

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.