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NATIONAL INSURANCE COMMISSION

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NAICOM/SUP/CIRCULAR/13/09

18th September, 2013

The Managing Director of Listed Insurance Companies

Dear Sir/Madam,

SHARING OF BROKERAGE INCOME WITH THE DEALING MEMBER FIRMS OF THE NIGERIAN STOCK EXCHANGE

The above subject matter refers.

Our attention has been drawn by The Nigerian Stock Exchange to a practice by some Insurance Companies that insist on sharing brokerage income with the dealing member firms of The Nigerian Stock Exchange before consummating investment transactions brought to them by the member firms.

You are in the circumstance reminded that the said action contravenes Articles 8 and 42 of The Rules and Regulations Governing Dealing Member firms of The Nigerian Stock Exchange which states respectively;

1. "With respect to activities on The Exchange, no Dealing member shall without special consent of the Council, and subject to such conditions as the Council may impose, enter into partnership or any agency or profit sharing agreement or any association of which the Council may not approve, with any person, firm or Limited Liability Company who or which is not a member of the exchange"; (Art.8)
2. " A Dealing Member may share its commission only with the Member of an officially recognized Stock Exchange" (Art.42)

The Nigerian Stock Exchange is deeply concerned with this contravention of its Rules and Regulations particularly as it affected the welfare of its Dealing Member firms and the deepening of activities in the Nigerian Capital Market.

Consequently, you are required to desist from such practice as appropriate sanction shall be meted out to any company that contravenes the rules and regulations.

H.O. Opara

Director (Supervision)

For: Commissioner for Insurance