



**THE Nigerian
STOCK EXCHANGE**



Growth Board

A Guide to Listing

Disclaimer

The Nigerian Stock Exchange has exercised reasonable efforts to ensure the accuracy and correctness of the information provided in this Brochure. It is to serve only as a guide and not to be relied upon as a legal document or substitute for a legal document.

It is therefore recommended that the user seeks professional advice before acting based on any information provided in this Brochure. In no event shall The Nigerian Stock Exchange be liable to users or third parties for any injury or loss arising as a consequence of any omissions or errors or from actions taken, based on information provided in this Brochure

Preface

The Nigerian Stock Exchange (NSE) was established in 1960 and today services the second largest financial centre in sub-Saharan Africa. The NSE is licensed under the Investments and Securities Act (ISA) and is regulated by the Securities and Exchange Commission (SEC). The NSE is an automated exchange and provides listing and trading services, as well as electronic Clearing, Settlement and Delivery services through Central Securities Clearing System Plc.

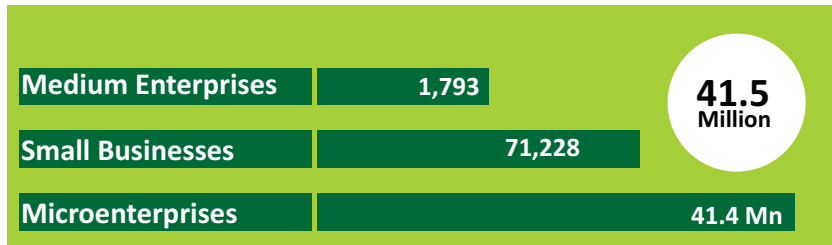
The NSE continues to evolve to meet the needs of its valued customers, and to achieve the highest level of competitiveness. The Exchange operates fair, orderly and transparent markets that bring together the best of African enterprises and the local and global investor communities. The Nigerian Stock Exchange is poised to champion the acceleration of Africa's economic development and to become “the Gateway to African Markets”

The Exchange is a full member and executive committee member of the African Securities Exchanges Association (ASEA) and an affiliate member of the World Federation of Exchanges (WFE).

The SME Ecosystem – Why Growth Board?

Size of the SME in Nigeria:

In Nigeria, there are a total of 37,067,416 million Micro, Small and Medium Enterprises making up the growth sector

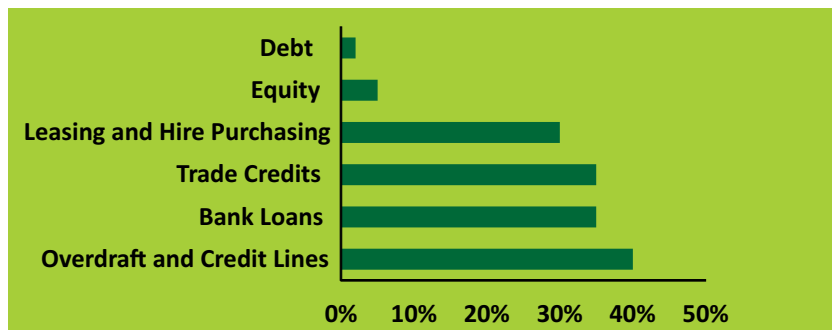


Growth sector contribution to GDP:

The growth sector contributes about 48.7% to the Nigerian GDP.



Alternative sources of SME Financing:

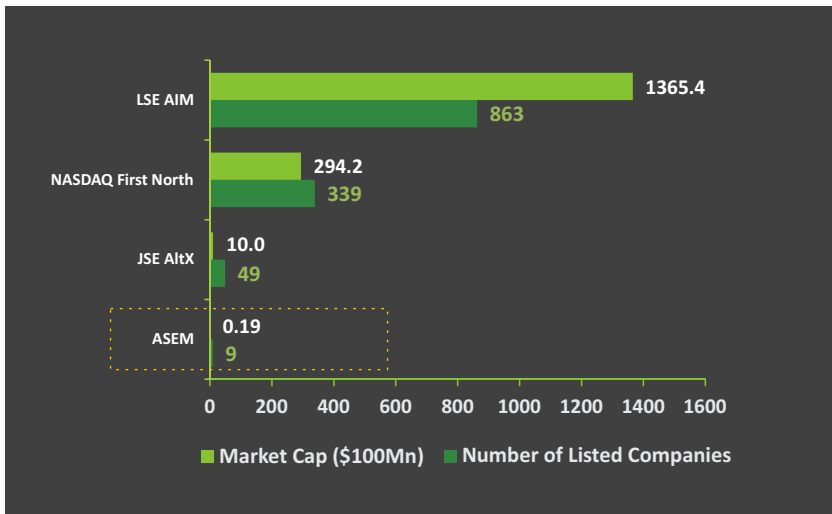


Threats to SMEs in Nigeria:

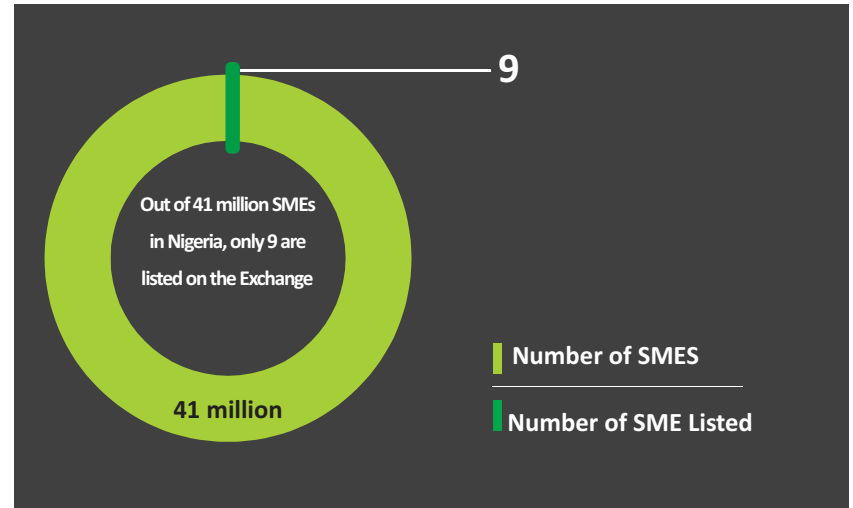
- Access to Finance
- Access to information
- Insecurity
- Government Policies/Ease of Doing Business
- Multiple Taxation
- Infrastructural gaps
- Foreign Exchange Rates
- Talent Acquisition/Retention

Comparison with Other Jurisdictions

Representation of Growth companies in Nigerian Capital Market:



Opportunity landscape in the Nigerian SME space:

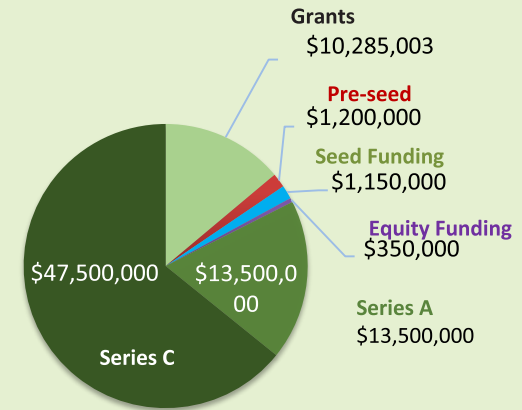


Funding Statistics of Startups in Nigeria (2018)

Fund Distribution According to Start-up Industries



Funding Sources for Start-ups



- Financial sector start-ups had the highest number of deals accounting for 75% of the total funding during this period followed by the agricultural sector.
- Series C funding round represented 64% of the total funding in value which shows that most start-ups used this funding method followed by Series A Funding.
- The relatively low Equity penetration suggests huge and untapped opportunities for the capital market; SME's can utilize equity platforms such as the NSE Growth Board to access more secured and sustainable capital for growth

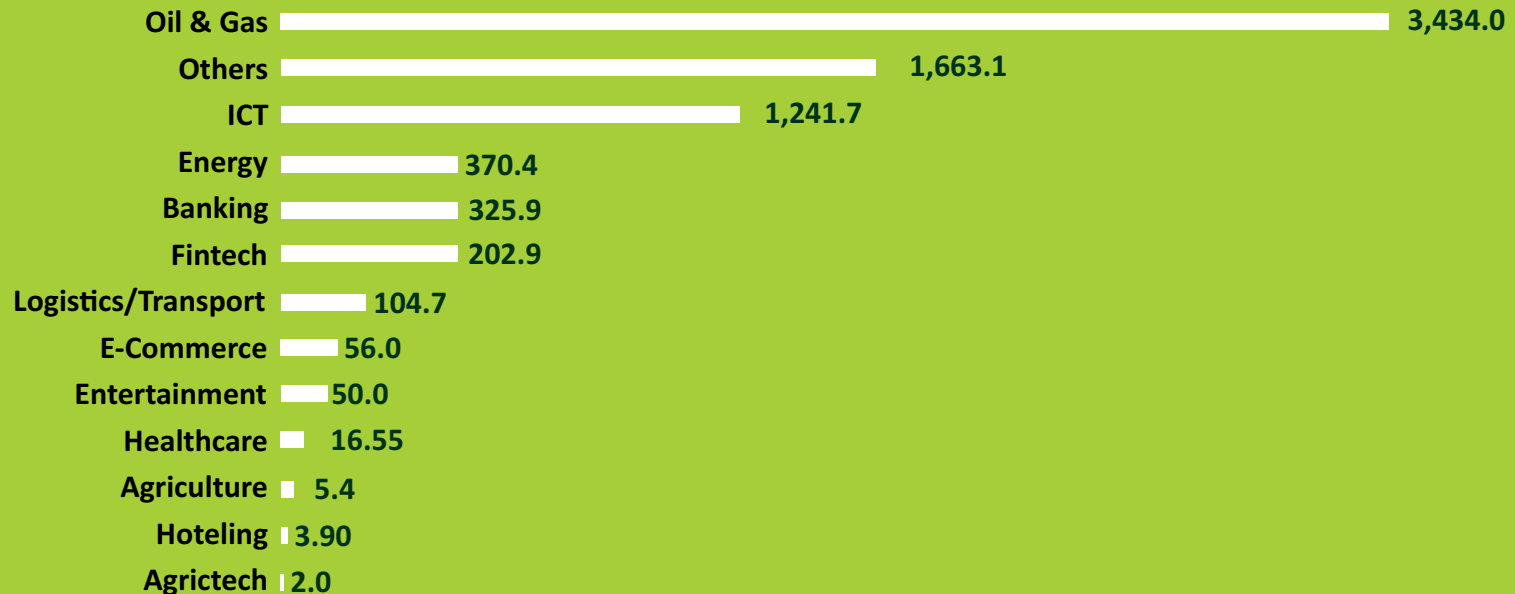
Series A: Generally done when the company is generating some revenue, though it might not be in net profit. The risk involved at the highest in this round of funding

Series B: This is required by the company to scale up to, face competitors and have a market share. The goal of this funding is not only to break-even but to also have a net Profit. At this stage, investment risk is lower and the amount of funding is more than Series A

Series C: The company goes for Series C round of funding when it looks for greater market share, acquisitions, or to develop more products and services.

Funding Analysis

Capital Raise by Corporates in Nigeria (Jan-Sept. 2019) \$'Million



- Nigerian companies attracted a total sum of \$8.57 billion in funding between January and September 2019 (9-month).
- The oil and gas sector attracted the largest funds, with \$3.43 billion, while Fintech companies ranked seventh within the period. The sector raised \$202.10 million.

The Growth Board

The Growth Board is designed to encourage small cap and growth oriented companies with good corporate governance standards to list. It aims to encourage companies with high growth potential to seize the opportunity of raising long term capital and promote liquidity.

The Growth Board was established as part of the NSE's initiative on elevating the Nigeria Capital market and meeting the needs of businesses at every phase of their lifecycle. The board targets fast growth companies such as SMEs operating in various sectors including Technology companies.

Objectives of the Board

1. To encourage companies with high growth potential to seize the opportunity of raising long term capital and promote liquidity.

2. To cater for various market segments and to ensure all spectrum of businesses/companies in various growth phases can be listed.

3. To highlight the benefits available in the capital market for Start Ups, SMEs and Technology companies.

4. To provide market operators with a platform and access to potential pipeline of companies for listing on The NSE.

Common Concerns About Listing

- 1. Loss of control by entrepreneurs:** Owners may retain up to 85% of total shareholdings of the company; requirement is for 15% minimum public ownership

- 2. Profit sharing:** Discipline is king as profits are shared per shareholding at specific intervals. Planning is key to growing business and profits.

- 3. Associated cost of being listed:** Benefits far outweigh cost as applicable fees on Growth Board are relatively low. (See Appendix IV of NSE Green Book for fee schedule)

- 4. Concern about disclosure requirements:** Disclosures are statutory and improve the adherence of the company to transparency, which improves confidence and brand integrity

Companies should be aware that becoming a listed company is a strategic decision taken by owners of the business and being listed in the capital market is a long-term and strategic play to enhance corporate governance and sustainability,

Benefits of the Growth Board

Benefits of the Growth Board to Issuers

- 1 Provides a platform for accessing cheap and long tenured capital (equities and fixed income) for growth companies
- 2 Provides global visibility for attracting international investors
- 3 Ensures increased Corporate Governance while providing the necessary support mechanism/framework for sustainability
- 4 Enhances visibility for growth companies to support brand promotion and customer acquisition
- 5 Provides valuation and potentially enhances liquidity by accessing new investors
- 6 Serve as an exit option for Core Investors
- 7 Offers an avenue and flexible mechanism for raising capital
- 8 Creates, broadens and diversifies investor base
- 9 Develops and increases sell side coverage / research for growth companies

Benefits of the Growth Board to Investors

- 1 Ability to invest in companies with high growth potential thereby resulting in high returns/capital gains.
- 2 Ability to participate in new startups and companies within growth sectors
- 3 Diversified Investment options for Retail and institutional investors
- 4 Enables comparison with other investments due to accessible price information



Listing on The Growth Board

Listing Segments on The Nigerian Stock Exchange

What are the listing segments of the NSE?

	Growth Board		Main Board	Premium Board
	Entry	Standard		
Target Firms	Medium Businesses	Medium to Established Businesses	Established Businesses	Large Blue Chip Companies
Legal Form	Public Limited Liability Company	Public Limited Liability Company	Public Limited Liability Company	Public Limited Liability Company
Market Capitalization	N50Mn – N500Mn	N500Mn – N4Bn	N4Bn – N200Bn	N200Bn and Above
Public Float and Minimum Shareholders	10% (25 Shareholders)	15% (51 Shareholders)	20% (300 Shareholders)	Minimum of 20% free float or Minimum value of free float shares of N40 billion
Continuing Obligations	Semi-Annual and Annual Statements	Semi-Annual and Annual Statements	Quarterly, Semi-Annual and Annual statements	Quarterly, Semi-Annual and Annual statements
Support Services	Accounting, Audit and Legal Services (Discounted fee rate)	Accounting, Audit and Legal Services (Discounted fee rate)	Standard Support Services	Standard Support Services



Routes to Listing on The Growth Board

Routes to Listing

The Growth board will act as a vehicle to attract the fast growing issuers to list on the NSE. The Admittance to the Growth Board would be based on satisfying among other things our listing requirements as stated below:

Growth Board – Entry

The Growth Board – Entry platform would serve as the Entry level board for public capital financing for start-ups and SMEs with market valuation between N50m and N500m. Companies admitted on The Growth Board – Entry platform would be publicly traded and subject to regulation. Companies seeking admittance to the Growth Board (Entry) would need to be duly registered as a Public Limited Liability Company, in addition to satisfying other requirements of The Exchange.

Growth Board – Standard

The Growth Board – Standard platform would serve as the Standard board for public capital financing for Medium size business and venture capital seed companies with market valuation between N500m and N4Bn. Companies admitted on The Growth Board – Standard platform would be publicly traded and subject to regulation. Companies seeking admittance to the Growth Board (Standard) would need to be duly registered as a Public Limited Liability Company, in addition to satisfying other requirements of The Exchange.

Eligibility Criteria:

Entry Segment

Route 1:

Company is already listed on the Main Board or Alternative Securities Market (Growth Board) Board of The Exchange, or is seeking to list on the Growth Board (Entry) of The Exchange, and

- Is duly incorporated as a public company limited by shares;
- Has been in operation for at least two (2) years;
- Has audited financials prepared in line with the International Financial Reporting Standards (IFRS);

Route 2:

1. Company is a new business that can provide evidence of investment either through:
 - A core investor or a strong technical partner that has a minimum of two (2) years' operating track record, or
 - A majority shareholder who is either a High Net Worth individual or is a director of a listed company;
2. Has a market capitalization that is equal to, or is in excess of Fifty Million Naira (N50m) on the date The Exchange receives the Issuer's application

to list on the Entry Segment; and

3. Has a minimum free float of ten per cent (10%) of its issued share capital;
4. Has appointed a Designated Adviser or such other relevant professional as may be prescribed by The Exchange from time to time; and
5. Has a minimum of twenty-five (25) share-holders or such other number as may be approved by The Exchange from time to time;
6. Undertakes to ensure that its promoters or directors retain a minimum of fifty percent (50%) of their shares in the Issuer for a minimum period of twelve (12) months from date of its listing, and that they do not directly or indirectly sell or offer to sell such securities during that period;
7. Any additional information that The Exchange may request from the applicant; which the applicant shall provide to The Exchange within such time frame as stipulated by The Exchange. In the event that the applicant fails to provide such clarification or information within the period required by The Exchange, such failure may result in the application being denied.
8. Notwithstanding that an applicant has met the listing requirements, The Exchange may deny an application for listing on the Entry Segment if it is of the view that the applicant's securities are not suitable for listing on The Exchange.

Eligibility Criteria:

Standard Segment

Route 1:

Company is already listed on the Main Board or Alternative Securities Market (Growth Board) Board of The Exchange, or is seeking to list on the Growth Board (Entry) of The Exchange, and

- Is duly incorporated as a public company limited by shares;
- Has been in operation for at least two (2) years;
- Has audited financials prepared in line with the International Financial Reporting Standards (IFRS);
- Has grown its revenue by a minimum rate of twenty per cent (20%) cumulatively in its last (two) 2 years of operations;

Route 2:

1. Company is a new business that can provide evidence of investment in it by:
 - A core investor or a strong technical partner who has a minimum of four(4) years' operating track record, or

- A majority shareholder who is a High Net Worth individual; and
2. Achieves a market capitalization that is equal to, or in excess of Five Hundred Million Naira (N500m) on the date The Exchange receives the Issuer's application to list on the Growth Board;
 3. Has a minimum free float of fifteen percent (15%) of its issued share capital;
 4. Has appointed a Designated Adviser or such relevant professional as The Exchange may prescribe from time to time;
 5. Has a minimum of fifty-one (51) shareholders or such number as The Exchange deems appropriate in the circumstances;
 6. Undertakes to ensure that its promoters or directors retain a minimum of fifty percent (50%) of their shares in the Issuer for a minimum period of twelve (12) months from date of its listing, and that they do not directly or indirectly sell or offer to sell such securities during that period;
 7. Any additional information that The Exchange may request from the applicant; which the applicant shall provide to The Exchange within such time frame as stipulated by The

Eligibility Criteria:

Exchange. In the event that the applicant fails to provide such clarification or information within the period required by The Exchange, such failure may result in the application being denied.

8. Notwithstanding that an applicant has met the listing requirements, The Exchange may deny an application for listing on the Entry Segment if it is of the view that the applicant's securities are not suitable for listing on The Exchange..

Differences between the Growth Board and ASeM

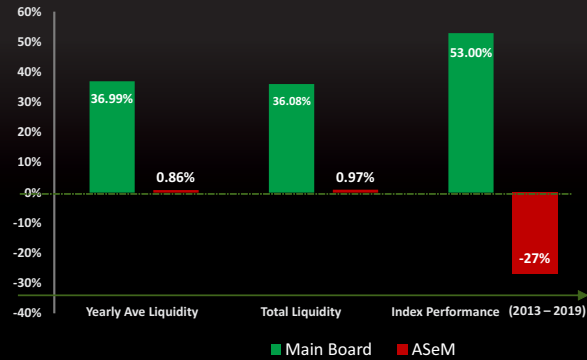
What is the difference between the ASeM and Growth Board?

	ASeM	Growth Board	
		Entry	Standard
Target Firm	SMEs	Startups, Micro, Small Enterprises, Medium Businesses	Medium, Venture Type Firms, Established Businesses
Market Capitalization	N/A	N50Mn – N500Mn	N500Mn – N4Bm
Public Float & Minimum Shareholders	15% (51 Shareholders)	10% (25 Shareholders)	15% (51 Shareholders)
Continuing Obligations	Quarterly, Semi-annual and Annual statements	Quarterly, Semi-Annual and Annual statements	Quarterly, Semi-Annual and Annual statements
Fee Structure Listing Fees	N100,000	N250,000 (50% Discount on application fees for the first 24months from launch date of the board)	0.1% of value
Annual Listing Fees	N200,000	N200,000	Same as Mainboard (Capped at N4.2m for all listed entities)
Research / Business intelligence	Value-Added Service	Revamped Value-Added Service proposition	Revamped Value-Added Service proposition

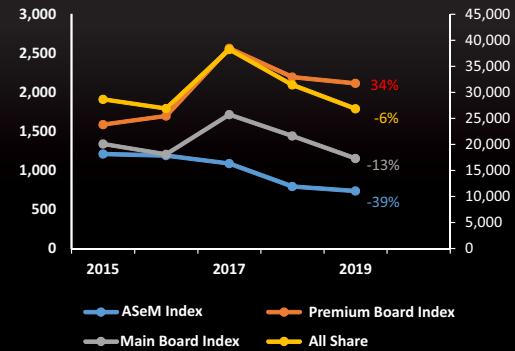
Value Proposition	ASeM	Growth Board
		<ul style="list-style-type: none"> • Growth Ambassadors • Designated Advisers • Institutional Services

Why is the ASeM board being discontinued?

Liquidity & Index Performance: ASeM vs Main Board



5-Year Index Performance [2015 - 2019]



- The chart above shows that there is significant low trade activity and liquidity on ASEM; turnover is also currently less than 1% of the average yearly stock turnover and way below the market average of 37%.
- Consistent negative performance of ASEM index and lack of traction in listings underpins the need for a more revamped board.

Listing Process Abridged



* Applies to IPOs

Listing Process

The decision to list your company can be informed by several reasons, from looking to raise long term capital, to creating a divestment window for existing shareholder(s), to ensuring company continuity beyond the founders. Listing usually follows the stages as described below:

1. Consultation

After preliminary discussions within your company about going public, you are to approach a Designated Adviser (DA) [See list of Accredited DAs at www.nse.com.ng/OurMarkets/Pages/Market-Growth Board.aspx]. Alternatively, a DA may approach you with a proposal for listing of your company.

2. Preparation

After initial discussions with the proposed DA, the Board and Owners of your company will get together to pass the necessary resolutions. A decision will also be made on the preferred route to listing and a mandate letter issued to the DA.

3. Documentation/Packaging

After initial discussions with the proposed DA, the Board and Owners of your company will get together to pass the necessary resolutions. A decision will also be made on the

preferred route to listing and a mandate letter issued to the DA.

4. SEC Registration/NSE Approval

Your DA has the responsibility of submitting your application to The NSE with a covering letter, accompanied by the NSE application/listing fees.

5. Completion Board Meeting

You will convene a Completion Board Meeting with all parties to the issue/listing in attendance. At this meeting, your offer documents/prospectus will be signed

6. Completion Board Meeting

Your Issuing House distributes application forms to all receiving agents. The required number (50 copies of abridged and 25 copies of hardcover) is submitted to The Exchange for distribution to NSE branches and Council members. The application list opens on the selected date and closes after 4 to 6 weeks*.

7. Range of Analysis/Allotment

The Registrar prepares a range of analysis on how the securities should be allotted. After the range is agreed upon, allotment is done and sent to SEC for approval. A copy of the allotment pattern is also sent to the NSE for information.

Listing Process

Monies in respect of unsuccessful/rejected applications are returned.

8. General Undertaking/Declaration of Compliance

At this stage, your company prepares and delivers to the Exchange, on its letterhead paper:

- General Undertaking (As set out in Appendix III of The NSE Green Book) where it undertakes to abide by The Exchange's post listing requirement).
- A Declaration of Compliance

Your Company Secretary must sign the above statements.

Prospectus Contents Guide

As part of the documents to be presented by your company, you will be required to prepare a Prospectus. This is necessary to give information to the SEC, NSE and intended investors and should contain the following information at the minimum:

- Summary of Offer
- Purpose of Offer
- Corporate Directory
- History & Business of Company
- Risks & Mitigating Factors

- Details of Directors & Management
- Historical Financials
- Financial Forecast
- Statutory & General Information
- Procedure for Application & Allotment
- Application Form
- Application Instructions
- Contact Information

Post Listing Requirements

A listing in itself is not the final stage. In fact, it is just the beginning of a new era for your company. Your continuing obligations, as a publicly quoted company, come with increased responsibilities to the investing public. There are also expectations by The Exchange to ensure your company maintains the discipline to retain its status as a publicly quoted company.

What is expected of your company after listing?

At the pre-listing briefing, the post-listing obligations would have been explained to you, and an irrevocable undertaking to fulfill these obligations signed. The primary obligations are listed below:

Listing Process

- Submission of semi annual and annual financial statements
- Retainership of the services of a DA, throughout the listing period on Growth Board

See Appendix III of The NSE Green Book for details of all post-listing obligations.

The background is a solid light green color. On the left side, there is a large, abstract graphic composed of several overlapping, curved, light green shapes that resemble stylized tree branches or a fan. Scattered throughout the background are numerous circles of varying sizes, also in shades of light green, creating a textured, organic feel.

Value Added Services

Eligibility Criteria:

Value Added Services are key elements of The Nigerian Stock Exchange’s (NSE) Business Development and retention efforts. These services are designed to create a competitive edge for companies listed on The Exchange and facilitate new listings.

- The NSE allies with a few selected Value Services providers and strategic partners to help with pre-listing diagnostics and reduced fee structure.
- The NSE Value Added Services help stimulate investors’ interest in our market through enhanced information delivery
- It assists listed companies in complying with post listing obligations and retaining their listing status

What Services are Provided for Under the VAS Program?

Analyst Coverage

The NSE engages independent investment research firms to conduct sell side analysis in order to improve visibility of listed companies and consequently generate more interest on the shares of the issuer.

Investor Relations

To help issuers develop an effective Investor Relations (IR) program, the Exchange has partnered with leading IR Service Providers to provide listed companies access to world-class IR solutions

Institutional Services

Institutional services helps Growth companies in the design and documentation of appropriate internal business structures, management processes and procedures to position them as world class enterprises

Corporate Access

Listed companies have access to information and analytics used by institutional investors and analysts. Issuers are able to monitor investor interest, identify and monitor investor activities

Corporate Governance

The NSE drives corporate governance through the implementation of the Corporate Governance Rating System which strengthens the governance structures of listed companies and provide a valid basis for investors to make investment decisions base on Corporate Governance Compliance.

Value Added Service Providers

Strategic Partners



Parties to IPO/Listing

Reporting Accountant

- Appointed by Issuer to independently report on already audited accounts
- Tax structuring
- Financial due diligence - long term, short term and working capital reports
- Gives credibility to the offer and highlights anything overlooked on audited accounts

Designated Adviser

- Overall co-ordination of IPO process
- Ensure company meets Growth Board listing requirements
- Ensure compliance with applicable rules
- Filing of application document with NSE
- Ensure compliance with post listing obligations
- Manage communication with The NSE

Solicitors

- Legal due diligence
- Draft and verification of application document
- Corporate restructuring
- Provide legal opinions

Issuing House

- Co-ordination of due diligence and application document to SEC
- Develop investment case valuation and offer structure
- Book building, pre-float marketing and distribution
- Manage communication with The NSE

Other Parties

- Registrars
- Receiving Bank(s)
- Trustees/Underwriter
- Investor Relations Adviser



Designated Adviser

Designated Advisers

The challenge of meeting post listing obligations has been identified as a key factor impeding smaller companies from fully unlocking value as a listed company. Subsequently, as an emerging business, the invaluable impact of a knowledgeable adviser, constantly available to guide the company in meeting its regulatory obligations and corporate governance in general cannot be over emphasized. It is a compulsory requirement for all companies listed on Growth Board to have a Designated Adviser (DA).

Roles Of A Designated Adviser

The functions of a DA, amongst other things will cover the following:

- Provide professional advice to companies seeking listing on their responsibilities during the application process
- Act as a professional and impartial guide to the applicant company in respect of capital market rules and operations
- Provide advice to the company on an on-going basis to ensure that the company satisfies the Growth Board Board requirements for initial and continued membership;
- Confirm that the company has addressed and met the disclosure requirements set forth in the Growth Board

Rules;

- Assist the company's management and board to discern what information is material and therefore needs to be disclosed to investors.

Choosing a Designated Adviser

It is one of the responsibilities of your company to choose a DA as part of your pre-listing activities. The NSE publishes and updates a list of Accredited DAs on the Growth Board web page of its Website. It is your prerogative to choose from the list as published by The NSE.

NSE Timeline for Approval of various Applications

Application Type	Timeline to Approval (working days)
Rights Issue	5
Memorandum Listing of Funds	5
Public Offer for Subscription	5
Public Offer for subscription of bonds (other than book building)	5
Bond Issued through book building	5
Mergers & Acquisition (between listed and unlisted companies)	5
Employee share based payment scheme	5
Initial Public Offer	17
Listing by Introduction	17
Placing	15
Block Divestment	12

Application Type	Timeline to Approval (working days)
Mergers & Acquisition (between listed companies)	17
Dual Listing	17
Listing by Introduction (Bond)	5
Listing by Introduction of ETFs/REITS	6
Public Offer for subscription ETFs/REITS	6
Voluntary Delisting	5



**THE Nigerian
STOCK EXCHANGE**

The Sustainable Exchange Championing Africa's Growth

Equities . Exchange Traded Products . Fixed Income

The Stock Exchange House
2-4 Customs Street, Marina
Lagos State, Nigeria

01-4638999-5; 0700 CALL NSE

contactcenter@nse.com.ng

www.nse.com.ng

 The Nigerian Stock Exchange  @nsenigeria | @nsecontact

 The Nigerian Stock Exchange  @nsenigeria

