PROPOSED RULES ON ONLINE FOREX TRADING AND CONTRACT FOR DIFFERENCE (CFD)

1. Applicability

(1) These Rules shall apply throughout Nigeria and to all persons engaging in or offering online forex trading services to residents of Nigeria, whether using a platform or medium incorporated domestically or operate from outside Nigeria while targeting Nigerian residents.

(2) These Rules shall apply to the following categories of persons (collectively, "Regulated Entities"):

(a) Introducing Brokers;

(b) Online Forex Brokers/Broker Dealers;

(c) Technology and Platform Providers;

(d) Offshore entities that:

(i) lists Nigeria as an accessible or supported country on its website, mobile application, trading platform or client onboarding portal.

(ii) permits persons resident in Nigeria to open or maintain trading accounts.

(iii) advertises, markets or promotes its services to residents of Nigeria, including through Nigerian influencers, affiliates, introducing brokers, training providers, seminars, webinars, social media pages or online campaigns;

(iv) uses Nigerian currency, Nigerian market references, Nigerian contact details or Nigeria-specific promotional materials in connection with its services;

(v) maintains representatives, agents, affiliates, introducing brokers, training providers or customer-support channels in Nigeria; or

(vi) have clients who are resident in Nigeria or otherwise conducts business in a manner that indicates an intention to provide online forex CFD trading services to residents of Nigeria.

(e) Any person who carries on or purports to carry on any regulated activity under these Rules.

2. Definitions

A-Book means a brokerage arrangement in which the broker, for a fee, transmits client orders to external liquidity providers or recognised markets, without acting as counterparty. Also called Non-Dealing Desk Broker or No Dealing Desk Broker or Agency Model.

Act means the Investments and Securities Act (ISA) No. 2, 2025 or such other principal enabling legislation as may be amended from time to time.

Advisory means a public alert or publication issued by the Commission that identifies, warns against and flags unregistered investment schemes, potential Ponzi operations, or unlicensed digital asset platforms.

AML/CFT/CPF means anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing as defined in the applicable laws governing AML/CFT/CPF operations in Nigeria and FATF Recommendations.

B-Book means a brokerage arrangement in which the broker, internalizes client orders by acting as counterparty to such trades and assumes the associated risk. Also called Dealing Desk Broker or Broker Dealer or Principal Operator Model.

Binary Option means any type of option with a fixed payout in which a forex trader predicts the outcome from two possible results, and gets a payout if the prediction is correct, and nothing if it is incorrect.

Contract For Difference (CFD) means a derivative product that allows trading on the price movement of an underlying asset without owning the underlying asset.

Client/Trader means any natural or legal person who opens or seeks to open an account with a Broker for engaging in online forex trading.

Client Account means a dedicated account opened by a retail or professional trader with a brokerage firm to deposit funds and execute trades.

Client Funds means money in any currency that a client deposits into a client account, or that a registered firm owes to a client; and includes any other assets deposited with the registered firm in the course of its business for which that firm is liable to account to the client, together with any money or other assets accruing therefrom.

Cold Calling means a sale or outreach technique in which a person contacts a potential customer or client either by phone, email or in person, without any prior relationship or expressed interest, typically to promote Online Forex trading.

Controlling Shareholder means a shareholder who owns more than half of the shares or majority of the outstanding shares in a company, controls the composition of the board of directors and influences the activities and decisions of the company.

Copy Manager (Strategy Provider) means a professional or experienced trader who allows retail investors to automatically replicate their real-time trading activity for a fee.

Discretionary Account means an account in which the holder gives power to an online Forex and CFD Broker to handle buy/sell transactions.

Electronic Communications Network (ECN) means an automated trading system that matches buy and sell orders from multiple market participants in time, providing direct market access.

Forex/ FX/Foreign exchange means the exchange of one national currency for another, including spot forex, forwards, options, and CFDs on currency pairs.

Hybrid Model (Broker) means a brokerage model whereby client trades are routed either to external Liquidity Providers or internalized by the broker, in accordance with established risk management and execution policies by a Dealing Desk Broker.

Introducing Broker (IB) means a person who solicits, introduces, or refers prospective clients to a licensed Online Forex Broker but does not hold client funds or execute trades.

ISO/IEC 27001 is an international standard that specifies the requirements for establishing, implementing, maintaining, and continually improving an Information Security Management System (ISMS).

Leverage refers to the use of borrowed capital provided by a broker to control a larger currency position than the trader's actual deposit (margin).

Liquidity Provider means a financial institution, such as a prime broker or market maker that acts as the ultimate counterparty to facilitate trade execution.

Multi- Account Manager (MAM) means a broker software that lets a single professional trader manage and execute trades across multiple client accounts simultaneously from one master account.

Non-Discretionary Account means a brokerage account where the client retains full control and shall approve every buy or sell transaction.

Offshore Entities means legal entities established or registered in a jurisdiction outside the country where their owners or principal business activities are located.

Online Forex Broker/Dealer means a company licensed under these Rules to execute Forex orders on behalf of clients, operate a trading platform, and/or act as market maker or straight through processing (STP) broker.

Percentage Allocation Management Model (PAMM) means a managed trading arrangement whereby transactions are executed through a master trading account and the resulting profits, losses, and trading volumes are automatically allocated among participating investor sub-accounts in proportion to each investor's equity contribution to the total pool at the time of trade execution.

Professional Client/Trader means a client that possesses an advanced experience, knowledge, and financial capacity to manage the high risks of leveraged financial markets.

Regulated Entity means an entity or institution that is registered, regulated or recognised by the Commission to perform functions, carry out activities or act in any other manner as may be prescribed by the Act.

Retail Client/Trader means a natural person engaging in online forex trading primarily for personal investment purposes, as distinct from a Professional Client.

Risk Disclosure Statement means a document issued by a regulated entity to a client before or at the point of onboarding, which clearly sets out the key risks associated with the products or services being offered and which the client is required to acknowledge and accept in writing prior to commencing any transaction.

Segregated Account means a bank account held separately from a Regulated Entity's own funds for holding client money in accordance to these Rules.

Slippage means a situation when a market order is filled at a price different from the quoted or requested price, typically due to rapid price movements or insufficient liquidity.

Stop-Limit Order means a conditional trade order that combines the features of a stop order and a limit order, allowing execution only within a specified price range, without guaranteeing execution.

Straight Through Processing (STP) means an automated execution process where trade orders are transmitted directly from the trader to liquidity providers for execution, without interfering with the order execution.

Technology/Platform Provider (TPP) means a company that develops, hosts, maintains, or operates the trading infrastructure, platforms, Application Programme Interfaces (APIs), or systems through which online forex trading is conducted.

Trading Platform means any software, web-based interface, mobile application, or electronic system through which clients access the forex market and execute trades.

Venue (or Execution Venue) means a digital marketplace, electronic system or network where buy and sell orders for currencies are matched and executed.

3. Mandatory Registration

(1) No person shall, in connection with online forex trading services offered to residents of Nigeria, carry on, or hold themselves out as carrying on, any of the following activities unless registered by the Commission as:

(a) Online Forex Broker/Broker Dealer;

(b) Introducing Broker; or

(c) Technology or Platform Provider.

4. Exemptions

(1) The following persons shall be exempted from registration under these Rules:

(a) Banks licensed by Central Bank of Nigeria (CBN) to engage in interbank forex transactions;

(b) Bureau de change operators licensed solely for spot currency conversion under applicable Central Bank of Nigeria's regulations; and

(c) Corporate treasury operations of non-financial companies engaging in forex solely to hedge genuine commercial exposures.

(2) The exemption in sub-rule (1) of this Rule shall cease to apply where an exempted person begins to engage in any of the activities for which registration is required under these Rules.

(3) An exempt person who engages in activities for which registration is required under these Rules shall apply for registration within sixty (60) days of commencing such activities.

5. Categories of Licenses

(1) The Commission shall register the following categories of entities under these Rules:

(a) Category A, further classified into:

(i) A-Book Online Forex Broker (STP/ECN Broker)

(ii) B-Book Online Forex Broker/Dealer

(b) A Category-B operator - Introducing Broker (IB)

(c) A Category-C operator - Technology/Platform Provider

6. Eligibility Criteria

(1). Category-A (Online Forex Broker/Broker Dealer)

To be eligible for a Category A license, an applicant shall satisfy the following minimum requirements:

(a) Legal Standing:

(i) Shall be a duly incorporated company in Nigeria under the CAMA 2020;

(ii) Have a registered office and operational presence in Nigeria.

(b) Fit and Proper Persons Requirements:

All directors, senior managers, and key personnel of the applicant shall satisfy the Commission's fit and proper person requirements, including:

(i) absence of criminal convictions for financial crime and fraud;

(ii) no history of regulatory censure, disqualification, or insolvency;

(iii) demonstrable competence and relevant professional qualifications;

(iv) a track record consistent with sound and prudent management.

(c) At least two (2) directors, including the Managing Director/Chief Executive Officer shall be resident in Nigeria.

(d) The applicant shall designate a Chief Compliance Officer (CCO) who shall be resident in Nigeria and approved by the Commission.

(e) Capital Adequacy Requirements:

(i) An Online Forex Broker Dealer operating the Market Maker/Principal Operator model shall maintain a Minimum Paid-up Capital of ₦3.0 billion, unimpaired by losses. The entity must maintain a Minimum Liquid Capital of either ₦2.4 billion (80% of the capital) or 10% of total liabilities (whichever is higher) at all times.

(ii) An Online Forex Broker operating the Straight-Through Processing (STP) Operator model or the Electronic Communication Network (ECN) model shall maintain a Minimum Paid-up Capital of ₦2.0 billion, unimpaired by losses. The entity must maintain a Minimum Liquid Capital of either ₦1.6 billion (80% of the capital) or 10% of total liabilities (whichever is higher) at all times.

(iii) Where the capital falls below the required minimum, it shall:

(a) Notify the Commission within twenty-four (24) hours;

(b) Cease accepting new clients and opening new positions until capital is restored; and

(c) Submit to the Commission, within five (5) days, a written remediation plan.

(2) Category-B (Introducing Broker)

To be eligible for a Category B license, an applicant shall:

(a) Be a natural person of full legal capacity or a duly incorporated legal entity;

(b) Execute a written introducing broker agreement with at least one of the Commission's registered Category-A broker prior to or concurrent with an application to become an Introducing Broker;

(c) Where it is an incorporated legal entity, designate a Compliance Officer registered with the Commission.

(d) Undertake not to hold, manage, or control client funds in any form; and

(e) Satisfy all Fit and Proper Persons Criteria as may be prescribed by the Commission.

(f) Capital Adequacy Requirements:

(i) An Individual Introducing Broker shall maintain a Minimum Paid-up Capital of ₦30 million while a Corporate Introducing Broker shall maintain a Minimum Paid-up Capital of ₦150 million, unimpaired by losses.

(ii) An Introducing Broker shall be exclusively authorized to introduce clients and shall not provide investment advice, manage portfolios, or execute trades. Any such activities shall require registration under the appropriate category.

(3) Category-C (Technology/Platform Provider)

A Technology/Platform Provider shall be eligible for Category-C license if it demonstrates:

(a) Incorporation as a company in Nigeria or registration as a foreign company with a local presence in Nigeria;

(b) Compliance with, or a commitment to obtain, ISO/IEC 27001 certification or an equivalent information security standard, evidenced by a clearly defined implementation roadmap to obtain such certification within twelve (12) months of registration;

(c) The engagement of adequate technical personnel with demonstrable expertise in trading system development, cybersecurity, and financial technology;

(d) The existence of a documented Software Development Lifecycle (SDLC) Policy, Data Protection Policy (DPP), Risk Management Framework (RMF), Business Continuity Plan (BCP), and Disaster Recovery Plan (DRP);

(e) Compliance by its directors and key management personnel with the Fit and Proper requirements prescribed by the Commission.

(f) Minimum Capital Requirement

A Technology/Platform Provider shall maintain a Minimum Paid-up Capital of ₦5.0 Billion, unimpaired by losses.

7. Insurance Policy

An Applicant shall maintain professional indemnity insurance with a minimum coverage of 20% of its minimum capital requirements per claim from an insurer registered with the National Insurance Commission and approved by the Commission, or provide equivalent security arrangements satisfactory to the Commission.

8. General Requirements

(1) Filing of application form and corporate identity including:

(a) Duly completed prescribed SEC application form.

(b) Certificate of Incorporation and Memorandum & Articles of Association certified by the CAC.

(c) Certified CAC form showing directors and their particulars.

(d) Commercial/trading name (if used), related to the registered name.

(2) Governance

(a) Names, ID numbers, appointment dates of all directors, alternate directors and principal officers, details of any director or officer who left within the prior six months, including dates and circumstances.

(b) Details of controlling shareholders and group entities: identity, ownership structure (chart), country of citizenship or incorporation, regulatory status (if any), and a five-year summary of each shareholder's business activities and other organizations where they held controlling or senior roles.

(c) For group members (non-controlling entities): names, ID numbers, ownership percentages, countries of incorporation and main business locations.

(d) Statements on whether the applicant or any group entity is supervised by other regulators and whether any registration application was rejected in the past two years, with reasons.

(e) Police clearance for the applicant and senior officers or directors.

(f) Sworn undertaking to keep proper records and render returns.

(3) Experience and local presence

(a) Company shall be incorporated in Nigeria, limited by shares, the CEO or at least two directors shall be Nigerian citizens.

(b) The CEO shall have at least five years' relevant experience in buying, selling, managing or dealing in forex, futures or similar transactions.

(c) The officer in charge of trading shall have at least three years' forex trading experience and certification from a Commission-recognized body, for dealing brokers.
(d) Evidence of office space, technology, staff and IT infrastructure sufficient to perform services.

(4) Financials, insurance and fees
(a) Audited Financial Statements for the current financial year, or audited statement of affairs if in business for less than one year shall be filed.
(b) Evidence of payment of application fee of ₦100,000; Processing fee of ₦300,000; and relevant registration fees as follows:
   (i) ₦3 Million for A-Book Broker (STP or ECN)
   (ii) ₦5 Million for B-Book Broker
   (iii) ₦1 Million for Introducing Broker (Individual)
   (iv) ₦2 Million for Introducing Broker (Corporate)
   (v) ₦30 Million for Technology/Platform Provider
(c) Insurance policy that remains valid covering employee malpractice, hacking and related risks.
(d) Undertaking to maintain liquid assets or reserves in CBN-approved banks and to maintain required reserve levels.

(5) Operational documentation and controls
(a) Five years business plan, description of planned marketing channels and client types, including disclosure of any single client expected to produce more than 10% of income.
(b) Client on-boarding policies, appropriateness or acceptance assessments, product sensitization framework and individual risk assessments.
(c) Client funds handling procedures, account recording and reconciliation procedures.
(d) Complaints management framework and records.
(e) Risk management framework and capital adequacy procedures.
(f) Business continuity and disaster recovery procedures.
(g) Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing (AML/CFT/CPF) procedures.
(h) Cybersecurity procedures and information security controls, including backup and monitoring.
(i) Details of any external entities performing services for the applicant and relevant service level agreements (SLAs).

(6) Technology and systems
(a) Description of technological systems used to deliver services, interfaces with external entities, outsourced providers, areas of responsibility, data storage, backup arrangements, security and monitoring controls.
(b) Submission of an independent technical assessment report validating the platform's adherence to prevailing industry best practices and Commission's specifications.
(c) Supervision procedures for automated order routing systems.

(7) Markets, counterparties and contracts

(a) Details of banks in Nigeria where client funds shall be held.

(b) Details of liquidity providers and quote suppliers, including concise descriptions of agreements, termination and suspension terms.

(c) Material contracts to which the company is a party and procedures for clients to confirm trades.

(d) List of external entities carrying out any of the applicant's activities.

(8) Location and contact information

(a) All registered addresses in Nigeria, telephone numbers and email addresses.

(b) Business or operational addresses where different from registered address and addresses of each operational department, if multiple locations.

(c) Details of any existing or planned activity locations outside Nigeria and description of those activities, where applicable.

(9) Reporting and update obligations

(a) Update the Commission within five business days of becoming aware of any material change to application information.

(b) As a condition of registration, comply with daily, weekly, monthly, quarterly and annual reporting obligations.

(c) Submit additional documents as the Commission may require from time to time.

9. Additional function specific requirements

(1) An Online Forex and CFD Broker or Dealer shall present/file:

(a) An organizational and management structure.

(b) An operational and organizational chart identifying managers responsible for each operational department, including names, role descriptions, responsibilities, detailed professional training including degrees, completion dates, institutions and relevant work experience.

(c) A description of the authority of the Chief Executive and the Board of Directors.

(d) Evidence of not less than thirty percent (30%) ownership of the issued and paid-up share capital of the applicant by Nigerian citizens who are directors of the company. Such ownership shall be direct, continuous, and not held through nominee, trust, or other arrangement intended to circumvent this requirement, and shall be maintained at all times as a condition for the grant and continued validity of the registration.

(e) Evidence of repatriation of Nigerian clients' funds into a Nigerian segregated account of the Applicant.

(f) Systems, controls and client operations.

(g) Supervision procedures for introducing brokers and associated persons.

(h) Promotional material procedures and marketing controls.

(i) Trade confirmation and client's asset management procedures.
(j) Evidence of membership of a SEC-registered self-regulatory organization or trade association with relevant technical capability.
(k) Financial safeguards and audit.
(l) Evidence of maintaining the required liquid assets and reserves.
(m) Annual external auditor's capital adequacy report to be filed within 90 days after financial year-end.
(n) Any additional information that may be required for an accurate presentation of the applicant's business.

(2) An Introducing Broker shall present/file:
(a) A statement that the applicant is not a representative or employee of a capital market operator dealing in online forex trading.
(b) A statement that the applicant is not an undischarged bankrupt in Nigeria or elsewhere, and has not been convicted of fraud.
(c) A copy of any signed agreement with an online retail forex firm.
(d) A copy of most recent examination report if the firm has been examined by another regulatory agency.
(e) AML/CFT/CPF, business continuity, cybersecurity, supervision of automated order routing systems, promotional material controls, supervision of associated persons, complaint management and risk management frameworks.
(f) Minimum qualifications for sponsored individuals.
(g) Evidence that at least three sponsored individuals and the compliance officer had passed a Commission-recognized examination on forex and CFD trading.
(h) An undertaking to meet standards of an SRO or trade association recognized by the Commission.
(i) Demonstrate secure IT infrastructure capable of processing transactions in a timely and transparent manner.

(3) Miscellaneous
(a) The Commission may request further information or clarification on prior forex, securities or commodity dealings and may require personal representation.
(b) A registered entity shall display its registration certificate in a conspicuous place at its principal place of business and at every branch office, where applicable
(c) The Commission may require additional documents or impose further conditions as need may arise.

10. Functions of Regulated Entities

(1) Online Forex Broker/Dealer

A forex and CFD Broker/Broker Dealer shall:

(a) Open and maintain Clients' accounts.
(b) Provide clients with, or connect clients to, a secure, reliable, and appropriately regulated trading platform.
(c) Facilitate the trading activities in accordance with applicable laws and regulations.
(d) Facilitate the account maintenance, deposits, withdrawal, and related activities.
(e) Maintain transparent mechanisms for reviews, feedback, ratings, and other relevant disclosures to support informed decision-making by investors and traders.
(f) Provide access to market information reasonably required by clients for the formulation of its trading and investment strategies.
(g) Monitor Clients' positions.
(h) Display the percentage of losses on their website.
(i) Create various accounts deemed necessary for their operations.
(j) Provide end-of-day reports to the Commission and Clients within 24 hours of close of business;
(k) Notify Clients of a reduction in their leverage when the Client's account hits a certain leverage;
(l) Operate as a principal or market maker.

(2) Introducing Broker

An Introducing Broker shall:

(a) Introduce clients to a licensed Online Forex Broker/Broker Dealer for the purpose of opening and operating trading accounts;
(b) Provide clients with adequate information regarding the nature and risks of forex and CFD trading;
(c) Facilitate communication between clients and the Forex Broker/Dealer;
(d) Provide access to research, educational, and market information materials; and
(e) Comply with such other requirements as may be prescribed by the Commission.

(3) Mandatory and Prohibited Conducts

(a) An online Forex CFD Broker/Broker Dealer or Introducing Broker shall at all times, in the conduct of its business, act in accordance with the principles of best practice and, in particular, shall:

(i) observe high standards of integrity and fair dealing;
(ii) act with due skill and diligence;
(iii) have a signed investment policy statement and an attestation that the clients fully understand the risk of possible loss of investment;
(iv) take reasonable steps to give every client comprehensive information needed to enable the client make a balanced and informed investment decision;
(v) avoid any conflict of interest with clients;

(vi) maintain adequate financial resources to meet business commitments and withstand the risks associated with the business;

(vii) disclose the number of forex or other CFD accounts maintained and the percentage of profitable accounts;

(viii) keep clients' funds segregated from its own funds and ensure that at no point shall the clients' funds be used by the broker for margining, hedging or as broker assets, including where the broker becomes insolvent;

(ix) apply stringent governance and risk management procedures throughout the business including adoption of risk management procedures to deal with stop losses, no negative accounts, double lock limited risk accounts, margin call and close out procedures;

(x) comply with the relevant AML/CFT/CPF Laws and Regulations;

(xi) organize and control its operations in a responsible manner and clearly separate its front and back office functions;

(xii) adopt and enforce written procedures with regards to communications with the clients and the public.

(b) An online Forex/CFD Broker/Broker Dealer or Introducing Broker shall not:

(i) offer for trading, binary options or any contract whose maturity is less than an hour.

(ii) use liquidity providers that are not authorized by the Commission or a regulatory body in other International Organization of Securities Commission (IOSCO) member jurisdictions.

(iii) act as a copy-trading manager, or represent or hold itself out as such, in a manner that is false, misleading, or intended to deceive clients.

11. Renewal of Registration

Shall be in accordance with the Commission's general Rules on registration renewal.

12. Material Changes

(1) Entities registered under these rules shall obtain the Commission's prior approval in writing before effecting any material change, including:

(a) Change of trading platform or technology provider.

(b) Changes to the business model.

(c) Leverage policy, or client categories.

13. Conduct of Business Obligations

(1) General Standards of Conduct

A Regulated Entity shall comply with all codes of conduct issued or prescribed by the Commission, including the Code of Conduct for Capital Market Operators and their Employees.

(2) Client Classification

(a) Before entering into any business relationship, a Category-A licensee shall classify each client as either a Retail or a Professional Client.

(b) Retail Clients shall be afforded the highest level of regulatory protection under these Rules, including leverage limits, negative balance protection, and mandatory risk disclosures.

(c) To be classified as a Professional Client, such client shall satisfy at least two (2) of the following criteria:

(i) carried out transactions in forex markets at a significant size, at an average frequency of at least ten (10) transactions per quarter over the preceding twelve (12) months;

(ii) possess a net investment portfolio exceeding USD500,000; or

(iii) worked in the financial services sector for at least one (1) year in a professional capacity requiring knowledge of online forex trading.

(d) A retail client seeking to be reclassified as a professional client shall submit a written request in a form prescribed by the Commission. Prior to approving such requests , the Category A Broker shall:

(i) provide the client with a clear written notice that such reclassification will result in the loss of certain protections and rights afforded to retail clients under these Rules.

(ii) assess the client's eligibility for professional client classification in accordance with the criteria prescribed by the Commission.

(e) A Category A Broker shall periodically review the classification of each professional client to ensure that the client continues to satisfy the applicable eligibility requirements.

(f) A client classified as a professional client may, at any time, request to be reclassified as a retail client, and the regulated entity shall give effect to such request in accordance with these Rules.

(3) Know Your Customer (KYC) and Client Onboarding

(a) Before opening an account for any client, all Category A and Category B licensees shall undertake a comprehensive Know Your Customer (KYC) process, including:

(i) verification of the client's identity using a valid and authentic government-issued means of identification;

(ii) verification of the client's residential address using utility bills, bank statements, or equivalent documents not older than three (3) months;

(iii) for legal entities, verification of incorporation documents, beneficial ownership structure, the identity of persons holding 5% or more shares of the entity, and authorized signatories;

(iv) completion of a client suitability and appropriateness assessment to determine whether forex trading is appropriate for the client; and

(v) screening of the client against applicable sanctions lists and PEP (Politically Exposed Persons) databases.

(b) No account shall be opened in anonymous names, nominee names (where the beneficial owner is undisclosed), or in the name of fictitious persons.

(c) KYC documents shall be reviewed and updated at a minimum every three (3) years or whenever a material change in client circumstances is detected.

(d) Regulated Entities shall comply with the Know Your Customer (KYC) Guidance and any other customer due diligence requirements issued or prescribed by the Commission.

(4) Risk Disclosure

(a) Regulated Entities shall provide clients with a clear and comprehensive Risk Disclosure statement before opening a trading account for the client.

(b) The Risk Disclosure Statement shall, at a minimum, contain the following:

(i) a plain-language explanation of the risks of forex trading, including the possibility of losing all investments in the trade;

(ii) the specific risks associated with leveraged trading and CFDs on currency pairs;

(iii) a disclosure of the percentage of retail client accounts that lose money updated monthly;

(iv) an explanation of market volatility, slippage, and execution risks;

(v) a statement that past performance is not indicative of future results; and

(vi) information on how to access dispute resolution mechanisms in line with the Commission's Complaints Management Framework.

(c) The Risk Disclosure Statement shall be presented prominently and shall be electronically acknowledged by the client before account activation.

(d) The Risk Disclosure Statement shall be made conspicuously available and updated monthly on the website of the Online Forex/CFD Brokers' platform.

(5) Leverage and Margin Limits

(a) The following maximum leverage ratios shall apply to Retail Clients:

Product Category	**Maximum Leverage**
Major currency pairs (e.g., EUR/USD, GBP/USD)	1:400
Minor and exotic currency pairs (e.g. EUR/GBP, GBP/JPY)	1:300
Currency CFDs on indices	1:300
Commodities	1:300
Cryptocurrencies	1:2

(b) Higher leverage ratios may be offered to Professional Clients, subject to a maximum of 1:1000 and the Regulated Entity maintaining documented risk management policies for such clients.

(c) A Category-A Licensee shall close out one or more of a Retail Client's open positions where the equity in the Retail Client's trading account falls to 50% or less of the total margin required to maintain those open positions.

(d) A Category-A licensee shall ensure that Retail Clients cannot lose more than the funds held in their trading account. The licensee shall automatically restore any negative balance arising from market movements to zero, at the licensee's cost.

(e) No licensed Online Forex/CFD Broker shall offer, market, facilitate or permit trading in any currency pair involving the Naira, except with the prior written approval of the Commission.

(6) Client Fund Protection

(a) A Category-A licensee shall at all times hold client funds in one or more segregated accounts, entirely separate from the licensee's own funds.

(b) Segregated accounts shall:

(i) be held at a bank licensed by the Central Bank of Nigeria;

(ii) be clearly designated as "Client Trust Account" or equivalent;

(iii) not be used to satisfy any debt, obligation, or liability of the licensee; and

(iv) not be subject to any lien, charge, or encumbrance in favor of the bank or any third party without the Commission's prior approval.

(c) Client funds shall be reconciled daily against client account balances, and records of such reconciliations shall be maintained for at least seven (7) years.

(d) A Category A licensee shall not use client funds to hedge its own positions or for any purpose other than meeting clients' withdrawal and payment obligations.

(7) Best Execution

(a) A Category-A licensee shall take all sufficient steps to obtain the best possible result for its clients when executing forex orders, taking into account: price, costs, speed of execution, likelihood of execution and settlement, order size, and nature of the order.

(b) A Licensee shall establish, implement, and maintain a written Best Execution Policy, which shall be made available to clients and reviewed at least annually.

(c) The Best Execution Policy shall specify the execution venues, Liquidity Providers, or counterparties used, and the factors that determine their relative importance in achieving best execution.

(8) Conflict of Interest

(a) Regulated Entities shall maintain and operate effective arrangements to identify, manage, and disclose conflicts of interest between themselves, their staff, and their clients.

(b) Regulated Entities shall maintain a written Conflict of Interest Policy which shall be reviewed annually.

(c) Category-A licensees performing market-making role shall disclose prominently to clients that the licensee may be the counterparty to client trades and that a conflict of interest may exist.

(9) Advertising and Marketing

(a) All proposed marketing materials and advertisements by a forex broker or Introducing Broker, in relation to Retail Online Forex Trading shall be filed with the Commission for approval.
(b) Where a party to an online forex transaction submits an advert in relation to its business to the Commission, it shall ensure that the advert:
   (i) is not misleading or deceptive; and
   (ii) contains a risk disclosure statement as prescribed by these rules
(c) Any material issued by the forex broker or Introducing Broker, which is intended to promote, or which has the effect of promoting, interest in the business shall be deemed to be an advertisement for the purpose of these rules.
(d) All marketing communications and advertisements relating to online forex trading shall be fair, clear, and not misleading.
(e) The following specific requirements apply:
   (i) any reference to potential returns, profits, or gains shall be balanced by an equally prominent reference to the risk of loss;
   (ii) advertisements shall not guarantee profits or represent that forex trading is an appropriate investment for all persons;
   (iii) the use of celebrity endorsements or social media influencers for any promotion shall be subject to prior approval of the Commission and shall clearly identify the commercial nature of such promotion;
   (iv) all advertisements shall include the name and license number of the Regulated Entity and a statement that the entity is regulated by the Commission; and
   (v) cold-calling is prohibited for retail clients unless the client has previously expressed interest in receiving such communications.

(10) Introducing Broker Obligations

In addition to the general conduct obligations, an Introducing Broker (Category-B) shall:

(a) Maintain a written Introducing Broker Agreement with each Category-A licensee to which it introduces clients, and provide a copy to the Commission upon request.
(b) Clearly disclose to prospective clients its role as an Introducing Broker, the name of the Category-A licensee to whom the client will be introduced, and any fee or remuneration received for making the introduction.
(c) Not misrepresent to clients the nature of its services or imply that it is licensed to hold funds or execute trades.
(d) Conduct KYC on clients they introduce and share relevant information with the Category A licensee.
(e) Not charge clients additional fees beyond those disclosed in the Introducing Broker Agreement.
(f) Immediately report any suspected fraud, market abuse, or money laundering by clients or its affiliated Category-A broker.

(11) Technology/Platform Provider Obligations

In addition to general conduct obligations, Technology/Platform Providers (Category C) shall:

(a) Ensure that all trading platforms meet minimum technology standards as may be prescribed by the Commission, including uptime of at least 99.5% during trading hours.

(b) Implement robust cybersecurity measures, including end-to-end encryption of all client data and trade data, multi-factor authentication, and regular penetration testing.

(c) Maintain a Business Continuity Plan and Disaster Recovery Plan, tested at least annually, and submit annual certification of such testing to the Commission.

(d) Ensure that all client order data is stored in Nigeria or in a jurisdiction approved by the Commission, consistent with applicable data protection legislation.

(e) Not tamper with, falsify, or selectively delay execution of client orders.

(f) Provide audit trail logs of all transactions, maintained for at least seven (7) years;

(g) Notify the Commission within twenty-four (24) hours of any material system breach, outage, or cybersecurity incident.

(h) Comply with applicable data protection legislation, including obtaining client consent for data processing activities.

(i) Provide annual independent systems audits and penetration testing reports using proprietary or white-labelled platforms.

(12) Complaints Handling

(a) All Regulated Entities shall establish and maintain effective written complaints management procedures for handling client complaints promptly and fairly.

(b) All complaints shall be handled in line with Complaints Management Framework of the Commission.

14. Reporting and Record-Keeping

(1) Obligation to Submit Daily Price Spread Reports

(a) Every CFD broker shall submit a Daily Price Spread Report to the Commission in respect of each reporting day on which the broker quotes or executes prices for one or more instruments.

(b) The obligation under Rule 26 (1) (a) shall arise regardless of whether the CFD broker recorded any client transactions on the Reporting Day, provided that prices were quoted.

(c) A CFD broker that ceases operations on any Reporting Day due to a technical failure or force majeure event shall notify the Commission within two (2) hours of the occurrence and submit a substitute Daily Price Spread Report (DPSR) not later than the next business day, accompanied by a written explanation.

(2) Submission timeline

(a) A CFD broker shall submit its Daily Price Spread Report for each Reporting Day not later than 10:00 a.m. (West Africa Time) on the business day immediately following the Reporting Day ("T+1 Submission Deadline").

(b) Where the T+1 submission deadline falls on a public holiday or a day on which the Commission's systems are unavailable, the submission shall be made not later than 10:00 a.m. on the next business day on which the DPSR Portal is operational.

(c) A CFD broker may apply to the Commission for a temporary extension of the T+1 submission deadline where circumstances beyond its control prevents it from complying with the deadline. Such application shall:

   (i) be submitted before the expiry of the applicable deadline;

   (ii) state the grounds for extension of the request; and

   (iii) be approved in writing by the Commission before the extension takes effect.

(d) Approval of an extension in these Rules shall not exclude the underlying obligation to report.

(3) Content of the Daily Price Spread Report

Each Daily Price Spread Report shall contain, at a minimum:

(a) the legal name and license number of the CFD broker;

(b) the date of the Reporting Period;

(c) for each instrument quoted on the Reporting Day:

(i) the opening Bid Price and Ask Price at the commencement of Market Hours;

(ii) the closing Bid Price and Ask Price at the conclusion of Market Hours;

(iii) the highest Price Spread recorded during the Reporting Day;

(iv) the lowest Price Spread recorded during the Reporting Day;

(v) the Weighted Average Spread for the Reporting Day;

(vi) any periods of widened or abnormal spreads, including the time of commencement and cessation of such widening and the reason, where known; and

(vii) any other identifiers as the Commission may prescribe;

(viii) a declaration by the CFD broker that the information submitted is accurate and complete to the best of the officer's knowledge;

(ix) such additional data fields as the Commission may prescribe by circular or amendment to the prescribed template.

(d) The Commission shall issue a prescribed DPSR template specifying the required format, units of measurement, and data standards. CFD brokers shall use only the current approved template.

(e) Where a CFD broker amends a previously submitted DPSR, it shall submit a corrected return through the DPSR Portal, clearly marked as an amendment, and shall notify the Commission of the amendment and the reason for same within twenty-four (24) hours.

(4) Form and Manner of Submission

(a) Daily Price Spread Reports shall be submitted exclusively through the DPSR Portal in the electronic format prescribed by the Commission.

(b) Submissions made by any other means, including by electronic mail or physical delivery shall not be considered valid submissions for the purposes of these Rules, unless the Commission expressly permits an alternative method in writing due to a system outage.

(5) Regulatory Reporting Requirements and Fees

A Category-A Licensee shall, in addition to other reporting obligations prescribed under these Rules, submit to the Commission the following reports and notifications in such form and within such timelines as may be specified by the Commission:

(a) Financial Reports

(i) Monthly Financial and Operational Returns, within five (5) business days after the end of each month;

(ii) Quarterly Client Funds Reconciliation Reports, within thirty (30) days after the end of each quarter; and

(iii) Annual Audited Financial Statements, within ninety (90) days after the end of the financial year, audited by an independent auditor registered by the Commission and prepared in accordance with the International Financial Reporting Standards (IFRS) or such other standards as the Commission may prescribe.

(b) Regulatory Reports and Fees

(i) Capital Adequacy Returns, demonstrating ongoing compliance with applicable minimum capital requirements;

(ii) Client Money Segregation Reports, evidencing the segregation, safeguarding, and reconciliation of client funds held by the licensee;

(iii) Risk Exposure Reports, detailing the licensee's exposure to market, credit, operational, and liquidity risks arising from its trading activities;

(iv) Complaints and Dispute Reports, summarizing complaints received from clients, the nature of such complaints, and their resolution status;

(v) Cybersecurity and Operational Incident Reports, providing details of any cybersecurity breaches, system failures, or operational disruptions affecting trading services or client data; and

(vi) Annual independent systems audits and penetration testing reports using proprietary or white-labelled platforms.

(vii) Material Event Notifications, including any insolvency event, financial distress, fraud occurrence, regulatory breach, or any other material occurrence that may affect the licensee's ability to carry on regulated activities.

(viii) Regulatory fees shall be payable quarterly or at such other frequency as may be prescribed by the Commission.

(6) Record-Keeping

All Regulated Entities shall maintain the following records in a format that is readily retrievable within twenty-four (24) hours of request for a minimum of seven (7) years including:

(a) All client account opening documents and KYC records;

(b) All client orders, transactions, and confirmations;

(c) All electronic communications (emails, chat logs, instructions) relating to client transactions;

(d) All financial records, ledgers, and reconciliation reports;

(e) All AML/CFT/CPF records, STRs and CTRs; and

(f) All marketing materials and client risk disclosures issued.

15. Investor Protection Measures

(1) Investor Protection Fund

All regulated entities shall jointly and collectively establish and maintain a Fund to be known as the Investor Protection Fund in line with the ISA 2025.

(2) Mandatory Risk Warning

The following standardized risk warning shall appear prominently on the homepage of every Category-A and Category-B licensees' websites, mobile applications, and on all marketing materials:

> RISK WARNING
> [X]% of retail investor accounts lose money when trading Forex and Contracts for Difference (CFDs) with this provider. These products are complex and carry a high risk of rapid loss of capital due to leverage. You should carefully consider whether you understand how these products work and whether you can afford to assume the risk of losing all your invested capital. Past performance is not indicative of future results.

(3) Prohibited Products and Practices

The following products and practices are prohibited

(a) Products

(i) Binary options marketed to Retail Clients;

(ii) Offering forex accounts with leverage in excess of the limits prescribed in these Rules to Retail Clients,

(iii) Any other product as may be prohibited by the Commission.

(b) Practices

(i) Guaranteed stop-loss orders that are not properly funded and disclosed;

(ii) Any bonus, promotion, or incentive directly tied to trading volume in a way that creates a conflict of interest;

(iii) Misrepresenting a platform's execution model;

(iv) Allowing unregistered signal providers, account managers, or managed account services to operate through a licensee's platform without disclosure and Commission's approval

(v) the use of unapproved influencers, whether directly or indirectly, for marketing or promotional purposes; and

(vi) the display of affluence or a luxurious lifestyle by directors or senior officers where such display implies or suggests that such wealth was derived from trading in Forex or CFDs

(vii) Engaging in any other practice as may be prohibited by the Commission.

16. Enforcement, Sanctions and Penalties

(1) Administrative Penalties

(a) A Regulated Entity that contravenes any of the provisions prescribed in these rules shall be liable to a penalty as specified in the Act and the Rules and Regulations of the Commission.

(b) Notwithstanding the penalty provided in (a), the Commission may prosecute such regulated entity where a criminal offence is deemed to have been committed.

(c) Any advertisement, solicitation, or promotion of online forex trading services to residents of Nigeria by an unregistered person shall be deemed a violation of these Rules.

(d) A person who contravenes Rule 3(a) and (b) shall be deemed to be an illegal operator and shall be proceeded against as provided in the Act.

(e) Failure to implement negative balance protection or a breach of the leverage limits for Retail Clients by a Category-A Licensee shall attract a minimum penalty of ₦1 Million per Client affected.

(2) Suspension and Revocation of Registration

(a) Suspension

The Commission may suspend any regulated entity who:

(i) Fails to maintain the minimum capital or fidelity bond insurance requirements;

(ii) Is in serious breach of these Rules, any regulatory directive, or applicable law;

(iii) has been convicted of a financial crime; or

(iv) has failed to pay any fee, penalty, or levy due to the Commission.

(v) notwithstanding the suspension or cancellation of its registration, an online Forex/CFD Broker or Introducing Broker shall remain responsible for settling all its outstanding obligations incurred up till the date of the suspension or cancellation.

(b) Revocation of Registration

The Commission may revoke a registration where a Regulated Entity:

(i) has obtained the registration by misrepresentation or fraud;
(ii) is in serious breach of these Rules, any regulatory directive, or applicable law;
(iii) is subject to insolvency, receivership, or winding-up proceedings;
(iv) has been convicted of a financial crime; or
(v) has failed to pay any fee, penalty, or levy due to the Commission.

(c) Before suspending or revoking a registration, the Commission shall issue a notice of intended suspension or revocation and afford the Regulated Entity twenty-one (21) days to make written representations.

(d) In cases of immediate public interest or systemic risk, the Commission may impose an immediate emergency suspension pending a full hearing.

17. Transitional and Miscellaneous Provisions

(1) Recording System

(a) A Forex/ CFD Broker and Introducing Broker, shall install at its place of business a centralized recording system to record all telephone conversations conducted by it or its representatives with prospective Clients, Clients and recognized traders.

(b) All telephone lines used by staff of the Forex Broker or Introducing Broker, responsible for making calls, confirming orders, executing contracts, transferring funds, or carrying out instructions incidental thereto, shall be routed through a centralized recording system.

(c) Records from the centralized recording system shall be kept in a format that is readily retrievable within twenty-four (24) hours of request for a minimum of 7 years, provided that this may be longer when there is a dispute.

(d) A Forex/CFD Broker or Introducing Broker, shall ensure that access to records in the centralized recording system, whether in use or in storage, is strictly controlled.

(e) A Forex/CFD Broker or Introducing Broker, shall:

(i) ensure that the centralized recording system functions properly at all times; and
(ii) carry out random checks at intervals of not less than once every week to ensure that the provisions of these Rules and any rules made thereunder have been complied with.

(2) Dealing Practices

(a) A Forex/CFD Broker shall:

(i) make available a demo account for a client to practice and familiarize himself with the platform prior to live trading.;

(ii) disclose its trading hours to its clients and the Commission, specifying the beginning and ending hours of a trading day;

(iii) quote both the bid and offer prices at the request of a client;

(iv) not quote a price for a contract without specifying whether the price is, for a given quantity of contracts, a firm one or merely indicative;

(v) disclose the trading fees and other charges prior to on-boarding a client;

(vi) display at each of its places of business a prominent notice which shows the information as specified in 13 (2) (a-f) of these Rules;

(vii) treat all clients equally and follow strictly the FIFO (first in - first out) order execution rule;

(viii) demonstrate how conflicts of interest are eliminated within its business model;

(ix) describe clearly to the client rules governing slippage;

(x) ensure and provide protection that guarantees that the maximum loss for the clients at any point in time never exceed the clients' available funds in their trading accounts (negative balance protection);

(xi) close out a client's position when their funds fall to 50% of the margin needed to maintain their open positions on their CFD account;

(xii) notify the Commission of any new type of trading benefits that it intends to offer to all clients. The notification shall take place before the trading benefit is launched to the market and shall demonstrate that such trading benefit is not designed to encourage behaviours that are not in the best interests of clients;

(xiii) in case of a positive cash balance in the client's trading account, the Forex/CFD Broker shall process the client's request for payment on the same day;

(xiv) process client's request to withdraw funds on the same day that the request to withdraw funds was made, or the next working day if the client's request is received outside of normal trading hours; and

(xv) not allow price adjustments to execute client orders, except to resolve a complaint that is in the client's favour.

(b) A Forex/CFD Broker quoting a price for a contract to any person shall inform such person that the price given by it is available only for a limited period and, where practicable, specify the time in question.

(c) A Forex /CFD Broker quoting a firm price shall deal at that price.

(d) All contracts shall be recorded in dealing slips, which are time stamped.

(3) Disclosure of Prospective or Pending Litigations

All regulated entities conducting forex/CFD business shall disclose any prospective or pending litigations to the Commission not more than five (5) business days from when the matter came to their knowledge.

(4) Record of Communication

All regulated entities conducting forex/CFD business shall maintain records of all communication they receive concerning possible violations of the Act or these Rules involving their forex business and report such communication to the Commission within five (5) business days.

(5) Misconduct

All regulated entities conducting forex/CFD business and their representatives shall not:

(a) engage in transactions or practices that are prohibited by these rules or any law;

(b) cheat, misappropriate or convert any money, securities or other assets received or accruing to any person or in connection with online forex/CFD transactions;

(c) make or cause to be made a false/misleading report, or fully enter or cause to be entered a false/misleading record in or in connection with any Forex/CFD transaction;

(d) disseminate, or cause to be disseminated, false or misleading information, or acknowledge inaccurate report, that affects or tends to affect the price of any foreign currency/CFD;

(e) give a client false/misleading or incomplete information regarding entering into, or solicitation of entering into, a contract for forex/CFD transactions;

(f) engage in manipulative acts or practices regarding the price of any or online forex/CFD transaction;

(g) submit false or misleading information to the Commission;

(h) use clients' funds to cater for operating expenses;

(i) solicit to enter into a contract for online forex /CFD transactions by offering a client a definite prediction;

(j) misrepresent its services in any way;

(k) cancel trades without authorization;

(l) fail to return client assets on request;

(m) fail to complete a forex/CFD contractual obligation with a client;

(n) change the price dealt at after executing the trade;

(o) not make claims of hypothetical profit unless such claims are accompanied by a statement of risk of loss;

(p) encourage a client to increase trading volumes with a view to earning more fees;

(q) enter into any form of mergers, acquisitions or any form of business combination with any other firm without prior approval of the Commission;

(r) effect any changes in its Memorandum and Articles of Association without the prior approval of the Commission;

(s) implement any change in address or transfer a portion or the whole of the liabilities to any other entity;

(t) establish any new branches or offices without the prior approval of the Commission;

(u) use aggressive language or employ any kind of tactics to receive additional deposits from the clients.

(v) use bonuses, trading contests, and referral fees as a means to lure in new or retain old traders;

(w) offer current and potential customers cash or other inducements to encourage retail clients to trade;

(x) reward clients for introducing new clients or recommending any instruments or related services;

(y) reward clients or offer any benefit that is conditionally linked to certain transactions; and

(z) outsource call centres for contact with clients or prospective clients

(2) An online forex/broker dealer shall not operate the Percentage Allocation Management Model (PAMM).

(3) An introducing Broker shall not hold client funds or interfere with the trading processes in any way including altering platforms or spreads.

(6) Obligation to Notify the Commission

(a) A party to an online forex/CFD transaction or its representatives shall notify the Commission and the SRO immediately upon becoming aware of any breach of the provisions of the Commission's Rules and Regulations..

(b) Where a client makes a written complaint to the Forex Broker or Introducing Broker alleging misappropriation of funds or any other kind of fraud, the Broker shall notify the Commission within five (5) business days of receipt of the complaint.

(c) Where a staff member is dismissed for gross misconduct, the Commission shall be notified within two (2) business days of such dismissal. Failure to submit any required notification on time shall constitute a breach of these Rules and shall attract an appropriate sanction as prescribed by the Commission.

(7) Transitional Arrangements

From the date of commencement of these Rules, any person who is carrying on regulated activities whether pursuant to an existing authorization or informally, shall:

(a) Within three (3) months, submit a complete registration application to the Commission; and

(b) Within six (6) months, comply with all the Commission's requirements for registration.

(c) During the transitional period, existing operators that have submitted valid applications shall be permitted to continue operating subject to such conditions as the Commission may impose.

(d) Existing operators who fail to submit registration applications within the stipulated period shall immediately cease regulated activities.

(8) Contents of Client Agreement

The Client agreement shall include:

(a) the full name and address of the client;

(b) the full name and address of the online Forex Broker and details of the registration it holds, including any conditions imposed on the registration;

(c) a statement by the client:

  (i) that the client is trading on his own behalf; or

  (ii) if the client is not trading on his own behalf, of the name of the ultimate beneficiary on whose behalf the client is trading;

(d) a statement by the client as to whether he is to operate his account by giving orders himself or by his representative, and in the latter case, the name and address of the person appointed, to be accompanied by an appointment in writing;

(e) a statement by the Forex Broker that none of its employees or representatives shall accept appointment by the client as agent to operate the client's account for the purposes of (d) above unless a separate agreement is executed in accordance with these rules;

(f) a statement by the Forex Broker as to whether it may take the opposite position to a client's order and the conditions under which it may do so;

(g) a statement as to whether or not any employee or representative of the Forex Broker may be allowed to trade contracts on his own account pursuant to the policy established under these rules;

(h) a statement that all telephone conversations between the online Forex Broker and the client made in the course of business shall be recorded on a centralized recording system operated by the online forex broker;

(i) details of the basis on which charges, commissions and brokerages are to be paid by the client;

(j) specification of all services and contracts which the online Forex Broker may provide to, transact with, or undertake on behalf of, the client and of all terms and conditions attached to those services and to the trading of contracts;

(k) where the terms of its registration so requires, a statement that in relation to any dispute between the online Forex Broker and the client, the online Forex Broker shall, if the client so requires, agree to refer the dispute to arbitration;

(l) details of margin requirements and the time within which any initial margin or other margin deposits shall be paid;

(m) the circumstances in which contracts transacted with or undertaken on behalf of the client may be closed out without the client's consent;

(n) a statement as to whether the client, the Forex Broker or any other person shall be entitled in whole or in part to interest, dividends or other benefits derived from the client's margin collateral;

(o) a description of the methods or procedures adopted by the Forex Broker in choosing the prices or interest rates for the purposes of marking to market the client's open positions and in calculating the client's interest income and expenses;

(p) a statement that the client may be affected by any curtailment of, or restriction on, the capacity of the online Forex Broker to deal in respect of open positions as result of action taken by the Commission or for any other reason, and that in such circumstances, the client may be required to reduce or close out his open positions with the online forex broker;

(q) a statement to the effect that the client agreement and all rights, obligations and liabilities under it shall be governed by and construed in accordance with Nigerian law; and

(r) a commitment to ensure prompt notification of any review in their internal margin rates/requirements and that on a continual basis such reviews are in compliance with the (Commission's/superintending SRO's) minimum requirements.

(9) Contents of a Discretionary Account Agreement

(a) a description of how the discretionary account shall be managed;

(b) a statement of:

(i) the name of the representative managing the account;

(ii) the name of the supervisor of that representative; and

(iii) whether that representative is permitted to deal for his own account;

(c) details of the terms and conditions specified by the client for management of the account, which shall include:

(i) the amount deposited by the client;

(ii) the terms and conditions of any "stop-loss" or "stop-limit" order by the client; and

(iii) any specifications imposed by the client concerning his investment objectives and strategy including the size of transactions, frequency of trading and the currencies to be traded in;

(d) details of all charges, commissions and brokerages payable by the client;

(e) a statement that any modifications to the discretionary account agreement shall be accepted by both parties in writing;

(f) a statement that either party may suspend or terminate the discretionary account agreement at any time by giving notice to the other party by telephone or in writing, such suspension or termination to take effect upon receipt of the notice;

(g) a statement by the client that he understands that he is not obliged to enter into a discretionary account agreement before he can retain other non-discretionary services of the forex broker, that he understands the contents of the discretionary account agreement and that he accepts the terms and conditions contained therein;

(h) the risk disclosure statement; and

(i) An explanation of the additional risks arising from granting a Forex Broker discretionary authority to manage a client's account, including the client's reliance on the Forex Broker's integrity, competence, and judgment, and the potential for conflicts of interest, including where the Forex Broker executes transactions on the client's behalf while taking an opposite position.

Justification

The Rules seek to establish a robust regulatory framework for the orderly and transparent conduct of online forex and CFD activities in Nigeria. They aim to protect investors; ensure that only fit, proper and adequately capitalised operators participate in the market; safeguard client funds; strengthen risk management and market integrity; and prevent fraud and other abusive practices.