

AMENDMENTS OF RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION

Pursuant to Section 313(6) of the Investments and Securities Act, 2007, the following amendments are made by the Commission.

RULES ON MARKET MAKERS

Rule 31C – Rules on Market Makers

The rules on market marking are amended as follows:-

Rule 31C Definition.

1. Any entity desirous of performing the function of a market maker in the capital market shall **be licenced as a Broker-dealer by a self-regulatory organization (SRO)**
2. **“Market maker”** shall mean any specialist permitted to act as a dealer, any dealer acting in the position of a block positioner, any dealer who, with respect to a security, holds himself out as being ready to buy and sell such securities for his own account on a regular and continuous basis.
3. **Market making system**
The market making system **may be “Quote Driven”, “Order Driven” or “Hybrid”**
4. **Eligibility – The Market Maker:**
 - i. shall be a company duly registered with the Corporate Affairs Commission.
 - ii. shall have a minimum paid up capital **as specified by the supervising self-regulatory organization (SRO) with the approval of SEC.** The market maker shall at all times maintain sufficient liquid assets to cover its current indebtedness.
 - iii. shall clearly state in its Memorandum and Articles of Association that it can deal in securities in the capital market.

- iv. shall convey any change in information, which affects the status of the company to the Commission as required by Rule 49 of these rules and regulations.

5. Registration requirements

Any entity desirous of being registered as a market maker must comply with the following rules and regulations; The Market Maker:

- i. must be registered as a member of a self regulatory organization (SRO) as required by the provision of Rule 42 [(1), (2), (3) and (4)] of the rules and regulations.
- ii. must comply with the code of conduct of capital market operators as provided under Rule 43(1) and (2) of the rules and regulations.
- iii. shall maintain a Fidelity Bond in line with the provisions of Rule 45.

3. Part E4 –Rule 182C Market Makers

Rule 182C. Functions

1. A registered market maker shall perform the following functions;
 - i) be a specialist in designated securities and shall hold itself out (by entering quotation in an inter-dealer communications system or otherwise) as being willing to buy and sell the designated securities for its own account on a regular or continuous basis.
 - (ii) promote continuous liquidity in the market at all times.
 - iii) serve as a source of market information for the designated securities for which at all times, it stands ready.
 - iv) facilitate a smooth trading atmosphere and engender market stability as well as promote price discovery.

2. **Obligations of market makers**

A market maker shall comply with the following:

- i) stabilize the market by ensuring continuous liquidity, by synchronizing buy and sell transactions;
- ii) **operate within the established transaction spread** to be specified by the supervising self-regulatory organization (SRO) with the approval of SEC. ;
- iii) have the capacity for continuous 2-way quotes in the relevant stocks throughout the trading session in a minimum quote size **to be specified by the supervising self-regulatory organization (SRO) with the approval of SEC.**
- iv) have the capacity to deliver and settle transactions within the prescribed settlement cycle.
- v) have the capacity to lend and borrow the designated securities at any time, with a view to ensuring stability in the market.
- vi) have enough buffer funds at all times.

4 **Infrastructure**

The market maker shall have a robust information technology infrastructure and multiple record keeping systems.

MADE AT ABUJA THIS 11th DAY OF APRIL 2012