

Countries: Nigeria

Date: 27 Mar 2008

Markets: Nigeria

E-Dividend System

On 28 February 2008, the Securities and Exchange Commission (SEC) launched the electronic dividend (e-dividend) system, in coordination with the relevant entities in the financial sector.

The e-dividend system allows dividends to be automatically and directly credited into the shareholders' accounts within 24 hours of payment by the issuer. Participation is mandatory, and this system is expected to eliminate unclaimed dividends, avoid delays in the receipt of dividends, and increase transparency. Furthermore, it will serve as a faster and more secure means of generating comprehensive daily reports to track transactions and ensure auto-reconciliation process.

The Operation of the E-Dividend System

- The registrars of issuers will gather bank accounts from shareholders, and in conjunction with the Nigerian Interbank Settlement System (NIBSS), prepare a standard e-dividend payment data form to be completed by shareholders.
- The accounts will have to be verified by the banks that hold them before the registrars forward the details to NIBSS.
- NIBSS will then electronically link registrars to its server. Registrars will have to process the net tax on payment date, and forward the withholding tax to the special account of the Federal Inland Revenue Service.
- NIBSS will verify the data sent by the registrar and forward them to banks for beneficiaries to be credited within 24 hours.
- A compliance report shall be forwarded by NIBSS to the SEC within 24 hours after banks have credited the accounts.
- Unapplied funds, including those for dormant accounts, will be returned to the registrars within 24 hours.

Market Information Impact

Nigeria

This information affects the data contained in the Dividends/Income sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Nigeria

Market Rating: A-

Market Flash Impact: Positive

Impacted Risk Type: Asset Servicing Risk

Current Rating = B

Flash Impact = Positive

Participation in the e-dividend system will be mandatory for all beneficial owners. The risks involved in posting dividend cheques (e.g., theft, loss, delay) will be eliminated. The new system will ensure timely distribution and receipt of cash dividends, and will significantly reduce the Asset Servicing Risk exposure related to dividend payments.

For further information contact:

Ana Giraldo - Americas, Eastern Europe

Jim Micklethwaite - Western Europe, Africa

John Woodhouse - Asia Pacific, Middle East

Tel: (+44) 20 7830 8300 | Fax: (+44) 20 7287 1549

Email: marketflashes@thomasmurray.com

Whilst reasonable care has been taken in the compilation of this information, neither Thomas Murray, its affiliates or information contributors shall have any liability for any errors, omissions, delays or inadequacies in the information or for any loss or damage however occasioned (whether arising directly or indirectly), to any person or company relying on this information, or any decision made, action or inaction taken by any party in reliance upon this information (except to the extent permitted by law).

© Thomas Murray Ltd. 2008

