <sup>ST</sup> N1 Bn @ 1.35% Next N1 Bn @ 1.225% Balance over N2 Bn @ 1.15%
4	CSCS	At 0.01% of Offer size	At 0.0075% of Offer Size Capped @ N5 Mn
5	RECEIVING AGENT	At 0.75% of Offer size	@ 0.50% of Offer Size
6	STOCKBROKER	0.13% of Offer size	0.13% of Offer Size
7	REGISTRARS	N30 (Existing Application) N40 (New Application) Take on fee @ N1m	N30 (Existing Application) N40 (New Application) Take on fee @ N1m
8	SOLICITOR TO THE ISSUE	At 0.1% of Offer size Subject to a min of N1 Mn	0.05% OF Offer Size Subject to a min of N1 Mn Capped of N10Mn
9	SOLICITOR TO THE COMPANY	At 0.05% of Offer size Subject to a min of N500,000	At 0.01% of Offer Size Subject to a min of N500,000 Capped of N5Mn





## Proposed Equity Primary Issuance Fee SEC Market Wide Proposal

S/ N	Cost Centre	CURRENT FEE RATES	PROPOSED FEE RATES
10	REOPORTING ACCOUNTANT	At 0.1% of Offer size	0.05% of Offer Size  Subject to a min of N1 Mn and a max of N7.5 Mn
11	AUDITORS	At 0.05% of Offer size	At 0.01% of Offer size capped @ N4 Mn
12	UNDERWRITING	Negotiable (Excluded from current fee regime)	Max of 2.3% of Offer size
13	PRINTING/ ADVERTISEMENT/PUBLICITY/OTHER EXPENSES	(Excluded from current fee regime)	Max of 0.2% of Offer size
	<b>TOTAL</b>	MAX 3.17% (excluding underwriting commission, Printing/Adverts and Registrars fee )	Max 2.833 % (excluding underwriting commission and Registrars fee )



# EQUITIES – PRIMARY ISSUANCE FEES

DESCRIPTION	CURRENT FEE RATES - % (Max - 3.17%)	PROPOSED FEE RATES - % (Max – 2.478%)
<b>SEC Fees</b>	1 <sup>st</sup> N500m - 0.3% Next N500m - 0.225% Balance above N1bn - 0.15%	1 <sup>st</sup> N500m - 0.275% Next N500m - 0.225% Balance above N1bn - 0.15%
<b>NSE Application Fee</b>	0.3% of Offer size	<ul style="list-style-type: none"> <li>● Main Board - Listing Fees - 0.25% of Offer size subject to maximum fee of N200m.</li> <li>● Premium Board – Listing Fees 0.25% of Offer size subject to maximum fee of N400m.</li> <li>● ASEM to remain flat fee of N100,000.00.</li> </ul>
<b>Issuing House</b>	1.35% of Offer size	1 <sup>st</sup> N1b - 1.35% Next N1b - 1.225% Balance above N2bn - 1.15%



# FIXED INCOME PRIMARY ISSUANCE FEE

DESCRIPTION	CURRENT FEE RATES - % (Max - 3.9375%)	PROPOSED FEE RATES - % (Max – 3.5%)
<b>SEC Fees</b>	0.15% of Offer size	1 <sup>st</sup> N500m - 0.15% Next N500m - 0.145% Balance above N1bn - 0.1425%
<b>NSE Application Fee</b>	0.15% of Offer size	<ul style="list-style-type: none"> <li>• Companies already having Equity Listing at 0%</li> <li>• Companies not having Equity Listing at 0.0375%</li> <li>• States and Supra-nationals at 0.05% *</li> </ul>
<b>Issuing House</b>	1.35% of Offer size	1 <sup>st</sup> N1bn - 1.35% Next N1bn - 1.225% Balance above N2bn - 1.15%

\* The NSE reduced its fixed income listing fee, allowing companies already listed on the NSE to issue debt at no additional cost. For entities not already listed on the NSE, The Exchange has reduced its listing from 0.15% of the offer size to 0.0375% for corporate and 0.05% for states and sub-nationals, a change which went into effect from August 17th, 2016.



# FIXED INCOME ISSUANCE FEE

## Scenario 1: N10billion State Government Bond

DESCRIPTION	CURRENT FEE RATES – (N)	PROPOSED FEE RATES – (N)	VARIANCE (cost savings)
SEC Fees	15,000,000	14,300,000	700,000
*NSE Application Fee	15,000,000	5,000,000	10,000,000
Issuing House	135,000,000	117,750,000	17,250,000

## Scenario 2: N20billion State Government Bond

DESCRIPTION	CURRENT FEE RATES – (N)	PROPOSED FEE RATES – (N)	VARIANCE (cost savings)
SEC Fees	30,000,000	28,550,000	1,450,000
*NSE Application Fee	30,000,000	10,000,000	20,000,000
Issuing House	270,000,000	232,750,000	37,250,000



# FIXED INCOME ISSUANCE FEE

## Scenario 3: N40billion State Government Bond

DESCRIPTION	CURRENT FEE RATES – (N)	PROPOSED FEE RATES – (N)	VARIANCE (cost savings)
SEC Fees	60,000,000	57,050,000	2,950,000
*NSE Application Fee	60,000,000	20,000,000	40,000,000
Issuing House	540,000,000	462,750,000	77,250,000





# EQUITIES PRIMARY ISSUANCE FEE

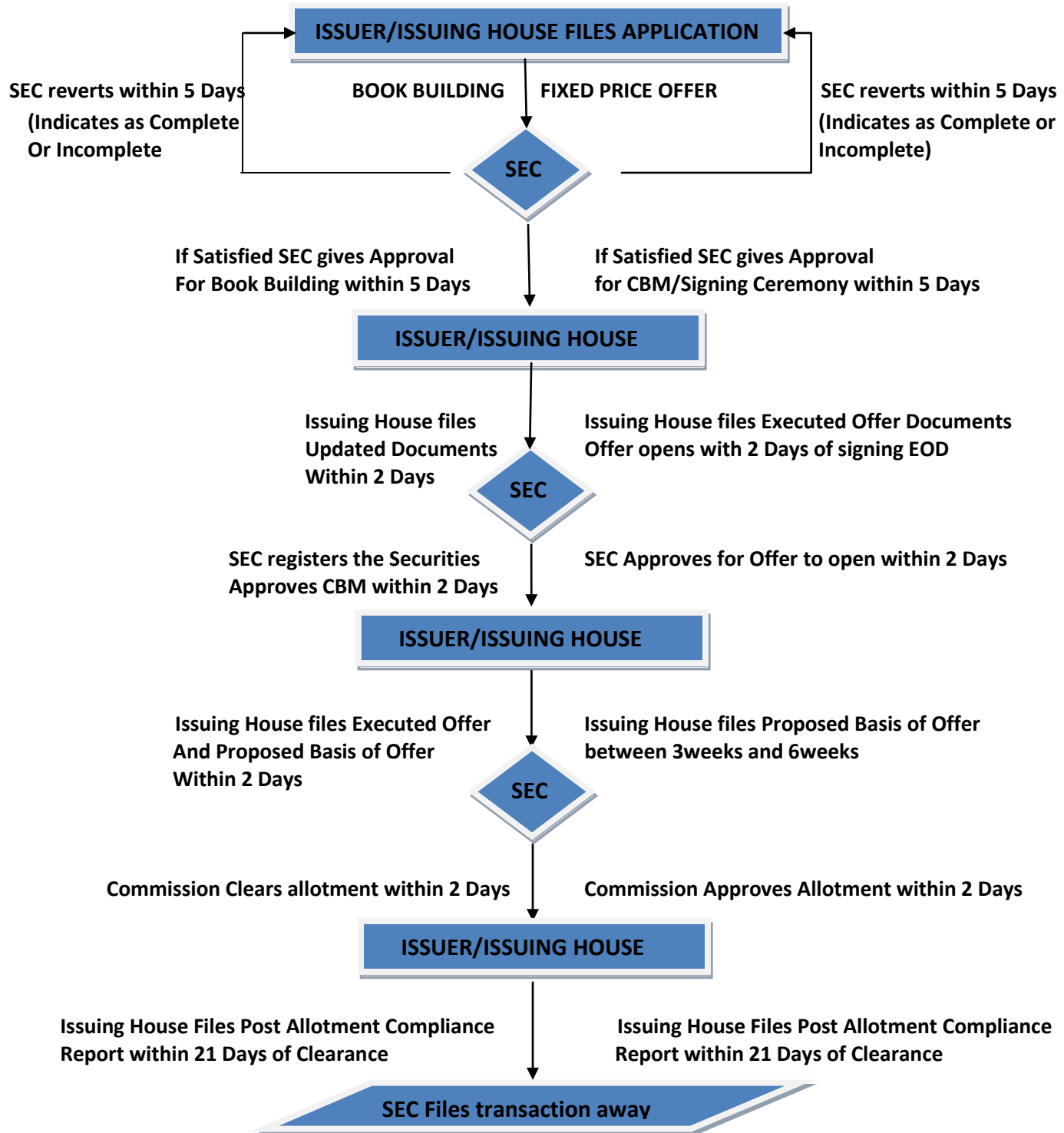
## Scenario 1: N20 billion Equity Issuance

DESCRIPTION	CURRENT FEE RATES – (N)	PROPOSED FEE RATES – (N)	VARIANCE (cost savings)
SEC Fees	31,125,000	31,000,000	125,000
*NSE Application Fee	60,000,000	50,000,000	10,000,000
Issuing House	270,000,000	232,750,000	37,250,000

## Scenario 2: N40 billion Equity Issuance

DESCRIPTION	CURRENT FEE RATES – (N)	PROPOSED FEE RATES – (N)	VARIANCE (cost savings)
SEC Fees	61,125,000	61,000,000	125,000
*NSE Application Fee	120,000,000	100,000,000	20,000,000
Issuing House	540,000,000	462,750,000	77,250,000

# FAST TRACK FLOW CHART FOR SUB-NATIONAL BOND APPLICATION



**BOOKBUILDING CYCLE = 18 DAYS OFFER**  
**FIXED PRICE= 31 DAY OFFER**

**N.B:** For the process to work the filling must be complete, issuing house must respond promptly to deficiencies, parties to the transaction must be in a good standing with the SEC, no objection of other regulatory bodies must be obtained within one week of filling the application