



Proposed New Rules for Public Offering of Securities by a Free Trade Zone Entity.

1. Scope/Applicability:

- a) This Rule shall apply to the offering and issuance of shares of a free trade zone entity (FTZE).
- b) These rules are not applicable to companies or businesses operating outside a free trade zone, though licensed by any of the Free Trade Zone Authorities.
- c) No shares of an FTZE may be issued or offered to the public, without the approval of the Commission in accordance with the provisions of this Rule.

2. Definitions:

- a) For the purpose of these rules the term:

“Free Trade Zone Authorities”- means Nigeria Export Processing Zone Authority, Oil and Gas Free Zone Authority or other free zone licensing authorities as may be established under enabling laws;

“Free Trade Zone Entity” – means a free zone enterprise, established in a free trade zone and licensed by a Free Zone Authority

“Free Trade Zone” – means a special or designated commercial and industrial area, established in any of the states in Nigeria, and includes economic, industrial, export processing and other free zones;

“Independent Activity” - means the core business activity of the entity that generates a major portion of its income

- b) All other words and expressions not defined herein shall have the meanings given to them in the ISA 2025 and the Commission’s Rules and Regulation

3. Eligibility:

An FTZE seeking to offer or issue its shares under this Rules shall:

- i. Be duly licensed by a free zone authority established under an enabling law.
- ii. Have at least three (3) years track record of operation immediately preceding the offering application, during which time the entity or its subsidiary has been engaged in an independent activity for at least 2 years in a free trade zone
- iii. Have a senior management that has sufficient competencies and experiences related to its activities;
- iv. Have a minimum paid up share capital of not less than ₦7.5 billion



4. Conditions for Securities Issuance

An FTZE may issue its securities under this Rule provided that:

- i. The entity shall become subject to relevant tax laws and regulations in Nigeria;
- ii. The FTZE shall comply with the continuous reporting requirements and other applicable rules and regulations of the Commission.

5. Registration Requirements for shares offered by FTZEs:

The issuer shall file an application for registration which, in addition to the Commission's minimum disclosure requirements for public offers, shall include:

- a) Evidence of registration or license issued by a free trade zone authority;
- b) Memorandum and articles of association, constitution or other guiding document certified or verified by the free trade zone authority;
- c) Statement of the issuer's minimum paid up capital, the holders thereof and their respective holdings, certified or verified by the Free trade zone authority or other authorized custodian of the register of shareholders;
- d) Information on the current composition of the issuer's board of directors, certified or verified by the free trade zone authority;
- e) A "No Objection" letter for the offering and listing of the issuer's shares, issued by its free trade zone authority;
- f) A mandatory disclosure to list the shares to be offered on a registered securities exchange;

Justification

This rule, which is being proposed pursuant to s. 95(1)(f) of the ISA 2025, is to provide eligibility requirements and conditions for free trade zone entities seeking to conduct public offering of securities in the capital market.

