

The ALP Review

CAPITAL MARKETS

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SEC and NECA Collaborate (1) to Boost Capital Market Participation

On 25 January 2024, the Securities and Exchange Commission (SEC) and the Nigeria Employers' Consultative Association (NECA) announced their collaboration to encourage businesses to utilise the capital market for funding needed to expand their operations. NECA, representing various business organisations and employers across Nigeria, and SEC, the regulatory authority for the capital market, seek to work together to address the sluggish approach of businesses towards the capital market, especially in terms of Initial Public Offers (IPOs). The collaboration aims to bridge the gap between the private sector and regulatory bodies.

For more information, please click [here](#)

SEC Directs Separate (2) Filing of Internal Control over Financial Reporting for Public Companies

In a communication dated 19 February 2024, the Securities and Exchange Commission (SEC) addressed public companies regarding compliance with Sections 60 to 63 of the Investments and Securities Act 2007 concerning Internal Control over Financial Reporting (ICFR).

Following a previous circular dated 8 November 2021, the SEC notifies reporting entities that Directors' and External Auditors' reports on ICFR for the 2023 Financial Year should be filed separately with the Commission, along with the annual reports and accounts, for compliance review. Subsequent ICFR reports are to be included in the annual reports and accounts of reporting companies.

This directive takes into account potential challenges associated with the initial adoption of the SEC's guidance on the implementation of Sections 60 to 63 of the Investments and Securities Act 2007.

Public companies are advised to adhere to this directive accordingly.

Comment

Pursuant to this directive, reporting entities can now file the 2023 ICFR report separately with the SEC.

For more information, please click [here](#)

SEC Mandates Mandatory (3) Audit Firm Rotation in Public Companies (Joint Audit)

The Securities and Exchange Commission (SEC) has mandated audit firm rotation for public companies, in accordance with the Nigerian Code of Corporate Governance (NCCG) 2018 and the Audit Regulation 2020 issued by the Financial Reporting Council of Nigeria (FRCN). While the NCCG stipulates a 10-year rotation period for auditors in public companies, it does not address rotation period for audit firms in Joint Audit Arrangements.

Consequently, the FRCN's Audit Regulation 2020 introduces a maximum rotation period of fifteen (15) years for Joint Auditors.

Thus, the SEC, by this notice, requires all public companies and Capital Market Operators to adhere to the provisions outlined in section 9.3 of the Audit Regulation 2020 issued by the FRCN. This is to ensure consistency in the application of regulations in the Nigerian Capital Market, thus fostering transparency and accountability in the audit process. Companies are therefore expected to implement necessary measures to comply with the prescribed rotation periods for audit firms, thus contributing to the overall integrity and reliability of financial reporting within the market.

Comment

By this notice, public companies are now mandated to comply with the 10-year rotation period for auditors and the 15-year rotation period for joint auditors.

For more information, please click [here](#)

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Ivory Coast Raises \$2.6 (4) Billion in Successful Eurobond Issuance

Ivory Coast recently returned to the international Eurobonds market with a successful issuance, raising \$2.6 billion through two bonds with maturities of nine (9) and thirteen (13) years. The issuance attracted interest from over 400 investors, generating an order book exceeding \$8 billion, the highest ever recorded by a sovereign in West Africa. According to a statement made by the budget and finance ministry, both new bonds carry respective interest rates of 6.30% and 6.85% upon execution. The funds raised will primarily be used to repurchase and refinance the country's existing Eurobonds and international bank loans.

Comment

Ivory Coast's successful Eurobond issuance demonstrates investors' confidence in the country's economic prospects despite challenges posed by the COVID-19 pandemic and global economic conditions. However, stakeholders should monitor the country's debt management strategy to ensure sustainable financial stability amidst evolving market dynamics and potential currency risks associated with foreign currency debt.

For more information, please click [here](#)

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