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This document is solely for the attention and use of Dealing and Ordinary Members of The Nigerian Stock Exchange and must not be re-distributed under any circumstances. This document must be returned to the Company Secretary of The Exchange should a copy be inadvertently delivered to any persons who are not Dealing or Ordinary Members of The Nigerian Stock Exchange.

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**SCHEME OF ARRANGEMENT**

(Under Section 539 of the Companies and Allied Matters Act (Chapter C20) Laws of the Federation of Nigeria 2004)

**BETWEEN**



**AND**

**THE DEALING AND ORDINARY MEMBERS OF THE NIGERIAN STOCK EXCHANGE**

**IN RESPECT OF THE DEMUTUALISATION OF THE NIGERIAN STOCK EXCHANGE**

**Incorporating an Explanatory Statement on the Proposed Scheme of Arrangement**  
**(in compliance with Section 540 of the Companies and Allied Matters Act (Chapter C20) Laws of the Federation of Nigeria 2004)**

Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited are Financial Advisers to The Nigerian Stock Exchange.

Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited will not be responsible to any person, individual or corporate body other than The Nigerian Stock Exchange in relation to the transaction and arrangements referred to herein.

The notice convening the Court-Ordered Meeting of the members of The Nigerian Stock Exchange is set out on pages 44 to 45. A Proxy Form is also attached on page 46. To be valid, the Proxy Form must be completed, signed and stamped (together with the Power of Attorney or other authority, if any, under which they are signed and in accordance with the instructions printed thereon) and must reach the registered office of The Nigerian Stock Exchange (2/4 Customs Street, Lagos) at least 24 hours before the time fixed for the Court-Ordered Meeting and submitted to the Company Secretary of The Nigerian Stock Exchange.

**THE PROPOSALS, WHICH ARE THE SUBJECT OF THE SCHEME IN RESPECT OF THE PROPOSED DEMUTUALISATION OF THE NIGERIAN STOCK EXCHANGE SET OUT IN THIS DOCUMENT, HAVE BEEN CLEARED WITH THE SECURITIES & EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUIRED TO TAKE ARE SET OUT ON PAGE 24 OF THIS SCHEME DOCUMENT.**

**FINANCIAL ADVISERS**

CHAPEL HILL  DENHAM

ADVISORY LIMITED

RC 1381308



RC 1031371

**This Scheme Document is dated January 20, 2020**

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## 1. DEFINITIONS

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The following definitions apply throughout this document except where otherwise stated:

<b>Term</b>	<b>Definition</b>
<b>Advisers</b>	means the financial, tax and legal advisers to The Nigerian Stock Exchange in respect of the demutualisation and Scheme of Arrangement
<b>Board of Directors</b>	means the board of directors that will be constituted by The Exchange following demutualisation
<b>Business Day</b>	means any day other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria, on which banks are open for business in Lagos, Nigeria
<b>CAC</b>	means the Corporate Affairs Commission
<b>CAMA</b>	means the Companies and Allied Matters Act (Chapter C20) Laws of the Federation of Nigeria 2004
<b>CITA</b>	means the Companies Income Tax Act (as amended), Cap. C21, Laws of the Federation of Nigeria 2004
<b>Court or FHC</b>	means the Federal High Court
<b>Court-Ordered Meeting</b>	means the general meeting of the Members of The Exchange convened by order of the Court
<b>Court Sanction</b>	means an order of the Court approving and giving effect to the Scheme
<b>CSD</b>	means the Clearing Settlement and Depository of securities transactions in Nigeria (operated by Central Securities Clearing System Plc.) or any entity performing a similar function in Nigeria;
<b>Demutualisation Act</b>	means the Demutualisation of The Nigerian Stock Exchange Act, 2018
<b>Effective Date</b>	means the date on which the certified copy of the Court Sanction is filed at the CAC; which will also be deemed to be the date of the demutualisation
<b>FIRS</b>	means the Federal Inland Revenue Service
<b>Financial Advisers</b>	means Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited
<b>Group</b>	means collectively the HoldCo, Nigerian Exchange Limited and any other subsidiary of the HoldCo that would be operational pursuant to the Scheme
<b>HoldCo</b>	means Nigerian Exchange Group Plc (formerly The Nigerian Stock Exchange), which pursuant to the Scheme will be a non-operating holding company

## DEFINITIONS

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<b>ISA</b>	means the Investments and Securities Act (No. 29) of 2007
<b>LFN</b>	means Laws of the Federation of Nigeria 2004
<b>Members</b>	means both the Dealing and Ordinary Members of The Exchange, whose names are on the register of members as at the Qualification Date
<b>Members' Approval</b>	means a resolution in favour of the Scheme passed at the Court-Ordered Meeting by the required three-fourth majority of interests of Members present and voting at the Court-Ordered Meeting pursuant to Section 539 of CAMA
<b>National Council</b>	means the governing council of The Nigerian Stock Exchange
<b>Qualification Date</b>	means close of business on May 11, 2017; being the date on which The Exchange's register of Members was closed having been updated to indicate the names of Members eligible to attend and vote at the Court Ordered Meeting
<b>Scheme</b>	means the proposed Scheme of Arrangement between The Exchange and its Members pursuant to Section 539 of CAMA
<b>Scheme Document</b>	means this document setting out the Scheme, the Explanatory Statement, the notice of the Court-Ordered Meeting and the various appendices herein
<b>Scheme Shares</b>	means 1,964,115,918 (One Billion, Nine Hundred and Sixty Four Million, One Hundred and Fifteen Thousand, Nine Hundred and Eighteen) ordinary shares of 50 kobo each, being the total number of shares of Nigerian Exchange Group Plc which will be allotted to the Members of The Exchange pursuant to the Scheme
<b>SEC or the Commission</b>	means the Securities and Exchange Commission
<b>SEC Rules on Demutualisation</b>	means the Securities & Exchange Commission's Rules on Demutualisation of Securities Exchanges in Nigeria.
<b>The Exchange</b>	means The Nigerian Stock Exchange
<b>Transferring Assets</b>	means The Exchange's securities exchange licence and other assets necessarily required to carry out the securities exchange function; which will include human resources, securities exchange function related contracts, the trading facilities comprising of the trading floor(s), work stations, telephones and other office equipment (cabinets etc.), quotation board, stock price electronic display device, stock printers, inquiry display equipment that will be transferred to Nigerian Exchange Limited pursuant to the Scheme

Certain statements included herein may constitute forward-looking statements that could involve risks and uncertainties. Such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", "approximately" or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements

## DEFINITIONS

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regarding The Exchange's intentions, beliefs or current expectations concerning, amongst other things, The Exchange, HoldCo and their respective subsidiaries' results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Members should be aware that forward looking statements are not guarantees of future performance and that The Exchange, HoldCo and their respective subsidiaries' actual results of operations, financial condition and liquidity, and the development of the industry in which they operate may differ materially from those made in or suggested by the forward looking statements contained in this document. In addition, even if The Exchange, HoldCo and their respective subsidiaries' results of operations, financial condition and liquidity are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

## 2. PROPOSED TIMETABLE

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<u>EVENT</u>	<u>DATE</u>
File application for SEC 'No Objection'	August 2, 2019
Obtain SEC 'No Objection'	December 23, 2019
Obtain Court Order to convene Court-Ordered Meeting	January 20, 2020
Publish notice of Court-Ordered Meeting	February 4, 2020
Last date for lodgement of Proxy Forms for the Court-Ordered Meeting	March 2, 2020
Court-Ordered Meeting	March 3, 2020
File resolutions passed at Court-Ordered Meeting at CAC	March 4, 2020
Obtain CAC-certified documents	March 4, 2020
File CTC of Resolutions and Scrutineers Report with SEC	March 5, 2020
File petition for Court Order sanctioning the Scheme	March 17, 2020
Obtain Court Sanction of the Scheme	March 23, 2020
Publish Court Sanction in at least two national newspapers	March 24, 2020
Register CTC of Court Sanction of the Scheme with CAC	March 24, 2020
File application for re-registration of NSE as Plc (HoldCo)/Registration of Directors at CAC	March 25, 2020
Register Plc (HoldCo) shares with SEC	March 26, 2020
Allot HoldCo shares and File Allotment Registration at CAC	March 30, 2020
File application for SEC approval for Nigerian Exchange Limited to operate as a Securities Exchange (submit evidence of allotment of shares and other CAC certified documents)	April 1, 2020
Obtain SEC approval to demutualise	April 22, 2020
Submit post demutualisation CAC certified documents to SEC	April 1, 2020
File Summary Report with SEC	April 24, 2020

**Important Notice:** The dates given above are indicative only, and are subject to possible changes without prior notice. This timetable has been prepared on the assumption that Court dates for the Scheme will be available as and when applied for; and if this is not the case, then dates of key events in the timetable may be subject to corresponding adjustments.

### 3. NATIONAL COUNCIL MEMBERS AND PARTIES TO THE SCHEME

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<b>The Nigerian Stock Exchange</b>	<b>Registered Address:</b> 2/4 Customs Street Lagos Tel: +234-1-4638333-5 Email: <a href="mailto:contactcenter@nse.com.ng">contactcenter@nse.com.ng</a>
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#### **National Council Members and Council Secretary:**

Otunba Abimbola Ogunbanjo	<i>Council President</i>
Mr. Oscar N. Onyema, OON	<i>Chief Executive Officer</i>
Mr. Aigboje Aig-Imoukhuede, CON	<i>Ex-Officio</i>
Mr. Abubakar Mahmoud, SAN, OON	<i>1st Vice President</i>
Mrs. Catherine Echeozo	<i>2nd Vice President</i>
Erelu Angela Adebayo	<i>Ordinary Member</i>
Katsina State Investment & Property Development Co. Limited (Represented by Mrs. Fatimah Bintah Bello-Ismail)	<i>Ordinary Member (Institutional)</i>
Chartwell Securities Limited (Represented by Mr. Oluwole Adeosun)	<i>Dealing Member</i>
Equity Capital Solutions Limited (Represented by Mr. Kamarudeen Oladosu)	<i>Dealing Member</i>
Fortress Capital Limited (Represented by Mr. Yomi Adeyemi)	<i>Dealing Member</i>
Pilot Securities Limited (Represented by Mr. Seyi Osunkeye)	<i>Dealing Member</i>
Planet Capital Limited (Represented by Mr. Chidi Agbapu)	<i>Dealing Member</i>
WCM Capital Limited (Represented by Mr. Patrick Ajayi)	<i>Dealing Member</i>
Mrs. Mojisola Adeola	<i>Council Secretary</i>

## NATIONAL COUNCIL MEMBERS AND PARTIES TO THE SCHEME

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<b>Chapel Hill Denham Advisory Limited</b> 45 Saka Tinubu Street (1st Floor) Victoria Island Lagos	<i>Financial Advisers</i>
<b>Rand Merchant Bank Nigeria Limited</b> Wings East Tower (3rd Floor) 17A Ozumba Mbadiwe Street Victoria Island Lagos	<i>Financial Advisers</i>
<b>Aluko &amp; Oyebode</b> 1 Murtala Muhammed Drive Ikoyi Lagos	<i>Legal Advisers</i>
<b>Pedabo Professional Services</b> 67 Norman Williams Street South-West Ikoyi Lagos	<i>Tax Advisers</i>
<b>KPMG Professional Services</b> KPMG Tower Bishop Aboyade Cole street Victoria Island, Lagos	<i>Auditors</i>
<b>Datamax Registrars Limited</b> 2C, Gbagada Expressway, Anthony Lagos	<i>Registrars</i>



## 4. LETTER FROM THE PRESIDENT OF THE NATIONAL COUNCIL OF THE NIGERIAN STOCK EXCHANGE



January 20, 2020

To: The Members of The Nigerian Stock Exchange

Dear Sirs/ Madams,

### PROPOSED SCHEME OF ARRANGEMENT BETWEEN THE NIGERIAN STOCK EXCHANGE AND ITS MEMBERS

#### **Introduction**

You will recall that the members of The Nigerian Stock Exchange (“NSE” or “The Exchange”) passed a resolution at an Extra-Ordinary General Meeting of The NSE held on March 30, 2017; specifically authorising The National Council to commence the process that will culminate in The Exchange being demutualised. Consequent upon the approval, The Exchange has worked assiduously with the mandated advisers - Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited who are the Financial Advisers, Aluko & Oyebode and Pedabo as Legal Advisers and Tax Advisers respectively (“Advisers”) - and the regulatory Demutualisation Advisory Committee to achieve the various milestones that will now culminate in our Exchange being demutualised. C&F Porter Novelli was responsible for managing The Exchange’s strategic communications, corporate positioning and reputation management.

Demutualisation has been on the agenda of the Nigerian Capital Market since 2001, although there was no traction in advancing the process until 2011. In 2011, demutualisation was discussed again having been reflected in a paper presented by The NSE titled “*The Roles and Expectations of Regulators in the Demutualisation Process*”. Furthermore, a 21-member technical committee was inaugurated - also in 2011 - by the Securities & Exchange Commission (“SEC”) and charged with developing a legal framework for the demutualisation process. The committee had three months to complete its work and were required to review the structure and ownership of The NSE, examine the regulatory, ownership, management, operational, governance and financial issues in demutualisation of exchanges, review various demutualisation models and experience including valuation models for demutualisation.

In 2014, the SEC issued draft Rules on Demutualisation of Exchanges in Nigeria. The final rules on demutualisation were released by the SEC on April 27, 2015 (“the Demutualisation Rules” or “Rules”). Despite these Rules, the completion of demutualisation was stalled as the existing company laws and regulations did not have provisions that could be applied to achieve a demutualisation of our Exchange. The enabling framework for the demutualisation of The Exchange is the Demutualisation of The Nigerian Stock Exchange Act, 2018 (No 14 of 2018) (“the Demutualisation Act” or “the Act”), which was enacted on July 29, 2018 following the receipt of Presidential Assent.

The Demutualisation Act provides the regulatory and legal framework that will enable us to achieve a demutualised Exchange. Under the provisions of the Act, the conversion and re-registration of The Exchange to a public company limited by shares - from the current status of a company limited by guarantee - will be concluded. In particular, Section 1 (2) of the Act empowers The Exchange to adopt any process, procedure, structure or plan as may be required by the National Council for the purpose of demutualisation, provided that the prior authorization of the SEC has been obtained and all procedures and requirements of the Demutualisation Rules have been complied with.

## **LETTER FROM THE PRESIDENT OF THE NATIONAL COUNCIL OF THE NIGERIAN STOCK EXCHANGE**

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Given the provisions of Section 1 (2) of the Act and following our deliberations with the Advisers, a decision has been reached to effect the demutualisation of The Exchange via a Scheme of Arrangement.

### **The Benefits of the Proposed Scheme**

Upon demutualisation, The Exchange will become the 57th exchange to demutualise amongst the 70 members of the World Federation of Exchanges as at June 27, 2019; with benefits and opportunities becoming available to Members and other stakeholders of The Exchange including:

- **Liquidity and Capital Management:** The Exchange can more easily raise funds to finance strategic objectives and expansion. The opportunity for a potential Initial Public Offer or strategic investment is created, opening up opportunities for domestic and institutional investors and creating liquidity for existing Members. Demutualisation enables The Exchange to raise capital efficiently and effectively at market determined pricing. Members can realise the economic value of their interest by exercising the right to sell. Capital management is critical to an Exchange's sustenance, demutualisation enables The Exchange to optimise the level and mix of capital reserve.

Upon demutualisation, The Exchange will be a public company and its shares will be tradable on an available exchange in accordance with the SEC's regulations. The Exchange will provide relevant support to its Members in this regard, as and when required. Liquidity will however be subject to the efficiency of such trading exchange as well as market demand.

- **Improved Corporate Governance:** The demutualised Exchange and its subsidiaries will be subject to high standards of corporate governance expected of public companies to take decisions that are in the interest of all members as well as The Exchange. In regards to regulatory functions; the separation of ownership and trading rights will give The Exchange and its subsidiaries greater independence from its professional intermediaries. As a public company, the Board of Directors of The Exchange are required to act in a manner that benefits the company and its shareholders including minority shareholders. The Board of Directors must also take decisions that have benefits to a broader scope of stakeholders such as employees, suppliers, shareholders, government etc.
- **Global Competitiveness:** Post demutualisation, the new Exchange will be forced to examine its role as a trading venue and take on necessary improvements to facilitate more competitive strategies. Technological improvements will allow for efficient and effective matching of buy and sell orders of clients at lower transaction costs, whilst offering transparency, trader anonymity and extended trading hours demonstrating The Exchange's role as a 'Niche' player. Improved global trading facilities will maximize economies of scale and scope and increase our accessibility and market reach. The Exchange will be better positioned to seek strategic alliances and consolidation, introducing greater geographical collaborations and M&A possibilities. A demutualised Exchange affords all Nigerians and the foreign investors the opportunity to become shareholders and creates opportunities for strategic partnerships and inorganic growth. In addition, demutualisation will enhance our access to skills, knowledge and technical efficiencies from strategic shareholders. Our brand will achieve global visibility thus enhancing the profile of The Exchange.
- **Tax Revenue:** The post demutualisation entities would be subject to companies' income tax and other relevant taxes payable by for-profit organisations, thereby providing additional source of tax revenue for the Nigerian government.

### **The Scheme**

The transaction which is to be presented for your consideration and approval at the Court-Ordered Meeting has received SEC's "No Objection". The terms and effects of the Scheme are detailed in the Explanatory Statement that has been prepared by Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited, the Financial Advisers to The Exchange; which is on pages 13 to 24 of this Scheme Document.

Under the terms of the Scheme:

## LETTER FROM THE PRESIDENT OF THE NATIONAL COUNCIL OF THE NIGERIAN STOCK EXCHANGE

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- i. The Exchange will be converted from a company limited by guarantee to a public company limited by shares. This will result in the respective membership rights and interests of Members being converted into ownership rights evidenced by shares; with the shares representing and reflecting Members' ownership interests in the demutualised Exchange. Thus - upon demutualisation - The NSE's Dealing and Ordinary Members will become shareholders of the demutualised entity, holding shares which rank *pari passu* and are of a single class. The governance of The NSE will also change from the National Council to a Board of Directors.
- ii. All of The Exchange's operating activities and Transferring Assets will be transferred to a newly incorporated, wholly owned subsidiary called Nigerian Exchange Limited. Nigerian Exchange Limited will operate as the trading platform and will carry on the principal activities that are presently being carried on by The NSE as a Securities Exchange.
- iii. The Exchange will set up a separate company that will be charged with the regulatory functions of The Exchange post demutualisation pursuant to an arm's length agreement. The incorporated regulatory entity for this purpose is called NGX Regulation Limited.

Pursuant to the demutualisation, The NSE will operate as a non-operating holding company with ownership of Nigerian Exchange Limited and the other subsidiaries of The NSE. The corporate identity of The NSE will become Nigerian Exchange Group Plc.

### **The Demutualisation Process**

Under the terms of the Scheme of Arrangement, and in accordance with Section 539 of CAMA, the demutualisation of The NSE and transmission of The NSE's Transferring Assets to Nigerian Exchange Limited will be effected.

The Demutualisation Rules - issued pursuant to Section 313 of the Investments and Securities Act 2007 - prescribe a two (2) step process for demutualisation.

#### **Step 1: Pre-Condition for Demutualisation (Pre-Scheme)**

The submission of an application for the SEC's 'No Objection'. The "No Objection" has been obtained. The application - by way of a Demutualisation Plan - detailed the following (as prescribed):

- the names and profiles of members of the Demutualisation Advisory Committee ("DAC"), further indicating that a third (1/3) of the DAC was independent
- the valuation report on The NSE
- the draft Memorandum and Articles of Association of the demutualised NSE
- the proposed rules of the demutualised NSE
- the proposed allotment and the basis of the proposed allotment of the shares to Members
- the list of the directors proposed as the Board of the demutualised NSE
- the implementation plan stating the process to be adopted for effecting the Demutualisation of The Exchange, which included the treatment of the rights and liabilities of the existing members of The NSE
- the proposed plan for the independent management of the commercial and regulatory functions of the demutualised NSE and the timelines for the implementation of structures to ensure the functional treatment of the commercial and regulatory functions

## **LETTER FROM THE PRESIDENT OF THE NATIONAL COUNCIL OF THE NIGERIAN STOCK EXCHANGE**

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### **Step 2: (Post Demutualisation Requirements Post-Scheme)**

An application will be submitted to the SEC - following the Court Sanction being obtained - for approval to be granted to Nigerian Exchange Limited to operate as a securities exchange. As stipulated by the Demutualisation Rules, the post-Scheme application will include:

- details of the authorized and paid-up share capital of the demutualised Exchange
- Form CAC 2 (Return of Allotment) certified by CAC
- two (2) copies of the Memorandum and Articles of Association of the demutualised Exchange, certified by CAC
- Form CAC 7A (Notice of change of Directors, or in the Name, Residential Address or Postal Address of Directors) stating details of the directors of the demutualised Exchange, certified by CAC
- a detailed three (3) year business development plan for the demutualised Exchange, together with the capital expenditure estimates and the sources of finance for the three (3) year period
- the Statement of Affairs of The Exchange

### **Recommendation**

The National Council considers the terms of the Scheme to be fair and the optimal approach to achieving the demutualisation of our Exchange. The Scheme is supported and recommended by the National Council. Accordingly, the National Council recommends that you support the Scheme and vote in favour of the resolutions to be proposed at the Court-Ordered Meeting as detailed on pages 44 to 45.

If you are unable to attend the meeting in person, kindly complete and return the enclosed proxy form in accordance with the instructions thereon. Please note that the lodging of a proxy form does not prevent you from attending and voting in person, should you subsequently decide to do so. However, in such instance, your proxy will not be entitled to attend or vote at the meeting.

We look forward to welcoming you or your proxy at the meeting.

Yours faithfully,



Otunba Abimbola Ogunbanjo  
**President**  
**National Council of The Nigerian Stock Exchange**

## 5. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

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CHAPEL HILL  DENHAM

ADVISORY LIMITED

RC 1381308



RC 1031371

January 20, 2020

To: The Members of The Nigerian Stock Exchange

Dear Sir/Madam,

### PROPOSED SCHEME OF ARRANGEMENT FOR THE PROPOSED DEMUTUALISATION OF THE NIGERIAN STOCK EXCHANGE

#### 5.1 INTRODUCTION

You have been informed by the letter from the President of the National Council, presented on pages 9 to 12 of this Scheme Document, of the proposal to demutualise The Nigerian Stock Exchange (“The NSE” or “The Exchange”); the effect of which will be that the status of The Exchange as a company limited by guarantee will change to a public company limited by shares. Furthermore, and pursuant to the terms of the proposed Scheme, The NSE’s securities exchange licence will be transferred to a newly incorporated, wholly owned subsidiary, Nigerian Exchange Limited (“the Transaction”). The Transaction will be effected by way of a Scheme of Arrangement pursuant to Section 539 of the Companies and Allied Matters Act (Cap C20 LFN 2004) and the Demutualisation of the Nigerian Stock Exchange Act, 2018 (“the Demutualisation Act” or the “Act”).

The National Council has authorised us - as Financial Advisers to The Exchange - to write to you on their behalf, to explain the terms, conditions, provisions and effects of the Scheme as well as provide other relevant information as summarised below:

#### 5.2 THE PROPOSAL

##### a) Demutualisation of The Exchange

Under the terms of the Scheme of Arrangement, it is proposed that:

- The Exchange should be converted from a company limited by guarantee to a public company limited by shares
- The Exchange be re-registered as a public company limited by shares, in the name Nigerian Exchange Group Plc
- Pursuant to the Scheme, a new subsidiary - Nigerian Exchange Limited - will be registered. The Nigerian Stock Exchange will effect the transfer of its securities exchange licence and other assets necessarily required to carry out the securities exchange function; including human resources, securities exchange function related contracts, the trading facilities comprising of the trading floor(s), work stations, telephones and other office equipment (cabinets etc.), quotation board, stock price electronic display device, stock printers, inquiry display equipment (“the Transferring Assets”) to Nigerian Exchange Limited. The NSE will, upon re-registration, become a non-operating holding company with interests in Nigerian Exchange Limited and all the other subsidiaries presently owned by The NSE. The NSE will be re-named Nigerian Exchange Group Plc.
- The Exchange will set up a separate company that will be charged with the regulatory functions of The Exchange post demutualisation pursuant to an arm’s length agreement. The incorporated regulatory entity for this purpose is called NGX Regulation Limited (“NGX Regulation”)
- The Memorandum and Articles of Association of the re-registered Exchange will be amended to indicate the new name, Nigerian Exchange Group Plc, the authorised share capital and all requisite provisions for a public company limited by shares

## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

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- The authorised share capital of Nigerian Exchange Group Plc - being ₦1,250,000,000 (One Billion Two Hundred and Fifty Million Naira) comprising of 2,500,000,000 (Two Billion and Five Hundred Million) ordinary shares of 50 kobo each be registered with the Corporate Affairs Commission; and that 2,004,199,917 (Two Billion, Four Million, One Hundred and Ninety-Nine Thousand, Nine Hundred and Seventeen) ordinary shares of 50 kobo each be registered with the SEC ("Issued Shares"), these shares representing the issued share capital of Nigerian Exchange Group Plc
- A total of 40,083,999 (Forty Million, Eighty-Three Thousand, Nine Hundred and Ninety-Nine) ordinary shares, representing 2% of the Issued Shares of Nigerian Exchange Group, will be set aside for allotment to parties who are adjudged as being entitled to shares in the demutualised Exchange, pursuant to the provisions of the Demutualisation Act 2018 ("Claims Review Shares"). The apportionment of 2% as the Claims Review Shares is based on an analysis of the probable quantum of shares that would be required to settle each claim. This was determined given the rigorous and robust process undertaken to verify and confirm the names on the Register
- In the event the Claims Review Shares are insufficient to satisfy successful claims, additional shares will be allotted from the demutualised Exchange's authorised share capital
- A total of 1,964,115,918 (One Billion, Nine Hundred and Sixty-Four Million, One Hundred and Fifteen Thousand, Nine Hundred and Eighteen) ordinary shares - representing circa 98% of the Issued Shares and the balance of the Issued Shares following the reservation of the Claims Review Shares - be apportioned between Dealing and Ordinary Members on the basis of a ratio of 78:22, respectively. These shares shall be allotted on an equal basis within each block of the Dealing and Ordinary Member groups, based on a share allotment established on the basis of the valuation of The Exchange and the distribution rationale<sup>1</sup> approved by the Council of The NSE

Accordingly,

- ✓ each Dealing Member shall receive 6,007,884 (Six Million, Seven Thousand and Eight Hundred and Eighty-Four) ordinary shares of 50 kobo each in Nigerian Exchange Group Plc credited as fully paid; and
- ✓ each Ordinary Member shall receive 2,441,274 (Two Million, Four Hundred and Forty-One Thousand, Two Hundred and Seventy-Four) ordinary shares of 50 kobo each in Nigerian Exchange Group Plc credited as fully paid

The Exchange reported a net asset value of ₦25.6 billion as at December 30, 2018; and this has been factored into the valuation that has been undertaken

- all assets, liabilities and undertakings including real property and intellectual property rights of The Exchange - with the exception of the securities exchange licence and all assets and appurtenances in relation to the securities trading business of The NSE - be retained by Nigerian Exchange Group Plc
- the securities exchange licence of The Exchange and all assets of The Exchange and existing contracts required to carry on the securities exchange function be transferred to Nigerian Exchange Limited

In addition, the following matters are considered pertinent to the Scheme and the demutualisation:

- the Board of Directors of Nigerian Exchange Group Plc shall be constituted at an Extraordinary General Meeting ("EGM") of the shareholders, post demutualisation
- NSE Consult Limited, NSE Nominees Limited and Coral Properties Limited - existing subsidiaries of The NSE - will subsequently be wound up voluntarily and the assets of NSE Consult<sup>2</sup> will be

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<sup>1</sup> The Distribution Rationale takes cognizance of the contributions made by the Dealing and Ordinary Members to the development of The Exchange over the years. Further information regarding this is included in the section 'Proposed Allocation of Shares' on page 17 of this document.

<sup>2</sup> It is not envisaged that there would be assets transferred from NSE Nominees Limited and Coral Properties Limited to Nigerian Exchange Group Plc. NSE Nominees was set up solely for the purpose of compensating investors affected by a particular capital market fraud case (Bankolans scam) by administering recovered funds while the asset being managed by Coral Properties Limited is owned by The Nigerian Stock Exchange.

## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

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transferred to Nigerian Exchange Group Plc in accordance with the provisions of section 457 of the Companies and Allied Matters Act, 2004

- upon the hearing and determination of complaints instituted within the limitation period set out in the Demutualisation Act 2018, any balance of the Claims Review Shares then outstanding shall be re-distributed pro rata among the shareholders of The Exchange as at the date of demutualisation based on the initial distribution to all shareholders and on an equal basis within each bloc

### b) Settlement of Scheme Consideration

**Allotment of Scheme Shares:** The Scheme Shares will be allotted to the Members within 30 (Thirty) working days of the certified copy of the Court Sanction being filed at the CAC. Following the submission of the Court Sanction, the re-registration of The Exchange as Nigerian Exchange Group Plc will be effected (which will include the registration of the authorised share capital of Nigerian Exchange Group Plc at CAC). Thereafter, the shares to be issued will be registered with SEC. The allotment of the Scheme Shares will occur only following the registration of the shares with the SEC. All of the shares shall rank *pari passu* in all respects, regardless of the split, on the basis of membership.

### c) Provision for Dissenting Members

If the Scheme is approved, the Members of The Exchange who vote against the Scheme will still be entitled to - and will receive - an allocation of the Scheme Shares, which will accrue given membership of The NSE. The shares to be allotted is based on an equal distribution, on the basis of the approved split between Members as described in this Scheme Document. Such Members will be able to sell their shares in Nigerian Exchange Group Plc in the secondary market if they wish.

### d) Membership Register and Untraceable Shareholders

The Exchange maintains a register of members - detailing the names and addresses of all members - in accordance with the Companies and Allied Matters Act, 2004. The Exchange does not envisage that any of the Members are untraceable, given the rigorous process of establishing and updating the register of Members.

### e) Treatment of former Dealing Members and Deceased Individuals

Dealing Members that cease to exist after the date of closure of the register of Members (whether by expulsion, business combination or winding up) would still be entitled to benefit from the demutualisation process. The interests of Dealing Member firms that are in liquidation or are liquidated post the register closure date will be administered by the appointed liquidator in accordance with existing laws. Ordinary members or their legal representatives (heirs, successors or assigns) will be allocated shares - in the same manner as Dealing Members - upon submission and verification of the requisite legal documentation.

## 5.3 ELEMENTS OF THE SCHEME

### a) Rationale for the Scheme of Arrangement

The Scheme of Arrangement is being undertaken to effect the demutualisation of The Exchange. Following demutualisation, The Exchange will be able to take advantage of its role as a driving force for the Nigerian capital markets.

Furthermore, demutualisation would be a catalyst to transforming The NSE's business model to facilitate a more effective response to competition.

### b) Benefits and Effects of the Scheme

The Scheme will enable The Exchange's demutualisation, following which The Exchange will become the 57th exchange to demutualise among the 70 members of the World Federation of Exchanges as at June 27, 2019; with benefits and opportunities being available to Members and other stakeholders of The Exchange including:

## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

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- **Liquidity and Capital Management:** The Exchange can more easily raise funds to finance strategic objectives and expansion. The opportunity for a potential Initial Public Offer or strategic investment is created, opening up opportunities for domestic and institutional investors and creating liquidity for existing Members. Demutualisation enables The Exchange to raise capital efficiently and effectively at market determined pricing. Members can realise the economic value of their interest by exercising the right to sell. Capital management is critical to an exchange's sustenance and demutualisation enables The Exchange to optimise the level and mix of capital reserve.
- **Improved Corporate Governance:** The newly demutualised Exchange will continue to provide services similar to the previous entity, although the governance structure will change; with 'outside' shareholders being represented on the Board of Directors. The new for-profit structure will allow for the Board and Management to take decisions that are in the interest of all stakeholders. As regards the regulatory functions, the separation of ownership and trading rights will give The Exchange greater independence from members with owner interests being aligned with those of The Exchange. The governance and management structure will become more agile, flexible and positioned to respond to industry and market conditions; and take strategic decisions in a more efficient manner.
- **Global Competitiveness:** Post demutualisation, The Exchange will be better positioned to implement commercial strategies to improve its role as a trading arena and undertake improvements to facilitate more competition. Improvements will allow for efficient, effective and more competitive trading. Improved global trading facilities will maximize economies of scale and scope and increase our accessibility and market reach. The Exchange will be better positioned to seek strategic alliances and consolidation, introducing greater geographical collaborations and M&A possibilities. Demutualising will enhance The Exchange's access to skills, knowledge and technical efficiencies from strategic shareholders. The Exchange's brand will achieve global visibility thus enhancing the profile of The Exchange.
- **Tax Revenue:** The post demutualisation entities would be subject to companies' income tax and other relevant taxes payable by for-profit organisations, hereby providing additional source of tax revenue for the Nigerian government.

### 5.4 ALLOTMENT OF SHARES AND BASIS OF PROPOSED ALLOTMENT

The Exchange mandated a stakeholder mapping for purposes of identifying and validating the respective membership segments, comprising of the ordinary and dealing members. In that regard, the following activities were undertaken:

- review of The Exchange's Member database;
- identification and categorisation of the Members of The Exchange;
- confirmation of the membership rights of each category of membership; and
- determination of a closure date for the Member register, following completion of the Member review process.

As at - May 11, 2017- the closure date for the register of Members, there are 432 members of The Exchange comprising 255 dealing members and 177 ordinary members.

#### **Proposed Allocation of Shares**

Following extensive consultations with respective stakeholder groups - and the careful consideration of the contributions of Members to the development of The Exchange - The National Council of The Exchange unanimously proposed and approved a share allocation of 78% and 22% respectively as between Dealing and Ordinary Members based on the Distribution Rationale. Prior to the allotment of the Scheme Shares, 2% of the issued share capital ("Claims Review Shares") will be reserved for purposes of allotment to parties who are adjudged as being entitled to shares in the demutualised Exchange, pursuant to the provisions of the Demutualisation Act 2018.



## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

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In determining the allocation of shares and the Distribution Rationale, The National Council took cognizance of the contributions made by the Members to the development of The Exchange over the years which included but was not limited to:

1. **Dealing Members:** Initial membership fees paid upon joining, daily trading fees from execution of trades and annual contributions and other contributions to capital market development.
2. **Ordinary Members:** Initial membership fees paid upon joining, time expended, financial and investment advice, personal and institutional support provided for the development of The Exchange. In addition, a few ordinary members have also listed their companies on The NSE over time;

The allotment to Members within each allocated group will be on an equal basis and there will be no differentiation of membership within each group.

### **Tax Impact/Treatment of the Allotted Scheme Shares**

Section 3 (1) of the Demutualisation Act provides that The Exchange and its members shall not have any obligation to pay tax which may arise in connection with, or as a result of, the conversion and re-registration of The Exchange to a public company limited by shares. The Exchange will however – per Section 3(2) of the Act - be liable to tax accruing on subsequent profits earned by The NSE post conversion and re-registration as a public company limited by shares.

Furthermore, under Section 3 (3) of the Demutualisation Act, members of The Exchange (upon the conversion and reregistration of The Exchange to a public company limited by shares) may only be liable to pay tax on dividends declared by The Exchange.

## **5.5 CONSTITUTION OF THE BOARD OF DIRECTORS**

Upon completion of the demutualisation, the National Council will be deemed dissolved and a Board of Directors will be constituted for Nigerian Exchange Group Plc.

### **Transition Arrangements**

Following demutualisation and the re-registration of The Exchange as a limited liability company, the National Council (which will be dissolved ahead of the constitution of a Board of Directors) has proposed transition arrangements that will be immediately implemented.

In order to maintain continuity and preserve institutional memory as well as retain stakeholder's confidence and ensure market stability, the composition of the Board of Directors post demutualisation shall comprise individuals selected from the current members of the National Council as well as newly recruited independent directors. The retained members will serve for a period of 18 months' post demutualisation. Thereafter, the Board composition will evolve in line with market standards, competitive realities and the succession planning policies of the Exchange.

The following are being nominated for appointment as the initial directors of Nigerian Exchange Group Plc, following the demutualisation of The Exchange. Their appointment (together with the newly designated five independent directors and a non-executive director) will be presented for approval at an EGM of the shareholders of Nigerian Exchange Group Plc.

## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

### Nigerian Exchange Group Plc Proposed List of Directors

S/N	Name of Member	Position	Type
1.	Otunba Abimbola Ogunbanjo	Chairperson	Non-Executive Director
2.	Mr. Oscar N. Onyema, OON	Chief Executive Officer/Member	Executive Director
3.	Dr. Umaru Kwairanga	Member	Non-Executive Director
4.	Mrs. Fatimah Bintah Bello – Ismail	Member	Non-Executive Director
5.	Mr. Oluwole Adeosun	Member	Non-Executive Director
6.	Mr. Chidi Agbapu	Member	Non-Executive Director
7.	Mr. Patrick Ajayi	Member	Non-Executive Director
8.	Dr. Okechukwu Crescent Itanyi	Member	Independent Non-Executive Director
9.	Mrs. Nimi Akinkugbe	Member	Independent Non-Executive Director
10.	Prof. Enase Okonedo	Member	Independent Non-Executive Director
11.	Mr. Ikpobe Apollos Oghooritsewarami	Member	Independent Non-Executive Director
12.	Mrs. Ojinika Nkechinyelu Olaghere	Member	Independent Non-Executive Director

### Profiles of the Proposed Directors of Nigerian Exchange Group Plc

#### 1. Otunba Abimbola Ogunbanjo - Chairperson

Otunba Abimbola Ogunbanjo was elected President of the National Council of The Nigerian Stock Exchange on September 25, 2017. He is the Managing Partner of the renowned, leading corporate law firm of Chris Ogunbanjo & Co (Solicitors). Otunba 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 previously served on the Board of GTL Registrars Limited and ConocoPhillips Limited. Otunba Ogunbanjo is a member of the International Bar Association, Nigerian Bar Association, Institute of Directors, Institute of Petroleum (UK) and a registered capital market consultant with the Securities and Exchange Commission, Nigeria.

Otunba Ogunbanjo holds B.A. (Hons) (Business Administration from American College of Switzerland (1985) and LL.B from University of Buckingham (1989). He has also obtained a Capital Markets Certificate from New York Institute of Finance (2015).

#### 2. Mr. Oscar N. Onyema, OON - CEO

Mr. Onyema has been CEO and a 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. He is Chairman of Central Securities and Clearing System Plc (CSCS), the clearing, settlement and depository for the Nigerian capital market; Chairman of NG Clearing, which is in the process of developing a Central Counter Party Clearing House (CCP); and Chairman of the subsidiaries of The Exchange. He is a member of several advisory boards including London Stock Exchange Group (LSEG) Africa Advisory Group (LAAG) and Thomson Reuters Africa Advisory Network.

He was the President of African Securities Exchanges Association (ASEA) until November 2018. 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 (now FMDQ Securities Exchange 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. Mr Onyema was awarded the Nigerian national honour of Officer of the Order of the Niger (OON); is a Fellow of the Institute of Directors (IOD); Fellow of the Chartered Institute of Stockbrokers (CIS); Associate of Chartered Institute for Securities & Investment (CISI) in the UK; Holder of FINRA Series 7, 24, and 63 in the USA.

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Mr. Onyema holds a B.Sc (Computer Engineering) (1991) from Obafemi Awolowo University, MBA (Finance and Investments) (1998) from Baruch College, New York. He has also completed the Advanced Management Program (AMP) of Harvard Business School (2015).

### 3. **Dr. Umaru Kwairanga**

Dr. Kwairanga has 25 years cognate experience in the banking, pensions, investment, manufacturing and commercial sectors. He has served previously as a Council member of the Nigerian Stock Exchange and is currently a Council member of the Institute of Directors of Nigeria; and an active director on the boards of many quoted/listed and unquoted companies including Ashaka Cement Plc where he served for over ten years, first as a Director and later as Chairman of the Board. He is currently the GMD/CEO of Fimal Finance Services Limited.

He is a Fellow of Chartered Institute of Stockbrokers, Fellow of Certified Pension Institute Nigeria (2005) and Fellow of Institute of Directors of Nigeria. He is Chairman - Commerce, Trade and Investment subcommittee of Gombe State transition committee.

Dr. Kwairanga has a B.Sc (Hons) Business Administration (1991) and MBA (1995) both from University of Maiduguri and M.Sc. Finance & Governance from Liverpool John Moores University (2007)

### 4. **Dr. Okechukwu Itanyi**

Dr. Itanyi is a management and financial expert. He presently directs two investment and property development companies: Valuehouse Limited and Wata Resources Limited. He is a former Executive Commissioner (Stakeholders Management) at Nigerian Communication Commission (NCC) (2010 to 2015). He was elected as the Deputy Governor of Enugu State for two consecutive terms (May 1999 to May 2007). Prior to being Deputy Governor, he represented Igbo-Etiti East Constituency in Enugu State House of Assembly (1997).

He worked for Catenation Incorporated, a financial consulting company in Green Bay, Wisconsin, USA, before returning to Nigeria in 1988. Between 1988 and 1995, he worked for International Merchant Bank, Diamond Bank and Commercial Trust Bank. He has extensive experience in Treasury and Corporate Banking. He is a member of Nigerian Institute of Management (Chartered) and Fellow of the Nigerian Institute of Public Relations.

Dr. Itanyi holds a Doctor of Philosophy (PhD) in Business Management from University of Nigeria, Nsukka (2013). He also holds a Higher Diploma (Animal Health from University of Nigeria, Nsukka (1982) a B.Sc. (Agriculture) (1984), MBA from Ohio State University (1987).

### 5. **Mrs. Nimi Akinkugbe**

Mrs. **Akinkugbe** founded Bestman Games Limited in September 2012, the African distributor of Hasbro's games including the iconic Monopoly board game for 48 African countries. She is an independent non-executive director on the Board of Standard Chartered Bank Nigeria (2018 to date) and has previously been Regional Director (West Africa) for Barclays Bank Plc (2010 to 2012); General Manager/Deputy General Manager at Stanbic IBTC Bank Plc (now Stanbic IBTC Bank Limited) (2008 to 2010); Deputy General Manager/Assistant General Manager/Senior Manager at IBTC Chartered Bank Plc (now Stanbic IBTC Bank Limited) (2001 to 2007). Prior to this, she worked with Investment Banking & Trust Co. Limited and Wintrust Limited.

She has a B.Sc (Economics, International Relations) from London School of Economics & Political Science (1983), ARCM Teaching Diploma-Pianoforte from Royal College of Music (1986) and MBA from IESE Business School (1998).

### 6. **Mrs. Fatimah Bintah Bello-Ismail**

Mrs. Bello-Ismail is Managing Partner of Universal Chambers, a firm of Barristers, Solicitors and Notary Public. She previously worked at Kehinde Sofola & Co, and Continental Merchant Bank Plc. She currently

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serves on the Boards of Katsina State Investment & Properties Development Company Limited and is a former member of the Board of Directors of National Insurance Company of Nigeria.

She obtained her LLB from Ahmadu Bello University, Zaria (1984) and was called to the Nigerian Bar in 1984.

### 7. Mr. Oluwole Adeosun

Mr. Adeosun is the Managing Director/Chief Executive Officer of Chartwell Securities Limited. He was the Chief Executive Officer of Intercontinental Securities Limited (2000 to 2007).

He served as a pioneer member of the Governing Council of the Government promoted Abuja Securities Exchange (Now National Commodity Exchange) (2005 to 2007). He is an active participant in the affairs of the Association of Securities Dealing Houses of Nigeria and serve on its Legal and Market Development & Technical Committees. He was re-elected as Council Member of the Chartered Institute of Stockbrokers in April 2017 and currently serves as the Institute's second Vice President. He serves on the Boards of Chartwell Securities Limited, Chartwell Bureau De Change Limited, Chartwell BDC (UK) Limited Chartwell Partners (Chartered Accountants), and Chartwell HUB (UK) Limited.

He holds a B.Sc (Hons) (Business Administration) from the University of Ilorin (1986) and MBA (Finance & Banking) from University of Lagos (1993). He qualified as a Chartered Accountant in May 1991. He attended the US Capital Markets program of the New York Institute of Finance (1999) and the Lagos Business School's Chief Executives Program (2006). Mr. Adeosun is a Fellow of the Institute of Chartered Accountants of Nigeria, Chartered Institute of Bankers of Nigeria, Chartered Institute of Taxation of Nigeria, Chartered Institute of Stockbrokers, and the Institute of Directors. He is also a member of the Society for Corporate Governance, Nigeria.

### 8. Mr. Chidi Agbapu

Mr. Agbapu is the Managing Director of Planet Capital Limited. He was the former Managing Director of Emerging Capital Limited. He serves on the Board of General Cotton Mill Onitsha, MTI Plc and MTI Ltd (Ghana). He is a past director of Central Securities and Clearing System Plc (CSCS) and Bendel Feeds & Flour Mills Plc. He is the Chairman of the Shareholders Audit Committee of Fidelity Bank Plc.

He obtained a B.Sc. (Economics) from the University of Nigeria, Nsukka (1986) and a Masters in Banking & Finance from the University of Lagos. He completed the Advance Management Programme of the Lagos Business School.

### 9. Mr. Patrick Ajayi

Mr. Ajayi is the Managing Director/CEO of WCM Capital Limited. He qualified as a Stock Broker in 2004 and worked with Support Services Limited (a stockbroking Firm) prior to joining Woodland Capital Markets Plc. in 2013. He serves on the Boards of Ned Phillips Capital Limited and WCM Capital Limited.

Mr. Ajayi holds a B.Sc. (Physics) from Obafemi Awolowo University (1995). He is an Associate member of Institute of Chartered Accountants of Nigeria, Chartered Institute of Stockbrokers, and the Commodities Brokers Association of Nigeria.

### 10. Professor Enase Okonedo

Professor Okonedo is currently the Dean of Lagos Business School (LBS), Pan-Atlantic University (2009 to date). Prior to this, she served in the following capacities in Lagos Business School - Deputy Dean, Academics (2008 to 2009); Faculty Director (2007 to 2008); Director, Degree Programme (2005 to 2007); Director, Director, Executive MBA Programme (2000 to 2005); Coordinator, Finance Faculty (1998 to 2000); Fund Manager, Lagos Business School Staff Retirement Benefit Scheme (1997 to 2002); Research Associate/Facilitator Faculty (1996 to 1997); Research Assistant (1995 to 1996). She also worked with IMB Securities (1990 to 1995).

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She is a Fellow of the Institute of Chartered Accountants of Nigeria (April 2010), Fellow of Society of Corporate Governance Nigeria (2015) and Fellow, International Academy of Management (2012). She also has a Doctorate in Business Administration (DBA) from International School of Management (2010), Masters in Business Administration from IESE Business School (1997), B. Sc. (Accounting) from University of Benin (1987).

### 11. Mr. Ikpobe Apollos Oghooritsewarami

Mr. Ikpobe is currently the Chairman of Just Food Nigeria Limited. He was formerly a Deputy Managing Director at United Bank for Africa Plc (2015), Partner at Mazars, Coker & Co. (2013) and Executive Director at Zenith Bank Plc (2012). He is on the Board of Zenith Bank Sierra Leone, Zenith Pension Custodians Limited, Zenith Registrars Limited, Zenith General Insurance Limited and Zenith Securities Limited. He also occupied other positions in Zenith Bank Plc between 1992 and 2002. Prior to Zenith Bank, he worked at Insight Communications Limited, Ernst & Young and Spiroupolos, Adiele, Okpara & Company.

He holds an Ordinary National Diploma (Accountancy) (1984) and Higher Level Diploma (Accountancy) (1987) both from Yaba College of Technology and a Masters in Banking & Finance from University of Lagos (2002). He is a Fellow, Institute of Chartered Accountants of Nigeria, Institute of Credit Administration of Nigeria, Chartered Institute of Taxation of Nigeria and Chartered Institute of Bankers of Nigeria.

### 12. Mrs. Ojinika Nkechinyelu Olaghere

Mrs. Olaghere is the Managing Consultant of Rickela Consulting Limited. She retired from Access Bank Nigeria Plc in June 2018 as Executive Director, Operations and Information Technology. Prior to her appointment as an Executive Director, she had served as General Manager, General Resource Management Group and General Manager, The Enterprise Support Group. Prior to joining Access Bank in 2007, Mrs. Olaghere worked with Ecobank Nigeria for 16 years, in the Operations Group before moving to Consumer Banking. She started her career as a translator at Tropical Farming Magazine and the Embassy of Guinea. In 1987, she joined Coopers & Lybrand (Chartered Accountants) (now PriceWaterhouseCoopers).

Mrs. Olaghere currently sits as a Non-Executive Director on the Boards of First Ally Management Limited and Coscharis Technologies. She is a Fellow of the Institute of Chartered Accountants of Nigeria.

She holds a Diploma in French and Literature from Université de Grenoble III, FRANCE (1983; and a B.A.(French) from University of Nigeria, Nsukka (1984). She has also attended courses at Harvard Business School, INSEAD, Massachusetts Institute of Technology, London Business School and Lagos Business School.

## 5.6 EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

In recognition of the contributions of employees towards the development of the Exchange, it is envisaged that an Employee Share Ownership Plan (“ESOP”) will be implemented post-demutualisation. Approval of the ESOP would be obtained at an EGM of shareholders. The objective of the ESOP is to align employees’ interest with that of The Exchange, attract new talent, as well as retain valuable employees.

## 5.7 INDEPENDENT MANAGEMENT OF THE COMMERCIAL AND REGULATORY FUNCTIONS

In order to manage the potential conflicts of interest in The Exchange’s role as a self-regulatory authority and a commercial entity post demutualisation, The Exchange has decided to set up a separate company that will be charged with the regulatory functions of The Exchange post demutualisation pursuant to an arm’s length agreement. The incorporated regulatory entity for this purpose is called NGX Regulation Limited (“NGX Regulation”).

NGX Regulation will focus on carrying out the regulatory functions as agreed with The Exchange. To give effect to this, Nigerian Exchange Limited and NGX Regulation will enter into a regulatory services agreement, where NGX Regulation provides the regulatory services at an arm’s length. NGX Regulation will also serve as listing authority to the demutualised Exchange should it consider listing on its exchange in the future. Furthermore, NGX Regulation will seek to offer regulatory services to other entities, including exchanges and

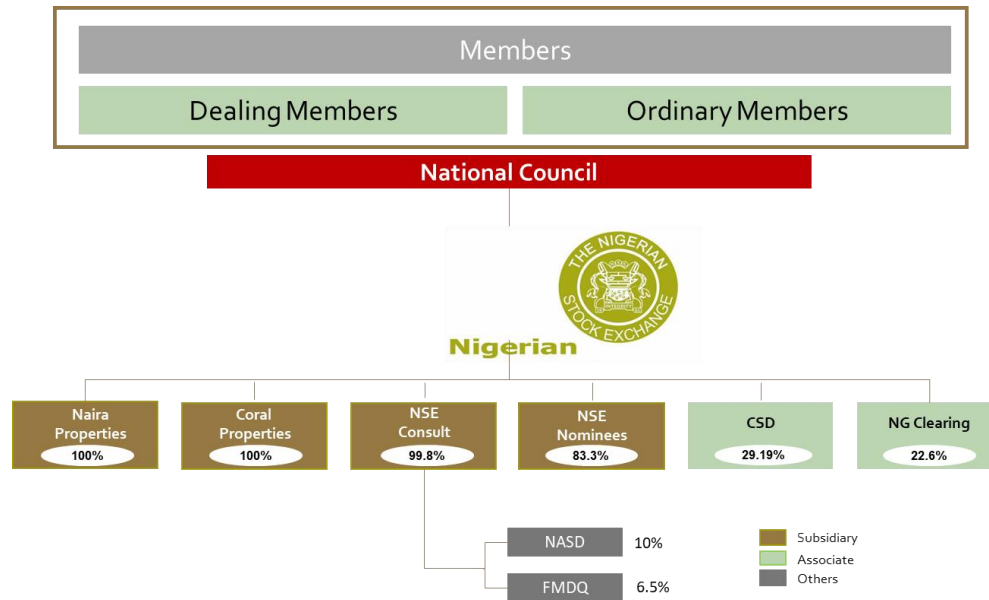
## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

other financial market infrastructure as appropriate.

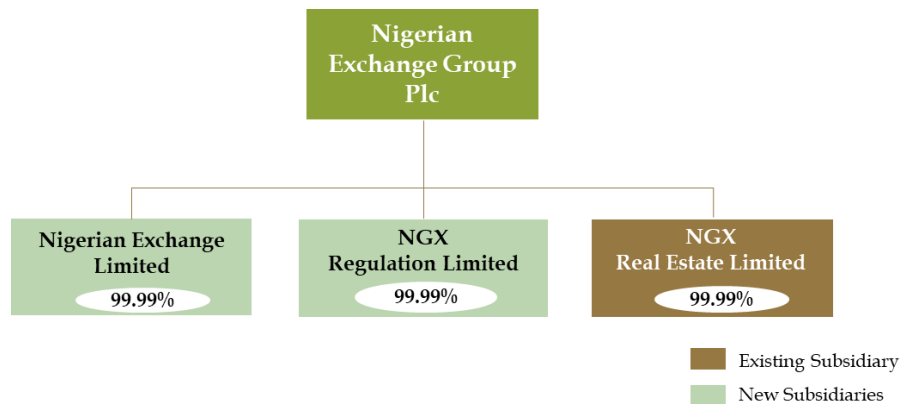
Delegation of regulatory functions to a separate regulatory entity will further enhance the governance of the demutualised Exchange as the board of directors of the regulatory entity shall be independent of The NSE post demutualisation. The SEC would provide oversight function of the activities of Nigerian Exchange Limited and NGX Regulation Limited.

Upon completion of the Scheme, the value of Members' interest in The Exchange will not be negatively affected by the proposed restructuring.

**Figure 1: Existing Structure**



**Figure 2: Proposed Corporate Structure<sup>3</sup>**



<sup>3</sup> NSE Consult Limited, NSE Nominees Limited and Coral Properties Limited - existing subsidiaries of The NSE - will subsequently wound up voluntarily and the assets of NSE Consult will be transferred to Nigerian Exchange Group Plc, pursuant to section 457 of the Companies and Allied Matters Act, 2004. It is not envisaged that there would be assets transferred from NSE Nominees Limited and Coral Properties Limited to Nigerian Exchange Group Plc. NSE Nominees was set up solely for the purpose of compensating investors affected by a particular capital market fraud case (Bankolans scam) by administering recovered funds while the asset being managed by Coral Properties Limited is owned by The Nigerian Stock Exchange.

### 5.8 CONDITIONS PRECEDENT

The transaction is subject to the fulfilment of the conditions precedent detailed below:

- approval of the Scheme of Arrangement at the Court-Ordered Meeting by a majority of the Members, representing not less than three-quarters (3/4) of the interests of Members present and voting by poll, either in person or by proxy;
- SEC approval of the terms and conditions of the Scheme as agreed by the majority of the Members of The Exchange;
- the Scheme being sanctioned by the Court; and
- the delivery of the certified true copy of the Court Sanction to the CAC for registration.

Once sanctioned by the Court, the Scheme will be binding on all the Members including those who did not attend the Court-Ordered Meeting, those who attended the Court-Ordered Meeting and did not vote or who voted against the Scheme.

### 5.9 EFFECTIVENESS OF THE SCHEME

The Scheme shall become effective on the date on which a certified true copy of the Court Sanction is delivered to the CAC for registration.

### 5.10 MEETING TO APPROVE THE SCHEME OF ARRANGEMENT AND VOTING RIGHTS

The Court-Ordered Meeting, which is scheduled to hold on March 3, 2020 at The Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos at 11:00 a.m., is being held at the direction of the Court for the purpose of considering, and if thought fit, approving the Scheme of Arrangement. At the Court-Ordered Meeting, each Member will be entitled to one vote. Voting at the Court-Ordered Meeting will be by poll with each member representing one interest in the Exchange. The majority required to pass the resolutions at the Court-Ordered Meeting is a majority representing not less than three-quarters of the interests of Members present and voting in person or by proxy.

As far as The Exchange and the Financial Advisers are aware, no undertaking to vote has been secured, nor has any vote been procured in favour of the resolution to approve the Scheme.

The Notice of the Court-Ordered Meeting is on pages 44 to 45 of this Scheme Document.

### 5.11 VOTING RIGHTS

Every Member shall be entitled to attend and vote at the Court-Ordered Meeting. Voting at the meeting will be by poll and each member present in person or by proxy will be entitled to one vote, representing their one (1) interest in The Exchange. The Scheme will be approved if a majority representing not less than three-quarters of the interests of Members present and voting either in person or by proxy vote in favour.

The appropriate proxy form for the Court-Ordered Meeting is enclosed. If you are unable to attend the meeting in person, you are requested to kindly complete the proxy form in accordance with the instructions thereon and return same as soon as possible to the registered office of The Exchange (2/4, Customs Street, Lagos) at least 24 hours before the time appointed for the Court-Ordered Meeting. The lodging of a proxy form, which to be valid must be appropriately stamped, does not prevent you from attending the relevant meeting and voting in person should you so wish. However, in such instance, your proxy will not be entitled to attend or vote.

## EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISERS

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### 5.12 FURTHER INFORMATION

Your attention is drawn to the following information contained in the appendices to this Scheme Document. Members are encouraged to read the whole of this Scheme Document including appendices contained within this Scheme Document and not just rely on the summarised information included in this Explanatory Statement and in other parts of the Scheme Document:

Appendix I: Further information on The Nigerian Stock Exchange on pages 30 to 35

Appendix II: Further information on Nigerian Exchange Group Plc and its Subsidiaries on pages 36 to 38

Appendix III: Statutory and General Information on Nigerian Exchange Group Plc on pages 39 to 43

Appendix IV: Notice of Court-Ordered Meeting on pages 44 to 45

### 5.13 RECOMMENDATION

The Financial Advisers, having considered the terms and conditions of the Scheme, as well as the benefits thereof, recommend that you vote in favour of the resolutions which will be proposed at the Court-Ordered Meeting.

Yours faithfully,  
**The Financial Advisers**



Dalu Ajene  
Deputy CEO/Head of Investment Banking  
Rand Merchant Bank Limited



Kemi Awodein  
Managing Director  
Chapel Hill Denham Advisory Limited



## 6. THE SCHEME OF ARRANGEMENT

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**SCHEME OF ARRANGEMENT  
(PURSUANT TO SECTION 539 OF THE COMPANIES AND ALLIED MATTERS ACT (CAP C20) LFN 2004)**

**BETWEEN  
THE NIGERIAN STOCK EXCHANGE**

**AND**

**THE DEALING AND ORDINARY MEMBERS OF THE NIGERIAN STOCK EXCHANGE**

**IN RESPECT OF THE DEMUTUALISATION OF THE NIGERIAN STOCK EXCHANGE**

### A. PRELIMINARY

In this Scheme, as hereinafter defined, the following expressions have the following meanings where the context so admits:

<b>Term</b>	<b>Definition</b>
<b>Advisers</b>	means the financial, tax and legal advisers to The Nigerian Stock Exchange in respect of the demutualisation and Scheme of Arrangement
<b>Board of Directors</b>	means the board of directors that will be constituted by The Exchange following demutualisation
<b>Business Day</b>	means any day other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria, on which banks are open for business in Lagos, Nigeria
<b>CAC</b>	means the Corporate Affairs Commission
<b>CAMA</b>	means the Companies and Allied Matters Act (Chapter C20) Laws of the Federation of Nigeria 2004
<b>CITA</b>	means the Companies Income Tax Act (as amended), Cap. C21, Laws of the Federation of Nigeria 2004
<b>Court or FHC</b>	means the Federal High Court
<b>Court-Ordered Meeting</b>	means the general meeting of the Members of The Exchange convened by order of the Court
<b>Court Sanction</b>	means an order of the Court approving and giving effect to the Scheme
<b>CSD</b>	means the Clearing Settlement and Depository of securities transactions in Nigeria (operated by Central Securities Clearing System Plc.) or any entity performing a similar function in Nigeria;
<b>Demutualisation Act</b>	means the Demutualisation of The Nigerian Stock Exchange Act, 2018

## THE SCHEME OF ARRANGEMENT

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<b>Effective Date</b>	means the date on which the certified copy of the Court Sanction is filed at the CAC; which will also be deemed to be the date of the demutualisation
<b>FIRS</b>	means the Federal Inland Revenue Service
<b>Financial Advisers</b>	means Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited
<b>Group</b>	means collectively the HoldCo, Nigerian Exchange Limited and any other subsidiary of the HoldCo that would be operational pursuant to the Scheme
<b>HoldCo</b>	means Nigerian Exchange Group Plc (formerly The Nigerian Stock Exchange), which pursuant to the Scheme will be a non-operating holding company
<b>ISA</b>	means the Investments and Securities Act (No. 29) of 2007
<b>LFN</b>	means Laws of the Federation of Nigeria 2004
<b>Members</b>	means both the Dealing and Ordinary Members of The Exchange, whose names are on the register of members as at the Qualification Date
<b>Members' Approval</b>	means a resolution in favour of the Scheme passed at the Court-Ordered Meeting by the required three-fourth majority of Members present and voting at the Court-Ordered Meeting pursuant to Section 539 of CAMA
<b>National Council</b>	means the governing council of The Nigerian Stock Exchange
<b>Qualification Date</b>	means close of business on May 11, 2017; being the date on which The Exchange's Register of Members was closed having been updated to indicate the names of Members eligible to attend and vote at the Court Ordered Meeting
<b>Scheme</b>	means the proposed Scheme of Arrangement between The Exchange and its Members pursuant to Section 539 of CAMA
<b>Scheme Document</b>	means this document setting out the Scheme, the Explanatory Statement, the notice of the Court-Ordered Meeting and the various appendices herein
<b>Scheme Shares</b>	means 1,964,115,918 (One Billion, Nine Hundred and Sixty Four Million, One Hundred and Fifteen Thousand, Nine Hundred and Eighteen) ordinary shares of 50 kobo each in Nigerian Exchange Group Plc, that will be allotted to the Members of The Exchange pursuant to the Scheme
<b>SEC or the Commission</b>	means the Securities and Exchange Commission
<b>SEC Rules on Demutualisation</b>	means the Securities & Exchange Commission's Rules on Demutualisation of Securities Exchanges in Nigeria.
<b>The Exchange</b>	means The Nigerian Stock Exchange

## THE SCHEME OF ARRANGEMENT

### Transferring Assets

means The Exchange's securities exchange licence and other assets necessarily required to carry out the securities exchange function; which will include human resources, securities exchange function related contracts, the trading facilities comprising of the trading floor(s), work stations, telephones and other office equipment (cabinets etc.), quotation board, stock price electronic display device, stock printers, inquiry display equipment that will be transferred to Nigerian Exchange Limited pursuant to the Scheme

B. As at the date of this Scheme Document, the Membership of The Exchange comprised of the following:

Membership Category	Number
Dealing Members	255
Ordinary Members	177
<b>Total</b>	<b>432</b>

### C. THE SCHEME

The Scheme shall be comprised of the following elements:

#### 1. Demutualisation of The Exchange

The Exchange will be converted from a company limited by guarantee to a company limited by shares, consequent upon which The Exchange will be registered, under the name Nigerian Exchange Group Plc. The Memorandum and Articles of Association of the re-registered Exchange shall also be amended to indicate the new name, Nigerian Exchange Group Plc.

#### 2. Allotment of Shares

Pursuant to the conversion of The Exchange to a public company limited by shares, the share capital of the Company will be duly registered at the CAC and the shares to be issued shall be registered at the SEC. On the basis of the Distribution Rationale and based on the Scheme, the issued shares of Nigerian Exchange Group Plc shall be split - in the ratio of 78:22<sup>4</sup> - to the Dealing and Ordinary members respectively; Provided that the shares of Nigerian Exchange Group Plc shall be allotted equally within the Dealing and Ordinary member groups and there will be no differentiation of membership within each group.

Accordingly:

- i. Each Dealing Member shall be allotted and credited as fully paid 6,007,884 (Six million seven thousand eight hundred and Eighty-Four) Ordinary Share(s) of ₦0.50k fifty (50) kobo each
- ii. Each Ordinary Member shall be allotted and credited as fully paid 2,441,274 (Two million Four Hundred and Forty-One Thousand Two Hundred and Seventy-Four) Ordinary Share(s) of ₦0.50k fifty (50) kobo each

#### 3. Transfer of Assets and Winding Up

All the assets, liabilities and undertakings including real property and intellectual property rights of The Exchange - with the exception of the securities exchange licence and all assets and appurtenances in relation to the securities trading business of The NSE - shall be retained by Nigerian Exchange Group Plc<sup>5</sup>

<sup>4</sup> Prior to the allotment of the Scheme Shares, 2% of the issued share capital ("Claims Review Shares") will be reserved for purposes of allotment to aggrieved Dealing or Ordinary Members who are adjudged as being entitled to shares in the demutualised Exchange pursuant to the provisions of the Demutualisation Act 2018.

<sup>5</sup> Pursuant to the Scheme, a new subsidiary company - Nigerian Exchange Limited - will be registered. The Nigerian Stock Exchange will transfer its securities exchange licence and other assets necessarily required to carry out its securities exchange function; including human

## THE SCHEME OF ARRANGEMENT

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NSE Consult Limited, NSE Nominees Limited and Coral Properties Limited - existing subsidiaries of The NSE - will be subsequently voluntarily wound up and the assets of NSE Consult will be transferred to Nigerian Exchange Group Plc pursuant to section 457 of the Companies and Allied Matters Act, 2004.

### **4. Dissolution of the National Council and Creation of a Board of Directors**

Upon completion of the Scheme, the National Council of The NSE shall be dissolved, and a Board of Directors shall be elected, as outlined in this Scheme Document.

### **5. Transfer of All Operating Activities to a Newly Incorporated Wholly Owned Subsidiary**

The Exchange will transfer its securities exchange licence and other assets necessarily required to carry out its securities exchange function; including human resources, securities exchange function related contracts, the trading facilities comprising of the trading floor(s), work stations, telephones and other office equipment (cabinets etc.), quotation board, stock price electronic display device, stock printers, inquiry display equipment ("the Transferring Assets") to Nigerian Exchange Limited, a newly incorporated wholly owned subsidiary of The Exchange.

### **6. Transfer of Regulatory Functions to a Separate Company**

The Exchange will set up a separate company that will be charged with the regulatory functions of The Exchange post demutualisation pursuant to an arm's length agreement. The incorporated regulatory entity for this purpose is called NGX Regulation Limited ("NGX Regulation").

## **Registration of the Court Sanction**

7. Upon the Court Sanction being granted, a certified true copy of the Court Sanction shall be delivered to the CAC for registration pursuant to Section 539(4) of CAMA.

## **CONDITIONS PRECEDENT**

8. As from the Effective Date, the Scheme shall become binding on all Members of The Exchange irrespective of whether or not they attended or voted at the Court-Ordered Meeting (and if they attended and voted, irrespective of whether or not they voted in favour of the Scheme), if:
  - 8.1 The Scheme is approved by a majority representing three-fourths of the Members present and voting either in person or by proxy at the Court-Ordered Meeting;
  - 8.2 SEC approves the terms and conditions of the Scheme as agreed by the majority of the Members;
  - 8.3 The Court sanctions the Scheme on the terms and conditions set forth in the Scheme; and
  - 8.4 A certified true copy of the Court Sanction is delivered to the CAC for registration.

## **POST-SCHEME STATUS OF THE NIGERIAN STOCK EXCHANGE**

9. Given the restructure of The Nigerian Stock Exchange, The Exchange will continue operations as a non-operating holding company named Nigerian Exchange Group Plc.

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resources, securities exchange function related contracts, the trading facilities comprising of the trading floor(s), work stations, telephones and other office equipment (cabinets etc.), quotation board, stock price electronic display device, stock printers, inquiry display equipment ("the Transferring Assets") to Nigerian Exchange Limited. The NSE will evolve, upon re-registration to become a non-operating holding company; with interests in Nigerian Exchange Limited and all the other subsidiaries presently owned by The NSE. The NSE will be re-named Nigerian Exchange Group Plc.

## THE SCHEME OF ARRANGEMENT

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### CONSEQUENCES OF THE SCHEME

#### 10.1 Membership Status in The Nigerian Stock Exchange

As from and including the Effective Date, membership status in The Exchange shall be converted to an ownership interest represented by share ownership; without any further action on the part of the Members.

#### 10.2 Shareholders of Nigerian Exchange Group Plc

Following the Scheme, a register of Members will be established and the rights of the shareholders shall be duly recorded therein and will reflect the holdings recorded in their respective CSD accounts.

#### 10.3 Plans for employees The Nigerian Stock Exchange

The Scheme is expected to impact the existing employment status of employees. This impact will be to the extent that employees could be required to transfer their employment to the company that assumes the operations of the respective departments where they were employed immediately prior to the Effective Date of the Scheme.

### TAXATION

11. Any Member who is in any doubt as to their tax position should consult their own professional advisers without delay as to the consequences of the Scheme in view of their own circumstances.

### EFFECTIVENESS

12. This Scheme shall become effective on the day on which a certified true copy of the Court Sanction is delivered to the CAC for registration and shall become binding on all Members of The Exchange, including those who were absent at the Scheme Meeting, those who attended but did not vote and those who voted against this Scheme at the Scheme Meeting.

### MODIFICATION

13. The National Council of The NSE are authorised to consent, on behalf of all parties concerned, to any modification of or addition to the Scheme which the Court may deem fit to approve or to any condition which the Court may impose.

## 7. APPENDIX I: FURTHER INFORMATION ON THE NIGERIAN STOCK EXCHANGE

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### 7.1 BACKGROUND INFORMATION

#### i) Incorporation and Share Capital History

The Nigerian Stock Exchange ("The NSE" or "The Exchange") was established as The Lagos Stock Exchange on September 15, 1960 under the provisions of the Companies Ordinance 1922, with a share capital of £5,000.00 (Five Thousand pounds) divided into 500 (five hundred) ordinary shares of £10.00 (Ten pounds) each. At incorporation, each of the original subscribers subscribed to 5 shares in The Exchange.

The following individuals and corporate entities are listed in the Memorandum and Articles of Association as the subscribers at incorporation:

1. *C. T. Bowring & Co. (Nigeria) Limited*
2. *Senator Chief Theophilus Adebayo Doherty*
3. *John Holt Nigeria Limited*
4. *The Investment Company of Nigeria Limited*
5. *Sir Odumegwu Ojukwu, KT, OBE*
6. *Akintola Williams CFR, CBE, FCA*
7. *Alhaji Shehu Bukar*

The share capital of The Exchange was subsequently increased to ₦20,000.00 (Twenty Thousand Naira) divided into 1,000 ordinary shares of ₦20 each, pursuant to an ordinary resolution dated December 2, 1977. The name of The Exchange was then changed from The Lagos Stock Exchange to The Nigerian Stock Exchange on December 15, 1977.

Following the enactment of the Companies and Allied Matters Act 1990 (now referenced as C20 Laws of the Federation of Nigeria 2004), companies limited by guarantee were prohibited from being registered with a share capital; and all such existing companies were mandated to re-register without a share capital. The NSE was re-registered on December 18, 1990 as a company limited by guarantee and The NSE's then existing share capital of ₦20,000 was cancelled; and the equity rights of the initial subscribers extinguished.

As at the date of this Scheme Document, The Exchange operates as a mutual company limited by guarantee; and therefore has no issued or paid-up share capital. Accordingly, no individual or corporate entity has equity-based ownership rights.

#### ii) Membership of The Exchange

As at the date of the Scheme, the membership of The Nigerian Stock Exchange is as indicated below:

Membership Category	Number of Members
Dealing Members	255
Ordinary Members	177
<b>Total</b>	<b>432</b>

#### iii) Subsidiaries

- **NSE Consult Limited:** 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.
- **Coral Properties Limited:** The Exchange has a 99.9% holding in Coral Properties Limited. Coral Properties Limited was incorporated in Nigeria as a private limited liability company on 20 May 1994 and became a

## FURTHER INFORMATION ON THE NIGERIAN STOCK EXCHANGE

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public company on 29 August 1995. It reconverted to a private limited liability company on 17 July 2018. The principal activity of the company is real estate development and sales. The company's principal place of business is Nigeria.

- **NGX Real Estate Limited:** The Exchange has a 99.9% holding in NGX Real Estate Limited. NGX Real Estate Limited was incorporated on 29 June 1974 as a limited liability company. The company's main activities are property letting and investment. The Nigerian Stock Exchange acquired 40% equity interest in NGX Real Estate Limited 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 principal place of business is Nigeria.
- **NSE Nominees Limited:** 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.

### iv) Premises

The Head Office of The Nigerian Stock Exchange is situated at 2/4, Customs Street, Marina, Lagos.

## FURTHER INFORMATION ON THE NIGERIAN STOCK EXCHANGE

### Balance Sheet of The Nigerian Stock Exchange

For the Year Ended 31 December	2018	2017	2016	2015	2014
	N'm	N'm	N'm	N'm	N'm
<b>ASSETS</b>					
Property and equipment	3,914	4,027	3,667	3,894	3,943
Intangible assets	309	513	288	411	536
Intercompany receivables	-	-	-	-	-
Investments in associates	-	-	-	-	-
Investment properties under construction	1,144	1,144	-	-	-
Equity-accounted investees	9,025	7,998	7,030	6,417	5,533
Investment in subsidiaries	-	-	-	-	-
Other investments	2,604	1,994	1,945	287	158
<b>Total non-current assets</b>	<b>16,997</b>	<b>15,676</b>	<b>12,929</b>	<b>11,009</b>	<b>10,170</b>
Trade and other receivables	1,282	1,091	201	205	405
Prepayment	292	222	734	391	318
Other investments	7,689	6,135	6,166	7,153	5,032
Non-current asset held for sale	-	-	1,144	1,150	1,685
Cash and cash equivalents	2,811	3,566	1,619	2,868	3,060
<b>Total current assets</b>	<b>12,073</b>	<b>11,014</b>	<b>9,864</b>	<b>11,768</b>	<b>10,501</b>
<b>Total assets</b>	<b>29,070</b>	<b>26,689</b>	<b>22,794</b>	<b>22,777</b>	<b>20,670</b>
<b>EQUITY</b>					
Accumulated fund	25,790	23,106	19,314	19,287	17,487
Other reserves	128	25	74	68	4
<b>Total equity</b>	<b>25,918</b>	<b>23,131</b>	<b>19,388</b>	<b>19,355</b>	<b>17,491</b>
<b>LIABILITIES</b>					
Retirement benefit obligation	368	195	188	145	389
Deferred tax liability	192	145	165	169	174
Provisions	357	-	-	-	-
<b>Total non current liabilities</b>	<b>918</b>	<b>340</b>	<b>353</b>	<b>314</b>	<b>562</b>
Other liabilities	2,063	3,047	2,740	2,812	2,413
Current tax liabilities	171	145	286	243	179
Defined contribution pension	-	27	26	53	26
<b>Total current liabilities</b>	<b>2,235</b>	<b>3,219</b>	<b>3,052</b>	<b>3,108</b>	<b>2,617</b>
<b>Total liabilities</b>	<b>3,153</b>	<b>3,559</b>	<b>3,405</b>	<b>3,422</b>	<b>3,180</b>
<b>Total equity and liabilities</b>	<b>29,070</b>	<b>26,689</b>	<b>22,794</b>	<b>22,777</b>	<b>20,670</b>



## FURTHER INFORMATION ON THE NIGERIAN STOCK EXCHANGE

### Profit and Loss Account of The Nigerian Stock Exchange

For the Year Ended 31 December	2018	2017	2016	2015	2014
	N'm	N'm	N'm	N'm	N'm
Revenue	4,823	5,872	2,644	4,226	6,303
Other Income	2,849	2,431	1,813	2,385	1,647
	<b>7,671</b>	<b>8,303</b>	<b>4,458</b>	<b>6,611</b>	<b>7,950</b>
Impairment loss on financial assets	(50)	(50)	(156)	(848)	66
Fair Value loss/ gain on investment securities	-	-	-	-	(16)
personel expenses	(3,067)	(2,866)	(2,656)	(2,686)	(2,276)
Depreciation	(375)	(329)	(344)	(316)	(284)
Amortisation	(206)	(187)	(149)	(144)	(154)
Operating expenses	(2,471)	(2,324)	(1,956)	(1,972)	(2,532)
Total expenses	<b>(6,169)</b>	<b>(5,755)</b>	<b>(5,261)</b>	<b>(5,966)</b>	<b>(5,195)</b>
<b>Operating surplus/(deficit)</b>	1,502	2,548	(803)	645	2,755
Share of profit of equity accounted investees (net of income tax)	1,303	1,267	869	1,215	1,197
	-	-	-	-	-
<b>Operating Surplus/(loss) before tax</b>	<b>2,805</b>	<b>3,815</b>	<b>67</b>	<b>1,860</b>	<b>3,952</b>
Income Tax expense	(102)	(24)	(39)	(60)	(66)
<b>Operating Surplus/(loss) after tax</b>	<b>2,703</b>	<b>3,792</b>	<b>27</b>	<b>1,800</b>	<b>3,886</b>
Available for sale financial assets (net change in fair value)	-	20	12	64	4
Equity-accounted investee -share of OCI	(19)	(41)	-	-	-
Remeasurement of defined benefit liability	(29)	(28)	(6)	-	-
Equity Accounted Investee - effect of dilution	89	-	-	-	-
Equity investment at FVOCI - net change in fair value	63	-	-	-	-
Other comprehensive income/(loss), net of tax	103	(50)	6	64	4
<b>Total comprehensive income/(loss) for the year</b>	<b>2,807</b>	<b>3,742</b>	<b>34</b>	<b>1,864</b>	<b>3,890</b>

## FURTHER INFORMATION ON THE NIGERIAN STOCK EXCHANGE

### Statement of Cash Flows of The Nigerian Stock Exchange.

For the Year Ended 31 December	2018	2017	2016	2015	2014
	N'm	N'm	N'm	N'm	N'm
<b>Cash flows from operating activities:</b>					
Surplus/(deficit) after tax	2,703	3,792	27	1,800	3,886
Adjustments for:	-	-	-	-	-
Income tax expense	102	24	39	60	66
Depreciation of property and equipment	375	329	344	316	284
Amortization of intangible assets	206	187	149	144	154
Gain on disposal of property and equipment	(6)	(1)	(9)	(1)	(28)
Loss/(gain) on foreign exchange rates translation	10	148	(75)	15	26
Loss/(gain) on Investment securities at fair value through profit or loss	-	-	-	-	16
Impairment loss on trade and other receivables/other investments	51	50	156	848	(66)
Fair value changes on available for sale investments	(63)	(20)	(12)	-	-
Share of profit of equity accounted investee	(1,303)	(1,267)	(913)	(1,215)	(1,197)
Provision for retirement benefit obligations	186	29	37	145	389
Interest income	(1,601)	(1,568)	(928)	(1,192)	(567)
Dividend income	-	(29)	(35)	(37)	(31)
	<b>660</b>	<b>1,673</b>	<b>(1,220)</b>	<b>883</b>	<b>2,930</b>
Change in intercompany receivables	-	-	-	-	-
Change in trade and other receivables	(225)	(940)	(147)	(57)	(72)
Change in prepayments	(70)	512	(343)	(73)	(155)
Change in other liabilities	(627)	308	(22)	376	629
	<b>(263)</b>	<b>1,554</b>	<b>(1,732)</b>	<b>1,128</b>	<b>3,332</b>
Income tax paid	(28)	(164)	-	-	-
Retirement benefit obligation paid	(42)	(49)	-	(389)	-
<b>Net cash from operating activities</b>	<b>(333)</b>	<b>1,341</b>	<b>(1,732)</b>	<b>739</b>	<b>3,332</b>
<b>Cash flows from investing activities:</b>					
Interest received	1,512	1,443	854	1,162	545
Dividend received	953	257	319	39	31
Purchase of investments - financial assets	(2,013)	155	(432)	(2,194)	(1,986)
Dividend received from associate	-	-	-	331	270
Acquisition of property and equipment	(301)	(710)	(135)	(238)	(352)
Proceeds from the sale of property and equipment	44	23	27	6	43
Additional investment in joint venture	(608)	-	-	-	-
Acquisition of intangible assets	(2)	(412)	(26)	(22)	(8)
<b>Net cash used in investing activities</b>	<b>(414)</b>	<b>756</b>	<b>607</b>	<b>(916)</b>	<b>(1,456)</b>
Net increase in cash and cash equivalents	(747)	2,097	(1,124)	(177)	1,876
Cash and cash equivalents at the beginning of the year	3,566	1,619	2,868	3,060	1,211
Effect of movements in exchange rates on cash held	(8)	(150)	(125)	(15)	(26)
<b>Cash and cash equivalents at end of year</b>	<b>2,811</b>	<b>3,566</b>	<b>1,619</b>	<b>2,868</b>	<b>3,060</b>

### 7.2 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Chapel Hill Denham Advisory Limited, 45 Saka Tinubu Street (1st Floor), Victoria Island, Lagos and at the offices of Rand Merchant Bank Nigeria Limited, 3rd Floor Wings East Tower, 17A, Ozumba Mbadiwe Street, Victoria Island, Lagos, during normal business hours on any Business Day until the Effective Date:

1. Certificate of Incorporation of The Exchange
2. The Memorandum and Articles of Association of The Exchange
3. The audited financial statements for each of the five years ended December 31, from 2014 to 2018
4. The Statement of Claims and Litigation
5. The Material Contracts referred to on page 42
6. The Resolution of the National Council approving the Scheme of Arrangement
7. The Valuation Report of The Nigerian Stock Exchange
8. Detailed Schedule of Transferring Assets and Liabilities referenced on page 13
9. The Register of Members of The Nigerian Stock Exchange
10. The distribution rationale
11. The Resolution of the National Council approving the distribution rationale
12. Consent Letters from the National Council Members and the Council Secretary of The Exchange as well as the parties to the Scheme

## 8. APPENDIX II: FURTHER INFORMATION ON NIGERIAN EXCHANGE GROUP PLC AND ITS SUBSIDIARIES

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### 8.1 NIGERIAN EXCHANGE GROUP PLC

#### Background Information

Upon demutualisation, The Nigerian Stock Exchange will be renamed Nigerian Exchange Group Plc pursuant to the Scheme. Nigerian Exchange Group Plc will be a Public limited company retaining incorporation date of September 15, 1960 and registration certificate number RC 2321 registered under the laws of the Federal Republic of Nigeria.

Upon re-registration, Nigerian Exchange Group Plc will become a non-operating holding company; with interests in Nigerian Exchange Limited and all the other subsidiaries presently owned by The NSE.

#### Nigerian Exchange Group Plc List of Directors

The proposed Board of Directors of the HoldCo is presented below:

S/N	Name of Member	Position	Type
1.	Otunba Abimbola Ogunbanjo	Chairperson	Non-Executive Director
2.	Mr. Oscar N. Onyema, OON	Chief Executive Officer/Member	Executive
3.	Dr. Umaru Kwairanga	Member	Non-Executive Director
4.	Mrs. Fatimah Bintah Bello – Ismail	Member	Non-Executive Director
5.	Mr. Oluwole Adeosun	Member	Non-Executive Director
6.	Mr. Chidi Agbapu	Member	Non-Executive Director
7.	Mr. Patrick Ajayi	Member	Non-Executive Director
8.	Dr. Okechukwu Crescent Itanyi	Member	Independent Non-Executive Director
9.	Mrs. Nimi Akinkugbe	Member	Independent Non-Executive Director
10.	Prof. Enase Okonedo	Member	Independent Non-Executive Director
11.	Mr. Ikpobe Apollos Oghooritsewarami	Member	Independent Non-Executive Director
12.	Mrs. Ojinika Nkechinyelu Olaghere	Member	Independent Non-Executive Director

Upon completion of the demutualisation of The Exchange, the following entities will be subsidiaries of Nigerian Exchange Group Plc<sup>6</sup>.

### 8.2 NIGERIAN EXCHANGE LIMITED

#### Background Information

Nigerian Exchange Limited is a private limited company incorporated on July 22, 2019 with registration certificate number RC 1603214 registered under the laws of the Federal Republic of Nigeria as a fully owned subsidiary of The Nigerian Stock Exchange.

Nigerian Exchange Limited has been incorporated to carry on the principal activities of The Nigerian Stock Exchange as a securities exchange upon demutualisation. These principal activities will be to provide facilities to the public for the purchase and sale of securities, a platform for the listing of securities and sale of securities to the public, market data and indices for sale to the public.

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<sup>6</sup> Previously The Nigerian Stock Exchange, the trading platform; and now the non-operating Holding Company

**Nigerian Exchange Limited Ownership Structure**

<b>Name of Shareholder</b>	<b>Number of Shares held</b>	<b>% shareholding</b>
The Nigerian Stock Exchange	999,999,999	99.99
Mr. Oscar N. Onyema, OON	1	0.01

**Nigerian Exchange Limited List of Directors**

The proposed Board of Directors of the Operating Exchange is presented below:

<b>S/N</b>	<b>Name of Member</b>	<b>Position</b>	<b>Type</b>
1.	Mr. Abubakar Mahmoud, SAN, OON	Chairman	Non-Executive Director
2.	Dr. Farouk Umar	Member	Non-Executive Director
3.	Erelu Angela Adebayo	Member (Listed Company Representative)	Non-Executive Director
4.	Mr. Oscar N. Onyema, OON	Member	Non-Executive Director
5.	Mr. Yomi Adeyemi	Member (Dealing Member Representative)	Non-Executive Director
6.	Mr. Kamarudeen Oladosu	Member (Dealing Member Representative)	Non-Executive Director
7.	Mr. Seyi Osunkeye	Member (Dealing Member Representative)	Non-Executive Director
8.	Mr. Ahonsi Unigbe	Member	Independent Non-Executive Director
9.	Mrs. Ummuahani Ahmad Amin	Member	Independent Non-Executive Director
10.	Mr. Ibrahim Dikko	Member	Independent Non-Executive Director

**8.3 NGX REGULATION LIMITED**

**Background Information**

NGX Regulation Limited (“NGX Regulation”) was incorporated in the Federal Republic of Nigeria as a private limited company on July 22, 2019. The company was incorporated for the primary purpose of undertaking the regulatory function of The Exchange, as licensed by the SEC. It will also seek to provide regulatory services to other entities, including other exchanges and financial market infrastructure.

**NGX Regulation Limited Ownership Structure**

<b>Name of Shareholder</b>	<b>Number of Shares held</b>	<b>% shareholding</b>
The Nigerian Stock Exchange	999,999,999	99.99
Mr. Oscar N. Onyema, OON	1	0.01

**NGX Regulation Limited List of Directors**

The proposed Directors of the Regulatory Entity are listed below:

<b>S/N</b>	<b>Name of Member</b>	<b>Position</b>	<b>Type</b>
1.	Mrs. Catherine Echeozo	Chairperson	Non-Executive Director
2.	Mrs. Salamatu Hussaini Suleiman	Member	Independent Non-Executive Director
3.	Mr. Emeka Onwuka	Member	Independent Non-Executive Director
4.	Ms. Tinuade Awe	Chief Executive Officer/Member	Executive
5.	Mr. Edo-Abasi Bassey Ukpong	Member	Independent Non-Executive Director

## FURTHER INFORMATION ON NIGERIAN EXCHANGE GROUP PLC AND ITS SUBSIDIARIES

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6.	Ms. Foluke Oyeleye	Member	Non-Executive Director
7.	Mr. Ebilate Mac-Yoroki	Member	Non-Executive Director

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### 8.4 NGX REAL ESTATE LIMITED

#### **Background Information**

NGX Real Estate Limited was incorporated in the Federal Republic of Nigeria as a private limited company on June 29, 1974. The company was incorporated for the primary purpose of acquiring, leasing, hiring, or part exchanging any property, whether real or personal.

#### **NGX Real Estate Limited List of Directors**

The proposed Directors are listed below:

S/N	Name of Member	Position	Type
1.	Erelu Angela Adebayo	Chairperson	Non-Executive Director
2.	Mrs. Aisha Waziri Umar	Member	Independent Non-Executive Director
3.	Mr. Shuaibu Adamu Ahmed	Member	Independent Non-Executive Director
4.	Mr. Chibuzor Darl Uzu	Member	Independent Non-Executive Director
5.	Mr. Ahmed M. Muhammed	Member	Independent Non-Executive Director
6.	Ms. Ngozichukwuka Oluwatoyin Edozien	Member	Independent Non-Executive Director

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## **9. APPENDIX III: STATUTORY AND GENERAL INFORMATION ON NIGERIAN EXCHANGE GROUP PLC**

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### **9.1 RESPONSIBILITY STATEMENT**

The information contained in this document in relation to Nigerian Exchange Group Plc has been supplied by The Nigerian Stock Exchange. The National Council of The Nigerian Stock Exchange have taken all reasonable care to ensure that the facts stated and opinions expressed in this document with regard to Nigerian Exchange Group Plc, are all fair and accurate and confirm having made all reasonable enquiries that to the best of their knowledge and belief, no material facts concerning Nigerian Exchange Group Plc have been omitted. The National Council hereby accepts responsibility for the information provided. However, the National Council shall not be responsible for any inadvertent omission or error in the information provided and shall be relieved from any liability which would attach to such inadvertent omission or error; provided that such inadvertent omission or error is rectified upon discovery.

### **9.2 EXTRACTS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

The form and content of the Articles of Association of Nigerian Exchange Group Plc is in accordance with the provisions of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004 (the "Act") and Part I (Form of Articles of Association of a Public Company Limited by Shares) of Table A in Schedule 1 of the Act.

### **9.3 CLAIMS REVIEW PANEL**

Pursuant to the provisions of the Demutualisation Act, the Council of The Exchange is mandated to establish a Claims Review Panel ("CRP"). The CRP is an independent mechanism for the review and determination of claims made in respect of any purported rights in the shares of The Exchange following Demutualisation in accordance with the Claim Procedure as set out in the Demutualisation Act.

Under the provisions of the Act, the CRP shall comprise of five members as follows:

- a) A Chairman who shall be a lawyer with not less than 15 years of cognate experience working in the Nigerian Capital Market
- b) Four members with not less than 10 years of work experience in the Nigerian Capital Market.

#### **Summary of the terms of reference of the Claims Review Panel**

##### **1.0 Background and Overview**

The Claims Review Panel ("the Panel") is established pursuant to the Demutualisation of The Nigerian Stock Exchange Act 2018 ("the Act") and is an independent mechanism for the review and determination of claims made in respect of any assertion of rights in the shares of The Exchange; should an aggrieved Dealing or Ordinary Member be dissatisfied with a decision of the Board of Directors ("the Board")<sup>7</sup> of The Exchange. The Act provides that a claim may be asserted within the period commencing from the coming into force of the Act and six (6) years after the demutualisation of The Exchange.

The Panel is a completely independent body that determines the ownership claim of a Dealing or Ordinary Member, challenging the findings of the Board on the claim.

Only following dissatisfaction with a decision made by the Board, on a claim is the Panel convened to review and determine issues relating to ownership rights in The Exchange. Upon receipt by the Board

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<sup>7</sup> The reference in the Act is to The Council (being the existing National Council of The Nigerian Stock Exchange). Upon demutualisation, the Council will transit to a Board of Directors. Upon the dissolution of the Council, all rights and obligations of the Council in connection with the claims review process, as provided for in the Act and Terms of Reference, shall pass to the Board of Directors of Nigeria Exchange Group Plc ("the Board").

of a notice from any person claiming an interest in any share of The Exchange ("Claimant") - of an intention to challenge the findings of the Board, the Board is obligated to convene the Panel. The Panel must be convened within fourteen (14) days of the Board's receipt of a Claimant's notice.

### 2.0 Composition and Governance

The Panel comprises of one (1) Chairman and four (4) members, appointed by the Board.

The Act stipulates that the Chairman shall be a lawyer with not less than fifteen (15) years of cognate experience working in the Nigerian Capital Market. The four (4) members shall be persons having not less than ten (10) years' experience working in the Nigerian Capital Market.

The Chairman and members of the Panel shall not be current or former members of staff or elected officers of The Exchange within the last three years, nor can they become staff members or consultants of The Exchange within three (3) years of the end of their service on the Panel.

The Chairman and members of the Panel shall be appointed for a three (3) year term and may be reappointed for another term of three (3) years. The Chairman and members of the Panel shall serve in their personal and professional capacities and shall not represent their employer, government or any other entity.

### 3.0 Jurisdiction

The Panel is competent to hear and determine any claim made by a Claimant to any right in the shares of The Exchange; such assertions having been first made to and decided upon by the Board in accordance with the procedure set out in these Terms of Reference and the Act.

Claims may be brought before the Panel up to six (6) years after conversion of The Exchange from a company limited by guarantee to a public company limited by shares.

The Panel may - following consideration of a claim - direct that:

- a) the Claimant is entitled to the number of shares claimed;
- b) the Claimant is entitled to a lesser number of the shares claimed;
- c) the Claimant is not entitled to any share in The Exchange.

The issuance of shares as settlement under the claims review process shall be enforced from the shares set aside by the Board; in accordance with the resolution of the Board.

### 4.0 Procedure

- ✓ Claimant submits letter to the Board, asserting an entitlement to shares in The Exchange. The letter sets out the number of shares which the Claimant asserts that they are entitled to and includes documentary evidence, sufficient to establish the Claimant's rights to the shares claimed;
- ✓ Board notifies the Claimant of its decision on whether the Claimant has any right to the shares claimed, within thirty (30) days of receipt of the Claimant's letter;
- ✓ Claimant notifies the Board of the intention to challenge the findings of the Board before the Panel, within fourteen (14) days after receiving notification of the Board's decision on the claim;
- ✓ Upon receipt of Claimant's notice of the intention to challenge the findings of the Board, the Board shall, within fourteen (14) days convene the Panel and provide the Chairman and each member of the Panel with all documents considered by the Board in making its finding on the assertion of the Claimant; including the minutes of the meeting of the Board at which the claim was considered.



- ✓ The Panel's decision must be reached within thirty (30) days of the Board's delivery of the claim and other documents by the Board; or such period as the Panel may decide based on the circumstances of the case.
- ✓ A Panel is properly constituted by the Chairman and two (2) members, sitting together

### 5.0 Determination of claim

The Panel shall have the power to conduct its proceedings in such manner that it deems fit so as to ensure the speedy dispensation of justice in a manner that complies with the provisions of fair hearing as enshrined in the Constitution of the Federal Republic of Nigeria.

Proceedings before the Panel shall be held in closed session and the hearing of a claim before the Panel may be based on documentary evidence alone or both oral and documentary evidence. The Claimant shall present documents and statements to be relied upon, as well as a list of witnesses to be called, if any. The Exchange may also respond to the Claimant's complaint and in like manner present any documents or statements to be relied upon as well as a list of witnesses to be called before the Panel (if any).

The Panel shall provide the Claimant and The Exchange a written decision after its review process and forward its direction to the Board for implementation in accordance with the Act and the Memorandum and Articles of Association of The Exchange.

### 6.0 Amendment and Variation

These Terms of Reference may be amended, varied or modified in writing by the Board.

## 9.4 CLAIMS AND LITIGATION

### Solicitor's opinion on the Claims and Litigation against The Nigerian Stock Exchange

The Nigerian Stock Exchange, in its ordinary course of business is presently involved in 71 (seventy-one) cases, 62 (sixty-two) of which are instituted against the Exchange and 9 (nine) of which were instituted by the Exchange by way of appeals. The Solicitors findings are based on their review of all pending cases against The Exchange instituted at the High Courts, and subsequent appeals at the Court of Appeal and the Supreme Court. Based on their review, there is no monetary claim against The Exchange in 59 (Fifty Nine) of these cases.

The total amount of contingent liability that may arise from the cases against The Exchange is estimated at ₦10,826,432,305.90 (Ten Billion, Eight Hundred and Twenty Six Million, Four Hundred and Thirty Two Thousand, Three Hundred and Five Naira, Ninety Kobo) and US\$411,500.00 (Four Hundred and Eleven Thousand, Five Hundred United States Dollars).

The National Council of The Exchange, being the governing body of The Exchange, is of the opinion that the aforementioned cases are not likely to have any material adverse effect on The Exchange or the Transaction, and are not aware of any other pending and/or threatened claims and litigation, which may have a material adverse effect on the Transaction.

Based on the Solicitors review of the facts of the various cases instituted against The Exchange, they are of the opinion that the total liability of The Exchange should not exceed the sum of ₦1,426,432,305.90 (One Billion, Four Hundred and Twenty Six Million, Four Hundred and Thirty Two Thousand, Three Hundred and Five Naira, Ninety Kobo) and US\$411,500.00 (Four Hundred and Eleven Thousand, Five Hundred United States Dollars).

Aluko & Oyebo, the Solicitors to The Exchange, are of the view that the aforementioned cases would not adversely affect The Exchange or The Transaction.

These cases will be continued in the name of Nigerian Exchange Group Plc.

### 9.5 MATERIAL CONTRACTS

The following agreement has been entered into by The Nigerian Stock Exchange and are deemed material to the Scheme:

A Financial Advisory Services Agreement between The Nigerian Stock Exchange and Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited which sets out the terms and conditions under which Chapel Hill Denham Advisory Limited and Rand Merchant Bank Nigeria Limited have agreed to act as Financial Advisers to The Nigerian Stock Exchange in respect of the Scheme.

Other than as stated above, The Nigerian Stock Exchange has not entered into any material contract except in the ordinary course of business.

### 9.6 MATERIAL ADVERSE STATEMENT

Except as disclosed in this Scheme Document, there has been no material adverse change in the financial position or prospects of The Nigerian Stock Exchange and no significant change in the financial or trading position of The Nigerian Stock Exchange.

The Nigerian Stock Exchange accepts responsibility for the information contained in this Scheme Document which, contains all information that is material in the context of the Scheme.

### 9.7 CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Scheme Document with the inclusion of copies of their reports and references to their names in the form and context in which they appear herein:

#### **Members of the National Council of The Nigerian Stock Exchange**

Otunba Abimbola Ogunbanjo	<i>President</i>
Mr. Oscar N. Onyema, OON	<i>Chief Executive Officer</i>
Mr. Aigboje Aig-Imoukhuede, CON	<i>Ex-Officio</i>
Mr. Abubakar Mahmoud, SAN, OON	<i>1st Vice President</i>
Mrs. Catherine Nwakaego Echeozo	<i>2nd Vice President</i>
Erelu Angela Adebayo	<i>Ordinary Member</i>
Katsina State Investment & Property Development Co. Limited	<i>Ordinary Member (Institutional)</i>
(Represented by Mrs. Fatimah Bintah Bello-Ismail)	
Chartwell Securities Limited	<i>Dealing Member</i>
(Represented by Mr. Oluwole Adeosun)	
Equity Capital Solutions Limited	<i>Dealing Member</i>
(Represented by Mr. Kamarudeen Oladosu)	
Fortress Capital Limited	<i>Dealing Member</i>
(Represented by Mr. Yomi Adeyemi)	
Pilot Securities Limited	<i>Dealing Member</i>
(Represented by Mr. Seyi Osunkeye)	
Planet Capital Limited	<i>Dealing Member</i>
(Represented by Mr. Chidi Agbapu)	
WCM Capital Limited	<i>Dealing Member</i>
(Represented by Mr. Patrick Ajayi)	
<b>Council Secretary of The Nigerian Stock Exchange</b>	
Mrs. Mojisola Adeola	<i>Council Secretary</i>

### Professional Parties

Chapel Hill Denham Advisory Limited  
Rand Merchant Bank Nigeria Limited  
Aluko & Oyeboode  
Pedabo  
KPMG Professional Services  
Datamax Registrars Limited

*Financial Advisers*  
*Financial Advisers*  
*Legal Advisers*  
*Tax Advisers*  
*Auditors*  
*Registrars*

### 9.8 GENERAL INFORMATION

1. There is no agreement, arrangement, or understanding whereby the beneficial ownership of any assets, liabilities and undertakings of The Exchange to be acquired pursuant to the Scheme will be transferred to any other person except as stated in this document.
2. Except as otherwise disclosed in this document, there are no founders, management or deferred shares or any outstanding interest in The NSE.
3. Except as otherwise disclosed in this document, there are no material services agreements between The Nigerian Stock Exchange and any members of the National Council or employees other than in the ordinary course of business.
4. Except as otherwise disclosed in this document, there are no contracts which are or may be material, that have been entered into by The Nigerian Stock Exchange with other parties other than in the ordinary course of business.
5. The costs, charges and expenses incidental to the Scheme will be payable by The Nigerian Stock Exchange.

## 10. APPENDIX IV: NOTICE OF COURT ORDERED MEETING

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IN THE FEDERAL HIGH COURT OF NIGERIA  
IN THE LAGOS JUDICIAL DIVISION  
HOLDEN AT LAGOS

SUIT NO. FHC/L/CS/11/2020

IN THE MATTER OF  
THE COMPANIES & ALLIED MATTERS ACT  
(CHAPTER C20) LAWS OF THE FEDERATION OF NIGERIA 2004  
AND  
IN THE MATTER OF AN APPLICATION UNDER SECTION 539 THEREOF  
AND

**IN RE:**

1. THE NIGERIAN STOCK EXCHANGE (RC. 2321); AND
  2. THE MEMBERS OF THE NIGERIAN STOCK EXCHANGE  
MEETING OF THE MEMBERS OF THE NIGERIAN STOCK EXCHANGE
- 

NOTICE IS HEREBY GIVEN that by an Order of the Federal High Court, sitting at Lagos (hereinafter called "the Court") dated the 20th day of January, 2020 made in the above matter, the Court has directed that a meeting ("the Meeting") of the Members of The Nigerian Stock Exchange (hereinafter called "The NSE" or "The Exchange") be convened for the purpose of considering and if thought fit, approving (with or without modification) a scheme of arrangement between The Exchange and its members ("the Scheme"). The Scheme is explained in detail in the Explanatory Statement from the Financial Advisers on Pages 13 to 24 of the Scheme Document.

The Meeting will be held on the 3rd day of March, 2020 at The Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos at 11.00 am, or so soon thereafter at which place and time all the aforesaid members are requested to attend. A copy of the Scheme Document is being sent to all Members.

At the meeting, the following sub-joined resolution will be proposed and if thought fit, passed as a special resolution of The Exchange:

That:

1. *the Scheme of Arrangement dated the 20<sup>th</sup> day of January, 2020 be and is hereby approved; and that the National Council/Board of Directors be and are hereby authorised to consent to any modification of the Scheme Document that the Securities & Exchange Commission and the Federal High Court shall deem fit to impose or approve;*
2. *The Exchange be converted from a company limited by guarantee to a company limited by shares; and re-registered as a public company in the name Nigerian Exchange Group Plc;*
3. *the Memorandum and Articles of Association of the re-registered Exchange be amended to state the new name, Nigerian Exchange Group Plc; the share capital and reflect all the requisite provisions required of a public company limited by shares;*
4. *an authorised share capital of ₦1,250,000,000 consisting of 2,500,000,000 ordinary shares of 50 kobo each be registered with the Corporate Affairs Commission for Nigerian Exchange Group Plc;*
5. *a total of 40,083,999 (Forty Million, Eighty-Three Thousand, Nine Hundred and Ninety-Nine) ordinary shares, representing 2% of the Issued Shares of Nigerian Exchange Group, be set aside as Claims Review Shares for allotment to parties who are adjudged as being entitled to shares in the demutualised Exchange, pursuant to the provisions of the Demutualisation Act 2018;*
6. *in the event the Claims Review Shares are insufficient to satisfy claims successfully heard either by the Board of Directors of the demutualized Exchange or the Claims Review Panel, the Board of Directors of the demutualized Exchange be authorised to allot or issue such additional number of shares from the demutualized Exchange's authorized share capital as may be required to settle any outstanding claims within the limitation period set out in the Demutualisation Act, 2018;*
7. *following reservation of the Claims Review Shares, that 1,964,115,918 ordinary shares of Nigerian Exchange Group Plc be allotted to the Members of The Exchange on the basis of the split of ownership of 78:22 between the Dealing and Ordinary members of The Exchange and on an equal basis within each bloc; accordingly, each Dealing Member be allotted 6,007,884 ordinary shares credited as fully paid and each Ordinary Member be allotted 2,441,274 ordinary shares credited as fully paid*

## **APPENDIX IV: NOTICE OF COURT ORDERED MEETING**

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8. *all assets, liabilities and undertakings including real property and intellectual property rights of The Exchange - with the exception of the securities exchange licence and all assets and appurtenances in relation to the securities trading business of The NSE - be retained by Nigerian Exchange Group Plc;*
9. *the securities exchange licence of The Nigerian Stock Exchange along with all assets and existing contracts required to carry out the securities exchange function be transferred to Nigerian Exchange Limited;*
10. *the regulatory functions of The Nigerian Stock Exchange along with all assets and existing contracts required to carry out the regulatory function be transferred to NGX Regulation Limited ("NGX Regulation") pursuant to the regulatory services agreement;*
11. *upon the hearing and determination of complaints instituted within the limitation period set out in the Demutualisation Act, 2018, any balance of the Claims Review Shares be re-distributed pro rata among the shareholders of The Exchange as at the date of demutualisation; based on the initial distribution to all shareholders and on an equal basis within each bloc;*
12. *the National Council of The Nigerian Stock Exchange (or the Board of Directors of the demutualised Exchange) is hereby authorised to take all necessary steps as it deems fit and to consent to any modification of the Scheme of Arrangement that the Court shall deem fit to impose or approve"*

By the said Order, the Court has appointed the President of the National Council, Otunba Abimbola Ogunbanjo or failing him, the 1st Vice President, Mr. Abubakar Mahmoud, SAN, OON or failing them both, the 2nd Vice President, Mrs. Catherine Echeozo to act as Chairman of the said meeting and has directed the Chairman of the meeting to report the results thereof to the Court.

Voting at the meeting will be by poll with each member representing one interest in the Exchange. Members may vote in person or they may appoint a proxy to attend the meeting and vote in their stead.

A proxy form is being sent to each member. It is requested that duly executed and stamped proxy forms (together with any power of attorney or other authority under which the proxy form is signed, or a notarized copy of such power of attorney or other authority) be lodged with the Council Secretary of The NSE as shown on the Proxy Form, not less than 24 hours before the time appointed for the meeting. Please note that the lodging of a proxy form does not prevent you from attending the meeting and voting in person should you so wish. However, in such instances, your proxy will not be entitled to attend the meeting or vote thereat.

A member entitled to attend and vote at the meeting who has not received a copy of the Scheme Document within 14 days of the date of this notice can obtain a copy of same from the Council Secretary, The Nigerian Stock Exchange, 2/4 Customs Street, Lagos.

### **Register of Members**

All Members whose names are included in the Register of Members as at May 11, 2017, are entitled to attend and vote at the Court-Ordered Meeting.

The Scheme will be subject to the subsequent approval of the Securities & Exchange Commission and the sanction of the Federal High Court.

Dated this 4th day of February, 2020

**Aluko & Oyebode**  
1, Murtala Muhammed Drive  
Ikoyi  
Lagos

# 11. PROXY FORM

## SCHEME OF ARRANGEMENT - PROPOSED DEMUTUALISATION AND RESTRUCTURING OF THE NIGERIAN STOCK EXCHANGE

**COURT-ORDERED MEETING** of The Nigerian Stock Exchange to be held at The Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos on the 3rd day of March, 2020 at 11:00 a.m..

I/We ..... of .....  
 being a member of The Nigerian Stock Exchange hereby appoint .....or ..... as my/our proxy to act and vote for me/us and on my/our behalf in the manner directed by me/us at the Court-Ordered Meeting of The Exchange to be held on the 3rd day of March, 2020 or at any adjournment thereof.

**NOTE:**

- a. A member who is unable to attend the Court-Ordered Meeting is allowed by law to vote by proxy and the above proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
- b. No person shall appoint 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 authorised representative who is not a member of The Exchange
- c. Voting at the meeting will be by poll with each member representing one interest in the Exchange.
- d. Please sign and post the proxy form so as to reach "The Company Secretary, The Nigerian Stock Exchange, Stock Exchange House, 2/4 Customs Street, Marina, Lagos" not less than 24 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties. If executed by a corporate body, the proxy form should be sealed with the common seal.
- e. The member or his/her duly appointed proxy must detach and produce the Admission Card to obtain entrance to the meeting.
- f. The completion and despatch of the proxy form does not prevent the attendance of the member should he/she become free to attend in person.
- g. The details in the Scheme of Arrangement provide information on the material features of the proposed Scheme and the general effect thereof upon the rights of existing members of The Nigerian Stock Exchange whilst also providing information essential to a member's appraisal of the action to be taken with regards to the Scheme.

**SPECIAL RESOLUTIONS**

*' That:*

1. the Scheme of Arrangement dated the 20th day of January, 2020 be and is hereby approved; and that the National Council / Board of Directors be and are hereby authorized to consent to any modification of the Scheme Document that the Securities & Exchange Commission and the Federal High Court shall deem fit to impose or approve;
2. The Exchange be converted from a company limited by guarantee to a company limited by shares; and re-registered as a public company in the name Nigerian Exchange Group Plc;
3. the Memorandum and Articles of Association of the re-registered Exchange be amended to state the new name, Nigerian Exchange Group Plc; the share capital and reflect all the requisite provisions required of a public company limited by shares;
4. an authorised share capital of N1,250,000,000 consisting of 2,500,000,000 ordinary shares of 50 kobo each be registered with the Corporate Affairs Commission for Nigerian Exchange Group Plc.;
5. a total of 40,083,999 (Forty Million, Eighty-Three Thousand, Nine Hundred and Ninety-Nine) ordinary shares, representing 2% of the Issued Shares of Nigerian Exchange Group, be set aside as Claims Review Shares for allotment to parties who are adjudged as being entitled to shares in the demutualised Exchange, pursuant to the provisions of the Demutualisation Act 2018;
6. in the event the Claims Review Shares are insufficient to satisfy claims successfully heard either by the Board of Directors of the demutualized Exchange or the Claims Review Panel, the Board of Directors of the demutualized Exchange be authorised to allot or issue such additional number of shares from the demutualized Exchange's authorized share capital as may be required to settle any outstanding claims within the limitation period set out in the Demutualisation Act, 2018;
7. following reservation of the Claims Review Shares, 1,964,115,918,000 ordinary shares of Nigerian Exchange Group Plc be allotted to the Members of The Exchange on the basis of the split of ownership of 78:22 between the Dealing and Ordinary members of The Exchange and on an equal basis within each bloc; accordingly, each Dealing Member be allotted 6,007,884 ordinary shares credited as fully paid and each Ordinary Member be allotted 2,441,274 ordinary shares credited as fully paid;
8. all assets, liabilities and undertakings including real property and intellectual property rights of The Exchange - with the exception of the securities exchange licence and all assets and appurtenances in relation to the securities trading business of The NSE - be retained by Nigerian Exchange Group Plc;
9. the securities exchange licence of The Nigerian Stock Exchange along with all assets and existing contracts required to carry out the securities exchange function be transferred to Nigerian Exchange Limited;
10. the regulatory functions of The Nigerian Stock Exchange along with all assets and existing contracts required to carry out the regulatory function be transferred to NGX Regulation Limited ("NGX Regulation") pursuant to the regulatory services agreement;
11. upon the hearing and determination of complaints instituted within the limitation period set out in the Demutualisation Act, 2018, any balance of the Claims Review Shares be re-distributed pro rata among the shareholders of The Exchange as at the date of demutualisation; based on the initial distribution to all shareholders and on an equal basis within each bloc; and
12. the National Council of The Nigerian Stock Exchange (or the Board of Directors of the demutualised Exchange) be and is hereby authorised to take all necessary steps as the National Council deems fit and to consent to any modification of the Scheme of Arrangement that the Court shall deem fit to impose or approve"

For	Against	Abstain
Please indicate how you wish your votes to be cast on the resolution set out above by indicating "x" in the appropriate space. Unless, otherwise instructed the proxy will vote or abstain from voting at his discretion		



Before posting the above form, please tear off this part and retain it for admission to the meeting

**The Nigerian Stock Exchange**

**COURT-ORDERED MEETING ADMISSION CARD**

Please admit the member named on this Card or the duly appointed proxy to the Court-Ordered Meeting of The Exchange to be held at 11:00 a.m. on the 3rd day of March, 2020 at The Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos. This Card will be signed at the venue in the presence of the Company Secretary.

Name and address of member

	Member
	Proxy

Please tick [✓] appropriate box before admission to the meeting

Signature .....