

NOTIFICATION OF AMENDMENTS TO THE RULEBOOK OF THE EXCHANGE (DEALING MEMBERS' RULES) (PART XIII) & INVITATION FOR COMMENTS

I. Introduction

The Exchange is proposing amendments to the Rulebook of The Exchange (“Rulebook”) (Dealing Members’ Rules), by introducing amendments to the following the Dealing Members’ Rules:

- a. Rule 5.1: Acquisition of a Dealing Member License,
- b. Rule 6.15: Notification of Business Address and Closure of Office.

II. Summary of the Proposed Amendments

(a) **Rule 5.1: Acquisition of a Dealing Member License:** The Exchange has noticed and intends to cure an inconsistency in its rules with respect to the validity period on the Approval-in-Principle (AIP) granted by The Exchange to new Dealing Member firms. For ease of reference, Rule 3.1: Application Procedure, and Rule 3.5: Approval-In-Principle, respectively provide for a six (6) months’ period, during which all requirements for registration must be met. However, Rule 5.1(f) indicates that all requirements for commencement of operations must be met within three (3) months. Therefore, the proposed amendment is to bring Rule 5.1(f) in line with the aforementioned provisions.

(b) **Rule 6.15: Notification of Business Address and Closure of Office:** The Exchange has received complaints from a number of investors and clients of Dealing Members that some Dealing Member firms close their branch offices or relocate their offices without giving adequate notification to them, therefore creating a gap in communication and leaving various clients stranded. Such clients or investors are then unable to transact business promptly because they were not notified when their stockbrokers closed or relocated their offices; and these types of complaints could have a negative effect on investors’ confidence in the market.

In view of The Exchange’s efforts to build and maintain investors’ and stakeholders’ confidence, it has become necessary to make Dealing Member firms more accountable to ensure that their clients are duly informed in the event of closure or relocation of any of their branch offices.

Moreso, we note that the notification requirement for the closure of a representative office is more stringent than that of a branch office i.e. for closure of a representative office, one (1) month's prior notice in writing to The Exchange is required, as against the requirement for written notice within fourteen (14) days after closure of a branch office. To cure this defect and ensure effective oversight by The Exchange over the operation of branch offices of Dealing Members, by the proposed rule amendment, The Exchange will require prior knowledge before closure of any of its Dealing Members' branch offices.

The Exchange is therefore proposing a rule amendment to compel Dealing Members to provide a minimum of one (1) month's prior notice in writing to The Exchange of any intention to relocate their office, and such notice should be published in two (2) national daily newspapers.

III. Invitation for Comments

The Exchange is pleased to invite you to participate in its rule making process. Your participation is required by way of reviewing the draft Rules and providing your comments thereon. A set of the proposed Rule amendments may be viewed through the [link provided here](#).

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

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

We are involving as many stakeholders as possible in this rule making 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 Rules.

IV. Response and Timeline

We will be grateful to receive your comments not later than the close of business on Monday, 16 January 2017. Your comments should be set forth in a WORD document attached to an electronic mail to Mr. Oluwatoyin Adenugba of the Rules and Interpretation Department of The Exchange at oadenugba@nse.com.ng.

V. Approvals

Please note that the draft Rules are subject to the approval of the National Council of The Exchange, and the Securities and Exchange Commission.



Tinuade T. Awe,
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