

**FINANCE UPDATE**

**HIGHLIGHTS OF THE CIRCULARS ISSUED  
IN THE FINANCE INDUSTRY IN MAY 2020**

Dear Esteemed Client,

**Introduction**

The Central Bank of Nigeria (“CBN”) and the Nigerian Stock Exchange (“NSE”) issued the following Circulars and Notices in May 2020. We hope that you find some of the information useful in your operations.

- **OFI/DIR/LTT.GEN/022/153 - EXTENSION OF THE TIME FRAME FOR THE SUBMISSION OF 2019 AUDITED FINANCIAL STATEMENTS.**
- **FPR/DIR/GEN/CIR/06/055 - REGULATORY FORBEARANCE FOR THE RESTRUCTURING OF CREDIT FACILITIES OF OTHER FINANCIAL INSTITUTIONS IMPACTED BY COVID-19.**
- **PSM/DIR/CON/CWO/07/127 - REDUCTION OF CHARGEBACK PERIOD FOR ATM, OS AND WEB TRANSACTIONS IN THE GUIDELINES FOR THE OPERATION OF ELECTRONIS PAYMENT CHANNELS**
- **PSMD/31/05/2020 - GUIDELINES ON OPERATIONS OF ELECTONIC PAYMENT CHANNELS IN NIGERIA**
- **COURT SANCTIONS NSE’S SCHEME OF ARRANGEMENT**

**1. OFI/DIR/LTT.GEN/022/153 - EXTENSION OF THE TIMEFRAME FOR THE SUBMISSION OF 2019 AUDITED FINANCIAL STATEMENTS**

The CBN has extended the deadline for the submission of the audited financial statements of the 2019 financial year of all banks and other financial institutions by three months. All audited financial statements are now required to be submitted on or before the 31<sup>st</sup> day of July, 2020.

This extension will allow banks and other financial institutions that are unable to carry out audit of their financial activities due to the impact occasioned by the Covid-19 pandemic to submit their financial statements to CBN provided that same is done on or before the 31<sup>st</sup> of July 2020.

For additional information on the circular please refer [here](#).

## **2. FPR/DIR/GEN/CIR/06/055 - REGULATORY FORBEARANCE FOR THE RESTRUCTURING OF CREDIT FACILITIES OF OTHER FINANCIAL INSTITUTIONS IMPACTED BY COVID-19**

In consideration of the impact of Covid-19 on the economy and economic activities, the CBN has approved regulatory forbearance for the restructuring of credit facilities in the Other Financial Institutions (OFI) sub-sector as stated below:

- CBN intervention facilities availed through participating OFIs are granted an additional one-year moratorium on all principal repayments effective from the 1<sup>st</sup> of March 2020.
- The interest rates of CBN intervention facilities through participating OFIs has been reduced to 5% from 9% per annum effective from the 1<sup>st</sup> of March 2020.
- OFIs have been granted leave to consider the temporary and time limited restructuring of the tenor and loan terms for households and businesses affected by COVID-19 subject to the recent guidelines for the restructuring affected credit facilities in the OFI sub-sector.

This intervention will impact loans granted by Government agencies to the various sectors of the country's economy such as the CBN and the Bank of Industry intervention funds as credit facilities earlier granted will be restructured so that borrowers can continue to meet their payment obligations under their respective financing arrangements. Even though this initiative will in turn affect the amount of revenues that would have accrued to the Government through interest rates, this will substantially reduce incidences of Non-performing loans which are likely to occur due to the economic impacts of Covid-19 pandemic.

For additional information on the circular please refer [here](#)

## **3. PSM/DIR/CON/CWO/07/127- REDUCTION OF CHARGEBACK PERIOD FOR ATM, OS AND WEB TRANSACTIONS IN THE GUIDELINES FOR THE OPERATION OF ELECTRONIS PAYMENT CHANNELS.**

Effective June 8, 2020, banks and financial payment service providers are required to comply with new timelines as directed by the CBN. The timelines for resolving customer chargeback complaints will now be as follows:

- Reversal of failed Automated Teller Machine (ATM) transactions from customer's bank's ATMs will now be instant as opposed to the previous 3day timeline whilst reversal of failed ATM transactions from other Bank's ATMs must not exceed 48 hours as opposed to the previous timeline of 3-5 days.
- Failed or disputed Point of Sale (POS)/web transactions will be refunded within 48 hours as opposed to 5-days as currently obtains.
- All Nigerian banks have been directed to resolve all ATM, POS and Web customer refunds within two weeks starting from June 8th 2020.

For additional information on the circular, please click [here](#)

## **4. PSMD/31/05/2020 - GUIDELINES ON OPERATIONS OF ELECTONIC PAYMENT CHANNELS IN NIGERIA**

The CBN has issued a Guideline on the Operations of Electronic Payment Channels in Nigeria with the objective of providing minimum standards and requirements for the operation of POS card acceptance services. The Guidelines provides for specifications for ATM Technology, Web, Mobile and Point of Sale (POS), card acceptance services, the roles of Payment Terminals Service Providers (PTSPs), Merchant Acquirers, Merchants, as well as settlement mechanisms, fees and charges. The Guidelines which signifies the CBN's effort at actualizing the digital economy plan of the federal government when implemented, will promote and facilitate the development of efficient and effective systems for the settlement of transactions and the development of electronic payment system in Nigeria. It will assist to curb incidences of fraud and customers who make use of electronic payment services will be adequately protected.

For additional information on the guidelines, please click [here](#)

## 5. COURT SANCTIONS NSE'S SCHEME OF ARRANGEMENT

The Federal High Court of Nigeria sitting in the Lagos Judicial Division has granted an order sanctioning the Scheme of Arrangement ("Scheme") for the demutualisation of Nigerian Stock Exchange (NSE). The Scheme is to facilitate the conversion of the NSE from a not-for-profit limited by guarantee entity into a profit-making, public limited liability company owned by shareholders with a different governance structure whereby outside shareholders can have an opportunity of representation in the Board of directors. Demutualisation will enhance the competitiveness of the NSE as well as improve its liquidity.

The Order by the Court is in line with the NSE demutualisation process which commenced with the approval of the demutualisation scheme at Extra-ordinary General Meeting of the NSE held in March 2017 which was followed by the signing of the **Demutualisation of The Nigerian Stock Exchange Bill** into law in August 2018 and the holding of the Extraordinary General Meeting (EGM) and Court Ordered Meeting (COM) of the NSE in March 2020.

As earlier noted, demutualization of the NSE will allow for improved corporate governance structure, technological advancement, attract strategic investments within and outside the country amongst other benefits. The NSE will be performing the roles of a regulator and commercial operations simultaneously which brings to question whether the NSE will continue to be fair in carrying out their regulatory duties to other market participants as it will be facing competition from other listed companies including threats like takeover, bid or acquisition. It is also important that a competent and effective management team is constituted to work and ensure that the NSE is not entirely focused on making money at the cost of substandard supervision.

For additional information on the notice please refer [here](#).

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