

# **SECURITIES AND EXCHANGE COMMISSION**



## **ANNUAL REPORT AND ACCOUNTS 2010**



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# SECTION 1

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## OVERVIEW

### AT A GLANCE

- **Head Office: Abuja (Federal Capital Territory)**
- **Seven Zonal Offices: Lagos, Kano, Port Harcourt, Kaduna, Maiduguri, Onitsha & Ibadan**
- **16 Departments**
- **574 Employees**

#### **Who We Are**

The Securities and Exchange Commission was established in 1979 as a government agency to regulate and develop the Nigerian capital market. It derives its mandate from the Investments and Securities Act (ISA) 2007.

The Commission is responsible for the registration of securities offered to the public (public issues) by corporate entities or governments or offered by public companies to select groups of investors (private placement) or to shareholders (rights issues). It is also responsible for the regulation of market operators and capital market experts like solicitors, accountants and estate valuers that participate in capital market transactions. The Commission also regulates mergers, acquisitions, takeovers and all forms of business combinations in order to prevent monopolies and engender competition.

#### **Broad Objectives**

The Commission's overall objectives are to:

- ensure the existence of a stable, orderly, transparent, fair, efficient and viable market that protects investors and is internationally competitive;
- effectively enforce relevant laws, rules, regulations and codes;
- maintain zero tolerance for infractions in the market;
- deepen the market by promoting the introduction of new products and processes;
- contribute to the nation's economic growth and development.



## **VISION STATEMENT**

**To be Africa's leading capital market regulator.**

## **MISSION STATEMENT**

**To develop and regulate a capital market that is dynamic, fair, transparent and efficient to contribute to the nation's economic development.**

## **CORE VALUES**

- **Transparency:** The Commission requires that staff conduct themselves with unquestionable openness.
- **Integrity:** The Commission demands that staff conduct themselves with the highest ethical standards.
- **Proactiveness:** The Commission expects its staff to exhibit uncommon foresight and respond creatively to challenges ahead of time.
- **Fairness:** The Commission expects staff to treat its publics equally.
- **Excellence:** The Commission demands from its staff unqualified commitment in rendering very high quality service.
- **Accountability:** The Commission demands that staff take full responsibility for their actions.
- **Teamwork:** The Commission expects its staff to work well together.



## **GOALS AND STRATEGY**

### **The SEC Strategic Plan 2010–2014**

The SEC Strategic Plan is a comprehensive document stating the strategic positions and future road map of the Commission for five years (2010–2014). It is intended to provide the Commission, market participants and other stakeholders with strategic clarity as to the Commission’s vision, mission and objectives for the capital market, as well as to contribute to the Vision 20:2020 of the Federal Government of Nigeria.

The capital market has experienced upswings and downturns in the recent past, and the persistence of the bear market has resulted in severe losses to investors and market intermediaries. The essence of the strategic plan is to chart a new course that will enable the capital market deliver on the aspirations of Nigerian and foreign investors.

### **Strategic Goals**

- To be a world-class regulator by transforming our resources towards achieving international best practices in securities markets.
- To achieve improved participation of both retail and institutional investors in the capital market through enhanced investor confidence.
- To effectively contribute to the Federal Government’s transformation programmes through improved processes, procedures and organisational culture.
- To leverage innovative technology for improved operational efficiency and market transformation.
- To achieve a diversified market with corresponding instruments through developmental projects and programmes.
- To attract, enhance and retain requisite human capacity.



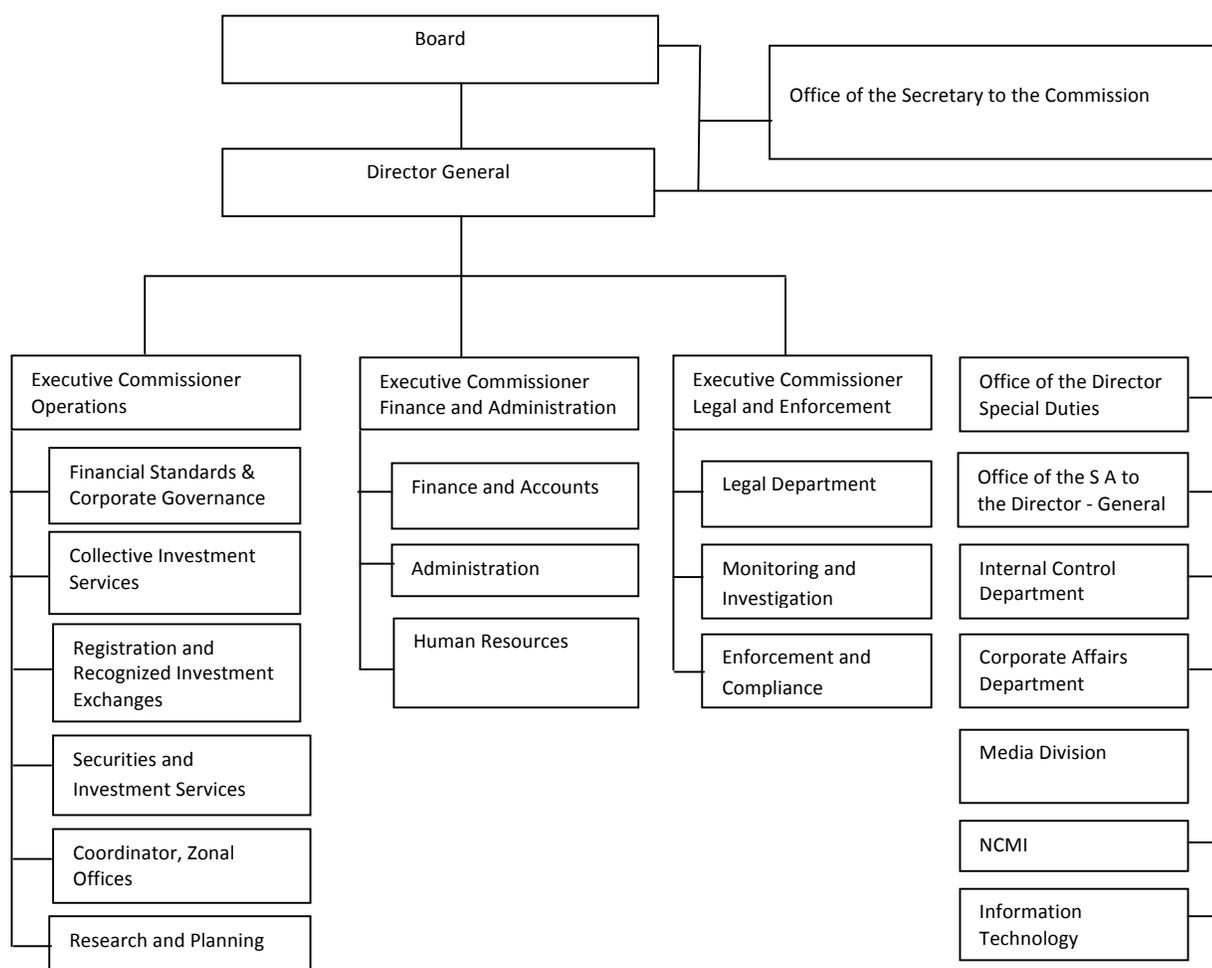
### **Critical Success Factors**

The success of this Strategic Plan is dependent on a number of critical success factors, which include:

- increased and effective capital market awareness of the population
- recovery of the global economy
- a strong and viable infrastructural base for the market
- enhanced earnings capacity of the population to enable critical savings and investment
- the Government's commitment to implement the Vision 20:2020 Plan Document
- effective and objective political and legislative debates and decisions
- integrated finance industry co-operation among regulatory entities
- a strong and stable money market
- encouragement of socio-cultural and religious practices that promote investments in diverse sectors of the economy
- the availability of funds
- trust and teamwork among the Commission's staff.



## **ORGANISATIONAL STRUCTURE**



- Our Head Office comprises the Director-General's Office and three (3) Directorates - Operations, Finance and Administration, Legal and Enforcement.
- We have seven Zonal Offices in different catchment areas to bring capital market activities nearer to the grassroots.
- The roles and responsibilities of each department and division are specified to avoid overlapping and conflicting roles.
- Individual employees also have well-defined schedules for maximum productivity and easy monitoring by superior officers



## CHAIRMAN'S MESSAGE

The year 2010 started on a positive note with the assumption in office of Ms. Arunma Oteh as the substantive Director General of the Commission. I therefore use this opportunity to welcome Ms. Oteh to the Commission, on behalf of the Board. I believe she will use her wealth of experience in the financial industry in restoring confidence to the market and repositioning the Commission as a strong regulator that engenders investor confidence in the integrity of the Capital Market.

The Commission, in 2010, embarked on reforms aimed at strengthening its regulatory roles and enhancing good governance in public companies, while also stepping up its enforcement activities. In this connection, it must be emphasized that, in keeping with international best practices, the Commission is moving away from a Compliance Based Supervisory model and migrating to Risk Based Supervision. In order to successfully implement these reform measures, the Commission intensified its capacity building programmes for its Staff. These training programmes were conducted both within Nigeria and abroad.

Members of the Board also undertook study tours of Malaysia, Singapore and Brazil to enrich their knowledge of the practices of sister regulatory agencies. The members of the Board were particularly interested in getting more insight into the regulatory experience of these jurisdictions in areas such as Risk Based Supervision, regulation of Over the Counter (OTC) Markets, Demutualization of Exchanges, Regulation of Collective Investment Schemes, and Depository and Clearing Settlement systems. In addition, Board members sought to establish what lessons Nigeria could learn from the steps regulators in countries, such as Brazil, had taken in successfully minimizing the impact on their markets of the recent global financial crises.

An important development in 2010, was the Commission's direct intervention in the Council of the Nigerian Stock Exchange (NSE), following allegations of serious malpractices, as well as governance issues, which were eroding investor confidence and undermining the integrity of the Capital Market. One of the measures taken was the replacement of the Director General and Chief Executive Officer of the Exchange by an Interim Administrator and the appointment by the Commission of an Interim President for the Council. As a result of this intervention, confidence has returned to the Exchange.



A transparent process for the appointment of principal officers for the Exchange has been instituted and measures are being taken to address the governance issues. The Interim Administration has also started the process of transforming the Exchange by introducing measures aimed at enhancing the efficiency and transparency of the Market.

We are optimistic that with the continuing implementation by the Federal Government of Nigeria of its economic reform programmes, especially those relating to the energy sector, economic activities will be boosted in 2011 with an attendant positive impact on the Capital Market. The Commission will be taking steps in 2011 to encourage more capital market listings. In particular, the Commission would like to attract successful companies operating in such rapidly expanding sector as oil and gas and telecommunications which are not currently represented in the Nigerian Capital Market.

Let me conclude by thanking my colleagues on the Board, the Management and entire Staff of the Commission for their hard work during the year. My appreciation also goes to stakeholders and the investing public for their support and contributions to the ongoing reforms embarked upon by the Board and Management of the Commission.

Thank you and God bless.

**Senator Udoma Udo Udoma**

Chairman, Securities and Exchange Commission

**DECEMBER, 2010**



# **DIRECTOR-GENERAL'S STATEMENT**

## **REVIEW OF THE ECONOMY IN 2010**

The global economy in 2010 experienced a slight recovery following the economic recession in the preceding year. This recovery was mainly reflected in most emerging economies including Nigeria. Many advanced and some developing countries are still tackling critical fallout of the crisis such as issues of high rate of unemployment, huge public debt and risk aversion in the financial sector inspite of interventions which include financial system bailout by their governments.

The Nigerian economy recorded relative stability albeit socio-political upheavals which impacted negatively on the economy throughout the first quarter of the year. The National Bureau of Statistics (NBS) estimated Nigeria's GDP growth in 2010 at 7.85% higher than 6.96% in 2009. The growth was largely driven by a strong rebound in production of crude oil with the price hitting US\$ 93.0 per barrel in December 2010. Crude oil production and exportation was 2.45 million barrels per day and 2.00 million barrels per day respectively as against 2.05 million barrels per day and 1.06 barrels pay day at which it closed the previous year. The development is attributable to the favourable investment environment enhanced by the Niger Delta Amnesty Programme.

Inflation pressures persisted but moderated as year-on-year inflation rate declined to 11.8% at the end of December 2010 from 12.0% in December 2009. The improvement was due to the restrictive monetary stance, fiscal restraint and favourable conditions conducive for food production.



The external reserves stood at \$32.35 billion as at December 31, 2010 compared to \$42.4 same period in 2009, representing a decline of 23.70%. The decline was due to increased spending by government at all levels to address critical infrastructure deficit during the period. The level of the country's reserves could finance over 6 months of imports, well above the 3 months, international benchmark.

Consequently, the exchange rate of the Naira against the dollar, though relatively stable throughout the year, depreciated slightly due to the pressure on the external reserves. The naira closed the year at N150.48 per dollar against the benchmark N150 to a dollar for the 2010 fiscal year. Therefore notwithstanding the fluctuation in the foreign exchange market, the naira exchanged within the target range of plus or minus 3 per cent around N150 to the dollar. In December 2009, the Naira exchanged at N149.69 to a dollar.

The international rating agency, Standard & Poor's affirmed Nigeria's credit rating to a B<sup>+</sup>/B global scale rating and the NGA<sup>+</sup>/NGA<sup>-1</sup> national scale rating. This indicates a stable outlook, provided the country maintains her strong external and fiscal balance sheet.

Foreign investors continued to demonstrate confidence in the Nigerian economy inspite of the fluctuations in stock prices in 2010 with some of the foreign investors returning to the market seeking high returns and liquidity among other opportunities that abound in the market. Data from the Nigerian Stock Exchange showed that foreign portfolio investment during the year was about N381.34 billion, representing 48% of the aggregate turnover value. This is an increase of 88.33% when compared with the 202.483 billion recorded in 2009.

The stock market recovered from a negative performance in 2008 and 2009 and ended 2010 with a positive growth. The market capitalization of the 264 listed securities in 2010 stood at N10.33 trillion, an increase of about 47% when compared with total market capitalization of N7.03 trillion, involving 265 listed securities in 2009.



The All- Share Index equally grew by about 18.87 % closing at 24,770.52 points in 2010 from 20, 838.90 points in 2009. Similarly, trading value on the secondary market rose from N684.45 billion in 2009 to N797.55 in 2010. The impressive performance of the market could be attributed to the increasing confidence by investors.

In the same vein, the total value of new issues floated by companies and state governments grew from N85.90 billion in 2009 to N355.93 in 2010. The value of federal government bonds auctioned during the year summed up to N1.07 trillion compared to N614.44 billion auctioned in 2009. The DMO allotted bonds worth about N1.11 trillion in all due to excess subscription which was over N2.14 trillion.

## **THE CHALLENGES OF 2010**

The year 2010 presented some challenges to the Commission which include the following:

### **Low Investor Confidence in the Nigerian Capital Market:**

The loss of confidence limited the participation of a sizeable proportion of the public in the market.

### **Dearth of Market Depth/Breadth:**

The market offers limited securities and products compared with other developing economies. Presently, the Nigerian Stock Exchange (NSE) has three (3) tiers with active trading only in the first tier. Many eligible companies including multinational companies particularly in the telecom and oil and gas sectors remained unlisted.

### **Poor Savings and Investment Culture:**

The weak retail and institutional savings environment as well as low income per capita of the country inhibited effective savings mobilization especially through capital market investment.



### **Low Liquidity:**

When compared with other developing economies, the Nigerian market liquidity and levels of market activities remained low.

### **Market Skewedness:**

Over 60% of market capitalization and trading activities were still in banks stocks. There is the need to reduce the dominance of the banking stocks by encouraging companies in other sectors to list. Another way of reducing the tilt in the market would be to ensure adherence to the Code of Corporate Governance as it would boost companies performance in terms of profit and lure investors to stake their monies in other sectors on the exchange.

### **Inactivity of the Abuja Securities and Commodity Exchange:**

In spite of efforts made by the Commission to activate trading on the Abuja Securities and Commodity Exchange (ASCE), activities remained dormant with little or no trading activities.

### **Legal Constraints:**

The current Land Use Act continued to be inimical to Real Estate securities development and Mortgage Backed Securities issuance and needs to be reviewed.

### **Litigation of Capital Market related cases:**

The delay in the conclusion of cases especially, criminal cases relating to capital market issues remains a major challenge to the Commission.

## **REFORMS AND INITIATIVES**

Following the shocks occasioned by the global financial crisis and the challenges in the Nigerian Capital Market, the Commission initiated a number of reforms to ensure that the market is on the path of sustainable growth and development. The initiatives during the year include:



## **Development of the Bond Market**

The Commission appointed a Fixed Income Adviser, Mr. Richard Dvorin, in 2010 to assist in regulatory matters, infrastructure as well as capacity building with regards to bond issuance.

The adviser's mandate was essentially to develop the secondary bond market and other related fixed income activities through improved efficiency in issuance process. It is important to note that the recommendations of the Adviser, on how to improve the bond sector, have been adopted by stakeholders for implementation in 2011.

Furthermore, the Commission, in conjunction with other key stakeholders in the market obtained tax waivers from the Federal Government of Nigeria on all categories of bonds.

## **Addressing Market Skewedness**

The Commission in conjunction with the Federal Ministry of Finance organised a meeting with all stakeholders in the financial sector in June 2010. The aim of the meeting was on the one hand, to fashion out ways to regain investors' confidence in the market and on the other hand, map out ways of deepening the Nigerian Capital Market by attracting companies in the Oil & Gas and Telecommunication sectors to be listed in the market.

## **Introduction of New Products**

The Commission intensified efforts with regards to the introduction of new products which will offer investors alternative investment windows. Currently, applications towards introducing Exchange Traded Funds (ETFs) and Islamic Financial products were received and are being processed.

## **Development of Market Processes**

The Securitisation Law was drafted and circulated to stakeholders for inputs to kick-start trading in securitised products in Nigeria which will assist in hedging investment risks.

## **Strengthening Market Institutions**

The Commission recognised the fact that the integrity of any market was measured by the level of information disclosure, transparency, accountability and quality of governance of its institutions. Therefore it made serious efforts to ensure that market institutions were strengthened during the year.



To this end, an International Conference on **“Good Corporate Governance and Regulatory Leadership”** was organized in conjunction with the Central Bank of Nigeria and the Commonwealth Business Council. The objective was to enlighten Board Members on their roles, responsibilities, rights and obligations in promoting Good Corporate Governance.

### **Creation of Additional Sub-Committee on the Capital Market Committee**

Early in 2010, Capital Market Sub-Committees on Credit Rating Agencies and Custody of Securities were established. The subcommittee on Credit Rating Agencies is to enhance the activities of the agencies as they are key to the development of the bond market while that on Custody of Securities was to advise on how the introduction of custody services would help address the issue of wrongful disposal of, and dealings in investors’ assets in the capital market.

### **Peer Review by the US Securities and Exchange Commission**

In 2010, a peer review of the SEC Nigeria by the US SEC team was undertaken. It assessed the state of the Capital Market as well as its potentials to coordinate and successfully implement market-wide reforms for the Nigerian Capital Market. Recommendations made by the US SEC team were considered in line with the Commission’s reform process.

### **Migration to Risk Based Supervision and adoption of the IFRS**

To enhance effective regulatory oversight function, the Commission worked out modalities for the adoption of the Risk-Based Supervision model for the capital market. The model basically requires securities firms to maintain at all times specified minimum level of liquid assets, sufficient to promptly satisfy all obligations to customers, market participants and other creditors commensurate with their risk exposure.

The adoption of the International Financial Reporting Standard (IFRS) is a global trend. The reporting format ensures that financial information are presented in line with global standards to enable investment decisions. The adoption of the IFRS by Nigeria would encourage local and foreign portfolio investment. It is expected to kick-start in 2012.



## **Creation and Amendment of Rules and Regulations**

A total of Fifty (50) new Rules/amendments to the SEC Rules and Regulations came into effect in 2010 to strengthen regulation and enforcements in the capital market. In particular, the Commission in conjunction with the Central Bank of Nigeria (CBN), produced harmonised guidelines and Rules on Margin Lending for Banks, Brokerage Firms, Asset Managers and other Financial Institutions that would enable the Commission regulate margin lending activities in the capital market.

## **Inputs into the Land Use Act**

The Commission also reviewed the proposed amendments to the Land Use Act 1978 with a view to promoting investments in Real Estate Investment Trust Schemes and Mortgage Backed Securities. The review was to prevent constraints that may arise in the processing of Mortgage Backed Securities.

## **Investigation of Managing Directors of Eight (8) Banks**

A Joint Task Force (JTF) was established to investigate the cases against the Managing Directors of eight (8) banks quoted on The Nigerian Stock Exchange (NSE) who were removed due to alleged fraudulent activities that contributed to the crash of the market in 2008.

## **Prosecution of erring Market Operators**

As a fallout of the Commissions monitoring and investigation activities, two hundred and sixty (260) Capital Market Operators (CMOs) were brought before the Investments and Securities Tribunal (IST) for alleged violation of market rules. The zero-tolerant stance on market infractions embarked upon by the Commission led to the closure of the premises of illegal market operators coupled with stringent enforcement actions which included naming and shaming of erring market operators.

Other enforcement actions taken include the suspension of Thirty-Four (34) Brokers/Dealers who failed to comply with the reporting obligations as stipulated by the Investments and Securities Act 2007 (ISA) and SEC Rules and Regulations and the imposition of various sanctions on Ninety-Two (92) market operators who violated the provisions of the Money Laundering Act. In another development, some quoted companies such as Big Treat, Evans Medical and HIS were sanctioned for various market infractions.



## **Intervention at the Nigerian Stock Exchange (NSE)**

The Commission intervened in the crises at the Nigerian Stock Exchange (NSE) which led to the removal of the former Director General of the Exchange. The Commission has been involved in the enhancement of the corporate governance structure in the Nigerian Stock Exchange (NSE) to promote transparency and accountability.

## **Public Enlightenment Campaign**

The Commission continued with its public enlightenment campaigns to policy makers in the public sector, captains of industries in the private sector, the general public and the academia. The objective has been to enlighten policy makers in various sectors of the economy on the benefits of using the capital market for industrial development, wealth creation, career opportunities (for the younger generation) and ultimately, improve investors' confidence and knowledge.

In May 2010, the Commission organised a public enlightenment campaign in Sokoto and Kano states which included the setting up of capital market clubs in secondary schools. Youth Corp Members in Rivers, Yobe, Bauchi, Maiduguri, and Gombe States were also visited to sensitise them on the activities of the Capital Market.

In another development, the Commission embarked on a public enlightenment campaign to highlight the activities of illegal operators, in Kaduna State. The aim of the campaign was to prevent investors from falling prey to fraudsters who may want to exploit their ignorance to defraud them.

Other measures taken by the Commission included an awareness programme on Code of Corporate Governance organized for all Capital Market Operators (CMOs) and their employees and the continuous review of quoted companies' annual/half yearly financial reports to ensure compliance with the SEC Code of Corporate Governance. The reviewed Code of Corporate Governance was finalized during the year.

## **Investor Protection**

Considering the fact that an educated investor is a protected investor, the Commission developed a number of publications slated for publication in 2011. The publications would further enhance the teaching of capital market studies already infused into six (6) subjects as approved by the National Council of Education.



The Commission also developed a blue print on investor education.

### **Securities Exchange Commission (SEC) Transformation Office**

The Commission constituted a Transformation office headed by a Director with the support of a consulting firm, ACCENTURE. The Transformation Team coordinated the reforms of the Commission and ensured that all initiatives were neatly interwoven and followed through.

### **OUTLOOK FOR 2011**

Nigeria may be one of investors' havens in year 2011 considering the reforms in year 2010 and the gradual return of investor confidence in the capital market. China, Brazil and India were reported to be building global presence that was once perceived of western firms. The IMF in its world economic outlook projected that the continent of Africa will grow by 5.5 % in 2011 and Nigeria, by 7.4%. However local estimation of the GDP figure in 2011 is 7.98%.

According to the World Bank, the outlook for developing countries in 2011, possess a large potential for future growth as they offer abundant opportunities for high return/high growth potential investments. In their analysis, they considered the important reforms undertaken by most emerging markets in recent years to improve the effectiveness of their programmes and investments but considered the financing constraints that could hinder most countries from fully exploiting these growth opportunities.

A general view of capital markets in developed countries in 2011 is that activities would slow down due to the increased private debt level before the 2007-2008 global crises and the growth in public debt burdens as a result of government borrowings to stimulate their economies. Emerging markets have less debt and could grow faster which would attract creditors' interest.

It is hoped that a continuous coordination of monetary and fiscal policies by the Nigerian authorities would be pursued to accelerate economic recovery and ensure macroeconomic stability. An accelerated real sector and structural reforms aimed at enhancing economic growth and tackling the infrastructural and institutional bottlenecks to a more competitive and business-friendly environment is also envisaged. Similarly, the success of interventions in the financial sector would help restore confidence and guarantee a robust financial sector better positioned to support real sector growth and employment generation.



On its part, the Commission has arranged series of action plan to ensure that the Nigerian capital market attains its status as a vehicle for economic growth and development. For instance, the Commission is working on creating enabling environment and trading platform for bonds and has been dialoguing with key stakeholders especially in the real sector of the economy to list on the Nigerian Stock Exchange.

There is possibility of mergers by capital market operators especially brokerage firms to beef up their capital base and form stronger institutions. The elimination of toxic assets by the Asset Management Corporation of Nigeria (AMCON) from the system, investor education and protection strategies by the Commission and other stakeholders as well as creation of laws and rules that would promote the investment climate in Nigeria is an indication that the Nigerian capital market is set to rebalance and even surpass its pre-crises position and achieve its vision of being Africa's leading capital market. Good as this may sound the country needs to address issues in the areas of perceived insecurity in some key economic areas of the country and the poor state of infrastructure which are drawbacks to investment.

## **APPRECIATION**

My Esteemed Stakeholders,

May I, on behalf of the Commission, express our profound appreciation to you Investors, Capital Market Operators and other Stakeholders for your unflinching support in the year 2010. The improved market performance recorded during the period would not have been possible without your co-operation.

I remain extremely grateful to the entire staff and management of the Commission for their commitment and selfless service despite the challenging operating environment brought about by the global financial meltdown.

I also appreciate the Board of the Commission, our supervising Ministry; Federal Ministry of Finance, the Senate and House Committees on Capital Market, for their continued support and dedication to make the Commission a world class market regulator.



Finally, I am well aware that there is still a lot to be done if we must attain our objective of being a world class capital market regulator but I am optimistic that with your unwavering support we shall attain this height.

May the Almighty God continue to bless and direct us in all our endeavours.

Thank you.

**Ms Arunma Oteh**  
Director-General  
**DECEMBER, 2010**



## OUR PEOPLE

### BOARD OF THE COMMISSION



**Senator Udoma Udo Udoma**  
Chairman



**Ms Arunma Oteh**  
Director-General



**Ms Daisy S. Ekineh**  
Executive Commissioner, Operations



**Alhaji Lawal Sani Stores**  
Executive Commissioner, Finance  
& Administration



**Mr Charles A Udora**  
Executive Commissioner, Legal & Enforcement



**Alhaji Yahya Ali**  
Non-Executive Commissioner



**Mrs Aderonke Fatade**  
Non-Executive Commissioner



**Mr. Baba Gidado Mohammed**  
Rep. Federal Ministry of Finance



**Mr. Chris O. Chukwu**  
Rep. Central Bank of Nigeria



**Mr Edosa Kennedy Aigbekaen**  
Secretary to the Commission



## **EXECUTIVE MANAGEMENT**



**Ms Arunma Oteh**  
Director-General



**Ms Daisy S. Ekineh**  
Executive Commissioner, Operations



**Alhaji Lawal Sani Stores**  
Executive Commissioner, Finance  
& Administration



**Mr Charles A. Udora**  
Executive Commissioner, Legal & Enforcement



## **HEADS OF DEPARTMENT**



**Mr Edosa Kennedy Aigbekaen**  
Secretary to the Commission  
& Director, Legal Services



**Mrs B C Okereafor**  
Director/HOD, Research & Planning



**Mr Sylvester O Akele**  
Director, Special Duties



**Mr Moses A Isiaku**  
Director/HOD, RRIE



**Mr. I. Kola Ekundayo**  
Director/HOD, Internal Control



**Mr. Mustapha Usman Jega**  
Director/ Coordinator, Zonal Offices



**Mr Abatcha Bulama**  
Director/HOD, Finance & Accounts



**Mrs. A. O. Obhielo**  
Director/HOD, Financial Standards & Corporate  
Governance (FS&CG)



**Ms Mary Uduk**  
Director/HOD, Securities & Investments Services (SIS)



**Mr Bala Usman**  
Director/HOD,  
Monitoring & Investigation



**Mrs Louisa Eni-Umukoro**  
Director/HOD, Collective  
Investment Services (CIS)



**Mr Hussaini Dauda**  
Deputy Director/HOD,  
Human Resources



**Mr Henry Rowland**  
Deputy Director/HOD,  
Information Technology (IT)



**Mr D A Ibrahim**  
Deputy Director/HOD,  
Administration



**Mr Ismaila Mohammed Ville**  
Deputy Director/HOD,  
Corporate Affairs



**Mr R C Karawusa**  
Assistant Director/HOD,  
Enforcement & Compliance (E&C)

**Mr O E M Elujekor**  
Deputy Director/Head,  
Onitsha Zonal Office

**Mr Abdul Zubairu**  
Director/Head,  
Kano Zonal Office

**Mr Abdulkadir Usman**  
Assistant Director/Head,  
Maiduguri Zonal Office

**Mr. Babatunde Alani Osineye**  
Acting Head,  
Ibadan Zonal Office



**Mr I B Bello**  
Director,  
Transformation Programme Office

**Mr. O W Akpan**  
Deputy Director/Head,  
Port Harcourt Zonal Office

**Mrs Maryam Sallau**  
Assistant Director/Head,  
Kaduna Zonal Office

**Mrs. U. Molokwu**  
Assistant Director/Head,  
Lagos Zonal Office



## STAFF SUMMARY

The Commission had 574 staff as at 31<sup>st</sup> December, 2010 as categorized below:

### Number of Staff according to cadre

S/N	Categories of Staff	Numbers
1.	Executive Management Staff	4
2.	Management staff	55
3.	Senior Staff	338
4.	Junior staff	177
	Total	<b>574</b>

### Number of Staff by Position and Location

S/N	Positions	Number of Staff	Head Office	Zonal Offices
1	Director General	1	1	-
2.	Executive Commissioners	3	3	-
3.	Directors	17	16	1
4.	Deputy Directors	19	17	2
5.	Assistant Directors	20	16	4
6.	Senior Managers	30	21	9
7.	Managers	62	47	15
8.	Assistant Managers	143	122	21
9.	Senior Supervisors	105	84	21
10.	Supervisors	38	27	11
11.	Senior Clerk	40	22	18
12.	Clerk I	37	23	14



13.	Clerk II	17	12	5
14.	Clerk III	32	21	11
15.	Clerk	13	10	3
	TOTAL			<b>574</b>

In addition, National Youth Service Corps (NYSC) members and Industrial Attachees served in the Commission in 2010 as follows:

NYSC - 62

IT - 63



# SECTION 2

- **REPORT ON OPERATIONAL ACTIVITIES**



## **OVERVIEW OF THE MARKET**

The capital market witnessed in 2010 a considerable level of improvement in all segments of the market unlike the past two (2) years, when market performance was poor with significant decline in activities.

Starting with the new issues market, the number of equity issues improved from just five (5) in 2009 to twelve (12) in 2010, all of which were rights and special placements. Eleven (11) debt securities, consisting of five (5) sub-national bonds, five (5) corporate bonds and one (1) loan stock, were issued in 2010 against three (3) sub-national and one (1) corporate bonds issued in 2009. In general, the value of equities and debt securities issued, excluding FGN bonds, increased by over 313% from N85.91 billion in 2009 to about N355.13 in 2010.

Secondary market indicators also ended the year on positive notes with favorable stability and advancement in equity prices. For instance, the All-share index and market capitalization, which recorded declines of 33.78% and 26.46% in 2009, closed the year 2010 with appreciations of 18.93% and 46.86% respectively. Although the volume of traded securities on the Nigerian Stock Exchange during the year declined by 9.11% compared to the 2009 figure, the turnover value appreciated by 16.52%.

Among other factors, these records of improvement were driven by the Commission's focus during the year on deepening and broadening the capital market, investor education programmes towards restoring confidence and enhancing regulatory oversight.



## **THE PRIMARY MARKET**

### **NEW ISSUES**

A total of fifty nine (59) issues worth about N1.43 trillion were floated in the new issues market in 2010 compared to forty two (42) issues valued at N700.35 billion issued in 2009. Debt securities constituted the bulk of the issues, accounting for N1.31 trillion or 91.57% of the total value of securities issued during the year from forty seven (47) issues<sup>1</sup>. Equities accounted for about N120.34 billion i.e. 8.43% from twelve (12) issues. Altogether the Commission approved twenty three (23) of the issues while the Debt Management Office (DMO) handled the issuance of the FGN bonds.

#### **(a) Equities**

The twelve (12) equities issued during the year consisted of five (5) rights issues with a value of N46.09 billion and seven (7) private placements worth N74.25 billion.<sup>2</sup> The offers were to be utilized as stated below:

**Oando Plc** - The Petroleum (Marketing) company issued rights worth ₦21.12 billion to refinance the acquisition of upstream assets, fund upstream business development, and additional working capital.

**Hallmark Paper Products Plc** - Floated right issue of N250 million to finance paper trading, working capital, factory extension, procurement of new machineries and equipment, office expansion, upgrade/overhauling of existing plant and machineries and to bridge loan repayment.

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<sup>1</sup> See table 1

<sup>2</sup> See table 2



**Nexans Kabelmetal Nigeria Plc** – Issued rights worth ₦129.42 million for additional working capital and procurement of machinery and equipment.

**Interlinked Technology Plc** – Floated rights worth ₦666.80 million for additional working capital and to finance the expansion of its operational facilities.

**Nigeria Wire and Cable Plc** – Raised ₦1.239 billion capital through special placement for additional working capital, payment of liabilities to banks and other creditors, construction of new office building and to finance its operational facilities.

**African Alliance Insurance Plc** - Privately placed to CONAG Limited its 4,585.00 million ordinary shares of 50k each at ₦0.50 per share for a value of ₦2.292 billion.

**Ecobank Nigeria Plc** - The bank raised ₦46.63 billion through special placement to enable it inject additional capital so as to sustain its current level of operations and also maintain effective adequacy ratio.

**Unity Bank Plc** - The bank floated rights issue valued at ₦23.93 billion to enable it finance working capital, branch expansion, technological enhancement, re-branding and human capital development.

**Tourist Company of Nigeria Plc:** The company specially placed its shares worth ₦2.41 billion to finance the Federal Palace Hotel. It intends to establish a casino, a marquee for additional conference and banqueting space, the development of a swimming club & children facility, minor renovations on the Towers Hotel and additional working capital.

**Skye Bank Plc** - The bank sourced for ₦12.25 billion capital through special placement to increase its shareholders' fund beyond ₦100 billion mark. The fund would be applied for investment in infrastructure, establishment of new branches and IT infrastructure.



**Wema Bank Plc** - The bank issued a special placement worth N9.21 billion to finance expansion of branch network in south-south region, upgrading of all existing branches (post regional status), strategic business development, additional working capital and expansion and upgrading of IT infrastructure.

## **(b) Corporate Bonds**

In 2010, six (6) debt issues, {five (5) bonds and one (1) loan stock}, were issued by corporate bodies.<sup>3</sup> The issues, involving 2.32 billion units of securities, were worth N77.29 billion. These companies planned to utilize proceeds from their respective offers as follows:

**C&I Leasing Plc** – the company issued a five (5)-year bond worth ₦2.24 billion through private placement. The unsecured variable coupon redeemable convertible loan stock will be maturing in 2014. Proceeds from the issue will be utilized to finance:

- Acquisition of car spare parts, distribution and maintenance capacity 22.9%
- Repayment of borrowings 13.8%
- Increase in working capital 24.7%
- Additional investment in subsidiary
  - i. Leasafric Ghana 10%
  - ii. C & I Motor Limited Nigeria 22.9%
  - iii. Citrans Global Services 5.71%

**UACN Property Development Co. Plc** - the Company floated a 10% coupon N15 billion bond, maturing in 2015. Proceeds from the bond would be applied to finance:

- Existing short term borrowing - 53%
- Victoria Mall Plaza Phase 3, Victoria Island – 7%
- Cameron Green development, Ikoyi – 7%
- Gudu Development, Abuja – 7%
- Dutse Development, Abuja – 7%
- Pinnock Beach Estate, Lekki - 7%
- Katampe Project – 7%
- GRA Ikeja Project – 5%

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<sup>3</sup> See table 3



**United Bank for Africa Plc** – the bank floated a 7-year 13% coupon bond valued at N20.0 billion to finance:

- Banking distribution channels – 27.6%
- Infrastructure Financing – 11.8%
- UBA Africa expansion – 39.5%
- IT & systems upgrade – 21.1%

**Flour Mills Nigeria Plc** - the company got approval for a shelf registration of N70.0 billion bond programme. The first tranche of the bonds, worth N37.50 billion and a coupon of 12%, was issued in December to mature in 2015. Net proceeds from this offer would be applied to finance:

- Existing medium term loans with Zenith Bank Plc – 54.53%
- Expansion of milling business at Apapa, Lagos – 16.36%
- Investment in sugar refinery project located in Apapa, Lagos – 16.36%
- Working capital – 12.76%

**Chellarams Plc** - the company also got approval for a shelf registration of N5.0 billion bond programme. The first series was worth N1.50 billion with a coupon of 14% and maturity of 2016. The net proceeds from this issue would be applied in the following proportion:

- Company Projects – 28.13%  
(Bulk Chemical Drumming, Sachet plant capacity expansion, investment property and other infrastructure development)
- Investment in Associate Companies – 25.32%
- Loans/Overdraft reductions – 31.65%
- Working Capital – 14.91%

**Tantalizers Plc** - the company got approval to float equity of 261.63 million units of N0.86 per share, amounting to N225.00 million and a 6-year tenor commercial loan stock worth US\$ 7.0 million (N1.05 billion). The offers were privately issued in favor of International Finance Corporation (IFC). While the proceeds from the equity will be used to finance the perfection of securities for the loan from IFC, proceeds from the loan stock would be applied to finance the following:



- Renovation of 15 existing Outlets – 20.95%
- Acquisition of 4 new Outlets – 41.90%
- Information technology provision – 19.05%
- Working capital – 10.48%
- Environmental, Health & Safety – 7.62%

### (c) **Sub-National Bonds**

Five (5) state governments, Lagos, Bayelsa, Kaduna, Ebonyi and Edo floated bonds worth N157.50 billion for various developmental projects.<sup>4</sup> Proceeds from the issues, details also shown on Table 4, would be applied as stated below (see also Table 4):

**Lagos State Government;** the state government raised the sum of N57.50 billion bond, being the 2<sup>nd</sup> tranche of its N275 billion bond programme which commenced in 2008. The State Government would be utilizing 78.71% of the proceeds to finance ongoing infrastructural projects while the balance of 21.29% is for re-financing outstanding loans.

**Bayelsa State Government;** the state offered at par to the public, a 7-year 13.75% bond of N50.0 billion which would be maturing in 2017. It planned to utilize the proceeds from this offer for the repayment of existing obligations owed Equatorial Bank, Bank PHB, Intercontinental Bank, First Bank of Nigeria, Multilateral Debts and World Bank.

**Kaduna State Government;** the state government floated a 5-year 12.5% coupon bond worth N8.50 billion to be utilized in the following proportion:

- Zaria regional water supply (150 MLD treatment plant) – 29.4%
- Construction of 200 bed specialist hospital, Kaduna Millennium City, Kaduna – 25.5%
- Construction of new government house office complex, Kaduna – 25.5%
- Construction of Tum Madakiya road and construction of 4<sup>th</sup> bridge across River Kaduna – 12.8%
- Construction of Kafanchan Campus of Kaduna State University, Kaduna – 6.8%

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<sup>4</sup> See table 4



**Ebonyi State Government;** the state issued a 5-year 13% coupon bond worth N16.50 billion, maturing in 2015. Proceeds from the offer would be applied in the following proportion:

- Repayment of outstanding bank facilities – 36.19%
- Ebonyi State International Market, Abakaliki – 32.31%
- Ebonyi State regional water schemes – 16.92%
- Ebonyi roads & bridges of Unity – 13.00%
- Ebonyi rice world project – 1.58%

**Edo State Government;** The state government floated a 5-year 14.0% coupon bond worth N25 billion, 55.54% of which would be utilized for refinancing total debt obligations while the balance of 44.46% would be applied to finance on-going infrastructural projects.

#### **(d) Federal Government of Nigeria (FGN) Bonds**

On behalf of the Federal Government, the Debt Management Office (DMO) during the year auctioned thirty six (36) issues of FGN bonds worth about N1.073 trillion.<sup>5</sup> The bonds involved five (5) categories, classified by their date of maturity (3 years, 5 years, 7 years, 10 years and 20 years).

As shown in Table 5, the 3year bonds involved twelve (12) issues, one (1) maturing May 22, 2012 and the other eleven (11) to be redeemed February 20, 2013. The 5 year bonds were seven (7), while the 7 year bonds were two (2) in number with redemption dates of April 23, 2015 and September 28, 2014 respectively. There were also three (3) issues with the tenor of 10 years to be redeemed on October 23, 2019. The 20year bonds numbered twelve (12), six (6) of which would be redeemed November 20, 2029, five (5) maturing on July 23, 2030 and one (1) maturing, November 28, 2030.

In all, the bonds were largely oversubscribed to the tune of about N2.142 trillion, indicating about 200% level of subscription. However, the DMO allotted bonds worth about N1.112 trillion during the year.



## **REGISTERED SECURITIES IN 2010**

With the exception of FGN bonds which were handled by the DMO, the other twenty three (23) new issues in addition to twenty eight (28) bonus issues, three (3) existing securities and one (1) debt-equity conversion were registered by the SEC in 2010. The bonus issues involved about 43.20 billion shares with a nominal value of N21.78 billion.<sup>6</sup>

In preparation for listing, three (3) companies registered their existing securities<sup>7</sup> with the Commission in 2010. As shown in Table 7, a total of about 5.02 billion ordinary shares with a nominal value of N2.76 billion were registered by the three (3) companies.

## **CONVERSION (DEBT TO EQUITY)**

During the year, the Commission approved the conversion of US\$100 million worth of debt to 1,181,055,863 units of ETI Plc's equity.<sup>8</sup> The debt conversion was in favor of International Finance Corporation (IFC), which granted the loan to ETI Plc. See details in Table 8.

## **ALLOTMENT CLEARANCE**

The Commission processed and cleared twenty one (21) allotment proposals, involving eight (8) special placements, five (5) rights issues, four (4) corporate bonds and four (4) sub-national bonds.<sup>9</sup> The issues involved about 38.45 billion units of securities valued at N299.05 billion.

A look at the subscription levels to the offers, revealed that only two (2) issues were oversubscribed, five (5) were undersubscribed while the other fourteen (14) were fully subscribed. One of the undersubscribed offers was aborted, since it was less than the minimum level of subscription stipulated by the Rules. Hence, a total of about N289.14 billion was capitalized in all.

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5 See table 5

6 See table 6

7 See table 7

8 See table 8

9 See table 9



**TABLE 1: SUMMARY OF NEW ISSUES IN 2010 BY TYPE OF OFFER**

<b>Mode of Offer</b>	<b>No. of Issues</b>	<b>Value of Shares (N' m)</b>	<b>% of Total Value</b>
<b>EQUITIES :</b>			
Rights	5	46,086.67	3.23
Special Placements	7	74,252.33	5.20
<b>Total Equities</b>	<b>12</b>	<b>120,339.00</b>	<b>8.43</b>
<b>CORPORATE BOND</b>	5	76,240.00	5.34
<b>COMMERCIAL LOAN STOCK</b>	1	1,050.00	0.07
<b>STATE GOVT. BONDS</b>	5	157,500.00	11.03
<b>FGN BONDS</b>	36	1,073,120.00	75.14
<b>Total Debt</b>	<b>47</b>	<b>1,307,910.00</b>	<b>91.57</b>
<b>Overall</b>	<b>59</b>	<b>1,428,249.00</b>	<b>100.00</b>

Source: SEC



**Table 2: NEW ISSUES OF PUBLIC COMPANIES IN 2010 (EQUITIES)**

<b>Company</b>	<b>Type Of Issue</b>	<b>Nominal Value (N)</b>	<b>Offer Price (N)</b>	<b>Volume (Million)</b>	<b>Value N'm</b>	<b>Issuing House</b>	<b>Date Opened</b>
Nexans Kabelmetal Nig. Plc	Rights	2.00	2.60	49.78	129.43	Lead Capital Ltd.	11/01/10
Interlinked Technology Plc	Rights	0.50	3.50	188.80	660.80	Radix Capital Partners Ltd.	11/01/10
Hallmark Paper Production Plc	Rights	0.50	2.50	100.00	250.00	Profound Securities Ltd.	18/01/10
Oando Plc	Rights	0.50	70.00	301.69	21,118.30	Vetiva Capital MgtLtd/ FCMB Capital Markets Ltd/Stanbic IBTC Bank	25/01/10
Nig. Wire and Cables Plc	Special Placemnt	0.50	1.05	1,180.00	1,239.00	Lead Capital Ltd.	07/01/10
African Alliance Insurance Plc	Special Placemnt	0.50	0.50	4,585.00	2,292.50	Apt Securities and Ins Ltd.	27/01/10
Ecobank Nigeria Plc	Special Placemnt	0.50	7.00	6,661.88	46,633.16	Intercontinental Capital Markets Ltd	06/01/10
Tourist Company of Nigeria Plc	Special Placemnt	0.50	3.79	634.59	2,405.10	Stanbic IBTC Bank Plc	25/03/10
Unity Bank Plc	Rights	0.50	1.00	23,928.14	23,928.14	Deap Capital Management & Trust Plc	04/06/10
Skye Bank Plc	Special Placemnt	0.50	7.00	1,750.00	12,250.00	Renaissance Securities Nig. Ltd.	19/08/10
Wema Bank Plc	Special Placemnt	0.50	3.00	3,069.19	9,207.57	Skye Financial Services Ltd.	28/10/10



Tantalizers Plc	Special Placements	0.50	0.86	261.63	225.00	Skye Financial Services Ltd.	10/11/10
<b>Total</b>				<b>42,710.70</b>	<b>120,339.00</b>		

Source: SEC

**Table 3: CORPORATE BONDS/LOAN STOCK ISSUED IN 2010**

Issuer	Offer Price (N)	Volume (Million)	Value N'million	Issuing House	Coupon	Maturity	Date Opened
C & I Leasing Plc	1,000.00	2,240.00	2,240.00	Afri Invest W. A. Plc	Variable Rate		04/01/10
UACN Property Development Co. Plc	1,000.00	15.00	15,000.00	Stanbic IBTC Bank Plc & Others	10.0%	2015	17/08/10
United Bank for Africa Plc	1,000.00	20.00	20,000.00	UBA Capital & Others	13.0%	2017	24/09/10
Flour Mills Nigeria Plc –S1	1,000.00	37.50	37,500.00	UBA Capital/GT Bank/Zenith Capital	12.0%	2015	09/12/10
Chellarams Plc	1,000.00	1.50	1,500.00	Dunn Loren Merrifield	14.0%	2016	31/12/10
Tantalizers Plc – Loan stock (US\$7.0 million)*	US\$1,000.00	7.00	1,050.00	Skye Financial Services Ltd.	Floating Rate	2016	10/11/10
<b>Total</b>		<b>2,321.00</b>	<b>77,290.00</b>				

\*US\$=N150



**Table 4: SUB-NATIONAL BONDS ISSUED IN 2010**

Issuer	Offer Price (N)	Volume (Million)	Value N'million	Issuing House	Coupon	Maturity	Date Opened
Lagos State Government	1,000.00	57.50	57,500.00		12-14%	2017	19/04/10
Bayelsa State Government	1,000.00	50.00	50,000.00	FBN Capital Ltd & 8 Others	13.75%	2017	30/06/10
Kaduna State Government	1,000.00	8.50	8,500.00	BGL Plc & Others	12.5%	2015	31/08/10
Ebonyi State Government	1,000.00	16.50	16,500.00	UBA Capital & Others	13.0%	2015	29/09/10
Edo State Government	1,000.00	25.00	25,000.00	Afrinvest West Africa & Others	14.0%	2015	31/12/10
<b>Total</b>		<b>157.50</b>	<b>157,500.00</b>				

Source: SEC



**Table 5: AUCTION SUMMARY FOR FGN BONDS IN 2010**

S/N	Issues	Tenor (Years)	Amount Auctioned (N'billion)	Level of Subscription %	Amount Subscribed (N'billion)	Amount Allotted (N'billion)	Marginal Rate	Auctioned Date
1	May 22, 2012**	3	20.00	202.15	40.43	38.50	6.83	20/01/10
2	October 23, 2019**	10	25.00	168.40	42.10	25.00	8.14	20/01/10
3	November 20, 2029**	20	30.00	218.33	65.50	30.00	8.50	20/01/10
4	February 20, 2013	3	20.00	390.15	78.03	20.00	5.50	17/02/10
5	October 23, 2019**	10	25.00	212.80	53.20	25.00	7.00	17/02/10
6	November 20, 2029**	20	30.00	220.17	66.05	30.00	8.50	17/02/10
7	February 20, 2013**	3	20.00	410.70	82.14	20.00	5.50	17/03/10
8	October 23, 2019**	10	20.00	311.00	62.20	20.00	7.00	17/03/10
9	November 20, 2029**	20	30.00	266.20	79.86	30.00	8.50	17/03/10
10	February 20, 2013**	3	30.00	121.00	36.30	30.00	5.50	21/04/10
11	April 23, 2015	5	20.00	343.60	68.72	20.00	4.00	21/04/10
12	November 20, 2029**	20	30.00	170.50	51.15	30.00	8.50	21/04/10
13	February 19, 2013**	3	25.00	104.20	26.05	25.00	5.50	19/05/10
14	April 23, 2015**	5	25.00	104.80	26.20	25.00	4.00	19/05/10



15	November 20, 2029**	20	30.00	144.87	43.46	30.00	8.50	19/05/10
16	February 19, 2013**	3	30.00	327.00	98.10	30.00	5.50	23/06/10
17	April 23, 2015**	5	30.00	214.03	64.21	30.00	4.00	23/06/10
18	November 20, 2029**	20	20.00	335.10	67.02	20.00	8.50	23/06/10
19	February 19, 2013**	3	35.00	220.00	77.00	35.00	5.50	21/07/10
20	April 23, 2015**	5	35.00	175.26	61.34	35.00	4.00	21/07/10
21	July 23, 2030	20	35.00	209.37	73.28	35.00	10.00	21/07/10
22	February 19, 2013**	3	35.00	236.26	82.69	42.49	5.50	18/08/10
23	April 23, 2015**	5	35.00	145.37	50.88	42.33	4.00	18/08/10
24	July 23, 2030**	20	35.00	197.97	69.29	41.64	10.00	18/08/10
25	February 19, 2013**	3	40.00	164.13	65.65	40.00	5.50	22/09/10
26	April 23, 2015**	5	40.00	203.00	81.20	40.00	4.00	22/09/10
27	July 23, 2030**	20	40.00	253.10	101.24	40.00	10.00	22/09/10
28	February 19, 2013**	3	40.00	94.45	37.78	26.67	5.50	20/10/10
29	September 28, 2014	7	62.81	86.13	54.10	37.50	9.25	20/10/10
30	July 23, 2030**	20	40.00	170.43	68.17	58.76	10.00	20/10/10
31	February 19, 2013**	3	20.00	172.65	34.53	22.03	5.50	18/11/10
32	September 28, 2014**	7	25.31	122.09	30.90	25.31	9.25	18/11/10
33	July 23, 2030**	20	25.00	246.04	61.51	41.90	10.00	18/11/10



34	February 2013**	19,3	25.00	165.28	41.32	25.00	5.50	15/12/10
35	April 2015**	23,5	20.00	279.00	55.80	20.00	4.00	15/12/10
36	November 2030	28,20	25.00	177.68	44.42	25.00	15.00	15/12/10
<b>Total</b>			<b>1,073.12</b>		<b>2,141.82</b>	<b>1,112.13</b>		

Source: DMO \*The Marginal Rate is the rate which is applied to all successful bids

**TABLE 6: REGISTERED BONUS ISSUES IN 2010**

S/N	Company	Volume (Unit)	Nominal (Naira)	Value	Date Registered	Bonus Ratio
1	Regency Alliance Insurance Plc	606,250,000	303,125,000		15/01/10	1 for 10
2	Niger Delta Exploration Products Plc	18,454,120	184,541,200		13/01/10	1 for 5
3	Nigerian Aviation Handling Co. Plc	246,093,750	123,046,875		04/01/10	1 for 4
4	University Press Plc	59,917,986	29,958,993		08/01/10	1 for 5
5	STACO Insurance Plc	482,947,796	241,473,898		04/02/10	1 for 10
6	Royal Exchange Plc	369,588,872	184,794,436		18/02/10	1 for 10
7	International Energy Insurance Plc	917,203,921	458,601,960		19/02/10	1 for 6
8	R. T. Briscoe Nigeria Plc	113,460,290	56,730,145		25/03/10	1 for 5
9	Ikeja Hotels Plc	346,469,600	173,234,800.00		14/05/10	1 for 4
10	GT Bank Plc	4,663,437,154	2,331,718,577.00		14/05/10	1 for 5
11	Premier Paints Plc	12,500,000	6,250,000.00		25/05/10	1 for 5
12	Premier Paints Plc (Ratification)	12,500,000	6,250,000.00		25/05/10	1 for 4
13	AIICO Insurance Plc	1,742,668,683	871,334,341.50		27/05/10	1 for 4



14	Crusader Nigeria Plc	410,964,414	205,482,207.00	27/05/10	1 for 10
15	UBA Plc	4,311,292,493	2,155,646,246.50	14/06/10	1 for 5
16	Beta Glass Plc	45,452,000	22,726,000.00	18/06/10	1 for 5
17	Access Bank Plc	1,626,204,680	813,102,340.00	2/7/2010	1 for 10
18	Zenith Bank Plc	6,279,298,757	3,139,649,378.50	21/07/10	1 for 4
19	Oando Plc	603,389,752	301,694,876.00	04/08/10	1 for 2
20	First Bank of Nigeria Plc	3,625,787,151	1,812,893,575.50	11/08/10	1 for 8
21	Industrial & General Insurance Plc	1,176,135,312	588,067,656.00	11/08/10	1 for 10
22	R. T. Briscoe Nigeria Plc	136,152,348	68,076,174.00	31/08/10	1 for 5
23	Dangote Cement Plc	14,000,000,000	7,000,000,000.00	06/10/10	1 for 4
24	Unity Capital Assurance Plc	650,000,000	325,000,000.00	11/10/10	1 for 9
25	AIICO Insurance Plc	17,372,186	8,686,093.00	05/11/10	Arising from Merger
26	UACN Property Development Plc	275,000,000	137,500,000.00	08/11/10	1 for 4
27	May & Baker Nigeria Plc	280,000,000	140,000,000.00	06/12/10	2 for 5
28	Flour Mills Nigeria Plc	170,837,333	85,418,666.50	13/12/10	1 for 10
<b>Total</b>		<b>43,199,378,598</b>	<b>21,775,003,438.50</b>		

Source: SEC



**TABLE 7: REGISTERED EXISTING SECURITIES IN 2010**

<b>Company</b>	<b>Volume (Unit)</b>	<b>Nominal (Naira)</b>	<b>Value</b>	<b>Date Registered</b>
Obajana Cement Plc	500,000,000	500,000,000.00		25/05/10
Paints and Coatings Manufacturing Nigeria Plc	792,914,256	396,457,128.00		23/09/10
Multi-Trex Integrated Food Plc	3,722,493,620	1,861,246,810.00		21/10/10
<b>Total</b>	<b>5,015,407,876</b>	<b>2,757,703,938.00</b>		

Source: SEC

**TABLE 8: APPROVED CONVERSIONS IN 2010**

<b>Issuer</b>	<b>Issue type</b>	<b>Issued shares</b>	<b>Price</b>	<b>Value</b>	<b>Date Registered</b>
			<b>US\$</b>	<b>US\$</b>	
EcoBank Transnational Incorporated Plc	Debt- Equity Conversion	1,181,055,863	0.08467	US\$100,000,000	11/02/10

Source: SEC



**TABLE 9: ALLOTMENTS APPROVED IN 2010**

Company	Offer Price (N)	Volume of shares offered (million)	Value of shares offered (N'million)	Level of Subscription (%)	Amount Capitalized (N'million)	Date Approved
<b>Private Placement:</b>						
Interlinked Technologies Plc	2.50	140,900,000	352,250,000.00	100.00%	352,250,000.00	10/02/10
African Paints (Nig) Plc	0.50	130,000,000	65,000,000.00	100.00%	65,000,000.00	02/02/10
Nigeria Wire and Cable Plc	1.05	1,180,000,000	1,239,000,000.00	100.00%	1,239,000,000.00	02/02/10
Ecobank Nigeria Plc	7.00	6,661,876,000	46,633,132,000.00	100.00%	46,633,132,000.00	02/02/10
African Alliance Insurance Plc	0.50	4,585,000	2,292,500.00	100.00%	2,292,500.00	01/03/10
Skye Bank Plc	7.00	1,750,000,000	12,250,000,000.00	93.39%	11,440,275,000.00	27/08/10
Tantalizers Plc	0.86	261,627,907	225,000,000.00	100.00%	225,000,000.00	11/12/10
Wema Bank Plc	3.00	3,096,189,286	9,288,567,858.00	81.00%	7,523,739,964.98	11/12/10
<b>Rights:</b>						
Oando Plc	70.00	301,694,876	21,118,641,320.00	128.20%	21,118,641,320.00	10/02/10
Nexam Kabelmetal Nig. Plc	2.60	49,777,777	129,422,220.20	127.12%	129,422,220.20	02/02/10



Interlinked						
Technologies Plc	3.50	188,800,904	660,803,164.00	25.70%	169,826,413.15	02/02/10
Unity Bank Plc	1.00	6	0	72.45%	4	02/02/10
Hallmark Paper Plc	2.50	100,000,000	250,000,000.00	21.00%	Aborted	04/06/10
<b>Corporate Bonds</b>						
C&I Leasing Plc	4.75	471,580,000	2,240,005,000.00	100.00%	2,240,005,000.00	03/02/10
GT Bank Plc	1,00 0.00	13,165,000	13,165,000,000.0 0	100.00%	13,165,000,000.0 0	01/03/10
UACN Property Development Plc	1,00 0.00	15,000,000	15,000,000,000.0 0	100.00%	15,000,000,000.0 0	06/10/10
UBA Plc	1,00 0.00	20,000,000	20,000,000,000.0 0	100.00%	20,000,000,000.0 0	30/09/10
<b>Sub-national Bond:</b>						
Bayelsa State Govt.	1,00 0.00	50,000,000	50,000,000,000.0 0	100.00%	50,000,000,000.0 0	15/07/10
Lagos State Govt.	1,00 0.00	57,500,000	57,500,000,000.0 0	100.00%	57,500,000,000.0 0	19/04/10
Kaduna State Govt.	1,00 0.00	8,500,000	8,500,000,000.0 0	100.00%	8,500,000,000.0 0	20/09/10
Ebonyi State Govt.	1,00 0.00	16,500,000	16,500,000,000.0 0	100.00%	16,500,000,000.0 0	26/10/10
		<b>38,445,838,776</b>	<b>299,047,256,088.20</b>		<b>289,139,523,316.17</b>	



## **THE SECONDARY MARKET**

### **Trading Volume and Value**

Trading on the floor of the Nigerian Stock Exchange (the Exchange) in 2010 ended on a good note as investors exchanged about 93.34 billion securities worth N797.55 billion in 1,918,479 deals.<sup>10</sup> While the volume of securities traded was lower by 9.11%, the value of traded securities and number of deals appreciated by 16.52% and 10.72% respectively when compared to trading figures in the preceding year. The volume and value of traded securities declined by 46.83% and 71.24% in 2009, when the market recorded a turnover volume and value of about 102.69 billion and N684.45 billion respectively.

Equities dominated the trading floor during the year. The only debt securities traded involved 13,000 units of Lagos State Government bond exchanged for N14.14 million in 7 deals. No transactions were recorded on FGN bonds, corporate bonds and preference shares in the reviewed period. The record of equities transactions for the years involved thirty three (33) of the thirty five (35) sectors.<sup>11</sup> The Aviation and Machinery (Marketing) sectors were dormant throughout the year, as shown in Table 11.

In terms of number of shares traded, the Banking sector dominated,<sup>12</sup> accounting for 53.06% i.e. about 49.52 billion of the overall shares exchanged during the year. Insurance sector was second with 14.84 billion shares to account for 15.89% of the shares traded. This was followed by Food, Beverages & Tobacco, Information, Communication and Telecommunication with 3.73 billion, 3.11 billion and 2.87 billion shares traded respectively. In sum, these top five (5) sectors accounted for over 79% of the number of shares traded in 2010.

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10 See table 10

11 See table 11

12 See table 12



In terms of trading value, Food, Beverages & Tobacco and Building Material sectors, with trading values of N82.18 billion and N71.82 billion, were behind the Banking sector which controlled 54.18% i.e. N432.07 billion of the total value of transaction. The two (2) sectors accounted for 10.30% and 9.01% respectively. The sums of N7.06 billion and N6.29 billion were realized from transactions of companies listed under the Breweries and Petroleum (marketing) sectors, which were the fourth and fifth on the table. Trading values of the above mentioned five (5) sectors aggregated to about N692.54 billion, representing 86.84% of the overall trading value.

Most of the sectoral indices recorded impressive performance during the year. The only exception was the NSE Insurance Index.<sup>13</sup>

The decline of 32.4% in the insurance sector is largely associated with declining revenue and poor bottom line as most companies in the industry continue to make huge provision for asset impairment.

The NSE Food and Beverage index outperformed others, including the NSE All-Share Index. This performance was largely driven by positive price movements recorded by companies such as Cadbury Nig Plc, Flourmills Plc, Northern Nigeria Flour mills and Nigerian Bottling Company Plc.

Investor appetite for this sector grew as most companies in the industry posted favourable earnings and have largely been consistent in dividend payout to shareholders.

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<sup>13</sup> See table 13



The NSE Banking index reflected the reform measures in the financial sector as it made a positive return of 17.61%, although, it marginally underperformed the NSE All-Share Index which gained 18.9%.

The positive performance of the banking sector is in spite of the declining turnover in the sector as most banks adopted a more cautious approach to lending. Improvements in profit margins have also resulted from cost reduction and more rigorous loan recovery efforts.

The oil and gas sector as represented by the NSE Oil and Gas index recorded an increase of 17.63%, but also underperformed the NSE All Share Index. The performance of the sector which consists of oil and gas marketing companies might have been dampened by a combination of factors. These include the liquidity squeeze in the economy and the reluctance of banks to lend, resulting in higher costs of financing. Another factor was the delay in payments to downstream operators under the Petroleum Support Fund which negatively impacted on the industry, although this has been resolved with the introduction of a sovereign guarantee scheme.



**TABLE 10: COMPARATIVE SUMMARY OF TRADING STATISTICS**

Securities	2009			2010		
	Deals	Volume	Value (Naira)	Deals	Volume	Value (Naira)
Government Bonds	0	0	0.00	7	13,000	14,136,500.00
Industrial Loans/Preference Shares	16	412,900	412,919,530.00	0	0	0.00
Equities	1,732,740	102,687,423,265	684,038,285,596.04	1,918,472	93,335,483,895	797,537,446,754.75
<b>Total</b>	<b>1,732,756</b>	<b>102,687,836,165</b>	<b>684,451,205,126.04</b>	<b>1,918,479</b>	<b>93,335,496,895</b>	<b>797,551,583,254.75</b>

Source: Compiled from The NSE reports

**TABLE 11: TRADING STATISTICS IN 2010 BY SECTOR**

Sector	Deal	Volume (unit of shares)	Value (Naira)
2nd-Tier Securities	1,342	1,369,425,290	702,481,351.82
Agriculture	14,390	899,319,053	1,913,478,356.97
Air Services	26,648	556,173,196	3,794,220,243.31
Automobile & Tyre	7,826	795,372,382	1,845,476,410.77
Aviation	0	0	0.00
Banking	861,194	49,524,582,118	432,073,049,324.76
Breweries	61,370	842,386,942	56,270,781,053.91
Building Materials	53,077	1,498,093,047	71,820,342,354.34
Chemical & Paints	5,778	218,518,083	1,416,965,631.38
Commercial/Services	5,866	713,714,754	1,573,571,724.92
Computer & Office Equipment	3,219	277,635,728	180,264,054.48
Conglomerates	60,568	2,719,836,327	32,969,042,791.08
Construction	19,171	944,876,208	7,754,850,537.98



Engineering Technology	2,126	326,217,780	333,636,543.14
Food/Beverages & Tobacco	167,856	3,725,368,800	82,182,759,589.15
Footwear	29	4,256,618	16,770,407.98
Healthcare	24,777	1,119,560,306	4,206,164,445.59
Hotel & Tourism	5,623	922,444,384	3,059,595,457.19
Industrial/Domestic Products	8,122	314,384,908	1,167,544,154.84
Information, Communication & Telecommunication	13,815	3,110,658,340	5,589,336,988.53
Insurance	104,683	14,835,619,852	15,056,510,106.70
Leasing	4,724	285,725,379	890,506,609.69
Machinery (Marketing)	0	0	0.00
Maritime	32,066	1,524,222,585	2,210,834,049.57
Media	6,621	210,037,539	152,482,689.74
Mortgage Companies	14,064	2,870,532,577	1,782,107,295.18
Other Financial Institutions	5,058	701,624,295	576,409,271.12
Packaging	313,419	886,529,564	2,377,247,870.30
Petroleum(Marketing)	75,198	973,187,796	50,197,833,135.58
Printing & Publishing	5,939	107,949,427	741,043,098.48
Real Estate	4,461	139,833,029	3,094,701,293.46
Real Estate Investment Trust	264	1,395,287	102,646,425.00
Road Transportation	2,480	231,501,402	147,944,306.59
Textiles	391	7,369,070	7,490,625.85
The Foreign Listings	6,370	679,057,003	11,331,426,347.35
<b>Total (equities)</b>	<b>1,918,472</b>	<b>93,335,483,895</b>	<b>797,537,446,754.75</b>
<b>Debt Securities</b>	<b>7</b>	<b>13,000</b>	<b>14,136,500.00</b>
<b>Overall Total</b>	<b>1,918,479</b>	<b>93,335,496,895</b>	<b>797,551,583,254.75</b>

Source: Compiled from The NSE reports



**Table 12: 20 most active stocks in 2010**

S/No	Company	Volume Traded (Billion shares)
1	Zenith Bank Plc	6.302
2	First Bank of Nigeria Plc	5.442
3	Guaranty Trust Bank Plc	4.291
4	United Bank for Africa Plc	4.253
5	Access Bank Plc	3.456
6	FinBank Plc	3.200
7	Skye Bank Plc	2.979
8	Fidelity Bank Plc	2.952
9	Diamond Bank Plc	2.778
10	Oceanic Bank International Plc	2.049
11	Bank PHB Plc	1.819
12	First City Monument Bank Plc	1.748
13	Transnational Corporation of Nig. Plc	1.693
14	Union Bank of Nigeria Plc	1.544
15	AIICO Insurance Plc	1.540
16	Japaul Oil & Maritime Services Plc	1.524
17	Guaranty Trust Assurance Plc	1.427
18	Sterling Bank Plc	1.391
19	Capital Oil Plc	1.353
20	Starcomms Plc	1.099

**Table13: Performance of Sectoral Indices**

<b>MARKET INDEX PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2010</b>				
<b>INDICES</b>	<b>CLOSING (As at 31/12/09)</b>	<b>CLOSING (As at 31/12/10)</b>	<b>CHANGE</b>	<b>%CHANGE</b>
NSE-ALL SHARE INDEX	20,827.17	24,770.52	3,943.35	18.93
NSE 30	827.99	1,081.95	253.96	30.67
NSE FOOD & BEVERAGE	526.71	778.47	251.76	47.80
NSE BANKING	339.32	399.08	59.76	17.61
NSE INSURANCE	249.01	168.34	-80.67	-32.40
NSE OIL & GAS	288.06	338.85	50.79	17.63



Chart 1a Performance of Sectoral Indices

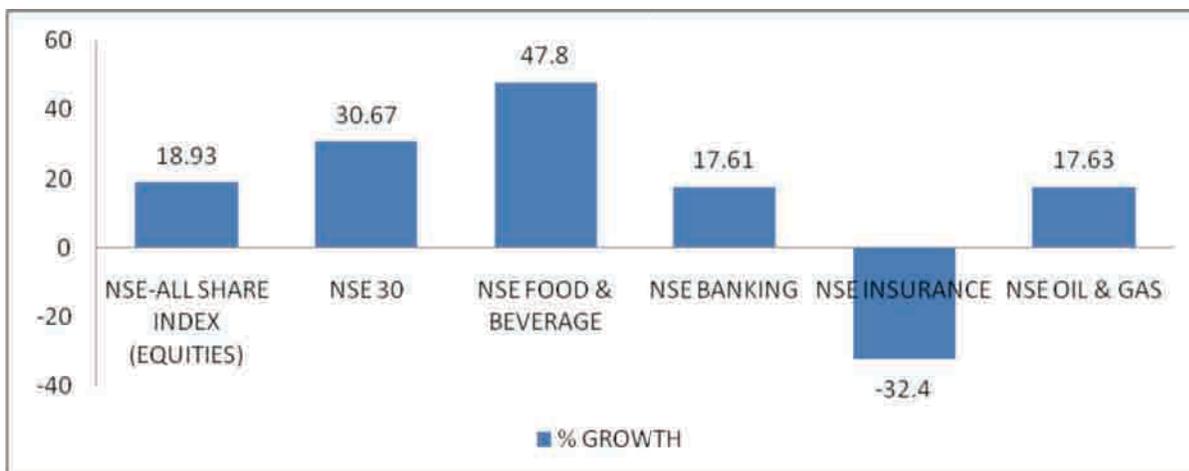
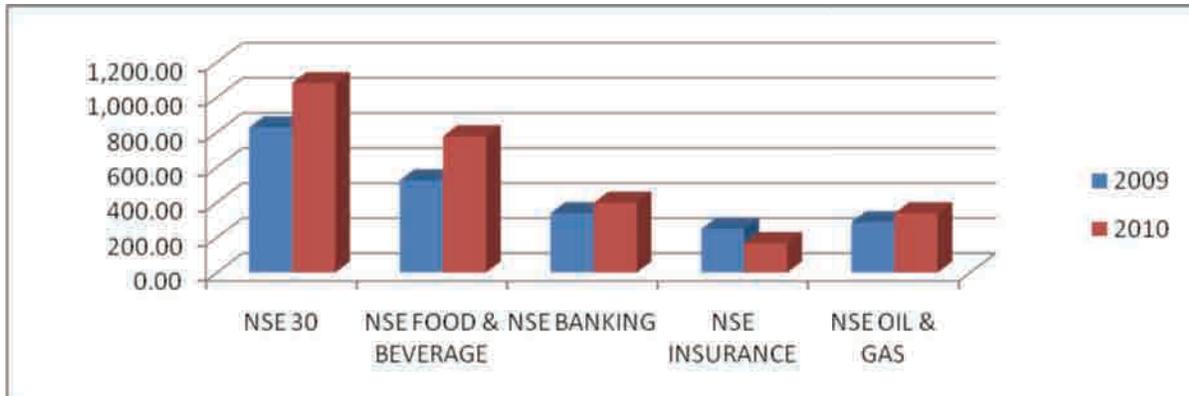


Chart 1b





## **Market Capitalization**

Total market capitalization of the listed two hundred and sixty four (264) securities in 2010 stood at about N10.325 trillion to record an appreciation of 46.86% when compared with the value of N7.03 trillion of the two hundred and sixty five (265) listed securities in 2009. A decline of 26.46% was recorded in the preceding year. It is worthy to note that the significant increase in market capitalization for the year was among other factors due to the listing of Dangote Cement Plc, which improved market capitalization in October when it was listed by over N2.0 trillion.

As at end of December 2010, there were two hundred and seventeen (217) equities listed on the Exchange with a market value of about N7.918 trillion, representing 76.68% of total market capitalization. The number of debt securities at the end of the year stood at forty seven (47) with their market value ending at about N2.408 trillion, representing 23.32% of the total market capitalization.

### **(a) Sectoral Market Capitalization**

The comparative sectoral market capitalization<sup>14</sup> indicates 58.61% and 18.09% growth in equities and debt market capitalization respectively. While equities market capitalization appreciated from about N4.992 trillion in 2009 to N7.918 trillion in 2010, the debt securities market capitalization ended at N2.408 trillion from N2.039 trillion in 2009.

On sectoral basis, the Banking sector remained the most capitalized followed closely by the Building Materials sector with both accounting for 34.21% and 26.05% to close at N2.708 trillion and N2.063 trillion respectively.

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14 See table 14



Hence, the capitalization of the two sectors, which constitutes over 60.0% of the equities market capitalization in 2010, appreciated by 21.02% and 587.36% respectively compared to N2.238 trillion and N300.12 billion reached in 2009.

Breweries sector occupied the third position, closing the year with market capitalization of N881.81 billion to record an appreciation of 47.2% over its level in 2009. At the fourth and fifth positions were Food, Beverages & Tobacco and Petroleum (Marketing) with market capitalization of N881.26 billion and N318.28 billion, having registered 48.27% and 25.89% growth over their figures in 2009 respectively.

Overall, capitalization of sixteen (16) sectors declined from their 2009 level, seventeen (17) appreciated while two (2), Aviation and Machinery (Marketing), remained static.

### **(b) Twenty (20) Most Capitalized Companies**

The twenty (20) most capitalized companies in 2010 controlled over N6.146 trillion to account for about 60.0% of overall market capitalization.<sup>15</sup> The other listed companies totaling one hundred and ninety seven (197) had market value of about N1.771 trillion, representing 17.16% of total market capitalization.

On the table, Dangote Cement Plc overtook the likes of Nigerian Breweries Plc, Zenith Bank Plc and First Bank Nig. Plc that had maintained overtime the first to the third positions. The cement giant, which was listed in October 2010 after its merger with Benue Cement Co. Plc, controlled a capitalization of a little over N1.859 trillion to account for 23.48% and 18.01% of equities market capitalization and total market capitalization respectively.

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<sup>15</sup> See table 15



Nigerian Breweries Plc came second on the table with a capitalization of N583.07 billion, representing 7.36% of equities market capitalization and 5.65% of the overall market capitalization. Zenith Bank Plc closed the year with market value of about N471.26 billion to occupy the third position while First Bank of Nigeria Plc which led the table in 2009 ended at the fourth position with capitalization of N448.04 billion. GT Bank Plc also closed with market value of N414.11 billion to occupy the fifth place on the table.

Occupying the thirteenth and seventeenth position with capitalization of N129.67 billion and N116.33 billion in 2010, Flour Mills Nigeria Plc and Skye Bank Plc ascended to join the twenty (20) most capitalized companies, displacing Union Bank Plc and Ecobank Nigeria Plc which were listed on the table in 2009 at the seventeenth and nineteenth positions respectively.

### **All-share Index**

The performance of the All-share index in 2010 was also remarkable, considering the significant declines of 45.8% and 33.8% recorded in 2008 and 2009 respectively. The indicator closed the year at 24,770.52 points to record an appreciation of 18.93% when compared to 20,827.17 points it ended in 2009. Unlike 2008 and 2009 when prices of equities were on a consistent decline, some level of stability and improvement was achieved in 2010. From the base year to date, the year on year net change (cumulative change) improved from 727.50% in 2009 to 746.4%.<sup>16</sup>

On monthly basis, the index performed better between January and April when it grew from 20,827.17 points in December 2009 to 26,453.20 points, an increase of over 27.0%. A bear run was experienced between May and September, which depleted the value of the index down to 23,050.59 points at the end of third quarter. The indicator however recorded significant improvement in October 2010, closing at 25,042.16 points to record a gain of 8.64%, but thereafter ended the year lower at 24,770.52 points. Monthly average gain of 1.60% and cumulative (net change) of 19.24% was achieved in 2010 compared to monthly average decline of 2.19% and negative net change of 26.30% recorded in 2009.<sup>17</sup>

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<sup>16</sup> See table 16

<sup>17</sup> See table 17



## **Price (Percentage) Gainers and Losers**

In 2010, five (5) new companies were admitted on the official list while four (4) others were de-listed. Hence, the number of listed equities at the end of the year stood at two hundred and seventeen (217) as against two hundred and sixteen (216) in 2009.

When compared to their price level in 2009, a review of the share prices of companies, excluding the newly listed companies, showed that there were sixty eight (68) gainers, ninety one (91) losers and fifty three (53) static prices. These records were quite favorable over the positions in 2009 when the market registered nineteen (19) gainers, one hundred and forty nine (149) losers and thirty four (34) static prices.

From their respective date of listings to end of the year, only one (1) out of the five (5) newly listed companies in 2010 recorded appreciation in its unit price while the other four (4) joined the losers.

### **Gainers**

The top ten (10) gainers<sup>18</sup> recorded price appreciations of above 87.0%. Vono Products Plc led the league with an appreciation of 314.49% as its unit price ended at N2.86 in 2010 from N0.69 in 2009. This was followed by International Breweries Plc which recorded a gain of 182.82%.

The third on the gainer table was Berger Paints Plc with an appreciation of 161.25% as its share price went up by N5.16 to close at N8.36 per share.

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18 See table 18



Cadbury Nigeria Plc, Capital Hotel Plc, Ashaka Cement Plc and Ikeja Hotels Plc were among the gainers with appreciation of above 100%. Julius Berger Nigeria Plc was at the eighth position with a gain of 93.97% while Flour Mills Nigeria Plc and Sterling Bank Plc occupied the ninth and tenth positions with 91.67% and 87.80% gains respectively.

The other fifty eight (58) equities on the gainers chart in 2010 recorded price appreciations ranging from 1.18% to 82.52%.

### **Losers**

The ten (10) top losers<sup>19</sup> was dominated by the insurance companies. One of them, Unity Kapital Assurance Plc, was first on the table as it recorded a price decline of 78.99% to close the year at N0.50 per share from N2.38 per share in 2009.

The other two (2) were Oasis Insurance Plc and STACO Insurance Plc, which occupied the fourth and the ninth positions on the losers table with declines of 66.44% and 60.00% respectively.

BECO Petroleum Plc at the second position closed the year at a unit price of N0.60 to record a depreciation of 76.28% from N2.53 per share in 2009. Aluminium Manufacturing Co. Plc was third on the table with a decline of 72.03%.

The other eighty one (81) losers during the year posted losses ranging from 0.78% to 54.55%.

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<sup>19</sup> See table 19



**TABLE 14: COMPARATIVE SECTORAL MARKET CAPITALISATION AS AT DECEMBER 2009 AND 2010**

Sector	Capitalization as at December		% Change
	2010	2009	
2nd Tier Securities	4,153,029,846.70	4,768,829,063.44	(12.91)
Agriculture/Agro-Allied	16,924,143,328.40	19,899,543,417.41	(14.95)
Airline Services	13,641,261,250.00	10,514,865,625.00	29.73
Automobile And Tyre	4,755,309,007.50	8,023,488,207.50	(40.73)
Aviation	1,740,000,000.00	1,740,000,000.00	0.00
Banking	2,708,570,934,848.36	2,238,130,310,237.18	21.02
Breweries	881,807,924,366.66	599,067,028,691.30	47.20
Building Materials	2,062,948,820,134.40	300,124,243,598.25	587.36
Chemical And Paints	21,336,529,147.68	14,929,765,026.33	42.91
Commercial/Services	14,613,341,734.08	28,099,539,907.60	(47.99)
Computer/ Office Equipments	4,690,778,640.00	5,646,712,725.44	(16.93)
Conglomerates	295,725,099,277.59	233,275,243,171.97	26.77
Construction	92,532,407,587.85	60,279,219,376.50	53.51
Engineering Technology	3,612,378,985.33	2,161,697,014.78	67.11
Foods Beverages And Tobacco	881,256,815,148.66	594,372,544,534.83	48.27
Footwear	244,170,935.76	298,898,904.12	(18.31)
Health Care	42,612,716,648.16	36,124,724,148.87	17.96
Hotel & Tourism	17,291,736,766.52	9,956,087,060.52	73.68
Industrial/ Domestic Products	15,997,329,243.61	19,676,871,958.79	(18.70)
Information, Communication & Telecommunications	52,067,772,326.12	67,217,124,737.63	(22.54)



Insurance	146,650,750,853.97	201,522,031,478.03	(27.23)
Leasing	918,000,000.00	4,161,544,400.00	(77.94)
Machinery (Marketing)	1,290,520.00	1,290,520.00	0.00
Maritime	8,767,782,402.40	7,076,852,939.08	23.89
Media	6,259,878,491.92	7,708,397,845.60	(18.79)
Mortgage Companies	23,232,190,540.00	24,850,814,460.56	(6.51)
Other Financial Institutions	11,723,592,604.39	13,572,857,845.14	(13.62)
Packaging	28,595,235,019.34	25,210,330,233.66	13.43
Petroleum(Marketing)	318,277,774,620.05	252,819,287,808.24	25.89
Printing And Publishing	10,026,280,554.80	10,476,915,952.55	(4.30)
Real Estate	22,701,250,000.00	21,845,999,940.42	3.91
Real Estate Investment Trust	14,440,989,050.00	2,000,000,000.00	622.05
Road Transportation	798,710,000.00	1,145,320,000.00	(30.26)
Textile	632,463,020.25	1,602,239,423.30	(60.53)
The Foreign Listings	188,356,567,587.82	163,729,199,490.92	15.04
<b>Equities Market Capitalization</b>	<b>7,917,905,254,488.32</b>	<b>4,992,029,819,744.96</b>	58.61
Federal Government Bond	2,125,146,222,400.00	1,930,261,827,000.00	10.10
Sub-national Bonds	224,000,000,000.00	100,500,000,000.00	122.89
Preference Shares	24,588,618,517.00	4,588,618,517.00	435.86
Corporate Bonds	33,807,311,000.00	3,461,266,625.00	876.73
<b>Debt Securities Capitalization</b>	<b>2,407,542,151,917.00</b>	<b>2,038,811,712,142.00</b>	18.09
<b>Total Market Capitalization</b>	<b>10,325,447,406,405.30</b>	<b>7,030,841,531,886.96</b>	46.86

Source: Compiled from The NSE reports



**Table 15: TWENTY MOST CAPITALIZED EQUITIES AS AT DECEMBER 31, 2010**

<b>Current Ranking</b>	<b>Rank in 2009</b>	<b>Name of Company</b>	<b>Capitalization (Naira)</b>	<b>% of Equities Mkt. Cap.</b>	<b>% of Overall Mkt. Cap.</b>
1	*8	Dangote Cement Plc	1,859,282,360,160.00	23.48	18.01
2	2	Nigerian Breweries Plc	583,073,556,414.00	7.36	5.65
3	3	Zenith Bank Plc	471,261,371,787.90	5.95	4.56
4	1	First Bank Of Nig Plc	448,038,518,235.34	5.66	4.34
5	4	GT Bank Plc	414,113,219,221.92	5.23	4.01
6	6	Guinness Nigeria Plc	281,061,806,900.64	3.55	2.72
7	9	Nestle Nigeria Plc	243,444,550,781.25	3.07	2.36
8	5	United Bank For Africa Plc	236,689,957,838.25	2.99	2.29
9	7	Dangote Sugar Refinery Plc	192,000,000,000.00	2.42	1.86
10	10	Stanbic IBTC Bank Plc	172,500,000,000.00	2.18	1.67
11	12	Access Bank. Plc	169,938,389,050.50	2.15	1.65
12	11	Ecobank Transnational Incorporated Plc	155,015,748,701.90	1.96	1.50
13	New	Flour Mills Nigeria Plc	129,665,535,954.00	1.64	1.26
14	15	Lafarge Wapco Plc	122,165,120,162.80	1.54	1.18
15	13	First City Monument Bank Plc	122,033,941,515.00	1.54	1.18
16	16	Oando Plc	119,471,170,830.00	1.51	1.16
17	New	Skye Bank Plc	116,330,145,148.80	1.47	1.13
18	14	Diamond Bank Plc	108,564,323,287.50	1.37	1.05
19	20	Unilever Nigeria Plc	101,770,669,125.00	1.29	0.99
20	18	PZ Cussons Nigeria Plc	100,056,021,534.00	1.26	0.97
<b>Top 20 Market</b>			<b>6,146,476,406,648.80</b>	<b>77.63</b>	<b>59.53</b>



		<b>Capitalization</b>			
		<b>Capitalization of other 197 equities</b>	<b>1,771,428,847,839.52</b>	<b>22.37</b>	<b>17.16</b>
		<b>Equities Market Capitalization</b>	<b>7,917,905,254,488.32</b>	<b>100.00</b>	<b>76.68</b>
		<b>Total Market Capitalization</b>	<b>10,325,447,406,405.30</b>		<b>100.00</b>

Source: Compiled from The NSE reports

\*The position was held by Benue Cement Co. Plc which merged with Dangote Cement Plc

**Table 16: THE NSE ALL-SHARE INDEX PERCENTAGE CHANGE 1984 - 2010**

<b>YEAR</b>	<b>INDEX</b>	<b>% CHANGE</b>	<b>CUM. CHANGE %</b>
1984	100.0	-	-
1985	127.3	27.3	27.3
1986	163.8	28.7	56.0
1987	190.9	16.5	72.5
1988	233.6	22.4	94.9
1989	325.3	39.3	134.1
1990	513.8	57.9	192.1
1991	783.0	52.4	244.5
1992	1,107.6	41.5	285.9
1993	1,543.8	39.4	325.3
1994	2,205.0	42.8	368.1
1995	5,092.0	130.9	499.1
1996	6,992.0	37.3	536.4
1997	6,440.5	(7.9)	528.5



1998	5,672.7	(11.9)	516.6
1999	5,266.4	(7.2)	509.4
2000	8,111.0	54.0	563.4
2001	10,963.1	35.2	598.6
2002	12,137.7	10.7	609.3
2003	20,128.9	65.8	675.1
2004	23,844.5	18.5	693.6
2005	24,085.8	1.0	694.6
2006	33,189.3	37.8	732.4
2007	57,990.2	74.7	807.1
2008	31,450.8	(45.8)	761.3
2009	20,827.2	(33.8)	727.5
<b>2010</b>	24,770.52	18.9	746.4

Source: Compiled from The NSE reports

**Table 17: THE NSE ALL-SHARE INDEX: 2006 – 2010**

Month	2006	2007	2008	2009	2010
January	23,679.4	36,784.5	58,570.6	21,813.8	22,594.90
February	23,843.0	40,730.7	65,652.4	23,377.1	22,985.00
March	23,336.6	43,456.1	63,016.6	19,851.9	25,966.25
April	23,301.2	47,124.0	59,440.9	21,491.1	26,453.20
May	24,745.7	49,930.2	58,929.0	29,716.5	26,183.21
June	26,161.2	51,330.5	55,949.0	26,861.6	25,384.14
July	27,880.5	53,021.7	53,110.9	25,286.6	25,844.18
August	33,096.4	50,291.1	47,789.2	23,009.1	24,268.24



September	32,554.6	50,229.0	46,216.1	22,065.0	23,050.59
October	32,643.7	50,201.8	36,325.9	21,804.7	25,042.16
November	31,632.5	54,189.9	33,025.8	21,010.3	24,764.65
December	33,189.3	57,990.2	31,450.8	20,827.2	24,770.52
<b>Monthly Average Growth %</b>	<b>2.87</b>	<b>4.86</b>	<b>(4.68)</b>	<b>(2.19)</b>	<b>1.60</b>
<b>Net Change %</b>	<b>34.39</b>	<b>58.38</b>	<b>(56.15)</b>	<b>(26.30)</b>	<b>19.24</b>

Source: Compiled from The NSE reports

Note: The figures are for the last trading days of the month.

**TABLE 18: TOP 10 PRICE PERCENTAGE GAINERS ON THE NSE IN 2010**

<b>Position</b>	<b>Company</b>	<b>Price on 31/12/09 N:K</b>	<b>Price on 31/12/10 N:K</b>	<b>Absolute Gain N:K</b>	<b>% Change</b>
1.	Vono Products Plc	0.69	2.86	2.17	314.49
2.	International Breweries Plc	2.27	6.42	4.15	182.82
3.	Berger Paints Plc	3.20	8.36	5.16	161.25
4.	Cadbury Nigeria Plc	10.49	25.62	15.13	144.23
5.	Capital Hotel Plc	1.38	3.30	1.92	139.13
6.	Ashaka Cement Plc	11.55	26.51	14.96	129.52
7.	Ikeja Hotel Plc	0.87	1.80	0.93	106.90
8.	Julius Berger Nigeria Plc	25.79	50.00	24.21	93.87
9.	Flour Mills Nigeria Plc	36.00	69.00	33.00	91.67
10.	Sterling Bank Plc	1.23	2.31	1.08	87.80

Source: Compiled from The NSE reports



**Table 19: TOP 10 PRICE PERCENTAGE LOSERS ON THE NSE IN 2010**

<b>Position</b>	<b>Company</b>	<b>Price as at 31/12/09 N:K</b>	<b>Price as at 31/12/10 N:K</b>	<b>Absolute Loss N:K</b>	<b>% Change</b>
1.	Unity Kapital Assurance Plc	2.38	0.50	1.88	78.99
2.	BECO Petroleum Plc	2.53	0.60	1.93	76.28
3.	Alumaco Plc	27.71	7.75	19.96	72.03
4.	Oasis Insurance Plc	1.49	0.50	0.99	66.44
5.	Crusader (Nig) Plc	1.57	0.53	1.04	66.24
6.	Ecobank Nigeria Plc	10.63	3.60	7.03	66.13
7.	United Nigeria Textiles Plc	1.90	0.75	1.15	60.53
8.	Poly Products (Nig) Plc	4.68	1.86	2.82	60.26
9.	Staco Insurance Plc	1.25	0.50	0.75	60.00
10.	Secure Electronic Tech. Plc	4.35	1.88	2.47	56.78

## **SECONDARY FGN BOND MARKET**

Trading on FGN bonds (off the exchange) remained significant in 2010. However, the volume and value of transaction were lower by 18.54% and 16.49% respectively when compared with the figures in 2009. In all, about 13.68 billion units of FGN bonds worth over N15.18 trillion exchanged hands in 135,874 deals during the year as against about 16.79 billion units of bonds valued at about N18.18 trillion traded in 132,374 deals in 2009.

Since trading commenced on this platform in February 2006, a total of about 45.09 billion units of FGN bonds valued at N48.29 trillion had exchanged hands in 384,106 deals.<sup>10</sup>

<sup>20</sup> See table 20



**Table 20: Trading Statistics of the FGN Bonds (2006 – 2010)**

<b>PERIOD</b>	<b>DEALS</b>	<b>VOLUME (UNIT)</b>	<b>FACE VALUE</b>	<b>CONSIDERATION (N)</b>
Feb – Dec 2006	5,482	585,410,867	585,410,867,000	607,018,136,539.09
2007	30,241	3,947,284,982	3,947,284,982,000	4,141,556,108,055.44
2008	80,135	10,090,235,806	10,090,235,806,000	10,186,249,772,740.10
2009	132,374	16,789,262,632	16,789,262,632,000	18,178,582,784,463.00
2010	135,874	13,677,151,766	13,677,151,766,000	15,180,059,115,174.60
<b>TOTAL</b>	<b>384,106</b>	<b>45,089,346,053</b>	<b>45,089,346,053,000</b>	<b>48,293,465,916,972.00</b>

Source: CSCS

### **TRADING ACTIVITIES ON THE ABUJA SECURITIES AND COMMODITY EXCHANGE (ASCE)**

Due to some identified challenges, there was no floor-based trading on commodities during the period under review. However, negotiated transactions took place as summarized below.<sup>21</sup>

Five (5) organizations engaged in negotiated transactions with ASCE which was valued at N615,017,500.00 (Six Hundred and Fifteen Million, Seventeen Thousand and Five Hundred Naira Only).

The total filled valued during the period under review was N570,000.00 (Five Hundred and Seventy Thousand Naira only).

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<sup>21</sup> See table 21



Table 21: Summary of Negotiated Commodities Transactions

Organizations	Commodities	Total offer (MT)	Total bid (MT)	Total Value (N)	Filled Value (N)
<ul style="list-style-type: none"> <li>• Innotex Integrated Ltd</li> <li>• Grand Cereals &amp; Oil Mills Ltd</li> <li>• Groupe Rehoboth Ouagadougou Burkina Faso</li> <li>• Gidauniya Investment &amp; Securities Ltd</li> <li>• Nigeria Breweries Plc</li> </ul>	<ul style="list-style-type: none"> <li>• Soyabeans</li> <li>• White Maize</li> <li>• White cowpea</li> <li>• Millet</li> <li>• White Sorghum</li> </ul>	1,010	5,920	615,017,500	570,000



## **COLLECTIVE INVESTMENTS**

### **OVERVIEW**

In pursuant of its mandate, the Commission provides general oversight on Collective Investment Schemes by authorizing registration of schemes and continuous monitoring of schemes via review of returns as well as onsite and target inspections.

#### **Unit trust schemes**

There are forty one (41) operational registered /approved Unit Trust Schemes in Nigeria<sup>22</sup> which comprises thirty eight (38) Open Ended Funds and three (3) Close Ended Funds, under the following investment categories.

- ✓ 22 Equity Based Funds
- ✓ 2 Money Market Funds
- ✓ 4 Bond Funds (Fixed Income)
- ✓ 3 Ethical Funds
- ✓ 9 Mixed Funds
- ✓ 2 Real Estate Investment Trust Schemes

#### **Venture capital funds**

A total of six (6) Venture Capital Funds were registered as at December 31<sup>st</sup>, 2010.<sup>23</sup>

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<sup>22</sup> See table 22

<sup>23</sup> See table 23



The objectives of the regulation of Venture Capital Funds are principally to:

1. Ensure the 10% of Profit Before Tax (PBT) set aside by Banks for Small and Medium Industry Equity Schemes (SMIES) is disbursed to the Fund Manager.
2. Collate data on the number of SMEs that such Funds have been disbursed to and the various sectors of the economy in which they operate.
3. Ensure steady growth of the Venture Capital Industry.
4. Collate data on the activities of the Venture Capital Industry that would be needed by Government for economic development and planning purposes.

### **Highlights for 2010**

A total of ten (10) applications for registration of Unit Trust Schemes were approved.<sup>24</sup>

No application for Venture Capital Fund was received.

The Commission reviewed and cleared twenty-five (25) annual audited accounts.<sup>25</sup>

Nineteen (19) Schemes/Funds held their Annual General Meetings.<sup>26</sup>

Twelve (12) supplemental Trust Deeds were approved.<sup>27</sup>

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<sup>24</sup> See table 24

<sup>25</sup> See table 25

<sup>26</sup> See table 26

<sup>27</sup> See table 27



One (1) Unit Trust Scheme wound up,<sup>28</sup> while Five (5) were in the process of winding up.<sup>29</sup>

On-site Inspection was conducted on thirty-eight (38) Unit Trust Schemes<sup>30</sup> and four (4) Venture Capital Funds.<sup>31</sup>

Fourteen (14) Fund Managers were sanctioned, for various infractions.<sup>32</sup>

Six (6) Funds were referred for Enforcement action.<sup>33</sup>

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<sup>28</sup> See table 28

<sup>29</sup> See table 29

<sup>30</sup> See table 30

<sup>31</sup> See table 31

<sup>32</sup> See table 32

<sup>33</sup> See table 33



**TABLE 22: REGISTERED UNIT TRUST SCHEMES AS AT 31<sup>ST</sup> DECEMBER 2010**

<b>S/N</b>	<b>NAME OF FUND</b>	<b>DATE OF COMMENCEMENT</b>	<b>FUND MANAGER</b>	<b>NET ASSET VALUE (N)</b>	<b>NO. OF UNIT HOLDERS</b>
1.	Stanbic IBTC Bond Fund	09/02/2010	Stanbic IBTC Asset Mgt. Limited	2,509,014,335.59	269
2.	Stanbic IBTC Money market Fund	02/02/2010	Stanbic IBTC Asset Mgt. Limited	6,069,957,476.29	215
3.	Afrinvest Equity Fund	12/02/2009	Afrinvest West Africa Limited	449,896,210.40	1,950
4.	Union Homes REITS	19/01/2009	Union Homes Saving & Loans Plc	13,109,618,674.16	5,344
5.	Women Investment Fund	16/01/2009	Chapel Hill Denham Mgt. Ltd	136,041,342.33	889
6.	Zenith Income Fund	05/09/2008	Zenith Bank Plc	688,300,664.89	1,929
7.	Zenith Ethical Fund	05/09/2008	Zenith Bank Plc	840,324,705.12	2,715
8.	Zenith Equity Fund	05/09/2008	Zenith Bank Plc	3,998,914,704.38	11,353
9.	Lotus Halal Investment Fund	18/06/2008	Lotus Capital Limited	2,372,561,205.00	18,553
10.	Union Trustees Mixed Fund	18/04/2008	Union Trustees Capital Ltd	1,949,735,062.35	3,242
11.	FBN Heritage Fund	17/03/2008	FBN Capital Limited	4,520,273,737.79	6,576
12.	Anchor Fund	29/02/2008	Cashcraft Asset Mgt. Limited	59,538,434.63	1,055
13.	Bedrock Fund	29/02/2008	Cashcraft Asset Mgt. Limited	84,258,859.72	1,463
14.	ARM Aggressive Fund	22/02/2008	Asset & Resources Mgt. Co. Ltd	2,402,724,798.00	8,596
15.	Skye Shelter Fund	27/12/2007	Skye Bank Plc	2,432,074,118.00	2,676
16.	Stanbic IBTC Guaranteed Investment Fund	04/03/2007	Stanbic IBTC Asset Mgt. Limited	3,336,335,679.81	2,609
17.	Kakawa Guaranteed Income Fund	13/06/2007	Kakawa Asset Mgt. Co. Limited	4,697,286,769.58	1,876
18.	Oceanic Vintage Fund	22/03/2007	Oceanic Bank Int'l Plc	877,202,557.33	5,100
19.	DVCF Oil & Gas Fund	01/01/2006	DVCF Oil & Gas Plc	522,065,068.08	26,810
20.	UBA Bond Fund	04/09/2006	UBA Asset Management Limited	428,263,328.00	901
21.	UBA Balanced Fund	04/09/2006	UBA Asset Management Limited	1,843,627,516.00	1,433
22.	UBA Money Market	04/09/2006	UBA Asset	225,125,414.00	949



	Fund		Management Limited		
23.	UBA Equity Fund	04/09/2006	UBA Asset Management Limited	2,050,955,306.00	3,103
24.	Coral Income Fund	18/08/2006	FSDH Asset Management Ltd	541,363,165.98	240
25.	Legacy Equity Fund	01/06/2006	CSL Stockbrokers Limited	714,742,424.36	4,164
26.	Stanbic IBTC Ethical Fund	20/01/2006	Stanbic IBTC Asset Mgt. Limited	3,906,970,990.65	12,442
27.	Intercontinental Integrity Fund	21/12/2004	Intercontinental Capital Mkt. Ltd	294,032,218.27	6,119
28.	Coral Growth Fund	23/08/2004	FSDH Asset Management Ltd	3,476,024,511.07	1,067
29.	Frontier Fund	23/06/2003	Sterling Capital Market Limited	183,083,119.59	802
30.	ARM Discovery Fund	17/12/2002	Asset & Resources Mgt. Co. Ltd	4,356,151,876.00	21,906
31.	Nigeria International Growth Fund	01/11/2002	Fidelity Bank Plc	2,690,377,184.11	2,149
32.	IMB Energy Master Fund	02/07/2001	Finbank Plc	144,038,272.78	715
33.	Nigeria Global Investment Fund	01/06/1999	Chapel Hill Denham Mgt. Ltd	84,414,496.41	33
34.	Nigeria Energy Sector Fund	28/04/1998	Sterling Capital Market Limited	1,150,658,614.11	823
35.	Denham Mgt. Millennium Fund	31/03/1998	Chapel Hill Denham Mgt. Ltd	31,189,655.25	5,592
36.	Nigeria International Debt Fund	01/04/1997	Lotus Capital Limited	2,372,561,205.00	18,553
37.	Stanbic IBTC Nigeria Equity Fund	28/02/1997	Stanbic IBTC Asset Mgt. Limited	14,999,261,957.71	18,995
38.	Paramount Equity Fund	01/04/1995	Chapel Hill Denham Mgt. Ltd	166,371,191.86	8,745
39.	MBA Mutual Trust Fund	31/03/1992	Crossworld Securities Limited	86,289,875.40	11,824
40.	Indo Nigeria Unit Trust Fund	28/11/1991	Sterling Capital Market Limited	28,713,753.29	1,692
41.	Abacus Unit Trust Scheme	21/01/1990	Crossworld Securities Limited	132,055,278.33	-



**TABLE 23: REGISTERED VENTURE CAPITAL FUNDS AS AT 31<sup>ST</sup> DECEMBER 2010**

S/ N	NAME OF FUND	AMOUNT UNDER MANAGEMENT	AMOUNT DISBURSED IN 3 <sup>RD</sup> QUARTER (N)	AMOUNT DISBURSED IN 4 <sup>TH</sup> QUARTER (N)	VARIANCE	% DIFF.
1.	First Funds	4,008,620,312.93	699,094.00	Nil	Nil	Nil
2.	IBTC Ventures Limited	500,000,000.00	2,125,993.00	Nil	Nil	Nil
3.	SME Manager	3,942,640,909.00	29,209,000.00	28,780,000.00	-429,000	1.5
4.	Diamond Capital	4,492,339,000.00	687,449,569.00	Nil	Nil	Nil
5.	Unique Ventures	2,382,837,000.00	33,981,130.00	Nil	Nil	Nil
6.	Cowry Asset Management	1,475,885,917.09	298,409,540.28	Nil	Nil	Nil

**TABLE 24: APPROVED APPLICATIONS FOR UNIT TRUST SCHEMES IN 2010**

S/ N	NAME OF FUND	FUND MANAGER	ISSUING HOUSE(S)	INITIAL FLOTATION/ PRICE	STATUS
1.	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Management Limited	Stanbic IBTC Bank Plc	30,000,000 units of N100 each at par	Allotment cleared and Approved
2.	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Management Limited	Stanbic IBTC Bank Plc	10,000,000 units of N100 each at par	Allotment cleared and Approved
3.	Diamond Capital Balanced Fund	Diamond Capital & Financial Markets Limited	Capital Bancorp Limited	50,000,000 units of N100 each at par	Approval to Convene Completion Board Meeting
4.	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	Stanbic IBTC Bank Plc	50,000,000 units of N100 each at N103.50k per unit	Allotment proposal awaited



5.	BGL Nubian Fund	BGL Asset Management Limited	BGL Plc	500,000,000 units of N1.00 each at par	Allotment proposal awaited
6.	BGL Sapphire Fund	BGL Asset Management Limited	BGL Plc	2,000,000,000 units of N1.00 each at par	Allotment proposal awaited
7.	GTB Balanced Fund	GTB Asset Management Limited	Guaranty Trust Bank Plc	1,000,000,000 units of N1.00 each at par	Approval to Convene Completion Board Meeting
8.	Legacy BNK Fund	CSL Stockbrokers Limited	FCMB Capital Markets Limited	2,000,000,000 units of N1.00 each at par	Approval to Convene Completion Board Meeting
9.	Access Balanced Fund	Access Investment & Securities Limited	Chapel Hill Advisory Partners Limited & Access Bank Plc	10,000,000 units at N100 each at par	Application to abort offer approved
10.	Access Fixed Income Fund	Access Investment & Securities Limited	Chapel Hill Advisory Partners Limited & Access Bank Plc	10,000,000 units at N100 each at par	Application to abort offer approved

**TABLE 25: CLEARED ANNUAL AUDITED ACCOUNTS OF UNIT TRUST SCHEMES IN 2010**

S/N	NAME OF FUND	FUND MANAGER	FINANCIAL YEAR END
1	Nigeria International Growth Fund	Fidelity Bank Plc	30 <sup>th</sup> June 2009
2	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	31 <sup>st</sup> December 2009
3	Nigeria International Debt Fund	Afrinvest West Africa Limited	31 <sup>st</sup> December 2009
4	Afrinvest Equity Fund	Afrinvest West Africa Limited	31 <sup>st</sup> December 2009
5	Lotus Halal Investment Fund	Lotus Capital Limited	31 <sup>st</sup> December 2009
6	FBN Heritage Fund	FBN Capital Limited	31 <sup>st</sup> March 2010
7	Intercontinental Integrity Fund	Intercontinental Capital Market Limited	28 <sup>th</sup> February 2010
8	ARM Discovery Fund	Asset & Resources Management	31 <sup>st</sup> December 2009



		Co. Ltd	
9	ARM Aggressive Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2009
10	Lighthouse Jubilee Fund	Lighthouse Asset Management Limited	31 <sup>st</sup> March 2008
11	Lighthouse Jubilee Fund	Lighthouse Asset Management Limited	31 <sup>st</sup> March 2009
12	Coral Growth Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2009
13	Coral Income Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2009
14	Coral Ethical Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2009
15	Skye Shelter Fund	Skye Bank Plc	31 <sup>st</sup> December 2009
16	UBA Equity Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010
17	UBA Bond Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010
18	UBA Money Market Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010
19	UBA Balanced Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010
20	Union Trustees Mixed Fund	Union Trustees Limited	30 <sup>th</sup> April 2009
21	Union Trustees Mixed Fund	Union Trustees Limited	30 <sup>th</sup> April 2010
22	Union Homes REITS	Union Homes Savings & Loans Plc	30 <sup>th</sup> November 2009
23	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2009
24	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2009
25	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2009



**TABLE 26: ANNUAL GENERAL MEETINGS OF UNIT TRUST SCHEMES HELD IN 2010**

<b>S/ N</b>	<b>NAME OF FUND</b>	<b>FUND MANAGER</b>	<b>FINANCIAL YEAR END</b>	<b>DATE OF AGM</b>	<b>DIVIDEND DECLARED</b>
1	Union Homes REITS	Union Homes Savings & Loans Plc	30 <sup>th</sup> November 2009	19 <sup>th</sup> August 2010	N4.01 per unit
2	Union Trustees Mixed Fund	Union Trustees Limited	30 <sup>th</sup> April 2009	3 <sup>rd</sup> December 2010	N0.02k per unit
3	Union Trustees Mixed Fund	Union Trustees Limited	30 <sup>th</sup> April 2010	3 <sup>rd</sup> December 2010	N0.02k per unit
4	Nigeria International Growth Fund	Fidelity Bank Plc	30 <sup>th</sup> June 2009	15 <sup>th</sup> December 2010	Nil
5	Coral Growth Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2009	14 <sup>th</sup> October 2010	N22.00 per unit
6	Coral Income Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2009	14 <sup>th</sup> October 2010	N15.00 per unit
7	Skye Shelter Fund	Skye Bank Plc	31 <sup>st</sup> December 2009	23 <sup>rd</sup> August 2010	N6.99k per unit
8	FBN Heritage Fund	FBN Capital Limited	31 <sup>st</sup> March 2010	25 <sup>th</sup> November 2010	Nil
9	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2009	15 <sup>th</sup> July 2010	N0.03k per unit
10	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2009	15 <sup>th</sup> July 2010	N8.50k per unit
11	Stanbic IBTC Equity Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2009	15 <sup>th</sup> July 2010	N45.00 per unit
12	UBA Balanced Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010	July 30 <sup>th</sup> 2010	N0.05k per unit
13	UBA Bond Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010	30 <sup>th</sup> July 2010	N0.15k per unit



14	UBA Equity Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010	30 <sup>th</sup> July 2010	N0.10k per unit
15	UBA Money Market fund	UBA Asset Management Limited	31 <sup>st</sup> March 2010	30 <sup>th</sup> July 2010	N0.10k per unit
16	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	31 <sup>st</sup> December 2009	29 <sup>th</sup> September 2010	N1.34k per unit
17	Lotus Halal Investment Fund	Lotus Capital Limited	31 <sup>st</sup> December 2009	25 <sup>th</sup> August 2010	Nil
18	ARM Discovery Fund	Asset & Resources Management Co. Limited	31 <sup>st</sup> December 2009	11 <sup>th</sup> October 2010	N1.05k per unit
19	ARM Aggressive Fund	Asset & Resources Management Co. Limited	31 <sup>st</sup> December 2009	11 <sup>th</sup> October 2010	Nil

**TABLE 27: APPROVED SUPPLEMENTAL TRUST DEEDS**

<b>S/N</b>	<b>NAME OF FUND</b>	<b>SUPPLEMENTARY TRUST DEED APPROVED</b>
1.	Intercontinental Integrity Fund	Second Supplemental Trust Deed
2.	Oceanic Vintage Fund	First Supplemental Trust Deed
3.	Union Trustees Mixed Fund	First Supplemental Trust Deed
4.	Coral Income Fund	Second Supplemental Trust Deed
5.	Coral Growth Fund	Third Supplemental Trust Deed
6.	Lotus Halal Investment Fund	First Supplemental Trust Deed
7.	Legacy Equity Fund	First Supplemental Trust Deed
8.	UBA Money Market Fund	Second Supplemental Trust Deed
9.	Kakawa Guaranteed Investment Fund	First Supplemental Trust Deed
10.	Nigeria International Growth Fund	Fifth Supplemental Trust Deed



**TABLE 28: UNIT TRUST SCHEMES WOUND UP IN 2010**

<b>S/N</b>	<b>NAME OF FUND</b>	<b>OPEN OR CLOSE ENDED</b>	<b>DATE OF COMMENCEMENT</b>	<b>FUND MANAGER</b>
1	Coral Ethical Fund	Open Ended	August 18, 2006	FSDH Asset Management Limited

**TABLE 29: UNIT TRUST SCHEMES IN THE PROCESS OF WINDING UP**

<b>S/N</b>	<b>NAME OF FUND</b>	<b>OPEN OR CLOSE ENDED</b>	<b>DATE OF COMMENCEMENT</b>	<b>FUND MANAGER</b>
1	Gloria Unit Trust Scheme	Open Ended	January 1, 1989	Gloria Asset Mgt. Ltd: 13, Awoyemi Close, Surulere, Lagos Tel 01- 837429.
2	DEVCOM Mutual Fund	Open Ended	June 29, 1992	Devcom Merchant Bank Ltd: Equitoria Trust Bank Plot 1695, Sanusi Fafuwa, Street Victoria Island Lagos.
3	Centre Point Unit Trust Scheme	Open Ended	1994	Centre Point Securities Ltd: 42/43 Marina, Lagos (Assets of the Fund have been moved to the Trustees, NIC Securities & Trust Limited
4	Lighthouse Jubilee Fund	Open Ended	July 04, 1991	Lighthouse Asset Mgt. Limited
5.	Continental Unit Trust Scheme	Open Ended	February 11, 1991	Global Asset Management Ltd



**TABLE 30: ON-SITE INSPECTION OF UNIT TRUST SCHEMES**

<b>S/ N</b>	<b>NAME OF FUND</b>	<b>FUND MANAGER</b>	<b>TRUSTEES</b>	<b>REGISTRAR</b>
1.	Zenith Ethical Fund	Zenith Bank Plc	Afribank Trustee & Asset Management. Co. Ltd.	Meristem Wealth Mgt. Ltd.
2.	Zenith Income Fund	Zenith Bank Plc	Afribank Trustee & Asset Management. Co. Ltd.	Meristem Wealth Mgt. Ltd.
3.	Zenith Equity Fund	Zenith Bank Plc	Afribank Trustee & Asset Management. Co. Ltd.	Meristem Wealth Mgt. Ltd.
4.	FBN Heritage Fund	FBN Capital Limited	Leadway Trustees Limited	First Registrars Limited
5.	Intercontinental Integrity Fund	Intercontinental Capital Market Limited	First Trustees Limited	Intercontinental Registrars Limited
6.	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	First Trustees Limited	First Registrars Limited
7.	Oceanic Vintage Fund	Oceanic Bank Int'l Plc	UBA Trustees Limited	First Registrars Limited
8.	Nigeria Intercontinental Debt Fund	Afrinvest West Africa Limited	UBA Trustees Limited	United Securities Limited
9.	UBA Bond Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
10.	UBA Equity Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
11.	UBA Money Market Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
12.	UBA Balanced Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
13.	Anchor Fund	Cashcraft Asset Mgt. Limited	BOI Trust Co. Limited	First Registrars Limited



14.	Bedrock Fund	Cashcraft Asset Mgt. Limited	BOI Trust Co. Limited	First Registrars Limited
15.	Lighthouse Jubilee Fund	Lighthouse Asset Management Limited	First Trustees Limited	Lighthouse Registrars Ltd.
16.	Legacy Fund	CSL Stockbrokers Limited	PHB Capital & Trust Ltd	CSL Registrars Limited
17.	Skye Shelter Fund	Skye Bank Plc	PHB Capital & Trust Ltd	Sterling Registrars Ltd
18.	DVCF Oil & Gas Fund	DVCF Oil & Gas Plc	First Trustees Limited	Unity Registrars Limited
19.	Union Homes REITS	Union Homes Savings & Loans Plc	UBA Trustees Limited	Union Registrars Limited
20.	Nigeria International Growth Fund	Fidelity Bank Plc	First Trustees Limited	First Registrars Limited
21.	Consortium Resource Investment Note Fund	Hamilton Hammer Ltd (purportedly acquired by ARM Investment Managers)	Royal Exchange Assurance Plc	United Securities Limited
22.	Frontier Fund	Sterling Capital Market Limited	First Trustees Limited	Sterling Registrars Limited
23.	Nigeria Energy Sector Fund	Sterling Capital Market Limited	UBA Trustees Limited	Sterling Registrars Limited
24.	Coral Growth Fund	FSDH Asset Management Limited	UBA Trustees Limited	United Securities Limited
25.	Coral Income Fund	FSDH Asset Management Limited	UBA Trustees Limited	United Securities Limited
26.	ARM Discovery Fund	Asset & Resources Management Co. Limited	First Trustees Limited	First Registrars Limited
27.	ARM Aggressive Fund	Asset & Resources Management Co. Limited	First Trustees Limited	First Registrars Limited
28.	Women's Investment Fund	Chapel Hill Denham Mgt. Ltd	BOI Trust & Co. Limited	City Securities Registrars
29.	Chapel Hill Denham	Chapel Hill Denham Mgt.	BOI Trust & Co.	PHB Capital & Trust Limited



	Millennium Fund	Ltd	Limited	
30.	Nigerian Global Investment Fund	Chapel Hill Denham Mgt. Ltd	BOI Trust & Co. Limited	PHB Capital & Trust Limited
31.	Paramount Equity Fund	Chapel Hill Denham Mgt. Ltd	Royal Exchange Assurance Plc	Sterling Registrar Limited
32.	Stanbic IBTC Equity Fund	Stanbic IBTC Asset Mgt. Limited	PHB Capital & Trust Ltd.	First Registrars Limited
33.	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Mgt. Limited	PHB Capital & Trust Ltd.	First Registrars Limited
34.	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Mgt. Limited	PHB Capital & Trust Ltd.	First Registrars Limited
35.	Lotus Halal Fund	Lotus Capital Limited	First Trustees Limited	Union Registrars Limited
36.	Union Trustees Mixed Fund	Union Trustees Limited	UBA Trustees Limited	Union Registrars Limited
37.	Afrinvest Equity Fund	Afrinvest West Africa Limited	UBA Trustees Limited	Meristem Registrars Ltd.
38.	IMB Energy Master Fund	Finbank Plc	UBA Trustees Limited	Fin Registrars Limited

**TABLE 31: ON-SITE INSPECTION OF VENTURE CAPITAL FUNDS**

S/N	NAME OF VENTURE CAPITAL FUND	FUND MANAGER
1.	IBTC Ventures	IBTC Asset Management Limited
2.	Intercontinental Capital Market Fund	Intercontinental Capital Market Limited
3.	Cowry Asset Management Venture Capital Fund	Cowry Asset Management Limited
4.	Unique Venture Capital	Unique Venture Capital Management Limited



**TABLE 32: FUND MANAGERS SANCTIONED IN 2010**

S/N	NAME OF FUND MANAGER	NAME OF FUND	NATURE OF VIOLATION	STATUS
1.	DVCF Oil & Gas Plc	DVCF Oil & Gas Fund	Late filing of monthly returns	Penalty paid
2.	Union Homes Savings & Loans Plc	Union Homes REITS	Late filing of 1 <sup>st</sup> & 3 <sup>rd</sup> Quarterly returns	Penalty paid
3.	Intercontinental Capital Market Limited	Intercontinental Integrity Fund	Late filing of annual audited account.	Penalty paid
4.	UBA Asset Management Ltd	UBA Bond Fund, UBA Equity Fund, UBA Money Market Fund, UBA Balanced Fund	Late filing of monthly returns and annual returns.	Penalty paid
5.	Asset & Resources Management Co. Limited	ARM Discovery Fund, ARM Aggressive Fund	Late filing of monthly returns and annual returns.	Penalty paid
6.	CSL Stockbrokers Limited	Legacy Equity Fund	Late filing of monthly returns and annual audited account.	Penalty paid
7.	Zenith Bank Plc	Zenith Equity Fund, Zenith Income Fund, Zenith Ethical Fund	Late filing of monthly returns	Penalty paid
8.	FBN Capital Limited	FBN Heritage Fund	Late filing of monthly returns	Penalty paid
9.	Oceanic Bank Int'l Plc	Oceanic Vintage Fund	Late filing of monthly returns	Penalty paid
10.	Kakawa Asset Management Limited	Kakawa Guaranteed Income Fund	Late filing of monthly returns	Penalty paid
11.	Cashcraft Asset Mgt. Limited	Anchor Fund, Bedrock Fund	Late filing of monthly returns	Penalty paid
12.	Chapel Hill Denham Mgt. Ltd	Paramount Fund, Women's Investment Fund	Late filing of monthly and quarterly returns	Penalty paid
13.	Afrinvest West Africa Limited	Afrinvest Equity Fund, Nigeria Intercontinental Debt Fund	Late and non filing of returns	Penalty paid
14.	FSDH Asset Management Limited	Coral Growth Fund, Coral Income Fund	Late submission of annual returns	Penalty paid



**TABLE 33: FUNDS AND PARTIES REFERRED FOR ENFORCEMENT ACTION IN 2010**

<b>S/N</b>	<b>NAME OF FUND</b>	<b>FUND MANAGER</b>	<b>TRUSTEES</b>	<b>REASON</b>
1.	Anchor Fund	Cashcraft Asset Management Limited	BOI Trust & Investment Co. Ltd	Mismanagement of the funds and contravention of the ISA and SEC Rules
2.	Bedrock Fund	Cashcraft Asset Management Limited	BOI Trust & Investment Co. Ltd.	Mismanagement of the funds and contravention of the ISA and SEC Rules
3.	IMB Energy Master Fund	Finbank Plc	UBA Trustees Limited	Mismanagement /Irregularities and need to recover monies owed the Fund
4.	Continental Unit Trust Scheme	Global Asset Management Limited	NIC Trustees Limited	Fund's Bank accounts to be frozen pending termination
5.	Abacus Unit Trust Fund	Crossworld Securities Limited	UBA Trustees Limited	Mismanagement/ irregularities and failure of Fund Manager to regularize its registration status
6.	MBA Mutual Fund	Crossworld Securities Limited	UBA Trustees Limited	Mismanagement/ irregularities and failure of Fund Manager to regularize its registration status



## **MERGERS, ACQUISITION AND TAKEOVERS**

### **A. MERGER**

#### **Applications Received in 2010**

**1. Proposed Merger between Obajana Cement Plc and Benue Cement Company Plc.**

The application was filed by Vetiva Capital Management Ltd, Stanbic IBTC Bank Plc and Afrinvest (West Africa) Ltd on behalf of the merging companies. It involves the transfer of all the assets, liabilities and undertakings of Benue Cement Company Plc to Dangote Cement Plc.

**2. Scheme Of Arrangement for the Reorganization of Capital of Africa Oilfield Services Limited and Proposed Merger between Africa Oilfield Services Limited and Orwell International Oil & Gas Nigeria Limited**

The application was filed by Chapel Hill Advisory Partners Limited on behalf of the merging Companies. The merger involves the transfer of all assets, liabilities and undertakings of Orwell International Oil and Gas Nigeria Limited to Africa Oilfield Services Limited (AOS), while the reorganization involved the conversion of AOS issued and fully paid ordinary shares, Share Premium and Accumulated Reserves into 20,479,661 convertible loan notes to be issued in accordance with the terms of the scheme.

**3. Merger between Crusader General Insurance Ltd and Crusader Life Insurance Ltd**

The application was filed by Capital Bancorp Limited on behalf of the Companies. The transaction involves the transfer of all the assets, liabilities and business undertakings of Crusader Life Insurance Ltd to Crusader General Insurance Ltd.



#### **4. Proposed Merger of Papilon Industry Ltd, Leocool and Leoplast Ltd.**

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

### **Merger Applications carried forward from 2009**

#### **1. Merger between Stokvis Nigeria Plc and Naturelle Extracts Ltd.**

The application was filed by Spring Capital Markets Ltd on behalf of the companies. It involves a merger between Stokvis Nigeria Plc and Naturelle Extracts Ltd which will result in the transfer of the assets, liabilities and undertakings of Naturelle Extracts Ltd to Stokvis Nigeria Plc. The application has been withdrawn by the Companies.

#### **2. Merger between Technology Support Centre Ltd and Brian Integrated Systems Ltd.**

Application was filed by Integrated Trust Ltd and San Trust Investment Limited on behalf of the Companies. The transaction involves the transfer of all the assets, liabilities and business undertakings of Brian Integrated Systems Ltd and Technology Support Centre Ltd to TSC – Brian Ltd.

#### **3. Merger between A & G Insurance Ltd and A & G Life Plc (formerly BAICO)**

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



#### **4. Merger between First Alliance Pension & Benefits Ltd and ARM Pension Managers (PFA)**

The application was filed by Vetiva Capital Management Limited and DEAP Capital Management & Trust Plc on behalf of the companies. It involves the transfer of all the assets, liabilities and undertakings of First Alliance Pension to ARM Pension Managers. In consideration for the transfer of all assets, liabilities and undertakings of First Alliance to ARM Pension, the holders of the cancelled First Alliance shares shall be entitled to 37% share holdings in the post-merger ARM Pension.

#### **5. Merger of Rubber Estates Nig. Ltd, Araromi Rubber Estates Ltd, Osse River Rubber Estates Ltd, Utugbo-Uno Rubber Estates Ltd and Water side Rubber Estates Ltd.**

The application was filed by Vetiva Capital Management Limited on behalf of the merging Companies. The merging entities are interrelated, as the resultant Company (Rubber Estates Nig Ltd) has a shareholding of 80% in Osse River Rubber Estates Limited, 80% shareholding in Utugbo – Uno Rubber Estates Ltd, 60% shareholding in Araromi Rubber Estates Ltd and 80% shareholding in Waterside Rubber Estates Ltd. The merger involved the transfer of all the assets, liabilities and undertaking of the companies involved to Rubber Estates Nigeria Ltd.

### **Approved Merger Transactions in 2010**

1. Merger between First Alliance Pension & Benefits Ltd and ARM Pension Managers (PFA).
2. Merger of Rubber Estates Nig. Ltd, Araromi Rubber Estates Ltd, Osse River Rubber Estates Ltd, Utugbo-Uno Rubber Estates Ltd and Water side Rubber Estates Ltd.
3. Merger between Obajana Cement Plc and Benue Cement Company Plc.



## **B. ACQUISITIONS**

### **Applications Received in 2010**

1. **Ratification of Acquisition of Majority Shares of Hamilton Hammer & Co Ltd by Asset Resource Management Company Ltd.**

The application was forwarded by ARM Investment Managers. The transaction involves the transfer of majority shares of Hamilton Hammer & Co Ltd to ARM Ltd.

2. **Acquisition of 100% Equity Shareholding in Alheri Mobile Ltd by Emerging Market Telecommunication Services Ltd.**

The application was filed by Chapel Hill Advisory acting as Financial Advisers to the companies. The transaction involves the acquisition of 100% equity shareholding in Alheri Mobile Ltd by Emerging Market Communication Services Ltd.

3. **Acquisition and Share Transfer Agreement between Kingsville Hotels Limited (Kingsville) and Transnational Corporation of Nigeria Plc (Transcorp).**

The application was filed by Kingsville Hotel Limited on behalf of the companies. The transaction involves the acquisition of 100% shareholding in Kingsville Hotel Ltd by Transnational Corporation of Nigeria Plc, thereby making Kingsville Hotel Ltd a subsidiary of Transnational Corporation of Nigeria Plc.

4. **Acquisition of Perfecta Investments Trust Limited by Royal Exchange Plc.**

The application involves the acquisition of Perfecta Investments Trust Limited by Royal Exchange Plc was forwarded to the Commission by Perfecta Investments Trust Limited. The companies are yet to appoint a Financial Adviser.



## **Applications carried forward from 2009**

### **1. Ratification of the acquisition of 100% equity holdings of Gold Standard Insurers Ltd and First Chartered Insurance Company Ltd by Investment and Allied Assurance Company Plc.**

The application was filed by Partnership Investment Ltd, ICMG Securities Ltd and Santrust Securities Ltd on behalf of the companies. It involves ratification of the acquisition of 100% equity holdings of Gold Standard Insurers Ltd and First Chartered Insurance Ltd by Investment and Allied Assurance Plc. The consideration for the acquisition was by exchange of shares and payment of cash.

### **2. Ratification of the acquisition of 100% equity holdings of Piccadilly Insurance Company Ltd by Zenith General Insurance Company Ltd.**

The application was filed by Zenith Capital Ltd as Financial Advisers to the companies. The transaction involves ratification of the acquisition of 100% equity holdings of Piccadilly Insurance by Zenith General Insurance Ltd at a purchase price of N35, 000,000.00 (Thirty Five Million Naira Only).

### **3. Ratification of the acquisition of 100% equity holdings of Corporate Ideals Insurers Ltd by Oceanic Bank International Plc.**

The Financial Adviser to the companies is Integrated Trust and Investment Ltd. The application involves ratification of the acquisition of all the issued and paid up share capital of Corporate Ideals Insurers Ltd at a purchase price of N80, 000, 000.00 (Eighty Million Naira Only) by Oceanic Bank International Plc.

### **4. Acquisition of Cellcom Communication Ltd by Jim Ovia (Visafone) Communication Ltd.**

The application which involves the acquisition of Cellcom Communication Ltd by Jim Ovia-Visafone communication was filed by Zenith Securities Limited acting as Financial Adviser to the companies.



### **5. Ratification of the Acquisition of 100% Equity Holdings of Lombard Insurance Company Ltd by NEM Insurance Plc.**

The application was filed by Tiddo Securities Ltd, acting as the Financial Adviser to the companies. It involved ratification of the acquisition of 100% equity holdings of Lombard Insurance Ltd by NEM Insurance Plc. The Consideration was by issuance of shares to the shareholders of Lombard Insurance. A total of 303,580,147 ordinary shares of NEM Insurance Plc were issued to the shareholders of Lombard Insurance.

### **6. Acquisition of 51% Equity Holdings of Nigeria Eagle Flour Mills Limited by Flour Mills of Nigeria Plc**

The application which was filed by Chapel Hill Advisory Partners Ltd on behalf of the companies involves the acquisition of 51% equity holdings of Nigeria Eagle Flour Mills by Flour Mills of Nigeria Plc. The consideration for the acquisition was cash.

## **Approved Acquisition Transactions in 2010**

- 1.** Ratification of the Acquisition of 100% Equity Holdings of Lombard Insurance Company Ltd by NEM Insurance Plc.
- 2.** Acquisition of 100% Equity Shareholding in Alheri Mobile Ltd by Emerging Market Telecommunication Services Ltd.
- 3.** Ratification of Acquisition of Majority Shares of Hamilton Hammer & Co Ltd by Asset Resource Management Company Ltd.
- 4.** Acquisition of 51% Equity Holdings of Nigeria Eagle Flour Mills Limited by Flour Mills of Nigeria Plc



## C. RESTRUCTURING

### **Applications Received in 2010**

#### **1. Restructuring involving Obajana Cement Plc, Dangote Bail Limited and DCW Limited.**

The application was filed by Vetiva Capital Management Ltd and Afrinvest (West Africa) Limited on behalf of the Companies. It involved restructuring of the cement business of Dangote Group that resulted in the acquisition of all the assets, liabilities and undertakings of Dangote Bail Limited and DCW Ltd by Dangote Cement Plc.

#### **2. Proposed scheme of arrangement by Nampak Nigeria plc.**

The application is a proposed arrangement by a majority shareholder of Nampak Nigeria Plc (Nampak International Limited) to buy out the minority shareholders of the company and as a condition of purchase, Nampak Nigeria shall be delisted from the Stock Exchange and thereafter converted to a private company.

#### **3. Proposed Unbundling of UAC Foods and UAC Dairies Divisions into UAC Foods limited.**

The application involves the unbundling of UAC Foods & UAC Dairies Divisions into UAC Foods Ltd.

#### **4. Restructuring Involving Wema Asset Management Limited, Independent Securities Limited and Wema Capital Limited.**

The application which was filed by Greenwich Trust Ltd on behalf of the Companies involves restructuring of Wema Asset Management Ltd, Independent Securities Ltd and Wema Capital Ltd and transfers of all the assets, liabilities and undertakings of all the Companies to Wema Capital Limited.

#### **5. Proposed Internal Corporate Restructuring/ Consolidation of AIICO Group between AIICO Insurance Plc and AIICO General Insurance Company Limited.**

The application was filed by Dunn Ioren Merrifield on behalf of the companies. It involves consolidation of the business of AIICO General Insurance Company Ltd and its subsidiaries into AIICO Insurance Limited by transferring all the assets, rights, property, business, and obligations of the subsidiaries to AIICO Insurance plc.



## **6. Proposed Scheme of Arrangement of United Nigeria Textile Plc.**

The application is a proposed arrangement by the majority shareholder group of United Nigeria Textile Plc to buy out the minority shareholders of the Company. Thereafter the shares of the company will be delisted from the Nigeria Stock Exchange and the company will be converted to a private company.

## **7. Group Restructuring of Nigeria Motors Industries Limited and CFAO Motors Nigeria Limited**

The application is a proposed consolidation of CFAO Group of companies. The intra-group restructuring involves consolidation of the business of Nigeria Motors Industries Limited and CFAO Motors Nigeria Limited into Nigeria Motors Industries by transferring all assets, liabilities and undertakings of CFAO Motors Nigeria Limited to Nigeria Motors Industries Limited, CFAO Motors Nigeria Limited will remain a shelf company.

## **Applications Carried Forward from 2009**

### **1. Restructuring Involving ADIC Insurance Ltd and ADIC Life Assurance Ltd**

The application was filed by Punuka Attorneys and Solicitors on behalf of ADIC Insurance Ltd. The transaction involves a proposed business restructuring that will result in the combination of Life and Non Life business into one company.

### **2. Restructuring involving CFAO Nigeria Plc and CFAO Motors Limited**

The application was forwarded by FCMB Capital Markets Ltd on behalf of the companies. It involves intra-group restructuring that would result in the absorption of CFAO Motors Ltd to become a department in CFAO Nigeria Plc. CFAO Motors Ltd is a wholly owned subsidiary of CFAO Nigeria Plc and both Companies are subsidiaries of CFAO France. The Companies did not consummate the transaction but later filed for restructuring of CFAO Motors Limited into Nigeria Motors Industries Limited.



## Approved Restructuring Transaction

1. Transfer of Diamond Bank Plc's Shareholding in Diamond Securities Limited to Diamond Capital And Financial Markets Limited
2. Restructuring involving Obajana Cement Plc, Dangote Bail Limited and DCW Limited.
5. Internal Corporate Restructuring/Consolidation of the AIICO Group between AIICO Insurance Plc and AIICO General Insurance Company Limited.
6. Restructuring involving CFAO Nigeria Plc and CFAO Motors Limited

## D. NOTABLE TRANSACTIONS

### 1. Sky Way Aviation Handling Company Limited Take Over of Sky Power Aviation Handling Company Limited

The application which is a Bureau of Public Enterprise transaction was forwarded by Sky Aviation Handling Company Limited in response to our letter to them based on the newspaper publication. The transaction involves the takeover of Sky Power Aviation Handling Company Limited by Sky Way Aviation Handling Company Limited.

### 2. Proposed Merger between Nigeria Sewing Machine Manufacturing Company (NSMMC) Plc and Easy City

The application was filed by Compass Investments and Securities Limited on behalf of the merging Companies. It involved the transfer of all assets, liabilities and undertakings of Easy City Limited to Nigerian Sewing Machine Manufacturing Company (NSMMC) Plc.

### 3. Acquisition of Golden Guinea Breweries Plc by Pan Marine Investment Ltd

Golden Guinea Breweries borrowed large amount of money from First Bank and Union Bank but failed to repay the loan despite repeated demands thus giving rise to appointment of receiver/manager by the mortgagees in exercise of their rights. All parties involved in the transaction are in agreement to sell the company to Pan Marine Investment Ltd.



#### 4. **Acquisition of 100% shares of Areva T&D Holding SA by Alstom Holdings**

The transaction which occurred on June 7, 2010 was brought to the Commission's notice by Alstom Holdings. The transaction involves the acquisition of 100% of the shares of Areva T&D Holding SA by Alstom Holdings – both established under the French Law.

#### 5. **Merger between British Airways Plc and Iberia Line As Aere As De Espana**

The application was filed by Tayo Laley & Company on behalf of the Companies. The transaction involves the transfer of all the assets, liabilities and business undertakings of British Airways Plc and Iberia Line As Aere As De Espana to Topco.

#### 6. **Notification of Kraft Foods Control of Cadbury**

The notification was filed with Commission's by Chief G.O.Sodipo & Co. The transaction involves the acquisition of controlling shares in Cadbury Plc (UK) by Kraft Foods Inc (USA).

Table 34: Summary of Mergers, Acquisitions, Restructuring and Noteable Transactions

	<b>Merger</b>	<b>Acquisition</b>	<b>Restructuring</b>	<b>Takeover</b>	<b>Notable Transaction</b>	<b>Total</b>
New Applications	4	4	7	-		15
Approved Applications	3	6	4	-		13
Pending Application	5	4	2			11
Notable Transactions					6	6



## **REGISTRATION OF CAPITAL MARKET OPERATORS**

During the period under review, there was a decline in the number of new applicants from 145 in Year 2009 to 131 in Year 2010.<sup>35</sup> This could be attributed to the suspension of registration of Fund/Portfolio Management in Year 2010. The applicants for the function of Fund/Portfolio Manager declined from 40 in 2009 to 18 in 2010.

The Commission received seven (7) new applications from Estate/Surveyor & Valuers in Year 2010 when compared to nil applications in 2009. The Commission also received an application from the National Association of Securities Dealers (NASD) for registration of an Over-The-Counter Market (OTC).

ICAP African Brokers Ltd applied for registration as an inter-dealer Broker i.e. provision of electronic trading platform on bonds, debentures & treasury bills.

A total of twenty nine (29) new capital market operators were registered for seven (7) functions<sup>36</sup>.

Fifty-two (52) applications for registration of additional sponsored individuals and additional functions were received during the year. However, 64 applications including those carried over from preceding years were approved.

With the decision of the Commission to stop the periodic renewal of registration in August 2009, Capital Market Operators were however required to continue to update their registration documentation by maintaining accurate and current records. In this regard, there were 352 Capital Market Operators (CMOs) with irregular registration out of which 113 submitted documents for regularization.

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<sup>35</sup> See table 35

<sup>36</sup> See table 36



**Table 35: SUMMARY OF APPLICATIONS FOR REGISTRATION IN 2010**

<b>SN</b>	<b>APPLIED FUNCTIONS</b>	<b>NO. OF APPLICANTS 2009</b>	<b>% OF TOTAL</b>	<b>NO. OF APPLICANTS 2010</b>	<b>% OF TOTAL</b>
1.	Reporting Accountants/Auditors	15	10.34	16	12.21
2.	Broker/Dealers	7	4.83	19	14.50
3.	Fund/Portfolio Managers	40	27.59	18	13.74
4.	Corporate/Individual Investment Advisers	31	21.38	20	15.30
5.	Receiving Banker	-	-	1	.076
6.	Registrar	2	1.38	1	0.76
7.	Solicitors	25	17.24	22	16.79
8.	Custodian	3	2.07	1	.076
9.	Issuing Houses	4	2.76	9	6.87
10.	Capital Market Consultants	11	7.59	6	4.58
11.	Sub-brokers	4	2.76	5	3.82
12.	Venture Capital	1	0.69	3	2.29
13.	Trustee	1	0.69	1	0.76
14.	Over- the- Counter Market	-	-	1	0.76
15.	Estate Surveyors & Valuers	-	-	7	5.34



16.	Underwriter	-	-	1	0.76
17.	Rating Agency	1	0.69	-	-
	<b>TOTAL</b>	145	100	131	100

**Table 36: SUMMARY OF APPROVED APPLICATIONS FOR REGISTRATION IN 2010**

S/N	APPROVED FUNCTIONS	NO-2009	%	NO-2010	%
1	Registrar	1	1.67	-	10.34
2	Brokers/Dealers	8	13.33	6	20.69
3	Trustees	2	3.33	1	3.45
4	Corporate/Individual Investment Advisers	6	10	9	20.69
5	Reporting Accountants/Auditors	8	13.33	5	17.25
6	Issuing Houses	3	5	3	10.34
7	Solicitors	14	23.33	3	10.34
8	Estate Surveyors/Valuers	2	3.33	2	6.90
9.	Portfolio Manager	12	20	-	-
10.	Fund/Portfolio Manager	3	5	-	-
11.	Underwriter	1	1.67	-	-
	<b>TOTAL</b>	60	100	29	100

**Table 37: REGISTERED CAPITAL MARKET OPERATORS IN 2010**

S/N	NAME OF COMPANIES	REGISTERED FUNCTIONS
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1.	K. S. Hanga	Individual Investment Adviser
2.	Covenant Securities & Asset Mgt Ltd	Broker/Dealer
3.	ALM Consulting Ltd	Trustees & Corporate Investment Adviser
4.	New Idea Finance Services	Individual Investment Adviser
5.	Bimario Multiserves	Individual Investment Adviser
6.	Venerate Capital Ltd	Corporate Investment Adviser
7.	M. A Alawode	Reporting Accountant
8.	Gombe Securities Ltd	Broker/Dealer
9.	Abax-Oosa Professionals	Reporting Accountant
10.	CBO Capital Partners Ltd	Corporate Investment Adviser
11.	Iroko Capital Mkt Advisory Ltd (Formerly Crystal Trust Mkts & Securities Ltd)	Issuing House
12.	Standard Chartered Securities (Nig) Ltd (Formerly FAWA Corporate Advisors Services Ltd )	Corporate Investment Adviser
13.	Global View Consult & Investment Ltd	Broker/Dealer
14.	Sefton Fross	Solicitor
15.	Baker Tilly Nig	Reporting Accountant/Auditor
16.	Kachi Okpara & Co.	Estate Surveyor & Valuer
17.	DSU Brokerage Services Ltd	Broker/Dealer and Corporate Investment Adviser
18.	Emmanuel Edoh & Co	Estate Surveyor & Valuer
19.	Long Term Global Capital Ltd.	Issuing House
20.	Waila Securities & Funds Ltd	Broker/Dealer
21.	Inverness Wealth Mgt Ltd	Corporate Investment Adviser
22.	Dele Otitoju & Co	Reporting Accountant/Auditor



23	GEM Assets Management Ltd	Broker/Dealer
24.	Bluebird Capital Ltd	Issuing House
25	Partners CLB	Solicitor
26	Peter Osalor & Co	Reporting Accountant/Auditor
27	Doyin Rhodes-Vivour & Co	Solicitor

NOTE: ALM Consulting Ltd. registered for two functions (Trustees and Corporate Investment Adviser). Also, DSU Brokerage Services Ltd. registered for two functions (Broker/Dealer and Corporate Investment Advisers), during the year.

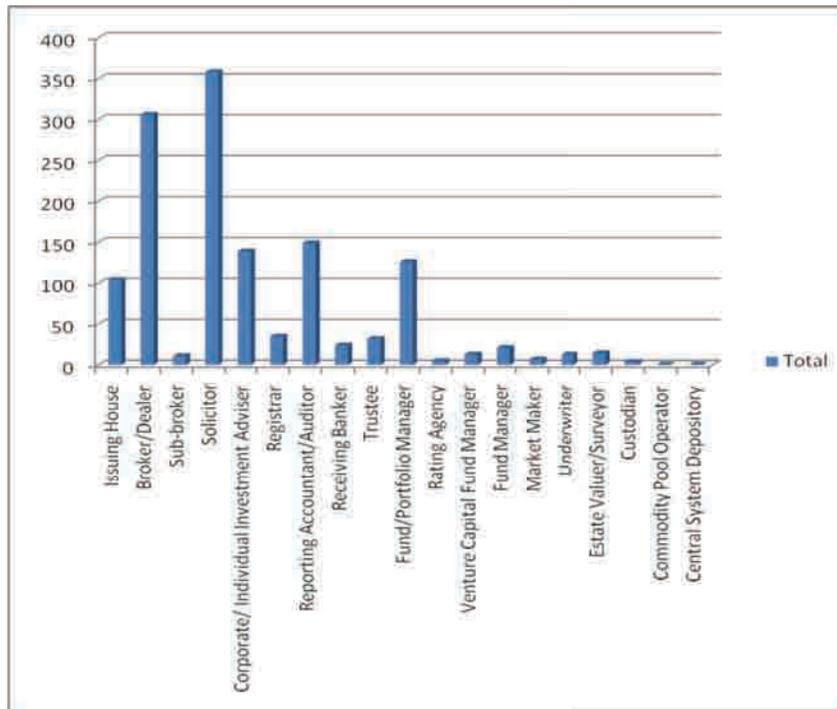
**Table 38: SUMMARY OF REGISTERED CAPITAL MARKET OPERATORS BY FUNCTION AS AT 31<sup>ST</sup> DECEMBER, 2010**

S/N	Function	Total
1.	Issuing House	104
2.	Broker/Dealer	306
3.	Sub-broker	11
4.	Solicitor	358
5.	Corporate/Individual Investment Adviser	139
6.	Registrar	35
7.	Reporting Accountant/Auditor	149
8.	Receiving Banker	24
9.	Trustee	32
10.	Fund/Portfolio Manager	126
11.	Rating Agency	5
12.	Venture Capital Fund Manager	13



13.	Fund Manager	21
14.	Market Maker	7
15.	Underwriter	13
16.	Estate Valuer/Surveyor	15
17.	Custodian	4
18.	Commodity Pool Operator	1
19.	Central System Depository	1
	Total	1364

## FUNCTION CHART





## **FINANCIAL STANDARDS AND CORPORATE GOVERNANCE**

### **A. Rendition of periodic and annual reports by Public Companies**

The Commission received and reviewed a total of 214 Annual Reports, 259 half yearly reports on Corporate Governance and 279 quarterly returns from Public Companies.

### **B. Observations from the reviews carried out**

#### **(i) Corporate Governance, Disclosure and Compliance:**

- Inadequate Board Committees e.g. Remuneration and Risk Management Committees and Compliance Officers etc.
- Non distinguishing of the Executives from the non-Executive Directors.
- Inadequate Board meetings
- Late rendition of returns
- Lack of policy for newly appointed Directors to receive orientation and formal training in furthering of their job.
- Non disclosure of succession planning.
- Non certification of the return forms by Officers concerned.
- Audit Committee not meeting with Board, Internal Audit and External Audit.
- Non disclosure of qualification and experience of Audit Committee members.
- Internal Control breaches and lapses not properly communicated.



- External auditors engaged for longer than necessary.
- Notice of AGM sent to Shareholders falling short of 21 minimum day's requirement of the CAMA and the Code of Corporate Governance.
- Non commencement of e-dividend.
- Non disclosure of the status on unclaimed dividend.

## (ii) Financial Reports

- **CAPITAL ADEQUACY:** The Capital adequacy of most of the companies is sufficient as represented by shareholders fund and equity. However there are companies with insufficient equity capital and in some cases eroded shareholders fund.
- **ASSET QUALITY:** Most companies show mix of poor asset quality as they are highly geared while others have strong asset base.
- **MANAGEMENT EFFICIENCY:** Some company's management are efficient which has shown in the growth in their shareholders' fund.
- **EARNINGS:** Most of the companies show declining profitability while few others recorded marginal profitability.
- **LIQUIDITY:** Most of the companies are illiquid leading to huge bank loans resulting in high interest rate payment.

## UNCLAIMED DIVIDEND STATUS AS AT 2010

The status of unclaimed dividend following review of quarterly and half yearly returns stood at N50,264,654,942.75.

## CORPORATE GOVERNANCE COMPLIANCE

The level of companies' compliance with the Code of Corporate Governance has improved as a result of observations/deficiencies communicated after the review of their half yearly returns. High compliance levels in terms of reliability and timeliness of returns on financial reports were also observed.



**Table 39. Corporate Governance Surveillance/Investigations**

<b>S/N</b>	<b>COMPANY</b>	<b>PURPOSE</b>	<b>RESULT</b>
1.	<b>Investigation of Big Treat Plc</b>	As a result of the observed deficiencies in the company and alleged mismanagement by the MD, an investigation was carried out.	The possibility of the company being bankrupt had been salvaged and an interim management was appointed.
2.	<b>Investigation of Evans Medicals Plc</b>	Net loss of N490m resulting from unsupported inventory was investigated.	The Commission after reviewing the findings of the investigation in respect of the N490m loss directed the company to make a press statement informing the investing public of the development.
3.	<b>Investigation of IHS Nig Plc</b>	The company erroneously utilized revaluation reserve to fund issuance of bonus shares.	Company was directed to re-state its books for corrective purpose and hold an EGM to inform its shareholders and seek ratification of its step in asking the affected directors to pay for the shares.
4.	<b>Investigation of African Petroleum</b>	To ascertain the veracity of the allegations of financial impropriety against the Chairman of AP Plc which made it difficult for the company to release financial result for the past one year.	The preliminary report revealed a lot of financial impropriety against the petitioner and the petitioned. The Commission is working towards resolving the issue.
5.	<b>Investigation of Transcorp Plc</b>	To ascertain the going concern status of the Company as a result of its inability to hold AGM and failure to render periodic and annual reports to the Commission.	The Company has been directed to hold its AGM and release its financial results. These have been done by the company.



**Table 40. All Parties Meetings**

<b>S/N</b>	<b>COMPANY</b>	<b>PURPOSE</b>	<b>RESULT</b>
<b>1.</b>	<b>Okitipupa Oil Palm Plc</b>	An arbitration meeting was convened by the Commission to settle the several contending issues regarding the ownership and management of the company between the interim management consultant and the new Owners Estaport Farms Ltd.	The two parties who earlier took their cases to court were advised to withdraw the cases and resolve the pending issues out of court with the Commission as the arbitrator.
<b>2.</b>	<b>Okomu Oil Palm Plc and Onitsha Shareholders Association</b>	The meeting was held to discuss issues raised in a petition alleging mismanagement and poor Corporate Governance by the Board and Management of the Company.	The company was asked to address the grey areas that needed further clarifications in its financial statement and to strengthen its Corporate Governance, in terms of establishment of Risk Committee based on the amount expended on security of life and properties within the palm estate.



**Table 41. Strategic Meetings**

<b>S/N</b>	<b>ISSUE</b>	<b>PURPOSE</b>	<b>RESULT</b>
<b>1.</b>	<b>Interactive Meeting with Finance Directors and Company Secretaries of Public Companies</b>	The essence of the meeting was to address issues relating to the rendition of quarterly, half yearly and annual financial returns to the Commission. The financial information to be submitted to the Commission is expected to be adequate, timely and reliable so that investors can make informed investment decision using the rendered returns.	The periodic returns being rendered recently to the Commission is improving but there is a need for total compliance and for the companies to also leverage the use of technology to ensure timely rendition of returns.



## **MARKET DEVELOPMENT ACTIVITIES**

During the period under review, the Commission continued to employ investor education tools such as publications & periodicals and public enlightenment activities including workshops/seminars and youth education programmes, to further its market development functions.

### ➤ **PUBLICATIONS**

The following existing publications were reviewed and updated:

- SEC Cartoon
- Primer Cartoons Series
- The Nigerian Capital Market: Issues, Challenges, Prospects etc.
- SEC: What it is and what it does
- Secondary Market in Securities Transactions
- The Nigerian Bond Market
- Securities Market Regulation
- Commodity Exchange: What you need to know
- Know your Rights as a shareholder
- Assets Management Company
- Corporate Actions in the Capital Market; what they are
- Investing wisely
- Buying and selling of shares: what an investor needs to know
- Collective Investment Schemes Made Easy

During the year, the following flyers/handbills were published:

- Know your Rights as a shareholder
- Assets Management Company
- Corporate Actions in the Capital Market; what they are
- Investing wisely
- Buying and selling of shares: what an investor needs to know
- Collective Investment Schemes Made Easy

The SEC quarterly for the first three (3) quarters of 2010 were published.



Key features in the journal included:

- The need for Risk Based Supervision (RBS) in the Nigerian Capital Market **(1<sup>st</sup> Quarter – 2010)**
- The Exchange Traded Fund: Imperative for the Nigerian Capital Market **(2<sup>nd</sup> Quarter – 2010)**
- Capital Market as a long term option for Financing Infrastructure Development **(3<sup>rd</sup> Quarter – 2010)**

#### **Articles/Newspaper publications:**

- ❖ **Restoring Investors Confidence.** Published in the New Nigerian Newspaper of 4<sup>th</sup> June, 2010.
- ❖ **Investing in the Nigerian Capital Market:- What the Investor needs to know.** Published in "The Financier," a magazine of the Finance Students Association (FISA) of the Department of Business Administration, Ahmadu Bello University (ABU) Zaria.

#### **PUBLIC ENLIGHTENMENT ACTIVITIES**

The following public enlightenment activities were carried out in 2010:

- i) Meeting with Principals of Secondary Schools, Zonal Education Coordinators, Management, staff and the Board of Senior Secondary Schools on the establishment of Capital Market Clubs in Secondary Schools at Rumfa College Hall, Kano on February 08, 2010. Over three 300 participants were in attendance.
- ii) Workshop for the Officers and men of the Nigerian Immigration Service Training School, Kano on February 09, 2010.
- iii) Workshop for officers and men of the Nigerian Customs Service Training School, Kano on February 16, 2010.
- iv) Monthly Meetings with the Association of shareholders of Nigeria Borno state chapter, on Capital Market activities and recent developments in the market. Eleven (11) such meetings were held.



- v) Meeting with the Executive members of Evangelical Church of West Africa (ECWA) Kaduna District, on SEC, its functions and Capital Market operations.
- vi) Meeting with State Commissioner and Management Staff of the Federal Character Commission (FCC), Kaduna Office, Kaduna State.
- vii) Courtesy visit to the the National Youth Service Corps orientation camps at Akwa Ibom, Rivers and Cross River States and paper titled **"Introducing the Capital Market: A Window To Wealth Creation and Career Development"** presented at the camp.
- viii) Courtesy visit to the school of Management Sciences, Rivers State Polytechnic, Bori, Rivers State and paper titled **"Introduction to the Nigerian Capital Market"** presented at the school.
- ix) Interaction with Shareholders at the October 2010 monthly meeting of the Shareholders' Association, Port Harcourt Branch.
- xi) One day seminar on the **Nigerian Capital Market and Contemporary Issues** held on 15th November, 2010 at the University of Calabar, Cross River State.
- xii) Courtesy Visit to Ahmadu Bello University (ABU) Zaria and paper titled **"Nigerian Capital Market:- Reflection of the global Financial Crisis"** presented.
- xiv) Courtesy Visit to **Kaduna State University** and paper titled **"Investing in the Nigerian Capital Market"** presented.
- xv) Presented an enlightenment lecture for National Youth Service Corps members at their orientation Camp in Kaduna State titled:- **SEC and Its Functions.**
- xvi) Participation in a radio interaction Programme tagged **"Business Update"** on Delta Broadcasting Radio, Asaba, Delta State bordering on the Nigerian Capital Market.



## **CAPITAL MARKET YOUTH EDUCATION PROGRAMME**

The Commission during the year hosted students and lecturers/teachers from twenty-four (24) schools who came on excursions to the Commission. Capital Market clubs were established in some secondary schools. The Commission hosted the 2010 Annual Quiz Competition for Secondary Schools.

### **Capital Market Clubs**

Capital Market Clubs were launched in 64 Secondary Schools during the year.

### **Capital Market Studies in Tertiary Institutions**

Capital Market studies commenced in the University of Maiduguri in the 2008/2009 academic year as a core area of specialization for Business Management students.

## **PRODUCTS DEVELOPMENT**

In furtherance of its market development mandate, the Commission carried out research work on new products and developed information materials on the following:

- Exchange Traded Funds (ETFs)
- Infrastructure Bonds
- Industrial Development Bonds (IDBs)
- Islamic Investment Funds
- Custody of Operations
- Cartoon – titled Investing Wisely
- Private Equity Investment
- Regulating Systemic Risks in the Financial Market
- The three (3) Pillars of Basell II and Risk Matrix
- Inherent Risk in Mortgage and Asset backed securities
- Securitisation



# SECTION 3

- **REPORT ON LEGAL AND ENFORCEMENT ACTIVITIES**



## **LEGAL SERVICES**

### **LEGAL OPINIONS**

During the year under review, the Commission continued to offer legal opinions and make determinations on a number of issues affecting the market. A total of Ninety-Seven (97) opinions were rendered, notable among them were:

1. **STANBIC IBTC MONEY MARKET FUND – IPO OF N10,000,000 UNITS OF N100 EACH AT PAR AND SUPPLEMENTARY OFFER OF 2,211,800 UNITS OF N100 EACH ISSUED AT PAR**

The issue was whether the arrangement referred to by Stanbic IBTC as “Fund of Funds” was under the regulation of the Commission.

Stanbic IBTC Asset Management Ltd (SIAML) floated the fund whose major subscribers were 5 other funds managed by SIAML and which were not registered with the Commission.

The Commission made a determination that a collective investment scheme by whatever name called and regardless of the structure was required to be regulated, provided it was a collective investment scheme as defined by the ISA. Therefore the Fund was subject to regulation by the Commission.

2. **OANDO PLC – PROPOSED DUAL INTERNATIONAL OFFERING OF GLOBAL DEPOSITORY RECEIPTS AND CONVERTIBLE INSTRUMENTS**

Vetiva Capital Management Ltd, the financial advisers to Oando Plc sought clarification on Rule 226 of the Commission’s Rules & Regulations as regards a dual international offering of Global Depository Receipts (GDRs) and Convertible instruments solely to international investors. They sought to know if they were to comply with the full disclosure requirements of the Commission.

The Commission was of the view that though the offer was targeted solely at foreign investors and the primary filing would be at the United Kingdom, the Issuer in accordance with Rule 226(2) must comply with the disclosure requirements of the Commission.



### **3. WHETHER A QUOTED COMPANY CAN BUY BACK ITS OWN SHARES DIRECTLY DURING AN INITIAL PUBLIC OFFER/OFFER FOR SUBSCRIPTION/RIGHTS ISSUE**

De-canon Investment Ltd, a registered capital market operator sought to know whether a quoted company could buy back its own shares directly during an initial public offer, offer for subscription or rights issue.

The Commission was of the view that a public company was not authorised to buy back its own shares in the primary market and the Commission had never authorized any public company to do so.

It was pointed out that Rule 109B of the Commission's Rules and Regulations only contemplated share buy back through the secondary market.

### **4. WHETHER INTERNATIONAL RATING AGENCIES CAN OPERATE IN NIGERIA WITHOUT REGISTRATION**

The issue was whether it would be appropriate to allow international rating agencies to operate and rate bonds without having registered or established an office in Nigeria.

It was opined that every foreign company incorporated outside Nigeria which had the intention to do business in Nigeria was required to be incorporated as a separate entity in Nigeria for that purpose.

Furthermore, it was stated that without registration, the Commission would have no regulatory oversight over such entities. It was also observed that if such bodies found the Nigerian market attractive, they should be willing to submit themselves to Nigerian laws.

The Commission advised that for the purpose of proper regulation by SEC and other regulatory bodies, International Rating Agencies wishing to do business in Nigeria must comply with the provisions of the Investments and Securities Act (ISA), the Rules and Regulations made thereunder and the Companies and Allied Matters Act (CAMA).

### **5. NON-REMITTANCE OF STAMP DUTY FEES ON STOCK MARKET TRANSACTIONS**

The Commission advised on a letter received from the Nigerian Postal Service (NIPOST) asking all stockbroking firms to disregard the letter from the Federal Inland Revenue Service (FIRS) directing stockbrokers to remit stamp duties on transactions on the floor of the NSE to the FIRS. The NIPOST claimed that proceeds from adhesive stamps for denoting stamp duties on contract notes should be paid to it and not the FIRS.



The Commission was of the view that the FIRS was empowered to assess and collect payment of taxes due to the Federal government and its agencies including the NIPOST and that only the Federal government had authority to impose and collect these duties.

The Commission however observed that it might not be convenient for the FIRS to collect stamp duties on contract notes paid by stockbrokers, since the adhesive stamps to be affixed on contract notes were in the custody of the NIPOST.

## **6. STATUTE OF LIMITATION**

The issue was whether the Statute of Limitation barred a complainant from being restituted for failure of Bank PHB to purchase shares on his behalf.

The Commission advised that it would not be equitable for the Bank to fail to honor its obligation to the complainant as investors' confidence in the market was paramount.

## **7. REQUEST BY FUND MANAGERS ASSOCIATION OF NIGERIA ON THE ELIMINATION OF TRUSTEES IN THE COLLECTIVE INVESTMENT SCHEME STRUCTURE**

The Fund Managers Association of Nigeria (FMAN) had proposed that the role of Trustees be merged with that of Custodians.

The Commission was of the view that its Rules and Regulations made provisions for the function of Trustees, and the proposed new Rule 239 provides for the functions of a Custodian of a registered collective investment scheme. The functions show that a Trustee is to perform oversight functions over the scheme for the benefit of unit holders, while a Custodian is to provide custodial services in respect of assets of the scheme.

The Commission therefore advised that, both functions should be performed separately as enshrined in the rules.

## **AGREEMENTS**

The Commission finalized Fifty-Four (54) agreements including a proposed Memorandum of Understanding (MOU) with the Capital Market Authority of the Sultanate of Oman.



## **LITIGATION**

The Commission as at 31<sup>st</sup> December, 2010 was involved in 71 cases in various Courts including and the Investments and Securities Tribunal (IST). Out of the 71 cases, 33 were instituted during the period under review while the others were carried over from previous years, 11 cases were however concluded during the year.

## **RULE MAKING**

During the year under review, the following Fifty (50) Rules were made by the Commission and became effective:

1. Approval of Appointment of Directors of Market Operators (New Rule 15A)
2. Rules on Bonus issue (New Rule 40D)
3. Validity period of accounts (New Rule 40B)(i)(iv)(h)
4. Reduction in documentation filed with SEC by operators. [Rule 40 (3)]
5. Conditions for approval of IPO and listing by introduction (New Rule 50)
6. Filing of Registration Statement (Rule 50(1) & (2))
7. Declaration by the issuer on full disclosure (New Rule 50 (3))
8. Condition for approval of subsequent Public Offer (New Rule 50A)
9. Incorporating forecast and oversubscription in the Offer documents (New Rule 56(XV))
10. All Parties Meeting (New Rule 59B)
11. Pre-Offer waiting period (Fixed price Offers)(New Rule 59C)
12. Extension of Offer Period (New Rule 60(d))
13. Opening of Interest yielding accounts for offer proceeds (Rule 64(1))
14. Absorption of over-subscription (Rule 64(4)(a)(iii))
15. Interest on Return Monies (new Rule 64(7))
16. Basis of allotment (Rule 69(2))
17. Subscription level for Issue not underwritten (Rule 70(6)(ii))
18. Listing of securities after allotment clearance (New Rule 71(ii)) Cost of issue (Rule 73)
19. Amount to be underwritten (Rule 75)
20. Underwriting of Rights issues (New Rule 75A)
21. Underwriting capacity/commitment (Rule 76)
22. Conditions for Approval of Offer (Private Placement)(Rule 90)
23. Advertisement of Private Placement (New Rule 90(2))



24. Know your Customer (Rule 100)
25. Issue and handling of certificates (Rule 200)
26. Depository receipts of Nigerian entities (New Rule 226(3))
27. Harmonization of Rule 109B(vi) with Section 161(a) of CAMA 1990
28. Issuance of Corporate bonds (New Rule 307A)
29. Reduction of SEC fees for the registration of bond Issuance
30. Rule on Money Market fund (Rule 249A)
31. Amendments to Schedule 1, Part C, Item 5,6 & 7(Empowers SEC to charge 0.25% of gross income of CIS schemes)
32. Regulations of Mergers, Takeovers and Acquisitions (Rule 227)
33. Clearance of scheme Documents (New Rule 232(c))
34. Power to order the Breakup of Company (New Rule 234(C))
35. Method of Calculation of Annual Turnover or Assets to be applied in relation to Merger thresholds (New schedule X)
36. Rules of Procedure of APC of SEC (Schedule VII)
37. Vending agreement (Amendment to Rule 78B)
38. Regulation of Public Companies (Part B4)
39. Guidelines for the monitoring of unclaimed dividends by public companies: (24<sup>th</sup> March 2010)
40. Rules on Interdealer Broker (IDB) (new Rule 24A) :(21<sup>st</sup> May 2010)
41. Anti-Money laundering/Combating financing of terrorism (AML/CFT) compliance manual for Capital Market Operators (CMO) (new schedule XI): (28<sup>th</sup> July 2010)
42. Rules on Margin Lending (new Rule 178B): (8<sup>th</sup> Oct.2010)
43. Negotiated Settlement (Rule 10A)
44. Conditions to grant waiver on bonds that are not backed by an irrevocable letter of authority. (Rule 307(6))
45. Custodial Services for registered collective investment schemes. (Rule 239)
46. Securities lending and borrowing. (Rule 105A)
47. Islamic Fund Management.
48. Exchange Traded Funds (ETF).
49. Payment of dividends. (Rule 204)
50. Investment in unlisted equities.



## **MARKET SURVEILLANCE**

The Commission through its surveillance activities examines and evaluates the level of compliance by Capital Market Operators in line with the following:

- (1) The Investment and Securities Act of Nigeria, 2007;
- (2) Rules and Regulations of the Securities and Exchange Commission;
- (3) Money Laundering (Prohibition) Act, 2004;
- (4) Customer – Due – Diligence and Know-Your-Customer (CDD/KYC) Manual for Capital Market Operators and;
- (5) All relevant Nigerian Laws incidental to the operations of such companies in the Nigerian Capital Market.

A breakdown of the Commission’s Surveillance activities in 2010 is as follows:

### **A. OFF-SITE ANALYSIS**

The off-site inspection focused mainly on reviewing returns, identifying deficiencies and compiling key data/indices on operations of Capital Market Operators.

The following returns from registered Capital Market Operators were reviewed by the Commission in 2010:

- 908 Quarterly returns from Broker Dealers;
- 254 Quarterly returns from Fund/Portfolio Managers;
- 124 Quarterly returns from Investment advisers;
- 79 Quarterly returns from Trustees ;
- 72 Quarterly returns from Registrars;
- 75 Quarterly returns from Issuing Houses and;
- 156 Quarterly returns on utilization of issue proceeds from issuers of securities.



## STATE OF AFFAIRS OF STOCKBROKING FIRMS

A total of 908 quarterly returns were received in 2010 from Broker Dealers.

The returns were analysed based on "**Shareholders' Funds**", "**Indebtedness to Banks**", "**Margin loans to Clients**", "**Quoted Investments** and "**Profitability**", as detailed below:

**SHAREHOLDERS' FUNDS:** Aggregate shareholders' funds for 229 companies analyzed in the 1<sup>st</sup> quarter of 2010 amounted to N115,494,637,152.00 Billion. It went down to N102,902,592,025.00 Billion in the 2<sup>nd</sup> quarter and it further drastically reduced to N34,216,412,597.19 Billion in the 3<sup>rd</sup> quarter. However, it increased in the 4<sup>th</sup> quarter to N77,424,610,316.00.

The analysis further revealed that 192 Companies reported positive shareholders funds representing 82% of companies that rendered their returns within the 3<sup>rd</sup> quarter while 43 companies reported negative shareholders funds representing 18% of companies that rendered their returns within the same period. By the fourth quarter of the year, 226 returns were received and analyzed. The number of companies with positive shareholders funds decreased to 173 representing 77% of companies that rendered their returns within the period.

A total of 30 Companies had shareholders funds eroded below the minimum requirement of N70m and this represent 13% of total returns received, while 23 companies reported negative shareholders funds representing 10% of companies that rendered their returns during the fourth quarter.

**BREAKDOWN OF INDEBTEDNESS:** The level of aggregate indebtedness of Broker Dealers decreased by an aggregate average of 19.6% from N226.026,467,860 Billion to N205,063,265.986.19 billion from the 1<sup>st</sup> to the 2<sup>nd</sup> quarter . The aggregate indebtedness further fell to N145, 912,784,827.96 as at the end of the 3<sup>rd</sup> quarter of 2010 and to N145, 848,502,864.00 in the fourth quarter of the year.

The fourth quarter analysis also revealed that 22 companies were highly indebted to banks in the sum of N1 billion and above as against 19 companies in the third quarter, 24 companies in the second quarter and 30 in the 1<sup>st</sup> quarter.



Findings were communicated to the affected operators requesting them to explain modalities put in place to wind down all outstanding loans and submission of time-table for re-capitalization in the case of those with eroded shareholders' fund.

**MARGIN LOANS GRANTED TO CLIENTS:** Significant improvement was made on recovery of outstanding margin loans granted to clients of capital market operators, as this reduced from N105,034,435,035.00 to N44,345,887,300.00 and N40,409,373,208.50 in the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2010 respectively. This translates to an aggregate average reduction rate of approximately 38% between the 1<sup>st</sup> quarter and the end of the 3<sup>rd</sup> quarter of 2010 but, the figure increased to N 45, 177,365,639.00 in the fourth quarter of the year.

**INVESTMENT IN QUOTED SECURITIES:** Aggregate value of investment in quoted securities decreased from N203, 807,023,082.00 Billion to N177, 169,165,430.00 Billion and N166, 889,863,063.59 Billion and eventually to N126, 499,218,630.00 from the 1<sup>st</sup> to the 4<sup>th</sup> quarter of the year.

**PROFITABILITY/LEVEL OF LOSS:** Aggregate net losses incurred by the firms increased marginally from N7, 279,062,323 Billion to N7, 913,802,588 Billion between the 1<sup>st</sup> and 2<sup>nd</sup> quarters, representing 9% increase. This level of increment might be as a result of the effects of servicing outstanding indebtedness owed by firms from margin facilities and the relatively low activities/bearish nature of the equities market during the period under review.

The 3<sup>rd</sup> quarter analysis revealed a loss of N3,265,890,076.78 while in the 4<sup>th</sup> quarter the aggregate loss reduced to N2, 145,932, 582.00.

**Table 44: Summary of the performance of Broker-Dealers in the year 2010**

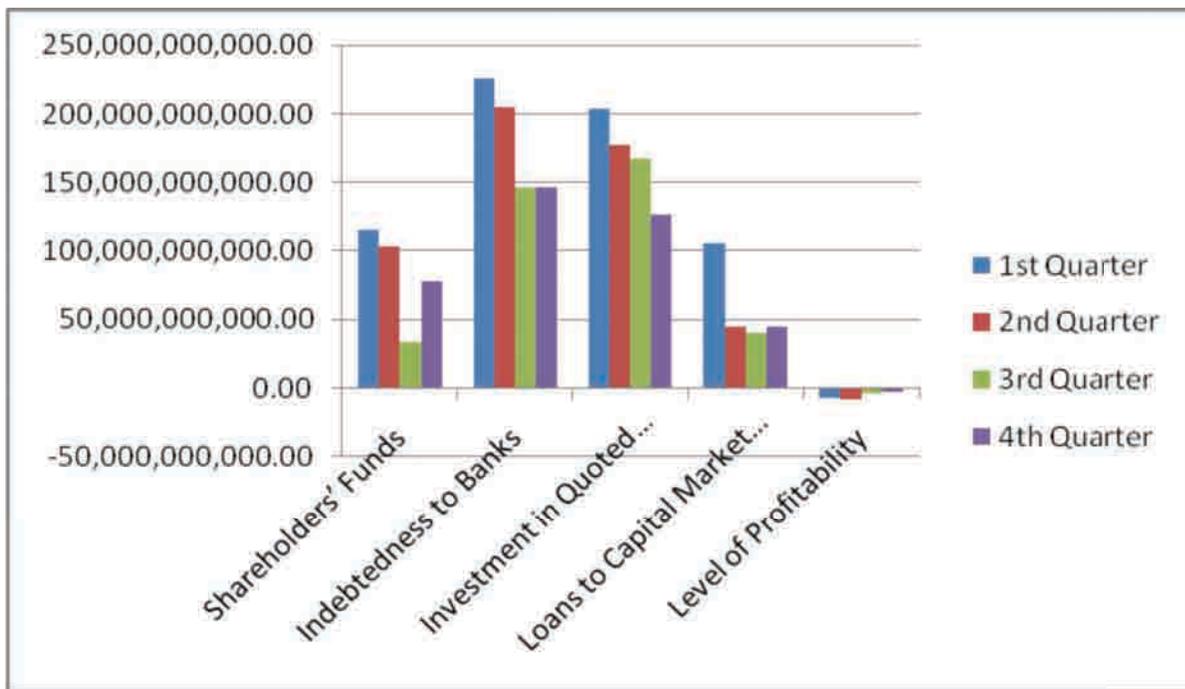
**Breakdown of quarterly performance analysis/ Broker Dealers key indicators**

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<b>Shareholders' Funds</b>	115,949,637,152.00	102,982,592,025.97	34,216,412,597.91	77,429,610,316.00
<b>Indebtedness to Banks</b>	226,026,467,840.00	205,063,265,986.19	145,912,784,827.96	145,848,502,864



<b>Investment in Quoted Securities</b>	203,807,023,082.00	177,169,165,430.90	166,889,863,063.59	126,499,218,630.00
<b>Loans to Capital Market Clients</b>	105,034,435,035.00	44,345,887,300.24	40,409,373,208.50	45,177,365,639.00
<b>Level of Profitability</b>	-7,297,062,323.00	-7,913,802,588.35	-3265890079.78	-2,145,932,582.00

**Chart representing Broker-Dealers' performance in the year 2010**





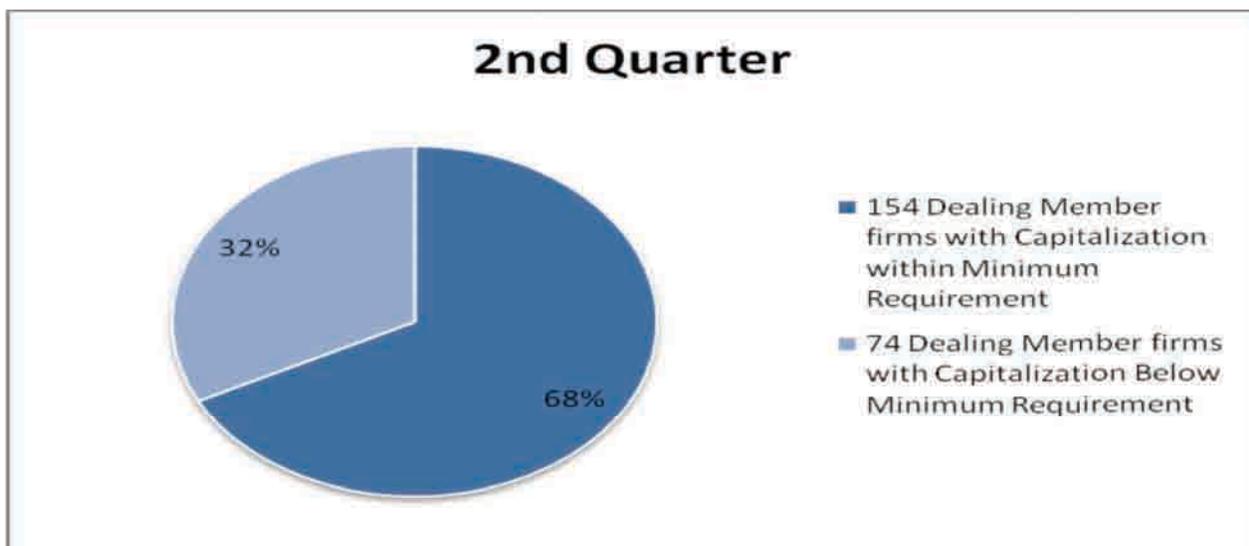
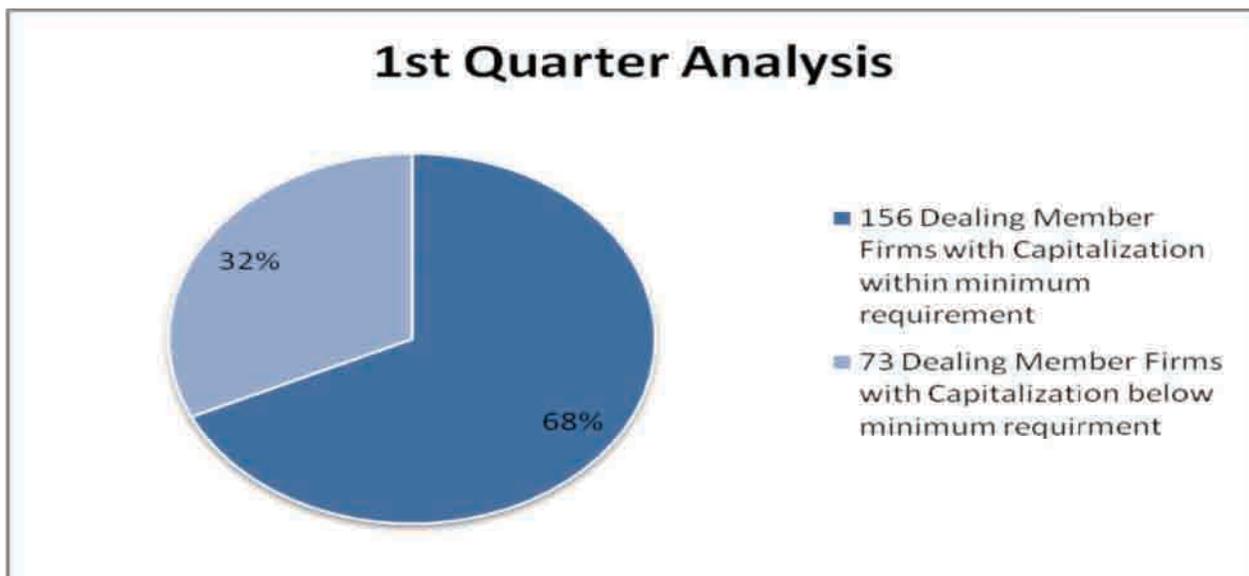
## **CAPITAL ADEQUACY:**

In line with the minimum capital requirement of N70million for broker dealers, the capital adequacy of Firms were analyzed. The analysis revealed as follows:

- Within the first quarter of the year, 156 Firms had capital within minimum requirement, representing 68% of the firms that rendered their returns while, 73 firms had capital below minimum requirement, representing 32% of the firms that rendered their returns.
- In the 2nd Quarter, 154 firms had capital within minimum requirement, representing 68% of the firms that rendered their returns while 74 firms had capital below minimum requirement, representing 32% of the firms that rendered their returns.
- In the 3<sup>rd</sup> Quarter, 150 firms had capital within minimum requirement, representing 64% of the firms that rendered their returns while 84 firms had capital below minimum requirement representing 36% of the firms that rendered their returns and;
- The 4<sup>th</sup> Quarter analysis revealed that 173 firms had capital within minimum requirement, representing 77% of the firms that rendered their returns while 53 firms had capital below minimum requirement representing 23% of the firms that rendered their returns.

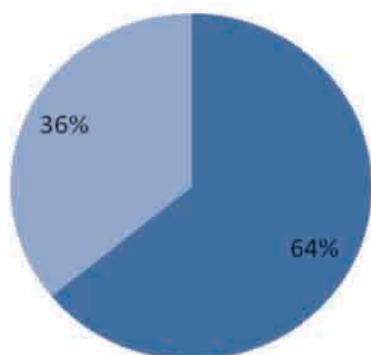


The Charts below represent the percentage position of Broker-Dealers with Capitalization within and below the required Capital during the year 2010:



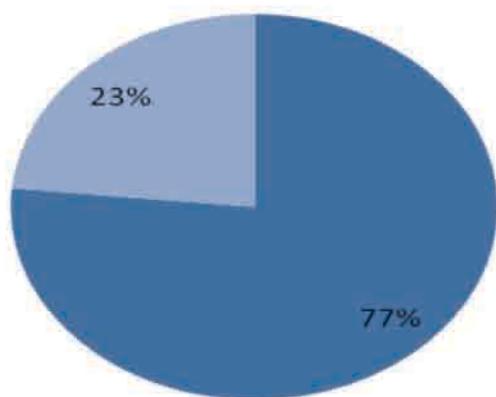


### 3rd Quarter



- 150 Dealing firms with capitalization within minimum requirement
- 84 Dealing firms with capitalization below minimum requirement

### 4th Quarter



- 173 Dealing Member firms with Capitalization within minimum Requirement
- 53 Dealing Member firms with Capitalization Below Minimum Requirement



## **ANALYSIS OF RETURNS BY CAPITAL MARKET OPERATORS:**

### **FUND/PORTFOLIO MANAGERS**

Analysis of the second quarter returns filed with the Commission showed that thirty three (33) out of eighty (80) Companies registered for this function had aggregate funds of N172 Billion under their management while forty seven (47) were not active in the function.

Within the 3<sup>rd</sup> quarter of the year ending September 30, 2010, eighty four (84) returns were reviewed. The review showed that a total of ₦227.34 billion was under management as against ₦172 billion reported in the previous quarter. Out of the N227.34 billion under management, N162.95 billion (as against ₦129.9 billion reported in the previous quarter) was invested in quoted equities, while N84.55 billion went into other sectors (as against ₦67.3 billion in the previous quarter).

As at the 3<sup>rd</sup> quarter, aggregate un-invested funds were ₦5.5 billion (as against N4.5bn reported within the second quarter of the year). The figure excludes the negative overdrawn balance of (₦28.5 billion) reported by Oceanic Bank International Plc which if included would have effectively resulted in a net negative position of N23.95 Billion for reported un-invested cash within the sector.

As at December 2010 (4<sup>th</sup> quarter), the Commission received and analyzed ninety (90) returns from Funds/Portfolio Managers, out of which only 50 were active. The analysis revealed that a total sum of ₦260.29 billion was under Management and ₦176.69 billion of it was invested in the Capital Market, while N82.19 billion went into other sectors. Aggregate of ₦7.55 billion un-invested funds were outstanding as at the end of the year.<sup>45</sup>

The 2010 analysis also revealed that some Firms eroded their shareholders funds below the minimum capital requirement of N20 million declining to a negative level.<sup>46</sup>

Based on the analysis Operators with low/negative shareholders funds were requested to recapitalize.

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<sup>45</sup> See table 45

<sup>46</sup> See table 46



## **Cumulative Summary of Performance**

**Table 45**

	1 <sup>st</sup> Quarter	2 <sup>ND</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
<b>Total shareholders funds</b>	547,479,748,075	573,397,863,513	481,584,062,063	410,745,403,319.82
<b>Total fund under management</b>	261,099,923,166.65	227,338,974,711	171,783,865,980	260,282,665,705.32
<b>Investment in the capital market</b>	145,771,390,078.18	162,950,691,690	129,898,080,702	176,681,837,687.56
<b>Investment in other market</b>	135,982,551,024.59	84,135,464,628	67,270,419,157	82,128,353,020.38
<b>Uninvested funds</b>	34,189,930,569.93	4,554,450,944	5,470,159,696.46	7,552,459,247.18

**Table 46**

S/N	OPERATOR'S NAME	SHAREHOLDERS FUNDS		
		4 <sup>th</sup> Quarter, 2010	3 <sup>rd</sup> Quarter, 2010	2 <sup>nd</sup> Quarter, 2010
<b>1</b>	First Trustees Nigeria Limited	(3,321,142,237.03)	(20,361,981,250)	(18,640,614,237.71)
<b>2</b>	Intercontinental Cap Market Limited	(7,382,674,987.46)	(7,230,134,253)	(6,842,121,718)
<b>3</b>	Diamond Securities Limited	(2,588,917)	(2,676,570,028)	-
<b>4</b>	IEI Assets Mgt Limited	-	(703,976,000)	(621,118,000)
<b>5</b>	Oceanic Bank	-	(117,412,209)	(117,412,909)



	International Plc			
<b>6</b>	Express Discount Asset Management Limited.	-	(25,088,763)	45,415,708
<b>7</b>	Cornerstones Assets Management Limited.	(229,990,785.00)	(31,752,979)	10,872,848
<b>8</b>	FinBank Securities & Asset Management Limited.	-	1,334,626	1,337,923,176
<b>9.</b>	Access Investment & Sec. Ltd.	(54,427,440.32)	(10,253,053.75)	264,510,387.20
<b>10.</b>	Associated Asset Managers Ltd	(584,449,000)	(1,584,449,000.00)	(1,638,815,000.00)
<b>11.</b>	Deap Capital Management & Trust Plc	(118,774,034.00)	42,335,047.00	284,413,631.00
<b>12.</b>	Intercontinental Trustees Ltd	(1,402,809,616.91)	(1,338,393,679.88)	(1,274,573,978.03)
<b>13.</b>	Spring Stockbrokers Ltd	(593,656,382.71)	(12,873,340.52)	-
<b>14.</b>	Converged Dynamics Nig Ltd	9,759,636.22	14,352,977.82	25,885,345.27



## **ISSUING HOUSES**

Seventy five (75) returns were received and analyzed within the period under review. The analysis revealed that all the returns were in compliance with the requirements of the Commission.

## **REGISTRARS**

Returns received from 25 Registrars were reviewed to ascertain the quantum of unclaimed dividends, certificates and return monies.

The analysis revealed that there was an increase of 21% in the quantum of unclaimed dividends from **N41,258,771,475.98** as at December 2009 to **N50,268,654,942.75** in December 2010.

Prior to the introduction of e-dividend, Registrars asserted that change of address by shareholders, wrong imputation of addresses and death of shareholders were key among other reasons for the increase in quantum of unclaimed dividends which still remained unchanged after the introduction of e-dividend.

## **TRUSTEES:**

Seventy nine (79) returns were received from 28 Trustees, out of 42 registered for Trustee function. The analysis of the returns revealed that only five firms out of the registered firms (UBA Trustees, Union Trustees, Skye Trustees, First Trustees and GT Asset Trustees) were trustees to existing Bonds in the Capital Market.

## **UTILIZATION OF ISSUE PROCEEDS:**

A total of 156 quarterly returns from 25 companies were received from issuers and reviewed during the year 2010, where it was observed that most of the issuers especially banks, were unable to provide details of how funds allocated to working capital sub-heads were being utilized. Their position was that the funds could be applied in several ways to boost the overall operational capacity of the banks.

Based on the findings, the Commission directed that for proper accountability, the banks must be able to track and identify specific expenditure items on which funds are utilized particularly under the working capital sub-head.



As a way forward, the following recommendations were made regarding utilization of issue proceeds:

- On-site verification of issue proceeds to commence immediately after the submission of the first return by the issuer;
- Issuers to provide utilization time table in offer documents to facilitate monitoring of the issue proceeds;
- All issuers (especially Banks) to lodge issue proceeds after clearance of allotment proposal in dedicated accounts to allow for easy monitoring of inflows and outflows;
- Expenditure on working capital should be tied to specific expenditure items especially by banks.

## **B. ON-SITE ANALYSIS**

### **ROUTINE INSPECTIONS**

39 operators (Broker/Dealers) were randomly inspected in the year 2010. Based on the findings, firms with share capital below the required minimum of N70 million were directed to inject funds to meet stipulated threshold while firms with completely eroded/ negative capital balance were recommended to be taken over and their assets with Banks and the Central Securities Clearing System (CSCS) be frozen in line with the provisions of the Investments and Securities Act (ISA) 2007.

## **C. ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORIST (AML/CFT) ACTIVITIES**

### **AML/CFT COMPLIANCE INSPECTION**

Within the period under review AML/CFT compliance inspection was conducted on 110 Firms comprising of Broker Dealers, Trustees, and Fund/Portfolio Managers. The inspection was aimed at assessing and measuring the level of compliance by CMOs with all the requirements of the Financial Action Task Force( FATF) and Inter Governmental Action Group against Money Laundering in West Africa (GIABA) on AML/CFT measures and control in the financial system and SEC relevant Rules and Regulations on AML/CFT.



The inspection report revealed as follows:

- **21 Firms** were found fully compliant with all the requirements;
- **12 Firms** complied with the requirements to a large extent,
- **34 Firms** were found partially compliant with the requirements and;
- **43 Firms** had non compliance rating.

Based on findings from the inspections, observed deficiencies were communicated to the erring Firms who were given a specified period within which to remedy identified deficiencies.

Meanwhile, training programme on AML/CFT requirements, particularly on the new Customer Due- Diligence Manual developed for Capital Market Operators was organized for the Chief Compliance Officers in order to acquaint them with their responsibility on AML/CFT requirements.

### **PENALTIES**

Sequel to the findings of the inspection reports on AML/CFT Compliance, 43 Firms were fined a total sum of N27,000,000.00 (twenty-seven million naira only) for violation of AML/CFT requirements during the 2010 compliance inspections.

### **TARGETED REVIEW MEETING IN BAHRAIN**

The Commission attended the Targeted Review Meeting held in Bahrain in January, 2010 where Nigeria was one of the African Countries invited to a face-to-face meeting by the International Cooperation Review Group (ICRG) of the Financial Action Task Force (FATF). The invitation was sequel to Nigeria's poor ratings, during past Reviews, in respect of 13 out of 16 core and key recommendations of the FATF on Anti-Money Laundering and Counter Financing of Terrorist (AML/CFT).

### **DEVELOPMENT OF NEW KYC/CFT AML/CFT MANUAL FOR CAPITAL MARKET OPERATORS**

In order to address key deficiencies noted against Nigeria by the FATF, particularly on risk based supervision, lack of adequate rules on enhanced customer due diligence and KYC requirements; and anonymous accounts/politically exposed persons (PEPs), the Commission drew up the framework and guidelines leading to the formulation of a new/comprehensive risk-based AML/CFT manual which was issued to Operators in August, 2010.



## **WORKSHOP/TRAINING ON RISK-BASED SUPERVISION OF MONEY LAUNDERING AND MARKET ABUSE IN THE NIGERIAN CAPITAL MARKET**

In readiness for the adoption of the Risk-Based supervision model, the Commission, in collaboration with the Nigerian Capital Market Institute (NCMI) and Risk Reward Limited (a professional Banking and Finance Services Company based in London), conducted a risk based supervision training for selected Staff of the Commission. The training was held from March 15<sup>th</sup> – 26<sup>th</sup>, 2010.

## **13<sup>TH</sup> TECHNICAL COMMITTEE/PLENARY MEETING OF THE INTER-GOVERNMENTAL ACTION GROUP AGAINST MONEY LAUNDERING IN WEST AFRICA (GIABA)**

The Commission attended the 13<sup>th</sup> Technical Committee/Plenary Meeting of GIABA at Praia, Cape Verde in May, 2010. During the meeting, the new CDD/KYC Manual developed for the Nigerian Capital Market Operators by the Commission was presented and accepted by GIABA and FATF. Also presented was a report on the progress made in the Nigerian Capital Market in addressing key areas of deficiencies noted against the Country (and the Capital Market in particular) during the Mutual Evaluation exercise conducted in 2007.

## **IMF TECHNICAL ASSISTANCE PROGRAMME**

An International Monetary Fund (IMF) Mission Group visited the Commission on September 14, 2010 to carry out a Technical Assistance (TA) Diagnostic Mission in the context of a project funded by the AML/CFT Topical Trust Fund (TTF) of the IMF.

The main objective of the mission was to conduct a diagnosis of the specific technical assistance needs of Nigeria and develop an action plan with respect to:

- i. Strengthening AML/CFT supervision in the financial sector;
- ii. Enhancing the effectiveness and efficiency of the Nigerian Financial Intelligence Unit (NFIU) and;
- iii. Planning for comprehensive systemic national money laundering and financing of terrorism risk assessment.

One of the key activities of the IMF Mission Group in Nigeria was to review the AML/CFT supervision framework and practices conducted by the NFIU and the Financial Market Regulators. To this end, the mission met with officials from the Commission, NFIU, the Central Bank of Nigeria (CBN), the National Insurance Commission (NAICOM), and the Special Control Unit against Money Laundering (SCUML).



The Commission has conveyed its acceptance to participate in the IMF Technical Assistance Programme scheduled to commence in January 2011.

**E. VERIFICATION OF COMPLIANCE STATUS BY MARKET OPERATORS ON RENDITION OF QUARTERLY RETURNS/QUARTERLY/AUDITED ACCOUNTS**

Under the Rules & Regulations of the Commission, Capital Market Operators are required to make periodic returns of their operations to the Commission. In pursuance of this, the Commission in conjunction with KPMG Consultants, conducted verification exercise to ascertain the compliance status on rendition of 2008 Audited Accounts as well as 2009 quarterly returns of registered Market Operators.<sup>47</sup>

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<sup>47</sup> See table 47 a & b



## Status of Rendition of Quarterly and Annual Returns in 2010:

**Table 47a**

S/N	CMOs	TOTAL NO REGISTERED	TOTAL THAT RENDERED IN ALL THE QUARTERS OF 2010	TOTAL THAT DID NOT RENDER THEIR RETURNS IN ALL THE QUARTERS OF 2010 (2 QUARTERS AND ABOVE)	TOTAL THAT PARTIALLY RENDERED ( I.E IN 2 QUARTERS OF 2010)
1.	FUND/PORTFOLIO MANAGERS	158	68	76	14
2.	TRUSTEES	42	22	14	6
3.	REGISTRARS	24	24	-	-
4.	ISSUING HOUSES	149	32	109	8
5.	INVESTMENT ADVISERS	146	33	103	10

**Table 47b**

BROKER DEALERS											
TOTAL REGISTERED	TOTAL THAT RENDERED IN ALL THE QUARTERS OF 2010					TOTAL THAT DID NOT RENDER THEIR RETURNS IN 2010 (2 QUARTERS AND ABOVE)					
	ACTIVE		NOT ACTIVE			ACTIVE		NOT ACTIVE			TOTAL
	ON SUSPENSION	NOT ON SUSPENSION	ON SUSPENSION	NOT ON SUSPENSION	TOTAL	ON SUSPENSION	NOT ON SUSPENSION	ON SUSPENSION	NOT ON SUSPENSION		
305	50	187	01	10	248	10	07	20	20	57	



In furtherance of the above findings, the following recommendations were made:

1. Registered market operators that failed to render their returns in the four consecutive quarters of 2010 should be suspended from **ALL** capital market activities.
2. Registered market operators that failed to render their returns in two consecutive quarters of 2010 should be referred for enforcement action.
3. Registered market operators that failed to render their returns in one quarter during the year should be penalized for their action in line with schedule II of SEC Rules and Regulations.

The analysis also revealed that within the 2<sup>nd</sup> quarter of 2010, 24 companies were credited with aggregate indebtedness of N191,840,065,333.00 Billion to Banks constituting 94% of aggregate indebtedness reported, while in the 3<sup>rd</sup> quarter, 19 Companies with indebtedness of N1 Billion and above translating to an aggregate indebtedness of N133,522,249,290.09 Billion constituted 92% of total indebtedness.



## **INVESTIGATIONS**

During the year under review, the Commission handled a total of **4,778** complaints<sup>48</sup>, made up of 1,906 carried over from 2009 and 2,872 received in 2010. Most of the complaints against registrars were in respect of non receipt of share certificates and dividend warrants. Complaints against stockbrokers were mostly in respect of non remittances of sales proceeds and unauthorized / fraudulent sales of shares.

A total of 2,577 complaints were resolved<sup>49</sup> during the year, out of which, 183 were resolved through mediation efforts. As at 31<sup>st</sup> December, 2010, 2,201 complaints were pending<sup>50</sup>.

**Table 48: SUMMARY OF COMPLAINTS HANDLED IN 2010:**

<b>DESCRIPTION</b>	<b>FIGURES</b>
<b>Balance Brought Forward (2009)</b>	1,906
<b>New complaints - Registrars (2010)</b>	1,512
<b>New complaints - Brokers (2010)</b>	1,222
<b>New complaints – Other Capital Market Operators</b>	138
<b>Total</b>	<b>4,778</b>

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<sup>48</sup> See table 48

<sup>49</sup> See table 49

<sup>50</sup> See table 50



**Table 49: SUMMARY OF COMPLAINTS RESOLVED IN 2010:**

<b>DESCRIPTION</b>	<b>FIGURES</b>
<b>Complaints against Registrars</b>	1,509
<b>Complaints against Brokers</b>	697
<b>Complaints against others</b>	55
<b>Referred for Enforcement</b>	316
<b>Total</b>	<b>2,577</b>

**Table 50: SUMMARY OF COMPLAINTS PENDING AS AT 31<sup>ST</sup> DECEMBER, 2010:**

<b>DESCRIPTION</b>	<b>FIGURES</b>
<b>Complaints against Registrars</b>	1,571
<b>Complaints against Brokers</b>	604
<b>Complaints against others</b>	26
<b>Total</b>	<b>2,201</b>





2	Afribank Sec. Ltd (formerly AIL Sec. Ltd)	Afribank Sec. Ltd allegedly violated SEC Rules by employing manipulative and deceptive contrivances to wit – granting, partaking, and receiving loans for the unlawful purchase of the 1 <sup>st</sup> Respondent's shares and creating appearance of active trading in the 1 <sup>st</sup> Respondent's shares	Rules 106 and 110	The matter was withdrawn from APC and subsequently filed at the IST.
3	Alliance Capital Management Ltd	243 complaints were received from investors bordering on unauthorized sale, conversion of clients' funds/securities, failure to submit clients' forms during public offers after receiving payments etc.	Rule 110	Sanctions including suspension of culpable persons were recommended by APC for Board approval.
4	Apex Securities Ltd	Three (3) new complaints against Apex Sec. Ltd were forwarded by Inv. Div. Two (2) of the complaints were by Chukwuemeka Udenze & Co and Edward Onwuegbuna bordering on unauthorized sale of clients' shares while the complaint by G.O. Iwueke borders on disappearance of certificate	Rule 110	The operator is defunct.
5	Belfry Investment Ltd	Belfry Investment Ltd. was referred to the Department for enforcement action for its failure to pay the sum of ₦202,000.00 being the cost for repeat inspection	Rule 43 Rule 9	Matter yet to be concluded.
6	BFCL Assets/Securities Ltd	BFCL was invited before the APC as a respondent in the case of <b>SEC vs. Oceanic Bank Plc and others</b> for alleged securities laws violation by the bank and other respondents. The operator allegedly <b>contravened section 88 ISA 2007, the Rules 43 and Rule 61 of SEC Rules and Regulation 2000</b> by allotting / permitting allotment to be made to fictitious applicants in the 1 <sup>st</sup> Respondent's 2007 public offer.	SS 88 ISA 2007	The matter was withdrawn from APC and subsequently filed at the IST.



7	BGL Plc	BGL was invited before the APC as a respondent in the case of SEC vs. Finbank Plc and others for alleged breach of securities laws. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.	Rule. 78 (a)	Management directed withdrawal of the case from APC. A suit was subsequently filed by SEC at the IST against the parties
8	Capital market operators that failed to file returns.	The underlisted Capital Market Operators failed to render their quarterly returns: <b>Best link Inv. Ltd, BIC Securities Ltd, City-Code Trust &amp; Inv. Co Ltd, City Fin. &amp; Sec. Ltd, Dubic Fin.Ltd, EPIC Inv. &amp; Trust Ltd, Equator Stockbrokers Ltd, First Atlantic SeC. Ltd, First Integrated Capital Management Ltd, First Marina Trust Ltd, Folu Securities Ltd, Fund Matrix Ltd, Genesis Sec. &amp; Inv. Ltd, Global Inv.&amp; Sec. Ltd, HP Sec. Ltd, ITIS Sec. Ltd, IMTL Sec. Ltd, Indemnity Finance Ltd, Jenkins Sec. Ltd, Kingsway Sec. Ltd, Lynac Sec. Ltd, Metropolitan Trust Nig. Ltd, Midland Investment &amp; Trust Co. Ltd, New Horizon Sec. Ltd, Niche Sec. Ltd, Omnisource Intl. Ltd, Peak Sec. Ltd, PIPC Sec. Ltd, Richmond Sec. Ltd, Riverside Trust Ltd, SLAMAD Sec. Ltd, TDA Capital Management Ltd, Tropic Sec. Ltd, Zuma Sec. Ltd.</b>	Rule 43	The Operators were suspended.  Following compliance with SEC directives, the Commission lifted the supervision on the following:  <ul style="list-style-type: none"> <li>- City Code Trust Investment Co. Ltd and;</li> <li>- Fund Matrix &amp; Assets.</li> </ul>



9	Colvia Securities Ltd.	<p>Mrs. Rosemary Asemota lodged a complaint against Colvia Securities Ltd. for unauthorized sale of her 280,000 units of First Bank Plc shares.</p> <p>Colvia Securities Ltd. failed to comply with the directive of the Commission to refund to Mrs. Rosemary Asemota the sum of N2,770,379.03. Colvia Securities Ltd. Was later directed to pay Mrs. Rosemary Asemota the sum of N2,770,379.03 including N1,000 penalty for violating the SEC Rules and Regulations.</p>	Rule 110	Matter yet to be concluded.
10	Davandy Finance & Investment Ltd	64 complaints were received against the company bordering on non-payment of principal sums invested and interest thereon and other unethical conducts.	Rule 110	Sanctions including suspension of culpable persons were recommended by APC for Board approval.
11	De-Canon Investment Ltd	<p>Royal Exchange informed the Commission that in a bid to transfer all its stocks to a custodian of its choice, it wrote all its stockbrokers (14 capital market operators including De-Canon Investment Ltd) to transfer all stocks in their possession to UBA Global Services Ltd.</p> <p>De-Canon Investment Ltd refused to carry out the instruction alleging that Royal Exchange Plc owed them the sum of N1,226,191.65 representing verification service charge fees.</p>	Rule 110	The operator was directed to justify the sum charged and transfer the company's unverified share certificates to the company.
12	Diamond Securities Ltd (DSL) & Diamond Bank Plc	The complainant General Housing Product Ltd. alleged that Diamond Bank Plc (DB) failed to adhere to the terms of	Rule 110	DSL was suspended by the Commission pending resolution of the complaint and the



		<p>N450 million margin loan agreement requiring it to sell the stocks (the collateral) if value fell below 20% of portfolio;</p> <p>It also alleged that Diamond Securities Ltd, (DSL) a subsidiary of the bank sold other stocks belonging to it and failed to remit the proceeds.</p>		conduct of the Bank reported to CBN.
13	Dynamic Trust Securities Ltd	This matter was referred from the Lagos Zonal Office following failure of Dynamic Trust to comply with SEC directives. The complaint bordered on non-purchase of stocks paid for.	Rule 110	The matter is yet to be concluded.
15	Empire Securities Ltd	37 complaints of unauthorized sale of client's shares, misappropriation of clients' funds meant for purchase of shares etc	Rule 110	Sanctions including suspension of culpable persons by APC for Board approval.
16	Epic Investment Trust Ltd	This is a complaint of alleged fraudulent conversion of shares belonging to Dr. Hezekiah Olukayode, Messrs Falana, Augustine Fashina and Fofah Jesen	Rule 110	The Commission directed Epic Investment Trust Ltd to resolve the matter or face further enforcement action.
17	Equity Capital Solutions Ltd	ECSL was invited before the APC as a respondent in the case of SEC vs. Intercontinental Bank Plc for alleged securities laws violation by the bank and by other respondents. As a broker/dealer it permitted its aggregate indebtedness to exceed 200 percent of its net capital.	Rule 176	A suit was filed by SEC at the IST against the parties.
18	ESL Securities Ltd	The Commission received 3 complaints against ESL Securities Ltd. from the Kaduna Zonal Office which are currently being reviewed.	Rule 110	The firm has been given time to respond to complaints.



19	FBN Capital Ltd.	The complainant Apt Securities Ltd alleged that it deposited on behalf of its clients the sum of N39million with the Operator for the purchase of 50million units of shares of Food Concepts and Entertainment Ltd during the latter's private placement. The complainant's application was not successful but the Operator has failed to refund the money upon demand.	Rule 110	Matter yet to be concluded.
20	Falcon Securities Ltd	Falcon Sec. Ltd was invited before the APC as a respondent in the case of SEC vs. Oceanic Bank Plc & others for alleged securities laws violation by the bank and other respondents thereby <b>contravening SEC Rules</b> . As a stock broking firm and a sponsored individual registered with the Commission it permitted its aggregate indebtedness to exceed 200% of its net capital.	Rule 176	The matter was withdrawn from APC and subsequently filed at the IST.
21	FCMB Plc	FCMB Plc. was invited before the APC as a respondent in the case of SEC vs. Finbank Plc and other for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.	Rule. 78 (a)	The matter was withdrawn from APC and subsequently filed at the IST.
22	Fidelity Finance Co Ltd	FCMB Plc. was invited before the APC as a respondent in the case of SEC vs. Afribank Plc and other for alleged securities laws violation.	Rule 106 and 110	A suit was filed by SEC at the IST against the parties



		<p>The firm allegedly violated SEC Rules and Regulations by employing manipulative and deceptive contrivances to wit – granting, partaking and receiving loans for the unlawful purchase of the FCMB shares and creating appearance of active trading in the bank’s shares.</p>		
23	Finbank Registrars Ltd.	<p>Finbank Registrars Ltd. was invited before the APC as a respondent in the case of SEC vs. Finbank Plc &amp; others for alleged securities laws violation.</p> <p>The operator unlawfully used 596,216,992 units of the 1<sup>st</sup> Respondent’s shares acquired for the seven companies to absorb over subscription in the 1<sup>st</sup> Respondent’s 2007 public offer.</p>	Rule 110	A suit was filed by SEC at the IST against the parties.
24	Finbank Capital Markets Ltd	<p>Finbank Capital Markets Ltd. was invited before the APC as a respondent in the case of SEC vs. Finbank Plc &amp; others for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1<sup>st</sup> Respondent’s public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1<sup>st</sup> Respondent’s public offer in breach of SEC rules.</p>	Rule. 78 (a)	The matter was withdrawn from APC and subsequently filed at the IST.
25	First Alstate Securities Ltd	<p>A complaint of unauthorized sale of 21,666, 667 units of IPWA by First Alstate Securities Ltd valued at N196, 669, 251 belonging to Adeoye holdings.</p>	Rule 110 Rule 43	Based on the Memorandum of Understanding (MOU) the suspension imposed on the Operator was temporarily lifted to



		The Commission suspended the Operator. First Alstate restituted the complainant to the tune of N80 million and entered into an MOU, to pay N25million bi-monthly.		enable it fully restate the complainant.  The Operator was fined.
26	First Equity Securities Ltd.	The complainant, Benjamin C. Offiaeli, alleged the refusal by the Operator to remit into his account the balance of the proceeds that accrued from the sale of his shares.  Also there was a complaint from Onitsha Zonal office by one Mrs. Uche Okafor of Glo- Temple Investment concerning N457,000 cheque which the operator claimed to have sent to the complainant by which was never received by her.	Rule 43 And 110	Matter yet to be concluded.
27	First Registrars Ltd.	The Complainant, Agim Iheanyichukwu Ogechukwu, lodged a complaint against First Registrars Ltd. on the non-payment of interest on withholding returned money for 2007 First Bank Rights issue.	Rule 43	The Commission directed First Registrars to resolve the matter or face sanction.
28	Foresight Securities Ltd.	a) The Complainant, <b>Okafor Emmanuel K.</b> , alleged an unauthorized sale of his 1,000 units of First Bank Plc shares.  Following the receipt of a letter from the Operator stating that the Complainant's stocks have been repurchased including the accruals thereon, a letter was written to the Complainant to confirm the restitution.	Rule 110	Awaiting response from the complainant for confirmation of the resolution of the matter.



		<p>b) Another <b>Ojibah Ifeanyi Michael</b>, Complainant, in this case wrote through OZO alleging an unauthorized sale of his Union Bank Plc and AP Plc shares by Foresight Securities Ltd.</p> <p>Following the receipt of a letter from the Operator stating that the Complainant's stocks have been repurchased including the accruals thereon a letter was written to the Complainant to confirm the restitution.</p>		Awaiting response from the complainant for confirmation of the resolution of the matter.
29	Forthright Securities & Investment Ltd	FSIL was invited before the APC as a respondent in the case of SEC vs. Intercontinental Bank Plc for alleged securities laws violation by the bank and by other respondents. As a broker/dealer it permitted its aggregate indebtedness to exceed 200 percent of its net capital.	Rule 176	The matter was withdrawn from APC and filed at the IST.
30	Futureview Financial Services Ltd.	Future view was invited before the APC as a respondent in the case of SEC vs. Finbank Plc & others for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.	Rule. 78 (a)	The matter was withdrawn from APC and filed at the IST.
31	Gosord Sec. Ltd.	SEC received a pre-action notice by <b>Novena Chambers</b> . In its letter dated 21/5/10 the firm on behalf of its client Miss Eze notified SEC of its intention to institute action at the IST	Rule 110	Company had been on suspension. However, it was directed to return all certificates in its possession and transfer complainants account if the certificates have been



		<p>against Gosord Sec. Ltd for fraudulent sale of some quantities of her shares and its refusal to comply with SEC directive to forward the sum of N270, 000 being illegal profit made from the unauthorized sale.</p> <p>b) The Complainant Nwachukwu Ifeyinwa Carol (Mrs.) wrote the Commission requesting for assistance to retrieve her share certificate from Gorsord Securities Ltd. for transfer to another stockbroker of her choice.</p> <p>c) <b>Maureen Tobechukwu Anyogu</b> also complained of non verification of share certificates. The summary of fact on the matter has been prepared bringing the number of complaints received against Gorsord Securities Ltd. to 57 complaints.</p>		<p>verified.</p> <p>All complaints are being prepared for APC</p>
32	Greenwich Securities Ltd	Failure to honour underwriting commitments in the public offer of African Petroleum Plc. It was also involved in underwriting of Equity Insurance Plc.	Rule 78	Matter yet to be concluded.
33	Greenwich Trust Ltd	Greenwich Trust was invited before the APC as a respondent in the case of SEC vs. Finbank Plc & others for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80%	Rule. 78 (a)	The matter was withdrawn from APC and filed at the IST.



		of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.		
34	Heritage Inv. & Sec. Ltd And Monument Sec. & Fin. Ltd	A complaint by Gidauniya Inv. & Sec Ltd on Behalf of Hajiya Hadiza Bayero bordering on the fraudulent sale of the deceased's 45, 556 units of FBN shares in 2005 by Heritage Investment & Securities Ltd (now Fortress Capital Ltd) and Monument Securities & Finance Ltd.	Rule 110 Rule 43	Matter yet to be concluded.
35	ICMG Ltd	Equity Assurance Plc alleged that ICMG Ltd failed to perform its obligation in respect of underwritten commitments the parties entered. The Division has forwarded a memorandum to the Executive Commissioner (L & E)	Rule 78	Matter yet to be concluded.
37	Integrated Trust and Investment Ltd	Integrated Trust was invited before the APC as a respondent in the case of SEC vs. Finbank Plc and others for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.	Rule. 78 (a)	Matter yet to be concluded.
38	Intercontinental Capital Market Ltd	ICML appeared in the APC case of SEC vs. Intercontinental Bank Plc & ors. It allegedly violated	Rule 43	The matter was withdrawn from APC and filed at the IST.



		SEC Rules by allowing the illegal buyback of substantial units of the 1 <sup>ST</sup> Respondent's shares (1,704,621,186 units) into its account.		
39	Intercontinental Securities Ltd	ISL appeared in the APC case of SEC vs. Intercontinental Bank Plc & ors. It allegedly violated SEC Rules by permitting the use of its platform by the 28 <sup>th</sup> Respondent Mrs. Afolake Akinbade who is not registered by the Commission as its sponsored individual.	Rule 43	The matter was withdrawn from APC and filed at the IST.
40	Koltron Ltd.	There were over 300 complaints against Koltron Ltd from the public alleging failure/refusal of the company to pay back principal and interest amounts invested in online-forex trading.	Rule 110	Matter yet to be concluded.
41	Lead Capital Group	This is a petition by Mr. Olateru Olagbegi alleging mismanagement of margin facility granted to him by Lead Securities & Investments Ltd and the disposal of his share which are not part of the collateral for the margin facility.  Lead Sec. wrote to say that it had repurchased 1,062,479 units of IBTC Plc shares in favor of the complainant.	Rule 43	Matter yet to be concluded.
42	Lion Stockbrokers Ltd.	This is a complaint against Lion Stockbrokers Ltd on failure to remit share sale proceeds to the complainant.  The Operator informed the Commission that the matter had been resolved.	Rules 110	The Commission wrote the Complainant requesting for confirmation of the satisfactory resolution of the matter.  The Complainant yet to respond.



43	Longman Plc & First Registrars Ltd	<p>The Complainant is for non-payment of 2009 dividend by First Registrars to Ebako and Co. Ltd.</p> <p>A search was conducted at the Corporate Affairs Commission to confirm the true identities of the Directors/owners of the company.</p>	Rule 43	<p>First Registrars Ltd forwarded a letter dated December 10, 2010 confirming that the dividend due to Ebako &amp; Co totaling the sum of N7,814,612.70 was received by Mrs. Clara Ejewere of Ebako and Co.</p> <p>Management's approval was sought to direct the Registrars to pay the dividend into an interest yielding account pending the determination of the suit on the matter and to also notify the Police Unit of the Commission to investigate the possible criminal aspect as it appears that documents at the Corporate Affairs Commission (CAC) was alleged to have been forged by one of the parties in that suit.</p>
44	Maclaize Trust Ltd.	This is a complaint of non-purchase of 760, 000 units of Standard Alliance Insurance Plc paid for by one Dr. Daniel Ademu against Maclaize Trust Co. Ltd.	Rule 110	A penalty of N201,000 was imposed on the Operator.
45	Marvel Asset Management Ltd	MAML appeared in the APC case of SEC vs. Intercontinental Bank Plc & ors. It allegedly violated SEC Rules. As a broker/dealer it permitted its aggregate indebtedness to exceed 200 percent of its net capital.	Rule 176	The matter was withdrawn from APC and filed at the IST.
46	Meristem Registrars Ltd.	<p>The complaint by one Emenuga Chidi John is on the non allotment of 2007 Bagco Plc offer which payment was made to Meristem Registrars Ltd.</p> <p>The Cheque of ₦39,000.00 representing refund to the Complainant on the unallotted shares paid for.</p>	Rule 110	The Operator was directed to also pay interest on the principal sum.



47	Mutual Alliance Investment & Securities Ltd	This is a complaint by Morphac Pharmacy Ltd. bordering on unauthorised sale of 83,688 units of BankPHB shares by Mutual Alliance.	Rule 110	Matter yet to be concluded.
48	Nigbel Securities Ltd.	In 2005 APC gave a decision in favour of the Estate of Isaac Ajanaku to the tune of N1, 796, 797. 13 against the defunct Nigbel Sec. Ltd and its directors.	Rule 110	The operator is defunct.  Matter yet to be concluded.
49	Oceanic Registrars Ltd	ORL was invited in the APC case SEC vs. Oceanic Bank Plc & ors. As Registrar to the 1 <sup>st</sup> Respondent engaged in manipulative and deceptive contrivances to wit: - consolidating allotment of shares to subscribers whose allotments were not approved by SEC.	Rules 110	The matter was withdrawn from APC and subsequently filed at the IST.
50	Partnership Investment Ltd.	This Complaint against Partnership Investment Ltd. was for non purchase of various shares.	Rule 110	The Operator informed the Commission that the matter has been resolved.  Complainant is yet to confirm resolution of the matter.
51	Proforte Ltd	128 cases of non payment of principal and interest on amount invested in online forex trading.  Other Respondents are: Komolafe Ayodele Damilola, Koji Thomas Drambi, Njoku Chukwuemeka Obiyo, Olatubosun Dimeji David, Olaleye Olayinka, Komolafe Muyiwa Dolapo, Koji Moral , Fashanu Oluwaseun Benjamin, Kasimi Adamu Sodangi	Rule 110(1)(a) & (d)  Rules 170 Rules 43 Articles 1(i) & (iii), 2(i) & (ii) of Code of Conduct for CMO & their employees	Sanctions including suspension of culpable persons were recommended by APC for Board approval.
52	Prudential Trust Co. Ltd (PTCC)	PTCL appeared in the APC case of SEC vs. Intercontinental Bank Plc & ors. It allegedly violated SEC Rules by allowing its indebtedness to exceed 200% of	Rule 176	The matter was withdrawn from APC and subsequently filed at the IST.



		its paid up capital and reserves by obtaining loans from the 1 <sup>st</sup> Respondent Intercontinental Bank Ltd.		
53	Quantum Sec. Ltd	Unlawful sale of client's (Akinhami Olugbenro Morakinyo) 5,000 units of Japoul shares and refusal to remit proceeds of sale.	Rule 110	The respondent was directed to restitute or face sanction.
54	Rehoboth Asset Management Ltd (RAML)	RAML appeared in the APC case of SEC vs. Afribank Plc & ors. It allegedly violated SEC Rules and Regulations by employing manipulative and deceptive contrivances to wit – granting, partaking and receiving loans for the unlawful purchase of the 1 <sup>st</sup> Respondent's Afribank's shares and creating appearance of active trading in the 1 <sup>st</sup> Respondent's shares	Rule 106 and 110 SEC	The matter was withdrawn from APC and subsequently filed at the IST.
55	Resolution Trust Investment Ltd (RTL)	RTIL appeared in the APC case on SEC vs. Afribank Plc & ors. It allegedly violated SEC Rules and Regulations by employing manipulative and deceptive contrivances to wit – granting, partaking and receiving loans for the unlawful purchase of the 1 <sup>st</sup> Respondent's Afribank's shares and creating appearance of active trading in the 1 <sup>st</sup> Respondent's shares.	Rule 106 and 110 SEC	The matter was withdrawn from APC and subsequently filed at the IST.
56	Santrust Securities Ltd (SSL)	SSL appeared in the APC case of SEC vs. Intercontinental Bank Plc & ors. It allegedly violated SEC Rules by allowing its indebtedness to exceed 200% of its paid up capital and reserves by obtaining loans from the 1 <sup>st</sup> Respondent - Intercontinental Bank Ltd.	Rule 176	The matter was withdrawn from APC and subsequently filed at the IST.
57	Security Swaps Ltd.	Dr. A.A Sere-Ejembi complained against Security Swaps Ltd. alleging failure of the company	Rule 110	The matter is yet to be concluded.



		<p>to pay outstanding investment sum.</p> <p>The Operator informed the Commission that they had made payments to Complainant totaling N35 million and proposed to pay the sum of ₦250,000.00 monthly until all the outstanding is repaid.</p>		
58	Shalom Investment Ltd	This is a complaint by one Chime Osuji bordering on alleged criminal diversion of funds by Shalom Investment Ltd	Rule 110	Matter yet to be concluded.
59	Skye Bank Plc	Skye Bank was invited before the APC as a respondent in the case of SEC vs. Finbank Plc and others for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.	Rule. 78 (a)	The matter was withdrawn from APC and subsequently filed at the IST.
60	Springboard Trust Inv. Ltd. (STIL)	<p>STIL appeared in the APC case of SEC vs. Intercontinental Bank Plc &amp; ors. It allegedly violated SEC Rules by allowing its indebtedness to exceed 200% of its paid up capital and reserves by obtaining loans from the 1<sup>st</sup> Respondent Intercontinental Bank Ltd.</p> <p>STIL was also a respondent in APC case SEC vs. Finbank Plc &amp; ors. for failure to pay its underwriting commitment in the</p>	<p>Rule 176</p> <p>Rule 78(a)</p>	The matter was withdrawn from APC and subsequently filed at the IST.



		1 <sup>st</sup> Respondent Finbank's public offer.		
61	Spring Capital Market Ltd (SCML)	SCML appeared in the APC case of SEC vs. Afribank Plc & ors. It allegedly violated SEC Rules and Regulations by receiving cheques valued at N48.28 billion from the 1 <sup>st</sup> Respondent Afribank to facilitate the re-purchase by the first Respondent of its shares.	Rule 43	The matter was withdrawn from APC and subsequently filed at the IST.
62	Spring Trust Securities Ltd (STSL)	STSL appeared in the APC case of SEC vs. Intercontinental Bank Plc & ors. It allegedly violated SEC Rules by allowing its indebtedness to exceed 200% of its paid up capital and reserves by obtaining loans from the 1 <sup>st</sup> Respondent Intercontinental Bank Ltd.	Rule 176	The matter was withdrawn from APC and subsequently filed at the IST.
63	Standard Chartered Securities Ltd.	This Complaint was against Standard Chartered Securities Ltd. on non purchase of client's shares. .	Rule 110	Surveillance was conducted on the company and it was discovered that the operator had closed business.
64	Stanbic IBTC Asset Management Ltd	a) The complainant, Longterm Global Capital Ltd, (LTGL) alleged that the parties had agreed that each GTB GDR would be purchased at \$5.25 but the respondent purchased the Shares at \$5.50 and did not convert same as agreed within the specified time and thus LTCCL was deprived of the opportunity to profit from price gains in the GTB shares.  The Directors are: Akeem oyewale, Atedo N.A. Peterside, Nimi Akinkugbe, Sola David-Borha, Ifeoma Esiri, Chris Newson, Angela Omo-Dare, Olumide Oyelsan, Yinka Sanni	Rule 110 SEC Rules Rule 43 Rule 110 Rule 182  ISA 2007 Sections 98 and 99 ISA 2009 as well as Section 305	Sanction including fines of culpable persons was recommended by APC for Board approval.



		b) Stanbic also failed to report the sale of shares by its Chairman Atedo Peterside within time stipulated by SEC Rules	Rule 111	The Company was warned and a circular was forwarded to all companies to strictly comply with Rule 111 of the Commission.
65	Standard Securities Limited	This is a complaint by Emmanuel Grace alleging fraudulent sale of 10,298 units of First Bank Plc bonus shares belonging to Emmanuel Grace.  A letter was received from Standard Securities Limited communicating the buy back of the Complainant's shares. A letter was written to the Complainant requesting for his confirmation.	<i>Rule 110</i>	The Complainant is yet to respond.
66	Sterling Capital Market Ltd	Sterling Capital Market Ltd (SCML) was invited before the APC as a respondent in the case of SEC vs. Finbank Plc and others for alleged securities laws violation. As underwriter, the company and other underwriters in the Finbank offer underwrote 80% of the 1 <sup>st</sup> Respondent's public offer of 2007 on a firm commitment basis but failed/neglected/refused to fulfill their underwriting commitments on the day of opening of the 1 <sup>st</sup> Respondent's public offer in breach of SEC rules.	Rule. 78 (a)	The matter was withdrawn from APC and subsequently filed at the IST.
67	St. Martins Nig Ltd	Operating without valid registration  .Other illegal operators are:  1 Broad Base Investment Ltd  2 Shalom (Iyke) Investment Ltd	Sec. 38 ISA  The Commission instituted a Suit against St. Martins Nig. Ltd. & 6 ors at the Investments & Securities	Court Injunction was obtained against the illegal operator and six others.



		<p>3 Stock Monitor &amp; Investment Ltd</p> <p>4 Financial Link Ltd</p> <p>5 Credence Investment Ltd</p> <p>6 Solan Investment &amp; Finance Ltd</p>	<p>Tribunal for operating without registration. The Tribunal delivered its judgment on 27<sup>th</sup> September 2010 requiring the Commission to freeze the accounts of the illegal Operators and seal up their business premises.</p>	
68	<p>Strand Capital Partners Ltd</p> <p>Spring Bank Plc</p>	<p>Non compliance by Strand capital with payment of its underwriting commitment in the 2008 NSL offer.</p> <p>The matter was also reported to the Nigeria Police Special Fraud Unit Ikoyi.</p>	78 a	<p>Strand Capital Partners was suspended from all capital market operations along with its sponsored individuals since 2008.</p>
69	Summit Finance Co Ltd	<p>SFCL appeared in the APC case of SEC vs. Intercontinental Bank Plc &amp; ors. It allegedly violated SEC Rules and Regulations 2000 which requires a stockbroker to obtain a mandate from clients as parts of its records of transaction to be maintained.</p>	Rule. 177	<p>The matter was withdrawn from APC and subsequently filed at the IST.</p>
70	Supra Commercial Trust Ltd.	<p>The Commission received four complaints against the Operator bordering on failure to purchase shares, non remittance of the proceeds of sale and authorized sale of shares.</p>	Rule 110	<p>Matter yet to be concluded.</p>
71	Transglobe Finance and Investment Ltd.	<p>Unlawfully sale of shares belonging to SPDC Coop West.</p>	Rule 110	<p>Transglobe was suspended from all capital market activities.</p> <p>The firm was also directed to resolve outstanding issues with</p>



				the Nigerian Stock Exchange (NSE).  Matter yet to be concluded.
72	Trim Credit & Loans	The complainant, Edet C. A., wrote to request SEC to assist him in recovering the N1,500,000 he invested with Trim Credit and Loans Ltd.	N/A	Matter referred to the Central Bank of Nigeria (CBN).
73	UBA Global Market Ltd	UBA Global appeared in the APC case of SEC vs. Oceanic Bank Plc & ors. It allegedly violated securities laws by allotting / permitting allotment to be made to fictitious applicants in the 1 <sup>st</sup> Respondent's 2007 public offer	section 88 ISA , the Rules 43 and 61	The matter was withdrawn from APC and subsequently filed at the IST.
74	UIDC	a) Unauthorized sale of large quantity of Nigerian Breweries shares belonging to <b>Sir Ike Nwokolo</b> . The shares were verified by First Registrars and sold by UIDC.  b) A complaint by one <b>Ajaero Ernest Alafoebi</b> against UIDC Securities Ltd. bordering on non purchase of shares on behalf of the investor.	Rule 110  Rule 43	UIDC and First Registrars were directed to reconstitute the complainant on 50/50 basis. Both companies were also fined.
75	Union Registrars Ltd.	a) URL appeared in the APC case of SEC vs. Union Bank Plc & ors. It allegedly contravened <b>SEC Rules and Regulation 2000</b> as amended by failing to file with the Commission information on the acquisition of the 1 <sup>st</sup> Respondent's shares by the 26 <sup>th</sup> Respondents, an Issuing House/Broker-Dealer.  A complaint on behalf of the Administrators of the estate of Akor Benjamin, for outstanding	Rule 109  Rule 110	The matter was withdrawn from APC and subsequently filed at the IST.  Matter yet to be



		Mobil Plc dividend warrants returned unclaimed.		concluded.
76	Union Trustee Ltd.	UTL appeared in the APC case of SEC vs. Union Bank Plc & ors. It allegedly acted in an unprofessional manner by going outside the scope of its registered function when it acted as a conduit for the reception and disbursement of the sum of <b>N30,477,210,000.00</b> to the 26 <sup>th</sup> Respondent Falcon Securities Ltd for the purpose of mopping of and/or trading on the shares of the 1 <sup>st</sup> Respondent.	Rule 43	The matter was withdrawn from APC and subsequently filed at the IST.
77	Vision Trust & Investment Ltd	<p>The complaint by Mrs. Florence Giwa-Osagie for the Operator was failure to purchase Fidelity Bank Plc shares and FCMB Plc shares worth N1,920,000 paid to it through its Benin City branch office on October 8, 2007 and November 16, 2007.</p> <p>The Operator was also alleged to have refused to verify the share certificate of its client Mrs. Florence Giwa-Osagie's and to open a CSCS account for the dematerialization of Eternal Oil (2,240 units), AP Plc (100 units) Union Bank Plc (3,558 units), Unity Bank Plc-(2,444 units) and unlawfully sold the following share belonging to the client - 3,558 units of UBN Plc shares.</p> <p>The Operator was further accused of late remittance of the sum of N120,000.00 being the proceeds of sale and contract note to the Complainant.</p>	Rule 110	The Operator was suspended and following resolution of the complaint, the suspension was lifted.
78	Wizetrade Capital & Asset Management Ltd	Law Partners on behalf of the complainant, Onwochei, forwarded a copy of the IST judgment in favour of its client against Wizetrade. The IST	Rule 110	The Operator was directed to comply with the judgment.



		<p>found that the company engaged in unlawful conversion of proceeds of sale of the complainant and ordered it to pay the complainant the sum of N223, 695 .96 and interest at MPR +2% as well as cost of N150, 000.</p> <p>The firm sought the assistance of SEC to enforce the judgment.</p>		
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During the period under review, the Commission also carried out enforcement actions against some public quoted companies for the violation of various Capital Market Rules and Regulations and the Investments and Securities Act. Details are as follows:

S/N	COMPANY	INFRINGMENT	ISA/RULE CONTRAVENED	SANCTION APPLIED
1	Bank PHB	Complainant Engr. Omo-Iyamu paid for 470, 600 Bank PHB shares during the banks 2007 public offer, but only 282, 360 units were allotted it. While complainant was expecting his return monies, Bank PHB did a supplementary allotment and allotted the remainder of the shares without the consent of the complainant.	Rule 110 Rule 43	The Commission directed the bank to refund the sum of N3,200,00 + interest @MPR +2% for the unallotted 188,240 units.
2	Big Treat PLC	This was an allegation of financial impropriety and lack of adherence to good Corporate Governance by former MD of Big Treat Plc. The Commission received allegations of financial impropriety against the former Managing Director of Big Treat Plc as well as allegation of collapse of Corporate Governance in the running of the company.	Breach of corporate Governance	The Commission appointed an Interim Administrator and referred the matter for criminal investigation.  Matter yet to be concluded.
3	Fidelity Bank	Lexfield Chambers on behalf of 39 investors complained that Fidelity Bank sold their shares (i.e. 225, 893, 540 units of Manny Bank) acquired in 1998/99. Manny Bank was subsumed into Fidelity Bank during the banking consolidation.  Fidelity Bank in response claimed that the shares were sold based on CBN's directives because there was no evidence that the complainants paid for the shares.	Rule 43	A letter was also written to CBN to confirm their directives to the bank  Matter yet to be concluded.
	Finbank & its	There were complaints on the	Rule 110	Finbank and its subsidiaries



4	subsidiaries	allotment of shares in the public offer of the bank in disregard of SEC's directives. There were also other infractions including failure to make refunds to complainants for unallotted shares.		were suspended from all capital market activities.  Matter yet to be concluded.
5	Intercontinental Bank Plc.	The complainant, S .H Garun Gabas & Co., on behalf of its clients alleged that the respondent failed to adhere to the terms of margin facility it granted the complainant's client to purchase shares during IPO's of Bank PHB and Fidelity bank Plc. The complainant further alleged that it made counterpart funding in respect of the transaction but the respondent purchased shares from the secondary market.	Rule 110	Matter yet to be concluded.
6	MTECH Bank PHB, PHB Insurance, PHB Capital & Trust Ltd, Greenwich Securities Ltd.	During the private placement of M-TECH conducted by Bank PHB, 4 directors of the company obtained loans from Bank PHB to finance the purchase of shares of M-TECH with a lien on the proceeds of sale as collateral. Upon the conversion of M-TECH to a public company, Bank PHB has refused a request from the company for the refund of the entire proceeds, claiming that the proceeds were a lien on the loan; while the former registrars of the company, PHB Capital & Trust Ltd., have refused to release the Register of Shareholders to the newly appointed registrars, First Registrars, to hold an AGM of the company.	Rule 110	Sanction including suspension of culpable persons was recommended by APC for Board approval.
7	Okomu Oil Palm Plc	Onitsha Shareholders Association lodged a complaint against Mr. Graham Hefer, the Managing Director of the company for misappropriation and Financial impropriety.	Breach of corporate Governance	The Board and Management of the company were invited for Regulatory meeting with the Commission. Observed Corporate Governance breaches and penalties for



				<p>non rendition of quarterly and half yearly returns were communicated to them for compliance.</p> <p>Matter yet to be concluded.</p>
8	59 companies that failed to file various returns	Failure to file various returns.	Sec. 60 ISA	<p>Penalties ranging from N.7 million to N16.9 million were imposed. However, the Commission received appeals for waivers.</p> <p>Matter yet to be concluded.</p>
9	UBN, Finbank, Intercontinental bank, Oceanic bank and Afribank	The banks were invited for alleged capital market infractions committed by them and their directors such as illegal buyback of company's shares, price manipulation and market rigging.	Rule 110 Rule 91 Sec. 105, 106 ISA	The matter was withdrawn from APC and subsequently filed at the IST.
10	Union Diagnostics & Clinical Services Plc	Union Diagnostics & Clinical Services Plc failed to pay to its shareholders the dividend declared in its annual general meeting held on 14 <sup>th</sup> September 2009.		<p>Union Diagnostics &amp; Clinical Services Plc and its Registrars (First Registrars Limited) were directed to resolve the matter or be sanctioned.</p> <p>The companies complied and notified the Commission of the resolution of the matter.</p>



## COLLABORATION WITH THE NIGERIAN POLICE

1	<b>Creation of NPF unit in the Commission.</b>	In April 2010 the Nigerian Police Unit was established in the SEC to handle cases bordering on criminality. A total of 437 cases were referred to the unit for further action.
2	<b>Secondment of officers of DPP to the Commission.</b>	Officers from the office of the Director of Public Prosecution were seconded to the Commission to assist the Commission in the prosecution of criminal cases. The officers are expected to work with lawyers in the Commission.
3	<b>Illegal fund managers/ wonder banks</b>	A high-level meeting of the inter-agency committee on wonder banks comprising CBN, SEC, NDIC, CAC, EFCC, Nigerian Police was held on 18/6/10. A budget of N73 million was approved for media campaign to sensitize the public on the dangers posed by the illegal fund managers/wonder banks. The amount was to be contributed by the CBN, SEC, and NDIC.
4	<b>Cases referred to the Nigerian Police</b>	<p>The Commission referred complaints against 23 regulated entities to the Nigerian Police for further action:</p> <p>a) The entities are: <i>Dynamic Trust Securities Ltd, Stronghold Investment Ltd. Wealthwind Logic Plus Ltd. Credence Investment Ltd. Financial Link Ltd. Financial Link Ltd St. Martins Nigeria Ltd. (Proprietor, Chief Ikechukwu Nwankwo) Broad Base Investment Ltd. Shalom Iyke Company Stock Monitor Ltd. Crown Trust Ltd. Best Choice Forex Network Gold Shield Investment Core Function &amp; Assets Ltd. AAA Stockbrokers Halsec Finance Ltd. Akitorch Securities Ltd. Brentonwoods Ltd. &amp; Mr. S.A. Adebajo (MD) Big Treat Plc Easy Trade Concept Ltd. Ageless Capital Ltd Davandy Finance &amp; Securities Ltd. Empire Securities Ltd. Koltron Ltd</i></p> <p>b) SEC received eight (8) complaints against Eazy Trade Concepts Ltd on non payment of investor's money and interest accrued thereon. The company had closed business and its Managing Director at large. The matter was referred to the Nigeria Police.</p> <p>c) 16 cases against the Integrated Capital Securities Ltd on the non –payment of returns on clients' investments and misappropriation of clients' funds forwarded to the Nigerian Police.</p>



## COLLABORATION WITH THE ECONOMIC AND FINANCIAL CRIMES COMMISSION (EFCC)

The Commission referred one complaint to the Economic and Financial Crimes Commission (EFCC)

SN	NAME	NATURE OF COMPLAINTS	DATE
1	Adesoye Holdings Ltd. and Managing Director of First Alstate Securities Ltd., Mr. Tajudeen Folaji	Unauthorized sale of a total of 31,886,200 units of IPWA Plc shares belonging to Adesoye Holdings Ltd. by First Alstate Securities Ltd.	29th March, 2010

The Commission also received requests for information from the Economic and Financial Crimes Commission (EFCC) on the status of individuals and companies investigated by the EFCC.

SN	NAME	NATURE OF COMPLAINTS	DATE
1	Wizertrade Capital & Asset Management Ltd.	Fraudulent conversion of shares and obtaining money by false pretences- Investigated by EFCC [Request for information]	20 <sup>th</sup> January, 2010
2	First Chartered Insurance Company Investment and Allied Assurance Plc	Capital Market fraud [Request for information]	2 <sup>nd</sup> January, 2010
3	Digstar Investment Ltd [RC. 43081]	Investigated by EFCC [Request for information]	2 <sup>nd</sup> February, 2010
4	Koltron Ltd	Investigated by EFCC [Request for information]	25 <sup>th</sup> January, 2010
5	Proforte Ltd.	Investigated by EFCC [Request for information]	25 <sup>th</sup> January, 2010
6	Jericho & Associates Ltd	Fraudulent conversion of shares and obtaining money by false pretence- Investigated by EFCC [Request for information]	20 <sup>th</sup> January, 2010
7	Core Functions and Assets Ltd [RC. No 667768]	Investigated by EFCC [Request for information]	16 <sup>th</sup> February, 2010
8	Eazytrade Concept Ltd.	Investigated by EFCC [Request for information]	6 <sup>th</sup> April, 2010
9	Gold Package Pay Ltd.	Investigated by EFCC [Request for information]	24 <sup>th</sup> May, 2010
10	Sure Wealth Managers	Investigated by EFCC [Request for information]	24 <sup>th</sup> May, 2010
11	Continental Heir Ltd.	Investigated by EFCC [Request for information]	24 <sup>th</sup> May, 2010
12	Ceder Bridge Microfinance Bank Ltd, Confederation of African Philanthropists,	Obtaining money under false pretence [Request for information]	12 <sup>th</sup> August, 2010



	Cash Stream Concept Wexford Global Resources		
13	Confido Consultants Services Ltd.	Investigated by EFCC [Request for information]	23 <sup>rd</sup> August, 2010
14	Mustard Seed Micro Investment Ltd.	Investigated by EFCC [Request for information]	24 <sup>th</sup> August, 2010
15	Obsan Oil and Gas Ltd.	Criminal Conspiracy and Fraud [Request for Information]	18 <sup>th</sup> November, 2010

## DUE DILIGENCE CLEARANCE

During the year under review, the Commission received several requests for information from institutions in the financial services Sector.

A total of two hundred and fifteen (215) requests were received from Institutions such as the National Pension Commission, the Central Bank of Nigeria, the National Insurance Commission, the Chartered Institute of Stockbrokers and the Chartered Institute of Bankers. The requests were processed as follows:

S/N	Institutions	Requests
1	<b>PENCOM</b>	80 individuals were cleared by the Commission for appointment in various Pension Fund Administration companies
2	<b>CIS</b>	100 individuals were cleared by the Commission for membership/fellowship of the institute
3	<b>CBN</b>	25 individuals were cleared by the Commission for appointment to various financial institutions
4	<b>NAICOM</b>	9 individuals were cleared by the Commission as fit and proper persons in the Insurance industry
5	<b>CIB:</b>	1 individual applicant was cleared by the Commission to vie for a vacant position in the institute



# SECTION 4

- **ANNUAL ACCOUNTS**



## ADDRESSES OF THE SECURITIES AND EXCHANGE COMMISSION

### HEAD OFFICE

Plot 272 Samuel Adesujo Ademulegun Street  
Central Business District  
P. M. B. 315 Garki  
Abuja

### **LAGOS ZONAL OFFICE**

3, Idejo Street,  
Off Adeola Odeku Street  
Victoria Island, Lagos  
P. M. B. 12638, Marina  
Lagos

#### **Telephone Numbers:**

Head (LZO)	-	01-7358159
Operations	-	01-7359722
Legal	-	01-7358753
Admin	-	01-7404027
Corporate Affairs	-	01-7358149

### **PORT HARCOURT ZONAL OFFICE**

First Bank Building (2<sup>nd</sup> Floor)  
No. 22/24 Aba Road  
P. M. B. 5509  
Port Harcourt  
Rivers State

#### **Telephone Numbers:**

084 – 767661, 575940, 810335

### **KADUNA ZONAL OFFICE:**

No. 41 Ali Akilu Road, Unguwan Sarki,  
Opposite FinBank,  
P. M. b. 2472  
Kaduna ,  
Kaduna State

#### **Telephone Number:**

062-831656

### **KANO ZONAL OFFICE**

African Alliance House  
4<sup>th</sup> Floor, F1  
Sani Abacha Way/Airport Road  
Kano  
Kano State

#### **Telephone Numbers:**

064 – 314105, 312606

### **MAIDUGURI ZONAL OFFICE:**

NO. 11 Baga Road  
P.M.B. 1495 MAIDUGURI BORNO STATE.

#### **Telepone Numebrs:**

076 916123/076 916124

### **ONITSHA ZONAL OFFICE**

Onitsha Business Village  
No. 4 Ridge Road, GRA  
P. M. B. 1855  
Onitsha, Anambra State

#### **Telephone Numbers:**

08033423513

### **IBADAN ZONAL OFFICE:**

No 4, Rotimi Williams Avenue  
Awosika, Old Bodija,  
Ibadan,  
Oyo State

#### **Telephone Numbers:**

Ag. Head IBZO – 01-8532577, 01-7360727  
Operation - 01-8532877  
Admin. - 07098113999