

CIRCULAR

2 SEPTEMBER 2021

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Implementation of the Rules on Custodial Account for Minors

On 27 November 2019, the Securities and Exchange Commission (SEC) approved the [Rules on Custodial Accounts for Minors](#) (the Rules), an addition to The Rulebook of The Exchange 2015. The Rules provide guidance to Trading License Holders (TLHs) regarding the operation and management of stockbroking accounts opened on behalf of and in the name of a minor (an individual who is less than eighteen [18] years of age), by a Custodian (an adult person who has custody of securities, or certificate(s) issued in the minor's name) for the benefit of the minor.

All Trading License Holders are hereby notified that the Rules will become effective on 2 December 2021, and NGX Regulation Limited ("NGX RegCo") will commence enforcement of the Rules on that day. In preparation for the Effective Date, Trading License Holders are advised to:

1. Re-acquaint themselves with the provisions of the Rules.
2. Put in place adequate risk management and internal control processes, including upgrading their systems where necessary.
3. Carry out comprehensive "Know Your Client" (KYC) updates on all existing and new minor accounts in their database.
4. Maintain records of all trading activities conducted on minor accounts.
5. Inform new and existing clients of the Effective Date of the Rules, and the obligations of a Custodian under the Rules.
6. Efficiently utilize this three (3) month notice to ensure that the above stipulations are fully complied with, in order to achieve a seamless transition.
7. Note that for the purpose of enforcement, the Rules will apply to new minor accounts that are opened after the Effective Date of the Rules. Notwithstanding, Trading License Holders are required to continue to update existing minor accounts to conform to the requirements of the Rules.

Trading License Holders are enjoined to comply with the aforementioned requirements, as failure to comply with the Rules on Custodial Accounts for Minors, shall attract the sanctions prescribed in the Rules.

Please be guided accordingly.



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