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## **BOND LISTING AND QUOTATION RULES**

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**Approved by the Securities and Exchange Commission,  
Nigeria on December 5, 2014**

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## DEFINITIONS

The following terms and expressions shall, unless the context otherwise requires, have the following meanings in these FMDQ Bond Listing and Quotation Rules:

- “Associate Company”** is an investee company that is not a subsidiary and in respect of which;
- a) The investor’s interest in the voting power of the investee is substantial,
  - b) The investor has the power to exercise significant influence over the financial and operating policies of the investee, and
  - c) The investor intends to retain its interest as a long-term investment.
- “Benchmark”** means a standard against which the performance of a security is measured; usually an index of securities of the same or similar class.
- “Board”** means the Board of Directors of FMDQ OTC Securities Exchange.
- “Bond Specialist”** means a Dealing Member of FMDQ OTC Securities Exchange who is committed to making firm bid quotes at which it is prepared to buy the bonds that are listed/quoted on FMDQ. The Bond Specialist will also make offer quotes at its discretion or give indicative quotes on the specific bonds.
- “Capital”** includes shares and loan capital.
- “Close-Ended Mutual Fund”** means a collective investment scheme that issues a fixed number of securities during the initial public offer (IPO); these securities are not redeemable from the fund, but can only be traded on a securities exchange.
- “Commission”** means the Securities and Exchange Commission.
- “Committee”** means FMDQ Board Listings and Quotations Committee.
- “Company”** means a company as defined by the Companies and Allied Matters Act Cap C20 LFN 2004.
- “Creation Size”** means the minimum number of securities as determined in the prospectus of the ETF or as otherwise communicated to FMDQ and the Commission from time to time, which can be acquired for the delivery of corresponding Portfolio Assets to the ETF.
- “Custodian”** means a financial institution in charge of holding securities for safekeeping; arranging settlement of any purchases and sales and deliveries in/out of such securities, and providing information on the securities and their Issuers.
- “Dealing Member”** means a member of FMDQ that is licenced to make market in securities on any of the FMDQ-advised trading systems.
- “Director”** means a director as defined by the Companies and Allied Matters Act Cap C20 LFN 2004.

<b>Exchange Traded Fund (ETF)</b>	means a fund that tracks the performance of an index or commodity of a specific financial market, and aims to replicate the movements of the said index or commodity.
<b>“FMDQ”</b>	means FMDQ OTC Securities Exchange.
<b>“Fund Manager”</b>	means an entity contractually appointed by a fund to implement its investment strategy and manage its portfolio.
<b>“Index”</b>	means a tool used by investors and financial managers to describe the market, and to compare the return on specific investments. It is a method of measuring the value of a section of the securities market and is computed from the prices of selected securities (typically a weighted average).
<b>“Information Memorandum”</b>	includes circular, explanatory memorandum, or other equivalent document circulated, relating to the securities for which quotation is sought.
<b>“Listing/Quotation”</b>	means admission of publicly offered and privately placed fixed income securities to the FMDQ Quotations List. Securities listed on FMDQ automatically qualify for quotation.
<b>“Market Maker”</b>	means any specialist permitted to act as a dealer, any dealer acting in the capacity of block positioner, and any dealer who with respect to a security, holds himself out (by entering quotations in an inter-dealer communications system or otherwise) as being willing to buy and sell such security for his own account on a regular or continuous basis.
<b>“Member”</b>	means a member of FMDQ OTC Securities Exchange.
<b>“Offer Document”</b>	means a Prospectus or Information Memorandum for the public offer or private placement of securities respectively. This may include any other document containing relevant information to help an investor make an investment decision, such as, Pricing Supplement, Programme Memorandum etc.
<b>“Portfolio Assets”</b>	means a portfolio of constituent underlying assets of an ETF.
<b>“Prospectus”</b>	means any written or electronic information, notice, advertisement or other forms of invitation offering to the public for subscription or purchase, any shares, debentures or other approved and recognised securities of a company and other issues or scheme.
<b>“Public”</b>	means persons other than the directors and employees of a company.
<b>“Quotation List”</b>	contains information (market/model prices and yields, and the values traded) on all securities listed and quoted on FMDQ.

<b>“Redemption Size”</b>	Means the specified number of securities determined by the Fund Manager which can be redeemed in consideration for delivery by the ETF.
<b>“Registration Member (Listings)”</b>	means a member sponsoring an Issuer of publicly offered/privately placed securities for listing and/or quotation on FMDQ. (See definition of <b>Sponsor</b> below).
<b>“Rules”</b>	means these FMDQ Bond Listing and Quotation Rules.
<b>“Securities”</b>	include units of debentures, bonds (Federal Government of Nigeria (FGN), Agency, Sub-national, Supranational and Corporate), fixed income mutual funds, exchange traded funds, asset-backed securities, mortgage-backed securities and non-participating preference shares.
<b>“Shares”</b>	include ordinary and preference shares.
<b>“Shelf Registration”</b>	means the filing undertaken by Issuers intending to access the market in the near future. It permits Issuers to disclose certain information in a core disclosure document that is updated on a regular basis.
<b>“Sponsor”</b>	means an issuing house appointed by the Issuer in connection with the listing/quotation of securities on FMDQ. The sponsor must be an FMDQ-licenced Registration Member.
<b>“Trust Deed”</b>	means the agreement drawn up between the trustees and the managers or between such persons approved by the Commission and in relation to the provisions of the Act for that administration of securities or assets for the benefit of a third party. This includes supplemental Trust Deed.
<b>“Trustee”</b>	means a person or firm that holds or administers securities or assets for the benefit of a third party.
<b>“Underwriting”</b>	means the act of agreeing to buy all or part of a new Issue of securities to be offered for sale with a view to a resale and not as a form of investment. There are two basic types of underwriting: <ol style="list-style-type: none"> <li>1. Firm underwriting: Where the Issuer sells the entire Issue to the underwriter, who then attempts to resell the securities. The Issuer receives the agreed amount and all the risks associated with selling the securities are transferred to the underwriters; and</li> <li>2. Standby underwriting: Where the underwriter is legally bound to take and pay up to the underwritten percentage only if the Issue is not fully subscribed.</li> </ol>

## **1. INTRODUCTION**

- 1.1. Issuers seeking for their securities to be admitted to the Quotations List of FMDQ OTC Securities Exchange (FMDQ) must, in addition to complying with FMDQ's rules governing bond listings and quotations, comply with the relevant provisions of the Companies and Allied Matters Act Cap C20 LFN 2004, the Investments and Securities Act 2007, Securities and Exchange Commission (SEC) Rules and Regulations made thereunder and other relevant statutory requirements.
- 1.2. The detailed Bond Listing and Quotation Rules of FMDQ are contained in Part B below.
- 1.3. These Rules may be amended or added to by FMDQ from time to time, subject to the prior approval of the Commission.
- 1.4. FMDQ may waive the requirements of these Rules with the approval of the Commission, if it is satisfied that the Issuer and/or Sponsor have sufficient and satisfactory reasons why such provisions of these Rules are not applicable or should be exempt.
- 1.5. The Committee and the Board of FMDQ, as appropriate, retain absolute discretion to accept or reject applications for listing/quotation of securities on the Quotations List and such discretion will not be unreasonably withheld.
- 1.6. In broad outline, the methods for listing/quotation of securities on FMDQ are through:
  - (i) Offer for subscription: An invitation by or on behalf of a company or other authority to the public, for subscription of securities at a fixed price.
  - (ii) Book Building: The process conducted to ascertain potential market interest in an offer at various proposed prices. A price is then set when the book-building process is completed.
  - (iii) Conversion: An exchange for or conversion of other classes of securities into debt securities.
  - (iv) Private Placement: An invitation by or on behalf of a company or other authority for the issue of unlisted securities to identified investors at a fixed price.
  - (v) Any other method the Committee may prescribe.

## **2. GENERAL RULES**

- 2.1. An application for listing/quotation of a security will only be entertained if sponsored by a Registration Member (Listings) of FMDQ.
- 2.2. If a security is issuable in two or more series with different terms, each series shall be deemed a separate class for the purposes of these Rules.
- 2.3. The company shall have satisfied all the requirements as may be prescribed by the Committee and the Commission.
- 2.4. All securities for which listing/quotation is sought shall first be registered with the Commission.

- 2.5. All applications and documents to be considered or approved by the Committee should always be submitted to FMDQ at the earliest possible date. The final Offer Documents for approval shall be forwarded to FMDQ at least seven (7) working days before the date for the completion board meeting.
- 2.6. Before the grant of listing/quotation, all applicant companies/statutory bodies/fund managers shall sign a General Undertaking (Appendices I to IV) that they shall provide promptly certain information about their operations and that they shall comply with certain administrative procedures.
- 2.7. Subscriptions list shall remain open for a maximum period of twenty eight (28) working days.
- 2.8. All companies granted listing/quotation rights on FMDQ shall pay all applicable listing/quotation fees as provided in the FMDQ Fees & Dues Framework and these fees are subject to review from time to time.
- 2.9. The provisions of these Rules shall not affect FMDQ's right to require the Issuer of a listed/quoted security to file documents with or pay fees to FMDQ in connection with the modification of such security or the issuance of additional securities or amounts.
- 2.10. All companies with listed/quoted securities on FMDQ shall hold an Annual General Meeting no later than one year after the end of its fiscal year.
- 2.11. Notice of the Annual General Meeting must be advertised in at least two widely read newspapers at least 21 days before the Annual General Meeting and such advertisement must be conspicuously placed to cover a reasonable portion of a page.
- 2.12. The subscription monies pending allotment and return of funds to subscribers shall be deposited in a designated bank account appointed by the issuing house (Sponsor) and the Issuer. All accrued interests in respect of cleared allotments shall be paid to the Issuer to offset part of the cost of the issue.
- 2.13. Return monies arising from an unsuccessful application or abortion of an offer/issue shall attract interest at the rate determined by the Commission.
- 2.14. Upon approval of a security for listing/quotation on the Quotations List, pursuant to these Rules, a certificate shall be issued by the Committee.
- 2.15. The certificate shall specify:
  - (i) That the security has been approved for listing/quotation on FMDQ.
  - (ii) The title of the approved security.
  - (iii) The date the application for listing/quotation or any amendments was filed with FMDQ.
  - (iv) Any conditions imposed by FMDQ for the certification.
- 2.16. The certification may be made by a recognised electronic medium and in such case shall be

confirmed in writing.

- 2.17. All certificates in writing and all amendments thereto shall be signed by the Committee and thereafter filed with the Commission in duplicate.
- 2.18. The following rules relate to delisting of a security:
  - (i) The Committee may delist any security in accordance with these Rules and with prior notification to the Commission.
  - (ii) However, where the delisting is as a result of an order of court or governmental authority (either interim or final), the Commission will be notified within three (3) working days of such delisting.
  - (iii) Where there is an appeal against such order of court or governmental authority, the Committee shall stay its decision to delist pending the determination of the appeal.
- 2.19. The Issuers of a delisted security may within ten (10) days appeal to the Commission for review of the decision by the Committee.
- 2.20. These general rules are not exhaustive and the Committee may add thereto or subtract therefrom as considered necessary, subject to the approval of the Commission.

### **3. LISTING/QUOTATION OF SECURITIES (FOR COMPANIES)**

- 3.1. To qualify for listing/quotation on FMDQ, an Issuer shall meet the Initial Standards set forth below. The Issuer shall:
  - (i) Submit a duly completed Application Form.
  - (ii) Be a registered Company.
  - (iii) Have a minimum of three (3) years' operating track record.
  - (iv) Have a pre-tax profit from continuing operation of not less than N300,000,000.00 (Three hundred million naira) cumulatively for the last three (3) fiscal years and a minimum of N100,000,000.00 (One hundred million naira) in two (2) of these years.
  - (v) Have audited financial statements covering the last three (3) fiscal years provided that the most recent statement at the time of submission of the application is not more than nine (9) months old.
  - (vi) Where the Issuer does not have audited financial statements for the last three (3) years, the Issuer shall provide evidence of a strong technical partner who has a minimum of three (3) years' operating track record with substantial equity, involvement in management and the audited financial statements for the last three (3) years of the technical partner.
  - (vii) Have the lower of shareholders' equity of not less than N3,000,000,000.00 (Three billion naira) or a market capitalisation of not less than N4,000,000,000.00 (Four billion naira) at the time of the listing/quotation, calculated using the current share price.



- (ix) Ensure that the securities are fully paid-up at the time of allotment and registered in compliance with the applicable SEC rules.
- (x) Comply with the law of the place where it is incorporated or established.
- (xi) Comply with its Memorandum and Articles of Association.
- (xii) Undertake to promptly pay listing/quotation fees based on in accordance with the FMDQ Fees & Dues Framework.

3.2. The following documents shall be lodged at least fourteen (14) days prior to the hearing of the application by the Committee:

- (i) An application form signed by the sponsoring Registration Member (Listings) of FMDQ and accompanied by a non-refundable application fee and appropriate listing/quotation fees as provided in the FMDQ Fees & Dues Framework.
- (ii) A letter of indemnity by the Issuer dated and signed by a director and the company secretary.
- (iii) Two (2) copies of the approved Offer Documents.
- (iv) A copy of the approval letter from the Securities and Exchange Commission
- (v) A certified copy of:
  - (a) The resolution(s) of the board authorising the issue of all securities for which listing/quotation is sought;
  - (b) The resolution(s) of the company in general meeting (if any) authorising the issue of all securities for which listing/quotation is sought (special resolution is required for private placements); and
  - (c) The resolution(s) of the board approving and authorising the issue of the Offer Documents.
- (vi) A certified copy of every letter, report, balance sheet, valuation, vending agreement and other contracts or other document any part of which is extracted or referred to in the Offer Documents.
- (vii) A certified copy of the written consent by any expert to the inclusion in the Offer Documents of:
  - (a) A statement purporting to be a copy, extract, summary, or reference to a report or valuation by such expert;
  - (b) Any recommendation by such expert in relation to acceptance or rejection of an offer or proposal.
- (viii) A letter from the sponsor stating that they have satisfied themselves that the statement in the Offer Documents as to the sufficiency of working capital has been made by the

directors after due and careful enquiry. Such letter shall be required to state that there is written confirmation from persons or institutions on whom reliance is placed for the provision of finance, that such facilities exist.

- (ix) A certified copy of the Underwriting Agreement.
  - (x) Two (2) copies of the Trust Deed or other document securing or constituting the debt securities.
  - (xi) Two (2) copies of the allotment letter or other temporary document of title proposed to be issued.
  - (xii) Two (2) copies of the definitive certificate or other definitive document of title proposed to be issued.
  - (xiii) Two (2) copies of the Memorandum and Articles of Association or other corresponding document, unless previously supplied.
  - (xiv) The Offer Documents must comply with the relevant provision of the Investments and Securities Act 2007, where applicable, and with the requirements of Chapter 1b of these Rules.
  - (xv) Where it is desired to advertise the abridged particulars in a preliminary announcement of a public offer in the Press, applicants must submit two (2) copies of the drafts (which must not contain any information not included in the Offer Documents) for approval before its insertion in the Press.
  - (xvi) Printers' proofs of the advertisement and posters.
  - (xvii) Where any amendment is made to any document referred to in paragraph 2(f) the amended copies shall be submitted to FMDQ for approval.
- 3.3. The following document shall be lodged with FMDQ within 48 hours of the completion board meeting:
- (i) One copy each of the Offer Documents, poster and advertisement, which shall be:
    - (a) Dated and signed by every person who is named in the Offer Documents as a director or proposed director of the company or by his agent authorised in writing;
    - (b) Where an agent signs the documents referred to in 3.3 (i)(a) above, a certified copy of the authorisation for such signature shall be submitted along with the documents.
- 3.4. Prior to the issue being admitted to the Quotations List, the following documents shall be lodged with FMDQ:
- (i) A written undertaking accepting to comply with the post-listing requirements of FMDQ in the form set out in Appendix I of these Rules.

- (ii) A declaration of compliance in the form suggested in Appendix VI.
- (iii) A copy of the newspaper cuttings advertising the basis of allotment.

#### **4. CONTENTS OF OFFER DOCUMENTS FOR LISTING/QUOTATION OF SECURITIES (COMPANIES)**

Where listing/quotation is sought for securities of a company, the contents of the Offer Documents must include the following:

- 4.1. The full name of the company.
- 4.2. The date of incorporation and the authority under which the company was incorporated.
- 4.3. A statement that an application has been made under the Investments and Securities Act (ISA) 2007 and the SEC Rules to the Committee for the securities to be admitted to the Quotations List.
- 4.4. In the case of Offer Documents advertised in the press and accompanied by a form of application:
  - (i) The full names, address and description of every director, and if required by the Committee, particulars of:
    - (a) Any former forenames and surnames;
    - (b) Nationality if not Nigerian and;
    - (c) Nationality of origin (if present nationality is not the nationality of origin).
  - (ii) The full names and professional qualification of the company secretary and situation of the registered office and head office (if different).
  - (iii) The names and addresses of all parties to the issue (Bond Specialists, receiving banks, issuing houses, auditors, reporting accountants, solicitors, registrars, trustees, etc.).
- 4.5. The authorised, issued and un-issued share capital together with the amount paid-up and description and nominal value of the shares.
- 4.6. The debt of the company and any of its subsidiaries, the amount issued and outstanding or agreed to be issued, or, if no debt is outstanding, a statement to that effect.
- 4.7. Where listing/quotation is sought for debt which will not be identical with debt security already listed/quoted on FMDQ:
  - (i) The rights conferred upon the holders thereof and short particulars of the security (if any)
  - (ii) Where debt is issued by way of converting or replacement of debt previously issued, a statement of all material differences between the securities for the debt, or, if there be none, a statement that the securities for the new debt are identical with the securities of the old debt securities.
- 4.8. Particulars of any bank overdrafts, guarantees and similar commitments of the company and any of its subsidiaries, if there are no such commitments, a statement to that effect.
- 4.9. The provisions or a sufficient summary of the provisions of the Articles of Association, Bye-laws

or other corresponding documents with regard to:

- (i) Any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any member of their body.
  - (ii) The borrowing powers exercisable by the directors and how such borrowing powers can be varied.
  - (iii) Retirement or non-retirement of directors under an age limit.
- 4.10. The date of the board resolution creating the debt security, the rights conferred upon the holders thereof, and brief particulars of the security (if any).
- 4.11. A statement of:
- (i) The history of changes in the capital structure within the two (2) years preceding the publication of the prospectus and issuance of information memorandum, and
  - (ii) The names of the holders of any substantial or controlling beneficial interest in the capital of the company and the amount of their holdings. For the purpose of this sub-paragraph “substantial or controlling beneficial interest in the capital of the company” means 5% holdings and above.
- 4.12. The following information:
- (i) The general nature of the business of the company or group, information as to the relative importance of each activity, in cases where the company carries on two or more activities which are material having regard to profits or losses, assets employed or any other factor.
  - (ii) The situation, area and tenure (including in the case of leaseholds, the rent and the expiry date) of the company’s principal landed properties distinguishing between various types of use e.g. factories, offices, residential, warehouses, plantations etc.
- 4.13. Particulars of any mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities of the company and any of its subsidiaries or if there are no such liabilities, a statement to that effect:
- (i) A statement as to the financial and trading prospect of the company or group, together with any material information which, may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the Offer Documents and which are unlikely to be known or anticipated by the general public which could materially affect the cashflow.
  - (ii) Particulars of the net tangible assets, profits cover for interest and due dates for the payment of interest, as well as due date for repayment for the principal amount.
- 4.14. A statement by the directors that in their opinion the working capital available is sufficient, or if

not, how it proposes to provide the additional working capital deemed necessary by the directors.

4.15. The company shall file a report in the event of any material adverse change with respect to any facts or circumstances which may affect the legal form or organisation of the Issuer or its subsidiaries and/or affiliate including (but not limited to) any consolidation, reorganisation, merger, acquisition, change of name, change of control or similar event and such other additional information as FMDQ may require to enable investors make an informed decision on the securities. Such report shall contain the following:

- (i) With respect to the assets and liabilities of the business or of the subsidiary and/or affiliate and where such affiliate is a holding company, the report shall be extended to the assets and liabilities of that company and to its subsidiary companies in the manner laid down in Appendix VII.
- (ii) With respect to any other matters, which appear to the accountants to be relevant, having regard to the purpose of the report.
- (iii) In making such report, the accountants may make adjustments as are in their opinion appropriate for the purpose of the Offer Documents.
- (iv) A statement as to any change in the financial and trading position since the date to which the last accounts, which are the subject of the above report, were made up.
- (v) A statement of the general nature of the business acquired or proposed to be acquired together with particulars of the situation, area and tenure (including in the case of leaseholds, the rent and unexpired term) of the factories and building and the principal products.
- (vi) A statement of the consideration for the acquisition and how it was or is to be satisfied.
- (vii) A statement of the total emoluments received by the directors of the company in the past financial year together with an indication of what emoluments will be payable after the acquisition to the Directors of the company.
- (viii) The requirements of this paragraph shall be relaxed in the case of non-material acquisitions and may be relaxed on application to the Committee to the extent that:
  - (a) The information about the acquisition has already been circulated to shareholders; or
  - (b) The company acquired being a company part of whose securities are already listed/quoted; the information is available in the Press.

4.16. A statement of the persons holding 5% and above of the share capital of the company and the amounts of the holdings in question together with particulars of the interests of each director (and also, so far as he is aware of or can by reasonable enquiry ascertain the same, of his family interests

in the share capital of the company and otherwise than through the company any of its subsidiaries, distinguishing between beneficial and other interests). The expression “family interest” in relation to a director includes spouse, children under 21 years of age, trusts in which the director or spouse is a settlor or trustee and in which the director or spouse or any of such children are beneficiaries or discretionary objects and companies known to him to be controlled by him and/or spouse and/or such children and/or the trustees of any such trusts as aforesaid in their capacity as such trustees. Subject to the necessity to distinguish between beneficial and other interests, between the company and each subsidiary and between each class of capital, each director’s interests may be aggregated with those of his family interests.

- 4.17. Particulars of any capital of the company or of any of its subsidiaries which has since the date to which the last published audited accounts of the company were made up, been issued or is proposed to be issued or partly paid up otherwise than in cash and the consideration for which the same has been issued or is proposed to be issued.
- 4.18. Particulars of any capital of the company or of any of its subsidiaries which has since the date to which the last published audited accounts of the company were made up, been issued or is proposed to be issued for cash, the price and terms upon which the same has been or is to be issued and (if not already fully paid) the dates when any installments are payable with the amounts of all calls or installments in arrears.
- 4.19. Particulars of any capital of the company or of any of its subsidiaries which is under option, or agreed conditionally or unconditionally to be put under option with the price and duration of the option and consideration for which the option was or will be granted and the name and address of the grantee. Provided that where an option has been granted or agreed to be granted to all the members or debenture holders or to any class thereof, it shall be sufficient, so far as the names are concerned, to record that fact without giving the names and addresses of the grantees.
- 4.20. The cost or estimated cost of the issue and the application for listing/quotation and by whom the same are payable.
- 4.21. Particulars of any commissions, discounts, brokerage, bond specialist fees or other special terms granted since the date to which the last published audited accounts of the company were made up in connection with the issue or sale of any capital of the company or of any of its subsidiaries. Details of all contracts of services (unless expiring or determinable by the employing company without payment of compensation, within one year) of any director of the company or any of its subsidiaries; and where applicable, a statement to the effect that:
  - (i) There are no such contracts.
  - (ii) All such contracts are available for inspection in like manner as required under paragraph

25 and none of such contracts was entered into or varied after the date of the notice convening the last annual general meeting.

- 4.22. Full particulars of the nature and extent of the interest direct or indirect, if any, of every director in any assets which since the date to which the last published audited accounts of the company were made up, have been acquired, disposed of or leased to the company or any of its subsidiaries including:
- (i) The consideration passing to or from the company or any of its subsidiaries.
  - (ii) Brief particulars of all transactions relating to any such assets which have taken place since such date.
- 4.23. Where relevant, in the absence of a statement that capital transfer tax indemnities have been given, a statement that the directors have been advised that no material liability for capital transfer tax would be likely to fall upon the company or any subsidiaries.
- 4.24. Where the Offer Document includes a statement purporting to be made by an expert, a statement that the expert has given his written consent to the issue of the Offer Document with the statement included in the form and context in which it is included.
- 4.25. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into within two years immediately preceding the publication of the prospectus/issuance of the information memorandum together with a description of the general nature of such contracts, and particulars of any consideration passing to or from the company.
- 4.26. A place in Lagos (or such other centre as FMDQ may approve) and reasonable time (not less than fourteen (14) days) during which the following documents (or certified true copies thereof) where applicable may be inspected:
- (i) The Memorandum and Articles of Association.
  - (ii) Trust Deed.
  - (iii) Each contract/transaction disclosed pursuant to 4.21, 4.22 and 4.25 above or in the case of a contract not reduced into writing, a memorandum giving full particulars thereof.
  - (iv) All reports, letters or other documents, balance sheets, valuations and statements by any expert, any part of which is extracted or referred to in the Offer Documents;
  - (v) A written statement signed by the auditors or reporting accountants setting out the adjustments made by them in arriving at the figures shown in their reports and giving reasons therefor; and
  - (vi) The audited accounts of the company and its subsidiaries for each of the three (3) financial years (where applicable) immediately preceding the publication of the prospectus/issuance of the information memorandum together with all notes, certificates or information

required by the Companies and Allied Matters Act Cap C20 LFN 2004.

- 4.27. The Committee shall not grant an initial listing/quotation where the last audited accounts of a company is more than 9 months old.
- 4.28. No company shall publish an abridged prospectus without prior approval of FMDQ. The form and contents of an abridged prospectus shall be as prescribed by the Commission.
- 4.29. In cases where it is established that contracts cannot be offered for inspection without disclosing important information to trade competitors, the disclosure of which might be detrimental to the company's interests, an application may be made to the Committee to dispense with the offering of such documents for public inspection. However, such documents must be made available to FMDQ.
- 4.30. FMDQ reserves the right to request further or additional information.

## **5. CONTENTS OF OFFER DOCUMENTS FOR LISTING/QUOTATION OF SECURITIES (STATUTORY BODIES)**

- 5.1. Federal Government of Nigeria
  - (i) Full name of issuing authority.
  - (ii) Purpose of issue.
  - (iii) The amount and title of the issue.
  - (iv) Price of issue.
  - (v) Coupon of the issue.
  - (vi) Authority under which the security is issued.
  - (vii) Opening and closing dates of application.
  - (viii) A statement, in a form approved by FMDQ, that application has been made to the Committee for listing/quotation of the relevant securities.
  - (ix) The revenue against which the security is charged.
  - (x) The place at which applications will be accepted.
  - (xi) Full particulars of the securities, e.g. the setting up of any sinking fund or of any rights of the Federal Government or public authority to redeem before maturity.
  - (xii) Date of interest payments.
  - (xiii) Tax position on interest payments.
  - (xiv) Trustee status.
  - (xv) Maintenance of register.
  - (xvi) A reasonable time, to be specified, during which copies of any law or other authority under which the security has been issued may be inspected at the Central Bank of Nigeria.
- 5.2. States, Local Governments and other Statutory Bodies.



- (i) The full name of the issuing authority.
- (ii) The amount and title of the security for which listing/quotation is sought.
- (iii) The authority under which the security is issued.
- (iv) The following statements:  

“THIS PROSPECTUS/INFORMATION MEMORANDUM AND THE UNITS WHICH IT OFFERS HAVE BEEN REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION. THE INVESTMENT AND SECURITIES ACT PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS/INFORMATION MEMORANDUM WHICH CONTAINS FALSE OR MISLEADING INFORMATION. REGISTRATION OF THIS PROSPECTUS/INFORMATION MEMORANDUM AND THE UNITS WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS CONTAINED OR FOR ANY OMISSION OF A MATERIAL FACT IN ANY PROSPECTUS/INFORMATION MEMORANDUM.”
- (v) A statement that an application has been made to the Committee, for permission to deal in and for listing/quotation of the securities.
- (vi) Details of the revenue and capital against which the security is charged.
- (vii) The situation of Registered Office.
- (viii) The full names and particulars of directors (or executives).
- (ix) The names and addresses of parties to the issue including but not limited to Bond Specialists, receiving banks, issuing house, solicitors, auditors, agents and trustees.
- (x) In the case of a public utility company, details of the areas served by the company.
- (xi) Purpose of issue and description of the project, stating:
  - (a) Economic factors involved.
  - (b) Income forecast.
  - (c) Cash flow forecast.
  - (d) Write up on executive management and directors of the statutory body.
- (xii) Full particulars of the security for which listing/quotation is sought and in particular:
  - (a) The rights conferred as regards income and capital, with full information as to the amount and application of any sinking fund; any right of the authority to redeem before maturity, any rights and the security upon which any loan is charged.
  - (b) The price of and the terms upon which the security has been issued or agreed to be issued, and whether the same has or has not been paid up in full, particulars of all

payments still to be made with due dates must be given.

- (c) The dates and parties to all material contracts affecting the issue of the security with a description of the general nature of the contract.
- (xiii) Particulars of any capital which is under option or agreed conditionally or unconditionally to be put under option with the price and duration of the option and consideration for which the option was granted and the name and address of the grantee.
- (xiv) A copy of the last audited statements of assets and liabilities, revenue and expenditure and cash flows with a copy of the auditor's certificate and any notes or observations, in the financial statements required to be published by any legislation relating to the statutory body.
- (xv) A statement by the Solicitor-General of the State or any other legal officer authorised in that behalf to the effect that all the legal requirements relating to the issue have been complied with.
- (xvi) A statement by the Accountant-General of the State that to the best of his/her knowledge and belief, there is nothing contained in the Offer Documents which will make the statement regarding the financial viability of the project misleading.
- (xvii) The guarantee by State Government of the loan or debenture stating priority claim of repayments of the loan against resources of the said authority e.g. Irrevocable Standing Payment Order (ISPO).
- (xviii) Letter of confirmation from the Accountant-General of the Federation of receipt of the irrevocable letter of authority (ILOA) to deduct the principal and interest from the statutory allocation due to the State in the event of default by or failure of the State to meet its payment obligations. In the case of bonds not backed by ILOA, an acceptable third party guarantee.
- (xix) The full names, professional qualification and address of the Secretary to the statutory body.
- (xx) A statement that for a period (not less than fourteen (14) days) at a named place in Lagos (or such other centres as FMDQ may approve) a copy of the statutes, orders or other authorities under which the security has been created and issued, together with copies of all the material contracts, Trust Deed (if any) and of all reports, letters, valuations, and financial statements or otherwise by any expert and where any of the above mentioned documents are not in English language, notarially certified copies may be inspected.
- (xxi) Any other information as may be contained in the ISA 2007, the SEC Rules or as may be required by FMDQ from time to time.

## **6. LISTING/QUOTATION OF MUTUAL FUNDS AND ETFs**

- 6.1. To qualify for listing/quotation on FMDQ, mutual funds and ETFs shall comply with the FMDQ Rules, the ISA 2007, SEC Rules, and any other relevant/applicable laws.
- 6.2. Subject to any temporary or permanent exemption by the SEC, the securities issued by mutual funds and ETFs shall be approved by SEC prior to being admitted to the Quotation List of FMDQ.
- 6.3. A mutual fund shall issue securities for the purpose of enabling the investor to indirectly invest in the asset classes described in the Trust Deed of the mutual fund (for an ETF, the investor invests in instruments tracking an appropriate index) approved by SEC and FMDQ from time to time.
- 6.4. The underlying assets or portfolio of a mutual fund shall be sufficiently liquid to satisfy FMDQ that there would be proper price formation in the mutual fund, and have a net asset value (NAV) that is calculated in a transparent manner and published on the Issuer's website and communicated to FMDQ as and when prescribed by FMDQ.
- 6.5. Once approved, a mutual fund will be listed/quoted, and the Issuer shall act as a Market Maker for the securities; (ETFs and Closed-End Mutual Funds shall be traded in the same manner as other securities on the FMDQ approved trading systems and settled through the CSCS).
- 6.6. Acceptable communication channels shall include but not limited to the following:
  - (i) The website of the Issuer.
  - (ii) A hyperlink from the Fund Manager's website to the website of FMDQ.
  - (iii) Information pages of vendors who disseminate trading information of securities in their ordinary course of business. The information pages must be easily accessible to investors.
  - (iv) Electronic media for information dissemination as may be provided by FMDQ from time to time.
  - (v) Any other channels considered acceptable by FMDQ.
- 6.7. Mutual funds shall be issued predominantly over fixed income securities or any other instruments as may be determined by FMDQ and based on a given ratio acceptable to FMDQ.
- 6.8. ETFs shall be issued on an index or structured on any one or a combination of fixed income securities and currency or any other instruments as may be determined by FMDQ and based on a given ratio acceptable to FMDQ.
- 6.9. Mutual funds shall disclose the methodology of computation of the Benchmark.
- 6.10. ETFs shall disclose the index on which it is structured.
- 6.11. Mutual funds shall disclose the methodology of computation of the NAV.
- 6.12. Mutual funds shall comply with the asset allocation as contained in the Trust Deed.
- 6.13. ETFs shall be fully backed at all times; either by an acquisition of the underlying securities, assets or instruments it represents, and proxy securities acceptable to FMDQ which should be

listed/quoted, freely tradable and have adequate liquidity.

- 6.14. Mutual funds/ETFs shall hold assets which shall be held by a third party Custodian under the administration of a trustee (unrelated to the Issuer) both of whom must be approved by the FMDQ, to protect the interests of the investors in the mutual funds/ETFs.
- 6.15. The Issuer shall:
- (i) Appoint an FMDQ-licenced Registration Member (Listings) to Sponsor the Issue.
  - (ii) Provide evidence to FMDQ, that it has the relevant expertise (as determined by the FMDQ) to issue and/or effectively manage mutual fund or has access to such expertise.
  - (iii) Satisfy the provisions of these Rules (unless expressly exempted).
  - (iv) Satisfy FMDQ of its capacity to act as market maker (for ETFs, that a secondary market in the securities of the mutual fund will be effectively established and maintained).
- 6.16. Prior to listing/quotation, an ETF Issuer shall be required to appoint a third party who shall be an authorised financial institution and who shall undertake to use its reasonable endeavours to maintain a secondary market in the fund.

#### **Fund Manager**

- 6.17. A mutual fund/ETF shall appoint a Fund Manager to manage the assets of the fund.
- 6.18. The Fund Manager shall obtain appropriate authorisations and licences to act.
- 6.19. The Fund Manager shall ensure it has proper and adequate internal control procedures and satisfactory risk management procedures.

#### **Corporate Actions and Income Distribution**

- 6.20. The procedure and rights, pursuant to which a mutual fund shall be obliged to distribute income to investors shall be contained in the Offer Document. In the event that no income is distributed by the mutual fund, it shall clearly state this in the Offer Document. Such procedure shall be fair and transparent.
- 6.21. Any income such as dividend payments shall be distributed to investors at least annually and not later than that set out in the Offer Document.
- 6.22. A Fund Manager shall rebalance its portfolio (portfolio assets for ETFs) as disclosed in the Offer Document.

#### **Pricing of Securities**

- 6.23. The mutual fund shall not issue securities other than at the price calculated in accordance with the Offer Documents.
- 6.24. The calculation of the NAV of the mutual fund/ETF by the Fund Manager shall be based on a methodology which is transparent and independently verifiable.

#### **Creation and Redemption of Securities**

- 6.25. Unless otherwise stated in these Rules, an investor may acquire or redeem a security in a mutual fund subject to the terms of the Offer Documents and all relevant provisions and procedures relating to redemption of a mutual fund
- 6.26. Any transaction for the acquisition or redemption of ETF Securities may be settled physically by providing in-kind consideration.
- 6.27. Physical settlement of securities shall be subject to a respective Creation Size and Redemption Size.

**Specific Rules Relating to Mutual Funds/ETFs That Invest in Unlisted Securities**

- 6.28. A Fund Manager shall only invest in unlisted securities of a company that has:
  - (i) Demonstrated compliance with the code of corporate governance.
  - (ii) Consistently produced audited accounts for the preceding five (5) years.
  - (iii) Consistent history of profitability for at least the preceding five (5) years.
- 6.29. The company shall not be leveraged above a reasonable amount as may be prescribed by the Commission from time to time.
- 6.30. The funds and assets of a mutual fund shall not be invested in unlisted securities where the investment:
  - (i) Is in early/start up stage of the target company, or will qualify as seed capital.
  - (ii) shall cause the value of the assets of the fund so invested to exceed 20% of the net asset value of the fund.
  - (iii) Shall cause the value of the fund so invested in the securities of a single unlisted company to exceed 5% of the net asset value of the fund.
  - (iv) Is in a company where the board, management, or affiliate of the fund manager jointly or severally have more than 10% stake.
- 6.31. A Fund Manager seeking to invest assets of a fund in unlisted securities shall disclose the following:
  - (i) The nature and extent of its professional indemnity insurance coverage, in the funds' offer documents.
  - (ii) The interest of its board, management or affiliate (if any), in the target unquoted company.
  - (iii) All risk associated with investments in unquoted securities, and proposed strategies to mitigate those risks.
  - (iv) The fund's proposed maximum exposure to unlisted securities.
  - (v) To investors through the fund Prospectus, the fact that the fund shall also invest in unlisted securities.
- 6.32. Investor Protection Requirements:

- (i) The constituent documents of a fund which wishes to invest in unlisted securities must contain a liability clause stating that the fund manager takes full responsibility for any investment in unlisted security.
- (ii) A copy of an agreement between the fund manager and the target company on the investment exit strategy shall be submitted to the Commission prior to making the investment.

**6.33. Valuation of Unlisted Securities**

- (i) A Fund Manager who invests in unlisted securities shall perform a quarterly valuation of the portfolio of unlisted securities.
- (ii) The methods or bases of valuation shall be adequately disclosed in the mutual fund/ETF Offer Document.
- (iii) Fair value shall be determined on methods or bases which have been verified by the auditor of the mutual fund and approved by the Trustees.
- (iv) In estimating fair value of an investment, the fund manager shall apply a methodology that is appropriate in the light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio, and shall use reasonable inputs, assumptions and estimates.
- (v) Fair value shall reflect reasonable estimates and assumptions of all significant factors that parties to an arm's length transaction would be expected to consider including those which impact upon the expected cash flows from the investment.
- (vi) The degree of risk associated with those cash flows.

**6.34.** The Fund Manager shall attach a detailed report on the investment in unlisted securities investment in the monthly, quarterly, and annual reports/returns in the format prescribed by the Commission.

**7. CONTENTS OF OFFER DOCUMENTS FOR MUTUAL FUNDS/ETFs**

On application, mutual funds/ETFs shall provide prospectus/information memorandum, the contents of which shall include the following:

- 7.1. The structure of the mutual fund and details of the Benchmark for the tracking of the performance of the fund.
- 7.2. ETF Offer Documents shall disclose the index on which it is structured).
- 7.3. NAV of the mutual fund as at the date of application.
- 7.4. Percentage change of the NAV of the portfolio asset classes (for ETFs, underlying basket) of securities for the previous 6 months on a daily basis where necessary.
- 7.5. The basis of computation of management fees, if any.
- 7.6. Course of action that would be taken by the Issuer in the event an underlying security is suspended

or de-listed, and its repercussion on the computation of NAV.

- 7.7. Details of the Issuer or Fund Manager, as prescribed by FMDQ.
- 7.8. Currency in which the mutual fund will be structured and traded.
- 7.9. Rules pertaining to the treatment of corporate actions including unbundling and re-bundling of securities.
- 7.10. Any other information that may be required by the FMDQ on a case by case basis.

## **8. LISTING/QUOTATION OF MORTGAGE-BACKED/ASSET-BACKED SECURITIES**

- 8.1. To qualify for listing/quotation on FMDQ, an Issuer of mortgage/asset backed securities shall comply with the relevant terms of the applicable provisions governing securitisation as provided in the ISA 2007 (and any statutory re-enactment thereof), FMDQ Rules, SEC Rules, and any other relevant/applicable laws.
- 8.2. An Issuer must be duly incorporated or otherwise validly established in accordance with Nigerian law and be operating in conformity with its memorandum and articles of association or other constitutional documents.
- 8.3. FMDQ may waive the requirements of financial statements for an Issuer that is a Special Purpose Vehicle (SPV).
- 8.4. The securities for which admission to listing/quotation is sought must be freely transferable except to the extent that any restrictions on transferability are approved by FMDQ. FMDQ will approve transfer restrictions that result from the securities not being registered under certain securities laws provided such restrictions are adequately disclosed.
- 8.5. An application for listing/quotation must relate to all securities of the particular class of the securities which are proposed to be issued.
- 8.6. The securities shall be eligible for deposit in the CSCS, a Custodian or any other clearing system registered with the Commission. Where the securities are to be privately placed, FMDQ may accept alternative options provided they facilitate the efficient clearance and settlement of all trades.
- 8.7. The Issuer must appoint a paying agent in Nigeria or as may be specified by FMDQ from time to time.
- 8.8. The following documents must be submitted to FMDQ before formal approval is given:
  - (i) An application for admission to listing.
  - (ii) Two (2) copies of the Offer Document in final form.
  - (iii) A declaration by the Issuer in the form set out in Appendix VI to these Rules.
  - (iv) A letter from the Issuer confirming which of the listing/quotation requirements, if any, do not apply.
  - (v) The initial listing/quotation fee and the annual fee in respect of the first year, which are



calculated in accordance with the schedule of fees as provided in the FMDQ Fees & Dues Framework.

- (vi) Such other documents as may be required by FMDQ.

#### **Requirements Specific to Asset-Backed Securities**

- 8.9. A trustee or other appropriate independent representative must be appointed to represent the interests of the holders of asset-backed securities and that representative must have the right of access to appropriate information relating to the assets.
- 8.10. Where an issue of asset-backed securities is secured on debt obligations or other receivables from a managed pool of assets or such other financial assets generated by the Sponsor, an asset manager must be appointed to manage/service the assets or portfolio of assets must have adequate experience and expertise.
- 8.11. The appointed asset manager shall be required to provide periodic financial reports on the performance and credit quality of the underlying assets /portfolio for the benefit of the trustee.
- 8.12. The Issuer must appoint a Custodian or make the trustee responsible for holding the underlying assets and having custody, possession or control of any funds flowing from the assets to the Issuer or to the holders of the securities. Any Custodian must be a separate legal entity from the Issuer, its directors and the asset manager.
- 8.13. The asset-backed securities must be issued through an SPV that has the quality of insolvency remoteness from the originator.
- 8.14. The SPV shall have a management agreement with a service provider and an arrangement for an alternative service provider over the life of the securities issued if so required.
- 8.15. Where the securities are secured on a managed pool of assets, disclosure of factors such as credit enhancements, assets eligible for purchase and any investment criteria or origination criteria must be disclosed in the Offer Document.

#### **9. CONTENTS OF OFFER DOCUMENTS FOR MORTGAGE-BACKED/ASSET-BACKED SECURITIES**

The requirements set out below may be subject to the modifications, exceptions and additions described below depending on the circumstances of the Issuer and the type of mortgage/asset backed security for which application is being made. The Issuer of the mortgage/asset backed security shall include the following information in the Offer Document:

9.1. Preliminary Information

- (i) The name and country of incorporation of the Issuer.
- (ii) The number and description of the securities for which application for listing is being made.



- (iii) The address of the principal or registered office of the Issuer
- (iv) The names and addresses of the arranger(s), distributor(s), auditor, trustee or other representative for the holders of the securities, paying agent, Bond Specialist, Custodian, registrar or transfer agent and legal advisers, where applicable.
- (v) A statement that application has been made for the relevant securities to be admitted to the Quotations List of FMDQ, giving the exact designation and class of the securities.
- (vi) A declaration in the following manner:  

“THIS OFFER DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE SECURITIES AND EXCHANGE COMMISSION RULES AND THE FMDQ BOND LISTING & QUOTATION RULES. THE ISSUER ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND CONFIRMS, HAVING MADE REASONABLE ENQUIRY THAT TO THE BEST OF ITS KNOWLEDGE AND BELIEF THERE ARE NO FACTS, THE OMISSION OF WHICH, WOULD MAKE ANY STATEMENT WITHIN THE OFFER DOCUMENT MISLEADING. FMDQ TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE UPON ANY PART OF THIS DOCUMENT.”
- (vii) This declaration should be appropriately adapted where persons other than the Issuer are responsible for part of the Offer Document or where certain information has been reproduced from information published by a third party who has not participated in the preparation of the Offer Document. In the latter circumstance, the Issuer must accept responsibility for accurately reproducing such information.

- 9.2. All material risks associated with investing in the securities must be disclosed, including any risks associated with the nature of the security, the status of the securities, the nature of the collateral, any credit enhancements and the risk of limited liquidity in the securities in any secondary market that may develop. Every Offer Document shall contain a risk statement as follows:
- "PROSPECTIVE PURCHASERS OF ANY ASSET-BACKED SECURITIES SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE PRODUCT AND THE EXTENT OF THEIR EXPOSURE TO RISKS, AND THAT THEY CONSIDER THE SUITABILITY OF ASSET-BACKED SECURITIES AS AN INVESTMENT IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL POSITION"

9.3. Terms of the securities to be listed/quoted

- (i) A description of the securities, including:
  - (a) The currency of the Issue.
  - (b) The aggregate principal amount of the Issue or, if this amount is not fixed, a statement to that effect.
  - (c) Details of whether the securities are guaranteed, and if so, the nature of the guarantee.
  - (d) The status of the securities (i.e. whether they are subordinated to any other debts of the Issuer, whether already incurred or to be incurred).
  - (e) Details of whether the securities are interest bearing and if so, whether the interest rate is fixed, floating or variable.
  - (f) The redemption price.
  - (g) The final or expected principal repayment date;
  - (h) The series designation, if applicable; and
  - (i) The offer price, or, where securities are to be purchased by the arranger or another party and offered for sale in negotiated transactions at varying prices to be determined at the time of sale, a statement to that effect.
- (ii) Details of any issue discount or premium payable, or of any expenses of the issue which are to be charged to subscribers or purchasers.
- (iii) The method of payment for the debt securities, if payment is to be made in instalments.
- (iv) Details of the dealing and settlement arrangements for the securities.
- (v) A description of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

9.4. Where the securities are rated or are to be rated on issue, the credit rating assigned or expected to be assigned on issue to the debt securities and the name of the rating agency responsible for such rating shall be stated, including a statement that such rating shall be reviewed on an annual basis.

9.5. The form and denomination of the debt securities.

9.6. The procedures and time limits for delivery of the securities, whether there will be any temporary documents of title and, if so, the procedures for the delivery and exchange thereof.

9.7. The details of the arrangements for transfer of the securities.

9.8. The interest rate on the outstanding principal amount or, if the interest rate is not fixed, the basis of its calculation. If several interest rates are provided for, an explanation of the conditions for changes in the rate.

9.9. The date from which interest accrues.

- 9.10. The due dates for interest payments.
- 9.11. If the debt securities will be redeemed or may be redeemed at the option of the Issuer or the holder prior to their stated maturity, the terms applicable to such redemption including any early repayment dates, the basis of calculation of the redemption price and the redemption procedure should be stated.
- 9.12. The method of payment of the principal and interest on the securities.
- 9.13. The details of any taxes on the payment of principal and interest on the securities which is withheld at source in the country of origin and a statement as to whether the Issuer assumes responsibility for the withholding of tax at source.
- 9.14. A summary of the following terms must be included in the Trust Deed:
  - (i) The principal duties, rights and obligations of the trustee under the Trust Deed.
  - (ii) The principal rights of the holders of the debt securities under the Trust Deed.
  - (iii) The events of default and the remedies available under the Trust Deed.
  - (iv) Any provisions for the indemnification or restriction of liability of the Trustee.
- 9.15. The method by which notices shall be or shall be deemed to have been given to holders of the securities.
- 9.16. The laws by which the securities are governed and the jurisdiction to which the parties will submit in the event of any disputes.
- 9.17. If permitted by FMDQ, details of any restrictions on the free transferability of the securities.
- 9.18. A description of the structure of the transaction, the nature of the security and an explanation of how the cash flows are expected to meet the Issuer's obligations to the holders of the class of debt securities in question, including, where applicable:
  - (i) A description of the arrangements relating to the sale, transfer or other assignment of the assets or of any rights in the assets to the Issuer.
  - (ii) The details of any other conditions upon which payments of interest and principal on the securities are dependent.
  - (iii) The order of priority of payments made by the Issuer to the holders of the class of securities in question.
  - (iv) Details of all material fees or other charges payable by the Issuer out of cash flow received.
  - (v) Information on whether there is any intention to accumulate surpluses in the Issuer.
- 9.19. The following information about the Issuer:
  - (i) The date of incorporation or other formation of the Issuer.
  - (ii) A description of the business of the Issuer and any limitations on its business activities.
  - (iii) If the Issuer is a member of a group:

- (a) A brief description of that group covering the Issuer's position within that group and, if a subsidiary, the names of and the number of shares held, directly or indirectly, by each holding company of the Issuer.
  - (b) The general nature of the business of the group including details of the main categories of products sold or services performed.
- (iv) The full names and addresses of every director or proposed director of the Issuer.
- 9.20. To the extent not already disclosed in the Offer Document, a summary of the principal contents of all material contracts pertaining to the issue entered into by the Issuer or, if the Issuer is a member of the group, by any member of the group, including particulars of the dates, parties and a summary of terms and conditions of such contracts.
- 9.21. The following general information:
  - (i) If the Issuer is required to publish independently audited financial statements, details of where annual and interim financial statements will be made available.
  - (ii) The names of any other securities exchanges on which a listing/quotation has been, is being or will be sought for the securities.
  - (iii) If an offer or placement has been or is being made simultaneously on the market of one or more other countries, and if a tranche of securities has been or is being reserved for certain of these offerings, details of any such tranche.
  - (iv) The intended application of the proceeds of the Issue.
- 9.22. A statement that for a reasonable period of time (being not less than fourteen (14) calendar days from the date of the Offer Document or, in the case of securities issued under a Programme, throughout the life of the Programme) at the Issuer's (or such other nominated person's) office the following documents (or certified true copies thereof), where applicable, may be inspected, without charge:
  - (i) The constitutional documents of the Issuer
  - (ii) Any Trust Deed of the Issuer, paying agency agreement, Bond Specialist agreement, guarantee, surety, financial policy or any other material contracts pertaining to the issue;
  - (iii) All reports, letters, valuations or other documents any part of which is included or referred to in the Offer Document.

#### **Modifications, Exceptions and Additions**

- 9.23. Where an Issuer benefits from the guarantee of another company, the information required in respect of the guarantor will be such information as FMDQ determines, not exceeding that which would be required if it were the Issuer.
- 9.24. Where an issue is secured on specific assets, the following should be provided:

- (i) A statement of the laws by which the underlying assets are governed, and the jurisdiction to which the parties will submit in the event of any disputes.
- (ii) The nature of the assets.
- (iii) The maturity date(s) of the assets (where applicable).
- (iv) The currency and amount of the assets.
- (v) Where the assets are themselves secured or backed by other assets, details of such other assets including, where such assets are subordinated, details of the subordination provisions.
- (vi) A description of any significant representations and warranties given to the Issuer relating to the assets.
- (vii) Any collateral substitution rights.

**NOTE:**

1. An Offer Document and any supplementary Offer Document must not be circulated as the final document until FMDQ has formally approved it.
2. An Offer Document and any supplementary Offer Document must be circulated by the Issuer after formal approval by FMDQ by circulating it to holders of securities for which application for listing/quotation has been made or notifying them of the approval of such Offer Document or supplementary Offer Document.

## **10. ENFORCEMENT OF THE BOND LISTING AND QUOTATION RULES**

- 10.1. Where FMDQ considers an Issuer to have committed an infraction under these Rules it may impose any one or more of the following penalties:
  - (i) Fines (see Appendix V).
  - (ii) Suspension of the security from the Quotations List.
  - (iii) Delisting of the security from the Quotations List.
  - (iv) Public Censure (naming the director(s) responsible for the infraction).
- 10.2. Power to suspend or delist a security from the Quotations List:
  - (i) Listing/Quotation is granted subject to certain considerations and conditions as provided in these Rules (subject to amendment from time to time). Where the Exchange considers it necessary for the protection of investors or the maintenance of an orderly market, it may at any time suspend or delist any security from the Quotations List in such circumstances and subject to such conditions as it deems fit. Such conditions include but are not limited to the following:
    - (a) The Issuer fails to comply with these Rules and all relevant FMDQ Rules.
    - (b) FMDQ considers that the Issuer does not have satisfactory level of operations or

sufficient assets to warrant the continued Listing/Quotation of its securities on FMDQ.

- (c) The Issuer fails to meet corporate governance standards as may be prescribed by FMDQ and other relevant regulatory authorities.
  - (d) The Committee considers that the Issue no longer be suitable for Listing/Quotation.
  - (e) Such other circumstances as the Committee may deem fit to suspend or delist the security from the Quotations List.
- (ii) Where an Issuer seeks a suspension of its listed/quoted security, the request for suspension must be made by the Sponsor and must be confirmed in writing.
  - (iii) In all circumstances, the request must be supported by specific reasons for the request for suspension, the requested duration of the suspension, the nature of the event affecting the Issuer's activities and the current state of events with respect to the Issuer's activities in order for the Committee to assess the need for and appropriate duration of the suspension.
  - (iv) The continuation of a suspension for a prolonged period without the Issuer taking appropriate action to obtain restoration for Listing/Quotation may lead to the Committee removing the Issue from the Quotations List.
  - (v) Where the Committee considers the Issue no longer suitable for Listing/Quotation, the Issuer/Sponsor shall be informed in writing of the decision of the Committee. In certain circumstances, the Issuer may be given an opportunity to take remedial action and resolve any issues raised by the Committee within a stipulated timeframe. Failure by the Issuer/Sponsor to take such remedial within the stipulated timeframe shall lead to a delisting of the Issue from the Quotations List.
- 10.3. An Issuer whose primary listing/quotation is on FMDQ may voluntarily withdraw its listing/quotation only if it gives the holders of the affected class, and the holders of any securities convertible into the affected class, of its listed/quoted securities and FMDQ at least ninety (90) days' advance written notice providing a clear and adequate explanations of its decision to withdraw listing/quotation and if either:
- (i) The Issuer has or will have at the time of delisting an alternate listing/quotation on another securities exchange acceptable to FMDQ; or
  - (ii) The Issuer has obtained the approval of the holders of the affected class, and the holders of any securities convertible into the affected class, of its listed/quoted securities by way of a three quarters majority vote at duly convened meetings of such holders.

### NOTES

1.	FMDQ reviews the Bond Listing and Quotation Rules on an ongoing basis to ensure conformity with international best practices.
2.	FMDQ retains the right to grant a listing and/or quotation to an applicant that does not meet all its rules or refuse a listing and/or quotation to an applicant that complies with the Bond Listing and Quotation Rules, on the grounds that, in the FMDQ's opinion, the grant or refusal of the listing and/or quotation is in the interests of the investing public.
3.	FMDQ encourages all public companies seeking listing and/or quotation to comply with the SEC Code of Corporate Governance for Public Companies in Nigeria to enhance corporate discipline, transparency and accountability within the tenets of its operations.
4.	FMDQ may grant exemptions to the application of these Rules, as it may deem necessary.
5.	These Rules shall be read in conjunction with the Investments and Securities Act 2007, the Securities and Exchange Commission Rules made pursuant to it and any other relevant and applicable enactments of the National Assembly of the Federal Republic of Nigeria.

**APPENDIX I: FORM OF GENERAL UNDERTAKING (SECURITIES ISSUED BY  
COMPANIES)**

**[ISSUER LETTERHEAD]**

**TO: THE BOARD LISTINGS AND QUOTATIONS COMMITTEE**

**FMDQ OTC Securities Exchange**

**1 Olosa Street**

**Victoria Island**

**Lagos**

..... (Name of  
Issuer) acknowledges that it shall remain on the Quotations List of FMDQ only at the pleasure of FMDQ  
and hereby resolves and undertakes as follows:

1. To immediately notify the Managing Director/CEO of FMDQ of the following:
  - (a) the date of the next coupon payment;
  - (b) the date of closing the register;
  - (c) any proposed changes in capital structure or any other corporate action that could affect the price of the company's debts in the markets;
  - (d) in the case of a shelf registration, the date the next tranche will be issued;
  - (e) the amount of the security outstanding after any purchase has been made;
  - (f) any change in the directors of the company;
  - (g) any proposed change in the trustees;
  - (h) any proposed alteration of the Trust Deed;
  - (i) any proposed changes in the terms of the security as contained in the Offer Documents;
  - (j) any proposed changes to the parties to the issue including but not limited to receiving banks, issuing house, Bond Specialists, solicitors, auditors, agents and trustees as contained in the Offer Documents;
  - (k) any proposed change in the collateral, if any, deposited under the Trust Deed;
  - (l) any proposed change in the general character or nature of the business of the company or of the group;
  - (m) any extension of time granted for the duration of the temporary documents of title;
  - (n) Such other information as may be necessary to enable holders of the security to appraise the position of the company and to avoid the establishment of a false market in the security.
2. To forward to the Managing Director/CEO of FMDQ two (2) copies of the following:



- (a) all circulars, notices, reports, documents or announcements at least fourteen (14) days before they are issued to holders of the security or made in respect of the security;
  - (b) all resolutions passed by the holders of the security within seven (7) days of the passing of the resolutions;
  - (c) all resolutions passed by the company other than resolutions passed at an annual general meeting for the purpose of adopting the report and accounts declaring dividends and reelecting directors and auditors;
  - (d) annual ratings report by a rating agency accredited by the Commission within three (3) months of the anniversary of the security;
  - (e) annual utilisation report showing that the proceeds of the security have been disbursed in line with the Offer Documents.
3. To issue all letters of allotment (allocation confirmation notice) simultaneously and in the event of it being impossible, to issue letters of regret simultaneously, to inset in the press a notice to that effect, so that the notices shall appear on the morning after the allotment letters (allocation confirmation notice) have been posted.
  4. To notify FMDQ without delay of any decision of the company or of any of its subsidiaries to acquire:
    - (a) Shares in another company which thereby becomes a subsidiary; or
    - (b) Another business or a section of another business and to furnish such information as FMDQ may require with regard to such acquisition;
  5. To notify FMDQ within 48 hours after the relevant board meeting of:
    - i. The date of the next tranche of the issue;
    - ii. Any preliminary results for any year, half-year, quarterly and the comparative figures in respect of profits before taxation and after taxation, even if this calls for qualification that such figures are provisional or subject to audit;
  6. The Directors of the company take full responsibility for ensuring that FMDQ is promptly notified of the foregoing matters.
  7. To include in or circulate with each annual directors report and audited accounts;
    - a. A description of the operations carried on the company or, if the company has subsidiaries, the group;
    - b. Where the company has subsidiaries or associated companies a list of those interests where the total investment normally represents more than 5 per cent of the published net assets of the group, or where any subsidiary contributes more than 5 per cent of the published pre-tax trading results of the group. Further information to be provided in respect of each subsidiary

- or associated company are its name, principal country of operation and the percentage of its equity capital attributable to the group's interest;
- c. To notify particulars of any arrangements under which any Director has waived or agreed to waive any emoluments;
  - d. A written statement at the end of the financial year showing the interests of each director in the share capital of the company, such statement should include changes in those interests occurring between the end of the financial year and a date not more than one month prior to the date of the notice of the annual general meeting or, if there has been no such change, disclosure of that fact;
  - e. A statement showing particulars as at a date not more than one month prior to the date of the notice of the annual general meeting of an interest of any person, other than a director; who holds 5% or more in the equity of the company and the actual amount so held or, where appropriate, a negative statement.
8. To supply the following:
    - a. The published accounts of the company and where applicable, the consolidated accounts of the group, or the accounts of each subsidiary at least 21 days prior to the date of the annual general meeting of the company not later than 6 months after the relevant year end;
    - b. The published accounts of the company for use of Members of FMDQ as may be required;
    - c. The published accounts of the company to the Trustees for inspection by security holders, and to mail or deliver same to any security holder upon request and supply copies thereof, in quantities sufficient to satisfy requests received from such security holders.
  9. To comply with Rules of FMDQ governing listing and quotation, both present and future;
  10. To pay any listing/quotation fees which may become payable to FMDQ as a result of increase in capital;
  11. To avoid any leakage of financial statements and ratings or any other information that will affect the price of the security;
  12. To adhere to any corporate disclosure policy requirements that may be issued by FMDQ.
  13. To recognise that the Committee reserves the right to remove any security from the Quotations List
 

if:

    - a. it is considered that there is insufficient public interest in the security, viz, insufficient securities in the hands of the public;
    - b. any of the foregoing terms and conditions are not complied with;
    - c. the Committee so resolves, at its absolute discretion.

14. To ensure that the following minimum information shall be disclosed in annual reports in addition to the statutory requirements:
- a. Turnover figures representing sales exclusively to third parties;
  - b. Other income such as investment income rents, profits from sale of assets and other unusual items, all to be listed separately;
  - c. Interest expenses and similar charges (including coupon payments);
  - d. Profits before taxation;
  - e. Taxation figures with full disclosures and bases;
  - f. Dividend proposed and dividend liability with full disclosure;
  - g. Profits after taxation;
  - h. Cash flow statement;
  - i. Value added statements;
  - j. Five year financial summary;
  - k. Sales and profit contribution per activity.
  - l. Directors direct and indirect holdings in the issued shares;
  - m. Substantial shareholdings representing 5% or more of the issued shares;
  - n. Capital expenditure.

THE COMMON SEAL OF (\_\_\_\_\_) has been affixed to this undertaking in the manner below on the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

**In the Presence of:**

\_\_\_\_\_  
[Director]

\_\_\_\_\_  
[Secretary]

## APPENDIX II: FORM OF GENERAL UNDERTAKING (SECURITIES ISSUED BY STATUTORY BODIES)

**[ISSUER LETTERHEAD]**

**THE BOARD LISTINGS AND QUOTATIONS COMMITTEE  
FMDQ OTC Securities Exchange  
1 Olosa Street  
Victoria Island  
Lagos**

\_\_\_\_\_ (Statutory Body)  
acknowledges that it shall remain on the Quotations List of FMDQ only at the pleasure of the Committee and hereby resolves and undertakes as follows:

1. To immediately notify the Managing Director/CEO of FMDQ without delay of the following:
  - a. the date of the coupon payments;
  - b. the date of closing the register;
  - c. in the case of a shelf registration, the issuance date of the next tranche;
  - d. the amount of the security outstanding after any purchase has been made;
  - e. any change in the directors (executives) of the statutory body;
  - f. any proposed change in the trustees;
  - g. any proposed alteration of the Trust Deed;
  - h. any proposed changes in the terms of the security as contained in the Offer Documents;
  - i. any proposed changes to the parties to the issue including but not limited to receiving banks, issuing house, Bond Specialists, solicitors, auditors, agents and trustees as contained in the
  - j. Offer Documents;
  - k. any proposed change in the collateral, if any, deposited under the Trust Deed;
  - l. any extension of time granted for the duration of the temporary documents of title;
  - m. annual progress report on the status of the project;
  - n. such other information as may be necessary to enable holders of the security to appraise the position of the statutory body and to avoid the establishment of a false market in the security.
2. To forward the following to the Managing Director/CEO of FMDQ:
  - a. two copies of all circulars, notices, reports, documents or announcements at least 14 days before they are advertised/circulated to prospective investors or made in respect of the

- security; b. annual ratings report by a rating agency accredited by the Commission within three (3) months of the anniversary of the issue;
- c. annual utilisation report showing that the proceeds of the security have been disbursed in line with the Offer Documents;
  - d. semiannual statement of accounts of the sinking fund's investments from the Trustee;
  - e. semiannual statement of declaration on the sufficiency of the sinking funds investment income in meeting the debt service and redemption obligations from the Trustee;
  - f. letter of confirmation from the Accountant-General of the Federation of receipt of the irrevocable letter of authority (ILOA) to deduct the principal and interest from the statutory allocation due to the State in the event of default by or failure of the State to meet its payment obligations;
  - g. in the case of bonds not backed by ILOA, an acceptable third party guarantee.
3. To recognise that the Committee reserves the right to remove the name of any security from the Quotations List if:
- a. it is considered that there is insufficient public interest in the security, viz, insufficient securities in the hands of the public;
  - b. any of the foregoing terms and conditions are not complied with;
  - c. the Committee so resolves, at its absolute discretion.

\_\_\_\_\_  
**Authorised Signatory**

\_\_\_\_\_  
**Authorised Signatory**

**Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_**

### APPENDIX III: FORM OF GENERAL UNDERTAKING (MUTUAL FUNDS)

#### [FUND MANAGER LETTERHEAD]

**THE BOARD LISTINGS AND QUOTATIONS COMMITTEE**  
**FMDQ OTC Securities Exchange**  
**1 Olosa Street**  
**Victoria Island**  
**Lagos**

\_\_\_\_\_  
(Fund Manager)  
acknowledges that it shall remain on the Quotations List of FMDQ only at the pleasure of the Committee and hereby resolves and undertakes as follows:

1. To immediately notify the Managing Director/CEO of FMDQ without delay of the following:
  - a. methodology for compiling or calculating the Benchmark/index (if applicable);
  - b. composition of the Benchmark/index due to e.g. the rebalancing of any security;
  - c. weightings of the Benchmark/index;
  - d. Benchmark/index constituents' corporate activities or significant market movements;
  - e. identity of the party that sponsors and/or calculates the Benchmark/index (if applicable);
  - f. nature of the financial markets (for ETFs, the nature of the market of the asset tracked by the security) and any material factor which would have an adverse impact on the price of any security  
(such as a disruption or cessation in trading of an asset or index);
  - g. ability of the mutual fund to provide a secondary market in the security
  - h. status of the security e.g. new legal and regulatory provisions that may impact on the performance of the fund;
  - i. Methodology for computing fund manager's fees;
  - j. Material contracts of the mutual fund;
  - k. Offer Documents;
  - l. any change in the directors of the company;
  - m. any proposed change in the trustees;
  - n. any proposed alteration of the Trust Deed;
  - o. any proposed changes in the terms of the security as contained in the Offer Documents;
  - p. any proposed changes to the parties to the issue including but not limited to receiving banks, issuing house, Bond Specialists, solicitors, auditors, agents and trustees as contained in the Offer Documents;

- q. any proposed change in the collateral, if any, deposited under the Trust Deed;
  - r. any proposed change in the general character or nature of the business of the company or of the group;
  - s. the date of the dividend payments;
  - t. the date of closing the register; and
  - u. such other information as may be necessary to enable holders of the security to appraise the position of the statutory body and to avoid the establishment of a false market in the security.
2. To forward the following to the Managing Director/CEO of FMDQ:
- a. NAV of the mutual fund and the NAV per security of the mutual fund at their closing price at realtime or near real-time basis;
  - b. two copies of all circulars, notices, reports, documents or announcements at least 14 days before they are advertised/circulated to prospective investors or made in respect of the mutual fund;
  - c. annual ratings report by a rating agency accredited by the Commission within three (3) months of the anniversary of the issue;
  - d. annual utilisation report showing that the proceeds of the security have been disbursed in line with the Offer Documents;
  - e. all reports in accordance with relevant provisions of these Rules within 2 (two) business days;
  - f. a copy of all notices received from the Commission within 10 (ten) Business Days of receipt.
3. To publish the following on the corporate website on a daily basis:
- a. The NAV of the mutual fund at the closing price of the preceding day;
  - b. The accrued reserves distributable to mutual fund holders, (if applicable) each preceding day; c. The bid and offer prices of the fund;
- d. For ETFs:
- i. index level, price or rate tracked by the mutual fund at the close price of the preceding day;
  - ii. the constitution of the index basket or Portfolio Assets which an investor wishing to subscribe in specie shall deliver on the following trading day; iii. The cash amount which an investor wishing to subscribe in specie shall deliver on the following trading day; and
  - iv. The cash amount which a holder wishing to redeem in specie (i.e. exercise his delivery rights) would receive.
4. To recognise that the Committee reserves the right to remove the name of any security from the Quotations List if:
- a. it is considered that there is insufficient public interest in the security, viz, insufficient securities in the hands of the public;
  - b. any of the foregoing terms and conditions are not complied with;

c. the Committee so resolves, at its absolute discretion.

\_\_\_\_\_  
**Authorised Signatory**

\_\_\_\_\_  
**Authorised Signatory**

**Dated this** \_\_\_\_\_ **day of** \_\_\_\_\_ **20**\_\_



**APPENDIX IV: FORM OF GENERAL UNDERTAKING (MORTGAGE-BACKED/ASSET-  
BACKED SECURITIES)**

**[ISSUER/SPV LETTERHEAD]**

**THE BOARD LISTINGS AND QUOTATIONS COMMITTEE**  
**FMDQ OTC Securities Exchange**  
**1 Olosa Street**  
**Victoria Island**  
**Lagos**

\_\_\_\_\_ (Issuer/Special Purpose Vehicle)  
acknowledges that it shall remain on the Quotations List of FMDQ only at the pleasure of the Committee and hereby resolves and undertakes as follows:

1. To immediately notify the Managing Director/CEO of FMDQ of the following:
  - a. any new developments, which are not public knowledge and which may reasonably be expected to affect materially the market activity in, and the price of the listed/quoted securities, or the ability of the issuer to meet its commitments;
  - b. meetings of holders of its listed/quoted securities and the exercise of any conversion rights;
  - c. any change in the rights of holders of any class of listed/quoted securities;
  - d. any decision in relation to any listed/quoted securities not to make any interest payment contemplated by the terms of the issue of such securities;
  - e. arrangements made to facilitate the efficient clearance and settlement of all trades;
  - f. any decision to change the general character or nature of the objects/business of the issuer;
  - g. any proposed change in the constitution of the issuer or its registered or principal office; and h. any changes in the issuer's directors.
2. To comply with the continuing obligations set out herein and to abide by the Bond Listing and Quotation Rules.
3. To ensure equal treatment of all holders of listed/quoted securities of the same class in respect of all rights attaching to such securities.
4. To ensure that all the necessary information and facilities are made available to holders of securities to enable them to exercise their rights.
5. To maintain a paying agent in Nigeria until the securities are finally redeemed and notify FMDQ of any change of such paying agent.
6. If further securities are to be issued backed by the same assets, unless those further securities rank pari passu with, or are subordinated to any class of existing listed/quoted security, to obtain prior approval

of holders of that class.

7. (Where securities listed/quoted on FMDQ are also listed/quoted on another securities exchange), to make available to such other securities exchange, copies of all documents required to be filed and information required to be notified to FMDQ.
8. To send FMDQ a copy of all notices of meetings, forms of proxy, any reports, announcements or other similar documents at the same time as they are issued.
9. To pay an annual listing/quotation fees to FMDQ in accordance with the FMDQ Fees & Dues Framework.

\_\_\_\_\_  
**Authorised Signatory**

\_\_\_\_\_  
**Authorised Signatory**

**Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_**

## APPENDIX V: SCHEDULE OF INFRACTIONS AND PENALTIES

S/N	Infraction	Penalty/Fine
1.	Failure to notify FMDQ of any relevant information, including but not limited to the following: publication of accounts, notices of Annual General Meetings, closure of register, coupon payment dates, changes in directorate, changes in capital structure, alteration to memorandum and articles of association, changes in general character of the company, all corporate information/development with potential to impact on the company's performance etc	50% of the annual listing/quotation fee payable
	Leakage of financial results and ratings	<ul style="list-style-type: none"> <li>▪ Suspension from trading</li> <li>▪ Fine of 50% of the annual listing/quotation fee</li> </ul>
	Late submission	₦100,000.00 (Hundred thousand naira) per week from the due date until the date of submission.
	Failure by the company to pay coupons on due date	Fine of 5% of the total coupon payable.
	Failure to pay fines imposed for any of the above-listed infractions	Fine of ₦300,000.00 (Three hundred thousand naira) in addition to ₦25,000.00 (Twenty five thousand naira) per day till all fines have been fully paid.

## APPENDIX VI: DECLARATION OF COMPLIANCE

The following is a suggested form of declaration, which should be adapted to meet individual cases.

We .....and....., Director and the Secretary respectively of ..... (hereinafter referred to as “**the Company**”), declare as follows that:

1. All documents required by the Companies and Allied Matters Act Cap C20 LFN 2004 to be filed with the Corporate Affairs Commission (CAC) in connection with the Issue on.....20..... of the following securities of the Company namely (insert particulars) have been duly filed and that to the best of our knowledge, information and belief the Company has complied with all other legal requirements in connection with the Issue
2. All monies due to the company in respect of issue have been received by it.
3. The definitive documents of title have been delivered/are ready to be delivered.
4. The purchase by the company of all property shown in the Offer Documents, dated 5..... 20... have been purchased or agreed to be purchased by it and the purchase consideration for all such property has been duly satisfied.
6. Trust Deed/Deed Poll relating to the said security has been completed and executed and a copy has been lodged with FMDQ and that particulars thereof, if so required by statute, have been filed with the CAC.
7. All the securities of each class for which listing/quotation exists are in all respects identical.
8. There are no other facts relating to the company’s application for listing/quotation which, in our opinion, should be disclosed to FMDQ.
9. The directors (or other executive management as appropriate) collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement in the prospectus/information memorandum misleading.
10. We make this declaration conscientiously believing same to be true.

**Signed:**

\_\_\_\_\_  
[Director]

\_\_\_\_\_  
[Secretary]

**NOTE:**

“Identical” in this context means the units are of the same nominal value and they are entitled to interest at the same rate and for the same period, so that at the next ensuing distribution, the interest payable per unit will amount to exactly the same sum (gross and net).

## **APPENDIX VII: REPORTS BY ACCOUNTANTS**

### **REQUIREMENTS**

1. The Offer Document must include a report by professional accountants registered and holding practicing certificate under a recognised professional accountancy body.
2. A report which contains any significant qualification or reservation as to the profits or losses reported upon or as to the assets and liabilities would not be regarded by the Committee as acceptable.
3. Where, in view of the importance of such matters in relation to their report as a whole the reporting accountant makes reference to reports, confirmations or opinion of valuers or other accountants, the names, addresses and professional qualification of such other persons or firms should be stated in the report.
4. It should be noted that the Committee will not grant an initial listing/quotation where the audited accounts of a company are more than nine (9) months old.

### **COMPUTATION OF PROFITS**

1. The accountants should indicate in the report the bases adopted in computing profits. This normally states that the profits or losses have been arrived at after charging all expenses, after dealing with such items as depreciation, amortisation, directors' remuneration, interest, etc., on defined bases and after making such adjustment as appropriate.
2. The accountants' reports in the Offer Document or other related documents should include the following historical details for each of the preceding three years:
  - a. In relation to profits and losses:
    - i. Turnover representing sales exclusively to third parties less discounts, returns, inwards and other allowances;
    - ii. Cost of services and/or goods sold including cost of purchases showing separately costs relating to amortisation, depreciation and obsolescence of fixed assets, etc.;
    - iii. Other revenues, such as investment income, rents profits arising from sale of assets and other unusual items, all to be listed/quoted separately;
    - iv. Profits before taxation;
    - v. Taxation figures with full disclosure and bases;
    - vi. Minority interests;
    - vii. Extraordinary items of profit less the taxation attributable thereto;
    - viii. Net profit attributable to shareholders after taxation;
    - ix. Amount of preference dividends together with the rates;
    - x. Net profit attributable to ordinary shareholders;

- xi. Retained profits;
- b. In relation to the balance sheet:
  - i. Summary of the balance sheets of the group (or company if it has no subsidiaries) at the end of each previous accounting period reported upon;
  - ii. Balance sheet of the company and of the group at the end of the last accounting period reported upon;
  - iii. Accounting policies followed in dealing with material items such as turnover, stock valuation, attributable profits from subsidiary or associated companies, deferred taxation, depreciation, etc.
- c. Particulars of any capital of the company or of its subsidiaries which is under option or agreed conditionally or unconditionally to be put under option, with the price and duration of the option and consideration for which the option was granted, and the name and address of the grantee: Provided that where an option has been granted or agreed to be granted to all the members or debenture holders or to any class thereof, it shall be sufficient so far as the names are concerned, to record that fact without giving the names and addresses of the grantees.
- d. Particulars of any preliminary expenses incurred or proposed to be incurred and by whom the same are payable;
- e. The cost of the application for listing/quotation so far as the same are not included in the statement of preliminary expenses and by whom the same are payable.
- f. Particulars of any commissions, discounts, brokerages, bond specialist fees or other special terms granted within the three years immediately preceding the publication of the Offer Document in connection with the issue or sale of any capital of the company or of any of its subsidiaries.
- g. Full particulars of the nature and extent of the interest direct or indirect, if any, of every director in the promotion of or in any property purchased or acquired by the company or any of its subsidiaries within the three years preceding the publication of the Offer Document, or proposed to be purchased or acquired on capital account including:-
  - i. the amount paid or payable in cash, shares or securities to the vendor and, where there is more than one separate vendor or the company or subsidiary is a sub-purchaser. The amount so paid or payable to each vendor and the amount, if any, payable for goodwill, and
  - ii. short particulars of all transactions relating to any such property which had taken place within the three (3) years immediately preceding the publication of the Offer Document;

- h. The name of any promoter and (if a company) FMDQ may require a statement of the issued share capital, the amount paid up thereon, the date of its incorporation, the names of its directors; bankers or auditors; and such other particulars as FMDQ may think necessary in connection therewith;
- i. The amount of any cash or securities paid or benefit given within the three (3) years immediately preceding the publication of the prospectus, or proposed to be paid or given to any promoter and the consideration for such payment or benefit.
- j. In relation to other assets:
  - i. Land and buildings distinguishing between rights of occupancies and leaseholds and the terms under which it or they are held;
  - ii. Where a valuation or revaluation of assets took place during any of the periods reported upon, full disclosure must be made of any surplus arising from such an exercise and its appropriation;
  - iii. Investments should be valued and in the case of listed/quoted trade investments the names and holdings of the companies in which such investments are made should be stated together with aggregate dividends received in each case.
- k. A statement to the effect that no audited accounts have been made up to a date subsequent to that of the latest accounts on which the reporting accountants' report is based;
- l. In relation to profit forecast, a published letter to the issuing house commenting on the accounting bases and calculations for the profit forecast.
- m. The aggregate emoluments of its directors during the last year and a comparison with the amount payable under the arrangements in force at the date of the Offer Document;
- n. Any other matter which appears to be relevant for the purpose of the report;

**NOTE:**

1. The report shall be signed by the independent reporting accountants to the issue.
2. The above requirements are not exhaustive and FMDQ reserves the right to delete or add thereto.

**STATEMENT OF ADJUSTMENTS OF HOLDING COMPANIES**

If the company is a holding company, the statement of adjustment may deal with the consolidated figure of the companies or group of companies comprising the holding company and its subsidiaries. In the latter case a summary combining the figure so as to arrive at those shown in the accountants' report should be submitted.

**DEPRECIATION**

1. The report and statement of adjustment should state the amount of the charge, in each period reported upon, for amortisation, depreciation and obsolescence.

2. The Committee may consider some adaptation of this requirement in cases, which involve complex multi-column statements.

#### **PERIOD COVERED BY THE REPORT**

Although the report is required to deal with the profits or losses of each of the preceding three (3) years, application may be made to cover a shorter period where it is considered that inclusion of earlier years may be irrelevant or misleading.

#### **ADDITIONAL INFORMATION**

1. In the case of building, construction and similar companies engaged in carrying out contracts of a long term nature, where these form a substantial proportion of the business, the method of taking credit for profits and of arriving at the amounts at which stocks and work in progress were brought into account should be defined in the Offer Document.
2. Where contracts exist for the hire of plant to the company for a period of over one (1) year which are substantial in relation to the company's business, details should be supplied to the Committee, which may require details thereof to be disclosed in the Offer Document.



## **APPENDIX VIII: INFORMATION FOR PROPERTY COMPANIES**

A valuation report which unless otherwise agreed shall be made by an independent valuer with qualifications and experience acceptable to the Committee of the real property of the company shall be included in the Offer Document. The following information in the absence of special circumstances shall be included in the valuation report:

### **PARTICULARS OF PROPERTIES**

1. The address of each property;
2. In respect of each property –
  - i. A brief description;
  - ii. Existing use;
  - iii. Tenure, i.e. Right of Occupancy terms thereof
  - iv. Terms of tenant's leases or sub-leases; v. Approximate age of the buildings; and
  - vi. Present capital value in existing state;
  - vii. Title documents of existing properties.

### **BASIS OF VALUATION**

1. Whether the valuation is on basis of:
  - i. Current value in the open market, stating whether
    - a. on investment basis
    - b. on basis of development
    - c. on basis of future capital realisation
  - ii. Current value as an asset of a going concern
  - iii. Value after development has been completed,
  - iv. Any other basis (which should be stated).
2. Where the valuation is based on value after development has been carried out:
  - i. Whether planning consent has been obtained and if so whether there are any conditions attached to such consent;
  - ii. the date when the development is expected to be completed;
  - iii. the estimated cost of carrying out the development or where part of the development has already been carried out, the estimated cost of completing the development; and
  - iv. the estimated value of the property in the open market in its present condition.
3. Valuation by independent professional valuer acceptable to FMDQ.

### **RENTAL USED IN VALUATION**

1. The following shall be included in the valuation report in respect of each property:
  - a. estimated current net rental of each property;
  - b. estimated future net rental at named date (where this differs materially from the current net rental); and state whether such information is based on current rental values.
2. A detailed list of transactions in which the directors or promoters have been involved, either individually or collectively in the acquisition or disposal of any of the properties listed during the two (2) years preceding the valuation:
  - a. the date of the transaction; and
  - b. the prices paid.
3. The Committee may request for further information.

## **APPENDIX IX: MEMORANDUM AND ARTICLES OF ASSOCIATION FOR COMPANIES APPLYING FOR LISTING/QUOTATION**

The Memorandum and Articles of Association shall include provisions to the following effect or as may from time to time be required by FMDQ:

### **TRANSFER AND REGISTRATION**

1. That the common form of transfer, including electronic transfer, may be used;
2. That where the company reserves the right to refuse to register more than three (3) persons as joint holders of a unit, such right shall not apply to executors or trustees of a deceased holder.

### **DEFINITIVE CERTIFICATES**

1. That a new certificate for capital shall be under the common seal, which shall only be affixed with the authority of the directors, except where the transfer or issuance was effected electronically through the Central Securities Clearing System;
2. That all certificates issued to replace one that has been worn out, lost or destroyed shall be issued without charge, and where the holder has sold part of his holding, he shall be entitled to a certificate for the balance without charge.
3. Where the company reserves the right to forfeit unclaimed interest payments that power shall not be exercised until twelve years or more after the date of the declaration.

### **DIRECTORS**

1. That the borrowing powers of directors are limited so that the aggregate amount at any time owing in respect of moneys borrowed by the company and its subsidiary companies (exclusive of inter-company borrowings) shall not exceed a reasonable amount except with the consent of the company in general meeting.
2. That a director shall not vote on any contract, arrangement or proposal in which he is interested and if he does vote; the vote shall not be counted.
  - a. That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next annual general meeting of the company and shall then be eligible for election.
  - b. That where not otherwise provided by law, the company in general meeting shall have power by ordinary resolution to remove any director (including managing director but without prejudice to any claim for damages) before the expiration of his term of office.

## **ACCOUNTS**

That a printed copy of the report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, shall, at least twenty-one days prior to the annual general meeting, be delivered or sent by post to the registered address of every member.

## **NOTICES**

1. That where power is reserved to give notice by advertisement, such advertisement shall be inserted in at least two leading national daily newspapers.
2. That where it is provided that notices shall be given only to those members whose registered addresses are within Nigeria, any member whose registered address is not within Nigeria, may name an address within Nigeria which for the purposes of notice, shall be considered as the registered address.

## **CAPITAL STRUCTURE**

That the structure of the share capital of the company be stated and where the capital consists of more than one class of security, it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.

## **NOTE:**

In the event of the Memorandum and Articles of Association not complying with the requirements of the Committee and if it is impracticable for the company to alter them before making the application for listing/quotation the Committee may accept an undertaking to amend the Memorandum and Articles at the earliest possible opportunity.

## **APPENDIX X: TRUST DEEDS OR OTHER DOCUMENTS SECURING OR CONSTITUTING DEBT SECURITIES**

Unless otherwise prescribed by the Committee there shall be a trustee or trustees. One of the trustees or the sole trustee shall be a trust corporation, which shall have no interest in or relation to the company which might conflict with the position of trustee. In the event of office of trustee becoming vacant, a new trustee appointed under statutory or other power shall prior to appointment be approved by an special resolution of the holders of the relevant class of debt securities unless such holders have a general power to remove any trustee and appoint another trustee in his place. Trust Deeds or other corresponding document shall contain provisions to the following effect:

### **REDEMPTION**

1. That where:

- a. a security is payable on a particular date the year of redemption shall be indicated by inclusion in the title of the security;
- b. a security may be repaid within a fixed period, the period shall be indicated in the title by inclusion of the first and last years of the period; and
- c. a security is irredeemable, that security be described as such.

### **TRANSFER**

1. That transfers and other documents relating to or affecting the title to any securities shall be registered and where any fee is charged, such fee shall not exceed N100 per item.
2. That the closing of the registers shall be discretionary.

### **DEFINITIVE CERTIFICATES**

1. That the fee for a new certificate issued to replace one that has been worn out, lost or destroyed shall not exceed ₦100 and that where a holder has sold part of his holdings he shall be entitled to a certificate for the balance without charge.
2. That on any partial repayment of the amount due on the security a note of such payment shall, unless a new document is issued, be enfaced on the document.

### **SECURITIES**

1. In the case of securities which constitute an unsecured liability, that they be entitled “Unsecured”.
2. That the designation of securities shall not include the word “Mortgage” unless they are secured to a substantial extent by a specific mortgage.

### **UNCLAIMED INTEREST**

Where the right is reserved to forfeit unclaimed interest that right shall not be exercised until twelve years or more after the due date of payment of interest.

**NOTE:**

Where a debt security is to be secured by a Trust Deed and such Trust Deed is yet to be executed by the parties at time of application for listing/quotation, a copy of the latest draft thereof shall be lodged for FMDQ's approval and on execution, a copy thereof must be lodged with FMDQ as soon as possible thereafter together with a letter from the Trustees' solicitors certifying that the Trust Deed complies in all respects with the draft as finally approved by the Committee except as otherwise subsequently agreed with FMDQ, particulars of the agreed variation(s) being set out in the letter.

## **APPENDIX XI: TEMPORARY DOCUMENTS OF TITLE**

1. Documents must be serially numbered, printed on good quality paper and must be examined and signed by a responsible official of the company or authorised agent. The name and address of the first holder and names of joint holders (if any) shall be stated and a statement as to the amount of the next payment of interest shall be included.
2. When a security is offered in conversion of another security and is also offered for subscription in cash, the allotment letters (allocation confirmation notice) must be marked “CONVERSION” and “CASH” respectively.