ALP | NG & Co.
AFRICA LAW PRACTICE NG & COMPANY
WWW.ALP.COMPANY



THE ALP REVIEW

CAPITAL MARKETS

TABLE OF CONTENTS

SEC Launches Revamped E-Dividend Mandate Management System Portal	1
NGX Group Launches NGX Invest	1
CAC Releases Guidelines for Banks' Merger, Recapitalization and share increment in Nigeria	2
Uganda Joins African Exchanges Link	2
SEC Releases Updates on its Accelerated Regulatory Incubation Programme	3
Mahwi Grain Millers Lists Corporate Bond in Rwanda	3
Corporate bond boosts Sierra Leone Capital Market	4

SEC Launches Revamped E-Dividend Mandate Management System Portal

On 2 July 2024, the Securities and Exchange Commission (SEC) launched the revamped e-Dividend Mandate Management System (e-DMMS) Portal, designed to minimise unclaimed dividends and improve investors' experience.

The portal's self-service interface allows investors to electronically mandate their accounts for e-dividend without visiting a registrar or bank. Investors can access the portal via the SEC website or directly through the NIBSS Self Service link. Alternatively, they may contact their registrars or banks to set up electronic dividend collection.

Comment: The revamped e-DMMS Portal is a positive development for the Nigerian capital market, particularly for investors seeking convenience in claiming dividends.



It demonstrates SEC's commitment to addressing the challenge of unclaimed dividends.

Market participants, including listed companies, should seize the opportunity to encourage their shareholders to update their dividend mandates, thereby enhancing investors' engagement and reducing administrative costs.

For more information, please click here.

NGX Group Launches NGX Invest

On 12 July 2024, the Nigerian Exchange Group (NGX Group) launched NGX Invest, a pioneering digital platform aimed at transforming Public Offerings and Rights Issues within the Nigerian capital market. This innovative platform, which has received approval from the Securities and Exchange Commission (SEC), is designed to enhance efficiency, user experience, and transparency in managing primary market transactions.

NGX Invest builds on the success of Nigeria's inaugural digital public offering in 2021, which attracted over 150,000 new retail investors. The launch is well-timed, aligning with the Central Bank of Nigeria's Banking Recapitalisation directive, which has increased the volume of subscription and rights issue announcements by banks.

Comment: The platform is designed to streamline the processes of public offering subscriptions and rights issues, enhancing operational efficiency and boosting investors' confidence.

For banks navigating the CBN's recapitalisation requirements, it provides an essential tool for streamlined capital-raising efforts.

For more information, please click here.



CAC Releases Guidelines for Banks' Merger, Recapitalisation, and Share Increment in Nigeria

On 29 July 2024, the Corporate Affairs Commission, pursuant to its powers under Section 8(1)(e) of the Companies and Allied Matters (CAMA) 2020, issued new guidelines for the recapitalisation of Banks and Other Financial Institutions. These guidelines set forth the documentary and procedural requirements for new incorporations, capital increases, mergers, and changes in license authorisation.

Key Highlights:

New Incorporation: For the incorporation of a new entity, approved name reservation, sector regulatory approval, a completed online incorporation form, and payment of stamp duty and filing fees must be provided.

Increase in Share Capital: To increase share capital through private placements, rights issues, or offers for subscription, a company resolution, return of allotment, a statutory declaration, verifying full payment of issued share capital, and an amended memorandum of association must be submitted.

Merger: A merger necessitates special resolutions from each merging company, a SEC-approved Scheme of Merger, and certified court orders authorising the Extraordinary General Meetings (EGMs) and the merger scheme. Proof of publication of the court-ordered meeting in newspapers and the Federal Gazette is also required. In addition, annual returns and details regarding persons with significant control must be current.

License Authorisation: No consequential filing is required for the upgrade or downgrade of license authorisations.

Comment: The new CAC guidelines necessitate thorough documentation, strict adherence to regulatory requirements, and proactive management of legal processes. Banks should work closely with solicitors (legal professionals) to ensure compliance and smooth execution of any corporate restructuring activities.

For more information, please click here.

Uganda Joins African Exchanges Link

On 27 August 2024, the Uganda Securities Exchange (USE) officially became the tenth African securities exchange to join the African Exchanges Linkage Project (AELP). This linkage platform allows stockbrokers on participating exchanges to send orders on behalf of their clients to other exchanges for buying and selling shares.

The initiative aims to enhance cross-border investment, collaboration, and capacity building across Africa, ultimately improving liquidity in capital markets and providing wider access to capital for investors.

The project, which started with 7 stock exchanges, now includes 10 from 17 countries, with a goal of reaching 15.

Uganda's inclusion, along with its participation in the East African Community's Capital Markets Integration project, is expected to bolster regional economic growth and support the African Continental Free Trade Area.

Comment: Uganda's inclusion in the AELP marks a significant step towards fostering regional cooperation and economic growth within African capital markets. The initiative is expected to create more opportunities for investors and enhance the effectiveness of the African Continental Free Trade Area (AfCFTA).

For more information, please click here.

SEC Releases Updates on its Accelerated Regulatory Incubation Programme

On 29 August 2024, The Securities and Exchange Commission (SEC) announced that two Digital Assets Exchanges have received "Approval-in-Principle" to start operations under its Accelerated Regulatory Incubation Programme (ARIP).

In addition, five firms have been admitted to the SEC's Regulatory Incubation (RI) Programme to test their business models and technologies. The ARIP was established to onboard firms that began operations before the release of Virtual Asset Service Provider rules in May 2022. The RI Programme is designed to evaluate the business model of digital asset firms and test their technologies in a regulated environment.

This new cohort focuses on using distributed ledger technology (DLT) for creating and trading crypto assets. The SEC will conduct short-term, small-scale tests and work with participants to ensure robust consumer protections. Approval-in-Principle is a step towards full registration and ensures that appropriate protections and transparency are in place.

The current cohort includes two (2) Digital Asset Exchanges, four (4) Digital Asset Offering Platforms, and one (1) Digital Asset Custodian. Other applications are being reviewed and may receive Approval-in-Principle as they meet SEC requirements.



Comment: Only exchanges and platforms that have received official approval are permitted to conduct crypto trading in Nigeria. Therefore, it is prudent for intending investors to verify the legitimacy of investment service providers through SEC information portals and to avoid engaging with unauthorised operators.

For more information, please click here.

Mahwi Grain Millers Lists Corporate Bond in Rwanda

On 2 September 2024, Mahwi Grain Millers Plc debuted its corporate bond on the Rwanda Stock Exchange (RSE), marking a significant milestone. The initial tranche, valued at RWF 3 billion ($2.25 million) with a 5-year tenor and a 15% annual coupon, closed on 23 August 2024. The company plans to raise a total of RWF 5 billion ($3.75 million) through two tranches; the second tranche will be RWF 2 billion, with details on its tenor to be determined later.

The funds will support Mahwi Grain Millers' expansion efforts, including acquiring equipment and constructing facilities. Specifically, RWF 1 billion will be used for animal feed machinery, RWF 600 million for maize grain silos, and RWF 400 million for a new animal feed factory.



The bond issuance, following a two-year preparation involving various stakeholders, emphasizse the role of capital markets in supporting SME growth in Rwanda.

Comment: The bond listing strengthens Mahwi Grain Millers' financial position and contributes to the growth of Rwanda's capital market and agricultural sector.

For more information, please click here.

Corporate Bond Boosts Sierra Leone Capital Market

On 3 September 2024, Sierra Leone's emerging capital market marked its first corporate bond issuance as Life Above Poverty Organisation (LAPO) Sierra-Leone, a local microfinance institution, raised SLE 32 million ($1.4 million) to expand its loan portfolio. The bond, which received approval from the Central Bank of Sierra Leone in December 2023 and closed in June 2024, was primarily funded by the Africa Local Currency Bond (ALCB) Fund with SLE 27 million.

The bond issuance was supported by advisors, United Capital Group and Pennarth Greene, and by Invest Salone with a grant for hedging cost and a limited partial guarantee to local investors.

LAPO SL, serving 33,000 MSMEs with a focus on women, aims to use the funds to enhance its lending capacity to low-income households.

Comment: The successful issuance of Sierra Leone's first corporate bond by LAPO Sierra Leone marks a significant milestone for the country's capital market. This move will expand LAPO's loan portfolio, particularly benefiting MSMEs and low-income women, and highlights the growing maturity of the country's financial sector and will likely spur more corporate bond issuance in Sierra Leone.

For more information, please click here.

CONTACT US:

Lagos
15 Military Street, Onikan, Lagos

+234 201 700 2570-9

Abuja
3 Lobito Crescent, Wuse 2, Abuja

+234 209 700 2570-9

www.alp.company

alp@alp.company

ALP NG & Co

alpng.co

ALPNigeria

DISCLAIMER

All rights asserted and reserved. This publication is for general guidance only. It does not contain definitive advice.

Whilst every effort has been made to ensure accuracy, this publication is not an exhaustive analysis of the area of law or issues discussed. ALP NG & Co. cannot accept responsibility for any loss incurred by any person acting or refraining from acting as a result of the material in this publication. If you require any advice concerning individual problems or other expert assistance, we recommend that you consult a competent professional adviser.

ALP NG & Co. is an Africa-focused law firm with member law firms across Africa.