



CIRCULAR

NSE/LARD/BDR/CIR1/17/09/12

12 September 2017

Circular on Unfunded Accounts and Personal Account Dealing

It has come to our attention that some Dealing Members and Authorized Dealing Clerks have been carrying out transactions without adequately funding their accounts thereby exposing the market to settlement risks.

Note that such actions are a violation of the following rules as contained in the Rulebook of The Exchange, 2015 (Dealing Members' Rules):

i. Rule 1.5: Observance of Rules and Regulations – Dealing Members shall:

(a) Operate strictly within the provisions of the Investments and Securities Act 2007 and the Rules and Regulations made there under, the Rules and Regulations of The Nigerian Stock Exchange, the Central Securities Clearing System practices, conventions, usages and other related statutory regulations as maybe applicable from time to time;

ii. Rule 15.3: Valid Transactions

*Unless otherwise stipulated at the time of a transaction all shares dealt in by a Dealing Member shall be deemed to be fully paid. All transactions entered into by Dealing Members shall be for net prices as between the buyer and seller. **Any offer to buy or sell at a price named, shall be funded.***

iii. Rule 19. 2: Specific Powers of Council

The Council and (subject to Rule 19.1 (b) hereof) the Committee may exercise their disciplinary powers against a Dealing Member in such manner as prescribed by these Rules and Regulations where such Dealing Member:

(c) Is or has been in breach of Clearing & Settlement Rules.

iv. The Transaction Settlement Guidelines. This can be found on the Exchange's website at

<http://www.nse.com.ng/regulation-site/Circular%20to%20Dealing%20Member%20Firms/Strict%20Implementation%20of%20Transaction%20Settlement%20Guidelines%20-%20April%202015,%202010.pdf>

In addition to the above, also note that the Compliance Manual & Code of Ethics circulated by The Exchange as part of the polices required for the Minimum Operating Standards (MOS) Of Dealing Members addresses the procedures to be followed for Personal Account Dealing as it relates to



employees, Directors and their immediate families. All firms are required to have adequate processes in place to prevent potential conflicts of interest and insider dealing.

Consequently, all Dealing Members and concerned employees as appropriate are strongly cautioned to desist from carrying out trades without adequately funding their trading accounts. Please be advised that The Exchange will not hesitate to bring disciplinary action against erring firms and their Authorized Dealing Clerks.

Please be guided accordingly.

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