

## **RULES AND REGULATIONS GOVERNING DEALING MEMBERS**

### **GENERAL RULES**

These Rules and Regulations are made pursuant to the Memorandum and The Articles of Association of The Nigerian Stock Exchange and are subject to The Provisions of The Investments and Securities Act (ISA) of 1999 and The Rules and Regulations made there under:

### **GENERAL RULES**

#### **Article 1: Application**

These Rules and Regulations shall be binding upon Dealing Members in their relationship with The Exchange, as between themselves as Dealing Members, and as regulating the business which they conduct as Dealing Members of The Exchange with the general public.

#### **Article 2: Duty to Observe and Report Breaches**

It is the duty of every Dealing Member of The Exchange to observe these Rules and Regulations and to report forthwith any breach of the Articles or Rules and Regulations by any other Dealing Member in writing to the National Council of The Exchange, or through the Branch Councils to the National Council of The Exchange. Any Dealing Member, being aware of any breach on the part of another Dealing Member and failing to report the same to Council as aforesaid, shall himself/itself be guilty of a breach of these Rules and Regulations.

#### **Article 3: Identification of Business Documents**

Every Dealing Member shall have printed upon all letterheads the names of its Directors. All letterheads, contract notes, brochures, scrip receipts or other documents used by the Dealing Member in the transaction of stockbroking business shall have printed on them the words "Member of The Nigerian Stock Exchange".

#### **Article 4: Non -Agency Relationship**

No Dealing Member of The Exchange (other than a Dealing Member acting under the specific authority of the Council) shall hold itself out to any person as being the agent of or otherwise representing, or having the power in any way to act for or bind The Exchange.

#### **Article 5: Notification of Business Address and Closure of Office**

Dealing Members shall notify the Secretary of The Nigerian Stock Exchange in writing the address of any office, or offices in Nigeria at which they intend to carry on stockbroking business and shall also give notice to the Secretary within fourteen (14) days of closing such an office or offices for business.

Any office shall be continually under the personal supervision of a Director of a Member company or an Accredited Representative, whose name(s) shall be notified to The Exchange.

#### **Article 6: Prescribed Mode of Advertisement**

- a. Dealing Members of The Exchange shall only be permitted to exhibit outside the offices at which they carry on stockbroking business, name plate bearing the name in which business is carried on, of a size not larger than 64cm by 32cm or if a circular plate, with a diameter not exceeding 50cm
- b. The Secretary shall from time to time cause advertisements to be made to the effect that a list of Dealing Members of The Nigerian Stock Exchange can be obtained from the Secretary
- c. Dealing Members are also permitted to issue explanatory brochures and such other items for advertisement to the public provided the draft is approved by The Exchange
- d. Dealing Members may be required by The Exchange to discontinue or modify any advertisement which in the opinion of The Exchange appears to infringe the intention of this Regulation

#### **Article 7: Mode of Changing of Directors and Shareholders**

Alterations to the particulars of all directorships and shareholdings of Dealing Members shall be with the prior approval of The Exchange.

The Secretary shall keep a record of such particulars, which shall be available for inspection by Dealing Members at the registered office of The Exchange.

#### **Article 8: Association with Non-Dealing Members**

With respect to activities on The Exchange no Dealing Member shall without special consent of the Council, and subject to such conditions as the Council may impose, enter into partnership or any agency or profit sharing agreement or any association of which the Council may not approve, with any person, firm or limited liability company who or which is not a member of The Exchange.

#### **Article 9: Effect of Client Defaulting**

No Dealing Member shall carry on business for a client who is in default to another Dealing Member and it is the duty of every Dealing Member to notify The Secretary the name and circumstances of every such default. The circumstances of each default shall be submitted to the Council, which may at its discretion cause the name to be in a list to be kept by the Secretary for purpose of circulating the name of defaulters to all Dealing Members and Members of The Exchange. The Council may from time to time cause any name to be deleted from the list.

#### **Article 10: Scope of Business Activities**

No Dealing Member shall carry on any other business save that of dealing in securities and those activities which are ancillary thereto

#### **Article 11: Qualifications for Legal Actions/Redress**

- a. No Dealing Member shall institute legal proceedings to enforce a claim against another Dealing Member or a Member arising out of any stockbroking transaction without first

exhausting all procedures set out for dispute resolution in accordance with these Rules and Regulations

- b. No Dealing Member shall institute legal proceedings against The Exchange without first exhausting all procedures set out for dispute resolution in accordance with these Rules and Regulations

#### **Article 12: Annual Subscription and Fees**

The Council shall prescribe the annual subscription and fees payable by each Dealing Member from time to time. An Ordinary Member of The Exchange, other than an Issuing House, is not required to pay annual subscriptions unless and until it applies for and is granted a license to commence business as a dealer in securities.

#### **Article 13: Maintenance of Client's Account**

Every Dealing Member shall keep all monies held on behalf of Clients in a Bank Account separate from its own monies and such Account shall be kept in the name in which the Dealing Member carries on its stockbroking business followed by the words "Clients' Account".

#### **Article 14: Record of Transactions and Right of Inspection**

Every Dealing Member shall keep proper records and books of account in respect of all stockbroking transactions. The Council shall prescribe the forms in which such records and books are to be kept by Dealing Members and be entitled to empower the Compliance Department of The Exchange to inspect the records of Dealing Members from time to time and report thereon to the Council.

#### **Article 15: Supervision and Internal Controls**

Each Dealing Member shall comply with minimum standards on internal control as prescribed from time to time by The Exchange.

- a. Each Dealing Member shall establish and maintain a system to supervise and ensure compliance of the activities of its officers, Stockbrokers and employees. Final responsibility for proper supervision rests with the Dealing Member.  
The supervisory system shall provide for written procedures to be established, maintained and enforced that are designed to supervise the types of business in which the Dealing Member is involved. The procedures must identify the individual supervisory persons, the Compliance Officer and their titles and qualifications. The Dealing Member shall have the responsibility and duty to ascertain by investigation the good character, business repute, qualifications and experience of any person assigned as Stockbroker or employee directly involved in the securities business.
- b. Regular Internal Review of Records  
Each Dealing Member shall conduct a review, at least annually, of the securities business in which it engages based on the records prepared for that purpose. The review shall be reasonably designed to assist in ensuring that transactions were validly executed and customer accounts are correct, as well as detecting and preventing violations of, and achieving compliance with The Exchange's Rules and Regulations. Each Dealing Member shall prepare a report pertaining to the review of the activities of each office or branch,

which shall include the periodic examinations. Each Dealing Member shall maintain a written record and the dates upon which each review was conducted.

- c. **Supervisors' or Compliance Officers' Reporting Requirements**  
A Dealing Member firm shall at all times have one or more Compliance officers who shall be identified to The Exchange and Competent to advise the member firm and its employees on the application of these Rules and shall report to The Exchange any legal violation within 24 hours of their knowledge of such violation and propose the appropriate remedy thereto.  
The Compliance officers shall also be responsible for ensuring that money laundering training programs are administered on persons qualified to conduct business on the behalf of the firm.
- d. **Risk Management**  
Each Dealing Member shall comply with minimum standards on risk management as prescribed from time to time by The Exchange.  
Each Dealing Member shall have in place a unit in charge of risk management - this unit is responsible for studying, identifying the risks that the Dealing Member may be exposed to and the management tools to overcome it, as well as determining the Member's Capital Adequacy and verifying that the Dealing Member maintains it. The Dealing Member shall set the proper systems that ensure the efficiency of that unit by using the necessary formulae and software to determine percentage of acceptable risks.
- e. **Liquidity Margin Requirement**  
A Dealing Member shall at all times maintain a liquidity margin of not less than 10% of shareholders' funds.
- f. **Disclosure of Interests**  
A Dealing Member shall disclose in the annual accounts list of shareholders with 5% or more of the share capital.
- g. **Accounting Year**  
Each Dealing Member shall supply to The Exchange in writing the Accounting Year-end date and the name(s) of its Auditor(s) who will furnish the certificate referred to in paragraph "h" below and shall thereafter notify The Exchange immediately of any change therein.
- h. **Annual and Quarterly Financial Statements**  
Dealing Members are required to submit to The Exchange their financial statements within 90 days of the end of the fiscal year and their quarterly financial statements within 45 days of the end of the quarter. All financial statements shall be prepared according to the Nigerian Accounting Standards.
- i. **Contents of Auditor's Reporting forming his opinion the Auditor should consider and report on the following matters:**
  - i. Whether the minimum capital has been maintained;

- ii. Whether in the opinion of the Auditor, the financial position of the member firm is such as to enable it to conduct its business on sound lines, having regard to the nature and volume of the business transacted during its past financial year as shown by its Books of Accounts and Records.
  - iii. Contraventions and fines, if any, during the year.
- j. **Members' Duty to Report**  
A Dealing Member must notify The Exchange immediately if:
- i. Any legal action is brought against the company, officer or employee of the company which is related to the business activities of the company;
  - ii. The company becomes insolvent or ceases to settle its debts.
  - iii. Criminal proceedings or prosecution proceedings are filed against any founder, officer, manager or employee of the company.

#### **Article 16: Declaration of Private Financial Position**

When required by the Council, a Dealing Member and/or Principal Promoter shall supply to it, a sworn Declaration (in such form as the Council may prescribe) of its private financial position.

#### **Article 17: Notification of Insolvency**

When a Dealing Member is unable to fulfill its obligation it shall notify the Secretary in writing to that effect.

#### **Article 18: Defaulting Transactions**

Any Dealing Member who shall have a transaction with another Dealing Member in which such other Dealing Member is in default, shall forthwith notify the Secretary in writing of such default.

#### **Article 19: Claims not to be Sold, Assigned or Pledged**

No Dealing Member, being a creditor of a defaulter, shall sell, assign or pledge his claim against such a defaulter to any non-Member without the prior consent of Council.

#### **Article 20: Cessation of Activity**

After receipt by the Secretary of intimation under Article 17 or Article 18, of these Rules and Regulations, no arrangement shall be entered into by the defaulting Dealing Member in respect of its stockbroking liabilities without the approval of Council.

#### **Article 21: Powers of Council in the Event of Default**

In all cases of default, the Council shall meet and appoint a Committee which shall have the following powers:

- a) To engage technical and professional assistance;
- b) To call from the defaulter its original Books of Account relating to, and a statement of sums owing to, and by him in connection with Stockbroking transactions;
- c) To call meetings of Members who are creditors or defaulters;

- d) To summon the defaulter to appear before such meetings of the Committee and to afford the defaulter full right to defend himself before the Committee throughout the investigation;
- e) To make detailed examinations of all relevant accounts;
- f) To report to the Council any entry, transaction or matter which have been or appear to be irregular;
- g) To recommend to Council the appointment of an Interim Management to manage and deal with the stockbroking business of the defaulter and the assets subject to the approval of the commission
- h) Any other matter incidental to the investigation

#### **Article 22: Obligation to Submit Transaction Statements**

A defaulter shall, when called upon to do so in terms of Article 21 of these Rules and Regulations, hand over to the Committee all books, accounts and documents connected with its stockbroking business, statement of all sums owing to and by it in connection with such business at the time of the default and any other relevant documents and information which the Committee may require.

#### **Article 23: Exposing Defaulters**

The Committee set up under Article 21 shall cause a notice to be sent to all Dealing Members and the Commission advising them of the name of the defaulting Dealing Member and requiring all those having claims against such defaulter to file such claims with the Committee by a date to be stated in the notice.

#### **Article 24: Appearance before Council**

Dealing Members and their Accredited Representatives and Clerks shall appear before the Committee when called upon to do so and shall give such information and produce such books, accounts and documents as may be in their possession or under their control and relevant to the matter under investigation.

#### **Article 25: Effect of Bankruptcy**

Any Dealing Member who shall be adjudicated bankrupt by a competent court of law shall cease to be a Member.

#### **Article 26: Council to Notify the Public**

The Council shall and by such means that it may deem fit, notify, or cause to be notified to the public that any Dealing Member has been expelled or has otherwise ceased to be a Dealing Member or has been suspended and may give the name of such Dealing Member in such notification.

#### **Article 27: Notification to Regulatory Authorities and other Stock Exchange**

The Council shall notify the Commission and where it deems necessary other regulatory authorities and Stock Exchanges affiliated with or recognized by The Exchange of the cessation of membership, otherwise than by death or resignation of any Member.

**Article 28: Dealing Member to Sponsor Application for Quotations**

Any application for a quotation of securities on The Exchange must be sponsored by a Dealing Member and made in accordance with the Listing Requirements as prescribed by the Council from time to time.

**Article 29: Expunging Bargain**

An application to expunge a bargain in The Stock Exchange shall not be entertained by the Council, except upon a specific allegation of fraud, or willful mis-representation or upon prima-facie evidence of a material mistake in the bargain.

**Article 30: Suspension of Rights and Privileges**

Any Dealing Member that is under suspension shall have its rights and privileges of Membership suspended.

**Article 31: Trading Method**

No Dealing Member shall put through a transaction on The Nigerian Stock Exchange other than through The Nigerian Stock Exchange Automated Trading System (The NSEATS) or any other form prescribed by the Council.

**Article 32: Publication and Subscription to Daily Official List**

The Exchange shall publish a list of closing prices daily and each Dealing Member shall subscribe for at least one copy of the Official List at each publication. No list of any kind shall be published and sold by a member without the prior approval of the Council.

**Article 33: Valid Transactions**

Unless otherwise stipulated at the time of a transaction all shares dealt in by a Dealing Member shall be deemed to be fully paid. All transactions entered into by Dealing Members shall be for net prices as between the buyer and seller. Any offer to buy or sell at a price named, shall be funded.

**Article 34: Recognition of Bargain Slips**

All Bargain Slips shall be exchanged by Dealing Members immediately after an order is filled and shall have printed or written on them the words "Subject to the Articles of Association and Regulations of The Nigerian Stock Exchange"

**Article 35: Recognized Parties to Deals**

The Nigerian Stock Exchange does not recognize in its dealings any parties other than its own Dealing Members. Every bargain therefore, whether for account of the Dealing Member affecting it or for account of a client, must be fulfilled according to the rules, regulations and usages of The Exchange.

**Article 36: Genuineness and Regularity of Documents**

- a. The seller of securities is responsible for the genuineness and regularity of documents delivered;

- b. In cases where any such security is by or pursuant to the law of any country placed under any disability not applicable to all other securities of the same issue, the buyer may submit the case to the Council who may, if in their opinion the circumstances warrant such action, require the security in question to be returned to the seller and a similar security not subject to such disability to be delivered in its place. The Council may determine the point of date to which the trace back shall be carried

#### **Article 37: Disputed Title**

When an official certificate of registration of such securities has been issued, the Council will not, unless bad faith is alleged against the seller, take cognizance of any subsequent dispute as to title, until the legal issue has been decided, reasonable expenses of which legal proceedings shall be borne as the Council may direct.

#### **Article 38: Seller's Responsibility for Benefits**

The seller is responsible for such benefits as may be due to the buyer if delivery is delayed.

#### **Article 39: Closure of Register**

Unless otherwise prescribed by the Council:

- a. Any securities in the official list with a local register shall be marked ex-dividend or ex-scrip on the first day of the closure of Register for transfers;
- b. Any securities in the official list, in respect of which the register is maintained outside Nigeria shall be marked ex-dividend on the day on which it is so marked by the recognized Stock Exchange on which the security is primarily quoted;
- c. Any fixed interest securities quoted on the official list shall be marked ex-interest on the day nearest to the seven days prior to the date on which the register is closed for transfers.

#### **Article 40: Cancellation of Dividends**

On receipt of official information canceling the recommendation or declaration of dividends any notice posted making the security ex-dividend under Articles 39 shall automatically be cancelled and be deemed to have been void and of no effect. Bargains shall be completed as if the securities have not been marked ex-dividend. Any deduction made under Article 41 shall be refunded.

#### **Article 41: Right to Charge Brokerage Income**

Dealing Members shall charge all clients whether persons, firms, or companies or others on whose behalf they deal in securities, whether as buyer or seller, brokerage income according to the scale prescribed by the Council and approved by the Commission and other relevant authorities with regard to transaction in securities.

#### **Article 42: Sharing of Brokerage Income**

A Dealing Member may share its commission only with the Member of an officially recognized Stock Exchange.

## **DISCIPLINARY PROCESSES AND PROCEDURES**

### **Article 43: Powers of Council to Discipline Members**

The Council shall have powers to take disciplinary action against its members for any violation of its Rules.

### **Article 44: Power to Hear and Adjudicate**

- a. The Council may convene a meeting at any time to hear and adjudicate upon disciplinary matters brought before it. If at such meeting it is satisfied that a prima facie case has been established against a Dealing Member, Council shall request the Dealing Member or any of its Accredited Representatives or any of its employees to attend a meeting and explain its or his conduct in regard to the matter.
- b. Notice to appear before the Council shall be deemed to be effected by The Exchange if:
  - i. Such notice is served on the person to whom it is addressed; failing which
  - ii. Such notice is pasted at the last known address of the Dealing Member ; failing which
  - iii. Such notice is published in two National daily newspapers

### **Article 45: Imposition of Sanctions**

Council may exercise any of the following disciplinary powers against a Member:

- a. Fine
- b. Public censure
- c. Suspension on such terms and for such period as Council may think fit
- d. Call upon a member, by written notice, to resign. Failing the receipt of notice of such resignation from the Member within seven clear days of the date of notice, exercise the power of expulsion
- e. Revocation of registration of its Authorized Clerks or Accredited Representatives
- f. Expulsion

### **Article 46: Delegation of Powers to Committee of Council**

Council may delegate any of its disciplinary powers to a Committee to be known as the Disciplinary Committee of Council, provided that the Chief Executive shall be entitled to exercise the power referred to in Article 45c. In cases where a serious misconduct or breach of any of these Rules has been committed by a Dealing Member and shall within the next 24hrs immediately refer such cases to the Disciplinary Committee of Council.

### **Article 47: Right of Redress by the Exchange**

The disciplinary powers referred to above may be exercised separately or concurrently and in no circumstances shall the exercise of such powers prejudice any right that may be vested in The Exchange to seek redress against a Dealing Member.

### **Article 48: Council's Discretion to Sanction**

Council may exercise any of its disciplinary powers against a Dealing Member or its accredited representatives or any of its employees if, at such meeting or any adjournment thereof, it is of the opinion that considering the explanation, if any, tendered by the member, that the case against the member is substantiated. Council shall also be entitled to exercise any of its disciplinary powers against the Dealing

Member concerned should it or its accredited representatives or any of its employees fail to attend the hearing called by Council.

#### **Article 49: Notification of Disciplinary Action**

Council shall notify the Commission and any other relevant agency whenever it takes any disciplinary action against a Dealing Member or its Accredited Representatives.

#### **Article 50: Record of Proceedings**

Any resolution shall specify full details of the disciplinary action taken against a Member and when recorded in the Minute Book of the Council or the Disciplinary Committee and signed by the chairman of the meeting deciding on the disciplinary action at a following meeting, the record of proceedings shall be conclusive evidence thereof.

#### **Article 51: Suspension of Dealing Members**

The Council shall have power to suspend any Dealing Member with or without conditions as it deems appropriate, where the conduct of the Dealing Member is under investigation; provided that the suspension shall not exceed a period of thirty (30) days or such further period as the Council shall deem appropriate based upon the report of the investigations.

#### **Article 52: Expulsion of Dealing Member**

At any meeting called to consider any question of expulsion, the voting shall be by a show of hands unless a vote by ballot is demanded by no less than three members of Council in which event the voting shall be by ballot.

#### **Article 53: Publication of Disciplinary Actions**

Council shall have power to publish in the local newspapers or circulars to Dealing Members and other Members of The Exchange, the name of any Member expelled or suspended by The Exchange and also to publish such expulsion or suspension in any other way it may deem fit.

#### **Article 54: Cessation of Membership**

No Dealing Member who has been expelled from The Exchange shall be eligible for re-admission except where such expulsion is reversed by the Commission and/or the Investments and Securities Tribunal (IST).

#### **Article 55: Representation before Council**

No Dealing Member shall have the right to be represented at any meeting of Council held for disciplinary purpose(s) by a solicitor or counsel but he or it may if so desires solicit the assistance of another Dealing Member to represent him or it or to make submission on his or its behalf.

#### **Article 56: Appeal to Council**

Where disciplinary measures are taken against a Dealing Member by the Disciplinary Committee under Article 46:

- a. The Dealing Member shall be entitled as of right to appeal to the Council within seven days of being notified of the Disciplinary Committee's decision
- b. Council shall deal with and decide on the appeal in the same manner as if it were considering the exercise of its disciplinary powers afresh
- c. No right of action shall ensue to a Dealing Member whether against the Chairman of the Disciplinary (Committee or the Chief Executive) and the Dealing Member shall not institute any legal action in respect of any loss that the Dealing Member may have suffered (including any loss of profit) by reason of a suspension or any damage to reputation by reason of the fact that a Dealing Member's appeal is upheld by the Council in whole or in part

#### **Article 57: Effects of Suspension**

Where a Dealing Member is suspended for any reason whatsoever:

- a. All monies due to The Exchange, including amounts for the replenishment of the Investor Protection Fund, Trade Guarantee Fund and any fees prescribed under these Rules shall nevertheless remain due and payable by the Dealing Member as if he or it had not been suspended
- b. The Dealing Member's right to a Seat shall also be suspended and it shall not be permitted to trade either directly or indirectly during such suspension except as approved by The Exchange for the purpose of making restitution for an unauthorized sales
- c. The suspension shall not operate so as to avoid or affect the validity or enforceability of any agreement, transaction or arrangement in relation to the Dealing Member's transactions prior to suspension
- d. 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
- e. The Dealing Member shall do everything possible to ensure that its innocent clients do not suffer any loss or embarrassment as a result of the suspension

#### **Article 58: Termination of Trading Rights**

Where a Dealing Member is expelled from The Exchange it shall forthwith lose all trading rights on The Exchange.

#### **Article 59: Specific Powers of Council**

The Council and (subject to Article 46 hereof) the Committee may exercise their disciplinary powers against a Dealing Member in such manner as prescribed by these Rules and Regulations:

- a. Is or has been in breach of these Rules or any Regulations made here under disobeys or challenges any lawful exercise of any power pursuant or incidental thereto; or has Shielded

or assisted or omitted to report or has dealt with any Dealing Member with the knowledge that such Dealing Member has acted contrary to these Rules

- b. Is or has been in breach of the Articles
- c. Is or has been in breach of Clearing & Settlement Rules
- d. Is or has been in breach of any of the terms and conditions of its license as Council shall from time to time determine
- e. Fails to submit any periodic reporting statements or annual audited accounts required by these Rules and Regulations within the time prescribed for submission
- f. Appears to have been admitted under any misrepresentation or by the suppression of any information which may be required of him or it or his or its proposer or seconder and which in the opinion of the Council is material
- g. Has been charged with and convicted of a criminal offence necessarily involving a finding of fraud or dishonesty
- h. Has failed or is unable to carry out any legal obligation relating to transactions in securities
- i. Engages in any conduct which is likely to be injurious to the integrity of The Exchange or prejudicial to the objectives of The Exchange
- j. Deals with any person, body, firm, corporation or company who or which may have been announced or declared by The Exchange or otherwise notified to the Dealing Members as one who or which has defaulted in carrying out its engagements or obligations relating to securities
- k. Is or has been guilty of any misconduct as defined in the Investments and Securities Act, 1999, Rules and Regulations and Code of Conduct of the Commission and any other relevant legislation
- l. Fails to report a transaction or knowingly makes or reports a false or fictitious transaction
- m. Makes a material misstatement to Council, any Committee, the Chief Executive or other employees of The Exchange
- n. Knowingly disseminates false, misleading or inaccurate reports concerning market information or condition that affect or tend to affect the price of any issue of securities;
- o. Trades or deals after becoming insolvent
- p. Refuses to appear before the Council, any Committee or the Chief Executive of The Exchange when being called upon, provided he or it has been given notice
- q. Refuses to answer fully all questions or refuses to produce all books and records at any disciplinary hearing or investigation when required to do so or testifies falsely

- r. Refuses to make available all information, books and records as may be required by authorized employees of The Exchange in the course of any spot check provided by these Rules and Regulations
- s. Except as may be otherwise provided by any law in force in Nigeria, makes use of or reveals any confidential information obtained by reason of participating in any investigative proceedings or hearing or revealed to him confidentially by Council, any Committee, the Chief Executive or officer of The Exchange
- t. Induces or attempts to induce another person to buy or sell securities:
  - i. By dishonestly concealing any material fact;
  - ii. By making or publishing or causing to be made or published whether recklessly, dishonestly or otherwise, any statement, promise or forecast that is misleading, false or deceptive;
  - iii. By recording or storing in or by means of any mechanical, electronic or other device, information that he or it knows to be false or misleading in any material report
- u. Accepts an order from a client for the sale or purchase of securities without causing such order to be executed on the floors of The Exchange;
- v. Sells without clients' mandate or authorization
- w. Defaults in payment of his or its subscription or any fine imposed on him or it
- x. Fails to pay any monies including the subscription due to The Exchange after the expiry of notice in writing calling upon him or it to pay; or
- y. Shields or assists, or omits to report, or deals with, any Member who it knows has acted contrary to these Rules
- z. Becomes bankrupt as defined in the Investments and Securities Act, 1999 or enters into other relevant statutory arrangements with his creditors for the payment of debts or is otherwise insolvent
- aa. Breaches any of the conditions for the grant of its Dealing Membership

#### **Article 60: Effect of Legal Action by Members against the Exchange**

A Member that institutes an action against The Exchange shall have its or his membership suspended until the determination of the matter.

## **FEES AND CHARGES**

### **Article 61: Powers to Impose Fees and Charges**

Council shall have the power to impose fees and charges in relation to such matters or things and in such amount as Council may from time to time deem fit in addition to any fees and charges specifically required to be paid by or imposed on Dealing Members and to require the payment of such fees and charges by Dealing Members or other persons and to prescribe the time and method of payment thereof.

### **Article 62: Notification of Fees and Charges**

The amount of any fees and charges which the Council may impose shall be notified to the Dealing Members by means of circulars.

### **Article 63: Review of Fees and Charges**

The amount of any fees and charges imposed by the Council pursuant to these Rules may from time to time be revised by the Council as it shall in its absolute discretion deem fit.

### **Article 64: Mode of Payment**

Council shall also prescribe the time and method of payment of any fees and charges imposed pursuant to these Rules by means of circulars to Dealing Members and other persons, and they shall comply with the requirements, instructions or directives contained in such circulars, including the payment of interest, penalty or fine for late payment of such fees and charges.

### **Article 65: Transaction Fees**

A Transaction Fee as prescribed by Council and approved by the Commission shall be payable to The Exchange on every sale of securities listed on The Exchange carried out by a Dealing Member whether as principal or agent on the Trading Floor, and whether the transaction is arranged or concluded in Nigeria or elsewhere.

### **Article 66: Collection of Transaction Fees**

Every Dealing Member shall collect the Transaction Fee from its client, or shall be liable itself if it deals as principal. In the event that a Dealing Member fails to collect such Fees from its clients, that Dealing Member shall nevertheless be liable to The Exchange for payment of the Fee.

### **Article 67: Notification of Transaction Fees**

Within 7 days from the beginning of each month, The Exchange shall forward to every Dealing Member the Transaction Fees payable in respect of transactions carried out as principal or agent during the previous month.

### **Article 68: Remittance of Transaction Fees**

A Dealing Member shall remit within 15 days from the beginning of each month the total Transaction Fee due whether or not it receives a demand note from The Exchange.