

## Nigeria

Aina Blankson

# Premium listing improves governance

**T**he Nigerian Stock Exchange (NSE) recently introduced its apex listing platform, the Premium Board. It seeks to promote increased standards of corporate governance in Nigerian listed companies and broaden the investor and issuer base. With its introduction, the NSE joins a growing list of global exchanges like Bovespa, Frankfurt Stock Exchange, Milan Stock Exchange and The London Stock Exchange, who reserve a premium listing for companies that meet higher standards of regulation and corporate governance.

The premium board will feature companies that meet the NSE's most stringent listing criteria of capitalisation, governance and liquidity, as set out in the Rules for Listing on the Premium Board.

These include:  
market capitalisation

equal to or in excess of N200 billion (\$1 billion); a minimum free-float requirement of 20% of issued share capital, which value must be equal to or above N40 billion; and a minimum score or rating of 70% under the newly launched NSE's Corporate Governance Rating System (CGRS).

The CGRS is founded on a holistic multi-stakeholder approach and uses a diverse information collection and verification system which relies not only on self-assessments of listed companies, but also on the experiences of its stakeholders and governance experts. It is designed to rate companies listed on the NSE based on the quality of their business ethics and anti-corruption culture; internal and external audit and control; corporate compliance; shareholder and stakeholder rights; board structure and responsibilities, and transparency and disclosure. The new CGRS complements the pre-existing Securities and Exchange Commission's Code of Corporate Governance for Public Companies (2011) anchored on the principles of leadership, effectiveness,

accountability, remuneration and relations with shareholders and therefore effectively bolsters exceptional standards of investor protection. Consequently, a notable improvement in the overall perception of Nigeria's capital markets and general business practices is anticipated.

For companies seeking increased visibility, enhanced corporate governance reputation, and broader access to capital, a premium board listing will be attractive. Arguably, a sustained growth in the number of companies on the premium board would unlock liquidity from domestic and international investors that have shied away from the stock market due to concerns around its depth, liquidity or corporate governance. Further, companies listed on the premium board also stand to attract interest from ethically sensitive investors.

*Bisola Olusoga*

### Contacts

5/7 Ademola Street

S.W. Ikoyi, Lagos

T: +234(1)8980882-3 271 0566

F: +234 1 271 0566

E: [o.adenusi@ainabblankson.com](mailto:o.adenusi@ainabblankson.com)

W: [www.ainabblankson.com](http://www.ainabblankson.com)



Bisola Olusoga