

NOTIFICATION OF AMENDMENTS TO THE RULEBOOK OF THE EXCHANGE
(ISSUERS' RULES)
AND INVITATION FOR COMMENTS

I. INTRODUCTION

Nigerian Exchange Limited ("**The Exchange**") is proposing amendments to the **Rules Governing Free Float Requirements for Issuers Listed on Nigerian Exchange Limited** of the Rules of The Exchange.

II. SUMMARY OF THE PROPOSED RULE AMENDMENTS

In 2020, The Exchange initially sought to amend the Rules Governing Free Float Requirements for Issuers Listed on Nigerian Exchange Limited of the Rules of The Exchange to introduce free float requirements for a threshold based on value of shares in addition to the hitherto existing threshold based on the percentage of shares held. However, The Exchange and NGX Regulation Limited (NGX RegCo) further reviewed the said amendments and is proposing to introduce a tiered-based system to ascertain the free float requirements for Issuers listed on The Exchange. This new free float mechanism has removed the value-based option of obtaining compliance with the free float requirement while maintaining the percentage/volume-based option for compliance, and the tiering will be based on the market capitalization of the Issuer.

This recommendation for an inverse correlation between market capitalization and free float percentage aims to balance liquidity with systemic risk management. Larger Issuers require a conservative free float to stabilize the market and prevent abrupt shifts, while smaller Issuers benefit from a larger free float to encourage active trading and ease market entry, avoiding excessive price fluctuations.

The proposed amendments will tighten regulatory measures to curb share price volatility and ensure that high-capitalized companies maintain a reasonable free float percentage.

III. INVITATION FOR COMMENTS

NGX RegCo is pleased to invite you to participate in its rule making process. Your participation is required by way of reviewing the proposed Rule amendments; and providing your comments on them. The proposed Rule amendments may be viewed by clicking on the hyperlinked text provided below:

- (a) [Amendments to the Rules Governing Free Float Requirements for Issuers Listed on Nigerian Exchange Limited.](#)

The Exchange views your participation as important for the following reasons:

- To create public awareness and solicit the public's feedback on the proposed Rule amendments; and
- To improve the quality of the proposed Rule amendments and thereby have a robust, well written set of Rules.

We are involving as many stakeholders as possible in this commentary process in order to achieve the aforementioned goals. Please be assured that your comments will be considered in arriving at the final text of the Rule amendments.

IV. RESPONSE AND TIMELINE

We will be grateful to receive your comments not later than the close of business on Thursday, 25 July 2024. Please provide your comments in a **Microsoft Word document** attached to an electronic mail to Ms. Tolulope Obajemu, Team Lead, Policy and Advisory Unit at NGX RegCo via tobajemu@ngxgroup.com, **with copy to** Mary Oguntoye (moguntoye@ngxgroup.com) and Oluwafunbi Akpata (oakpata@ngxgroup.com).

V. APPROVALS

Please note that the draft Rule amendments are subject to approvals by the Securities and Exchange Commission, and NGX RegCo's Board.



Olufemi Shobanjo

CEO | NGX Regulation Limited
4 July 2024