



RULEBOOK OF THE NIGERIAN STOCK EXCHANGE
(ISSUERS' RULES)

RULES GOVERNING FREE FLOAT REQUIREMENTS
FOR ISSUERS LISTED ON THE NIGERIAN STOCK EXCHANGE¹

Definitions

- Board** means the Board on which the Issuer's securities are admitted for trading on The Exchange.
- Free Float** means the number of shares that an Issuer has outstanding and available to be traded on The Exchange. It includes all shares held by the investing public, and excludes shares held directly or indirectly by promoters, directors and their close relatives; strategic investors holding five percent (5%) and above of the issued share capital; or government.
- Public** means persons other than the directors and employees of a company and any other persons excluded in these and any other Rules of The Exchange.

1.0 Free Float Requirements for New Listings

1.1 To qualify for listing on any of the Boards of The Exchange and maintain same, an Issuer shall ensure that it complies with the following minimum free float requirements for the Board on which listing is being sought:

- 1.1.1 For any Issuer seeking to list on the Premium Board, its free float shall be:
(a) twenty percent (20%) of the Issuer's issued share capital made available to the public and held by not less than three hundred (300) shareholders; or

¹ **Rule Making History**

1. The draft Rules were presented to the Rules and Adjudication Committee of Council (RAC) at the RAC Meeting of 15 May 2018, and approved for exposure to stakeholders for comments;
2. The draft Rules were exposed for stakeholders' comments from 31 May to 2 July 2018;
3. The RAC considered the Memo for approval of the revised draft Rules, for submission to Council for approval at its Meeting of 19 September 2018;
4. The Council approved the draft Rules at its Meeting of 25 October 2018 for submission to the Securities and Exchange Commission (SEC);
5. The SEC approved the Rules on 6 May 2019.



- (b) valued at Forty Billion Naira (~~₦~~40 Billion) or more, or any value prescribed by The Exchange from time to time, on the date The Exchange receives the Issuer's application to list.
- 1.1.2 For any Issuer seeking to list on the Main Board, its free float shall be:
 - (a) twenty percent (20%) of the Issuer's issued share capital made available to the public and held by not less than three hundred (300) shareholders; or
 - (b) valued at Twenty Billion Naira (~~₦~~20 Billion) or more, or any value prescribed by The Exchange from time to time, on the date The Exchange receives the Issuer's application to list.
- 1.1.3 For any Issuer seeking to list on the Alternative Securities Market (ASeM) Board, its free float shall be:
 - (a) fifteen percent (15%) of the Issuer's issued share capital made available to the public and held by not less than fifty-one (51) shareholders; or
 - (b) valued at Fifty Million Naira (~~₦~~50 Million) or more, or such value as The Exchange determines is appropriate in the circumstances, on the date The Exchange receives the Issuer's application to list.
- 1.1.4 For any Issuer seeking to list on the Growth Board, its free float shall be:
 - (a) Entry Segment: ten percent (10%) of the Issuer's issued share capital made available to the public and held by not less than twenty-five (25) shareholders;
 - (b) Standard Segment: fifteen percent (15%) of the Issuer's issued share capital made available to the public and held by not less than fifty-one (51) shareholders; or
 - (c) valued at Fifty Million Naira (~~₦~~50 Million) or more, or any such value The Exchange determines is appropriate in the circumstances, on the date The Exchange receives the Issuer's application to list.
- 1.2 The Exchange may grant extension of time to an Issuer to comply with the minimum free float requirements if:
 - 1.2.1 it believes that the market can operate fairly and in an orderly manner with the Issuer's existing level of free float, or
 - 1.2.2 it receives an undertaking from:
 - (a) a majority holder of shares in the Issuer holding a number of securities equivalent to at least five percent (5%) of the issued shares, or
 - (b) a combination of holders of shares in the Issuer, holding a total number of securities amounting to at least five percent (5%) of the issued share capital,



to make available to the investing public a specific number of securities, required to restore the Issuer to the required free float level within such period as The Exchange may approve. The Issuer shall produce and submit to The Exchange for consideration and approval, an acceptable compliance plan in that regard.

2.0 Self-Assessment and Self-Regulation

- 2.1 Each Issuer shall independently, review its free float every half-year, or other reasonable time, and when there is a breach of its free float requirement, the Issuer shall:
- 2.1.1 Disclose to The Exchange that it is not fully compliant with the free float requirement;
 - 2.1.2 Initiate the steps set forth in these Rules in order to comply with the free float requirement; and
 - 2.1.3 Demonstrate its co-operation and commitment in that regard.
- 2.2 Each Issuer shall incorporate in its half-year financial statement filed with The Exchange its shareholding pattern, and also indicate whether or not its free float is in compliance with The Exchange's free float requirements for the Board on which it is listed.

3.0 Dealing with Free Float Deficiencies

- 3.1 Where any Issuer is not compliant with the free float requirement, and The Exchange notifies such Issuer of that fact, the following shall be applicable:
- 3.1.1 The Issuer shall within ten (10) business days of receiving The Exchange's notification, initiate discussions with The Exchange on the Issuer's plan for restoring itself to a state of full compliance with the free float requirement.
 - 3.1.2 Within three (3) months of receiving The Exchange's notification, the Issuer shall produce and submit to The Exchange for consideration and approval, an acceptable compliance plan setting out a program for restoring itself to full compliance with The Exchange's listing standards.
 - 3.1.3 Upon receiving The Exchange's approval on the compliance plan, the Issuer shall immediately commence implementation of the plan towards achieving full compliance within such period as The Exchange may approve.
 - 3.1.4 Within ten (10) business days of The Exchange's above decision, the Issuer shall notify its shareholders in writing via a notice submitted through The Exchange's Issuers' Portal that if it does not achieve the required free float within the stipulated timeframe, The Exchange may suspend trading in its securities.
- 3.2 The Exchange may grant extension of time to an Issuer to comply with the minimum free float requirements if:



- 3.2.1 it believes that the market can operate fairly and orderly with the existing level of free floats, or
- 3.2.2 it receives an undertaking from:
 - (a) a majority holder of shares in the Issuer holding a number of securities equivalent to at least five percent (5%) of the issued shares, or
 - (b) a combination of holders of shares in the Issuer, holding a total number of securities amounting to at least five percent (5%) of the issued share capital, to make available to the investing public a specific number of securities, required to restore the Issuer to the required free float level within the next one (1) financial year or a longer period as The Exchange may approve. The Issuer shall produce and submit to The Exchange for consideration and approval, an acceptable compliance plan in that regard, or
- 3.2.3 it has a minimum free float value of:
 - (a) ~~₦~~40 billion and is listed on the Premium Board, or
 - (b) ~~₦~~20 billion and is listed on the Main Board, or
 - (c) ~~₦~~50 million, and is listed on ASeM or the Growth Board, or
 - (d) an amount as may be determined by The Exchange for any of its other Boards from time to time.

4.0 Consequences of Unremedied Free Float Deficiencies

- 4.1. If an Issuer's shares falls below the free float requirements for the Board on which its securities are listed, the Issuer's name shall be published in The Exchange's periodic "XCompliance Report" and the Issuer's securities' symbol published on any of The Exchange's systems or media shall be annotated with the compliance status indicator, "Below Listing Standard" (BLS)" or any other compliance status indicator to indicate that it has failed to comply with free float requirements, and such annotation shall remain for as long as the Issuer fails to rectify its free float deficiency.
- 4.2 The Exchange will commence the process of delisting an Issuer's shares if:
 - 4.2.1 The Issuer fails to respond to The Exchange within ten (10) business days of receiving the notification referenced in Rule 3.1 of these free float rules; or
 - 4.2.2 The Issuer fails to produce and submit an acceptable compliance plan to The Exchange within three (3) months of The Exchange's publication of its name on The Exchange's periodic "X-Compliance Report" as operating "Below Listing Standard"; or
 - 4.2.3 The compliance plan submitted by the Issuer is not acceptable to The Exchange, and the Issuer fails to produce and submit an acceptable alternative plan within twenty one (21) business days of The Exchange's rejection of the initial plan; or



4.2.4 The Issuer is unable to return to a state of full compliance with The Exchange's Listings Standards within such period as is reflected in the Issuer's compliance plan approved by The Exchange.

5.0 Applicability of the Rules

These rules shall supersede all other rules on free float requirements for Issuers listed on The Exchange.