



RULEBOOK OF THE NIGERIAN STOCK EXCHANGE
(ISSUERS' RULES)

RULES FOR PRICE STABILIZATION OF SECURITIES¹

Definitions

For the purpose of these Rules, the following definitions shall apply:

Terms	Meaning
Eligible Securities	securities as defined under the Investment and Securities Act 2007, units of a unit trust, debt securities including convertible and exchangeable debt securities, to be listed and traded on The Exchange;
Offer Price	the price of the Eligible Securities on The Exchange;
Over-allotment	the allotment of a greater number of Eligible Securities than initially issued or sold in an Offer;
Over-allotment Option	an option granted by an Issuer or Offeror in favour of the Stabilization Manager, acting on behalf of the Issuing Houses and Agents involved in the Offer, to purchase up to a certain amount of Eligible Securities at the Offer Price during the Stabilization Period, to cover the Over-allotment of Eligible Securities for the purpose of providing Price Stabilization;

¹ **Rule Making History**

1. The draft Rules were presented to the Rules and Adjudication Committee of Council (RAC) at the RAC Meeting of 28 February 2018 and approved for exposure to stakeholders for comments;
2. The draft Rules were exposed for stakeholders' comments from 21 March to 20 April 2018;
3. The RAC considered the draft Rules, and stakeholders' comments thereon at its Meeting of 15 May 2018 and approved the draft Rules for submission to the National Council of The Exchange (Council);
4. The Council approved the draft Rules at its Meeting of 7 June 2018 for submission to the Securities and Exchange Commission (SEC);
5. The Council approved Rules were submitted to the SEC for approval on 8 June 2018;
6. The SEC approved the Rules on 6 May 2019.



Price Stabilization	trading activity aimed at supporting and maintaining the price of Eligible Securities during the Stabilization Period by the Stabilization Manager for the purpose of establishing an orderly market in the immediate secondary market after an offer;
Stabilization Manager	the entity responsible for Price Stabilization under these requirements, and appointed in accordance with these Rules; and
Stabilization Period	the time frame within which Price Stabilization transactions are permitted which shall not exceed thirty (30) calendar days from the date of listing, or thirty (30) calendar days from the first day of the trading of the securities in the offering (as may be applicable).

1.0 Price Stabilization

1.1 Permitted Price Stabilization:

Price Stabilization may only be effected in respect of an offer of Eligible Securities, and the offer shall be:

- (a) an offering or issue of Eligible Securities for cash, made at a specified price;
- (b) for Eligible Securities which are already listed or are to be listed on The Exchange;
- (c) of sufficient size to satisfy The Exchange that Price Stabilization is warranted. Such size is to be determined in consultation with The Exchange.

1.2 Permitted Stabilizing Activity:

- (a) The Stabilization Manager may in respect of Eligible Securities:
 - (i) purchase, or agree to purchase, such Eligible Securities; or
 - (ii) agree to take actions with a view to stabilizing the market price of such Eligible Securities.

Provided that at the point of filing its application, the Stabilization Manager shall have notified the Commission and The Exchange of its intent to take the steps in paragraphs (i) and (ii) above.

- (b) A Stabilization Manager shall not, when engaging in an activity described in these Rules, in respect of Eligible Securities, conduct such activity at a price higher than the Offer Price.



- (c) Price Stabilization is permitted whilst exercising the Over-allotment Option until the occurrence of either of the following, whichever is earlier:
 - (i) when the total number of securities purchased by the Stabilization Manager for Price Stabilization equals the Over-allotment size, or
 - (ii) the end of the Stabilization Period.

1.3 A Stabilization Manager may, in respect of Eligible Securities:

- (a) make allotments of a greater number of the Eligible Securities than were originally issued or sold in an Offer;
- (b) enter into an Over-allotment agreement with the Issuer or Offeror to provide such number of Eligible Securities to cover the Over-allotment;
- (c) have the irrevocable right to exercise the Over-allotment Option or purchase Eligible Securities with the proceeds of the Over-allotment to close out, or liquidate any position that has been established by Price Stabilization.

Provided that a certified copy of the executed agreement shall be submitted to The Exchange at the point of filing the application.

- (d) exercise the Over-allotment Option or purchase Eligible Securities with the proceeds of the Over-allotment to close out or liquidate any position that has been established by Price Stabilization Provided that a certified copy of the executed agreement shall be provided to The Exchange at the point of filing the application.
- (e) buy or agree to buy the Eligible Securities in order to close out or liquidate any position that has been established by Price Stabilization under (a);
- (f) exercise the Over-allotment Option in part or in full in order to close out or liquidate any position that has been established by Price Stabilization under (a);
- (g) offer or attempt to do anything permitted by (a), (b), (c), and (d).

1.4 Any Over-allotment permitted by Rule 1.3 shall meet the following criteria:

- (a) Eligible Securities may be over-allotted only in conjunction with the allotment relating to the Offer/subscription during the Stabilization period and at the Offer Price;



- (b) the Over-allotment Option shall not exceed fifteen per cent (15%) of the Offer;
- (c) the exercise period of the Over-allotment Option shall be the same as the Stabilization Period;
- (d) the exercise of the Over-allotment Option shall be disclosed to the market promptly, together with all appropriate details, including in particular the date of exercise and the number and nature of Eligible Securities involved and in accordance with Rule 3.0.

2.0 Requirements for Price Stabilization

2.1 For Price Stabilization to occur the Issuer shall ensure that a prominent statement appears in the Prospectus or other offering documentation which clearly states:

- (a) the existence and maximum size of any Over-allotment Option and any conditions for the exercise of the Over-allotment Option;
- (b) that Price Stabilization may be undertaken for the Offer, however, that there is no assurance that it will be undertaken, and that it may be stopped at any time within the 30 (thirty) days, being the earlier time between:
 - (i) the exercise of the Over-allotment Option, when the shares purchased for Price Stabilization equals the Over-allotment size, or
 - (ii) the end of the Stabilization Period;
- (c) the nature and effect of Price Stabilization including the fact that Price Stabilization is aimed at supporting the market price of the Eligible Securities;
- (d) the identity of the Stabilization Manager; and
- (e) the date of commencement and closing of the Stabilization Period; and the provider (Offeror or Issuer) of Eligible Securities for the Over-allotment Option.

2.2 A Stabilization Manager shall not conduct any Price Stabilization unless:

- (a) the requirements of these Rules are fulfilled;
- (b) The Exchange or other exchanges on which the Eligible securities are admitted to trading have been informed that Price Stabilization in those Eligible Securities may take place during the Stabilization Period and that all requirements have been complied with;
- (c) The Stabilization Manager has put in place appropriate and demonstrable information barrier arrangements acceptable to The Exchange between persons undertaking the stabilization activity and persons trading in the Issuer's securities in the Stabilization Manager's ordinary course of business which shall include:



- (i) having a formal written policy on information barriers between persons undertaking the stabilization activity and persons trading in the Issuer's securities in the Stabilization Manager's ordinary course of business;
 - (ii) implementation of reporting structures and review procedures which ensure that persons undertaking the stabilization activity and persons trading in the Issuer's securities in the Stabilization Manager's ordinary course of business comply with the information barrier policy; and
 - (iii) establishing supervisory procedures that ensure that the Stabilization Manager's information barriers comply with the provisions of the written policy and all applicable laws and regulations.
- (d) There are systems and controls in place to ensure compliance with Price Stabilization requirements.

2.3 In addition, the Stabilization Manager shall not conduct Price Stabilization in any case where:

- (a) as a result of market manipulation the market price of the Eligible Securities is falsely higher than the price which would otherwise prevail;
- (b) the Stabilization Manager knows that the falsity in the market price was attributable in whole or in part to any conduct by a person who was in breach of the market abuse provisions; or
- (c) any applicable statutory or regulatory requirements have not been complied with.

2.4 Price Stabilization activity shall be undertaken only by the appointed Stabilization Manager.

2.5 The Stabilization Manager shall establish and maintain a register of Price Stabilization and record each Price Stabilization order or transaction with the details of the transaction, and take reasonable steps to satisfy that the appropriate mechanisms required to update the register are in place. The Stabilization Manager shall be the point of inquiry for any request from The Exchange regarding the Price Stabilization.

2.6 The Stabilization Period shall:

- (a) in the case of a significant distribution in the form of an initial public offer, start on the date of commencement of trading of the Eligible Securities on The Exchange and end no later than thirty (30) calendar days thereafter;



- (b) in the case of a significant distribution in the form of a supplementary or follow-on offer, start on the date of listing of the new Eligible Securities and end no later than thirty (30) calendar days after the date of listing.

2.7 Price Conditions

- (a) In the case of an offer of shares or other Eligible Securities equivalent to shares, stabilization of the Eligible Securities shall not in any circumstances be carried out above the offering price; and
- (b) In the case of an offer of securitized debt convertible or exchangeable into shares or into other Eligible Securities equivalent to shares, stabilization of these debt instruments shall not in any circumstances be carried out above the market price of those instruments at the time of the public disclosure of the final terms of the new offer.

3.0 Disclosure and Reporting Obligations

3.1 Without prejudice to Rule 17.2: Market Abuse, Rulebook of The Exchange, 2015 (Issuers' Rules), the Stabilization Manager shall file the following information with The Exchange:

3.1.1 Within two (2) business days of the occurrence of either of the following, whichever is earlier:

- (a) when the shares purchased by the Stabilization Manager for Price Stabilization equals the Over-allotment size, or
- (b) the end of the Stabilization Period;

the Issuer or Stabilization Manager shall disclose the following information adequately to the public:

- (i) whether or not Price Stabilization was undertaken;
- (ii) the date on which Price Stabilization started;
- (iii) the date on which Price Stabilization last occurred;
- (iv) the price range within which Price Stabilization was carried out, for each of the dates during which Price Stabilization transactions were carried out; and
- (v) the exercise of the Over-allotment Option.

3.1.2 Within two (2) days of the occurrence of either of the following, whichever is earlier:

- (a) when the shares purchased by the Stabilization Manager for Price Stabilization equals the Over-allotment size, or
- (b) the end of the Price Stabilization,



the Stabilization Manager shall disclose the following details to The Exchange:

- (i) the total number and value of all transactions effected by the Stabilization Manager with a view to supporting the market price of the Eligible Securities;
- (ii) the number and value of all transactions entered into by way of Price Stabilization;
- (iii) the date and time of the Price Stabilization transaction;
- (iv) the average price of Eligible Securities transacted during the Price Stabilization period;
- (v) the exercise of the Over-allotment Option, confirming that there is no outstanding short position in relation to the Over-allotment Option; and
- (vi) any additional information which The Exchange may require the Stabilization Manager to disclose.

4.0 Eligibility Criteria for Stabilization Managers

- 4.1 The Issuer shall appoint a Stabilization Manager to take the responsibility for Price Stabilization.
- 4.2 The overall responsibility for Price Stabilization shall be allocated to one entity (the Stabilization Manager), for each issue. Provided that an issue with two (2) or more tranches shall be treated as one (1) issue.
- 4.3 The Stabilization Manager shall satisfy the following criteria:
 - (a) it shall be registered with the Securities and Exchange Commission and a member of The Exchange with good standing,
 - (b) it shall prove to The Exchange that it has the relevant expertise to undertake Price Stabilization or has access to such expertise including measures it has put in place to prevent insider trading;
 - (c) it shall put in place appropriate and demonstrable information barrier arrangements between those individuals undertaking stabilization activity and those individuals undertaking normal course trading in the Issuer; and
 - (d) it shall disclose to The Exchange, during the six (6) week period prior to the date of formal application for listing of the Eligible Securities, any material dealings (including those of a corporate finance nature), other than in the ordinary course of business, by it or its associates in the Eligible Securities in respect of which Price Stabilization is to be undertaken.