

**SECURITIES AND EXCHANGE COMMISSION  
NIGERIA**



**ANNUAL REPORT AND ACCOUNTS 2011**



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# SECTION 1

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## Offices

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

## 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 relevant Laws, Rules and Regulations and Codes made in pursuance 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 organisational culture.
- To leverage innovative technology for improved operational efficiency and market transformation.
- To achieve a diversified market with corresponding instruments through developmental projects and programmes.
- To attract, enhance and retain requisite human capacity.



## **Critical Success Factors**

The success of 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 organisation 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 organise 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;



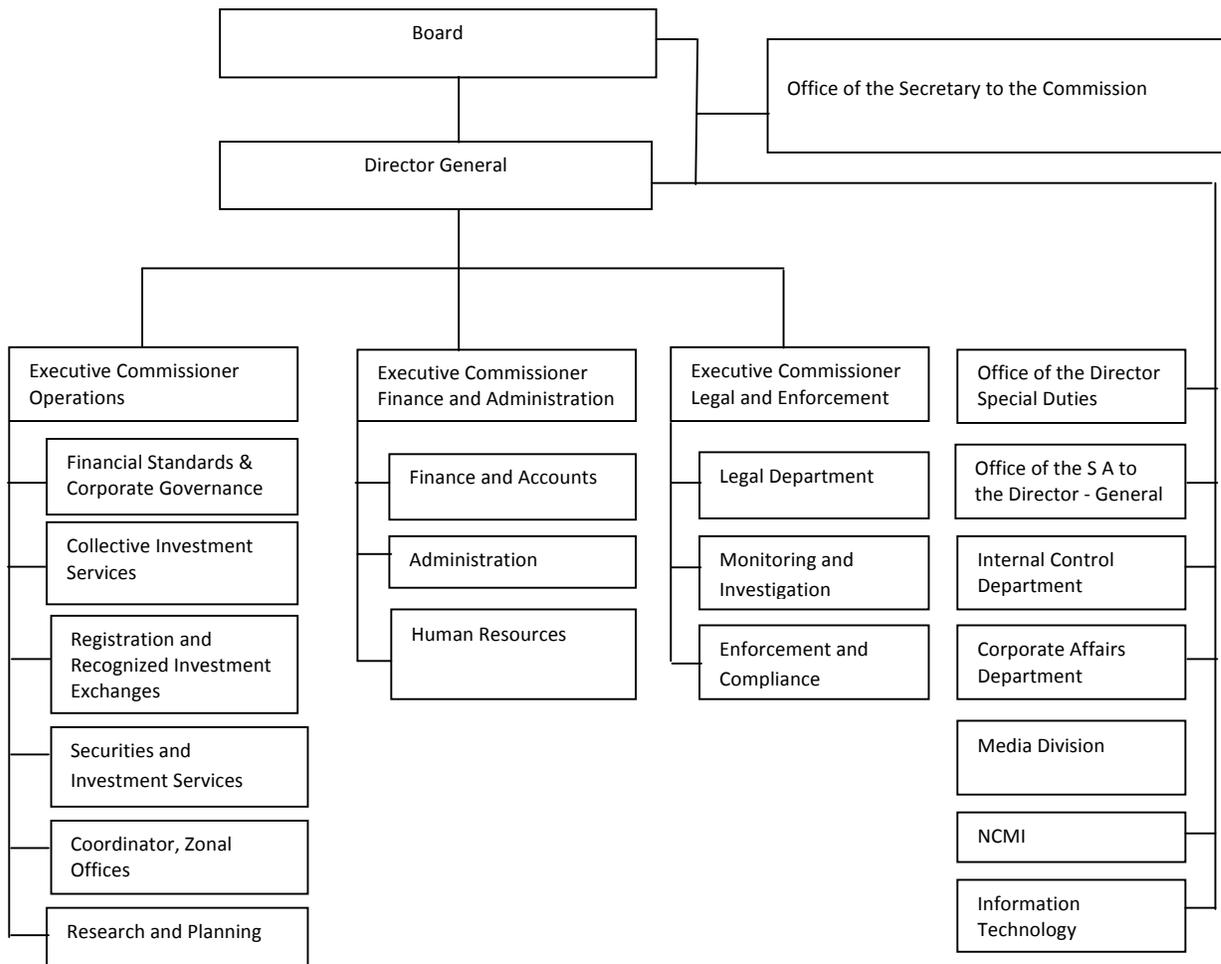
- (aa) prevent fraudulent and unfair trade practices relating to the securities industry;
- (bb) disqualify persons considered unfit from being employed in any arm of the securities industry;
- (cc) advise the Minister on all matters relating to the securities industry; and
- (dd) perform such other 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.



## **ORGANISATIONAL STRUCTURE**

### **Organization**

The Commission's structure consists of the Board, Director General three Executive Commissioners and Departments. The Board consists of the Chairman, Director General who is the 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 STATEMENT:**

I am delighted to present to you the 2011 Annual Report and Accounts of the Commission.

During the year the Commission continued to introduce measures to strengthen the regulatory environment. Notwithstanding the current lull in the market, we at the Commission are determined to continue to work to ensure that we have a world class capital market. In this way our regulatory environment will be sufficiently robust to take the strain when the capital market recovers from the current negative market sentiments being experienced in Nigeria, and across the globe.

The Commission has continued with the implementation of the recommendations of the Dotun Sulaiman Committee on Market Structure and Processes by introducing a number of rule changes in the course of the year. These included the rules on Book Building, Securities Lending and Borrowing, Regulation of Exchange Traded Funds (ETF) and the mandatory use of Custodians in Collective Investment Schemes in order to ensure safety of the assets of the Schemes.

In addition, the Commission launched a new Code of Corporate Governance arising from the recommendations of the A. B. Mahmoud Committee for the Review of the Corporate Governance Code. This came into effect on the 1<sup>st</sup> of April, 2011.

An important step that is required to strengthen and improve governance in the Nigerian Stock Exchange is to ensure that the Exchange is demutualized by a process that is fair, open, transparent and credible. With a view to achieving these goals, the Commission set up a Committee comprising distinguished professionals, to examine the processes for achieving demutualization of the Nigerian Stock Exchange and to advise on the best process. In making its recommendations, the Committee was required to take into account the interest of all stakeholders and, most importantly, to ensure that the recommended process is one that supports the economic transformation programme of the Federal Government of Nigeria, and that safeguards Nigeria's national interest.

During the year under review, the Commission handled a total of 3,497 complaints out of which 2,169 were new complaints. A total of 1,613 complaints were resolved, whilst 156 were referred for enforcement action. Six (6) cases brought before the Commission's Administrative Proceedings Committee (APC) were concluded and appropriate decisions in respect of each of the cases issued by the Commission.

The Commission also took some steps to address its capacity constraints by approving the recruitment of 51 young professionals to fill the manpower gaps within the Commission. However, we still have much more work to do to strengthen capacity at the Commission.



Dear investors, the Nigerian Capital Market is going through a difficult period but we can assure you that the Commission has continued to take necessary action to strengthen regulation so that investors are protected from market infractions. In this way, the Commission is continuing to play its role in creating and sustaining an environment that will help to restore, and improve market confidence.

**Senator Udoma Udo Udoma**  
**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 2011. This report highlights major developments in the Nigerian capital market, and the Commission, for the 2011 accounting year, in accordance with statutory requirements. It ends with an outlook for the year 2012.

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

From an investment standpoint, 2011 began and ended on a cautious note. This was against the backdrop of major global occurrences including the resurgence of the Eurozone debt crisis, the shock generated by the downgrade of America's credit rating, waves of civil resistance across North Africa and the Middle East and regional conflicts particularly the political crisis in Cote d'Ivoire. The global economy was generally fragile.

On the local front, 2011 was an election year, which meant that most foreign investors were wary of potential implications for their investment. Also important, the national economy witnessed 6 consecutive monetary policy rate hikes in 2011, including the hike by 275 basis points to 12% in October 2011. The rate weakened the equities market as it induced portfolio shift to bonds and money market instruments. On the other hand, Nigeria was hailed across the world for its successful elections. In addition, the investment community appreciated the efforts of the Federal Government to tackle the security challenges in some parts of the country.

### ***Market Developments***

These developments had significant consequences for both the Nigerian capital market and the economy at large. The Nigerian Stock Exchange recorded declines, following global trends, with 16.31% and 17.70% dip in the NSE All share Index (ASI) and equity market capitalization, respectively. The market turnover dropped by 2.02% and 19.23% in volume and value respectively.

Primary market activities in 2011 improved slightly when compared to the position in 2010 as the number and value of issues floated appreciated by 6.78% and 45.38% respectively. The Commission registered eleven (11) Medium Term Notes comprising of six (6) corporate, four (4) sub-national worth N319 billion and one (1) agency bond programme worth N4.5 trillion by AMCON to purchase Non-Performing Loans (NPLs) of Banks. It also registered thirty-five (35) new issues valued at N1.285 trillion.



The Commission also approved the listing of two equities, SIM Capital Alliance and IHS Nigeria Plc on the Exchange. On the other hand, nineteen equities were delisted including Nigerian Bottling Company (NBC) and United Nigeria Textile Limited (UNTL), three (3) financial institutions - Afribank Plc, Bank PHB and Spring Bank Plc - were delisted on account of the bridge bank initiative which formed part of the banking sector reforms. In total, the number of listed equities shrunk from 220 in 2010 to 201 in 2011 mainly due to voluntary delisting, business combinations and regulatory intervention. Given the ongoing reforms, it is expected that there will be more listings in 2012.

Collective Investment Schemes closed with a Net Asset Value (NAV) of N85.3 billion and 43 registered schemes. This was a marginal growth compared to N83.48 billion recorded in 2010. 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.

Foreign interest in the market grew with over 60% of trades driven by foreign institutional investors. Total foreign portfolio investment inflow according to the Nigerian Stock Exchange was N478.62 billion in 2011 as against an outflow of N312.65 billion. This resulted in a positive inflow of N165.97 billion during the year.

### ***Steps We Took***

In 2011, we continued to steer the Commission and the capital market in the direction of stability and growth, especially given our vision to build a world-class capital market. A few of these steps are highlighted below:

- i. *ICT Upgrade:* The Commission acquired modern productivity tools to upgrade capacity for effective regulation in the 21st century given the growing complexity of the market.
- ii. *Human Resource Improvements:* The Commission employed 52 young professionals in key operational disciplines – accounting, finance, law, economics, and ICT - to augment technical capacity. These interventions amongst other strategic measures addressed limitations highlighted in Accenture’s diagnostic report on the Commission in 2008 and the report of the Suleiman Adedotun led technical committee on the review of the Nigerian capital markets. With these steps, the Commission’s internal structures have been strengthened to bolster effective discharge of its dual responsibility of market regulation and development.



- iii. *Strengthening Corporate Governance at Market Level:* In April 2011, we successfully introduced a new code of corporate governance to replace the 2003 code. The 2011 code provides for higher degrees of transparency, good governance and accountability in public companies. To date, 138 companies have subscribed to the code while we are actively encouraging others to enlist. The introduction is a measure to protect investors through rigorous governance systems in public companies. In 2011, the SEC undertook training programmes for Boards of publicly listed companies to ensure sufficient understanding.
- iv. *More Effective Complaint Management:* We also strengthened our complaints management framework, which led to a reduction of our turnaround time by 20%. Outstanding complaints at year-end in 2011 reduced to 528 from the 664 unresolved complaints carried forward from 2010. During the year under review, a total of 1,393 complaints were handled, out of which 729 were new complaints. A total of 709 complaints were resolved and closed from the total while 156 complaints were designated for enforcement actions as at 31st December, 2011.
- v. *Specific Enforcement-Related Capacity Building:* We executed a number of initiatives in this regard. Notably, a joint regional training with the USSEC focusing on Capital Market Oversight, Enforcement & Development was organized for regulators and market operators in July 2011. These types of training have heightened our oversight skills and enhanced the Commission's capacity to swiftly identify and penalize unlawful conduct. Given the foregoing, the rate of infractions reduced by 20% relative to 2010 as mirrored in the reduced frequency of complaints. The Commission suspended 20 market operators for violations of SEC rules; penalized 42 operators for non-compliance with AML/CFT requirements and referred 11 operators to law enforcement agencies on account of illegal conducts.
- vi. *Interaction with Operators, Investors and Stakeholders to Restore Confidence:* A major initiative in this regard was the Commission's collaboration with the Ministry of Finance, Ministry of Trade and Investment and the Central Bank of Nigeria to commemorate 50 years of effective regulation of the Nigerian capital market. The commemoration featured structured panels and discussions about the Nigerian economy, the many investment opportunities available in housing, agriculture, ICT and power, and the role of the capital markets in unleashing the opportunities. It also featured the premiere of a SEC-produced movie on the merits of savings and investing titled 'Breeze'. The event was held on 31<sup>st</sup> October 2011



- vii. *Supporting the Nigerian Stock Exchange:* We continued our support to this most visible symbol of the Nigerian capital market, to address structural weaknesses. We also oversaw the appointment of a new management team in 2011. In addition, the Commission inaugurated a committee to develop a roadmap for the demutualization of the NSE. The Committee's report will be submitted in the first quarter of 2012. SEC also received support from the multilateral initiative FIRST to host a consultant that complemented the work of the Industry Committee on Demutualization.
- viii. *Introduction of New Products:* The Commission approved the launch of the first Exchange Traded Funds (ETFs) in West Africa, which was floated on the floor of the NSE on 19th December 2011 in a bid to enrich the product offerings on the floor of the Exchange.
- ix. *New Rules and Regulations:* Within the period, 68 new rules and amendments to regulations were made while the proposed manual for the Anti-Money Laundering (AML) / Counter Terrorism Financing (CTF) for capital market operators was gazetted.
- x. Increase in the frequency of our On-site and Off-site Inspection of fund managers in addition to enhancements in the degree of scrutiny and the implementation of the SEC directive that funds should be transferred to custodians better safeguarded investor assets.
- xi. *Adoption of International Financial Reporting Standard (IFRS):* In view of the fact that 2012 is the migration year stipulated by government for IFRS in Nigeria, the Commission in 2011 continued to invest enormous resources to ensure a seamless transition by public companies. The Commission in collaboration with other stakeholders such as the Financial Reporting Council of Nigeria (FRC) has put in place necessary measures to build required capacity in this regard. The Commission is also working with the World Bank to organize IFRS clinics for the purpose of providing technical support to public companies. The Commission is also contributing physical facilities to ensure the immediate takeoff of the IFRS academy sponsored by the FRC to urgently address the dearth of IFRS skills in Nigeria. The Nigerian Capital Market Institute was approved for the proposed IFRS Academy.



## **Outlook for 2012**

Given the economic transformation efforts of the Federal Government, we are optimistic that our market development and regulatory functions will start to yield positive results in 2012, in terms of the performance of the equities and fixed income markets. We anticipate increased participation by foreign institutional investors with increased net inflow given the positive growth forecast for the economy and the expectation that the market will yield higher returns..

With respect to regulation, we plan to enhance the migration to electronic based platforms covering registration and rendition of returns. Undoubtedly, the increased use of technology will enhance operational efficiency and facilitate remote real-time monitoring of developments in the market. We anticipate that the new platforms will catalyze development of more sophisticated investment instruments and corresponding analytical and risk management tools.

We will sustain and improve our surveillance systems and further build capacity to increase the effectiveness of our enforcement mechanisms. We will broaden the ambit of our strategic partnerships to enhance our understanding of current market dynamics for guided and appropriate regulatory response. The thrust of our outreach programme in 2012 will remain to strengthen investor understanding of the risks and benefits of investing. We are optimistic that increased financial literacy will drive investor participation and protection.

## **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, the National Assembly, 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.

**Ms Arunma Oteh**  
**Director-General**



## BOARD OF THE COMMISSION



**Senator Udoma Udo Udoma**  
Chairman



**Ms Arunma Oteh**  
Director-General



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



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



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



**Alhaji Yahya Ali**  
Non-Executive Commissioner



**Mrs Aderonke Fatade**  
Non-Executive Commissioner

**Mr. Danladi I. Kifasi**  
Permanent Secretary,  
Rep. Federal Ministry of Finance



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



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



## EXECUTIVE MANAGEMENT



**Ms Arunma Oteh**  
Director-General



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



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



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



## HEADS OF DEPARTMENT



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



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



**Mr Moses A Isiaku**  
Director/HOD, Registration and  
Recognised Investment Exchanges



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



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



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



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



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



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



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



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

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



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

**Mrs. Maryam Sallau**  
Deputy Director/Head,  
Kaduna Zonal Office



**Mr Ibrahim Bolaji Bello**  
Director/HOD,  
Administration/Transformation

**Mrs. U. Molokwu**  
Deputy Director/Head,  
Lagos Zonal office

**Mr O E M Elujekor**  
Deputy Director/HOD,  
Enforcement & Compliance (E&C)



**Mr. D. A. Ibrahim**  
Assistant Director/Head,  
Maiduguri Zonal Office



**Mr. B. E. Achibong**  
Deputy Director/Head,  
Onitsha Zonal Office

**Mr. Nestor Ikeagu**  
Assistant Director/head,  
Ibadan Zonal Office

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



## STAFF SUMMARY

The Commission had 574 staff as at 31<sup>st</sup> December, 2011 as categorized below:

### Number of Staff according to cadre

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

### Number of Staff by Position and Location

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



12.	Clerk I	37	23	14
13.	Clerk II	17	12	5
14.	Clerk III	32	21	11
15.	Clerk	13	10	3
	TOTAL			<b>574</b>

In addition, the following categories of personnel also served in the Commission during the year:

National Youth Service Corp Members	-	62
Industrial Trainees	-	63



# **SECTION 2**

## **▪ OPERATIONAL ACTIVITIES**



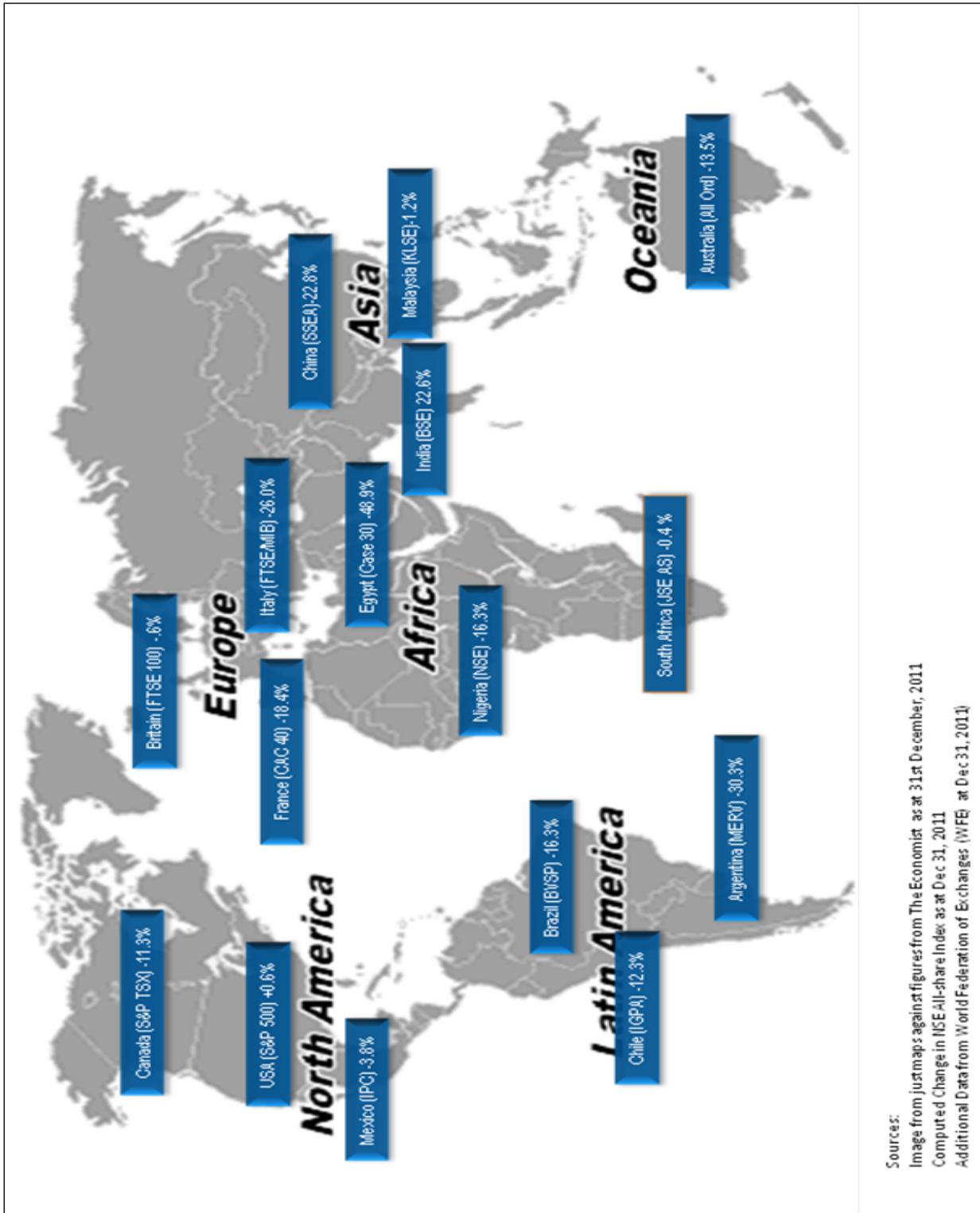
## Overview of the Market

The eurozone debt crisis and the down grading of the US debt credit rating by Standard and Poors from AAA to AA generated attention in 2011 and exerted significant impact on the global market performance. Consequently, high volatility was experienced in the global stock market.

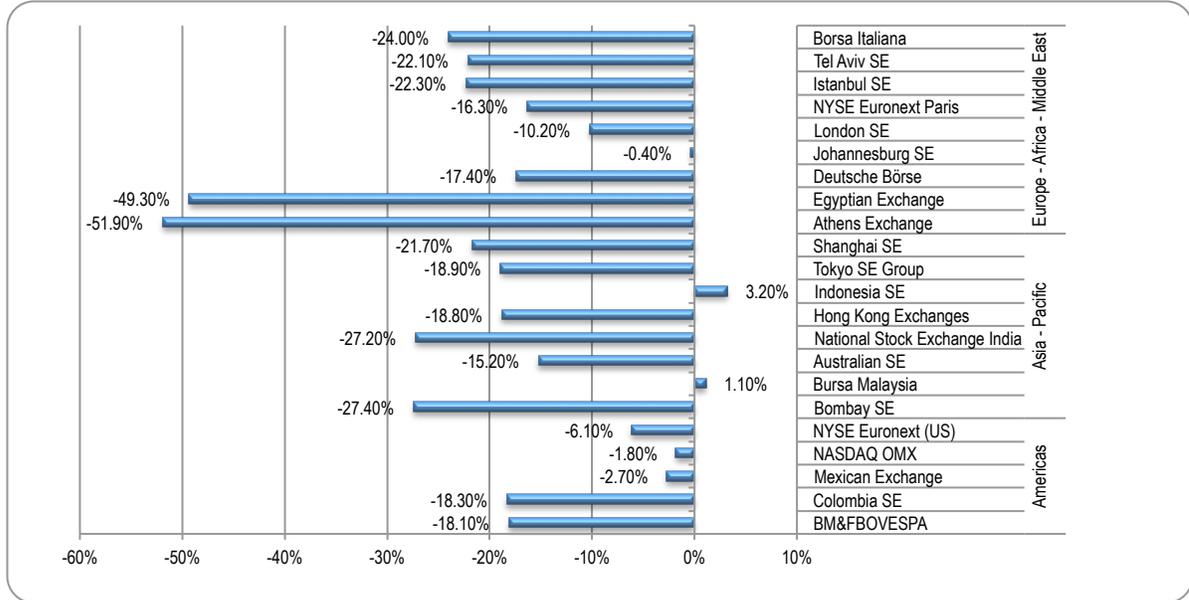
The broad indices of some of the exchanges around the world recorded declines in 2011. The Columbia Stock Exchange and Brazil's BM&F BOVESPA, recorded declines slightly above 18% while the exchanges in India (Bombay and NSE) scored declines of above 27%, Shanghai Stock Exchange, China (21.7%), Tokyo Stock Exchange, Japan (18.9%) and Hong Kong Exchange (18.8%). Among the exchanges selected from the Europe-Africa-Middle East region, Athens, Greece and Egyptian Exchanges recorded the most declines of 51.9% and 49.3% respectively while the Johannesburg Stock Exchange of South-Africa recorded a marginal decline of 0.40%.



## Comparison of Market Index across various regions in 2011



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



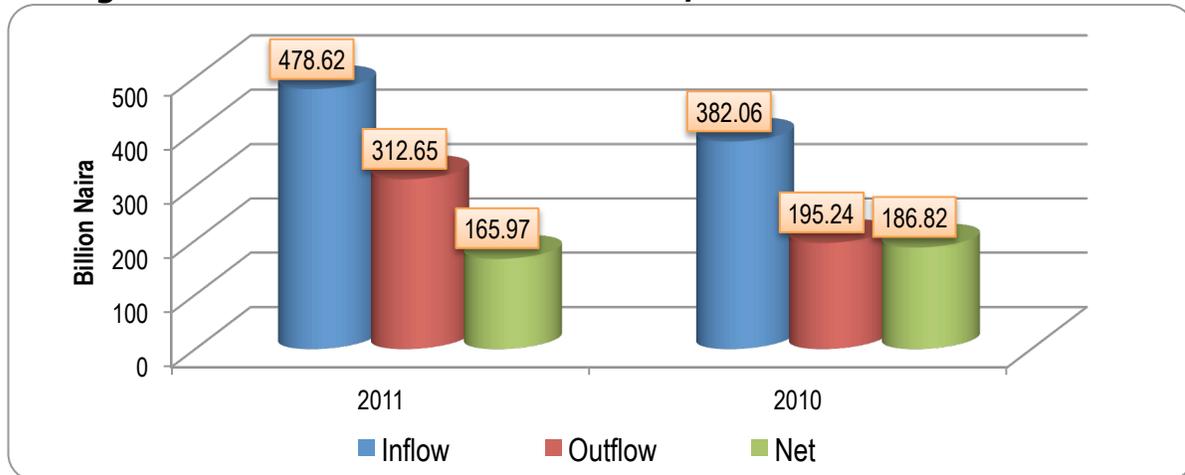
Source: World Federation of Exchanges

The performance of The Nigerian Stock Exchange (NSE) in 2011 followed the global trend with the All Share Index (ASI) and equity market capitalization recording declines of 16.31% and 17.70% respectively. In the same vein, market turnover fell by 2.02% and 19.23% in volume and value respectively.

A review of the net inflow of foreign portfolio investment into the Nigerian capital market showed a decline of N20.85 billion (11.16%) over the position in 2010, which was as a result of portfolio managers efforts to cover their positions in the US and Eurozone. A total of N312.65 billion was divested in 2011, representing 65.32% of the total inflow of N478.62 billion while N195.24 billion (51.10%) was divested in 2010 from the total inflow of N382.06 billion (See chart below).



## Foreign Portfolio Investment Inflow 2010/2011



Source: The NSE

Other key factors which accounted for the poor performance of the Nigerian market in 2011 include local investors' apathy for the equity market, absence of loan facilities, margin loan overhang on stockbrokers, hike in money market rates and the security issues in the country. Confidence in the market was further eroded following the total loss of investments in three (3) banks namely, Afribank, Bank PHB and Spring Bank, taken over by the government.

However, primary market activities in 2011 compared favorably with the position in 2010 as the number and value of issues floated appreciated by 6.78% and 45.38% respectively. The offers included equity placements of N854 billion to Asset Management Corporation of Nigeria (AMCON) by two banks and bonds worth N17.62 billion issued to institutional investors by AMCON. Details of activities in the market are given below.

## THE PRIMARY MARKET

In 2011, the Commission registered eleven (11) Medium Term Notes (shelf registration). This comprises six (6) corporate, four (4) sub-national worth N319 billion and one (1) agency bond programmes worth N4.5 trillion by AMCON to purchase Non-Performing Loans (NPLs) of banks.

On the whole, the Commission registered thirty five (35) new issues valued at N1.285 trillion. The Debt Management Office (DMO), on behalf of the Federal Government of Nigeria (FGN), also auctioned twenty eight (28) bonds worth N791.27 billion. Consequently, the total number and value of new issues in 2011, stood at sixty three (63) valued at N2.08 trillion as against fifty nine (59) issues valued at N1.43 trillion in 2010.



In addition, the Commission registered bonus issues of twenty four (24) companies as well as approved the registration of existing shares of fourteen (14) companies. It also cleared allotment proposals of eighteen (18) entities during the year under review.

#### SUMMARY OF NEW ISSUES IN 2010 AND 2011 BY TYPE OF OFFER

Mode of Offer	No. of Issues		Value of Shares (N' B)	
	2010	2011	2010	2011
Rights	5	7	46.09	54.45
Special Placements	7	10	74.25	161.37
Preference Shares	0	1	0.00	8.44
Placements to AMCON*	-	2	-	854.02
<b>Total Equities</b>	<b>12</b>	<b>20</b>	<b>120.34</b>	<b>1,078.28</b>
Corporate Bond	5	9	76.24	70.26
Commercial Loan Stock	1	-	1.05	-
Agency Bond (AMCON)**	-	1	-	17.62
Sub-national Bonds	5	5	157.50	119.00
FGN Bonds	36	28	1,073.12	791.27
<b>Total Debt</b>	<b>47</b>	<b>43</b>	<b>1,307.91</b>	<b>998.15</b>
<b>Overall</b>	<b>59</b>	<b>63</b>	<b>1,428.25</b>	<b>2,076.43</b>

Source: SEC, DMO

\*By Intercontinental Bank Plc and Union Bank Nig. Plc

\*\*Cash backed issuance

#### Equities/Preference Shares

A total of eighteen (18) regular equities valued at N224.26 billion were registered in 2011 as against twelve (12) issues valued at N120.34 billion in the preceding year, an improvement of 50% in number of issues and 86.36% in value. The issues in 2011 consist of six (6) rights offers, ten (10) special placements and one (1) preference share.

In a bid to restore their Net Asset Value to zero, two (2) banks also placed with AMCON equities worth about N854 billion in the period under review. The banks were Intercontinental Bank Plc (N548.35 billion) and Union Bank Nigeria Plc (N305.67 billion).



The tables below show details of new equity issues in 2011.

**NEW ISSUES IN 2011 (EQUITIES)**

<b>Issuer</b>	<b>Issue Type</b>	<b>Offer Prices (N)</b>	<b>Volume</b>	<b>Value(N)</b>
Mutual Benefit Assurance Plc	Placement	0.60	2,265,483,380	1,359,290,028.00
Union Venture & Petroleum Plc	Placement	0.52	70,000,000	36,400,000.00
Premier Breweries Plc	Rights	1.00	869,680,940	869,680,940.00
Great Nigeria Insurance Plc	Placement	1.71	2,327,485,380	3,979,999,999.80
IHS Nigeria Plc	Placement	2.25	5,199,955,556	11,699,900,001.00
GT Bank Plc	Placement	16.09	290,528,278	4,674,599,993.02
Sovereign Trust Insurance Plc	Rights	0.50	1,734,585,755	867,292,877.50
Neimeth Int'l Pharm. Plc	Rights	1.50	821,576,716	1,232,365,074.00
Flour Mills of Nigeria Plc	Rights	62.00	455,566,222	28,245,105,764.00
Food Concept Plc	Placement	2.50	780,000,000	1,950,000,000.00
BGL Plc	Placement	4.00	3,000,000,000	12,000,000,000.00
Intercontinental Bank Plc	Placement	3.33	15,000,000,000	49,950,000,000.00
Intercontinental Bank Plc	Placement to AMCON	182.783	3,000,000,000	548,349,000,000.00
International Breweries Plc	Rights	5.08	1,479,040,276	7,513,524,602.08



Oasis Insurance Plc	Placement	0.50	1,500,000,000	750,000,000.00
Union Bank Nig. Plc	Placement to AMCON	90.05	3,394,407,265	305,666,374,213.25
Union Bank Nigeria Plc	Rights	6.81	1,407,291,667	9,583,656,252.27
IHS Nigeria Plc	Preference Shares	3.08	2,738,696,055	8,435,183,849.40
Consolidated Breweries Plc	Rights	62.00	99,140,625	6,146,718,750.00
Union Bank Nig. Plc	Placement	6.81	11,008,274,206	74,966,347,342.86
<b>Total</b>			<b>57,441,712,321</b>	<b>1,078,275,439,687</b>

Source: SEC

## BONDS

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

### **BOND-- Medium Term Notes (Shelf Registration)**

<b>S/N</b>	<b>ISSUER</b>	<b>PURPOSE</b>	<b>AMOUNT (N)</b>
1	Food Concept SPV Plc	Repayment of loan facility, outlets/Restaurant/Bakery expansion and Working Capital	10,000,000,000
2	IHS Nigeria Plc (Preference shares)	To position IHS as a market leader in the telecommunication infrastructure sector across the continent/to acquire and build more collocation sites in Nigeria and abroad.	8,000,000,000



3	Dana Group of Companies Plc	For general purposes including but not limited to refinancing of borrowings, capital expenditure and working capital augmentation.	36,000,000,000
4	Niger State Govt. Revenue Bond	To finance various developmental projects.	30,000,000,000
5	Lafarge Cement Nig Plc	To refinance the existing loan facility on Lakatabu Expansion Project.	50,000,000,000
6	Nigerian Aviation Handling Co. Plc	For procurement of equipment, Acquisition of Ground Handling Assets, Refinancing/Repayment of existing bridge facilities, building of additional warehouse, ICT and working capital needs.	5,000,000,000
7	Delta State Govt. Revenue Bond	To finance Development projects.	100,000,000,000
8	Ekiti State Govt.	To Finance developmental projects	25,000,000,000
9.	Ondo State Govt.	To Finance development projects	50,000,000,000
10.	Vital Product Ltd	Refinancing	5,000,000,000
	<b>Total</b>		<b>319,000,000,000</b>

### Corporate Bonds

S/N	Issuer	Offer price	Value (NBillion)	Purpose	Coupon Rate	Rating of Bond	Year of Maturity
1	<b>Dana Group of Companies Plc</b>	At par	9B (1 <sup>st</sup> tranche)	Refinance outstanding obligations, Capital Expenditure and Augmenting Working Capital	MPR+7%	A-	2018
2	<b>Tower funding Plc</b>	At par	3.6B	Borrowing/advancing funds to tower companies	MPR+7%	A-	2018
3	<b>Tower funding Plc</b>	At par	1B	Borrowing/advancing funds to tower companies	MPR+5.25%	A-	2018



4.	<b>Lafarge (WAPCO ) Nig. Plc</b>	At par	20B	Refinancing of the existing facilities	11.5%	AA- A+	2014
5	<b>Sterling Bank Plc</b>	At par	7.5B	The offer is to enable the Bank expand its business operations and remain relevant in the evolving and dynamic financial services industry.	13%		2018
6	<b>Nigerian Aviation Handling Co. Plc</b>	At par	2B	Refinancing and repayment of the existing facilities, procurement of equipment, acquisition of ground of handling assets, building of warehouse, ITC and working capital	13%	Aa A-	2016
7	<b>UBA Plc</b>	At par	35B	Expansion of distribution channels and Loan growth	14%	A A	2018
8.	<b>Challerams Plc</b>	At par	.540B	Investment in associated companies and repayment of loans	MPR+5%	Bbb-	2019
9.	<b>Vital Products Plc</b>	At par	.550B	Repayment of loan and capacity expansion	MPR+5%	A-	2017
	<b>Total</b>		<b>79.19B</b>				

### Sub-National Bonds

S/N	Issuer	Offer price(N)	Value (NBillion)	Purpose	Coupon Rate	Rating	Year of Maturity
1	Benue State Government of Nigeria	1,000	13B	Refinance existing debt obligations, Road Construction and Rehabilitation, Water projects and Construction of a	14%		2016



				Teaching Hospital for Benue State University			
2	Niger State Govt.	1,000	9B	Construction of Roads etc	14%		2018
3	Delta State Govt.	1,000	50B	Finance developmental projects	14%	A+ A+	2018
4	Ekiti State Govt.	1,000	N20B	Finance developmental projects	14.5%	A A-	2018
5	Ondo State Govt.	1,000	N27B	Finance developmental projects	15.5%	A- A	2018
	<b>Total</b>		<b>119B</b>				

### Agency Bond (AMCON)

S/N	Company	Coupon Rate	Year of Maturity	Amount (N)	Purpose
1	AMCON (Series 1 Tranche i)	10.125%	2013	N1.14 Trillion under N4.5 Trillion programme	Swap of Initial Consideration bond(Book Building Shelf Registration)
2	AMCON(Series 1 Tranche ii)	11.8%	2014	N17.6 Billion	Consideration for acquisition of additional EBA's and EFI's(Book Building Shelf Registration)
3	AMCON(Series 1 Tranche iii)	11.8%	2014	N516 Billion	Working Capital for AMCON(Shelf Registration)
4	AMCON (Series iii)	10.5%	2014	N88.8 Billion	Swap of the Subscription Consideration Bond Issued 27/9/11
5	AMCON (Series iv)	13.0%	2014	N1.36 Trillion	Swap of the Subscription Consideration Bond Issued 12/10/11



6	AMCON (Series ii)	10.5%	2014	N417.2 Billion	Swap of the Subscription Consideration Bond Issued 8/8/11
7	AMCON (Series v)	13%	2014	N787.3	Swap consideration Bonds and adjustments to non performing loans
	<b>Total</b>			<b>N5.28 Trillion</b>	

## REGISTRATION OF EXISTING SECURITIES IN 2011

A total of fourteen (14) existing securities valued at 25,444,778,475.13 registered as shown below:

	<b>EXISTING SECURITIES</b>			
	<b>Company</b>	<b>Nominal Price (k)</b>	<b>Volume (Unit)</b>	<b>Value (Naira)</b>
1.	Oando Marketing Plc	50k	350,000,000	175,000,000.00
2.	Antonio Oil Plc	50k	2,451,115,210	1,225,557,605.00
3.	Dana Group of Companies Plc	50k	20,000,000	20,000,000.00
4.	Property Gate Dev. & Investment Plc	50k	240,150,000	240,150,000.00
5.	Pinnacle Point Group Plc (R0.0001/ share)	50k	2,426,839,598	1,213,419,799.00
6.	Austin Laz & Co. Plc	50k	1,079,860,000	539,930,000.00
7.	Onward Paper Mill Plc	50k	700,000,000	350,000,000.00
8.	Starcomms Plc	50k	343,923,905	171,961,952.50
9.	Golden Capital Plc	50k	1,170,324,525	585,162,262.50
10.	Ecobank Transnational Inc. (US\$0.025)	50k	2,488,687,783	9,643,665,159.13
11.	BGL Plc	50k	12,000,000,000	6,000,000,000.00
12.	Crystalife Assurance Plc	50k	5,785,278,698	2,892,639,349.00
13.	Vital Products Plc	50k	1,823,084,076	911,542,038.00
14.	Partnership Investment Company Plc	50k	2,951,500,620	1,475,750,310.00
	<b>TOTAL</b>			<b>25,444,778,475.13</b>



## REGISTRATION OF BONUS ISSUES

A total of twenty five (25) bonus issues valued at N10, 213,759,048.50 were registered as shown below:

	COMPANY	Nominal Price	Volume (Unit)	Value (Naira)	Bonus Ratio
1.	Northern Nig. Flour Mills Plc	50K	29,700,000	14,850,000.00	1 for 5
2.	Ashaka Cement Plc	50K	248,828,250	124,414,125.00	1 for 8
3.	UACN Plc	50K	320,144,064	160,072,032.00	1 for 4
4.	Academy Press Plc	50K	100,800,000	50,400,000.00	1 for 3
5.	7-up Bottling Company Plc	50K	128,118,073	64,059,036.50	1 for 4
6.	University Press Plc	50K	71,901,586	35,950,793.00	1 for 5
7.	Royal Exchange Plc	50K	508,184,698	254,092,349.00	1 for 8
8.	Niger Insurance Plc	50K	869,181,589	434,590,794.50	1 for 5
9.	Geo-Fluids Plc	50K	266,104,219	133,052,109.50	1 for 5
10.	GT Bank Plc	50K	5,829,296,442	2,914,648,221	1 for 4
11.	United Bank for Africa Plc	50K	6,466,938,739	3,233,469,369.50	1 for 4
12.	Friesland Campina Wamco Plc	50K	97,633,574	97,633,574.00	1 for 4
13.	Union Diagnostic & Clinical Service Plc	50K	592,189,755	296,094,877.50	1 for 5
14.	Onward Paper Mills Plc	50K	99,999,999	49,999,999.50	1 for 7
15.	Nestle Nigeria Plc	50K	132,109,376	66,054,688.00	1 for 5
16.	Oando Plc	50K	452,542,314	226,271,157.00	1 for 4
17.	Unity Bank Plc	50K	1,664,358,862	832,179,431.00	1 for 20
18.	R. T. Briscoe Plc	50K	163,382,469	81,691,234.50	1 for 5
19.	Transnationwide Express Plc	50K	66,273,255	33,136,627.50	1 for 2
20.	Niger Delta Exploration & Prod. Plc	50K	36,910,997	369,109,970.00	1 for 3
21.	Niger Insurance Plc	50K	521,508,952	260,754,476.00	1 for 10
22.	Prestige Assurance Plc	50K	358,330,777	179,165,388.50	1 for 6
23.	Academy Press Plc	50K	100,800,000	50,400,000.00	1 for 4
24.	PZ Cussons Nigeria Plc	50K	794,095,409	397,047,704.50	1 for 4
25.	Royal Exchange Plc	50K	508,184,698	254,092,349.00	1 for 5
	<b>Total</b>		<b>20,427,518,097</b>	<b>10,213,759,048.5</b>	



## ALLOTMENTS CLEARED IN 2011

The following allotments were cleared in the year under review:

- Six (6) Special placements of 12,969,530,000 units of shares valued at ₦69,170,000,000.00
- Three (3) Rights Issue of 4,214,092,684 units of shares valued at ₦2,541,886,812.00
- Nine (9) Bond allotment schedules valued at ₦170,660,000,000.00

<b>Special Placement</b>						
S/NO	Issuer	Offer Price(N)	Volume	Value (N)	Level of Subscription	Amount Capitalised(N)
1.	Mutual Benefit Assurance Plc	0.60	2,265,483,380	1,359,290,028.00	100.00%	1,359,290,028.00
2.	Great Nigeria Insurance Plc	1.71	2,327,485,380	3,979,999,999.80	100.00%	3,979,999,999.80
3.	GT Bank Plc	16.90	290,528,278	4,674,599,993.02	100.00%	4,674,599,993.02
4.	BGL Plc	4.00	3,000,000,000	12,000,000,000.00	100.00%	12,000,000,000.00
5.	Intercontinental Bank Plc				100.00%	
6.	Oasis Insurance Plc	0.50	1,500,000,000	750,000,000.00		750,000,000.00
	<b>Total</b>		<b>12,969,530,000</b>	<b>69,170,000,000</b>		
<b>Rights Issue</b>						
1.	STACO Insurance Plc	0.50	1,609,825,989	804,912,994.50	51.48%	414,369,209.57
2.	Premier Breweries Plc	1.00	869,680,940	869,680,940.00	100.00%	869,680,940.00
3.	Sovereign Trust Insurance Plc	0.50	1,734,585,755	867,292,877.50	96.16%	833,988,831.00
	<b>Total</b>		<b>4,214,092,684</b>	<b>2,541,886,812</b>		
<b>Bond</b>						
1.	Flour Mills of Nig. Plc	1,000.00	37,500,000	37,500,000,000.00	100.00%	37,500,000,000.00
2.	Chellarams Plc	1.00	1,500,000,000	1,500,000,000.00	100.00%	1,500,000,000.00
3.	DANA Group of Companies Plc	1.00	8,010,000,000	8,010,000,000.00	100.00%	8,010,000,000.00
4.	NAHCO Plc	1,000.00	2,150,000	2,150,000,000.00	100.00%	2,150,000,000.00
5.	Delta State Government	1,000.00	50,000,000	50,000,000,000.00	100.00%	50,000,000,000.00
6.	Niger State Government	1,000.00	9,000,000	9,000,000,000.00	100.00%	9,000,000,000.00
7.	UBA Plc	1,000.00	35,000,000	35,000,000,000.00	100.00%	35,000,000,000.00
8.	Ekiti State Government	1,000.00	20,000,000	20,000,000,000.00	100.00%	20,000,000,000.00
9.	Sterling Bank Plc	1,000.00	7,500,000	7,500,000,000.00	60.83%	4,562,250,000.00
	<b>Total</b>		<b>9,671,150,000</b>	<b>170,660,000,000</b>		



<b>Special Placement</b>					
<b>S/NO</b>	<b>Issuer</b>	<b>Offer Price(N)</b>	<b>Volume</b>	<b>Value (N)</b>	<b>Subs</b>
1.	Mutual Benefit Assurance Plc	0.60	2,265,483,380	1,359,290,028.00	1
2.	Great Nigeria Insurance Plc	1.71	2,327,485,380	3,979,999,999.80	1
3.	GT Bank Plc	16.90	290,528,278	4,674,599,993.02	1
4.	BGL Plc	4.00	3,000,000,000	12,000,000,000.00	1
5.	Intercontinental Bank Plc				1
6.	Oasis Insurance Plc	0.50	1,500,000,000	750,000,000.00	
	<b>Total</b>		<b>12,969,530,000</b>	<b>69,170,000,000</b>	
<b>Rights Issue</b>					
1.	STACO Insurance Plc	0.50	1,609,825,989	804,912,994.50	
2.	Premier Breweries Plc	1.00	869,680,940	869,680,940.00	1
3.	Sovereign Trust Insurance Plc	0.50	1,734,585,755	867,292,877.50	
	<b>Total</b>		<b>4,214,092,684</b>	<b>2,541,886,812</b>	
<b>Bond</b>					
1.	Flour Mills of Nig. Plc	1,000.00	37,500,000	37,500,000,000.00	1



2.	Chellarams Plc	1.00	1,500,000,000	1,500,000,000.00	1
3.	DANA Group of Companies Plc	1.00	8,010,000,000	8,010,000,000.00	1
4.	NAHCO Plc	1,000.00	2,150,000	2,150,000,000.00	1
5.	Delta State Government	1,000.00	50,000,000	50,000,000,000.00	1
6.	Niger State Government	1,000.00	9,000,000	9,000,000,000.00	1
7.	UBA Plc	1,000.00	35,000,000	35,000,000,000.00	1
8.	Ekiti State Government	1,000.00	20,000,000	20,000,000,000.00	1
9.	Sterling Bank Plc	1,000.00	7,500,000	7,500,000,000.00	
	<b>Total</b>		<b>9,671,150,000</b>	<b>170,660,000,000</b>	

## THE SECONDARY MARKET

The hope of a quick recovery in 2011 given the trends in 2010 was not realized owing to developments during the year. At the end of 2011, equities market capitalization declined to N6.5 trillion (\$43.06 billion) and the NSE All Share Index fell to 20,730.63, representing a 17.70% and 16.31% dip respectively from the closing figures of 2010. Similarly, the total trading value dropped to N634.92 billion (\$4.18 billion) representing a 20.39% decrease from N797.5 billion (\$5.38 billion) recorded in 2010. Average daily transaction also declined by N2.58 billion in 2011, a drop from the 2010's daily average of N3.23 billion. At year-end 2011, the market capitalization of all 201 listed equities – 198 stocks and 3 preference stocks – accounted for 63.62% of total market capitalization, while in 2010, 217 listed equities accounted for 76.67% of the total market capitalization.

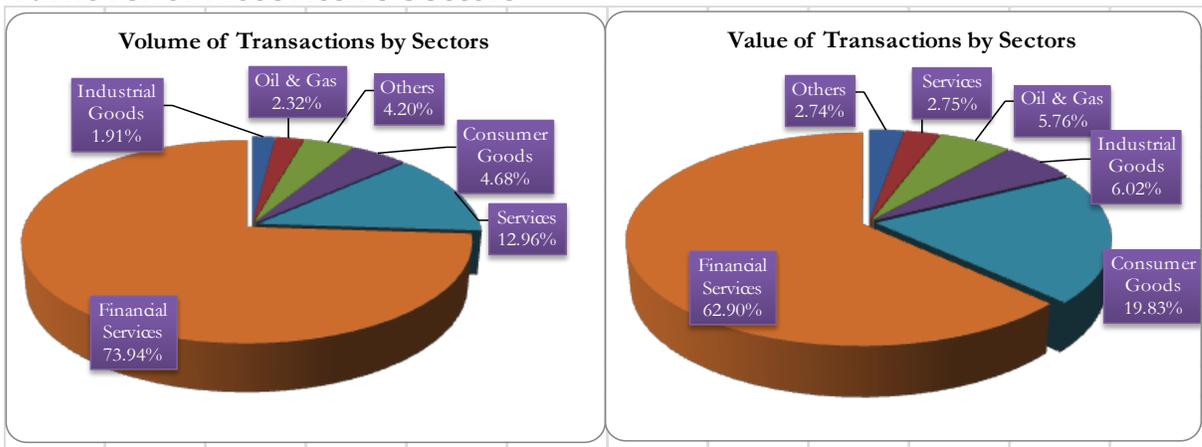


## Highlight of Secondary Market activities (2010 – 2011)

	2010	2011	% Change
Total Market Capitalization	N10.33 trillion	N10.28 trillion	(0.48)
Market Cap. (Equities)	N7.94 trillion	N6.53 trillion	(17.70)
NSE All Share Index	24,770.52	20,730.63	(16.31)
Total Volume (units)	93.34 billion	89.58 billion	(4.03)
Total Value	N797.55 billion	N634.92 billion	(20.39)
Avg. Daily Vol.(units)	377.87 million	364.15 million	(3.63)
Avg. Daily Value	N3.23 billion	N2.58 billion	(20.12)
Turnover Ratio	12.51	8.36	(33.17)
No. of Listed Companies	217	198	(8.76)
No. of Listed Equities	220	201	(8.64)
No. of Listed Bonds	44	48	9.09
No. of Listed ETFs	0	1	
No. of Listed Securities	264	250	(5.30)
No. of Trading Days	247	246	
Avg. Exchange Rate (Naira:USD)	148.31	151.82	

Source: Nigerian Stock Exchange

## Turnover of Most Active Sectors



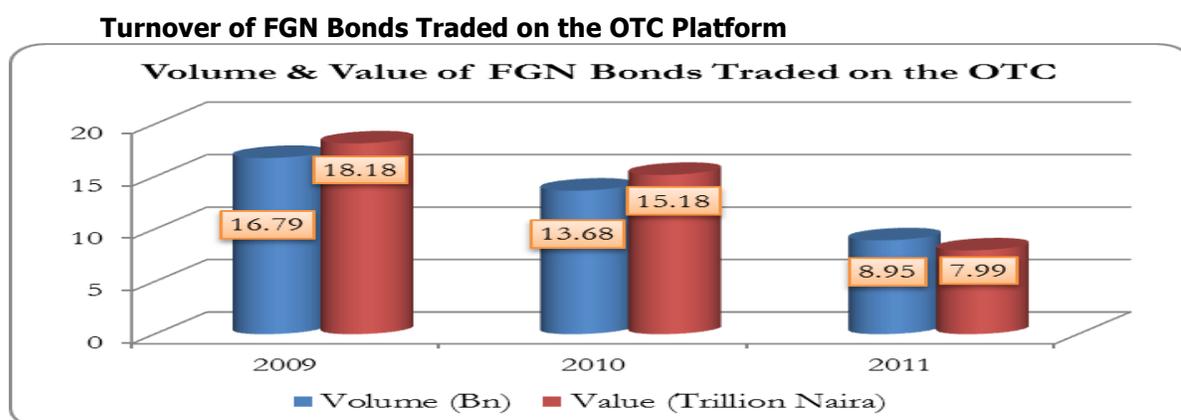


The bulk of the transactions came from the Financial Services sector as shown on the chart above. The sector controlled about 74% and 63% of the total volume and value respectively of securities traded for the year. It recorded the sale of over 67.62 billion units of securities of 62 equities worth N405.19 billion.

In terms of volume of transaction, the Services sector was second with 12.96% while in value terms, Consumer Goods sector was second behind Financial Services as it controlled 19.83% of total value of transactions.

### FGN Bonds Traded Over-The-Counter (OTC):

Secondary transactions of FGN bonds recorded on the OTC platform in 2011 were 34.58% and 47.40% lower in volume and value compared to the figures in 2010. This level of decline was higher than 2010 position when the volume and value fell by 18.54% and 16.49% respectively when compared with the figures in 2009.



As shown above, the figures of transactions in 2011 showed decline in unit prices of traded bonds on the average as the face value stood higher than the amount exchanged; bonds with face value of over N8.94 trillion were exchanged for about N7.99 trillion. This was not the case from 2006 when transaction commenced on this platform.

### Trading Statistics of the FGN Bonds (2006 – 2011)

PERIOD	DEALS	VOLUME (UNIT)	FACE VALUE (N)	CONSIDERATION (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



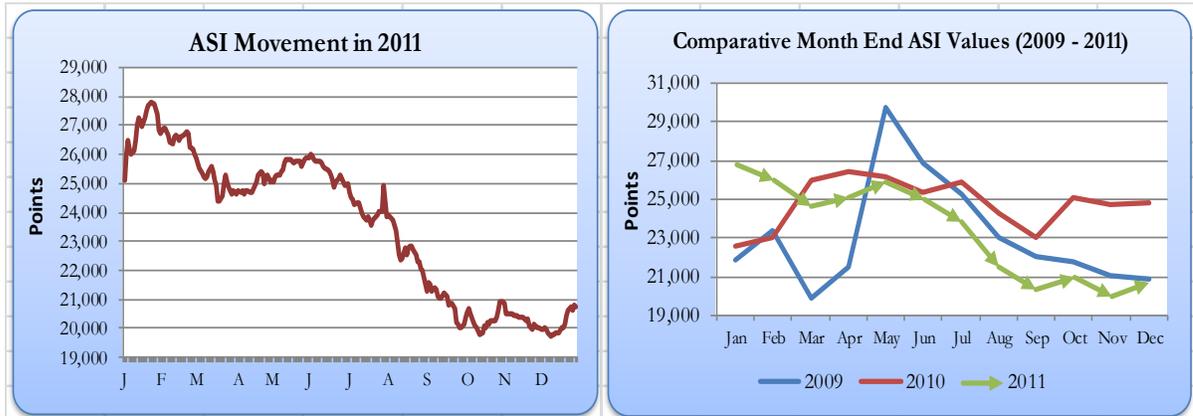
2008	80,135	10,090,235,806	10,090,235,806,000	10,186,249,772,740.10
2009	132,374	16,789,262,632	16,789,262,632,000	18,178,582,784,463.00
2010	135,874	13,677,151,766	13,677,151,766,000	15,180,059,115,174.60
2011	65,319	8,947,633,081	8,947,633,081,000	7,985,206,943,430.96
<b>TOTAL</b>	<b>449,425</b>	<b>54,036,979,134</b>	<b>54,036,979,134,000</b>	<b>56,278,672,860,403.00</b>

Source: CSCS

## Price Indices

The NSE All-Share Index (ASI), closed the year at 20,730.63 points to record a decline of 16.31% compared to 24,770.50 points witnessed in 2010 year end. The index position was favorable in 2010 when it recorded the appreciation of 18.93%.

## NSE All-Share Index Trends



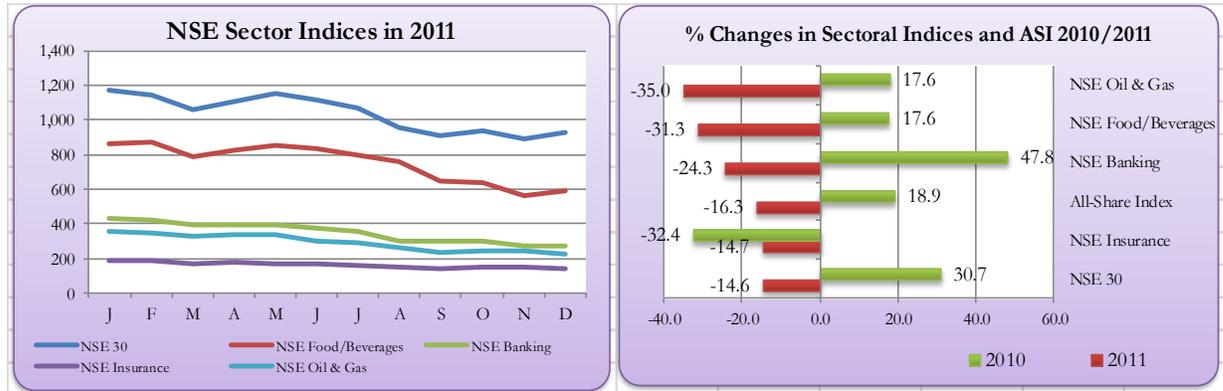
As depicted above, the indicator showed volatility all through the year with a declining trend observed in the second half of the year, a position similar to the market performance in 2009. The poor performance of the market in the second half of 2011 was attributed to further erosion of confidence following the nationalization of three (3) failed banks, Afribank Plc, Bank PHB Plc and Spring Bank Plc, resulting in total loss of investments by investors. This was further compounded by hike in Monetary Policy Rate (MPR), which might have induced portfolio shift from equity to bonds and money market instruments, and a decrease in foreign portfolio inflow following heightened concerns about the euro zone debt crisis.



### NSE Sector Indices:

The five sector indices, NSE 30, NSE Food/Beverages, NSE Banking, NSE Insurance and NSE Oil & Gas, also showed declines and volatility in 2011. While NSE 30 and NSE Insurance performed better than the ASI with declines of 14.6% and 14.7% respectively, NSE Banking, NSE Food/Beverages and NSE Oil & Gas were worse than the ASI with declines of 24.3%, 31.3% and 35.0% respectively, as shown below.

### The Trend of NSE Sector Indices



### The ASI and NSE Sector Indices (Points) at the end of each Month in 2011

Month	NSE 30	NSE Food/Beverages	NSE Banking	NSE Insurance	NSE Oil & Gas	ASI
January	1,173.10	859.62	430.31	187.83	352.84	26,830.67
February	1,138.79	871.84	424.20	184.85	346.89	26,016.84
March	1,062.32	784.84	392.24	169.17	329.44	24,621.21
April	1,108.18	822.11	392.45	175.14	334.07	25,041.68
May	1,153.75	850.24	397.24	167.68	334.61	25,866.62
June	1,110.15	829.17	370.34	168.59	299.38	24,980.20
July	1,064.22	796.56	352.30	159.79	293.24	23,826.99
August	955.39	756.76	302.02	148.03	258.27	21,497.61
September	912.62	643.34	295.45	139.78	230.43	20,373.00



October	931.96	633.41	300.10	151.41	245.34	20,934.96
November	891.16	557.52	273.68	145.83	245.15	20,003.36
December 2011	923.77	589.60	274.26	143.54	220.11	20,730.63
<b>As at Dec 2010</b>	<b>1,081.95</b>	<b>778.47</b>	<b>399.08</b>	<b>168.34</b>	<b>338.85</b>	<b>24,770.50</b>

Source: Compiled from The NSE Reports

### Gainers and Losers:

A review of price movement of equities in 2011 showed that there were twenty (23) gainers, one hundred and thirteen (113) price losers and sixty five (65) static prices. In 2010, sixty nine (69) price gainers, ninety five (95) losers and fifty three (53) static prices were recorded.

The top three gainers during the year were Roads Nigeria Plc (188.70%), Union Bank Nigeria Plc (152.38%) and Capital Hotel Plc (105.45%). The appreciation in share price of Union Bank Nigeria Plc was due to the consolidation of its shares to 2,533,125,000 from 13,509,726,273 units. This resulted in an upward adjustment of the bank's share price from N2.09 to N11.15 per unit. The unit share price of the bank however closed the year at N10.60.

### Price Gainers in 2011

S/N	Company	Price as at Dec 31, 2010 (N)	Price as at Dec 30, 2011 (N)	Gain	
				Naira	%
1.	Roads Nigeria Plc	3.01	8.69	5.68	188.70
2.	Union Bank NigPlc	4.20	10.60	6.40	152.38
3.	Capital Hotel Plc	3.30	6.78	3.48	105.45
4.	Champion Breweries Plc	2.23	4.03	1.80	80.72
5.	Okomu Oil Palm Company Plc	15.20	23.10	7.90	51.97
6.	Ncr (Nigeria) Plc.	6.94	9.31	2.37	34.15
7.	Goldlink Insurance Plc	0.50	0.67	0.17	34.00
8.	Guinness Nigeria Plc	190.56	250.00	59.44	31.19
9.	PrescoPlc	6.85	8.67	1.82	26.57
10.	Airline Services And Logistics Plc	1.72	2.17	0.45	26.16
11.	Nigerian Breweries Plc	77.10	94.42	17.32	22.46
12.	Nestle Nigeria Plc	368.55	445.66	77.11	20.92
13.	7-Up Bottling Co. Plc	39.00	46.47	7.47	19.15
14.	Transnational Corporation Of	0.50	0.57	0.07	14.00



	Nigeria Plc				
15.	Livestock Feeds Plc	0.65	0.72	0.07	10.77
16.	Abbey Building Society Plc	1.33	1.44	0.11	8.27
17.	Unilever Nigeria Plc	26.90	29.00	2.10	7.81
18.	Lafarge WapcoPlc	40.70	43.25	2.55	6.27
19.	Premier Breweries Plc	0.93	0.96	0.03	3.23
20.	Skye Shelter Fund	97.00	100.00	3.00	3.09
21.	Neimeth International Pharmaceuticals Plc	1.06	1.08	0.02	1.89
22.	Berger Paints Nigeria Plc	8.36	8.47	0.11	1.32
23.	Vono Products Plc	2.86	2.88	0.02	0.70

Source: Compiled from The NSE reports

Twenty (20) equities with the most price declines are captured on table below. The decline was led by Paints & Coatings Manufacturing Plc (84.52%), Diamond Bank Plc (74.40%) and Fidson Healthcare Plc (74.18%).

### Top 20 Price Losers

S/N	Company	Price as at Dec. 31, 2010 (N)	Price as at Dec. 30, 2011(N)	Loss	
				Naira	%
1	Paints & Coatings Manufacturing Plc	3.36	0.52	2.84	84.52
2	Diamond Bank Plc	7.50	1.92	5.58	74.40
3	Fidson Healthcare Plc	3.06	0.79	2.27	74.18
4	Cement Co. Of Northern Nigeria Plc	15.49	4.35	11.14	71.92
5	United Bank For Africa Plc	9.15	2.59	6.56	71.69
6	Dangote Sugar Refinery Plc	16.00	4.70	11.30	70.63
7	Dangote Flour Mills Plc	16.80	5.00	11.80	70.24
8	Dn Meyer Plc	3.51	1.07	2.44	69.52
9	OandoPlc	66.00	22.00	44.00	66.67
10	StarcommsPlc	1.44	0.50	0.94	65.28
11	Learn Africa Plc	7.30	2.95	4.35	59.59
12	Secure Electronic Technology Plc	1.88	0.76	1.12	59.57
13	Costain (Wa) Plc	6.49	2.66	3.83	59.01
14	C&I Leasing Plc	1.53	0.63	0.90	58.82
15	R. T. Briscoe (Nigeria) Plc	2.90	1.22	1.68	57.93
16	Chemical And Allied Products Plc	34.03	14.50	19.53	57.39
17	Ashaka Cement Plc	26.51	11.30	15.21	57.37
18	Skye Bank Plc.	8.80	3.84	4.96	56.36
19	Sterling Bank Plc	2.31	1.01	1.30	56.28
20	Wema Bank Plc	1.29	0.57	0.72	55.81



Source: Compiled from The NSE reports

## Market Capitalization

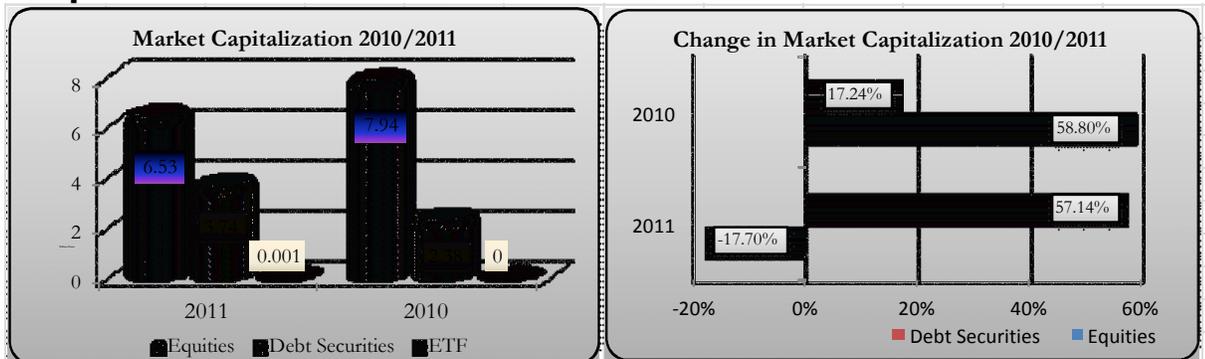
The market closed in 2011 with 250 listed securities and a total market capitalization of N10.28 trillion, (including the newly listed ETF) compared to 265 securities worth N10.32 trillion in 2010. This indicates a marginal decline of 0.47% as against a significant appreciation of 46.80% recorded in 2010. There was a considerable decline in the value of equity market capitalization which ended lower at N6.53 trillion with a loss of 17.70% compared to N7.94 trillion in 2010. The decline in equity market capitalization was not only as a result of the fall in prices of equities but also due to the de-listing of twenty (20) companies.

Three companies, (Fin Bank Plc, Intercontinental Bank Plc and Oceanic Bank Int'l Plc) were delisted as a result of acquisitions while three (Nigerian Bottling Company Plc, United Nigeria Textile Plc and Nampak Nigeria Plc) opted for de-listing as majority shareholders bought over the interest of the minority holders to revert the companies to Limited liability companies.

The other fourteen (14) companies were de-listed based on various regulatory issues (Afribank Nigeria Plc, Bank PHB Plc, Spring Bank Plc, Albarka Air Plc, Daily Times Plc, First Capital Inv. Trust, Flexible Packaging Plc, Foremost Diaries Plc, Krabo Nigeria Plc, Newpak Plc, Nigeria Cement Co. Plc, Okitipupa Oil Palm Plc, Tropical Petroleum Products Plc and Wiggins Teape Nigeria Plc).

The debt securities capitalization gained 57.14% to close the year at N3.74 trillion from N2.28 trillion in 2010. This was boosted by the listing of AMCON bonds worth about N1.7 trillion.

## Market Capitalization





### Market Capitalization by Sector

Sector	No. of Companies /Securities Listed	Market Capitalization (Naira)
<b>Alternative Securities Market (ASeM)</b>		
CONSTRUCTION/REAL ESTATE	1	46,800,000.00
CONSUMER GOODS	2	235,923,042.72
HEALTHCARE	1	12,449,425.00
INDUSTRIAL GOODS	1	213,758,977.50
NATURAL RESOURCES	1	3,325,000.00
OIL & GAS	4	3,000,617,717.54
SERVICES	2	559,262,811.04
	<b>12</b>	<b>4,072,136,973.80</b>
<b>MAIN BOARD</b>		
AGRICULTURE	5	22,162,860,080.96
CONGLOMERATES	5	64,089,327,366.82
CONSTRUCTION/REAL ESTATE	10	129,352,427,900.82
CONSUMER GOODS	28	2,001,395,869,070.48
FINANCIAL SERVICES	58	2,013,252,151,835.69
HEALTHCARE	10	33,677,670,369.66
ICT	11	62,009,178,292.88
INDUSTRIAL GOODS	25	1,912,341,706,020.22
NATURAL RESOURCES	6	8,326,882,122.75



OIL & GAS	10	217,464,195,017.18
SERVICES	21	68,511,321,260.42
	<b>189</b>	<b>6,532,583,589,337.88</b>
<b>Exchange Traded Funds (ETFs)</b>		
NewGold ETF	1	988,000,000.00
	<b>1</b>	<b>988,000,000.00</b>
<b>DEBT SECURITIES</b>		
Federal Government Bonds	25	2,089,156,222,400.00
Sub-National Bonds	11	308,000,000,000.00
Corporate Bonds/Debentures	12	1,340,544,815,157.00
Total Debt	<b>48</b>	<b>3,737,701,037,557.00</b>
Total Equities	<b>250</b>	<b>10,275,344,763,868.70</b>

Source: The NSE

## Dividends

### Activities on Abuja Securities and Commodities Exchange

There was no trading activity on the floor of the Abuja Securities and Commodity Exchange (ASCE) in 2011. This was attributed to challenges of lean budgetary provision and lack of public awareness of the existence of the Exchange and its benefits.

In an effort to activate trading in agricultural commodities, the Exchange organised mock trading sessions for stakeholders. FBN Capital also submitted a proposal seeking to partner with SEC in deepening the capital market through the promotion and development of the agricultural sector of the economy.



Meetings were held between the Commission, ASCE, the Bureau of Public Enterprises (BPE) and Minister of Trade on how to boost the activities of the Exchange.

### **Listing Rules**

ASCE forwarded its Proposed Listing Rules for Fixed Income and Asset Backed Securities for review by the Commission.

### **Inspections**

Routine and target inspections of the ASCE were carried out and observed lapses communicated to the Exchange to remedy same.



## **COLLECTIVE INVESTMENT SCHEMES**

### **Overview**

The Commission took a number of steps to strengthen Collective Investment Schemes through more effective on-site and off-site inspections of the schemes as well as transfer of fund assets to custodians to better safeguard the assets. It also strengthened trustees' oversight of the schemes and initiated the formation of an Association of Fund Managers, as a trade group. In addition, the Commission held periodic meetings with the association and overhauled the rules on Collective Investment Schemes which has improved the operation of the schemes.

Furthermore, the Commission took a number of actions against erring fund managers and trustees. These actions improved confidence in Collective Investment Schemes resulting in the floatation of more schemes.

There were 44 registered Collective Investment Schemes with a net asset value of N85.3 billion as at 31<sup>st</sup> December, 2011 together with an Exchange Traded Fund with a market capitalization of N988 million as well as private equity and venture capital funds.

The schemes included bond funds, equity funds, balanced (mixed) funds, ethical and Islamic funds, Real Estate Investment Trusts (REITs). These provided investors the opportunity to diversify their portfolio. There is great potential to expand this segment of the market particularly given the losses experienced by retail investors who invested directly in the equities market.

One of the market development strategies of the Commission is to focus on Collective Investment Schemes in order to bring in more Nigerians into the capital market.



## COLLECTIVE INVESTMENT SCHEMES

### UNIT TRUST SCHEMES

Type of Fund (As at Dec 30 <sup>th</sup> 2011)	Number	Net Asset Value (N)
Equity	20	41,548,512,984.61
Money Market	2	3,293,859,522.42
Bond	4	6,053,697,550.94
REIT	2	16,632,953,335.61
Balanced	11	12,019,664,503.00
Ethical	4	5,701,223,181.22
Sector	1	64,271,075.74
<b>Total</b>	<b>44</b>	<b>85,314,182,153.54</b>

**NUMBER OF UNIT HOLDERS: About 230,000**

### Exchange Traded Funds

Funds	Market Capitalization (N)
NEWGOLD ETFS	988,000,000.00

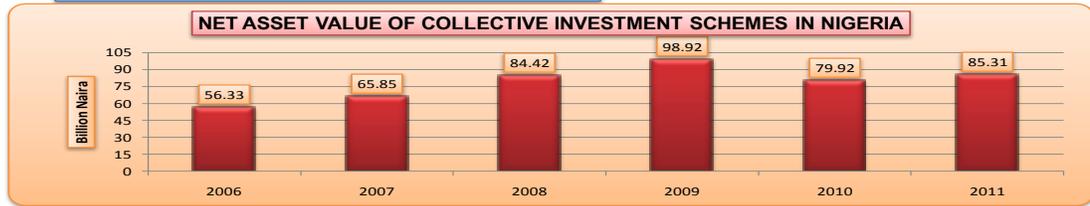
*NOTE: This product was listed on the Exchange in December 2011*

### Private Equity Fund

Registered One (1) Private Equity Fund with AUM of US\$ 100 million (an equivalent of N15,620,000,000)

### Venture Capital

Registered Companies	AUM
Six (6)	16,803,323,138.90



1

## REGISTERED UNIT TRUST SCHEMES & EXCHANGE TRADED FUND AS AT 31<sup>ST</sup> DECEMBER 2011

### EQUITY BASED FUNDS

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010 (N)	NAV AS AT 31st DEC. 2011 (N)	% DIF IN GRWT
1	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Management Co. Limited	15,448,717,991.70	13,176,861,579.95	14
2	ARM Discovery Fund	Asset & Resources Management Ltd.	4,573,805,400.00	4,607,575,424.13	0.7
3	Coral Growth Fund	FSDH Asset Mgt. Limited	3,456,627,315.12	3,186,546,633.29	7.8
4	Nig. International Growth Fund	Fidelity Bank Plc	2,831,811,439.71	2,252,350,356.99	20
5	Legacy Equity Fund	CSL Stockbrokers Limited	722,693,776.64	552,414,724.72	23
6	Intercontinental Integrity Fund	Intercontinental Capital Market Limited	302,753,320.06	265,160,856.81	12
7	IMB Energy Master Fund	Fin Bank Plc	161,999,038.51	300,804,626.80	85



8	Frontier Fund	Sterling Capital Markets Limited	189,174,354.28	149,119,342.66	21
9	Denham Mgt. Millennium Fund	Chapel Hill Denham Mgt. Limited	33,367,618.40	18,802,450.00	43
10	Paramount Equity Fund	Chapel Hill Denham Mgt. Limited	202,991,631.67	140,743,745.00	30
11	UBA Equity Fund	UBA Asset Management Ltd.	2,182,444,531.68	1,657,872,624.53	24
12	ARM Aggressive Growth Fund	Asset & Resources Management Ltd.	2,963,480,965.96	2,678,439,441.58	9.6
13	ACAP Canary Growth Fund	Alternative Capital Partners Limited	949,394,653.21	792,427,607.62	16
14	FBN Heritage Fund	FBN Capital Limited	4,646,321,986.45	4,496,314,707.32	3.2
15	Bedrock Fund	Cashcraft Asset Mgt. Limited	104,062,272.90	100,167,996.26	3.7
16	Anchor Fund	Cashcraft Asset Management Limited	119,996,898.30	41,228,734.13	65
17	Zenith Equity Fund	Zenith Bank Plc	3,998,748,211.29	3,237,851,202.76	19
18	Afrinvest Equity Fund	Afrinvest West Africa Limited	492,378,918.64	383,413,195.87	22
19	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	NOT YET REGISTERED	3,321,687,803.42	N/
20	BGL Nubian Fund	BGL Asset Mgt. Limited	NOT YET REGISTERED	188,729,930.77	1
	<b>Total</b>		<b>43,599,115,478.00</b>	<b>41,548,512,984.61</b>	<b>4.7</b>

#### MONEY MARKET FUNDS

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010 (N)	NAV AS AT 31st DEC. 2011 (N)	% DIF IN GROWTH
1	UBA Money Market	UBA Asset Mgt.	225,540,216.31	213,627,785.25	



	Fund	Limited			5.21
2	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	5,586,878,512.71	3,080,231,737.17	-4.1
	<b>Total</b>		<b>5,812,418,729.02</b>	<b>3,293,859,522.42</b>	<b>4.1</b>

#### BOND FUNDS

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010 (N)	NAV AS AT 31st DEC. 2011 (N)	% DIF IN GR WT
1	UBA Bond Fund	UBA Asset Mgt. Limited	432,193,295.35	424,935,452.51	1.61
2	Nig. Int'l Debt Fund	Afrinvest West Africa Limited	2,022,656,230.94	2,103,238,274.58	4.1
3	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	2,678,826,039.61	2,915,042,452.20	8.81
4	BGL Sapphire Fund	BGL Asset Mgt. Ltd.	NOT YET APPROVED	610,481,371.65	1.1
	<b>Total</b>		<b>5,133,675,565.90</b>	<b>6,053,697,550.94</b>	<b>1.1</b>

#### REAL ESTATE INVESTMENT TRUST SCHEMES (REITS)

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010 (N)	NAV AS AT 31st DEC. 2011 (N)	% DIF IN GR WT
1	Skye Shelter Fund	SFS Capital Nigeria Limited	2,370,737,489.00	2,349,984,558.00	0.81
2	Union Homes REITs Fund	Union Homes Saving & Loan Plc	13,712,150,335.01	14,282,968,777.61	4.11
	<b>Total</b>		<b>16,082,887,824.01</b>	<b>16,632,953,335.61</b>	<b>3.41</b>

#### ETHICAL FUNDS

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010	NAV AS AT 31st DEC. 2011	% DIF IN
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			(N)	(N)	GR WT
1	Zenith Ethical Fund	Zenith Bank Plc	835,741,086.34	719,822,417.86	-13
2	Lotus Halal Investment Fund	Lotus Capital Limited	2,298,444,274.00	1,997,191,121.09	-13
3	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Mgt. Co. Limited	4,146,160,741.19	2,835,748,336.21	-31
4	ARM Ethical Fund	Asset & Resources Management Limited	NOT YET REGISTERED	148,461,306.06	1
	<b>Total</b>		<b>7,280,346,101.53</b>	<b>5,701,223,181.22</b>	<b>2:</b>

#### BALANCED (MIXED) FUNDS

S/ N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010  (N)	NAV AS AT 31st DEC. 2011  (N)	% DIF IN GR WT
1	Women Investment Fund	Chapel Hill Denham Mgt. Limited	142,463,112.71	111,712,129.00	-21
2	UBA Balanced Fund	UBA Asset Management Ltd.	1,954,222,001.00	1,637,051,708.46	-16
3	Union Trustees Mixed Fund	CDL Asset Management Ltd.	1,946,388,021.24	1,790,525,808.77	-8
4	Nigerian Global Investment Fund	Chapel Hill Denham Mgt. Limited	87,315,371.50	90,090,334.00	3
5	Coral Income Fund	FSDH Asset mgt. Ltd.	538,252,772.46	597,267,606.24	10
6	Kawaka Guaranteed Income Fund	Kawaka Asset Mgt. Ltd.	2,996,418,722.59	2,645,866,605.54	-11
7	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	2,963,480,965.96	2,621,891,986.84	-11
8	Nigeria Energy Sector Fund	Sterling Capital Markets Limited	949,759,322.75	897,838,227.24	-5
9	Zenith Income Fund	Zenith Bank Plc	693,079,491.69	631,598,929.17	-8
10	Indo-Nigeria Unit Trust Fund	Sterling Capital Markets Limited	30,918,891.45	35,463,191.54	14



11	Stanbic IBTC Balance Fund	Stanbic IBTC Asset Mgt. Co. Ltd.	NOT YET REGISTERED	960,357,976.96	
	<b>Total</b>		<b>24,604,597,346.70</b>	<b>12,019,664,503.00</b>	<b>- 51.1%</b>

### SECTOR FUND

S/N	NAME OF FUND	FUND MANAGER	NAV AS AT 31ST DEC. 2010 (N)	NAV AS AT 31st DEC. 2011 (N)	% DIFF IN GRWT
1.	DVCF Oil & Gas Fund	DVCF Oil & Gas Plc	522,065,068.08	64,271,075.74	87.1

### APPROVED APPLICATIONS FOR UNIT TRUST SCHEMES IN 2011

Four applications for registration and authorisation of Unit Trust Schemes were approved; three allotments were cleared while one approval for registration of additional units was granted in 2011.

S/N	NAME OF FUND	FUND MANAGER	ISSUING HOUSE(S)	INITIAL FLOTATION /PRICE	STATUS
1.	NewGoldExchange Traded Fund (ETF)	NewGold Managers (Proprietary) Limited (South Africa)	UdoUdoma& Belo-Osagie (Nigerian Attorneys)	Block of 400,000 Debentures units of the ETF at N2,741.00 per unit	Approval has been granted for registration and authorization of NewGold ETF to be listed on the Nigerian Stock Exchange
2.	Stanbic IBTC Balanced Fund	Stanbic IBTC Asset Management Limited	-	-	Approval has been granted for registration and authorization of 5,000,000 units at N1,000.00 per unit.
3.	Resuscitation of Consortium Resources Investment Note (CRIN)	Asset Resources & Management Limited	-	-	Approval to resuscitate and restructure the Fund to an Islamic Fund called ARM Ethical Fund
4.	SIM Capital Alliance Value Fund	SIM Capital Alliance Limited	Stanbic IBTC Bank Plc	50,000,000 units of N100 each at N103.50k per unit	Allotment cleared and Approved
5.	BGL Nubian Fund	BGL Asset Management Limited	BGL Plc	500,000,000 units of N1.00 each at par	Allotment cleared and Approved



					Approved
6.	BGL Sapphire Fund	BGL Asset Management Limited	BGL Plc	2,000,000,000 units of N1.00 each at par	Allotment cleared and Approved
7.	SunTrust Real Estate Investment Trust Scheme (Hybrid)	Lotus Capital Limited	APT Securities & Funds Limited	400,000,000 units of N50 each	Approval to Convene Completion Board Meeting
8.	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	-	-	Approval has been granted for registration additional three (3) billion Units of N1.00 each at par.

## **PERFORMANCE OF THE FUNDS BY CLASSIFICATION**

### **Equity Based Funds**

There were twenty (20) Funds in this sector with a Net Asset Value of N41,538,499,922.27 at the end of December 2011 as against N41,548,512,984.61 as at the end of December 2010; representing a decrease of 4.7%.

The following funds were added to this sector during the period.

- i. SIM Capital alliance Fund
- ii. BGL Nubian Fund

The performance of the Equity Based Funds was on the decline due to the continuous downward slide of the equity market.

### **Money Market Funds**

There were two money market funds with a Net Asset Value of N3,293,859,522.42 at the end of December 2011 as against N5,812,418,729.02 at the end of December 2010. The drop is attributable to redemptions by Unit Holders. No new fund was registered during the period.

### **Bond Funds**

There were four (4) bond funds with a Net Asset Value of N6,053,697,550.94 at the end of December 2011 as against N5,133,675,565.90 at end of December 2010, an increase of 17.9%.

The BGL Sapphire Fund was added to this sector within the period under review.



### **Real Estate Investment Trust Funds**

This sector has two (2) funds with a Net Asset Value of ₦16,632,953,335.61 at the end of December 2011 as against ₦16,082,887,824.01 at the end of December 2010, an increase of 3.4%.

### **Balanced (Mixed) Funds**

There were eleven (11) funds in this sector with a Net Asset Value of ₦12,019,664,503.00 at the end of December 2011 representing a decrease of ₦24,604,597,346.70 (-51%) at the end of December 2010.

### **Ethical Based Funds**

This sector has a total of four (4) funds with a Net Asset Value of ₦5,701,233,181.22 at the end of December 2011 as against ₦7,280,346,101.00 at the end of December 2010, a decrease of 21.7%.

### **EXCHANGE TRADED FUND (ETF)**

The awareness created on collective investment schemes over the years gave rise to the registration and listing of **ABSA New Gold Bullion Debentures ETF** - the first Exchange Traded Fund to be listed in the Nigerian market.

The ETF is a secondary listing on the Nigerian stock exchange, having been initially listed on the Johannesburg Stock Exchange.

#### **CLEARED ANNUAL AUDITED ACCOUNTS OF UNIT TRUST SCHEMES IN 2011**

<b>S/NO</b>	<b>NAME OF FUND</b>	<b>FUND MANAGER</b>	<b>FINANCIAL YEAR END</b>
1	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010
2	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010
3	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010
4	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010
5	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010
6	UBA Equity Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011



7	UBA Bond Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011
8	UBA Money Market Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011
9	UBA Balanced Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011
10	Zenith Income Fund	Zenith Bank Plc	31 <sup>st</sup> December 2010
11	Zenith Ethical Fund	Zenith Bank Plc	31 <sup>st</sup> December 2010
12	Zenith Equity Fund	Zenith Bank Plc	31 <sup>st</sup> December 2010
13	Coral Growth Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2010
14	Coral Income Fund	FSDH Asset Management Limited	31 <sup>st</sup> December 2010
15	ARM Discovery Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2010
16	ARM Aggressive Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2010
17	Nigeria Energy Sector Fund	Sterling Capital Market Limited	31 <sup>st</sup> March 2010
18	Frontier Fund	Sterling Capital Market Limited	30 <sup>th</sup> June 2009
19	Frontier Fund	Sterling Capital Market Limited	30 <sup>th</sup> June 2010
20	Oceanic Vintage Fund	Oceanic Bank Plc	31 <sup>st</sup> March 2010
21	Oceanic Vintage Fund	Oceanic Bank Plc	31 <sup>st</sup> March 2011
22	Legacy Equity Fund	CSL Stockbrokers Limited	30 <sup>th</sup> June 2009
23	Legacy Equity Fund	CSL Stockbrokers Limited	30 <sup>th</sup> June 2010
24	Skye Shelter Fund	Skye Bank Plc	31 <sup>st</sup> December 2010
25	Union Homes REITS	Union Homes Savings & Loans Plc	30 <sup>th</sup> November 2010
26	Lotus Halal Investment Fund	Lotus Capital Limited	31 <sup>st</sup> December 2010
27	FBN Heritage Fund	FBN Capital Limited	31 <sup>st</sup> March 2011
28	Intercontinental Integrity Fund	Intercontinental Capital Market Limited	28 <sup>th</sup> February 2011
29	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	31 <sup>st</sup> December 2010
30	Nigeria International Growth Fund	Fidelity Bank Plc	30 <sup>th</sup> June 2010
31	Union Trustees Mixed Fund	Union Trustees Limited	30 <sup>th</sup> April 2011
32	Paramount Equity Fund	Chapel Hill Denham Management Limited	31 <sup>st</sup> December 2010



33	Nigeria Global Investment Fund	Chapel Hill Denham Mgt. Ltd	31 <sup>st</sup> December 2009
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## HIGHLIGHT OF OBSERVATIONS FROM THE REVIEW OF ANNUAL AUDITED ACCOUNTS

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

**ACTION TAKEN** - Observations were communicated to the Fund Managers with directives to address the issues.

## ANNUAL GENERAL MEETINGS OF UNIT TRUST SCHEME HELD IN 2011

S/N	NAME OF FUND	FUND MANAGER	FINANCIAL YEAR END	DATE OF AGM	DIVIDEND DECLARED
1	Nigeria Energy Sector Fund	Sterling Capital Market Limited	31 <sup>st</sup> March 2009	6 <sup>th</sup> October 2011	N32.91k per unit
2	Nigeria Energy Sector Fund	Sterling Capital Market Limited	31 <sup>st</sup> March 2010	6 <sup>th</sup> October 2011	N90.68k per unit
3	Nigeria International Growth Fund	Fidelity Bank Plc	30 <sup>th</sup> June 2010	22 <sup>nd</sup> July 2011	Nil
4	Skye Shelter Fund	Skye Bank Plc	31 <sup>st</sup> December 2010	16 <sup>th</sup> November 2011	N6.40k per unit
5	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010	8 <sup>th</sup> September 2011	5kobo per unit
6	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010	8 <sup>th</sup> September 2011	
7	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010	8 <sup>th</sup> September 2011	
8	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010	8 <sup>th</sup> September 2011	N3.50k per unit



9	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Management Limited	31 <sup>st</sup> December 2010	8 <sup>th</sup> September 2011	
10	ARM Discovery Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2010	17 <sup>th</sup> August 2011	N1.05k per unit
11	ARM Aggressive Fund	Asset & Resources Management Co. Ltd	31 <sup>st</sup> December 2010	17 <sup>th</sup> August 2011	N0.20k per unit
12	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	31 <sup>st</sup> December 2010	29 <sup>th</sup> November 2011	Nil
13	UBA Equity Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011	20 <sup>th</sup> October 2011	Nil
14	UBA Bond Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011	20 <sup>th</sup> October 2011	10kobo per unit
15	UBA Money Market Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011	20 <sup>th</sup> October 2011	8kobo per unit
16	UBA Balanced Fund	UBA Asset Management Limited	31 <sup>st</sup> March 2011	20 <sup>th</sup> October 2011	10kobo per unit

#### APPROVED SUPPLEMENTAL & RESTATED TRUST DEEDS IN 2011

S/NO	NAME OF FUND	SUPPLEMENTARY & RESTATED TRUST DEED APPROVED
1.	Stanbic IBTC Ethical Fund	Fourth Supplemental Trust Deed
2.	Stanbic IBTC Nigerian Equity Fund	Fourth Supplemental Trust Deed
3.	Stanbic IBTC Bond Fund	First Supplemental Trust Deed
4.	Stanbic IBTC Money Market Fund	First Supplemental Trust Deed
5.	ACAP Canary Growth Fund	First Supplemental Trust Deed
6.	Lotus Halal Investment Fund	Second Supplemental Trust Deed
7.	Skye Shelter Fund	First Supplemental Trust Deed
8.	FBN Heritage Fund	Second Supplemental Trust Deed (Ratification)
9.	Kakawa Guaranteed Investment Fund	Second Supplemental Trust Deed
10.	Legacy Equity Fund	Second Supplemental Trust Deed
11.	ARM Discovery Fund	Sixth Supplemental Trust Deed
12.	ARM Aggressive Fund	Second Supplemental Trust Deed
13.	UBA Equity Fund	Amended and Restated Trust Deed
14.	UBA Bond Fund	Amended and Restated Trust Deed
15.	UBA Money Market Fund	Amended and Restated Trust Deed
16.	UBA Balanced Fund	Amended and Restated Trust Deed
17.	Coral Growth Fund	Fourth Supplemental Trust Deed
18.	Coral Income Fund	Third Supplemental Trust Deed
19.	Intercontinental Integrity Fund	Third Supplemental Trust Deed
20.	Union Trustees Mixed Fund	Second Supplemental Trust Deed
21.	FBN Heritage Fund	Third Supplemental Trust Deed



## UNIT TRUST SCHEMES WOUND UP IN 2011 – NIL

### 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

### FUND MANAGERS PENALIZED IN 2011

S/N	NAME OF FUND MANAGER	NAME OF FUND	NATURE OF INFRACTION	SANCTION
1.	Chapel Hill Denham Mgt. Ltd	Paramount Fund, Women's Investment Fund, Nigeria Global Investment Fund and Chapel Hill Denham Millennium Fund	Late filling of monthly returns	Penalty
2.	Asset & Resources Management Co. Limited	ARM Discovery Fund, ARM Aggressive Fund	Late filling of monthly returns	Penalty
3.	Fin Bank Plc	IMB Energy Master Fund	Non Submission of 1 <sup>st</sup> & 2 <sup>nd</sup> Quarterly returns	Penalty
4.	DVCF Oil & Gas Plc	DVCF Oil & Gas Fund	Late filling of monthly returns	Penalty
5.	Union Homes Savings &	Union Homes REITS	Late filling of annual	Penalty



	Loans Plc		audited account	
6.	Chapel Hill Denham Mgt. Ltd	Paramount Fund	Late filing of annual audited account	Penalty
7.	Union Trustees Limited	Union Trustees Mixed Fund	Late filing of annual audited account	Penalty
8.	CSL Stockbrokers Limited	Legacy Equity Fund	Late filing of annual audited account	Penalty
9.	Sterling Capital Market Limited	Frontier Fund	Late filing of annual audited account	Penalty

#### **FUNDS AND PARTIES REFERRED FOR ENFORCEMENT ACTION IN 2011 - NIL**

#### **ON-SITE INSPECTION OF UNIT TRUST SCHEMES IN 2011**

<b>S/N</b>	<b>NAME OF FUND</b>	<b>FUND MANAGER</b>	<b>TRUSTEES</b>	<b>REGISTRAR</b>
1.	Stanbic IBTC Nigerian Equity Fund	Stanbic IBTC Asset Mgt. Limited	First Trustees Limited	First Registrars Limited
2.	Stanbic IBTC Ethical Fund	Stanbic IBTC Asset Mgt. Limited	First Trustees Limited	First Registrars Limited
3.	Stanbic IBTC Guaranteed Investment Fund	Stanbic IBTC Asset Mgt. Limited	First Trustees Limited	First Registrars Limited
4.	Stanbic IBTC Bond Fund	Stanbic IBTC Asset Mgt. Limited	First Trustees Limited	First Registrars Limited
5.	Stanbic IBTC Money Market Fund	Stanbic IBTC Asset Mgt. Limited	First Trustees Limited	First Registrars Limited
6.	Women's Investment Fund	Chapel Hill Denham Mgt. Ltd	BOI Trust & Co. Limited	City Securities Registrars
7.	Chapel Hill Denham Millennium Fund	Chapel Hill Denham Mgt. Ltd	BOI Trust & Co. Limited	PHB Capital & Trust Limited
8.	Nigerian Global Investment Fund	Chapel Hill Denham Mgt. Ltd	BOI Trust & Co. Limited	PHB Capital & Trust Limited
9.	Paramount Equity Fund	Chapel Hill Denham Mgt. Ltd	Royal Exchange Assurance Plc	Sterling Registrar Limited
10.	UBA Bond Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
11.	UBA Equity Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
12.	UBA Money Market Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
13.	UBA Balanced Fund	UBA Asset Management Ltd	Union Trustees Limited	UBA Registrars Limited
14.	Zenith Ethical Fund	Zenith Bank Plc	Afribank Trustee & Asset Management. Co. Ltd.	Meristem Wealth Mgt. Ltd.
15.	Zenith Income Fund	Zenith Bank Plc	Afribank Trustee & Asset Management. Co. Ltd.	Meristem Wealth Mgt. Ltd.
16.	Zenith Equity Fund	Zenith Bank Plc	Afribank Trustee & Asset Management. Co. Ltd.	Meristem Wealth Mgt. Ltd.



17.	Nigeria Energy Sector Fund	Sterling Capital Market Limited	UBA Trustees Limited	Sterling Registrars Limited
18.	Frontier Fund	Sterling Capital Market Limited	First Trustees Limited	Sterling Registrars Limited
19.	Indo Nigeria Unit Trust Fund	Sterling Capital Market Limited	UBA Trustees Limited	PHB Capital & Trust Limited
20.	Coral Growth Fund	FSDH Asset Management Limited	UBA Trustees Limited	United Securities Limited
21.	Coral Income Fund	FSDH Asset Management Limited	UBA Trustees Limited	United Securities Limited
22.	ARM Discovery Fund	Asset & Resources Management Co. Limited	First Trustees Limited	First Registrars Limited
23.	ARM Aggressive Fund	Asset & Resources Management Co. Limited	First Trustees Limited	First Registrars Limited
24.	Afrinvest Equity Fund	Afrinvest West Africa Limited	UBA Trustees Limited	Meristem Registrars Ltd.
25.	Nigeria Intercontinental Debt Fund	Afrinvest West Africa Limited	UBA Trustees Limited	United Securities Limited
26.	Oceanic Vintage Fund	Oceanic Bank Int'l Plc	UBA Trustees Limited	First Registrars Limited
27.	Nigeria International Growth Fund	Fidelity Bank Plc	First Trustees Limited	First Registrars Limited
28.	Lotus Halal Investment Fund	Lotus Capital Limited	First Trustees Limited	Union Registrars Limited
29.	Union Trustees Mixed Fund	Union Trustees Limited	UBA Trustees Limited	Sterling Registrars Ltd
30.	IMB Energy Master Fund	FinbankPlc	UBA Trustees Limited	Fin Registrars Limited
31.	Legacy Equity Fund	CSL Stockbrokers Limited	PHB Capital & Trust Ltd	CSL Registrars Limited
32.	Skye Shelter Fund	Skye Bank Plc	PHB Capital & Trust Ltd	Sterling Registrars Ltd
33.	DVCF Oil & Gas Fund	DVCF Oil & Gas Plc	First Trustees Limited	Unity Registrars Limited
34.	Union Homes REITS	Union Homes Savings & Loans Plc	UBA Trustees Limited	Union Registrars Limited
35.	FBN Heritage Fund	FBN Capital Limited	Leadway Trustees Limited	First Registrars Limited
36.	Intercontinental Integrity Fund	Intercontinental Capital Market Limited	First Trustees Limited	Intercontinental Registrars Limited
37.	Kakawa Guaranteed Income Fund	Kakawa Asset Management Limited	First Trustees Limited	First Registrars Limited

## **Key Findings on the Inspections**



1. Improperly constituted Investment Committee without independent member contrary to the SEC Rule 245 (iv).
2. No regular meeting of Investment Committee
3. Violation of Trust Deed and Trustee Investment Act (TIA).
4. Non- registration of some Compliance Officers with the Commission.
5. Lack of evidence to show that investments were made with the consent of the Trustees.
6. Late submission of annual Accounts.
7. Large number of unclaimed certificates and dividends.
8. Failure of Trustees to fully discharge their duties as stated in the ISA & SEC Rules.
9. Violation of Rule 247(j) of the SEC Rules and Regulation.

#### REGISTERED PRIVATE EQUITY FUND IN 2011

S/N	NAME OF FUND	FUND MANAGER	OBJECTIVE	STATUS
1	Pioneer Management & Business Ventures LLP (Private Equity Fund)	CAN Fund Manager Limited	The objective of the Fund is pooling Funds from Nigerian Pension Funds for investment in privately negotiated equity investments and equity linked investments.	Approval has been granted for registration and authorization of the Pioneer Management & Business Venture as a Private Equity Fund.

#### REGISTERED VENTURE CAPITAL/ PRIVATE EQUITY FUNDS AS AT 31<sup>ST</sup> DECEMBER 2011

S/N	NAME OF FUND	AMOUNT UNDER MANAGEMENT	AMOUNT DISBURSED IN 3 <sup>RD</sup> QUARTER (N)	AMOUNT DISBURSED IN 4 <sup>TH</sup> QUARTER (N)	VARIANCE	% DIFF.
1.	First Funds	4,008,620,312.93	26,661,413.00	Nil	Nil	N
2.	Stanbic IBTC Ventures	1,554,747,000.00	1,445,203,000.00	Nil	Nil	N
3.	SME Manager	3,942,640,909.00	Nil	Nil	Nil	N
4.	Diamond Capital	1,561,433,856.00	Nil	Nil	Nil	N
5.	Unique Ventures	2,078,128,631.00	Nil	Nil	Nil	N
6.	Cowry Asset Management	1,198,619,788.59	480,036,558.94	Nil	Nil	N
7.	DVCF Oil & Gas Plc	2,232,043,912.00	635,022,590.00	Nil	Nil	N
8.	Pioneer Management & Business Ventures LLP (Private Equity Fund)	15,000,000.00	Nil			
	<b>TOTAL</b>	<b>16,591,234,409.52</b>	<b>2,586,923,561.94</b>			



## ON-SITE INSPECTION OF VENTURE CAPITAL FUNDS IN 2011

S/N	NAME OF VENTURE CAPITAL FUND	FUND MANAGER
1.	Stanbic IBTC Ventures	Stanbic IBTC Asset Management Limited
2.	SME Manager	SME Management Limited
3.	Amalgamated Capital Fund	Amalgamated Capital Fund Limited

## MERGERS, ACQUISITION AND TAKEOVERS

### MERGERS AND TAKEOVERS

Summary of transactions in 2011

#### **MERGER**

- Approved mergers 2
- Pending applications 3

#### **ACQUISITION**

- Approved acquisitions 15
- Pending applications 5

#### **RESTRUCTURING**

- Approved restructurings 11
- Pending applications 3

**TRANSACTIONS FOR NOTING** 1

**TRANSACTIONS PUT ON HOLD** 1

#### **BANKING CONSOLIDATIONS**

- Approved transactions 4
- Pending application 1
- 

### **MERGERS:**



## **APPROVED MERGER TRANSACTIONS**

### **1. SCHEME OF ARRANGEMENT FOR THE REORGANIZATION OF CAPITAL BETWEEN AFRICAN OILFIELD SERVICES LIMITED AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES AND PROPOSED MERGER BETWEEN AFRICAN OILFIELD SERVICES LIMITED AND ORWELL INTERNATIONAL OIL & GAS LIMITED**

The application was filed by Chapel Hill Advisory Partners Limited on behalf of the merging companies for the reorganization of the capital of African Oilfield services Limited and the transfer of all assets, liabilities and undertakings of Orwell International Oil and Gas Nigeria Limited to Africa Oilfield Services Limited.

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

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

## **OUTSTANDING MERGER APPLICATIONS**

### **1. RE: PROPOSED MERGER BETWEEN CORNERSTONE INSURANCE PLC AND LINKAGE ASSURANCE PLC**

The transaction was filed by FCMB Capital Markets Limited and Cordros Capital Ltd, (the Financial Advisers to the transaction).

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

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

### **3. PROPOSED MERGER BETWEEN TIDDO SECURITIES LIMITED AND TIDDO INVESTMENT MANAGEMENT LIMITED**



The application was filed by North-Bridge Investment and Trust Limited on the 23<sup>rd</sup> of May 2011.

## **ACQUISITION:**

### **APPROVED ACQUISITION TRANSACTIONS**

#### **1. ACQUISITION OF GUARANTY TRUST BANK PLC'S EQUITY STAKE IN GTB REGISTRARS LIMITED BY LAKEPORT LIMITED**

The application was filed by Afrinvest West Africa Limited for the acquisition of Guaranty Trust Bank's Equity Stake in GTB Registrars by Lakeport Limited.

#### **2. RATIFICATION OF THE ACQUISITION OF 100% EQUITY HOLDINGS OF CORPORATE IDEALS INSURERS LTD BY OCEANIC BANK INTERNATIONAL PLC**

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

#### **3. ACQUISITION OF SHARES IN DELI FOODS NIGERIA LIMITED BY TIGER BRANDS LIMITED**

The application was filed by Udo Udoma & Bello Osagie as solicitors on behalf of the companies in respect of the acquisition of 100% issued share capital of Deli Foods by Tiger Brands Limited, a South African based company. Tiger Brand will acquire 97,659,934 ordinary shares of Deli Foods Ltd wholly held by Lucky Investment Establishment Limited (a British Virgin Island Investment Company) and Mr. Narendra Chulani for a total consideration of US\$ 46,000,000.00

#### **4. ACQUISITION OF CELLCOM COMMUNICATION LTD BY VISAFONE COMMUNICATIONS LTD**

The application was filed by Zenith Securities Limited in respect of the acquisition of 100% shares of Cellcom Communication Ltd by Visafone Communication for a consideration of N2.7 billion. The processing fee and penalty for consummating the transaction without the Commission's prior review and approval has been paid. The outstanding documents were also filed.

#### **5. MANAGEMENT BUYOUT OF MAJORITY SHARES IN GTB ASSET MANAGEMENT LIMITED**



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

#### **6. ACQUISITION OF BENUE BREWERIES LIMITED AND WILLIAMS DARK ALE BRAND BY CONSOLIDATED BREWERIES PLC**

The application was filed by Stanbic IBTC Bank Plc in respect of the acquisition of 85% of the issued share capital of Benue Breweries and the William Dark Ale trademark and associated business ("the William Brand") from Sonia System Associates Business Management Limited.

#### **7. ACQUISITION OF FIBERTECH LIMITED BY EMERGING MARKETS TELECOMMUNICATIONS LIMITED**

The application was filed by Afrinvest West Africa Limited on behalf of the companies in respect of the acquisition of 100% of the issued and fully paid shares of Fibertech Ltd in exchange for a cash consideration of N1.05billion (US\$7 million equivalent).

#### **8. ACQUISITION OF LIFE BREWERIES COMPANY LIMITED BY NIGERIAN BREWERIES PLC**

The application was filed by FCMB Capital Markets Limited in respect of the acquisition of 99.9% issued share capital of Sona Systems Associates Business Management Limited and 99.14% of the issued share capital of Life Breweries Company Limited by Nigerian Breweries Plc.

#### **9. RATIFICATION OF THE ACQUISITION OF 100% EQUITY HOLDINGS OF PICCADILLY INSURANCE COMPANY LTD BY ZENITH GENERAL INSURANCE COMPANY LTD**

The application was filed by Zenith Capital Ltd as Financial Advisers to the companies in respect of the ratification of the acquisition of 100% equity holdings of Piccadilly Insurance Ltd by Zenith General Insurance Ltd.

#### **10. APPROVAL OF ACQUISITION OF SHARES IN WHASSAN EUREST NIGERIA LIMITED BY ADASA CATERING SERVICES LIMITED FROM COMPASS GROUP INTERNATIONAL BV**

The application was filed by Udo Udoma and Bello Osagie as solicitors in respect of the acquisition of shares in WhassanEurest Nigeria Limited ("WENL") by Adasa from Compass Group International BV.



**11. ACQUISITION OF CHAMPION BREWERIES PLC("CHAMPION BREWERIES") BY CONSOLIDATED BREWERIES PLC("CONSOLIDATED BREWERIES")**

Consolidated Breweries acquired Champion Breweries from Montgomery Ventures Inc, which is a wholly owned subsidiary of Heineken International B.V.

Consolidated Breweries acquired Montgomery Ventures' 513,000,000 ordinary shares representing 57% of the equity in Champion Breweries. The Acquisition has given Consolidated Breweries access to the brewing capacity of Champion Breweries.

**12. ACQUISITION OF 100% SHAREHOLDING IN UNITED SECURITIES LIMITED BY MARINA SECURITIES LIMITED**

The application was filed by Chapel Hill Advisory Partners Limited in respect of the acquisition of 100% Shareholding in United Securities Ltd by Marina Securities Limited.

**13. ACQUISITION OF GTB PLC EQUITY IN GTB REGISTRARS LIMITED BY LAKEPORT LIMITED**

The transaction involved the acquisition of 99.99% equity stake of GTB Bank Plc in GTB Registrars by Lake Port Limited. The transaction was filed by Afrinvest West Africa Limited.

**14. RATIFICATION OF ACQUISITION OF MAJORITY SHAREHOLDING IN CROWN FLOUR MILLS BY OLAM INTERNATIONAL LIMITED**

The transaction involved the acquisition of majority shareholding in Crown Flour Mills Limited by Olam International Limited.

**15. SHARE PURCHASE OF MULTI-LINKS TELECOMMUNICATIONS LIMITED BY HIP OILS TOPCO LIMITED**

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

**PENDING ACQUISITION APPLICATIONS**

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

The transaction was filed by Simmons Cooper Partners.



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

The application was filed by SPA Ajibade & Co Limited on behalf of the company. The transaction was consummated on January 1, 2007. It involves the acquisition of 60% shareholding of Femi Johnson & Company (a Nigerian based Insurance brokerage firm) representing 30,000,000 ordinary shares of N 1.00 each by Afrinvest Investment (Propriety) Limited a South African Company, 100% owned by Alexander Forbes.

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

Honda Motors Company Limited is acquiring 30% shareholding of HMN Limited, which was jointly held by Leventis Overseas Limited and A.G Leventis (Nigeria) Plc. HMCL prior to this acquisition holds 30% shares of Honda Manufacturing Nigeria Limited (HMN).

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

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

**5. RATIFICATION OF THE ACQUISITION OF 100% EQUITY HOLDINGS OF GOLD STANDARD INSURERS LTD AND FIRST CHARTERED INSURANCE COMPANY LTD BY INVESTMENT AND ALLIED ASSURANCE COMPANY PLC**

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

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

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



## **RESTRUCTURING:**

### **APPROVED RETRUCTURING TRANSACTIONS**

#### **1. NIGERIA MOTORS INDUSTRIES LIMITED AND CFAO MOTORS NIGERIA LIMITED- INTRA- GROUP RESTRUCTURING**

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

#### **2. UNBUNDLING OF UAC FOODS AND UAC DAIRIES DIVISIONS INTO UAC FOODS LIMITED**

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

#### **3. SCHEME OF ARRANGEMENT BY NAMPAK NIGERIA PLC**

The application was an arrangement by a majority shareholder of Nampak Nigeria Plc (Nampak International Limited) to buy out the minority shareholders of the company and as a condition of purchase; Nampak Nigeria Plc shall be delisted from the Stock Exchange and thereafter converted to a private company. The scheme is not expected to affect the operation of Nampak Nigeria Plc and successful completion of the scheme will result in Nampak Nigeria Plc being wholly owned by Nampak International Ltd.

#### **4. SCHEME OF ARRANGEMENT BY NIGERIA BOTTLING COMPANY PLC**

The application was filed by Renaissance Securities Nigeria Limited on behalf of the company. The transaction involves the acquisition and cancellation of 33.6% shares of NBC Plc, held by other shareholders. The company would become a wholly-owned subsidiary of its majority shareholder -Coca-Cola Hellenic Bottling SA (Hellenic).

#### **5. INTRA GROUP RESTRUCTURING OF FLOUR MILLS OF NIGERIA PLC (FMON) AND GOLDEN PASTA COMPANY LIMITED (GPC)**



The transaction filed by FCMB Capital Market involves the transfer of the assets, liabilities and undertaking, including real and intellectual property right of Golden Pasta Company Limited to Flour Mills of Nigeria Plc.

**6. SCHEME OF ARRANGEMENT BY UNITED NIGERIAN TEXTILE PLC.**

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

**7. RESTRUCTURING OF THE NIGERIAN INTERESTS OF SAB-MILLER PLC IN PABOD BREWERIES LIMITED AND VOLTIC NIGERIA LIMITED**

The application involves the Restructuring of the Nigerian interests in Sab-miller Plc in Pabod Breweries Ltd and Voltic Nigeria Ltd.

**8. RATIFICATION OF SCHEME OF ARRANGEMENT BETWEEN GOLDEN CAPITAL PLC AND ITS SHAREHOLDERS**

Golden Capital, being a shareholder in Golden Securities is seeking to acquire all the issued shares of Golden Securities, held by other shareholders, in exchange for the allotment of its unissued ordinary shares to the said shareholders. The transaction was executed under Section 539 of the Companies and Allied Matters Act.

**9. SCHEME OF ARRANGEMENT BETWEEN WEMA BANK PLC AND WEMA SAVINGS AND LOANS LIMITED.**

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

**10. MERGER BETWEEN PAPIILON INDUSTRY LTD, LEOCOOL AND LEOPLAST LTD**

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

**PENDING RESTRUCTURING APPLICATIONS**



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

The application was filed by Cordros Capital Limited in respect of the transfer of assets, liabilities and undertakings including real properties and intellectual property rights of four subsidiaries to the resultant company, Computer Warehouse Group Limited.

**2. PROPOSED DIVESTMENT OF ZENITH BANK PLC'S EQUITY INTEREST IN ZENITH GENERAL INSURANCE COMPANY LIMITED AND ZENITH CAPITAL LIMITED**

The application was filed by Stanbic IBTC Bank Plc and Vetiva Capital Management Limited in respect of the divestment of Zenith General Insurance Company Limited and Zenith Capital Limited By Zenith Bank Plc

**TAKEOVERS**

There was no Takeover transaction during the period under review.

**TRANSACTIONS FOR NOTING**

**1. MERGER BETWEEN INDEPENDENT FIELD ADVERTISERS AND IFA INSURERS BROKERS LTD**

A Post- Merger Notification on the conclusion of small merger between Independent Field Advertisers and IFA Insurers Brokers Limited was filed by Matrix Solicitors.

**TRANSACTIONS PUT ON HOLD**

**1. MERGER BETWEEN CRUSADER GENERAL INSURANCE LTD AND CRUSADER LIFE INSURANCE LTD**

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

**OUTSTANDING BANKING CONSOLIDATION TRANSACTIONS**



- **SCHEME OF ARRANGEMENT FOR RE-ORGANIZATION OF CAPITAL BETWEEN FINBANK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES AND ACQUISITION OF FINBANK BY FIRST CITY MONUMENT BANK PLC**

The transaction involved the:-

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

## **APPROVED BANKING CONSOLIDATIONS**

### **1. SCHEME OF ARRANGEMENT FOR THE REORGANISATION OF CAPITAL BETWEEN UNION BANK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES**

The application filed by Chapel Hill Advisory Partners Limited on behalf of Union Bank Plc involved the reorganization of the share capital of the Bank.

The specific details of the recapitalization are:

- I. AMCON will inject N 202, 246,000,000 to recapitalize Union Bank to Zero shareholders fund and will be issued 2,884,210,526 ordinary shares of 50 kobo each
- II. The Existing Shareholders of Union Bank will be offered a Rights Issue by which 1,477,656,250 ordinary shares will be offered for subscription;
- III. Union Global Partners Limited will invest the Naira Equivalent of US\$500,000,000 in the recapitalized Union Bank and will be issued 11,554,605,263 ordinary shares of 50 kobo each.

### **2. REORGANIZATION OF CAPITAL BETWEEN INTERCONTINENTAL BANK PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES**

The application filed by Chapel Hill Advisory Partners Limited on behalf of Intercontinental Bank Plc involved the reorganization of the share capital of the Bank.

### **3. RE-ORGANISATION OF CAPITAL BETWEEN OCEANIC BANK INTERNATIONAL PLC AND THE HOLDERS OF ITS FULLY PAID ORDINARY SHARES**

The application filed by Chapel Hill Advisory Partners Limited on behalf of Oceanic Bank International Bank Plc involves the reorganization of the share capital of the Bank.



#### **4. SCHEME OF MERGER BETWEEN STERLING BANK AND EQUITORIAL TRUST BANK**

The application filed by Chapel Hill Advisory Partners Ltd and Sterling Capital on behalf of Equitorial Trust Bank and Sterling Bank respectively is a merger between Equitorial Trust Bank and Sterling Bank Plc. It involved transfer of the assets, liabilities and undertakings, including real and intellectual property rights of Equitorial Trust Limited to Sterling Bank Plc.

The two banks have executed Transaction Implementation Agreement and the transaction has received the CBN's no objection.

### **REGISTRATION OF CAPITAL MARKET OPERATORS**

#### **OVERVIEW**

A total of one hundred and thirty five (135) new applications were received from potential capital market operators in 2011.

The Commission registered 16 new market operators during the period under review and granted Approval-in-Principle to National Association of Securities Dealers (NASD) Ltd to operate as an Over-the-Counter (OTC) Market.

ICAP African Brokers Ltd was registered in 2011 to provide an Electronic Trading Platform for bonds, debentures and treasury bills. There are two key elements to the services. They are voice connections or broker lines and ETC (ICAP's proprietary trading and price display software).

Thirteen (13) applications for regularisation were approved while fresh applications from thirty-six (36) companies were approved by the Commission.

The Commission currently has one hundred and ninety-nine (199) pending applications for registration of additional sponsored individuals at various stages of processing. Out of this figure, one hundred and forty-five (145) were received in 2011.

The number of registered Capital Market Operators increased from 1124 in 2010 to 1141 in 2011, with some performing multiple functions.



## **SUMMARY OF APPLICATIONS FOR REGISTRATION IN 2011**

<b>S/N</b>	<b>FUNCTIONS</b>	<b>NO OF APPLICANTS</b>	<b>% OF TOTAL</b>
1	Reporting Accountants	15	11.11
2	Investment Advisers	23	17.03
3	Solicitors	48	35.56
4	Fund/Portfolio Managers	15	11.11
5	Estate Surveyors & Valuers	7	5.19
6	Broker/Dealer	9	6.67
7	Trustees	3	2.22
8	Sub-Broker	1	0.74
9	Over-The-Counter Market	1	0.74
10	Custodian	1	0.74
11	Issuing Houses	8	5.93
12	Underwriters	4	2.96
	Total	135	100

## **MARKET OPERATORS REGISTERED IN 2011**

<b>S/N</b>	<b>NAME OF COMPANIES</b>	<b>FUNCTION</b>
1	Treasure Capital & Trust Ltd	Issuing House & Investment Adviser
2	Remi Oyekola & Co	Reporting Accountant
3	Dunbell Securities Ltd	Broker/Dealer
4	A.T.Abdulkadiri & Co	Estate Surveyors & Valuers
5	Custodian & Allied Insurance Plc	Trustee
6	HIP Asset Management Co. Ltd	Investment Adviser



7	Investment Shark & Asset Management Ltd	Broker/Dealer
8	Alternative Capital Partners Ltd	Fund/Portfolio Management & Investment Adviser
9	D.D.Dodo & Co	Solicitors
10	GTI Securities Ltd	Broker/Dealer
11	SFS Capital Ltd	Fund/Portfolio Manager
12	A. B. Sulu Gambari & Co	Solicitor
13	Phoenix Global Capital Markets Ltd	Issuing House, Underwriter & Investment Adviser
<b>14</b>	CDL Capital Markets Ltd	Broker/Dealer
15	Sterling Partnership	Solicitor
16	ICAP African Brokers Limited	Inter-Dealer Broker

**SUMMARY OF REGISTERED CAPITAL MARKET OPERATORS BY FUNCTION AS AT 31<sup>ST</sup> DECEMBER, 2011.**

**FINANCIAL STANDARDS AND CORPORATE GOVERNANCE**

- The Commission in April 2011 launched the new Code of Corporate Governance and followed up with a workshop for stakeholders on the understanding and implementation of the Code. Capacity Building workshop on Risk Management for Board of Directors was also organized.
- A total of 127 (one hundred and twenty seven) Public Companies out of 206 (two hundred and six), representing 62% signed up to the New Code of Corporate



Governance as at 31st December 2011. A total of 164 (One Hundred and Sixty Four) Public Companies representing 80% submitted annual accounts during the reporting period. This was higher than the compliance level in 2010 due to enhanced enforcement action. The Commission reviewed a total of 214 Half Yearly Returns on Corporate Governance and 308 Quarterly Returns.

- The Commission met with Registrars of Companies and Finance Directors to ascertain the status of Unclaimed Dividend Funds in their custody. The three nationalized (delisted) banks were directed to segregate their unclaimed dividend accounts from their operations accounts in order to safeguard investors' interests. Public companies and Registrars were also monitored to ensure that dividends declared were paid en-bloc in compliance with Rule 204 of the Commission's Rules and Regulations. The level of compliance with the rendition of returns on unclaimed dividend improved.
- All Public Companies were directed to appoint Compliance Officers and forward their contact details to facilitate compliance with regulatory requirements.
- The Commission created an email account ([corporategovernance@sec.com](mailto:corporategovernance@sec.com)) where Companies can send in their returns on-line and timely.
- All Public quoted Companies were directed to commence migration to International Financial Reporting Standards (IFRS) and submit their roadmap in this regard.
- A workshop on IFRS implementation for CEO's, Finance Directors and Company Secretaries of publicly quoted Companies was organized to sensitize them on the benefits, challenges and critical success factors in IFRS implementation.
- The composition and qualification of Audit Committee members of Public Companies were analysed and it was discovered that most of the Committees as constituted did not meet the requirements of Section 359 of Companies and Allied Matters Act, (CAMA) 1990. A new rule was therefore proposed in this regard.

## **Observations from the reviews carried out on the returns:**

### **Corporate Governance, Disclosure and Compliance.**

- Inadequate Board Committees e.g. Remuneration Committee, Corporate Governance, Risk Management Committees etc.
- Non separation of the Executives from the non-Executive Directors.
- Inadequate board meetings.
- Late rendition of returns.
- Lack of orientation/training for newly appointed Directors.
- Non disclosure of succession planning.
- Non certification of the return forms.



- Failure of Audit Committees to meet with the Board, Internal Audit and External Audit.
- Non disclosure of qualification and experience of Audit Committee members as required by Section 359 of CAMA.
- Internal Control breaches and lapses not properly communicated.
- Retention of External Auditors beyond the stipulated time.
- Late/non dispatch of AGM notices.
- None implementation of e-dividend, payment system.
- None disclosure of status on unclaimed dividend.

### **Financial Reports.**

- High ratio of administrative and other expenses which 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 S60 (2) of the ISA 2007.
- Late filing of annual and periodic returns to the Commission.

### **A. Investigations**

	<b>COMPANY</b>	<b>PURPOSE</b>	<b>RESULT</b>
<b>1</b>	<b>Okomu Oil Palm Plc.</b>	<b>To ascertain the allegations leveled against the Management of the Company by the complainants, Onitsha Zone Shareholders Association.</b>	<p><b>I. Based on the findings of the Commission, there were no substantive evidence to collaborate the allegations</b></p> <p><b>II. However, the matter is presently a subject of litigation before the Federal High Court, Benin Division, Edo State in Suit No. FHC/B/117/11 – Onitsha Zone</b></p>



			<p><b>Shareholders Association &amp; 2 ors Vs Mr H. Fabri &amp; 4 Ors in which the Commission is the 5<sup>th</sup> Defendant.</b></p>

### **B. All Parties Meetings**

<b>S/N</b>	<b>COMPANY(IES)</b>	<b>PURPOSE</b>	<b>RESULT</b>
<b>1</b>	<b>PAC Registrars, WEMA Registrars, Afribank Registrars, Intercontinental Registrars, First Registrars, Union Registrars, Fin Registrars.</b>	<b>The meeting was held with some Companies Registrars and Finance Directors to ascertain the current status of Unclaimed Dividend Funds in their custody particularly those of the Banks that are involved in reconstruction and the Nationalized Banks.</b>	<b>Affected registrars have confirmed the status of unclaimed dividends whose register they maintain.</b>
<b>2</b>	<b>IFRS Regulators Forum, SEC, NAICOM, and CBN.</b>	<b>The Department represented the Commission on the regulators forum on IFRS implementation where several meetings were held</b>	<b>To ensure seamless transition to IFRS by public and significant public entities in Nigeria by January, 2012</b>



		with a view to have a coordinated approach to effective and seamless transition to IFRS by listed companies.	
3	<b>Guinea Insurance Plc.</b>	The meeting was to provide further details on the Company's strategy of divesting an investment in the oil block as directed by the Commission and NAICOM.	Guinea Insurance Plc. Hinted that, the Company that sold the oil block to it has agreed to buy-back the investment through installment payments.
4	<b>Daar Communications Plc.</b>	A meeting with the Board of Daar Communications was held to discuss the findings from an inspection conducted by the department with a view to addressing the various Corporate Governance and other lapses in the Management of the Company.	At the end of the meeting, the Commission directed the Board of the company to effect changes in the operations of the Company in line with the Code of Corporate Governance for Public Companies.



<b>5</b>	<b>Meeting With Auditors/IFRS Experts</b>	<b>The purpose of the meeting was a follow-up discussion with the panelists of the focused groups' seminar to map a way forward at ensuring a seamless IFRS transition by publicly quoted companies.</b>	
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## **6. ANNUAL GENERAL MEETINGS/EXTRA ORDINARY GENERAL MEETINGS**

The Commission attended Ninety Two (92) annual/extra-ordinary general meetings as observers alongside other regulatory agencies as required by the Commission's rules and regulations. Observations/Lapses observed were communicated to the Companies for rectifications.

## **7. UNCLAIMED DIVIDEND.**

The Commission received half yearly returns form on unclaimed dividend. The returns received indicated that the unclaimed dividend figure for 2011 was ₦60,709,878,069.11 (Sixty Billion, Seven Hundred and Nine Million Eight Hundred and Seventy Eight Thousand and Sixty Nine Naira, Eleven Kobo Only). This indicates a reasonable response by the Public Companies in rendering returns on unclaimed dividend when compared to the figure N40, 205,705,202.47(Forty Billion, Two Hundred and Five Million Seven Hundred and Five Thousand, Two Hundred and Two Naira, Forty Seven Kobo Only) attained in 2010.

## **MARKET DEVELOPMENT ACTIVITIES**



The Commission during the year hosted students from both secondary and tertiary institutions. This was in keeping with the Commission's Strategy of "catch them young" - to educate and build a pool of future capital market regulators and operators as well as instill the culture of savings and investments.

It also undertook investor/issuer education outreach conducted in Port Harcourt in collaboration with the Rivers State Government. To commemorate fifty years of capital market regulation in Nigeria, the Commission launched 'The project 50 event' with the theme 'The Nigerian .....Committee activities

The Commission also reviewed and updated its publications and initiated other measures including the development of a capital market development masterplan with a view to further deepen the market.

## **PUBLICATIONS**

The following publications were updated in 2011.

- ✓ SEC Cartoon
- ✓ Primer
- ✓ The Nigerian Capital Market: Issues ,Challenges and Prospects
- ✓ SEC: what it is and what it does
- ✓ Secondary Market in Securities Transactions
- ✓ The Nigerian Bond Market Regulation
- ✓ Commodities Exchange: what you need to know

In addition, flyers/handbills with the following titles were introduced:

- Know your right as a shareholder
- Asset Management Company
- Investing wisely
- Buying and selling of shares: what an investor needs to know
- Collective Investment Schemes made easy
- Rights, Bonus Issues and share splits –what you need to know

## **Articles/Newspaper publications:**

In collaboration with New Nigeria Newspapers, the Commission responded to investors' inquiries through a weekly column termed "Response to investors' enquiries'.

The following feature articles were also published in the SEC quarterly bulletins during the year.

- States and the Capital Market in Nigeria
- An extract from the Islamic Capital Market Task Force of the International Organization of Securities Commissions(IOSCO)
- Imperatives of the Stock Exchange Demutualization



## **PUBLIC ENLIGHTENMENT ACTIVITIES**

The Commission undertook sensitization campaigns to the following places:

- A. Gray's International College Kaduna,
- B. NYSC Orientation Camp in Kaduna,
- C. NYSC Orientation Camp in Keffi, Nassarawa State.
- D. The council of Chiefs, Fadan Kagoma Kaduna State.
- E. The Zazzau Emirate Council, Zaria.
- F. Kaduna State Media Corporation (KSMC)- Hausa and English sessions
- G. Holy Family College, Abak, Akwa Ibom State.
- H. NYSC Orientation Camp, Obubra, Cross River State

## **CAPITAL MARKET YOUTH EDUCATION**

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

The following Schools established Capital Market Clubs during the year:

- a. Gray's International College Kaduna
- b. Shalom Christian Academy Akwanga, Nassarawa state.
- c. Rayenes Comprehensive Secondary School, Eleme, Rivers State.
- d. Federal Government Girls College, Ikot Obio Itong, Mkpata Enin L.G.A., Akwa Ibom State.

### **2. Excursions**

Students from the under listed schools paid visits to the Commission within the year:

- 1) Adrao International School, Victoria Island, Lagos
- 2) Victoria Island Secondary School, Victoria Island, Lagos
- 3) Kuramo College, Victoria Island, Lagos
- 4) Auntie Ayo's Girls Comprehensive School, Ikoyi, Lagos
- 5) Government College, Maroko, Ikoyi
- 6) Akode Daisy Memorial High School, Osborne, Ikoyi
- 7) John Bosco Technical Institute Onitsha Anambra State
- 8) Gray's International College, Kaduna
- 9) Government Secondary School Gumel, Kaduna State

### **• FAMILIARISATION VISITS TO THE COMMISSION**

- i) The Commission received officials from Standard Bank of South Africa on a due diligence visit to Nigeria. The team was accompanied by officials of IBTC.
- ii) Representatives of HSBC, United Kingdom in company of Stanbic IBTC officials also visited the Commission.



## **NEW PRODUCTS**

The Commission promoted the following new products as alternate investment windows:

- Ethical (Islamic) Funds and Investment;
- Infrastructure Funds;
- Inflation – indexed Bonds;
- Exchange Traded Funds (ETFs); and
- Custody Operations.

## **LIBRARY AND INFORMATION SERVICES**

The Commission continued to render library services to the public during the period under review.

Additional books, pamphlets, periodicals, reports, dailies and other related materials were acquired while researchers from higher institutions across the country were assisted with information and materials on the capital market.

## **INTERNATIONAL FORA**

During the year under review, the Commission participated in the programmes of International Organisation of Securities Commissions (IOSCO) and Africa/Middle East Regional Committee (AMERC).

### **▪ TECHNICAL (TC), EXECUTIVE (EC) AND EMERGING MARKETS COMMITTEE ADVISORY BOARD (EMCAB)**

The meeting was held in Rio de Janeiro, Brazil between 27<sup>th</sup> & 28<sup>th</sup> January 2011. The focus of discussion was:

- Funding of IOSCO
- The new structure including the strategic direction
- Merging of Emerging Markets Committee Working Groups and Technical Committee Standing Committees.

### **▪ 26<sup>TH</sup> AMERC ANNUAL/MEETING CONFERENCE HELD IN MAURITIUS FROM FEBRUARY 9 – 11, 2011**

The theme of the conference which was hosted by the Financial Services Commission, Mauritius was **Regulatory Cooperation and New Challenges**.



The meeting/conference was attended by about one hundred and five (105) participants from twelve (12) countries, including participants from the public and private sectors of the Mauritius economy.

The deliberations centred on **Capital Markets Regulation and Financial Stability**, as well as **Demutualisation of Stock Exchanges: Issues and Challenges**. Highlights included:

- Market risks should be detected early and effectively managed.
- New global standards should be set in the light of the recent financial crisis.
- Proper planning of regulatory activities is necessary for a stable and sound market.
- On mitigating systemic risks, the direction of market regulation should be Risk Based Supervision (RBS) while innovation should be encouraged.
- A case for Stock Exchanges in the sub-region to consider demutualization was made in view of the numerous benefits derivable from it such as good corporate governance, business opportunities, enhanced transparency and corporate profile etc.

▪ **THE IOSCO ANNUAL CONFERENCE HELD IN CAPE TOWN, SOUTH AFRICA FROM APRIL 17 – 21, 2012**

The following issues affecting the global securities industry world-wide were discussed.

- **Building Capacity of Judges**
- **Corporate Governance Issues**
  - Capacity building of all stakeholders.
  - Adequate training of the financial media to ensure appropriate reporting.
  - Good corporate governance is not a guarantee against failure.
  - Creating an environment that supports good corporate governance is key
  - Prescriptive approach should not be the only way as regulators tend to believe.
- **Alternative Dispute Resolution (ADR)**
  - ADR be incorporated into corporate life.
  - Corporate laws should be customized to local environment.
  - Education of stakeholders is important.
  - Information technology is critical.
  - Proper documentation of activities.



- **Credit Rating**
  - The quality of credit rating is usually hindered by level of transparency and disclosure.
  - Investors must carry out independent due diligence and not rely solely on credit rating.
- **EXECUTIVE COMMITTEE, TECHNICAL COMMITTEE AND EMERGING MARKETS COMMITTEE MEETINGS HELD IN MADRID, SPAIN FROM 29<sup>TH</sup> – 30<sup>TH</sup> SEPTEMBER 2011**

Discussions at the meeting highlighted the following:

- The global financial turmoil exposed serious issues in the financial system which are not solely within the purview of securities regulators;
- The need for the overall re-orientation of securities regulators particularly in the areas of analysis and information; proactiveness as well as improved communication between regulators and market operators.
  - On financial innovation, it is important to focus on investor eligibility and education about the particular innovation, as much as focusing on the product and risk management of those in the chain of distribution.
- Some potential problem areas were identified to include:
  - Exchange Traded Fund (ETFs), especially synthetic ETFs, due to their complexity and potential counterparty risk which is not well understood, especially by investors;
  - Securitization: The market is uncertain about the implementation and transparency rules which may be holding back the return of the market;
  - High Frequency Trading (HFT) and algorithmic trading: Market abuse, and the tools available for regulators to identify and take enforcement action.
  - Covered bonds: the complexity and value of underlying assets.
  - Securities lending: inadequate data and issues of collateral arrangements.
- **What should regulators do?**
  - Monitor flow of funds.
  - Identify abnormal behaviour.
  - Strengthen supervision of asset valuation in real estate and private equity.
  - Gather regular information on shadow banking activities that fall under securities regulations.
  - Define composition and border of shadow banking (IOSCO Principle 7).
- **EMERGING MARKETS COMMITTEE MEETING/CONFERENCE HELD AT THE MOON PALACE HOTEL IN PUNTA CANA, DOMINICAN REPUBLIC FROM OCTOBER 17 – 19 2011**



During this meeting, IOSCO introduced training sessions for the first time to improve knowledge of participants and further develop the capacity of regulators.

The highlights of the conference were as follows:

- **OVERVIEW OF THE 38 IOSCO PRINCIPLES AND METHODOLOGY**
- The discussion focused on the core objectives of Securities regulation which are: investor protection, promotion of fair, efficient and transparent market and reduction of systemic risks.
- **SYSTEMIC RISKS**
  - Regulators should promote effective enforcement programmes that are holistic.
  - There is need to create a body with oversight function over the auditing profession which could be a governmental, quasi-governmental or non – governmental organization.

***To this effect, regulators were challenged to:***

- examine themselves in the light of the revised principles and their methodologies and thereafter undertake periodic self-assessment.
- consider these principles as minimum standards that should be met and surpassed in the quest for promoting excellence in the market.

## **DEVELOPING THE RETAIL INVESTOR BASE IN EMERGING MARKETS**

Suggestions on how to increase retail investor base include:

- Total commitment to investor protection.
- Building investor confidence.
- Promotion of highest ethical standards/culture.
- Introduction of innovative products.

## **BOND MARKET IN THE EMERGING MARKETS**

The following were some of the points made;

- The percentage of the bond market in the Emerging markets is still very small in relation to the global bond market as it is only 11%.
- Only a 3<sup>rd</sup> of the Emerging Markets countries have a sizeable bond market.
- The Bond Yield Curve (BYC) of the Emerging Markets is not well developed

## **SMEs PARTICIPATION IN THE CAPITAL MARKET**



Small and Medium Scale Enterprises could play a critical role in deepening and developing the capital market.

### **UNIVERSAL BANKING: CONFLICT OF INTEREST**

A clear separation of commercial and investment banking will significantly reduce conflict of interest.

### **PROTECTION OF MINORITY SHAREHOLDERS AND CORPORATE GOVERNANCE PRACTICES IN THE EMERGING MARKETS**

Regulators were encouraged to explore avenues to protect minority shareholders in their jurisdictions and take corporate governance beyond a self enforcing code to an enforceable code.

## **ENFORCEMENT AND COMPLIANCE**

### **Summary of activities:**

#### **(a) Enforcement**

- 1 Sixty nine (69) cases were treated during the year under review, most of which related to:
  - Unauthorized sale of clients' shares
  - Mismanagement of clients' portfolio accounts
  - Non-allotment of shares paid for by investors
  - Non-remittance of proceeds of sale of clients' shares
  - Non-remittance of periodic and annual returns
- 2 There were seven (7) cases of illegal operators in the market in various parts of the country namely Unique Myriad, Command Clem Nig. Ltd, Linchion Ltd, Wealth Wind Logic Plus Ltd, Molpra Inv. Ltd, Core Functions and Assets Ltd and Integrated Capita Ltd.
- 3 The Commission participated in the activities of the Interagency Committee on illegal fund managers / wonder banks by investigating the following: Mariam Moses, Toss Up Nig. Ltd, Molpra Inv. Ltd, and Giljoh Nig. Ltd.



The approval of the Attorney General of the Federation was obtained by the CAC to liquidate 30 out of the 36 wonder banks which constitute 98% of the claims amounting to N104 billion.

- 4 A total of fourteen (14) cases were referred to the Nigerian Police Force. The cases were in respect of illegal operation in the capital market, misappropriation of clients funds, failure to pay clients' monies and interests thereon, online forex trading, falsification of financial statement and other infractions

Four capital market operators failed to resolve the complaints lodged against them over three (3) months after their suspension. The operators were Midland Capital Ltd, Supra Comercial and Trust Ltd, Sikon Securities Ltd and Monument Securities and Inv. Ltd. Consequently, the Commission directed the Central Securities Clearing System to place caution on the stocks of the companies and their directors.

### **Statistics of enforcement activities in 2011**

Suspension	12 capital market operators
Fines	N4,079, 000
Number of cases Referred to the Police	14 cases
Number of Case referred to EFCC	None
Warning	1 operator
Resolved cases	15 cases

### **Administrative Proceedings Committee (APC)**

#### **Summary of APC Activities for 2011**



Six (6) cases were brought before the APC and concluded. They were:

SN	CASES	NAME	VIOLATION	DECISION	REMARKS
1	APC/2-149/2008	<b>SEC vs. Alliance Capital Management Co. Ltd &amp; 15 ors</b>	<p>*Non-purchase of shares mandated by clients.</p> <p>*Illegal sale of shares.</p> <p>*Failure to remit proceeds of sale.</p> <p>*Failure to file statutory returns.</p>	<p>1<sup>st</sup> &amp; 2<sup>nd</sup> Respondents directed to retribute investors/complainant s.</p> <p>3<sup>rd</sup>-4<sup>th</sup> Respondent cleared of allegations</p>	<p>Decisions an</p> <p>Records (</p> <p>Proceedings concluded</p>
2	APC/6-42/2009	<b>SEC vs. Empire Securities Limited &amp; 7ors</b>	Unauthorized sale of clients shares	<p>Full restitution</p> <p>The 3<sup>rd</sup> – 4<sup>th</sup> Respondents were cleared of all allegations.</p>	<p>Decisions an</p> <p>Records (</p> <p>Proceedings concluded</p>
3	APC/66-194/2010	<b>SEC vs. Proforte Investment Ltd &amp; 9ors</b>	Failure to file statutory returns and non - remitting of capital and interest invested by clients.	<p>Full restitution</p> <p>Five Respondents referred to EFCC for prosecution.</p> <p>Four (4) Respondents barred from operating in the Capital Market.</p>	<p>Decisions an</p> <p>Records (</p> <p>Proceedings concluded</p>
4	APC/65/2010	<b>SEC vs Mtech Communications Plc &amp; 8ors</b>	<p>*Directors of Mtech used the asset of the company to acquire their personal loans.</p> <p>*Misrepresenting information to the</p>	<p>Directors were found liable.</p> <p>9<sup>th</sup> Respondent cleared of the allegations (not under the Commission's regulatory purview.)</p>	<p>Decisions an</p> <p>Records (</p> <p>Proceedings concluded</p>



			Commission and refusal to release register of the members by PHB registrars		
5	APC/1/2010	<b>Longterm Global Capital limited vs. Stanbic IBTC Asset Management Ltd</b>	Unauthorized purchase of GTB/GDR above the stated mandate.	<p>The allegation of breach of contract not established.</p> <p>1<sup>st</sup> Respondent ordered to pay applicant/complainant price rate differential and cash dividend cum interest on the amount at the prevailing LIBOR rate.</p>	Decisions and Records Proceedings concluded
6	APC/2-64/2009	<b>SEC vs. Davandy Finance &amp; Securities Ltd &amp; 11ors</b>	Failure to purchase shares, file quarterly returns and remitting of principal cum interest thereon in respect of investment in the equity investment scheme made by clients.	<p>The 7<sup>th</sup> Respondent was found liable for operating an illegal equity investment scheme and was ordered to pay back the investors/complainants all principal and interest (CBN MPR) generated from the scheme.</p> <p>The 1<sup>st</sup> Respondent was found liable for non purchase of shares as mandated, sale of shares without mandate and non verification of share certificates as mandated.</p>	Decisions and Records Proceedings concluded



## Compliance

### 1. **Non-Rendition of Quarterly Returns**

36 Capital Market Operators were suspended for non-rendition of quarterly returns.

### 2. **Pending compliance issues**

#### • **Ebako and Co Ltd (Dividend due in Longman Plc)**

The Commission and the Police concluded the investigation on Mr Emmanuel Ijewere and forwarded a report to management, pending the outcome of the court decision.

#### • **Ekocorp Plc**

Ekocorp Plc relates to the shares acquired by Geoff Ohen Ltd on the floor of the NSE and a suit before the Federal High, Lagos. Management directed that a thorough investigation be conducted. Report forwarded is still pending Management's decision

### 3. **Administrative Proceedings Committee (APC) Decisions**

A total of 6 APC decisions comprising of 482 complaints were referred for compliance in 2011. Below is the breakdown:

- 245 - Complainants against Alliance Capital Management Ltd (now under prosecution by the EFCC)
- 129 - Complainants against Proforte Ltd
- 42 - Complainants against Empire Securities Ltd
- 64 - Complainants against Davandy Finance & Securities Ltd
- 1 - Longterm Global Capital Ltd vs. Stanbic IBTC Asset Management Ltd.
- 1 - Complaint against Mtech Communications Ltd.

### 4. **Epic Investment Trust Ltd**

Breach of Portfolio Management Agreement with three of its clients Dr. Adenekan, Mr. Augustine F. Falana and Mr. Fofoh Jenson. The CSCS and NSE have been contacted to identify all directors' assets with a view to bringing them before the APC.

5.

### 5. **Options Securities Ltd**

The operator was suspended for conversion of (N2,039,000.00). The sum of N1,539,000.00 has been recovered for Engr. Udo Tom Essien, while N500,000.00 is pending his confirmation.

### 6. **Interstate Securities Ltd and Shalom Investment & Financial Services Ltd.**

The Commission is investigating a complaint relating to stocks belonging to Group Capt. Bola Olu Abayomi Sotubo (Rtd.) which was fraudulently sold without his consent. \*Shalom Investment and Financial Services Ltd and Interstate Securities Ltd were



suspended from all Capital Market activities. The suspension was lifted after the EFCC requested for the lifting of same upon its arrest of the impostor.

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

The complainant, Babajide Oguntowo in June 2011 wrote to the Commission regarding the misapplication of a loan facility by UBA Stockbrokers. **(N4,344,100.00). UBA Plc is yet to respond to the letter seeking its explanation on its contribution thereof.**

**11. Fraudulent activities of AfriBank Securities Ltd in handling shares belonging to Hon. Chidi Julius Lloyd Esq.**

The Complainant alleged that he deposited more than N200 million naira with AfriBank Securities Ltd (ASL) for investment in stock. ASL is suspended.

**12. Re: Muko-Okoro Vs Adonai Stockbrokers Limited**

In 2005 Adonai Stockbrokers Ltd appointed Muko Okoro (the Complainant) to act as its agent in Aba. The Company alleged that the agent in 2008, through some purchase orders, put its account into debit. It therefore confiscated the Agent's **N1, 121,449.00** to defray 50% of the debit balance.

The operator was directed to restitute the Complainant and this has been complied with.

**13. Complaints against Enterprise Stockbrokers Limited**

The Commission was notified that 633,600 units of Eco Transnational Incorporated shares belonging to the Late Okono Udo Idiong were illegally sold by Enterprise Stockbrokers Ltd in 2010.

Enterprise Stockbrokers has been directed to restitute the Estate of Late Okono Udo Idiong of the entire proceeds of the sale through the Commission.

**14. Complaints against Omas Investment and Trust Co. Limited**

Following several complaints against the Company and their failure to resolve same till date, the Company and its sponsored Individuals were suspended from all Capital Market activities.

**15. Longterm Global Ltd Vs. Stanbic IBTC Asset Management Ltd**

The Commission directed Stanbic IBTC Asset Management Ltd to transfer to Longterm Global Capital Ltd, a total of 262,864 units of GTB/GDR with all accruals being the units purchased on its behalf and the sum of \$112,729 with interest at the prevailing LIBOR rate being the exchange rate differential from the conversion of the pound sterling to dollars. IBTC partly complied by paying the exchange rate differential. Further compliance is being expected.



## Summary of Compliance Activities for 2011

Number of Decisions from APC in 2011	488
Numbers of cases referred to EFCC	245 (All Alliance Capital Asset Mgt. Co Ltd)
Number of responses to request for information (FSRCC Compliance)	295
Number of cases referred for further Legal action (Currently with external Solicitors)	42 (All Empire cases)
Number of operators penalized for Non –rendition of Quarterly review	36 (22 of them recommended for withdrawal of licenses)
Number of operators penalized under CFT/AML Compliance	42 (10 of the operators have fully complied)
Amount fully recovered as SEC imposed penalties in 2011	N22,880,000.00 (Less partial payments made as at date)
Amount recovered for investors in 2011	177,070,845.00
Number of certificates recovered for investors in 2011.	609 share certificates from Alliance Capital Management Ltd
Dividends recovered for investors	N8million worth of Dividends

# SECTION 3

- **REPORT ON LEGAL AND ENFORCEMENT ACTIVITIES**
- **LEGAL SERVICES**

## **LEGAL OPINIONS**

During the year under review, the Commission gave a total of 107 opinions. Highlights of the opinions given were as follows:

1. **APPLICATION FOR PRODUCT REGISTRATION-PERSONAL PROVIDENT PLAN**

The Commission gave opinion on whether a personal provident plan qualified to be registered as a Collective Investment Scheme.

It was opined that the product had met the description of a collective investment scheme as provided under section 153 of the ISA 2007 and



the requirements for administration of collective scheme as provided by Section 158 (1) of the Act.

The Commission advised that since the content of the scheme document showed more than seventy percent 70% collective investment scheme, it could safely be registered with the Commission as a collective investment scheme.

## 2. **REQUEST FOR INTERVENTION OVER UNETHICAL CONDUCT OF CASHCRAFT ASSET MANAGEMENT LIMITED**

The Law firm of Gateway Chambers by a letter dated 7<sup>th</sup> January 2011 stated that their client instructed Cashcraft Asset Management Ltd, through its staff, Mr. Solomon Ajanu, to purchase shares worth N3 million on their behalf on 12<sup>th</sup> December 2007, but the shares were not purchased until 8<sup>th</sup> of January, 2008 (27 days after the said instruction).

They also alleged that the Company purchased the stock in excess of the instructed amount and that upon complaint to Mr. Solomon Ajanu, he said the excess purchased was not going to affect them adversely.

The Complainant made the following claims:

- a. That Cashcraft Asset Management Ltd should be compelled to make a reversal of the sale of their NAHCO Shares.
- b. That the Company should be made to pay all entitlements due from the date of purported sale till date.

Rule 182A (3) of the SEC Rules & Regulations required a broker with a mandate to buy shares to execute its client's order, including lodgement within 5 working days. Where the security is not available within the stipulated period, the broker should revert to the client for further instructions.

The Commission directed Cashcraft Asset Management Ltd to reverse the purchase shares and explore possible ways of resolving the matter.

## 3. **INTERPRETATION OF SECTION 188 OF ISA, 2007 IN RESPECT OF THE TRANSFER OF FUND MANAGEMENT FUNCTION AND OF MANAGEMENT OF SKYE SHELTER FUND**



Skye Bank Plc applied to the Commission for transfer of its fund management function along with the management of Skye Shelter Fund to Skye Financial Services (one of its subsidiaries) in the wake of repeal of the universal banking model by the CBN.

The Bank's attention was drawn to the provision of Section 188 of ISA, 2007, which appeared to limit the activities that a manager of an authorised scheme could engage in. It was observed that various managers of authorised schemes perform multiple functions.

The Commission was therefore of the opinion that the manager of an authorised scheme could not engage in any activities other than what was provided in Section 188(2) of ISA 2007. Any activity outside this scope was therefore unauthorised.

4. **OPINION ON THE IBTC GUARANTEED INVESTMENT FUND (PROPOSED AMENDMENT TO THE TRUST DEED)**

IBTC Asset Management brought an application seeking clarification whether the IBTC Guaranteed Investment Fund could invest in foreign listed companies and invest up to 10% of the funds in unquoted securities. Investment of funds under collective investment scheme is guided by Section 171 of the ISA, 2007.

The Commission observed that there was nothing wrong in allowing the fund manager to invest the fund in foreign securities if the securities were listed and registered by the Commission under the Act.

Regarding investment in unquoted securities, the Commission observed that the proposed rule on the subject matter was awaiting the consent of the Minister of Finance and therefore advised that the request may be considered as soon as the rule became effective.

5. **REQUEST FOR INFORMATION ON THE REGULATION OF ASSET BACKED SECURITIES**

A request was made by Conseil Du Marché Valuer Mobilier (CDVM) Morocco seeking for information in respect of regulation of Asset Backed Securities in the Nigerian market.

The Commission responded that at present, Asset Backed Securities was a new product in the Nigerian Capital Market and it was making proposals to come up with rules to guide its operation.



**6. TOURIST COMPANY OF NIGERIA PLC - PLACING OF 635,585,472 ORDINARY SHARES OF 50K EACH AT N3.20 PER SHARE TO SUN INTERNATIONAL LIMITED**

The main issue here was a request for extension of time (36 months) to enable the Company turn around its operation towards profit-making.

The directive of the Commission to the Company was for Sun International Limited to make a mandatory takeover bid to all other shareholders of Tourist Company of Nigeria PLC in view of Section 131 of the ISA 2007.

It was advised that the Commission should encourage companies to stay alive in order to ensure returns on investment and therefore consider approving a twenty four month extension of time to enable the company comply with its directives.

**7. NON-REGISTRATION OF STANBIC IBTC BALANCED FUND BY STANBIC IBTC ASSET MANAGEMENT LTD**

The Commission observed that IBTC Balanced Fund was being operated by IBTC Asset Management without registration as required under Sections 160 and 161 of the ISA 2007. The issues to be determined were as follows:

- a) Whether IBTC Asset Management Ltd violated Sections 160 & 161 of the ISA 2007
- b) Whether the Fund as operated, qualified as a collective investment scheme and therefore liable to be registered by the Commission.
- c) If yes, whether they could be penalized under the ISA 2007.

The Commission observed that IBTC Asset Management Ltd. violated the provisions of Sections 160 & 161 of ISA and the penalty contained in Section 161(5) should apply.

**8. MEMORANDUM OF UNDERSTANDING BETWEEN SEC AND CAPITAL MARKET AUTHORITY OF THE SULTANATE OF OMAN**



The MOU between SEC and Capital Market Authority of the Sultanate of Oman was reviewed and found to be adequate. It is now awaiting signature.

9. **RELIABLE FUNDS/PORTFOLIO MANAGER LIMITED (INVESTMENT ADVISER FUNCTION)**

Reliable Funds/Portfolio Manager Limited applied for registration with the Commission as a Corporate Investment Adviser

The issues for determination were:

- a. Whether it was proper to register the company as an Investment Adviser while the name is suggestive of a Fund/Portfolio Manager and therefore capable of misrepresentation.
- b. Whether the fact that the Company Directors and Shareholders as members of the same family, could influence their judgement in the conduct of their duties.

The Commission observed that Rule 192(2) provided that an investment adviser shall not engage in the maintenance or management of investors funds. The applicant was therefore advised to change its name in order not to mislead the public.

10. **MATTERS RELATING TO THE MAREVA ORDER IN SUIT NO. LD/2449/2010 BETWEEN ACCESS BANK PLC AND ZENON PETROLEUM & GAS LTD & OLUFEMI OTEDOLA**

The firm of A.O.S. Legal Practitioners representing Access Bank Plc, notified the Commission of a pending Lagos State High Court order restraining Zenon Petroleum & Gas Ltd and its alter ego, Mr. Olufemi Otedola from selling or transferring, charging or disposing or otherwise dealing with the shares and stocks also belonging to them (under a lien) jointly or severally in 13 Companies.

The Commission observed that the Mareva injunction clearly applies to it and should be obeyed until it is set aside.

11. **INTENTION TO REDEEM 17,000 UNITS OF CONTINENTAL UNIT TRUST FUND (CUTF) SHARES**



The Commission instituted an action at the IST to freeze the account of Continental Unit Trust Fund (CUTF) after a report of an inspection indicated that the Net Asset Value (NAV) of the Fund had depleted to a level which did not justify its continuous operation.

The Commission's prayer to freeze the accounts of the Fund in Sterling Bank and Afribank Nig Plc and any other bank was granted.

However, one of the Fund's unit-holders, Mr. Oliver Ulor requested to redeem his units on health reasons.

The Fund Manager, Global Asset Management Ltd, in their response to the request by Mr. Ulor, stated that in view of the pending order of the Tribunal, they could not operate the account from which the proceed would be paid to him and that the Trustees would not be able to work on the certificates until the case was finally disposed off.

However, based on humanitarian ground, the Fund Manager was willing to takeover the units and pay the monetary value to Mr. Ulor on certain conditions. The Fund Manager therefore wrote a letter to the Commission seeking for approval to take the above action.

The Commission reviewed the request and noted that the company did not disclose how it intends to pay for the units and therefore did not consent to the arrangement suggested by the fund manager as its accounts was still frozen and the matter, subjudice.

12. **PROPOSAL TO CREATE AN INDUSTRY FORUM FOR COMPLIANCE PROFESSIONALS IN THE CAPITAL MARKET**

Chapel Hill Advisory Partners Ltd sought the Commission's view on a proposal to create an industry forum for compliance professionals in the Nigerian capital market.

It was observed that the Commission could encourage and support the proposal, as it would enhance compliance with regulations in the Capital market. However, the company was advised to forward the details to the Commission for review.

13. **SUIT NO: IST/OA/17/07 MOTION NO: IST/M/07 SEC VS ALLGREEN INVESTMENT NIG LTD & 54 OTHERS**

The Commission received a letter dated 14 of April 2011, from the Central Bank of Nigeria seeking clarification as to whether the amount debited from Spring Bank's account in respect of Treasure Line Interlink Ltd and Wealth Creation Ltd



should be refunded to Spring Bank since there was no pending judgment or court order against the two Companies as at the time the account was debited.

The Commission advised that the amount in respect of Treasureline Interlink Ltd be refunded since it was not a party in the case where the freezing order was made while that of Wealth Creation Ltd be kept in the escrow account pending identification of the affected investors for payment.

**14. CLARIFICATION ON A PROPOSED BONUS ISSUE**

Costain (WA) Plc sought clarification from the Commission on utilizing its share premium account to issue bonus share in spite of the negative revenue reserve on its balance sheet.

The Commission was of the opinion that Section 120(3) of CAMA 1990 allowed the company to apply its share premium account by using bonus shares in the circumstances provided for in Section 120(3) (a) & (b) of the same Act. It further opined that even though the law allowed for such a transaction, the Commission should inquire from the company why it proposed to do so despite its negative revenue reserve.

**15. APPLICATION FOR CONSENT TO USE THE WORD 'COMMANDCLEM' BY THE ASSOCIATION OF INDEPENDENT SUBSCRIBERS OF COMMANDCLEM NIGERIA**

The Corporate Affairs Commission (CAC) requested for the Commission's comment regarding an application for registration by Pasim Chambers on behalf of their clients, to use the word "Commandclem".

The Commission was of the opinion that it is the prerogative of the CAC to approve names for corporate bodies and associations and not that of the Commission, but however noted that a company with a similar name had in the past conducted itself in a way that necessitated the Commission issuing caution notice to investors.

**16. EDO STATE GOVERNMENT OF NIGERIA - N25 BILLION 14% FIXED RATE INFRASTRUCTURE DEVELOPMENT BOND 2010-2017 – REQUEST FOR ALLOTMENT CLEARANCE**

The Commission received a letter dated June 28, 2011 from AFRINVEST W.A., the lead issuing house on the proposed N25 billion Fixed Rate Infrastructure



Development Bond 2010-2017 requesting the Commission to approve the allotment proposal to enable investors trade their instruments and to close the transaction finally.

It was observed that there was currently a law suit against the Commission concerning the Bond and among the reliefs sought by the Plaintiff was that the Commission lacked the powers to approve the bond without the constitutional approval of the State House of Assembly.

It was therefore advised that the Commission should stay action on the issue until the matter in court was settled.

**17. A BILL FOR AN ACT TO ESTABLISH THE FINANCIAL REPORTING COUNCIL OF NIGERIA**

The Commission reviewed the proposed Bill and observed that Section 49 of the Bill which required the registration of professionals other than Accountants such as stockbrokers, financial advisers, solicitors to the issue etc before performing any services for the public, was in conflict with the provisions of the ISA.

The Financial Reporting Council of Nigeria expunged the said Section 49 but noted that a new section had been added which requires all professionals to register with the Council.

**18. A BILL FOR AN ACT TO REPEAL THE DEBT MANAGEMENT OFFICE (ESTABLISHMENT) ACT NO. 18 OF 2003 AND TO RE-ENACT THE DEBT MANAGEMENT OFFICE (ESTABLISHMENT) ACT 2008, WHICH ESTABLISHES THE DEBT MANAGEMENT OFFICE AND OTHER RELATED MATTERS**

The Commission reviewed Sections 6(b), 25(1) and 25(3) of the proposed bill and noted that the combined effect of the new sections of the bill meant that at the beginning of each financial year, the DMO would issue guidelines on the level, nature and procedure which the Federal, State and Local governments or any other agencies could borrow.

Furthermore, that the procedure and guidelines by which the Federal, State and Local Governments and their agencies could borrow funds in the capital market is provided for in the ISA and Rules and Regulations of the Commission.

The Commission observed that the aforementioned sections of the bill would be usurping the powers of the Commission and will amount to a duplication of functions between the two establishments.



19. **OTHER BILLS REVIEWED**

The Commission also received, reviewed and forwarded comments on the underlisted bills:

- (a) PERSONAL INCOME TAX (AMENDMENT) BILL, 2011
- (b) CHARTERED INSTITUTE OF CAPITAL MARKET REGISTRARS BILL 2011
- (c) INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF NIGERIA BILL 2011
- (d) REVIEW OF FINANCIAL REPORTING COUNCIL OF NIGERIA BILL, 2011

20. **IMPLEMENTATION GUIDIANCE ON SECTION 33 OF THE CODE OF CORPORATE GOVERNANCE**

KPMG sought clarification on the commencement date of Section 33 of the above Code in respect of rotation of external auditors specifically as regards subsidiaries of foreign multinationals.

Section 33 of the Code of Corporate Governance provides for rotation of external auditors to the effect that external audit firms should be retained for no longer than 10 years continuously and also, external audit firms disengaged after continuous service to a company for 10 years may be reappointed after 7 years of their disengagement.

The Commission opined that the ISA 2007 and the Rules and Regulations of the Commission do not operate or apply with retrospective effect; in a way that a person would be punished for an offence committed before the existence of the law. Furthermore, the Code in question was not a law and no sanction or punishment was associated with it. The Code only served as guidance to all public companies to be observed willingly for the improvement of the capital market.

21. **REQUEST FOR GUIDIANCE ON SECTION 19 OF THE REVISED SECURITIES AND EXCHANGE COMMISSION CODE OF CORPORATE GOVERNANCE**



Ecobank Plc sought clarification from the Commission on whether Clause 19 of the Code of Corporate Governance of public companies applied to executive and non-executive directors.

The Commission advised that Clause 19 of the Code applied to all directors and for a better understanding, Clauses 19 and 37 of the said Code should be read together.

**22. PROPOSED ACQUISITION OF GUARANTY TRUST BANK PLC'S SHAREHOLDING IN GUARANTY TRUST ASSURANCE PLC BY ASSUR AFRICA HOLDING AND IMPLEMENTATION OF SECTION 131 OF THE ISA, 2007**

The Commission was requested to give an opinion on the application, interpretation and implementation of Section 131 of the ISA 2007.

The Commission observed that the main purpose of S. 131 of the ISA was to protect minority shareholders while the required minimum threshold for a takeover bid was 30%. Therefore, a person entitled to make a mandatory takeover could acquire any percentage of shares above the 30% minimum as there was no prescribed upper limit.

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

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

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

**24. BRIDGE BANKS**

The Commission received a request for an opinion on the status of registration of the nationalized banks. The Bridge banks (Keystone, Mainstreet and Enterprise) had already written to the Commission with supporting documents indicating that



they had taken over the nationalized banks – Afribank, Bank PHB and Spring Bank, including their capital market functions.

The Commission observed that the bridge banks took over the assets and liabilities of the nationalized banks and that the registration they had with the Commission was one of the assets taken over by the bridge banks. It therefore advised that if they were interested in continuing with the registered functions of the former banks, they should regularize their registration status along with the registration of the sponsored officers.

## 26. **ENQUIRY ON THE OPERATION OF THE RECEIVING BANKS ACCOUNT**

Dunn Loren Merrifield Ltd requested for clarification from the Commission on the interpretation of Rule 64(1)(c) of the Rules and Regulations dealing with Issue Proceeds Account and whether it is subject to bank charges.

The Commission advised that for the Issue Proceeds Account, only a lump sum withdrawal is allowed by the rules and is not subject to any bank charges since it is operated as a fixed deposit account.

## **LITIGATION**

There are 113 cases in various courts/Tribunal where the Commission is involved as a party. Out of the 113 cases, 27 were instituted during the period under review while 26 cases were also concluded within the same period. These are listed below:

<b>S/N</b>	<b>SUIT NO. PARTIES</b>	<b>CLAIM/SUBJECT MATTER</b>	<b>STATUS OF MATTER</b>
1.	IST/OA/17/07 Wealthzone Ltd Vs SEC	Wealthzone had filed a preliminary objection challenging the jurisdiction of the IST to entertain the Suit No. IST/OA/17/07 – SEC Vs Allgreen Invest. Ltd. The objection was argued and dismissed by the tribunal. Wealthzone being dissatisfied with the IST ruling filed	The Commission’s counsel has received the regularized version of the Appellant motion to amend its prayers. The matter was adjourned to March 22, 2012 for argument of the appeal.



		this appeal at the Court of Appeal Abuja.	
2.	FHC/L/CP/4734/08 Zenon Petroleum & Gas Ltd V Chevron Oil Nig. Plc & 120 ors	The petitioner seeks amongst others a declaration that the continuing act of the 2 <sup>nd</sup> respondent to sell or transfer its equity holdings in the 1 <sup>st</sup> respondent, by way of the 2 <sup>nd</sup> respondent, must be done in good faith and with a notice to the petitioner and other shareholders of the 1 <sup>st</sup> respondent. The Commission basically joined because the sale of 60% equity of Chevron Oil Nig. Plc, being a public quoted company was without its approval.	The matter was adjourned sine die pending the determination of interlocutory appeal at the Court of Appeal.
3.	CA/L/991/2008- OLUBUNMI OLADAPO ONI VS SEC	The Commission joined this appeal at the Court of Appeal against the pronouncement of the Federal High Court, Lagos in its judgment delivered in this suit. The Court held that it is enacted in Section 295 (1) of ISA 2007 that any person dissatisfied with the decision of the Tribunal may appeal against such decision to Court of appeal, does not make the Tribunal a superior Court of Record and does not remove the fact that the Tribunal is still an inferior body subordinate to a high Court.	Various briefs of argument have been filed but hearing date has not been fixed yet.
4.	IST/OA/01/04 Beta Consortium Ltd Vs SEC	Beta Consortium contested at the FHC that SEC has no powers to regulate its acquisition of Ikoyi Hotels Ltd by virtue of Sec. 99(3) and (4) of the ISA 1999. Judgment was given in its favour. SEC has appealed against the judgment at the Court of Appeal.	The matter is still pending at the Court of Appeal. We have written the Solicitor to furnish us with the status of the matter.
5.	FHC/ABJ/M/354/07 Ayo Akadiri Vs SEC	This is an appeal by Ayo Akadiri against the Federal High court decision dismissing his application to set aside the decision of the APC in the Cadbury matter.	The matter came up on Nov. 16, 2011 but the court did not sit and was adjourned to February 20, 2012 for hearing.
6.	IST/OA/08/06 (Appeal) Nwazota Williams Vs. Benue Investment & Property Co. Ltd &	The Plaintiff contested at the IST, the directives of SEC that they transfer their shares to Dangote Industries Ltd which was also directed to pay a premium to the Plaintiffs. IST in its judgment affirmed	Matter is still pending at the Court of Appeal. We have written the Solicitor to furnish us with the status of the matter.



	8 Ors	the decision of SEC on the matter and the Plaintiffs being dissatisfied with the judgment appealed to the Court of Appeal.	
7.	FHC/L/CS/339/08 Nospetco Oil & Gas Ltd Vs CBN, SEC & Ors	The Commission froze the accounts of the appellant for receiving money from the public as a fund manager without due registration by the Commission. The appellant is challenging the Commission's actions for, among other things, lack of jurisdiction.	The matter was transferred to another judge and hearing date is yet to be fixed.
8.	IST/OA/09/06 (Appeal) Ekwenibe & Sons Trading Co. Ltd & 3 Ors Vs Nigerian Stockbrokers Ltd & 2 Ors	The Appellant filed this appeal against the Commission for failing to act or penalize the 1 <sup>st</sup> Respondent (NSL) for disposing of its shares without authorization.	Parties have adopted their written addresses and judgment is reserved for a date to be fixed and communicated to the parties by the Court.
9.	FHC/L/CS/440/08 (Appeal) Ayo Akadiri Vs SEC	This is an appeal by Ayo Akadiri against the Federal High court decision dismissing his application to set aside the decision of the APC in the Cadbury matter.	The Commission's Counsel filed an application before the Court for dismissal of the appeal. Hearing of the motion was slated for Nov. 11, 2010. We have written the Solicitor to furnish us with the status of the matter.
10.	CA/A/200/M/05 – Muftau Ajayi Vs SEC	The Appellant is challenging the judgment of the Court of Appeal affirming the decision of the APC banning him from participating in capital market activities and holding directorship position in public companies.	The parties have filed their brief of argument but hearing date has not been fixed.
11.	LD/624/2004, FHC/L/CS/1079/99, HG/58/2000, CA/6/M/2000 Olumide A. Sode Vs SEC & Ors	The plaintiff instituted suits at Lagos and Ogun States, against the commission, for defamation of his character, unlawful dismissal and false imprisonment. He is also claiming the sum of N5 million as damages.	The plaintiff is deceased and the Solicitors have been advised to dispose off the matter.
12.	LD/1350/08	The Plaintiff was included in the list of illegal fund managers and claims to have	The matter came up on Nov. 22, 2011 and was adjourned to Jan, 17, 2012 for



	Megawealth Ltd Vs SEC	suffered embarrassment to its corporate name, reputation and business interest. It further averred that the allegation in the publication was the basis of a separate suit at the IST filed by SEC which was dismissed on a no case submission. It also averred that in spite of everything, SEC has continued its defamatory campaign against it, hence this application.	continuation of hearing.
13.	IST/APP/02/08  J.S.T Bogunjoko Vs SEC (Appeal)	The appellant filed a notice of appeal at the Court of Appeal against the decision of the IST delivered on 12/11/08 praying the court to uphold the appeal and set aside the judgment of the IST which affirmed the decision of the Commission in Cadbury case.	Record of appeal has been transmitted but hearing date has not been fixed yet
14.	IST/APP/03/08  Biodun Jaji Vs SEC (Appeal)	The appellant filed a notice of appeal at the Court of Appeal against the decision of the IST which affirmed the Commission's decision sanctioning Directors of Cadbury Plc, delivered on 12/11/08 praying the court to uphold the appeal and set aside the judgment of the IST.	The Commission's Counsel informed the Dept. that they have taken steps to dismiss the case for want of diligent prosecution. Hearing date is yet to be fixed.
15.	FHC/ABJ/CS/670/08  Barr. Abdulwahab Moh'd & 3 Ors Vs Bank PHB & 3 Ors	The plaintiffs alleged that they are the bonafide shareholders of Spring Bank Plc and have instituted this action to protect their shareholding in Spring Bank. They seek an order invalidating and setting aside the approval of CBN & SEC to make the mandatory bid for the takeover of Spring Bank.	Notice of preliminary objection filed by SEC's Counsel. Hearing date is yet to be fixed
16.	CA/A/109/07  Union Bank of Nig. Plc Vs SEC	The appellant is challenging the judgment of the IST which affirmed the decision of the APC that found the appellant liable to compensate investors for the loss suffered as a result of the fraudulent sale of shares of Nestle Plc/Unilever Plc	The Appellant brought an application to amend his notice of appeal but the Commission's Counsel opposed the application. The matter was adjourned to February 20, 2012 for hearing of the application.



17.	FHC/ABJ/CS/49/09 Staffords Nig. Ltd Vs IST & 5 Ors	The matter was filed challenging the constitutionality of the IST to adjudicate on the civil rights and obligations of persons in disputes arising from the ISA 2007	The matter is still pending and we have written the Solicitor to furnish us with the status of the matter.
18.	(Appeal) Emmanuel Uzochukwu & 2 Ors Vs SEC & 2 Ors	The appellants are challenging the decision of the IST which held that the order by the Commission to the appellants was lawful and statutorily anchored. The appellants are therefore praying the Court of Appeal to allow the appeal, set aside the judgment of the IST and enter judgment in their favour.	Record of proceedings has not been transmitted to Court of Appeal by the Appellant. We have however written the Solicitor to furnish us with the status of the matter.
19.	Mrs. Abake Cecilia Oloyede Vs SEC Chevron Nig. Plc & 16 Ors	This suit was filed against Chevron Oil Nig. Plc in relation to a bid to dispose of 60% equity of Chevron by way of acquisition of 100% equity of Chevron Africa Holding Plc. The Commission was joined because it had to approve the sales of Chevron Oil Plc shares, being a public quoted company.	The matter came up on July 27, 2010 for adoption of written addresses but could not proceed as the judge was indisposed. The matter was therefore adjourned for a date to be fixed and communicated to parties.
20.	IST/APP/01/08 (Appeal)  Akintola Williams Delloitte Vs SEC	The appellants filed this appeal against the decision of the IST which held that the constitution of the APC met the constitutional requirements of the 1999 constitution and that it was not tainted with any likelihood of bias against the appellant.	The matter came up on 11/9/11 and was adjourned to 8/2/2012 because there was no proof of service for the motion for enlargement of time by the 21 <sup>st</sup> Respondent.
21.	CA/A/222/05 (Appeal)  SEC Vs Osindero, Oni & Lasebikan	The Appellant filed this appeal at the Supreme Court against the judgment of the Court of Appeal which held that APC did not infringe on the constitutional right of the respondent to fair hearing. It seeks an order setting aside the judgment of the Court of Appeal and an order upholding the judgment of the FHC delivered on April 2, 2004.	The appeal is still pending at the Supreme Court. We have written the Solicitor to furnish us with the status of the matter.



22.	CA/L/186/09 Investors & Trust Co. Vs SEC & CSCS	The matter arose initially from the Bonkolans scam. The appellant filed this appeal at the Court of Appeal, praying the Court to set aside the IST decision which affirmed the APC decision against it.	The matter came up on April, 19, 2010 and the appellant's motion for adoption of additional ground of appeal was struck out. We have written the Solicitor to furnish us with the status of the matter.
23.	FHC/CS/408/09 Abiodun Adebawale & 211 Ors Vs Nospetco Oil & Gas Ltd & 27 Ors	This action was filed by supporters of Nospetco, one of the illegal fund managers the Commission sued at the IST. They are seeking for a declaration that the Commission has no right to stop the operations of the 1 <sup>st</sup> – 9 <sup>th</sup> defendants.	Motion for amendment of statement of claim is pending and no date has been fixed for hearing yet.
24.	FHC/ABJ/CS/176/09 Ben Cyril Okere Vs SEC	This action was filed by a former employee of the Commission. The plaintiff is praying the Court for a declaration that his retirement is illegal, null and void and also for an order directing SEC to release his promotion and payment of arrears of salary based on his withheld promotion.	The matter is slated for Dec. 14, 2011 for hearing of the Commission's preliminary objection.
25.	FHC/CS/798/09 AP Plc & 14 Ors Vs Femi Otedola & 13 Ors	The suit was filed by 14 shareholders of AP Plc through the company against Mr. Femi Otedola & 13 Ors including the Commission.  The action is on the alleged manipulation of AP Plc share price by Nova Finance & Securities & Alh. Aliko Dangote.	The matter came up on October 20, 2011 but could not proceed as the Court did not sit. The matter is adjourned for a date to be fixed and communicated to parties.
26.	IST/EN/OA/01/09 Egbunem A. Joseph Vs SEC	The applicant filed the action at the IST Enugu against FBN Plc, First Registrars Ltd and SEC. The dispute arose out of the First Bank Plc public offer of May 14, 2007 which the applicant subscribed and was not paid his return money plus interest on over 79,000 unallotted units of First Bank shares.	The matter is pending and Status report is being awaited from the Solicitor.



27.	FHC/ABJ/M/458/09 Ishaq Olukanle Sanni & 2 Ors Vs SEC & APC	The applicant is seeking for an exparte order for judicial review of the APC decision against him in Afroil Plc and its executives	SEC's Counsel filed a notice of preliminary objection challenging jurisdiction. Hearing date is yet to be fixed.
28.	FHC/L/CP/1399/09 Bancprice Nig. Ltd Vs Sterling Bank Plc	The Plaintiff is challenging the merger and compensation shares of Sterling Bank Plc approved by the Commission. The Plaintiff is therefore seeking a declaration that the compensation shares were unlawfully issued.	The matter was adjourned to February 17 2011. We have written the Solicitor to furnish us with the status of the matter.
29.	FHC/L/CS/798/09 (Court of Appeal) African Petroleum Plc Vs Femi Otedola & Ors	SEC in this suit filed a Notice of Appeal against the interlocutory ruling of the FHC dated March 12, 2010. SEC amongst others is contesting that the trial court erred in law for indicting it of contempt of court.	Notice of Appeal dated March 23, 2010 filed on behalf of SEC but hearing date is yet to be fixed.
30.	FHC/L/CS/2791/99 Midas Merchant Bank Plc & 2 Ors Vs Afroil Plc	SEC was served with a copy of an order in which Unity Registrars, registrars to Afroil Plc were ordered to take steps to comply with the order relating to Afroil Plc shares. SEC joined the suit because its decision on Afroil Plc would be compromised if the Registrars carry out the orders of the Court.	The matter was adjourned to Dec. 6, 2011 for hearing of argument to set-aside the order of the court dated June 8, 2010.
31.	CA/L/20M/09 - Lord Chief Udensi Ifegwu Vs Emmanuel Okorie	SEC filed an appeal at the Court of Appeal against the decision of the FHC in Suit No. FHC/L/CS/5294/08. The Court held among others that SEC acted recklessly, contemptuously by doing an act when there was a pending order restraining it.	Notice of appeal has been filed by the Commission's Counsel but hearing date is yet to be fixed.
32.	FHC/ABJ/663/09 Abebayo Famoroti Vs SEC	The plaintiff, one of the former directors of first Inland Bank Plc filed this action basically seeking for an order to restrain SEC from proceeding with the APC trial against him.	The Commission's preliminary objection was rejected and the matter proceeded for trial on a date to be fixed and communicated to parties.
33.	IST/OA/02/10 Murtala Abdullahi & Ors Vs Platinum Habib Bank Plc & 6 Ors	The applicant filed this suit for himself & 47 ors against PlatinumHabib Bank & 6 Others with SEC as the 7 <sup>th</sup> Respondent. SEC was basically joined for approving the purported special placement of Bank PHB in 2008.	The matter came up on Nov. 24, 2011 and the Bank PHB's witness testified and was examined. The matter was however adjourned to Dec. 12, 2011 for continuation of hearing.



34.	CA/LA/11/10 Brentonwoods Ltd Vs Genesis Securities Invest. Ltd	The 1 <sup>st</sup> Respondent appealed against the judgment of the IST delivered on February 24, 2010. The Commission also joined the appeal specifically against the order directing the Commission to ensure that the 1 <sup>st</sup> – 3 <sup>rd</sup> Respondent complied with the judgment of the Tribunal.	The Commission's Solicitor has filed a motion for extension of time to file Respondent's brief of argument out of time but hearing date is yet to be fixed.
35.	FHC/L/CS/228/10 – Seven Up Bottling Co Plc Vs SEC	The applicant filed this suit challenging the decision of the APC of April 11, 2002 against it.	The matter was adjourned to 10/11/11 because of the courts new legal year events in Sokoto. Update is being awaited from the Commission's Solicitor.
36.	IST/OA/30/10- SEC Vs Global Assets Management Ltd	The Commission sequel to its quarterly routine inspection of collective Investments scheme discovered that the Net Assets Value of the Continental Unit Trust Scheme's fund had depleted to a level which did not justify the Continual operation of the fund in view of the attendant fees and charges. The Commission deemed it necessary to take steps to freeze the account of the fund in order to safeguard the funds of the investors.	The matter is adjourned indefinitely pending the completion of the Commission's audit exercise of the Respondent.
37.	IST/LA/OA/11/10- George Okafor Nchedo Vs SEC	This action was filed by the former Managing Director of Ideal Securities & Investment Ltd over his suspension by the Commission from participation in all Capital Market activities.	The matter came up on Dec. 7, 2011 and parties adopted their respective addresses. The matter was adjourned to Dec. 24, 2011 for judgment.
38.	IST/LA/OA/04/10- Mr. Augustine Onu & 45 Ors Vs Union Bank Plc & 3 Ors	The Appellant filed this appeal and joined the Commission as a party in the suit on the allegation that complaint was lodged to the Commission but the Commission failed and refused to take any action.	The matter came up on May 18, 2011. The Tribunal heard the preliminary objection of the 1 <sup>st</sup> respondent which bordered on jurisdiction and thereafter adjourned the matter to June 13, 2011 for ruling.
39.	CA/LA/796/09- Muftau Ajayi Vs Institute of Chartered Accountants of Nig & SEC	The appellant filed this appeal against the judgment of the Federal High Court, Lagos in suit No. FHC/L/CS/377/06- Muftau Ajayi Vs ICAN, SEC & 2 Ors	Parties have filed various brief of argument but hearing date is yet to be fixed.



40.	FHC/L/CS/1273/10- Big Treat Plc Vs SEC & 7 Ors	<p>The outcome of the initial investigation into the activities of Big Treat Plc requires the Commission to take urgent steps to ensure that further investigation is carried out without undue interference by the Company's Management.</p> <p>Therefore an external Solicitor was appointed to obtain an exparte order to dissolve the Board of the Company and suspend the Managing Director pending the outcome of the final investigation.</p>	The matter was adjourned indefinitely pending the determination of interlocutory appeal at the Court of Appeal.
41.	IST/A/APP/02/10- Finbank Plc Vs SEC/Springboard Invest. Ltd	<p>The Appellant filed this appeal against the decision of the Commission dated October 12, 2010 in case No. SEC/M&amp;I/INVESTG/MISC437/10. The Appellant is aggrieved by the decision of the Commission directing it to return investors' funds for their rights issue of 2008 who were not allotted, with accrued interest thereon' within 5 working days.</p>	The matter is slated for Dec. 14, 2011 for hearing of the Commission's preliminary objection.
42.	CA/L/20M/2009- FHC/L/CS/5294/08 – Lord Chief Ifegwu Vs Bank PHB Plc & Westcom Technologies Ltd	The applicant filed this suit against the decision of the Federal High Court setting aside the takeover of Spring Bank Plc.	Briefs of Arguments have been filed but hearing date has not been fixed.
43.	IST/LA/OA/01/2010 - Lynfield Nig Ltd Vs Afroil Plc & 3 Ors	The Plaintiff filed this suit at the IST, Lagos against the Commission for suspending trading in the shares of Afroil and taken possession of 49 million ordinary shares of Afroil Plc which includes that of the applicant.	The matter was earlier struck out but relisted on Dec. 7, 2011 and was adjourned to Dec. 23, 2011 for trial.
44.	CA/L/441/08- Eze Okorocho Vs UBA Plc & Ors (Supreme Court)	<p>The Court of Appeal on May 11, 2010 delivered its judgment and upheld the ruling of the Tribunal.</p> <p>The Appellant being aggrieved with the decision of the Court of Appeal had appealed to Supreme Court.</p>	Record of proceedings has been transmitted to Supreme Court but hearing date has not been fixed.



45.	FHC/L/CS/1534/10- Afribank Plc Vs SEC & Ors	<p>The issues in this case are related to the AP Plc's public offer of 2008 in which Afribank Plc acted as the Receiving Bank to the offer.</p> <p>Afribank Plc alleged that the proceeds of the offer amounting to N14.5 billion were paid to Afribank Registrars Ltd to be paid to AP plc. The Commission conducted investigation and founded the allegations and penalized.</p>	<p>The case came up on Nov. 23, 2011 for hearing of pending motions but the judge was not disposed to taking any argument and was adjourned to January 17, 2012 for pending motions and objections.</p>
46.	FHC/L/CS/1243/10- Afribank Plc Vs African Petroleum Plc & Ors	<p>The issues in this case are related to the AP Plc's public offer of 2008 in which Afribank Plc acted as the Receiving Bank to the offer.</p> <p>Afribank Plc alleged that the proceeds of the offer amounting to N14.5 billion were paid to Afribank Registrars Ltd to be paid to AP plc. The Commission conducted investigation and founded the allegations and penalized.</p>	<p>The case came up on Nov. 23, 2011 for hearing of pending motions but the judge was not disposed to taking any argument and was adjourned to January 17, 2012 for pending motions and objections.</p>
47.	FHC/PH/595/10 Alabo Reginald Abbey Hart Vs Emmanuel Ikhazoboh, NSE & SEC	<p>This case is a fall out of the forensic independent investigation carried out by the Commission on the NSE.</p>	<p>SEC has filed a Notice of preliminary objection challenging the jurisdiction of the court to entertain the suit and that the suit constitutes an abuse of court process.</p>
48.	M/963/10 Mr. Lanseru Elekama Vs SEC	<p>This case is a fall out of the forensic independent investigation carried out by the Commission on the NSE.</p>	<p>The matter was adjourned to 7<sup>th</sup> April, 2011 for hearing.</p>
49.	M/964/10 Mr. Henry Onyekuru Vs SEC & 3 Ors	<p>This case is a fall out of the forensic independent investigation carried out by the Commission on the NSE.</p>	<p>The matter was adjourned to May 2, 2011 for hearing of the originating application.</p>
50.	IST/OA/15/10 –  SEC Vs Afribank Plc & 39 Ors	<p>This action was filed by the Commission against Afribank Plc and its Chief Executive for Capital Market infractions during the public offer of Afribank Plc in 2007.</p>	<p>The Respondent's motion for stay of proceedings pending its appeal was granted by the Tribunal. However no date has been fixed for hearing of the appeal.</p>
51.	IST/OA/18/10-  SEC Vs Fidelity Finance Co Ltd	<p>This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions</p>	<p>The matter was adjourned to December 15, 2011 for hearing of the Respondent's Motion for</p>



		during the public offer of Afribank Plc in 2007.	Stay of Proceedings.
52.	IST/OA/19/10- SEC Vs Falcon Sec. Ltd & 9 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions during the public offer of Afribank Plc in 2007.	The Respondents filed an interlocutory appeal against the decision of the Tribunal delivered on 18/10/2011 which assumed jurisdiction to entertain the suit. The matter is adjourned sine die until the determination of the appeal.
53.	IST/OA/16/10- SEC Vs PAC Capital Market Ltd & 7 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infraction during the public offer of Afribank Plc in 2007.	The Respondents filed an interlocutory appeal against the decision of the Tribunal delivered on 1/11/2010 which assumed jurisdiction to entertain the suit. The matter is adjourned sine die until the determination of the appeal.
54.	IST/OA/17/10- SEC Vs Union Capital Market Ltd & 7 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions during the public offer of Afribank Plc in 2007.	The 2 <sup>nd</sup> – 8 <sup>th</sup> Respondents filed a preliminary objection challenging the jurisdiction of the Tribunal to entertain the mater. The objection was argued on 16 <sup>th</sup> March 2011 and adjourned to 30 <sup>th</sup> March for ruling.
55.	IST/OA/20/10- SEC Vs Union Bank Plc & 20 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions in the sales of UBN Plc shares in 2007.	The 14 <sup>th</sup> Respondent filed an application for stay of proceedings pending the determination of the appeal. Matter adjourned to Jan. 9, 2012 for hearing of the application.



56.	IST/OA/18/10- SEC VS Union Trustees & 9 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions.	The matter was adjourned to May 18, 2011 for ruling on the preliminary objections filed by the Respondents.
57.	IST/OA/22/10- SEC VS Falcon Sec. Ltd & 8 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions.	The Tribunal in its ruling delivered on 20 <sup>th</sup> Jan. 2011 dismissed the preliminary objection of the Respondents. They have filed a Notice of Appeal against the ruling and also filed an application dated February 11, 2011 to stay further proceedings at the Tribunal. The motion for stay was granted by the Tribunal. However the Court of appeal is yet to fix a date for hearing of the appeal.
58.	IST/OA/23/10- SEC Vs Intercontinental Bank Plc & 37 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market Infractions.	SEC had filed a notice of discontinuance of the case against Dr. E. Akingbola to enable it meet the condition precedent to the institution of the matter by applying to the ST for its leave to proceed against Dr. Akingbola. A fresh suit shall be file against him upon leave of the Tribunal. Matter adjourned to Jan. 11, 2012.
59.	IST/OA/24/10 – SEC Vs Finbank Plc & 8 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions.	After several unsuccessful attempts at effecting service on the respondents, the Tribunal directed that another means be used to effect service on the respondents that are yet



			to be served or their names be withdrawn and proceed against the remaining respondents.	
60.	IST/OA/25/10- SEC VS Finbank Plc & 23 Ors	This action was filed by the Commission against the Respondent and its Chief Executive for Capital Market infractions.	After several unsuccessful attempts at effecting service on the respondents, the Tribunal directed that another means be used to effect service on the respondents that are yet to be served or their names be withdrawn and proceed against the remaining respondents.	
61.	CA/A/416/2010- Falcon Sec. Ltd & 9 Ors Vs SEC	This is an appeal against the ruling of the IST delivered on October 18, 2010 assuming jurisdiction to hear and determine the case filed by the Commission against Afribank Plc and other Appellants.	<p>The appeal came up on December 1, 2010 at the Court of Appeal, Abuja. On that date the Appellants' application for an order allowing them to compile the records of appeal and granting an accelerated hearing was heard.</p> <p>The Court in its ruling granted the order for compilation of the records of appeal but refused the application for accelerated hearing. It adjourned the appeal sine die to allow for the filling of the briefs of arguments.</p>	
62.	IST/OA/18/10- SEC Vs PAC Capital Market Ltd & 7 Ors		BABATUNDE FAGBOHUNLU & CO (SAN)	Fee being negotiated
			Aluko &	



			Oyebode		
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63.	FHC/L/CS/1300/10- Babatunde Sosabamowo & Anor Vs SEC, NSE & 2 Ors	The claimant alleges that the 1 <sup>st</sup> & 2 <sup>nd</sup> defendants erroneously classified monies received by them between year 2006 and 2008 and applied for the promotion of the object of the NSE as shared bonuses or dividends and that the letter purporting to seek recovery of the said monies are wrongful, illegal and void.		The court on February 4, 2011 dismissed the preliminary objections and granted the application for interlocutory injunction. SEC has filed a Notice of Appeal dated February 18, 2011 challenging the decision of the court and an application for stay of proceedings pending determination of the appeal. The appeal is yet to be argued. The suit was adjourned to February 12, 2012 for hearing of the defendants' application for stay of proceedings pending appeal.
64.	FHC/ABJ/CS/81/08- CA/ABJ/143/2009- (Appeal) Udobong Ntia Vs First Bank & 6 Ors	This is an appeal to Court of Appeal against the ruling of the FHC delivered on March 27, 2009 declining jurisdiction to entertain the suit.  The Commission joined the appeal to avoid taking any adverse decision against it for lack of representation.		The matter was adjourned to May 3, 2012 for hearing of the motion for stay of proceedings.



65.	IST/OA/08/2009- Raphael Lewu Vs SEC  (Court of Appeal)	The Commission appealed against part of the IST decision which lifts the suspension placed on the applicant from participating in the Nigerian Capital market activities and holding directorship position in Nigerian Public companies.	The Solicitor has filed a motion for extension of time to file Commission's brief out of time. Hearing date is however yet to be fixed.
66.	FHC/B/CS/192/10  RT. Hon. Zakawanu Garba & 10 Ors Vs SEC & 4 Ors	The suit is to restrain the Commission from approving the Bond application for the Government of Edo State.	An update is being awaited from the Commission's Solicitors.
67.	FHC/L/CS/1272/10  (Appeal)  SEC Vs Big Treat Plc & Ors	The Commission appealed against part of FHC ruling declaring that SEC has no power to intervene in the management of a public quoted company.	The Solicitor is in the process of compiling and transmitting the records of proceedings for filing at the Court of Appeal.
68.	IST/LA/AP/01/10 –  (Appeal)  Osa Osunde & Anor Vs SEC	The Appellant is dissatisfied with the decision of APC in APC/5/2009 where APC granted the application by SEC to withdraw the allegations against the 32 respondents to enable it file a fresh case against the respondents at the IST for infractions in the sale of UBN shares in 2007.	Both parties adopted their respective briefs of arguments and the matter was adjourned for judgment but no date has been fixed by the Tribunal for the judgment.
69.	CA/A/417/10  (Appeal)  Dr. Erastus Akingbola Vs SEC	This is an appeal against the decision of the IST in Suit No. IST/OA/12/10.	The Appellant has filed an application for extension of time within which to compile the record of appeal. Hearing date is yet to be fixed.
70.	1. M/963/10 - Mr. Lanseru M. Elekama Vs SEC & Anor 2. M/964/10 – Mr. Henry Onyekuru Vs SEC & Anor 3. M/965/10 – Mrs. Yinka Idowu Vs SEC & Anor 4. M/962/10 – Mrs. Ndi Okereke- Onyuike Vs SEC	The applicant filed this suit at the High Court of Lagos State claiming certain declaratory and injunctive reliefs as well as orders and the sum of N100 million for breach of his fundamental human rights to fair hearing and certain other rights with respect to the commissioning of the 3 <sup>rd</sup> & 4 <sup>th</sup> respondents by SEC to conduct an audit into the affairs of the NSE and the purported	An application has been made in one of the three sister suits for an order of consolidation which was refused by the Chief Judge and directed the Plaintiff to apply to court. The court in Mr. Lanseru Elekama Vs SEC & Anor and Prof. (Mrs.) Ndi Okereke-Onyuike Vs SEC



	& Anor	publication of the audit report without giving him an opportunity of fair hearing.	<p>&amp; Ors respectively stayed the matter pending determination of the motion for an order of consolidation filed in another court before Justice Philips by the Plaintiff. In the meantime the Court on Nov. 22, 2010 made an order of preservation of status quo and SEC has filed an appeal at the Court of Appeal seeking to set aside the order. It also filed a motion for stay of execution/injunction pending the hearing of the appeal. No date has been fixed for hearing of the appeal.</p> <p>The court in Henry Onyekuru Vs SEC &amp; Ors and Mrs. Yinka Idowu Vs SEC &amp; Ors respectively on Nov. 15, 2010 made an ex-parte order of injunction against SEC but SEC filed an appeal at the Court of Appeal seeking to set aside the order. It also filed a motion for stay of execution/injunction pending the hearing of the appeal. No date has been fixed for hearing of the appeal.</p>
71.	M/700/2010 Prof. Ndi Okereke-Onyuike Vs IGP & 3	The applicant alleges unlawful removal as the DG of NSE by SEC and the alleged threat to her life, movement and property by IG of	The Court ordered a consolidated hearing of the 3 <sup>rd</sup> Respondent's preliminary objection



	Ors	Police & Ors. She seeks certain declaratory reliefs.	challenging the jurisdiction of the court to entertain the application alongside her Originating Motion which were argued. The Court on July 8, 2011 decided in favour of the Applicant and granted the reliefs sought. SEC has since filed a Notice of Appeal against the judgment but no date has been fixed for hearing of the appeal.
72.	FHC/L/CS/1430/10 Prof. (Mrs.) Ndi Okereke-Onyuike Vs SEC & DG, SEC	The applicant filed this suit at the Federal High Court, Lagos claiming certain declaratory and injunctive reliefs as well as orders and the sum of N100 million for breach of her fundamental human rights to fair hearing and certain other rights with respect to the commissioning of the 3 <sup>rd</sup> & 4 <sup>th</sup> respondents by SEC to conduct an audit into the affairs of the NSE and the purported publication of the audit report without giving him an opportunity of fair hearing. She seeks certain declaratory and injunctive reliefs.	Plaintiff has filed her counter affidavit to the preliminary objection of SEC and the matter was adjourned to January 30, 2012 for hearing of the pending applications
73.	FHC/L/CS/1433/10 Mrs. Yinka Idowu Vs SEC & DG, SEC	The applicant filed this suit at the Federal High Court, Lagos claiming certain declaratory and injunctive reliefs as well as orders and the sum of N100 million for breach of her fundamental human rights to fair hearing and certain other rights with respect to the commissioning of the 3 <sup>rd</sup> & 4 <sup>th</sup> respondents by SEC to conduct an audit into the affairs of the NSE and the purported publication of the audit report without giving him an opportunity of fair hearing. She seeks certain	Plaintiff has filed her counter affidavit to the preliminary objection of SEC and the matter was adjourned to January 30, 2012 for hearing of the pending applications



		declaratory and injunctive reliefs.	
74.	FHC/L/CS/1432/10  Mr. Lanseru Elekama Vs SEC & DG, SEC	The applicant filed this suit at the Federal High Court, Lagos claiming certain declaratory and injunctive reliefs as well as orders and the sum of N100 million for breach of his fundamental human rights to fair hearing and certain other rights with respect to the commissioning of the 3 <sup>rd</sup> & 4 <sup>th</sup> respondents by SEC to conduct an audit into the affairs of the NSE and the purported publication of the audit report without giving him an opportunity of fair hearing. She seeks certain declaratory and injunctive reliefs.	Plaintiff has filed his counter affidavit to the preliminary objection of SEC and the matter was adjourned to January 30, 2012 for hearing of the pending applications
75.	FHC/L/CS/1431/10  Mr. Henry Onyekuru Vs SEC & DG, SEC	The applicant filed this suit at the Federal High Court, Lagos claiming certain declaratory and injunctive reliefs as well as orders and the sum of N100 million for breach of her fundamental human rights to fair hearing and certain other rights with respect to the commissioning of the 3 <sup>rd</sup> & 4 <sup>th</sup> respondents by SEC to conduct an audit into the affairs of the NSE and the purported publication of the audit report without giving him an opportunity of fair hearing. She seeks certain declaratory and injunctive reliefs.	Plaintiff has filed his counter affidavit to the preliminary objection of SEC and the matter was adjourned to January 30, 2012 for hearing of the pending applications
76.	IST/APP/01/11 – Estate of Chief N. O. Idowu Vs SEC	The Appellant is challenging the decision of the APC in the Estate of Pa Ajanaku on grounds of fair hearing and that the Commission has no jurisdiction to try the matter which is criminal in nature.	The matter is slated for Dec. 4, 2011 for hearing of the Commission's preliminary objection on the jurisdiction of the court.
77.	FHC/B/CS/30/2011  Otibrise Ogbevire Vs Josaih	The Plaintiff filed this action at the Federal High Court against the 1 <sup>st</sup> Defendant, partnership Investment Co. Ltd, for refusing to transfer his	The matter came up on October 11, 2011 but could not proceed as the plaintiff was not in Court.



	Partnership Invest. Co. Ltd & 4 Ors	shares to another stockbroker of his choice and also trading on his shares without mandate. The only claim which relate to the Commission is he special damages of N50 million.	The court warned that if the plaintiff is absent in the next adjourned date, the case would be struck out for want of diligent prosecution. The next hearing date is yet to be fixed.
78.	IST/LA/APP/02/11  MTech Communications Plc & 4 Ors Vs SEC & 5 Ors	The Commission is the 1 <sup>st</sup> respondent in the sui instituted by MTech Communications Plc and 4 others.  The Plaintiff is seeking for an order amongst others restraining the Commission from enforcing its decision in SEC Vs MTech & 9 Ors dated May 4, 2011 or an order suspending the decision pending the hearing and determination of the appeal.	The matter came up on Nov. 15, 2011 for hearing of all pending applications and adjourned to Dec. 15, 2011 for ruling.
79.	FHC/IB/CS/19/10  Afolabi Toyese Joseph & 21 Ors Vs Wealth Solution Nig. & 4 Ors	Federal High Court Ibadan in an order dated April 1, 2010 directed the Commission to within 21 days appear and account for all the funds and stocks held in the name of wealth Solution Ltd.  The suit is against Wealth Solution Ltd, one of the illegal fund managers the Commission sued in 2007 and obtained judgment against in Suit No. IST/17/OA/07 – SEC VS Allgreen & 37 Ors.	The matter came up on Dec. 6, 2011 but court did not sit and the matter was adjourned to Jan. 17, 2012 for continuation of hearing.
80.	FHC/ABJ/CS/563/2011  Ayodele Damilola Komolafe Vs SEC	This suit is in connection with the Plaintiff's indictment by the APC as Managing Director of Proforte Invest. Ltd. The Plaintiff and 8 other officials of the company were invited by the APC for failure to file quarterly returns of the company, pay capital interest on the investment and misappropriation of monies invested with the company, contrary to Rules 43, 170, 110 and	The matter came up on Nov. 30, 2011 for hearing but the court did not sit and was adjourned to Jan. 17, 2012 for hearing.



		<p>Article 2 of the Code of Conduct for Capital market operators.</p> <p>The Plaintiff is among others seeking for an order to nullify the APC decision as it relates to him.</p>	
81.	<p>IST/OA/03/2011</p> <p>Grace Onyemowo Alfa Vs BGL, SEC &amp; 2 Ors</p>	<p>The Applicant is claiming the sum of N251,345,349.02 against BGL being value of unauthorized sale of her shares. She is also praying for the sum of N100,000,000 as general damages against all the respondent.</p>	<p>The matter came up on December 6, 2011 for hearing of the 2<sup>nd</sup> respondent application to file defense out of time. The matter is adjourned to January 17, 2012 for continuation of hearing.</p>
82.	<p>FHC/L/CS/229/11</p> <p>First Registrars Nig. Ltd Vs SEC</p>	<p>In this case, First Registrars had obtained a leave of court to apply for judicial review of the Commission's decision contained in its letter dated February 9, 2011.</p> <p>The Plaintiff is also seeking for an interim injunction restraining the Commission from enforcing its decision against them pending the determination of the application for an interlocutory injunction.</p>	<p>The matter came up on Dec. 6, 2011 but court did not sit and the matter was adjourned to Dec. 14, 2011 for hearing.</p>
83.	<p>FHC/AB/CS/25/11</p> <p>MJS Partners Vs Governor of Ogun State &amp; 4 Ors</p>	<p>In this case, the Plaintiff is praying the court for an injunction against the defendant including the Commission, among others from approving the prospectus and other instruments of the offer by Ogun State Government.</p> <p>The Plaintiff is also praying for damages against the defendant.</p>	<p>The Commission's Solicitor filed a Notice of preliminary objection challenging the jurisdiction of the court to hear the matter. It is slated for hearing on December 5, 2011</p>
84.	<p>FHC/ABJ/CS/564/2011</p> <p>Leadgate Fx Ltd &amp;</p>	<p>The Commission has been served with an originating summons issued by Leadgate Fx Ltd at the Federal High Court, Abuja claiming the following reliefs among others, a</p>	<p>The matter is slated for Dec. 15, 2011 for hearing.</p>



	Anor Vs SEC	declaration that the 1 <sup>st</sup> plaintiff is not a capital market operator, a declaration that the Commission does not have power of arrest and detention and a declaration that the detention is not justified.	
85.	CA/A/104/M/08 Cadbury Nig. Plc & Ors V SEC & Anor	The appellant seeks to challenge the decision of the Federal High Court which held that it is the Investments & Securities Tribunal and not the Federal High Court that has jurisdiction to hear and determine any matter arising from the decisions of the APC and SEC.	The court is yet to issue a hearing notice for the next adjourned date.
86.	FHC/L/CS/786/11 – Core Trust Invest. Ltd Vs SEC	The company filed this action challenging the outcome of the all-parties meeting btwn it, its investors and SEC.  The plaintiff among the relief sought is seeking for an order of injunction restraining the Commission from suspending the plaintiff as a stockbroker pending the determination of the suit	The matter came up on October 17, 2011 but court did not sit and the matter was adjourned to Dec. 14, 2011 for mention.
87.	NIC/ABJ/27/2011 – Mrs. E. N. Ibisi & 9 Ors Vs SEC & 2 Ors	The plaintiff and 9 ors were the sacked staff of the Commission seeking for an order to among others recall them back to work.	The matter came up on Nov. 19, 2011 for hearing of motion for amendment of claim but court did not sit and was adjourned to Dec. 16, 2011 for hearing.
88.	IST/APP/01/11 – Platinum Capital Ltd Vs Zachaeu Idunorba & SEC	The plaintiff filed this action challenging the decision of SEC directing it to return the sum of N50 million with interest to Mr. Idunorba.	The matter came up on November 7, 2011 for hearing and was adjourned to December 6, 2011 for continuation of hearing.
89.	IST/LA/OA/01/11 – BJ Export Ltd Vs Union Capital Ltd & Anor	The plaintiff filed this action claiming amongst others a declaration that the Commission failed in its statutory responsibility to sanction the 1 <sup>st</sup> respondent and give compensation to the Applicant.	The matter is adjourned sine die based on the interlocutory appeal filed at the Court of appeal.



90.	Asset Management Nominee Ltd & Anor Vs Africa Petroleum Plc	The plaintiff filed this suit at the FHC, Lagos basically seeking for a declaration amongst other that the Commission wrongly & illegally registered & recognized 2 <sup>nd</sup> & 3 <sup>rd</sup> Respondent as the successors of NNPC, the new core investors in the 1 <sup>st</sup> respondent during the Fed. Govt, privatization exercise in the 1 <sup>st</sup> respondent.	The matter came up on Nov. 23, 2011 and the petitioner applied for short adjournment to enable him respond to all the notices of preliminary objection filed by the respondent. The matter was consequently adjourned to February 6, 2011 for hearing of the application.
91.	FHC/ABJ/CS/511/11 Mr. Chris Onyejekwu Okereke Vs SEC	The plaintiff is a former staff of the Commission challenging his retirement as illegal, unlawful and null & void.	The matter came up on Nov. 16, 2011 and Defendant's application for the regularization of its various responses was moved and granted. The matter adjourned to Jan. 31, 2012 for hearing.
92.	FHC/L/CS/701/2011 Mr. Ibrahim Oyebanji Adejumo Vs DG, SEC	The applicant filed this action seeking an order of mandamus to compel the DG of SEC to release forthwith to the applicant the report of its findings in respect of a complaint of fraud lodged by him against some companies and individuals who sold the stocks of the estate of Alh. Lasisi Aro.	The matter is slated for hearing of the Commission's preliminary objection on December 19, 2011.
93.	IST/APP/01/11 Estate of Chief N. O. Idowu Vs SEC	The appellant filed a notice of appeal challenging the APC decision delivered on Nov 9, 2005. The appellant is basically claiming that his right to fair hearing was violated in the course of the proceedings.	The matter is slated for Dec. 14, 2011, for hearing of the Commission's preliminary objection on the competence of the suit.
94.	IST/APP/02/11 Fidelity Bank Plc Vs SEC	The appellant filed this appeal against the decision of the Commission contained in a letter dated July 6, 2011.  The applicant among others is praying the court to set aside the letter in which the Commission held that the alleged shareholders, Chief Godwin Emeka & Others are deemed lawful owners of the disputed shares and	The matter is coming up on December 14, 2011 for hearing of the motion on notice.



		directed Fidelity Bank plc to release the shares.	
95.	IST/APP/04/11 Olabisi Titilayo & 8 Ors Vs SEC	The applicant filed this appeal against the decision of the APC in Suit No. APC/2-64/10 delivered on 5 <sup>th</sup> May 2011.	The matter is coming up on 11 <sup>th</sup> Jan. 2012 for hearing.
96.	IST/LA/APP/03/11 Tiamiyu R. A. Bodunde Vs SEC	The appellant filed this appeal against the decision of the APC dated May .... 2011 relating to Empire Sec. Ltd	The mater is slated for Jan. 11, 2012 for hearing.
97.	Application for an Order to freeze the Bank account of Empire Sec. Ltd & Its Indicted Directors	The Commission instructed the Law firm to institute an action to freeze the bank account of Empire Sec. Ltd and its indicted Directors for failure to comply with the Commission's directive in case No. APC 6-42-2009	The Solicitor is preparing the curt processes to be filed.
98.	CA/L474/11 Nospetco Oil & Gas Ltd Vs Prince Matiluko Emmanuel Olorunmimbe & Ors	This is an interlocutory appeal against the ruling of the IST dismissing the preliminary objection of the appellant which challenged the power of the Tribunal to hear and determine the suit.	The record of proceedings have been transmitted by the appellant to the Court of Appeal but hearing date has not been fixed.
99.	FHC/ABJ/CS/272/11 Proforte Micro-Finance Bank Ltd Vs CBN	Proforte Ltd applied to CBN for a license to operate a micro-fiNnnce bank but following the Commission's request the CBN suspended further action on the application. The Commission is seeking to be joined as an interested party in the suit to help in justifying CBN action and possibly counter-claiming against the plaintiff in respect of the investors' fund in its custody.	He matter is coming up an December 6, 2011 for hearing of the plaintiff's motion to enter judgment in its favour. However, the Commission's counsel was instructed to file a motion for joinder as an interested party.
100.	FHC/B/117/11 Onitsha Zone Shareholders Assoc. & 2 Ors Vs Mr. H. Fabri & 4 Ors	The plaintiffs filed this action against Okomu Oil Palm Co Plc seeking for the Commission to be directed to appoint an external auditor to audit the books of the company from 1990 till date.	The 1 <sup>st</sup> – 4 <sup>th</sup> defendants filed and served notice of preliminary objection against the suit. The matter came up on Nov. 24, 2011 but the court did not sit and was adjourned to January 24, 2012 for



			hearing of the objections.
101.	LD/1860/2010  Christian Udom & 2 Others	The claimant is alleging that they were forced to resign from their employment with the NSE. The alleged lack of due process and illegality in the forceful termination.	The plaintiffs have been unable to effect service on all the Defendants and the matter was adjourned to Feb. 19, 2011 for report of service.
102.	LD/1870/10  Ibeananam Ekeocha Vs SEC & 5 Others	The claimant is alleging that they were forced to resign from their employment with the NSE. The alleged lack of due process and illegality in the forceful termination.	The matter has not been assigned to a judge and the plaintiffs have been unable to effect service on the defendants. The matter is adjourned to 19 <sup>th</sup> February 2012 for Report of Service.
103.	FHC/L/CS/1318/10  Abyn Invest. Ltd & anor Vs SEC & 3Ors	The plaintiff is claiming that the sum of money paid to them by the NSE in their capacity as council members of the Exchange were for overseas training and not bonus sharing as claimed by SEC and the NSE	SEC filed an application dated February 24, 2011 praying the court for an order striking out the suit for lack of jurisdiction and dismissing the suit as it amounts to abuse of court process. The matter has been adjourned to Jan. 19, 2012 for hearing of all pending applications.
104	FHC/L/CS/580/05 – Lawrence Adebayo Jegede Vs UBA Plc & 4 Ors	Plaintiff is seeking a declaration that the financial statements of UBA Plc (31 <sup>st</sup> March, 2000 – 30 <sup>th</sup> September, 2004) as contained in its proposed scheme of merger with STB Plc is inaccurate and reckless.  The Commission was joined for approving the scheme.	Adjourned for adoption of addresses but no date has been fixed yet.
105	IST/KN/OA/01/09  Nma Investment & Securities Ltd  Vs	The dispute arose from the unauthorized sale of Ashaka Cement's shares belonging to Bauchi State Govt. through the 1 <sup>st</sup> Defendant, a stock broking firm	Matter is still pending and Status report is being awaited from KZO.



	Heritage Invest. Securities Ltd & 2 Ors	An order against the Commission not to approved the transaction	
106	IST/OA/09/09 Dr. Timothy Nduibisi Menakaya Vs Finbank Plc	The Applicant among others is seeking for an order directing the Commission to suspend the bank from trading in securities or any capital market activities pending the return of his monies.	Appeal against Interlocutory ruling to Court of Appeal. The substantive matter is still pending.
107	FHC/LCS/1238/09 Tola Alabi Vs UBA Plc & 6 Ors	The Plaintiff filed this action against UBA Plc & UBA Stockbrokers seeking orders to compel SEC to carry out investigation of UBA Stockbrokers for gross misconduct. The Commission was joined because of its regulatory oversight of the Nigeria capital market.	The appeal has been fixed for 20 <sup>th</sup> November 2011 for hearing.
108	IST/APP/02/10- Chief Goddy Emeka Ejiofor Vs Stanbic IBTC Management Ltd	The Appellant is appealing against the Commission's decision taken at all-parties meeting held on February 16, 2010 between the Appellant and Stanbic IBTC.	Following an interlocutory appeal by the 1 <sup>st</sup> Respondent to the Court of Appeal, the case has been adjourned sine die pending the determination of the appeal.
109	IST/OA/07/2009 Stanbic IBTC Bank Plc Vs Emmanuel O. A. Ojo	This action was filed by Mr. Emmanuel Ojo against IBTC Bank Plc on non-receipt of share certificate for 100,000 units of Luncheon Voucher Plc share which he applied for in 1992 private placement.  The Commission was joined because of his earlier complaint to the Commission.	The matter is adjourned to September 23, 2010 for continuation of hearing.
110	FHC/L/CS/1298/09 EP Investment Ltd & Ors Vs BGL Ltd & 22 Ors	The dispute arose out of a private placement by BGL Ltd in 2007 in which the Plaintiff alleged to have invested a total sum of N29,100,000,000.  The Commission was joined because	Matter came up on 8 <sup>th</sup> June 2011 and was adjourned to 28 <sup>th</sup> October 2011 for hearing.



		of the approval of the private placement	
111	IST/OA/01/11  Usman Mohammed  Vs  SEC & GT Bank Plc	Gur  The claim against the Commission is that, it negligently failed in its statutory duty to investigate his complaint against GT Bank Plc on margin facility.	The matter came up on May 11, 2011 and was adjourned to June 21, 2011 for ruling on the preliminary objection by GT Bank Plc.
112	FHC/L/CS/1404/10 BANK PHB Vs Intercontinental Bank Plc & Anor	The above named suit was filed by the Plaintiff against the Defendants at the Federal High Court, (Court 5) Lagos. The Solicitors to the Defendants informed the Commission that Hon. Justice Tsoho of Court 5 had adjourned the case to June 8, 2011 for hearing of the 1 <sup>st</sup> and 2 <sup>nd</sup> Defendant's application for joinder of the Commission as a defendant in the suit.	The matter came up on 8 <sup>th</sup> June, 2011 and motion for extension of time to file counter affidavit against plaintiff's application for First Registrars Ltd to be joined as a party was taken and granted. Matter was adjourned to 28 <sup>th</sup> September 2011 for argument on them motion for joinder.
113	IST/EN/OA/05/10  Anukem Amselem & anor vs UBA & 2 Ors	Management directed an in-house counsel to file a notice of appeal against the judgment of the IST Enugu directing SEC to pay the sum of N300,000 as damages to the Applicant	The notice of appeal has been prepared and is ready to be filed.

## **RULE MAKING**

During the period under review, the Commission approved new Rules and Regulations which came into force. These included:

<b>RULE</b>	<b>EFFECTIVE DATE</b>
Negotiated Settlement	<b>27<sup>th</sup> January 2011</b>
Conditions to grant waiver on bonds that are not backed by an irrevocable letter of authority.	<b>27<sup>th</sup> January 2011</b>
Custodial Services for registered collective investment schemes	<b>27<sup>th</sup> January 2011</b>



Securities lending and borrowing.	<b>27<sup>th</sup> January 2011</b>
Islamic Fund Management.	<b>27<sup>th</sup> January 2011</b>
Exchange Traded Funds (ETF)	<b>27<sup>th</sup> January 2011</b>
Payment of dividends	<b>27<sup>th</sup> January 2011</b>
Investment in unlisted equities	<b>27<sup>th</sup> January 2011</b>
Rules on Appointment of Independent Lead Issuing Houses	<b>27<sup>th</sup> January 2011</b>
Vending agreement (amendment to Rule 78B)	<b>27<sup>th</sup> January 2011</b>
Appointment of Chief Executive and Principal Officers of Securities Exchanges (New Rule 115)	<b>27<sup>th</sup> January 2011</b>
Amendment of Rule 193 –Functions of Registrars (New Rule 193(2)	<b>27<sup>th</sup> January 2011</b>
Rule on Internal Restructuring of Companies (New Rule 230(b)	<b>27<sup>th</sup> January 2011</b>
Penalty for Underpayment of SEC fees-Schedule II	<b>27<sup>th</sup> January 2011</b>
Rule relating to Securities ownership (Amendment to Rule 109A)	<b>27<sup>th</sup> January 2011</b>
Code of Corporate Governance	<b>1<sup>st</sup> April 2011</b>
Rules on Book building (Rule 78C)	<b>September 12, 2011</b>
Rules on Corporate Bonds (Rule 307A)	<b>September 12, 2011</b>
Rules on Debt – Equity conversion (Rule 40E)	<b>September 12, 2011</b>
Rules on Fund of Funds and Feeder Funds (Rule 282A)	<b>September 12, 2011</b>

## **AMENDMENTS**

1. Rules on Registration of National Association of Securities (Rule 23(1)(xiv) **(September 12, 2011)**
2. Rules on Registration of Rating Agency (Rule 38(1) **(September 12, 2011)**)
3. Rules on Shelf Registration (Rule 40C (3)(a) **(September 12, 2011)**)



4. Rules on Contents of a prospectus (Rule 56A) **(September 12, 2011)**
5. Rules on Contents of a prospectus-deletion of "profit forecast" (Rule 56(1)(viii)) **(September 12, 2011)**
6. Rules on Regulation of public companies (Rule 97(2)(5) –Part B4) **(September 12, 2011)**
7. Rules on Functions of Registrars-dispatch of annual reports, etc(Rule 193(6)) **(September 12, 2011)**
8. Functions of Reporting Accountants (report on the profit forecast of the Issuer) – deleted (Rule 206 (2)(a -g)) **(September 12, 2011)**
9. Rule on Profit forecast -deleted (Rule 206 (4)(b)) **(September 12, 2011)**
10. Vending agreement (amendment to Rule 78B) **(27<sup>th</sup> January 2011)**



## **MONITORING**

The Commission is mandated to monitor compliance by Capital Market Operators under the following regulations:

- a) Investments and Securities Act (ISA) 2007 and the Rules and Regulations made thereto;
- b) Companies and Allied Matters Act 1990;
- c) Customer Due Diligence and Know-Your-Customer (CDD and KYC) manual;
- d) Money Laundering (Prohibition) Act 2011; and
- e) Other relevant Nigerian laws incidental to the operation of such companies in the Nigerian capital market.

The Commission conducts both on-site and off-site inspections and reviews to achieve its objectives.

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

The off-site inspection focuses mainly on reviewing returns, identifying deficiencies and compiling key data/indices on the activities of Capital Market Operators (CMOs).

In 2011, the Commission reviewed a total of 2,072 returns from registered Capital Market Operators as stated below:

- i. 230 Audited Annual Accounts from Capital Market Operators;
- ii. 899 Quarterly statutory returns from Broker Dealers;
- iii. 344 Quarterly statutory returns from Fund/Portfolio Managers;
- iv. 330 Quarterly statutory returns from Issuing Houses;
- v. 168 Quarterly returns from Investment advisers;
- vi. 108 Quarterly returns from Trustees and;
- vii. 99 Quarterly returns from Registrars;
- viii. 147 Quarterly returns on utilization of issue proceeds from issuers of securities.



The summary of the off-site review is as follows:

### **Audited Accounts**

Given the provisions of SEC Rule 170(ii), and the fact that the audit of 2011 financial statements / accounts of most firms are still on-going, comparative analysis was carried out on 230 audited accounts filed with the Commission, comprising audited accounts of **82** firms registered for multiple Capital market functions and accounts of **148** firms registered for single function.

<b>S/NO</b>	<b>OPERATORS/REGISTERED FUNCTIONS</b>	<b>NUMBERS</b>
<b>1.</b>	Broker Dealer	109
<b>2.</b>	Registrar	20
<b>3.</b>	Fund/Portfolio Manager	81
<b>4.</b>	Corporate/Investors Adviser	38
<b>5.</b>	Issuing House	63
<b>6.</b>	Sub Broker	1
<b>7.</b>	Trustees	17
<b>8.</b>	Market Makers	4
<b>9.</b>	Research/Credit Rating	2
<b>10.</b>	Underwriters	2

***\*Some of the operators registered have multiple functions***

	<b>2009</b>	<b>2010</b>	<b>% Change</b>
<b>No. of Audited Accounts Received</b>	<b>265</b>	<b>230</b>	
	N trillion	<b>N trillion</b>	
<b>Total Asset</b>	0.431	<b>1.399</b>	<b>225%</b>
<b>Total Liability</b>	0.356	<b>1.151</b>	<b>223%</b>



<b>Shareholders Fund</b>	0.075	<b>0.248</b>	<b>231%</b>
<b>Net Income</b>	0.040	<b>0.148</b>	<b>270%</b>
<b>Operating Cost</b>	( 0.106)	<b>( 0.149)</b>	<b>41%</b>
<b>Profit After Tax</b>	(0.066)	<b>( 0.003)</b>	<b>-100%</b>
<b>Overall Net-Worth to Total Asset</b>	0.174	<b>0.177</b>	
<b>Aggregate Total Liabilities to Total Asset</b>	0.826	<b>0.823</b>	
<b>Aggregate Net-worth to Total Liabilities</b>	0.211	<b>0.215</b>	

### Overview of Brokers/Dealers Firms' Sector

During the year under review, a total of 899 Brokers/Dealers statutory returns were reviewed. The performances produced below are based on data provided by the firms in addition to other market reports.

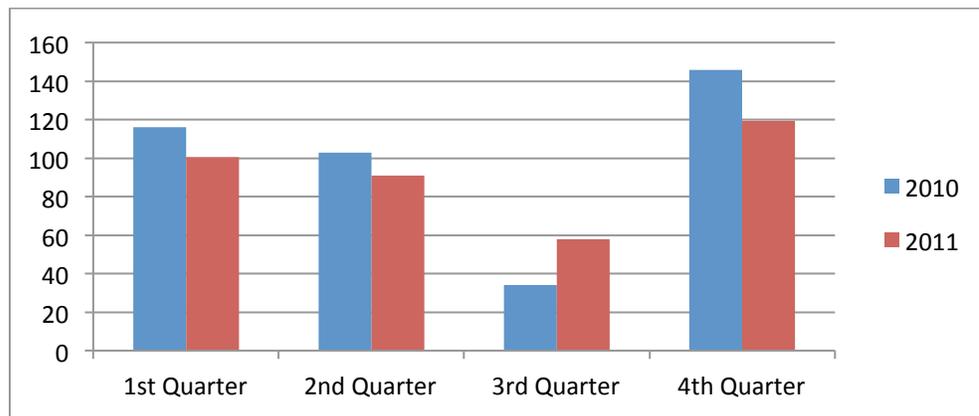
ii Quarter	1 <sup>st</sup>			2 <sup>nd</sup>			3 <sup>rd</sup>			4 <sup>th</sup>		
	2011	2010	Change	2011	2010	Change	2011	2010	Change	2011	2010	Change
	N Bn.			N Bn.			N Bn.			N Bn.		
<b>Shareholders' Funds</b>	<b>100.4</b>	115.95	<b>-13.4</b>	<b>91.0</b>	103.0	<b>-11.6</b>	<b>85.0</b>	34.2	<b>148.5</b>	<b>119.4</b>	145.8	<b>-18</b>
<b>Indebtedness to banks</b>	<b>204.6</b>	226.0	<b>-9.5</b>	<b>101.8</b>	205.0	<b>-50.3</b>	<b>44.0</b>	145.9	<b>-69.8</b>	<b>44.8</b>	77.4	<b>42</b>
<b>Investment in Quoted Equities</b>	<b>220.4</b>	203.8	<b>8.15</b>	<b>214.9</b>	177.2	<b>21.3</b>	<b>94.7</b>	166.9	<b>-43.3</b>	<b>168.2</b>	126.5	<b>33</b>



Loans to CMO's Clients	35.9	105.0	-65.8	31.9	44.4	28.2	31.0	40.4	-23.3	22.9	46.2	50
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## Minimum Capital and Shareholders Funds (Year on Year Quarterly Analysis)

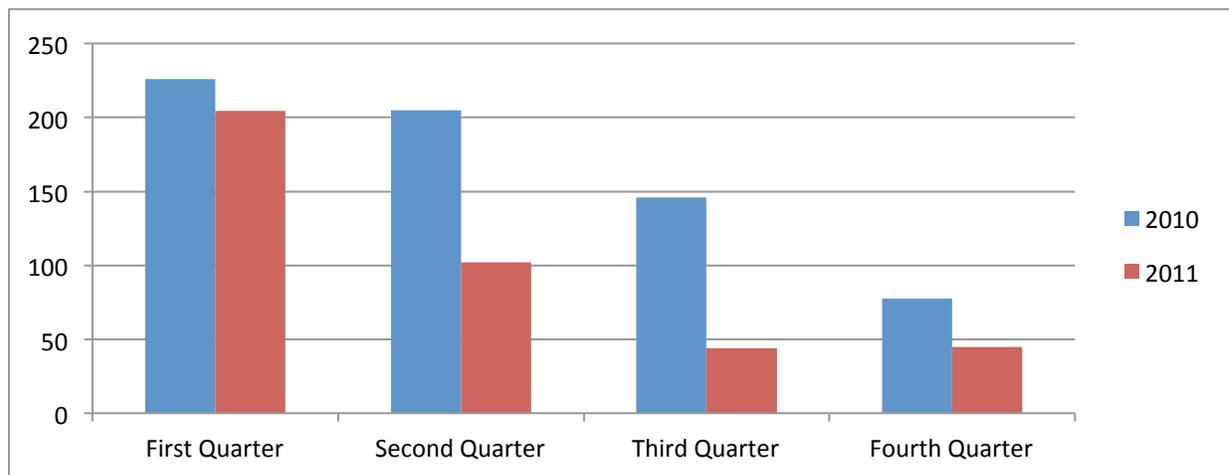
SHAREHOLDERS' FUNDS (N BN)



The decline in firms' shareholders funds from the first to third quarter was as a result of consistent losses in operations. However, out of the 222 firms' returns analyzed in 4<sup>th</sup> quarter, 193 firms reported positive shareholders fund of N70m and above, 21 firms reported shareholders' funds below N70m while 8 firms reported negative shareholder funds.

### Breakdown of Indebtedness

Indebtedness to banks (N Bn)





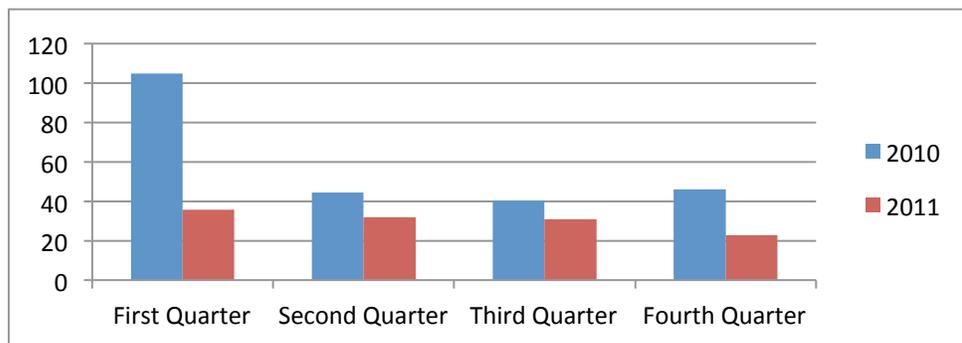
Firms' indebtedness to Banks during the year, declined at an overall mean rate of approximately **24%** (23.9%).

The end of the third quarter 2011 witnessed the highest rate of decline of **56.78%**. This was as a result of the acquisition by the Asset Management Company Of Nigeria (AMCON) of outstanding debts owed by firms to Banks.

Of the total firms with outstanding indebtedness, **11** (eleven) firms, accounted for **83%** of the aggregate indebtedness to Banks as at 30<sup>th</sup> September 2011. However the indebtedness increased marginally by 1.8% at the end of the fourth quarter, 2011.

### Margin Loans Granted To Clients

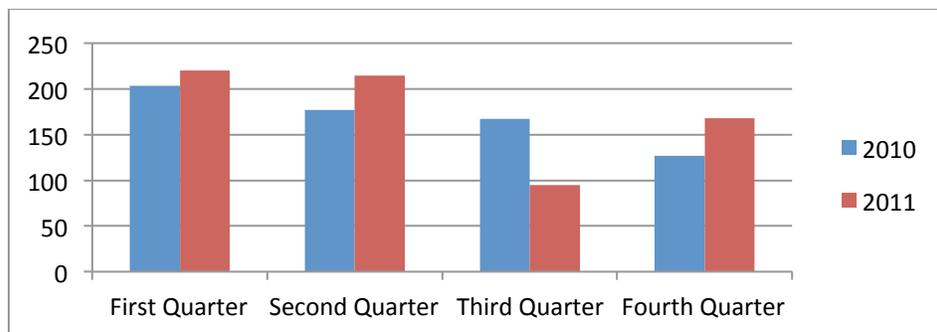
LOANS TO CMO CLIENTS (N Bn)



Aggregate loans outstanding against clients of CMOs show a progressive decline of an overall mean rate of **18.4%** between 2010 and 2011.

### Investment in Quoted Securities

INVESTMENT IN QUOTED EQUITIES (N Bn)





## Profitability/Loss Level

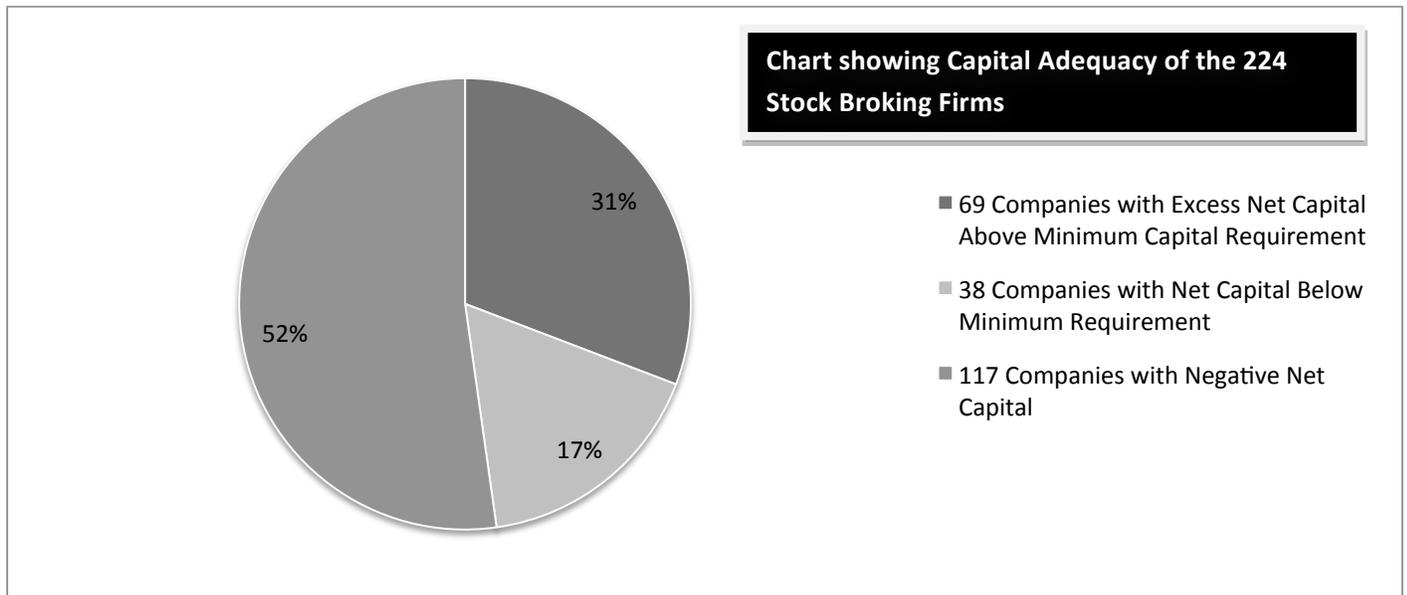
Securities firms recorded continuing losses in the first to third quarter of 2011. Recorded losses averaged **N1.92Bn** for the same period with the lowest aggregate loss recorded, being **N250m** at the end of the third quarter. This was an improvement when compared with 2010 where losses averaged **N7.67Bn** for the same period.

However, the reduction in outstanding margin loans and accompanying reduction in payment of interest cost on those loans contributed in reducing the level of loss recorded by the firms in the fourth quarter. This resulted in a change of trend to an aggregate profit level of N340 million in the fourth quarter of 2011.

## Capital Adequacy

In conformity with the capital adequacy requirement, the Net Capital of stockbroking firms was computed using the total returns (224) submitted as at 30<sup>th</sup> September, 2011.

The analysis shows that 69 (sixty nine) stock broking firms had excess minimum net liquid capital requirement, 38 (thirty eight) had below minimum requirement, while 117 (one hundred and seventeen) had negative net liquid capital after adjustment.

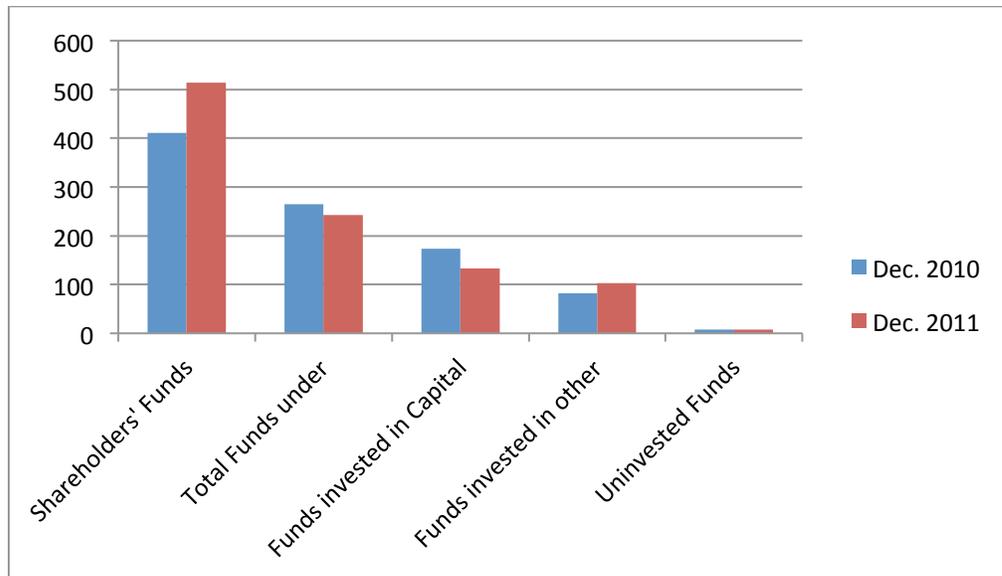


## Fund/ Portfolio managers:

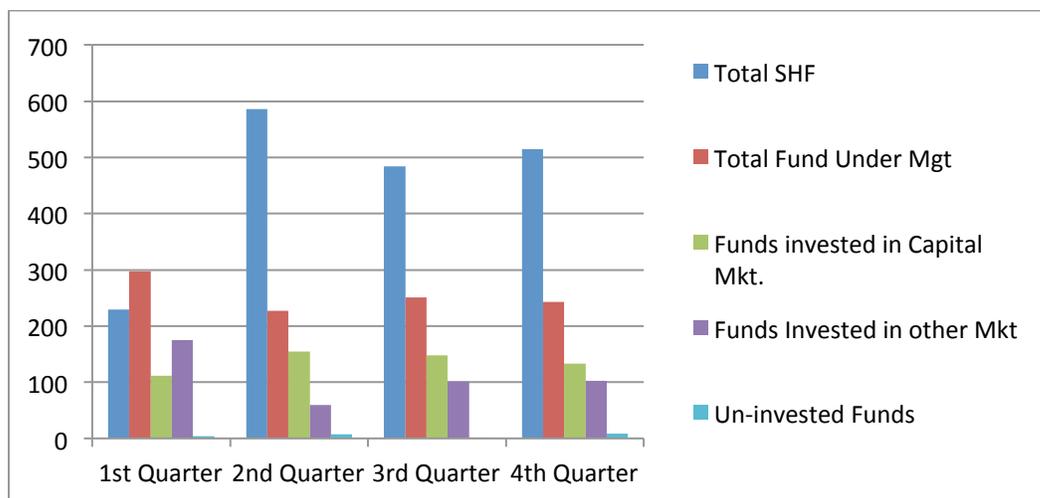


The review of 344 quarterly returns filed by 87 registered fund/portfolio managers indicated that 46 were actively managing funds while 41 filed nil returns.

GRAPHIC ANALYSIS OF THE PERFORMANCE OF PORTFOLIO MANAGERS (N BN)



QUARTERLY GRAPHIC ANALYSIS OF PORTFOLIO MANAGERS' PERFORMANCE (N BN)



### Funds under Management



Funds under management decreased from N297 billion in the 1<sup>st</sup> quarter to N243 billion in the fourth quarter, a decrease of N54 billion (18%).

### **Funds invested in the Capital Market**

Investment in the capital market which stood at N111 billion and N154 billion in the 1<sup>st</sup> and 2<sup>nd</sup> quarters respectively, but dropped to N148 billion and N132.5 in the third and fourth quarters respectively.

### **Funds invested in Other Sectors**

Investment outside the capital market stood at N103 billion in the fourth quarter as against N175 billion in the first quarter, a decline of N72 billion (41%) during the year under review.

### **Un-Invested Funds**

Un-invested funds rose to N8.1 billion at the end of the fourth quarter 2012 as against N4 billion in the first quarter 2011. This represents an increase of N4.1 billion (106%).

### **Issuing Houses:**

Two hundred and Fifty Seven (257) returns were received and analyzed in 2011. One key observation made on the activities of the issuing was their laxity at ensuring that issues of securities; both equity and debts render requisite returns on issue proceeds utilization. In line with Rule 65(2) of SEC Rules, appropriate penalties were meted against defaulting issues and issuing houses.

### **Registrars:**

One hundred and eight (108) returns were received from registrars during the period under review. The returns show that the quantum of unclaimed dividends has increased by **N5.6bn (12.5%)** from **N44.6bn** as at December 2010 to **N50.2bn** in December 2011. Surplus/Returned monies however decreased by 87.7% while unclaimed share certificates also decreased by 37.5% as shown below:

	<b>Dec 2010</b>	<b>Dec. 2011</b>	<b>% Change</b>
<b>Unclaimed Dividend*</b>	<b>N44.6bn*</b>	<b>N50.2bn*</b>	<b>12.6%</b>

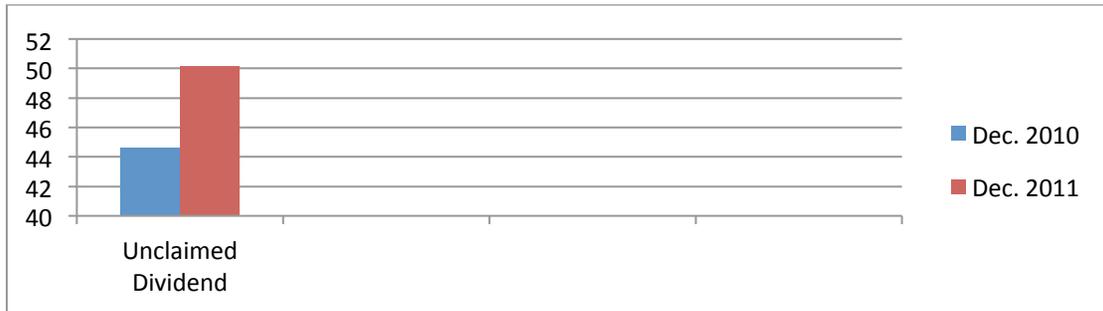


<b>Surplus/Returned Monies</b>	<b>N7.6bn</b>	<b>N0.935bn</b>	<b>-87.7%</b>
<b>Unclaimed Share Certificates</b>	<b>1,067,974</b>	<b>667,133</b>	<b>-37.5%</b>

\* Figures are based on unclaimed dividend reported after 6months of declaration by the Companies.

### Bar Chart Showing Change in Unclaimed Dividends and Unclaimed Share Certificate as at Dec, 31 2011.

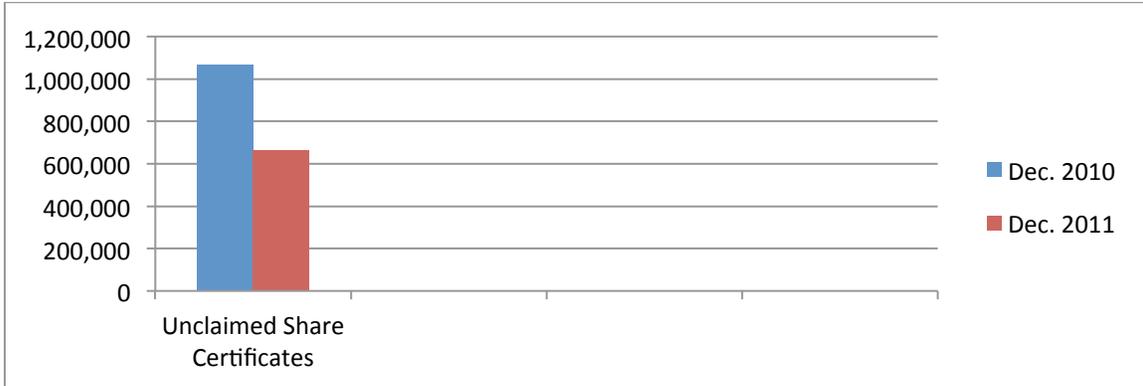
UNCLAIMED DIVIDENDS (N BN)



SURPLUS/RETURN MONIES (N BN)



UNCLAIMED SHARE CERTIFICATES



### **Utilization of Issue Proceeds**

One hundred and forty seven (147) returns on the utilization of issue proceeds were reviewed in 2011. Following the review, on-site verification inspection was carried out on the under listed issuers:

- Access Bank Plc
- Niger State Government of Nigeria
- Intercontinental Bank Plc
- Lagos State Government of Nigeria
- United Bank for Africa Plc
- Imo State Government of Nigeria
- Guaranty Trust Assurance Plc
- Kwara State Government of Nigeria

### **Trustees**

One hundred and eight (108) returns were received and reviewed from trustees as at Dec., 2011, out of which seventy (70) were nil returns.

### **Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)**

#### **Offsite Review of Returns**

The Commission analysed five hundred and ninety six (596) returns on AML/CFT foreign exchange transactions above the statutory threshold most of which were nil reports.

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



In accordance with AML/CFT Action Plan, **88** Capital Market Operators were inspected in 2011. The inspections were aimed at ensuring compliance with all the requirements of Financial Action Task Force (FATF) and GIABA on AML/CFT.

#### Other Related Issues

- The Commission developed a Framework for Risk-Based Supervision on Capital Market Operations which will soon be put into use.
- The Commission gazetted the newly developed AML/CFT Manual for Capital Market Operators on January 3, 2011.
- The Commission participated in the series of meetings organized by the Presidential Task Force Committee held to address key deficiencies noted against Nigeria by the FATF International Cooperation Review Group (ICRG).

## **INVESTIGATIONS**

In 2011, a total of **3,497** complaints were handled. Out of which **2169 (62%)** were new complaints, **1328 (38%)** were brought forward from year 2010, **1738 (49.6%)** were resolved and the files closed. while leaving an outstanding of **1759 (50.4%)** as at December 31, 2011. The breakdown per zone is shown below:

### **SUMMARY OF COMPLAINTS**

	<b>Head Office</b>	<b>Lagos Zonal Office</b>	<b>Onitsha Zonal Office</b>	<b>Port Harcourt Zonal Office</b>	<b>Ibadan Zonal Office</b>	<b>Kaduna Zonal Office</b>	<b>Kano Zonal Office/ Maiduguri Zonal Office</b>	Total
New Complaints	729	176	381	235	73	157	418	2,169
Brought forward	664	66	422	-	13	163	-	1328



<b>Total</b>	<b>1393</b>	<b>242</b>	<b>803</b>	<b>235</b>	<b>86</b>	<b>320</b>	<b>418</b>	3497
Resolved	709	69	337	128	31	82	257	1613
Mediation (All Parties Meetings)	15	42	11	4	10	4	-	86
Resolved by Mediation	7	14	3	4	8	3	-	39
<b>Pending as at Dec 31, 2011</b>	<b>662</b>	<b>117</b>	<b>452</b>	<b>99</b>	<b>37</b>	<b>231</b>	<b>161</b>	<b>1759</b>

The complaints against stockbrokers bordered on:

- unauthorized/fraudulent sale of shares
- non remittance of share sale proceeds
- accrued interest, refusal/illegal transfer of shares
- falsification of clients accounts
- non purchase of shares/undue delay in the purchase of stocks,
- non verification of share certificates

While complaints against Registrars involved:

- Non receipt of dividend warrants/bonuses
- Returned monies for unallotted shares
- Non issuance of share certificates
- Wrong crediting of bonus shares/non crediting of CSCS accounts





# **SECTION 4**

- **ANNUAL ACCOUNTS**



## ADDRESSES OF THE SECURITIES AND EXCHANGE COMMISSION

### HEAD OFFICE

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

### **LAGOS ZONAL OFFICE**

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

#### **Telephone Numbers:**

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

### **PORT HARCOURT ZONAL OFFICE**

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

#### **Telephone Numbers:**

084 – 767661, 575940, 810335

### **KADUNA ZONAL OFFICE:**

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

#### **Telephone Number:**

062-831656

### **KANO ZONAL OFFICE**

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

#### **Telephone Numbers:**

064 – 314105, 312606

### **MAIDUGURI ZONAL OFFICE:**

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

#### **Telepone Numebrs:**

076 916123/076 916124

### **ONITSHA ZONAL OFFICE**

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

#### **Telephone Numbers:**

08033423513

### **IBADAN ZONAL OFFICE:**

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

#### **Telephone Numbers:**

Head IBZO	-	02-8774971
SM IBZO	-	01-8532577
Admin.	-	07098113999