

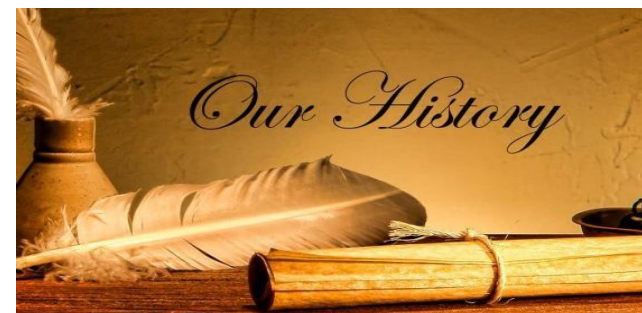
NIGERIAN STOCKBROKERS LIMITED

(Trading Licence Holder)



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INCORPORATION AND HISTORY

Nigerian Stockbrokers Limited ('NSL'/ the company) was incorporated as the first stockbroking firm in Nigeria under the Companies Ordinance Cap 38 on 26th September 1960. Prior to the implementation of the Nigerian Enterprise Promotion Act 1972 ('Indigenisation exercise') NSL was wholly owned and managed by Financial Holdings Nigeria Limited ('FHNL'). Following the Indigenisation exercise, the interest of FHNL was transferred to some Nigerian citizens and association. NSL is, therefore, a wholly owned Nigeria company.

The Company obtained a Broker/Dealer license from the Securities and Exchange Commission ("SEC") in 1995 and subsequently became an Authorized Dealer of the Nigerian Stock Exchange ("NSE"). NSL had a composite licence for its business operations from the Securities & Exchange Commission (SEC).

Nigerian Stockbrokers Limited (NSL) is a first class Investment banking Group. The authorized and paid-up share capitals steadily increased over the years to meet both business and regulatory requirements. Since the Management Buy –Out in 2016, NSL has been modelled after major international investment banking institutions. The Company is ably managed by a team of time-tested and visionary professionals. It has since grown steadily in the various aspect of capital market operation and has NSL Capital Partners Limited as a

RISK MANAGEMENT POLICY

subsidiary with operations in the Investment Banking and Capital Advisory space of the market.

NSL's Corporate Head Office is located at Knight Frank Building, 6th floor, 24 Campbell Street, in the highbrow of the Central Business District of Lagos Island, Lagos State, which provides a convenient environment for clients away from the busy city centre; thus facilitating personalized and efficient service delivery to its numerous corporate and individual clients.

VISION & MISSION STATEMENT

To be a dynamic Stockbroking firm. Providing the best investment advice and qualitative services in the most effective and efficient manner using up to date market information, technology and Committed staff to select clientele.

FORWARD NOTE:

Internal control is defined as the whole system of controls, financial or otherwise, established by the management in order to carry on the business of the organization in an orderly and efficient manner, ensure adherence to management's policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records.

The main aims and objectives of a documented control process manuals is to prevent fraud from occurring right from initiation and would save the company management a whole lot of resources in trying to detect and / or effect corrective actions which normally cost a sizeable fortune.

It should be emphasized that the company's management should not under any circumstances override laid down controls because it will undermine and make nonsense the whole essence of control procedure.

Internal controls are more than the financial policies and procedures of an organization alone. An internal control system is a key **component of risk management**—particularly operating risk management. Further, an organization internal control and risk management strategies need to be effectively integrated into all its processes, policies, and procedures.

One of the key roles of the internal audit department is to verify staff compliance with internal control systems. The focus on compliance is crucial, since control systems are designed to minimize risks, and adherence to policies and procedures should reduce losses arising from fraud, theft, or security breaches.

An internal audit department also provides feedback and communication to the board and management concerning staff compliance with policies and procedures and the effectiveness of the organization's risk minimization strategies.

However, if an internal audit department focuses only on internal compliance or, conversely, non-compliance, with policies and procedures, other operating risks or external risks to organization may actually threaten the very existence of the institution. Ideally, the internal audit function also needs to scan environmental and external risks in conjunction with the board's broad responsibility of risk assessment (i.e., external risk assessment) and point out any previously unidentified risks.

In an internal audit environment, you will expect what we call OPERATIONAL AUDIT.

In the traditional auditing paradigm, internal audits often focus on tests of financial transactions,

examinations of financial reports, compliance with policies and procedures, and verification of checks and balances. Operational audits in particular are seen as the specific scope of work of the internal auditor or an external evaluator.

An operational audit is an appraisal of the overall management of an institution: it's coordinating and organizing processes, work processes, business systems, and the activities conducted to meet its goals and objectives. It often includes evaluating for effectiveness, efficiency, and economy.

Effectiveness means the assurance that the right things are being done and an institution's objectives are being achieved.

Efficiency describes the relationship between the intended and actual impact of an activity.

Economical means that objectives are being accomplished with minimal resources, which are used in proportion to the relevant risk.

Operational audits look at such areas as product quality, customer service, and revenue maximization, expense minimization, fraud prevention, asset safeguarding, corporate social responsibility and citizenship, as well as streamlined workflows, safety, and planning for the future.

As discussed previously, many institutions include operational auditing within the mandate of senior management. If they do, the work of an independent auditor in the area operational auditing should be coordinated with the internal audit department to ensure efficiencies, clear planning, and useful reporting.

Current thinking in the field is that the internal audit function adds value to and improves all areas of operations, including efficiency and effectiveness. Operational auditing, like compliance auditing and financial auditing, is within the scope of the internal audit department and should form part of its strategic and annual plans. It is important to note that specific audit objectives and procedures must be developed to evaluate the operational effectiveness of an organization.

INTERNAL AUDIT OBJECTIVES:

- Review and appraise the soundness, adequacy, and application of accounting and management procedures to determine that these procedures provide adequate controls, expected results, and appropriate levels of operating efficiency.
- Perform sufficient tests during the course of review to determine compliance with established policies, plan, procedures, laws and regulations.
- Review the management and financial information systems and determine the reliability and timeliness of management information.
- appraise the quality, efficiency, and effectiveness of ongoing processes, initiatives, and business activities.
- review the application and effectiveness of risk management procedures and risk assessment methodologies.
- Coordinate auditing efforts with other risk assessment functions (e.g., quality control, security, risk, and compliance), external

auditors, regulators, external consultants, and other government agencies

GENERAL ACCOUNTING OPERATION CONTROLS:

- **Transactions and activities shall demonstrate overall reasonableness.** The test simply looks at what is logical and reasonable to expect from specific transactions and activities.
- **Transactions and activities shall be valid.** The operating system must not permit the inclusion of fictitious or non-existent transactions in journals, databases, or other records. This prohibition applies to all valid operating activities that offer financial services.
- **Transactions and activities shall be properly authorized.** All transactions and activities must be supported by adequate and appropriate documents that justify and support payments.
- **Transaction records shall be complete.** The system must prevent the omission of transactions from the records. All pre-numbered forms must be accounted for in numerical order, including forms that have been mutilated or otherwise voided due to error.
- **Transactions shall be properly valued.** Expense reports, invoices, receipts, and other transactions shall be checked for accuracy and initialed by someone other than the person preparing the payment documentation. Values should be checked for consistency throughout the recording process.
- **Transactions shall be properly classified in the records.** The transactions must be entered into the journals with the proper account categories according to NSL chart of accounts.

- **Transactions shall be recorded at the proper time.** Recording transactions before or after they occur will increase the likelihood of error. All transactions occurring in any given month must be recorded in the books during that month.
 - **Proper cut-off procedures** shall be maintained at month end to ensure consistent reporting from month to month.
 - **Transactions and financial reports shall be correctly summarized and aggregated.**

Whether the accounting system is manual or automated, adequate controls must be in place to make sure that classification, posting, and summarization is correct.

- **Financial reports and statements shall fully disclose the relevant information and details.** So that readers may make informed decisions and understand organizational risks.

Accounting Controls

- All pre-printed forms shall be pre-numbered and kept under the control of the Head of Financial Control.
- All transactions entered in the journals must be recorded in numerical order.
- All transactions must be fully substantiated by supporting source documents.
- Any changes made to transaction entries must be made by first reversing the incorrect entry and then entering the new one. Entries that have already been posted should not be altered.

- **Daily posting** of transactions should be made to ensure timely reporting.
- **Subsidiary records** should be maintained and reconciled monthly for loans, deposits, placements, share purchase accounts, and bank accounts.
- **Internal reports** should be prepared for key areas of operations on a regular schedule.
- **Recording of transactions** should follow consistent accounting policies.
- **Sequential numbers** should be given to all documents, including checks, vouchers, and receipts, with dual control of unissued, pre-numbered items.
- **An audit trail**—i.e., a paper or electronic documentation trail—should trace each transaction from inception to completion.
- **An audit program** should be put in place that includes audit management, supervision, and monitoring; an internal audit committee; and external audit services.

Administrative Controls:

- The **accounting system** needs to be flexible in capacity and rigid in its controls and standards.
- **Written policies and procedures** need to be in place for all aspects of operations.
- **Board approval and monitoring of information** should be required for annual

budgets, strategic plans, and business plans, as well as for regular financial and operational reporting.

- **Cash controls** need to be implemented, including controls over cash access, documentation, security, balances, limits, and verification.
- **Segregation of duties** requires that different staff members be responsible for the handling, recording, and approval of transactions.
- **Dual control** needs to be established over key assets (e.g., the cash vault) and documents that are convertible to cash.
- **Protection of assets** is achieved through physical control over access, together with policies and procedures for the safeguarding of fixed assets, databases, technology, and cash.
- **Personnel policies** must be established, including policies for recruitment, competitive salary packages, training, supervision, and a performance management system.
- **Rotation of personnel.**
- **Anti-fraud culture and policy.**
- **Succession planning.**
- **Mandatory vacations.**
- **Quality control processes.**
- Each unit should be headed by fully qualified professionals with requisite experience.

- All **visitors** must sign the movement register at the reception indicating clearly officer being sought for.
- All **incoming mails** must pass through the office of the Managing Director's Registry.
- All **incoming mails** must be serially recorded in a register meant for such purpose daily.
- Such mails must be passed to the Managing Director within 15 minutes in Head office and 24 hours for Mails from Outstation.
- The Managing Director would in turn minute on the mails to the relevant in house officer for prompt actions.
- The Managing Director's Secretary must ensure that all minute mails get to the relevant places within 10 Minutes.
- All minuted mails must be acted upon promptly by the concerned officer(s).
- All visitors to the Managing Director must fill the visitor form at the reception.
- The receptionist must pass properly completed forms to the Managing director's Secretary at intervals of 5 minutes.
- The Managing Director's Secretary should in turn pass the visitors' forms to the MD also at interval of 5 minutes.

- All company visitors and clients should not be kept more than 30 minutes in the company premises.
- All MD's incoming calls through the company land line should be screened by the Secretary before being passed to the MD.
- The MD's office should be securely locked whenever he is not in the company premises.

Cash and Cheque:

- All Cheque must be recorded and properly accounted for.
- Receipt must be issued for all Cheque collection.
- Cheque received should be banked the same day.
- All unbanked Cheque due to late receipt must be kept in a safe, securely locked in the company premises.
- There should be monthly reconciliation of bank accounts, which must be signed by the Head of Financial Control or any other qualified superior Officer.
- Internet banking facility should be subscribed for all bank accounts to verify all cheque lodgments.
- All vouchers must be verified by the Financial Control before being keyed in to the system.

- All transaction vouchers must be validated and keyed into the system within 48 hours of conclusion of transaction.
- An approved voucher, passed by the **Compliance and Control Department**, must support all cheque payments.
- An impress system should be maintained for cash payment up to N50,000.00. Any single petty expenses more than N50,000.00 must be paid by cheque.
- Cheque payments of N100,000.00 and above should be accompanied by confirmation letter.
- There should be manually kept impress system register handled by an account Officer this be balanced and checked every day by Head of Financial Control.
- All payment and receipt vouchers must be properly filled serially, updated and passed to the Compliance Department weekly to confirm compliance.
- All I.O.U's must be approved by the **Heads of concerned departments. There should be I.O.U Register showing: Date, Name of recipient, Purpose and Signature of Recipient.**
- All I.O.U must be retired within 72 hours of completion of the purpose for which it was used for.
- All security documents such as cheque books, payment vouchers e.t.c. must be kept in safe custody

Payroll System:

- Detailed list of staff must be maintained in a register by the Human Resources Department. On monthly basis indicating: 1) Name 2) Date of employment 3) Status 4) Date confirmed.
- The register must be updated periodically as the need may arise to cater for retiring and new employees.
- All staff should open salary accounts with one of the company's bankers.
- On no account should salaries or wages be paid by cash except on a special circumstance(s) and must be authorized by the Financial Controller.
- The monthly payroll should be prepared using a customized payroll model system by the Finance Department and passed to the Human Resources Department for confirmation.
- The payroll should be cross checked by the Compliance Department. The cross checked payroll should be countersigned by CFO before being passed to the Managing Director for final approval.
- Hard copies of the monthly payroll must be maintained and monitored by the trio of Finance, Human Resources and Compliance Department.

HUMAN RESOURCES:

Recruitment:

- User department/ unit to fill staff requisition form available at the Human Resources Department.
- The completed form is passed to the MD/CEO for approval.
- If it is not approved by the MD/CEO, no further action should be taken on the requisition.
- If it is approved by the MD/CEO, the requisition will be forwarded back to the Human Resources Department.
- The HRD would then set machineries in place to meet the department need by:
 - ✓ Placing Internal advertisement or
 - ✓ External advertisement.
- At the close of application, a shortlist of qualified applicant shall be carried out by the duo of HRD and requesting Department.
- For non- experienced recruitment, an entry test shall be conducted.
- For experienced recruitment, interview may be sufficient.
- All shortlisted applicants shall be interviewed by a panel to be constituted as follow:
 - ✓ A representative of The Human Resources Department
 - ✓ A representative of The Requesting Department
 - ✓ Two other members to be nominated by the Executive Management.

- The interview assessment form will be given to the panelist at the interview room.
- The panelist will at the end of interview sum each assessment form and conclude on the performance of the applicants for recommendation to the Executive Management for employment.
- The recommendation shall be signed by all members of the panel.
- If approved by the Executive Management list, the Human Resources Department will invite successful applicant(s). All applicants will collect employment form, guarantor form, and medical form with acknowledgement.
- Successful applicant(s) are to submit their acknowledgement form, from the company hospital immediately the test is completed.
- The Human Resources Department shall request for the entire original certificate(s) claimed to have obtained by the applicant(s) for physical sighting.
- Official verification must be done on all employees' certificates not later than six months after offer of employment and before CONFIRMATION OF EMPLOYMENT.
- Human Resources Department will issue an offer for employment letter. The intending staff will go through the letter and if satisfied will acknowledge the copy of the letter by stating his name, date, date of resumption and append his signature.

- Human Capital will now open a file with the employment form, guarantor form, medical report and the acknowledged copy of the offer for employment letter.

Warning / Suspension / Termination:

- The Head of Department shall issue query to erring staff in his department and copy HRD.
- Or a mail could be sent to HRD stating the need for a query to be issued to the erring staff.
- Human Resources department will go through the mail and queried the staff accordingly.
- The staff concerned shall reply the query within the next 24 working hours.
- Human Resources department will receive the response to the query and send it to the Head of department of the staff to read through and make his comment.
- A disciplinary panel shall be constituted by the Executive Management consisting of:
 - ✓ A representative of The Human Resources Department
 - ✓ A representative of The erring staff Department
 - ✓ A representative of The Compliance Department
 - ✓ Two other members to be nominated by the Executive Management.
- The panel shall present his findings to the Executive Management.
- If the panel exonerates the staff, no further action shall be taken.
- If the panel finds the staff guilty of the breach, it shall recommend appropriate sanction(s) in line with the company policies.

- Once the sanction(s) is approved by the Executive Management, it shall be implemented by the Human Resources Department.
- Letter will be issued in respect of decision taken by the Executive Management to the staff and he must sign the acknowledgment copy which will be filed in his personal file.
- In case of Termination of Employment, the concerned staff must complete a clearance form.
- On submission of the clearance form, a copy of the letter will be forwarded to finance to know the indebtedness of the staff and what are the entitlements if any.

- On submission of the clearance form, a copy will be forwarded to finance department to know the indebtedness of the staff and what are the entitlements if any.
- Finance will make calculations and forward to Compliance Department for cross-checking.
- Internal control department will check the calculations and if correct will forward it to MD/CEO for approval.
- Once approved by the MD/CEO, cheque shall be issued to the staff, the staff file closed and sent to the Archival Department for filling.

- The Head of Internal Control, when satisfied, shall pass to the Finance Director for further approval.
- The Finance Director, when satisfied, shall pass to the MD/ CEO for final approval.
- The approved DPO will be sent back to procurement department for further processing.
- For CREDIT purchases a Local Purchase Order (LPO) shall be issued.
- For CASH purchases, the procurement Manager shall buy at open Market prices.

Mark up for credit purchase should range from 5%- 15% depending on the tenure of the LPO.

Resignation:

- The staff will write letter of resignation and submit to his HOD.
- HOD will chat with the staff; persuade the staff to change his/her mind.
- If the HOD could not succeed he will now make comment and forward to HRD.
- HRD will invite the staff for discussion and if the staff is resourceful to the company, they will try all possible best to convince the staff to remain in the company employment.
- If the staff insisted, then management has no option than to accept the staff resignation.
- Human resources will issue acceptance letter to the staff.
- On the completion of the number of days required for resignation, the staff resigning will collect clearance form and process it.
- Staff will go through the process of clearing and after completing the process, the form will be submitted to HRD.

- A Demand Purchase Order (DPO) is raised requesting for an item and must be signed by the Head of the requesting department.
- The DPO is sent to store for availability status.
- If the item is available, the store will issue it to the requesting department, through the HOD or his/ her representative. The item must be signed for.
- If the item is not available in the store, the DPO is sent back to Procurement Department.
- The procurement department shall carry out:
 - ✓ Market survey
 - ✓ Get quotations from accredited suppliers
 - ✓ Negotiates to get the best prices as much as possible.
- The DPO with attached quotations and recommended supplier shall be passed to the Compliance Department for scrutiny before forwarding to the Head of Internal Control.

This Manual has been reviewed and approved by the Board of Nigerian Stockbrokers Limited at its meeting held

This 28TH Day of March, 2026



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Company Secretary

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Director