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**THE Nigerian  
STOCK EXCHANGE**

RC: 2321

**2013  
ANNUAL REPORT  
& ACCOUNTS**



**BOLDER  
STRIDES**





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### **THE MISSION OF THE NSE IS:**

To promote capital formation in Nigeria by providing issuers and investors with a responsive, fair and efficient securities market using cutting edge technology, and providing local and foreign investors access to the Nigerian securities market in an environment of strong regulatory framework and reliable trading and settlement systems.

### **VISION OF THE NSE:**

To be Africa's foremost securities exchange driven by regulation, innovation, liquidity and efficiency.

(R-I-L-E)

## NOTICE OF THE FIFTY-THIRD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Third Annual General Meeting of Members of the Nigerian Stock Exchange will be held at the NSE Event Centre, 20<sup>th</sup> floor, Stock Exchange House, 2/4 Customs Street Lagos, on 24 September 2014 at 11:00 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To present the Financial Statements of The Exchange as at 31 December 2013, and the Reports of the National Council and the Auditors.
2. To elect the following as members of the National Council:
  - i. Mr. Muhammad Daggash ;<sup>1</sup>
  - ii. Finmal Finance Services Limited (represented by Mr. Umaru Kwairanga);
  - iii. Greenwich Securities Limited (represented by Mr. Kayode Falowo);
  - iv. ICMG Securities Limited (represented by Mr. Michael Osime);
  - v. Meristem Securities Limited (represented by Mr. Oluwole Abegunde);
  - vi. Sigma Securities Limited (represented by Mr. Dunama Balami); and
  - vii. Signet Investment and Securities Limited (represented by Mr. Oladipo Aina).
3. To authorize members of the National Council to fix the remuneration of the Auditors.

### SPECIAL BUSINESS

4. To approve the remuneration of National Council Members.

### NOTE:

Proxy: A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall be appointed a proxy who is not already a Member of The Exchange or the accredited representative of a Member, save that a corporation that is a Member of The Exchange may appoint as its proxy one of its Directors or other authorized representative who is not a Member of The Exchange. Executed proxy forms should be deposited at the registered office of The Exchange at least 48 hours prior to the time of the meeting. A proxy form is attached to this notice.

Dated this 1<sup>st</sup> day of September 2014

By Order of Council



Tinuade Awe  
**Council Secretary**  
Stock Exchange House  
2/4 Customs Street  
Lagos, Nigeria



<sup>1</sup> As at the time of going to press, The Exchange was still awaiting the Securities and Exchange Commission's approval of Mr. Muhammad Daggash as a nominee for election onto the National Council at The Exchange's 53rd Annual General Meeting.



## EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

### I. Resolution: Election of Council Members

The Exchange's Articles of Association requires one-third of the elected Council Members to retire by rotation at each Annual General Meeting (AGM) and any retiring Council Member who has not completed his/her maximum tenure will be eligible for re-election.

In line with the above, Partnership Securities Ltd. (represented by Mr. Victor Ogiemwonyi), Reward Investment & Services Limited (represented by Mr. Henry Olayemi), WSTC Financial Services Limited (represented by Mr. Tofarati Agosto), APT Securities and Funds Limited (represented by Alhaji Garba Kurfi), City-Code Trust & Investment Limited (represented by Mr. Ebilate Mac-Yoroki), ICON Stockbrokers Limited (represented by Mr. Chike Nwanze), and Stanbic IBTC Stockbrokers Limited (represented by Mr. Oladele Sotubo) will retire at the 2014 Annual General Meeting and are ineligible for re-election.

Further, Alhaji Aliko Dangote, GCON is stepping down as President of the National Council at the 2014 AGM. However, he will continue to serve on the National Council as an ex-officio member pursuant to The Exchange's Articles of Association.

The National Council presents the following nominees for election at the 2014 AGM: (i) Mr. Muhammad Daggash; (ii) Finmal Finance Services Limited (represented by Mr. Umaru Kwairanga); (iii) Greenwich Securities Limited (represented by Mr. Kayode Falowo); (iv) ICMG Securities Limited (represented by Mr. Michael Osime); (v) Meristem Securities Limited (represented by Mr. Oluwale Abegunde); (vi) Sigma Securities Limited (represented by Mr. Dunama Balami); and (vii) Signet Investment and Securities Limited (represented by Mr. Oladipo Aina).

Brief profiles of nominees presented for election are set out below.

#### i. Mr. Muhammad Daggash

Membership: Ordinary Member

Date of Birth: 22 June 1956

Education: Brown University, Catholic University of America

Principal Function: Consultancy, Cement Industry

Professional Affiliation: Member, Nigerian Society of Engineers; and Fellow, Nigerian Institute of Management

#### ii. Finmal Finance Services Limited

Membership: Dealing Member

License Date: 14 June 2001

Status of Dealing Member Firm: Active

Representation: Mr. Umaru Kwairanga

Date of Birth: 22 July 1969

Education: University of Maiduguri, Edo State University, Liverpool John Moores University U.K.

Principal Function: CEO, Finmal Financial Services Ltd.

Professional Affiliation: Fellow, Chartered Institute of Stockbrokers

Directorships Include: Chairman, Ashaka Cement Plc.; Certified Pension Institute; and Penman Pensions Ltd.

## EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS (CONTINUED)

### iii. **Greenwich Securities Limited**

Membership: Dealing Member  
 License Date: 27 February 1997  
 Status of Dealing Member Firm: Active  
 Representation: Mr. Kayode Falowo  
 Date of Birth: 28 October 1961  
 Education: Obafemi Awolowo University (formerly University of Ife), University of Benin  
 Principal Function: CEO, Greenwich Trust Ltd.  
 Professional Affiliation: Fellow, Chartered Institute of Stockbrokers; Fellow, Certified Pension Institute of Nigeria; and Member, Institute of Directors Nigeria  
 Directorships Include: NASD Ltd., DN Meyer Plc., Citadel Registrars Ltd. (formerly Wema Registrars Ltd.)

### iv. **ICMG Securities Limited**

Membership: Dealing Member  
 License Date: 4 November 1992  
 Status of Dealing Member Firm: Active  
 Representation: Mr. Michael Osime  
 Date of Birth: 13 May 1958  
 Education: University of Lagos, Strathclyde Business School  
 Principal Function: CEO, ICMG Sec. Ltd.  
 Professional Affiliation: Fellow, Chartered Institute of Stockbrokers  
 Directorships Include: Notore Chemical Industries Ltd., Broadband Technologies Ltd.

### v. **Meristem Securities Limited**

Membership: Dealing Member  
 License Date: 7 December 1994  
 Status of Dealing Member Firm: Active  
 Representation: Mr. Oluwale Abegunde  
 Date of Birth: 22 September 1964  
 Education: University of Ibadan, University of Ilorin  
 Principal Function: CEO, Meristem Securities Ltd.  
 Professional Affiliation: Associate, Chartered Institute of Stockbrokers  
 Directorships Include: Berger Paints Plc., Etransact International Plc.

### vi. **Sigma Securities Limited**

Membership: Dealing Member  
 License Date: 26 July 1995  
 Status of Dealing Member Firm: Active  
 Representation: Mr. Dunama Balami  
 Date of Birth: 16 July 1965  
 Education: Ramat Polytechnic Maiduguri, University of Calabar  
 Principal Function: CEO, Sigma Securities Ltd.  
 Professional Affiliation: Fellow, Chartered Institute of Stockbrokers; Associate Member, Certified Pension Institute of Nigeria; and Associate Member, Nigerian Institute of Management  
 Directorships Include: Sigma Pensions Ltd.



## EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS (CONTINUED)

### **vii. Signet Investment and Securities Limited**

Membership: Dealing Member

License Date: 22 May 1989

Status of Dealing Member Firm: Active

Representation: Mr. Oladipo Aina

Date of Birth: 11 May 1952

Education: University of Ife, University of Ibadan, Liverpool John Moore University, U.K

Principal Function: CEO, Signet Investment and Securities Ltd

Professional Affiliation: Fellow, Chartered Institute of Stockbrokers; and Fellow, Institute of Directors Nigeria

Directorships Include: NASD Ltd.

### **II. Resolution: Approval of Sitting Allowances for Meetings of the National Council and its Committees**

Under Section 267(1) of Companies and Allied Matters Act, the General Meeting is to determine the remuneration of National Council Members.



## PRESIDENT'S STATEMENT

Distinguished ladies and gentlemen,

It is with great enthusiasm that I present to you the annual report and financial statements of the *Nigerian Stock Exchange* (NSE) for the year ended December 31, 2013.

### Operating Environment

As global economic conditions began to strengthen in developed economies such as the US and southern Europe, economic activity in sub-Saharan Africa remained strong throughout 2013, particularly in oil producing countries. Nigeria's performance was largely positive, with single-digit inflation and a relatively stable foreign exchange market due to the *Central Bank of Nigeria's* (CBN) active monitoring of the nation's monetary policy. In the capital market, the bullish run that began in 2012 continued with greater impetus, and with this in mind, I am happy to announce that the NSE *All Share Index* (ASI) ranked among the top ten best performing indices in the world, in 2013.

### Delivering Strong and Sustainable Growth

The year was another year of significant progress for us here at the Exchange. While there were several groundbreaking developments in our business, what did not change is our remarkable ability to adapt to a shifting business environment that possesses growth challenges and a certain level of volatility. Nonetheless, the *Nigerian Stock Exchange* emerged with a strong financial position. Our market data and value-added services became and remain highly sought after, and our technology platform is a leading benchmark in the region.

At the bourse, we centered our attention on executing our transformation agenda and on further development of the capital market. We focused our priorities on enforcing the rules that govern the marketplace, we succeeded in providing an enabling platform to operate an efficient market, and we delivered on our promise to achieve a higher level of transparency in the market.

In March 2013, the Exchange launched the first-ever electronic issuers' portal for the Nigerian capital market,

enabling issuers to submit financial reports, corporate actions, and other material information to the market, quickly, efficiently and remotely. This breakthrough development encourages transparency, builds accountability, and

expedites the discharge of issuers' post-listing obligations, as they relate to structured and continuous disclosure.

As quality and excellence remain at the core of everything we do, the exchange continues to embrace technology as a key component of our transformation agenda. In 2013, this translated into the successful roll out of our next generation trading platform, *X-Gen*. This state-of-the-art trading engine has brought about the advent of mobile trading technology in our market, and we continue to increase our technological capabilities through innovation and strategic partnerships. On the back of the *X-Gen* launch, several changes were made to our market structure, such as the introduction of opening and closing rotations, to ensure better market quality. Our commitment to improving the customer experience has received overwhelming support from market operators (intermediaries), and in looking to extend our reach and increase our regional footprint, we continue to rely on technology to enable us set ourselves apart from other exchanges.

### Strengthening Strategic Partnerships

In 2012, we announced strategic investments in two alternative trading platforms operated by the *Nigerian Association of Securities Dealers* (NASD) and the *Financial Markets Dealers Quotations* (FMDQ) OTC. We are pleased to announce that both companies have commenced operations and that the NSE executed an agreement with NASD to host its market on *X-Gen*.



Alhaji Aliko Dangote, GCON  
President

## PRESIDENT'S STATEMENT (CONTINUED)

Other key strategic partnerships formulated during the year include the execution of two MOUs with *Thomson Reuters* – to provide investor relations services to companies listed on the Exchange, and with the *Economic and Financial Crimes Commission* (EFCC) – to better police the Nigerian capital market and to heighten awareness and implementation of our zero-tolerance policy.

The NSE also recently joined the *United Nations'* (UN) *Sustainable Stock Exchanges* (SSE) Initiative. Partnering with the UN on this initiative is in line with the NSE's commitment to create sustainable value for capital market stakeholders, and embed sustainable business practices in the market, specifically at the Exchange and among listed companies. Consequently, reporting sustainability-related (CSR) information will become a mandatory requirement for the bourse and all listed companies as of 2015. To further entrench strong corporate governance principles in the Nigerian capital market, in collaboration with the *Convention on Business Integrity* (CBI), the NSE began development of a corporate governance rating system.

The NSE continues to play a vital role in the execution of the *West African Capital Market Integration* (WACMI) program with the objective of establishing a harmonized regulatory environment for the issuance and trading of financial securities across the West African sub-region. With a diverse population of over 290 million people, this translates into a large consumer base with significant domestic savings and investing power potential. Achieving integration will not only support momentous growth in the markets, but will facilitate the movement of capital across the sub-region, creating flexibility for issuers and investors. The integration will occur in phases with the final phase being completed in 2015.

### Towards the Future

During the year, the NSE's focus remained on executing the “five pillars” of our transformation strategy – (1) targeted business development, (2) enhanced regulatory programs, (3) 21st century technology strategies, (4) enhanced market structure, and (5) investor protection initiatives, buttressed by market development efforts. We also began work on our new medium-term strategic direction by conducting a thorough review of our business and the capital market ecosystem, to enable us address key challenges in a more decisive manner. The outcome was the formulation of a new

medium-term strategic direction, captured in a three (3) year corporate strategic plan with clearly outlined objectives leading up to 2016.

Critical success factors for us in the coming year include (i) facilitating access to and participation in our market, (ii) increasing our footprint on the continent, and (iii) deploying a risk framework to safeguard the market venue. While the focus of the exchange will remain on achieving significant growth, including reclassification to emerging market status, the Group must look to diversify our revenue streams to protect the market and the business from potential domestic and international shocks. We look forward to demonstrating the successful transformation of the Exchange and the Nigerian capital market by strengthening our position within the *World Federation of Exchanges* (WFE).

### Conclusion

The NSE believes firmly in the growth of the Nigerian capital market and is making significant investments to support this ambition. The team at the *Nigerian Stock Exchange* has performed exceptionally well under the leadership of Oscar N. Onyema, the chief executive officer, to effect this ambition. Earlier this year, I informed the Council of the Exchange that I will be stepping down as President of the Council this year. My decision is driven by the need for me to have more time for the execution of my companies' expansion drive in Nigeria and Africa at large. I have confidence in the executive team, as well as in the Council and the members of the exchange to ensure my successor continues to move the *Nigerian Stock Exchange* and the Nigerian capital market forward, towards becoming a regional force in the global financial marketplace. On behalf of the National Council of the NSE, I would like to thank all the employees of the NSE for their dedication and hard work, as well as all the market operators and other stakeholders who have supported and continue to support the growth ambition of the NSE and the Nigerian capital market. The National Council greatly appreciates the encouragement, cooperation, and patronage the NSE has received from our clients, investors, the regulators and various government agencies in our journey to implement our bold transformation agenda.



Alhaji Aliko Dangote, GCON

## CEO'S REVIEW

This is my third year as chief executive officer, and it is a great honor and pleasure to report that the *Nigerian Stock Exchange* (NSE) delivered a strong performance in 2013. This performance has been underlined by the continued successful execution of our transformation agenda, supported by initiatives focused on the development of our capital market – primarily innovations in technology, and stronger regulatory oversight. As a result, the NSE is fast becoming an international organization, positioned to take advantage of strategic opportunities in the evolving sub-Saharan and global capital market landscape.

### New Heights and Opportunities

Today, the Exchange has a more attractive portfolio of services and products, although investors maintain a strong appetite for equities. Our equities market closed the year with its strongest performance since 2008, and was the biggest contributor to revenue, accounting for 99% of the value traded during the year. The success of the cash equities market was driven by investors taking advantage of relatively undervalued stocks listed on the bourse. This translated into the *All Share Index (ASI)* crossing the 38,000 point mark, to reach 38,016.80 on May 30, 2013, as the share price of a listed company crossed the N1,000 mark for the first time in the history of the Exchange. On June 1, 2013 we hit another milestone with the single largest transaction to ever be reported on our trading floor – a N45.75 billion (\$286.31 million) deal.

The Group's ability to serve as a premier destination for raising capital is a value proposition we continue to iterate. In the past year, the Exchange facilitated raising of N286.76 billion (\$1.79 billion) in capital, despite admitting only three (3) new companies to our Main Board. As the Group works to shift business' over-reliance on bank financing, we have committed resources to setting up a structure to enable the Nigerian Stock Exchange play a bigger role in funding the growth of the real economy.

Similarly, the dominance of the equity market in 2013 highlights the need for additional product offerings,

specifically equity-based products which local investors are drawn to for their simplicity. To further satisfy investor demand for a broader range of investment products, the market saw the issuance of Nigeria's first *sukuk* by the Osun

state government, making it the first regulated *Sharia'h* compliant fixed-income product available to investors in Nigeria.

On the fixed income side of the business, bond trading soured by over 2,000% (from a very low base) after the launch of the secondary bond market. In addition to the first *sukuk* listing, we welcomed the first supra-national bond issued by the *International Finance Corporation* (IFC). This was complemented by the 25.49% increase in bond-trading in the OTC market, as investors' attraction to fixed-income securities affirmed the demand for yield.

In spite of these successes, there remains an acute need for continuing education of retail investors, to familiarize them with the various opportunities available to save and invest, as well as to successfully diversify their investments to better manage risk. In this regard, the Exchange continues to be at the forefront of investor education initiatives, reaching out to investors nationwide through *Investor Clinics* and other outreach programs that are held regularly in all parts of the nation.

### Group Financial Performance

I am delighted to report that our strategic focus has delivered strong performance for the Group. The Group's operating surplus jumped 183% to N3.26 billion from N1.18 billion the previous year. We generated total



**Oscar Onyema**  
Chief Executive Officer



## CEO'S REVIEW (CONTINUED)

income of N5.40 billion in 2013, up 39% from 2012, derived primarily from trading and listing fees (annual). Total assets grew by 20% year-on-year, trading revenues increased 67% to N3.13 billion, and market data revenues soared by over 300% as a new business segment for the bourse. Total volume and value traded in equities saw solid growth of 20% and 59%, respectively.

We attribute the Group's stellar performance to (a) improved operational efficiencies and (b) our revenue diversification strategies, resulting in an increased share of income from other revenue streams. We remain firmly focused on cost discipline and on improving operational efficiencies.

### Enterprise Risk Management

In 2013, the Group took a major step towards strengthening our risk management capabilities. In December, we appointed a new chief risk officer to assist the organization with implementing enterprise risk management, systematically and comprehensively. With the development of a risk management framework, the Exchange will identify, assess and prioritize risks, and determine the application of resources (1) to minimize, monitor and control the probability of threats, (2) to minimize, monitor and control the impact of such events, and (3) to maximize the realization of opportunities. We welcome the development of an effective risk management structure which will support better decision making for the business and the market.

### Benchmarking to the Best

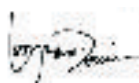
In 2013, the Exchange increased its membership in associations that are renowned globally for developing the highest-known standards that Fortune 500 companies aspire to adopt. To ensure the Nigerian Stock Exchange's growth is anchored by sound business practices, our processes and operational guidelines are supported by our membership in the *African Securities Exchange Association (ASEA)*, the *International Organization of Securities Commissions (IOSCO)*, the *Software and Information Industry Association's (SIIA)*

*Financial Information Services Division (FISD)*, the *World Federation of Exchanges (WFE)* and its *Global Cyber Security Committee*; as well as our partnership with the *Convention on Business Integrity (CBI)*, our subscription to the *United Nations' Sustainable Stock Exchanges (SSE)* initiative, and our leading role in the *West African Capital Market Integration (WACMI)* program. These are testimony to our commitment to benchmark the Exchange against some of the highest standards available for key areas of our business.

### A Look Ahead

As the Group concludes on our transformation agenda, our new strategic direction takes into consideration the structural changes occurring in the industry. We are confident that our business is well-positioned to benefit from these changes, as well as the opportunities presented by an improving economic environment, both nationally and regionally. In the year ahead, we anticipate we will begin realizing the expected benefits from recent transactions, and other benefits from our more recent attention to product development.

The transformation we have successfully completed would not have been possible without the enthusiasm and dedication of our staff members, as well as the support of our market operators, and I thank them for their unrelenting commitment to the delivery of our vision. The coming year will see us build on the progress we have made, and while there is always more to do, we remain optimistic as we set out to establish ourselves as the foremost securities exchange in Africa, driven by regulation, innovation, liquidity and efficiency.



**Oscar Onyema**

Chief Executive Officer

## THE NSE'S STRATEGY REPORT

### Business Overview

Since its inception in 1960, the Exchange has strategically assisted corporations in accessing the Nigerian capital market to raise capital via the issuance of equity and fixed income products. Today, the Exchange services the largest economy and second largest financial center in Africa, and caters to the local and global investment communities.

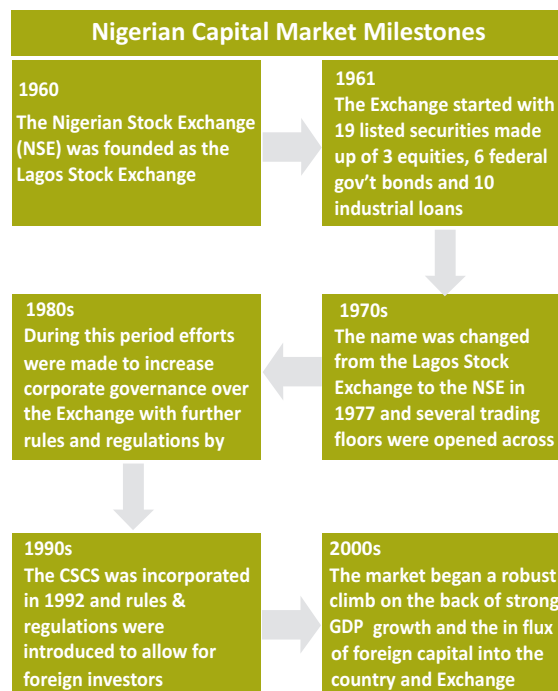
### Strategic Positioning

At the NSE, we continue to evaluate our strategic direction in order to meet the needs of our valued customers, and to achieve the highest level of competitiveness. Throughout the year, we focused our priorities on enforcing the rules that govern the market, on providing enabling platforms to operate an efficient market, and on providing a higher level of transparency in the marketplace. We successfully executed several strategic initiatives (see *Transformational Highlights*) positioning the bourse to champion the acceleration of Africa's economic development.

### Corporate Strategic Planning

In 2013, the Exchange committed to focusing on developing a corporate strategic direction. Of the many tools available for developing corporate strategy, we employed the *Balanced Scorecard Strategic Planning and Management System*. The *Balanced Scorecard* (BSC) system is used extensively in business, industry, government and non-profit organizations to align business activities to the vision and strategy of the organization; to improve internal and external communications; and to monitor the organization's performance against strategic goals.

The strategic planning process kicked-off in late 2012 (November) with a comprehensive SWOT (strengths, weaknesses, opportunities and threats) analysis of the business, guided by the Strategy department, as well as the Chief Executive Officer, the Executive Committee, all heads of departments, and a wider group of NSE members of staff. This was followed by quarterly brainstorming sessions that led to the development of a new, focused and objective-driven *Corporate Strategic Plan*. The strategy was presented to the National Council in November 2013, and was approved by the Council with some modifications that saw McKinsey & Co. validating the strategy.



## THE NSE'S STRATEGY REPORT (CONTINUED)

### From Transformation Agenda to Strategic Goals

A key outcome of the new NSE 2019 Corporate Strategic Plan is the shift from a transformational agenda to target-driven strategic objectives.

#### 5 Pillar Transformational Agenda

- 1) Targeted Business Development Efforts
- 2) Strong Regulatory Environment
- 3) "21st" Century Technologies Strategies
- 4) Growth-Enabling Market Structure
- 5) First-Rate Investor Protection Programs



#### NSE Strategic Objectives

- 1) Increase the number of new listings across 5 asset classes
- 2) Increase order flow in the 5 asset classes
- 3) Operate a fair and orderly market based on just and equitable principles

### Executing Our Strategy

The NSE's corporate strategy strives to solidify our leadership position as Africa's foremost securities exchange. The aim is to increase our footprint in the region (and internationally), by creating an accommodating environment that is attractive to domestic and global issuers and investors.

As we continue evolving to meet the needs of our valued customers, our focus will be on (a) market access, (b) product development, and (c) emerging market status. To guide the Exchange in reaching its strategic objectives, we identified the following initiatives for 2014 and 2015:

Strategic Objectives	Strategic Initiatives
1) Increase the number of new listings across 5 asset classes	<ul style="list-style-type: none"> <li>Product Launches (NDRs, Derivatives*)</li> <li>Competitive Fee Structure</li> <li>Enhanced Value Proposition (Premium Board, Growth Segment*)</li> <li>Africa Listings Drive*</li> <li>Enhanced Government Relations*</li> </ul>
2) Increase order flow in the 5 asset classes	<ul style="list-style-type: none"> <li>Transformation of Market Operators (DMA, Sponsored Access*)</li> <li>Domestic &amp; Foreign Investor Appeal</li> <li>Corporate Governance Standards</li> <li>Co-Location Services*</li> <li>Capital Market &amp; Economic Development Program*</li> <li>Online Data Shop*</li> <li>'Generation Y' Trading Tools*</li> </ul>
3) Operate a fair and orderly market based on just and equitable principles	<ul style="list-style-type: none"> <li>Operation of the Investor Protection Fund (IPF)</li> <li>Co-Hosting &amp; Disaster Recovery Services</li> <li>World-Class Surveillance Program</li> <li>Risk-Based Supervision Framework</li> <li>Rules Portal*</li> </ul>

\* Planned delivery in 2015





## THE NSE'S STRATEGY REPORT

### Our People

People are a critical component to achieving our strategic goals. For this reason, the Exchange endeavours to recruit and train the best talent, as is supported by a new 'people strategy'. This strategy is based on a transparent recruitment process which helps to ensure greater alignment with the needs of the organization and the people it employs.

During 2013, the NSE employed an average of 22 members of staff in 14 states across the nation. We continue to recruit experienced professionals and superior talent to ensure we can achieve our strategic growth aspirations for the future.

### Strategic Outlook

The Nigerian capital market, and indeed our business, will always be impacted by shifting investor demands. Achieving competitiveness and enhancing the NSE's value proposition are important to our success in 2014 and beyond, but safeguarding against potential shocks, both local and international, and maintaining a high level of attractiveness with a strong regulatory framework, are equally critical to the *Nigerian Stock Exchange*.

While the NSE's focus from 2011 to 2013 was on restructuring, improving technological capacity, product development, and advocacy for changes to policy, in the coming years, we will shift gears to growing the business with a focus on operational efficiency, product innovation and technological advantage. We believe that these steps are critical to NSE becoming the foremost securities exchange on the continent.

## ENTERPRISE RISK MANAGEMENT REPORT

### Enterprise Risk Management Report

This section of Annual Report provides Management's discussion and disclosure of our enterprise risk management program. The objective is to provide in-depth synopsis of how we employ industry best practices to manage, monitor and control risks arising in the course of executing our business and strategic objectives.

Risk is an inherent part of The Nigerian Stock Exchange's (NSE) business activities. To mitigate identified risks we employ a holistic enterprise risk framework and governance structure that is intended to maximize business opportunities while minimizing adverse outcomes. These risks are systematically assessed, monitored and mitigated utilizing industry best practice that is intended to ensure a broad spectrum of risk types are considered in managing our business activities.



At NSE we continue to execute on our transformational agenda and growth strategy and Enterprise Risk Management (ERM) is at the heart of the transformation, acting as a vehicle for achieving set objectives. By ensuring greater transparency, clarity of compliance and promoting operational excellence thereby facilitating the improvement of NSE's bottom-line.

We recently implemented a National Council approved ERM Framework. The framework is a comprehensive and proactive blueprint for implementing risk management policies, risk governance standards, risk appetite statement and methodologies consistent with international best practice.

The application of an effective ERM framework to strategic planning, departmental operations, systems / IT and daily interface with our customers / stakeholders ensures that decisions are formulated on an evidence-based decision making principle, and linked to the strategic objectives and risk appetite of NSE.

Implementing an effective ERM Framework achieves the following key objectives:

**Oversight:** Ensures all critical risks are identified, managed and monitored under a holistic approach consistent with the Council approved risk framework.

**Ownership and Responsibility:** The ownership of identified risk is assigned to individuals with detail knowledge of the business unit / processes. This ensures that all risks have an owner and no risk falls through the cracks.

**Assurance:** There is reasonable assurance that risks are being appropriately managed within defined levels of risk appetite and tolerance thereby enhancing shareholder value.

**Awareness:** Employees of NSE executing transactions prone to risks are aware of transactions risks and are able to identify, analyze and evaluate risks before executing transactions or binding contracts.

**Effectiveness:** Regular reviews will be conducted to evaluate the effectiveness of risk program and mitigation measures against agreed targets.

## ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

### The Enterprise Risk Framework – Thinking about risk holistically.

Our ERM framework covers a spectrum of areas, from objectives, philosophies, risk appetite, risk messaging and importantly governance structure. The risk assessment is anchored on guidelines in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework as well as principles defined in ISO 31000. The Framework is mapped into six core capabilities. The diagram below further illustrates how our ERM framework is being operationalized and aligned with set principles and reporting practices.



By taking considered action on each of the outlined steps, it ensures that we have instituted a structured, organization-wide methodology and tactics towards risk and implemented on-going oversight and controls to mitigate the likelihood and impact of inherent risks. The assessment of all risk categories faced by NSE is identified and mitigated using set principles in the framework.

### Risk Management Policies

ERM policies are embodied within the ERM framework, and cover a spectrum of areas, ranging from its objectives and philosophy.

### Enterprise Risk Management Governance Structure

Good governance is essential for the effective management of risk at NSE. We recognize that our long term success hinges not only on executing on our strategic objectives, but critically upon the accountabilities and the roles and responsibility of the Council and senior Management to guide and direct execution of the set objectives. Risk governance is at the core of our risk management framework and we've implemented industry best practice like the three lines of defense risk governance model to ensure top down transparency and accountability.

The chart below illustrates NSE's Risk Governance structure as it relates to the key responsibilities of the Council and Management.

## ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

**TABLE 1: GOVERNANCE STRUCTURE**



### **Risk Management Appetite Framework**

An effective Risk Appetite Framework has been identified as a critical component of our enterprise risk management and governance framework and a key value driver to realize our transformation and strategic objectives.

The Risk Appetite framework sets a clear strategic direction that aligns NSE's risk tolerance with its business and strategic objectives. Additionally, it outlines the aggregate level and types of risk the NSE is willing to assume within its risk capacity to achieve its objectives.

The Risk Appetite Framework is based on operationalizing our overall enterprise risk appetite statement, which describes the nature and level of

risks that NSE is willing to take to achieve its strategic objectives.

The NSE Risk Appetite Statement (outlined below) provides the philosophical underpinning that guides our business and executive management on a day-to-day basis.

### **The NSE Risk Appetite Statement**

The Nigerian Stock Exchange adheres to a low / medium overall risk profile commensurate with its growth potential, strategic and operational objectives. NSE has zero risk appetite for regulatory and compliance risk, low risk appetite for fraud (both internal and external) and safety (employee health and safety), with a low / medium risk appetite towards its strategic and operational objectives (as outlined in its strategy document). This means that reducing to reasonably practicable levels the risks originating from regulatory oversight; noncompliance and meeting our legal obligations will take priority over other business objectives.

To ensure our risk appetite framework is adhered to, we maintain metrics along with associated objectives to measure and monitor the amount of risk and limits within departments. Actual results of these metrics are reported on a quarterly basis to the Audit and Risk Management Committee. We are implementing Key Performance and Risk Indicators for each department at the NSE. The indicators would be included in the management reports and harmonized with the enterprise level metrics to ensure consistency and adherence to set limits.

## ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

### **Risk Management Processes**

A robust risk identification and assessment process forms the foundation of an effective enterprise risk management initiative. Additionally, it provides a mechanism for evaluating risks that can potentially affect the achievement of NSE's objectives and Transformation Agenda.

### **Risk Monitoring and Messaging**

The basis for risk monitoring and reporting is to provide transparency to relevant internal and external stakeholders regarding risks that NSE is exposed to in conducting day-to-day operations / operational processes and executing on our strategic objectives.

### **Risk Taxonomy – Unsystematic Risks**

#### **Operational Risk**

This is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. Operational risk is inherent in our business processes and activities. It can manifest itself in various ways, including human oversights, fraudulent acts or inappropriate behavior of employees. These events could result in financial losses, including litigation and regulatory fines, as well as reputational damage to the NSE. We have implemented proactive measures that include oversight and governance, policies and procedures and risk management methodologies intended to provide a sound and well-controlled operational environment.

#### **Reputational Risk**

Our business model is built on public trust, a reason why we aspire to the highest standards of conduct and continue to institute policies and procedure to mitigate reputational risk. Protecting the reputation of NSE is the duty of every employee of the NSE.

#### **Regulatory and Compliance Risk**

These are risk of regulatory actions, including fines or penalties, arising from the failure to comply with the various rules and regulations i.e. SEC rules. NSE strives to adhere consistently to all rules and as such has instituted a zero tolerance level for regulatory breaches. We continue to identify and assess compliance risk and design policies, detailed day-to-day procedures and processes and associated risk-mitigating internal controls tailored to the specific type and level of compliance risk inherent in our business.

#### **Human Capital Risk**

A focus on human capital risk is an important part of our effective risk management program. Among the human resource risk that are of major concern are talent management gaps within the organization, loss of key employees and employee behaviors that create liability/ethical issues. An initial assessment has been conducted to identify our top human capital risks, working with HR personnel. The information obtained is being used to develop a formal HR risk assessment, tracking and reporting matrix to ensure these risks aren't overlooked.



## ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

### Strategic Risk

Management of strategic risk has a profound impact on our ability to realize our strategic objectives that is why we are working to integrate business development and strategic risk analysis into our overall business strategy and planning processes. Successful analysis can help crystalize opportunities in the market, avoid pitfalls and aid in the process of flawlessly executing on set objectives, thus adding value to NSE's top-line revenue.

### Technology and Systems Risk

The management of technology risk is a key business priority for NSE and vital to the successful delivery of its daily operations. We continue to conduct extensive analysis and assessment of potential vulnerabilities and threats and determining what mitigating solutions to take in reducing the risk to an acceptable level. The focus IT areas includes, cyber security, information security, disaster recovery and data management.

### Financial Risk

NSE is mindful of its overall expenditures as it seeks to fulfil its obligations to the relevant stakeholders and ensure that it employs prudent financial discipline in managing its revenue and expenditure. To maintain financial strength and meet our objectives, we monitor our operating margins and cash flows to set financial margins and liquidity ratios.

### Systemic Risks - Relating to Our Business

These are key risks the NSE has minimal or no control over i.e. economy and political landscape. However, we will actively monitor and endeavor to understand the correlation and impact of these risks to the NSE's operations and revenue.

### Government Fiscal Policies and the Economy

Our business, financial condition and operating results are highly dependent on the overall health of the economy and the country's fiscal policies. A downturn in economic sentiments may impact the levels of activity on our exchange i.e. volumes traded, shares value and new listings. We have minimal control over these variables; however we will continue to monitor, understand and explore mitigating measures to minimize the impact of these events.

### Third-party Support

The secure transmission of confidential information over public and other networks is a critical element of our operations. Our networks and those of our third-party associates (i.e. CSCS) may be vulnerable to unauthorized access, computer viruses and other security problems. This could cause us to incur reputational damage, regulatory sanctions or litigation and loss of revenues, any of which could adversely affect our business, financial condition and operating results.

### Political Environment

The political climate of the country, especially with the impending 2015 presidential elections, may have an impact on our market as historically, trading activities during election periods are usually tame. As a result, these may impact our business, trading volumes and revenue.

## ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

### **Risk of Sabotage**

Given our position in the Nigerian Economy and our office location in the Lagos business district, we may be more likely than other companies to be a direct target of, or an indirect casualty of sabotage or attacks by certain organizations. While it is impossible to predict the likelihood or impact of any attack on our business, we continue to implement security measures and contingency plans that would likely prevent significant disruptions to our business in the event to an attack.

### **Correlation with Commodities Prices**

Our market may be adversely impacted by the price of select commodities (i.e. crude oil), given its correlation with the Nigerian economy. In the event of a prolonged downward pressure on oil prices, our market may experience a contagion effect that could adversely affect our business, financial condition and operating results. As our ERM program develops and we are able to understand and forecast the level of correlation with commodities prices, we may explore operational changes or new revenue streams that are less strongly connected to commodities or overall economic activity/ growth, thereby reducing the covariance with systemic risk.

### **Conclusion**

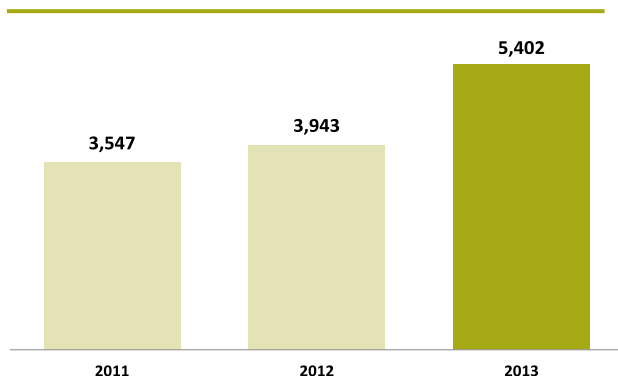
We are committed to protecting and enhancing NSE's viability by managing the uncertainties that can hinder achievement of set strategic objectives and goals. Additionally, ensuring effective compliance with relevant laws and regulations, and avoiding damages to the Exchange's reputation or strategic objectives continues to be our focus. The Enterprise Risk Management Department will continue to actively monitor all risks (both current and emerging) and explore avenues to improve set policies, procedures, processes, methods and risk tools that will not only assist management and the Council in making better risk-informed strategic decisions, but will also enhance stakeholders confidence in the operations of our market.

## 2013 NSE HIGHLIGHTS

### Financial Highlights (Profitability)

#### Total Income (+37%)

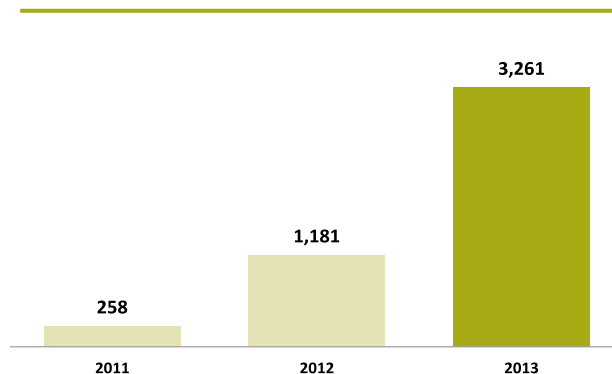
₦ millions



Total income growth provides an important guide to the Group's success in generating business.

#### Operating Surplus for the Year (+176%)

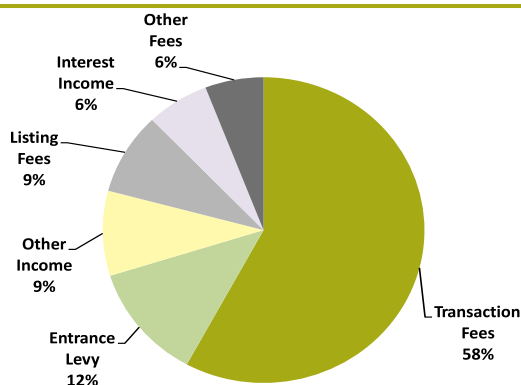
₦ millions



Operating surplus for the year is a key measure of the profitability of the Group's business activities.

#### Total Income Mix

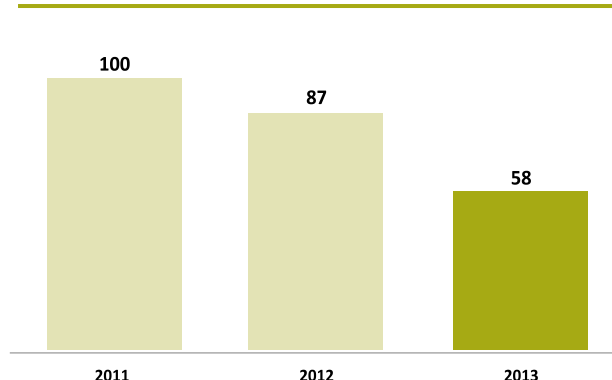
Percent (%)



Income mix represents the relative distribution of income streams of the business.

#### Cost Efficiency

Percent (%)



Cost efficiency measures how many resources go into generating income; it is used to measure productivity

#### Year-on-Year Performance

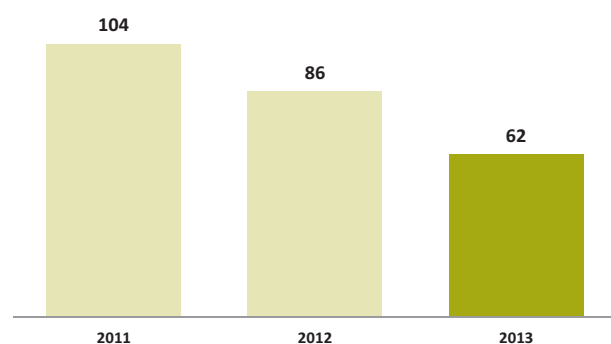
Year End 31 Dec (N 000)	2012	2013	Variance (%)
Revenue	3,326,643	4,576,697	37.58
Other Income	617,588	825,206	33.62
Total Income	3,877,506	5,401,903	39.31
Operating Surplus for the Year	1,181,335	3,261,398	176.08
Total Assets	13,107,500	15,698,377	19.77
Net Assets	10,527,590	13,601,058	29.19

## 2013 NSE HIGHLIGHTS (CONTINUED)

### Financial Highlights (Profitability)

#### Cost-to-Income Ratio

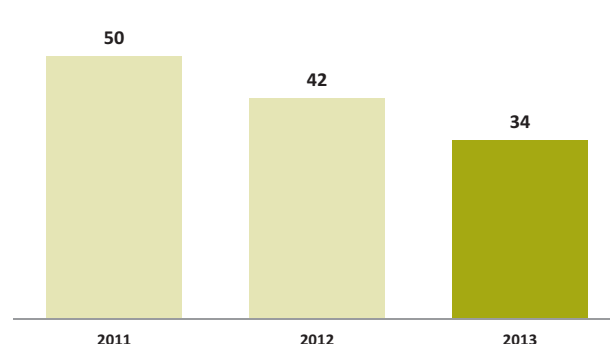
Per cent (%)



Cost-to-income measures how many resources go into generating income; it is used to measure productivity.

#### Staff Cost-to-Revenue Ratio

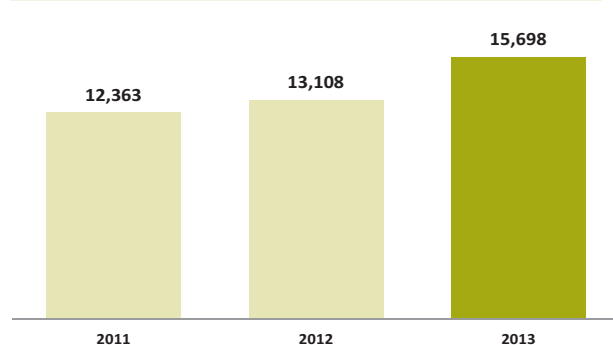
Per cent (%)



This ratio tracks Group's effectiveness in managing its human capital.

#### Total Assets (+20%)

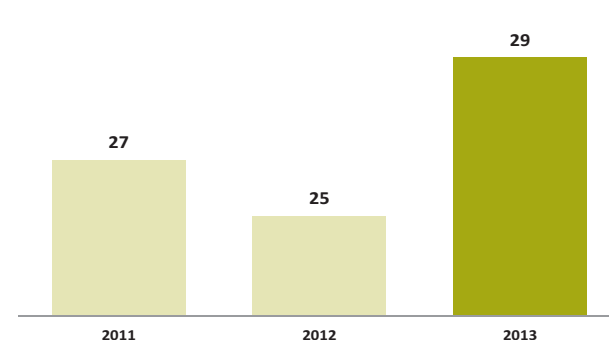
₦ millions



Growth in total assets illustrates the company's ability to generate cash flow and is an important guide to the Group's sustain ability.

#### Asset Turnover

Per cent (%)

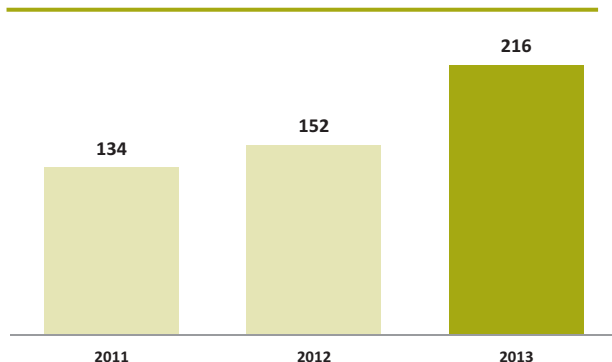


Monitoring of the company's asset turnover ratio provides insight into the Group's efficiency in deploying its assets.

## 2013 NSE HIGHLIGHTS (CONTINUED)

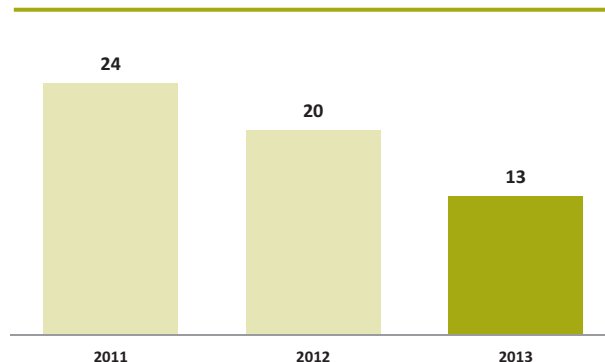
### Financial Highlights Profitability

#### Current Ratio Per cent (%)



The current ratio is an important liquidity metric used to track the Group's ability to meet its short-term obligations.

#### Total Liabilities-to-Total Assets Per cent (%)



Total liabilities-to-total assets is monitored as a solvency ratio that examines how much our assets comprise of liabilities.

The Nigerian Stock Exchange Group financial statements are prepared in fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act. The preparation of the consolidated and separate financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.



## 2013 NSE HIGHLIGHTS

### Transformational Highlights

Strategic Pillar	Initiative Description	Strategic Highlight	Key Performance Indicator
Targeted Business Development	• <i>ASeM Re-Launch</i>	In April, the Exchange re-launched the Alternative Securities Market for emerging companies with high potential for growth.	<i>No. of applications for listing by companies</i> <b>Up 200%</b>
	• <i>Product Innovation</i>	The NSE launched a secondary market for fixed-income trading, and introduced six (6) fixed-income liquidity providers to assist with liquidity in the market. The Exchange also introduced the first sukuk, issued by a state government, making it the first regulated Sharia'h compliant fixed-income product available to investors.	<i>Cumulative trading value for the year</i> <b>N210.0 million (up 2,400%+)</b>
Enhanced Regulatory Programs	• <i>X-Issuer Portal</i>	To increase the level of integrity in the market, the NSE launched the first-ever electronic issuers' portal, <i>X-Issuer</i> , to facilitate issuer compliance with continuous and structured disclosure requirements.	<i>Active Companies utilizing X-Issuer</i> <b>97.4% of issuers</b>
21st Century Technology Strategies	• <i>Delivery of X-Gen, the new trading platform</i>	Successfully and seamlessly transitioned from <i>Horizon</i> to <i>X-Gen</i> in September 2013. <i>X-Gen</i> has become a benchmark in the region.	<i>Percentage of uptime for the trading engine</i> <b>100%</b>
Growth-Enabling Market Structure	• <i>Market Making</i>	13 supplemental market makers (SMMs) were announced to encourage competition among equity market makers, and to further enhance the market maker liquidity provision.	<i>Total value traded by market markets</i> <b>N17.3 billion (up 844%)</b>
Investor Protection	• <i>Financial Literacy Program</i>	The Exchange organized several financial literacy workshops in 2013, while joining the <i>Financial Literacy Steering Committee</i> (FLSC) to develop and implement the financial literacy framework for Nigeria.	<i>No. of financial literacy workshops</i> <b>400+</b>
Market Development	• <i>Improved Cooperation with Other Exchanges and Global Organizations</i>	The NSE furthered implementation of the <i>West African Capital Market Integration</i> (WACMI) program, developed new relationships with the United Nations' <i>Sustainable Stock Exchanges</i> (SSE) initiative and the <i>World Federation of Exchanges'</i> (WFE) <i>Global Cyber Security Committee</i> , and fostered new relationships with the <i>Economic and Financial Crimes Commission</i> (EFCC) as well as a handful of exchanges. The Exchange also became an affiliate member of the <i>International Organization of Securities Commissions</i> (IOSCO) during the year.	<i>No. of key cooperative efforts</i> <b>6 executed agreements</b>
	• <i>Corporate Social Responsibility Program</i>	The NSE officially commenced its CSR program, which establishes a roadmap for the NSE and listed companies to initiate, develop and adopt good corporate citizenship and higher ethical standards.	<i>Number of internal CSR efforts</i> <b>7 initiatives</b>



## 2013 NSE HIGHLIGHTS

### Operational Highlights

#### Our Capital Market Performance

In 2013, the NSE's corporate strategy, aided by a favourable economic environment, delivered a steady order flow, despite some volatility in the market. Average daily value traded increased 57.36%, while the leading index, the NSE ASI, ranked among the top ten best performing indexes in the world, gaining 47.19%.

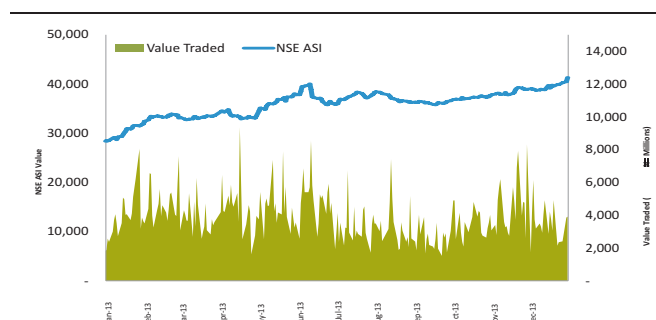
#### Our Strategic Trajectory

During the year, the NSE's focus remained on executing the "five pillars" of its transformation agenda (see Transformational Highlights). With a view on enriching the Group's corporate strategy, the Exchange embarked on an exciting journey to develop a 3-year strategic plan. In line with the federal government's reforms and as part of the renewed corporate strategic direction, the Group will further its objective to support the development of the real economic sector. Accordingly, the five (5) strategic objectives for 2014 - 2016 are to (i) increase the number of new listings across five asset classes; (ii) increase order flow in the five asset classes; (iii) operate a fair and orderly market based on just and equitable principles; (iv) champion the development of enabling laws and policies to drive capital market development; and (v) diversify income streams.

#### Outlook

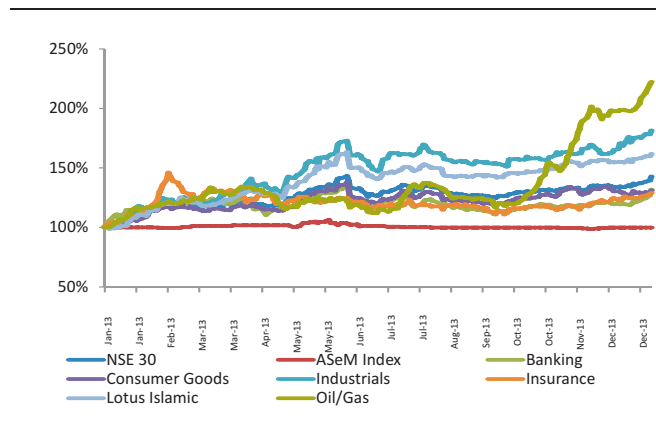
Despite the Group's strong performance during the year, the prospects for business development and market services are compelling. The political and regulatory landscape continues to be monitored for opportunities to ensure the composition of the market capitalization reflects that of the larger economy. The Exchange is also unwavering in its efforts to capitalize on market services opportunities, specifically hosting services and the commercialization of market data.

#### NSE All Share Index(+47.19%)



\*Value traded adjusted for block trade of ₦450Bn on June 10, 2013

#### NSE Indices Performance



#### Equity Market Capitalization (+47.33%)



## SPECIAL FEATURE ON NSE'S NEW TRADING PLATFORM: X-GEN

It is with a great sense of pride and achievement that we announce that X-GEN, the new trading platform for The Nigerian Stock Exchange (NSE), went live, as planned, on 30 September 2013. X-Gen is a high-performance, robust and scalable, multi-asset, multi-market matching trading engine. It is based on NASDAQ OMX's proven X-stream technology that complies with international standards and policies and a number of other leading technology solution, some of which NSE owns the intellectual property rights to.

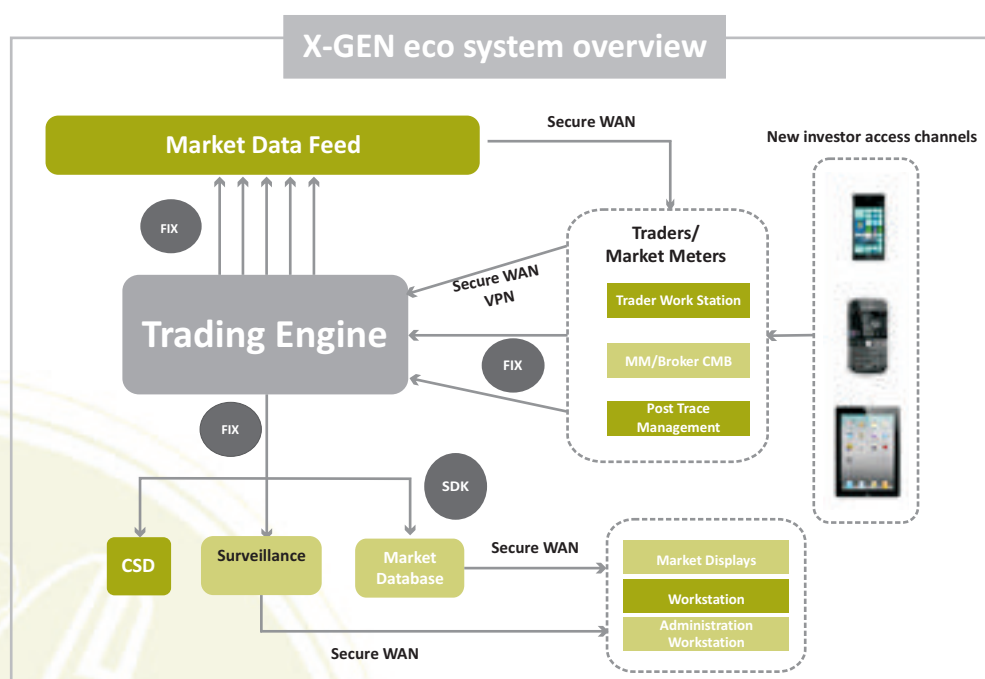


The new trading platform supports the development of the Nigerian Capital Market, the current drive to move from Frontier to Emerging market classification, and The Exchange's vision to become the leading African Market. Its adoption has paved the way for a new era of improved efficiency and access, thereby maximizing market and investment opportunities.



The key components of X-Gen are X-Stream (the Trading Engine), XDB (the NSE's proprietary, market database) a high performance secure network, and the global FIX 5.0 messaging protocol. It is a robust trading platform underpinned by a low latency network and interfaces to several Order Management Systems (OMS) which have now been adopted by our market data vendors and brokers. X-Gen has improved the architectural layout of the Capital Market eco-system by enhancing the flow of market data and by providing multiple avenues to connect to the market by both institutional and retail investors.

Opportunities for automation (straight through processing using FIX) are being achieved, leading to higher levels of market access, price transparency and operational efficiency for both investors and operators.

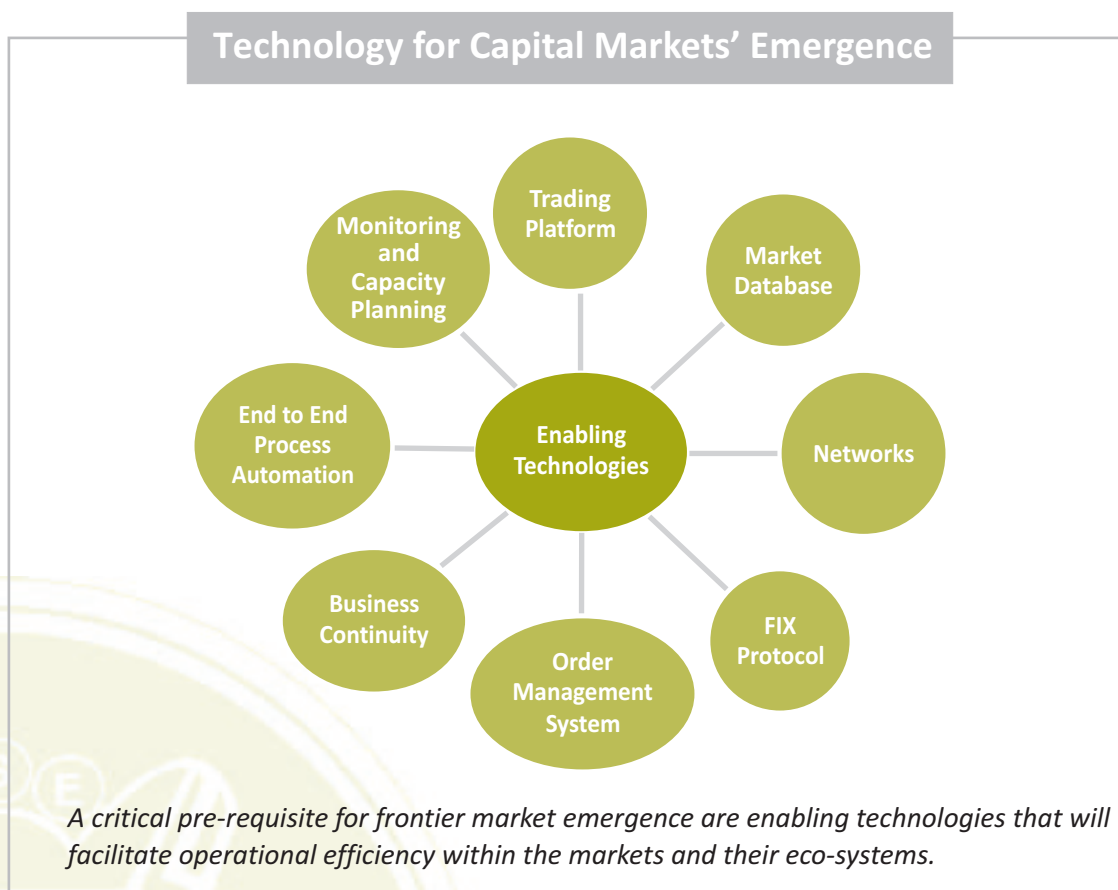


## SPECIAL FEATURE ON NSE'S NEW TRADING PLATFORM: X-GEN (CONTINUED)

### Project Delivery

Delivering X-Gen was a direct result of all the rigour, planning and hard work the team had put into testing the system and ensuring that quality was maintained at all times. The cut over from Horizon to X-Stream was carried out with military precision over a weekend period. The project team adopted the Software Development Life cycle (SDLC) methodology to ensure good program delivery. The **strict** adherence to SDLC meant that the following key activities were completed successfully:

- Cut over executed on time in line with project Plan
- Completed our Data migration
- Full audit trail / with sign off from the business, traders, Market Operations and the Index Committee of the Management of the Exchange
- Full connectivity for all Market Data and Independent Software Vendors (ISV)
- X-Stream, Interfaces, XDB and web applications
- Brokers Order Management Systems and remote FIX users using the system OK
- 450 Trading terminals across the Country
- 600 traders trained over a period of 2 months
- 30 Market Readiness Sessions were arranged pre Go-Live
- All business processes were tested on an end-to-end basis
- Pre and Post go-live project review by Ernst & Young

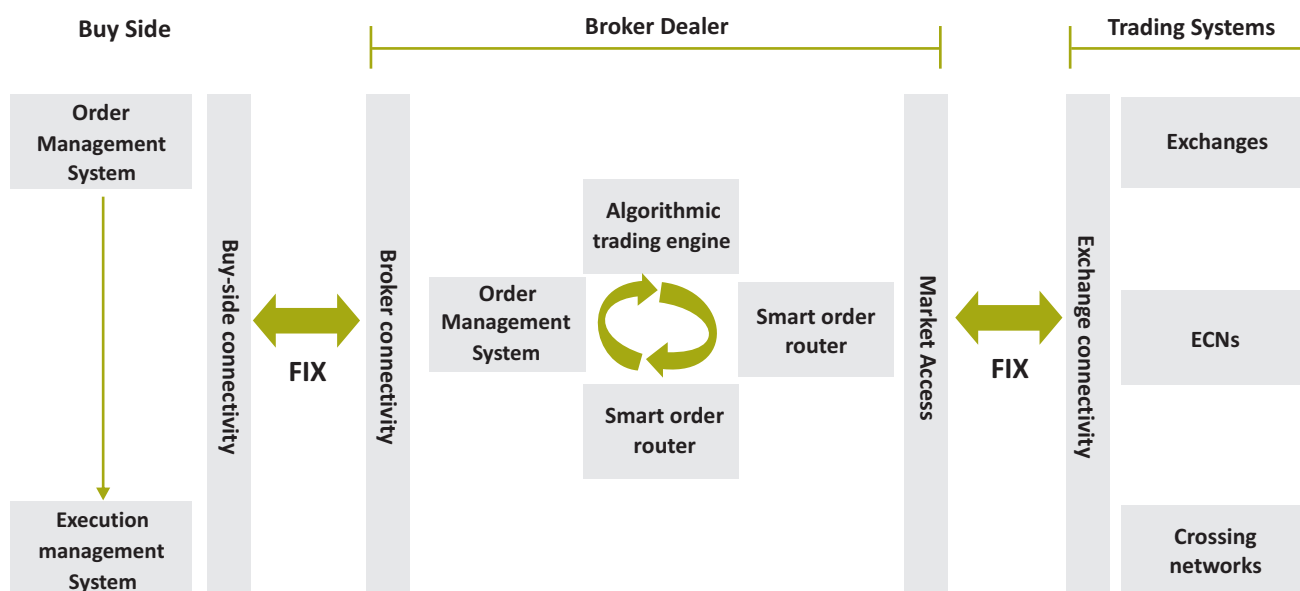


## SPECIAL FEATURE ON NSE'S NEW TRADING PLATFORM: X-GEN (CONTINUED)

The transition to X-Gen was one of the NSE's key initiatives to transform our market into a world-class Exchange by giving it a favourable position within the financial global eco system and by creating attractive opportunities for investors worldwide to participate within the Nigerian capital market. X-Gen will provide NSE the ability to offer more products, including derivatives.

X-Gen also supports the Financial Information Exchange (FIX) Protocol (V5) for Market Data and Order Routing. The FIX Protocol is an independent platform, and globally accepted communication mechanism for the exchange of trading related information between financial institutions such as broker-dealers, stock exchanges and institutional investors.

### FIX USAGE THROUGHOUT THE INVESTMENT LIFE CYCLE



*The adoption of FIX by capital market operators will enable industry players, domestic and international, have the ability to route orders to the NSE and receive real-time trading information using a wide variety of software packages and mobile trading technologies.*

### Benefits of X-Gen to the Capital Market

- Increased confidence in market transparency
- Efficient price discovery
- Low latency, high performance matching engine
- Unprecedented access to market data
- Enhanced market access through the use of FIX 5.0
- Full automation of the pre trade and post trade order management cycle
- Robust, high availability infrastructure in line with best global standards



## THE NATIONAL COUNCIL



**Alhaji Aliko Dangote, GCON**  
President

Alhaji Aliko Dangote, GCON leads the Dangote Group, Nigeria's premier conglomerate, as President/Chief Executive. He is also the current President of the Nigerian Stock Exchange (NSE).

Internationally, Alhaji Dangote sits on the board of Corporate Council for Africa, and is a member of the Steering Committee of the United Nations Secretary-General's Global Education First Initiative (GEFI), Clinton Global Initiative, McKinsey Advisory Council and International Business Council of the World Economic Forum (WEF). He served as a Co-chair of the 2014 annual meeting of the WEF in Davos, Switzerland, and Co-chair of the 2014 WEF Africa in Abuja, Nigeria.

A graduate of Business Studies from the Al-Azhar University, Cairo, Egypt, Alhaji Dangote was born on April 10, 1957. He started business in 1978 trading in rice, sugar and cement, before he ventured into full-scale manufacturing. Under his stewardship, the Dangote Group has expanded from the commodities trading company he

established, into the most recognized brand in Nigeria, with a presence in 16 other African countries.

Dangote Group has received national and international recognition for its accomplishments including, Top 10 African Brands and the Top Consumer Brand in Africa by London-based African Business in November 2013 and Top 40 African Challengers by the Boston Consulting Group in June 2010.

Dangote Group's businesses provide high quality, local, value-added products and services that meet the basic needs of Nigerians. Its market capitalization is currently over \$24 billion. Four of its 13 subsidiaries are listed on the Nigerian Stock Exchange. One of the listed entities, Dangote Cement Plc, DCP, is the largest listed company in West Africa and the first Nigerian company to join the Forbes Global 2000 companies list. Obajana Cement Plant, DCP's flagship, is reportedly one of the single largest cement factories in the world with a production capacity of about 13.25 metric tonnes per annum (MTPA). Dangote Sugar Refinery Plc is the largest sugar refinery in Sub-Saharan Africa and the second largest in the world. It is implementing a bold 10-year master plan to produce 1.5 million metric tonnes of sugar annually in line with the Federal Government of Nigeria's backward integration policy.

Alhaji Dangote continues to steward the growth of the Dangote Group into other sectors of the economy with the construction of the largest refinery, petrochemical and fertiliser complex in Africa. It comprises: a refinery with the capacity to produce 500,000 barrels of crude oil per day; a petrochemical plant with the capacity to produce

about 750,000 MTPA of polypropylene; and a fertiliser plant with 2.8 million MTPA of urea and ammonia production capacity.

Alhaji Dangote participates in several national development efforts including: Chair, National Partnership Committee of Government and Private Sector on Technical and Vocational Education and Training (TVET); Co-Chair, Presidential Committee on Flood Relief and Rehabilitation; Member, Honourary International Investor Council; Founding board member, Private Sector Health Alliance of Nigeria; and Nigeria Private Sector Malaria Ambassador.

Alhaji Dangote's business and civic accomplishments are globally recognized. Forbes listed him as the 'Most Powerful Man in Africa' in 2013. In 2014, Forbes ranked him 23rd on its 'Richest in the World List' and named him the Richest Black Man in the World with a fortune of \$25 billion. In April 2014, TIME Magazine listed him among its 100 'Most Influential People in the World' and he was also listed on CNBC's 'Top 25 Businessmen in the World' that same month.

In 2011, Alhaji Dangote was awarded Nigeria's second highest national honour, Grand Commander of the Order of the Niger (GCON). In 2013, he received the highest national honour in the Republic of Benin, the Grand Commander of the Order of Benin Republic.

A dedicated philanthropist, Alhaji Dangote made an initial endowment of \$1.25 billion to Dangote Foundation in March 2014 to enable it scale up its work in health, education and economic empowerment.

## THE NATIONAL COUNCIL (CONTINUED)



**Mr. Oscar Onyema**  
Chief Executive Officer

Mr. Oscar Onyema was appointed Chief Executive Officer of The Nigerian Stock Exchange and member of the National Council in April 2011. Before this, he gained experience for over 20 years in both the United States financial markets and the Nigerian information technology sector.

He is the Chairman, West African Capital Market Integration Council; Chairman of Central Securities Clearing System (CSCS) Plc., the clearing house for the Nigerian capital market; Council member of the Chartered Institute of Stockbrokers of Nigeria (CIS); Vice President of the African Securities Exchanges Association, and a Global Agenda Council member of the World Economic Forum. Mr. Onyema also serves on the boards of all NSE subsidiaries, as well as FMDQ OTC PLC (FMDQ).

In 2009, Mr. Onyema founded Market Strategists LLC and consulted under the Gerson Lehrman Group platform in the United States, successfully enabling decision-makers at investment firms and corporations to

understand financial products, services, companies, and issues in global financial markets. He served as the senior vice president and chief administrative officer at American Stock Exchange (Amex), which he joined in 2001. He was the first person of colour to hold that position, and was instrumental in integrating the Amex equity business into the NYSE Euro next equity business after the latter's acquisition of Amex in 2008. He then managed the NYSE Amex equity trading business, which he helped position as a premier market for small and mid-cap securities.



**Mr. Aigboje Aig-Imoukhuede, CON**  
Chairman, Port-Harcourt/Onitsha  
Zonal Branch Council  
First Vice President

Mr. Aigboje Aig-Imoukhuede, CON has been the first Vice President of the National Council of The Nigerian Stock Exchange since May 2013. From 2002 until his retirement in 2013, he was the Group Managing Director and Chief Executive Officer of Access Bank Plc, during his tenure the Bank was transformed to rank amongst Nigeria's top 5 Banks. His distinguished banking career has spanned 25 years of which

10 were spent at GTB (Guaranty Trust Bank Plc.) where he resigned as Executive Director in March 2002.

Mr. Aig-Imoukhuede was the Board Chairman of FMDQ OTC until August 2014, and is the Chairman of WAPIC Insurance Plc. He is a member of the National Economic Management Team and a foundation Board member of the Africa Finance Corporation.

As the Chairman of Friends Africa, a partner organization of the Global Fund to fight HIV, Malaria and Tuberculosis, he led the Gift from Africa campaign which has raised millions of Dollars for the Global Fund. He is Co-Chairman of the Board of GBC Health and is a founding member of the Private Sector Health Alliance of Nigeria.

He is an alumnus of Harvard Business School having attended its Executive Management Programme and also an Honorary Fellow of the Chartered Institute of Bankers of Nigeria. Mr. Aigboje Aig-Imoukhuede holds an LLB degree from the University of Benin and is qualified to practice as a Barrister and Solicitor of the Supreme Court of Nigeria.

## THE NATIONAL COUNCIL (CONTINUED)



**Mr. Abimbola Ogunbanjo**  
Chairman, Lagos/Ibadan Zonal Branch Council  
**Second Vice President**

Mr. Abimbola Ogunbanjo has been the second Vice President of the National Council of The Nigerian Stock Exchange since May 2013. He is the Managing Partner at Chris Ogunbanjo & Co (Solicitors), a leading international law firm, and a director and the country legal adviser of ConocoPhillips, the world's largest independent exploration and production company. He is also a director of Beta Glass Plc. He started his professional career as a credit analyst with Chase Manhattan Bank (Nigeria) Ltd.

Mr. Ogunbanjo has a degree in Business Administration from the American College of Switzerland, as well as a law degree from the University of Buckingham, England. He is a member of the International Bar Association, Nigerian Bar Association, Institute of Petroleum and a registered capital market consultant with the Securities and Exchange Commission, Nigeria.



**Mr. Abubakar Balarabe Mahmoud**  
SAN, OON, FCI Arb (UK)  
Chairman, Kano/Kaduna/Yola  
Zonal Branch Council  
**Ordinary Member**

Mr. Abubakar Balarabe Mahmoud SAN, OON has been a member of the National Council of The Nigerian Stock Exchange since January 2013. He is the Managing Partner and one of the founding partners of the law firm of DIKKO & MAHMOUD. He was one time Kano State Attorney General & Commissioner for Justice and was previously in the public service between (1979 to 1993) as prosecutor, legal adviser, and held various positions including Director Litigation, Public Prosecution, Solicitor-General at the Ministry of Justice, Kano.

Mr. Mahmoud was elevated to the rank of Senior Advocate of Nigeria in 2001 and is a Life Bencher of the Body of Bencher's, the highest regulatory body for the legal profession in Nigeria. He has served on several national assignments. He was a member of the Presidential Committee on Incentives, Waivers and Concessions (for Investments and Businesses) in Nigeria. He also served as a member of

the Vision 2020, Business Support Group. He chaired the National Committee on the review of the Nigeria's Code of Corporate Governance for Public Companies. Mr. Mahmoud serves on advisory basis on the World Bank Country Advisory Group for Nigeria and on the National Advisory Council of the Nigeria Stability and Reconciliation Programme (NSRP) a British Council run programme supported by the DFID.

Mr. Mahmoud trained at Ahmadu Bello University graduating in 1979. He holds a Master's degree in Law from the same University. He was at various times at different global institutes, including the International Development Law Institute (IDLI) now IDLO in Rome, where he obtained a certificate in Law and Development in 1987, and Harvard University where he obtained a certificate in Techniques of Privatization from the Harvard Institute of International Development (2000). He was also at the Northwestern University School of Law where he attended the Summer Institute in Corporate Law and Business in 2001. He was admitted as a fellow of the Chartered Institute of Arbitrators UK after obtaining a Diploma in International Commercial Arbitration of the Institute at Keble College Oxford UK in 2008. Mr. Mahmoud is a member of the International Chamber of Commerce (ICC), London Court of International Arbitration (LCIA) and was accepted into the Energy Arbitrators List (EAL) in 2013. Mr. Mahmoud holds the national honour of the officer of the Order of the Niger (OON).



## THE NATIONAL COUNCIL (CONTINUED)



**Professor Herbert Orji, OON**  
Ordinary Member

Prof. Herbert Orji, OON, is a chartered global investment banker, academic and author of five books on applied economics of development, banking & finance, investment management and the nature of risks in modern management enterprise systems.

He serves as Chairman of the National Broadcasting Commission, Board/Council Member of the Nigerian Stock Exchange & Chairman of its Audit & Risk Management Committee and Chief Adviser to the Executive Governor of Abia State. He was former Vice-Chairman of the Industrial Training Fund and past Chairman of the Nigerian Economic Summit's Committee on Federal Government Budgeting Strategy & Process.

He has previously served as Chairman & CEO of Summa Guaranty & Trust Company Plc. (Member, The Nigerian Stock Exchange), Senior Advisor to IFC-Emerging Markets Discount Houses Projects in Africa, CEO of Progress

Bank of Nigeria (1985-1991), Pioneer Representative & General Manager of United Bank for Africa U.K, Vice-President of American Express Bank New York and Senior Systems Programmer with Riggs National Bank (now PNC Bank.)

Prof. Orji graduated with a first class honours from Howard, MBA with distinction in Finance & Operations Research from Michigan, a PhD from Union and a PMD from Harvard Business School. His teaching and lecturing experiences include Howard, LBS, Union, Clark Atlanta, National Institute for Policy & Strategic Studies, HBS and CULA.

He recently served as the Chairman of the Visitation Panel of Abia State University and was the pioneer Chairman of United Way-Nigeria for ten years while serving on the global board for six years. He was also President of the HBS Alumni Association of Nigeria for three years and later served on the global HBS Alumni Board in Boston for three years. He is married to Dr Nnenna A. Orji, the pioneer Chairman & Chief Judge of Investments & Securities Tribunal and they have six children.



**Mrs. Yemisi Ayeni**  
Ordinary Member

Mrs. Yemisi Ayeni has been a member of the National Council of The Nigerian Stock Exchange since January 2013. She is the Managing Director, Shell Nig. Closed Pension Fund Administrator Ltd., a position she has held since 2005.

Mrs. Ayeni started her career as an Audit Assistant with Price Waterhouse, London and rose to the position of a Manager in the Corporate Reconstruction/Insolvency Department. She spent the first few years after her return to Nigeria in 1991, working in Corporate Finance in Price Waterhouse Lagos and Genesiscorp Ltd. Mrs. Ayeni joined Shell Nigeria in 1994 and has held a variety of roles in various Shell companies over the years, starting as Finance Controller, Shell Nigeria Exploration and Production Company Ltd (SNEPCo) followed by senior roles in Audit; Corporate Planning; Business Services and Pension Fund Investments. In November 2004, Mrs. Ayeni was appointed Finance Director, SNEPCo, earning her the distinction of being the first Nigerian woman ever to be appointed to the Board of a Shell Company in Nigeria.

Mrs. Ayeni is a graduate of Economics from the prestigious University of Manchester, UK. She is also a Chartered Accountant (ACA) and a member of the Institute of Chartered Accountants in England and Wales.



## THE NATIONAL COUNCIL (CONTINUED)



**Mr. Victor Ogiemwonyi**  
Representing Partnership Securities Limited  
**Dealing Member**

Mr. Victor Ogiemwonyi has been a member of the National Council of The Nigerian Stock Exchange since December 2010, representing Partnership Securities Limited, where he currently serves as the Managing Director.

He previously worked with former NAL Merchant Bank Plc., where he received his Investment Banking training. He also worked as the pioneer Chief Executive Officer for Financial Derivatives Company Ltd, a foremost Financial Advisory Firm in Lagos.

Mr. Ogiemwonyi is the Vice Chairman of the Association of Issuing Houses of Nigeria and a member of the Nigerian Institute of Management (NIM). He is a member of several capital market committees including the Capital Market Committee and Administrative Proceedings Committee (APC) of the Securities and Exchange Commission (SEC). He is on the board of the National Association of Securities Dealers (NASD).

He is an alumnus of the Lagos Business School Chief Executive program and The New York Institute of Finance. Mr. Ogiemwonyi is a chartered stockbroker and holds a BBA in Accounting and an MBA from Texas Southern University. He is a Fellow of the Chartered Institute of Stock Brokers and serves the Institute as a Council member. He has received further executive Education at the Harvard Business School and the National University of Singapore.



**Mr. Henry T. Olayemi, FCS**  
Representing Reward Investments & Services Limited  
**Dealing Member**

Mr. Henry Olayemi has been a member of the National Council of The Nigerian Stock Exchange since December 2010, representing Reward Investments & Services Limited.

He has been the Managing Director of Reward Investment and Services Limited since 1995. He previously worked with RIMS Securities Ltd as the Assistant Manager in charge of stockbroking and held various senior management positions within RIMS

Group before he resigned as General Manager in charge of Capital Markets in 1995. He also worked with Messrs. Milestone Investments and Services Ltd. and RIV Investment and services Ltd.

He is currently on the board of Cornerstone Financial Services and he was the immediate past President and Chairman of Council of Chartered Institute of Stockbrokers. #

Mr. Olayemi is an alumnus of The New York Institute of Finance, West African Capital Market School (WACMS) and ISMA Centre of The University of Reading. He is a graduate of Finance from the University of Lagos and a fellow of the Chartered Institute of Stockbrokers.



**Mr. Tofarati Augusto**  
Representing WSTC Financial Services Limited  
**Dealing Member**

Mr. Tofarati Augusto has been a member of the National Council of The Nigerian Stock Exchange since



## THE NATIONAL COUNCIL (CONTINUED)

December 2010, representing WSTC Financial Services Limited.

He has been the Managing Director and Chief Executive Officer of WSTC Financial Services Ltd. since co-founding the company in 1991. He was previously with Akintola Williams Deloitte and SCOA Nigeria Plc., where he worked in managerial positions and gained varied experience. Mr. Augusto is a Fellow of the Institute of Chartered Accountants of Nigeria and a Chartered Stockbroker. He studied Accountancy at Yaba College of Technology. He attended several courses locally and internationally on Private Banking, Wealth Management and Leadership and is an alumnus of the Lagos Business School and Harvard Business School.

He served as a member of the Capital Market Committee, an advisory body to the Securities and Exchange Commission (SEC) on policy formulation. He is currently on the board of Crusader Sterling Pensions Ltd. and was a member of the Governing Council of the Lagos State University (LASU).



**Alhaji Garba Kurfi**  
Representing APT Securities and Funds Limited

Dealing Member

Alhaji Garba Kurfi has been a member of the National Council of The Nigerian Stock Exchange since May 2011, representing APT Securities and Funds Limited, where he currently serves as Managing Director/Chief Executive.

Prior to joining APT Securities and Funds Limited, Alhaji Kurfi worked with Newdevco Finance Services Company Limited where he acquired diverse experience in both the money market and capital market. He also worked with the Ministry of Finance, Ministry of Education, African Petroleum Plc. and New Africa Merchant Bank Plc.

Alhaji Kurfi is the Chairman of MTI Plc. and MIMAC Resources Limited and is a director in APT Pension Funds Managers Limited, Clayberg Limited, APT Beurea de Change Limited, The Infrastructure Bank Plc and other companies.

He holds a degree in Accounting from Bayero University, Kano and M.Sc. in

Accounting from University of Lagos. He is a Fellow of both the Institute of Chartered Accountants of Nigeria (FCA) and the Chartered Institute of Stockbrokers (FCS).



**Mr. Ebilate Mac-Yoroki**  
Representing City-Code Trust & Investment Limited

Dealing Member

Mr. Ebilate Mac-Yoroki has been a member of the National Council of The Nigerian Stock Exchange since May 2011, representing City-Code Trust & Investment Limited, where he currently serves as Managing Director.

He is the Chairman of City-Code Savings & Loans Limited, a Mortgage Bank Licensed by the Central Bank of Nigeria and Federal Mortgage Bank, as well as the Chairman of Karinax Nigeria Limited, a shipping company. He is on the board of Bayelsa State Development Investment Corporation.

Mr. Mac-Yoroki started his career with Akinola Akintunde & Co., a firm of

## THE NATIONAL COUNCIL

Chartered Accountants, where he worked from 1985 to 1988 before he moved to Wintrust Limited as an Executive Director, Corporate Finance from 1988 to 1991.

He is an accomplished stockbroker and a Fellow of the Institute of Chartered Stockbrokers (FCIS) since 1991. Mr. Mac-Yoroki is also an Associate Member of the Nigerian Institute of Management (ANIM). He holds a degree in Accountancy from the University of Science and Technology, Port Harcourt and a Masters in Strategic Management from Ogun State University. He is an alumnus of the Harvard Business School, Boston, USA, where he completed a program on Driving Corporate Performance and Fannie Mae Washington, USA where he specialized in Securitization of Housing Finance.



**Mr. Chike Nwanze**  
Representing ICON Stockbrokers Limited  
*Dealing Member*

Mr. Chike Nwanze has been a member of the National Council of The Nigerian

Stock Exchange since May 2011, representing ICON Stockbrokers Limited, where he currently serves as Managing Director.

Prior to his current position, he worked in Shell, Houston Texas from 1969 to 1972 before returning to Nigeria to join Shell-BP Petroleum Development Company Nigeria. In 1974, he joined the Nigerian Bank for Commerce and Industry (now Bank of Industry) and ICON Limited (Merchant Bankers) as a General Manager. His diverse work experience cuts across the oil and gas, banking, and stock broking sectors of the economy.

Mr. Nwanze is Vice Chairman of the Board and Chairman, Disciplinary Committee of NASD Plc.

He is a fellow of the Institute of Directors, Fellow of the Economic Development Institute (F.E.D.I) and a Fellow of the Chartered Institute of Stockbrokers. He has participated in various workshops, seminars and executive programs at The Economic Development Institute of the World Bank; Industrial projects course and Amos Tuck school of Business Administration, USA.

Mr. Nwanze holds a Bachelor's degree in Business Administration and also an MBA in Financial Management.



**Mr. Oladele Sotubo**  
Representing Stanbic IBTC Stockbrokers Limited  
*Dealing Member*

Mr. Oladele Sotubo has been a member of the National Council of The Nigerian Stock Exchange since May 2011, representing Stanbic IBTC Stockbrokers Limited, where he currently serves as Chief Executive Officer.

Before his appointment as Chief Executive Officer of Stanbic IBTC Stockbrokers Limited, he was Executive Director and Chief Dealer at Stanbic IBTC Stockbrokers Limited. He also worked as Chief Operating Officer at Stanbic Equities Limited.

Mr. Oladele holds a B.Sc. (Edu) in Economics from the Lagos State University and an MBA from the University of Calabar.

# CORPORATE GOVERNANCE REPORT

*For the Year Ended 31 December 2013*

## a. Introduction

The Nigerian Stock Exchange was established in 1960 and today is a major exchange in Africa. It has in place an effective governance mechanism that not only ensures proper oversight of its business by the Council and other principal organs of the Exchange, but also carries on its business in a manner that engenders public trust and confidence while meeting the expectations of all stakeholders.

In pursuit of this objective, the Exchange's processes are consistently appraised to ensure that they are in compliance with the global standard of corporate governance at all times.

## b. Shareholding

The Exchange is a company limited by guarantee and therefore has no shareholding structure.

## c. National Council

The National Council is the governing body of the Nigerian Stock Exchange. The National Council directs the Nigerian Stock Exchange's business and financial affairs, strategy, structures and policies; monitors the exercise of any delegated authority; and deals with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

*The Council members who served on the Council during the financial year are as follows:*

NAME	
Alhaji Aliko Dangote, GCON	President (Effective 19 June 2012)
Mr. Oscar Onyema	Chief Executive Officer (WEF 04/04/11)
Mr. Aigboje Aig-Imoukhuede, CON	First Vice President/Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Mr. Abimbola Ogunbanjo	Second Vice President/Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Mr. Abubakar Mahmoud, SAN, OON	Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Prof. Herbert Onye Orji, OON	Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Mrs. Yemisi Ayeni	Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Partnership Securities Limited (Represented by Mr. Victor Ogiemwonyi)	Dealing Member (Reappointed 28 September 2012)
Reward Investment & Services Limited (Represented by Mr. Henry Olayemi)	Dealing Member (Reappointed 28 September 2012)
WSTC Financial Services Limited (Represented by Mr. Tofarati Augusto)	Dealing Member (Reappointed 28 September 2012)
APT Securities and Funds Limited (Represented by Alhaji Garba Kurfi)	Dealing Member (Reappointed 28 September 2012)
City-Code Trust & Investment Limited (Represented by Mr. Ebilate Mac-Yoroki)	Dealing Member (Reappointed 28 September 2012)
ICON Stockbrokers Limited (Represented by Mr. Chike Nwanze)	Dealing Member (Reappointed 28 September 2012)
Stanbic IBTC Stockbrokers Limited (Represented by Mr. Oladele Sotubo)	Dealing Member (Reappointed 28 September 2012)

## CORPORATE GOVERNANCE REPORT (CONTINUED)

*For the Year Ended 31 December 2013*

### d. Council Structure

The Council is made up of a President, Chief Executive Officer, 5 Ordinary members and 7 Dealing members. The Council has 8 Committees. The Chief Executive is responsible for the day to day running of the Exchange, assisted by the Executive Committee (EXCO).



### e. Responsibilities of the Council

The Council is responsible for:

- Reviewing and providing guidance for the Exchange's corporate and business strategy, major plans of action and risk policy;
- Review and approval of annual budgets and business plans; setting performance objectives, monitoring implementation and corporate performance;
- Overseeing major capital expenditures, acquisitions and divestitures; divestments;
- Monitoring the effectiveness of the governance practices under which the Exchange operates and making appropriate changes as necessary;
- Ensuring the integrity of the Exchange's accounting and financial reporting systems, including the internal audit function and that appropriate systems of control and risk monitoring are in place;
- Providing oversight of senior management; and
- Establishment of the various Committees of the Exchange including the terms of reference and review of reports of such Committees to address key areas of the Exchange's business.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

*For the Year Ended 31 December 2013*

### f. Council Committees

The Committees of the National Council were formed for the speedy and efficient functioning of the National Council. The Committees were established in line with regulatory requirements and consistent with global best practice.

The Committees have well defined terms of reference detailing their scope of responsibilities in such a way as to avoid overlap of functions, while ensuring that no area of The Exchange's business is left without Council oversight.

Below is an overview of the remit of the Committees and their current membership composition:

#### i. Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARM", "Committee") was established by the Council in May 2011 for the purpose of providing reasonable assurance regarding the Council's oversight responsibilities with respect to:

1. Monitoring the Exchange's compliance with the operational processes established to ensure protection of the Exchange's resources against waste, malfeasance, and poor value for money;
2. Monitoring the Exchange's compliance with the process established for financial reporting; and
3. Monitoring compliance with applicable laws and regulations and the Exchange's code of conduct.

The ARM operates in line with formal terms of reference approved by the Council and during the financial year has executed its duties in accordance with these terms of reference with a focus on governance, control and risk management arrangements. The membership of the Committee is as follows:

- Professor Herbert Onye Orji, OON (Investment Banker, Economist), Chairperson
- Alhaji Garba Kurfi (Accountant) Alhaji Garba Kurfi (Accountant, Stockbroker)
- Mr. Ebilate Mac-Yoroki (Accountant, Stockbroker)
- Mr. Henry Olayemi (Financial Analyst, Stockbroker)

#### ii. Demutualization Committee

The Committee is assigned the function of reviewing and examining the present structure of the Exchange and in that context, examining the legal, regulatory, financial, and legacy issues involved in the demutualization of the Exchange. The membership of the Committee is as follows:

- Mrs. Yemisi Ayeni (Economist, Accountant), Chairperson
- Mr. Oscar Onyema (CEO, NSE)
- Mr. Abimbola Ogunbanjo (Legal Practitioner)
- Mr. A. B. Mahmoud, SAN, OON, (Legal Practitioner)
- Mr. Chike Nwanze (Financial Analyst, Stockbroker)



## CORPORATE GOVERNANCE REPORT (CONTINUED)

*For the Year Ended 31 December 2013*

### iii. **Disciplinary Committee**

The Committee is empowered to hear and adjudicate upon disciplinary matters brought before it in respect of Dealing Members, and Authorized Dealing Clerks, and exercise the disciplinary powers of Council as set forth in the Rules Governing Dealing Members and other applicable rules and regulations. The membership of the Committee is as follows:

- Mr. Chike Nwanze (Financial Analyst, Stockbroker), Chairperson
- Mr. Abimbola Ogunbanjo (Legal Practitioner)
- Alhaji Garba Kurfi (Accountant, Stockbroker)
- Mr. Ebilate Mac-Yoroki (Accountant, Stockbroker)
- Mr. Henry Olayemi (Financial Analyst, Stockbroker)

### v. **Governance and Remuneration Committee**

The Committee is charged with ensuring that the Exchange complies with good corporate governance policies and practices. The Committee also provides oversight functions over the Exchange's human resource policies. Membership of the Committee is as follows:

- Mr. Aigboje Aig-Imoukhuede, CON (Banker, Legal Practitioner), Chairperson
- Mrs. Yemisi Ayeni (Economist, Accountant)
- Mr. Victor Ogiemwonyi (Accountant, Stockbroker)
- Mr. Oladele Sotubo (Economist, Stockbroker)

### vi. **MEMART Committee (Ad-Hoc)**

The Committee is charged with reviewing and evaluating proposed changes to the Memorandum and Articles of Association of the Exchange. Membership of the Committee is as follows:

- Mr. A.B. Mahmoud, SAN, OON (Legal Practitioner) Chairperson
- Mr. Oscar Onyema (CEO, NSE)
- Mr. Abimbola Ogunbanjo (Legal Practitioner)
- Mr. Victor Ogiemwonyi (Accountant, Stockbroker)
- Alhaji Garba Kurfi (Accountant, Stockbroker)

### vii. **Rules and Adjudication Committee**

The Committee is charged with the continuous review of the Exchange's rules and regulations, and provision of oversight regarding legal and regulatory issues affecting the Exchange. The membership of the Committee is as follows:

- Mr. A.B. Mahmoud, SAN, OON (Legal Practitioner), Chairperson
- Mr. Oscar Onyema (CEO, NSE)
- Mr. Tofarati Augusto (Accountant, Stockbroker)
- Mr. Oladele Sotubo (Economist, Stockbroker)

## CORPORATE GOVERNANCE REPORT (CONTINUED)

For the Year Ended 31 December 2013

### viii. Technical Committee

The Committee is charged with reviewing the Exchange's technical and business development, strategic opportunities and plans, and technology operations including security and business continuity measures. The Committee also assists the Council in the execution of its information management risk responsibilities. Membership of the Committee is as follows:

- Mr. Aigboje Aig-Imoukhuede, CON (Banker, Legal Practitioner), Chairperson
- Mr. Oscar Onyema (CEO, NSE)
- Mr. Victor Ogiemwonyi (Accountant, Stockbroker)
- Mr. Tofarati Augusto (Accountant, Stockbroker)
- Mr. Oladele Sotubo (Economist, Stockbroker)

### NATIONAL COUNCIL MEETING ATTENDANCE

MEETING NAME		MEETING DATES										
National Council		31 Jan	14 Feb	28 Mar	3 May Post AGM	30 May	27 Jun	25 Jul	26 Sept	23 Nov	24 Nov	20 Dec
S/N	Members											
1.	Alh. Aliko Dangote, GCON	P	P	P	P	P	P	P	P	P	P	P
2.	Mr. Oscar Onyema	P	P	P	P	P	P	P	P	P	P	P
3.	Mr. Aigboje Aig-Imoukhuede, CON	P	P	P	P	P	PC	P	P	P	P	P
4.	Mr. Abimbola Ogunbanjo	P	P	X	P	P	P	P	P	P	P	P
5.	Mr. Abubakar Mahmoud, SAN, OON	P	P	X	P	P	X	P	PC	P	P	P
6.	Mrs. Yemisi Ayeni	P	P	X	P	PC	P	X	P	X	X	PC
7.	Prof. Herbert Orji, OON	--	--	P	P	P	P	P	P	P	P	P
8.	Mr. Victor Ogiemwonyi	P	P	P	P	P	P	P	PC	P	P	P
9.	Mr. Henry Olayemi	P	P	P	P	P	P	X	P	P	P	P
10.	Mr. Tofarati Augusto	P	P	P	P	X	P	P	P	P	P	P
11.	Alh. Garba Kurfi	P	X	P	P	P	P	P	P	P	P	P
12.	Mr. Ebilate Mac-Yoroki	P	P	P	P	P	P	P	P	P	P	P
13.	Mr. Chike Nwanze	P	P	X	P	P	P	P	P	P	P	P
14.	Mr. Oladele Sotubo	P	P	P	P	P	X	P	P	P	P	P

## CORPORATE GOVERNANCE REPORT (CONTINUED)

For the Year Ended 31 December 2013

### COMMITTEES MEETINGS ATTENDANCE

MEETING NAME		MEETING DATES							
<b>Audit and Risk Management Committee</b>		<b>20 May</b>	<b>20 Sept</b>	<b>3 Dec</b>					
<b>S/N</b>	<b>Members</b>								
1.	Prof. Herbert Orji, OON	P	P	P					
2.	Alh. Garba Kurfi	X	P	P					
3.	Mr. Henry Olayemi	P	P	P					
4.	Mr. Ebilate Mac-Yoroki	P	P	P					
<b>Demutualization Committee</b>		<b>10 Jun</b>	<b>10 July</b>	<b>5 Sept</b>					
<b>S/N</b>	<b>Members</b>								
1.	Mrs. Yemisi Ayeni	P	P	P					
2.	Mr. Oscar Onyema	P	P	P					
3.	Mr. A. B. Mahmoud, SAN, OON	X	PC	X					
4.	Mr. Abimbola Ogunbanjo	P	PC	X					
5.	Mr. Chike Nwanze	P	P	P					
<b>Disciplinary Committee</b>		<b>21 Feb</b>	<b>30 Apr</b>	<b>15 May</b>	<b>23 July</b>	<b>24 Oct</b>			
<b>S/N</b>	<b>Members</b>								
1.	Mr. Chike Nwanze	P	P	P	P	P			
2.	Mr. Abimbola Ogunbanjo	P	X	P	P	P			
3.	Mr. Henry Olayemi	P	P	P	X	P			
4.	Alh. Garba Kurfi	P	P	P	P	P			
5.	Mr. Ebilate Mac-Yoroki	P	P	P	P	X			
<b>Governance and Remuneration Committee</b>		<b>22 Mar</b>	<b>21 May</b>	<b>11 Jul</b>	<b>17 Oct</b>	<b>13 Dec</b>			
<b>S/N</b>	<b>Members</b>								
1.	Mr. Aigboje Aig-Imoukhuede, CON	P	P	P	P	P			
2.	Mr. Oladele Sotubo	P	P	P	P	P			
3.	Mrs. Yemisi Ayeni	P	X	P	P	X			
4.	Mr. Victor Ogiemwonyi	P	P	P	P	P			
<b>MEMART Ad-Hoc Committee</b>		<b>11 Apr</b>	<b>12 Jun</b>						
<b>S/N</b>	<b>Members</b>								

## CORPORATE GOVERNANCE REPORT (CONTINUED)

For the Year Ended 31 December 2013

1.	Mr. Abubakar Mahmoud, SAN, OON	P	P						
2.	Mr. Oscar Onyema	P	P						
3.	Mr. Victor Ogiemwonyi	P	P						
4.	Alh. Garba Kurfi	P	P						
5.	Mr. Abimbola Ogunbanjo	P	P						
<b>Rules and Adjudication Committee</b>		<b>25 Mar</b>	<b>13 May</b>	<b>22 May</b>	<b>17 Sept</b>	<b>18 Oct</b>	<b>19 Oct</b>	<b>8 Nov</b>	<b>9 Nov</b>
<b>S/N</b>	<b>Members</b>								
1.	Mr. Abubakar Mahmoud, SAN, OON	P	P	P	P	P	P	P	P
2.	Mr. Oscar Onyema	P	P	P	X	P	P	P	P
3.	Mr. Tofarati Augusto	X	X	X	P	P	P	P	P
4.	Mr. Oladele Sotubo	P	P	P	P	P	P	P	P
<b>Technical Committee</b>		<b>22 Mar</b>	<b>24 May</b>	<b>12 Jul</b>	<b>19 Sept</b>	<b>20 Nov</b>			
<b>S/N</b>	<b>Members</b>								
1.	Mr. Aigboje Aig-Imoukhuede, CON	P	P	P	P	P			
2.	Mr. Oscar Onyema	P	X	P	P	P			
3.	Mr. Victor Ogiemwonyi	P	P	P	X	P			
4.	Mr. Tofarati Augusto	X	X	P	P	P			
5.	Mr. Oladele Sotubo	P	P	P	P	P			

Prof. Orji was co-opted onto the National Council on 28 March 2013

### Legend:

P Present  
PC Participation by Conference  
X Absent

### h. Relationship with Members

The Exchange maintains an effective communication with its members, which enables them understand its business, financial condition and operating performance and trends. Apart from the annual report and accounts, and proxy statements, we maintain a rich website that provides information on a wide range of issues for all stakeholders.

The Exchange regularly holds briefing sessions with its Dealing Members through quarterly CEO meetings, and officers of its Dealing Members through quarterly Compliance Officers' forum, and quarterly meetings with floors Clerks. The Exchange also meets quarterly with representatives of the Association of Stockbroking Houses of Nigeria.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

*For the Year Ended 31 December 2013*

The Exchange also, from time to time, holds briefing sessions with market operators such as stockbrokers, dealers, institutional investors, issuing houses, stock analysts, and representatives of retail investors mainly through investors conference to update them on the state of its business.





## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL

*For the Year Ended 31 December 2013*

### Report of the Audit and Risk Management Committee

The Audit and Risk Management Committee held 3 meetings in 2013. The Committee consists of 4 Council Members:

**Prof. Herbert Onye Orji, OON (Chairperson)**

**Mr. Henry Olayemi (Representing Reward Investment & Services Ltd)**

**Alhaji Garba Kurfi (Representing Apt Securities and Funds Ltd)**

**Mr. Ebilate Mac-Yoroki (Representing City-Code Trust & Investment Ltd)**

#### Remit of the Committee

The Audit and Risk Management Committee ("ARM", "Committee") operates pursuant to its terms of reference which were approved by the National Council.

The Committee was established for the purpose of providing reasonable assurance regarding the Council's oversight responsibilities with respect to:

- a) Monitoring The Exchange's compliance with the operational processes established to ensure protection of The Exchange's resources against waste, malfeasance, and poor value for money;
- b) Monitoring The Exchange's compliance with the process established for financial reporting; and
- c) Monitoring compliance with applicable laws and regulations and The Exchange's Code of Conduct for employees.

The Committee exercises the powers of Council pursuant to the Companies and Allied Matter Act and The Exchange's Memorandum and Articles of Association by overseeing The Exchange's financial reporting, internal controls, risk management systems, whistle blowing, and fraud, internal and external audit.

The Committee works closely with The Exchange's External Auditors, Internal Auditor, Chief Risk Officer, Chief Financial Officer, Council Secretary and other people temporarily or permanently responsible for the control functions of The Exchange.

Below is a summary of some of the issues handled by the Committee in 2013.

#### Governance

The Chairperson of the Committee worked closely with Management to recruit the Chief Risk Officer of The Exchange, Mr. Tunji Kazeem. Mr. Kazeem began working for The Exchange in December 2013.

The Committee met with The Exchange's External Auditors, KPMG Professional Services Limited, to discuss KPMG's audit strategy and plan for the year ending 31 December 2013.

The Committee recommended training on the International Financial Reporting Standards ("IFRS") for Audit Committees of listed companies.

#### Internal Control and Risk Management

The Committee considered and reviewed the Internal Audit Quarterly Reports and Findings, Internal Audit Manual and Timetable and tracked the implementation of the 2012 audit recommendations. The Committee reviewed and approved

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

the Enterprise Risk Management (“ERM”) Framework and ensured that embedded risk policies and procedures are founded on sound industry best practice. The Committee endorsed the application of the ERM framework to the strategic planning, departmental operations, systems/IT and daily interface with customers/stakeholders and as a result it ensures that decisions are formulated on evidence-based decision making principles and linked to the strategic objectives and risk appetite of The Exchange.

### **Policies**

The Committee revised the Policy of The Exchange regarding the engagement of debt collectors, encouraged the preparing of an Accounting Policy for The Exchange, and advised on the creation of an Investment Policy for The Exchange. The Committee also recommended the re-education of staff on the Security Policy of The Exchange and passed a new policy encouraging collaboration between The Exchange, the Central Securities Clearing System Plc., the Association of Stockbroking Houses of Nigeria, the Chartered Institute of Stockbrokers, Registrars and Custodians.

The Chairperson of the Committee attends General Meetings of The Exchange at which he is available to respond to any questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Prof. Herbert Onye Orji, OON on page 31 of the Annual Report.

**Prof. Herbert Onye Orji, OON**  
**Chairperson**

### **Report of the Audit and Risk Management Committee**

During the year under review, the Committee:

- a) Ascertained that The Exchange's accounting and reporting policies are in accordance with legal requirements and agreed ethical practices;
- b) Reviewed the scope and planning of audit requirements;
- c) Reviewed The Exchange's compliance with the recommendations stated in the External Auditors' Management Letter for the 2012 financial year; and
- d) Reviewed the effectiveness of The Exchange's systems of accounting and internal control.

The Committee is satisfied with The Exchange's compliance with: (i) its operational processes established to ensure protection of The Exchange's resources against waste, malfeasance, and poor value for money; (ii) the process established for financial reporting; and (iii) applicable laws and regulations and The Exchange's code of conduct.

**Prof. Herbert Onye Orji, OON**  
**Chairperson**

### **Members of the Audit and Risk Management Committee**

**Prof. Herbert Onye Orji, OON (Chairperson)**  
**Mr. Henry Olayemi (Representing Reward Investment & Services Ltd)**  
**Alhaji Garba Kurfi (Representing Apt Securities and Funds Ltd)**  
**Mr. Ebilate Mac-Yoroki (Representing City-Code Trust & Investment Ltd)**

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### Report of the Demutualization Committee

The Demutualization Committee held 3 meetings in 2013. The Committee consists of 5 Council Members:

**Mrs. 'Yemisi Ayeni (Chairperson)**

**Mr. Oscar Onyema**

**Mr. Abimbola Ogunbanjo**

**Mr. A. B. Mahmoud, SAN, OON**

**Mr. Chike Nwanze (Representing Icon Stockbrokers Ltd.)**

The Committee operates pursuant to Terms of Reference that were approved by the National Council. The duties of the Committee include reviewing and examining the present structure of The Exchange and, in that context, examining and determining the appropriate response to the legal, regulatory, financial, and legacy issues pertinent to the demutualization of The Exchange.

#### Governance:

During the year under review, the Committee provided strategic guidance and oversight over The Exchange's Management Demutualization Project Team ("DPT"). The Committee steered the development of a project management structure for the demutualization exercise and oversaw the development of the demutualization project plan ("DPP"), which identifies major tasks necessary towards the demutualization and identifies the parties responsible for these tasks. Using the DPP as a guide, the Committee monitors the execution of tasks and responsibilities relating to the demutualization.

The Committee considered and reviewed The Exchange's document retention policy, and, in line with its mandate to ensure The Exchange's operational framework is fully ready for demutualization, it recommended the digitization of all The Exchange's documents. To this end, the Committee steered the establishment of a Management Digitization Committee which has begun reviewing the process for digitizing all documents at The Exchange.

Under the Committee's oversight, the DPT commenced the process of selecting the Investment Bank to advise The Exchange on the demutualization exercise, with the Committee reviewing and approving the request for proposals ("RFP") and the advert inviting Expressions of Interest.

#### Stakeholder Engagement

The Committee considers stakeholder engagement to be a critical element of the demutualization process. To this end, it started engaging various stakeholders in its bid to compile a comprehensive database of issues relating to the legitimate interests of all stakeholders and to identify effective ways to deal with these issues. By the end of the year, the Committee had engaged the Securities and Exchange Commission ("SEC"), Association of Stockbroking Houses of Nigeria ("ASHON"), Chartered Institute of Stockbrokers ("CIS") and Association of Issuing Houses of Nigeria ("AIHN") as well as founding members, several individual ordinary members and former employees of The Exchange.

Further, with the approval of the National Council, representatives of ASHON and AIHN were invited to attend the

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

meetings of the Committee as observers. In this capacity, the representatives participate and bring the perspectives of the key stakeholder groups they represent to bear on Committee deliberations. Through ASHON and AIHN respectively, the observer status ensures the participation of Dealing Member Firms and Ordinary Members (Institutional) in the demutualization process.

### **Post 2013 Activities**

In March 2014, the Committee recommended and the National Council approved that The Exchange should commence the process to select financial advisers that will assist The Exchange in the demutualization process. To this end, The Exchange issued invitations for expressions of interest ("EOI") to Investment Banks to receive requests for proposals to act as primary advisers in the demutualization of The Exchange. Parties submitting EOIs were to: (i) express their interest as a Consortium of one International and one Nigerian Investment Bank; and (ii) ensure that at least one of the parties of the Consortium had successfully participated in the demutualization of a securities exchange as a lead adviser.

As of the date of going to press, through a multistage, auditable selection process, the DPT under the supervision of the Committee, had considered 13 consortia and reduced the number to 3 for consideration of the Committee. The Committee is to consider the successful consortium and shortlist a select number for consideration and selection by the National Council.

The Chairperson of the Committee attends General Meetings of The Exchange at which she is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mrs. 'Yemisi Ayeni on page 32 of the Annual Report.

**Mrs. 'Yemisi Ayeni,**  
**Chairperson**

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### Report of the Disciplinary Committee

The Disciplinary Committee held 5 meetings in 2013. The Committee consists of the following 5 Council Members:

**Mr. Chike Nwanze (Representing Icon Stockbrokers Ltd.) Chairperson,**  
**Mr. Abimbola Ogunbanjo,**  
**Mr. Henry Olayemi (Representing Reward Investment & Services Ltd.)**  
**Alhaji Garba Kurfi (Representing Apt Securities and Funds Ltd.), and**  
**Mr. Ebilate Mac-Yoroki (Representing City-Code Trust & Investment Ltd.)**

### Remit of the Committee

The Committee operates pursuant to terms of reference that were approved by the National Council.

The Committee exercises the disciplinary powers of Council pursuant to The Exchange's license granted by the Securities and Exchange Commission in accordance with the Investment and Securities Act, 2007; The Exchange's Memorandum and Articles of Association; as well as The Exchange's Rules and Regulations Governing Dealing Members. In recognition of The Exchange's functions as a Self-Regulatory Organization, the Committee works to ensure the effective execution of The Exchange's self-regulatory responsibilities under the Investment and Securities Act 2007.

Below is a summary of some of the matters handled by the Committee in 2013.

### Investor Protection

#### a) Unauthorised Sale of Client's Shares

The Committee dealt with 68 complaints made against a total number of 7 Dealing Member firms ("Dealing Firm") for the unauthorized sale of clients' shares. In respect of these complaints, the Committee dealt with issues centred on the protection of investors as well as measures to sanction erring Dealing firms.

In one of the cases dealt with by the Committee, the Dealing Firm fully complied with the directives of the Committee and restituted the Complainant that lodged the complaint. In the remaining cases where the Dealing Member Firms failed to comply with the directives of the Committee to reconstitute the complainants, additional sanctions were imposed, including monetary fines, referral to other regulatory and/ or law enforcement authorities such as the Securities and Exchange Commission, Economic and Financial Crimes Commission and the Chartered Institute of Stockbrokers as well as continued suspension.

#### b) Market Manipulation

2 cases were brought before the Committee involving allegations of suspected market manipulation. The Committee found that the facts disclosed were sufficient to sustain cases of market manipulation in violation of Articles 15, 104 and 107 of the Rules and Regulations Governing Dealing Members of The Exchange. In both cases, the Dealing Member Firms were suspended, fined and publicly censured. Both Dealing firms appealed the Committee's decisions. The National Council upheld both decisions of the Committee. Both of the Firms have paid the fines and the matters are concluded.



## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### **c) Price Movement**

A case was brought before the Committee involving an allegation of suspected infraction of price movement of shares. The Dealing Firm admitted the infraction and was suspended, fined and publicly censured by the Committee. The Dealing firm has paid the fine and the matter is concluded.

### **Rebuilding Investors' Confidence in the Capital Market**

#### **a) Disciplinary Process Against Inactive Dealing Member Firms**

The Committee is aware of the overwhelming need to restore investors' confidence in the market following the various unethical and fraudulent practices of some Dealing Firms, most of which were suspended for a number of infractions and have become inactive. In 2013, the Committee deliberated on the disciplinary actions against Inactive Dealing Member Firms and Dealing Member Firms that failed to activate their licenses. The Committee recommended to the Council that disciplinary process should be taken against inactive Dealing Member Firms and Dealing Member Firms that failed to activate their licenses. The Council has approved the commencement of the disciplinary process.

The Chairperson of the Committee attends General Meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mr. E. Chike Nwanze on page 34 of the Annual Report.

**Mr. E. Chike Nwanze,**  
**Chairperson**

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### Report of the Governance and Remuneration Committee

The Governance and Remuneration Committee held 5 meetings in 2013. The Committee consists of 4 Council Members:

**Mr. Aigboje Aig-Imoukhuede, CON (Chairperson)**  
**Mrs. Yemisi Ayeni**  
**Mr. Victor Ogiemwonyi (Representing Partnership Securities Ltd)**  
**Mr. Oladele Sotubo (Representing Stanbic IBTC Stockbrokers Ltd)**

### Remit of the Committee

The Committee operates pursuant to terms of reference that have been approved by the National Council.

The Committee exercises the powers of Council pursuant to the Companies and Allied Matters Act and The Exchange's Memorandum and Articles of Association by overseeing, amongst other things, The Exchange's corporate governance policies and benchmarking same against international best practices, The Exchange's strategic plans, financial objectives and human resource policies and the establishment and implementation of a comprehensive system of policies, procedures and governance structures.

Below are some of the matters the Committee considered in 2013:

#### 1) 2012 Audited Financial Statements

The Committee met with The Exchange's External Auditors, KPMG Professional Services Limited, to discuss The Exchange's Audited Financial Statements and provided further direction on the Financial Statements.

#### 2) 2013 Budget

The Committee considered and reviewed The Exchange's 2013 Budget and recommended the approval of the same by The National Council ("the Council").

#### 3) Corporate Governance

##### a) Policies of The Exchange

The Committee recommended the approval of the Accounting Policy of The Exchange and enhanced The Exchange's Investment Policy.

The Committee considered and reviewed The Exchange's corporate governance framework to ensure that it is in line with global best practices. The Committee strengthened the Corporate Governance documents of The Exchange such as the Terms of References of the various Committees, the Code of Conduct for Council Members, the National Council Charter and the Executive Committee of Management Charter.

The Committee approved the commencement of the review of the performance of the Council and provided direction in respect of the differences between the Committee's remit and that of the Audit and Risk Management Committee.

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

The Committee recommended the preparation of an On boarding Policy for newly elected/co-opted Council Members and recommended to Council, the organizing of an On-Boarding exercise aimed at assisting Council Members in integrating effectively into their new roles as Council Members of The Exchange. The Committee directed Management to create a Training Policy for Council Members and approved the Training Curriculum for Council Members aimed at building capacity among Council members and keeping them abreast of current knowledge and trends relating to The Exchange.

The Committee directed Management to create a Performance Management Policy and the Members reviewed the revised Organogram of The Exchange. The Committee also strengthened the Human Resources Policies and Processes of The Exchange and directed Management to create an Up or Out Policy and a Succession Planning Policy. The Committee revised the Study Leave Policy and directed Management to create a Lift Usage Policy. The Committee also directed Management to educate and train the lift operators, Brokers and all Staff of The Exchange's Head Office on the proper use of the lifts in the building. The Committee directed Management to include a policy outlining The Exchange's philosophy as it relates to employees with certain stigmatized illnesses such as Cancer and Tuberculosis.

The Committee also commenced addressing the issues raised by the Securities and Exchange Commission ("the Commission") in the Commission's Inspection Report following its visit of The Exchange in May 2013.

### **b) Corporate Social Responsibility Initiatives**

The Committee advised Management on ways of enhancing its approach to Corporate Social Responsibility and directed Management to create The Exchange's Sustainability Statement. The Committee approved the commencement of The Exchange's Corporate Social Responsibility ("CSR") activities. The Committee considered, reviewed, provided direction and recommended the approval of the Graduate Trainee Programme, a 12 month programme geared towards building local talents with internationally competitive standards aimed at raising the next generation of leaders for the capital market and Nigeria's economy.

### **4) Remuneration**

The Committee considered, reviewed and recommended for Council approval, staff payments pursuant to The Exchange's Performance Incentive Scheme. The Committee approved the engagement of KPMG Professional Services to carry out a Compensation Survey which will benchmark The Exchange's Compensation structure with similar organizations. The Committee provided advice and further direction on the Personal Income Tax (Amendment) Act PITA 2011 as it relates to The Exchange.

The Chairperson of the Committee attends meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mr. Aigboje Aig-Imoukhuede, CON on page 29 of the Annual Report.

**Mr. Aigboje Aig-Imoukhuede, CON**  
Chairperson

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### Report of the Rules and Adjudication Committee

The Rules and Adjudication Committee (RAC) consists of 4 Council Members:

**Mr. Abubakar Mahmoud, SAN, OON (Chairperson)**

**Mr. Oscar Onyema**

**Mr. Tofarati Augusto (Representing WSTC Financial Services Limited)**

**Mr. Oladele Sotubo (Representing Stanbic IBTC Stockbrokers Limited)**

The RAC operates pursuant to terms of reference approved by the National Council. The duties of the RAC include continuous review of The Exchange's rules and regulations and oversight of legal issues affecting The Exchange.

#### 1. Governance

During the year, the RAC held 4 regular meetings and 2 retreats.

During the year, the RAC revised The Exchange's ruling making procedure to make it more efficient and include greater consultation. This was approved by the National Council. The RAC operates a robust rule making procedure which includes continuous review of the Rules and benchmarking them with similar rules in other markets, exposure of draft rules to stakeholders, and review of stakeholders' comments. Upon completing its review of the Rules, the RAC recommends the Rules for the approval of the National Council after which, the rules are submitted to the Securities and Exchange Commission for final approval.

#### 2. Review and Recommendation for Approval of Rules

During the year under review, the RAC reviewed and recommended for the approval of the National Council, the following Rules after going through the rule making process of The Exchange:

a) Listing Rules:

- (i) Amendments to the Listing Rules which contained about 65 clauses, addressing matters such as disclosures of material circumstances, dealing with insider information, price sensitive information, disclosures of unusual price movement, disclosure of significant occurrences, and disclosure of changes in beneficial ownership;
- (ii) Issuers' Portal Rules which regulate the mandatory submission of information necessary to be disclosed by Issuers to the market via the Issuers online portal (X-Issuer);
- (iii) Rules Governing Board Meetings and General Meetings of Issuers; and
- (iv) Rules Governing Transactions with Related Parties or Interested Persons.

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

b) Rules and Regulations Governing Dealing Members:

- (i) 80 different amendments and additions to the Rules and Regulation Governing Dealing Members were carried out in 4 batches and addressed matters such as trade types, order entry and execution, obvious errors, pricing methodology, segregation of clients' funds, unauthorized sales of securities, minimum capital requirements, corporate governance, financial statements to clients, anti-money laundering, information barrier, circulation of false, misleading and inaccurate information, disclosure obligations, penalties for short-selling, penalties for price manipulation and insider trading, know your client, and clients complaint management;
- (ii) Rules Governing Compliance Officers of Dealing Member Firms; and
- (iii) Rules for Registration as a Dealing Member of The Nigerian Stock Exchange.

c) Market Rules:

- (i) The Committee considered and recommended the Sponsored Access Rules for approval. The Rules which permit and regulate entities that are not Dealing Members of The Exchange to participate in the Nigerian capital market, by granting them access to The Exchange's trading facilities through Dealing Members of The Exchange.
- (ii) The Committee also approved the Index Circuit Breaker Rule which contains 6 clauses.

### 3. Oversight Regarding Legal Issues Affecting The Exchange

The Committee provided strategic advice and direction regarding The Exchange's litigation portfolio.

The Chairperson of the Committee attends the Annual General Meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mr. Mahmoud, SAN, OON on page 30 of the Annual Report.

**Mr. Abubakar Mahmoud, SAN, OON**  
**Chairperson**



## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### Report of the Technical Committee

The Technical Committee held 4 meetings in 2013. The Committee consists of 5 Council Members:

**Mr. Aigboje Aig-Imoukhuede, CON (Chairperson)**

**Mr. Oscar Onyema**

**Mr. Victor Ogiemwonyi (Representing Partnership Securities Limited)**

**Mr. Tofarati Augusto (Representing WSTC Financial Services Limited)**

**Mr. Oladele Sotubo (Representing Stanbic IBTC Stockbrokers Limited)**

The Committee operates pursuant to terms of reference that have been approved by the National Council. The duties of the Committee include reviewing The Exchange's business and technology development, strategic opportunities and plans, and technology operations including Information Security and business continuity measures. The Committee also reviews other key technical initiatives in the Exchange, such as market structure, market surveillance and market operations.

### Governance

With the critical importance of Technology to the operational viability and growth of The Exchange, the Committee ensured that a robust governance process was in place for the implementation and Management of key technology initiatives.

As part of ensuring a successful implementation of the X-GEN initiative, the Committee directed Management to obtain an independent validation of the X-GEN platform, prior to its launch on 30 September 2013, to ensure that the quality of the delivery and market readiness were validated by a leading external technology audit practice, thereby facilitating a successful go-live and seamless post implementation operation of the platform. X-GEN is The Exchange's modern, low latency and scalable trading environment, which supports mobile trading techniques. The Committee, through its governance oversight, effectively ensured the successful launch and smooth transition into production of the new trading platform, amongst other key initiatives. The Committee ensured that Management issued it with regular updates regarding implementation, and made decisions on several requests and applications on various components of the X-Gen initiative. It also ensured that relevant stakeholders, including authorized clerks of Brokers, the investor community and staff of the Securities and Exchange Commission understood the benefits of the platform and were properly trained on its operation.

The Committee also directed Management to establish a Management Information Technology Steering Committee ("IT Steering Committee") to address technical issues and facilitate strategic alignment with technology advances that are critical to the competitiveness of the Exchange, in order to enable the Committee concentrate on issues relating to overall strategy, cost and risk management. The Committee reviewed and approved the terms of reference of the IT Steering Committee.

The Committee ensured that its terms of reference was benchmarked with other exchanges and expanded it to align with what obtains in other exchanges.

## REPORT OF THE COMMITTEES OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

In line with good corporate governance, The Exchange conducted a due diligence exercise regarding the reconciliation of all outstanding listed shares as directed by the Committee. The Committee also directed management to negotiate a Service Level Agreement with the Central Securities Clearing Systems Plc. ("CSCS") regarding expected minimum service standards.

The Committee approved the new market structure that was launched with the X-GEN platform and directed Management to ensure that a robust governance structure is followed regarding the approval of new market structure initiatives.

### **Technology Development and Related Initiatives:**

Under the Committee's effective oversight, The Exchange in September 2013 successfully launched its X-GEN platform, the next generation trading platform that is one of the fastest in Africa. The introduction of X-GEN to the Nigerian Capital market has brought about a paradigm shift in trading sophistication and market efficiency, allowing unparalleled electronic access through FIX v5 protocol, mobile trading using smart phones and tablets, development of direct market access solutions, pre and post trade risk analysis, market analytics and opening up possible new income generating opportunities for The Exchange such as hosting services.

The ongoing adoption of X-GEN by broker/ dealers has improved the efficiency of broker/dealer operations and allows a multi-channel trading ecosystem for market participants, who can now access the market via the telephone, desktop, laptop, tablet or smart phone devices. Further, X-GEN has facilitated The Exchange's ability to broaden access to its market data products and will form the foundation for launching new asset classes and products such as Derivatives.

### **Business Continuity**

Following a review of a number of business continuity options, the Committee directed Management to engage an outsourced disaster recovery solution provider to ensure businesses continuity with minimal interruptions in the unlikely event of a disaster. The service will be extended in the course of the next 12 months to cover the wider eco-system of The Exchange.

### **Information Management and Technology Strategy Policies**

Under the oversight of the Committee, The Exchange exited a contract regarding the trade alert services, a system that notifies market participants of transactions carried out on their account via SMS and launched its 'cease and desist' initiative to tighten compliance with its market data policies, in order to protect the value of its market data. The Committee further directed that The Exchange should modify its market data package for the affordability of Dealing Members.

The Chairperson of the Committee attends the Annual General Meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mr. Aigboje Aig-Imoukhuede, CON on page 29 of the Annual Report.

**Mr. Aigboje Aig-Imoukhuede, CON**  
**Chairperson**

# REPORT OF THE NATIONAL COUNCIL

*For the Year Ended 31 December 2013*

The Council presents its annual report on the affairs of the Nigerian Stock Exchange ("the Exchange") and its subsidiaries (together "the Group"), together with the financial statements and auditors' report for the year ended 31 December 2013

## a. Legal Form

The Exchange was incorporated in Nigeria as a private company limited by shares on 15 September 1960 as Lagos Stock Exchange and its name was changed to the Nigerian Stock Exchange on 15 December 1977. The Exchange was re-incorporated as a company limited by guarantee on 18 December 1990.

## b. Principal Activities and Business Review

The principal activities of the Exchange are to provide facilities to the public for the purchase and sale of securities, platform for the listing of securities and sale of securities to the public, market data and market indices for sale to the public. The Exchange has three (3) subsidiary companies namely, Naira Properties limited, Coral Properties Plc and NSE Consult limited. The Exchange also has Central Securities and Clearing System Limited (CSCS) as an associate company.

## c. Operating Results

Gross earnings of the Group increased by 41% (2012: 13%) and surplus before tax increased by 176% (2012: 1,474%). For the Exchange, gross earnings increased by 39% (2012: 7%) and the surplus before tax increased by 354% (2012: reduced by 18%). Highlights of the Group's and the Exchange's operating results for the year under review are as follows:

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Gross Earnings:	6,515,784	4,634,308	5,493,049	3,959,321
Surplus before tax	3,261,398	1,181,335	2,335,100	513,836
Taxation	2,335	(28,275)	-	-
Surplus after taxation	3,263,733	1,153,060	2,335,100	513,836
Non- controlling interest	-	-	-	-
Surplus attributable to the Group	3,263,733	1,153,060	2,335,100	513,836
Appropriations:				
Other comprehensive income	(190,265)	-	-	-
Transfer to Retained Earnings Reserve	3,073,468	1,153,060	2,335,100	513,836

## d. Council Members' Interests In Contracts

For the purpose of section 277 of the Companies and Allied Matters Act, none of the existing Council Members had direct or indirect interest in contracts or proposed contracts with the Exchange during the year.

## REPORT OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### **e. Property and Equipment**

Information relating to changes in property and equipment is given in Note 11 to the financial statements. In the opinion of the Council members, the market value of the Group's properties is not less than the value shown in the financial statements.

### **f. Council Members Responsibilities**

The Council Members are responsible for the preparation of financial statements which give a true and fair view of the state of affairs and comply with the Companies and Allied Matters Act. They are obliged to ensure that:

- i. Proper accounting records are maintained;
- ii. Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities;
- iii. Applicable accounting standards are followed;
- iv. Judgments and estimates made are reasonable and prudent;
- v. Suitable accounting policies are adopted and consistently applied; and
- vi. The going concern basis is used, unless it is inappropriate to presume that the Exchange will continue in business.

### **g. Events After Reporting Date**

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

### **h. Human Resources**

#### **i. Employment of Disabled Persons**

The Exchange continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitude. The Exchange's policy prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Exchange's working environment.

#### **ii. Health, Safety and Welfare at Work**

The Exchange enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Exchange retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Exchange's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Exchange's premises. The Exchange operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act.



## REPORT OF THE NATIONAL COUNCIL (CONTINUED)

*For the Year Ended 31 December 2013*

### iii. **Employee Training and Development**

The Exchange ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In accordance with the Exchange's policy of continuous development, training facilities are provided in our well-equipped training centers. In addition, employees of the Exchange are nominated to attend both locally and internationally organized courses. These are complemented by on-the-job training.

### I. **Auditors**

The auditors, KPMG Professional Services, have indicated their willingness to continue in office as auditors in accordance with section 357 (2) of the Companies and Allied Matters Act.

By Order of the Council

**Ms. Tinuade Awe**

FRC/2013/NBA/00000001803

Lagos, Nigeria

21 February 2014







## STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

*For the Year Ended 31 December 2013*

The Council members accept responsibility for the preparation of the annual financial statements set out on pages 61 to 104 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Council members further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Council members determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Council members have made an assessment of the Exchange's ability to continue as a going concern and have no reason to believe the Exchange will not remain a going concern in the year ahead

SIGNED ON BEHALF OF THE NATIONAL COUNCIL BY:

Alhaji Aliko Dangote, GCON  
FRC/2013/IODN/00000001766  
President  
21 February 2014

Mr. Oscar Onyema  
FRC/2013/IODN/00000001802  
Chief Executive Officer  
21 February 2014



James W. Taylor University of North Carolina	Robert D. Cunningham University of Georgia	George W. Taylor University of Illinois	Richard D. Taylor University of Illinois
John C. Taylor University of Georgia	Christopher Peterson University of Georgia	Charles C. Olin University of Illinois	Richard Anderson University of Georgia
David C. Taylor University of Georgia	Robert D. Taylor University of Georgia	David C. Taylor University of Georgia	David C. Taylor University of Georgia
David C. Taylor University of Georgia	David C. Taylor University of Georgia	David C. Taylor University of Georgia	David C. Taylor University of Georgia



*Opinion*

In our opinion, these financial statements give a true and fair view of the financial position of The Nigerian Stock Exchange ("the Exchange") and its subsidiaries (together "the Group") as at December 31, 2013, and of the Group and Exchange's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

**Report on Other Legal and Regulatory Requirements**

*Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria*

In our opinion, proper books of account have been kept by the Exchange, so far as appears from our examination of those books and the statement of financial position and the statement of comprehensive income are in agreement with the books of account.

*Kabir*

Kabir Okunola, ACA

FRN/ICAN/2012/0000000428

For: KPMG Professional Services

Chartered Accountants

8 March 2014

Lagos, Nigeria



## CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the Year Ended 31 December 2013*

<i>In thousands of naira</i>	<b>Note</b>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Revenue	5	4,576,697	3,326,643	4,576,697	3,326,643
<b>Revenue</b>		<b>4,576,697</b>	<b>3,326,643</b>	<b>4,576,697</b>	<b>3,326,643</b>
Other income	6	825,206	617,588	916,352	632,678
Impairment reversal/(loss) on assets	7	69,785	(66,129)	145,345	(86,322)
Fair value gain on investment securities		118,092	-	-	-
Personnel expenses	8	(1,820,331)	(1,646,639)	(1,820,331)	(1,646,639)
Other expenses	9	(1,503,840)	(1,740,205)	(1,482,963)	(1,712,524)
<b>Net operating expense</b>		<b>(2,311,088)</b>	<b>(2,835,385)</b>	<b>(2,241,597)</b>	<b>(2,812,807)</b>
<b>Operating Surplus</b>		<b>2,265,609</b>	<b>491,258</b>	<b>2,335,100</b>	<b>513,836</b>
Share of profit of equity accounted investees (net of income tax)	15	995,789	690,077	-	-
<b>Operating Surplus before tax</b>		<b>3,261,398</b>	<b>1,181,335</b>	<b>2,335,100</b>	<b>513,836</b>
Tax credit /(expense)	10	2,335	(28,275)	-	-
<b>Operating Surplus for the year</b>		<b>3,263,733</b>	<b>1,153,060</b>	<b>2,335,100</b>	<b>513,836</b>
Other comprehensive income (net of income tax)		(190,265)	-	-	-
<b>Total comprehensive income for the year</b>		<b>3,073,468</b>	<b>1,153,060</b>	<b>2,335,100</b>	<b>513,836</b>

*The accompanying notes on pages 65 to 99 form an integral part of these financial statements.*

## CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

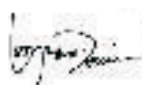
*For the Year Ended 31 December 2013*

<i>In thousands of naira</i>	<b>Note</b>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
<b>ASSETS</b>					
Property and equipment	11	3,889,584	3,441,234	1,765,397	1,271,778
Intangible assets	12	681,688	259,801	677,052	252,511
Investment properties under construction	13	1,684,596	1,601,593	-	-
Intercompany receivables	14	-	-	3,575,336	3,607,993
Investment in associates	15	4,605,822	3,793,918	387,804	387,804
Investment in subsidiaries	16	-	-	1,017,950	1,017,950
Other investments	17	368,145	343,041	-	-
<b>Total non-current assets</b>		<b>11,229,835</b>	<b>9,439,587</b>	<b>7,423,539</b>	<b>6,538,036</b>
Trade, other receivables and prepayments	18	430,021	549,102	430,021	549,102
Other investments	17	2,827,498	1,989,408	2,827,498	1,989,408
Cash and cash equivalents	19	1,211,023	1,129,403	980,600	927,799
<b>Total current assets</b>		<b>4,468,542</b>	<b>3,667,913</b>	<b>4,238,119</b>	<b>3,466,309</b>
<b>Total assets</b>		<b>15,698,377</b>	<b>13,107,500</b>	<b>11,661,658</b>	<b>10,004,345</b>
<b>EQUITY</b>					
Accumulated fund	20	13,601,058	10,527,590	10,160,849	7,825,749
<b>Total equity</b>		<b>13,601,058</b>	<b>10,527,590</b>	<b>10,160,849</b>	<b>7,825,749</b>
<b>LIABILITIES</b>					
Retirement benefit obligations	22	-	121,099	-	121,099
Defined-contribution pension	22	27,082	41,438	27,082	41,438
<b>Total non current liabilities</b>		<b>27,082</b>	<b>162,537</b>	<b>27,082</b>	<b>162,537</b>
Other liabilities	23	1,784,182	2,319,247	1,473,727	2,016,059
Tax liabilities	24	117,091	98,126	-	-
Deferred tax liabilities	25	168,964	-	-	-
<b>Total current liabilities</b>		<b>2,070,237</b>	<b>2,417,373</b>	<b>1,473,727</b>	<b>2,016,059</b>
<b>Total liabilities</b>		<b>2,097,319</b>	<b>2,579,910</b>	<b>1,500,809</b>	<b>2,178,596</b>
<b>Total equity and liabilities</b>		<b>15,698,377</b>	<b>13,107,500</b>	<b>11,661,658</b>	<b>10,004,345</b>

Signed on behalf of the Council members by:



Alhaji Aliko Dangote  
FRC/2013/IODN/00000001766  
(President)



Mr. Oscar Onyema  
FRC/2013/IODN/00000001802  
(Chief Executive Officer)



Cyril Eigbobo  
FRC/2013/ICAN/00000001736  
(Chief Financial Officer)

*The accompanying notes on pages 65 to 99 form an integral part of these financial statements.*



## CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

*For the Year Ended 31 December 2013*

### The Group

	Note	Accumulated funds	Total equity
<i>In thousands of naira</i>			
<b>Balance at 1 January 2012</b>		9,374,530	9,374,530
Total comprehensive income for the year:			
Surplus for the year		1,153,060	1,153,060
<b>Total comprehensive income for the year</b>		1,153,060	1,153,060
<b>Balance at 31 December 2012</b>		10,527,590	10,527,590
Total comprehensive income for the year:			
Surplus for the year		3,263,733	3,263,733
Other comprehensive income (net of income tax)		(190,265)	(190,265)
<b>Total comprehensive income for the year</b>		3,073,468	3,073,468
<b>Balance at 31 December 2013</b>		13,601,058	13,601,058

### The Exchange

	Accumulated funds	Total equity
<i>In thousands of naira</i>		
<b>Balance at 1 January 2012</b>	7,311,913	7,311,913
Total comprehensive income for the year:		
Surplus for the year	513,836	513,836
<b>Total comprehensive income for the year</b>	513,836	513,836
<b>Balance at 31 December 2012</b>	7,825,749	7,825,749
Total comprehensive income for the year:		
Surplus for the year	2,335,100	2,335,100
<b>Total comprehensive income for the year</b>	2,335,100	2,335,100
<b>Balance at 31 December 2013</b>	10,160,849	10,160,849

*The accompanying notes on pages 65 to 99 form an integral part of these financial statements.*

## CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2013

<i>In thousands of naira</i>	Note	Group 2013	Group 2012	Exchange 2013	Exchange 2012
<b>Cash flows from operating activities:</b>					
Profit/(loss) after tax		3,263,733	1,153,060	2,335,100	513,836
Adjustments for:					
Taxation expense/ (credit)	10	(2,335)	28,275	-	-
Depreciation of property and equipment	11	216,933	294,074	169,380	247,061
Amortization of intangible assets	12	264,343	340,228	264,343	340,228
PPE written (back) / off	11	369	(2,992)	-	(2,992)
Intangible assets written off		-	3,304	-	3,304
Gain on disposal of property and equipment	6	(7,775)	274	(7,775)	274
Gain on investment securities at fair value through profit or loss		(118,092)	-	-	-
Impairment loss on other investment		-	(15,691)	-	(15,691)
(Reversal of)/ impairment loss on intercompany receivables		-	-	(71,798)	52,241
(Reversal of)/ impairment loss on trade and other receivables		(160,444)	35,777	(167,804)	4,959
Share of profit of equity accounted investee	15	(995,789)	(690,077)	-	-
Interest income	6	(340,104)	(228,559)	(328,211)	(218,489)
Dividend income	6	(3,789)	(58,675)	(184,000)	(122,590)
		2,117,050	858,998	2,009,235	802,141
Change in intercompany receivables		-	-	104,456	(145,518)
Change in trade, other receivables and prepayments		279,525	(272,142)	286,884	(273,371)
Change in retirement benefit obligations		(135,455)	(549,316)	(135,455)	(549,316)
Change in other liabilities		(535,065)	112,606	(542,332)	188,435
		1,726,055	150,146	1,722,788	22,371
Income tax paid	24	-	-	-	-
<b>Net cash from operating activities</b>		<b>1,726,055</b>	<b>150,146</b>	<b>1,722,788</b>	<b>22,371</b>
<b>Cash flows from investing activities:</b>					
Investment in subsidiary	16	-	-	-	(250)
Interest received	6	340,104	228,559	328,211	218,489
Investment property under construction	13	(83,003)	-	-	-
Dividend received	6	3,789	58,675	184,000	122,590
Purchase of investments - bonds and treasury bills		(745,102)	(2,098,703)	(838,090)	(1,958,026)
Dividend received from associate	15	183,885	135,000	-	-
Acquisition of property and equipment	11	(667,006)	(81,401)	(667,006)	(79,081)
Proceeds from the sale of property and equipment		11,782	9,485	11,782	9,485
Acquisition of intangible assets	12	(688,884)	(8,498)	(688,884)	(5,844)
<b>Net cash used in investing activities</b>		<b>(1,644,435)</b>	<b>(1,756,883)</b>	<b>(1,669,987)</b>	<b>(1,692,637)</b>
Net increase in cash and cash equivalents		81,620	(1,606,737)	52,801	(1,670,266)
Cash and cash equivalents at the beginning of the reporting year		1,129,403	2,736,140	927,799	2,598,065
<b>Cash and cash equivalents at end of year</b>	19	<b>1,211,023</b>	<b>1,129,403</b>	<b>980,600</b>	<b>927,799</b>

The accompanying notes on pages 65 to 99 form an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

*For the Year Ended 31 December 2013*

### 1. Reporting entity

The Nigerian Stock Exchange ("the Exchange") is a company domiciled in Nigeria. The Exchange was incorporated in Nigeria as a private company limited by shares on 15 September 1960 as Lagos Stock Exchange and its name was changed to The Nigerian Stock Exchange on 15 December 1977. The Exchange was re-incorporated as a company limited by guarantee on 18 December 1990. The address of the Exchange's registered office is Stock Exchange House, 2/4 Customs Street, Lagos. The consolidated financial statements of the Exchange as at and for the year ended 31 December 2013 comprise the Exchange and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The principal activity of the Exchange is to provide facilities to the public for the purchase and sale of capital market securities.

### 2 Summary of Significant accounting policies

Except for the changes explained in Note 2.20, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

#### 2.1 Basis of preparation

##### (i) Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue by the Council on 21 February 2014.

##### (ii) Basis of measurement

These consolidated and separate financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

Financial assets held for trading are measured at fair value

##### (iii) Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian naira, which is the Exchange's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

##### (iv) Use of estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 16	Investment in subsidiaries
Note 18	Trade, other receivables and prepayment
Note 26	Contingent liabilities and Commitments

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

### 2.2 Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. The Group financial statements incorporates the assets, liabilities and results of; NSE Consult Limited, Coral Properties Plc. and Naira Properties Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### (ii) Loss of control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### (iv) Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transaction.

### 2.3 New standards and interpretations not yet adopted

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. However, the Group is still evaluating the potential effect of the new standards.

**IFRS 9:** Financial Instruments: Classification and measurement (effective date has been deferred from 1 January 2015 until at least 1 January 2017)

**IFRS 9 (2009)** introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirement of IFRS 9 and add new requirement to address the impairment of financial assets.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial assets would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect cash flows, and the assets contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair-value. The standards eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

by-share basis, to present all fair value changes from the investment in Other Comprehensive Income (OCI). No amount recognized in OCI would ever be reclassified in profit or loss at a later date. However, dividends on such investments would be recognized in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI would be measured at fair value with changes in fair value recognized in profit or loss.

The Standards requires that derivative embedded in contract with a host that is financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether it should be measured at amortized cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces new requirement for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

The mandatory effective date of IFRS 9 is currently 2017. The Group has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements

### **Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)**

Amendment to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Early adoption is permitted.

## **2.4 Foreign currency translations**

Transactions in foreign currencies are translated into the functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period using the rates prevalent at the beginning, adjusted for effective interest and payments during the period, and the amortized cost in the functional currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of available-for-sale equity instruments.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

### 2.5 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, deposits held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

### 2.6 Financial assets and liabilities

#### (i) Recognition and initial measurement

The Group initially recognizes its financial assets and liabilities on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

#### (ii) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortized cost, depending on their classification.

#### (iii) Classification

##### (a) Held-to-maturity investments

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortized cost, using the effective interest method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments to available-for-sale financial instruments, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

##### (b) Financial assets and liabilities held at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception.

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Derivatives are also categorized as trading unless they are designated as hedges.

Financial assets and liabilities are designated at fair value through profit or loss when:

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Subsequent to initial recognition, the fair values are re-measured at each reporting date. All gains and losses arising from changes therein are recognized in the income statement in 'net trading income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

### **(c) Available-for-sale investments**

Available-for-sale investments are non-derivative investments that were designated by the Group as available-for-sale or are not classified as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in the profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss.

Other fair value changes are recognized in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

Investment securities are accounted for depending on their classification as either financial assets through profit or loss, available-for-sale financial assets or held-to-maturity investments.

### **(d) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement, it transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within loans and receivables.

Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

The use of market rates in the measurement of loans issued at below-market rate increases the Group's operating

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

expenses and the balance on the loans and receivable account.

In case the financial instrument is denominated in a currency other than the functional currency of the reporting entity, foreign exchange translation differences is recognized in profit or loss.

### **(e) Other financial liabilities**

Other financial liabilities, besides those held at fair value through profit or loss are measured at amortized cost.

### **(iv) Amortized cost measurement**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

### **(v) Fair value measurement**

Policy applicable from 1 January 2013

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation technique that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical assets or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted by the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and ask price, then the Group measures assets and long position at a bid price and liabilities and short positions at an ask price.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure of either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each the individual instruments in the portfolio.

The Group recognizes the transfers between levels of the fair value hierarchy as of the end of the reporting period during which the changes has occurred.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

### **Policy applicable before 1 January 2013**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factor that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value of that instruments is evidenced by comparison with other observable current market transactions in the same instruments (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk position and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

### **(vi) Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

### **(vii) De-recognition of financial instruments**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### 2.7 Impairment of financial assets

#### (i) Assets carried at amortized cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment:

- Payment defaults.
- Renegotiation of terms of the financial asset due to financial difficulty of the investee company.
- Disappearance of an active market for an asset due to financial difficulties.

The impairment loss is recognized as the difference between the carrying amount of the financial assets and the recoverable amount (being the present value of the estimated cash flows discounted at the original effective rate of interest). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

#### (ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been re-measured to fair value directly through equity, is impaired, the impairment loss is recognized in profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to profit or loss and is recognized as part of the impairment loss. The amount of the loss recognized in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized in the income statement, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

### 2.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than goodwill and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 2.9 Property and equipment

#### (i) Recognition and measurement

Items of property and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment and each component is depreciated separately. Changes to an existing item of property or equipment are added to or deducted from the cost of the related asset and depreciated prospectively over the remaining useful life of the asset.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognized in other income/other expenses in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

### (iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Depreciation on leasehold land is recognized in profit or loss on a straight-line basis over the unexpired lease period.

The estimated useful lives for the current and comparative year are as follows:

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	50 years
Land	Over the lease period
Computer hardware & equipment	3-5 years
Furniture, fittings & equipment	5 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if applicable.

### (iv) De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

## 2.10 Intangible assets

### (i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is subsequently measured at cost less accumulated impairment losses. In respect of equity-accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

### (ii) Software

Purchased software is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalized as part of the software. The capitalized costs of internally developed software or separately acquired software include all costs directly attributable to developing and purchasing the software respectively and capitalized borrowing costs, and are amortized over its useful life.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

Software is stated at capitalized cost less accumulated amortization and impairment. Subsequent expenditure of software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that is available for use since this most reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years.

The amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 2.11 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

### 2.12 Employee Benefits

#### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as employee benefit expenses in profit or loss in the years in which the services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the year in which the employees render the service are discounted to their present value at the reporting date.

The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2004. The employer and the employee contributions are 7.5% each of the qualifying employee's salary. Obligations in respect of the Group's contributions to the scheme are recognized as an expense in the profit or loss account on an annual basis.

#### (ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **2.13 Share capital and reserves**

#### **Share issue costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

### **2.14 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

### **2.15 Determination of fair values**

Investments in equity securities

The fair value of financial assets at fair value through profit or loss financial assets is determined by reference to their quoted closing bid price at the reporting date.

### **2.16 Contingencies**

#### **(i) Contingent asset**

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefit is probable. When the realization of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statement.

#### **(ii) Contingent liability**

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognized, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

### **2.17 Revenue and other income**

#### **(i) Revenue**

Revenue comprises listing fees, entrance fees, transaction fees and trading levies.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

Revenue from fees and levies earned is recognized based on the period of time of the particular service or transaction. Any upfront fees or payment for services that are rendered over a period of time is treated as unearned income and recognized over the required period.

### **(ii) Other income**

Other fees and income are recognized as the related services are performed.

Rental income from investment property leased is recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income or net income from other financial instruments at fair value through profit or loss based on the underlying classification of the equity investment. Dividends on equity instruments designated at fair value through other comprehensive income are presented in other revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case it is presented in other comprehensive income.

### **(iii) Interest**

Interest income is recognized in the income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income presented in the income statement includes interest on financial assets at amortized cost on an effective interest basis. Interest income and expenses on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

## **2.18 Tax expense**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

### **(i) Current tax**

Current tax is the expected tax payable on taxable income or loss for the year determined in accordance with the Companies Income tax Act (CITA), using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Federal Board of Inland Revenue upheld that the income of the Exchange is not liable to tax since it is a company limited by guarantee.

### **(ii) Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

### **2.19 Investment properties under construction**

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

### **2.20 Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies as set out above to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards, including any consequential amendments to the other standards, with a date of initial application of 1 January 2013.

- (a) IFRS 10 Consolidated Financial Statements (2011)
- (b) IFRS 13 Fair value measurement

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

**(a) Subsidiaries**

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether control over its subsidiaries exists and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

**(b) Fair value measurement**

In accordance with the transitional provision of IFRS 13, the Group has applied the new definition of fair value. Prospectively, the change has no significant impact on the measurement of the Group's assets and liabilities but the Group has included new disclosure requirements in the financial statements, which are required under IFRS 13.

**3 Risk management framework**

Fundamental to the business activities and growth of The Exchange is a strong risk management practice which is at the core of The Exchange's Transformation drive. The Council has overall responsibility for the establishment and oversight of the Group's risk management framework. The Council has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to Council on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by the Internal Audit Department, which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

The Group is exposed to the following risks as a result of its business operations:

- Credit risk
- Liquidity risk
- Market risk

**(i) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The Exchange has exposure to credit risk as it routinely executes transactions with counterparties which comprise mainly of listed entities, banks and other financial institutions, brokers and dealers.

**(a) Exposure to Credit Risk**

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

The Groups exposure to credit risk is influenced mainly by the characteristics of the counterparties. Management considers the default risk of the industry in which the counterparty operates based on economic factors as this may have an influence on credit risk.

The Group is exposed to credit risk on its trade receivable balances due from counterparties which include listed firms, brokers and dealers. During 2013, approximately 9% (2012: 8%) of the Group's revenue was attributable to receivable balances. The carrying amount of this financial asset which represents the maximum exposure to credit risk at the reporting date was as follows:

<i>In thousands of Naira</i>	<b>Note</b>	<b>Group Carrying amount</b>		<b>Exchange Carrying amount</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Trade and other receivables	18	430,021	549,102	4,005,357	4,157,095
Cash and cash equivalents	19	1,211,023	1,129,403	980,600	927,799
Other investments	17	3,195,643	2,332,449	2,827,498	1,989,408

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

<i>In thousands of Naira</i>	<b>Group</b>	<b>Exchange</b>
Balance as at 1 January 2012	(2,736,324)	(2,866,689)
Movement in the year	(35,776)	(57,200)
Balance as at 31 December 2012	(2,772,100)	(2,923,889)
Movement in the year	(160,442)	(864,014)
Balance as at 31 December 2013	(2,611,658)	(2,059,875)

At 31 December 2010 an impairment loss of N1,480,065,000 was recognized in respect of deferred recovery of bonuses paid to Ex-Council members of the Exchange. The amount is the subject of a litigation on account of a dispute over the basis of payment. The Exchange has fully impaired the amount subject to recovery of the receivable in a future period which will be recognized on a cash basis. The remainder of the impairment loss at 31 December 2013 relates to other receivables from listed firms, staff debtors and amounts due from NSE/CSCS Multipurpose Cooperative Society with balances that are unlikely to be recovered mainly due to economic reasons.

### (b) Held to Maturity Investments (HTM)

The Group limits its exposure to credit risk by investing only in liquid money market instruments with counterparties that have a minimum credit rating of B from at least two (2) reputable rating agencies such as Agosto & Co., Standard & Poors, and Global Credit Ratings. Management actively monitors credit ratings and ensures that the Group has only made investment in line with the Investment Policy Manual as approved by

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

Council which provides investment in Short Term Fixed Deposit Placement with Local Banks and Federal Government Treasury Bills in a mix of 30:70.

The Group held HTM investments of ₦2,827,499,000 at 31 December 2013 (2012: ₦1,989,408,000) which represents its maximum credit exposure on these assets. The investments are held in treasury bills and short term deposit placement with local banks which are rated "BB" based on Standard & Poors ratings.

The Group did not have any Held to Maturity Investment that were impaired as at 31 December 2013.

### (c) Cash and cash equivalents

The Group held cash and cash equivalents of ₦1.20 billion at 31 December 2013 (2012: ₦1.2 Billion) which represents its maximum credit exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months, are held with local and foreign banks which are rated "BB" based on Standard & Poors ratings.

### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses monthly Management Account reporting, which assists in monitoring cash flow requirements and optimizing its cash return on investments. The Group also prepares weekly cash flow reports, analyzing its liquidity position. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities and commitments.

### Maturity Analysis- Group

<i>In thousands of Naira</i>	30 days or Less	31 - 60 days	61- 90 days	91 days or more	Total
<i>Financial assets</i>					
Trade and other receivables	-	-	430,021	-	430,021
Other investments	1,467,498	150,000	160,000	1,418,145	3,195,643
Cash and cash equivalents	664,686	91,332	455,005	-	1,211,023
<b>Total</b>	<b>2,132,184</b>	<b>241,332</b>	<b>1,045,026</b>		<b>4,836,687</b>
<i>Financial liabilities</i>					
Retirement benefit obligations	27,082	-	-	-	27,082
Other liabilities	-	-	-	1,784,182	1,784,182
<b>Total</b>	<b>27,082</b>	<b>-</b>	<b>-</b>	<b>1,784,182</b>	<b>1,811,264</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### Maturity Analysis- The Exchange

<i>In thousands of Naira</i>	30 days or Less	31 - 60 days	61- 90 days	91 days or more	Total
<i>Financial assets</i>					
Intercompany receivable	-	-	-	3,575,336	3,575,336
Trade and other receivables	-	-	430,021	-	430,021
Other investments	1,467,498	150,000	160,000	1,050,000	2,827,498
Cash and cash equivalents	435,526	91,332	453,742	-	980,600
<b>Total</b>	<b>1,903,024</b>	<b>241,332</b>	<b>1,043,763</b>	<b>4,625,336</b>	<b>7,813,455</b>
<i>Financial liabilities</i>					
Retirement benefit obligations	27,082	-	-	-	27,082
Other liabilities	-	-	-	1,473,727	1,473,727
<b>Total</b>	<b>27,082</b>	<b>-</b>	<b>-</b>	<b>1,473,727</b>	<b>1,500,809</b>

### (iii) Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### (a) Currency Risk

These risks arise as a result of changes in the fair value of financial instruments due to changes in foreign exchange rates.

At 31 December 2013, the Group was exposed to currency risk primarily as a result of its exposures which stood at \$36,899 and £7,009 in cash balances.

The following significant exchange rates applied during the year

	Average Rate		Reporting Date Spot Rate	
	2013	2012	2013	2012
USD	155.20	155.74	154.70	155.27
GBP	256.65	247.47	255.83	251.06

The Group incurred a total revaluation loss of ₦6,647,857 in 2013 (2012: ₦2,587,278).



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

### **(b) Equity Investment Risk**

This risk arises from equity price changes caused by listed and unlisted investments. At 31 December 2013, the Group was exposed to equity investment risk as a result of its exposures which stood at ₦278,145,000 (2012: ₦253,041,000) in held for trading financial assets. These assets are investments in equity securities that otherwise would have been classified as available for sale. Diminution in market value of quoted equities was nil in 2013 (2012: nil). In a bid to further reduce exposure to equity risks and independence of the market, the Group has adopted a strategy to divest from all its quoted investments.

### **(c) Fair valuation methods and assumptions**

#### **(i) Cash and cash equivalent**

This represents petty cash balances, fixed deposit placements and balances in banks. The fair value of these balances is their carrying amount.

#### **(ii) Trade, other receivables and prepayments**

This represents receivable from listed companies, stock broking firms, and other third parties.

#### **(iii) Treasury bills and investment securities**

"Treasury bills represent short term instruments issued by the Central Bank of Nigeria. The fair value of treasury bills at fair value through profit or loss are determined with reference to quoted prices (unadjusted) in active markets for identical assets. The estimated fair value of treasury bills and bonds at amortized cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value. "

The fair values of quoted equity securities are determined by reference to quoted prices (unadjusted) in active market for identical instruments.

#### **Valuation of financial instruments**

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- (i) Level 1 : Quoted market price(unadjusted) in an active market for an identical instrument.
- (ii) Level 2 : Valuation techniques based on observable inputs, either directly - i.e.as prices or indirectly - i.e. derived from prices. This category includes instruments valued using ; quoted market prices in active markets for similar instruments ; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

*For the Year Ended 31 December 2013*

similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair value. Availability of observable market prices and inputs varies depending on the product and market and is prone to changes based on specific events and general conditions in the financial markets.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized

*31 December 2013*

<i>In thousands of Naira</i>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets:					
Equity investments	17	278,145	-	-	278,145
		278,145	-	-	278,145

*31 December 2012*

<i>In thousands of Naira</i>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets:					
Equity investments	17	253,041	-	-	253,041
		253,041	-	-	253,041

### (iv) **Operational Risk**

Operational risk is the risk that the Group would suffer a loss as a result of inadequate or failed processes, people and systems (including information technology and infrastructure) or from external events.

The Group's approach to managing operational risk is to adopt practices that are fit for the purpose, to increase the efficiency and effectiveness of the Group's resources, minimize losses and utilize opportunities. The Council has the ultimate responsibility to put in place a framework of policies and procedures to identify, assess, monitor, control and report such risks as well as adopt sound practices recommended by the Securities and Exchange Commission including the pronouncements from the Central Bank of Nigeria, National Insurance Commission and other regulators of listed firms.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

Key to the Group's transformation agenda is the objective of attracting issuers of capital and investors (both local and foreign) to a fair and efficient market managed by competent and dedicated professionals and using the latest technology in order to aid capital formation in Nigeria.

It is important to note that the continued success of the Group is dependent on technology deployed to support its operations. As a result, the Group has made significant investments in various software and platforms in order to enhance efficiency of operations. A total sum of N1.07 billion was spent on the development of a new trading platform for the Exchange. The trading platform software implementation project which started in 2012 was successfully completed in 2013.

### 4 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

- Regulatory Services - Regulating the activities of all stock broking firms in Nigeria while providing them with the facilities for the purchase and sale of bonds, stocks and shares of any kind.
- Consultancy services - Providing consultancy, financial advisory & analysis and investment services to the private and public sectors of Nigeria.
- Property management - Providing property letting and property management services to the members of the public.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

#### Information about reportable segments

	Regulatory services 2013	Regulatory services 2012	Consultancy service 2013	Consultancy service 2012	Property management 2013	Property management 2012	Eliminations 2013	Eliminations 2012	Total 2013	Total 2012
<i>In thousands of Naira</i>										
External revenues	4,576,697	3,326,643	-	-	-	-	-	-	4,576,697	3,326,643
Other revenue	404,141	291,599	118,092	83,766	214,799	75,990	(137,627)	(307,506)	599,405	143,849
Total revenue	4,980,838	3,618,242	118,092	83,766	214,799	75,990	-	(307,506)	5,176,102	3,470,492
Interest revenue	328,211	218,489	5,297	1,550	10,270	8,520	-	-	343,778	228,559
<b>Expenses</b>										
Personnel expenses	(1,820,331)	(1,646,639)	-	-	-	-	-	-	(1,820,331)	(1,646,639)
Dividend from Associate	184,000	122,590	-	-	-	-	(183,885)	135,000	115	257,590
Other expenses	(1,337,618)	(1,798,846)	(3,283)	(2,547)	(160,343)	(23,385)	67,189	6,034	(1,434,055)	(1,818,744)
	2,335,100	513,836	120,106	82,769	64,726	61,125	(254,323)	(166,472)	2,265,609	491,258
Share of profit of equity accounted investees	-	-	-	-	-	-	995,789	690,077	995,789	690,077
<b>Operating Surplus before tax</b>	<b>2,335,100</b>	<b>513,836</b>	<b>120,106</b>	<b>82,769</b>	<b>64,726</b>	<b>61,125</b>	<b>741,466</b>	<b>523,605</b>	<b>3,261,398</b>	<b>1,181,335</b>
Income tax expense	-	-	17,390	(26,486)	(15,055)	(1,789)	-	-	2,335	(28,275)
<b>Operating Surplus after tax</b>	<b>2,335,100</b>	<b>513,836</b>	<b>137,496</b>	<b>56,283</b>	<b>49,671</b>	<b>59,336</b>	<b>741,466</b>	<b>523,605</b>	<b>3,263,733</b>	<b>1,153,060</b>
<b>Assets &amp; Liabilities</b>										
Reportable segment assets	11,661,658	10,004,345	425,459	377,153	3,981,891	3,991,110	(370,631)	(1,265,108)	15,698,377	13,107,500
Reportable segment liabilities	1,500,809	2,178,596	755,708	844,060	4,041,912	3,911,370	(4,201,110)	(4,354,116)	2,097,319	2,579,910

#### Geographical segment

Nigeria is the Exchange's primary geographical segment as all the Exchange's income is derived in Nigeria. Accordingly, no further geographical segments information is reported.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 5 Revenue

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Transaction fees	3,128,661	1,871,360	3,128,661	1,871,360
Listing fees	468,739	383,747	468,739	383,747
Entrance levy	661,733	799,000	661,733	799,000
Other fees	317,564	272,536	317,564	272,536
	<b>4,576,697</b>	<b>3,326,643</b>	<b>4,576,697</b>	<b>3,326,643</b>

### 6 Other income

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Sundry income	395,831	303,780	396,366	291,099
Rental income	77,707	26,074	-	-
Interest income	340,104	228,559	328,211	218,489
Dividend income	3,789	58,675	184,000	122,590
Insurance claims	-	774	-	774
Net gain/(loss) on disposal of property and equipment	7,775	(274)	7,775	(274)
	<b>825,206</b>	<b>617,588</b>	<b>916,352</b>	<b>632,678</b>

### 7 Impairment (loss)/ reversal on assets

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
<b>Financial assets</b>				
Impairment charge on other investments	-	15,691	-	15,691
(Reversal)/ impairment charge on other assets	(69,785)	50,438	(145,345)	70,631
	<b>(69,785)</b>	<b>66,129</b>	<b>(145,345)</b>	<b>86,322</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 8 Personnel expenses

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Wages and salaries	1,734,579	1,563,790	1,734,579	1,563,790
Contributions to defined contribution plans	85,752	82,849	85,752	82,849
	<b>1,820,331</b>	<b>1,646,639</b>	<b>1,820,331</b>	<b>1,646,639</b>

### 9 Other expenses

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Repairs and Maintenance	148,497	91,621	78,424	91,621
Council member's sitting allowances and expenses	51,387	37,543	51,257	37,543
Professional fees	103,783	168,586	66,791	167,341
Audit Fees	25,000	25,000	25,000	25,000
Insurance	26,544	36,988	26,544	36,988
Travelling expenses	72,663	80,166	72,663	80,166
Rent and rates	10,063	37,354	103,387	87,270
Stationery, library and fact book expenses	12,321	7,128	12,321	7,128
Subscriptions	44,383	55,232	44,383	55,232
Employee Compensation Act	12,707	-	12,707	-
Depreciation and amortization	481,276	634,302	433,723	587,289
Internet and connectivity subscription	142,782	26,338	142,782	26,338
Diesel expenses	85,300	74,599	85,300	74,599
General expenses	287,134	465,348	327,681	436,009
	<b>1,503,840</b>	<b>1,740,205</b>	<b>1,482,963</b>	<b>1,712,524</b>

### 10 Income tax expense

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Current tax expense				
Current year:				
Companies Income Tax	36,896	26,620	-	-
NITDA	1,189	-	-	-
Over provision in prior year	(21,564)	-	-	-
Education Tax	2,445	1,655	-	-
	<b>18,966</b>	<b>28,275</b>	<b>-</b>	<b>-</b>
Deferred tax	-	-	-	-
Credit during the year	(21,301)	-	-	-
Total tax expense/(write back)	<b>(2,335)</b>	<b>28,275</b>	<b>-</b>	<b>-</b>



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

## Reconciliation of effective tax rate

<i>In thousands of naira</i>		Group 2013	Group 2012	Group 2012
Income tax using the domestic corporation tax rate	30%	978,419	2%	28,275
Non-deductible expenses	-1%	36,442	-1%	(7,015)
Tax exempt income	-28%	(999,266)	0%	336,584
Prior year over provision	-1%	(21,564)	0%	-
NITDA	0%	1,189	0%	-
Education tax	0%	2,445	-28%	(3,444)
Tax expense/ (credit)	0%	(2,335)	30%	354,400

- (a) No tax charge has been computed for the Exchange because the income of the Exchange is not liable to tax since it is a company limited by guarantee.

11

<i>In thousands of naira</i>	Leasehold Land and Buildings	Building Improvements	Office Equipment	Motor vehicle	Computer Equipment	Furniture, fixtures and fittings	Total
<b>(a) The Group</b>							
<b>Cost</b>							
Balance at 01 January 2012	2,348,758	1,108,019	320,682	287,218	574,572	147,827	4,787,076
Additions	2,320	2,233	11,385	42,895	6,089	16,479	81,401
Disposals	-	-	(163)	(41,425)	-	-	(41,588)
Transfers/ write offs	-	-	3,364	-	(320)	(52)	2,992
Balance at 31 December 2012	2,351,078	1,110,252	335,268	288,688	580,341	164,254	4,829,881
Balance at 1 January 2013	2,351,078	1,110,252	335,268	288,688	580,341	164,254	4,829,881
Additions <b>Property and equipment</b>	-	73,007	71,055	64,900	399,116	58,928	667,006
Disposals	-	-	(1,041)	(12,995)	(6,573)	(5,574)	(26,183)
Transfers/ write offs	-	-	(3,417)	(4,244)	2,653	(380)	(5,388)
Balance at 31 December 2013	2,351,078	1,183,259	401,865	336,349	975,537	217,228	5,465,316
<b>Depreciation and impairment losses</b>							
Balance at 01 January 2012	134,611	88,642	237,399	141,370	436,196	88,185	1,126,403
Depreciation for the year	47,013	22,164	63,895	41,060	102,318	17,624	294,074
Disposals	-	-	(163)	(31,829)	-	-	(31,992)
Transfers/ write offs	-	-	27	162	(27)	-	162
Balance at 31 December 2012	181,624	110,806	301,158	150,763	538,487	105,809	1,388,647
Balance at 1 January 2013	181,624	110,806	301,158	150,763	538,487	105,809	1,388,647
Depreciation for the year	47,022	22,808	29,004	49,893	45,380	22,826	216,933
Disposals	-	-	(948)	(12,406)	(3,810)	(5,012)	(22,176)
Transfers/ write offs	-	-	(3,417)	(4,244)	369	(380)	(7,672)
Balance at 31 December 2013	228,646	133,614	325,797	184,006	580,426	123,243	1,575,732
<b>Carrying amounts</b>							
At 1 January 2013	2,169,454	999,446	34,110	137,925	41,854	58,445	3,441,234
At 31 December 2013	2,122,432	1,049,645	76,068	152,343	395,111	93,985	3,889,584

- (i) Included in property and equipment is leasehold land and building which has been accounted for as a finance lease in line with the amendment to IAS 17 Leases.
- (ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year. Rather, the initial direct costs associated with leased assets have been capitalized.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

## 11 Property and equipment

	Leasehold Land and Buildings	Building Improvements	Office Equipment	Motor vehicle	Furniture, Computer Equipment	fixtures and fittings	Total
<i>In thousands of naira</i>							
<b>(b) The Exchange</b>							
<b>Cost</b>							
Balance at 1 January 2012		1,108,019	317,265	282,974	574,572	147,445	2,430,275
Additions		2,233	11,385	42,895	6,089	16,479	79,081
Disposals		-	(163)	(41,425)	-	-	(41,588)
Transfers/write-offs		-	3,364	-	(320)	(52)	2,992
Balance at 31 December 2012		1,110,252	331,851	284,444	580,341	163,872	2,470,760
Balance at 1 January 2013		1,110,252	331,851	284,444	580,341	163,872	2,470,760
Additions		73,007	71,055	64,900	399,116	58,928	667,006
Disposals		-	(1,041)	(12,995)	(6,573)	(5,574)	(26,183)
Transfers/write-offs		-	-	-	-	-	-
Balance at 31 December 2013		1,183,259	401,865	336,349	972,884	217,226	3,111,583
<b>Depreciation and impairment losses</b>							
Balance at 1 January 2012		88,642	233,983	137,126	436,196	87,802	983,749
Depreciation for the year		22,164	63,895	41,060	102,318	17,624	247,061
Disposals		-	(163)	(31,829)	-	-	(31,992)
Transfers/write-offs		-	27	164	(27)	-	164
Balance at 31 December 2012		110,806	297,742	146,521	538,487	105,426	1,198,982
Balance at 1 January 2013		110,806	297,742	146,521	538,487	105,426	1,198,982
Depreciation for the year		22,808	29,004	49,893	44,849	22,826	169,380
Disposals		-	(948)	(12,406)	(3,810)	(5,012)	(22,176)
Balance at 31 December 2013		133,614	325,798	184,008	579,526	123,240	1,346,186
<b>Carrying amounts</b>							
At 1 January 2013		999,446	34,109	137,923	41,854	58,446	1,271,778
At 31 December 2013		1,049,645	76,067	152,341	393,358	93,986	1,765,397

- (i) Included in property and equipment is leasehold land and building which has been accounted for as a finance lease in line with the amendment to IAS 17 Leases.
- (ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year. Rather, the initial direct costs associated with leased assets have been capitalized.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

## 12 Intangible assets (a) The Group

In thousands of naira	Goodwill	Purchased software	Total
Cost			
Balance as at 1 January 2012	61,784	1,709,575	1,771,359
Acquisitions	-	8,498	8,498
Transfers/write-offs	61,784	(3,304)	(3,304)
Balance at 31 December 2012	61,784	1,714,769	1,776,553
Balance as at 1 January 2013	61,784	1,714,769	1,776,553
Acquisitions	-	688,884	688,884
Transfers/write-offs	-	(2,654)	(2,654)
Balance at 31 December 2013	61,784	2,400,999	2,462,783
Amortization and impairment losses			
Balance as at 01 January 2012	57,148	1,176,524	1,233,672
Amortization for the year	-	340,228	340,228
Balance at 31 December 2012	57,148	1,516,752	1,573,900
Balance as at 1 January 2013	57,148	1,516,752	1,573,900
Amortization for the year	-	264,343	264,343
Balance at 31 December 2013	57,148	1,781,095	1,838,243
Carrying amounts			
At 1 January 2013	4,636	255,165	259,801
At 31 December 2013	4,636	677,052	681,688

## 12 Intangible assets (b) The Exchange

In thousands of naira	Purchased software	Total
Cost		
Balance as at 1 January 2012	1,709,575	1,709,575
Acquisitions	5,844	5,844
Transfers/write-offs	(3,304)	(3,304)
Balance at 31 December 2013	1,712,115	1,712,115
Balance as at 1 January 2013	1,712,115	1,712,115
Acquisitions	688,884	688,884
Balance at 31 December 2013	2,400,999	2,400,999
Amortization and impairment losses		
Balance as at 1 January 2012	1,119,376	1,119,376
Amortization for the year	340,228	340,228
Balance at 31 December 2013	1,459,604	1,459,604
Balance as at 1 January 2013	1,459,604	1,459,604
Amortization for the year	264,343	264,343
Balance at 31 December 2013	1,723,947	1,723,947
Carrying amounts		
At 1 January 2013	252,511	252,511
At 31 December 2013	677,052	677,052

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 13 Investment properties under construction

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Balance at 1 January 2013	1,601,593	1,601,593	-	-
Subsequent expenditure recognized as an asset	83,003	-	-	-
<b>Balance as at 31 December 2013</b>	<b>1,684,596</b>	<b>1,601,593</b>	<b>-</b>	<b>-</b>

The Group applied the cost model in the valuation of its investment property under construction. However, depreciation charge was not computed during the year as the property is still under construction.

The fair value of the investment property under construction as at 31 December 2013 was N2.2 billion. The fair value less cost to sale of N2.2 billion is higher than the carrying amount of N 1.68 billion, hence, no impairment was charged during the year.

### 14 Intercompany receivable

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Intercompany receivables	-	-	4,199,747	4,304,203
Allowance for impairment	-	-	(624,411)	(696,210)
<b>Carrying amount</b>	<b>-</b>	<b>-</b>	<b>3,575,336</b>	<b>3,607,993</b>

- (a) Intercompany receivables represent amounts receivable from the Exchange's subsidiaries. An analysis of intercompany receivables is shown below:

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
NSE Consult Limited	-	-	624,411	696,211
Naira Properties Limited	-	-	1,713,187	1,832,988
Coral Properties Plc.	-	-	1,862,149	1,775,004
	-	-	<b>4,199,747</b>	<b>4,304,203</b>

These receivables have been evaluated for impairment based on their recoverable amounts as explained below:

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

**(i) NSE Consult Limited**

Intercompany receivables from NSE Consult represent payments made by the Exchange with respect to the purchase of shares by the subsidiary and other expenses incurred on behalf of the subsidiary.

**(ii) Naira Properties Limited**

Intercompany receivables from Naira Properties represents maintenance expenses incurred by the Exchange on behalf of Naira Properties with respect to the property rented from the subsidiary. The Council members are of the opinion that this receivable would be recovered from rents paid to the subsidiary.

**(iii) Coral Properties Plc.**

Intercompany receivables due from Coral Properties Plc. relate to expenses incurred by the subsidiary with respect to its building in progress which were paid by the Exchange. The fair value less cost to sell of the property was valued at N2.2 billion.

### 15 Investment in associates

			Cost	
	Group	Group	Exchange	Exchange
<i>In thousands of naira</i>	2013	2012	2013	2012
Balance, beginning of the year	3,793,918	3,238,841	387,804	387,804
Share of current year result (net of tax)	995,789	690,077	-	-
Dividends paid	(183,885)	(135,000)	-	-
Total investment in associates	4,605,822	3,793,918	387,804	387,804
Carrying amount	4,605,822	3,793,918	387,804	387,804

The Group has a 27% ownership interest in Central Securities Clearing Systems (CSCS) Limited. The principal activity of the company is to act as a depository, clearing and settlement agency for all quoted and trade securities in the Nigerian capital market. The net assets of the company as at 31 December 2013 was N17,058,600,000 (2012: N14,048,683,000).

Summary financial information for the equity accounted investee, not adjusted for the percentage ownership held by the Group is as follows:

<i>In thousands of naira</i>	Ownership	Total assets	Total liabilities	Revenue	Profit after tax
31 December 2012					
CSCS	27%	15,429,777	1,381,094	5,172,245	2,555,844
31 December 2013					
CSCS	27%	19,426,089	2,367,489	6,887,603	3,738,297

Investment in associates is currently carried at cost plus the share of the group percentage holding in net assets of the associate.



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 16 Investment in subsidiaries

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
NSE Consult Limited	-	-	1,250	1,250
Coral Properties Plc.	-	-	72,000	72,000
Naira Properties Limited	-	-	945,700	945,700
Total investment in subsidiaries	-	-	1,018,950	1,018,950
Impairment	-	-	(1,000)	(1,000)
Carrying amount	-	-	1,017,950	1,017,950

- (i) The Exchange has a 99.8% holding in NSE Consult Limited. NSE Consult Limited was incorporated in Nigeria on 19 May 2004 and commenced business on 15 April 2005. Its principal objective is to carry on business as consultants, financial advisers and analysts, and to carry on business as the strategic investment arm/subsidiary of the Nigerian Stock Exchange.
- (ii) The Exchange has a 100% holding in Coral Properties Plc. Coral Properties Plc. was incorporated in Nigeria as a private limited liability company on 20 May 1993 and became a public Company on 29 August 1995. The principal activity of the Company is real estate development and sales.
- (iii) The Exchange has a 100% holding in Naira Properties Limited. Naira Properties Limited was incorporated on 29 June 1974 as a limited liability Company. The company's main activities are property letting and investment. Nigerian Stock Exchange acquired 40% equity interest in Naira Properties in February 1986. The company became a wholly owned subsidiary of the Exchange in 2005 when the Exchange acquired the balance of 60% equity interest in the company, previously held by the Daily Times Nigeria.
- (iv) An analysis of allowance for impairment of investment in subsidiaries is shown below:

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
NSE Consult Limited	-	-	1,000	1,000
Coral Properties Plc.	-	-	-	-
Naira Properties Limited	-	-	-	-
	-	-	1,000	1,000

In 2013, the fair value of Naira properties Limited, amounting to N3.2 billion, exceeded the cost of the investment.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 17 Other investments

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Held-to-maturity investments	2,827,498	1,989,408	2,827,498	1,989,408
<b>Sub total</b>	<b>2,827,498</b>	<b>1,989,408</b>	<b>2,827,498</b>	<b>1,989,408</b>
Financial assets- held for trading	278,145	253,041	-	-
Available for Sale investments	90,000	90,000	-	-
<b>Sub total</b>	<b>368,145</b>	<b>343,041</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>	<b>3,195,643</b>	<b>2,332,449</b>	<b>2,827,498</b>	<b>1,989,408</b>
Non-current	368,145	343,041	-	-
Current	2,827,498	1,989,408	2,827,498	1,989,408
<b>Carrying amount</b>	<b>3,195,643</b>	<b>2,332,449</b>	<b>2,827,498</b>	<b>1,989,408</b>

- (a) Quoted equity securities are classified as held for trading. Included in held to maturity investments are investment of refunds amounting to N823 million which were received from the ex-council members and is the subject of a litigation on account of a dispute over the basis of initial payment.
- (b) The financial assets which are available for sale, are unquoted equity investments in National Association of Securities Dealers (NASD) amounting to N40,000,000 and also investments in Financial Market Dealers Quotation (FMDQ OTC) amounting to N50,000,000. These investments are carried at cost as the fair value cannot be reasonably determined.

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
<b>Held to maturity investments</b>				
Treasury bills	2,827,498	1,989,408	2,827,498	1,989,408
<b>Carrying amount</b>	<b>2,827,498</b>	<b>1,989,408</b>	<b>2,827,498</b>	<b>1,989,408</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 18 Trade, other receivables and prepayment

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Trade receivables	332,330	262,328	318,575	252,171
Staff loans	4,035	26,556	4,035	26,556
Due from NSE/CSCS Multipurpose Cooperative Society (see note (a) )	264,979	274,979	264,979	274,979
Deferred recovery of bonuses (see note (b))	1,480,065	1,480,065	1,480,065	1,480,065
Due from gratuity fund administrators	23,165	23,165	23,165	23,165
Other receivables	774,385	862,605	236,358	328,339
Advance payments to third parties (see note (e))	108,677	85,400	108,677	85,400
Prepayments	43,769	34,632	43,769	34,632
Prepayments for IT platform	10,273	271,473	10,273	271,473
Gross total	3,041,678	3,321,203	2,489,896	2,776,780
Allowance for impairment (See note (c))	(2,611,657)	(2,772,101)	(2,059,875)	(2,227,679)
<b>Carrying amount</b>	<b>430,021</b>	<b>549,102</b>	<b>430,021</b>	<b>549,102</b>

- (a) The amount due from NSE/CSCS Multipurpose Co-operative Society relates to two payments of N150million and N114.9million made in connection with the purchase of shares on behalf of the NSE/CSCS Multipurpose Cooperative Society. Efforts are being made by management to recover these disputed amounts and the matter is currently a subject of litigation. The Exchange has fully impaired the amount subject to recovery of the receivable in a future year which will be recognized on cash basis.
- (b) Deferred recovery of bonuses represents N2.090billion distributed to certain ex-council members as share of surplus between 2006 and 2008. This payment is contrary to section 26(3) of the Companies and Allied Matters Act, and the Securities and Exchange Commission directed the Exchange to recover the money from the ex-council Members involved. Refunds amounting to N609.5million have been received from the ex-council members to date. The outstanding balance of N1,480,065,000 is the subject of a litigation on account of a dispute over the basis of payment. The Exchange has fully impaired the amount subject to recovery of the receivable in future years.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

(C) Analysis of allowance for impairment of other assets is shown below:

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Trade debtors- listing fees	117,184	117,184	117,184	117,184
Trade debtors-annual charges	20,809	20,809	20,809	20,809
Staff loans	-	15,264	-	15,264
Sundry Debtors - NSE/CSCS Cooperative	264,979	274,979	264,979	274,979
Deferred recovery of bonuses	1,480,065	1,480,065	1,480,065	1,480,065
Gratuity plan assets	23,165	23,165	23,165	23,165
Other receivables	705,455	840,634	153,673	296,213
	<b>2,611,657</b>	<b>2,772,100</b>	<b>2,059,875</b>	<b>2,227,679</b>

(d) Movement in allowance for impairment of other assets is shown below

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Opening balance	2,772,100	2,736,324	2,227,679	2,222,720
Movement during the year	(160,443)	35,776	(167,804)	4,959
Closing balance	<b>2,611,657</b>	<b>2,772,100</b>	<b>2,059,875</b>	<b>2,227,679</b>

(e) Advanced payments to third party represent part payments made to contractors for ongoing services and projects rendered to the Exchange during the year under review.

### 19 Cash and cash equivalents

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Cash balances	54	14	54	14
Bank balances	242,515	437,027	114,154	350,596
Fixed deposits	968,454	692,362	866,392	577,189
Total	<b>1,211,023</b>	<b>1,129,403</b>	<b>980,600</b>	<b>927,799</b>

### 20 Equity Accumulated funds

Accumulated funds are the carried forward recognized income net of expenses plus current year profit.

### 21 Earnings per share

No earnings per share is presented in these financial statements as the Exchange is limited by guarantee and has no issued shares.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 22 Retirement benefit obligations

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Recognized liability for defined benefit obligations (see note (a) below)	-	121,099	-	121,099
Recognized liability for defined contributions	27,082	41,438	27,082	41,438
<b>Total</b>	<b>27,082</b>	<b>162,537</b>	<b>27,082</b>	<b>162,537</b>

#### (a) Defined benefit obligations

"The Exchange operated a non-contributory, unfunded defined benefit scheme for its staff gratuity scheme until 16 March 2011 when the Council of the Nigerian Stock Exchange resolved to terminate the staff gratuity scheme with effect from 31 March, 2011. Final entitlements due to members of staff that had spent a minimum of five years by 31 March, 2011 was determined and full provision was made in the Exchange's accounts. The liability was funded by transfer of assets to the pension fund custodian and supervised by Gratuity Committee. The final obligation of N121 million as at prior year was fully paid in March 2013."

The amounts recognized in the statement of financial position are as follows:

#### Movement in the liability for defined benefit obligations

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
(i) Liability for defined benefit obligations at the beginning of the year	121,099	683,420	121,099	683,420
Benefits paid by the plan	(121,099)	(562,321)	(121,099)	(562,321)
Liability for defined benefit obligations at the end of the year	-	121,099	-	121,099

### 23 Other liabilities

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Intercompany payables	-	-	-	49,916
Accrued expenses	181,477	114,586	181,477	80,202
Due to Central Securities Clearing System Limited	178,361	479,614	178,361	479,614
Sundry creditors	728,950	444,550	488,611	444,550
Deferred income	235,356	91,290	182,659	91,236
VAT payable	275,406	264,940	275,406	264,940
Others	184,632	924,267	167,213	605,601
<b>Total</b>	<b>1,784,182</b>	<b>2,319,247</b>	<b>1,473,727</b>	<b>2,016,059</b>



## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### 24 Current tax liabilities

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
Balance, beginning of the year	98,126	69,851	-	-
Prior year over provision	(21,564)	-	-	-
Charge during the year	40,529	28,275	-	-
Payment made during the year	-	-	-	-
Balance, end of the year	117,091	98,126	-	-

### 25 Deferred tax liabilities

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>Group 2012</b>	<b>Exchange 2013</b>	<b>Exchange 2012</b>
<b>Deferred tax liabilities</b>				
Balance, beginning of the year	-	-	-	-
Deferred tax liability recognized by subsidiary	190,265	-	-	-
Credit during the year	(21,301)	-	-	-
Balance, end of the year	168,964	-	-	-

### 26 Contingent liabilities and commitments

#### (a) Legal proceedings

"The Exchange is involved in various claims and litigation. These claims, most of which arose in the normal course of business, are being contested by the Exchange. As at 31 December 2013, estimated contingent liabilities stood at N1,370,535,000 (2012:N7,746,727,150).

Based on legal advice, management does not expect the outcome of the litigations to have a material effect on the Group's financial position, hence, no provisions for claims and litigations were made during the year."

#### (b) Capital commitments

The Group had no capital commitments in respect of authorized and contracted capital projects as at 31 December 2013.

### 27 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. From the Exchange's perspective, this definition includes key management personnel and associates. As at the reporting date, the Exchange had a number of transactions with related parties in the normal course of business. These include rent paid to Naira Properties on the property occupied by the Exchange and payment of other expenses on behalf of the subsidiaries. Related party transactions were made on terms equivalent to those that prevail in arm's length transaction.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2013

### The Exchange

<i>In thousands of naira</i>	<b>Note</b>	<b>2013</b>	<b>2012</b>
<b>Intercompany receivables</b>			
NSE Consult Limited	14	624,411	696,211
Naira Properties Limited	14	1,713,187	1,832,988
Coral Properties Plc.	14	1,862,149	1,775,004
		4,199,747	4,304,203

(a) Compensation to key management personnel during the year

<i>In thousands of naira</i>	<b>2013</b>	<b>2012</b>
Short-term benefits	209,264	264,680
Post-employment benefits (pension and gratuity)	13,976	-
Other long-term benefits (long-service award)		-
Termination benefits		-
	223,240	264,680

(b) **Transactions with associates**

Transactions with associates include:

<i>In thousands of naira</i>	<b>2013</b>	<b>2012</b>
Payables	(178,361)	(479,614)
	(178,361)	(479,614)

(c) Balance on the specific allowances made for impairment losses on the related party receivables are shown below:

### Subsidiaries

<i>In thousands of naira</i>	<b>2013</b>	<b>2012</b>
NSE Consult Limited	(624,410)	(696,210)
	(624,410)	(696,210)

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### Group entities

#### Significant subsidiaries

#### Ownership Interest

	<b>2013</b>	<b>2012</b>
Naira Properties Limited	100%	100%
Coral Properties Plc	100%	100%
NSE Consult Limited	99.8%	99.8%

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### Subsequent events

There were no events after reporting date requiring adjustment of, or disclosure in, these financial statements.



## OTHER FINANCIAL INFORMATION



## VALUE ADDED STATEMENT

For the Year Ended 31 December 2013

<i>In thousands of naira</i>	<b>Group 2013</b>	<b>%</b>	<b>Group 2012</b>	<b>%</b>
Gross earnings	6,515,784		4,634,308	
Bought in materials and services	(1,020,229)		(1,134,178)	
Reversal/ (Provision) for losses	69,785		(66,129)	
Value added	5,565,340	100	3,434,001	100
<b>DISTRIBUTION</b>				
<b>EMPLOYEES AND DIRECTORS</b>				
Personnel expenses	1,820,331	33	1,646,639	48
<b>GOVERNMENT</b>				
Tax credit /(expense)	2,335	-	(28,275)	-
<b>RETAINED IN THE BUSINESS</b>				
For Depreciation and Amortization	481,276	8	634,302	18
To augment reserves	3,261,398	59	1,181,335	34
	5,565,340	100	3,434,001	100
<i>In thousands of naira</i>	<b>Exchange 2013</b>	<b>%</b>	<b>Exchange 2012</b>	<b>%</b>
Gross earnings	5,493,049		3,959,321	
Bought in materials and services	(1,049,240)		(1,125,235)	
Reversal/ (Provision) for losses	145,345		(86,322)	
	4,589,154	100	2,747,764	100
<b>DISTRIBUTION</b>				
<b>EMPLOYEES AND DIRECTORS</b>				
Personnel expenses	1,820,331	40	1,646,639	60
<b>GOVERNMENT</b>				
Tax expense	-	-	-	-
<b>RETAINED IN THE BUSINESS</b>				
For Depreciation and Amortization	433,723	9	587,289	21
To augment reserves	2,335,100	51	513,836	19
	4,589,154	100	2,747,764	100



## FOUR YEAR FINANCIAL SUMMARY

*For the Year Ended 31 December 2013*

<i>In thousands of naira</i>	<b>Group 31 December 2013</b>	<b>Group 31 Dec 2012</b>	<b>Group 31 December 2011</b>	<b>Group 1 Jan 2011</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>ASSETS</b>				
Property and equipment	3,889,584	3,441,234	3,660,673	3,814,513
Intangible assets	681,688	259,801	594,835	928,967
Investment properties under construction	1,684,596	1,601,593	1,601,593	1,407,134
Intercompany receivables	-	-	-	-
Investment in associates	4,605,822	3,793,918	3,238,841	3,171,098
Investment in subsidiaries	-	-	-	-
Other investments	368,145	343,041	217,654	290,569
<b>Total non-current assets</b>	<b>11,229,835</b>	<b>9,439,587</b>	<b>9,313,596</b>	<b>9,612,281</b>
Trade, other receivables and prepayments	430,021	549,102	312,738	347,547
Other investments	2,827,498	1,989,408	401	401
Cash and cash equivalents	1,211,023	1,129,403	2,736,140	2,618,447
<b>Total current assets</b>	<b>4,468,542</b>	<b>3,667,913</b>	<b>3,049,279</b>	<b>2,966,395</b>
<b>Total assets</b>	<b>15,698,377</b>	<b>13,107,500</b>	<b>12,362,875</b>	<b>12,578,676</b>
<b>EQUITY</b>				
Accumulated fund	13,601,058	10,527,590	9,374,530	9,116,233
<b>Total equity</b>	<b>13,601,058</b>	<b>10,527,590</b>	<b>9,374,530</b>	<b>9,116,233</b>
<b>LIABILITIES</b>				
Retirement benefit obligations	27,082	162,537	711,853	1,310,391
<b>Total non current liabilities</b>	<b>27,082</b>	<b>162,537</b>	<b>711,853</b>	<b>1,310,391</b>
Other liabilities	1,784,182	2,319,247	2,206,641	2,086,705
Tax liabilities	117,091	98,126	69,851	65,347
Deferred tax liabilities	168,964	-	-	-
<b>Total current liabilities</b>	<b>2,070,237</b>	<b>2,417,373</b>	<b>2,276,492</b>	<b>2,152,052</b>
<b>Total liabilities</b>	<b>2,097,319</b>	<b>2,579,910</b>	<b>2,988,345</b>	<b>3,462,443</b>
<b>Total equity and liabilities</b>	<b>15,698,377</b>	<b>13,107,500</b>	<b>12,362,875</b>	<b>12,578,676</b>





## THREE YEAR FINANCIAL SUMMARY

*For the Year Ended 31 December 2013*

<i>In thousands of naira</i>	<b>Group 31 Dec 2013</b>	<b>Group 31 Dec 2012</b>	<b>Group 31 Dec 2011</b>
<b>INCOME STATEMENT</b>			
Revenue	4,576,697	3,326,643	3,302,205
<b>Revenue</b>	<b>4,576,697</b>	<b>3,326,643</b>	<b>3,302,205</b>
Other income	825,206	617,588	244,313
Impairment reversal/(loss) on assets	69,785	(66,129)	197,414
Fair value gain on investment securities	118,092	-	(72,915)
Personnel expenses	(1,820,331)	(1,646,639)	(1,767,514)
Other expenses	(1,503,840)	(1,740,205)	(1,910,945)
<b>Net operating expense</b>	<b>(2,311,088)</b>	<b>(2,835,385)</b>	<b>(3,309,647)</b>
Operating Surplus	2,265,609	491,258	(7,442)
Share of profit of equity accounted investees		-	-
(net of income tax)	995,789	690,077	270,243
<b>Operating Surplus before tax</b>	<b>3,261,398</b>	<b>1,181,335</b>	<b>262,801</b>
Tax credit /(expense)	2,335	(28,275)	(4,504)
<b>Operating Surplus for the year</b>	<b>3,263,733</b>	<b>1,153,060</b>	<b>258,297</b>



## FOUR YEAR FINANCIAL SUMMARY

*For the Year Ended 31 December 2013*

<i>In thousands of naira</i>	Exchange 31 December 2013	Exchange 31 December 2012	Exchange 31 December 2011	Exchange 1 January 2011
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>ASSETS</b>				
Property and equipment	1,765,397	1,271,778	1,446,526	1,631,264
Intangible assets	677,052	252,511	590,199	924,331
Intercompany receivables	3,575,336	3,607,993	3,514,716	3,457,724
Investment in associates	387,804	387,804	387,804	387,804
Investment in subsidiaries	1,017,950	1,017,950	1,017,700	670,044
Other investments	-	-	15,290	16,006
<b>Total non-current assets</b>	<b>7,423,539</b>	<b>6,538,036</b>	<b>6,972,235</b>	<b>7,087,173</b>
Trade, other receivables and prepayments	430,021	549,102	280,689	314,565
Other investments	2,827,498	1,989,408	401	401
Cash and cash equivalents	980,600	927,799	2,598,065	2,510,946
<b>Total current assets</b>	<b>4,238,119</b>	<b>3,466,309</b>	<b>2,879,155</b>	<b>2,825,912</b>
<b>Total assets</b>	<b>11,661,658</b>	<b>10,004,345</b>	<b>9,851,390</b>	<b>9,913,085</b>
<b>EQUITY</b>				
Accumulated fund	10,160,849	7,825,749	7,311,913	6,682,770
<b>Total equity</b>	<b>10,160,849</b>	<b>7,825,749</b>	<b>7,311,913</b>	<b>6,682,770</b>
<b>LIABILITIES</b>				
Retirement benefit obligations	27,082	162,537	711,853	1,310,391
<b>Total non current liabilities</b>	<b>27,082</b>	<b>162,537</b>	<b>711,853</b>	<b>1,310,391</b>
Other liabilities	1,473,727	2,016,059	1,827,624	1,919,924
Tax liabilities	-	-	-	-
<b>Total current liabilities</b>	<b>1,473,727</b>	<b>2,016,059</b>	<b>1,827,624</b>	<b>1,919,924</b>
<b>Total liabilities</b>	<b>1,500,809</b>	<b>2,178,596</b>	<b>2,539,477</b>	<b>3,230,315</b>
<b>Total equity and liabilities</b>	<b>11,661,658</b>	<b>10,004,345</b>	<b>9,851,390</b>	<b>9,913,085</b>



## THREE FINANCIAL SUMMARY

*For the Year Ended 31 December 2013*

<i>In thousands of naira</i>	Exchange 31 December 2013	Exchange 31 December 2012	Exchange 31 December 2011
<b>INCOME STATEMENT</b>			
Revenue	4,576,697	3,326,643	3,302,205
<b>Revenue</b>	4,576,697	3,326,643	3,302,205
Other income	916,352	632,678	404,722
Impairment reversal/(loss) on assets	145,345	(86,322)	515,335
Fair value gain on investment securities	-	-	(716)
Personnel expenses	(1,820,331)	(1,646,639)	(1,767,517)
Other expenses	(1,482,963)	(1,712,524)	(1,824,886)
<b>Net operating expense</b>	(2,241,597)	(2,812,807)	(2,673,062)
Operating Surplus	2,335,100	513,836	629,143
<b>Operating Surplus before tax</b>	2,335,100	513,836	629,143
Tax credit /(expense)	-	-	-
<b>Operating Surplus for the year</b>	2,335,100	513,836	629,143



**THE Nigerian  
STOCK EXCHANGE**

CORPORATE SOCIAL RESPONSIBILITY



## CORPORATE SOCIAL RESPONSIBILITY

### *Investing in a Sustainable Future*

The Nigerian Stock Exchange (“NSE” or “The Exchange”) recognizes its crucial role in supporting economic growth by ensuring an efficient and sustainable capital market. This responsibility also includes the commitment in delivering a sustainable organisation through responsible financial and investment services, sustainable business practices, engaged and talented people, community contributions and environmental stewardship.

The Exchange has been on a transformation journey which has led to the diversification of its business in accordance with established best practice due to global trends in responsible finance and changes in the macro environment. The process has also resulted in re-focusing of our Corporate Social Responsibility (CSR) goals through four thematic areas of:



- **Community:** Making positive contributions to the communities where we live and work.
- **Marketplace:** Promoting market-based approach to Environmental, Social and Governance (ESG) imperatives amongst all stakeholders.
- **Workplace:** Fostering a qualitative work environment that facilitates diversity, wellbeing and harnesses the talent and skills of our people.
- **Environment:** Focusing on reducing the Exchange's environmental impact.

To ensure the effective integration of our CSR goals across the organisation, The National Council through the Executive Committee provides governance oversight for the management of Corporate Social Responsibility in the

Exchange. A Corporate Social Responsibility committee will be constituted to serve as the operational steering group of achieving key performance indicators for 2014 which include:

- Determine appropriate CSR reporting guidelines which will facilitate the disclosure of environmental, social and governance concerns by companies listed on the Nigerian Stock Exchange.
- Promote strategic and effective response to important societal needs.
- Facilitate stakeholder engagement with our CSR programmes.

### COMMUNITY- Sustainable Community Investing

As a responsible corporate citizen, The Nigerian Stock Exchange seeks to make positive contributions to communities in which it operates by supporting initiatives that create effective and lasting benefits to the community.

This involves establishing community and investment projects and partnerships, corporate philanthropy and mobilizing employees to participate in volunteer work in predetermined areas of Education, Enterprise, Health and Wellbeing, and the Environment.

Through our community investment approach, we are changing lives and impacting communities. With an ongoing commitment to appropriate 2% of annual surplus in support of charitable investments, the NSE actively seeks to improve the affairs of our operating communities. For 2013, key initiatives completed include:

### NSE Essay Competition

For over 10 years, the NSE has utilized the platform of an Essay Competition to inspire thousands of young people across Nigeria to showcase their practical knowledge of financial and capital market concepts learned in the classroom. The competition's overall goal is to develop a culture of wealth creation amongst our youth – 'Catching Them Young'. This competition has been in operation since 2000 and has had over 10,000 entries from young



## CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

### *Investing in a Sustainable Future*

in over 500 secondary schools across Nigeria.



In 2013, the structure of the competition was upgraded and digitized in order to engage more young people. The competition was targeted at only Senior Secondary School students and to reflect the new focus, the nomenclature was changed to **“NSE Essay Competition – Building a Financially Savvy Generation”**.

Over 1,300 entries were received from over 300 schools across the country. This demography is also reflected in the diversity of the top 3 winners who emerged from schools in Abia State, Bauchi State, and Lagos State. The overall winner, Abdullahi Mahmud, a special student from Government College Azare, Bauchi State was selected through a rigorous 2 level assessment process.

#### **Cancer Advocacy**

In 2013, The NSE in partnership with the Committee Encouraging Corporate Philanthropy (CECP) launched the Mobile Cancer Centre (MCC) initiative to raise funds and raise awareness on the cancer pandemic.

The funds realized will be used to acquire 37 mobile cancer centers that will be deployed across each state and the Federal Capital Territory in Nigeria. The centers will

provide free counseling, screening for early detection and prevention services to over 11 million people annually across Nigeria.

#### **NSE Inspire Programme**

This is a youth development and capacity building initiative aimed at bridging the gap between academic and professional experience for motivated graduates. It offers practical working and learning experience with the aim of impacting knowledge and improving professional work-related skills of participants.

NSE Inspire is implemented in partnership with Federal Government of Nigeria Ministry of Labour - subsidy Reinvestments and Empowerment Programme (SURE-P) Graduate Internship Programme.

#### **Marketplace- Enhancing Access to Sustainable Investments**

The Exchange is committed to developing a sustainable capital market by maintaining a high standard of integrity,



transparency and accountability in all its operations, introducing new and innovative products and services based on evolving market demands and promoting sustainable business practices to stakeholders.

The NSE achieves this commitment by rising environmental, social and governance (ESG) awareness

## CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

### *Investing in a Sustainable Future*

and standards among listed companies and offering information, products and services for sustainable investment.

Activities for 2014 include:

#### **Investor Education Series**

Leveraging our expertise and partnerships, we are taking the lead in championing the integration of financial literacy in Nigeria. So far, the NSE has conducted over 650 free capacity building workshops aimed to enhance investor understanding of the basics of investing around portfolio construction and risk diversification; over 100,000 retail investors from the grassroots can now make better investment decisions. Young people from primary, secondary schools and tertiary institutions constitute more than 66% of this number.

#### ❖ **Investor Clinics**

In 2013, the Exchange held quarterly interactive forums to educate target segments within the Retail (High Net worth



Individuals), Professionals and Institutional investor groups. Key topics covered included:

- Investment fundamentals (risks-rewards);
- Asset class diversification/portfolio balancing;
- Capital market reforms; and
- Valuation.

#### ❖ **Grass-root Investor Education Seminars**

These are more localized investor education events driven through The Exchange's 13 branch offices, mostly targeted at low-end retail investors (e.g. students, market women, etc.). In 2013, we conducted over 287 face to face sessions and a total of Eighty One (81) TV & radio programmes.

#### **Partnership for Development**

The Exchange also adopts global best-practice principles, frameworks and standards, to support the effective mainstreaming of sustainability in its operation and the Nigerian Capital Market. In 2013, The Nigerian Stock Exchange (NSE) signed onto the Sustainability Stock Exchanges (SSE) Initiative and became the 1<sup>st</sup> Exchange member from the West African region. Named by Forbes magazine as one of the "World's Best Sustainability Ideas", the SSE is an initiative co-organized by the UN Conference on Trade and Development, the UN Global Compact Office, the UN-supported Principles for Responsible Investment and the UN Environment Programme Finance Initiative. It is aimed at exploring how exchanges can work together with investors, regulators, and companies to enhance corporate transparency, and ultimately performance, on ESG (environmental, social and corporate governance) issues and encourage responsible long-term approaches to investment.

This commitment to the SSE Initiative is in line with the Nigerian Stock Exchange (NSE) corporate sustainability objective to encourage responsible investment and enhance environmental, social and corporate governance (ESG) disclosure and performance among listed companies.

## CORPORATE SOCIAL RESPONSIBILITY

*Investing in a Sustainable Future*

### Boosting Financial Inclusion

The NSE re-launched the Alternative Securities Market for emerging businesses in 2012. This is aimed at supporting the growth of ignored and under-served Small and Medium Scale (SME) segment. Through ASeM, the Exchange also provides less stringent listing requirements, advisory services and capacity development. Over 10 organisations have benefitted from this scheme.

### Workplace – Our people; Our Success

The Exchange seeks to foster a qualitative work environment by implementing employment practices that facilitates diversity and equality, opportunities for training and development, healthy and safe workplace, fair remuneration and meaningful communication within the organization. More information can be found in this annual report from page 56 of the Annual Report.

### The Environment- Green Impact

The Exchange aspires to prevent pollution, increase efficiency and reduce waste, recycle where necessary and minimize natural resource use by continually improving environmental management practices and measures, educating employees to adopt environmentally



responsible behaviour and promoting environmental protection in our supply chain and marketplace.

### NSE Recycles

At the NSE, we are working towards reducing waste creation first, then looking for ways to reuse or recycle the waste material. This necessitated the setting up of a Workplace Recycling Initiative with the installation of recycling bins across our offices.

This initiative is implemented in partnership with the Lagos State Waste Management Authority (LAWMA) and we make every effort to ensure safe and reliable disposal of our waste.





## TIPS AND COMPLAINTS MANAGEMENT

### 1. Introduction

In line with its commitment to protecting investors, The Exchange instituted a robust complaints management and dispute resolution framework to manage investor complaints in an expedient, just and equitable manner.

Tips and Complaints are handled by the Tips and Complaints Management Unit (TCM) of The Exchange, which is within the Broker Dealer Regulation Department. The TCM is responsible for the management and resolution of complaints/disputes that arise in the course of business activities of Dealing Members.



### 2. Complaints Channels

- i. NSE Contact Centre
- ii. NSE branch offices
- iii. Walk-in complainants
- iv. Written petitions

### 3. Complaints handling, tracking and reporting

- i. Upon receipt of a complaint, the TCM reviews the complaint document to determine whether the subject matter of the complaint is within the regulatory purview of The Exchange. The TCM refers matters outside the jurisdiction of The Exchange to the appropriate authorities.
- ii. TCM registers the complaint in the complaints' database to capture the date of receipt of the complaint, the complainant's details, the firm/individual/company complained against, and details of the complaint.
- iii. The complaint is forwarded to the firm complained within 2 working days with a directive that it should respond to the allegations within 5 working days.
- iv. Upon receipt of the response, it is reviewed and forwarded to the complainant to respond, i.e., to confirm or deny the firm's position within 5 working days. Where parties have no further disagreement, the dispute is resolved and The Exchange communicates the details of the resolution to both parties.
- v. Where the matter is still contentious, the matter is referred for an All Parties Meeting (APM) where it will be mediated within 10 working days.
- vi. The APM is scheduled to mediate and reach an amicable resolution of the dispute between the parties.
- vii. Unresolved matters/appeals from the APM are referred to the Investigation Panel within 10 working days for investigation at the Panel's quarterly sittings. Cases are heard afresh and the Panel may uphold the decision of the APM, reverse the entire decision or a part of the decision.
- viii. Unresolved matters/appeals from the Investigation Panel are further referred to the Disciplinary Committee of Council for resolution.
- ix. Appeals from the decision of the Disciplinary Committee are referred to the National Council of The Exchange.
- x. Parties aggrieved by the decision of the National Council may refer to the Securities and Exchange Commission.

## TIPS AND COMPLAINTS MANAGEMENT

### 4. Nature of complaints

The possible categories of complaints are not closed. However, they include the following:

- i. Unauthorized sale of shares
- ii. Nonpayment of proceeds of sale
- iii. Non refund of funds for purchase of shares
- iv. Non verification of share certificates
- v. Refusal to transfer a client's account to other Dealing Members as requested
- vi. Unauthorized transfer of a client's account to another Dealing Member
- vii. Guaranteed return investments
- viii. Fund / Portfolio management

### 5. All Parties Meeting (2013)

Number of complaints referred to the APM	36
Number of complaints resolved at the APM	23
Number of unresolved cases referred to the Investigation Panel	8
Pending cases	5

### 6. Investigation Panel (2013)

Investigation Panel Sitzings (2013)	4
Unresolved cases brought forward from Investigation Panel Sitzings of 2012	3
Total number of cases referred to the Investigation Panel in 2013	30
Number of cases resolved	12
Number of cases referred to the Disciplinary Committee	11
Unresolved cases brought forward to 2014	10

### 7. Actions being taken to reduce complaints

- i. Sensitization of Dealing Members through the CEO's quarterly meetings, the quarterly Compliance Officers' forum, and Dealing Members' training programmes.
- ii. Sensitization of the investing public about the complaints management process.
- iii. Implementation of Zero Tolerance Policy against infractions.
- iv. Empowering Compliance Officers to carry out their control function effectively to promote compliance.
- v. Creation of the Whistle Blowing Portal, X-Whistle.





## COMPARATIVE TRADING ACTIVITIES

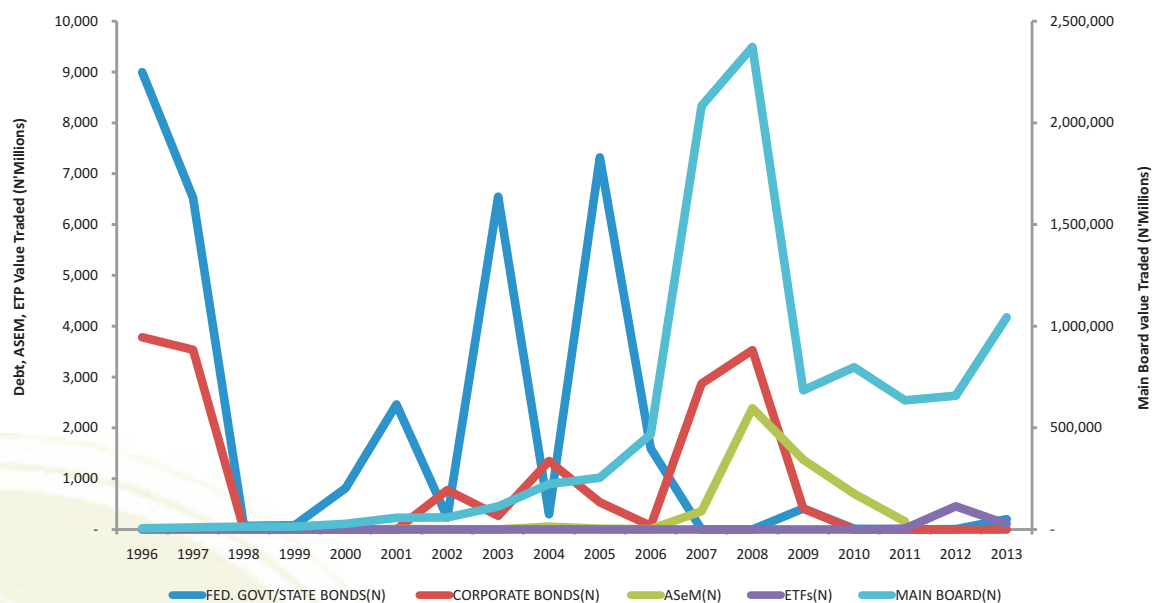
1969 - 2013

PERIOD	DEBT	ETPs		TOTAL
	STOCKS (N)	STOCKS (N)	EQUITIES (N)	(N)
1968/69	17,330,820	-	102,294	17,433,114
1969/70	15,634,480	-	221,800	15,856,280
1970/71	30,544,260	-	3,080,100	33,624,360
1971/72	26,738,800	-	1,303,242	28,042,042
1972/73	26,125,520	-	671,534	26,797,054
1973/74	99,348,520	-	1,261,995	100,610,515
1974/75	63,664,830	-	549,322	64,214,152
1975/76	80,634,830	-	788,853	81,423,683
1976/77	153,849,760	-	2,271,990	156,121,750
1977/78	226,961,915	-	3,045,040	230,006,955
1978/79	143,500,740	-	1,987,401	145,488,141
1979/80	512,034,222	-	10,816,784	522,851,006
1981	326,178,957	-	6,119,169	332,298,126
1982	208,215,689	-	8,188,927	216,404,616
1983	384,870,312	-	13,000,755	397,871,067
1984	234,115,541	-	15,702,860	249,818,401
1985	287,840,413	-	23,264,741	311,105,154
1986	475,846,312	-	11,986,021	487,832,333
1987	282,251,808	-	4,045,706	286,297,514
1988	215,829,622	-	34,485,043	250,314,665
1989	582,430,369	-	71,129,746	653,560,115
1990	172,801,696	-	133,540,209	306,341,905
1991	92,675,151	-	141,864,629	234,539,780
1992	85,020,960	-	406,547,508	491,568,468
1993	84,258,773	-	577,796,580	662,055,353
1994	15,202,218	-	970,679,018	985,881,236
1995	-	-	1,838,838,622	1,838,838,622
1996	90,033,365	-	6,972,754,416	7,062,787,781
1997	140,006,265	-	10,932,044,322	11,072,050,587
1998	15,558,832	-	13,555,289,669	13,570,848,501
1999	827,121	-	14,081,521,735	14,082,348,856
2000	8,120,399	-	28,146,458,410	28,154,578,809
2001	24,591,381	-	57,612,604,539	57,637,195,920
2002	1,009,564,210	-	59,311,332,162	60,320,896,372
2003	281,160,000	-	120,421,876,169	120,703,036,169
2004	300,015,175	-	225,520,515,560	225,820,530,735
2005	7,321,040,000	-	255,616,316,433	262,937,356,433
2006	1,593,360,000	-	468,660,440,980	470,253,800,980
2007	-	-	2,086,294,593,691	2,086,294,593,691
2008	1,000,000	-	2,379,142,699,672	2,379,143,699,672
2009	-	-	685,717,121,523	685,717,121,523
2010	3,252,300	-	797,547,911,280	797,551,163,580
2011	-	-	634,916,944,724	634,916,944,724
2012	8,239,299	454,610,693	657,767,439,181	658,230,289,173
2013	203,072,581	105,912,235	1,043,314,542,546	1,043,623,527,363

## COMPARATIVE TRADING ACTIVITIES (CONTINUED)

1969 - 2013

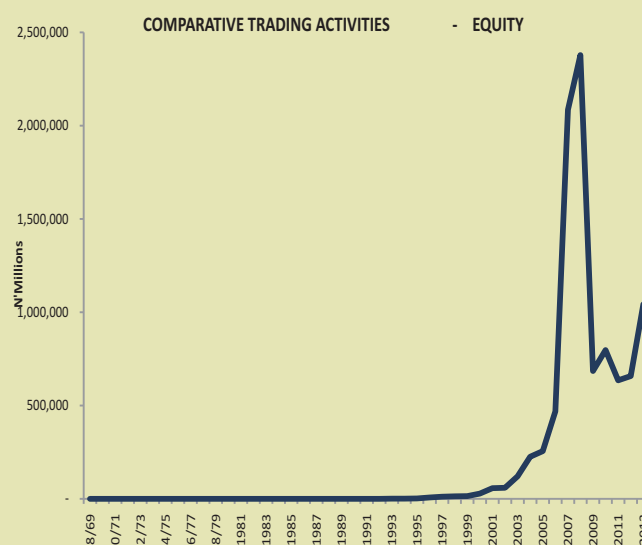
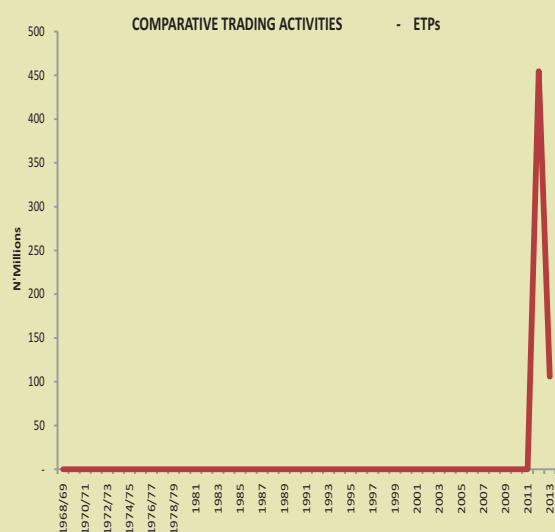
PERIOD	FED. GOVT/STATE BONDS(N)	CORPORATE BONDS(N)	ASeM(N)	ETFs(N)	MAIN BOARD(N)	TOTAL (N)
1996	8,996,877,700	3,782,103,912	2,858,984	-	5,258,331,683	18,040,172,278
1997	6,524,606,324	3,536,832,000	3,239,630	-	9,948,505,081	20,013,183,035
1998	71,440,000	147,960	2,922,771	-	13,186,038,803	13,260,549,534
1999	82,712,105	-	9,316,780	-	13,452,357,054	13,544,385,939
2000	812,039,920	-	639,350	-	27,672,922,775	28,485,602,045
2001	2,459,138,100	-	7,007,404	-	57,267,201,602	59,733,347,106
2002	234,564,210	775,000,000	2,377,467	-	59,008,065,070	60,020,006,748
2003	6,547,040,600	269,427,488	838,038	-	112,631,949,046	119,449,255,171
2004	300,015,175	1,346,505,900	53,026,944	-	223,113,447,652	224,812,995,670
2005	7,321,040,000	534,427,625	14,049,966	-	254,166,107,544	262,035,625,135
2006	1,593,360,000	72,000,000	5,278,896	-	468,328,272,368	469,998,911,264
2007	-	2,870,000,000	357,151,465	-	2,083,067,442,226	2,086,294,593,691
2008	1,000,000	3,528,920,000	2,385,901,284	-	2,373,227,878,388	2,379,143,699,672
2009	412,919,530	412,800,000	1,372,257,737	-	683,932,110,964	686,130,088,231
2010	14,138,800	-	702,480,947	-	797,278,998,410	797,995,618,157
2011	-	-	154,673,516	17,115,994	634,745,155,214	634,916,944,724
2012	8,239,299	-	-	454,610,693	657,767,439,181	658,230,289,173
2013	203,072,581	-	56,135,813	105,912,235	1,043,258,406,733	1,043,623,527,362





## COMPARATIVE TRADING ACTIVITIES (CONTINUED)

1969 - 2013



## SUMMARY OF TRADING ACTIVITIES BY CATEGORY

# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

January - February - March 2013

SECTOR	JANUARY		FEBRUARY		MARCH	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>All Items</b>						
COMMODITIES	1,200	1,776	-	-	-	-
COMMODITIES	111,500	85,655	7,419,200	6,327,197	6,141,812	6,250,506
COMMODITIES	50,000	77,500	-	-	-	-
COMMODITIES	5,600	2,800	6,200	3,100	85,481	42,741
COMMODITIES	1,000	2,500	-	-	84	210
Sub Total	169,300	170,231	7,425,400	6,330,297	6,227,377	6,293,457
<b>Main Board</b>						
AGRICULTURE	117,648,850	1,016,960,225	228,657,757	753,027,762	123,696,691	1,054,359,859
COMMODITIES	910,981,044	1,831,095,811	1,238,851,489	2,948,087,749	443,837,596	1,237,188,297
COMMODITIES	21,476,438	523,072,953	18,398,547	542,661,733	7,966,255	267,759,986
COMMODITIES	604,036,179	15,356,141,628	711,785,559	22,747,873,148	352,240,998	15,877,221,327
FINANCIAL SERVICES	8,635,564,736	56,677,443,970	9,025,457,462	58,329,674,678	6,448,960,565	49,285,588,113
HEALTHCARE	80,561,930	163,449,639	195,585,628	448,590,296	76,336,690	215,351,375
ICT	27,285,916	18,937,931	102,020,703	118,332,402	13,468,853	9,419,065
INDUSTRIAL GOODS	227,954,009	3,561,708,488	243,844,369	6,113,361,490	110,015,283	4,039,483,695
NATURAL RESOURCES	6,890,421	7,718,019	6,128,554	8,766,969	1,901,167	4,920,706
OIL AND GAS	233,500,807	2,242,249,426	365,700,867	3,042,418,837	304,792,021	3,415,310,813
SERVICES	324,041,755	1,894,446,132	380,093,559	686,099,375	229,762,480	520,464,970
Sub Total	11,189,942,085	83,293,224,221	12,516,524,494	95,738,894,439	8,112,978,599	75,927,068,205
Equity Total	11,190,111,385	83,293,394,452	12,523,949,894	95,745,224,735	8,119,205,976	75,933,361,661
<b>ETPs</b>						
ETPs	1,698	4,314,085	2,508	6,273,523	3,141	7,611,005
Sub Total	1,698	4,314,085	2,508	6,273,523	3,141	7,611,005
Corporate Bonds/Debentures	-	-	-	-	-	-
Government Bonds--State and Local	-	-	-	-	1,000	1,000,000
Government Bonds--Federal	-	-	26,230	31,927,617	10,203	12,033,736
Supranational Bonds	-	-	-	-	-	-
Sub Total	-	-	26,230	31,927,617	11,203	13,033,736
Grand Total	11,190,113,083	83,297,708,537	12,523,978,632	95,783,425,875	8,119,220,320	75,954,006,402



SUMMARY OF TRADING ACTIVITIES BY CATEGORY

# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

April - May - June 2013

SECTOR	APRIL		MAY		JUNE	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
AS&M						
CONSTRUCTION/REAL ESTATE						
CONSUMER GOODS	1,476,371	1,695,058	1,000	1,480	-	-
INDUSTRIAL GOODS			10,000	14,700	110	162
OIL AND GAS	63,600	31,800	1,049,534	524,767	238,658	119,329
SERVICES			410,720	915,906	104,900	202,438
Sub Total	1,539,971	1,726,858	14,729,604	17,916,086	9,641,707	17,138,729
Main Board						
AGRICULTURE	126,792,807	4,608,802,201	91,991,296	2,583,035,038	203,481,264	2,639,425,912
CONGLOMERATES	330,648,001	1,131,276,090	427,031,551	2,688,699,855	1,316,330,920	2,857,569,298
CONSTRUCTION/REAL ESTATE	20,450,856	643,029,296	240,672,925	1,239,577,692	78,476,891	582,050,232
CONSUMER GOODS	438,680,462	26,407,776,714	502,177,477	21,493,960,946	663,816,986	28,338,331,348
FINANCIAL SERVICES	6,497,721,536	55,764,044,644	6,384,100,245	54,186,973,861	5,541,520,618	53,499,404,622
HEALTHCARE	72,121,768	453,776,825	91,154,719	298,630,137	174,402,290	826,644,917
ICT	265,538,435	502,343,553	73,610,893	71,211,552	625,293,708	1,182,782,675
INDUSTRIAL GOODS	135,314,880	3,232,591,234	122,375,160	9,143,837,123	607,967,246	53,284,633,042
NATURAL RESOURCES	1,848,875	7,440,362	2,197,697	10,885,528	14,686,092	14,464,082
OIL AND GAS	241,095,633	2,038,671,673	286,377,038	1,851,126,045	351,436,711	3,297,805,370
SERVICES	169,400,791	524,648,407	241,334,371	769,730,215	141,827,639	375,534,874
Sub Total	8,299,614,044	95,314,401,000	8,463,023,372	94,337,667,992	9,719,240,365	146,898,646,371
Equity Total	8,301,154,015	95,316,127,858	8,477,752,976	94,355,584,078	9,728,882,072	146,915,785,100
ETPs						
ETPs	21,669	47,390,671	2,040	4,508,577	556	1,178,152
Sub Total	21,669	47,390,671	2,040	4,508,577	556	1,178,152
Debt						
Corporate Bonds/Debentures						
Government Bonds--State and Local	1,200	970,205				
Government Bonds--Federal	9,570	11,683,108	2,570	3,029,299	9,770	11,079,748
Supranational Bonds						
Sub Total	10,770	12,653,314	2,570	3,029,299	9,770	11,079,748
Grand Total	8,301,186,454	95,376,171,843	8,477,757,586	94,363,121,955	9,728,892,398	146,928,043,000



# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

July - August - September 2013

INDUSTRY/SECTOR	JULY		AUGUST		SEPTEMBER	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>ASeM</b>						
<b>CONSTRUCTION/REAL ESTATE</b>						
CONSUMER GOODS	1,730,928	2,639,689	873,087	1,236,277	1,000	1,400
INDUSTRIAL GOODS	-	-	4,520	6,644	-	96,012
OIL AND GAS	95,550	48,630	146,510	73,255	202,250	101,125
SERVICES	200	348	600	1,044	3,932	6,842
Sub Total	1,826,678	2,688,667	1,027,277	1,320,804	278,302	205,379
<i>Main Board</i>						
<b>AGRICULTURE</b>	69,521,427	1,038,974,128	51,374,923	1,248,854,802	48,058,559	1,490,046,723
CONGLOMERATES	3,814,138,458	6,002,130,800	565,821,277	1,452,628,268	748,137,767	2,295,942,552
CONSTRUCTION/REAL ESTATE	50,172,191	699,438,104	22,082,583	567,682,797	124,306,506	935,626,797
CONSUMER GOODS	328,698,985	15,596,012,483	263,134,069	13,751,099,762	310,313,454	13,771,571,849
FINANCIAL SERVICES	4,606,479,092	38,677,379,050	4,264,265,416	39,112,704,833	3,747,912,342	27,001,266,409
HEALTHCARE	146,967,256	1,191,842,259	129,756,757	1,579,867,622	46,641,582	544,662,490
ICT	585,454,741	1,116,930,940	82,123,586	105,992,764	38,203,439	99,350,319
INDUSTRIAL GOODS	171,006,326	6,552,141,251	142,968,400	8,109,534,116	89,663,785	6,172,106,976
NATURAL RESOURCES	4,627,541	9,794,312	227,127,617	117,375,882	3,711,746	4,903,656
OIL AND GAS	322,748,573	3,419,530,557	155,730,018	1,410,877,402	160,338,213	1,578,169,583
SERVICES	279,461,365	618,397,081	155,029,746	355,833,520	76,106,561	199,311,411
Sub Total	10,379,275,955	74,922,570,966	6,059,414,392	67,812,451,766	5,393,393,954	54,092,958,765
<b>Common Stock - Total</b>	<b>10,381,102,633</b>	<b>74,925,259,633</b>	<b>6,060,441,669</b>	<b>67,813,772,570</b>	<b>5,393,672,256</b>	<b>54,093,164,143</b>
<b>ETP</b>						
ETFs	195	395,265	4,766	10,278,954	2,642	5,613,053
ETP - Total	195	395,265	4,766	10,278,954	2,642	5,613,053
<b>Debt Instrument</b>						
<b>Corporate Bonds/Debentures</b>						
Sub Total	-	-	-	-	-	-
Government Bonds--Federal	54,860	47,627,030	9,335	8,793,740	17,255	18,789,255
Sub Total	54,860	47,627,030	9,335	8,793,740	17,255	18,789,255
Government Bonds--State and Local	-	-	-	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Supra-National</b>						
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt- Total	54,860	47,627,030	9,335	8,793,740	17,255	18,789,255
<b>Grand Total</b>	<b>10,381,157,688</b>	<b>74,973,281,929</b>	<b>6,060,455,770</b>	<b>67,832,845,265</b>	<b>5,393,692,153</b>	<b>54,117,566,451</b>

## SUMMARY OF TRADING ACTIVITIES BY CATEGORY

# SUMMARY OF TRADING ACTIVITIES BY CATEGORY

October - November - December 2013

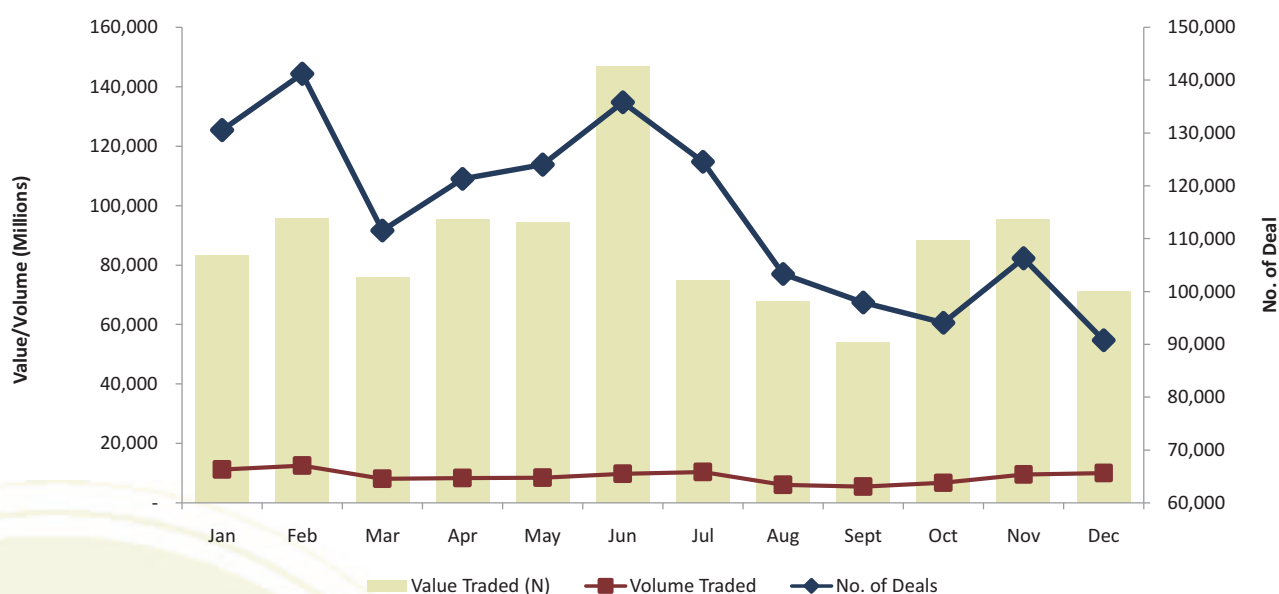
INDUSTRY/SECTOR	OCTOBER		NOVEMBER		DECEMBER	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>VOLUME</b>						
<b>ASeM</b>						
<b>CONSTRUCTION/REAL ESTATE</b>			60	77		
<b>CONSUMER GOODS</b>	111,333	160,186	1,113,666	1,520,584	247,974	370,609
<b>INDUSTRIAL GOODS</b>	-	-	-	-	-	-
<b>OIL AND GAS</b>	370,990	185,495	68,842	34,493	109,820	54,910
<b>SERVICES</b>	-	-	100	184	10,200	18,768
<b>Sub Total</b>	482,323	345,681	1,182,668	1,555,338	367,994	444,287
<b>Main Board</b>						
<b>AGRICULTURE</b>	33,570,777	722,607,119	77,257,785	733,362,025	48,017,433	711,361,218
<b>CONGLOMERATES</b>	1,045,307,907	2,869,791,642	2,136,692,023	9,359,648,921	1,294,279,820	6,032,117,118
<b>CONSTRUCTION/REAL ESTATE</b>	28,670,711	499,247,525	114,482,757	5,936,194,574	41,226,298	289,365,056
<b>CONSUMER GOODS</b>	281,938,185	14,645,941,914	236,202,657	15,514,838,382	304,165,938	15,494,421,411
<b>FINANCIAL SERVICES</b>	4,929,471,974	42,341,910,489	5,666,136,562	40,527,043,878	6,998,202,358	36,090,783,999
<b>HEALTHCARE</b>	46,548,061	388,402,969	68,159,905	428,648,704	91,356,897	540,414,304
<b>ICT</b>	36,617,476	71,634,449	277,324,424	1,289,942,904	660,900,525	1,096,135,217
<b>INDUSTRIAL GOODS</b>	182,814,999	24,284,636,216	106,553,335	11,061,698,943	83,061,233	6,467,595,002
<b>NATURAL RESOURCES</b>	673,091	1,732,210	37,985,046	21,743,291	13,316,734	7,550,488
<b>OIL AND GAS</b>	175,809,210	2,391,789,771	658,262,475	10,241,368,380	371,416,118	4,163,404,250
<b>SERVICES</b>	65,820,605	178,380,975	132,903,989	289,033,562	116,415,009	227,776,102
<b>Sub Total</b>	6,827,242,996	88,396,075,279	9,511,960,958	95,403,523,565	10,022,358,363	71,120,924,165
<b>Common Stock - Total</b>	6,827,725,319	88,396,420,960	9,513,143,626	95,405,078,903	10,022,726,357	71,121,368,451
<b>ETP</b>						
<b>ETFs</b>	2,178	5,045,130	4,996	9,857,363	1,825	3,446,457
<b>ETP - Total</b>	2,178	5,045,130	4,996	9,857,363	1,825	3,446,457
<b>Debt Instrument</b>						
<b>Corporate Bonds/Debentures</b>	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-
<b>Government Bonds--Federal</b>	6,015	6,322,551	33,696	36,690,742	13,266	13,125,548
<b>Sub Total</b>	6,015	6,322,551	33,696	36,690,742	13,266	13,125,548
<b>Government Bonds--State and Local</b>	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-
<b>Supra-National</b>	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	-	-	-
<b>Debt- Total</b>	6,015	6,322,551	33,696	36,690,742	13,266	13,125,548
<b>Grand Total</b>	6,827,733,512	88,407,788,642	9,513,182,318	95,451,627,007	10,022,741,448	71,137,940,456



## SUMMARY OF TRADING ACTIVITIES

January to December 2013

MONTH	No. of Deals	Volume Traded	Value Traded (N)
Jan	130,548	11,190,113,083	83,297,708,537
Feb	141,200	12,523,978,632	95,783,425,875
Mar	111,584	8,119,220,320	75,954,006,402
Apr	121,364	8,301,186,454	95,376,171,843
May	124,005	8,477,757,586	94,363,121,955
Jun	135,860	9,728,892,398	146,928,043,000
Jul	124,582	10,381,157,688	74,973,281,929
Aug	103,357	6,060,455,770	67,832,845,265
Sept	97,956	5,393,692,153	54,117,566,451
Oct	94,100	6,827,733,512	88,407,788,642
Nov	106,266	9,513,182,318	95,451,627,007
Dec	90,793	10,022,741,448	71,137,940,456
	<b>1,381,615</b>	<b>106,540,111,362</b>	<b>1,043,623,527,363</b>

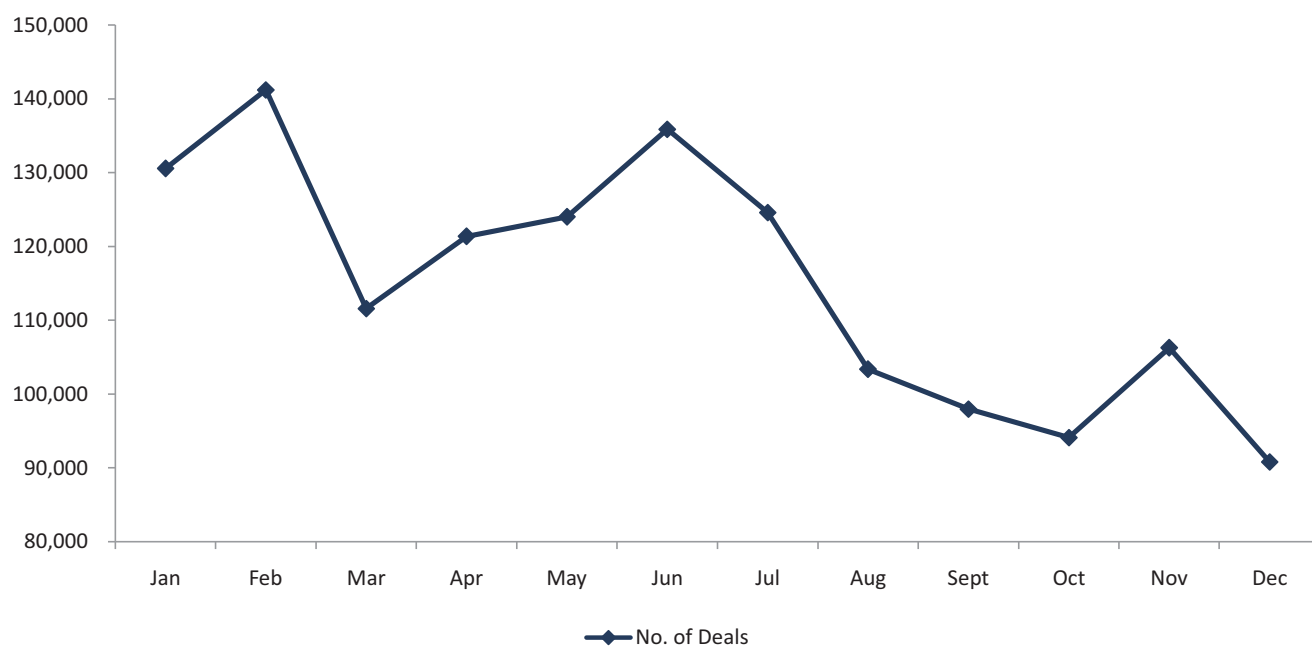




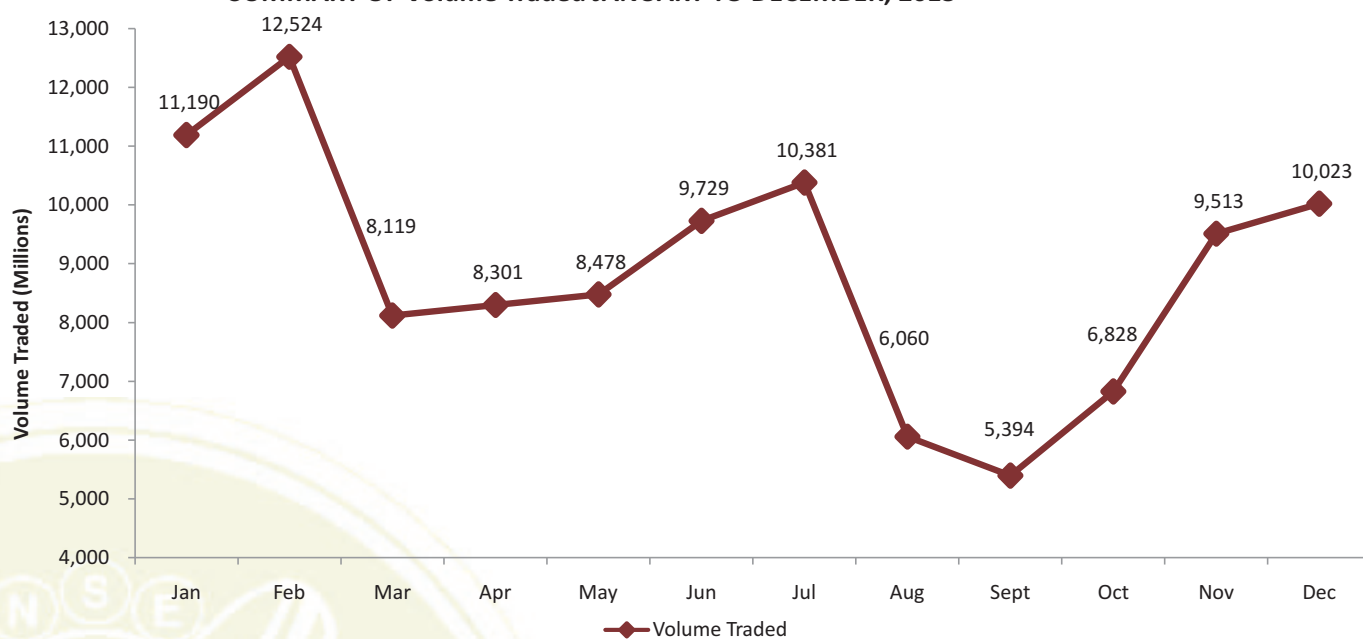
## SUMMARY OF TRADING ACTIVITIES

January to December 2013

Summary of Volume Traded January to December 2013



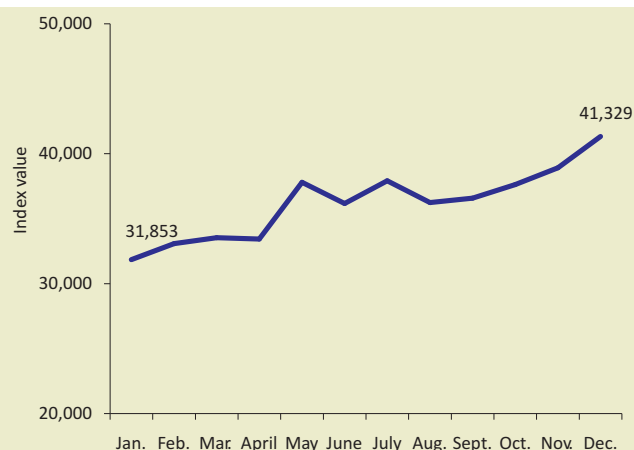
SUMMARY OF Volume Traded JANUARY TO DECEMBER, 2013



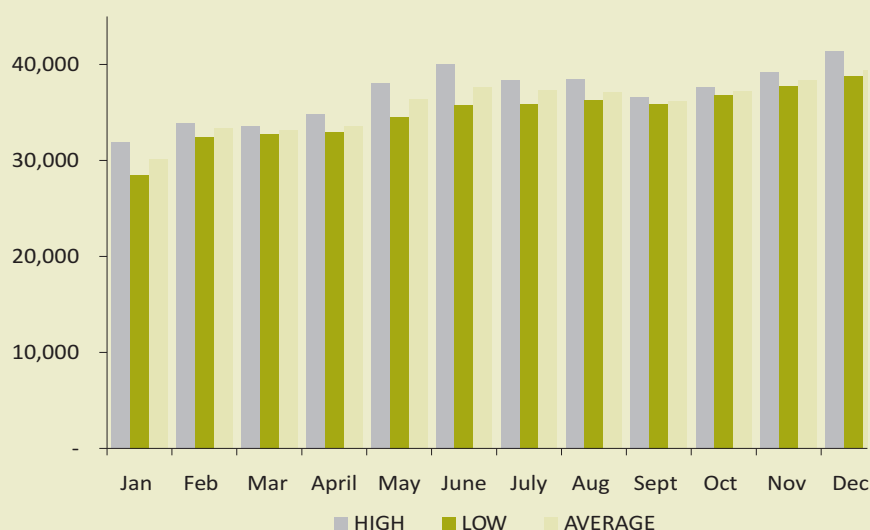


## THE ALL SHARE INDEX 2013

Jan	31,853
Feb	33,075
Mar	33,536
April	33,441
May	37,795
June	36,164
July	37,914
Aug	36,249
Sept	36,585
Oct	37,623
Nov	38,921
Dec	41,329



MONTH	HIGH	LOW	AVERAGE
Jan	31,853	28,441	30,111
Feb	33,895	32,412	33,352
Mar	33,536	32,731	33,177
April	34,810	32,887	33,605
May	38,017	34,502	36,364
June	40,013	35,751	37,659
July	38,335	35,832	37,321
Aug	38,424	36,249	37,137
Sept	36,585	35,851	36,179
Oct	37,623	36,826	37,206
Nov	39,246	37,773	38,392
Dec	41,329	38,738	39,408

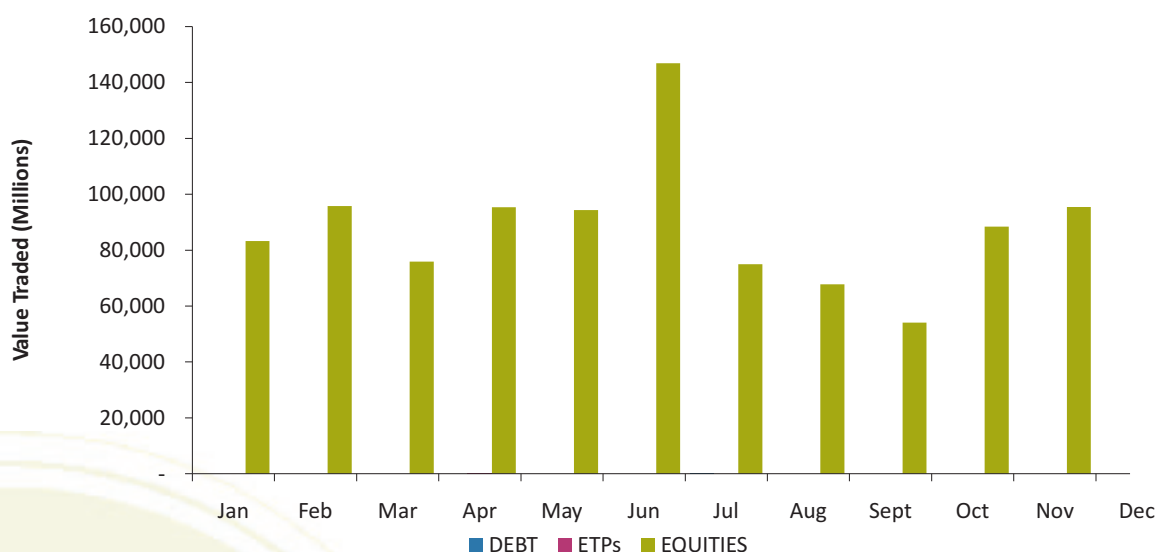






## MONTHLY TRADING ACTIVITIES BY VALUE 2013

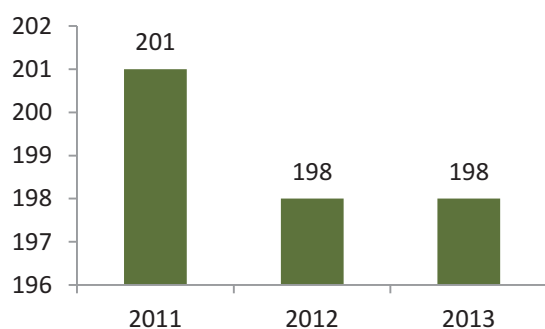
MONTHS				
	DEBT	ETPs	EQUITIES	TOTAL
	N	N	N	N
Jan	-	4,314,085	83,293,394,452	83,297,708,537
Feb	31,927,617	6,273,523	95,745,224,735	95,783,425,875
Mar	13,033,736	7,611,005	75,933,361,661	75,954,006,402
Apr	12,653,314	47,390,671	95,316,127,858	95,376,171,843
May	3,029,299	4,508,577	94,355,584,078	94,363,121,955
Jun	11,079,748	1,178,152	146,915,785,100	146,928,043,000
Jul	47,627,030	395,265	74,925,259,633	74,973,281,929
Aug	8,793,740	10,278,954	67,813,772,570	67,832,845,265
Sept	18,789,255	5,613,053	54,093,164,143	54,117,566,451
Oct	6,322,551	5,045,130	88,396,420,960	88,407,788,642
Nov	36,690,742	9,857,363	95,405,078,903	95,451,627,007
Dec	13,125,548	3,446,457	71,121,368,451	71,137,940,456
				<b>1,043,623,527,363</b>



## GROWTH IN LISTED SECURITIES

GROWTH IN LISTED SECURITIES				
	Number of Listed Sec. 2011	Number of Listed Sec. 2012	Number of Listed Sec. 2013	% Growth (2013 vs. 2012)
Equities	201	198	198	0.00%
Corporate Bonds/Debenture	12	19	18	5.26%
Federal Government Bonds	25	25	17	32.00%
State/Local Government Bonds	11	13	17	30.77%
Supranational	1	1	1	0.00%
ETF	1	1	1	0.00%
Funds (Memorandum Listing)	26	28	27	3.57%
Total	277	285	279	2.11%

**Number of Listed Equities**



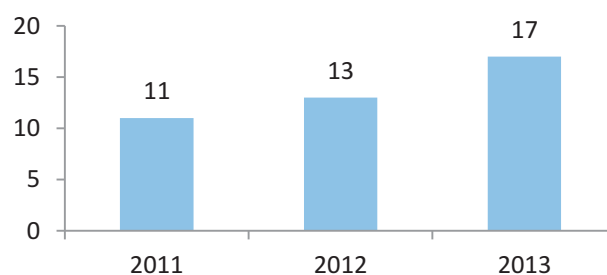
**Number of Listed Corporate Bonds/Debenture**



**Number of Listed Federal Government Bonds**



**Number of Listed State/Local Government Bonds**





## ACTIVE DEALING MEMBERS

*As of 31 December 2013*

1	Adamawa Securities Limited	51	Deep Trust & Investment Limited
2	Adonai Stockbrokers Limited	52	Delords Securities Limited
3	African Alliance Stockbrokers Limited	53	Dependable Securities Limited
4	Afrinvest West Africa Limited	54	Diamond Securities Limited
5	Aims Asset Management Limited	55	Dominion Trust Limited
6	Alangrange Securities Limited	56	DSU Brokerage Services Limited
7	Allbond Investment Limited	57	Dunbell Securities Limited
8	Altrade Securities Limited	58	Dunn Loren Merrifield Securities Limited
9	Amy Investment Limited	59	Dynamic Portfolio Limited
10	Anchorage Securities & Finance Limited	60	ECL Asset Management Limited
11	Anchoria Investment & Securities Limited	61	EDC Securities Limited
12	Apel asset & Trust Ltd	62	Emerging Capital Ltd
13	Apt Securities Limited	63	Emi Capital Resources Limited
14	ARM Securities Limited	64	Enterprise Stockbrokers Limited
15	Arthur Stevens Asset Management Limited	65	Equity Capital Solutions Limited
16	Associated Asset Managers Ltd	66	Eurocomm Securities Limited
17	Atlass Portfolio Ltd	67	Excel Securities Limited
18	Belfry Investment & Securities Limited	68	Express Discount Asset Management Limited
19	Bestlink Investment Limited	69	Express Portfolio Services Limited
20	Bestworth Assets & Trust Limited	70	FBC Trust & Securities Limited
21	BGL Securities Limited	71	FBN Securities Limited
22	Bytofel Trust & Securities Limited	72	FCSL Asset Management Company Limited
23	Cadington Securities Limited	73	Fidelity Finance Company Limited
24	Calyx Securities Limited	74	Fidelity Securities Limited
25	Camry Securities Limited	75	Financial Trust Company Limited
26	Capital Asset Limited	76	Finbank Securities & Assets Management Limited
27	Capital Bancorp Limited	77	Finmal Finance Services Limited
28	Capital Express Securities Limited	78	First Integrated Capital Management Limited
29	Capital Trust Brokers Limited	79	First Stockbrokers Limited
30	Cardinal Stone Securities Ltd	80	FIS Securities Limited
31	Cashville Investment & Securities Limited	81	Fittco Securities Limited
32	CDL Capital Markets Limited	82	Foresight Securities Limited
33	Centre Point Investment Limited	83	Forte Financial Limited
34	Century Securities Limited	84	Forthright Securities & Investments Limited
35	Chapel Hill Denham Securities Ltd	85	Fortress Capital Limited
36	Chartwell Securities Limited	86	Securities and Capital Management Company Limited
37	Citi Investment Capital Limited	87	FSDH Securities Limited
38	City Code Trust & Investment Company Limited	88	Funds Matrix & Assets Mgt Ltd
39	Clearview Investment & Securities Limited	89	Futureview Securities Limited
40	Compass Investment & Securities Limited	90	Gem Assets Management Ltd
41	Cordros Capital Limited	91	Gidauniya Investment & Securities Limited
42	Core Trust & Investment Limited	92	Global Asset Management (Nig) Limited
43	Covenant Securities & Asset Management Limited	93	Global View Consult & Investment Limited
44	Cowry Securities Limited	94	GMT Securities & Asset Management Limited
45	Cradle Trust Finance & Securities Limited	95	Golden Securities Limited
46	Crane Securities Limited	96	Gombe Securities Limited
47	Crossworld Securities Limited	97	Greenwich Securities Limited
48	Crown Capital Limited	98	GTI Securities Limited
49	CSL Stockbrokers Limited	99	Harmony Securities Limited
50	DBSL Securities Limited	100	Heartbeat Investment Limited

## ACTIVE DEALING MEMBERS

*As of 31 December 2013*

101	Hedge Securities & Invest. Ltd	152	Options Securities Limited
102	Heritage Capital Markets Limited	153	PAC Securities Limited
103	Horizon Stockbrokers Limited	154	Partnership Securities Limited
104	ICMG securities Limited	155	Peace Capital Markets Ltd
105	Icon Stockbrokers Limited	156	Perfecta Investment & Trust Limited
106	Imperial Assets Managers Limited	157	Phronesis Securities Limited
107	Independent Securities Limited	158	Pilot Securities Limited
108	Integrated Trust & Investment Limited	159	Pinefields Investment Services Limited
109	International Standard Securities Limited	160	PIPC Securities Limited
110	Interstate Securities Limited	161	Pivot Trust & Investment Co. Limited
111	Investment Centre Limited	162	PML Securities Limited
112	Investment One Stockbroker International Limited	163	Portfolio Advisers Limited
113	Investment Shark & Asset Mgt Ltd	164	Primera Africa Securities Limited
114	Investors & Trust Company Limited	165	Primewealth Capital Limited
115	Kapital Care Trust & Securities Limited	166	Profund Securities Limited
116	Kedari Securities Limited	167	Prominent Securities Ltd
117	Kinley Securities Limited	168	PSI Securities Limited
118	Kofana Securities & Investment Limited	169	Pyramid Securities Limited
119	Kundila Finance Services Limited	170	Quantum Securities Limited
120	Lambeth Trust & Investment Company Limited	171	Rainbow Securities Limited
121	LB Securities Limited	172	Readings Investment Ltd
122	Lead Securities & Investment Limited	173	Redasel Investments Limited
123	Lighthouse Asset Management Limited	174	Regency Asset Management Limited
124	Long Term Global Capital Limited	175	Rencap Securities (Nig) Limited
125	Mact Securities Limited	176	Resano Securities Limited
126	Magnartis Finance & Investment Limited	177	Resort Securities Limited
127	Mainland Trust Limited	178	Reward Investment & Service Limited
128	Marina Securities Stockbroking Services Limited	179	Rostrum Investment & Sec Ltd
129	Marriot Securities Limited	180	Rowet Capital Mgt Ltd
130	Maven Asset Management Limited	181	Royal Crest Finance Limited
131	Maxifund Investment & Securities Plc	182	Royal Guaranty & Trust Ltd
132	MBC Securities Limited	183	Royal Trust Securities Limited
133	MBL Financial Services Limited	184	Santrust Securities Limited
134	Mc-Finenco Investment Limited	185	Securities Africa Financial Limited
135	Mega Equities Limited	186	Security Swaps Limited
136	Mercov Securities Limited	187	SFC Securities Limited
137	Meristem Securities Limited	188	Shalom Investment & Financial Services Limited
138	Merit Securities Limited	189	Shelong Investments Limited
139	Midas Stockbrokers Limited	190	Sigma Securities Limited
140	Mission Securities Limited	191	Signet Investment & Securities Limited
141	Molten Trust Limited	192	Skyview Capital Ltd
142	Morgan Capital Securities Limited	193	Smadac Securities Limited
143	Mountain Investment & Securities Limited	194	Solid Rock Securities Limited
144	Mutual Alliance Investment & Securities Limited	195	Spring Trust & Securities Limited
145	Network Capital Limited	196	Springboard Trust & Investment Limited
146	Networth Securities & Finance Limited	197	Stanbic IBTC Stockbrokers Limited
147	Nexusview Finance Services Company Limited	198	Standard Alliance Capital Asset Mgt Limited
148	Nigerian International Securities Ltd	199	Standard Union Securities Limited
149	Nigerian Stockbrokers Limited	200	Stanwal Securities Limited
150	Nova Finance & Securities Limited	201	Strategy & Arbitrage Limited
151	Ocean Securities & Stockbrokers Limited	202	Summa Guaranty & Trust Company Limited



## ACTIVE DEALING MEMBERS

*As of 31 December 2013*

203	Supra Commercial Trust Company Limited	221	Unex Capital Limited
204	Surport Services Limited	222	Union Capital Markets Limited
205	TFS Securities & Investment Company Limited	223	Valmon Securities Limited
206	The Bridge Securities Limited	224	Valueline Securities & Investment Limited
207	Tiddo Securities Limited	225	Vetiva Securities Limited
208	Tomil Trust Limited	226	Vision Trust & Investment Limited
209	Topmost Finance & Investment Limited	227	Waila Securities and Funds Limited
210	Tower Asset Management Limited	228	Woodland Capital Markets Plc
211	Tower Securities & Investment Company Limited	229	WSTC Financial Services Limited
212	Trade Link Securities Limited	230	Yobe Investment & Securities Limited
213	Traders Trust & Investment Co. Limited	231	Yuderb Investment & Securities Ltd
214	Transafrica Financial Services Limited	232	Zenith Securities Limited
215	Transworld Investment Limited		
216	Trust Yield Securities Limited		
217	Trusthouse Investment Limited		
218	TRW Stockbrokers Limited		
219	UBA Stockbrokers Limited		
220	UIDC Securities Limited		







## BUSINESS REVIEW

### BUSINESS DEVELOPMENT DIVISION

Name	Profile	Activities	Strategic Developments
<b>Branch Network</b>	Branch Network is a department within the Business Development Division that serves as a one-stop shop for all branch office related activities. It functions to ensure the effective coordination of all branch office activities and mid-wives the relationship with the various Departments at the Head office.	In 2013, the department sustained implementation of the NSE corporate objective of delivering well-focused financial education with particular emphasis on encouraging more domestic investors into the market. Two of our branch offices have been enabled on the X-Gen platform, while the others will be enabled during the second phase of the rollout program. Our quotation visits to target companies across the country was pursued with vigour though this was hampered by security challenges especially in the North Eastern part of the country. Our cost-control initiative remained critical in our departmental pursuit.	The Department will continue to give the Exchange the required visibility across the country. It intends to provide the springboard for expansion of the product offering and participation in new investment opportunities.
<b>Listings Sales &amp; Retention</b>	Listings Sales and Retention is responsible for attracting new companies and Bond issuers to list and maintaining relationships with existing issuers. As part of its drive to increase the value proposition of listing, LSR offers a range of value added services to companies on both the Main Board and the Alternative Securities Market, ASeM (our growth board for dynamic SMEs)	The sustained market recovery in 2013 produced seven bond issues (four state government bonds, one FGN bond and two corporate bonds) and three new primary listings, including Computer Warehouse Group, a pan-African integrated ICT solutions provider. The company was recognised as one of Africa's 16 growth companies at the World Economic Forum in March 2014. We also launched ASeM, following a comprehensive overhaul of the former Second Tier Securities Market. The ASeM board is aimed at dynamic SMEs with high growth potential. As part of the ASeM initiative, 14 Designated Adviser firms were selected to provide support to ASeM companies.	Close engagement with the Bureau for Public Enterprises ensured that the capital market option for raising funds was clearly enshrined in the share purchase agreements for the newly-privatised PHCN successor companies.
<b>Product Management</b>	Product Management is a department within the Business Development Division that manages the development and growth of existing products. Its functions encompass the broad set of activities required to get new products to market and to support them thereafter (End-To-End) through order flow marketing. The Department also manages existing product enhancement to increase revenue.	In 2013, the department focused on increasing the product offering of the Exchange; February 2013, the unit facilitated the launch of Retail Bond Trading, the new product -RBT affords retail and other investors the opportunity to buy and sell bonds through the NSE trading platform. Also the full rollout of the market making program with the introduction of supplemental market makers in order to further boost liquidity and deepen the market was done in April 2013.	The department will continue to drive the corporate product strategy to increase its product offering to five asset classes by ensuring the timely completion of the feasibility study on the introduction of the Exchange Traded Derivatives (ETDs) by 2014. We will also increase the drive for more ETF listing and greater order flow for Equities and bonds.

## BUSINESS REVIEW (CONTINUED)

### CORPORATE SERVICE DIVISION

Department	Profile	Achievement	Activities	Strategic Developments
<b>Administration</b>	<p>The Administration department provides back office support services as a business enabler to the entire Exchange.</p> <p>It is principally concerned with the task of providing non-human work tools, logistics support and infrastructural maintenance for the Exchange, thus, ensuring a safe and conducive work environment.</p> <p>As a matter of policy and in full implementation of good governance framework, Administration ensures that all contractors/vendors to the Exchange are exposed to the pre-qualification and registration exercise in line with best practice.</p> <p>A centralized approach to Procurement was also adopted.</p>	<ul style="list-style-type: none"> <li>Facility upgrades and improvement through renovation works on various floors at the head office to provide a safe and conducive work environment.</li> <li>Significant cost savings in the areas of downward contract re negotiations.</li> <li>Engagement of professional Facilities Management Company.</li> </ul>	<p>The various activity areas are:</p> <ul style="list-style-type: none"> <li>Facilities Management and Maintenance.</li> <li>Fleet Management and Maintenance.</li> <li>Procurement and Store Management.</li> <li>Mail Management and Courier Services.</li> <li>Protocol (Front Desk, Logistics and Travel Management).</li> <li>Fixed Asset Management and Disposal.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing deployment of the E-Procurement Software.</li> <li>Development of Systems and Procedural Manuals and mappings to guide operations.</li> </ul> <p>Transparent and robust vendor selection process.</p>

## BUSINESS REVIEW (CONTINUED)

Department	Profile	Achievement	Activities	Strategic Developments
<b>Human Resources</b>	<p>The Human Resource Department is responsible for designing and implementing holistic Human Resource Management Strategies to suit the peculiar needs of the business and the Industry.</p> <p>The HR Function meets its objectives by providing a framework for attracting, recruiting, rewarding and retaining the best talent that will be motivated, focused and equipped to drive and attain business objectives.</p> <p>The philosophy of the HR Function is to be the ultimate enabler of the business. This is undergirded by the fact that business is driven by the availability of the right Talent. And the right Talent is the best-fit, skilled employee that is equipped and motivated to deliver on company objectives.</p> <p>Led by a seasoned Head of Human Resources, the department consists of three (3) strategic units and distinct areas of responsibility: Talent Management Learning and Development HR Admin.</p>	<ul style="list-style-type: none"> <li>Recruitment - Successfully onboarded 23 new hires into various strategic roles</li> <li>Over the last 2 years, we consistently achieved 98% employee participation in Training activities.</li> <li>Employee Policy Manual (EPM) - A revised and updated version of the EPM which seeks to further deepen our commitment to best practice in people management was rolled out.</li> <li>Employee Engagement Initiatives - Implemented a programme to commemorate The World Hepatitis Day which involved all business offices of The Exchange nationwide.</li> </ul>	<p>The main activities of the Human Resources Department are of 3 folds:</p> <ul style="list-style-type: none"> <li><b>Talent Management:</b> TM is the strategy arm of the department that focuses on HR business analytics, trends in HR practices and organizational management. It also focuses on recruitment, talent management and performance management. It seeks to systematically attract, identify, develop, engage, retain and deploy human resources capabilities across board. It also has responsibility of the broad Policies that govern employees at The Exchange.</li> <li><b>Learning &amp; Development:</b> The L&amp;D function focuses on skills and competency development and growth of Employees. It aims to promote an overall coherent approach to learning activities, needs assessments, monitoring, evaluation and reporting and; manages the learning budget for corporate learning activities. It includes development of policies and frameworks that drive implementation of learning activities. The L&amp;D function is also responsible for the Library and The Art Collection of The Exchange.</li> <li><b>HR Admin:</b> HR Admin's three core deliverables are Compensation and Benefits Management; Employee Relations and Services; and Employee Engagement. Compensation Management is a core business objective, while regulatorily compliant benefits strategies and programmes are designed to be of high perceived value by employees. Employee Relations and Services delivers effective communication between the employer and the employees. While Employee Engagement stimulates and motivates employees' commitment to the organization's values, goals, and successes whilst also enhancing their own sense of well-being.</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment and Retention Strategies</li> <li>Employee Policy Manual</li> <li>Learning and Development Initiatives</li> <li>Employee Engagement Efforts - Commemoration of The World Hepatitis Day</li> </ul>

## BUSINESS REVIEW (CONTINUED)

### LEGAL AND REGULATION DIVISION

Name	Profile	Activities	Strategic Developments
<b>Legal Department &amp; Council Secretariat</b>	<p>The Legal Department provides strategic guidance and direction regarding the legal obligations and rights of The Exchange. The duties of the Legal Department include: rendering advisory services to all Departments and Branches of The Exchange; providing legal support for new initiatives of The Exchange and advising and assisting with The Exchange's compliance with the applicable rules and regulations; and coordinating, monitoring and managing all claims and actions against The Exchange.</p> <p>The Council Secretariat provides end-to-end support to the National Council, its seven (7) Committees, the Board of Trustees of the Investor Protection Fund and the Board of Directors of the subsidiaries of The Exchange.</p>	<p>The Legal Department worked with the Market Surveillance Department to obtain The Exchange's registration as a member of the Intermarket Surveillance Group.</p> <p>The Legal Department and Council Secretariat prepared the Rules of the Investors' Protection Fund and the entire framework of the Investor Protection Fund to ensure the operationalization of the Investors' Protection Fund.</p> <p>The Legal Department prepared necessary documentation (Memoranda of Understanding or Letters of Intent) towards creating and regulating The Exchange's relationships with several organisations both within and outside the country. One of such organizations being The Economic and Financial Crimes Commission (the intent of the MOU entered is to foster cooperation towards sanitizing the Nigerian Capital market and maintaining a fair and orderly market).</p> <p>The Legal Department and Council Secretariat assisted The Exchange in its collaboration with the West African Capital Market Integration Council and the preparation of the necessary documentation towards ensuring the integration of various stock exchanges with a view to creating a common trading platform for the West African sub-region.</p> <p>The Council Secretariat ensured that the National Council, its Committees and the Board of Trustees of the Investor Protection Fund met regularly, in accordance with the National Council's Charter and the Committees' and Fund's terms of reference. The Council Secretariat, amongst other things, organized, coordinated and supported the following number of meetings: National Council (11), Audit and Risk Management Committee (3), Demutualization Committee (3), Disciplinary Committee (3), Governance and Remuneration Committee (5), MEMART Ad-hoc Committee (2), Rules and Adjudication Committee (8), Technical Committee (5); the Board of Trustees of the Investors' Protection Fund (3); and Boards of Subsidiaries of The Exchange (3).</p>	<p>As part of the Legal Department's drive towards ensuring adequate functionality of The Exchange's disciplinary process in relation to Dealing Member firms, it is overseeing The Exchange's current review and restructuring of its disciplinary process to ensure that it is aligned with international best practices and geared towards disciplining Infractions in the Nigerian Capital market.</p> <p>The Legal Department and Council Secretariat worked with the Market Operations and Technology Department to ensure that the necessary documentation was in place for the successful launch of The Exchange's new trading platform - X-Gen.</p> <p>The Council Secretariat updated the terms of references for all The Exchange's Committees as well as the Charter of the Council in order for them to align with international best practices to achieve good corporate governance.</p>

## BUSINESS REVIEW (CONTINUED)

Name	Profile	Activities	Strategic Developments
<b>Listings Regulation Department</b>	<p>The primary focus for Listings Regulation is to ensure that the regulatory landscape is fair, efficient and transparent for both Issuers and investors.</p> <p>The operations of the Department are run out of three (3) units, Listings Analysis, Listings Compliance and Listings Enforcement.</p> <p>Listings Regulation receives applications from issuers for listing of companies and securities; it reviews the applications to ensure compliance with the pre-listing requirements and thereafter presents them to Quotations Committee of the National Council of The Exchange (QCN) for approval.</p> <p>The Department also ensures that issuers adhere to post-listing rules and enforces the rules when incidents of non-compliance occur.</p>	<p>The Department processed forty-four (44) applications, of which forty-one (41) were approved; two (2) new companies, six (6) government and corporate bonds and one (1) REIT were listed.</p> <p>Seven (7) companies carried out restructuring exercises and twenty-four (24) supplementary listings were made.</p> <p>Four (4) companies and ten (10) bonds delisted during the year.</p>	<p>The Department, in aligning with the corporate objective of The Exchange on providing a stronger regulatory environment and investor protection, launched the X-Compliance report. This is a transparency initiative designed to maintain market integrity and protect investors through snapshots provision of information to guide investment decisions. We have also become proactive and more engaging in our effort to encourage the listed companies to comply with our Rules through introduction of periodic alerts with respect to their filing obligations.</p> <p>In complying with The Exchange's objective to use technology to enhance its regulatory efforts, the Department launched the X-Issuer Portal.</p> <p>Launched on March 26, 2013, the X-Issuer is a key regulatory initiative for a secure, electronic, on-line delivery of Issuers' information in a structured and continuous manner. Through X-Issuer Portal, Issuers fulfill their disclosure obligations on a timely and secure basis as the delay and potential leakage associated with submission of information in hard copy format is eliminated.</p> <p>The X-Issuer has enhanced transparency and has facilitated the discharge of Issuers' financial reporting and continuous disclosure obligations to The NSE and the investing public. It also permits analysts and other capital market professionals to have greater visibility into the activities of Issuers. Highlight of benefits include:</p> <ul style="list-style-type: none"> <li>• Timely release of financial information to the market i.e. information release on Issuers' Portal hits NSE on-line real time.</li> <li>• Aligning with international best practices leading to favourable competition in the global market place.</li> <li>• Greater transparency in information dissemination X-Issuer has enhanced market integrity due to significant reduction of information leakage.</li> </ul>
<b>Market Surveillance Department</b>	<p>The primary responsibility of the Market Surveillance Department is to protect the integrity of capital market from fraud, manipulation and abusive practices and to foster open, competitive, transparent, and financially sound markets.</p>	<p>The Department conducted a number of special investigations and spot checks during the reporting period. The Department also maintained a case of Market Manipulation before the Disciplinary Committee of Council as well as the National Council on appeal.</p>	<p>In 2013, the department engaged in the preparatory work for the effective whistle blowing program tagged X-Whistle. This ties into The Exchange's strategic development of operating a fair and orderly market based on just and equitable principles. This development will encourage compliance with capital market laws and policies and ultimately drive capital market development toward a dynamic and robust regulatory regime, it also promotes The Exchange's Zero Tolerance Policy against market infractions.</p>



## BUSINESS REVIEW (CONTINUED)

### MARKET OPERATION & TECHNOLOGY DIVISION

Name	Profile	Activities	Strategic Developments
<b>Information Security Department</b>	<p>The Information Security Department is part of the Market Operations and Technology Division with the prime focus of ensuring that the digital assets of the Exchange are protected at all times by employing pro-active security prevention, detection and assessment techniques based on industry best practices and in collaboration with industry peers.</p>	<p>The Exchange continues to maintain a prime focus on Information Security as it extends the technology infrastructure of both the Exchange and its broker/dealers to transact in the market through digital technologies spanning the smartphones at the retail end to dark fibre trading links in brokerage offices.</p> <p>In 2013, the Exchange extended its Information Security reviews to cover its eco-system of key providers of digital solutions to the Nigerian Capital market, whilst taking a pro-active stance on internal controls through heightened staff awareness and investments in security solutions and initiatives.</p>	<p>In 2014, Information Security will push to further deepen best practices within the Exchange and its wider participants by establishing a forum for sharing information and collaborating at a global level on best practices within both the wider Information Security community and Exchanges.</p>
<b>Transformation and Change</b>	<p>The Transformation and Change Department is a department within the Market Operations and Technology Division, with an Exchange-wide strategic role. The department was set up to drive the transformation agenda of The Nigerian Stock Exchange in achieving its goal of 5 Products by 2016 and \$1 Trillion Market Capitalization.</p> <p>Though the department also has external responsibilities to develop and leverage relationships with stakeholders within the Capital Market, in an effort to implement Market-related initiatives successfully, it was more internally focused in 2013.</p>	<p>The department's PMO (Project Management Office) function developed tools and templates that were used to strengthen the NSE's project delivery approach, supported by a robust and consistent methodology. This has been used to provide strategic oversight to projects, processes and enterprise-wide initiatives, by ensuring compliance with the highest standards of governance, risk and stakeholder management, for running and reporting on projects that have delivered operational efficiency and process improvement.</p> <p>A major function of the Transformation and Change department is to provide operational support for remote trading to broker dealers through the NSE's X-NET (virtual private network) service. The fully managed network set up in 2012 to provide real-time, low-latency electronic connectivity to the trading platform, achieved a sales turnover of over N59.8m in 2013 and increased the number of connected brokerage houses to 130.</p> <p>The department is also responsible for managing the NSE's Contact Centre, which acts as the main conduit for handling client enquiries as well as the Help Desk that deals with internal queries and technical support.</p> <p>The department was also responsible for facilitating the development and documentation of Standard Operational Procedures and processes for all departments at the Exchange to enforce a control and risk management discipline across the organisation.</p>	<p>The NSE is focused on achieving its goals of five products and \$1 Trillion Market Capitalization by 2016, and the Transformation and Change department, is strategically positioned to help drive its market initiatives and operational efficiency. In 2014, Transformation and Change will continue to work with internal stakeholders to drive the delivery of projects that support the NSE's strategic initiatives that improve operational efficiency and cost reduction through business process re-engineering programs.</p>



## MANAGEMENT TEAM

**Oscar Onyema** ►  
Chief Executive Officer



**Adeolu Bajomo**  
Executive Director and Head,  
Market Operations and Technology



**Taba Peterside**  
Listings Sales and Retention



**Olumide Lala**  
Transformation and Change



**Tunji Kazeem**  
Risk



**Josephine Igbinosun**  
Listings Regulation



**Rasaq Ozemede**  
Internal Audit



**Abimbola Babalola**  
Market Surveillance



**Adeyemi Osoba**  
Branch Network



**Pai Gamde**  
Human Resources



**Olufemi Shobanjo**  
Broker Dealer Regulation



## MANAGEMENT TEAM



**Haruna Jalo- Waziri**  
Executive Director and Head,  
Business Development



**Tinuade Awe**  
General Manager and  
Head, Legal and Regulation Division



**Bola Adeeko**  
General Manager and  
Head, Corporate Services Division



**Cyril Eigbobo**  
Finance



**Dipo Omotosho**  
Product Management



**Ade Ewuosho**  
Market Data



**Yvonne Emordi**  
Strategy



**Yetunde Ojo**  
Technology Services



**Favour Femi- Oyewole**  
Information Security



**Gabriel Igbeka**  
Administration



**Nwando Ajene**  
Corporate Communications



**Irene Robinson - Ayanwale**  
Legal Department  
and Council Secretariat



**Ademola Oyerinde**  
Security



## FLASH OF OUR EVENTS



Chief Executive Officer, The Nigerian Stock Exchange (NSE)/Chairman, West African Capital Market Integration Council (WACMI), Mr. Oscar Onyema (middle front row) flanked by other WACMI representatives at the WACMI Sensitization Workshop held in Abidjan, Ivory Coast on 2 April 2014.



L-R: Director General, West African Monetary Institute, Dr. Abwaku Englaga; Chief Executive Officer, BRVM, Mr. Edohkossi and Chief Executive Officer, The Nigerian Stock Exchange, Mr. Oscar Onyema at the West African Capital Markets Council meeting held in Abidjan, Ivory Coast from 31 March to 1 April 2014.



L-R: Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Mr. Haruna Jalo-Waziri; His Excellency, Executive Governor of Kogi State, Captain Idris Wada; Chief Executive Officer, NSE, Mr. Oscar Onyema and Managing Director, Afrinvest Securities Limited, Mr. Ike Chioke at the Kogi State Bond Listing Forum & Bell Ringing Ceremony on 3 April 2014.



L-R: Executive Director, Market Operation and Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Attorney General/Commissioner for Justice, Kogi State, Mr. Joe Adojo Abrahams, SAN; Chief Executive Officer, NSE, Mr. Oscar Onyema; His Excellency, Executive Governor of Kogi State, Captain Idris Wada and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at the Kogi State Bond Listing Forum & Bell Ringing Ceremony 3 April 2014.



L-R: Director, Africa Prudential Registrars Plc., Mr. Rasheed Olaoluwa; General Manager/Head, Listings Sales and Retention, The Nigerian Stock Exchange (NSE), Mrs. Taba Peterside; Chairman, Africa Prudential Registrars Plc., Chief Mrs. Niola Fadayomi; and Managing Director/CEO, Africa Prudential Registrars Plc., Mr. Peter Ashade at the Africa Prudential Registrars Plc., Bell Ringing and Facts Behind the Figures presentation on 2 April 2014.



L-R: Head, Corporate Services Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; former President/CEO, Transnational Corporation of Nigeria Plc, Mr. Obinna Ufudo; Chief Executive Officer, NSE, Mr. Oscar Onyema; The Hon. Minister of Power, Prof. Chinedu O. Nebo and Executive Director, Market Operations and Technology, NSE, Mr. Ade Bajomo at the Bell Ringing Ceremony 20 March 2014.



## FLASH OF OUR EVENTS



L-R: Honourable Minister of Industry, Trade and Investment, Dr. Olusegun Agaga; Chairman, Seplat Petroleum Development Company Plc. Mr. ABC Orjiako; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema and Chief Executive Officer, Seplat Petroleum Development Company Plc, Mr. Austin Avuru at the Facts Behind the Listings of Seplat Petroleum Development Company Plc at the Exchange today 14 April 2014.



L-R: Honourable Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Chairman, Seplat Petroleum Development Company Plc, Mr. ABC Orjiako; and Chief Executive Officer, Seplat Petroleum Development Company Plc. Mr. Austin Avuru at the Facts Behind the Listings of Seplat Petroleum Development Company Plc at the Exchange today 14 April 2014.



L-R: Deputy Managing Director, Ghana Stock Exchange (GSE), Mr. Ekow Afedzie; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema and Managing Director, Central Securities Clearing System (CSCS) Mr. Bukar Kyari at the West African Capital Markets Integration Council (WACMIC) Sensitization Workshop in Lagos 20 February 2014.



L-R: Representative from Ghana Stock Exchange (GSE), Mr. David Tetteh; Representative, GSE, Mr. Winston Nelson; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Deputy Managing Director, GSE, Mr. Ekow Afedzie and Deputy General Manager, Central Securities Clearing System Plc., Mr. Joseph Mekiliuwa at the West African Capital Markets Integration Council (WACMIC) Sensitization Workshop in Lagos 20 February 2014.



L-R: Member, Investments and Securities Tribunal (IST), Honourable Thelma Chineze; Member, IST, Honourable Wilfred Danola Ikatar; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema and Honourable Chairman, IST, Dr. Ngozi Chianakwalam ringing the bell to close trading after a visit to the Exchange 11 February 2014.



L-R: Head, Corporate Services Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; Chief Executive Officer, NSE, Mr. Oscar Onyema; The United States (U.S) Consul General, Mr. Jeffrey Hawkins and Executive Director, Market Operations and Technology, NSE, Mr. Ade Bajomo during the Bell Ringing Ceremony at the Exchange 21 October 2013.





## FLASH OF OUR EVENTS



L-R: United Kingdom Trade and Investment Representative, Mr. Mike Purves; Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Mr. Haruna Jalo-Waziri; Chief Executive Officer, NSE, Mr. Oscar Onyema; British High Commissioner to Nigeria, Dr. Andrew Pocock; and Head, Corporate Services Division, NSE, Mr. Bola Adeeko at the Bell Ringing by the High Commissioner 25 September 2013.



L-R: 1st Vice President, The Nigerian Stock Exchange (NSE), Mr. Aigboje Aig-Imoukhuede, CON; Director General, Securities and Exchange Commission (SEC), Ms. Aruma Oteh, OON; President, NSE, Alhaji Aliko Dangote, GCON; Honourable Minister of Finance and Coordinating Minister of the Economy, Dr. Ngozi Okonjo-Iweala; Chief Executive Officer, NSE, Mr. Oscar Onyema and Minister of Communication Technology, Mrs. Omobola Johnson; Former President, NSE, Mr. Pascal Dozie; Former President, NSE, Mr. Goodie Ibru and Former Interim Administrator, NSE, Mr. Emmanuel Ikazoboh at a Bell Ringing ceremony on 20 August 2013



L-R: The Minister of Communication Technology, Mrs. Omobola Johnson; Honourable Minister of Finance and Coordinating Minister of the Economy (CME), Dr. Ngozi Okonjo-Iweala; President, The Nigerian Stock Exchange (NSE), Alhaji Aliko Dangote, GCON and Chief Executive Officer, NSE, Mr. Oscar Onyema at an interactive forum during the CME's visit to the NSE on 20 August 2013.



L-R: Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Chief Executive Officer, Best Foods Global Limited, Mr. Emmanuel Ijewere; Chief Executive Officer, NSE, Mr. Oscar Onyema; President, Institute of Directors (IoD), Chief (Mrs.) Eniola Fadayomi, F.IoD, MFR; Past President, IoD, Chief (Mrs.) Olutoyin Olakunri and Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri following a courtesy visit by the IoD on 17 July 2013.



L-R: Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; former U.S. Ambassador to Nigeria, Ambassador (Dr.) Robin Renee Sanders; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri and Head, Corporate Services Division, NSE, Mr. Bola Adeeko at the Bell Ringing by the former Ambassador at The Exchange on 21 June 2013.



L-R: Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; President of Council, NSE, Alhaji Aliko Dangote; Chairman, Board of the Securities and Exchange Commission (SEC), Dr. Suleyman Ndanusa; Council Member, NSE, Alhaji Kasimu Garba Kurfi, and Director General, SEC, Ms. Arunma Oteh ringing the bell to kick off trading on the floor of the NSE on 5 March 2013.



## FLASH OF OUR EVENTS



L-R: Head, Legal and Regulation Division, The Nigerian Stock Exchange (NSE), Ms. Tinuade Awe; Chief Executive Officer, NSE, Mr. Oscar Onyema; Chairman, Economic and Financial Crimes Commission (EFCC), Mr. Ibrahim Lamorde; and Director of Operations, EFCC, Mr. Olaolu Adegbite at the Signing Ceremony for the Memorandum of Understanding between the EFCC and The NSE on 4 October 2013.



L-R: Group Chief Executive Officer, Forte Oil Plc, Mr. Akin Akinfemiwa; President of Council, The Nigerian Stock Exchange (NSE), Alhaji Aliko Dangote, GCON; Chief Executive Officer, NSE, Mr. Oscar Onyema; Chairman, Forte Oil Plc, Mr. Femi Otedola, CON; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri at the Forte Oil Plcs, Bell Ringing Ceremony.



L-R: Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; Minister of Communication Technology, Mrs. Omobola Johnson; and Mr. Austin Okere; Group Managing Director/Chief Executive Officer, Computer Warehouse Group (CWG) at a meeting during the Listing of CWG at the Exchange.



L-R: Executive Secretary, Nigerian Institute of Cultural Orientation, Dr. Barclays Ayakoroma; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Honourable Minister of Tourism, Culture and National Orientation, Chief Edem Duke; Director General, National Institute For Hospitality and Tourism Dr. Munzali Dantata and Head, Corporate Services Division, NSE, Mr. Bola Adeeko at a Bell Ringing Ceremony at the Exchange on Friday 10 November 2013.



Staff members pose for a picture after participating in the NSE Hepatitis Walk.



L-R: Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Chief Executive Officer, NSE, Mr. Oscar Onyema; Director General, Bureau of Public Enterprises (BPE), Mr. Benjamin Ezra Dikki; DD/SA, - DG, BPE, Mr. Danlami Z. Jelka during a courtesy visit to The Nigerian Stock Exchange.



## FLASH OF OUR EVENTS



L-R: Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar Onyema; Executive Director, Market Operations and Technology, NSE, Mr. Ade Bajomo; General Manager/Head, Legal and Regulation Division, NSE, Ms. Tinuade Awe; Executive Director, Business Development, Mr. Haruna Jalo-Waziri; Vice Chairman/CEO, Icon Stockbrokers Limited, Mr. Chike Nwanze and President, Association of Stockbroking Houses of Nigeria, Mr. Emeka Madubuie at the X-Gen Expo in Lagos.



L-R: Head, Product Management, The Nigerian Stock Exchange (NSE), Mr. Dipo Omotoso; Executive Director, Business Development, NSE, Mr. Haruna Jalo-Waziri; Nigerian Superstar, Innocent Idibia (2face, Tu-Baba); former Head, Main Board, Mrs. Cynthia Akpomudiare and Ade Ewuoso, Head, Market Data at the Year End Trade Closing Bell Ringing Ceremony on 31 December 2013.



L-R: Executive Director, Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Mr. Haruna Jalo-Waziri; President, NSE, Alhaji Aliko Dangote, GCON; Chief Executive Officer, NSE, Mr. Oscar Onyema and Managing Director/CEO, Greenwich Trust Group, Mr. Kayode Falowo at the NSE 2013 end of the year party in Lagos.



## PRESIDENTS OF THE EXCHANGE



ALHAJI ALIKO DANGOTE, GCON  
President



MALLAM BALLAMA MANU  
Interim Head of Council  
2010 - 2012



DR. OBA OTUDEKO OFR  
2006-2009



DR. RAYMOND C. OBIERI  
2003-2006



ALHAJI ABDUL RASAQ SAN. OFR  
2000-2003



MR. GOODIE IBRU, OON  
1997-2000



MR. PASCAL G. DOZIE, OON  
1994-1997



AARE M.K.O. ABIOLA  
1991-1994



CHIEF BAYO KUKU, CON  
1987-1991



ALHAJI ALIKO M. MOHAMMED, OFR  
1984-1987



CHIEF J.O. UDOJI, OFR  
1981-1984



CHIEF S.O. ASABIA, OFR  
1975-1981



CHIEF ADEOLA ODUTOLA, CON  
1972-1975



CHIEF SILAS BAMIDELE DANIYAN, OFR  
1970-1972



SIR MOBOLAJI BANK-ANTHONY, CON, MBE  
1966-1970

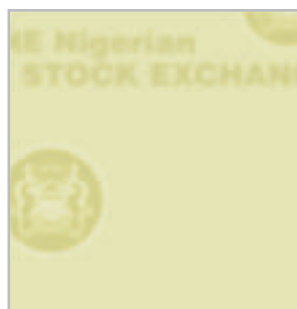


SIR ODUMEGWU OJUKWU, OBE  
1963-1966

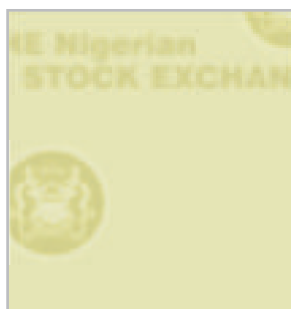




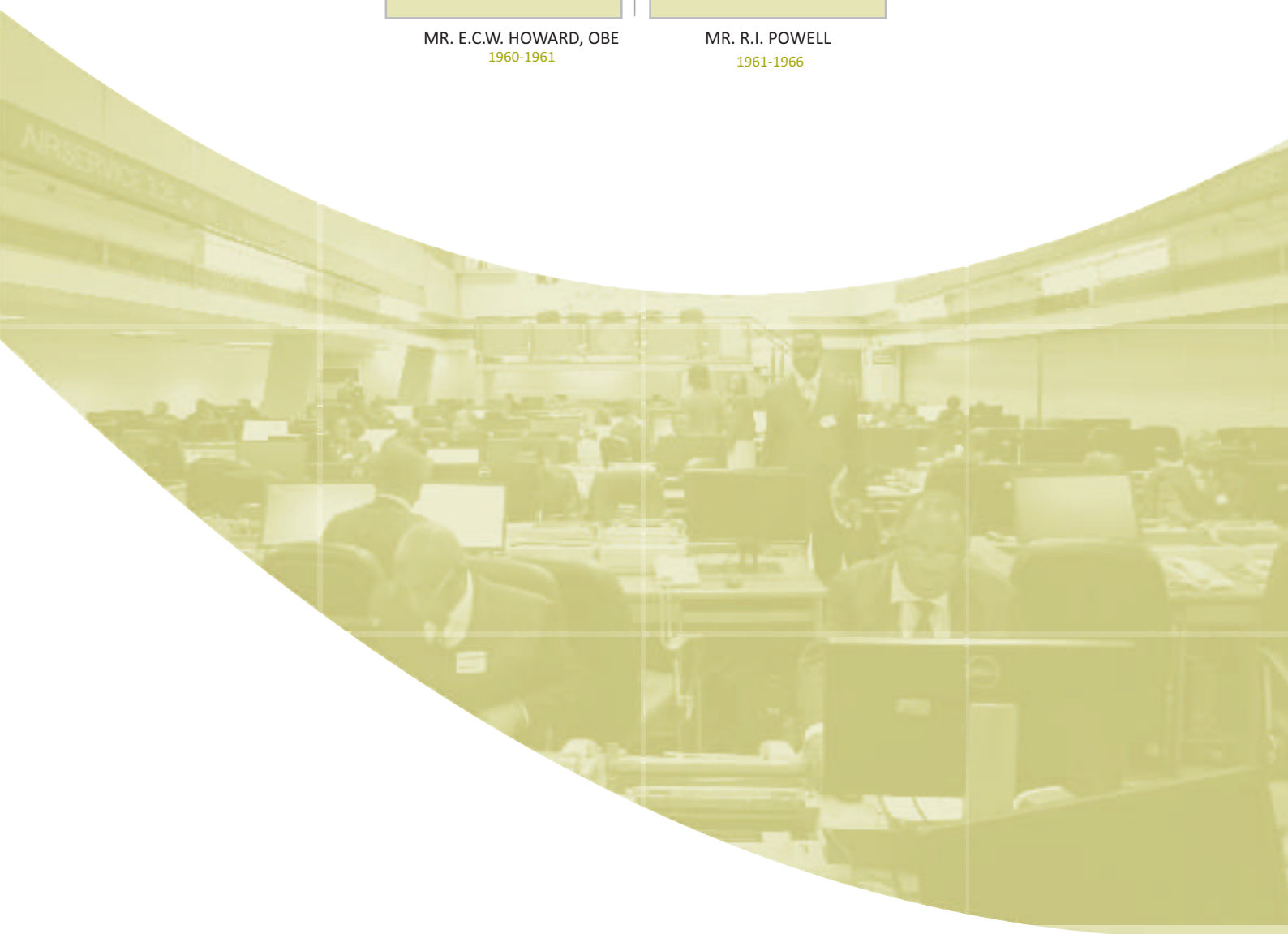
## PRESIDENTS OF THE EXCHANGE (CONTINUED)



**MR. E.C.W. HOWARD, OBE**  
1960-1961



**MR. R.I. POWELL**  
1961-1966







# PROXY FORM

The Nigerian Stock Exchange's 53rd Annual General Meeting to be held at the NSE Event Centre, 20th floor, Stock Exchange House, 2/4 Customs Street Lagos, on 24 September 2014 at 11:00 a.m.

I/We

of

Being a member/members of The Nigerian Stock Exchange ("The Exchange") hereby, appoint

as my/our proxy to act and vote on my/our behalf at the Annual General Meeting of the company to be held on 24 September 2014.

Dated this 1<sup>st</sup> Day of September 2014

Member's Signature

Member's Name

S/N	Ordinary Resolution	For	Against	Abstain
1	To elect the following as members of the National Council: i) Mr. Muhammad Daggash;			
	ii) Finmal Finance Services Limited (represented by Mr. Umaru Kwairanga);			
	iii) Greenwich Securities Limited (represented by Mr. Kayode Falowo);			
	iv) ICMG Securities Limited (represented by Mr. Michael Osime);			
	v) Meristem Securities Limited (represented by Mr. Oluwole Abegunde);			
	vi) Sigma Securities Limited (represented by Mr. Dunama Balami); and			
	vii) Signet Investment and Securities Limited (represented by Mr. Oladipo Aina)			
2	To authorize members of the National Council to fix the remuneration of Auditors.			
3	To approve the remuneration of National Council Members.			

**Note:**

- A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of himself.
- No person shall be appointed a proxy who is not already a member of The Exchange or the accredited representative of a member, save that a corporation being a member of The Exchange may appoint as its proxy one of its Directors or other authorized representative who is not a member of The Exchange.
- Instruments of proxy shall be deposited at the office of The Exchange at least 48 hours before the time of holding the meeting.

## ADMISSION CARD

Fifty-Third Annual General Meeting of The Nigerian Stock Exchange to be held at the at the NSE Event Centre, 20th floor, Stock Exchange House, 2/4 Customs Street Lagos, on 24 September 2014 at 11:00 a.m.

Name of Member (in BLOCK CAPITALS):

ADDRESS:

NOTE: A MEMBER OR HIS/HER PROXY MUST PRODUCE THIS ADMISSION CARD IN ORDER TO BE ADMITTED AT THE MEETING



## CORPORATE INFORMATION



<b>SECRETARY:</b>	Ms. Tinuade T. Awe
<b>REGISTERED OFFICE:</b>	Stock Exchange House 2/4 Customs Street, Lagos
<b>AUDITORS:</b>	KPMG Professional Services (Chartered Accountants)
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