

COMMODITIES EXCHANGE BILL, 2019

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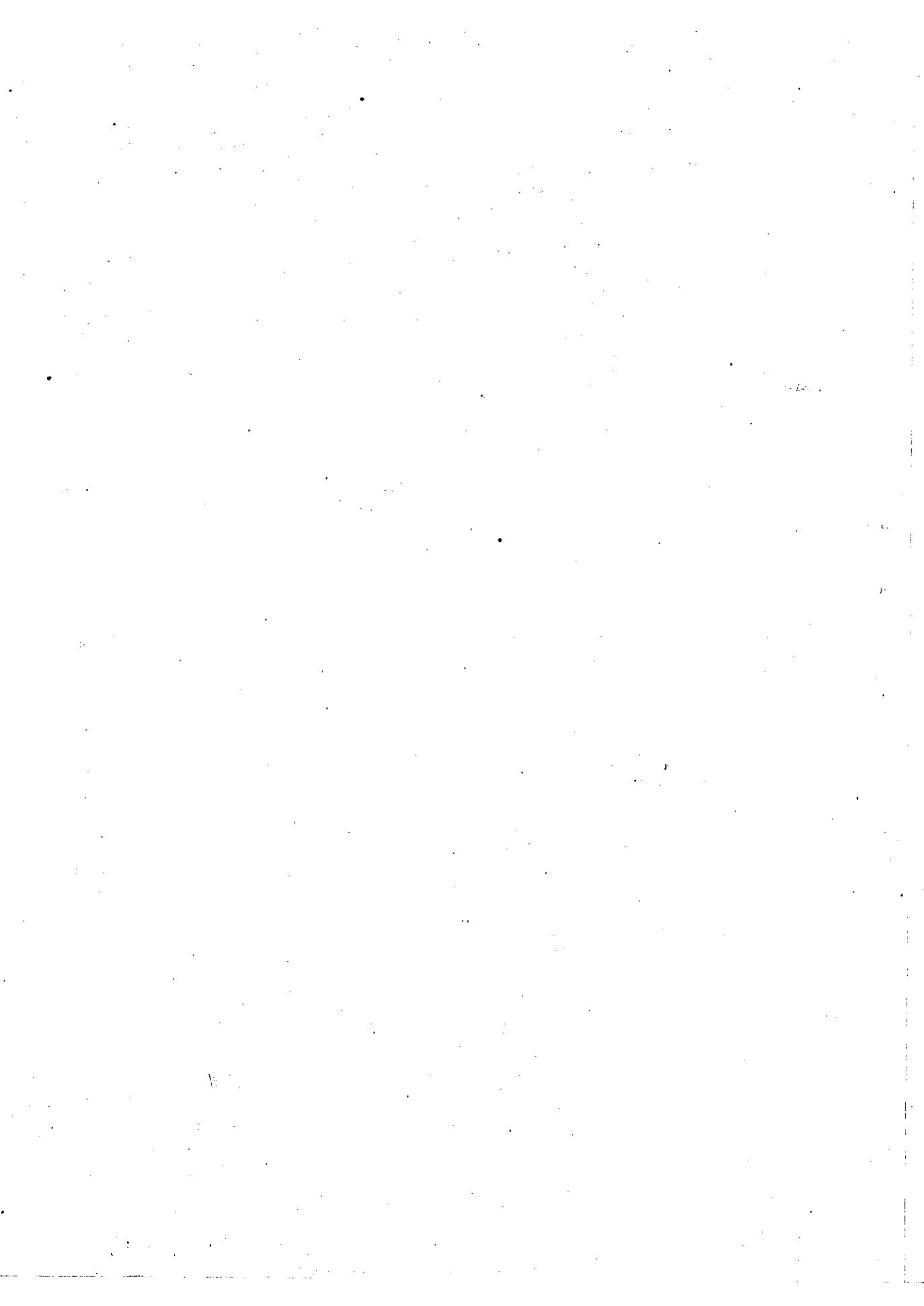
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SCHEDULE



# A BILL

## FOR

AN ACT TO REGULATE COMMODITIES FUTURE TRADING IN NIGERIA;  
PROVIDE FOR THE ESTABLISHMENT OF THE COMMODITIES FUTURE  
TRADING COMMISSION AND FOR RELATED MATTERS

*Sponsored by Hon. Uzoma Nkem-Abonta*

[ ] Commencement

BE IT ENACTED by the National Assembly of the Federal  
Republic of Nigeria as follows—

1 PART I - ESTABLISHMENT OF THE COMMODITIES FUTURE

2 TRADING COMMISSION

3 1.-(1) There is hereby established a body to be known as the  
4 Commodities Future Trading Commission (in this Act referred to as "the  
5 Commission").

Establishment of  
the Commodities  
Futures Trading  
Commission

6 (2) The Commission—

7 (a) shall be a body corporate with perpetual succession and a  
8 common seal;

9 (b) may sue and be sued in its corporate name; and

10 (c) may acquire, hold or dispose of any property, moveable or  
11 immovable, for the purpose of carrying out any of its functions under this  
12 Act.

13 2.-(1) The Commission shall consist of—

Composition of  
the Commission

14 (a) a Chairman;

15 (b) one person not below the rank of Director to represent the—

16 (i) Federal Ministry of Commerce,

17 (ii) Federal Ministry of Agriculture,

18 (iii) Federal Ministry of Solid Minerals Development,

19 (iv) Federal Ministry of Energy,

20 (v) Federal Ministry of Finance;

1 (c) two full-time Commissioners who shall be persons with ability,  
2 experience and specialized knowledge in commodities future trading; and

3 (d) the Director-General.

4 (2) The Chairman and the Commissioners referred to in paragraphs  
5 (a) and (c) of this subsection (1) shall be appointed by the President upon the  
6 confirmation of the Senate.

7 (3) The members of the Commission, other than the Director-General  
8 and the two full time Commissioners, shall be part-time members of the  
9 Commission.

Schedule

10 (4) The supplementary provisions set out in the Schedule to this Act  
11 shall have effect with respect to the proceedings of the Commission and the  
12 other matters contained therein.

Tenure of office  
of Commissioners

13 3. The Commissioners, other than the ex-officio Commissioners,  
14 shall each hold office in the first instance for a term of four years and may be re-  
15 appointed for a further term of four years and no more.

Cessation of  
membership

16 4. A Commissioner shall cease to hold office if—

17 (a) he becomes of unsound mind;

18 (b) he becomes bankrupt;

19 (c) he is convicted of a felony or any offence involving dishonesty;

20 (d) he is guilty of serious misconduct in relation to his duties; or

21 (e) in the case of a person who has a professional qualification, he is  
22 disqualified or suspended from practicing his profession in any part of Nigeria  
23 by the order of any competent authority made in respect of him personally.

Remuneration  
and allowance

24 5. Member of the Commission appointed under subsection (1) (a) and  
25 (c) of section 2 of this Act shall be paid such remuneration and allowances as  
26 the President may, after consultation with the Minister, from time to time,  
27 direct.

Disclosure of  
interest

28 6.-(1) A member of the Commission who is directly or indirectly  
29 interested in—

30 (a) the affairs of any company or enterprise, being deliberated upon

1 by the Commission, or

2 (b) any contract made or proposed to be made by the Commission,  
3 shall, as soon as possible after the relevant facts have come to his  
4 knowledge, disclose the nature of his interest to the Commission at a  
5 meeting of the Commission.

6 (2) A disclosure made under subsection (1) of this section shall be  
7 recorded in the minutes of the Commission and the member shall—

8 (a) not, after the disclosure, take part in any deliberation or decision  
9 of the Commission with regard to the subject matter in respect of which his  
10 interest is so disclosed;

11 (b) be excluded for the purpose of constituting a quorum of the  
12 Commission for any deliberation or decision on the subject matter.

13 7. The members of the Commission shall subscribe to and be Code of ethics  
14 bound by a code of ethics to be approved by the Minister for the  
15 Commission.

16 PART II - FUNCTIONS AND POWERS OF THE COMMISSION

17 8. The Commission shall—

18 (a) regulate commodities future trading in Nigeria as defined in Functions and  
19 this Act; powers of the  
Commission

20 (b) register and regulate Commodities Exchanges, Trading  
21 Facilities and Derivatives Exchanges;

22 (c) render assistance in all aspects including funding as may be  
23 deemed necessary to promoters and investors wishing to establish  
24 Commodities Exchanges and Trading Facilities;

25 (d) prepare adequate guidelines and organize training programmes  
26 and disseminate information necessary for the establishment of  
27 Commodities Exchanges and Trading Facilities;

28 (e) register and regulate corporate and individual commodity  
29 future market operators as defined in section 29 of this Act;

30 (f) facilitate the establishment of a nation-wide system for

- 1 commodities futures trading in Nigeria in order to protect investors and  
2 maintain fair and orderly markets;
- 3 (g) facilitate the linking of all markets in commodities through  
4 modern communication and data processing facilities in order to foster  
5 efficiency, enhance competition, and increase the information available to  
6 brokers, dealers and investors;
- 7 (h) register and regulate central depository companies as well as  
8 clearing and settlement companies;
- 9 (i) protect the integrity of the commodities market against abuses  
10 arising from the practice of insider trading;
- 11 (j) act as a regulatory apex organization for the Nigerian commodity  
12 futures market including the promotion and registration of self-regulatory  
13 organizations and commodities future market trade associations to which it  
14 may delegate its powers;
- 15 (k) call for information from and undertake, inspect, conduct  
16 inquiries and audits of the Commodity Exchanges and Derivative Trading  
17 Facilities as well as other intermediaries and self regulatory organizations;
- 18 (l) call for or furnish to any agency such information as may be  
19 considered necessary by it for the efficient discharge of its functions;
- 20 (m) levy fees or other charges on any person for carrying out  
21 commodities futures and derivatives business in Nigeria;
- 22 (n) conduct research into all or any aspect of the commodities futures  
23 and derivatives industry;
- 24 (o) prevent fraudulent and unfair trade practices relating to the  
25 commodities futures and derivatives industry;
- 26 (p) advise the Minister on all matters relating to the commodities  
27 futures and derivatives industry;
- 28 (q) disqualify unfit individuals from being employed anywhere in the  
29 commodities futures and derivatives industry;
- 30 (r) liaise effectively with the regulators and supervisors of other



1 commodities futures trading institutions locally and overseas; and

2 (s) perform such other functions and exercise such other powers  
3 not inconsistent with this Act as are necessary or expedient for given full  
4 effect to the provisions of this Act.

5 9. The Commission shall establish specialized departments for the  
6 purpose of regulating—

Powers to  
establish  
department

7 (a) Commodity Exchanges, including Derivatives Trading  
8 Facility;

9 (b) commodities futures market operators including corporate  
10 members, commodity futures exchanges and individuals, professional  
11 firms, that is, accountants, solicitors, engineers and other professionals who  
12 undertake commodities business either as advisers and consultants and  
13 other forms of business combinations under this Act.

14 PART III - STAFF

15 10. (1) There shall be, for the Commission, a Director-General  
16 who shall—

Director-General  
of the  
Commission

17 (a) be appointed by the President;

18 (b) hold office for a period of five years in the first instance and  
19 may be re-appointed for a further period of five years and no more, on such  
20 terms and conditions as are contained in his letter of appointment;

21 (c) be the chief executive of the Commission.

22 (2) The Director-General shall, subject to the general control of the  
23 Commission, be—

24 (a) responsible for keeping proper records of the proceedings of the  
25 Commission; and

26 (b) the head of the secretariat and be responsible for—

27 (i) the day-to-day administration, and

28 (ii) direction and control of all other employees,  
29 of the Commission.

Other Staff of  
the Commission

1                   11.-(1) The Commission shall appoint such officers and other  
2 employees as it may from time to time, deem necessary for the purpose of the  
3 Commission.

4                   (2) The terms and conditions of service (including remunerations,  
5 allowances, benefits and pensions) of officers and employees of the  
6 Commission shall be as may be determined by the Commission.

Pension

7                   12.-(1) It is hereby declared that service in the Commission shall be  
8 approved service for the purpose of the Pensions Act and, accordingly,  
9 employees of the Commission shall be entitled to pensions, gratuity or other  
10 retirement benefits as are prescribed under the Pensions Act.

11                   (2) Notwithstanding the provisions of subsection (1) of this section,  
12 nothing in this Act shall prevent the appointment of a person to any office on  
13 terms which preclude the grant of a pension, gratuity or other retirement benefit  
14 in respect of that office.

15                   (3) For the purpose of the application of the Pensions Act, any power  
16 exercisable by a Minister or other authority of the Federal Government, other  
17 than the power to make regulations under Section 23 of the Pensions Act is  
18 hereby vested in and shall be exercisable by the Commission and not by any  
19 other person or authority.

20                   PART IV - FINANCIAL PROVISIONS

Fund of the  
Commission

21                   13.-(1) The Commission shall establish and maintain a fund, which  
22 shall be applied towards the discharge of its functions under this Act.

23                   (2) There shall be paid and credited to the fund established pursuant to  
24 subsection (1) of this section, such sums as may be provided by the Federal  
25 Government for the Commission.

powers to  
accept gifts

26                   14.-(1) The Commission may accept gifts of land, money or other  
27 testamentary dispositions, endowments and contributions on such terms and  
28 conditions, if any, as may be specified by the person or organization making the  
29 gift.

30                   (2) The Commission shall not accept any gift if the conditions

1 attached by the person or organization making the gift are inconsistent with  
2 the functions of the Commission.

3 15. The Commission shall be entitled to charge, retain and utilize Fees  
4 for its purposes, fees collected for the services rendered by the Commission  
5 under this Act.

6 16.-(1) The Commission may, with the consent or in accordance Borrowing, etc.  
7 with any specific authority given by the Minister, borrow by way of loan or by the  
8 overdraft such specified amount of money as may be required by the Commission  
9 for meeting its obligations and discharging its functions under Commission  
10 this Act.

11 (2) The Commission may, subject to the provisions of this Act and  
12 the conditions of any trust created in respect of any property, invest all or any  
13 of its funds.

14 (3) The Commission may invest any of its funds in securities  
15 prescribed by the Trustees Investment Act or in such other securities as may,  
16 from time to time, be approved by the Minister.

17 (4) Subject to the provisions of the Land Use Act, and any special  
18 or general direction, which the Minister may give in that behalf, the  
19 Commission may acquire any land required for its purpose under this Act.

20 17. The Commission may, from time to time, apply the proceed of  
21 the Fund established in pursuance of section 13 of this Act to— Application of  
the Funds of the  
Commission

22 (a) meet the cost of administration of the Commission;

23 (b) reimburse members of the Commission or any committee set  
24 up by the Commission for expenses authorized or approved by the  
25 Commission in accordance with such rates as may be approved in that behalf  
26 by the Minister;

27 (c) the payment of salaries, fees or other remuneration or  
28 allowances, pensions and gratuities payable to the employees of the  
29 Commission;

30 (d) the maintenance of any property acquired by or vested in the

1 Commission; and

2 (e) all or any of the functions of the Commission under this Act or any  
3 matter connected with those functions.

Annual estimates,  
accounts and  
audit

4 18. (1) The Commission shall cause to be prepared not later than 30<sup>th</sup>  
5 September in each year an estimate of the expenditure and income of the  
6 Commission during the next succeeding year and when prepared, they shall be  
7 submitted through the Minister to the President for approval.

8 (2) The Commission shall cause to be kept, proper accounts of the  
9 Commission and proper records in relation thereto and when certified by the  
10 Commission, the accounts shall be audited by auditors appointed by the  
11 Commission from the list and in accordance with the guidelines supplied by the  
12 Auditor-General for the Federation.

Annual report  
to be submitted  
to the National  
Assembly

13 19. The Commission shall not later than three months before the end  
14 of each year, submit to the relevant committees of both chambers of the  
15 National Assembly a report on the activities and the administration of the  
16 Commission during the immediate preceding year and shall include such  
17 reports, audited accounts of the Commission and the auditor's report on those  
18 accounts.

19 PART V - REGISTRATION OF COMMODITY EXCHANGES AND DERIVATIVES  
20 TRADING FACILITIES

Registration of  
Commodity  
Exchanges and  
Derivatives  
Trading Facilities

21 20.-(1) No Commodity Exchange or Derivatives Trading Facility as  
22 defined in section 72 of this Act shall commence operation unless it is  
23 registered with the Commission in accordance with the provisions of this Act  
24 and the rules and regulations made thereunder.

25 (2) An application for registration as a Commodity Exchange or  
26 Derivatives Trading Facility shall be made to the Commission in the prescribed  
27 form and in such a manner as may be specified by the Commission, from time  
28 to time.

Conditions of  
registration

29 21.-(1) The Commission may register a body corporate as a  
30 Commodity Exchange or Derivatives Trading Facility if it is satisfied that the

1 rules of that body corporate make satisfactory provisions –

2 (a) for the exclusion from its membership of persons who are not of  
3 good character and who do not possess a high degree of business integrity;

4 (b) for the expulsion, suspension or discipline of members of  
5 conduct inconsistent with just and equitable principles in the transaction of  
6 commodities business or for a contravention of or failure to comply with the  
7 rules of the Commodity Exchange or Derivatives Trading Facility or the  
8 provisions of this Act;

9 (c) with respect to the conditions governing dealings in  
10 commodities by members;

11 (d) with respect to the class or classes of commodities which may  
12 be dealt in by members;

13 (e) with respect to a fair representation of persons in the selection  
14 of members of the Board of the Commodity Exchange or Derivatives  
15 Trading Facility and the administration of its affairs and provide that one or  
16 more members of the Board shall be representatives of listed companies and  
17 investors; and

18 (f) generally, for carrying on of the business of the Commodity  
19 Exchange or Derivatives Trading Facility in the public interest.

20 (2) The Commission in granting its approval under this section  
21 shall ensure that interest of the public will be served by the granting of its  
22 approval.

23 (3) The Commission may, with the approval of the Minister, revoke  
24 the certificate of registration to a body corporate registered by it under this  
25 section.

26 22. The Commission may with the approval of the Minister, revoke  
27 the certificate of registration granted under section 21 of this Act if the body  
28 corporate –

29 (a) ceases to operate as a Commodities Exchange or Derivatives  
30 Trading Facility within the meaning of this Act;

Revocation of  
certificate of a  
Commodity  
Exchange and  
Derivatives  
Trading Facility

- 1 (b) is undergoing a process of being wound up; or  
2 (c) is operating in a manner detrimental to the public interest.

Approval of  
amendments to  
rules

3 23.-(1) Where an amendment is made, whether by way of rescission,  
4 amendment, alteration or addition to the rules of a Commodity Exchange or  
5 Derivative Trading Facility, the Board of the Commodity Exchange or  
6 Derivatives Trading Facility shall forward a written notice of the amendment to  
7 the Commission for approval.

8 (2) The Commission shall give notice in writing to the Commodity  
9 Exchange or Derivatives Trading Facilities concerned as to whether or not the  
10 Commission approves the whole or any specified part of the amendment in  
11 question, and until such notice is given, the amendment shall be of no effect.

12 (3) Nothing in this section shall preclude the Commission, after  
13 consultation with the Board of a Commodity Exchange or Derivatives Trading  
14 Facility, from amending the rules of the Commodity Exchange or Derivatives  
15 Trading Facility by a notice in writing specifying the amendments and the dates  
16 those amendments shall come into force and have effect, but the Commission  
17 may dispense with such consultation if it considers it necessary to do so for the  
18 protection of investors.

19 (4) Any notice under this section may be served personally or by  
20 registered post.

Commodity  
Exchange or  
Derivatives  
Trading Facility  
to give notice  
of disciplinary  
actions, etc.

21 24. Where a Commodity Exchange or Derivative Trading Facility  
22 reprimands, fines, suspends, expels or otherwise takes disciplinary action  
23 against a member of the Commodity Exchange or Derivative Trading  
24 Facilities, the Commodity Exchange or Derivative Trading Facility shall,  
25 within seven days give to the Commission, in writing, the particulars and name  
26 of the member, the nature of and reason for the action taken, the amount of the  
27 fine, if any, and the period of the suspension, if any.

Disciplinary  
actions by a  
Commodity  
Exchange, etc.

28 25.-(1) The Commission may review any disciplinary action taken by  
29 a Commodity Exchange or Derivatives Trading Facility under subsection (1)  
30 of this section and may affirm or set aside a decision of Commodity Exchange

1 or Derivatives Trading Facility after giving the member and the Commodity  
2 Exchange or Derivatives Trading Facility an opportunity of being heard.

3 (2) Nothing in this section shall preclude the Commission in any  
4 case where a Commodity Exchange or Derivatives Trading Facility fails to  
5 act against a member, from suspending, expelling or otherwise causing  
6 disciplinary action to be taken against a member of the Commodity  
7 Exchange or Derivatives Trading Facility provided that the Commission  
8 shall give the member and the Commodity Exchange or the Derivatives  
9 Trading Facility an opportunity of being heard.

10 (3) Any person who is aggrieved by the decision of a Commodity  
11 Exchange or Derivatives Trading Facility or the Commission under this  
12 section may, with one month after he is notified of the decision, appeal to the  
13 Investment and Securities Tribunal.

14 26.-(1) The Commission may, where it is in the public interest,  
15 issue directives to a Commodity Exchange or Derivatives Trading Facility  
16 with respect to—

Powers to issue  
directives to  
Commodity  
Exchange or  
Derivatives  
Trading Facility

17 (a) trading on or through the facilities of that Commodity  
18 Exchange or Derivatives Trading Facility pertaining to any commodity  
19 being traded on that Commodity Exchange or Derivative Trading Facility;

20 (b) the manner in which a Commodity Exchange or Derivatives  
21 Trading Facility carries on its business including the manner of reporting  
22 off-market purchases; or

23 (c) any other matter which the Commission considers necessary  
24 for the effective administration of this Act,  
25 and the Commodity Exchange or Derivatives Trading Facility shall comply  
26 with the directives.

27 (2) A Commodity Exchange or Derivatives Trading Point which,  
28 without reasonable excuse, fails to comply with a directive given under  
29 subsection (1) of this section commits an offence and is liable on conviction  
30 to a fine of not less than N100,000 and further fine of N5,000 for every day

1 during which the non-compliance continues.

2 (3) A Commodity Exchange or Derivative Trading Facility which  
3 feels aggrieved by any directive of the Commission issued under subsection (1)  
4 of this section may appeal to the Investment and Securities Tribunal within  
5 thirty days of the date of the Commission's directive.

6 (4) Where the Commission is satisfied that an executive officer of a  
7 Commodity Exchange or Derivatives Trading Facility has—

8 (a) willfully contravened, or

9 (b) without reasonable justification or excuse, failed to enforce  
10 compliance by a member of the Commodities Exchange or Derivatives  
11 Trading Facility with the provisions of this Act or any regulations made  
12 thereunder or the rules of the Commodity Exchange or Derivatives Trading  
13 Facility,

14 the Commission may remove that executive officer.

15 (5) The Commission may, in the public interest or for the protection of  
16 investors, and after giving the executive officer an opportunity of being heard,  
17 direct the Commodities Exchange or Derivatives Trading Facility in writing to  
18 remove the executive officer, and where the Commodity Exchange or  
19 Derivatives Trading Facility fails to comply with the direction of the  
20 Commission under subsection (4) of this section, the Commission may remove  
21 the executive officer from office.

Power of  
Commission to  
prohibit trading  
in certain  
commodities

22 27.-(1) Where the Commission thinks it is necessary for the  
23 protection of persons buying or selling particular commodities of or made  
24 available by a body corporate on a Commodity Exchange or Derivatives  
25 Trading Facility it shall in particular in the public interest prohibit trading in  
26 those commodities and give notice in writing to the Commodity Exchange or  
27 Derivatives Trading Facility.

28 (2) If, after receiving the notice given under subsection (1) of this  
29 section, the Commodity Exchange or Derivatives Trading Facility fails to take  
30 action to prevent trading in the Commodities to which the notice relates and the



1 Commission still thinks it is necessary to prohibit trading in those  
2 commodities the Commission may, by notice in writing to the Commodity  
3 Exchange or Derivatives Trading Facility, prohibit trading in those  
4 commodities during such period, not exceeding fourteen days, as may be  
5 specified in the notice.

6 (3) Where the Commission gives notice to a Commodity Exchange  
7 or Derivatives Trading Facility under subsection (2) of this section it shall –

8 (a) at the same time, send a copy of the notice to the body corporate  
9 together with a statement setting out the reasons for giving the notice; and

10 (b) as soon as practicable not later than thirty days after giving the  
11 notice, submit to the Minister a written report setting out the reasons for the  
12 notice and shall send a copy of the report to the Commodities Exchange or  
13 Derivatives Trading Facility, as the case may be.

14 (4) A body corporate affected by a notice given to a Commodity  
15 Exchange or Derivatives Trading Facility under subsection (2) of this  
16 section may request the Commission in writing to refer the matter to the  
17 Investment and Securities Tribunal.

18 (5) The Commission shall, on receiving a request under subsection  
19 (4) of this section, forthwith refer the matter to the Investment and Securities  
20 Tribunal, which may vary or confirm the prohibition imposed by the  
21 Commission.

22 (6) A Commodity Exchange or Derivatives Trading Facility which  
23 permits trading in commodities in contravention of a notice under  
24 subsection (2) of this section commits an offence and is liable on conviction  
25 to a fine of N50,000 and to a further fine of N5,000 for every day during  
26 which the contravention continues.

27 **28. In this part of this Act –**

28 “Commodity Exchange” includes a Commodity Exchange or an approved  
29 commodities organization such as an over the counter market, metal  
30 exchange, petroleum exchange, options, futures and derivatives exchanges

Interpretation  
under this part

1 and such other forms of commodities organizations within the meaning of this  
2 Act;  
3 “trading in commodities” means trading in commodities on the floor of a  
4 Commodity Exchange or Derivatives Trading Facility.

5 PART VI - REGISTRATION OF COMMODITY MARKET OPERATOR

Registration of  
commodity  
market operators

6 29.-(1) Subject to the provision of subsection (2) of this section, no  
7 floor dealer, floor broker, sub-broker, transfer agent, futures commission  
8 merchant, commodity pool operator, commodity trading adviser and such  
9 other intermediaries associated with the commodities industry shall buy, sell or  
10 deal in commodities except under and in accordance with the conditions of a  
11 certificate of registration obtained from the Commission in accordance with  
12 the regulations made under this Act.

13 (2) A market operator who, immediately before the commencement  
14 of this Act, is associated with the commodities industry for which no  
15 registration certificate was necessary prior to this Act, may continue to operate  
16 as such for a maximum period of three months from the commencement of this  
17 Act or if he has applied for registration under this Act, he shall continue to  
18 operate within that period till the disposal of the application and thereafter in  
19 accordance with the regulations made for registration under this Act.

20 (3) No depository, custodian of commodities, foreign institution  
21 investor, or any other intermediary associated with the commodities market  
22 shall but, sell or engage in any commodities transaction except under and in  
23 accordance with the conditions of a certificate of registration obtained from the  
24 Commission upon compliance with the regulations made under this Act.

25 (4) An application for registration under this part of this Act shall be in  
26 such manner and upon payment of such fees as may be prescribed by the  
27 Commission from time to time.

28 (5) The Commission may, by order, suspend or cancel a certificate of  
29 registration in such manner as may be prescribed but no order under this  
30 subsection shall be made unless the person concerned has been given a

1 reasonable opportunity of being heard.

2 **30.** In this Part of this Act—

Interpretation  
under this part

3 “commodity market operator” includes a floor dealer, floor broker, transfer  
4 agent, futures commission merchant, commodity pool operator, commodity  
5 trading adviser and such other commodity market intermediaries as may be  
6 licenced by the Commission in accordance with the regulations made under  
7 this Act.

8 **PART VII - CONDUCT OF COMMODITIES BUSINESS**

9 **31.** A floor dealer shall, in respect of a transaction of purchase of  
10 commodities, forthwith give a contract note, in accordance with the  
11 provisions of this section where the transaction—

Issue of  
contract notes

12 (a) took place in the ordinary course of business at a Commodity  
13 Exchange or Derivatives Trading Facility and the floor dealer entered into  
14 the transaction otherwise than as principal to the person for whom the floor  
15 dealer entered into the transaction;

16 (b) did not take place in the ordinary course of business at a  
17 Commodity Exchange or Derivatives Trading Facility and the floor dealer  
18 entered into the transaction otherwise than as principal to the person for  
19 whom the floor dealer entered into the transaction and the person with whom  
20 the floor dealer entered into the transaction;

21 (c) did not take place in the ordinary course of business at a  
22 Commodity Exchange or Derivatives Trading Facility and the floor dealer  
23 entered into the transaction as principal to the person with whom the floor  
24 dealer entered into the transaction.

25 **32.** A contract note given by a floor dealer under section 31 of this  
26 Act shall include—

Contents of  
contract note

27 (a) the name or style under which the floor dealer carries on his  
28 business as a floor dealer and the address of the principal place at which he  
29 so carries on business;

30 (b) where the floor dealer is dealing as principal with a person who

- 1 is not the holder of a floor dealer's licence, a statement that he is so acting;
- 2 (c) the name and address of the person to whom the floor dealer gives
- 3 the contract note;
- 4 (d) the day on which the transaction took place and, if the transaction
- 5 did not take place in the ordinary course of business at a Commodities
- 6 Exchange or Derivative Trading Facility, a statement to that effect;
- 7 (e) the number, amount and description of the commodities which are
- 8 the subject of the contract;
- 9 (f) the price per unit of the commodity;
- 10 (g) the amount of the consideration;
- 11 (h) the rate and amount of commission (if any) charged;
- 12 (i) the amount of all stamp duties or other duties and taxes payable in
- 13 connection with the contract; and
- 14 (j) if an amount is to be added to or deducted from the settlement
- 15 amount in respect of the right to a benefit purchased or sold together with the
- 16 commodities, the first mentioned amount and the nature of the benefit.
- 17 (2) A commodity dealer shall not include in a contract note given
- 18 under subsection (1) of this section as the name of the person with or for whom
- 19 he has entered into the transaction, a name which he knows, or should
- 20 reasonably be expected to know, is not the name by which that person is
- 21 ordinarily known.
- 22 (3) A reference in this section to a commodity dealer dealing or
- 23 entering into a transaction as principal includes a reference to a person—
- 24 (a) dealing or entering into a transaction on behalf of a person
- 25 associated with him;
- 26 (b) dealing in commodities on behalf of a body corporate in which he
- 27 has a controlling interest; or
- 28 (c) where he carries on business as a commodity dealer on behalf of a
- 29 body corporate in which his interest and the interest of his directors together
- 30 constitute a controlling interest.

1 (4) For the purpose of this section—

2 (a) a commodity dealer who is a member of a Commodity  
3 Exchange or Derivatives Trading Facility shall not be taken to have entered  
4 into a transaction as principal by reason only that the transaction was entered  
5 into with another dealer who is a member of a Commodities Exchange or  
6 Derivatives Trading Facility; and

7 (b) a transaction takes place in the ordinary course of business at a  
8 Commodity Exchange or Derivatives Trading Facility in the prescribed  
9 circumstances or is a transaction that is a prescribes transaction for the  
10 purposes of this section.

11 (5) Notwithstanding the provisions of subsection (3) of this  
12 section, a person is not associated with another person for the purposes of  
13 this section by reason only that he is a director of a body corporate of which  
14 the other person is also a director whether or not the body corporate carries  
15 on a business of dealing in commodities.

16 33.-(1) Where a person who is a floor dealer, commodity trading  
17 adviser, floor dealer's representative or commodity trading adviser's  
18 representative, sends circulars or similar written communications with  
19 respect to commodities or a class of commodities, he shall cause to be  
20 included in each circular or other communication, in type not less than that  
21 used in the remainder of the circular or other communication, a concise  
22 statement of the nature of any interest in, or any interest in the acquisition or  
23 disposal of those commodities or commodities included in that class which  
24 he or a person associated with him has as the date on which the first  
25 mentioned person last sends the circular or other communication.

26 (2) For the purposes of subsection (1) of this section—

27 (a) the interest of a person in the disposal of commodities includes  
28 any financial benefit or advantage which will, or is likely to, accrue directly  
29 or indirectly to the person on or arising out of the disposal of the  
30 commodities; and

Certain persons  
to disclose certain  
interests in  
commodities

1 (b) without limiting the generality of paragraph (a) of this subsection,  
2 a person who has entered into an underwriting agreement in respect of  
3 commodities shall be deemed to have an interest in the acquisition or disposal  
4 of those commodities.

5 (3) Where a person—

6 (a) has subscribed for or purchased commodities for the purpose of  
7 offering all or any of them to the public for purchase, and

8 (b) offers any of those commodities for purchase,  
9 he shall not make a recommendation, whether orally or in writing and whether  
10 expressly or by implication, with respect to the commodities offered for the  
11 purpose unless he has informed each person to whom the recommendation is  
12 made that he acquired the commodities for that purpose.

13 (4) Where—

14 (a) commodities have been offered for subscription or purchase, and

15 (b) a person has subscribed for or purchased or is willing or may be  
16 required to subscribe for or purchase, any of those commodities under an  
17 underwriting or sub underwriting agreement by reason that some or all of the  
18 commodities have not been subscribed for or purchased,

19 he shall not, during the period of ninety days after the close of the offer, make an  
20 offer to sell those commodities, otherwise than in the ordinary course of trading  
21 on a Commodities Exchange or Derivatives Trading Facility, or make a  
22 recommendation with respect to those commodities unless the offer or  
23 recommendation complies with the provisions of subsection (5) of this section.

24 (5) An offer or recommendation shall not be made under subsection  
25 (4) of this unless it contains or is accompanied by a statement to the effect that  
26 the offer or recommendation relates to commodities which he has acquired, or  
27 is willing or may be required to acquire under an underwriting or sub-  
28 underwriting agreement by reason that some or all of the commodities have not  
29 been subscribed for or purchased.

30 (6) A person who is a commodity dealer, commodity trading adviser,

1 dealer's representative or commodity trading adviser's representatives shall  
2 not send to any person any circular or other communication or written offer  
3 or recommendation to which subsection (1), (3) or (4) of this section applies  
4 unless the circular or other communication or written offer or  
5 recommendation—

6 (a) if the first-mentioned person is a natural person, is signed by  
7 that person;

8 (b) if the first-mentioned person is a body corporate, is signed by a  
9 director, executive officer or secretary of the body corporate.

10 (7) Where a person who is a commodity dealer, commodity trading  
11 adviser, dealer's representative or trading adviser's representative, sends to  
12 any person a circular or other communication or a written offer or  
13 recommendation to which subsection (1), (3), (4), or (5) of this section  
14 applies, the first-mentioned person shall preserve a copy of the circular or  
15 other communication or of the written offer or recommendation, duly signed  
16 by the person concerned mentioned in subsection (5) for a period of seven  
17 years.

18 (8) Reference in this section to an offer of commodities shall be  
19 construed as including a reference to a statement that is not an offer but  
20 expressly or impliedly invites a person to whom it is made to offer to acquire  
21 commodities.

22 (9) For the purposes of this section, a circular or other  
23 communication or written offer or recommendation signed by the secretary  
24 of a body corporate shall be deemed to have been signed by the body  
25 corporate.

26 (10) The Commission may, if it is in the public interest, exempt a  
27 commodity or any class of commodities from the application of this section.

28 (11) Any person who contravenes the provisions of this section  
29 commits an offence and is liable on conviction to a fine of not less than  
30 N100,000 or to imprisonment for a term not exceeding three years or to both

Dealings as  
principal

1 such fine and imprisonment.

2 34. (1) Subject to subsection (4) of this section, a commodity dealer  
3 shall not as a principal deal in any commodity with a person who is not a  
4 commodity dealer unless he is acting in the transaction as principal and not as  
5 agent.

6 (2) A reference in this section to a commodity dealer dealing or  
7 entering into a transaction as principal includes a reference to a person—

8 (a) dealing or entering into a transaction on behalf of a person  
9 associated with him;

10 (b) dealing in commodities on behalf of a body corporate in which he  
11 has a controlling interest; or

12 (c) where he carries on business as a dealer, a body corporate in which  
13 his interest and the interest of his directors together constitute a controlling  
14 interest.

15 (3) A commodity dealer who, as a principal, enters into a transaction  
16 of sale or purchase of commodities with a person who is not a commodity  
17 dealer, shall state in the contract note that he is acting in the transaction as  
18 principal and not as agent.

19 (4) The provisions of subsection (1) of this section shall not apply in  
20 relation to a transaction entered into by a dealer who is a member of a  
21 Commodities Exchange or Derivatives Trading Facility and specializes in  
22 transactions relating to odd lots of commodities being a transaction of sale or  
23 purchase of an odd lot of commodities.

24 (5) Where a commodity dealer fails to comply with subsection (1) or  
25 (3) of this section in respect of a contract for sale of commodities by him, the  
26 purchaser of the commodities may, if he has not disposed of them, rescind the  
27 contract by a notice of rescission in writing given to a commodity dealer not  
28 later than thirty days after the receipt of the contract note.

29 (6) Where a dealer fails to comply with subsection (1) or (3) of this  
30 section in respect of a contract for the purchase of commodities by him, the



1 vendor of the commodities may, in like manner, rescind the contract.

2 (7) Nothing in subsections (5) and (6) of this section shall affect  
3 any right which a person has apart from that subsection.

4 (8) A person who contravenes or fails to comply with any of the  
5 provisions of this section commits an offence and is liable on conviction to a  
6 fine of not less than N50,000 or to imprisonment for a term not exceeding six  
7 months or to both such fine and imprisonment.

8 35.-(1) A commodity dealer shall not give an unsecured credit to an  
9 employee or to a person who is associated with the employee if the—

Dealings by  
employees of  
holders of  
licences

10 (a) unsecured credit is given for the purpose of enabling or  
11 assisting the person to whom the unsecured credit is given to purchase or  
12 subscribe for any commodity; or

13 (b) person giving the unsecured credit knows or has reason to  
14 believe that the unsecured credit will be used for the purpose of purchasing  
15 or subscribing for commodities.

16 (2) A person who contravenes or fails to comply with any of the  
17 provisions of subsection (1) of this section commits an offence and is liable  
18 on conviction to a fine of not less than N200,000 or to imprisonment for a  
19 term not exceeding two years or to both such fine and imprisonment.

20 36.-(1) A dealer shall not, except as permitted by subsection (3) of  
21 this section enter into, as principal or on behalf of a person associated with  
22 him, a transaction of purchase or sale of commodities to be traded on the  
23 floor of a Commodity Exchange or Derivatives Trading Facility if a client of  
24 the dealer who is not associated with the dealer has instructed the dealer to  
25 purchase or sell, respectively, commodities of the same class and the dealer  
26 has not complied with the instruction.

Dealers to give  
priority to  
client's orders

27 (2) A dealer who contravenes the provisions of this section  
28 commits an offence and is liable on conviction to a fine of not less than  
29 N200,000.

30 (3) The provisions of subsection (1) of this section shall not apply

1 in relation to the entering into of a transaction by a commodity dealer as  
2 principal or on behalf of a person associated with him if—

3 (a) the instruction from the client of the commodities dealer requires  
4 the purchase or sale of commodities on behalf of the client to be effected only  
5 on specified conditions at which the commodities were to be purchased or sold  
6 and the dealer has been unable to purchase or sell the commodities by reasons  
7 of those conditions; or

8 (b) the transaction is entered into in prescribed circumstances.

Margin  
requirements

9 37. For the purpose of preventing the excessive use of credit for the  
10 purchase or carrying of commodities by dealers or member companies, the  
11 commission may make regulations to provide for margin requirements, for the  
12 amount of credit which may, from time to time, be extended and maintained on  
13 all or specified commodities and transactions or class of commodities and  
14 transactions and for matters connected therewith.

#### 15 PART VIII - TRADING IN COMMODITIES

Margin trading  
and market  
rigging transactions

16 38.-(1) A person shall not create, or cause to be created, or do anything  
17 which may create a false or misleading appearance of active trading in any  
18 commodity on a Commodity Exchange or Derivatives Trading Facility or a  
19 false or misleading appearance with respect to the market for or the price of any  
20 such commodities.

21 (2) A person shall not, by means of purchases or sale of any  
22 commodity that do not involve a change in the beneficial ownership of those  
23 commodities, or by any fictitious transactions or devices, maintain, inflate,  
24 depress, or cause fluctuations in the market price of any commodity.

25 (3) Without prejudice to the generality of subsection (1) of this  
26 section, a person who—

27 (a) effects, takes part in, is concerned in or carries out, either directly  
28 or indirectly, any transaction or sale or purchase of any commodity, being a  
29 transaction which does not involve any change in the beneficial ownership of  
30 the commodity;

1 (b) makes or causes to be made an offer to sell any commodity at a  
2 specified price where he has made or caused to be made or proposes to make  
3 or to cause to be made, or knows that a person associated with him has made  
4 or caused to be made, an offer to purchase the same number, or substantially  
5 the same number of commodities at a price which is substantially the same  
6 as the first-mentioned price, or

7 (c) makes or causes to be made an offer to purchase any commodity  
8 at a specified price where he has made or caused to be made or proposes to  
9 make or to cause to be made, or knows that a person associated with him has  
10 made or caused to be made or proposes to make or to cause to be made, an  
11 offer to sell the same number of commodities at a price which is  
12 substantially the same as the first-mentioned price,  
13 shall be deemed to have created a false or misleading appearance of active  
14 trading in Commodity Exchange or Derivatives Trading Facility.

15 (4) For an act referred to in subsection (3) of this section, it shall be  
16 a defence if a person establishes that the purpose(s) for which he did the act  
17 was not, or did not include, the purpose of creating a false or misleading  
18 appearance of active trading in commodities on a Commodity Exchange or  
19 Derivative Trading Facility.

20 39.-(1) A person shall not effect, take part in, be concerned in or  
21 carry out, either directly or indirectly, two or more transactions in  
22 commodities being transactions which have, or are likely to have, the effect  
23 of raising or lowering the price of commodities on a Commodity Exchange  
24 or Derivatives Trading Facility with intent to induce other persons to  
25 purchase, sell or subscribe for such commodities.

Commodities  
market  
manipulations

26 (2) A person shall not effect, take part in, be concerned in or carry  
27 out, either directly or indirectly, two or more transactions in commodities  
28 being transactions which have, or are likely to have, the effect of  
29 maintaining or stabilizing the price of commodities on a Commodity  
30 Exchange or Derivatives Trading Facility with intent to induce other

1 persons to purchase, sell or subscribe for such commodities.

2 (3) A reference in this section to a transaction in relation to  
3 commodities includes a reference to the making of an—

4 (a) offer to subscribe, sell or purchase commodities; and

5 (b) invitation however made which expressly or impliedly invites a  
6 person to offer to subscribe, sell or purchase such commodities.

False or misleading statements

7 40. No person shall make a statement or disseminate information  
8 which is false or misleading in a material particular and is likely to induce the  
9 sale or purchase of the commodities by other persons or is likely to have the  
10 effect of raising, lowering, maintaining or stabilizing the market price of  
11 commodities if, when he makes the statement or disseminates the information  
12 he—

13 (a) does not care whether the statement or information is true or false;

14 (b) knows or ought reasonably to have known that the statement or  
15 information is false or misleading in a material particular.

Fraudulently inducing persons to deal in commodities

16 41. No person shall—

17 (a) by making or publishing any statement, promise or forecast which  
18 he knows to be misleading, false or deceptive, or

19 (b) by any dishonest concealment of material facts, or

20 (c) by the reckless making or publishing, dishonestly or otherwise, of  
21 any statement, promise or forecast which is misleading, false or deceptive, or

22 (d) by recording or storing in, or by means of any mechanical,  
23 electronic or device, create information which he knows to be false or  
24 misleading in a material particular with intent to induce or attempt to induce  
25 another person to deal in commodities.

26 (2) It is a defence to any liability under subsection (1) of this section if  
27 it is established that, at the time when the person so recorded or stored the  
28 information would be available to any other person.

Dissemination of illegal information

29 42. A person shall not circulate or disseminate, or authorize or be  
30 concerned in the circulation or dissemination of any statement or illegal

1 information to the effect that the price of any commodity will or is likely to  
2 rise or fall or be maintained by reason of any transaction entered into or other  
3 act or thing done in relation to such commodities if the person –

4 (a) or a person associated with that person has entered into any such  
5 transaction or done any such act or thing; or

6 (b) has received or expects to receive directly or indirectly any  
7 consideration or benefit for circulating or disseminating or authorizing or  
8 being concerned in the circulation or dissemination of the statement or  
9 information.

10 43. It shall be unlawful for any person directly or indirectly in  
11 connection with the purchase or sale of any commodity to –

Prohibition of  
fraudulent means

12 (a) employ any device, scheme or artifice to defraud;

13 (b) engage in any act, practice or course of business which operates  
14 or would operate as a fraud or deceit upon any person; or

15 (c) make any untrue statement of a material fact or to omit to state a  
16 material fact necessary in order to make the statements made in the light of  
17 the circumstances under which they were made, not misleading.

18 44. Any person who contravenes the provisions of sections 38, 39,  
19 40, 41 and 42 of this Act commits an offence and is liable on conviction to a  
20 fine of not less than N500,000 or to imprisonment of a term not exceeding  
21 three years or to both such fine and imprisonment.

Penalties

22 45. (1) Subject to section 47 of this Act, an individual who is an  
23 insider of a company shall not buy or sell, or otherwise deal in the  
24 commodities which are offered for sale or subscription if he has information  
25 which he knows is unpublished price sensitive information in relation to  
26 those commodities.

Prohibition of  
dealing in  
commodities by  
insiders

27 (2) The provisions of subsection (3) of this section shall apply  
28 where –

29 (a) an individual has information which he knowingly obtains  
30 (directly or indirectly) from another individual who –

1 (i) is connected with a particular company, or was at any time within  
2 the six months preceding the obtaining of the information, so connected, or

3 (ii) the former individual knows or has reasonable cause to hold the  
4 information by virtue of being so connected; and

5 (b) the former individual knows or has reasonable cause to believe  
6 that, because of the latter's connection and position, it would be reasonable to  
7 expect him not to disclose the information except for the proper performance of  
8 the functions attached to that position.

9 (3) The former individual mentioned in subsection (2) of this section—

10 (a) shall not himself deal in such commodities if he knows that the  
11 information is unpublished price-sensitive information in relation to those  
12 commodities; and

13 (b) shall not himself deal in such commodities if he knows that the  
14 information is unpublished price-sensitive information in relation to those of  
15 commodities and it related to any transaction (actual or contemplated)  
16 involving the first company and the other company, or involving one of them  
17 and commodities of the other, or to the fact that any such transaction is no  
18 longer contemplated.

19 (4) An individual who is for the time being prohibited by the  
20 provisions of this section from dealing on an approved Commodity Exchange  
21 or Derivatives Trading Facility in any commodity, shall not procure any other  
22 person to deal in those commodities, knowing or having reasonable cause to  
23 believe that person would deal in those commodities.

24 (5) An individual who is for the time being prohibited by the provision  
25 of this section from dealing in any commodity by reason of his having any  
26 information, shall not communicate that information to any other person if he  
27 knows or has reasonable cause to believe that other person will make use of the  
28 information for the purpose of dealing or of counseling or procuring any other  
29 person to deal in those commodities.

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46. (1) This section applies to any information which—

(a) is held by a public officer or former public officer by virtue of his position or former position as a public officer, or is knowingly obtained by an individual (directly or indirectly) from a public officer or former public officer who he knows or has reasonable cause to believe the information by virtue of any such position;

(b) it shall be reasonable to expect that an individual in the position of a public officer or former position of a public officer not to disclose except for the proper performance of the functions attaching to that position; and

(c) the individual holding it knows it is unpublished price-sensitive information in relation to a particular commodity (hereinafter referred to as “relevant commodity”).

(2) This section applies to a public officer holding information to which this section applies and to any individual who knowingly obtained any such information (directly or indirectly) from a public officer or former public officer who that individual knows or has reasonable cause to believe held the information by virtue of his position or former position as a public officer.

(3) Subject to section 47 of this Act an individual to whom this section applies shall not—

(a) deal in any relevant commodity;

(b) counsel or procure any other person to deal in any such commodities, knowingly or having reasonable cause to believe that other person, would deal in those commodities; or

(c) communicate to any other person the information held or (as the case may be) obtained as mentioned in subsection (2) of this section if he knows or has reasonable cause to believe that he or some other person shall make use of the information for the purpose of dealing or of counseling or procuring any other person to deal on a Commodity Exchange or Derivatives Trading Facility in any such commodities.

Abuse of  
information  
obtained in  
official capacity

1 (4) If it appears to the Minister that the members, officers or  
2 employees of or persons otherwise connected with any body appearing to him  
3 to exercise public functions, may have access to unpublished price-sensitive  
4 information relating to commodities, he may by order declare that those  
5 persons are public officers for the purposes of this section.

Actions not  
prohibited by  
section 45 and 46

6 47.-(1) The provisions of section 45 and 46 of this Act shall not  
7 prohibit an individual by reason of his having any information from doing any  
8 particular thing—

9 (a) otherwise than with a view to making of a profit or the avoidance  
10 of a loss (whether for himself or another person) by the use of that information;

11 (b) if the information was—

12 (i) obtained by him in the course of a business of a floor broker in  
13 which he was engaged or employed;

14 (ii) of a description which it would be reasonable to expect him to  
15 obtain in the ordinary course of that business, and he does that thing in good  
16 faith in the course of that business.

17 (2) An individual shall not, by reason only of his having information  
18 relating to any particular transaction, be prohibited—

19 (a) subsection (2) or (3) (b) of section 45 of this Act from dealing on a  
20 Commodity Exchange or Derivatives Trading Facility in any commodity;

21 (b) subsection (4) or (5) of section 45 of this Act from doing any other  
22 thing in relation to the provisions mentioned in paragraph (a) of this  
23 subsection; or

24 (c) section 46 of this Act from doing any other thing in order to  
25 facilitate the completion or carrying out of the transaction.

Trustees and  
personal  
representatives

26 48.-(1) Where a trustee or personal representative is a body corporate  
27 or an individual acting on behalf of that trustee or personal representative who,  
28 with the exception of subsection (1) (a) of section 47 of this Act would be  
29 prohibited by sections 45 and 46 of this Act from dealing or counseling or  
30 procuring any other person from dealing in any commodity, deals in those



1 commodities or counsels or procures any other person from dealing in them,  
2 shall be presumed to have acted with propriety and accordingly exempted  
3 from the provisions of section 45 and 46 of this Act:

4 Provided that he acted on the advice of a person who –

5 (a) appears to him to be an appropriate person from whom to seek  
6 such service; and

7 (b) did not appear to him to be prohibited by virtue of section 45 or  
8 46 of this Act from dealing in those commodities.

9 (2) In this section, the expression “with propriety” means  
10 otherwise than with a view to the making of a profit or the avoidance of a loss  
11 (whether for himself or another person) by the use of the information in  
12 question.

13 49. No transaction shall be void or voidable by reason only that it  
14 was entered into in contravention of the provisions of section 45 or 46 of this  
15 Act.

Effect of  
contravention

16 50. An insider who contravenes any provision of section 45 of this  
17 Act or any person who contravenes any provision of section 46 of this Act is  
18 guilty of an offence and liable on conviction to –

Civil liberty of  
insider, etc.

19 (a) compensate any person for any direct loss suffered by that  
20 person as a result of the transaction, unless the information was known or  
21 with the exercise of reasonable diligence could have been known to that  
22 person at the time of the transaction; and

23 (b) be accountable to the company for the direct benefit or  
24 advantage received or receivable by the insider as a result of the transaction.

25 (2) An action to enforce a right created by subsection (1) of this  
26 section may be commenced only within two years after the date of  
27 completion of the transaction, which gave rise to the cause of action.

28 51. An individual who contravenes the provisions of section 45 or  
29 46 of this Act commits an offence and is liable on conviction to a fine of  
30 N500,000 or to imprisonment for a term of two years or both such fine and

Penalty for  
contravention

1 imprisonment.

Meaning for  
certain words  
used in this part

2 **52.**-(1) In this part—

3 “related company” in relation to a company, means any body corporate which  
4 is that company's subsidiary or holding company or a subsidiary of that  
5 company's holding company.

6 (2) For the purpose of this Part—

7 (a) an individual is an insider of a company if he is, or at any time in  
8 the preceding six months has been, knowingly connected with the company;

9 (b) an individual is connected with a company if, but only if—

10 (i) he is director of that company or a related company, or

11 (ii) he occupies a position as an officer (other than a director) or  
12 employee of that company or a related company or a person involving a  
13 professional or business relationship between himself (or his employer or a  
14 company of which he is a director) and the first company or a related company  
15 which in either case may reasonably be expected to give him access to  
16 information which, in relation to commodities of either company, is  
17 unpublished price-sensitive information, and which, it would be reasonable to  
18 expect in his position not to disclose except for the proper performance of his  
19 functions;

20 (c) any reference to unpublished price-sensitive information to any  
21 commodity is a reference to information which—

22 (i) relates to specific matters or relating or of concern (directly or  
23 indirectly) to that company, that is, is not of a general nature relating or of  
24 concern to that company, and

25 (ii) is not generally known to those persons who are accustomed to or  
26 would be likely to deal in those commodities but which would, if it were  
27 generally known to them be likely materially to affect the price of those  
28 commodities.

Criminal liability  
under this Part

29 **53.**— Any person who contravenes any of the provisions of this Part of  
30 this Act commits an offence and is liable on conviction—

1 (a) in the case of a person not being a body corporate, to a fine of not  
2 less than N500,000 or to imprisonment for a term not exceeding seven years;

3 (b) in the case of a person being a body corporate, to a fine not less  
4 than N1,000,000.

5 54.-(1) A person who is liable under this Part of this Act shall pay  
6 compensation at the order of the Commission as the case may be, to any  
7 aggrieved person who, in a transaction for the purchase or sale of  
8 commodities entered into with the first-mentioned person or with a person  
9 acting for or on his behalf, suffers a loss by reason of the difference between  
10 the price at which the commodities would have been likely to have been  
11 dealt in such a transaction at the time when the first-mentioned transaction  
12 took place if the contravention had not occurred.

Compensation to  
be determined by  
Commission

13 (2) The amount of compensation for which a person is liable under  
14 subsection (1) of this section is the amount of the loss sustained by the  
15 person claiming the compensation or any other amount as may be  
16 determined by the Commission.

17 55.-(1) An action under this section of this Act for the recovery of a  
18 loss shall not be commenced until after the expiration of 6 months after the  
19 date of completion of the transaction in which the loss occurred.

Limitation to  
recovery

#### 20 PART IX - MISCELLANEOUS

21 56 Subject to the provisions of this Act, the Minister may give to  
22 the Commission such directives as may appear to him to be just and proper  
23 for the effective discharge of the functions of the Commission under this Act  
24 and it shall be the duty of the Commission to comply.

Power of Minister  
to issue directives

25 57. The Commission shall furnish the President through the  
26 Minister reports pertaining to any proposed or existing programme for the  
27 promotion and development of commodities futures trading in Nigeria.

Reports on  
development of  
the commodities  
industry

28 58. The Commission may, by general or special order in writing,  
29 delegate to any member, officer of the Commission or any other person  
30 subject to such conditions, if any, as may be specified in the order, such of its

Delegation

1 powers and functions under this Act as it may deem necessary.

Appeals from  
decisions of  
Commission

2           **59.**-(1) A person aggrieved by any action or decision of the  
3 Commission under this Act, may institute an action in the Investments and  
4 Securities Tribunal or appeal against such decisions in accordance with  
5 provisions of the Investments and Securities Act and any other relevant  
6 enactment.

Right to represent  
the Commission  
before court

7           **60.** Notwithstanding the provisions of any other law or enactment to  
8 the contrary, any legal practitioner employed by the Commission shall be  
9 entitled to represent the Commission before any court.

Protection of  
action taken in  
good faith

10           **61.** No suit, prosecution or other legal proceeding shall lie against any  
11 commissioner, officer or employee of the Commission for anything which is  
12 done in good faith or intended to be done under this Act or the rules or  
13 regulations made thereunder.

Penalty

14           **62.** Save as otherwise specifically provided under this Act, whosoever  
15 contravenes or attempts to contravene or aids or abets the contravention of the  
16 provisions of this Act or of any rules or regulations made thereunder, commits  
17 an offence and is liable on conviction to a fine not less than N100,000 or to  
18 imprisonment for a term not exceeding three years or to both such fine and  
19 imprisonment.

Offences by  
companies

20           **63.**-(1) Where an offence under this Act has been committed by a  
21 company, every person who at the time the offence was committed was in  
22 charge of and was responsible to the company for the conduct of the business of  
23 the company, as well as the company, shall be deemed to be guilty of the  
24 offence and shall be liable to be proceeded against.

25           (2) Notwithstanding anything contained in subsection (1), where an  
26 offence under this Act has been committed by a company and it is proved that  
27 the offence has been committed with the consent or connivance of, or is  
28 attributable to any neglect on the part of any director, manger, secretary or other  
29 officer of the company, such director, manager, secretary or other officer shall

1 also be deemed to be guilty of the offence and shall be liable to be proceeded  
2 against.

3 64. For the purposes of this section –

Interpretation

4 “company” means any body corporate and includes a firm or other  
5 association of individuals; and

6 “director” in relation to a firm, means a partner in the firm.

7 65.-(1) If the Minister is of the opinion that it is necessary or  
8 expedient to do so in the public interest, he may, by order published in the  
9 Gazette, exempt any person or class of persons buying or selling  
10 commodities or otherwise dealing with the commodities market from the  
11 operation of the provisions of this Act.

Power to exempt

12 (2) The provision of this Act shall be in addition to, and not in  
13 derogation of the provision of any other law or enactment for the time being  
14 in force.

15 66.-(1) If any difficulty arises in giving effect to the provision of  
16 this Act, the Minister may, by order published in the Gazette make such  
17 provisions, not inconsistent with the provisions of this Act, as may appear to  
18 be necessary for removing the impediment:

Power to remove  
impediments

19 Provided that no order shall be made under this section after the expiry of ten  
20 years from the commencement of this Act.

21 67.-(1) The Commission may make regulations –

Regulations

22 (a) providing for anything requiring to be prescribed under this  
23 Act; and

24 (b) generally for carrying out the principles and objectives of this  
25 Act.

26 (2) Any instrument issued under subsection (1) of this section shall  
27 be under the signature of the Director-General of the Commission or any  
28 other officer of the Commission as may be designated by him.

29 68.-(1) The Commission may appoint one or more committees to

Committees of  
the Commission

1 carry out on its behalf such of its functions as the Commission may determine.

2 (2) A committee appointed under subsection (1) of this section shall  
3 consist of such number of persons as may be determined by the Commission;  
4 and a person other than a member of the Commission shall hold office on the  
5 committee in accordance with such terms of his appointment.

6 (3) A decision of a committee of the Commission shall be of no effect  
7 until it is confirmed by the Commission.

Seal of the  
Commission

8 69.-(1) The fixing of the seal of the Commission shall be  
9 authenticated by the signature of the Director-General of any person  
10 specifically authorized by him to act in that capacity.

11 (2) Any contract or instrument which, if made or executed by a person  
12 not being a body corporate, would not be required to be under seal may be made  
13 or executed by or on behalf of the Commission by the Chairman or any person  
14 specifically authorized to act for that purpose by the Commission.

15 (3) Any document purporting to be a document duly executed under  
16 the seal of the Commission shall be received in evidence and shall, unless and  
17 until the contrary is proved be presumed to be so executed.

18 (4) The validity of any proceeding of the Commission or of a  
19 committee thereof shall not be adversely affected by any vacancy in the  
20 membership of the Commission or committee, or by any defect in the  
21 appointment of a member of the Commission or of a committee, or by reason  
22 that a person not entitled to do so took part in the proceedings of the  
23 Commission or committee.

Relevance of  
other laws

24 70.-(1) Notwithstanding the provisions of this Act the relevant  
25 provisions of the Investments and Securities Act shall be read with such  
26 modification as to bring them into conformity with the provisions of this Act.

27 (2) If the provision of any other law, including the Investments and  
28 Securities Act are inconsistent with the provisions of this Act, the provisions of  
29 this Act shall prevail and the provisions of the Investments and Securities Act  
30 or that other law shall, to the extent of the inconsistency, be void.

1           71.-(1) The Commission may, from time to time, make rules and  
2 regulations for the purpose of giving effect to the provisions of this Act and  
3 may in particular, without prejudice to the generality of the foregoing  
4 provisions, make regulations –

5           (a) determining, from time to time, in consultation with the  
6 Minister, what other business shall be included in the definition of  
7 commodities business;

8           (b) prescribing the forms of returns and other information required  
9 under this Act;

10          (c) prescribing the procedure for obtaining any information  
11 required under this Act;

12          (d) requiring returns to be made within the period specified therein  
13 by any company or enterprise to which this Act applies;

14          (e) prescribing any fees payable under this Act;

15          (f) prescribing that the provision of this Act shall not apply or shall  
16 apply with such modifications (if any) as may be specified in the  
17 regulations, to any person or class of persons or any commodity or class of  
18 commodities or to any transaction;

19          (g) prescribing the activities which constitute “insider dealings”  
20 the rules governing dealing in commodities by insiders and defining the  
21 term “insider dealings”;

22          (h) providing for anything requiring to be prescribed under this  
23 Act; and

24          (i) generally for carrying out the principles and objectives of this  
25 Act.

26          (2) Any instrument issued under subsection (1) of this section shall  
27 be under the signature of the Chief Executive of the Commission or any  
28 other officer of the Commission as may be designated by him.

29          (3) Any regulation made under this Act shall come into force  
30 fifteen days after receipt by the Minister or on publication in the Gazette or

1 other official document unless the Minister before the effective date of any  
2 regulation, orders that it be modified, amended or rescinded.

3 (4) Notwithstanding the provisions of subsection (1) of this section,  
4 the Commission may, from time to time, amend or revoke rules for purposes of  
5 giving effect to the provisions of this Act and regulations made thereunder.

6 (5) Any regulations or rules made pursuant to this Part of this Act may,  
7 where appropriate, prescribe penalties not exceeding a fine of N10,000 for  
8 every day of default or imprisonment for six months or both such fine and  
9 imprisonment for any violation of the regulation or rule.

10 PART X - INTERPRETATION AND SHORT TITLE

Interpretation

11 72. In this Act, unless the context otherwise requires –

12 “agent” means a person authorized by another to act for or in place of him and  
13 in relation to a floor dealer, include a person who is, or has been a banker of the  
14 dealer at any given time;

15 “approved commodities organization” means a body corporate which is  
16 approved by the Commission under this Act as a Commodities organization;

17 “associated persons” means a subsidiary, affiliate or agent of a member of any  
18 self regulatory organization;

19 “auditor” means an auditor within the meaning of the Companies and Allied  
20 Matters Act;

21 “broker” means any person engaged in the business of effecting transactions in  
22 commodities for the account of others;

23 “Derivatives Trading Facility” means an Exchange registered by the  
24 Commission pursuant to this Act, which constitutes, maintains or provides  
25 market place for bringing together purchasers and sellers of commodities or for  
26 otherwise performing, with respect to commodities, the functions commonly  
27 performed by a Commodities Exchange;

28 “certificate of registration” means any certificate of licence issued by the  
29 Commission as a part of its registration function under this Act;

30 “clearing and settlement companies” means any corporate body who acts as an



1 intermediary in making payments or deliveries or both in connection with  
2 transactions in commodities and provides facilities for comparison of data  
3 regarding the terms of settlement of commodities transactions on or for the  
4 allocation of commodities settlement responsibilities;

5 “commodity trading adviser” means a person who—

6 (a) carries on a business of advising others concerning  
7 commodities;

8 (b) as part of a regular business, issues or promulgates analyses  
9 or makes reports concerning commodities; or

10 (c) pursuant to a contract or arrangement with a client,  
11 undertakes on behalf of the client (whether on a discretionary authority  
12 granted by the client or otherwise) the management of a portfolio of  
13 commodities and commodities futures contract;

14 so however that the term commodity trading adviser shall not include—

15 (i) a bank as defined in the Banks and Other Financial  
16 Institutions Act;

17 (ii) a company or society registered under the Insurance Act;

18 (iii) a solicitor and advocate or accountant in practice whose  
19 carrying on of that business is solely incidental to the practice of his  
20 profession;

21 (iv) a dealer or his employee or a dealer's representative or an  
22 exempt dealer whose carrying on of that business is solely incidental to the  
23 conduct of his business of dealing in commodities; or

24 (v) the proprietor of a newspaper and holder of a permit issues  
25 under the Nigerian Press Council Act and where—

26 (a) insofar as the newspaper is distributed generally to the  
27 public it is distributed only to subscribers to, and purchasers of, the  
28 newspaper for value;

29 (b) the advise is given or the analyses or reports are issued or  
30 promulgated only through newspaper;

1                   (e) no person receives any commission or other consideration for  
2 giving the advice or for issuing or promulgating the analyses of reports; and

3                   (d) the advice is given and the analyses and reports are issued or  
4 promulgated solely as incidental to the conduct of that person's business as a  
5 newspaper proprietor;

6 "commodity trading adviser's representative" means a person, in the direct  
7 employment of or acting for or by arrangement with any of the functions of a  
8 commodity trading adviser (other than work primarily performed by  
9 accountants, clerks or cashier whether his remuneration is by way of salary,  
10 wages, commission, or otherwise; and includes any director or officer of a body  
11 corporate who performs for such body corporate any of those functions  
12 (whether or not his remuneration is as aforesaid);

13 "Commodity Exchange" means an approved commodities organization such  
14 as a commodity exchange, metal exchange, petroleum exchange, options,  
15 futures, over the counter and other derivatives exchanges;

16 "commodity market" means a market, or other place or facility at which or on  
17 which commodities are traded;

18 "Commission" means the Commodities Futures Trading Commission referred  
19 to in subsection (1) of section 1 of this Act;

20 "company" has the same meaning as is assigned to it in the Companies and  
21 Allied Matters Act;

22 "dealer" means a person engaged in the business of buying and of selling  
23 commodities for accounts through a broker, sub-broker or any person in so far  
24 as he buys or sells commodities for his own account either individually or in  
25 some fiduciary capacity but not as part of a regular business;

26 "dealer's representative" means a person, by whatever name described, in the  
27 direct employment of, or acting for, or by arrangement with, a dealer, who  
28 performs for that dealer any of the functions of a dealer (other than work  
29 ordinarily performed by accountants, clerks or cashiers) whether his  
30 remuneration is by way of salary, wages, commission or otherwise; and

1 includes any director or officer of a body corporate who performs for the  
2 body corporate any of those functions (whether or not his remuneration is  
3 aforesaid);

4 “dealing in commodities” means (whether as principal or as agent) making  
5 or offering to make with any person, or inducing or attempting to induce any  
6 person to enter into or to offer to enter into –

7 (a) any agreement for or with a view to acquiring, disposing or  
8 subscribing for, or underwriting of commodities; or

9 (b) any agreement for the purpose or pretended purpose of  
10 securing a profit to any of the parties from the yield of commodities or by  
11 reference to fluctuations in price of commodities;

12 “director” has the same meaning as is assigned to it in the Companies and  
13 Allied Matters Act;

14 “executive officer” in relation to a body corporate, means any person by  
15 whatever name called and whether or not he is a director of the body  
16 corporate who is concerned or takes part in the management of the body  
17 corporate;

18 “jobbers” are persons who carry on the business of acquiring or disposing  
19 commodities on behalf of others;

20 “licence” includes –

21 (a) a commodity trading adviser's licence,

22 (b) a dealer's licence;

23 “member company” means a company which carries on business of dealing  
24 in commodities and is recognized as a member company by a Commodity  
25 Exchange or Derivative Trading Facility;

26 “Minister” means the Minister responsible for matters relating to  
27 commerce;

28 “relevant authority”–in relation to a member company, means the  
29 Commodity Exchange or Derivative Trading Facility by which the company  
30 is recognized;

1 “relevant committee”— in relation to the National Assembly, means  
2 committees of the National Assembly saddled with the responsibility of  
3 oversight on commodities future trading;

4 “self-regulatory organization” means any registered Commodity Exchange,  
5 Derivative Trading Facility, an association of commodity dealers, clearing  
6 corporation or any other self-regulatory body approved by the Commission;

7 “sub-broker” means a person who has satisfied the conditions laid down by a  
8 Commodity Exchange or Derivative Trading Facility for such status and who  
9 is therefore authorized to deal in commodities on the Exchange under the  
10 control and supervision of a dealing member;

11 “transfer agent” means any person who engages on behalf of an issuer of  
12 commodities or on behalf of itself in—

13 (a) countersigning commodities upon issuance;

14 (b) monitoring the issuance of commodities with a view to preventing  
15 unauthorized issuance, a function commonly performed by a person called a  
16 registrar;

17 (c) registering the transfer of commodities;

18 (d) exchanging or converting commodities;

19 (e) offers to sell, purchase or exchange commodities regularly made  
20 or accepted; or

21 (f) offers or invitations which are intended, or may reasonably be  
22 expected, to result whether directly or indirectly, in the making or acceptance  
23 of offers to sell, purchase or exchange commodities;

24 “underwriter” means a person who has purchases from an issuer with a view to  
25 or offers or sells for an issuer in connection with the distribution of any  
26 commodity or participates or has direct or indirect participation in any such  
27 undertaking; but does not include a person whose interest is limited to a  
28 commission from an underwriter or a dealer not in excess of the usual and  
29 customary distributor's or seller's commission.

30 73. This Bill may be cited as the Commodities Exchange Bill, 2019.

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SCHEDULE

[Section 2(4)]

*Proceedings of the Commission*

1. -(1) Subject to this Act and section 27 of the Interpretation Act, the Commission may make standing orders regulating its proceedings or those of its committees.

(2) At any meeting of the Commission the chairman shall preside but if he is absent, the members present at the meeting shall appoint one of their number to preside at that meeting.

(3) Where the Commission desires to obtain the advice of any person on a particular matter, the Commission may co-opt him as a member of such period as it thinks fit; but a person is a member by virtue of this subparagraph shall not be entitled to vote at any meeting of the Commission and shall not count towards a quorum.

*Committees*

2. -(1) The Commission may appoint one or more standing or ad hoc committees to carry out on its behalf such of its functions as it may determine.

(2) A committee appointed under this paragraph shall consist of such number of persons (not necessarily member of the Commission) as may be determined by the Commission; and a person other than a member of the Commission shall hold office on the committee in accordance with the terms of his appointment.

(3) A decision of a committee of the Commission shall be of no effect until it is confirmed by the Commission.

(4) The quorum of a meeting of the Commission shall be six.

(5) The chairman shall have casting vote.

3. A member of the Commission and any person holding office on a committee of the Commission who has a personal interest in any contract or arrangement entered into or proposed to be considered by the

1. Commission or a committee thereof shall forthwith disclose his interest to the
2. Commission and shall not vote on any question relating to the contract or
3. arrangement.

EXPLANATORY MEMORANDUM

This Bill seeks to provide for the regulation of commodities futures business in Nigeria and for the establishment of the Commodities Future Trading Commission.