

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

Legend: additions underlined, deletions struck through

Rule 17.13: PROHIBITION OF MARKET MANIPULATION AND ILLEGAL MARKET DEALINGS

- (a) No Dealing Member may –
- (1) Either for its own account or on behalf of another person, directly or indirectly use or knowingly participate in the use of any manipulative, improper, false or deceptive practice of trading in a security listed on The Exchange which practice creates or might create –
 - (A) a false or deceptive appearance of the trading activity in connection with; or
 - (B) an artificial price for, that security;
 - (2) Place an order to buy or sell listed securities which, to his or her knowledge will, if executed, have the effect contemplated in paragraph (a).
- (b) Without limiting the generality of subsection (a), the following are deemed to be manipulative, improper, false or deceptive trading practices:
- (1) Approving or entering an order to buy or sell a security traded on the floor of The Exchange which involves no change in the beneficial ownership of that security;
 - (2) approving or entering an order to buy or sell a security traded on the floor of The Exchange with the knowledge that an opposite order or orders of substantially the same size at substantially the same time and at substantially the same price, have been or will be entered by or for the same or different persons with the intention of creating –
 - (A) a false or deceptive appearance of active trading in connection with; or
 - (B) an artificial market price for, that security;

¹ **Rule Making History**

1. The draft Rules were presented to the Rules and Adjudication Committee of Council (RAC) at the RAC Meeting of 9 February 2016 and approved for exposure to stakeholders for comments;
2. The draft Rules were exposed for stakeholders' comments from 17 February to 18 March 2016;
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 Rule amendments on 14 March 2017.



- (3) Approving or entering orders to buy a security traded on the floor of The Exchange at successively higher prices or orders to sell a security listed at successively lower prices for the purpose of unduly or improperly influencing the market price of such security;
 - (4) Approving or entering an order at or near the close of the market, the primary purpose of which is to change or maintain the closing price of a security traded on the floor of The Exchange;
 - (5) Approving or entering an order to buy or sell a security traded on the floor of The Exchange during any auctioning process or pre-opening session and cancelling such order immediately prior to the market opening, for the purpose of creating or inducing a false or deceptive appearance of demand for or supply of such security;
 - (6) Effecting or assisting in effecting a market corner;
 - (7) Maintaining at a level that is artificial the price for dealing in securities traded on the floor of The Exchange;
 - (8) Employing any device or scheme to defraud any other person as a result of a transaction effected through the facilities of The Exchange; or
 - (9) Engaging in any act, practice or course of business in respect of dealings in securities traded on the floor of The Exchange which is deceptive or which is likely to have such effect.
- (c) Depending on all the circumstances of the case, including the severity of the conduct and any mitigating factors, The Exchange may impose all or any of the following penalties when it determines that a contravention has occurred: Any Dealing Member that contravenes this rule shall be liable to any of the following penalties in addition to any other sanctions that The Exchange may impose:
- (1) A fine equivalent to three times the amount of profit or gain derived by the Dealing Member in the alleged manipulation and /or illegal market dealing, which fine must be paid within ten (10) business days of notification of the fine, failing which an additional sum of Five Thousand Naira (₦5,000.00) per day shall be payable from the eleventh (11th) business day after notification until the date of payment.
 - ~~(2) The fine shall be paid by the Dealing Member not later than ten (10) working days after the fine is imposed on it.~~
 - ~~(3) The Dealing Member shall be placed on suspension for a period to be determined by The Exchange which shall not be less than thirty (30) calendar days.~~
 - ~~(4) The Exchange shall forthwith withdraw the registration of the Authorized Clerk(s) involved in the transaction(s).~~
 - ~~(5) Cancellation of the affected trades based on inappropriate market behaviour.~~