

## RULEBOOK OF NIGERIAN EXCHANGE

### PROPOSED AMENDMENTS TO THE TRADING LICENCE HOLDERS' RULES

#### RULE 15.34: NOMINAL TRANSFERS

**Legend:** Additions: underlined; Deletions: ~~struck through~~.

#### **Definition**

**Control:** as used in these Rules has the same meaning ascribed to it in Section 119(3) of the Investments and Securities Act, 2007, as amended from time to time.

**Nominal Transfer:** means a transfer of listed securities between the Transferor and the Transferee who are related or connected parties, which involves no consideration passing from the Transferee to the Transferor.

**Party:** means either the Transferor or the Transferee, each of which could be an individual or a corporate entity.

#### **Rule 15.34: Nominal Transfers**

- (a) No security listed on The Exchange shall be bought or sold outside the facilities of The Exchange.
- (b) Any securities holder that wishes to transfer his securities by way of a nominal transfer shall apply to The Exchange through his Trading Licence Holder ~~Stockbroker~~ for transfer of the securities. The Trading Licence Holder ~~Stockbroker~~ shall carry out the requisite Know-Your-Client (KYC) enquiries on the securities holder and the proposed Transferee.
- (c) The Exchange shall review the application and the supporting documents submitted by the Trading Licence Holder ~~Stockbroker~~ to determine whether the relationship between the proposed Transferor and the proposed Transferee is sufficient for the transaction to be classified as a nominal transfer.
- (d) In reaching a decision to classify a transaction as a nominal transfer, The Exchange shall:
  - (1) With regard to a nominal transfer between corporate entities, consider whether a Party directly or indirectly controls the other Party, or both Parties are under common control. ~~A Party shall be deemed to control another Party if it holds or is beneficially entitled to hold, directly or indirectly, more than fifty per cent (50%) of the total voting rights in the other Party, its total income, or issued share capital.~~ Connections between corporate entities include but are not limited to the following:
    - (A) holding companies, ~~subsidiaries~~ and ~~sister~~ subsidiaries within the same group,
    - (B) a joint venture and a special purpose vehicle created for the purpose of the joint venture;

(2) With regard to nominal transfer between individuals, consider the following connections:

- (A) Whether there is a familial relationship between Transferor and Transferee including but not limited to spouse, brother, sister, father, mother, child or step-child;
- (B) Whether the Transferor is acting as trustee of any trust or as the personal representative administering any deceased person's estate; and the Transferee, is:
  - (i) a beneficiary of such trust or estate who has a familial relationship with the settlor of the trust or the deceased such as being a spouse, brother, sister, father, mother, child or step-child; or
  - (ii) a body corporate in which the beneficiary under sub-rule (i) above is a shareholder, or
  - (iii) a trust whose terms confer a power on the trustees that may be exercised for the benefit of the beneficiary under sub-rule (i) above.

(3) With regard to a nominal transfer between an individual and a corporate entity, consider whether the individual has control ~~is a beneficial shareholder~~ of the corporate entity.

**(4) "With regard to:**

- (A) a nominal transfer between an individual or a corporate entity and another corporate entity, consider whether the individual or corporate entity is acting as trustee of any trust and the other corporate entity is a beneficiary of such trust; and**
- (B) a nominal transfer between a corporate entity and an individual, consider whether the corporate entity is acting as trustee of any trust and the individual is a beneficiary of such trust."**

(e) The Parties shall comply with such directions as may from time to time be provided by The Exchange with regard to completing the transaction.

(f) In order for The Exchange to approve the transfer, the following documents shall be submitted to The Exchange:

- (1) Application letter by the Trading Licence Holder ~~Stockbroker~~ introducing the client and detailing the nature of the transaction;
- (2) two (2) copies of the client's ~~CSCS shares~~ Statement with the clearing and settlement depository of The Exchange indicating the current Securities position (with respect to equities, this will apply) where the shares are dematerialized;
- (3) two (2) copies of a Letter of Authority addressed to The Exchange executed by the proposed Transferor;
- (4) For a corporate entity, a duly executed board resolution, ~~and~~ a certified true copy of its most recent Form CAC 7 (Particulars of Directors) or its equivalent, and a certified true copy of its most recent Form CAC 2 (Statement of Share

Capital and Return on Allotment of Shares) **or its equivalent.**

- (5) Original executed securities transfer form(s);
- (6) Mandate executed by the Transferor in favour of the **Trading Licence Holder Stockbroker** making the application;
- (7) Other relevant documents such as means of identification of the Transferor, Transferee, any signatories or relevant person;
- (8) In respect of a trust, a certified true copy of the trust deed; and
- (9) In respect of the estate of a deceased, a certified true copy of the will and the probate or if intestate, the letters of administration;
- (10) Such other documents as may be required by The Exchange.

(g) The Exchange shall charge a fee as may from time to time be determined and published by it as approved by the Commission.

(h) Where the transaction is eligible for approval by The Exchange, the Transferee shall execute an indemnity in a form to be prescribed by The Exchange.