

# **ANNUAL REPORT AND ACCOUNTS 2012**



## **SECURITIES & EXCHANGE COMMISSION**

# **CONTENTS**

## **SECTION 1**

### **Overview**

- At A Glance
- Vision and Mission Statements
- Core Values
- Goals and Strategy
- Organisational Structure

### **Chairman's Message**

### **Director-General's Statement**

### **Our People**

- Board of the Commission
- Executive Management
- Heads of Department

## **SECTION 2**

### **Report on Operational Activities**

- The Primary Market
- The Secondary Market
- Collective Investments
- Mergers, Acquisitions and Takeover
- Registration of Capital Market Operators
- Financial Standard and Corporate Governance
- Market Development Programmes

## **SECTION 3**

### **Report on Legal and Enforcement Activities**

- Legal Opinions
- Litigation
- Rule Making
- Monitoring
- Investigations
- Enforcement

## **SECTION 4**

### **Annual Accounts**

# SECTION 1

- **OVERVIEW**
- **CHAIRMAN'S MESSAGE**
- **DIRECTOR GENERAL'S STATEMENT**
- **OUR PEOPLE**

# OVERVIEW

## AT A GLANCE

- **Head Office: Abuja, Nigeria**
- **Seven Zonal Offices: Lagos, Kano, Port Harcourt, Kaduna, Ibadan, Onitsha, Maiduguri**
- **16 Departments**
- **583 Employees**

## Who We Are

The Securities and Exchange Commission (The 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), No. 29, 2007

The Commission is the apex regulatory body of the Nigerian Capital Market, responsible for the regulation and development of the market and seeks to protect the rights and benefits of investors with the purpose of ensuring an efficient and widespread participation by the public, in the securities market. This includes registration of securities offered to the public by corporate entities or government i.e. public issue, private placement and rights issue. The Commission also regulates market intermediaries as well as mergers, acquisitions, takeovers and all forms of business combinations in order to prevent monopolies and engender competition.

## Core Objectives

The Commission's objectives include:

- ensure the existence of a stable, orderly, transparent, fair, efficient and viable market that protects investors and is internationally competitive;
- effectively enforce the ISA 2007, other relevant laws, Rules & Regulations and codes made pursuant thereto
- maintain zero tolerance for market abuses;
- develop and 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.

## **OUR BRAND DRIVER**

...towards a world class market

## **CORE VALUES**

The Commission expects the staff to work with the following core values:

- **Transparency**
- **Integrity**
- **Proactiveness**
- **Fairness**
- **Excellence**
- **Accountability**
- **Teamwork**

## **GOALS AND STRATEGY**

### **Strategic Goals**

- To be a world-class regulator by transforming our resources towards achieving international best practices in the 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 organizational 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 the Strategic Goals is dependent on the following critical factors:

- 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 agencies
- 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.

### **FUNCTIONS AND POWERS OF THE COMMISSION**

The Commission derives its powers from Section 13 of the Investments and Securities Act (ISA) No. 29, 2007, which provides as follows

The Commission shall be the apex regulatory organization for the Nigerian capital market and shall carry out the functions and exercise all the powers prescribed in this Act and, in particular, shall-

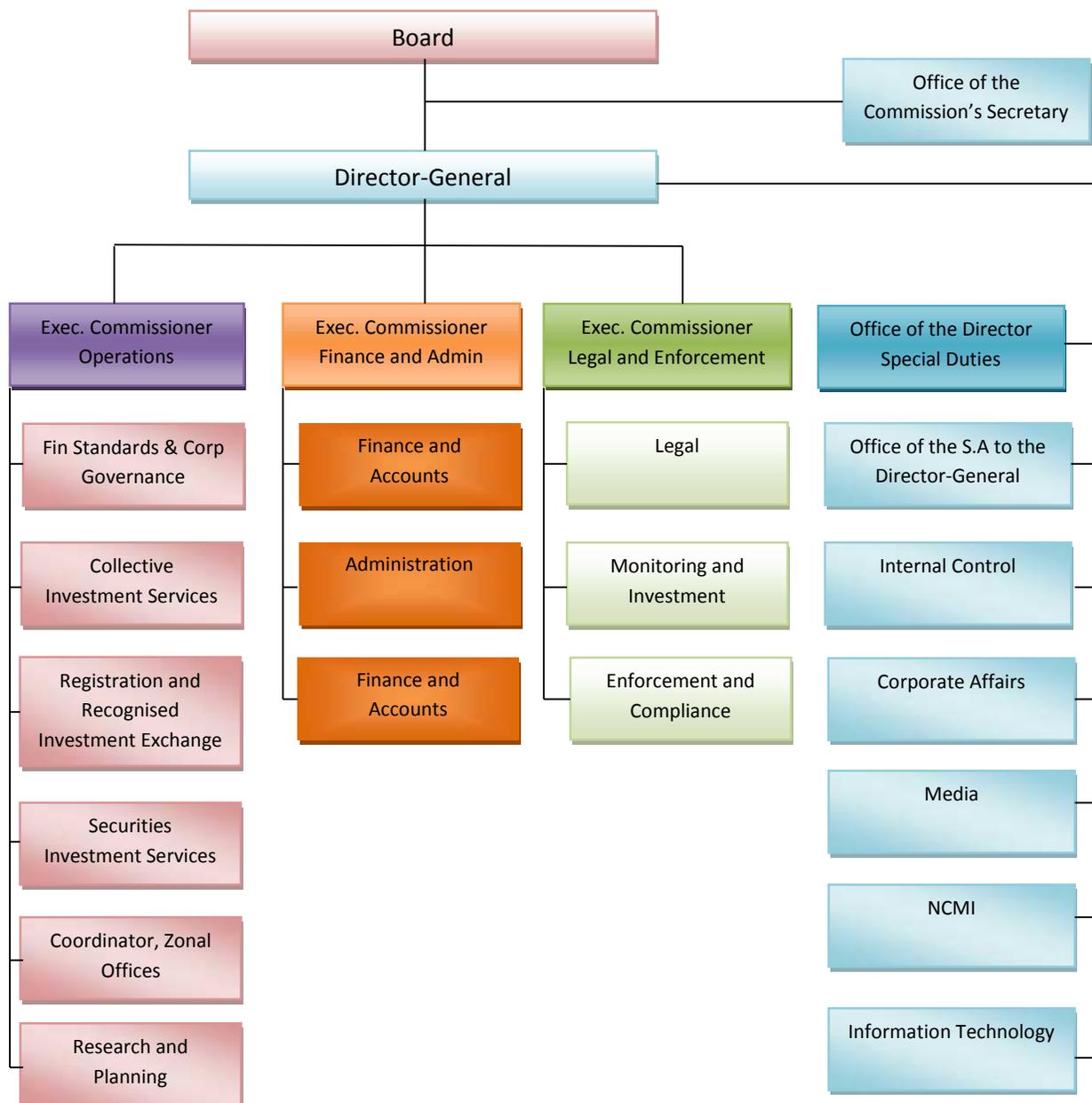
- (a) regulate investments and securities business in Nigeria as defined in this Act;
- (b) register and regulate securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and any other recognized investment exchange;
- (c) regulate all offers of securities by public companies and entities;
- (d) register securities of public companies;

- (e) render assistance as may be deemed necessary to promoters and investors wishing to establish securities exchanges and capital trade points;
- (f) prepare adequate guidelines and organize training programmes and disseminate information necessary for the establishment of securities exchanges and capital trade points;
- (g) register and regulate corporate and individual capital market operators as defined in this Act;
- (h) register and regulate the workings of venture capital funds and collective investments schemes in whatever form;
- (i) facilitate the establishment of a nationwide system for securities trading in the Nigerian capital market in order to protect investors and maintain fair and orderly markets;
- (j) facilitate the linking of all markets in securities with information and communication technology facilities;
- (k) act in the public interest having regard to the protection of investors and the maintenance of fair and orderly markets and to this end establish a nationwide trust scheme to compensate investors whose losses are not covered under the investors protection funds administered by securities exchanges and capital trade points;
- (l) keep and maintain a register of foreign portfolio investments;
- (m) register and regulate securities depository companies, clearing and settlement companies, custodians of assets and securities, credit rating agencies and such other agencies and intermediaries;
- (n) protect the integrity of the securities market against all forms of abuses including insider dealing;
- (o) promote and register self regulatory organisations including securities exchanges, capital trade points and capital market trade associations to which it may delegate its powers;
- (p) review, approve and regulate mergers, acquisitions, takeovers and all forms of business combinations and affected transactions of all companies as defined in this Act;
- (q) authorise and regulate cross-border securities transactions;
- (r) call for information from and inspect, conduct inquiries and audit of securities exchanges, capital market operators, collective investment schemes and all other regulated entities;
- (s) promote investors' education and the training of all categories of intermediaries in the securities industry;
- (t) call for, or furnish to any person, such information as may be considered necessary by it for the efficient discharge of its functions;
- (u) levy fees, penalties and administrative costs of proceedings or other charges on any person in relation to investments and securities business in Nigeria in accordance with the provisions of this Act;
- (v) intervene in the management and control of capital market operators which it considers has failed, is failing or in crisis including entering into the premises and doing whatsoever the Commission deems necessary for the protection of investors;

- (w) enter and seal up the premises of persons illegally carrying on capital market operations;
- (x) in furtherance of its role of protecting the integrity of the securities market, seek judicial order to freeze the assets (including bank accounts) of any person whose assets were derived from the violation of this Act, or any securities law or regulation in Nigeria or other jurisdictions;
- (y) relate effectively with domestic and foreign regulators and supervisors of other financial institutions including entering into co-operative agreement on matters of common interest;
- (z) conduct research into all or any aspect of the securities industry;
- (aa) prevent fraudulent and unfair trade practices relating to the securities industry;
- (bb) disqualify persons considered unfit from being employed in any arm of the securities industry;
- (cc) advise the Minister on all matters relating to the securities industry; and
- (dd) perform such other functions and exercise such other powers not inconsistent with this Act as are necessary or expedient for giving full effect to the provisions of this Act.

## ORGANIZATIONAL STRUCTURE

The Commission's structure consists of the Board, the office of the Director General and three Directorates headed by Executive Commissioners. The Board consists of the Chairman, Director General as Chief Executive Officer of the Commission, three Executive Commissioners, two Non-executive Commissioners and a representative each from the Central Bank of Nigeria and the Federal Ministry of Finance.



# CHAIRMAN'S MESSAGE

I hereby present to you the 2012 Annual Report and Accounts of the Commission.

The Federal government's policy on removal of fuel subsidy announced on 1<sup>st</sup> January, 2012, elicited series of public reactions leading to a 6-day nationwide strike embarked upon by Organized Labour which resulted to a halt in economic activities.

However, the Nigerian capital market recorded an impressive performance in 2012 as it continued to play its critical role of resource allocation. The market experienced a rebound in all segments, thereby raising fresh hopes for wealth creation and Socio-Economic development. The market also witnessed increased local participation, following improved regulatory framework and other initiatives put in place by the Commission and other stakeholders. This translated to positive growth in market indices with the All Share Index (ASI) appreciating by 35.5% year to date as against a loss of 16.3% recorded at the end of 2011. Similarly, market capitalization appreciated by 44.04% to close the year at ₦14.80 Trillion from ₦10.275 trillion. This upsurge is partly attributable to the activities of market makers and the increasing investor confidence.

The Collective Investment Scheme (CIS) segment also made some progress during the year with the registration of three new funds including an umbrella fund. Extensive enlightenment programs were carried out to encourage retail investors participation in the CIS sector.

The Commission in collaboration with the United States Securities and Exchange Commission developed and strengthened its enforcement framework. This improved strategy of enforcement made it difficult for wonder banks and Illegal market operators to operate in the market with a number of them closed down. Also, in pursuance of its investor's protection mandate, the Commission successfully incorporated the National Investors Protection Fund. The fund is intended amongst others to further promote investors confidence thereby enhancing market participation and growth.

During the year, the Commission received ninety seven (97) applications from companies seeking registration for various capital market functions. Out of this number, 44 secured registration having satisfied all relevant requirements. The Commission is currently reviewing the registration process to include the development of a curriculum for pre-registration examination and certification of registrants in a bid to increase stability and improve market depth.

During the year under review, the Commission handled a total of 3,546 complaints out of which 1,907 were new complaints. A total of 1,132 complaints were resolved, whilst 107 were referred for enforcement action. This once again reinforces the Commission's commitment to protect investors.

Distinguished ladies and gentlemen, the outlook for the capital market in 2013 is positive in view of the various initiatives being put in place. The Commission will continue to sustain its improved regulatory and developmental role.

Mal. Suleyman .A. Ndanusa, OON  
Chairman Securities and Exchange Commission

# **DIRECTOR GENERAL'S STATEMENT**

It is my pleasure to present the Annual Report and Accounts of the Securities and Exchange Commission for the year 2012. This report presents major developments in the Nigerian capital market, and the Commission, for the 2012 accounting year, in accordance with statutory requirements. Also included in the report are our strategic focus and outlook for 2013.

## ***Defining Events of the Year***

The global economy appeared bleak at the beginning of 2012. The Eurozone crisis had remained unresolved leading to predictions of the disintegration of the economic and monetary union or the exit of weak members. Though the Eurozone survived the year, 2012 was particularly turbulent for the international markets, riddled with high-level scandals, most prominent among them the LIBOR rate manipulation. These shook confidence in financial markets. Growth had also slowed down in many frontline emerging markets, including South Africa, thereby presenting opportunities for the Nigerian market, mostly in the form of portfolio readjustment by international investors seeking high, and more stable returns.

In Nigeria, 2012 was relatively stable in spite of the disquiet generated early in the year by the fuel subsidy removal announcement by the Federal Government. Security improved remarkably relative to the previous year. Also important, unlike the previous year that witnessed 6 consecutive monetary policy rate hike, including the 275 basis point increase to 12% in October 2011, the MPR remained stable throughout 2012. Along with important reforms we implemented in the course of the year, the stability in monetary and fiscal policies (or the macro-economy) spurred interest in the Nigerian stock market.

## ***Market Developments***

The important reforms we implemented in 2012 and the solid framework we built in the wake of the market downturn paid off resoundingly in 2012. The year recorded the highest recovery since the market downturn of 2008 - 2009, with 37.3% and 35.45% appreciation in market capitalization and the All Share Index (ASI) respectively. In contrast, 2011 ended with a 16.31% loss in ASI. Total market capitalization in 2012 grew by an impressive 44%, signifying that both the equities and fixed income segments appreciated concurrently. Also, in spite of the slight drop in transaction volumes (-

0.48%), total value of transactions witnessed an upward trend at 3.67% in 2012. These figures are an improvement over 2011, which recorded 2.02% and 19.23% declines in volume and value respectively. Notably, for 2012, the Financial Times of London ranked ours the 9<sup>th</sup> best performing stock market globally, and the best in Africa, second only to Kenya.

The performance of the primary segment of the equities market exhibited a new trend as many companies seeking to raise capital preferred to do so via rights or special placements. While 20 issues valued at about N1.08 trillion were recorded in 2011, there were fifteen (15) equities issues worth N80.52 billion in 2012 (a 92.53% decline). The 2012 issues consisted of 7 rights offers worth N65.34 billion and eight placements of N15.18 billion. The secondary segment of the equities market exceeded analysts' expectations, as stock market capitalization of the 198 equities gained an impressive 37.3% over N6.54 trillion to close at N8.98 trillion. The All Share Index followed with a YE2012 gain of 35.45%, to close at 28,078.81 points, in contrast with a 16% loss at YE2011. To put this in perspective, by YE2012, the value of our equities standing at \$57 billion had grown more than 100% over its size at the lowest point of \$27.7 in February 2009, during the market downturn.

The rally witnessed in 2012 is indicative of increased investor interest following the remarkable reform measures we implemented. One of them is AMCON's intervention to clean up the balance sheets of banks. We made significant rule changes and strengthened our enforcement.

In the fixed income segment, two corporate<sup>1</sup> bonds valued at N3.2 billion and three state government<sup>2</sup> bonds valued at N130 billion, a total of N132.2 billion were issued mainly under shelf issuance programmes approved by the Commission. This was lower than the ten corporate bonds valued at N87.88 billion and five state government bond issues valued at N119 billion in 2011, or a total of N206 billion for 2011. The secondary bond market also recorded remarkable progress with a total of 17,410 units of debt securities worth about N7.50 million traded on the floor of the Exchange, as against zero transaction recorded in 2011. FGN bonds are still largely OTC-traded.

An important milestone was recorded when FGN bonds were added to the JP Margan Index for the first time ever, attracting \$1 billion investment between August and October 2012 and driving down yields.

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<sup>1</sup> Crusader Nigeria Plc (N2.26 billion) and C&I Leasing (N0.94 billion)

<sup>2</sup> Gombe – N20 billion; Osun – N30 billion; Lagos – N80 billion

Collective Investment Schemes closed with a Net Asset Value (NAV) of N103.13 billion and 49 registered schemes, showing a 20.88% growth in NAV over 2011, and net increase in the number of registered scheme of 6. The schemes included bond funds, equity funds, balanced funds, ethical and Islamic funds, Real Estate Investment Trusts (REITs), ETF as well as Private Equity Funds, and provided investors the opportunity to diversify their portfolios.

During the year, the Commission registered 44 of the 97 applicants for various capital market functions, a 45% success rate. Among the registered companies were FMDQ OTC Plc and National Association of Securities Dealers (NASD), which debuted to provide OTC functions. The significance of the registration of the two (2) OTC platforms for the capital market is enhanced transparency and liquidity in the trading activities of unlisted companies.

### **Steps We Took**

Below I highlight some of the critical steps we took to set the market on a sure path to recovery, and sustainable growth:

1. **Investor Protection Measures - NIPF.** One of several measures to restore investor confidence, the Commission successfully incorporated the National Investor Protection Fund (NIPF) as a company limited by guarantee in March 2012, and set aside the sum of N5 billion for the Fund. Once operational, the NIPF will “compensate investors whose losses are not covered under the investor protection funds administered by securities exchanges and capital trade points,” and certainly not for unfortunate (poor) investment decisions. We expect the Fund to be launched before the end of 2013.
2. **Adoption of International Financial Reporting Standard.** All public companies in Nigeria were mandated under a Federal Government policy to migrate to reporting with effect from 1<sup>st</sup> January 2012. The SEC, as the apex regulator of the capital market, took many important steps to provide the needed support for the successful implementation of this important milestone. The Commission engaged the services of the Institute of Chartered Accountants of England and Wales (ICAEW) to provide professional consultancy services for the completion of our transition to IFRS. The initiative, which is being supported by the World Bank, will among others assist in building the necessary skills within the Commission and will ensure the alignment of the Commission’s relevant regulations, processes and procedures with the IFRS. The first phase of the training conducted from 3<sup>rd</sup> to 7<sup>th</sup> of December, 2012 by the ICAEW enhanced the knowledge base among staff on the rudiments of IFRS. Other phases of the training have been scheduled for the first and second quarters of 2013.

**3. Improved Enforcement Mechanisms.** We further strengthened our working relationship with law enforcement agencies especially the Federal Ministry of Justice, Economic and Financial Crimes Commission (EFCC) and the Nigeria Police (NP). We have remained intolerant to bad behavior and have continued to bring enforcement actions in deserving cases. Our partnership with the Police and the AGF's office has been particularly fruitful in our ongoing crackdown on illegal fund managers, also called pyramid or ponzi schemes.

**4. Forbearance and Reduction in Transaction Cost.** The Commission's efforts at alleviating the impact of the spillover effect of huge overhang of margin and underwriting loans yielded positive results during the year. The Federal Government, through the Coordinating Minister of the Economy and Honourable Minister of Finance, Dr. (Mrs) Ngozi Okonjo-Iweala, announced forbearance of up to N22.6 billion on the margin loans of 84 stockbrokers. She also announced elimination of stamp duties and value added tax (VAT) on stock market transaction fees.

**5. Market-Wide Capacity Building.** In 2012, we successfully implemented the first edition of the SEC Journalist Academy, which is intended to promote professionalism among reporters and foster a better understanding of the intricacies of the regulatory framework and operations of the capital market. We also successfully organized the SEC Capital Market Essay Competition for practising Nigerian journalists. The competition aims to stimulate interest in reading and writing about the capital market.

Importantly, to promote the highest standards of ethical conduct, we instituted the **Integrity Award**, to reward honesty and integrity. We did so fully cognizant that integrity is a key ingredient upon which the capital market depends.

**6. Market Expansion Measures.** In 2012, probably more than any other year, we actively partnered with many strategic sectors of our national economy, each of which we consider to hold a huge promise for market expansion. These include agriculture, ICT, power, lands and housing. With the Ministry of Agriculture we initiated a partnership that will see the capital market being leveraged as a vehicle of providing medium to long term finance to farmers and other players along the value chain. Specifically, an initiative championed by the Ministry will see the floating of agro-bonds by the Fund for Agriculture in Nigeria (FAFIN), a private sector-driven initiative to aggregate and fund smallholder farmers. With Lands and Housing, in 2013, we expect the planned Mortgage Refinancing Company (MRC) to be floated, the aim of which will be to attract long term funding from the capital market to refinance mortgage loans by lending institutions. The initiative has the support of the World Bank/IFC, the FGN and major private sector players in the financial sector.

**7. New Consolidated Rules.** The Commission finalized the consolidation of all the amended and new rules developed from 2008 till date into a single book for the Commission. This would help address differences and confusion arising from the use of the segregated version. Among the finalized rules are those on Financing of Terrorism (AML/CFT) Compliance Manual, Private

Equity Funds, Sukuk Issuance in Nigeria, Real Estate Investment Trust Schemes (REITS), and amendments to Rules on Market Making.

8. **Institutional Strengthening: Human Capacity and Technology.** In 2012, we paid particular attention to building capacity within the regulator by ensuring that our workforce is equipped to provide market regulation that meets 21<sup>st</sup> century standards. We have provided a number of in-house training under our Learning Series and more broadly. The bespoke courses have attracted internationally acclaimed experts in securitization and structured finance, financial economics, global economy, personal finance, investment management, to name a few. These have supplemented our standard foreign and local targeted training programmes for various categories of staff.

In addition, we further upgraded our productivity tools, enabling our staff to maintain seamless exchange of information without limitations of distance or time. These tools have also enabled us to stay in touch with the market, operators and our other stakeholders.

9. **Investor Outreach and Investor Education.** In 2012, the Commission continued to deploy available resources towards educating investors, particularly retail investors and creating awareness of the important function the capital market plays as an enabler of national economic growth and a wealth-creating avenue for investors. To this end, we sponsored, co-sponsored or supported a number of such initiatives. These included an Anambra State Outreach and a similar outreach in Delta State, Infrastructure Roundtable, end of year retreat held in Warri under the auspices of the Capital Market Committee (CMC) (which included a secondary school capital market focused quiz competition), NYSC Orientation Camp outreach across the federation,

We also launched a new short movie following on the success of the Nollywood favorite, "Breeze," which came on stream in 2011. "**Easy Money**," a short film produced in collaboration with HomeVida in 2012 exposes the workings of investment scams or ponzi schemes. It therefore complements the efforts of the Commission in shutting down pyramid and ponzi schemes, saving unsuspecting investors from the costly false representation.

10. **Multilateral Investor Floats, New Platforms and Potential Products.** One of the big ticket events of last year was our authorization of NASD and FMDQ, two platforms which will complement the NSE as trading platforms, though focused on the OTC markets. The NSE also launched its bond trading platform, introducing liquidity to an asset class that was only traded over the OTC.

We also approved the first bond issuance in local currency by a multilateral agency in Nigeria. The IFC's N12bn Naija bond has set a benchmark for similar issuances expected in the coming months. It is an implicit endorsement of the quality of our capital market that this transaction was even initiated and followed through.

## Strategic Focus for 2013

Riding on the momentum of 2012, we have built our 2013 strategic focus around three themes - Financial Inclusion, Innovation and Effectiveness. We need to reach out to the large numbers of Nigerians who have yet to take advantage of the opportunities in the capital market, through collective investment schemes and new products such as Islamic finance and sukuk bond, while supporting SMEs. We shall also support more innovative thinking around market expansion and deepening, to support the financing needs of government and businesses. And finally, we shall embark on a range of initiatives and programmes to facilitate market transactions and strengthen institutions of the capital market. These include enhanced deployment of technology (dematerialization and online filing), overhaul of our enforcement structures, strengthening capital market operators, etc.

Our target is to sustain the recovery and grow a world class market that is robust, has depth and breadth, and is perceived as fair, transparent and built on integrity. This we can accomplish through the collaboration of key stakeholders, including the media.

## Conclusion

I wish to express my gratitude to the Board, Management and Staff of the Commission for their contribution to our mission of building a world-class capital market. I would also like to convey my appreciation to the Ministry of Finance, members of the Federal Executive Council, partner institutions, and all stakeholders in the Nigerian capital market for their role in fostering an understanding of the important transformative impact of a strong capital market. It is my hope that the SEC Annual Report will be a useful reference material for all stakeholders in the Nigerian capital market.

**Arunma Oteh**  
**Director General**

## **OUR PEOPLE**

### **BOARD OF THE COMMISSION**



**Senator Udoma Udo Udoma**  
Chairman (Tenure ended June 2012)



**Ms Arunma Oteh**  
Director General



**Ms Daisy S. Ekineh**  
Executive Commissioner, Operations  
(Tenure ended June 2012)



**Alhaji Lawal Sani Stores**  
Executive Commissioner, Finance  
& Administration (Tenure ended June  
2012)



**Mr Charles A. Udora**  
Executive Commissioner, Legal & Enforcement  
(Tenure ended June 2012)



**Mrs Aderonke Fatade**  
Commissioner (Tenure ended June  
2012)



**Alhaji Yahya Ali**  
Commissioner (Tenure ended June 2012)



**Mr. Chris O. Chukwu**  
Rep. Central Bank of Nigeria  
(Retired on Jan 17, 2013)



**Mr. Danladi I. Kifasi**  
Rep. Federal Ministry of Finance



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

## **CURRENT BOARD OF THE COMMISSION INAUGURATED ON JANUARY 15, 2013**



**Mal. Suleyman Abdu Ndanusa, OON**  
Chairman



**Ms Arunma Oteh**  
Director General



**Mr. Mounir H. Gwarzo**  
Executive Commissioner, Operations



**Rt. Hon. Zakawanu I. Garuba**  
Executive Commissioner, Finance  
& Administration



**Mrs Sa'adatu M. Bello**



**Mrs Adefunke Abiodun**

Executive Commissioner, Legal & Enforcement

Non-Executive Commissioner



**Mr. Ugochukwu Ikemba**  
Non-Executive Commissioner



**Mr. Ifeanyi T. Nwaoha**  
Rep. Central Bank of Nigeria



**Mr. Danladi I. Kifasi**  
Rep. Federal Ministry of Finance



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

## EXECUTIVE MANAGEMENT



**Ms Arunma Oteh**  
Director General



**Mr. Mounir H. Gwarzo**  
Executive Commissioner, Operations



**Rt. Hon. Zakawanu I. Garuba**  
Executive Commissioner,  
Finance & Administration



**Mrs. Sa'adatu M. Bello**  
Executive Commissioner,  
Legal & Enforcement

## **HEADS OF DEPARTMENT**



**Mr Edosa Kennedy Aigbekaen**  
Secretary to the Commission  
& HOD, Legal Department



**Mr Moses Isiaku**  
Director, Registration and Recognized  
Investment Exchanges (RRIE)



**Mr Abdul Zubairu**  
Director/Coordinator, Zonal Offices



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



**Mr Omotayo Adeleke**  
Director, Internal Control



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



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



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



**Mrs Maryam Sallau**  
HOD, Human Resources



**Mr O. W. Akpan**  
HOD, Research and Planning



**Mr O. E. M. Elujekor**  
HOD, Enforcement & Compliance (E&C)



**Mr Henry Rowland**  
HOD, Information Technology (IT)



**Mr Shaka Braimah**  
HOD, Corporate Affairs



**Mr E. Okolo**  
HOD, Financial Standard and  
Corporate Governance (FS&CG)



**Mr Andrew Tenmang**  
HOD, Administration



**Mrs U. N. Molokwu**  
Head, Lagos Zonal Office



**Mr Nestor Ikeagu**  
Head, Ibadan Zonal Office



**Mr B. E. Archibong**  
Head, Onitsha Zonal Office



**Mr Ismail Ville**  
Head, Port Harcourt Zonal Office



**Mr. D. A. Ibrahim**  
Head, Maiduguri Zonal Office



**Mr Hussein Dauda**  
Head, Kaduna Zonal Office



**Mr Adamu Sambo**  
Head, Kano Zonal Office

## STAFF SUMMARY

The Commission had 587 staff as at 31<sup>st</sup> December, 2012 as categorized below:

### Number of Staff according to cadre

S/N	Categories of Staff	Number
1.	Executive Management Staff	4
2.	Management staff	53
3.	Senior Staff	392
4.	Junior staff	138
	Total	<b>587</b>

# **SECTION 2**

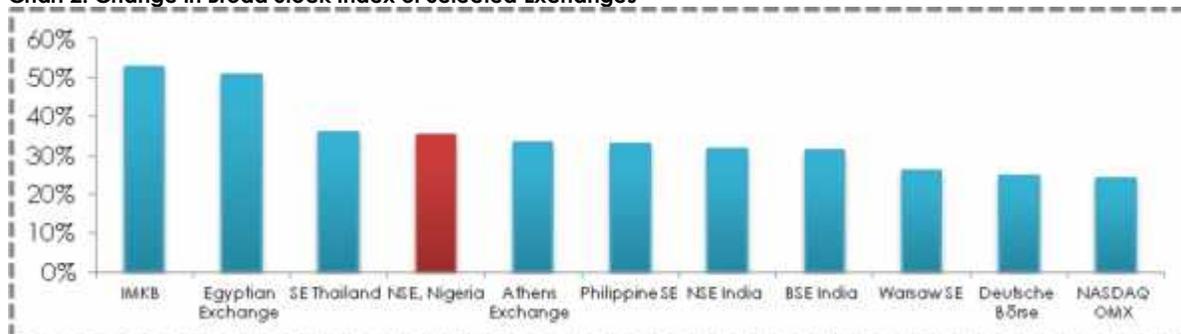
## **REPORT ON OPERATIONAL ACTIVITIES**

## **OVERVIEW OF THE MARKET**

The global economy witnessed a weak growth in 2012 as the world GDP dropped by 3%. The poor performance was attributed to the persistent crisis within the Euro-zone economies, according to the Conference Board. Consequently, the International Monetary Fund (IMF) had to reduce the projected global economic growth rate to 3.5% for 2013 and 4.1% for 2014. However, most developing economies including Nigeria fared well. For instance Nigeria posted a GDP growth rate of 6.61% at the end of 2012 compared to the 7.43% in 2011.

According to the World Federation of Exchanges (WFE), 2012 was a very challenging year for exchanges. The volume of all products traded on WFE members were significantly down (22.5%) for equity transactions and (20%) for derivatives. However, the WFE reported a positive growth in market capitalization and index performance. The Chart below showed that the Nigerian market competed favorably with the top 10 member exchanges of the WFE.

**Chart 2: Change in Broad Stock Index of Selected Exchanges**



Source: Extracted from the report of the World Federation of Exchanges (WFE)

## **THE PRIMARY MARKET**

The reduced corporate interest in equity issuance persisted in 2012 with weak activities. However, the growing interest in fixed income securities (bonds) was sustained, except that a few offers were delayed in anticipation of reduction in Monetary Policy Rate (MPR), which was maintained throughout the year at 12%. The high interest rate made bond issuance relatively expensive to issuers seeking funds in the capital market.

During the year under review, the Commission approved five (5) shelf registrations, worth N527 billion for bond issuance programmes. This comprises four (4) Sub-nationals (Gombe, Rivers, Lagos and Osun States) and one (1) corporate entity (C & I Leasing Plc). However Rivers State Government is yet to issue any bond from the shelf prospectus.

In all, the Commission approved the registration of twenty-one (21) new issues worth N215.15 billion in 2012 as against thirty five (35) issues valued at N1, 285.16 billion in 2011, indicating a decline of 40% and 83.26% in number and value of issues respectively. The new issues in 2012, as shown in Table 1 below, comprises of fifteen (15) equities, three (3) corporate bonds and three (3) sub-national bonds.

In addition, the Commission registered bonus issues of twelve (12) companies as well as approved the registration of existing securities of four (4) companies. Allotment proposals of twenty-nine (29) entities were also cleared during the year under review.

The Debt Management Office (DMO), on behalf of the Federal Government auctioned bonds worth N865.16 billion in thirty-one (31) issues as against twenty-eight (28) bonds worth N791.27 billion auctioned in 2011.

Consequently, the total number and value of new securities issued in 2012 stood at fifty-two (52) worth N1,080.31 billion as against sixty (60) securities valued at N2,076.43 billion in 2011, indicating a decrease of 13.33% and 47.97% in the number of shares and value respectively.

**Table 1: Summary of New Issues in 2012 and 2011 by Offer Type**

Types of Securities	No. of Issues		Value of Securities (N' B)	
	2012	2011	2012	2011
Equities	15	20	81.41	1,078.28
Corporate Bond	3	9	3.74	70.26
Agency Bond (AMCON)	-	1	-	17.62
Sub-national Bonds	3	5	130.00	119.00
FGN Bonds	31	28	865.16	791.27
<b>Total Debt Securities</b>	<b>37</b>	<b>43</b>	<b>998.36</b>	<b>998.15</b>
<b>Overall</b>	<b>52</b>	<b>60</b>	<b>1,080.31</b>	<b>2,076.43</b>

Source: SEC, DMO \*By Intercontinental Bank Plc and Union Bank Nig. Plc \*\*Cash backed issuance

## Equities

A total of fifteen (15) equities valued at N81.41 billion were registered in 2012 as against eighteen (18) equities valued at N N224.26 billion issued in the preceding year, representing a decline of 16.67% in number of issues and 64.7% in value. The issues comprises of eight (8) rights offers and seven (7) special placements.

**Table 2: Summary of Equities Issued**

Mode of Offer	No. of Issues		Value of Securities (N' B)	
	2012	2011	2012	2011
Rights	8	7	66.60	54.45
Placements	7	10	14.81	161.37
Preference Shares	0	1	0.00	8.44
Placements to AMCON*	0	2	0.00	854.02
<b>Total Equities</b>	<b>15</b>	<b>20</b>	<b>81.41</b>	<b>1,078.28</b>

**Table 3: New Issues in 2012 (Details)**

S/N	Issuer	Issue Type	Offer Price	Volume	Value(N)	Purpose of the Offer
1.	Niger Insurance Plc	Rights	0.50	2,677,079,286	1,338,539,643.00	Enhancement of working capital, IT facilities etc
2.	Prestige Assurance Plc	Rights	0.50k	2,508,515,438	1,254,157,719.00	Enhancement of working capital, IT facilities etc
3.	Vono Products Plc	Rights	1.60	525,000,000	840,000,000.00	Refinancing of loans and enhancement of working capital.
4.	Premier Paints Plc	Placement	1.00	48,000,000	48,000,000.00	Refurbishment/Expansion of paints manufacturing plants and enhancement Working capital
5.	Studio Press Plc	Placement	1.40	252,104,285	352,945,999.00	Enhancement of working capital.
6.	Aso Savings & Loans Plc	Rights	0.50	11,046,189,224	5,523,094,612.00	Electronic banking and upgrade of banking software, branch expansion and working capital

7.	Fan Milk Plc	Rights	3.00	449,917,132	1,349,751,396.00	Redemption of preference shares, procurement of new 12,000 litres processing line, etc
8.	Jaiz Bank Plc	Placement	1.15	4,400,000,000	5,060,000,000.00	Branch expansion, Information technology enhancement, etc
9.	Jaiz Bank Plc	Placement	1.00	3,600,000,000	3,600,000,000.00	Same as above
10.	Food Concepts Plc	Placement	2.25	1,200,000,000	2,700,000,000.00	Renovation of stores, (Lagos, Abuja and Port Harcourt), Brand Acquisition (rights to trademarks/brands) etc
11.	African Paints Plc	Rights	1.25	130,000,000	162,500,000.00	Payment of outstanding obligation and working capital
12.	Vital Products Plc	Placement	2.59	617,229,730	1,598,625,000.00	Acquisition of new plant & machinery and new Factory Land & Building
13.	Infrastructure Bank Plc	Rights	1.00	1,551,500,000	1,551,500,000.00	Facilitating project finance, IT upgrade and Office Refurbishing, working capital enhancement and debt repayment
14.	Oando Nigeria Plc	Rights	12.00	4,548,236,276	54,578,835,312.00	Refinancing of upstream and mid-stream assets
15.	Linkage Assurance Plc	Placement	0.50	2,897,207,843	1,448,603,921.50	Upgrade of IT, branch expansion and underwriting of oil & gas insurance
	<b>Total</b>			<b>36,450,979,214</b>	<b>81,406,553,603.50</b>	

Source: SEC and extracted from prospectuses of Issuers

### Sub-National/Corporate Bond In 2012

There was a significant decline in the issuance of bonds in 2012. Three (3) sub-national and three (3) corporate bonds worth N133.73billion were issued, as against nine (9) corporate, one (1) agency and five (5) sub-national bonds valued at N206.88 billion were issued in 2011. This represents a decline of 60% and 35.36% in number and value respectively.

### Sub-National and Corporate Bonds In 2012

Table 4: Sub-national Bonds

S/N	Issuer	Offer Price(N)	Value (N'B)	Coupon Rate	Rating of Bond	Year of Maturity	Purpose
1	Gombe State	1,000	20	15.5%	A(Aqusto & Co) A- (GCR)	2019	Construction of roads, schools and refinancing of existing loan
2	Osun State	1,000	30	14.75%	A(Aqusto & Co) A- (GCR)	2019	Construction of roads, water works and refinancing of existing loan
3	Lagos state	1,000	80	14.5%	Aa-(Aqusto & Co)	2019	Construction of roads, water works, rail, health facilities and refinancing of existing loan

					A+ (GCR)		
	<b>Total</b>		<b>130</b>				

**Table 5: Corporate Bonds**

S/N	Issuer	Offer Price (N)	Value (N)	Coupon Rate	Rating of Bond	Maturity (Bond)	Purpose
1	Chellarams Plc	1,000	540,000,000	MPR + 5%	BBB- by GCR BBB- by DataPro	2018	To finance Investment in associated companies, part financing of loans etc
2	C&I Leasing Plc	1,000	940,000,000	18%	BBB( GCR)	2017	Repayment of existing loans, acquisition of IT infrastructure and investment in working capital
3.	Crusader** Nigeria Plc	100	<b>2,260,304,300</b>	Zero Coupon	-	-	Investment in subsidiaries and enhancement of working capital
	<b>Total</b>		<b>3,740,304,300</b>				

**\*\*The issue was a zero-coupon unsecured subordinated redeemable convertible debenture stock**

### Federal Government of Nigeria (FGN) Bond

The DMO auctioned six (6) categories of FGN bonds in 2012, three (3) were extension of earlier issues. In total, thirty-one (31) issues worth N865.16 billion were auctioned as against twenty eight (28) issues valued at N791.27 billion in 2011.

**Table 6: FGN Bonds Auctioned In 2012**

S/N	Issue	Tenor	Amount Auctioned (N'Bn)	Level of Subscription	Subscriptions (N'Bn)	Amount Allotted (N'Bn)	Marginal Rate (%) Applied	Date Auctioned
1	May 30, 2018 (13th Issue)	10	19.76	113.36	22.40	19.76	10.70	25/01/12

2	October 23, 2019 (8th Issue)	10	35.00	77.23	27.03	18.90	7.00	25/01/12
3	January 27, 2022 (1st Issue)	10	35.00	171.20	59.92	35.00	16.39	25/01/12
4	October 23, 2019 (9th Issue)	10	35.00	169.60	59.36	35.00	7.00	29/02/12
5	January 27, 2022 (2nd Issue)	10	35.00	235.11	82.29	35.00	16.39	29/02/12
6	October 23, 2019 (10th Issue)	10	20.00	316.50	63.30	20.00	7.00	28/03/12
7	January 27, 2022 (3rd Issue)	10	30.00	227.00	68.10	30.00	16.39	28/03/12
8	March 18, 2014 (9th Issue)	3	20.00	311.90	62.38	20.00	10.50	25/04/12
9	April 27, 2017 (1st Issue)	5	35.00	226.06	79.12	35.00	15.10	25/04/12
10	January 27, 2022 (4th Issue)	10	35.00	186.66	65.33	35.00	16.39	25/04/12
11	April 27, 2017 (2nd Issue)	5	35.00	179.43	62.80	35.00	15.10	16/05/12
12	January 27, 2022 (5th Issue)	10	35.00	196.86	68.90	35.00	16.39	16/05/12
13	April 27, 2017 (3rd Issue)	5	30.00	186.13	55.84	30.00	15.10	27/06/12
14	June 29, 2019 (1st Issue)	7	30.00	133.90	40.17	30.00	16.00	27/06/12
15	January 27, 2022 (6th Issue)	10	23.91	140.86	33.68	23.91	16.39	27/06/12
16	April 27, 2017 (4th Issue)	5	25.00	164.12	41.03	25.00	15.10	18/07/12
17	June 29, 2019 (2nd Issue)	7	25.00	111.20	27.80	25.00	16.00	18/07/12
18	January 27, 2022 (7th Issue)	10	25.00	207.08	51.77	25.00	16.39	18/07/12
19	April 27, 2017(5th Issue)	5	25.00	176.44	44.11	25.00	15.10	15/08/12
20	June 29, 2019(3rd Issue)	7	25.00	283.88	70.97	25.00	16.00	17/08/12
21	January 27, 2022 (8th Issue)	10	25.00	536.12	134.03	25.00	16.39	15/08/12
22	April 27, 2017 (6th Issue)	5	30.00	121.33	36.40	30.00	15.10	19/09/12
23	June 29,2019 (4th Issue)	7	30.00	155.23	46.57	30.00	16.00	19/09/12
24	April 27,2017(7th Issue)	5	15.00	253.67	38.05	15.00	15.10	17/10/12
25	June 29,2019(5th Issue)	7	30.00	153.67	46.10	30.00	16.00	17/10/12
26	January 27, 2022(9th Issue)	10	30.00	200.57	60.17	30.00	16.39	17/10/12
27	June 29,2019(6th Issue)	7	25.00	224.20	56.05	25.00	16.00	21/11/12
28	January 27, 2022(10th Issue)	10	25.00	259.84	64.96	25.00	16.39	21/11/12
29	April 27, 2017(8th Issue)	5	16.49	267.92	44.18	16.49	15.10	19/12/12
30	June 29, 2019(7th Issue)	7	30.00	140.50	42.15	30.00	16.00	19/12/12

31	January 27, 2022(11th Issue)	10	30.00	191.73	57.52	30.00	16.39	19/12/12
	<b>Total</b>		<b>865.16</b>		<b>1,712.48</b>	<b>849.06</b>		

Source: Extracted from DMO reports

### Registration of Bonus Issues

A total of twelve (12) bonus issues with 12,419,927,814 shares worth N6,209,963,907.00 were registered as shown in the table --- below:

**TABLE 7: Bonus Issued In 2012**

S/N	Company	Nominal price	Volume (Unit)	Value (N)	Bonus Ratio
1.	IGI Insurance Plc	50K	1,293,748,844	646,874,422.00	1 for 10
2.	Chemical & Allied Products Plc	50K	280,000,000	140,000,000.00	1 for 1
3.	United Bank for Africa Plc	50K	646,693,873	323,346,936.50	1 for 50
4.	NAHCO Plc	50K	246,093,750	123,046,875.00	1 for 5
5.	Dangote Cement Plc	50K	1,549,137,036	774,568,518.00	1 for 10
6.	FCMB Plc	50K	2,483,617,573	1,241,808,786.50	3 for 20
7.	Unity Bank Plc	50K	3,495,153,610	1,747,576,805.00	1 for 10
8.	R. T. Briscoe Plc	50K	196,058,949	98,029,474.50	1 for 5
9.	Unity Capital Plc	50K	866,666,667	433,333,333.50	1 for 15
10.	Afromedia Plc	50K	403,549,726	201,774,863.00	1 for 10
11.	Oando Marketing Plc	50K	87,500,000	43,750,000.00	1 for 4
12.	Royal Exchange Plc	50K	871,707,786	435,853,893.00	1 for 8
	<b>Total</b>		<b>12,419,927,814</b>	<b>6,209,963,907.00</b>	

### Registration of Existing Securities in 2012

Four (4) existing securities valued at **N7,394,463,885** billion were registered as shown in the table below:

**TABLE 8: Registered Existing Securities In 2012**

S/N	ISSUER	NOMINAL VALUE	VOLUME	VALUE
1	Fortis Microfinance Bank Plc	50k	1,630,091,000	815,045,500
2	Ecobank Transnational Incorporated (ETI) Plc	50k	33,836,770	16,918,385
3	Ecobank Transnational Incorporated (ETI) Plc	50k	3,125,000,000	1,562,500,000

4	Stanbic IBTC Holding Plc	50k	10,000,000,000	5,000,000,000
	<b>Total</b>		<b>14,788,927,770</b>	<b>7,394,463,885</b>

## Allotments Cleared

Twenty eight (28) allotments were cleared during the period under review:

- seven (7) rights Issues (equities) of 6,507,320,257 units of shares valued at ₦46,666,005,229.08
- one (1) preference share (placement) of 2,791,454,545 units of shares valued at ₦8,597,679,998.60
- eight (8) placements (equities) of 26,379,993,599 units of shares valued at ₦393,125,897,263.36
- twelve (12) bonds (public offering/placement) valued at ₦3,654,846,561,300.00

As indicated on the Allotment table below, only five (5) of the issues were undersubscribed. Therefore, the total amount capitalized was N4.10 trillion.

**TABLE 9: Allotments Approved In 2012**

S/N	Issuer	Volume of Securities	Offer Price (N)	Value (Naira)	Level of Subscription (%)	Amount capitalized (Naira)
	<b>Rights</b>					
1	Vono Products Plc	525,000,000	1.60	840,000,000.00	50.22	421,848,000.00
2	Flour Mills Plc	455,566,222	62.00	28,245,105,764.00	101.58	28,245,105,764.00
3	Neimeth Int'l Pharmaceutical Plc	821,576,716	1.50	1,232,365,074.00	58.71	723,521,534.95
4	International Breweries Plc	1,479,040,276	5.08	7,513,524,602.08	77.73	5,840,262,673.20
5	Consolidated Breweries Plc	99,140,625	62.00	6,146,718,750.00	141.18	6,146,718,750.00
6	Niger Insurance Plc	2,677,079,286	0.50	1,338,539,643.00	74.82	1,001,495,360.89
7	Fan Milk Plc	449,917,132	3.00	1,349,751,396.00	100.00	1,349,751,396.00
	<b>Total</b>	<b>6,507,320,257</b>		<b>46,666,005,229.08</b>		<b>43,728,703,479.04</b>
	<b>Preference Shares</b>					
8	IHS Nigeria Plc	2,791,454,545	3.08	8,597,679,998.60	100.00	8,597,679,998.60
	<b>Total</b>	<b>2,791,454,545</b>		<b>8,597,679,998.60</b>		<b>8,597,679,998.60</b>

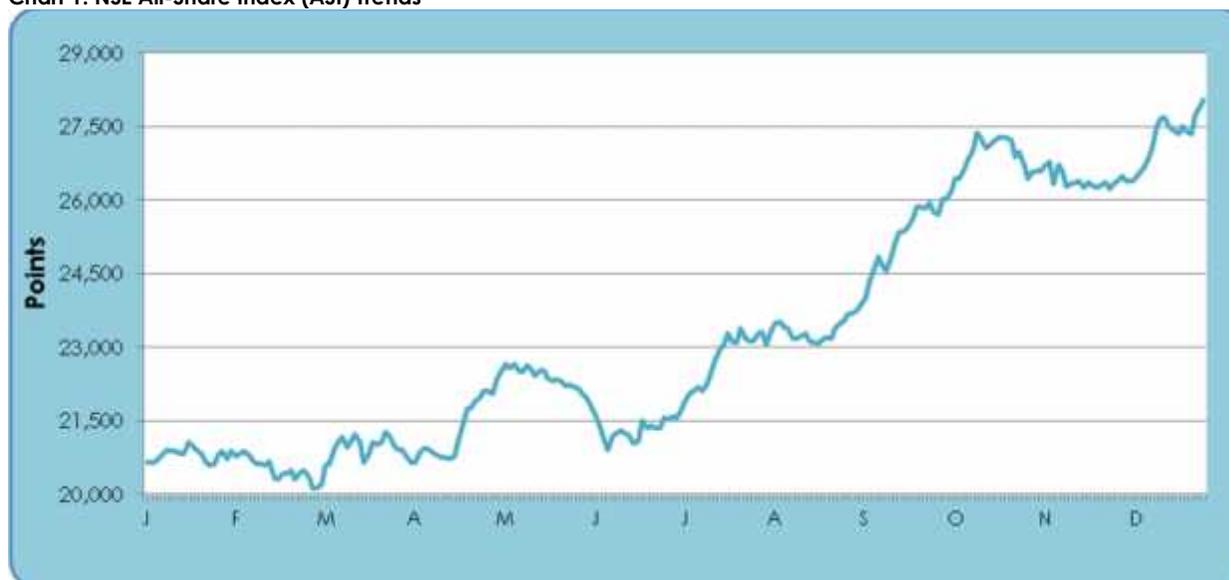
S/N	Issuer	Volume of Securities	Offer Price (N)	Value (Naira)	Level of Subscription (%)	Amount capitalized (Naira)
	<b>Placements</b>					
9	Food Concepts Plc	780,000,000	2.50	1,950,000,000.00	100.00	1,950,000,000.00
10	Union Bank Plc	3,394,407,265	90.05	305,700,000,000.00	100.00	305,700,000,000.00
11	Union Bank Plc	11,008,274,206	6.81	74,966,347,342.86	100.00	74,966,347,342.86
12	Premier Paints Plc	48,000,000	1.00	48,000,000.00	100.00	48,000,000.00
13	Jaiz Bank Plc	3,600,000,000	1.00	3,600,000,000.00	100.00	3,600,000,000.00
14	Jaiz Bank Plc	4,400,000,000	1.15	5,060,000,000.00	95.80	4,847,480,000.00
15	Studio Press Nigeria Plc	252,104,285	1.40	352,945,999.00	100.00	352,945,999.00
16	Linkage Assurance Plc	2,897,207,843	0.50	1,448,603,921.50	100.00	1,448,603,921.50
	<b>Total</b>	<b>26,379,993,599</b>		<b>393,125,897,263.36</b>		<b>392,910,377,263.36</b>
	<b>Bonds</b>					
17	Benue State Government	13,000,000	1,000.00	13,000,000,000.00	100.00	13,000,000,000.00
18	Lafarge WAPCO Plc	11,880,000	1,000.00	11,880,000,000.00	100.00	11,880,000,000.00
19	Tower Funding Plc	3,630,000	1,000.00	3,630,000,000.00	100.00	3,630,000,000.00
20	Edo State Government	25,000,000	1,000.00	25,000,000,000.00	100.00	25,000,000,000.00
21	Ondo State Government	27,000,000	1,000.00	27,000,000,000.00	100.00	27,000,000,000.00
22	Chellarams Plc	540,000	1,000.00	540,000,000.00	100.00	540,000,000.00
23	Crusader Nigeria Plc	22,603,043	100.00	2,260,304,300.00	100.00	2,260,304,300.00
24	AMCON Series I (tranche 1-3)	2,298,009,960	N/A	1,699,435,549,000.00	100.00	1,699,435,549,000.00
25	AMCON Series II	567,192,674	735.64	417,249,619,000.00	100.00	417,249,619,000.00
26	AMCON Series III	122,395,132	725.69	88,812,356,000.00	100.00	88,812,356,000.00
27	AMCON Series IV	2,004,167,000	681.30	1,365,098,733,000.00	100.00	1,365,098,733,000.00
28	C & I Leasing Plc	940,000	1,000.00	940,000,000.00	100.00	940,000,000.00
	<b>Total</b>	<b>5,096,357,809</b>		<b>3,654,846,561,300.00</b>		<b>3,654,846,561,300.00</b>
	<b>Overall Total</b>	<b>40,775,126,210</b>		<b>4,103,236,143,791.04</b>		<b>4,100,086,322,040.99</b>

## **SECONDARY MARKET**

The equity market rebound in 2012 and closed on a bullish trend with significant improvement in market indices. During the year, the All-share Index appreciated by 35.45% to close at 28,078.81 points from 20,730.63 points in 2011, while market capitalization of equities also gained 37.34% closing at about N8.978 trillion from N6.537 trillion in 2011. Contrary to this position in 2011, the market recorded the declines of 16.31% and 17.76% for All-share Index and equity market capitalization respectively.

As shown on the chart below, the upsurge in equity prices was more apparent in the second half of the year, precisely in September when market-making became effective. Between July and December, the All-share Index gained about 30% as against a marginal appreciation of 4.19% in the first half of the year.

**Chart 1: NSE All-Share Index (ASI) Trends**



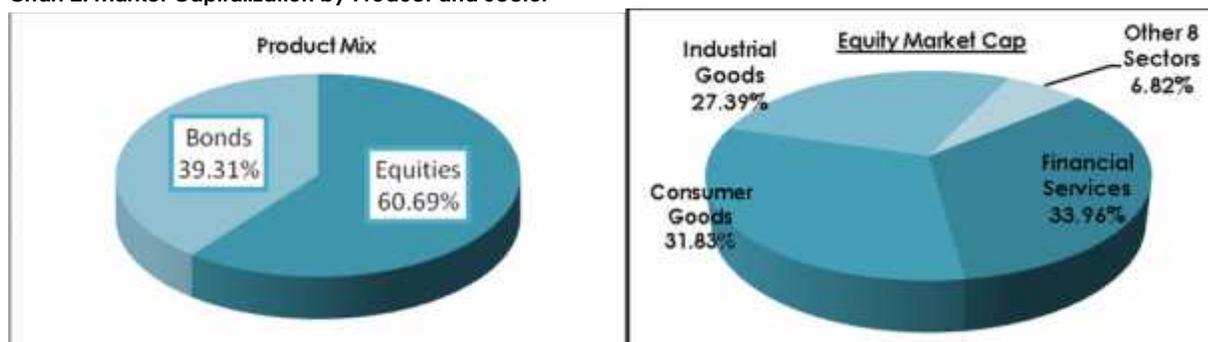
*Source: Compiled from The NSE reports*

In terms of market capitalization, equity segment retained dominance of the market as it accounted for 60.66% of the overall market capitalization as at December 31, 2012. However, the bond segment is closing in as it now controls 39.33% of the total market

capitalization from about 36% in 2011. Total Market capitalization (equities and debt securities) appreciated by 44.04% to close at about N14.80 trillion in 2012 as against N10.275 trillion in 2011.

The three (3) dominant sectors of the equity segment by market capitalization were Financial Services (34.57%), Consumer Goods (31.83%) and Industrial Goods (26.46%). The other eight (8) sectors in the equity segment classification controlled 6.82% of the equity market capitalization, as shown on the chart below.

Chart 2: Market Capitalization by Product and Sector



Source: Compiled from NSE reports

A turnover of 89.15 billion shares worth N657.76 billion were traded on the floor of the exchange in 2012 compared to 89.57 billion shares valued at N634.90 billion recorded in 2011. These indicate that the volume of shares traded declined in 2012 by a margin of 0.47% while the value of shares appreciated by 3.60%.

Table 10: Market Statistics for Equities (January to December 2012)

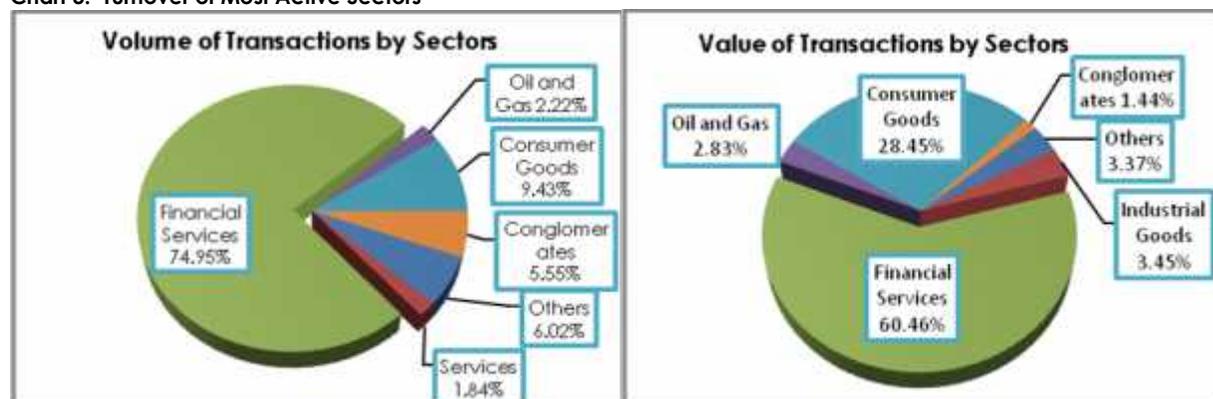
DATE	VOLUME (B)	VALUE(N'B)	NSE-INDEX		MKT-CAP	
			POINTS	% Change	(N'TRILLION)	% Change
January	4.08	31.70	20,875.83	+0.70	6.583	+0.70
February	8.06	44.92	20,123.51	-3.60	6.346	-3.60
March	7.49	68.34	20,652.47	+2.63	6.554	+3.28
April	7.38	55.93	22,045.66	+6.75	7.035	+7.34
May	8.51	69.73	22,066.40	+0.09	7.041	+0.09
June	10.61	48.09	21,599.57	-2.12	6.899	-2.02
July	6.30	46.89	23,061.38	+6.77	7.344	+6.45
August	5.50	42.28	23,750.82	+2.99	7.564	+3.00

<b>September</b>	10.09	68.49	26,011.64	+9.52	8.286	+9.55
<b>October</b>	10.48	91.46	26,430.92	+1.61	8.427	+1.70
<b>November</b>	5.50	43.39	26,494.44	+0.24	8.470	+0.51
<b>December</b>	5.15	46.54	28,078.81	+5.98	8.978	+6.00
<b>2012</b>	<b>89.15</b>	<b>657.76</b>	<b>28,078.81</b>		<b>8.978</b>	
<b>2011</b>	<b>89.57</b>	<b>634.90</b>	<b>20,730.63</b>		<b>6.537</b>	
<b>Change 2011/2012</b>	<b>-0.47%</b>	<b>+3.60%</b>	<b>+35.45%</b>		<b>+37.34%</b>	

Source: Compiled from The NSE reports

**Financial Services** sector, as shown on chart 3 below, accounted for the bulk of securities traded during the year. The sector controlled about 75% and 61% of the total volume and value of securities traded in 2012 from the sale of 66.82 billion units of shares worth N397.69 billion in 569,366 deals. The **Consumer Goods** sector came second, accounting for 9.43% and 28.45% of the total volume and value of securities traded respectively. While **Conglomerate** sector came third with 5.55% in terms of volume of securities traded, **Industrial Goods** sector occupied the third spot with 3.45% in terms of value of securities traded.

Chart 3: Turnover of Most Active Sectors



Other securities traded during the year as shown on Table 11 included 7,410 units of FGN bonds exchanged for about N7.19 million, 11,000 units of corporate bonds worth N1.05 million, and 175,688 units of NewGold Exchange Traded Fund (ETF) traded for N454.61 million.

Table 11: Comparative Trading Statistics 2011/2012

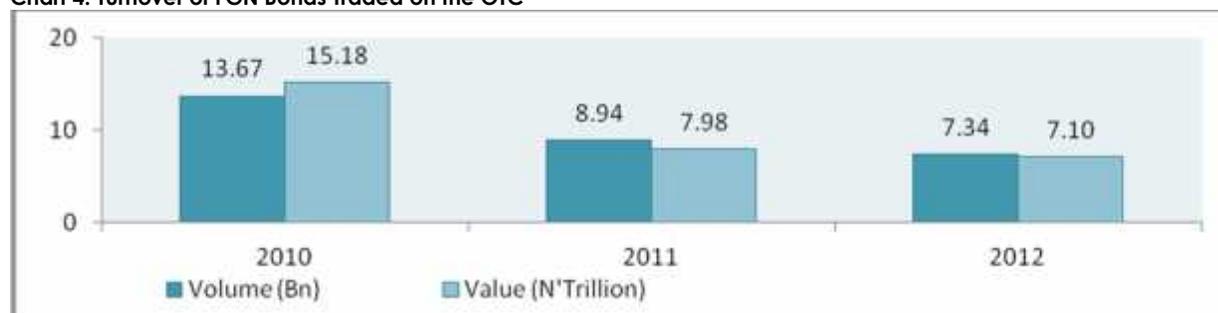
Securities	2011		2012	
	Volume	Value (Naira)		
<b>FGN Bonds</b>	0	0.00	7,410	<b>7,192,888.50</b>

<b>Sub-national Bonds</b>	0	0.00	0	<b>0.00</b>
<b>Corporate Bond</b>	0	0.00	11,000	<b>1,046,410.00</b>
<b>Exchange Traded Funds</b>	6,710	17,115,994.00	175,688	<b>454,610,692.69</b>
<b>Total</b>	<b>6,710</b>	<b>17,115,994.00</b>	<b>194,098</b>	<b>462,849,991.19</b>

Source: Compiled from The NSE reports

**FGN Bonds Traded Over-The-Counter (OTC):** FGN bonds traded on the OTC in 2012 remained significant but lower than the level in 2011. A total of about 7.35 billion units of the bonds amounting to N7.10 trillion exchanged hands during the year in contrast to 8.95 billion worth N7.99 trillion in 2011. This indicated that the volume and value of FGN bonds traded declined in 2012 by 18.10% and 11.39% respectively.

Chart 4: Turnover of FGN Bonds Traded on the OTC



Source: Compiled from CSCS reports

Just like in 2011, bonds traded on the OTC showed relative decline in prices as the aggregate amount considered for the bonds exchanged was 3.4% lower than the face values of the bonds (See Table 13). This was however better than the position in 2011, when amount for the considerations was 10.75% lower than the face values of the bonds exchanged.

Table 12: Trading Statistics of the FGN Bonds (2006 – 2012)

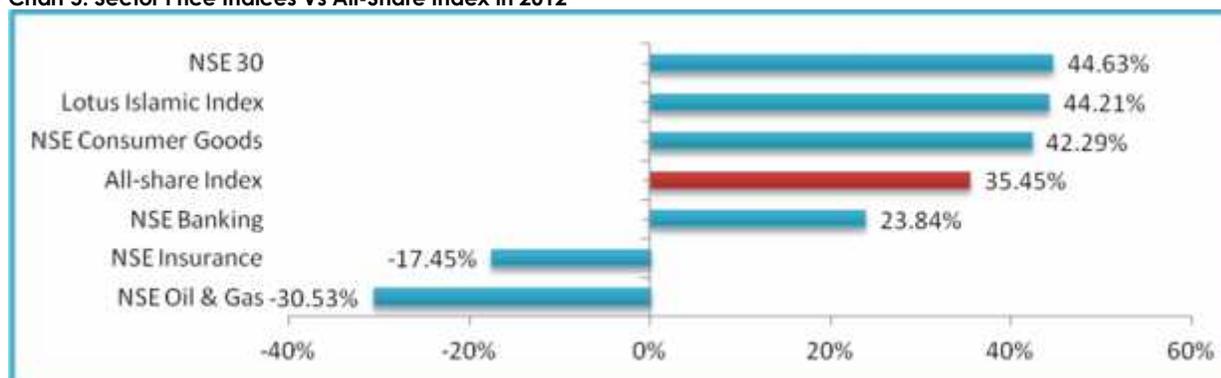
PERIOD	DEALS	VOLUME (UNIT)	FACE VALUE (N)	CONSIDERATIONS (N)
Feb – Dec 2006	5,482	585,410,867	585,410,867,000	607,018,136,539.09
2007	30,241	3,947,284,982	3,947,284,982,000	4,141,556,108,055.44
2008	80,135	10,090,235,806	10,090,235,806,000	10,186,249,772,740.10
2009	132,374	16,789,262,632	16,789,262,632,000	18,178,582,784,463.00
2010	135,874	13,677,151,766	13,677,151,766,000	15,180,059,115,174.60
2011	65,319	8,947,633,081	8,947,633,081,000	7,985,206,943,430.96
2012	44,822	7,345,347,262	7,345,347,262,000	7,095,369,362,521.54
<b>TOTAL</b>	<b>494,247</b>	<b>61,382,326,396</b>	<b>61,382,326,396,000</b>	<b>63,374,042,222,925.00</b>

Source: Compiled from CSCS reports

**NSE Sector Indices:** The market witnessed the introduction of a new index, Lotus Islamic Index (NSE LII) in July 2012 with base year of December 2009. The index was formulated to track the performance of the Shari'ah compliant large cap equities listed on the floor of the Nigerian Stock Exchange. Consequently, the market now has six (6) sector indices, namely; NSE 30, NSE Consumer Goods, NSE Banking, NSE Insurance, NSE Oil & Gas and NSE LII.

The NSE 30, NSE LII and NSE Consumer Goods outperformed broad index (NSE ASI), gaining 44.63%, 44.21% and 42.29% respectively. Below the ASI was NSE Banking, which appreciated by 23.84%. However, during the year, NSE Insurance and NSE Oil & Gas recorded declines of 17.45% and 30.53% respectively. In the preceding year, all the indices recorded declines; NSE 30 (14.6%), NSE Insurance (14.7%), NSE Banking (24.3%), NSE Food/Beverages (now NSE Consumer Goods) (31.3%) and NSE Oil & Gas (35.0%).

Chart 5: Sector Price Indices Vs All-Share Index in 2012



Source: Compiled from The NSE reports

Table 13: The ASI and NSE Sector Indices Month End Points in 2012

Month	NSE 30	NSE Consumer	NSE Banking	NSE Insurance	NSE Oil & Gas	NSE LII	ASI
January	936.78	1,675.42	273.98	122.82	215.03	-	20,875.83
February	917.47	1,582.25	297.94	118.64	215.30	-	20,123.51
March	938.84	1,708.04	283.04	124.28	199.96	-	20,652.47
April	1,004.91	1,787.99	317.03	126.60	190.43	-	22,045.66
May	1,003.56	1,769.94	315.19	127.67	194.41	-	22,066.40
June	981.85	1,755.03	304.15	118.18	172.96	-	21,599.57
July	1,076.46	1,945.06	348.48	127.09	176.71	1,350.57	23,061.38
August	1,113.67	2,022.83	368.60	124.08	164.05	1,399.21	23,750.82

<b>September</b>	1,219.37	2,234.51	397.97	136.06	159.95	1,581.10	26,011.64
<b>October</b>	1,244.19	2,223.82	426.72	134.36	156.47	1,669.92	26,430.92
<b>November</b>	1,258.55	788.20	304.95	114.07	155.58	1,692.31	26,494.44
<b>December</b>	1,336.07	838.97	339.63	118.49	152.92	1,769.07	28,078.81
<b>As at Dec 2011</b>	<b>923.77</b>	<b>589.60</b>	<b>274.26</b>	<b>143.54</b>	<b>220.11</b>	<b>N/A</b>	<b>20,730.63</b>
<b>% Change</b>	<b>44.63</b>	<b>42.29</b>	<b>23.84</b>	<b>(17.45)</b>	<b>(30.53)</b>	<b>31.55</b>	<b>35.45</b>

Source: Compiled from The NSE Reports

### Listing/De-Listing

As at December 31, 2012, there were 256 listed securities (198 equities, 57 debt securities and one (1) Exchange Traded Fund) as against 250 securities in 2011 (201 equities, 48 debt securities and one (1) Exchange Traded Fund). The following gives details of the changes in the number of listings;

**Equities:** Table 14 below gives the details of equities listed in 2012. The first three (3) on the list were listed by introduction while the last two (2) were as a result of business restructuring of Stanbic IBTC Bank Plc and First Bank Nigeria (FBN) Plc, converting the banks to Holding companies. One for one share of FBN Plc was listed for FBN Holding Company while 4 out of 5 shares in Stanbic IBTC Bank Plc were cancelled for shares in Stanbic IBTC Holding Plc, resulting in the listing of entirely new shares.

Table 14: Details of Equities Listing in 2012

Equity	Units of Shares Listed	Nominal Value (N)	Price Listed (N)	Date Listed	Sector	Sub-sector
<b>Austin Laz and Company Plc</b>	1,079,860,000	0.50	2.00	29/02/12	Industrial Goods	Electronic & Electrical Products
<b>IHS Nigeria Plc Series II (Preferences shares)</b>	2,791,454,545	0.50	3.08	08/03/12	ICT	Telecomm-Services
<b>Fortis Microfinance Bank</b>	1,630,091,000	0.50	5.00	19/06/12	Financial Services	Micro-finance Banks
<b>Stanbic IBTC Holdings Plc</b>	10,000,000,000	0.50	13.03	23/11/12	Financial Services	Other Financial Sector
<b>FBN Holding Plc</b>	32,632,084,346	0.50	15.08	26/11/12	Financial Services	Other Financial Sector

Source: Compiled from The NSE Reports

On the other hand, The NSE de-listed six (6) equities from the daily official list during the year (See Table 15). Four (4) of the equities were de-listed due to the failure to comply with NSE post-listing requirements while the other two (2) were as a result of business restructuring. Consequently, the number of listed equities declined to 198 in 2012 from 201 in 2011.

Table 15: Details of De-Listed equities in 2012

S/N	Equity	Resultant
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1.	Hallmark Paper Products Plc	Non compliance with post-listing requirements
2.	Confidence Insurance Plc	Non compliance with post-listing requirements
3.	Abplast Products Plc	Non compliance with post-listing requirements
4.	Udeofson Garment Factory Nig. Plc	Non compliance with post-listing requirements
5.	Ecobank Nigeria Plc	Business restructuring
6.	1 <sup>st</sup> Finbank Irredeemable Preference Shares	Business restructuring

Source: Compiled from The NSE Reports

**Debt Securities:** Six (6) corporate, one (1) agency, two (2) sub-national, and five (5) FGN bonds were listed in 2012. On the other hand, five (5) FGN bonds, which were redeemed upon attaining maturity, were de-listed. Consequently the number of listed debt securities increased to 57 in 2012 from 48 in 2011. Table 16 below captured the details on listed debt securities in 2012.

The five (5) de-listed FGN bonds during the year were; (9.50% FGN FEB 2012), (9.50% FGN AUG 2012), (9.23% FGN MAY 2012), (9.92% FGN JAN 2012) and (10.50% FGN MAY 2012).

Table 16: Details of Corporate, Agency and Sub-national Bonds Listed 2012

Issuer	Amount Listed (N)	Coupon	Maturity	Date Listed
<b>Tower Funding Plc</b> (Series 1 Tranche A under N9 bn MTN programme)	3,630,000,000	MPR + 7%	2018	09/02/12
<b>Tower Funding Plc</b> (Series 1 Tranche B under N9 bn MTN programme)	1,000,000,000	MPR+5.25%	2018	09/02/12
<b>Lafarge Cement WAPCO Nigeria Plc</b> (series 1)	11,880,000,000	11.5%	2014	05/03/12
<b>Crusader (Nigeria) Plc</b>	1,838,811,700	Zero Coupon	-	14/06/12
<b>Chellarams (Series 2)</b> (Under its N5 bn MTN Programme)	540,000,000	MPR + 5 (Min 13%) (Max 19%)	2019	16/03/12
<b>UBA Bond (Series 2)</b> (Under its N400 bn MTN Programme)	35,000,000,000	14.0%	2018	05/01/12
<b>Federal Mortgage Bank of Nigeria (FMBN) - SPV Issuer Limited</b> (Under N100 bn residential Mortgage Backed Securities Program)	6,000,000,000	17.25%	2017	24/10/12
<b>Ekiti State Government</b> (under N25 Billion Debt Issuance Programme)	20,000,000,000	14.50	2018	13/03/12
<b>Benue State Government</b>	13,000,000,000	14.00	2016	26/03/12
<b>5.5% FGN FEB 2013 S1</b>	489,995,467,000	5.5%	2013	10/8/10
<b>16.39% FGN JAN 2022</b>	539,700,000,000	16.39%	2022	20/03/12
<b>16.00% FGN JUN 2019</b>	315	16.00%	2019	06/07/12
<b>15.10% FGN APR 2017</b>	316,494,989,000	15.10%	2017	03/05/12
<b>10.50% FGN MAR 2014</b>	320	10.50%	2014	6/12/11
<b>Total</b>				

Source: Compiled from The NSE Reports

## Supplementary Listing

During the year, sixteen (16) companies listed additional shares, resulting from new issues, bonus issues and business combinations. The details of the additional shares listed are given on Table.. below.

**Table 17: Supplementary Listings in 2012**

S/N	Issuer	Additional Shares Listed	Outstanding Shares	Resultant	Date Listed
1.	Flour Mills of Nigeria Plc	455,566,222	2,334,776,889	Rights Issue	06/03/12
2.	Starcomms Plc	208,654,433	7,087,132,530	Staff Equity Incentive Scheme	08/03/12
3.	Neimeth International Pharmaceuticals Plc	482,318,637	1,303,895,353	Rights Issue	16/03/12
4.	Access Bank Plc	5,000,000,000	22,888,251,478	Merger with Intercontinental Bank Plc	20/03/12
5.	Union Bank Plc	14,402,681,471	16,935,806,471	Placing of 9,988,363,514 to AMCON and 4,414,317,957 to Union Global Partners Ltd	11/04/12
6.	First City Monument Bank Plc	2,440,678,830	18,711,871,032	Bonus 3 for 20	
7.	International Breweries Plc	1,149,611,749	3,262,526,430	Rights Issue	11/06/12
8.	Poly Products Nigeria Plc	10,000,000	250,000,000	Bonus 1 for 24	
9.	Afro Media Plc	201,774,863	4,237,272,123	Bonus 1 for 20	
10.	Ecobank Transnational Incorporated	401,259,881	12,763,562,231	Acquisition of Ecobank Nigeria Plc	20/07/12
11.	Niger Insurance Plc	2,677,079,286	8,413,677,757	Rights Issue	27/07/12
12.	Premier Paints Plc	48,000,000	123,000,000	Placement	15/08/12
13.	Nigerian Breweries Plc	142,092	7,562,704,432	Merger with Sona Systems Associates Business Management Limited and Life Breweries Company Limited	15/08/12
14.	Vono Products Plc	263,651,183	563,651,183	Rights Issue	07/09/12
15.	Unity Bank Plc	3,495,153,610	37,170,729,695	Bonus 1 for 10	
16.	Studio Press Nigeria Plc	252,104,285	594,885,713	Placing with Federated Resources Nigeria Limited	24/10/12
	<b>Total</b>	<b>31,488,676,542</b>			

Source: Compiled from The NSE Reports

## Developments on the Nigerian Stock Exchange

1. Ten (10) stockbroking firms were appointed market makers during the year. These include Stanbic IBTC, Renaissance Capital, Greenwich Securities, CSL Stockbrokers, FBN Securities, WSTC, ESS/Dunn Loren Merrifield, Future View Securities, Vetiva Capital and Capital Bancorp. The Nigerian Stock Exchange promised that all stocks quoted on the Exchange that were trading above par would be added to the market making program over a period of six months starting September 2012. As at the period under review, a total of 33 stocks have been added to the basket of market making stocks. Find below summary of transactions of Market Makers for 2012:

**Table 18: Market Making Transaction (Sept 18th - Dec 31st, 2012)**

Market Maker	Buy Value (N)	Sell Value (N)	Total Volume	Total Value (N)
<b>FBN Securities Limited</b>	208,609,098.42	235,638,637.53	39,503,427	444,247,735.95
<b>Capital Bancorp PLC</b>	84,958,904.88	119,317,875.05	18,853,258	204,276,779.93
<b>CSL Stockbrokers Limited</b>	76,183,681.43	56,328,999.84	10,136,747	132,512,681.27
<b>ESS Investment and Trust Limited</b>	8,693,085.54	4,467,936.64	5,751,161	13,161,022.18
<b>Futureview Securities Limited</b>	48,822,113.72	54,337,046.48	59,411,520	103,159,160.20
<b>Greenwich Securities Limited</b>	17,775,545.93	18,636,699.79	6,358,243	36,412,245.72
<b>Rencap Securities Nigeria Limited</b>	164,447,854.19	163,313,406.57	113,855,918	327,761,260.76
<b>Stanbic IBTC Stockbrokers Limited</b>	45,433,939.28	41,254,928.14	6,772,870	86,688,867.42
<b>Vetiva Securities Limited</b>	35,597,127.76	36,232,436.11	959,578	71,829,563.87
<b>WSTC Financial Services Limited</b>	198,815,002.94	209,914,205.10	33,998,312	408,729,208.04
	<b>889,336,354.09</b>	<b>939,442,171.25</b>	<b>295,601,034</b>	<b>1,828,778,525.34</b>

Source: Compiled from The NSE Reports

2. United Bank of Africa (UBA) Plc and Stanbic IBTC Plc have been appointed Securities Lending Agents for equities and bond transactions at the Nigerian Stock Exchange (NSE).
3. The Securities and Exchange Commission gave approval to the NSE for the implementation of the Designated Adviser Framework for the ASem Board and Guidelines for fixed income market makers.
4. The NSE introduced the NSE Lotus Islamic Index (NSE LII) to track the performance of shari'ah compliant equities on the floor of the NSE.

### **Activities on Abuja Securities and Commodities Exchange**

During the period under review, there were no trading activities on the floor of the exchange (neither floor nor negotiated transactions). This was attributed to the following challenges amongst others:

- Inadequate fund
- Absence of support infrastructure
- Absence of legal framework for the Exchange
- Poor knowledge of the public on the existence of the Exchange and its benefits

Consequently, in an effort to revamp the exchange, ASCE entered into a Memorandum of Understanding with the Ethiopia Commodity Exchange (ECX), also a Stakeholders' Consultation Meeting on Warehouse Receipt Financing was held.

## **COLLECTIVE INVESTMENT SCHEMES**

### **Overview**

In 2012, six (6) new applications for registration of Collective Investment Schemes (CIS) were authorized and registered while seven (7) Supplemental Trust Deeds of existing Schemes were cleared to ensure compliance with amended Rules. The Commission also conducted general oversight on schemes through monitoring and review of returns (Monthly, Quarterly, Half Yearly and Annually) as well as on-site and target inspections of 24 (twenty-four) Schemes.

Further to the introduction of Rules requiring Custodial services in 2011, the Commission ensured the transfer of Schemes' assets to the Custodian for safekeeping. Banks acting as Fund Managers were directed to transfer fund management function in compliance with CBN Directives on Universal Banking. CIS Fund Managers also had to relinquish unrelated functions in compliance with S.188 of the Investments and Securities Act 2007.

Other initiatives include the introduction of half yearly return forms, standardized reporting for Trustees, referral of erring Fund Managers for enforcement action and the ongoing review of the strategic document for the promotion of Collective Investment Schemes submitted by the Fund Managers Association of Nigeria (FMAN).

The Commission also reviewed the existing Rules on Real Estate Investment Schemes, Private Equity Funds, proposed/drafted new Rules on streamlining the CIS Offer Process as well as introduced Umbrella Funds and Infrastructure Funds.

There were forty seven (47) active registered Unit Trust Schemes and one (1) Exchange Traded Fund. These Unit Trust Schemes had a total Net Asset Value (NAV) of ₦104.8 billion as at December 31, 2012 as against 44 registered Unit Trust Schemes with total NAV of ₦85.3 billion as at December 31, 2011, indicating an increase of 6.82% and 22.86% respectively.

The Market Capitalization of the Exchange Traded Fund was ₦ 1.012 billion as against ₦988 million as at December 31, 2011, an increase of 2.51%. The increase of the NAV

and Market Capitalization was attributable to the general improvement of the Nigerian capital market, authorization of new Schemes and registration of additional units.

#### REGISTERED COLLECTIVE INVESTMENT SCHEMES

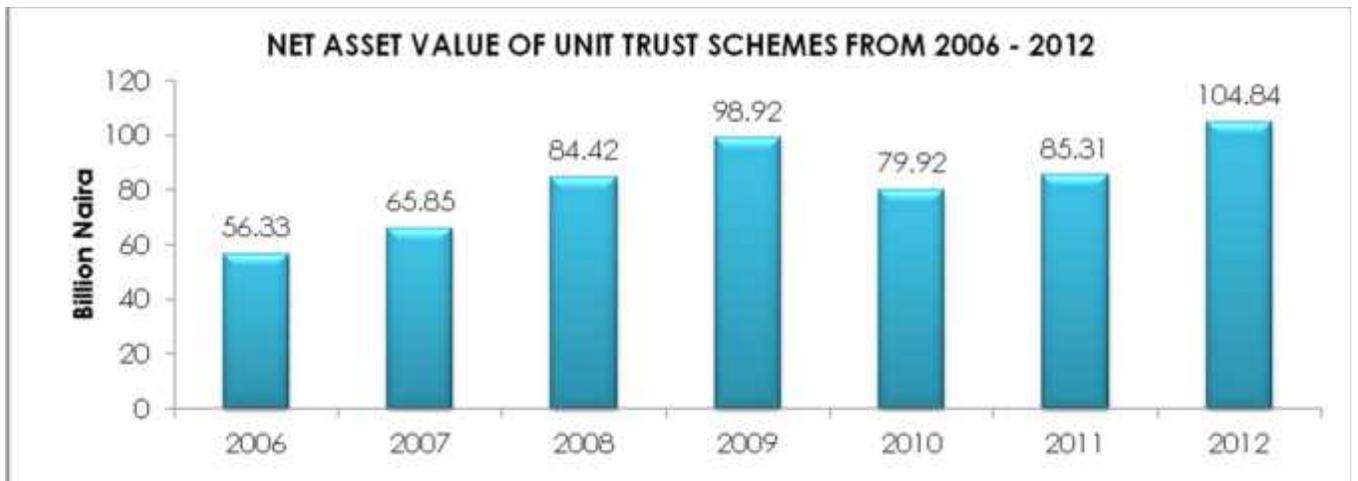
<b>UNIT TRUST SCHEME</b>		
<b>Type of Fund (As at Dec 31<sup>st</sup> 2012)</b>	<b>Number</b>	<b>Net Asset Value (N)</b>
Equity	19	42,933,789,031.32
Money Market	3	14,227,677,913.64
Bond	9	13,236,083,547.40
REIT	2	16,000,229,599.81
Balanced	8	9,904,495,015.29
Ethical	4	6,258,422,450.69
Sector	1	64,741,639.13
Umbrella Fund	1	2,222,494,965.85
<b>Total</b>	<b>47</b>	<b>104,847,934,159.13</b>

NUMBER OF UNIT HOLDERS: 202,409

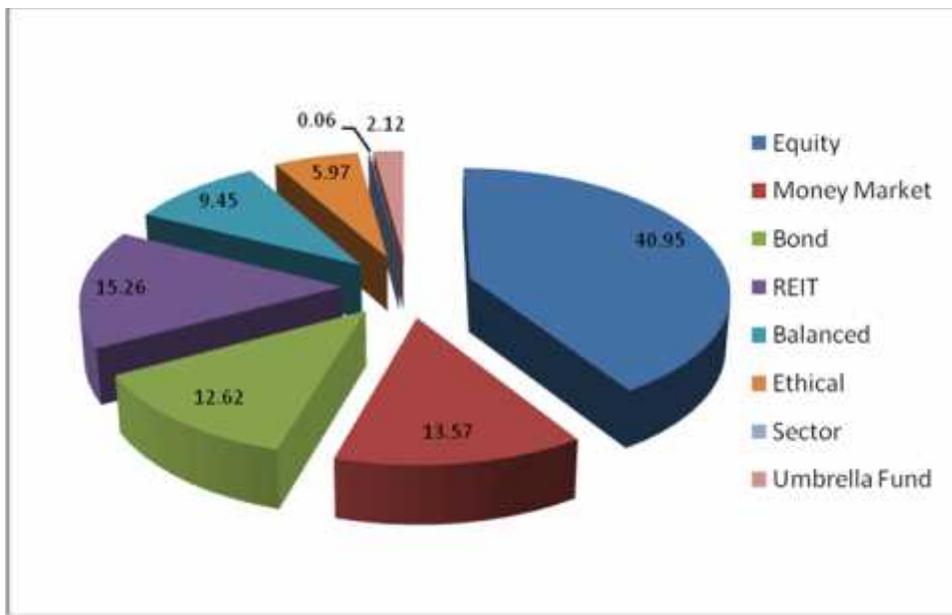
<b>EXCHANGE TRADED FUND</b>	
<b>(As at Dec 31<sup>st</sup> 2012)</b>	<b>Market Capitalization (N)</b>
ETFs New Gold	1,012,800,000.00

<b>PRIVATE EQUITY FUND</b>	
<b>(As at Dec 31<sup>st</sup> 2012)</b>	<b>Asset Under Management (AUM)</b>
Private Equity Fund	US\$ 100 million (an equivalent of N15,620,000,000)

<b>VENTURE CAPITAL</b>	
<b>(As at Dec 31<sup>st</sup> 2012)</b>	<b>Asset Under Management (AUM)</b>
7 Registered Companies	12,270,086,119.35



**Pie Chart of Net Asset Value of Registered Unit Trust Schemes by Classification**



### **Growth in the Net Asset Value of Registered Unit Trust Schemes by Classification**

#### **Equity Based Funds**

There were nineteen (19) Funds in this sector with a Net Asset Value of ₦42,933,789,031.32 as against twenty (20) Funds with a Net Asset Value of ₦41,538,499,922.27 at the end of December 2011; representing a decrease of 5% and an increase of 3.33% respectively. This decrease in the number of funds was as a result of the reclassification of FBN Heritage Fund as a Balanced Fund.

The growth in the NAV of Equity Based Funds was attributable to the general improvement of the Nigerian Equity Market.

**Breakdown of the NAV:**

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Mgt. Co. Ltd	13,176,861,579.95	14,247,322,214.46	8.12%
2	ARM Discovery Fund	Asset & Resources Mgt. Ltd.	4,607,575,424.13	5,576,134,674.00	21.02%
3	Coral Growth Fund	FSDH Asset Mgt. Limited	3,186,546,633.29	3,800,520,099.89	19.27%
4	Nig. Int'l Growth Fund	Fidelity Bank Plc	2,252,350,356.99	2,655,390,425.77	17.89%
5	Legacy Equity Fund	CSL Stockbrokers Limited	552,414,724.72	766,639,280.64	38.77%
6	Intercontinental Integrity Fund	Intercontinental Capital Market Limited	265,160,856.81	288,151,801.89	8.67%
7	IMB Energy Master Fund	Fin Bank Plc	300,804,626.80	384,769,987.95	27.91%
8	Frontier Fund	Sterling Capital Markets Limited	149,119,342.66	154,379,490.58	3.53%
9	Denham Mgt. Millennium Fund	Chapel Hill Denham Mgt. Ltd	18,802,450.00	22,323,094.08	18.72%
10	Paramount Equity Fund	Chapel Hill Denham Mgt. Limited	140,743,745.00	215,967,316.97	53.45%
11	UBA Equity Fund	UBA Asset Mgt. Ltd	1,657,872,624.53	1,670,444,298.95	0.76%
12	ARM Aggressive Growth Fund	Asset & Resources Mgt. Ltd	2,678,439,441.58	3,087,214,141.00	15.26%
13	ACAP Canary Growth Fund	Alternative Capital Partners Limited	792,427,607.62	1,276,943,502.23	61.14%
14	Bedrock Fund	Cashcraft Asset Mgt. Limited	100,167,996.26	110,330,960.57	10.15%
15	Anchor Fund	Cashcraft Asset Mgt. Limited	41,228,734.13	41,667,126.47	1.06%
16	Zenith Equity Fund	Zenith Bank Plc	3,237,851,202.76	3,913,309,453.31	20.86%
17	Afrinvest Equity Fund	Afrinvest West Africa Limited	383,413,195.87	456,297,983.72	19.01%
18	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	3,321,687,803.42	4,080,881,693.21	22.86%
19	BGL Nubian Fund	BGL Asset Mgt. Limited	188,729,930.77	185,101,485.63	(1.92)%
	<b>Total</b>		<b>41,548,512,984.61</b>	<b>42,933,789,031.32</b>	<b>3.33%</b>

### Money Market Funds

There were three (3) Money Market Funds with a Net Asset Value of ₦14,227,677,913.64 as against two (2) Funds with NAV of ₦3,293,859,522.42 at the end of December 2011; representing an increase of 5% and 331.94% respectively.

The growth in the NAV of the Money Market Funds was attributable to the authorization of one new Money Market Fund namely; FBN Money Market Fund and the registration of additional units of Stanbic IBTC Money Market Fund.

#### Breakdown of the NAV:

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	UBA Money Market Fund	UBA Asset Mgt. Limited	213,627,785.25	188,508,831.36	(11.76)%
2	FBN Money Market Fund	FBN Capital Limited	Not Yet Registered	1,625,122,673.29	N/A
3	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	3,080,231,737.17	12,414,046,408.99	303.02%
	<b>Total</b>		<b>3,293,859,522.42</b>	<b>14,227,677,913.64</b>	<b>331.94%</b>

### Bond Funds

There were nine (9) Bond Funds with a Net Asset Value of ₦13,236,083,547.40 compared to eight (8) Funds with NAV of ₦12,550,322,678.73 at the end of December 2011; representing an increase of 5% and 5.46% respectively. FBN Fixed Income Fund was added to this sector within the period under review.

#### Breakdown of the NAV:

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	UBA Bond Fund	UBA Asset Mgt. Limited	424,935,452.51	385,411,985.39	(9.30)%
2	Nig. Int'l Debt Fund	Afrinvest West Africa Limited	2,103,238,274.58	2,117,573,180.86	0.68%
3	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	2,915,042,452.20	1,897,659,238.61	(34.90)%
4	FBN Fixed Income Fund	FBN Capital Limited	Not Yet Registered	1,758,340,075.29	N/A
5	BGL Sapphire Fund	BGL Asset Mgt. Ltd.	610,481,371.65	571,821,951.84	(6.33)%
6	Zenith Income Fund	Zenith Bank Plc.	631,598,929.17	670,802,565.93	6.21%

7	Kakawa Guaranteed Income Fund	Kakawa Asset Mgt. Ltd.	2,645,866,605.54	2,969,753,501.49	12.24%
8	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	2,621,891,986.84	2,208,078,878.22	(15.78)%
9	Coral Income Fund	FSDH Asset Mgt. Ltd.	597,267,606.24	656,642,169.77	9.94%
	<b>Total</b>		<b>12,550,322,678.73</b>	<b>13,236,083,547.40</b>	<b>5.46%</b>

### Real Estate Investment Trust Funds

This sector retained two (2) funds with a Net Asset Value of ₦16,000,229,599.81 as against ₦16,632,953,335.61 at the end of December 2011; representing a decrease of 3.80%.

#### Breakdown of the NAV:

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	Skye Shelter Fund	SFS Capital Nigeria Limited	2,349,984,558.00	2,335,469,455.12	(0.62)%
2	Union Homes REITs Fund	Union Homes Saving & Loan Plc	14,282,968,777.61	13,664,760,144.69	(4.33)%
	<b>Total</b>		<b>16,632,953,335.61</b>	<b>16,000,229,599.81</b>	<b>(3.80)%</b>

### Ethical Based Funds

This sector also retained four (4) funds with a Net Asset Value of ₦6,258,422,450.69 compared to ₦5,701,223,181.22 at the end of December 2011, representing an increase of 9.77%.

#### Breakdown of the NAV:

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	Zenith Ethical Fund	Zenith Bank Plc	719,822,417.86	811,793,486.54	12.78%
2	Lotus Halal Investment Fund	Lotus Capital Limited	1,997,191,121.09	1,907,760,746.96	(4.48)%
3	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Mgt. Co. Limited	2,835,748,336.21	3,306,410,167.19	16.60%
4	ARM Ethical Fund	Asset & Resources Mgt. Limited	148,461,306.06	232,458,050.00	56.58%
			<b>5,701,223,181.22</b>	<b>6,258,422,450.69</b>	<b>9.77%</b>

	<b>Total</b>			
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### Balanced (Mixed) Funds

There were eight (8) Funds in this sector with a Net Asset Value of ₦9,904,495,015.29 as against ₦5,523,039,375.97 at the end of December 2011, representing an increase of 79.33%.

#### Breakdown of the NAV:

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	Women Investment Fund	Chapel Hill Denham Mgt. Limited	111,712,129.00	133,006,834.70	19.06%
2	UBA Balanced Fund	UBA Asset Mgt. Ltd	1,637,051,708.46	1,430,713,742.59	(12.60)%
3	Union Trustees Mixed Fund	CDL Asset Mgt. Ltd	1,790,525,808.77	1,735,459,455.52	(3.08)%
4	Nigerian Global Investment Fund	Chapel Hill Denham Mgt. Limited	90,090,334.00	106,906,344.13	18.67%
5	Nigeria Energy Sector Fund	Sterling Capital Markets Limited	897,838,227.24	927,773,794.34	3.33%
6	Indo-Nigeria Unit Trust Fund	Sterling Capital Markets Limited	35,463,191.54	35,683,937.37	0.62%
7	FBN Heritage Fund	FBN Capital Limited	4,496,314,707.32	4,711,521,877.17	4.79%
8	Stanbic IBTC Balance Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	960,357,976.96	823,429,029.47	(14.26)%
	<b>Total</b>		<b>5,523,039,375.97</b>	<b>9,904,495,015.29</b>	<b>79.33%</b>

### Sector Funds

The sector retained one Fund with Net Asset Value of ₦64,741,639.13, indicating a marginal increase of 0.73% when compared to ₦64,271,075.74 at the end of December 2011.

#### Breakdown of the NAV:

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DECEMBER 2011 (N)	NAV AS AT 31ST DECEMBER 2012 (N)	% CHANGE
1	DVCF Oil & Gas Fund	DVCF Oil & Gas Plc	64,271,075.74	64,741,639.13	0.73%

### Umbrella Fund

One Umbrella Fund with three (3) sub-funds with a total Net Asset Value of ₦2,222,494,965.85 was registered during the year.

### New Gold Exchange Traded Fund

The Market Capitalization of the New Gold Exchange Traded Fund was ₦ 1.012 billion as against ₦ 988 million as at December 31, 2011 representing an increase of 2.51%.

### Summary of NAV of Mutual Funds by Industry

Classification	Number of Funds in 2012	NAV (₦)	Number of Funds in 2011	NAV (₦)
EQUITY FUND	19	42,933,789,031.32	19	41,548,512,984.61
MONEY MARKET FUND	3	14,227,677,913.64	2	3,293,859,522.42
BOND FUND	9	13,236,083,547.40	8	12,550,322,678.73
REAL ESTATE FUND	2	16,000,229,599.81	2	16,632,953,335.61
ETHICAL FUND	4	6,258,422,450.69	4	5,701,223,181.22
BALANCED FUND	8	9,904,495,015.29	8	5,523,039,375.97
SECTOR FUND	1	64,741,639.13	1	64,271,075.74
SPECIALIZED FUND	1	2,222,494,965.85	0	Not Yet Registered
<b>TOTAL NAV</b>	<b>47</b>	<b>104,847,934,159.13</b>	<b>44</b>	<b>85,314,182,154.30</b>

### Approved applications for Unit Trust Schemes

Six (6) applications for registration of Unit Trust Schemes were approved in 2012:

S/N	NAME OF FUND	FUND MANAGER	ISSUING HOUSE(S)	INITIAL FLOTATION OF UNITS/ PRICE	STATUS
1.	FBN Money Market Fund	FBN Capital Limited	Guaranty Trust Bank Plc	IPO of 15,000,000 units of N100.00 each at par.	Allotment cleared
2.	FBN Fixed Income Fund	FBN Capital Limited	Guaranty Trust Bank Plc	IPO of 1,500,000 units of N1,000.00 each at par.	Allotment cleared
3.	Stanbic IBTC Umbrella Fund <b>Sub-Funds:</b> <ul style="list-style-type: none"> <li>• Stanbic IBTC Conservative Fund;</li> <li>• Stanbic IBTC Aggressive Fund;</li> <li>• Stanbic IBTC Absolute</li> </ul>	Stanbic IBTC Asset Management Limited	None	Offer for Subscription of 4,000,000 units of N1,000.00 per unit.	Approval has been granted for the Registration and Authorization of 4,000,000 units at N1,000.00 per unit.

	Fund				
4.	ARM Money Market Fund	Asset Resources & Management Limited	Sterling Capital Markets Limited	Offer for Subscription of 1,000,000,000 units of N1.00 each at par.	Approval to Convene Completion Board Meeting.
5.	VNSE -30 Index Securities	Vetiva Fund Managers Limited	Codros Capital Limited	Offer for Subscription of 100,000,000 units	Approval to Convene Completion Board Meeting.
6.	UPDC Real Estate Investment Trust	FSDH Asset Management Limited	Stanbic IBTC Bank Plc & BGL Plc	IPO of 3,000,000,000 units at N10.00 per unit.	Approval to Convene Completion Board Meeting.

### Approved registration of additional Units of Unit Trust Schemes

One application for registration of additional units was approved in 2012. The details are stated below:

S/N	NAME OF FUND	FUND MANAGER	PRICE PER UNIT	STATUS
1.	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Management Limited	₦100 Per Unit	Approval has been granted for registration of additional 50,000,000 units of N100.00 each at par.

### Cleared Annual Audited Accounts & AGMs of Unit Trust Scheme

The Commission cleared the following annual audited accounts during the year under review:

S/N	NAME OF FUND	FUND MANAGER	FINANCIAL YEAR END	DATE OF AGM	DIVIDEND DECLARED
1	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2011	16 <sup>th</sup> October 2012	Nil
2	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2011	16 <sup>th</sup> October 2012	N50 per unit
3	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2011	16 <sup>th</sup> October 2012	N1 per unit
4	Stanbic IBTC Bond	Stanbic IBTC Asset	31 <sup>st</sup> December	16 <sup>th</sup> October	N/A. Half-Yearly

	Fund	Management Limited	2011	2012	payments are made in form of Interest Distribution.
5	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2011	16 <sup>th</sup> October 2012	N/A. Quarterly payments are made in form of Interest Distribution.
6	UBA Equity Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2012	27 <sup>th</sup> July 2012	Nil
7	UBA Bond Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2012	27 <sup>th</sup> July 2012	10kobo per unit
8	UBA Money Market Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2012	27 <sup>th</sup> July 2012	8kobo per unit
9	UBA Balanced Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2012	27 <sup>th</sup> July 2012	5kobo per unit
10	Zenith Income Fund	Zenith Bank Plc	31 <sup>st</sup> December 2011	N/A	N/A
11	Zenith Ethical Fund	Zenith Bank Plc	31 <sup>st</sup> December 2011	N/A	N/A
12	Zenith Equity Fund	Zenith Bank Plc	31 <sup>st</sup> December 2011	N/A	N/A
13	Coral Growth Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2011	19 <sup>th</sup> July 2012	N8.00k per unit
14	Coral Income Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2011	19 <sup>th</sup> July 2012	N12.45k per unit
15	ARM Discovery Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2011	12 <sup>th</sup> July 2012	Nil
16	ARM Aggressive Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2011	12 <sup>th</sup> July 2012	Nil
17	Nigeria Energy Sector Fund	Sterling Capital Market Limited	31 <sup>st</sup> March 2011	5 <sup>th</sup> October 2012	N90.24k per unit
18	Frontier Fund	Sterling Capital Market Limited	30 <sup>th</sup> June 2011	25 <sup>th</sup> July 2012	N5.00k per unit

19	Indo-Nigeria Unit Trust Fund	Sterling Capital Market Limited	31 <sup>st</sup> December 2007, 2008, 2009 & 2010	N/A	N/A
20	ACAP Canary Growth Fund	Alternative Capital Partners	31 <sup>st</sup> March 2012	N/A	N/A
21	Anchor Fund	Cashcraft Asset Management Limited	31 <sup>st</sup> March 2009	N/A	N/A
22	Bedrock Fund	Cashcraft Asset Management Limited	31 <sup>st</sup> March 2009	N/A	N/A
23	Legacy Equity Fund	CSL Stockbrokers Limited	30 <sup>th</sup> June 2011 & 2012	N/A	N/A
24	Skye Shelter Fund	Skye Bank Plc	31 <sup>st</sup> December 2011	N/A	N/A
25	Union Homes REITS	Union Homes Savings & Loans Plc	30 <sup>th</sup> November 2011	N/A	N/A
26	Lotus Halal Investment Fund	Lotus Capital Limited	31 <sup>st</sup> December 2011	31 <sup>st</sup> July 2012	Nil
27	FBN Heritage Fund	FBN Capital Limited	31 <sup>st</sup> March 2012	N/A	N/A
28	Intercontinental Integrity Mutual Fund	Intercontinental Capital Market Limited	29 <sup>th</sup> February 2012	N/A	N/A
29	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	31 <sup>st</sup> December 2011	18 <sup>th</sup> October 2012	N/A. Half-Yearly payments are made in form of Interest Distribution.
30	Nigeria International Growth Fund	Fidelity Bank Plc	30 <sup>th</sup> June 2011	10 <sup>th</sup> July 2012	Nil
31	Union Trustees Mixed Fund	Union Trustees Limited	30 <sup>th</sup> April 2012	N/A	N/A
32	Paramount Equity Fund	Chapel Hill Denham Management Limited	31 <sup>st</sup> December 2008, 2009, 2010 & 2011	N/A	N/A
33	Chapel Hill Denham	Chapel Hill Denham	31 <sup>st</sup> December	N/A	N/A

	Millennium Fund	Management Limited	2010 & 2011		
34	Women Investment Fund	Chapel Hill Denham Management Limited	30 <sup>th</sup> June 2011	N/A	N/A
35	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	30 <sup>th</sup> June 2012	N/A	N/A
36	Nigeria International Debt Fund	Afrinvest West Africa Limited	31 <sup>st</sup> December 2010	N/A	N/A
37	Afrinvest Equity Fund	Afrinvest West Africa Limited	31 <sup>st</sup> December 2010	N/A	N/A

### Approved Supplemental Trust Deeds

Seven (7) Supplemental Trust Deeds were reviewed and approved during the year under review.

S/NO	NAME OF FUND	SUPPLEMENTARY TRUST DEED APPROVED
1.	ARM Discovery Fund	Seventh Supplemental Trust Deed
2.	ARM Aggressive Fund	Third Supplemental Trust Deed
3.	Chapel Hill Denham Millennium Fund	Third Supplemental Trust Deed
4.	Nigeria Global Investment Fund	Second Supplemental Trust Deed
5.	Women Investment Fund	Second Supplemental Trust Deed
6.	ACAP Canary Growth Fund	Second Supplemental Trust Deed
7.	Coral Income Fund	Third Supplemental Trust Deed

### Unit Trust Schemes In The Process Of Winding Up

S/NO	NAME OF FUND	OPEN OR CLOSE ENDED	DATE OF COMMENCEMENT	FUND MANAGER
1	Gloria Unit Trust Scheme	Open Ended	January 1, 1989	Gloria Asset Mgt. Limited: 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, SanusiFafuwa, 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 Management Limited
5.	Continental Unit Trust Scheme	Open Ended	February 11, 1991	Global Asset Management Limited
6.	MBA Mutual Trust Scheme	Open Ended	March 31, 1992	Crossworld Securities Limited
7.	Abacus Unit Trust Scheme	Open Ended	January 1, 1990	Crossworld Securities Limited

### **On-Site Inspection of Collective Investment Schemes**

Twenty four (24) Registered CIS Funds were inspected in 2012. Key Findings of the inspection and common breaches which were communicated and are being addressed, include:

1. Improper constitution of Investment Committees in violation of SEC Rule 245 (iv).
2. Irregular Investment Committee meetings
3. Violation of Trust Deeds and Trustees Investment Act (TIA).
4. Non registration of Compliance Officers with the Commission.
5. Investments made without the consent of the Trustees.
6. Late filing of annual Accounts.
7. Large number of unclaimed certificates and dividends.
8. Trustees' failure to fully discharge their oversight functions as provided in the ISA & SEC Rules.

## **MERGERS, ACQUISITIONS AND TAKEOVERS**

### **Summary of transactions**

#### **Mergers**

- Approved Merger 1
- Approvals granted in principle 2
- Pending applications 8

#### **Acquisition**

- Approved acquisitions 17
- Pending applications 7

#### **Takeovers**

Nil

#### **Restructuring**

- Approved restructurings 12
- Pending applications 1

#### **Transactions for noting**

3

### **Approved Merger Transactions**

1. Merger between Old Mutual Nigeria Life Insurance Company Limited "OMNLIC" and Oceanic Life Assurance Limited
2. Merger of Access Bank Plc and Intercontinental Bank Plc

3. Merger between Nigerian breweries, Sona system and Life Breweries.

### **Pending Merger Applications**

1. Planet Capital Limited, Emerging Capital Limited and Strategy & Arbitrage Limited
2. Consolidated Breweries and Benue Brewery Limited
3. Custodian and Allied Insurance and Crusader (Nig) Plc
4. Flour Mills of Nigeria plc, Nigerian Bag Manufacturing Company Plc and Northern Bag Manufacturing Limited
5. Cadbury Nigeria Plc and Stanmark Cocoa Processing Company
6. WAPIC Insurance Plc and Intercontinental Properties Limited
7. Tiddo Securities Limited and Tiddo Investment Management Limited
8. Flour Mills of Nigeria and Niger Mills Company Limited

### **Approved Acquisition Transactions**

1. Acquisition of shares in PHB Capital and Trust Ltd by Apel Asset and Trust Limited;
2. Acquisition of 100% shares of Wema Registrars Ltd by Citadel Nominees Ltd;
3. Divestment of Access Bank's 51.88% equity stake in Intercontinental Homes to Interrec Limited;
4. Acquisition of 3,167,716,667 ordinary shares of 50 kobo each Tiger Brands representing 63.35% equity stake in Dangote Flour Mills;
5. Acquisition of Saidel Limited by Saipem Interantional b.v;
6. Acquisition of 100% shareholding in Access Investment and Securities Limited by Dunn Loren Merrifield Investment Company Limited;
7. Acquisition of Unity Investment and Capital Limited by Aterios Capital Limited ;
8. Ratification of the acquisition of 60% shareholding of Femi Johnson & Co Limited by Afrinvest Investment (Property) Limited;
9. Acquisition of Skye Bank Plc's 1,800,000,000 ordinary shares of 50 kobo each and Skye Bank Financial Services Limited's 600,000,000 ordinary shares of 50 kobo each in Crystalife Assurance by Asset & Resource Management Limited;
10. Acquisition of the issued shares of ESS Investment & Trust Limited by Dunn Lorren Merrifield Investment Company Limited;
11. Acquisition of 90% shareholding in Rom Oil Mills Limited by Flour Mills of Nigeria Plc;
12. Sale of Transcorp Metropolitan Hotel Calabar to Transacorp Hotel and Tourism Services Limited;
13. Acquisition of TDA Capital Management Limited by Halo Africa Limited;
14. Acquisition of 75% Guaranty Trust Bank Plc's equity stake in GT Homes by Bluestream Development and Project Limited;
15. Authority to proceed with takeover offer to minority shareholders of Guaranty Trust Assurance Plc for the acquisition of up to 7.32% of its capital by Assur African Holding;

16. Acquisition and share transfer agreement between Kingville Hotels Limited (Kingville) and Transnational Corporate of Nigeria Plc (Transcorp);
17. Acquisition of 8,782,887,009 ordinary shares of fifty-kobo each in ADIC Insurance Limited by NSIA participations S.A. Holdings;

### **Outstanding Acquisition Transactions**

1. Acquisition of 95% shares of Oceanic Health Management Company by Alpha Partners Limited held by Creccida Nigeria Limited for Ecobank Transnational Limited;
2. Acquisition of Diamond Capital & Financial Market Limited and Diamond Securities Limited by Faizen Partners Nigeria Limited;
3. Acquisition of 60% shareholding of Femi Johnson & Co. Ltd by MMC UK Group Ltd;
4. Acquisition of 2,143,281,975 ordinary shares of N1.00 each representing 95% equity in Savannah Sugar Company Limited by Dangote Sugar Refinery Limited;
5. Acquisition of Thai Farms International Limited by Flour Mills of Nigeria Plc;
6. Acquisition of FUG Pension by Unity Kapital; and
7. Acquisition of ACEN Insurance Company Plc by Sovereign Trust Insurance Plc.

### **Approved Restructured Transactions**

1. Scheme of arrangement for the restructuring of First Bank of Nigeria Plc under a financial service holding company, i.e FBN Holdings and FBN Capital Limited;
2. Unbundling of non-core banking assets of Oceanic Bank International Limited into Ecobank Transnational Incorporated and other members of the Ecobank Group;
3. Restructuring of Total Nigeria Plc;
4. Divestment of Unity Bank Plc from its non-banking subsidiaries;
5. Scheme of arrangement between UBA Plc and holders of its fully paid ordinary shares;
6. Scheme of arrangement for the re-organization of capital between Transnational Corporation of Nigeria Plc and holders of its fully-paid ordinary shares of 50 kobo each;
7. Scheme of arrangement for the corporate restructuring of Multipro Enterprises Limited by Hypo Hygeine Products Limited and BHN Limited;
8. Divestment of Zenith Bank Plc's equity interest in Zenith General Insurance Company Limited and Zenith Capital Limited;
9. Scheme of arrangement of Computer Warehouse Group Limited, DCC Networks Limited, ExpertEdge Software Limited, Anas Network Services Limited and CWL Systems Limited;

10. Restructuring involving ADIC Insurance Ltd and ADIC Life Assurance Ltd;
11. Business separation and special placement to Prime Infrastructure and Engineering Services Plc. by Swap Telecomms Plc; and
12. Scheme of arrangement between Stanbic IBTC Plc and the holders of its fully-paid ordinary shares of 50k each.

### **Outstanding Restructuring Transaction**

Business combination between Emerging Markets Telecommunication Services and Alheri Services Ltd.

### **Transactions for Noting**

1. Acquisition of NWS Nigeria Limited by Ovalsites Limited;
2. Acquisition of Lift Microfinance Bank Limited by Lapo Microfinance Bank Ltd; and
3. Acquisition of Renaissance Capital by ONEXIM Group

## **REGISTRATION OF CAPITAL MARKET OPERATORS**

### **Overview**

A total of ninety- seven (97) new applications were received and processed from potential Capital Market Operators (CMOs) in 2012 out of which forty-four (44) were registered.

Two (2) Over-the Counter Market applications were approved as follows:

- FMDQ OTC Platform, 99.9% owned by Financial Markets Dealers Association (FMDA)
- NASD Limited owned by National Association of Securities Dealers

Seven (7) CMOs applied to function as Securities Lending Agents out of which Five (5) approvals were granted while the remaining two are being processed.

Five hundred and eighty-nine (589) applications for regularization were concluded during the year. These include applications for registration, transfer, resignation, withdrawals, change of name, address and appointment of Directors.

This brings the total number of registered CMOs to 1177 from 1141 in 2011. The list of CMOs can be accessed on the Commission's website: [www.sec.gov.ng](http://www.sec.gov.ng)

#### Summary of Applications Received

S/N	Applied Functions	No of Applicants
1	Solicitors	20
2	Broker/Dealers	7
3	Venture Capital Managers	5
4	Reporting Accountants	11
5	Issuing Houses	4
6	Fund/Portfolio Managers	18
7	Investment Advisers	22
8	Estate Surveyors & Valuers	5
9	Underwriter	1
10	Trustees	2
11	Commodity Exchange	1
12	Inter-Dealer Broker	1
	<b>TOTAL</b>	<b>97</b>

#### Market Operators Registered

S/N	NAME OF COMPANY/FIRM	FUNCTION REGISTERED
1.	Vetiva Fund Managers Ltd	Transfer of Fund/Portfolio Manager's function from parent company (Vetiva

		Capital Management Ltd)
2.	FBN Asset Management Ltd	Transfer of Fund/Portfolio Manager's function from parent company (FBN Capital Ltd)
3.	PAC Asset Management Ltd	Transfer of Fund/Portfolio Manager's from parent company(Pan-African Capital Plc)
4	Royal Guaranty & Trust Limited	Broker/Dealer
5.	Arthur Stevens Asset Management Ltd	Broker/Dealer
6.	Marina Securities Stockbroking Services Limited	Transfer of Broker/Dealer function from parent company
7	Crescent Capital Ltd	Broker/Dealer
8.	Planet Capital Limited	Issuing House
9.	MBC Capital Ltd	Issuing House & Investment Adviser
10.	Hephzibah Capital & Trust Ltd	Investment Adviser
11.	Dbrown Consulting	Individual Investment Adviser
12.	CSL Trustees Ltd	Trustee
13.	Meristem Trustees Limited	Trustee
14.	UACN Property Dev. Co Plc	Property Manager
15.	Joe Akhigbe & Associates	Estate Surveyor & Valuer
16.	Akanbi & Wigwe Legal Practitioners	Solicitors
17.	Tope Adebayo & Co	Solicitor
18.	Rock Ville & Co	Solicitor
19.	Doyin Owolabi & Co	Reporting Accountants/Auditors
20.	A.A. Dina & Co	R/Accountants/Auditors

21.	Akorede Adisa & Co	Reporting Accountants
22	Sam Oyemade & Co	Reporting Accountant
23.	Igbode Babs & Co	Reporting Accountant
24	Nouveau Delice International Ltd	Venture Capital
25	Blusea Capital Ltd	Corporate Investment Adviser
26	Bauchi Investment Corporation Securities Ltd	Broker/Dealer
27	Atacoff Advisory Services	Reporting Accountant
28	Olaolu Olabimtan & Co	Reporting Accountant
29	Owoyele Sontan & Co	Reporting Accountant
30	FMDQ OTC Plc	Over-the-Counter Market
31	African Alliance Stockbrokers Ltd	Broker/Dealer
32	SFS Securities Ltd	Broker/Dealer
33	Afrinvest Securities Ltd	Broker/Dealer
34	EDC Fund Management Ltd	Fund/Portfolio Manager
35	West African Infrastructure Investments Managers Ltd	Fund Manager
36	Vicmem Investment Services Ltd	Corporate Invest. Adviser
37	Olabode Akande & Co	Reporting Accountant
38	AAC Practice	Auditors
39	Edward Ekiyor & Co	Solicitors
40	Kusamotu & Kusamotu	Solicitors
41	HIP Asset Management Ltd	Fund/Portfolio Managers
42	NASD Ltd	Over-the-Counter Market
43	Agbo Abel & Co	Reporting Accountant
44	NCDF Investments Ltd	Venture Capital Fund Manager

## **FINANCIAL STANDARDS AND CORPORATE GOVERNANCE**

A total of 184 Half Yearly Returns on Corporate Governance and 85 unclaimed dividends were received in 2012. The following observations were made and communicated to the companies for their responses and compliance:

- Inadequate Board Committees e.g. Remuneration Committee, Corporate Governance, Risk Management Committees etc
- Lack of separation of functions of the Executives from the non-Executive Directors.
- Inadequate Board meetings.
- Late rendition of returns.
- Lack of orientation for newly appointed Directors.
- Non disclosure of Succession Plan.
- Non certification of the return forms by officers concerned.

- Inability of Audit Committee to meet with Board, Internal Audit and External Audit.
- Non disclosure of qualifications and experience of Audit Committee members in line with section 359 of CAMA.
- The retention of External Auditors beyond the stipulated time frame of ten (10) years in the new Code of Corporate Governance.
- Late or non-dispatch of AGM notices to Shareholders as stipulated by CAMA.
- Non implementation of e-dividend payment system.

## **Financial Reports**

A total of One Hundred and Ninety Four (194) Annual Reports and Three Hundred and Eighteen (318) Quarterly Returns were reviewed during the period with the following highlights:

- High ratio of administrative and other expenses impacted negatively on the profitability and liquidity of companies.
- Significant increases in the diminution of investments by most companies which reduced considerably their investment in assets portfolio.
- High level of indebtedness as well as inadequate working capital by some companies which is threatening their existence as a going concern.
- Failure of most companies in certifying their financial statements as required by S 60 (2) of the ISA 2007.
- Late filing of annual and periodic returns to the Commission.

## **IFRS Implementation**

- IFRS Readiness Survey was conducted on Public Quoted Companies.
- Sensitization workshop and an intensive training for relevant staff was conducted by PriceWaterCoopers (PWC) and the Institute of Chartered Accountants in England and Wales as part of the World Bank assisted capacity building project.

## **Statutory filing by quoted companies**

- 53% of Public Quoted Companies submitted quarterly accounts.
- 92.9% of Public Quoted Companies submitted half yearly returns which were reviewed.
- 97.4% of Public Quoted Companies submitted annual accounts during the reporting period. This compliance level was higher when compared to 2011.

## **Corporate Governance**

A total of 155 Public Quoted Companies representing 77.8% signed up to the New Code of Corporate Governance.

## **MARKET DEVELOPMENT**

The Commission in collaboration with the Anambra State Government organized an Investor/Issuer education outreach programme in Onitsha. The outreach included a town hall meeting with stakeholders and Capital Market quiz competition for secondary schools.

The Commission was also involved in the Capital Market Committee Annual Retreat held in Warri, Delta state, where a Quiz Competition on Capital Market for selected Secondary Schools was conducted.

Similarly, lectures were organized in Akwa Ibom State University and all the National Youth Service Corp (NYSC) orientation camps across the country, with the theme

**“OPPORTUNITIES IN THE NIGERIAN CAPITAL MARKET”**. The lecture was designed to create capital market awareness among Corp members.

## **Publications**

The following publications were reviewed and updated in 2012.

- SEC quarterly publications (visit SEC website [www.sec.gov.ng](http://www.sec.gov.ng) )
- Electronic editions of the Africa/Middle East Regional Committee (AMERC) Quarterly Review.
- Doyin and Friends in the Capital Market (Cartoon)
- Investing in Shares (An Introductory guide)
- We Invest in Shares (Know your rights as an investor)
- Beware of investment scams (Wonder Banks)
- SEC – Who we are

## **Youth Education**

Capital Market Club was established in Holy Family College, Abak, Akwa Ibom State. Others with existing clubs include:

- Shalom Christian Academy, Akwanga, Nassarawa State
- Grace International College, Kaduna State
- Rayenes Comprehensive Secondary School, Eleme, Rivers State
- Federal Government Girls College, Ikot Obio Itong, Akwa Ibom State

## **Excursions by Schools**

The Commission hosted four hundred and fifty eight (458) students on educational visits from Eleven (11) Universities and three (3) Polytechnics. The Universities were; University of Abuja, Covenant University, Kogi State University, Adamawa State University, Enugu State University, University of Jos, Nassarawa State University, Al-Hikmah University, Crawford University, Ebonyi State University, and University of Maiduguri. The Polytechnics were; Dorben Polytechnic Abuja, Federal Polytechnic Ado-Ekiti and Waziri Umar Federal Polytechnic, Kebbi.

## **New Products**

The Commission in its efforts to broaden and deepen the market has continued to promote new products amongst which are:

- Index Funds;
- Islamic Finance (Sukuk);
- Private Equity Funds.

The Commission continued with the dematerialization process, the process is however faced with challenges and is expected to fully kick off in 2013

## **International Relations**

### **International Organization of Securities Commission (IOSCO)**

The Commission in 2012 continued to respond to IOSCO Questionnaires from Working Group members in respect of:

- a. Financial stability issues in Emerging Markets and Developing Economies
- b. Principles for the Regulation and Supervision of Commodity Derivatives
- c. Future Roles of Emerging Market Committee
- d. Organizational Structure for the Regulators
- e. Risk Based Supervision
- f. Survey on International Financial Reporting Standard

As part of the Financial Sector Assessment in Nigeria, the Commission coordinated the activities of the IMF/FSAP Team that assessed the Nigerian Capital Market.

### **Bilateral Memoranda of Understanding**

The Commission signed MoUs with the Capital Markets Authority (CMA) of Kenya (February 23, 2012) and Mauritius Financial Services Commission (FSC) on May 15, 2012. This brings to nine (9) the number of bilateral MoUs signed by the Commission. Others include:

- |                      |   |                   |
|----------------------|---|-------------------|
| 1. South Africa, FSB | - | August 27, 2002   |
| 2. Ghana, SEC        | - | August 27, 2003   |
| 3. Tanzania, CMSA    | - | December 7, 2005  |
| 4. China, CSRC       | - | June 14, 2005     |
| 5. Uganda, CMA       | - | July 25, 2005     |
| 6. India, SEBI       | - | April 10, 2007    |
| 7. Malaysia, SC      | - | November 15, 2007 |

### **Library and Information Services**

Progress is being made towards transforming the SEC library to an E-Library with pilot schemes at the Lagos and Onitsha Zonal Offices of the Commission for improved

services. Members of the public are encouraged to access the Commission's library and website for research on capital market related issues.

# **SECTION 3**

## **LEGAL AND ENFORCEMENT**

## **LEGAL SERVICES**

### **Legal Opinions**

A total of 110 opinions were given during the year. Notable among them are as follows:

1. Registration requirements for an infrastructure fund
2. African petroleum plc – application to offer 102,231,137 units of cancelled AP Plc's shares to existing shareholders

3. Scheme of Arrangement and Acquisition of Finbank Plc by First city Monument Bank Plc (FCMB)
4. Legal opinion on when dividends become unclaimed, etc
5. Opinion on the application for registration as Registrar by Central Securities Clearing System
6. Opinion on the settlement of liabilities of Nationalized Banks
7. Opinion on First Prepaid Dividend Plus card introduced by First Bank Registrars Ltd
8. Opinion on the demand for SEC's contribution to the Industrial Training Fund (ITF) - review of the ITF Act Cap 19, LFN 2004 and the ITF Amendment Act 2011
9. Opinion on the application to register the Association of Investment Advisers and Portfolio Managers by the Corporate Affairs Commission
10. Opinion on the Offer for sale by way of special placement of 1,785,627,772 ordinary shares of 50 kobo each at N1.20 per share by Skye Bank Plc
11. Nationalized banks - purchase and assumption agreements of Afribank Plc, Bank PHB Plc & Spring Bank Plc
12. Signing of bilateral memorandum of understanding between SEC Nligeria and the Capital Markets Authority of the Sultanate of Oman
13. Opinion on Electronic Initial Public Offering system and Electronic voting system
14. Signing of the MoU on supervision under managers of alternative investment funds
15. Issues of implementation of harmonization and review of pension
16. Approval to execute large volume/block divestment of shares of Union Bank of Nigeria Plc (UBN)
17. Opinion on trade in Foreign Exchange (FX) and Contracts for Difference (CFDs)

18. Case Review: Owners of the MV. Arabela vs. Nigerian Agricultural Corporation (2008) 11 NWLR (Part 1097) page 182
19. Opinion on the amendment of ordinary resolution on capitalization passed at the Annual General Meeting of Unity Bank Plc.
20. Request for information on debt security issuance from the capital market authority of the Maldives
21. De-listing of Cappa and D'alberto Plc shares- appeal for fair hearing by the company
22. Asset Management Corporation of Nigeria (AMCON)- clearance of proposed allotment of bond due 2014
23. Request for approval to advertise by Union Trustees Limited
24. Interpretation of section 2(3)(c) of the Trustees Investment Act
25. Professional indemnity policy of Capital Market Consultants
26. Proposed scheme of arrangement for the reorganization of capital between transnational corporation of Nigeria plc and holders of its fully paid ordinary shares of 50 kobo each
27. Review of the Guidelines on Securities Settlement
28. Central Securities Clearing System Plc- request for approval to act as a local operating unit for the Nigerian Financial Market

## **Litigation**

There are currently 135 cases in various courts/Tribunal where the Commission is involved as a party. Twenty three (23) cases were instituted, out of which five (5) were appeals to the Court of Appeal. However, fifteen (15) cases were concluded within the same period.

Some of the new cases included the following:

- i. IST/EN/APP/01/2012 – Nwoye Okafor Christopher Vs Transcorp Plc & 2 Ors
- ii. NIC/ABJ/95-100/11 – Sunday Imoroa Vs SEC and 4 additional suits.
- iii. IST/OA/06/2012 – SEC Vs Wiscom Business Ventures & 3 Ors

- iv. CA/A/158/M/2012 – Nospetco Oil & Gas Ltd Vs SEC
- v. IST/OA/02/11 – Efe F. Awhinawhi Vs SEC
- vi. IST/APP/02/12 – Dr. Louis Obyo Nelson Vs Tower Assets Management Ltd
- vii. LD/460/12 – HNG Invest. & Trust Ltd & 4 Ors Vs Adeniyi E. & 3 Ors
- viii. IST/LA/OA/05/2012 – De-Canon Invest Ltd Vs SEC
- ix. CA/L/144/2012 – Mr. Kayode Shobanjo Vs SEC
- x. IST/EN/OA/03/12 – Eze A. Eze Vs Fidelity Securities Ltd & 2 Ors
- xi. IST/APP/03/2012 – Cashcraft Asset Management Ltd Vs SEC
- xii. IST/LA/APP/03/11 – Tiamiyu R. A. Bodunde Vs SEC
- xiii. IST/EN/OA/01/2012 – Nnah Raymond Vs SEC & 3 Ors
- xiv. FHC/CS/244/2012 – Peter Odio Odia Vs SEC
- xv. CA/L/241/M/2012 – M. Tech Communications Ltd Vs SEC

### **Concluded Cases**

- i. IST/M/88/2011 – Basil N. Okarafor Vs SEC & 4 Ors
- ii. IST/L/349/2012 – George Nchendo Okafor Vs SEC
- iii. IST/LA/APP/02/11 – M. Tech Communications Plc Vs SEC & 5 Ors
- iv. IST/LA/APP/03/11 – Tiamiyu R. A. Bodunde Vs SEC
- v. IST/A/01/11 – Estate of N. Idowu Vs SEC
- vi. LD/1350/08 – Mega Wealth Ltd Vs SEC
- vii. IST/OA/20/2010 – SEC Vs Union Bank Plc
- viii. FHC/ABJ/CS/564/2011 – Leadgate Fx Ltd & Anor Vs SEC
- ix. IST/LA/OA/01/2010- Lynfield Nig Ltd Vs Afroil Plc & 3 Ors
- x. IST/EN/OA/01/12 – Nnah Raymond Vs SEC & 3 Ors
- xi. IST/LA/APP/04/2011 – Mr. Udeagha Egbe & Mr. Ugonma Egbe Vs Trascorp Plc & 3 Ors

One of the concluded cases in which judgment was given in favour of the Commission in 2012 was the case against Union Bank Plc in Suit No. IST/OA/20/2010.

The Commission instituted this action by an Originating Application dated July 30, 2010 at the Investments and Securities Tribunal against the Union Bank of Nig. Plc and its directors for violating the provisions of ISA and SEC Rule and Regulations.

The Commission sought various remedies for the series of market infringement. Judgment was delivered on November 26, 2012 in favour of the Commission. The Tribunal ruled that the directors were liable for market infractions which included market manipulation.

However, the 1<sup>st</sup>, 10<sup>th</sup>- 19<sup>th</sup> Respondents filed an appeal against the judgment at the Court of Appeal.

### **Incorporation of National Investor Protection Fund**

The Commission in March 2012 successfully incorporated the National Investor protection Fund in line with the mandate of the Commission to protect investors.

## **RULE MAKING**

During the period under review the following rule making activities were undertaken in 2012 by the Commission.

### **(A) Finalized Rules**

1. Amended the Guidelines on Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) Compliance Manual - January 16, 2012
2. Amended the Rules on Market Makers - Rule 31(c)
3. New rules on Sukuk Issuance in Nigeria - December 21, 2012

4. New rules on Private Equity Funds - Rule 249(D) - December 21, 2012
5. Reviewed and consolidated all the rules and amendments from 2008 till date into a single Rule book for the Commission.
6. Reviewed the Guidelines for the Regulation and Supervision of Non-Interest (Islamic) Financial Institutions (NIFIS) in Nigeria, forwarded to the Commission by the CBN for review.

(B) **Sundry Amendments to Existing Rules**

- a) Rules 50- Filing of Registration statement
- b) Rule 50(2) – Copies of Documents to be filed
- c) Rule 64(3)(b)
- d) Rule 94-Mandate to purchase shares
- e) Schedule 1, Part C, paragraph 8 and 9
- f) Schedule IV
- g) Rule 43- new rule on risk management
- h) Rule 206- profit forecast,
- i) **Rule 64(3) (b)** was deleted from the Rules and Regulations.

The following **SEC FORMS** were also amended:

- i. Application form for registration of Sponsored Individuals/Directors – December 10, 2012.
- ii. Quarterly Return forms for Custodians.
- iii. SEC form 6A2 (Application form for authorization and registration of Venture Capital) – December 10, 2012

## **MONITORING**

The Commission assesses the financial health/state of registered Capital Market Operators (CMOs) through prudential supervision on quarterly basis to ensure that the CMOs are operating within the minimum capital requirements.

Post public offerings are also monitored to verify utilization of issue proceeds. Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) measures were deployed to ensure compliance with Nigeria's AML/CFT regime.

Risk-Based Supervision (RBS) on AML/CFT commenced during the year for effective monitoring of AML/CFT risks. Furthermore, plans were concluded to extend RBS to prudential supervision in 2013.

Monitoring activities were carried out using both on-site and off-site tools.

### Off-Site Analysis

The Off-Site inspection focused mainly on reviewing returns, identifying deficiencies and compiling key data/indices on operations of CMOs.

A total of 1,764 returns from CMOs were reviewed as stated below:

S/N	Category	Number of returns reviewed
1.	Audited Annual Returns from all CMOs	291
2.	Broker-Dealers	670
3.	Fund/Portfolio Managers	268
4.	Issuing Houses*	329
5.	Underwriters	49
6.	Trustees	74
7.	Registrars	71
8.	Rating Agencies	12
	<b>Total</b>	1,764

\*Returns from Issuing Houses is inclusive of 120 returns of utilization of issuing houses.

### Summary of the off-site review

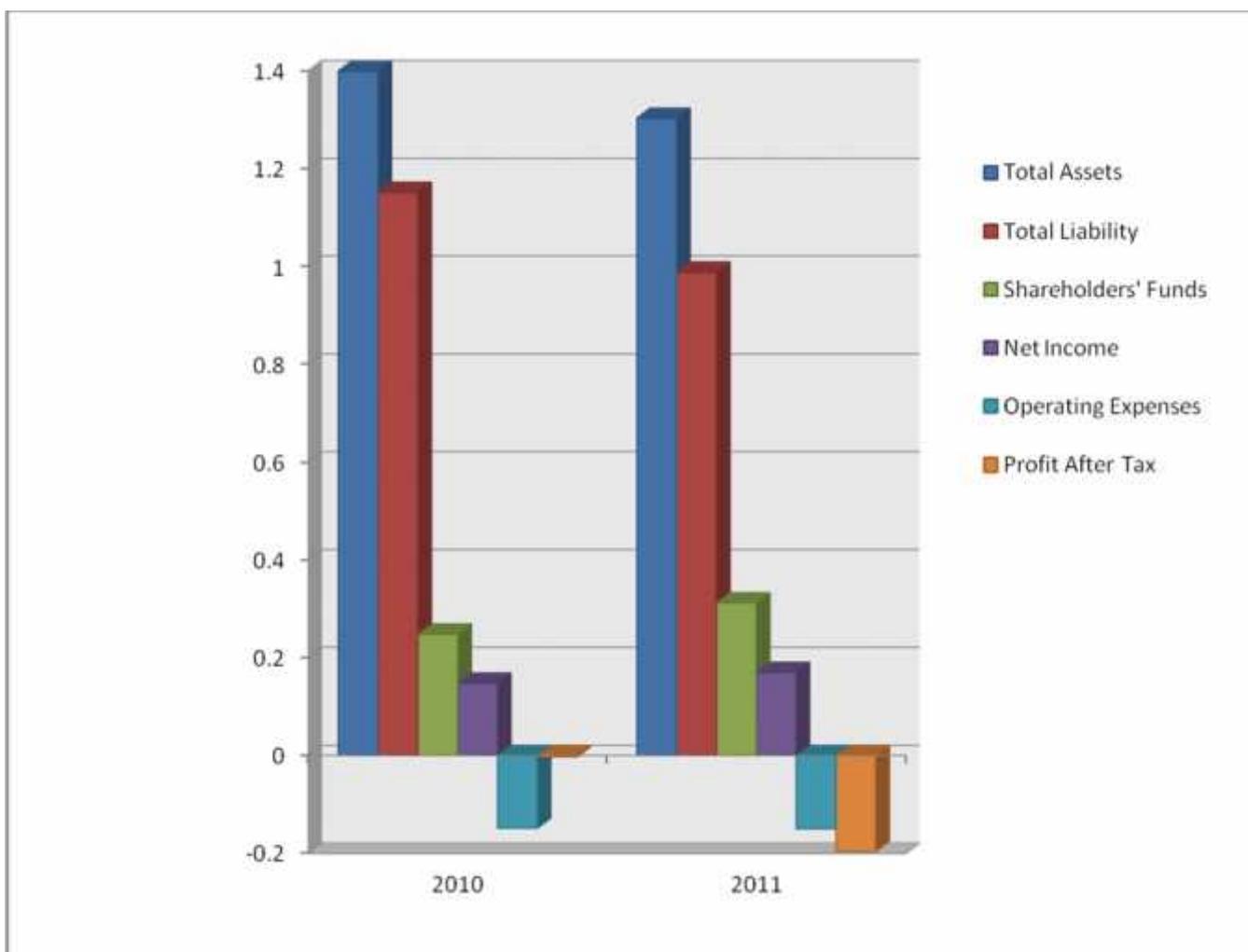
#### Audited Accounts

Two hundred and ninety one (291) Audited Annual Accounts were reviewed within the year. Value of total asset stood at 1.303trillion showing a decrease of 7% as against 1.399trillion recorded in 2010. Aggregate total liabilities also decreased by 0.14% from 1.151trillion in 2010 to 0.988 trillion in 2011.This decrease shows that the Market fared well in terms of accumulated liabilities.

Shareholders' funds increased by 26% from 0.248 trillion in 2010 to 0.312 trillion in 2011 while the Net Income also increased by 15% from 0.148trillion in 2010 to 0.170 trillion in 2011, as shown in the table and chart below:

	2011	2010	% Change
<b>No. of Audited Accounts Received</b>	<b>291</b>	<b>230</b>	<b>27%</b>
	<b>₦ trillion</b>	<b>₦ trillion</b>	
<b>Total Asset</b>	<b>1.303</b>	1.399	<b>(7%)</b>
<b>Total Liability</b>	<b>0.988</b>	1.151	<b>(0.14%)</b>
<b>Shareholders Fund</b>	<b>0.312</b>	0.248	<b>26%</b>
<b>Net Income</b>	<b>0.170</b>	0.148	<b>15%</b>
<b>Operating Expenses</b>	<b>(0.150)</b>	( 0.149)	<b>0.67%</b>
<b>Profit After Tax</b>	<b>(0.196)</b>	(0.003)	<b>6433%</b>
<b>Net Cash Flow from Operating Activities</b>	<b>0.197</b>	(0.563)	<b>(135%)</b>
<b>Net Cash Flow from Investing Activities</b>	<b>0.188</b>	0.824	<b>77%</b>
<b>Net Cash Flow from Financing Activities</b>	<b>(0.157)</b>	(0.637)	<b>75%</b>
<b>Overall Net-Worth to Total Asset</b>	<b>24%</b>	18%	<b>33%</b>
<b>Aggregate Total Liabilities to Total Asset</b>	<b>76%</b>	82%	<b>(7%)</b>

<b>Aggregate Liabilities</b>	<b>Net-worth to Total</b>	<b>34%</b>	<b>22%</b>	<b>55%</b>
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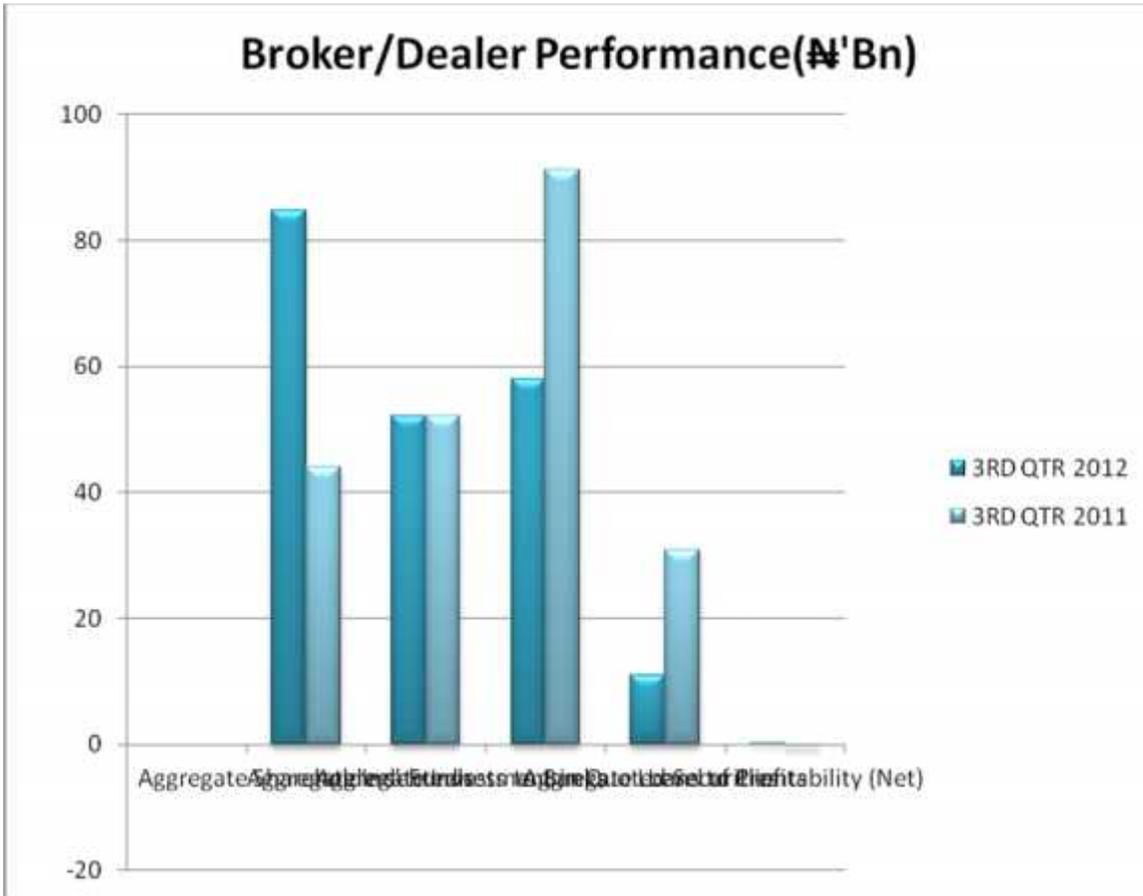


## Broker/Dealers

During the year (first to third quarter 2012), a total of 670 returns were reviewed. The performances of the Firms are as follows:

S/N	INDICES	1ST QTR 2012	2ND QTR 2012	3RD QTR 2012	3RD QTR 2011	YEAR- ON- YEAR
		N' bn	N' bn	N' bn	N' bn	%
1	Aggregate Shareholders' Funds	19.53	43.74	43.95	84.87	(48.21)
2	Aggregate Indebtedness to Banks	53.84	53.41	52.19	52.19	0.00
3	Aggregate Investment in Quoted Securities	125.66	65.60	57.94	91.14	(36.43)
4	Aggregate Loans to Clients	30.03	15.16	10.98	30.81	(64.37)
5	Level of Profitability (Net)	0.35	(1.11)	0.19	(0.25)	176.02

**Year on Year Comparison (2011-2012)**



**Minimum Capital and Shareholders Funds (First to Third Quarter Analysis)**



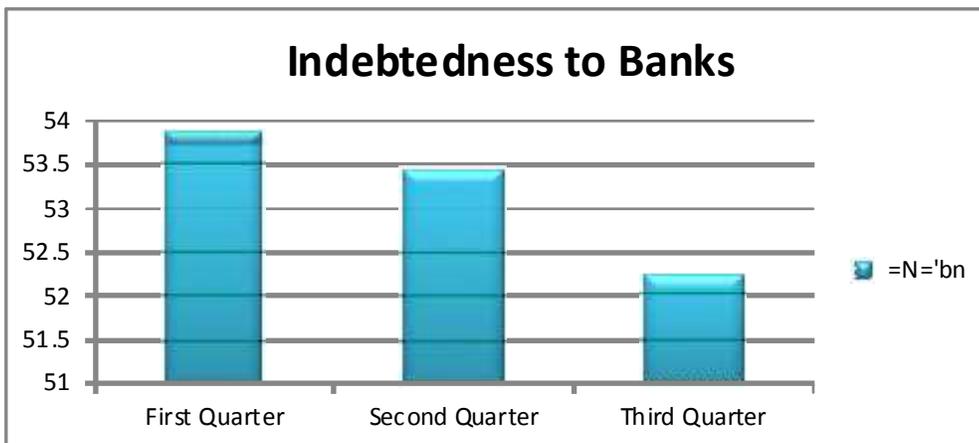
## Broker/Dealer Firms' Compliance With Minimum Capital Requirements



The value of shareholders' funds increased from ₦19.53b in the first quarter to ₦43.74b in the second quarter, representing 45% increase. In the third quarter, the value increased marginally to ₦43.95b. However, when compared with the 2011 performance, the figure represents a decrease of 48.21%. This was attributed to the adjustments on *deposits for shares* classified as capital and *investments in quoted securities* valued at cost.

Out of the 226 firms' returns analyzed in the third quarter, **195** firms reported positive shareholders funds (**₦70m and above**), 21 firms recorded negative shareholders' funds while 10 firms had their shareholders' funds eroded.

### Breakdown of Indebtedness



## Indebtedness to Banks

There was an increase of 18.81% in the level of indebtedness to banks from third quarter 2011 to third quarter 2012. Out of the outstanding indebtedness, **19** (nineteen) firms accounted for **81.12%** as at 30<sup>th</sup> September 2012.

## Fund/Portfolio Managers:

A total of 268 quarterly returns were received from 90 Fund/Portfolio Managers, 49 of them were actively managing funds while 41 firms filed nil returns. The aggregate performance of these firms is highlighted below:

QUARTER	3 <sup>rd</sup> ,2011 (N'Bn)	1 <sup>st</sup> ,2012 (N'Bn)	2 <sup>nd</sup> ,2012 (N'Bn)	3 <sup>rd</sup> ,2012 (N'Bn)	Qtr% Δ	Year on Year % Δ
<b>Total shareholders' funds</b>	484.0	596.4	586.6	628.3	7.11	29.8
<b>Total fund under management</b>	250.63	224.7	251.3	308.5	22.76	23.1
<b>Investment in the capital market</b>	148.5	137.9	157.1	174.1	10.82	17.24
<b>Investment in other asset classes</b>	100.03	78.9	86.7	128	47.64	28.0
<b>Uninvested funds</b>	8.1	7.8	7.5	7.3	(2.67)	(9.88)
<b>% of Investment in the capital market to Total fund under management</b>	59.3%	61.4%	62.50%	56.40%		
<b>% of Investment in other asset classes to Total fund under management</b>	39.95	35.2%	34.50%	39.40%		
<b>% of Uninvested funds to Total fund under management</b>	3.23%	1.3%	3.10%	0.80%		

Both on a Quarterly and Year on Year basis, increases were recorded with regards to key indicators under the Fund Management sector with exclusion of the 10% decline in value of Un-invested Funds in the 3<sup>rd</sup> quarter compared to the previous year's figure.

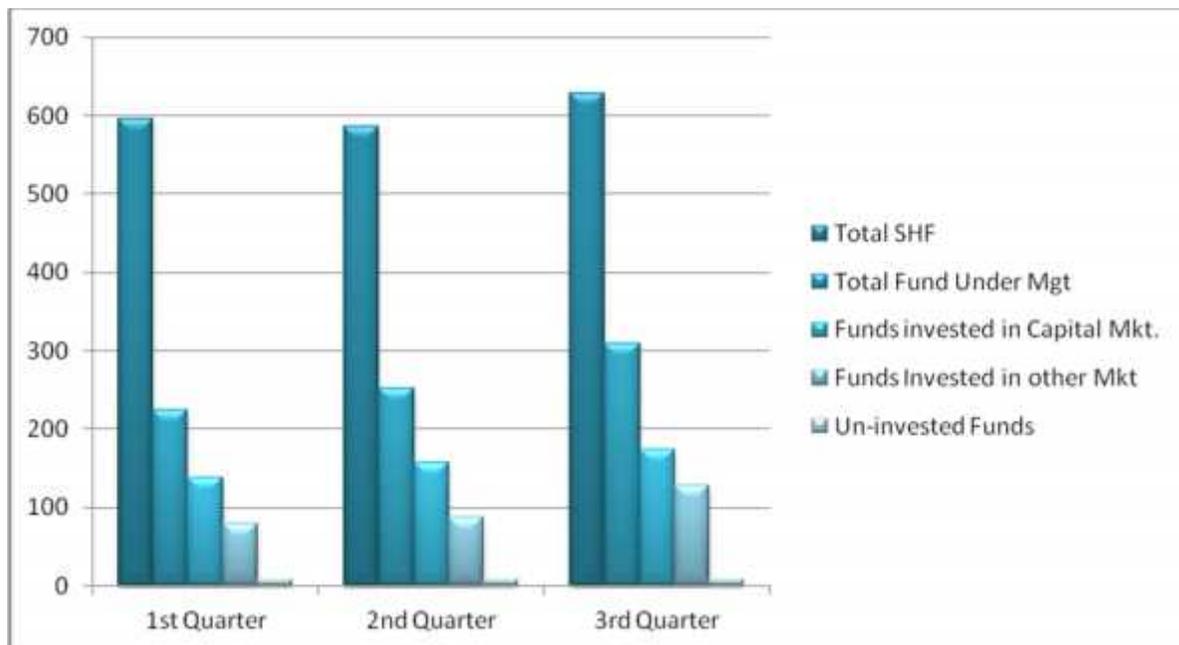
In proportionate terms, Investment in Quoted Equities remain the preferred choice of fund managers as on average, it accounted for 60.1% of Total Fund Under Management within the three (3) quarters in the year.

Investment in Other Asset Classes accounted on average for 36.4% of Total Funds under Management, while Un-invested Funds on average was 1.7% of Total Funds.

### Year-to-Year Analysis of The Performance of Funds/Portfolio Managers

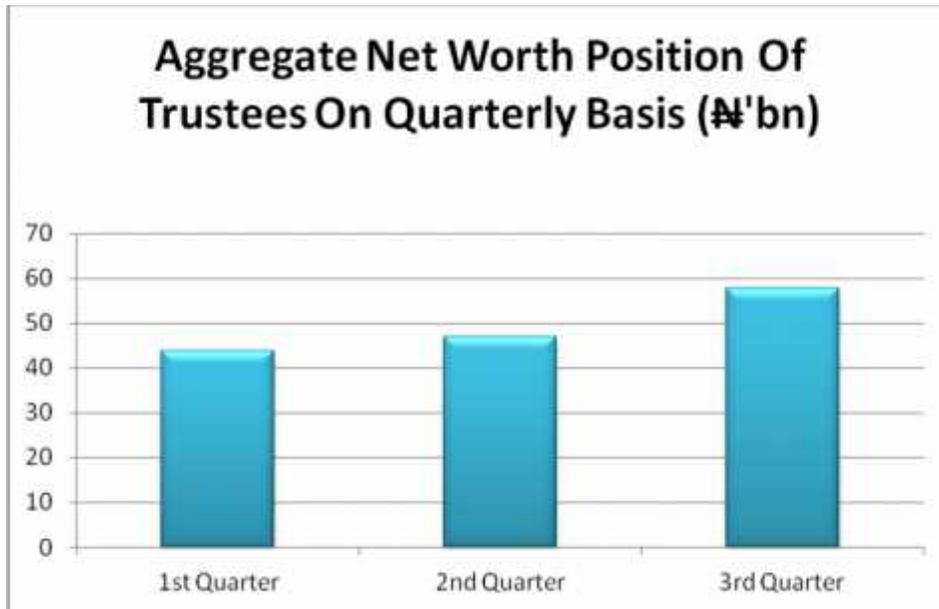


### ANALYSIS OF THE QUARTERLY PERFORMANCE OF FUNDS/PORFOLIO MANAGERS

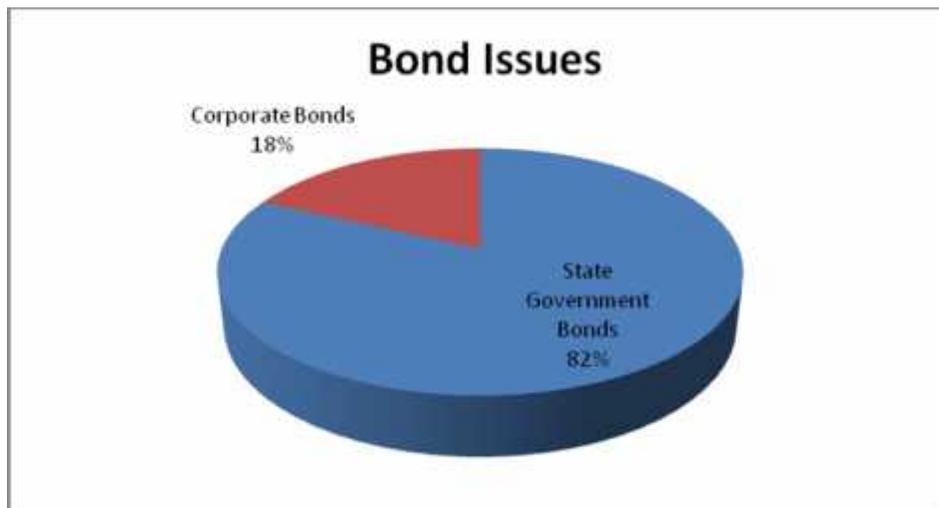


## TRUSTEES

Seventy-four (74) returns were received from Trustees with an aggregate shareholders' fund of ₦57.9bn as at September 2012, indicating a 23.71% increase from the previous quarter's aggregate shareholders' fund of ₦46.8b. This is depicted in the chart below:



Ten (10) active operators in the Market acted as trustees to sixteen (16) State government bonds and seven (7) corporate bonds valued at ₦488bn (representing 82% of the total value in issue) and ₦107.69 (representing 18% of the total value in issue) respectively. This is shown in the chart below:



## Utilization of Issue Proceeds

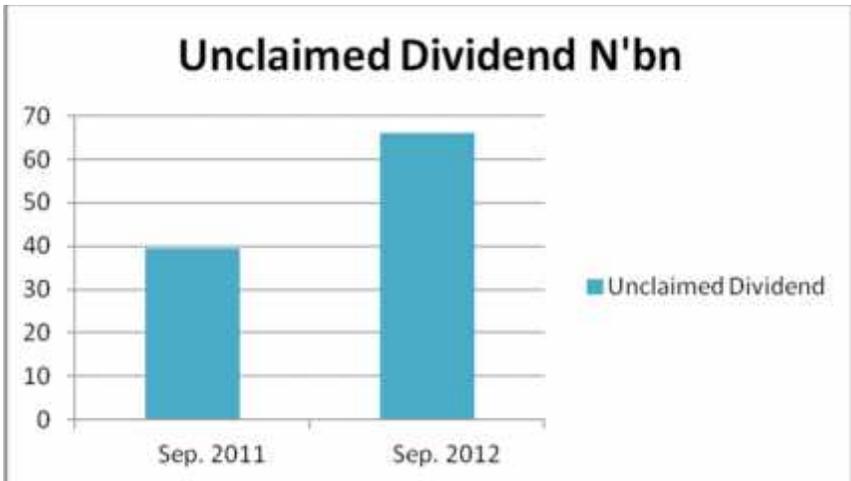
One hundred and twenty (120) returns on utilization of Issue Proceeds were reviewed off-site.

## Registrars

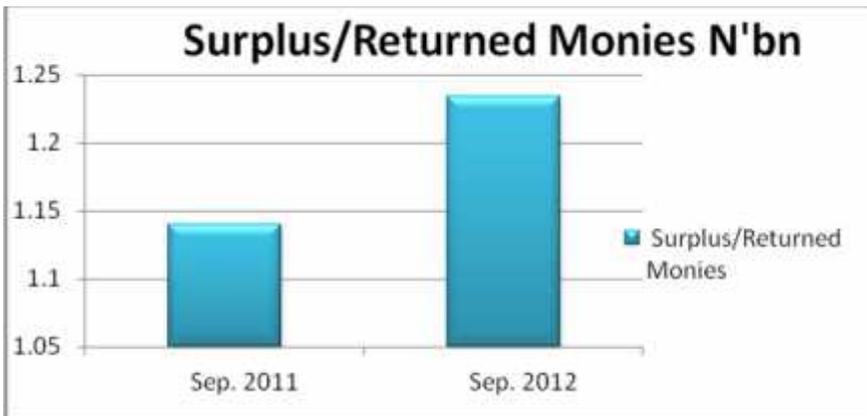
Seventy one (71) returns were received from Registrars. Analysis of the returns revealed that the quantum of unclaimed dividends increased by 67.5% from ₦39.4bn as at September 2011 to ₦66bn as at September, 2012 respectively. Surplus /return monies stood at N1.2bn showing an increase of 7.9% as against 1.1bn in 2011 while unclaimed certificates from Registrars reduced to 741,758 certificates as against 966,775 certificates in 2011. The performance of Registrars is shown in the following table and charts:

	2012	2011	% Change
<b>Unclaimed Dividend*</b>	<b>N66 bn*</b>	<b>N39.4bn*</b>	<b>67.5%</b>
<b>Surplus/Returned Monies</b>	<b>N1.234bn</b>	<b>N1.14bn</b>	<b>7.9%</b>
<b>Unclaimed Share Certificates</b>	<b>741,758</b>	<b>966,775</b>	<b>(23.3)%</b>

*\*Unclaimed Dividend Figures are based strictly on dividend declared which remain unclaimed after 6 months of dispatching the dividend warrants by the Registrar.*



### Surplus/Return Monies



### Unclaimed Share Certificates



### Issuing Houses

Two Hundred and Nine (209) returns were received from Sixty Six (66) Issuing Houses. As at the third quarter ended September 2012, only Sixteen (16) were active.

### **Underwriters**

Forty Nine (49) returns were received from Underwriters. Review of the returns revealed that there were 3 active underwriters as at September, 2012.

### **AML/CFT returns**

A total of 367 returns on Foreign Exchange Transactions Reports (FTRs) were received. An analysis of the returns revealed nil transactions.

### **On-Site Review**

The breakdown of the on-site inspections conducted in 2012 is shown below:

***\*Routine Inspections were conducted on Broker/Dealer firms identified to have inadequate share capital***

***\*Target Inspections were carried out on two Bank Subsidiaries (Afribank Securities Ltd and Diamond Registrars Ltd) that were found to have fallen short of regulatory disclosure requirements;***

***\*Inspections were conducted on the Utilization of the 2007 Public Offer Proceeds of Access Bank, Finbank and on the Nigerian Aviation Handling Company (NAHCO) 2011 Bond offer***

### **AML/CFT on-site inspections**

One Hundred and Thirty Six (136) CMOs were inspected.

### **Other Activities**

Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) compliance was taken to the next level in the Nigerian Capital Market with the successful adoption of AML/CFT Risk-based approach to supervision. Consequently, the compliance status of CMOs improved. AML/CFT activities in which the Commission was actively involved include:

1. Amendment of the Money Laundering Prohibition Act 2011 and Prevention Terrorism Act 2011
2. International Monetary Fund (IMF) Technical Assistance Programme on Risk Based Supervision
3. Participation in GIABA Plenary meetings in Cote D'Ivoire and Senegal.

## **INVESTIGATIONS**

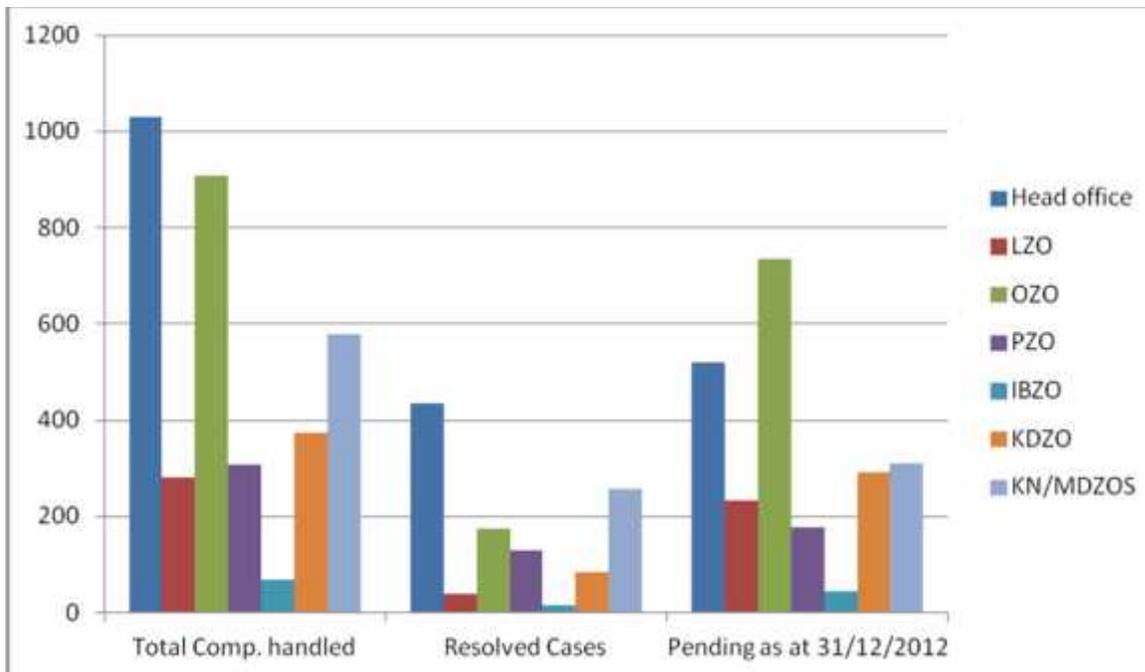
A total of **3546** complaints were handled out of which **1907 (54%)** were new complaints, **1639 (46%)** were brought forward from 2011. Of these, **1132 (33%)** were resolved, leaving an outstanding of **2,307 (67%)** as at December 31, 2012. The breakdown per zone is shown below:

### **SUMMARY OF COMPLAINTS**

Items	Head Office	Lagos Zonal Office	Onitsha Zonal Office	Port Harcourt Zonal Office	Ibadan Zonal Office	Kaduna Zonal Office	Kano Zonal Office/ Maiduguri Zonal Office	Total
Brought forward	528	117	466	99	37	231	161	1,639
New Complaints	502	164	442	207	31	143	418	1,907

<b>Total complaints handled in year 2012</b>	<b>1030</b>	<b>281</b>	<b>908</b>	<b>306</b>	<b>68</b>	<b>374</b>	<b>579</b>	3,546
Resolved cases/ Complaints	435	38	174	129	15	84	257	1,132
Cases transferred for enforcement action	76	10	-	-	10	-	11	107
<b>Pending as at Dec 31, 2012</b>	<b>519</b>	<b>233</b>	<b>734</b>	<b>177</b>	<b>43</b>	<b>290</b>	<b>311</b>	<b>2,307</b>

**Head office/zonal offices graphic representation of the summary of complaints in 2012.**



## **ENFORCEMENT**

Thirty One (31) cases were referred for enforcement action during the period under review. These cases involved:

- Unauthorized sale of clients shares
- Mismanagement of client's portfolio accounts
- Non-allotment of shares paid for by investors
- Non-remittance of proceeds of sale of clients' shares
- Non-rendition of periodic and annual returns

The Inter Agency Committee on Wonder Banks (Ponzi Scheme), of which the Commission is a member, embarked on joint surveillance and investigations in different parts of the country.

The Attorney General of the Federation gave approval for the liquidation of 30 out of the 36 wonder banks which constitute 98% of the claims amounting to N104 billion. Counsel were appointed to file petitions before the courts and the names of the companies were gazetted and published in the dailies in preparation for the liquidation as directed by the Court.

A total of Fifteen (15) cases were referred to the Police Unit in the Commission while three (3) to the State Security Service (SSS) for criminal investigation and prosecution. These cases border on: operating in the capital market without registration, misappropriation of clients' funds, failure to pay clients investment capital and interests thereon, Fraud related to online forex trading, falsification of financial statement and other infractions.

### **Statistics of enforcement activities in 2012:**

Suspensions	12
Cases referred to law enforcement agencies (Police & SSS)	18
Cases referred for enforcement action	31
Resolved cases	12
Withdrawals of Registration of CMOs	35
Illegal Operators closed down	29

### **Companies Investigated by the SEC/Inter Agency Committee on Illegal Funds Managers/Wonder Banks within the year**

- 1) Realistic Global Resources, Jos Plateau State
- 2) L& Sylver Resource Investment, Jos Plateau State
- 3) Global Guarantee Resource, Jos Plateau State
- 4) Access Investment Nigeria Ltd, Jos Plateau State
- 5) Wiscom Business Ventures, Jos Plateau State
- 6) Al-Hassan Gidado Finance & Investment Nigeria Ltd
- 7) Hecfirms Corporation, Ilorin Kwara
- 8) Cashflowabi Network Ltd
- 9) Command Clem Nigeria Ltd Akwa Ibom State
- 10) Somay Microfinance Cooperatives, Enugu State
- 11) Toss-up Investment Company Nsukka, Enugu State
- 12) Essential Trust Limited, Onitsha Anambra State
- 13) Miriammoses Ventures Kaduna State
- 14) Diamond Savings & Loans, Agege Lagos

- 15) Florik Global Resources Limited, Kebbi State
- 16) Global Lineage Oil & Gas Limited, Ibadan & Enugu
- 17) Ronktop Investment Limited, Ogun State
- 18) Proforte Investment Limited Abuja
- 19) Mustard Seed Micro Investment Limited, Warri Delta State
- 20) Geldap Limited, Kaduna
- 21) Sabon-Gari Investment & Trust Limited, Kaduna
- 22) Budap Investment Limited, Kaduna
- 23) Victoria Holidays Limited, Benin Edo State
- 24) C2 Trust Investment Limited, Anambra State
- 25) Benon Phrilt Finance and Investment Limited, Lagos State
- 26) Halal Investments Limited, Abuja
- 27) Trade Managers Limited, Lagos
- 28) Godswill & Patience Global Services Limited, Kaduna
- 29) Veritable Concepts Services Limited, Edo State

### **Suspended Operators**

- 1) Royal Trust Securities Ltd. & its sponsored individuals (Lifted on April 24, 2012)
- 2) Colvia Securities Ltd & its sponsored individuals
- 3) Adamawa Securities Ltd. & its sponsored individuals
- 4) Arian Capital Management Ltd. & its sponsored individuals
- 5) Transworld Investment & Securities Ltd. and its sponsored individuals (Lifted on October 11, 2012)
- 6) Aryn Investments Ltd & its sponsored individuals (Lifted on September 21, 2012)
- 7) Options Securities Ltd. & its sponsored individuals (Lifted on December 31, 2012)
- 8) Associated Investments Trust Co. Ltd & its sponsored individuals
- 9) Vicad Securities Ltd & its sponsored individuals
- 10) Mega Asset Managers Ltd. & its sponsored individuals
- 11) Omas Investments & Trust Ltd & its sponsored individuals
- 12) Davandi Finance and Investment Limited

### **Operators Bank Accounts Frozen**

<b>Name of Operator</b>	<b>Accounts frozen</b>
Access Investment Nigeria Ltd	Union Bank Plc
Wiscom Business Ventures	Union Bank Plc Ecobank Plc
AZW( Avenues to Wealth)	Guaranty Trust Bank Plc First Bank Plc
Green Planet Association	Diamond Bank Plc

International Ltd	
Guarantee Global Resources	Skye Bank Plc
L & Silver Resources & Investment Ltd	United Bank for Africa Plc
Realistic Global Resources	Access Bank Plc

#### Entities Referred to Law Enforcement Agencies

S/N	Name of Entity	Law Enforcement Agency	Date of Referral
1.	Wonder Banks in Jos – Wiscom Business Ventures, Guarantee Global Resources & Goodwill Investment	SEC Nigeria Police Unit	July 27, 2012
2.	Hecfirms Corporation	SEC Nigeria Police Unit	July 31, 2012
3.	Mega Asset Managers Ltd	SEC Nigeria Police Unit	August 2, 2012
4.	BGL securities Ltd	SEC Nigeria Police Unit	August 9, 2012
5.	Green Planet Associates Int'l Ltd, Jos	SEC Nigeria Police Unit	September 11, 2012
6.	Al-Hassan Gidado Finance and Invest. Nig.	SEC Nigeria Police Unit	September 19, 2012
7.	Realistic Global Resource	SEC Nigeria Police Unit	October 5, 2012
8.	L & Sylver Resource Investment	SEC Nigeria Police Unit	October 5, 2012
9.	Global Guarantee Resource	SEC Nigeria Police Unit	October 5, 2012
10.	Access Investment Nigeria Ltd	SEC Nigeria Police Unit	October 5, 2012
11.	Wiscom Business Ventures	SEC Nigeria Police Unit	October 5, 2012
12.	Lighthouse Asset Management Ltd	SEC Nigeria Police Unit	November 13, 2012
13.	Epic Investment Trust Ltd	SEC Nigeria Police Unit	November 19, 2012
14.	Chief Kingsley Ikpe and Thomas Kingsley Securities Ltd	SEC Nigeria Police Unit	November 20, 2012
15.	Omas Investment and Trust Co. Ltd	SEC Nigeria Police Unit	November 30, 2012
16.	Mega Asset Managers Ltd	SSS Unit	July 16, 2012
17.	Case of US\$155, 000 Internet Fraud	SSS Unit	-

	perpetrated on Lippo Securities, Hong Kong		
18.	DVCF Oil & Gas Fund	SSS Unit	-

#### CMOs whose licenses were withdrawn

S/N	Name
1.	AAA Stockbrokers Ltd
2.	Alliance Capital Management Co. Ltd
3.	Apex Securities Ltd
4.	Asset Plus Securities Ltd
5.	BFCL Assets Securities Ltd
6.	BACAD Finance & Investment Co. Ltd
7.	BIC Securities Ltd
8.	City Finance & Securities Ltd
9.	Colvia Securities Ltd
10.	Epic Investment Trust Ltd
11.	Equator Securities & Finance Ltd
12.	First Atlantic Securities Ltd
13.	Folu Securities Ltd
14.	Genesis Securities Ltd
15.	H.P. Securities Ltd
16.	Ideal Securities & Investment Ltd
17.	Indemnity Finance Ltd
18.	Imperial Securities & Investment Ltd
19.	Jamko Investment Ltd
20.	Jenkins Investment Ltd
21.	Midland Capital Markets Ltd

22	Midlands Investment & Trust Co. Ltd
23	Morgan Trust Asset Management Plc
24	Negotiable Finance Ltd
25	New Horizon Securities Ltd
26	Richmond Securities Ltd
27	Riverside Trust Ltd
28.	Rivetrust Securities Ltd
29.	Standard Alliance & Investment Trust Ltd
30.	Sikon Securities Ltd
31.	Transglobe Investment & Finance Ltd
32.	Thomas Kingsley Securities Ltd
33	TMB Securities Ltd
34.	Tropics Securities Ltd
35.	Primewealth Securities Ltd

### Summary of Compliance Activities

Cases already referred to EFCC from previous APC decisions	3
Cases referred for further legal action (Currently with External Solicitors)	2
Operators whose licenses were withdrawn	35
Operators with outstanding penalties for violating the AML/CFT requirements	31
Certificates recovered for investors	
Responses provided pursuant to the request for information under the FSRCC Platform	170
Case files closed in 2012	9

### APC Cases referred to the EFCC

The following cases were referred to the EFCC for further criminal prosecution:

1. 245 Complainants against Alliance Capital Management Ltd
2. 129 Complainants against Proforte Ltd
3. 42 Complainants against Empire Securities Ltd

## **Pending Cases**

1. Complaint against Epic Investment Trust Ltd
2. Interstate Securities Ltd and Shalom Investment & Financial Services Ltd
3. Babajide Oguntowo Vs. UBA Stockbrokers Ltd
4. Hon. Chidi Julius Lloyd Esq. Vs. AfriBank Securities Ltd
5. Muko-Okoro Vs Adonai Stockbrokers Ltd
6. Okono Udo Idiong against Enterprise Stockbrokers Ltd
7. Complaint against Omas Investment and Trust Co. Ltd
8. Mr. Vincent Ike Vs. Pan African Capital Plc (PAC)
9. Non-allotment of 1,000,000 units of African Alliance Insurance Company Ltd (Private Placement) in favour of. Udoh Usen Ekong
10. Rosemary Asemota Vs. Colvia Securities Ltd
11. Victor Iban Vs. Shalom Financial & Investment Services Ltd
12. Asset Plus Securities Ltd
13. Kenneth Isaac & Okezie Adarugo Vs. Crossworld Securities Ltd

## **Closed Cases**

1. Udoh Usen Ekong vs. Primewealth Capital Ltd
2. Long-term Global Capital Ltd vs. Stanbic IBTC Asset Management Ltd & Ors
3. Stanbic IBTC Asset Management Ltd (Penalty for operating Stanbic IBTC Balanced Fund without SEC registration)
4. Barka Jamo vs. Davandy Finance & Securities Ltd
5. Patrick Charity Abudu vs. Davandy Finance & Securities Ltd
6. Apena Femi vs. Davandy Finance & Securities Ltd
7. Niger State Polytechnic Senior Staff Co-operative vs. Empire Securities Ltd
8. Engr. Udo Tom Essien Vs. Options Securities Ltd

# SECTION 4

- ANNUAL ACCOUNTS