RULES OF NIGERIAN EXCHANGE LIMITED  
(TRADING LICENCE HOLDERS’ RULES)  

PROPOSED RULES ON SECONDARY MARKET LARGE VOLUME TRANSACTIONS  
VIA ACCELERATED BOOK BUILDING PROCESS  

Definition of Terms  

ABB  
that is, Accelerated Book Building, is a form of equity offering used for pricing equity offering within a short time period, typically within a week. ABB as defined in these Rules will be used for placing large volume existing shares (on the secondary market) to investors.

Secondary LVT via ABB  
A secondary LVT via ABB is simply a structure to coordinate a normal but expedited course for the sale of a large block of existing securities in the secondary market at a market-driven price.

Book Runner  
is the primary lead responsible for the overall co-ordination and management of a Book Building process. For the purpose of an ABB under these Rules, a Book Runner shall be Trading License Holders, and/or any other category of market participants as The Exchange may determine from time to time.

LVT  
that is, Large Volume Trade, as used in these Rules has the same meaning ascribed to it in Rule 15.32: Large Volume Trade in Equities, Rulebook of The Exchange (Dealing Member Rules) as amended from time to time or its corresponding provisions in the any subsequent version of the Rulebook.

Market Sounding Materials  
are materials used prior to the announcement of a possible transaction, to gauge the interest or appetite of potential investors in the transaction and the conditions relating to it, such as its potential size or pricing, to one or more potential investors by an existing investor or his broker.

Order Book  
means an electronic list of buy and sell orders for a specific security or financial instrument organized by price level indicates the number of shares being bid on or offered at each price point, or market depth.

Secondary Offeror  
means a shareholder who offers a financial instrument for sale in such quantity or value that makes the transaction distinct from regular trading and involves a selling method based on the prior assessment of interest from potential investors and brokers.
Sponsor that is, a Trading License Holder, or a Book Runner.

The Exchange that is, Nigerian Exchange Limited

Trading License Holder (a) a Dealing Member as defined in the Investment and Securities Act 2007 and as amended from time to time; or

(b) a market participant who has been granted a market trading license by The Exchange to trade in Products.

1.0 Accelerated Book Build Rules

(a) All Trading License Holders or Authorized Clerks who wish to trade (sell) in any equity amounting to:

(1) 5% or more, but less than thirty per cent (30%) of an Issuer’s total listed equities;

(2) Eighty (80) million units or more, but less than thirty per cent (30%) of an Issuer’s total listed equities; or

(3) trade value equal to, or in excess of Eight Hundred Million Naira (₦800,000,000), or such other threshold value or portion of listed equities as The Exchange may from time to time prescribe, but less than thirty per cent (30%) of an Issuer’s total listed equity,

shall, as an alternative to the provisions of Rule 15.32 a (3) of the Rulebook of The Exchange (Trading Licence Holders’ Rules), apply for and obtain the written approval of The Exchange to execute such mandates under The Exchange's Accelerated Book Build Rules. This provision shall not apply if the transaction will lead to a material change in the Board and/or Management of a listed company.

(b) To make the application, the Trading License Holder or Authorized Clerk shall submit the following to The Exchange, before the execution of any trade in the thresholds set out in paragraphs a(1) to a(3) above:

(1) A letter from the Trading License Holder or Authorized Clerk informing The Exchange about the mandate received;

(2) A copy of the mandate which shall be in the form of a letter or electronic mail from the shareholder to the Trading License Holder or Authorized Clerk;

(3) A duly completed ABB Trading Authorisation Form of The Exchange; and

(4) Any other document or information as The Exchange deems relevant.

(c) Within forty-eight (48) hours of receiving the complete application from the Trading License Holder, The Exchange shall respond to the application.

(d) Secondary Market LVT via ABB may be used by Trading License Holders only for the disposal of existing shares of shareholders.
2.0 Disclosure and Application Requirements

a) An offering shareholder who intends to dispose his existing shares in a listed company through the secondary market via ABB shall:

i. not deal on non-public material information.
ii. appoint a Book Runner/Sponsor to undertake the LVT via ABB.
iii. not disclose non-public material price sensitive information to the Book Runner/Sponsor or any other person whether or not they are involved in the proposed ABB Transaction.

b) The Sponsor shall disclose the details of the proposed ABB Transaction to The Exchange within one (1) business day of receiving the offer from the offering shareholder. The disclosure to The Exchange relevant details of the offer, including but not limited to:

i. The name and details of the offering shareholder;
ii. The total number and percentage shareholding of the offering shareholder before and after the transaction;
iii. The offer structure (offer size, indicative pricing);
iv. Duration of the offer; and
v. Any other information relevant to the offer, or as may be requested by The Exchange.

c) To preserve a proper audit trail, the Book Runner/Sponsor shall keep proper record of market sounding materials/activities including records of discussions had during pre-sounding and pre-marketing activities, such as written records, media recordings of discussions or both.

d) Pre-sounding/Pre-marketing activities shall include the following:

i. Any communication of information by the secondary offeror and/or third parties “acting on behalf of” or “on the account of” the secondary offeror to one or more potential investors;
ii. Relevant events prior to the announcement of an ABB transaction;
iii. Acts intended to gauge the interest of potential investors in a possible transaction and the conditions relating to it, such as its potential size or pricing (i.e., in general, its terms).

3.0 Launch and Communication of ABB Transaction to the Market

(a) The Exchange shall review the application presented by the Sponsor and if satisfied that the application meets the requirements of these Rules and other applicable law, may give an initial approval of the ABB transaction

(b) Upon The Exchange’s initial approval of the ABB Transaction, The Exchange shall announce the launch of the ABB Transaction (Launch Disclosure) through a Market Bulletin.

(c) The Launch Disclosure shall summarize the key aspects of the ABB Transaction which shall include the security name, the duration of the offer, and the indicative pricing.
(d) The Sponsor shall commence Book Building on receipt of approval notification from The Exchange.

4.0 Pricing and Book Build

4.1 Pricing shall be at the discretion of the Offering shareholder and Book Runner provided that it is within a +/- 10% price band of the previous trading day’s closing price. For the purpose of this provision, the previous trading day shall be the last day of the offer on which the schedule of allotment is submitted to the Exchange.

4.2 The Order Book shall open for investor bids (through their brokers), with immediate effect following The Exchange’s Market Bulletin to Trading License Holders on the Transaction.

4.3 Trading License Holders shall ensure that during the duration of the book build, investors place binding bids with the Book Runner/Sponsor. Investors shall indicate the number of shares that they are willing to purchase or subscribe to, and the price that they are prepared to pay for the given number of shares. The offer shall last for 48 hours.

4.4 On the last day of the offer period, the Offering shareholder in conjunction with the Book Runner shall decide on the price and allotment of the securities.

4.5 The ABB book build may close earlier than the scheduled offer period of 48 hours, if the Order Book is full.

5.0 Submission and Approval of ABB Allotment, Processing and Trade Execution

5.1 On closure and allotment, the Sponsor shall submit the outcome of Book Build (Schedule of agreed buyers with corresponding allotment and Execution Price) to The Exchange for final review and approval. This submission must be made within 48 hours of the Launch Disclosure/the Exchange’s initial announcement to the market.

5.2 Sponsor shall also submit for The Exchange’s approval, the agreed indicative price for execution.

5.3 The Exchange shall inform the market via a market bulletin of The Exchange’s final approval (or decline) of the Allotment.

5.4 The Exchange shall coordinate execution of the transaction in line with the approved allotment schedule within twenty-four (24) hours of communication of approval.

6.0 Completion of the ABB Transaction

To facilitate the timely completion of an ABB Transaction, the Sponsor and Offering Shareholder shall:

a) Agree on the entire pricing and allotment process, which shall not exceed two (2) working days after receiving the approval notice of The Exchange, or as may be determined from time to time by the Exchange.

b) Notify The Exchange of the successful completion or non-completion of the ABB pricing and allotment within two (2) working days of receiving the final approval of The Exchange.
7.0 Sanctions

7.1 Non-compliance with the provisions of these Rules shall attract appropriate sanctions as may be determined in accordance with The Rulebook of The Exchange.