

## NOTIFICATION OF ADDITIONS AND AMENDMENTS TO THE RULEBOOK OF THE EXCHANGE (ISSUERS' RULES) AND INVITATION FOR COMMENTS

### I. Introduction

Nigerian Exchange Limited ("**The Exchange**") is proposing the following additions and amendments to the Rulebook of The Exchange (Issuers' Rules):

- (a) Proposed Amendments to Rules on Filing of Accounts and Treatment of Default Filing;
- (b) Proposed Amendments to Rules on Suspension of Trading in Listed Securities;
- (c) Proposed Amendments to the Preamble, Definition and Requirements for All Listings; and
- (d) Proposed Rules on the Authority of The Exchange.

### II. Summary of the Proposed Rule Amendments/Additions

#### (a) Proposed Amendments to Rules on Filing of Accounts and Treatment of Default Filing:

On 1 August 2016, the Securities and Exchange Commission ("SEC" or the "Commission") approved The Exchange's Rules for Filing of Accounts and Treatment of Default Filing (the "Default Filing Rules")<sup>1</sup>, which were designed to serve as an improvement of Rule 17.20 (Issuers' Rules) of the Rulebook of The Exchange 2015. The Default Filing Rules provided opportunities for companies to seek extension of time to file their financial statements after the regulatory due date. The Rules also accommodated companies whose filings were delayed because of sectoral requirements to get the approval of their primary regulators before publishing their financial statements with The Exchange.

Following the implementation of the Default Filing Rules, NGX Regulation Limited ("NGX RegCo"), as regulatory services provider to The Exchange, received feedback from several internal and external stakeholders on some provisions of the Rules. Considering the feedback received, The Exchange proposed changes to the Default Filing Rules, targeted at creating flexibility in the implementation of the Rules, and diversifying the sanctions regime for filing defaults. The Proposed Amendments to the Default Filing Rules were exposed for stakeholders' comments from 19 August 2021 – 9 September 2021.

After the exposure of the Proposed Amendments to the Rules, NGX RegCo received additional comments from internal and external stakeholders regarding the

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<sup>1</sup> The Rules became effective on 1 January 2017.



interpretation of some parts of the Rules, and the duplicative nature of some of the provisions.

It is against the above background that The Exchange proposes these additional amendments to, amongst other things, remove duplicate provisions, and any ambiguity from the Rules, especially as it relates to the period when Issuers are required to announce proposed dividends and/or bonus issues. We believe that these amendments would ensure a transparent, fair and orderly market.

**(b) Proposed Amendments to Rules on Suspension of Trading in Listed Securities:**

On 26 April 2018, NGX's Rules on Suspension of Trading in Listed Securities (Trade Suspension Rules) were approved by SEC. Recently, during its review of the Rules of The Exchange, NGX RegCo observed that there was no clear provision in the Trade Suspension Rules regarding the suspension of trading in the securities of Issuers being wound up, or in liquidation.

Thus, The Exchange is proposing changes to the Trade Suspension Rules to expand instances where trading in securities of Issuers may be suspended at the instance of The Exchange, to include situations where the Issuer is in liquidation or is being wound up (whether voluntarily or by court order). Also, continuing obligations were added to the Rules to enable relevant Issuers understand what is required from them during the period that their securities are suspended. Duplicate provisions in the Rules have also been removed through these amendments.

**(c) Proposed Amendments to the Preamble, Definition and Requirements for All Listings:**

NGX RegCo had conducted a gap analysis of NGX's Issuers' Rules to amongst other things, identify any gaps in the Issuers' Rules that may have arisen due to outdated or inconsistent requirements, requirements not yet codified in the rules, and Rules that are not in line with international best practice.

Using findings from the gap analysis, The Exchange hereby proposes amendments to the Preamble, Definition and Requirements for All Listings of the Issuers' Rules, which forms the introductory part of the Issuers' Rules. The amendments seek to replace Section A (Preamble) with a new Section A which provides for a more robust introductory section that covers all aspect of the Issuers' Rules. In addition, a new Section B has been introduced to describe the principles behind the Issuers' Rules, which is a shift from the current provisions of the Rules that adopted a rule-based regulation approach.

Rule-based regulation poses a challenge in dealing with peculiar issues that were not envisaged at the time of preparing the rules, thus the Rules have been redrafted to adopt a principle-based approach. The Exchange believes that these principles will be



beneficial to the Users of the Rules in understanding the Rules.

Also, the previous Section B – the Definition section, now Section C, has been amended to reflect the meaning of some new terms used in the Rules, while the previous Section C – requirements for All Listings – has been deleted and relocated to Chapter 1 of the Issuers' Rules which provides for general listing requirements of ordinary shares.

#### **(d) Proposed Rules on the Authority of The Exchange**

During the gap analysis of The Exchange's Rules, The Exchange also identified that the Issuers' Rules as they exist, do not provide for the authority and general powers of The Exchange with respect to the administration and enforcement of the Issuers' Rules.

Thus, The Exchange proposes these new Rules to assert the authority of The Exchange with respect to the administration of the Rules and the general powers to list, suspend, and terminate listings on any of the Boards of the Exchange and, enforce the listing requirements.

### **III. Invitation for Comments**

NGX RegCo is pleased to invite you to participate in its rule making process. Your participation is required by way of reviewing the proposed Rule amendments and additions; and providing your comments on them. The proposed Rule amendments and additions may be viewed by clicking on the hyperlinked texts provided below:

- (a) [Proposed Amendments to Rules on Filing of Accounts and Treatment of Default Filing;](#)
- (b) [Proposed Amendments to Rules on Suspension of Trading in Listed Securities;](#)
- (c) [Proposed Amendments to the Preamble, Definition and Requirements for All Listings; and](#)
- (d) [Proposed Rules on the Authority of The Exchange.](#)

The Exchange views your participation as important for the following reasons:

- To create public awareness and solicit the public's feedback on the proposed Rule additions / amendments; and
- To improve the quality of the proposed Rule additions / amendments and thereby have a robust, well written set of Rules.

We are involving as many stakeholders as possible in this commentary process in order to achieve the aforementioned goals. Please be assured that your comments will be considered in arriving at the final text of the Rule additions / amendments.



#### IV. Response and Timeline

We will be grateful to receive your comments not later than the close of business on Wednesday, 23 March 2022. Please provide your comments in a **Microsoft Word document** attached to an electronic mail to Mr. Oluwatoyin Adenugba, Head, Rules and Adjudication at NGX RegCo via [oadenugba@ngxgroup.com](mailto:oadenugba@ngxgroup.com), **with copy to [rad@ngxgroup.com](mailto:rad@ngxgroup.com)**.

#### V. Approvals

Please note that the draft Rule additions and amendments are subject to approvals by the Securities and Exchange Commission, and the NGX RegCo Board.

A handwritten signature in black ink that reads "T. Awe".

Tinuade T. Awe,  
CEO | NGX Regulation Limited  
2 March 2022