

Thought Leadership | Adefunke Mukoro

Developments: Finance Acts 2020 and the Tax Treatment of Regulated Securities Lending Transactions in Nigeria

Introduction

In November 2018, the Nigerian Exchange Group Plc (NGX)¹ published its *Interpretative Guidance to Securities Lending Guidelines (IGSLG)*² which became effective from 7th January 2019. The Exchange sought to include retail investors in the securities lending (SL) programme in order to enable their participation, widen the pool of securities available for lending and ultimately enhance the capital market subsector.³



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In January and December 2020, Nigeria enacted two *Finance Acts (FA1 2020 and FA2 2020)*⁴ respectively, which amended virtually all substantive Nigerian tax legislation, and *inter alia*, introduced provisions impacting the tax treatment of regulated securities lending transactions (RSLT)⁵. Essentially, they are now exempted from tax, seemingly as part of the regulatory goal to encourage SL transactions.

This article attempts to give some insight into SL, and considers whether the tax incentives on their own are sufficient to boost retail and institutional investor-participation in the SL market by widening the SL pool or are far from realising this purpose, and whether the exemptions amount to robbing the government's repository to retain funds in the hands of financially endowed retail and institutional investors.

A. Backgrounds: Understanding Securities Lending Section 315 Investments and Securities Act⁶ (ISA) defines SL as:

“The temporary exchange of securities, generally for cash or other securities of at least an equivalent value, with an obligation to redeliver a like quantity of the same securities on a future date and includes securities loan, repurchase agreement (Repos) and self-buy back agreements.” It has also been defined as “the practice of loaning shares of stock, commodities, derivative contracts or other securities to other investors or firms. Securities lending requires the borrower to put up collateral, whether cash, other securities, or a letter of credit.”⁷

According to another commentator, it is the financial intermediation (FI) function that enables the deployment of fallow (excess)

¹Prior to 13th April 2021, the NGX was known as the Nigeria Stock Exchange ((NSE) or the Exchange).

²Ref. NSE/REG/R&I/IG7/SL-GMSLA2/03/20: <https://ngxgroup.com/ngx-download/nse-interpretative-guidance-on-securities-lending/?wpdmdl=26494&refresh=60f81c2173bea1626872865> (last accessed 21.07.2021).

³One principal vision of the NGX mandated the inclusion of retail investors in the SL program. See SL Report for June 4, 2021, NGX Exchange: <https://ngxgroup.com/ngx-download/ngx-securities-lending-report-june-4-2021/?wpdmdl=30322&refresh=60c0cf29c7e2f1623248681> (accessed 09.06.2021).

⁴FA1 2020 was signed on 13th January 2020, whilst FA2 was signed on 31st December 2020. This author submits that the former was erroneously self-styled as *Finance Act 2019*.

⁵Defined by section 105 CITA as amended by section 22 FA1 2020, to mean, “any securities lending transaction conducted pursuant to rules made by the Securities and Exchange Commission”.

⁶Cap. 124, *Laws of the Federation of Nigeria (LFN) 2004*.

⁷Investopedia, <https://www.investopedia.com/terms/s/securitieslending.asp> (accessed 24.07.2021).

assets to asset-lacking parties, thereby creating beneficial opportunities to both parties.⁸ SL is also a catalyst for more sophisticated capital market transactions such as hedging, short selling, arbitrage and so on, to ultimately facilitate price discovery and thus, yield market liquidity.

In an SL transaction, despite temporarily giving up legal ownership, the lender retains the attached economic benefit of corporate actions, such as stock splits, dividends or manufactured dividends,⁹ which are passed through the securities borrower to the lender.¹⁰ In practice, SL transactions are typically structured in one of three ways, as: securities loan transactions; repurchase agreements; or sell-buyback arrangements.¹¹

Incidentally, Africa is still within the peripherals in the SL global space and represents only a minute fraction of global SL aggregates.¹² A market specialist reported in 2019 that: “... given all its benefits, many regions in the world are yet to embrace the potential of securities lending. Except for South Africa, the rest of Africa is yet to catch-up in the securities lending world...”¹³ SL was introduced into the Nigerian market in 2012,¹⁴ after the Nigerian market rebounded from the 2008 global crisis.

B. Pre FA Tax Treatment of RSLTs and Required Reforms

Prior to the enactment of **FA1 2020**, the **SEC Guidelines** provided a detailed expository on SL for the Nigerian market and referenced the role of taxes in these transactions.¹⁵ However,



the **pre-FAs 2020** tax treatment of RSLTs was not explicitly provided for in the tax laws, creating some clarity vacuum. According to a commentator: “...security lending transactions were taxed based on their legal form rather than their economic substance which opened them up to the risk of multiple taxation.”¹⁶

Twisting the knife, deals relating to their class of assets appear to have been few and far between, going by the lack of information and accessible data. This may be the explanation for the above referenced writer’s view.

Capital Gains Tax (CGT)

The ‘transfer of shares’ portion of the RSLT could qualify as a disposal (possibly for each transfer either way) under **section 6 Capital Gains Tax Act**¹⁷ (**CGTA**), but was specifically excluded from being chargeable to tax by **section 30 CGTA**

(having similar treatment as would any other transfer of shares or/and stocks under the **CGTA** at the time).¹⁸ The exclusion, gave a way of escape from pertinent questions which would have arisen (such questions as, when should securities lending not be treated as disposal of assets?).

Companies Income Tax (CIT)

Under the income leg of the RSLTs, several channels are involved, viz: the security lending agent (SLA)'s fees, interests on cash collateral, reimbursements from borrower to lender and *vice versa*, dividends received etc. Different scenarios could arise, depending on whether the transactions are individual to individual, company to company (resident and non-resident companies inclusive), individuals and companies.

Unavailable explicit provisions on SL meant applying a case by case perspective, to determine categorisation and interpretation. This subjectivity bore the potentials of creating ambiguities or multiple application (where different provisions of the law could apply), particularly, between the tax payer and the tax authority. The resultant quandary may be better appreciated with examples.

Dividend: Dividend income is subject to withholding tax (WHT) at 10%. The position of dividend ownership in an RSLT pre-FA should not be contentious between the parties where they have exercised due diligence (following the **SEC Guidelines** for properly structured and delineated roles of the borrower and the lender). According to the **SEC**

⁸James Chen, ‘Financial Intermediary’, 09.23.2020: <https://www.investopedia.com/terms/f/financialintermediary.asp>.

⁹The payments are referred to as manufactured dividends in some jurisdictions. “The borrower temporarily collects such dividends because of transient ownership of shares. By nature, agreements take place between lenders & borrowers to submit lenders their due incomes in form of dividends as lenders face loss of income when their ownership has been retained by borrowers. Such a dividend is known as manufactured dividend”. See <https://blog.fintelligents.com/what-is-a-manufactured-dividend/> (last accessed 22.08.2021).

¹⁰https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr740.pdf (accessed 15.03.2021).

¹¹This correlates with the definition of SL in **section 315 ISA**.

¹²According to the International Securities Lending Association (ISLA), as at May 2021, Global Lendable Assets (GLA) stood at €26 trillion; whilst the Global Securities Lending Aggregate (GSLA), representing the total value of securities on-loan globally across all asset classes, was €2.6 trillion (10% of GLA).

¹³Ronke Ayegbajeje, ‘A Drive to Maximise Potential’, *Securities Lending Times* Issue 236, 17.09. 2019, p. 26: http://www.securitieslendingtimes.com/sitimes/SLT_issue_236.pdf (accessed 24.07.2021).

¹⁴See *Securities Finance Times*, 24.11.2020: https://www.securitiesfinancetimes.com/countryfocus/country.php?country_id=168&navigationaction=countryprofiles&page=1&newssection=countryprofiles (last accessed 18.08.2021) where the writer said, “The NSE first launched its triparty securities lending market model in 2012, ... Since then, the exchange has made amendments to the guidelines to provide clarity and to ensure that the use of the Global Master Securities Lending Agreement (GMSLA) conforms to the SEC’s regulation.”

¹⁵See **Paragraph 2.5.3. SL Guidelines**: “Such participants should also inform the client that there could be tax consequences from entering into securities borrowing and lending transactions, in particular with regards to dividends.” See also 2.2. “...Participants should ensure that they have established and fully understood their tax position in relation to securities lending transactions. Such transactions should be carried out in accordance with the relevant market and tax regulations.”

¹⁶Onyinye Ukegbu, ‘Nigeria Securities Lending set for Boost in Opportunity for Lawyers’, *Business Day* 27.02. 2020: <https://businessday.ng/news/legal-business/article/nigeria-securities-lending-set-for-boost-in-opportunity-for-lawyers/> (accessed 11.05.2021).

¹⁷**Cap. C1, LFN 2004. See section 6(1) CGTA** “Subject to any exceptions provided by this Act there is, for the purposes of this Act, a disposal of assets by a person where any capital sum is derived from a sale, lease, transfer, an assignment, a compulsory acquisition or any other disposition of assets, notwithstanding that no asset is acquired by the person paying the capital sum, and in particular...”

¹⁸For a detailed discussion, see Afolabi Elebiju, ‘Are Stocks and Shares Really Exempt from Capital Gains Tax?’, ‘Taxspectives’, *ThisDay Lawyer*, 21.02.2012, p.7: <https://lelawlegal.com/add111pdfs/Shares-and-Stocks-Exemption-from-CGT1.pdf> (last accessed 17.08.2021).

Guidelines, the title transfer is absolute and therefore any dividends paid during the lending period is owned by the borrower. In that case, the dividend is subjected to tax in the hand of the borrower.¹⁹

It would seem that without any legal backing any reimbursements to the lender for the dividend cannot be attributed as dividend but would be income in the lender's hands (and where the lender is a company, chargeable to tax at company's tax rate of 30% as opposed to a deducted WHT of 10% being franked investment income) and expense in the borrower's hands.

Stamp Duties (SD)

The transfer of both marketable securities and stocks are chargeable to stamp duties under the **Stamp Duties Act (SDA)**.²⁰ The nature of a SL transaction necessitates series of several documentation, making the transaction potentially fraught with multiple stamp duties. Firstly, the contractual agreement (is required, as provided in Rules 25.4 (a) &(b) of The Rulebook of the Nigerian Stock Exchange to follow the form of a Securities Lending Legal Agreement ((SLLA), which mirrors the GMSLA) between the borrower and the lender, then the transfer documents including contract notes (contract notes are chargeable for duties under the **Schedule to SDA**). Likewise, is the documentation for the collateral (cash or otherwise).²¹ On the contrary

though, **section 95 SDA** makes provisions for scenarios where several instruments are executed for effecting the settlement of the same property.²²

C. RSLT-Related provisions of FA1 2020 as tax incentives for the SL sector

As a general rule under **section 9(1)(c) Companies Income Tax Act (CITA)**,²³ tax is payable upon profits including from interest, dividends and interests. Introducing **section 9(d)(i) CITA**²⁴ via **FA1 2020**²⁵ the legislature sought to broaden the scope by extending the meaning of interests to include borrower-received compensating payments (CPs) in a RSLT. However, this is conditional upon the CPs resulting from lender-received interests emanating from the collaterals held as security by the lender or the approved SLA. The legislature sought to rank CPs pari passu with interests under **section 9(1)(c)** i.e. deeming CPs in the RSLT borrowers' hands as profits.

In respect of dividends, **section 9(1)(d)(ii)CITA**²⁶ introduced by **section 2 FA1 2020** included under the head of dividends, lender-received CPs in a RSLT provided the CPs ensued from borrower-received dividends emanating from the loaned securities. The rationale behind this is that the CPs, besides the actual lending fees, were essentially made up of dividends and interests as the case may be.

In addition, **section 9(1)(h)** brings under the charging ambit of **CITA**, profits from SL other than CPs to the lender or

borrower. In its circular on RSLT,²⁷ the FIRS listed as profits other than CPs, the following: rights, bonuses, profits or fees and any other benefits accruing to the Borrower or Lender. It would seem however that rights and bonuses should be accorded the same treatment as CPs which qualify as dividends.

In essence, although qualifying CPs had been deemed as interests and dividends as applicable under the charging section of **CITA**, they are exempted from tax under the following circumstances in RSLTs:

1. CGT: Transfers and subsequent return of shares under RSLTs are declared as not equating to share disposals and are specifically excluded such that profits and gains which may accrue in such RSLTs will not be subject to tax under the new **section 2(4) CGTA**.²⁸
2. CIT: Treatment of the related income streams including lending fees, dividend payments, CPs, interest on collateral are discussed further below:
 - a. RSLTs are also addressed under the profits exempted section,²⁹ and understandably so, CPs qualifying as dividends are exempted, being franked investment and following the same treatment as customary dividends.³⁰ The second part of

¹⁹See **Paragraph 9.8.1. SL Guidelines (as amended)**: "Securities Lending involves the absolute transfer of title of both the securities lent and the collateral taken and any voting rights are transferred along with title. Securities must, therefore, be recalled by the lender, or collateral substituted by the borrower, if they wish to exercise the voting rights attached to particular securities. It is the interest of both parties to a securities lending relationship to understand each other's attitudes to voting from the outset."

²⁰**Cap. S8, LFN 2004. Per section 2 SDA**: "'Marketable security' includes a security of such a description as to be capable of being sold in any stock market"; and "'Stock' includes any share in any stocks transferable at the Central Bank of Nigeria, promissory notes, and any share in the stocks or funds of any foreign State or Government, or in the capital stock or funded debt of any local authority, corporation, company or society in Nigeria or of any foreign corporation, company, or society". See also the **Schedule SDA** and **sections 77-79 and 97 SDA**.

²¹See Technical Committee, IOSCO (*supra*), p. 38, where the global analysts report states that, "Tax constraints on securities lending markets were particularly severe in the early years of the operation of many markets. In particular, where a loan was characterised for tax purposes as two outright purchases..., many jurisdictions applied stamp duty on both legs of the transaction, effectively stymieing the market".

²²In which case, "where the ad valorem duty chargeable in respect of the settlement of the property exceeds one naira, only one of the instruments shall be charged with the ad valorem duty."

²³**Cap. C21, LFN 2004.**

²⁴**Section 9(1)(d)CITA**, "for the purposes of this Act- (i) interest includes compensating payments received by a borrower from its approved agent or a lender in a Regulated Securities Lending Transaction provided that the underlying transaction giving rise to the compensating payment is a receipt of interest by a lender on the collateral it received from its approved agent or a borrower in a Regulated Securities Exchange Transaction".

²⁵See **section 2(a)(ii) FA1 2020.**

²⁶It provides: "for the purposes of this Act- (ii) dividend includes compensating payments received by a lender from its approved agent or borrower in a Regulated Securities Lending Transaction if the underlying transaction giving rise to the compensating payment is a receipt of dividends by a borrower on any shares or securities received from its approved agent or a lender in a Regulated Securities Lending Transaction".

²⁷**Information Circular No. 2020/03 of 29.04.2020: 'Circular on Tax Implications of the Operation of Regulated Securities Lending Transaction ('Sec Lending') in Nigeria.'**

²⁸It provides: "subject to the provision of section 31 of this Act, every person having disposed a chargeable asset shall, not later than 30 June and 31 December of that year, compute the capital gains tax, file self-assessment return, and pay the tax computed in respect of the chargeable assets disposed in the periods."

²⁹See **section 23(1) CITA.**

³⁰**Section 23(1)(t) CITA**, "the compensating payments, which qualify as dividends under **section 9(1)(c) [sic, 9(1)(d)]** of this Act, received by a lender from its approved agent or a borrower in a Regulated Securities Lending Transaction, such payments are deemed to be franked investment income and shall not be subjected to further tax in the hands of the Lender."

the exclusion meted out to RSLT in **section 23 CITA** is with respects to CPs qualifying as either dividends or interests, received by SLAs on behalf of either the borrower or the lender. The operative phrase here is “received on behalf of”, which explains the exclusion i.e. the SLAs are in this regard, merely a pass through for the funds and the liability to tax is determined in the hands of the actual recipient.³¹

b. Furthermore in RSLTs, CPs qualifying as interest are allowable deductions to a lender when paid out to a borrower or a SLA. The CPs which qualify as interests under **section 9(d)(i) CITA** are thus given corresponding treatment as other interests³² (and taxed both in the hands of the borrower and the lender each for the portion of interest accruable to them).

c. **Section 27 CITA** on deductions not allowed includes dividend-qualifying-CPs (from borrower's perspective) and prohibits a borrower from claiming these CPs as deductions from his tax payable³³ (given that in fact the payment is not an expense on the borrower's part). Similarly, both interest-qualifying and dividend-qualifying CPs made by SLA to borrower or lender respectively, are disallowed deductions or expenses (from the SLAs angle) and the SLA therefore, in ascertaining its profits, cannot deduct them.³⁴

d. Deduction of tax from interest i.e. WHT - Generally, the applicable rule is that when interest is due from one company to another or from a company to an individual who is liable to PIT, the interest paying party is obliged to deduct WHT from the interest payable by it to the beneficiary company. This should apply to an interest paying party in a RSLT but the **FA1 2020** has excluded lenders in RSLT from this obligation by the introduction of **section 78(6) CITA**.³⁵

It is instructive that the same exemption is not applicable to an SLA making the same payment to the borrower or where direct payments are made from lender to borrower without the intermediary.³⁶ The following are RSLTs exempted from WHT deductions:

i. A lender who makes CPs which qualify as interest payments through the SLAs for onward transmission to the borrower, is exempted from the obligation to withhold tax from the interest payable to the SLA (the borrower being the beneficiary).³⁷

ii. A borrower who makes CPs (dividends) to the SLA or to the lender, borrower is exempt from the obligation to withhold tax from the ‘dividend’.³⁸

iii. A SLA who makes CPs (dividends) to the Lender is likewise exempted from the

obligation to withhold tax from the ‘dividend’.³⁹

3. SD: Under the **SDA**, the general rule is for all receipts given for or upon the payment of ₦4 and above are required to be stamped. However, there are several exemptions which include the exemption of tax on receipts given by any person in a RSLT.⁴⁰ The legislative intention of this provision seems to be the exclusion of any form of receipts in a RSLT from stamp duties.

The following are also generally exempted from stamp duties: shares, stocks or securities either transferred by a lender to its SLA or a borrower in furtherance of a RSLT or returned to a lender or its SLA by a borrower pursuant to a RSLT; as well as all documents relating to a RSLT carried out under regulations issued by the SEC.⁴¹

A thorough look at the ‘exemptions’ under the RSLT income streams to wit lending fees, and CPs leaves one reaching a conclusion that these are not actually exemptions from tax liability but a delineation on who bears tax liability on the income received or accrued on these RSLTs thereby removing ambiguities (at least on the face of it). The real exemptions are on the transfers of the securities, the documentation involved and the WHT in (i), (ii) and (iii) above. However, the incentives were not extended to individuals given that there were no similar Finance Acts RSLT amendments to the **Personal Income Tax Act (PITA)**.⁴²

³¹Section 23(1)(u) CITA, “the compensating payments, which qualify as dividends or interest under section 9(1)(c)[sic] of this Act, received by an approved agent from a borrower or lender on behalf of a lender or borrower in a Regulated Securities Lending Transaction.”

³²Section 24(l) CITA, “compensating payments, which qualify as interest under section 9(1)(c) of this Act, made by a lender to its approved agent or a borrower in Regulated Securities Lending Transaction.”

³³Section 27(i) CITA, “any compensating payment made by a borrower, which qualifies as dividends under section 9(1) (c) of this Act, to its approved agent or to a Lender in a Regulated Securities Exchange Transaction.”

³⁴Section 24(j) CITA, “any compensating payment made by an approved agent, which qualifies as interest or dividends under section 9(1)(c) of this Act, to a borrower or lender in a Regulated Securities Exchange Transaction.”

³⁵See section 78(6) CITA, “The provisions contained in subsection (1) - (5) shall not apply to a lender when making compensating payments, which qualify as interest under section 9(1)(c) of this Act, to an approved agent that is due to a borrower in a Regulated Securities Lending Transaction.”

³⁶See the proviso to section 78(6) CITA, “Provided that nothing in this subsection, shall be construed as exempting the approved agent from the provisions of subsection (1) - (5) when making the same payments to the borrower or as exempting the lender from deducting tax when making the payments directly to the borrower.”

³⁷Section 78(6) CITA.

³⁸Section 80(5)(b) CITA.

³⁹Section 80(5)(c) CITA.

⁴⁰See Schedule to the SDA, paragraph 16 under the exemptions for Receipts.

⁴¹See Schedule to the SDA, paragraphs 13 – 16 under the general exemptions from all SDs.

⁴²Cap. P8, LFN 2004.

⁴³Volume of securities available at 2019 full year (pre-FA 1 2020) was 61,435 units and for 2020 full year was 7,378,034, an increase of about 12,000%. The volume however dropped to 4.5 million as at June 4, 2021.



D. Impact of the incentives:

The SL Report of the Exchange as at October 16, 2020⁴³ and the corresponding period stock market reports reveals that the volume of shares available for SL is still a minute fraction of the volume of shares in the market.⁴⁴

Since the enactment of the **FA1 2020**, the jury is still out on whether the amendments have positively impacted SL transactions volume-wise and how so.⁴⁵ Some argue that it is too early to adjudge, being barely 20 months into the effective date of the laws and given the aftermath of a Covid-19 ridden year.

According to two commentators, arguably “tax incentives have not achieved commensurate benefit to Nigeria's economy...”⁴⁶ Although there has been a gradual positive movement, it is slow and the SL sector incentives do not seem to have made the expected impact or boost on the capital market. This supports the view of one researcher that, “despite their continuing popularity almost everywhere, tax incentives are usually redundant and ineffective: they reduce and complicate the fiscal system without achieving their stated objectives.”⁴⁷ This fact also supports the school of thought which “posits that the cost of tax incentives far outweighs any inherent benefit to the economy.”⁴⁸

Related data currently reveals that investors in the SL space are attracted by profit opportunities, predictable and non-discriminatory legal and regulatory framework, economic and political stability, minimal risk SL as well as properly secured collaterals. It would take more than the tax incentives to achieve the desired goals of a vigorous and stakeholder inclusion market.

Conclusion

Research in some global markets show market liberalisation for SL as a function of the removal of tax constraints and restrictions,⁴⁹ and the

⁴³In order to give perspective to the figures in footnote 49, in the week ended June 4, 2021, a total turnover of 1.082 billion shares worth ₦9.5 billion were traded by investors on the floor of the Exchange.

⁴⁴See NGX, ‘Securities Lending Report for October 16, 2020’: <https://ngxgroup.com/ngx-download/securities-lending-report-as-at-october-16-2020/> (accessed 28.05.2021).

⁴⁵See Afolabi Elebiju and Chuks Okoriekwe, ‘Counting the Cost’: An Impact Analysis of Nigeria's Tax Incentive Regime’, (ibid.) at p.13 citing ‘Abuse of Tax Incentives, Multi-taxation are Impediments to Taxation – CITN’, News Agency of Nigeria (NAN), 20.08.2020: <https://www.dailytrust.com.ng/abuse-of-tax-incentives-multi-taxation-are-impediments-to-taxation-citn.html> (accessed 08.06.2020).

⁴⁶(ibid.), p.4

⁴⁷(ibid.), p.4

⁴⁸Technical Committee, IOSCO (supra). See also footnote 23.

availability of specified tax consequences on RSLTs. However, it will be foolhardy to follow these hook, line and sinker without taking cognisance of the unique circumstances and factors of the Nigerian economy and investment climate. Here it appears that the SL geared tax incentives alone are insufficient in producing the desired results.

Considering that data building and analysis are key essentials for development, a good starting point (in line with the *NTP's* guidelines), are to call for performance evaluation and analysis to quantify forgone revenue from tax incentives comparing them with expected benefits and provide annual reports to that effect. Where such exercise reveals that cost outweighs benefits, it is submitted that tax rate reductions or limited-period incentives are a better approach. Also, there should be public awareness drive of the SL concept and its economic benefits and functions.

It seems apparent there are other stakeholder concerns, besides the tax incentives such as lack of skilled manpower and confidence in the SL systems as well as the requirement for properly structured and specific legal and regulatory framework to support the SL sector besides parties lending agreements. This needs to be addressed to increase the stakeholders' confidence in the SL market, being an essential move for the pensions and insurance sectors and other institutional investors who belong to closely and highly regulated sectors, with restrictive provisions prohibiting or inhibiting their involvement in RSLTs.⁵⁰ It is little wonder that fund administrators would be cautious in putting up their securities for lending.



Unchecked and unregulated, SL portends to result in unintended systemic consequences.⁵¹ When systemic crisis occurs, recourse is eventually made to the government. Considering such possibility, the potential revenue foregone through tax incentives could be used as reserves for market stabilisation rather than being retained in the hands of the sector stakeholders.

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⁵⁰See 'Why We Are Encouraging Securities Lending – SEC' statement made by the Acting DG of SEC (Ms. Mary Uduk) in Lagos Talks 91.3 FM: <https://www.lagostalks.com/why-we-are-encouraging-securities-lending-%E2%80%93-sec-24-12-2019>, "that the Commission is engaging with institutional investors like the National Pension Commission to enact standards that will enable funds to lend their equities, Uduk said. "There are many institutional and even some individual investors that sit on large pools of stocks which they do not trade actively".

⁵¹BlackRock, 'Viewpoint – Securities Lending: The Facts', May 2015: <https://www.blackrock.com/corporate/literature/whitepaper/viewpoint-securities-lending-the-facts-may-2015.pdf> (accessed 22.05.2021). "In the wake of the 2008 Financial Crisis (the 'Crisis'), securities lending has come under scrutiny by policy makers globally. In part, this reflects the excessive risk-taking in certain cash collateral reinvestment pools associated with securities lending businesses as well as other risks associated with securities lending that were exposed in the crisis."