

**RULEBOOK OF THE NIGERIAN STOCK EXCHANGE
(AMENDMENTS TO DEALING MEMBERS' RULES, PART IX)¹**

Legend: *Additions underlined, deletions ~~struck through~~*

A. ADVERTISING AND COMMUNICATING WITH THE PUBLIC

i. Rule 14.2: Prescribed Mode of Advertisement:

- a. Dealing Members of The Exchange ~~are shall only be~~ permitted to exhibit outside the offices at which they carry on stockbroking business, a name plate bearing in sufficiently legible characters, the name in which their 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;~~
- b. Dealing Members are also permitted to issue explanatory brochures and such other items for advertisement of their products, services and events to their clients and the investing public provided, they comply with these Rules. the draft is approved by The Exchange.
- ~~c. Dealing Members may be required by The Exchange to discontinue or modify any advertisement which in the opinion of The Exchange infringes these Rules regulation.~~

ii. New Rule: Notification of The Exchange on Advertisement

- a. Each Dealing Member shall notify The Exchange of every circular, advertisement (including mobile, written, broadcast, outdoor, digital and online) brochure, publication

¹ Rule Making History

1. The draft Rules were presented to the Rules and Adjudication Committee of Council (RAC) at the RAC Retreat of 21 to 22 May 2015 and approved for exposure to stakeholders for comments;
2. The draft Rules were exposed for stakeholders' comments from 23 June to 7 July 2015;
3. The RAC considered the draft Rules, and stakeholders' comments thereon at its Meeting of 4 July 2016, and approved the draft Rules for submission to the National Council of The Exchange (Council);
4. The Council approved the draft Rules at its Retreat of 24 to 26 July 2016 for submission to the Securities and Exchange Commission (SEC);
5. The Council approved Rules were submitted to the SEC for approval on 31 August 2016.
6. The SEC approved the Rules on 24 March 2017.

or distribution made in relation to its services, products, operations and events to its clients and the investing public.

- b. The notification and a copy of the communication in paragraph “a” above shall be submitted to The Exchange not less than five (5) working days before it is published.
- c. The Exchange shall review and revert to the Dealing Member with any comment(s) ~~and/or approval~~ on the notification within three (3) business days of receipt of the notification, failing which the application shall be deemed approved. Provided that The Exchange may notify the Dealing Member in writing before the expiration of the three (3) business days of its intention to extend the time within which to review and approve the Dealing Member’s notification.

iii. **Rule 14:1: Minimum Standards for Communicating with the Public:**

Advertisement means any communication made by a Dealing Member to its clients, the investing public, or any of its other stakeholders, promoting its products, services, operations, and events with the aim of imparting information and attracting patronage.

Approved Person means an individual who has been authorized to perform on behalf of a Dealing Member one or more Controlled Functions as laid down by regulations issued by a regulatory authority. Examples of Approved Persons are Compliance Officers, Risk Officers, **Legal Counsel**, Control Officers, Brokers, Chief Financial Officers, Internal Auditors, Directors and Chief Executive Officers.

Communication means any expression, or exchange of information, by speech, writing, conduct or any other medium through which information is expressed by a Dealing Member to its clients, the investing public, or any of its other stakeholders.

1. All information set forth in advertisements, brochures, circulars and publications shall:
 - a. Be fair, made in good faith and shall not confuse, mislead or offend;
 - b. Be free from inaccuracies and be capable of substantiation. Descriptions, claims or comparisons which are misleading about expertise or service shall not be included;



- c. Be free of descriptions, claims or comparisons which are false, exaggerated, unwarranted, as well as promissory claims about expertise, services, product, or performance of the firm or within the capital market;
- ~~d. Drafted to clearly describe the Dealing Member with the words “Member of The Nigerian Stock Exchange.~~
- d. Be of such a character as will not be unlikely to bring The Exchange or its Members to disrepute;
- e. Be written in such a way as not to unfairly prejudice the interest of investors, The Exchange or other Capital Market Operators;
- f. Be free of words or phrases that are likely to create unhealthy competition, unfairly discredit, disparage or attack the services offered by other firms or exaggerate the nature of competitive differences;
- g. Not imitate the slogan(s) or illustration(s) or adverts by other Dealing Members;
- h. Not use any intellectual property that is not owned by the Dealing Member, except with the written agreement of the owner of the logo or trademark;
- i. Not omit any important or material fact or qualification if the omission, in light of the context of the material presented, would cause the communications to be misleading;
- ~~j. Not place important or material information in a legend or footnote if the absence of such information will inhibit the public understanding of the communication; and~~
- k. Consider the nature of its audience and provide details and explanation appropriate to such audience.

2. **Disclosure of a Dealing Member’s Name in Communications**

All Communications by Dealing Members shall:

- a. Be drafted to clearly describe the Dealing Member with the words “Member of The Nigerian Stock Exchange” except in cases of mobile and digital communication, where such description may be abbreviated to “Member NSE” but shall be sufficiently recognizable; and
- b. Reflect any relationship with any non-Dealing Member of The Exchange or individual relevant to the communication.

3. **Internal Review and Approval of Communications**

- a. Every Dealing Member shall develop and establish a robust internal process to review every advertisement at senior management level before publication.

- b. A minimum of two (2) Approved Persons shall review and approve every advertisement before publication.

4. **Comparison in Communications between Investments, Products or Services**

Any comparison in retail communications between investments, products or services must disclose all material differences between them, including investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.

5. **Recommendations in Communications**

Where the communication of a Dealing Member includes recommendations, the communication shall:

- a. include a reasonable basis for the recommendations, and contain adequate disclosures; and
- b. provide to existing clients, the investing public, and The Exchange upon request, the investment information supporting the recommendation.

6. **Testimonials in Communications**

- a. Dealing Members shall not include testimonials in communications except such testimonials are issued by a person who has the relevant knowledge and experience required to form a professional opinion on the subject.
- b. Any communication that includes a testimonial concerning a product or service offered by a Dealing Member shall disclose that:
 - i. the testimonial may not be representative of the experience of other customers;
 - ii. the testimonial is not a guarantee of future performance or success; and
 - iii. it is a paid testimonial (where it was paid for).

7. **Public Appearances and Speaking**

- a. Where a Dealing Member sponsors or participates in a seminar, forum, radio or television interview, or is engaged in public appearances or speaking activities that are unscripted, the person representing the Dealing Member shall comply with these Rules.
- b. Where a representative of a Dealing Member recommends investment in a security during a public appearance, the person shall at that time have a reasonable basis for

the recommendation and also **simultaneously** disclose its financial interest in the recommended securities.

- c. Every Dealing Member shall establish written procedures that are appropriate to its business, size, structure and customers, to supervise public appearances by all its representatives. Such procedures shall provide for:
 - i. their continuing education and training on advertisement for their representatives;
 - ii. the level of experience or seniority the representatives must have achieved within the organisation before being permitted to speak on the Dealing Member's behalf in public;
 - iii. documentation of the content, syllabus and materials for such education and training; and
 - iv. monitoring to ensure that such procedures are implemented and adhered to.
- d. Any scripts, slides, hand-outs or other written, printed or electronic materials used in connection with public appearances are considered as communication.

8. Third Party Communication

Where a Dealing Member advertises or communicates using the platform of a third Party, such advertisement or communication shall comply with the requirements of the Rules of The Exchange.

9. Record of Communication

Dealing Members shall keep proper records of all communications issued by them for a period of not less than six (6) years, or as may be prescribed from time to time by The Exchange, or in applicable legislation. Such records shall include:

- a. a copy of the communication and the dates of first and (if applicable) last use of such communication;
- b. the name of the Approved Persons that authorized the issuance of the communications and the date such confirmation was given;
- c. information concerning the source of any statistics, charts, graphs or other illustration used in the communication.

iv. **Rule 6.13: Sanctions for Violating the Regulations for of publications Communicating with the Public**

~~The Exchange may disallow any invitation or advertisement proposed to be published, circulated or distributed by a Dealing Member without specifying the reason or allows the same on such modifications as Council may deem fit.~~

- a. If a Dealing Member contravenes these Rules, it shall be liable to a minimum fine of Two Hundred and Fifty Thousand Naira (₦250,000.00) and may in addition be liable to such other penalty as may be prescribed from time to time by The Exchange.
- b. A Dealing Member shall upon The Exchange’s directive immediately cease to use or issue any advert, communication or publication which violates these Rules, and make a retraction or recall such advert, communication or publication within five (5) business days of the date of the directive.

v. **Rule 6.12: Specific Actions Requiring Prior Consent of The Exchange**

1. A Dealing Member shall not be permitted to do any of the following without the prior written consent of The Exchange:
 - a. Establish or maintain any branch office;
 - b. Allow or agree to any change in the control or shareholding structure of the Company;
 - c. Employ any of the following:
 - i. Directors, Authorized Clerks or other persons including Principal Officers such as the Chief Executive Officer, Chief Finance Officer, Chief Compliance Officer and Chief Risk Officer, who have been indicted by The Exchange or the Securities and Exchange Commission.
 - ii. Any person who was an officer or employee of a Dealing Member expelled from the Exchange;
 - iii. Any person expelled, as an authorized clerk or its equivalent, from any other exchange;
 - iv. Any person refused admission as a member of the Chartered Institute of Stockbrokers or any person expelled from its membership;
 - v. Any person expelled as a member of any professional association or institute;
 - vi. Any person who is insolvent or has been convicted of theft, fraud, forgery, or any other crime involving dishonesty.

- d. ~~Publish, circulate or distribute by any means whatsoever any invitation or advertisement.~~
2. In no circumstances shall a Dealing Member neglect, ignore or fail to obtain prior consent on specific actions as required by The Exchange.
 3. If a Dealing Member contravenes the above stated Rules, it shall be liable to a fine of Five Hundred Thousand Naira (~~₦~~5,000.00) in addition to any other punishment which the Council may impose as it deems fit.

B. RULE 18.1: NO DEFAULTS

Legend: Additions underlined, deletions struck through

1. No Dealing Member shall default on a transaction with another Dealing Member, ~~or~~ client, settlement bank and any other capital market operator.
2. A Dealing Member shall be deemed to be in default if it is unable to meet its financial or other commitments to another Dealing Member, ~~or~~ client, settlement bank and any other capital market operator arising out of a transaction.
3. Any Dealing Member that contravenes this rule shall be suspended immediately and will be liable to any of the following penalties in addition to any other sanctions that The Exchange may impose:
 - a. Specific performance of the transaction;
 - b. Suspension;
 - c. A fine to be determined; or
 - d. Public Censure.
4. The suspension imposed shall be lifted when the defaulting Dealing Member furnishes The Exchange with proof that any outstanding payment, charges, fees, or interest arising therefrom have been fully settled, or parties to the transaction have reached an agreement to settle, and the Dealing Member has complied or is complying with the settlement terms.