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Incorporation and History

Nigerian Stockbrokers Limited ('NSL'/ the company) was incorporated as the first stockbroking firm in Nigeria under the Companies Ordinance Cap 38 on 26th September 1960. Prior to the implementation of the Nigerian Enterprise Promotion Act 1972 ('Indigenisation exercise') NSL was wholly owned and managed by Financial Holdings Nigeria Limited ('FHNL'). Following the Indigenisation exercise, the interest of FHNL was transferred to some Nigerian citizens and association. NSL is, therefore, a wholly owned Nigeria company.

The Company obtained a Broker/Dealer license from the Securities and Exchange Commission ("SEC") in 1995 and subsequently became an Authorized Dealer of the Nigerian Stock Exchange ("NSE"). NSL had a composite licence for its business operations from the Securities & Exchange Commission (SEC).

Nigerian Stockbrokers Limited (NSL) is a first class Investment banking Group. The authorized and paid-up share capitals steadily increased over the years to meet both business and regulatory requirements. Since the Management Buy –Out in 2016, NSL has been modelled after major international investment banking institutions. The Company is ably managed by a team of time-tested and visionary professionals. It has since grown steadily in the various aspect of capital market operation and has NSL Capital Partners Limited as a subsidiary with operations in the Investment Banking and Capital Advisory space of the market.

NSL's Corporate Head Office is located at Knight Frank Building, 6th floor, 24 Campbell Street, in the highbrow of the Central Business District of Lagos Island, Lagos State, which provides a convenient environment for clients away from the busy city centre; thus facilitating personalized and efficient service delivery to its numerous corporate and individual clients.

NSL offers a range of investments services such as:

Securities Trading:

- Buying and selling of quoted securities on behalf of clients; corporate and individual
- Strategic proprietary trading as a Dealer Firm
- Execution of Discrete Block Trades for strategic investors

Primary Market Activities:

- Serving as Agent of the Issuing House
- Serving as Stockbroker to both private and public issues.
- Serving as Financial Advisers.

As part of its on-going effort to enhance global best practices in the Capital Market and address Capital Market Operator supervisory issues and NSL is issuing this manual on Compliance Risk and Compliance Function to guide its activities.

Compliance culture of NSL starts at the top. This emphasizes standard of honesty and integrity in which the Board of Directors and Senior Management lead by example. It concerns everyone within the organization and viewed as an integral part of the company business activities.

All Dealing Member Firms of the Exchange are bound by The NSE's Rules and Regulations Governing Dealing Members which provide the framework for orderly Exchange Trading. Dealing Member Firms and their Authorized Brokers trading either on the floor of The Exchange or at their remote trading offices are obligated to the rules plainly spelt out in the

Exchanges' Rules Book and other rules and regulation governing the Capital Market.

Compliance laws, rules and standards have various sources including primary legislation, rule and standard issued by legislators and supervisors, such laws/rules as Investments and Security Act (ISA) 2007, the SEC rules and regulations, the NSE rule and regulations market conventions, code of practice promoted by industry association such as Association of Stockbroking Houses of Nigeria "ASHON" and internal codes of conduct.

In the light of the provisions above, NSL compliance policy and procedural manual are likely to go beyond what is legally binding and embrace broader standard of integrity and ethical conduct.

Compliance is not just the responsibility of the compliance officer, NSL has deemed it necessary to effect a compliance functions even on principal staff members to carry out compliance responsibilities.

The compliance function within NSL is truly independent and sufficiently provided with necessary resources. The responsibilities of Chief Compliance Officer are vividly specified.

NSL Compliance Function Principles

Principle 1

Responsibilities of the Board of Directors for compliance

The Board, that is, the Governance and Risk Management Committee, of NSL is responsible for overseeing the management of the company's compliance risk. The Board approves the company's compliance policy, including a formal document establishing a permanent and effective compliance function at least twice a year, the Board or the Committees of the Board assess the extent to which the company is managing its compliance risk effectively.

The Board also oversees the implementation of the policy including ensuring that Compliance issues are resolved effectively and expectedly by Senior

Management with the assistance of the compliance function.

Principle 2

Responsibilities of the senior management for compliance

The Company senior management is responsible for the effective management of the company's compliance risk.

The company's senior management is responsible for establishing and communicating a compliance policy for the company and ensuring that it is observed and for reporting to the Board of Directors on the management of the company's compliance risk.

The senior management is responsible for establishing a written compliance policy that contains the basic principles to be followed by the management and staff and explains the main processes by which compliance risk are to be identified and managed through all levels of the organization. The duty of senior management is to ensure that the compliance policy is observed. It also entails responsibility for ensuring that appropriate remedial or disciplinary action is taken if breaches are identified.

The senior management shall with the assistance of the compliance department ensure:

- At least quarterly in a year identify and assess the main compliance risk issues facing the company and the plans to manage them. Such plan shall address any shortfall, (policy, procedure, implementation or execution) related to how effectively existing compliance risk have been managed as well as the need for any additional policies or procedure to deal with new compliance risk identified as a result of the quarterly risk assessment.
- At least twice in a year report to the board of director or a committee of the board on the company's management of its compliance risk, in such a manner as to assist board member to make an informed judgement on whether the company is managing its compliance risk effectively.

- Report to the board of directors or committee of the board on any material compliance failure (e.g. Failure that may attract significant risk of legal or regulatory sanctions, material financial loss or loss of reputation).

Principle 3

Compliance functions

Nigerian Stockbrokers Limited management is responsible for establishing a permanent and effective compliance function within the organization as part of the compliance policy.

Principle 4

Independence of Compliance Function

Nigerian Stockbrokers Limited compliance function shall be independent. The concept of independence involves five related elements:

1. The compliance function shall have a formal status within the organization.
2. There shall be chief compliance officer duly registered with SEC and the Nigerian Stock Exchange who is saddled with overall responsibilities for coordinating the management of the company's compliance risk. The chief compliance officer shall be of senior management status.
3. The compliance function staff and in particular the Chief Compliance Officer shall not be placed in a position where there is possible conflict of interest between the compliance responsibilities and any other responsibilities they may have.
4. Compliance function staff shall have access to the information and personnel necessary to carry out their responsibilities.
5. Compliance function staff shall have access to conduct investigation of possible breaches of the compliance policy and disclose its findings to the management and if necessary the Board of Directors.

Appointment of Head of Compliance

- Nigerian Stockbrokers Limited shall appoint a senior management staff member with overall responsibility for coordinating, identification and

management of the company's compliance risk, educating the company on compliance process and for supervision of the entire company compliance function.

- The nature of the reporting line of the head of compliance shall be to the Managing Director/CEO on dotted duty line and the Board of Directors or a committee(s) of the Board.
- The Head of compliance shall also be a liaison officer to the statutory bodies such as SEC, The Nigerian Stock Exchange, and The Nigeria Financial Intelligent Unit etc.
- The Head of compliance is to ensure that Nigerian Stockbrokers Limited complies with regulatory requirements. The compliance officer shall also design or update internal policies to mitigate the risk of breaking laws and regulations.
- The head of compliance shall be conversant with the Investments and Security Act (ISA) 2007, the SEC rules and regulations, the NSE rule and regulations, money laundering prohibition act 2004 as amended, Terrorism prevention act 2011 as amended and all other relevant Nigerian laws like Company and Allied Matters Act 1990 as amended (CAMA) incident to the operations of the Capital Market.
- The Head of compliance of Nigerian Stockbrokers Limited shall attend at least two trainings annually, organized by institution recognized by SEC.

Principle 5

Compliance function's responsibilities in NSL

The responsibilities of compliance functions of Nigerian Stockbrokers Limited shall be to assist in managing effectively the compliance risk faced by the company. Its specific responsibilities are set out below:

1. Advice on Policy and Compliance Procedures

The compliance function shall advise the company on compliance laws, rules and standard including keeping them informed on developments in the areas.

Compliance Department personnel shall provide regulatory and compliance advice to Nigerian Stockbrokers Limited on an on-going basis.

They shall respond to questions and issues as they arise and proactively keeping business units apprised of regulatory developments and firm policy changes.

2. Developing and Initiating Policies

The compliance function shall develop, initiate, maintain and revise policies and procedures for the general operations of the compliance program and its related activities to prevent illegal, unofficial or improper conduct.

Core responsibility of the Compliance Department will be to assist management in the development of policies, procedures and guidelines designed to facilitate compliance with applicable laws and regulations. The Compliance Department shall develop the policies and procedures in conjunction with individual business units and other control groups.

They shall also have primary responsibility for the development of the Compliance Department's own policies and procedures. The Compliance Department shall update and amend policies and procedures in light of regulatory developments (such as new rules and enforcement and disciplinary actions), as part of self-assessment and internal examinations and/or as a result of business changes.

The Compliance Department will also disseminate compliance alerts/notices to business units relating to these developments.

3. Guidance on Education and Training

Nigerian Stockbrokers Limited compliance function shall assist in educating staff on compliance issue. The compliance function shall design training calendar and training scheme for new staff and existing staff on quarterly basis.

These trainings and education programmes shall be designed to keep business personnel and other employees apprised of policies and procedures and regulatory events.

Training shall involve both regularly scheduled updates, as well as additional sessions on an as-needed basis to implement new policies or procedures or to communicate recent regulatory developments.

4. Identification, measurement and assessment of compliance risk

The compliance function shall on a pro-active basis identify, document and assess the compliance risk associated with company's business activities, including the development of new product and business practices, the propose establishment of new types of business or customer relationship or material changes in the nature of such relationship.

Compliance function of Nigerian Stockbrokers Limited shall also consider ways to measure compliance risk (e.g. by using performance indicator) and use such measurement to enhance compliance risk assessment.

Technology can be used as a tool in developing performance indicator by aggregating or filtering data that may be indication of potential compliance problems (e.g. an increasing number of customer complaints, irregular trading etc.)

Nigerian Stockbrokers Limited compliance function assesses the appropriateness of the company's compliance procedures and guidelines promptly follow up any identified deficiencies and where necessary formulate proposal for amendments.

5. Compliance Monitoring, Testing and Reporting

NSL compliance function shall monitor and test compliance by performing sufficient and representative compliance testing. The results of the compliance testing shall be reported up in accordance with the company's internal risk management procedures.

The Chief Compliance Officer shall report on a regular basis to the management on Compliance matters. The report shall refer to the compliance risk assessment that has taken place during the reporting period, including any changes in the compliance

profile based on relevant measurement such as performance indicators, summarize any breaches and or deficiencies and the corrective measures recommended addressing them and also reporting corrective measures' already taken.

6. Licensing, Registration and Employment-related Functions

Compliance Department shall be involved in administering the licensing and registration of the firm and its registered personnel. Compliance personnel may also perform diligence on new or potential employees, checking for disciplinary or complaint history. Their activities also include being involved with advising on disciplinary issues, including terminations, and assisting with proper employee registration/licensing where required. Compliance personnel may advise Human Resources personnel on other employment-related issues.

7. Internal Inquiries and Investigations

The Compliance Department shall coordinate as appropriate with the Legal Department and other control areas and outside counsel, plays an important role in the conduct of internal inquiries and investigations into possible violations of SEC, NSE, Investment and Securities Act of Nigeria and the firm's policies. These inquiries and investigations may arise from information gathered in the Compliance Department (e.g., through monitoring and surveillance), be referred from business units or other areas of the firm, or result from reviewing customer complaints, regulatory inquiries, litigation or otherwise.

When investigations occur, the Compliance Department shall focus on whether a given activity or transaction violates the firm's policies and procedures, laws, rules or regulations, or industry standards, and whether appropriate systems are in place to detect and prevent such conduct.

The Compliance Department shall make a report to senior management on significant findings and

provides recommendations on remedial and changes in policies and procedures.

Compliance personnel shall perform important role in developing any necessary reports to regulators.

Principle 6

Relationship with Internal Audit

Nigerian Stockbrokers Limited opines that the scope and breath of the activities of the compliance function should be subject to periodic review by the internal audit function.

Compliance risk shall be included in the risk assessment methodology of the internal audit function and an audit program that covers the adequacy and effectiveness of the company's compliance function shall be established, including testing of controls commensurate with the perceived level of risk.

This principle implies that the compliance function and the audit function should be separated to ensure that the activities of the compliance function are subject to independent review.

Conflict of Interest

Nigerian Stockbrokers Limited recognizes that the independence of the Head of compliance and of other staff having compliance responsibilities may be undermined if they are placed in a position where there is a real or potential conflict between the compliance responsibilities and other responsibilities. It is the preference of the company that compliance function staff performs only compliance responsibilities.

Access to Information and Personnel

The compliance function of Nigerian Stockbrokers Limited shall have the right and on its own initiative to communicate with any staff member and obtain access to any record or files necessary to enable its carry out its responsibilities.

The compliance function shall carry out its responsibilities on its own initiative in all the

company in which compliance risk exist. It shall have the right to conduct investigation to possible breaches of the compliance policy and to request assistance from specialist within the company (e.g. Legal or internal audit) to perform this task if appropriate.

The compliance function shall be free to report to management irregularities or possible breaches disclosed by its investigation without fear of retaliation or disfavour from management or other staff. Its normal reporting line shall be to the board and dotted lines to the Managing Director/CEO.

Statutory Responsibilities and Liaison

The compliance function shall serve as the company's liaison team to statutory bodies such as SEC, NSE, EFCC, etc. and shall also ensure the following duties:

- Report to SEC within 48 hours any stolen or lost security

- Ensure that Nigerian Stockbrokers Limited complies with SEC's Rule 22 and 31 on the Minimum Capital Requirement (MCR), which presently stands at N500,000,000.00 paid Up capital, threshold of Liquid Asset to Fixed Asset Mix of 60% to 40% for core Capital Market Operator and maintenance of the prescribed minimum paid up capital required to have at all times sufficient liquid assets to cover their current indebtedness.

- That Nigerian Stockbrokers Limited maintains proper and adequate records for all its transactions and present to the statutory body at its demand.

Furthermore, the compliance function of Nigerian Stockbrokers Limited shall ensure that it files the following return/report in compliance with SEC Rule 51

- Quarterly returns within thirty (30) days after the end of the quarter.

- Annual Accounts certified by an auditor and prepared on a calendar or fiscal year basis not later than six (6) months after the end of accounting year to SEC.

The compliance function of Nigerian Stockbrokers Limited shall also ensure the followings:

- Report any suspected market manipulation or insider dealing to SEC within 48 hours
- Shall not permit NSL aggregate indebtedness to exceed 10 times its net capital.
- Disclosed to SEC any dealing in a security valued a minimum of #50 million executed in a single deal or in a multiple deals on the same day on his own account or on behalf of customer.

- The company keeps separate account for every client transaction and shall not engage in the following:

1. Commingling of client funds with funds of the company in a single account.

2. Commingling of securities carried for the accounts of a customer with securities for the account of any other customer or self.

3. Pledging of any securities of a client to borrow in the ordinary course of business as a broker/trader.

4. Use of client's un-invested funds for purpose other than for the benefit of the client.

5. Use of client funds to purchase securities not specified in the prior mandate of the client.

6. Alteration of client mandate without obtaining the prior written or recorded consent of the client.

Statutory Responsibilities to the Exchange

The Compliance function of Nigerian Stockbrokers Limited shall ensure the following statutory role to the Exchange:

1. That Audited Financial Statement (AFS) are reported in IFRS format

2. That Nigerian Stockbrokers Limited Audited Financial Statement must include the independence

Auditors Report which must be signed, stamped and sealed by an identified Partner of the Audit Firm

3. The AFS must include a 5 year financial summary and a value added statement as required by Financial Reporting Council of Nigeria (FRC)

4. The AFS must be submitted 90 days after year end

The Compliance function of Nigerian Stockbrokers Limited shall also ensure the following reports are filed with NSE on a quarterly basis.

- Quarterly Interim Returns (in IFRS format) to be submitted 45 days after end of quarter

- Internal Review Report within 45 days after end of quarter

- Branch Network Report within 45 days after end of quarter, if applicable

In addition to the above, the following report shall be filed with NSE on monthly basis:

- Stockbroking Transaction Report

Prevention of Money Laundering/ Financing of Terrorism

The compliance function of Nigerian Stockbrokers Limited shall ensure compliance to dictates of AML / CFT regulation by:

- Initiating a written AML / CFT policies approved by the Board of Directors.

- Adopting customer acceptance policies and procedures sensitive to the risk of Money Laundering or Terrorist Financing Transactions.

- Strictly adhere to customer due diligence requirements.

- Organizes suitable training program for employee and ensure awareness.

The chief compliance officer shall ensure that the following are filed

- Suspicious Transaction Reporting (STRs) with Nigerian Financial intelligence Unit (weekly)
- Foreign Exchange Transaction (FTRs) to SEC and NFIU of any Transaction of \$10,000 and above or its equivalent in Naira (weekly)
- Currency Transaction Return (CTRs) to the NFIU this is mandatory disclosure of N 5 million and above individual and N 10 million and above for corporate clients (weekly)
- Monthly returns on activities of politically exposed persons (PEPs) to the NFIU.
- Report on complex and unusually large transaction to SEC and NFIU within 24 hours of transaction
- Quarterly returns on level of compliance with the procedures, policies and controls to prevent money laundering and terrorism financing (ML/TF) to the SEC and NFIU
- Annual training programs as at Dec 31st of every year to SEC and NFIU
- Annual report of employee conduct to SEC and NFIU.

KNOW YOUR CLIENT - Client agreement and risk document

Know your client is bedrock of relationship between NSL and its clients. Compliance function of NSL shall ensure customer due diligence is exercised on all its clients both new and existing on a going concern basis. A duly filled up KYC form along with signed copies of supporting document after verifying the original, shall be obtained from clients.

Mandatory Documents

1. Client Registration Form
 - (a) Complete detail of biography information
 - (b) Passport-Photograph, proof of identity
 - (c) Valid Utility bill, proof of address
 - (d) Board Resolution and Mandate, in case of Corporate Client.

2. Client Agreement
3. Risk Disclaimer

Client acknowledges the risk disclaimer document and is aware that certain basic risks are involved in trading in equity.

Documents required for E-Business Access

- E-Business Application Form

Market Surveillance

Nigerian Stockbrokers Limited is committed to maintaining a fair and orderly market. The Market Surveillance is a key function within the Compliance department and its mission is to protect the integrity of the Capital Market from fraud, manipulation and abusive practices. The Market Surveillance team closely monitors all market activity on the exchange to cultivate an open, competitive, transparent, and financially sound market.

The Compliance function shall utilize a robust surveillance system in identifying and investigating potential market abuse that may violate NSE rules and securities laws.

Areas of focus include:

- Insider Trading
- Market Manipulation and abuse
- Pump and Dump
- Churning
- Circular or triangular trade
- Front running

The Compliance function shall take necessary step to report such violations to the Managing Director/C.E.O. He or she shall have direct access to the Board of Directors to table such violations if adequate step is not taken by the management.

This Manual has been Reviewed and Approved by the Board of Directors of Nigerian Stockbrokers Limited at its meeting held

This 28TH Day of March, 2026.



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Company Secretary



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Director