



**THE Nigerian  
STOCK EXCHANGE**

# WEAVING A SUSTAINABLE FUTURE TOGETHER

2016 ANNUAL REPORT

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WEAVING A  
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### **Our Mission**

To provide investors and businesses a reliable, efficient and an adaptable exchange hub in Africa, to save and to access capital.

### **Our Vision**

To be Africa's foremost securities exchange driven by  
R- Regulation,  
E- Efficiency,  
L- Liquidity and  
I-Innovation.  
(R - E - L - I)



## NOTICE OF THE FIFTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Sixth Annual General Meeting of Members of the Nigerian Stock Exchange ("The Exchange") will be held at the NSE Event Centre, 20th floor, Stock Exchange House, 2/4 Customs Street Lagos, on Monday, 25th September 2017 at 11:00 a.m. prompt to transact the following businesses:

### ORDINARY BUSINESS

1. To present the Audited Financial Statements of The Exchange for the year ended 31 December 2016, and the Reports of the National Council and the Auditors thereon.
2. To re-elect Mr. Abimbola Ogunbanjo, who is retiring by rotation, as a member of the National Council.
3. To authorize members of the National Council to fix the remuneration of the Auditors.

### SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without any modifications, the following as an Ordinary Resolution to fix the remuneration of Non-Executive Council Members:

"it is approved that the fee payable to the Council President shall be N5,000,000 per annum, while ₦ 3,800,000 shall be payable to other Council Members per annum with effect from 1 January 2017.

The fees shall be payable quarterly in arrears or at such other intervals agreed by the Council.

5. To elect the following as Members of the National Council:
  - a) Chartwell Securities Limited (Represented by Mr. Oluwole Adeosun);
  - b) Equity Capital Solutions Limited (Represented by Mr. Kamarudeen Oladosu);
  - c) Fortress Capital Limited (Represented by Mr. Yomi Adeyemi);
  - d) Pilot Securities Limited (Represented by Mr. Seyi Osunkeye);
  - e) Planet Capital Limited (Represented by Mr. Chidi Agbapu);
  - f) Woodland Capital Markets Plc (Represented by Mr. Patrick Ajayi);
  - g) Kastina State Investment & Property Development Co. Limited (Represented by Mrs. Fatimah Bintah Bello-Ismail);
  - h) Mrs. Catherine Nwakaego Echeozo ; and
  - i) Erelu Angela Adebayo

### NOTE:

1. A member entitled to attend and vote at the Annual-General Meeting is entitled to appoint a proxy to attend and vote instead of himself.
2. No person shall be appointed a proxy who is not already a member of The Exchange or the accredited representative of a member, save that a corporation being a member of The Exchange may appoint as its proxy one of its Directors or other authorized representative who is not a member of The Exchange.
3. The Common Seal must be affixed on the proxy form if executed by a company.
4. Executed proxy forms should be deposited at the registered office of The Exchange (2/4, Customs Street, Marina, Lagos State) at least 48 hours before the time of holding the meeting.

Dated this 22nd day of August 2017.

By Order of Council



**Mojisola Adeola** | Council Secretary  
Stock Exchange House,  
2/4 Customs Street, Lagos, Nigeria



**Resolution 4: Remuneration of Non-Executive Council Members**

Pursuant to Section 267(1) of the Companies and Allied Matters Act, the remuneration of Council Members shall from time to time be determined by the Company in a general meeting. Consequently, Members are required to approve the annual fees payable to Non-Executive Council Members. The proposed annual fees per annum with effect from 1 January 2017 is as follows:

- a) N5,000,000 (Five Million Naira) payable to the Council President; and
- b) N3,800,000 (Three Million, Eight Hundred Thousand Naira) payable to other Council Members.

The fees shall be payable quarterly in arrears or at such other intervals agreed by the Council.

**Resolution 5: Election of Council Members**

The National Council has developed a written, clearly defined, formal and transparent procedure for appointment of individuals and institutions into the National Council. The procedure is documented in *The Exchange's Policy on Nomination/Appointment of Individuals/Institutions to the National Council and Branch Councils*.

This Policy: (i) provides a comprehensive, clearly defined and transparent procedure for the nomination and/ or appointment of Individuals/Institutions to the Council and the Branch Councils; (ii) ensures that The Exchange together with the Branch Exchanges are managed and overseen by competent, capable and trustworthy individuals resulting in an effective Council and Branch Councils; and (iii) ensures that the Council is structured in such a way that it has an understanding of The Exchange's current and emerging issues, as well as the requisite competence and ability to oversee Management, as it addresses these emerging issues.

Having completed their tenure, the following Council Members will retire at The Exchange's 2017 Annual General Meeting (AGM):

- i. Alhaji Aliko Dangote, GCON
- ii. Engr. Muhammad Daggash
- iii. Finmal Financial Services Limited (represented by Dr. Umaru Kwairanga)
- iv. Greenwich Trust Limited (represented by Mr. Kayode Falowo)
- v. ICMG Securities Limited (represented by Mr. Michael Osime)
- vi. Meristem Securities Limited (represented by Mr. Oluwole Abegunde)
- vii. Sigma Securities Limited (represented by Mr. Dunama Balami)
- viii. Signet Investment and Securities Limited (represented by Mr. Oladipo Aina)

The National Council commends them for their meritorious service and dedication to the affairs of The Exchange during their tenure as Council members.

In view of the vacancies that will be created by these retirements, the National Council commenced the search for competent and capable individuals/institutions for election into the National Council. Following the processes in the approved Policy, the under listed individuals and institutions were recommended by the Governance and

Remuneration Committee of Council (the Committee) and subsequently ratified by Council for election at The Exchange's 2017 AGM:

- i. Chartwell Securities Limited (Represented by Mr. Oluwole Adeosun)
- ii. Equity Capital Solutions Limited (Represented by Mr. Kamarudeen Oladosu)
- iii. Fortress Capital Limited (Represented by Mr. Yomi Adeyemi)
- iv. Pilot Securities Limited (Represented by Mr. Seyi Osunkeye)
- v. Planet Capital Limited (Represented by Mr. Chidi Agbapu)
- vi. Woodland Capital Markets Plc (Represented by Mr. Patrick Ajayi)
- vii. Kastina State Investment & Property Development Co. Limited (Represented by Mrs. Fatimah Bintah Bello-Ismail)
- viii. Mrs. Catherine Nwakaego Echeozo
- ix. Erelu Angela Adebayo

Pursuant to Rule 184(1)d of the *Securities and Exchange Commission Consolidated Rules, June 2013*, The Exchange presented these individuals and institutions to the Securities and Exchange Commission for its approval prior to their presentation for election at the AGM. Following its assessment, the SEC approved the appointment of these individuals and institutions.

In line with the SEC's Code of Corporate Governance for Public Companies, information on these individuals and representatives of the institutions who will stand for election to the National Council in a non-executive capacity is set out in the table below.

S/N	Name	Age	Qualification/Skillset	Country of Principal Residence	Work Experience and Occupation in the preceding ten years	Past Directorship in the preceding five years	Current Directorship
1.	Mr. Oluwale Adeosun (representing Chartwell Securities Limited)	51 years	Chartered Accountant, Investment Banker, Stockbroker	Nigeria	Managing Director of Chartwell Securities Ltd.	-	Chartered Institute of Stockbrokers Chartwell Securities Ltd. Chartwell Bureau De Change Ltd. Chartwell Financial Services Ltd.
2.	Mr. Kamarudeen Oladosu (representing Equity Capital Solutions Ltd)	52 years	Chartered Accountant, Investment Banker, Stockbroker	Nigeria	Managing Director of Equity Capital Solutions Ltd.	-	Focal Point Travels Ltd. Focal Point Bureau De Change Ltd MTI Plc., Nigeria MTI Ltd., Ghana Three Points Industries Ltd.
3.	Mr. Yomi Adeyemi (representing Fortress Capital Limited)	41 years	Chartered Accountant, Statistician, Certified Financial Analyst, Investment Banker, Stockbroker	Nigeria	Managing Director of Fortress Capital Limited (April 2008 –date) Group Head, Investment Management & Financial Advisory, Core Trust & Investment Ltd. (January 2007 – June 2008)	-	Three Points Industries Ltd. Fortress Capital Limited Connect Marketing Services BDT Properties & Development Company Limited Toksmail BDC Limited
4.	Mr. Seyi Osunkeye (representing Pilot Securities Ltd)	48 years	Chartered Accountant, Investment Banker, Stockbroker	Nigeria	Managing Director of Pilot Securities Ltd.	-	Alpgam Energy Ltd Greenfield Integrated Energy Services Ltd. Letshego Microfinance Bank Pilot Securities Ltd. Star Gaming Limited

S/N	Name	Age	Qualification/Skillset	Country of Principal Residence	Work Experience and Occupation in the preceding ten years	Past Directorship in the preceding five years	Current Directorship
5.	Mr. Chidi Agbapu (representing Planet Capital Ltd)	56 years	Economist, Stockbroker, MSc. Banking and Finance	Nigeria	Managing Director of Planet Capital Ltd. (2010 – date)  Co-Partner and Managing Director of Emerging Capital Ltd. (2004 – 2010)	Central Securities Clearing Systems Plc.  Bendel Feeds & Flour Limited	General Cotton Mill  MTI Plc., Nigeria  MTI Ltd., Ghana
6.	Mr. Patrick Ajayi (representing Woodland Capital Markets Plc)	45 years	Chartered Accountant, Stockbroker, BSc. Physics	Nigeria	Managing Director of Woodland Capital Markets Plc. (2013 – date)  General Manager/Head, Stockbroking of Support Services Ltd. (September 2004 – 2013)	-  -	Ned Philips Capital Limited  WCM3 Investments Limited  Woodland Capital Markets Plc.
7.	Mrs. Fatimah Bintah Bello – Ismail (representing Kastina State Investment & Property Development Co. Limited)	55 years	Legal Practitioner, Banking	Nigeria	Managing Partner of Universal Chambers (Barristers, Solicitors and Notary Public)	-	National Insurance Company Of Nigeria (NICON)  Kastina State Investment & Property Development Co. Limited

S/N	Name	Age	Qualification/Skillset	Country of Principal Residence	Work Experience and Occupation in the preceding ten years	Past Directorship in the preceding five years	Current Directorship
8.	Mrs. Catherine Nwakaego Echeozo	52 years	Chartered Accountant, Banker	Nigeria	Cathingens Limited (March 2017 – Date) Deputy Managing Director of Guaranty Trust Bank Plc. (Oct 2011 – March 2017) Executive Director of Guaranty Trust Bank Plc. (February 2005 – October 2011)	Guaranty Trust Bank Plc.	
9.	Erelu Angela Adebayo (Representing Meyer Plc (previously DN Meyer Plc), a listed company)	58 years	Real Estate Consultant, BSc. Social Sciences	Nigeria	Managing Director Quintecca (Nig) Ltd Property Consultants (2003 – 2013)	Omega Savings and Loans Wemabod Estates	Dangote Foundation Meyer Plc (previously DN Meyer Plc). Afril and Properties Plc. Greenwich Trust Ltd. Greenwich Securities Ltd Greenwich Asset Management Ltd.

## WEAVING A SUSTAINABLE FUTURE TOGETHER

### President's Statement The Nigerian Stock Exchange

As I conclude my tenure as President of the National Council of the Nigerian Stock Exchange ("NSE" or "The Exchange"), it is with a great sense of humility and fulfilment that I reflect upon three memorable and fulfilling years of service in this prestigious role.

When I came into office in 2014, I pledged that the NSE would strive to operate at a level comparable to our peers in more advanced economies. I did this with the understanding that the correlation between world class capital markets and high performing economies is very strong. My view, then and now is that as a flag bearer of global best practice and in its unique position as the nation's leading capital market platform, the NSE would be a beacon and rallying point for other stakeholders to come together and accelerate Nigeria's transition from frontier to emerging capital market status.

This annual report statement affords me the opportunity to reflect on our journey as an Exchange during the period of my stewardship and also to report on the progress made towards fulfilling my pledge.

#### Challenging Operating Context

Across the African continent economic challenges and public policy weaknesses tend to constrain the global competitiveness of the African private sector. It goes without saying therefore that Nigeria's macro-



economic environment and prevailing market conditions have a great influence on The Exchange's competitiveness and relevance. I assumed office in September 2014 just as crude oil prices fell sharply in the fourth quarter of the year. Given our market's correlation with crude oil prices, the NSE All Share Index commenced a steep descent from July 2014 highs to end that year down 16%. This was the context within which my tenure commenced. Investors' confidence was further eroded by monetary policy decisions which made it impossible for economic participants to determine the fair market value of the Naira vis-a-vis other foreign currencies.

#### Commitment to High Standards

Council and Management resolved that notwithstanding the challenging operating context, we would not relent on our decision to benchmark our functions, output and performance against our highly regarded peers operating in more advanced capital markets, such as the Johannesburg Stock Exchange. For instance, we introduced regulatory outsourcing services and launched our Market Data product lines of business which today form part of core activities of leading Exchanges around the world. Market Data sales have since become one of our fastest growing sources of income with a compound annual growth rate (CAGR) of 34% between 2014 and 2016.

Our regulatory capacity was strengthened as we adopted the use of the latest "Reg-Tech" solutions similar to those deployed by leading exchanges, such as our Broker Oversight & Supervision System (X-BOSS), designed to improve the efficiency and security of the regulatory communication between the NSE and the dealing member community; X-Whistle, which empowers investors to report possible market violations and SMART, our world-class surveillance system. The NSE Rulebook (the "Rulebook of The Exchange, 2015") was also launched in electronic format as a virtual web based document that facilitates quick and easy access to all of the NSE's rules and regulations.

Given the importance of corporate governance to investors and the relationship between quality of governance and market quality, we introduced our Corporate Governance Rating System (CGRS) to enhance the ability of our issuers to comply with the Securities and Exchange Commission's (SEC) Code of Corporate Governance and the listing rules of The Exchange and improve the fiduciary awareness of company directors. I can confidently state that the CGRS has had a transformative impact on the governance capabilities of listed entities and their directors. We also introduced a new set of minimum operating standards aimed at strengthening our dealing members, while enhancing their ability to offer competitive services to the investing public. We did not just mandate compliance, we provided market operators with financial and technical assistance worth hundreds of millions of Naira to build their internal capabilities. I'm pleased to report that market operators had achieved a compliance rate of 95% as at December 2016.

#### Demutualization and other Winds of Change

Despite the foregoing, our legal structure as a mutual entity increasingly constrains our ability to compete and offer services on par with leading exchanges around the world. And for this reason, I convinced my colleagues in Council and our Management team to accelerate our timetable for completing the demutualization of the NSE. Today, I am proud to report that this process which had lingered in The Exchange for several years, has now advanced to the point of near completion and by God's grace will be concluded within the coming months.

I am pleased with the emergence of other active SROs in Nigeria who have become both friends and

competitors, one of which I played a role in founding. Our goal at The Exchange, is to lead the way to a bright and prosperous capital market which will not only be mutually beneficial to all operators, but will also catalyse the transformation of the Nigerian economy. I look forward to the formation of City Nigeria, the all-inclusive financial markets advocacy group which like its UK counterpart will ensure that the financial market plays a more strategic role in policy formulation and implementation on a sustained basis. Affirming our market leader status, The Exchange is on track to launch the first Exchange Traded Derivatives market in West Africa. This strongly aligns with our strategic objective to facilitate order execution across five asset classes and offers our ever-increasing domestic and global investor base a greater array of products to diversify their portfolios and manage risks. We are finalizing the launch of the NSE Due Diligence Book, a landmark publication which will cause a step change in the quality of listing applications.

#### Advocacy

The Exchange has maintained its longstanding role of being a strong and courageous advocate for the adoption and implementation of public policies required for the smooth functioning of our financial markets. This role took on even greater significance and urgency given the serious economic challenges facing our nation. The Exchange has become a powerful Ambassador advancing the nation's interests well beyond the shores of the African continent. We have been active both publicly and privately, particularly on the need for a reversion to market friendly foreign exchange policies. It is gratifying to note that the recent policy introduced by monetary authorities in April 2017 enabling investors buy and sell foreign exchange at market determined rates has been well received by domestic and foreign stakeholders in the Nigerian economy. Since the opening of the Nigerian Autonomous Foreign Exchange Fixing of the Investor & Exporter FX window, over \$6.5Bn of transactions have occurred as we predicted. The reversion to market based rate has increased market confidence within and outside Nigeria and the NSE All Share Index has soared outperforming other emerging markets thus far this year.

The visits to The Exchange of H.E. President Goodluck Jonathan, H.E. Acting President Prof. Yemi Osinbajo (2016), and several other senior officers of government attest to the extent of our advocacy efforts.



Internationally, global financial market leaders such as Blackstone LP Chairman, Stephen Schwarzman; Sir Roger Gifford, Lord Mayor of the City of London and my Co-Chairman of the Nigeria/UK Emerging Markets Task Force; to name a few, have also visited us in Nigeria. This confirms the visibility and importance of the NSE, which extends well beyond the shores of the African continent.

### Governance

The sustainability of our quest for global relevance and impact depends on the standards of governance and controls entrenched to ensure the adequacy and appropriateness of our operations. Together with Management, Council has adopted a no compromise approach to governance issues which has seen us adopt structures, frameworks and policies similar to what obtains in demutualized exchanges in the most advanced markets around the world. We have taken tough enforcement decisions against erring operators as well as erring issuers and sent a clear message to the world that our markets operate based on principles of fairness, transparency and impartiality. Today, The Exchange operates policies on conflict of interest, succession planning as well as training and capacity development of Council Members. It is also in this regard that we conducted a painstaking review of our register of members and set up a Membership Secretariat worthy of the best exchanges in the world. Even though The Exchange is not demutualized in legal form, I can state unequivocally, that for the most part, our governance and controls reflect the principles which underpin sustainable good governance. One area of unfinished business is the lack of representation of female members on the National Council. We have commenced steps to address this gap, which is reflective of our current weak female representation on boards of Nigeria's capital market institutions.

In the area of market protection and business controls, the Committees of Council have been strengthened and made to work assiduously to ensure that risk management, internal audits and other controls operate at very high standards. The relationship between the NSE and its critical stakeholders, being its members, regulators, government, issuers and the investing public, has been redefined to ensure transparency, mutual respect and a market first mind-set in actions and decisions. I must commend the Securities and Exchange Commission (SEC), who whilst maintaining

its independence and objectivity as regulator of the market, has been a powerful enabler of market development, in the process enabling the NSE achieve many firsts. For instance, in 2014 we became the first African securities exchange to join the Inter-market Surveillance Group (ISG), an international group of exchanges, market centres, and market regulators that perform front-line market surveillance in their respective jurisdictions. Also with the support of the SEC, we became the first frontier market exchange in our sub-region to join the World Federation of Exchanges (WFE), following a rigorous and thorough application process.

### Continuous Learning and Development

During my tenure, we have elevated the practice of study tours to become platforms for training of non-executive directors and staff, expanding partnerships, imbibing global best practices and facilitating team-bonding amongst Council members and Management. In addition to visits to South Africa (2014) and London in 2015, in 2016, we visited the Chicago Mercantile Exchange (CME) Group, the world's leading and most diverse derivatives marketplace, as well as the Chicago Board Options Exchange (CBOE), the largest US options exchange, as we laid the groundwork for the launch of our derivatives market. Study tours have in no small measure helped to ensure that Council developed the required level of understanding to work together more effectively and also build synergy with Management, putting us in better stead to address emerging strategic issues.

### Talent Management

Fortunately, when I joined the National Council I met in place a Management team brimming with exceptional talent led by our CEO, Mr. Oscar N. Onyema, OON, and totally committed to our objective of market transformation. Building a culture of high performance among employees goes a long way to ensuring competitiveness. As a professional who progressed through the ranks of Nigeria's financial services industry, I do not need any convincing to realize the importance of great talent at every level of the organization. As an organization that aims to recruit and keep the best talent, we have revamped the entirety of our talent and employee management practices, ensuring that remuneration, succession, employee engagement, training and development etc. are benchmarked against leading organizations both locally and internationally. And whilst we still face

constraints given our current mutual status, we have pushed the needle very far. The benefits of this are clear in organizational output, particularly in our technology, rule-making and market development initiatives over the last three (3) years.

### Financial Performance

In 2014, my first year in office, the Exchange closed the year on a historic high in terms of profitability. However, given our worsening operating environment, activities in the Nigerian capital market slowed down considerably and trading volumes, liquidity and market velocity declined to near all-time lows. It is against this backdrop that The Exchange generated revenues of N4.46Bn, down 31% from the previous year, reflecting bearish sentiments prevalent in the market in 2016 and recorded a deficit of N599Mn for the period. I commend Council and Management for their cost containment efforts and their diligent approach to budgeting which saw total expenses decline by 12% year-on-year without affecting The Exchange's high operating standards and service quality.

At the Group level the NSE remained profitable with an operating surplus of N27.45Mn thus ensuring that as we take the final steps towards demutualization, we do so from a robust and healthy financial position. This is further evidenced by our low debt capital structure and liquid balance sheet, a reassuring indication of our ability to fund our strategic growth ambitions and remain competitive going into the future.

### Conclusion

I would like to thank my predecessor, Alhaji Aliko Dangote, GCON and other past presidents for their support throughout my tenure. I would also like to express my appreciation to my colleagues in Council for their commitment and dedication to the objectives we set for ourselves at the beginning of my tenure.

During this time, I have worked closely with the principal officers of Council, particularly the First Vice President, Mr. Abimbola Ogunbanjo, who has made

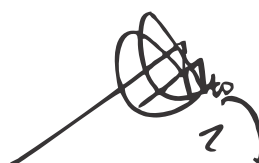
valuable contributions to The Exchange over the period of my tenure. His wealth of knowledge and experience as a legal practitioner and successful corporate player bring unique perspectives to Council deliberations. I retire as President acknowledging that there is still a lot of work to do but confident that our robust succession planning framework will ensure the emergence of a capable successor supported by strong Council members primed to take us to higher levels of performance and output.

I would like to express my deepest appreciation to our dealing member community particularly for supporting our demutualisation efforts. Let me assure you that the National Council and Management remain committed to the course of action and will leave no stone unturned in ensuring that we achieve our collective goal of a more agile and efficient exchange. By God's grace, I will be very much around to enter the 'promised land' with you all.

I would also like to thank the Chief Executive Officer, Mr. Onyema, and the Management team of the NSE for their service and commitment to The Exchange and for consistently going far beyond the call of duty to advance its cause and that of the Nigerian financial markets.

Finally, I would like to acknowledge our issuers, the investing public, regulatory bodies and all other stakeholders who contributed in one way or the other to our progress over the last three years and most importantly the Almighty Creator without whom it would not have been possible.

God bless.



AIGBOJE AIG-IMOUKHUEDE, CON  
PRESIDENT, NATIONAL COUNCIL

## WEAVING A SUSTAINABLE FUTURE TOGETHER

### CEO's Statement The Nigerian Stock Exchange



The year 2016 marked the beginning of my second term at the helm of affairs of the Nigerian Stock Exchange (NSE). Going into the year, it was clear that economic and geopolitical events of the last two years would continue to have a significant impact on our business. Indeed this proved to be true. Although we recorded an encouraging performance across a number of metrics and began to see our recent strategic initiatives pay-off, macroeconomic and geopolitical headwinds had a negative impact on market activity and the profitability of our core business during the year. Notwithstanding this, we took a long-term view of executing on our strategy even in an increasingly competitive landscape and recorded a number of significant milestones.

#### Financial Highlights

The NSE Group demonstrated resilience through the economic and market downturn, closing the year with a modest profit after tax of N27.45Mn. Total income to The Group declined 33% to N4.46Bn as investors reacted to prolonged macro-economic uncertainty. The Exchange's top line income streams were impacted during the year, being transaction fees which fell 37% to N1.63Bn, and listing fees which declined by 41% to N813Mn. This culminated in a negative year end performance for The Exchange of N599Mn.

These figures mask some encouraging strategic shifts in our business, as Management intensified efforts to diversify the NSE's revenue streams. We saw the

strongest results of this in our market services income, which has grown by 63% since we embarked on our new five-year strategy in 2014, rising from less than 3% of The Exchange's total revenue mix to 9% (N415Mn) in 2016. This growth is a direct result of our commitment to flexibly meet our customers' evolving needs for data and information products. In 2016, The Exchange rolled out thirteen (13) new market data and X-NET products, and launched an Application Programming Interface (API) infrastructure which added a new layer of granularity to our data product offerings. Matching product innovation with concerted and aggressive marketing strategies, we increased our subscriber base by 70%, successfully on-boarding forty-six (46) new Financial Information Exchange Protocol (FIX) clients in 2016.

In pursuit of a leaner, more adaptive exchange, we were able to curb expenses by 12%, focusing on tighter budgetary control and optimum utilization of resources. In 2016, we completed the rightsizing of our branch network, contributing to cost savings recorded during the year. We anticipate greater returns on this in the coming years, as our branches undergo additional infrastructural, business and technological transformations to invigorate our operations at the regional level.

As at December 31 2016, the NSE's total assets stood at N22.79Bn, with approximately N9.73Bn (43%) held in liquid assets and an accumulated fund of N19.31Bn, to close the year with a sound liquidity position and strong

balance sheet.

### Strategy at the Forefront

We maintained an unwavering focus on our core strategic initiatives for the year, which were:

- i) Demutualization;
- ii) Establishing West Africa's first derivatives market; and
- iii) Institutionalizing our market services suite.

As a full member of the World Federation of Exchanges (WFE), the NSE benchmarks its operational framework against the world's top securities exchanges. As at 2016, less than 10 out of 66 WFE members (15%) were still mutual organizations, inclusive of The Exchange. Recognizing the benefits of demutualization, we progressed our efforts and accomplished several milestones towards the intended demutualization, as highlighted by the Council President. We continue to engage with our members, Regulator and the Government, and hope to complete the process in 2017/2018.

With revenue diversification as a key objective, we began to commercialize and aggressively promote the NSE's competitive advantage in the areas of technology, market data and regulatory services. Our technology and market data teams made significant strides in the business, launching several market data products, securing clients for our hosting services for African exchanges, and developing highly-competitive cloud-based solutions for our brokerage firms. On the regulatory side, I am pleased to say that the NSE now offers services in the areas of: market surveillance, inspection and monitoring, and training. This provides capital market stakeholders the opportunity to outsource regulatory functions to The Exchange where applicable.

Challenges in the economy such as low foreign exchange liquidity, high interest rates and crude oil price volatility experienced last year, underscore the need to offer multiple asset classes and sophisticated instruments that support market investors to effectively manage and hedge systemic risk. As a globally-recognized exchange in the areas of regulation and best-in-class practices, we are focused on establishing a *transparent* and *well-regulated* derivatives market that investors can use. We are also focused on providing access to other asset classes that investors can rotate into when equity markets become unattractive.

Last year, The Exchange and our related company, Central Securities Clearing System PLC (CSCS) established NGX Clearing Ltd., the corporate vehicle for the central counterparty (CCP) clearing house for Nigeria. The CCP is intended to be a widely-owned market infrastructure and we are discussing with market

stakeholders and financial institutions regarding participation. The NSE commenced the process for selecting the technical advisers that will lead development of the CCP from an infrastructure perspective, as well as the financial advisers to support the capital-raising process for the corporate venture. Following extensive engagement with key stakeholder groups including the SEC, CBN, CSCS, Bankers' Committee, dealing members and investors, product development has begun in earnest. In the coming months we will be working to put this critical infrastructure in place, and to build technical capacity across the market.

### Developing World-Class Products

To enhance our ability to develop and implement innovative products across multiple asset classes, we inaugurated the Product Advisory Committees (PAC) – committees of independent capital market practitioners that will advise The Exchange along product lines on product enhancements, increasing retail and institutional participation and market

*Cognizant of the growing global demand for greater rigor and standardization of ESG reporting. We are working with our listed companies to introduce sustainability disclosure guidelines for the Nigerian capital market.*

microstructure, amongst others. We believe the committees' experience and diverse viewpoints will provide valuable insights to deepen the market and enhance our competitiveness.

In response to stakeholder feedback gathered during the year, we embarked on several initiatives to reduce the time and cost of issuance and to strengthen our listing value proposition. Looking at time-to-market, we fast-tracked listing and approval processes for memorandum listings, rights issues and block divestments, as well as applications for firmly underwritten offerings and select bond types. We also worked with the SEC to resolve regulatory overlaps, with the view of simplifying and streamlining our listing processes for better customer experience. From a cost perspective, we reached an advanced stage on a collaborative market-wide pricing framework, under our Competitive Pricing Structure (CPS) project. As part of a phased implementation of the new pricing recommendations, The Exchange piloted a new fee structure for the fixed income market with lower listing and trading fees. Feedback on this has been positive.

The value of bonds issued in 2016 grew 31% to N1.3Tn, while bond market turnover grew 137%, admittedly from a low base in 2015, primarily driven by macro-economic factors in addition to the new pricing regime.

### **Driving a Sustainable Capital Market**

A key pillar of the NSE's corporate social responsibility (CSR) framework is the 'Marketplace', which underscores our commitment to: i) continuously enhance regulatory oversight; ii) advocate for policy formulation; and, iii) promote Environmental, Social and Governance (ESG) standards and reporting practices as an integral element of a well-functioning market and economy.

On the regulatory front, I am immensely pleased to report several feats, not least of which, is the launch of NSE's world-class market surveillance tool, SMARTS. Developed in partnership with NASDAQ, SMARTS is a fully automated market surveillance solution that provides real-time monitoring of the market for better detection and investigation of market infractions. The introduction of SMARTS greatly enhances The Exchange's risk management capabilities and paves the way for advanced trading models, strengthening the NSE's long-term competitiveness.

We successfully completed a number of other initiatives geared towards maintaining market integrity and sound investor protection. One of such initiatives was the introduction of Minimum Operating Standards (MOS) for capital market operators, which focussed on implementing quality standards for our intermediaries in the areas of technology, processes, global competitiveness, manpower and equipment, and organization structure and governance. To assist dealing member firms in meeting the new standards, National Council directed palliatives of over N265Mn towards technology infrastructure and advisory support services. After a rigorous series of inspections, workshops and engagements with our dealing member firms over the last two (2) years, we achieved a record 94% compliance with the MOS in November 2016. I commend the brokerage community on this outstanding achievement.

*"We belong to over fifteen global associations including the world federation of Exchanges (WFE)"*

In recognition of our efforts to promote best practices in sustainability and governance, The Exchange was admitted to the GOLD Community of the Global Reporting Initiative (GRI), joining the ranks of BM&F Bovespa, Deutsche Boerse and NASDAQ to be

recognized as a global leader in sustainability and reporting. Cognizant of the growing global demand for greater rigor and standardization of ESG reporting, we are working with our listed companies to introduce sustainability disclosure guidelines for the Nigerian capital market. We expect that these guidelines and principles, to which The Exchange itself adheres, will enhance the global competitiveness of our issuers and support their growth objectives. Indeed the solid performance (+6.98% year-on-year) of the Premium Board in 2016, despite the bearish market, reflects the appeal of these "African champions" to investors, and affirms that strong, transparent and sustainable listed companies are key to developing a resilient market.

### **Building Strong Global Partnerships**

The NSE continues to collaborate with leading securities exchanges and institutions to implement initiatives required to deliver a robust and efficient capital market. Today, we belong to over fifteen (15) global associations including the World Federation of Exchanges (WFE), International Organization of Securities Commissions (IOSCO), Intermarket Surveillance Group (ISG), FIX Trading Community, African Securities Exchanges Association (ASEA) and West African Capital Markets Integration Council (WACMIC). The value of these global partnerships was evident through 2016. We held our third dual listings conference with the London Stock Exchange Group (LSEG), as part of our strategy to provide our home-grown companies with borderless financing options that enable them to achieve optimal capital structure. We also signed an MoU with the Casablanca Stock Exchange (CSE) to support information exchange, capacity-building, joint products and dual listings for both exchanges.

The NSE continues to play a leading role in advancing ASEA's pan-African agenda to empower African securities exchanges to become key drivers of the economic and societal transformation of Africa by the year 2025. The Exchange is one of six pilot exchanges under ASEA's African Exchanges Linkages Project (AELP) - a joint initiative with the African Development Bank (AfDB) to boost liquidity in African financial markets through cross-border linkages. Through our collaborative efforts during the year, an in-depth framework detailing the technical structure for the market linkages was completed. We also began sensitizing key stakeholder groups across the continent, ranging from apex regulators to the Committee of Ten African Ministers of Finance and Central Bank Governors (the C-10). We strongly believe that the AELP, and sub-regional integration efforts such as the WACMI programme, have sustainable potential to boost liquidity in African markets, reduce fragmentation and provide issuers with access to deeper pools of capital.

### **Outlook for 2017**

By the IMF's most recent forecast, the Nigerian economy is expected to emerge from recession to grow 0.8% in

2017. This projection presents a positive outlook for the NSE in the coming year, as we anticipate the reallocation of assets to frontier and emerging markets. Any potential market rebound is critically dependent on the ability of government and regulators to implement policies that provide stability to the marketplace and enhance investor confidence. Towards this, The Exchange remains committed to engagements with market stakeholders, government and the private sector to explore synergies that can emerge from complementary actions in both policy development and implementation. On our part, we will also continue to adapt to stakeholder needs in the evolving business climate, developing innovative and diverse products that perform well in different market conditions, while maintaining a regulatory framework that engenders confident investors.

### Conclusion

The capital market and the business of the NSE will always be impacted by shifting economic headwinds. Yet, looking across our enterprise, I see a business that has delivered strong and broad-based results which strengthen our foundation for long-term prosperity, and will drive growth in the near-term. Our successes this year were made possible by the unfaltering support of our

dealing member community, primary regulator and fellow market stakeholders. I am immensely grateful to you all. I must also thank the ever astute NSE National Council for their continued trust and guidance—especially the Council President, Mr. Aigboje Aig-Imoukhuede, CON, who has worked very closely with me and is completing his three year tenure—as well as NSE employees for their commitment, diligent discharge of duties and steadfastness through the period. We will continue to work towards accelerating our momentum on our journey to becoming Africa's foremost securities exchange.



**Oscar N. Onyema, OON**  
Chief Executive Officer,  
The Nigerian Stock Exchange



WEAVING A  
SUSTAINABLE  
FUTURE TOGETHER

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# Strategy at the Core

## **Delivering on Unique Value**

We are fostering a safe and reliable  
investment climate for millions  
of investors in Africa and around the world.

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## Delivering on Unique Value

We are fostering a safe and reliable investment climate for millions of investors in Africa and around the world.

### Leveraging Valued Experience:

With over 55 years of experience in servicing one of Africa's most enterprising economies, the NSE continues to drive innovation and reliability in catalyzing capital formation as a conduit for sustainable wealth creation.

We continue to leverage our wealth of experience in capital market thought leadership to capitalize on future opportunities.

### Amplifying Strategy Execution:

Cognizant of the emerging challenges persistent in the macro-economy, The Exchange intensified its outreach to the Government to proffer tangible solutions to economic constraints.

We also embarked on a mission to highlight how our array of asset classes can offer investment opportunities, both on the domestic and international front.

### Achieving Our Vision:

We continue to advance our strategic agenda guided by our corporate Vision.

As we enter into the next year of executing on our strategy framework, we plan to i) enhance market and product developmental efforts, ii) promote market-wide engagement & capacity building and iii) equip and motivate our people for success.

## Leveraging Valued Experience:

### Experienced Fortitude to Capitalize on the Future

Our prestige in proving valued thought leadership, joined with our dynamic experience in global capital markets, continues to uniquely position the business as a leading force behind Africa's emerging growth narrative. In spite of dominating economic challenges persistent in our operating environment, the NSE continues to execute on its strategy, leveraging on its long-term value proposition of best-in-class service and product offerings in servicing Africa's largest economy and championing the development of Africa's financial markets. With over 55 years of experience in servicing one of Africa's most enterprising economies, the NSE continues to drive innovation and reliability in catalyzing capital formation as a conduit for sustainable wealth creation.

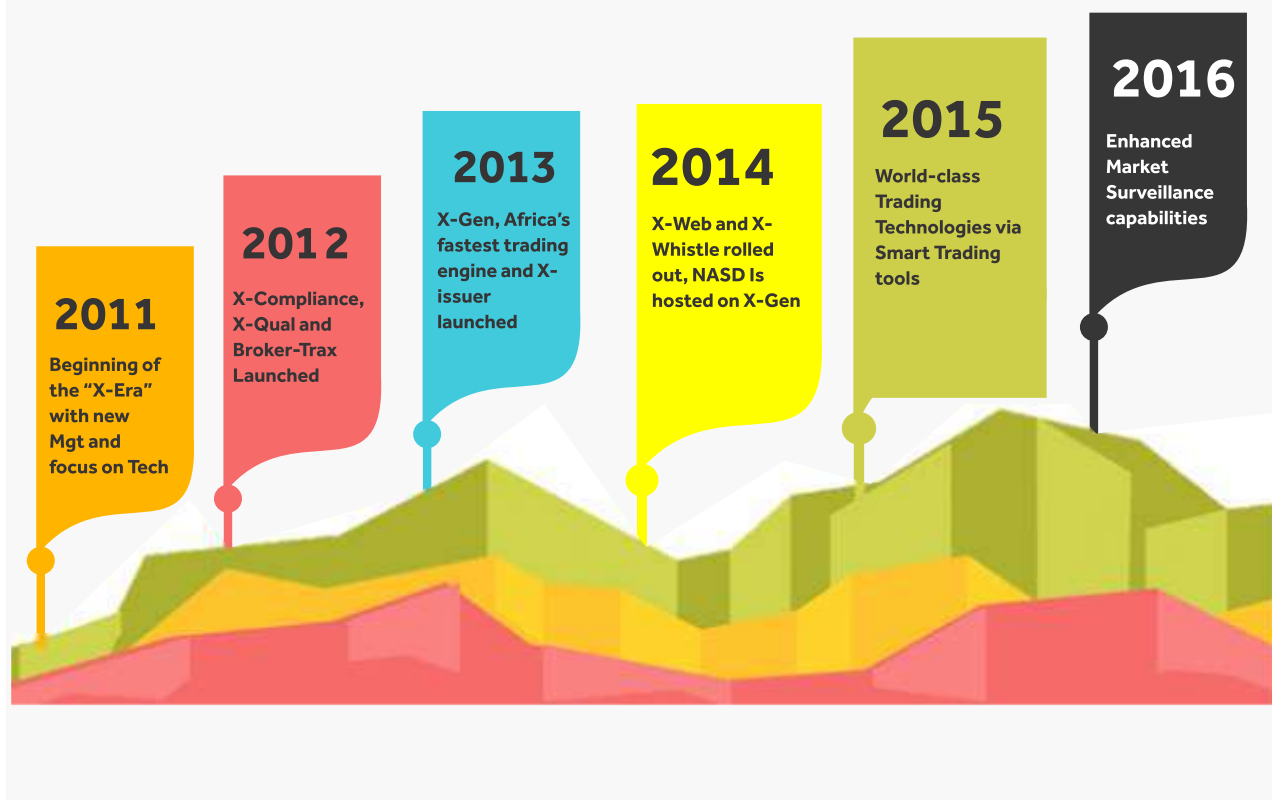
Our strategy entails offering a range of products and services specifically tailored to address an array of stakeholders' requirements across the value chain. With a growing product offering, inclusive of listing and trading services, licensing services, market data solutions, ancillary technology services, and more, the NSE can adequately provide a range of solutions to its clients, enhancing the end-to-end customer experience. At the heart of our desire to foster an innovative environment for future success is our corporate culture. Our ambition is to be a customer-focused, people-centric and results-oriented organization, fostering a high-performance and intellectually challenging work atmosphere, as one of Africa's leading bourses, connecting Nigeria, Africa and the world.

### Our Journey Thus Far

Upon successful completion of our Transformation Agenda, we shifted our focus towards a progressive growth strategy by refining our mission and vision, and developing a comprehensive organizational strategic framework. At the core of our strategic efforts has been our commitment to innovation in enhancing our business model via improved liquidity, regulatory and operational efficiency efforts, inherently forming the basis of our corporate Vision and the NSE's "X-Era".



### The "X-Era"



### Amplifying Strategy Execution:

#### Enhanced Progression Monitoring

As part of our transition to a focused progressive growth strategy, The Exchange identified three (3) cornerstone strategic objectives for the NSE's 2015 – 2019 Corporate Strategy in our quest to attract more confident investors and issuers alike, namely being 1) increasing the number of new listings across 5 asset classes; 2) increasing order flow in the 5 asset classes; and 3) operating a fair and orderly market based on just and equitable principles.

In validating our corporate strategy, The Exchange partnered with McKinsey & Company, to not only stress test our ambitions to catalyze Africa's financial markets, but to (i) proffer solutions and initiatives that would transform our market operators, (ii) provide new targeted listing value propositions promoting the NSE as one of Africa's premier listing destinations and (iii) revamp our domestic and international order flow efforts, via new product offerings and incentives.

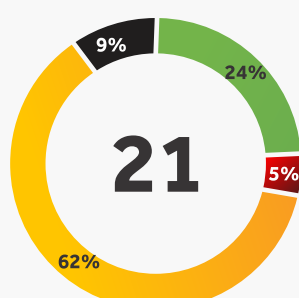
As a result of a vigorous iterative process, engaging the Apex regulator, issuers and investors, amongst other key stakeholders and market operators, The Exchange developed a robust roadmap detailing an array of initiatives, projects and critical tasks required to successfully implement our strategic objectives. Specifically, we identified the aforementioned strategic objectives alongside six (6) key strategic initiatives comprising twenty-one (21) individual projects associated with over one-hundred (100+) critical tasks. We track our progress on an ongoing basis, and despite the economic headwinds throughout the year, the NSE maintained a clear focus on strategy implementation resulting in measurable gains in our strategy execution in 2016. As at the end of the year, we completed 37% of the critical tasks required to implement our strategy, with 38% Work-in-Progress (WIP), collectively equating to 75% of our strategic plan actioned within the first two (2) years of a 5 years implementation framework.

## NSE Strategic Performance

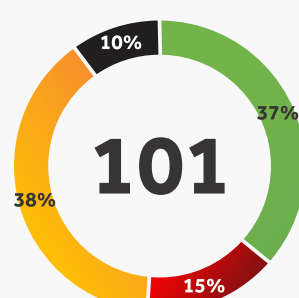
### Strategic Initiatives



### Strategic Projects



### Strategic Tasks



#### Key

- Completed
- Work-in-Progress
- Not Started
- Discontinued

**As at December 31, 2016**

We realize that the crusade to catalyze Africa's financial markets is becoming ever more relevant, necessitating greater strategic ingenuity in light of growing volatility in Foreign Portfolio Investments (FPI) capital flows into the continent. It is on this premise that The Exchange strives to engrain strategy execution into our organizational DNA, illustrated by our "Selective Strategic Highlights" achieved during the year.

## Dimensioning Our Strategic Implementation

Our dynamic approach to strategy execution is a distinctive competitive advantage, enabling us to adequately serve issuers and investors across Africa and around the world.

Strategic Objectives	Selective Strategic Highlights	Key Performance Indicators
<b>S1</b> Strategic Pillar 1: Increase the number of new listings across 5 asset classes	<ul style="list-style-type: none"> <li>■ <i>Fixed Income Listing</i>: Successfully listed largest corporate bond issued in the Nigerian capital market (valued at N60 billion).</li> <li>■ <i>Product Launch</i>: Launched a Vetiva S&amp;P Nigerian Sovereign Bond ETF.</li> <li>■ <i>Exchange Traded Derivatives (ETD) Project</i>: Sensitization of key external stakeholders for uptake upon launch, in addition to enhancing X-Gen trading system and commencing work on regulatory framework.</li> <li>■ <i>Competitive Pricing Structure (CPS)</i>: On-going market-wide pricing framework, with approval-in-principle from Apex regulator.</li> </ul>	<ul style="list-style-type: none"> <li>■ Assisted in <b>31.2%</b> increase in value of bonds listed.</li> <li>■ <b>1st</b> Bond ETF to be listed in Nigeria.</li> <li>■ Expectation to launch <b>1st</b> ETD in West Africa.</li> <li>■ Launch of <b>3</b> modules of CPS framework.</li> </ul>

Our dynamic approach to strategy execution is a distinctive competitive advantage, enabling us to adequately serve issuers and investors across Africa and around the world.

Strategic Objectives	Selective Strategic Highlights	Key Performance Indicators
<b>S2</b> Strategic Pillar 2:  Increase order flow in the 5 asset classes	<ul style="list-style-type: none"> <li>■ <i>Fixed Income Incentives</i>: Introduced CPS pilot fixed income fee structure, expected to further boost fixed income listings and trading on the NSE.</li> <li>■ <i>Establish Central Counterparty (CCP)</i>: Incorporated CCP company, NG Clearing Ltd., and established governance structure for phased approach to meet European Market Infrastructure Regulation (EMIR) requirements.</li> <li>■ <i>Financial Literacy</i>: Reached &gt;15,400 participants via 151 financial literacy programs across Nigeria.</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>137.1%</b> increase in bond trading on the NSE.</li> <li>■ Raised <b>&gt;50%</b> of capital requirement for EMIR standards.</li> <li>■ <b>1.0%</b> increase in retail trading activity compared to FPIs.</li> </ul>
<b>S3</b> Strategic Pillar 3:  Operate a fair and orderly market based on just and equitable principles	<ul style="list-style-type: none"> <li>■ <i>Demutualization</i>: Engagements with critical stakeholders to the demutualization process for principle buy-in, in addition to developing the legal framework envisioned to allow for our legal status as a demutualized entity.</li> <li>■ <i>MOS</i>: Successfully completed implementation of market-wide Minimum Operating Standards (MOS) program for Dealing Member Firms (DMFs).</li> <li>■ <i>SMARTs Technology</i>: Following from our efforts initiated in 2015, the NSE officially completed its SMARTs solution initiative, facilitating efficient/effective market surveillance.</li> </ul>	<ul style="list-style-type: none"> <li>■ Received <b>1st</b> clean bill of health from financial &amp; legal advisors via due diligence process.</li> <li>■ <b>94%</b> of DMFs in compliance with NSE's MOS requirements</li> <li>■ <b>&lt;24 hrs</b> to generate required surveillance data (previously &gt;2.5 days).</li> </ul>

We are resolute in our efforts to implement a multifaceted strategy, keenly focused on ecosystem sustainability.

Beyond our "Selective Strategic Highlights" executed during the year, The Exchange advanced its strategic agenda by executing on several initiatives across the value chain mission critical to our long-term success. Relating to our core business of listing and trading services, we intensified our engagement efforts throughout the year vis-à-vis activating our capital market product advisory groups with direct engagement with deal origination and order flow associations, in addition to increased engagement with existing and potential issuers via CEO-to-CEO visits.

### Monetizing Markets Services

Leveraging on our proficiency and vast experience in providing leading technology solutions, combined with our leadership in regulatory expertise, we realized an emerging opportunity in offering market services to the greater ecosystem. A key example of this effort during the year culminated in our public sector work with the Federal Government of Nigeria (FGN) on their anti-corruption whistleblower framework, with the launch of their e-Whistle Portal at [www.whistle.finance.gov.ng](http://www.whistle.finance.gov.ng). Our collaboration has marginally assisted in recovering **N68.8 billion** for Nigeria since the (whistleblower) program was initiated.

On this accord, we have made significant progress in developing the framework for our market services suite initiative with the development of comprehensive service offering collaterals and commencement of marketing efforts towards client adaptation. Specifically, we expect to onboard our first client(s) for regulatory market services in the coming year, offering services such as market surveillance, inspection and monitoring services, disciplinary services and training services (e.g. corporate governance). In conjunction, we are finalizing formalities for our tech savvy "Exchange-in-Box" solution offerings geared towards monetizing our intellectual property developed during the "X-Era". In accomplishing this initiative, our goal is to ensure that the NSE's competitive advantage in the areas of regulation and technology, support the wider capital market in Nigeria, and to a greater extent African capital markets, in creating a more dynamic and viable investment climate.

### Strategy in Full-Gear

Several initiatives executed across the business concur with our cornerstone three (3) strategic objectives. *The following information illustrates our progression during the year:*

- Initiatives associated with an S1, S2 or S3 refer to pillars in our Strategic Framework
- Initiatives associated with general Strategic Developmental Efforts.

Initiative Description	Strategic Highlights	Key Strategic Impact
<ul style="list-style-type: none"> <li>■ <i>Securities Lending and Covered-Short Selling (SLSS)</i></li> </ul>	<p>In anticipation of the launch of ETDs in our market, the NSE continued to build out the construct for securities lending and cover short selling. Following SEC's approval of the <i>Securities Lending</i> rule, the framework for including retail investors in securities lending has been developed for implementation. Efforts towards including retail investors in securities lending increases the potential for enhanced liquidity via larger pool of securities available for SLSS.</p> <p>Additionally, after a series of engagements with Securities Lending Agents (SLAs) and other market participants, we have finalized a framework to open SLSS to other market participants, when the program is officially launched.</p>	<div>S1 S2 S3</div> <p>SLSS increases incentives to list hedge related products, driving underlying order flow, in addition to elevating our market to global standards.</p>
<ul style="list-style-type: none"> <li>■ Trade Smart Campaign</li> </ul>	<p>We coordinated a Trade Smart campaign in conjunction with DMF across the country to create awareness of retail mobile trading possibilities and platforms currently available in Nigeria's capital market. The campaign reached over 20 million impressions on social media, expanding our outreach to current and potential retail investors across Nigeria</p>	<div>S2</div> <p>Enhances prospects for sustainable domestic order flow.</p>

Initiative Description	Strategic Highlights	Key Strategic Impact
<ul style="list-style-type: none"> <li>Nigerian Capital Market Sustainability Conference (NCMSC)</li> </ul>	<p>The NSE hosted the inaugural NCMSC in partnership with Ernst &amp; Young (EY) and Global Reporting Initiative (GRI), where we promoted "The Imperative of Sustainability in Building a Stronger Nigerian Capital Market". The aim of the conference is to create awareness amongst listed companies and to synthesize current thinking on sustainability opportunities and challenges in Nigeria, as well as to initiate discussion on a set of environmental, social and governance (ESG) reporting guidelines for the issuer community.</p>	<p><b>S3</b></p> <p>Promotes enhanced governance standards, in accordance with global best practices.</p>
<ul style="list-style-type: none"> <li>Corporate Governance Rating System (CGRS)</li> </ul>	<p>In collaboration with the Convention on Business Integrity (CBI), The Exchange facilitated the initial stage of the CGRS programs intended for all listed companies. During the year, Sixty-three (63) Issuers representing 48% of the total active listed companies eligible for assessment submitted their CGRS assessment results. The Fiduciary Awareness Certification Test (FACT) stage of the program has commenced for companies eligible to participate in the programme based on their initial assessment scores.</p>	<p><b>S3</b></p> <p>Incorporating the CGRS program market wide amongst all listed companies promotes greater transparency and accountability.</p>
<ul style="list-style-type: none"> <li>MSCI Collaborations and Engagements</li> </ul>	<p>We executed the Global Index Classification Standard (GICS) collaboration agreement with MSCI to restructure the sectorial classification of listed indices in our market.</p> <p>The NSE has also engaged with MSCI throughout the year to actively consult on monetary policy initiatives and the accessibility of the foreign exchange market in addressing international clients' concerns.</p>	<p><b>S1 S2</b></p> <p>Implementation/ advocacy may increase listing of tradable indices, ETFs and derivative products, in addition to supporting order flow of underlying assets.</p>
<ul style="list-style-type: none"> <li>Enhanced Exchange Collaboration via London Stock Exchange Group's (LSEG) Africa Advisory Group</li> </ul>	<p>The NSE has a seat at the table relating to the continent-wide effort by the LSEG to promote its <i>Africa Advisory Group</i>, which brings together African business leaders and senior representatives from pan-African economic bodies to discuss the challenges and opportunities presented by the development of Africa's capital market infrastructure.</p> <p>We envision this collaboration as a mutually beneficial opportunity in our efforts to sustain and grow Africa's financial markets.</p>	<p><b>S2 S3</b></p> <p>Further promotes the NSE to the global investor, while providing a platform for sharing capital market global best practices.</p>

Initiative Description	Strategic Highlights	Key Strategic Impact
<ul style="list-style-type: none"> <li>Enhanced Exchange Collaboration via MoU with Casablanca Stock Exchange</li> </ul>	<p>We signed an MoU with the Casablanca Stock Exchange with key areas of cooperation including promoting cross-listings, market integration, communication and information sharing, in addition to other aspect of our agreement.</p> <p>We envision our efforts to partnership with other African exchanges will grow our respective markets in a mutually beneficial manner.</p>	<div>S1 S2</div> <p>Potential to increase listing of tradable products (e.g. Sharia complaint products), with market integration fostering greater order flow.</p>
<ul style="list-style-type: none"> <li>NSE Bloomberg Chief Executive Officers (CEO) Roundtable</li> </ul>	<p>The Exchange, in partnership with Bloomberg L.P, hosted the 2<sup>nd</sup> edition of the NSE Bloomberg CEO Roundtable themed "Navigating the Changing Business Landscape in Nigeria" on August 31st 2016. The Roundtable, which had over 170 senior delegates in attendance, presented an opportunity for capital market participants, business leaders and Chief Executives to discuss and proffer solutions to the current economic challenges faced in Nigeria.</p>	<div>S2</div> <p>Creates platform for elevated discussion for capital market resolutions, potentially increasing market buy-in (i.e. trading activity).</p>
<ul style="list-style-type: none"> <li>Building African Financial Markets (BAFM)</li> </ul>	<p>We successfully hosted the 5th African Securities Exchanges Association's (ASEA) international capacity building seminar, Building African Financial Markets, marking the 1<sup>st</sup> time the seminar held outside South Africa, in which the event was attended by 164 individuals from 12 countries across Africa</p>	<div>S3</div> <p>Promote equitable principles in African financial markets.</p>
<ul style="list-style-type: none"> <li>Capital Market Integration</li> </ul>	<p>The NSE continued to play a leading role on the African capital market integration front, highlighted by our work with ASEA/ AfDB African Exchanges Linkage Project (AELP) as an incubation exchange.</p> <p>We also continue to support the West African Capital Market Integration program, with the facilitation of continued cross-broader trading activity, following the initial trade achieved in 2015.</p>	<div>S1 S2 S3</div> <p>Successful implementation is geared towards increased listing and order flow, as well as regulatory harmonization.</p>
<ul style="list-style-type: none"> <li>Technical Study Tour of CME and CBOE</li> </ul>	<p>As a prelude to the launch of ETDs, the National Council and Management team participated in a Technical Tour of the Chicago Mercantile Exchange and Chicago Board Options Exchange in Chicago, where we gained significant insights on the global derivatives markets from interactive engagements with senior management, including C-level interaction, addition to the greater ecosystem such as TD Ameritrade, Interactive Brokers and the National Futures Associates.</p>	<div>S3</div> <p>Learnings from engagements and information sharing relationship support orderly market implementation of derivatives launch.</p>
<ul style="list-style-type: none"> <li>Capital Market Master Plan Implementation Council</li> </ul>	<p>The NSE continues to actively support the SEC's market-wide effort of the SEC's to implement its Capital Market Master plan framework, with our CEO inducted as a Council member, inheritably providing thought leadership throughout the process.</p>	<div>S3</div> <p>Creates accountability framework for capital market ecosystem.</p>

Initiative Description	Strategic Highlights	Key Strategic Impact
<ul style="list-style-type: none"> <li>■ <i>Direct Cash Settlement</i></li> </ul>	<p>As part of the ongoing initiatives to protect investors and eliminate fraudulent activities in the Nigerian capital market, stakeholders in the market under the leadership of the SEC and The Exchange implemented the Direct Cash Settlement (DCS) initiative, which is the direct payment of proceed of sale of securities into an investor's nominated bank account</p> <p>Following the successful implementation of the DCS project across the market, approximately 300 investors have set up DCS accounts, while another 250 requests in process as at the end of our fiscal year.</p> <p>We envision this initiative to be mandated in our market in the near-term.</p>	<div>S1 S2</div> <p>Promotes orderly, just and equitable principles in line with global standards</p>
<ul style="list-style-type: none"> <li>■ <i>The FGN Retail Savings Bond (FGNRSB)</i></li> </ul>	<p>Following from engagement with the FGN, our Secondary Markets team and the larger ecosystem, the NSE laid the foundation for the FGN Retail Savings Bond expected to be launched imminently. The benefits of the bond is to help enhance the savings culture among Nigerians while providing all citizens irrespective of income level, an opportunity to contribute to national development, as well as the comparatively favourable returns available in the Capital market.</p>	<div>S1 S2</div> <p>Directly increases listed and tradable products when launched.</p>
<ul style="list-style-type: none"> <li>■ <i>Membership Information System</i></li> </ul>	<p>During the year we implemented a tech savvy Member Information System (MIS) for the management of our member information. The MIS allows for an effective way of recording, storing, and updating member's information as changes occur in real-time.</p> <p>Our MIS played an extremely integral role in our member verification process, in addition to its vitality to our ongoing demutualization efforts.</p>	<div>S3</div> <p>Critical component to demutualization process, aligning the business to global best practices.</p>
<ul style="list-style-type: none"> <li>■ <i>The NSE Recruitment portal</i></li> </ul>	<p>The NSE's Recruitment Portal creates a platform where a broader reach of candidates will be archived thereby building a central repository of applicants and applicant information while improving The Exchange's visibility globally.</p>	<div></div> <p>Globalizes our effort to attract top-notch talent.</p>

Our efforts to execute on our strategic roadmap despite a challenging operating environment continues to illustrate our organizational ambition to modernize Africa's capital markets. As our progression illustrates, we continue to develop inventive ways to champion market-wide capacity building, while creating a more dynamic ecosystem by virtue of continuous improvement and engagement.



# Engaging Order Flow

2016 ANNUAL REPORT

Aware of the challenging year ahead at the onset of 2016, The Exchange realized the need for purposeful market wide engagement to promote product awareness, as well as provide a mechanism for direct capital market feedback. On this premise, throughout the year we (i) intensified our outreach to the FGN and (ii) embarked on a campaign to highlight how our array of product asset classes can meet the funding and investment requirements for issuers and investors alike, both on the domestic and international frontier.

Paramount to this effort, the NSE hosted a number of international capital market workshops custom-fitted to share product specific global practices via interactively engaging and educating stakeholders across the value chain on opportunities cross-wide asset classes. Market-wide targeted efforts for workshop engagements ranged from the Government, to selected investor groups and origination issuers, as well as fund managers amongst other key market operators. Categorically, we hosted the following world-class capital market workshops during the year:

- *Fixed Income*: Hosted dynamic fixed income workshop laying the ground for future product development.
- *Market Data*: Initiated Nigeria's first ever market data workshop creating awareness of tech savvy product solutions.
- *Exchange traded Funds*: Held ground-breaking ETF workshop geared towards increased product development



Fixed Income Workshop	Market Data Workshop	Exchange Traded Funds Workshop
<ul style="list-style-type: none"> <li>◆ In partnership with DMO and Stanbic IBTC Stockbrokers, we held a capacity-building workshop for brokers on March 5, 2016.</li> <li>◆ The workshop was facilitated by seasoned professionals and designed to give brokers an in-depth understanding of the FGN bond auction process and its methodology; settlement and movement of securities between CBN, S4 and CSCS;</li> <li>◆ Additionally, the workshop focused on fundamentals of bond instruments, valuation and portfolio application.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Held in partnership with Samsung (amongst other partners), the Market Data Work was designed to sensitize stakeholders of the critical role of Market Data in today's markets.</li> <li>◆ Product Release: Market Services launched the release of the NSE Market Data API which gathered a lot of positive attention from member firms and other capital market participants.</li> <li>◆ Participants: In attendance were 480 stakeholders including market data aggregators, broker dealers, government agencies, telecommunication agencies, amongst other participants.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Focused on product development, the ETF workshop was fashioned to address challenges and concerns expressed by issuers and investors regarding product development in Nigeria and Africa.</li> <li>◆ Discussions revolved around the need for broad exposure to specific asset classes in product development, as well as investable and replicable structures with sufficient liquidity, transparency, and low restrictions.</li> <li>◆ Over 180 attendees including two international index providers, MSCI and S&amp;P, as well as a world renowned ETF strategist.</li> </ul>



## Achieving Our Vision:

**Strategically Fostering Ahead**

In advancing our Vision forward in the coming year, the organization will continue with implementation of the NSE's 2015 – 2019 Corporate Strategy framework, ensuring adaptability to our strategic approach contingent on developments in the underlying operating climate. Pressing forward with our efforts to i) demutualize the business ii) launch exchange traded derivatives and iii) monetize our intellectual property via our market services initiative is mission critical to our long-term vitality as a securities exchange. Appropriately, these three (3) initiatives remain our top priorities until full implementation is accomplished.

Recommendations from our international capital market workshops and product advisory working groups, joined with feedback sought directly from current and potential clients utilizing our corporate strategic planning framework have provided insights and synergies that will guide the NSE's strategic developmental efforts in the near-term. These developmental efforts are geared towards 1) enhancing market and product development, 2) promoting market-wide engagement & capacity building and 3) equipping and motivating our people for success, as highlighted in the following table:

Developmental Efforts	Focus Area	Focus Description	Desired Strategic Impact
Market and Product Development	♦ <b>Creative Product Development</b>	Develop concept portfolio of 'economy-proof' products, creating frameworks for an array of diverse, multifaceted financial instruments (e.g. FGNRSB, green bonds, ETF development, derivatives, etc.).	Configure existing products to address macro-economy challenges and re-evaluate additional asset classes to compete in.
	♦ <b>Continuous Ecosystem Engagement</b>	Proactively respond to developments that impact the Nigerian capital market ecosystem, ensuring continuous, and where necessary increased, collaboration with market stakeholders across the value chain.	Elevate the NSE's profile as a customer focus and solution oriented organization, able to generate tangible outcomes.
	♦ <b>Enhanced Customer Intelligence</b>	Shift towards commercial-focused KYC ("CKYC") philosophy, by deepening our understanding of clients' investment needs and activities (e.g. data analysis, indirect and direct engagement, etc.).	Enhanced collaboration in the product development cycle, with improved client uptake.

Developmental Efforts	Focus Area	Focus Description	Desired Strategic Impact
Market-wide Engagement and Capacity Building	◆ <b>Derivatives Capacity</b>	Our capacity building efforts are geared towards investors and market operators who wish to gain detailed insight on the mechanics of our pipeline products, together with hedging and risk management protocols.	<i>Ensure the seamless commencement of our derivative product launches.</i>
	◆ <b>Launch of X-Academy</b>	The X-Academy will be Nigeria's premier learning institution, offering a broad range of practical, highly interactive capital market programmes, aimed at enhancing the abilities of participants to make sound financial decisions.	<i>Develop market wide capacity, further enhancing our strategic global thought leadership positioning.</i>
	◆ <b>Bolstering "In-house" Research Capacity</b>	In support of our market and product development efforts relating to customer intelligence, systematically increase organizational focus on "in-house research", including deepening economic intelligence in order to proactively offer custom-fitted solutions to emerging international and domestic policies.	<i>Enhanced knowledge base in the product development cycle, with improved client uptake.</i>
Equipping and Motivating our People for Success	◆ <b>Succession Planning Program</b>	<p>To drive sustainability of organizational leadership and enhance employee buy-in, the NSE plans to solidify and communicate its succession framework to employees.</p> <p>The program provides the opportunity to promote individuals who have demonstrated leadership potential, not only in their respective department, but at the organizational level.</p>	<i>Cost saving by promoting long-term career trajectories, in addition to growing 'in-house' talent.</i>
	◆ <b>Framework for internal Continuous Development Program (CDP)</b>	The intent of The Exchange's Continuous Development Program is to consistently develop our employees' skillset and capital market expertise, in an effort to groom talent for future key internal positions as opportunities arise.	<i>Measurable organizational wide enhancements to knowledge base, skills and competencies, including faster turnaround times, improved work flows and stakeholder interaction.</i>

**Equipping and  
Motivating our  
People for  
Success (cont'd)**

◆ **Enhanced  
Recognition**

With programs like our (i) long service award, (ii) key talent retention policy and (iii) 'African Champs' initiative, the NSE is committing itself to rewarding and recognizing performance driven achievements by top-notch talent.

*Enhance and retain key talent, thereby enhancing the NSE's depth and experience in thought leadership, while sustaining our legacy culture.*

**Living our Vision**

Our strategic efforts tie directly back to our corporate Vision to be Africa's foremost securities exchange, driven by regulation, efficiency, liquidity and innovation. As we strive to create a more dynamic capital market across Africa, we will continue to internalize and live our Vision to the fullest extent.

# Achieving Our *Vision...*

To be Africa's foremost securities exchange, driven by...

- |            |  |  |
|------------|--|--|
| Regulation |  | Creating unique value in our regulation business, promoting best-in-class global standards |
| Efficiency |  | Driving performance, ensuring a world class customer experience                            |
| Liquidity  |  | Deepening investment pools, delivering on a seamless end-to-end transaction life cycle     |
| Innovation |  | Leveraging technology for dynamic solutions to unique challenges                           |

[www.nse.com.ng](http://www.nse.com.ng)

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# Financial Highlights

**We continuously strive  
for operational excellence  
to fuel profitable growth.**

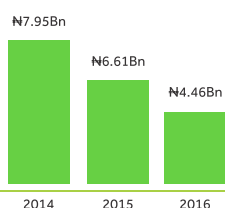
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In 2016, we executed on our strategy and maintained a stable financial position by controlling costs and maintaining a low debt profile. As core income streams were challenged by the economic downturn, efforts during the year to diversify our income streams were rewarding.

OPERATING SURPLUS AFTER TAX  
**N27.45Mn**

#### TOTAL INCOME

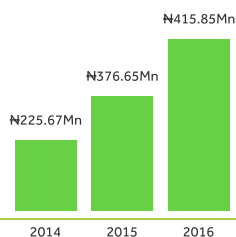


Total earnings were supported by positive growth in income from investment, market data and technology business.

DECLINED



#### MARKET SERVICES INCOME

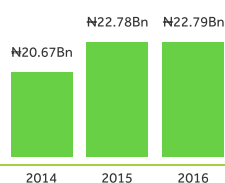


Growing demand for greater breadth of real-time market information has driven a 63% growth since 2014.



IMPROVED

#### TOTAL ASSETS

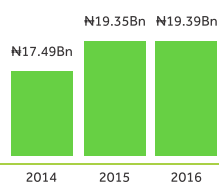


Minimized non-current asset investments during year and maximized our returns on treasury investments.



IMPROVED

#### TOTAL EQUITY

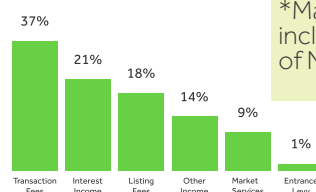


Maintained effective fiscal discipline during the year and sustained our net worth.



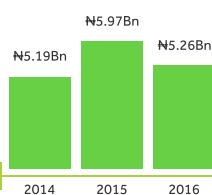
IMPROVED

#### TOTAL INCOME MIX



\*Market Services income includes Technology income of N212.03Mn (2016)

#### TOTAL EXPENSES

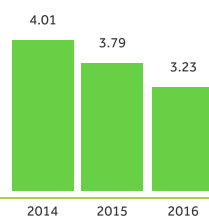


Contingency framework triggered during the year resulted in a 12% decline in total expenses.



IMPROVED

#### CURRENT RATIO



Implemented a cash conversion policy during the year to effectively manage our working capital.



DECLINED

Implemented a cash conversion policy during the year to effectively manage our working capital.

#### NOTE

- In 2016 we focused on consolidating our achievements from the last few years and set our strategic priorities accordingly.
- Albeit a challenging year, there are encouraging signs of return to higher levels of profitability in the forthcoming financial years.



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# Risk Management and Compliance Reports

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The economic conditions of 2016 reiterated that the professional management of risk is a critical factor in the successful execution of our strategic risk plan and performance of our business. Principal among the challenges faced last year were the fluctuations in foreign exchange and the sliding crude oil prices which had ripple effects on the overall macroeconomic environment. These events tested our resilience and the effectiveness of our risk management program. However, we were able to weather the storm by focusing on monitoring and continuous improvement of control processes of high priority risks. While at the same time proactively implementing tight operating cost controls and prudent cash flow management discipline. The Exchange's understanding of its high priority risks, and the integration of this knowledge into business decision-making processes, enables us to be better prepared to respond to macroeconomic shocks.

Additionally, we continue to operationalize the Council approved Risk Management Framework using a blend of top-down and bottom-up approaches to identify new and emerging risks. These risks are prioritized in terms of likelihood, while considering qualitative and quantitative impact on distinct objectives. This process is complemented by the robust discussions held with departmental heads and subject-matter-experts on the likelihood and cumulative impacts of identified risks.

### Strategic Risk Objectives

The overarching objective of the risk management program is to: i) promote an efficient and effective management of risk; ii) increase risk awareness across the Exchange; and iii) serve as a strategic partner to all departments on risk related issues.

- The Exchange's Risk Objectives are in line with the overall strategic vision and mission of the institution. Highlights of these objectives are outlined below:
  - Maintaining a risk awareness culture throughout the Exchange: A strong risk culture is a fundamental building block of an effective ERM program. We are working to ensure that the focus on risk-based decision making becomes sustainable over time through frequent enterprise-wide risk training and sensitization programs.
  - Embedding risk in the strategic planning and product development process: Initiatives such as derivatives are new and novel to the market, as a result it is imperative that a comprehensive, systematic, and disciplined product risk management approach is integral to the process of determining both the opportunities and downside risk of new products.
  - Maintaining liquidity: Efficiently meeting our cash obligations is critical to the Exchange's operations. The Exchange has established layers of defenses to ensure that it not only meets its expected financial obligations but also any unexpected liquidity obligations that may arise.
  - Compliance with all regulatory obligations: The Exchange plays a critical role in the capital market industry and the economy as a whole. How we comply with regulations will be crucial to our future success. As a result, we have instituted a zero tolerance for any regulatory breaches. The Risk management team periodically reviews all regulatory related processes to ensure there are no gaps or issues that might prevent the Exchange from meeting its stated regulatory objectives.

### Our Approach To Risk Management

The Nigerian Stock Exchange promotes a strong culture of risk management, combined with a robust risk framework. Our risk framework recognizes that effective and holistic management of risk must include comprehensive risk governance structures that adhere to the Three Lines of Defense model. The Three Lines of



Defense model provides a consistent method for dealing with risks across the Exchange and articulates the roles and responsibilities of the three groups (or lines) involved in the effective management of Risk across the Exchange as illustrated below:

### ***Risk Management Framework***

Risk Governance	1 <sup>st</sup> Line (Division Units (BUs))				2 <sup>nd</sup> Line (Standard Setters)			3 <sup>rd</sup> Line (Assurance)	
	Head of Departments				Enterprise Risk Group			Internal Audit	External Audit
	CEO Office	Capital Markets	Legal	MOT	Exco	ARM Committee	The Council		
Risk Framework	<ul style="list-style-type: none"><li>Day to day risk management and control, within the policies set by the 2nd line of defense.</li><li>HODs adopt strategies to identify departmental risk/ opportunities and optimize return on capital.</li></ul>				<ul style="list-style-type: none"><li>Establish risk framework guidelines and ensure Business Units have an effective risk management process that operates within the guidelines.</li><li>Own development review and deployment of corporate policies, including Risk Framework.</li><li>Support Interpretation of corporate policies within Business Units.</li></ul>			<ul style="list-style-type: none"><li>Independent assurance over the risk and control framework.</li></ul>	
Risk Identification & Management	<ul style="list-style-type: none"><li>HODS' own BU Function risk identification process<ul style="list-style-type: none"><li>- Document process.</li><li>- Identify risks.</li><li>- Measure and prioritize risks and implement risk mitigation actions aligned with BU risk appetite.</li></ul></li></ul>				<ul style="list-style-type: none"><li>Provide Integrated guidance on risk assessment, qualification, and measurement.</li><li>Conduct periodic/ongoing reviews of risks, e.g. conduct risk assessments, info security reviews, ERM assessments and quality reviews</li><li>Support senior management In strategy setting by providing relevant risk analysis.</li><li>Ensure that SUs assign appropriate accountability for risk management (Prevention/detection or remediation).</li></ul>			<ul style="list-style-type: none"><li>Identify business risk for internal audit.</li><li>Develop plan for IA/External audit testing.</li></ul>	
Monitoring Testing, & Verification	<ul style="list-style-type: none"><li>Responsibility for self-assessment of risk/testing of controls and "front line" monitoring.</li></ul>				<ul style="list-style-type: none"><li>Conduct periodic review of ongoing BU monitoring program.</li><li>Disseminate result to respective risk and control groups.</li><li>Review progress on mitigation status of critical risk within the BU.</li></ul>			<ul style="list-style-type: none"><li>Conduct independent testing of design and operating effectiveness of controls.</li></ul>	
Risk Reporting	<ul style="list-style-type: none"><li>Responsible for on-going departmental updates / reports of existing and potential risks. And effectiveness of controls, including any issues that requires corrective action.</li></ul>				<ul style="list-style-type: none"><li>Update reports to EXCO</li></ul>	<ul style="list-style-type: none"><li>ARM Committee Reports.</li></ul>	<ul style="list-style-type: none"><li>Board level risk reports.</li></ul>	<ul style="list-style-type: none"><li>Assurance on controls and control framework elements</li></ul>	

**First Line of Defense:** Business units own and manage risk as a first line of defense. They are responsible for implementing corrective actions to address, process, and control deficiencies. They are also responsible for maintaining effective internal controls and executing risk and control procedures on a day-to-day basis.

**Second Line of Defense:** The Enterprise Risk Management function provides independent oversight and functions as a second line of defense. It establishes risk policies and frameworks, and ensures the risk management policies and tolerance levels are integrated into all business unit processes. It monitors the adequacy and effectiveness of internal control, accuracy and completeness of reporting, compliance with laws and regulations, and timely remediation of deficiencies.

**Third Line of Defense:** Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defense mechanisms achieve risk management and control objectives.

### **Conclusion:**

2017 will definitely not be without its own challenges for the Nigerian Stock Exchange but we will continue on the progress achieved thus far by ensuring we continue to adhere to our risk and compliance framework. Effective enterprise risk management is a top priority at the Exchange; as a result we will continue to enhance our risk management capabilities to ensure it meets the Exchange's business model and the challenges presented by the economic environment.

The Exchange is committed to upholding high ethical, social, environmental and health and safety standards in the conduct of its business and compliance with all applicable regulatory and statutory obligations. It is also committed to promoting just and equitable principles of trade and sound business practices in the Nigerian capital market. These commitments are fundamental to realizing the Exchange's vision.

The National Council of the Exchange has the overall responsibility for setting the tone on regulatory compliance, ethical, social, environmental and health and safety issues and is ultimately accountable to all stakeholders for ensuring that all the risks associated with these operational areas are effectively managed. This oversight function is performed through the Audit and Risk Management Committee of Council.

## The Compliance Function

While the Compliance Unit is saddled with the responsibility of supporting all business units across the Exchange as they comply with all applicable regulatory and statutory obligations, as well as operating to the highest social, ethical, environmental and health and safety standards, it is the primary responsibility of every employee of the Exchange to comply with the requirements of all relevant policies. The compliance function promotes a culture of compliance across the Exchange through the proactive management of regulatory and reputational risk.

## Principal Compliance Activities in 2016

The Exchange closed the year without any regulatory breaches, penalties or fines. Similarly, there was no material breach of the code of ethics and related health and safety policies of the Exchange. This is a testament to our strict compliance with relevant laws and regulations, in-line with our zero tolerance policy for regulatory breaches and our commitment to upholding high, ethical, and health and safety standards in the conduct of our business.

During the year, we continued to operationalize the Compliance Framework to ensure that all employees adhere to the policies and act in accordance with the values and principles expressed in the framework.

- Principal compliance activities during the year included; a detailed risk-based assessment of our high-risk compliance areas such as:
- Dealing Members compliance with relevant Anti-Money Laundering /Countering Financing of Terrorism legislations and regulations;
- An assessment of our vendors, suppliers and business partners to ensure compliance with the Know Your Customer (KYC) policy;
- Assessment of the effectiveness and adequacy of our existing Chinese wall policy between departments at the Exchange;
- An assessment of the Exchange and its subsidiaries compliance with global financial reporting standards such as the International Financial Reporting Standards (IFRS).

Additionally, we regularly review and enhance the Compliance Program to meet evolving compliance needs as well as changes in relevant laws and regulations. Last year we introduced new compliance policies such as the Personal Account Dealing Policy for Council Members and employees. The policy governs the personal trading and investments of Council Members and employees of the Exchange. It was introduced to help prevent and detect violations of industry conduct standards and to minimize actual or perceived conflicts of interest that could arise due to personal investing activities. One of the requirements of the policy is that all employees must obtain prior

approval before conducting any personal trade and investments as well as disclose existing brokerage or investment accounts in which they have direct or indirect influence or control. We are progressing towards fully operationalizing the policy.

### **Adherence to Health and Safety Policy**

During the year 2016, no work place accident or injury was recorded. This aligns with the Exchange's low-risk appetite for work place accidents and injuries. The strict adherence to the health and safety policy enabled the Exchange to provide a safe and conducive environment for internal and external stakeholders to conduct their business. Some of the health and safety activities undertaken in 2016 include the following:

- Conducted quarterly drills to identify workplace hazards and enhance emergency response by building occupants;
- Performed hazard identification exercises to identify and mitigate potential issues that can jeopardize workplace safety;
- Carried out continuous training of members of the Committee of Emergency Marshals, comprising marshals from all the floors who play a pivotal role in the maintenance of workplace health and safety;
- Conducted health and safety briefs before every meeting or event, in addition to clear signage around our buildings and in the conveniences.

### **Adherence to Social and Environmental Policy**

The Exchange complied with its Corporate Social Responsibility and Sustainability Strategy in 2016 by carrying out several initiatives around the four sustainability pillars of the strategy which are marketplace, community, workplace and the environment. Some of the initiatives carried out during the year include the following:

- Partnered with the Global Reporting Initiative (GRI) and Ernest & Young (EY) to host a half-day Sustainability and Corporate Governance Seminar on June 8, 2016;
- Encouraged employees to donate a portion of their time, skills and resources to addressing social issues as part of the Volunteering Scheme and the Employee Give-Back Initiative;
- Reduced carbon footprint through continuous engagement of employees on the need for preservation and conversion under our "Reuse, Reduce, Recycle" campaign;
- Provision of up to 80% of the lighting within the Exchange's facility using energy-saving fluorescent bulbs.

### **Changes in Regulatory Environment**

In determining our strategic direction and long-term sustainability, we seek to not just be compliant with laws and regulations, but to integrate investment in regulatory response with the changes needed in our business model and operations, ultimately developing capital market products that lead to profitable and sustainable growth.

We continue to stay abreast of changes in the regulatory environment and proactively engage with our regulators and other government agencies on new and existing regulations.

### **A look ahead to 2017**

As we work on achieving the highest standards of ethical, social environmental and health and safety and professional conduct, through our decisions and actions, we will continue to strengthen our compliance function by building on the existing Compliance Framework to ensure the Exchange is progressing towards achieving its strategic objectives and vision of becoming Africa's foremost securities Exchange.

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# Special Feature of the Graduate Trainee Programme

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**T**he Nigerian Stock Exchange (NSE) Graduate Trainee Programme (GTP) is an intensive 11-month training programme designed to groom young global talents locally and raise a new generation of leaders for the capital market and the wider Nigerian economy.

As part of our Corporate Social Responsibility, the GTP serves as an initiative under one of the pillars which is Workplace (the other 3 pillars are Community, Marketplace and Environment).

The GTP was launched in May 2014 with the following objectives:

1. To build global talents locally and raise a new generation of leaders for the capital market and the Nigerian economy.
2. To create a talent pipeline for the capital market which has experienced a dearth of qualified manpower with requisite knowledge and skill, especially at entry levels.
3. To establish a strong and knowledgeable human resource base for the continuity of The Exchange.
4. To complement the organization's succession management strategies in leadership.

Over the past 3 years, NSE has successfully completed 3 cycles of the programme, producing 25 Graduates who have been equipped with adequate skill-sets to generate and deliver value towards developing the capital market.

The Exchange places a high premium on human capacity development and the GTP is one of such strategic initiatives towards achieving this.

The Trainees participate in a rigorous training programme organized in 4 phases:

Phase	Objective
<b>Skills Development</b>	Orientation, on-boarding and intensive classroom training.
<b>Internal Job Shadow</b>	Practical job experience by shadowing job functions within NSE and mentorship.
<b>External Internship</b>	Further practical experience to understand the roles of capital market operators.
<b>Project Work &amp; Exams</b>	Project evaluation, written assessments, and graduation



GTP Class of 2015 – Icon of Industry Session with Mrs. Bola Adesola (CEO, Standard Chartered Bank Nigeria)

The programme provides Trainees with broad based organizational learning across functions, taking into consideration the need to balance knowledge in both soft and technical skills.

#### Benefits of the Graduate Trainee Programme

Benefits of the programme include:

1. Capacity development for youths who are given an opportunity to be exposed to the workings of the capital market and the Nigerian economy.
2. Trainees are exposed to the discipline of corporate training, robust course content, technical theories and experiential learning which make the programme balanced and its outcomes give the graduands a head-start equivalent to 2 years work experience.
3. Upon completing the programme, the Graduates are accessible to be employed by Capital Market Operators (CMOs), who can leverage the programme for their human resource needs.
4. The NSE relies on the programme as a talent pipeline to fill internal vacancies and enhance the succession pool.
5. The essence of the GTP is to prioritize sustainability and the development of quality over quantity. Therefore class sizes are compact to ensure individualized attention and flexibility of faculty to use different instructional approaches or methods to guarantee desired outcomes.

#### Programme Achievements

Key achievements in the programme include:

1. Popularity of the Programme among University graduates increased steadily from 4774 applicants





GTP Class of 2016 – Closing Gong Ceremony to commemorate Graduation from the Programme



GTP Class of 2017 – Arts Appreciation & Wine Tasting at Nike Arts Gallery Lagos.

at inception in 2014 to 7,999 in 2016 representing a 67% increase between both periods.

2. The Programme absorbed thirty-four (34) trainees over a 3-year period and were adequately equipped with requisite skills to navigate the world of work, and deliver value in any environment they find themselves.
3. Over 300 training hours covering 100 modules devoted to capacity development via class room training sessions per annum.
4. Graduates from Class of 2015 significantly contributed towards completing the Minimum Operating Standards Project for dealing member firms in June 2016.
5. In 2016, Financial Institutions Training Centre (FITC) featured the GTP in its annual magazine – Financial Sector Pinnacle – thus creating awareness about the Programme to businesses in the financial sector.

The Graduate Trainee Programme boasts a faculty that comprises over 50 professionals with competence in various spheres of knowledge, both within and outside the capital market.

The programme design offers participants an extraordinary

opportunity to learn theoretical knowledge and share practical experiences.

### Collaboration and Partnerships

The GTP has enjoyed the unflinching support of partner firms that have provided internship opportunities for the Trainees over the past three (3) years.

Thought leadership and insights were shared by faculty and Icon of Industries including Mrs. Bola Adesola (CEO, Standard Chartered Bank Nigeria), Dr. Lucy Newman (MD/CEO of Financial Institutions Training Centre), Mr. Ladi Balogun (former GMD, FCMB Ltd.), Mr. Frank Nweke Jnr (former Minister of Information and Communications) and Mrs. Ibukun Awosika (Chairman, First Bank of Nigeria Ltd.)

GTP sustainability is hinged on partnerships and collaborations which include the contribution of placement opportunities, knowledge sharing and cross-fertilization of ideas provided by Capital Market stakeholders, regulators and operators.

Overall, the GTP guarantees that graduands enter the capital market with enhanced capabilities to support a well regulated, efficient, liquid and innovative capital market for Nigeria and Africa.



31 July 2017

The President of the National Council  
The Nigerian Stock Exchange  
Stock Exchange House  
2-4 Customs Street  
Lagos

Dear Sir

**Report to the Council Members of the Nigerian Stock Exchange on the Outcome of the Council Performance Assessment**

PricewaterhouseCoopers was engaged to carry out an assessment of the performance of the National Council ('the Council') of the Nigerian Stock Exchange ('NSE') as prescribed by Section 15.1 of the Securities and Exchange Commission's Code of Corporate Governance for public companies ('the Code'). The assessment covered all aspects of the Council's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Council's performance. The assessment was conducted for the year ended 31 December 2016.

The Council is responsible for the preparation and presentation of information relevant to its performance. Our responsibility is to reach a conclusion on the Council's performance based on work carried out within the scope of our engagement as contained in our letter of engagement. In carrying out the assessment, we have relied on representations made by members of the Council and on the documents provided for our review.

The Council has complied in all material respects with the directives of the Code. Areas of compliance include the structure and composition of the Council and Council Committees and the skills diversity of Council members. Additional areas of compliance include the existence of an adequately communicated whistle blowing policy as well as the Council's oversight of risk management, policy formulation and management performance. We have equally identified areas of improvement to ensure full compliance with the Code. It is recommended that the remuneration policy document of the Council be finalised. All Council members need to attend formal training programmes organised by the NSE every year. Other findings and recommendations are contained in our full report to the National Council.

We also facilitated the assessment of the individual performance of Council members by themselves and their fellow Council members for the year under review. This assessment covered the perceived competence, level of attendance at Council and Council Committee meetings, contribution and participation at these meetings and relationships with each other. Each individual Council member's assessment report was prepared and made available to them respectively while a consolidated report for all Council members was submitted to the President of the National Council.

Yours faithfully  
For: PricewaterhouseCoopers Limited

**Ifori Layegue**  
Associate Director  
FRC/2013/ICAN/00002989

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Directors: S Abu, O Adekoya, O Adeola, W Adetokunbo-Ajayi, E Agbeyi, UN Akpata, O Alakhume, I Aruofor, K Asante-Poku (Ghanian), C Azobu, R Eastaugh (South African), E Erhie, A Eriksson (Kenyan), K Erikume, I Ezeuko, M Iwelumo, D McGraw (American), A Nevin (Canadian), P Obianwa, B Odiaka, T Ogundipe, C Ojechi, M Olajide, O Oladipo, P Omontuemen, T Oputa, O Osinubi, T Oyedele, AB Rahji, O Ubah, A Ugarov (American), C Uwaegbute



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# Reports of the Committees of the National Council

For the year ended 2016

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## THE REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016

The Audit and Risk Management Committee (ARM) of the National Council of The Exchange held four (4) meetings in 2016.

At the beginning of the year under review, the members of the ARM were:

1. Prof. Herbert Onye Orji, OON (Chairperson)
2. Mr. Abubakar Mahmoud, SAN, OON
3. Mr. Oluwale Abegunde (representing Meristem Securities Limited)
4. Mr. Dunama Balami (representing Sigma Securities Limited)
5. Mr. Oladipo Aina (representing Signet Investment & Securities Ltd.)

However, following the completion of his tenure on 23 June 2016, Prof. Herbert Orji retired as a Member of the National Council and ceased to be a member of the Committee. The current members of the Committee are:

1. Mr. Abubakar Mahmoud, SAN, OON (Acting Chairperson)
2. Mr. Oluwale Abegunde (representing Meristem Securities Limited)
3. Mr. Dunama Balami (representing Sigma Securities Limited)
4. Mr. Oladipo Aina (representing Signet Investment & Securities Ltd)

### Remit of the Committee

The ARM operates pursuant to its Terms of Reference which were approved by the National Council. It 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 ARM exercises the powers of the Council pursuant to the Companies and Allied Matter Act, CAP C.20 Laws of the Federation of Nigeria 2004 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 ARM works closely with The Exchange's External Auditors, Internal Auditor, Chief Risk Officer, Chief Financial Officer, Council Secretary and other people responsible for the control functions of The Exchange.

Below is a summary of some of the issues handled by the Committee in 2016.

1. The ARM met with The Exchange's External Auditors, KPMG Professional Services Limited, to discuss KPMG's audit strategy and plan for the year 2016.
2. The ARM sitting in joint session with the Governance and Remuneration Committee met The Exchange's External Auditors, KPMG Professional Services Limited to discuss The Exchange's Audited Financial Statements and provided further direction on the Financial Statements.
3. Internal Control and Risk Management

The ARM considered and approved the Internal Audit Operational Plan/Timetable for 2016 and the Enterprise Risk Management Plan for 2016. It also reviewed the Internal Audit Quarterly Reports and Findings and ensured compliance with the timetables. The ARM tracked the implementation of the 2015 audit recommendations contained in KPMG's Management Letter. It also reviewed Quarterly Enterprise Risk Management Reports and Compliance Status Reports.

The ARM considered and recommended for Council's approval the following policies: Investment Risk Management Plan, and changes to the policy on the useful life of computer software and motor vehicles.

The Acting Chairperson of the Committee or his designated representative attends General Meetings of The Exchange at which he is available to respond to any questions regarding matters within the Committee's remit. Please see the profile of the Acting Chairperson, Mr. Abubakar Mahmoud, SAN, OON on page 62 of the Annual Report.

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

## **REPORT OF THE DEMUTUALIZATION COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016**

The Demutualization Committee of the National Council of the Nigerian Stock Exchange (the "Committee") held two (2) meetings in 2016.

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

- 1) Mr. A. B. Mahmoud, SAN, OON (Chairperson)
- 2) Mr. Oscar N. Onyema, OON
- 3) Mr. Abimbola Ogunbanjo
- 4) Dr. Umaru Kwairanga (Representing Finmal Finance Services Ltd)
- 5) Mr. Kayode Falowo (Representing Greenwich Securities Ltd)
- 6) 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, examining and making recommendations to the National Council regarding 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. Further, the Committee is responsible for reviewing the regulatory framework, including self-regulatory organization status, shareholding criteria, and trading rights; as well as identifying effective ways to deal with issues relating to the legitimate interests of all stakeholders and making recommendations to the National Council in that regard.

### **Governance**

The Committee met with The Exchange's Demutualization Advisers and extensively considered the following:

- i. The Legal and Tax Due Diligence Reports;
- ii. The Legal Advisers' Memorandum of Advice on Membership Rights in The Exchange; and
- iii. Members Register Analysis Preliminary Report.

Following extensive deliberations, the Committee provided its feedback to the Advisers and agreed to consider issues arising from these reports at the National Council strategy session on The Exchange's demutualization exercise.

The National Council met in April 2016 and discussed The Exchange's strategy to address the regulatory, political and other Issues that could affect the Demutualization exercise, amongst other agenda items.

## Stakeholder Engagement

The Committee recognises that stakeholder engagement is a critical element of the demutualization process. Thus, the Committee engaged the Dealing Members and the Ordinary Members regarding The Exchange's demutualization exercise.

Further, representatives of the Association of Stockbroking Houses of Nigeria (ASHON) and Association of Issuing Houses of Nigeria (AIHN) had standing invitations to the meetings of the Committee, as observers.

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 62 of the Annual Report.

Please note that towards the end of the year, the National Council approved the dissolution of the Committee and set up an Ad-Hoc Committee called the Demutualization Advisory Committee (DAC) to ensure compliance with the SEC Demutualization Rules which provides that a minimum of 1/3 of Members of the Committee to be independent. The main objective of the DAC is to assist the National Council with coordinating The Exchange's demutualization process.

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

## REPORT OF THE DISCIPLINARY COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016

The Disciplinary Committee (the Committee) held three (3) committee meetings and a joint session with the Rules and Adjudication Committee in 2016. During the year under review, the Members of the Committee were as follows:

1. Mr. A. B Mahmoud, SAN, OON (Chairperson)
2. Engr. Muhammad Daggash
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. It exercises the disciplinary powers of the Council pursuant to The Exchange's license granted by the Securities and Exchange Commission in accordance with the Investment and Securities Act, 2007; The Exchange's Memorandum and Articles of Association; as well as The Exchange's Rules and Regulations Governing Dealing Members. In recognition of The Exchange's functions as a Self-Regulatory Organization, the Committee works to ensure the effective execution of The Exchange's self-regulatory responsibilities under the Investment and Securities Act 2007.

Below is a summary of some of the matters handled by the Committee in 2016.

### 1. Governance

During the year under review, Members of the Committee held a joint session with the Rules and Adjudication Committee to consider the following:

- i. new disciplinary process for Dealing Members of The Exchange;
- ii. new disciplinary structure; and
- iii. new disciplinary Rules/Amendments to the disciplinary Rules.

The purpose of the proposed new disciplinary process for Dealing Members of The Exchange, and the proposed disciplinary structure is to ensure clarity in the Disciplinary process/structure and the underlying governing rules.

## 2. Investors' Protection

During the year under review, the Committee, in order to sanitize the market and enhance investors' confidence therein, dealt with matters including unauthorised sale of Clients' shares, non-remittance of proceeds of sale to Clients by Dealing Members etc. The Committee commenced or continued its hearing and deliberations on complaints against a number of Dealing Member Firms. Where deliberations were concluded in the course of the year, it made appropriate recommendations to the Council in line with The Exchange's Rules and Regulations. And where appropriate, the Committee also recommended and the Council approved that the unresolved complaints against expelled Dealing Member Firms should be referred to the Investors' Protection Fund (IPF) for payment of compensation in accordance with the IPF Rules.

The Committee also dealt with a complaint of price manipulation and made its recommendations to the Council accordingly.

## 3. Rebuilding Investors' Confidence in the Capital Market

### a. *Disciplinary Process Against Dealing Members With Inactivated Licenses*

The Committee, in continuation of its efforts to restore investors' confidence in the Market, deliberated on the disciplinary actions against Dealing Members with Inactivated Licenses. Following the hearing, the Committee recommended to Council, and the Council approved the revocation of the licenses of Dealing Members listed below, and expelled the firms as Members of The Exchange owing to their failure to activate their respective licenses issued to them by The Exchange:

- i. Silver & Gold Securities Limited;
- ii. Bosson Capital Assets Limited; and
- iii. KFF Worldwide Solutions Limited.

The Committee also embarked on a housekeeping exercise to clean out the records in line with the provisions of The Exchange' Memorandum and Articles of Association. In this regard, it deliberated on the expulsion of sixty-seven (67) Dealing Member Firms whose Dealing Member Licenses were revoked by The Exchange between 1996 and 2007 with no evidence that they were expelled as Members of The Exchange. Following the hearing, the Committee recommended to Council that the 67 Dealing Member Firms be expelled as Members of The Exchange.

### b. *Disciplinary Process Against Dealing Members Deregistered by the Securities Exchange Commission*

The Committee deliberated on the disciplinary actions against the following Dealing Members firms which were deregistered by the SEC. Pursuant to The Rules, the Committee recommended to the Council, the revocation of the licences of the Dealing Members listed below, and expelled the firms as Members of The Exchange, owing to their de-registration by the SEC.

- i. *Ideal Securities Ltd;*
- ii. *Transglobe Investment & Finance Company Limited;*
- iii. *First Equity Securities Ltd;*
- iv. *Tropics Securities Limited;*
- v. *Allbond Investment Limited;*
- vi. *Consolidated Investment Limited;*
- vii. *Daka Services Limited;*
- viii. *Emi Capital Resources Limited;*
- ix. *Maninvest Asset Management Plc;*
- x. *Metropolitan Trust Nigeria Limited;*
- xi. *Omas Investment & Trust Company Limited;*

- xii. *Pennisula Asset Management & Investment Company Limited;*
- xiii. *Prudential Securities Limited;*
- xiv. *Securities Trading & Investments Limited;*
- xv. *Wizetrade Capital & Asset Management Limited;*
- xvi. *WT Securities Limited; and*
- xvii. *Zuma Securities Limited*

### **c. Disciplinary Process Against Authorised Clerks**

During the year under review, the Authorized Clerkship licenses of six (6) Authorized Clerks were revoked in line with Rule 8.12: Power to Suspend or Revoke the Registration of Authorized Clerks, Rulebook of The Exchange, 2015 (Dealing Members' Rules), on the grounds of their unethical and fraudulent activity which has eroded the confidence of investors in the Market.

The Chairperson of the Committee attends the Annual General Meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit.

Please see the profile of the Chairperson, Mr. A. B Mahmoud, SAN, OON on page 62 of the Annual Report.

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

**Chairperson**

## **REPORT OF THE GOVERNANCE AND REMUNERATION COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016**

The Governance and Remuneration Committee ("Committee") of the National Council of The Exchange held four (4) meetings in 2016.

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

- 1) Mr Abimbola Ogunbanjo (Chairperson)
- 2) Prof Herbert Onye Orji, OON
- 3) Engr. Muhammad Daggash
- 4) Mr Michael Osime (Representing ICMG Securities Limited)
- 5) Mr Kayode Falowo (Representing Greenwich Securities Limited)

However, following the completion of his tenure on 23 June 2016, Prof. Herbert Orji retired as a Member of the National Council and ceased to be a member of the Committee. The current members of the Committee are:

- 1) Mr Abimbola Ogunbanjo (Chairperson)
- 2) Engr. Muhammad Daggash
- 3) Mr Michael Osime (Representing ICMG Securities Limited)
- 4) Mr Kayode Falowo (Representing Greenwich Securities Limited)

### **Remit of the Committee**

The Committee operates pursuant to its Terms of Reference which have been approved by the National Council ("Council").

The Committee exercises the powers of Council pursuant to the Companies and Allied Matters Act, CAP C, 20 Laws of the Federation of Nigeria 2004, the Code of Corporate Governance issued by the Securities and Exchange Commission 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 activities undertaken and matters considered by the Committee in 2016.

## **1. Governance**

During the year under review, in line with its Terms of Reference, the Committee working with the Council Secretariat, undertook (through an External consultant) the first evaluation of the performance of Council, each of the Council Committees, individual council members, and also peer review. The Consultant stated that The Exchange was in substantial conformity with the SEC's Code of Corporate Governance and codes of corporate governance in other jurisdictions against which it was benchmarked.

In line with its Terms of Reference to set goals and objectives and evaluate the performance of the Chief Executive Officer in light of the goals, objectives and his KPIs (Key Performance Indicators) as well as the performance of the executive directors and general managers, the Committee reviewed Employee Performance Evaluation (EPE) appraisal documents on these officials for 2016 and made recommendations to the Council.

## **2. 2015 Audited Financial Statements**

The Committee sitting in joint session with the Audit and Risk Management Committee met The Exchange's External Auditors, KPMG Professional Services Limited to discuss The Exchange's Audited Financial Statements and provided further direction on the Financial Statements. The said Financial Statements were approved by the National Council.

## **3. 2017 Budget**

The Committee considered and reviewed The Exchange's 2017 budget and recommended the approval of the budget by the Council. In the course of the year, the Committee also ensured that Management maintained budgetary discipline, keeping the cost profile of The Exchange lower than in the previous year by 12%.

## **4. Corporate Governance**

### **a. Policies of The Exchange**

The Committee considered and recommended the following policies for the Council's approval:

Performance Incentive Scheme Policy, Policy on Nomination/Appointment of Individual Institution to the National Council and Branch Councils, The Nigerian Stock Exchange Investment Policy, First Aid Policy, Coaching and Mentoring framework, Transfer Pricing Policy/Documentation, Anti-Bribery Policy, Policy on IPF Nominee, Job Evaluation Policy, Organizational Development Framework, Recruitment Policy, Key Talent Retention Policy and the Dress Down Policy.

### **b. Discussion on the Constitution of, and Review of the Terms of Reference for the Demutualization Advisory Committee**

The Committee discussed the constitution of and reviewed the draft Terms of Reference for the Demutualization Advisory Committee. In view of the fact that The Exchange had commenced the process for its demutualization and that in compliance with the Securities and Exchange Commission (SEC) Rules on Demutualization of Securities Exchanges in Nigeria, the National Council at its meeting of 28 October 2016 dissolved the Demutualization Committee of the National Council and established the Demutualization Advisory Committee (DAC) of The Exchange. In line with its mandate, the Committee reviewed the DAC's terms of reference which set out the DAC's roles, responsibilities and authority as well as the requirements for its composition, meeting procedures and ancillary matters.

### **c. Review of Report on the Activities of the Subsidiaries**

As part of its oversight function and in line with good corporate governance practice, the Committee



directed that Management should provide periodic reports on the activities of the four NSE subsidiaries namely Naira Properties Limited, Coral Properties Plc., NSE Nominees Limited and NSE Consult Limited. The Committee was informed and kept up to date with the issues regarding the subsidiaries as well as providing strategic guidance to Management.

**d. Consideration of The Exchange's Investors' Protection Fund Matters**

The Committee considered matters relating to the Investors' Protection Fund. It considered and approved Management's recommendation to appoint Ms. Yewande Sadiku to replace the position of "a person with proven integrity and knowledgeable in capital market matters" following the demise of Mr. Gamaliel Onosode in September 2015. The Committee also reviewed and recommended to the Council for final approval the Policy on appointing nominees to the Board of Trustees of The Exchange's Investors Protection Fund. It considered and recommended to the Council the appointment of Ms. Tinuade Awe as The Exchange's alternate on the Board of Trustees of the IPF and as the substantive representative from September 2016.

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 61 of the Annual Report.

**Mr. Abimbola Ogunbanjo**  
Chairperson

## REPORT OF THE RULES AND ADJUDICATION COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016

The Rules and Adjudication Committee ("RAC") of the National Council ("Council") held three Committee meetings and a joint session with the Disciplinary Committee in 2016. At the beginning of the year under review, the Members of the Committee were:

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

However, following the completion of his tenure on 23 June 2016, Prof. Herbert Orji retired as a Member of the National Council and ceased to be a member of the Committee. The current members of the Committee are:

1. Mr. Abimbola Ogunbanjo (Chairperson)
2. Mr. Oscar N. Onyema, OON
3. Mr Michael Osime (Representing ICMG Securities Limited)
4. Dr. Umaru Kwairanga (Representing Finmal Finance Services Limited)

### Remit of the Committee

The duties of the Committee include:

- a) Reviewing, and recommending for Council approval, all Management's proposed rules and regulations for The Exchange, including but not limited to Listing Rules, Rules and Regulations governing Dealing Members, Product Rules, and Market Rules.

- b) Continuous review of the rules and regulations of The Exchange, and recommending for Council approval, Management's proposed revisions to such rules and regulations as appropriate.
- c) Providing oversight regarding legal and regulatory issues affecting The Exchange, including oversight in the choice of legal counsel in matters considered significant to The Exchange.
- d) Review and providing clarification of the meaning of existing rules and regulations, and advising the Council and/ or its Committees regarding their interpretation.

## 1. Governance

During the year under review, Members of the Committee held a joint session with the Disciplinary Committee to consider the following:

- i. new disciplinary process for Dealing Members of The Exchange;
- ii. new disciplinary structure; and
- iii. new disciplinary Rules/Amendments to the disciplinary Rules.

The purpose of the proposed new disciplinary process for Dealing Members of The Exchange, and the proposed disciplinary structure is to ensure clarity in the Disciplinary process/structure and the underlying governing rules.

Further, Committee members were provided a training on The Exchange's trading system; X-Gen. The training module was an introduction to the X-Stream system.

The Committee reviewed its terms of reference to ensure that it is operating optimally. The Committee also reviewed The Exchange's Rule Making procedure further to stakeholders' feedback, to extend the Rules exposure period in The Exchange's Rule Making Process from fourteen (14) to thirty (30) calendar days to provide stakeholders' sufficient time to provide qualitative and substantive inputs/comments to The Exchange's draft rules.

## 2. Review and Recommendation for Approval of Rules

During the year under review, the Committee reviewed and recommended the following Rules for the approval of the Council and the Securities and Exchange Commission ("SEC"), after going through the robust rule making process of The Exchange:

### a) Listing Rules:

#### *i. Rules For Filing Of Accounts And Treatment Of Default Filing*

The Committee reviewed and recommended for Council approval the proposed Rules for Filing of Accounts and Treatment of Default Filing which seeks to address requests by Issuers for extension of time to submit their audited and interim accounts, as well as the issue of default filing and delisting of delinquent filers from the Daily Official List of The Exchange. The revised Rules have been approved by the Council and SEC respectively.

#### *ii. Rules Regarding Delisting from the Daily Official List*

The Committee considered the Rules Regarding Delisting from the Daily Official List of The Exchange. The Rules set out the delisting procedures, the modes of de-listing and the period after which the Issuer of a de-listed security can seek to have the security re-listed on The Exchange after its de-listing. The Rules have been approved by the National Council and are awaiting the SEC's approval.

#### *iii. Growth Board Rules*

The proposed Growth Board Rules are to regulate the proposed Growth Board. The Growth Board aims to provide a platform for greater visibility for new fast growing Nigerian entities to list their securities and access capital for

their operations. The Rules provide Issuers and their advisors with important information about listing standards, disclosure and notification requirements such as eligibility criteria for admission to the Growth Board, eligibility criteria for remaining on the Growth board; and corporate governance requirements for companies on the Growth Board. The Rules have been exposed for stakeholders' comments.

***iv. Rules on Suspension of Trading in Listed Securities***

The Committee considered and approved the Rules on Suspension of Trading in Listed Securities for stakeholders' comments. These Rules were developed to strengthen and clarify The Exchange's Rules regarding suspension and technical suspension of trading in listed securities. The Rules are a consolidation of the new Rules that were developed as well as existing Rules in The Exchange's Rule Book that relate to suspension. This consolidation would make for ease of reference by users of The Exchange's Rule Book as well as inform Issuers and their advisors on the procedure to be followed for the suspension of trading in securities and to remove any ambiguity about the qualification of a security for suspension.

***v. Rules for Filing of Financial Returns by Companies Listed on the Alternative Securities Market Board (ASeM) and Treatment of Default Filing***

The Committee considered and approved the Rules for Filing of Financial Returns by Companies Listed on the Alternative Securities Market Board (ASeM) and Treatment of Default Filing for stakeholder's comments. The proposed Rule is to reflect that there is a distinction between the Filing requirements for Issuers on the Mainboard and those on ASeM as well as prescribe lesser filing requirements for Companies listed on the ASeM. The Rule has the following provisions: (i) Financial Disclosure; (ii) Treatment of Deficient Filing; Notification and Cure Periods; (iii) Failure to File Within Cure Period; (iv) Monitoring; (v) Corporate Actions; (vi) Penalties; and (vii) General.

***vi. Sustainability Disclosure Guidelines for Issuers***

The Committee considered the Sustainability Disclosure Guidelines for Issuers. The Exchange, in recognition of the impact of sustainability on the overall performance of businesses, has commenced a phased project to integrate sustainability reporting for its listed companies. The implementation process which started in 2015 is expected to end in 2017.

The proposed Guidelines provide the value proposition for sustainability, a step by step approach on integrating sustainability in organizations, and detail indicators that should be considered when providing annual disclosure to The Exchange. Essentially, there are nine (9) principles with four (4) different focus areas as follows:

**Focus Area 1 - Governance**

- i. Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- ii. Principle 2: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**Focus Area 2 - Economic**

- i. Principle 3: Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.
- ii. Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**Focus Area 3: Social**

- i. Principle 5: Businesses should promote the wellbeing of all employees.

- ii. Principle 6: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- iii. Principle 7: Businesses should respect and promote human rights.
- iv. Principle 8: Businesses should support inclusive growth and equitable development.

#### **Focus Area 4: Environment**

- I. Principle 9: Business should respect, protect, and make efforts to restore the environment.

The proposed Guidelines have been developed while recognizing that Issuers may be at varying levels of understanding the requirements for the disclosure of sustainability information relating to ESG issues. The proposed Guidelines is also aligned to some of the Sustainable Development Goals (SDG) of the United Nations (UN). The Guidelines provide the following section:

- Section 1: Relevance and Value Proposition
- Section 2: Approach to Integrate Sustainability in Organizations
- Section 3: Principles and Core Elements
- Section 4: Reporting Requirements

The Committee approved the exposure of the Sustainability Disclosure Guidelines for Issuers for stakeholders' comments.

#### **b. Rules and Regulations Governing Dealing Members:**

##### ***i. Amendments and Additions to the Rules and Regulations Governing Dealing Members***

The Committee considered the Rules and Regulations Governing Dealing Members (X) which provides for Rules on: (i) Block Divestments in Equities (the proposed amendments were to make the Rule clearer for easy understanding by stakeholders; and eliminate the delays caused in reviewing certain block divestments under the current practice), (ii) Large Volume Trades in Equities, and (iii) Prohibition of Market Manipulation and Illegal Market Dealings. The Committee also resolved that for certainty and good order sake, Chapter 16: Information Required to be Provided in a Block Divestment (Issuers' Rules), should be expunged from The Rulebook of The Exchange 2015. These Rules, excluding Deletion of Chapter 16 – Information to be Provided in a Block Divestment, have received Council and SEC's approvals respectively.

Further, the Committee considered Amendments to Rules and Regulations Governing Dealing Members (XI) (Rule 15.29: Pricing Methodology), and Amendments and Additions to The Rulebook of The Exchange 2015 (Dealing Members' Rules, Amendments - Part XII) which includes proposed amendments to the following Rules: (i) Expulsion of a Dealing Member; (ii) Duty to Observe and Report Breaches; (iii) Authority to Administer Rules of The Exchange; (iv) Submission of Financial and Non-Financial Reports to The Exchange; (v) Extension of time for Submission of Audited Financial Statements, and Quarterly Returns; (vi) Retention of Jurisdiction over Former Employees and Directors. The Amendments to Rules and Regulations Governing Dealing Members (XI) (Rule 15.29: Pricing Methodology has received the Council and SEC's approval respectively while the Amendments and Additions to The Rulebook of The Exchange 2015 (Dealing Members' Rules, Amendments - Part XII) is awaiting the SEC's approval.

The Committee also reviewed the Amendments and Additions to Rules and Regulations Governing Dealing Members (XIII) and recommended the same for stakeholders' comments. The amendments and additions addressed matters such as Notification of Business Address and Closure of Office, and Acquisition of Dealing Member License.

## C. Other Rules

### i. Order Handling and Best Execution Rules

The proposed rules will guide Dealing Members on their obligations when handling clients' orders as from the receipt of mandates till when they are executed. The rules are also to enhance investors' protection and confidence in the Nigerian capital market. The revised Rules have been approved by the Council and is awaiting the SEC respectively.

### ii. Amendments to The Exchange's Investors' Protection Fund Rules (IPF):

Further to the directive of the Board of Trustees (Board) of the IPF, the proviso to Rule 26.4(a)(10) of the consolidated Rulebook of The Exchange 2015 (Rule 3.02 (1)(j) under the IPF Rule 2013) was amended to reflect the Board's intention of being empowered to waive funding from any of the sources identified in Rule 26.4 (a)(1), (2) and (10) ( Rule 3.02(1)(a), (b), and (j) of the IPF Rule 2013). The amendments were approved by the Council and the SEC.

The Chairperson of the Committee attends the Annual General Meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mr. Abimbola Ogunbanjo, on page 61 of the Annual Report.

## REPORT OF THE TECHNICAL COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016

The Technical Committee held 3 meetings in 2016. During the year under review, the Members of The Technical Committee were:

- 1) Engr. Muhammad Daggash (Chairperson)
- 2) Mr. Oscar N. Onyema, OON
- 3) Mr. Wole Abegunde (Representing Meristem Securities Limited)
- 4) Mr. Oladipo Aina (Representing Signet Investment and Securities Limited)
- 5) Mr. Dunama Balami (Representing Sigma Securities Limited)

The Committee operates pursuant to Terms of Reference that have been approved by the National Council. The duties of the Committee as contained in its Terms of Reference 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. The Committee periodically evaluates The Exchange's product development related initiatives.

### 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.

The Committee is also required to monitor 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 oversaw the organization of Financial Literacy Programmes/Investor clinics including the Market Data Workshop and the Exchange Traded Funds (ETF) Workshop in 2016.

### Technology Development and Related Initiatives:

The Committee considered, fine-tuned and recommended to Council for final approval Management's proposals regarding the Minimum Operating Standards Technology Palliatives for Broker Dealers including the provisioning of a Hosting Service Solution. The system will comprise of a converged Infrastructure using virtualization – a process of carving out virtual servers within a single server. The benefits of the Solution to Dealing Members includes: (i) Simplicity and efficiency; (ii) Enhanced service delivery; (iii) Low cost; (iv) In-built disaster recovery, the Solution includes a replica system for DR purposes; (v) Data Security/Sovereignty; and (vi) 99.9% availability.

The Committee also considered and recommended to Council that as part of the ongoing transformation of The Exchange's Technology Infrastructure, and to support market and business requirements, in line with best global practice, a new world class Data Centre should be built to Tier III specifications. It provided guidance to Management and received regular updates regarding the Data Centre in the year under review.

Under the Committee's effective oversight, the project for the installation of a World-Class Surveillance Program i.e. NSE-NASDAQ OMX SMARTS SOFTWARE was successfully delivered in the year under review within budget and within time and having followed The Exchange's Project Management closure procedures. The installation is to enable The Exchange maintain a fair and orderly market based on just and equitable principles. The project consisted of three phases. Phase 1 was started on 7 March 2016 and completed on 22 September 2016. Phase 2 commenced on 8 August 2016 and was concluded on 28 November 2016. The last phase started on 5 September 2016 and was completed on 22 December 2016. Thirty Nine (39) Alerts and ten (10) Modules of SMARTS were successfully deployed.

### Exchange Traded Derivatives Market and Central Counterparty Clearing House Projects

The Exchange, in its quest to expand its product offering, deepen the capital markets, and become Africa's foremost securities exchange, embarked on Projects to create an Exchange Traded Derivatives Market and to set up a Central Counterparty Clearing House ("CCP"). The Committee has oversight of these Projects and monitors the progress of work on them. Following a transparent and rigorous selection process, the consortium of Austen Peters and Hogan Lovells emerged as the preferred Legal Advisers, while Greenwich Trust Ltd emerged successful as the Financial Advisers. Cassa Di Compensazione E Garanzia Spa (CC&G) was also appointed as the technical partner to the CCP.

### Branch Empowerment Project

In line with its mandate to providing strategic advice to the Council regarding The Exchange-wide information security and technology strategy policies as they affect the branches, the Committee received regular updates regarding the Branch Empowerment Project and the milestones that had been accomplished in the Abuja, Ibadan, Port Harcourt, Onitsha, Kano and Uyo offices. Some of the milestones accomplished include acquisition of new HP Colour Laserjet Pro MFP M277N Printers (network printers) and UPS in branch offices, replacement of computer in Onitsha and Abuja offices, the relocation of Port Harcourt office, implementation of the Branch Advisory Committee framework in all branch offices, expansion of the Server Room in Onitsha office, implementation of the first phase of the branch-by-branch Standard Operating Procedure (SoPs) and the strategic human resources staff re-engagement for greater efficiency.

### Information Management and Technology Strategy Policies

During the year under review, The Exchange maintained the ISO 27001:2013 Certification Award. The re-certification audit was successful after a thorough audit and validation process had been conducted by the British Standards Institute (BSI). This certification gives maximum assurance to stakeholders that their information with The Exchange is protected and is geared towards maintaining the highest level of Information Security management for the business of The Exchange.

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 62 of the Annual Report.

## REPORT OF THE QUOTATIONS COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2016

The Quotations Committee of the National Council ("Council") held four (4) meetings in 2016. However, in line with its terms of reference, it considered and approved a number of applications via electronic circularization.

The Members of the Quotations Committee of the National Council (QCN) are:

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

### Remit of the Committee

The remit of the Committee includes:

- 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;
- v. To provide market expertise and advice on international trends, issuers, investors and other market participants, and new product opportunities relating to the listings; and
- vi. To generally, act as a sounding board for policy recommendations and strategic initiatives in relation to listings.

### Governance

The Committee reviewed its terms of reference to ensure that it is operating in line with best practices.

Further, the Committee is guided by the National Council's conflict of interest policy which ensures transparency and objectivity, protects the interests of Members of the Nigerian Stock Exchange, listed companies, capital market operators and the general investing public in the course of the activities of the National Council of The Nigerian Exchange (the "Council") or any of its Committees. The policy ensures that conflicts of interest, whether real or perceived, that may arise within the Council are identified and managed appropriately.

Under the Committee's oversight, Management is developing a due diligence book for reviewing listing applications to enhance a robust analysis of applications.

The Committee, aware of the need to expedite The Exchange's application review process, approved the following delegation of powers to Management;

- i) Enhanced delegated authority to Management in respect of applications for Rights Issues, Bonds issue through a book building process and all applications for Firmly Underwritten Offerings, from an Approval-in-Principle to Approval which would be reported to the Committee for Noting;
- ii) Authority to Management to approve Memorandum Listing Applications and notify the Committee of such decisions.



Further, the Committee streamlined and strengthened the delisting process. In keeping with its mandate on investors' protection, the Committee also examined risks relating to Subnational Bond defaults given the deteriorating macroeconomic environment. In the overall interest of the Capital Markets, the Committee also requested that Management should liaise with the Securities and Exchange Commission to work on a process for streamlining applications. Although the streamlining process is still ongoing, the progress made so far has been remarkable.

## **Applications**

In 2016, the Committee considered and approved applications from various Companies with respect to Initial Public Offers (IPOs), Bonds, Block divestments, Rights Issues, Special Placing, Acquisitions and Tender Offers, and Offer for Subscription. The Committee also approved the delisting of 14 Companies from the Daily Official list of The Exchange.

### ***Initial Public Offers (IPOs)***

The Committee considered and approved the following initial public offer:

- i. Stanbic IBTC Asset Management Limited's Initial Public Offering of 10,000,000 Units of The SIAML Pension ETF 40 at N100 Each;
- ii. Stanbic IBTC Asset Management Limited's Application for Initial Public Offering and Listing of 5,000,000 Units of Stanbic IBTC Asset Management Limited ("SIAML") Stanbic IBTC Dollar Fund ("Offer" or The Fund") at US\$1.00 Each; and
- iii. Top Services Ltd's Application for Admission to The Exchange's Daily Official List by an Initial Public Offer for Subscription of 20,000,000 units in its Real Estate Investment Trust ("TSL REIT") at N1,000.00 per unit

### ***Bonds***

The Committee considered and approved Bonds application such as Sterling Investment Management SPV Plc.'s Application for approval and listing of Offer for Subscription of N7,965,000,000 Series 1: 7-Year 16.50% Fixed Rate Unsecured Bonds Due 2023 Under a N65,000,000,000 Debt Issuance Programme.

### ***Block divestment***

The Committee approved several block divestments applications including (i) Unity Bank Plc.'s Block Divestment in UnityKapital Assurance Plc. in favour of Veritas Capital Limited, and Asset Management Corporation of Nigeria (AMCON) Bank Plc.'s Block Divestment in Wema Bank Plc in favour of Neemtree Limited, Papyrus Investments Company Limited, Citadel Nominees Limited & Skye Trustees Limited.

### ***Rights Issues***

The Committee considered and approved Livestock Feeds Plc.'s Application for approval and listing of a Rights Issue of 1,000,000,000 ordinary shares of 50K at N1.10 per share in the ratio of 1 for 2 every ordinary share held.

### ***Listing by Introduction***

The Committee approved The Initiates Plc.'s Application for Approval and Listing by Introduction of 889,981,552 ordinary shares of 50k each at N0.85 per share; Jaiz Bank Plc's Application for Approval of Listing by Introduction of 29,464,249,300 ordinary shares of 50k each at N1.25 per share; and Medview Airline Plc's Application for an Approval and Listing by Introduction of 9,750,649,400 ordinary shares of 50k each at N1.50 per share.

**Others**

Further, the Committee approved Fortis Microfinance Bank Plc.'s Placing of 656,666,668 Ordinary Shares of 50k; Staco Insurance Plc.'s Placing of 4 Billion Ordinary Shares of 50k each at N0.50 per Share; Vetiva Fund Managers Limited's Application for approval of a Public Offer for Subscription of 10,000,000 units of Vetiva S & P Nigerian Sovereign Bond ETF.

**Scheme of Merger**

The Committee also approved Vitafoam Nigeria Plc. and Vono Products Plc.'s Scheme of Merger.

**Delisting**

In the year under review, the Committee delisted fourteen (14) companies for their non-compliance with provisions of the Post Listing Rules of The Exchange. The Exchange engaged these entities towards returning them to compliance level for a few years, however, these companies failed to take appropriate steps to regularize their compliance level within the stipulated period, accordingly The Exchange delisted these entities from its Daily Official List.

The Chairperson of the Committee provides reports at meetings of The Exchange at which he is available to respond to questions regarding matters within the Committee's remit. Please see the profile of the Chairperson, Mr. Aigboje Aig-Imoukhuede on page 60 of the Annual Report.

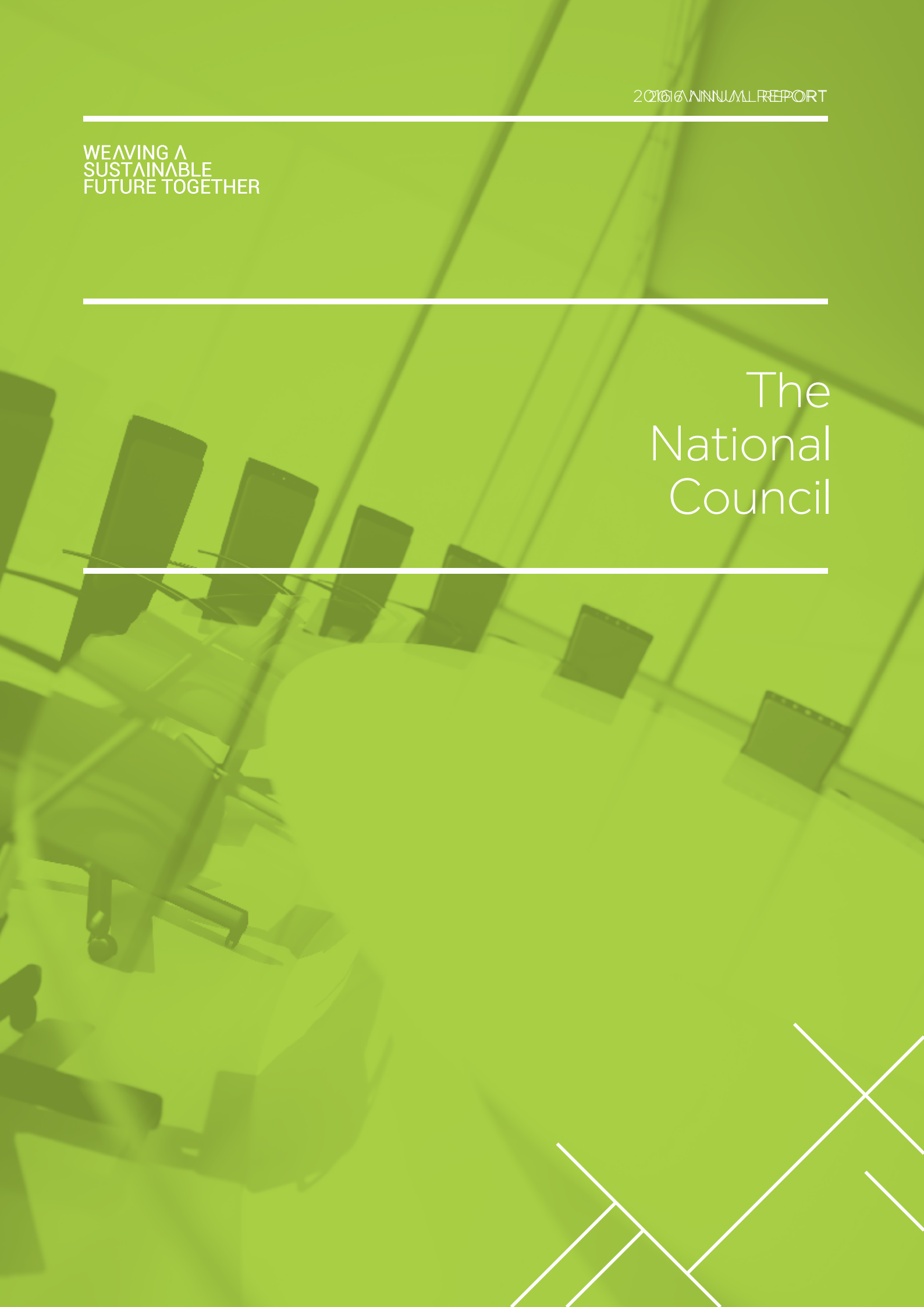
**Mr. Aigboje Aig-Imoukhuede, CON**  
**President/Chairperson**

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# The National Council

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

Mr. Aig-Imoukhuede is the founder and Chairman of Coronation Capital Nigeria Limited. He is also founder of the Africa Initiative for Governance ("AIG"). His career in banking and finance spans three decades and has earned him national as well as international recognition including; Commander of the Order of the Niger "CON", conferred by the Federal Republic of Nigeria, for his contributions to the development of banking and finance; Ernst & Young Entrepreneur of the Year (West Africa); and African Banker Magazine's "African Banker of the Year".

Aigboje Aig-Imoukhuede led the 2002 acquisition of Access Bank, then a fringe regional player. As Group Managing Director and Chief Executive Officer, he was head of the team responsible for placing the Bank on an unprecedented growth trajectory, transforming the bank into top-5 leadership position in Nigeria. Aigboje retired as CEO of Access Bank in December 2013.

He is Co-Chairman of the UK-Nigeria Capital Market Task Force, and sits on the boards of Africa Finance Corporation and TCX Investment Management Company Netherlands. He is also Chairman Board of Trustees of the Financial Market Dealers Association, and Chairman of Wapic Insurance Plc. He was recently elected as member of the American Academy of Arts and Sciences and appointed a member of the International Advisory Board of Oxford University's Blavatnik School of Governance.

He holds law degrees from the University of Benin and the Nigerian Law School, and a Trium MBA, awarded jointly by the London School of Economics, New York University, and HEC Paris.



**Mr. Oscar N. Onyema, OON  
Chief Executive Officer**

Mr. Onyema has been CEO and member of the National Council of The Exchange since April 2011. In this role, he is responsible for superintending the general working of The Exchange.

Mr. Onyema is the President of African Securities Exchanges Association (ASEA); Chairman of Central Securities Clearing System PLC (CSCS), the clearing, settlement and depository for the Nigerian capital market; and Chairman of the subsidiaries of The Exchange. He has served as a Council member of Chartered Institute of Stockbrokers (CIS); Global Agenda Council member of World Economic Forum (WEF); board member of FMDQ OTC PLC and National Pension Commission of Nigeria (PENCOM).

Prior to relocating to Nigeria, he served as Senior Vice President and Chief Administrative Officer at American Stock Exchange (Amex). He also ran the NYSE Amex equity business after the merger of NYSE Euronext and Amex in 2008.

He holds the Nigerian National honor of Officer of the Order of the Niger (OON); is a Fellow of the Institute of Directors (IOD); and member of London Stock Exchange (LSEG) Africa Advisory Group. Forbes listed him as one of the ten most powerful men in Africa in 2015.

Mr. Onyema completed the Harvard Business School Advanced Management Program (AMP) in 2015. He got his MBA from Baruch College, New York in 1998; and BSc from Obafemi Awolowo University, Ile-Ife, in 1991.



**Alhaji Aliko Dangote, GCON**  
*Ex-Officio*

Alhaji Dangote leads the Dangote Group, Nigeria's premier conglomerate, as President/Chief Executive. He was the President of the National Council of the Exchange until September 2014.

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

Alhaji Dangote 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 (Sixteen) other African countries. He 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.

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.

Alhaji Dangote is a graduate of Business Studies from the Al-Azhar University, Cairo, Egypt.



**Mr. Abimbola Ogunbanjo**  
*First Vice President*

Mr. Ogunbanjo currently serves as the Managing Partner of the renowned leading corporate law firm of Chris Ogunbanjo & Co (Solicitors). Mr. Ogunbanjo serves on the boards of several multinational corporations and non-profit organizations including Beta Glass PLC and the Advisory Board of the University of Buckingham Centre for Extractive Studies. He is a past Board member of GTL Registrars and ConocoPhillips amongst others.

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 acquired his first degree in Business Administration with Honours from the prestigious American College of Switzerland, Switzerland. He proceeded to the University of Buckingham, Buckingham where he obtained his law degree.



**Mr. Abubakar Balarabe Mahmoud,**  
SAN, OON, FCI Arb (UK)  
*Second Vice President*

Mr. Mahmoud is the Managing Partner and one of the founding partners of the law firm of DIKKO & MAHMOUD. He was one time Kano State Attorney General & Commissioner for Justice and was in the public service (from 1979 to 1993) as prosecutor and legal adviser. He 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 holds the national honour of the Officer of the Order of the Niger (OON). He was elected the 33rd president of the Nigerian Bar Association (NBA), Nigeria's umbrella association of professional lawyers on 1 August 2016.

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 trained at Ahmadu Bello University graduating in 1979. He holds a Master's degree in Law from the same University. He was at various times at different global institutes, including the International Development Law Institute (IDLI) now IDLO in Rome, Italy, where he obtained a certificate in Law and Development in 1987, and Harvard University where he obtained a certificate in Techniques of Privatization from the Harvard Institute of International Development (2000). He was also at the Northwestern University School of Law, where he attended the Summer Institute in Corporate Law and Business in 2001.



**Engr. Muhammad Daggash**  
*Ordinary Member*

Engr. Daggash is a seasoned technocrat. He was until the end of July 2011 the Managing Director/Chief Executive Officer of Ashaka Cement Plc. 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. Now in semi-retirement, he is engaged in private consulting for the cement industry and does some real estate construction and private business.

He had served as the Honourable Commissioner for Works and Housing in the former combined Borno state (Borno & Yobe) for two years.

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 Vision 20:2020 programme of the Federal Government and had been for many years, the Chairman of Cement Manufacturers Association of Nigeria.

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.



**Dr. Umaru Kwairanga,**  
F.IoD, FCS, FCIP  
Representing FINMAL  
Finance Services Ltd  
*Dealing Member*

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

Dr. Kwairanga was Chairman of Ashaka Cement PLC, and greatly improved the performance of the company. He ensured that Gombe State Government and other local governments in Nigeria generated significant revenue from Ashaka Cement PLC through prompt payment of taxes and other statutory obligations.

He possesses first and post graduate degrees in business administration, corporate governance and finance respectively. Dr. Kwairanga has professional certifications of the Chartered Institute of Stockbrokers (CIS) and the Certified Pension Institute of Nigeria and he is a member of the Abuja Commodities & Securities Exchange.



**Mr. Kayode Falowo**  
Representing Greenwich  
Securities Ltd.  
*Dealing Member*

Mr. Falowo is the Group Managing Director/CEO of Greenwich Trust Limited. 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 Business Council. In addition, he is a Member of the Lagos Chamber of Commerce & Industry, Institute of Directors (IoD) Nigeria, Institute of Management Consultants, Nigerian Institute of Management and the Nigerian Society of Engineers.

Mr. Falowo once served as the Chairman of the Capital Market Committee on Products and Business Development. He currently 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 also a Member of the Nigerian Economic Summit Group (NESG).

He has, in the recent past, served as the Chairman, Association of Issuing Houses of Nigeria (AIHN), a Member of National Bond Steering Committee, Rules and Regulations Committee of the Nigerian Stock Exchange and the National Essay Competition Committee of the Nigerian Stock Exchange.

Mr. Falowo is the Chairman of Greenwich Registrars Limited (Formerly Union Registrars Limited). He is also the Chairman of Meyer Plc and a Director of Skye Trustees Limited.

He holds a B.Sc. (Hons) in Agricultural Engineering from the University of Ife (now Obafemi Awolowo University, Ile Ife), an MBA from the University of Benin and a Diploma in Information Management.





**Mr. Michael Osime**  
Representing ICMG Securities Ltd  
*Dealing Member*

Mr. Osime is the founder and Chief Executive Officer of ICMG Securities Limited. He joined the Capital Market group of Citibank (then Nigeria International Bank) in 1986 where he was responsible for managing the bank's entire Financial Institution business in 1988 before setting up International Capital Markets Group Limited (ICMG).

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

Mr. Osime holds a 2nd Class upper Honours degree in Actuarial Science from University of Lagos and MBA from Strathclyde Business School, Glasgow, Scotland.



**Mr. Oluwole Abegunde**  
Representing Meristem  
Securities Ltd  
*Dealing Member*

Mr. Abegunde is the Managing Director/Chief Executive of Meristem Securities Ltd. He currently serves on the Board of Berger Paints PLC, FTN Cocoa PLC, Etranzact International PLC, and Intergraded Diaries Ltd (makers of Farm Fresh yoghurt).

He is a Fellow of the Chartered Institute of Stockbrokers and Authorised Dealing Clerk of The Exchange.

He graduated from University of Ibadan in 1987 with a degree in Agricultural Economics. He thereafter studied Business Administration at the University of Ilorin and obtained a Masters in Business Administration (MBA) Degree in 1990.



**Mr. Dunama Balami**  
Representing Sigma  
Securities Ltd  
*Dealing Member*

Mr. Balami is Managing Director/CEO of Sigma Securities Ltd.

In 1997 Mr. Balami joined Sigma Securities Ltd as a pioneer staff, and as Manager, Head Operations and Capital Market Department. He participated in a number of major landmark Capital Market transactions during the BPE privatisation era.

He is a Fellow of the Chartered Institute of Stock Brokers, Associate Member of the Nigerian Institute of Management, and Associate Member Certified Institute of Pensions.

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



**Mr. Oladipo Aina**  
**Representing Signet Investment**  
**and Securities Ltd**  
*Dealing Member*

Mr. Aina is the Chief Executive Officer of Signet Investments and Securities Ltd which he founded in 1989.

He is a 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 and past 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 Fellow of the CIS, a Fellow of the Institute of Directors (IOD) and is currently a director of NASD Ltd.

He holds a B.Sc. in Economics from the University of Ife (now Obafemi Awolowo University, Ile Ife), a M.Sc. in Banking and Finance from the University of Ibadan, and a M.Sc. in Corporate Governance and Finance from Liverpool John Moores University, Liverpool, UK.

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2016 ANNUAL REPORT

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# Financial Reports

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## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31ST DECEMBER 2016

### a. Introduction

The Nigerian Stock Exchange ("The Exchange") was established in 1960 and is a major exchange in the sub-Saharan African region. It has in place an effective governance mechanism that not only ensures 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 whilst meeting the expectations of all stakeholders.

In pursuit of this objective, The Exchange's processes are consistently re-appraised to ensure that they operate on the global standard of corporate governance at all times. The Exchange gained full membership status of the World Federation of Exchanges (the "WFE") on 28 October 2014.

### b. Shareholding

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

### c. National Council

The National Council ("the Council") is the governing body of the Nigerian Stock Exchange. The 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.

### 3. Council Structure

The Council is made up of a President, Chief Executive Officer, Ex-Officio, three (3) Ordinary Members and six (6) Dealing Members. The Chief Executive is responsible for the day to day running of The Exchange, assisted by the Executive Committee (EXCO). The Council members who served on the Council during the financial year are as follows:

NAME	POSITION
Mr. Aigboje Aig-Imoukhuede, CON	<i>President</i>
Mr. Oscar N. Onyema, OON	<i>Chief Executive Officer</i>
Alhaji Aliko Dangote, GCON	<i>Ex-Officio</i>
Mr. Abimbola Ogunbanjo	<i>First Vice President/Ordinary Member</i>
Mr. Abubakar Mahmoud, SAN, OON	<i>Second Vice President/Ordinary Member</i>
Prof. Herbert Onye Orji, OON*	<i>Ordinary Member</i>
Engr. Muhammad Daggash	<i>Ordinary Member</i>
FINMAL Finance Services Limited (Represented by Dr. Umaru Kwairanga)	<i>Dealing Member</i>
Greenwich Securities Limited (Represented by Mr. Kayode Falowo)	<i>Dealing Member</i>
ICMG Securities Limited (Represented by Mr. Michael Osime)	<i>Dealing Member</i>
Meristem Securities Limited (Represented by Mr. Oluwole Abegunde)	<i>Dealing Member</i>
Sigma Securities Limited (Represented by Mr. Dunama Balami)	<i>Dealing Member</i>
Signet Investment and Securities Limited (Represented by Mr. Oladipo Aina)	<i>Dealing Member</i>

*The Council meets once in two (2) months and such other times as it is required to meet to address urgent matters.*

\* Retired effective 23 June 2016

**e. Responsibilities of the Council**

The Council is responsible for:

- i. Reviewing and providing guidance for The Exchange's corporate and business strategy, major plans of action and risk policy;
- ii. Reviewing and approving of annual budgets and business plans; setting performance objectives, monitoring implementation and corporate performance;
- iii. Overseeing major capital expenditures, acquisitions and divestitures;
- iv. Monitoring the effectiveness of the governance practices under which The Exchange operates and making appropriate changes as necessary;
- v. Ensuring the integrity of The Exchange's accounting and financial reporting systems, including the internal audit function and that appropriate systems of control and risk monitoring are in place;
- vi. Ensuring the effective execution of The Exchange's self-regulatory responsibilities under the Investment and Securities Act 2007.
- vii. Providing oversight of senior management; and
- viii. Establishment of the various committees of The Exchange including the terms of reference and review of reports of such committees to address key areas of The Exchange's business.

**f. Council Committees**

The Committees of the Council were formed for the speedy and efficient functioning of the Council. The Committees are set up in line with statutory and regulatory requirements and consistent with global best practice.

The Committees have well defined terms of reference defining their scope of responsibilities in such a way as to avoid overlap of functions.

Below is an overview of the remit of the Committees and their membership composition during the year under review:

**1. 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;
3. Monitoring compliance with applicable laws and regulations and The Exchange's code of conduct; and
4. Monitoring and ensuring that the Risk Profile and appetite of The Exchange are not breached, and ensuring that appropriate risk mitigants are in place (as appropriate).

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 2016 is as follows:

1. Mr Abubakar Mahmoud, SAN, OON, (Legal Practitioner) Chairperson
2. Mr. Oluwole Abegunde (Business Administrator, Stockbroker)
3. Mr. Dunama Balami (Financial Market Analyst)
4. 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. However, the National Council at its meeting on 28 October 2016 dissolved the Demutualization Committee and decided to establish the Demutualization Advisory Committee (DAC) in compliance with The Securities and Exchange Commission's Rules on Demutualisation. The DAC is constituted by the National Council solely for the purpose of coordinating The Exchange's demutualization and advising the National Council on this process.

The membership of the erstwhile Demutualisation Committee as at 28 October 2016 is as follows:

1. Mr Abubakar Mahmoud, SAN, OON, (Legal Practitioner), Chairperson
2. Mr. Abimbola Ogunbanjo (Legal Practitioner)
3. Mr. Oscar N. Onyema OON, (CEO, NSE)
4. Dr. Umaru Kwairanga (Financial Market Analyst)
5. Mr. Kayode Falowo (Investment Banker)
6. Mr. Oladipo Aina (Economist, Stockbroker)

## iii. Disciplinary Committee

The Committee is empowered to hear and adjudicate upon disciplinary matters brought before it in respect of Dealing Members and Authorised 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 2016 is as follows:

1. Mr. Abubakar Mahmoud, SAN, OON, (Legal Practitioner), Chairperson
2. Engr. Muhammad Daggash (Technocrat, Engineer)
3. Mr. Oluwole Abegunde (Business Administrator, Stockbroker)
4. Mr. Dunama Balami (Financial Market Analyst)
5. Mr. Kayode Falowo (Financial Analyst, Stockbroker)
6. Mr. Oladipo Aina (Economist, Stockbroker)

## iv. Governance & 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 2016 is as follows:

1. Mr. Abimbola Ogunbanjo (Legal Practitioner), Chairperson
2. Engr. Muhammad Daggash (Technocrat, Engineer)
3. Mr. Kayode Falowo (Financial Analyst, Stockbroker)
4. Mr. Michael Osime (Investment Banker)

**v. 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 2016 is as follows:

1. Mr. Abimbola Ogunbanjo (Legal Practitioner), Chairperson
2. Mr. Oscar N. Onyema, OON (CEO, NSE)
3. Dr. Umaru Kwairanga (Financial Market Analyst)
4. Mr. Michael Osime (Investment Banker)

**vi. 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 2016 is as follows:

1. Engr. Muhammad Daggash (Technocrat, Engineer), Chairperson
2. Mr. Oscar N. Onyema, OON (CEO, NSE)
3. Mr. Oladipo Aina (Economist, Stockbroker)
4. Mr. Dunama Balami (Financial Market Analyst)
5. Mr. Oluwole Abegunde (Business Administrator, Stockbroker)

**vii. Quotations Committee**

The Committee is responsible for granting quotations on The Exchange in respect of any securities and securities derivatives, determining, prescribing and/or enforcing all listing requirements and determining whether The Exchange should delist, suspend or withdraw quotations from any quoted securities. The Committee further provides market expertise and advice to the Council regarding international trends, issuers, investors and other market participants and new product opportunities relating to the listings.

The membership of the Committee as at 31 December 2016 is as follows:

1. Mr. Aigboje Aig-Imoukhuede, CON, (Banker, Legal Practitioner), Chairperson
2. Mr. Oscar N. Onyema, OON (CEO, NSE)
3. Alhaji Aliko Dangote, GCON (Industrialist)
4. Mr. Abimbola Ogunbanjo (Legal Practitioner)
5. Mr. Abubakar Mahmoud, SAN, OON (Legal Practitioner)
6. Mr. Michael Osime (Investment Banker)
7. Mr. Dunama Balami (Financial Market Analyst)
8. Mr. Kayode Falowo (Financial Analyst, Stockbroker)
9. Dr. Umaru Kwairanga (Financial Market Analyst)



**g. Record of Council and Committee meetings held in 2016**

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

S/N	Council Members	NCM	ARM	DC	DisCo	GARC	RAC	TC	QC	DISCO & RAC	ARM & GARC
	Number of meetings	9	4	2	3	4	3	3	4	1	1
1	Mr. Aigboje Aig-Imoukhuede, CON	9	N/A	N/A	N/A	N/A	N/A	N/A	4	N/A	N/A
2	Mr. Oscar N. Onyema, OON	9	N/A	2	N/A	N/A	2	2	3	0	N/A
3	Alhaji Aliko Dangote, GCON	6	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	N/A
4	Mr. Abimbola Ogunbanjo	9	N/A	2	N/A	4	3	N/A	2	1	1
5	Mr. Abubakar Mahmoud, SAN, OON	4	4	2	3	N/A	N/A	N/A	1	1	1
6	Prof. Herbert Onye Orij, OON*	5	2	N/A	N/A	2	1	N/A	N/A	1	1
7	Engr. Muhammad Daggash	6	N/A	N/A	3	4	N/A	3	N/A	0	1
8	Dr. Umaru Kwairanga	9	N/A	2	N/A	N/A	2	N/A	2	1	N/A
9	Mr. Kayode Falowo	9	N/A	2	2	2	N/A	N/A	2	1	0
10	Mr. Michael Osime	8	N/A	N/A	N/A	4	3	N/A	4	1	1
11	Mr. Oluwale Abegunde	6	3	N/A	3	N/A	N/A	1	N/A	1	0
12	Mr. Dunama Balami	7	4	N/A	3	N/A	N/A	3	4	1	1
13	Mr. Oladipo Aina	9	4	2	3	N/A	N/A	3	N/A	1	1

**Key**

NCM- National Council Meetings

ARM- Audit & Risk Management Committee

DC- Demutualization Committee

DisCo- Disciplinary Committee

GARC- Governance and Remuneration Committee

RAC- Rules and Adjudication Committee

TC- Technical Committee

QC- Quotations Committee

\* Served from 01 January 2016 to 23 June 2016

**h. Relationship with Stakeholders**

The Exchange maintains an effective communication with its members, which enables them understand its business, financial condition and operating performance and trends. Apart from the annual report and accounts, proxy statements, the Exchange maintains a rich website that provides information on a wide range of issues for all stakeholders. During the year under review, The Exchange created the Membership Unit which is charged with the responsibility of handling all membership related matters.

The Exchange holds regular briefing sessions with its Dealing Members through quarterly CEO meetings, and officers of its Dealing Members through Compliance Officers' forum, and quarterly meetings with Authorised Dealing Clerk that trade on the floor of The Exchange. The Exchange also meets quarterly with representative of Association of Stockbroking Houses of Nigeria.

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

## REPORT OF THE COUNCIL FOR THE YEAR ENDED 31ST DECEMBER 2016

The Council presents their report on the affairs of the Nigerian Stock Exchange ("The Exchange") and its subsidiaries (together "the Group"), together with the financial statements and independent auditors' report for the year ended 31 December, 2016.

### 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 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 four (4) subsidiary companies namely; Naira Properties Limited, Coral Properties Plc, NSE Consult Limited and NSE Nominees Limited. The Exchange also has interests in NG Clearing Limited and Central Securities Clearing System Plc (CSCS) as joint venture and associate company respectively.

### c. Operating results

Gross earnings of the Group decreased by 32% (2015: 14%) and surplus before tax decreased by 96% (2015: 53%). Gross earnings for the Group comprises revenue, other income and share of profit of equity accounted investees. For The Exchange, gross earnings decreased by 31% (2015: 17%) and the surplus before tax decreased by 197% (2015: 81%). Highlights of the Group's and The Exchange's operating results for the year under review are as follows:

<i>In thousands of naira</i>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Gross earnings:	5,327,227	7,825,837	4,636,850	6,761,574
Surplus/(deficit) before tax	66,600	1,859,502	(599,135)	612,430
Income tax expense	(39,148)	(59,745)	-	-
Surplus/(deficit) after taxation	27,452	1,799,757	(599,135)	612,430
Non- controlling interest	-	-	-	-
Surplus/(deficit)	27,452	1,799,757	(599,135)	612,430
Appropriations:				
Other comprehensive income	12,073	64,187	-	-
Transfer to Accumulated Funds	39,525	1,863,944	(599,135)	612,430

### d. Council members' interests in contracts

Greenwich Trust Limited, a dealing member of the Exchange provides financial advisory services to NG-Clearing Limited.

Except as disclosed above, no other council member has notified the Exchange, for the purpose of section 277 of the Companies and Allied Matters Act CAP C20 LFN 2004 (CAMA), of any interest in during the year.

### e. Property and Equipment

Information relating to changes in property and equipment is given in Note 15 to the financial statements. In the opinion of the Council members, the market value of the Group's properties is not significantly different from the value shown in the annual report.

**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 Companies and Allied Matters Act (CAMA). They are obliged to ensure that:

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

**g. Human Resources*****i. Employment of Disabled Persons***

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

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

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

Fire prevention and fire-fighting equipment are installed in strategic locations within the Exchange's premises. In line with its family-friendly focus, the Exchange also operates a crèche facility at our Head Office.

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 2014.

***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.

**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 Exchange strategic objectives.

Operational risk can manifest itself in various ways, including human oversights, fraudulent acts or inappropriate behaviour 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. 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.

**j. Auditors**

Messrs. KPMG Professional Services having satisfied the relevant corporate rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Exchange in accordance with section 357 (2) of the Companies and Allied Matters Act (CAMA) of Nigeria. Therefore, the auditors will be re-appointed at the next Annual General Meeting of the Group without any resolution being passed.

By Order of the Council



Mrs. Mojisola Adeola  
FRC/2013/NBA/00000004263  
Lagos, Nigeria  
9 February 2017

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

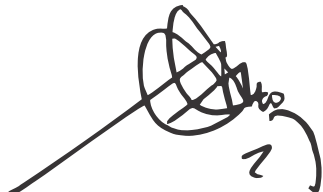
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The Council members accept responsibility for the preparation of the financial statements set out on pages 82 to 128 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The Council members further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004 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/00000001999  
President  
9 February 2017



Mr. Oscar N. Onyema, OON  
FRC/2013/IODN/00000001802  
Chief Executive Officer  
9 February 2017

**KPMG Professional Services**

KPMG Tower  
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Lagos

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Internet [www.kpmg.com/ng](http://www.kpmg.com/ng)

**Independent Auditor's report**

To the Members of The Nigerian Stock Exchange

**Report on the Financial Statements****Opinion**

We have audited the consolidated and separate financial statements of The Nigerian Stock Exchange ("the Exchange") and its subsidiaries (together, "the group"), which comprise the consolidated and separate statement of financial position as at 31 December, 2016, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and 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 14 to 57.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Exchange and its subsidiaries as at 31 December, 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Exchange in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Council members are responsible for the other information. The other information obtained at the date of this report are; corporate information, corporate governance report, report of the Council and other national disclosures but does not include the consolidated and separate financial statements and our audit report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Partners:**

Abiola F. Bada	Adebisi O. Lamikanra	Adekunle A. Elebute	Adetola P. Adeyemi
Adevale K. Ajayi	Ajibola O. Olomola	Ayodele A. Soyinka	Ayodele H. Othiliwa
Ayobami L. Salami	Chibuzor N. Anyanechi	Goodluck C. Obi	Ibitomi M. Adepoju
Joseph O. Tegbe	Kabir O. Okunlola	Mohammed M. Adama	Oladapo R. Okubadejo
Oladimeji I. Salaudeen	Olanike I. James	Olumide O. Olayinka	Olusegun A. Sowande
Oluwalerni O. Awotoye	Oluwatoyin A. Gbagi	Oguntayo I. Ogungbenro	Victor U. Onyenkpa

**Associate Partners:**

Nneka C. Eluma      Temitope A. Onitiri





#### ***Responsibilities of the Council members for the Consolidated and Separate Financial Statements***

The Council members are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 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.

In preparing the consolidated and separate financial statements, the Council members are responsible for assessing the Group and the Exchange's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the council members either intend to liquidate the Exchange or to cease operations, or has no realistic alternative but to do so.

#### ***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Exchange's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council members.
- Conclude on the appropriateness of the Council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Exchange's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Exchange to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

***Report on Other Legal and Regulatory Requirements***

*Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004*

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 statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Oluwafemi O. Awotoye, FCA  
FRC/2013/ICAN/00000001182  
For: KPMG Professional Services  
Chartered Accountants  
24 February 2017  
Lagos, Nigeria



**CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

<i>In thousands of Naira</i>	<b>Notes</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
<b>ASSETS</b>					
Property and equipment	15	3,667,187	3,894,252	1,685,626	1,865,155
Intangible assets	14	287,722	410,765	283,086	406,129
Intercompany receivables	16	-	-	2,595,044	2,663,145
Equity-accounted investees	17	7,029,661	6,416,521	450,304	387,804
Investment in subsidiaries	18	-	-	1,196,450	946,450
Other investments	19	1,944,651	286,966	1,698,099	-
<b>Total non-current assets</b>		<b>12,929,221</b>	<b>11,008,504</b>	<b>7,908,609</b>	<b>6,268,683</b>
Trade and other receivables	20	200,907	204,639	150,906	204,638
Prepayment	21	734,166	391,304	737,263	391,304
Other investments	19	6,166,241	7,153,131	5,784,890	7,153,131
Non-current asset held for sale	22	1,144,400	1,150,489	-	-
Cash and cash equivalents	23	1,618,691	2,868,444	1,339,544	2,503,396
<b>Total current assets</b>		<b>9,864,405</b>	<b>11,768,007</b>	<b>8,012,603</b>	<b>10,252,469</b>
<b>Total assets</b>		<b>22,793,626</b>	<b>22,776,511</b>	<b>15,921,212</b>	<b>16,521,152</b>
<b>EQUITY</b>					
Accumulated fund	25 (a)	19,314,110	19,286,658	13,317,854	13,916,989
Other reserves	25 (b)	74,210	68,087	(5,950)	-
<b>Total equity</b>		<b>19,388,320</b>	<b>19,354,745</b>	<b>13,311,904</b>	<b>13,916,989</b>
<b>LIABILITIES</b>					
Retirement benefit obligation	26	187,589	144,784	187,589	144,784
Deferred tax liability	27	165,379	168,905	-	-
<b>Total non current liabilities</b>		<b>352,968</b>	<b>313,689</b>	<b>187,589</b>	<b>144,784</b>
Other liabilities	28	2,740,453	2,812,310	2,395,491	2,406,595
Current tax liabilities	29	285,657	242,983	-	-
Defined contribution pension	26	26,228	52,784	26,228	52,784
<b>Total current liabilities</b>		<b>3,052,338</b>	<b>3,108,077</b>	<b>2,421,719</b>	<b>2,459,379</b>
<b>Total liabilities</b>		<b>3,405,306</b>	<b>3,421,766</b>	<b>2,609,308</b>	<b>2,604,163</b>
<b>Total equity and liabilities</b>		<b>22,793,626</b>	<b>22,776,511</b>	<b>15,921,212</b>	<b>16,521,152</b>

The financial statements were approved by the Council on 9 February 2017 and signed on its behalf by:



Mr. Aigboje Aig-Imoukhuede, CON  
FRC/2013/CIBN/00000001999  
(President)



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



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

The accompanying notes on pages 83 to 127 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

<i>In thousands of Naira</i>	<b>Notes</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Revenue	8	2,555,679	4,226,254	2,555,679	4,226,254
<b>Revenue</b>		2,555,679	4,226,254	2,555,679	4,226,254
Other income	9	1,902,176	2,384,742	2,081,171	2,535,320
		4,457,855	6,610,996	4,636,850	6,761,574
Impairment loss on financial assets	10	(156,412)	(847,632)	(121,094)	(1,053,526)
Personnel expenses	11	(2,655,548)	(2,686,162)	(2,655,548)	(2,686,162)
Depreciation	15	(344,009)	(315,891)	(296,473)	(268,355)
Amortization	14	(148,645)	(144,409)	(148,645)	(144,408)
Operating expenses	12	(1,956,014)	(1,972,241)	(2,014,225)	(1,996,693)
<b>Total expenses</b>		(5,260,627)	(5,966,335)	(5,235,985)	(6,149,144)
<b>Net operating expense</b>		(3,358,451)	(3,581,593)	(3,154,814)	(3,613,824)
<b>Operating deficit</b>		(802,772)	644,661	(599,135)	612,430
Share of profit of equity accounted investees (net of income tax)	17	869,372	1,214,841	-	-
<b>Operating Surplus/(loss) before tax</b>		66,600	1,859,502	(599,135)	612,430
Income Tax expense	13	(39,148)	(59,745)	-	-
<b>Operating Surplus/(loss) after tax</b>		27,452	1,799,757	(599,135)	612,430
<b>Other comprehensive income:</b>					
<b>Items that may be reclassified to profit or loss</b>					
Available for sale financial assets (net change in fair value)	19(a)(iii)	12,073	64,187	-	-
<b>Items that may never be reclassified to profit or loss</b>					
Remeasurement of defined benefit liability		(5,950)	-	(5,950)	-
<b>Other comprehensive income, net of tax</b>		6,123	64,187	(5,950)	-
<b>Total comprehensive income for the year</b>		33,575	1,863,944	(605,085)	612,430

The accompanying notes on pages 83 to 127 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

<b>The Group</b>			
<i>In thousands of Naira</i>	<b>Accumulated funds</b>	<b>Other reserves</b>	<b>Total equity</b>
<b>Balance at 1 January 2015</b>	17,486,901	3,900	17,490,801
Total comprehensive income for the year:			
Surplus for the year	1,799,757	-	1,799,757
Other comprehensive income (net of income tax)	-	64,187	64,187
<b>Total comprehensive income for the year</b>	1,799,757	64,187	1,863,944
<b>Balance at 31 December 2015</b>	19,286,658	68,087	19,354,745
Total comprehensive income for the year:			
Surplus for the year	27,452	-	27,452
Other comprehensive income (net of income tax)	-	6,123	6,123
<b>Total comprehensive income for the year</b>	27,452	6,123	33,575
<b>Balance at 31 December 2016</b>	19,314,110	74,210	19,388,320
<b>The Exchange</b>			
<i>In thousands of naira</i>	<b>Accumulated funds</b>	<b>Other reserves</b>	<b>Total equity</b>
<b>Balance at 1 January 2015</b>	13,304,559	-	13,304,559
Total comprehensive income for the year:			
Surplus for the year	612,430	-	612,430
<b>Total comprehensive income for the year</b>	612,430	-	612,430
<b>Balance at 31 December 2015</b>	13,916,989	-	13,916,989
Total comprehensive income for the year:			
Loss for the year	(599,135)	-	(599,135)
Other comprehensive income (net of income tax)	-	(5,950)	(5,950)
<b>Total comprehensive income for the year</b>	(599,135)	(5,950)	(605,085)
<b>Balance at 31 December 2016</b>	13,317,854	(5,950)	13,311,904

The accompanying notes on pages 83 to 127 form an integral part of these financial statements.

## CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

<i>In thousands of naira</i>	<b>Note</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
<b>Cash flows from operating activities:</b>					
Surplus/(deficit) after tax		27,452	1,799,757	(599,135)	612,430
<i>Adjustments for:</i>					
Income tax expense	13	39,148	59,745	-	-
Depreciation of property and equipment	15	344,009	315,891	296,473	268,355
Amortization of intangible assets	14	148,645	144,409	148,645	144,408
Gain on disposal of property and equipment	9	(9,347)	(1,019)	(9,347)	(1,019)
(Gain)/loss on foreign exchange rates translation	9&12	(75,497)	15,498	(74,045)	15,498
Impairment charges/(reversal) on intercompany receivables	16	-	-	(29,229)	723,592
Impairment loss on investment in subsidiaries	18	-	-	-	72,000
Impairment loss/(reversal) on trade and other receivables/other investment	10	156,412	847,632	150,323	257,934
Fair value changes on available for sale investments	19(a)(iii)	(12,073)	(64,188)	-	-
Share of profit of equity accounted investee	17	(912,723)	(1,214,841)	-	-
Provision for retirement benefit obligations	26	36,855	144,784	36,855	144,784
Interest income	9	(927,510)	(1,192,052)	(884,176)	(1,166,088)
Dividend income	9	(35,499)	(36,941)	(354,197)	(367,933)
		(1,220,128)	818,675	(1,317,833)	703,961
Change in intercompany receivables	33(i)	-	-	(97,330)	(33,225)
Change in trade and other receivables	33(ii)	(146,591)	(57,144)	(96,591)	(57,144)
Change in prepayments	33(iii)	(342,862)	73,293	(345,959)	(73,293)
Change in other liabilities	33(iv)	(22,053)	399,221	40,152	345,301
		(1,731,634)	1,087,459	(1,817,561)	885,600
Income tax paid	29	-	-	-	-
Retirement benefit obligation paid	26	-	(388,696)	-	(388,696)
<b>Net cash from operating activities</b>		<b>(1,731,634)</b>	<b>698,763</b>	<b>(1817,561)</b>	<b>496,904</b>
<b>Cash flows from investing activities:</b>					
Interest received	33(v)	854,420	1,184,083	814,320	1,138,660
Dividend received	33(vi)	318,777	331,140	318,777	331,140
Purchase of investments	33(vii)	(431,939)	(2,136,838)	(220,010)	(2,029,515)
Dividend received from associate		-	-	-	-
Acquisition of property and equipment	15	(135,204)	(238,078)	(135,204)	(238,078)
Proceeds from the sale of property and equipment		26,729	5,970	26,729	5,970
Acquisition of intangible assets	14	(25,602)	(21,594)	(25,602)	(21,594)
<b>Net cash used in investing activities</b>		<b>607,182</b>	<b>(875,317)</b>	<b>779,010</b>	<b>(813,417)</b>
Net increase in cash and cash equivalents		(1,124,452)	(176,554)	(1,038,551)	(316,513)
Cash and cash equivalents at the beginning of the reporting year		2,868,444	3,060,496	2,503,396	2,835,407
Effect of movements in exchange rates on cash held		(125,301)	(15,498)	(125,301)	(15,498)
<b>Cash and cash equivalents at end of year</b>	<b>22(viii)</b>	<b>1,618,691</b>	<b>2,868,444</b>	<b>1,339,544</b>	<b>2,503,396</b>

The accompanying notes on pages 83 to 127 form an integral part of these financial statements.

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1. Reporting entity

The Nigerian Stock Exchange ("the Exchange") is a company domiciled in Nigeria. The Exchange was Incorporated in Nigeria as a private company limited by shares on 15 September 1960 as Lagos Stock Exchange and its name was changed to The Nigerian Stock Exchange on 15 December 1977. The Exchange was re-incorporated as a company limited by guarantee on 18 December 1990 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 2016 comprise the Exchange and its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees. The principal activity of the Exchange is to provide facilities to the public for the purchase and sale of capital market securities.

### 2. Basis of accounting

#### i. Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

These financial statements have been prepared on the historical cost basis except for the following:

- (i) Available-for-sale financial assets measured at fair value through equity.
- (ii) Non-current asset held for sale measured at fair value less cost to sell
- (iii) The liability for defined benefit obligations recognised as the present value of the defined benefit obligation less the fair value of the plan assets.

The financial statements were authorized for issue by the Council on 9 February 2017. Details of the Group's and the Exchange's accounting policies are included in note 4 to the financial statement.

#### ii. 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, unless otherwise indicated.

### 3. Use of judgments and estimates

In preparing these consolidated and separate financial statements, the Council members has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, 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 and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are Recognised prospectively.

#### i. 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 18	Investment in subsidiaries: Key assumptions underlying the recoverable amount
Note 19	Available for sale investments: Key assumptions underlying the determination of fair value of the investments.
Notes 16 & 20	Impairment test: Key assumptions underlying the recoverable amounts.
Note 22	Determining the fair value less costs to sell of the non-current asset held for sale on the basis of significant unobservable inputs

Note 26	Measurement of defined benefit obligations: key actuarial assumptions
Note 30	Contingent liabilities and Commitments: Key assumption about the likelihood and magnitude of an outflow of resources

## ii. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 5 (iv):	Financial risk management
Note 22:	Non current asset held for sale



#### 4. Significant accounting policies

##### 4.1 Basis of consolidation

###### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated and separate financial statements incorporate the assets, liabilities and performance results of; NSE Consult Limited, Coral Properties Plc, Naira Properties Limited and NSE Nominees 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) Interest in equity-accounted investees

The Group's interest in equity-accounted investees represents interest in an associate and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement which the Group has joint control whereby the Group has right to the net assets on arrangement basis rather the right to its asset and obligations to its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which include transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which the significant influence ceases.

##### 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.

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 determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items is recognised in OCI:

Available for sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

### 4.3 Financial Instruments

The Group classifies non-derivative financial assets into the following categories:

- Financial asset held to maturity
- Financial asset held for trading
- Available for sale financial assets
- Loans and receivables

The Group also classifies the financial liabilities as other financial liabilities

#### (I) Recognition and initial measurement

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

##### (ii) Subsequent measurement

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

##### (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. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see note 3 (ii))

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.

Effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

#### (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.

The Group classifies and measures investment in treasury bills as held to maturity.

#### **(b) Financial assets and liabilities held for trading**

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.

Reclassification from held for trading are made when the Group no longer actively trade in the investments initially classified as held for trading. Such investments are reclassified as available for sale.

#### **(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.

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.

The Group classifies and measures investment in unquoted securities as available for sale.

### **(c) 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.

The following items are classified and measured as loans and receivables by the Group:

- **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.
- **Trade and other receivables:** Other receivables comprise of staff debtors, trade receivables and other receivables. They are carried at original invoice amount less any allowance for doubtful receivables.

Allowances for doubtful receivables are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. Other receivables are initially measured at fair value and subsequently measured at amortized cost.

### **(d) Other financial liabilities**

Other financial liabilities are measured at amortized cost. Other financial liabilities include sundry creditors and other liabilities. The principle of amortized cost is disclosed in note 4.3 (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.

#### **4.4 Impairment of financial asset**

##### **(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 calculated as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. 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. When the Group considers that there are no realistic prospects of recovering the asset, the relevant amount are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through 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.

The Group has defined "significant" as any fair value loss that is more than 20% of investment cost and "prolonged" as a continuous decline in fair value for a period of 9 months or more. 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 profit or loss, 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.

#### 4.5 Equity-accounted investee

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with the carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimate used to determine the recoverable amount.

#### 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. For impairment testing, assets grouped into cash-generating units (CGUs). 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 labour, 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.

Freehold land is carried at cost and not depreciated

**(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. 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
Freehold land	Not depreciated
Building	50 years
Computer equipment	5 years
Office equipment	5 years
Furniture, fixtures & fittings	5 years
Motor vehicles	4 years

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

**(iv) De-recognition**

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

**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.



**(iii) Amortization**

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.

**(iv) De-recognition**

Intangible assets are 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.

**4.9 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 Prepayments**

Prepayments are stated at cost less amortised amounts. Prepayments are amortized to income by the straight-line method or according to performance of the underlying transaction.

**4.11 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.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation (DMO).

Remeasurements arising from experience adjustments and changes in actuarial assumptions in excess of the plan assets or of the defined benefits obligation are charged or credited to Other Comprehensive Income in the financial year in which they arise. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. 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.

Effective 1 January 2015, long-term incentive scheme was established for certain eligible employees. The entitlement for the qualifying employee is based on the following threshold of their gross salary per annum or annual cash pay (Total Cash Compensation (TCC)) for every year of services, depending on the term completed.

- \* 15%-17.5% in the first five years of service (first term)
- \* 25%-35% in the next 5 years of services (second term)

### **(iii) Short-term employee benefits**

Short-term employee benefit obligations are measured on a discounted 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.

## **4.12 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 Executive 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. Information relating to segment reporting is presented in Note 7 to the financial statements.

## **4.13 Contingencies**

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

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realization of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate.

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

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

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by

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

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

#### **4.14 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 as related services are performed. 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 income are recognized as the related services are performed. Included in Other income are dividend income, interest income, rental income from investment property etc.

##### **(a) Dividend income**

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.

Dividend income from equity accounted investee is recognised as a component of other operating income.

##### **(b) Interest Income**

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.

##### **(c) Rental Income**

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### **4.15 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 is charged where an entity does not have taxable income or a lower tax expense when compared to minimum tax.

Minimum tax is charged based on the highest of certain range as specified in the Company Income Tax Act (CITA).

The Federal Inland Revenue Service 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 in respect of 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 nor loss;
- Differences relating to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and 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 for unused tax losses, unused tax credits and deductible temporary difference only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. 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. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**4.16 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.

#### **4.17 Non-current assets held for sale**

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.

#### **4.18 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. The operating lease only relates to rental expenses which are renewed on annual basis.

#### **4.19 Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 4 to all periods presented in these consolidated and separate financial statements.

- (I) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- (II) Equity Method in Separate Financial Statements (Amendments to IAS 27)
- (III) Disclosure Initiative (Amendments to IAS 1)
- (IV) Annual improvement to IFRSs 2012-2014 cycle - various standards

The revised standards did not have any effect on the Groups reported earnings or financial positions and had no material impact on the account policies. IAS 1 amendment resulted in the Group removing immaterial information from its financial statement disclosures. The option to apply equity accounting in the separate financial statement (amendments to IAS 27) was not elected.

#### **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 2017 and earlier application is permitted.

However, 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) Amendments to IAS 7 Disclosure Initiative (effective for period beginning on or after 1 January 2017; early adoption is permitted)**

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes

providing a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities. The Group will adopt the amendment in the year ending 31 December 2017.

#### **(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 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 2017 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, 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.

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instrument for IAS 39. The Group is yet to carry out an assessment to determine the impact the initial application of IFRS 9 could have on its business; however the Group will adopt the standard for the year ending 31 December 2018.

#### **(iv) Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective for period beginning on or after 1 January 2017, early adoption is permitted).**

The amendments provide additional guidance on the existence of deductible temporal difference, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve.

Guidance is provided for deductible temporal difference related to unrealised losses are not assessed separately for recognition. Those are assessed on a combined basis, unless a tax law restricts the use of losses to deduction against income of specific type.

The amendments not expected to have any significant impact on the consolidated and separate financial statement of the Group. The Group will adopt the amendments for the year ending 31 December 2017.

#### **(v) IFRIC 22: Foreign currency transactions and advance consideration (effective for periods beginning on or after 1 January 2018; early adoption is permitted).**

The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarify that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when a Company pays or receives consideration in a foreign currency; and recognises a non-monetary asset or liability – e.g. non-refundable advance consideration – before recognising the related item. The Group will adopt the amendments for the year ending 31 December 2018.

**(vi) IFRS 16: Leases (effective for periods beginning on or after 1 January 2019; early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16).**

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

- Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- Depreciation of lease assets separately from interest on lease liabilities in the profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Group will adopt the standard for the year ending 31 December 2019.

## **5 Financial risk management**

### **(i) 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 arising from financial instruments:

Credit risk - (see 5 (ii) below)

Liquidity risk - (see 5 (iii) below)



Market risk - (see 5 (iv) below)

## (ii) 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. The Group limits its exposure to credit risk by ensuring its ratio of trade receivable to total revenue is kept within acceptable threshold. In the year ended December 2016, approximately 8% (2015: 5%) of the Group's revenue was attributable to receivable balances. The carrying amount of this financial asset which represents the maximum exposure to credit risk at the reporting date was as follows:

<i>In thousands of Naira</i>	Notes	Group Carrying amount		Exchange Carrying amount	
		2016	2015	2016	2015
Trade and other receivables	20	200,907	204,639	150,906	204,638
Intercompany receivables	16	-	-	2,595,044	2,663,145
Cash and cash equivalents	23	1,618,691	2,868,444	1,339,544	2,503,396
Other investments:					
Held-to-maturity investments	19	7,864,340	7,153,131	7,482,989	7,153,131

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

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

<i>In thousands of Naira</i>	Trade and other receivables			Intercompany receivables	
	Group	Exchange		Group	Exchange
Balance as at 1 January 2015	(2,545,262)	(1,993,480)		-	(404,411)
Movement in the year	(257,934)	(257,934)		-	(723,592)
Balance as at 31 December 2015	(2,803,196)	(2,251,414)		-	(1,128,003)
Movement in the year:					
Impairment (charge)/ Reversal	(150,323)	(150,323)		-	29,229
Balance as at 31 December 2016	(2,953,519)	(2,401,737)		-	(1,098,774)

Refer to note 20 for the details of impairment charged on trade and other receivables and note 16 for details of impairment charged on intercompany receivables.

(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 Augusto & Co., Standard & Poor's, and Global Credit Ratings.

The Executive Committee on investment actively monitors and ensures that the Group has only made investment in line with the investment policy as approved by the National Council which provides investment in asset classes such as fixed deposit, treasury bills and fixed income securities in the approved asset allocation of up to 50% for bonds, up to 70% for Treasury bills and up to 50% for fixed deposit investment.

The Group held HTM investments of N7, 864,340 at 31 December 2016 (2015: N7, 153,131) which represents its maximum credit exposure on Federal Government Bonds and Treasury Bills. The investments are held in treasury bills and FBN Bonds with local banks which are rated "BB" based on Standard & Poor's ratings.

The Group did not have any Held to Maturity Investment that were impaired as at 31 December 2016.

(c) Cash and cash equivalents

The Group held cash and cash equivalents of N1, 618,691 at 31 December 2016 (2015: N2, 868,444) 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 & Poor's ratings.

(iii) 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.

The following are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude any impact of netting arrangements.

Maturity Analysis- Group		Contractual Cash Flows				
<i>In thousands of Naira</i>	30 days or Less	31 - 60 days	61 - 90 days	91 days or more	2016 Total	Carrying amount
<i>Financial assets</i>						
Trade and other receivables	-	-	3,154,426	-	3,154,426	200,907
Other investments	1,205,729	1,836,910	541,936	4,783,048	8,367,623	8,110,892
Cash and cash equivalents	1,477,869	-	-	-	1,477,869	1,618,691
<b>Total</b>	<b>2,683,598</b>	<b>1,836,910</b>	<b>3,696,362</b>	<b>4,783,048</b>	<b>12,999,918</b>	<b>9,930,490</b>
<i>Financial liabilities</i>						
Other liabilities				2,073,000	2,073,000	2,740,453
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,073,000</b>	<b>2,073,000</b>	<b>2,740,453</b>

Maturity Analysis- The Exchange		Contractual Cash Flows				
<i>In thousands of Naira</i>	30 days or Less	31 - 60 days	61 - 90 days	91 days or more	2016 Total	Carrying amount
<i>Financial assets</i>						
Intercompany receivable	-	-	-	2,595,044	2,595,044	2,595,044
Trade and other receivables	-	-	2,552,643	-	2,552,643	150,906
Other investments	1,205,729	1,836,910	541,936	4,144,269	7,728,844	7,482,989
Cash and cash equivalents	1,198,722	-	-	-	1,198,722	1,339,544
<b>Total</b>	<b>2,404,451</b>	<b>1,836,910</b>	<b>3,094,579</b>	<b>6,739,313</b>	<b>14,075,253</b>	<b>11,568,483</b>
<i>Financial liabilities</i>						
Other liabilities*	-	-	-	1,737,557	1,737,557	2,395,491
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,737,557</b>	<b>1,737,557</b>	<b>2,395,491</b>

\* Excluded from other liabilities are deferred income and statutory deductions such as VAT payable.

Maturity Analysis- Group		Contractual Cash Flows				
<i>In thousands of Naira</i>	30 days or Less	31 - 60 days	61 - 90 days	91 days or more	2015 Total	Carrying amount
<i>Financial assets</i>						
Trade and other receivables	-	-	3,007,835	-	3,007,835	204,639
Other investments	829,965	1,160,000	513,426	5,159,295	7,662,686	7,440,097
Cash and cash equivalents	2,514,195	-	-	-	2,514,195	2,868,444
<b>Total</b>	<b>3,344,160</b>	<b>1,160,000</b>	<b>3,521,261</b>	<b>5,159,295</b>	<b>13,184,716</b>	<b>10,513,180</b>
<i>Financial liabilities</i>						
Other liabilities	-	-	-	2,067,999	2,067,999	2,812,310
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067,999</b>	<b>2,067,999</b>	<b>2,812,310</b>

Maturity Analysis- The Exchange			Contractual Cash Flows			
<i>In thousands of Naira</i>	30 days or Less	31 - 60 days	61- 90 days	91 days or more	2015 Total	Carrying amount
<i>Financial assets</i>						
Intercompany receivable	-	-	-	2,663,145	2,663,145	2,663,145
Trade and other receivables	-	-	2,456,052	-	2,456,052	204,638
Other investments	829,965	1,160,000	513,426	4,872,329	7,375,720	7,153,131
Cash and cash equivalents	2,513,226	-	-	-	2,513,226	2,503,396
<b>Total</b>	<b>3,343,191</b>	<b>1,160,000</b>	<b>2,969,478</b>	<b>7,535,474</b>	<b>15,008,143</b>	<b>12,524,310</b>
<i>Financial liabilities</i>						
Other liabilities*	-	-	-	1,676,969	1,676,969	2,406,595
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,676,969</b>	<b>1,676,969</b>	<b>2,406,595</b>

\* Excluded from other liabilities are deferred income and statutory deductions such as VAT payable.

#### (iv) 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

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the Group's functional currency. The functional currency of the Group is Nigerian Naira and the currencies in which these transactions are primarily denominated are Pounds and US Dollars. At 31 December 2016, the Group was exposed to currency risk primarily as a result of its exposures which stood at \$807,016 and £23,144 in bank and cash balances.

The following significant exchange rates applied during the year

	Average Rate		Reporting Date Spot Rate		Amount	
	2016	2015	2016	2015	2016	2015
USD	455.00	192.64	485.00	196.50	807,016	476,258
GBP	550.00	294.71	590.00	291.19	23,144	678

The Group recorded a total net foreign currency revaluation gain of ₦73,377,859 in 2016 (2015: loss of ₦15,497,876).

#### Sensitivity analysis – Currency Risk

A reasonably possible strengthening (weakening) of the Pound and US Dollar against the Nigerian Naira as at 31 December 2016 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumed that all other variables remain constant and ignore any impact of forecast sales and purchases.

For the Group's risk sensitive assets classified as cash and cash equivalents and held-to-maturity, a 20% increase in exchange rate will have increased profit or loss and equity by N77.7 million (2015: (20%) -an increase of N18.6 million) while a 50% decrease will decrease profit or loss and equity by N130.8 million (2015: (50%) - a decrease of N46.89 million).

#### (b) Equity Price Risk

This risk arises from equity price changes caused by quoted and unquoted investments securities. At 31 December 2016, the Group was exposed to equity investment risk as a result of its exposures which stood at N296,870,000 (2015: N286,966,000) in available for sale financial assets. 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 (quoted equity investment)**

All the Group's listed equity investments are listed on the Nigerian Stock Exchange (NSE). For such investments classified as available-for-sale, a 5% increase in NSE index would have increased profit or loss and equity by ₦3.8 million (2015: an increase of ₦7.9 million) while a 5% decrease will decrease profit or loss and equity by ₦3.8 million (2015: a decrease of ₦7.9 million).

#### **(c) Bonds, Treasury bills and other investments**

FGN Bonds and Treasury bills represent debt securities of the Federal Government of Nigeria issued by the

Debt Management Office (DMO) and Central Bank of Nigeria (CBN) respectively. 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.

#### **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, 2016. 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 14.50% yield on 5-year Federal Government of Nigeria Bond, Beta at less than 1 and market premium of 3% and 7% assumed for NASD and FMDQ respectively based on trend analysis.

#### **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.

## Investment in equity

<i>In thousands of Naira</i>	2016	2015		
Opening balance	68,087	3,900		
<b>Gain included in OCI</b>				
Net change in fair value (unrealized)	12,073	64,187		
Closing balance	80,160	68,087		
<b>Sensitivity analysis – Equity Price Risk (unquoted equity investment)</b>				
<i>In thousands of Naira</i>	2016		2015	
	Increase	Decrease	Increase	Decrease
Risk free rate (1% movement)	(11,867)	13,615	(10,726)	12,269
Risk premium (1% movement)	(8,470)	9,325	(7,653)	8,407

### Sensitivity analysis – Interest rate Risk

For interest earning assets, a 2% increase in interest rate would have increased profit or loss and equity by N174.5 million (2015: N195.5 million) while a 2% decrease in interest rate would have decreased profit or loss and equity by N178.4 million (2015: N190.8 million).

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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## 6 Financial assets and liabilities

### Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

						Fair value			
<b>(a) The Group</b>									
<i>31 December 2016</i> <i>In thousands of naira</i>	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>									
Unsold Investment securities	7,864,340	-	246,552	-	8,110,892	7,614,801	-	246,552	7,861,353
	<b>7,864,340</b>	<b>-</b>	<b>246,552</b>	<b>-</b>	<b>8,110,892</b>	<b>7,614,801</b>	<b>-</b>	<b>246,552</b>	<b>7,861,353</b>
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	-	200,907	-	-	200,907				
Cash and cash equivalent	-	1,618,691	-	-	1,618,691				-
	<b>-</b>	<b>1,819,598</b>	<b>-</b>	<b>-</b>	<b>1,819,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Other liabilities*	-	-	-	2,073,000	2,073,000				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,073,000</b>	<b>2,073,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(b) The Exchange</b>									
<i>31 December 2016</i> <i>In thousands of Naira</i>	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>									
Unsold Investment securities	7,482,989	-	-	-	7,482,989	7,222,574	-	-	7,222,574
	<b>7,482,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,482,989</b>	<b>7,222,574</b>	<b>-</b>	<b>-</b>	<b>7,222,574</b>
<b>Financial assets not measured at fair value</b>									
Trade and other receivables	-	150,906	-	-	150,906				
Cash and cash equivalent	-	1,339,544	-	-	1,339,544				-
	<b>-</b>	<b>1,490,450</b>	<b>-</b>	<b>-</b>	<b>1,490,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Other liabilities*	-	-	-	1,737,567	1,737,557				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,737,567</b>	<b>1,737,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Excluded from other liabilities are deferred income and statutory deduction such as VAT and WHT payable.



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(a) The Group						Fair value				
31 December 2015 In thousands of Naira	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value										
Investment securities	7,153,131	-	286,966	-	7,440,097	7,082,939	-	286,966	7,369,905	
	7,153,131	-	286,966	-	7,440,097	7,082,939	-	286,966	7,369,905	
Financial assets not measured at fair value										
Trade and other receivables	-	204,639	-	-	204,639					
Cash and cash equivalent	-	2,868,444	-	-	2,868,444				-	
	-	3,073,083	-	-	3,073,083	-	-	-	-	
Financial liabilities not measured at fair value										
Other liabilities*	-	-	-	2,067,999	2,067,999					
	-	-	-	2,067,999	2,067,999	-	-	-	-	
(b) The Exchange										
31 December 2015 In thousands of Naira	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value										
Investment securities	7,153,131	-	-	-	7,153,131	7,082,939	-	-	7,082,939	
	7,153,131	-	-	-	7,153,131	7,082,939	-	-	7,082,939	
Financial assets not measured at fair value										
Trade and other receivables	-	204,638	-	-	204,638					
Cash and cash equivalent	-	2,503,396	-	-	2,503,396				-	
	-	2,708,034	-	-	2,708,034	-	-	-	-	
Financial liabilities not measured at fair value										
Other liabilities*	-	-	-	1,676,969	1,676,969					
	-	-	-	1,676,969	1,676,969	-	-	-	-	

\* Excluded from other liabilities are deferred income and statutory deduction such as VAT and WHT payable.

## 7 Operating segments (a) Information about reportable segments

The Group has three (3) 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 at least quarterly 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

<i>In thousands of Naira</i>	Regulatory & Clearing services 2016	Strategic investment 2016	Property management 2016	Adjustments 2016	Consolidated 2016
External revenues	2,555,679	-	-	-	2,555,679
Other revenue	1,712,170	1,452	251,874	(174,207)	1,791,289
Segment revenue	4,267,849	1,452	251,874	(174,207)	4,346,968
Interest revenue	884,176	13,464	29,904	-	927,544
Dividend from Associate	354,197	-	-	(318,732)	35,465
<b>Expenses</b>					
Personnel expenses	(2,655,548)	-	-	-	(2,655,548)
Depreciation and amortization	(445,118)	-	(47,537)	-	(492,654)
Other expenses	(2,135,320)	8,979	(113,813)	144,978	(2,095,175)
	270,237	23,895	120,429	(347,961)	66,600
<b>Segment Operating Surplus before tax</b>	270,237	23,895	120,429	(347,961)	70,126
Income tax expense	-	(2,259)	(36,889)	-	(39,148)
<b>Segment Operating Surplus after tax</b>	270,237	21,636	83,540	-	27,452
<b>Assets &amp; Liabilities</b>					
Reportable segment assets	15,921,212	572,328	3,507,586	2,792,500	22,793,626
Reportable segment liabilities	2,609,308	870,156	3,869,661	(3,943,819)	3,405,306

<i>In thousands of Naira</i>	Regulatory & Clearing services 2015	Strategic investment 2015	Property management 2015	Adjustments 2015	Consolidated 2015
External revenues	4,226,254	-	-	-	4,226,254
Other revenue	2,216,140	-	314,377	(162,227)	2,368,290
Segment revenue	6,442,394	-	314,377	(162,227)	6,594,544
Interest revenue	1,166,088	8,267	19,996	-	1,194,351
Dividend from Associate	367,933	-	-	(330,992)	36,941
<b>Expenses</b>					
Personnel expenses	(2,686,162)	-	-	-	(2,686,162)
Depreciation and amortization	(412,763)	-	(47,537)	-	(460,300)
Other expenses	(3,050,219)	(62,036)	(665,406)	957,819	(2,819,842)
	1,827,271	(53,769)	(378,570)	464,600	1,859,532
<b>Segment Operating Surplus before tax</b>	1,827,271	(53,769)	(378,570)	464,600	1,859,532
Income tax expense	-	(30)	(59,745)	-	(59,775)
<b>Segment Operating Surplus after tax</b>	1,827,271	(53,799)	(438,315)	464,600	1,799,757
<b>Assets &amp; Liabilities</b>					
Reportable segment assets	16,521,152	375,322	3,456,279	2,423,758	22,776,511
Reportable segment liabilities	2,604,163	707,693	3,901,058	(3,791,148)	3,421,766

### 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**

<i>In thousands of Naira</i>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Transaction fees	1,632,700	2,609,302	1,632,700	2,609,302
Listing fees	813,063	1,386,548	813,063	1,386,548
Entrance levies	55,949	164,759	55,949	164,759
Other fees (see note (a) below)	53,967	65,645	53,967	65,645
	<b>2,555,679</b>	<b>4,226,254</b>	<b>2,555,679</b>	<b>4,226,254</b>

(a) Other fees represent rent of the trading floor, annual charges of brokers, dealing license and membership fees earned by the Exchange.

**9 Other income**

<i>In thousands of Naira</i>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Sundry income (see note (a) below)	385,750	393,529	369,935	393,959
Rental income	78,073	88,686	-	-
Interest income	927,510	1,192,052	884,176	1,166,088
Dividend income (see note (b) below)	35,499	39,240	354,197	367,933
Market data income	203,818	156,928	203,818	156,928
Exchange difference	75,497	-	74,045	-
Net gain on disposal of property and equipment	9,347	1,019	9,347	1,019
Provisions no longer required (see note (c) below)	186,682	513,288	185,653	449,393
	<b>1,902,176</b>	<b>2,384,742</b>	<b>2,081,171</b>	<b>2,535,320</b>

(a) Sundry income is made up of technology income, other sub-lease income and penalty fees.

(b) Dividend income represents dividend income received from the associate company - Central Securities Clearing System Plc.

(c) Amount represents essentially performance incentive scheme provision no longer required.

**10 Impairment loss on financial assets**

<i>In thousands of Naira</i>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
<b>(a) Financial assets</b>				
Net impairment charge on available for sale equity securities (see note 19(b)(i))	-	(55,591)	-	-
Net impairment (charge) on trade receivables (see note 20 (e))	(150,323)	(257,934)	(150,323)	(257,934)
Net impairment (charge)/reversal on intercompany receivables (see note 16(a))	-	-	29,229	(723,592)
	<b>(150,323)</b>	<b>(313,525)</b>	<b>(121,094)</b>	<b>(981,526)</b>
<b>(b) Non-financial assets</b>				
Impairment charge on non-current asset held for sale (see note 22) (a)	(6,089)	(534,107)	-	-
Impairment charge on investment in subsidiary (see note 18)	-	-	-	(72,000)
	<b>(6,089)</b>	<b>(534,107)</b>	<b>-</b>	<b>(72,000)</b>
	<b>(156,412)</b>	<b>(847,632)</b>	<b>(121,094)</b>	<b>(1,053,526)</b>

**11 Personnel expenses**

<b>In thousands of Naira</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Wages and salaries	2,443,449	2,386,397	2,443,449	2,386,397
Defined benefit cost (see note 26 below)	36,855	144,784	36,855	144,784
Contributions to defined contribution plans (See note (a) below)	175,244	154,981	175,244	154,981
	2,655,548	2,686,162	2,655,548	2,686,162

(a) The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act of 2014 (amended). 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:

	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Executive Directors	3	3	3	3
Management	23	24	23	24
Non-Management	237	239	237	239
	263	266	263	266

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

<b>In thousands of Naira</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Short term benefits	2,037,213	1,725,281	2,037,213	1,725,281
Contributions to defined contribution plans	151,688	136,701	151,688	136,701
Other staff cost	144,507	461,861	144,507	461,861
	2,333,408	2,323,843	2,333,408	2,323,843

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

<b>In thousands of Naira</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Fees and sitting allowances	34,767	44,880	34,117	44,380
Executive compensation*	285,286	255,179	285,286	255,179
	320,053	300,059	319,403	299,559

\*Executive compensation relates to compensation paid to Chief Executive Officer and members of the Executive management who are not Council members.

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

<b>In thousands of Naira</b>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
The President	2,120	2,120	2,120	2,120
Highest paid Council member	147,403	115,053	147,403	115,053

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

	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
N1,000,001 - ₦10,000,000	-	-	-	-
₦10,000,001 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 2016	Group 2015	Exchange 2016	Exchange 2015
₦60,000 - ₦2,000,000	88	94	88	94
₦2,000,001 - ₦3,500,000	41	35	41	35
₦3,500,001 - ₦5,000,000	25	28	25	28
₦5,000,001 - ₦6,500,000	23	24	23	24
₦6,500,001 - ₦8,000,000	18	18	18	18
₦8,000,001 - ₦9,500,000	4	4	4	4
₦9,500,001 and above	61	60	61	60
	260	263	260	263

## 12 Operating expenses

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Repairs and Maintenance	462,972	411,284	364,969	294,750
Council member's sitting allowances and expenses	160,307	101,685	159,464	101,140
Professional fees	181,146	159,967	176,503	147,477
Audit Fees	32,000	32,000	29,304	29,304
Travelling expenses	91,633	99,043	91,633	98,877
Rent and rates	37,769	32,780	141,067	128,203
Stationery, library and fact book expenses	17,157	8,271	17,157	8,271
Subscriptions	94,732	69,354	94,732	69,159
NSITF charge	19,781	22,222	19,781	22,222
Software, Internet and connectivity subscription	291,119	310,774	291,119	310,774
Diesel expenses	84,767	57,666	84,767	57,666
Project expenses (see note (a) below)	162,377	172,171	162,377	172,171
Water and rates	29,630	28,169	99,172	92,515
Events, seminars & sponsorship expenses	75,472	81,296	75,472	81,296
Security expense	34,071	32,306	32,632	31,788
Bank charges	53,837	62,207	50,586	60,034
Provision for VAT and withholding tax	50,000	129,000	50,000	129,000
Corporate social responsibilities and gifts	14,080	38,354	14,080	38,354
Exchange difference	-	15,498	-	15,498
Telephone, postages and periodicals	11,520	15,511	11,520	15,511
General expenses (see note (b) below)	51,644	92,683	47,891	92,683
	1,956,013	1,972,241	2,014,225	1,996,693

(a) Project expenses relate to the branch empowerment, derivative, demutualisation, document management and data centre projects.

(b) General expenses include insurance, advert and publications, cleaning materials, office provisions, AGM expenses and brand management expenses.

## 13 Income tax expense

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Current year:				
Companies Income Tax	39,477	60,037	-	-
Minimum tax	180	210	-	-
NITDA	-	-	-	-
Under/(Over) provision in prior year	-	-	-	-
Education Tax	3,017	4,199	-	-
	42,674	64,446	-	-
	(3,526)	(4,701)	-	-
Deferred tax reversal	-	-	-	-
Total tax expense	39,148	59,745	-	-

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### Reconciliation of effective tax rate

<i>In thousands of Naira</i>	Group 2016	2016	Group 2015	2015
Surplus before tax		66,600		1,859,502
Income tax using the domestic corporation tax rate	30%	19,980	30%	557,851
Non-deductible expenses	2363%	1,574,027	99%	1,844,743
Tax exempt income	-1953%	(1,300,590)	-107%	(1,987,297)
Effect of share of profit of equity accounted investee	-392%	(260,812)	-20%	(364,452)
Education tax	5%	3,017	0%	4,199
Change in recognised deductible temporary difference	5%	3,526	0%	4,701
Tax expense	59%	39,148	3%	59,745

(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 Intangible assets

#### Reconciliation of carrying amount

##### (a) The Group

<i>In thousands of Naira</i>	Goodwill	Purchased software	Total
<b>Cost</b>			
Balance as at 1 January 2015	61,784	2,408,966	2,470,750
Acquisitions	-	21,594	21,594
Disposal	-	(823)	(823)
Transfers/write-offs	-	(41,825)	(41,825)
Balance at 31 December 2015	61,784	2,387,912	2,449,696
Balance as at 1 January 2016	61,784	2,387,912	2,449,696
Acquisitions	-	25,602	25,602
Balance at 31 December 2016	61,784	2,413,514	2,475,298
<b>Amortization and impairment losses</b>			
Balance as at 1 January 2015	57,148	1,877,731	1,934,879
Amortization for the year	-	144,409	144,409
Disposals	-	(357)	(357)
Transfers/write-offs	-	(40,000)	(40,000)
Balance at 31 December 2015	57,148	1,981,783	2,038,931
Balance as at 1 January 2016	57,148	1,981,783	2,038,931
Amortization for the year	-	148,645	148,645
Balance at 31 December 2016	57,148	2,130,428	2,187,576
<b>Carrying amounts</b>			
At 1 January 2016	4,636	406,129	410,765
At 31 December 2016	4,636	283,086	287,722

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the year ended December 2016 (2015: nil).

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(b) The Exchange

<i>In thousands of Naira</i>	Purchased software	Total
<b>Cost</b>		
Balance as at 1 January 2015	2,408,966	2,408,966
Acquisitions	21,594	21,594
Disposals	(823)	(823)
Transfers/write-offs	(41,825)	(41,825)
<b>Balance at 31 December 2015</b>	<b>2,387,912</b>	<b>2,387,912</b>
Balance as at 1 January 2016	2,387,912	2,387,912
Acquisitions	25,602	25,602
<b>Balance at 31 December 2016</b>	<b>2,413,514</b>	<b>2,413,514</b>
<b>Amortization and impairment losses</b>		
Balance as at 1 January 2015	1,877,731	1,877,731
Amortization for the year	144,408	144,408
Disposals	(356)	(356)
Transfers/write-offs	(40,000)	(40,000)
<b>Balance at 31 December 2015</b>	<b>1,981,783</b>	<b>1,981,783</b>
Balance as at 1 January 2016	1,981,783	1,981,783
Amortization for the year	148,645	148,645
<b>Balance at 31 December 2016</b>	<b>2,130,428</b>	<b>2,130,428</b>
<b>Carrying amounts</b>		
At 1 January 2016	406,129	406,129
At 31 December 2016	283,086	283,086



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## 15 Property and equipment

### Reconciliation of carrying amount

<i>In thousands of Naira</i>	Land	Buildings	Leasehold Improvements	Office Equipment	Motor vehicle	Computer Equipment	Furniture, fixtures and fittings	Total
<b>(a) The Group Cost</b>								
Balance as at 1 January 2015	199,554	2,151,524	1,271,091	465,256	408,976	1,018,528	245,534	5,760,463
Additions	-	-	-	95,714	73,050	54,246	15,068	238,078
Disposals	-	-	-	(1,212)	(31,850)	-	(4,157)	(37,219)
Transfers/ write offs	-	-	-	16,290	-	12,668	2,606	31,564
Balance as at 31 December 2015	199,554	2,151,524	1,271,091	576,048	450,176	1,085,442	259,051	5,992,886
Balance as at 1 January 2016	199,554	2,151,524	1,271,091	576,048	450,176	1,085,442	259,051	5,992,886
Additions	-	-	-	10,745	105,135	9,708	9,616	135,204
Disposals	-	-	-	(8,790)	(116,870)	(8,427)	(10,975)	(145,062)
Transfers/ write offs	-	-	-	(1,005)	-	-	-	(1,005)
Balance as at 31 December 2016	199,554	2,151,524	1,271,091	576,998	438,441	1,086,723	257,692	5,982,023
<b>Depreciation and impairment losses</b>								
Balance at 1 January 2015	-	275,668	158,602	348,677	214,650	669,485	150,827	1,817,909
Depreciation for the year	-	47,005	25,421	39,139	63,207	107,844	33,275	315,891
Disposals	-	-	-	(1,136)	(28,664)	-	(2,468)	(32,268)
Transfers/ write offs	-	-	-	319	(2,187)	(709)	(321)	(2,898)
Balance as at 31 December 2015	-	322,673	184,023	386,999	247,006	776,620	181,313	2,098,634
Balance as at 1 January 2016	-	322,673	184,023	386,999	247,006	776,620	181,313	2,098,634
Depreciation for the year	-	47,005	25,422	51,802	84,132	106,930	28,718	344,009
Disposals	-	-	-	(7,480)	(101,613)	(7,735)	(10,852)	(127,680)
Transfers/ write offs	-	-	-	(151)	-	-	24	(127)
Balance as at 31 December 2016	-	369,678	209,445	431,170	229,525	875,815	199,203	2,314,836
<b>Carrying amounts</b>								
At 1 January 2016	199,554	1,828,851	1,087,068	189,049	203,170	308,822	77,738	3,894,252
At 31 December 2016	199,554	1,781,846	1,061,646	145,828	208,916	210,908	58,489	3,667,187

(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 N2.3 billion (2015: N2.3 billion) which is accounted for as investment property in the separate financial statement of the subsidiary, Naira Properties Limited.

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(b) **The Exchange Cost**

<i>In thousands of Naira</i>	Land	Buildings	Leasehold Improvements	Office Equipment	Motor vehicle	Computer Equipment	Furniture, fixtures and fittings	Total
Balance at 1 January 2015	-	-	1,271,091	465,256	408,976	1,015,875	245,532	3,406,730
Additions	-	-	-	95,714	73,050	54,246	15,068	238,078
Disposals	-	-	-	(1,212)	(31,850)	-	(4,157)	(37,219)
Transfers/write-offs	-	-	-	16,290	-	12,668	2,606	31,564
Balance at 31 December 2015	-	-	1,271,091	576,048	450,176	1,082,789	259,049	3,639,153
Balance at 1 January 2016	-	-	1,271,091	576,048	450,176	1,082,789	259,049	3,639,153
Additions	-	-	-	10,745	105,135	9,708	9,616	135,204
Disposals	-	-	-	(8,790)	(116,870)	(8,427)	(10,975)	(145,062)
Transfers/write-offs	-	-	-	(1,005)	-	-	-	(1,005)
Balance at 31 December 2016	-	-	1,271,091	576,998	438,441	1,084,070	257,690	3,628,290
<b>Depreciation and impairment losses</b>								
Balance at 1 January 2015	-	-	158,602	348,678	214,652	668,054	150,824	1,540,810
Depreciation for the year	-	-	25,421	39,139	63,207	107,313	33,275	268,355
Disposals	-	-	-	(1,137)	(28,665)	-	(2,466)	(32,268)
Transfers/write-offs	-	-	-	319	(2,188)	(710)	(320)	(2,899)
Balance at 31 December 2015	-	-	184,023	386,999	247,006	774,657	181,313	1,773,998
Balance at 1 January 2016	-	-	184,023	386,999	247,006	774,657	181,313	1,773,998
Depreciation for the year	-	-	25,422	51,802	84,132	106,399	28,718	296,473
Disposals	-	-	-	(7,480)	(101,613)	(7,735)	(10,852)	(127,680)
Transfers/write-offs	-	-	-	(151)	-	-	24	(127)
Balance at 31 December 2016	-	-	209,445	431,170	229,525	873,321	199,203	1,942,664
			(209,445)	(431,305)	(229,390)	(873,321)	(199,203)	
<b>Carrying amounts</b>								
At 1 January 2016	-	-	1,087,068	189,049	203,170	308,132	77,736	1,865,155
At 31 December 2016	-	-	1,061,646	145,828	208,916	210,749	58,487	1,685,626

- (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.

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## 16 Intercompany receivables

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Intercompany receivables	-	-	3,693,819	3,791,148
Allowance for impairment	-	-	(1,098,775)	(1,128,003)
Carrying amount	-	-	2,595,044	2,663,145

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

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Opening balance	-	-	1,128,003	404,411
Impairment (reversal)/charges during the year (see note 10)	-	-	(29,228)	723,592
Closing balance	-	-	1,098,775	1,128,003

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

<i>The Exchange</i>	Gross 2016	Impairment 2016	Carrying amount 2016	Gross 2015	Impairment 2015	Carrying amount 2015
<i>In thousands of Naira</i>						
NSE Consult Limited	373,700	(364,411)	9,289	410,392	(404,411)	5,981
Naira Properties Limited	1,441,136	-	1,441,136	1,506,127	-	1,506,127
Coral Properties Plc.	1,878,764	(734,364)	1,144,400	1,874,629	(723,592)	1,151,037
NSE Nominees Limited	219	-	219	-	-	-
	3,693,819	(1,098,775)	2,595,044	3,791,148	(1,128,003)	2,663,145

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. Impairment allowance was charged on the balance which Council members have determined is doubtful.

### (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 intercompany receivable was impaired by ₦734 million to the fair value less cost to sell of the property which was valued at ₦1.14 billion (2015: ₦1.15 billion). The Council is of the opinion that the net balance amount would be recovered from the proceeds of the asset held for sale.

### (iv) NSE Nominees Limited

Intercompany receivables due from NSE Nominees Limited. relate to board sitting allowance and other expenses incurred by the subsidiary with respect to its meetings during the year which were paid by the Exchange. The Council members are of the opinion that the receivable would be recovered from the cash balance of the subsidiary.

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## 17 Equity-accounted investees

<i>In thousands of Naira</i>	Cost			
	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Investment in Associate - CSCS ((see note 17 (i) below)	7,010,512	6,416,521	387,804	387,804
Investment in Joint Venture - NG Clearing ((see note 17 (ii) below)	19,149	-	62,500	-
Carrying amount	7,029,661	6,416,521	450,304	387,804

### (i) Investment in Associate-CSCS

<i>In thousands of Naira</i>	Cost			
	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Carrying amount of interests in associates	6,416,521	5,532,672	387,804	387,804
Share of current year result (net of tax)	912,723	1,214,841	-	-
Dividends paid	(318,732)	(330,992)	-	-
Total investment in associates	7,010,512	6,416,521	387,804	387,804
Carrying amount	7,010,512	6,416,521	387,804	387,804

The Group has a 27% ownership interest in Central Securities Clearing Systems (CSCS) Plc. 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 2016 was N25,964,858,000 (2015: N23,764,894,000).

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

<i>In thousands of Naira</i>	2016	2015
Percentage ownership interest	27%	27%
Non-current assets	26,255,632	24,478,472
Current assets	903,530	771,027
Non-current liabilities	-	(29,780)
Current liabilities	(1,194,304)	(1,454,825)
Net assets (100%)	25,964,858	23,764,894
<b>Group's share of net assets (27%)</b>	<b>7,010,512</b>	<b>6,416,521</b>
Revenue	6,191,385	7,585,719
Profit from continuing operations	3,380,454	4,499,411
Other comprehensive income	-	-
Total comprehensive income	3,380,454	4,499,411
<b>Group's share of profit and total comprehensive income</b>	<b>912,723</b>	<b>1,214,841</b>
Group's interest in net assets of investee at the beginning of the year	6,416,521	5,532,672
Total comprehensive income attributable to the Group	912,723	1,214,841
Dividend received during the year	(318,732)	(330,992)
Group's interest in the net assets of investee at the end of the year	7,010,512	6,416,521

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

### (ii) Investment in Joint Venture - NG Clearing

NG Clearing Limited is a joint venture in which the Group has joint control and a 50% ownership interest. It is principally established to operate clearing house(s) for the clearance and settlement of transactions in financial securities and derivatives contracts. The Company was incorporated during the year and has not commenced operations. The net operating loss arising from pre-operational expenses amounts to N86.7 million and the Group has accounted for its share of the operating loss.

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(iii) Total amount recognised in profit or loss is as follows

<i>In thousands of Naira</i>	2016	2015
Share of profit from associate	912,723	1,214,841
Share of loss from joint venture	(43,351)	-
	869,372	1,214,841

18 Investment in subsidiaries

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
NSE Consult Limited	-	-	251,250	1,250
Coral Properties Plc.	-	-	72,000	72,000
Naira Properties Limited	-	-	945,700	945,700
NSE Nominees Limited	-	-	500	500
Total investment in subsidiaries	-	-	1,269,450	1,019,450
Impairment (see note 18 (v) below)	-	-	(73,000)	(73,000)
Carrying amount	-	-	1,196,450	946,450

- (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) The Nigerian Stock Exchange has a 83.3% holding in NSE Nominees Limited. NSE Nominees Limited was incorporated on 22 May 2007 with the principal objective of opening and operating a nominee account for the purpose of buying back shares for the benefit of investors who suffered losses through an unauthorized sale of their shares within the Nigerian Capital Market.
- (v) An analysis of allowance for impairment of investment in subsidiaries is shown below:

<i>In thousands of Naira</i>	Gross 2016	Impairment 2016	Carrying amount 2016	Gross 2015	Impairment 2015	Carrying amount 2015
NSE Consult Limited	251,250	(1,000)	250,250	1,250	(1,000)	250
Coral Properties Plc.	72,000	(72,000)	-	72,000	(72,000)	-
	323,250	(73,000)	250,250	73,250	(73,000)	250

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(vi) Condensed results of consolidated entities

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

<i>In thousands of Naira</i>	Group balance	Elimination entries	The Exchange	NSE Consult Limited	Coral Properties Plc	Naira Properties Limited	NSE Nominees Limited
Operating income	4,457,855	(492,939)	4,636,850	26,032	-	281,778	2,391
Operating expenses	(5,104,215)	174,207	(5,114,891)	(4,014)	(4,134)	(151,126)	(514)
Impairment charges	(156,412)	10,771	(121,094)	-	(6,089)	-	-
Operating (deficit)/suplus before tax	(802,772)	(307,961)	(599,135)	22,018	(10,223)	130,652	1,877
Share of profit of equity accounted investees	869,372	912,723	-	-	-	-	-
Tax expense	(39,148)	-	-	(2,259)	(180)	(36,709)	-
Operating surplus/(loss) after tax	27,452	604,762	(599,135)	19,759	(10,403)	93,943	1,877
Other comprehensive income	6,123	-	(5,950)	12,073	-	-	-
Total comprehensive income for the year	33,575	604,762	(605,085)	31,832	(10,403)	93,943	1,877
<b>Condensed financial position</b>							
<i>In thousands of Naira</i>	Group balance	Elimination entries	The Exchange	NSE Consult Limited	Coral Properties Plc	Naira Properties Limited	NSE Nominees Limited
Total non-current assets	12,929,221	2,835,851	7,908,609	170,161	-	1,981,560	76,391
Total current assets	9,864,405	-	8,012,603	287,143	1,144,400	384,723	38,633
Total assets	22,793,626	2,835,851	15,921,212	457,304	1,144,400	2,366,283	115,024
Total equity	19,388,320	6,768,493	13,311,904	(315,690)	(853,081)	502,181	5,791
Total non current liabilities	352,968	-	187,589	-	-	165,379	-
Total current liabilities	3,052,338	(3,935,741)	2,421,719	760,921	1,997,481	1,698,723	109,233
Total liabilities	3,405,306	(3,935,741)	2,609,308	760,921	1,997,481	1,864,102	109,233
Total equity and liabilities	22,793,626	2,832,752	15,921,212	445,231	1,144,400	2,366,283	115,024

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Condensed results of the consolidated entities as at 31 December 2015, are as follows:

<i>In thousands of Naira</i>	Group balance	Elimination entries	Exchange	NSE Consult Limited	Coral Properties Plc	Naira Properties Limited	NSE Nominees Limited
Operating income	6,610,996	(493,219)	6,761,574	4,953	-	334,373	3,314
Operating expenses	(5,118,703)	162,227	(5,095,618)	(6,445)	(6,298)	(172,569)	-
Impairment charges	(847,632)	740,001	(1,053,526)	-	(534,107)	-	-
Fair value loss on investment securities	-	55,591	-	(55,591)	-	-	-
Operating surplus before tax	644,661	464,601	612,430	(57,083)	(540,405)	161,804	3,314
Share of profit of equity accounted investees	1,214,841	1,214,841	-	-	-	-	-
Tax (expense)/credit	(59,745)	-	-	(30)	(180)	(59,535)	-
Operating surplus after tax	1,799,757	1,679,442	612,430	(57,113)	(540,585)	102,269	3,314
Other comprehensive income	64,187	-	-	64,187	-	-	-
Total comprehensive income	1,863,944	1,679,442	612,430	7,074	(540,585)	102,269	3,314
<b>Condensed financial position</b>							
<i>In thousands of Naira</i>	Group balance	Elimination entries	Exchange	NSE Consult Limited	Coral Properties Plc	Naira Properties Limited	NSE Nominees Limited
Total non-current assets	11,008,504	2,420,758	6,268,683	158,088	-	2,029,097	128,878
Total current assets	11,768,007	-	10,252,469	51,817	1,150,489	276,694	36,538
Total assets	22,776,511	2,420,758	16,521,152	209,905	1,150,489	2,305,791	165,416
Total equity	19,354,745	6,206,393	13,916,989	(336,186)	(843,329)	407,063	3,814
Total non current liabilities	313,689	-	144,784	-	-	168,909	-
Total current liabilities	3,108,077	(3,785,635)	2,459,379	546,091	1,993,818	1,729,819	161,602
Total liabilities	3,421,766	(3,785,635)	2,604,163	546,091	1,993,818	1,898,728	161,602
Total equity and liabilities	22,776,511	2,420,758	16,521,152	209,905	1,150,489	2,305,791	165,416



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## 19 Other investments

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Held to maturity investment securities				
Bonds	1,698,099	-	1,698,099	-
Treasury bills	6,166,241	7,153,131	5,784,890	7,153,131
<b>Sub total</b>	<b>7,864,340</b>	<b>7,153,131</b>	<b>7,482,989</b>	<b>7,153,131</b>
Available for sale investments (see note 19(a) below)	246,552	286,966	-	-
<b>Sub total</b>	<b>246,552</b>	<b>286,966</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>	<b>8,110,892</b>	<b>7,440,097</b>	<b>7,482,989</b>	<b>7,153,131</b>
<i>In thousands of naira</i>	<b>Group 2016</b>	<b>Group 2015</b>	<b>Exchange 2016</b>	<b>Exchange 2015</b>
Non-current	1,944,651	286,966	1,698,099	-
Current	6,166,241	7,153,131	5,784,890	7,153,131
<b>Carrying amount</b>	<b>8,110,892</b>	<b>7,440,097</b>	<b>7,482,989</b>	<b>7,153,131</b>

### (a) Analysis of available for sale investment securities

(i) Investment in available for sale is as follows:

<i>In thousands of Naira</i>	Group 2016	Group 2015
Investment in unquoted equities (FMDQ OTC and NASD OTC)	170,161	158,088
Investment in Quoted equities	76,391	128,878
	<b>246,552</b>	<b>286,966</b>
(ii) Movement in available for sale financial asset		
<i>In thousands of Naira</i>	Group 2016	Group 2015
Cost - FMDQ OTC and NASD OTC	90,000	90,000
Other equity investment	131,982	193,468
Disposal	(17,250)	(8,999)
Fair value changes (see note 19 (a) (iii) below)	80,161	68,088
Impairment charges (see note 10 above)	(38,341)	(55,591)
	<b>246,552</b>	<b>286,966</b>

An impairment loss was recognised in profit or loss in respect of quoted equities where there has been a significant and prolonged decline in the value of the shares since the purchase date and/or disappearance of an active market for those equities. Proceeds from disposal of such impaired equities in current year has been recognised in profit or loss.

(iii) Movement in fair value on available for sale financial asset

<i>In thousands of Naira</i>	Group 2016	Group 2015
Opening balance	68,088	3,900
Fair value changes during the year	12,073	64,188
	<b>80,161</b>	<b>68,088</b>

(b) The financial assets which are available for sale, are unquoted equity investments in National Association of Securities Dealers (NASD OTC) amounting to N40,000,000, investments in Financial Market Dealers Quotation (FMDQ OTC) amounting to N50,000,000, and other investment in quoted equities securities that are not actively traded (N76,391,000). A fair value gain of N12.1 million was recognised in the statement of comprehensive income in respect of the investment in available for sale financial assets for the financial year. The valuation techniques are explained in note 5(iv)(c).

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## 20 Trade and other receivables

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Trade receivables	599,478	497,745	585,722	483,989
Staff loans	299	299	299	299
Due from NSE/CSCS Multipurpose Cooperative Society (see note 20 (a) below )	264,979	264,979	264,979	264,979
Deferred recovery of bonuses (see note 20 (b) below)	1,469,065	1,469,065	1,469,065	1,469,065
Due from gratuity fund administrators	23,165	23,165	23,165	23,165
Other receivables (see note 20 (d) below)	797,440	752,582	209,413	214,555
Gross total	3,154,426	3,007,835	2,552,643	2,456,052
Allowance for impairment (See note 20 (e) below)	(2,953,519)	(2,803,196)	(2,401,737)	(2,251,414)
<b>Carrying amount</b>	<b>200,907</b>	<b>204,639</b>	<b>150,906</b>	<b>204,638</b>

- (a) The amount due from NSE/CSCS Multipurpose Co-operative Society relates to two payments of ₦150million and ₦114.9million 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 ₦2.09billion distributed to certain ex-council members as share of surplus between 2006 and 2008. This payment was contrary to section 26(3) of the Companies and Allied Matters Act, and the Securities and Exchange Commission directed the Exchange to recover the money from the ex-council Members involved. Refunds amounting to ₦620.50million (2015: ₦620.50million) have been received from the ex-council members to date. The outstanding balance of ₦1.47billion 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.
- (c) Other receivables include investment in defunct Hallmark bank and other unsubstantiated receivables. These amounts have been fully impaired as at year end.
- (d) Analysis of allowance for impairment of other assets is shown below:

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Trade debtors- listing fees	428,051	293,468	428,051	293,468
Trade debtors-annual charges	62,803	47,064	62,803	47,064
Sundry Debtors - NSE/CSCS Cooperative	264,979	264,979	264,979	264,979
Deferred recovery of bonuses	1,469,065	1,469,065	1,469,065	1,469,065
Gratuity plan assets	23,165	23,165	23,165	23,165
Other receivables	705,456	705,455	153,674	153,673
	2,953,519	2,803,196	2,401,737	2,251,414

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

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Opening balance	2,803,196	2,545,262	2,251,414	1,993,480
Movement during the year:				
Net impairment charge/(reversal) on other assets (see note 10a)	150,323	257,934	150,323	257,934
Closing balance	2,953,519	2,803,196	2,401,737	2,251,414
<b>21 Prepayment</b>				
<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Prepaid expenses	589,114	254,690	592,211	254,690
Prepayments for IT platform	113,743	104,045	113,743	104,045
Advance payments to third parties ( See note 21(a) below)	31,309	32,569	31,309	32,569
<b>Gross total</b>	<b>734,166</b>	<b>391,304</b>	<b>737,263</b>	<b>391,304</b>

- (a) 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.

Notes to the consolidated and separate financial statements  
For the year ended 31 December 2016

## 22 Non-current assets held for sale

In thousands of Naira	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Building under construction	1,684,596	1,684,596	-	-
Impairment charge (see note 22 (a))	(540,196)	(534,107)	-	-
<b>Balance as at 31 December 2015</b>	<b>1,144,400</b>	<b>1,150,489</b>	<b>-</b>	<b>-</b>

(a) Movement in allowance for impairment of non-current asset held for sale is shown below

In thousands of Naira	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Opening balance	(534,107)	-	-	-
Movement during the year:				
Impairment charge on non-current asset held for sale (see note 10 (b))	(6,089)	(534,107)	-	-
<b>Closing balance</b>	<b>(540,196)</b>	<b>(534,107)</b>	<b>-</b>	<b>-</b>

The asset held for sale relates to the Group's investment property under construction which is now accounted for as non-current asset 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 2016 was ₦1.14 billion. The fair value less costs to sell of ₦1.14 billion is lower than the carrying amount of ₦1.15 billion, hence, the recognition of ₦6.09 million as impairment charge on the property during the year.

The fair value less costs to sell of ₦1.14 billion was estimated by Messrs. Jide Taiwo & Co, a valuation expert duly registered with Financial Reporting Council (FRC), FRC/2012/0000000000254, and the Nigerian Institute of Estate Surveyors and Valuers (NIESV). The asset is still available for immediate sales in its current condition and efforts to sell it is still on as the asset has been offered for bid and Messrs. Diya Fatimilehin & Co is in charge of the sale which is expected to be concluded within 2017 calendar year.

## 23 Cash and cash equivalents

In thousands of Naira	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Cash balances	15	265	15	265
Bank balances	481,407	289,380	474,363	286,732
Fixed deposits	1,137,269	2,578,799	865,166	2,216,399
<b>Total</b>	<b>1,618,691</b>	<b>2,868,444</b>	<b>1,339,544</b>	<b>2,503,396</b>

## 24 Equity

### (a) Accumulated funds

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

### (b) Other reserves

Other reserves represent fair value gain recognised on available for sale investments and actuarial gains/loss on definite obligations.

## 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 2016	Group 2015	Exchange 2016	Exchange 2015
Recognized liability for defined benefit obligations (see note (a) below)	187,589	144,784	187,589	144,784
Recognized liability for defined contributions	26,228	52,784	26,228	52,784

Notes to the consolidated and separate financial statements  
For the year ended 31 December 2016

#### Movement in defined benefit obligations

In thousands of Naira	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Opening balance	144,784	388,696	144,784	388,696
Under provision on terminated scheme	-	-	-	-
Current service charge & interest cost	36,855	144,784	36,855	144,784
Net actuarial loss	5,950	-	5,950	-
Payment made during the year	-	(388,696)	-	(388,696)
	187,589	144,784	187,589	144,784

#### (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 payments was supervised by Gratuity Committee. However, a revised long-term incentive scheme was re-opened in 2015 for certain eligible employees. The entitlement for the qualifying employee ranges from 15% - 17% of their annual total emolument in the first 5-year of service and a maximum of 25%-35% for 10-years of service.

#### (b) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2016	2015
Discount rate	15.70%	10.84%
Salary increase rate	11.00%	9.00%
Inflation	11.00%	9.00%
Withdrawal rate: within the first 5 years	6.00%	6.00%
Withdrawal rate: within the second 5 years	5.00%	5.00%

The rate of mortality assumed for members in the Scheme are based on A49/52 Ultimate table published by the Institute of Actuaries of United Kingdom.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

#### (c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

In thousands of Naira	31 December 2016		31 December 2015	
	Increase	Decrease	Increase	Decrease
Withdrawal rate (5% movement)	1,313	(1,313)	(1,205)	(655)
Mortality rate (20% movement)	(938)	1,032	(1,563)	(293)
Salary increase (10% movement)	1,501	(1,501)	(688)	(1,183)
Discount rate (3% movement)	(1,126)	1,126	(715)	661
Inflation rate (2% movement)	750	(750)	579	(579)

#### (d) Expected maturity analysis of post-employment benefits:

In thousands of Naira	Between 1-2 years	Between 2-5 years	Over 5 years	2016 Total
Present value of the defined benefit obligation	4,370	183,218	-	187,588
	4,370	183,218	-	187,588
In thousands of Naira	Between 1-2 years	Between 2-5 years	Over 5 years	2015 Total
Present value of the defined benefit obligation	1,773	143,011	-	144,784
	1,773	143,011	-	144,784

Notes to the consolidated and separate financial statements  
For the year ended 31 December 2016

## 27 Deferred tax liability

Deferred tax liability comprises of:

<i>In thousands of Naira</i>	2016	2015	2016	2015
<b>Deferred tax liability</b>				
Balance, beginning of the year	168,905	173,606	-	-
Deferred tax liability recognized by subsidiary	(3,526)	(4,701)	-	-
Deferred tax reversal	-	-	-	-
Balance, end of the year	165,379	168,905	-	-
<b>(a) Movements in temporary differences during the year</b>				
<i>In thousands of Naira</i>	<b>Opening balance</b>	<b>Recognized in profit or loss</b>	<b>Recognized in equity</b>	<b>Closing balance</b>
<b>For the year ended 31 December 2015</b>				
Revaluation surplus	173,606	-	-	173,606
Credit during the year	-	(4,701)	-	(4,701)
<b>Total</b>	173,606	(4,701)	-	168,905
	<b>Opening balance</b>	<b>Recognized in profit or loss</b>	<b>Recognized in equity</b>	<b>Closing balance</b>
<b>For the year ended 31 December 2016</b>				
Revaluation surplus	168,905	-	-	168,905
Charge during the year	-	(3,526)	-	(3,526)
<b>Total</b>	168,905	(3,526)	-	165,379

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

Group

<i>In thousands of Naira</i>	Liabilities
<b>For the year ended 31 December 2015</b>	
Revaluation surplus on Investment Property	168,905
<b>Net deferred tax liability</b>	168,905
<b>For the year ended 31 December 2016</b>	
Revaluation surplus on Investment Property	165,379
<b>Net deferred tax liability</b>	165,379

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
<b>28 Other liabilities</b>				
Accrued expenses	499,871	430,332	499,871	430,332
Sundry creditors	959,859	970,630	746,506	761,675
Deferred income	155,716	140,709	146,197	126,024
Value Added Tax & WHT payable	434,858	550,145	434,858	550,145
Donations payable	249,927	249,927	249,927	249,927
Payable by NSE Nominee Limited	109,015	161,602	-	-
Others (see note (a) below)	254,328	255,508	241,253	235,035
Staff related liabilities (see note (b) below)	76,879	53,457	76,879	53,457
<b>Total</b>	2,740,453	2,812,310	2,395,491	2,406,595

(a) Included in the Other liabilities is the sum of N149 million being amount paid by members (dealing and listed entities) for which the Exchange is yet to identify the purpose of the payment.

Also included in Other liabilities are accrued foreign currency denominated payments due to NASDAQ and Microsoft. The Exchange reached agreement with NASDAQ and Microsoft for the support and annual license of its IT infrastructures and these have been registered with the National Office for Technology Acquisition and Promotion (NOTAP) with the following details: Registration Certificate Number: CR 006175 & CR 005810; Certificate Date : 16 November 2016 & 22 June 2015; Registered Amount : USD2,743,833.89 & USD962,069.28; Subject Matter : Software License; NOTAP File Number: NOTAP/AG/FI/678/5/333; NOTAP/AG/FI/678/4/115 Certificate Expiry Date : 29 September 2018 & 31 July 2017 respectively.

(b) Staff related liabilities comprises of PAYE, National Housing Fund (NHF) and staff related liabilities payable to the government.

Notes to the consolidated and separate financial statements  
For the year ended 31 December 2016

## 29 Current tax liabilities

<i>In thousands of Naira</i>	Group 2016	Group 2015	Exchange 2016	Exchange 2015
Balance, beginning of the year	242,983	178,537	-	-
Prior year under/(over) provision	-	-	-	-
Charge during the year	42,674	64,446	-	-
Payment made during the year	-	-	-	-
Balance, end of the year	285,657	242,983	-	-

## 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 2016, estimated contingent liabilities stood at ₦4,535,624,000 (2015: ₦3,636,034,949).

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 2016

## 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:

<i>In thousands of Naira</i>	Note	2016	2015
<b>(a) Intercompany receivables</b>			
NSE Consult Limited	16	373,700	411,566
Naira Properties Limited	16	1,441,136	1,507,301
Coral Properties Plc.	16	1,878,764	1,875,281
NSE Nominees Limited	16	219	-
		3,693,819	3,794,148
<b>The Exchange</b>			
<i>In thousands of Naira</i>	Note	2016	2015
<b>(b) Intercompany expenses</b>			
Rent and service charge paid to Naira Properties Limited		174,207	162,227
Impairment charge on receivable from Coral Properties Plc.	10	10,771	723,592
		184,978	885,819
<i>In thousands of Naira</i>	Note	2016	2015
<b>(c) Transactions with associate/joint venture</b>			
Investment in CSCS	17	387,804	387,804
Dividend received from CSCS	9	354,148	367,769
Investment in Joint venture	17	62,500	-
Receivable from joint venture		43,351	-
		847,803	755,573

Notes to the consolidated and separate financial statements  
For the year ended 31 December 2016

(d) Compensation to key management personnel during the year

<i>In thousands of Naira</i>	2016	2015
Short-term benefits	261,729	209,264
Post-employment benefits (pension and gratuity)	-	-
	261,729	209,264

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

**Subsidiaries**

<i>In thousands of Naira</i>	Impairment on Receivable	2016 Impairment on investment	Total	Impairment on Receivable	2015 Impairment on investment	Total
NSE Consult Limited (see note 16 (b) above)	364,411	1,000	365,411	404,411	1,000	405,411
Coral Properties Plc (see note 16 (b) above)	734,364	72,000	806,364	723,592	72,000	795,592
	1,098,775	73,000	1,171,775	1,128,003	73,000	1,201,003

**32 Group entities**

**Significant subsidiaries**

**Ownership Interest**

Naira Properties Limited	100%
Coral Properties Plc	100%
NSE Consult Limited	99.8%
NSE Nominees Limited	83.3%

**33 Cash flow workings**

33 Cash flow workings		Group		Exchange	
<i>In thousands of Naira</i>	Notes	2016	2015	2016	2015
(i) Changes in intercompany receivables					
Opening balance		-	-	2,663,145	3,419,962
Impairment charges		-	-	29,228	(723,592)
Closing balance		-	-	(2,595,044)	(2,663,145)
Change during the year		-	-	97,330	33,225
(ii) Changes in trade and other receivables					
Opening balance		204,639	405,429	204,638	405,428
Less impairment charges		(150,323)	(257,934)	(150,323)	(257,934)
Closing balance		(200,907)	(204,639)	(150,906)	(204,638)
Change during the year		(146,591)	(57,144)	(96,591)	(57,144)
(iii) Changes in prepayments					
Opening balance		391,304	318,011	391,304	318,011
Closing balance		(734,166)	(391,304)	(737,263)	(391,304)
Change during the year		(342,862)	(73,293)	(345,959)	(73,293)
(iv) Changes in other liabilities					
Opening balance		2,812,310	2,413,089	2,406,595	2,095,072
Effect of unrealized gain on foreign currency transaction		(49,804)	-	(51,256)	(33,778)
Closing balance		(2,740,453)	(2,812,310)	(2,395,491)	(2,406,595)
Change during the year		22,053	(399,221)	(40,152)	(345,301)
(v) Interest received					
Interest income		927,510	1,192,052	884,176	1,166,088
Interest received on prior period highly liquid investment		30,126	22,157	27,428	-
Interest receivable on placements		(20,109)	(30,126)	(14,177)	(27,428)
Interest receivable on bonds		(83,107)	-	(83,107)	-
		854,420	1,184,083	814,320	1,138,660
(vi) Dividend received					
Dividend income		354,197	367,933	354,197	367,933
WHT on dividend income		(35,420)	(36,793)	(35,420)	(36,793)
		318,777	331,140	318,777	331,140



**(vii) Purchase of investments***For the year ended 31 December 2016*

Notes to the consolidated and separate financial statements

*In thousands of Naira*

Opening balance of investments	13,856,618	10,723,407	7,153,631	5,032,245
Fair value changes	(12,073)	(64,188)	-	-
Impairment charges	(157,999)	(246,151)	-	-
Interest receivable investment securities	109,347	91,871	109,347	91,871
Share of profit on equity accounted investee	912,723	1,214,841	-	-
Closing balance of total investments	(15,140,553)	(13,856,618)	(7,482,989)	(7,153,631)
Change during the year	(431,938)	(2,136,838)	(220,011)	(2,029,515)
<b>(viii) Cash and csh equivalent</b>				
Cash and cash equivalent per statement of financial position	1,618,691	2,868,444	1,339,544	2,503,396
Interest receivable on highly placements	(20,109)	(30,126)	(14,177)	(27,428)
	1,598,582	2,838,318	1,325,367	2,475,968

**34 Subsequent events**

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

## FINANCIAL SUMMARY

## FIVE YEAR FINANCIAL SUMMARY

### STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED

In thousands of Naira	Group 31 Dec 2016	Group 31 Dec 2015	Group 31 Dec 2014	Group 31 Dec 2013	Group 31 Dec 2012
<b>ASSETS</b>					
Property and equipment	3,667,187	3,894,252	3,942,554	3,889,584	3,441,234
Intangible assets	287,722	410,765	535,871	681,688	259,801
Investment properties under construction	-	-	-	1,684,596	1,601,593
Equity-accounted investees	7,029,661	6,416,521	5,532,672	4,605,822	3,793,918
Other investments	1,944,651	286,966	158,490	368,145	343,041
<b>Total non-current assets</b>	<b>12,929,221</b>	<b>11,008,504</b>	<b>10,169,587</b>	<b>11,229,835</b>	<b>9,439,587</b>
Trade and other receivables	200,907	204,639	405,429	430,021	549,102
Prepayment	734,166	391,304	318,011	-	-
Other investments	6,166,241	7,153,131	5,032,245	2,827,498	1,989,408
Asset held-for-sale	1,144,400	1,150,489	1,684,596		
Cash and cash equivalents	1,618,691	2,868,444	3,060,496	1,211,023	1,129,403
<b>Total current assets</b>	<b>9,864,405</b>	<b>11,768,007</b>	<b>10,500,777</b>	<b>4,468,542</b>	<b>3,667,913</b>
<b>Total assets</b>	<b>22,793,626</b>	<b>22,776,511</b>	<b>20,670,364</b>	<b>15,698,377</b>	<b>13,107,500</b>
<b>EQUITY</b>					
Accumulated fund	19,388,320	19,354,745	17,490,801	13,601,058	10,527,590
<b>Total equity</b>	<b>19,388,320</b>	<b>19,354,745</b>	<b>17,490,801</b>	<b>13,601,058</b>	<b>10,527,590</b>
<b>LIABILITIES</b>					
Deferred tax liabilities	165,379	168,905	173,606	168,964	-
<b>Total non current liabilities</b>	<b>165,379</b>	<b>168,905</b>	<b>173,606</b>	<b>168,964</b>	<b>-</b>
Defined-contribution pension	26,228	52,784	25,635	27,082	41,438
Other liabilities	2,740,453	2,812,310	2,413,089	1,784,182	2,319,247
Current tax liabilities	285,657	242,983	178,537	117,091	98,126
Retirement benefit obligation	187,589	144,784	388,696	-	121,099
<b>Total current liabilities</b>	<b>3,239,927</b>	<b>3,252,861</b>	<b>3,005,957</b>	<b>1,928,355</b>	<b>2,579,910</b>
<b>Total liabilities</b>	<b>3,405,306</b>	<b>3,421,766</b>	<b>3,179,563</b>	<b>2,097,319</b>	<b>2,579,910</b>
<b>Total equity and liabilities</b>	<b>22,793,626</b>	<b>22,776,511</b>	<b>20,670,364</b>	<b>15,698,377</b>	<b>13,107,500</b>

### INCOME STATEMENT

In thousands of Naira	Group 31 Dec 2016	Group 31 Dec 2015	Group 31 Dec 2014	Group 31 Dec 2013	Group 31 Dec 2012
Revenue	2,555,679	4,226,254	6,303,423	4,576,697	3,326,643
<b>Revenue</b>	<b>2,555,679</b>	<b>4,226,254</b>	<b>6,303,423</b>	<b>4,576,697</b>	<b>3,302,205</b>
Other income	1,902,176	2,384,742	1,646,665	825,206	617,588
Impairment loss on financial assets	(156,412)	(847,632)	66,395	69,785	(66,129)
Fair value (losses)/gain on investment securities	-	-	(15,646)	118,092	-
Personnel expenses	(2,655,547)	(2,686,162)	(2,276,360)	(1,820,331)	(1,646,639)
Operating expenses	(1,956,014)	(1,972,241)	(2,531,759)	(1,022,564)	(1,740,205)
<b>Net operating expense</b>	<b>(2,865,797)</b>	<b>(3,121,293)</b>	<b>(3,110,705)</b>	<b>(1,829,812)</b>	<b>(2,835,385)</b>
Operating deficit	(802,772)	644,661	2,755,383	2,265,609	491,258
Share of profit of equity accounted investees (net of income tax)	869,372	1,214,841	1,196,548	995,789	690,077
<b>Operating Surplus/(loss) before tax</b>	<b>66,600</b>	<b>1,859,502</b>	<b>3,951,931</b>	<b>3,261,398</b>	<b>1,181,335</b>
Income Tax expense	(39,148)	(59,745)	(66,088)	2,335	(28,275)
<b>Operating Surplus/(loss) after tax</b>	<b>27,452</b>	<b>1,799,757</b>	<b>3,885,843</b>	<b>3,263,733</b>	<b>1,153,060</b>

## FINANCIAL SUMMARY

## FIVE YEAR FINANCIAL SUMMARY

### STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED

In thousands of Naira	Exchange 31 Dec 2016	Exchange 31 Dec 2015	Exchange 31 Dec 2014	Exchange 31 Dec 2013	Exchange 31 Dec 2012
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
Property and equipment	1,685,626	1,865,155	1,865,920	1,765,397	1,271,778
Intangible assets	283,086	406,129	531,235	677,052	252,511
Intercompany receivables	2,595,044	2,663,145	3,419,962	3,575,336	3,607,993
Equity-accounted investees	450,304	387,804	387,804	387,804	387,804
Investment in subsidiaries	1,196,450	946,450	1,017,950	1,017,950	1,017,950
Other investments	1,698,099	-	-	-	-
<b>Total non-current assets</b>	<b>7,908,609</b>	<b>6,268,683</b>	<b>7,222,871</b>	<b>7,423,539</b>	<b>6,538,036</b>
Trade and other receivables	150,906	204,638	405,428	430,021	549,102
Prepayment	737,263	391,304	318,011	-	-
Other investments	5,784,890	7,153,131	5,032,245	2,827,498	1,989,408
Cash and cash equivalents	1,339,544	2,503,396	2,835,407	980,600	927,799
<b>Total current assets</b>	<b>8,012,603</b>	<b>10,252,469</b>	<b>8,591,091</b>	<b>4,238,119</b>	<b>3,466,309</b>
<b>Total assets</b>	<b>15,921,212</b>	<b>16,521,152</b>	<b>15,813,962</b>	<b>11,661,658</b>	<b>10,004,345</b>
<b>EQUITY</b>					
Accumulated fund	13,311,904	13,916,989	13,304,559	10,160,849	7,825,749
<b>Total equity</b>	<b>13,311,904</b>	<b>13,916,989</b>	<b>13,304,559</b>	<b>10,160,849</b>	<b>7,825,749</b>
<b>LIABILITIES</b>					
Retirement benefit obligation	187,589	144,784	388,696	-	121,099
<b>Total non current liabilities</b>	<b>187,589</b>	<b>144,784</b>	<b>388,696</b>	<b>-</b>	<b>121,099</b>
Defined-contribution pension	26,228	52,784	25,635	27,082	41,438
Other liabilities	2,395,491	2,406,595	2,095,072	1,473,727	2,016,059
Current tax liabilities	-	-	-	-	-
<b>Total current liabilities</b>	<b>2,421,719</b>	<b>2,459,379</b>	<b>2,120,707</b>	<b>1,500,809</b>	<b>2,057,497</b>
<b>Total liabilities</b>	<b>2,609,308</b>	<b>2,604,163</b>	<b>2,509,403</b>	<b>1,500,809</b>	<b>2,178,596</b>
<b>Total equity and liabilities</b>	<b>15,921,212</b>	<b>16,521,152</b>	<b>15,813,962</b>	<b>11,661,658</b>	<b>10,004,345</b>

### INCOME STATEMENT

In thousands of Naira	Exchange 31 Dec 2016	Exchange 31 Dec 2015	Exchange 31 Dec 2014	Exchange 31 Dec 2013	Exchange 31 Dec 2012
Revenue	2,555,679	4,226,254	6,303,423	4,576,697	3,326,643
<b>Revenue</b>	<b>2,555,679</b>	<b>4,226,254</b>	<b>6,303,423</b>	<b>4,576,697</b>	<b>3,326,643</b>
Other income	2,081,171	2,535,320	1,811,754	916,352	632,678
Impairment loss on financial assets	(121,094)	(1,053,526)	286,395	145,345	(86,322)
Fair value (losses)/gain on investment securities	-	-	-	-	-
Personnel expenses	(2,655,547)	(2,686,162)	(2,276,360)	(1,820,331)	(1,646,639)
Operating expenses	(2,014,226)	(1,996,693)	(2,591,720)	(1,049,240)	(1,712,524)
<b>Net operating expense</b>	<b>(2,709,696)</b>	<b>(3,201,061)</b>	<b>(2,769,931)</b>	<b>(1,807,874)</b>	<b>(2,812,807)</b>
Operating deficit	(154,017)	1,025,193	3,533,492	2,768,823	513,836
<b>Operating Surplus/(loss) before tax</b>	<b>(599,135)</b>	<b>612,430</b>	<b>3,533,492</b>	<b>2,768,823</b>	<b>513,836</b>
Income Tax expense	-	-	-	-	-
<b>Operating Surplus/(loss) after tax</b>	<b>(605,085)</b>	<b>612,430</b>	<b>3,533,492</b>	<b>2,768,823</b>	<b>513,836</b>

**VALUE ADDED STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2016**

<i>In thousands of Naira</i>	Group 2016	%	Group 2015	%
Gross earnings	5,327,227		7,825,837	
Bought in materials and services - local	(1,956,014)		(1,972,241)	
Reversal/ (Provision) for losses	(156,412)		(847,632)	
Value added	3,214,802	100	5,005,964	100

**DISTRIBUTION**

**EMPLOYEES AND DIRECTORS**

Personnel expenses	2,655,547	84	2,686,162	55
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**GOVERNMENT**

Income Tax expense	39,148	-	59,745	-
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**RETAINED IN THE BUSINESS**

For Depreciation and Amortization	492,654	15	460,300	9
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To augment reserves	27,452	1	1,799,757	36
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	3,214,802	100	5,005,964	100
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<i>In thousands of Naira</i>	Exchange 2016	%	Exchange 2015	%
Gross earnings	4,636,850		6,761,574	
Bought in materials and services - local	(2,014,225)		(1,996,693)	
Reversal/ (Provision) for losses	(121,094)		(1,053,526)	
	2,501,531	100	3,711,355	100

**DISTRIBUTION**

**EMPLOYEES AND DIRECTORS**

Personnel expenses	2,655,547	106	2,686,162	72
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**GOVERNMENT**

Tax expense	-	-	-	-
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**RETAINED IN THE BUSINESS**

For Depreciation and Amortization	445,118	18	412,763	11
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To augment reserves	(599,135)	(24)	612,430	17
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	2,501,530	100	3,711,355	100
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WEAVING A  
SUSTAINABLE  
FUTURE TOGETHER

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# Corporate Sustainability 2016 Annual Report

We can't just consume  
our way to a more  
sustainable world.

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## Corporate Sustainability

Despite a tough economic climate faced in 2016, The Nigerian Stock Exchange (NSE) continued the implementation of its corporate sustainability strategy which is hinged on four pillars of community, marketplace, workplace and environment.

As a sustainable stock exchange, we are committed to providing responsible financial and investment services, adopting sustainable business practices, employing talented individuals, making community contributions and providing environmental stewardship. We go a step further by leveraging our platform to influence sustainable actions from our different stakeholders.

This ethos and the progress we are making in the area of sustainability have resulted in positive recognition from our stakeholders within and outside the Nigerian capital market. On the back of emerging the best CSR Company at the African Business Awards in 2015, we were again awarded the "Corporate Achievement Award to a Financial Institution" at the inaugural annual Financial Literacy Excellence (FILEX) Awards, for promoting financial literacy in Nigeria through the annual NSE Essay Competition.

### 2016 NSE CSR INITIATIVES

#### SUSTAINABLE COMMUNITY INVESTMENT

**Women Economic Empowerment:** Promoting gender equality and empowering women is a priority for The Nigerian Stock Exchange (NSE). We believe that achieving gender equality is paramount to developing the society. Currently we have a female to male employees ratio of 1:2 and we are looking towards improving the number.

The NSE has been leveraging the International Women's Day to advance gender equality and women's empowerment in Nigeria. At the 2016 edition, the Exchange organized a half day knowledge sharing symposium themed: "Unleashing HER Full Potential - advance gender equality and empower women", in partnership with International Finance Corporation (IFC), UN Women and Sustainable Stock Exchanges Initiative (SSEI).

The symposium which was headlined by the Deputy Governor of Lagos State, Her Excellency, Dr Idiat Adebule as keynote speaker also featured thought leaders such as Ms Tinu Awe, General Counsel and Head, Regulation Division, NSE; Mrs. Abimbola Akeredolu, SAN, first female Attorney General of Ogun State; Dr Lucy Newman, MD/CEO, FITC; Adjaratou Fatou Ndiaye, Deputy Country Director, UN Women and ECOWAS, as panel discussants. About 200 women from the capital market ecosystem attended the event.

To further underscore NSE's commitment, our CEO, Mr. Oscar N. Onyema, OON, signed the UN's Women Empowerment Principles to promote gender equality and the male workforce made a "Pledge for Parity".

The Exchange will continue to join other exchanges around the world on the "Ring the Bell for Gender Equality" drive by using its Closing Gong ceremony to highlight the business case for women's economic empowerment, and also to highlight opportunities for the private sector to advance gender equality and sustainable development.

**Fight against Cancer:** In its third year, the NSE Corporate Challenge continues to be an important platform in the fight against cancer in Nigeria. The 2016 edition of the annual 5-kilometre walk, jog and run event tagged "e-Race Cancer", brought together hundreds of individuals, corporates and celebrities to run in the fight against cancer with the aim of raising awareness and funds for the purchase of Mobile Cancer Centres (MCCs) in Nigeria.

2016 Key achievements include:

- Over 700 participants from over 100 companies. About 30% increase from the second edition of the race.
- No 1 trended topic on Twitter with over 38 million impressions, 1.5 million impressions on Instagram and over 5,000 likes on Facebook.
- Media Partnership with 12 media houses, 50% higher than 2015.
- Received gross donations totalling N30.5m, which will be geared towards the purchase of Mobile Cancer Centres.
- Celebrity endorsement from Burna Boy, Seyi Shay, Ali Baba, Dolapo Oni-Sijuwade, Gideon Okeke, Pryse and Ckay.



**200**  
**FREE CAPACITY BUILDING**  
**WORKSHOPS**  
**I N 2 0 1 6**

**16,000**  
**RETAIL INVESTORS**  
**IMPACTED**

#### Financial Literacy Programme:

Improving financial literacy is at the core of what we do at the NSE because we recognize that the ability to make well informed financial decisions plays an important part in the capacity of individuals to manage financial matters well, a factor that can have either a negative or positive ripple effect on the economy.

The Exchange is committed to implementing and supporting programmes that will contribute to raising the level of financial literacy in Nigeria. It is in this vein that the NSE has executed over 200 free capacity building workshops, participated in the Global Money Week commemorative events and conducted the annual NSE Essay Competition, all aimed at enhancing financial literacy and inclusion. The multiplier effect of these workshops is phenomenal, as approximately 16,000 retail investors from the grassroots can now make better investment decisions.

During the 2016 Global Money Week, the NSE hosted series of educational programmes for secondary schools, aimed at building a financially savvy generation. The educational programmes which were organised in Lagos, Abuja, Anambra, Oyo, Kaduna, Akwa Ibom and Kwara States between Tuesday, March 15 and Friday, March 18, 2016, culminated in a Closing Gong Ceremony. The NSE was able to directly reach over 2,433 students from 24 secondary schools across its operating environment.



L-R: Mr. Oscar N. Onyema, OON, CEO, NSE; Dr. Lucy Newman, MD/CEO, FITC; Ms Tinuade Awe, General Counsel & Head, Regulation, NSE; Dr. Idiat Adebule, Deputy Governor of Lagos State; Mrs Ope Wemi-Jones, Head, Inclusive Banking, Access Bank Plc and Mrs Abimbola Akeredolu, Immediate Past Attorney General, Ogun State at the Ring the Bell for Gender Equality at The Nigerian Stock Exchange on March 8, 2016



The 2016 edition of the NSE Essay Competition was highly successful as we received 7,400 essays, representing 76% growth in the number of essays received in the previous year. Our employees across our branch network, working with our implementing agency, E-green Services, leveraged school assemblies to teach students about financial literacy whilst encouraging them to participate in the competition. They visited 250 schools across 4 geo-political zones and reached 17,000 students.

Ifeoluwa Toluwanimi Abiodun from Babington Macauley Junior Seminary, Ikorodu, Lagos, won the 1<sup>st</sup> prize of N500,000 in scholarship fund for university education, N250,000 worth of equity investment and a laptop. Nneoma Miriam Udejaja of Sacred Heart College, Apapa, Lagos and Olasubomi Gbenjo of Good Shepherd Comprehensive School, Meiran, Lagos emerged first and second runner up respectively. Aside the prizes, they were all honoured with a Closing Gong ceremony.



L – R shows Mr. Olumide Orojimi, Head, Corporate Communications, The Nigerian Stock Exchange (NSE); Miss Aro-Lambo Saadat, Al-Akeedat Model College Ikota, Aja, Lagos; Master Ajulo Tobi, Grace High School, Gbagada, Lagos; Mr. Bola Adeeko, Head, Corporate Services, NSE; Master Agiriga Victor Leonard, Methodist Boys High School, Victoria Island, Lagos; Wuraola Ayonride, Eva Adelaja Senior Girls Grammar School, Lagos; Mr. Olanrewaju Odufuwa, Head, Product Segment, Access Bank and Mr. Abimbola Babalola, Head, Market Surveillance, NSE at the 2016 – NSE Global Money Week celebration at the Exchange.

### ENGAGING EMPLOYEES

Investing in communities is a long-standing tradition of the NSE which has continued to receive positive feedback from employees and stakeholders. At NSE, we believe that employee participation is crucial to achieving meaningful community engagement activities. Hence, we encourage our employees to be aware of social issues, continually better their understanding of these issues and partake in community projects or activities to effect the desired change.

The Exchange, as part of its Corporate Social Responsibility (CSR) strategy instituted an Employee Volunteering Scheme and Employee Give-Back Initiative in 2015, to encourage employees 'give back' to the community whilst providing them with "hands on" experience and the opportunity to make worthwhile difference to their operating community.

**Employee Volunteering Scheme (EVS):** In 2016, employees visited and contributed their time and talent to teach students of Wesley School for the Hearing Impaired Children, Lagos about the basics of financial literacy with the help of a sign language interpreter. In addition, they donated fire extinguishers, plastic chairs and bags of rice to the school. For the flagship scheme, Pacelli School for the Blind and Partially Sighted Children was the beneficiary of the EVS.

**Employee Give-Back Initiative:** In its second year, the NSE Employee Give-Back Initiative encourages employees to give back to their community. They do this by donating food items, clothing, essential commodities, toys etc. This year, NSE employees donated food items, clothes and sundry items to three charities, namely, The Lagos Food Bank Initiative, Agege, Lagos, Total Parental Guidance Orphanage, Ibadan, Oyo State and Christian Relief Fund Motherless Babies Home, Obosi, Anambra State. On selection of the charity homes, employees submitted their choice beneficiaries and a raffle draw was done to pick three recipients.

### ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

**NSE Sustainability Reporting Seminar:** The Nigerian Stock Exchange (NSE) in collaboration with The Global Reporting Initiative (GRI) and Ernst and Young (EY), hosted a half-day Sustainability Reporting Seminar on June 8, 2016. The aim was to initiate dialogue on the business case for sustainability reporting, GRI reporting guidelines and reporting process, enhance corporate transparency and ultimately performance on environmental, social and governance (ESG) issues as well as reveal how companies can create value through sustainability and reporting.



L-R: Boluwatiwi Omidiji, CSR Analyst, NSE; Oscar N. Onyema, OON, CEO, NSE; Nneoma Udejaja, 1st runner up, Ifeoluwa Abiodun, first place winner; Olasubomi Gbenjo, 2nd runner up and Olumide Orojimi, Head, Corporate Communications, NSE



This seminar served as a knowledge sharing session to engage stakeholders on the draft NSE Disclosure Guidelines for listed companies.

### SUSTAINABILITY PARTNERSHIPS



The Nigerian Stock Exchange became a member of the United Nations Global Compact (UNGC) in 2015. This milestone further affirms the commitment of NSE to improving its organizational performance around UNGC's 10 universal principles while contributing to a more stable and inclusive Nigerian economy. The CEO of the NSE 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.



As part of the Exchange's sustainability commitment to seek partnership with reputable multilateral organisations, we became a member of the GRI Gold Community. This partnership provides a platform and source of resources to drive sustainability performance and disclosure in the Nigerian capital market. Currently, NSE is working with the GRI Africa office on the launch of its Sustainability Disclosure Guidelines.





■ L – R shows Haruna Jalo-Waziri, Executive Director, Capital Markets Division, The Nigerian Stock Exchange (NSE) Uzoma Dozie, Group Managing Director / Chief Executive Officer, Diamond Bank; Oscar N. Onyema, OON, CEO, NSE and Bola Adeeko, Head, Corporate Services Division, Mr. Ingo Herbert, German Consul to Nigeria and Alibaba NSE at the 2016 NSE Corporate Challenge in Lagos.



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# Complaints Management and Regulatory Approvals

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# Complaints Management and Regulatory Approvals

2016 ANNUAL REPORT

A total of 265 complaints were received in the course of 2016 out of which 203 complaints representing 77% were successfully resolved. 62 complaints received in 2016 are yet to be resolved (31 unresolved complaints were against Active Dealing Member Firms, 28 unresolved complaints were against Inactive Firms, and 3 against Non-members).

In addition, of the 180 unresolved complaints brought forward from 2015, 142 are unresolved bringing the total unresolved complaints as at 31 December 2016 to 204. It is important to note that about 85% of the unresolved complaints are against inactive Dealing Member Firms which are undergoing various stages of The Exchange's disciplinary process.

COMPLAINTS	RECEIVED/ BROUGHT FORWARD	RESOLVED	UNRESOLVED
Brought forward 2015	<b>180</b>	<b>38</b>	<b>142</b>
2016	<b>265</b>	<b>203</b>	<b>62</b>
Total Unresolved complaints as at 31 Dec 2016			<b>204</b>

## All Parties Meeting (APM) 2016

Number of complaints referred to the All Parties Meeting (APM)	<b>14</b>
Number of cases brought forward from 2015	<b>1</b>
Number of complaints resolved at the APM	<b>13</b>
Number of cases pending before the APM	<b>0</b>
Number of cases referred to the investigation Panel	<b>2</b>

NB: Complaints resolved at the APM forms part of the total complaints resolved in 2016.

The difference between the figure reported as brought forward as at 31 December 2015 (125) and reported herein (180) is due to the reclassification of Mact Securities Limited and Bytofel Securities Limited. Both firms were previously classified as firms with revoked licenses based on the directive of the National Council and the complaints against both firms were referred to the Investors' Protection Fund and recorded as resolved under the complaints record of The Exchange in 2015. However, both firms subsequently appealed to the National Council of The Exchange for a review of the decision.

In light of the above, the complaints against both firms have been recaptured in our complaints register as unresolved pending the outcome of the appeal.



### Investigation Panel - 2016

The Investigation Panel held 2 meetings; 23 March and 20 September 2016 respectively.

2 cases were brought from 2015, while 5 cases were referred from the Complaints Registry, All Parties Meeting Secretariat and the Market Surveillance Department in the course of 2016, bringing the total to 7 cases.

Number of cases brought forward in 2015	2
Number of complaints referred to the investigation Panel in 2016	5
Number of complaints resolved by the investigation Panel in 2016	4
Number of cases pending before the investigation Panel as at 31 December 2016	1
Number of cases referred to the Disciplinary Committee in 2016	2

*NB: Cases investigated form part of the total complaints resolved in 2016.*

### INVESTORS' PROTECTION FUND (IPF) CLAIMS

A total of 741 investors claims were referred by The Exchange to the IPF as at 31 December 2016, out of which 524 claims have been successfully verified while 217 claims are yet to be verified. A total of 162 claimants have been compensated by the IPF as at 31 December 2016.

# 741

Total No. of  
Claims referred  
to the IPF

# 524

Total No. of  
Claims verified  
under BOT approved  
Methodology

# 217

Total No. of  
Claims yet  
to be verified

# 162

Total No. of  
Claimants  
compensated  
2015/2016

It is important to highlight that a fewer number of claimants were compensated in 2016 (59 investors were compensated in 2016 with a value of N18,920,780.66) when compared to 2015 (103 investors with a value of N24,843,852.44). This was due to several factors and the IPF is seeking external legal advice on whether to classify the claims of claimants who cannot be located/non cooperative as abandoned with a provision to reopen the claims if the claimants come forward in future.

### REGULATORY APPROVALS

The Exchange received a total of 127 applications from dealing member firms for regulatory approvals during the year under review. These requests include approval for Managing Directors / Chief Executive Officers, Directors, change of name, advertisements, change in shareholding structure, admission of new shareholders, transfer of proprietary accounts and transfer of interests in Dealing Members etc. From the total applications received, 1 application was denied for not meeting the regulatory requirements.

A total of 253 claimants could not be located /non-cooperative with the identity verification exercise conducted by DATAPRO Limited (Consultant) on behalf of the IPF, the inability to locate the physical complaint documents of some legacy complaints. In addition, some claimants approved for compensation by the BOT are yet to be compensated because they have not returned the executed Indemnity and subrogation documents, a condition precedent for payment of compensation.



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# Trading Activities

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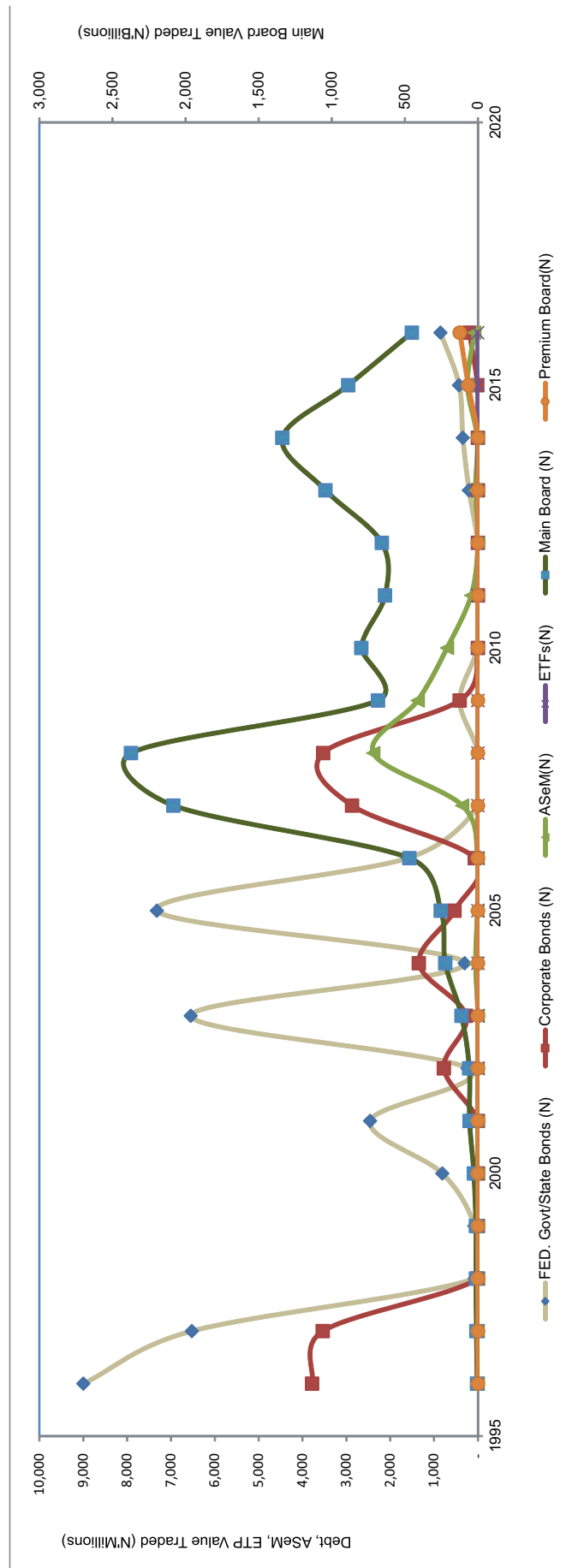
COMPARATIVE TRADING ACTIVITIES (1961 - 1995)			
PERIOD	GOVT. BONDS STOCKS (N)	INDUSTRIAL/ EQUITIES (N)	TOTAL (N)
1961/62	4,123,270	246,730	4,370,000
1962/63	7,876,290	616,192	8,492,482
1963/64	11,467,380	1,039,036	12,506,416
1964/65	13,692,680	2,450,924	16,143,604
1965/66	15,724,800	1,121,630	16,846,430
1966/67	11,704,060	675,616	12,379,676
1967/68	12,607,120	279,856	12,886,976
1968/69	17,330,820	102,294	17,433,114
1969/70	15,634,480	221,800	15,856,280
1970/71	30,544,260	3,080,100	33,624,360
1971/72	26,738,800	1,303,242	28,042,042
1972/73	26,125,520	671,534	26,797,054
1973/74	99,348,520	1,261,995	100,610,515
1974/75	63,664,830	549,322	64,214,152
1975/76	80,634,830	788,853	81,423,683
1976/77	153,849,760	2,271,990	156,121,750
1977/78	226,961,915	3,045,040	230,006,955
1978/79	143,500,740	1,987,401	145,488,141
1979/80	512,034,222	10,816,784	522,851,006
1981	326,178,957	6,119,169	332,298,126
1982	208,215,689	8,188,927	216,404,616
1983	384,870,312	13,000,755	397,871,067
1984	234,115,541	15,702,860	249,818,401
1985	287,840,413	23,264,741	311,105,154
1986	475,846,312	11,986,021	487,832,333
1987	282,251,808	4,045,706	286,297,514
1988	215,829,622	34,485,043	250,314,665
1989	582,430,369	71,129,746	653,560,115
1990	172,801,696	133,540,209	306,341,905
1991	92,675,151	141,864,629	234,539,780
1992	85,020,960	406,547,508	491,568,468
1993	84,258,773	577,796,580	662,055,353
1994	15,202,218	970,679,018	985,881,236
1995	0	1,838,838,622	1,838,838,622

**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*.

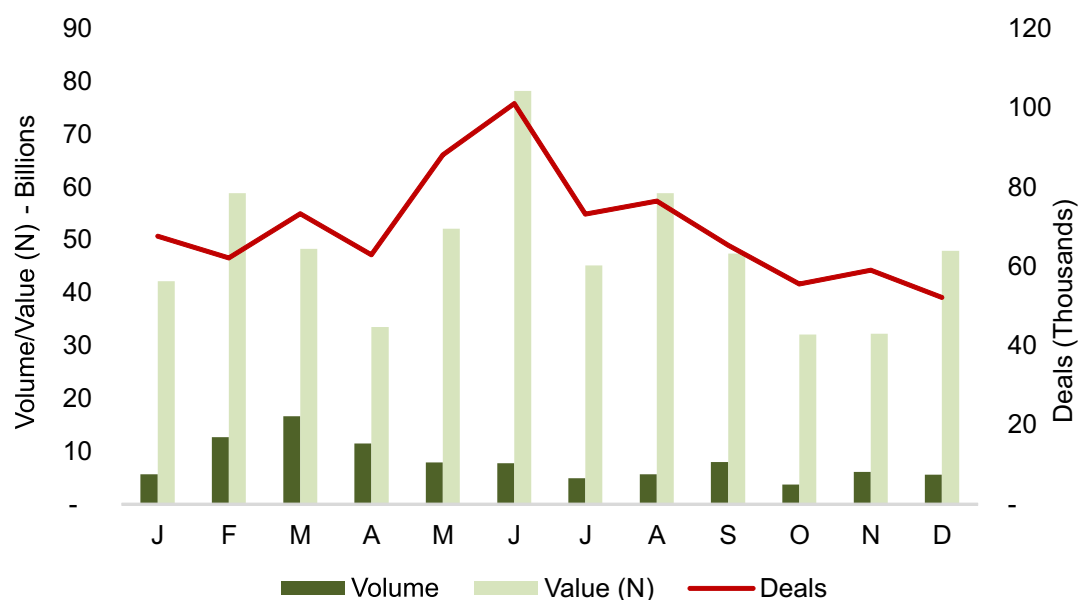
## COMPARATIVE TRADING ACTIVITIES (1996 - 2016)

Period	FED. Govt./State Bonds (N)	Corporate Bonds (N)	ASem(N)	ETFs(N)	Main Board (N)	Premium Board(N)	Total (N)
1996	8,996,877,700	3,782,103,912	2,858,984	0	5,258,331,683	0	18,040,172,278
1997	6,524,606,324	3,536,832,000	3,239,630	0	9,948,505,081	0	20,013,183,035
1998	71,440,000	147,960	2,922,771	0	13,186,038,803	0	13,260,549,534
1999	82,712,105	0	9,316,780	0	13,452,357,054	0	13,544,385,939
2000	812,039,920	0	639,350	0	27,672,922,775	0	28,485,602,045
2001	2,459,138,100	0	7,007,404	0	57,267,201,602	0	59,733,347,106
2002	234,564,210	775,000,000	2,377,467	0	59,008,065,070	0	60,020,006,748
2003	6,547,040,600	269,427,488	838,038	0	112,631,949,046	0	119,449,255,171
2004	300,015,175	1,346,505,900	53,026,944	0	223,113,447,652	0	224,812,995,670
2005	7,321,040,000	534,427,625	14,049,966	0	254,166,107,544	0	262,035,625,135
2006	1,593,360,000	72,000,000	5,278,896	0	468,328,272,368	0	469,998,911,264
2007	0	2,870,000,000	357,151,465	0	2,083,067,442,226	0	2,086,294,593,691
2008	1,000,000	3,528,920,000	2,385,901,284	0	2,373,227,878,388	0	2,379,143,699,672
2009	412,919,530	412,800,000	1,372,257,737	0	683,932,110,964	0	686,130,088,231
2010	14,138,800	0	702,480,947	0	797,278,998,410	0	797,995,618,157
2011	0	0	154,673,516	17,115,994	634,745,155,214	0	634,916,944,724
2012	8,239,299	0	0	454,610,693	657,767,439,181	0	658,230,289,173
2013	203,072,581	0	56,135,813	105,912,235	1,043,258,406,733	0	1,043,623,527,362
2014	343,850,845	0	18,824,638	325,643,304	1,337,935,995,492	0	1,338,624,314,279
2015	428,465,117	12,632,983	237,579,669	199,544,057	886,550,794,875	66,038,250,859	953,467,267,560
2016	852,565,578	194,044,609	80,448,819	352,499,107	451,532,992,033	124,093,262,536	577,105,812,682



## SUMMARY OF TRADING ACTIVITIES JANUARY TO DECEMBER, 2016

Month	Deals	Volume	Value (N)
J	67,623	5,668,925,415	42,200,150,991
F	62,172	12,639,210,740	58,880,386,318
M	73,334	16,630,539,792	48,307,797,691
A	62,901	11,471,730,123	33,539,951,256
M	88,191	7,856,281,191	52,108,643,503
J	101,063	7,713,378,582	78,214,520,830
J	73,215	4,934,632,435	45,180,853,283
A	76,492	5,622,236,060	58,885,459,896
S	65,336	7,955,549,036	47,428,633,809
O	55,536	3,676,295,383	32,080,962,705
N	59,046	6,092,790,927	32,290,987,379
D	52,180	5,570,911,655	47,987,465,020
	<b>837,089</b>	<b>95,832,481,339</b>	<b>577,105,812,682</b>



## SUMMARY OF TRADING ACTIVITIES BY CATEGORY

### January to March 2016

SECTOR	JANUARY		FEBRUARY		MARCH	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>ASeM</b>						
CONSTRUCTION/REAL ESTATE	0.00	0	0.00	0	0	0
CONSUMER GOODS	2,101,779	2,467,566	1,330,211	1,604,385	1,096,820	1,290,514
FINANCIAL SERVICES	0.00	0	0.00	0	-	0
OIL AND GAS	0.00	0	1,976,770	988,385	5,000	2,500
SERVICES	23,405	39,086	50	84	0.00	0
<b>Sub Total</b>	<b>2,125,184</b>	<b>2,506,652</b>	<b>3,307,031</b>	<b>2,592,853</b>	<b>1,101,820</b>	<b>1,293,014</b>
<b>Main Board</b>						
AGRICULTURE	33,773,913	538,117,949	18,093,910	142,058,524	117,885,130	192,161,639
CONGLOMERATES	266,269,178	763,201,322	197,916,580	615,910,401	291,939,246	495,067,714
CONSTRUCTION/REAL ESTATE	14,468,959	395,638,480	3,853,883	66,064,529	4,389,320	65,235,500
CONSUMER GOODS	234,437,993	10,078,870,393	3,465,502,780	12,546,051,370	349,085,135	6,727,547,013
FINANCIAL SERVICES	3,866,785,411	16,926,320,435	7,158,315,509	18,274,097,512	14,472,900,286	24,244,578,902
HEALTHCARE	19,283,004	283,480,605	31,371,287	188,623,113	26,221,529	71,267,888
ICT	1,529,698	1,872,609	2,709,879	5,134,317	33,113,743	18,818,948
INDUSTRIAL GOODS	50,235,702	1,841,678,603	69,982,239	2,290,283,193	48,716,905	2,836,325,944
NATURAL RESOURCES	235,140	432,978	9,912,300	5,306,663	15,177,139	8,184,755
OIL AND GAS	80,912,500	934,731,666	167,927,694	7,283,733,787	130,789,130	2,171,578,232
SERVICES	41,273,887	79,005,125	23,290,355	56,557,011	93,629,804	76,372,651
<b>Sub Total</b>	<b>4,609,205,385</b>	<b>31,843,350,167</b>	<b>11,148,876,416</b>	<b>41,473,820,420</b>	<b>15,583,847,367</b>	<b>36,907,139,185</b>
<b>Premium Board</b>						
FINANCIAL SERVICES	1,045,012,114	8,549,315,272	1,442,427,550	11,676,267,967	1,032,354,226	9,190,253,721
INDUSTRIAL GOODS	12,228,819	1,654,872,986	44,139,918	5,484,855,458	12,563,510	2,059,930,480
<b>Sub Total</b>	<b>1,057,240,933</b>	<b>10,204,188,259</b>	<b>1,486,567,468</b>	<b>17,161,123,424</b>	<b>1,044,917,736</b>	<b>11,250,184,201</b>
<b>Equity Total</b>	<b>5,668,571,502</b>	<b>42,050,045,077</b>	<b>12,638,750,915</b>	<b>58,637,536,698</b>	<b>16,629,866,923</b>	<b>48,158,616,400</b>
<b>Debt</b>						
CORPORATE BONDS/DEBENTURES	0	0	0	0	0	0
GOVERNMENT BONDS - STATE AND LOCAL	0	0	38,000	42,652,168	7,380	7,950,388
GOVERNMENT BONDS - FEDERAL	121,375	144,425,479	161,583	182,875,418	120,338	133,901,829
SUPRANATIONAL BONDS	0	0	0	0	0	0
<b>Sub Total</b>	<b>121,375</b>	<b>144,425,479</b>	<b>199,583</b>	<b>225,527,586</b>	<b>127,718</b>	<b>141,852,217</b>
<b>Exchange Traded Products</b>						
ETP	232,538	5,680,434	260,242	17,322,034	545,151	7,329,074
<b>Sub Total</b>	<b>232,538</b>	<b>5,680,434</b>	<b>260,242</b>	<b>17,322,034</b>	<b>545,151</b>	<b>7,329,074</b>
<b>Grand Total</b>	<b>5,668,925,415</b>	<b>42,200,150,991</b>	<b>12,639,210,740</b>	<b>58,880,386,318</b>	<b>16,630,539,792</b>	<b>48,307,797,691</b>

## SUMMARY OF TRADING ACTIVITIES BY CATEGORY

### April to June 2016

SECTOR	APRIL		MAY		JUNE	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>ASeM</b>						
CONSTRUCTION/REAL ESTATE	0	0	360	385	100	79
CONSUMER GOODS	920,137	1,164,997	2,155,792	2,957,238	15,261,792	19,789,619
OIL AND GAS	2,402,100	1,201,050	1,760,100	880,050	-	0
SERVICES	0	0	25,050	41,834	2,058	3,437
<b>Sub Total</b>	<b>3,322,237</b>	<b>2,366,047</b>	<b>3,941,302</b>	<b>3,879,507</b>	<b>15,263,950</b>	<b>19,793,135</b>
<b>Main Board</b>						
AGRICULTURE	67,910,643	169,890,953	123,980,415	593,148,552	29,726,170	148,090,689
CONGLOMERATES	212,769,999	297,597,405	679,345,098	1,029,409,248	530,282,401	1,310,473,068
CONSTRUCTION/REAL ESTATE	4,424,457	59,638,041	22,439,728	260,023,805	8,408,401	133,716,766
CONSUMER GOODS	180,723,087	5,386,425,941	264,076,112	8,529,650,627	364,585,539	20,642,465,707
FINANCIAL SERVICES	10,002,326,234	18,121,553,019	4,818,154,902	23,101,635,867	4,908,975,603	31,360,510,583
HEALTHCARE	18,917,598	42,839,606	35,610,699	124,375,038	95,997,167	693,952,676
ICT	12,030,154	16,626,953	5,000,544	20,467,646	1,600,361	9,293,049
INDUSTRIAL GOODS	33,762,757	1,163,687,828	37,097,256	1,237,230,539	25,248,024	970,028,356
NATURAL RESOURCES	361,016	1,464,137	5,643,582	3,278,138	511,301	1,156,110
OIL AND GAS	78,865,324	1,217,492,364	182,638,187	2,729,164,818	129,544,885	3,288,945,771
SERVICES	31,734,961	48,426,213	90,619,382	209,619,372	55,767,898	103,983,797
<b>Sub Total</b>	<b>10,643,826,230</b>	<b>26,525,642,460</b>	<b>6,264,605,905</b>	<b>37,838,003,651</b>	<b>6,150,647,750</b>	<b>58,662,616,571</b>
<b>Premium Board</b>						
FINANCIAL SERVICES	814,869,338	5,395,235,681	1,576,102,752	12,341,439,672	1,524,520,286	15,190,313,994
INDUSTRIAL GOODS	9,617,773	1,560,585,625	10,350,768	1,774,259,613	22,040,759	4,050,014,452
<b>Sub Total</b>	<b>824,487,111</b>	<b>6,955,821,305</b>	<b>1,586,453,520</b>	<b>14,115,699,284</b>	<b>1,546,561,045</b>	<b>19,240,328,446</b>
<b>Equity Total</b>	<b>11,471,635,578</b>	<b>33,483,829,813</b>	<b>7,855,000,727</b>	<b>51,957,582,442</b>	<b>7,712,472,745</b>	<b>77,922,738,152</b>
<b>Debt</b>						
CORPORATE BONDS/DEBENTURES	1,000	1,061,854	0	0	150,000	168,750,793
GOVERNMENT BONDS - STATE AND LOCAL	7,380.00	7,985,914	0	0	0	0
GOVERNMENT BONDS - FEDERAL	40,739	43,924,206	40,379	46,323,906	22,721	24,648,619
SUPRANATIONAL BONDS	0	0	0	0	0	0
<b>Sub Total</b>	<b>49,119</b>	<b>52,971,974</b>	<b>40,379</b>	<b>46,323,906</b>	<b>172,721</b>	<b>193,399,412</b>
<b>Exchange Traded Products</b>						
ETP	45,426	3,149,468	1,240,085	104,737,155	733,116	98,383,266
<b>Sub Total</b>	<b>45,426</b>	<b>3,149,468</b>	<b>1,240,085</b>	<b>104,737,155</b>	<b>733,116</b>	<b>98,383,266</b>
<b>Grand Total</b>	<b>11,471,730,123</b>	<b>33,539,951,256</b>	<b>7,856,281,191</b>	<b>52,108,643,503</b>	<b>7,713,378,582.00</b>	<b>78,214,520,830</b>



## SUMMARY OF TRADING ACTIVITIES BY CATEGORY

### July to September 2016

SECTOR	JULY		AUGUST		SEPTEMBER	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>ASeM</b>						
CONSTRUCTION/REAL ESTATE	360	284	600	474	1,000	790
CONSUMER GOODS	22,315	27,585	25,213	32,069	65,400	85,044
HEALTHCARE	0	0	0	0	0	0
FINANCIAL SERVICES	0	0	70,500	64,856	0	0
OIL AND GAS	600	300	9,320	4,846	42,700	21,350
SERVICES	1,145	1,912	0	0	4,800	8,016
<b>Sub Total</b>	<b>24,420</b>	<b>30,082</b>	<b>105,633</b>	<b>102,246</b>	<b>113,900</b>	<b>115,200</b>
<b>Main Board</b>						
AGRICULTURE	37,929,844	669,233,590	26,130,096	575,087,818	117,760,075	222,623,005
CONGLOMERATES	273,716,375	745,364,019	278,452,049	549,161,720	196,656,284	952,147,157
CONSTRUCTION/REAL ESTATE	4,494,169	28,317,953	3,092,528	35,148,676	5,483,825	111,081,623
CONSUMER GOODS	210,886,333	10,137,886,080	295,729,415	12,818,361,695	224,523,945	12,413,534,055
FINANCIAL SERVICES	3,076,319,274	16,272,837,672	3,707,319,481	25,832,934,530	6,520,447,185	22,447,886,044
HEALTHCARE	79,214,823	422,269,400	74,267,421	276,888,832	19,718,948	124,069,987
ICT	23,019,231	14,513,967	3,745,756	2,058,258	2,000,799	5,858,420
INDUSTRIAL GOODS	57,014,973	3,088,534,953	62,155,884	2,775,182,658	24,575,050	782,563,762
NATURAL RESOURCES	113,979	391,838	141,598	531,754	15,308,943	8,355,274
OIL AND GAS	136,346,110	2,001,399,691	102,135,832	3,859,516,668	95,422,124	3,354,621,026
SERVICES	26,582,393	42,652,931	24,124,354	46,760,252	63,056,024	108,312,956
<b>Sub Total</b>	<b>3,925,637,504.00</b>	<b>33,423,402,094</b>	<b>4,577,294,414</b>	<b>46,771,632,860</b>	<b>7,284,953,202</b>	<b>40,531,053,309</b>
<b>Premium Board</b>						
FINANCIAL SERVICES	988,863,343	7,971,831,679	1,024,646,335	8,661,413,338	658,446,583	5,548,662,016
INDUSTRIAL GOODS	19,959,528	3,703,510,495	19,061,877	3,423,983,986	7,252,062	1,305,212,785
<b>Sub Total</b>	<b>1,008,822,871</b>	<b>11,675,342,174</b>	<b>1,043,708,212</b>	<b>12,085,397,324</b>	<b>665,698,645</b>	<b>6,853,874,801</b>
<b>Equity Total</b>	<b>4,934,484,795.00</b>	<b>45,098,774,349</b>	<b>5,621,108,259</b>	<b>58,857,132,430</b>	<b>7,950,765,747</b>	<b>47,385,043,310</b>
<b>Debt</b>						
CORPORATE BONDS/DEBENTURES	0	0	0	0	0	0
GOVERNMENT BONDS - STATE AND LOCAL	0	0	0	0	0	0
GOVERNMENT BONDS - FEDERAL	77,709	78,855,477	13,231	13,083,919	16,657	16,385,828
SUPRANATIONAL BONDS	0	0	0	0	0	0
<b>Sub Total</b>	<b>77,709</b>	<b>78,855,477</b>	<b>13,231</b>	<b>13,083,919</b>	<b>16,657</b>	<b>16,385,828</b>
<b>Exchange Traded Products</b>						
ETP	69,931	3,223,456	1,114,570	15,243,547	4,766,632	27,204,670
<b>Sub Total</b>	<b>69,931</b>	<b>3,223,456</b>	<b>1,114,570</b>	<b>15,243,547</b>	<b>4,766,632</b>	<b>27,204,670</b>
<b>Grand Total</b>	<b>4,934,632,435.00</b>	<b>45,180,853,283</b>	<b>5,622,236,060</b>	<b>58,885,459,896</b>	<b>7,955,549,036</b>	<b>47,428,633,809</b>

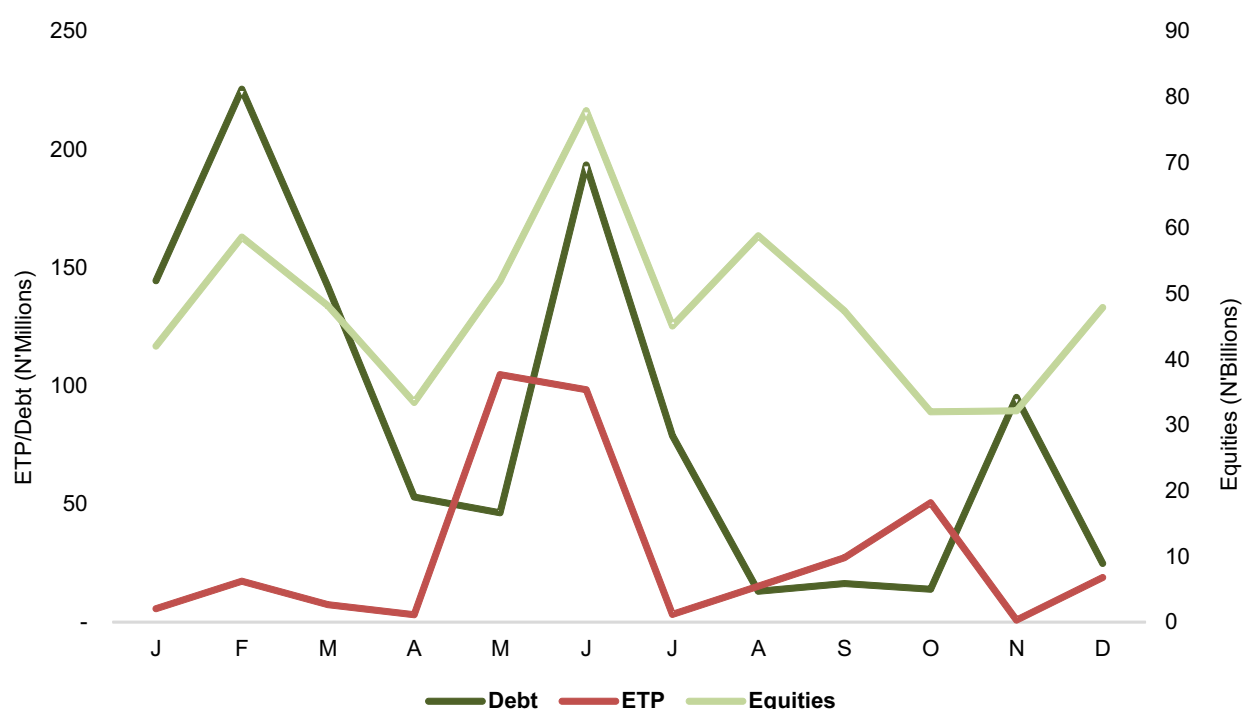
## SUMMARY OF TRADING ACTIVITIES BY CATEGORY

### October to December 2016

SECTOR	OCTOBER		NOVEMBER		DECEMBER	
	VOLUME	VALUE	VOLUME	VALUE	VOLUME	VALUE
<b>ASeM</b>						
CONSTRUCTION/REAL ESTATE	0	0	0	0	0	0
CONSUMER GOODS	50,000	61,500	25,600	34,212	619,426	799,069
FINANCIAL SERVICES	0	0	0	0	52,000,050	45,704,044
OIL AND GAS	100	50	3,250	1,625	192,813	96,407
SERVICES	1,066,000	908,740	6,400	5,696	95,100	158,739
<b>Sub Total</b>	<b>1,116,100</b>	<b>970,290</b>	<b>35,250</b>	<b>41,533</b>	<b>52,907,389</b>	<b>46,758,259</b>
<b>Main Board</b>						
AGRICULTURE	23,151,288	542,682,358	16,823,651	284,946,066	10,514,949	202,048,033
CONGLOMERATES	244,461,563	434,953,028	219,620,759	241,980,013	195,392,826	310,731,025
CONSTRUCTION/REAL ESTATE	36,154,893	54,767,954	4,937,180	30,185,377	11,124,716	80,598,725
CONSUMER GOODS	147,597,946	7,619,033,325	203,684,346	11,407,637,062	387,524,625	16,509,856,956
FINANCIAL SERVICES	2,596,288,043	12,260,784,824	4,797,484,830	11,275,331,965	4,111,777,574	13,214,668,576
HEALTHCARE	31,719,517	112,108,615	49,894,521	125,598,564	79,749,750	186,565,612
ICT	2,859,301	12,719,287	144,015,402	72,272,706	11,021,841	43,874,137
INDUSTRIAL GOODS	39,674,917	1,352,925,018	23,803,416	636,465,990	59,163,122	1,457,465,619
NATURAL RESOURCES	91,168	320,375	6,602,863	4,113,135	2,052,212	1,251,660
OIL AND GAS	67,384,175	5,045,784,968	103,020,463	2,621,789,157	168,963,131	11,212,622,676
SERVICES	25,322,102	50,462,438	28,249,067	70,319,695	34,829,236	79,466,378
<b>Sub Total</b>	<b>3,214,704,913</b>	<b>27,486,542,188</b>	<b>5,598,136,498</b>	<b>26,770,639,731</b>	<b>5,072,113,982</b>	<b>43,299,149,396</b>
<b>Premium Board</b>						
FINANCIAL SERVICES	450,937,381	3,747,535,330	485,950,639	4,063,379,342	439,630,128	3,971,047,713
INDUSTRIAL GOODS	4,312,734	781,550,932	8,515,422	1,360,998,969	3,772,576	626,791,032
<b>Sub Total</b>	<b>455,250,115</b>	<b>4,529,086,262</b>	<b>494,466,061</b>	<b>5,424,378,311</b>	<b>443,402,704</b>	<b>4,597,838,745</b>
<b>Equity Total</b>	<b>3,671,071,128</b>	<b>32,016,598,740</b>	<b>6,092,637,809</b>	<b>32,195,059,575</b>	<b>5,568,424,075</b>	<b>47,943,746,401</b>
<b>Debt</b>						
CORPORATE BONDS/DEBENTURES	0	0	0	0	25,000	24,231,961
GOVERNMENT BONDS - STATE AND LOCAL	0	0	0	0	0	0
GOVERNMENT BONDS - FEDERAL	13,580	13,856,584	89,995	95,040,455	630	655,387
SUPRANATIONAL BONDS	0	0	0	0	0	0
<b>Sub Total</b>	<b>13,580</b>	<b>13,856,584</b>	<b>89,995</b>	<b>95,040,455</b>	<b>25,630</b>	<b>24,887,348</b>
<b>Exchange Traded Products</b>						
ETP	5,210,675	50,507,381	63,123	887,349	2,461,950	18,831,272
<b>Sub Total</b>	<b>5,210,675</b>	<b>50,507,381</b>	<b>63,123</b>	<b>887,349</b>	<b>2,461,950</b>	<b>18,831,272</b>
<b>Grand Total</b>	<b>3,676,295,383</b>	<b>32,080,962,705</b>	<b>6,092,790,927</b>	<b>32,290,987,379</b>	<b>5,570,911,655</b>	<b>47,987,465,020</b>

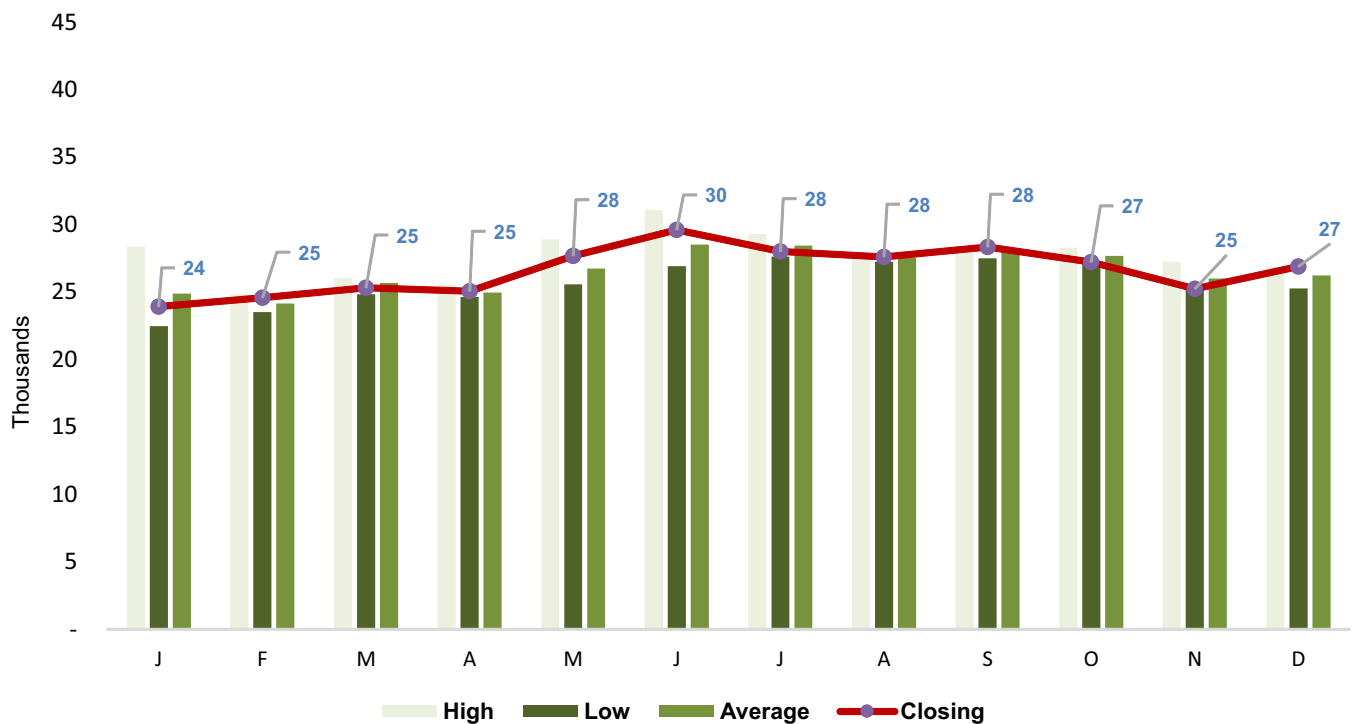
## MONTHLY TRADING ACTIVITIES BY VALUE(N) - 2016

Month	Debt	ETPs	Equities	Total
J	144,425,479	5,680,434	42,050,045,077	42,200,150,991
F	225,527,586	17,322,034	58,637,536,698	58,880,386,318
M	141,852,217	7,329,074	48,158,616,400	48,307,797,691
A	52,971,974	3,149,468	33,483,829,813	33,539,951,256
M	46,323,906	104,737,155	51,957,582,442	52,108,643,503
J	193,399,412	98,383,266	77,922,738,152	78,214,520,830
J	78,855,477	3,223,456	45,098,774,349	45,180,853,283
A	13,083,919	15,243,547	58,857,132,430	58,885,459,896
S	16,385,828	27,204,670	47,385,043,310	47,428,633,809
O	13,856,584	50,507,381	32,016,598,740	32,080,962,705
N	95,040,455	887,349	32,195,059,575	32,290,987,379
D	24,887,348	18,831,272	47,943,746,401	47,987,465,020
	<b>1,046,610,187</b>	<b>352,499,107</b>	<b>575,706,703,388</b>	<b>577,105,812,682</b>



## ALL SHARE INDEX 2016

Month	High	Low	Average	Closing
J	28,370	22,456	24,884	23,916
F	24,828	23,502	24,146	24,571
M	26,020	24,838	25,678	25,306
A	25,507	24,626	24,957	25,062
M	28,902	25,564	26,730	27,663
J	31,071	26,910	28,502	29,598
J	29,305	27,630	28,445	28,010
A	27,880	27,247	27,529	27,599
S	28,420	27,504	27,965	28,335
O	28,278	27,099	27,663	27,220
N	27,252	25,233	26,002	25,242
D	26,875	25,265	26,223	26,875



WEAVING A  
SUSTAINABLE  
FUTURE TOGETHER

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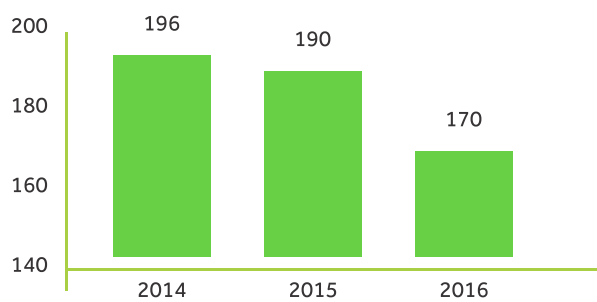
# Growth in Listed Securities

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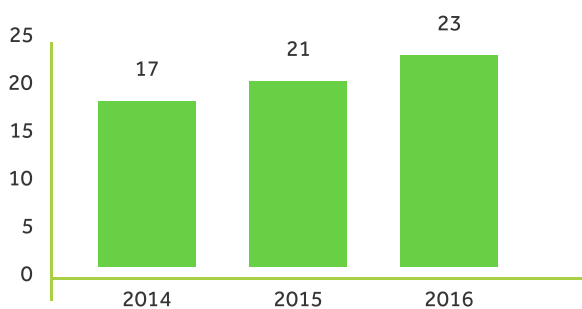


	Number of Listed Sec. 2014	Number of Listed Sec. 2015	Number of Listed Sec. 2016	% Growth (2016 vs 2015)
Equities	196	190	170	11
Corporate Bonds/Debenture	17	21	23	10
Federal Government Bonds	15	15	17	13
State/Local Government Bonds	19	22	22	-
Supranational	1	2	2	-
ETF	4	7	8	14
Funds (Memorandum Listing)	28	29	31	7
	280	286	273	5

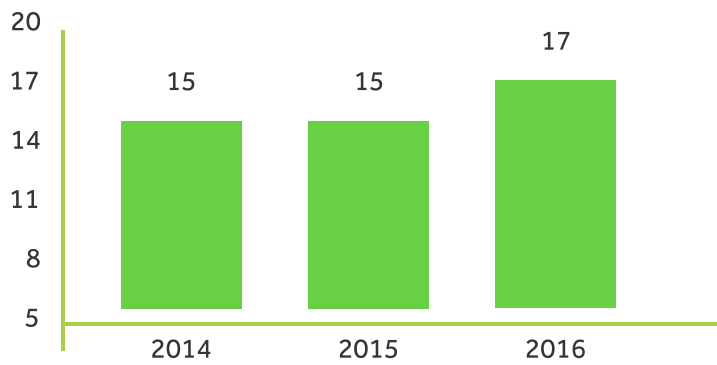
## EQUITIES



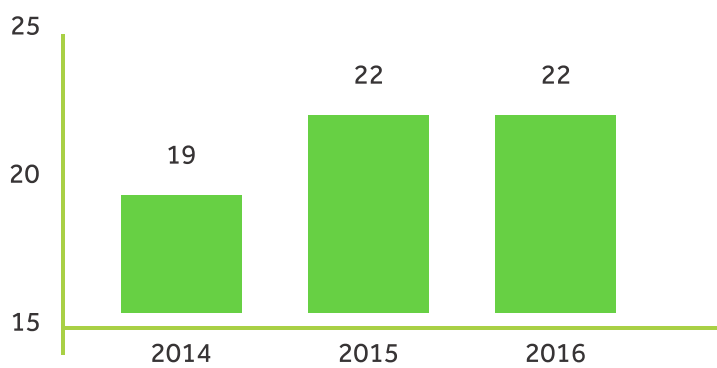
## CORPORATE



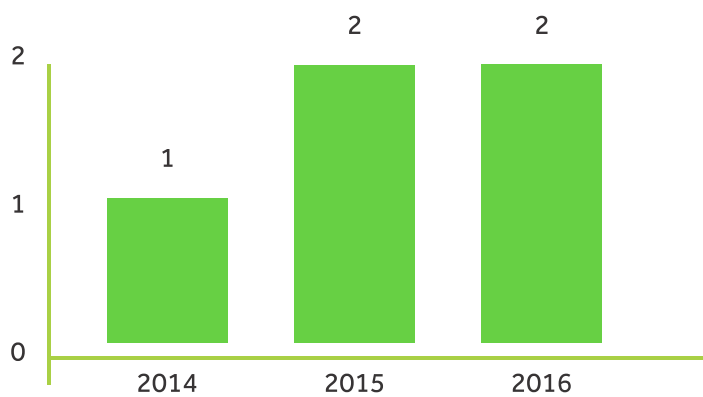
## FEDERAL GOVERNMENT



## STATE/LOCAL GOVERNMENT

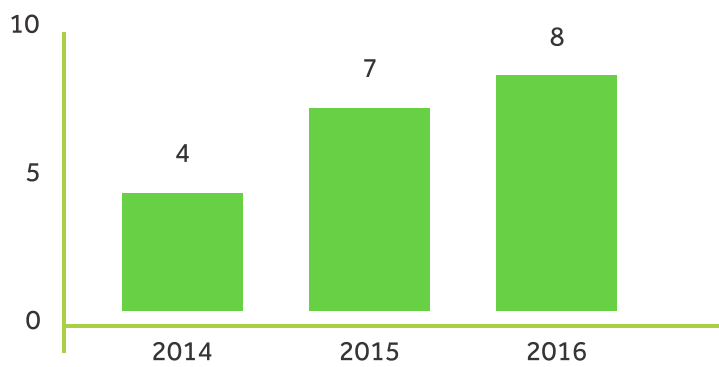


## SUPRANATIONAL

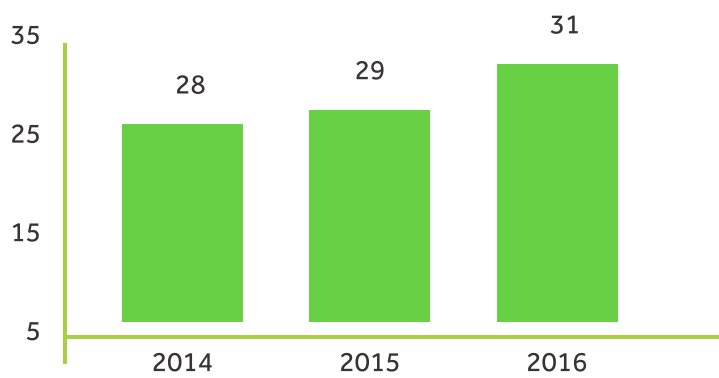




ETF



FUNDS (MEMORANDUM)



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# Active Dealing Members as of 31 December 2016

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## ACTIVE DEALING MEMBER FIRMS AS AT 31 DECEMBER 2016

S/N	FIRM	STATUS
A	ACTIVE DEALING MEMBER FIRMS	
1	Adonai Stockbrokers Limited	Active
2	African Alliance Stockbrokers Limited	Active
3	Afrinvest Securities Limited	Active
4	Alangrange Securities Limited	Active
5	Amyr Investment Limited	Active
6	Anchoria Investment and Securities Limited	Active
7	Apel Asset Limited	Active
8	Apt Securities and Funds Limited	Active
9	ARM Securities Limited	Active
10	Arthur Stevens Asset Management Limited	Active
11	Associated Asset Managers Limited	Active
12	Atlass Portfolio Limited	Active
13	Belfry Investment and Securities Limited	Active
14	Bestworth Assets and Trust Limited	Active
15	Calyx Securities Limited	Active
16	Camry Securities Limited	Active
17	Capital Asset Limited	Active
18	Capital Bancorp Plc	Active
19	Capital Express Securities Limited	Active
20	Capital Trust Brokers Limited	Active
21	Cardinal Stone Securities Ltd	Active
22	Cashcraft Securities Limited	Active
23	Cashville Investment and Securities Limited	Active
24	CDL Capital Markets Limited	Active
25	Centre Point Investment Limited	Active
26	Century Securities Limited	Active
27	Chapel Hill Denham Securities Limited	Active
28	Chartwell Securities Limited	Active
29	Citi Investment Capital Limited	Active
30	City Code Trust and Investment Company Limited	Active
31	Clearview Investments Company Limited	Active
32	Compass Investment and Securities Limited	Active
33	Cordros Capital Limited	Active
34	Core Trust and Investment Limited	Active

35	Coronation Securities Limited	Active
36	Cowry Securities Limited	Active
37	Crossworld Securities Limited	Active
38	Crown Capital Limited	Active
39	CSL Stockbrokers Limited	Active
40	Deep Trust Investment Limited	Active
41	Delords Securities Limited	Active
42	Dependable Securities Limited	Active
43	Diamond Securities Limited	Active
44	Dominion Trust Limited	Active
45	DSU Brokerage Services Limited	Active
46	Dunbell Securities Limited	Active
47	Dunn Loren Merrifield Securities Limited	Active
48	Dynamic Portfolio Limited	Active
49	EDC Securities Limited	Active
50	Edgefield Capital Management Limited	Active
51	EFCP Limited	Active
52	EI-Elyon Alliance and Securities Ltd	Active
53	Elixir Securities Limited	Active
54	Enterprise Stockbrokers Limited	Active
55	Equity Capital Solutions Limited	Active
56	Eurocomm Securities Limited	Active
57	Express Portfolio Services Limited	Active
58	Falcon Securities Limited	Active
59	FBN Securities Limited	Active
60	FCSL Asset Management Company Limited	Active
61	Fidelity Finance Company Limited	Active
62	Fidelity Securities Limited	Active
63	Financial and Analytics Capital Limited	Active
64	Financial Trust Company Limited	Active
65	Finmal Finance Services Limited	Active
66	First Integrated Capital Management Limited	Active
67	First Stockbrokers Limited	Active
68	FIS Securities Limited	Active
69	Foresight Securities and Investment Limited	Active
70	Forte Financial Limited	Active
71	Forthright Securities and Investments Limited	Active

72	Fortress Capital Limited	Active
73	FSDH Securities Limited	Active
74	Funds Matrix and Assets Mgt Limited	Active
75	Fundvine Capital and Securities Limited	Active
76	Futureview Securities Limited	Active
77	Gidauniya Investment and Securities Limited	Active
78	Global Asset Management (Nig) Limited	Active
79	GlobalView Capital Limited	Active
80	Golden Securities Limited	Active
81	Greenwich Securities Limited	Active
82	Growth & Development Asset Management Limited	Active
83	Gruene Capital Limited	Active
84	GTI Securities Limited	Active
85	Harmony Securities Limited	Active
86	Heartbeat Investment Limited	Active
87	Hedge Securities and Investment Limited	Active
88	Helix Securities Limited	Active
89	Heritage Capital Markets Limited	Active
90	ICMG securities Limited	Active
91	Icon Stockbrokers Limited	Active
92	Imperial Assets Managers Limited	Active
93	Integrated Trust and Investment Limited	Active
94	Interstate Securities Limited	Active
95	Investment Centre Limited	Active
96	Investment One Stockbrokers International Limited	Active
97	Investors and Trust Company Limited	Active
98	Kapital Care Trust and Securities Limited	Active
99	Kedari Capital Limited	Active
100	Kinley Securities Limited	Active
101	Kofana Securities and Investment Limited	Active
102	Kundila Finance Services Limited	Active
103	Lambeth Trust and Investment Company Limited	Active
104	Lead Securities and Investment Limited	Active
105	Lighthouse Asset Management Limited	Active
106	Longterm Global Capital Limited	Active
107	Magnartis Finance and Investment Limited	Active
108	Mainstreet Bank Securities Limited	Active

109	Marriot Securities and Investment Co. Limited	Active
110	Maxifund Investment and Securities Plc	Active
111	Mayfield Investment Limited	Active
112	MBC Securities Limited	Active
113	MBL Financial Services Limited	Active
114	Mega Equities Limited	Active
115	Meristem Stockbrokers Limited	Active
116	Midas Stockbrokers Limited	Active
117	Milestone Capital Management Limited	Active
118	Mission Securities Limited	Active
119	Molten Trust Limited	Active
120	Morgan Capital Securities Limited	Active
121	Mountain Investment and Securities Limited	Active
122	Network Capital Limited	Active
123	Networth Securities and Finance Limited	Active
124	Newdevco Investments and Securities Limited	Active
125	Nigerian International Securities Ltd	Active
126	Nigerian Stockbrokers Limited	Active
127	Nova Finance and Securities Limited	Active
128	PAC Securities Limited	Active
129	Partnership Securities Limited	Active
130	Peace Capital Markets Ltd	Active
131	Phronesis Securities Limited	Active
132	Pilot Securities Limited	Active
133	Pinefields Investment Services Limited	Active
134	PIPC Securities Limited	Active
135	Pivot Capital Limited	Active
136	Planet Capital Limited	Active
137	Portfolio Advisers Limited	Active
138	Primera Africa Securities Limited	Active
139	Primewealth Capital Limited	Active
140	Prominent Securities Limited	Active
141	PSI Securities Limited	Active
142	Pyramid Securities Limited	Active
143	Qualinvest Capital Limited	Active
144	Quantum Securities Limited	Active
145	Rainbow Securities and Investment Company Limited	Active

146	Readings Investment Limited	Active
147	Regency Asset Management Limited	Active
148	Rencap Securities (Nig) Limited	Active
149	Reward Investment and Service Limited	Active
150	RMB Nigeria Stockbrokers Limited	Active
151	Rostrum Investment and Sec Limited	Active
152	Royal Guaranty and Trust Limited	Active
153	Royal Trust Securities Limited	Active
154	Santrust Securities Limited	Active
155	Securities Africa Financial Limited	Active
156	Securities and Capital Management Company Limited	Active
157	Security Swaps Limited	Active
158	SFC Securities Limited	Active
159	Shelong Investments Limited	Active
160	Sigma Securities Limited	Active
161	Signet Investment and Securities Limited	Active
162	Skyview Capital Ltd	Active
163	Smadac Securities Limited	Active
164	Solid Rock Securities and Investment Plc	Active
165	Spring Trust and Securities Limited	Active
166	Springboard Trust and Investment Limited	Active
167	Stanbic IBTC Stockbrokers Limited	Active
168	Standard Alliance Capital and Asset Management Limited	Active
169	Standard Union Securities Limited	Active
170	TFS Securities and Investment Company Limited	Active
171	The Bridge Securities Limited	Active
172	Tiddo Securities Limited	Active
173	Tomil Trust Limited	Active
174	Topmost Securities Limited	Active
175	Tower Asset Management Limited	Active
176	Tower Securities and Investment Company Limited	Active
177	Trade Link Securities Limited	Active
178	Traders Trust and Investment Co. Limited	Active
179	Transworld Investment Limited	Active
180	Trust Yield Securities Limited	Active
181	TrustBanc Capital Management Limited	Active
182	Trusthouse Investment Limited	Active



183	TRW Stockbrokers Limited	Active
184	Tyndale Securities Limited	Active
185	Unex Capital Limited	Active
186	Union Capital Markets Limited	Active
187	United Capital Securities Limited	Active
188	Valmon Securities Limited	Active
189	Valueline Securities and Investment Limited	Active
190	Vetiva Securities Limited	Active
191	Woodland Capital Markets Plc	Active
192	WSTC Financial Services Limited	Active
193	Zenith Securities Limited	Active
194	Zion Stockbrokers and Securities Limited	Active

	<b>SUMMARY</b>	
A	Active Dealing Member Firms	194

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# Management Team

Alone we can do so little,  
**Together we can do so much.**

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## MANAGEMENT TEAM



**Oscar N. Onyema, OON**  
Chief Executive Officer



**Adeolu Bajomo**  
Executive Director,  
Market Operations & Technology



**Haruna Jalo-Waziri**  
Executive Director,  
Capital Markets Division



**Tinuade Awe**  
General Counsel & Head of Regulation



**Bola Adeeko**  
Head, Corporate Services Division  
(Seconded to CSCS as Interim CEO)



**Pai Gamde**  
Acting Head, Corporate Services Division



**Cyril Eigbobo**  
Chief Financial Officer



**Tunji Kazeem**  
Chief Risk Officer



**Adekunle Ewuosho**  
Head, Market Services

## MANAGEMENT TEAM



**Olufemi Shobanjo**  
Head, Broker-Dealer Regulation



**Favour Femi-Oyewole**  
Head, Information Security



**Rasaq Ozemede**  
Head, Internal Audit



**Abdulazeez Babalola**  
Head, Market Surveillance



**Adeyemi Osoba**  
Head, Branch Network



**Gabriel Igbeka**  
Head, Administration



**Irene Robinson-Ayanwale**  
Head, Legal



**Tony Ibeziako**  
Head, Domestic Primary Markets



**Oluwafemi Onifade**  
Head, International Primary Markets

## MANAGEMENT TEAM



**Olumide Orojimi**  
Head, Corporate Communications



**Mojisola Adeola**  
Head, Council Secretariat



**Ademola Oyerinde**  
Chief Security Officer



**Kenneth Nwafor**  
Acting Head, Market Operations



**Okon Onuntuei**  
Acting Head, Strategy



**Oluwatoyin Adenugba**  
Acting Head, Rules & Interpretation



**Godstime Iwenekhai**  
Acting Head, Listings Regulation



**Tosin Beredugo**  
Acting Head, Technology Services



**Chinelo Chukwuma-Onwujei**  
Acting Head, Human Resources



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# Moments

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L – R Mr. Haruna Jalo-Waziri, Executive Director, Capital Markets Division, The Nigerian Stock Exchange (NSE); Mr. Oscar N. Onyema, OON, Chief Executive Officer, NSE; Chief (Dr) Mrs. Nike Akande, CON, President, Lagos Chamber of Commerce & Industry; Mr. Ade Bajomo, Executive Director, Market Operations and Technology Division, NSE; Mr. Bola Adeeko, Head, Corporate Services Division, NSE at the Closing Gong ceremony with the Lagos Chamber of Commerce & Industry.



L – R Oscar N. Onyema OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Simran Jidal; Elena Tarasenko and Aigboje Aig-Imoukhuede CON, President, NSE at the Closing Gong Ceremony of TRIUM Global Executive MBA at The Exchange.



L – R show Mr. Dele Afolabi, Head, Portfolio Management, Debt Management Office (DMO); Mr. Haruna Jalo-Waziri, Executive Director, Capital Markets Division, The Nigerian Stock Exchange (NSE); Mr. Dipo Omotoso, Former Head, Secondary Markets, NSE and Titi Ogungbesan, Chief Executive Officer, Stanbic IBTC Stockbrokers at the Annual Fixed Income Workshop at the Exchange.



L – R (Int. Women's Day) Dr. Lucy Newman, Managing Director/CEO, FITC; Abimbola Ibrinke Akeredolu (S.A.N), immediate past Attorney General of Ogun State; Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Her Excellency, Dr. Idiat Oluranti Adebule, Deputy Governor of Lagos State; and Tinu Awe, General Counsel/Head, Legal and Regulation Division at the NSE 2016 International Women's Day Celebration at the Exchange.



L – R Mr. Olumide Orojimi, Head, Corporate Communications, The Nigerian Stock Exchange (NSE); Miss Aro-Lambo Saadat, Al-Akeedat Model College Ikota, Aja, Lagos; Master Ajulo Tobi, Grace High School, Gbagada, Lagos; Mr. Bola Adeeko, Head, Corporate Services Division, NSE; Master Agiriga Victor Leonard, Methodist Boys High School, Victoria Island, Lagos; Wuraola Ayorinde, Eva Adelaja Senior Girls Grammar School, Lagos; Mr. Olanrewaju Odufuwa, Head, Product Segment, Access Bank and Mr. Abimbola Babalola, Head, Market Surveillance, NSE at the 2016 – NSE Global Money Week celebration at the Exchange.



L – R Mr. Goodie M. Ibru, OON; Dr. Raymond C. Obieri, OON; Dr. Oba Otudeko, OFR; Mr. Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Aigboje Aig-Imoukhuede, CON, Current President, NSE; Alhaji Aliko Dangote, GCON; Alhaji Aliko Mohammed, OFR; Mallam Ballama Manu, at the Closing Gong Ceremony in Honor of the All Past Presidents at The Exchange.





L – R Bola Adeeko, Head, Corporate Services Division, The Nigerian Stock Exchange (NSE); Oscar N. Onyema, OON, Chief Executive Officer, NSE; Yusuff Ogunsola; Mukhtar Muhammed; Boluwatiji Omidiji; Edidiong Etuk; Princess Kele-Nzeh; Yetunde Fatungase; Chimaobi Nduwugwe; Loretta Balla (Graduated Students); Pai Gamde, Head, Human Resources, NSE; Haruna Jalo-Waziri, Executive Director, Capital Market Division, NSE and Ade Bajomo, Executive Director, Market Operations and Technology, NSE at the Closing Gong Ceremony in celebration of NSE Graduate Trainee Programme Class of 2016 Graduation Ceremony at the Exchange.



L – R Mr. Mounir Gwarzo, Director General, Securities and Exchange Commission (SEC); Mrs. Chinelo Anohu-Amazu, Director General, National Pension Commission (PENCOM); Mr. Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE) and Mr. Nikhil Rathi, Chief Executive Officer, London Stock Exchange (LSE) at the 2nd NSE/LSEG Dual Listings Conference.



L – R Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Emeka Emuwa, Chief Executive Officer, Union Bank of Nigeria Plc (UBN Plc); Cyril Odu, Chairman, UBN Plc and Haruna Jalo-Waziri, Executive Director, Capital Markets Division, NSE at the UBN Plc Facts behind the Figures Presentation (FBF) at the Exchange.



L – R Mr. Ade Bajomo, Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE); Mr. Geoffrey Odundo, Chief Executive Officer, Nairobi Securities Exchange Limited; Mr. Oscar N. Onyema, OON, Chief Executive Officer, NSE; Zeona Jacobs, Director, Marketing & Corporate Affairs, Johannesburg Stock Exchange (JSE) and Alhaji Umaru Kwairanga, National Council Member, NSE, at Building African Financial Markets Capacity Building Seminar at The NSE



L – R Haruna Jalo-Waziri, Executive Director, Capital Markets Division, NSE; Uzoma Dozie, Group Managing Director / Chief Executive Officer, Diamond Bank; Oscar N. Onyema, OON, CEO, NSE and Bola Adeeko, Head, Corporate Services Division, NSE at the 2016 NSE Corporate Challenge in Lagos.



L – R Bola Adeeko, Head, Corporate Services Division, The Nigerian Stock Exchange (NSE); Seyi Shay; Burna Boy, Nigerian Recording Artists and Olumide Orojimi, Head, Corporate Communications, NSE at the 2016 NSE Corporate Challenge Closing Gong Ceremony at the Exchange.



L – R Mr. Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Rt. Hon. Yakubu Dogara, Speaker, Federal House of Representative; Aigboje Aig-Imoukhuede, CON, President, NSE and Honourable Gaza Gbafwi, Deputy Chairman, Media and Publicity, Federal House of Representative at Closing Gong Ceremony at the Exchange.



L – R Mr. Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE) and Amina J. Mohammed, OFR, Honourable Minister of Environment at the Closing Gong Ceremony at the Exchange.



L – R Bola Adeeko, Head, Corporate Services Division, The Nigerian Stock Exchange (NSE); Haruna Jalo-Waziri, Executive Director, Capital Market, NSE; Olubisi Makaju, Financial Controller, Nigerian Sovereign Investment Authority (NSIA); Oscar N. Onyema, OON, Chief Executive Officer, NSE; Uche Orji, Managing Director/Chief Executive Officer, NSIA; Hanspeter Ackermann, Executive Director/Chief Investment Officer, NSIA; Titilope Olubiye, Communications Adviser, NSIA and Ade Bajomo, Executive Director, Market Operations and Technology, NSE at the Closing Gong Ceremony at the Exchange.



L – R Dr. A'isha Mahmood, Special Adviser to the Central Bank of Nigeria Governor on Sustainable Banking; Olumide Orojimi, Head, Corporate Communications, The Nigerian Stock Exchange (NSE); Bola Adeeko, Head, Corporate Services Division, NSE; Haruna Jalo-Waziri, Executive Director, Capital Market Division, NSE; Hadiza Elayo, Special Adviser, Technical, Ministry of Environment; Cima Sholotan, Lead, CSR, NSE; Joseph Owolabi, West Africa Lead, Climate Change and Sustainability Services, Ernst & Young (EY) and Douglas Kativu, Director, Global Reporting Initiative (GRI) Africa at the Nigerian Capital Market Sustainability Seminar at the NSE.



L-R Alhaji Aliko Dangote, GCON, Ex-Officio, National Council, The Nigerian Stock Exchange (NSE); Oscar N. Onyema OON, Chief Executive Officer, NSE; Aigboje Aig-Imoukhuede CON, Council President, NSE and Mojisola Adeola, Council Secretary, NSE at the Annual General Meeting of the Nigerian Stock Exchange



L – R Tinuade Awe, General Counsel & Head, Listing and Regulatory Division (LARD), The Nigerian Stock Exchange (NSE); Haruna Jalo-Waziri, Executive Director, Capital Markets Division (CMD), NSE; Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Andrea Bernaldo de Quiros, Country Manager Nigeria, The Business Year magazine and Ade Bajomo, Executive Director, Market Operations and Technology, NSE at the presentation of the "Most Innovative Stock Exchange in Africa Award 2016" to NSE in Lagos.





L – R Favour Femi-Oyewole, Chief Information Security Officer, The Nigerian Stock Exchange (NSE); Rex Mafiana, Chief Executive Officer, FPG Technologies and Solutions Limited; Ade Bajomo, Executive Director, Market Operations and Technology, NSE; Jinmi Oluauiga, Vice President, DBH Solutions Limited and Oluyemi Obadare, Information Security, NSE at the Nigerian Capital Market Information Security Forum (NCMISF)



L – R Mr. Ade Bajomo, Executive Director, Market Operations and Technology, The Nigerian Stock Exchange (NSE); Mr. Oscar N. Onyema OON, Chief Executive Officer, NSE; Deacon Titus Soetan, President, Institute of Chartered Accountant of Nigeria (ICAN) and Tinuade Awe, General Counsel and Head, Regulation, NSE at the Closing Gong Ceremony at the NSE



L – R Mr. Dunama Stanley Balami, Council Member, The Nigerian Stock Exchange (NSE); Oscar N. Onyema, Chief Executive Officer, OON, NSE; Ade Bajomo, Executive Director, Market Operations and Technology, NSE; Adeola Mojisola, Head, Council Secretariat/Council Secretary, NSE; Bola Adeeko, Head, Corporate Services Division, NSE and Emeka Madubuike, Chairman, Association of Stockbroking Houses of Nigeria (ASHON) at the Induction Ceremony for recently qualified dealing clerks at The Nigerian Stock Exchange.



L – R Dr. Ogbo Okiti, Economist & Policy Analyst; Mark Bohlund, Africa and Middle East Senior Economist Bloomberg Intelligence; Chief Dr. Mrs. Nike Akande, CON, President, Lagos Chamber of Commerce and Industry (LCCI); Oscar N. Onyema OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Abimbola Ogunbanjo, First Vice President, NSE; Selloua Chakri, Head of Market Structure Strategy, MEA, Bloomberg; Paul Wallace, Senior Banking Industry Expert, Bloomberg and Ade Bajomo, Executive Director, Market Operations and Technology, NSE at the NSE-Bloomberg CEOs Roundtable event at the NSE.



L – R Ade Ewuosho, Head, Market Services Department, The Nigerian Stock Exchange (NSE); Bola Adeeko, Head, Corporate Services Division, NSE; Oscar N. Onyema, OON, Chief Executive Officer, NSE; Paul Thomas Arkwright, British High Commissioner to Nigeria; Haruna Jalo-Waziri, Executive Director, Capital Markets Division, NSE and Yetunde Ojo, Head, Technology, NSE at the Closing Gong Ceremony at the Exchange.



L – R Abimbola Ogunbanjo, First Vice President, The Nigerian Stock Exchange (NSE); Oscar N. Onyema, OON, Chief Executive Officer, NSE; His Excellency, Prof. Yemi Osinbajo, SAN, GCON, Vice President, Federal Republic of Nigeria; Aigboje Aig-Imoukhuede, CON, President, NSE and Alhaji Aliko Dangote, GCON, former President, NSE during an Interactive Session with Capital Market Stakeholders and Closing Gong Ceremony at the NSE



L-R Bola Fajemirokun, Ph. D, Executive Director, Development Initiatives Network; Olumide Orojimi, Head, Corporate Communications, NSE; Bola Adeeko, Head Corporate Services Division, NSE; and Rotimi Adekunle Olukorede, MD, Floodgate Insurance Brokers Limited at the presentation of the "Corporate Achievement Award to a Financial Institution" to the Nigerian Stock Exchange at the 2016 Financial Literacy Excellence (FILEX) Awards



L-R Damilola Ajayi, Managing Director/CEO, Vetiva Fund Manager Limited; Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Prof. Fidelis Oditah (QC, SAN), Group Chairman, Vetiva and Dr. Olaolu Mudasiru, Group Deputy Managing Director/COO, Vetiva at the Listing of Vetiva S&P Bond ETF at the Exchange.



L-R Joseph Ogonna Anosike, Chairman, The Initiates Plc; Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE) and Ossai Reuben Mustapha, Managing Director/CEO, The Initiates Plc at the listing of The Initiates Plc at the Exchange.



L-R Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Dr. Yemi Kale, Statistician General, National Bureau of Statistics; Haruna Jalo-Waziri, Executive Director, Capital Markets Division, NSE; Bola Ajomale, Managing Director, NASD and Harriet Agbenyi, Moderator of the Panel at the NSE Market Data Workshop 2016 at the Civic Centre, Victoria Island, Lagos.



L-R Ope Wemi Jones, Group Head, Inclusive Banking, Access Bank, Oscar N. Onyema, OON, CEO, The Nigerian Stock Exchange (NSE), Miss Ifeoluwa Abiodun, Babington Macaulay Seminary, 1st Prize Winner, Chinelo Anohu-Amazu, Fmr. Director General, Nigerian Pension Commission (PENCOM) at the 2016 NSE Essay Competition Awards held at The Civic Centre, Victoria Island, Lagos



L-R Mrs. Modupe Mujota, Honourable Commissioner for Education, Science and Technology, Ogun State; Ope Wemi-Jones, Head, Inclusive Banking, Access Bank Plc; Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Miss Udeaja Nneoma, Sacred Hearts College, Apapa, Lagos, 2nd Price Winner; Miss Ifeoluwa Toluwanimi Abiodun, Babington Macaulay Junior Seminary, Ikroodu, Lagos 1st Price Winner; Gbenjo Olasubomi Victoria of Good Shepherd Schools, Meiran, Lagos, 3rd Price Winner; Ms. Chinelo Anohu-Amazu, Director General, National Pension Commission (PENCOM) and a representative of the Honourable Minister of Education, Reverend Chris Ugorgji, at the 2016 NSE Essay Competition Awards Ceremony, at the Civic Centre, Victoria Island, Lagos





L–R Mr. Sadiq Mohammed, Director, ARM Investment Managers Limited/Deputy GCEO, Asset & Resource Management Holding Company Limited; Haruna Jalo-Waziri, Executive Director, Capital Markets Division, The Nigerian Stock Exchange (NSE) and Ms. Jumoke Ogundare, Director, ARM Investment Managers Limited/GCEO, Asset & Resource Management Holding Company Limited at the Listing of ARM Money Market Fund at The Exchange



L–R Haruna Jalo-Waziri, Executive Director, Capital Markets Division, The Nigerian Stock Exchange (NSE); Sam Oyemelukwe, Head of Anglophone Africa, Trace TV, Kenny Saint Brown, Recording Artist; Oscar N. Onyema, OON, Chief Executive Officer, NSE; Audu Maikori, Founder, Music Week Africa; Raoul Sawhnay, Director, Music Week Africa and Chief Tony Okoroji, Chairman, COSON at Music Week Africa Forum at the Exchange



(L-R) Bola Adeeko, Head, Corporate Services Division, The Nigerian Stock Exchange (NSE); Haruna Jalo-Waziri, Executive Director, Capital Markets Division, NSE; Professor Wole Soyinka and Ms. Tinuade Awe, General Counsel/ Head of Regulation, NSE at the Closing Gong Ceremony to mark the last day of trading for the year.



(L-R) Dr. Michael Blank, Director of the Delegation of German Industry & Commerce; Mr. Aron Mir Haschemi, Deputy Consul General of Germany; Mr. Oscar N. Onyema, OON, Chief Executive Officer, The Nigerian Stock Exchange (NSE); Mr. Ingo Herbert, Consul General of Germany; Mr. Rene Marco Siebenhaar, Commercial, Cultural and Political Attaché; Mr. Rene Marco Siebenhaar, Commercial, Cultural and Political Attaché



**Mr. Aigboje Aig-Imoukhuede, CON**  
2014-Date



**Alhaji Aliko Dangote, GCON**  
2012-2014



**Mallam Ballama Manu**  
2010-2012



**Mr. Oba Otudeko, OFR**  
2006-2009



**Dr. Raymond C. Obieri, OON**  
2003-2006



**Alhaji Abdul Razaq, OFR, SAN**  
2000-2003



**Mr. Goodie Ibru**  
1997-2000



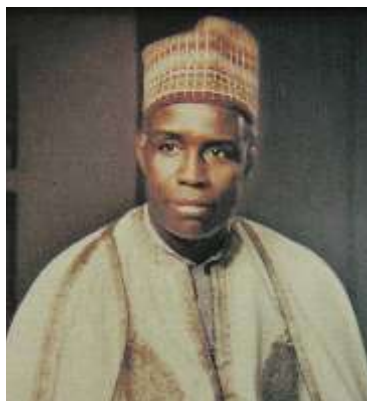
**Mr. Pascal G. Dozie, OON**  
1994-1997



**Aare M. K. O Abiola, FCA, FNIM**  
1991-1994



**Chief Bayo Kuku**, LL.B, MCL, FNIM, BL  
1987-1991



**Alhaji Aliko M. Mohammed**, OFR  
1984-1987



**Chief J. O. Udoji**, OFR  
1981-1984



**Chief S. O. Asabia**, OFR  
1975-1981



**Chief Adeola Odutola**, CON  
1972-1975



**Chief Silas Bamidele Daniyan**, OFR  
1970-1972



**Sir Mobolaji Bank-Anthony**, CON  
1966-1970



**Sir Odumegwu Ojukwu**, OBE  
1963-1966



## PROXY FORM

The Nigerian Stock Exchange's 56<sup>th</sup> Annual General Meeting to be held at the NSE Event Centre, 20th floor, Stock Exchange House, 2/4 Customs Street Lagos, on **Monday, 25th September 2017 at 11:00 a.m.**

Name of Member:.....

of

Address:.....

being a member of the Nigerian Stock Exchange ("The Exchange") hereby, appoint

.....

as my proxy to act and vote on my behalf at the Annual General Meeting of The Exchange to be held on **Monday, 25th September 2017 at 11:00 a.m.**

Dated this .....<sup>th</sup> day of September 2017

.....  
Member's Signature/Seal

.....  
Member's Name

**AFFIX  
PASSPORT  
PHOTOGRAPH**

S/N	AGENDA	FOR	AGAINST	ABSTAIN
1.	<p><b>ORDINARY BUSINESS</b></p> <p>1. To present the Audited Financial Statements of The Exchange for the year ended 31 December 2016, and the Reports of the National Council and the Auditors thereon.</p> <p>2. To re-elect Mr. Abimbola Ogunbanjo, who is retiring by rotation, as a member of the National Council.</p> <p>3. To authorize members of the National Council to fix the remuneration of the Auditors.</p> <p><b>SPECIAL BUSINESS</b></p> <p>4. To consider and if thought fit to pass, with or without any modifications, the following as an Ordinary Resolution to fix the remuneration of Non-Executive Council Members:</p>			

S/N	AGENDA	FOR	AGAINST	ABSTAIN
	<p>"it is approved that the fee payable to the Council President shall be N5,000,000 per annum, while N3,800,000 shall be payable to other Council Members per annum with effect from 1 January 2017. The fees shall be payable quarterly in arrears or at such other intervals agreed by the Council.</p> <p>5. To elect the following as Members of the National Council:</p> <p>a) Chartwell Securities Limited (Represented by Mr. Oluwale Adeosun) ;</p> <p>b) Equity Capital Solutions Limited (Represented by Mr. Kamarudeen Oladosu);</p> <p>c) Fortress Capital Limited (Represented by Mr. Yomi Adeyemi);</p> <p>d) Pilot Securities Limited (Represented by Mr. Seyi Osunkeye);</p> <p>e) Planet Capital Limited (Represented by Mr. Chidi Agbapu);</p> <p>f) Woodland Capital Markets Plc. (Represented by Mr. Patrick Ajayi);</p> <p>g) Kastina State Investment &amp; Property Development Co. Limited (Represented by Mrs. Fatimah Bintah Bello-Ismail);</p> <p>h) Mrs. Catherine Nwakaego Echeozo ; and</p> <p>i) Erelu Angela Adebayo</p>			

**Note:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself.
2. No person shall be appointed a proxy who is not already a member of The Exchange or the accredited representative of a member, save that a corporation being a member of The Exchange may appoint as its proxy, one of its Directors or other authorized representative who is not a member of The Exchange.
3. The Common Seal must be affixed on the proxy form if executed by a company.

4. Executed proxy forms should be deposited at the registered office of The Exchange (2/4 Customs Street, Marina, Lagos State) at least 48 hours before the time of holding the meeting.

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#### ADMISSION CARD

The Nigerian Stock Exchange's 56th Annual General Meeting to be held at the NSE Event Centre, 20th floor, Stock Exchange House, 2/4 Customs Street Lagos, on **Monday 25th September 2017 at 11:00 a.m.**

Name of Member (in BLOCK CAPITALS):

ADDRESS:

Note: A member or his/her proxy must produce this admission card in order to be admitted at the meeting.

