

RULES AND REGULATIONS GOVERNING DEALING MEMBERS
Amendments and Additions (V)¹

Legend:

Additions: underlined

Deletions: ~~struckthrough~~

1. New Rule – Minimum Variations

- (a) Bids or offers in securities admitted to trading on The Exchange may be made in such variations as The Exchange shall from time to time determine and make known to the Dealing Members.
- (b) The minimum price variation (MPV) for quoting and entry of orders in equity securities admitted to dealings on The Exchange shall be 1 kobo.

2. New Rule: Retention of jurisdiction over Former employees

- (a) So that it may properly investigate and enforce sanctions against possible violations of Exchange rules and regulations, The Exchange shall retain continuing jurisdiction over a former employee of a Dealing Member firm at any time after the date that The Exchange receives written notice of the resignation or termination of any Dealing Member employee.
- (b) In the event that The Exchange asserts jurisdiction over a former employee of a Dealing Member firm under subsection (a) above, such employee may thereafter be compelled to appear and testify before The Exchange, or to submit relevant books and records or other tangible materials to The Exchange, or respond to written requests from The Exchange for additional information, in the same manner and to the same extent as if the employee were still employed by the Dealing Member firm.

¹ Rule Making History

- 1. The Rules were presented to the Rules and Adjudication Committee of Council (RAC) on 17 March 2014 and approved for exposure to stakeholders from 19 March to 2 April 2014;
- 2. Comments received from stakeholders were reviewed at the RAC meeting of 21 October 2014;
- 3. The revised Rules were approved by the National Council on 4 November 2014;
- 4. The Council approved Rules were submitted to the SEC on 5 November 2014 for approval;
- 5. The SEC approved the Rules on 24 February 2015.

3. New Rule: Resignation of Membership of The Exchange

- (a) Any Dealing Member that wishes to resign its membership of The Exchange shall do so by giving The Exchange three months' Notice of its intention to do so, in writing, through the Council Secretary; and a copy of the Notice of Resignation shall be posted on the notice board in The Exchange rooms and on The Exchange's website.
- (b) Dealing Members shall advise the Council Secretary of any outstanding debts, obligations, and commitments of the resigning Dealing Member and of any outstanding dealings and transactions in which it may be concerned.
- (c) The Exchange, in its sole discretion, may –
 - a. accept such resignation unconditionally; or
 - b. accept the resignation subject to ensuring that the following conditions have been met –
 - i. all obligations to clients have been met; and
 - ii. all transactions have been settled.
- (d) The Exchange shall determine the effective date of resignation of membership and may prescribe any additional conditions that it considers necessary to achieve that purpose.
- (e) Upon submitting its Notice of Resignation, the Dealing Member shall only retain its obligations of membership but not the right to carry out any trading activities, except in relation to achieving the objectives of sub-rule 3 above.

4. Amendments to Article 44: Power to Hear and Adjudicate

- (b) Notice to appear before the Council or any of its Committees shall be deemed to be effected by The Exchange if:
 - (i) Such notice is served on the person to whom it is addressed physically or by electronic mail to the address provided by the person; failing which
 - (ii) Such notice is pasted at the last known address of the Dealing Member;

Service of notice by any of the above stated means shall be deemed to have failed if the Dealing Member or any of its Accredited Representatives or any of its employees do not attend the meeting.



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- (iii) As a final attempt, such notice is shall be published in two National daily newspapers pasted on the Notice Boards in the Trading Floor of The Exchange and published on the website of The Exchange or any other means by which the Dealing Member shall be reasonably expected to have received sufficient notice of the proceedings; failing which the meeting shall proceed and any decisions taken thereat shall be without further reference to the Dealing Member and shall be binding on the Dealing Member.

5. New Rule: Securities Eligible for Trading

Only securities that are included on the list of eligible securities may be traded on or through The Exchange's systems and facilities. Dealing members may not misrepresent non-eligible securities as being eligible for trading through The Exchange's systems and facilities.

6. New Rule: Failure to Comply with an Arbitration Award or Related Settlement or an Order of Restitution or Settlement Providing for Restitution

(a) Notice of Suspension or Termination:

- (1) If a Dealing Member, a person associated with a Dealing Member, or person otherwise subject to The Exchange's jurisdiction, fails to comply with an arbitration award or a settlement agreement related to an arbitration or mediation pursuant to Articles 11, 125 or any of The Exchange's rules, The Exchange may provide written notice to such Dealing Member or person stating ("the respondent") that the failure to comply within 21 working days of service of the notice will result,
- a. in the case of a Dealing Member, in a summary suspension of such Dealing Member or a termination of the Dealing Member's membership, or
 - b. in the case of a natural person, a suspension from associating with any Dealing Member, until the arbitration award settlement is satisfied in full.
- (2) When a Dealing Member or associated person fails to comply with an arbitration award or a settlement agreement related to an arbitration or mediation under any of The Exchange's rules involving a customer, a claim of inability to pay shall not be a defense.

(b) Service of Notice of Suspension or Termination

The notice of failure to pay an arbitral award described in (a) above shall be given to the Dealing Member, person associated with a Dealing Member or person otherwise subject to The Exchange's jurisdiction in a manner that is consistent with the service of notices under these Rules.

(c) Contents of Notice

A notice issued under this Rule shall state whether The Exchange is seeking a suspension or termination, and shall state the specific grounds and factual basis for such action. The notice shall state when The Exchange's action will take effect and explain what the respondent must do to avoid such action. The notice shall also state that the respondent may file a written request for a hearing with The Exchange, and shall prescribe the time in which such request must be filed, which shall not be less than 21 working days from the date of service of the notice.

(d) Effective Date of Suspension or Termination

The suspension or termination referenced in a notice issued and served under this Rule shall become effective 21 days after service of the notice, unless stayed by The Exchange further to a request by a Dealing Member or person served with a notice, for a hearing.

(e) Request for Hearing

A Dealing Member or person served with a notice under this Rule may file with The Exchange a written request for a hearing to dispute the failure to pay an arbitral award. A request for a hearing shall be made before the effective date of the notice, as indicated in paragraph (d) of this Rule. A request for a hearing must set forth with specificity any and all defenses to The Exchange's action.

(f) Failure to Request Hearing

If a Dealing Member or person does not timely request a hearing, the suspension or termination specified in the notice shall become effective 21 working days after the service of the notice and the notice shall constitute final Exchange action.

(g) Request for Termination of the Suspension



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A Dealing Member or person subject to a suspension under this Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with The Exchange and The Exchange may grant the relief sought for good cause shown.

7. Prohibition of Trading in Exchange Listed Securities Outside The Exchange

- (a) No exchange listed securities of a public company shall be bought or sold outside the facilities of a recognized securities exchange on which the securities are listed.
- (b) Any violation of the rules shall attract the following penalties:
 - (i) 10% interest on the evaded transaction fees;
 - (ii) Where the value of the transaction is ₦5 Million or below, the Dealing Member and/or listed company involved shall be liable to pay respectively, a fine of ₦1 Million or three times the value of the transaction, whichever is higher, and ₦5,000 every day from the date the transaction took place or was discovered, whichever is earlier, until the transaction is regularized and the penalties are paid; or
 - (iii) Where the value of the transaction is higher than ₦5 Million, or either of the Dealing Member or listed company have previously engaged in such evasion, the Dealing Member's licence shall be withdrawn by the Council of The Exchange and both parties shall in addition be liable to pay respectively, a fine of ₦5 Million or three times the value of the transaction, whichever is higher and ₦5,000 every day from the date the transaction took place or was discovered, whichever is earlier, until the transaction is regularized and the penalties are paid.