



CLOSED-END FUNDS

1.0 Definition:

Closed-end funds (or closed ended funds) are collective investment schemes with limited number of shares. It is called a closed end fund (CEF) because new shares are rarely issued once the fund has been launched, and because share are not normally redeemable for cash or securities until the fun liquidates.

2.0 This new product will trade on the equities market segment of the Nigerian Stock Exchange

3.0 Equity Market Structure

The Nigerian stock Exchange ATS Trading System is based on a central order book where members participate on equal terms, competing on the basis of price, cross and time priority

4.0 Closed-end funds vs open-end mutual funds:

Some characteristics that distinguish a close-end fund from an ordinary open-end mutual fund are that:

1. It is closed to new capital after it begins operating, ie they do not continue to sell new shares endlessly as Mutual funds do.
2. Its shares (typically) trade on stock Exchanges rather than being redeemed directly by the funds.
3. Closed-end funds share trade continuously at whatever price the market dictates (it can trade at premium or discount to NAV), while open-end Funds can only trade at Net Assesst Value (NAV)

5.0 Closed-End Funds vs Exchange Traded Funds (ETFs)

1. The price of a close-end fund is completely determined by valuation of the market, while market price of ETFs trade in a narrow range very close to its Net Assesst Value (NAV).
2. The structure of ETFs allow market participants to redeem share from A "basket" of fund's underlying asset while close-end funds can only be redeemed upon liquidation of the fund.

6.0 Fee Structure

	Buy	Sell
NSE fee	Nil	0.3% or 30bp (Basis Point)

Note: All fees are based on the value of the trade and Withholding Tax (WHT) on dividend or Interest is 10%. Capital gains tax is zero.

7.0 Trading schedule

Market Hours: 9:30am -2:30pm. West Central Africa Time.

Trading Schedule	Time	Action
Pre-Opening	9:30am-10:15am	Traders can submit orders, change or cancel orders, and make inquiries. No trades occur in the pre-open
Opened/Continuous	10:15am-2:30pm	Orders are matched. Trade begins and continues throughout the trading day
Closed	2:30pm	Trading closes and brokers print their activity statement for the day.

- Opening price is the first price at which at least 50,000 shares is trade.
 - Closing price is last price at which the 50,000 shares was traded.
- Note:** If there is no trading or the volume traded is not up to 50,000 share, then the Previous day's closing price will be the opening and closing prices

8.0 Circuit Breakers/Limits

The Exchange sets price limit of +/-5% around the previous day closing price.

9.0 Pricing Information

Pricing Increment	1 kobo or 0.01 Naira
Closing price calculation	Last trade price
Minimum quantity to change price	50,000 units
Trade priority	The trade priority is set to high. This indicates that cross trades have highest priority over all other orders.
Continuous trading allocation type	First-in-first-out (FIFO), FIFO allocation distributes volume to the first passive order in the queue that does not have any special terms or special fill restrictions.
Cross priority at open	Yes
Short sale	Not Allowed

10.0 Price Mode

The market supports both limit and market orders.

Limit - A limit order to buy or sell securities at a specified price, or better. The trader enters the limit price in the order form before submitting it.

Market - A market order is an order to buy or sell securities at the current best price at the time of submission. The trade types MKT in the price filled of the order form to denote market order, The trading Engine determines the mark price and trade or queues the order.

11.0 Lot sizes

Lots Size is 1.(we trade in shares, not lots).

12.0 Clearing and settlement

Clearing and settlements T+3.

For more information please contact us at:

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