THE NIGERIAN STOCK EXCHANGE

AMENDMENTS TO

RULES AND REGULATIONS GOVERNING DEALING MEMBERS[1]

TRADING

Legend:

Additions underlined
Deletions ~~struck through~~

Definitions: *(Added on 30th May 2013)*

ATS	means Automatic Trading System. This is a computer trading program that maintains a central limit order book, automatically matches orders and quotes, and submits trades to The Exchange.
Churning	means excessive trading by a Dealing Member in a client's account which does little to meet the client's investment objectives, and is done largely to generate commissions.

[1] **Rule Making History**

1. Council approved draft Rules on 28 March 2013 for exposure to stakeholders
2. Draft Rules exposed to stakeholders from 5 to 19 April 2013
3. Stakeholders' comments reviewed by Rules and Adjudication Committee of Council on 13 and 22 May 2013
4. Council approved reviewed draft Rules on 30 May 2013 for submission to the Securities and Exchange Commission (SEC)
5. Draft Rules submitted to SEC for approval on 4 June 2013
6. Attended meeting with Rules Committee of SEC regarding draft Rules on 2 and 3 July 2013
7. Received SEC's comments on the draft Rules on 17 July 2013
8. Forwarded revised Rules to SEC for approval on 28 August 2013
9. Received SEC approval on 22 November 2013.

Force Majeure	means an event that can neither be anticipated nor controlled including acts of nature and acts of people, the effects of which could not be prevented or avoided by the exercise of due care or foresight.
National Best Bid and Offer	means the highest displayed bid and the lowest display offer in the order book.
Primary Listing Market	means the main stock exchange where a publicly traded company's stock is bought and sold.
WAT	means West Africa Time

Article 74: *(Amended on 30th May 2013)*

(a) Trading shall be conducted at specified times as may be determined by Council. The Exchange may extend, advance or reduce trading hours by notifying Dealing Members when necessary.

(b) Unless otherwise specified by the Council, the Exchange shall be open for business from 9.30 to 14.30 WAT, as follows:

(1) There shall be a pre-open session between 9.30 and 10.15 WAT;
(2) There shall be an automated opening auction at 10.15 WAT;
(3) Following the opening match, trading shall commence and continue until 14.30 WAT in a continuous trading session;
(4) Trading shall cease at 14.30 WAT. No trading shall occur after such time.

(c) In extraordinary circumstances, as defined in the sole discretion of the Exchange, the Exchange may authorize an extension of the trading hours past 14.30 WAT on a particular trading day. The Exchange shall provide public notice of any extension of the trading day as promptly as practicable.

Article 87: Trading Parameters *(Amended on 30th May 2013)*

(a) The Exchange shall from time to time specify various trading parameters relating to the Trading System.

(b) Lot sizes - The size of a lot shall be one share.

(c) Display of Quotes and Orders—The ATS will display Quotes and Orders submitted to the System as follows:

(1) Book Feed—quotes and orders resident in the ATS available for execution will be displayed through the ATS.

(2) National Best Bid and Offer - For each security, the aggregate size of all Quotes and Orders at the best price to buy and sell resident in the ATS will be displayed as the publicly available quotation in such security.

Article 88: Trade Types *(Amended on 30th May 2013)*

(a) The Exchange shall prescribe from time to time different trade types, market types that will be permitted to Dealing Members for dealings in securities.

(b) Order Entry parameters - Orders must be entered into the System for display and/or execution as appropriate. Such orders are executable against marketable contra-side orders in the System.

(1) The Exchange shall permit the entry of limit and market orders.

(A) A market order is an unpriced order (to buy or sell) for a security, placed to trade immediately at the current best price available in the market. A market order becomes a limit order once a price is calculated. A limit price on market orders is generated automatically by the trading system, based on the defined price protection formula.

(B) A limit order is an order to buy or sell securities at a specified price, or better.

(2) All orders shall clearly indicate:

(A) Whether they are market or limit orders;
(B) If the orders are limit orders, the limit price for such orders;
(C) Whether they are orders to buy, to sell or to sell short;
(D) Any time-in-force restrictions;
(E) Any special fill terms.

(3) Unless specified otherwise, the Exchange shall permit the entry of the following time-in-force limit orders:
(A) Good Till Month (GTM): A good till month order is valid until the last trading day of the month.

(B) Day: A day order is valid until the close of the trading day on which it was entered.

(C) Fill or Kill (FOK): A fill or kill order must be filled in its entirety as soon as it enters the market. If an immediate trade is not possible, the order is automatically purged from the trading system.

(D) Good Till Open (GTO): a good till open order is valid in the pre-open session. If it does not trade at opening the order is automatically purged from the trading system.

(4) Unless otherwise specified, the Exchange shall permit the entry of the following special fill terms:

(A) All or None (AON): An all or none order is an order that only trades if the entire volume of the order is bought or sold.

(B) Whole or None (WON): A whole or none order is an order that only trades if the entire volume of the order is bought or sold by one other counterparty's order.

(C) A dealing member that is acting as a Broker shall be permitted to transmit to the ATS multiple orders at a single as well as multiple price levels. The ATS shall time-stamp an order which shall determine the time ranking of the order for purposes of processing of orders.

Article 88A: Order Entry and Execution *(Added on 30th May 2013)*

(a) Pre-Open Session

(1) During the pre-open session, broker dealer members may enter market or limit orders for matching and trading in the Opening Auction, or if not executable according to their terms in the Opening Auction, then for matching and trading during the regular trading session. During this time, broker dealer members may also cancel, or modify any parameter of, orders previously entered during the Pre-Open session.

(2) Broker dealer members may not enter explicit cross trades during the Pre-Open session, but may enter implicit cross orders.

(A) For purposes of this rule, an explicit cross order consists of two or more marketable orders on opposite sides of the market, entered by a single broker dealer member on behalf of two or more customers for the purpose of having such orders matched against each other.

(B) For purposes of this rule, an implicit cross order consists of two or more marketable orders on opposite sides of the market, entered by a single broker dealer member on behalf of two or more customers, with no guarantee that such orders will be matched against each other.

(3) Orders with Special Terms, as defined in Article 88(b)(4), may be entered during the Pre-Open session, but shall be ineligible for execution during the Opening Auction. Orders with Special Terms that are entered during the Pre-Open session shall be queued in the Special Terms order book for execution during the Continuous Trading session, according to their terms.

(4) Orders entered during the pre-open session shall not be matched or traded during the Pre-Open session but shall be queued in the Regular Term book for execution in the Opening Auction or the regular trading session. Orders entered during the Pre-Open session shall queue using the same Queue Priority methodology as trades entered during the continuous trading session.

(b) Opening Auction

(1) The ATS shall establish the market opening price for each security to maximize the volume of executable orders.

(2) In the Opening Auction, the ATS shall match executable limit orders in the limit order book, and any market maker interest designated as marketable. Executions at the Opening Auction shall be allocated to marketable orders as follows:

(A) Orders in the Regular Term book shall be tagged by the ATS as market orders; better than opening price limit orders; or limit orders equal to the opening price.

(B) Market orders shall have first priority in being matched and traded up to their entire volume. Market orders that match and are from the same member shall have cross priority and shall be filled before other market orders not having cross priority. Market orders not having cross priority shall be filled on a first-in-first-out basis. Notwithstanding the foregoing -

i. Market orders may trade through a range of price levels, determined by the price protection, as defined in subsection (e) below.

ii. For purposes of this rule, the protected price is the highest price such a buy order can trade at or the lowest price a sell order can trade at, in accordance with Article 100(d)(3) of the NSE Rules.

(C) After all market orders have been executed, better than opening price limit orders shall be matched and traded up to their entire volume. Better than opening price limit orders that match and are from the same member shall have cross priority and shall be filled before other better than opening price limit orders not having cross priority. Better than opening price limit orders that do not have cross priority shall be filled on a first-in-first-out basis.

(D) After all better than opening price limit orders have been executed, limit orders equal to the opening price shall be matched and traded up to their entire volume. Limit orders equal to the opening price that match and are from the same member shall have cross priority and shall be filled before other limit orders equal to the opening price not having cross priority. Limit orders equal to the opening price that do not have cross priority shall be filled on a first-in-first-out basis.

(3) Orders that are not executed in the Opening Auction shall be placed in the queue of the Regular Order book for execution during the Continuous Trading session.

(c) Continuous Trading

(1) During the Continuous Trading session, broker dealer members, including market makers, may place, change or cancel orders, consistent with these Rules and Regulations.

(2) The ATS shall designate incoming orders as either aggressive orders or passive orders as follows:

(A) Incoming orders that are marketable upon entry (that is, orders that are capable of immediate execution consistent with the terms of the order) shall be considered aggressive orders.

(B) Any aggressive order that is unable to trade shall be designated as a passive order, and shall be queued into the market, following queue priority rules.

i. A special term order is aggressive when it enters the market order book as an incoming order, and becomes a passive order when queued. After a trade occurs in the market, a queued special term order becomes aggressive again only when it is able to trade with another queued order.

ii. A contingent order that has been entered into the trading system becomes an aggressive order when its trigger price is reached and it enters the market order book.

(C) Incoming orders that are not marketable upon entry (that is, orders that are not capable of immediate execution consistent with the terms of the order) shall be considered passive orders.

(d) Queue priority for limit orders - An incoming order that does not immediately match with another order is queued in the market in descending order of priority by the following:

(1) Best price
(2) Regular Terms before Special Terms
(3) Source
(4) Order Type
(5) Member Cross
(6) Volume
(7) Earliest time stamp (first-in-first-out)

(e) Queuing of market orders - Market orders will trade at the prevailing market price when entered if one or more executable contra-side orders are queued in the Regular Term or Special Term order books. If the market order is not filled in its entirety in the initial trade, the ATS shall thereafter assign a limit price to the remainder of such order using the criteria set forth below, and such remainder will be queued in the Regular Term order book for execution:

(1) During the pre-opening auction, if there are no other orders in the market, the limit price assigned by the ATS shall be the previous day's closing price. If there is no previous close, the ATS shall reject the market order.

(2) During the opening auction and continuous trading session, if there is contra-side interest queued:

(A) The remainder of the market order shall be queued at the last trade price;

(B) Where the market is configured to queue orders at the calculated price, the limit price assigned by the ATS shall be the best price from the opposite side of the market plus or minus the price protection amount set forth in Article 100(d)(3) of the NSE Rules (adjusted to be within the price band, where necessary), unless such limit price would result in a trade with an order that has the same National Identification

Number (NIN), in which case the limit price shall be the best limit price of the opposing orders with the same NIN plus or minus one tick;

(C) The Exchange shall announce via information circular or similar public notice the method currently being employed by the ATS for determining the queuing price under subsections (A) and (B) above.

(3) During the open and continuous trading, if there is not contra-side interest:

(A) The limit price shall be the last trade price plus or minus the price protection amount; or

(B) If there is same-side interest, the limit price shall be set to the best price from the same side of the market, plus or minus the price protection amount set forth in Article 100(d)(3) of the NSE Rules. If there is not same-side interest, the order shall be rejected.

(C) If the limit prices derived from the calculations in subsections (A) or (B) above would fail one of the Exchange-defined order reject checks, the limit price shall be revised upward or downward to a price that would pass the checks.

(4) Market orders that have been assigned a limit price by the ATS pursuant to this rule shall in all other respects retain their character as market orders, and shall be executed accordingly.

(f) When a passive order with queue priority meets the criteria of an aggressive order and has a price equal to or better than the aggressive order, the ATS shall match the passive and aggressive orders and execute a trade. When multiple queued orders exist at the best market price, a passive order from the same trading member as the aggressive order shall have cross priority and shall be executed before all other orders at the same price.

(g) Decrementation - Upon execution, an order shall be reduced by an amount equal to the size of that execution and the remainder shall be eligible for execution until the order is either filled in its entirety or cancelled.

Article 90: Suspension on Trading of Securities *(Amended on 30th May 2013)*

(a) The Chief Executive Officer of the Exchange or in his absence his authorized designee may:

(i) halt or suspend trading in one, some or all securities traded on the Exchange,

(ii) close some or all Exchange facilities, and/or

(iii) determine the duration of any such halt, suspension or closing.

He shall implement such a halt, suspension or closing only when he deems such action to be necessary or appropriate to the maintenance of a fair and orderly market or for the protection of investors, or otherwise in the public interest, such as in the case of actual or threatened physical danger, civil unrest, terrorism, acts of war, or the loss or interruption of facilities used by the Exchange.

(b) The Chief Executive Officer or his authorized designee shall notify the Council of actions taken pursuant to this Rule, immediately or not later than 24hrs after the occurrence of the event and shall describe the factors contributing to the decision to halt or suspend trading and/or close Exchange facilities.

(c) The Chief Executive Officer, or in his absence his authorized designee may close the Exchange's facilities upon the direction of a governmental agency in a force majeure situation or in recognition of national holidays that fall on days when the Exchange would otherwise be open for trading.

Article 95A: Obvious Errors *(Added on 30th May 2013)*

Obvious Error Trade Nullification and Price Adjustment Procedures

In the event that one or more transactions is consummated on the facilities of The Nigerian Stock Exchange that arises out of an Obvious Error (as defined in this rule), The Exchange may exercise the power to cancel or adjust such transaction(s) according to the terms of this rule. In addition, The Exchange may cancel or adjust pending bids and offers that arise out of an Obvious Error, or halt trading in one or more securities pending the resolution of an Obvious Error.

(1) Definitions of Obvious Error.

I. Error as to Size of Bid or Offer: The transaction resulted from a bid or offer in an amount that was disproportionately larger than the prevailing market in such security.

a. Error as to Bid or Offer Price: The transaction was consummated at a price that is significantly different from the prevailing market in the subject security at the time the initiating bid or offer was made, provided that there is no extrinsic information that would justify such transaction price.

b. A trade has occurred in bonds at a price that is significantly different from the prevailing market for such bond.

II. Error as to account number:

a. Validation of accounts is not possible because there is no link between The Exchange's systems and those of the Central Securities Clearing System Plc;

b. The same account number is entered for the buy and sell sides when doing a cross deal; or

c. A trade results in an inadvertent cross deal between two accounts of the same house such that there is no change in beneficial ownership of the shares traded.

III. Rapid repetition of a trade: A series of transactions in the same security for the same amount of such security is executed at a pace and in a manner that suggests to a reasonable observer that the bid or offer is being automatically repeated by either the brokers' or the Exchange's system, contrary to the brokers' or customers' intentions.

(2) Obvious Error Procedure.

I. Initiating a Review for Obvious Errors:

a. On the initiative of a Dealing Clerk: If a Dealing Clerk believes that he participated in one or more transactions as a result of an Obvious Error, he must notify the Exchange within thirty (30) minutes of execution of the transaction(s) and request that the transaction be cancelled or adjusted.

i. If a Dealing Clerk fails to report the potentially erroneous transaction(s) within the time-frame specified, he may be unable thereafter to cancel or adjust the transaction(s) on the basis that it is an Obvious Error.

ii. A Dealing Clerk must notify an Officer in Market Control Department in writing and The Exchange may from time to time prescribe the form of such notification.

iii The notification of an Obvious Error must include the symbol, the transaction time, the transaction price, the account number(s) of the customer(s), and a brief description of why the Dealing Clerk believes that the error falls under the Obvious Error definition.

iv. The Exchange and the Dealing Clerk shall obtain the written consent of the counterparty prior to effecting the cancellation or adjustment of the transaction.

b. Extraordinary circumstances: The Exchange may in its sole discretion or further to any notification in that regard, carry out a review of one or more transactions believed to result from an obvious error, notwithstanding that the Dealing Clerk's application was not made or a notification in that regard was not received within the time period set forth above. The Exchange shall initiate such review only if the nature of the obvious error could not have been known within the time period set forth above or if extraordinary circumstances outside the control of the Dealing Clerk prevented a timely application or review within such time period.

c. On initiative of The Exchange: The Exchange may on its own initiative call one or more transactions for review as potential Obvious Errors. Such review shall be initiated within thirty (30) minutes of the suspected erroneous transaction(s) or in the case of Obvious Errors that could not be detected prior to closure of the market, within a reasonable time from the close of the market.

II. Whenever a review is initiated for one or more transactions under this rule, The Exchange shall publish a notice informing the market that a trade is under review, and may invite affected participants in the trade under review to timely submit additional information that would be relevant to The Exchange's review. The notice to the market shall specify the time by which affected participants must respond.

III. Adjust or Cancel. The Head of Market Operations or his designee have exclusive responsibility to determine whether an Obvious Error occurred. If the Head of Market Operations or his designee determines after a review of the circumstances that an Obvious Error has occurred, The Exchange shall take one of the actions listed below:

a. Errors as to size and price will be corrected and a charge of ₦100, 000 may be imposed on the Dealing Member responsible for the erroneous order entry in appropriate circumstances. The fine shall be paid within twenty-four (24) hours from the time The Exchange corrects the trade. Notwithstanding any fines that are assessed, The Exchange reserves the right to take further disciplinary action against the Dealing Member responsible for the erroneous order entry, in accordance with The Exchange's rules regarding disciplinary proceedings.

b. Repeated trades due to a system error will be adjusted or canceled as appropriate. No fines will be applicable.

c. The Exchange shall promptly notify the parties to the transaction and the market once a decision is reached as to whether an Obvious Error occurred or not.

IV. Appeal of Decision. An affected party to a trade that has been reviewed pursuant to this rule may appeal the decision of the Head of Market Operations or his designee.

a. Within 15 minutes of the announcement of a decision by the Exchange, a party wishing to appeal the decision shall submit a notice of appeal to the Head of Market Operations. The notice of appeal shall state the basis for the appeal, and supply any relevant information that the appealing party wishes the Exchange to consider on appeal.

b. The appellant shall pay a deposit of ₦150,000 to the Exchange in connection with the appeal. If the appeal is successful, the Exchange shall refund the deposit to the appellant. Failure to pay the deposit amount shall be grounds for refusing to consider the appeal.

c. Whenever an appeal is filed, the Exchange shall publish a notice to the market notifying the market that the appeal has been requested, and inviting affected participants in the trade under appeal to timely submit additional information that would be relevant to the Exchange's review on appeal. The notice to the market shall specify the time by which affected participants must respond.

d. The Head of Market Operations or his designee shall forward the notice of appeal, any responses, and any relevant information to the Chief Executive Officer of the Exchange or his authorized designee.

e. The Chief Executive Officer or his authorized designee shall render a decision on the appeal within 30 minutes and the decision shall be final and binding.

f. The Head of Market Operations or his designee shall communicate the decision on the appeal to the participants, and shall publish to the market a final notice of the results of the review of the trade. Upon completion of the appeal, the Exchange shall be empowered to take any of the corrective actions described in subsection III above.

V. In instances where the obvious error occurs within 30 minutes of market close The Exchange shall use its discretion as to whether to allow the review of the obvious error.

Article 96: Issuance of Contract Notes *(Amended on 30th May 2013)*

Every Dealing Member shall issue a contract note for every purchase or sale of securities entered into by it not later than the end of the next trading day. The contract note shall contain the following information:

(a) the name and logo under which the Dealing Member carries on its business as a dealer in securities and the address of the principal place at which he or it so carries on business;
(b) the name and address of the client on behalf of whom the transaction was consummated;
(c) transaction date;
(d) the description, quantity and the price at which the Transaction was executed;
(e) the amount of consideration payable under the contract
(f) the brokerage payable in respect of the contract;
(g) other statutory charges.

Article 100: Pricing Methodology *(Amended on 30th May 2013)*

(a) Securities shall trade in price increments of 1 (one) kobo.

(b) The opening price of any security traded on the Exchange on any given Trading day shall be the price determined by the Automated Trading System in the opening auction of that Trading day as follows:

(1) Each symbol has only one opening price per move from pre-open to open market state.

(3) The opening price calculation is based on the orders in the regular term book only.

(4) Each time orders are entered in the pre-open period the opening price is recalculated. A final opening price is calculated at the end of the pre-open state.

(5) Orders that match and are able to trade are queued in the market and traded at the opening price (some of them might be traded partially).

(5) The following criteria are used to calculate the opening price in consecutive order:

i. Maximize share trade volume
ii. Minimize imbalance in share volume
iii. Better price for the market side in high demand (i.e. the side of the market with no remaining volume)
iv. Minimize Net change from the previous day's closing price
v. Maximize Share price.

(6) The price level that allows the maximum amount of shares to trade is the opening price. At each price level (i.e., prices of queued orders) the total share volume available in the market is calculated. The total share volume available is determined separately for both the buy and sell side of the market.

(c) The closing price of any security traded on the Exchange on any given Trading day shall be calculated as follows:

(1) The close price is the last trade price in the symbol's primary listing market.
(2) Symbols that do not trade on a particular day use their last traded price from their primary market as their closing price.

(d) Price movements and price limits.

(1) For purposes of calculating price movements and price limits, equity securities traded on the Exchange shall be classified as follows:

Group A shall consist of equities with a Primary Market Maker that are not classified in Group B; and

Group B shall consist of equities with a Primary Market Maker, that are priced above N100.00 per share for at least four of the last six months.

(2) Price movements. The minimum quantity traded that will change the published price of an equity security shall be as follows;

Group A: 50,000 units

Group B: 10,000 units

(3) Price Limits. The price movement band on any given Trading day shall be determined as follows:

Group A: +/- 10% based on the previous day's closing price
Group B: +/- 10% based on the previous day's closing price

(e) Small Trades.

(1) Trades of fewer than 50,000 shares shall be regarded by the ATS as a small trade. Small trades in a security shall not result in a change in the publicly reported price of such security.

(2) Small trades in a security shall not affect the following statistics calculated by the NSE for that security:

(A) Last trade price
(B) Daily high and low prices
(C) 52-week high and low prices
(D) Average price
(E) Open price. If after the opening there are only small trades, the open price shall be set to NULL and reported as blank.
(F) Close price
(G) Indices of which the security's symbol is a member.

Article 102: Know Your Client *(Amended on 30th May 2013)*

(a) A Dealing Member shall not accept or operate a share trading account or otherwise deal on behalf of any other person unless it has taken all reasonable steps to establish the true identity of that person, including his address, occupation, date of birth, mother's maiden name, driver's license or international passport, current passport photograph and utility bills or any other information that can sufficiently identify him; if a body corporate, certificate of incorporation, Board resolution and relevant Corporate Affairs Commission's form showing return on allotment.

(b) Every Dealing Member shall comply with such other requirements for identification of clients as prescribed by the Commission and Money Laundering (Prohibition) Act of 2012 as amended and the prevention of Terrorism Act, 2013

(c) (i) All payments for purchase of securities shall be made either by personal cheque, bank draft or electronic money transfer subject to the observance of the provisions of the Money Laundering Prohibition Act of 2012 as amended and the prevention of Terrorism Act,2013.

(ii) All payments for sale of securities shall be made either by cheque, bank draft, Electronic money Transfer in favour of the account holder in the Central Securities and Clearing System or in the name on the securities certificate evidencing the ownership of the securities.

(d) Entry of Customers' Orders

All orders entered for customers must contain the following information:

(i) The date and time of entry;

(ii) The security name and quantity to be bought or sold;

(iii) The terms and validity period of the order;

(e) A customer's order may be entered by any of the following means:

1. In person on the premises of the Dealing Member.
2. By fax pursuant to the written agreement between the Dealing Member and the customer.
3. By telephone (voice or text), in which case, the order must be recorded by the Dealing Member if the Dealing Member and customer have agreed to enter orders by telephone and provided the relevant procedures are respected.
4. By e-mail.

Article 104A. Churning; Fictitious or Deceptive Trading Patterns

(Added on 30th May 2013)

1. Prohibition on Churning Customer Accounts.

   Dealing Members shall not:

   (a) Encourage customers to engage in purchase or sale transactions that lack a reasonable business purpose other than to generate brokerage fees, commissions or rebates or other payments for the Dealing Member;

   (b) Furnish false or misleading quotations, or any other false or misleading information or advice to customers that would induce the customer to engage in a transaction of the type described in (a) above; or

(c) Break large customer orders for a security into smaller executions that generate additional brokerage fees, commissions, rebates or other payments for the Dealing Member (over and above the payments that would accrue to the Dealing Member if the order were executed in whole or in larger portions), unless the Dealing Member can show a reasonable business purpose for handling the order in such manner.

2. Prohibition on Fictitious or Deceptive Trading Patterns.

(a) A Dealing Member shall not, with respect to one or more securities, engage in transactions whose primary purpose is to –

(i) Create a false, misleading or artificial appearance of trading activity in such security;
(ii) Unduly or improperly influence the market price for such security;
(iii) Establish a price for such security that does not reflect the true state of the market or actual supply and demand among investors.
(iv) Change the price of a security for personal benefit, or to evade or decrease taxes; or
(v) Evade otherwise applicable laws, regulations, Exchange rules, credit limits, codes of ethics or similar restrictions.

(b) A Dealing Member violates this section if, for the primary purpose described in subsection (a) above, it:

(i) Enters orders to buy a security at successively higher prices, or orders to sell securities at successively lower prices;

(ii) Breaks large customer orders for a security into smaller executions;

(iii) Executes any transaction in such security which involves no change in the beneficial ownership thereof;

(iv) Enters an order at or near the close of the market that has the effect of changing or maintaining the closing price of such equity security;

(v) Enters an order to buy or sell any equity security and cancel such order immediately prior to its execution;

(vi) Advises customers to buy or sell a particular security while the Dealing Member is selling or buying the same security directly or through a related party, without disclosing that fact to the customer;

(vii) Enters orders whose effect is to change the price of a security to an artificial price that was previously agreed upon between the Dealing Member and other parties; or

(viii) Engages in other conduct not specified herein but that has the same or similar effects on the market as those described in this section.

PROHIBITED PRACTICES & SEGREGATION OF CLIENTS' FUNDS

Article 143: Prohibited Practices *(Amended on 30th May 2013)*

Members are prohibited from:

(a) Opening ~~of~~ clients account without observing the Know-Your-Client procedures.
(b) Using or borrowing a customer's accounts without a contract or his written authorization.
(c) Using a customer's name without a contract or his written authorization.
(d) Giving preference to any customer's account over other customers including the assignment of more favourable transactions thereto without regard to the priority in which the executions were made.
(e) Establishing fictitious accounts to execute some transactions.
(f) Providing incomplete, inaccurate or misleading information to a customer.
(g) Giving recommendations or information to customers leading to excessive transactions on a customer's account for personal interest or to obtain commissions.
(h) Disclosing customer's information or acting in a way that would harm the customer or any other party.

Article 143A. No Unauthorized Use of Client Funds; Segregation of Client Funds
(Added on 30th May 2013)

1. A member entrusted with assets of a customer shall use all reasonable care to safeguard those assets, in accordance with this Article 143A.

2. (a) Customer funds that are held by a dealing member must be kept in one or more separate accounts from the dealing member's business accounts. Customer fund accounts shall be clearly designated as for the benefit of the dealing member's customers, and the dealing member shall take all reasonable legal measures with the institution holding such funds to ensure that such accounts will not be subject to offset against obligations of the dealing member.

   (b) Dealing members shall keep such books and records as shall be necessary to show and distinguish in connection with its business as a dealing member:

(i) Moneys received from or on account of customers, and moneys paid to or on account of customers, or paid into escrow for the customer's benefit; and

(ii) Moneys received from or on account of the dealing member, and moneys paid to or on account of the dealing member.

3. Payments into customer accounts:

(a) Dealing members who hold or receive money on account of a client shall, immediately pay such money into the customer's account or an escrow account for the customer's benefit.

(b) In the event that the dealing member receives funds that belong in part to a customer and in part to the dealing member, the dealing member shall deposit the entirety of the funds received into the customer's account and shall thereafter transfer the dealing member's funds from the customer's account to the dealing member's account(s).

(i) Such transfer shall be approved in writing by an authorized supervisor, and shall be noted in the books and records of the dealing member.

(ii) Documentation showing the amount of the initial payment that was due and owing to the dealing member, and the circumstances of such obligation, shall be made available to the Exchange immediately upon request. If a dealing member fails to maintain such documentation or provide such documentation to the Exchange upon request, the dealing member shall be presumed to have improperly commingled customer funds.

(c) No monies shall be paid into a customer's account other than:

(i) Money held or received on account of such customer;
(ii) Money for replacement of any sum that may have been mistakenly drawn from such account;
(iii) Moneys received by the dealing member representing in part money belonging to the customer and in part money due to the dealing member.

4. Withdrawals from customer accounts:

(a) Dealing members shall not withdraw or transfer customer funds from the customer accounts for the purpose of settling any transaction by the dealing member as principal, or for the purpose of settling any business debt of the dealing member.

(b) No moneys shall be drawn from customer accounts other than:

(i) Moneys properly required for payment by or on behalf of a customer in connection with debts due from the customer to the dealing member for liabilities arising from trades executed on behalf of the customer or in satisfaction of margin calls or other customer obligations;

(iii) Moneys properly required for payment to a customer upon written request by the customer; and

(iii) Moneys belonging to the dealing member as may have been paid into the customer's account pursuant to **paragraph 2(a) (3) herein**.

(c) Nothing in this section shall deprive a dealing member of any legal recourse rights, whether by way of lien, set-off, counter-claim or otherwise, against moneys held in a customer's account.

5. Custody of customer securities.

(a) Customer securities shall be held in one or more separate accounts from the dealing member's trading account(s). Customer securities accounts shall be clearly designated as for the benefit of the dealing member's customers and the dealing member shall take all reasonable legal measures to ensure that such accounts will not be subject to offset against obligations of the dealing member.

(b) Dealing members shall keep such books and records as shall be necessary to show and distinguish in connection with its business as a dealing member:

(i) Securities received for sale or kept pending delivery in the market;
(ii) Securities fully paid for, pending delivery to the customer;
(iii) Securities received for transfer or sent for transfer by the dealing member, in the name of the customer or the customer's designee;
(iv) Securities that are fully paid for and are held in custody by the dealing member as security or margin; and
(v) Fully paid-for customer securities that are registered in the name of the dealing member towards margin requirements.

EXCERPTS OF PENALTIES FOR BREACHES OF THE RULES GOVERNING DEALING MEMBERS
Policy No. 01NSE
(Amended on 30th May 2013 and added to the Rules and Regulations Governing Dealing Members as Article 143B)

Article 143B. Unauthorized Sale of Securities

a. No Dealing Member shall sell any securities without the authorization of the owner.

b. A Dealing Member that has sold any securities without the authorization of the owner shall not be permitted to keep any benefits accruing from such transaction, including but not limited to Bonuses, Rights, Cash Dividends, Capital Appreciation, and any profit accruing therefrom whatsoever.

c. A Dealing Member that sells securities without the authorization of the owner shall:

i. be required to buy back the securities along with any accrued benefits within a period of fourteen (14)business days from the day the Dealing Member is required to buy back the securities by The Exchange; and

ii. where the sale transaction is ₦5 Million and below in value, be liable to pay a fine of ₦1 Million or three times the value of the sale, whichever is higher, and ₦5,000 for every day from the day on which the Dealing Member is required to buy back the securities by The Exchange until the day the Dealing Member completes buying back the shares for the owner; or

iii. where the sale transaction is higher than ₦5 Million in value or the Dealing Member has engaged in such unauthorized sale of securities on a previous occasion, shall have its dealing license withdrawn by the Council of The Exchange and shall in addition be liable to pay a fine of ₦5 Million or three times the value of the sale, whichever is higher and N5,000 for every day from the day of the sanction until the day the Dealing Member completes buying back the shares for the owner;

iv. Where the Dealing Member is unable to buy back the sold shares within the stipulated fourteen(14) business days period as a result of stock unavailability or illiquidity, the Dealing Member shall immediately notify the Exchange of this fact in writing and the Exchange shall determine the best monetary value in the circumstances to be paid to the owner.

d. No Dealing Member shall have its license withdrawn pursuant to Sub-Article (c) (iii) above, unless the Disciplinary Committee of Council has made a finding that the Dealing Member engaged in the unauthorized sale of securities within the ambit of Sub-Article (c) (iii) and has made a recommendation to Council that the license should be so withdrawn, provided always that during the pendency of any investigative or disciplinary proceedings, the Dealing Member shall be suspended from trading.