# Securities Lending Report for February 24, 2025

| | SECURITIES AVAILABLE FOR BORROWING[1] AS AT February 24, 2025. | | |
|---|---|---|---|
| S/N | Equity Name | Symbol | Volume on Pledge (Units) |
| 1 | - | - | - |

| HISTORICAL SECURITIES LENDING AND BORROWING TRANSACTION REPORT[2] AS AT February 24, 2025. | | |
|---|---|---|
| Period | Volume (Units) | Value ('000s of Naira) |
| 2019 Full Year | 61,435 | 344.56 |
| 2020 Full Year | 7,378,034 | 95,178.83 |
| 2021 Full Year | 6,800,000 | 513,100.00 |
| 2022 YTD | - | - |
| 2023 YTD | 567,108 | 150,000.00 |
| 2024 YTD | - | - |
| 2025 YTD | 13,000,000,000 | 11,985,900.00 |

| NET OPEN POSITION[3] AS AT February 24, 2025. | | |
|---|---|---|
| Average Tenor | Current Volume (Units) | Number of Securities |
| Call | - | - |

To learn more about Securities Lending and Borrowing on the Nigerian Exchange Limited please refer to the:

1. Amendments To The Securities Lending Guidelines Of The Nigerian Stock Exchange
2. Rules Governing The Inclusion Of Retail Participants In Securities Lending Transactions
3. Interpretative Guidance To Securities Lending Guidelines Of The Nigerian Stock Exchange And GMSLA (As Amended) And Rules Governing The Inclusion Of Retail Participants In Securities Lending Transactions

For further enquires please contact secondarymarket@ngxgroup.com or SecuritiesLending@stanbicibtc.com

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[1] Data represents securities lent by various foreign and domestic investors to the lending pool of one of the approved Securities Lending Agent – Stanbic IBTC Nominees

## What is Securities Lending?

Securities Lending refers to the lending of securities such as stocks and bonds by one party (Lender) to another (Borrower). Usually, the borrower will provide acceptable collateral to the lender in the form of cash or other acceptable securities of equal but often greater value than the lent securities in order to protect the lender against any default by the borrower. The borrower is obliged to return the securities at the end of an agreed period.

## Securities Lending and Recall Process

In simple terms, the transaction involves the temporary loan of securities from a lender to a borrower. Borrowers seeking to borrow securities would typically do this through a security lending agent. The borrower would need to enter into a Global Securities Lending Agreement with the securities lending agent, who is typically the custodian of the securities. The securities lending agent would need to have a Securities Lending Authorisation Agreement in place with the owner of the security before the security can be lent

Borrower* → Securities Lending Agent (SLA) ← Lender**

Once the security is lent, the legal title of the security passes from the lender to the borrower, but **any benefits arising from corporate actions and/or dividend payments are retained by the beneficial owner (Lender)**. The lender regains title when the securities are returned by the borrower at the end of the loan tenor or when the lender calls for the stock if the agreement was a call tenor. The securities recall process is stipulated by the terms and conditions of the securities lending contract.

Possible reasons for the recall of a security are:

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[2] The Borrower may be a broker or a custodian borrowing on behalf of their institutional and HNI clients or a broker borrowing for its proprietary account

[3] The Lender may be a broker or a custodian lending on behalf of their institutional and HNI clients or a broker lending from its proprietary position. The lender may also be a broker accredited as an intermediary agent to lend on behalf of its retail clients.

- Need for the owner of the security to vote.
- Concern over the borrower's creditworthiness.
- Concern over market volatility

## Who are the Parties to Securities Lending?

**Borrowers**: Market Makers, Broker-Dealer firms, Investment Banks, Hedge Funds and Intermediaries usually comprise this group.

**Lenders**: These tend to be large institutional investors such as Pension Funds, Insurance Companies, Mutual Funds, Sovereign Wealth Funds, Investment Companies, Holding companies, High Net-worth Individuals and Retail investors.

**Securities Lending Agent:** Custodians, Broker-Dealer firms and Asset Managers registered by the Securities and Exchange Commission to play this role.

## Benefits of Securities Lending

**Lenders**

- Additional income from "idle" securities within an investment portfolio.
- Improves market liquidity by increasing the volume of securities potentially available for trading.

**Borrowers**:

- Provides market-making opportunities.
- Additional income from increased trading volume.
- Improves liquidity and market depth.
- Provides covered short-selling opportunities.

**The Market and Regulators:**

- Improves market liquidity by increasing the number of potential "sell" and "buy" opportunities.
- Improves market depth and increases market efficiency through price discovery.
- Provides more competition in the market.
- Increases the attractiveness of the Market.

**Agents/Intermediaries:**

- Provides additional income.
- Increases business volume.

**Issuers**:

- Efficient pricing of securities.
- Improves liquidity by increasing the number of potential "sell" and "buy" opportunities in the market.

**About The Nigerian Exchange Limited's Securities Lending and Borrowing Report**

The Nigerian Exchange Limited's Securities Lending and Borrowing Report is prepared on a weekly basis, with data collected from the market's Securities Lending Agents.

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