

CIRCULAR

NSE/RD/BDR/CIR13/20/12/03

03 December 2020

DEALING MEMBERS' INSIDER DISCLOSURE OBLIGATIONS

Further to our circular with reference **NSE/LARD/BDR/CIR1/17/03/08** dated 8 March 2017, on the above subject matter, Dealing Members are hereby reminded of the following provisions of the Rulebook of The Exchange, 2015 (Dealing Members' Rules), pertaining to Insider transactions and the disclosure obligations of Dealing Members:

i. **Rule 1.14: Disclosure Obligation:**

Every Dealing Member is required to deal with The Exchange in an open and cooperative manner, and shall disclose any matter relating to the operations of the firm on which The Exchange would reasonably expect notice. The foregoing obligation shall be in addition to all financial disclosures to The Exchange.

ii. **Rule 1.24: Definitions:**

Insider means a person who has inside information through being a director, employee or shareholder of an issuer of securities traded on The Exchange to which the inside information relates; or who has access to such information by virtue of his employment, office or profession; or such person knows that the direct or indirect source of the inside information was any of the aforementioned persons.

Inside Information means specific or precise information, which has not been made public and which is obtained or learned as an insider; and if it were made public would be likely to have a material effect on the price or value of any security listed on a regulated market.

iii. **Rule 17.21(c): Confidentiality of Information:**

A Dealing Member is obliged to disclose to The Exchange any share purchases for a client which is five per-cent (5%) and above, of the share capital of the company.

In addition, the attention of Dealing Members are hereby drawn to the following provisions that further define an Insider:

(i) **Section 315 of the Investments and Securities Act, No. 29, 2007 (ISA)**, provides that an Insider is:

- (a) *any person who is or is connected with the company in one or more of the following capacities- (i) a director of the company or a related company; (ii) an officer of the company or a related company; (iii) an employer of the company or a related company; (iv) an employee of the company, involved in a professional or business relationship to the company; (v) any shareholder of the company who owns 5*

per cent or more of any class of securities or any person who is or can be deemed to have any relationship with the company or member; (vi) members of audit committee of a company; and

- (b) any of the persons listed in paragraph (a), who by virtue of having been connected with any such person or connected with the company in any other way, possesses unpublished price sensitive information in relation to the securities of the company, and any reference to unpublished price sensitive information in relation to any securities of a company is a reference to information which- (i) relates to specific matters relating or of concern (directly or indirectly) to that company, that is, is not of a general nature relating or of concern to that company; and (ii) is not generally known to those persons who are accustomed to or would be likely to deal in those securities but which would, if it were generally known to them be likely materially to affect the price of those securities.*

(ii) Rule 400(3) of the SEC Consolidated Rules, 2013 and the Listing Requirements: Section B – Definitions of The Rulebook of The Exchange, 2015 (Issuers’ Rules) provides that an Insider is an individual:

a. who is connected with the company during the preceding six months in one of the following capacities: (i) a director of the company or a related company (ii) an officer of the company or a related company (iii) an employee of the company or a related company (iv) a person involved in a professional or business relationship with the company as above (v) a shareholder who owns five per-cent (5%) or more of any class of securities or any person who can be deemed to be an agent of any of the above listed persons; and (vi) members of the audit committee.

b. who by virtue of having been connected with the company as mentioned in paragraph “a” has obtained unpublished price sensitive information in relation to the securities of the company.

In the light of the foregoing, and in a bid to enhance Insider disclosure and to maintain a transparent, fair and orderly market, The Exchange hereby requires Dealing Members to:

- i. Maintain the names and Central Securities Clearing System Plc (CSCS) account details of its clients who are insiders of any Issuer listed on The Exchange;
- ii. Track and disclose share purchases for clients of five per-cent (5%) or more of the share capital of any listed company. It is important to note that such purchases can be in a single transaction or can be accumulated over multiple transactions; and
- iii. Electronically submit to The Exchange, details of all transaction(s) carried out by Insiders including relevant updates/changes where applicable to market_surveillance@nse.com.ng within five (5) business days.

Please note that this circular does not supersede the initial circular referenced above (**NSE/LARD/BDR/CIR1/17/03/08** of 8 March 2017). Dealing Members are, therefore, required to adhere to the disclosure obligations mentioned in the said circular and maintain the reporting format attached in prior circular and this circular as Appendix A. Do not hesitate to revert to the Market Surveillance and Investigation



Department should you have any questions or require clarification on the above via the above electronic mail address.

A handwritten signature in blue ink, appearing to be "Olufemi Shobanjo", with a stylized flourish.

Olufemi Shobanjo

Broker Dealer Regulation Department