

## **SECURITIES AND EXCHANGE COMMISSION (SEC) AND ITS FUNCTIONS**

The Securities and Exchange Commission (SEC) is the apex regulatory institution of the Nigerian capital market. It is a statutory body supervised by the Federal Ministry of Finance.

The Commission has evolved over time. In 1979, the Securities and Exchange Commission Act was enacted to provide a statutory backing for the establishment of the Securities and Exchange Commission (SEC). SEC commenced operations in 1980.

The SEC Act has been reviewed several times. The current Act is known as the Investment and Securities Act No. 29 of 2007. The ISA 2007 provides guidelines for the operation and regulation of the Nigerian capital market.

Section 13 of the ISA empowers the Commission to:

- a) regulate investment and securities business in Nigeria as defined in this Act;
- b) register and regulate securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and other recognized investment exchanges;
- c) regulate all offer of Securities by public companies and entities;
- d) register securities of public companies and entities;
- e) render assistance as may be deemed necessary to promoters and investors wishing to establish securities exchanges and capital trade points;
- f) prepare adequate guidelines and organize training programs and disseminate information necessary for the establishment of securities exchanges and capital trade points;
- g) register and regulate cooperate and individual capital market operators as defined in this Act;
- h) register and regulate the workings of venture capital funds and collective investment schemes in whatever form;
- i) facilitate the establishment of a nation-wide system for securities trading in the Nigerian capital market in order to protect investors and maintain a fair and orderly market;
- j) facilitate the linking of all markets in securities with information and communication technology facilities;
- k) act in public interest having regard to protection of investors and maintenance of fair and orderly markets and to this end establish a nation-wide trust scheme to compensate investors whose losses are not covered under the investors' protection fund administrated by securities exchanges and capital trade points;
- l) keep and maintain a register of foreign portfolio investment;

- m) register and regulate securities depository companies, clearing and settlement companies, custodians of assets and securities, credit rating agencies and such other agencies and intermediaries;
- n) protect the integrity of the securities market against all forms of abuses including insider dealing;
- o) promote and register self regulatory organizations including securities exchanges, capital trade points and capital market trade associations to which it may delegate its powers;
- p) review, approve and regulate mergers, acquisitions, takeovers and all forms of business combinations and affected transactions of all companies as defined in this Act;
- q) authorize and regulate cross- border securities transactions;
- r) call for information from and inspect, conduct inquiries and audits of the securities exchanges, capital market operators, collective investment schemes and all other regulated entities;
- s) promote investors' education and the training of all categories of intermediaries in the securities industry;
- t) call for , or furnish to any person, such information as may be considered necessary by it for the efficient discharge of its function;
- u) levy fees, penalties and administrative costs of proceedings or other charges on any person in relation to investments and securities business in Nigeria in accordance with the provisions of this Act;
- v) intervene in the management and control of capital market operators which it considers has failed, is failing or in crisis including entering into the premises and doing whatsoever the Commission deems necessary for the protection of investors;
- w) enter and seal up the premises of persons illegally carrying on capital market operations;
- x) in furtherance of its roles of protecting the integrity of the securities market, seek judicial order to freeze the assets (including bank accounts) of any person whose assets were derived from the violation of this Act, of any securities law or regulation in Nigeria or other jurisdictions;
- y) relate effectively with domestic and foreign regulators and supervisors of other financial institutions including entering into cooperative agreement on matters of common interest;
- z) conduct research into all or any aspect of the securities industry;
- aa) prevent fraudulent and unfair trade practices relating to the securities industry;
- bb) disqualify persons considered unfit from being employed in any arm of the securities industry;

cc) advise the minister in all matters relating to the securities industry; and

dd) perform such other functions and exercise such other powers not inconsistent with this Act as are necessary or expedient for giving full effect to the provision of this Act.

## FEATURE ARTICLE

### OPENING REMARKS COMMEMORATION OF 50 YEARS OF CAPITAL MARKET REGULATION IN NIGERIA

Nigeria's journey on capital market regulation began on the 31st of October 1962, when the Central Bank of Nigeria (CBN) inaugurated the Capital Issues Committee with the mandate to examine applications of companies seeking to raise capital from the market. The Committee subsequently metamorphosed into the Capital Issues Commission in 1973 and was later superseded by the Securities and Exchange Commission which was established by His Excellency, President Shehu Shagari in 1980.

On 31st October 2012, it will be 50 years since this journey started. To commemorate this milestone in our evolution, we are embarking on a year-long series of commemorative activities targeted at positioning Nigeria in its pride of place as the preferred investment destination. The series of programmes, titled **"Project 50"** commences today with this flagship event. Indeed, **'Project 50'** is an opportunity for us to showcase the centrality of the capital market to the orderly development of the Nigerian economy.

The far-reaching effects of the global financial crisis while difficult for Nigeria as with other countries have highlighted the fundamentals that position Nigeria as the preferred investment destination. First, Nigeria has enjoyed political stability since the return of democracy in 1999. In addition, the macroeconomic reforms embarked on since 2003, has engendered an enabling environment for economic growth. Nigeria is also expected to remain one of the fastest growing economies in the world with an average GDP growth rate of 8.5%. Nigeria has one of the ten highest real income per capital growth rates in Sub-Saharan Africa, an indicator of the increasing purchasing power of its over 150 million people. This is without doubt a veritable incentive for investors in the consumer sector. Equally important are the huge investment opportunities in agriculture, infrastructure, oil and gas, natural resources as well as in other sectors of the economy. This is even more so now than ever before given the Nigerian Government's commitment to address the infrastructure deficit notably power, reverse import dependency and unleash the potential of its people. These apparent gaps in themselves present huge opportunities for the discerning investor.

The on-going financial sector reforms have engendered a better capitalized and more stable financial sector that is strong enough to provide robust financial intermediation and support Nigeria's position as the preferred investment destination. With respect to the capital markets, the SEC has in the past 22 months invested significant resources in catalyzing its transition to a world-class capital market. In the first instance, we undertook a diagnostic review of the capital market and have been implementing reforms in line with the recommendations of this review.

Consequently, we have improved our enforcement regime. This has resulted in higher levels of compliance and reduced improprieties. We have strengthened market rules and regulation with the introduction of new rules and the amendment of existing ones. One of such is the introduction of margin guidelines designed to curb excessive risk taking by operators.

We have also addressed gaps in corporate governance with the introduction of the Code of Corporate Governance effective 1st April 2011. The new code of Corporate Governance has been adjudged to be comparable to internationally acceptable codes. In addition, we are facilitating a seamless transition to risk based supervision and are working with publicly quoted companies to ensure that they are able to transition to International Financial Reporting Standards (IFRS) in

2012. These we believe will ensure adequate and timely disclosure of information thereby promoting market integrity.

Current statistics reveal that only about **5million Nigerians** out of a population of **150million** people invest in the capital market. Of this total, only 230,000 people, representing 0.15% of the total population, invest in Collective Investment Schemes. We believe that there is great opportunity for growth in this aspect of the market both for the investor and the managers of such funds. In anticipation of the expected growth, the Commission has intensified efforts to strengthen the market including examination of fund managers and trustees of such schemes and recently encouraged the establishment of an industry trade group for the fund manager.

The leadership of the Nigerian Stock Exchange (NSE) has been strengthened with the appointment, earlier in the year, of a new CEO, Mr. Oscar Onyema and a new Executive Director for IT and Market Operations, Mr. Ade Bajomo. The new NSE team has outlined a bold vision to build a credible market with five product ranges – equities, fixed income, exchange traded funds (ETFs), options and financial futures – over the next 5 years. They expect that these products will enhance liquidity and market depth and lead to a robust market that will have a market capitalization of US\$1trillion by 2016. The Commission believes that demutualization of the Stock Exchange will further strengthen the Capital Market. Consequently, the Commission had on September 22, 2011, inaugurated an industry wide committee to develop a roadmap for the demutualizing the Exchange.

In addition to the foregoing, the Commission has undertaken a review of its internal structures to improve efficiency and service delivery. We have also committed resources to enhancing our processes through fortification of our ICT platform in the areas of Registration, Returns Rendition and Analytics. To address knowledge gaps, we continue to invest in capacity building initiatives for SEC Staff, operators and the general public.

We are delighted that the world has awoken to the huge opportunities in Nigeria. In addition, Nigeria has taken the bull by the horn and leveraged the financial crisis to lay the foundation for a world class capital market as we believe that you need a world class capital market as a channel for the many investment opportunities that abound in Nigeria.

This Investment forum will feature 5 panels, namely the Economists' Panel, the Regulators' Panel, the Market Panel, the Opportunities Panel and the Visioning Panel. The panel of distinguished economists will examine the Nigerian economy and offer their perspective on how Nigeria can actualize our shared vision of becoming one of the world's leading economies in 2020. The panel of regulators will outline the key elements of effective regulation and its role in building a leading economy. The Market panel will discuss the essential aspects of market development, notably depth, breadth, liquidity, and market efficiency. The opportunities panel will offer an exposé into the opportunities in various sectors of the economy whilst the visioning panel will chart the trajectory the capital market in our bid to actualize Nigeria's vision of becoming one of the top 20 economies in the world.

The day-long programme will close with the premiere of breeze, an SEC sponsored a Nollywood movie which will highlight the merits of a culture of saving and investing. Over the course of the next 12 months ending on the 31st of October, 2012, we plan to share with the world, the enormous potential of Nigeria, on sectoral basis including agriculture, petroleum, power, information and Communication technology and the creative industry on this note distinguished ladies and gentlemen, I invite you to join us in the yearlong commemoration of 50 years of capital market

regulation in Nigeria and more especially, to showcase Nigeria as the preferred investment destination.

*A speech by Arunma Oteh Director General Securities and Exchange Commission on 31<sup>st</sup> October 2011.*

## ACTIVITIES OF THE PRIMARY AND SECONDARY MARKET REPORT

### PRIMARY MARKET

#### NEW ISSUES

Twenty six (26) new issues valued at about N1.331 trillion were issued during the period under review. These issues, as shown in Table 1 below involved thirteen (13) equities valued at about N1.055 trillion, including placements to AMCON by two (2) banks, and thirteen (13) debt securities worth N275.74 billion. In the third quarter, sixteen (16) new issues valued at N307.32 billion were recorded.

**TABLE 1: SUMMARY OF NEW ISSUES (OCTOBER– DECEMBER, 2011)**

Mode of Offer	No. of Issues	Value of Shares (N' m)
<i>Rights</i>	5	52,721.37
<i>Special Placement</i>	5	139,616.35
<i>Placement to AMCON</i>	2	854,049.00
<i>Preference Shares</i>	1	8,435.18
<b>Total Equities</b>	<b>13</b>	<b>1,054,821.90</b>
<i>Corporate Bond</i>	3	12,970.00
<i>Sub-national Bond</i>	3	56,000.00
<i>FGN Bonds</i>	7	206,770.00
<b>Total Debt</b>	<b>13</b>	<b>275,740.00</b>
<b>Overall</b>	<b>26</b>	<b>1,330,561.90</b>

Source: SEC, DMO

While Table 2 below captured the details of equity issues floated during the quarter, the information below explains the utilization of proceeds as extracted from the prospectuses of the issuing companies.

#### **Neimeth Int'l Pharm. Plc**

The pharmaceutical company issued to its existing shareholders by way of rights 822 million shares worth N1.23 billion to enable the company shore-up its working capital fund as well as pay-off its off-shore bond.

#### **Flour Mills Nigeria Plc**

The company offered to its existing shareholders over 455 million shares worth about N28.25 billion at N62.00 per share by way of rights. This was undertaken to enable it pursue high growth expansionary business opportunities in the food and agro-allied sectors, reduce existing debt in its cement business and also provide working capital to support the company's day to day operations.

**Food Concept Plc**

The company privately placed the sum of N1.95 billion with International Financial Corporation (IFC) as it issued 780 million ordinary shares of 50k each at N2.50 per share. The placement was to leverage IFC's deep technical expertise in corporate governance, quality process, environmental issues, agriculture, food processing and broad experience across most countries of the world.

**BGL Plc**

The company issued private placement of 3.0 billion ordinary shares of 50k each at N4.00 per share valued at N12.0 billion to pay-off a significant part of outstanding debt obligations with United Bank for Africa Plc.

**Intercontinental Bank Plc**

In the bid to recapitalize and restore the Net Asset Value (NAV) of Intercontinental Bank to zero, the bank specially placed to Project Star Investment Ltd the sum of N49.95 billion, involving 15.0 billion ordinary shares of 50k each at N3.33 per share. In addition, it also made equity placement of N548.35 billion to AMCON for the recapitalization of the bank. Hence, the bank capitalized the sum of N598.30 billion in all.

**International Breweries Plc**

The company floated rights issue of 1,479 billion ordinary shares of 50k each at N5.08 per share, amounting to about N7.514 billion. The proceeds would be applied for additional working capital and to refinance long term loan facilities.

**Oasis Insurance Plc**

The insurance company converted a share deposit of N750 million injected by Oasis Group Ltd in 2008 to special placement of 1.50 billion ordinary shares of 50k each at N0.50k per share.

**Union Bank Nigeria Plc**

The bank executed three (3) transactions in the quarter under review. A rights issue of about 1.41 billion ordinary shares issued at N6.81 per share, amounting to N9.58 billion, a private placement worth N74.97 billion involving over 11.0 billion ordinary share sold at N6.81 per share to Union Global Partners Ltd (UGPL) and an equity placement of N305.70 billion to AMCON. These issues, which aggregated to N390.25 billion, were made to recapitalize the bank.

**IHS Nigeria Plc**

The company issued a preference share of about 2.74 billion with unit price of N3.08 amounting to N8.44 billion, in addition to it earlier private placement worth about N11.70 billion issued in the second quarter. The offers would enable IHS to acquire and build more sites in Nigeria and abroad to position the company as a market leader in the telecommunication infrastructure sector across the continent thereby making it a true pan-Africa company with a strong Nigeria Base.

**Consolidated Breweries Plc**

The company issued a rights offer of 99,140,625 ordinary shares of 50k each at N62.0 per share amounting to about N6.15 billion. The proceed would enable the company shore-up its working



capital, refinance existing bank facilities, and finance the upgrade of production and distribution facilities to achieve capacity expansion and efficiency.

**TABLE 2: EQUITY NEW ISSUES (OCTOBER – DECEMBER, 2011)**

<b>Issuer</b>	<b>Issue Type</b>	<b>Offer Price</b>	<b>Volume</b>	<b>Value(N)</b>	<b>Opening Date</b>
Neimeth Int'l Pharm. Plc	Rights	1.50	821,576,716	1,232,365,074.00	04/10/11
Flour Mills of Nigeria Plc	Rights	62.00	455,566,222	28,245,105,764.00	14/10/11
Food Concept Plc	Placement	2.50	780,000,000	1,950,000,000.00	17/10/11
BGL Plc	Placement	4.00	3,000,000,000	12,000,000,000.00	17/10/11
Intercontinental Bank Plc	Placement	3.33	15,000,000,000	49,950,000,000.00	14/10/11
Oasis Insurance Plc	Placement	0.50	1,500,000,000	750,000,000.00	28/11/11
Union Bank Nigeria Plc	Rights	6.81	1,407,291,667	9,583,656,252.27	14/12/11
IHS Nigeria Plc	Preference Shares	3.08	2,738,696,055	8,435,183,849.40	14/12/11
Consolidated Breweries Plc	Rights	62.00	99,140,625	6,146,718,750.00	22/12/11
<b>Total</b>			<b>25,802,271,285</b>	<b>118,293,029,689.67</b>	

Details of the two sub-national bonds and one corporate bond floated in the fourth quarter are as shown in Table 3 below. The issuers of the bonds planned to utilize the proceeds from these offers as follows;

#### **Lafarge WAPCO Nigeria Plc**

The company filed a shelf bond programme of N50.0 billion to enable it refinance the existing syndicate debt on Lakatabu expansion project. It planned to raise the sum of N20.0 billion worth of bond during the quarter for its 1<sup>st</sup> tranche but was only able to achieve N11.88 billion after book building exercise.

#### **Niger State Government**

The state also filed a shelf bond programme of N30.0 billion for various developmental projects. It raised N9.0 billion in the fourth quarter of 2011 to finance road construction projects.

### **Ekiti State Government**

In its quest to finance developmental projects, Ekiti State Government registered a shelf bond programme of N25.0 billion. The state issued a 7-year tenor N20.0 billion worth bond in its first series during the quarter.

**TABLE 3: SUB-NATIONAL AND CORPORATE BONDS ISSUES (OCTOBER-DECEMBER, 2011)**

<b>Issuer</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Offer Price (Naira)</b>	<b>Volume (Units)</b>	<b>Value (Naira)</b>	<b>Opening Date</b>
Lafarge WAPCO Nig. Plc	11.5%	2014	1,000.00	11,880,000	11,880,000,000.00	10/11/11
Niger State Government	14.0%	2018	1,000.00	9,000,000	9,000,000,000.00	04/10/11
Ekiti State Government	14.5%	2018	1,000.00	20,000,000	20,000,000,000.00	09/12/11
<b>Total</b>				<b>40,880,000</b>	<b>40,880,000,000.00</b>	

### **FGN BONDS**

Table 4 below gives the details of the seven (7) FGN bonds auctioned in the fourth quarter: three (3) in October and two (2) each in November and December. The bonds were all oversubscribed, resulting in excess subscription of N217.71 billion i.e. 105.29% un-allotted amount from the sum of N424.48 billion received.

**Table 4: AUCTION SUMMARY OF FGN BOND FOR THE FOURTH QUARTER OF 2011**

<b>Maturity</b>	<b>Tenor (Yrs)</b>	<b>Amount Auctioned (N'Bn)</b>	<b>Level of Subs (%)</b>	<b>Amount Subscribed (N'Bn)</b>	<b>Amount Allotted (N'Bn)</b>	<b>Marginal Rate (%)</b>	<b>Date Auctioned</b>
March 18, 2014 (8 <sup>th</sup> Issue)*	3	30.00	219.80	65.94	30.00	10.50	19/10/11
April 23, 2015 (17 <sup>th</sup> Issue)*	5	17.67	231.69	40.94	17.67	4.00	19/10/11
May 30, 2018 (10 <sup>th</sup> Issue)*	10	30.00	132.60	39.78	30.00	10.70	19/10/11
May 30, 2018 (11 <sup>th</sup> Issue)*	10	35.00	211.40	73.99	35.00	10.70	16/11/11

October 23, 2019 (6 <sup>th</sup> Issue)*	10	30.00	279.10	83.73	30.00	7.00	16/11/11
May 30, 2018 (12 <sup>th</sup> Issue)*	10	34.10	174.63	59.55	34.10	10.70	14/12/11
October 23, 2019 (7 <sup>th</sup> Issue)*	10	30.00	201.83	60.55	30.00	7.00	14/12/11
<b>Total</b>		<b>206.77</b>		<b>424.48</b>	<b>206.77</b>		

\* Extension of existing issues

Source: Compiled from DMO Reports

### REGISTERED BONUS ISSUES

The Commission registered eight (8) bonus issues, involving about 2.55 billion shares with nominal value of N1.63 billion in the fourth quarter. The breakdown of the bonuses is shown on Table 5 below. In the preceding quarter, seven (7) bonus issues of 9.50 billion shares and nominal value of N4.80 billion were recorded.

**Table 5: REGISTERED BONUS ISSUES IN THE FOURTH QUARTER OF 2011**

<b>Company</b>	<b>Volume (Unit)</b>	<b>Nominal Value (Naira)</b>	<b>Date Registered</b>	<b>Bonus Ratio</b>
R. T. Briscoe Plc	163,382,469	81,691,234.50	11/10/11	1 for 5
Transnationwide Express Plc	66,273,255	33,136,627.50	04/11/11	1 for 2
Niger Delta Exploration & Prod. Plc	36,910,997	369,109,970.00	11/11/11	1 for 3
Niger Insurance Plc	521,508,952	260,754,476.00	11/11/11	1 for 10
Prestige Assurance Plc	358,330,777	179,165,388.50	24/11/11	1 for 6
Academy Press Plc	100,800,000	50,400,000.00	28/11/11	1 for 4
PZ Cussons Nigeria Plc	794,095,409	397,047,704.50	30/11/11	1 for 4
Royal Exchange Plc	508,184,698	254,092,349.00	02/12/11	1 for 5
	<b>2,549,486,557</b>	<b>1,625,397,750.00</b>		

Source: SEC

### REGISTERED EXISTING SECURITIES

The Commission also registered in the quarter six (6) existing securities, involving about 26.22 billion ordinary shares with nominal value of N21.50 billion, as shown in Table 6 below. In the preceding quarter five (5) existing securities of 4.79 billion units and nominal value of N2.52 billion were registered.

**Table 6: REGISTERED EXISTING SECURITIES IN THE FOURTH QUARTER OF 2011**

<b>Company</b>	<b>Volume (Unit)</b>	<b>Nominal Value (Naira)</b>	<b>Date Registered</b>
Golden Capital Plc	1,170,324,525	585,162,262.50	10/10/11
*Ecobank Transnational Inc. (US\$0.025)	2,488,687,783	9,625,000,000.00	11/10/11
BGL Plc	12,000,000,000	6,000,000,000.00	06/10/11
Crystalife Assurance Plc	5,785,278,698	2,892,639,349.00	15/12/11
Vital Products Plc	1,823,084,076	911,542,038.00	24/12/11
Partnership Investment Company Plc	2,951,500,620	1,475,750,310.00	30/12/11
<b>Total</b>	<b>26,218,875,702</b>	<b>21,496,315,679.71</b>	

Source: SEC \*Naira equivalent of N3.8675 was applied

#### **ALLOTMENT CLEARANCE**

The commission cleared ten (10) allotment proposals during the fourth quarter. These issues were fully subscribed with the exception of two, a rights offer which was 96.16% subscribed and a corporate bond with subscription level of 60.83% (see Table 7). Consequently, the issuers realized the sum of about N184.25 billion.

**Table 7: ALLOTMENT CLEARED IN THE FOURTH QUARTER OF 2011**

<b>Issuer</b>	<b>Offer Price (N)</b>	<b>Volume of Securities</b>	<b>Value (N)</b>	<b>Level of Subs.</b>	<b>Amount capitalized</b>	<b>Approval Date</b>
<b>Special Placement:</b>						
BGL Plc	4.00	3,000,000,000	12,000,000,000.00	100.00%	12,000,000,000.00	03/11/11
Intercontinental Bank Plc	3.33	15,000,000,000	49,950,000,000.00	100.00%	49,950,000,000.00	09/11/11
Oasis Insurance Plc	0.50	1,500,000,000	750,000,000.00	100.00%	750,000,000.00	04/11/11
<b>Rights:</b>						

Sovereign Trust Insurance Plc	0.50	1,734,585,755	867,292,877.50	96.16%	833,988,831.00	11/11/11
<b>Bonds:</b>						
NAHCO Plc	1,000.00	2,150,000	2,150,000,000.00	100.00%	2,150,000,000.00	20/10/11
Delta State Government	1,000.00	50,000,000	50,000,000,000.00	100.00%	50,000,000,000.00	18/11/11
Niger State Government	1,000.00	9,000,000	9,000,000,000.00	100.00%	9,000,000,000.00	17/11/11
UBA Plc	1,000.00	35,000,000	35,000,000,000.00	100.00%	35,000,000,000.00	30/11/11
Ekiti State Government	1,000.00	20,000,000	20,000,000,000.00	100.00%	20,000,000,000.00	24/12/11
Sterling Bank Plc	1,000.00	7,500,000	7,500,000,000.00	60.83%	4,562,250,000.00	24/12/11
		<b>21,358,235,755</b>	<b>187,217,292,877.50</b>		<b>184,246,238,831.00</b>	

Source: SEC

## SECONDARY MARKET

On the overall, secondary market performance was favorable in the fourth quarter when compared to the market position in the third quarter. The volumes of transaction on the exchange increased significantly while the major indices, (All-share Index and Market capitalization) improved marginally. The market also witnessed the introduction of a new product, Exchange Traded Funds (ETFs) and the de-listing of a few equities, three (3) banks inclusive. The details of market trends are highlighted below.

### TRADING ACTIVITIES ON THE NIGERIAN STOCK EXCHANGE

The volume and value of traded securities on the floor of the Exchange appreciated in the fourth quarter by 48.92% and 22.67% respectively when compared to the figures in the third quarter of 2011. Over 24.55 billion units of securities valued at N149.03 billion exchanged hands during the quarter in 225,051 deals compared to about 16.49 billion securities worth N121.50 billion traded in the third quarter in 286,879 deals.

As shown in Table 8, transaction figures during the reviewed period was inclusive of a new product, Gold Exchange Traded Fund (ETF), introduced in December 2011. A total of 6,310 units of the product worth N16.08 million were traded in 32 deals.

**Table 8: COMPARATIVE SUMMARY OF TRADING STATISTICS LAST TWO QUARTERS OF 2011**

<b>SECURITIES</b>	<b>THIRD QUARTER 2011</b>			<b>FOURTH QUARTER 2011</b>		
	Deals	Volume (Unit)	Value (Naira)	Deals	Volume (Unit)	Value (Naira)
Government Bond	0	0	0.00	0	0	0.00
Corporate Bonds/Preferred Shares	0	0	0.00	0	0	0.00
Exchange Traded Fund (ETF)- Gold	-	-	-	32	6,310	16,082,394.00
Equities	286,879	16,486,984,176	121,502,874,447.23	225,051	24,551,990,343	149,032,700,297.30
<b>TOTAL</b>	<b>286,879</b>	<b>16,486,984,176</b>	<b>121,502,874,447.23</b>	<b>225,083</b>	<b>24,551,996,653</b>	<b>149,048,782,691.30</b>

Source: Compiled from reports supplied by The NSE

**Transactions by Sectors:** The NSE in November restructured its market segmentation to reflect global standard. Consequently, the Main Board of the equities segment now has its sectors reduced from thirty four (34) to eleven (11), consisting of fifty three (53) sub-sectors while the Alternative Securities Market (ASeM), comprising of 2<sup>nd</sup> Tier Securities, now has seven (7) sectors and nine (9) sub-sectors. Again, preference stocks classified with debt securities in the old arrangement were now moved to the equities segment of the Main Board.

Table 9 below shows the breakdown of the quarter's transactions by sectors. **Financial Services** sector controlled the bulk of transactions as it recorded the sale of over 21.29 billion units of securities worth N95.70 billion involving 129,613 deals to account for 86.72%, 64.21% and 57.58% of the volume, value and number of deals for the fourth quarter respectively. **Consumer Goods** sector was second, controlling up to 24.12% and 19.33% of the value of transactions and number of deals respectively with only 5.76% of volume of shares traded.

**TABLE 9: TRADING STATISTICS BY SECTOR FOR THE FOURTH QUARTER OF 2011**

<b>Sector</b>	<b>No. of Companies/ Securities Involved</b>	<b>No. of Deals</b>	<b>Volume of Securities (units)</b>	<b>Value of Securities Traded (Naira)</b>
<b>Main Board:</b>				
Agriculture	3	1,183	114,160,881	422,040,604.54
Conglomerates	5	3,961	64,216,448	1,402,805,797.83
Construction/Real Estate	6	1,690	17,538,733	398,710,136.37
Consumer Goods	26	43,498	1,415,345,914	35,947,712,927.51
Financial Services	51	129,613	21,290,945,396	95,702,351,924.91
Healthcare	10	2,838	98,596,354	359,170,208.50
ICT	8	466	199,149,895	528,637,240.07
Industrial Goods	18	12,668	269,928,690	6,288,434,903.16
Natural Resources	4	212	47,089,791	32,477,981.81
Oil & Gas	9	19,080	513,512,562	7,031,888,250.40
Services	20	9,807	521,034,774	917,460,174
<b>ASeM</b>				
2 <sup>nd</sup> Tier Securities	6	35	470,905	1,010,148.00
<b>ETF:</b>				
New Gold ETF	1	32	6,310	16,082,394.00
<b>Total</b>	<b>167</b>	<b>225,083</b>	<b>24,551,996,653</b>	<b>149,048,782,691.30</b>

Source: Compiled from reports supplied by The NSE

**Top Twenty (20) Transactions by Volume:** The company with the most traded shares in the fourth quarter, Guaranty Trust Assurance Plc, accounted for 6.94 billion units or 28.26% of the overall securities traded in the quarter. UBA Plc followed in a far distance with 2.23 billion of its shares traded to control 9.09% of the total securities traded. First Bank of Nigeria Plc, Zenith Bank Plc and GT Bank Plc were among the top five as shown in Table 10 below.

In all, the top 20 companies by volume of transactions, as shown in Table 10, accounted for 73.01% or 17.93 billion units of shares traded in the fourth quarter in 152,149 deals while the balance of 26.99% (6.62 billion units of securities) were the cumulative units of securities exchanged in the quarter involving one hundred and forty seven (147) companies/securities.

**TABLE 10: TOP 20 TRANSACTIONS BY VOLUME IN THE FOURTH QUARTER OF 2011**

<b>S/N</b>	<b>Equity</b>	<b>No. of Deals</b>	<b>Volume (units)</b>	<b>% of Total</b>
1	Guaranty Trust Assurance Plc	902	6,938,144,347	28.26
2	UBA Plc	13,075	2,231,934,142	9.09
3	First Bank of Nigeria Plc	31,411	2,100,558,461	8.56
4	Zenith Bank Plc	17,240	2,028,033,372	8.26
5	GT Bank Plc	26,325	1,298,925,813	5.29
6	Access Bank Plc	7,145	815,988,173	3.32
7	Diamond Bank Plc	2,941	751,290,170	3.06
8	Skye Bank Plc	5,189	341,896,938	1.39
9	International Breweries Plc	636	326,010,048	1.33
10	Dangote Sugar Refinery Plc	4,678	261,903,738	1.07
11	Stanbic IBTC Bank Plc	2,592	223,132,607	0.91
12	Oando Plc	10,039	187,829,700	0.77
13	Nigerian Breweries Plc	9,461	123,660,421	0.50
14	Lafarge WAPCO Plc	2,037	66,569,217	0.27
15	Unilever Nigeria Plc	3,658	59,402,847	0.24
16	PZ Cussons Nigeria Plc	2,663	52,351,396	0.21
17	Flour Mills of Nigeria Plc	3,057	45,958,963	0.19
18	Guinness Nigeria Plc	4,247	32,098,175	0.13
19	Dangote Cement Plc	1,354	24,535,132	0.10
20	Nestle Nigeria Plc	3,499	16,191,226	0.07



	<b>Top 20 Total</b>	<b>152,149</b>	<b>17,926,414,886</b>	<b>73.01</b>
	<b>Other 147 Equities/Securities</b>	<b>72,934</b>	<b>6,625,581,767</b>	<b>26.99</b>
	<b>Overall</b>	<b>225,083</b>	<b>24,551,996,653</b>	<b>100.00</b>

## MARKET CAPITALIZATION

The overall market capitalization of 250 listed securities in the last quarter of 2011 gained N101.37 billion i.e. 1.0% over the figure in the third quarter to close at about N10.275 trillion. In the third quarter, the indicator declined by 12.59% to close at N10.174 trillion, 253 number of listed securities. While two (2) securities were listed during the quarter, IHS Preference Stock and New Gold ETF, five (5) other moderately capitalized companies: Fin Bank Plc, Intercontinental Bank Plc, Oceanic Bank Int'l Plc, Nigerian Bottling Company Plc and United Nigeria Textile Plc were de-listed. As at third quarter, the sum of market value of the de-listed companies was N101.49 billion.

**Sectoral Market Capitalization:** Since the preference stocks were now classified with the equities, the reviewed value of equity market capitalization in the third quarter was N6.505 trillion. As shown in Table 9, equity market capitalization stood at about N6.537 trillion in the fourth quarter, indicating a marginal gain of 0.48% over the value in the third quarter. The debt market capitalization also appreciated by 1.89% to close at about N3.738 trillion from N3.669 trillion in the third quarter, while the newly listed Gold ETF closed with capitalization of N988 million. On the whole, the equity market with 201 securities accounted for 63.61% of the total market capitalization while debt securities and ETF controls 36.38% and 0.01% with 48 securities and 1 security respectively.

As shown on the Table 11 below, **Financial Services** and **Consumer Goods** sectors stood neck to neck in terms of their control of the market. While market value of the twenty- eight (28) securities listed under **Consumer Goods** controls 19.48% of the overall market capitalization, the fifty eight (58) listed securities under **Financial Services** accounts for 19.59%. **Industrial Goods** sector was third on the Table with capitalization of N1.912 trillion i.e. 18.61% of the overall market capitalization.

**TABLE 11: SECTORAL MARKET CAPITALIZATION AS AT DECEMBER 30, 2011**

<b>Sector</b>	<b>Listed Companies/</b>	<b>Market Capitalization</b>	<b>% of Total Market</b>
<b>ASeM:</b>			
2 <sup>nd</sup> Tier Securities Market	12	4,072,136,973.80	0.04
<b>Main Board:</b>			
Agriculture	5	22,162,860,080.96	0.22
Conglomerates	5	64,089,327,366.82	0.62
Construction/Real Estate	10	129,352,427,900.82	1.26
Consumer Goods	28	2,001,395,869,070.48	19.48
Financial Services	58	2,013,252,151,835.69	19.59
Healthcare	10	33,677,670,369.66	0.33
ICT	11	62,009,178,292.88	0.60

Industrial Goods	25	1,912,341,706,020.22	18.61
Natural Resources	6	8,326,882,122.75	0.08
Oil & Gas	10	217,464,195,017.18	2.12
Services	21	68,511,321,260.42	0.67
<b>Total Equities</b>	<b>201</b>	<b>6,536,655,726,311.68</b>	<b>63.61</b>
<b>ETFs</b>	<b>1</b>	<b>988,000,000.00</b>	<b>0.01</b>
<b>Debt Securities</b>	<b>48</b>	<b>3,737,701,037,557.00</b>	<b>36.38</b>
<b>Overall</b>	<b>250</b>	<b>10,275,344,763,868.70</b>	<b>100.00</b>

Source: Compiled from The NSE reports

**Top Twenty (20) Companies by Market Capitalization:** The equities in the table of top 20 companies by capitalization in the third quarter made the table in the fourth quarter with the exception of Fidelity Bank Plc, which ended at the 22<sup>nd</sup> position from the 20<sup>th</sup>. The new entrant, Oando Plc clinched the 20<sup>th</sup> position from the 24<sup>th</sup> in the previous quarter. Consequently, the total capitalization of the 20 companies gained over N263 billion to close the fourth quarter at N5,462.36 billion, representing 83.57% of equity market capitalization (see Table 12), from N5,198.99 billion in the third quarter. In all, nine (9) of the companies recorded appreciations in market values while market values of the other eleven (11) declined, when compared with the third quarter positions.

The top two (2) on the table, Dangote Cement Plc and Nigerian Breweries Plc, retained their positions with capitalization of about N1,716.27 billion and N714.06 billion, representing 26.26% and 10.92% of equity market capitalization. GT Bank Plc displaced Zenith Bank Plc to occupy the third position while the later ended at the fourth position. Guinness Nigeria Plc remained at the fifth position with capitalization of N368.73 billion.

**Table 12: TOP TWENTY (20) COMPANIES BY MARKET CAPITALIZATION AS AT DECEMBER 30, 2011**

S/N	Equity	Market Capitalization (Naira)	% of Equity Market Capitalization
1	Dangote Cement Plc	1,716,272,558,624.36	26.26
2	Nigerian Breweries Plc	714,057,136,142.80	10.92
3	GT Bank Plc	419,394,303,970.50	6.42
4	Zenith Bank Plc	382,409,294,313.48	5.85
5	Guinness Nigeria Plc	368,731,379,750.00	5.64
6	Nestle Nigeria Plc	353,255,184,820.66	5.40
7	First Bank of Nigeria Plc	290,425,550,786.20	4.44
8	Stanbic IBTC Bank Plc	155,625,000,000.00	2.38
9	Lafarge WAPCO Plc	129,819,200,173.00	1.99

10	ETI Plc	129,804,174,675.00	1.99
11	Flour Mills of Nigeria Plc	122,994,338,089.70	1.88
12	PZ Cussons Nigeria Plc	111,173,357,260.00	1.70
13	Unilever Nigeria Plc	109,715,591,250.00	1.68
14	Access Bank Plc	85,863,607,099.20	1.31
15	UBA Plc	83,746,856,664.87	1.28
16	First City Monument Bank Plc	68,013,583,404.36	1.04
17	Total Nigeria Plc	63,864,057,539.70	0.98
18	Dangote Sugar Refinery Plc	56,400,000,000.00	0.86
19	Skye Bank Plc.	50,762,245,155.84	0.78
20	Oando Plc	50,030,599,014.00	0.77
	<b>Top 20 Market Capitalization</b>	<b>5,462,358,018,733.67</b>	<b>83.57</b>
	<b>Other 181 Equities</b>	<b>1,074,297,707,578.01</b>	<b>16.43</b>
	<b>Equity Market Capitalization</b>	<b>6,536,655,726,311.68</b>	<b>100.00</b>

Source: Compiled from reports supplied by The NSE

### THE ALL-SHARE INDEX

The All-share index also recorded a marginal gain of 1.76% to close the fourth quarter at 20,730.63 points from 20,373.00 points in third quarter. In the third quarter, a decline of 18.44% was recorded.

As shown in Table 13 below which captured the values of the index at the beginning, middle and end of the months in the fourth quarter, gains of 4.61% and 4.55% were registered between the middle and end of October and middle and end of December respectively. Otherwise, the indicator showed volatility for the better part of the quarter.

**TABLE 13: NSE ALL-SHARE INDEX MOVEMENT (OCT - DEC, 2011)**

<b>DATE</b>	<b>INDEX</b>	<b>% Change</b>
30/09/11	20,373.00	-
04/10/11	20,581.30	1.02
18/10/11	20,011.72	(2.77)

31/10/11	20,934.96	4.61
01/11/11	20,837.58	(0.47)
17/11/11	20,359.23	(2.30)
30/11/11	20,003.36	(1.75)
01/12/11	19,967.84	(0.18)
15/12/11	19,828.40	(0.70)
<b>30/12/11</b>	<b>20,730.63</b>	<b>4.55</b>

Source: Daily Official List of The NSE

Note: The Index were for the beginning, middle and end of the months under consideration

### PRICE PERCENTAGE GAINERS AND LOSERS

Of the two hundred and one (201) listed equities and preference stocks, only twenty four (24) were captured on the gainers list in the fourth quarter. This however was still higher than eighteen (18) recorded in the third quarter. While the number of companies on the losers list declined from ninety eight (98) in the third quarter to eighty five (85) in the quarter under review, companies with static prices increased from eighty seven (87) to ninety two (92).

**Gainers:** During the quarter, Union Bank Nigeria Plc consolidated its shares as the number of its outstanding shares dropped to 2,533,125,000 from 13,509,726,273 units. This resulted in an upward adjustment of the bank's share price from N2.09 to N11.15 per unit. The unit share price of the bank closed the quarter at N10.60, indicating a 407.18% gain over the price it ended in the third quarter.

As shown in the Table 14, the share prices of NCR (Nigeria) Plc and Road Nigeria Plc, the 2<sup>nd</sup> and 3<sup>rd</sup> on the gainers table, appreciated by over 86% in the fourth quarter when compared to the unit prices in the third quarter. These were followed by Livestock Feeds Plc and Guaranty Trust Assurance Plc on the 4<sup>th</sup> and 5<sup>th</sup> positions with price appreciations of 44% and 40.59% respectively.

The remaining fourteen (14) other gainers not captured on Table 14 recorded price appreciations ranging from 3.70% to 13.29% during the quarter.

**TABLE 14: TOP TEN (10) PERCENTAGE PRICE GAINERS IN FOURTH QUARTER OF 2011**

S/N	Equity	Price on 30/09/11 (Naira)	Price on 30/12/11 (Naira)	Absolute Gain (Naira)	Gain (%)
1	Union Bank Nigeria Plc	2.09	10.60	8.51	407.18
2	NCR (Nigeria) Plc.	4.98	9.31	4.33	86.95
3	Roads Nigeria Plc	4.65	8.69	4.04	86.88

4	Livestock Feeds Plc	0.50	0.72	0.22	44.00
5	Guaranty Trust Assurance Plc	1.01	1.42	0.41	40.59
6	Goldlink Insurance Plc	0.50	0.67	0.17	34.00
7	Presco Plc	7.00	8.67	1.67	23.86
8	Nigerian Breweries Plc	79.98	94.42	14.44	18.05
9	Guinness Nigeria Plc	217.95	250.00	32.05	14.71
10	Neimeth International Pharmaceuticals Plc	0.95	1.08	0.13	13.68

Source: Compiled from The NSE Reports

**Losers:** On the losers table, Diamond Bank Plc topped the list with 45.14% decline in its unit price which ended the quarter at N1.92 from N3.50 in the third quarter. This was followed by Paints & Coatings Manufactures Plc and Eterna Oil & Gas Plc with price declines of 44.09% and 42.19% respectively.

**TABLE 15: TOP TEN (10) PERCENTAGE PRICE LOSERS IN FOURTH QUARTER OF 2011**

S/N	Equity	Price on 30/09/11 (Naira)	Price on 30/12/11 (Naira)	Absolute Loss (Naira)	Loss (%)
1	Diamond Bank Plc	3.50	1.92	1.58	45.14
2	Paints & Coatings Manufactures Plc	0.93	0.52	0.41	44.09
3	Eterna Oil & Gas Plc.	5.12	2.96	2.16	42.19
4	Cement Co. Of Northern Nigeria Plc	7.30	4.35	2.95	40.41
5	Learn Africa Plc	4.79	2.95	1.84	38.41
6	Prestige Assurance Plc.	1.50	0.94	0.56	37.33
7	May & Baker Nigeria Plc.	3.00	1.99	1.01	33.67
8	UBA Plc	3.87	2.59	1.28	33.07
9	Julius Berger Nigeria Plc	47.16	31.60	15.56	32.99
10	Dangote Sugar Refinery Plc	7.00	4.70	2.30	32.86

Source: Compiled from The NSE Reports

## MONITORING & INVESTIGATIONS

### A. MONITORING DIVISION *OFF-SITE INSPECTION*

#### **Audited Accounts**

During the quarter under review, Annual Audited Account of 230 registered Capital Market Operators were received and analyzed for the year ended 2011.

Analysis of the Audited accounts revealed as follows:

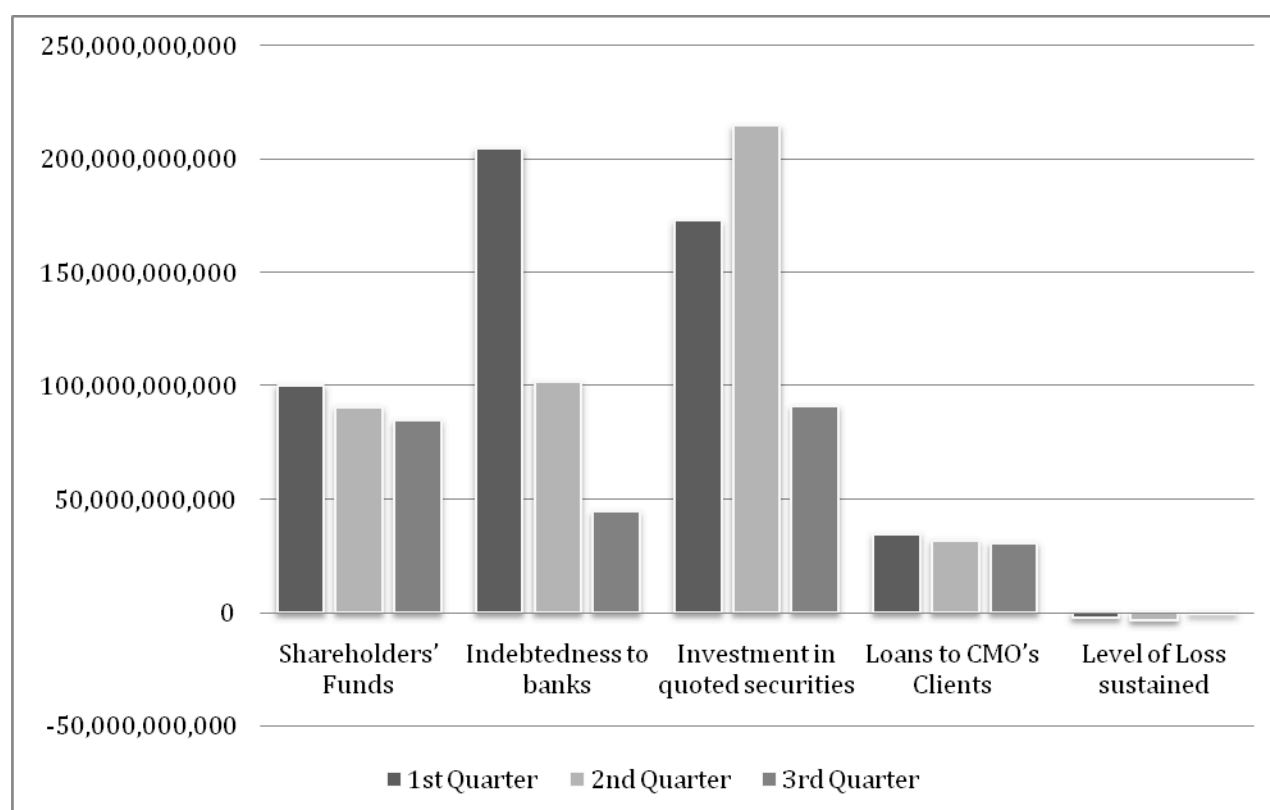
	2009	2010	%
			Change
<b>No of Audited Accounts Received</b>	<b>265</b>	<b>230</b>	
<b>Total Asset</b>			<b>225%</b>
	431,094,951,200.36	1,398,996,669,716.66	
<b>Total Liability</b>			<b>223%</b>
	356,087,510,768.15	1,151,232,797,410.57	
<b>Shareholders Fund</b>			<b>230%</b>
	75,007,440,432.21	247,763,872,306.09	
<b>Net Income</b>	40,059,040,049.50	148,210,545,997.25	<b>270%</b>
<b>Operating Cost</b>			<b>41%</b>
	(105,542,211,902.69)	(148,511,385,428.97)	
<b>Profit After Tax</b>	(65,483,171,853.19)	(300,839,431.72)	<b>-100%</b>
<b>Overall Net-Worth to Total Asset</b>	<b>0.2</b>	<b>0.2</b>	
<b>Aggregate Total Liabilities to Total Asset</b>	<b>0.8</b>	<b>0.8</b>	
<b>Aggregate Net-worth to Total Liabilities</b>	<b>0.2</b>	<b>0.2</b>	

Given the provisions of SEC Rule 170(ii), based on the fact that the audit of 2011 financial statements / accounts of most firms were still on-going, find below a comparative analysis of the 2011 accounts for 230 registered Capital market operators.

#### **Broker Dealers**

During the quarter under review, the Commission reviewed about 224 returns for the quarter ended September 30, 2011. A review of the returns revealed as follows:

	1st Quarter	2nd Quarter	3rd Quarter	% Change
<b>Shareholders' Funds</b>	100,400,415,908	90,679,809,671	<b>84,870,874,827.10</b>	<b>-6%</b>
<b>Indebtedness to banks</b>	204,629,338,507	101,827,817,771	<b>44,499,740,000.93</b>	<b>-56%</b>
<b>Investment in quoted securities</b>	172,823,325,820	214,864,296,929	<b>91,142,315,392.23</b>	<b>-58%</b>
<b>Loans to CMO's Clients</b>	34,848,889,431	31,911,139,069	<b>30,807,842,245.63</b>	<b>-3%</b>
<b>Level of Loss sustained</b>	- 2,247,605,140.00	3,345,186,961.00	<b>-247,606,030.13</b>	<b>93%</b>

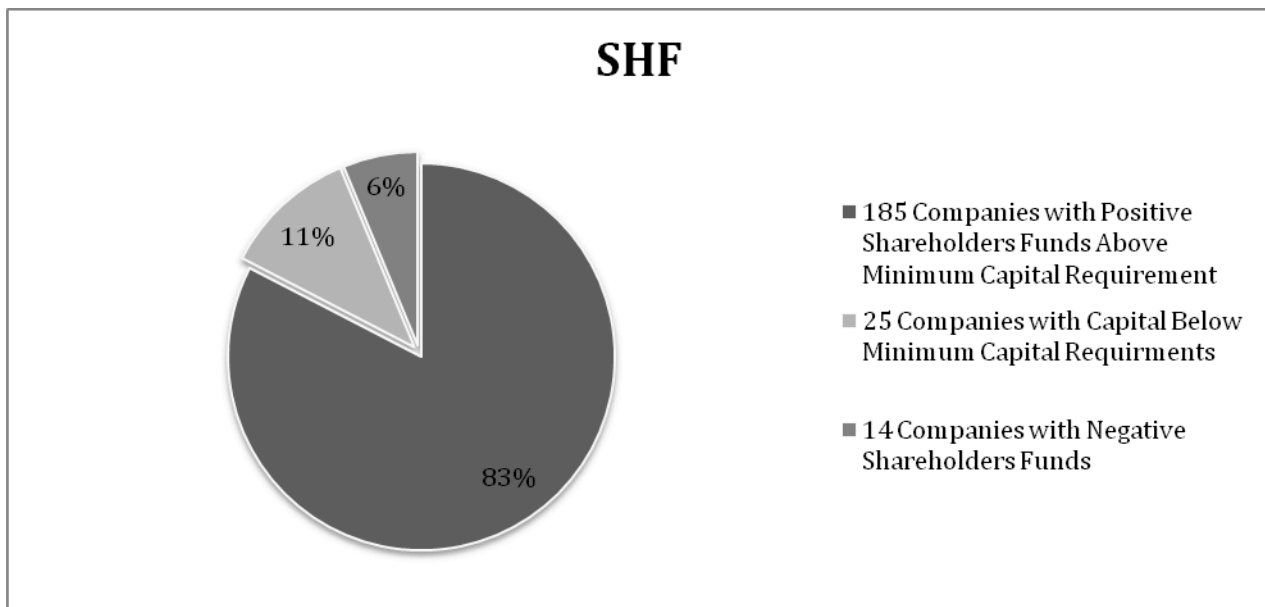


#### Minimum Capital and Shareholders Funds

Aggregate Shareholders funds/Net worth for 224 returns reviewed in third quarter showed a decrease from N90, 679,809,671 to N84, 870,874,827.10 representing a 6% decrease. This trend

mirrors the continuous bearish situation of the securities market negatively impacting the earnings of companies; and with the transfer of net losses to reserves further depleting in companies' net-worth.

A total of 185 out of 224 firms reported positive shareholders fund within the statutory capital requirement of N70m and above, this figure was lower than the one reported in the second quarter which was 197 out of 227. Out of this number, 25 operators experienced their shareholders' funds fall below N70m (minimum capital requirement) higher than 23 operators reported in the second quarter. A total of 14 companies recorded erosion in their capital higher than the number of companies reported in the second quarter.



### **Breakdown of Indebtedness**

The level of indebtedness of stock-broking firms to financial institutions arising from margin loans and overdraft facilities, as at the third quarter, ended September 30, 2011 decreased by 56% on a relative basis from N101,827,817,771Bn (aggregate for 227 firms in the second quarter) to N44,499,740,000Bn (Aggregate for 224 Companies) as at the end of the third quarter. This result further showed the positive effect of the acquisition of margin facilities (Loans) by the Asset Management Corporation of Nigeria (AMCON).

It was also observed that only 11 (eleven) companies out of 224 reviewed in the third quarter were highly indebted to banks to the tune of N1billion and above. This accounted for 83% of aggregate indebtedness to banks as at the end of the third quarter 2011. It was expected that the level of indebtedness to Banks would continue to decline in subsequent quarter(s) leveraging on AMCON's operations.

### **Margin Loans Granted To Clients**

Recovery of outstanding margin loans granted to clients steadily improved through the year as the value fell from N34, 848,889,431.00 at the end of 1st quarter, 2011 to N31, 911,139,069.00 reported



in the second quarter representing an 8% decrease. The value further decreased to N30, 809,842,245.00 reported as at the end of the third quarter ended September 30, 2011 representing a further decrease of 3%.

### **Investment in Quoted Securities**

The aggregate value of investment in quoted equities portfolio increased from N172, 823,325,820.00 to N214, 864,296,929.00 representing a 24% increase from first to second quarter 2011; however the value declined to N91, 142,315,392.00 representing a decrease of 58% in the third quarter ended September 30, 2011.

The high margin of decline reflected an increased sell off of equities held by the firms against the backdrop of a generally bearish market.

### **Profitability/Loss Level**

Aggregate net losses incurred by the firms increased from a loss of N2, 247,605,104.00 reported in the first quarter 2011 to N3, 345,186,961 as at end of second quarter 2011 representing a 49% increase. However, there was significant reduction in the aggregate net losses recorded between 2<sup>nd</sup> & 3<sup>rd</sup> quarters as the net losses reduced by 93% i.e from **N3, 345,186,961** to **N247,606,030.13** in the 3<sup>rd</sup> quarter.

### **Computation of Capital Adequacy Using Net Capital Rule**

The Net Capital of **224** firms as at the end of the third quarter ended September 30, 2011 was computed using the net capital rule in line with rule **176** of SEC rules and regulation (below is the formula):

#### **FORMULAR FOR NET (LIQUID) CAPITAL COMPUTATION**

	TOTAL ASSETS
LESS:	<u>TOTAL LIABILITIES</u>
	NET WORTH
	RESERVES/EARNINGS
ADD/LESS:	<u>SUBORDINATED LOANS</u>
	NET CAPITAL BEFORE ADJUSTMENT
LESS:	FIXED ASSETS
	UNQOUTED INVESTMENTS
	UNSECURED RECIEVABLES (LOAN)
	PREPAID EXPENSES
	<u>EXCHANGE MEMBERSHIP FEE</u>
	NET CAPITAL BEFORE PROVISIONS

LESS: PROVISIONS AND CONCENTRATION CHARGES

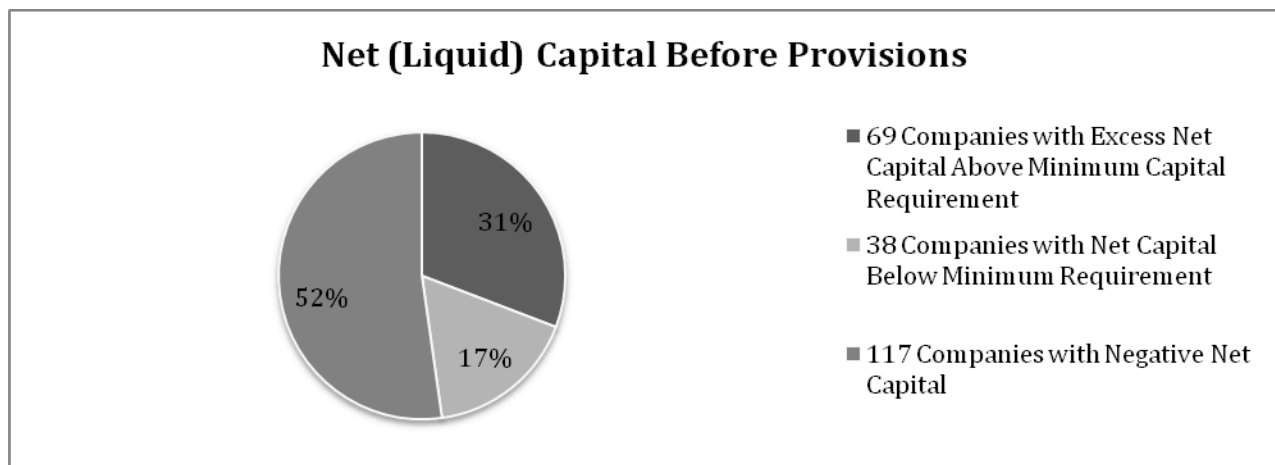
NET CAPITAL AFTER ADJUSTMENT

LESS: REQUIRED MINIMUM NET (BASE) CAPITAL

WITHIN THRESHOLD/EXCESS/SHORTFALL

Aggregate NET (Liquid)-Capital before Provisions as at the end of the third quarter 2011, was **(80,103,888,878.60)** *(For the purpose of determining the liquid capital of stock broking firms, emphasis should be given to the portfolio of securities held by them as proprietary investments and recommend that it's should not exceed 15% of the total value of equity).*

It was observed that; 69 Companies had Minimum Net (liquid Capital). After Adjustments, 38 Companies had Net (Liquid Capital), while 117 Companies had Negative Net (liquid) Capital after Adjustment.



The management was currently considering the report with the recommendation(s) and would take a position on it as soon as it concludes consultation with relevant stakeholders.

**Analysis of returns on the activities of fund/ portfolio managers:**

During the quarter under review, 87 returns were reviewed, 46 of these were submitted by active operators while the remaining 41 filed by firms with in-active operations in the registered function.

Based on the analysis of the active returns, the cumulative summary performance was as analyzed below:

Indicators	Performance (N)	Percentage (%)
Total shareholders' funds	484,962,933,791	17.3 (decrease as against the 2 <sup>nd</sup> quarter performance)
Total fund under management	251,260,521,675	9.5 (increase as against the

		2 <sup>nd</sup> quarter result)
Investment in the capital market	148,485,136,222	59.1 (% of total funds under management)
Investment in other markets	100,003,391,333	40 (% of total funds under management)
Un-invested funds	2,090,994,399	0.83 (% of total funds under management)

### **Shareholders' Funds**

A total of 74 Fund/Portfolio managers representing 85% of the 87 operators whose returns were analyzed, had adequate shareholders fund of 20million and above. It was confirmed from the analysis that five (5) firms had eroded their shareholders' funds below the minimum required capital of N20million. However, a total of eight (8) funds/portfolio managers had eroded their capital completely and went into negative position during the period under review. It is important to note that there is a marginal increase by 9.5 % of the total funds managed by the operators when compared with the previous quarter.

### **Utilization of Issue Proceeds**

Twenty five (25) returns on utilization of Issue Proceeds were received and reviewed during the period under review.

Following the review, on-site verification inspection was carried out on the following issuers within the period:

**1. Intercontinental Bank Plc**

Verification Inspection on the Utilization of Issue Proceeds of Intercontinental Bank Plc offer of year 2006 was conducted, following completion of proceeds utilization by the bank. Observed deviation(s) in the use of the proceeds was communicated to the Issuer in addition to the sanction for payment of the requisite penalty, which the bank had complied with.

**2. United Bank for Africa Plc**

The Company was inspected following its N20 billion, 7 year 13% fixed rate 2017 debt issue. The Commission's observation(s) from the inspection was communicated to the bank.

**3. Imo State Government of Nigeria**

The inspection was carried out to ascertain utilization of N18.5 billion infrastructure development bond issued in year 2009. This followed the failure by the Issuer to file statutory returns as required on utilization of issue proceeds. Observed lapses by the Commission were communicated to the Issuer in addition to the sanction for payment of the requisite penalty, which the State Government had complied with.

4. **Guaranty Trust Assurance Plc**

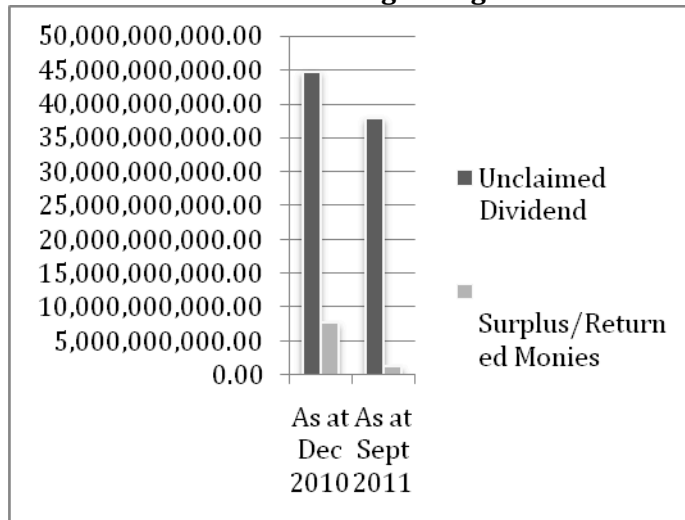
The company was inspected following its reported utilization of 82% of proceeds of its rights issue of 1,250,000,000 ordinary shares of 50k each at N1.25 issued in year 2008. The inspection was conducted to ascertain compliance with the provision on proceeds utilization as stipulated in the prospectus. The proceeds were observed to be effectively utilized.

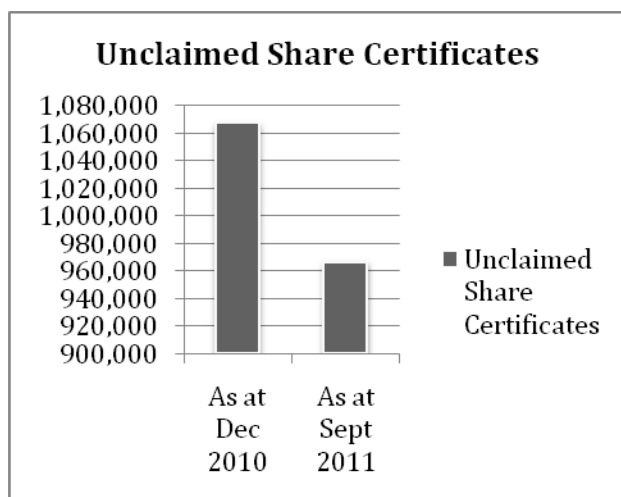
**Analysis of returns from Registrars:**

Seventy two (72) returns were received from registrars during the period under review. Analysis of returns showed a decrease in the quantum of unclaimed dividends by 15% or N6, 798,542,149.20. i.e. from **N44,626,504,175.76** as at December 2010 to **N37,827,962,026.56** as at September 2011.

	As at Dec 2010	As at Sept 2011	% Change
<b>Unclaimed Dividend</b>	<b>44,626,504,175.76</b>	<b>37,827,962,026.56</b>	<b>-15%</b>
<b>Surplus/Returned Monies</b>	<b>7,646,758,713.85</b>	<b>1,139,821,547.49</b>	<b>-85%</b>
<b>Unclaimed Share Certificates</b>	<b>1,067,974</b>	<b>966,775</b>	<b>-9%</b>

**Chart Showing Change in Unclaimed Dividends as Sept 30, 2011.**





#### **Analysis of returns from Trustees:**

Eighty four (84) returns were received from firms with registered trustees function and reviewed as at Sept, 2011, out of which, fifty four (54) were zero returns.

#### **Anti-Money Laundering and Counter Financing Of Terrorist (AML/CFT) Activities** **Offsite Review of Returns**

A total of 115 (one hundred and fifteen) weekly returns on AML/CFT requirements were received and analyzed during the period under review. This figure indicated an improvement in the level of awareness and compliance with AML/CFT requirements.

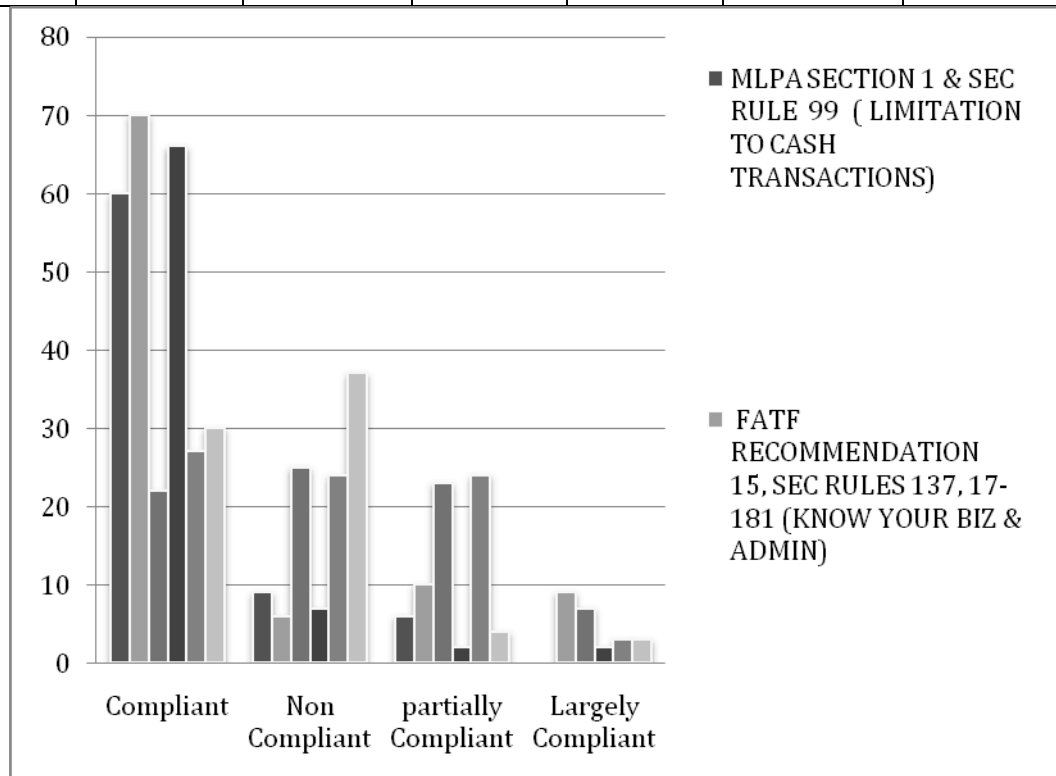
#### **AML/CFT On-site Inspection**

In accordance with AML/CFT Action Plan, the reports of the **89** Capital Market Operators inspected for the first and second quarter were analyzed.

Analysis of the inspection report revealed as follows;

	<b>AML/CFT REQUIREMENTS</b>					
<b>Status</b>	<b>MLPA SECTION 1 &amp; SEC RULE 99 ( LIMITATION TO CASH TRANSAC TIONS)</b>	<b>FATF RECOMM ENDATIO N 15, SEC RULES 137, 17-181 (KNOW YOUR BIZ &amp; ADMIN)</b>	<b>MLPA SECTION 3 &amp; SEC RULES 100,137 J (CDD/KY C &amp; KYE)</b>	<b>MLPA SECTION 7, FATF R 10 &amp; SEC RULE 47 (PRESER VATION OF RECORD S)</b>	<b>MLPA SECTION 9,FATF RECOMME NDATION 15 &amp; SEC RULE 168(B) (AML/CFT AWARENE SS &amp; APPOINTM ENT OF COM. OFF)</b>	<b>MLPA SECTIONS 2,6 &amp;10, FATF 19 AND SEC RULE 9 (RENDITION OF WEEKLY RETURNS IRO FOREIGN EXC.,SUSPICIOU S &amp; MANDATORY DISCLOSURE TRANSACTION S REPORTS)</b>

<b>Compl iant</b>	<b>60</b>	<b>49</b>	<b>22</b>	<b>66</b>	<b>27</b>	<b>30</b>
<b>Non Compl iant</b>	<b>9</b>	<b>6</b>	<b>25</b>	<b>7</b>	<b>24</b>	<b>37</b>
<b>partia lly Compl iant</b>	<b>6</b>	<b>10</b>	<b>23</b>	<b>2</b>	<b>24</b>	<b>4</b>
<b>Largel y Compl iant</b>	<b>0</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>3</b>	<b>3</b>



### Other Related Issues

- The Commission participated actively in the meeting held by the Presidential Committee on FATF to address observed deficiencies identified by the FATF review group. The report of the plenary was forwarded to management with recommendation(s) on Capital Market issues.
- The Commission was represented at the Regional workshop on Anti-money Laundering/Combating the Financing of Terrorism for Non- Bank Regulators and supervisors at Banjul and Gambia from October 4-6, 2011.

- The Department submitted a draft copy of amended SEC Form/QR/2 Returns from Broker Dealer to management for approval, preparatory to risk profiling of CMO's (Broker Dealers only)
- The Commission attended the 16<sup>th</sup> Technical Committee Meeting of the Inter- Governmental Action against Money Laundering in West Africa (GIABA). The meeting was held from November 14-16, 2011 at Lome, Togo. The GIABA Plenary was a major platform for the implementation of international standard for combating Money Laundering and terrorism financing in the West African region.

## INVESTIGATION

In the fourth quarter, the Commission received a total of **643** correspondences from various capital market operators and investors, while **482** correspondences emanated from the Commission to operators and investors respectively.

## STOCKBROKERS

Out of the **652** correspondences received, **459** were with respect to stockbrokers, see breakdown as shown below:

❖	New complaints	-	42
❖	Correspondence on existing complaints	-	417
			<hr/>
	<b>Total</b>	-	<b>459</b>
			<hr/>

The breakdown of the new complaints 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
October	4	2	4	2	3	15
November	1	4	2	2	1	10
December	6	4	2	-	5	17
<b>Total</b>	<b>11</b>	<b>10</b>	<b>8</b>	<b>4</b>	<b>9</b>	<b>42</b>

## REGISTRARS

Out of the **643** correspondences received, **167** were with respect to Registrars, see breakdown as shown below:

❖ New complaints	-	51
❖ Correspondence on existing complaints	-	<u>116</u>
<b>Total</b>	-	<u><b>167</b></u>

The breakdown of the new complaints is as follows:

<b>Month</b>	<b>Non-receipt of dividends warrants/bonuses</b>	<b>Returned monies for un-allotted shares</b>	<b>Non verification of share certificates</b>	<b>Non issuance of share certificates</b>	<b>Wrong crediting bonus shares/non crediting &amp; CSCS accrued</b>	<b>Grand Total</b>
October	5	6	3	3	-	<b>17</b>
November	4	3	3	8	-	<b>18</b>
December	5	2	3	6	-	<b>16</b>
<b>Total</b>	<b>14</b>	<b>11</b>	<b>9</b>	<b>17</b>	-	<b>51</b>

#### MISCELLANEOUS

Out of the **643** correspondences received, **26** were with respect to Miscellaneous, see breakdown below:

<b>Month</b>	<i>Miscellaneous (complaints against Capital Market Operators other than Stockbrokers and Registrars)</i>	<b>Total</b>
October	9	9
November	7	7
December	10	10
<b>Total</b>	<b>26</b>	<b>26</b>

#### RESOLVED AND CLOSED CASES

A total of **367** cases were resolved and closed during the 2nd quarter. See breakdown below:-

#### STOCKBROKERS – Breakdown by nature of complaints

<b>PERIOD</b>	<b>NATURE OF COMPLAINTS</b>	<b>NUMBER OF CASES RESOLVED AND CLOSED</b>	<b>TOTAL</b>



October	Unauthorized/ fraudulent sale and purchase of shares	58	<b>146</b>
	Non remittance of share sale proceeds	30	
	Refusal/Illegal transfer of shares	19	
	Falsification of clients' accounts	9	
	Non purchase of shares/undue delay in the purchase of stocks	25	
	Non verification of share certificates	5	
November	Unauthorized/ fraudulent sale and purchase of shares	48	<b>90</b>
	Non remittance of share sale proceeds	12	
	Refusal/Illegal transfer of shares	8	
	Falsification of clients' accounts	9	
	Non purchase of shares/undue delay in the purchase of stocks	6	
	Non verification of share certificates	7	
December	Unauthorized/ fraudulent sale and purchase of shares	15	<b>60</b>
	Non remittance of share sale proceeds	10	
	Refusal/Illegal transfer of shares	8	
	Falsification of clients' accounts	3	
	Non purchase of shares/undue delay in the purchase of stocks	16	
	Non verification of share certificates	8	
	<b>Total</b>	<b>296</b>	<b>296</b>

#### REGISTRARS – Breakdown by nature of complaints

PERIOD	NATURE OF COMPLAINTS	NUMBER OF CASES RESOLVED AND CLOSED	TOTAL
October	Non-receipt of dividends	7	

	warrants/bonuses		<b>15</b>
	Returned monies for un-allotted shares	8	
	Non verification of share certificates	-	
	Non issuance of share certificates	-	
	incorrect merging of account	-	
<b>November</b>	Non-receipt of dividends warrants/bonuses	7	<b>18</b>
	Returned monies for un-allotted shares	1	
	Non verification of share certificates	8	
	Non issuance of share certificates	2	
	Incorrect merging of account	-	
<b>December</b>	Non-receipt of dividends warrants/bonuses	7	<b>21</b>
	Returned monies for un-allotted shares	2	
	Non verification of share certificates	10	
	Non issuance of share certificates	2	
	Incorrect merging of account	-	
	<b>Grand Total</b>	<b>54</b>	<b>54</b>

#### MISCELLAENOUS

PERIOD	NATURE OF COMPLAINTS	NUMBER OF CASES RESOLVED AND CLOSED	TOTAL
October	<i>Miscellaneous (complaints against Capital Market Operators other than Stockbrokers and Registrars)</i>	9	9
November	"	1	1

December	“	7	7
	<b>Grand Total</b>	<b>17</b>	<b>17</b>

#### **CASES FORWARDED TO ENFORCEMENT & COMPLIANCE (E&C) FOR ACTION**

During the period under review, thirty **(30)** case files were presented for enforcement action.

<b>S/N</b>	<b>FILE NO</b>	<b>OPERATOR</b>	<b>COMPLAINANT</b>
<b>1.</b>	SB1418	Asset Plus Securities Ltd	Dr. Bukar Usman
<b>2.</b>	SB1134	Asset Plus Securities Ltd	J.A. Okeke
<b>3.</b>	SB1053	Asset Plus Securities Ltd	Josephine O. Ejemba
<b>4.</b>	SB931	Asset Plus Securities Ltd	Akande Abdulraheem
<b>5.</b>	SB1417	Asset Plus Securities Ltd	Leo Ikechukwu Ezeokana
<b>6.</b>	SB1288	Asset Plus Securities Ltd	Mohammed Ayuba
<b>7.</b>	SB1121	Beachgrove Securities Ltd	Prof. Oladosu A. Ojengbede
<b>8.</b>	SB2606	Beachgrove Securities Ltd	Mrs. Margaret Adekeye Yetunde Omisore
<b>9.</b>	SB3346B	Bonkolans Investment Ltd	Akabike Bopna Chuba
<b>10.</b>	SB3239	Standard Securities Ltd (now Blue Chips Securities Ltd)	Ademola Olamide & Co (Mr.Osoba Olusina Olufemi)
<b>11.</b>	SB3239	Standard Securities Ltd (now Blue Chips Securities Ltd)	Eric Apia & Co.
<b>12.</b>	MISC 591	Alliance Capital Co. Ltd	Adebiyi Adesola T.
<b>13.</b>	MISC 590	Alliance Capital Co. Ltd	Dr. Ugwu Christopher
<b>14.</b>	MISC 5833	Alliance Capital Co. Ltd	Eric Ukanwa
<b>15.</b>	SB3032	Alliance Capital Co. Ltd	Ogoegbunam nonye
<b>16.</b>	SB3008	Alliance Capital Co. Ltd	Kienwono Wanemi Adebaotari

17.	SB3142	Alliance Capital Co. Ltd	Ekwudo Aaron Ikechukwu
18.	SB3324	Alliance Capital Co. Ltd	Asogwa Jude
19.	SB3954	Alliance Capital Co. Ltd	Amechi Aninye
20.	MISC 586	Easy Trade Concept Ltd	Mrs. Joy A. Obaji
21.	MISC 585	Easy Trade Concept Ltd	Onwusiri Oluchi
22.	MISC 597	Easy Trade Concept Ltd	Ofonagoro C.C (Miss)
23.	MISC 594	Easy Trade Concept Ltd	Adams Bola Abosede
24.	MISC 595	Easy Trade Concept Ltd	Roseline O. Ochala
25.	MISC 596	Easy Trade Concept Ltd	Daniel Y. Ochala
26.	MISC 594	Easy Trade Concept Ltd	Musa Zamuna
27.	MISC 599	Easy Trade Concept Ltd	Obiageli Peace Okeke
28.	MISC 607	Easy Trade Concept Ltd	Ochuonu Marie Ijeoma.
29.	MISC 608	Proforte Limited	Chiduben L. Ereifeoma
30.	MISC 609	Proforte Limited	Harris Terirase Ikima

#### ALL PARTIES MEETING

As one of the dispute resolution mechanism adopted by the Commission in resolving complaints, four **(4)** all parties meetings were held during the quarter.

#### SUMMARY OF COMPLAINTS MANAGEMENT

Outstanding complaints brought-forward as at September 30, 2011 -	<b>806</b>
<b>Add:</b> New Complaints 4th Quarter (Oct. –Dec.)	<b>+119</b>
Total complaints as at 4th Quarter	<b>925</b>
<b>Less:</b> Complaints forwarded for enforcement to E&C Dept. (Oct. –Dec)	<b>-30</b>
Complaints Resolved October –December	<b>- 367</b>
Total complaints resolved/closed and forwarded to E&C Dept.	<b>-397</b>
Total outstanding complaints as at December 31, 2011	<b><u>528</u></b>

## SECURITIES AND INVESTMENT SERVICES

The following activities were approved and cleared during the quarter under review:

- Three (3) applications for Shelf Registration.
- Four (4) applications for bonds to commence Book Building.
- Two (2) applications for bonds to hold Completion Board meeting.
- AMCON's series 11 and V debt Issuance program.
- Four (4) rights issue valued at N109.78 billion.
- Seven (7) placing valued at N993, 652, 721,556.11
- Six (6) existing securities valued at N404,551,117637.25
- Eight (8) bonus issue valued at N1, 625,397,748.50.
- Ten (10) allotment proposals.

### Shelf Registration

S/N	Issuer	Issue Type	Value (N'B)	Date Registered/Approved	Issuing House
1	Ekiti State Government of Nigeria	Shelf Registration	25	17/11/11	Greenwich Trust Ltd
2	Vital Products Plc	Shelf Registration	5	24/12/2011	Dunn Loren Merrifield
3	Ondo State Government of Nigeria	Shelf Registration	50	24/12/2011	Radix Capital Partners & 8others

### Subscription (Bond)

S/N	Issuer	Offer Price (N)	Value (N'B)	Purpose	Date Registered/Approved	Opening Date	Closing Date	Bond Rating	Issuing House
1	Ekiti State Government of Nigeria	1,000	20	Infrastructural Development	17/11/2011	Approved to commence book building	N/A	A A-	Greenwich Trust Ltd
2	Chellarams Plc	1000	3.5	Investments, refinancing of loans and working capital	22/12/2011	Approved to commence book building	N/A	BBB-	Dunn Loren Merrifield

3	Vital Products Plc	1.00	2	Investments, refinancing of loans and working capital	6/12/2011	Approved to commence book building	N/A	BBB+	Dunn Loren Merrifield
4	Ondo State Government of Nigeria	1000	27	Road, water, educational and healthcare projects	24/12/2011	Approved to commence book building	N/A	A	Radix Capital & 8 others
5	Crusader Nigeria Plc	100	2.26	Investment in subsidiaries & working capital	9/12/2011	Approved to hold CBM	N/A	N/A	Capital Bancorp
6	IHS Nigeria Plc	3.08	8.44	Business expansion within Nigeria and Africa	5/12/2011	Approved to hold CBM	N/A	N/A	Skye Financial Services Ltd

#### AMCON

S/N	Issuer	Offer Price (N)	Value (N'B)	Purpose	Date Registered/Approved	Opening Date	Closing Date	Bond Rating	Issuing House
1	AMCON	725.69	88.8	To enable the swap of the Subscription on Consideration Bond issued for the injection of financial accommodation into ETB specifically to restore the Net Asset Value of above Bank to Zero.	29/11/2011	N/A	N/A	N/A	Afrinvest (WA) Ltd
2	AMCON	681.13	1.4T	To enable the swap of the Subscription on Consideration Bond issued for the injection of financial accommodation into Finbank Plc, Intercontinental Bank Plc, Oceanic Bank Plc and Union Bank Plc specifically to restore the Net Asset Value of above Bank to Zero.	29/11/2011	N/A	N/A	N/A	Afrinvest (WA) Ltd
3	AMCON (series 11)	735.64	417.25	To enable the swap of the Subscription on Consideration Bonds issued on August 8, 2011 to capitalize the three Bridge Banks; Enterprise Bank Limited, Keystone Bank Limited and Mainstreet Bank Limited, to enable them operate beyond the minimum regulatory	5/12/2011	N/A	N/A	N/A	Chapel Hill Advisory Partners.

				capital adequacy ratio stipulated by the CBN.					
4	AMCON (series v)	699.23	753.51	To enable the swap of the Subscription on Consideration Bonds issued to provide adjustments to Non-Performing Loans (NPLs) purchased in accordance with the respective Loan Purchase and Limited servicing Agreements with Banks, and to facilitate adjustments to Financial Accommodation estimates to restore Net Asset Value of Affected Banks to Zero, pursuant to the AMCON Act, 2010.	30/12/2011	Approved to hold CBM	N/A	N/A	Chapel Hill Advisory Partners.

S/N	Issuer	Issue Type	Offer Price	Volume	Value (N'm)	Date Registered/Approved	Opening Date	Closing Date	Issuing House
1	Flour Mills of Nigeria Plc	Rights	62.00	455,566,222	28.25	11/10/2011	14/10/2011	21/10/11	Stanbic IBTC Bank Plc
2	International Breweries Plc	Rights	5.08	1,479,040,276	7.51	31/10/2011	21/11/2011	12/1/12	GTI Capital Limited
3	Union Bank Nig. Plc	Rights	6.81035	1,407,291,667	9.58	6/12/2011	14/12/2011	20/1/12	Chapel Hill Advisory Partners
4	Consolidated Breweries Plc	Rights	62	99,140,625	64.44	9/12/2011	9/1/12	15/2/12	Stanbic IBTC Bank Plc

#### **Rights (Equities)**

#### **Placing (Equities)**

S/N	Issuer	Issue Type	Offer Price (N)	Volume	Value (N)	Date Registered/Approved	Opening Date	Closing Date	Issuing House
1	Food Concepts Plc	Special Placement	2.50	780,000,000	1,950,000,000	13/10/2011	17/10/2011	17/10/11	Dunn Loren Merrifield
2	Interco	Special	3.33	15,000,000,	49,950,000,	14/10/20	14/10/20	14/10/1	Chapel Hill

	ntinent al Bank Plc	Placem ent		000	000	11	11	1	Advisory Partners
3	BGL Plc	Special Placem ent	4.00	3,000,000,0 00	12,000,000, 000	17/10/20 11	17/10/20 11	17/10/1 1	BGL Securities Ltd
4	Interco ntinent al Bank Plc	Special Placem ent	182.79	3,000,000,0 00	548,370,00 0,000	14/10/20 11	14/10/20 11	14/10/1 1	Chapel Hill Advisory Partners
5	Oasis Insuran ce Plc	Special Placem ent	0.50	1,500,000,0 00	750,000,00 0	25/11/20 11	28/11/20 11	28/11/1 1	Greenwich Trust
6	Union Bank Nig. Plc	Placing to AMCON	90.05	3,394,407,2 65	305,666,37 4,213.25	6/12/201 1	9/1/12	9/12/11	Chapel Hill Advisory Partners
7	Union Bank Nig. Plc	Placing to UGPL	6.81	11,008,274, 206	74,966,347, 342.86	6/12/201 1	9/1/12	9/12/11	Chapel Hill Advisory Partners

#### Registration of Existing Securities

S/ N	Issuer	Issue Type	Nominal Value	Volume	Date Registered/ Approved	Issuing House
1	Golden Capital Pl	Existing Securities	50k	1,170,324,525	10/10/2011	Sterling Capital Markets Ltd
2	Ecobank Transnational Incorporated	Existing Securities	US\$0.025	2,488,687,783	11/10/2011	Renaissance Securities (Nig) Ltd
3	BGL Plc	Existing Securities	50k	12,000,000,00 0	6/10/2011	BGL Securities Ltd
4	Crystalife Assurance Plc	Existing Securities	50k	5,785,278,698	15/12/2011	Cashcraft
5	Vital Products Plc	Existing Securities	50k	1,823,084,076	24/12/2011	Dunn Loren Merrifield
6	Partnership Investment Company Plc	Existing Securities	50k	2,951,500,620	30/12/2011	Partnership Investment Company Plc

#### Bonus Issues

S/ N	Issuer	Issue Type	Nominal Value	Value (₦)	Date Registered/ Approved	Basis of Bonus Issue
1	R.T. Briscoe	Bonus	50k	81,691,234.50	11/10/2011	1:5
2	Trans Nationwide Express Plc	Bonus	50k	33,136,627.5	4/11/2011	1:2
3	Niger Delta Exploration and Production Plc	Bonus	N10	369,109,970	11/11/2011	1:3



4	Niger Insurance Plc	Bonus	50k	260,754,476	11/11/2011	1:10
5	Prestige Assurance	Bonus	50k	179,165,388.5	24/11/2011	1:6
6	Academy Press Plc	Bonus	50k	50,400,000	28/11/2011	1:4
7	PZ Cussons Nig. Plc	Bonus	50k	397,047,703	30/11/2011	1:4
8	Royal Exchange Assurance	Bonus	50k	254,092,349	2/12/2011	1:5

#### Allotments Cleared

S/ N	Issuer	Issue Type	Offer Price (N)	Volume (M)	Value (N'm)	Allotment Clearance Date	Subscription level (%)	Issuing House
1	Nigerian Aviation Handling Company Plc	Bond	1,000	2,150,000	2,150,000,000	20/10/2011	100	Chapel Hill Advisory Partners
2	BGL Plc	Special Placem nt	4.00	3,000,000,000	12,000,000,000	3/11/2011	100	BGL Plc
3	Intercontinental Bank Plc	Special Placem nt	3.33 182.79	15,000,000,000 3,000,000,000	49,950,000,000 548,370,000,000	9/11/2011	100	Chapel Hill Advisory Partners
4	Sovereign Trust Insurance Plc	Rights	0.50	1,734,585,755	833,988,831	11/11/2011	96.16	Vetiva Capital Management
5	Delta State Government of Nigeria	Bond	1,000	50,000,000	50,000,000,000	18/11/2011	100	Access Bank Plc
6	Niger State Government of Nigeria	Bond	1,000	9,000,000	9,000,000,000	17/11/2011	100	BGL Plc
7	UBA Plc	Bond	1,000	35,000,000	35,000,000,000	30/11/2011	100	UBA Capital Ltd
8	Oasis Insurance Plc	Special Placing	0.50	1,500,000,000	2,892,639,349.00	24/12/2011	100	Greenwich Trust
9	Sterling Bank Plc	Private Placem nt	1,000	4,562,000	4,562,000,000	30/12/2011	60.83	Sterling Capital
10	Ekiti State Government of Nigeria	Bond	1,000	20,000,000	20,000,000,000	24/12/2011	100	Greenwich Trust & 8 others

## MERGERS AND TAKEOVERS

Summary of transactions that were received and approved during the period under review include:

### MERGER

- Application received 2
- Pending applications 2
- Application Approved 1

### ACQUISITION

- Application received 1
- Pending applications 5
- Application Approved 9

### RESTRUCTURING

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

### MERGERS:

#### NEW APPLICATIONS RECEIVED

#### RE: PROPOSED SCHEME OF MERGER BETWEEN CORNERSTONE INSURANCE PLC AND LINKAGE ASSURANCE PLC

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

#### STAGE OF PROCESSING

Pre-Merger Notification

#### STATE OF PROCESSING

Approval In-Principle was given on December 20, 2011. Awaiting Submission of Scheme Document.

#### PROPOSED MERGER OF ACCESS BANK PLC AND INTERCONTINENTAL BANK PLC

The transaction was filed by Stanbic IBTC Bank Plc. It involved the merger between Access Bank Plc and International Bank Plc.

#### STAGE OF PROCESSING

Clearance of Scheme Document

#### STATE OF PROCESSING

A memo was forwarded to Management for Formal Approval.

#### OUTSTANDING APPLICATIONS

#### PROPOSED MERGER BETWEEN TIDDO SECURITIES LIMITED AND TIDDO INVESTMENT MANAGEMENT LIMITED

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

#### **STAGE OF PROCESSING**

An Approval In-Principle was granted.

#### **STATE OF PROCESSING**

Awaiting the submission of draft Scheme Document.

#### **PROPOSED SCHEME OF MERGER BETWEEN GUARANTY TRUST BANK PLC ("GTBANK") AND GTHOMES LIMITED ("GTHOMES").**

The application filed by Afrinvest & Cordros Capital Limited on behalf of the merging entities. It provided that the shareholders of GTHomes be paid cash in consideration of the transfer of all the assets, liabilities and undertakings of GTHomes to GTBank and the cancellation of GTHomes entire share capital. The Company would subsequently be dissolved without being cut off by an order of the Federal High Court.

#### **STAGE OF PROCESSING**

Clearance of scheme document

#### **STATE OF PROCESSING**

A letter for Approval-in- Principle was communicated to the financial adviser on March 24, 2011. Submission of scheme and other documents were being awaited.

#### **RESULTANT COMPANY**

GTBankPlc

#### **APPROVED MEREGR TRANSACTION**

#### **MERGER ARRANGEMENT BETWEEN ALLIANCE & GENERAL LIFE ASSURANCE PLC AND ALLIANCE & GENERAL INSURANCE COMPANY LIMITED**

The application was filed by Afribank Capital Ltd acting as the Financial Adviser to the companies. The application was resuscitation of an earlier merger application involving the Alliance and General Insurance Limited and Alliance and General Life Assurance Plc. The merger would result in the transfer of the assets, liabilities and undertakings of Alliance and General Insurance Limited to Alliance and General Life Assurance Plc.

#### **ACQUISITION:**

#### **NEW APPLICATION RECEIVED**

#### **ACQUISITION OF LE TOURNEAU TECHNOLOGIES GRILLING SYSTEMS INC. BY CAMERON INTERNATIONAL CORPORATION.**

The transaction was filed by Simmons Cooper Partners

**STAGE OF PROCESSING**

The transaction was under review

**STATE OF PROCESSING**

Review and Analysis

**OUTSTANDING APPLICATIONS****NOTIFICATION OF DIAMOND BANK PLC'S DIVESTMENT FROM DIAMOND CAPITAL AND FINANCIAL MARKETS LIMITED, DIAMOND SECURITIES LIMITED AND DIAMOND REGISTRARS LIMITED.**

The application was filed by KPMG on behalf of the companies. The application involved the Divestment of Diamond Bank Plc from Diamond Capital and Financial Markets Limited, Diamond Securities Limited and Diamond Registrars Limited.

**STAGE OF PROCESING**

The Companies involved were asked to use an alternative financial advisers registered as issuing house with the Commission as KPMG was not.

**STATE OF PROCESSING**

The transaction is under review.

**RE: ACQUISITION OF IRREDEEMBLE PARTICIPATING INVESTMENT NOTES OF NIGER DELTA PETROLEUM RESOURCES**

Chapel Hill Advisory Partners filed an application of acquisition of 1,102,791 Irredeemable Participating Investment Notes (PETRE IDINS) of Niger Delta Petroleum Resources (NDPR) issue to investors in the NDEP Ogbale Field Development Project. Under the transaction, PETRE IDIN Note Holders would surrender their notes in consideration for 30% cash and 70% in the equity of NDEP at the approved valuation of \$4.45 per note.

**STATE OF PROCESSING**

The Financial Adviser responded to the Commission's deficiency letter and the documents were under review

**ACQUISITION OF SHARES IN HONDA MANUFACTURING NIGERIA (HMN) LIMITED BY HONDA MOTOR Co. LIMITED (HONDA).**

The application involved Honda Motors Company Limited which prior to the acquisition held 30% of the issued shares in Honda Manufacturing Nigeria Limited. Honda Motor Company Limited was acquiring 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 Motor Co. Ltd would own 60% in Honda manufacturing Limited.

**STATE OF PROCESSING**

A reminder letter was sent to the Financial Adviser on September 29, 2011.

**ACQUIRING COMPANY**

Honda Motors Co. Limited

**RATIFICATION FOR THE ACQUISITION OF 60% SHAREHOLDING OF FEMI JOHNSON & CO LIMITED BY AFRINVEST INVESTMENT (PROPRIETY) LIMITED**

The application was filed by SPA Ajibade & Co Limited on behalf of the companies. The transaction was consummated on January 1, 2007 without prior review and approval of the Commission. It involved the acquisition of 60% of Femi Johnson & Company Limited, a Nigerian based Insurance Brokerage Firm representing (30,000,000 ordinary shares @ N 1.00 each) by Afrinvest Investment (Proprietary) Limited a South African Company 100% owned by Alexander Forbes.

**STATE OF PROCESSING**

The company through its solicitors appealed to the Commission to reconsider the sum of N7, 415,000 being penalty imposed on them for consummating the transaction without the Commission's prior review and approval. The appeal was considered and Management approved that the penalty be reduced to N 2, 500,000.00.

**ACQUIRING COMPANY**

Afrinvest Investment (Proprietary) Limited

**RE: 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.

**STATE OF PROCESSING**

A reminder letter was sent to the companies involved on June 16, 2011

**APPROVED ACQUISITION TRANSACTIONS**

**PROPOSED ACQUISITION OF CHAMPION BREWERIES PLC ("CHAMPION BREWERIES") BY CONSOLIDATED BREWERIES PLC ("CONSOLIDATED BREWERIES")**

On July 26, 2011, Consolidated Breweries received a no objection letter from the Commission with respect to the acquisitions of Benue Brewery and Williams from Sona Systems Associates Business Management Limited. Following the conclusion of Benue brewery and Williams transaction, consolidated Breweries was in the process of implementing the acquisition of Champion Breweries from Montgomery ventures Inc, which was a wholly owned subsidiary of Heineken International B.V.

Consolidated Breweries intends to acquire Montgomery Ventures' 513,000,000 ordinary shares representing 57% of the equity in champion Breweries. The Proposed Acquisition would give Consolidated Breweries access to the brewing capacity of Champion Breweries.

**ACQUISITION OF 100% SHAREHOLDING IN UNITED SECURITIES LIMITED BY MARINA SECURITIES LIMITED ("THE TRANSACTION")**

The application was filed by Chapel Hill Advisory Partners Limited as solicitors. It involved the acquisition of 100% Shareholding in United Security by Marina Securities Limited.

**PROPOSED ACQUISITION OF GTB PLC EQUITY IN GTB REGISTRARS LIMITED BY LAKEPORT LIMITED**

The transaction involved the acquisition of 99.99% equity stake (i.e. 49,999,999 ordinary shares of N1.00 each) of GTB Bank Plc in GTB Registrars by Lake Port Limited. The transaction was filed by Afrinvest West Africa Limited.

**PROPOSED SHARE PURCHASE OF MULTI-LINK TELECOMMUNICATIONS LIMITED BY HIP OILS TOPCO LIMITED.**

HIP Oils Topco Limited, an affiliate company of Helios Towers Nigeria Limited was acquiring the entire issued shares of Multi-Link Telecommunications Limited own by Telkom International (Proprietary) Limited (75%) and Telkom South Africa (SA) Limited (25%) including preferential shares and shareholder loan for a total consideration of US\$300 and additional US\$ 10,000,000 upon Multi-Link achieving certain pre-determined thresholds.

**RE: APPLICATION FOR THE RATIFICATION OF ACQUISITION OF MAJORITY SHAREHOLDING IN CROWN FLOUR MILLS BY OLAM INTERNATIONAL LIMITED**

The transaction involved the acquisition of majority shareholding in Crown Flour Mills Limited by Olam International Limited. The transaction was filed with the Commission on October 6, 2010 and was consummated on January 2010 without the Commission's prior review and approval.

**APPLICATION FOR THE APPROVAL OF A MANAGEMENT BY-OUT OF MAJORITY SHARES IN GTB ASSET MANAGEMENT LIMITED**

The application was filed by Afrinvest West Africa Limited. It involved the acquisition of 99.99% equity stake in GTB Asset Management Limited by the Management of the Company.

**APPLICATION FOR APPROVAL OF ACQUISITION OF SONA SYSTEM ASSOCIATES BUSINESS MANAGEMENT LIMITED ("SONA SYSTEMS") AND LIFE BREWERIES COMPANY LIMITED ("LIFE BREWERIES") BY NIGERIAN BREWERIES PLC ("NIGERIAN BREWERIES")**

The application was filed by FCMB Capital Markets Limited. The transaction involved the acquisition of 99.9% issued share by Nigerian Breweries Plc for purchase consideration of N61 billion.

**PROPOSED ACQUISITION OF GUARANTY TRUSTY BANK PLC'S SHAREHOLDING IN GUARANTY ASSURANCE PLC BY ASSUR AFRICA HOLDING**

The Transaction was filed by Lead Capital Plc on behalf of the Companies. It involved the acquisition of 67.68m of GTBanks shareholdings in GT Assurance by Assur Africa Holdings, a consortium of private equity funds and International Development Financial Institutions.

## **RESTRUCTURING:**

### **NEW APPLICATIONS**

#### **PROPOSED SCHEME OF ARRANGEMENT BETWEEN COMPUTER WAREHOUSE GROUP LIMITED, DCC NETWORKS LIMITED, EXPERTEDGE SOFTWARE LIMITED, ANAS NETWORK SERVICES LIMITED AND CWL SYSTEMS LIMITED**

The transaction was filed by Cordros Capital Limited and it involved the transfer of assets and liabilities of the above companies to the resultant company, Computer Warehouse Group Limited.

#### **STATE OF PROCESSING**

A deficiency letter was forwarded to the financial adviser.

#### **PROPOSED DIVESTMENT OF ZENITH BANK PLC'S EQUITY INTEREST IN ZENITH GENERAL INSURANCE COMPANY LIMITED ("ZENITH INSURANCE") AND ZENITH CAPITAL LIMITED ("ZENITH CAPITAL") ("THE TRANSACTION").**

The transaction was filed by Stanbic IBTC Bank Plc and Vetiva Capital Management Limited. It involved the divestment of Zenith General Insurance Company Limited and Zenith Capital Limited By Zenith Bank Plc

#### **STATE OF PROCESSING**

Only a notice was received

### **OUTSTANDING APPLICATION**

#### **PROPOSED SCHEME OF ARRANGEMENT FOR THE CORPORATE RESTRUCTURING OF MULTIPRO ENTERPRISES LIMITED BY HYPO HYGEIENE PRODUCTS LIMITED AND BHN LIMITED ("THE SCHEME")**

The transaction was filed by Santrust Securities Limited. It involved corporate restructuring of Multipro Enterprises Limited, Hypo Hygiene Limited and BHN Limited

#### **STATE OF PROCESS**

The transaction was deemed to be an exempt transaction is still being processed.

### **APPROVED RESTRUCTURING TRANSACTIONS**

#### **PROPOSED SCHEME OF ARRANGEMENT BETWEEN WEMA BANK PLC AND WEMA SAVINGS AND LAONS LIMITED.**

The application filed by Greenwich Trust Limited. The application involved a consolidation of the businesses of Wema Homes (Saving & Loans) Limited (Wema Homes) through a proposed integration of the subsidiary into the Bank (ie. Wema Bank Plc).

## **PROPOSED MERGER BETWEEN PAPILOON INDUSTRY LTD, LEOCOOL AND LEOPLAST LTD**

The application was filed by Vetiva Capital Management Limited on behalf of the Companies. The transaction involved the transfer of all the assets, liabilities and business undertakings of Papillon Industry Limited and Leocool Industry Limited to Leoplast Industry Limited

## **BANKING CONSOLIDATION**

### **Outstanding Transaction**

## **SCHEME OF ARRANGEMENT FOR REORGANIZATION OF CAPITAL BETWEEN FINBANK PLC ("FINBANK OR THE BANK") AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES AND ACQUISITION OF FINBANK ANBY FIRST CITY MONUMENT BANK PLC ("FIMB") TOGETHER THE TRANSACTION**

The Commission received an application dated August 19, 2011 filed by Stanbic IBTC Bank Plc and FCMB Capital Market Limited acting as financial advisers to the above named transaction.

The transaction involved the:-

- Reconstruction and reorganization of share capital
- Recapitalization of FinBank by AMCON
- Acquisition of FinBank by FCMB

**The reconstruction and reorganization share capital-** the entire issued share capital of FinBank would be reconstructed and reorganized. The share Capital would be reduced to zero through the cancellation of every fully paid, issued, and /or outstanding ordinary shares in the issued share capital of FinBank.

In consideration for the cancellation of the entire issued share capital of FinBank, each Existing Shareholder would be entitled to receive either FCMB shares or a pro rata portion of the Cash Consideration or both in accordance with their respective Election.

**The recapitalization of FinBank by AMCON** - AMCON would provide the Financial Accommodation to restore the Bank's net assets value to zero, in consideration scheme shares constituting 100% of the paid up share Capital of FinBank would be issued to AMCON. To enable FinBank issue the scheme shares to AMCON, it proposed that subject to and upon the reduction of the paid up share capital in the manner becoming effective, the unissued share capital of FinBank corresponding to 4,278,800,531 ordinary shares of 50k each would be issued to AMCON, representing scheme shares.

**The acquisition of Finbank by FCMB** -following the recapitalization of FinBank by AMCON and for the purpose of ensuring the Bank complied with the directives of the CBN requiring the intervened banks to recapitalized, FCMB (via FIL) would acquire the scheme shares issued to AMCON thereby insuring FinBank attain the regulating directive.

### **Consideration**

In consideration for the proposal (other than holders of shares in the box), the existing shareholders for the cancellation of existing shares would be entitled to receive N0.13 as cash consideration of 1 FCMB share for each existing share every 50 existing share. AMCON, for the transfer of scheme shares to FIL would be entitled to receive N0.91 as cash consideration of 1FCMB share for each existing share every 7 scheme shares.



**STAGE OF PROCESSING**

The Commission awaits Certificate of cancellation of Preference Shares and Certificate of Reduction of capital from the CAC. The Company recently held its Preference Shareholders Meeting on December 5, 2011. The file was kept In-View due to the outstanding court case filed by BGL.

# FINANCIAL STANDARD AND CORPORATE GOVERNANCE

## DISCLOSURE AND COMPLIANCE DIVISION

### RETURNS RECEIVED:

#### A (1) half yearly return received.

The Commission received a total of 19 half yearly returns on Corporate Governance from public quoted companies for the period under review. Twenty seven (27)

half yearly returns were reviewed with the following as the major observations:

- Late submission of the returns was a violation of section 65 of the ISA 2007 which attracted penalty.
- No training policy for Board of the companies was contained in the Code of Corporate Governance.
- Internal control breached by staff and weak enforcement of same.
- Inadequate Board Committees.
- Retention of external Auditors for a long period, some from inception of the company.
- Non-implementation of e-dividend policy by some companies.
- Non-certification of returns by officials of the companies.
- Audit committees not meeting with Internal Auditors, External Auditors and the Board.
- Non-disclosure of the state of unclaimed dividend.
- Non-separation of unclaimed dividend fund from the company's fund.

The observed lapses were communicated to the companies concerned for response.

#### B (I) Unclaimed dividend received.

A written reminder was sent to the public quoted companies to render their unclaimed dividend returns to the Commission and a meeting was convened with some registrars on the need to furnish the Commission with the status of unclaimed dividend on the companies whose register of shareholders they maintained.

In respect of the above a total of 133 public companies filed in their returns out of the 215 quoted companies listed on the Nigeria Stock Exchange (NSE).

The figure on the returns was collated which brought the total unclaimed dividend to N60,709,878,069.11 (sixty billion, seven hundred and nine million, eight hundred and seventy eight thousand, sixty nine naira and eleven kobo) as at June 2011.

#### (II) The top five (5) companies and their unclaimed dividends include;

First Bank plc	N13,504,855,995.58
GT Bank Plc	N4,869,590,886.08
Nigeria Breweries Plc	N4,650,753,646.84
Guinness Nigeria Plc	N2,054,010,401.86
Conoil Plc	N1,860,967,991.01

## **MANDATORY SIGNING OF CORPORATE GOVERNANCE BY BOARD MEMBER OF PUBLIC COMPANIES:**

The Commission received about 14 letters on the Mandatory signing of the Code of Corporate Governance which brought the total responses to 135; the original copies of these undertaken were forwarded to Office of the Commission's Secretary of the Commission for further action.

## **FINANCIAL SERVICES DIVISION**

### **Annual Reports**

Audited financial statements of 27 Public quoted companies were also received during the quarter and being reviewed. The companies include:-

- ✓ Ellah LakePlc
- ✓ Nigeria Aviation Handling Company Plc
- ✓ Adswitch Plc.
- ✓ Nigerian Enamelware Plc
- ✓ Lafarge Cement Wapco Plc
- ✓ AP Academy Press Plc
- ✓ Standard Alliance Plc
- ✓ Unity Capital Plc
- ✓ Custodian & Allied Insurance Plc
- ✓ Linkage Assurance Plc Plc
- ✓ Equity Insurance Plc.
- ✓ Nigeria Energy Director Fund Plc
- ✓ HIS Nigeria Plc
- ✓ Royal Exchange Plc
- ✓ Aso Savings
- ✓ C & I Leasing
- ✓ Resort Savings & Loans Plc.
- ✓ Premier Paint Plc
- ✓ Omarter Venture Nig Plc.
- ✓ Capital Hotel Plc
- ✓ Ikeja Hotel Plc.
- ✓ AP Academy Press Plc
- ✓ Standard Alliance Plc
- ✓ Unity Capital Plc
- ✓ Custodian & Allied Insurance Plc
- ✓ Linkage Assurance Plc
- ✓ Equity Insurance Plc

### **Below are some of the major findings:**

- Late submission of the returns which was a violation of section 65 of the ISA 2007 and attracts penalty.
- Non-implementation of e-dividend policy by some companies.
- Non-certification of returns by officials of the companies.

The observed lapses were communicated to the companies concerned for their response.

#### **Quarterly Financial Statement**

Quarterly financial statements were received from 125 Quoted Companies and reviewed.

#### **Quarterly Earnings Forecast**

Quarterly earnings forecasts of 42 quoted companies were received and reviewed.

#### **UPDATE ON IFRS IMPLEMENTATION**

A Focused Group Seminar was held from October 4 – 7, 2011 to discuss challenges and most effective strategy for the public companies as the International Financial Reporting Standard (IFRS) implementation process.

#### **ENGAGEMENT OF IFRS CONSULTATIONS**

The Technical Committee for IFRS Consultants Evaluation was inaugurated in November 2011 to review Submissions by six firms bidding for the IFRS advisory services for the Commission. The bidding process was completed and awaits Management approval.

## COLLECTIVE INVESTMENT SCHEMES

### UNIT TRUST DIVISION

(i) **List of application approved during the period:-**

Three (3) applications were approved during the period under review. They include:

- **ABSA NewGold Bullion Debentures Exchange Traded Fund (ETF):** approval was granted for the registration and authorization of NewGold ETF to be listed on the Nigerian Stock Exchange.
- **Kakawa Guaranteed Income Fund:** Approval was granted for registration of additional three (3) billion Units of N1.00 each at par.
- **Resuscitation of Consortium Resources Investment Note (CRIN):** The Commission approved the restructuring and conversion of the Consortium Resources Investment Note Fund to an Islamic Fund called ARM Ethical Fund.

(ii) **One (1) application was received for registration of Unit Trust Scheme during the period:**

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

(iii) **Applications on process:-**

1. **FBN Money Market Fund;** an application for registration and authorization of 50,000,000 units of N100.00 each at par in the proposed Initial Public Offering of the FBN Money Market Fund. The objective of the Fund was to achieve a high level of income obtainable from investments in short term securities that was consistent with prudent investment management, the preservation of capital and maintenance of liquidity.

**Status** – deficiencies noted were communicated to the Issuing House on November 22, 2011. Their response is being awaited.

2. **FBN High Yield Fund;** this was an application for registration and authorization of 10,000,000 units of N1,000.00 each at par in the proposed Initial Public Offering of the FBN High Yield Fund. The objective of the fund was to achieve capital preservation of its assets and to maximize investment Returns on Capital Employed, by investing in a diversified and selected portfolio of high quality bond securities and Money Market instruments.

**Status** – deficiencies noted were communicated to the Issuing House on October 19, 2011. Their 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** – Revised offer documents submitted under-going review.

4. **Lifetrade Fund Nigeria;** this was an application for registration and authorization of a Feeder Fund in Nigeria. The Feeder Fund offers 1,000,000 units at \$100 per unit. The primary objective of the Fund was to collate investments of professional Investors in Nigeria and proffer same to the Master Fund. It was only an investment vehicle for the purposes of obtaining funds for investment. The Professional Investors would have shares in the Fund that would mirror the shares that would be issued to them in the Master Fund.

**Status** – Incomplete Documentation.

5. **The Lead Fund;** This was an application for registration of a Unit Trust Fund and an IPO of 1,000,000 units at N1.00 each. The objective of the Fund was to optimize the returns potentials of the fund by investing in high quality equities and money market instruments.

**Status** – The Fund Manager notified the Commission that they were currently adopting a new strategy of the Fund to comply with new/ amended Rules of the Commission.

6. **Legacy 50 Exchange Traded Fund;** The application was filed by FCMB Capital Market Limited for 1,000,000,000 units at N1.00 each at par. The LEGACY 50 ETF was an initiative designed to reflect the performance of the largest capitalized stocks on the Nigerian Stock Exchange. The Fund was intended to act as a bellwether for the entire market and promote passive index investing. The objective of the LEGACY 50 ETF capital appreciation.

**Status** – The Fund Manager wrote to notify the Commission that they were currently modifying the Fund to suit current market conditions and target investors.

7. **Legacy Index 50 Fund;** The application was filed by FCMB Capital Market Limited for 500,000,000 units at N1.00 each at par. The Fund aims to promote an indexation as an investment strategy using The Nigerian Stock Exchange (NSE), All-Share Index (ASI) as its universe. The index constitutes proportionate investments in the 50 most capitalized stocks listed on the floor of The NSE. The index would be reviewed bi-annually to ensure consistency with the volatile market conditions. The objective of the Fund was capital appreciation.

**Status** – Letter was sent to the Fund Manager on August 10, 2011 directing the Fund Manager to appoint a Custodian in line with the SEC new rules.

8. **Vetiva Griffin Fund;** This was an application for registration of 1,000,000 units of the Fund at N100 each at par. The objective of the Fund was to provide retail investors' access to a diversified equity portfolio.

**Status** – The Fund Manager proposed to the Commission to withdraw the application.

9. **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** – Revised offer documents submitted were under review.

10. **Core Investment Scheme (COINS):** This was an application for registration of an IPO of 1,000,000,000 units of N1.00 each at par. The Fund was to maximize returns on capital employed.

**Status** – Incomplete documentation.

(iv) **Suspended applications pending in view of new banking guideline**

1. GTB Balanced Fund

**Status** – The processing of the application was put on hold pending the provision of relevant information on the proposed structure of the Fund Manager in the light of CBN's new Banking Guidelines.

2. Skye Shelter Fund (Tranche II)

**Status** – The Commission had written to Skye Bank Plc to provide the Commission with profile of the proposed Fund Manager (SFS Capital Limited). Additional deficiency was communicated to the Issuing House on July 11, 2011. Their response was being awaited.

3. Skye Islamic Fund

**Status** – The processing of the application was put on hold in the light of CBN policy reversing the Universal Banking Model.

4. Skye Guaranteed Income Fund

**Status** – The processing of the application was put on hold in the light of CBN policy reversing the Universal Banking Model.

5. Diaspora Investment Fund

**Status** – Further processing of the application was stalled awaiting a confirmation of the new structure of the Fund Manager following the new CBN Banking model, vide a letter dated April 28, 2011. The Fund Manager was requested to provide a status report on the Fund within one (1) month, failing which their application would be deemed as withdrawn.

6. PHB Equity Fund

**Status** – Application was put on hold in view of the new Banking model.

7. PHB Guaranteed Returns Fund

**Status** – Application was put on hold in view of the new Banking model.

- (v) **Applications for Unit Trust Schemes approved but yet to convene Completion Board Meeting**

1. **Diamond Capital Balanced Fund:** Issuing house was directed to update offer documents due to lapse of time.
2. **Legacy BNK Fund:** The Fund manager applied to the Commission to reduce the Fund size and the request was granted. Issuing house was directed to update offer documents due to lapse of time.
3. **SunTrust Real Estate Investment Trust Scheme (REITS):** Approved to convene Completion Board Meeting.

(vi) **Number of Funds inspected and highlight of observations** – On-site inspection was carried out on Six (6) registered Funds during the quarter under review, namely:

- Zenith Equity Fund
- Zenith Income Fund
- Zenith Ethical Fund
- Coral Growth Fund
- Coral Income Fund
- Union Trustees Mixed Fund
- 

(vii) **Quarterly Investment Table of Unit Trust Schemes (July – September 2011)** – Table is hereby attached.

(viii) **Number of Quarterly Returns received for the quarter ending September 30th 2011** – 42 quarterly returns were received for the period of July – September 2011.

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

1. Un-invested cash in current account
2. Violation of asset allocation
3. Non submission of schedule of investment

(x) **Action taken** - Observations were communicated to the affected Fund Managers.

#### **OTHER MATTERS:**

**Custodial Services for Registered Collective Investment Schemes:** Fund Managers and Trustees were directed to ensure migration to the custodian system of various funds (i.e transfer all the Funds assets including cash and title documents) that were in the process of compliance. To this end, Twenty (20) Custodian Agreements were approved, Eighteen (18) currently under-going review, while Four (4) Funds were yet to submit their Custodian Agreement.

#### **VENTURE CAPITAL DIVISION**

(i) **One application was approved during the period:-** this was



1. **Pioneer Management & Business Ventures LLP (Private Equity Fund):** Approval was granted for registration and authorization of the Pioneer Management & Business Venture as a Private Equity Fund with the objective of pooling Funds from Nigerian Pension Funds for investment in privately negotiated equity investments and equity linked investments.

(ii) **Inspection**

1. **Off-Site Inspection:** The following companies submitted their quarterly returns, below are the analysis.

(iii) **Analysis of Equity Investment by Venture Capital Fund Managers in SMES as at 30<sup>th</sup> September 2011**

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	1,772,643,799.92	Nil	Nil	Nil
2.	SME Managers Limited	3,942,640,909.00	435,030,848.87	435,030,848.87	Nil	Nil
3.	IBTC Ventures Limited	500,000,000.00	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 Capital	4,999,998,800.00	687,449,569.00	Nil	Nil	Nil
6.	Cowry Asset Mgt. Limited	1,475,837,000.00	342,111,085.96	Nil	Nil	Nil
7.	Unique Venture Capital	2,382,837,000	1,915,606,092.41	2,056,628,631.00	141,022,538.59	7.36
	<b>TOTAL</b>	<b>18,350,752,310.9</b>	<b>6,491,408,396.16</b>	<b>4,546,191,911.87</b>	<b>(1,945,216,484.29)</b>	<b>29.97</b>

QUARTERLY INVESTMENT TABLE OF REGISTERED UNIT TRUST SCHEMES (AS AT 30TH SEPTEMBER 2011)									
S/ N	NAME OF FUND	FUND MANAGER	CAPITAL MARKET INVESTME NT	MONEY MARKET INVESTM ENT	OTHER INVEST MENT	TOTAL OF INVESTME NT	TOTAL EXPENSES	NET ASSET VALUE	NO. OF UNIT HOLDERS
			N	N	N	N	N	N	
EQUITY BASED FUNDS									
1	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Mgt. Limited	12,811,454, 272.43	1,173,48 8,005.45		13,984,942 ,277.88	213,446,9 99.35	13,792,078,20 7.51	18,720.00
2	Denham Mgt. Millennium Fund	Chapel Hill Denham Mgt. Ltd	17,968,801. 22	1,726,25 0.94		19,695,052 .16	226,131.7 0	20,261,432.72	5,592.00
3	Paramount Equity Fund	Chapel Hill Denham Mgt. Ltd	121,762,844 .43	35,623,0 76.08	10,185, 205.48	167,571,12 6.31	1,256,398. 24	166,371,191.8 6	8,738.00
4	Frontier Fund	Sterling Capital Market Limited	47,086,799. 08	817,419, 016.86		180,769,59 5.41	1,414,335. 43	178,592,224.5 8	1,684,138. 00
5	Zenith Equity Fund	Zenith Bank Plc	2,707,070,4 03.80	390,872, 245.95		3,097,942, 649.75	44,242,87 3.33	3,297,177,587. 53	10,031.00
6	ARM Discovery Fund	Asset & Resources Mgt. Co. Ltd	2,792,972,2 10.39	1,179,70 5,009.27	701,930 ,757.97	4,674,607, 977.63	37,408,60 6.87	4,865,227,429. 00	25,100.00
7	ARM Aggressive Growth Fund	Asset & Resources Mgt. Co. Ltd	2,229,980,4 83.00	566,308, 803.00	114,774 ,718.00	2,911,064, 004.00	30,255,92 4.00	2,916,564,900. 00	8,525.00
8	Coral Growth Fund	FSDH Asset Management Ltd			810,895 ,942.11	3,109,050, 956.10	26,005,13 3.89	3,110,912,351. 69	1,019.00
9	Afrinvest Equity Fund	Afrinvest West Africa Limited	257,483,518 .07	141,462, 921.10		398,946,43 9.19	2,093,354. 21	396,853,084.9 6	1965
10	Anchor Fund	Cashcraft Asset Mgt. Limited	38,663,173. 66	2,850,99 5.07	896,529 .00	42,410,697 .73	385,494.5 2	51,009,644.26	1,032.00

11	Bedrock Fund	Cashcraft Asset Mgt. Limited	72,220,577.82	9,477,180.60	895,000.00	82,592,758.42	398,705.58	82,221,560.19	1,444.00	R E T U R N S A S A T U R A T I O N
12	Nigeria International Growth Fund	Fidelity Bank Plc	1,183,968,131.79	509,170,799.29	782,597,713.15	2,499,698,870.25	50,522,151.21	2,284,066,545.41	2,092.00	
13	FBN Heritage Fund	FBN Capital Limited	1,493,870,748.86	1,795,137,726.32	1,098,482,696.16	4,387,491,171.34	19,753,124.79	4,382,503,995.81	6,329.00	
14	ACAP Canary Growth Fund (Formerly Oceanic Vintage Fund)	Alternative Capital Partners Limited	573,069,368.65	93,135,798.16	126,666,470.00	800,228,289.73	7,752,054.79	776,757,463.77	4,965.00	
15	IMB Energy Master Fund	Finbank Plc	97,038,375.12	222,642,274.18		319,680,649.30		284,211,266.99	715.00	R E T U R N S A S A T U R A T I O N
16	Legacy Equity Fund	CSL Stockbrokers Limited	402,255,026.44	128,089,691.85	42,668,036.53	573,012,754.82	5,017,411.24	566,689,609.68	4,045.00	R E T U R N S A
17	UBA Equity Fund	UBA Asset Management Limited	1,006,171,838.68	808,000,000.00		1,814,171,838.65	13,592,908.68	1,771,095,947.84	3,036.00	

										S A T M A R C H
18	Intercontinental Integrity Fund	Intercontinental Capital Mkt. Ltd	61,916,157.50	100,899,304.54	132,114,000.00	294,929,462.04	1,723,185.64	294,971,434.48	6,032.00	
19	BGL Nubian Fund	BGL Asset Management Limited	111,461,060.90	182,211,869.74	49,959,401.64	361,151,736.65	820,320.11	201,296,797.76	885.00	
20	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	57,825,000.00	2,168,219,288.25	1,052,527,418.00	3,278,571,897.02	12,732,590.40	3,267,070,849.63	13.00	

## **LEGAL**

### **LEGAL SERVICES DIVISION LEGAL OPINIONS**

#### **PROPOSED COLLABORATION WITH SEC**

The Commission received a letter dated 13<sup>th</sup> September, 2011 from the Nigerian Institute of Advanced Legal Studies (NIALS) proposing to collaborate with the Commission in research and publications. This was aimed at ensuring that the nation's capital market becomes viable and meets international standards. The NIALS had therefore put in place a Centre for Strategic Investment and Corporate Governance which would be responsible for fashioning policy documents.

*The Legal Department recommended that the Commission should collaborate with the Nigerian Institute of Advanced Legal Studies as the need arises.*

#### **IMPLEMENTATION OF STAMP DUTIES ACT**

A letter dated October 6, 2011, was received from the Nigerian Postal Services. The letter was in response to the Commission's letter dated September 13, 2011 and Ninutra Consulting letter dated September 15, 2011. The Commission had already acted on the referred subject matter by its letter dated January 21, 2011 to the President, Association of Stock Broking Houses of Nigeria and the same was communicated to NIPOST by a letter dated March 17, 2011.

*In the response letter to NIPOST, the Commission stated that it had already taken a clear stand on the issue of payment on adhesive stamps and stamp duties by stock-broking firms based on the conclusion and position of the Attorney General of the Federation as contained in his letter to the Commission dated July 8, 2010, to the effect that NIPOST had an exclusive responsibility, power, duty or right to produce stamps and proceeds from the sale of these stamps should be paid exclusively to NIPOST and not FIRS or any other agency.*

#### **REVIEW OF FINANCIAL REPORTING COUNCIL OF NIGERIA ACT, 2011**

The Commission reviewed the Financial Reporting Council of Nigeria Act (FRCN) 2011 viz-a-viz the Bill earlier sent to the Commission.

The Commission observed that Part VI of the Bill titled REGISTRATION OF PROFESSIONALS OTHER THAN PROFESSIONAL ACCOUNTANTS had been totally removed from the Act. With this removal, the conflict perceived by the SEC between the Act and the provisions of the ISA had been removed.

*The Commission therefore confirmed that apart from the above, the provisions of the Bill earlier forwarded to the Commission were similar to the provisions of the new Act.*

#### **ESTABLISHMENT OF E-LAW LIBRARY**

Justice Watch Organization wrote to the Commission proposing to establish an E-Law Library for the Legal Department which would be tailored according to the needs of the SEC. In conjunction with a US Firm called AtaraGlobe, they implemented online document management systems and provided E-libraries. Access to these libraries would be controlled through the use of log-on details to be provided and the company had offered to conduct training for staff of the Legal Department on the general use of the library.

*The Legal Department advised that the Commission should consider purchasing the package, as the advantages of establishing the E-Library were countless and this included easy access to information and documents thus saving the cost of purchasing books and enhancing easier storage.*

#### **PETITION AGAINST BANK PHB PLC (NOW KEYSTONE BANK) AND FIRST REGISTRARS LTD**

The Department opinion was sought on the petition against Bank PHB and First Registrars Ltd for the unlawful retention of return monies as well as purported illegal allotments of shares under the 2007 public offer after the closure of the said public offer.

*The Department opined that SEC should apply to be joined in the suit, but that the Commission should await the court processes which would be served on it.*

#### **REVIEW OF THE PROPOSED ACQUISITION OF GUARANTY TRUST BANK PLC'S SHAREHOLDING IN GUARANTY TRUST ASSURANCE PLC BY ASSUR AFRICA HOLDING AND IMPLEMENTATION OF SECTION 131 OF THE ISA**

The Department was asked to give its opinion on the above transaction and also the interpretation and implementation of Section 131 of the ISA 2007.

*The Department opined that the main purpose of Section 131 of the ISA was to protect minority shareholders while the required minimum threshold for a takeover bid was 30% and there was no prescribed upper limit. Therefore, a person entitled to make a mandatory take-over could acquire any percentage of shares above the 30% minimum.*

*The Department however advised that in implementing Section 131, the total holding should first be ascertained before drawing attention to the provisions for mandatory takeover as required by that section.*

#### **NATIONALISED BANKS**

The FS&CG Department had informed the Department that Afribank Plc, Bank PHB Plc and Spring Bank Plc, now Mainstreet Ltd, Keystone Bank Ltd and Enterprise Bank Ltd respectively, were indebted to the Commission to the tune of N197,375,000 (One Hundred and Ninety Seven Million, Three Hundred and Seventy Five Thousand Naira Only) as penalty before their nationalisation, for failure to comply with the provisions of Sections 60 to 65 of the ISA.

The Department observed that ordinarily in business transactions, the purchaser of a business takes over the assets and liabilities of the acquired business. It also observed that two of the Banks were aware of their liabilities before they were taken over, while one was not.

*The Department therefore advised that the Commission should write to Asset Management Company of Nigeria (AMCON) informing it of the Banks' indebtedness and also demand for payment of same.*

#### **REQUEST FOR GAZETTING OF THE MINISTERIAL APPROVAL OF WAIVER ON THE APPLICATION OF SECTION 131 OF THE INVESTMENTS AND SECURITIES ACT (ISA), 2007**

The attention of the Department was drawn to the need for gazetting of the ministerial order waiving the application of the provisions of Section 131 of the ISA 2007 to the transactions involving the acquisition of the CBN intervened banks.

*After liaising with the Ministry of Finance, the Department drafted the ministerial order and forwarded same to the Ministry of Finance for further action.*

#### **LEGAL ADVICE ON DIRECT PROCUREMENT OF GOODS AND SERVICES UNDER THE PUBLIC PROCUREMENT ACT.**

The Department received a memo from the Admin Department requesting for advice as to whether the Commission could procure goods and services directly.

*The Department opined that Sections 24(1), 41 and 43(2) of the Public Procurement Act, (PPA) prescribed the conditions under which the Commission, as a procuring entity, could procure goods, works and services directly.*

*It advised that the Commission could procure goods, works and services directly but only under the conditions and circumstances as provided in the PPA.*

#### **LAGOS STATE DEBT ISSUANCE PROGRAMME – REQUEST FOR A WAIVER OF THE PROVISIONS OF SECTION 223(1) OF THE INVESTMENT AND SECURITIES ACT (ISA) 2007**

Lagos state government requested for a waiver of the Provisions of S. 223(1) of the ISA because according to it, the section had constrained it from raising further loans from the Capital market.

*The Department advised that in view of the current down turn in the capital market, the Commission could rely on the provisions of Section 309 of the ISA and obtain an exemption from the Minister to enable the State obtain further funds from the Capital market.*

#### **REQUEST FOR LEGAL OPINION ON THE DELISTING OF CAPPa AND D'ALBERTO SHARES**

ARM Pension Managers requested the Commission's intervention for refusal of Cappa & D'Alberto to pay off and acquire their shares after being delisted, despite the protest and objection of the managers at the EGM of the company.

*The Department advised that the Commission should call for an all parties meeting to resolve the matter since pension funds were not to be invested in unlisted securities.*

#### **EBONYI STATE GOVERNMENT SHELF PROSPECTUS OF 20BN MEDIUM TERM NOTE PROGRAMME AND OFFER FOR SUBSCRIPTION OF N16.5BN 13% SERIES 1 FIXED RATE BOND – DEMAND FOR N905,937,989.25 AS PROFESSIONAL FEE BY DUNN LOREN MERRIFIELD LTD**

The Ebonyi State Government and Dunn Loren Merrifield entered into an agreement for the operator to act as its independent financial consultant to the State government on the potential reduction in cost that could be achieved in its bond issue. The Consultant was also

to review the offer documents. Clause 5 of the Agreement specified the fee payable as 20% of the savings on the bond by the State government.

The Ebonyi State government had complained to the Commission about the demand by the operator of certain amount of money which it considered was outside the agreed fee. While the matter was being considered, the operator filed an action in court on the same subject.

*The Department advised that since the parties entered into the agreement and the matter was now subjudice, the Commission should not intervene at this stage and that the court should be allowed to interpret the agreement.*

### **BRIDGE BANKS**

Registration and Recognised Investment Exchange (RRIE) Department requested for Legal Department opinion on the status of registration of the nationalized banks with the Commission. The Bridge Banks Keystone, Mainstreet and Enterprise had already written to the Commission with supporting documents indicating that they had taken over the nationalized banks – Afribank, Bank PHB and Spring bank, including their capital market functions.

*The Department opined that the bridge banks took over the assets and liabilities of the former banks and that the registration they had with the Commission was one of those assets taken over by the bridge banks. It stated that if they were interested in continuing with the registered functions of the former banks, they should regularize their registration along with the registration of the sponsored officers.*

### **SCHEME OF ARRANGEMENT FOR THE REORGANIZATION OF CAPITAL BETWEEN FINBANK PLC AND THE HOLDERS OF IT'S FULLY PAID ORDINARY SHARES AND THE ACQUISITION OF FINBANK BY FCMB PLC**

This was a request for opinion on the complaint by G. Elias & Co. on behalf of BGL Ltd on the scheme of arrangement and acquisition between Finbank Plc and FCMB Plc. The complaints were on unethical practice and unfair attempt by Finbank to the disadvantage of BGL.

The Department observed that the Commission had a statutory duty to ensure that every scheme of arrangement under Section 539 of CAMA was fair to all shareholders involved. It however stated that the Commission had no power to stop a court ordered meeting or refuse its approval of the outcome of such a meeting except where there was a contrary order of a higher court to that effect.

*The Department advised that since the matter was now sub-judice, the Commission should not intervene at this stage.*



## **ENQUIRY ON THE OPERATION OF ISSUE PROCEEDS ACCOUNT**

A memo was received from Securities and Investments Services (SIS) Department in respect of a letter from Dunn Loren Merrifield requesting for clarification on the interpretation of Rule 331(1)(C) of the Commission's Consolidated Rules and Regulations.

The said rule was also the same as Rule 64(1)(C) of the existing rule which was more or less a preventive rule to ensure that no withdrawal was made from the Issue Proceeds account except and only the total cost of issue and which must be in a lump sum in accordance with the terms of the vending agreement signed by the parties to the issue.

*The Department opined that for the Issue Proceeds Account, only a lump sum withdrawal was allowed by the rules and was not subject to any bank charges.*

## **REQUEST FOR LEGAL ADVICE ON WHETHER OR NOT IT IS APPROPRIATE FOR THE COMMISSION TO ENGAGE THE SERVICES OF PRICEWATERHOUSECOOPERS AS CONSULTANT ON INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The issue here was whether PriceWaterhouseCoopers could be considered as consultant to facilitate the conversion of the Commission to International Financial Reporting Standard (IFRS)

PriceWaterhouseCoopers is the External Auditor of the Commission and the Code of Corporate Governance recommends that auditing firms should not act as consultants to the entity they are auditing as this was one area that could lead to conflict of interest. It was observed that this was also consistent with the Public Procurement Act regarding conflict of interest situations.

*In order that this perception did not becloud the sense of judgment of the consultants on the requirements of the International Financial Reporting Standards (IFRS), the Department advised that PriceWaterhouseCoopers' choice should be reconsidered.*

## **NO: FHC/L/CS/701/2011- MR. IBRAHEEM OYEBANJI ADEJUMO V DIRECTOR-GENERAL SECURITIES & EXCHANGE COMMISSION**

The Applicant alleged that Fidelity Finance Ltd, Access Bank Plc, Mainland Trust Ltd, Resano Securities Ltd, Capital Ban Corp Ltd, Anchoria Investment Ltd, Mr Ramota Onadeko and Mr. Oladeji Femi sold the shares of the estate of their late father Alhaji Areao Adejumo without authorisation. The Applicant was a beneficiary and also one of the administrators of the Estate of Alhaji Lasisi Areao Adejumo.

The Commission was served with an application to apply for judicial review and an order of mandamus against the Director-General. The Applicant sought for an order of the court to compel the Director-General of the Commission to release forthwith to the Applicant the report of its findings in respect of a complaint of fraud lodged by the Applicant against some companies and individuals who sold the stocks of the estate of Alhaji Lasisi Areao Adejumo without authority.

*An external Solicitor was briefed to represent the Commission in the matter.*

**LEGAL PROCEEDINGS AGAINST EMPIRE SECURITIES LTD & 7 ORS**

The Enforcement & Compliance (E&C) Department had informed the Legal Department to initiate Legal proceeding against Empire Securities and its officers for failure to comply with the APC decision.

*The court processes were reviewed and Management approved that an external Solicitor be briefed to file the necessary papers on behalf of the Commission.*

**SUIT NO: IST/APP/04/11- M/73/11 - OLABISI TITIOLA & ORS V. SEC & 12 ORS**

The Applicants are seeking for an order of extension of time to file an Appeal against the decision of the APC in **CASE NO. APC/264/2010/APC/2/2010** delivered on the May 5, 2011 and an order deeming their proposed Notice and Grounds of Appeal as filed and served. They are dissatisfied with the decision of the Commission's APC which was in their favour and are asking the Investment Securities Tribunal (IST) to set aside the decision of the Commission.

*The Department advised that the Commission should defend the matter to protect its interest and integrity.*

**SUIT NO. FHC/L/CS/862/11- UCHE OBODOEKWE & 1 OR V. INSPECTOR GENERAL OF POLICE & 7ORS**

The Commission received court processes from the Federal High Court, Lagos dated September 5, 2011. These included Counter Affidavit, Written Address to the Motion on Notice dated July 14, 2011 and Notice of Preliminary Objection dated July 9, 2011 filed by the Law Firm of Punuka Attorneys and Solicitors, for and on behalf of Royal Exchange Plc and Ken Odogwu who appeared in the Original suit as 7<sup>th</sup> and 8<sup>th</sup> Respondents.

The Commission had however not been served the main Application filed by the Applicants.

*The Department requested the Lagos Zonal Office to send one of its staff to the Federal High Court to obtain copies of the main Application filed in the suit.*

**SUIT NO. IST/EN/OA/05/2010 – AFRIBANK REGISTRARS LTD Vs ANUKEM ANSELM & 3 ORS**

The 3<sup>rd</sup> Respondent in the above mentioned titled suit (United Bank for Africa Plc) filed an appeal against the decision of the IST awarding the sum of N500, 000 as general damages in favour of the Applicants.

*The Department advised that the appeal had nothing to do with the Commission who is the 4<sup>th</sup> Respondent. There was therefore no basis for the Commission to participate in the appeal, as filed by the 3<sup>rd</sup> Respondent.*

**SUIT NO. FHC/ABJ/CS/272/11 – PROFORTE MFB LTD Vs CENTRAL BANK OF NIGERIA**  
Proforte MFB Ltd through an originating summons in March 2011 instituted the above action against Central Bank of Nigeria at the Federal High Court Abuja praying the court for the following reliefs:

- A declaration that Proforte MFB Ltd is legally and literarily different from Proforte Ltd,

- The sum of Ten Million Naira (N10,000, 000) as damages for refusing to release the Plaintiff's money on account of the alleged indebtedness of Proforte Limited to its customers,
- An order directing the defendant to forthwith release the plaintiff's Twenty Million Naira (N20,000, 000) deposited in furtherance of the pursuit for a licence for the operation of a Micro Finance Bank,
- A declaration that no Law empowers the CBN to enforce contracts involving 3<sup>rd</sup> parties.

*The Department advised that the Commission should be joined in this matter to assist the court in getting all facts relating to the applicant who was earlier sanctioned for misappropriation of investors' funds.*

**SUIT NO. FHC/L/CS/1001/2009: THOMAS KINGSLEY SECURITIES LIMITED & 1 OR Vs SECURITIES AND EXCHANGE COMMISSION & 9 ORS**

The Commission received a Letter dated October 14, 2011 from the Law Firm of Claibe, Paiko & Co. Attached to the letter was the Certified True Copy of a Court Judgement on the Matter under reference delivered by Hon. Justice Okechukwu J. Okeke of the Federal High Court, Lagos.

In the said Judgment, the Court ordered the Commission to render full account of its management of the affairs of Thomas Kingsley Securities Limited.

*The Commission vide a letter dated December 22, 2011 filed the report of the interim Management Committee set up by the Commission to manage the Company, as ordered by the Court.*

**SUIT NO. FHC/L/CP/302/2011 – ASSET MANAGEMENT NOMINEES LIMITED & ANOR Vs AFRICAN PETROLEUM LIMITED & 9 ORS**

The matter came up on the November 23, 2011. The Commission was represented by Philip Ndubuisi Umeh & Co. The Petitioners' Counsel applied for a short adjournment to enable him respond to all Notices of Preliminary Objection filed in the matter by the Respondents Counsel. Before the adjournment was granted, the Commission's counsel moved the Motion on Notice for extension of time to file all necessary Court Processes and same was granted and deemed properly filed and served.

The matter was adjourned to February 6, 2012 for hearing of all the pending Applications.

**FHC/B/CS/117/11 – ONITSHA ZONE SHAREHOLDERS ASSOCIATION & 2 ORS Vs MR. H. FABRIC & 2 ORS**

The above named suit came up on November 24, 2011 for mention but could not proceed as the Court did not sit.

However, the 1<sup>st</sup>- 4<sup>th</sup> Defendants filed their Preliminary Objection against the suit, while Okomu Oil Farm Plc filed its application to be joined in the suit. The case was adjourned to January 24, 2012 for hearing.

**SUIT NO. IST/LA/01/10 - LYNFIELD NIGERIA LTD Vs AFROIL PLC & 3 ORS**

The matter came up for hearing on the Motion to re-list filed by the Applicant's on October 27, 2011.

The Commission's Counsel also filed a counter- Affidavit and Written address to oppose the Applicant's application to re-list the suit.

*The Honorable Tribunal granted the Applicant's motion by relisting the suit and consequently adjourned the matter to a date to be fixed and communicated to the parties.*

**SUIT NO. FHC/L/CS/2791/1999 – MIDAS MERCHANT BANK AFROIL PLC & 2 ORS**

The matter came up on 8<sup>th</sup> of December, 2011 for hearing of arguments to set-aside the judgment but the Court did not sit and the matter was adjourned to a date to be fixed and communicated to the parties.

**SUIT NO. FHC/ABJ/M/354/2001 – AYO AKADIRI Vs SECURITIES AND EXCHANGE COMMISSION**

The matter came up on October 31, 2011. The applications pending in court were the Preliminary Objections against the hearing of the Suit and a Motion to set aside the APC proceedings of 13<sup>th</sup> & 14<sup>th</sup> February, 2008.

The Court did not sit and the matter was adjourned to December 6, 2011 for hearing of the Commission's preliminary objection to dismiss the case for want of jurisdiction.

The matter came up on December 6, 2011 but could not proceed as the Court did not sit. The matter was consequently adjourned to February 20, 2012 for hearing of the preliminary objection.

**IST/LA/OA/14/10 - TRANSGLOBE INVESTMENT & FINANCE CO. LTD Vs MR. EZE EMMANUEL & 2 ORS**

The matter came up for hearing on September 27, 2011 but could not go on because the 1<sup>st</sup> Respondent was bereaved. It was adjourned to December 16, 2011 for hearing but could not be heard as the Tribunal was not disposed to hearing same. The matter was consequently adjourned to Tuesday, January 24, 2012.

**FHC/HC/L/1404/2010 - BANKPHB PLC Vs INTERCONTINENTAL BANK LTD**

The matter came up on September 28, 2011 and was adjourned to October 7, 2011 for Ruling. The Ruling was not ready on October 7, 2011. Hearing notices would be served on all parties notifying them of the new date for Ruling.

**IST/L/APP/02/2011 - MTECH COMMUNICATIONS LIMITED & ORS Vs SEC & 4 ORS**

The matter came up before the Investments and Securities Tribunal, Lagos Division on November 15, 2011 and the Commission was represented by the Law Firm of Philip Ndubuisi Umeh & Co.

Due to the Appellant's non-compliance with the standing order of the Tribunal to reflect consequential amendment on their Court Processes following the striking out of the 4<sup>th</sup> Respondent from the Appeal, the matter was adjourned to November 16, 2011.

On this day, the Appellants sought to move their Motion on Notice for leave to amend their Notice of Appeal and also to file additional grounds of Appeal. The Commission's Counsel argued his Counter Affidavit in opposition while the 2<sup>nd</sup>- 5<sup>th</sup> Respondents' Counsel also argued their Counter Affidavit and Written Addresses in opposition.

*The matter was adjourned to February 8, 2012 for ruling.*

**FHC/L/CS/375/2010 - CHIEF DENNIS O. ODIFE & ANOR Vs UNITY BANK, SEC & ORS**

The matter came up December 19, 2011 at the Federal High Court, Lagos Division but could not be heard as the Judge was away and the matter was adjourned to February 14, 2012 for hearing.

**IST/OA/05/11- ABDULHAKEEM MOHAMMED Vs GEO FLUID PLC & 2 ORS**

The matter came up on October 28, 2011 for mention but could not proceed as the Court *Suo Motu* directed that parties should file their written submission on its jurisdiction to hear and determine the matter.

In view of this, Parties filed and adopted their written submissions on the jurisdiction of the Tribunal.

*The Tribunal on November 9, 2011 delivered its ruling and struck out the suit for want of jurisdiction.*

**IST/OA/06/11 – ABDUL HAKEEM MOHAMMED Vs ENERGY CO. NIG PLC**

The matter came up on October 28, 2011 for mention but could not proceed as the Court *Suo Motu* directed that parties should file their written submission on its jurisdiction to hear and determine the matter.

In view of this, Parties filed and adopted their written submissions on the jurisdiction of the Tribunal.

The Tribunal on November 9, 2011 delivered its ruling and struck out the suit for want of jurisdiction.

**IST/OA/07/11- IBRAHIM YUSUF Vs ENERGY CO NIG PLC**

The matter came up on October 28, 2011 for mention but could not proceed as the Court *Suo Motu* directed that parties should file their written submission on its jurisdiction to hear and determine the matter.

In view of this, Parties filed and adopted their written submissions on the jurisdiction of the Tribunal.

*The Tribunal on November 9, 2011 delivered its ruling and struck out the suit for want of jurisdiction.*

**SUIT NO. FHC/AB/CS/25/2011: MJS PARTNERS V. GOVERNOR OGUN STATE & 3 OTHERS**

The matter came up on December 5, 2011 for hearing of the Commission's Preliminary Objection, but the Matter could not proceed as the Court did not sit. Consequently, the Matter was adjourned to February 8, 2012 for hearing of the Commission's Preliminary Objection.

**SUIT NO. FHC/L/CP/302/2011 – ASSET MANAGEMENT NOMINEES LIMITED & ANOR V. AFRICAN PETROLEUM LIMITED & 9 OTHERS**

The matter came up on November 23, 2011 and the Petitioners' Counsel applied for a short adjournment to enable him respond to all the Notices of Preliminary Objection filed in the matter by the Respondents' Counsel. The Commission's Counsel moved a motion for extension of time to file all necessary Court processes and it was granted.

The matter was adjourned to February 6, 2011 for hearing of all the pending Applications.

**CASE NO. IST/LA/OA/11/10: GEORGE NCHEDO OKAFOR V. SECURITIES AND EXCHANGE COMMISSION**

The above matter was previously adjourned to December 7, 2011 for continuation of trial/cross-examination of the Respondent's witness. The cross-examination was concluded on that date and the matter was adjourned to January 24, 2012 for judgment.

**CASE NO. IST/LA/APP/03/11: TIAMIYU R. A. BODUNDE V. SEC & 7 ORS**

The matter came up for hearing on the November 8, 2011 and the Commission's motion for extension of time and the deeming orders were granted. Motion to strike out the Appeal was also filed on that day but the Appellant filed for extension of time to enable him file his Appeal Brief. This was challenged by the 2<sup>nd</sup>-7<sup>th</sup> Respondents and the matter was adjourned to January 9, 2012 for hearing.

**SUIT NO. FHC/L/CS/1239/11: BONIFACE OKEZIE & 4 ORS V. MAINSTREET BANK LTD & 11 ORS**

Former Afribank Plc, Bank PHB Plc and Spring Bank Plc were nationalized by the Central Bank of Nigeria for being undercapitalized. Following this, the Commission on August 7, 2011 suspended trading on the shares of the 3 banks and directed NSE to comply with its directives.

The shareholders of the 3 nationalized banks went to court under a class action challenging the revocation of the banks' license by the CBN, takeover of their assets by AMCON and suspension of the banks' shares from the floor of the Exchange by the Commission.

*The Department reviewed the Court processes and advised that the Commission be defended by an external Solicitor.*

**SUIT NO. IST/M/88/2011: BASIL N. OKAFOR V. SEC & 4 ORS**

The Appellant is one of the 37 Complainants that lodged a petition with the Commission against Empire Securities for unauthorized sale of his 476,000 units of Access Bank shares and non purchase of 4,700 units of First Bank Plc shares at N42.80.

The Commission directed Empire Securities to restore the Complainant's 476, 400 units of Access Bank shares and pay the sum of N84,096.68 being un-utilized money in its custody. The Appellant being dissatisfied with the decision of the Commission filed a Notice of Appeal.

*The Department reviewed the Court processes and advised that the Commission be defended by an external Solicitor.*

**SUIT NO. FHC/ABJ/1005/2011: ACTION CONGRESS OF NIG. V. AG OF ONDO STATE & 9 ORS**

The Commission is the 2<sup>nd</sup> Defendant in the Suit which has the AG of Ondo State as the 1<sup>st</sup> defendant. The Plaintiff's claims, among others, is a declaration that the 1<sup>st</sup> Defendant cannot raise loan or borrow money by way of issuance of bond without a law properly made in accordance with relevant sections of the Constitution of the Federal Republic of Nigeria, 1999.

The Commission was sued because of the regulatory role it plays in the capital market.

*The Department reviewed the Court processes and advised that the Commission be defended by an external Solicitor.*

**SUIT NO. IST/EN/OA/01/11: OKOLIE HUMPHREY EZE V. SEC**

The Commission is the 1<sup>st</sup> Respondent in this matter. The Applicant was dissatisfied with the approach the Commission handled the matter, even though evidence showed that the Commission effectively investigated the matter.

The claim of the Applicant was against the respondents jointly and severally and any adverse judgment in the matter would affect the Commission.

*The Department reviewed the Court processes and advised that the Commission be defended by an external Solicitor.*

**LEGAL PROCEEDINGS AGAINST GORSORD SECURITIES LTD & OTHERS**

Enforcement and Compliance Department informed the Department. that Management of the Commission had directed Department to initiate legal proceedings against Gorsord Securities Ltd.

The Commission had in a letter dated September 2, 2011 directed the Company to resituate the defrauded investors not later than January 3, 2012. The legal proceeding was to obtain a freezing order against all the assets belonging to the Company, its directors and sponsored individuals, to settle the affected investors.

*The Department had forwarded a request to Management for approval of an external Solicitor to handle the matter on behalf of the Commission.*

**SUIT NO. FHC/IKJ/C5/207/11 – FRANNA & CO LIMITED V. SEC & 4 ORS**

This Matter was filed against the Commission and 4 Ors by the Plaintiff who invested in the private placement issued by the 2<sup>nd</sup> Defendant on behalf of the 4<sup>th</sup> Defendant. The Plaintiff was claiming that the Commission owed it a statutory duty to protect it from the fraudulent schemes of the other defendants. It is also claiming other fiduciary reliefs.

*The matter would come up for hearing on February 14, 2012 and the Commission would be represented.*

**SUIT NO. FHC/L/CS/1424/11 – BGL PLC V. FINBANK PLC & 2 ORS**

The Commission is the 3<sup>rd</sup> defendant in the above Originating summons instituted by BGL Plc at the Federal High Court Lagos, claiming for, among others, a declaration that the proposed meeting of purportedly pursuant to an order of this Honorable Court made on November 22, 2011 contravene the provisions of Section 539 of the Companies and Allied Matters Act 1990 and therefore illegal, null and void and of no effect

The suit was a fall out of the proposed scheme of arrangement which was aimed at altering and varying the rights of the plaintiff.

*The Department reviewed the Court processes and advised that the Commission be defended by an external Solicitor.*

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

The Commission is the 4<sup>th</sup> defendant in the above case instituted by Ebako & Co. Ltd & 2 Ors at the Federal High Court Lagos. The Plaintiff claims among other things, a declaration that the recognition of the 5<sup>th</sup> & 6<sup>th</sup> defendants in place of the 2<sup>nd</sup> plaintiff as the representatives of the 1<sup>st</sup> plaintiff in respect of the shares of the 1<sup>st</sup> plaintiff in the 1<sup>st</sup> defendant herein is improper, illegal and null and void.

*The Department reviewed the Court processes and Management directed that an In-house lawyer should defend the Commission. The necessary court processes was filed but hearing date is yet to be fixed.*

**RULES**

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

1. Reviewed comments of stakeholders on the need to amend the Code of Corporate Governance for Public Companies 2011. The comments reviewed were received from the following:-
  - i. CMC Sub-Committee on Rules,



- ii. FS & CG Dept. of the Commission.
  - iii. Society for Corporate Governance Nigeria.
- 2. Reviewed comments on the recently exposed Consolidated Rules and Regulations of the Commission from the under mentioned:
  - i. CMC sub-committee on Rules
  - ii. FBN Capital Ltd.
- 3. Effected corrections on the under mentioned proposed NSE Rules, as amended by the Rules Committee:
  - i. Market making,
  - ii. Securities Lending,
  - iii. Exchange Traded Fund (ETF),
  - iv. Share Buy-back
- 4. Received and circulated to members of the Rules Committee the following Proposed rules:
  - i. Private Equity Fund
  - ii. List of Functions and Registration Fees.
  - iii. Penalty for late remittance of SEC fees on market deals

## ENFORCEMENT AND COMPLIANCE

### CASES RESOLVED

- **Dr. Mrs A. A. Seri Ejembi vs. Security Swaps Ltd**

During the period under review, the Commission received complaint on the failure of the Operator to pay outstanding investment sum to the Complainant. Following the intervention of the Commission, the Complainant informed the Commission of the resolution of the matter.

### COMPANIES UNDER SUSPENSION

- **Dynamic Trust Securities Ltd** was suspended by the NSE for dealing without being licensed.

### SUSPENSION LIFTED

- **Eseho Grace Omorugiu Vs Partnership Investment Ltd.**

This was a case of non purchase of shares worth over N1million by the Operator. The Operator was suspended, but after the all parties meeting held on Dec 31, 2011, the suspension was lifted to enable the Commission re-asses issues raised at the said all parties meeting.

- **Estate of late Ogbuozobe Bartholomew Afamefuna Vs Transworld Investment and Securities Ltd**

This Complaint was on unauthorised sale of shares. They include about 40,000 units of NB Plc shares, 47 units of AP plc shares, 643 units of UACN Plc shares and 580 units of FBN plc shares belonging to the Complainant. These actions led to the suspension of the Operator for failing to comply with the directives of the Commission. The suspension was however lifted in view of substantial compliance with the directive of the Commission.

### CASES REVIEWED FOR ENFORCEMENT ACTION

- **SEC Vs Big Treat Plc**

This bothered on various malpractices by the board of the company in running the affairs of the company. While the criminal aspect was forwarded to the police, the Commission went further to process a disciplinary action against the Operator.

- **Tamstel Nigeria Ltd & 18 ors vs Integrated Capital services Ltd.**

This complaint was on fraudulent diversion of investors' funds and other illegal activities. The Commission was notified by Akpali Chambers, complainant's solicitor that EFCC got judgment on this matter and the Commission wrote EFCC requesting for a copy of the said judgment.

- **Roseline Oluchi Egbukichi & 40 Ors Vs Alliance Capital Investment Ltd.**

This complaint was a case of unauthorised sale of client's stocks and other capital market malpractices. The Commission's search was in the process of locating the Operator for dispatch of the new complaints against it.

- **Lexfield Chambers on behalf of certain share holders Vs Fidelity Bank Plc**

The complainant alleged illegal seizure of its client shares by Fidelity Bank Plc. After investigation by the Commission, the Operator was directed to release the share certificates of the complainants. The bank had filed an action at the IST challenging the decision of the Commission.

- **Afochi Onyemowo Grace Vs Fidelity Securities Ltd, Regency Assets Management Ltd, BGL Ltd and CSCS Ltd.**

The complainant alleged fraudulent dealings on her shares against the Operators and CSCS Ltd respectively. The Operators were directed by the Commission to resituate the complainant. The matter is now in court at the instance of the Operators.

- **C. Ikebuasa and Co on behalf of Amaeze and 131 ors Vs Mega Asset Management Ltd.**

The Commission received a complaint against the company bothering on soliciting for funds from the investing public. The Commission had conducted search at CAC on the names of the directors of the company with a view to inviting them to all parties meeting.

- **Nwobodo Ngozi vs. Aryn Investment Limited**

This was a complaint bothering on fraud against the company. A recommendation was made to the Management on enforcement action.

- **Midas Stockbrokers Limited Vs Platinum Habib Bank Plc**

This complaint was against Platinum Bank in respect of its IPO in 2007 where it failed to return surplus money to the Complainant. The Commission had established a prima-facie against the Operator and about taking enforcement action.

- **39 Investor Vs Gosord Securities Limited**

This Matter was on unauthorised sale of stocks, non purchase of stocks, failure to remit sale proceeds to the investors. The Commission is about to take enforcement action.

- **Mustapha Adekola Vs Prestige Assurance Plc**

The Complainant informed the Commission that he had not received his share certificate for 40,000 units of Prestige Assurance Plc. The Commission had requested Sterling Bank Plc to forward to it a docket/schedule acknowledged by the First Registrars Limited showing remittance of the shares in favour of the complainant.

- **Muhammed Sani Danbatta VS Fortress Capital Ltd.**

The Complainant informed the Commission of the refusal of the Operator to dispose 30% of their shares which were bought back by the Operator in line with the directives of the Commission.

- **Athekame Yassar Oyathtelemei Vs Lead Capital Ltd**

The Commission received this complaint informing it that the Operator refused to permit him to trade on his account. The Commission directed the Operator to allow the complainant trade on his account and the Operator complied with the directives of the Commission.

## **COMPANIES GIVEN DEADLINES**

The following companies were given various deadlines to comply with the Commission's directives.

- **Cashcraft Asset Management Ltd**

The Operator was directed to pay the outstanding penalty of ₦8, 640, 000 for non rendition of quarterly returns on fund/portfolio manager.

- **Lead Capital Ltd.**

The Operator was directed to transfer Mr Olateru Olagbagi Adeyemi's shares to a stock broking firm of his choice and to pay that accrued dividends to the Complainant's 1,062,472 units of IBTC Plc shares in the sum of ₦286,869.33.

- **PAC Securities Ltd.**

The above complaint was on misappropriation of ₦2million belonging to Captain Ekwueme Joseph and the Operator was directed to return the sum of N2 Million and the accrued interest at CBN/MPR +2% to Captain Ekwueme Joseph and N2500 on as penalty per day to the Commission.

- **Amy Investment Limited**

Mr Ayang Christain Owutam complained to the Commission for the non purchase of Access Bank Plc and FBN Plc shares

The Operator was directed to refund the money to the Complainant and pay penalty to the Commission in the sum of N1, 542,500.00.

- **Afribank Securities Limited**

Hon. Chidi Lloyd alleged misappropriation of the Sum of N200, 000,000 by ASL. The Commission had directed the Operator to return the unutilized sum i.e. N71, 572,224.72 to the Complainant.

## **COMPLIANCE**

### **PENDING CASES**

- **Complaints against Asset Plus Securities Ltd.**

Following complaints filed by 22 investors against Asset Plus Securities Ltd, the APC of the Commission sat and decided that the Respondents should jointly and severally retribute the investors. Some principal officers and Directors of Asset plus Securities Limited were banned from further participation in Capital Market Activities.

Only 5 out of the 22 investors were settled. However, Union Capital Market Ltd was appointed to handle the distribution which was stalled by pending court actions.

- **Longterm Global Capital Ltd Vs. Stanbic IBTC Asset Management Ltd.**

The APC of the Commission directed Stanbic IBTC Asset Management Ltd to transfer to Longterm Global Capital Ltd, a total of 262,864 units of GTB/GDR with all accruals being the units purchased on its behalf and the sum of \$112,729 with interest at the prevailing LIBOR rate being the exchange rate differential from the conversion of the pound sterling (£) to dollars (\$). IBTC partly complied by paying the exchange rate differential. Following some discrepancies as to the mode of transferring the GDR, an all parties meeting was held on November 28, 2011, to finally settle the matter.

- **SEC Vs. Alliance Capital Management Ltd.**

The matter is before the EFCC for criminal investigation and prosecution.

- **SEC Vs. Proforte Ltd.**

The matter is before the EFCC.

- **Re: Decisions of the APC against Empire Securities Ltd & 7 Others**

The Company was brought before the APC and the APC decided that the sixty-four (64) affected investors should be restituted. The Commission is working to ensure that the investors are restituted.

- **Payment of Underwriting Commitment in respect of Forte Oil (formerly African Petroleum Plc) by Greenwich Trust Ltd.**

Greenwich Trust Ltd was one of the underwriters in the AP Plc IPO that failed to comply with its underwriting commitment as a result of which it was suspended by the Commission. However, the Operator agreed to liquidate the underwriting commitment totaling N1,608,652,000.00 over time. The Commission had lifted its suspension on condition that it would apply **50%** of the proceeds derived from each of the Issues, it would participate henceforth for a timely liquidation of the outstanding obligations.

- **Babajide Oguntowo Vs. UBA Stockbrokers Ltd.**

The Complainant, Babajide Oguntowo in June 2011 wrote the Commission regarding the misapplication of his loan facility by UBA Stockbrokers (**N4,344,100.00**). The matter was investigated and the Operator had refunded the sum of N559, 559.00 alleged to be misappropriated as directed by the Commission. The Commission requested the complainant to confirm the payment.

#### **CASES FORWARDED TO THE EFCC**

- APC NO./2-245/2008: SEC vs. Alliance Capital Management Ltd.
- APC NO./66-194/2010: SEC vs. Proforte Ltd.

#### **NON-RENDITION OF QUARTERLY RETURNS**

Thirty-four (34) Capital Market Operators along with their sponsored individuals were suspended from all capital market activities for non-rendition of quarterly returns.

**REQUESTS FOR INFORMATION**

A total of Eighty-Three (83) requests on confidential report were received from the Chattered Institute of Stockbrokers, National Pension Commission, Central Bank of Nigeria and National Insurance Commission.

## **REGISTRATION AND RECOGNISED INVESTMENT EXCHANGE**

### **NEW LISTINGS**

There were five (5) new listing during the period, they include:

- Delta State of Nigeria N50 billion delta state 14 percent series Bond due in 2018, date of issue September 29, 2011. Date of maturity September 29, 2018. Interest payment date November 18 and May 18 coupons 14percent Tenor of 7years.
- Also added 2,488,687,783 ordinary shares of ETI being the product of acquisition of Oceanic Bank International Plc by Ecobank Transnational Incorporation (ETI)
- The Niger State N9 Billion 14 percent Fixed Rate Development Bond at N1, 000 per Unit due 2018 was admitted on the Daily Official List on Friday, December 16, 2011.
- The N2,150,000,000.00 Nigerian Aviation Handling Company Plc Fixed Rate Bond Series 1, 2011/2016 under the N5 billion Debt Issuance Program was admitted on the Daily Official List on Wednesday, November 2, 2011. By this action, the number of listed Bonds and securities increased to 11 and 248, respectively.
- The N8, 010,000,000 Dana Group Plc Bond (MPR + 7%) December 2018 being part of the N36 billion Debt Issuance Program was admitted on the Daily Official List on Thursday, November 17, 2011. By this action, the number listed Bonds increased to 12.

### **CORRIGENDUM BY THE NSE**

A total of 1,668,000,128 shares of N0.50 each at N0.50 per share were added to the issued shares of Sovereign Trust Insurance Plc on Monday, December 5, 2011 on the conclusion of the Rights Issue.

The NSE inadvertently wrote that 1,734,585,755 shares were added to the shares on the Insurance Company, which was discovered to be an error.

### **DELISTING**

Nigerian Bottling Company Plc and United Nigerian Textiles Plc were delisted from the Daily Official List on Monday, November 14, 2011, having completed the processes for delisting and obtained all relevant approvals from the Courts, Shareholders and The Nigerian Stock Exchange (NSE). On the delisting date, the two equities had market capitalization of N54, 476,073,622.46. By these actions, the number of listed equities and securities dropped to 198 and 247, respectively.

### **SUPPLEMENTARY LISTING**

A total of 3,140,772,888 shares of N0.50 at N1.00 per share were added to the issued shares of Sterling Bank Plc on Friday, December 9, 2011 following its recent merger with Equatorial Trust Bank Plc.

A total of 867,680,940 shares of N0.50 each at N1.00 per share were added to the issued shares of Premier Breweries Plc on Wednesday, November 2, 2011 on the conclusion of the Rights Issue.

- The NSE during the period lifted off the suspension it has placed on Union Bank of Nigeria Plc from its daily official list having completed its share reconstructing exercise. The NSE delisted UBN old shares and listed 2,533,125,000 ordinary shares of 50 kobo par value at N11.15.

### **Proposed Merger**

During the period, Access Bank notified the exchange of the Proposed Merger between Access Bank Plc and Intercontinental Bank Plc following its completion of the acquisition of a 75% stake in Intercontinental Bank Plc.

The proposed merger would be effected through a Scheme of Merger pursuant to Part XII of the Investments and Securities Act (No 29) of 2007 (“Scheme of Merger”) that when concluded, would result in Intercontinental Bank being merged with Access Bank, leaving Access Bank as the surviving entity.

### **Establishment subsidiaries**

Julius Berger Nigeria Plc had notified The Exchange that in addition to the establishment of PrimeTech Design & Engineering Nigeria Limited for the provisions of design and engineering support services to the Company, it had incorporated another subsidiary, Julius Berger Medical Services Limited.

The business of JBMSL was to carry on business as a Health Care Provider for the operation of medical service centre, hospitals and all forms of medical and health care services, which was a crucial support in the operations of Julius Berger Nigeria Plc.

JBMSL would be licensed under the National Health Insurance Scheme Act CAP N42 Laws of the Federation of Nigeria 2004 and would commence operation in the first quarter of the year 2012.

### **Resignation and Appointment of Director**

On December 16, 2011 Nigerian Breweries Plc notified the Exchange of its Board Resignation and Appointment of Director.

Nigerian Breweries Plc had notified The Nigerian Stock Exchange of the resignation of one of its Directors, Mr. J.C. Van Der Linden, with effect from 15th January 2012. This was to enable Mr. Linden take up a new position within the Heineken Group.

The Company had also appointed Mr. Walter L. Drenth as a Director to fill the vacancy created by the resignation of Mr. Linden.



## **NOTICE OF WINDING-UP ORDER BY PINNACLE POINT GROUP LIMITED**

The Nigerian Stock Exchange had received a Notice of Winding-Up Order instituted at High Court of South Africa (Western Cape High Court, Cape Town). Having heard Counsel for the Business Rescue Practitioner, the Applicant and the Intervening Party, the Court had ordered by agreement that a rule **nisi** (not permanent) be issued calling upon any interested party to appear and to show cause, if any, to the Honorable Court on Friday, November 4, 2011 at 10.00 a.m. or as soon thereafter as counsel may heard as to:

Why the Company should not be placed under final liquidation and The Order was signed in Johannesburg on October 06, 2011.

## **SUCCESSION PLAN**

### **• ECOBANK (E T I) PLC**

ECOBANK Plc had notified The Nigerian Stock Exchange of its succession plan that Arnold Ekpe, 58, the current Group Chief Executive, would step down at the end of 2012 and had appointed Thierry Tanoh, 49, the CEO designate who was the current International Finance Corporation (IFC) Vice President in charge of Africa, Latin America and Western Europe to take over from Arnold Ekpe by the end of 2012

## **OTHER ISSUES**

### **ECOBANK NIGERIA PLC - PROPOSED SCHEME OF MERGER BETWEEN ECOBANK NIGERIA PLC AND OCEANIC BANK INTERNATIONAL LIMITED AND PROPOSED SCHEME OF ARRANGEMENT FOR THE REORGANIZATION OF THE SHARE CAPITAL OF ECOBANK NIGERIA PLC.**

Ecobank Nigeria Plc notified The Exchange that, following discussions between the Boards of Directors of Ecobank Nigeria Plc. ("Ecobank Nigeria") and Oceanic Bank International Limited ("Oceanic Bank"), both subsidiaries of Ecobank Transnational Incorporated, Ecobank Nigeria and Oceanic Bank had agreed to merge their respective businesses.

The proposed merger would be effected through a Scheme of Merger pursuant to Part XII of the Investments and Securities Act (No. 29) of 2007 ("Scheme of Merger") and when concluded, would result in Oceanic Bank being merged with Ecobank Nigeria, leaving Ecobank Nigeria as the surviving entity.

## **B. FRESH REGISTRATION**

### **FRESH REGISTRATION**

A total of forty-one (41) new applications were received from potential capital market operators to register for the fourth quarter ending December 2011:

<b>S/N</b>	<b>APPLIED FUNCTION</b>	<b>NO OF APPLICANTS</b>	<b>% OF TOTAL</b>

1	Solicitors	15	36.58
2	Broker/Dealers	4	9.76
3	Underwriter	3	7.32
4	Reporting Accountants	2	4.88
5	Issuing House	7	17.07
6	Fund/Portfolio Management	4	9.76
7.	Investment Advisers	6	14.63
	TOTAL	41	100

### **REGISTERED OPERATORS**

The Registration Committee registered the following operators during the period under review:

<b>S/N</b>	<b>NAME OF COMPANIES</b>	<b>FUNCTION</b>
1	D. D. Dodo & Co	Solicitor
2	GTI Securities Ltd	Broker/Dealer
3	SFS Capital Ltd	Fund/Portfolio Manager
4	A. B. Sulu Gambari & Co	Solicitor
5	Phoenix Global Capital Markets Ltd	Issuing House, Underwriter & Investment Adviser
6	CDL Capital Markets Ltd	Broker/Dealer
7	Sterling Partnership	Solicitor
8	ICAP African Brokers Limited	Inter-Dealer Broker

## **RENEWAL REGISTRATION**

### **APPLICATIONS**

Seventy-six (76) applications and fifty-five (55) other requests were processed and concluded, while the division had 486 applications pending. These include applications for additional function and sponsored individuals and applications for change of registration information.

### **FIDELITY BONDS**

Seventy-three companies' submitted renewed fidelity bonds and all were updated on the database during the period under review.

### **REGISTRATION MEETING**

The Division had finalized preparations for the next registration interview and awaiting management's confirmation of the date for the interview.

### **D. COMMODITY EXCHANGE**

- The Division attended a mock trading session which was organized by ASCE for the purpose of offering a practical guide on how to access their trading system application.
- Attended a ministerial level meeting hosted by Minister of Trade and Investment on the ASCE's transformation program.
- A proposal received from FBN Capital, to partner with SEC in her efforts to deepen the capital market through the promotion and development of agricultural sector of the economy, was reviewed and forwarded to Management.

## **ZONAL OFFICE**

### **IBADAN**

#### **OPERATION ACTIVITIES**

Monitoring of trading activities on the floor of the Ibadan Stock Exchange was made between Monday – Friday, with at least three (3) days of visitation in a week.

#### **Establishment of Capital Market Club in Secondary School**

During the period under review, the Ibadan Zonal Office (IBZO) launched the Capital Market Club in four (4) secondary schools namely; St. Annes School (Molete), Methodist School (Bodija), Queen School (Apata), Government College, Ibadan. However, there was a proposal awaiting Management's approval for sensitization of teachers that would pilot the programme in the selected schools.

#### **INVESTIGATION AND ENFORCEMENT**

The zone received Nine (9) complaints during the quarter under review. The complaints include:

- |                              |     |                                       |
|------------------------------|-----|---------------------------------------|
| 1. Adesiji Omoladun Adewunmi | vs. | Marriot Securities & Investment Ltd   |
| 2. Adekola Kasum Amole       | vs. | City Securities (Registrars) Limited  |
| 3. Opatola Adunni Olufunk    | vs. | City Securities (Registrars) Limited  |
| 4. Popoola Emmanuel Ayodele  | vs. | First Alstate Securities Limited      |
| 5. Pro Labore Dei            | vs. | Genesis Securities & Investment Ltd.  |
| 6. Dada Ariyo Omotayo        | vs. | Omas Investment & Trust Co. Limited   |
| 7. Dada Omowunmi Mary        | vs. | Omas Investment & Trust Co. Limited   |
| 8. Ojewunmi A. Kehinde       | vs. | Heritage Investment & Securities Ltd. |
| 9. Pa Sulaiman Adisa         | vs. |                                       |

#### **Cases Resolved**

**Six (6) complaints were resolved during the quarter under review:**

- |                              |     |                                      |
|------------------------------|-----|--------------------------------------|
| 1. Ademola Adenuga           | vs. | First Registrars Limited             |
| 2. Alli Adeolu Oluwayoni     | vs. | Intercontinental Registrars Limited  |
| 3. Akintayo Oluwamayowa      | vs. | City Securities Registrars Limited   |
| 4. Abioye Oyekunle           | vs. | Skye Bank Plc                        |
| 5. Ayodele Olubunmi Olorunda | vs. | Yuderb Investment & Securities Ltd.  |
| 6. Opatola Ogundeyi Joseph   | vs. | City Securities (Registrars) Limited |

#### **Cases forwarded to Head Office**

**Three (3) cases were forwarded to the Head Office for Enforcement action:**

- |                       |     |                                     |
|-----------------------|-----|-------------------------------------|
| 1. Adedeji Adewumi    | vs. | Intercontinental Registrars Limited |
| 2. Aiyegbeni Omo Pius | vs. | Alliance Capital Management Company |
| 3. Arowolo Rasaki     | vs. | Mobil (Nig) Plc.                    |

### **All Parties Meeting:**

#### **Three (3) all parties meeting were conveyed during the quarter under review:**

- |    |                        |     |  |
|----|------------------------|-----|--|
| 1. | Aderonke Alaba Balogun | vs. | First Registrars Limited                   |
| 2. | Anthony Peter          | vs. | Mayfield Investment Limited                |
| 3. | Kenneth Isaac          | vs. | Crossworld Investment & Securities Limited |

Ibadan zone investigated twenty-one (21) complaints (files) on the following companies;

- |     |                           |     |   |
|-----|---------------------------|-----|---|
| 1.  | Ayonwole Bode Omoloshio   | vs. | Maven Investment Limited  |
| 2.  | Bode Eyitayo Akinsanmi    | vs. | Independent Securities Limited  |
| 3.  | Anthony Peter             | vs. | Mayfield Investment Limited   |
| 4.  | Aderonke Alaba Balogun    | vs. | First Registrars Limited  |
| 5.  | Kenneth Isaac             | vs. | Crossworld Securities Limited   |
| 6.  | Lawal Adewale Ganiyu      | vs. | City Securities (Registrars) Limited  |
| 7.  | Tomori Olayinka Ayotunde  | vs. | AP Registrars Limited   |
| 8.  | Ibrahim Olayiwola Adegoke | vs. | Zenith Registrars Ltd & UAC Registrars Ltd  |
| 9.  | Mathew Amiola             | vs. | City Securities (Registrars) Limited  |
| 10. | Elufowoju & Mrs. Titiola  |     |   |
|     | Anike Elufowoju           | vs. | City Securities (Registrars) Limited  |
| 11. | Akinyemi T. Sunday        | vs. | Smadac Securities Limited & Save Proper<br>West Africa Investment Company Limited |
| 12. | Olawoye Adebayo Folorunso | vs. | Afribank Registrars Limited   |
| 13. | Mr. & Mrs. Obano Uwagboe  | vs. | Omas Investment & Trust Company Limited   |
| 14. | Adesiji Omoladun Adewunmi | vs. | Marriot Securities & Investment Limited   |
| 15. | Opatola Adunni Olufunke   | vs. | City Securities (Registrars) Limited  |
| 16. | Popoola Emmanuel Ayodele  | vs. | First Allstate Securities Limited   |
| 17. | Pro Labore Dei            | vs. | Genesis Securities & Investment Limited   |
| 18. | Dada Ariyo Omotayo        | vs. | Omas Investment & Trust Co. Limited   |
| 19. | Ojewunmi Kehinde          | vs. | Heritage Investment & Securities Limited  |
| 20. | Salami Adisa              | vs. | Deap Capital Management & Trust Plc   |
| 21. | Dada Omowunmi Mary        | vs. | Omas Investment & Securities Limited  |

#### **Pre-registration Inspection:**

One company Akorede Adisa & Co. sought for registration as reporting accountant, the inspection was carried out and the report was sent to Head Office, Abuja for further action.

#### **Unregistered/Illegal Capital Market Operators:**

Numerous complaints were received in respect of Unregistered/Illegal Capital Market Operator operating within Ibadan and its environs. However, IBZO had intensified its effort to curtail the activities of this Illegal Capital Market agent by carrying out periodic surveillance on their offices.

## **KADUNA**

### **OPERATIONAL ACTIVITIES:**

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

### **COMPLAINTS BY INVESTORS**

The zonal office received a total number of twenty-six (26) complaints out of which twenty-four (24) were registrars related complaints, while two (2) were broker related complaints. Sixteen (16) registrars related complaint and three (3) brokers' related complaints were resolved within the quarter. A total number of seven (7) complaints remain outstanding

### **Trading Activities on the Kaduna floor of the Nigeria Stock Exchange.**

Trading activities on the Kaduna floor of the Nigeria stock exchange were monitored twice a week by the Zonal office i.e. Tuesdays and Thursdays.

### **MARKET DEVELOPMENT ACTIVITIES:**

#### **Enlightenment Programmers.**

The zone organized an enlightenment dialogue for the students and coordinators of Capital Market Club of Gray's International School, Kaduna. The purpose was to enlighten the students about the Commission. Reading materials on Capital Market activities were also provided to the school Capital Market Club by the Zonal office.

#### **Newspaper Publication / Advert:**

- The zone published an article titled **"Knowledge is Power, Tips for Survival during Economic Hardships"** in the New Nigeria Newspaper of November 23, 2011.
- Same article was published in the Annual Harvest Thanksgiving Program of ECWA Goodnews Church, Unguwar Rimi Kaduna.
- Published **"Responses to Investors Enquiries"** in the New Nigerian Newspaper. Twelve (12) editions were published in the fourth quarter 2011.

#### **Establishment of Capital Market Club in Secondary Schools:**

Capital Market Clubs were established in the following schools within the quarter.

- Shalom Christian Academy Akwanga, Nassarawa State.
- Gray's International College, Kaduna.

## **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**

The Zonal Office received a total of forty (40) complaints during the period under review. The complaints were mostly on non-receipt of share certificates/or dividend warrants, unauthorized sale of shares, non- receipt of return monies and non-verification of share certificates.

### **MARKET DEVELOPMENT ACTIVITIES/YOUTH EDUCATION**

#### **Enlightenment Programme**

- Plans had reached advance stage for a 3 Days 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 of the Kano State Ministry of Commerce, Industry and Cooperatives and the Securities and Exchange Commission.
- An ad-hoc committee comprising of 4 staff of the Commission and 4 of the Ministry of Commerce, Industries and Cooperatives was set up to work out modalities for the hosting of a 3 Day Public Enlightenment Workshop.

#### **Translation of Three SEC Investor Education Booklets into Hausa Language**

In an effort to educate and enlighten the general public, the office commissioned the translation of three (3) SEC investor education booklets into Hausa Language as it's predominantly spoken by majority of the populace (would be investors) in the geopolitical region. This would boost the understanding of the activities of the Capital market which would further improve investors' interest in the market.

### **ON-GOING ACTIVITIES:**

#### **Establishment of Capital Market Clubs in Secondary Schools**

- Visitation of the Capital Market Clubs in Secondary Schools, especially those within Kano State, was on-going.

### **MAIDUGURI ZONAL OFFICE (MZO):**

It would be recalled that, Kano Zonal Office was directed to take over the activities of the Maiduguri Zonal Office (MZO) consequent to the security challenges in the state. Since the temporary closure of the Maiduguri Zonal Office in July 2011, Kano Zonal Office had been handling all complaints emanating from that zone. So far, 6 out of the 29 cases handed over to the office had been satisfactorily resolved, while follow-up actions are ongoing on the remaining cases.

## ONITSHA

### OPERATIONAL ACTIVITIES

#### COMPLAINTS:

During the period under review, the Onitsha Zonal Office (OZO) received Fifty Eight **(58)** complaints from investors, Thirty four **(34)** were Registrar related, Nineteen **(19)** were Stockbroker related and five (5) Illegal Market Operator related, in addition to outstanding complaint.

So far, a total of sixty three **(63)** complaints were resolved and closed. Forty three **(43)** were Registrar related while Twenty **(20)** were Stockbrokers related. These were:

#### 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 because most stock-broking firms with branches in Onitsha traded from the Lagos branch of the Exchange.

See below frequency of trading activities on the floor of the Nigerian Stock Exchange, Onitsha Branch:

S/N	STOCKBROKING FIRM	DATES TRADED
1.	Gorsord Securities Ltd	13/10/11
2.	UIDC Securities Ltd	18/11/11
3.	UIDC Securities Ltd	21/11/11
4.	UIDC Securities Ltd	22/11/11

#### ALL PARTIES MEETINGS

The Onitsha Zonal Office convened the following all parties meetings:

S/ N	PARTIES	NATURE OF COMPLAINT	DATES	OUTCOME OF MEETING
1.	Nze Joseph Emeghebo  <b>VS</b>  Consolidated Hallmark Insurance Plc	The complainant alleged depleted shareholding in Consolidated Hallmark Insurance Co. Plc and non receipt of bonus shares and dividends.  <b>March 8, 2011.</b>	Tuesday October 11,2011	After the deliberation at the all parties Meeting, the Commission directed as follows:  - Consolidated



				<p>Hallmark Insurance Plc to credit the shareholding account of the complainant with 3,027,866 units of Consolidated Hallmark Insurance Plc shares.</p> <p>- Pay the declared dividend of 3 kobo on 3,027,866 units amounting to ₦90,835.98 for the financial year ended 2010 to the complainant.</p> <p>-Pay ₦328 253.97 representing outstanding dividends on 3,027,866 units to the complainant</p> <p>-Pay 8.79% interest on ₦328,253.97 from January 1,2010 to October 31,2011</p>
2.	<p>Eneh Ikenna .F.</p> <p><b>Vs</b></p> <p>Fidelity Securities Ltd</p>	<p>The complainant alleged mismanagement of his investment with it.</p> <p><b>June 30, 2011</b></p>	<p>Thursday November 10, 2011</p>	<p>After the deliberation at the all parties meeting, the Commission directed the complainant to critically study his cash statement of accounts issued by Fidelity Securities Ltd to ascertain the correctness and revert with his findings to enable us act further.</p>

3	Nkech Veronica Asarah  Vs  Resort Securities Ltd	The complainant alleged that she paid N1, 156,890 for the purchase of shares but discovered some abnormalities and sought for the Commission intervention to bail her out.  <b>July 10,2011</b>	Thursday November 24,  2011	After the deliberation at the all parties Meeting, it was confirmed that there was no wrongdoing in the purchase made on the complainant's behalf and advised her to notify the Commission if she needs further explanation.
4	Ikejiaku Simeon Omenachi  Vs  SpringBoard and Trust Investment	The complainant alleged unsettled payment and pending cross deals by Springboard and Trust Investment Ltd  <b>October 13,2011</b>	Wednesday November 30,  2011	After the deliberation at the all parties Meeting the Commission directed Spring Board Trust & Investment Ltd to furnish the complainant with his statement of accounts in an unambiguous format to enable him reconcile the accounts and revert to the Commission for further action.

## PORT HARCOURT

### A) OPERATIONAL ACTIVITIES:

#### INVESTIGATION AND ENFORCEMENT

Sixty –eight (68) complaints were received from shareholders/investors during the quarter. Thirty –four (34) cases were resolved through correspondences, All-Parties meetings, phone calls and directives to affected market operators. Breakdown of the resolved cases are shown below:

Non – Receipt of Share Certificates	Non – Receipt of Dividends and Return Monies	Non –Receipt of Bonus Certificates	Non – Verification of Share Certificates	Miscellaneous Issues (Change of Postal Address, Reissuance of Missing Certificates etc.	Total
8	6	5	9	6	34

#### QUATERLY INSPECTION AT THE NIGERIAN STOCK EXHCHANGE BRANCHES

PHZO carried out third quarter inspection of The Nigerian Stock Exchange Branches in Port Harcourt, Uyo and Owerri. The reports were forwarded to Executive Commissioner (Operations).

#### BI-WEEKLY MONITORING OF TRADING ACTIVITIES ON THE FLOORS THE NIGERIAN STOCK EXCHANGE BRANCHES

During the period under review, bi –weekly monitoring of trading activities on the floors of the Nigerian Stock Exchange branches in Port Harcourt, Uyo and Owerri were carried out.

#### MARKET DEVELOPMENT ACTIVITIES

#### MASS CAMPAIGN AGAINST ILLEGAL OPERATORS/WONDER BANKS:DISTIBUTION OF FLYERS

To enlighten the public on the above illegal activities, the distribution of flyers to all states within Port Harcourt Zone was carried out. Town hall enlightenement meetings were also conducted during the distribution exercise.

#### CAPITAL MARKET COMMITEEN RETREAT

The commission held a 3 day CMC retreat from 16<sup>TH</sup> -18<sup>TH</sup> December, 2011 at the Le – Meridien Hotel and Golf Resort, Uyo , Akwa Ibom State.

#### ANNUAL GENERAL MEETINGS

During the period under review, Annual General Meetings of the follow companies were attended by the zonal office:

- **PZ CUZZONS NIGERIA PLc**, held on the 15<sup>th</sup> September, 2011 at the Transcrop Metro – Hotel , Calabar, Cross River State.
- **Union Diagnostics Cinical Services PLc**, held on the 12<sup>th</sup> 2011,at the Pyramids Hotels, Calabar, Cross River State.
- **International Energy Insurance PLc**, held on the 19<sup>th</sup> December, 2011 at Calabar, Cross River State.

## LAGOS

### OPERATIONAL ACTIVITIES

#### REGISTRATION ACTIVITIES

During the period under review, eighty-nine (89) registration forms were issued to prospective capital market operators and fifty five (55) other forms were also issued to existing operators

A total of fifty eight (58) police clearance forms were administered to prospective market operators, out of which, thirty six (36) police clearance reports have been forwarded to the SEC Head Office, Abuja.

However, eighty nine (89) enquiries were made during the period under review.

#### MEETINGS

A total of thirty five 35 meetings were attended by the zone, they are

Annual General Meeting	-	24
Extra-Ordinary General Meeting	-	2
Completion Board Meeting	-	5
Court Ordered Meeting	-	<u>3</u>
<b>Total</b>		<b><u>35</u></b>

#### Annual General Meetings attended

S/N	COMPANY	NATURE OF BUSINESS	DATE OF MEETING	REMARK
1.	Eterna Plc	Petroleum (Marketing)	13/10/11	Well Conducted
2.	Multi Trex Integrated Foods Plc	Food/Beverages	14/10/11	Well Conducted
3.	Nigeria Energy Sector Fund Plc	Other Financial Institutions	5/10/11	Well Conducted
4.	Cappa & Dalberto Plc	Construction	18/10/11	Well Conducted
5.	Resourcery Plc	Information & Technology (IT)	14/10/11	Well Conducted
6.	UBA mutual funds	Asset Management	20/10/11	Well Conducted
7.	Secure Electronic Technology	Electronics	20/10/11	Well Conducted
8.	Dunlop Tyres	Tyres	21/10/11	Well Conducted

9.	Triple Gee & Company Plc	Computer & Office Equipment	27/10/11	Well Conducted
10.	Integrity fund	Asset Management	28/10/11	Well Conducted
11.	Oceanic Vintage Fund	Asset Management	28/10/11	Well Conducted
12.	Intercontinental Bank	Banking	28/10/11	Well Conducted
13.	Studio Press Nig. Plc	Printing/Publishing	3/11/11	Well Conducted
14.	First Bank Nig Plc	Banking	3/11/11	Well Conducted
15.	Intercontinental Wapic Ins. Plc	Insurance	3/11/11	Well Conducted
16.	Linkage Assurance Plc	Insurance	14/11/11	Well Conducted
17.	Skye Shelter Fund	Real Estate Investment Trusts	15/11/11	Well Conducted
18.	Nigerian Chemicals Plc	Manufacturers	24/11/11	Well Conducted
19.	Resort Savings & Loans Plc	Mortgage Carriers, brokers services	25/11/11	Well Conducted
20.	Interlinked Technology Plc	Speciality Services	6/12/11	Well Conducted
21.	Swap Technology & Telecoms Plc	Telecoms	8/12/11	Well Conducted
22.	United Nigeria Textiles Plc	Textiles	14/12/11	Well Conducted
23.	Great Nig. Ins. Plc	Insurance	16/12/11	Well Conducted

#### Extra-Ordinary Meeting attended

S/N	NAME OF COMPANY	NATURE OF BUSINESS	DATE OF MEETING	OBSERVATIONS/COMMENTS
1.	Food Concept Plc	Food and Beverages	7/10/11	Well Conducted
2.	Access Bank Plc	Banking	30/12/11	Well Conducted

#### Completion Board Meeting attended

S/N	NAME OF COMPANY	NATURE OF BUSINESS	DATE OF MEETING	OBSERVATIONS/COMMENTS
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1	Lafarge Cement WAPCO Nig. Plc	Building materials	10/10/11	Well Conducted
2	BGL PLC	Issuing House	10/10/11	Well Conducted
3	Flour Mills Nigeria Plc	Food/Beverages	20/10/11	Well Conducted
4	GTI Capital Ltd	Stockbroking	9/11/11	Well Conducted
5	Stanbic IBTC Plc	Banking	13/12/11	Well Conducted

#### **Court Ordered Meetings attended**

<b>S/ N</b>	<b>NAME OF COMPANY</b>	<b>NATURE OF BUSINESS</b>	<b>DATE OF MEETING</b>	<b>OBSERVATIONS/COMMENTS</b>
1	Access Bank Plc	Banking	30/12/11	Well Conducted
2	Intercontinental Bank Plc	Banking	30/12/11	Well Conducted
3	Oceanic Bank Plc	Banking	22/12/11	Well Conducted

#### **OBSERVATION FROM NSE TRADING (CORPORATE ACTIONS)**

<b>NAME OF COMPANY</b>	<b>DATE OF ANNOUNCEMENT</b>	<b>OBSERVATIONS/COMMENTS</b>
HIS Nigeria Plc	04/10/11	The company submitted its audited Year End Report for April, 2011 and its Unaudited third quarter Report for July, 2011.
HoneyWell Flour Mills Plc	04/10/11	The company submitted its third quarter earnings Forecast for Dec 2011 to the Exchange.
Afromedia Plc	04/10/11	The company submitted its third quarter Earnings Forecast for Dec 2011 to the Exchange.
International Breweries Plc	05/10/11	The Earnings Forecast (Dec. 2011) of the company was released.
Niger Insurance Plc	06/10/11	The company submitted its fourth quarter Earnings Forecast for Dec. 2011 to the Exchange.
Afribank, Spring Bank, & Platinum Plc (Bank PHB)	6/09/11	These companies were delisted from the Official List of the Exchange.
Honeywell Flour Mills Plc, University press Plc & Royal Exchange Plc	6/09/11	The prices of the following companies were marked down for a dividend payment/bonus: Honeywell Flour Mills Plc (13 kobo), University press Plc (35 kobo) & Royal Exchange Plc (1 for 8)
Guinness Nigeria Plc & Interlinked Technologies Plc	10/11/11	The following companies submitted their First quarter Unaudited Report for September, 2011
African Alliance	10/11/11	The company submitted its Second quarter

Insurance Plc		Unaudited Account for September, 2011 to the Exchange
Union Bank Nigeria Plc	11/10/11	<p>The Exchange was notified that the resolutions approving the reorganization of the Bank's Capital were approved at its Court Ordered Meeting held on September 30, 2011.</p> <p>The shares of the bank were placed on Technical Suspension on August 5, 2011 and by this notice, the bank's shares were placed on full suspension for seven (7) days, to enable the Registrar update the Bank's Register of Members following the share capital reorganization.. The suspension was lifted on Wednesday, October 19, 2011.</p>
P.Z. Cussons Nigeria Plc	11/10/1	The company submitted its Unaudited First Quarter Result for August 2011 to the Exchange.
Julius Berger Nigeria Plc	11/10/11	<p>The company informed the Exchange on the following developments:</p> <ul style="list-style-type: none"> <li>• Bilfinger Berger SE has decided to reduce its shareholding in Julius Berger Nigeria Plc but would continue to be a relevant shareholder in the company.</li> <li>• In order to strengthen its corporate independence, Julius Berger Nigeria Plc will enhance its Technical and Logistic capacities by: <ol style="list-style-type: none"> <li>1. The establishment of a newly incorporated subsidiary, Prime Tech. Design and Engineering Nigeria Limited for the provision of design and engineering support services to the company;</li> <li>2. The acquisition of a controlling majority shares of the Technical and Logistic business and Operations of Bilfinger Berger Nigeria GmbH, Wiesbaden, Germany. This assures that Julius Berger Nigeria Plc is in control of all required services such as planning, procurement, recruitment and capacity building. Julius Berger has signed a Letter of intent with Bilfinger Berger SE which would form the basis of the mutual negotiations for this transaction, the execution of which was planned for the beginning of the year 2012.</li> </ol> </li> <li>• The Board of Julius Berger Nigeria Plc strongly believes that these strategic business directions would achieve a sustainable increase in Julius Berger's efficiency and responsiveness, as well as set the basis for future long lasting success.</li> </ul>
NSE	14/11/11	The NSE delisted Nigerian Bottling Company and

		United Textiles Mills Plcs from the daily official list.
Beco Petroleum Plc	15/11/11	<p>The company notified the Exchange of changes on its Board of Directors as follows:</p> <p>Retirement Name and effective dates</p> <ul style="list-style-type: none"> <li>• Mazi Samuel I. Ohuabunwa (President/CEO) August 31, 2011</li> <li>• Mr. Dominic Anochie (COO) August 31, 2011</li> <li>• Mr. Emmanuel K. Adefemi (POD) April 30, 2011</li> <li>• Alh. Zak K. Momodu (VP, Corp./HR) February 20, 2011</li> </ul> <p>Appointment</p> <ul style="list-style-type: none"> <li>• Mr. Emmanuel P. Ekunno (Acting CEO) September 30, 2011</li> </ul> <p>The company submitted its Second Quarter Earnings Forecast for November, 2011 to January, 2010 to the Exchange.</p>
Neimeth Internatioanl Pharmaceutical plc	17/11/11	The company notified the Exchange that it had obtained the approval from the Securities & Exchange Commission to extend its on-going Rights Issue for another Seven (7) working days. Consequently, the offer would now close on Monday, November 21, 2011.
Niger Insurance Plc and Equity Assurance Plc	17/11/11	These companies submitted their unaudited third quarter result for September, 2011 to the Exchange.
Transcorp Plc	18/10/11	The company notified the Exchange of the appointment of Mr.Ufudo Obinna Chidi as a Director on its Board, effective September 26, 2011.
Berger Paints Nig. Plc	20/10/11	The company notified the Exchange of the resignation of its Managing Director/CEO, Engr, G.O Lawal.
Nigerian Breweries Plc	20/10/11	The company notified the Exchange of the appointment of Mr. Frank Nnaemeka Nweke Jr. as a Director on the Board of the company with effect from October 19, 2011.
Nigerian Aviation Handling Company Nigeria Plc	20/10/11	The company notified the Exchange of the appointment of Mr. Kayode Tolulope Ojo as its MD/CEO with effect from June 9, 2011.
Courteville Business Solutions	20/09/11	The company notified the Exchange that at the Annual General Meeting of members held on Thursday July 28, 2011, the Company's shareholders by a special Resolution approved the change of name from COURTEVILLE INVESTMENT PLC to COURTEVILLE BUSINESS SOLUTIONS PLC
R.T Briscoe Nigeria Plc, Studio Press Plc, Vono	20/09/11	These companies submitted their fourth quarter earnings forecast for December, 2011.



Products Plc		
Ecobank Nigeria Plc	22/09/11	The bank notified the Exchange of the appointment of Mr. Oladele Alabi as an Executive Director, Finance & Risk Effective, September 7, 2011.
Tiddo Securities Ltd	21/11/11	The company, a dealing member notified the Exchange of the following change on its Board and sought approval for the appointment of Mr. Isaac A. Lortsor as Executive Director
NSE	22/11/11	The Stock Exchange announced that it has started compiling statistics of trades executed on behalf of foreign investors and Nigerians in Diaspora during 2011 and mandated all dealing members to forward information on all such transactions to the Exchange.
Seven-Up Bottling Company Plc	23/11/11	<p>Seven- Up Bottling Company Plc. notified The Exchange that its Board Meeting was scheduled to hold on December 6, 2011 at the Chairman's office at 11:00 a. m.</p> <p>At the meeting the Board would among other things approve its Half Year Financial Statements for the period ended September 30, 2011 for publication and ratify transactions dealt with by its Management Committee.</p>
<b>ECOBANK NIGERIA PLC</b>	23/11/11	<p>The Company Proposed Scheme of Merger between Ecobank Nigeria Plc. and Oceanic Bank International Limited and Proposed Scheme of Arrangement for the Reorganization of the Share Capital of Ecobank Nigeria Plc.</p> <p>Ecobank Nigeria Plc. notified The Exchange that, following discussions between the Boards of Directors of Ecobank Nigeria Plc. ("Ecobank Nigeria") and Oceanic Bank International Limited ("Oceanic Bank"), both subsidiaries of Ecobank Transnational Incorporated ("ETI"; NSE: ETI, GSE: ETI; BRVM: ETIT), they were pleased to announce that Ecobank Nigeria and Oceanic Bank had agreed to merge their respective businesses. The proposed merger would be effected through a Scheme of Merger pursuant to Part XII of the Investments and Securities Act (No. 29) of 2007 ("Scheme of Merger") and when concluded, will result in Oceanic Bank being merged with Ecobank Nigeria, leaving Ecobank Nigeria as the surviving entity.</p>

		<p>As a consequence of the proposed Scheme of Merger, it is expected that ETI's shareholding in the enlarged Ecobank Nigeria would increase from its current 85% to approximately 93%, further reducing Ecobank Nigeria's minimum free float to maintain listing on the Nigerian Stock Exchange. Therefore, in consideration of the interest of minority shareholders of Ecobank Nigeria, the Board of Directors of Ecobank Nigeria on November 17, 2011, after considering the valuation advice of BGL Plc., financial advisers to Ecobank Nigeria as well as an independent fairness opinion issued by Afrinvest (West Africa) Limited, unanimously accepted a proposal from ETI to acquire the shares in Ecobank Nigeria not already owned by ETI, and resolved to recommend to its shareholders that concurrent with the Scheme of Merger, Ecobank Nigeria undertook a Scheme of Arrangement with its shareholders for the reorganization of its share capital (the "Scheme of Arrangement").</p> <p>The Scheme of Arrangement was undertaken pursuant to section 539 of the Companies and Allied Matters Act and would involve a cancellation of part of Ecobank Nigeria's share capital. Under the terms of the Scheme of Arrangement minority shareholders would receive <b>1</b> (one) ordinary share in ETI ("Scheme Consideration") to be credited as fully paid; for every <b>5.16</b> Ecobank Nigeria's shares previously held by the minority shareholders, such that Ecobank Nigeria would be a wholly-owned subsidiary of ETI. The Directors of Ecobank Nigeria considered the Scheme Consideration to be fair and reasonable compensation for the cancellation of the Ecobank Nigeria shares pursuant to the proposed Scheme of Arrangement.</p> <p>The Directors of Ecobank Nigeria are of the view that the proposed Scheme of Arrangement was in the interests of both Ecobank Nigeria and its shareholders.</p> <p>The proposed Scheme of Arrangement (along with</p>
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		the Scheme of Merger), was subject to shareholders and regulatory's approvals (including those of the Central Bank of Nigeria and the Securities and Exchange Commission), as well as the sanction of the Federal High Court.
Guinea Insurance Plc	23/11/11	<p>The Company notified The Exchange of the following resolutions it reached at its 220<sup>th</sup> Board of Directors meeting.</p> <ul style="list-style-type: none"> <li>• The Board considered the need to structure its Branch operations and the need to open more branches in the right Cities / Towns. It also approved the right staffing of the various branches and proper coordination of branch operations.</li> <li>• The Board constituted the following Board Committees: <ol style="list-style-type: none"> <li>1. Enterprise Risk Management Committee. Engr. Emeka Agusiobo -Chairman HRH Eze Smart Nze – Member All Executive Directors – Members</li> <li>2. Audit and Compliance Committee. Alhaji A.O.Kadiri - Chairman Prof .E.L.C. Nnabuiife – Member Nasiru Isyaku – Member</li> </ol> </li> <li>• The Board reviewed the performances of the Executive Director (Marketing) – Mr. Ekerete Ola Gam - Ikon and approved his disengagement from the services of the Company. The Board in arriving at the above decision observed that the Executive Director (Marketing) not only under performed in the targets set for him, but concealed material information pertaining to his</li> </ul>

		<p>employment history upon recruitment.</p> <ul style="list-style-type: none"> <li>• The Board also resolved that the Executive Management Committee be given six (6) months, effective from November 18<sup>th</sup>, 2011 to improve on the overall performance of the Company.</li> <li>• The Board reviewed the 2012 timetable for the quarterly meetings of the Board and Board Committee meetings as presented by the Company Secretary and approved it as amended.</li> </ul>
Poly Products Plc	24/11/11	The company submitted its unaudited second report for September, 2011 to the Exchange.
Longman Nigeria Plc & Mutual Benefits Assurance Plc	25/10/11	These companies submitted their Fourth Quarter Earnings Forecast for December, 2011 to the Exchange.
Nestle Nigeria Plc, Oando Plc & Total Nigeria Plc	25/10/11	These companies submitted their Unaudited Third Quarter Reports for September, 2011 to the Exchange.
Nigeria-German Chemicals Plc	25/10/11	The company submitted its Audited Year-End Report for March, 2011
Total Nigeria Plc	31/10/11	<p>The company announced an interim dividend payment of N679, 043,674 kobo (N2.00) per share .</p> <p>Qualification Date: Tuesday, December 6, 2011</p> <p>Closure Date: Wednesday, 7<sup>th</sup> December – Friday 9<sup>th</sup> December, 2011</p> <p>Payment Date: Monday, December 19<sup>th</sup> 2011.</p>
Dangote Sugar Refinery Plc, Linkage Assurance Plc, Unity Bank Plc, Cap Plc, Japaul Oil & Maritime Plc, Guinea Insurance Plc, NEM Insurance Plc, Custodian & Allied Insurance Plc.	1/11/11	These companies submitted their third quarter unaudited report for September, 2011 to the Exchange.
Red Star Express Plc	1/11/11	The company submitted its Second Quarter unaudited Report for September, 2011 to the Exchange.
Studio Press Plc, Aluminium Extrusion Ind, African paints (Nigeria) Plc	3/11/11	These companies submitted their Third Quarter Unaudited Report for September, 2011 to the Exchange.

## **Other observations from the floor of the NSE**

- The NSE delisted Nigerian Bottling Company and United Textiles Mills Plcs from the daily official list on the 14th November 2011.
- The Nigerian stock exchange (NSE) received a Notice of Winding-Up Order, instituted at High Court of South Africa calling on any interested party to appear and to show cause, if any, why Pinnacle Point Group Ltd. Should not be placed under final liquidation.
- Union Bank of Nigeria Plc completed its Reconstruction Exercise. As a result, on the 23rd of December 2011, the Stock Exchange delisted UBN's old shares and listed 2,533,125,000 ordinary shares of 50k each at N11.50 in the Official List of the Exchange.

## **LEGAL AND INVESTIGATION REPORT**

During the fourth quarter of the year, forty one (41) new complaints were received.

Ten (10) all parties meetings were convened.

Lagos Zonal Office (LZO) treated a total of Seventy Nine (79) complaints, out of which, nine (9) were successfully resolved and two (2) were forwarded to the Head Office for enforcement action.

### **Review of core matters resolved:**

**Name of file:** Tunde Alade Dauda Esq (IRO Safiu Deen Adeyinka Akorede) Vs. Intergrated Trust & Investment Ltd.

**Subject Matter:** Non remittance of sale proceeds.

**Action Taken:** All parties meeting was scheduled but the operator fully paid the investor before the meeting.

### **Review of Files Forwarded For Enforcement Action:**

1. **Name of File:** Tamuno George Chambers on behalf of AFRIBANK Trustees And Asset Mgt Co. VS Futureview Financial Services Limited  
**Subject Matter:** Refusal to refund outstanding sum on guaranteed investment portfolio belonging to AFRIBANK Trustee & Asset Management Ltd.  
**Action Taken:** Matter was forwarded for enforcement action due to the operator's refusal to comply with the Commission's directives.
2. **NAME OF FILE:** Ogebe Ogebe (on behalf of Usen Udoh) VS. Prime Wealth Capital Limited.  
**Subject Matter:** Non allotment/ purchase of African Alliance Insurance(AAI) private placement  
**Action Taken:** Matter was forwarded for enforcement action due to the operator's refusal to comply with our directives.
3. **Name of File:** Lesukaa Concept Limited/ Okeke Nnamdi vs Emerging Capital Limited

**Subject Matter:** Complaint on non-purchase of Resort Savings and Loans Private Placement shares worth N18 million.

**Action Taken:** For the Operators' failure to deliver the shares upon listing, it was directed that accrued dividend and a refund of N2,000,000 be made to the investor from the N3,000,000 paid as commission. It was equally resolved that the complainant should accept 30,000,000 units of Resort Savings and Loans Plc shares being the current worth of N15million paid for the shares.

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## **LOCAL SCENE**

### **CBN PARTNER SECURITIES AND EXCHANGE COMMISSION ON SINGLE REGISTRAR**

According to the NEXT paper of November 21, 2011 the Central Bank of Nigeria (CBN) stated that in a bid to ensuring stability of the Nigerian financial system, CBN would work with the Securities and Exchange Commission (SEC) towards creating a single registrar for all securities in the Capital market.

Samuel Oni, CBN Director for Banking Supervision, who stated this at a workshop in Benin, Edo State capital, added that registrars are institutions that keep the register of shareholders of a company and coordinate the payment of dividends and other fiduciary benefits that come with owning shares in such companies.

Currently, there are over 10 registrars handling the register of the over 200 listed equities on the Nigerian Stock Exchange (NSE) as well as several other public companies in the country.

Mr. Oni said that it was part of the four pillars of the banking system reforms which the Central Bank started on August 14, 2011 when it intervened in some banks that were deemed to be weak. The four pillars, according to him, are; ensuring the quality of banks, establishing financial stability, enabling healthy financial sector revolution, and ensuring that the sector contributes to the real sector.

### **ECONOMY FLAYED AT SEC'S INVESTMENT FORUM**

- *Economists say oil sector deregulation long over due*

BusinessDay of November 1, 2011 reported that, Economists participating in the 'Investment Forum' organized by the Securities and Exchange Commission (SEC) in Abuja, had berated the structure of the Nigerian economy, which was over- dependent on oil, and questioned the nation's high growth rating, which had not translated into more jobs and improved quality of life, for the populace.

The economists were unanimous in their submission, that the deregulation of the oil and gas sector was long overdue, just as they were optimistic that when implemented, Nigeria's economy would witness more activity in the downstream sector, thereby growing the petroleum sector and creating employment.

According to Kingsley Obiora, economist, International Monetary Fund (IMF) he expressed concern about the current weak industrial base, which had seen Nigeria export the raw materials for many of the products it imports. "We also have to deal with macro economic imbalances, because even though we are growing, it is very jobless, and inflation itself is a huge challenge". He opined that "No country can grow with only 25 percent of capital expenditure, so within the short to the medium term, the government must drive its plans to re-arrange those imbalances, and up capital expenditure to at least above 32 percent, by 2015".

### **SEC RESTATES COMMITMENT TOWARDS CAPITAL MARKET REGULATION, DEVELOPMENT**

The Securities and Exchange Commission (SEC) had restated commitment towards its mandate of capital market regulation and development.

Arunma Oteḥ, Director General, SEC, made this statement in Abuja at an investment forum to commemorate 50 years of capital market regulation in Nigeria. She noted that as the regulator in the capital market, SEC is working towards building a world-class capital market that is deep, dynamic, effectively enforced, protects the everyday investor, rewards correct behavior and would adapt and evolve with global economic developments.

Speaking further at the forum with the theme ‘Nigeria, the preferred investment destination,’ Oteḥ said “we are building a market that is the first choice for capital sourcing by business and government, a market that is safe and profitable to both retail and institutional investors.”

According to the DG SEC, “we are building a more robust investor protection regime. We are building a market that is fair, efficient and transparent,” as it had recently updated its rules for the market and strengthened the code of corporate governance. “We are working on migrating to the IFRS reporting standard for banks and quoted companies, by January 2012. I can proudly say that we had built a market that is equipped to support the investment destination that Nigeria is,”.

“We are pursuing this goal by continually raising the standards of our regulatory environment, revitalizing our enforcement programs, introducing new products, enhancing our processes with cutting-edge technology and investing in new strategies for investor education,” the SEC boss added.

She, however, noted that once heavily dominated by equities, our market today prides itself in having one of the fastest growing bond markets in the world.

“Courtesy of this development, the Nigerian capital market is helping to diversify the Nigerian economy by assisting in the structured financing of the country’s huge infrastructural and industrial development,” she disclosed.

## **SEC STRENGTHENS REGULATION OF MUTUAL FUND SCHEMES**

In an effort to reduce the risk of investors losing their money in the Capital market, the Securities and Exchange Commission (SEC) had improved the regulation of Collective Investment Schemes (CIS) in the nation’s Capital market.

CIS, also known as Unit Trust Schemes or Mutual Funds enables low income investors to contribute to a pool of funds, which would eventually allow them to spread their risks and have access to services of professional fund managers.

In the past, many investors lost money in some of such schemes that were not properly managed. However, SEC had strengthened its regulation of CIS, given its determination to encourage more patronage of that sector of the stock market.

The Director-General of SEC, Ms. Arunma Oteḥ, had said recently that there was a great opportunity for growth in that sector of the market given the experience from other countries, as current statistics revealed that only about five million out of a population of 160 million Nigerians invest in the capital market and of this total, only about 230,000 people, representing 0.15 per cent of the total population, invest in CIS.



In her words, “We believe that there is great opportunity for growth in this aspect of the market both for the investor and the managers of such funds. In anticipation of the expected growth, the commission has intensified efforts to strengthen the market including examination of fund managers and trustees of such schemes and recently encouraged the establishment of an industry trade group for the fund manager”.

There are about 26 CIS funds listed on the memorandum sector of the Nigerian Stock Exchange (NSE) where their prices are displayed on daily basis for investors.

## **SEC SETS-UP COMMITTEES TO REINFORCE CAPITAL MARKET**

In a bid to reposition the Nigerian capital market, the Securities and Exchange Commission (SEC) had inaugurated seven sub-committees of the Capital Market Committee (CMC) that would map out strategies for the revival of the Capital market for better performance. The CMC is a body comprising officials of the SEC, Nigerian Stock Exchange (NSE), operators and other stakeholders in the nation’s capital market.

The seven subcommittees include investors’ confidence restoration, investment management market information/technology, commodities exchange/capital trade points, fixed income securities, products and business development and rules and compliance.

Speaking at the CMC maiden retreat in Uyo, Akwa Ibom State, the Director-General of SEC, Ms. Arunmah Oteh, said that sub-committees would come up with roadmap that would assist in the determination of the direction of the market in 2012 and beyond. The investor confidence restoration subcommittee would come up with strategies and home grown policies that would ensure that investors refocus attention on the market and ensure that their needs were adequately taken care of.

Adding that, the Investment Management subcommittee, would evolve strategies that would ensure greater participation in portfolio investment by investors whether in stocks, equities or commodities.

Oteh explained that the retreat, which had the theme: “The Nigerian Capital Market in 2012-Issues, Challenges and Prospects,” was designed to review capital market developments and challenges in 2011 and formulate action plan for 2012 to reposition the market to play greater role in national economic development.

## **SEC TO FIRM UP DEMATERIALISATION PROCESS IN 2012 – OTEH**

The VANGUARD of December 30, 2011 had it that, the Securities and Exchange Commission (SEC) stated its readiness to firm up dematerialization plans in the stock market transactions. Dematerialization is the process of ensuring that transactions in the stock market are paperless.

In her words, Director General of the SEC, Ms. Arunma Oteh, “We are committed to addressing all of those things that would ensure efficiency. One of those things was to ensure that our dematerialization plan is really firmed up”.

The CMC put together a committee led by Mr. Emeka Madubuike, the Chairman of Association of Stock broking Houses of Nigeria (ASHON), and they had presented every report to SEC on how to firm up the issues of dematerialization.”

On the issue of technology, Oteh said, “We want to make sure we leverage technology better. SEC needs to accelerate its effort in technology. The Nigerian Stock Exchange (NSE) is doing the same; they are working on a bigger robust platform for trading, the CSCS also needs to do the same. The market operators need to do the same. These are some of the reasons why there is a sub-committee on market infrastructure and technology.”

The DG further noted that the decline of new issues in the market was another challenge that needs to be addressed.

According to her, “We recognize that there is need to address new issuance, whether it is fixed income or equities. In fact, in the whole of 2011 SEC had no new issuance except for rights issues by a number of companies. That was why it was agreed that, there has to be concerted effort to bring new issuance to the market.

There was need to make the market attractive for the public so as they would come and list. SEC must make sure that the Exchange is a reflection of the economy and there is need to discuss on the importance of having telecoms companies, upstream oil and gas, agro businesses to list on the Exchange. Also to ensure that the privatization agenda of the government, particularly with reference to power sector allows SEC to have the privatized companies listed on the Exchange. These were issues that was agreed upon to work on as early as possible in 2012 so that a road map would be prepared towards having new listings by next year.

# **MAJOR DEVELOPMENTS IN THE NIGERIAN CAPITAL MARKET IN 2011**

## **INTRODUCTION**

Recent global developments: the Euro Zone Sovereign Debt crisis, the down grading of US sovereign Debt, the Arab Spring and the nuclear crisis that followed Japan earthquake, no doubt had impacted on the performance of the Nigerian Capital Market in 2011 like other markets around the world. To mitigate the effects of these challenges, financial regulators and supervisors around the world have continued to evolve measures to address financial and economic problems with a view to restoring confidence and market integrity. Beside the above mentioned problems that almost triggered a second global economic recession, the performance of Nigerian capital market was further affected by increase in foreign portfolio divestments, apathy of local investors, hike in money market rates, nationalization of three banks and security challenges.

Below are highlights of key regulatory actions and developments in the Nigerian capital market in 2011.

## **REGULATORY ISSUES**

### **New Rules and Amendments**

In its continued effort to revive the fortunes of the market and engender investor confidence, the Commission in 2011 made 19 new rules and amended 9 provisions of its existing Rules and Regulations to meet current regulatory challenges and encourage adherence to good Corporate Governance practices. Among the new Rules were;

- Securities Lending and Borrowing
- Islamic Fund Management
- Exchange Traded Funds
- Custodial Services for Registered Collective Investment Schemes
- Internal Restructuring of Companies
- Code of Corporate Governance
- Book Building
- Appointment of Chief Executive and Principal Officers of Securities Exchanges
- Internal Restructuring of companies

### **Lunch of New Corporate Governance Code**

The revised Code of Corporate Governance, which is expected to raise the level of professionalism and competitiveness among the managers of public companies, became operational on April 1, 2011. To ensure adherence to this new Code, the Commission mandated all public companies to sign an undertaking, stating their commitment to comply with the code. As at December 2011, a total of one hundred and twenty eight (128) public companies have endorsed their signature to comply with the new Code.

Some of the issues the code addressed include multiple directorship, family interlocking directorship, risk management, whistle blowing policy and insider trading among others. These are expected to raise the level of professionalism and competitiveness among the managers of public companies.

During the year, the Commission reviewed 214 half year returns and 164 annual report and accounts of listed companies to ascertain compliance to code of Corporate Governance.

### **Risk Based Supervision (RBS) Model**

In preparation for the adoption of a Risk Based Supervision (RBS) Model in 2012, the Commission developed a RBS template to be able to identify, monitor and mitigate risks in the capital market. Meanwhile market operators have appointed compliance officers in line with the SEC directives.

### **Adoption of International Financial Reporting Standard (IFRS)**

During the year publicly quoted companies were duly informed of the Federal Executive Council approval for the country to migrate to IFRS. The companies were requested to draw up and submit to the Commission a road map for migration to include quarterly progress reports. After the review of the roadmaps submitted, the Commission organized a workshop on the implementation of IFRS in June 2011. It also organized a Focused Group Seminar to address issues and challenges in the implementation process in October. Prior to these sensitizations, a core technical team had developed a guideline on IFRS implementation by Public Companies.

### **Gazette of Anti-Money Laundering/Counter Financing Terrorism Manual for Capital Market Operators**

The Commission gazetted the manual on Anti-Money Laundering/Counter Financing Terrorism for capital market operators during the year as required by the global Financial Action Task Force (FATF). The manual is in full force and compliance is being monitored by the Commission.

### **Registered Capital Market Operators**

The Commission registered 17 new Capital Market Operators (CMOs) in 2011 to perform different capital market functions. Consequently, the number of registered CMOs by function stood at 1138 from 1121 in 2010.

### **Monitoring, Investigation and Enforcement Activities**

The Commission in 2011 handled 1,393 complaints, 664 of which were brought forward from 2010 while 729 were new complaints. In all, 709 of the complaints were resolved and cancelled, 156 were referred for enforcement action while 528 remained outstanding.

Consequent to various market misconducts, 20 operators were suspended during the year.

### **Suspension of Stockbroker whose Minimum Capital Requirement was below N70 million**

Sixty (60) stockbroking firms were suspended on trading on floor of the Nigerian Stock Exchange (NSE) for failing to meet the minimum capital requirement of N70 million set by the SEC. The suspension was deemed necessary as most of the stock broking firms had negative shareholders fund which portend huge risk to the market. A few of the stock broking firms had already complied with the capital requirements and had their operation licenses restored.

## **MARKET DEVELOPMENT ISSUES**

### **National Association of Securities Dealers (NASD) Ltd was granted Approval-in-Principle:**

The SEC in 2011 granted the NASD Ltd approval-in-principle to operate an Over-the-Counter market. The NASD Ltd is to comply with the following before commencement of operations;

- Recruitments of principal/executive/Sponsored officers
- Sponsored individuals' compliance with Rule 20 of the Commission's Rules & Regulations, satisfactory police clearance, referees, bankers and last employers' report
- Satisfactory pre-registration inspection of the company's business premises

- Satisfactory performance of the company and sponsored individuals at the registration meeting

**New Executive Management at the NSE:** In the year a new chief executive was appointment for the NSE- Mr. Oscar Onyema. Since assumption of duties, the new leadership is committed in carrying out reforms that would entrench transparency, accountability, good corporate governance and zero tolerance to market infractions while focusing on revamping the regulatory framework to meet international best practice.

**The NSE New Market Segmentation:** The NSE in the last quarter of the year restructured its market segmentation to reflect global standard. Consequently, the Main Board of the equities segment now has its sectors reduced from thirty four (34) to eleven (11), consisting of fifty three (53) sub-sectors while the Alternative Securities Market (ASeM), formerly known as 2<sup>nd</sup> Tier Securities, now has seven (7) sectors and nine (9) sub-sectors.

**Demutualization of the Nigeria Stock Exchange (NSE):** To assist it draw up an appropriate framework for the demutualization of the Nigerian Stock Exchange (NSE), the SEC during the year set up a 21-man Technical Committee with the following terms of reference:

- Review the current structure and ownership of The Nigerian Stock Exchange
- Examine regulatory, ownership, management, operational, governance and financial issues in demutualization of exchanges
- Review various demutualization models and experience including valuation model for demutualization
- Recommend best demutualization model for the Nigerian market and recommend practical timeline for the completion of demutualization of The Nigerian Stock Exchange
- Recommend steps which are necessary and appropriate for the demutualization of The Nigerian Stock Exchange
- Examine potential conflict of interest and measures to deal with them, in the demutualization of the Exchange
- Examine any other issue necessary for the demutualization of the Nigerian Stock Exchange

**Listing of Exchange Traded Funds:** A cross border listing of Exchange Traded Funds (ETFs) originated by ABSA Capital South Africa, NewGold ETF, was introduced during the last quarter of the year. The NewGold ETF is a debt instrument that tracks Gold Bullion. It has attributes of ethical products and offers investors the opportunity to invest directly in actual gold.

**Collective Investment Scheme:** The number of registered unit trust schemes improved from forty four (44) in 2010 with the Net Asset Value (NAV) of N90.44 billion to forty seven (47) with NAV of N91.66 billion 2011. The performances of the equity funds mimic the equity market which showed decline in 2011. Hence, all funds in this category and some of the balanced funds recorded declines in NAV compared to the position in 2010.

**SEC Collaboration with Other Jurisdiction and International Agency:** The SEC Nigeria, in collaboration with the US, SEC, the USAID and the German Agency for International cooperation, successfully organised a regional workshop on “Capital Market Oversight, Enforcement and Development” for capital market operators and regulators in the financial sector. The workshop was aimed at providing a forum for the exchange of ideas on global best practices in the development and regulation of capital markets.

**Public Awareness and Investor/Issuer Education Program:**

The Commission organised an investor education outreach and issuer education programme for the government and people of Rivers State, Nigeria. The workshop was to further educate the government of the benefit of sourcing funds from the capital market.

The Commission flagged off a yearlong series of activities in October 2011 tagged “Project 50” to commemorate 50 years (1962-2012) of capital market regulation. The theme of the project is “Nigeria: The Preferred Investment Destination”.

The objectives of the “Project 50” initiative include the following:

- ✓ To share Nigeria’s market regulation scorecard with the investing community.
- ✓ To identify and assess latent regulatory and systemic constraints which could potentially undermine market growth, explore creative solutions to such and suggest modalities for implementation.
- ✓ To draw attention to market intervention targeted at engendering market integrity and the highest level of compliance with regulatory provisions.
- ✓ To create a platform for all market stakeholders to interact with a view to galvanizing the market for growth.

**Improving the Effectiveness of Capital Market Committee:** The Capital Market Committee (CMC) is an industry-wide Committee, comprising members of the Commission, representatives of capital market operators and trade groups and other stakeholders in the Nigerian Financial systems. It was established mainly to serve as a medium for exchange of ideas among market stakeholders as well as feedback forum to SEC on how to continuously improve the market activities and regulation.

The meetings of the Committee focus on key issues to reposition the Nigerian capital market and transform it into a world class market in terms of transparency, integrity, products and efficient processes. The key areas of focus include:

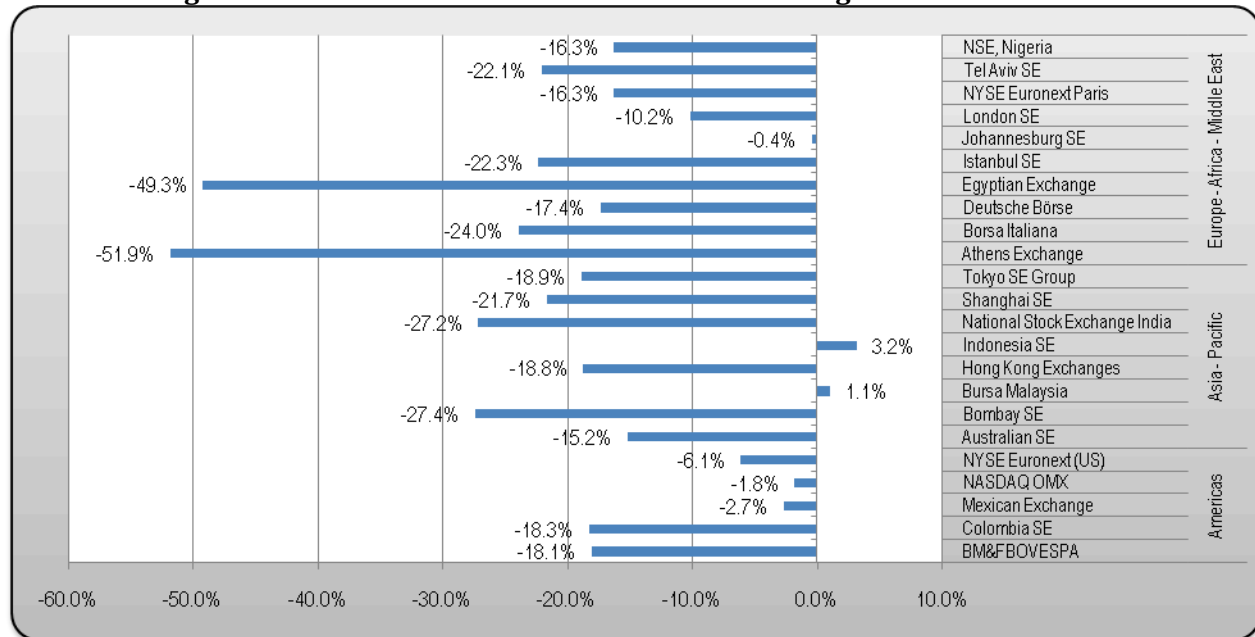
- ✓ Bond market and new products development
- ✓ Review of new rules/amendments
- ✓ Promotion of cooperation among financial sector regulators, locally and internationally
- ✓ Promoting good corporate governance standards and best practices in market structure, processes and services
- ✓ Investor education and confidence restoration
- ✓ Any other issues as may be considered necessary and relevant to the growth and development of the market.

In pursuance of the above, seven (7) CMC Subcommittees were formed during the period under review. The new Subcommittees are; Investor Confidence, Rules and Compliance, Investment Management, Market Infrastructure & Technology, Commodities and Equities Exchange, Fixed Income and New Products and Business Development.

**MARKET PERFORMANCE IN 2011**

Global developments in 2011 in some ways impacted negatively on the performance of the Nigerian Capital Market like other emerging and developed markets around the world.

**Chart 1: Change in Broad Stock Index of Some Selected Exchanges**



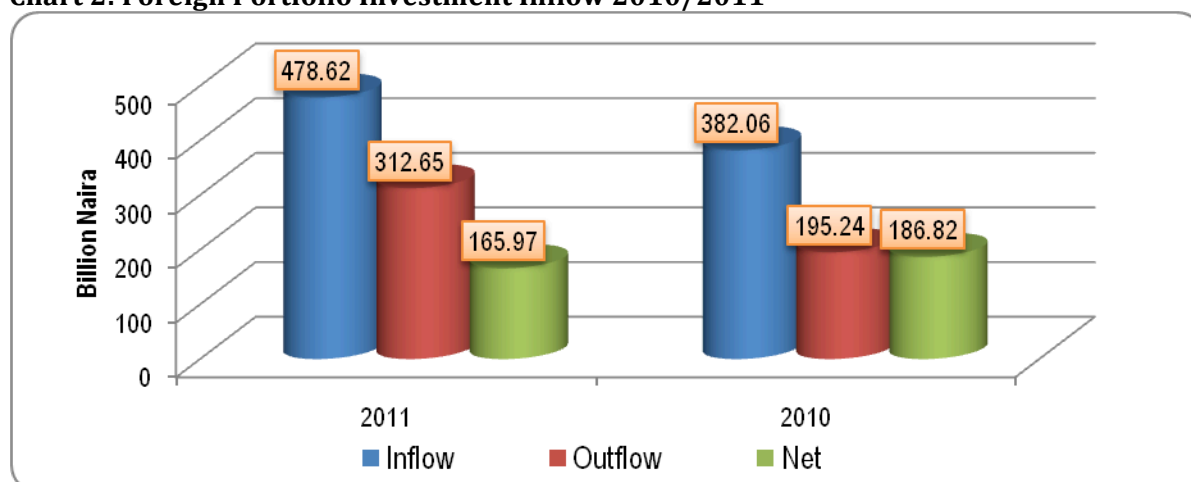
Source: Extracted from the Website of The World Federation of Exchanges

A look at some of the broad stock indices as shown on Chart 1 above indicated significant declines of above 27% for the Indian Exchanges, Bombay and National Stock Exchange. The uncertainties about the debt crisis in Greece reflected a huge decline of 51.9% in the broad stock price index of Athens Exchange. This had contagious effect on some of the Exchanges in the Euro zone, which recorded declines in their stock indices; Borsa Italiana (24.0%), Deutsche Börse (17.4%), London Stock Exchange (10.2%) and NYSE Euronext Paris (16.3%). The political impetus in Egypt among others affected the performance of the Egyptian Exchange which scored a decline of 49.3%.

## SECONDARY MARKET

In 2011, the secondary market could not consolidate on the modest recovery recorded in 2010 as a result of global and a number of domestic developments. Considerable foreign portfolio divestments were observed particularly in the second half of the year when the news of euro zone crisis heightened. This consequently affected market transactions due to the high presence of foreign portfolio investors in Nigerian market. A review of the net inflow of foreign portfolio investment showed a decline of N20.85 billion (11.16%) over the position in 2010, which was likely as a result of portfolio managers efforts to cover their positions in the US and Euro Zone. As shown on Chart 2, a total of N312.65 billion was divested in 2011, representing 65.32% of the total inflow of N478.62 billion while N195.24 billion (51.10%) was divested in 2010 from total inflow of N382.06 billion (See Chart 2).

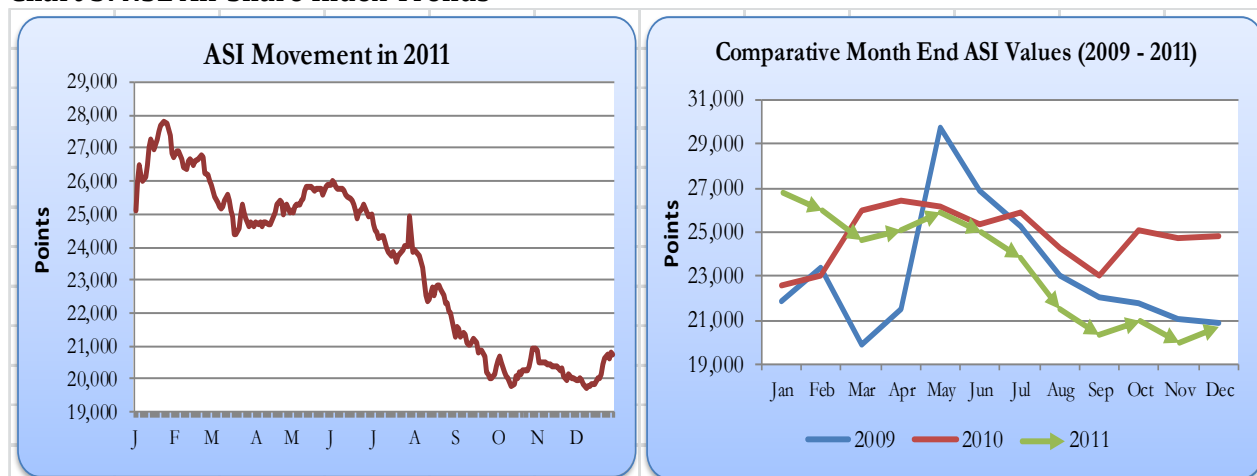
**Chart 2: Foreign Portfolio Investment Inflow 2010/2011**



Source: Compiled from Data supplied by The NSE

On the domestic front, local investors' apathy for the equity market, absence of loan facilities, margin loan overhang on stockbrokers, hike in money market rates and the security issues in the country impacted on market performance negatively. In addition to these, confidence in the market was further eroded following the total loss of investments in three (3) banks, Afribank, Bank PHB and Spring Bank, taken over by the government. As a result of all these, The Nigerian Stock Exchange (NSE), All-Share Index (ASI), which gained 18.93% in 2010, suffered a decline of 16.31% to close at 20,730.63 points from 24,770.50 points in 2010. Hence, equity prices recorded higher depreciations as only 23 of the 201 listed equities as at December 2011 were captured on the gainers list compared to 68 in 2010 while 111 price losers were recorded during the year compared to 91 in 2010.

**Chart 3: NSE All-Share Index Trends**



As shown on chart 3 above, the indicator showed volatility all through the year with a declining trend observed in the second half of the year, a position similar to the market performance in 2009. The situation in the second half of 2011 was attributed to further erosion of confidence following the nationalization of three (3) failed banks, resulting in total loss of investments for investors. It was further compounded by hike in Monetary Policy Rate (MPR), which was bound to induce

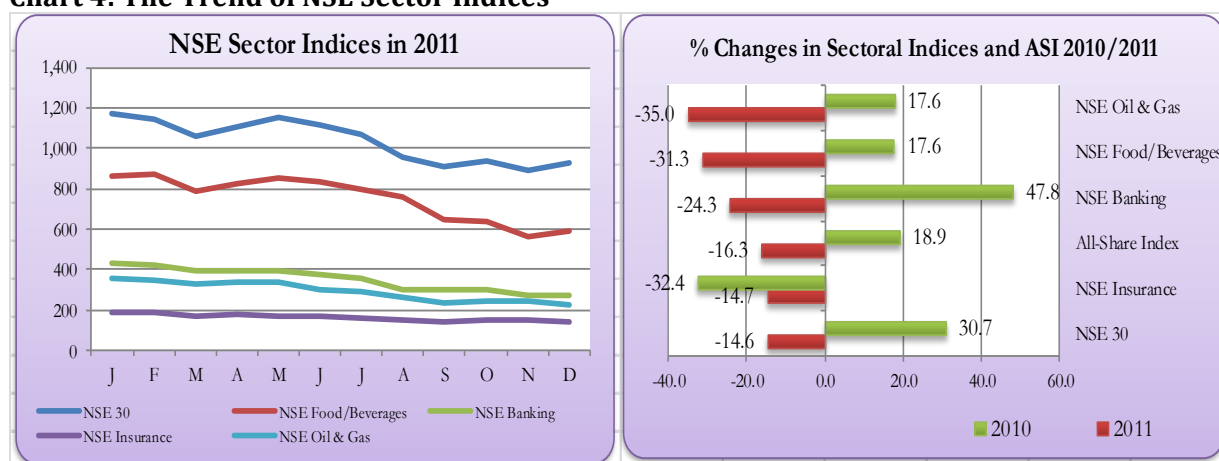


portfolio shift from equity to bonds and money market instruments, and decrease in foreign portfolio inflow as the news of euro zone debt crisis heightened.

The ASI was almost at 28,000 points in January when trading turnover recorded the highest due to considerable inflow of foreign portfolio investment and the anticipation that the market would consolidate on 2010 performance. The performance, however, dwindled in February and March with uncertainties about the general election but improved in April and May given the success of the election exercise. It began to slide again in June with the perceived insecurity in the country as a result of recent spate of bomb blasts in different parts of the country.

**NSE Sector Indices:** the five sector indices, NSE 30, NSE Consumer Goods, NSE Banking, NSE Insurance and NSE Oil & Gas, also showed declines and volatility in 2011. While NSE 30 and NSE Insurance performed better than the ASI with declines of 14.6% and 14.7% respectively, NSE Banking, NSE Consumer Goods and NSE Oil & Gas performed worse than the ASI with declines of 24.3%, 31.3% and 35.0% respectively, as shown on chart 4 below.

**Chart 4: The Trend of NSE Sector Indices**

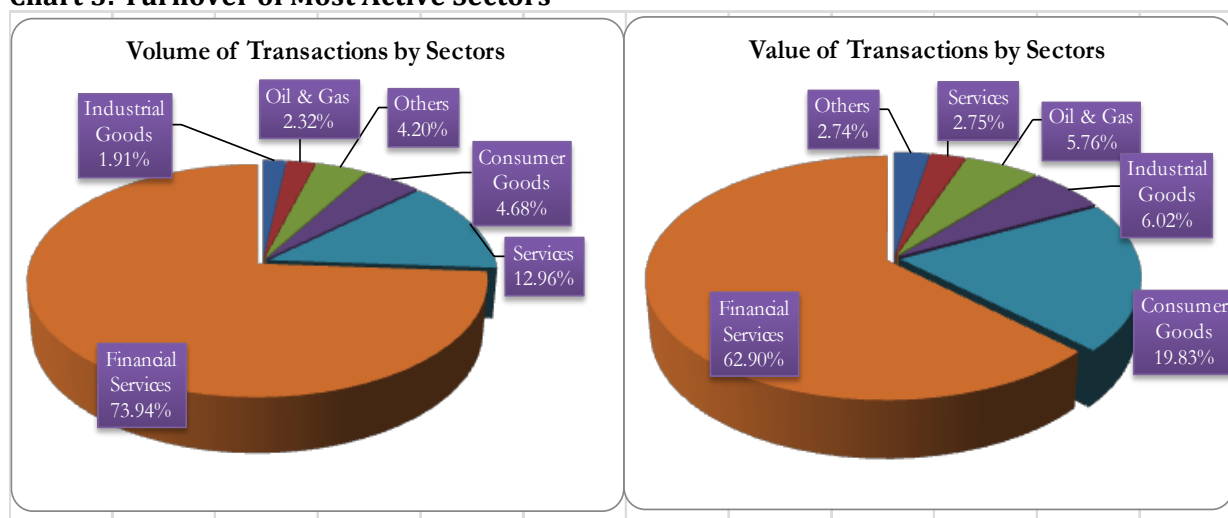


In 2010, only the NSE Insurance was on the negative end, recording a significant decline of 32.4% while the NSE Banking and NSE 30 outperformed the ASI by scoring appreciations of 47.8% and 30.7% respectively. The NSE Consumer Goods and NSE Oil & Gas gained 17.6% each below the 18.9% appreciation of the ASI.

**Transactions on The Nigerian Stock Exchange:** Except for the trading of The NewGold ETF recorded in December, transactions recorded on the floor of the Exchange were all equities, no debt securities was traded in 2011. In all, about 91.45 billion securities worth N644.20 billion exchanged hands as against 93.34 billion securities valued at N797.55 billion traded in 2010, a decline of 2.02% and 19.23% in volume and value of securities traded respectively. In the month of December when it was listed, 6,710 units of NewGoldETF valued at N17.12 million exchange hands.

The bulk of the transactions during the years came from the Financial Services sector as shown on chart 5 below. The sector controlled about 74% and 63% of the total volume and value of securities traded for the year as it recorded the sale of over 67.62 billion units of securities of 62 equities worth N405.19 billion. In terms of volume of transaction, the Services sector was second with 12.96% but in terms of transaction value it accounted for 2.75%. Consumer Goods sector was second behind Financial Services as it controlled 19.83% of total value of transactions.

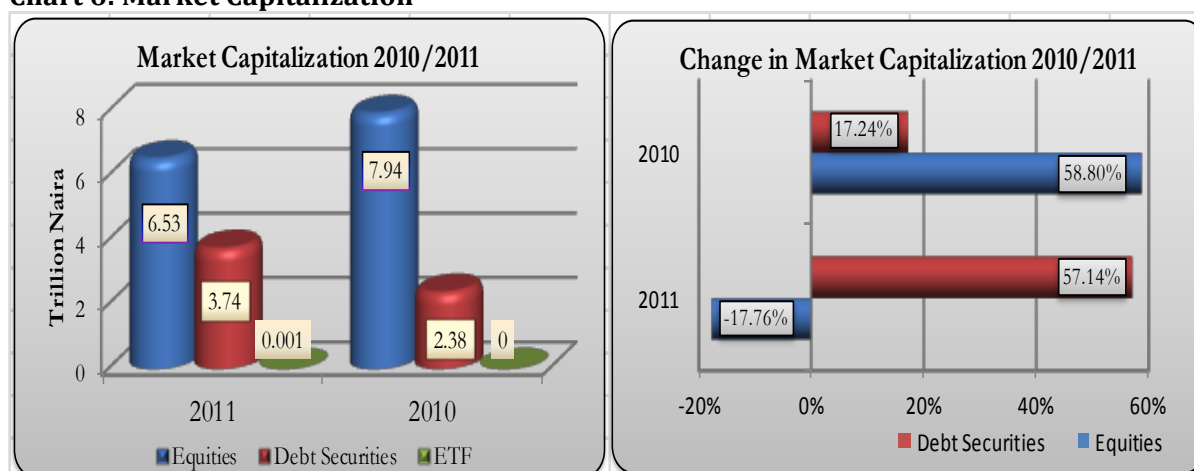
**Chart 5: Turnover of Most Active Sectors**



**FGN Bonds Traded Over-The-Counter (OTC):** secondary transactions of FGN bonds recorded in 2011 on the OTC platform amounted to 8.94 billion units valued at N7.99 trillion, indicating declines of 34.58% and 47.40% in volume and value when compared to 13.68 billion units of FGN bonds worth N15.18 trillion traded in 2010.

**Market Capitalization:** The market closed year 2011 with 250 listed securities with market capitalization of N10.27 trillion, newly listed ETF inclusive, compared to 265 securities of N10.32 trillion in 2010. This indicates a marginal decline of 0.49% as against a significant appreciation of 46.80% recorded in 2010. There was however a considerable decline in the value of equity market capitalization which ended lower at N6.54 trillion with a loss of 17.70% compared to N7.92 trillion in 2010. The decline in equity market capitalization was not only affected by the fall in prices of equities but was also affected by the de-listing of twenty (20) companies. During the year only two (2) equities, SIM Capital Alliance and IHS Nigeria Plc Preference shares were listed.

While three (3) of the de-listed companies, Fin Bank Plc, Intercontinental Bank Plc and Oceanic Bank Int'l Plc were as the result of acquisitions, three (3) others, Nigerian Bottling Company Plc, United Nigeria Textile Plc and Nampak Nigeria Plc, opted for de-listing as majority shareholders bought over the interest of the minority holders to revert the companies to Limited liability companies. The remaining fourteen (14) companies de-listed based on various regulatory issues among which are Afribank Nigeria Plc, Bank PHB Plc, Spring Bank Plc, Albarka Air Plc, Daily Times Plc, First Capital Inv. Trust, Flexible Packaging Plc, Foremost Diaries Plc, Krabo Nigeria Plc, Newpak Plc, Nigeria Cement Co. Plc, Okitipupa Oil Palm Plc, Tropical Petroleum Products Plc and Wiggins Teape Nigeria Plc.

**Chart 6: Market Capitalization**

On the other hand, the debt securities capitalization further gained 57.14% to close the year at N3.74 trillion. This was boosted by the listing of AMCON bonds worth about N1.7 trillion. The debt capitalization gained 17.24% in 2010 as it ended at N2.38 trillion. The newly listed NewGold ETF closed with capitalization of N988 million. On the whole, the equity market with 201 securities (189 on the Main Board and 12 in the ASeM) accounted for 63.61% of the total market capitalization while debt securities and ETF controlled 36.38% and 0.01% with 48 securities and 1 security respectively (See Table 16 for the breakdown).

**Table 1: Secondary Market Statistics in 2011**

	2011	2010	Change
<i>On The Exchange</i>			
Volume of Transaction (units)	91,449,915,437	93,422,464,196	-2.11%
Value of Transaction (Naira)	644,203,059,476	797,596,378,511.65	-19.23%
<i>FGN Bonds Traded on The OTC</i>			
Volume of Transaction (units)	8,947,633,081	13,677,151,766	-34.58%
Value of Transaction (Naira)	7,985,206,943,431	15,180,059,115,174.60	-47.40%
All-Share Index (points)	20,730.63	24,770.50	-16.31%
Equity Market Capitalization (Naira)	6,536,655,726,311.68	7,917,905,254,488.32	-17.70%
Debt Securities Capitalization (Naira)	3,737,701,037,557.00	2,407,542,151,917.00	+56.85%

	2011	2010	Change
ETF Capitalization –Naira	988,000,000.00	-	-
Total Market Capitalization	10,275,344,763,868.70	10,325,447,406,405.30	<b>-0.49%</b>
Listings			
Equities	201	217	-7.37
Debt	48	47	2.13
ETF	1	-	-
Total	250	264	-5.30

\Source: Compiled from data supplied by The NSE

## PRIMARY MARKET

Primary market activities in 2011 compared favorably with the position in 2010 as the number and value of issues floated appreciated by 6.78% and 45.38% respectively. On the whole, new issues approved by the Commission and executed during the year amounted to thirty five (35) with a value of N1.285 trillion, including AMCON bond issued to Institutional investors and equity placements of N854 billion to AMCON by two banks. The Debt Management Office (DMO), on behalf of the Federal Government of Nigeria (FGN), also auctioned twenty eight (28) bonds worth N791.27 billion. Consequently, the total number and value of new issues for the year stood at sixty three (63) and about N2.08 trillion as against fifty nine (59) issues valued at about N1.43 trillion in 2010 respectively.

Table 2 below gives a comparative position of new issues floated in 2010 and 2011. The regular equities issued in 2011 amount to eighteen (18) with a value of N224.26 billion as against twelve (12) issues worth N120.34 billion in the preceding year, an improvement of 50% in number of issues and 86.36% in value. The issues in 2011 consist of six (6) rights offers, ten (10) special placements and one (1) preference share.

The equity placements to AMCON were made to restore Net Asset Value of the concerns banks to zero. The banks were Intercontinental Bank Plc (N548.35 billion) and Union Bank Nigeria Plc (N305.67 billion).

**Table 2: SUMMARY OF NEW ISSUES IN 2011 AND 2010 BY TYPE OF OFFER**

Types	Number of Issues			Value of Issues (million Naira)		
	% Change			% Change		
	2011	2010	Change	2011	2010	Change
Equities*	18	12	50.00	224,260.06	120,339.00	86.36

Equity Placements to AMCON**	2	-	-	854,016.37	-	-
Corporate/Agency Bonds*	10	6	66.67	87,880.00	77,290.00	13.70
Sub-national Bonds*	5	5	0.00	119,000.00	157,500.00	(24.44)
FGN Bonds\	28	36	(22.22)	791,270.00	1,073,120.00	(26.26)
Total	63	59	6.78	2,076,426.43	1,428,249.00	45.38

Source: \*SEC, Nigeria, \DMO \*\*Intercontinental Bank and Union Bank Nigeria

The new issues of debt securities declined by 8.51% and 23.68% in number and value respectively with forty-three (43) debt securities worth N998.15 billion issued as against forty (47) securities valued at N1,307.91 billion in 2010. The debt securities issued during the year included nine (9) corporate bonds, one (1) agency bond, five (5) sub-national bonds and twenty eight (28) FGN bonds.

### AMCON Bonds

Table 3 below captures series 1 to 5 of AMCON bonds registered by the Commission during the year. The cash-backed portion of the bonds, series 1- tranche 2, was issued to institutional investors while the others were consideration bonds. The bonds, with nominal and discounted amounts of N4.36 trillion and N3.08 trillion respectively were for the purchase of NPLs of banks. The AMCON had consequently listed N1.7 trillion worth of these bonds on the floor of The NSE for secondary trading.

**Table 3: AMCON Bonds Registered**

	Offer Prices	Discounted Amount	Nominal Amount	Coupon Interest (%)
Issue	Naira	Naira	Naira	
Series 1				
Tranche 1	743.56	866,206,523,201.46	1,164,951,483,000.00	10.125
Series1				
Tranche 2	730.88	12,878,059,977.42	17,620,000,000.00	11.8
Series 1				
Tranche 3	730.88	377,764,262,030.79	516,864,066,000.00	11.8
Series 2	735.64	306,946,948,676.45	417,249,619,000.00	10.5
Series 3	725.69	64,450,000,000.00	88,812,356,000.00	10.5
Series 4	681.13	929,802,932,920.00	1,365,098,733,000.00	13.0

Series 5	699.23	526,873,545,641.83	787,257,683,000.00	13.0
<b>Total</b>		<b>3,084,922,272,447.95</b>	<b>4,357,853,940,000.00</b>	

### **Other Registered Securities**

The Commission registered bonus issues of twenty four (24) companies that rewarded their shareholders with additional shares as well as approved the registration of existing shares of fourteen (14) companies. It also cleared allotment proposals of eighteen (18) executed offers during the year under review.

### **OUT LOOK FOR 2012**

- Given government's commitments to infrastructure (Power, transportation) improvement, implementation of appropriate macroeconomic policies and structural reforms, improved economic performance is to be expected. This would boost aggregate output and incomes, resulting in greater investible funds that investors could channel into the market.
- The on-going efforts by the SEC to transform and deepen the capital market are expected to yield favourable results. Some of these efforts include strengthening market structures, increased public enlightenment drive, and capacities building of all stakeholders.
- Continuous implementation of the new Corporate Governance Code, migration to International Financial Reporting Standard, dematerialisation of share certificates among others, would improve transparency and attract more investors (local and foreign), which will leading to improvement in market performance.
- The planned introduction of new products (Sukuk, derivatives, futures & options and more Exchange Traded Funds), full automation of market processes and payments, expected listing of multinational companies in Oil and Gas, Telecommunication, privatised companies and upcoming Small and Medium Enterprises would deepen and bring more vibrancy to the market.
- Government's efforts at ensuring public security for lives and properties will also impact positively on the market in due course.

**NIGERIAN CAPITAL MARKET DATA (2007 - 2011)**

	2011	2010	2009	2008	2007
<b>Trading on The Exchange (Equity)</b>					
Volume of Transaction (units)	91,449,915,437	93,422,451,196	102,687,423,265	193,132,886,084	138,080,721,218
Value of Transaction (Naira)	644,203,059,476.00	797,582,242,011.65	684,038,285,596.04	2,375,613,779,671.78	2,083,424,629,690.91
<b>Trading on The Exchange (Debt)</b>					
Volume of Transaction (units)	0	13,000	412,900	3,572,200	2,870,000
Value of Transaction (Naira)	0.00	14,136,500.00	412,919,530.00	3,529,920,000.00	2,870,000,000.00
<b>FGN Bonds Traded on The OTC</b>					
Volume of Transaction (units)	8,947,633,081	13,677,151,766	16,789,262,632	10,090,235,806	3,947,284,982
Value of Transaction (Naira)	7,985,206,943,430.96	15,180,059,115,174.60	18,178,582,784,463.00	10,186,249,772,740.10	4,141,556,108,055.44
<b>Market Capitalization (Naira)</b>					
Companies/Preference shares	6,536,655,726,311.68	7,942,493,873,005.32	4,996,618,438,261.96	6,987,682,180,752.84	10,301,323,402,234.90
Federal Government Bonds	2,089,156,222,400.00	2,125,146,222,400.00	1,930,261,827,000.00	2,529,964,798,000.00	2,947,478,368,000.00
State Government Bonds	308,000,000,000.00	224,000,000,000.00	100,500,000,000.00	29,100,000,000.00	29,100,000,000.00
Corporate Bonds	1,340,544,815,157.00	33,807,311,000.00	3,461,266,625.00	16,225,036,300.00	16,683,170,000.00
ETFs	988,000,000.00	-	-	-	-
<b>Total</b>	<b>10,275,344,763,868.70</b>	<b>10,325,447,406,405.30</b>	<b>7,030,841,531,886.96</b>	<b>9,562,972,015,052.84</b>	<b>13,294,584,940,234.90</b>
<b>Listings</b>					
Equities (Companies/Preference shares)	201	219	217	216	215

	2011	2010	2009	2008	2007
rence shares)					
Federal Government Bonds	25	32	41	35	46
State Government Bonds	11	8	4	5	5
Corporate Bonds	12	5	3	45	44
ETFs	1	0	0	0	0
<b>Total</b>	<b>250</b>	<b>264</b>	<b>265</b>	<b>301</b>	<b>310</b>
<b>All-Share Index (Points)</b>	20,730.63	24,770.50	20,827.20	31,450.78	57,990.22
<b>PRIMARY MARKET</b>					
NEW ISSUES (Number)					
Equities	18	12	5	49	56
Equity Placement to AMCON	2	0	0	0	0
Federal Government Bonds	28	36	33	22	20
State Government Bonds	5	5	3	1	0
Corporate Bonds	9	6	1	2	0
Agency Bond (AMCON)	1	0	0	0	0
<b>Total</b>	<b>63</b>	<b>59</b>	<b>42</b>	<b>74</b>	<b>76</b>
NEW ISSUES (Value, million Naira)					
Equities	224,260.06	120,339.00	31,239.80	939,057.20	1,339,556.62
Equity Placement to AMCON	854,016.37	0.00	0.00	0.00	0.00
Federal Government Bonds	791,270.00	1,073,120.00	614,440.00	515,000.00	596,500.00
State Government Bonds	119,000.00	157,500.00	41,500.00	50,000.00	0.00
Corporate Bonds	70,260.00	77,290.00	15,405.00	5,170.00	0.00
Agency Bond (AMCON)	17,620.00	0.00	0.00	0.00	0.00



	2011	2010	2009	2008	2007
<b>Total</b>	<b>2,076,426.43</b>	<b>1,428,249.00</b>	<b>702,584.80</b>	<b>1,509,227.20</b>	<b>1,936,056.62</b>
<b>COLLECTIVE INVESTMENT SCHEMES</b>					
Registered Unit Trust Schemes	44	39	41	38	29
Net Asset Values (Naira)	85,186,297,515. 10	79,919,776,058. 00	98,923,769,382. 78	84,416,852,150.86	65,854,030,188.83