



**NOTIFICATION OF AMENDMENTS TO THE RULEBOOK OF THE EXCHANGE  
(DEALING MEMBERS' RULES) (PARTS XIV & XVA)  
& 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 Dealing Members' Rules:

- a. Proposed Rules on Custodial Accounts for Minors;
- b. Rule 1.15: Prohibition of Business Relationship Based on Guarantee.

**II. Summary of the Proposed Amendment**

- (a) **Proposed Rules on Custodial Accounts for Minors**: The need for Rules to regulate the opening, operation, and closure of brokerage accounts for Minors emanated from a complaint received from an investor alleging the unauthorized sale of securities belonging to both the investor and her son who is a Minor, by the investor's estranged husband. A review of the Rules and Regulations Governing Dealing Members indicated that there are no existing rules that address the subject. The objective of the proposed Rules is to introduce a framework regarding brokerage accounts for Minors, in order to provide guidance for Dealing Members and investors who wish to operate such brokerage accounts for Minors.

The Rules provide for purpose and designation of custodial account for minors, custodian's qualifications, rights and responsibilities, KYC requirements, joint custodians, disputing custodians, custodian's powers and functions, conversion of account, maintenance of records, notification of obligations, conduct of custodians, and sanctions.

- (b) **Rule 1.15: Prohibition of Business Relationship Based on Guarantee**: This Rule prohibits Dealing Members from offering and engaging in any form of guaranteed returns on investment in securities. The Rule however does not provide for sanctions where there is a violation of the said Rule. The Exchange has observed an increase in the violation of this Rule and the huge risks attendant to its violation, which has culminated in significant loss of investment and loss of investor confidence in the capital market. The amendment seeks to introduce sanctions for violation of the Rule.

### 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 proposed Rule amendments; 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, 18 December 2017. Your comments should be set forth in a WORD document attached to an electronic mail to Mr. Oluwatoyin Adenugba, Head, Rules and Interpretation Department of The Exchange at [oadenugba@nse.com.ng](mailto: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,  
**General Counsel | Head of Regulation**  
**17 November 2017**