

**SECURITIES AND EXCHANGE
COMMISSION REGULATIONS**

S.I. 11 of 1989

*under section 23**Commencement : 1st August 1988*

1. (1) The office of the Commission shall be open to the public for business each day of the week except on Saturdays, Sundays and public holidays.

Business hours of the Commission.

(2) The official hours of business shall be between the hours of eight in the morning and four in the afternoon.

2. (1) All papers, documents and information required to be filed with the Commission pursuant to the provisions of the Act or any subsidiary legislation made thereunder shall be filed at the principal office of the Commission.

Filing of materials with the Commission.

(2) Such papers, documents or information may be filed by delivery to the Commission by hand, through the mail or by any other recognised method of postal communication.

(3) The date of filing of any paper, document or information shall be the date such paper, document or information is received by the Commission: provided that all the requirements of filing have been complied with.

3. (1) Every officer or employee of the Commission shall maintain a code of secrecy in respect of any paper, document or information which he may possess or have knowledge of, as the case may be, whether in their course of any examination or investigation conducted pursuant to any provision of the Act, these Regulations or in the course of his official duty.

Non-disclosure of information etc.

(2) Without prejudice to the generality of paragraph (1) of this regulation, an officer or employee of the Commission may disclose any information, or produce any paper or document where he is—

- (a) expressly authorised by the Commission to disclose such information or produce such paper or document; or
- (b) served with a *subpoena* requiring the disclosure of such information or the production of such paper or document by a court of competent jurisdiction.

(3) An officer or employee of the Commission shall only be obliged to produce any paper or document, or disclose any information in respect of which a *subpoena* has been issued.

(4) Any officer or employee of the Commission served with a *subpoena* to produce a paper or document or disclose any information shall promptly inform the Commission of the service of the *subpoena*, the nature of the information, paper or document sought, and of any other circumstances which may bear upon the desirability or otherwise of making available such information, paper or document.

Disclosure
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4. (1) Except when otherwise expressly provided by law, no registration statement, report, proxy statement or other document filed with the Commission or any stock exchange shall contain any document or information which, pursuant to executive order, has been classified (by an appropriate department or agency of government in Nigeria) for protection in the interest of national security or the foreign policy of Nigeria.

(2) Where a document, statement, report or information is omitted pursuant to paragraph (1) of this regulation, there shall be filed in lieu of such document, statement, report or information, a statement from the appropriate department or agency of government in Nigeria to the effect that such document, statement, report or information has been classified or that the status thereof is awaiting determination.

(3) Where a document, statement, report or information is omitted pursuant to paragraph (1) of this regulation, and information relating to the subject matter of such document, statement, report or information is nevertheless included in any material field with the Commission pursuant to a determination of an appropriate department or agency of the government of Nigeria, the disclosure of such information shall not be classified as being contrary to the interest of national security or the foreign policy of Nigeria and the appropriate department or agency of government in Nigeria shall be required to submit a statement in writing informing the Commission.

(4) The registrar may rely upon any such statement in filing or omitting any document or information to which the statement relates.

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7. (1) It shall be unlawful for any person involved in securities trading to directly or indirectly—

- (a) employ any device, scheme or artifice to defraud or capable of defrauding any person or institution;
- (b) make, utter or present any untrue statement of a material fact;
- (c) omit to disclose a material fact necessary in order not to render any statement misleading in the light of the circumstances under which the statement was made;
- (d) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person in connection with the purchase or sale of or dealing in any security; or
- (e) deal in the securities of a company of which he is an insider.

(2) For the purpose of paragraph (1) (e) of this regulation dealing by an insider applies to dealings at a recognized stock exchange and also to off-marked dealings in advertised securities, and occurs where a person or group of persons who are in possession of some confidential and price sensitive information not generally available to the public, utilises such information to buy or sell securities for their own account or makes such information available to a third party (either knowingly or unknowingly) who uses it for his benefit.

(3) “Insider” means an individual—

- (a) who is connected with the company during the preceding six months in one of the following capacities—
 - (i) a director of the company or a related company;
 - (ii) an officer of the company or a related company;
 - (iii) an employee of the company or related company;
 - (iv) a person in a position, involving a professional or business relationship to the company as above;
 - (v) a shareholder who owns *5 per cent* or more of any class of securities or any person who can be deemed to be an agent of any of the above listed persons; and
- (b) who by virtue of having been connected with the company as mentioned in paragraph (a) of this regulation has obtained unpublished price sensitive information in relation to the securities of the company.

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8. (1) Every company or enterprise in which aliens participate in whatever form shall not issue, transfer or sell its securities unless with the prior approval of the Commission.

Determination of price, etc. of sale of securities of a company.

(2) An application for the approval of the Commission to issue, transfer or sell the securities of a company or enterprise referred to in paragraph (1) of this regulation shall be accompanied by the following documents—

- (a) a duly completed Form SEC 1 as provided in the First Schedule to these Regulations;
- (b) a brief history of the company or enterprise, including the date of incorporation, changes since incorporation, capitalisation, scripts and cash;
- (c) a full description of the nature of business and the operation of the company or enterprise;
- (d) a statement about the staff, management and directors of the company or enterprise;
- (e) an audited annual account including detailed manufacturing, trading profit and loss accounts of the Company or enterprise for the five years immediately preceding the application;
- (f) particulars of any civil or criminal action in which the company or enterprise is involved or likely to be involved;
- (g) a copy of the Memorandum and Articles of Association of the company;
- (h) a draft prospectus where applicable; and
- (i) any other information which the Commission may deem fit.

(3) The Commission may, in addition to the requirements of paragraph (2) of this regulation, prescribe the format of the application to be submitted and any other relevant information that it considers necessary to assist in arriving at a decision on the application.

(4) An application under this regulation may be made by the company or enterprise concerned or by any of its accredited representatives.

(5) The decision of the Commission on an application submitted to it under this regulation shall be communicated to the company or enterprise, or its accredited representative, as the case may be, within a reasonable time.

(6) Where the Commission decides not to approve an application made to it under this regulation, it shall state its reasons for the decision.

Allotment of securities, etc.

9. (1) The basis of allotment of securities of public companies offering securities to the public shall be determined by the allotment committee established for the purpose of the Act.

(2) The public company or its issuing agent shall cause to be prepared and laid before the allotment committee for approval, a schedule for allotment showing the allotment proposal.

Registration requirements of securities.

10. (1) It shall be unlawful for any broker or dealer to effect any transaction in any security unless such security is registered with the Nigerian Stock Exchange or its branches or through any association or body recognised by the Commission being an association or body set up for the promotion and further development of the capital market.

(2) A security may be registered on the stock exchange or with any association or body of security dealers recognised by the Commission by the issuer filing an application with the exchange or the association or body and by filing with the Commission such copies of the duplicate and originals as the Commission may require.

(3) In pursuance of the provisions of section 6(b) of the Act, all securities proposed to be offered for sale or subscription as stipulated therein shall be registered with the Commission by the issuer filing an application with the Commission which shall contain information to indicate the type and general character of the securities, including the following—

- (a) the nominal value, the rate of dividends if fixed and whether cumulative or non-cumulative;
- (b) a brief description of the preference shares, if any;
- (c) in the case of the funded debt, the rate of interest, the date of maturity or if the issue matures severally, a brief indication of the serial maturities;
- (d) if the payment of principal or interest is contingent, an appropriate indication of such contingency, a brief indication of the priority of the issue and if convertible, a statement to that effect;
- (e) the organisation of the financial structure and nature of business of the company;

- (f) the directors, officers and underwriters, if any, and each security holder of record, holding more than 5 per cent of any class of any equity or ₦ 50,000 in value whichever is higher;
- (g) the bonus and profit-sharing arrangements;
- (h) the management and service contracts;
- (i) the audited balance sheet and detailed profit and loss accounts of the company for the preceding five years;
- (j) a copy of the draft prospectus offering the security to the public where a company intends to get listed on the Nigerian Stock Exchange;
- (k) a certificate that an application to that effect has been made to the stock exchange or its branches;
- (l) a statement that the applications are being made for registration and valuation; and
- (m) a duly completed Form SEC 6 as provided in the First Schedule to these Regulations.

11. (1) All stock exchanges and branches thereof shall register with the Commission.

(2) An application for registration as a stock exchange shall be filed on Form SEC 5 as provided in the First Schedule to these Regulations.

(3) Upon registration, the stock exchange shall submit the following to the Commission—

- (a) two copies of its Memorandum and Articles of Association with all amendments thereto and its existing bye-laws or rules which are referred to as rules of exchange;
- (b) an undertaking to furnish the Commission with copies of any amendments to the rules of exchange forthwith upon their adoption;
- (c) an undertaking to comply and to enforce, so far as is within its powers, compliance by its members with the provisions of the Act and any amendments thereto and of any rule or regulation made thereunder; and
- (d) such data as to its organisation, rules and procedure.

(4) The commission shall register a stock exchange only if it appears to the Commission that the exchange is organised in a

Registration of
stock
exchange.

manner as to be able to comply with the provisions of the rules and regulations as stipulated by the Commission and that the rules of the stock exchange are just as adequate to ensure fair dealing and to protect investors.

(5) The Commission shall, within 60 days after the filing of an application under this regulation make known its decision to either grant or, after appropriate notice and opportunity for hearing, deny registration as a stock exchange, unless the application is withdrawn by the stock exchange.

(6) A notice under paragraph (5) of this regulation shall contain the reasons and grounds upon which the Commission is considering not to register a stock exchange and shall stipulate the time (not being less than 14 days from the receipt of the notice) within which representations may be made to the Commission in respect thereof or when, and the place of, the hearing referred to in the said paragraph (5) shall be held.

Amendment to application by stock exchange.

12 (1) Whenever any of the information contained in an application for registration as a stock exchange or in any amendment thereto or in any of the documents submitted therewith becomes inaccurate for whatever reason, the stock exchange shall promptly file an amendment on Form SEC 7 as provided in the First Schedule to these Regulations correcting such information.

(2) Every amendment filed pursuant to paragraph (1) of this regulation shall constitute a report within the meaning of the provisions of section 15 of the Act.

Registration of broker or dealer.

13. An application for registration as a broker or a dealer shall be filed in Form SEC 2 or SEC 3 contained in the First Schedule to these Regulations, as the case may be.

Statement of financial conditions to be filed.

14. (1) Every broker or dealer who files an application for registration on Form SEC 2 or SEC 3, as the case may be, shall file with such application in duplicate a statement of his or its financial condition in such detail as will disclose the nature and amount of assets and liabilities and the net worth of such broker or dealer as of a date within 60 days of the date on which the statement is filed.

(2) Securities owned by a broker or dealer or in which a broker or dealer has an interest shall be listed in a separate schedule and valued at the market.

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(3) An oath or affirmation shall be attached to the application for registration.

(4) The oath or affirmation shall be made before a person duly authorised to administer such oath or affirmation.

(5) If the broker or dealer is a sole proprietorship, the oath or affirmation shall be made by the proprietor, if a partnership, by a general partner, and if a company, by a duly authorised officer.

(6) The schedule of securities furnished as a part of the statement of financial condition shall be deemed confidential.

(7) Nothing contained in this regulation shall derogate from the rules of any stock exchange which give customers of a member, broker or dealer the right to obtain information relative to his financial conditions.

15. Whenever any information contained in any application for registration as broker or dealer or in any amendment thereto or in any of the documents submitted therewith becomes inaccurate for whatever reason, the broker or dealer shall file an amendment on Form SEC 7 contained in the First Schedule to these Regulations correcting the information.

Amendments
to application
by a broker or
dealer.

16. (1) A notice of withdrawal from registration as a broker or dealer shall be filed on Form SEC 8 as provided in the First Schedule to these Regulations.

Withdrawal
from
registration.

(2) Except as hereinafter provided a notice to withdraw from registration filed by a broker or dealer shall become effective on the 60th day after the filing thereof with the Commission or within such shorter period of time as the Commission may determine.

(3) If a notice to withdraw from registration is filed with the Commission at any time subsequent to the date of the issuance of a Commission order or, initiating proceedings to censure, suspend or revoke the registration of the broker or dealer, or if prior to the effective date of the notice of withdrawal, the Commission initiates such a proceeding, or a proceeding to impose terms or conditions upon such withdrawal, the notice of withdrawal shall not become effective except at such time and upon such terms and conditions as the Commission may deem necessary in the public interest or for the protection of investors.

Registration as
an investment
adviser.

17. (1) An application for registration as an investment adviser shall be filed on Form SEC 2 or SEC 3 as provided in the First Schedule to these Regulations.

(2) A Form SEC 3 as provided in the First Schedule to these Regulations, filed by an investment adviser partnership which is not registered when such form is filed and which succeeds to and continues the business of a predecessor partnership registered as an investment adviser, shall be deemed to be an application for registration though it may be designated as an amendment, if it is filed to reflect the changes in the partnership and to furnish required information concerning any new partners.

Withdrawal
from
registration.

18. (1) A notice of withdrawal from registration as an investment adviser shall be filed on Form SEC 8 as provided in the First Schedule to these Regulations.

(2) Except as hereinafter provided, a notice to withdraw from registration filed by an investment adviser shall become effective on the 60th day after filing thereof with the Commission or within such shorter period of time as the Commission may determine.

(3) If prior to the effective date of a notice of withdrawal from registration, the Commission has initiated proceedings to suspend or revoke the registration or to impose terms or conditions upon such withdrawal, the notice of withdrawal shall not become effective except at such time and upon such terms and conditions as the Commission may deem necessary in the public interest or for the protection of investors.

Amendment to
application by
an investment
adviser.

19. Whenever the information contained in any application for registration as an investment adviser or in any amendment thereto becomes inaccurate for whatever reason the investment adviser shall file an amendment on Form SEC 7 as provided in the First Schedule to these Regulations correcting such information.

Books and
records to be
maintained by
investment
advisers.

20. (1) Every investment adviser shall maintain and keep accurate and current the following books and records relating to his investment advisory business, that is—

(a) a journal or journals, including cash receipts and disbursement records and any other records of original entry forming the basis of entries in any ledger;

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- (b) renewal and auxilliary ledgers reflecting assets, liabilities, reserve, capital, income and expenses accounts;
- (c) all cheque books including counterfoils of used cheques, bank statements, cancelled cheques and cash reconciliation of the investment adviser;
- (d) all trial balances, financial statements, and internal audit working papers relating to the business of the investment adviser;
- (e) a list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client;
- (f) all powers of attorney and any other evidence of the granting of any descretionary authority by any client or otherwise relating to the business of such investment adviser;
- (g) all written agreements or copies thereof entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser;
- (h) a copy of every notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommending the purchase or sale of a specific security which the investment adviser may circulate or distribute directly or indirectly to ten or more persons (other than investment supervisory clients or persons connected with such investment adviser) and if such notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication does not state the reasons for such recommendation, a memorandum of the investment adviser indicating the reasons thereof;
- (i) a record of every transaction in a security in which the investment adviser or any advisory representative of the investment adviser has or by reason of such transaction acquired any direct or indirect beneficial ownership, except—
 - (i) transactions effected in any account over which neither the investment adviser nor any advisory representative of the investment adviser has any direct or indirect influence or control; and
 - (ii) transactions in securities which are direct obligations of the Federal Republic of Nigeria.

- (2) The record and books referred to in paragraph (1) of this regulation shall state the title and amount of the security involved, the date and nature of the transaction, purchase, sale or other acquisition or disposition, the price at which it was effected and the name of the broker, dealer or bank with or through whom the transaction was effected.
- (3) A transaction shall be recorded not later than ten days after the end of the calendar quarter in which the transaction was effected.
- (4) For the purposes of paragraph (1) of this regulation the term "advisory representative" shall mean "any employee who makes any recommendation or who participates in the determination of which recommendation shall be made, or who in connection with his duties obtains any information concerning which securities are being recommended and includes any person in a controlling relationship to the investment adviser and who obtains information concerning securities in respect of which recommendation are being made by the investment adviser other than as a regular client of such investment adviser".
- (5) An investment adviser shall not be deemed to be in violation of any of the provisions of this regulation by reason only of his failure to record transactions in securities of any advisory representative if he establishes that he instituted adequate procedures and used reasonable diligence to promptly obtain reports of the transactions required to be recorded.
- (6) An investment adviser having custody or possession of securities or funds belonging to a client shall in addition to the requirements of paragraph (1) of this regulation make and keep the following records, that is—
- (a) a journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for such accounts and all other debits and credits to such account;
 - (b) a separate ledger account for each such client showing all purchases, sales, receipts and deliveries of securities, the date and price of each such purchase, sale, receipt or delivery and all debits and credits.
 - (c) copies of confirmations of all transactions effected by or for the account of any such client; and

(d) a record for each security in which any such client has position, which shall show the name of each client having any interest in such security, the amount or interest of each such client and the location of each such security.

(7) Subject to the provision of paragraph (1) of this regulation, every investment adviser who renders any investment, supervisory or management service to any client shall, with respect to the portfolio being invested, supervised or managed and to the extent that the information is reasonably available to or obtainable by the investment adviser, make and keep true, accurate and current records—

- (i) separately showing in respect of each such client the securities purchased or sold and the date, amount and price of each such purchase or sale;
- (ii) for each security in which any such client has a current position information from which the investment adviser can promptly furnish the name of each client and the current amount or interest of such client.

(8) Any books or records required by the provisions of this regulation may be maintained by the investment adviser in such manner that the identity of any client to whom the investment adviser renders investment supervisory services is indicated by numerical or alphabetical code or some similar designation.

(9) All books and records required to be made under the provisions of paragraphs (1) to (8) of this regulation shall be maintained and preserved in a readily accessible place for a period of not less than five years from the end of the year during which the last entry was made on such record, the first two years in an appropriate office of the investment adviser.

(10) Partnership articles and any amendments thereto, articles of association, minute books and stock certificate books of the investment adviser and of any predecessor shall be maintained in the principal office of the investment adviser and preserved until at least three years after the termination of the business.

21. (1) For the purpose of this regulation, the term "advertisement" shall include any notice, circular letter or other written communication addressed to more than one person or any notice or other announcement in any publication by radio or

Advertisement
by investment
advisers.

television which offers—

- (a) any analysis, report or publication concerning securities or which is to be used in making any determination as to when to buy or sell any security or which security to buy or sell;
- (b) any graph, chart, formula or other device to be used in making any determination as to when to buy or sell any security or which security to buy or sell; or
- (c) any other investment advisory service with regard to securities.

(2) It shall constitute a fraudulent, deceptive or manipulative act, practice or course of business for any investment adviser to directly or indirectly publish, circulate or distribute any advertisement which—

- (a) refers directly or indirectly to any testimonial of any kind concerning any advice analysis report or other service rendered, by the investment adviser;
- (b) refers directly or indirectly to any specific past recommendations of the investment adviser which were or would have been profitable to any person; provided that this shall not prohibit an advertisement which sets out or offers to furnish a list of all recommendations made by the investment adviser within the immediately preceding period of not less than one year of the advertisement, and the list shall if it is furnished separately—
 - (i) state the name of each security recommended, the date and nature of each such recommendation, that is whether to buy, sell or hold, the market price at that time, the price at which the recommendation was to be acted upon, and the market price of each security as of the most recent practicable date; and
 - (ii) contain the following cautionary note on the first page thereof in print or type as large as the largest print or type used in the body or text thereof, “it should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list”;
- (c) represents directly or indirectly that any graph, chart, formula or other device being offered can, in and of itself, be used to determine which securities to buy or sell or when to buy or sell them;

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- (d) represents directly or indirectly any graph, chart, formula or other device being offered which will assist any person in making his own decisions as to which securities to buy or sell or when to buy or sell them without prominently disclosing in the advertisement the limitations thereof and the difficulties with respect of its use;
- (e) contains any statement to the effect that any report, analysis or other service will be furnished free or without charge unless the report, analysis or other service actually is or shall be furnished free and without any condition or obligation directly or indirectly; or
- (f) contains any untrue statement of a material fact which is otherwise false or misleading.

22. (1) It shall constitute a fraudulent, deceptive or manipulative act, practice or course of business for any investment adviser who has custody or possession of any funds or securities in which any client has any beneficial interest to do any act or take any action directly or indirectly with respect to any funds or securities unless—

Custody or possession of funds or securities of clients.

- (a) all the securities of each client are segregated and marked to identify the particular client who has the beneficial interest therein and held in safe-keeping in some place reasonably free from risk of destruction or other loss;
- (b) all the funds of the client are deposited in one or more bank accounts which contains only the client funds;
- (c) the account or accounts are maintained in the name of the investment adviser as agent or trustee for the clients;
- (d) the investment adviser maintains a separate record for each account which shows the name and address of the bank where the account is maintained, the dates and amounts of deposits in and withdrawals from the account and the exact amount of the beneficial interest of each client in the account;
- (e) the investment adviser immediately after accepting custody or possession of the funds or securities from any client, notifies the client in writing of the place and manner in which the fund and securities is maintained and thereafter if and when there is any change in the place and manner in which the funds or securities are being maintained gives the client written notice thereof;

- (f) the investment adviser sends to each client not less frequently than once in every three months an itemized statement showing the funds and securities in the custody or possession of the investment adviser as at the end of the period and all debits and credits and transactions in the clients accounts during the period;
- (g) all the funds and securities of clients are audited at least once every year by an independent public accountant at a time which shall be chosen by the accountant, without prior notice to the investment adviser.

(2) A certificate of the accountant stating that he has made an examination of the funds and securities and describing the nature and extent of the examination shall be filed with the Commission promptly after each examination.

Registration of registrars.

23. (1) An application for registration as a registrar pursuant to the provisions of section 6(d) of the Act shall be filed with the Commission on Form SEC 4 as provided in the First Schedule to these Regulations and shall become effective on the 60th day following the date on which the application is filed unless the Commission takes affirmative action to accelerate, deny or postpone the registration.

(2) The filing of any amendment to an application for registration as a registrar pursuant to paragraph (1) of this regulation, which registration has not become effective, shall postpone the effective date of the registration until the 30th day following the date on which the amendment is filed whichever last occurs, unless the Commission takes affirmative action to accelerate, deny or postpone the registration.

Withdrawal from registration with Commission.

24. (1) Notice of withdrawal from registration as a registrar with the Commission pursuant to the provisions of section 6(d) of the Act shall be filed on Form SEC 8 as provided in the First Schedule to these Regulations.

(2) Except as hereinafter provided, notice filed by a registrar to withdraw from registration shall become effective on the 60th day after the filing thereof with the Commission or within such shorter period of time as the Commission may determine.

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(3) If prior to the effective date of the notice of withdrawal, the Commission institutes proceedings or imposes terms and conditions upon the withdrawal, the notice of withdrawal shall not become effective except on such terms and conditions as the Commission may deem necessary or appropriate in the public interest and for the protection of investors.

25. A proposal for allotment of shares in respect of any public offer or subscription shall be submitted to the allotment committee of the Commission within six weeks from the date of closure of offer or subscription or within such other time as may be agreed with the Commission and stated in the prospectus as at the time of issue.

Allotment proposals of securities.

26. (1) Every registrar shall pursuant to the provisions of section 11 of the Act return surplus monies due to subscribers or purchasers of securities within fourteen days of the allotment of shares or such other time as may be agreed with the Commission and stated in the prospectus as at the time of valuation.

Return of surplus monies to subscribers or purchasers.

(2) Every registrar, issuing house or agent who keeps monies beyond the stipulated period shall be liable to be penalised by the payment of interest on the surplus monies to the person to whom such monies are due as graduated below pursuant to the provisions of section 11(2) and (3) of the Act—

- (a) 1 to 30 days, $\frac{1}{2}$ per cent above Central Bank of Nigeria rediscount rate;
- (b) 31 to 60 days, 1 per cent above Central Bank of Nigeria rediscount rate;
- (c) 61 to 90 days, $1\frac{1}{4}$ per cent above Central Bank of Nigeria rediscount rate;
- (d) above 90 days and not exceeding 120 days, 2 per cent above minimum rediscount rate after which period the offender shall be deemed to have failed to comply with the provisions and shall be liable to penalties as stipulated under section 11(4) of the Act.

27. Every registrar shall issue share certificates to allottees of shares within thirty days of the allotment of shares.

Issue of share certificate.

28. A registrar shall complete all routine items received for transfer within fifteen days of receipt thereof.

Transfer of shares.

Record
keeping.

29. (1) Every registrar shall make and keep current the following—

- (a) a schedule or other record showing the number of subscribers and the amount subscribed for each security issued;
- (b) a record of the amount of over-subscriptions, rejected applications or unallotted shares due to each subscriber and the date of refund;
- (c) a record of the number of shares allotted to each subscriber and the date of allotment;
- (d) a receipt schedule or other record showing the business day in which each security is received from the presenter or made available to the presenter;
- (e) a schedule or any other record showing—
 - (i) the number of securities received for transfer that were transferred within fifteen business days;
 - (ii) the number of securities that were not transferred within fifteen business days;
- (f) any document, resolution or contract of appointment or other writing and any supporting document concerning the appointment and the termination of the appointment of a registrar to act in any capacity for any issue on behalf of the issuer, on behalf of itself as the issuer or on behalf of any person who was engaged by the issuer to act on behalf of the issuer;
- (g) any notice of an active stop order, notice of adverse claim or any other restriction on transfer; and
- (h) a copy of any transfer journal prepared by a registrar.

(2) Every registrar who under the terms of its agency maintains security holder's records for an issue or who acts as a registrar for an issue shall, with respect to the issue obtain from the issuer or its agents and retain documentation setting forth the total number of shares or principal amount of debt securities or total number of units if relating to any other kind of security authorised and the total securities issued and outstanding pursuant to the issuers authorisation.

(3) Every registrar who under the terms of its agency, maintains security holder's records for an issuer shall, with respect to the issue, retain each cancelled registered bond, share, debenture, other

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registered evidence of indebtedness or other certificate of ownership and all accompanying documentation except legal papers returned to the presenter.

30. (1) The records required to be kept under the provisions of regulation 29 of these Regulations shall— Record retention.

- (a) be maintained for a period of not less than six years and for the first two years in an easily accessible place; and
- (b) be available at all times for examination by the Commission.

(2) The records may be produced or reproduced on micro-film, disc or tapes and be preserved in that form for the time required and arranged in a manner as to permit immediate location of any particular record.

31. The fees chargeable by the Commission in respect of all transactions with it shall be as the Commission may, from time to time, prescribe by notice in the *Federal Gazette* and published in two national daily newspapers. Registration fees.

32. (1) No member of the stock exchange shall while on the floor of the exchange, initiate directly or indirectly any transaction in any security admitted to trading on such exchange for any account in which a member has an interest, or for any account with respect to which a member has discretion as to the time of execution, the choice of security to be bought or sold, the total amount of any security to be bought or sold or whether any transaction shall be made of purchase or sale. Floor trading.

(2) The provisions of paragraph (1) of this regulation shall not apply to—

- (a) any transaction for the account of an odd-lot dealer in a security on the exchange;
- (b) any transaction made with the prior approval of a floor official of the exchange to permit a member to contribute to the maintenance of a fair and orderly market in a security or any purchase or sale to reverse any transaction;
- (c) any transaction to offset a transaction made in error; or
- (d) any transaction effected in conformity with a plan designed to eliminate floor trading activities that are not beneficial to the market and which plan has been adopted by an exchange and declared effective by the Commission.

- (3) For the purposes of this regulation—
- (a) a plan filed with the Commission by a stock exchange shall not become effective unless the Commission, having due regard for the maintenance of fair and orderly markets in the public interest and for the protection of investors, declares the plan to be effective; and
 - (b) the term “on the floor of the exchange” includes the trading floor, the room, lobbies and other premises immediately adjacent thereto for the use of members generally, other rooms, lobbies and premises made available primarily for the use by members generally, the telephone and other facilities in any such place.

Dealing
members.

33. (1) The rules of the stock exchange may permit a member of the exchange to register as a dealing member and in such a situation the rules shall—

- (a) prescribe adequate minimum capital requirements in view of the markets for securities on the exchange;
- (b) require as a condition for registration as a dealing member that the member shall engage in a course of dealings that may assist in the maintenance, so far as is practicable, of a fair and orderly market, and that the exchange may suspend or cancel the registration of the dealing if there is a finding by the exchange of any substantial or continued failure by a dealing member to engage in such a course of dealings;
- (c) include procedures for the effective and systematic surveillance of the activities of dealing members.

(2) Every stock exchange shall file with the Commission copies of the rules relating to the provision of sub-paragraphs (a) and (b) of paragraph (1) of this regulation and any change in or addition to the rules shall take effect in the manner provided for by the rules of the exchange and the provisions of the Act and the rules and regulations made thereunder, except that such change or addition shall not continue in effect after the Commission would have entered an order disapproving the change or addition on the grounds of its inconsistency with public interest or inadequate protection of investors.

(3) The Commission shall not disapprove of any change or addition unless it has given written notice to the exchange of its

intention to do so, and such notice shall be given within thirty days after the filing of copies of the rules thereof.

(4) The exchange shall within fifty days after receipt of the notice, present to the Commission any evidence or arguments with respect to such change or addition.

(5) The Commission may, after a consideration of all the relevant materials presented in writing or at a hearing, enter an order disapproving the change or addition or permit the change or addition to continue in effect wholly or in a modified form:

Provided, however that the validity, force or effect of any act or omission by any exchange or a member prior to the entry of the order of disapproval shall not be affected thereby.

(6) For the purpose of this regulation the term "rules of an exchange" means its constitution, articles of incorporation, bye-laws, rules or instruments corresponding thereto whatever the name and its stated policies.

34. (1) Every member of the Nigerian Stock Exchange, or of any association or body of security dealers recognised by the Commission who transacts business in securities through the medium of any member and every broker or dealer registered pursuant to the provisions of section 6 of the Act shall make and keep current the following books and records relating to his business—

Records to be maintained by exchange members, etc.

(a) records of original entry containing an itemized daily record of—

- (i) all purchases and sales of securities;
- (ii) all receipts and deliveries of securities (including certificate numbers);
- (iii) all receipts and disbursements of cash and all other debits and credits; and

such records shall show the account for which each transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any) the trade, date and name or other designation of the person from whom purchased or received or to whom sold or delivered;

(b) ledgers (or other records) reflecting all assets and liabilities, income and expenses and capital accounts;

- (c) ledger accounts (or other records) itemizing separately the account of every customer and each member broker or dealer and partners thereof, all purchases, sales receipts and deliveries of securities for such account, and all other debits and credits to such accounts; and for the purposes of this paragraph ledgers (or other records) shall reflect the following—
- (i) securities in transfer;
 - (ii) dividends and interest received;
 - (iii) monies borrowed and loaned (together with a record of the collateral therefor and any substitutions in the collateral); and
 - (iv) securities not received and delivered;
- (d) a memorandum of each brokerage order and of any other instruction given or received for the purchase or sale of securities whether executed or unexecuted and such memorandum shall show the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which entered, the time of entry, the price at which executed and, to the extent feasible, the time of execution or cancellation; and orders entered pursuant to the exercise of discretionary power by the member, broker or dealer or any employee thereof shall be designated;
- (e) a memorandum of each purchase and sale of securities for the account of a member, broker or dealer showing the price and to the extent feasible, the time of execution and in addition whether the purchase or sale is with a customer other than a broker or dealer;
- (f) a memorandum of each order received showing the time of receipt, the terms and conditions of the order and the account in which it was entered;
- (g) copies of confirmation of all purchases and sales of securities, and copies of notices of all other debits and credits for securities, cash and other items for the account of customers and partners of the member, broker or dealer;
- (h) a record in respect of each cash account with the member, broker or dealer containing the name and address of the beneficial owner of the account, provided that, in the case of a joint account or the account of a company, the records

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required shall be those in respect of the person or persons authorised to transact business for the account;

- (i) a record of the proof of money balances of all ledger accounts in the form of trial balances and a record of the computation of aggregate indebtedness and net capital as of the trial balance date; provided that the trial balance and computation shall be prepared currently at least once a month;
- (j) a questionnaire or application for employment executed by each "associated person" of the member, broker or dealer which questionnaire or application shall be approved in writing by an authorised representative of the member, broker or dealer and shall contain at least the following information in respect of that person—
 - (i) his name, address and the date of his first appointment or other association with the member, broker or dealer;
 - (ii) his date of birth;
 - (iii) the educational institutions attended by him and qualifications obtained;
 - (iv) a complete consecutive statement of all his previous employment for at least the preceding ten years, including his reasons for leaving each prior employment and whether the employment was part-time or full-time;
 - (v) a record of any refusal of membership or registration and of any disciplinary action taken or sanctions imposed upon him by any government agency, the Nigerian Stock Exchange or any association or body of security dealers, including any disciplinary action or violation of any law;
 - (vi) a record of any denial, suspension, expulsion or revocation of membership or registration of any member, broker or dealer with which he was associated in any capacity when such action was taken;
 - (vii) a record of any permanent or temporary injunction entered against him or any member, broker or dealer with which he has associated in any capacity at the time the injunction was entered;
 - (viii) a record of arrests, indictments or convictions for any felony or any misdemeanor, except minor traffic offences of which he has been the subject; and
 - (ix) a record of any other name or names by which he has been known or which he has used.

(2) For the purposes of paragraph (1) of this regulation, the term "instruction" shall include instructions between partners and employees of a member, broker or dealer; and the term "time of entry" shall mean the time when such member, broker or dealer transmits the order or instruction for execution, or if it is not so transmitted, the time when it is received.

(3) The provisions of this regulation shall not be deemed to require a member of the Nigerian Stock Exchange to make or keep the records of transactions cleared for a member by another member as are customarily made and kept by the clearing member.

Records to be preserved by certain exchange members, etc.

35. (1) Subject to the provisions of regulation 34 of these Regulations, every member, broker or dealer shall preserve for a period of not less than six years, the first two years in an easily accessible place, all records required to be made pursuant to paragraphs (a), (b), (c) and (d) of paragraph (1) of the said regulation.

(2) Every such member, broker or dealer shall preserve for a period of not less than three years, the first two years in an easily accessible place—

- (a) all records required to be made pursuant to paragraphs (e), (f), (g), (h) and (i) of paragraph (1) of regulation 34;
- (b) all cheque books, bank statements, cancelled cheques and cash reconciliation;
- (c) all bills receivable or payable (or copies thereof) paid or unpaid, relating to the business of such member, broker or dealer;
- (d) originals of all communication received and copies of all communication sent by such member, broker or dealer, (including inter-office memoranda or communications) relating to his business;
- (e) all trial balances, computation of aggregate indebtedness not affecting capital (and working papers in connection therewith), financial statements, branch office reconciliations and internal audit working papers, relating to the business of such member, broker or dealer;
- (f) all guarantees of accounts and all powers of attorney and other evidence of the granting of discretionary authority given in respect of an account, and copies of resolutions empowering an agent to act on behalf of a corporation; and

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(g) all written agreements (or copies thereof) entered into by such member, broker or dealer relating to his business as such, including agreements in respect of any account.

(3) Every member, broker or dealer shall preserve for a period of not less than six years after the closing of any customer's account, any account cards or records which relate to the terms and conditions with respect to the opening and maintenance of the account.

(4) Every member, broker or dealer shall preserve during the life of the enterprise and any successor enterprise, all partnership articles or, in the case of a company, all articles of incorporation, minute books and share certificate books.

(5) Every member, broker or dealer shall maintain in an easily accessible place all records required under the provisions of subparagraph (k) of paragraph (1) of regulation 34 of these Regulations until at least six years, after the associated person has terminated his employment and any other connection with the member, broker or dealer, so however that—

(a) after a record or other document has been preserved for four years, a photograph thereof on film may be substituted therefore; or

(b) if a person who has been subject to the provisions of regulation 34 of these Regulations cease to transact a business in securities directly with the public and the Nigerian Stock Exchange or ceases to transact a business in securities through the medium of a member of the Nigerian Stock Exchange or ceases to be registered, such person shall, for the remainder of the period of time specified in this regulation, continue to preserve the records which he therefore preserved pursuant to this regulation.

36. (1) The provisions of this regulation shall apply to every dealing member of the Nigerian Stock Exchange or of any association or body of securities dealers who transacts business in securities directly with the public and other members of the Nigerian Stock Exchange, every broker or dealer (other than a member) who transacts business in securities through the medium of any member of the Nigerian Stock Exchange or of any association or body of security dealers, broker or dealer registered pursuant to the provisions of section 6 of the Act.

Filing report.

(2) Subject to the provisions of this regulation, a member, broker or dealer shall file with the Commission annual reports of financial conditions in such details as may disclose the nature and amount of assets and liabilities of the broker or dealer.

(3) A report shall be filed as of a date within each accounting year except that—

(a) the first of the report of a member, broker or dealer (other than on succeeding to the continuing the business of another member, broker or dealer) shall be as of a date within three months after the date on which the member, broker or dealer becomes subject to this regulation (in the case of a registered broker or dealer this shall be the date when registration becomes effective); and

(b) a member, broker or dealer succeeding to and continuing the business of another member, broker or dealer need not file as of a date in the accounting year in which the succession occurs if the predecessor member, broker or dealer has filed a report in compliance with this regulation.

(4) The reports shall be filed in duplicate not more than forty-five days after the date of the report of the financial condition.

(5) For the purposes of paragraph (1) of this regulation, the annual report shall be filed in Form AR—I as provided in the Second Schedule to these Regulations.

37. A report of financial condition filed pursuant to the provisions of regulation 36 of these Regulations shall be prepared and filed in accordance with the following requirements, that is—

(a) the report of a member, broker or dealer shall be certified by an accountant qualified to certify accounts under the provisions of the Companies and Allied Matters Act; provided, however, that such report need not be certified if, since the date of the previous financial statement or report filed pursuant to the provisions of the said regulation 36, such member broker or dealer has not transacted a business in securities directly with any member of the public or members of the Nigerian Stock Exchange;

(b) a member, broker or dealing member who files a report which is not certified shall include in the oath or affirmation required by paragraph (c) of this regulation a statement of

Nature and
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- the facts and circumstances relied upon as a basis for exemption from the certification requirements;
- (c) there shall be attached to the report a duly attested oath or affirmation certifying that to the best knowledge and belief of the person making the oath or affirmation—
- (i) the financial statement and supporting schedule are true and correct; and
 - (ii) neither the member, broker or dealer nor any partner, officer or director, as the case may be, has any proprietary interest in any account classified as that of a customer;
- (d) the oath or affirmation shall be made before a person duly authorised to administer the oath or affirmation and if the member, broker or dealer is a sole proprietorship, the oath or affirmation shall be made by the proprietor, if a partnership, by a general partner or if a corporation, by a duly authorised officer.

38. (1) Any member, broker or dealer who is subject to the provisions of Regulation 36 of these Regulations may file in lieu of the report required therein a copy of any financial statement which he is, or has been required to file with the Nigerian Stock Exchange of which he is a member:

Use of statements filed with the Commission and the Exchange.

Provided that—

- (a) the copy so included reflects his financial condition as of a date not more than forty-five days prior to the filing with the Commission; and
- (b) the report as filed with the Commission meets the requirement of this regulation and contains the information called for.

39. (1) In the event that any member, broker or dealer finds that he cannot file his report for any year within the time specified in regulations 36 and 38 of these Regulations without undue hardship, he may file with the Commission an application for an extension of time to a specified date which shall not be more than ninety days after the date as at which his financial condition is reported.

Extension of time for filing reports.

(2) The application shall state the reasons for the requested extension and shall also contain an agreement to file the report on or before the specified date.

(3) An application filed pursuant to paragraph (1) of this regulation shall be deemed granted, unless the Commission within thirty days after receipt thereof, enters an order denying the application.

Qualification
of account-
ants.

40. The Commission shall not recognise as a qualified accountant any person who is not duly recognised and entitled to practise as such under the laws of Nigeria.

Accountant's
report.

41. (1) The accountant's report shall be duly signed and dated and shall contain—

- (a) a reasonably comprehensive statement as to whether the accountant reviewed the procedures followed for safeguarding the securities of customers, and including, if with respect to significant items in the report covered by the certificate and auditing procedures generally recognised as normal have been omitted, a specific designation of such procedures and of the reason for their omissions;
- (b) a statement whether the audit was made in accordance with generally accepted auditing standards applicable in the circumstances; and
- (c) a statement whether the audit made omitted any procedure deemed necessary by the accountant under the circumstances of the particular case.

(2) Nothing in this regulation shall be construed to imply authority for the omission of any procedure which independent accountants would ordinarily employ in the course of an audit made for the purpose of expressing the opinions required by regulation 42 of these Regulations.

Opinions to be
expressed.

42. The report of the accountant shall state clearly his opinion with respect to the financial statement covered by the report and the accounting principles and practices reflected therein.

Exceptions.

43. Any matter to which the accountant takes exception shall be clearly identified and the exception thereto clearly and specifically stated to the extent practicable and the effect of each of the exception on the related item of the report shall be given.

Disposal of
reports and
documents
filed with the
Exchange, etc.

44. (1) Any application, reports, documents, or portion thereof which has been on file with the Nigerian Stock Exchange or any association or body of security dealers for more than six years pursuant to the provisions of these Regulations may be destroyed, or

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otherwise disposition shall only be done under a retention schedule cleared with the Commission by the Nigerian Stock Exchange or any association or body of security dealers.

(2) For the purposes of this regulation, the retention schedule filed with the Commission by the Exchange or any association or body of security dealers shall not become effective unless the Commission, having due regard for public interest and for the protection of investors, declares the schedule to be effective.

(3) The Commission in its declaration may limit the application, reports and documents as to which it shall apply and may impose any other terms and conditions to the schedule and to the period of its effectiveness which it deems necessary or appropriate in the public interest or for the protection of investors.

45. (1) The Exchange shall file with the Commission three copies of a report of any proposed amendment or repeal of or any addition to its rules not less than thirty days (or such shorter period as the Commission may authorise) before any action is taken on such amendments, repeal or addition by the members of the Exchange or by any governing body thereof:

Reports of proposed rule changes by the Exchange.

Provided however, that under emergency circumstances the report need not be filed as provided in this regulation, but in such a case the Exchange shall file three copies of a report giving the Commission as much notice as the circumstances permit, together with a written statement of the reasons why the filing of the report was impracticable.

(2) If any change is made in a proposed amendment, repeal or addition after the report is filed with the Commission, the thirty days period (or such shorter period as the Commission may authorise) shall commence to run from the time the Commission is notified of such change unless the change does not alter the substance of the proposed amendment, repeal or addition or the change is made in conformity with a suggestion by the Commission.

46. (1) An application filed for the registration of a security on the Exchange shall be deemed to apply to the registration of the entire class of the security and registration shall become effective—

Effectiveness of registration and Exchange certification.

(a) as to the shares or amounts of such class when issued upon registration; and

(b) without further application for registration upon issuance as to additional shares or amounts of such class then or thereafter authorised.

(2) The provisions of this regulation shall not affect the right of the Exchange to require the issuer of a registered security to file documents with or pay fees to the Exchange in connection with the modification of such security or the issuance of additional shares or amounts.

(3) If a class of security is issuable in two or more series with different terms, each series shall be deemed a separate class for the purposes of these Regulations.

Acceleration of effective date of registration.

47. A request for acceleration of the effective date of registration pursuant to regulation 46 of these Regulations shall be made in writing by either the registrar, the stock exchange or both who shall briefly describe the reasons therefor.

Requirements as to certification of listing and quotation of individual companies.

48. (1) Certification that a security has been approved by the stock exchange for listing and registration pursuant to the provisions of regulation 46 of these Regulations shall be made by the governing council of the exchange.

(2) The certificate shall specify—

- (a) the approval of the stock exchange listing the registration;
- (b) the title of the security so approved;
- (c) the date of filing with the stock exchange of the application for registration and of any amendments thereto; and
- (d) any conditions imposed on the certification with the Exchange, promptly notifying the Commission of the partial or complete satisfaction of any of the conditions.

(3) The certification may be made by telegram and in such case shall be confirmed in writing.

(4) All certification in writing and all amendments thereto shall be filed with the Commission in duplicate and at least one copy shall be normally signed by the appropriate Exchange authority.

Date of receipt of certification by Commission.

49. The date of receipt by the Commission of the certification approving a security for listing and registration shall be the date on which the certificate is actually received by the Commission or

the date on which the certification relates whichever is later.

50. If an amendment to a security is filed with the Commission and a receipt by the Commission is not received approving the security unless withdrawn, the Commission shall issue an application as amended.

51. The Exchange shall issue its certification prior to the first becomes effective of these Regulations.

52. (1) The Exchange shall be suspended from trading a security if the Exchange shall suspend, the

(2) Any suspension may be continued by the Commission through regulation 53 striking off a security.

(3) During the suspension the Exchange shall not trade for the suspension.

(4) Upon the expiration of this regulation under this regulation of the effective date.

(5) Suspension of any security.

53. (1) The Commission shall issue an application to a reasonable person of the following

(a) the effective date of certification has

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the date on which the application for registration to which the certification relates is actually received by the Commission whichever is later.

50. If an amendment to the application for registration of a security is filed with the Exchange and the Commission, after the receipt by the Commission of the certification of the Exchange approving the security for listing and registration, the certification, unless withdrawn, shall be deemed made with reference to the application as amended.

Operation of certification on subsequent amendment.

51. The Exchange may, by notice to the Commission, withdraw its certification prior to the time the registration to which it relates first becomes effective pursuant to the provisions of regulation 46 of these Regulations.

Withdrawal of certification.

52. (1) The Exchange may, in accordance with its rules, suspend from trading a security listed and registered thereon and the Exchange shall promptly notify the Commission of any such suspension, the effective date and the reasons thereof.

Suspension of trading.

(2) Any suspension from trading of a security by the Exchange may be continued until such time as may be deemed fit by the Commission that the suspension is designed to evade the provisions of regulation 53 of these Regulations relating to the withdrawal and striking off a security from listing and registration.

(3) During the continuance of the period of suspension the Exchange shall notify the Commission of any change in the reasons for the suspensions.

(4) Upon the restoration to trading of any security suspended under this regulation, the Exchange shall notify the Commission of the effective date.

(5) Suspension of trading shall not terminate the registration of any security.

53. (1) The Exchange shall file with the Commission an application to strike off a security from listing and registration within a reasonable time after the Exchange is reliably informed that any of the following conditions exist with respect to the security—

Removal from listing and registration.

(a) the entire class of the security has been cancelled for redemption, maturity or retirement and appropriate notice thereof has been given and funds sufficient for the payment of all such

securities have been deposited with an agency authorised to make such payment, and such funds have been made available to security holders;

- (b) the entire class of the security has been redeemed or paid at maturity or retirement; and
- (c) all rights pertaining to the entire class of the security has been extinguished:

Provided however, that where such an event occurs as a result of an order of a court or other government authority, the order shall be final, except where appeals are pending.

(2) The issuer of a security listed and registered on the Exchange may file an application to withdraw the security from listing and registration on the Exchange in accordance with the rules of the Exchange.

(3) Notice of the filing of an application in accordance with paragraph (2) of this regulation shall be published by the Commission in at least two national newspapers and such notice shall provide that an interested person may on or before a date specified in the publication submit to the Commission, in writing, all facts bearing upon whether the application to withdraw the security from listing and registration has been made in accordance with the rules of the Exchange, and what terms should be imposed by the Commission for the protection of investors.

(4) An order disposing of the matter shall be issued by the Commission on the basis of the application and any other information furnished to the Commission unless prior thereto the Commission orders a hearing on the matter.

(5) An application by an issuer or the Exchange to withdraw or strike off a security from listing and registration pursuant to the provisions of sub-paragraph (2) of this regulation shall comply with the following requirements—

- (a) the application shall be filed in triplicate, the original of which shall be dated and signed by an authorised official of the Exchange or of the issuer, as the case may be;
- (b) if the applicant is the Exchange, it shall promptly deliver a copy of the application to the issuer and if the applicant is the issuer it shall promptly deliver a copy of the application to the Exchange;

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- (c) the application shall set forth a description of the security involved together with a statement of all material facts relating to the reasons for filing the application for withdrawal or striking off from listing and registration and
- (d) the application shall set forth the steps taken by the applicant to comply with the rules of the Exchange governing the delisting of securities.
- (6) Such an application shall be deemed to be granted and shall become effective at the opening of business on such date as the Exchange shall specify in the application, but not less than ten days following the date on which the application is filed with the Commission.

(7) In cases not provided for in the foregoing provisions, the Exchange may file an application to strike off a security from listing and registration in accordance with its rules on a date specified on the application which date shall be not less than ten days after the application is filed with the Commission.

(8) The Commission shall enter an order granting the application on the date specified in the application unless the Commission, by written notice to the Exchange, postpones the effective date to a period of not more than sixty days thereafter:

Provided, however, that the Commission by written notice to the Exchange on or before the effective date, may order a hearing to determine whether the application to strike off the security from listing and registration has been made in accordance with the rules of the Exchange, or what terms should be imposed by the Commission for the protection of investors.

54. Any application for registration of an association as an association or body of securities dealers shall be made on Form SEC 5A as set out in the First Schedule to these Regulations obtainable from the Commission to be filed in connection therewith.

Registration of association, etc. of securities dealers.

55. (1) A broker or dealer desiring to apply for an order of the Commission approving or directing his admission to or continuation of membership in association or body of security dealers shall first submit the application to the association for a determination whether the association desires to admit or continue such broker or dealer in membership.

Relief from statutory disqualification.

(2) If the association desires to admit or continue the broker or dealer in membership, it may file an application with the Commission on behalf of the broker or dealer or the broker or dealer may file an application on his own behalf.

(3) Where the association refuses to file an application, the broker or dealer may file an application with the Commission for an order directing the association to admit or continue him in membership.

(4) Where the Commission deems it appropriate, it may grant or deny an application on the basis of the papers filed by the parties.

Amendments
and
supplements
to registration
statements of
securities
associations.

56. (1) Any registered association of securities dealers shall keep its registration statement up to date in the manner stated hereunder—

- (a) amendments shall be promptly incorporated after the discovery of any inaccuracy in the registration statement or in any amendment or supplement thereto and this shall be done by the association filing an amendment with the Commission correcting the inaccuracy within ten days period;
- (b) the association shall file with the Commission promptly, after December 31st of each year, an annual consolidated supplement as of such date; and
- (c) the association shall promptly, after the close of each year, file with the Commission a supplement setting forth its balance sheet as at the close of the year and its income and expense statement for the year.

Rules of
association
relating to
securities
quotations.

57. In cases where the Association adopts or proposes to adopt any rules providing for or regulating a system for the quotation of bid or offering or other prices of securities, it shall incorporate in the rules a provision to the effect that in so far as the rules prescribe the conditions of access to the system, the rules shall be designed to promote just and equitable principles of trade to remove impediments to and perfect the mechanism of free and open market, and not permit unfair discrimination between customers or issuers, brokers or dealers to produce fair and informative quotations both at the wholesale and retail levels to prevent fictitious or misleading quotation and to promote orderly procedures for collection and publishing quotation and to assure that any disciplinary action taken pursuant to the rules shall not be excessive or oppressive having due regard to the public interest.

58. As used in the Regulations—

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59. No brok purchase or sel or other fraud quotation.

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58. As used in any rule adopted pursuant to the provisions of these Regulations—

Over-the-
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definitions.

(a) the term “customer” shall not include a broker or dealer;

(b) the term “the completion of the transaction” means—

(i) in the case of a customer who purchases a security through or from a broker or dealer except as provided in sub-paragraph (ii) of this paragraph, the time when the customer pays the broker or dealer any part of the purchase price, or if payment is effected by book-keeping, the time entry is made by the broker or dealer for any part of the purchase price;

(ii) in the case of a customer who purchases a security through or from a broker or dealer and who makes payment therefor prior to the time when payment is requested or notification is given that payment is due, the time when the broker or dealer delivers the security to or into the account of the customer;

(iii) in the case of a customer who sells a security through or to a broker or dealer except as provided in sub-paragraph (iv) of this paragraph if the security is not in the custody of the broker or dealer at the time of sale, the time when security is delivered to the broker or dealer and if the security is in the custody of the broker or dealer at the time of sale, the time when the broker or dealer transfers the security from the account of the customer; and

(iv) in the case of a customer who sells a security through or to a broker or dealer and who delivers the security to the broker or dealer prior to the time when the delivery is requested or notification is given that delivery is due, the time when the broker or dealer makes payment to or into the account of the customer.

59. No broker or dealer shall through the post or other means purchase or sell any security by means of any manipulative, deceptive or other fraudulent device or contrivance or make any fictitious quotation.

Fraud and
misrepresenta-
tion.

60. (1) For the purpose of these Regulations—

(a) the term “inter-dealer-quotation system” means any system of general circulation to brokers or dealers which regularly disseminates quotation of identified brokers or dealers but

Identification
of quotation.

shall not include a quotation sheet prepared and distributed by a broker or dealer in the regular course of his business and containing only quotations of the broker or dealer;

- (b) the term "quotation" means any bid or offer or any indication of interest in any bid or offer; and
- (c) the term "correspondent" means a broker or dealer who has a direct line of communication to another broker or dealer located in a different city or geographical area.

(2) It shall constitute an attempt to include the purchase or sale of a security in a fictitious quotation within the meaning of regulation 57 to 59 of these Regulations for any broker or dealer to furnish or submit, directly or indirectly, any quotation for security to an inter-dealer quotation system, unless the inter-dealer quotation system is furnished or submitted—

- (a) by a correspondent broker or dealer for the account or on behalf of another broker or dealer and if so, the identity of each broker or dealer participating in any such arrangement or arrangements:
- (b) in furtherance of one or more other arrangements between or among brokers or dealers and if so, the identity of each broker or dealer participating in any such arrangement or arrangements:

Provided however, that the provisions of this sub-paragraph shall not apply if only one of the brokers or dealers participating in any such arrangement or arrangements furnishes or submits a quotation with respect to the security to an inter-dealer quotation system.

Reviewing decisions of the Stock Exchange.

61. Any company, enterprise, registrar, issuing house, stock broker or dealer or any other person or institution engaged or involved in the issuing, sale or buying or other trading in securities of companies and enterprises covered by the provisions of the Securities and Exchange Commission Act and the rules and regulations thereof directly affected by any direction, order or decision made under any bye-law, rule or regulation of the exchange or any of its branches may apply to the Commission for a hearing and review in pursuance of section 6(f) of the Act.

General application.

62. In these Regulations and as prescribed by the Act and in particular pursuant to the provisions of section 23 of the Act and unless the context otherwise requires—

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- (a) the terms used in these Regulations shall have the meaning as defined in the Act; and
- (b) a regulation which defines a term without express reference to the Act or to these Regulations, or to a portion thereof, defines the term for all purposes as used in the Act and in these Regulations.

63. In these regulations, unless the context otherwise requires— Interpretation.

“alien” means a person or association whether corporate or unincorporate other than a Nigerian citizen or association;

“bank” means a banking institution organised under the laws of the Federal Republic of Nigeria, a substantial portion of whose business consists of receiving deposits or exercising fiduciary powers similar to those exercised by licensed banks as provided under the Banking Act;

Cap. 28

“broker” means any person engaged in the business of effecting transactions in securities for the account of others;

“buy” or “purchase” each includes any contract to buy, purchase or otherwise acquire;

“Commission” means the Securities and Exchange Commission established by the Securities and Exchange Commission Act;

“dealer” means any person engaged in the business of buying and selling securities for his own account, through a broker or any person in so far as he buys and sells securities for his account, either individually or in some fiduciary capacity but not as part of a regular business;

“dealing member” means a member of the Nigerian Stock Exchange who is authorised to deal in securities as a principal in his own account or as a broker on the Nigerian Stock Exchange;

“Act” means the Securities and Exchange Commission Act.

“director” means any director of a corporation or any person performing similar function with respect to any organisation whether incorporated or un-incorporated;

“equity security” means any equity shares, stock units or similar security or carrying any warrant or right to subscribe to or purchase such security or any such warrant or right, or any other security which the Commission shall deem to be of similar nature and consider necessary or appropriate by the rules and regulations as it may prescribe in the public interest or the protection of investors to treat as an equity security;

“exchange” means the Nigerian Stock Exchange or its branches which constitutes, maintains or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange as the term is generally understood, and includes the market place and the market facilities maintained by such exchange;

“facility” when used with respect to an exchange includes its premises, tangible property whether on the premises or not, any right to use such premises or property or any service thereof for the purpose of effecting or reporting a transaction on an exchange;

“insider dealing” applies not only to dealings at a recognised stock exchange but is extended to off-market dealings in advertised securities; so however that—

- (a) the person who deals in these securities shall qualify as an insider;
- (b) the person shall be an individual, not a company;
- (c) the person shall have knowingly been connected with the company during the preceding six months;
- (d) the person shall have obtained the information by virtue of having been connected with the company;
- (e) it shall be reasonable to expect the person not to disclose the information except for the performance of his duties;
- (f) the information shall be unpublished price sensitive information in relation to the securities;

“issuer” means any person who issues or proposes to issue any security which it has issued;

“investment adviser” means any person who, for compensation, engages in the business of advising others either directly or through publication or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities, but does not include—

- (a) a bank, or any bank holding company, which is not an investment company;
- (b) any lawyer, accountant, engineer, or teacher (or other such professional whose performance of such services is solely incidental to the practice of his profession);

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Securities and Exchange Commission Act

- (c) any broker or dealer whose performance of such services is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor;
- (d) the publisher of any *bonafide* newspaper; news magazine or business or financial publication of general and regular circulations; or
- (e) any person whose advice, analyses or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest by the Federal Republic of Nigeria;

“member” when used with respect to an exchange means any person who is permitted either to effect transactions on the exchange which includes any firm transacting a business as a broker or dealer of which a member is a partner of any such firm;

“Nigerian” citizen or association” has the meaning as defined by the Nigerian Enterprises Promotion Act;

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“Minister” means the Minister charged with responsibility for matters relating to finance and economic development;

“person” means an individual, a corporation, partnership, an association, a joint stock company, a business trust or incorporated organisation

“registrar” means a company registrar engaged in the keeping of the register of members and shareholders and performing other auxiliary functions for his company or other companies or institutions;

“rules and regulations” refer to the rules and regulations adopted by the Commission pursuant to the provisions of section 23 of the Act, including the forms for registration and reports and all accompanying instructions thereto;

“sale and sell” each includes any contract to sell, transfer or otherwise to dispose of;

“securities” means any note, stock treasury bills, certificates, government bonds, debenture, participation or any profit sharing agreement or any oil or gas or other mineral royalty or leaves any subscription, for a security or in general any instrument commonly known as “security” but shall not include currency or any note, draft bill of exchange or bankers acceptance which has a maturity at the tenure of issuance of not exceeding nine months exclusive of days of grace or any renewal thereof the maturity of which is likewise limited.