



**CIRCULAR**

NSE/LARD/LRD/CIR5/16/03/29

29 March 2016

**TRANSITIONAL CONCESSIONS AGREED BETWEEN THE NIGERIAN STOCK EXCHANGE AND THE FINANCIAL REPORTING COUNCIL OF NIGERIA (FRC) REGARDING RULES 1 AND 2 OF THE FRC'S RULES**

We wish to draw the attention of all Entities to the rules of the Financial Reporting Council of Nigeria (FRC), some of which were made public by the FRC on 15 March 2015 (FRC Rules). Please be advised that these rules are largely matters already covered by the FRC Act, 2011. You may visit <http://financialreportingcouncil.gov.ng/> for the provisions of the FRC Rules. For your ease of reference a copy of the FRC Rules is also attached.

This Circular specifically discusses the transitional concessions agreed between The Nigerian Stock Exchange (The Exchange) and the FRC with regard to Rules 1 and 2 of the FRC Rules.

**I. Concessions Relating to Rule 1 of the FRC Rules**

Rule 1 (**Financial Reporting Council's Certification Requirement for Chief Executive Officers (CEO) and Chief Financial Officers (CFO)**) requires that persons holding the positions of CEO and CFO (the most senior person in the finance function) of an Entity are required to certify, in accordance with Section 7(2g) of the FRC Act, 2011, the annual report, financial statements, accounts, financial report, returns and other documents of a financial nature, indicating their FRC registration numbers (FRCN).

For Entities with a 31 December year end who are required to file their audited accounts with The Exchange on or before 31 March 2016, the following concessionary arrangements have been agreed between the FRC and The Exchange regarding FRC Rule 1:

- A. In the case of a CEO who is yet to obtain an FRCN, certification shall in the stead of such CEO be by two other directors of the Entity, indicating their FRCNs.
- B. From 29 March through to 31 March 2016, the FRC shall open a window to process requests for waivers of the provisions of Rule 1 for special cases which will be decided on their individual merit.
- C. The Exchange will only accept for filing audited accounts for Entities with a 31 December year end which: (i) comply with the provisions of FRC, Rule 1; (ii) comply with the concession expressed in paragraph IA of this Circular above; or (iii) are accompanied by a duly issued waiver letter from the FRC, which exempts the CEO certifying the financial statement from compliance with FRC Rule 1.
- D. This concession is effective until 30 April 2016.

The foregoing concessionary arrangements shall apply **only** to Entities (which in the case of a holding company shall include its subsidiaries):



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- (i) With a 31 December year end; and
- (ii) Which are **not** currently in court with the FRC and/or having any of its director(s) currently holding FRCN numbers that have been suspended by the FRC.

All Entities other than those with a 31 December year end are expected to comply with the provisions of FRC Rule 1 without reference to any concessionary arrangements.

## II. Concessions Relating to Rule 2 of the FRC Rules

Rule 2 (**Financial Reporting Council's Certification Requirement for Professionals Engaged in Financial Reporting Process: External Auditors, Officers of Reporting Entities and Other Professionals Providing Assurance to Reporting Entities**) requires under Section C that any person attesting, as "Chairman of Audit Committee, to annual report, financial statements, accounts, financial report, returns and other documents of a financial nature, shall be a professional member of an accounting body established by Act of the National Assembly in Nigeria."

For **all** Entities listed on The Exchange, the following concessionary arrangement has been agreed between the FRC and The Exchange regarding FRC Rule 2:

- A. The current Chairman of the Audit Committee shall be permitted to attest to the annual report, financial statements, accounts, financial report, returns and other documents of a financial nature regardless of whether he is a professional member of an accounting body established by Act of National Assembly in Nigeria or not for the current financial year only.

The foregoing concessionary arrangement shall apply **only** to Entities (which in the case of a holding company shall include its subsidiaries):

- (i) Which are **not** currently in court with the FRC and/or having any of its director(s) currently holding FRCN numbers that have been suspended by the FRC.

Every subsequent annual report, financial statements, accounts, financial report, returns and other documents of a financial nature of the Audit Committee shall be attested to by a Chairman who is a professional member of an accounting body established by Act of National Assembly in Nigeria in compliance with FRC Rule 2.

Please be reminded that The Exchange has a Zero Tolerance Policy regarding violations of its Rules and Regulations, including non-compliance with relevant laws and regulations, as applicable in Nigeria, including those of the FRC.



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Please be guided accordingly. Should you have any questions regarding this Circular or require any clarification or guidance, please do not hesitate to contact the Listings Regulation Department of The Exchange at [lrđ@nse.com.ng](mailto:lrđ@nse.com.ng).

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