



SECURITIES AND EXCHANGE COMMISSION

DRAFT GUIDELINES ON MARKET SURVEILLANCE FOR SECURITIES EXCHANGES

1.0 Preamble

These Guidelines are issued by the Securities and Exchange Commission (hereinafter referred to as “the Commission”) pursuant to Sections 3 and 209 of the Securities Industry Act, 2016 (Act 929) for market surveillance of securities exchanges.

2.0 General Statement

These guidelines are issued on the surveillance and reporting of trades that occur on the securities market to detect and discourage abusive trade practices on a securities exchange .

3.0 Responsibility

- a) A securities exchange shall have a dedicated team assigned to carry out the surveillance function.
- b) The team shall be made up of persons with relevant qualifications and experience in securities trading, investigations and analysis of trades..
- c) The securities exchange shall communicate to the Commission, the name and particulars of the team leader.

1. 4.0 Market Surveillance System (MSS)

- a) A securities exchange shall not operate an automated trading system without an automated surveillance system.
- b) A securities exchange shall notify and make presentations to the Commission before an MSS is deployed.

- c) A securities exchange shall not install a surveillance system without written approval from the Commission

A securities exchange shall obtain the approval of the Commission for any subsequent change or upgrade of the MSS.

- d) A securities exchange shall at their own expense provide in the Commission's office, unfettered access to the MSS modules, devices and any other instrument necessary as the Commission shall demand.
- e) The MSS shall be capable of detecting market abuses in a complete, accurate and reliable manner.
- f) The MSS shall be capable of detecting among others, abuses listed in Appendix 1
- g) A securities exchange shall not operate without a disaster recovery system and manual.
- h) There shall be a maintenance agreement covering the MSS.
- i) A securities exchange shall have an operations manual.

5.0 Meetings

- a. There shall be a half-yearly surveillance review meeting between the Commission and a securities exchange
- b. Notwithstanding 5(a) a securities exchange shall promptly discuss matters of material importance concerning surveillance with the Commission.

6.0 Returns

- a) A securities exchange shall maintain a daily surveillance record as contained in the format in Appendix 2.
- b) A securities exchange shall submit on monthly basis a report on its surveillance activities to the Commission not later than 15 days after the end of the month
- c) The monthly returns shall comply with the minimum reporting format attached in Appendix 3.
- d) Returns that do not comply with the reporting format in 6(c) above shall be treated as non-submission.

- e) Notwithstanding 6 (b) above, matters of material importance that come to the notice of a securities exchange shall be promptly reported to the Commission even when such matters are under investigations.
- f) The Commission may also require a securities exchange to report on any matter concerning its surveillance as the Commission deems fit.

7.0 Scope of application

- a) Appendices 1, 2 and 3 shall apply to Stock Exchanges.
- b) Subsequent appendices may/shall be issued to cover other securities exchanges.

8.0 Sanctions for non-compliance

Failure to comply with the provisions of these guidelines shall constitute grounds for the Commission to exercise its powers under sections 48 and 209 of Securities Industry Act, 2016 (Act 929)

9.0 Power to revoke, vary, revise and amend Guidelines

The Commission may revoke, vary, revise or amend these guidelines as it deems fit

10. Effective Date

These Guidelines shall be effective xxxx 2017.

BY ORDER OF THE COMMISSION.

Dated at the Securities and Exchange Commission this day of 20.....