

# CHANGING TIVIES. ENDURING VALUES.

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Annual Report & Accounts 2014



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# NOTICE OF THE FIFTY-FOURTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Fourth Annual General Meeting of Members of the Nigerian Stock Exchange will be held at the NSE Event Centre, 20th floor, Stock Exchange House, 2/4 Customs Street Lagos, on 18 June 2015 at 11:00 a.m. prompt to transact the following business:

## **ORDINARY BUSINESS**

- To present the Financial Statements of The Exchange as at 31 December 2014, and the Reports of the National Council and the Auditors thereon;
- 2. To re-elect the following as members of the National Council who are retiring by rotation:
  - i) Prof. Herbert Onye Orji, OON;
  - ii) Mr. Abubakar Mahmoud SAN, OON; and
  - iii) Mr. Abimbola Ogunbanjo
- 3. To re-appoint Auditors for the year 2015;
- 4. To authorize members of the National Council to fix the remuneration of the Auditors.

## **SPECIAL BUSINESS**

5. To fix the remuneration of 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 26th day of May 2015

## BY ORDER OF COUNCIL



# EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

## I. Resolution: Re-election of Council Members

Under Section 259 of the Companies and Allied Matters Act, CAP. C20 LFN 2004 (CAMA) one third of the directors for the time being shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election. The Memorandum and Articles of Association of The Exchange also provides for the re-election of the Council Members who are retiring under this Section.

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

Under Section 267(1) of CAMA the General Meeting is to determine the remuneration of National Council Members.

## PRESIDENT'S STATEMENT



...the Exchange is poised to become a veritable platform for financing the real economy, and we intend to play our part in transforming Nigeria's capital formation value chain.

am delighted to present the 2014 Annual Report and Financial Statements of the Nigerian Stock Exchange (NSE) to its members on the occasion of our Annual General Meeting which I am presiding over for the first time in my capacity as the President of the National Council. As you may be aware, I had the honour of being elected President of the NSE on 24 September 2014, following the retirement of my predecessor, Alhaji Aliko Dangote, GCON. On behalf of my colleagues on the Council, I would like to express our sincere appreciation for his significant contributions towards the transformation of the bourse and capital market during his tenure.

2014 was another year of stellar performance for the NSE, notwithstanding a high level of volatility in the equities market throughout the year. We achieved record revenues, thanks to a focused business model and the completion of several strategic initiatives. These initiatives have strengthened and improved the functioning of our market, leading to significant gains in profitability and efficiency.

## **FINANCIAL PERFORMANCE**

In 2014, we recorded impressive growth along key financial indices—total assets grew by over 30%, while net assets grew by 29%, year-on-year. The growth in net assets was driven by a consistent rise in trading revenue and other income. The results were achieved in spite of thinning operating margins and a fourth quarter slowdown in market activity. We recorded an operating surplus of N3.95 billion, representing a significant increase of 21% from 2013, and closed the year with accumulated funds of N17.49 billion. I commend the management team for maintaining an efficient cost-to-income ratio during the period under review, and urge that this trend is maintained.

## **CORPORATE STRATEGY**

During the year, we focused on strengthening our technical and market development functions. We concentrated efforts on (i) listings, (ii) increasing access to and participation in the market, and

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(iii) operating a fair and orderly market. We deployed our enhanced risk management framework to safeguard the business environment, and our corporate governance framework to enhance investor confidence. Our co-hosting services performed credibly, and our drive to build the capacity of market operators kicked off with the unveiling of a new set of minimum operating standards for dealing members.

In 2014, we shifted our strategic focus from enterprise restructuring to growth, aspiring to be an open and vibrant exchange, and the entrepreneurial growth hub of Africa. We made history early in the year by becoming the first African securities exchange to join the *Intermarket Surveillance Group* (ISG), and later in the year, a full member in the *World Federation of Exchanges* (WFE), following a rigorous multi-year application process. Attaining these significant milestones bestows a higher level of credibility and visibility upon the NSE, and provides avenues for increased international cooperation.

Momentum is strong for the successful execution of our strategy – to become a capital market hub in Africa. We believe that the Exchange is poised to become a veritable platform for financing the real economy, and we intend to play our part in transforming Nigeria's capital formation value chain. We are committed to working with policymakers and market participants to increase the impact of publicly-held companies on the largest economy in Africa.

## **GOVERNANCE & NEW COUNCIL MEMBERS**

We believe strong governance is critical to the long-term creation of enterprise value. With this in mind, the NSE has positioned itself at the forefront of promoting good business practices in Nigeria. As we strive to raise the level of competitiveness of the Nigerian capital market, our Corporate Governance Rating System (CGRS) raises the bar in the areas of (1) compliance with the Securities and Exchange Commission's (SEC) Code of Corporate Governance and (2) the listing rules of the Exchange, as well as (3) fiduciary awareness of directors, and (4) ethical dealings in individual businesses' ecosystems.

In September 2014, the Exchange welcomed 6 new members to the National Council of the Exchange to replace six retiring non-executive Council members who served alongside Alhaji Dangote, GCON. We welcome

...the NSE's business model will remain relevant, enabling us to overcome the current challenges facing our market, leading us to capitalize on various opportunities that are available locally, regionally and globally, and steering us towards a position of pre-eminence amongst exchanges in Africa. 77

our new Council members: Engr. Muhammad Daggash; Alhaji Umaru Kwairanga representing Finmal Finance Services Limited; and Messrs. Kayode Falowo representing Greenwich Securities Ltd.; Michael Osime representing ICMG Securities Limited; Oluwole Abegunde representing Meristem Securities Limited; Oladipo Aina representing Signet Investments and Securities Limited; and Dulama Balami representing Sigma Securities Limited, as we acknowledge, once again, the tremendous contributions of each out-going Council member.

## CONCLUSION

In conclusion, we are on course with the execution of our strategy and with the targets and objectives we set for our business. As the year under review came to a close, a number of global and local developments began to exert enormous pressure on the economy and the smooth functioning of our financial market. The business of the Nigerian Stock Exchange will continue to be impacted by such developments, however, our new strategic direction is timely, and our focus, clearly guided. I have every confidence that the NSE's business model will remain relevant, enabling us to overcome the current challenges facing our market, leading us to capitalize on various opportunities that are available locally, regionally and globally, and steering us towards a position of preeminence amongst exchanges in Africa.



Aigboje Aig-Imoukhuede, CON Council President

## **CHIEF EXECUTIVE'S STATEMENT**



We are positioning the business to be a key player in the sub-Saharan region, as well as to be agile to seize new opportunities, and capitalize on our strategic investments. ""

am pleased to report that the Nigerian Stock Exchange had a record year in 2014. We closed the year with our strongest growth in 6 years, with total income at N8.1 billion, 47% up from N5.4 billion in 2013, and an operating profit margin of 50%. Transaction fees were our largest revenue item, growing 32% year-on-year, and accounting for 52% of total revenues.

Our listings program also performed well, soaring 228% as a result of 5 new equity listings. At the same time revenues from strategic investments jumped 75%, comprised primarily of interest and dividend income.

Perhaps what is most gratifying is that our 2014 success is despite the challenging market conditions that prevailed throughout the year. Our business was greatly impacted by domestic and global shocks, including the international price of crude oil, significant pressure on the naira, reemergence of growth in developed economies, the upcoming 2015 elections in Nigeria, and festering insurgency in some parts of the nation. These, compounded by the impact of tightening monetary policy throughout the year, contributed to the 'flight to quality' strategy adopted by foreign investors, which manifested in a sell-down of securities and repatriation of funds, as a response to currency risk.

## FROM STRATEGY TO REALITY

In 2014, we continued the successful execution of our strategy to become the market for entrepreneurial growth in Africa, and I am pleased with the progress we have made. We achieved major milestones as a result of our efforts to increase visibility of our market, and increase the quantum of investment flows into the market. We officially launched direct market access (DMA) under the West African Capital Markets Integration (WACMI) program, and a necessary step to giving investors greater access to our market.

In line with the long-term growth prospects of our business, we welcomed a handful of companies to the equity market during the year, including the **47%** 

**GROWTH IN GROSS REVENUE** 

21%

GROWTH IN OPERATING PROFIT

32%

Y-O-Y GROWTH ON TRANSACTION FEES

**75%** 

GROWTH IN REVENUE FROM STRATEGIC INVESTMENTS

first IPO since the market crash of 2008. The listing was of historical proportions as the company was simultaneously listed on the Main Market of the *London Stock Exchange* (LSE) —the first Nigerian company to accomplish that feat. Other business development efforts led to the successful execution of our Asia and Europe road shows, to bring together Africa-focused investors and fund managers to explore opportunities for strategic positioning in our high-growth market.

To further enable us meet our strategic growth objectives, we must maintain a fair and orderly market, and provide issuers the value they seek when they become publically-listed companies. In this regard, we introduced a new set of minimum operating standards for 3 classes of market intermediaries operating at the Exchange. The new standards address 5 critical areas — manpower and equipment, organizational structure and governance, effective processes, global competitiveness, and technology—all of which support our efforts to build a sustainable market, and provide investors an added level of protection. The deadline for complying with the new standards was 31 December, 2014.

## **CUSTOMER-FOCUSED VALUE PROPOSITION**

At the Nigerian Stock Exchange, strategic planning is centered on achieving sustainable competitive advantage, despite the rapidly-changing global exchange landscape in which we operate. Our focus, therefore, rests on strategic initiatives that enable us exploit several transient opportunities at the same time.

In 2014, we revised our business strategy to support our growth aspirations around products, order flow and market integrity. As a result, our new strategic objectives are to (i) increase the number of new listings across five asset classes; (ii) increase order flow in the five asset classes; and (iii) operate a fair and orderly market based on just and equitable principles. It is this razor-sharp focus that guided us to N4.0 billion in operating profits, up 21% from 2013 despite a slight increase in our cost-to-income ratio – 66% in 2014, compared to 62% the preceding year, but a long way from the 86% recorded in 2012. We are stepping up investments and product development, and improving on the execution of our cost management strategies which are fundamental to our profitability margins.

As a privately held company, we challenge ourselves to be the best we can be. For this reason, we have adopted global best practices in many aspects of our business processes. Today, the Exchange is a member of 8 globally-recognized exchange, regulatory, data, sustainability and regional associations that are known for setting high global standards – the World Federation of Exchanges, World Economic Forum, Intermarket Surveillance Group, Financial Information Services Association of SIIA, FIX Protocol Ltd., UN Sustainable Securities Exchange Initiative, African Securities Exchanges Association, and the West African Capital Markets Integration Council. It is also an affiliate member of the International Organization of Securities Commissions. We have signed memoranda of understanding (MOUs) with various exchanges regionally and globally to promote mutual cooperation and to help improve and harmonize our management practices. In 2014, we executed one such agreement with the LSE Group to support African companies seeking dual listings on the Lagos and London bourses, as a result of our positioning as a top destination for listing, market services, and hosting services.

## A POSITIVE IMPACT

Outside our revenue generating efforts, we value the crucial role we play in supporting economic growth, by ensuring the nation has an efficient and sustainable

# We will continue to deliver on our strategic commitments, drive operational excellence, and create value for the Exchange and our various stakeholders.

capital market. We are cognizant of our wider role in society and the responsibility that comes with it. This extends to how we operate our business.

Today, the Exchange appropriates a minimum of approximately two per cent of annual surplus to corporate social responsibility (CSR) initiatives. In the marketplace, we remain dedicated to raising environmental, social and governance (ESG) awareness levels, to encouraging higher governance standards among listed companies, and to offering information and investment products and services for sustainable investing.

Another key area where we focus our CSR efforts is in developing capacity for the Nigerian capital market. In May 2014, we launched the NSE Graduate Trainee Program – a management training program designed to develop the talents of some of the brightest Nigerian university graduates, and to prepare them for a career in finance. We also foster a qualitative work environment by implementing employment practices that embrace diversity and equality, training and development, health and safety, and fair remuneration and meaningful communication. Finally, our environmentally-focused efforts are in partnership with the Lagos State Waste Management Authority (LAWMA) with whom we work to ensure safe and reliable waste disposal. Through these pledges, we believe we are making a positive impact on the community in which we operate.

## **LOOKING FORWARD**

We are cautiously optimistic about the year ahead despite of the head winds we are currently faced with. We will continue to deliver on our strategic commitments, drive operational excellence, and create value for the Exchange and our various stakeholders. Our businesses are healthy as demonstrated by our results, and to that end, we will continue to deliver several initiatives to support the execution of our growth strategy. We are positioning the business to be a key

player in the sub-Saharan region, as well as to be agile to seize new opportunities, and capitalize on our strategic investments.

Moving forward, we will engage the global financial community as an African hub for entrepreneurial growth, and look to attract more order flow into the market, especially domestic flows. As we work with the regulator and other market intermediaries to streamline the cost of participation in our market, we will intensify efforts around delivering a clear value proposition for issuers, and developing a truly sustainable market.

The progress we have made towards achieving our strategic objectives would not have been possible without the passion and dedication of our staff. I would like to thank them for their unwavering commitment to delivering on our vision. While there is still much to be done, we are confident that we will do our best under whatever scenarios we are presented with in 2015. We will concentrate our efforts on delivering a strong value proposition, extending our global reach, and developing new business opportunities for the Group.

Our 2015 outlook is largely influenced by a number of Nigerian macroeconomic variables, including crude oil prices, foreign exchange movements, national security, and the outcome of the 2015 elections, to name a few. A strengthening US dollar may precipitate additional foreign portfolio investment reversal, however, the deeply reduced prices of our listed securities, present domestic investors with an opportunity for informed long-term investing. The business model of the NSE is sound, our focus is clear, and we are well-positioned to take advantage of emerging market trends, and economic and market cycles. With some hard work and perseverance, I have no doubt that we can be the vibrant exchange that connects Nigeria, Africa and the world.

Oscar N. Onyema, OON Chief Executive Officer

## THE NSE'S STRATEGY REPORT



## STRATEGY AT THE CORE

we embark on internalizing and executing our new growth strategy, our focus and motivation rest clearly on (a) products, (b) order flow, and (c) market integrity. In 2014, we reassessed our strategic positioning and updated several facets of our corporate strategy, to ensure they reflect our corporate aspirations. We injected some dynamism into our strategy to enable us take advantage of opportunities as they emerge. To facilitate swift and efficient completion of initiatives tied to our strategic objectives, we ensure that they are based on the strategic direction and goals

of the organization, and we take a project approach to execution, while maintaining consideration for the competitive market environment in which we operate.

In 2014, we made meaningful progress in the implementation of our growth strategy by expanding the number of exchange traded products (ETPs) available in our market, forging strategic linkages, and raising standards for issuers and market intermediaries, to name a few. The structured use of resources in our business and the dynamism of our people were instrumental in the delivery of key initiatives in 2014.

					ACTION							
Increase the number of new listings across 5 asset classes				; laws, regulation	marketing strategy			tive fee structure	streams	proposition	cess	th network
Increase <b>order flow</b> in the 5 asset classes		operators	vestors	Champion the development of enabling laws, regulation nd rules	comprehensive/integrated n	and reward system	and support systems	- Develop a competitive fee	- Diversify income st	- Enhance our value	- Increase market access	- Integrate the branch network
Operate a <b>fair and orderly market</b> based on just and equitable principles	- Demutualize	- Transform market operators	- Attract confident investors	- Champion the devo	- Develop a comprel	- Enhance staff skills	- Enhance trading ar	<ul><li>Imp pro</li><li>Hav pro</li></ul>	olement a gram ye a stron gram	licit costs a world-c ng investo risk-baseo	lass surve or protect	ion

## **OUR PROGRESS**

number of new listings across 5 asset classes  Product Innovation		The dual listing of Seplat Petroleum Development Company Plc on the NSE and London Stock Exchange (LSE) in April 2014, marked the first IPO in the Nigerian capital market since the market crash of 2008.				
		The NSE admitted 3 exchange traded funds (ETFs) to the Main Board – the Vetiva Griffin 30 (VG30) ETF, the Stanbic IBTC ETF, and the Lotus HALAL Equity ETF.				
Increase <b>order flow</b> in the 5 asset classes	Derivatives Feasibility Study	Conducted a study to assess the infrastructure requirements, and sequencing for the launch of risk management products in the Nigerian capital market				
	Competitive Fee Structure	The Exchange, along with the regulator and CSD, completed an analysis comparing the implicit and explicit costs in the Nigerian capital market with costs in other jurisdictions.				
	Direct Market Access (DMA)	Direct market access (DMA) was launched in Q3'14 to facilitate better access to the market.				
Operate a fair and orderly market based on just and equitable	Improved Cooperation with Other Exchanges and Global Organizations	Received full memberships in the World Federation of Exchanges (WFE) and the Inter-market Surveillance Group (ISG). The NSE also signed a capital markets agreement with the London Stock Exchange Group (LSEG).				
principles  Min. Standards for Market Operators  Corporate Governance Rating System (CGRS)		Introduced minimum operating standards for three classes of market operators.				
		The Corporate Governance Rating System (CGRS) was rolled out in partnership with the Convention on Business Integrity (CBi).				
	Whistle Blowing Program	Launched an on-line whistle blowing portal, X-Whistle, for the secure and effective submission of tips and referrals regarding violations of the rules, regulations and laws of the Nigerian capital market by listed companies and market intermediaries.				

## **ENTERPRISE RISK MANAGEMENT REPORT**

## INTRODUCTION

he Nigerian Stock Exchange (NSE) is committed to the highest risk management standards. As Africa's leading Stock Exchange, we seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that will assist in delivering our growth plans as articulated in our strategic objectives.

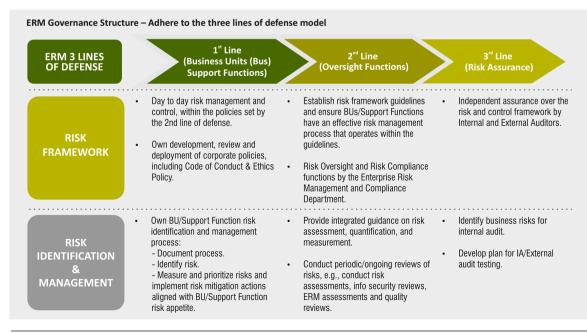
Risk Management is at the core of the operating structure of the Exchange. The application of an effective ERM framework to strategic planning, departmental operations, systems and information technology and daily interface with our customers/stakeholders, ensures that decisions are formulated on evidence-based principles and are linked to the strategic objectives and risk appetite of the Exchange.

To accomplish these objectives we adhere to stringent governance requirements and effective forward-looking non-parametric risk management practice. This has yielded expected results thus far as we focus on effectively implementing the Council approved Enterprise Risk Framework.

## **RISK OVERSIGHT**

Risk oversight and governance remains a high priority on the agenda of the National Council. The Exchange's approach to risk management is based on an established governance process. The Council through the Audit and Risk Management Committee has overall responsibility for the enterprise risk management and for ensuring that effective accountability and adequate risk mitigating internal controls are in place to realize the Exchange's set objectives.

Good governance is essential for the effective management of risk and we have implemented an industry standard governance model called the three lines of defence model. The model provides a simple and effective way to enhance communications on risk management and control by clarifying essential roles and duties. Each of these three "lines" plays a distinct role within the organization's wider governance framework.



The first line of defence is the function that owns and manages the risks within specific unit, department or division. They are also responsible for ensuring that the risk mitigating controls put in place are effective and yielding expected results.

The second line of defence serves a vital purpose in facilitating and monitoring effective implementation of the risk framework and policies, ensures risks are within specific mandates, and provides an independent overview of the effectiveness of risk management by the first line of defence.

The third line of defence (Internal Audit and External Audit) provides independent assurance, to the Council and other key stakeholders, on the effectiveness of the systems of controls and risk framework.

## THE CURRENT STATE OF ERM IMPLEMENTATION

We are subjected to a variety of risks, the management of which is fundamental to the successful execution of our strategic plan. Last year ERM facilitated brainstorming sessions across the Exchange, learning what each division, department, and business unit does and what unique risk each faces. Over 100 individual risks were identified. About 85 were selected to be assessed. Each risk was identified in light of the divisional / departmental and specific process objectives, and assessed based on the likelihood of the risk materializing and severity / impact should the risk materialize.

We manage these risks by implementing the Council approved risk framework, which adheres to industry standards such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework and principles defined in ISO 31000. We are exposed to various categories of risk including:

Risk Category	Mitigation
<b>Operational risk:</b> This is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events.	We conducted assessments of all facets of operational risks to ensure we continually identify, monitor, manage and control risks on an ongoing basis. Additionally, we gauge our policies, processes, skills, competencies and business decisions against best practice.
<b>Financial Risk:</b> The risk of loss from inadequate management of the Company's capital.	The Exchange is mindful of its overall expenditures as it seeks to fulfil its obligations to the relevant stakeholders. It ensures that it employs prudent financial discipline in managing its revenue and expenditure. To ensure optimum on-going liquidity and immediate access to funds, we monitor our operating cash flows, financial and liquidity ratios.
Business / Strategic Risk: Risks related to our strategy, our ability to effectively execute and implement these initiatives, and external threats to the achievement of our strategies.	We continue to build a risk aware culture through risk and compliance training. Also embedding risk identification in formulating our strategic objectives.  Most importantly, we proactively implement controls aimed at managing various types of risk that may impact our ability to realize our business or strategic objective. This includes the risk of cyber threats. We conduct regular third party vulnerability and security tests and assessments. Educate staff on the importance of, and their role in managing cyber threats and adhere to IT industry best practice on cyber security.
Program Risk: The risk that all major, complex projects and strategic actions underway concurrently may not be delivered to sufficiently high standards or within agreed timelines. This may have impact on our operations and revenue growth / projections.	Successful project delivery and implementation is a priority for management. Each project is managed by a project manager with additional oversight by a Project Steering Committee. All of this is coordinated by the Exchange's Project Management Office (PMO).
Macro-Economic Impact: General economic conditions, as well as fiscal and monetary policies affect the overall level of trading activity and new listings in securities markets. This directly impacts the Exchange's operating results.	While we have minimal influence on this, the Exchange is exploring alternative revenue models, i.e. co-hosting, that are uncorrelated with its core revenue model.

Risk Category	Mitigation
<b>Political Risk:</b> The risk that our revenue may be affected by structural issues i.e. political instability in the country.	Existing Business Continuity Management (BCM) and crisis management procedures would be invoked to manage the response to any sudden incident resulting from the elections.
<b>Regulatory Risk:</b> New SEC regulations / requirements may adversely impact our business and the business of market operators.	We maintain on-going review of our regulatory and compliance obligations and have instituted a zero tolerance policy for regulatory breaches. We monitor this by closely working with our regulators and ensuring we keep abreast of new and revised regulatory obligations.
Reputational Risk: One of our competitive strengths is our reputation and brand name. Our reputation could be impacted in many varying ways, including by regulatory, governance or technology failures, or the activities of brokers and listed companies. All of these may impair our ability to retain and generate business thereby adversely impacting our top/bottom line revenues.	The Exchange intends to comply with all relevant laws, rules and regulations. As a result we have internally instituted a zero tolerance for regulatory and compliance breaches. Additionally, we actively monitor both operators and listed companies to ensure compliance with all related policies and rules.  Furthermore, the Exchange continues to maintain an effective board oversight through it robust governance structure.
Compliance Risk: There is a risk that we may be fined or face legal proceedings due to regulatory breaches or failure to comply with the applicable laws and regulatory requirements.	We recently implemented a comprehensive Compliance framework that is currently being operationalized. The effected policies and procedures will ensure that all employees are compliant with applicable laws and regulations and uphold our corporate standards.

## **FOCUS AREAS FOR FISCAL YEAR 2015**

In 2015, we plan to focus on strengthening our relationship with key stakeholders and ensuring effective compliance with relevant laws, SEC regulations, and safeguarding the Exchange's reputation and strategic objectives. We recently implemented a Compliance Framework which outlines the regulatory environment within which The Exchange operates and manages its compliance policies.

Additionally, the framework sets out expectations of each employee with regards to complying with set policies, procedures and code of ethics of the Exchange, both in an individual capacity and at the corporate level. Implementation of the Compliance Framework will be one of ERM's objectives for the year.

**Operationalization of ERM:** ERM program continues to evolve as we enhance our risk management capabilities to ensure that we maintain our trajectory while protecting the value of our business.

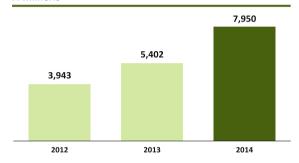
We have made good progress on embedding risk into every process and all activities at the Exchange and plan on conducting focused training on key risk issues with an aim to enhancing the Exchange's risk capability, risk culture, realization of its strategic objectives, and increasing its operational efficiency. This year we will be introducing barometers for enhancing our overall risk maturity, for instance, the degree to which management decision-making has a risk component attached to it, and the depth to which risk awareness is 'embedded' or 'systematized' in the day-to-day operations at the Exchange.

Finally, The Nigerian Stock Exchange recognizes that maintaining and continually enhancing our risk management capabilities will be critical in the months ahead, as we aim to successfully implement our strategic objectives, and efficaciously weather the current economic uncertainties.



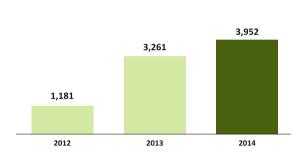
## FINANCIAL HIGHLIGHTS (PROFITABILITY)

## Total Income (+47%) ₦ millions



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

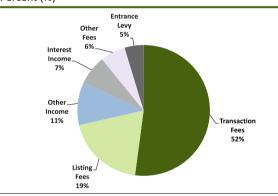
## Operating Surplus (+21%) ↑ millions



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

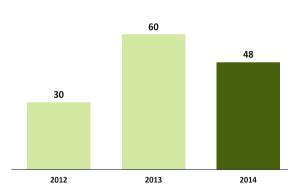
## **Total Income Mix**

## Percent (%)



Income  ${\it mix}$  represents the relative distribution of income streams of the business.

## Operating Surplus Margin Ratio Percent (%)



The operating surplus margin is a ratio that measures the Group's efficiency in managing its resources.

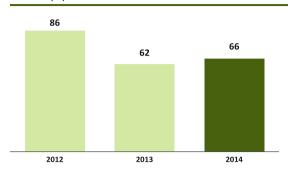
## Year-on-Year Performance

Year End 31 Dec (N 000)	2013	2014	Variance (%)
Revenue	4,576,697	6,533,618	42.76
Other income	825,206	1,416,470	71.65
Total Income	5,401,903	7,950,088	47.17
Operating Surplus For the Year	3,263,733	3,951,931	21.09
Total Assets	15,698,377	20,670,364	31.67
Net Assets	13,601,058	17,490,801	28.60

## FINANCIAL HIGHLIGHTS (PROFITABILITY cont'd)

## **Cost-to-Income Ratio**

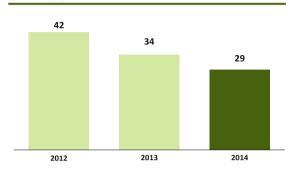
Percent (%)



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

## Staff Cost-to-Income Ratio

Percent (%)

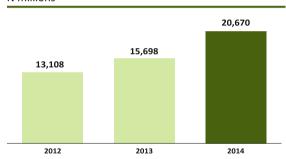


This ratio tracks Group's effectiveness in managing its human capital.

## FINANCIAL HIGHLIGHTS (OPERATIONAL EFFICIENCY)

## Total Assets (+32%)

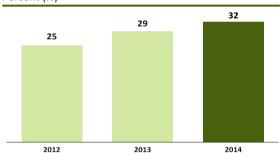
**₦** millions



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

## **Asset Turnover**

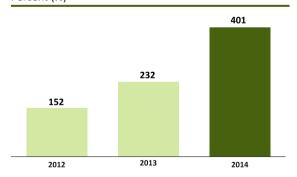
Percent (%)



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

## **Current Ratio**

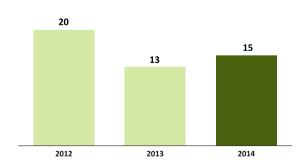
Percent (%)



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**

Percent (%)



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, 2011. 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 estimate

## **OPERATIONAL HIGHLIGHTS**

## **Our Performance**

Despite downward pressure on the equities market throughout the course of the year, the Exchange delivered stable order flow, thanks to a focused business model, and the completion of several strategic initiatives. Average daily value traded increased 29.5%, while turnover velocity increased 57.4% over the previous year. The market also saw a foreign and local participation rate of 58.5% and 41.5%, respectively, in total value traded.

## Strategy at the Core

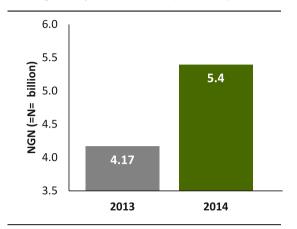
The NSE consulted McKinsey & Co. to refine the business' five-year corporate strategic plan. The result is a focused growth strategy, anchored by 3 strategic objectives that will help shape the exchange's future, and drive its long-term success.

Going into 2015 with a strong focus on execution, the NSE is well-positioned to translate its strategy into returns. The Exchange remains committed to discovering what it can do better for the business and for its customers. By leveraging relationships and its customer-centric value proposition, it will focus efforts on introducing exciting opportunities to the market, enabling the bourse to grow its business and develop a wider regional and global network.

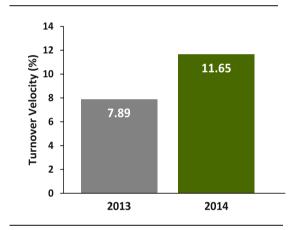
## Outlook

Staying the course. The Group demonstrated another year of strong performance, primarily driven by its core business. In line with the corporate strategy, the NSE is unwavering in its commitment to solidify its leadership position in the region by (i) promoting its market as an African hub for growth companies; (ii) attracting more domestic flows; (iii) implementing a more competitive price structure supported by the Regulator and other market participants; and (iv) intensifying efforts towards developing a more sustainable market.

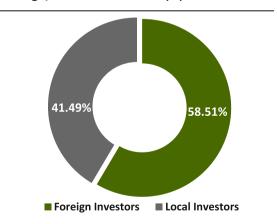
## Average Daily Value Traded (+29.50%)



## **Turnover Velocity (+57.36%)**



## Foreign/Local Traded Value (%)



## **SPECIAL FEATURE ON CGRS**



he Corporate Governance Rating System (CGRS) is a framework developed to rate companies based on the quality of their corporate integrity; corporate compliance; understanding of fiduciary responsibilities by their directors and their corporate reputation.

This initiative was developed by The Nigerian Stock Exchange (The Exchange") in partnership with the Convention on Business Integrity (CBi) to provide a steady flow of robust data that will be used to develop a Corporate Governance Rating System (CGRS) for listed companies in Nigeria. Corporate Governance ratings are becoming very powerful sources of information on a company's commitment to excellence in its governance practices. It reflects the extent to which a company's corporate governance practices and policies serve the interests of investors, shareholders and other stakeholders

## **Benefits**

The Corporate Governance Rating System:

- Provides an objective and independent analysis of corporate governance practices and its influence on corporate fairness in dealing with stakeholders.
- · Provides valuable information for conducting

- research in various fields of governance
- Increases credibility in and attractiveness of companies that meet the rating threshold to both investors and partners alike.
- Provides a tool to enable regulators judge the progress of corporate governance reforms.
- Provides the ability to discern between poorly and well governed companies
- Pre-empts and prevents adverse business situations by reducing company reputational risk.
- Leads to increased inflow of Foreign Direct Investment (FDI).
- Forms the basis for listing on The Exchange's proposed "Premium Board" along with other criteria.
- A key element in the development of a tradable Corporate Governance Index (CGI).

## **Rating Components**

The CGRS process is conducted through the following rating components:

- Corporate Compliance
  - Compliance to Corporate Governance Codes
  - Regulatory Rules
  - Anti-Corruption programs



Picture L-R: Mr. Andreas Grimminger, PGS Advisors International; Oscar N. Onyema (OON) CEO, NSE; Soji Apampa, Executive Director, Convention on Business Integrity& Mr. Jermyn Brooks Director, Transparency International at the Corporate Governance Rating System Launch.

## • Fiduciary Awareness

An effective corporate board is a powerful centre that has ultimate control over strategy, policies and procedures implemented in the company and it also plays crucial role as an internal control mechanism. Also, transparency by Board & Management is an important aspect in assessing the quality of corporate governance practiced in an entity.

The Fiduciary Awareness Certification Test (FACT) examines the following:

- Board Composition
- Ownership Structure & Influence
- Committees, Roles, Responsibilities & Effectiveness

## Corporate Integrity

A random selection of the companies' suppliers and staff are interviewed. Also structured interviews with Key Institutional Investors & Regulators are administered.

The corporate integrity component looks at the following:

- Practical compliance to regulatory rules & codes
- Ethics & Anti-corruption Programs in place
- Accountability and General behavioural pattern of company
- · Company Reputation

## Expert Multi-stakeholder Group (EMSG)

There is also an Expert Multi-stakeholder Group (EMSG) who sits to provide views, advice, recommendations and informed opinions to the Ratings Committee on the Corporate Governance Practices of Listed Companies.

The Pilot phase of the project was conducted in 2014 where 8 companies participated and scaled through the stringent hurdles of different levels of the project. The project was successfully launched on 3 November 2014 and will be mandatory for all companies that are listed on The Exchange.

## THE NATIONAL COUNCIL



MR. AIGBOJE AIG-IMOUKHUEDE, CON President

Mr. Aigboje Aig-Imoukhuede coN, was elected the President of The Exchange on 24 September 2014. 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 GTBank (Guaranty Trust Bank PLC) where he resigned as Executive Director in March 2002.

Mr. Aig-Imoukhuede was the board Chairman of FMDQ OTC PLC 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.



MR. OSCAR N. ONYEMA, OON Chief Executive Officer

**Mr. Oscar Onyema** was appointed Chief Executive Officer of The 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 currently the President of the African Securities Exchanges Association and the immediate past Chairman of the West African Capital Market Integration Council. He is the Chairman of Central Securities Clearing System (CSCS) PLC, the clearing house for the Nigerian capital market; a Council member of the Chartered Institute of Stockbrokers of Nigeria (CIS); and a Global Agenda Council member of the World Economic Forum. Mr. Onyema also serves on the boards of all subsidiaries of The Exchange, and on the board of 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 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 New York Stock Exchange (NYSE) Euronext 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. Onyema holds an MBA, Finance and Investment from City University of New York, Baruch College and a first degree in Computer Engineering from Obafemi Awolowo University.



ALHAJI ALIKO DANGOTE, GCON Ex-Officio

**Alhaji Aliko Dangote, GCON** leads the Dangote Group, Nigeria's premier conglomerate, as President/Chief Executive. He was the President of The Exchange from June 2012 until September 2014.

Internationally, Alhaji Dangote sits on the board of the 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-Azahar 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 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 million 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.



MR. ABIMBOLA OGUNBANJO First Vice President

Mr. Abimbola Ogunbanjo was elected first Vice President of of The Nigerian Stock Exchange on 24 September 2014. Mr. Ogunbanjo acquired his first degree in Business Administration with Honours from the prestigious American College of Switzerland, Switzerland whereupon he joined Chase Manhattan Bank (Nigeria) Limited where he worked as a Credit Analyst. After a successful stint at Chase, Mr Ogunbanjo proceeded to the University of Buckingham, Buckingham where he obtained his law degree and upon completion of his Bar exams, joined the renowned leading corporate law firm of Chris Ogunbanjo &Co (Solicitors) where he currently serves as Managing Partner. 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. Ogunbanjo recently retired as director and Country Legal Adviser of ConocoPhillips, theworld's largest independent exploration and production company but continues to serve on the boards of several multinational corporations and non-profit organizations, including Beta Glass Plc, GTL Registrars and the Advisory Board of the University of Buckingham Centre for Extractive Studies.



MR. ABUBAKAR BALARABE MAHMOUD, SAN, OON, FCIARD (UK) Second Vice President

Mr. Abubakar Balarabe Mahmoud, SAN, was elected the second Vice President of The Exchange on 24 September 2014. He is the Managing Partner and one of the founding partners of the law firm of DIKKO & MAHMOUD. He was at one time the Kano State Attorney General & Commissioner for Justice, and was previously in the public service from 1979-1993 as prosecutor, and 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 Benchers, 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 Nigeria's Code of Corporate Governance for Public Companies. Mr. Mahmoud serves on an 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 Department for International Development.

Mr. Mahmoud trained at Ahmadu Bello University, graduating in 1979. He holds a Masters 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 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).



MRS. YEMISI AYENI Institutional Member

**Mrs. 'Yemisi Ayeni** has been a member of the National Council of The Exchange since January 2013. She was the Managing Director, Shell Nig. Closed Pension Fund Administrator Ltd, until 30 April 2015, 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.



PROFESSOR HERBERT ONYE ORJI, OON Ordinary Member

**Prof Herbert Onye Orji, OON**, is a chartered global investment banker, academic and author of 5 books on applied economics of development, banking & finance, investment management and the nature of risks in modern management enterprise systems.

He serves as the Chairman of the National Broadcasting Commission. 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 University, obtained an MBA with distinction in Finance & Operations Research from the University of Michigan, a PhD from Union College and a PMD from Harvard Business School. His teaching and lecturing experiences include Howard University, Lagos Business School, Union College, Clark Atlanta University, National Institute for Policy & Strategic Studies, Harvard Business School and City University Los Angeles.

He recently served as the Chairman of the Visitation Panel of Abia State University and was the pioneer Chairman of United Way-Nigeria for 10 years while serving on the global board for 6 years. He was also President of the HBS Alumni Association of Nigeria for 3 years and later served on the global HBS Alumni Board in Boston for 3 years. He is married to Dr. Nnenna A. Orji, the pioneer Chairman and Chief Judge of the Investments and Securities Tribunal and they have 6 children.



**ENGR. MUHAMMAD DAGGASH** Ordinary Member

**Engr. Muhammad Daggash** is a seasoned technocrat. He has just completed a 2 year stint as Vice-President, Strategic Projects & Government Relations for Lafarge Nigeria. He was until the end of July 2011, the Managing Director/Chief Executive Officer of Ashaka Cement Plc (AshakaCem) and holds the record of being the longest serving Chief Executive Officer in the history of the company having spent over 20 years in that capacity.

Prior to joining AshakaCem in 1991, he was the pioneer Assistant General Manager (Properties Division) with the Nigerian Provident Fund / Nigerian Social Insurance Trust Fund for 1 year. He served as the Honourable Commissioner for Works and Housing in the former combined Borno state (Borno & Yobe) for 2 years. He was Director for Projects Implementation for 4 years with Ashamu Group, an indigenous conglomerate with businesses ranging from real estate and agribusiness to pharmaceuticals, civil explosives and shipping. He also worked as a structural analyst for 2 years in an American construction company, Lee Pare and Associates, Providence, Rhode Island.

He holds a BSc in Civil Engineering from the prestigious Ivy League, Brown University, Rhode Island, USA, and an MSc in Engineering Management from Catholic University of America, Washington DC, USA. He has attended several management and business courses over the years from renowned institutions such as Henley Business School, Ashridge Business School, INSEAD, Instituto de Estudios Sociales Avanzados and Lagos Business School, Lagos. He is a member of the Nigerian Society of Engineers and a Fellow of the Nigerian Institute of Management. He was a member of the technical committee for the Vision 20:2020 programme of the Federal Government and was or many years, the Chairman of the Cement Manufacturers Association of Nigeria.

Now in semi-retirement he is engaged in private consulting for the cement industry and does some real estate construction and private business. He is happily married and lives with his family in Lagos.



DR. UMARU KWAIRANGA, F.IoD, FCS, FCIP Dealing Member Representing FINMAL Finance Services Limited

**Dr. Umaru Kwairanga** is an experienced Investment professional with almost two decades of experience at the highest levels of the Capital Market, Banking and the Real Sector.

He possesses first and post graduate degrees in business administration, corporate governance and finance respectively. He has also attended courses and training programmes in fields relating to finance, investment and money market in reputable institutions including the Harvard Business School, New York Institute of Finance and the Wharton Business School.

Dr. Kwairanga has professional certifications of the Chartered Institute of Stock brokers and the Certified Pension Institute of Nigeria, and he is a member of the Abuja Commodities & Securities Exchange. Dr. Kwairanga has been Managing Director of a top notch stock broking firm for over a decade and a director in several blue chip organizations. He was the Chairman of Ashaka Cement Plc, a prominent cement manufacturer in the North East of Nigeria and a quoted company on The Nigerian Stock Exchange.

Dr. Kwairanga as chairman of Ashaka Cement greatly improved the performance of the company and ensured that Gombe State Government and other local Governments generated significant revenue from Ashaka Cememt PLC through prompt payment of taxes and other statutory obligations. He also ensured that the company was diligent in fulfilling its corporate social responsibility and maintained excellent relations with its various stakeholders.

Dr. Kwairanga is the Group Managing Director/Chief Executive Officer of Finmal Finance Services Limited, Director Jaiz Bank Plc, Director, Central Securities Clearing System Plc, Chairman, Penman PFA Limited and President, Certified Pension Institute of Nigeria.

He is a member of the Presidential Advisory Council on Industrial Relations, a Fellow of the Chartered Institute of Stockbrokers and a Fellow of the Certified Pension Institute of Nigeria.

He is happily married with children and widely travelled.



MR. KAYODE FALOWO Dealing Member Representing Greenwich Securities Limited

Mr. Kayode Falowo Mr. Kayode Falowo is the Group Managing Director/CEO of Greenwich Trust Limited, one of the leading Investment Banking firms in Nigeria. He is a Chartered Stockbroker with over 27 years post graduate experience and practice in Finance, especially in Commercial and Investment Banking. He holds a B.Sc. (Hons) in Agricultural Engineering from the University of Ife (now Obafemi Awolowo University), an MBA from the University of Benin and a Diploma in Information Management. He has attended numerous workshops and seminars, which include the International Management Programme and Chief Executive Programme at the Lagos Business School and Financial Training at the IESE Business School, Barcelona, Spain.

He is an active member of numerous professional and industry associations. He is a distinguished Fellow of the Chartered Institute of Stockbrokers, a Fellow of the Association of Investment Advisers and Portfolio Managers and a Fellow of the Certified Pension Institute of Nigeria. He is the Vice President of the Nigerian-British Chamber of Commerce and Council Member of the Nigerian-Malaysian Chamber of Commerce and Industry. In addition, he is a Member of the Lagos Chamber of Commerce and Industry, Institute of Directors (IoD) Nigeria, Institute of Management Consultants, Nigerian Institute of Management and the Nigerian Society of Engineers.

Mr. Falowo, a seasoned Investment Banker, is very passionate about the development of the Capital Market in Nigeria. He serves as the Chairman of the Capital Market Committee on Products and Business Development, seats on the Board of the National Association of Securities Dealers (NASD) Plc., where he is also the Chairman of the Rules Committee. He is a Member of the Central Organizing Committee of the Nigerian Economic Summit Group (NESG), a Member of the Technical Committee of the National Council on Privatization and a Member of the Presidential Advisory Committee on the Capital Market.

He has, in the recent past, served as the Chairman, Association of Issuing Houses

of Nigeria (AIHN), a Member of the National Bond Steering Committee, Rules and Adjudication Committee of the National Council of The Exchange and the National Essay Competition Committee of The Exchange.

Mr. Falowo is the Chairman of Citadel Registrars Limited (formerly Wema Registrars Limited) and GTL Registrars (formerly Union Registrars Limited). He is also a Member of the Board of Directors of DN Meyer Plc. He is a Paul Harris Fellow and a Major Donor of the Rotary International Club. He is also a Member of the Ikeja Golf Club and the Lagos Motor Boat Club.



MR. MICHAEL OSIME
Dealing Member
Representing ICMG Securities Limited

**Mr. Michael Osime** is the founder and Chief Executive Officer of ICMG Securities Limited, an Investment banking and financial services company. Mr. Osime has over 32 years' experience in Corporate Finance, Investment and Financial Service industry in Nigeria.

He started his working career in 1982 with the then Chase Merchant Bank (Nigeria) Limited in the Corporate Finance Department as Corporate Finance Executive. While at Chase, he handled major transactions in the Money and Capital markets. He joined the Capital Market group of Citibank (then Nigeria International Bank) in 1986 and he was responsible for managing the bank's entire Financial Institution business, before setting up International Capital Markets Group Limited (ICMG) in 1988.

Mr. Osime serves as Chairman of Broadband Technologies Limited, an IT Infrastructure Company. He is also Vice Chairman of Millenium Oil and Gas Limited. He serves as a Director of Notore Chemical Industries Limited, Fidelity Pension Managers Limited and EasiPay Africa Limited, a Mobile Payment Company.

Mr. Osime holds a 2nd Class Upper Division Honours degree in Actuarial Science from the University of Lagos and an MBA from Strathclyde Business School, Glasgow, Scotland. He is a fellow of the Chartered Institute of Stockbrokers since 1993.

Mr. Osime is a Trustee of COPE, a Breast Cancer Awareness, Non-profit Organisation focusing on early education about Breast Cancer. He is also past President of the Association of Esan Professionals, a Non-Profit, Non-Political Organisation focusing on Community Service in Education, Health and Agriculture.



MR. OLUWOLE ABEGUNDE Dealing Member Representing Meristem Securities Limited

Mr. Oluwole Abegunde is a Fellow of the Chartered Institute of Stockbrokers and an Authorised Dealing Clerk of The Nigerian Stock Exchange with over 24 years' work experience work in the finance industry. He graduated from University of Ibadan in 1987 with a degree in Agricultural Economics. He thereafter studied Business Administration at University of Ilorin and obtained a Masters in Business Administration (MBA) Degree in 1990.

Mr. Abegunde began his career with a high-profile global firm at International Tobacco Company (formerly Phillip Morris Nigeria) and subsequently worked in other prestigious firms like Unilever Nigeria Plc.. In 1991 however, he veered into the finance industry when he joined Afribank Nigeria Plc where he trained and worked as a Credit Officer. He also worked with Emerald Finance and Investment Limited and Reward Investment and Services Limited where he trained and qualified as a Stockbroker in 1996.

In 1999, Mr. Abegunde was appointed General Manager of Investment Centre Limited, an investment subsidiary of Broad Bank Nigeria limited, from where he joined NAL Bank Plc in year 2000. While at NAL, he was seconded to Nigerian Stockbrokers Limited (NSL) - the stock broking subsidiary of the Bank and later returned to the Capital Market Group of the Bank to handle fund management responsibilities.

Mr. Abegunde became the Managing Director/Chief Executive of Meristem Securities Limited in August 2003. Meristem Securities Limited is licensed by the Securities & Exchange Commission as a Broker/Dealer, Issuing House and Fund Manager and is also a Dealing Member of The Nigerian Stock Exchange. Meristem Registrars Limited, Meristem Wealth Management Limited and Meristem Trustees Limited are subsidiaries of Meristem Securities Limited.

He currently serves on the Board of Berger Paints Plc, FTN Cocoa Plc, Etranzact International Plc and Intergraded Diaries Limited (makers of Farm Fresh yoghurt).



MR. DUNAMA BALAMI Dealing Member Representing Sigma Securities Limited

**Mr. Dunama Balami** is the Managing Director/CEO of Sigma Securities Limited. He has over 20 years experience in the financial markets.

Mr. Balami started his professional career as an investment executive with Tiddo Universal Securities and Finance Company, where he qualified as a stock broker/dealing clerk in 1994. He later joined Financial Equities Limited as Assistant Manager and Head Capital Market in May 1995, overseeing Operations, Marketing and Capital Market functions.

In 1997 Mr. Balami joined Sigma Securities Limited as a pioneer staff, and as Manager, Head Operations and Capital Market Department and participated in a number of major landmark Capital Market transactions during the BPE privatisation era. Sigma Securities Limited is licensed by the Securities and Exchange Commission and The Nigerian Stock Exchange.

He has attended several training programs, seminars and workshops on information technology, business development, securities and bonds trading

and also on financial management and corporate governance. Some of which are at the West African Capital Market School Accra Ghana, and Executive Education Programme at Harvard Business School, Boston Massachusetts, and Lagos Business School, Lekki.

He is a Fellow of the Chartered Institute of Stock Brokers, Associate Member of the Nigerian Institute of Management, and Associate Member of the Certified Pension Institute of Nigeria. He is also a Director on the Board of Sigma Pensions Limited.

Mr. Balami holds an HND (Business Administration) from the prestigious Ramat Polytechnic Maiduguri, and an MBA from University of Calabar.



MR. OLADIPO AINA
Dealing Member
Representing Signet Investment
& Securities Limited

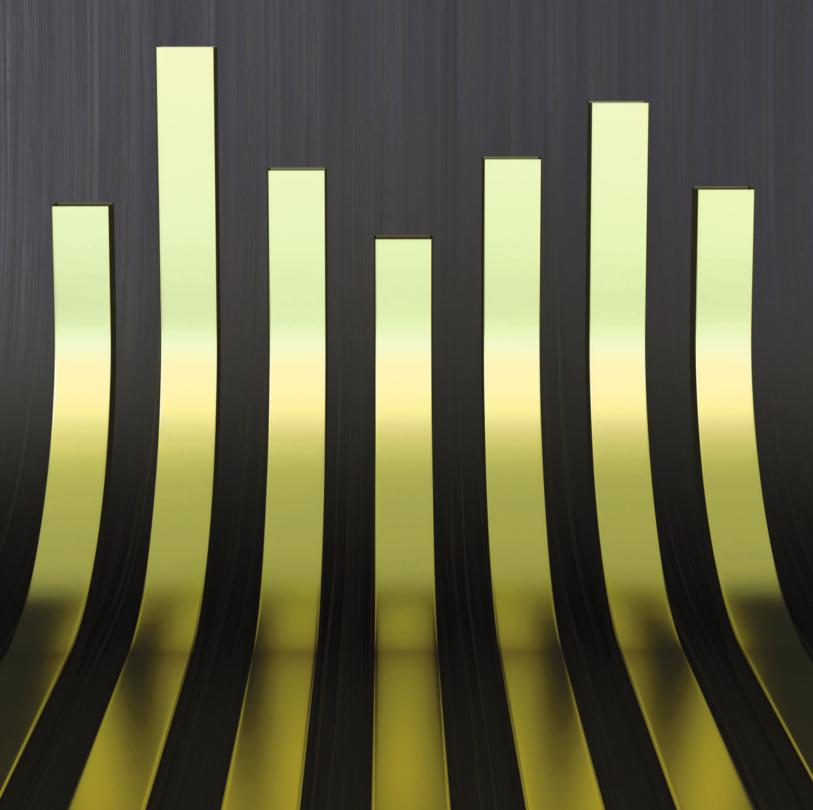
Mr. Oladipo Abiose Aina is the Chief Executive Officer of Signet Investments and Securities Limited which he founded in 1989. He holds a B.Sc. in Economics from the University of Ife (now Obafemi Awolowo University), an M.Sc. in Banking and Finance from the University of Ibadan, and an M.Sc. in Corporate Governance and Finance from Liverpool John Moores University, Liverpool, UK. He is a Fellow of the Chartered Institute of Stockbrokers (CIS), a Fellow of the Institute of Directors (IOD) and is currently a director of NASD Limited.

He is the immediate past Chairman of The Exchange's Investigation Panel and was a Member of the Lagos-Ibadan Branch Council of The Exchange. He is a past President/ Chairman of Council, Chartered Institute of Stockbrokers and a former Member of the Disciplinary Tribunal of the Chartered Institute of Stockbrokers. He served as a Member of the Presidential Advisory Committee on Capital Market and was a director of the Central Securities Clearing System Plc.

He is a Member of Ikoyi Club 1938, Ikeja Golf Club and Yoruba Tennis Club.







# CORPORATE GOVERNANCE REPORT

## a. Introduction

The Exchange was established in 1960 and today is a major exchange in Africa. It has in place effective governance mechanisms that not only ensure proper oversight of its business by the National 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. The Exchange constantly appraises and evaluates its processes to ensure that they are in compliance with the global standards 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 Exchange. The National Council directs The 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 in 2014 are as follows

## Council Members for the Year 2014

NAME	POSITION
Mr. Aigboje Aig-Imoukhuede, CON	President (Appointed 31/1/13) (Approved 3/5/13)
Mr. Oscar N. Onyema, OON	Chief Executive Officer (WEF 04/04/11)
Mr. Abimbola Ogunbanjo	First Vice President/Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Mr. Abubakar Mahmoud, SAN, OON	Second Vice President/Ordinary Member (Appointed 31/1/13) (Approved 3/5/13)
Alhaji Aliko Dangote, GCON	Ex-Officio (WEF 24/9/14)
Mrs. Yemisi Ayeni	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)
Engr. Muhammad Daggash	Ordinary Member (Elected 24/9/2014)
Finmal Finance Services Limited (Represented by Dr. Umaru Kwairanga)	Dealing Member (Elected 24/9/2014)
Greenwich Securities Limited (Represented by Mr. Kayode Falowo)	Dealing Member (Elected 24/9/2014)

## Council Members for the Year 2014

NAME	POSITION
ICMG Securities Limited (Represented by Mr. Michael Osime)	Dealing Member ((Elected 24/9/2014)
Meristem Securities Limited (Represented by Mr. Oluwole Abegunde)	Dealing Member (Elected 24/9/2014)
Sigma Securities Limited (Represented by Mr. Dunama Balami)	Dealing Member (Elected 24/9/2014)
Signet Investment & Securities Limited (Represented by Mr. Oladipo Aina)	Dealing Member ((Elected 24/9/2014)
Partnership Securities Limited (Represented by Mr. Victor Ogiemwonyi)	Dealing Member (Retired 24/9/ 2014)
Reward Investment & Services Limited (Represented by Mr. Henry Olayemi)	Dealing Member (Retired 24/9/2014)
WSTC Financial Services Limited (Represented by Mr. Tofarati Agusto)	Dealing Member (Retired 24/9/2014)
APT Securities and Funds Limited (Represented by Alhaji Garba Kurfi)	Dealing Member (Retired 24/9/2014)
City-Code Trust & Investment Limited (Represented by Mr. Ebilate Mac-Yoroki)	Dealing Member (Retired 24/9/2014)
ICON Stockbrokers Limited (Represented by Mr. Chike Nwanze)	Dealing Member (Retired 24/9/2014)
Stanbic IBTC Stockbrokers Limited (Represented by Mr. Oladele Sotubo)	Dealing Member (Retired 24/9/2014)

## d. Council Structure

The Council is made up of a President, Chief Executive Officer, 1 Ex-Officio, 5 Ordinary Members and 6 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) which is comprised of the Heads of the 4 Divisions of The Exchange.



## 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;
- Reviewing and approving 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 ensuring appropriate systems of control and risk monitoring are in place;
- Ensuring the effective execution of The Exchange's self-regulatory responsibilities under the Investment and Securities Act 2007
- Providing oversight over senior management; and
- Establishing various Committees of The Exchange including their terms of reference. Reviewing their reports which address key areas of The Exchange's business

## f. Council Committees

The Committees of the Council were formed for the speedy and efficient functioning of the National Council.

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 as at 31 December 2014 is as follows:

- Prof. Herbert Onye Orji, OON (Investment Banker, Economist), Chairperson
- Mr. A.B. Mahmoud, SAN, OON, (Legal Practitioner)
- Mrs. 'Yemisi Ayeni (Economist, Accountant),
- Mr. Oluwole Abegunde (Business Administrator, Stockbroker)
- Mr. Dunama Balami (Business Administrator, Stockbroker)
- Mr. Oladipo Aina (Economist, 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 as at 31 December 2014 is as follows:

- · Mrs. 'Yemisi Ayeni (Economist, Accountant), Chairperson
- Mr. Oscar N.Onyema, OON (CEO, NSE)
- Mr. Abimbola Ogunbanjo (Legal Practitioner)
- Mr. A. B. Mahmoud, SAN, OON, (Legal Practitioner)
- Dr. Umaru Kwairanga (Business Administrator, Stockbroker)
- Mr. Kayode Falowo (Financial Analyst, Stockbroker)
- Mr. Oladipo Aina (Economist, Stockbroker)

# iii. Disciplinary Committee

The Committee is empowered to hear and adjudicate 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 as at 31 December 2014 is as follows:

- Mr. A. B. Mahmoud, SAN, OON, (Legal Practitioner), Chairperson
- Mr. Oscar N. Onyema, OON (CEO, NSE)
- Mr. Oluwole Abegunde (Business Administrator, Stockbroker)
- Mr. Dunama Balami (Business Administrator, Stockbroker)
- Mr. Kayode Falowo (Financial Analyst, Stockbroker)
- Mr. Oladipo Aina (Economist, Stockbroker)

#### iv. 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. The membership of the Committee as at 31 December 2014 is as follows:

- Mr. Abimbola Ogunbanjo (Legal Practitioner), Chairperson
- · Prof. Herbert Onye Orji, OON (Investment Banker, Economist)
- Engr. Muhammad Daggash (a seasoned technocrat, Engineer)
- Dr. Umaru Kwairanga (Business Administrator, Stockbroker)
- Mr. Kayode Falowo (Financial Analyst, Stockbroker)
- Mr. Michael Osime (Financial Analyst, Stockbroker)

# v. MEMART Committee (Ad-Hoc)

The Committee is charged with reviewing and evaluating proposed changes to the Memorandum and Articles of Association of the Exchange. The membership of the Committee as at 31 December 2014 is as follows:

- Mr. Abimbola Ogunbanjo (Legal Practitioner), Chairperson
- Mr. Oscar N. Onyema, OON (CEO, NSE)
- Prof. Herbert Orji, OON (Investment Banker, Economist)
- Engr. Muhammad Daggash (a seasoned technocrat, Engineer)
- Mr. Michael Osime (Financial Analyst, Stockbroker)
- Mr. Oluwole Abegunde (Business Administrator, Stockbroker)
- Mr. Dunama Balami (Business Administrator, Stockbroker)

# vi. 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 as at 31 December 2014 is as follows:

- Engr. Muhammad Daggash (a seasoned technocrat, Engineer), Chairperson
- Mr. Abimbola Ogunbanjo (Legal Practitioner),
- Mr. Oscar N. Onyema, OON (CEO, NSE)
- · Prof. Herbert Orji, OON, (Investment Banker, Economist)
- Dr. Umaru Kwairanga (Business Administrator, Stockbroker)
- Mr. Michael Osime (Financial Analyst, Stockbroker)

#### viii. Technical Committee

The Committee is charged with reviewing the Exchange's technical and business development, as well as technology operations including information security and business continuity measures. The Committee also assists the Council in the execution of its information management risk responsibilities. The membership of the Committee as at 31 December 2014 is as follows:

- Mrs. 'Yemisi Ayeni (Economist, Accountant), Chairperson
- Mr. Oscar N. Onyema OON (CEO, NSE)
- Engr. Muhammad Daggash (Engineer)
- Mr. Oluwole Abegunde (Business Administrator, Stockbroker)
- Mr. Oladipo Aina (Business Administrator, Stockbroker)
- Mr. Kayode Falowo (Financial Analyst, Stockbroker)

# g. Record of Council and Committee meetings held in 2014

The table overleaf shows the frequency of meetings of the Council, Council Committees and members' attendance at these meetings during the year under review.

#### h. Relationship with Members

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

The Exchange holds regular 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 Authorized Dealing Clerks that trade on the floor of The Exchange. The Exchange also meets quarterly with representatives of the Association of Stockbroking Houses of Nigeria.

# NATIONAL COUNCIL & COUNCIL COMMITTEE MEETING ATTENDANCE:

S/N	Council Members	NCM	ARM	DC	DisCo	GARC	MEMART	RAC	тс	QCN	ARM & GARC
						Nur	nber of Me	etings			
		11	5	6	3	9	3	4	4	8	2
1.	Mr. Aigboje Aig-Imoukhuede, CON	11	N/A	N/A	N/A	7**	N/A	N/A	4**	6	1**
2.	Mr. Oscar N. Onyema, OON	11	N/A	6	N/A	N/A	3	4	3	8	N/A
3.	Mr. Abimbola Ogunbanjo	9	N/A	4	2**	2*	2	2*	N/A	7	1*
4.	Mr. Abubakar Mahmoud, SAN, OON	8	2*	2	N/A	N/A	3**	2**	N/A	2*	_*
5.	Alhaji Aliko Dangote, GCON	9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	N/A
6.	Prof. Herbert Onye Orji, OON	11	5	N/A	N/A	1*	N/A	_*	N/A	N/A	2
7.	Mrs. Yemisi Ayeni	7	1*	6	N/A	5**	N/A	N/A	N/A	5	-
8.	Engr. Muhammad Daggash	4*	N/A	N/A	N/A	2*	N/A	2*	N/A	N/A	1*
9.	Dr. Umaru Kwairanga	3*	N/A	1*	N/A	2*	N/A	2*	N/A	2*	- *
10.	Mr. Kayode Falowo	3*	N/A	1*	N/A	2*	N/A	N/A	N/A	1*	_*
11.	Mr. Michael Osime	3*	N/A	N/A	N/A	2*	N/A	2*	N/A	2*	_ *
12.	Mr. Oluwole Abegunde	4*	2*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1*
13.	Mr. Dunama Balami	3*	2*	N/A	N/A	N/A	N/A	N/A	N/A	1*	_*
14.	Mr. Oladipo Aina	4*	2*	1*	N/A	N/A	N/A	N/A	N/A	N/A	1*
15.	Mr. Victor Ogiemwonyi	6**	N/A	N/A	N/A	4**	2**	N/A	1**	4**	1**
16.	Mr. Henry Olayemi	6**	3**	N/A	3**	N/A	N/A	N/A	N/A	N/A	1**
17.	Mr. Tofarati Agusto	5**	N/A	N/A	N/A	N/A	N/A	2**	3	4**	N/A
18.	Alhaji Garba Kurfi	7**	2**	N/A	3**	N/A	3**	N/A	N/A	5**	1**
19.	Mr. Ebilate Mac-Yoroki	7**	3**	N/A	2**	N/A	N/A	N/A	N/A	N/A	- **
20.	Mr. Chike Nwanze	8**	N/A	5**	3**	N/A	N/A	N/A	N/A	N/A	N/A
21.	Mr. Oladele Sotubo	5**	N/A	N/A	N/A	7**	N/A	2**	4**	6**	1**

# KEY

NCM- National Council Meeting

ARM- Audit & Risk Management Committee (ARM)

DC- Demutualization Committee DisCo- Disciplinary Committee

GARC- Governance and Remuneration Committee

MEMART - MEMART Adhoc Committee

RAC- Rules and Adjudication Committee

TC- Technical Committee

QCN- Quotations Committee of the National Council

<sup>\*\*</sup>Served from 01 January 2014 to 24 September 2014

<sup>\*</sup>Served from 24 September 2014 to 31 December 2014



# REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee held 5 meetings in 2014.

At the beginning of 2014, the Members of the Audit and Risk Management Committee (ARM) were:

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

Further to the Annual General Meeting (AGM) held on 24 September 2014, the Committee's membership was reconstituted as follows:

- 1. Prof. Herbert Onye Orji, OON (Chairperson)
- 2. Mr. Abubakar B. Mahmoud, SAN, OON
- 3. Mrs. 'Yemisi Ayeni
- 4. Mr. Oluwole Abegunde (Representing Meristem Securities Limited)
- 5. Mr. Dunama Balami (Representing Sigma Securities Limited)
- 6. Mr. Oladipo Aina (Representing Signet Investment & Securities 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:

- i. 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;
- ii. Monitoring The Exchange's compliance with the process established for financial reporting; and
- iii. 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 CAP. C20. LFN 2004 ("CAMA") 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.

The Chairperson of the Committee attends General Meetings of The Exchange at which he is available to respond to any question regarding matters within the Committee's remit. Please see the profile of the Chairperson, Prof. Herbert Onye Orji, OON on page 26 of the Annual Report.

Prof. Herbert Onye Orji, OON

Chairperson

# REPORT OF THE DEMUTUALIZATION COMMITTEE

The Demutualization Committee of the National Council of the Nigerian Stock Exchange held 6 (Six) meetings in 2014. At the beginning of the year under review, the Members of the Demutualization Committee (DC) were:

- Mrs. 'Yemisi Ayeni (Chairperson)
- Mr. Oscar N. Onvema, OON
- Mr. Abimbola Ogunbanjo
- Mr. A. B. Mahmoud, SAN, OON
- Mr. Chike Nwanze (Representing Icon Stockbrokers Ltd.)

Further to the Annual General Meeting (AGM) held on 24 September 2014, the Committee, subject to its Terms of Reference, was reconstituted as follows:

- Mrs. 'Yemisi Ayeni (Chairperson)
- Mr. Oscar N. Onyema, OON
- · Mr. Abimbola Ogunbanjo
- Mr. A. B. Mahmoud, SAN, OON
- Alhaji Umaru Kwairanga (Representing Finmal Finance Services Ltd)
- Mr. Kayode Falowo (Representing Greenwich Securities Ltd)
- Mr. Oladipo Aina (Representing Signet Investment and Securities Limited)

The Committee operates pursuant to its 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(s) to 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 continued with pre-demutualization activity and implemented the Demutualization Project Plan ("DPP"), which identifies major tasks necessary towards the demutualization, highlights those that are on the Project's critical path and identifies the parties responsible for all Project tasks. Using the DPP as a guide, the Committee monitors the execution of tasks and responsibilities relating to the demutualization.

The Committee monitored the revision of The Exchange's document retention policy and recommended the revised policy for Council approval. It also monitored the work of the Document Digitization Management Committee in line with its mandate to ensure The Exchange's operational framework is fully ready for demutualization.

Under the Committee's oversight, the DPT shortlisted the Investment Bankers and Legal Advisers to advise The Exchange on the demutualization exercise, with the Committee reviewing and approving the request for proposals ("RFP") and is in the process of making recommendations to the National Council.

# **Stakeholder Engagement**

The Committee considers stakeholder engagement to be a critical element of the demutualization process. To this end, it continued engaging various stakeholders in its bid to compile a comprehensive database of stakeholder issues and to identify effective ways to deal with these issues. The Committee appointed KPMG Professional Services to conduct certain agreed upon procedures with respect to the membership register.

The Committee continued to engage 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 Council, representatives of ASHON and AIHN were invited to attend the meetings of the Committee. The granting of observer status to these organisations ensures that the legitimate interests of all stakeholders will be identified and addressed in the demutualization process.

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 25 of the Annual Report.

Mrs. 'Yemisi Ayeni

Chairperson

# REPORT OF THE DISCIPLINARY COMMITTEE

The Disciplinary Committee of the National Council of the Nigerian Stock Exchange held 3 meetings in 2014.

At the beginning of the year under review, the Members of The Disciplinary Committee were:

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

Further to the Annual General Meeting (AGM) held on 24 September 2014, the Committee subject to its terms of reference, was reconstituted as follows:

- 1. Mr. A. B Mahmoud, SAN, OON (Chairperson)
- 2. Mr. Oscar N. Onyema, OON
- 3. Mr. Wole Abegunde (Representing Meristem Securities Limited)
- 4. Mr. Dunama Balami (Representing Sigma Securities Limited)
- 5. Mr. Kayode Falowo (Representing Greenwich Securities Limited)
- 6. Mr. Oladipo Aina (Representing Signet Investment & Securities Limited)

# Remit of the Committee

The Committee operates pursuant to its 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.

# **Investor Protection**

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. A. B Mahmoud, SAN, OON on page 25 of the Annual Report.

Mr. A. B Mahmoud, SAN, OON

Chairperson

# REPORT OF THE GOVERNANCE AND REMUNERATION COMMITTEE

The Governance and Remuneration Committee of the National Council ("Council") held 8 meetings in 2014.

At the beginning of 2014, the Members of The Governance and Remuneration Committee ("GARC" or "Committee") were:

- 1. Mr. Aigboje Aig-Imoukhuede, CON (Chairperson)
- Mrs. Yemisi Aveni
- 3. Mr. Victor Ogiemwonyi (Representing Partnership Securities Limited)
- 4. Mr. Oladele Sotubo (Representing Stanbic IBTC Stockbrokers Limited)

Further to the Annual General Meeting (AGM) held on the 24 September 2014, the Committee subject to its term of reference, was reconstituted as follows:

- 1. Mr. Abimbola Ogunbanjo (Chairperson)
- 2. Prof. Herbert Orji, OON
- 3. Engr. Muhammad Daggash
- 4. Mr. Michael Osime (Representing ICMG Securities Limited)
- 5. Alhaji Umaru Kwairanga (Representing Finmal Finance Services Limited)
- 6. Mr. Kayode Falowo (Representing Greenwich Securities Limited)

#### **Remit of the Committee**

The Committee operates pursuant to its 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 CAP C.20 LFN 2004 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 year 2014.

# 1. Financial Activities

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

Further, the Committee considered and reviewed The Exchange's 2015 budget and recommended the approval of the budget by the Council.

#### 2. Corporate Governance

#### a. Policies of The Exchange

The Committee considered and recommended the Information Security Policy of The Exchange, for Council approval. The Information Security Policy Handbook was prepared and considered by the Committee. This handbook has continued to be used as a bench mark for Information Security management of The Exchange.

The Committee considered the Policy for the appointment of Representatives of The Exchange to the Board/General Meetings of companies which are its subsidiaries.

# b. Disaster Recovery Plan

The Committee approved a disaster recovery plan and business continuity strategy for The Exchange. It recommended that a staff be recruited to monitor The Exchange's business continuity and disaster recovery project.

#### 3. Compensation Survey

The Committee engaged the services of KPMG Professional Services to carry out a compensation survey which will benchmark The Exchange's Compensation structure with similar organizations. The Committee received the report and recommended it to the Council for approval.

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. Abimbola Ogunbanjo on page 24 of the Annual Report.

# Mr. Abimbola Ogunbanjo

Chairperson

#### REPORT OF THE MEMART AD-HOC COMMITTEE

The MEMART AD-Hoc Committee of the National Council ("Council") held 3 (Three) meetings in 2014.

At the beginning of the year under review, the Members of the MEMART AD-Hoc Committee ("MARC" or "Committee") were:

- 1. Mr. A. B. Mahmoud, SAN, OON (Chairperson)
- 2. Mr. Oscar N. Onyema, OON
- 3. Mr. Abimbola Ogunbanjo
- 4. Mr. Victor Ogiemwonyi (Representing Partnership Securities Limited)
- 5. Alh. Garba Kurfi (APT Securities and Funds Limited)

Further to the Annual General Meeting (AGM) held on 24 September 2014, the Committee was reconstituted as follows pursuant to its terms of reference:

- 1. Mr. Abimbola Ogunbanjo (Chairperson)
- 2. Mr. Oscar N. Onyema, OON
- 3. Prof. Herbert Orji
- 4. Mr. Muhammed Daggash
- 5. Mr. Michael Osime (ICMG Securities Limited)
- 6. Mr. Dunama Balami (Sigma Securities Limited)
- 7. Mr. Oluwole Abegunde

# **Remit of the Committee**

The Committee operates pursuant to its terms of reference that were approved by the National Council of The Exchange ("Council").

- In addition to such other responsibilities as the Council may refer to it from time to time, the Committee's duties
  include the review and evaluation of proposed changes to the Memorandum and Articles of Association of The
  Exchange ("MEMART") and making recommendations to Council regarding such changes. It also reviews actions
  that appear to conflict with the MEMART and makes recommendations to resolve such conflicts to the Council.
- 2. The Committee provides oversight regarding the requisite approvals and registration of amendments to the MEMART, if any. As an ad hoc entity, the Committee also has as its duty, the right to set an end-date for the fulfilment of its mandate.
- 3. The Committee in the performance of its duties has authority to seek such information it may require from any Council Member or staff of The Exchange.

#### The Past Activities of the Committee

Below is a summary of the past activities of the Committee since its inauguration in January 2013.

- i. In furtherance of the duties of the Committee, Management made a proposal to the Committee to consider and approve the amendments Management proposed to be made to the 2006 MEMART. In order to enable it carry out its duties, the Committee requested that the 2006 MEMART be benchmarked against the MEMARTs /constitutional documents of other Exchanges. In compliance with the Committee's directive, Management benchmarked the 2006 MEMART against the MEMART/constitutional documents of the under-listed Exchanges and provided its report thereon to the Committee.
  - a. The Johannesburg Stock Exchange
  - b. Securities, Commodities & Future Exchange (Brazil)
  - c. The New York Stock Exchange
  - d. The London Stock Exchange
- ii. The Committee also directed that Management should engage major stakeholders of the Exchange such as the Association of Stockbroking Houses of Nigeria ("ASHON") and the Association of Issuing Houses of Nigerian ("AIHN") with a view to discussing the proposed changes to the 2006 MEMART and obtaining their comments thereon.
- iii. The Report of the Committee was presented to the Council at its meeting of 27 March 2014 and the Council directed Management to organize a one day workshop with the Committee and the stakeholders to discuss the revisions and agree on a final document.
- iv. In line with the Council's directive, the Committee, ASHON and AIHN met on 17 June 2014, 30 June 2014 and 25 March 2015 respectively to discuss the proposed changes to the 2006 MEMART. The Committee is still working towards achievement of its mandate.

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. Abimbola Ogunbanjo on page 24 of the Annual Report.

# Mr. Abimbola Ogunbanjo

Chairperson

# REPORT OF THE QUOTATIONS COMMITTEE

The Quotations Committee of the National Council ("Council") held 8 meetings in 2014.

At the beginning of 2014, the Members of the Quotations Committee of the National Council (QCN) were:

- 1. Alh. Aliko Dangote, GCON
- 2. Mr. Aigboje Aig-Imoukhuede, CON
- 3. Mr. Oscar N. Onyema, OON
- 4. Mr. Abimbola Ogunbanjo
- 5. Mrs. Yemisi Ayeni
- 6. Mr. Victor Ogiemwonyi (Representing Partnership Securities Limited)
- 7. Mr. Tofarati Agusto (Representing WSTC Financial Services Limited)
- 8. Alh. Garba Kurfi (APT Securities and Funds Limited)
- 9. Mr. Oladele Sotubo (Stanbic IBTC Stockbrokers Limited)

Further to the Annual General Meeting (AGM) held on the 24 September 2014, the Committee subject to its term of reference was reconstituted as follows:

- 1. Mr. Aigboje Aig-Imoukhuede, CON
- 2. Mr. Abimbola Ogunbanjo
- 3. Mr. Abubakar Mahmoud, SAN, OON
- 4. Alh. Aliko Dangote, GCON
- 5. Mr. Oscar N. Onyema, OON
- Mrs. 'Yemisi Ayeni
- 7. Mr. Umaru Kwairanga (Representing Finmal Finance Services Limited)
- 8. Mr. Kayode Falowo (Representing Greenwich Securities Limited)
- Mr. Michael Osime (ICMG Securities Limited)
- 10. Mr. Dunama Balami (Sigma Securities Limited)

# **Remit of the Committee**

- i. To control the granting of a quotation on The Exchange in respect of any securities and securities derivatives;
- ii. To determine, prescribe and/or enforce all listing requirements and from time to time amend or alter such requirements as it may deem fit;
- iii. To grant quotations to companies, delist, suspend or withdraw quotations from any quoted companies as it may deem fit:
- iv. To admit any investment to be traded or dealt with on The Exchange or market; and
- v. To consider and advise on any ancillary or incidental issues or any other matters as may be referred to it by the Council and members of The Exchange.

In 2014, the Committee considered and approved applications from various Companies with respect to Initial Public Offers (IPOs), Bonds, Block divestments, Rights Issues, Special Placing, and Offer for Subscription. The Committee also approved the delisting of 3 Companies from the Daily Official list of The Exchange.

# Initial Public Offers (IPOs)

The Committee considered and approved initial public offer from 4 Companies i.e. Stanbic IBTC Assets Management Limited, Transcorp Hotels Plc., SFS Capital Limited and Seplat Petroleum Development Company Plc. worth over N90,000,000,000.00 (Ninety Billion Naira).

#### **Bonds**

Regarding Bonds, the Committee considered and approved application of States Bonds worth N35 Billion, a supranational bond worth N15 Billion, and Corporate Bonds worth N28 Billion.

# Block divestment

On Block divestment, the Committee approved 5 block divestments applications.

#### Rights Issues

The Committee considered and approved several Rights Issues applications such as *UBA Plc,* listing of a Rights Issue of 3,298,138,756 ordinary shares of 50k each at N6.20 per share, and *Oando Plc.*, listing of a Rights Issue of 2,217,265,184 ordinary shares of 50k each at N22.00 per share

#### **Others**

The Committee also approved *Caverton Offshore Support Group Plc.'s* Listing by Introduction of 3,350,509,750 ordinary shares of 50k each at N9.50 per share; 100000000 Units of *Lotus Halal Equity Exchange Traded Fund; Oando Plc's* Convertible Promissory Notes; *Mansard Insurance Plc.'s* Share Option Plan and *Allan Gray Africa Equity Fund Limited's* Memorandum Listing.

# **Delisting**

In the year under review, the Committee delisted 3 Companies, namely: Oasis Insuance Plc due to FBN Life Assurance Plc.'s acquisition of up to 91.1% of its shares; and IHS Nigeria Plc and Cappa and D'Alberto Plc further to the Companies' applications for voluntary delisting from the Daily Official List of 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 Aiglmoukhuede on page 22 of the Annual Report.

# Mr. Aigboje Aig-Imoukhuede, CON

President/Chairperson

# REPORT OF THE RULES AND ADJUDICATION COMMITTEE

The Rules and Adjudication Committee held 4 meetings in 2014. At the beginning of the year under review, the Members of The Rules and Adjudication Committee (RAC) were:

- 1. Mr. Abubakar B. Mahmoud, SAN, OON (Chairperson)
- 2. Mr. Oscar N. Onyema OON
- 3. Mr. Tofarati Agusto (Representing WSTC Financial Services Limited)
- 4. Mr. Oladele Sotubo (Representing Stanbic IBTC Stockbrokers Limited)

Further to the Annual General Meeting (AGM) held on 24 September 2014, the Committee subject to its terms of reference was reconstituted as follows:

- 1. Engr. Muhammad Daggash (Chairperson)
- 2. Mr. Oscar N. Onyema, OON
- 3. Mr. Abimbola Ogunbanjo
- 4. Prof Herbert Orji, OON
- 5. Mr Michael Osime (Representing ICMG Securities Limited)
- 6. Alhaji Umaru Kwairanga (Representing Finmal Finance Services Limited)

# **Remit of the Committee**

The RAC operates pursuant to the 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

The RAC operates a robust rule making procedure which includes continuous review of the Rules of the Exchange ("Rules") and benchmarking them against 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, and the Securities and Exchange Commission, the following Rules after going through the rule making process of The Exchange:

# a) Listing Rules:

#### i. Nigerian Depository Receipts ("NDRs") Rules

The Exchange, in positioning itself to be the preferred capital market of choice in the African sub region, proposed Rules to regulate the introduction of a variety of tradable instruments to satisfy the investment needs of individual and institutional investors looking to diversify their portfolios, reduce risk and invest internationally in the most efficient manner possible. The Exchange is introducing Nigerian Depository Receipts (NDRs) to provide access to foreign securities trading in other markets. The Rules set out the general eligibility, disclosure and continuing obligations and requirements that apply to Depositary Receipts (Drs); and then set out in subsequent parts, specific provisions in relation to sponsored and unsponsored DR issues.

The Rules contain provisions relating to the key players involved in a DR listing and the elements of a DR transaction, the underlying entity, the depository, the Deposit Agreement/Unsponsored Terms and Conditions, the securities, and the DRs. Detailed listing requirements, contents of listing documents for sponsored and unsponsored DRs; continuing obligations in an unsponsored DR. Liquidity providers and their eligibility criteria are also delineated.

#### ii. Premium Board

The Exchange proposed a new set of additions to its Listings Rules, which address listing on the Premium Board of The Exchange. The Exchange is creating a Premium Board for an elite group of Issuers that are leaders in their respective sectors. These Issuers will be required to meet stringent corporate governance, capitalization and liquidity conditions. The Rules address eligibility criteria for admission, eligibility to remain on the Premium Board and continuing obligations, corporate governance requirements, fees, transfer of listing upon successful application, and sanctions.

# iii. Sukuk and Similar Debt Securities

Sukuk refers to investment certificates or notes of equal value which evidences undivided interest/ownership of tangible assets, usufructs (the right to enjoy a thing, property of which is invested in another) and services or investment in the assets of particular projects or special investment activity using shari'ah principles and concepts approved by the Commission.

The draft Rules set out the requirements that must be complied with by an Issuer seeking to list its Sukuk or similar debt securities for trading on The Exchange. The draft Rules contain provisions on requirements for approval for admission and appointment of a Shari'ah adviser; contents of the Sukuk trust deed; admission of a foreign issuer; requirements imposed on the obligor; continuing listing obligations; disclosure of information; submission of financial statements; and delisting by The Exchange.

# b. Rules and Regulations Governing Dealing Members:

# I. Guidelines for Establishment and Maintenance of Representative Offices

The Guidelines address the meaning and functions of a Representative Office, its establishment and maintenance, registration requirements, required infrastructure and equipment, staff requirements, mandatory regulatory requirements, supervision and inspections by The Exchange, procedure for voluntary closure of Representative Offices, re-designating a branch as a Representative Office, re-designating a Representative Office as a Branch Office, and penalties for breach of the provisions of the Guidelines.

#### ii. Guidelines for Dealing with Sub-Brokers

The Guidelines for Dealing with Sub-Brokers (Guidelines) aim to create an enabling environment for micro operators to participate in the capital market in a regulated manner. This will ensure that the activities of Sub-Brokers will be brought within the regulatory rubric of The Exchange and ensure that investors dealing with them are protected within that rubric. The draft Guidelines contain provisions on eligibility to act as Sub-Brokers; requirements for approval of Sub-Brokers; mandatory regulatory requirements; and penalties for breach of the

provisions of the Guidelines.

#### iii. Amendments and Additions to the Rules

26 different amendments and additions to the Rules and Regulations Governing Dealing Members were carried out in 4 batches and addressed matters such as Supervision of Accounts, New Rule: Supervision of Accounts, Consents Required, Discretion in Customer Accounts, Grants of Discretion (Books and Records), General Ledger Error Accounts, Control of Offices and Trading Terminals, Client Record Keeping, Unit of Trading, Cooperation in Connection with Inspections or Investigations, Nominal Transfers, Cross Deals, Minimum Variations, Suspension of Trading of Securities, Resignation of Membership of The Exchange, Prohibition of Trading in Exchange Listed Securities Outside The Exchange Pricing Methodology, Power to Suspend or Revoke the Registration of Authorized Clerks, Revocation of Dealing Member Firms' Licences, and Effect of Disciplinary Actions by the Commission.

#### iv. Par Value Rule

The Committee considered and recommended the Par Value Rule for the approval by Council.

#### Market Rules

The Committee also approved a number of other rules, including the Sponsored Access Rules and further amended Article 88A, which sets forth the trading rules titled "Order Entry and Execution". Article 88A was substantially amended in order to ensure that it reflects the new market structure as well as the features and requirements dictated by the new trading platform, X-Gen.

# 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, Engr. Muhammad Daggash on page 27 of the Annual Report.

# Engr. Muhammad Daggash

Chairperson

# REPORT OF THE TECHNICAL COMMITTEE

The Technical Committee of the National Council of the Nigerian Stock Exchange held 4 meetings in 2014. At the beginning of the year under review, the Members of The Technical Committee were:

- 1. Mr. Aigboje Aig-Imoukhuede, CON (Chairperson)
- 2. Mr. Oscar N. Onyema, OON
- 3. Mr. Victor Ogiemwonyi (Representing Partnership Securities Limited)
- 4. Mr. Tofarati Agusto (Representing WSTC Financial Services Limited)
- 5. Mr. Oladele Sotubo (Representing Stanbic IBTC Stockbrokers Limited)

Further to the Annual General Meeting (AGM) held on 24 September 2014, the Committee subject to its terms of reference, was reconstituted as follows:

- 1. Mrs 'Yemisi Ayeni (Chairperson)
- 2. Mr. Oscar Onyema, OON
- 3. Engr. Muhammad Daggash
- 4. Mr. Kayode Falowo (Representing Greenwich Securities Limited)
- 5. Mr Wole Abegunde (Representing Meristem Securities Limited)
- 6. Mr. Oladipo Aina (Representing Signet Investment and Securities 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 well as maximize the benefits of advancing technologies.

As part of ensuring a successful implementation of the X-GEN initiative, the Committee considered a Post-Implementation report which was prepared by Ernst & Young. This report indicated that most of the action items for the effective operation of the X-Gen have been completed by the X-Gen Implementation team.

The Committee also oversaw the 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 line with good corporate governance, the Committee received and considered the Executive Tracker for 2013 which drove the initiatives for the year 2014. The Committee also oversaw the organization of Financial Literacy Programmes/Investor clinics.

#### **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 disruption in the unlikely event of a disaster. As part of this process, The Exchange is developing a Data Co-location centre to enhance both its operational and disaster recovery provision.

# **Information Management and Technology**

Under the oversight of the Committee, The Exchange has modified and introduced new products to its market data services to facilitate affordability by the Dealing Members. The Exchange also launched a new information rich website which has improved performance, increased accessibility and information provision to the wider investor base.

The Exchange also commenced the implementation of the ISMS Certification, ISO 27001:2013 which is geared towards maintaining the highest level of Information Security Management for the business of The Exchange.

The past 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 past Chairperson, Mr. Aigboje Aig-Imoukhuede, CON on page 22 of the Annual Report.

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

# REPORT OF THE COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2014

The Council presents their 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, 2014.

# 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 40% (2013: 41%) and surplus before tax increased by 21% (2013: 176%). Gross earnings for the Group comprises of revenue, other income and share of profit of equity accounted investees. For The Exchange, gross earnings increased by 48% (2013: 39%) and the surplus before tax increased by 35% (2013: 354%). Highlights of the Group's and The Exchange's operating results for the year under review are as follows:

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Gross Earnings:	9,146,636	6,515,784	8,115,177	5,493,049
Surplus before tax	3,951,931	3,261,398	3,143,710	2,335,100
Taxation	(66,088)	2,335	-	-
Surplus after taxation	3,885,843	3,263,733	3,143,710	2,335,100
Non-controlling interest	-	-	-	-
Surplus attributable to the Group	3,885,843	3,263,733	3,143,710	2,335,100
Appropriations:				
Other comprehensive income	3,900	(190,265)	-	-
Transfer to Retained Earnings Reserve	3,889,743	`3,073,468	3,143,710	2,335,100

# d. Council Members' Interests in Contracts

For the purpose of section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004 (CAMA), none of the existing Council Members had direct or indirect interest in contracts or proposed contracts with The Exchange during the year.

# e. Property and Equipment

Information relating to changes in property and equipment is given in Note 14 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 CAMA. They are obliged to ensure that:

- 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. 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 embodied within the Council approved Enterprise Wide Risk Management framework. The framework is a comprehensive, systematic, disciplined and proactive process that was implemented to identify, assess, manage and report on the inherent risks related to the achievement of the Nigerian Stock Exchange strategic objectives.

Operational Risk 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 Exchange.

The Exchange has conducted an enterprise-wide assessment on all its activities, processes, procedures and implemented global standard operational risk management methodologies intended to enhance our risk mitigating controls and proactive management of inherent operational risks.

# I. 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

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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 Insurance and the Employees' Compensation Scheme for the benefit of its employees. It also contributes to a contributory pension plan in line with the Pension Reform Act.

# iii. Employee Training and Development

The Exchange ensures, through various forum, 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.

# j. Auditors

The auditors, Messrs 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 (CAMA).

By Order of the Council

Ms. Tinuade Awe

FRC/2013/NBA/0000001803

Lagos, Nigeria

09 February 2015

# **STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES**

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2014

he Council members accept responsibility for the preparation of the financial statements and other financial information set out on pages 57 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.

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:

Mr. Aigboje Aig-Imoukhuede, CON

FRC/2013/CIBN/0000001999

President

09 February 2015

Mr. Oscar N. Onyema, OON

FRC/2013/IODN/00000001802

Chief Executive Officer

09 February 2015



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE NIGERIAN STOCK EXCHANGE

# **Report on the Financial Statements**

We have audited the accompanying financial statements of The Nigerian Stock Exchange ("the Exchange") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2014, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity, and the consolidated and separate statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 57-99.

# Council Members' Responsibility for the Financial Statement

The Council members are responsible for the preparation of financial statements that give a true and fair view 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **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 31 December, 2014, 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.

# 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 Exchange's statement of financial position and the statement of comprehensive income are in agreement with the books of account.

Signed:

Ayodele Othihiwa, FCA

FRC/2012/ICAN/00000000425

For: KPMG Professional Services Chartered Accountants

16 February 2015 Lagos, Nigeria



# CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

In thousands of naira	Note	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Revenue	8	6,533,618	4,576,697	6,533,618	4,576,697
Revenue		6,533,618	4,576,697	6,533,618	4,576,697
		.,,.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	3,773,77	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Other income	9	1,416,470	825,206	1,581,559	916,352
Impairment reversal on financial assets	10	66,395	69,785	66,395	145,345
Fair value (loss)/gain on investment securities		(15,646)	118,092	-	-
Personnel expenses	11	(2,276,360)	(1,820,331)	(2,276,360)	(1,820,331)
Depreciation	14	(283,551)	(216,933)	(235,998)	(169,380)
Amortization	15	(153,784)	(264,343)	(153,784)	(264,343)
Other expenses	12	(2,531,759)	(1,022,564)	(2,371,720)	(1,049,240)
Net operating expense		(3,778,235)	(2,311,088)	(3,389,908)	(2,241,597)
Operating Surplus		2,755,383	2,265,609	3,143,710	2,335,100
Share of profit of equity accounted investees					
(net of income tax)	18	1,196,548	995,789	-	-
Operating Surplus before tax		3,951,931	3,261,398	3,143,710	2,335,100
Tax (expense)/credit	13	(66,088)	2,335	-	-
Operating Surplus after tax		3,885,843	3,263,733	- 3,143,710	2,335,100
Other comprehensive income:					
Items that will never be reclassified to profit or	loss				
Deferred tax on revaluation surplus	27(b)	-	(190,265)	-	-
Items that are or may be reclassified to profit o	or loss				
Available for sale financial assets					
(net change in fair value)	20(b)	3,900	-	-	-
Other comprehensive income, net of tax		3,900	(190,265)	-	
Total comprehensive income for the year		3,889,743	3,073,468	3,143,710	2,335,100

The accompanying notes on pages 61 to 99 form an integral part of these financial statements.

# CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

In thousands of naira	Note	Group 2014	Group 2013	Exchange 2014	Exchange 2013
ASSETS					
Property and equipment	14	3,942,554	3,889,584	1,865,920	1,765,397
Intangible assets	15	535,871	681,688	531,235	677,052
Investment properties under					
construction	16	-	1,684,596	-	-
Intercompany receivables	17	-	-	3,419,962	3,575,336
Equity-accounted investees	18	5,532,672	4,605,822	387,804	387,804
Investment in subsidiaries	19	-	-	1,017,950	1,017,950
Other investments	20	158,490	368,145	-	-
Total non-current assets		10,169,587	11,229,835	7,222,871	7,423,539
Trade, other receivables					
and prepayments	21	723,440	430,021	723,439	430,021
Other investments	20	5,032,245	2,827,498	5,032,245	2,827,498
Non-current asset held for sale	22	1,684,596	-	-	-
Cash and cash equivalents	23	3,060,496	1,211,023	2,835,407	980,600
Total current assets		10,500,777	4,468,542	8,591,091	4,238,119
Total assets		20,670,364	15,698,377	15,813,962	11,661,658
EQUITY					
Accumulated fund		17,490,801	13,601,058	13,304,559	10,160,849
Total equity		17,490,801	13,601,058	13,304,559	10,160,849
LIABILITIES					
Retirement benefit obligation	26	388,696	-	388,696	-
Deferred tax liability	27	173,606	168,964	-	-
Total non current liabilities		562,302	168,964	388,696	-
Other liabilities	28	2,413,089	1,784,182	2,095,072	1,473,727
Current tax liabilities	29	178,537	117,091		_, ., 0,, _,
Defined contribution pension	26	25,635	27,082	25,635	27,082
Total current liabilities		2,617,261	1,928,355	2,120,707	1,500,809
Total liabilities		3,179,563	2,097,319	2,509,403	1,500,809
Total equity and liabilities					

The audited financial statements were approved by the Council on 09 February 2015 and signed on its behalf by:

Mr. Aigboje Aig-Imoukhuede, CON FRC/2013/CIBN/0000001999 (President)

Mr. Oscar N. Onyema, OON FRC/2013/IODN/0000001802 (Chief Executive Officer)

FRC/2013/ICAN/0000001736 (Chief Financial Officer)

# CONSOLIDATED AND SEPARATE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

# The Group

In thousands of naira	Accumulated funds	Total equity
Balance at 1 January 2013	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)
Total comprehensive income for the year	3,073,468	3,073,468
Balance at 31 December 2013	13,601,058	13,601,058
Total comprehensive income for the year:		
Surplus for the year	3,885,843	3,885,843
Other comprehensive income (net of income tax)	3,900	3,900
Total comprehensive income for the year	3,889,743	3,889,743
Balance at 31 December 2014	17,490,801	17,490,801

# The Exchange

In thousands of naira	Accumulated funds	Total equity
Balance at 1 January 2013	7,825,749	7,825,749
Total comprehensive income for the year:		
Surplus for the year	2,335,100	2,335,100
Total comprehensive income for the year	2,335,100	2,335,100
Balance at 31 December 2013	10,160,849	10,160,849
Total comprehensive income for the year:		
Surplus for the year	3,143,710	3,143,710
Total comprehensive income for the year	3,143,710	3,143,710
Balance at 31 December 2014	13,304,559	13,304,559

The accompanying notes on pages 61 to 99 form an integral part of these financial statements.

# CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

In thousands of naira	Note	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Cash flows from operating activities:					
Surplus after tax		3,885,843	3,263,733	3,143,710	2,335,100
Adjustments for:		3,003,043	3,203,733	3,143,710	2,333,100
Taxation expense/ (credit)	13	66,088	(2,335)	_	_
Depreciation of property and equipment	14	283,551	216,933	235,998	169,380
Amortization of intangible assets	15				
Property & Equipment written off	15	153,784	264,343 369	153,784	264,343
	0	(20.270)		(27.027)	- (7 775)
Gain on disposal of property and equipment	9	(28,378)	(7,775)	(27,927)	(7,775)
Loss/ (Gain) on investment securities at fair value	9	45.646	(440,000)		
through profit and loss		15,646	(118,092)	-	-
Loss on exchange rates movements		26,324	6,648	26,324	6,648
Reversal of impairment loss on					
intercompany receivables	17	-	-	(220,000)	(71,798)
Reversal of impairment loss on trade					
and other receivables		(66,395)	(160,444)	(66,395)	(167,804)
Share of profit of equity accounted investee	18	(1,196,548)	(995,789)	-	-
Interest income	9	(567,059)	(340,104)	(549,197)	(328,211)
Dividend income	9	(31,304)	(3,789)	(299,765)	(184,000)
		2,541,552	2,123,698	2,396,532	2,015,883
Change in intercompany receivables		-	-	375,374	104,456
Change in trade and other receivables		(71,732)	50,739	(71,731)	58,098
Change in prepayments		(155,292)	228,786	(155,292)	228,786
Change in retirement benefit obligations		387,249	(135,455)	387,249	(135,455)
Change in other liabilities		628,907	(535,065)	621,345	(542,332)
		3,330,684	1,732,703	3,553,477	1,729,436
Income tax paid	29	-	-	-	-
Net cash from operating activities		3,330,684	1,732,703	3,553,477	1,729,436
Cash flows from investing activities:					
Interest received		544,902	340,104	530,307	328,211
Investment property under construction	16	-	(83,003)	-	-
Dividend received		31,304	3,789	299,765	184,000
Purchase of investments		(1,984,681)	(745,102)	(2,185,857)	(838,090)
Dividend received from associate	18	269,698	183,885	(2,103,037)	(030,030)
Acquisition of property and equipment	14	(351,516)	(667,006)	(351,516)	(667,006)
Proceeds from the sale of property and equipme		43,373	11,782	42,922	11,782
Acquisition of intangible assets	15	(7,967)	(688,884)	(7,967)	
Acquisition of intaligible assets	13	(7,967)	(000,004)	(7,967)	(688,884)
Net cash used in investing activities		(1,454,887)	(1,644,435)	(1,672,346)	(1,669,987)
Net increase in cash and cash equivalents		1,875,797	88,268	1,881,131	59,449
Cash and cash equivalents at the beginning of					
the reporting year		1,211,023	1,129,403	980,600	927,799
Effect of movements in exchange rates on cash h	eld	(26,324)	(6,648)	(26,324)	(6,648)
Cash and cash equivalents at end of year	23	3,060,496	1,211,023	2,835,407	980,600

The accompanying notes on pages 61 to 99 form an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

# 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 reincorporated as a company limited by guarantee on 18 December 1990 and gained full membership status of the World Federation of Exchanges (the "WFE") on 28 October 2014. The address of the Exchange's registered office is Stock Exchange House, 2/4 Customs Street, Lagos.

The consolidated and separate financial statements of the Exchange as at and for the year ended 31 December 2014 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 4.18, the Group and the Exchange have consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements.

#### 2.1 Basis of accounting

# (a) 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 09 February 2015.

# (b) 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
- Available for sale are measured at fair value
- Equity accounted investees
- Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell

# 2.2 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.

# 3 Use of judgments and estimates

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. Judgment refers to management judgments applied to significant accounting policies that materially impact the financial statements

Estimates are assumptions and estimation uncertainty of amounts recognised that have significant risk of material adjustment in the next financial year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

# 3.1 Assumptions and estimation uncertainties

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 19	Investment in subsidiaries: Key assumptions underlying the recoverable amount
Note 20	A vailable for sale investments: Key assumptions underlying the determination of fair value of the
	investments
Note 21	Trade and other receivable: Key assumptions underlying the recoverable amount
Note 30	$Contingent\ liabilities\ and\ Commitments:\ Key\ assumption\ about\ the\ likelihood\ and\ magnitude\ of$
	an outflow of resources

# 4 Significant accounting policies

#### 4.1 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 consolidated and separate financial statements incorporates the assets, liabilities and performance results of; NSE Consult Limited, Coral Properties Plc and Naira Properties Limited. The financial statements of subsidiaries are included in the consolidated and separate 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 and separate 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.

# (v) Equity-accounted investees

Equity-accounted investees are entities over which the Group has significant influence but not control,

generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income (OCI) of the investee after the date of acquisition.

# 4.2 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 translated into the functional currency at the exchange rate at the date that the fair value was measured. 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.

#### 4.3 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.

# 4.4 Financial Instruments

# (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.

# (a) Fair value measurement

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.

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.

#### (b) 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.

# (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.

Subsequent to initial recognition, 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 financial 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 through scheduled payments or prepayments; 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:

- 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 from measuring such financial instrument on different bases.
- 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 profit or loss and described as '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 except for assets that subsequently qualify as loans and receivables and which the Group has the intention and ability to hold for the foreseeable future or until maturity.

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

Available-for-sale investments are non-derivative investments that are 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. All available-for-sale investments, including unquoted equity securities, 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 directly attributable 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 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. Other financial liabilities include sundry creditors, VAT payable, WHT payable and other liabilities. The principle of amortized cost is disclosed in note 4.4 (ii)

# (iv) 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.

#### (v) 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.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. 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.

# 4.5 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.

#### 4.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than 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.

# 4.7 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 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

Land & building50 yearsComputer equipment5 yearsOffice equipment5 yearsFurniture, fixtures & fittings5 yearsMotor vehicles4 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.

# 4.8 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.

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 five years.

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

#### 4.9 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.

# 4.10 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 of 2014. The employer contributes 10% while the employee contributes 8% 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) Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factor, such as age, years of service and compensation. The liability recognised in the statements of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the date of the statements of financial position less the fair value of plan assets.

With effect from 31 March 2011, the defined benefit scheme was terminated and final entitlements due to qualified staff was subsequently fully funded by the Group.

#### (iii) Short-term employee 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 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.

# 4.11 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.

# 4.12 Contingencies

#### (a) 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.

# (b) 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.

# 4.13 Revenue and other income

#### (I) Revenue

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

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 are treated as unearned income and recognized over the required period.

These are warehoused in deferred income account.

#### (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.

# (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.

# 4.14 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. Minimum tax was charged at 0.25% of the paid up share capital in accordance with the tax legislation applicable in Nigeria.

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 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.

# 4.15 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 and separate financial statements.

#### 4.16 Non-current assets held for

Assets, or disposal groups comprising assets and liabilities, are classified by the Group as held-for-sale if it is highly probable that their carrying amount will be recovered primarily through sale transaction rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, such assets are no longer depreciated.

#### 4.17 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

#### (a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### (b) Finance lease

Leases are classified as finance leases where a substantial portion of the risks and rewards of ownership are transferred to the lessee. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance of the finance lease.

The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties acquired under finance lease are measured subsequently at their fair value.

#### 4.18 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 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 2014.

- (a) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- (b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

#### (a) Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Amendments to IFRS 10 provide the definition of an investment entity and exempt such entity from consolidating its subsidiaries but instead measuring them at fair value through profit or loss in the entity's consolidated and separate financial statements. Consequential amendments have been effected in IFRS 12 and IAS 27 to capture new disclosure requirements for investment entities. 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.

Adoption of the amendment by the Group has no impact on the disclosures or the amounts recognised in the Group's financial statements as it does not meet the criteria set out in IFRS 10 as at 01 January 2014.

#### (b) Offsetting Financial Assets and Financial Liabilities

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.

The Group has concluded that this amendment has no impact on the amount recognised in its financial statements after evaluating the applicability of this amendment to its financial assets and financial liabilities.

#### 4.19 Comparative Information

Certain comparative amounts and disclosures in the statement of comprehensive income, statement of cash flow and statement of financial position have been reclassified and re-presented in order to ensure consistency and clear presentation of items in the financial statements.

#### 4.20 New standards and interpretations not yet adopted

A number of new standards, amendment to standards and interpretation are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements.

The Group does not plan to adopt these standards early. Those which may be relevant to the Group are set out below. For some of the new standards, the Group has completed the assessment of their potential impacts while the evaluation of likely effect of the others are still ongoing.

#### $(i) \quad \textit{Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS\,16\,and\,IAS\,38)}$

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Group currently does not have intangible assets and plants that are amortised or depreciated using a revenue- based method. Thus, this amendment will not have any impact on the Group when it becomes effective. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

#### (ii) IFRS 15 Revenue from contracts with customers

 $This standard \ replaces \ IAS\ 11\ Construction\ Contracts,\ IAS\ 18\ Revenue,\ IFRIC\ 13\ Customer\ Loyalty\ Programmes,\ IFRIC\ 15\ Agreements\ for\ the\ Construction\ of\ Real\ Estate,\ IFRIC\ 18\ Transfer\ of\ Assets\ from\ Customers\ and\ SIC-31\ Customer\ SIC-31\ Customer\$ 

Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2015 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

#### (iii) IFRS 9 Financial Instruments

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The Group will adopt the amendments for the year ending 31 December 2018.

#### 5 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 achieving The Exchange's Strategic Objectives. 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 risk informed environment in which all employees have a good understanding of inherent risk specific to their department.

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 a result of receivables due mainly from market operators such as listed entities, brokers and dealers.

#### (a) Exposure to Credit Risk

The Group is not exposed to settlement risk, but only to credit risk on fees and its financial investments.

The Group's 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 2014, approximately 6% (2013: 6%) 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:

	Ca	Group errying amount	Ca	Exchange Carrying amount		
In thousands of Naira	Note	2014	2013	2014	2013	
Trade and other receivables	21	405,429	267,302	405,428	267,302	
Cash and cash equivalents	23	3,060,496	1,211,023	2,835,407	980,600	
Other investments	20	5,190,735	3,195,643	5,032,245	2,827,498	

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:

In thousands of Naira	Group	Exchange
Balance as at 1 January 2013	(2,772,100)	(2,923,889)
Movement in the year	(160,443)	(864,014)
Balance as at 31 December 2013	(2,611,657)	(2,059,875)

	Group	Exchange
Movement in the year:		
Impairment charge on other assets	(2,770)	(2,770)
Reversal on other assets	69,165	69,165
Balance as at 31 December 2014	(2,545,262)	(1,993,480)

At 31 December 2010 an impairment loss of N1,469,065,000 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 2014 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 Agusto & 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 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 N5,032,245,000 at 31 December 2014 (2013: N2,827,498,000) which represents its maximum credit exposure on Federal Government Treasury Bills. The investments are held in treasury bills 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 2014.

#### (c) Cash and cash equivalents

The Group held cash and cash equivalents of N3,060,496 at 31 December 2014 (2013: N1,211,023) 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 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

In thousands of Naira	30 days or Less	31 - 60 days	61- 90 days	91 days or more	2014 Total	2013 Total
Financial assets						
Trade and other receivables	-	-	2,950,691	-	2,950,691	430,021
Other investments	1,081,952	211,586	966,283	3,099,745	5,359,566	3,195,643
Cash and cash equivalents	2,250,688	407,283	402,525	-	3,060,496	1,211,023
Total	3,332,640	618,869	4,319,499	3,099,745	11,370,753	4,836,687
Financial liabilities						
Retirement benefit obligatio	ns 25,635	-	-	388,696	414,331	27,082
Other liabilities	-	-	-	2,352,979	2,352,979	1,784,182
Total	25,635	-	-	2,741,675	2,767,310	1,811,264

#### Maturity Analysis - The Exchange

In thousands of Naira	30 days or Less	31 - 60 days	61- 90 days	91 days or more	2014 Total	2013 Total
Financial assets						
Intercompany receivable	-	-	-	3,419,962	3,419,962	3,575,336
Trade and other receivables	-	-	2,398,908	-	2,398,908	430,021
Other investments	1,081,952	211,586	966,283	2,941,255	5,201,076	2,827,498
Cash and cash equivalents	2,231,624	201,258	402,525	-	2,835,407	980,600
Total	3,313,576	412,844	3,767,716	6,361,217	13,855,353	7,813,455
Financial liabilities						
Retirement benefit obligatio	ns 25,635	-	-	388,696	414,331	27,082
Other liabilities	-	-	-	2,063,133	2,063,133	1,473,727
Total	25,635	-	-	2,451,829	2,477,464	1,500,809

#### (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. The Group uses a range of tools such as sensitivity analysis, to manage its exposure to market risk

#### (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 2014, the Group was exposed to currency risk primarily as a result of its exposures which stood at \$183,595 and £17,971 in cash balances.

The following significant exchange rates applied during the year

	,	Average Rate	Reporting Date Spot Rate		
	2014	2013	2014	2013	
USD	156.45	155.20	167.50	154.70	
GBP	257.75	256.654	261.47	255.83	

The Group incurred a total revaluation loss of ₩26,324,344 in 2014 (2013: ₩6,647,857).

#### Sensitivity analysis - Currency Risk

For the Group's risk sensitive assets classified as cash and cash equivalents and held-to-maturity, a 1% increase in exchange rate will have increased profit or loss and equity by N354 thousand (2013: an increase of N75 thousand) while a 1% decrease will decrease profit or loss and equity by N354 thousand (2013: a decrease of N75 thousand).

#### (b) Equity Price Risk

This risk arises from equity price changes caused by listed and unlisted investments. At 31 December 2014, the Group was exposed to equity investment risk as a result of its exposures which stood at N64,590,000 (2013: N278,145,000) 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 N15,646,000 in 2014 (2013: 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.

#### Sensitivity analysis – Equity Price Risk

All the Group's listed equity investments are listed on the Nigerian Stock Exchange (NSE). For such investments classified as available-for-sale, a 2% increase in NSE index would have increased profit or loss and equity by N1.2 million (2013: an increase of N5.6 million) while a 2% decrease will decrease profit or loss and equity by N1.2 million (2013: a decrease of N5.6 million).

#### (iv) Fair valuation methods and assumptions

#### (i) Cash and cash equivalent

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

#### (ii) Trade and other receivables

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

#### (iii) Treasury bills and other investments

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.

#### (iv) Unquoted equity investments

The Group adopted the Discounted Cash flow (DCF) Technique in estimating the fair value of its unquoted equity investments as at December 31, 2014. This technique is compliant with level 3 of the fair value hierarchy as enshrined in IFRS 13 - Fair Value Measurement.

The key parameters and assumptions used in the valuation are as follows:

- Step 1: A five-year forecast of the free cash flow to the firm (FCFF) for each of the equity investments was made.
- Step 2: The yearly FCFF forecasts were discounted to present value using the company's WACC.
- Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate.
- Step 4: The terminal value was discounted to present value using each company's WACC.
- Step 5: The fair value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.
- Step 6: The fair value of the group's investment in each of the unquoted equity investments was derived by multiplying the Group's percentage holding in the investee by the fair value obtained in step (5).

The significant unobservable inputs in the valuation method include:

- Five year forecast of the free cash flows to the firm.
- The discounting factor which include each companies' WACC.

Generally, a change in any of the unobservable input as listed above will impact on the estimated fair values for these instruments.

#### Valuation Assumptions - Discounted Cash flow

Risk free rate is the 15.50% yield on 5-year Federal Government of Nigeria Bond, Beta at less than 1 and market premium of 3% based on trend analysis.

#### (v) Fair value of Financial 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 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 2014

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets: Equity investments Held-for-trading financial assets:	20	-	-	93,900	93,900
Equity investments	20	64,590	-	-	64,590
		64,590	-	93,900	158,490

#### 31 December 2013

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets: Equity investments Held-for-trading financial assets:	20	-	-	90,000	90,000
Equity investments		278,145	-	-	278,145
		278,145	-	90,000	368,145

#### Reconciliation of Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

In thousands of Naira	<b>Equity Investments</b>
Balance at 1 January 2014	-
Gain included in OCI	
Net change in fair value (unrealized)	3,900
Balance at 31 December 2014	3,900

#### 6. Financial assets and liabilities

#### Accounting classification and measurement basis

The table below sets out the Group's classification of each class of financial assets and liabilities.

#### a. The Group

						2014	2013
	At fair value	Held-to-	Loans and		ther financial	Total carrying	Total carrying
In thousands of naira	through P/L	maturity	receivables	for-sale	liabilities	amount	amount
Investment securities	64,590	5,032,245	-	93,900	-	5,190,735	3,195,643
Trade and other receivables	-	-	405,429	-	-	405,429	267,302
Cash and cash equivalent	-	-	3,060,496	-	-	3,060,496	1,211,023
	64,590	5,032,245	3,465,925	93,900	-	8,656,660	4,673,968
Other liabilities	-	-	-	-	2,827,420	2,827,420	1,811,264
	-	-	-	-	2,827,420	2,827,420	1,811,264

#### b. The Exchange

	At fair value	Held-to-	Loans and	Available- Ot	her financial	2014 Total carrying	2013 Total carrying
In thousands of naira	through P/L	maturity	receivables	for-sale	liabilities	amount	amount
Investment securities	-	5,032,245	-	-	-	5,032,245	2,827,498
Trade and other receivables	-	-	723,439	-	-	723,439	267,302
Cash and cash equivalent	-	-	2,835,407	-	-	2,835,407	980,600
	-	5,032,245	3,558,846	-	-	8,591,091	4,075,400
Other liabilities	-	-	-	-	2,509,403	2,509,403	1,500,809
	-	-	-	-	2,509,403	2,509,403	1,500,809

The fair values of financial instruments not measured at fair value such as cash and cash equivalents, held to maturity investments, trade receivables and trade and other payables are not materially sensitive to shifts in market return rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximate their fair values.

#### 7. 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 which is the basis for identifying the Group's reportable segments, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

- Regulatory Services & Clearing 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. This also includes the clearing and
  settlement of trades on the Stock Exchange.
- Strategic Investment A vehicle for executing strategic investments on behalf of the Exchange and its members.
- 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 i.e. the Chief Decision Maker. 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 & Clearing services	Regulatory & Clearing services	Strategic investment	Strategic investment	Property manage- ment	Property manage- ment	Adjı	ıstments	Consolidated Consolidated		
In thousands of Naira	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
Fortament annual	C 522 C10	4 576 607							C F22 C10	4 576 607	
External revenues	6,533,618	4,576,697	454	440.000	250.440	-	(4.55.200)	- (427 627)	6,533,618	4,576,697	
Other revenue	1,929,145	1,399,930	451	118,092	250,448	214,799	(165,389)	(137,627)	2,014,655	1,595,194	
Segment revenue	8,462,763	5,976,627	451	118,092	250,448	214,799	(165,389)	(137,627)	8,548,273	6,171,891	
Interest revenue	549,197	328,211	3,429	5,297	15,670	10,270	-	-	568,296	343,778	
Dividend from Associate	299,765	184,000	-	-	-	-	(269,698)	(183,885)	30,067	115	
Expenses											
Personnel expenses	(2,276,360)	(1,820,331)	_	_	-	-	-	-	(2,276,360)	(1,820,331)	
Depreciation and amortization	(389,782)	(433,723)	-	-	(47,553)	(47,553)	-	-	(437,335)	(481,276)	
Other expenses	(2,305,325)	(470,172)	(20,595)	(3,283)	(100,479)	(112,790)	(54,611)	67,189	(2,481,010)	(519,056)	
	4,340,258	3,764,612	(16,715)	120,106	118,086	64,726	(489,698)	(254,323)	3,951,931	3,695,121	
Segment Operating Surplus before tax	4,340,258	3,764,612	(16,715)	120,106	118,086	64,726	(489,698)	(254,323)	3,951,931	3,695,121	
Income tax expense	-	-	(199)	17,390	(65,889)	(15,055)	-	-	(66,088)	2,335	
Segment Operating Surplus after tax	4,340,258	3,764,612	(16,914)	137,496	52,197	49,671	(489,698)	(254,323)	3,885,843	3,697,456	
Assets & Liabilities											
Reportable segment assets	15,813,962	11,661,658	196,401	425,459	3,948,409	3,981,891	711,592	(370,631)	20,670,364	15,698,377	
Reportable segment liabilities	2,509,403	1,500,809	539,662	755,708	3,954,871	4,041,912	(3,824,373)	(4,201,110)	3,179,563	2,097,319	

#### **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.

#### 8 Revenue

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Transaction fees	4,140,541	3,128,661	4,140,541	3,128,661
Listing fees (see note (a) below)	1,536,071	468,739	1,536,071	468,739
Entrance levies	370,138	661,733	370,138	661,733
Other fees (see note (b) below)	486,868	317,564	486,868	317,564
	6,533,618	4,576,697	6,533,618	4,576,697

- (a) Growth in listing fee is accounted for by new listings and supplementary listings recorded in 2014.
- (b) Other fees represent rent for trading floor, annual charges, dealing license and membership fees and penalty fees received by the Exchange.

#### 9 Other income

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Sundryincome	589,315	316,042	591,247	316,577
Rental income	86,991	77,707	-	-
Interest income	567,059	340,104	549,197	328,211
Dividend income	31,304	3,789	299,765	184,000
Market data income	113,423	79,789	113,423	79,789
Net gain on disposal of property and equipment	28,378	7,775	27,927	7,775
	1,416,470	825,206	1,581,559	916,352

(a) Included in dividend income is N269 million being dividend income received from the associate company - Central Securities Clearing System (CSCS).

#### 10 Impairment (loss)/ reversal on financial assets

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Financial assets				_
Impairment charge on other assets	(2,770)	-	(2,770)	-
Reversal on other assets	69,165	69,785	69,165	145,345
	66,395	69,785	66,395	145,345

#### 11 Personnel expenses

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Wages and salaries  Contributions to defined contribution plans	2,166,435	1,734,579	2,166,435	1,734,579
(See note (a) below)	109,925	85,752	109,925	85,752
	2,276,360	1,820,331	2,276,360	1,820,331

(a) The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act of 2014. The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary.

(b) The average number of persons employed during the period was as follows:

	Group	Group	Exchange	Exchange
	2014	2013	2014	2013
Executive Directors	3	3	3	3
Management	26	26	26	26
Non-Management	214	187	214	187
	243	216	243	216

(c) Compensation for the above persons (excluding executive directors):

	Group	Group	Exchange	Exchange
In thousands of Naira	2014	2013	2014	2013
Short term benefits	1,292,520	1,233,140	1,292,520	1,233,140
Contributions to defined contribution plans	96,959	71,776	96,959	71,776
Other staff cost	548,938	286,144	548,938	286,144
	1,938,417	1,591,061	1,938,417	1,591,061

(d) The remuneration paid to the Council members (excluding pension and certain allowances):

	Group	Group	Exchange	Exchange
In thousands of Naira	2014	2013	2014	2013
Fees and sitting allowances	52,252	36,078	51,402	35,948
Executive compensation	94,903	94,260	94,903	94,260
	147,155	130,338	146,305	130,208

(e) The Council members' remuneration shown above includes:

In thousands of Naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
The President	2,120	-	2,120	-
Highest paid Council member	94,903	94,260	94,903	94,260

(f) The number of executive directors\* who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:

	Group 2014	Group 2013	Exchange 2014	Exchange 2013
N1,000,001 - N10,000,000	-	-	-	-
N10,000,001 and above	3	3	3	3
	3	3	3	3

Executive directors include the Chief Executive Officer and members of the Executive management who are not Council members.

(g) The number of employees of the Group, other than executive directors, who received emoluments in the following ranges (excluding pension contributions and other benefits) were:

	Group	Group	Exchange	Exchange
	2014	2013	2014	2013
N60,000 - N2,000,000	88	84	88	84
N2,000,001 - N3,500,000	36	40	36	40
N3,500,001 - N5,000,000	33	21	33	21
N5,000,001 - N6,500,000	22	12	22	12
N6,500,001 - N8,000,000	16	18	16	18
N8,000,001 - N9,500,000	5	1	5	1
N9,500,001 and above	40	37	40	37
	240	213	240	213

#### 12 Other expenses

	Group	Group	Exchange	Exchange
In thousands of naira	2014	2013	2014	2013
Repairs and Maintenance	437,381	148,497	349,157	78,424
Council member's sitting allowances and expenses	144,409	51,387	142,835	51,257
Professional fees	160,201	103,783	152,374	66,791
Audit Fees	35,000	25,000	35,000	25,000
Travelling expenses	107,206	72,663	107,206	72,663
Rent and rates	30,721	10,063	126,144	103,387
Stationery, library and fact book expenses	11,025	12,321	11,025	12,321
Subscriptions	84,240	44,383	84,240	44,383
NSITF charge	10,039	12,707	10,039	12,707
Internet and connectivity subscription	174,884	142,782	174,884	142,782
Diesel expenses	97,963	85,300	97,963	85,300
Project expenses	275,759	37,062	275,759	37,062
Provision for staff gratuity	109,316	-	109,316	-
Donations	249,927	-	249,927	-
Investment Securities Tribunal expenses	95,139	-	95,139	-
Water and rates	88,409	77,900	88,409	77,900
Events & sponsorship expenses	108,924	27,753	108,924	27,753
General expenses	311,216	170,963	153,379	211,510
	2,531,759	1,022,564	2,371,720	1,049,240

#### 13 Income tax expense

In thousands of naira	Group 2014	Group <b>2013</b>	Exchange 2014	Exchange 2013
Current year:				
Companies Income Tax	49,058	36,896	-	-
Minimum tax	378	-	-	-
NITDA	-	1,189	-	-
Under/(Over) provision in prior year	8,517	(21,564)	-	-
Education Tax	3,493	2,445	-	-
	61,446	18,966	-	-
Deferred tax	4,642	-	-	-
Deferred tax reversal	-	(21,301)	-	-
Total tax expense/(write back)	66,088	(2,335)	-	-
Reconciliation of effective tax rate				
In thousands of naira	2014	Group 2014	2013	Group 2013
	2014	-	2013	•
In thousands of naira	2014	2014	2013	2013
In thousands of naira	2014	2014	<b>2013</b>	2013
In thousands of naira  Surplus before tax		3,951,931		3,263,733
In thousands of naira  Surplus before tax  Income tax using the domestic corporation tax rate	30%	<b>3,951,931</b> 1,185,579	30%	<b>2013 3,263,733</b> 978,419
In thousands of naira  Surplus before tax  Income tax using the domestic corporation tax rate Non-deductible expenses	30% 1%	2014 3,951,931 1,185,579 27,023	30% 1%	<b>2013 3,263,733</b> 978,419 36,442
In thousands of naira  Surplus before tax  Income tax using the domestic corporation tax rate Non-deductible expenses Tax exempt income	30% 1% -20%	2014 3,951,931 1,185,579 27,023 (777,884)	30% 1% -21%	<b>2013 3,263,733</b> 978,419 36,442 (700,529)
In thousands of naira  Surplus before tax  Income tax using the domestic corporation tax rate Non-deductible expenses Tax exempt income Prior year under/(over) provision	30% 1% -20% 0%	2014 3,951,931 1,185,579 27,023 (777,884)	30% 1% -21% -1%	2013 3,263,733 978,419 36,442 (700,529) (21,564)
In thousands of naira  Surplus before tax  Income tax using the domestic corporation tax rate Non-deductible expenses Tax exempt income Prior year under/(over) provision NITDA	30% 1% -20% 0% 0%	2014 3,951,931 1,185,579 27,023 (777,884) (8,517)	30% 1% -21% -1% 0%	2013 3,263,733 978,419 36,442 (700,529) (21,564) 1,189
In thousands of naira  Surplus before tax  Income tax using the domestic corporation tax rate Non-deductible expenses Tax exempt income Prior year under/(over) provision NITDA Effect of share of profit of equity accounted investee	30% 1% -20% 0% 0% -9%	2014 3,951,931 1,185,579 27,023 (777,884) (8,517) - (358,964)	30% 1% -21% -1% 0% -9%	2013 3,263,733 978,419 36,442 (700,529) (21,564) 1,189 (298,737)

<sup>(</sup>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.

#### 14 Property and equipment

(a)

#### Reconciliation of carrying amount

neconcination of carrying an						Furniture,	
In thousands of naira	Land and	Leasehold	Office	Motor	Computer	fixtures and	
	Buildings	mprovements	Equipment	vehicle	Equipment	fittings	Tota
The Group							
Cost							
Balance at 01 January 2013	2,351,078	1,110,252	335,268	288,688	580,341	164,254	4,829,881
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	-	-	(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
Balance at 1 January 2014	2,351,078	1,183,259	401,865	336,349	975,537	217,228	5,465,316
Additions	-	87,832	63,915	120,795	42,991	35,983	351,516
Disposals	-	-	(524)	(48,168)	-	(7,677)	(56,369)
Transfers/ write offs	-	-	-	-	-	-	-
Balance at 31 December 2014	2,351,078	1,271,091	465,256	408,976	1,018,528	245,534	5,760,463
Depreciation and impairment	losses						
Balance at 01 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
Balance at 1 January 2014	228,646	133,614	325,797	184,006	580,426	123,243	1,575,732
Depreciation for the year	47,022	24,988	23,099	67,287	89,059	32,096	283,551
Disposals	47,022	24,300	(219)	(36,643)	65,055	(4,512)	(41,374)
Balance at 31 December 2014	275,668	58,602	348,677	214,650	669,485	150,827	1,817,909
	,	,	3.0,0.1	,	222, .55	,	_,=_,
Carrying amounts							
At 1 January 2014	2,122,432	1,049,645	76,068	152,343	395,111	93,985	3,889,584
At 31 December 2014	2,075,410	1,112,48	116,579	194,326	349,043	94,707	3,942,554

- (I) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year.
- (ii) Included in property and equipment is property valued at N2.0 billion (2013: N2.1 billion) which is accounted for as investment property in the separate financial statement of the subsidiary, Naira Properties Limited.

#### (b) The Exchange

Balance at 31 December 2014	-	1,271,091	465,256	408,976	1,015,875	245,532	3,406,730
Disposals	-	-	(524)	(48,168)	-	(7,677)	(56,369)
Additions	-	87,832	63,915	120,795	42,991	35,983	351,516
Balance at 1 January 2014	-	1,183,259	401,865	336,349	972,884	217,226	3,111,583
Balance at 31 December 2013		1,183,259	401,865	336,349	972,884	217,226	3,111,583
Transfers/write-offs	-	-	-	-	-	-	-
Disposals	-	-	(1,041)	(12,995)	(6,573)	(5,574)	(26,183)
Additions	-	73,007	71,055	64,900	399,116	58,928	667,006
Balance at 1 January 2013	-	1,110,252	331,851	284,444	580,341	163,872	2,470,760
Cost							
_							

#### Depreciation and impairment losses

B. L		440.000		446 = 04		405 400	
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
Balance at 1 January 2014	-	133,614	325,798	184,008	579,526	123,240	1,346,186
Depreciation for the year	-	24,988	23,099	67,287	88,528	32,096	235,998
Disposals	-	-	(219)	(36,643)	-	(4,512)	(41,374)
Balance at 31 December 2014	-	158,602	348,678	214,652	668,054	150,824	1,540,810
Carrying amounts							
At 1 January 2014	-	1,049,645	76,067	152,341	393,358	93,986	1,765,397
At 31 December 2014	-	1,112,489	116,578	194,324	347,821	94,708	1,865,920

<sup>(</sup>I) 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.

#### 15 Intangible assets

#### Reconciliation of carrying amount

#### (a) The Group

	Goodwill	Purchased		
In thousands of naira		software	Total	
Cost				
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	
Balance as at 1 January 2014	61,784	2,400,999	2,462,783	
Acquisitions	-	7,967	7,967	
Transfers/write-offs	-	-	-	
Balance at 31 December 2014	61,784	2,408,966	2,470,750	
Amortization and impairment losses				
Balance as at 01 January 2013	57,148	1,459,604	1,516,752	
Amortization/impairment for the year	-	264,343	264,343	
Balance at 31 December 2013	57,148	1,723,947	1,781,095	
Balance as at 1 January 2014	57,148	1,723,947	1,781,095	
Amortization/impairment for the year	-	153,784	153,784	
Balance at 31 December 2014	57,148	1,877,731	1,934,879	
Carrying amounts				
At 1 January 2014	4,636	677,052	681,688	
At 31 December 2014	4,636	531,235	535,871	

#### 16 Investment properties under construction

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Balance at 1 January 2014 Subsequent expenditure recognized as an asset	-	1,601,593 83,003	-	-
Balance as at 31 December 2014	-	1,684,596	-	-

This property is currently held for sale as further described in Note 22.

#### 17 Intercompany receivables

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Intercompany receivables	-	-	3,824,373	4,199,747
Allowance for impairment	-	-	(404,411)	(624,411)
Carrying amount	-	-	3,419,962	3,575,336

(a) Movement in allowance for impairment of intercompany receivables is shown below

In thousands of naira	Group	Group	Exchange	Exchange
	2014	2013	2014	2013
Opening balance	-	-	624,411	696,210
Movement during the year		-	(220,000)	(71,799)
Closing balance	-	-	404,411	624,411

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

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
NSE Consult Limited	-	-	405,167	624,411
Naira Properties Limited	-	-	1,550,224	1,713,187
Coral Properties Plc.	-	-	1,868,982	1,862,149
	-	-	3,824,373	4,199,747

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

#### (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. The impairment of intercompany receivables above relates to the receivable from NSE Consult.

#### (ii) Naira Properties Limited

Intercompany receivables from Naira Properties represent 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 (now being carried as asset held for sale) which were paid by the Exchange. The fair value less cost to sell of the property was valued at N4.3 billion (2013: N2.2 billion). The Council is of the opinion that this receivable would be recovered from the proceeds of the asset held for sale.

#### 18 Equity-accounted investees

#### Associates

			Cost		
	Group	Group	Exchange	Exchange	
In thousands of naira	2014	2013	2014	2013	
Carrying amount of interests in associates	4,605,822	3,793,918	387,804	387,804	
Share of current year result (net of tax)	1,196,548	995,789	-	-	
Dividends paid	(269,698)	(183,885)	-	-	
Total investment in associates	5,532,672	4,605,822	387,804	387,804	
Carrying amount	5,532,672	4,605,822	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. CSCS is domiciled in Nigeria. The net assets of the company as at 31 December 2014 was N20,491,376,000 (2013: N17,058,600,000).

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

In thousands of naira	2014	2013
Percentage ownership interest	27%	27%
Non-current assets	22,623,728	11,369,649
Current assets	387,652	8,056,440
Non-current liabilities	(48,031)	(32,839)
Current liabilities	(2,471,973)	(2,334,650)
Net assets	20,491,376	17,058,600
Group's share of net assets (27%)	5,532,672	4,605,822
Revenue	7,980,280	6,887,603
Profit from continuing operations	4,532,777	3,738,297
Other comprehensive income	-	-
Total comprehensive income	4,532,777	3,738,297
Group's share of profit and total comprehensive income	1,196,548	995,789
Group's interest in net assets of investee		
at the beginning of the year	4,605,822	3,793,918
Total comprehensive income attributable to the Group	1,196,548	995,789
Dividend received during the year	(269,698)	(183,885)
Group's interest in the net assets of investee at the end of the year	5,532,672	4,605,822

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

#### 19 Investment in subsidiaries

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
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. The principal place of business of the Company is Nigeria.
- (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. The Company's place of incorporation is also the Company's place of principal place of business.
- (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. The Company's place of incorporation is also the Company's place of principal place of business.
- (iv) An analysis of allowance for impairment of investment in subsidiaries is shown below:

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
NSE Consult Limited	-	-	1,000	1,000
Coral Properties Plc.	-	-	-	-
Naira Properties Limited	-	-	-	-
	-	-	1,000	1,000

In 2014, the fair value of Naira properties Limited's building amounting to N3.8 billion (2013: N3.2 billion), exceeded the cost of the investment. No impairment indicators have been identified in respect of the subsidiary.

#### 20 Other investment

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Held-to-maturity investments	5,032,245	2,827,498	5,032,245	2,827,498
Sub total	5,032,245	2,827,498	5,032,245	2,827,498
Financial assets-held for trading	64,590	278,145	-	-
Available for Sale investments	93,900	90,000	-	-
Subtotal	158,490	368,145	-	-
Carrying amount	5,190,735	3,195,643	5,032,245	2,827,498
Non-current	158,490	368,145	-	-
Current	5,032,245	2,827,498	5,032,245	2,827,498
Carrying amount	5,190,735	3,195,643	5,032,245	2,827,498

- (a) Quoted equity securities are classified as held for trading.
- (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. The investments in NASD and FMDQ OTC are carried at fair value which are valued at N42.6 million and N51.3 million respectively as at 31 December 2014. A fair value gain of N3.9 million was recognised in the statement of comprehensive income for the financial year. The valuation techniques are explained in note 5 (iv).

		Group	Group	Exchange	Exchange
	In thousands of naira	2014	2013	2014	2013
(c)	Held to maturity investments				
	Treasury bills	5,032,245	2,827,498	5,032,245	2,827,498
	Carrying amount	5,032,245	2,827,498	5,032,245	2,827,498

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.

#### 21 Trade, other receivables and prepayments

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Trade and other receivables (see note (I))	405,429	267,302	405,428	267,302
Prepayments (see note (ii))	318,011	162,719	318,011	162,719
Carrying amount	723,440	430,021	723,439	430,021

#### (i) Trade and other receivables

	Group	Group	Exchange	Exchange
In thousands of naira	2014	2013	2014	2013
Trade receivables	436,990	332,330	423,234	318,575
Staff loans	262	4,035	262	4,035
Due from NSE/CSCS Multipurpose				
Cooperative Society (see note (a))	264,979	264,979	264,979	264,979
Deferred recovery of bonuses (see note (b))	1,469,065	1,480,065	1,469,065	1,480,065
Due from gratuity fund administrators	23,165	23,165	23,165	23,165
Other receivables	756,230	774,385	218,203	236,358
Gross total	2,950,691	2,878,959	2,398,908	2,327,177
Allowance for impairment (See note (c))	(2,545,262)	(2,611,657)	(1,993,480)	(2,059,875)
Carrying amount	405,429	267,302	405,428	267,302

- (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.
- (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 excouncil Members involved. Refunds amounting to N620.5million have been received from the ex-council members to date. The outstanding balance of N1,469,065,000 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.

#### (ii) Prepayments

In thousands of naira	<b>Group 2014</b>	Group <b>201</b> 3	Exchange 2014	Exchange 2013
menousunus oj nanu	2021	2023		
Prepayments	235,638	43,769	235,638	43,769
Prepayments for IT platform	9,948	10,273	9,948	10,273
Advance payments to third parties				
(see note (e))	72,425	108,677	72,425	108,677
Gross total .	318,011	162,719	318,011	162,719

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

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Trade debtors- listing fees	59,019	117,184	59,019	117,184
Trade debtors-annual charges	23,579	20,809	23,579	20,809
Sundry Debtors - NSE/CSCS Cooperative	264,979	264,979	264,979	264,979
Deferred recovery of bonuses	1,469,065	1,480,065	1,469,065	1,480,065
Gratuity plan assets	23,165	23,165	23,165	23,165
Other receivables	705,455	705,455	153,673	153,673
	2,545,262	2,611,657	1,993,480	2,059,875

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

	Group	Group	Exchange	Exchange
In thousands of naira	2014	2013	2014	2013
Opening balance	2,611,657	2,772,100	2,059,875	2,227,679
Movement during the year:				
Impairment charge on other assets	2,770	9,319	2,770	5,559
Reversal on other assets	(69,165)	(169,762)	(69,165)	(173,363)
Closing balance	2,545,262	2,611,657	1,993,480	2,059,875

(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.

#### 22 Non-current assets held for sale

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Transfer from investment property under construction Subsequent expenditure recognized as an asset	1,684,596 -	-	- -	-
Balance as at 31 December 2014	1,684,596	-	-	-

The asset held for sale relates to the Group's investment property under construction which is now accounted for as held-for-sale following the commitment to its sale by the Group's management.

In line with IFRS 5 (Non-current assets held for sale), the asset held for sale was measured by the Group at the lower of carrying amount and fair value less costs to sell. The fair value of the property as at 31 December 2014 was N4.3 billion. The fair value less costs to sell of N4.3 billion is higher than the carrying amount of N1.68 billion, hence, no impairment was recognised in respect of the property during the year.

The fair value less costs to sale of N4.3 billion was estimated by Messrs Ben Oti & Co, a valuation expert duly registered with Financial Reporting Council (FRC), FRC/2014/NIESV/00000009174, and the Nigerian Institute of Estate Surveyors and Valuers (NIESV). Efforts to sell the asset has commenced as the asset has been offered for bid and Messrs Diya Fatimilehin & Co is in charge of the sale. A sale is expected in 2015.

#### 23 Cash and cash equivalents

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Cash balances	11	54	11	54
Bank balances	218,157	242,515	199,093	114,154
Fixed deposits	2,130,345	968,454	1,924,320	866,392
Treasury bills	711,983	-	711,983	-
Total	3,060,496	1,211,023	2,835,407	980,600

Included in cash and cash equivalents are treasury bills whose maturity period is within 90 days.

#### 24 Equity

#### (a) Accumulated funds

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

#### 25 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.

#### 26 Retirement benefit obligation

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Recognized liability for defined benefit obligations				
(see note (a) below	388,696	-	388,696	-
Recognized liability for defined contributions	25,635	27,082	25,635	27,082
Total	414,331	27,082	414,331	27,082

#### (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 provision was made in the Exchange's accounts. The liability was funded by transfer of assets amounting to N279 million to the pension fund custodian and supervised by Gratuity Committee. In 2014, additional provision amounting to N109 million was made by the Exchange to cater for shortfall in the final obligation due to members of staff.

#### 27 Deferred tax liability

Deferred tax liability comprises of:

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Deferred tax liability				
Balance, beginning of the year	168,964	-	-	-
Deferred tax liability recognized by subsidiary	4,642	190,265		
Deferred tax reversal	-	(21,301)	-	-
Balance, end of the year	173,606	168,964	-	-

#### (a) Movements in temporary differences during the year

In thousands of naira		Recognized in profit or loss	Recognized in equity	Closing balance
For the year ended 31 December 2013				
Revaluation surplus	190,265	-	-	190,265
Credit during the year	-	(21,301)	-	(21,301)
Total	190,265	(21,301)	-	168,964
For the year ended 31 December 2014				
Revaluation surplus	168,964	-	-	168,964
Charge during the year	-	4,642	-	4,642
Total	168,964	4,642	-	173,606

#### (b) Recognized deferred tax liability is attributable to the following:

#### **GROUP**

In thousands of naira	Liabilities
For the year ended 31 December 2013	
Revaluation surplus on Investment Property	168,964
Net deferred tax liability	168,964
For the year ended 31 December 2014	
Revaluation surplus on Investment Property	173,606
Net deferred tax liability	173,606

#### 28 Other liabilities

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
				_
Accrued expenses	467,049	181,477	467,049	181,477
Due to Central Securities Clearing System Limited	-	178,361	-	178,361
Sundry creditors	908,942	728,950	661,205	488,611
Deferred income	60,110	235,356	31,939	182,659
Value Added Tax payable	294,937	275,406	294,937	275,406
Withholding Tax payable	6,887	-	6,887	-
Donations payable	249,927	-	249,927	-
Others	270,182	68,583	228,073	51,164
Staff related liabilities (see note (a) below)	155,055	116,049	155,055	116,049
Total	2,413,089	1,784,182	2,095,072	1,473,727

<sup>(</sup>a) Staff related liabilities comprises of PAYE, National Housing Fund (NHF) and staff related liabilities payable to the government.

#### 29 Current tax liabilities

In thousands of naira	Group 2014	Group 2013	Exchange 2014	Exchange 2013
Balance, beginning of the year	117,091	98,126	-	-
Prior year under/(over) provision	8,517	(21,564)	-	-
Charge during the year	52,929	40,529	-	-
Payment made during the year	-	-	-	-
Balance, end of the year	178,537	117,091	-	-

#### 30 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 2014, estimated contingent liabilities stood at N3,137,175,259 (2013:N1,370,535,000).

Based on legal advice, management does not expect the outcome of the litigations to have an 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 2014.

#### 31 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.

A summary of related party transactions during the year is shown below:

#### The Exchange

In thousands of naira	Note	2014	2013
Intercompany receivables			
NSE Consult Limited	17	405,167	624,411
Naira Properties Limited	17	1,550,224	1,713,187
Coral Properties Plc.	17	1,868,982	1,862,149
		3,824,373	4,199,747
a) Compensation to key management personnel during the year comp	rised:		
In thousands of naira		2014	2013
Short-term benefits		209,264	209,264
Post-employment benefits (pension and gratuity)		209,264	13,976 <b>223,240</b>

#### (b) Transactions with associates

Transactions with associates include:

In thousands of naira	2014	2013
Payables	-	(178,361)
	-	(178,361)

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

#### **Subsidiaries**

In thousands of naira	2014	2013
NSE Consult Limited	(404,410)	(624,410)
	(404,410)	(624,410)

#### 32 Group entities

Ownership Interest
100%
100%
99.8%

#### 33 Subsequent events

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

### VALUE ADDED STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Group	
In thousands of naira	2014	%	2013	%
Gross earnings	9,146,636		6,515,784	
Bought in materials and services	(2,597,847)		(1,020,229)	
Reversal/ (Provision) for losses	50,749		69,785	
Value added	6,599,538	100	5,565,340	100
DISTRIBUTION				
EMPLOYEES AND DIRECTORS				
Personnel expenses	2,276,360	34	1,820,331	33
GOVERNMENT				
Tax (expense)/credit	(66,088)	-	2,335	-
RETAINED IN THE BUSINESS				
For Depreciation and Amortization	437,335	6	481,276	8
To augment reserves	3,951,931	60	3,261,398	59
	6,599,538	100	5,565,340	100
	Exchange		Exchange	
In thousands of naira	2014	%	2013	%
Gross earnings	8,115,177		5,493,049	
Bought in materials and services	(2,371,720)		(1,049,240)	
Reversal/ (Provision) for losses	66,395		145,345	
	5,809,852	100	4,589,154	100
DISTRIBUTION EMPLOYEES AND DIRECTORS Personnel expenses	2,276,360	39	1,820,331	40
GOVERNMENT				
Tax expense	-	-	-	-
RETAINED IN THE BUSINESS				
For Depreciation and Amortization	389,782	7	433,723	9
To augment reserves	3,143,710	54	2,335,100	51
	5,809,852	100	4,589,154	100

## FIVE YEAR FINANCIAL SUMMARY - GROUP FOR THE YEAR ENDED

In thousands of naira	Group 31 December 2014	Group 31 December 2013	Group 31 December 2012	Group 31 December 2011	Group 1 January 2011
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Property and equipment	3,942,554	3,889,584	3,441,234	3,660,673	3,814,513
Intangible assets	535,871	681,688	259,801	594,835	928,967
Investment properties under					
construction	-	1,684,596	1,601,593	1,601,593	1,407,134
Equity-accounted investees	5,532,672	4,605,822	3,793,918	3,238,841	3,171,098
Other investments	158,490	368,145	343,041	217,654	290,569
Total non-current assets	10,169,587	11,229,835	9,439,587	9,313,596	9,612,281
Trade, other receivables					
and prepayments	723,440	430,021	549,102	312,738	347,547
Other investments	5,032,245	2,827,498	1,989,408	401	401
Asset held-for-sale	1,684,596	-			
Cash and cash equivalents	3,060,496	1,211,023	1,129,403	2,736,140	2,618,447
Total current assets	10,500,777	4,468,542	3,667,913	3,049,279	2,966,395
Total assets	20,670,364	15,698,377	13,107,500	12,362,875	12,578,676
EQUITY					
Accumulated fund	17,490,801	13,601,058	10,527,590	9,374,530	9,116,233
Total equity	17,490,801	13,601,058	10,527,590	9,374,530	9,116,233
LIABILITIES					
Retirement benefit obligation	388,696	-	121,099	683,420	1,295,432
Deferred tax liabilities	173,606	168,964	-	-	-
Total non current liabilities	562,302	168,964	121,099	683,420	1,295,432
Defined-contribution pension	25,635	27,082	41,438	28,433	14,959
Other liabilities	2,413,089	1,784,182	2,319,247	2,206,641	2,086,705
Current tax liabilities	178,537	117,091	98,126	69,851	65,347
Total current liabilities	2,617,261	1,928,355	2,458,811	2,304,925	2,167,011
Total liabilities	3,179,563	2,097,319	2,579,910	2,988,345	3,462,443
Total equity and liabilities	20,670,364	15,698,377	13,107,500	12,362,875	12,578,676

# FOUR YEAR FINANCIAL SUMMARY - GROUP FOR THE YEAR ENDED

	Group	Group	Group	Group
la the common de est a miner	31 December	31 December	31 December	31 December
In thousands of naira	2014	2013	2012	2011
INCOME STATEMENT				
Revenue	6,533,618	4,576,697	3,326,643	3,302,205
Revenue	6,533,618	4,576,697	3,326,643	3,302,205
Other income	1,416,470	825,206	617,588	244,313
Impairment reversal on financial assets	66,395	69,785	(66,129)	197,414
Fair value (loss)/gain on investment securities	(15,646)	118,092	-	(72,915)
Personnel expenses	(2,276,360)	(1,820,331)	(1,646,639)	(1,767,514)
Other expenses	(2,531,759)	(1,022,564)	(1,740,205)	(1,910,945)
Net operating expense	(3,340,900)	(1,829,812)	(2,835,385)	(3,309,647)
Operating Surplus	2,755,383	2,265,609	491,258	(7,442)
Share of profit of equity accounted investees				
(net of income tax)	1,196,548	995,789	690,077	270,243
Operating Surplus before tax	3,951,931	3,261,398	1,181,335	262,801
Tax (expense)/credit	(66,088)	2,335	(28,275)	(4,504)
Operating Surplus after tax	3,885,843	3,263,733	1,153,060	258,297

## FIVE YEAR FINANCIAL SUMMARY - EXCHANGE FOR THE YEAR ENDED

	Exchange	Exchange	Exchange	Exchange	Exchange
	31 December	31 December	31 December	31 December	1 January
In thousands of naira	2014	2013	2012	2011	2011
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Property and equipment	1,865,920	1,765,397	1,271,778	1,446,526	1,631,264
Intangible assets	531,235	677,052	252,511	590,199	924,331
Intercompany receivables	3,419,962	3,575,336	3,607,993	3,514,716	3,457,724
Equity-accounted investees	387,804	387,804	387,804	387,804	387,804
Investment in subsidiaries	1,017,950	1,017,950	1,017,950	1,017,700	670,044
Other investments	-	-	-	15,290	16,006
Total non-current assets	7,222,871	7,423,539	6,538,036	6,972,235	7,087,173
Trade, other receivables					
and prepayments	723,439	430,021	549,102	280,689	314,565
Other investments	5,032,245	2,827,498	1,989,408	401	401
Cash and cash equivalents	2,835,407	980,600	927,799	2,598,065	2,510,946
Total current assets	8,591,091	4,238,119	3,466,309	2,879,155	2,825,912
Total assets	15,813,962	11,661,658	10,004,345	9,851,390	9,913,085
EQUITY					
Accumulated fund	13,304,559	10,160,849	7,825,749	7,311,913	6,682,770
Total equity	13,304,559	10,160,849	7,825,749	7,311,913	6,682,770
LIABILITIES					
Retirement benefit obligation	388,696	-	121,099	683,420	1,295,432
Total non current liabilities	388,696	-	121,099	683,420	1,295,432
Defined-contribution pension	25,635	27,082	41,438	28,433	14,959
Other liabilities	2,095,072	1,473,727	2,016,059	1,827,624	1,919,924
Current tax liabilities	-,000,072	-, ., 3,, 2,	-,010,000	-,027,027	-,010,027
Total current liabilities	2,120,707	1,500,809	2,057,497	1,856,057	1,934,883
Total liabilities	2,509,403	1,500,809	2,178,596	2,539,477	3,230,315
Total equity and liabilities	15,813,962	11,661,658	10,004,345	9,851,390	9,913,085

# FOUR YEAR FINANCIAL SUMMARY - EXCHANGE FOR THE YEAR ENDED

	Exchange 31 December	Exchange 31 December	Exchange 31 December	Exchange 31 December
In thousands of naira	2014	2013	2012	2011
INCOME STATEMENT				
Revenue	6,533,618	4,576,697	3,326,643	3,302,205
Revenue	6,533,618	4,576,697	3,326,643	3,302,205
Other income	1,581,559	916,352	632,678	404,722
Impairment reversal on financial assets	66,395	145,345	(86,322)	515,335
Fair value (loss)/gain on investment securities	-	-	-	(716)
Personnel expenses	(2,276,360)	(1,820,331)	(1,646,639)	(1,767,517)
Other expenses	(2,371,720)	(1,049,240)	(1,712,524)	(1,824,886)
Net operating expense	(3,000,126)	(1,807,874)	(2,812,807)	(2,673,062)
Operating Surplus	3,533,492	2,768,823	513,836	629,143
Operating Surplus before tax	3,143,710	2,335,100	513,836	629,143
Tax (expense)/credit	-	-	-	-
Operating Surplus after tax	3,143,710	2,335,100	513,836	629,143



### CORPORATE SOCIAL RESPONSIBILITY REPORT

#### CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY AT THE EXCHANGE

The Nigerian Stock Exchange's Corporate Social Responsibility framework is built on four focus areas of Marketplace, Workplace, Community and The Environment. These pillars outline our commitment and responsibility in delivering a sustainable organization through responsible financial and investment services, sustainable business practices, engaged and talented people, community contributions and environmental stewardship.

#### **MARKETPLACE**

**CGRS Launch:** On 3 November 2014, we launched the Corporate Governance Rating System (CGRS) which marked the beginning of a new era in market transparency and a new model for 21st century corporate reporting in Nigeria, and in Africa.

The CGRS is the 1st phase of activities in the journey towards a tradable Corporate Governance Index which will serve as a platform for listed companies to demonstrate their commitment to responsible corporate practices. This framework is designed to evaluate companies based on the quality of their corporate integrity; corporate compliance; understanding of fiduciary responsibilities by their directors and their corporate reputation. The pilot phase in 2014 was voluntary. However, participation in CGRS from 2015 will be mandatory for all companies listed on the Nigerian Stock Exchange.

**Key Partnership Initiative:** In 2014, The Exchange became a member of the United Nations Global Compact (UNGC) Local Network, Nigeria. This demon-



Tinu Awe, Head, Legal & Regulations Division, NSE opening the Corporate Governance Rating System (CGRS) Launch



Mrs. Osaretin Odaro-Oyewumi, Managing Director/Chief Executive Officer, CLB-SAGE; Mr. Jermyn Brooks Director, Transparency International; Mr. Andreas Grimminger, PGS Advisors International and Michael Lakota, Managing Director/CEO, Siemens Nigeria Ltd at the panel discussion during the Corporate Governance Rating System Launch.

strates our commitment to improve our organizational performance around UNGC's 10 universal principles while contributing to a more stable and inclusive Nigerian economy. The CEO also signed the UNGC Call to Action: Anti-Corruption and the Global Development Agenda which urges Governments to promote efficient and effective anti-corruption measures and to implement robust policies that will foster good governance.

#### **WORKPLACE**

At The Exchange, employees are offered various programmes and opportunities that promote healthy lifestyle choices, attract and develop skills as well as support their continuing education and training needs. This year, we invested in an activity centre which houses a gym, cafeteria and crèche. We also invested in employee development through our inaugural Graduate Trainee Programme, NSE Inspired Internship Programme and provided training for over 92% of the workforce.

#### **COMMUNITY**

**Financial Literacy Programme:** At The Exchange, Financial Literacy is at the core of our engagement with our operating community. We had over 200 programmes across the country mostly targeting retail investors, participated in the Global Money Week commemorative events and conducted the *annual NSE Essay Competition*.

During 2014 Global Money, The Exchange hosted school outreach programmes, opening & closing of the market by students, excursions at the Exchange, interactive session with the CEO and Financial Literacy Fair & Exhibition.

The Essay Competition marked its 14th anniversary this year. The 2014 winners were selected through a rigorous process anchored by capital market professionals who evaluated students' understanding of the topic, which was centred on the stock market and factors that drive investments as well as their expression of investment ideas in an essay form. To maintain the top quality of the competition, over 60 finalists from across the country were invited to partake in a 2nd level assessment. From this process, 10 national winners were selected and 3 top winners emerged.

**Fight against Cancer:** The Nigerian Stock Exchange brought together corporate Nigeria on Saturday, 17 May 2014 for a 5km race in support of the fight against cancer. This competition was open to companies listed on the Exchange as well as the Broker Dealer Community. Over

390 runners from 50 organizations including the Nigerian Stock Exchange (NSE) participated in this race.

#### **ENVIRONMENT**

At The Nigerian Stock Exchange (NSE), we believe that the private sector, governments, and people around the world need to work together to promote environmental sustainability, address climate change, and make the globe more liveable for its citizens.

Hence, the NSE is partnering with other financial institutions operating within our immediate environment to initiate catalytic environmental projects. This commitment has resulted in a revitalization framework which will in the short-term:

- Revamp the walkways and roads in order to improve vehicular and pedestrian movements. As well as create areas for greenery and plant trees.
- Ensure free flowing and well protected drainages along the streets.
- Achieve an aesthetically pleasing outlook of the built environment and its neighbourhood.
- Light up the area through solar lamps or get connected to the Lagos state electricity grid.

Looking forward, we are planning to conduct more forums to engage our stakeholders on issues of sustainability, commence the process for the integration of sustainability disclosure guidelines in the Nigerian capital market and get employees better involved in our operating community.













1. Bola Adeeko, Head, Corporate Services Division educating students at Government School Owerri, Imo State during the 2014 Global Money Week school sensitization programme. 2. Bola Adeeko; Ejike Blessing Mbilite, 2nd place winner, 2014 NSE Essay Competition; Oscar N. Onyema, OON, CEO, NSE; Onuh Chiamaka Sophie, 1st place Winner 2014 NSE Essay Competition and Onmonya Prince Dan, 3rd place 2014 NSE Essay Competition. 3. Brokers with Kids from Ajapa World at the NSE Trading Floor during the 2014 Global Money week. 4-6. 2014 Corporate Challenge

### TIPS AND COMPLAINT MANAGEMENT

#### 1. Introduction

The Tips and Complaints Management Unit (TCM) of The Exchange is responsible for the management and resolution of complaints made by investors and stakeholders in respect of investments in securities and the operations of Dealing Members. The unit is also responsible for Dealing Member regulatory approvals.

#### 2. Complaints handling, tracking and reporting

- An Investor with a complaint against a Dealing Member Firm files a complaint letter at The Exchange through the above channels.
- ii. Upon receipt, the complaint is reviewed and registered in the complaint registry with a brief summary of the nature of the complaint, the Firm involved and the claims made.
- iii. The Dealing Member is contacted within 48 hours and a copy of the complaint is forwarded to the Firm for a response within 5 days.
- iv. The Firm may request for an extension of time to respond to the issues raised in the complaint letter.
- Upon receipt of the Firm's response, same is forwarded to the investor (complainant) for a confirmation/dis-agreement within 10 working days from date of receipt of the letter.
- vi. The Firm and the investor (jointly referred to as "parties") are permitted and encouraged to explore amicable settlement of their dispute within 30 days.
- vii. Parties upon providing a progress report/update on settlement may request for extension of time to amicably resolve their dispute at the expiration of 30 days.
- viii. Where no agreement is reached within 30 days or the extended period, the case is referred to a Complaint Management and Mediation Analyst



within the TCM to schedule an All Parties Meeting (APM) and a notice of meeting is sent to the parties.

- ix. An opinion is also prepared by the Complaint Management and Mediation Analyst describing the issues and the recommendations for resolution of the dispute.
- x. Where the matter is resolved, the case is closed. Where the issue is not resolved or any of the parties is dissatisfied with the decision reached at the APM, the matter is referred to the Investigation Panel (Panel), which sits quarterly.
- xi. The Panel, the membership of which includes stakeholders in the Nigerian Capital Market, hears the matter afresh and may either uphold the decision of the APM, reverse the entire decision or a part of the decision.
- xii. If any party is not satisfied with the decision of the Panel, the party may further appeal to the Disciplinary Committee of the National Council (Committee). A case may also be referred to the Disco at the instance of the Panel where a Dealing Member fails to comply with the decision of the Panel or where a recommendation has been made to the Disco to impose stiffer sanction (e.g. expulsion of a Dealing Member or revocation of Authorized Clerkship license.)

xiii. The Committee's recommendations and/or appeals from parties are referred to the National Council of the NSE.

#### 3. Complaint Statistics

Received in 2014	375
Resolved in 2014	270
Complaints referred to SEC in 2014	2

#### 4. All Parties Meetings (2014)

Number of Complaints referred to the All Parties Meeting	31
Number of complaints resolved at the APM	18
Number of cases pending before APM	6
Number of cases referred to the Investigation Panel	7

#### 5. Investigation Panel (2014)

Number of complaints referred to the Investigation Panel	49
Number of complaints resolved by the Investigation Panel	6
Number of cases pending before the Investigation Panel	2
Number of cases stepped down pending the determination of the case	1
Number of cases referred to the Disciplinary Committee	40 (against 8 Dealing Member firms

#### 6. Actions being taken to mitigate complaints

- Sensitization of Dealing Members through the bimonthly CEO's meetings, the quarterly compliance officers' forum, Dealing Members training programme.
- ii. Sensitization of the investing public through investor education.
- iii. Zero tolerance policy against infractions.
- Empowering compliance officers to carry out their control function effectively to promote compliance.
- v. Whistle blowing portal.

#### 7. Regulatory Approvals (2014)

The Department received a total of 131 applications for regulatory approvals during the year under review. These requests include approval for Managing Directors/ Chief Executive Officers, directors, change of name, change in shareholding structure, admission of new shareholders, transfer of proprietary accounts, and transfer of interests in dealing members etc. Of the total applications received, 10 applications were denied for not meeting the regulatory requirements

<sup>\*</sup>The framework is being revised to conform to the new SEC Rule published in February 2015.

### **COMPARATIVE TRADING ACTIVITIES**

#### **COMPARATIVE TRADING ACTIVITIES (1961 - 1995)**

PERIOD	GOVT. BONDS	INDUSTRIAL/	TOTAL
	STOCKS (N)	EQUITIES (N)	(N)
1961/62	4,123,270.00	246,730.00	4,370,000.00
1962/63	7,876,290.00	616,192.00	8,492,482.00
1963/64	11,467,380.00	1,039,036.00	12,506,416.00
1964/65	13,692,680.00	2,450,924.00	16,143,604.00
1965/66	15,724,800.00	1,121,630.00	16,846,430.00
1966/67	11,704,060.00	675,616.00	12,379,676.00
1967/68	12,607,120.00	279,856.00	12,886,976.00
1968/69	17,330,820.00	102,294.00	17,433,114.00
1969/70	15,634,480.00	221,800.00	15,856,280.00
1970/71	30,544,260.00	3,080,100.00	33,624,360.00
1971/72	26,738,800.00	1,303,242.00	28,042,042.00
1972/73	26,125,520.00	671,534.00	26,797,054.00
1973/74	99,348,520.00	1,261,995.00	100,610,515.00
1974/75	63,664,830.00	549,322.00	64,214,152.00
1975/76	80,634,830.00	788,853.00	81,423,683.00
1976/77	153,849,760.00	2,271,990.00	156,121,750.00
1977/78	226,961,915.00	3,045,040.00	230,006,955.00
1978/79	143,500,740.00	1,987,401.00	145,488,141.00
1979/80	512,034,222.00	10,816,784.00	522,851,006.00
1981	326,178,957.00	6,119,169.00	332,298,126.00
1982	208,215,689.00	8,188,927.00	216,404,616.00
1983	384,870,312.00	13,000,755.00	397,871,067.00
1984	234,115,541.00	15,702,860.00	249,818,401.00
1985	287,840,413.00	23,264,741.00	311,105,154.00
1986	475,846,312.00	11,986,021.00	487,832,333.00
1987	282,251,808.00	4,045,706.00	286,297,514.00
1988	215,829,622.00	34,485,043.00	250,314,665.00
1989	582,430,369.00	71,129,746.00	653,560,115.00
1990	172,801,696.00	133,540,209.00	306,341,905.00
1991	92,675,151.00	141,864,629.00	234,539,780.00
1992	85,020,960.00	406,547,508.00	491,568,468.00
1993	84,258,773.00	577,796,580.00	662,055,353.00
1994	15,202,218.00	970,679,018.00	985,881,236.00
1995	-	1,838,838,622.00	1,838,838,622.00

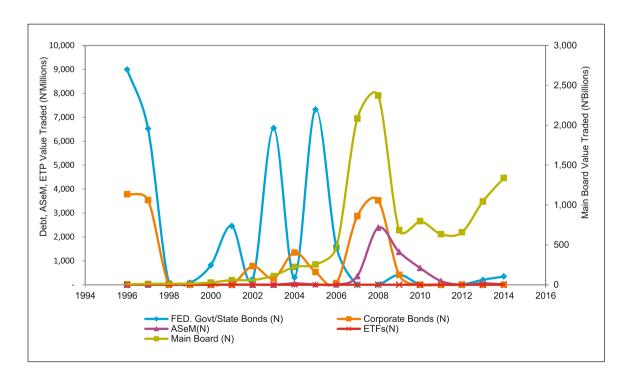
#### NOTE:

Government Bonds Stocks include Federal Government Bonds, State Government Bonds and Local Government Bonds.

Industrial/Equities include Corporate Bonds, Preference Shares, Debenture Stocks and Equities.

#### **COMPARATIVE TRADING ACTIVITIES (1996 - 2014)**

PERIOD	FED. GOTV/ BOND (N)	CORPORATE BOND (N)	ASEM (N)	ETFs(N)	MAIN BOARD (N)	TOTAL
1996	8,996,877,700.00	3,782,103,911.50	2,858,984.40	0.00	5,258,331,682.58	18,040,172,278.48
1997	6,524,606,324.40	3,536,832,000.00	3,239,630.41	0.00	9,948,505,080.63	20,013,183,035.44
1998	71,440,000.00	147,960.00	2,922,770.90	0.00	13,186,038,803.28	13,260,549,534.18
1999	82,712,105.00	0.00	9,316,780.40	0.00	13,452,357,054.02	13,544,385,939.42
2000	812,039,920.00	0.00	639,350.30	0.00	27,672,922,775.11	28,485,602,045.41
2001	2,459,138,100.00	0.00	7,007,404.02	0.00	57,267,201,601.81	59,733,347,105.83
2002	234,564,210.00	775,000,000.00	2,377,467.39	0.00	59,008,065,070.28	60,020,006,747.67
2003	6,547,040,600.00	269,427,487.54	838,037.65	0.00	112,631,949,045.93	119,449,255,171.12
2004	300,015,175.00	1,346,505,900.00	53,026,943.64	0.00	223,113,447,651.61	224,812,995,670.25
2005	7,321,040,000.00	534,427,625.00	14,049,966.00	0.00	254,166,107,543.84	262,035,625,134.84
2006	1,593,360,000.00	72,000,000.00	5,278,896.05	0.00	468,328,272,367.74	469,998,911,263.79
2007	0.00	2,870,000,000.00	357,151,465.23	0.00	2,083,067,442,225.84	2,086,294,593,691.07
2008	1,000,000.00	3,528,920,000.00	2,385,901,283.72	0.00	2,373,227,878,388.03	2,379,143,699,671.75
2009	412,919,530.00	412,800,000.00	1,372,257,737.22	0.00	683,932,110,963.68	686,130,088,230.90
2010	14,138,800.00	0.00	702,480,946.82	0.00	797,278,998,409.81	797,995,618,156.63
2011	0.00	0.00	154,673,515.79	17,115,994.00	634,745,155,214.16	634,916,944,723.95
2012	8,239,298.50	0.00	0.00	454,610,692.69	657,767,439,181.31	658,230,289,172.50
2013	203,072,581.09	0.00	56,135,812.83	105,912,235.30	1,043,258,406,733.00	1,043,623,527,362.22
2014	343,850,844.66	0.00	18,824,637.82	325,643,303.91	1,337,935,995,492.42	1,338,600,649,642.81



# **SUMMARY OF TRADING ACTIVITIES BY CATEGORY**

January to March 2014

a CLUS	2	VANITABV	<u>a</u>	CEBBIIABV	774	TO DO DO
ASEM	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
Consumer Goods	51,933	74,178.19	252,197	360,641.71	98,540	125,559.40
Oil and Gas	4,424,345	2,272,712.50	442,330	221,165.00	28,225	14,112.50
Services	20	36.80	10	18.40	481,830	886,567.20
Sub Total	4,476,298	2,346,927.49	694,537	581,825.11	608,595	1,026,239.10
Main Board						
Agriculture	44,262,781	877,994,967.09	34,396,984	823,131,259.64	49,066,132	549,684,076.86
Conglomerates	611,485,767	3,524,367,991.09	559,704,956	3,136,457,668.57	544,841,341	2,681,871,410.39
Construction/Real Estate	88,583,939	459,502,989.88	44,224,320	382,091,795.59	13,405,204	160,791,316.43
Consumer Goods	837,365,517	22,123,528,927.74	306,752,582	23,229,001,965.69	301,184,129	25,290,733,599.90
Financial Services	5,430,400,987	45,761,487,487.28	10,628,233,258	54,559,310,976.31	6,310,148,830	46,038,802,395.38
Healthcare	85,418,866	332,014,891.97	62,458,280	270,811,462.57	50,326,830	438,064,017.83
ICT	146,257,657	302,666,372.12	79,637,891	125,053,751.01	64,305,434	40,378,666.68
Industrial Goods	89,957,222	6,851,190,858.06	111,989,548	11,503,225,092.75	81,492,250	5,421,193,298.77
Natural Resources	6,061,187	4,962,912.70	283,358	548,268.12	34,955,714	17,907,425.73
Oil and Gas	618,109,211	10,412,358,877.16	340,216,625	5,097,656,565.03	157,712,663	2,725,850,631.15
Services	266,299,342	330,929,766.85	122,276,531	221,803,007.55	183,049,742	234,918,413.67
Sub Total	8,224,202,476	90,981,006,041.94	12,290,174,333	99,349,091,812.83	7,790,488,269	83,600,195,252.79
Equity Total	8,228,678,774	90,983,352,969.43	12,290,868,870	99,349,673,638	7,791,096,864	83,601,221,491.89
Debt						
Corporate Bonds/Debentures	0	0	0	0	0	0
Government Bonds -						
State and Local	0	0	0	0	0	0
Government Bonds - Federal	10,995	11,281,839.83	2,590	2,875,970.46	41,821	41,768,685
Supranational Bonds	0	0	0	0	0	0
Sub Total	10,995.00	11,281,839.83	2,590	2,875,970.46	41,821	41,768,684.89
Exchange Traded Products						
ЕТР	1,160	2,257,435.00	1,732	3,621,565.00	4,755,294	93,553,102.63
Sub Total	1,160	2,257,435.00	1,732	3,621,565.00	4,755,294	93,553,102.63
Grand Total	8,228,690,929	90,996,892,244.26	12,290,873,192.00	99,356,171,173.40	7,795,893,979.00	83,736,543,279.41

# SUMMARY OF TRADING ACTIVITIES BY CATEGORY April to June 2014

SECTOR		APRII		MAV	=	IIINE
ASEM	VOLLIME	VALLIE	VOLLIME	VALLE	AMILION	VALUE
Construction/						
Real Estate	100	134.00	0	0	0	0
Consumer Goods	21,220	28,439.60	3,444,403	4,408,835.84	24,000	30,720.00
Oil And Gas	25,350	12,713.00	201,708	104,303.00	830,013	415,044.50
Services	209	1,062.25	0	0	0	0
Sub Total	47,277	42,348.85	3,646,111	4,513,139	854,013	445,765
Main Board						
Agriculture	19,860,337	358,095,851.53	43,162,007	519,450,240.03	38,110,387	559,223,771.44
Conglomerates	373,987,793	2,288,103,534.97	369,044,725	3,451,407,366.22	2,565,902,386	13,417,123,299.59
Construction/						
Real Estate	25,911,715	644,807,035.14	63,187,433	1,393,136,120.94	64,490,533	3,169,528,923.70
Consumer Goods	248,254,916	21,253,491,165.21	279,773,071	20,172,458,888.57	286,722,590	22,366,030,707.22
Financial Services	6,392,123,516	57,658,821,353.76	5,630,883,624	57,690,183,021.74	5,003,088,268	46,141,092,112.75
Healthcare	50,091,901	511,592,733.57	81,878,282	351,266,941.75	91,044,681	642,337,617.08
ICT	31,771,647	18,668,169.21	416,574,545	209,636,136.55	234,674,110	126,860,481.15
Industrial Goods	62,165,803	4,660,018,164.35	127,955,407	10,026,142,906.77	204,829,364	8,196,318,968.87
Natural Resources	1,506,230	2,801,573.59	105,075,885	52,924,668.66	6,953,441	6,043,358.59
Oil and Gas	97,546,297	4,557,580,030.81	186,537,659	6,433,064,839.41	702,274,317	17,474,876,977.39
Services	139,303,670	262,239,884.77	264,069,040	500,918,024.95	238,249,893	657,180,483.46
Sub Total	7,442,523,825	92,216,219,496.91	7,568,141,678	7,568,141,678 100,800,589,155.59	9,436,339,970	9,436,339,970 112,756,616,701.24
Equity Total	7,442,571,102	92,216,261,845.76	7,571,787,789	7,571,787,789 100,805,102,294.43	9,437,193,983	9,437,193,983 112,757,062,465.74
Debt						
Corporate						
Bonds/debentures	0	0	0	0	0	0
Government Bonds -						
State and Local	0	0	35,000	36,853,851	0	0
Government Bonds						
- Federal	3,438	4,092,589.76	52,823	54,424,545.44	5,800	7,079,780
Supranational Bonds	0	0	0	0	0	0
Sub Total	3,438	4,092,589.76	87,823	91,278,397	5,800	7,079,780
<b>Exchange Traded</b>						
Products						
ETP	180,065	4,688,504.24	71,078	4,794,641.39	1,032,955	23,096,335.05
Sub Total	180,065	4,688,504.24	71,078	4,794,641	1,032,955	23,096,335
Grand Total	7,442,754,605.00	92,225,042,939.76	7,571,946,690.00	100,901,175,332.57	9,438,232,738.00	112,787,238,581.21

### **SUMMARY OF TRADING ACTIVITIES BY CATEGORY**

July to September 2014

VOLLUME         VALUE         VALUE         VOLLUME         VALUE	0000				F31.0	a Lay a La L	0.0
roods         1,1667,000         2,171,184,20         322,510         454,196,40           roods         1,667,000         2,171,184,20         322,510         454,196,40           roods         2,651,236         2,663,302,20         553,820         106,100,00           ros         2,651,236         2,663,302,20         552,495,25         32,674,537         529,960,399,44           res         44,040,707         5,551,442,941,39         523,891,869         362,960,399,44         552,499,525,39         32,674,537         529,960,399,44           res         884,669,74         5,561,442,941,39         523,891,869         362,960,399,44         366,524,128         32,674,537         259,960,399,44           res         48,118,192         1,053,497,752,87         268,117,741         1,6360,306,145,81         37,641,705,20         37,641,705,20           res         48,118,192         1,053,497,752,87         56,774,243         33,801,733,636,36         36,326,361,464,01           oods         200,580,864         24,690,207,903,07         39,776,611         4,529,861,464,01         30,306,363,63         22,839,573,53         32,867,760,20         32,867,760,20           ces         267,736,710         13,319,255,517,31         245,526,795         7,829,441,705,20         32,6445	ASEM	VOLUME		NOLUME		VOLUME	VALUE
loods         1,667,000         2,171,184,20         322,510         454,196,40           loods         984,236         492,118,00         229,600         106,100.00           loods         2,651,236         2,663,302,20         552,499,252,33         32,674,537         5,992,50           less         884,669,474         5,561,442,941,93         5,3891,869         3,590,308,986,19           loods         389,386,014         15,866,554,128         3,534,599,52         21,427,872         251,025,413,72           loods         399,386,014         15,866,556,918         573,334,599,52         21,427,872         251,025,413,72           loods         399,386,014         15,866,556,918         2,873,327,18         33,810,733,653,63           loods         23,121,101         1,053,497,752,87         56,744,24         220,833,478,89           oods         226,577         13,319,255,517,31         245,256,79         7,744,24         220,833,478,89           oods         226,777         13,319,255,517,31         245,750,526         67,781,485,579,23           oods         226,738,710         13,319,255,517,31         10,435,60,51         67,787,44,50,50         67,787,44,50,50           cal         6004         604         604         604,60,207,903,	Construction/Real Estate	0	0	0	0	0	0
984,236         492,118.00         229,600         106,100.00           100         1,710         2,992,50         563,288.90         563,288.90           100         1,710         2,992,50         563,288.90         563,288.90         563,288.90           100         1,710         2,992,50         563,288.90         563,288.90         563,288.90           100         1,710         2,596,534,128         5,52,499,552.93         32,674,537         529,660,399,44           100         1,710         1,586,626,596.187         5,23,891,869         3,890,308,961.94         3,890,308,961.94           100         1,710         1,586,626,596.187         2,631,774         1,636,306,145.81         3,933,407,833.33           100         1,110         1,586,626,596.287         3,973,532,718         3,3810,733,633.33         3,907,336,533.33           200         2,26,773         3,121,101         1,8058,900,42         3,974,521.76         3,747,424         220,833,478.89           200         2,26,738         3,121,21         1,3319,255,517.31         245,526,79         7,747,424           200         2,26,738         3,112,4622,021.66         1,345,744.50         1,743,435,70         1,743,50,52         67,784,745,74         3,226,833,478.89	Consumer Goods	1,667,000	2,171,184.20	322,510	454,196.40	173,300	242,143.00
tes 2,663,302.20 553,820 563,288.90  1,710 2,992.50  2,663,302.20 553,820 563,288.90  44,040,707 552,499,252.93 32,674,537 529,960,399.44  tes 884,669,474 5,561,442,941,93 523,891,869 3,890,308,986.19  7/Real Estate 28,734,593 572,334,599.52 21,427,872 251,025,413.72  broods 309,386,014 15,866,626,961.87 268,117,741 16,360,306,145.81  2,31,21,101 18,058,900.42 30,306,939 22,829,527.63  Dods 200,580,864 24,690,207,903.07 93,776,611 4,529,861,464.01  2,42,736,710 13,319,255,517.31 245,526,795 7,842,241,705.20  broods 200,580,864 24,690,207,903.07 93,776,611 4,529,861,464.01  2,67,818,893 1,124,622,021.66 188,529,243 323,356,760.21  Redonds 0	Oil and Gas	984,236	492,118.00	229,600	106,100.00	111260	27,130.00
tes 84,669,474 5,561,442,941,93 5,23,891,869 6,399,44 1,4040,707 5,52,499,252,93 32,674,537 5,29,960,399,44 1,40,40,707 5,51,442,941,93 5,23,891,869 3,890,308,986.19 1,2045 1,205,341,241,341 16,360,306,145.81 1,2045 1,205,341,241,341 16,360,306,145.81 1,2045 1,205,341,241,341 16,360,306,145.81 1,2045 1,205,341,241 1,204,341,341 16,360,306,145.81 1,2045 1,205,341,241 1,205,341,241 16,360,306,145.81 1,2045 1,205,341,241 1,205,341,241 16,360,306,145.81 1,2045 1,205,341,241 1,205,341,341 1,205,341,341 1,205,341,341 1,205,341,341 1,205	Services	0	0	1,710	2,992.50	518439	907,268.25
tes 884,669,474 5,561,442,941.93 523,891,869 3,890,308,986.19   //Real Estate 28,734,593 572,334,599,52 21,427,872 251,025,413.72   //Real Estate 28,734,593 572,334,599,52 21,427,872 251,025,413.72   //Real Estate 28,734,593 572,334,599,52 21,427,872 251,025,413.72   //Real Estate 309,386,014 15,866,626,961.87 268,117,741 16,360,306,145.81   //Real Estate 28,734,591 15,866,626,961.87 268,117,741 16,360,306,145.81   //Real Estate 28,734,592 572,344,599,52 2 3,973,532,718 33,810,733,635.63   //Real Estate 28,734,592 41,180,180,200,42 3,973,532,718 33,810,733,636.146.401   //Real Estate 28,734,710 18,058,900.42 30,306,939 22,829,527.63   //Real Estate 28,736,710 13,319,255,517.31 245,526,795 7,842,241,705.20   //Real Estate 28,315,987,453 112,094,863.19 5,445,196,706 67,787,485,579.23   //Real Estate 28,315,987,453 112,094,161,983.19 5,445,736,706 67,788,048,868.13   //Real Estate 28,315,987,453 112,094,161,983.19 5,445,736,706 67,788,048,868.13   //Real Bonds - Federal 13,950 17,435,112.39 104,780 117,189,580.91   //Real Bonds - 1,617,260 33,608,636.34 102,953 2,981,560.23   //Real Bonds - 1,617,260 33,608,636.34 102,953 2,102,981,560.23   //Real Bonds - 1,617,260 33,608,636.34 102,004,20   //Real Bonds - 1,617,260 33,608,	Sub Total	2,651,236	2,663,302.20	553,820	563,288.90	802,999	1,176,541.25
tes 884,669,474 5,524,99,252.93 32,674,537 529,960,399,44	Main Board						
tes 884,669,474 5,561,442,941.93 523,891,869 3,890,308,986.19  //Real Estate 28,734,593 572,334,599.52 21,427,872 251,025,413.72  loods 309,386,014 15,866,626,961.87 268,117,741 16,360,306,145.81  //Real Estate 309,386,014 15,866,626,961.87 268,117,741 16,360,306,145.81  //Real Estate 49,332,047,966.22 3,973,532,718 33,810,733,653.63  //Real Estate 49,332,047,966.22 3,973,532,718 33,810,733,653.63  //Real Estate 28,712,101 18,058,900.42 30,306,399 22,829,527.63  //Real Estate 20,580,864 24,690,207,903.07 93,776,611 4,529,861,464.01  //Real Estate 20,580,864 24,690,207,903.07 93,776,611 4,529,861,464.01  //Real Estate 20,580,864 24,690,207,903.07 93,776,611 4,529,861,464.01  //Real Estate 20,773 904,863.19 245,526,795 7,842,241,705.20  //Real Estate 20,786,710 13,319,255,517.31 245,750,526 67,788,048,868.13  //Real Estate 20,786,710 13,319,255,517.31 245,750,526 67,788,048,868.13  //Real Estate 20,786,710 17,435,112.39 104,780 117,189,580.91  //Real Estate 20,796,796,796 117,435,112.39 104,780 117,189,580.91  //Real Estate 20,796,796,796 117,435,112.39 104,780 117,189,580.91  //Real Estate 20,796,796,796 117,435,112.39 104,780 117,189,580.91  //Real Estate 20,796,796,796,796 117,435,112.39 117,780 125,049,375.15  //Real Estate 20,796,796,796 117,7435,112  //Real Estate 20,796,796,796 117,7435,112  //Real Estate 20,796,796,796 117,7435,112  //Real Estate 20,796,796,796  //Real Estate 20,796,796,796  //Real Estate 20,796,796,796  //Real Estate 20,796,796  //Real Estate 20,796  //Real Estate 20,796  //Real Estate 20,796	Agriculture	44,040,707	552,499,252.93	32,674,537	529,960,399.44	275,403,851	536,948,024.22
n/Real Estate         28,734,593         572,334,599.52         21,427,872         251,025,413.72           boods         309,386,014         15,866,626,961.87         268,117,741         16,360,306,145.81           vices         5,966,554,128         49,332,047,966.22         3,973,532,718         33,810,733,633.63           vices         23,121,101         18,058,900.42         30,306,939         22,829,527.63           bods         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           bods         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           bods         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           bods         267,818,893         112,091,498,680.19         5,445,750,526         67,781,485,579.23           conds/debentures         0         12,094,161,983.19         5,445,750,526         67,788,048,868.13           coll         0         0         0         7,000         7,859,794.24           t Bonds - Federal         113,950         17,435,112.39         104,780         117,189,580.91           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260	Conglomerates	884,669,474	5,561,442,941.93	523,891,869	3,890,308,986.19	756,777,956	6,999,155,696.92
roles         309,386,014         15,866,26,961.87         268,117,741         16,360,306,145.81           rolces         5,966,554,128         49,332,047,966.22         3,973,532,718         33,810,733,633.63           rolces         5,966,554,128         49,332,047,966.22         3,973,532,718         33,810,733,633.63           cods         23,121,101         18,058,900.42         30,306,939         22,829,527.63           cods         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           cods         226,736,710         13,319,255,517.31         245,526,795         7,842,241,705.20           cods         267,818,893         1,124,622,021.66         188,529,243         323,356,760.21           cods         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,868.13           cod         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,868.13           cod         0         0         0         0         7,000         7,859,794.24           t Bonds - Federal         13,950         17,435,112.39         104,780         117,189,580.91           aded Products         1,617,260         33,608,636.36         102,953         2,981,569.23	Construction/Real Estate	28,734,593	572,334,599.52	21,427,872	251,025,413.72	28,981,448	328,244,884.89
rvices 5,966,554,128 49,332,047,966.22 3,973,532,718 33,810,733,653.63 48,118,192 1,053,497,752.87 56,774,243 220,833,478.89 23,121,101 18,058,900.42 30,306,939 22,829,527.63 20ds 226,777 304,863.19 10,638,138 6,028,044.50 226,777 304,863.19 10,638,138 6,028,044.50 226,777 313,19,255,517.31 245,526,795 7,842,241,705.20 226,7818,893 1,124,622,021.66 188,529,243 323,356,760.21 267,818,893 1,124,622,021.66 188,529,243 323,356,760.21 8,315,987,453 112,094,161,983.19 5,445,750,526 67,788,048,868.13 example onds/debentures 0 0 0 0 0 0 7,859,794,24 18 bonds 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Consumer Goods	309,386,014	15,866,626,961.87	268,117,741	16,360,306,145.81	294,674,290	16,916,568,843.94
oods         48,118,192         1,053,497,752.87         56,774,243         220,833,478.89           oods         23,121,101         18,058,900.42         30,306,939         22,829,527.63           oods         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           ources         226,777         13,319,255,517.31         245,526,795         7,842,241,705.20           ord sydebentures         267,818,893         11,124,622,021.66         188,529,243         323,356,760.21           ord sydebentures         8,315,987,453         112,094,161,983.19         5,445,750,526         67,788,048,868.13           ord sydebentures         0         0         0         7,859,794.24           t Bonds - Federal         13,950         17,435,112.39         104,780         117,189,580.91           al Bonds - Federal         13,950         17,435,112.39         111,780         7,000         7,859,794.24           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23         2,981,569.23           aded Products         1,617,260         33,608,636         102,953         2,981,569.23         2,981,569.23	Financial Services	5,966,554,128	49,332,047,966.22	3,973,532,718	33,810,733,653.63	9,261,191,576	121,931,938,347.16
oods         23,121,101         18,058,900.42         30,306,939         22,829,527.63           ources         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           ources         226,777         904,863.19         10,638,138         6,028,044.50           certification         542,736,710         13,319,255,517.31         245,526,795         7,842,241,705.20           certification         267,818,893         1,124,622,021.66         188,529,243         323,356,760.21           certification         8,315,987,453         112,094,161,983.19         5,445,750,526         67,788,048,868.13           conds/debentures         0         0         0         0         0           t Bonds - Federal         13,950         17,435,112.39         104,780         117,189,580.91           al Bonds         0         0         0         0         0           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260         33,608,636.34         102,953         2,981,569.23	Healthcare	48,118,192	1,053,497,752.87	56,774,243	220,833,478.89	54,309,825	528,479,457.61
bods         200,580,864         24,690,207,903.07         93,776,611         4,529,861,464.01           burces         226,777         904,863.19         10,638,138         6,028,044.50           cources         542,736,710         13,319,255,517.31         245,526,795         7,842,241,705.20           conds/debentures         8,315,987,453         112,094,161,983.19         5,445,196,706         67,788,048,868.13           cold         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,868.13           cold         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,868.13           cold         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,868.13           cold         0         0         0         0         0           t Bonds - Federal         13,950         17,435,112.39         104,780         117,189,580.91           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260         33,608,636.34         102,953         2,981,569.23	ICT	23,121,101	18,058,900.42	30,306,939	22,829,527.63	89,773,390	46,866,634.81
burces         226,777         904,863.19         10,638,138         6,028,044,50           542,736,710         13,319,255,517.31         245,526,795         7,842,241,705.20           642,318,893         1,124,622,021.66         188,529,243         323,356,760.21           642,518,893         11,2091,498,680.99         5,445,196,706         67,787,485,579.23           642,518,603         112,094,161,983.19         5,445,750,526         67,788,048,868.13           642,600         112,094,161,983.19         5,445,750,526         67,788,048,868.13           642,600         112,094,161,983.19         5,445,750,526         67,788,048,868.13           642,600         112,094,161,983.19         5,445,750,526         67,788,048,868.13           642,600         112,094,161,983.19         112,094,161,983.13         112,094,161,095,16           642,600         113,950         117,435,112.39         114,780         117,189,580,91           642,700         113,950         117,435,112         111,780         115,094,375.15           744,700         112,7435,112         111,780         115,094,375.15           744,700         112,417,260         112,435,112         111,780           744,710         111,7435,112         111,7435,112           7445,710	Industrial Goods	200,580,864	24,690,207,903.07	93,776,611	4,529,861,464.01	1,663,647,756	101,516,771,091.39
onds/debentures	Natural Resources	777,922	904,863.19	10,638,138	6,028,044.50	23,834,186	12,147,515.42
onds/debentures         8,315,987,453         1,124,622,021.66         188,529,243         323,356,760.21           onds/debentures         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,681.33           colds/debentures         0         0         0         0         0           t Bonds - Ederal         13,950         17,435,112.39         104,780         117,189,580.91           al Bonds - Foderal         13,950         17,435,112.39         104,780         117,189,580.91           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260         33,608,636         102,953         2,981,569.23	Oil And Gas	542,736,710	13,319,255,517.31	245,526,795	7,842,241,705.20	301,962,071	11,957,260,134.05
s,315,987,453         112,094,161,983.19         5,445,750,526         67,788,048,568.13           onds/debentures         0         0         0         0           t Bonds -         0         7,000         7,859,794.24           t Bonds -         0         7,859,794.24           t Bonds -         0         7,859,794.24           t Bonds -         13,950         17,435,112.39         104,780         117,189,580.91           ale Bonds         0         0         0         0           aded Products         13,950         17,435,112         111,780         125,049,375.15           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260         33,608,636         102,953         2,981,569.23	Services	267,818,893	1,124,622,021.66	188,529,243	323,356,760.21	266,655,452	594,668,356.47
onds/debentures         8,318,638,689         112,094,161,983.19         5,445,750,526         67,788,048,868.13           onds/debentures         0         0         0         0         0           t Bonds - Federal         13,950         17,435,112.39         104,780         117,189,580.91           al Bonds         0         0         0         0           aded Products         1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260         33,608,636.34         102,953         2,981,569.23           1,617,260         33,608,636         102,953         2,981,569.23	Sub Total	8,315,987,453	112,091,498,680.99	5,445,196,706	67,787,485,579.23	13,017,211,801	261,369,048,986.88
onds/debentures 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Equity Total	8,318,638,689	112,094,161,983.19	5,445,750,526	67,788,048,868.13	13,018,014,800	261,370,225,528.13
t Bonds - Federal 13,950 17,435,112.39 104,780 7,859,794,24 t Bonds - Federal 13,950 17,435,112.39 104,780 117,189,580,91 al Bonds	Debt						
t Bonds - bcal bcal t Bonds - Federal al Bonds bcal bcal bcal bcal bcal bcal bcal bcal	Corporate Bonds/debentures	0	0	0	0	0	0
t Bonds - Federal 13,950 17,435,112.39 104,780 7,859,794.24 al Bonds 0 0 7,000 7,859,794.24 al Bonds 0 0 0 0 17,435,112 aded Products 13,950 17,435,112 111,780 117,189,580.91 aded Products 1,617,260 33,608,636.34 102,953 2,981,569.23 1,617,260 33,608,636 102,953 2,981,569.23	Government Bonds -						
al Bonds - Federal 13,950 17,435,112.39 104,780 117,189,580.91 al Bonds 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	State and Local	0	0	7,000	7,859,794.24	0	0
aled Products	Government Bonds - Federal	13,950	17,435,112.39	104,780	117,189,580.91	620	708,161.87
aded Products 1,617,260 33,608,636.34 102,953 2,981,569.23 1,617,260 33,608,636 102,953 2,981,569.23 1,617,260 33,608,636 102,953 2,981,569.23	Supranational Bonds	0	0	0	0	0	0
aded Products 1,617,260 33,608,636.34 102,953 2,981,569.23 1,617,260 33,608,636 102,953 2,981,569.23	Sub Total	13,950	17,435,112	111,780	125,049,375.15	620	708,161.87
1,617,260     33,608,636.34     102,953     2,981,569.23       1,617,260     33,608,636     102,953     2,981,569.23	<b>Exchange Traded Products</b>						
1,617,260 33,608,636 102,953 2,981,569.23	ЕТР	1,617,260	33,608,636.34	102,953	2,981,569.23	454,533	10,433,449.73
	Sub Total	1,617,260	33,608,636	102,953	2,981,569.23	454,533	10,433,449.73
8,320,269,899.00 12,145,205,732 5,445,965,259 67,916,079,812.51	Grand Total	8,320,269,899.00	12,145,205,732	5,445,965,259	67,916,079,812.51	13,018,469,953.00	261,381,367,139.73

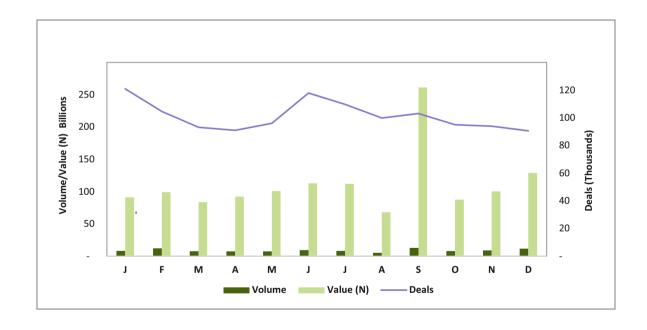
### **SUMMARY OF TRADING ACTIVITIES BY CATEGORY**

October to December 2014

SECTOR		OCTOBER		NOVEMBER	Q	DECEMBER
ASEM	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
Construction/Real Estate	0	0	1,000	1,110.00	300,000	333,000.00
Consumer Goods	2,000	2,820.00	30,000	42,300.00	1,488	2,098.08
Financial Services	0	0	1,373,247	832,735.73	647,900	504,312.00
Oil and Gas	7,194,000	3,583,500.00	352,700	137,850.00	200	100.00
Services	511	853.37	200	334.00	14520	24,248.40
Sub Total	7,196,511	3,587,173.37	1,757,147	1,014,329.73	964,108	863,758.48
Main Board						
Agriculture	30,981,525	248,594,115.66	32,259,646	444,149,381.16	20,719,978	222,566,356.60
Conglomerates	1,029,817,421	6,310,547,572.66	542,618,552	2,623,457,278.95	903,611,338	3,912,116,952.76
Construction/Real Estate	21,104,661	108,833,873.58	31,708,174	429,784,401.49	15,880,516	92,686,858.72
Consumer Goods	211,040,250	17,536,945,110.80	378,283,521	22,950,172,321.75	520,924,748	27,574,613,738.30
Financial Services	5,643,708,994	49,594,172,689.09	7,364,770,214	52,257,106,475.53	9,652,245,803	78,312,281,593.98
Healthcare	45,523,096	613,609,852.90	44,681,534	438,697,686.62	52,803,630	187,645,919.01
ICT	32,814,255	18,240,432.28	90,520,310	47,122,452.61	37,202,221	44,142,133.29
Industrial Goods	83,658,960	7,233,743,077.31	145,364,321	12,511,086,105.29	144,915,725	9,736,014,157.46
Natural Resources	408,381,940	204,616,886.20	266,358	552,416.67	55,558,414	28,956,336.24
Oil and Gas	176,442,449	4,832,488,881.23	238,451,566	8,101,795,561.89	244,725,977	8,502,280,930.77
Services	289,280,399	844,009,685.57	207,659,151	597,122,414.19	199,999,683	424,090,133.46
Sub Total	7,972,753,950	87,545,802,177.28	9,076,583,347	100,401,046,496.15	11,848,588,033	129,037,395,110.59
Equity Total	7,979,950,461	87,549,389,350.65	9,078,340,494	100,402,060,825.88	11,849,552,141	129,038,258,869.07
Debt						
Corporate Bonds/Debentures	0	0	0	0	0	0
Government Bonds -						
State and Local	0	0	0	0	0	0
Government Bonds - Federal	4,810	4,995,053.37	11,566	12,362,707.06	22,770	24,923,172.71
Supranational Bonds	0	0	0	0	0	0
Sub Total	4,810	4,995,053.37	11,566	12,362,707.06	22,770	24,923,172.71
<b>Exchange Traded Products</b>						
ЕТР	815,527	15,328,460.89	10,526,203	122,067,852.47	187,151	9,211,751.94
Sub Total	815,527	15,328,460.89	10,526,203	122,067,852.47	187,151	9,211,751.94
Grand Total	7,980,770,798	87,569,712,864.91	9,088,878,263	100,536,491,385.41	11,849,762,062	129,072,393,793.72

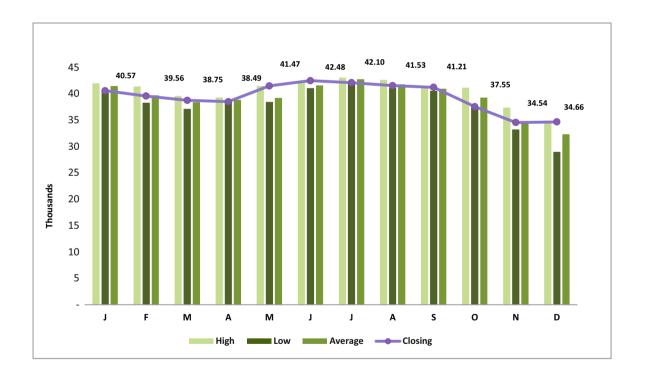
## **SUMMARY OF TRADING ACTIVITIES**

Month	Deals	Volume	Value (N)
J	120,939	8,228,690,929	90,996,892,244.26
F	104,625	12,290,873,192	99,356,171,173.40
М	93,141	7,795,893,979	83,736,543,279.41
Α	91,009	7,442,754,605	92,225,042,939.76
М	96,076	7,571,946,690	100,901,175,332.57
J	117,923	9,438,232,738	112,787,238,581.21
J	109,697	8,320,269,899	112,145,205,731.92
Α	99,895	5,445,965,259	67,916,079,812.51
S	103,164	13,018,469,953	261,381,367,139.73
О	94,974	7,980,770,798	87,569,712,864.91
N	94,013	9,088,878,263	100,536,491,385.41
D	90,613	11,849,762,062	129,072,393,793.72
	1,216,069	108,472,508,367	1,338,624,314,278.81



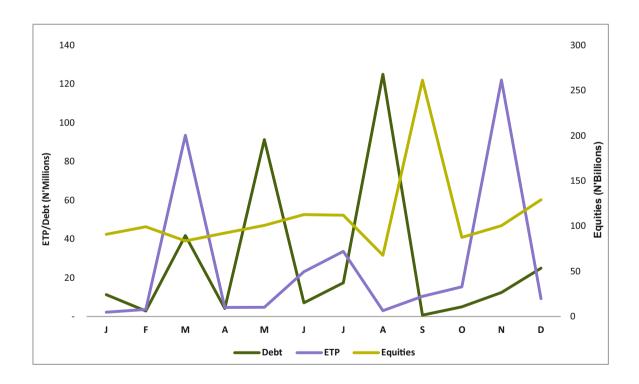
# **THE ALL** SHARE INDEX 2014

Month	High	Low	Average	Closing
J	41,957.50	40,571.62	41,465.02	40,571.62
F	41,366.42	38,295.74	39,690.33	39,558.89
M	39,564.43	37,134.72	38,373.99	38,746.14
Α	39,284.22	38,381.17	38,848.81	38,492.13
M	41,474.40	38,447.89	39,207.66	41,474.40
J	42,482.48	41,068.93	41,562.07	42,482.48
J	43,039.42	42,097.46	42,735.93	42,097.46
Α	42,612.33	41,121.12	41,783.83	41,532.31
S	41,398.05	40,537.20	40,935.10	41,210.10
0	41,135.75	37,550.24	39,268.96	37,550.24
N	37,343.85	33,216.31	34,611.63	34,543.05
D	34,684.32	28,961.67	32,315.02	34,657.15



# **MONTHLY TRADING ACTIVITIES BY VALUE 2014**

Month	Debt	ETPs	Equities	Total
J	11,281,839.83	2,257,435.00	90,983,352,969.43	90,996,892,244.26
F	2,875,970.46	3,621,565.00	99,349,673,637.94	99,356,171,173.40
M	41,768,684.89	93,553,102.63	83,601,221,491.89	83,736,543,279.41
Α	4,092,589.76	4,688,504.24	92,216,261,845.76	92,225,042,939.76
M	91,278,396.75	4,794,641.39	100,805,102,294.43	100,901,175,332.57
J	7,079,780.42	23,096,335.05	112,757,062,465.74	112,787,238,581.21
J	17,435,112.39	33,608,636.34	112,094,161,983.19	112,145,205,731.92
Α	125,049,375.15	2,981,569.23	67,788,048,868.13	67,916,079,812.51
S	708,161.87	10,433,449.73	261,370,225,528.13	261,381,367,139.73
0	4,995,053.37	15,328,460.89	87,549,389,350.65	87,569,712,864.91
N	12,362,707.06	122,067,852.47	100,402,060,825.88	100,536,491,385.41
D	24,923,172.71	9,211,751.94	129,038,258,869.07	129,072,393,793.72
	343,850,844.66	325,643,303.91	1,337,954,820,130.24	1,338,624,314,278.81



# GROWTH IN LISTED SECURITIES

Classification	Number of Listed Securities	Number of Listed Securities	% Growth
	31-Dec-14	31-Dec-13	
Equities	196	198	(1.01)
Corporate Bonds/Debenture	17	18	(5.56)
Federal Government Bonds	15	17	(11.76)
State/Local Government Bonds	19	17	11.76
Supranational	1	1	-
ETF	4	1	300.00
Funds (Memorandum Listing)	28	27	3.70
Total	280	279	0.36

# **ACTIVE DEALING MEMBERS**

- 1 Adamawa Securities Limited 2 Adonai Stockbrokers Limited 2 African Alliance Stockbrokers Limited 4 **Afrinvest Securities Limited** 5 Alangrange Securities Limited 6 Altrade Securities Limited 7 Amvn Investment Limited 8 Anchoria Investment & Securities Limited 9 **Apel Asset Limited** 10 Apt Securities & Funds Limited 11 **ARM Securities Limited**
- 12 Arthur Stevens Asset Management Limited 13 Associated Asset Managers Limited 14 Atlass Portfolio Limited 15 Bauchi Investment Corp. Sec Limited Belfry Investment & Securities Limited 16
- **BGL** Securities Limited 20 Cadington Securities Limited 21 Calyx Securities Limited 22 Camry Securities Limited 23 Capital Asset Limited

**Bestlink Investment Limited** 

Bestworth Assets & Trust Limited

17

18

31

35

- 24 Capital Bancorp Plc 25 Capital Express Securities Limited Capital Trust Brokers Limited 26 27 Cardinal Stone Securities Ltd Cashcraft Asset Management Limited 29 Cashville Investment & Securities Limited 30 **CDL Capital Markets Limited**
- 32 **Century Securities Limited** 33 Chapel Hill Denham Securities Limited 34 **Chartwell Securities Limited**

Centre Point Investment Limited

- Citi Investment Capital Limited 36 City Code Trust & Investment Company Limited 37 Clearview Investment & Securities Limited
- 38 Compass Investment & Securities Limited 39 Cordros Capital Limited

43 Cradle Trust Finance & Securities Limited

- 40 Core Trust & Investment Limited 41 Covenant Securities & Asset Management Limited 42 Cowry Securities Limited
- 44 Crane Securities Limited 45 Crossworld Securities Limited 46 Crown Capital Limited 47 CSL Stockbrokers Limited 48 **DBSL Securities Limited**
- Deep Trust & Investment Limited **Delords Securities Limited** 51 Dependable Securities Limited 52 **Diamond Securities Limited**

- 53 Dominion Trust Limited **DSU Brokerage Services Limited** 55 **Dunbell Securities Limited Dunn Loren Merrifield Securities Limited** 56 57 Dynamic Portfolio Limited 58 **ECL Asset Management Limited** 59 **EDC Securities Limited** 60 Edgefield Capital Management Limited
- Elixir Securities Limited 62 Emi Capital Resources Limited 63 **Enterprise Stockbrokers Limited** 64 **Equity Capital Solutions Limited Eurocomm Securities Limited** 65 66 **Excel Securities Limited**
- 67 **Express Discount Asset Management Limited** 68 **Express Portfolio Services Limited FBC Trust & Securities Limited** 70 **FBN Securities Limited**
- **FCSL Asset Management Company Limited** 72 Fidelity Finance Company Limited 73 **Fidelity Securities Limited** 74 Financial Trust Company Limited
- 75 Finbank Securities & Assets Management Limited 76 Finmal Finance Services Limited 77 First Integrated Capital Manangement Limited
- 78 First Stockbrokers Limited 79 FIS Securities Limited Foresight Securities Limited 81 Forte Financial Limited 82 Forthright Securities & Investments Limited
- 83 Fortress Capital Limited 84 **FSDH Securities Limited** 85 Funds Matrix & Assets Mgt Limited 86 **Futureview Securities Limited** 87 Gem Assets Management Limited
- 88 Gidauniya Investment & Securities Limited Global Asset Management (Nig) Limited Global View Consult & Investment Limited **GMT Securities & Asset Mangement Limited**
- 92 **Golden Securities Limited** 93 **Greenwich Securities Limited** 94 **Gruene Capital Limited** 95 **GTI Securities Limited** 96 Harmony Securities Limited 97 **Heartbeat Investment Limited** 98 Hedge Securities & Investment Limited Heritage Capital Markets Limited 100 Horizon Stockbrokers Limited 101 ICMG securities Limited 102 Icon Stockbrokers Limited

103 IMTL Securities Limited

104 Imperial Assets Managers Limited

- 105 Independent Securities Limited
- 106 Integrated Trust & Investment Limited
- 107 Interstate Securities Limited
- 108 Investment Centre Limited
- 109 Investment One Stockbrokers International Limited
- 110 Investment Shark & Asset Mgt Ltd
- 111 Investors & Trust Company Limited
- 112 Kapital Care Trust & Securities Limited
- 113 Kedari Securities Limited
- 114 Kinley Securities Limited
- 115 Kofana Securities & Investment Limited
- 116 Kundila Finance Services Limited
- 117 Lambeth Trust & Investment Company Limited
- 118 Lead Securities & Investment Limited
- 119 Lighthouse Asset Management Limited
- 120 Long Term Global Capital Limited
- 121 Magnartis Finance & Investment Limited
- 122 Mainland Trust Limited
- 123 Marimpex Finance & Investment Company Limited
- 124 Marina Securities Stockbroking Services Limited
- 125 Marriot Securities Limited
- 126 Maxifund Investment & Securities Plc
- 127 Mayfield Investment Limited
- 128 MBC Securities Limited
- 129 MBL Financial Services Limited
- 130 Mega Equities Limited
- 131 Mercov Securities Limited
- 132 Meristem Stockbrokers Limited
- 133 Midas Stockbrokers Limited
- 134 Milestone Capital Management Limited
- 135 Mission Securities Limited
- 136 Molten Trust Limited
- 137 Morgan Capital Securities Limited
- 138 Mountain Investment & Securities Limited
- 139 Mutual Alliance Investment & Securities Limited
- 140 Network Capital Limited
- 141 Networth Securities & Finance Limited
- 142 Newdevco Finance Services Company Limited
- 143 Nigerian International Securities Ltd
- 144 Nigerian Stockbrokers Limited
- 145 Nova Finance & Securities Limited
- 146 PAC Securities Limited
- 147 Partnership Securities Limited
- 148 Peace Capital Markets Ltd
- 149 Perfecta Investment & Trust Limited
- 150 Phronesis Securities Limited
- 151 Pilot Securities Limited
- 152 Pinefields Investment Services Limited
- 153 PIPC Securities Limited
- 154 Pivot Trust & Investment Co. Limited
- 155 Planet Capital Limited
- 156 PML Securities & Company Limited
- 157 Portfolio Advisers Limited
- 158 Primera Africa Securities Limited
- 159 Primewealth Capital Limited
- 160 Prominent Securities Limited
- 161 PSI Securities Limited
- 162 Pyramid Securities Limited

- 163 Quantum Securities Limited
- 164 Rainbow Securities Limited
- 165 Readings Investment Limited
- 166 Redasel Investments Limited
- 167 Regency Asset Management Limited
- 168 Rencap Securities (Nig) Limited
- 169 Resano Securities Limited
- 170 Resort Securities Limited
- 171 Reward Investment & Service Limited
- 172 Rostrum Investment & Sec Limited
- 173 Rowet Capital Mgt Limited
- 174 Royal Crest Finance Limited
- 175 Royal Guaranty & Trust Limited
- 176 Royal Trust Securities Limited
- 177 Santrust Securities Limited
- 178 "Securities Africa Financial Limited179 Securities and Capital Management Company Limited
- 180 Security Swaps Limited
- 181 SFC Securities Limited
- 182 Shelong Investments Limited
- 183 Sigma Securities Limited
- 184 Signet Investment & Securities Limited
- 185 Skyview Capital Ltd
- 186 Smadac Securities Limited
- 187 Solid Rock Securities & Investment Plc
- 188 Spring Trust & Securities Limited
- 189 Springboard Trust & Investment Limited
- 190 Stanbic IBTC Stockbrokers Limited
- 191 Standard Alliance Capital Asset Mgt Limited
- 192 Standard Union Securities Limited
- 193 Stanwal Securities Limited
- 194 TFS Securities & Investment Company Limited
- 195 The Bridge Securities Limited
- 196 Tiddo Securities Limited
- 197 Tomil Trust Limited
- 198 Topmost Finance & Investment Limited
- 199 Tower Asset Management Limited
- 200 Tower Securities & Investment Company Limited
- 201 Trade Link Securities Limited
- 202 Traders Trust & Investment Co. Limited
- 203 Transafrica Financial Services Limited
- 204 Transworld Investment Limited
- 205 Trust Yield Securities Limited
- 206 Trusthouse Investment Limited
- 207 TRW Stockbrokers Limited208 UBA Securities Limited
- 209 UIDC Securities Limited
- 210 Unex Capital Limited
- 211 Union Capital Markets Limited
- 212 Valmon Securities Limited
- 213 Valueline Securities & Investment Limited
- 214 Vetiva Securities Limited
- 215 Woodland Capital Markets Plc
- 216 WSTC Financial Services Limited
- 217 Yobe Investment & Securities Limited218 Yuderb Investment & Securities Limited
- 219 Zenith Securities Limited



#### **BUSINESS PHILOSOPHY**

he Exchange is a people-focused, result-oriented organization. Our work environment is high-performance and intellectually challenging. We are driven by our core values and seek to streamline our processes to enable us embrace change, innovation and growth.

The Exchange's core values are Transparency, Teamwork, Integrity, and Professionalism (TTIP), and these core values form the foundation upon which we perform our work, conduct ourselves and make decisions on a daily basis.

**Transparency:** Transparency and trust are the cornerstones of our business, our service, our relationships and the quality of the information we provide to our stakeholders. **Teamwork:** The Exchange recognizes and rewards the joint contributions of individual employees to its corporate achievements.

**Integrity:** Adherence to moral and ethical principles; soundness of moral character; and honesty are necessary parts of our dealings, particularly, in the performance of their duties, and our daily interaction with beneficiaries of our services.

**Professionalism:** Providing timely quality service to our customers, and efficiently and effectively achieving the best solutions at all times, driven by competence, excellence, and dedication to perform our duties to the high global standards.

#### **BUSINESS DEVELOPMENT DIVISION**

Name	Profile	Activities	Strategic Developments
Product Management	Product Management is the department within the Business Development Division responsible for the development, growth and management of products traded on the Nigerian Stock Exchange to generate order flow, liquidity, efficient pricing and market micro structure.  The function of the department involve all activities around the creation, launch and support of traded products	The department focused on increasing the range of ETPs on the Exchange as well as market awareness for the asset class. In March 2014, the first Equity-backed ETF was listed, tracking an NSE Index, and this was followed by two others, including a Halal ETF, for ethical-minded investors.  In increasing product offerings, the department conducted a feasibility study on the introduction of Exchange Traded Derivatives in the Nigerian capital Market. In June 2014, the Exchange completed the study to assess market readiness, the Infrastructure requirements and sequencing for the launch of risk management products in the Nigerian capital.  Work commenced on the introduction of Sponsored Access which will enhance market access and ultimately increase participants and order flow on NSE.	We will continue to drive our strategic objective of increasing asset class traded on the Exchange and market depth through expanding our product segments and other trading services aimed at boosting liquidity.  In 2015 the department will push to further the implementation of the recommendations from the feasibility study on the introduction of the Exchange Traded Derivatives (ETDs)  We shall also focus on delivering the Sponsored Access to widen market access.

#### BUSINESS DEVELOPMENT DIVISION cont'd

Name	Profile	Activities	Strategic Developments
Product Management		As part of the process to build capacity among the operators and investors, the department facilitated the training of the Market Makers, Brokers and local institutional investors in January, July and August 2014 respectively by one of US's oldest market makers on trading strategies and best execution.	
Listing Sales & Retention	The Listings Sales and Retention (LSR) unit is the arrow head of The Exchange's business development drive. The team is responsible for attracting new companies and bond issuers to list, as well as 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 Exchange witnessed 3 (three) new primary equity listings during the year:  1 (one) on the ASeM Board (Omoluabi Savings and Loans Plc); and  2 (Two) on the Main Board (Seplat Petroleum Development Company Plc — the Oil & Gas Exploration and Production Company listing; and Caverton Offshore Support Group Plc - the first Oil & Gas Offshore Support & Logistics Company listing).  A total of N491.8billion was raised in the equity market (c.N353.3bn in 3 primary market issues and c.N138.5bn in 8 secondary market offerings).  The Bond market recorded 12 (Twelve) new listings representing c.N308.5bn in capital raised.  We undertook 2 (Two) successful roadshows aimed at showcasing and attracting capital flows for our listed companies (the Asia Investment Roadshow & the ASeM South-west Roadshow).  We held 2 (Two) sector focused CEO dinners (Oil & Gas and Healthcare) aimed at providing a platform for industry stakeholders to network and evolve strategic initiatives to develop their respective sectors.  We also organized seminars on corporate governance with 72 (Seventy-Two) directors of our listed companies in attendance, as well as 2 (Two) Investor Relations (IR) forums in partnership with NASDAQ OMX to assist our companies enhance their IR practices.	In our continuous drive to improve listings and its value proposition, we undertook a strategic review of our listing Boards. We are now at an advanced stage in a Board restructuring program which is aimed at achieving a better alignment of our market segments with our target companies. Two (2) new boards will be launched in 2015:  • the NSE Premium Board (aimed at large companies with market capitalization c.\$1bn and high-rated corporate governance standards); and  • the NSE Growth Board (aimed at supporting high growth potential companies).  We also seek to introduce Nigerian Depositary Receipts (NDRs) to encourage cross-border listings which will help broaden available investment outlets for investors in the years ahead.

#### CORPORATE SERVICES DIVISION

CORPORATE SE	DRPORATE SERVICES DIVISION				
Department	Profile	Achievements	Activities	Strategic Developments	
Human Resources	The Human Resources (HR) Department is responsible for designing and implementing holistic Human Resource Management Strategies to suit the peculiar needs of The Exchange and the Capital Market.  The HR function meets its objectives by providing a framework for attracting, rewarding and retaining the best talents in the industry, who are focused and equipped to drive and achieve set business objectives.  The philosophy of the HR function is to be the ultimate enabler of the business by acquiring and grooming the right Talents who are best-fit, equipped and motivated to deliver on company objectives.  Led by a Head of Human Resources, the department comprises of four (4) strategic units, namely:  Compensation & Benefits  Learning & Development  Organizational Development  Talent Management	<ul> <li>NSE Graduate Trainee Programme: With an objective of developing talents and future leaders for The Exchange and the Capital Market, our flagship Graduate Trainee Programme was launched in May 2014.</li> <li>Activity Centre: Opening of an Activity Centre comprising a Crèche, Gym, Café and Bar, all geared towards enhancing employee welfare.</li> <li>Training Facility: Opening of a state-of- the-art Training Facility with modern audio- visual equipment to facilitate interactive learning.</li> <li>Library Facility: Re- launch of the NSE Library with offerings of both print and digital materials for study, reference and research purposes.</li> <li>Compensation &amp; Benefit Survey: A compensation survey in conjunction with KPMG was completed. This initiative will provide The Exchange with informed information which will be used to benchmark remuneration, and keep our compensation practices, market competitive.</li> <li>Human Resource Information System (HRIS): Implementation of a HRIS solution as a process improvement initiative.</li> </ul>	Activities of the Human Resources Department are managed along 4 function areas:  Compensation & Benefits (C&B):  Learning & Development  Organizational Development/HRIS  Talent Management	Capital Market Talent Pool Development: Build the talent pool at the NSE ("our future leaders") as well as addressing the skills gap in the Capital Market and the Nigerian economy at large, as a secondary objective via the Graduate Trainee Programme Initiative  Employee Development: Initiatives geared towards promoting a Knowledge Centre and a learning culture within The Exchange via the Training and Library Facility  Employee Welfare: Initiatives geared towards promoting healthy living and work/life balance among employees via the Activity Centre. Initiatives geared towards enabling The Exchange to be competitive, attractive and retain its talent pool.  Business Solutions & Process Improvement: Initiatives geared towards enhancing business efficiency, streamline HR business processes.	

Department	Profile	Activities	Strategic Developments
Department Corporate Communications	Corporate Communications department is the brand custodian for the Exchange. It helps build the Exchange's brand and business reputation, by developing and implementing initiatives that will positively influence the perception of stakeholders including investors, employees and the general public.  Corporate Communications supports the achievement of the NSE's objectives through effective and persuasive communication and the dissemination of key institutional messages to internal and external audiences and stakeholders.  The Department also provides support for internal audience/customers to ensure consistency in the usage and expression of the NSE brand elements. Key activities within Corporate Communications department include:  Communicate the NSE strategy clearly and effectively to internal and external stakeholders.  Establish the NSE as the CSR/Sustainability facilitator of the Nigerian Capital Market by developing and implementing CSR initiatives  Promote and demonstrate NSE as the leading African exchange  Build and enhance positive brand image within local and international communities  Drive brand awareness and engagements  Build and enhance positive brand awareness and engagement through robust digital engagements  Establish NSE as thought leader  Effective event management	In 2014, the department made significant progress in its quest to enhancing the NSE brand and expanding its reach, by designing and implementing strategic brand building projects.  Financial Literacy & Inclusion Programmes: The department leveraged on the 2014 Global Money Week to deepen financial literacy amongst young people by hosting school outreach programmes, excursions at the Exchange, interactive sessions with the CEO and Financial Literacy Fair & Exhibitions.  Overall, more than 600 students from 20 secondary and primary schools were reached with secondary effects on about 2,500 young people across our operating environment.  Cancer Advocacy: In a bid to increase Corporate Nigeria's participation in the fight against cancer, the NSE Corporate Challenge was organized with the aim to raise funds to combat the spread of cancer in Nigeria. Participation involved over 350 employees and Chief Executive Officers from 50 listed companies.  Health & Wellbeing Programmes: To improve healthy living, the Exchange held an Executive Enlightenment Scheme (EHES) that involved a 2-day health screening for NSE staff and the Broker Dealer community, whilst a 2-day medical outreach was held for over 1,000 Students at the Gbagada Comprehensive High School.  Employee Give-back Scheme: Rolled out the 1st phase of the NSE Volunteering Programme by starting the Employee Give-Back scheme, as a means of building connectedness between employees and our operating environment.  Employees donated generously to the scheme. Items contributed included food items, school supplies, toys, clothes, house hold items and cash. Through a raffle, a charity nominated by members of staff was selected. The items were donated at the end of the year to Child Life-Line Charity Organisation which is a member of the UNICEF sponsored, Child Protection Network of NGOs.  Launch of new Website: The department championed the redesign and launch of a new website for the Exchange in July 2014. The Search Engine Optimization (SEO) and user friendly site provi	Capital Market Talent Pool Development: Build the talent pool at the NSE ("our future leaders") awell as addressing the skills gap in the Capital Market and the Nigerian economy at large, as a secondary objective via the Graduate Trainee Programme Initiative.  Employee Development: Initiatives geared towards promoting a Knowledge Centre and a learning cultur within The Exchange via the Training and Library Facility  Employee Welfare: Initiatives geared towards promoting healthy living and work/life balance among employees via the Activity Centre. Initiatives geared towards enabling The Exchange to be competitive, attractive and retain its talent pool Business Solutions & Procest Improvement: Initiatives geared towards enhancing business efficiency, streamline HR business processes.

#### CORPORATE SERVICES DIVISION cont'd

Department	Profile	Activities	Strategic Developments
Corporate Communications (cont'd)		The site runs smoothly on mobile platforms and allows the Exchange to scale up its web services in line with user demand. Following the launch of the website, total visitors, new visitors and Page views improved by 11.60%, 9% and 15.21% respectively in 2014, when compared with the website performance in 2013. Within the same period, Bounce Rate decreased from 68% to 47% while Average Page Load Time decreased from 40.32 seconds to 7 seconds.	
		Increased Social Media Presence: The department implemented tactical social media initiatives that significantly grew the active audience on all NSE social media platforms, thus providing low cost but effective channels for disseminating information about the Exchange, and engaging with stakeholders and investors in real time. Growth indices are 1,018.7% for Facebook, 251.6% for Twitter, with LinkedIn followership rising over 436% in the year in review.	
		Event Management: Planned, organized and successfully executed over 45 events locally and internationally. Improved brand equity by identifying, exploring and leveraging the opportunities offered by local and international events.	
		News Management: The department achieved over 90% positive news mentions and more than 80% publicity for NSE initiatives.	

#### **LEGAL AND REGULATION DIVISION**

Department	Profile	Activities	Strategic Developments
Rules and Interpretation Department	The Rules and Interpretation Department (RID) is responsible for:      drafting new Rules and     Regulations for The Exchange,     making amendments to the     Rules where necessary, in     consultation with Rule owners,     and     providing leadership for the     implementation of the Rules.  The RID also:     supports and attends all     meetings of the Rules and     Adjudication Committee (RAC),     supports the National Council     of The Exchange, in achieving     its rule making objectives,     submits approved draft Rules     to, and follows up with the     Securities and Exchange     Commission (SEC) to obtain     approval,	Drafted and obtained the Securities and Exchange Commission's approval of the following Rules:  Rules Governing the Use of the Issuers' Portal, 16 January 2014.  Amendments to the Listings Rules, 19 May 2014.  Rules Governing Transactions with Related Parties or Interested Persons, 19 May 2014.  Rules Relating to Board Meetings and General Meetings of Issuers, 19 May 2014.  Revised, drafted and obtained the SEC's approval on the following Rules:  Index Circuit Breaker Rules, 19 May 2014.  Sponsored Access Rules, 19 May 2014.	Key member of The Exchange's project teams for the launch of Nigerian Depositary Receipts, and the Premium Board of The Exchange.      Contributed to the review of the legal framework, leading to the development and submission of the following Rules to the SEC for approval:     Rules for Listing of Nigerian Depositary Receipts, and b. Rules for Listing on the Premium Board of The Exchange.      Drafted and submitted the draft Guidelines for Dealing with Sub-Brokers; and draft Guidelines for the Establishment and Maintenance of Representative Offices, to the SEC for approval.

#### LEGAL AND REGULATION DIVISION cont's

Department	Profile	Activities	Strategic Developments
Rules and Interpretation Department	writes and puts out notices to stakeholders,     interprets Rules and Regulations,     writes comment letters on SEC Rules, or proposed Rules and policies that may affect The Exchange,     engages with stakeholders by exposing proposed Rules to them, and the general public for comments,     liaises between The Exchange and its stakeholders, by reviewing and providing responses to their comments,     maintains The Exchange's Rule Book, represents The Exchange on the Rules and Compliance Sub-Committee of the SEC's Capital Market Committee.	Rules and Regulations Governing Dealing Members (Amendments and Additions, Part II - 25 pieces of Rules; Part III - 31 pieces), 5 June 2014. Rules Governing Compliance Officers of Dealing Member Firms, 17 June 2014.  Reviewed and commented on the following draft Rules of the SEC: Amendments to the SEC Rules and Regulations 2013. New SEC Rules: Complaints Management Framework of the Nigerian Capital Market, Additional Disclosure Requirements for Exploration and Production Companies, Redulation, Rules on Tender Offer. The National Investor Protection Fund Rules.	Faculty member of the following training initiatives of The Exchange:     a. Graduate Trainee Programme, and     b. Automated Trading System (ATS) Mandatory Training for Trainee Clerks.     Prepared the initial draft, and also contributed to The Exchange's Position Paper submitted to the National Assembly on the Private Companies Conversion and Listing Bill.     Provided regulatory support to both internal and external stakeholders.     Regularly contributes to Frequently Asked Questions, for investor education.
Broker Dealer Regulation	The Broker Dealer Regulation Department is responsible for the regulation and supervision of Dealing Members of The Exchange.  The operations of the Department are run out of four (4) units, Tips and Complaints Management; Inspections and Examinations; Licensing and Relationship Management; and Monitoring and Enforcement.  The Tips and Complaints Management Unit manages investor complaints and disputes that arise between Dealing Members as well as between Dealing Members and their clients. It is also involved with Investor Protection initiatives to ensure that investors are treated fairly.  The Inspections and Examinations Unit inspects the books and records of Dealing Members. It conducts Off-site and On-site examinations of the activities of Dealing Members. It also conducts Special examinations and Thematic reviews based on developments and trends in the Market.	Implemented a uniform accounting year end for Dealing Members of The Exchange to enhance consistency and transparency in financial and regulatory reporting and more effective regulatory oversight of individual Firms and across on a comparative basis.  Implemented a more robust Complaints Management process to protect investors and to increase investors' confidence. The process was streamlined to ensure that complaints and disputes are resolved promptly. About 72 per cent of new complaints received in 2014 were resolved within an average of 20 days.  Under the supervision of the Board of Trustees of the Investor Protection Fund, verified three hundred and forty three (343) claims towards the settlement of eligible claims for investors that suffered pecuniary losses as a result of defalcation or insolvency.  The Department's approach to enforcement involved collaboration and enlightenment of Dealing Members as well as maintaining an open door policy to provide clarification on regulatory enquiries and to improve compliance.	The Department developed a set of Minimum Operating Standards for Dealing Members to ensure that they operate in line with global best practices.  The Minimum Operating Standards are based on five broad areas:  (1) Manpower and equipment; (2) Organizational structure and governance; (3) Effective processes; (4) Global competitiveness; and (5) Technology.  The standards are designed to ensure that Dealing Members are globally competitive by focusing on the key operational and governance improvements will enhance the protection of investors and support The Exchange's effort towards rebuilding investors' confidence and ultimately enhance the sustainability of the Market.  Developed and implemented a Risk Based Supervision framework for the Supervision of Dealing Members. The objective is to ensure the efficient allocation of regulatory resources and to focus on the areas perceived to pose the greatest risks to the Market.

#### LEGAL AND REGULATION DIVISION cont'd

Department	Profile	Activities	Strategic Developments
Broker Dealer Regulation (cont'd)	The Licensing and Relationship Management Unit is involved with issuing Licenses to Dealing Members and managing the sale and transfer process of Dealing licenses. It also develops Rules and Regulations on the standards of conduct for Dealing Members that align with The Exchange's strategic objectives. It is also responsible for creating awareness on compliance and regulatory issues for the Broker Dealer community and for capacity building and development.  The Monitoring and Enforcement Unit is involved with monitoring the activities of Dealing Members to ensure that they operate in compliance with the Rules and Regulations of The Exchange. It also enforces the Rules when incidents of non-compliance occur. The Unit also reviews financial and regulatory reports of Dealing Members to assess their financial state of affairs on an ongoing basis.	Enhanced the collaboration with law enforcement agencies, including the Economic and Financial Crimes Commission (EFCC) to ensure a seamless protection of the Market from infractions both from a regulatory and criminal enforcement perspective.  The Department was involved in a number of capacity building and development initiatives for Dealing Members. It developed and organised a comprehensive five (5) module program for Compliance Officers with an average attendance of one hundred and eighty (180) participants. It also facilitated two (2) regulatory workshops for Authorized Clerks, an average of two hundred (200) participants attended each session. It organised one (1) workshop for about one hundred and fifty (150) Directors of Dealing Members on "Business combinations, the way Forward to Regulatory Reforms in the Capital Market". The objective was to enlighten Directors of Dealing Members on the various options available to enable them make informed decisions in light of the transformational regulatory reforms in the Market.	Developed a framework for Sub- Brokers to operate in the Capital Market and for Dealing Member 'Representative Offices'. The objective is to enhance financial inclusion in the Nigerian Capital Market through the promotion of grass root intermediaries and rural expansion into remote areas.

#### MARKET OPERATION & TECHNOLOGY DIVISION

Department	Profile	Activities	Strategic Developments
Market Operations & Control	Market Operations & ControlThe Market Operations and Control Department is part of the Market Operations and Technology Division, with the primary focus of providing optimal and efficient trading platform for seamless execution of trades in all securities listed on The Exchange.	To ensure a fair and orderly market by consistently creating an atmosphere that would foster improved transparency, broaden market access, and provide efficient price discovery.  Activities of Market Operations covers the enforcement of trading rules on the floor, publication of market information, historical statistics and analytical reports on trading activities as well as periodic training and retraining of dealing clerks.  With the successful deployment of the first rated trading platform (X-Gen) in 2013, 2014 meant a new dawn for Market Operationsin terms of service delivery across board as well as service availability, leveraging on the robust capabilities of X-Gen. This led to both trading volumes and availability increading in 2014 to unprecedented levels	Continuous review of processes, while partnering with the product development team of The Exchang in the development and roll out of new products. Of particular focus is the successful introduction of Derivatives, scheduled for 2016.  Market Operations will continue to participate in the on-going development of new market structure in furtherance of the status of The Exchange as it joins the league of World Federation of Exchanges (WFE).  The department is also partnering with the Information Security arm of The Exchange to further streamline its processes as part of an on-going continuous process improvement thereby positioning the Exchange for ISO 27001 certification.

#### MARKET OPERATION & TECHNOLOGY DIVISION cont'd

Department	Profile	Activities	Strategic Developments
Market Operations & Control (cont'd)	Market Operations & ControlThe Market Operations and Control Department is part of the Market Operations and Technology Division, with the primary focus of providing optimal and efficient trading platform for seamless execution of trades in all securities listed on The Exchange.	The introduction of FIX connectivity and roll-out to broker terminals improved order routing process, while creating improved trading experience. In 2014, orders submitted via FIX accounted for 10% of the total volume.  To further consolidate gains from the transformation agenda of the Exchange, Market Operations engage in extensive training of brokers and other stakeholders on acceptable market practices and in the use of and adoption of robust operations and technology practices to improve the experience of doing business	Market Operations will participate in the delivery of enhanced Market Surveillance and Sponsored Access tools to the market.
Market Services	The Market Services Department of the Nigerian Stock Exchange is responsible for the timely, accurate and reliable distribution of quality market data to both Local and International clientele. It ensures the Exchange maintains its intellectual property rights on the sale of its market data, in addition to provisioning of a co- hosting facility and other value added services to Brokers and interested participants in the Capital Market.	In addition to the dissemination of quality market data to the market vendors -(Bloomberg, Reuters, Six Financials etc.) using the open standard FIX Protocol, market services also evaluates current market data and create new market data products by designing market data solutions. This will enhance speed, reliable and accurate market information that is essential for discerning strategic investment decisions. We set a premium on our relationships with our local and foreign customers while supporting all employees and groups as it relates to their market data needs.  As part of our drive to increase global presence and awareness of our market data, we leverage on strategic partnerships with some of the world's leading data providers who further ensure that companies across the United States, Europe, Asia, Africa and other parts of world are able to undertake robust and informed investment decisions in the Nigerian market, using reliable data.  Last year, the Market Services Department signed on the FTSE Group, a British provider of Stock Market indices and associated data services and a host of other subscribers. We plan to see more of such alliances in the coming year.  The Market Services Department provides cohosting facilities to other Exchanges. Last year we continued to support the NASD market with our new X-Gen platform on which it runs its OTC market. We intend to grow this service offering by on-boarding other Exchanges in 2015.  In 2015, the Market Services Department will commence the construction of a new Data Centre which will afford the Exchange a highly resilient Computing facility to Tier III standard and provide a viable alternative to market participants to host their back office operations for their production and/or Business Continuity computing requirements.  Market Services Department undertook the FIX onboarding and certification tests of 32 Market Data Vendors and 4 Independent Software Vendors whose Order Management Systems were used to connect to the NSE Trading platform in 2014.	Market Services has ramped up its efforts in the hosting of other Trading platforms in Nigeria as well as in West Africa by leveraging off its robust X-GEN platform which is able to service other Exchanges.  Market Services plans to introduce a highly available, low latency co-location facility to market participants from Q3 2015, once the new state of the art Data Centre is completed. This facility will host mission critical trading infrastructure and provide market data infrastructure designed to meet the latency requirements of its clients.  As part of the NSE's drive to improve the global access and distribution of its data, Market Services is expanding its product offerings by providing bespoke products to meet the growing demands of its stakeholders.  Plans are also underway to improve the online data portal offering of the Exchange by developing an innovative technology platform with enhanced functionality, quicker access and mobility for professional and non-professional Market data subscribers using smart phones and tablet devices.

## MANAGEMENT **TEAM**



OSCAR ONYEMA, OON Chief Executive Officer



ADEOLU BAJOMO Executive Director & Head, Market Operations & Technology



TABA PETERSIDE



OLUMIDE LALA
Transformation & Change



TUNJI KAZEEM



CYRIL EIGBOBO



ABIMBOLA BABALOLA



ADEYEMI OSOBA Branch Network



PAI GAMDE Human Resources



OLUFEMI SHOBANJO Broker Dealer Regulation



FAVOUR FEMI-OYEWOLE Information Security



HARUNA JALO-WAZIRI Executive Director & Head, Business Development



TINUADE AWE General Manager & Head, Legal & Regulation



**BOLA ADEEKO**General Manager & Head,
Corporate Services



JOSEPHINE IGBINOSUN Listings Regulation



ADE EWUOSHO Market Services



**DIPO OMOTOSHO** Product Management



YETUNDE OJO Technology Services



RASAQ OZEMEDE Internal Audit



GABRIEL IGBEKA Administration



IRENE ROBINSON-AYANWALE Legal Department & Council Secretariat



KENNETH NWAFOR Market Operations



OLUMIDE OROJIMI Corporate Communications



ADEMOLA OYERINDE Security



Picture L-R: Mr Oscar N. Onyema, OON, The Chief Executive Officer of The Nigerian Stock Exchange (NSE), Henry James Semenitari, Managing Director, Unity Bank Plc, and Mr Haruna Waziri-Jalo, Executive Director, Business Development, NSE, at the Closing Gong Ceremony held at the Exchange on 22 October 2014.



Picture L-R: Mr Haruna Waziri-Jalo, Executive Director, Business Development, The Nigerian Stock Exchange (NSE), Chidinma Iheme, Managing Director, Trans-Nationwide Express Plc. (TRANEX), Dr. Oladiran Fawibe, Chairman, Trans-Nationwide Express Plc. (TRANEX) at the Closing Gong Ceremony held at the Exchange on 13 November 2014.



Picture L-R: Oscar N. Onyema, OON, NSE CEO; Onuh Chiamaka Sophie, 1st place winner; Elias Igbinakenzua, Executive Director, Corporate and investment Banking, Access Bank & Chudi Nwoye, Head-Corporate Sales, SIMS Nigeria at the 2014 Essay Competition December 08, 2014



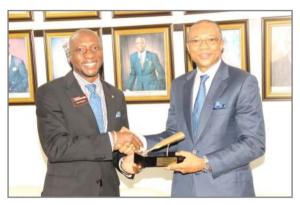
Picture L-R: Oscar N. Onyema (OON), NSE CEO; Ejike Blessing Mbilite, 2nd place winner & Lagos State Representative at the 2014 Essay Competition December 08, 2014.



Picture L-R: Oscar N. Onyema OON, NSE CEO; Onmonya Prince Dan, 3rd place winner & Odion Aleobua, Head, Brand & Corporate Communications at the 2014 Essay Competition, December 08, 2014



Picture L-R: Mr Oscar N. Onyema, OON, The Chief Executive Officer of The Nigerian Stock Exchange (NSE), with Dr. Wale Bolorunduro, Chairman, Omoluabi Savings & Loans Plc./Commissioner for Finance, State of Osun at the Facts Behind the Listing held at the Exchange on November 4th, 2014



Picture L-R: Mr Oscar N. Onyema, OON, The Chief Executive Officer of The Nigerian Stock Exchange (NSE), with Mr Fola Adeola, Chairman Lotus Capital at the Facts Behind the Listing held at the Exchange on 14 November, 2014.



Picture L-R: Mr Haruna Waziri-Jalo, Executive Director, Business Development Division, The Nigerian Stock Exchange (NSE), Sidney Onoriode Esiri, (Dr. Sid) Mavin Records recording artist, Ms. Tinuade Awe, Head, Legal and Regulation Division, (NSE), at the End of Year Closing Gong ceremony held at the Exchange on 31 December, 2014.



Picture L-R: Mr. Emmanuel Nnorom, President/CEO Transcorp Nig Plc, Mr Oscar N. Onyema, OON, The Chief Executive Officer of The Nigerian Stock Exchange (NSE), Mr Valentine Ozigbo, Managing Director, Transcorp Hotels Plc, HRH Baba Mohammed, Director, Transcorp Hotels Plc, Mr Haruna Waziri-Jalo, Executive Director, Business Development, NSE, and Tony Elumelu, CON, Chairman, Heirs Holdings Limited at the Transcorp Hotels Plc Listing held at The Exchange on 15 January 2015.



Picture L-R: Mr. Carl Franklin, Chief Investors Relations Officer, Dangote Industries; Mr. Bode Makanjuola, CEO Caverton Offshore Support Group; H.E. Nonye Rajis-Okpara, MFR, High Commissioner of The Federal Republic of Nigeria to Singapore; Mr. Oscar N. Onyema, OON, CEO of The Nigerian Stock Exchange (NSE); Mrs. Laurence do Rego, Group Execu ve Director, Finance, Ecobank Transna onal Incorporated; Mr. Anders Kris ansson, Country Chief Financial Officer for Lafarge Africa at the NSE Asia Roadshow in Singapore 1 December 2014.



Picture L-R: Oscar N. Onyema OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Dr. Raymond Obieri (OON), Former President, NSE; Mrs. Aig-Imoukhuede; Aigboje Aig-Imoukhuede (CON) President, NSE at the sent forth party for the past president of The NSE, Alhaji Aliko Dangote (GCON) in Lagos.



Picture L-R: Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Alhaji Aliko Dangote (GCON), immediate Past President, NSE; Comrade Adams Oshiomhole, Executive Governor, Edo State and Aigboje Aig-Imoukhuede (CON), President, NSE at the sent forth party in honour of Alhaji Aliko Dangote, GCON in Lagos 25 September 2014



Picture L-R: Ms. Tinuade Awe, Head, Legal and Regulation, The Nigerian Stock Exchange, (NSE), Mr Haruna Jalo-Waziri, Executive Director, Business Development, NSE, Mr Oscar N. Onyema, OON, The Chief Executive Officer of The Nigerian Stock Exchange, NSE, Mr Adeolu Bajomo, Executive Director, Market Operation and Technology, NSE and Mr Bola Adeeko, Head, Corporate Services, NSE at the NSE Yearly Review held at the Exchange on 14 January 2015.



L-R: Ms. Tinuade Awe, Head, Legal and Regulation Division, The Nigerian Stock Exchange, (NSE), Prof. A. Ariyo Chairman University of Ibadan School of Business, (UISB), Mr Oscar N. Onyema, OON, The Chief Executive Officer of The Nigerian Stock Exchange, NSE, Professor Isaac F. Adewole, FAS, Vice-Chancellor, University of Ibadan (UIB), and Mr Adeolu Bajomo, Executive Director, Market Operation and Technology, NSE at the University of Ibadan School of Business closing gong ceremony on Friday, 16 January 2015



(L – R) Member of Board, Capital Market Commission (CMC), Angola, Mr. Patricio Villar; Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE), Mr. Ade Bajomo; Board Chairman, CMC Angola, Mr. Augusto Archer Mangueira and General Manager/Head, Corporate Services Division, NSE, Mr. Bola Adeeko at the familiarizing tour by the Capital Market Commission (CMC), Angola team to view the regulatory framework, activities and experiences of the Nigerian Stock Exchange on Monday. 24 November 2014.



(L-R) Former President, The Nigerian Stock Exchange (NSE), Dr. Oba Otudeko CFR; HRM, Oba Akiolu Rilwan, Oba of Lagos; Chief Executive Officer, NSE, Mr. Oscar N. Onyema (OON); Chairman/Founder, Caverton Offshore Support Group Plc, Mr. Aderemi Makanjuola and Chief Executive Officer, Caverton Offshore Support Group Plc, Mr. Olabode Makanjuola at the Fact Behind the Listing of Caverton Offshore Support Group Plc at the Exchange today 20 May 2014 in Lagos



Head, Corporate Services Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko addressing students during the celebration of Global Money Week, organized by the NSE and Central Bank of Nigeria (CBN) in Owerri Imo State, 13 March 2014



(L-R) Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar N. Onyema (OON), presenting a gift to the Hon. Minister of Power, Prof. Chinedu O. Nebo on a courtesy visit to The NSE 20 March 2014 in Lagos.



(L-R) Head, Corporate Services Division, The Nigerian Stock Exchange (NSE), Mr. Bola Adeeko; President/CEO, Transnational Corporation of Nigeria Plc, Mr. Obinna Ufudo; Chief Executive Officer, NSE, Mr. Oscar N. Onyema (OON); The Hon. Minister of Power, Prof. Chinedu O. Nebo and Executive Director, Market Operations and Technology, NSE, Mr. Ade Bajomo at the Closing Gong Ceremony at The NSE 20 March 2014 in Lagos.



(L-R) Managing Director, Capital Bancorp Plc, Mr. Aigboje Higo; General Manager/Head, Legal and Regulation Division, The Nigerian Stock Exchange (NSE), Ms. Tinu Awe and Chairman, Capital Bancorp Plc, Mr. Olutola Moboluri at official launch of Bancorp e-Trade at The Nigerian Stock Exchange on Thursday, 17 July 2014.



L-R: Mr. Oscar N. Onyema, OON, CEO, The Nigerian Stock Exchange (NSE); Lin Guijun, Vice Principal of University of interna onal Business and Economics(UIBE); Wang Li, Vice-Chairman of China-Africa Business Council(CABC) and Thomas Brown, CEO J. Streicher at the NSE Asia Roadshow in Beijing, China, 5 December, 2014.



L-R: Mr. Rabiu Hassan, Ministry of Finance; Mrs. Vivian N. Okeke, Director, Joint Mission, Trade and Investment Division, Ministry of Foreign Affairs; Mr. Sola Onadipe, Ambassador/Deputy Chief of Mission of The Federal Republic of Nigeria to China; Mr. Oscar N. Onyema (OON), CEO, The Nigerian Stock Exchange (NSE); Mr. Haruna Jalo-Waziri, Executive Director, NSE and Mrs. Taba Peterside, General Manager, Listing Sales and Retention, NSE at the NSE Asia Roadshow in Beijing, China, 5 December 2014.



L— R: President, The Nigerian Stock Exchange (NSE), Mr. Aigboje Aiglmoukhuede, CON; Chief Executive Officer, NSE, Mr. Oscar N. Onyema OON; immediate Past President, NSE, Alhaji Aliko Dangote, GCON and Secretary to Council, NSE, Ms. Tinu Awe at The Nigerian Stock Exchange 2014 Annual General Meeting (AGM) held in Lagos Wednesday, 24 September 2014.



L – R: Honourable Minister of Industry, Trade and Investment, Dr. Olusengu Agaga; Chairman, Seplat Development Company Plc, Mr. ABC Orjiako; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar N. Onyema (OON) and Chief Executive Officer, Seplat Development Company Plc, Mr. Austin Avuru at the Facts Behind the Listings of Seplat Development Company Plcat the Exchange on 14 April 2014.



(L-R) Mr. Bola Adeeko, Head Corporate Services Division, The Nigerian Stock Exchange (NSE); Amb. Ummuna Orjiako, Ambassador/Permanent Representative to the UN in Geneva; Mr. Oscar N. Onyema, OON, Chief Executive Officer, The NSE; Mr. Isaac Obodo, President, Nigerians in Diaspora Organization (NIDO), Swiss; Mr. Aigboje Higo, Managing Director, Capital Bancorp Plc and Amb. Laurence Ayodele, Nigeria Ambassador to Greece at The NSE Investor Forum for Nigerian Diasporas in Switzerland 21 January 2015.



L— R: President, The Nigerian Stock Exchange (NSE), Mr. Aigboje Aig-Imoukhuede, CON; Chief Executive Officer, NSE, Mr. Oscar N. Onyema OON; immediate Past President, NSE, Alhaji Aliko Dangote, GCON; Secretary to Council, NSE, Ms. Tinu Awe and 1st Vice President, NSE, Mr. Abimbola Ogunbanjo at The Nigerian Stock Exchange 2014 Annual General Meeting (AGM) held in Lagos Wednesday, 24 September 2014.



 $L-R\colon Honourable Minister of Petroleum Resources, Mrs. Alison-Madueke; Chief Executive Officer, The Nigerian Stock Exchange (NSE), Mr. Oscar N. Onyema (OON) and Chairman, Seplat Development Company Plc, Mr. ABC Orjiako at the Facts Behind the Listings of Seplat Development Company Plc at the Exchange 14 April 2014.$ 



L-R: Ms. Tinuade Awe, Head, Legal and Regulation, The Nigerian Stock Exchange, (NSE); Mr. Haruna Jalo-Waziri, Executive Director, Business Development, NSE; Mr. Oscar N. Onyema, OON, Chief Executive Officer, NSE and Mr. Akin Akinfemiwa, Group Chief Executive Officer, Forte Oil at the Closing Gong Ceremony at the Exchange 19August 2014.

# **PRESIDENTS** OF THE EXCHANGE



AIGBOJE AIG-IMOUKHUEDE, CON ALHAJI ALIKO DANGOTE,GCON



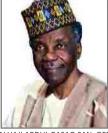




DR. OBA OTUDEKO OFR



DR. RAYMOND C. OBIERI



ALHAJI ABDUL RASAQ SAN. OFR



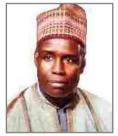
MR. GOODIE IBRU, OON



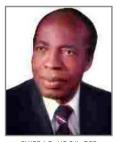
MR. PASCAL G. DOZIE, OON







CHIEF BAYO KUKU, CON ALHAJI ALIKO M. MOHAMMED, OFR



CHIEF J.O. UDOJI, OFR



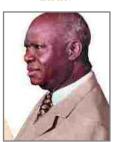
CHIEF S.O. ASABIA,



CHIEF ADEOLA ODUTOLA, CON



CHIEF SILAS BAMIDELE DANIYAN, OFR SIR MOBOLAJI BANK-ANTHONY, CON, MBE

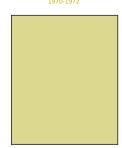




SIR ODUMEGWU OJUKWU, OBE



MR. R.I. POWELL



MR. E.C.W. HOWARD, OBE



	gerian Stock Exchange's 54th Annual General Meeting to be held at the NSE Eve oor, Stock Exchange House, 2/4 Customs Street Lagos, on 18 June 2015 at 11:00 a			
I/We				
of				
	member/members of The Nigerian Stock Exchange ("The Exchange") hereby, a			
	our proxy to act and vote on my/our behalf at the Annual General Meetiny to be held on 18 June 2015.	ng of the		
Dated t	his 26th day of May 2015.			
	er's Signature Member's Name			
		For	Against	Abstain
1	To re-elect the following as Members of the National Council: i) Mr Abimbola Ogunbanjo			
	ii) Mr Abubakar Mahmoud, SAN, OON			
	iii) Prof Herbert Onye Orji, OON			
2	To re-appoint Auditors for the year 2015.			
3	To authorize members of the National Council to fix the remuneration of Auditors.			
4	To fix the remuneration of Council members			
Note:				
2. No th wl	member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to person shall be appointed a proxy who is not already a member of Company or the accreat a corporation being a member of the Company may appoint as its proxy one of its Directors is not a member of the Company.	edited repres ctors or othe	entative of a rauthorized r	member, save representative
3. In:	struments of proxy shall be deposited at the office of the Company at least 48 hours before	the time of h	nolding the m	eeting.
Fifty-For House, 2	ION CARD  Jorth Annual General Meeting of The Nigerian Stock Exchange to be held at the NSE Exchange to be held at the NSE Exchange to be held at the NSE Exchange Street, Lagos, on 18 June 2015 at 11:00a.m.  FMember (in BLOCK CAPITALS):	ent Centre,	20th Floor Si	tock Exchange
ADDRES	S:			
NOTE: A	MEMBER OR HIS /HED DROVY MI IST DRODI ICETHIS ADMISSION CARD IN OTHER TO BE ADMITTED AT	THE MEETING		



#### **REGISTERED OFFICE:**

Stock Exchange House, 2/4 Customs Street, Lagos

#### **AUDITORS:**

KPMG Professional Services (Chartered Accountants)

#### **BANKERS:**

Access Bank Plc.
First Bank of Nigeria Plc.
GT Bank Plc.
Zenith Bank Plc

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