

# A BILL

## FOR

AN ACT TO FACILITATE THE DEVELOPMENT OF NIGERIA'S CAPITAL MARKET BY ENABLING THE CONVERSION AND RE-REGISTRATION OF THE NIGERIAN STOCK EXCHANGE FROM A COMPANY LIMITED BY GUARANTEE TO A PUBLIC COMPANY LIMITED BY SHARES AND FOR RELATED MATTERS, 2017

*Sponsored by Hon. Yusuf Ayo Tajudeen*

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria-

1           1.-(1) The Exchange may, in the overriding interest of the  
2 development of the capital market and in accordance with prevalent  
3 international practices and standards as well as the development of the  
4 economy of Nigeria as a whole, convert and re-register from a company  
5 limited by guarantee to a public company limited by shares.

Conversion of  
the Exchange of  
Public Company  
Limited by Shares

6           (2) Notwithstanding any provision of the Companies and Allied  
7 Matters Act or the Memorandum and Articles of Association of The  
8 Exchange, The Exchange is, with the prior authorization of the Securities  
9 and Exchange Commission, empowered to adopt any process, procedure,  
10 structure or plan as may be deemed fit by its Council for the purpose of  
11 converting to a public company limited by shares.

12           2. The following provisions shall apply for the purposes of the  
13 conversion and re-registration of The Exchange to a public company limited  
14 by shares:

15           (1) Notwithstanding any other provision of this Bill and subject to  
16 this section, The Exchange may be re-registered as a public company  
17 limited by shares if-

18           (a) A special resolution that it should be so re-registered is passed

1 by the Exchange; and

2 (b) An application for re-registration is delivered by The Exchange to  
3 the Commission together with the documents prescribed in subsection (3) of  
4 this section.

5 (2) The special resolution shall:

6 (a) Alter the Memorandum of Association of The Exchange so that it  
7 states that it is to be a public company limited by shares;

8 (b) Make such alterations in the Memorandum of Association of The  
9 Exchange as are necessary to bring it into conformity with the requirements of  
10 the Companies and Allied Matters Act with respect to the memorandum of a  
11 public company limited by shares in accordance with Section 27 of the  
12 Companies and Allied Matters Act; and

13 (c) Make such alterations in the Articles of Association of The  
14 Exchange as are requisite in the circumstances.

15 (3) The application shall be made to the Commission under cover of a  
16 letter signed by at least one Council Member and the Secretary of the Exchange  
17 together with the following documents:

18 (a) A printed copy of the Memorandum and Articles of Association of  
19 the Exchange as altered in pursuance of the special resolution;

20 (b) A copy of a written statement by the Council Members and the  
21 Secretary of the Exchange certified on oath by them, and showing that the paid  
22 up capital of the Exchange as at the date of the application is not less than 25 per  
23 cent of the authorized share capital as at that date;

24 (c) A copy of the balance sheet of the Exchange as at the date of the  
25 special resolution or the preceding 9 (nine) months, whichever is later; and

26 (d) A declaration under oath by a Council Member and the Secretary  
27 of The Exchange:

28 (i) That the special resolution required under this section has been  
29 passed; and

30 (ii) That the net assets of the Exchange are not less than the aggregate

1 of the paid up share capital and undistributable reserves of the Exchange.

2 (c) A copy of any prospectus or statement in lieu of prospectus  
3 delivered within such time as the Securities and Exchange Commission may  
4 prescribe, but nonetheless not being a period less than the preceding 12  
5 months from the date of conversion and re-registration.

6 (4) The Commission shall, upon compliance with the provisions of  
7 this section:

8 (a) Retain the application and other documents delivered to it  
9 under this section;

10 (b) Immediately register the application and other documents; and

11 (c) Immediately issue to the Exchange a certificate of  
12 incorporation evidencing the registration of the Exchange as a public  
13 company limited by shares.

14 (5) Upon the issue to the Exchange of the certificate of  
15 incorporation under this section:

16 (a) The Exchange shall by virtue of the issuance of the certificate of  
17 incorporation become a public company limited by shares;

18 (b) Any alterations in the Memorandum and Articles of  
19 Association of the Exchange set out in the resolution shall take effect  
20 accordingly;

21 (c) The Exchange shall subsequently comply with applicable  
22 provisions of the Companies and Allied Matters Act and the Investments and  
23 Securities Act in relation to public companies.

24 (6) The certificate shall be prima facie evidence that:

25 (a) The requirement of this Bill in respect of conversion and re-  
26 registration and of matters precedent and incidental thereto have been  
27 complied with; and

28 (b) The Exchange is a public company limited by shares.

29 (7) The Commission shall forthwith notify the Attorney-General of  
30 the Federation of the conversion and re-registration.

1 (8) From the effective date of this Bill, no provision of the Companies  
2 and Allied Matters Act, the Investments and Securities Act and/or any  
3 regulations made under either law or any other law applicable in Nigeria shall  
4 be interpreted as limiting, inhibiting, or restricting the Exchange from  
5 converting and re-registering to a public company limited by shares and upon  
6 the conversion and re-registration of the Exchange from a company limited by  
7 guarantee to a public company limited by shares, all income, assets, property  
8 and liability of the Exchange held prior to the commencement of this Bill shall  
9 continue without any restriction, limitation, or inhibition whatsoever to be the  
10 income, assets, property and liabilities of the Exchange as a public company  
11 limited by shares.

Tax obligation

12 3.-(1) The Exchange shall not have any obligation to pay tax which  
13 may arise in connection with and/or as a result of its conversion and re-  
14 registration to a public company limited by shares.

15 (2) Upon the conversion and re-registration of the Exchange to a  
16 public company limited by shares, the Exchange may only be liable to pay tax  
17 on subsequent profits earned by the Exchange after such conversion and re-  
18 registration.

Completion

19 4. For the purposes of this Bill, conversion and re-registration shall  
20 be deemed to have been completed on the date that the Registrar General of the  
21 Commission issues a new certificate of incorporation to the Exchange as a  
22 public company limited by shares.

Miscellaneous

23 5. The Registrar General, or such other person as is authorized by him  
24 is hereby empowered to convert and re-register the Exchange and to take all  
25 such actions which are expedient for the purpose of implementing the  
26 provisions of this Bill, including but not limited to the registration of any  
27 amendments to the Memorandum and Articles of Association of the Exchange  
28 and the registration of the statement of authorized share capital, the return on  
29 allotment of shares and any resolution of the Exchange.

- 1                   6. In this Bill, unless the context otherwise requires- Interpretation
- 2           "Companies and Allied Matters Act" means the Companies and Allied
- 3           Matters Act CAP C20 Laws of the Federation of Nigeria, 2004;
- 4           "Commission" means the Corporate Affairs Commission;
- 5           "Conversion" or "convert" refers to the conversion of the Exchange from a
- 6           company limited by guarantee to a public company limited by shares;
- 7           "Council" means the National Council of the Exchange;
- 8           "Council Member" means the directors of the Exchange, who by virtue of
- 9           the Memorandum and articles of Association of the Exchange, are referred
- 10          to as the Members of the Council;
- 11          "Investments and Securities Act" means the Investments and Securities Act,
- 12          2007;
- 13          "Registrar General" means the Registrar General of the Corporate Affairs
- 14          Commission;
- 15          "Re-registration" or "re-register" refers to the process culminating in the
- 16          registration of the Exchange as a public company limited by shares by the
- 17          Corporate Affairs Commission;
- 18          "Securities and Exchange Commission" means the Securities and Exchange
- 19          Commission established under the Investments and Securities Act;
- 20          "The Exchange" means the Nigerian Stock Exchange Limited by
- 21          Guarantee;
- 22          "Tax" means Companies Income Tax, Withholding Tax, Value Added Tax,
- 23          Capital Gains Tax, Stamp Duties, and such other tax as may be imposed
- 24          under Nigerian law.
- 25               7. This Bill may be cited as the Demutualization of the Nigerian Short Title
- 26          Stock Exchange Bill, 2017.

## EXPLANATORY MEMORANDUM

This Bill seeks to facilitate the expeditious conversion and re-registration of the Nigerian Stock Exchange from a company limited by guarantee to a public company limited by shares in order to adopt and efficiently implement the global practice of the demutualization of stock exchanges. The Nigerian Stock Exchange plays a major role in Nigeria's financial market and its conversion and re-registration into a public company limited by shares is essential to develop and strengthen the Nigerian capital market and will enhance the formation of capital for the expansion of the Nigerian economy.