



RULES AND REGULATIONS GOVERNING DEALING MEMBERS

Amendments and Additions (Part III)¹

Legend

Additions: Underlined
Deletions: ~~Struckthrough~~

Definitions

Broker-Dealer means a firm that is engaged in the business of buying and selling of securities. It is registered with and is directly or indirectly regulated by a governmental authority or a regulated securities exchange.

Custodian means “custodian” as defined in Section 152 of the Investments and Securities Act.

Foreign Investments means any investment in securities involving capital importation by a corporate body or individual. Foreign investors (F.I.’s) shall include:-

- i. foreign institutional investors (F.I.I.’s) (e.g. pension funds, unit trust funds, investment trust funds, institutional portfolio managers, nominee companies, asset management companies, or any other corporate body);
- ii. Individual investors who are foreigners and Nigerians resident abroad who are investing with foreign currency.

Hard-To-Borrow Security means an illiquid security or a security that is not easily available in the market at any given point in time.

¹ **Rule Making History**

1. The rules were exposed to stakeholders from 25 September to 9 October 2013;
2. The Rules and Adjudication Committee of Council (RAC) reviewed the stakeholders’ comments at its retreats of 18 to 19 October 2013 and 8 to 9 November 2013;
3. The revised rules were approved by Council at its retreat of 23 to 24 November 2013;
4. The Council approved rules were submitted to the Securities and Exchange Commission (SEC) for approval, under cover of letter dated 4 December 2013;
5. SEC’s comments were received on 28 February 2014;
6. The SEC’s approval of the rules was received on 5 June 2014.

High Net Worth Investor shall have the same meaning as provided in the Securities and Exchange Commission's Rules as amended from time to time.

Intermittent System Decoupling means a disconnection between The Exchange's trading system and the CSCS's clearing and settlement system.

Local Custodian means a custodian who is licensed to do business in Nigeria.

Naked Short Selling means the practice of selling securities the seller does not own and has not made arrangements to borrow such securities.

Qualified Institutional Investor shall have the meaning as may from time to time be ascribed to it by the Commission.

Retail investor means all other investors that do not fall under the category of Institutional or High Net Worth Investors.

Regulated Broker-Dealer means a person or corporate entity engaged in the business of buying and/or selling of securities, which person or corporate entity is directly or indirectly regulated by a governmental authority concerned with the regulation of capital markets or by a Stock Exchange that is regulated by such governmental authority.

T+0 means "Trade date plus zero days" and it means trade date without additional working day, its effect is that it marks the commencement of the transaction cycle to be concluded later at T+3.

T+3 means "Trade date plus three working days" and its effect is that the transaction cycle must be completed on that day 3 (three) or settled (i.e. delivery versus payment) within 3 (three) business days following the execution of the trade.

Trade Warehousing means a process where The Exchange permits a Dealing Member to execute a client's mandate to buy securities in small volumes over a number of trading sessions and the total shall be aggregated and invoiced as one whole.



1. Amendments to Article 15 (e): ~~Liquid Margin~~ Net Liquid Capital Requirement-

- (a) Every ~~A~~ Dealing Member shall at all times ~~have and~~ maintain a ~~liquidity margin~~ Net Liquid Capital ~~of not less than 10% of shareholders' funds~~ equal to or in excess of the prescribed minimum Share Capital for Dealing Members as may be determined from time to time by the Commission and The Exchange;
- (b) The computation of the minimum Net Liquid Capital requirement for Dealing Members shall be as determined from time to time by the Commission and The Exchange;
- (c) Every Dealing Member shall compute and include its Net Liquid Capital in all regulatory reports issued by it and shall notify The Exchange immediately and not later than 24 hours of the discovery if its Net Liquid Capital falls below the prescribed minimum Share Capital; and shall submit to The Exchange a monthly report on its share capital in the prescribed format.
- (d) The Exchange shall notify any Dealing Member whose net liquid capital falls to 125% of the prescribed minimum capital to recapitalize and such Dealing Member shall be closely monitored by The Exchange to ensure that its net liquid capital does not deteriorate further.
- (e) Any Dealing Member that violates Sub-rules "a" or "c" above shall be suspended by The Exchange and shall be liable to pay a penalty of ₦5,000.00 for every day the Dealing Member fails to notify The Exchange.

2. Amendments to Article 15 (g) of the Rules and Regulations Governing Dealing Members

Every Dealing Member shall ~~supply to The Exchange in writing the~~ adopt 31st December as its Accounting Year-end date and shall forward to The Exchange the name(s) of its Auditor(s) who will shall furnish The Exchange with the certificate information referred to in paragraph "h" below. and shall thereafter notify The Exchange of any change therein.

3. New Article 139(B): Monthly Financial Statements of Accounts to Clients

- (1) Every Dealing Member shall render regularly and promptly, monthly electronic statements of account to each of its clients providing a summary of a client's transactions including a report of activities on the client's account, showing all transactions carried out on behalf of such client.



(2) Dealing Members shall keep copies of statements provided to customers.

4. New Article: Proprietary Interest of The Exchange over Dealing Membership Licenses

(a) The proprietary interest over all Dealing Membership Licenses issued by The Exchange shall remain with The Exchange and each License shall be returned to The Exchange immediately a demand is made by it in that regard.

(b) In the event of the expulsion, winding up, liquidation or receivership of a Dealing Member, the License issued by The Exchange shall not form part of the Dealing Member's assets applied towards the settlement of its liabilities but shall immediately be returned to The Exchange and the proprietary interest thereon shall immediately revert to The Exchange.

5. Amendment of Article 102 (b) – Anti Money Laundering

(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 2004~~ the laws of the Federal Republic of Nigeria and such other Rules and Regulations as may be prescribed from time to time by regulatory agencies including the Securities and Exchange Commission, the Central Bank of Nigeria and The Exchange on Money Laundering and Combating the Financing of Terrorism or other related matters. Pursuant to the foregoing each Dealing Member shall:

(i) Have an Anti-Money Laundering Policy and train its employees on the prevention and detection of money laundering and other related activities as may be prescribed by The Exchange from time to time.

(ii) Disclose to The Exchange on a quarterly basis and in a format to be prescribed by The Exchange all proprietary accounts held by it whether directly or indirectly and with other stockbroking firms

(iii) Authorized clerks shall disclose to their Senior Management, all personal securities accounts held whether directly or indirectly and to declare the nature of interest in the securities.

6. New Article 102 (f): Know Your Clients

(i) Each Dealing Member shall obtain the biometrics of all its individual clients and shall regularly update the records of all its clients in that regard ;



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- (ii) With regard to corporate entities, the Dealing Member shall obtain the corporate information of the company in addition to the biometrics of the Authorized Signatories to its share trading account;
- (iii) Biometric identifiers obtained shall include finger prints and iris recognition and the information collected shall be applied towards confirming clients' identities;
- (iv) No Dealing Member shall open, accept and/or operate a securities trading account or otherwise deal in any manner whatsoever, on behalf of any person or entity unless the biometrics of such person or authorized signatories of the entity have been collected by the firm;
- (v) Any Dealing Member that fails to obtain the biometrics of its clients and obtain adequate KYC documentation from its clients shall be suspended from executing any trading activity on that account for that client forthwith until regularization is effected; and in addition may be fined as appropriate;
- (vi) In obtaining the data of its clients for identification purposes, every Dealing Member shall request for and receive from each client at least 2 of the following means of identification prior to opening any client account :
- * Passport
 - * National identity card
 - * Driver's license
 - * Utility bill
 - * Voters card
 - * Employee's photo identification card issued by a recognized employer with employer's tax identification from the Federal Inland Revenue Service;
- Provided that at least one of the above mentioned means of identification shall bear the full names, photograph, current address and signature of the client.
- (vii) Each Dealing Member shall also obtain basic information from its clients such as its clients' investment objectives, horizon and posture i.e. passive, moderate, aggressive e.t.c.; and shall identify the category namely foreign, local retail or institutional, which each client belongs in addition to any other relevant information.
- (viii) Dealing Members shall inform their clients of the basic risks involved in trading on The Exchange, the rights and obligations of the client, etc. by issuing to the client a copy of the "Risk Disclosure Document" as approved by The Exchange from time to time; and bringing its contents to their notice. Dealing Members



shall obtain and retain in their records, a copy of the Risk Disclosure Document duly signed by each client.

7. New ArticleClients' Complaints Management

(1) For the purposes of this provision, a client complaint is defined as complaint in relation to the provision of services, in which the client alleges that he has suffered, or is likely to suffer financial prejudice as a result of the Dealing Member –

- a. Contravening or failing to comply with any instruction given by the client, or any agreement or mandate entered into with the client;
- b. Contravening or failing to comply with The Exchange's rules and directives;
- c. Acting dishonestly, negligently or recklessly; or
- d. Treating the client unreasonably or unfairly.

(2) Every Dealing Member shall:

(a) Establish and maintain an appropriate internal complaints management procedure as an initial point of dispute resolution with its clients. Where a dispute is not resolved internally within ten (10) working days of the complaint or of the dispute arising, the dispute shall be referred to The Exchange by the Dealing Member or the client;

(b) Provide detailed information in writing to its existing clients and to its new clients at the account opening stage about the dispute resolution mechanisms of The Exchange as provided under these Rules.

8. Amendment to Art 155: The Chief Executive Officer & Managing Director's position

(a) The roles of Chief Executive Officer and Managing Director of a Dealing Member shall not be separated and any reference in these Rules to a Chief Executive Officer shall be applicable to a Managing Director.

(b) The Chief Executive Officer's responsibilities shall include amongst others the management and supervision of the affairs of the entire firm.

(c) The Chief Executive Officer shall be a member of the Board of Directors of the Firm and his appointment as director shall be registered at the Corporate Affairs Commission.

(d) No Dealing Member shall operate for more than ~~six~~ (6) months without a substantive Chief Executive Officer. Any Dealing Member that violates this provision shall be



immediately suspended from trading and shall be liable to pay a fine of One hundred Thousand Naira. Any suspension imposed in violation of this Rule shall only be lifted upon the appointment of a substantive Chief Executive Officer and the payment of the penalty.

9. New ArticleInformation Barrier Policies

- (a) Every Dealing Member or appointed Market Maker shall establish and maintain appropriate internal policies, guidelines and procedures to deny access to inside information to persons other than those who require it for the exercise of their functions and to ensure that no improper trading occurs through the use of price sensitive or material information available to persons within the firm. All Market Making activities shall be adequately separated from agency trading activities by information barriers through which no information shall be permitted to pass, to the detriment of clients.
- (b) Any Dealing Member or appointed Market Maker that breaches Sub-rule “a” above shall be liable to pay a fine of not less than One Million Naira within seven (7) working days of The Exchange imposing the fine.
- (c) The Senior Management and the Chief Compliance Officer of each Dealing Member or appointed Market Maker shall have joint responsibility for implementing the policies, guidelines and procedures to ensure the effectiveness of the information barriers.
- (d) Every Dealing Member or appointed Market Maker shall be liable for any breach by its employees of the information barrier policy.
- (e) Where any fine imposed by The Exchange remains unpaid at the expiration of the date set by The Exchange, the Dealing Member shall immediately be suspended from trading. In the case of a Market Maker, all of its Market Making privileges shall be immediately suspended and shall remain suspended for as long as the fine remains unpaid.

10. Amendment to Article 14 – Record of Transactions and Right of Inspection

- (a) Every Dealing Member shall keep proper records and books of accounts in respect of all stockbroking transactions. The ~~Exchange Council~~ shall prescribe the forms in which such records and books are to be kept by Dealing Members and shall be entitled to empower the ~~Compliance~~ Broker Dealer Regulation Department ~~of The Exchange~~ to inspect the records of Dealing Members from time to time. ~~and report thereon to the Council.~~



- (b) The information gathered during the inspection of records of Dealing Members shall be used as prescribed by the Management of The Exchange.
- (c) Prior to embarking on its inspection the Broker Dealer Regulation Department of The Exchange shall give a minimum of ten (10) working days written notice to the Dealing Member of its intention to conduct an inspection of the Dealing Member's records;
- (d) The Chief Executive Officer of the Dealing Member, and the heads of all the departments shall be present during the inspection;
- (e) Where any of the aforementioned officers of a Dealing Member cannot be present during an inspection, the firm shall provide the Exchange with a written notice which shall be received at least three (3) working days prior to the inspection stating the reasons for such absence and providing a suitable representative;
- (f) The Exchange may impose a fine not exceeding N50,000.00 if any Dealing Member violates the provisions of (e) above.

11. New Article:....Minimum Capital Requirement

The minimum capital requirement for every Dealing Member shall be as prescribed by the Securities and Exchange Commission and The Exchange from time to time. Provided that all Dealing Members shall also meet the minimum requirements and standards as prescribed by The Exchange from time to time for the following;

- a. Technology
- b. Manpower and equipment
- c. Organizational structure and governance
- d. Effective processes
- e. Global competitiveness

12. New Article.... Penalties for Naked Short Selling

- a. Naked short selling is prohibited by The Exchange. Any Dealing Member that engages in naked short selling shall be liable to pay a fine of ten percent (10%) of the total transaction value and any benefit accruing from such transaction shall be paid to The Exchange.
- b. Any Dealing Member involved in naked short selling more than once over a period of one (1) year shall be classified as a "Serial offender".



- c. A serial offender will be suspended from trading for a period to be determined by The Exchange.

13. New Article.....Intermittent System Decoupling

- a. Where due to intermittent system decoupling a Dealing member or Market Maker executes a naked short sale, the Dealing Member or Market Maker shall be under an obligation to buy back the securities not later than one day after the naked short sale.
- b. Any Dealing Member or Market Maker that fails to buy back the securities within the stipulated time shall be liable to pay a fine of 10% of the total transaction value within a stipulated time to be determined by The Exchange.
- c. Any Dealing Member or a Market Maker that fails to pay the stipulated fine shall be suspended from trading activities and the Market Maker shall be suspended from short selling for a period to be determined by The Exchange.

14. New Article.....Hard-To-Borrow Securities

- a. Every Dealing Member shall ensure that it identifies and confirms the availability of the securities it intends to deal in from an approved Securities Lending Agent before it sells short any securities.
- b. Where a Dealing Member with a Securities Lending arrangement sells short without confirming the availability with the Securities Lending Agent, the Dealing Member shall be under an obligation to buy back the securities no later than one (1) day after the naked short sale and shall not be permitted to keep any benefit accruing from such transaction.
- c. Where a Dealing Member that is under an obligation to buy back securities as required under Paragraph (b) above fails to do so, he shall be liable to pay a fine of 10% of the total transaction value;
- d. Where a Dealing Member that is under an obligation to buy back and/or pay the stated fine fails to do so, the Dealing Member shall be suspended from short selling for a period to be determined by The Exchange.

15. New Article:.....Approved Securities Lending Agents

- (a) Only authorized Securities Lending Agents shall be permitted to lend Securities to Dealing Members.. Any Dealing Member that holds itself out as a Securities Lending Agent without the required approvals shall be penalized accordingly.
- (b) A Securities Lending Agent (SLA) shall have the obligation to confirm the availability of securities for lending and where a breach of this obligation results in a naked short sale by a Dealing Member, The Exchange shall in addition to a public censure, fine and/or blacklisting of the SLA, immediately notify the Commission and recommend one or more of the additional penalties listed below:
- i. Suspension of the SLA's registration by the Commission;
 - ii. Termination of the SLA's registration by the Commission.
 - iii. Additional fines.
- (c) The Commission's Rules shall be binding on all SLAs; and where an SLA violates any of the Commission's Rules, The Exchange shall immediately notify the Commission and recommend one or more of the penalties listed below:
- i. Suspension of the SLA's registration by the Commission;
 - ii. Termination of the SLA's registration by the Commission.
 - iii. Additional financial penalties.

16. New Article.....Dealing Member Fees and Charges

The approved maximum Broker/Dealer fees and commissions on any transaction (buy or sell) shall be as prescribed by the Securities and Exchange Commission from time to time. Provided that where ancillary services relating to securities investments are offered, a Dealing Member shall only be entitled to charge additional fees as may be approved by The Exchange from time to time.

17. Amendment of Article 57 (d) Effect of Suspension

The Dealing Member shall be under a duty to instruct and appoint another Dealing Member to carry out any instructions already received by it on behalf of its clients prior to suspension and shall immediately notify The Exchange in writing of such appointment. Upon the suspension of a Dealing Member and its appointment of another Dealing Member, the appointed firm shall be liable and fully responsible for the transactions executed.

18. New Article.....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



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firm on which The Exchange would reasonably expect notice. The foregoing obligation shall be in addition to all financial disclosures to The Exchange.

19. Combination of Articles 8, 42 and 141 General Conduct, Sharing of Brokerage Income; and Association With Non-Dealing Members

- a. No Dealing Member shall do or cause to be done any act, matter or thing which would adversely affect the goodwill or public image of The Exchange or its Members;
- b. With respect to activities on The Exchange, a Dealing Member shall only share its commission or enter into a partnership, agency or profit sharing arrangement with a person or corporate entity who or which is a broker-dealer and such other registered market operators as The Exchange may from time to time specify;
- c. Any Dealing Member that violates the provisions in “a” above shall be liable to any of the following penalties in addition to any other sanctions that The Exchange may impose:
 - i. A fine to be determined by The Exchange based on the circumstances of the case and which fine shall not be less than ₦500,000; and suspension of the Dealing Member for such period as may be determined by The Exchange; or
 - ii. Expulsion of the Dealing Member.
- d. Any Dealing Member that violates the provisions in “b” above shall be liable to any of the following penalties in addition to any other sanctions that The Exchange may impose:
 - i. A fine to be determined by The Exchange based on the circumstances of the case and which fine shall not be less than ₦500,000; or
 - ii. Suspension of the Dealing Member for such period as may be determined by The Exchange; or
 - iii. Suspension of any Authorized Clerk involved in such prohibited conduct for such period as may be determined by The Exchange.

20. New Article: Authority to Administer Rules of The Exchange

The Council of The Exchange, pursuant to the Exchange’s Memorandum and Articles of Association and the Investments and Securities Act, 2007 as amended from time to time, shall have and exercise powers to make and administer Rules, Regulations and Guidelines for regulation of trading in securities listed on The Exchange and the activities of its Members; and shall exercise all powers, authorities and discretions in that regard.

21. New Article: Just and Equitable Principles

Every Dealing Member shall transact its business in a just and equitable manner and every transaction, whether for the account of the member effecting it or for the account of a client, must be fulfilled according to applicable laws, rules and regulations.

22. New Article: Information Provided to Clients

(1) In rendering a service to a client, any representations made and information provided by a Dealing Member:

(a) shall be factually correct;

(b) shall be provided in plain language, devoid of uncertainty or confusion and shall not be misleading;

(c) shall include or reference all facts or caveats necessary to make any included statements not misleading;

(d) shall be adequate and appropriate in the circumstances of the particular service, taking into account the factually established or reasonably assumed level of knowledge of the client;

(e) shall, as regards all amounts, sums, values, charges, fees, remuneration or monetary obligations mentioned or referred to therein, be reflected in specific monetary terms, provided that where any such amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation shall be adequately described;

(f) need not be duplicated or repeated to the same client unless material or significant changes affecting that client occur, or the relevant service renders it necessary, in which case a disclosure of the changes shall be made to the client without delay.

(g) regarding the manner in which trading shall be conducted for an account shall be re-confirmed by the Dealing Member when necessary.

(2) Dealing Members shall:

(a) not disclose any confidential information acquired or obtained from a client about such client, unless the written consent of the client has been obtained beforehand or disclosure of the information is required pursuant to any rule, regulation or law binding on the Dealing Member or otherwise applicable in the circumstances ;



(b) advise a client in advance of any restrictions or limitations that may affect the access of that client to its assets.

23. New Article: Prohibition of Improper Influence Payments and Gratuities

All Dealing Members shall comply with all anti-corruption laws and regulations in force which prohibit the giving, promising, offering, requesting, agreeing to receive, or receiving, either directly or indirectly, a bribe, gratuity or anything of value (whether tangible goods or intangible services or consideration) for the purpose of influencing any decision or obtaining an improper advantage.

24. New Article: No Defaults

1. No Dealing Member shall default on a transaction with another Dealing Member or client.
2. A Dealing Member shall be deemed to be in default if it is unable to meet its financial or other commitments to another Dealing Member or client, arising out of a legitimate transaction.
3. Any Dealing Member that contravenes this rule shall be liable to any of the following penalties in addition to any other sanctions that The Exchange may impose:
 - a. Specific performance of the transaction;
 - b. Suspension;
 - c. A fine to be determined; and
 - d. Public Censure.

25. Investor Protection Fund (Combination of Articles 69 and 72)

The Exchange shall maintain and operate an Investor Protection Fund to be administered in accordance with the Investments and Securities Act ~~1999~~ 2007 as amended from time to time and any other relevant legislation; and the Rules of the Fund shall be binding on all Dealing Members.

26. Article 93B: Direct Cash Settlement

- a. Each client's bank account details shall be provided by its broker-dealer to Central Securities Clearing System Plc which is the agent of The Exchange for the clearing and settlement of all securities traded on the Automated Trading System of The Exchange.



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- b. Settlement of each trade carried out on the Automated Trading System of The Exchange shall be done by direct payment into the client's account as provided to the Central Securities Clearing System Plc.
- c. Notwithstanding the foregoing:
- i. Any client that declines direct cash payment into its account provided to Central Securities Clearing System Plc shall notify it of that fact by completing a Direct Cash Settlement notification form in which the client shall make its preference known.
 - ii. Settlement of transactions carried out on behalf of any client whose account details are not provided to Central Securities Clearing System Plc shall be done by payment into the account of the client's broker-dealer firm.
 - iii. Where a client provides its broker-dealer firm with a written mandate to purchase securities with proceeds from the sale of other securities any payment attributable to the sale shall be made into the account of the broker-dealer firm provided the client gives its consent in that regard.
- d. Within three working days of receiving instructions from a client that settlement should be done by direct payment into such client's account a broker-dealer shall:
- i. Notify Central Securities Clearing System Plc of the client's instructions; and
 - ii. Provide the client's account details.
- e. Any broker-dealer that violates the provision in 93B(d) above shall be liable to pay a fine of ₦250,000 in addition to any other sanction which The Exchange may impose.
- f. Any broker-dealer that:
- i. Trades in its client securities without receiving a mandate from its client;
or
 - ii. Neglects to remit to its client the proceeds from trading in such client's securities within three working days of receiving such,
Shall be liable for any penalties imposed under Article 143B for unauthorized sale of securities, in addition to any other sanction which The Exchange may impose.
- g. Every broker-dealer shall take all reasonable steps to ensure that all details of direct settlement originates from the actual client and that the "Know Your Client" provisions in Article 102 of these Rules are duly complied with.



27. Amendment of Article 162: Eligibility and Admission Procedures for Authorized Clerks

1. Every ~~person~~ graduate of the Chartered Institute of Stockbrokers desirous of becoming registered as an Authorized Clerk of The Exchange shall :
 - a. Make an application in writing in the form prescribed by Council; and
 - b. Attend an oral interview to be conducted by The Exchange to assess his proficiency. Provided that an applicant shall be entitled to attend up to a maximum number of three interviews only.
2. No applicant seeking registration as an Authorized Clerk shall be eligible for invitation by The Exchange to attend an oral interview unless the applicant provides:
 - a. Documentary evidence that he has received training as a Clerk in a Dealing Member for a minimum period of six consecutive months; and
 - b. Written recommendation by the Dealing Member affirming the applicant's eligibility to attend the oral interview having satisfied the training requirement in "2a" above.
3. A successful applicant's ~~if his application is approved~~ name shall be placed in the register of Authorized Clerks.
4. Any Dealing Member that:
 - a. Recommends for registration as Authorized Clerk a person who has not satisfied the training requirement in Sub-Article 2 above; or
 - b. Falsely represents that an applicant for registration as Authorized Clerk has satisfied the training requirement in Sub-Article 2 above,Shall be liable to pay a fine not exceeding N500,000 in addition to any other sanction which Council may deem fit to impose.

28. New Article 162B: Robing and Induction Ceremony for Authorized Clerks

1. Each successful candidate that wishes to become an Authorized Clerk shall attend a robing and induction ceremony to be conducted by The Exchange on a date to be determined by it.
2. The Chief Executive Officer of each Dealing Member that has recommended a candidate to be fit for licence as an Authorized Clerk shall attend the robing and induction ceremony of such candidate and where unable to attend shall provide to The Exchange in writing at least 3 (three) working days prior to the ceremony the name of a senior Authorized Clerk of the Dealing Member who shall attend.



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3. Any candidate whose recommending Dealing Member is not represented as stated in 2 above at the robing and induction ceremony shall be barred from participating in the proceedings.
4. Each participating candidate shall at the robing and induction ceremony:
 - a. be robed in the prescribed Trading Jacket by the Chief Executive Officer of the Dealing Member or by his representative as stated in 2 above; and
 - b. shall subscribe to an Oath of Allegiance for Authorized Clerks which shall be prescribed and administered by The Exchange.
5. A successful candidate's name shall be entered in the Register of Authorized Clerks after attending and participating fully in the robing and induction ceremony.

29. New Article 171: Trade Warehousing

1. Where a client's mandate to buy relates to securities not fully available and only an insignificant portion of such mandate can be executed in a trading session, The Exchange may permit the Dealing Member to execute such client's mandate in small volumes over a number of trading sessions which shall be aggregated and invoiced as one whole.
2. All trade warehousing transactions as described in 1 above shall be completed by day T + 2; day "T" being the date of execution of the first trade in the mandate.
3. Each custodian shall ensure that the Dealing Member involved in a warehoused buy trade receives funding for the transaction on the settlement day i.e. T + 3.
4. Trade warehousing shall apply only to trades executed on behalf of institutional clients that use local custodians; and Pension Fund Administrators are excluded.
5. Funding shall be required for trade warehousing only when the client gives a mandate to buy. As Custodians receive funds from clients the funds shall be returned to the Dealing Member that funded the transaction.
6. On day T+2 (End of Day), all uncompleted mandates revert into the Dealing Member's proprietary account.



30. New Article 172: Post Trade Allocation

1. Where in order to meet a client's needs, it is required that executed portions of such client's mandate should be split into its various accounts in specific proportions or pro-rated in line with the client's initial mandate, The Exchange may permit the re-allocation of such executed trades between the client's different accounts.
2. Post trade allocations as described in 1 above shall be permitted by the automated trading system of The Exchange such that allocation of executed trades across clients' accounts shall be enabled.
3. Where a Dealing Member has link accounts with more than one local custodian, The Exchange shall permit the allocation of the executed trades per Custodian on a first in first out basis and pro-rated on the basis of clients' instructions.
4. A 2^{1/2} (two and half) hour window shall be created after each trading session for reallocation of executed trades.
5. All Post Trade Allocations after End of Day (T+0) shall be rejected when an attempt is made to feed same into the CSCS portal and such trades shall default to the Broker's proprietary position.
6. Any trade that defaults to a Broker's account shall no longer be reallocated to a client account and this would be carried as a proprietary position by the Broker.
7. No Broker shall derive any profit or gain from the operations of the Broker allocation account and any Broker that violates this provision shall be liable to pay a fine , in addition to any other sanctions which the Exchange may impose in that regard.

31. New Article: Amendments to Laws, Rules, Codes or Guidelines Cited

Reference made in these Rules to any laws of the Federal Republic of Nigeria, or the Rules, Codes or Guidelines of any regulatory agency of the Federal Government of Nigeria shall include such amendments as may from time to time be made to such laws, Rules, Codes or Guidelines.