

RULES RELATING TO BOARD MEETINGS AND GENERAL MEETINGS OF ISSUERS¹

Introduction

Directors or Trustees are responsible, collectively and individually, for ensuring that listed Issuers comply with the Exchange's Rules relating to their Board Meetings and General Meetings. The Exchange expects Directors and Trustees to fulfill fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standards established by law.

Directors or Trustees shall be held responsible for ensuring that The Exchange is promptly notified of the foregoing matters.

1.0 Board Meetings

1.1 Every Issuer shall notify The Exchange within twenty four hours after the relevant board meeting or after receipt of any required approval from its primary regulator(s) of:

- a. Its decision to make a drawing or redemption of any securities, intimating at the same time the date of the drawing, and in the case of a registered security, the period of the closing of the transfer books (or the date of the striking of the balance) for the drawing;
- b. The amount of the security outstanding after any purchase or drawing has been made;
- c. Any preliminary results for any year, half-year, quarter and the comparative figures in respect of profits before taxation and after taxation, including instances where it becomes necessary for qualification that the figures are provisional or unaudited;
- d. Any dividend or bonus recommendation and other distributions to members including approvals for payment of declared dividends, Bonus issuance and or, Rights or scrip issues;
- e. Short particulars of any proposed change in the capital structure, or redemption of securities;

¹ **Rule Making History**

1. The draft rules were approved by Management for exposure to stakeholders from 25 September to 9 October 2013;
2. The draft rules and stakeholders' comments received thereon were reviewed by the Rules and Adjudication Committee of Council (RAC) at its retreat of 8 to 9 November 2013;
3. The revised draft rules were approved for submission to the National Council of The Exchange (Council);
4. The draft rules were approved by Council at its retreat of 23 and 24 November 2013 for submission to the Securities and Exchange Commission (SEC);
5. The draft rules were submitted to SEC for approval on 5 December 2013;
6. The draft Rules were reviewed at the SEC Rules Committee meeting of 30 January 2014;
7. The SEC's approval of the rules was received on 19 May 2014.

- 1.2 Every Issuer shall notify the Exchange in writing of the date and time of its' Board of Directors' meeting at which recommendation of dividends, bonus or issuance of rights will be discussed, at least fourteen days in advance.

2.0 General Meetings of Members

- a. Every Issuer shall hold sessions of the general meetings of shareholders or holders of other securities in accordance with the relevant provisions in the Companies and Allied Matters Act Cap C20 LFN (CAMA) and any other relevant legislation, these Rules and the Issuer's Articles of Association. The Issuer shall also ensure that shareholders or holders of other securities are allowed to lawfully exercise their rights at the meetings.
- b. The Annual General Meeting ("AGM") provides shareholders or holders of other securities with the opportunity of questioning the Directors and Management on the accounts and reports, which are presented at the meeting and matters relating to the Issuer in general. Such questions shall -
- a. be relevant to the Issuer or its business,
 - b. not result in the release of commercially or price sensitive information, or
 - c. not be obnoxious or vexatious.

2.1 Responsibility of the Directors / Trustees in relation to General Meetings

- 2.1.1 The Board of an Issuer or the Trustees of a Bond shall perform their duties practically, and shall convene and hold the general meetings in a businesslike manner and within the periods stipulated in the relevant Rules and Regulations. All the Directors of an Issuer or the Trustees of a Bond shall at such meetings be diligent and responsible so as to ensure that general meetings are held in an orderly manner.
- 2.1.2 A majority of the Directors or their duly appointed alternates, the Company Secretary and where applicable supervisors of an Issuer shall attend all its general meetings; and where its managers and any other employees are in attendance, they shall attend the meeting as non-voting delegates. Provided that any of the foregoing persons:
- i. may exercise their voting rights where they hold shares which are fully paid; or
 - ii. only attend the meeting as proxies with specific voting instructions.
- 2.1.3 At each annual general meeting the Board of Directors shall present to the shareholders or holders of other securities a Report of the Company's activity detailing a fair view of the development of the business of the Issuer and its subsidiaries during the year and the position at the end of it; and any other matters required by law to be reported. In addition, a report shall be presented by the Audit Committee and the External Auditors.
- 2.1.4 If an Issuer fails to hold its annual general meeting within nine months from the end of its financial year end or within such extended period as may be approved by the Corporate Affairs Commission; or the Trustees of a Bond fail to hold the annual general meeting within this period, the Issuer or Trustees of the Bond shall file a report with The Exchange within ten working days of the end of the stipulated period explaining the reasons for their default; and

they shall make an announcement in that regard in at least two national daily newspapers within five working days of receiving the Exchange's approval to make the announcement.

- 2.1.5 If an Issuer or Trustees of a Bond fail to hold an annual general meeting of shareholders or holders of other securities within the term prescribed by these Rules without justifiable cause, the Exchange shall suspend the listing of the securities, and shall require the Board of Directors or Trustees of the Bond to give explanations and make an announcement in that regard within five working days of receiving the Exchange's approval to make the announcement.
- 2.1.6 The Directors shall endeavour to be adequately prepared to respond to shareholders or holders of other securities' questions at the meeting and shall do so in a businesslike and respectful manner.
- 2.1.7 Directors shall endeavor to utilize in the best way possible any pre-general meeting sessions with shareholders or holders of other securities to iron out legitimate and reasonable issues that are likely to arouse high levels of interest and controversy at the general meetings.

2.2 Notice of Meeting

- 2.2.1 The Board of Directors or Trustees of the Issuer shall give Notice of Meeting as provided in article 2.2.11 below, to each security holder to ensure that each security holder has a reasonable opportunity to attend the meeting and exercise his voting rights thereat.
- 2.2.2 The Notice shall state the nature of the meeting, time and venue and shall include a proxy form which shall include clearly worded resolution proposals in order that securities' holders may be properly guided in casting their votes either for or against each resolution.

Submission of Notice and other Information Documentation to the Exchange

- 2.2.3 Every Issuer shall submit to the Exchange for review, a draft copy of the Notice of Meeting, circulars and annual reports and other notices that will be issued to the holders of listed securities. Copies of all supporting documentation that will be considered at the meeting must accompany the Notice of the Meeting. In the case of an Annual General Meeting, the Audited Accounts shall be submitted as well.
- 2.2.4 Each Director of an Issuer shall accept responsibility for the accuracy of the information in any circular that is sent by the Board of Directors to holders of listed securities and a statement to that effect, shall be incorporated in the circular.
- 2.2.5 No circular or Notice of Meeting to be submitted to The Exchange for its review shall be circulated or made available publicly until the Issuer receives an approval to publish from The Exchange. Barring any unforeseen circumstances, The Exchange shall complete its review within one day from the date of submission.

Changes in Notice of Meeting, Postponement and Cancellation of Meeting

- 2.2.6 Issuers shall notify and obtain the approval of The Exchange before making changes in the contents of the Notice.
- 2.2.7 After the Notice convening a general meeting is issued, the meeting shall not be postponed or cancelled and no resolution proposals listed in the Notice shall be cancelled without any justifiable cause. Where due to any unforeseen circumstance it becomes necessary to postpone or cancel the meeting, the Issuer shall make an announcement in at least two national daily newspapers and explain the reasons in that regard at least three working days or any other shorter period as may be approved by The Exchange before the earlier scheduled date of the general meeting.

Notice to be Displayed on the Website

- 2.2.8 Upon receiving the approval of the Exchange every Issuer shall immediately publish on its website the Notice of Meeting, circulars, annual reports, scheme document and other information memorandum that will be considered at the general meeting.
- 2.2.9 Upon request by a shareholders or holders of other securities and where practicable, Issuers shall forward to the email addresses of shareholders or holders of other securities the soft copies of the approved documentation in addition to the hard copies which will be sent by post. Copies of such documentation shall also be published on the Issuer's website.
- 2.2.10 Issuers shall ensure that the Notice of Meeting and the full copy of the Annual Reports or any other relevant documentation are dispatched to shareholders or holders of other securities and the relevant Regulatory authorities at least twenty one days before the date of the meeting and evidence of postage shall be made available for inspection by the Regulators at the meeting. Where the notice is personally delivered, evidence of such delivery shall be produced. Issuers shall allow at least five working days for delivery of the Notice of Meeting if sent out by post from the day the letter containing same is posted.

2.3 Venue of Meeting

- 2.3.1 General meetings shall be held within business hours at any venue that is reasonably accessible to shareholders or holders of other securities.
- 2.3.3 The venue of the meeting shall be easily accessible by all shareholders or holders of other securities including persons with physical disabilities.

2.4 Date of Meeting

No general meeting shall be held on a day declared by the Federal Government of Nigeria as a public holiday.

2.5 Right of Attendance

Notice of meetings shall be restricted to only those entitled to receive Notice of the Meeting in accordance with the provisions of Section 219 of CAMA. Any other attendee not being a person contemplated under Section 219 of CAMA shall be identified in an obvious manner as an observer and distinctly segregated as such.

2.6 Conduct of Proceedings at General Meetings

- 2.6.1 The Chairman and the Directors of every Issuer or Trustees of a Bond shall ensure that proceedings at general meetings are conducted in an orderly manner throughout the meeting.
- 2.6.2 The Chairman shall give shareholders or holders of other securities ample opportunity to contribute to deliberations at meetings and express their views thereon. The order of proceedings for the meeting shall specify among other things, the maximum duration allowed for each security holder's contributions or interventions, the procedure for asking and for responding to the questions eventually submitted before the meeting and questions asked during the meeting. These must be stated clearly at the commencement of the meeting.
- 2.6.3 The Notice shall state the right of securities' holders to ask questions not only at the meeting but also in writing prior to the meeting; and the date prior to the meeting by which such questions must be submitted to the Issuer.
- 2.6.4 Shareholders or holders of other securities may submit to the Issuer written memoranda on their observations or concerns arising from the Annual Reports or Information memorandum to the company at least a week before the general meeting and forward copies to the relevant regulatory bodies.
- 2.6.5 The Chairman and the Directors shall take steps to ensure due order at general meetings and shall take steps to ensure that no behaviour or interventions prejudicial to the rights and interests of any shareholders or holders of other securities occurs. All incidents prejudicial to the rights and interests of any shareholders or holders of other securities shall be reported in writing to The Exchange within twenty four hours of the general meeting.
- 2.6.6 At any general meeting a resolution put to the vote shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the Articles of Association and CAMA. Unless a poll is so demanded, a declaration by the Chairman that a resolution has on show of hands been carried or carried unanimously by a particular majority or lost shall be evidence of the fact without proof of the number or the proportion of the votes recorded in favour or against the resolution. Notwithstanding the foregoing, there shall be no right to demand for a poll on the election of members of the Audit Committee.
- 2.6.7 Where the general meeting becomes rowdy, as a result of which no resolutions can be passed and no business can be transacted in an orderly manner; and it appears to the Chairman that

an adjournment is necessary to protect the safety of any person attending the meeting, the Chairman shall immediately adjourn the meeting.

- 2.6.8 An announcement in regard to 2.6.7 shall be made by the Issuer within three days of the meeting via a circular and a report shall be submitted by the Issuer to The Exchange within twenty four hours of the general meeting; and shall include information on the time and place to which the meeting is adjourned or state that the meeting is adjourned to a time and place to be fixed by the directors. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place.
- 2.6.9 Notwithstanding the foregoing provisions, the adjournment of the meeting for a few hours and the subsequent reconvening of the meeting during the same day shall not serve as a waiver of the requirement to notify The Exchange as provided under these rules.
- 2.6.10 The Board shall maintain such level of security at the venue of the meeting as is reasonably required to ensure the safety of the shareholders or holders of other securities, directors and other persons who are in lawful attendance at the meeting.

2.7 Meeting Convened to Obtain Approval of Shareholders or Holders of Other Securities

- 2.7.1 Where a transaction requires the approval of shareholders or holders of other securities, such approval shall be obtained either prior to the Issuer entering into the transaction or, if completion of the transaction is expressed to be conditional on obtaining such approval, prior to the completion of the transaction.
- 2.7.2 At the meeting, none of the following shareholders or holders of other securities shall exercise any voting rights in respect of the transaction nor accept appointments as proxies unless specific instructions as to voting are given:
- i) Each related party, entity or its associate or proxy; and
 - ii) Each interested person or entity or and its associates or proxy.
- 2.7.3 The notice convening the meeting shall state that related parties or interested persons shall abstain from exercising any voting rights at the meeting.

Voting Procedure

- 2.7.4 Voting at general meetings may be conducted through the use of an electronic voting device or by any other means prescribed by law.
- 2.7.5 Where an Issuer proposes to use an electronic voting device, no voting shall take place until proper arrangements have been made to allow all shareholders or holders of other securities in attendance to participate in the electronic voting and they have all been adequately instructed by the Registrars or the Issuer on how to operate the device.

Announcements

- 2.7.6 Where an announcement is required to be made under these Rules, the party concerned shall satisfy that requirement by publishing such announcement in at least two daily newspapers with nationwide circulation. Provided that The Exchange shall be notified and its approval shall be obtained prior to publication.

3.0 Sanctions

- 3.1 Where an Issuer or any of its directors or any of the Trustees of a Bond contravene or fail to adhere to any of these provisions, The Exchange may censure the Issuer and/or the Issuer's director(s) or the Trustees individually or jointly, either privately or in public.
- 3.2 In the event of breach of any of these Rules, The Exchange shall impose the following penalties:
- i. A form of censure which it determines to be appropriate; and
 - ii. A fine not exceeding 50% of the listing fees of the Issuer.

4.0 Conduct of Shareholders or Holders of Other Securities at General Meetings

- 4.1 All shareholders or holders of other securities and proxy holders must register at the reception desk and show valid identification as a stockholder or as a proxy holder before entering the meeting room.
- 4.2 The taking of photographs and the use of audio or video recording equipment shall be prohibited without the express consent of the Issuer. In addition, all mobile phones, and similar electronic devices shall be put on silent mode throughout the duration of the meeting.
- 4.3 Only shareholders or holders of other securities of record or their proxy holders may address the meeting.
- 4.4 All questions and comments should be directed to the Chairman of the Meeting, who will either respond directly, or invite another officer or director of the Issuer to respond.
- 4.5 Any shareholder or holder of other securities that wants to address the Meeting shall raise his hand. Upon being recognized by the Chairman, he shall wait for a microphone, then, state his name, his status as a shareholder or holder of other securities or proxy holder, and present his question or comment as concisely as possible.
- 4.6 In order to use the time of all attendees as effectively as possible, the official business of the meeting shall be handled first, as outlined on the Notice of Meeting. Shareholders or holders of other securities shall confine their questions or comments strictly to the matter that is under consideration.
- 4.7 Shareholders or holders of other securities shall permit each speaker the courtesy of concluding his or her remarks without interruption and shall act with decorum at all times.

- 4.8 To allow as many shareholders or holders of other securities to be heard as much as possible, attendees who have already asked a question shall allow others who raise their hands to speak first – and shall limit their own questions and or comments to a maximum of three.
- 4.9 The views and concerns of all shareholders are welcome; however, the business purpose of the meeting shall be strictly observed, and the Chairman or Secretary may rule the following kinds of questions or comments as out of order:
- a. questions that are not related to the business at hand;
 - b. questions that are irrelevant to the business of the company;
 - c. comments or questions that are derogatory in nature, or related to personal matters or personal grievances.
- 4.10 The Issuer shall reserve the right to report any shareholder or securities holder that makes a comment which is out of order or exhibits any unruly behavior at a general meeting, to the leaders of his association.