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**INFLATION-INDEXED BONDS:
INVESTMENT THAT PROTECTS THE INVESTOR**

INTRODUCTION

Inflation-indexed bonds (also known colloquially as **linkers**) are bonds that links the principal, capital appreciation, or coupon payments to inflation rates. They are thus designed to cut out the inflation risk of an investment. An inflation-indexed security guarantees a real return which usually come in the form of a bond or note. Since these types of **securities offer investors a very high level of safety**, the coupons attached to such securities are typically lower than notes with a higher level of risk. There is always a risk-reward trade off for investors to balance. (Investopedia).

Since inflation varies over time and long term nominal treasury bonds are not safe assets for long term investors, inflation indexed bonds fill in the gap by offering a truly riskless long term investment. (Cambel & Shiller 1996, Cambell and Viceira 2001/2002).

The segments most affected by inflation are fixed income earners who have no indexation facilities, the retired population and deprived. In normal times, inflation indexed bonds can be used to infer expectations of inflation and real short-term interest rates. In developing countries, government inflation indexed bond is used to provide a fundamentally new instrument for use especially in **retirement savings**.

WHAT IS INFLATION

Inflation is a general rise in prices across the economy distinct from a rise in the price of a sustained good or service. Individual prices rise and fall all the time in a market economy, reflecting consumer choices and preferences, and changing costs. But when there is a general increase in price level that is sustained overtime, then there is inflation.

If the price of one item - say a particular model of car - increases because demand for it is high, we do not think of this as inflation. Inflation occurs when most prices are rising by some degree across the whole economy.

The rate of inflation is a measure of how fast prices are rising. It is computed as the percentage increase in the level of prices between two time periods. In measuring inflation, a number of goods that are representative of the economy are put

together into what is referred to as a "Commodity Basket". The cost of this basket is then compared over time.

To measure overall inflation, the price change of a large "basket" of representative goods and services is measured. This is the purpose of the [price index](#), which is the combined price of a "basket" of many goods and services. The combined price is the sum of the weighted average prices of items in the "basket". A weighted price is calculated by multiplying the [unit price](#) of an item with the number of those items the average consumer purchases. Weighted pricing is a necessary means to measuring the impact of individual unit price changes on the economy's overall inflation.

There are two main price indexes that measure inflation:

- **Consumer Price Index** (CPI) - A measure of price changes in consumer goods and services such as gasoline, food, clothing and automobiles. The CPI measures price change from the perspective of the purchaser. The Consumer Price Index (CPI), for example, uses data collected by surveying households to determine what proportion of the typical consumer's overall spending is spent on specific goods and services.
- **Producer Price Indexes** (PPI) - A family of indexes that measure the average change over time in selling prices by domestic producers of goods and services. PPIs measure price change from the perspective of the seller.

In the long run, the various PPIs and the CPI show a similar rate of inflation. This is not the case in the short run, as PPIs often increase before the CPI. In general, investors follow the CPI more than the PPIs.

In Nigeria, the inflation rate was recorded at 12.90 percent in June of 2012. Historically, from 2006 until 2012, Nigeria Inflation Rate averaged 10.5800 Percent reaching an all time high of 15.6000 Percent in February of 2010 and a record low of 3.0000 Percent in July of 2006. (www.inflation-indexbonds.com).

The prevailing view in mainstream economics is that inflation is caused by the interaction of the supply of money with output and interest rates. Mainstream economist views can be broadly divided into two camps: the "**Monetarists**" who

believe that monetary effects dominate all others in setting the rate of inflation, and the "**Keynesians**" who believe that the interaction of money, interest and output dominate over other effects. Other theories, such as that of the Austrian school of economics, believe that an inflation of overall prices results from an increase in the supply of money by central banking authorities. Related concepts include:

- ✓ Deflation- a general falling level of prices;
- ✓ Disinflation- the reduction of the rate of inflation;
- ✓ Hyper-inflation- an out-of-control inflationary spiral;
- ✓ Stagflation- a combination of inflation and poor economic growth; and
- ✓ Reflation- which is an attempt to raise prices to counteract deflationary pressures.

INFLATION- INDEXED BONDS

Inflation-indexed bond also known as "**real return**" security is a security that guarantees a return higher than the rate of inflation if it is held to maturity. Inflation-indexed securities link their capital appreciation, or coupon payments, to inflation rates. Investors seeking safe returns with little to no risk will often hold inflation-indexed securities.

Inflation-indexed bonds are marketable securities whose principal is adjusted by changes in the Consumer Price Index. With inflation (a rise in the index), the principal increases and with a deflation (a drop in the index), the principal decreases. Though inflation-indexed bonds pay interest at a fixed rate, because the rate is applied to the adjusted principal, however, interest payments can vary in amount from one period to the next. If inflation occurs, the interest payment increases. In the event of deflation, the interest payment decreases. At the maturity of an inflation-indexed bond, the adjusted principal and the interest are received. They are forms of savings that protects the [principal](#) and interest from the erosion of inflation.

Recently inflation-indexed bonds have become available in a number of countries and have provided a fundamentally new instrument for hedging against loss of value. Nominal bonds are not always safe assets for long-term investors because expected inflation varies over time eroding the value of the currency. Inflation-indexed bonds therefore provide a truly riskless long-term investment by making sure that investments are adjusted to meet up with the level of inflation. They are

being offered by different government under different terms. It is known as Treasury-Inflation Protected Securities (TIPS) in the USA, Indexed Linked Gilt in the United Kingdom, Real Return Bonds (RRB) in Canada, Capital Indexed Bonds in Australia and Index-Link Treasury bonds in Sweden. Colloquially, they are referred to as linkers.

Inflation indexed bonds have the features that the principal repayment cannot be less than the face value of the bond, even if the price level falls over the life of the bond. This gives it an option-like feature in which the price level as at the time of issue is the reference Consumer Price Index. Consequently, interest payments are adjusted for changes in the Consumer Price Index (CPI) and the final payment, the principal or par value is continuously adjusted by an amount equal to the CPI but is payable only when the bond is sold or matures.

This type of bond protects one against the loss of purchasing power, grow in value and provide more income as the consumer price index goes up. Following the volatility in interest rates, **inflation-indexed bonds guarantee that one's fund would not get ravaged by high inflation.** The value of inflation indexed bonds rises with inflation. The path of real interest rate is a major influence on inflation-indexed bond yield.

HOW INFLATION-INDEXED BONDS WORK

These instruments give investors two different payments:

- **Inflation Payment**
Every six months, the principal is adjusted by an amount equal to the CPI, payable only when the bond is sold or matures.
- **Coupon Payment**
Bondholders receive a check twice a year for an amount equal to the principal multiplied by the interest rate.

One of the most significant economic threats to anyone living on a fixed income or a fixed stock of assets is the eroding effects of [inflation](#). For example, with an inflation rate of 3% per year, a fixed income investment earning 5% per year will [yield](#) only 2% [earnings](#) in real terms and in the case of an increase in the rate of inflations the investor might not be getting any real value from the investment.

Inflation-protected bonds are a good decision when an investor's outlook of inflation is that inflation will be going up in the coming years. For example, if you purchase a ₦ 1,000.00 bond and the Consumer Price Index rose by 3%, the value

of your initial principal will also increase by 3% to ₦1,030.00. Assuming the coupon rate on the bond was 3%, you will receive interest payments based on the new principal amount. If in the following year the CPI rises to 4%, the principal will be adjusted from ₦1,030.00 to ₦1,071.20, and your interest payment would increase from 3% to 4%, paid twice a year.

Now the question is how does this structure compare to the ordinary type bond - one that is not inflation protected? Well, assuming the inflation rate is 3% and the yield of the unprotected ₦1,000.00 10-year bond is 6.3%, the real yield of this security would be the 3.3% which is derived by subtracting the inflation rate from the security's note. After a year, that note would be valued at ₦1,063.00, but you would lose ₦30.00 of that gain because of the erosive nature of inflation, leaving you with a bond that is worth ₦1,033.00. Hence, it makes sense to purchase inflation-indexed securities if you believe that inflation will pick up.

FEATURES OF INFLATION-INDEXED BONDS

- ✓ **Constant coupon-rate:** the rate being paid on indexed bond do not change overtime, it remains the same throughout the life of the bond.
- ✓ **Periodic adjustment of principal with inflation:** this is the peculiarity of the indexed bond, because unlike the conventional bond, the principal amount is regularly adjusted to match up with the prevalent inflation rate(measured by the consumer price index)
- ✓ **Inflation adjusted coupon payments:** since there is a constant adjustment in the principal, there will be a resultant change in the amount of interest paid. That is, with a rise in inflation, the principal rises resulting in a rise in the amount of interest paid and vice versa in the case of a deflation. It pays a periodic [coupon](#) that is equal to the product of the inflation index and the nominal coupon rate guaranteeing a rate of return that is above the inflation rate.
- ✓ **Semi-annual coupon payment:** They protect interest from inflation by providing the investor with semi-annual interest payments based on the semi-annual interest rate applied to the new inflation-indexed principal value.
- ✓ **Inflation-adjusted principal amount is paid at maturity:** One of the major features of indexed bonds is that at the time of maturity, an investor in an indexed bond receives the full real amount of the principal. In comparison, an investor in a conventional bond only gets part of the

principal back, in real terms, because the purchasing power of the principal declines over time as long as it is being held.

BENEFITS AND DRAWBACKS

Benefits

- ✓ Guaranteed to outpace the inflation rate.
- ✓ Guarantee a return of principal.
- ✓ They have pre-defined real returns
- ✓ They are less volatile than nominal bond
- ✓ The returns on inflation-indexed bonds are highly correlated with inflation
- ✓ They have low correlation with other assets classes, hence can serve as an hedge to mitigate risks
- ✓ The principal repayment of inflation-bonds cannot be less than the face value of the bond even if the price level falls over the life of the bond.
- ✓ They are effective in serving as nominal security in the event of inflation.
- ✓ Unlike conventional bonds, it links its cash flows to actual inflation levels so that the real rate of return matches the nominal interest rate of the bond

Drawbacks

- ✓ Some expenses may grow at rates greater than the inflation rate.
- ✓ Could generate poor results when there is deflation.
- ✓ Subject to federal taxes, this may not justify the lower interest rates.

Inflation-indexed bonds contributed to the growth of the **Brazilian, Chilean and Colombian capital markets** and would be of great support to the development of the **Nigerian Capital market**. It will provide more funds to the government for infrastructural development, pull more investors to the Capital market and protect them from future loss

According to BusinessDay investigations, lack of high investment grade and inflation linked instruments in the Nigerian market may hamper the investment of part of the ₦ 2.6 trillion pension assets, a development that may be threatening the nation's Vision 20:2020 strategic plans. Also, respite would have come the way of government on its debt burden and deficit financing in its yearly budget, through lower yields on the instruments.

Analysts and the Debt Management Office (DMO) Nigeria, responsible for the issuance of the instruments, believe that the inflation linked instruments will

encourage investors with longer term investment horizon to invest in the bonds since it would ensure guaranteed positive returns under all circumstances relating to movement of the general price level in the economy. It will also confer on the country, the advantage of a predictable path of cost of funds, since the instruments will not be subjected to fluctuations in inflation rate, given the unpredictability of inflation occasioned by decayed infrastructure, which is making the cost of Consumer Price Index (CPI), a major component of inflation, to be on the rise.

Samir Gadio, emerging market strategist at Standard Bank, London argued that inflation-indexed bonds could reduce the cost of government financing via lower yields, reflecting the inflation protection but the limited tradability of these bonds may still result in an increased liquidity premium. The segmentation of the Nigerian debt market, even as liquidity is tangible in only a few on-the-run FGN bonds, is a risk to factor in.”

Razia Khan, analysts at Standard Chartered Bank, London is optimistic that the surge in inflation will be a relative one-off - but inflation-linked instruments can help mitigate the impact of inflation on investors. They are a useful instrument with which to diversify, and provide much needed protection to fixed income returns in more inflationary environments.”

CONCLUSION

Inflation-indexed bonds have valuable information for policymakers. In normal times they can be used to infer expectations of inflation and real short-term interest rates.

Floating inflation indexed bonds to serve a need, rather than buying them will help move the country- Nigeria to a desirable investment position. It will signal the government’s intent to contain inflation, which, by implication will attest to governments’ seriousness about the welfare of the disadvantaged sections of the population.

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PRIMARY AND SECONDARY MARKETS

PRIMARY MARKET

NEW ISSUES

Issuance of bonds by corporate and sub-nationals dried-up in the second quarter of 2012, likely due to the relatively high interest rate regime and appreciating inflation rate. The Central Bank of Nigeria (CBN) throughout the quarter kept the Monetary Policy Rate (MPR) at 12.0%, while the inflation rate had appreciated from 12.1% in March to 12.9% in June, as reported by the National Bureau of Statistics (NBS). These rates had multiplier effect on the cost of raising bonds. The current coupon on a 5-year tenor FGN bond, which was supposed to provide a benchmark for other issuers, was issued at 15.10%.

The equity segment, which serves as an alternative source of funding for corporate entities, was also not patronized during the quarter. Among other factors, the lull in new issues activities may not be unconnected with the uncertainties surrounding the inquest into “Near Collapse of the Nigerian Capital Market” conducted during the quarter by the House of Assembly. However, the Commission had received a number of equity and bond applications, which were being processed.

Hence, only FGN bonds were captured on the records of new issues during the second quarter. In all, the Debt Management Office (DMO) auctioned eight (8) bonds worth N243.91 billion during the quarter, all of which were highly oversubscribed. In the preceding quarter, the market recorded eleven (11) new issues worth about N214.25 billion (involving three (3) equities, one (1) corporate bond and seven (7) FGN bonds. Detail of the bonds issued in the quarter under review is presented on Table 1 below;

Table 1: AUCTION SUMMARY OF FGN BOND FOR THE SECOND QUARTER OF 2012

Maturity	Tenor (Yrs)	Amount Auctioned (₦' Bn)	Level of Subs (%)	Amount Subscribed (₦' Bn)	Amount Allotted (₦' Bn)	Marginal Rate (%)	Date Auctioned
March 18, 2014 (9th Issue)	3	20.00	311.90	62.38	20.00	10.50	25/04/12
April 27, 2017 (1st Issue)	5	35.00	226.06	79.12	35.00	15.10	25/04/12
January 27, 2022 (4th Issue)	10	35.00	186.66	65.33	35.00	16.39	25/04/12

April 27, 2017 (2nd Issue)	5	35.00	179.43	62.80	35.00	15.10	16/05/12
January 27, 2022 (5th Issue)	10	35.00	196.86	68.90	35.00	16.39	16/05/12
April 27, 2017 (3rd Issue)	5	30.00	186.13	55.84	30.00	15.10	27/06/12
June 29, 2019 (1st Issue)	7	30.00	133.90	40.17	30.00	16.00	27/06/12
January 27, 2022 (6th Issue)	10	23.91	140.86	33.68	23.91	16.39	27/06/12
Total		243.91		468.22	243.91		

Source: Compiled from DMO Reports

REGISTRATION OF OTHER SECURITIES

While Two (2) bonus issues of 1.57 billion shares with nominal value of N786.87million and One (1) existing securities of 1.63 billion shares with nominal value of N815.05 million were registered in the first quarter, none was recorded in the second quarter.

ALLOTMENT CLEARANCE

The Commission cleared Six (6) allotment proposals, involving One (1) special placement, Three (3) rights offers and Two (2) corporate bonds. One (1) of the rights offers, involving Union Bank Nigeria Plc, which involved International Breweries Plc was aborted while another was 77.73% subscribed. All the other four (4) issues were fully subscribed. Detail of these is captured on Table 2 below:

Table 2: ALLOTMENT CLEARED IN THE SECOND QUARTER OF 2012

Issuer	Offer Price (N)	Volume of Securities	Value (N)	Level of Subs.	Amount capitalized	Approval Date
Special Placement:						
Premier Paints Plc	1.00	48,000,000	48,000,000.00	100.00	48,000,000.00	04/04/12
Rights:						
Union Bank Nigeria Plc	6.81	1,407,209,676	9,583,097,893.56	Aborted	Aborted	30/04/12
International Breweries Plc	5.08	5,840,262,673	29,668,534,378.84	77.73	23,061,351,772.67	10/05/12
Consolidated Breweries Plc	62.00	6,146,718,750	381,096,562,500.00	100.00	381,096,562,500.00	31/05/12

Bonds:						
Chellarams Plc	1,000.00	540,000	540,000,000.00	100.00	540,000,000.00	03/04/12
Crusader Nigeria Plc	100.00	2,260,304,300	226,030,430,000.00	100.00	226,030,430,000.00	14/05/12
		15,703,035,399	646,966,624,772.40		630,776,344,272.67	

Source: SEC

SECONDARY MARKET

The secondary equity market showed some improvement in the second quarter in terms of price adjustment and transactions. Consequently, the price indicator, All-Share Index, gained 4.59% compared to the level in the first quarter. A major movement was observed in April, when the indicator gained 6.75% Month on Month (MoM). The market recorded a marginal gain of 0.09% MoM in May and a decline of 2.12% MoM in June.

Details of activities and trend of market indices were as follows:

TRADING ACTIVITIES ON THE NIGERIAN STOCK EXCHANGE

In 238,136 deals, over 26.49 billion securities worth N172.32 billion exchanged hands during the second quarter as against 206,922 deals recorded from the sale of about 19.64 billion securities valued at N145.08 billion in the first quarter. These represented increases of 15.08%, 34.92% and 18.78% in the number of deals, volume and value respectively.

Transactions during the quarter included 260 units of FGN bonds traded for N233,075.00 and 78,469 units of NewGold ETFs sold for N95.24 million. Comparative summary of trading statistics in the first and second quarter of 2012 is given on Table 3 below.

Table 3: COMPARATIVE SUMMARY OF TRADING STATISTICS IN THE FIRST & SECOND QUARTERS OF 2012

SECURITIES	FIRST QUARTER 2012			SECOND QUARTER 2012		
	Deals	Volume (Unit)	Value (Naira)	Deals	Volume (Unit)	Value (Naira)
Government Bond	0	0	0.00	2	260	233,075.00
Corporate Bonds/Pref. Shares	0	0	0.00	0	0	0.00

Exchange Traded Fund (ETF)- Gold	101	39,254	113,939,633.09	91	78,469	95,241,615.50
Equities	206,821	19,634,985,966	144,962,580,602.44	238,043	26,491,589,867	172,226,078,574.69
TOTAL	206,922	19,635,025,220	145,076,520,235.53	238,136	26,491,668,596	172,321,553,265.19

Source: Compiled from reports supplied by The NSE

Transactions by Sectors: As usual, the **Financial Services** sector dominated transactions with over 20.9 billion units of shares traded for N120.53 billion in the second quarter. This represented about 79% and 70% of the total volume and value of transactions recorded for the quarter. As shown on Table 4, **Conglomerate** sector was second in terms of volume of transaction followed by **Consumers Goods** sector. While 2.087 billion shares valued at N3.20 billion exchanged hands for **Conglomerate**, transactions recorded for **Consumers Goods** aggregated to 1.219 billion shares with a value of N33.74 billion.

TABLE 4: TRADING STATISTICS BY SECTOR FOR THE SECOND QUARTER OF 2012

Segment/Sector	No. of Deals	Volume of Securities (units)	Value of Securities Traded (Naira)
ASeM			
CONSTRUCTION/REAL ESTATE	16	173,560	189,752.60
CONSUMER GOODS	9	5,250	5,092.50
HEALTHCARE	0	0	0.00
INDUSTRIAL GOODS	2	14,200	22,010.00
NATURAL RESOURCES	0	0	0.00
OIL AND GAS	9	220,710	110,355.00
SERVICES	5	26,150	68,774.50
Sub-total	41	439,870	395,984.60
Main Board			
AGRICULTURE	3,373	106,477,342	1,041,558,426.64
CONGLOMERATES	8,301	2,087,470,927	3,202,713,339.97
CONSTRUCTION/REAL ESTATE	1,591	51,407,625	764,036,769.25

CONSUMER GOODS	42,726	1,219,697,100	33,742,005,478.21
FINANCIAL SERVICES	138,761	20,906,592,233	120,532,062,392.17
HEALTHCARE	3,640	236,823,133	833,567,513.83
ICT	561	501,584,802	929,933,490.64
INDUSTRIAL GOODS	12,542	253,108,849	3,603,990,421.64
NATURAL RESOURCES	151	81,215,361	47,286,809.73
OIL AND GAS	18,804	555,125,884	6,613,135,766.52
SERVICES	7,552	491,646,741	915,392,181.49
Sub-total	238,002	26,491,149,997	172,225,682,590.09
EXCHANGE TRADED FUNDS	91	78,469	95,241,615.50
FGN BOND	2	260	233,075.00
Overall	238,136	26,491,668,596	172,321,553,265.19

Source: Compiled from reports supplied by The NSE

Top Twenty (20) Equity Transactions by Volume: As shown on Table 5 below, the top 20 equity transactions in terms of volume controlled 85.12% of the total units of shares traded leaving only 14.88% to One Hundred and Fifty Two (152) other equities on the trading list in the second quarter. Union Bank Plc topped the table with over 4.47 billion of its shares traded in 4,144 deals to account for 16.88% of total trades. Among the top five were UBA Plc, Transnational Corporation Plc, Law Union & Rock Insurance Plc and GT Bank Plc.

TABLE 5: TOP 20 EQUITY TRANSACTIONS BY VOLUME IN THE SECOND QUARTER OF 2012

S/N	Equity	No. of Deals	Volume (units)	% of Total
1	Union Bank Nigeria Plc.	4,144	4,472,621,864	16.88
2	U B A Plc	12,849	2,084,431,388	7.87
3	Transnational Corporation Of Nigeria Plc	5,233	2,036,160,296	7.69
4	Law Union & Rock Insurance Plc.	188	1,881,331,201	7.10
5	GT Bank Plc.	25,096	1,865,934,553	7.04
6	First Bank Of Nig. Plc	32,240	1,795,246,219	6.78
7	Zenith Bank Plc	16,890	1,581,498,962	5.97
8	Diamond Bank Plc	4,000	1,196,185,972	4.52

9	First City Monument Bank Plc.	4,239	1,005,199,255	3.79
10	Access Bank Plc.	10,997	909,801,847	3.43
11	Dangote Sugar Refinery Plc	5,908	539,155,344	2.04
12	Skye Bank Plc	5,646	506,862,211	1.91
13	Fidelity Bank Plc	4,884	492,214,681	1.86
14	ETI Plc.	4,828	412,690,556	1.56
15	IHS Nigeria Plc	15	351,322,231	1.33
16	Goldlink Insurance Plc	258	347,020,772	1.31
17	Japaul Oil & Maritime Services Plc	3,294	303,046,181	1.14
18	Sterling Bank Plc.	2,547	292,950,408	1.11
19	Unity Bank Plc	672	242,717,293	0.92
20	Aiico Insurance Plc.	1,437	233,637,852	0.88
	Top 20 Total	145,365	22,550,029,086	85.12
	Other 152 Equities	92,678	3,941,560,781	14.88
	Overall	238,043	26,491,589,867	100.00

MARKET CAPITALIZATION

Total market capitalization of 260 listed securities stood at about N12.398 trillion in the second quarter, indicating an increase of N429 billion (3.58%) when compared to N11.969 trillion as at March 2012.

Equity Market Capitalization gained 5.26% during the quarter to close at N6.899 trillion from N6.554 trillion in the preceding quarter. Debt capitalization also inched up by 1.53% to end at N5.497 trillion while market value of the ETF depreciated by 1.38% to close at N1.002 billion.

Market Capitalization by Sector: Financial Services, Industrial Goods and Consumer Goods sectors of the Main Board remained the dominant sectors in the equity segment, controlling 17.97%, 16.68% and 16.37% of the overall market capitalization respectively. Meanwhile, the value of listed FGN bonds was most significant, accounting for about N3.762 trillion (30.34%) of total market capitalization. On the overall, equity market capitalization accounted for over 55% of market capitalization while the debt segment controls 44.34%.

TABLE 6: SECTORAL MARKET CAPITALIZATION AS AT JUNE 29, 2012

Sector	Listed Companies/ Securities	Market Capitalization (Naira)	% of Total Market
ASeM:			
Construction/Real Estate	1	37,800,000.00	0.0003
Consumer Goods	2	235,923,041.70	0.0019
Healthcare	1	12,449,425.00	0.0001
Industrial Goods	1	203,758,557.50	0.0016
Natural Resources	1	3,325,000.00	0.0000
Oil And Gas	4	3,000,617,717.54	0.0242
Services	2	559,262,811.04	0.0045
Sub-Total	12	4,053,136,552.78	0.0327
Main Board:			
Agriculture	5	31,599,371,923.82	0.2549
Conglomerates	6	91,416,664,241.28	0.7374
Construction/Real Estate	10	119,840,222,900.82	0.9666
Consumer Goods	28	2,029,626,414,074.07	16.3710
Financial Services	58	2,227,758,148,774.82	17.9691
Healthcare	10	33,847,038,463.28	0.2730
ICT	12	61,676,489,439.98	0.4975
Industrial Goods	26	2,067,783,429,547.18	16.6787
Natural Resources	6	7,871,754,322.75	0.0635
Oil & Gas	10	167,729,739,786.62	1.3529
Services	20	56,145,169,317.84	0.4529
Sub-Total	191	6,895,294,442,792.46	55.6174
Total Equities	203	6,899,347,579,345.24	55.6501
ETFs	1	1,002,000,000.00	0.0081
Debt Securities			
Corporate Bonds/Debentures	18	1,394,433,626,857.00	11.2475
Government Bonds—Federal	25	3,761,942,209,000.00	30.3438
Government Bonds—State& Local	13	341,000,000,000.00	2.7505
Total Debt Market Capitalization	56	5,497,375,835,857.00	44.3418
Overall	260	12,397,725,415,202.20	100.0000

Source: Compiled from The NSE reports

Top Twenty (20) Companies by Market Capitalization: Three (3) companies, Skye Bank Plc, Oando Plc and Total Nigeria Plc which occupied the 17th, 18th and 19th positions on the table of top equity by market capitalization, were displaced in the second quarter by Union Bank Nigeria Plc, Dangote Sugar Refinery Plc and Mobil Oil Nigeria Plc. The other companies, as captured on Table 7, remained firm on the table, although most of them switched position with the exception of the top four (4). Hence, Market value of the top 20 companies by market capitalization closed the quarter at about N5.826 trillion, representing 84.44% of the equity market

capitalization. The other listed one hundred and eighty three (183) equities had market value of N1.073 trillion (i.e. 15.56% of equity market capitalization).

Table 7: TOP TWENTY (20) COMPANIES BY MARKET CAPITALIZATION AS AT JUNE 29, 2012

S/N	Equity	Market Capitalization (Naira)	% of Equity Market Capitalization
1	Dangote Cement Plc	1,874,455,814,440.00	27.17
2	Nigerian Breweries Plc.	765,558,185,678.20	11.10
3	GT Bank Plc.	441,467,688,390.00	6.40
4	Zenith Bank Plc	431,701,789,557.50	6.26
5	First Bank Of Nig. Plc	356,342,361,189.36	5.16
6	Nestle Nigeria Plc.	353,722,852,008.75	5.13
7	Guinness Nig Plc	336,283,018,332.00	4.87
8	Access Bank Plc.	148,544,752,098.71	2.15
9	ETI Plc	133,512,865,380.00	1.94
10	Flour Mills Nig. Plc.	133,082,282,616.00	1.93
11	Lafarge Wapco Plc.	123,065,600,164.00	1.78
12	U B A Plc	120,711,878,491.56	1.75
13	Stanbic IBTC Bank Plc	120,000,000,000.00	1.74
14	Unilever Nigeria Plc.	113,536,720,462.50	1.65
15	P Z Cussons Nigeria Plc.	101,247,164,647.50	1.47
16	Union Bank Nig. Plc.	63,170,558,136.83	0.92
17	First City Monument Bank Plc.	60,439,343,433.36	0.88
18	U A C N Plc.	51,062,978,303.70	0.74
19	Dangote Sugar Refinery Plc	50,160,000,000.00	0.73
20	Mobil Oil Nig Plc.	47,923,110,186.90	0.69
	Top 20 Market Capitalization	5,825,988,963,516.87	84.44
	Other 183 Equities	1,073,358,615,828.37	15.56
	Equity Market Capitalization	6,899,347,579,345.24	100.00

Source: Compiled from reports supplied by The NSE

THE ALL-SHARE INDEX

While it recorded a marginal decline of 0.38% in the first quarter, the NSE All-Share Index (ASI) appreciated by 4.59% in the second quarter to close at 21,599.57 points. In the corresponding second quarter of 2011, the ASI inched up by 1.46% to end at 24,980.20 points. This showed that it had declined by 13.53% within the last twelve months.

Table 8 below, captured the starting, high, low, and end points of the index between April and June. The ASI opened the quarter at its lowest of 20,651.95 points and hit the peak of 22,665.99 points to record a year-to-date (YTD) growth of 9.34%, which coincidentally was the highest point attained in the first half of 2012. It declined sharply to 20,902.95 points on June 8, 2012 putting the YTD growth as low as 0.83% before it rallied to close the quarter at 21,599.57 points.

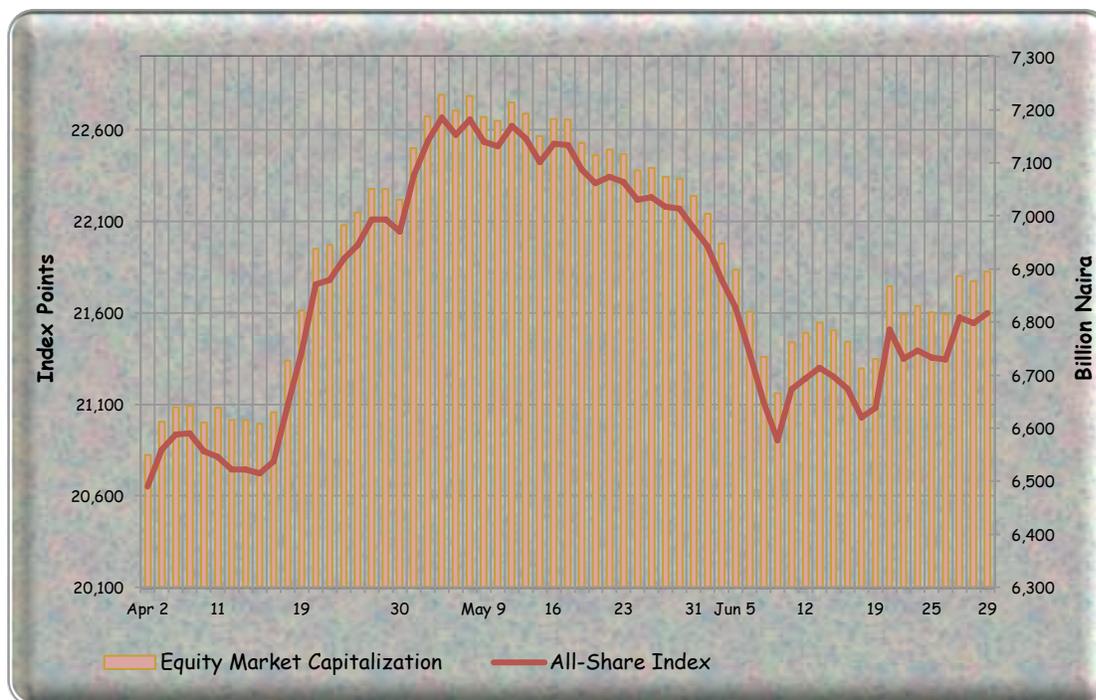
TABLE 8: NSE ALL-SHARE INDEX MOVEMENT (APRIL – JUNE, 2012)

Date	Index (Points)	YTD%	Remark
30/03/12	20,652.47	(0.377)	Ending of Q1, 2012
01/04/12	20,650.95	(0.384)	1 st day/Lowest point of the month/Quarter
26/04/12	22,109.76	6.65	Peak point of the month
30/04/12	22,045.66	6.34	End of Month
02/05/12	22,351.00	7.82	1 st day of the month
04/05/12	22,665.99	9.34	Peak of the month/Quarter
31/05/12	22,066.40	6.44	End/Lowest Point in the Month
01/06/12	21,963.87	5.95	1 st day/Peak point in the Month
08/06/12	20,902.95	0.83	Lowest point of in the month
29/06/12	21,599.57	4.19	End of Month/Quarter

Source: Compiled from The NSE reports

The ASI and Equity Market Capitalization grew more consistently in April as indicated on the chart below, but trod down slowly in the first three weeks in May. A sharp decline occurred between the fourth week of May and first week of June. Volatility was observed in the last three weeks of the quarter.

All-Share Index and Equity Market Capitalization (April – June, 2012)



Note: Equity Market capitalization for main board only

PRICE PERCENTAGE GAINERS AND LOSERS

The number of listed equities stood at 202 in the second quarter of 2012. A review of adjustments in prices of the equities showed that there were Thirty Six (36) gainers, Fifty Seven (57) losers and One Hundred and Nine (109) static prices. Discounting the Two new equities listed in the preceding quarter, the market recorded Thirty Four (34) gainers, Sixty (60) losers and One Hundred and Six (106) static prices.

Gainers: Consolidating on the gain of 62.65% recorded in the first quarter, the share price of Paints & Coatings Manufacturing Plc appreciated by 124.71% in the second quarter to retain the top spot on the gainers chart. Transnational Corporation Plc and R. T. Briscoe Plc settled at the second and third positions with price appreciations of 107.69% and 80.34% respectively, as shown on Table 9 below.

A review of the gainers list showed that the twenty six (26) other gainers not captured on Table 9, had price appreciations ranging from 0.03% to 22.47%.

TABLE 9: TOP TEN (10) PERCENTAGE PRICE GAINERS IN SECOND QUARTER OF 2012

S/N	Equity	Price on 30/03/12 (Naira)	Price on 29/06/12 (Naira)	Absolute Gain (Naira)	(%)Gain
1	Paints & Coatings Manufactures Plc	0.85	1.91	1.06	124.71
2	Transnational Corporation Of Nigeria Plc	0.52	1.08	0.56	107.69
3	R T Briscoe Plc.	1.17	2.11	0.94	80.34
4	Intercontinental WAPIC Insurance Plc	0.50	0.84	0.34	68.00
5	U B A Plc	2.61	3.66	1.05	40.23
6	Presco Plc	10.70	14.73	4.03	37.66
7	Union Bank Nigeria Plc.	2.71	3.73	1.02	37.64
8	Evans Medical Plc.	0.50	0.67	0.17	34.00
9	CAP Plc	18.52	24.00	5.48	29.59
10	Red Star Express Plc	2.39	2.99	0.60	25.10

Source: Compiled from The NSE Reports

Losers: The Three top price losers in the second quarter were Avon Crowncaps & Containers (45.01%), Portland Paints & Products Nigeria Plc (40.20%) and Oando Plc (38.94%). Other equities with significant price declines are captured on Table 10. However, a review of the range of decline for the Forty Seven (47) price decliners showed that they fell between 0.08% and 25.59%.

TABLE 10: TOP TEN (10) PERCENTAGE PRICE LOSERS IN SECOND QUARTER OF 2012

S/N	Equity	Price on 30/03/12 (Naira)	Price on 29/06/12 (Naira)	Absolute Loss (Naira)	Loss (%)
1	Avon Crowncaps & Containers	5.11	2.81	2.30	45.01
2	Portland Paints & Products Nigeria Plc	3.98	2.38	1.60	40.20
3	Oando Plc	22.01	13.44	8.57	38.94
4	DN Meyer Plc.	0.85	0.52	0.33	38.82
5	A.G. Leventis Nigeria Plc.	1.26	0.82	0.44	34.92
6	Airline Services & Logistics Plc	1.94	1.39	0.55	28.35
7	Nigerian Aviation Handling Company Plc	8.36	6.00	2.36	28.23
8	Continental Reinsurance Plc	1.03	0.74	0.29	28.16
9	Skye Bank Plc	3.88	2.88	1.00	25.77

10	First City Monument Bank Plc.	4.34	3.23	1.11	25.58
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Source: Compiled from The NSE Reports

MONITORING AND INVESTIGATION

MONITORING

INVESTIGATIONS

In the second quarter, the Commission received a total of Three Hundred and Thirty-Six (**336**) correspondences from various capital market operators and investors, while Four Hundred and Thirty-Seven (**437**) correspondences emanated from the Commission to operators and investors respectively.

STOCKBROKERS

Out of the **336** correspondences received, **224** were with respect to stockbrokers, the breakdown is as follows:

❖ New complaints	-	38
❖ Correspondence on existing complaints	-	<u>186</u>
Total	-	<u>224</u>

The breakdown of the new complaints also is as follows:

Month	Unauthorized/ fraudulent sale of shares	Non remittance of share sale proceeds	Refusal/ Illegal transfer of shares	Falsification of clients' accounts	Non purchase of shares/ undue delay in the purchase of stocks	Grand Total
April	4	1	2	5	3	15
May	4	1	2	3	3	13
June	2	3	3	2	-	10
Total	10	5	7	10	6	38

REGISTRARS

Out of the **336** correspondences received, **156** were with respect to Registrars, the breakdown is as follows:

❖ New complaints	-	38
❖ Correspondence on existing complaints	-	<u>118</u>

Total - 156

The breakdown of the new complaints is as follows:

Month	Non-receipt of dividends warrants/ bonuses	Returned monies for un-allotted shares	Non verification of share certificates	Non issuance of share certificates	Wrong crediting bonus shares/non crediting & CSCS accrued	Grand Total
April	2	2	2	1	2	9
May	2	1	2	1	-	6
June	8	4	3	4	4	23
Total	12	7	7	6	6	38

MISCELLANEOUS

Out of the **336** correspondences received, **11** were with respect to Miscellaneous, the breakdown is as follows:

Month	Miscellaneous (<i>complaints against Capital Market Operators other than Stockbrokers and Registrars</i>)	Total
April	1	1
May	3	3
June	7	7
Total	11	11

RESOLVED AND CLOSED CASES

A total of **36** cases were resolved and closed during the 2nd quarter. The breakdown is as follows:

STOCKBROKERS – Breakdown by nature of complaints

PERIOD	NATURE OF COMPLAINTS	NUMBER OF CASES RESOLVED AND CLOSED	TOTAL
April	Unauthorized/ fraudulent sale and purchase of shares	1	
	Non remittance of share sale proceeds	2	
	Refusal/Illegal transfer of shares	1	
	Falsification of clients' accounts	-	
	Non purchase of shares/undue delay in the purchase of stocks	-	

	Non verification of share certificates	-	4
May	Unauthorized/ fraudulent sale and purchase of shares	1	2
	Non remittance of share sale proceeds	1	
	Refusal/Illegal transfer of shares	-	
	Falsification of clients' accounts	-	
	Non purchase of shares/undue delay in the purchase of stocks	-	
	Non verification of share certificates	-	
June	Unauthorized/ fraudulent sale and purchase of shares	-	4
	Non remittance of share sale proceeds	3	
	Refusal/Illegal transfer of shares	1	
	Falsification of clients' accounts		
	Non purchase of shares/undue delay in the purchase of stocks	-	
	Non verification of share certificates	-	
	Grand Total	10	10

REGISTRARS – Breakdown by nature of complaints

PERIOD	NATURE OF COMPLAINTS	NUMBER OF CASES RESOLVED AND CLOSED	TOTAL
April	Non-receipt of dividends warrants/bonuses	2	14
	Returned monies for un-allotted shares	2	
	Non verification of share certificates	2	
	Non issuance of share certificates	4	
	Falsification of account/unethical conduct	4	
May	Non-receipt of dividends warrants/bonuses	-	4
	Returned monies for un-allotted shares	-	
	Non verification of share certificates	-	
	Non issuance of share certificates	4	

	Correction and merging of account	-	
June	Non-receipt of dividends warrants/bonuses	6	8
	Returned monies for un-allotted shares	1	
	Non verification of share certificates	1	
	Non issuance of share certificates	-	
	Correction and merging of account	-	
	Grand Total	26	26

MISCELLAENOUS

PERIOD	NATURE OF COMPLAINTS	NUMBER OF CASES RESOLVED	NUMBER OF CASES RESOLVED AND CLOSED	GRAND TOTAL
April	Miscellaneous (<i>complaints against Capital Market Operators other than Stockbrokers and Registrars</i>)	-	-	-
May	“	-	-	-
June	“	-	-	-
	Total	-	-	-

CASES FORWARDED TO Enforcement and Compliance (E&C) DEPARTMENT

During this period under review, ten (10) case files were forwarded to Enforcement & Compliance Department for enforcement actions.

S/N	NAME OF COMPLAINANT	NAME OF OPERATOR	FILE NUMBER
1.	Efere Ozako & Associates	Fidelity Union Securities Ltd	SB1274
2.	Okeke Jonathan Nkemdilim	“	SB3332
3.	Dada Omolara	“	SB3029
4.	Cyril Okache	“	SB2893
5.	Obi Ulasis & Co.	“	SB3303
6.	Obi Ulasi & Co (Christian U. Nwachukwu)	“	SB3231 [^]
7.	Engr. A. Ohanu	“	SB2549
8.	Ali Garba	“	SB2461
9.	Obi Ilasi & Co. (Emmanuel O.O.)	“	SB3231
10.	Jeru O. Aduh	Proforte Nig. Ltd	

ALL PARTIES MEETING

As one of the dispute resolution mechanisms adopted by the Commission in resolving complaints, five (5) all parties meetings were held during the quarter.

S/N	NAME OF PARTIES	NATURE OF COMPLAINT	DATE	REMARKS
1.	PHB Capital & Trust Ltd Vs. 1. Pan African 2. Treasuremix & Capital Ltd 3. Maclaize Capital Ltd (MAT Securities Ltd)	Complaint with respect to fund management by Messrs Spring Capital Ltd and Maclaize Capital Limited	April 25, 2012	The parties decided that they be given up to May 16, 2012 to reach amicable settlement.
2.	Yakubu Maikasuwa & Co (Proma Ltd) Vs. Chapel Hill Advisory Partners Ltd	Proma Ltd Investment in Starcomms Communication Plc via margin facility granted by Chapel Hill Advisory Partners Ltd	April 18, 2012	The parties agreed to resolve the matter amicably and revert back to the Commission on Friday, April 27, 2012. Response is being awaited.
3.	Union Capital Markets Ltd Vs. Central Securities Clearing System (CSCS)	Non release of stocks placed on margin facility	May 16, 2012	A memo was written to Legal Department requesting for their legal opinion on the three offer letters vis-à-vis the inclusion of bonuses A letter was written to Central Securities Clearing System and FBN Securities copying all parties requesting for explanation on how the MTS wireless tender with IBTC scaled through without the consent of the parties to the transaction. A letter was sent to Union Trustees to state the current status of the 20.5 million units of chartered bank shares and the bonus therein.
4.	Hon. Kanayo Edeh Vs. Access Bank Plc Resort Securities Trust Ltd	Unlawful sale of shares	June 17, 2012	Within two (2) months from the date of meeting (June 17, 2012), Resort Securities Trust Ltd has agreed to buy back all the shares and accrued bonuses in favour of Estate of Chief Sunday Edozie Edeh.
5.	Professor Ali D. Yahaya Vs. Nigerian Stockbrokers Ltd	Reconciliation of Axholme Nominees Ltd "RW" Account	June 28, 2012	Reconciliation of the client's account was successfully carried out.

SUMMARY OF OUTSTANDING COMPLAINTS

Outstanding complaints B/F as at March 31, 2012	-	582
Add: New Complaints 2nd Quarter (March -April –2012)	-	<u>87</u>
Total complaints as at 2nd Quarter	-	<u>669</u>
Less:		

Complaints forwarded for enforcement action to Enforcement & Compliance Department. (April-June)		10
Complaints Resolved April – June, 2012	-	<u>36</u>
Total complaints resolved/closed and forwarded to Enforcement & Compliance Department.	-	<u>46</u>
Total outstanding complaints as at June 30, 2012	-	<u>623</u>

SECURITIES AND INVESTMENTS SERVICES

INVESTMENT

During the period under review Investment Division handled the following applications:

The Summary of approved/ cleared offers/applications under processing:

- One (1) Special placement, valued at N96,896,176 was approved
- Two (2) Rights Issue, valued at N6,627,713,532 was approved
- Five (5) allotment proposals were approved.
- One (1) allotment proposal was aborted.
- Twenty-Six (26) applications for the registration of securities are under processing (16 Equities & 10 Fixed Income).
- Eight (8) applications for post allotments are under processing

The break-down of the approved applications are as follows:

Special Placement (Equities)

Issuer	Issue Type	Registered Securities	Nominal Value	Offer Price (N : K)	Value (N)	Date Registered/Cleared	Opening Date	Closing Date
HEBN Publishers Plc	Special Placement	29,814,208	50k	3.25	96,896,176	14/5/2012	—	—

Rights Issue (Equities)

S/N	Issuer	Issue Type	Offer Price (N.K)	Volume (Units)	Value (N)	Date Registered/ Approved	Opening Date	Closing Date	Issuing House
1	Aso Savings & Loans Plc	Rights Issue	0.60	11,046,189,224	6,627,713,532	3/4/2012 Approved to hold completion board meeting	—	—	Chapel Hill Advisory Partners Ltd
2	HEBN Publishers Plc	Rights Issue	2.95	70,185,792	207,048,086.4	14/5/2012	—	—	FSDH Securities Ltd

Allotment Cleared

S/N	Issuer	Offer Type	Volume	Offer Price N:K	Value (N:K)	Clearance Date	Sub. Level (%)	Issuing House
1	Premier Paints Plc	Special Placing	48,000,000	1.00	48,000,000	4/4/2012	100	Mainstreet Capital Ltd
2	Chellarams Plc	Bond	540,000	1000.00	540,000,000	3/4/2012	100	Dunn Loren Merrifield
3	Crusader Nigeria Plc	Bond	22,603,043	100.00	2,260,304,300	14/5/2012	100	Capital Bancorp Ltd
4	Consolidated Breweries Plc	Rights Issue	99,140,625	62.00	6,146,718,750	31/5/2012	100	Stanbic IBTC Plc
5	International Breweries Plc	Rights Issue	1,479,040,276	5.08	5,840,262,673	10/5/12	77.73	GT Capital Ltd
6	Union Bank of Nigeria Plc	Rights	1,407,209,667	6.81	—	30/4/2012 Offer aborted	—	Chapel Hill Advisory Partners Ltd

APPLICATIONS UNDER PROCESSING (EQUITIES)

- Deap Capital Plc- Rights issue of 750,000,000 ordinary shares of 50k each at N1.
- Studio Press Nigeria Plc – Special Placement of 252,104,285 ordinary shares of 50k each at N1.40 per share.
- JAIZ International Plc – Private placement of 1,767,766,425 ordinary share of N1.00 each at N1.00 per share.
- Fan Milk Plc- Rights Issue of 449,917,132 ordinary shares of 50 kobo at N1.60 per share.
- Vono Products Plc- Rights Issue of 525,000,000 ordinary shares of 50 kobo at N1.60k per share.

- African Paints Nigeria Plc- Rights Issue of 130,000,000 ordinary shares of 50 kobo at N1.25 per share.
- Pan African Capital Plc (formerly Spring Mortgage)- Registration of existing securities of 7,138,199,210 ordinary shares of 50 kobo each.
- Funman Agricultural Product Plc- Registration of its existing shares of 1,200,000,000 ordinary shares of 50 kobo each.
- Tourist Company of Nigeria Plc- Placing of 635,585,472 ordinary shares of 50 kobo each at N3.70 per share, requested for extension of turn-around period for additional six month.
- C & I Leasing Plc- Conversion of loans to ordinary shares under the N2,240,005,000 unsecured floating rating convertible loan stock.
- Guinea Insurance Plc- Special Placing of 740,000,000 ordinary shares of 50k each at 50k per share.
- Vital Products Plc- Private Placement of 617,229,730 ordinary shares of 50k each at N2.59K per share.
- Dangote Cement Plc- Registration of Bonus issue of 1,549,137,036 of 50k each.
- FCMB Plc- Registration of Bonus issue of 1,549,137,036 of 50k each.
- UBA Plc- Registration of Bonus issue of 6,693,873 of 50k each.
- NACHO Plc- Registration of Bonus issue of 246,093,750 of 50k each.

FIXED INCOME SECURITIES

- C & I Leasing Plc- Proposed 5 Billion Fixed Rate Bond issue under N10 Billion Bond issuance Programme.
- Zamfara State Govt.- Proposed Offer For Subscription of N18,750,000,000 14% Fixed Rate Development Bond Due 2018.
- Austin Laz and Co. Plc- Offer for subscription of N1.5B 16% Redeemable Convertible Bonds due 2016.
- Lagos State Government- - Shelf Registration of N167.5 Billion Debt Issuance Programme.

- Rivers State Government- Proposed Offer For Subscription of N100B Fixed Rate (Series 1) 2012/2017 under the N250B Debt Issuance Programme.
- International Finance Corporation- Proposed Offer for Subscription of fixed Rate Senior Unsecured Notes Due 2017 through Book Building.
- Gombe State Government- Proposed Offer For Subscription of N20B Fixed Rate (Series 1) 2012/2019 under the N30B Debt Issuance Programme.
- AMCON- N417 Billion 10.5% series 11 Bond due 2014 Under 4.5 Trillion debt issuance programme.
- AMCON- N4.5 Trillion debt issuance programme Registration of pricing supplement N2.07 Trillion zero coupon bond series III and IV due 2014.
- AMCON- N929. 403 Billion 13% series V Bond, adjustment to aggregate value of series V Bond.

POST ALLOTMENT UNDER PROCESSING

- ✓ BGL Plc- Special placing of 3,000,000,000 ordinary shares of 50k each at N4 per share.
- ✓ International Breweries Plc- Rights Issue of 1,479,040,276 ordinary shares of 50 kobo at N5.08k per share.
- ✓ Niger Insurance - Rights Issue of 2,677,079,286 ordinary shares of 50 kobo at 50k per share.
- ✓ Premier Paints Plc-- Special Placing of 48,000,000 ordinary shares of 50k each at N1.00 per share.
- ✓ Flour Mills Plc- Rights Issue of 455,566,222 ordinary shares of 50 kobo at N62 per share.
- ✓ Delta State Govt. of Nig.- Offer for subscription of N50 Billion 14% Fixed Rate Development Bond, Series 1 Due 2018 under N100 Billion Debt issuance Programme.
- ✓ United Bank for Africa Plc- Offer for subscription of N35 Billion Series 2 14% Fixed Rate Subordinated Unsecured Notes Due 2018 under N400 Billion Medium Term Note Programme.
- ✓ Ekiti State Govt. of Nigeria- Offer For Subscription Of N20 Billion 14.5% Fixed Rate Redemable Bond 2011- 2018 Under The N25 Billion Debt Issuance Programme.

MERGERS AND TAKEOVERS

During the period under review, the following activities took place:

MERGER

- Applications received 2
- Pending applications 2
- Applications Approved 1

ACQUISITION

- Applications received 3
- Pending applications 2
- Applications Approved 2

RESTRUCTURING

- Applications received 3
- Pending applications 3
- Applications Approved 1

MERGERS:

APPLICATIONS RECEIVED

1. MERGER BETWEEN CADBURY NIGERIA PLC AND STANMARK COCOA PROCESSING COMPANY LIMITED

The transaction was filed by Stanbic IBTC Bank Plc on behalf of the merging entities on June 26, 2012. The assets, liabilities and undertakings of Stanmark would be transferred to Cadbury and Stanmark would be dissolved without being wound up. About 99.34% of Stanmark Cocoa Processing Company limited was a subsidiary and owned by Cadbury.

STAGE OF PROCESSING

Notification

STATE OF PROCESSING

The documents were reviewed and found to be scanned copies. A letter was then prepared and forwarded to the Financial Adviser of the company informing them to send the original copies.

2. PROPOSED SCHEME OF MERGER BETWEEN CONSOLIDATED BREWERIES PLC AND DIL MALTEX (NIGERIA) PLC

The transaction was filed on April 27, 2012 by Stanbic IBTC Bank Plc and Alternative Capital Partners as financial advisers. It involved the transfer of assets, liabilities and undertakings of DIL/MALTEX to consolidated Breweries Plc. Consolidated Breweries was the major shareholder in DIL/MALTEX. It was proposed that minority shareholders should receive cash as or shares in the enlarged entity or any consideration as agreed by the Board of both entities.

STAGE OF PROCESSING

Notification

STATE OF PROCESSING

The transaction was granted Approval-In-Principle on the June 26, 2012

OUTSTANDING APPLICATIONS

1. PROPOSED MERGER BETWEEN TIDDO SECURITIES LIMITED AND TIDDO INVESTMENT MANAGEMENT LIMITED

The application was a merger between Tidido Securities Limited and Tidido Investment Management Limited. The application was filed by North-Bridge Investment and Trust Limited on May 23, 2011.

STAGE OF PROCESSING

Clearance of scheme document.

STATE OF PROCESSING

A company had responded to the deficiency on June 21, 2011 and is being reviewed.

2. PROPOSED SCHEME OF MERGER BETWEEN CORNERSTONE INSURANCE PLC AND LINKAGE ASSURNACE PLC

The transaction was filed by FCMB Capital Markets Limited and Cordros and Financial Advisers to the transaction. It involved the merger between Cornerstone Insurance Plc and Linkage Assurance Plc.

STAGE OF PROCESSING

Clearance of scheme document

STATE OF PROCESSING

A deficiency was sent on the June 18, 2012.

APPROVED MEREGR TRANSACTION

1. MERGER BETWEEN NIGERIAN BREWERIES, SONA SYSTEM AND LIFE BREWERIES

The transaction was filed by FCMB Capital Market Limited and Cordros Capital Market Limited on November 2, 2011. The proposed merger was to transfer all assets, liabilities and undertakings of Sona Systems and Life Breweries such that Nigerian Breweries would be the resultant entity.

ACQUISITION:

NEW APPLICATIONS RECEIVED

1. ACQUISITION OF SAIDEL LIMITED BY SAIPEM INTERNATIONAL B.V

The transaction was filed on June 20, 2012 by Dama Afabor & Co Ltd on behalf of the Companies. It involved the acquisition of 490,000 units of shares Ltd originally held by Messr Udofia Akanimo to Sapien International B.V for a cash consideration of N490,000.

STAGE OF PROCESING

Reviewed and Analysed.

2. PROPOSED ACQUISITION OF ACEN INSURANCE COMPANY PLC BY SOVEREIGN TRUST INSURANCE PLC

The application was filed by Greenwich Trust Ltd and Morgan Capital Group. It involved the acquisition of the entire issued ordinary shares as well as assets and liabilities of ACEN Insurance Plc at the exchange rate of 7 ordinary shares of Sovereign Trust Insurance PLC for every 85 ordinary shares of ACEN Insurance.

STAGE OF PROCESSING

A letter of deficiency was forwarded to the Financial Adviser on May 05, 2012 stating the Commissions opinion that the transaction was more of a merger than an acquisition. They were to justify why the application should not be treated otherwise.

3. ACQUISITION OF TDA CAPITAL MANAGEMENT LIMITED BY HALO AFRICA LIMITED

The transaction was filed by Constant Capital Limited, the financial advisers to the transaction. It involved the acquisition of 60,070,000 (Sixty million, seventy thousand) shares of TDA Capital Management at a cash consideration of N15,000,000 (Fifteen Million Naira Only)

STAGE OF PROCESSING

A deficiency letter was forwarded to the financial advisers on June 06, 2012

OUTSTANDING APPLICATIONS

1. ACQUISITION OF SHARES IN HONDA MANUFACTURING NIGERIA (HMN) LIMITED BY HONDA MOTORS CO. LIMITED (HONDA)

The application involved Honda Motors Co. Ltd which prior to the acquisition held 30% of the issued shares in Honda Manufacturing Nigeria Limited. Honda Motors Company Limited acquired 30% of the shares held by Leventis Overseas Limited and A.G Leventis (Nigeria) Plc. in Honda Manufacturing Nigeria, such that after the acquisition, Honda Motors Co. Ltd would own 60% in Honda Manufacturing Nigeria Limited.

STATE OF PROCESSING

A reminder letter was sent to the financial adviser on April 30, 2012 and the Commission received a response on June 30, 2012 by the financial advisers informing SEC that they were in the process of collating documents and would continue processing shortly.

2. APPLICATION FOR AUTHORITY TO PROCEED WITH TAKEOVER OFFER TO MINORITY SHAREHOLDERS OF GUARANTY TRUST ASSURANCE PLC FOR THE ACQUISITION OF UP TO 7.32% OF ITS SHARE CAPITAL BY ASSUR AFRICAN HOLDING

The transaction filed by Lead Capital Ltd was a tender offer by Assur Africa Holding for up to 732,405,689 ordinary shares of 50k each in Guaranty Trust Assurance Plc. AAH was obliged to make an offer to the minority shareholders of GTAssur on the same financial terms and conditions agreed with GTBank. In order to provide a free and orderly exit to those minority shareholders who might wish to divest their shareholding interest in GTAssure along with GTBank, AAH intended to limit the offer to about 7.32% of the issued GTAssure shares in order to avoid a breach of the free flow requirement of NSE.

STAGE OF PROCESSING

A letter was communicated on the June 21, 2012.

APPROVED ACQUISITION TRANSACTION

1. NOTIFICATION OF ACQUISITION AND SHARE TRANSFER AGREEMENT BETWEEN KINGSVILLE HOTELS LIMITED (KINGSVILLE) AND TRANSNATIONAL CORPORATION OF NIGERIA PLC (TRANSCORP)

It involved the transfer of 100% shares of the shares of Kingsville Hotels Ltd by Transnational Corporation of Nigeria. The transaction was consummated by the parties without the Commission's prior review and approval.

2. ACQUISITION OF 75% GUARANTY TRUST BANK PLCs EQUITY STAKE IN GT HOMES BY BLUESTREAM DEVELOPMENT AND PROJECT LIMITED.

The transaction involved the acquisition of GTBank equity stake of 3,499,999,999 ordinary shares of N1.00 (representing 75.11%) in GTHomes Limited by Bluestream Development and Project Limited.

RESTRUCTURING:

NEW APPLICATIONS

1. PURCHASE AND ASSUMPTION OF LIFT MICROFINANCE BANK LIMITED BY LAPO MICROFINANCE BANK LTD

The transaction was filed by the LAPO MicroFinance on a notification basis on December 5, 2011, but was received on Jan 31, 2012. The notification letter informed the Commission that LAPO (NGO-MFI) operated microfinance business. Following a directive from the Central Bank of Nigeria (CBN), instructing institutions operating microfinance business to transform into regulated microfinance banks, LAPO (NGO-MFI) sought the approval of CBN to transform LAPO into Microfinance Bank Limited. CBN through a letter dated June 21, 2010 approved to the grant of Microfinance Bank License to LAPO Microfinance Bank Limited. The CBN also directed that LAPO Microfinance Bank Limited should consolidate its operation with Lift Microfinance Bank Limited a Company where LAPO was the majority shareholder. LAPO Microfinance had thus decided to purchase and assume the assets and liability of Lift Microfinance Bank Limited.

STATE OF PROCESSING

A deficiency letter was sent to their Financial Advisers on June 04, 2012.

2. THE SCHEME OF ARRANGEMENT FOR THE RESTRUCTURING OF FIRST BANK OF NIGERIA PLC UNDER A FINANCIAL HOLDING SERVICE HOLDING COMPANY

The transaction was filed by FBN Capital as the financial adviser to the transaction on May 15, 2012. The Scheme proposed that all fully paid ordinary shares of the shareholders of FirstBank would be exchanged for the ordinary shares of FBN Holdings. In consideration for the said transfer, the shareholders of FirstBank (apart from FBN Holdings and FBN Holdings Nominee) would receive a combined total of 32, 632,084,345 ordinary shares of 50 kobo each in FBN Holdings, credited as fully paid in exchange for a combined total of 32, 632, 084, 345 ordinary shares of 50 kobo each in FirstBank held by the FirstBank shareholders on the Effective date, which ordinary shares would be transferred to FBN Holdings.

The Scheme also entailed the transfer by FirstBank, of its equity interests in Non-Banking Subsidiaries and the Associated Investments to FBN Holdings and FBN Capital, and an attendant reduction in its share capital reserves to the tune of N63.644 billion.

STATE OF PROCESSING

A deficiency letter was sent on June 01, 2012.

3. DIVESTMENT OF UNITY BANK PLC FROM NON-BANKING SUBSIDIARIES

The transaction was for the divestment of Unity Bank Plc from its non-banking subsidiaries, Unity Registrars Ltd, Northlink Insurance Brokers Ltd, Unity Bureau de Change Ltd, Canada Management Services Ltd, Hexalix Properties Ltd, Prints Ltd and also to sell Unity Investment and Capital Ltd to Aterios Capital Ltd. The transaction was filed on April 18, 2012.

STATE OF PROCESSING

Under review

OUTSTANDING APPLICATIONS

1. PROPOSED UNBUNDLING OF NON-CORE BANKING ASSETS OF OCEANIC BANK INTERNATIONAL LIMITED INTO ECOBANK

TRANSNATIONAL INCORPORATED AND OTHER MEMBERS OF THE ECOBANK GROUP- NOTIFICATION AND REQUEST FOR APPROVAL

The transaction was filed by Udo Udoma and Belo-Osagie. The Adviser notified the Commission of the proposed transfer by the bank, of shares that were currently held in the non-core banking assets of Oceanic Bank to ETI and its subsidiaries.

STATE OF PROCESSING

A meeting was held in Director, SIS office with the Advisers, Udo Udoma and clients (ETI) on the violation of section 118 (1) and it was agreed that the penalty for consummating the transaction without the Commission's prior approval should be paid. Thereafter, the "No-Objection" would be granted.

PROPOSED RESTRUCTURING OF TOTAL NIGERIA PLC

The transaction was for the restructuring of Total Group - Total S.A and Total Elf Aquitaine currently holding 45.24% and 16.48% respectively. Total Nigeria Plc wanted to transfer its equity holdings to Total Raffinage Marketing (TRM). Total Raffinage Marketing is wholly owned by SA and Total Elf Aquitaine.

STATE OF PROCESSING

A deficiency letter was sent to the companies on May 16, 2012.

3. PROPOSED JOINT VENTURE BETWEEN EMERGING MARKETS TELECOMMUNICATION SERVICES AND ALHERI SERVICES LIMITED

The transaction was filed by Cardinal Stone Partners and it involved a joint venture between Emerging Markets Telecommunication Services Ltd (EMTS) and Alheri Mobile Services Limited (AML). AML is a wholly-owned subsidiary of EMTS.

STATE OF PROCESSING

A deficiency letter was sent to the Financial Adviser on April 02, 2012.

APPROVED RESTRUCTURING TRANSACTIONS

1. PROPOSED SCHEME OF ARRANGEMENT BETWEEN STANBIC IBTC PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES OF 50K EACH

The application was filed by Stanbic IBTC Asset Management on 13th February, 2012. It involved the transfer of all Stanbic IBTC Bank Plc's shareholding interests or claims in Stanbic IBTC Pension Managers Ltd, Stanbic IBTC Asset Management Ltd, Stanbic IBTC Stockbrokers Ltd, Stanbic IBTC Ventures Ltd and Stanbic IBTC

Trustees Ltd to Stanbic IBTC Group. Shareholders in the Bank, as a result of the cancellation, would be left with 1 share for every 5 previously held and would receive 50k for each cancelled share.

OTHERS

1. PROPOSED MERGER BETWEEN TWO NIGERIAN SUBSIDIARIES OF BAKER HUGHES INCORPORATED

The transaction was filed by Jackson, Etti & Edu as the Solicitors to the transaction on March 19, 2012. It involved the merger of two Nigerian sub-sidiaries of Baker Hughes Incorporated (BHI), an oilfield Services Company based in the United States of America. The two Nigerian subsidiaries intending to merge are Baker Hughes Company Limited (BHCL) and BJ Services Company Nigeria Limited (BJ Nigeria.) The solicitors are seeking for waiver as to the use of same financial adviser for the transaction.

STAGE OF PROCESSING

A letter was sent to the financial adviser on April 03, 2012 to furnish the Commission with additional information

2. STATUS REPORT ON RECOVERY OF MIDAS CREDIT PORTFOLIO FROM FEBRUARY 2006 TO MARCH 31, 2012

The document was filed by First City Monument Bank plc and involved a loan recovery status report on Midas Credit Portfolio for the quarter ended March 31, 2012.

3. NOTIFICATION OF THE PLANNED ACQUISITION OF 100% SHAREHOLDING IN ACCESS INVESTMENT AND SECURITIES LTD BY DUN LOVEN MERRIFIELD INVESTMENT COMPANY LTD

STATUS

Access Bank had written to notify the Commission that they had received an offer for the proposed sales of AIS Ltd from Dunn Loven Merrified and would forward an application for the acquisition after the execution of Share sales and purchase agreement.

4. UPDATE ON THE PROPOSED RESTRUCTURING OF UNITED BANK FOR AFRICA PLC

The transaction was filed by BGL Plc, Afrinvest (W/A) limited and UBA Capital Limited as Financial Advisers. A deficiency letter was sent to the financial advisers on May 21, 2012, requesting them to file revised the scheme of the document containing all the amendments as outlined in the revised compliance plan.

During the reviewed period, the following activities took place:

HALF YEARLY RETURN REPORTS

The Commission reviewed the half yearly returns forms of Twelve (12) quoted companies. The review was to determine the companies' compliance with the Code of Corporate Governance, CAMA and the Investment and Securities Act (ISA) 2007.

The following lapses were observed after the review:

- Late submission of returns which contravened the provisions of the ISA 2007
- Internal control breaches and lapses not properly communicated
- Non- commencement of *e*- dividend.
- Inadequate Board Committees e.g. Remuneration and Risk Management Committees.
- Non certification of the return forms by officers concerned.
- Audit committee not meeting with the Board and Internal Audit as required by the Code of Corporate Governance.
- Irregular Board meeting.
- Engagement of external auditors for a long period.
- Notices of AGM sent to shareholders falling short of 21 days as required by the Code of Corporate Governance.
- Large number of staff disciplined during the period

The observed lapses were communicated to the companies to serve as a guide to them in their subsequent submissions. Some have responded, while others are still being awaited.

UNCLAIMED DIVIDEND

The Commission received returns on un-claimed dividend of a total of N21,163,849,269.80 in the company's books as at December, 2011.

The top five companies with unclaimed dividend include:

First Bank Plc	N 5,184,321,105.22
GTBank Plc	N 4,509,720,720.36
Fidelity Bank Plc	N 1,822,412,576.76
Access Bank Plc	N 1,696,931,732.14
Con-oil Plc	N 1,121,515,760.87

MANDATORY SIGNING OF THE NEW CODE OF CORPORATE GOVERNANCE

A total of one hundred and forty nine (149) public quoted companies signed up to the new Code of Corporate Governance.

ANNUAL GENERAL MEETING

The Commission received notice to attend the AGM of sixty-Six (66) public companies during the reviewed period.

QUARTERLY FINANCIAL STATEMENTS

One hundred and six (106) quarterly returns were received in the quarter and were being reviewed.

QUARTERLY EARNINGS FORECAST

Quarterly earnings forecast from one hundred and thirteen (113) companies were received and were being reviewed to test for material variation, if any.

ANNUAL FINANCIAL REPORT

Ninety-nine (99) audited annual accounts and reports were received during the period and were being reviewed.

TWO-DAYS SEC-WIDE IFRS SENSITIZATION AWARENESS WORKSHOP

The Commission coordinated a 2-day SEC, International Financial Reporting Standard (IFRS) sensitization workshop for the Commission's staff.

IFRS IMPLEMENTATION QUESTIONNAIRE TO COMPANIES

All publicly quoted companies with the exception of the Banks and the Insurance companies were sent questionnaires aimed at gathering information that would assist financial services regulators in making decisions on the level of support and intervention that might be required to ensure that relevant entities meet their reporting obligations in 2012.

PREPARATION OF AGM CHECKLIST

The Commission developed an AGM (Annual General Meeting) checklist to be used in assessing the conduct of public companies before, during and after their

Annual General Meetings. It was also to ensure that Annual General Meetings are conducted in compliance with the guidelines of CAMA (Company and Allied of Companies Matters Act) and the SEC code of corporate governance for public companies.

INVESTIGATION OF G.CAPPA PLC

The Commission sent a team of investigators to G.Cappa Plc to investigate the activities of the company in response to the various petitions sent by stakeholders of the company protesting against the poor management of the company by Non-Executive Directors. The report of the investigation was in the final stages of its preparation.

CAPPA&D'ALBERTO AND ARM PENSIONS

The Department requested for approval from Management to call an All Party Meeting between Cappa & D'Alberto and ARM Pensions Ltd. This was because Cappa & D'Alberto failed to comply with the appropriate guidelines for de-listing on the Stock Exchange. As a result ARM Pensions brought a complaint against the company to the Commission that Cappa & D'Alberto had failed to re-purchase its shares in ARM Pensions custody.

COLLECTIVE INVESTMENT SCHEMES (CIS)

During the quarter under review, the following activities took place:

LIST OF APPLICATIONS APPROVED DURING THE PERIOD UNDER REVIEW.

1. **FBN Money Market Fund:** approved to convene Completion Board Meeting.
2. **FBN Fixed Income Fund:** approved to convene Completion Board Meeting

LIST OF NEW APPLICATIONS RECEIVED FOR REGISTRATION OF UNIT TRUST SCHEME.

1. **ARM Money Market Fund:** This was an application for registration and authorization of 1,000,000,000 units of N1.00 each at par in the proposed Initial Public Offering (IPO) of the ARM Money Market Fund. The objective of the Fund was to provide investors with regular income earned from investments in high quality short term money market instruments and debt securities issued by the Nigerian Government.
2. **UPDC Real Estate Investment Trust:** This was an application for registration and authorization of 2,000,000,000 units of N10.00 each at par in the proposed Initial Public Offering (IPO) of the UPDC Real Estate Investment Trust Scheme. The objective of the REIT was to provide unit holders with stable cash distributions from investments in a diversified portfolio of income-producing real estate properties and to improve and maximize unit value through the ongoing management of the REIT's assets, future acquisitions and the development of additional income-producing real estate properties.
3. **Stanbic IBTC Iman Fund:** This was an application for registration and authorization of a Shariah compliant portfolio of 2,500,000 units of N1,000.00 each in the Initial Placement of the Stanbic IBTC Iman Fund. The objective of the Fund was to achieve long-term capital appreciation of its assets by investing a minimum of 70% of the Funds assets in Shariah compliant equity securities as approved by the Shariah Advisory Council from time to time, and a maximum of 30% in Shariah Compliant Asset backed investments (SUKUK) and cash.

APPLICATIONS UNDER PROCESSING.

1. **Stanbic IBTC Umbrella Fund:** This was an application for registration and authorization of 1,000,000 units of N1,000.00 each in the Initial Placement of the Stanbic IBTC Umbrella Fund. The objective of the Fund was to provide liquidity, ensure security of assets and sustainable returns in the portfolio over the long-term. The Fund is suitable for clients with a medium to low risk appetite.

Status – Currently under review.

2. **DV Balanced Fund:** This was an application for registration and authorization of 20,000,000 units of N100 each at par in the proposed Initial Public Offering (IPO) of the DV Balanced Fund. The objective of the Fund was to achieve capital appreciation over time while mitigating against volatility associated with investing in Nigeria equities market.

Status – Deficiencies noted on the review of offer documents were communicated on March 19, 2012 to the Issuing House. Response is being awaited.

3. **Habitat Value Fund:** this was an application for registration and authorization of 50,000,000 units of N50 each in the proposed Habitat Real Estate Investment Trust Scheme. The objective of the Fund was to achieve long-term capital appreciation of assets by investing in a portfolio of high-quality real estate and real estate related (mortgage) assets.

Status – Deficiencies noted on the review of revised offer documents were communicated on March 13, 2012 to the Issuing House. Response is being awaited.

Vetiva NSE 30 Index ETF: The application was filed by Vetiva Capital Management Limited for 100,000,000 units of VNSE 30 Index ETF at a unit price equal to 1/100 of the value of the NSE 30 Index as at the date of listing. The VNSE 30 Index Securities were designed for and offered to investors seeking attractive returns through market exposure to the constituents of the NSE30 Index. The objective was to hedge its constituent obligations to deliver basket of shares to holders exercising the delivery right to track the NSE Index.

Status – Currently reviewed.

(iv) The following Offers were put on hold:

1. Diamond Capital Balanced Fund
2. Legacy BNK Fund
3. Legacy 50 Exchange Traded Fund
4. Legacy Index 50 Fund
5. The Lead Fund
6. Lifetrade Fund Nigeria
7. Core Investment Scheme (COINS)
8. GTB Balanced Fund
9. Skye Shelter Fund (Tranche II)

(v) Annual Audited Accounts Approved during the period under review include:

1. **Paramount Equity Fund** Annual Audited Accounts/ Financial Report for the year ended December 31, 2008.
2. **Coral Growth Fund** Annual Audited Accounts/ Financial Report for the year ended December 31, 2011.
3. **Lotus Halal Investment Fund** Draft Audited Accounts for the year ended December 31, 2011.
4. **ARM Discovery Fund** Annual Audited Accounts/ Financial Statements for the year ended December 31, 2011.
5. **ARM Aggressive Growth Fund** Annual Audited Accounts/ Financial Statements for the year ended December 31, 2011.
6. **Coral Income Fund** Annual Audited Accounts/ Financial Statements for the year ended December 31, 2011.
7. **Paramount Equity Fund** Annual Audited Accounts/ Financial Report for the year ended December 31 2009.

(viii) Quarterly Investment Table of Unit Trust Schemes (April – June, 2012)

QUARTERLY RETURNS INVESTMENT TABLE AS AT 30th JUNE 2012												
S/ N	NAME OF FUND	FUND MANAG ER	EQUITI	MONEY	BON	REAL	OTHER	TOTAL EXPENS ES	TOTAL OF INVEST MENT	NET ASSET VALUE	NO. OF UNITS	
			ES	MARKET	DS	ESTATE	S					
			₦	₦	₦	₦	₦					
EQUITY BASED FUNDS			-	-	-	-	-	-	-	-		
1	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Mgt. Limited	9,454,785, 303.20	2,044,594, 329.34				575,446, 141.10	12,074,82 5,773.64	170,780,2 14.05	11,984,677, 668.74	1,687,799.38
2	Denham Mgt. Millenni um Fund	Chapel Hill Denham Mgt. Ltd	13,270,78 5.35	6,410,395. 95					19,681,18 1.30	247,283.3 6	21,684,736. 51	6,055,107.00
3	Paramou nt Equity Fund	Chapel Hill Denham Mgt. Ltd	133,783,6 22.18	4,118,097. 46	10,655, 342.47				148,557,0 62.11	1,385,345. 09	151,399,40 1.63	17,917,754.00
4	Frontier Fund	Sterling Capital Market Limited	46,804,39 5.46	-				118,863, 926.98	165,668,3 22.44	1,202,253. 01	148,382,89 9.14	1,462,891.00
5	Zenith Equity Fund	Zenith Bank Plc	2,418,437, 261.73	863,595,9 15.31	-	-	134,060, 056.65	3,416,093, 233.69	666,827.5 2	3,359,545,3 61.29	350,929,432.43	
6	ARM Discover y Fund	Asset & Resource s Mgt. Co. Ltd	2,650,442, 238.93	612,977,7 36.16	590,76 5,698.3 2	225,00 0,000.0 0	389,418, 167.78	4,468,603, 841.19	29,649,15 1.78	4,451,072,0 13.00	20,397,924.00	
7	ARM Aggressi ve Growth Fund	Asset & Resource s Mgt. Co. Ltd	1,895,180, 990.00	112,239,7 37.00	106,51 6,882.0 0		295,230, 076.00	2,447,625, 952.00	22,404,23 8.00	2,412,689,7 51.00	245,454,267.00	
8	ARM Ethical Fund	ARM Investme nt Manager s	8,672,024. 00	-	-	-	194,288, 054.00	202,960,0 78.00	1,427,155. 00	198,069,60 0.00	10,111,729.00	
9	Coral Growth Fund	FSDH Asset Manage ment Ltd	1,568,599, 988.65	789,678,3 69.91	849,20 5,058.6 1		-	3,207,483, 417.17	24,100,09 5.58	3,200,219,6 22.84	1,915,818.14	
10	Afrinvest Equity Fund	Afrinvest West Africa Limited	253,586,5 85.16	116,342,3 49.72	-		7,271,37 1.86	377,200,3 06.74	1,696,313. 09	375,336,42 4.61	3,768,031.16	
11	Anchor Fund	Cashcraft Asset Mgt.	29,198,87 3.06	-	896,52 9.00		1,411,73 2.99	31,507,13 5.05	18,483,88 0.61	31,164,699. 86	80,262,318.00	

		Limited									
12	Bedrock Fund	Cashcraft Asset Mgt. Limited	69,454,886.50	7,500,000.00	895,000.00		5,494,444.00	83,344,330.50	21,429,493.63	82,758,368.73	179,497,159.00
13	Nigeria International Growth Fund	Fidelity Bank Plc	1,087,686,574.64	-	38,527,663.33	735,840,000.00	496,994,969.52	2,359,049,207.49	759,277.98	2,226,409,549.71	1,724,120,091.00
14	FBN Heritage Fund	FBN Capital Limited	1,291,901,694.08	1,647,328,683.06	1,052,020,300.68		27,193,191.07	4,018,443,868.89	17,475,767.06	4,025,323,488.01	44,359,291.00
15	ACAP Canary Growth Fund	Alternative Capital Partners Limited	368,162,689.56	236,243,688.42		195,522,752.32	10,215,503.00	810,144,633.30	7,037,771.41	817,955,012.01	1,586,482,728.00
16	IMB Energy Master Fund	Finbank Plc	93,069,485.04	-	-		253,479,574.13	346,549,059.17	-	311,604,357.00	238,682,840.00
17	Legacy Fund	CSL Stockbrokers Limited	361,384,750.17	150,645,491.80			1,946,023.16	513,976,265.13	2,584,667.01	551,972,831.96	710,112,236.00
18	UBA Equity Fund	UBA Asset Management Limited	902,558,709.72	693,690,000.00	-		7,000,000.00	1,603,248,709.72	7,363,456.05	1,582,765,235.96	1,973,744,680.00
19	Intercontinental Integrity Fund	Intercontinental Capital Mkt. Ltd	54,326,965.57	91,093,021.88	127,264,000	-	-	272,683,987.45	1,525,425.37	271,900,388.17	291,313,741.00
20	BGL Nubian Funds	BGL Asset Management	-	-			-	-		-	-
21	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	551,822,870.42	2,583,232,969.50	163,013,334.57		155,408,422.50	3,467,213,966.47	13,010,081.51	3,452,570,458.04	32,101,628.00

MONEY MARKET FUNDS

22	UBA Money Market Fund	UBA Asset Management Limited	-	206,500,000.00			14,076,872.06	220,576,872.06	2,472,389.08	216,984,289.00	232,881,554.00
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23	Stanbic IBTC Money market Fund	Stanbic IBTC Asset Mgt. Limited		5,059,438,171.14			990,052,516.03	6,049,490,687.17	35,606,963.16	6,025,000,258.93	58,264,006.55
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BOND FUNDS

24	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Mgt. Limited		237,218,675.57	1,968,151,052.93		92,266,266.96	2,297,635,995.46	15,929,138.26	2,296,032,326.43	21,437,577.86
25	UBA Bond Fund	UBA Asset Management Limited		141,600,000.00	257,760,000.00		16,884,807.10	416,244,807.10	3,323,857.63	443,667,438.00	345,785,106.00
26	Nigeria International Debt Fund	Afrinvest West Africa Limited		455,574,112.02	1,674,418,164.58		42,982,413.66	2,172,974,690.26	6,272,002.15	2,166,073,924.17	1,279,977.89
27	BGL Sapphire Funds	BGL Asset Management		-				-	-	-	-

REAL ESTATE FUNDS

28	Skye Shelter Fund	SFS Capital Nigeria Ltd		587,336,788.00		1,689,746,586.00	-	2,277,083,374.00	8,156,550.00	2,229,613,644.00	20,000,000.00
29	Union Homes REITS	Union Homes Saving & Loans Plc		-		11,585,108,581.57	2,713,739,174.94	14,298,847,756.51	121,393,128.64	14,296,116,971.08	250,019,781.00

ETHICAL FUNDS

30	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Mgt. Limited	2,101,213,145.70	337,492,544.16			269,212,906.00	2,707,918,595.86	42,482,363.11	2,697,840,984.60	3,820,628,818.44
31	Zenith Ethical Fund	Zenith Bank Plc	258,446,914.32	265,235,911.48	219,237,602.99		20,660,294.67	763,580,723.46	9,471,864.06	755,727,990.24	71,895,456.92
32	Lotus Halal Investment Fund	Lotus Capital Limited	751,062,621.75			848,129,063.00	37,926,293.34	1,637,117,978.00	1,873,352.00	1,926,982,047.00	2,649,338,203.00

BALANCED FUNDS

33	Stanbic IBTC Guaranteed Invest. Fund	Stanbic IBTC Asset Mgt. Limited	67,940,500.00	275,764,856.56	1,796,486,922.99		459,162,124.51	2,599,354,404.06	12,838,772.48	2,573,647,376.18	21,054,793.17
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34	Kakawa Guaranteed Income Fund	Kakawa Asset Mgt. Co. Limited	42,510,362.50	2,630,134,301.28			20,643,701.46	2,693,288,365.24	2,294,031.18	2,799,315,733.61	2,640,246,677.21
35	UBA Balanced Fund	UBA Asset Management Limited	491,580,888.59	813,803,710.00	222,740,000.00		124,971,293.35	1,653,095,891.94	8,484,392.51	1,660,350,061.78	1,476,324,758.00
36	Women Investment Fund	Chapel Hill Denham Mgt. Ltd	38,693,007.32	-	33,773,687.67	30,424,000.00		102,890,694.99	2,304,573.94	123,750,472.27	1,369,533.00
37	Union Trustees Mixed Fund	CDL Asset Management Limited	273,548,943.96	1,186,000,000.00	282,571,496.40	12,332,386.00		1,754,452,826.36	7,928,682.31	1,767,423,204.26	1,423,689,900.00
38	Nigeria Global Investment Fund	Chapel Hill Denham Mgt. Ltd	48,273,910.57	14,929,041.10	27,431,454.25			90,634,405.92	1,304,000.13	90,051,326.28	47,624,812.00
39	Nigeria energy sector fund	Sterling Capital Market Limited	155,662,768.88	422,064,383.56	-		452,734,937.62	1,030,462,090.06	6,630,587.60	994,226,129.09	745,950.00
40	Zenith Income Fund	Zenith Bank Plc	56,108,750.00	594,124,793.98			36,027,891.96	686,261,435.94	2,545,918.76	694,723,101.93	1,232,058.57
41	Indo Nigeria Unit Trust Fund	Sterling Capital Market Limited	21,504,112.04	-	-		4,399,483.48	25,903,595.52	137,499.99	27,127,712.19	2,127,293.00
42	Stanbic IBTC Balanced Fund	Stanbic IBTC Asset Mgt. Limited	407,476,174.29	92,636,366.12	95,138,383.95		300,519,365.13	895,770,289.49	444,153.15	898,499,136.98	768,471.33
43	Coral Income Fund	FSDH Asset Management Ltd	-	312,975,445.00	307,256,324.18			620,232,855.16	3,062,398.24	617,877,532.30	443,393.43

SPECIALIZED BASED FUNDS

44	DVCF Oil & Gas Fund	DVCF Oil & Gas Plc	-		-		-	-	-	-	-
	TOTAL		27,967,152,793.34	23,592,519,885.48	9,824,724,898.	15,322,103,36	8,269,981,997.01	85,028,678,666.01	638,185,315.49	84,958,533,528.53	20,607,535,586.48

					92	8.89				
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(ix) Number of Quarterly Returns received for the quarter ended June 30th, 2012

Forty-One (41) quarterly returns were received for the second quarter, 2012.

(ix) Highlight of observations from the review of returns analyzed

- Un-invested cash in current account.
- Violation of asset allocation in line with the Trust Deed.
- Late submission of Drafts Annual Audited Accounts.
- Violation of Trustee Investment Act (TIA).
- High charges of Management Fees plus other expenses above the provision of Rule 247.
- Unacceptable expenses.

Action taken - Observations were communicated to the Fund Managers.

OTHER MATTERS:

Compliance with Rule 239 – Custodial Services for Registered Collective Investment Schemes: Fund Managers of Forty Four (44) registered funds were directed to appoint and transfer all the Funds assets to the Custodians. To this end, Forty Three (43) Funds had appointed Custodians. Forty (40) Custodian Agreements were approved; Three (3) under review. Also, Forty- One (41) Funds have transferred assets to Custodian while Three (3) Funds are yet to transfer the assets to the Custodians.

VENTURE CAPITAL DIVISION

- (i) List of applications received for registration of Infrastructure Fund during the period under review.**

1. **ARM Infrastructure Fund:** The application was filed by Asset & Resources Management Company Ltd. The Objective of the Fund was to invest equity in diverse infrastructure projects across West Africa with focus on Nigeria. **Target Fund Size-** 250 Million USD. **Base currencies-** USD & Naira. **Target Investors:** Institutional Investors, e.g. PFAs.

2. **Nigerian Infrastructure Investment Fund: Fund Manager –** The application was filed by the Joint Venture of African Infrastructure Investment Managers (AIIM) and AfriCapital Management Limited; the Objective of the Fund was to achieve medium – to- long term returns through private sector participation in a diverse range of infrastructure projects within Africa. **Target Investors:** Institutional Investors.

(ii) **Inspection**

1. **Off-Site Inspection:** The following companies submitted their quarterly returns, as analyzed below:

(iii) **Analysis of Equity Investment by Venture Capital Fund Managers in SMES as at 31st March, 2012**

S/ N	Name of Company	Amount Under Management (₦)	Amount Disbursed in Previous Quarter (₦)	Amount Disbursed in Present Quarter (₦)	Variance	%
1.	First Fund Limited	4,008,620,312.93	Nil	Nil	Nil	Nil
2.	SME Managers Limited	3,942,640,909.00	345,030,848.87	435,030,848.87	90,000,000.00	26
3.	IBTC Ventures Limited	5,000,000,000.00	1,338,567,000.00	1,342,050,000.00	3,483,000.00	0.26
4.	DVCF Oil and Gas	1,040,818,289.00	Nil	712,027,432.00	Nil	Nil
5.	Diamond	4,999,998,800.00	687,449,569.00	Nil	Nil	Nil

	Capital					
6.	Cowry Asset Mgt. Limited	1,475,837,000.00	480,036,558.94	484,565,744.40	4,529,185.46	0.94
7.	Unique Venture Capital	2,382,837,888.00	Nil	Nil	Nil	Nil
	TOTAL	22,850,754,198.93	2,851,083,976.81	2,973,674,025.27	98,012,185.46	27.28%

QUARTERLY RETURNS INVESTMENT TABLE AS AT 31ST MARCH, 2012

S/ N	NAME OF FUND	FUND MANAGE R	EQUITIES	MONEY MARKE T	BONDS	REAL ESTAT E	OTHER S	TOTAL EXPENSE S	TOTAL ASSET VALUE	NO. OF UNITS	
			₦	₦	₦	₦	₦				
EQUITY BASED FUNDS											
1	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Mgt. Limited	9,454,785,303.20	2,044,594,329.34			575,446,141.10	12,074,825,773.64	170,780,214.05	11,984,677,668.74	1,687,799.38
2	Denham Mgt. Millennium Fund	Chapel Hill Denham Mgt. Ltd	12,317,912.60	6,359,401.62				18,677,313.00	259,447.00	18,750,952.22	5,592.00
3	Paramount Equity Fund	Chapel Hill Denham Mgt. Ltd	133,783,622.18	4,118,097.46	10,655,342.47			148,557,062.11	1,385,345.09	151,399,401.63	17,917,754.00
4	Frontier Fund	Sterling Capital Market Limited	46,804,395.46	-			118,863,926.98	165,668,322.44	1,202,253.01	148,382,899.14	1,462,891.00
5	Zenith Equity Fund	Zenith Bank Plc	2,418,437,261.73	863,595,915.31	-	-	134,060,056.65	3,416,093,233.69	666,827.52	3,359,545,361.29	350,929,432.43
6	ARM Discovery Fund	Asset & Resources Mgt. Co. Ltd	2,650,442,238.93	612,977,736.16	590,765,698.32	225,000,000.00	389,418,167.78	4,468,603,841.19	29,649,151.78	4,451,072,013.00	20,397,924.00
7	ARM Aggressive Growth Fund	Asset & Resources Mgt. Co. Ltd	1,895,180,990.00	112,239,737.00	106,516,882.00		295,230,076.00	2,447,625,952.00	22,404,238.00	2,412,689,751.00	245,454,267.00

8	ARM Ethical Fund	ARM Investment Managers	8,672,024.00	-	-	-	194,288,054.00	202,960,078.00	1,427,155.00	198,069,600.00	10,111,729.00
9	Coral Growth Fund	FSDH Asset Management Ltd	1,568,599,988.65	789,678,369.91	849,205,058.61		-	3,207,483,417.17	24,100,095.58	3,200,219,622.84	1,915,818.14
10	Afrinvest Equity Fund	Afrinvest West Africa Limited	253,586,585.16	116,342,349.72	-		7,271,371.86	377,200,306.74	1,696,313.09	375,336,424.61	3,768,031.16
11	Anchor Fund	Cashcraft Asset Mgt. Limited	29,198,873.06	-	896,529.00		1,411,732.99	31,507,135.05	18,483,880.61	31,164,699.86	80,262,318.00
12	Bedrock Fund	Cashcraft Asset Mgt. Limited	69,454,886.50	7,500,000.00	895,000.00		5,494,444.00	83,344,330.50	21,429,493.63	82,758,368.73	179,497,159.00
13	Nigeria International Growth Fund	Fidelity Bank Plc	1,087,686,574.64	-	38,527,663.33	735,840,000.00	496,994,969.52	2,359,049,207.49	759,277.98	2,226,409,549.71	1,724,120,091.00
14	FBN Heritage Fund	FBN Capital Limited	1,291,901,694.08	1,647,328,683.06	1,052,020,300.68		27,193,191.07	4,018,443,868.89	17,475,767.06	4,025,323,488.01	44,359,291.00
15	ACAP Canary Growth Fund	Alternative Capital Partners Limited	368,162,689.56	236,243,688.42		195,522,752.32	10,215,503.00	810,144,633.30	7,037,771.41	817,955,012.01	1,586,482,728.00
16	IMB Energy Master Fund	Finbank Plc	93,069,485.04	-	-		253,479,574.13	346,549,059.17	-	311,604,357.00	238,682,840.00
17	Legacy Fund	CSL Stockbrokers Limited	361,384,750.17	150,645,491.80			1,946,023.16	513,976,265.13	2,584,667.01	551,972,831.96	710,112,236.00
18	UBA Equity Fund	UBA Asset Management Limited	902,558,709.72	693,690,000.00	-		7,000,000.00	1,603,248,709.72	7,363,456.05	1,582,765,235.96	1,973,744,680.00
19	Intercontinental Integrity Fund	Intercontinental Capital Mkt. Ltd	54,326,965.57	91,093,021.88	127,264,000	-	-	272,683,987.45	1,525,425.37	271,900,388.17	291,313,741.00
20	BGL Nubian Funds	BGL Asset Management	-	-			-	-		-	-
21	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	551,822,870.42	2,583,232,969.50	163,013,334.57		155,408,422.50	3,467,213,966.47	13,010,081.51	3,452,570,458.04	32,101,628.00

LEGAL

LEGAL SERVICES

LEGAL OPINIONS

1. COMPLIANCE WITH INDUSTRIAL TRAINING FUND AMENDED ACT 2012

The Department reviewed the amended ITF Act. The Act as it had always been before the amendment, focused on organizations engaged in industry and commerce.

The Legal Department opined that the Commission neither engaged in industry nor commerce and that rather, it was the regulatory authority of the Nigerian capital market. It therefore advised that the Commission was not contemplated by the ITF Act and not liable to contribute to the Fund.

2. APPLICATION TO REGISTER THE ASSOCIATION OF INVESTMENT ADVISERS AND PORTFOLIO MANAGERS

The Corporate Affairs Commission (CAC) requested for the Commission's opinion on the above mentioned association in order to be properly guided as to whether or not to register it.

The Legal Department advised that in view of the non-existence of a similar association with the same name proposed to be registered at the CAC in the records of the Commission, the CAC should be so informed.

A letter had since been written to CAC communicating this to them.

3. PROPOSED REIT OFFERING BY UACN PROPERTY DEVELOPMENT COMPANY (UPDC)

A meeting was held between the Transaction Solicitors in respect of the above transaction and staff of Collective Investments Scheme (CIS) Department and Legal Departments of the Commission, to clarify certain issues.

Subsequently, the Transaction Solicitors sent a response to the Commission clarifying the issues raised at the meeting

The Legal Department reviewed the further submission by the Transaction Solicitors and advised that the submission had adequately answered all the

concerns raised at the meeting and that the Commission could approve the Deed of Trust transaction provided all the documents required to be executed were executed and filed with the Commission before the approval would be granted.

4. **SPECIAL INVITATION TO THE FORTHCOMING OFFICIAL LAUNCH/PRESS CONFERENCE OF THE NIGERIA CONSTITUTION & LAWYERS TOOLKIT SOFTWARE**

The Commission received a letter dated April 13, 2012 from Icon-Path Research inviting the Commission to participate in the official launch of its toolkit software called “Nigeria Constitution & Lawyers”

The Legal Department reviewed the request and the Management thereafter approved the Commission’s attendance.

The Legal Department attended the launch and observed that the software on the Lawyers Toolkit contained law reports and other features that would be very useful to the Commission. It therefore recommended that the company be invited to make a presentation to the Commission.

5. **UPDATING THE NIGERIAN LEGAL PROFESSION AND LAWYERS DIRECTORY**

The Commission received a letter dated April 12, 2012 from The Justice Watch, an organization empowered by the Nigerian Bar Association to publish the Nigerian Legal Profession and Lawyers Directory.

The Legal Department reviewed the request and obtained Management’s approval to forward a comprehensive list of the Commission’s Lawyers to The Justice Watch for publication in the Nigerian Lawyer’s Directory.

6. **14 DAYS PRE ACTION NOTICE BY HON. PRINCE SONY EDET**

Hon. Prince Sony Edet served a 14 day Pre-action Notice on the Commission for allegedly failing to act on his behalf against City Securities Ltd and Messers Oil Nigeria Limited claiming the sum of N51, 471, 936. 20

as damages. In the course of reviewing the pre-action notice, the Legal Department observed that correspondences were exchanged between the Port Harcourt Zonal office of the Commission and City Securities Limited and Messrs Oil Nigeria Plc which culminated in the Commission instructing that 2 share certificates be issued to him, one in place of the one allegedly destroyed by fire and the other for his bonus issues.

The Legal Department therefore, opined that Hon. Edet's allegation that the Commission failed to act as demanded was false because it was evident that correspondences were exchanged between the Port Harcourt Zonal Office, City Securities Limited and Messers Oil Nigeria Plc.

The Legal Department thereafter requested for copies of the correspondences exchanged between Port Harcourt zonal office of the Commission and City Securities Ltd and Messrs Oil Nigeria Plc, from that zonal office, in order to address the allegation against the Commission.

The Legal Department however advised that the notice be kept in view, pending receipt of court processes in the event that the matter was filed in court.

7. REVIEW OF COMMENTS OF THE DEBT RESOLUTION TEAM ON THE FSS DRAFT SECURITIZATION BILL

A memo dated February 28, 2012, conveying comments on the review of the Securitization Bill was forwarded to Management for consideration by the Legal Department.

The FSS 2020 Secretariat requested for the Commission's comments to be forwarded to them for further action. The Legal Department sought Management's approval so as to forward same to the FSS 2020 Secretariat.

8. REQUEST FOR INFORMATION BY SEC SRI LANKA

The SEC Sri Lanka requested for the Commission's guidelines relating to the regulation of related party transactions, particularly the purchase of substantial interest in a related company.

The Legal Department opined that SEC Code of Corporate Governance made extensive provisions for related party transactions and conflict of interest. It stated that specifically Sections 34.7, 34.10, 34.11 and 34.12 provided for related party transactions.

SEC Sri Lanka also requested to know how SEC Nigeria would regulate a public listed company purchasing the shares of a private company and making payment by a share swap and not cash.

The Legal Department stated that the use of share swap between a public company and a private company was not a transaction that could be approved by the Commission since there was no empirical way of valuing the shares of the private company.

SEC Sri Lanka, also requested for the Commission's guidelines or rule applicable to a public listed (quoted) company offering bonds not listed in an Exchange.

The Legal Department was of the opinion that this was not possible in the Nigerian Capital market.

It further stated that corporate bonds issued in the Nigerian Capital Market are listed so that investors in these bonds could transact on the bonds on the Exchange if they so wished.

9. **2012 EDITION OF 2 DAY CAPACITY BUILDING WORKSHOP ON CAPITAL MARKET LAWS, ETHICS AND JUDICIAL INTERPRETATION FOR HONOURABLE JUSTICE AND JUDGES**

JUK Igwe, SAN had forwarded a proposal to the Commission for the annual Judges workshop for 2012.

The Legal Department reviewed the proposal and the draft of events comprising the theme, topics to be presented, resource persons and discussants and was of the opinion that they were adequate in terms of addressing current issues in the market.

The Legal Department recommended that Management's approval be sought for the workshop to hold as proposed, and that a committee be set up to organize the event and to present the cost implication for Management's consideration.

10. **USE OF TOTAL SMART CARD - REQUEST FOR LEGAL OPINION/SERVICE AGREEMENT**

The Legal Department received a memo dated May 18, 2012 from Administration Department requesting legal opinion on the General sales conditions for the use of Total Smart Card and for a contract to be executed between the Commission and Total Nigeria Plc.

The Legal Department reviewed the general sale conditions and apart from the clarifications required on use of the card for cash withdrawals, liability arising from use of a lost or stolen card as well as use of the card by the Commission after a review of the terms by Total connoting automatic acceptance of the new terms, it was of the opinion that there were no legal impediments that could jeopardize the Commission's interest.

11. **FRAUDULENT ACTIVITIES OF AFRIBANK SECURITIES LIMITED IN HANDLING SHARES BELONGING TO HON. CHIDI JULIUS LLOYD**

The Commission at an All-parties meeting had decided that Afribank Securities Ltd should fully reconstitute Hon. Chidi Lloyd to the tune of N193,364,778.00 being the current total claim as verified during the account reconciliation meeting.

12. **OFFER FOR SALE BY WAY OF SPECIAL PLACEMENT OF 1,785,627,772 ORDINARY SHARES OF 50 KOBO EACH AT N1.20 PER SHARE**

The Securities and Investment Services (SIS) Department vide a memo dated May 2, 2012 requested the Department to give an opinion on whether a company could divest its shares to more than one investor via offer for sale by special placement.

Offer for sale and Private Placement were two different methods of offering securities as provided for in Rule 40 of the SEC Rules. The former involved

offering securities to the public (Section 70 ISA), while the latter restricted offering to a group of investors (Rule 89 & 90).

The Department was of the opinion that the divestment of Skye Bank from Law Union and Rock Insurance Plc could only be made by way of an offer for sale which under section 70 of the ISA a public offer was deemed to have been made by Law Union even though the proceeds would go to Skye Bank. The special placement which the appellant made was for all purposes a private placement regardless of whether they called it offer for sale. Therefore, the applicant should forward its application under the provisions of the Commission's rules on private placement.

13. EVIDENCE OF REGISTRATION WITH THE FINANCIAL REPORTING COUNCIL OF NIGERIA

The Financial Reporting Council had in its letter dated 29th March, 2012 to the Commission advised that the Commission should require evidence of registration with the Financial Reporting Council of Nigeria (FRC), from professionals submitting contract bids to the Commission.

After reviewing the FRC Act, the Department opined that the Act applied to professional accountants and other professionals such as Estate Valuers and Actuarial Valuers.

The Department therefore advised that in accepting bids from contractors, the Commission should request for evidence of such registration from professionals such as Estate Valuers and Actuarial valuers, since the Commission had a duty to help the FRC enforce its laws.

14. NATIONALISED BANKS - PURCHASE AND ASSUMPTION AGREEMENTS OF AFRIBANK PLC, BANK PHB PLC & SPRING BANK PLC

Pursuant to the Directive of the Director (Legal), the Department wrote a letter dated March 29, 2012 to NDIC, requesting for the Purchase and Assumption Agreements signed between Nigeria Deposit Insurance Corporation (NDIC) and three (3) Nationalized or failed banks. The NDIC by its letter dated April 20, 2012 forwarded to the Commission, a copy each of the three (3) signed agreements dated August 2011.

After a review of the documents, the Department observed that the definitions of liability did not include administrative penalties such as the penalties imposed by the Commission on the Banks. It would therefore be difficult to enforce the penalties on the Bridge Banks. However, under Section 2(1) of the agreements, the assuming banks were liable for commitments.

The Department was therefore of the opinion that statutorily, the Bank were committed to pay these penalties.

The Department finally advised that the attention of the Banks, the CBN as well as AMCON be drawn to this fact.

17. SIGNING OF BILATERAL MEMORANDUM OF UNDERSTANDING BETWEEN SEC AND THE CAPITAL MARKET AUTHORITY OF THE SULTANATE OF OMAN

The template for the MOU sent by the Capital Market Authority of the Sultanate of Oman was considered suitable for adoption by the Commission and vide a memo dated June 6, 2012, the Department advised Management to accept same.

16. REQUEST FOR INFORMATION ON ELECTRONIC INITIAL PUBLIC OFFERING SYSTEM AND ELECTRONIC VOTING SYSTEM

This request was made by the Securities and Exchange Commodities Authority (SCA) of the United Arab Emirates (UAE).

As contained in a memo dated June 6, 2012, the Department opined that while Section 55(1) of the ISA 2007 and Rule 98 of the Commission's Rules and Regulations amply provide for *e*-IPO, there was no provision both in the ISA and CAMA for E-Voting during general assembly meetings of companies. The Department therefore advised that the Authority be so informed.

17. SIGNING OF THE MOU ON SUPERVISION UNDER MANAGERS OF ALTERNATIVE INVESTMENT FUNDS

The above MOU which sought to ensure communication and cooperation amongst authorities with supervisory/regulatory functions over entities

covered by the Directive on Alternative Investment Fund Managers (AIFMD) was considered by the Department as a good proposition.

With a few modifications to the method of cooperation and the inclusion of other forms of requests for assistance in the MOU, the Department advised that the Commission should partake in this arrangement.

18. CSL STOCKBROKERS LIMITED - INTENTION OF THE COMPANY TO JOIN THE SOCIAL MEDIA SUCH AS LINKEDIN, FACEBOOK AND TWITTER

The Commission received a letter in respect of the above from CSL Stockbrokers Ltd. Being a purely administrative decision by the company and in the absence of any statute prohibiting same, the Department advised that the Commission should merely acknowledge the letter.

19. APPROVAL TO EXECUTE LARGE VOLUME/BLOCK DIVESTMENT OF SHARES OF UNION BANK OF NIGERIA PLC (UBN)

The opinion of the Department was sought, through a memo dated June 14, 2012 from the RRIE Dept., on the request for approval by Union Global Partners Limited (UPGL) to further acquire 25.53% of the shares of Union Bank of Nigeria Plc (UBN) from AMCON.

The earlier stance of the Department was maintained that Management should approve the request since it was clearly within the terms of the placing for the recapitalization of UBN shares which had already been sanctioned by the Federal High Court.

20. INTERPRETATION OF SECTION 2(3) (C) OF THE TRUSTEE INVESTMENT ACT (TIA)

A memo dated 22nd June, 2012 was received from CIS Dept. requesting for the interpretation of section 2(3)(c) of the Trustee Investments Act (TIA). The Dept. opined that the intendment of the said section was aimed at ensuring diversification of risk in investment and subsequently ensuring a conducive legal environment for investors.

21. **PETITION ON FAILURE/REFUSAL OF FUTUREVIEW FINANCIAL SERVICES LIMITED TO RETURN TO AFRIBANK TRUSTEES AND ASSETS MANAGEMENT COMPANY LIMITED OUTSTANDING GUARANTEED INVESTMENT PORTFOLIO OF N214,143,463.58**

Legal opinion was sought vide a memo dated June 12, 2012 on *whether Suit No. MCL/603/2012 – Futureview Financial Services Ltd V Afribank Trustees and Assets Management Co. Ltd* could serve to hinder the directives of the Commission from being complied with by the Claimants.

The Dept. advised that in the absence of any Court order to the contrary, the Commission should proceed to ensure its directives were complied with. Also noted, was the fact that a filed copy of the said suit was not sent to the Commission.

LITIGATION

1. **CASE NO. IST/APP/01/12 – NIGER STATE POLYTECHNIC, ZUNGERU SENIOR STAFF COOPERATIVE AND MULTIPURPOSE SOCIETY LTD V. SEC AND EMPIRE SECURITIES LTD**

The appellant filed the above named case at the IST, Lagos seeking for an order of the Tribunal to set aside the decision of the Commission delivered in case No. APC/37/2009 dated May 4, 2011.

The matter came up on June 21, 2012 for hearing of pending applications and consequently adjourned to August 2, 2012 for rulings.

2. **SUIT NO. IST/LA/OA/01/2010 – LYNFIELD NIGERIA LTD V. AFROIL PLC & 3 ORS**

The matter came up on April 11, 2012 for judgment but the Court did not sit, it was consequently adjourned for a date to be fixed and communicated to the parties.

3. **SUIT NO. IST/OA/30/10 – SECURITIES & EXCHANGE COMMISSION V. GLOBAL ASSETS MANAGEMENT (NIG) LIMITED & 3 ORS**

The matter came up on 24th May 2012 for hearing of the Commission's application to strike out the Respondents for stay of proceedings. The Court ruled on the same day and refused to grant the application. The matter was subsequently adjourned to August 16, 2012 for continuation of hearing.

4. **SUIT NO. IST/L/LA/APP/02/2011 – MTECH COMMUNICATIONS PLC & 4 ORS V. SEC & 4 ORS**

This is an appeal filed by the appellant seeking for an order of the Tribunal restraining the Commission from enforcing its decision in SEC Vs M-TECH & 9 ORS dated May 4, 2011.

The appellant was also seeking for an order suspending the decision of the Commission pending the hearing and determination of the appeal.

The Tribunal on March 16, 2012 delivered its ruling and refused the applicant's application for stay of execution of the APC decision.

The Appellant dissatisfied with the ruling and filed a Notice of Appeal at the Court of Appeal against the ruling.

The hearing date has not been fixed yet.

5. **SUIT NO. FHC/L/CS/248/12 – PRINCE MATILUKO EMMANUEL OLARUNIBE & 13 ORS VS SEC**

This matter was earlier filed at the IST by the Plaintiffs seeking for a declaration that the Plaintiffs were entitled to the release of their investment sum in the custody of the Central Bank of Nigeria and also claiming the sum of N10 million as damages.

The matter came up on June 28, 2012 for hearing, but the Court did not sit. The matter was consequently adjourned for a date to be fixed and communicated to the parties.

7. **CASE NO. FHC/ABJ/272/2011 – PROFORTE MICRO- FINANCE LTD V. CENTRAL BANK OF NIGERIA**

This case was filed by Proforte MFB Ltd against the Central Bank of Nigeria. The Commission joined the action as an interested party, to assist CBN defend its action.

The Department had since obliged the Commission's Counsel with copies of the complaints and the APC decision in that regard. The Commission's application to be joined as an interested party was heard and granted.

The matter was adjourned to May 23, 2012 to enable the plaintiff file a fresh Originating Summons before the Commission would file its defense.

The matter came up on May 23, 2012 for hearing. However the expected fresh Originating Summons was not served on the parties as directed by the Court. The matter was therefore adjourned to September 20, 2012 for hearing of all pending motions.

8. **SUIT NO. FHC/L/CS/1332/11 – EBAKO & CO & 2 ORS V. LONGMAN NIGERIA PLC & 5 ORS**

The matter came up on May 28, 2012 but could not proceed as Counsel to the Plaintiff sought for an adjournment to enable him attend to a national assignment in Abuja.

The case was consequently adjourned to October 11, 2012 for hearing of the 2nd and 3rd Respondents' applications.

9. **SUIT NO. NIC/ABJ/94/2012 – MR. CHRIS O. OKEREKE VS SEC**

The above matter came up on May 21, 2012 for mention and the Court on its own raised the issue of jurisdiction and asked parties to address the Court on it.

The matter was consequently adjourned to July 19, 2012 to enable parties file and argue the issue of jurisdiction.

10. **SUIT NO. FHC/L/CS/786/11 – CORE TRUST & INVEST. LTD VS SEC**

The above matter came up on May 7, 2012 and all preliminary motions on both sides were heard and granted thus regularizing various pleadings.

The matter was consequently adjourned to July 5, 2012 for hearing of the Commission's Notice of preliminary objection dated October 12, 2011.

11. SUIT NO. IST/LA/APP/01/11- TIAMIYU R. A. BODUNDE VS SECURITIES & EXCHANGE COMMISSION & 7 ORS

The Commission was served with a Notice of Appeal filed by the Appellant at the Investment & Securities Tribunal, Lagos against the decision of the APC dated May 4, 2011 relating to Empire Securities Ltd.

The Commission's Solicitor filed a Notice of preliminary objection to strike out the Appellant Notice of Appeal. The appellant had also filed a motion to introduce new issues.

The matter was adjourned to April 12, 2012 for argument of the applications.

12. CASES FILED AT THE IST IN RESPECT OF THE INTERVENED BANKS

i. SUIT NO: IST/OA/15/2010 – SEC V AFRIBANK NIGERIA PLC & 39 ORS

The Proceeding in this matter at the Tribunal was stayed sine die, pending the determination of interlocutory appeal on the jurisdiction of the Tribunal to entertain the suit.

ii. IST/OA/21/10 – SEC V UNION BANK PLC & 21 ORS

The named suit came up on June 28, 2012, but could not proceed as the Court did not sit. It was consequently adjourned to July 17, 2012 for hearing of Motion to amend the originating application.

v. IST/OA/23/2010 – SEC V INTERCONTINENTAL BANK PLC & 37 ORS

Reconstitution of a new IST panel after the tenure of the previous panel expired occasioned some delay in the hearing of this matter. However, the matter was adjourned to July 2, 2012.

13. SUIT NO: FHC/ABJ/CS/354/2007 – AYO AKADIRI V SEC

This matter came up on the 27th of June, 2012 for hearing of the Preliminary Objection to set aside the APC proceedings of the 13th and 14th of February 2008, but could not proceed as the Court did not sit.

The matter was consequently adjourned to October 8, 2012 for argument and adoption of the Preliminary Objection.

RULES DIVISION

During the period under review, the Department carried out the following activities:

1. Reviewed the PENCOM draft amended Regulation on investment of pension fund assets.
2. Prepared a summary of the proposed amendments to the Rules on Private Equity Fund and other sundry amendments for exposure.
3. Forwarded the following proposed Rules for exposure to the public for comments:
 - i. Rule on Private equity fund
 - ii. Rule on the use of nominee account
 - iii. Sundry amendments
 - iv. New SEC forms
 - v. Market Makers
4. Reviewed the Exposure Guidelines for the regulation and supervision of Non-interest (Islamic) Financial Institutions (NIFI's) in Nigeria which was forwarded to the Central Bank of Nigeria as an input of the Commission to the review.

ENFORCEMENT AND COMPLIANCE

ENFORCEMENT

During the period under review, the following activities took place:

- a) **Companies under suspension**

- **Colvia Securities Limited & its sponsored individuals**

Colvia Securities Limited and its sponsored individuals were suspended from capital market activities because of -

- i) unauthorized sale of 280,000 units of FBN Plc shares belonging to Rosemary Asemota, which contravened Rule 182A (5) of the Commission's Rules and Regulation; and
- ii) failure to comply with the resolution reached at an all parties meeting held at the SEC Onitsha Zonal Office.

- **Hon. Chidi Lloyd Julius Vs. Afribank Securities Ltd.**

The Commission received a complaint from Hon. Chidi Lloyd Julius against Afribank Securities Ltd. on misappropriation of fund deposited with the Operator for investment in stocks.

The Commission suspended the Operator from participating in capital market activities and directed it to refund the outstanding indebtedness to the complainant before its suspension can be lifted.

b) **Lifted Suspension**

- **Mbaekwe Erasmus Vs. BIC Securities/Royal Trust Securities**

The suspension placed on BIC Securities/Royal Trust Securities for unauthorized and fraudulent disposal of NB Plc shares belonging to Mbaekwe Erasmus has been lifted.

The suspension was lifted following the Operators' compliance with the Commission's directives and resolution of the matter.

c) **Resolved Cases**

- **Engr. Mban Fabian Uchenna Vs Fin Bank Plc**

Non-allotment of shares by FinBank Plc during its public offer in 2008.

Following the suspension of the Finbank Plc and its subsidiaries, the Commission received a FinBank Plc cheque No. 01164688 being repayment

of the principal sum invested by the complainant plus interest that accrued on the sum.

The Commission had informed the complainant of the payment by FinBank Plc and requested him to come to the Commission with documents for proper identification and collection.

- **Dominic F. Moses vs. FinBank Plc**

This was a case of non-allotment of shares by FinBank Plc during its public offer in 2008.

The Commission suspended FinBank Plc and its group and directed them to pay the money to the complainant.

In compliance with this directive, the Commission received a FinBank Plc cheque No. 01164692 being repayment of the principal sum invested by the complainant plus interest accrued on the sum.

The Commission had forwarded the original copy of the cheque issued by FinBank Plc to the complainant.

- **Cashcraft Asset Management Ltd.**

The above company was penalized for non-rendition of quarterly return as Fund/Portfolio Managers. The company had complied fully with the directives of the Commission and the issue had been resolved.

C) Referral for Criminal Prosecution

- **Proforte Ltd, Gosord Securities Ltd and Koltron Ltd.**

Proforte Limited, Gosord Securities Limited, and Koltron Limited were found to be in breach of capital market laws for non-purchase of shares, unauthorized sale, forgery and impersonation and non-compliance with the APC directives.

A letter was written to the EFCC and the police referring the cases against the Operators for criminal investigation and prosecution.

- **Complaints against Mega Assets Ltd.**

The Commission received a complaint on the illegal operations of Mega Assets Limited in the capital market. The company was illegally soliciting funds from the general public.

Pursuant to Section 304 of the ISA 2007, the Commission referred the company, its Directors, and sponsored individuals to Economic and Financial Crimes Commission for criminal investigation and possible prosecution.

The Commission also directed CSCS Ltd. to place caution on the stocks accounts of the company and its Directors as follows:

- i. Adebayo Olusegun Victor
- ii. Esiaba Iheanyi Alozie

COMPLIANCE

a) Pending Cases

- **APC Decisions**

- i. 22 complaints (SEC Vs Asset Plus Securities Ltd.)
- ii. 245 complaints (SEC Vs. Alliance Capital Management Ltd.)
- iii. 129 complaints (SEC Vs. Proforte Ltd.)
- iv. 64 complaints (SEC Vs Empire Securities Ltd.)

- **Others**

- v. Adedeji Adedoyin & Co. Vs Union Registrars
- vi. Estate of Okon Idiong Oko Vs Enterprises Stockbrokers Ltd
- vii. Re: Babajide Oguntowo Vs. UBA Stockbrokers Ltd
- viii. Non- Rendition of Quarterly Returns by 21 Capital Market Operators
- ix. Udoh Usen Ekong Vs Prime Wealth Capital Ltd

Concluded Cases

- Longterm Global Capital Ltd Vs. Stanbic IBTC Asset Management Ltd
- Greenwich Plc

- Ecocorp Plc
- Ebako & Co (Pending Court Decision)

Requests for Information

A total of 47 requests for confidential report were received from the Chattered Institute of Stockbrokers, Economic and Financial Crime Commission, National Pension Commission, Central Bank of Nigeria and National Insurance Commission and were dully responded to.

REGISTRATION AND RECOGNISED INVESTMENT EXCHANGE

During the period under review, the following activities took place:

STOCK EXCHANGE

Market indices during the second quarter of 2012 were in a positive note as volume and value made, gained significantly by 27 percent and 14 percent respectively. The Nigerian Stock Exchange (NSE) All Share Index (ASI) and Market

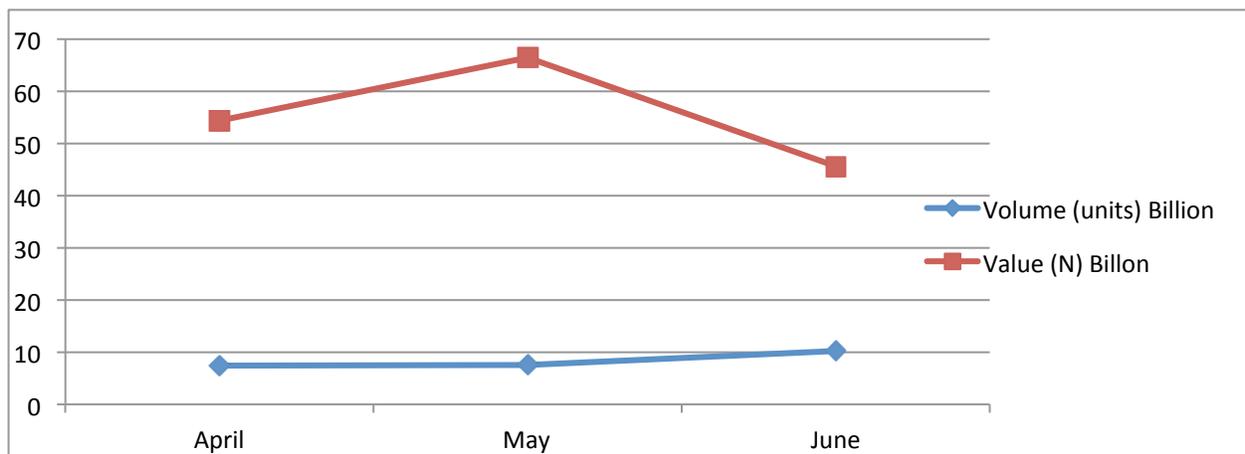
Capitalization also grew by 4.6 percent and 5.3 percent each as the investors' confidence is perceived to be gradually restoring in the market.

The market traded the highest volume during the month of June as a result of cross deal executed by union bank which came to 4.3 billion units.

During the period under review also, 25.13 billion units of shares exchanged hands and were valued at N166.48 billion in contrast to 19.7 billion units of shares valued at N145.3 billion recorded in the first quarter of 2012.

Volume and Value for the period of second and first quarter, 2012

	April	May	June	Total 2nd Quarter	Total 1st Quarter	%Change
Volume (units) Billion	7.37	7.55	10.21	25.13	19.7	27.6
Value (N) Billion	54.35	66.49	45.64	166.48	145.3	14.6



In the same period of 2011, the Market traded 24.5 billion units of shares valued at N158 billion at the end of the quarter in comparison with 25.13 billion valued at N166.5 billion in the second quarter of 2012, recording a gain of 2.6 and 5.4 percent respectively.

Volume and value for the second quarter of 2012 and 2011

	Total 2nd Quarter-2012	Total 2nd Quarter- 2011	%Change
Volume (units) Billion	25.13	24.5	2.6
Value (N) Billion	166.5	158	5.4

Price Adjustment:

The prices of twenty seven equities were adjusted for dividend payments and bonus issue as recommended by their board of directors.

The companies include the following:

Total Nigeria Plc was adjusted for a dividend of N7.00 per share.

First City Monument Bank Plc was adjusted for a bonus of 3 for 20. GlaxoSmithKline Consumer Nigeria Plc was adjusted for a dividend of N1.20 per share, while CAP Nigeria Plc was adjusted for a dividend of N1.60 per share. Fidelity Bank Plc was also adjusted for a dividend of N0.14 per share, Nestle Nigeria Plc was adjusted for a final dividend of N11.05 per share, Poly Products of Nigeria Plc was adjusted for a bonus issue of 1 for 24.

Also, the price of UACN Property Development Co. Plc was adjusted for a dividend of N0.65 per share, while the price of Guaranty Trust Assurance plc was also adjusted for a dividend of N0.08 per share. Afro Media Plc was adjusted for a dividend of N0.025 and a bonus issue of 1 for 20 and Stanbic IBTC Plc was adjusted for a dividend of N0.10 per share, Unilever Nigeria Plc was adjusted for a dividend of N1.40 per share as recommended by the board of directors. Grief Nigeria Plc was adjusted for a dividend of N0.30 per share as recommended by the board of directors. Also, the price of Access Bank Plc was adjusted for a final dividend of N0.30 per share as recommended by the board of directors.

COMPANY	CLOSURE DATE	DIVIDEND	BONUS	PAYMENT DATE	AGM DATE	EX-DIV PRICE
DANGOTE FLOUR MILLS PLC	21ST JUNE, 2012	N0.10	NIL	19TH JULY, 2012.	5TH JULY, 2012	N5.03
BERGER PAINTS PLC	11TH JUNE, 2012	N0.70	NIL	4TH JULY, 2012	3RD JULY 2012	N8.85
JAPPAUL OIL PLC	14TH JUNE, 2012	N0.02	NIL	5TH JULY, 2012.	28TH JUNE, 2012	N0.71
SMART PRODUCTS PLC	15TH JUNE, 2012	N0.15	NIL	13TH JULY 2012	27TH JUNE 2012	N0.84
ASHAKA CEMENT PLC	4TH JUNE-12	N0.40	NIL	29TH JUNE-12.	28TH JUNE-12	N9.80
NPF MICROFINANCE BANK	4TH JUNE-12	N0.02	NIL	NIL	14TH JUNE-12	N1.05
CAPITAL HOTELS PLC	4TH JUNE-12	N0.07	NIL	5TH JULY-12	21ST JUNE-12	N6.71
JULIUS BERGER PLC	4TH JUNE-12	N2.40	NIL	22ND JUNE-12	21ST JUNE-	N30.61

					12	
COURTEVILLE BUS. SOL.PLC	5TH JUNE-12	N0.05	NIL	1ST AUGUST-12	17TH JULY-12	N0.50
CONSOLIDATED HALLMARK	7TH JUNE-12	N0.02	NIL	28TH JUNE-12	20TH JUNE-12	N0.50
Tantalizers Plc	28/05/2012	N0.02	Nil	10/7/2012	28/06/2012	N0.50
Portland Paints & Products Nig. Plc	28/05/2012	N0.20	Nil	11/6/2012	8/6/2012	N3.05
Smart Products Plc	31/05/2012	N0.15	Nil	13/7/2012	27/6/2012	N0.99
Regency Alliance Insurance	29 th June 012	N 0.02	NIL	13/7/012	12/7/2012	N0.50
Tantalizers Plc	28/05/2012	N0.02	Nil	10/7/2012	28/06/2012	N0.50
Portland Paints & Products Nig. Plc	28/05/2012	N0.20	Nil	11/6/2012	8/6/2012	N3.05
Smart Products Plc	31/05/2012	N0.15	Nil	13/7/2012	27/6/2012	N0.99
UAC Nigeria Plc	21/05/2012	N1.50	Nil	21/06/2012	20/06/2012	N34.50
National Salt Company of Nig. Plc	21/05/2012	N0.70	Nil	31/05/2012	31/05/2012	N5.60
UTC Nigeria Plc	21/05/2012	N0.05	Nil	7/6/2012	7/6/2012	N0.50
AIICO Insurance Plc	21/05/2012	N0.06	Nil	2/7/2012	27/06/2012	N0.50
Airline Services & Logistics Plc	21/05/2012	N0.20	Nil	8/6/2012	7/6/2012	N1.60
Nigeria Aviation Handling Co. Plc	14/05/2012	N0.25	1 for 5	7/06/2012	7/06/2012	N6.59
Dangote Cement Plc	14/05/2012	N1.25	1 for 10	1/06/2012	24/05/2012	N110.22
Okomu Oil Palm Plc	15/05/2012	N4.00 (final)	Nil	25/06/2012	13/06/2012	N34.20
RT Briscoe Plc	16/05/2012	N0.10	1 for 5	Nil	28/06/2012	N1.24
Lafarge Cement Wapco Plc	7/05/2012	N0.75	-	23/05/2012	23/05/2012	N43.12
A.G. Leventis Nigeria Plc	7/05/2012	N0.05	-	31/05/2012	31/05/2012	N0.50
Beta Glass Plc						N0.40
A.G. Leventis Nigeria Plc						N0.14
Sterling Bank Plc						N0.10
NCR Nigeria Plc						N3.00
First Bank Plc						N0.80
Mobil Oil Nigeria Plc						N5.00 and a bonus issue of 1 for 5
United Bank for Africa						bonus issue of 1 for 50
Custodian & Allied Insurance Plc						N0.08

NEW LISTING

- A total of 1,630,091,000 ordinary shares of 50 kobo each at N5.00 per share of Fortis Microfinance Bank was admitted on the daily Official List of The Exchange by way of introduction on the June 19, 2012. By this action, the number of listed equities rose to 203.
- 15.10% FGN APR 2017 bond was admitted on the Daily Official List of The Exchange on Thursday, May 3rd, 2012 bringing the total Federal Government bonds listed on the Exchange to Twenty Seven (27).

Supplementary Listings

- A total of 2,440,678,830 units were added to the outstanding shares of First City Monument Bank Plc (FCMB), arising from the bonus issue of 3 for 20. With this, the outstanding shares of the company stood at 18,711,871,032 ordinary shares.
- A total of 10,000,000 units were added to the Outstanding Shares of Poly Products Nigeria Plc arising from the bonus issue of 1 for 24. With this, the outstanding shares of the company stood at 250,000,000.
- A total of 201,774,863 units of Afro media Plc shares were added to the shares outstanding of the company arising from the bonus issue of 1 for 20. With this, the outstanding shares of the company stood at 4,237,272,123 ordinary shares.
- Also, following the conclusion of Placing of shares to AMCON (9,988,363,514 ordinary shares) and Union Global Partners Ltd (4,414,317,957 ordinary shares), resulting from the re-organization of capital of Union Bank of Nigeria Plc; a total of 14,402,681,471 ordinary shares of Union Bank Plc was admitted on the Daily Official List of the Exchange on April 11, 2012. With this, the Outstanding Shares of Union Bank Plc is 16,935,806,471.
- International Breweries Plc Rights issue of 1,149,611,749 units of ordinary shares of 50 kobo each at N5.08 per share was listed on June 11, 2012.

Fresh Registration

A total of Twenty (20) new applications were received from potential capital market operators to register for the second quarter ended June, 2012:

S/N	APPLIED FUNCTION	NO OF APPLICANTS	% OF TOTAL
1	Solicitors	5	25
2	Investment Advisers	7	35
3	Issuing House	1	5
4	Fund/Portfolio Manager	3	15
5	Underwriter	1	5
6	Broker/Dealer	2	10
7	Trustee	1	5
	TOTAL	20	100

Registered Capital Market Operators

The Commission registered a total of Twenty-Three (23) capital market operators for the second quarter ended June, 2012. The operators were:

S/NO	NAME OF COMPANY/FIRM	FUNCTION REGISTERED
1.	Vetiva Fund Managers Ltd	Transfer of Fund/Portfolio Manager's function from parent company (Vetiva Capital Management Ltd)
2..	FBN Asset Management Ltd	Transfer of Fund/Portfolio Manager's function from parent company (FBN Capital Ltd)
3.	PAC Asset Management Ltd	Transfer of Fund/Portfolio Manager's from parent company(PanAfrican Capital Plc)
4	Royal Guaranty & Trust Limited	Broker/Dealer
5.	Arthur Stevens Asset Management Ltd	Broker/Dealer
6.	Marina Securities Stockbroking Services Limited	Transfer of Broker/Dealer function from parent company
7	Crescent Capital Ltd	Broker/Dealer
8.	Planet Capital Limited	Issuing House
9.	MBC Capital Ltd	Issuing House & Investment Adviser
10.	Hephzibah Capital & Trust Ltd	Investment Adviser
11.	Dbrown Consulting	Individual Investment Adviser
12.	CSL Trustees Ltd	Trustee
13.	Meristem Trustees Limited	Trustee
14.	UACN Property Dev. Co Plc	Property Manager
15.	Joe Akhigbe & Associates	Estate Surveyor & Valuer
16.	Akanbi & Wigwe Legal Practitioners	Solicitors
17.	Tope Adebayo & Co	Solicitor
18.	Rock Ville & Co	Solicitor
19.	Doyin Owolabi & Co	Reporting Accountants/Auditors

20.	A.A. Dina & Co	R/Accountants/Auditors
21.	Akorede Adisa & Co	Reporting Accountants
22.	Sam Oyemade	Reporting Accountants
23.	Igbode Babs & Co	Reporting Accountant

RENEWAL OF REGISTRATION

➤ **Update of Registration Documentation**

Two (2) applications for updating of registration document were approved during the period under review.

➤ **Pending Applications**

The Commission had a total of Four Hundred and Ten (410) applications pending. These include applications for additional functions and sponsored individuals and applications for change of information.

➤ **Other applications**

A total number of One Hundred and Seventy (170) applications and requests were concluded during the quarter under review. These include applications for change of directors, change of company name, change of address, registration of additional functions & sponsored individuals, resignation of sponsored individuals, transfer of sponsored individuals and withdrawal of function.

➤ **Registration Meeting**

A Registration Meeting was held on June 27 -29, 2012 and July 2, 2012. One Hundred and Fifteen companies were presented. Ninety-Nine companies attended. Approval was granted to Ninety -Eight companies, while one company was asked to reappear for next meeting.

ACTIVITIES OF THE ZONAL OFFICES:

LAGOS

During the period under review, the following activities took place:

1. REGISTRATION ACTIVITIES

- Fresh Registration - 12
- Additional Sponsored Individuals - 32
- Thumb print samples taken - 58
- Police clearance report forwarded to Abuja - 64
- Enquiries attended to during the period - 213

a) **Annual General Meetings (AGMS)/EGM/CBM for the quarter**

A total of 41 meetings were attended by the zone, they include:

- Annual General Meeting - 40
- Extra-Ordinary General Meeting - 1

b) **Annual General Meetings (AGMS) attended**

S/NO	NAME OF COMPANY	DATE OF MEETING	REMARKS
1	GT BANK PLC	19/04/2012	Meeting was well conducted and all resolutions were passed and adopted.
2	Union Homes REIT	26/04/2012	Meeting was well conducted and all resolutions were passed and adopted.
3	Nestle Nigeria Plc	26/04/2012	“
4	Friesland Company Plc	“	“
5	Unilever Nigeria Plc	10/05/2012	Meeting was well conducted.
6	Poly Products Plc	11/05/ 2012	“
7	Paints & Coating Manufacturing Nigeria Plc	15/05/2012	Meeting was well conducted and all resolutions were passed and carried.
8	UAC-Property Plc	“	“
9	Nigerian Breweries Plc	16/05/2012	“
10	Custodian & Allied Bank Plc	17/05/2012	“
11	Consolidated Breweries Plc	“	“
12	UBA Plc	18/05/2012	“
13	FCMB PLC	21/05/2012	All motions were passed and adopted
14	GlaxosmithKline Plc	22/05/2012	“
15	Larfarge Cement Plc	23/05/2012	“
16	E-Tranzact Plc	24/05/2102	“

17	May & Baker Nig. Plc	“	“
18	Skye Bank Plc	24/05/2012	“
19	Dangote Cement Plc	“	“
20	Omaket Ventures Plc	28/05/2012	Meeting was well conducted and all resolutions were passed and carried.
21	Mobil Oil Plc	30/05/2012	“
22	NCR Nigeria Plc	“	“
23	First Bank Plc	31/05/2012	“

24	Learn Africa Plc	“	“
25	National Salt Company Plc	“	“
26	Property Gate Plc	“	“
27	Intercontinental Wapic	4/06/2012	“
28	Airline Services & Logistics Plc	7/06/2012	“
29	UTC Nigeria Plc	7/06/2012	“
30	Total Plc	13/06/2012	Meeting was well conducted and all resolutions were passed and carried.
31	BOC Gases Plc	14/06/2012	“
32	Abbey Building Society Plc	20/06/2012	Meeting was well conducted and all resolutions were passed and carried.
33	Nigerian Ropes Plc	“	“
34	Consolidated Hallmark Insurance Plc	20/06/2012	Meeting was well conducted and all resolutions were passed and carried.
35	RAK Unity Petroleum Plc	26/06/2012	Meeting was well conducted and all resolutions were passed and carried.
36	Smart Products Plc	27/06/2012	Meeting was well conducted and all resolutions were passed and carried.
37	R.T. Briscoe Plc	28/06/2012	“
38	Tantalizers Plc	28/06/2012	“
39	Deap Capital Plc	29/06/2012	“
40	DN Meyer Plc	29/06/2012	“

Extra-Ordinary General Meetings (EGMS) attended

S/NO	NAME OF COMPANY	PURPOSE OF MEETING	DATE HELD	REMARKS/ COMMENT
1	Swaps Technologies and Telecoms Plc		30/05/2012	Well conducted. All resolutions were passed and carried.

Court Ordered Meetings attended

S/NO	NAME OF COMPANY	PURPOSE OF MEETING	DATE HELD	REMARKS/COMMENTS
1.	Nil	Nil	Nil	Nil

Completion Board Meetings (CBM) attended

S/NO	NAME OF COMPANY	DATE OF MEETING	DATE HELD	COMMENTS
1.	Nil	Nil	Nil	Nil

INSPECTIONS

Anti Money Laundering/CTF Inspection

S/N	NAME OF COMPANY	NATURE OF BUSINESS	DATE OF INSPECTION
1.	Profund Securities Ltd	Stock broking	21 ST May, 2012
2	Partnership Investment Ltd	“	22 nd May, 2012
3	Adonai Stockbrokers Ltd	“	“

Inspection of Existing Securities

S/N	NAME AND ADDRESS OF COMPANY	NATURE OF BUSINESS	DATE OF INSPECTION
1.	Riggs Ventures Plc	Packaging	7 th June 2012

Target Inspection

S/N	NAME OF COMPANY	NATURE OF INSPECTIONS	DATE OF INSPECTION	OBSERVATIONS
1.	Nil	Nil	Nil	Nil

Pre-Registration Inspection

S/N	NAME OF COMPANY	NATURE OF BUSINESS	DATE OF INSPECTION
1	Joe Akhigbe & Associates	Estate Surveyors & Valuers	15/06/2012
2	SFC Securities Limited	Broker Dealer	“
3	Rockville & Co.	Solicitors	20/06/2012
4	Meristem Trustees Ltd	Trustees	“

Observations from NSE Trading

S/NO	DATE	COMMENTS
	Nil	Nil

MARKET DEVELOPMENT ACTIVITIES:

Enlightenment Programmes:

- Receipt of invitation by the Head, Lagos Zonal Office (LZO) and participation as Guest Speaker at a June 2012 Seminar on “**Regulatory Development in the Capital Market**” – Real Issues organized by Investment and Securities Tribunal (IST).

- Capacity building seminars aimed at improving and positioning staff of the LZO for more efficient performance.
- Hosted students of Nigeria Universities Accounting Students' Association, Al-Hikmah University, Ilorin – Kwara State on an excursion visit in May, 2012.
- Hosted students of Nigeria Association of Banking & Finance Students, Crawford University, Agbara, Ogun State in May, 2012
- Hosted students of Corporate Future Accounting from The Polytechnic, Ile-Ife, Ogun State.
- Kwararafa University, Wukari, Taraba State.

During their visits, about 106 enquiries on the operations of the Capital Market were addressed.

Establishment of Capital Market Clubs in Secondary Schools

- Formation of capital market clubs in all secondary schools in Lagos and Ogun States which was kick started during the last quarter of 2011 was put on hold.

Library/Research Activities

- An increased Library patronage by members of the academia and the general public was observed.

LEGAL AND INVESTIGATION SECOND QUARTER REPORT

In the Second quarter of the year, thirty (30) new complaints were received.

In order to resolve these matters and prevent continuous exchange of correspondences, thirteen (13) all parties meetings were convened and held during the period.

However, Lagos Zonal Office (LZO) treated a total of Ninety One (91) complaints. Five (5) out of these cases were successfully resolved.

The following were few sensitive matters handled during the period:

1. **Name of File:** **Linkage Assurance Plc Vs. SMADAC Sec. Ltd**
- Subject Matter:** Complaint on refusal to refund the balance on the sum deposited for purchase of shares.
- Action Taken:** The complainant and operator before this meeting had agreed that the operator should purchase one million (1,000, 000) units of Access Bank Plc shares for which the company's account was debited in 2007 in the sum of N14.9 million. The operator had purchased the said shares, but the value had dropped from N14.9m to N7.1m. The operator was directed to refund the outstanding difference less transaction charges which is the sum of N7, 595,155.5.
2. **Name of File:** **Bayo Adeniji Fashola & Co. (Chief Iyiola Ezekiel Omisore) Vs. Trust Yields Securities Limited and United Bank for Africa Plc Chief Amadi Daniel Onu Vs. Zenith Registrar Ltd**
- Subject Matter:** Complaint on Fraudulent Conversion of Zenith Bank Plc returns Money
- Action Taken:** The fact of the matter was established in the course of investigation that, fraudulent persons opened an account in the names of the complainant to clear return money meant for Mr. Amadi Daniel and Amadi Obiamaka. The Commission resolved that the GT Bank was liable and directed that it pays the sum of N941, 687.35 to the complainant.

IBADAN ZONAL

MONITORING OF TRADING ACTIVITIES

During the Quarter under review, trading activities on the floor of Ibadan Stock Exchange were monitored.

INVESTIGATION AND ENFORCEMENT

The zone received five (5) new complaints during the quarter resolved Eight (8) complaints while Three (3) were forwarded o the Head office for enforcement.

COMPLETION BOARD MEETING

Completion Board Meeting on HEBN Publishers Plc was attended in respect of private placement on its shares.

- Offer by way of private placement to prospective shareholders of 29,814,208 ordinary shares of 50kobo each issue price: N3.25 per share and Rights to existing shareholders of 70,185,792 ordinary shares of 50kobo each in the Ratio of 3 for every 2 held issue price: N2.95 per share.

ANNUAL GENERAL MEETING (AGM):

Three AGMs were attended during the period. These include:

1. International Breweries Plc;
2. Japaul Oil And Maritime Services Plc; and
3. Oasis Insurance Plc.

PORT-HARCOURT

During the quarter under review, the following activities took place:

OPERATIONAL ATIVITIES

INVESTIGATION AND ENFOREMENT

A total of Thirty – Two (32) new complaints were received, while there were Forty-Four (44) existing complaints from shareholders/investors during the period.

However, a total of Seventy-Six (76) complaints were for consideration during the reviewed period. Among these, Twelve (12) cases were resolved. Below is the list of resolved cases:

S/N	DESCRIPTION	NO. OF RESOLVED CASES
1	Non-Receipt of Share Certificates	2
2	Non-Receipt of Dividend and Return Monies Warrants	3
3	Non-Receipt of Bonus Certificates	2
4	Non-Verification of Share Certificates	2
5	Miscellaneous Issues (Change of Postal Address, Re-Issuance of Missing Certificates etc)	3
	Total	12

SURVEILLANCE INSPECTION ON ILLEGAL OPERATORS

Surveillance inspection was carried out on May 10, 2012 on C2 Investments Limited of No. 1-2 Park road, Aba, Abia State, based on complaint about illegal operation. However, the report on the inspection was processed for enforcement action.

ALL PARTIES MEETING

During the quarter under review, all parties' meetings were held on the following cases:

- Micheal Okoro Vs EL Asset Management Limited: held on Tuesday, June 19, 2012.
- Mrs. Mercy Onwubuiko Vs ECL Asset Management Limited: held on Tuesday, June 19, 2012.
- Nweke Oliver Vs Solid Rock Securities & Investment Plc: held on Tuesday, June 19, 2012.
- Obilor Uhe Success Vs Mega Equities Limited: held on Thursday, June 28, 2012. (This matter was being handled by Enforcement & Compliance Department, Head Office).

Fresh Registration

During the reviewed quarter, two (2) firms applied for registration with the Commission. These firms were:

S/N	NAMES OF FIRMS	CATEGORY OF	APPLICATION	STATUS OF
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		APPLICATION	DATE	APPLICATION
1	Vicmen Funds Investment	Investment Adviser	06/01/2012	File was forwarded to Head Office. A pre-registration inspection was conducted.
2	Global Stocks Investments Services Ltd.	Portfolio Managers	03/ 02/211	File being forwarded to Head Office. Invitation for registration meeting at the head office was being awaited.

EXTRA-ORDINARY GENERAL MEETING (EGM)

The Zonal office during the reviewed period attended an Extra-Ordinary General Meeting (EGM) of International Energy Insurance Plc held on Thursday, June 28, 2012 at Le Meridien, Ibom Hotel & Golf Resort, Nwaniba Road, Uyo, Akwa Ibom State.

ONITSHA

OPERATIONAL ACTIVITIES

A. COMPLAINTS:

During the period under review, the Onitsha Zonal Office received a total of One Hundred and Sixty -Three (**163**) complaints from investors. Out of these complaints, Forty - Seven (**47**) were Registrars related, while One Hundred and Fifteen (**115**) were Stockbrokers related and One (1) illegal Market Operator

related. However, out of the complaints on stockbrokers related, Eighty - Nine (89) were complaints against Mega Asset Managers Ltd.

A total of Forty Two (42) complaints were resolved and closed. Twenty Four (24) were Registrars Related, while Eighteen (18) were Stockbrokers related. These were:

RESOLVED COMPLAINTS: REGISTRARS RELATED COMPLAINTS

1.	<p>OKONKWO LAWRENCE EZE VS ZENITH REGISTRARS LTD Subject: Non receipt of dividend warrants for payment Nos. 81 & 82 IRO Guinness Nigeria Plc. Date of complaint: March 8, 2012 Date of Resolution: April 10, 2012. The complainant confirmed the receipt of his outstanding dividend warrants from Zenith Bank Plc, Bridge Head Branch Onitsha.</p>
2	<p>EMENIKE OBUMNEME BENETH VS UBA REGISTRARS LTD. Subject: Non receipt of UBA Plc dividend warrant. Date of complaint: January 27, 2012 Date of Resolution: April 17, 2012. The complainant confirmed the receipt of his dividend warrants and resolution of his complaint in his letter dated March 24, 2012.</p>
3	<p>ONYECHI UZODIMMA VINCENT VS AFRIBANK REGISTRARS LTD. Subject: Non receipts of dividend warrant IRO May & Baker. Date of complaint: February 23, 2009 Date of Resolution: April 17, 2012. The complainant confirmed the receipt of his revalidated cheques from Afribank Registrars and resolution of his complaint in his letter dated April 16, 2012.</p>
4	<p>OKONKWO PROSPER CHUKWULOB VS FLOUR MILLS REGISTRARS LTD Subject: Non- payment of dividend warrant IRO Flour Mill Nig. Plc Date of complaint: March 20, 2012 Date of Resolution: April 17, 2012. The complainant confirmed the payment of his dividend into his account and the resolution of his complaint in his letter dated April 16, 2012.</p>
5.	<p>AUSTIN ACHUKWU ONONYE & ASSOCIATE VS ZENITH REGISTRARS LTD Subject: Non- receipt of dividend warrant IRO Guinness Nigeria Plc shares Date of complaint: January 23, 2012 Date of Resolution: May 4, 2012. The complainant confirmed the receipt of his dividend warrant in his letter dated April 5, 2012.</p>
6.	<p>NZE JOSEPH N. EMEGHEBO VS CONSOLIDATED HALLMARK INSURANCE PLC Subject: Shortfall in allocation of shares and dividend warrants IFO Nze Joseph N. Emeghebo Date of complaint: March 8, 2011 Date of Resolution: May 5, 2012. The complainant confirmed the resolution of his complaint in his letter dated March 5, 2012. The Commission sent a letter dated March 26, 2012 to the complainant stating that it has taken their avowed resolution as final and on no account will it entertain any complaint pertaining to the subject.</p>
7.	<p>ANAZODO CHARLES CHIEDU VS FIRST REGISTRARS LTD Subject: Non allotment of shares during the Initial Public Offer of Standard Alliance Insurance Company Plc. Date of complaint: March 10, 2011 Date of Closure: May 7, 2012. The complainant failed to respond to our letter dated April 7, 2011 requesting him to appraise the Commission on his complaint to enable us acts further.</p>

8	<p>JEYERE UGBEYE VS FIRST REGISTRARS LTD Subject: Non receipt of either share certificate or return money for the Initial Public Offer of Daar Communications Plc. Date of complaint: December 24, 2009 Date of Closure: May 7, 2011. The complainant failed to respond to our letter dated May 3, 2011 requesting him to appraise the Commission on his complaint to enable us act further.</p>
9.	<p>KINGSLEY NJOKU C. VS AFRIBANK REGISTRARS LTD Subject: The complainant alleged loss of share certificate IRO AP Plc (Now Forte Oil Plc) Date of complaint: March 10, 2010 Date of closure: May 7, 2012. The complainant failed to respond to our letter dated July 5, 2011 requesting him to apprise the Commission on his complaint to enable us act further.</p>
10.	<p>EMEREZE EMMANUEL O. VS UBA REGISTRARS LTD Subject: The complainant requested for the lodgment of his UBA Plc bonus of 5,111 units into his CSCS account. Date of complaint: September 16, 2011 Date of closure: May 7, 2012. The complainant failed to respond to our letter dated October 21, 2011 requesting him to confirm to the Commission the resolution of his complaint.</p>
11	<p>NWAEGBU GREGORY CHUKWUDI VS WEMA REGISTRARS LTD Subject: Non receipt of dividends and bonuses in respect of University Press Plc for 2010 financial year. Date of complaint: May 3, 2011 Date of closure: May 17, 2012. The complainant failed to respond to our letter dated June 3, 2011 requesting him to confirm to the Commission the resolution of his complaint.</p>
12.	<p>NGWU COLLENUS VS MAINSTREETBANK REGISTRARS LTD Subject: Non receipt of share certificate, bonus and dividend warrants IRO Afribank Plc now Mainstreet bank Plc Date of complaint: May 5, 2011. Date of Resolution: May 17, 2012, Afribank Plc share certificate and bonus were delivered to the complainant on July 26, 2011, while dividend was on January 9, 2012, respectively.</p>
13.	<p>NGWU VICTORIA VS MAINSTREETBANK REGISTRARS LTD Subject: Non receipt of share certificate, bonus and dividend warrants IRO Afribank Plc now Mainstreetbank Plc Date of complaint: May 5, 2011. Date of Resolution: May 17, 2012 Afribank Plc share certificate and bonus were delivered to the complainant on July 26, 2011, while dividend was on January 9, 2012, respectively.</p>
14.	<p>OKONKWO PROSPER CHUKWULOB VS ZENITH REGISTRARS LTD Subject: Refusal to pay his Scheme Consideration of Nigeria Bottling Company Plc dividend into his FBN Plc account. Date of complaint: March 20, 2012 Date of Resolution: May 23, 2012. The complainant confirmed the payment of his dividend into his FBN Plc account in his letter dated May 10, 2012.</p>
15.	<p>OKONKWO PROSPER CHUKWULOB VS UNION REGISTRARS LTD Subject: Requested for the transfer of his Union Bank of Nig. Plc shares to his account domiciled under BGL Securities Ltd. Date of complaint: April 2, 2012 Date of Resolution: May 23, 2012. The complainant confirmed that the 3974 and 342 units of Union Bank Plc shares have been transferred into his account domiciled under BGL Securities Ltd in his letter dated May 14, 2012.</p>
16.	<p>OKONKWO PROSPER CHUKWULOB VS MERISTEM REGISTRARS LTD Subject: Erroneous lodgment of Neimeth Int. Pharmaceutical Plc bonus shares. Date of complaint: July 25, 2011 Date of Resolution: May 23, 2012. The complainant confirmed that his 9900 units of Neimeth Int. Pharmaceutical Plc bonus shares has been lodged into his account domiciled under BGL Securities Ltd in his letter dated May 21, 2012.</p>
17.	<p>OKONKWO PROSPER CHUKWULOB VS UBA REGISTRARS LTD Subject: Request for his pay off warrant IRO United Nig. Textile Plc Schemes.</p>

	<p>Date of complaint: March 20, 2012. Date of Resolution: May 23, 2012. The complainant confirmed that the sum of N11, 068.80 was credited into his UBA account in his letter dated May 10, 2012.</p>
18.	<p>EZEUDU HERBERT NNODU VS UNION REGISTRARS LTD Subject: Unauthorized transfer of his 25,279 units of UBN Plc bonuses for 2006, 2007 and 2008 respectively. Date of complaint: June 22, 2011. Date of Resolution: June 11, 2012. There was a telephone Communication with the complainant on June 11, 2012, who confirmed the resolution of his complaint.</p>
19.	<p>EZEUDU HERBERT NNODU VS MERISTEM REGISTRARS LTD Subject: Refusal to revalidate his dividend warrant for N8,226.25 IRO R.T. Briscoe Plc Date of complaint: May 23, 2011 Date of Resolution: June 11, 2012. There was a telephone Communication with the complainant on June 11, 2012, who confirmed the resolution of his complaint.</p>
20.	<p>EZEUDU HERBERT NNODU VS UNION REGISTRARS LTD Subject: Non receipt of dividend warrant IRO Unilever Nigeria Plc Date of complaint: May 23, 2011 Date of Resolution: June 11, 2012. There was a telephone Communication with the complainant on June 11, 2012 who confirmed the resolution of his complaint.</p>
21.	<p>AYAKORA THANKGOD VS ZENITH REGISTRARS LTD Subject: Denial of shares duly paid for IRO Nigeria Bottling Company Plc. Date of complaint: October 27, 2011 Date of closure: June 12, 2012. The complainant failed to respond to our letter dated October 20, 2011, requesting him to confirm the assertion of Zenith Registrars Ltd that his NBC Plc shareholding was 6,168 units while his dividend no. 40 had been sent to its Port Harcourt liaison Office on December 6, 2010 as per his request.</p>
22.	<p>OKOLIE SAMUEL EMEKA VS FIRST REGISTRARS LTD Subject: Request for dividends & bonuses due to him, and change of address. Date of complaint: February 20, 2012 Date of Resolution: June 18, 2012. Dividend warrants were delivered to the complainant on June 1, 2012 in the sums of N2, 160, N3, 037.50 and N262.44 respectively and confirmed that he had no further challenges.</p>
23.	<p>NWOKOLO IKENNA CHARLES VS OCEANIC REGISTRARS LTD Subject: Unclaimed returned money on Dangote Flour Mills Plc Date of complaint: January 30, 2012 Date of Resolution: June 18, 2012, Dangote Flour Mills Plc returned money in the sum of N9,114.95 was delivered to the complainant on May 15, 2012</p>
24.	<p>EZEUDU HERBERT NNODU VS UAC REGISTRARS LTD Subject: Non receipt of bonus share certificate & dividend warrants IRO UACN Plc. Date of complaint: May 23, 2011 Date of Resolution: June 21, 2012. There was a telephone Communication with the complainant on June 20, 2012 who confirmed receipt of his dividend warrant in the sum of N10, 934.28 and mandate for e-dividend payment and clearance of the said warrant into his bank account.</p>

RESOLVED COMPLAINTS: STOCKBROKER RELATED COMPLAINTS

1.	<p>ILODIGWE UCHENNA VS ADONAI STOCKBROKERS LTD Subject: Non receipt of Zenith Ethical Fund certificate since 2008. Date of complaint: August 8, 2011 Date of Resolution: April 3, 2012. The complainant confirmed the resolution of her complaint in her Letter dated April 2, 2012.</p>
2	<p>ILOETOMMA PATRICK C. VS SOLID ROCK SECURITIES & INVESTMENTS LTD Subject: Illegal sale of his shares without mandate and requested for all accrued dividends and bonus for the period. Date of complaint: May 12, 2011. Date of Resolution: May 4, 2012. The complainant confirmed receipt in the sum of N110, 327.40 being dividend for the Financial Year ended 2005-2012. Vide a telephone Communication.</p>

3	<p>ACHEBO E.O EMMANUEL VS AMYN INVESTMENT LTD Subject: Refusal to verify share certificates IRO NB Plc shares. Date of complaint: Undated but received September 14, 2010 Date of Resolution: May 4, 2012. The complainant NB Plc share certificates nos 015617-5 and 278578 for 133 and 2,080 units respectively were delivered to him on August 17, 2011.</p>
4	<p>ENGR. E. O. GODWIN VS KAPITAL CARE TRUST & SECURITIES LTD Subject: Refusals to sign inter member transfer form. Date of complaint: May 25, 2009 Date of closure: May 7, 2012. The complainant failed to respond to our letter dated May 4, 2012, advising her to facilitate the process of getting a letter of Administration to enable her finalize the transfer of her late husband's shares.</p>
5	<p>EBO OBI MICHAEL VS SUMMIT FINANCE Co. LTD Subject: Refusal to sign inter-member transfer form. Date of complaint: June 30, 2011 Date of closure: May 7, 2012. The complainant failed to respond to our letter dated July 7, 2011 advising him to submit the duly completed Inter-Member Transfer Form to Summit Finance Ltd to facilitate the transfer of his shares.</p>
6	<p>OTI UCHENNA VS ADONAI STOCKBROKERS LTD Subject: Refusal to transfer his shares into his CSCS account. Date of complaint: February 28, 2012. Date of closure: May 16, 2012. The complainant confirmed the transfer of his shares to Adonai Stockbrokers Ltd in his letter dated April 27, 2012.</p>
7	<p>ADIBE CHIGOZIE SIMEON VS FIRST EQUITY SECURITIES LTD Subject: Requested for inter member transfer form to Valueline Sec. & Inv. Ltd. Date of complaint: March 4, 2012 Date of closure: May 18, 2012. The complainant confirmed the successful transfer of his shares to Valueline Sec. & Inv. Ltd on May 18, 2012 vide telephone.</p>
8	<p>OKOLO IKECHUKWU ANENEOWA VS FIDELITY SECURITIES LTD Subject: Margin Loan Facility Agreement Date of complaint: June 7, 2010 Date of closure: May 21, 2012. The parties had been advised to negotiate settlement on the matter.</p>
9	<p>NKECHI VERONICA ASARA VS RESORT SECURITIES LTD Subject: Application for investigation into her financial transactions with Resort Securities Ltd Date of complaint: July 10,2011 Date of closure: May 22, 2012. The complainant failed to respond to our letter dated December 6, 2011, stating that the submission made by the CMOs confirmed that there was no wrongdoing in the purchase made on her behalf and advised her not to hesitate to inform the Commission if she needed any explanation to clear her doubt or state if there were further challenges.</p>
10	<p>PATRICK OBIORA IFEATU VS FIDELITY UNION SECURITIES LTD Subject: Non verification of his share certificates. Date of complaint: January 10, 2011 Date of Resolution: May 21, 2012. The complainant confirmed successful resolution of the matter via a telephone conversation.</p>
11	<p>OKEKE LEONARD VS FIDELITY UNION SECURITIES LTD Subject: Refusal to verify share certificates submitted for lodgment into a CSCS depository. Date of complaint: April 26, 2010. Date of Resolution: May 21, 2012. The complainant confirmed successful resolution of the matter vides telephone conversation.</p>

12	<p>OKONKWO PROSPER CHUKWULOB VS CENTRE-POINT INVESTMENTS LTD Subject: Refusals to sign inter member transfer. Date of complaint: July 25, 2011 Date of Resolution: May 23, 2012. The complainant confirmed successful transfer of his shares from Centre Point Invest. Ltd to BGL Securities Ltd.</p>
13	<p>OKPALA OKECHUKWU VS THE BRIDGE SECURITIES LTD Subject: Unauthorized sale of his shares and non receipt of dividend. Date of complaint: January 23, 2012 Date of Resolution: June 7, 2012. The complainant confirmed satisfactory resolution of his complaint in his letter dated June 6, 2012.</p>
14	<p>DR. UDEANTA BARTHOLOMEW VS AMYN INVESTMENTS LTD Subject: Refusal to purchase shares duly paid for. Date of complaint: September 29, 2010 Date of Resolution: June 12, 2012. The complainant was advised to forward subsequent correspondences on his complaint to the Commission's Port Harcourt Zonal Office in our letter dated October 11, 2011.</p>
15	<p>NWEZE UGOCHUKWU JONATHAN VS TOWER ASSET MANAGEMENT COMPANY LTD Subject: Fraudulent activities and non purchase of shares duly paid for. Date of complaint: August 25, 2011 Date of Resolution: June 12, 2012. The complainant failed to respond to our letter dated October 17, 2011 requesting him to confirm the assertion of Tower Asset Management Ltd that the complaint had been resolved ten days before the complaint was reported to the Commission vide his letter dated August 25, 2011.</p>
16	<p>ABANUM M. CHARLES VS AMYN INVESTMENTS LTD Subject: Refusal to purchase Access Bank Plc shares duly paid for and requested for refund of his money with accrued interest since 2007 to date. Date of complaint: December 6, 2011 Date of Resolution: June 18, 2012. The Unity Bank Plc cheque was delivered to the complainant on June 1, 2012 at OZO.</p>
17	<p>NWOFILI VICTOR IKECHUKWU VS AMYN INVESTMENTS LTD Subject: Refusal to purchase Access Bank Plc shares duly paid for and requested for refund of his money with accrued interest since 2007 to date. Date of complaint: February 8, 2012. Date of Resolution: June 18, 2012. The Unity Bank Plc cheque in the sum of N29, 084.80 was delivered to the complainant on June 1, 2012 at OZO.</p>
18.	<p>JUSTICE TONWE SAMUEL ORITSEMATOSAN VS AMYN INVESTMENTS LTD Subject: Retention of proceeds from the sale of his shares. Date of complaint: March 26, 2010 Date of Resolution: June 22, 2012. The Unity Bank Plc cheque in the sum of N32, 227.30 was delivered to the complainant on June 1, 2012.</p>

B. ROUTINE MONITORING OF THE NIGERIAN STOCK EXCHANGE, ONITSHA BRANCH

During the reporting period, trading activities on the floor of the Onitsha branch of the Nigerian Stock Exchange was low due to the fact that most stock-broking firms in Onitsha trade from Lagos branch of the Exchange.

KANO

OPERATIONAL ACTIVITIES

During the period under review, trading activities on the floor of the Nigerian Stock Exchange were monitored with no abnormality observed.

INVESTORS' COMPLAINTS

A total of One Hundred (100) complaints were received during the reviewed period. The complaints include dividend warrants, unauthorized sale of shares, non-receipt of return monies and non- verification of share certificates.

A total of Eighty-Three (83) of the complaints received were Registrars related, four (4) were Stock Brokers related cases, while Thirteen (13) were multiple complaints.

RESOLVED COMPLAINTS

Thirty – Six (36) cases were resolved during the reviewed period. However, Twenty-Eight (28) of the resolved cases were Registrars related, Six (6) Stock-brokers related, while the remaining Two (2) were multiple complaints.

RECOVERY OF INVESTORS/COMPLAINTS DIVIDEND WARRANTS/RETURNED MONIES.

Dividend warrants/Returned Monies worth the sum of One Million, Eight Hundred and One Thousand, Two Hundred and Sixteen Naira, Fifteen Kobo (N1,801,216.15) only were recovered during the reviewed quarter.

MARKET DEVELOPMENT ACTIVITIES

Enlightenment Program

Plans have reached advanced stage for a 3-Day Public Enlightenment Workshop on the “Opportunities in the Nigerian Capital Market for the Infrastructural and Industrial Development of Kano State”. This was a collaborative effort by the Kano State Ministry of Commerce, Industry and Cooperatives and the Securities and Exchange Commission. However, the workshop was stalled and postponed to a future date as a result of the current insecurity in the region.

KADUNA

During the quarter under review, the following activities took place:

OPERATIONAL ACTIVITIES:

Complaints by investors and action taken by the Zone.

The Zonal office received a total number of Thirty- One (31) complaints, out of which, Twenty - Seven (27) were registrars related, while Four (4) were brokers related.

A total number of Eighteen (18) complaints were resolved as detailed below:

- Registrars related - 17
- Brokers related complaint - 1
-

Trading activities on the Kaduna floor of the Nigeria Stock Exchange (NSE)

Trading Activities on the Kaduna floor of the Nigerian Stock Exchange was active during the period under review, except during the curfew period which was imposed by the state government as a result of the crisis.

Inspection

Target inspection was carried out by the joint committee of SEC, CAC, CBN and EFCC on Destiny Impact Link Limited at Gumel, Kachia Local Government Area of Kaduna State. The report was sent to the Head Office for further action.

DEVELOPMENT IN THE DOMESTIC SCENE

NSE Transfers Market Base Liquidity to 10 Operators

According to the Leadership Newspaper of April 10, 2012, the Nigerian Stock Exchange (NSE) approved 10 Market Makers to provide liquidity in the market. A Market Maker is a brokerage firm that accepts the risk of holding certain number of shares to facilitate trading in securities.

The Market Makers were selected from 20 firms that applied to the NSE for the business. The newly approved Market Makers are Stanbic IBTC, Renaissance Capital, Future View Securities, Vetiva Capital and ESS/DunnLoren Merrifield. Others include WSTC, Capital Bancorp, FBN Securities, Greenwich Securities and CSL. The Securities and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE) emphasised on the need for Market Makers following failed attempts to address the crisis in the market which started in 2008.

Mr Oscar Onyema, the Chief Executive Officer of the Nigerian Stock Exchange, said the Market Makers would bring back liquidity and depth into the capital market. He stated further that the selected companies went through rigorous processes which included meeting the minimum net capital requirement of N750 million. Onyema said that their compliance history and operational capabilities were also taken into consideration before their appointment. ``The selected firms were taken through training and debated the appropriate market structure to be used. The Exchange further went through the approval of the Securities and Exchange Commission (SEC) in the selection process,’’

Shareholders Commend Regulators on Firms’ Adoption of IFRS

THISDAY Newspaper of April 18, 2012 reported that Shareholders under the aegis of the Association of Advancement of the Rights of Nigerian Shareholders (AARNS) commended efforts being made by the regulators in the Nigerian capital market to ensure that listed companies migrated to the International Financial Reporting Standard (IFRS). IFRS is a new global reporting regime and the Financial Reporting Council (FRC) had set the current financial year for all companies to migrate to the new standard.

President of AARNS, Dr. Faruk Umar, said, the machinery already put in place by the Securities and Exchange Commission (SEC) for full adoption of IFRS by companies had started yielding good results.

According to Dr. Farouk, companies were now making fuller disclosures about their operations, sending profit warning to investors ahead and giving details about changes in their board or operations.

“From what we have seen so far, the migration to IFRS, would be in favour of the companies and investors because there would be more disclosures. Now we can see companies telling investors ahead of time if there would be any change in performance or losses. This would enable the investors prepare their minds and make necessary adjustments in their portfolios. We must commend the efforts of

the SEC and other regulators who worked to make sure that quoted companies gave more information to investors in order to make good investment decisions,”.

He added that with IFRS, everything would be accounted for, saying “Whatever movement in assets must be disclosed. It will no longer be business as usual whereby some things were hidden. “The IFRS requires high standards of disclosure and this I believe would be in the interest of shareholders going forward,”. According to the AARNS boss, education and enlightenment for investors on new regime in financial reporting was needed.

SEC orders adoption of electronic public offering by 2013

The Securities and Exchange Commission, SEC according to the Vanguard newspaper of April 12, 2012 directed that firms seeking to raise funds from the Nigerian capital market should adopt Electronic Public Offering and stop issuing physical certificates to investors from January 1, 2013.

According to a notice posted on its website, titled: ‘Public Notice on E-Public Offerings/Dematerialization’, said that full dematerialization of the capital market would kick off by January 1, 2013, and advised the general public and all capital market operators to ensure that all certificates were dematerialized by the stipulated deadline. Also, “allotment of shares following public offerings would henceforth be by electronic processes that would domicile shareholding directly with the Central Securities Clearing system, CSCS.”

SEC declared that the policy was aimed at facilitating speedy processing of offers and give investors simultaneous access to their shares for desired transactions. SEC, however, said should an allottee insist on being issued a share certificate, despite its disadvantages, a certificate would be issued, in accordance with sections 146 and 147 (1) of the Companies and Allied Matters Act. (CAMA)

According to SEC, all share certificates dematerialised on or before January 1, 2013 would be at no cost to the shareholder, but certificates dematerialized after this date would be at a cost. The apex capital market regulator stated further, “Investors are encouraged to contact their stockbrokers to assist them to acquire Clearing House Number (CHN) at the Central Securities Clearing System, CSCS. “All public companies, registrars and stockbrokers were encouraged to inform shareholders, investors and other stakeholders to ensure the success of the dematerialization exercise.” On the advantages of dematerialization and electronic public offering, SEC said that It would lead to the eradication of risk of loss of share certificate either by misplacement, theft or fire; reduction in the occurrence

of cloning and forging of share certificates leading to loss of investment. It would also ensure the elimination of cost of physical verification of share certificates; removal of delays and costs associated with dispatch of share certificates and facilitation of trading in shares.

SEC Lauds Reps Over Resolution On Unclaimed Dividends

The Leadership Newspaper of April 23, 2012 reported that the Securities and Exchange Commission (SEC) commended the House of Representatives' resolutions to investigate the increasing level of unclaimed dividends. The House of Representatives passed a resolution mandating its House Committee on Capital Markets and Institutions to investigate the high volume of unclaimed dividends in quoted companies in Nigeria.

The SEC welcomed the resolution which came through a motion sponsored by Hon. Akpan Micah Umoh, adding that this motion was predicated on the efforts of SEC, that unclaimed dividends were gradually mounting up to over N40 billion.

The size of the problem had since surpassed the N40 billion referred to by Hon. Umoh since as at December 2011, the size of unclaimed dividends was N52.2 billion. Out of this figure, 84.7 per cent i.e. N42.5 billion was held by nine (9) out of 23 registrars who submitted their returns.

It was out of concern for this unfortunate situation that return on shareholders' investment by way of dividends is perennially locked in the unclaimed dividends saga as far back as 2002, that the SEC sponsored a bill in the National Assembly for an Act of Parliament which would set up the "Unclaimed Dividend Trust Fund".

This Fund and the Act of Parliament which set it up were intended to drastically reduce or completely eliminate the incidence of unclaimed dividend by providing alternative domicile for funds deriving from unclaimed dividends to what was stipulated in Section 382(1) of the Companies and Allied Matters Act (CAMA) that: "Where dividends are returned to the company unclaimed, the company should send a list of the names of the persons entitled with the notice of the AGM to the members. After the expiration of three months of the notice mentioned in 382(1), the company may invest the unclaimed dividends in an investment outside the company. No interest shall accrue on the dividend against the company".

If passed into law, the "Unclaimed Dividend Bill" would have removed the point of domicile for unclaimed dividends from their originating companies to another party managed Trust Fund and removed the incentive which feeds the collusion

between certain players in the market to frustrate shareholders' access to dividend accruals on their investment. If diligently prosecuted, the investigation could hold the key to unlocking the challenge posed to the Nigerian capital market and the investing public by this phenomenon which contributes to the erosion of confidence in the market by denying investors their rightful returns on investment.

SEC signs MOU with Mauritius' FSC

The Punch newspaper of May 17, 2012 reported that a bilateral Memorandum of Understanding was signed between the Securities and Exchange Commission of Nigeria and the Financial Services Commission of Mauritius on the need to further strengthen regulatory cooperations between the two bodies. SEC said, the MoU was signed at the ongoing IOSCO Annual Conference in Beijing, China.

According to SEC, the MoU was aimed at further strengthening regulatory cooperation between the two jurisdictions. "The MoU was a veritable regulatory tool used by securities regulators to ensure effective regulation and strengthen securities markets worldwide. "It was in line with the foregoing that IOSCO initiated a mandatory Multilateral Memorandum of Understanding 10 years ago among its members to enhance cross border cooperation, information sharing and capacity building. The organization also encouraged members to enter into bilateral memoranda of understanding to foster strong cooperation,".

The statement stated further that, the signing of the bilateral MoU with Mauritius brings to nine the number of MoUs so far entered into by the SEC with other jurisdictions. "These include China, Ghana, India, Kenya, Malaysia, South Africa, Tanzania and Uganda. The two jurisdictions stand to mutually benefit from the collaborative agreement, especially in the areas of combating cross border financial crimes, increased attraction of investments and enhanced profile," adding that other areas of benefits include enhanced information sharing and capacity building, "which had become critical following the global financial crisis."

SEC Restates Commitment to Investor Protection

The Securities and Exchange Commission (SEC) according to THISDAY newspapers of June 6, 2012 had restated its commitment to the protection of investors in the Nigerian capital market, saying its current efforts were geared towards the building of a market that was transparent and efficient.

The Executive Commissioner, Operations, SEC, Ms. Daisy Ekineh, stated this at an investor conference organized by the Association of Assets Custodians of Nigeria in London. Ms. Ekineh said the commission was also collaborating and

engaging with fellow regulators and supervisors to build a stable financial system through information sharing and capacity building.

According to her, the apex regulator of the Nigerian capital market had embarked on several reforms that would transform the market. “The continuous and faithful implementation of the forgoing would lead us to building a world class market, a market that is transparent, efficient, dynamic, technology driven where investors are protected, and commands trust and confidence of investors,”.

Speaking on some of the specific efforts being made to deepen the market and improve its liquidity, Ekinah said SEC had cleared 10 market makers appointed by the Nigerian Stock Exchange, approved rules for securities lending, and approval of new products. “Apart from encouraging investors to patronize the Collective Investment Schemes (CIS), the first Exchange Traded Funds (ETF) had been registered and listed on the NSE. The Commission had ensured the introduction of Custodian Services for CIS and had also commenced listing discussions with oil and gas companies as well as telecommunications firms.

SEC will also continue to collaborate with Bureau of Public Enterprise on the listing of privatized and other prospective ones,” she added that SEC was promoting the take-off of Over-the-Counter(OTC) market and designing a framework for the introduction of sukuk (Islamic Bond).

She told the foreign investors that the Commission would continue to support the NSE’ initiatives towards strengthening the market, adding that efforts were being made to restructure and strengthen the Abuja Securities and Commodity Exchange (ASCE) to deliver on its mandate. According to her, the reconstitution of the Capital Market Committee (CMC) Sub-committees was also meant to strengthen the effectiveness of the capital market. These committees include: Investor Confidence, Fixed Income, Rules, Fund Management, Technology and infrastructure, Commodities exchanges, Product development and Advocacy group to interface with relevant institutions and authorities in Nigeria with a view to addressing current challenges in the market.

On the opportunities in the capital market, she said there were funding(investment) opportunities for infrastructure bond to finance huge infrastructural deficit, real estate investment trust (REIT) since there are 16 million housing units deficit and Islamic financing and other ethical products.

Partner SEC to rebuild NSE, Bello urges brokers

The Punch newspaper of June 22, 2012 reported that the Acting Director-General of the Securities and Exchange Commission, Mr. Ibrahim Bello, had urged stockbrokers to ensure that they partner with the commission in rebuilding the capital market. Bello gave this advice to the brokers during a visit to the Chartered Institute of Stockbrokers' office in Lagos.

Although the details of the meeting were not made public, sources revealed that the meeting with the council of the CIS bore on efforts targeted at the resolution of the current challenges in the market. He also said that, it was important for stakeholders in the market to partner in ensuring that investors' interest was rekindled in the market.

Bello said that it was important for SEC and operators to work together with the aim of restoring investor confidence among others. Bello, who assumed the position of acting DG of SEC Monday 18, June, 2012, had promised to meet with the major operators in the market, including the Nigerian Stock Exchange, the CIS, the Central Securities Clearing System and Association of Stock broking Houses.

He noted that the collaboration of all stakeholders was important to move the market, which had been faced with diverse challenges in the last few years forward. He also explained that his desire was to move the market forward, restore investor confidence and leave a positive legacy in the market.

He added that quick win strategy would be adopted immediately to have positive effect on the market. "We will immediately engage on inspection, investigation and enforcement, investor education and restore registration activities and meet with various stakeholders in the market to have early positive impact," he stated.