**CAPITAL MARKET STRUCTURE AND DEVELOPMENT** (***A CASE STUDY OF NIGERIA STOCK EXCHANGE NSE***)

**ABSTRACT**

This study was intended to evaluate capital market structure and development. The study was guided by the following objectives; to analyze and evaluate the capital market structure in aiding the development of the Nigerian economy.

The study employed the descriptive and explanatory design; questionnaires in addition to library research were applied in order to collect data. Primary and secondary data sources were used and data was analyzed using a statistical package which is represented in frequency tables and percentages. The respondents under the study were 40 employees of the Nigerian stock exchange.

The study findings revealed that the Nigerian stock exchange has been performing a significant role in Nigerian economic development; the present structure of the capital market facilitates rapid development of the economy.

According to the study, More trading floors branches have to have to opened for the Nigeria stock exchange structure and development to be felt nationwide; It is necessary to maintain investor’s confidence in our market and in ensuring these NSE should not be left alone to attract investment.

**CHAPTER ONE**

1.0 **INTRODUCTION**

1.1 **BACKGROUND OF THE STUDY**

The Nigerian capital market is a long term end of the Nigeria financial system just as the money market is its short-termed in other words, the capital market performs for the economy, at the long-term end, the functions which the money market performs at the short-term end of the spectrum. Thus, while those who are short of funds and need to borrow for short-term propose borrow from the money market, those who are short of fund and are desirous of borrowing for the long-term go to the capital market, those who are short of fund and are desirous of borrowing for the long-term go to the capital market.

Similarly while those who have funds surplus to their immediate requirements and wish to lend or invest these funds for short-term periods do so in the money market, those who have such funds and to lend there for long periods invest or lend these funds to capital market.

The regulation of financial markets and the liberation of economies capital flows in sere veal African countries raise a number of challenging issues. Policy makers and practitioners are concerned and involved with these issues. A vast set of issues concerns the setting up and designs of capital market operation (trading structures). This employs the philosophy of capital market building, the role of capital market (stock) market in achieving the overall financial objectives (auctions and dealership) choice for the relative competitiveness of emerging stock markets, connections between innovative in trading and regulations world market.

1.2 **STATEMENT OF THE PROBLEM**

The Nigerian stock exchange has undergone a tremendous revolution over the years. After about 38 years of establishment, the Nigerian stock exchange can be said to have existed long enough to permit a capital look at its structure and development. The stock exchange long enough to permit a capital look at its structure and development. The stock exchange or its establishment was expected to provide appropriate machinery to facilitate further offering to stock and shares to the general public in the private sector of the economy, encourage the investment of savings so soon as it is clear that stocks and shares are readily available.

However, any doubt the importance of domestic capital market in ensuring a balanced economic growth should have been dispelled following the experience of most countries since 1980’s. The chronic problems of national and corporate indebted have driven the futility of combining too much short term with too little long term equity.

Things have not been that “*smooth*” for the Nigerian capital market as intended as at the time of establishment. There are some constrains in this sector. It is believed in some quarters of the economy that the Nigeria capital market is underdeveloped and has not shown substantial growth since independence. And that shares are rarely traded and prices do not reflect trading features of the listed companies.

Also it is feared that the Nigeria capital market has “*too many*” things to do that it will be unable to develop it’s market structure effectively and efficiently.

1.3 **OBJECTIVES OF THE STUDY**

This research project has the objective of highlighting the Nigeria capital market structure and development. It looks at the capital market operations, the key participants in the Nigeria capital market and to analyze the capital market structure in aiding the development of the Nigerian economy.

In view of this, capital market operations, the need for stock exhcnage and the Nigerian capital make and capital structure and development thoroughly dealt with for analytic purpose.

1.4 **SIGNIFICANCE OF THE STUDY**

This study will educate and expose ignorant business men and student to understand the operations of the NSE thus, widening the horizon of knowledge of the general public, especially the operations and policy makers of the capital market recommendations will in no small measure serve as guide towards improved performance.

1.5 **STATEMENT OF HYPOTHESIS**

Hypothesis is a conjectural statement of the relationship between two or more variables. They are always declarative sentence from and they relate to either generally or specifically variable to variables.

Therefore, the following invalid and alternative hypothesis could help us to reach a more reasonable and unbiased end:

**Ho**: The NSE has not been performing a significant role in the Nigerian economy development.

**Hi:** The NSE has been performing a significant role in the Nigeria economic development.

1.6 **SCOPE OF THE STUDY**

This project is restricted to the study of Nigerian stock exchange, Lagos as a case study. And covered the period 2005 to 2007.

1.7 **DEFINITION OF KEY TERMS**

**NSE** – Nigeria stock exchange

**SEC** – Securities and exchange commission

**SECURITIES** – These are written on printed financial documents by which the claims of holders in specialized properly are secured. They could be stock, shares, bonds and debenture traded on a stock exchange.

**STOCK EXCHANGE** – An organized market for securities.

**SHARE HOLDING** – The shares owned by specific payer.

**ISSUING HOUSE** – This is a dealing member that helps to prepare prospectus to sell new securities offered to the public by company and government.

**EQUITY** – Ordinary shares of a company residual right of ownership over the assets of a firm.

**DIVIDEND –** part of the profits of a company appropriated to shareholders.

**DEBENTURE –** A document, which contains an acknowledgement of your indebtedness.

**JOBBERS –** Those who help map up all surplus stock and release them to the market as demand permits.

**STOCK BROKERS** - A firm or person who buys and sells securities on behalf of investors for a commission called brokerage.

**INVESTORS** – A person or an institution who uses his savings or borrowing to buy securities.

**BROKERAGE –** This is a commission that stock broker charge for service rendered.

**RIGHT ISSUE** – these are funds obtained by issue of share for cash ordinary share holders in proportion to their existing holdings unless shareholders in general meeting agreed otherwise.

**PRICE EARING**: - this is the current market price of share of ratio (PIE) dividend by it’s earning per share. The ratio indicates investor’s confidence in the stock as well as pay back period of the stock.

**BONUS SHARES SCRIPT –** These are new share made fully paid by the capitalization of reserves and allotted three of charge to ordinary shareholders in proportion to their existing holdings.

**NSEC** – Nigeria Stock Exchange commission

**IPO’s** – The pricing of securities

**BOND** – Securities that has a nominal value and which entitles it’s holder to the payment of interest by the issuer at regular intervals until the user redeems the bond.

**BOND HOLDER** – the on who owns a bond.

**CAPITAL MARKET** – A market for the supply of capital to firms.

**ECONOMIC DEVELOPMENT** – This is a sustained improvement in material well development being which we may consider to be reflected in an increasing flow of goods and services

**OFFER FOR SALE** - A public offer of shares in a company which is made by an issuing house and in which the shares being sold are not new shares but have been sold by the existing share holders.

**CHAPTER TWO**

2.0 **LITERATURE REVIEW**

2.1 **INTRODUCTION**

Capital market in Nigeria has been in existence from time immemorial before the colonial era in the form of light capital market.

According to Mohammed (1998) capital market is a place where investment decisions among savers users of funds are taking the market constitutes of major investment decision instrument of a capital economy.

Stock exchange developed it’s root the middle ages. In those days, bourgeoning trade in agriculture and commercial commodities was developing in some of the European countries. It was the practice in these trader that geared individual traders together at a place in appointment days to strike bargains in commodities. These practice gradually change into exchange institutions and therefore, cannot be found in socialist economies where its functions are performed by government. And the Nigeria stock exchange remains an institution for the exchange of stocks and shares but under the umbrella of the securities and exchange commission, as it’s apex institution. The securities and exchange commission in addition to overseeing the Nigeria stock remains responsible for pricing of securities in the pricing market, timing of new issues and regulatory of all issues.

Nigeria stock exchange fact book (1998) stated that NSE was incorporated in 1960 as non-profit making organization under the inspiration of the federal, the Nigerian industrial development bank, the central bank of Nigeria and the business communities Lagos stock exchange act of 1661 and it opened doors to business in 1961.

Also, the Lagos stock exchange was establish in 1960 as a company limited by guarantee to make it national the name was change to “the Nigerian stock exchange” in 1977 on 2nd December the exchange operated with the following branches in Lagos opened in 1961 Kaduna opened in 1978, Port-Harcourt opened in 1980. These three branches primarily operate as trading floors while the national council of the exchange retains overall responsibility for quotation and enforcement of regulation in the capital market.

2.2 **CAPITAL MARKET OPERATORS**

Olulemi (1997) said; the principal intermediaries encountered by the Nigerian issuers and investors as between themselves and the financial market are issuing house, underwriters, broker/dealer, registrars and the Nigerian stock exchange other categories of capital market operator licensed or liable to be licensed by SEC are investment advisers, portfolio managers, national association of securities, dealers and any roles of capital market operators describes above, each category of capital market operators will fulfill a different specific role depending on the transactions, issues on to investment activities involving unquoted companies which involve foreign capital are expected by law to be carried out through SEC registered market operators only the SEC’s Registration of securities and market operators, entitled it not only to regulate the market but also to discipline and erring market operators thus enhancing orderliness in the make whilst promoting investors safety and confidence.

The capital market present to issues and investors a like, a very wide and almost limitless array of opportunities which will within the law, can be crystallized to any extent that the imagination, skill or experience of their chosen capital market operators will allow.

2.3 **TYPES AND FUNCTIONS OF THE NIGERIA CAPITAL MARKET**

The functions of the capital market has been defined by OSAZE (1997) said: I have chosen to categorize those roles in the combinations in which they are more likely to be found in practice and not necessarily in direct categorization which the SEC grant it’s registration. They are follows:

A. **ISSUING HOUSE/FINANCIAL ADVISERS**

Fund raising is fundamental to issuing house and the related financial advisory services work. The purposes for which funds are required could include, financing an acquisition, expansion of that existing business, putting the business on a more secured financial footing, or in order to exploit a new opportunity.

The main activity of issuing liaises centre around it raising on behalf of companies or project, new or additional capital, through the issue of equity, debt semi equity or other appropriate financial instruments and the placing of these with investors in order to generate the required funds strategies for placing these instruments may include direct placing with institutional investors, offer to the existing investors only, offer to the public or a combination of these. This activity would usually also include listing of such instrument on the stock exchange in the case of companies which are already quoted of those who desire to do so. In this event, the issuing house together with the sponsoring stock broker, commonly known as broker to the issue, has an especial important role in preparing the issuer for listing. Thus responsibility includes satisfying themselves on basis of all available information that issuing company is suitable to be listed and can fulfill the receptive initial registration, listing and post registration listing requirements of the SEC and the stock exchange.

Prior to embarking on actual raising of funds, it is the responsibility of issuing house/financial advisers to advisers to advise the issue on the;

1. Desirability or a appropriateness of raising capital envisaged.
2. The structure and other terms and condition of the proposed financing package and
3. Timing of the offer – ounce it has been decided to attempt to raise the funds the prime responsibility of the issuing house/financial advisers to advise the issuer on the.
4. The best way of articulating the financial ramifications of the underlying identified opportunities, available to of intended to be explored by the issuer.
5. Suitability of underwriting the issue and it suitable arranging the underwriting as may be appropriate.
6. Effective management and co-ordination of the issue to ensure that the required funds are raised and created by the issuer in good time and
7. Assisting in the process of creating a positive image of the issuer to potential investors, regulatory authorities and the general public.

In discharge these responsibilities the issuing house is expected among others to ensure that it: -

* 1. Continue to liaise with the issuer regarding arrangements for the proper and optimum deployment of the issuer’s managerial, information, technology and other resources.
  2. Obtain, set out and provide accurate and fair information about the identified opportunities available to the issuer, of appropriate offer documents (having provided source to the regularly authorities and obtained required approval).
  3. Market the issue using it professional skills and information network to ensure full subscription.
  4. Provide and vet necessary documentation as may be appropriate.
  5. Co-ordinate other professionals to the issue – accounts, auditors, stock bookers, registrars, receiving agents and printers as may be appropriate.
  6. Remind available to the issuer at all times in order to liaise with and advice on all matters arising from the process described above.

**BUSINESS TIMES NEW PAPER STATED**

That regularly underlying this involves an arrangement where by the issuing house directly or through the suitable qualified entities agree, for permissible commission, to subscribe or to procure subscribers who will pay an issuer of securities of a predetermined data, an amount based on the offer price with a view to resale of the securities so subscribed at a later data, and not as a form of investment. Underwriting may now be regarded as an integral part of any capital raising exercise for a publicity quoted company in Nigeria (right issues expected, since the SEC required some level of underwriting for these issues excepting only if the issuer choose not to have underwriting.

The effect of underwriting is to guarantee issuers certainty of receipt on due date, of the value of securities being issued to the extent to which has underwriting.

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B. **BROKER/DEALERS**: - Brokers. Dealers are registered by SEC and exchange the traditional role of the broker/dear involved the execution of stock transactions for the account of (clients agency broking) an for the own account (market making).

However broker/dealer may more truly be regarded as the link between companies and the stock exchange broker/dealer play important roles, relatives to the capital raising activities of companies and would normally, working together with issuing house offer advise on:

1. Appropriate timing of issues (rights, offer for subscription sales)
2. Likely market reaction to new major event proposed by issuers they are also responsible for: -
3. introducing issuers or new issues to the stocks exchanged and
4. Arranging pacing of securities of issuers for which they act in an offer and ensuring that the best possible price is obtained for the securities placed.

Broker/dealer also provide general investment advice to companies and investors through the issue of circular or research bulletins where they comment on the result and progress of listed companies. They can also often assist issuers in the preparation of circulars intended for stock exchange, their shareholders of the general public specially regarding major developments in presentation of the matters in a question would help to ensure that the desired response is obtained.

C. **REGISTRARS**: - Registrars service are usually provided by specialized entities, which are independent of the companies for which they act. The traditional role of registrars is to deal with the book keeping and logistics of securities in recalled aspects of statutory compliance. In reality, registrars are additionally, also quite involved in all aspects of capital raising and required to work closely with other financial advisers to ensure an effective issue and proper and accurate records at applications and monies receives and the eventual establishment and maintenance of the resulting registrars may be summarized as;

a. maintaining the (computerized) Registrar of members including processing of transfers.

b. Arranging for the dispatch of dividend or other payment warrant,

c. Attending of general meeting of issues to ensure, for example, allowed to attend to act as scrutinize on count of any voting by priority of poll.

d. Upon request: analysis registrars of stockholders and keeping issues informed at any significant change of stockholding

c. arranging the dispatch of lights, circulars, bonus certificate and any other special correspondence intended for circular rotation to the shareholders.

f. Summarizing subscription returns to lights and other often made by issuers.

g. Assisting the issuer and the issuing house to prepare the basis of allotment of securities based on the subscriptions received.

g. Assisting the issuer and the issuing house to prepare the basis of the allotment of securities based on the subscriptions received.

4. Issuing and arranging the dispatch of new certificates in respect of transfer, new issues etc. the record of stockholders and transfers in a securities, can have a tremendous impact on the level of the shareholders and public interest in holding that security and the therefore to it’s performance in the stock market.

D. **INVESTMENT ADVISERS/PORTFOLIO MANAGER**: - investment advised portfolio managers are a recent phenomenon in Nigeria capital market. They provide professional portfolio management and advisory services to market. They provide professional portfolio management and advisory services to individuals can corporate clients who require assistance regarding the selection of securities to comprise their investment portfolio and the subsequent monitoring and management thereof.

Investment advisers/portfolio managers on their expert knowledge of the market and their research and analysis of the economy, industries and individual companies in offering advise to their clients.

The type of authority over portfolio manager would vary depending on the requirements of the client and could be full discretionary based on specified conditions.

The services of investment advisers/portfolio managers could prove invaluable to investors who require superior return or desire to maintain specialized investment portfolios or who have not got the time or the resources to tailor personally to the management of their portfolios it is also not usual for investors with sustainable portfolio and give the over to be managed externally, thereby affording the portfolio the benefit of an independent bench mark against which the performance of the portion retained and managed in-house can be measured.

2.4 **THE NEED FOR STOCK MARKET**

Allilie ( 1997) said, stock market are essential because they allow competition between various instruments of bank based financial system and non bank financial intermediaries basis, without the need of a government guarantee, offer instrument which do not suffer from a cash. How mismatch and facilitate the development of other financial market such as derivation (options) market.

In stock market there after an alternative to returns. As a consequent, they offer an alternative to safe but low, sometimes negative real rates of return in developing countries. They provide investors with a greater range of risk and return opportunities than a bank based financial market. They also allow for a better machining of the risk and return characteristics of less risky assets with stable returns or to relatively safe bank instruments where stock returns tail to compensate for risk.

Stock market is also important with demand for domestic securities of emerging market is partly due to the potential reduction in risk and increase in return as a result of intentional diversification. This, industry foreign securities may have the effect of reducing the convenience terms, thereby reunion the level of non-diversifiable risk. As a consequence of the differences in conflict among countries, there should be demand that emerging markets by foreign investor, providing that emerging market securities meeting other requirement such a liquidity safety and yield .

Equity market development. It also supported by the internationalization of the cost of capital. Global raising the cost of capital may potentially result in lower cost of raising funds for firms, thereby improving opportunities for generalizing increased funds.

2.5 **BENEFITS AND OPPORTUNITIES OF CAPITAL MARKET IN AFRICA**

Shala (2005) said: some of the major, benefits and opportunities open to investors through active participation in the capita market as follows.

i. Increased access to external sources of funds for expansion and growth playing market provides firms with a ready access to external sources of funds for expansion and growth more rapidly. The ability to raise additional capital is considerably easier and more successful where the firm is listed (or quoted) on a stock exhcnage.

The more international the stock exchange (and for the more exchanges firm is listed) the greater the access and opportunities to external sources of fund growth occur via internal organic process or by expansion through acquisition or other firms. Stock exchange listing facilities the latter process.

ii. **STATUS SYMBOL**: A stock exchange quotation centers on a company and frequency allows it to obtained bank credit on better terms than would be the case for similar sized non-quoted organization. It also helps publicize a company bringing it to notice of large client. A sufficiency large quoted company many well find that is it to exploit international sources of capital by borrowing or issuing equity in another country or perhaps via Euro market.

iii. **FLEXIBILITY OF CAPITAL STRUCTURE**

The availability of stock exchange finance gives a firm mere flexible capital structure. It is possible to vary the financial structure of the organization more easily by altering the debt/equity mix to obtain finance at the cheapest terms. Issues can be arranged not only in conventional securities but also in lyrics such as convertibles (bonds with an option to convert into equity at a later date) etc.

iv. **REALIZATION OF WEALTH**

Share holders can by selling sharers, use the stock exchange to realize part of their wealth as a company grows the value of the shareholding will reflect that growth and an original large investment in the shares may core to represent an extremely valuable claim on the assets of the company. However a s for as long as holding and a paper millionaire.

2.6 **THE KEY PARTICIPANT IN THE NIGERIAN CAPITAL MARKET**

The capital market caters essentially for long-term investment need of business and government. Accounting to DOZIE (1996) the raising of funds in the capital market possible the construction of factories, office buildings, highways, bridges and acquisition of machines. An efficient capital market therefore mobilize savings from surplus units and allocates a greater portion to these companies with the highest prospective rates or returns after giving due allowance for risk. This allocation function is critical in determining the over all growth of the economy. If capital resources are not provided to these economic areas especially industries where demand is growing and which are capable of increasing production and productivity, then the rate of expansion of the economy will inevitable suffer.

ONYINKE (1997) said; the capital market is not a single entity it’s rather a network specialized financial institution that in various ways brings together suppliers and users of capital. The key participants in the Nigerian capital market are:

* 1. The securities and exchange commission (SEC), which is the apex regulatory institution in the market.
  2. The Nigerians stock exchange (NSE), which is a self regulatory organization, is the hall mark of Nigerian capital market.
  3. The central bank of Nigerian and other banking financial institutions such as insurance companies, unit trusts and pension fund etc
  4. The market operator: issuing houses, stock broking firms, trustees registrars etc.

2.7 **PUBLIC QOUTATION AND TRANSFER OF SHARES PUBLIC QOUTATION**

One of the basic and most important responsibilities of organized securities market is the protection of the investing public from shady or unstable outfits; furthermore, public quotation is the premises on which daily buying and selling activities of the stock market rest. Therefore, a company seeking public quotation is always thoroughly scrutinized.

Ojo (1998) outlined some pillars of the Nigerian stock exchange market they are:

1. He stock exchange 1961
2. Second tier securities market (1985) for small investors
3. The securities and exchange commission (1989) for the regulation entire market.
4. The brokerage firm which numbered up to 164 by December 1997
5. Issuing houses which are mainly banks.

ONYNKE (2000) stated that to be admitted in the daily official list of Nigerian stock exchange a company most satisfied the following conditions.

1. Must be a public limited company.
2. Must have five years operating record
3. Amount of the money that can be raised is unlimited depending on the borrowing power of the director/company.
4. Minimum of 2% of equity must be made available to the public
5. Number of share holders must not be less than 300
6. Strength reporting and prospective requirements

The second tier securities market was introduced by exchange in 1985 as a market for smaller/medium emerging companies. The list requirements are less stringent as listed below.

1. Must be a public limited company.
2. Must have a 3 years operating record
3. Minimum of 10% of the equity must be made available to the public
4. Number of shareholders holders must not be less than 100
5. Amount of money that can be raised may not exceed N10 million.

On the whole, the exchange ensures that all listed securities are such that can inspire public confidence and that can provide a good measure of security for the investors fund. In addition, the NSE through its own rule and regulations, listing require he was well as code of conduct governing council members, shaft of the exchange, stock brokers and directors of quoted companies ensure that the investing public is adequately protected against any malpractices or inside deadly protection of the investors is further guaranteed by SEC. it is grateful to note that in its 36 year history, the exchange has not witnessed any major fraud the types of which have rocked some older exchange in recent times.

**TRANSFER OF SHARE**

Business Time News Paper (1997) provides that an investor wishing to either buy or sell must in addition to give orders to his stock holders complete and sign a transfer form. This the means by which company concerned is notified of the transferred of ownership and it is no its authority that the company will up-date the share register. This in filling the transfer from the transfer most endavour to specify accurately his postal address, since thus is the only means by which the will carry out all communications with him subsequently, all correspondence from the company, especially dividend warrants and share certificates will be sent him through the specified address.

Signature is very important item in the transfer from the sign signature is the only identification for the holder of the certificate. Companies usually rely on an accurate reproduction of the signatures in the transfer from to act on correspondences from stock holdings. The transfer most this ensure that resigns a signature that he can always reproduce with ease.

Upon receipt of the executed transfer from the stockbroker sends it to the registrar of company concerned for verification of the signature of the transfer in order to ascertain the self ownership.

After verification by the registrar, the shares are traded on the floor of the exhcnage.

Upon successful dealing on the trading floor, the transfer from is lodged with the Nigerian stock exchange for authentic. This is evidence with the NSE’s stamp and authorized signature at the back of the transfer form. Therefore, the authenticated transfer from is collected by the stock broker who find lodges it with the registrar for the issuance of certificate to now owner(s). The above steps are taken to avoid fraud and concentration.

2.8 **DEFCLARATION OF THE CAPITAL MARKET**

Suleiman (2000) said, deregulation has become a major element of economic reform and an important instrument for advancing in global competitiveness of nations.

In January 1993, the federal government began implementing a long posed programmed of capital market in the new issues (primary) market has been transferred from securities and exchange commission (SEC) to the issuing houses and stockbrokers to the issue, among other changes of fundamental nature in the market operation i.e. allotment and underwriting etc.

PASCAL (2000) said deregulation adds, directly in-terms of shareholder value to the deregularized enterprises.

This reform in concert with other reforms in the larger financial system, has impacted visibility on activities in the domestic capital market and have not doubt created opportunities and challenges for market operations and regulators, respectively in the process.

Specifically, the deregulation of interest rates and the consequent unprecedented rise in lending rate caused many corporate fund users to resort to the capital market to meet their financial needs Hitherto, they had been content working imprudently described market funds for the financing of long term projects.

The licensing of more banks and non-bank financial institutions also raised the number of capital market operations significantly, with most of the merchant banks providing issuing house services and establishing stock broking subscribers.

Furthermore, as a result of the privatization and commercialization pogramme of the federal government more companies have sought and got quoted on the Nigerian stock exchange. The programme has also swollen the bank of the shareholding population in publicity quoted companies. In 2001 it was estimated that the number of shareholders in quoted companies rose by 55% from 400,000 to 620,000.

These charges in the population of participation have impacted viciously on activities in the capital market and seek of the results of these developments are immediately obvious. In 1991 a total of 52 new issues worth N1.5 billon were approved for quotation by the stock exchange by 1992, this rose to 67 new share with market value of over 50 billion.

Perhaps it is too early in the day to court the gain and loss accuracy to the Nigerian capital market and the larger economy as a result of deregulation, but one thing is sure, there has been significant implement in the capital market activities. A development which make regulatory effort imperative and demands the support and co-operation of the market operators for the maintenance of the confidence, integrity, transparency and stability in the market for a self-regulatory authority, there is no gain saying that the situation calls mainly proactive, one which ensures that abuses are snipped in the bud.

* 1. **ADMINISTRATIVE ORGANIZATIONAL STRUCTURE OF THE STOCK EXCHANGE** – Fact The Book 1999 States The Following Structure .

**DIRECTOR GENERAL**

ADG RIMS Department

DDG Quotation and SSM

DDG HOD ADMIN. & FINANCE DEPARTMENT

Library Unit

Computer Unit

Internet Unit

Micrqohiming Unit

Legal Unit

Finance and account

DGM – Head Sureveilliance in

Inspectorate Unit

DGM

Cooperate affair Unit

**KEY OT OBSERVATION**

DG - Director General

DDG - Deputy Director General

SSM - Second tier securities market

RIMS - Research and information market structure

ADG - Assistant Director General

DGM - Deputy General Manager

A Director General who is the Chief Executive of the stock exchange heads the management. And, under the Assistant Director – General are Deputy Director (DDG) and Assistant Director General (ADG) next then are General – Manager of stock (GMS) and Assistant General Managers of stocks. Lastly are other officers.

**CHAPTER THREE**

3.1 **INTRODUCTION**

In conducting a study, a researcher has the option to choose from among several investigation techniques, which could be used alternatively or as complements. It’s often needful to employ more than one of such methods. As Aillway (1964) put it “in an given investigation it may even be necessary to use two or more of these general types of research in combination there is no reason, for instance, why one should not seek the solution of problem by studying its history. Through on examination of documents (document research) and their determining the present status by some sort of survey (descriptive research) the objective, of this chapter is given to description of the techniques employed and the procedure followed in the conduct of the study and their justification in the circumstance.

3.2 **POPULATION AND SAMPLE SIZE**

**Population** – The population is the total group of people or objectives which are characterized similar in one from or other from which the research is done from the population define to the unit to which the research founding are applicable.

Inn this regard the population comprise of Nigeria stock exchange the sample size used is (40) out of the total population of both staff and management of Nigeria stock exchange.

3.3 **SAMPLING TECHNIQUES**

Probability techniques which random sampling is chosen in order to aid the research arrive at more accurate representation from the whole population of the case study which brings about total number of 40 employees for the Nigerian stock exchange random sampling techniques give every member of the population and equal chance of bag selected without due consideration to other characteristic the advantage of this method is that is reduces cost and greater speed scope and accuracy of the research is achieved two sources here used to collect data.

a. **Questionnaire** – were administered to forty (40) people by hand and the researcher did the collection of completed questionnaires person the questionnaire was divided in two section A concerns the personal data of the correspondents: this will help to determine the degree of reliability to be placed on the responses section B concerns the main questionnaire with a view to determining the purpose of the research.

The distribution of questionnaire will be done personally and collection in the same way.

3.4 **SOURCES AND METHOD OF DATA COLLECTION**

Sources and method of data collection are ways and manner were information are gathered through primary data and secondary data.

* 1. **Primary data:** - These are data collected from the original source in order to obtain information for a specific purpose. The collection are of facts and figures relating to the population in a research provides primary data, and the main advantage of obtaining such data is that the exact information wanted is normally achieved. Primary data consist of interviews, questionnaire, and personal observation method enable the researcher together reliable information.
  2. **Secondary data:** Secondary data are already exists and/or collected for another purpose. Through this method of data collection is not reliable as the primary data collection, but it contributes in no small measure to any research work these types of data are been used with caution as it may not give the exact kind of information needed. Therefore great attention should be paid to in a precise coverage of all the infraction in this form of data collection techniques.

Secondary source of data is also described as data gathered from textbooks, newspapers, journals, periodic review of reports of the Nigeria stock exchange (NSE) circular and website. For the purpose of the research work primary data are used under the primary data is questionnaire

* 1. **Questionnaire** – is an instrument for gathering data beyond the physical reach of the research. it consist of a set of question designed to get information on data analysis, and the result which will be used for text of relevant hypothesis this is a research entrustment were questionnaire carefully designed for respondents to another in order to obtain researchable data structured questionnaires will be administered.

3.5 **METHOD OF DATA ANALYSIS**

In this chapter information were assembled from respondents in frequency distribution and analyzed the data presented. The responses are alas equally assembled, analyzed interpreted using the simple percentage for each understanding of the research work effort were made to analyze data collected through various sources by means of primary and secondary method used the problems will be arrived for purpose of study due to questionnaire. The data or information collected for the research work will be analyzed because project work deals with subject which develops with time require comparative analysis which can better be explained by the used of percentage charges the use of questionnaire was necessary and justify because questionnaire is more adequate in situation were the respondents are many.

**3.6 JUSTIFICATION OF CHOICE**

As result of fact the guideline and create policy to the ingrain stock exchange in the country today there researcher found out that the sources of data collection were obtained. This is based on the documents provided by such as magazines, journals and an manual report as base of primary method in which these data were gathered indeed, such as been obtained from the method or various sources comprise of questionnaire and personal observation method the questionnaire method adopted for this research work entails the collection of data for the purpose or describing the problem at hand which enables accurate information to be obtained from the source of collecting data.

Further more, the document reports of the Nigerian stock exchange serve as a major influence in collecting data which mainly provide the researcher with real fact to back up the project therefore this method used by researcher was taken into consideration the nature and scope of study to actually justify the choice.

**CHAPTER FOUR**

4.0 **DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents data collected and analyzed using frequently destitution tables. Efforts were made to analysis the data collected through various sources by means of primary and secondary method used. The research will be answered for the purpose of study due to questionnaires.

4.1 **Q1.** Are you will informed about the activities of the Nigeria stock exhcnage.

NSE?

Information about NSE

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 15 | 37.5 |
| No | 25 | 62.5 |
| **Total** | **40** | **100** |

*Source*: survey research July 2009

The above table reveals that a greater percentage of the public 25(62.5%) know little or nothing about the activities of NSE (37.5%) are well informed. It is therefore necessary to enlighten the entire public about the activities of exchange, which is the aim of this project enlightenment.

Q2. In your own opinion, now is the participation of Nigeria companies on the stock exchange in relation to the number of limited companies existing in the country.

**Table 2**.

Participation of the Nigeria companies on the NSE.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE %** |
| Encouraging | 10 | 25 |
| Not encouraging | 20 | 50 |
| I don’t know | 10 | 25 |
| **Total** | **40** | **100** |

*Source*: survey research July 2009

From table 2, 20 (50%) of the respondents are of the opinion that the participation of Nigerian companies on the stock exchange is not encouraging while these with other opinion etc. encouraging and I don’t know are 10(25%) respectively. Presently, the told number of companies quoted in the stock exchange 15, therefore there is need for greater participation of companies and investors considering the benefit they would reap.

**Q3.** considering the volume of activities on the NSE, do you agree that is a major market for investment in the country.

**Table 3.**

NSE as major market for investment fund.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 10 | 25 |
| No | 30 | 75 |
| **Total** | **40** | **100** |

*Source*: survey research July 2009

In table 3, 30(75%) of respondents are of the opinion that is not a major mark for investment of fund while a lower percentage 10(25%) did not no share such opinion there should be more awareness to the public on the stock exchange activities so that volume of activities could be measured.

Q4. In your own vie w how is the participation of local firm in the activities of the NSE in recent times.

Table 4

Recent participation of local firms in NSE

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE %** |
| Encouraging | 22 | 55 |
| Not encouraging | 10 | 25 |
| I don’t know | 8 | 20 |
| **Total** | **40** | **100** |

Source: survey research July 2009

From table 4 22(55%) are of the view that the participation of local firms is encouraging while 10(25%) are of the view that is not encouraging and 8 (20%) “do no know”.

The result obtained is in conformity with the trend of events in the stock market for these who are actually current with market will know there has been positive participation by load firms.

What we are beginning to observe is the increase in number of companies quoted year by year.

Q5. The structure of the development of the NSE all right for it’s activities do you agree?

**Table 5**

Structure of the development of the NSE

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 20 | 50 |
| 20 | 50 | 75 |
| **Total** | **40** | **100** |

*Source*: survey research July 2009

Table 5 reveals that 20 (50%) of the respondents agree that the structure and development of the NSE is alright for it’s activities and 20 (50%) are of the opinion that’s it’s not right.

**Q6.**

The Nigeria stock exchange has been performing a major role in the Nigeria economic development do you agree?

NSE’s role in Nigeria’s development.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 30 | 75 |
| No | 10 | 25 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

From the above table 30(75%) are of the view that NSE has been performing a major role in Nigerian’s development, while (25%) are of a negative opinion. Therefore, we can conclude that the role of the exchange is so enormous that in the absence of it, no meaningful development would have been achieved in the industrialization of the Nigerian economy.

**Q7.** The capital market constitutes of major investment of decision instrument of a capitalist economy. Do you agree?

**Table 7**

Instrument of a capitalist economy.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 30 | 75 |
| No | 10 | 25 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

Table 7, 30(70%) do agree that the capital market constitutes of major investment decision instrument of a capitalist economy and 10(25%) do not.

**Q8.** How will you rate the development that has taken place in the NSE till date?

**Table 8** Development in the NSE

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE %** |
| Above average | 10 | 25 |
| Average | 20 | 50 |
| Below average | 10 | 25 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

From table, 20 (50%) are of the opinion that the rate of development in the NSE is average, while 10(25%) and 10(25% ) are of the opinion that development is above average and below average respectively.

Development in the NSE is improving by the day and would rise in no time.

**Q9** how is the performance of the NSE?

**Table 9:** performance of the NSE

***Source:*** survey research July 2009.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE %** |
| Encouraging | 10 | 25 |
| Not encouraging | 20 | 50 |
| I don’t know | 10 | 25 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

The response from the above table shows that 20(50%) are of the opinion that the performing of the exchange is encouraging and 10(25%) “Don’t not know”.

**Q10.** Growth in the activities of the capital market.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 25 | 62.5 |
| No | 15 | 37.5 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

**Table 10**, reveals that 25(62.5%) of the respondents are of the view that their has been significant growth in the level of activist of the capital market able 10(37.5%) are of the view that their has been no significant growth.

**Q11**. Has the NSE been able to win investors confidence in the capital market?

**Table Q11.**

Investor’s confidence in the capital.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 35 | 87.5 |
| No | 5 | 12.5 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

In the above able 35 (87.5%) have the view that NSE has been able to win investors confidence in the capital market 5(12.5%) held negative views.

**Q12:** Operation of price movement ceiling.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 25 | 62.50 |
| No | 15 | 37.50 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

Table 12, Shows that 25(62.50%) respondents consider it fair that NSE operates a price movement ceiling for a proper functioning of the market and 15(37.50) consider it unfair.

**Q13.**

CSCS A SUBSIDARY OF NSE.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Significant | 35 | 87.5 |
| Not significant | 5 | 12.5 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

In the above, 35(87.5%) of respondents think CSCS is significant to the nations capital structure and development and 5(12.15%) do not think it is significant.

Therefore from the above CSCS cannot be left out in the nations capital structure and development.

**Q14.**

To facilitate the CSCS take off, four (40) banks were selected and all stock brokers were to open account with them. Do you consider this adequate.

**Table 14**

The need for stock brokers to open account with CSCS.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 38 | 95 |
| No | 2 | 5 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

From table 14 above 38(95%) of the respondents consider the selection of four 4 banks for all stock brokers to have account as adequate in facilitating the CSCS Take off while 2(5%) do not consider is adequate.

**Q15**: Do you think is justifiable for limiting the choice of a stock broker to these banks?

**Table 15**

Limiting stock brokers to these banks

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 38 | 95 |
| No | 2 | 5 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

In table is above 38(95%) respondents think it’s justifiable for limiting choice of a stockbroker to these bank and 2(5%) think is not justifiable.

We can therefore say that the above decision is justifiable and helps facilitate the work of CSCS.

**Q16**. How well do you think these banks would be able to service the need of CSCS?

**Table 16**

Servicing the needs of CSCS

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 24 | 60 |
| No | 16 | 40 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

From table 16 above 24 (60%) respondents think these would be able to service the needs of CSCS and 40% do not think these banks would be able to service the needs of CSCS.

**Q17**. Do you agree that deregulation of the capital market is an instrument for advancing the global competitiveness of nations?

**Table 17**

Deregulation of the capital market.

|  |  |  |
| --- | --- | --- |
| **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| Yes | 30 | 75 |
| No | 10 | 25 |
| **Total** | **40** | **100** |

***Source*: survey research July 2009**

From the above table 30 (75%) respondents that deregulation of the capital market is an instrument for advancing the global competitiveness of nations while 10(25%) do not agree.

**Table 18**

Reasons for deregulation

|  |  |  |  |
| --- | --- | --- | --- |
|  | **OPTION** | **NO OF RESPONDENTS** | **PERCENTAGE** |
| a. | Add value to shareholders position | 30 | 75 |
| b. | Rise in new issues and market value. | 15 | 35.5 |
| c. | Challenges for market operators | 10 | 25 |
| d. | Others | 5 | 12.5 |
|  | **Total** | **40** | **100** |

***Source*: survey research July 2009**

From the table 15(31.5%) of the respondents view reasons for the deregulation because of rise in new issues and market value (25%) and deregulation add value to shareholders position, 10(25%) challenges for market operator and 5(12.5%) are of divergent.

4.2 **PRESENTATION AND ANALYSIS OF INTERVIEW RESPONSES**.

In this section, the responses received from the interview question used to collect the primary data are analysis.

4.2.1 **ANALYSIS OF QUESTION RELATING TO HYPOTHESIS ONE**

The table below summarizes the responses of the first hypothesis which stated that:

**Ho**: That the present structure of the capital market does not facilitate rapid development the economy.

**Hi**: that the present structure of capital market facilities rapid development of the economy.

The questions that relate these hypothesis are: -

Question 7: The capital market constitutes of major instrument of a capitalist economy do you agree?

**Question 10:** Do you agree that the has been a significant growth in the level of activities of capital market?

**Question 11:** Has the NSE been able to win investors confidence in the capital market?

**Question 17:** Do you agree that deregulation of the capital market is an instrument for advancing the global competitiveness of nation?

The analysis of the response is as fellows:

**Table 19:** Analysis of questions 7,10,11 and 17

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Question** | **Respondents** | | | | **Total** | |
|  | Yes | % | No | % | Respondent | & |
| 7 | 30 | 75 | 10 | 25 | 40 | 100 |
| 10 | 25 | 62.5 | 15 | 37.5 | 40 | 100 |
| 11 | 35 | 87.5 | 5 | 12.5 | 40 | 100 |
| 17 | 30 | 75 | 10 | 25 | 40 | 100 |
| Total | 120 |  | 40 |  | 160 | 100 |

**Source**: survey research July 2009

A. Total No. of responsible 160

Total No. of yes respondents 120

Total no of “No” respondents

iii) Percentage of “Yes” respondents

Yes respondents x 100

total No. of respondents.

120 x 100 = 75%

160

iii) Percentage of “No” Respondents

No respondents x 100

Total No of respondents

From table 19 above, it can been that 30 (75%) of the respondents agree that the capital market constitutes of major investment decision instrument of a capital economy 10(25%) do not agree (question 7).

Also, 25 (62.5%) are of the view that has been significant growth in the level of activities of the capital market while 15 (37.5%) are of the view that there has been no significant growth (question 10).

37(87.5%) have the view that NSE has been able to win investors confidence in the capital market and 5(12.5%) held negative views (question 11).

Finally 30(75%) agree that deregulation of the capital market is an instrument for advancing the global competitiveness for nation while 10(25%) do no agree.

* + 1. **NALYSIS OF QUESTIONS RELATING TO HYPOTHESIS TWO**

The table below summarizes responses relating to the 2nd hypothesis, which states.

Ho: The NSE has not been performing any significant role in the Nigeria economic development.

Hi: The NSE has been performing a significant role in the Nigeria economic development.

The questions that relate to the hypothesis are:

**Question 2**: Are you well informed about the activities of the Nigeria stock exchange NSE?

**QUSTION 5**: The structure of the development of the NSE all right for it activities. Do you agree?

**QUESTION 6**: The Nigeria’s economic development. Do you agree? Table 20: analysis of question 15, and 6

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Question** | **Respondents** | | | | **Total** | |
|  | Yes | % | No | % | Respondent | & |
| 1 | 15 | 37.5 | 25 | 62.5 | 40 | 100 |
| 5 | 20 | 50 | 20 | 20 | 40 | 100 |
| 6 | 30 | 75 | 10 | 25 | 40 | 100 |
| Total | 65 |  | 55 |  | 120 | 100 |

***Source***: survey research July 2009.

B. Total No of respondents 120

Total No. of yes residents 65

Total No of No respondent 65

% of yes respondents

Yes respondents x 100

Total No. of respondents

65 x 10 = 54%

120

ii) % of “No” respondents

55 x 100 = 45%

120

Table 20 above 25(62.5%) of the public know little or nothing about the activities of the Nigeria stock exchange, while 15(37.5%) are well informed (question). Also 20 (50%) agree that the structure and development of Nigeria of Nigeria stock exchange is aright for his activities and of the opinion that it’s not alright respectively (question 5). 30(75%) are of the view that ingrain stock exchange has not been performing a major role in Nigerian’s development while 10(25%) are of negative opinion.

4.3 **HYPOTHESIS TESTED**

It is necessary at this point to state the hypothesis formulated for the study in chapter one.

1. **Ho:** That the present structure of the capital market does not facilitate rapid development of the economy?

**Hi:** that the present structure of the capital market facilities rapid development of the economy.

2. **Ho:** that Nigerian stock exchange has been performing any significant role in the Nigeria economy development.

**Hi**: that Nigeria stock exchange has been performing a significant role in the Nigerian economic development.

4.4 **ACCEPT 1 REJECT DECISION**

If 75% of the respondents say “yes” he will hypothesis will be accepted, but it less than 75%, we reject the null hypothesis an accept the alternative hypothesis.

A. **DECISION OF HYPOTHESIS ONE**

Since we have 75% “Yes” respondents as against 25% “No” respondents. The null hypothesis, which say the present structure of the capital market does not facilitate rapid development of the economy, is accepted hence we reject the alternative hypothesis.

B. **DECISION ON HYPOTHESIS TWO**

Since we have less than 75% “Yes” respondents the null hypothesis which says the Nigeria stock exchange has not been performing any significant role in the Nigerian economic development is rejected, hence accept the alternative hypothesis.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

5.1 **SUMMARY**

The Nigerian stock exchange has undergone a tremendous revolution over the years. After about 38 years of its establishment the Nigeria stock exchange can be saw to have existed long enough to permit a capital look at its establishment was expected to provide appropriate machinery to facilitate further offering to stock and shares to the investment of saving so soon as it is clear that stocks and shares are readily available.

The chronic problems at the national and corporate indelitrarss have driven home the futility of combining too much short-term with too long markets as intended as at the time of establishment. There are some constraints in this sector. It is believed in some quarters of the economy that the Nigeria capital market is underdeveloped and has shown substantial growth since independence. And that shares a re rarely traded and prices do not reflect trading features of the listed companies.

Also it is referred that the Nigerian capital market “too many” things to do, that it will be unable to develop it’s market structure effectively efficiently.

This research project has the objective of high lighting the Nigerian capital market operations, the key particulars in the Nigerian capital market and to analyzed the capital market structure in aiding the development of the Nigerian economy. In view of his, capital market operators, the need for stock exchange are thoroughly dealt with for analytic purpose.

This study will educate and expose ignorant business men an students to understand operation of the NSE, thus, widening horizon of knowledge of the general public: epically the operators and policy makers of the capital market recommendation will in no small measure serve as a guide towards improved performance.

Therefore, the following invalid and alternative hypothesis could help us to reach an more resonance and unbiased end. Null hypothesis states that the present structure of the capital market facilitate rapid development of the economy, the second set of null and alternative hypothesis states that: the NSE has not been performing any significant role in the Nigeria economic development act that NSE has been performing a significant role in the Nigerian economic development respectively.

The questionnaire was administered forty (40) people by hand and the researcher did the collection of completed questionnaire personality. An annual report of CBN 2000 was a service of data collection.

However there is a little awareness of the public about the NSE and so it’s performance cannot be judged by all. Lack of financial resources has made participation in NSE not encouraging. Investors lack confidence in the market and no effective operating market structure. One observable trend is that, there is still armchair stock broking in Nigeria. The whole business is still too elitist.

5.2 **CONCLUSION**

It is an indisputed fact that modern organizations need capital for both modernization and expansion especially in the present era industrial and technological advancement. Even though it is possible to raise capital through debt, experience has shown that such measure is only good to a certain level. The inability of the exchange in fulfilling this function adequately most of the time has been the “brain child” of the present poor employment and the sky rocketing cost of “things” what we need is more reliable and efficient stock market structure whose performance will be adequate and when playa more positive and dynamic role in from of it development other will response quickly to needs and aspiration of the Nigeria citizenry.

The challenges that are a head is to be able to increase and retain as many of our domestic individual and institutional investors as possible and simultaneously attract foreign once to our market.

To achieve this, he will have to be dynamic innovative and have an open mind so that new ideals can be absorbed and put to use. In this respect the market must be able to provide spectrum of investment alternatives, new trading instruments with investors hedge their risk as well as environment which is honest, as efficient structure and where policies are flexible enough to accommodate very different investment needs.

Our objective thus, must always be to implement policies and strategies with the progress and good of the entire industry in mind. The investors who are the saver, the fund raisers who are the savers, the fundraisers who are the government and the publicly listed companies and stock broking community.

5.3 **LIMITATION**

In the conduct of this study, certain problems were encountered. They form the basis of the limitation.

* + As pointed out in chapter three, the study made use of questionnaires for the collection of data from respondents. Hence, the questionnaire study is some of the inhibiting factors in the application of the results and conclusion.
  + There cases of poor response due to the awareness by the public of the Nigeria stock exchange, which made questionnaire a problem.

There was a problem of this constraints, there was limited time to cover properly all areas for research.

It is therefore necessary that the conclusions drawn from the findings are applied with due cognizance’s of these limitation.

5.4 **RECOMMENDATION**

Despite the structure and development of the Nigerian stock exchange as a contribution to the modernization and expansion of the Nigerian economy, a lot remains to be done as there is still much that thus market can contribute to the effort to put economy on the part to a sustainable development and growth. To thus and, I recommend the following measures for improvement, they include.

* + Firstly, there is need for the creation of awareness, and which could be done by organizing seminars to promise activities, advert both newspaper and media, education programmes, and particular strategies should be developed to widen the investors education programme beyond the intellectual levels or the institutional investor and current market players currently adopted.
  + More trading floors branches have to have to opened for the Nigeria stock exchange structure and development to be felt nation wide.
  + There should therefore be an effective and simple operating market structure that should facilitate quick switches from one from of security to the other presently the system is so laborious, time consuming one at times utterly frustrating to be relied upon.
  + It is necessary to maintain investor’s confidence in our market and in ensuring these NSE should not be left alone to attract investment. In the country, the government should maintain sound economic policies ensure security of live and property generally and continually improve investment.

Finally, the structure and the development use of the stock market should be facilitated by up grading and improving upon the present standards and practices.

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**APPENDIX A**

**SECTION A**

Department of accounting & finance

College of Accounting And Business Finance

Kaduna Polytechnic.

**PERSONAL DATA**

Complete the following

Name: (optional)---------------------------------------------------------

Sex: -----------------------------------------------------------------------

Qualification: ------------------------------------------------------------

Occupation: -------------------------------------------------------------

**SECTION B**

Q.1 Are you well informed about the activities of the Nigeria stock exchange NSE?

a. Yes [ ] b. No [ ]

Q2. In your own opinion, now is the participation of Nigeria companies on the stock exchange in relation to the number of limited companies existing in the country.

a. encouraging [ ] b. Not encouraging [ ] c. I don’t know [ ]

Q3. Considering the volume of activities on the NSE, do you agree that is a major market for investment in the country?

a. Yes [ ] b. No [ ]

Q4. in your own vie w how is the participation of local firm in the activities of the NSE in recent times.

a. encouraging [ ] b. Not encouraging [ ] c. I don’t know [ ]

Q5. The structure of the development of the NSE is alright for it’s activities do you agree?

a. Yes [ ] b. No [ ]

Q6. The Nigeria stock exchange has been performing a major role in the Nigeria economic development do you agree?

a. Yes [ ] b. No [ ]

Q7. The capital market constitutes of major investment of decision instrument of a capitalist economy. Do you agree?

a. Yes [ ] b. No [ ]

Q8. How will you rate the development that has taken place in the NSE till date?

a. Above average b. averages c. below average

Q9 how is the performance of the NSE?

a. encouraging [ ] b. Not encouraging [ ] c. I don’t know [ ]

Q10. Do you agree that there has been a significant growth in the level of activities of the capital market?

a. Yes [ ] b. No [ ]

Q11. Has the NSE been able to win investors confidence in the capital market?

a. Yes [ ] b. No [ ]

Q12: The NSE operates a price movement ceiling, do you consider it for a proper functioning of the market?

a. Yes [ ] b. No [ ]

Q13. the exchange has now introduced a central security exchange system (CSCS) a subsidiary of NSE do you think it is significant tog the nations capital structure and development?

a. Yes [ ] b. No [ ]

Q14.To facilitate the CSCS take off, four (40) banks were selected and all stock brokers were to open account with them. Do you consider this adequate.

a. Yes [ ] b. No [ ]

Q15: Do you think is justifiable for limiting the choice of a stock broker to these banks?

a. Yes [ ] b. No [ ]

Q16. How well do you think these banks would be able to service the need of CSCS?

a. adequate [ ] b. Not adequate [ ]

Q17. Do you agree that deregulation of the capital market is an instrument for advancing the global competitiveness of nations?

a. Yes [ ] b. No [ ]

Q. 18 Based on your answer in (17) above, what are the possible reasons?

a. Add value to shareholders position [ ]

b. Rise in new issues and market value [ ]

c. challenges for market value [ ]

d. others [ ]