

DEMUTUALIZATION OF THE NIGERIAN STOCK EXCHANGE BILL, 2017

ARRANGEMENT OF CLAUSES

Clause

1. Conversion and Re-registration of the Nigerian Stock Exchange
from a Company Limited by Guarantee to a Public
Company Limited by Shares
2. Tax Implication of the Conversion and Re-registration Process
3. Completion
4. Miscellaneous
5. Interpretation
6. Short Title

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 Senator Foster Ogola

[] 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 (e) 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.