RULES OF NIGERIAN EXCHANGE

AMENDMENTS TO ISSUERS’ RULES

CHAPTER 14: SHARE BUYBACK¹

Legend: Additions: *Underlined and bolded*; Deletions: *Struck through*

**Scope Preliminaries:**

The following Provision of Listings Rules shall apply relating to an Issuer acquiring its own shares by issuers of securities:

### 14.1 Repurchase of Securities Buy-back

An Issuer of securities may repurchase buy-back or otherwise acquire any listed admitted shares securities previously issued by it, in accordance with the Rules and Regulations of the Securities and Exchange Commission (SEC), Companies and Allied Matters Act, 2020, or other applicable legislation, provided that:

(a) The Articles of Association of the Issuer shall contain a clause authorizing the Issuer to do so;

(b) The Issuer shall not acquire more than fifteen per-cent (15%) of its issued shares; or such amount of shares as may be approved by the SEC from time to time;

(c) The directors shall take a decision at a Board Meeting for the purchase of a specific volume and a range of volumes of shares over a period, not exceeding two (2) years and shall fix a date for the company's meeting to seek the approval of shareholders.

(d) The decision of the directors for the purchase shall be communicated to The Exchange on the day of the Board Meeting.

(e) **The Issuer shall obtain a “no objection” from The Exchange before embarking on a share buyback program.**

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¹ Rule Making History

a. The proposed amendments were presented to the Regulation and New Business Committee of NGX Regulation Limited (RNBC) at the RNBC meeting of 3 August 2021, and approved for exposure to stakeholders for comments;

b. The proposed amendments were exposed for stakeholders’ comments from 19 August to 9 September 2021;

c. The RNBC considered the draft Rules and stakeholders’ comments thereon at its meeting of 23 November 2021 and approved the amendments for submission to the Board of NGX Regulation Limited (NGX RegCo);

d. The Board of NGX RegCo approved the proposed amendments at its meeting of 29 April 2022 for submission to the Securities and Exchange Commission (SEC);

e. The Board-approved Rule Amendments were submitted to the SEC for approval on 7 June 2022; and

f. The SEC approved the Rule Amendments on 15 June 2023.
The transaction shall be approved by the shareholders by a special resolution passed at a general meeting; and the Issuer must send to its shareholders an Explanatory Statement (together with at the same time as the notice of the relevant shareholders’ meeting) containing all the information reasonably necessary to enable those shareholders to make an informed decision at the meeting on whether to vote for or against the ordinary resolution to approve the proposed share buyback purchase by the Issuer of shares including the information set out below:

(1) A statement of the total number and description of the shares which the Issuer proposes to repurchase buy back purchase;

(2) A statement by the directors of the Issuer indicating of the reasons for the proposed purchase of shares buy back;

(3) A statement by the directors of the Issuer stating as to the proposed source of funds which will be used to for making the proposed shares buyback purchase, the funds shall be taken out of the profits of the company which would otherwise be available for distribution as dividend; or the proceeds of a fresh issue made for the purpose of the shares buyback purchase;

(4) A statement as to any material adverse impact on the working capital or gearing position of the Issuer (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed shares buyback purchases were to be carried out in full at any time during the proposed purchase shares buyback period, or an appropriate negative statement;

(5) A statement of the name of any director(s), and to the best of the knowledge of the directors having made all reasonable enquiries, any associates of the directors, who have a present intention, in the event that the proposal is approved by shareholders, to sell shares to the Issuer, or an appropriate negative statement;

(6) A statement as to the consequences of any purchases which will arise under the Takeover Rules of which the directors are aware, if any.

(7) A statement of what the Issuer intends to do with the repurchased shares such as whether it will reissue the shares, keep the shares as treasury shares, or issue the shares for the purpose of an employees’ share scheme;

(8) No Issuer A company shall purchase its own shares during its closed period within fifteen (15) days prior to the publication of its annual or interim results.

The Explanatory Statement required to be made in these Rules must be submitted to The Exchange for its approval prior to circulating it to the shareholders.

A company which has bought back securities cannot make any issue of the same kind of securities in any manner whether by way of public issue, rights issue or bonus issue one year from the date of completion of buyback.

Where a company buys back its shares, it shall cancel the repurchased shares within ten (10) business days of the last date of completion of buyback and shall notify The Exchange on completion of the buyback program.

The company shall maintain a register of the securities which have been cancelled.
14.2 **Documents to be Submitted in Support of Application for No Objection**

An Issuer applying for a no objection of The Exchange to embark on share buyback is required to submit documents listed in the relevant checklist as may be prescribed by The Exchange.

14.3 **Miscellaneous Matters**

(a) **The Issuer may cancel repurchased shares or hold them as treasury shares in line with the provisions of CAMA:**

(b) **Although an Issuer’s treasury shares will remain listed on The Exchange, such shares will not count as part of the Issuer’s free float:**

(c) **All publications by an Issuer that has treasury shares regarding dividends and general meetings must include a statement that the treasury shares are not entitled to dividend and have no voting rights:**

(d) **Treasury shares can only be resold / re-issued upon the approval of The Exchange and in line with applicable rules:**

(e) **A company that has bought back its own shares:**

   (i) **Cannot issue the same kind of securities in any manner whether by way of public issue, rights issue or bonus issue until one full year has elapsed after the date of completion of buyback unless as may be approved by The Exchange.**

   (ii) **Shall notify The Exchange within twenty-four (24) hours of completion of the buyback program:**

(f) **Where an Issuer intends to cancel the repurchased shares, it shall cancel the repurchased shares and apply to The Exchange within ten (10) business days of the last date of completion of the shares buyback for delisting of the cancelled shares from the Daily Official list of The Exchange or at such other time as may be agreed by The Exchange:**

(g) **An Issuer that cancels its repurchased shares shall maintain a register of the securities which have been cancelled.**