



NGX AMENDS CHAPTER 17 (INFORMATION DISCLOSURE) OF THE ISSUERS' RULES

Regulatory Compliance Newsletter

MAY 2021

The Nigerian Exchange Limited (NGX), formerly known as, the Nigerian Stock Exchange, amended Chapter 17 (Information Disclosure) of the Issuers' Rules ('Rules'). The amendments were approved by the Securities and Exchange Commission on 9th April 2021 and came into effect same day.

Here, we highlight, in succinct details, the amendments made by NGX and the implication to Issuers in the capital market.

- 1. All references to 'securities' were amended to read 'products':** The NGX deleted the word 'securities' in the Chapter 17 of the Rules and replaced same with 'products'. Further, product has been defined by the NGX to include Shares, Securities, financial products, derivatives and such other products as may be listed and traded on the Exchange from time to time. By Implication, the obligation of Issuers imposed by the Rules, will no longer be restricted to securities traded on The Exchange only but will extend to financial products, derivatives and such other products traded on The Exchange.
- 2. Replacement of the phrase 'Directors, persons discharging managerial responsibility and Advisers' with the word 'insider'.** The responsibility of directors, persons discharging managerial responsibility and advisers not to trade in the Issuer's product within a restricted time frame, has been extended to include all insiders, who are persons within or outside the Issuers' organization who would be privy to price-sensitive information relating to the Issuers' products.
- 3. Change of the term 'Free Period' to 'Open Period'.** The period within which insiders of the Issuer can conduct their dealings with products of the Issuer has now been described as 'open period' rather than the former name longer 'free period'.
- 4. Commencement of Close Period.** The closed period for insiders to deal with the Issuers' Products shall commence prior to the release of any price-sensitive information.
- 5. Change of the term 'annually' to 'full year'.** The closed period shall commence prior to the release of any price-sensitive information, and the period shall cover the time of declaration of Financial results quarterly, half-yearly and annual full year.

6. **Deletion of an attribute of closed period:** Closed period shall no longer cover the time where any price-sensitive information, which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.
7. **Period of closure:** In addition to the existing rule relating to the period of closure, the period of closure may also be effective from the end of the financial period in review (quarterly, half-yearly, and full year).
8. **Period of closure:** The Rules now provides for an exception to the period of closure. The period of closure will not include the declaration of financial results and dividends which shall be treated under the financial period in reviews (quarterly, half yearly or full year).
9. **Submission of price-sensitive information:** Price-sensitive information shall be submitted to The Exchange via its Issuers' Portal.
10. **Prohibition of suspension of closed period:** Issuers are prohibited from suspending a closed period after it is announced.
11. **Permissible trading during the closed period:** With the prior approval of The Exchange, trading may be permitted during a closed period only -
 - to execute transactions pursuant to statutory or regulatory obligations or court orders;
 - to exercise stock options under a pre-existing employee stock option scheme; and
 - to execute large volume trades or block divestments between Insiders only.

The Exchange may refuse to grant approval for trading during a closed period, where it considers that such a trade if allowed will interfere with the fair and orderly functioning of its market.

Conclusion

The above amendment effectively expands the meaning of securities to include products traded by the issuer; extends the period of closure and expands the applicable definition of an insider.

Quoted companies are advised to ensure compliance with the above Rule to avoid penalties for non-compliance.

Our Corporate Advisory Team is available to assist companies provide support to companies to achieve full compliance with the above.

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