



**THE Nigerian
STOCK EXCHANGE**

QUICK GUIDE TO NOMINAL TRANSFER BROCHURE

NOMINAL TRANSFER

Nominal Transfer is the transfer of listed securities between a Transferor and a Transferee who are related or connected parties, which involves no consideration passing from the Transferee to the Transferor.

SCOPE:

The review of Nominal transfer request/application and relevant supporting documents submitted on behalf of transacting parties is carried out in accordance with provisions of Rule 15.34: Nominal Transfer; Rulebook of The Exchange, 2015 (Dealing Members Rules), which became effective on 11 July 2018. This review is aimed at establishing the relationship or connection between transacting parties as follows:

- **Individuals** (including but not limited to spouse, brother, sister, father, mother, child or step-child);
- **Individual and a Corporate entity** (consider whether the individual is a beneficial shareholder of the corporate entity);
- **Corporate entities** (connections between corporate entities include but are not limited to (a) holding companies, subsidiaries and sister subsidiaries; (b) a joint venture and a special purpose vehicle created for the purpose of the joint venture);
- **An Estate** (the personal representative administering any deceased person's estate); and the Transferee (beneficiaries);
- **Trustees.**

REQUIREMENTS:

In order to secure The Exchange's approval for Nominal Transfer, the following documents (where applicable) shall be submitted to The Exchange:

General Requirements:

1. Application letter by the Stockbroker introducing the client and detailing the nature of the transaction;
2. Two (2) Copies of a Letter of Authority addressed to The Exchange executed by the proposed Transferor;
3. Mandate executed by the Transferor in favour of the Stockbroker making the application;
4. 2 copies of the client's (submission must be for Transferee and Transferor) Central Securities Clearing System Plc (CSCS) shares statement, indicating the current shareholding position, where the shares are dematerialized;
5. Original executed transfer form(s);
6. Relevant documents such as the birth certificate (or its equivalent) of the Transferor or Transferee, to further establish the relationship between the parties, which is a condition for the transaction to qualify as nominal transfer;
7. For a corporate entity (submission must be for Transferee and Transferor where applicable):
 - i. A duly executed board resolution authorizing the transaction, and signed by all the Directors in the case of a written resolution; or by a Director and Secretary named in the Form CAC 7/7A and Form CAC 2.1 presented;
 - ii. A certified true copy (certified by the Corporate Affairs Commission within 1 month of the date of presentation) of its most recent Form CAC 7 or 7A (Particulars of Directors);
 - iii. A certified true copy (certified by the Corporate Affairs Commission within 1 month of the date of presentation) of its most recent Form;
 - vi. A certified true copy (certified by the Corporate Affairs Commission within 1 month of the date of

presentation) of its most recent Form CAC 2 or 2A (Statement of Share Capital and Return on Allotment of Shares);

- v. Certified true copy (certified by the Corporate Affairs Commission within 1 month of the date of presentation) of its most recent memorandum of association and articles of association;

For a corporate entity (Registered abroad):

Equivalent of 7 (i – v) above (which have been notarized or certified and in the case of ii – v above, certified by the relevant companies' registry);

- 8. Relevant documents such as means of identification (e.g., a copy of the National Identity Card, Driver's License, or Passport) of the Transferor, Transferee, any signatories or relevant person, and such other documents to establish the relationship between the parties, which is a condition for the transaction to qualify as nominal transfer;
- 9. In respect of a trust, in addition to items 1 - 8 above, a copy of the trust deed, notarized by a Notary Public;
- 10. In respect of the estate of a deceased, in addition to items 1 - 9 above, a certified true copy of the will and the probate; and if intestate, a certified true copy of the letters of administration; as well as a cheque of N50,000 (or any other amount that may be prescribed by The Exchange from time to time) as payment for conduct of verification search at the Probate Registry; and such other documents as may be required by The Exchange;
- 11. Application Fee: The Exchange shall charge a fee: 0.3% of the current market values of the investment as at date of first submission;
- 12. Transferee Indemnity: Where the transaction is eligible (relationship

established – familial, shareholder and company, corporate group members with significant beneficial ownership of shares, trustee and beneficiary, executor/administrator of an estate and beneficiary) for approval by The Exchange, the Transferee shall execute an indemnity in a form to be prescribed by The Exchange.

TURNAROUND TIME:

Allow about 2-4 weeks (4 weeks maximum), for the processing of a nominal transfer request. This timing depends on the submission of complete documentation along with the application at the outset; and the applicant providing prompt and timely feedback/response to The Exchange's enquiries (where necessary) in the course of the review.

In addition, please take note of the following information/requirements:

- i. Copies of Documents: All documents forwarded must be submitted in duplicate copies.
- ii. CSCS Charges: 0.3% of the current market value of the investment is also applicable at the CSCS. Kindly contact the CSCS for further advice or enquiries.
- iii. Consent Letter: The stockbroking firm is to proceed to the CSCS and/or the Registrar once a copy of the Consent Letter is received, for additional follow-up.
- iv. Notification of The Exchange: The stockbroking firm should liaise with the CSCS to ensure that The Exchange is notified once the transaction is completed at the CSCS.

FREQUENTLY ASKED QUESTIONS ON NOMINAL TRANSFER

1. What is Nominal Transfer?

Nominal Transfer is the transfer of listed securities between a Transferor and a Transferee who are related or connected parties, which involves no consideration passing from the Transferee to the Transferor.

2. How can an investor initiate a nominal transfer transaction?

An investor that wishes to transfer his securities by way of a nominal transfer is expected to apply to The Nigerian Stock Exchange (The Exchange) through his Stockbroker. The Stockbroker carries out requisite due diligence on the transaction to ensure that relevant requirements have been met prior to approaching the Exchange.

The Exchange reviews the request/application and relevant supporting documents submitted by the broker on behalf of transacting parties, to determine whether the relationship between the proposed Transferor and Transferee are sufficient for treatment of the request as a nominal transfer.

3. Who are parties to a Nominal Transfer transaction?

A nominal transfer transaction can be consummated between two parties; (a) Transferor(s) (b) Transferee(s) who are related. The transferor is the securities holder or party willing to transfer instruments in his position, while the transferee is the party who receives securities being transferred.

4. What types of relationships can trigger a nominal transfer transaction?

A nominal transfer transaction can be consummated between a transferor and a transferee where the following types of

relationships exist:

- Individuals (including but not limited to spouse, brother, sister, father, mother, child or step-child);
- Individual and a Corporate entity (where the individual is considered a beneficial shareholder of the corporate entity);
- Corporate entity (connections between corporate entities include but are not limited to (a) holding companies, subsidiaries and sister subsidiaries; (b) a joint venture and special purpose vehicle created for the purpose of the joint venture);
- An Estate (the personal representative administering any deceased person's estate); and the Transferee (beneficiaries);
- Trustees (transferor is acting as trustee of any trust or as the personal representative administering any deceased person's estate; and the Transferee, is: (i) a beneficiary of such trust or estate who has a familial relationship with the settlor of the trust or the deceased such as being a spouse, brother, sister, father, mother, child or step-child; or (ii) a body corporate in which the beneficiary under (i) above is a shareholder, or (iii) a trust whose terms confer a power on the trustees that may be exercised for the benefit of the beneficiary under (i) above).

5. What are the basic documentation requirements for Nominal Transfer?

A. Individuals:

- i. Birth certificate (or its equivalent);
- ii. Means of identification (e.g., a copy of the National Identity Card, Driver's License, or Passport) of the Transferor, Transferee.

B. Corporate Entities: (Registered in Nigeria) A certified true copy (certified by the Corporate Affairs Commission within 1 month of the date of presentation) of the most recent:

- i. Form CAC 7 or 7A (Particulars of Directors);
- ii. Form CAC 2.1 (Particulars of Person who is the Company Secretary of the Company or any Changes Therein);
- iii. Form CAC 2 or 2A (Statement of Share Capital and Return on Allotment of Shares);
- iv. Memorandum of association and articles of association.
- v. Board resolution authorizing the transaction, and signed by all the Directors in the case of a written resolution; or by a Director and Secretary named in the Form CAC 7/7A and Form CAC 2.1 presented;

Corporate entity (Registered abroad):

Equivalent of B(i – v.) above (which have been notarized or certified and in the case of B(i – iv) above, to be certified by the relevant companies' registry).

C. In respect of Estate of a deceased:

- i. Certified true copy of the will; and probate;
- ii. Certified true copy of the letters of administration; (if intestate);
- iii. Documentation details of the Transferor (Deceased);
- iv. Documentation details of the Transferee (Beneficiaries);
- v. Payment of administrative fee (amount to be prescribed by The Exchange from time to time) for conduct of verification search at the Probate Registry.

D. Trustee:

Copy of the trust deed, notarized by a Notary Public

Please refer to and be further guided by Rule 15.34: Nominal Transfer; Rulebook of The Exchange, 2015 (Dealing Members Rules), which became effective on 11 July 2018 [Click to view Rule](#), and nominal transfer requirement documents.

6. What are the benefits of nominal transfer transactions to an investor?

Nominal transfer transactions provide investors opportunity to transfer securities listed on The Exchange directly to a related or connected party with ease.

7. What is the timeline for completion of nominal transfer transactions?

Turnaround for Nominal transfer transactions is 2-4 weeks (4 weeks maximum), except in cases of a deceased estate, where there is need for verification of probate documents from the Probate Registry.

Generally, timeline for processing approval for nominal transfer depends on submission of complete documentation, along with the application at the outset; and the applicant providing prompt and timely feedback/response to The Exchange's enquiries (where necessary).

8. What is the indicative fees and administrative costs associated with nominal transfer?

The Exchange charge a fee as may from time to time be determined and published by it as approved by the Securities and Exchange Commission (SEC). Current applicable fees are: NSE, 0.3%; CSCS, 0.3% (7.5% VAT Exclusive).



**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 Island
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