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RULES RELATING TO THE COMPLAINTS MANAGEMENT FRAMEWORK OF THE NIGERIAN CAPITAL MARKET

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Definitions

'**Competent Authority**' in relation to these rules means Self-Regulatory Organizations (SROs) and recognized Capital Market trade associations.

"**CMO**" means Capital market Operators as defined in the ISA.

"**SEC**" means Securities and Exchange Commission

"**SROs**" means Self-Regulatory Organizations as defined in the ISA.

"**APC**" means Administrative Proceedings Committee

Complaints Management Framework

1. The Complaints Management Framework of the Nigeria Capital Market shall address complaints arising out of issues that are covered under the Investments and Securities Act, 2007 (ISA), the Rules and Regulations made pursuant to the ISA, the rules and regulations of Securities Exchanges and guidelines of recognized trade associations.

2. The SEC, Self-Regulatory Organizations (SROs), recognized Capital Market trade groups and Capital Market Operators (CMOs) and listed public companies shall establish fair, impartial and objective complaints management policies for the handling of:

- (a) complaints against operators by clients.
- (b) complaints between operators.
- (c) complaints against regulators and SROs.
- (d) complaints against operators by SROs and Regulator and
- (e) Trade manipulation, accounting frauds, Ponzi schemes and such other complaints as may be determined by the SEC from time to time.

3. Complaints to be addressed by Competent Authorities shall contain all material facts with supporting documents. It shall also contain the following:

- (a) name
- (b) full address
- (c) GSM number
- (d) e-mail address
- (e) signature of the complainant; and
- (f) date.

4. The under listed complaints shall not be handled under the Complaint Management Framework of the Nigerian Capital Market:-

- (a) Complaints against private wound up and liquidated companies.
- (b) Complaints on matters that are sub-judice or in arbitration.
- (c) Complaints falling outside the purview of the Securities and Exchange Commission.

5. Complaints lodged with Capital Market Operators and listed Public Companies

1. (a) All Capital Market Operators and listed Public Companies shall be required to establish a clearly defined Complaints Management policy to handle and resolve complaints from their clients. The framework shall deal with complaints against operators by clients or other operators, shareholders/public companies and investors.

(b) The policy should be defined and endorsed by the company's/firm's senior management, who should also be responsible for its implementation and for monitoring compliance.

2. Competent authorities shall ensure that:-

(a.) Companies/firms have a complaints management function which enables complaints to be investigated fairly and possible conflicts of interest to be identified and mitigated.

(b) The Complaints Management Policies shall be made available to shareholders of companies at their general meeting. Firms shall issue Complaint Management Policies to their clients during their account opening process.

(c) Companies/firms shall post their Complaint Management Policies on their website.

(d) Companies/Firms shall register complaints in accordance with these rules and regulations and in an appropriate manner.

(e) Companies/firms shall provide information on complaints and complaints-handling to the relevant Competent Authority on a quarterly basis. This data should cover the number and nature of complaints received and should be differentiated according to their various criteria.

3. CMOs and public companies shall acknowledge receipt of complaints received by email within two (2) working days. Where complaints are received by post the CMO and public companies shall respond in writing within five (5) working days of the receipt of the complaint. Copies of the complaint and the acknowledgement letter shall be forwarded to the relevant Competent Authority.

4. All complaints shall be resolved by the public companies/capital market operators within ten (10) working days from the date the complaint was received. The Competent Authority shall be notified of the resolution of the complaint within two (2) working days.

5. Where the complaint is not resolved within the given timeframe, the complainant or CMO shall refer the complaint to the relevant Competent Authority within two (2) working days. The letter of referral shall be accompanied by a summary of proceedings of events leading to the referral and copies of relevant supporting documents.

6. Where there is no relevant Competent Authority, the complaint shall be referred to the SEC within two (2) working days. The letter of referral shall be accompanied by a summary of proceedings of events leading to the referral and copies of relevant supporting documents.

6. Complaints lodged at first Instance with the relevant Competent Authority

1. Only complaints between operators and complaints against the relevant Competent Authority may be lodged at first instance, with the relevant Competent Authority respectively.
2. All complaints lodged at first instance with the relevant Competent Authority shall be resolved within twenty (20) working days.
3. For all complaints that are not resolved thereafter, the outcome shall be referred to SEC within five (5) working days.

7. Complaints Referred to the relevant Competent Authority

- 1.) Complaints referred by capital market operators to relevant Competent Authorities shall be resolved within twenty (20) working days of receipt of the complaint.
- 2.) The letter of referral shall be accompanied by a summary of proceedings of events leading to the referral and copies of relevant supporting documents, within two (2) working days.
- 3.) Failure to forward a summary of proceeding within the specified timeframe shall attract a sanction in line with the rules and regulations of the Commission.
- 4.) Where the complainant is not satisfied with the decision of the relevant Competent Authority, the matter shall be referred by the complainant to the SEC within two working days.

8. Complaints Lodged at first Instance with the SEC

- 1.) The following complaints may be lodged at first instance with the SEC:-
 - (a) Complaints against operators by SROs/Regulator.
 - (b) Trade manipulation, accounting frauds, Ponzi schemes and such other complaints as may be determined by the SEC from time to time.
- 2.) In the case of (a) the SEC shall acknowledge receipt of complaints received from complainants by email, within five (5) working days.
- 3.) In the case of (b), once a complaint is lodged at the SEC, the SEC shall;
 - (i) Assess the complaint and decide whether the subject matter falls under the purview of SEC or whether it needs to be referred to another entity. The SEC shall assess the complaint within ten (10) working days.
 - (ii) After the assessment and where the SEC has ascertained that a complaint is within its purview, it shall launch an investigation to verify the assertions made in the complaint.
 - (iii) investigation shall be concluded within thirty (30) working days or for an extended time as the SEC deems fit.
- 4.) Where it is determined by investigation that there is a prima facie case to be answered, the matter may be referred to the APC of the SEC or where it is determined that a crime has been committed the matter shall be referred to the appropriate criminal agency for prosecution.

9. Complaints Referred to the SEC from relevant Competent Authorities

In cases where complaints are referred to the SEC from relevant Competent Authorities, the SEC shall:-

- 1.) Review the complaint and decide whether the subject matter falls under the purview of SEC or whether it needs to be referred to another entity. The SEC shall review the complaint within five (5) working days.
- 2.) Where SEC determines that it falls within its purview, it shall resolve the complaint within twenty (20) working days or for an extended time as the SEC deems fit.
- 3.) Complainants not satisfied with resolutions /decisions reached by SEC reserve the right to proceed to the Investments and Securities Tribunal (IST).

10. Register of Complaints:-

a. Every Self-Regulatory Organizations (SROs), recognized Trade Associations, Capital Market Operator (CMO) and public company shall maintain an electronic Complaints Register.

b. The Complaints Register shall contain the following details:

- i. Name of the complainant
- ii. Date of the complaint
- iii. Nature of complaint
- iv. Complaints details in brief
- v. Remarks/comments

c. The Complaints Register shall be up dated monthly.

d. Status reports of complaints filed with the entities shall be forwarded to the SEC quarterly.

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CONTACT US

SEC TOWERS,
Plot 272, Samuel Adesujo
Ademulegun Street, Central
Business District
P.M.B:315, Garki, Abuja
+234 (0) 94621100; +234
(0) 94621168

Email: sec@sec.gov.ng

SEC MAIL

