

**AMENDMENTS TO THE RULEBOOK OF THE EXCHANGE
(DEALING MEMBERS' RULES, AMENDMENTS - PART XIII^A)¹**

Legend: additions underlined, deletions ~~struck through~~

1. BLOCK DIVESTMENTS IN EQUITIES

Definition of Terms

“Control” as used in these Rules has the same meaning ascribed to it in Section 119(3) of the Investment and Securities Act, 2007, as amended from time to time.

“Block Divestment” a trade shall be treated as a block divestment where it involves:

- a) a transfer of shares amounting to thirty percent (30%) or more of the company’s total listed shares and the transferee shareholder intends to take control of the listed company; or
- b) the acquisition of additional shares by a shareholder of a listed company, that would result in an increase in the shareholder’s total holdings to thirty percent (30%) or more of the company’s total listed shares; and the shareholder intends to take control of the listed company; or
- c) Less than thirty percent (30%) of a company’s total listed shares but will lead to a material change in the Board and/or Management of a listed company.

¹ **Rule Making History**

1. The draft Rules were presented to the Rules and Adjudication Committee of Council (RAC) at the RAC Meeting of 9 February 2016, and approved for exposure to stakeholders for comments;
2. The draft Rules were exposed for stakeholders’ comments from 17 February to 18 March 2016;
3. The RAC considered the draft Rules, and stakeholders’ comments thereon at its Meeting of 29 November 2016, and approved the draft Rules for submission to the National Council of The Exchange (Council);
4. The Council approved the draft Rules at its Meeting of 26 January 2017 for submission to the Securities and Exchange Commission (SEC);
5. The Council approved Rules were submitted to the SEC for approval on 1 February 2017.
6. The Rules were approved by the SEC on 16 October 2017.

a. Rule 15.31 Block Divestments

A Dealing Member that receives a mandate to execute a block divestment shall apply to The Exchange for approval to effect the mandate and shall not execute such a mandate without the said approval. Where a Dealing Member is in doubt as to whether a transaction will be treated as a block divestment, the Dealing Member should consult with The Exchange in order to address the doubt. ~~Where blocks of shares are available for sale through a Dealing Member, such transactions should be done with the prior approval of The Exchange. In this context, block of shares means any number of units of shares or stocks in any company up to an amount to be determined from time to time by the Council.~~

b. Rule 15.31A: Requirements for Approval of Block Divestments

- (a) The application from the Dealing Member to The Exchange shall be in the form of a letter from the Dealing Member informing The Exchange about the mandate received and requesting approval for the block divestment.

Provided that the application process may be initiated by the submission of electronic copies of the application letter and supporting documents, and the hard copies of the application documents shall be filed with The Exchange within ten (10) business days thereafter.

- (b) The letter shall be accompanied by a copy of the mandate which shall be in the form of a duly executed letter from the shareholder to the Dealing Member and such other information reflected on the applicable checklist as The Exchange may from time to time require to be submitted for approval of a block divestment.
- (c)(i) The fees due to The Exchange for block divestments shall be an amount determined by applying the rate that shall be prescribed by The Exchange from time to time to the sum of the number of shares to be divested multiplied by the agreed transaction price or the market price, whichever is higher.
- (ii) Where the trade is to be executed outside the prevailing market price, the Dealing Member shall also include a document explaining the basis upon which the price of the transaction has been calculated with the application letter.
- (d) The Dealing Member shall pay the fees prescribed by The Exchange for block divestments as follows:



- (i) A non-refundable processing fee of 0.2% of the value of the transaction shall be paid upfront and evidence of payment of the processing fee shall be submitted with the application; and
 - (ii) A divestment fee of 0.3% of the value of the transaction shall be paid at the time the transaction will be executed following approval of The Exchange.
 - (iii) The Exchange shall not commence processing of applications for Block Divestments without receiving such evidence of payment of the non-refundable processing fee.
- (e) The Exchange may from time to time in its sole discretion prescribe new parameters or thresholds for trades categorized as block divestments.

c. Rule 15.31B: Penalties

Where a Dealing Member executes a block divestment without the prior approval of The Exchange, he shall be liable to suspension for a period of ten (10) business days and payment of a fine of not less than five per cent (5%) of the value of the block divestment.

2. LARGE VOLUME TRADES IN EQUITIES

Rule 15:32: Large Volume Trades in Equities ~~Notification of Trade in Securities Amounting to 5% of an Issuer's Total Listed Securities or More~~

- (a) "All Dealing Members or Authorized Clerks who wish to trade in any equity amounting to ~~five per cent (5%):~~
- (1) 5% or more, but less than thirty per cent (30%) of an Issuer's total listed equities;
 - (2) Eighty (80) million units or more, but less than thirty per cent (30%) of an Issuer's total listed equities ~~or more; or~~
 - (3) trade value equal to, or in excess of Eight Hundred Million Naira (~~₦800,000,000~~), or such other threshold value or portion of listed equities as The Exchange may from time to time prescribe, but less than thirty per cent (30%) of an Issuer's total listed equity,

shall ~~notify~~ apply for and obtain the written approval of The Exchange before executing such large volume trades. This paragraph shall not apply if the transaction will lead to a material change in the Board and/or Management of a listed company. ~~or within twenty four (24) hours after such trades have been executed~~



- (b) ~~Notification~~ The application from the Dealing Member or Authorized Clerk to The Exchange shall be in form of:
- (1) A letter from the Dealing Member or Authorized Clerk informing The Exchange about the mandate received; and
 - (2) A copy of the mandate which shall be in the form of a letter ~~or electronic mail~~ from the shareholder to the Dealing Member or Authorized Clerk;
 - (3) A duly completed Large Volume Trading Authorisation Form of The Exchange submitted to the Market Operations function of The Exchange before any trade execution in the thresholds as set out in paragraphs a(1) to a(3) above.
- The Exchange's response to the Dealing Member or Authorised Clerk's application shall be issued within twenty-four (24) hours of its receipt of the complete application.
- (c) Where the trade is to be executed outside the prevailing market price, the Dealing Member or Authorised Clerk shall provide to The Exchange before submission of the trade on the automated trading platform, the basis upon which the price of the transaction has been calculated in accordance with the procedure set out above.
- ~~(c)(d)~~ Any breach of this rule shall result in the suspension of the Dealing Member for ten (10) business days and payment of a fine of One Hundred and Fifty Thousand Naira (N150,000). Where a Dealing Member executes a large volume trade without the prior approval of The Exchange, he shall be liable to suspension for a period of ten (10) business days and payment of a fine of not less than five per cent (5%) of the value of the large volume trade.
- (e) The fees due to The Exchange for large volume trades in equities shall be an amount that shall be prescribed by The Exchange from time to time, and payable upon the grant of The Exchange's approval and prior to the trade execution.