

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

Legend:

Additions: underlined

Deletions: ~~struckthrough~~

1. ARTICLE 100: PRICING METHODOLOGY

(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; or new security listings that are priced above N100.00 at the time of listing on The Exchange.

2. OBLIGATIONS OF PARTIES DURING MERGERS AND ACQUISITIONS OF DEALING MEMBER FIRMS

The Exchange shall only consent to the merger of any two or more Dealing Members or the acquisition of one or more Dealing Members by another entity where –

(a) the whole of the undertaking or any part of the undertakings or interest and the property, assets and liabilities of the transferor or target Dealing Member(s) are being transferred to the transferee or acquiring entity; and

¹ **Rule Making History**

1. The Rules were presented to the Rules and Adjudication Committee of Council (RAC) on 16 July 2014 and approved for exposure to stakeholders from 25 July to 15 August 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 10 February 2015.



(b) The Exchange is satisfied that in order to protect its/their clients sufficient provision has been made to cover the obligations of the transferor or target Dealing Member(s).

3. Article 161: POWER TO SUSPEND OR REVOKE THE REGISTRATION OF AUTHORIZED CLERKS

- a. The Exchange may suspend any Authorized Clerk or revoke the registration of any Authorized Clerk who has breached any rules or regulations of The Exchange or is found to be complicit in any breach of such rules or regulations.
- b. The fees in relation to the entitlement of registered clerks shall be paid annually in advance and where any subscription is in default, unless the same be paid within one month after written notice thereof, The Exchange shall have the power to suspend the registered clerk thus affected and his name shall thereupon be posted by The Exchange on the Notice Board in the Trading Floor for general information.

4. REVOCAION OF INACTIVE DEALING MEMBER FIRMS' LICENSES (AMENDMENT)

- a. Under no circumstances shall a Dealing Member cease to carry out its day to day business activities for which it was licensed to operate without any reasonable cause.
- b. Where a Dealing Member is inactive for a period of six consecutive months, The Exchange shall revoke the License of the Dealing Member.
- c. A Dealing Member shall be considered inactive under the following circumstances:
 - i. Voluntary Inactivity: this occurs where the firm has not recorded any trading activity without being suspended by The Exchange or the Commission. Where a firm has been voluntarily inactive for the stipulated period its dealing license shall be revoked forthwith.
 - ii. Involuntary Inactivity: this occurs where the firm has been suspended by The Exchange or the Commission for any infraction. Where a firm has been involuntarily inactive for the stipulated period The Exchange shall exercise its discretion in determining whether to revoke the firm's dealing license.
- d. Where The Exchange revokes a Dealing Member's license, The Exchange shall immediately commence the process of expelling such Dealing Member.

5. EFFECT OF DISCIPLINARY ACTIONS BY THE COMMISSION

- (a) Without prejudice to all the remedies open to the Dealing Member, where a Dealing Member is suspended by the Commission, as soon as The Exchange is notified, it shall immediately commence the process of suspension or expulsion of the Dealing Member.

- (b) Where a Dealing Member's registration is revoked by the Commission, as soon as The Exchange is notified, it shall immediately commence the process of expulsion of the Dealing Member.