

REGULATORY LAWS-

CHARTERED INSTITUTE OF STOCKBROKERS (CISN)

The charter and applicable regulations for the time being in force shall apply to each member on and following his admission and, insofar as the Charter, bye-laws and such regulations provide, following his ceasing to be a member. In addition, the Charter and applicable bye-laws and such regulations provide, following his ceasing to be a member. In addition, the Charter and applicable bye- laws and regulations shall similarly apply to each person who undertakes or agrees to be bound by them.

PRACTISING LICENCE

The council shall from time to time make all such regulations as it shall consider necessary or desirable in connection with or otherwise relating to the carrying on of stock broking practice or other related activities in Nigeria. Such bye- laws and laws and regulations may (without limitations) prescribe or provide for:

- (a) the conditions for the grant, suspension, withdrawal, application of practising licence to be issued to different types of licence to be issued to different classes of members, the manner in which an application for a practising licence shall remain valid and the fees payable for the issue or renewal of a practising licence.*
- (b) The rules applicable to the holder of a practising licence, including without limitation, to conduct at trading floors and related activities.*
- (c) The monitoring of compliance by persons subject to the regulations, with the requirements of the regulations.*

TRADING RULES AND PRACTICES

A member shall:

- (a) not practise as a stockbroker without being in the employment of a stock broking firm*
- (b) not criticise as a stockholder as a stockbroker without a currently valid practising licence issued by the Institute*
- (c) not practice as a stockbroker without current registration of the Securities and Exchange Commission.*
- (d) Not, if in practice, buy or sell securities, in the secondary market, for his own account except with the written consent of his firm (employer) and such transaction must be executed only through the employer firm and by another member in practice.*
- (e) Not, if in practice, buy or sell securities in the secondary market, for the account of his spouse or children except with the written consent of his employer and such transaction must be executed only through the employer firm and by another member in practice.*
- (f) Not trade in quoted securities outside the recognised markets*

- (g) In the conduct of his business, observe high standards of commercial honour and just and equitable principles expected of a professional.*
- (h) Not allow personal interest to override clients' interests, in the performance of his professional duties.*
- (i) Not buy or sell securities at prices higher or lower than the market quotations.*
- (j) Not buy or sell securities from or to a client at prices different from that in which the securities were traded in the market on the date of the transaction.*
- (k) Not make a secret profit for himself or his employer*
- (l) Use reasonable diligence to obtain the best market for the subject security and buy or sell in such a market so that the resultant price to the customer is as favourable as possible to the customer under prevailing market conditions.*
- (m) Not effect any transaction in, or induce the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance*
- (n) In recommending to a customer the purchase, sale, or exchange of any security, have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings and as to his financial situation and needs.*
- (o) Not establish or connive with his employer to establish fictitious accounts in order to execute transactions which otherwise would be prohibited or to disguise transactions which are against the regulatory institutions guidelines.*
- (p) Not transact business on discretionary accounts in excess of or without actual authority from customer.*
- (q) Not execute transactions which are unauthorised by customers or send contract notes in order to cause customers to accept transactions not actually agreed upon.*
- (r) Not unilaterally backed out of a transaction validity done with a member or non-member.*
- (s) Not use, or borrow customers funds or securities without the customers written authority.*
- (t) Not forge, misstate material facts, manipulate or deceive in order to gain personal advantage*
- (u) Not recommend the purchase of securities or the continuing purchase of securities in amounts which are inconsistent with the reasonable expectation that the customer has the financial ability to meet such a commitment.*
- (v) Not make use of any price-sensitive information not available to other members for personal or official advantage.*
- (w) Not influence the price movement of a security unless he is willing to deal in a minimum of 10,000 units of the subject security.*

LIABILITY TO DISCIPLINARY PROCEEDINGS

- (a) A member or registered student shall, subject to the Charter, bye-laws and regulations, be liable to disciplinary proceeding if:
- I. in the course of carrying out his professional duties or otherwise, has been guilty of misconduct.
 - II. He has performed his professional work or the duties of his employment negligently, to such an extent or on such number of occasions as to bring discredit to himself, to the Institute, to his employer, or to the profession.
 - III. He has committed any breach of the Charter or any bye-law or regulations made under them in respect of which he is bound.
 - IV. He has been disciplined by any other professional body recognised by statute or pursuant to some other disciplinary process.
 - V. He is a specified person in relation to a corporate body against which a disciplinary order has been made and which has become effective or which has been disciplined by a regulatory authority or pursuant to some other disciplinary process.
 - VI. In the case of a stockbroking firm or other body corporate, any member has in the course of business of that firm committed any breach of the Charter, bye-laws or regulations made under them in respect of which he is bound.
 - VII. He has made an assignment for the benefit of creditors, or has made an arrangement for the payment of a composition to creditors, or has had an interim order made by the court in respect of him, or is a specified person in relation to a firm which has made such an assignment or composition or been wound up, or entered into a voluntary arrangement, administration or liquidation, or other similar or analogous event has occurred in relation to him under applicable legislation.
 - VIII. He has failed to satisfy a judgement debt without reasonable excuse for a period of three months (and the fact that he did not have sufficient funds to discharge the debt shall not be a reasonable excuse for this purpose) whether or not the debt remains outstanding at the time of the bringing of the disciplinary proceedings hereunder.
- (b) A stock broking firm or other body corporate shall subject to the charter, be liable to disciplinary action if:
- I. it violates the provisions of Decree 105 of 1992
 - II. it encouraged the violation of the provisions of the Charter
 - III. it connives with a member or non-member to violate the provisions of the charter
 - IV. it employs a non-member or a member without a current valid licence to practice Stock broking business on its behalf
- (c) Each of the paragraphs in 6 (a) and (b) above shall be without prejudice to the generality of any of the other paragraphs therein.
- (d) For the purposes of regulations 6, misconduct includes (but not confined to) any act or default likely to bring discredit to the member registered student in question or his employer. The fact that a member or registered student has before a court of competent

jurisdiction in Nigeria or in a superior court of any country whose judgements are in the opinion of the Council relevant, pleaded guilty to or been found guilty of any offence discreditable to him or derogatory to the Institute or the Stock broking profession or has in any civil proceedings before any court of competent jurisdiction in Nigeria or in a superior court of any country whose judgements are enforceable in Nigeria been found to have acted fraudulently or dishonestly, shall be conclusive proof of misconduct.

In addition to the provisions of the Charter, the Council shall, from time to time, prescribe the procedures whereby a person subject to regulations 6 may be disciplined and as to all other matters pertaining thereto. Any person subject to disciplinary process shall:

- I. have the right to be given notice of any disciplinary proceedings which it is proposed should be brought against him or it.*
- II. have the right to be represented at any such disciplinary proceedings*
- III. have the right to call and cross-examine any witness at such disciplinary proceedings and a right of appeal against any disciplinary order made against him or it.*
- IV. Have the right of appeal against any disciplinary order made against him or it, to the Federal high Court*

OBLIGATION TO CO-OPERATE AND INFORM

- (a) Every member, registered students and relevant body corporate shall use his/its best endeavours to ensure that every body corporate (whether or not a Stock broking firm) in relation to which he is a specified person shall, at times, co-operate with the Council, the investigating Panel and the Disciplinary Tribunal in the administration of the Institute's disciplinary process.*
- (b) It shall be for every member and for any person to bring to the attention of the Registrars/Chief Executive, any facts or matters indicating that a member or registered student or relevant body corporate may have become liable to disciplinary action; and in any such case the Registrar shall lay facts and matters before the Diplomacy Tribunal or the Investigating Panel if he is of the opinion that the compliant ought to be investigated before going to the Tribunal.*

RESIGNATION FROM MEMBERSHIP OR THE STUDENT REGISTER

(1) NOTICE

Any member wishing to resign his membership, or seeking removal from the register of students, shall send a written notice to the Council through the Registrar, and on its acceptance his membership shall cease or, as the

case may be, he shall cease to be a registered student and his name shall be removed from the relevant register.

(2) FEES AND SUBSCRIPTION

Any individual giving notice of his intention to resign from membership or seeking removal from the student register shall remain liable to pay any subscription or other sums due from him at the date the relevant notice is accepted.

(3) OUTSTANDING DISCIPLINARY MATTERS

An individual's notice of resignation or notice seeking removal from the student register shall not be accepted, and the individual shall accordingly not cease to be a member or, as the case may be registered student, where a complaint in respect of him or of a relevant firm in relation to which he is a specified person until such time as the matter has been finally disposed of and the amount of any fine or costs specified in a disciplinary order made in respect of him or such relevant firm has been paid in full.

10. REMOVAL FROM MEMBERSHIP OR FROM THE STUDENT REGISTER

(1) NON- PAYMENT OF SUMS DUE TO THE INSTITUTE

- a. Subject to the remainder of regulations 10 (1) below, a member or registered student shall cease to be a member or, as the case may be, registered student if any sum shall remain unpaid after three months from the date on which it was due to the Institute.*
- b. The Council may in its absolute discretion, either on its own volition or on the application of the individual concerned, suspend the operation of regulation 10 (1) (a) where it is of the opinion that it is reasonable to do so.*
- c. Regulations 10 (1) (a) shall not apply to an individual where a complaint in respect of him or his firm in relation to which he is a specified person has been referred to the Investigating Panel or Diplomacy Tribunal until such time as the complaint is finally disposed of and all applicable appeal periods have expired*
- d. Where a diplomacy order has been made against an individual member or registered student or against a relevant firm in relation to which such a person is a*

specified person, he will automatically cease to be a member if he fails to pay when due any amount imposed by way of a fine or costs pursuant to that order. Provided that Council may at its absolute discretion and on such terms as it deems fit agree to defer the date for payment on the application of the member prior to such date if it is of the opinion that such deferral is appropriate in all the circumstances.

e. The Institute shall be entitled to recover the amount of any fine or costs which an individual has been ordered to pay pursuant to a disciplinary order from that individual and his personal representatives, notwithstanding that he has ceased to be a member or registered student howsoever that may have occurred.

(2) If an individual is adjudged bankrupt he shall, unless the Council otherwise direct, automatically cease to be a member or, as the case may be, a registered student, on the expiry of three months from his becoming so liable, or on the expiry of such extended period as the Council may in its absolute discretion fix.

READMISSION TO MEMBERSHIP OR TO STUDENT REGISTER

(1) any former member or registered student may apply for readmission as a member or to the student register. Such application should be made in the same manner as an original application and will be considered in the same manner as the original application and will be considered by the membership committee in the ordinary way but having regard to the circumstances of his having ceased to be a member or registered student

(2) no former member or registered student who has had a disciplinary order made against him excluding him from membership or as the case may be, removing him from the student register, and prohibiting him from applying for readmission to membership or, as the case may be, seeking restoration to the student register, for a specified period may do so prior to the expiry of such period.