

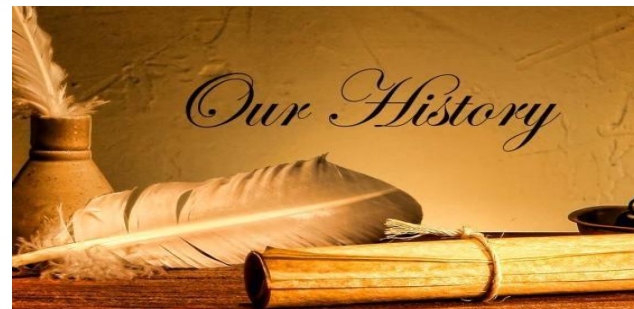
NIGERIAN STOCKBROKERS LIMITED
(Trading Licence Holder)



SURVEILLANCE POLICY

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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.

1.0 INTRODUCTION

Market rules and regulations prohibit abuse, manipulation or illegal trading practices and the misuse of material, non-public information. In order to avoid even the appearance of impropriety, the Company has instituted procedures that will ensure compliance with capital market regulations as regards trading practices.

These procedures constitute a SURVEILLIANCE system that would monitor, prevent and investigate abuse, manipulation or illegal trading practices that may violate market rules in order to ensure investor protection and to safeguard the integrity of the market and the Company.

2.0 PRE-TRADE AND POST-TRADE SURVEILLIANCE

- Pre-trade SURVEILLIANCE programs are employed to validate trade instructions, ensure that trading thresholds are not breached and prevent trades being conducted on restricted instruments.
- Post-trade SURVEILLIANCE monitors front-running, suitability, best-execution and regulatory transaction reporting.

Trade SURVEILLIANCE procedures in NSL generally focus on both pre-trade and post-trade SURVEILLIANCEs through internal business processes and deployment of control actions such as;

1. Effective internal control designed to ensure that clients have adequate capital and do not exceed trading limit.
2. Robust reporting structure that generates standardized reports for applicable regulatory requirements.
3. Effective workflow management and reports that represent the SURVEILLIANCE activities
4. Extensive operations/business rules that can detect and capture market manipulation and rogue trade activities.
5. Mandatory block-leave for traders; mandating trade to take time off can highlight irregularities in a brokers book once trading stops. Mandating block leave also provide brokers dealers time to review a broker's book for evidence of potential rogue trading.
6. Anti-money laundering and counter terrorism compliance procedure
7. Effective risk management program;
8. Standard operation and procedural manual;
9. Additionally, trade SURVEILLIANCE activities that focus on streamlining internal business processes and deployment of control point and actions

to more easily identify issues. Such activities include;

- a) Forward looking analysis that can detect abnormal trading activities prevention and detection based on monitoring employee behaviour.
- b) Non-economic activities analysis that can identify potential activities that could serve as an indication of abnormal trading
- c) Pattern shift analysis that can identify a change in trading pattern for desk officer and or trade.
- d) System generated alerts regarding pricing behaviour for trades that may be executed close to the opening or close of market, or prices that deviate from the average prices entered for similar transactions.
- e) Analysis of amended and cancelled trades to identify the reasons for the modification or cancellation.

3.0 SOME TRANSACTIONS THAT REQUIRED SURVEILLIANCE

- a. Significant increase in client activity
- b. Sudden trading activity in dormant account
- c. Clients/Group of Client(s), deal in common stocks
- d. Client(s)/Group of Client(s) is concentrated in a few illiquid stocks
- e. Client / Group of Client(s) Concentration in a stock
- f. Circular Trading by trader/ or clients request.
- g. Pump and Dump (Pump-and-dump” involve the touting of a company’s stock (typically small, so-called “microcap” companies) through false and misleading statements to the marketplace.
- h. Wash Sales (A wash sale is trading activity in which shares of a security are sold at a loss and a substantially identical security is purchased)
- i. Reversal of Trades/Error Trades

If any of the above happens the following steps would be taken:

- i. Review the financial details of the client

- ii. Review past trading pattern of the clients/client group
- iii. Check bank transaction details
- iv. Other connected clients having common email/mobile number/address or any other linkages.
- v. Other publicly available information

On receipt of the above information, analyse the report generated and in case of any adverse findings/comments, inform Management immediately.

4.0 PROCESSES AND PROCEDURES IN NSL

4.1 EMPLOYEES INFORMATION:

- Staff information should be updated at least once a year
- Periodic review of Staff information.
- Mandatory disclosure of any relationship between members of staff and clients.

4.2 CLIENT(S) INFORMATION:

Due Diligence of client(s) would be done on a continuous basis. Client information should be updated at least once a year through periodic review. Financial information also needs to be updated for all active clients.

4.2.1 ACCOUNT OPENING SURVEILLIANCE

- a) Customer Service Representative (CSR) should sign off the checklist to indicate receipt of all required documentation:
 - I. Duly completed Investment Account Opening Form
 - II. Recent passport photograph (for a joint account, one passport photograph each of the of signatories)
 - III. Evidence of identification (International passport, Driver’s licence or National Identity Card)
 - IV. Recent passport photograph and evidence of identification of the next of kin
 - V. Confirmation of address – Public utility bill receipt e.g. Electricity /Telephone/ Water Bill of the prospective Client.
- b) CSR should verify the customer’s signature with the original passport or other identity documents.
- c) A checklist of minimum documentation required for opening of trading accounts

may be utilized to assist in ensuring completeness of documentation obtained.

- d) If the required information & documents are not provided by the customer, opening an account should be suspended .CRS shall request the customer to provide the document and information required to successfully process the application.
- e) Once all the relevant information and documentations provided by the customer are verified by the CRS, the document is forwarded to the Head of Operations for further verification. The Head of Operation shall ensure that all regulatory and information and internal requirement have been fulfilled before forwarding the document to the Risk Officer and then the Compliance Officer before being taken to the Chief Executive Officer (CEO) for approval.
- f) On CEO's approval, the Compliance Officer inputs the relevant customer information details in the system.
- g) If the CEO does not authorize the acceptance of a prospective customer the CRS shall inform the customer

accordingly. The document are retained and marked as "cancelled" .Details of same shall be entered into the system stating the reasons of the rejection, so as to avoid possible-entry.

- h) The CSR shall open a separate customer account file with the required documentation.

4.3 ORDER ACCEPTANCE:

1. The Company is not allowed to enter into any buy/sell orders without permission from customer.
2. Orders received from the customer shall be in physical writing, SMS text message or e-mail. The buy/sell orders is to be entered into the trading system the same date it was received
3. The burden of proof falls on the Company to prove that it maintains documented authorization from its customer. The Company shall be responsible for obtaining the signature of a customer on written authorization; for recording and archiving orders received by telephone or in person for verifying the authenticity of written authorizations received by e-mail or through special power of attorney.

4. Prior to acceptance of the customer order, the Broker should ensure that the customer is capable of meeting the financial obligations towards the transaction. The Broker shall not execute purchase orders from client without prior payment for the purchase.
5. The Company shall not enter any buy or sell of any listed company from its Chairman, Board of Directors, General Manager or employees without the written approval of the NSE and SEC. It is prohibited for any persons to take advantage of information for their own benefit.
6. The Company is to ensure that the customer owns the securities prior to entering a sell order
7. The Company shall not enter into or attempt into manipulative practices or involve in improper selling practise.

4.3.1 ORDER ACCEPTANCE SURVEILLIANCE

1. Customer Orders (BUY/SELL) shall be accepted through documented customer order form (walk-in customer),e-mail or telephone must note the following;
 - a. Name of customer
 - b. Type of security

- c. Type or order`
 - d. Quantity
 - e. Price
2. The Broker's Representative should confirm the customer's identify prior to acceptance of the Order. Orders should be received from the account holders or their authorized power of Attorney ,where applicable.
 3. For orders received through telephone or e-mail, the Broker's Representative shall call the customer and obtain complete and sufficient details for Order received through a recorded telephone line. In case of walk-in customers, the Orders shall be received by the authorized company's Representative and the customer shall be required to sign the Customer Order Form.
 4. If there is any reason to believe that a particular Order is in violation of any rules and regulations of the market, or contrary to the integrity and fairness in dealing in securities or the transaction is suspicious, then the Broker should reject the Order and shall inform the Chief Dealer, Head of Operations, Compliance Officer or CEO.

5. If orders were received from key personnel (e.g. Board of Directors officers and employees) of listed companies who wish to trade with own stocks the Broker should ensure that prior approval has been obtained from the NSE. The "Insider Trading Procedures" should be properly accomplished and the customer shall be responsible for accuracy of information indicated therein.
6. The Brokers should check the trading account balance of customers to ensure that the customers have sufficient funds to settle any outstanding balances in addition to the Order placed.
7. If customers do not have sufficient balances in their trading accounts or have breach their limit (if any), the Brokers should obtain approval from the Chief Dealer or the Chief financial officer or CEO prior to acceptance of the Order
8. If customers have sufficient account balances the Broker shall enter the complete customer Order details in the trading system. Otherwise the customer shall be informed of the reasons for the reject of orders submitted.

4.3.2. ORDER EXECUTION AND CONFIRMATION

- 1) Only authorized Brokers of the Company are allowed to enter buy/sell orders into the trading system
- 2) Under no circumstances shall Brokers enter a buy or a sell order in relation to securities which have been suspended or in respect of disputed securities.
- 3) In case of orders exceeding the Company overall trading limit, the CEO or the CRO shall verify the validity of the orders and approve the acceptance prior to the Order execution.
- 4) The CRO shall verify with Financial Control unit if sufficient funds is available to infuse cash guarantee to the market to enable continuous trading.
- 5) The Company shall inform the customer once orders have been executed.
- 6) Registered records in written or electronic form are considered evidence of trade transactions.

4.4.1 ORDER EXECUTION CONFIRMATION

SURVEILLIANCE

- 1) The Broker shall ensure that the Order received and accepted is executed in the name of authorized customers only. Orders shall be carried out according to the customers' instruction and utmost care shall be taken to ensure fairness in the treatment of all customers.
- 2) The Broker shall execute the Order once it has been placed in the trading system and sufficiency of trading balance has been confirmed.
- 3) If customers trading account balance is insufficient, the Broker should require additional infusion of funds from the customer or should seek approval from the CEO.
- 4) Documentary trail of the above approval should be maintained. If execution of Order has not been approved, the Order is rejected and the customer is informed of same through the telephone line, SMS or e-mail.
- 5) In case of a Sell Order, where the shares are pledged or have any outstanding obligations, the customer will secure the release letter from Bank. The customer

shall provide same to the Company for further processing with the CSCS for transfer of shares.

- 6) The customer shall be notified of the trade executed following the execution of Buy or Sell Order. The confirmation should contain the following information:
 - a) The name of the Company and its address
 - b) The name of the security in full
 - c) The type of transaction undertaken sale or purchase
 - d) The number of securities sold or purchased
 - e) The price of security
 - f) The aggregate value of transaction
 - g) The commission and any other cost
 - h) The total amount to be paid or received by the customer
- 7) The communication to the customer shall be via e-mail, SMS or in hard copy.
- 8) At the end of the day, the summary of all trade executed on behalf of the customers shall be printed for end of day procedure review by the Operations department.

4.5. WRONG DEALS

The Company has established its own internal policy for Wrong Deals. Common types of Wrong Deals are as follows;

- Wrong customer: Broker has erroneously executed a deal for incorrect customer
- Wrong price: Broker has erroneously executed a deal at an incorrect price
- Wrong quantity: Broker has erroneously executed a deal without incorrect quantities.
- Duplication: Broker has erroneously executed a deal twice
- Misinterpretation between unit and amount: Broker has wrongly interpreted the amount figure as the unit figure or vice versa
- Misinterpretation between buy and seller instructions: Broker has wrongly interpreted the buy instruction as a sell instruction or versa.

4.5.1 SURVEILLIANCE ON WRONG DEALS

- 1) Wrong deal may be identified by the Front Office (Brokers themselves) the Back Office or the customer

- 2) For any Wrong Deals identified which are not rectified by the Broker by the end of the day, the Broker should give a written explanation of the transaction to the Chief Dealer, Head of Operations or the CEO.
- 3) The Chief Dealer after consultation with the CEO shall inform the Broker of the required course of action.
- 4) Any Wrong Deals which have been established as not being a genuine error shall be dealt with severely and the concerned Brokers/employees shall be subject to the Company's internal disciplinary action/proceedings. The CEO shall impose requisite penalties warnings and a corrective action.
- 5) The details of the Wrong Deals shall also be forwarded to Head of Finance, Head of Operations and the Compliance Officer.
- 6) Depending on the decision of the Chief Dealer, Head of Operations and the CEO, the Company can either absorb the loss and record the transaction in a separate Wrong Deals account; or charge the Broker for the loss arising out of such erroneous deals.

- 7) Accounting entries to correct the Wrong Deals shall be passed by the Chief Financial Officer after obtaining approval from the CEO. A record of all Wrong Deals shall be maintained and copies of same should be maintained in the concerned Broker's personnel file for future reference.

4.5.2 ORDER CANCELLATION / MODIFICATION SURVEILLIANCE

- 1) The customer can request for cancellation/modification of their Orders prior to Order execution or in case of partial execution. Such requests should be in writing or through the recorded telephone system. The Company shall employ the use of a Form (e.g. Order Cancellation/Modification Form) for Order cancellation or modification.
- 2) The Broker shall complete its internal "Order Cancellation/Modification Form" with the revised instructions of the customer and attach the original Order Form, prior to forward it to the Head of Operations or Chief Dealer.

4.6 END OF DAY ACTIVITIES

4.6.1 SURVEILLIANCE ON TRADING TRANSACTIONS

At the end of trading session the Company, the Head of Operations and Compliance Officer shall review all Orders and trade in order to ascertain their correctness. If it becomes evident that a transaction

- 1) Has been erroneously done in a wrong account the Broker concerned shall submit a request for correction to the Chief Dealer or the Head of Operation.
- 2) The Head of Operations and Compliance Officer shall review by the end of each trading day the Daily Trade Report generated from the trading system of all trades executed and shall immediately notify the CEO of any discrepancies or errors identified.
- 3) The Head of Operations is to review customer account on daily basis to check correctness of end of day balances. The Head of Operations is to reconcile amounts owed from customers with that showing in their account and to prepare a monthly statement signed by the Compliance Officer confirming the reconciliation.

- 4) Statement of accounts is sent to all active customers at least once a month unless their agreement specifies the statement to be sent on a more frequent basis.

4.6.2 RECONCILIATION OF DETAILS AND SUMMARY OF TRANSACTION

- 1) The Company's designated personnel shall generate a Clearing Obligation Summary which details the Buy/Sell Orders executed and the net settlement position amount from trading system and the data from the Back Office System. This data shall be forwarded to the CFO for review. The reconciliation for the total amount due to / from the Market should be performed by the CFO or designated Settlement Officer and forward same to the CRO for review and approval of the CEO.
- 2) At the end of the trading day, Brokers shall print and sign off their respective summaries of all the trades execute by them during the particular day.
- 3) CRO shall review and approve the reconciliation performed. Any discrepancies shall be subjected to

further review, investigation and reporting to the CEO.

4.6.3 RECONCILIATION OF ORDER RECEIVED AND EXECUTED

- 1) Compliance Officer/Internal Auditor or CFO shall select a reasonable sample of trades per day to conduct random checks.
- 2) For the selected trades, designated personnel shall ensure the following:
 - a) Identity of the customers are validated for each Order: Customer Orders are validated and verified by Brokers for any suspicious/unusual transactions;
 - b) Customer Orders received are properly executed;
 - c) Accounting of transactions in the customer account is accurate.
 - d) Where customer credit limits are in place, verify adherence to credit limit/sufficiency of balance in customer accounts.
- 3) Any Order received but not executed by the end of the trading day shall be

checked for communication of same to the customer.

- 4) In the event of insufficient balances/breach of credit limits, if any, the Compliance Officer shall communicate the details to the CRO and CEO.
- 5) Any reportable discrepancies due to error execution shall be governed by procedures for handling of Wrong Deals.

5.0 MONITORING AND REPORTING

The surveillance process shall be conducted under the overall supervision of the company's Compliance Officer and based on facts and circumstances, he / she is required to take adequate precaution.

The Compliance Officer must:

- 5.1 Get client's written mandate before executing transactions.
- 5.2 Ensure clients' accounts are properly funded before execution of mandate.

Carry out occasional check on transactions above the threshold of N250,000 or as may be determined by the regulators from time to time, including when the transaction is carried out in a single operation or several operations that appear to be linked.

- 5.4 Review daily transactions in terms of volume above 200,000 units.
- 5.5 Periodically set restrictions on securities not to be traded on by staff as a result of mandate received from major clients in order to prevent insider dealing/manipulation.
- 5.6 Continuously compare the volume and nature of transaction with previous ones and report any observed variances.

in before the Board at the meeting first held after such changes are introduces.

8.0 POLICY COMMUNICATION

A copy of the approved policy shall be made available to the Chief Compliance Officer, Chief Risk Officer and the Head of Operations.

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

6.0 APPROVAL AUTHORITY

This policy shall be approved by the Board.

7.0 POLICY REVIEW

This model may be reviewed as and when there are changes introduced by any regulatory authority; the Nigerian stock Exchange or Securities and Exchange Commission, or as and when it is found necessary to change the model due to business needs. In the absence of any triggering event this mode shall be reviewed annually. The model may be reviewed by the Managing Director/CEO and place the changes



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Company Secretary

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Director