



1. What is the Investors' Protection Fund ("IPF")?

The Investors' Protection Fund (IPF) is a statutory fund established pursuant to Section 197 and 212 of the Investments and Securities Act, 2007 ("ISA") to compensate investors who suffer pecuniary loss arising from:

- The revocation or cancellation of the registration of a Trading License Holder (TLH) by the Securities and Exchange Commission (SEC);
- The insolvency, bankruptcy, or negligence of a TLH of The Exchange; and
- Defalcation committed by a TLH or any of its directors, officers, employees or representatives in relation to securities, money or any property entrusted to, or received or deemed received by the TLH in the course of its business as a TLH.

Pursuant to the provisions of section 197 and 212 of the ISA, Nigerian Exchange Limited ("NGX" or "The Exchange") established its IPF.

2. When was the IPF reconstituted?

The IPF was reconstituted in 2012.

3. Who administers the IPF?

The IPF is administered by a Board of Trustees (BOT) subject to the regulatory supervision of the Securities and Exchange Commission.

4. What is the monetary value of the IPF?

As at 31 July 2022, the monetary value of the IPF is One Billion Three Hundred and Six Million Naira (N1,306,000,000.00).

5. How did the value increase from N689,366,000.00 as at the date of reconstitution to N1,306,000,000.00 billion on 31 July 2022?

The Board approved a comprehensive investment policy for the IPF that set forth the IPF's investment goals and objectives. The value of the IPF has appreciated based on the implementation of the IPF's investment policy.

6. Why were there no compensation payments to claimants until 2015?

Upon its reconstitution, the IPF, BOT immediately set to work. The BOT ensured that it put in place appropriate corporate governance structures for the IPF. Further, the BOT considered global best practice and based on its findings, took decisions on various issues regarding the IPF, benchmarking its processes and procedures against other international IPF's.

The BOT also drafted Rules for the IPF, and the Securities and Exchange Commission (SEC) approved these Rules in January 2014. Following a transparent and auditable selection process, the Board appointed auditors. The BOT approved the conversion of the IPF's accounts into IFRS format and the audited accounts were submitted to the

SEC. The BOT after a thorough auditable transparent process also appointed identity verification consultants and commenced the process of identifying claimants and verifying their claims before making payments to prevent identity fraudsters from depriving claimants of their compensation payments.

7. When is compensation paid to eligible claimants?

Compensation is paid to eligible claimants who have completed the process of verification and complied with all prerequisites for compensation.

8. Do I have to pay a fee to make a claim under the IPF?

No. A claimant does not have to pay a fee to make a claim from the IPF.

9. Who can make a claim under the IPF?

Any claimant that has transacted with a TLH of NGX and suffered financial loss as a result of any of the reasons listed in the response to question One (1) above.

10. Can a claimant be excluded from compensation?

A claimant can be excluded from receiving compensation at any stage of the verification exercise where it is identified that the claim is not eligible for compensation.

11. What is the timeline for payment of compensation to the verified claimants under the Investors' Protection Fund?

Upon the successful completion of the claims' verification process and claimant's identity verification process and the approval of the BOT, payment of compensation is made to eligible claimants within Fourteen (14) days of receipt of their executed indemnity and guarantors' indemnity (where applicable) document.

12. What is the process a claimant must go through to receive compensation under the IPF?

The processes a claimant must go through to receive compensation are:

Claimant(s) is required to forward a written complaint to NGX Regulation Limited¹. (NGX RegCo). Upon receipt, the claim is verified by NGX RegCo and if eligible under Sections 198 and 212 of the Investment and Securities Act 2007 (ISA) the claim will be referred to the IPF.

The BOT of the IPF reviews and approves the verified claims and authorizes the referral of the claimant for identity verification.

The Claimant is required to undergo the identity verification exercise by identity verification consultant engaged by the BOT.

Upon the successful completion of the identity verification exercise, a report is presented by the identity verification consultant for the approval of the BOT.

Upon the approval of the BOT, the claimant is required to execute an indemnity and subrogation agreement following which payment of compensation is made to the claimant.

As at 31 July 2022, Five Hundred and Sixteen (516) identities have been successfully verified; the total number of claims approved for compensation payment by the BOT is Four Hundred and Fifty-One (451); total number of claimants compensated is Three Hundred and Sixty-Three (363) valued at One Hundred and Five Million, Three Hundred and Nineteen Thousand, Eight Hundred and Fifty-Eight Naira, Forty-Seven Kobo (N105,319,858.47) and the total number of approved claimants yet to be compensated is Eighty-Eight (88).

13. Is there a limit on the amount that I can receive as compensation?

Yes. Currently, the maximum compensation payable to a claimant that suffered any loss is the sum of N500,000.00 (Five Hundred Thousand Naira) or such sum as may be determined by the BOT of the IPF from time to time.

14. Can I receive compensation in form of securities?

No. Compensation is payable on cash basis only.

15. What happens if my claim is above the maximum compensation amount of N500,000.00 (Five Hundred Thousand Naira)?

No. Compensation is payable on cash basis only.

16. What happens if my claim is above the maximum compensation amount of N500,000.00 (Five Hundred Thousand Naira)?

All claims should be made to NGX RegCo or the IPF with all supporting documents. A complainant must exhaust NGX RegCo's complaint management process before making a claim from the IPF. NGX RegCo shall within thirty (30) days after its internal process verify every claim and determine the amount or extent, if any, to which the claim shall be allowed. Only verified claims will be paid by the IPF.

17. What happens if my claim is above the maximum compensation amount of N500,000.00 (Five Hundred Thousand Naira)?

- Upon receipt of a complaint, the complaint document is reviewed to determine whether the issues fall within the regulatory authority of NGX RegCo. Matters outside the jurisdiction of NGX RegCo are referred to the appropriate authorities.
- Where the complaint is within the regulatory authority of NGX RegCo, the complaint is forwarded to the TLH complained about with a directive that it should respond to the allegations.
- Upon receipt of the response, it is reviewed and forwarded to the complainant to respond, i.e., to confirm or deny the TLH's position. Where parties have no further

disagreement, the dispute is resolved, and NGX RegCo communicates the details of the resolution to both parties. Where the matter is still contentious, the matter is referred for an All Parties Meeting (APM) where it will be mediated.

- The APM is scheduled to mediate and reach an amicable resolution of the dispute between parties.
- Unresolved matters/appeals from the APM are referred to the Investigation Panel of NGX for investigation at the Panel sittings. Cases are heard afresh, and the Panel may either uphold the decision of the APM, reverse the entire decision or a part of the decision.
- Unresolved disputes from the Investigation Panel are referred to the Regulation and New Business Committee of the RegCo Board.
- Appeals from the Regulation and New Business Committee are referred to the Board of Directors of NGX RegCo and if the matter is not resolved or the complainant is dissatisfied with the decision of the Board of NGX RegCo, the complainant may appeal to the SEC.
- The SEC will conduct further investigation and issue directives as it deems appropriate. Appeals from the Administrative Proceedings Committee of the SEC go to the Investments and Securities Tribunal (IST).

18. What are the documents I need to provide in support of my claim?

Below is a non-exhaustive list of documents that could be required in support of a claim:

- i. Copy of Share Subscription Form
- ii. Contract Note
- iii. Receipt issued by firm
- iv. Account Opening Form
- v. Acknowledgment Letter from the firm
- vi. Central Securities Clearing System (CSCS) Transaction History Statement
- vii. CSCS Client Account Statement
- viii. Bank Statement
- ix. Copy of cheque issued/bank draft
- x. Registrars' Statement of Transaction
- xi. Shares Allotment Letter from Registrars
- xii. Copy of Share Certificate
- xiii. Letters of Administration/ Probate (in the case of an estate)
- xiv. Company incorporation documents (copy of the Certificate of Incorporation, CAC 7 (Particulars of Directors) and CAC 2 (Statement of Share Capital)

- xv. Means of identification e.g., Driver's License, International Passport, National Identity Card etc.
- xvi. Such other documents evidencing identity and ownership over shares.(Particulars of Directors) and CAC 2 (Statement of Share Capital)

19. I have more than one claim against different TLHs; am I entitled to compensation under the IPF for my claims against each TLH?

Yes. A claimant is entitled to a maximum compensation of N500,000.00 (Five Hundred Thousand Naira) for each successful claim against each TLHs.

20. I have more than one claim against the same TLH; will I be compensated for each claim?

A claimant is entitled to no more than one claim for compensation where he has numerous claims before the IPF in respect of the same TLH.

21. If I hold shares of XYZ Company in my account. XYZ Company is now insolvent. Does the IPF protect me against this type of loss?

No. The IPF only protects clients of TLHs against losses that are attributable to the grounds enumerated in the response to question One (1) above. Claims for losses due to market fluctuations or arising from the insolvency of an issuer of a security you own are not covered by the IPF.

22. What if I disagree with what the TLH's records say I am owed?

Where a claimant disagrees with the account statement provided by a TLH, the claimant must provide supporting evidence such as the Central Securities Clearing System Plc. ("CSCS") transaction history report, CSCS client account statements or any other supporting documentation.

23. To what extent is the right of subrogation of the BOT of the IPF?

Upon payment of compensation to a claimant, the BOT of the IPF shall be subrogated to the extent of the payment made from the IPF, to fund all the rights and remedies of the claimant in relation to the loss suffered by him. In effect the IPF takes over the rights, security interest or remedies of the claimant against the TLH to the extent of the

24. What is the difference between the IPF and the SEC's Investor Protection Fund?

The IPF of NGX compensates aggrieved claimant for losses listed in the response to Question One (1) above, and it relates only to the actions of TLH of NGX. The SEC on the other hand established the National Investor Protection Fund (NIPF) in line with its powers under section 13(k) of the ISA to compensate investors whose losses are not covered by the IPF administered by Securities Exchanges and Capital Trade Points. Beneficiaries of this fund are investors who suffer pecuniary loss arising from:

- (a.) The insolvency and bankruptcy of a capital market operator; and
- (b.) Defalcation committed by a capital market operator or any of its directors, officers, employees or representatives in relation to securities, money, property entrusted to or received or deemed received by the capital market operator in the course of its business for which it was registered by the Commission as a capital market operator.

