

The background is a vibrant green with a yellow-to-green gradient at the top left. It features abstract geometric shapes, including a large yellow triangle pointing upwards in the center, and a white line graph with a circular highlight at its peak. The overall aesthetic is modern and financial.

## Quick Guide To Nominal Transfer Transaction Processing Brochure

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# Foreward

## Nominal Transfer

Nominal Transfer is the transfer of listed securities between a Transferor and a Transferee who are related or connected parties, which involves no consideration passing from the Transferee to the Transferor.

### SCOPE:

A review of Nominal transfer request/application and relevant supporting document submitted on behalf of transacting parties, is carried out in accordance with provisions of Rule 15.34: Nominal Transfer; Rulebook of Nigerian Exchange Limited (NGX), 2015 (Trading License Holders Rules), which became effective on 11 July 2018. This review is aimed at establishing the relationship or connection between transacting parties as follows:

- **Individuals** (including but not limited to spouse, brother, sister, father, mother, child or step-child);
- **Individual and a Corporate entity** (consider whether the individual is a beneficial shareholder of the corporate entity);
- **Corporate entities** (connections between corporate entities include but are not limited to (a) holding companies, subsidiaries and sister subsidiaries; (b) a joint venture and a special purpose vehicle created for the purpose of the joint venture);
- **An Estate** (the personal representative administering any deceased person's estate); and the Transferee (beneficiaries);
- **Trustees**

### REQUIREMENTS:

In order to secure NGX's approval for Nominal Transfer, the following documents (where applicable) shall be submitted to NGX:

#### General Requirements:

1. Application letter by the Stockbroker introducing the client and detailing the nature of the transaction;

2. Two (2) Copies of a Letter of Authority addressed to NGX executed by the proposed Transferor;
3. Mandate executed by the Transferor in favour of the Stockbroker making the application;
4. 2 copies of the client's (submission must be for Transferee and Transferor) Central Securities Clearing System Plc (CSCS) shares statement, indicating the current shareholding position, where the shares are dematerialized;
5. Original executed transfer form(s);
6. Relevant documents such as the birth certificate (or its equivalent) of the Transferor or Transferee, to further establish the relationship between the parties, which is a condition for the transaction to qualify as nominal transfer;
7. For a corporate entity (submission must be for Transferee and Transferor where applicable):
  - i. A duly executed board resolution authorizing the transaction, and signed by all the Directors in the case of a written resolution or by a Director and Secretary named in the certified copy of the Corporate Affairs Commission's Status Report generated within 1 week of presentation;
  - ii A certified copy of the Corporate Affairs Commission's Status Report (certified by the Corporate Affairs Commission within 1 week of the date of presentation) showing the following:
    - a. Directors' details
    - b. Company Secretary's details
    - c. Details of Shareholders
  - iii A certified true copy (certified by the Corporate Affairs Commission within 1 month of the date of presentation) of its most recent memorandum of association and articles of association;

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### For a corporate entity (Registered abroad):

Equivalent of 7(i.) – (iii.) above (which have been notarized or certified and in the case of ii – iii above, to be certified by the relevant companies' registry);

8. Relevant documents such as means of identification (e.g., a copy of the National Identity Card, Driver's License, or Passport) of the Transferor, Transferee, any signatories or relevant person, and such other documents to further establish the relationship between the parties, which is a condition for the transaction to qualify as nominal transfer;
9. In respect of a trust, in addition to items 1 - 8 above, a copy of the trust deed, notarized by a Notary Public;
10. In respect of the estate of a deceased, in addition to items 1 - 9 above, a certified true copy of the will and the probate; and if intestate, a certified true copy of the letters of administration; as well as a cheque of N50,000 (or any other amount that may be prescribed by NGX from time to time) as payment for a verification search, to be conducted at the Probate Registry; and such other documents as may be required by NGX.
11. Application Fee: NGX shall charge a fee: 0.3% of the current market values of the investment as at date of first submission.
12. Transferee Indemnity: Where the transaction is eligible (relationship established – familial, shareholder and company, corporate group members with significant beneficial ownership of shares, trustee and beneficiary, executor/administrator of an estate and beneficiary) for approval by NGX, the **Transferee shall execute an indemnity** in a form to be prescribed by NGX.

### TURNAROUND TIME:

Allow about 2 - 4 weeks (4 weeks maximum), for the processing of a nominal transfer request.

This timing depends on the submission of required documentation, along with the application at the outset; and the applicant providing prompt and timely feedback/response to NGX's enquiries.

In addition, please take note of the following information/requirements:

- i. **Copies of Documents:** All documents forwarded must be submitted in duplicate copies.
- ii. **CSCS Charges:** 0.3% of the current market values of the investment also applicable at CSCS. Kindly contact CSCS for further advice or enquiries.
- iii. **Consent Letter:** The stockbroking firm is to proceed to CSCS and/or the Registrar once a copy of the Consent Letter is received, for additional follow-up.
- iv. **Notification of NGX:** The stockbroking firm should liaise with CSCS to ensure that NGX is notified once the transaction is completed at CSCS.

## Frequently Asked Questions

### 1. What is Nominal Transfer?

Nominal Transfer is the transfer of listed securities between a Transferor and a Transferee who are related or connected parties, which involves no consideration passing from the Transferee to the Transferor.

### 2. How can an investor initiate a nominal transfer transaction?

An investor that wishes to transfer his securities by way of a nominal transfer is expected to apply to Nigerian Exchange Limited (NGX) through his Stockbroker. The Stockbroker carries out requisite due diligence on the transaction to ensure that relevant requirements have been met prior to approaching NGX.

NGX reviews the request/application and relevant supporting documents submitted by the broker on behalf of transacting parties, to determine whether the relationship between the proposed Transferor and Transferee are sufficient for treatment of the request as a nominal transfer.

### 3. Who are parties to a Nominal Transfer transaction?

A nominal transfer transaction can be consummated between two parties; (a) Transferor(s) (b) Transferee(s) who are related. The transferor is the securities holder or party willing to transfer instruments in his position, while the transferee is the party who receives securities being transferred.

### 4. What types of relationships can trigger a nominal transfer transaction?

A nominal transfer transaction can be consummated between a transferor and a transferee where the following types of relationships exist:

- Individuals (including but not limited to spouse, brother, sister, father, mother, child or step-child);
- Individual and a Corporate entity (where the individual is considered a beneficial shareholder of the corporate entity);
- Corporate entity (connections between corporate entities include but are not limited to (a) holding companies, subsidiaries and sister subsidiaries; (b) a joint venture and special purpose vehicle created for the purpose of the joint venture);
- An Estate (the personal representative administering any deceased person's estate); and the Transferee (beneficiaries);
- Trustees (transferor is acting as trustee of any trust or as the personal representative administering any deceased person's estate; and the Transferee, is: (i) a beneficiary of such trust or estate who has a familial relationship with the settlor of the trust or the deceased such as being a spouse, brother, sister, father, mother, child or step-child; or (ii) a body corporate in which the beneficiary under (i) above is a shareholder, or (iii) a trust whose terms confer a power on the trustees that may be exercised for the benefit of the beneficiary under (i) above).

### 5. What are the basic documentation requirements for Nominal Transfer?

#### A. Individuals:

- I. Birth certificate (or its equivalent);
- II. Means of identification (e.g., a copy of the National Identity Card, Driver's License, or Passport) of the Transferor, Transferee

#### B. Corporate Entities: (Registered in Nigeria)

- I. A certified copy of the Status Reports issued by the Corporate Affairs Commission (certified by the Corporate

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Affairs Commission within 1 week of the date of presentation) showing details of:

- a. Directors;
  - b. Company Secretary of the Company; and
  - c. Shareholders
- ii. A certified true copy of the Memorandum of association and articles of association (certified by Corporate Affairs Commission within 1 month of the date of presentation).
- iii. Board resolution authorizing the transaction, and signed by all the Directors in the case of a written resolution; or by a Director and Secretary named in the Status Report presented;

### Corporate entity (Registered abroad):

Equivalent of (i.) – (iii.) above (which have been notarized or certified and in the case of i – iii above, to be certified by the relevant companies' registry)

### C. In respect of Estate of a deceased:

- Certified true copy of the will; and probate;
- Certified true copy of the letters of administration; (if intestate);
- Documentation details of the Transferor (Deceased);
- Documentation details of the Transferee (Beneficiaries);
- Payment of administrative fee (amount to be prescribed by NGX from time to time) for a verification search, to be conducted at the Probate Registry.

### D. Trustee

Copy of the trust deed, notarized by a Notary Public

*Please refer to and be further guided by Rule 15.34: Nominal Transfer; Rulebook of NGX, 2015 (Trading License Rule), which became effective on 11 July 2018, and nominal transfer requirement documents.*

### 6. What are the benefits of nominal transfer transactions to an investor?

Nominal transfer transactions provide investors opportunity to transfer securities listed on NGX directly to a related or connected party with ease.

### 7. What is the timeline for completion of nominal transfer transactions?

Turnaround for transfer transactions is 2-4 weeks (4 weeks maximum), except in cases of a deceased estate, where there is need for verification of probate documents from the Probate Registry.

Generally, timeline for processing approval for nominal transfer depends on complete submission of required documentation, along with the application at the outset; and the applicant providing prompt and timely feedback/response to NGX's enquiries (where necessary).

### 8. What is the indicative fees and administrative costs transfer?

NGX charge a fee as may from time to time be determined and published by it as approved by the Securities and Exchange Commission (SEC). Current applicable fees are: NGX, 0.3%; CSCS, 0.3%.

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