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CORPORATE GOVERNANCE PRACTICES: AN OVERVIEW OF THE EVOLUTION OF CORPORATE GOVERNANCE CODES IN NIGERIA

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ABSTRACT

This paper reviews the historical development of corporate governance codes, their functions on corporate governance practices in Nigeria and conformity with international best governance practices. The paper reveals that though the Companies and Allied Matters Act (CAMA) is the principal law regulating companies in Nigeria, other regulators complemented its provisions on corporate governance practices through various Codes, which added much strength to corporate governance practices in Nigeria. It is observed that for the first time in Nigeria, legislation empowered a regulator-Financial Reporting Council of Nigeria (FRCN) with statutory duty to formulate code of corporate governance in Nigeria and to ensure compliance with same. It is further submitted that Nigeria is well in the right direction as the review of the Codes reveals that all the five codes in existence have the main drive of issues in their provisions which concerns with the manner in which companies are being monitored by the Board in the interest of shareholders and stakeholders. The paper adopts doctrinal method where the relevant primary and secondary sources were utilised. It concludes that despite the existence of cases of corporate frauds and mismanagements, the codes made great impact in ensuring sound corporate governance practices in Nigeria. Lastly, the paper recommends that CAMA being the principal law be amended to take care of the changing circumstances and that FRCN should collaborate with other regulators for effective discharge of its duties particularly in issuance of National Code of Corporate Governance.

Keywords: Corporate Governance; Financial Reporting Council; Code of Corporate Governance; Accountability and Disclosure.

INTRODUCTION

This paper reviews the historical development of corporate governance codes, their functions on corporate governance practices in Nigeria and conformity with international best practices. The recent corporate scandals and events across the world redirected the thinking of regulators around the world towards enacting more robust rules to ensure transparency, adequate disclosure and accountability in the corporate regulation. Bitter lessons were learnt from the Asian Financial Crisis of 1997-98 fuelled largely by a distending currency crisis and weak financial system; series of corporate mismanagements and obvious professional abuses, as evidenced with Enron scandal in United States in 2001 and the global financial meltdown of 2008 which began with the crash in United States mortgage industry and later affected all other part of the world[1]. The major implication of these crises resulted in changes towards the regulatory policies concerning the accounting, auditing and legal professions worldwide more particularly the accounting profession[2]. The greater consequence was the restrictions imposed on the professions which

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[1] . C. Osisioma, 'Regulatory Development: Financial Reporting Council and IFAC Requirements' (2012) Paper Presented on July, 17 Nnamdi Azikwe University, Awka, Anambra State; VG Maurer, 'Corporate Governance as a Failsafe Mechanism against Corporate Crime' (2007) 28(4), Comp. Law. 99-105

[2] Enturk and Others, 'Corporate Governance and Disappointment' (2004) 11(4), RIPE 677-713.

affect the freedom of self-regulation in these professions. An international forum of ministers and central bank governors from the twenty most economically developed countries (G-20) set up the Financial Stability Board in 2009 to ensure global convergence of standards and their consistent application, enhanced risk disclosure, disclosure of complex financial instruments, and financial regulatory reform.

The International Forum of Independent Audit Regulators made greater emphasis on mandatory rotation of auditors; enhancement of corporate governance practices; greater transparency in financial and accounting statement and call for convergence of standards and financial regulatory reform. In United States, the Sarbanes-Oxley Act (SOX) was signed into law with far-reaching impact for accounting and legal practices in 2002 and in the United Kingdom, the Ethics Standards Board issued a consultation paper, raising three fundamental issues: independence of auditors appointed and re-appointed on the advice of management, provision of non-audit services by auditors to clients, and the need for rotation of auditors after a certain number of years.

In Nigeria, the regulatory changes were through the issuance of different Codes of corporate governance by major regulators which include: Code of Corporate Governance for Public Companies, 2003 issued by Securities and Exchange Commission (SEC); Code of Corporate Governance for Banks Post Consolidation, 2006 issued by Central Bank of Nigeria (CBN); Code of Corporate Governance for Licensed Pension Operators, 2008 issued by Pension Commission (PENCOM); Code of Good Corporate Governance for Insurance Industry, 2009 issued by (National Insurance Commission) NAICOM; enactment of FRC Act[3], which among others created FRC; Code of Corporate Governance for Public Companies, 2011 issued by SEC and its recent amendment 2014 and the Code of Corporate Governance for Banks and Discounts Houses in Nigeria and Guidelines for Whistle Blowing in the Nigerian Banking Industry 2014[4].

The most recent event is the exposed draft of National Code of Corporate Governance released by the FRC for public comments, which reveals the intention of the FRC to regulate corporate governance for private and public companies, not for profit organisations and public interest entities in Nigeria. The main aim of these regulations is to ensure transparency, accountability and disclosure in the running of affairs of companies' which will in turn guarantee investors' confidence, protection of shareholders' investment and flow of both local and foreign capitals[6]. The next section discusses meaning of Corporate Governance and Code of Corporate Governance.

CORPORATE GOVERNANCE

There were several attempts and efforts to define the concept of corporate governance by different scholars, organisations and theorists alike. These attempts and efforts made the definition of the concept to be enriched with diverse opinions and explanations. However, the definition of the Organisation for Economic Cooperation and Development (OECD) is said to represent the international consensus on the meaning of the concept, which it defines as:

> *The system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this it also provides the structures through which the company objectives are set, and the means of attaining those objectives and monitoring performance*[6].

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[3] Act No 6 of 2011.

[4] Inam Wilson, 'Regulatory and Institutional Challenges of Corporate Governance in Nigeria Post Banking Consolidation' (2006) 52(2), National Economic Society Group 1-10.

[5] B.J Inyang, *Corporate Planning and Policy: Concepts and Application* (1st Edition, Merb Publishers, Calabar, 2004) 163.

[6] Available at www.oecd.org – assessed on 21 July, 2015.

According to Inyang[7]:

> *Corporate governance in its simplest conceptualisation refers to the broad range of policy and practices that stockholders, executive managers, and board of directors use to manage the operations of corporate organisations towards fulfilling their responsibilities to the investors and other stakeholders in the society.*

According to Ajogwu :

> *Corporate governance structure spells out the rules and procedures for making decisions on corporate affairs [and] provides the structure through which the company objectives are set as well as the means of attaining and monitoring the performance of those objectives. It defines the accountability of those charged with the responsibility of steering the company's affairs[8].*

From the above definitions, corporate governance is therefore set to ensure accountability, efficiency and effectiveness, fairness and integrity and transparency in the management of the affairs of the company. It further set to promote, protect and foster the interest of shareholders, employees and achieving corporate social responsibility[9]. These are the basic tenets of sound corporate governance.

Codes of Corporate Governance

Codes of Corporate Governance are regarded as:

> *Set of 'best practice' recommending the behaviour and structure of the board of directors of a firm...designed to address deficiencies in the corporate governance system by recommending a comprehensive set of norms on the role and composition of the board of directors, relationship with shareholders and top management, auditing and information disclosure, and selection, remuneration, and dismissal of directors and top management[10].*

From the above definition, codes of corporate governance are issued in the corporate governance system to serve as recommendation to the board of directors of a company in terms of structure, composition, board committees, remuneration and auditing standard for effecting manning of affairs of a company. The next section concerns with development of corporate governance in Nigeria.

EVOLUTION OF CORPORATE GOVERNANCE IN NIGERIA

The concept of corporate governance cannot in anyway be separated from company law in general. As noted above, the emergence of corporate governance principle in Nigeria which, concerns with issues relating to the regulation, control and governance of corporate entities can be traced, essentially to CAMA 1990, which replaced the Companies Act 1968. In this regard, like the legal system in Nigeria, corporate governance practices mirrored the UK pattern.[11] Therefore, it is crucial to discuss the evolution of corporate governance in Nigeria in five phases.

Pre- 1990 Phase

The UK legislations were reviewed when Nigeria attained independence from Britain in 1960. Soon after the independence, Companies Ordinances of 1922 was repealed and replaced by the Companies Act 1968,

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[7] B.J. Inyang, 'Nurturing Corporate Governance System: The Emerging Trends in Nigeria' (2009) 4(2), *Journal of Business Systems, Governance and Ethics,* 1-13.

[8] Ibid.

[9] I.J. Essian, 'Re-Affirming the Principles of Corporate Governance in the Nigerian Capital Market: The Role of Securities and Exchange Commission' in S.I. Oji (ed.), *Philosophical Legacy on Issues in Nigerian Public Law* (Faith Printers International, Zaria, 2008). 239- 254.

[10] Inyang (n5).

[11] Ibid.

which was modelled along the English Companies Act of 1948. The Act became the principal legislation regulating companies in Nigeria[12]. It contained detailed provisions regarding the running of affairs of companies particularly in relation to the roles of the board of directors and that of members in general meeting[13]. A factor that led to this development was because, prior to the introduction of the indigenisation programme of the government in 1972, the British citizens controlled the major business enterprises in Nigeria and in a bid to protect their economic interests they had to extend their company legislation to Nigeria. The Companies Act 1968 failed to appreciate the economic realities and settings of the Nigeria state. In 1972, the Federal Government promulgated the Nigerian Enterprises Promotion Decree[14] commonly referred to as the indigenous Decree essentially to promote indigenous ownership of businesses. The Decree restricted foreign ownership by creating three different schedules of enterprises: first, enterprises exclusively reserved for Nigerians; secondly, enterprises in respect of which foreigners cannot hold more than 40% of shares; and those enterprises in respect of which foreigners cannot hold more than 60%.

However, the Nigerian Enterprise Promotion Decree[15] has been repealed, which abolished any restriction in relation to the limits of shareholding by a foreigner subject to the regulation by CAMA. It is pertinent to note that the issue of ownership of corporation is the foundation of corporate governance under the agency theory. Another area covered by the Decree concerns the prohibition of nationalisation or expropriation of any foreign corporation operating in Nigeria.

The core legislation that alters the face of corporate governance regime in Nigeria was the Nigerian Privatisation and Commercialisation Decree[16]. The focus of the legislation was to afford core foreign investors / strategic partners the opportunity to hold up to 40% of privatised companies. The major reason behind the policy is to give way for investors to provide a much needed injection of capital and more professional management[17]. Ahunwan[18] expressed concern on the impact of the legislation in the long run, however opined that privatisation of government owned corporations may change the composition of ownership of Nigerian corporation, but it will not alter the pattern of concentrated ownership. He then concludes:

> *This raises the question, then, of whether privatisation will benefit minority shareholders (or whether majority owners will continue to exploit minority owners). One possible hope is that a greater participation by institutional investors will help protect the interests of minority shareholders. At this stage, however, there is little data on which to make such an evaluation.*[19]

Through these legislations, various forms of approaches have been employed to relinquish wholly or partially government equity holdings in the privatised companies, which have clear implications for corporate governance. The paper now turns to second phase.

1990 – 2003 Phase

It is important to restate that CAMA repealed and replaced the Companies Act 1968 as the principal statute regulating companies in Nigeria. It is also worthy to mention that when it was promulgated in 1990, corporate governance was yet to emerge as a distinct concept[20]. However, it makes provisions

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[12] Akintunde Emiola, *Nigerian Company Law* (Emiola publishers, Ogbomoso, 2007).

[13] O. Orojo, *Company Law and Practice in Nigeria* (3rd Edition, Mbeyi and Associates Nig Ltd., 1992) 13.

[14] No 4 of 1972.

[15] No 7 of 1995.

[16] No 25 of 1988.

[17] B. Ahunwan, ''Corporate Governance in Nigeria'' (2002), 37 *Journal of Business Ethics*, 269- 286.

[18] Ibid 282.

[19] Ibid.

[20] However, the concern for corporate governance is not totally new; it is believed to be as old as enterprise although the study of the subject can only be traced to the 1930s. According to business historians, the Bubble Act of 1720 which was an early reaction to abuse of charters in UK to be the starting point of corporate governance. But a milestone was reached in 1932 when, in the aftermath of the Wall Street Crash of 1929, Adolf Berle and Gardner Means reflected in *The Modern Corporation and Private Property* (Transaction publishers, 1991) on the changing role of the modern corporation in society, through legal and economic lenses, they researched the consequences of separation of ownership and control (primarily stemming the dispersal of shareholding in the large corporations).

which are fundamental to corporate governance practice in Nigeria which include; required accounting and auditing standards, equity ownership disclosure, minority shareholders rights and equality of members, oversight management where CAC and other regulators are expected to regulate the activities of the companies. Beside CAMA, there are other general and industry- specific legislations which company must comply with; such as the provisions of CBN Act[21], BOFIA[22], NAICOM Act[23], PENCOM Act[24], FRC Act[25], NDIC Act[26], NCC Act[27] and ISA[28] among others.

In the same regard, one of the significant features of CAMA was the codification of directors' duties[29]. Section 279 provides that a director of a company stands in a fiduciary relationship towards the company and shall observe the utmost good faith towards the company in any transaction with it or on its behalf. It further provides that the director of a company is to have regard in the performance of his duties, to the interest of the company's employees in general, as well as the interest of its members. Section 280 provides that the interest of a director shall not conflict with any of his duties and shall not in the course of management of affairs of the company; or in the utilisation of the company's property, make any secret profit or achieve other unnecessary benefit without being accountable.

Section 282 is to the effect that a director of a company shall exercise and discharge the duties of his office honestly, in good faith and in the best interests of the company, and shall exercise that degree of care, diligence and skill which a reasonably prudent director would exercise in comparable circumstances. It further states that failure to take reasonable care shall ground an action for negligence and breach of duty.

The provision of section 283 CAMA provides that directors of company are trustees of company's money, properties and their powers and they must account for them in the best interest of the company and all the shareholders, and not in their own or sectional interests. These provisions of the CAMA confirm the shareholders primacy dominance in Nigeria's corporate governance.

Other duties of directors include preparation of annual account from the company's account record which shall include auditors' reports; directors' reports and statement of the accounting policies. Section 342 mandates the directors of a company to prepare a report while section 345 makes it mandatory for directors to lay and deliver before the company in the general meeting, copies of financial statements of the company and auditors' report shall be read before the company at the general meeting. These duties underscore the importance of transparency, accountability and disclosure which are the principles of corporate governance.

However, soon after the promulgation of CAMA, the corporate challenges around the world brought the issue of corporate governance to the fore, as a result of which different countries across the globe started reviewing their corporate governance practices. This made certain countries to issue corporate governance codes of practices to address new issues that were not adequately and specifically covered by the company legislation. Nigeria happened to be one of them. With the collapse of Enron and other major corporations in United States of America and United Kingdom in early 2000s, the concept of corporate governance gain wider consideration worldwide.

In Nigeria, the issue of formal corporate governance code came through the Code of Corporate Governance for Banks and Other Financial Institutions in Nigeria, issued by the Bankers' Committee in August, 2003[30]. It was deliberated and complied by the Bankers' Committee's Sub-Committee on corporate governance. It was also a response to the financial crisis in Nigeria prior to 2000s and in the

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[21] No 7 of 2007, applicable to Banks and Discounts Houses in Nigeria.

[22] Cap B3 Laws of the Federation of Nigeria (LFN) 2004, applicable to Bank and other financial institutions in Nigeria.

[23] Cap 117 LFN 2004, applicable to Insurance Industry in Nigeria.

[24] 4 of 2014 which repealed the Pension Reform Act No. 2, 2004, applicable to Pension Industry in Nigeria.

[25] No 6 2011.

[26] No 16 2006, applicable to Banking Industry in Nigeria.

[27] 2003, applicable to Telecommunications Industry in Nigeria.

[28] No 29 0f 2007.

[29] As contained in Sections 279, 280, 281,282 and 283 of CAMA.

[30] O. Nat, 'Historical Development of Corporate Governance in Nigeria' (2013), <The Corporateprof.com/historical-development-of-corporate-governance-in-nigeria> accessed on 22/02/2013

realisation that the basic company law did not address the challenges posed by the corporate challenges at the time. Poor corporate governance at the time was regarded as one of the major factors in virtually all crisis of financial sector misery. The code was applicable to all banks and other financial institutions operating in Nigeria when it was issued, but the code was not popular being issued by a voluntary organisation and not a regulator[31]. That notwithstanding, the code addresses issues of corporate governance practices such as responsibility of the Board of Directors, separation of Chairman and Chief Executive Officer (CEO) responsibilities, provision of balanced board of directors (executive and non-executive directors) and transparent procedure for the appointment of directors to the board of company. Other issues covered by the code include proceedings of the Board of Directors and Directors' Remuneration, Board Performance Assessment, Risk Management and greater Financial Disclosure, provision of Audit Committee and board relation with shareholders to ensure that it serves the best interests of shareholders of the company and account to them.

Although the code was comprehensive, it had little or no impact in the end because of the issuance of Code of Best Practices on Corporate Governance in Nigeria in October, 2003 by SEC.

2003- 2011 phase

The impact of SEC 2003 Code issued by SEC was felt at the corporate scene in Nigeria being the first corporate governance code to be issued by any regulator in Nigeria. The code was also applicable to public companies in Nigeria.

(a) SEC Code of Corporate Governance for Public Companies

The 2003 SEC Code was a product of a 17- member committee headed by Atedo Peterside which was set up by SEC in collaboration with CAC in June 2000. All the sectors of the economy were represented in the committee and it was mandated to identify weaknesses in the corporate governance practices in Nigeria and come up with necessary changes that will address the challenges identified and improve the corporate governance practices in Nigeria.

With rapid changes in the corporate world couple with many corporate scandals across the globe made the provisions of SEC 2003 Code to become inadequate to cope with the numerous corporate challenges and the new developments in the sector. Despite these challenges in the corporate scene, SEC made no attempt to amend its existing code to address the challenges and the new development. Failure on the part of SEC to react and bring the provisions of its code in line with the current realities gave room for other regulators of specific sectors like CBN and others to issue specific codes of corporate governance in order to address the corporate challenges which were not taken into account by SEC 2003 Code. Those specific codes further contained provisions on certain matters relevant to their sectors.

(b) CBN Code of Corporate Governance for Banks Post Consolidation 2006

As part of its regulatory and supervisory role in the banking industry in Nigeria, CBN came up with a mandatory code of corporate governance applicable to all banks licensed in Nigeria in 2006 after the 2005 banks consolidation exercise. The need for the code was clearly stated in the introductory part where it stated thus:

> *1.1 Financial scandals around the world and the recent collapse of major corporate institutions in the USA and Europe have brought to the fore, once again, the need for the practice of good corporate governance, which is a system by which corporations are governed and controlled with a view to increasing shareholder value and meeting the expectations of the other stakeholders.*
>
> *1.2 For the financial industry, the retention of public confidence through the enthronement of good corporate governance remains of utmost importance given the role of the industry in the mobilization of funds, the allocation of credits to the needy sectors of the economy, the payment and*

[31] Ibid.

> *settlement system and the implementations of monetary policy.*
> *1.3 In Nigeria, a survey, by the Securities and Exchange Commission (SEC) reported in a publication in April 2003, showed that corporate governance was at a rudimentary stage, as only about 40% of quoted companies, including banks, had recognized codes of corporate governance in place. Specifically for the financial sector, poor corporate governance was identified as one of the major factors in virtually all known instances of a financial institution's distress in the country*[32].

CBN identified key weakness in corporate governance in Nigeria banking industry and the likely challenges of corporate governance for Banks post consolidation which among others include: relationship among directors, increased levels of risks, ineffective integration of entities, poor integration and development of information technology systems, accounting systems and records, inadequate management capacity, resurgence of high level malpractices, insider-related lending, rendition of false returns, audit committee, inadequate operational and financial controls, absence of a robust risk management system, disposal of surplus assets and transparency and adequate disclosure of information[33].
In order to address the above mentioned weaknesses and many more, the CBN code came into effect on 3rd April, 2006 and applicable to all banks and financial institutions registered in Nigeria. The following are the major issues covered by it:

(i) Board of Directors

The CBN 2006 code discussed the organizational structure of the Banks with specific concern as to the executive duality. In this regard, it provides that the responsibility of the head of the Board, that is the Chairman should be clearly and distinctly separated from that of the head of management (Managing Director/Chief Executive Officer (CEO)) such that no individual/related party has unfettered powers of decision making by occupying the two positions at the same time[34].
It provides that a committee of non-executive directors should determine the remuneration of executive directors and remuneration of non-executive directors should be limited to sitting allowances, directors' fees and reimbursable travel and hotel expenses[35].
The CBN code provides that there should be strict adherence to the exiting code of conduct for bank directors, failing which the regulatory authorities would impose appropriate sanctions including removal of the erring director from the board.
Another remarkable provisions relating to the company's board is the establishment of minimum boards committee which includes – Risk Management Committee, Committee Audit and Credit Committee[36].
The CBN 2006 code further provides for the Board performance appraisal and requires the annual Board of directors' review/appraisal covering all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual member's competence and respective roles in the Board's performance. The review report is to be presented at the Annual General Meeting (AGM) and a copy sent to the CBN[37].

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[32] Part 1, section 1.0 – 1.7 CBN 2006 Code.
[33] Ibid.
[34] Section 5.2.1 CBN 2006 Code. Section 5.2.3 further provides that no two members of the same extended family should occupy the position of Chairman and that of CEO or Executive director of a bank at the same time.
[35] Section 5.3.5 CBN Code 2000. 3 Sections 3.5.7 & 3.5.9.
[36] Section 5.3.12 CBN 2006 Code. While section 5.3.13 prohibited the practice of the Board's Chairman serving simultaneously as Chairman/Member of any of the board committees which is against the concept of independence and sound corporate governance practices.
[37] Sections 5.4.4 and 5.4.7 CBN Code 2006 and also see Section 6.1.2 & 6.1.3.

(ii) Disclosure Requirements

Transparency and disclosure requirements are core issues covered by CBN 2006 code. It requires full disclosure of interest to be made to CBN where Board of directors and companies/entities/persons related to them are engaged as service providers or supplied to the bank. It further requires CEOs and chief financial officers of banks to continue to certify in each statutory return submitted to the CBN indicating that they have reviewed the reports, and that based on their knowledge the report does not contain any untrue statement of material fault. And also, the financial statements and other financial information in the report fairly represent, in all material respect the financial condition and results of operations of the bank as of, and for the period presented in that report[38]. It further provides that false rendition to CBN attracts very stiff sanction of fine and suspension of the CEO for six months in the first instance and removal plus blacklisting in the second, with professional body disciplinary action.

As part of the disclosure requirement, the CBN 2006 code made provisions for internal auditors and urged that the auditors should be largely independent, highly competent and people of integrity[39]. It further made provision for external auditors who should maintain aims-length relationship with the bank and they audit. The procedure for the appointment of external auditors, tenure, services provided and limitations were all provided for[40].

(c) Code of Corporate Governance for Licensed Pension Operators 2008

In the same vein, after successful reforms in the nation's pension sector which allow greater participation of private sector in fund management, PENCOM issued the Code of Corporate Governance for Licensed Operators in 2008 which set out rules to guide the pension administrators and pension fund custodians on structures and processes to be utilised towards achieving desired governance. The code outlines the bench mark for corporate governance in the sector, which meant to regulate the standard of governance policies in the companies. The major objective of the code was to establish overall economic performance and market integrity through creation of inceptives for pension schemes with a view to impact positively on stakeholders which in the end would boast their confidence. Despite the effort of PENCOM in introducing the code in the pension sector, much is still desired as the code has no provisions on the new developments on corporate governance, hence the need for amendments. The key provisions of PENCOM Code 2008 are as follow:

(i) Board of Directors

Section 4 requires the number of non-executive directors (excluding the Chairman) of the board shall at all times, in the minimum, equate the number of executive directors for board to have balance at all time. It further requires the board to have at least one independent director. The roles of Chairman and CEO shall be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the board for independent decision making.

It further requires that the board based on what is in the best interest of the company, its shareholders and other stakeholders, set objectives for the company's business operations and make sure that the company has an appropriate strategy, organisation and management team on a regular basis[41].

It mandates the board to meet at least once every quarter of the financial year. The board is also mandated to establish board committees to facilitate its work. The Committees shall include the Audit Committee, the Investment Strategy Committee, the Risk Management Committee, and the Nominating Committee. The board shall on annual basis undertake a formal and rigorous evaluation of its own performance and that of its committees and individual directors. It shall also disclose in its Corporate Governance Report to the NAICOM how such performance evaluation was conducted and actions taken to address the issues brought to fore as a result of evaluation.

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[38] Ibid.

[39] Section 8.1.1 see generally section 8.1.0 to 8.1.7 CBN Code, 2006.

[40] Sections 8.2.0 to 8.2.6 CBN Code, 2006.

[41] R.V. Aguilera and Cuervo- Cazurra, A., 'Codes of Good Governance Worldwide, What is the Trigger?' (2004), 25 (3*)* *Organisation Studies* 415-443.

(ii) Industry Transparency

Section 5 prohibits any relationship between Pension Fund Administrators and Pension Fund Custodians with which it chooses to do business. It further states the circumstances that qualified to be considered between Pension Fund Administrators and Pension Fund Custodians as stipulated by section 5.2.1 to 5.2.5[42].

It requires the board to report to the shareholders each year on remuneration, which shall be part of, or be annexed to, the company's annual report and accounts. It should be the main drive through which the company reports to its shareholders on directors' remuneration.

Finally, it mandates the Pension Fund Administrators and Pension Fund Custodians to include a statement in its annual report and on its website on the level of its compliance with the code of corporate governance.

(d) Code of Good Corporate Governance for the Insurance Industry 2009

In March 2009, NAICOM made a giant step when it issued the Code of Corporate Governance for the Insurance Industry in Nigeria. The 2009 NAICOM Code is mandatory for all insurance and re-insurance companies under the regulatory supervision of NAICOM. It issued the 2009 NAICOM Code in a bid to rebuild and sustain declining confidence of stakeholders in insurance sector. In its preamble, the code stated that the hidden potential of the sector will be unleashed for maximum impact that will induce economic growth in Nigeria.

The NAICOM 2009 Code was issued during the major causal factor of the global meltdown which was attributed to unwholesome and sharp practices of corporate leaders in advanced jurisdictions and our local environment. There is high expectation that sound corporate governance practice in the insurance industry would promote corporate transparency, accountability and enhanced shareholders value. It recognised certain basic principles of corporate governance which include: disclosure and transparency; responsible and accountable board; culture of compliance with rules and regulations; good knowledge about business and insurance matters with requisite experience and effective exercise of shareholders' rights[43]. NAICOM issued code of good corporate governance for the insurance industry effective from 1 March, 2009 which serves as a framework to promote transparent and efficient market and ensures the division of responsibilities among different stakeholders in the industry. It applies to all Insurance and Reinsurance Companies where the NAICOM is the primary regulator.

NAICOM states that insurance sector is known to be major driver of the economy of any country through its activities. It is the expectation of NAICOM that with proper regulations and best practices put in place by it, the hidden potential of the sector will be unleashed for maximum impact that will in turn contributes to the economic growth in Nigeria.

It further stated that good corporate governance in the industry requires set of comprehensive internal mechanisms and policies established by the Board of Directors and implemented by skilled personnel, championed by effective management[44]. The fundamental issues covered by NAICOM Code 2008 are provided as follow:

(i) Board of Directors

It requires the board of directors to accountable for the strategic guidance and effective management of the company. The board shall have a Chairman who is responsible for ensuring that the board directs the affairs of the company effectively and it retains it confidence of the shareholders and the management.

Like other existing codes in Nigeria, NAICOM Code 2009 requires separation of Chairman from that of CEO in order to avoid concentration of powers on one person. It further requires the board to have not less than 7 members and not more than 15 members on its board. The board shall consist of Executive and non-executive Directors and at least one independent Director[45].

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[42] PENCOM issues other regulations including the Code of Ethics and Business Practices, Regulations for Compliance Officers 2003, Regulations for Auditing Pension Funds, 2002 and other, which are all concern with ensuring accountability, transparency and disclosure.

[43] Introductory remarks to NAICOM Code 2009.

[44] Section 2 NAICOM Code 2009.

[45] Section 5 NAICOM Code 2009.

It stated the duties of the Board, its responsibilities, required conduct of the Board of directors, rights of shareholders, conflict of interest and meetings of the board. It equally requires the Board to establish financial and general purpose committee; investment committee; enterprise risk management committee; audit and compliance committee (to be headed by an independent Director)[46].

(ii) External Auditor

By the provision of section 8, it requires that a company shall appoint external auditor who is answerable to the board and the appointment shall be approved by the NAICOM.

The tenure of an appointed external auditor is for a maximum of five years and the auditors' performance shall be reviewed periodically.

Section 9 requires an internal audit unit in order to control and monitor internal control procedures and ensure adequate protection of assets of the company. The report of the internal audit unit shall be forwarded to the Audit Committee. Also each Annual Report shall confirm an Internal Audit Report which will state the responsibility of management for establishing and maintaining an adequate Internal Control Structure and procedure of the issuer for financial reporting. The Internal Audit Report must be filed at NAICOM on quarterly basis and the External Auditor shall attest to and report on the assessment made by the management.

(iii) Accounting Principles, Disclosure and Reporting Requirements

By section 10, it is stated that accounting systems are central to the information required by Investors, Customers, Supervisors and other Stakeholders in order to make objective assessment in relation to effectiveness of the enterprise and its future prospects.

It requires accounting methods to provide real economic gains and losses and the accounting method shall state and define each accounting item clearly and precise method of evaluation shall clearly stated in a bid to disclose the financial condition of the company without ambiguity. Disclosure and reporting requirements shall be in line with Insurance Industry Policy Guidelines that is published by NAICOM from time to time[47]

2011- 2013 Phase

Despite the numerous shortcomings of SEC 2003 Code, it was in existence in Nigeria until when it was replaced with Code of Corporate Governance in Nigeria 2011 on the 1st April 2011 by SEC. The making of SEC 2011 Code was initiated in 2008 when SEC constituted a National Committee, with M.B Mahmoud as the head. The committee was mandated to review the SEC 2003 Code with a view to addressing its weaknesses and to further improve corporate governance mechanisms for its enforceability. The committee was further directed to identify causes and weaknesses in the corporate governance mechanisms in Nigeria and to examine and recommend various ways of achieving greater compliance and to further advice on the various issues that are quite significant in promoting sound corporate governance practices in Nigeria. The committee submitted its report in 2009 to SEC accompanied with a draft Revised Code of Corporate Governance. SEC after due consultations with other regulatory bodies reviewed the draft of the committee and made certain amendments at its 43rd meeting. Later, SEC exposed a Draft Revised Code of Corporate Governance to the public via its website and other print media for comments and possible suggestions from the public. Below are principal issues addressed by it.

(a) Code of Corporate Governance for Public Companies 2011

SEC issued the SEC 2011 Code with commencement date of 1st April 2011 and applicable to all public companies in Nigeria. It is regarded as the minimum standards for public companies in Nigeria.

The board of the SEC believes that the 2011 code will ensure the highest standards of transparency, accountability and good corporate governance, without unduly inhibiting enterprise and innovation. Some of its provisions are as follow:

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46 Section 6 NAICOM Code 2009.

47 Other regulations and Guidelines issued by NAICOM include: NAICOM Regulation 2003; Operational Guidelines (Insurers and Reinsurance) and Operational Guidelines (Intermediaries) 2011 all with intent to add value to corporate governance practices in the Insurance Industry

(i) Application of the Code

The 2011 SEC code applies to all public entities whose securities are listed on a recognised securities exchange in Nigeria, which shall comply with the principles and provisions of the code and it should serve as the basis of the minimum standard of their corporate behaviour. Other entities covered by the 2011 SEC code are all companies seeking to raise funds from the capital market, through the issuance of securities or seeking listing by introduction will be expected to demonstrate sufficient compliance with the principles and provisions of the code appropriate to their size, circumstances or operating environment[48].

The 2011 SEC code is voluntary and where there is conflict between it and the provisions of any other code in relation to a company covered by the two codes, the code that makes a stricter provision shall apply[49].

(ii) The Board of Directors

The 2011 SEC code recognised the importance of the Board of Directors when it stated that the Board is accountable and responsible for the performance and the affairs of the company. Therefore, the principal objective of the Board is to ensure that the company is properly managed. It is also the primary responsibility of the Board to ensure sound corporate governance in the company[50].

The duties of the Board are specifically provided for under section 3 of the 2011 SEC Code which include formulation of policies and overseeing the Management and conduct of business, formulation and management of risk framework and overseeing the effectiveness and adequacy of internal control system.

Part B of the code deals with the provisions relating to Board of Directors, its responsibilities, duties, composition and structure of the Board[51]. The code requires Board to meet at least once every quarter and the Board should develop a written, clearly defined formal and transparent procedure for appointment to the Board of Directors. It further requires the Board to establish a system to undertake a formal and rigorous annual evaluation of its own performance, that of its committees, the chairman and individual directors[52]. The code further prohibits two directors of public companies, their immediate families-spouse, son, daughter, mother or father from being directors in the same Board. It also prohibits insider trading and other insiders as defined under section 315 of ISA and Rule 110 (3) of the SEC Rules and Regulations, in possession of pure sensitive information and other confidential information, shall not deal with securities of the company. It further requires that for all the public companies with listed securities, the position of the Chairman of the Board and CEO shall be separate and held by different individuals[53].

Provisions were made for the establishments of committees by the Board. Section 9 requires the Board to determine the extent to which its duties and responsibilities should be undertaken through committees. It urged the Board to establish Governance/Remuneration Committee and Risk Management Committee in addition to Audit Committee established by CAMA. It further allows the Board to establish other committees which in the opinion of the Board will assist it in discharging its duties.

(iii) Relationship with Shareholders

Part C of the code makes provisions as to the relationship with shareholders which include meetings of shareholders, protection of shareholders rights, venue of meeting; resolution and the role of shareholder association. It further requires shareholders of public companies to play a key role in good corporate governance. In particular, institutional shareholders and other shareholders with large holdings should seek positively influence the standard of corporate governance in the companies in which they invest[54].

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[48] Section 1 SEC Code 2011.

[49] Ibid.

[50] Section 2 SEC Code 2011.

[51] Sections 2.3 & 4. It requires that membership of the Board should not be less than five (5) and that the Board should be independent of management to enable it carry out its oversight function in an objective and effective manner.

[52] Section 3-5 5.1 and 5.2 Note that the chairman of the board should be a non executive director.

[53] Ibid. Sections 5.5, 6 and 7 SEC code 2011 requires every public company should have a minimum of one independent Director on its Board and prohibits more than two members of the same family to sit on the Board of a public company at the same time

[54] Sections 21-27 SEC Code 2011.

It requires companies to pay attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public[55].

(iv) Risk Management and Audit

Part E concerns with Risk Management and Audit committees which is the duty of the Board to form its own opinion on the effectiveness of the process and the Board to ensure that Audit committee is constituted in the manner stipulated and is able to effectively discharge its statutory duties and responsibility as required by Section 359 (3) and (4) of the CAMA[56]. Whenever necessary, the audit committee may obtain external professional advice. It further requires companies to have effective risk-based internal audit function. Companies are required to have a whistle-blowing policy which should be known to employees, stakeholders such as contractors, shareholders, job applicants, and the general public[57]. In this regard, it requires companies to rotate external auditors in order to safeguard the integrity of the external audit process and guarantee its independence.

(v) Accountability and Reporting

The SEC code 2011 in a bid to ensure full disclosure and to foster good corporate governance requires that companies should engage in increased disclosure in Nigeria and beyond the statutory requirements in CAMA. It further requires that board of every company should ensure that the company's annual report make sufficient disclosure on accounting and risk management issues[58]. Finally, the code makes provisions regarding the communication policy and requires a company to have a code of ethics and statement of business practices which should be implemented as part of the corporate governance practices of the company[59].

The provisions of SEC code 2011 complements the provisions of CAMA which are quite imprecise, scanty and inadequate[60].

2014- To Date Phase

In line with dynamic nature of capital market and many challenges in the corporate world, SEC further amended the 2011 code to reflect the international best practices which came into force on May 12, 2014 as SEC Code of Corporate Governance for Public Companies.

(a) Code of Corporate Governance for Public Companies in Nigeria 2014

Major issue covered by the amendment was upgraded status of the code from a moral-suasion based voluntary code to a mandatory code. The code, according to amendment, will now be described as a framework that is expected to facilitate sound corporate governance practices and behaviour and it should be seen as a dynamic document defining minimum standards of corporate governance expected particularly of public companies with listed securities.

The new code also made provisions for the application of sanctions and penalties which would scale up the code to same level of statutory rules being made by SEC under the mandate of the ISA. Already under the 2011 code, publicly quoted companies are required to include in their annual report and accounts a compliance report on codes of corporate governance which is still retained in the new code. It sets the minimum acceptance standards for quoted companies, which is now mandatory and failure attracts sanction.

(b) Code of Corporate Governance for Banks and Discounts Houses in Nigeria and Guidelines for Whistle Blowing in the Nigerian Banking Industry 2014

The global economic crisis of 2008 exposed many weaknesses in running the affairs of companies globally. In Nigeria in particular, the regulations put in place were squarely found to be inadequate, hence the need for addressing the issue. In the banking industry, the banking examination conducted by the joint panel of CBN/NDIC revealed series of corporate abuses which the corporate governance mechanisms failed to address.

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[55] Sections 12, 13 & 15 SEC Code 2011.
[56] See Sections 21-27 SEC Code 2011.
[57] Sections 31 and 32 SEC Code 2011.
[58] Section 28 SEC Code 2011.
[59] Sections 35 & 36 SEC Code 2011.
[60] Section 34.5 SEC Code 2011.

In line with the above development, CBN Governor on the 14 August, 2009 announced the dismissal of CEOs of five commercial banks and their board of directors and further dismissed three others and their board of directors on 2 October, 2009 and replaced them with CBN-appointed CEOs and directors[61]. The MD/CEO of the NDIC recounted the position of Nigerian banks during the joint CBN/NDIC examination in 2009 in the following words:

> *The public outcry has been loud and understandable due to several failures of corporate governance practices in banks. Directors, regulators and shareholders, also policymakers and the general public need to pay more to corporate governance. A major lesson to draw from global financial crisis of 2007-09 is that of failure of corporate governance. The 2009 CBN and NDIC special examination of all the 24 banks in Nigeria revealed that 10 banks were critically distressed as a result of many factors including weak macro-economic and prudential management, poor corporate governance practices, inadequate disclosure and transparency regime, weak regulation as well as inadequate supervision and enforcement, amongst others[62].*

Manifest corporate governance failure in the banking sector prompted CBN to review the CBN 2006 code of corporate governance in order to align it with international best practices, eliminate perceived ambiguities and further strengthen governance practices. It was further confirmed that CBN in collaboration with the NDIC conducted the risk assessment of all Deposit Money Banks as at 31 December, 2014, with the aim of providing reliable information on the banks' risk assets quality, adequacy of loan loss provisioning and capital adequacy positions[63]. Also, they further carried out the monitoring exercise of 15 Deposit Money Banks with Composite Risk Rating of 'High' and 'Above average'.

The joint CBN/ NDIC maiden Examination on Risks Based System of 15 DMBs with Component Risk Rating of 'High' and 'Above average' was conducted as at 30th June, 2014, while other 8 Deposit Money Banks with Component Risk Rating of 'Low' and 'Moderate' were examined as at 30th September, 2014 totalling the number of DMBs examined using the risk-based approach to 23. The essences of the examination were to determine the financial health of the insured institutions, their level of compliance with banking rules and regulations, determine their risk appetite and the adequacy of their risk management framework. See: Table 1 below for the joint report of CBN/NDIC.

Table 1. Deposit Money Banks Examined And Petitions Investigated For The Period 2011 – 2014

Year	Joint CBN/NDIC Routine/RBS Examination	Joint CBN/NDIC Maiden Examination	Joint CBN/NDIC/ FOREX Examination	Joint CBN/NDIC/ Target Examination	Joint CBN/NDIC/ Risk Assessment Exercise	Joint CBN/NDIC/ Monitoring Exercise	Special investigation/ Verifications	Special Exams. Discount Houses
2014	24	3	24	-	24	15	32	
2013	20	2	20	-	20	16	11	2
2012	16	5	-		19	11	75	-
2011	16		-	24			29	-

Source: Bank Examination Department, NDIC

They reported that various examinations conducted revealed the following weaknesses persisted in some of the banks: Poor corporate governance practices; Non implementations of Examiners recommendations; Loans and Deposits concentrations; Contraventions of Banking rules and regulations; and Non compliance with approved Net Open Positions and inadequate documentations for imports[64]. In line with the above issues, the CBN 2014 code addressed issues as stated below:

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[61] The Governor of the CBN exercised his powers as stipulated under sections 33 and 35 of BOFIA.

[62] Umaru Shehu, MD/CEO, NDIC speech delivered at 2015 Executive Breakfast Meeting of the Society for Corporate Governance Nigeria, 16 June, 2015. Available at www.sec.gov.ng- accessed on 21 July 2015.

[63] Ibid 23.

[64] Ibid 24.

(i) Size and Composition of the Board of Directors

The effective date of the revised code is 1 October, 2014 and banks and discount houses are required to submit quarterly returns on their compliance with the extant provisions of the revised code. The returns are directed to reach the Director, Financial Policy and Regulation Department, CBN not later than 7 days after the end of each quarter. It further requires additional report from the external auditors of the banks and discount houses on annual basis to the CBN as to compliance with the revised code.

The revised code amends the size of the board and in addition requires a minimum size of 5 and maximum of 20. It further requires every discount house to have at least one non executive director as an independent director separate from the minimum number of 2 already stipulated for banks[65].

The revised code recognised the problems arose following the creation of holding company in the banking sector when it provides that where a bank is a member of a holding company, no two members of the same extended family shall occupy the positions of Chairman and Managing Director (MD)/CEO or Executive Director of the bank and at the same time Chairman or MD/CEO of a bank's subsidiary[66].

It placed the responsibility for preparing the bank's risk management on the board and requires the board to have an oversight responsibility over its effective implementation. The board shall also review the effectiveness of the implementation of the risk management and control system annually[67].

(ii) Mandatory Disclosures for Reporting

Unlike the previous code, the revised code defines the minimum disclosure to be contained in the annual report which must include the details of directors, corporate governance and contingency planning framework amongst others[68].

On the appointment/removal of Chief Compliance Officer, it mandates the board to be responsible for the approval and removal of the Chief Compliance Officer /Head of Internal Audit subject to CBN's ratification with 14 days notice to CBN of any such change[69]. This is a clear improvement on the previous code.

It requires the mandatory establishment of bank's securities trading policy which must contain appropriate compliance standards by the directors, senior executives and employees to ensure that it is appropriately implemented. It further stipulated that there shall be an internal review mechanism to access compliance and effectiveness[70].

Further to that, all banks are required to establish a code of conduct which contains a summary of practices necessary to maintain confidence and integrity and investigating reports of unethical practices amongst others[71].

The revisions and updates by CBN is expected to address weaknesses identified on the previous code and resulted in a more robust corporate governance practices and disclosures in annual reports in line with international best practices.

(c) Code of Corporate Governance for Telecommunication Industry 2014

The NCC believes that corporate governance in an emerging economy is driven by the need to develop a system which is aimed at increasing shareholder value and surpassing the expectations of other stakeholders. The NCC code seeks to foster good corporate governance practices in the Nigerian Telecommunications Industry, which provisions are based on the international best practices. The following are some of the provisions contained in NCC code:

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[65] Sections 2 Revised code 2014.
[66] Section 2.3.3 Revised code 2014.
[67] Sections 6.1.6 and 6.1.7 Revised code 2014.
[68] Section 5.1.2 Revised Code 2014.
[69] Section 5.2.7 Revised Code 2014.
[70] Section 7.1.4 Revised Code 2014.
[71] Section 7.1.2 Revised Code 2014.

(i) Compliance with the Law and Application of the Code

The code adopts the principles, standards and laws laid down in existing statutes in Nigeria particularly by the CAMA, Nigeria Communications Act, etc. Therefore, the code is subject to the provisions of CAMA in relation to the responsibilities of directors and officers of the company. The code is applicable to all telecommunication companies licensed by the NCC.[72]

(ii) Board of Directors

The code states that every company should have a Board of Directors appointed by its shareholders to be collectively responsible for the management of the business of the company. Given the strategic importance of the telecommunication sector in Nigeria, the code deemed it necessary that the board should be constituted in a manner that it will be efficiently discharged their governance role and responsibilities. The Board should provide exemplary leadership for the company based on ethical principle[73].

The code further empowered the board of director to establish appropriate committees to assist it in governance function, duties, and responsibilities to help improve the efficiency of its work, as it deems appropriate. It further requires that in order to institute and maintain independence and proper checks and balances, the positions of Chairman of the Board and that of CEO should be separate and occupied by two separate individuals[74].

(iii) Shareholders and Stakeholders

The code stipulates that the business of the company should be run in such a way as to balance the interest of the shareholders and other stakeholders. The Board should demonstrate clear and balanced understanding of the company's external stakeholders as well as their importance to the business of the company[75].

(iv) Risk Management and Internal Control

The code provides that companies should establish effective systems and structures for the governance of risk and for a robust system of internal controls to safeguard the company's assets and shareholders' investment. It also requires companies to adopt a risk based approach to internal audit[76].

(v) Reporting, Transparency and Disclosure

The code in section 12 mandates the board of the companies to present a fair, balanced, understandable and transparent assessment of the company's position and prospects to external stakeholders.

(d) Draft National Code of Corporate Governance 2015

In an effort by the Federal Government to ensure that Nigeria is working towards promoting international best governance practices led to the enactment of FRC Act in 2011.[77] The Act has provisions that are concerned with the running of affairs of companies in Nigeria. One remarkable feature of the Act is the express jurisdiction over corporate governance issues in Nigeria given to FRCN. It was the first time in Nigeria that a regulator was specifically saddled with the powers to regulate on corporate governance. In line with that, the FRCN was mandated to establish a Directorate of Corporate Governance[78] and the functions and objectives of the Directorate was also stated[79] to include the following: to develop principles and practices of corporate governance; promote the highest standards of corporate governance; promote public awareness about corporate governance principles and practices; act as the national coordinating body responsible for all matters pertaining to corporate governance; promote sound financial reporting and accountability based on true and fair financial statements duly audited by competent independent Auditors; encourage sound systems of internal control to safeguard stakeholders' investment and assets of public interest entities; and that audit committees of public interest entities keep review the scope of the audit and its cost effectiveness, the independence and objectivity of the auditors.

[72] Section 1 NCC Code, 2014.
[73] See section 2 NCC Code, 2014.
[74] See section 8 NCC Code, 2014.
[75] See section 10 NCC Code, 2014.
[76] See section 11 NCC Code, 2014.
[77] Act No 6 of 2011.
[78] Sections 23 (g) and 45, FRCN Act 2011.
[79] Sections 50 and 51, FRCN Act.

The Directorate is further saddled with the responsibility to organise and promote workshops, seminars and training in respect of corporate governance issues; issue the code of corporate governance and guidelines and develop a mechanism for periodic assessment of the code and guidelines; provide assistance and guidance in relation to the adoption or institution of the code in order to fulfil its objectives; and establish links with regional and international institutions engaged in promoting corporate governance.

In line with the above, the FRCN through the Directorate of Corporate Governance formed a committee in 2012 with specific mandate to come up with the National Code of Corporate Governance in Nigeria which draft was exposed in April, 2015 by FRC for public comments. The following are contained in the exposed draft:

This is to usher in a unified corporate governance code with governance safeguards that are more country specific, contextual and environmentally congruent, while at the same time, conforming to international best governance practices. Compliance with the provisions of the code is mandatory as stated by section 2.2.

(ii) Structure, Composition and Responsibilities of the Board

Section 4 of the draft code makes provisions for the responsibilities of the board which are more specifically set out by section 3.6 of the code which stated the business conduct and refers to all the fiduciary and statutory responsibilities of the board. It provides for the board composition of a minimum of eight (8) with Executives, non Executives and Independent Non Executives. The board is required to discourage cross membership on the board of two or more companies and disallow it where will lead to a conflict of interest situation among competing companies. The directorial of ever directory should be indicated against the name of the directory in the annual report of the company, corporate publications and investors' portal. Directors should not be members of boards of companies in the same industry to avoid conflict of interest, breach of confidentiality and diversion of corporate opportunity[80].

By the provisions of section 5.11 of the draft code, no two members of the same extended family shall sit on the board of the same company at the same time. The position of the chairman of the board and chief executive officer shall be separate and held by different individuals. The MD/CEO should not go on to be the chairman of the same company and he should not be the only executive director on the board of directors of the company[81]. It also made provisions for committees to be established by the board and whistle blowing policy. It equally provides for the appointment of external auditors by the listed and significant public interest entities shall engage Joint External Auditors for their statutory audit. These entities are those whose market capitalization is not less than ₦1 Billion and/or whose annual turnover is not less than ₦10 Billion. The draft code requires external audit firms should be retained for no longer than five years continuously and it should be disengaged after continuous service for a period of five (5) years and may only be considered for reappointment after give (5) years of disengagement.

The draft code further requires that external auditors shall provide to the company only such other services as are approved by the board of directors on the recommendation of the audit committee and shall not include services which are rendered directly or indirectly to the company or its holding company or subsidiary company; namely internal audit services.

Other features of the draft code include provisions for the dialogue with shareholders[82], insider trading and minatory interest expropriation[83], conflicts of interest[84], full disclosures[85], corporate governance audit[86] and sanctions[87].

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[80] Sections 5 to 6. 12 draft Code, 2015.
[81] Sections 5.8, 6.1.2, 6.1.4 and 6.3.3 draft Code, 2015.
82 Section 20.4 draft Code, 2015.
[83] Sections 28 and 29 draft Code, 2015.
[84] Section 31 draft Code, 2015.
[85] Section 33 draft Code, 2015.
[86] Section 34 draft Code, 2015.
[87] Section 37 draft Code, 2015

The exposed draft code intends to regulate private and public firms as well as not for profit organisations and public interest entities. Though the effort is a welcome idea, but caution should exercise not to ends in all size fit all policy that will affect the performance of some firms.

CONCLUSION AND RECOMMENDATIONS

There is no gainsaying that corporate governance codes in Nigeria contributed in no small measures in ensuring robust and sound corporate governance practices in Nigeria through voluntary and mandatory provisions. A careful perusal of the existing codes revealed that regulators in Nigeria are willing to update the provisions of their respective codes to always be in reality with changing circumstances and in line with international best practices. The approach adopted by each regulator is largely in line with CAMA and industry specific legislations with clear focus to protect the interest of shareholders and stakeholders through proper accountability, transparency and timely disclosure by the Board of Directors.

However, despite the efforts of the regulatory authorities, there is fundamental need to harmonise the provisions of industry specific codes and the code issued by SEC and FRC, which requires urgent solution for better regulation. There is need to amend CAMA to align its provisions with international best practices been the principal law regulating the activities of companies in Nigeria particularly sections 279 - 283 dealings with directors duties and sections 331- 336 on the disclosure requirements, committees to be establish by the board and the procedure on accounting records of the company. Also the penalties provided for are inadequate. This presupposes that amendment of CAMA is long overdue in order to ensure protection of shareholders and stakeholders, which will guarantee flow of both local and foreign investments to the nation's economy and complement the provisions of corporate governance codes.