



SHORT-TERM BONDS REGISTRATION PROCESS AND LISTING RULES

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DEFINITIONS

The following terms and expressions shall, unless the context otherwise requires, have the following meanings in these FMDQ Short-Term Bonds Registration Process and Listing Rules:

- “Accredited Investor”** means a Qualified Institutional Investor (defined below) or an Eligible Individual Investor (defined below).;
- “Auction”** means a process involving the offer and sale of the Short-Term Bonds to the public through competitive bidding by prospective investors. This method is also referred to as public offering.
- “Board”** means the Board of Directors of FMDQ.
- “Bond Specialist”** means a Dealing Member of FMDQ who is committed to making firm bid quotes at which it is prepared to buy bonds that are listed/quoted on the Exchange. The Bond Specialist may also make offer quotes or give indicative quotes on the specific bonds.
- “Book Building”** means a process of price and demand discovery by which an issuing house/book runner attempts to determine at what price a public offer should be made, based on demand from Accredited Investors.
- “CAMA”** means the Companies and Allied Matters Act CAP C20 LFN 2004 as may be amended or supplemented from time to time.
- “Central Securities Depository (CSD)”** means a specialist financial institution holding Short-Term Bonds (defined below) either in certificated or dematerialised form so that ownership can be easily transferred through a book entry rather than the transfer of physical certificate. For example, the Central Securities Clearing System PLC (CSCS).
- “Commission or SEC”** means the Securities and Exchange Commission, Nigeria.
- “Committee”** means FMDQ Board Listings, Markets and Technology Committee.
- “Company”** means a company as defined by CAMA.
- “Compliance Report”** means a quarterly report prepared and submitted by the Issuer (defined below) through its Sponsor (defined below), confirming compliance with the post-Listing/Quotation requirements as provided in these FMDQ Short-Term Bonds Registration Process and Listing Rules and other disclosure standards as may be prescribed by FMDQ from time to time.
- “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 body corporate licenced by FMDQ to make market in securities through any of the FMDQ-advised trading systems.
“Dematerialisation”	means the process by which STBs are converted into electronic form.
“Director”	means a director as defined by CAMA.
“Eligible Individual Investor”	means an individual investor who is financially sophisticated and meets the qualifying criteria prescribed by FMDQ.
“Exchange Traded Fund”	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.
“FMDQ or the Exchange”	means FMDQ OTC Securities Exchange.
“FMDQ OTC GOLD Award”	means a recognition of exceptional performance on the FMDQ platform, exemplary compliance with FMDQ Rules as well as contribution to the Nigerian over-the-counter (OTC) financial markets.
“FMDQ Rules”	means extant rules, guidelines, membership agreements, bulletins and such other regulation as may be made by FMDQ from time to time.
“ISA or the Act”	means the Investments and Securities Act 2007 (as may be amended and supplemented).
“ISIN”	means International Securities Identification Number.
“Issuer”	means a Company or other corporate entity (for example, supranational corporation) seeking access to the debt capital market through the issuance of Short-Term Bonds.
“Listing/Quotation”	means admission of publicly offered and privately placed Short-Term Bonds to the FMDQ Quotations List. Short-Term Bonds registered and listed on FMDQ automatically qualify for quotation.
“Market Maker”	means any specialist registered by the Commission and 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.
“Member”	means a duly-licenced member of FMDQ OTC Securities Exchange.
“Offer Documents”	means Prospectus (defined below) for the Issue of the STB, including any other documents containing relevant information to help an investor make an investment decision. Such documents may include pricing supplement, programme memorandum or an equivalent document.
“Platform”	means the FMDQ-organised market place for registration, listing, quotation, order execution, trade reporting, <i>inter alia</i> .
“Private Placement”	means a process involving the offer and sale of the STB to identified investors.
“Programme”	means the method of issuance of STBs that allows for multiple Issues covered by a standardised documentation framework.
“Prospectus”	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.
“Qualified Institutional Investor (QII)”	includes banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered or recognised private equity funds, registered or recognised hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of institutional investors as may be determined by FMDQ from time to time.
“Quotations List”	contains information (market/model prices and yields, and the values traded) on OTC products listed/quoted on FMDQ including STBs
“Red Herring”	means the preliminary Prospectus filed with the OTC Exchange for the issue of STBs to Accredited Investors. A Red Herring does not constitute an offer for sale or an invitation to treat.
“Registration”	means the process by which an Issuer files documentation and other disclosure requirements with FMDQ detailing the particulars of a proposed issuance of STBs with the ultimate aim of listing/quoting those STBs on the OTC Exchange.
“Registration Member (Listings)”	means a member sponsoring an Issue of Short-Term Bonds for Listing/Quotation

	on FMDQ. (See definition of Sponsor below).
“Reverse Enquiry”	means a process whereby the investor(s) approach(es) the Issuer to sell STBs on the basis of mutually agreed terms and conditions.
“Rules”	means these FMDQ Short-Term Bonds Registration Process and Listing Quotation Rules.
“SEC Rules”	means the Rules and Regulations of the Commission (as may be amended or supplemented) made pursuant to the Act
“Shelf Registration”	means the filing undertaken by an Issuer intending to access the market in the near future. It permits an Issuer to disclose certain information in a core disclosure document that is updated on a regular basis through supplemental documents.
“Short-Term Bonds (STB) or the Issue”	means bonds with maturities of one (1) year to three (3) years i.e. between commercial papers with maximum tenors of 270 days and the traditional “medium to long-term” bond tenors (typically issued for three (3) years and above).
“SPV”	means Special Purpose Vehicle.
“Sponsor”	means an issuing house appointed by the Issuer in connection with the Listing/Quotation of the Issue on the Exchange. The Sponsor must be a duly licenced FMDQ Registration Member.
“Syndication”	means a process involving the offer and sale of the STB to a group of intermediaries (such as the lead issuing house or Underwriter) for onward sale to investors.
“Trust Deed”	means the agreement drawn up between the Trustees (defined below) and the Issuer for the administration of the Issue for the benefit of investors. This includes supplemental trust deed.
“Trustee”	means a person or firm that holds or administers STBs for the benefit of investors in the STBs.
“Underwriting Agreement”	means an agreement between an underwriter and an Issuer through which the former undertakes to buy all or part of a new Issue of STBs 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"> 1. “Firm underwriting” is where the Issuer sells the entire issue to the underwriter, who then attempts to resell the STBs. The Issuer receives the

agreed amount and all the risks associated with selling the STBs are transferred to the underwriters; and

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.

INTRODUCTION

In furtherance of its mandate to contribute to the growth and development in the Nigerian fixed income market, FMDQ identified the funding gap between money market debt instruments such commercial papers (“CPs”) with maximum tenors of 270 days and the traditional medium to long-term debt instruments which are typically issued for three (3) years and above Nigerian fixed income market.

FMDQ, with the support of the Commission introduced the aptly named **Short-Term Bonds**, a product which will bridge the funding gap which existed in the fixed income market. Short-Term Bonds which may also be referred to as **STBs** are short-term debt instruments issued by Companies and other corporate entities for tenor of between one (1) year and not exceeding three (3) years and for many medium to large creditworthy Issuers presents a low-cost alternative to bank loans for the purpose of raising short-term capital.

These Short-Term Bonds Registration Process and Listing Rules are developed to guide the Issuers, their Sponsors and the investing public on the requirements and process for the Registration for all STBs. These Rules shall be read in conjunction with all relevant and applicable laws and regulation relating to the issuance and listing/quotation of bonds in Nigeria but shall serve as a specific reference point for STBs. As STBs which are reviewed by FMDQ, approved and registered by the Commission shall be listed/quoted on the Exchange, these Rules also prescribe the Listing/Quotation and Post-Listing/Quotation compliance requirements for all STBs admitted to the Quotations List of the Exchange.

PART A: REGISTRATION PROCESS FOR SHORT-TERM BONDS

1. GENERAL RULES

- 1.1. No STBs shall be issued and listed/quoted without review by FMDQ and registration and approval by the Commission.
- 1.2. All STBs sought to be issued shall be filed with the Exchange subject to the approval of the Commission and in accordance with the registration requirements prescribed in these Rules.
- 1.3. The detailed process for the Registration of STBs is outlined in [Appendix I](#) of these Rules.
- 1.4. In line with the Registration Process, all STBs sought to be registered shall first be reviewed by FMDQ and afterwards, sent to the Commission for approval and registration.
- 1.5. Applications for the Registration of STBs shall only be entertained if sponsored by an FMDQ-licensed Registration Member (Listings).
- 1.6. Issuers of STBs sought to be registered must, in addition to complying with these Rules, comply with the relevant provisions of the Act and the SEC Rules and Regulations made thereunder as well as other relevant and applicable laws and regulation.
- 1.7. STBs may be registered as a single Issue or under a Programme through a Shelf Registration provided that while issuing STBs under a Programme, Issuers through their Sponsors shall file with FMDQ, any updated or supplementary Offer Documents with respect to each series/tranche, containing details of the new series/tranche and material changes, if any, in the information provided in the Offer Documents of the registered Programme.
- 1.8. All applications shall be submitted along with the relevant fees as provided in the FMDQ-advised fees and dues framework.
- 1.9. Upon Registration, by the Commission, STBs shall be listed/quoted on the Exchange provided the Listing/Quotation requirements prescribed in Part B of these Rules are satisfied.
- 1.10. The Committee has the discretion to make additional requests for information from the Issuers and Sponsors at any point during or after the Registration Process.
- 1.11. These Rules may be subject to review or amendment from time to time.

2. ELIGIBILITY CRITERIA FOR THE ISSUER

- 2.1. To qualify for Registration of its STB, the Issuer must be a Company duly incorporated under the laws of the Federal Republic of Nigeria or such other corporate entity, and shall be in conformity with its shareholders' agreement or its constitutional documents (such as its Memorandum and Articles of Association) with regards to capacity to issue debt, borrowing limits, *inter alia*.
- 2.2. The Issuer shall have shareholders' funds (unimpaired by losses) of not less than N500,000,000.00

- (Five hundred million naira) as evidenced by its latest audited accounts (not being later than nine (9) months from the last financial year end) and shall be maintained at or above that level for such period as the STB remains outstanding.
- 2.3. The Issuer shall have a valid and subsisting credit rating of a minimum of investment grade obtained from a credit rating agency registered or recognised by the Commission.
 - 2.4. The Issuer must have been in operation not less than three (3) years from the date of application for Registration of the Issue. However, the Committee may accept a shorter period in exceptional circumstances.
 - 2.5. The Issuer shall not exceed the borrowing limits (if any) stipulated in its shareholders' agreement or its constitutional documents.
 - 2.6. Where the Issuer fails to meet the requirements stipulated in Rules 2.4 and 2.5 above, the Issuer may qualify under any of the following circumstances:
 - (i) Where the Issuer is an SPV and the parent company of the SPV meets the criteria stipulated in Rules 2.4 and 2.5 above.
 - (ii) Where the Issuer provides a guarantee by a corporate entity which meets the criteria stipulated in Rules 2.4 and 2.5 above. The guarantor shall provide a full guarantee of all the obligations of the Issuer under the Issue for the entire period the Issue remains outstanding.
 - (i) Where the Issuer provides a guarantee by the Federal Government of Nigeria or Federal Government agencies of all the obligations of the Issuer for the entire period the Issue remains outstanding.
 - 2.7. Such other criteria as may be prescribed by FMDQ and the Commission from time to time.

3. REGISTRATION REQUIREMENTS

- 3.1. The Issuer of an STB sought to be registered shall, through its Sponsor, file an application in the FMDQ-advised Application Form along with supporting documentation and disclosures as outlined in Rules 3.2 and 3.3 below.

Note: Electronic copies of the documentation and disclosure requirements outlined in Rules 3.2 and 3.3 below shall suffice unless hard copies are expressly requested by FMDQ. Also note that where the requirements stated below do not apply in respect of the Issuer's corporate structure, the Issuer shall be required to provide justification as to the inapplicability of the requirement and where relevant, to provide equivalent documentation.

- 3.2. The following documentation and disclosure requirements shall be provided in respect of the

Issuer.

- (i) Certified true copy (CTC) of the Memorandum and Articles of Association (including amendments).
- (ii) CTC of Certificate of Incorporation
- (iii) Form CAC 2 – (Statement of Share Capital and Return of Allotment).
- (iv) Form CAC 7 – (Particulars of Directors).
- (v) Audited annual reports and accounts covering the last three (3) years, the most recent not exceeding nine (9) months from the date of the submission of the application for the Registration of the Issue.
- (vi) Most recent unaudited interim reports and accounts.
- (vii) Corporate profile of the Issuer.
- (viii) Valid and subsisting credit rating report of the Issuer obtained from a credit rating agency registered or recognised by the Commission.
- (ix) Any documentation that provides information and details of any charges on the Issuer's cash flows.
- (x) Any documentation that provides details of the Issuer's current debt profile by type, purpose and maturity dates.
- (xi) Comprehensive schedule of all material contracts entered into by the Issuer including all loan facility agreements.
- (xii) Final reporting accountant's report on the Issuer's financial projections.
- (xiii) Details of any litigations/claims currently involving the Issuer.
- (xiv) Evidence that the issuance of the STB does not exceed the limit of the Issuer's borrowing powers.
- (xv) Such other documentation/disclosure as may be required by the Commission and FMDQ.

Note: Where the Issuer had previously filed any of the documents provided in Rule 3.2 above with the Exchange, the Issuer need not file the documents in subsequent applications for Registration provided that the Issuer provides a declaration as set out in [Appendix II](#) of these Rules, outlining the documents/disclosures which it had provided and stating that no change has occurred and no amendment has been made to the documents previously filed with the Exchange.

3.3. The following documentation and disclosure requirements shall be provided in respect of the Issue.

- (i) Resolution of the board of directors and where applicable, the resolution of the

shareholders of the Issuer, authorising the Issue/Programme and the approved amount.

- (ii) A letter of no-objection to the Issue of the STB from the relevant regulatory body (where applicable).
 - (iii) Draft Prospectus containing all relevant information in respect of the Issue as provided in [Appendix III](#).
 - (iv) Draft abridged Prospectus containing all relevant information as prescribed in [Appendix IV](#) of these Rules.
 - (v) Draft Red Herring (where applicable).
 - (vi) Draft vending agreement.
 - (vii) Draft Trust Deed.
 - (viii) Draft Underwriting Agreement (where applicable).
 - (ix) Draft Bond Specialist Agreement.
 - (x) CTC of every letter, report, opinions, balance sheet, valuation, agreements and other contracts or other document any part of which is extracted or referred to in the Offer Documents.
 - (xi) Notarised letters of consent of all parties named in the Offer Documents. Where the consent is given through a power of attorney, the power of attorney shall be executed and stamped.
 - (xii) Valid and subsisting credit rating of the Issue obtained from a credit rating agency registered or recognised by the Commission.
 - (xiii) Details of any credit enhancement to support the Issue in the form of Deed of Guarantee or other equivalent document. Provided that where the Issue is guaranteed by a corporate entity, the following supporting documentation shall be required by the Exchange:
 - (a) Latest audited accounts of the guarantor not being more than nine (9) month from the date of the application for the Registration and Listing/Quotation of the Issue.
 - (b) Latest interim unaudited financial statements of the guarantor.
 - (c) Valid and subsisting credit rating report of the guarantor obtained from a credit rating agency registered or recognised by the Commission.
 - (xiv) Evidence of payment of all relevant fees and dues as advised by FMDQ.
 - (xv) Such other documentation/disclosure as may be required by the Commission and FMDQ.
- 3.4. Registration shall be conducted in accordance with the Registration Process outlined in [Appendix I](#) of these Rules.

Note: The Issuer, Sponsor and where relevant, the reporting accountant shall immediately upon becoming aware, report any circumstances that occur after the submission of the Offer Documents

which are likely to alter the contents of information in the Offer Documents or render the information in the Offer Documents false and/or misleading.

4. CONDITIONS FOR THE REGISTRATION OF SHORT-TERM BONDS

4.1. Method of Issuance

To qualify for Registration, the STB shall be issued through any of the following methods:

- (i) Auction.
- (ii) Private Placement.
- (iii) Syndication.
- (iv) Reverse Enquiry.
- (v) Such other method as may be permitted by the Commission and FMDQ.

4.2. Features and Mode of Issue

- (i) The STB shall be issued and held in dematerialised form with a CSD recognised by FMDQ.
- (ii) The Issue shall be tradable in the secondary market and there shall be no restriction on its transferability.
- (iii) The Issue shall qualify as an eligible investment for collective investment schemes such as mutual funds or Exchange Traded Funds.
- (iv) In determining the price of an STB sought to be offered for subscription, an Issuer shall adopt a Book-Building method.
- (v) The STB may be issued as securitised debt in the form of asset-backed securities, mortgage-backed securities or such other securitisation mechanisms as may be permitted by FMDQ and the Commission.
- (vi) Further to Rule 4.2 (v) above, where the STB is issued in the form of asset-backed securities, mortgage-backed securities or through such other securitisation mechanism as may be permitted by the Committee, the following conditions may apply:
 - (a) The underlying assets of the Issue shall have a minimum of three (3) years credit history.
 - (b) There shall be verifiable cash flows of the underlying assets of the Issue.
 - (c) The Issue is backed by a credit enhancement that meets the requirements of these Rules.
 - (d) Such other conditions as the Committee may prescribe from time to time.

4.3. Shelf Registration

- (i) Where the STB is issued under a Shelf Registration, the Issuer has the discretion to have

several tranches of STB Issues with separate maturity dates or re-issue existing STB Issues (where there is no change in the maturity date).

- (ii) Where the STB is issued under a Shelf Registration, the Issuer shall be required to file subsequent supplementary shelf prospectus/pricing supplement which shall also be reviewed by the Exchange, and approved by the Commission.
- (iii) A Shelf Registration by a Company shall be effective for a period of three (3) years from the date it is approved the Commission and shall be subject to renewal as may be prescribed by the rules and regulations of the Commission. However, a Shelf Registration by other corporate entities such as supranational corporations shall be effective for an indefinite period until determined by the Commission.

4.4. Minimum Size of an Issue

- (i) The minimum size of an Issue shall be ₦100,000,000.00 (hundred million naira).
- (ii) However, where the STB is issued under a Programme through a Shelf Registration, the minimum size of the Programme shall not be less than ₦5,000,000,000.00 (five billion naira).
- (iii) The aggregate amount of the Issue shall at all times be within the limit as approved by the Issuer's board of directors or shareholders.

4.5. Rating Requirement for an Issue

- (i) The Issue shall have a valid and subsisting rating of a minimum of investment grade obtained from a credit rating agency registered or recognised by the Commission.

4.6. Underwriting and Liquidity of an Issue

- (i) Where the Issuer decides to enter into an Underwriting Agreement in respect of the Issue, such agreement shall include a provision stating that the underwriter shall act as a market maker for the Issue in order to enhance the liquidity of the STB in the secondary market.
- (ii) The draft Underwriting Agreement, which shall be submitted along with the Offer Documents, shall be subject to review by the Committee and approval by the Commission.
- (iii) The Issuer shall also be required to appoint one (1) or more Bond Specialists to support the liquidity of its Issue in the secondary market.

4.7. Credit Enhancement of an Issue

- (i) An Issue may be guaranteed (fully or partially) by any of the following entities:
 - (a) Federal Government of Nigeria or Federal Government agencies
 - (b) CBN-licenced banks
 - (c) Such other category of guarantor as may be recognised by FMDQ and the

Commission.

- (ii) Where an Issue is guaranteed by a corporate entity such entity shall have a valid and subsisting credit rating of a minimum of investment grade obtained from a credit rating agency registered or recognised by the Commission.

4.8. Prohibition of Sale of STBs

- (i) The Offer of an STB at any time before the completion of the Registration Process set out in [Appendix I](#) is expressly prohibited.
- (ii) Failure to comply with the provisions of Rule 4.8 (i) above shall attract appropriate sanctions including but not limited to disqualification of the STB sought to be registered.

4.9. Guidelines for advertisement of Offers

- (i) The Issuer or Sponsor shall not publish any advertisement relating to an STB sought to be issued by way of an Auction/public offering without the review of the Committee and approval of the Commission.
- (ii) The Issuer shall sign an undertaking not to directly or indirectly release, during any conference or at any other media, any material or information which is not contained in the Offer Documents.
- (iii) The information in the advertisement shall be restricted to the information in the Offer Documents.
- (iv) The information in the advertisement shall be clear, concise, devoid of any ambiguity and presented in a manner which is easily understandable to an investor with limited knowledge of financial/legal parlance.
- (v) The advertisement shall not include any information which is in violation of the provisions of the Act and the SEC Rules.

4.10. Book Building

- (i) Where the Issuer opts to undertake a Book Building process for the purpose of demand and price discovery, the Issuer shall file a Red Herring with FMDQ along with other relevant documentation requirements as stated in Rule 3 above for review.
- (ii) Upon approval of the Red Herring by the Commission, the Issuer shall commence a Book Building process by circulating the Red Herring to prospective investors along with a letter of invitation which shall indicate the price range at which the Issue is to be offered for subscription.
- (iii) Upon receipt of the orders, the Sponsor and other book runner(s) – where applicable – shall maintain a record of the number of the units of the STB ordered and the price at which the

investor is willing to subscribe to the STB.

- (iv) The Book Building process shall not exceed two (2) weeks from the day the book opens and the STB shall be offered on the basis of the aggregation of orders received.
- (v) Upon the determination of the Issue size, price and coupon rate, the relevant Offer Documents shall be updated, filed with FMDQ for approval by the Commission and subsequently executed by the parties to the Issue.
- (vi) Executed Offer Documents shall be filed with FMDQ within forty-eight (48) hours of the execution of the updated Offer Documents.

4.11. Allotment

- (i) Where the STB is to be issued through a public offering, upon approval of the Registration of the Issue, the Sponsor shall be required to provide an allotment proposal.
- (ii) The allotment proposal shall be subject to the approval of the Committee and the Commission.
- (iii) The allotment proposal shall provide the following:
 - (a) Summary of applications received
 - (b) List of allottees of 50,000 units of the Issue
 - (c) List of allottees acquiring 5% or more units of the Issue
 - (d) Draft newspaper announcement
 - (e) Such other information as may be required by FMDQ and the Commission
- (iv) Upon the approval of the allotment proposal, the Issuer shall allot to investors and publish an announcement of the allotment in not less than two (2) national dailies and file same with FMDQ and the Commission.

4.12. Parties to an Issue

- (i) Parties to an Issue include the directors of the Issuer (or other equivalent designation), and other experts/professionals employed by the Issuer to carry out designated functions with respect to the Issue and whose opinions and activities directly impact on the Issue.
- (ii) All parties to an Issue shall give their written consent to be named in the Offer Documents. The written consent letters filed with the Offer Documents shall be dated, signed and sealed by the parties to the Issue.
- (iii) With respect to a public offering, where there is more than one (1) issuing house, the lead issuing house shall not be a subsidiary, affiliate or a related company of the Issuer.
- (iv) Unless otherwise stated by the Issuer, for the purposes of these Rules, the lead issuing house to the Issue, shall be regarded as the Sponsor to the Issue sought to be registered.

Provided that the lead issuing house or the Sponsor chosen by the Issuer shall be registered with FMDQ as a Registration Member (Listings).

4.13. Rules specific to Private Placements.

- (i) Where the STB is to be issued through a Private Placement, a special resolution shall be passed by the board of directors/shareholders of the Issuer approving the Issue and the said resolution(s) shall be filed with FMDQ for review.
- (ii) Private Placements shall not be offered to more than fifty (50) subscribers.
- (iii) The Offer Documents of the STB sought to be issued through a Private Placement, shall contain the following information, inter alia:
 - (a) Summary of the Issue.
 - (b) Financial summary of the Issuer for the last (3) years, the latest not being later than nine (9) months from the date the application for Registration of the Issue.
 - (c) Parties to the Issue.
 - (d) Historical financial information containing the accounting policies, balance sheets, profit and loss accounts, cash flow statements and notes to the accounts.
 - (e) Statutory/General information stating date of incorporation, registration number and share capital history of the Issuer, the principal shareholders, directors' interests, subsidiaries and associated companies, extracts from the Articles of Association, claims and litigations, material contracts, consent letters by parties to the Issue, documents available for inspection, underwriting agreements and any other material information.
 - (f) Placement period
- (iv) Private Placements shall not be advertised, mentioned and/or discussed in the print and electronic media.
- (v) The Offer Documents may prescribe the period for which offer for the Private Placement shall be open. However, such period for which an offer of STB through a Private Placement method shall not be open for longer than ten (10) business days of the approval of the Offer Documents by the Commission.
- (vi) Within ten (10) business days of the close of the offer period, the Sponsor shall be required to file a report to FMDQ providing the following information:
 - (a) Names and addresses of the subscribers.
 - (b) Amount purchased by each subscriber and the mode of payment.
 - (c) Date of payment.

- (d) Confirmation that the subscribers are Accredited Investors as defined by FMDQ.
- (e) The amount raised through the Private Placement
- (f) Such other information as FMDQ and the Commission may require.
- (vii) With the exception of Rules specific to public offerings of STBs, all other relevant Rules STBs apply to STBs sought to be issued through a Private Placement.

PART B: LISTING/QUOTATION OF SHORT-TERM BONDS

5. LISTING/QUOTATION AND POST-LISTING/QUOTATION REQUIREMENTS

- 5.1. Upon the approval of the Registration of the Issue, the Issue shall be listed/quoted on the Exchange provided that the Listing/Quotation requirements as prescribed in this Part of the Rules are satisfied.
- 5.2. Prior to the Listing/Quotation, the Sponsor shall be required to provide all documents set out in Rule 3 above, as approved by the Committee and the Commission.
- 5.3. The Issuer shall execute a written undertaking to comply with the post-Listing/Quotation requirements of FMDQ in the form set out in [Appendix V](#) of these Rules.
- 5.4. FMDQ may defer any of the requirements of this part of the Rules where the Issuer or Sponsor undertakes to regularise its application within three (3) months of the approval of the STB for Listing/Quotation on the Exchange or waive the provisions of these Rules where the Issuer/Sponsor provides concrete justification to satisfy FMDQ that such provisions are not applicable or should be exempt.
- 5.5. STBs issued in two (2) or more series under a Programme shall be regarded as separate classes for the purposes of this part of the Rules.
- 5.6. Applications to be considered or approved by the Committee shall be submitted along with the requisite application and Listing/Quotation fees set out in the FMDQ-advised fees and dues framework.
- 5.7. Upon the approval of the Listing/Quotation of the Issue, the Issue shall be registered and lodged with a CSD recognised by FMDQ and the Commission. Upon registration, an ISIN code will be assigned by the CSD in respect of the STB.
- 5.8. Issuers shall be required to appoint one (1) or more Bond Specialists to support the liquidity of its Issue in the secondary market.
- 5.9. Failure of the Issuer to continuously comply with the provisions of these Rules will be deemed as an infraction under the post-Listing/Quotation compliance framework and may lead to a delisting of such STB from the Quotations List.
- 5.10. Rating reports in respect of the Issuer and the Issue shall be provided by the Sponsor on an annual basis. For an Issue to remain of the Quotations List of FMDQ, the credit ratings of both the Issuer and the Issue shall not be lower than investment grade for the entire life of the STB.
- 5.11. The Issuer shall be required to execute a Declaration of Compliance in the form set out in [Appendix VI](#) of these Rules.

- 5.12. The Issuer shall also provide a Letter of Indemnity in the form set out in [Appendix VII](#) of these Rules.
- 5.13. The Sponsor shall be required to execute a Declaration in respect of the Issue in the form set out in [Appendix VIII](#) of these Rules

PART C: DUTIES, OBLIGATIONS AND ENFORCEMENT OF THE RULES

6. DUTIES AND OBLIGATIONS OF THE ISSUER

- 6.1. The Issuer shall be bound by the terms and conditions contained in the approved Offer Documents.
- 6.2. Prior to submission of the Offer Documents for approval, the Issuer shall give all investors the opportunity to raise questions about the terms and conditions of the Issue, and to obtain any additional facts necessary to verify the information provided by the Issuer.
- 6.3. The Issuer shall provide all investors in the STB with the same information which shall be disclosed in the Offer Documents.
- 6.4. The Issuer shall take steps to ensure that it does not default on payment of principal and interest on the STB as and when due to investors.
- 6.5. The Issuer shall treat the investors in the STBs in a fair and equitable manner and in accordance with the terms and conditions of its Offer Documents and other Rules and guidelines as may be prescribed by the Commission and FMDQ from time to time.
- 6.6. The Issuer shall ensure that the amount raised through the Issue is utilised for the purpose stated in the Offer Documents.
- 6.7. The Issuer shall ensure that it obtains and submits to FMDQ and the Commission, the annual rating reports of the Issuer and the Issue.
- 6.8. The Issuer, upon the approval of the Listing/Quotation shall pay all applicable annual Listing/Quotation fees as provided in the FMDQ fees and dues framework.

7. DUTIES AND OBLIGATION OF THE SPONSOR

- 7.1. The Sponsor shall verify and confirm that the disclosures made by the Issuer are true, fair and adequate and ensure that the Issuer is in compliance with these Rules and such other regulation as may be prescribed by FMDQ and other relevant regulatory authorities.
- 7.2. The Sponsor shall ensure that FMDQ is notified if any circumstances occur which would affect the contents of the Offer Documents making such documents include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein accurate.
- 7.3. The Sponsor shall use all reasonable endeavours to procure revised or supplementary documentation which will correct any untrue statement or include such omitted fact referred to in Rule 7.2 above.
- 7.4. The Sponsor shall file all updated or supplementary Offer Documents with respect to each series/tranche, containing details of the series/tranche and material changes, if any, in the information provided in the Offer Documents of the registered Programmes.

- 7.5. The Sponsor shall ensure that the Issuer meets all the Listing/Quotation and post-Listing/Quotation compliance requirements as may be provided in these Rules (as may be amended or supplemented from time to time).
- 7.6. The Sponsor shall ensure that the Issuer completes the quarterly compliance report and submit same to FMDQ as and when due.
- 7.7. The Sponsor shall conduct adequate due diligence in respect of assignments undertaken by them in respect of the offer and distribution of the STBs to investors.
- 7.8. The Sponsor shall within two (2) business days of settlement, submit an allotment report to FMDQ and the Commission providing a summary of the various groups of investors in the STBs. A sample of the allotment report is provided in [Appendix IX](#) of these Rules.
- 7.9. The Sponsor shall file compliance reports on a quarterly basis with FMDQ as prepared by the Issuer (See [Appendix X](#)).
- 7.10. The Sponsor shall provide such other information as may be required by FMDQ throughout the tenor of the Issue.
- 7.11. The Sponsor shall be bound by these Rules, all other relevant FMDQ Rules and the SEC Rules and Regulations.

8. ENFORCEMENT OF THE RULES

- 8.1. Where FMDQ considers an Issuer or other relevant party to the Issue to have committed an infraction under these Rules it may take one or more the following actions:
 With respect to the Registration of the Issue
 - (i) File a report to the Commission
 - (ii) Impose a fine.
 - (iii) Such other action as FMDQ may deem fit to take after due consideration of the infraction.
 With respect to the Listing/Quotation of the Issue
 - (i) File a report to the Commission
 - (ii) Impose a fine.
 - (iii) Suspension of the Issue from the Quotations List.
 - (iv) Delisting of the Issue from the Quotations List.
 - (v) Publicly Censure.
 - (vi) Such other action as FMDQ may deem fit to take after due consideration of the infraction.
- 8.2. Violation of the provisions of these Rules may also result in criminal or civil liability in accordance with all relevant Nigerian laws and regulation.

8.3. Power to suspend or delist an Issue 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 Issue 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 the Rules and all relevant FMDQ Rules.
 - (b) The Exchange considers that the Issuer does not have satisfactory level of operations or sufficient assets to warrant the continued Listing/Quotation of its STBs on the Exchange.
 - (c) The Issuer fails to meet corporate governance standards as may be prescribed by the Exchange and other regulatory authorities.
 - (d) The Committee considers that the Issue is no longer suitable for Listing/Quotation
 - (e) Such other circumstances as the Committee may deem fit to suspend or delist the Issue 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 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 action within the stipulated timeframe shall lead to a delisting of the Issue from the Quotations List.

8.4. Failure by the Sponsor to comply with the provisions of these Rules or such other regulation as may be prescribed by FMDQ shall attract one or more of the following penalties:

- (i) Fines.
- (ii) Non-consideration for FMDQ OTC GOLD Award.
- (iii) Suspension of the Sponsor's membership of the Exchange.
- (iv) Termination of the Sponsor's membership of the Exchange.
- (v) Public Censure.
- (vi) Such other sanctions as FMDQ may deem fit to make upon due consideration of the breach by the Sponsor.

NOTES

1.	FMDQ shall review the FMDQ Short-Term Bonds Registration Process and Listing Rules on an ongoing basis to ensure conformity with international best practices.
2.	FMDQ encourages all Issuers seeking Registration and Listing/Quotation privileges to comply with the highest standards of corporate governance as stipulated in any law of the Federal Republic of Nigeria and imbibe corporate discipline, transparency and accountability within the tenets of its operations.
3.	FMDQ may grant exemptions/exceptions to the application of these Rules, as it may deem necessary.
4.	These Rules shall be read in conjunction with all relevant and applicable laws and regulation.

PART D: APPENDICES

APPENDIX I: SHORT-TERM BONDS REGISTRATION PROCESS

Appendix 1 below provides a guide of the process for the Registration and Listing of STBs on FMDQ OTC Securities Exchange. Please note that the process may be reviewed from time to time in line with best practices

S/N	Stage	Responsibility	Action	Timeline
1.	Application for Registration of STB (Programme or Single Issue)	<i>Issuing House/Issuer</i>	Issuer shall submit an application for the registration of STB (Single Issue or Programme) along with supporting documents to FMDQ OTC Securities Exchange (“FMDQ”) through an Issuing House which is duly registered by the Securities and Exchange Commission (“SEC”) and licenced by FMDQ as a Registration Member	N/A
2.	Review + Due Diligence + Internal Approval by the Board Listings, Markets & Technology Committee (“BLMTC”)	<i>FMDQ</i>	FMDQ through its Management Listings & Quotations Committee (“MLQC”) ¹ shall conduct full assessment of any application to issue STBs (Single Issue or Programme) to ensure that the Issue is compliant with the Investments and Securities Act 2007, SEC Rules and Regulations 2013, FMDQ Bond Listing and Quotation Rules and such other Applicable Law and present same to the BLMTC for approval	2 weeks ²
3.	Request for Approval STB (Single Issue or Programme)	<i>FMDQ</i>	Where the application is approved by the BLMTC ³ , FMDQ to seek SEC approval and registration for the STB	Immediate

¹ MLQC is the Management Committee responsible for reviewing all applications for the registration of STBs on FMDQ and making recommendations to the BLMTC for clearance of the STB prior to the Commission’s approval of prospective STBs. Upon SEC approval and registration of STBs, MLQC also presents the STBs to the BLMTC to secure approval for listing

² Subject to prompt feedback to requests for information + no outstanding/prior regulatory issues with either SEC or FMDQ

³ BLMTC is the Board Committee responsible for clearing the presentation of all STBs reviewed by MLQC to the Commission. The BLMTC also approves the admission of SEC-approved and registered STBs to the FMDQ Quotations List

S/N	Stage	Responsibility	Action	Timeline
			FMDQ to submit an Issue Analysis Report (“ IAR ”) in the case of Single STB Issue and Programme Analysis Report (“ PAR ”) in the case of an STB Programme	
4.	Approval of STB Programme	<i>SEC</i>	SEC shall review and approve STB registration application <i>Note: SEC-approved STB Programmes for Corporate Bonds shall be valid for three (3) years and SEC-approved STB Programmes for Supranational Bonds shall remain valid for the life of the Programme unless decided otherwise by FMDQ and the Commission</i>	48 hours ⁴
5.	Approval of Series under a Programme	<i>Issuing House</i>	Where the Issuer of a previously registered Programme seeks to come to the market, the Issuing House will be required to provide FMDQ with the applicable Pricing Supplement and other relevant documents in respect of the Series	N/A
		<i>FMDQ</i>	FMDQ shall review the application for the registration of the Series and present an Issue Term Sheet (“ ITS ”) to SEC for approval	24 hours
		<i>SEC</i>	SEC shall review the ITS for the Series and approve the Issue and notify FMDQ accordingly	48 hours
		<i>FMDQ</i>	FMDQ shall communicate the decision of SEC to the Issuing House	Immediate
6.	Offer for Subscription (Single Issue or Series) + Approval of Allotment Proposal	<i>Issuing House</i>	Upon approval of a Single Issue or Series, the Issuing House shall commence the book-building in line with the FMDQ Short-Term Bonds Registration Process and Listing Rules	In line with the timetable submitted by Issuing House

⁴ As footnote 2 above

S/N	Stage	Responsibility	Action	Timeline
			Upon completion of the book building, an Allotment Proposal shall be submitted to FMDQ for review	
		<i>FMDQ</i>	FMDQ shall review the Allotment Proposal and if satisfactory, shall present same to SEC for approval	24 hours
		<i>SEC</i>	SEC shall review and approve the Allotment Proposal and notify FMDQ accordingly	48 hours
		<i>FMDQ</i>	FMDQ shall communicate the approval to the Issuing House	Immediate
7.	Allotment	<i>Issuing House</i>	Issuing House shall allot the securities to the investors	Immediate
8.	Listing	<i>FMDQ</i>	Upon allotment, the Issuing House shall submit an Allotment Report to FMDQ and the STBs (Single Issue or Series under a registered Programme) shall be admitted to the FMDQ Quotations List	Immediate

APPENDIX II: ISSUER'S UNDERTAKING OF PRIOR DISCLOSURE

[ISSUER LETTERHEAD]

[Date]

**The Managing Director/CEO
FMDQ OTC Securities Exchange
1 Olosa Street
Victoria Island
Lagos**

DECLARATION OF PRIOR DISCLOSURE

We refer the application for the Registration of **[Description of Issue/Programme]** and declare as follows that:

1. The following documents/disclosures have been made to FMDQ OTC PLC (“**FMDQ**” or the “**Exchange**”) with respect to **[Description of Previous Application(s)]**:
 - a. **[Description of Document/Disclosure]**
 - b. **[Description of Document/Disclosure]**
2. No amendment/alteration or material change has occurred and no amendment has been made to the document(s) previously filed with and/or disclosure(s) made to the Exchange.
3. Where there is an amendment/alteration or material change in the documents/disclosure provided above, we shall notify the Exchange upon becoming aware of the such amendment/alteration or material change.

Yours faithfully,

FOR: [Name of Issuer]

[Authorised Signatory]

[Authorised Signatory]

APPENDIX III: CONTENTS OF THE OFFER DOCUMENT

The table below provides an indicative template of the information which FMDQ requires to be provided in the Offer Documents of Short-Term Bonds (STBs).

Please note that this is simply a guide to the Issuer and Sponsor seeking to register STBs with FMDQ OTC Securities Exchange. This is a non-exhaustive guide and FMDQ may require further information from the Issuer or Sponsor during the course of the Registration of the STBs.

The front cover of the Offer Document shall state in bold, the following:

INVESTMENT IN THE SHORT-TERM BONDS IS STRICTLY FOR ACCREDITED INVESTORS AS DEFINED UNDER THE FMDQ SHORT-TERM BONDS REGISTRATION PROCESS AND LISTING RULES.

THIS PROSPECTUS AND SHORT-TERM BONDS WHICH IT OFFERS, HAVE BEEN REGISTERED BY FMDQ OTC SECURITIES EXCHANGE (“FMDQ”) AND APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) PURSUANT TO THE FMDQ SHORT-TERM BONDS REGISTRATION PROCESS AND LISTING RULES AS APPROVED BY SEC. THE REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER NIGERIAN LAW FOR FALSE OR MISLEADING STATEMENTS OR FOR ANY OMISSION OF A MATERIAL FACT IN THIS PROSPECTUS.

FMDQ TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS DOCUMENT.

The Offer Documents in respect of the prospective Issues shall include, the contents of the table below, *inter alia*:

S/N	Header	Sub-Header (where applicable)	Content Guidelines
1.	Declaration by the Issuer		<p>The Issuer’s declaration shall affirm as follows that:</p> <ul style="list-style-type: none"> i. the Issuer has taken reasonable care to ensure that the information provided in the Shelf Prospectus and any supplementary Offer Document (such as a pricing supplement) is accurate and contains no omissions likely to affect the accuracy of the information contained therein ii. there has been no significant change in the financial condition or material adverse change in the prospects of the Issuer since the date the Prospectus was issued

			<p>iii. that the Issuer has not during the twelve (12) calendar months preceding the date of the application for the Registration of the Prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an immediate recall of such borrowed monies.</p> <p>iv. no prosecution has been commenced against the Issuer or any of its subsidiaries during the twelve (12) calendar months preceding the date of the application for the Registration and Listing/Quotation of the Prospectus in respect of any breach or contravention of any securities or companies laws including but not limited to the Companies and Allied Matters Act Cap C20 LFN 2004, the Investments and Securities Act 2007 and the SEC Rules made pursuant to the Act</p> <p>The Issuer's declaration shall be signed by its Chief Executive Officer, Chief Financial Officer and Company Secretary with their respective names and designations boldly stated beneath their respective signatures.</p>
2.	Summary of the Programme/Issue		<p>The Offer Documents shall provide a summary of Programme/Issue with information on the following, inter alia:</p> <ul style="list-style-type: none"> i. Issuer ii. Description of the Programme/Issue iii. Size of the Programme iv. Parties to the Programme/Issue v. Method/Mode of Issuance vi. Use of Proceeds vii. Currency of the Issue viii. Maturity Date ix. Tenor x. Issue Price xi. Redemption xii. Transferability xiii. Interest Rate: Whether floating or fixed xiv. Status of the Issue: whether subordinated or unsubordinated debt, whether preference or pari passu, whether secured or unsecured xv. Governing Law xvi. Tax Considerations xvii. Relevant Transaction Documents xviii. Issuer and Issue Ratings xix. Such other information as may be required by FMDQ and the Commission during the STB registration process

3.	Key Investment Considerations	Operational positioning	<ul style="list-style-type: none"> i. Key business strengths ii. Brand iii. Diversification (market, sector, geography, etc.) iv. Client analysis and relationship with suppliers v. Competitive position
		Financial Positioning	<ul style="list-style-type: none"> i. Cash flow generation ii. P&L accounts iii. Balance Sheet iv. Investment Policy v. Dividend Policy vi. Main financial covenants and guarantees
		Risk Factors	<p>Information on the material risk factors relevant to the investment in the STB of the Issuer should be provided in the Offer Document</p> <p>The Prospectus shall state that investment in STB contain certain risk factors and shall provide descriptions of the associated risks and their respective mitigating factors involved in investing in STBs. Such risk includes the following, inter alia:</p> <ul style="list-style-type: none"> i. Credit Risk ii. Market Risk iii. Legal Risk iv. Regulatory Risk v. Business Strategy Risk vi. Currency Translation Risk vii. Brand and Reputation Risk viii. People Risk ix. Financial Reporting Risk x. Interest Rate Risk xi. Process Risk xii. Technology Risk
		Legal Positioning	<p>A detailed legal opinion of the solicitors to the issue containing the following:</p> <ul style="list-style-type: none"> i. Legal status of the Issuer ii. Authorisations iii. Compliance issues iv. Registering of the STBs; what happens in the event of insolvency v. Tax matters vi. Restrictions on the Issue (if any)

			<p>vii. Declaration that no litigation, if any, that the Issuer is involved in is significant)</p> <p>Any other important and relevant legal information as may relate to the STBs</p>
4.	Company Description	Overview	Overview of the Issuer and its business
		History	Brief information about the history of the Issuer
		Strategy	<p>i. Long-term priorities and objectives</p> <p>ii. Growth opportunity</p> <p>iii. Brand strategy</p> <p>iv. Social and environmental commitments</p>
		Business Activities	<p>i. By geographical area</p> <p>ii. Trading performance by sector/market</p>
		Market Description	<p>i. Segments</p> <p>ii. Technology evolution</p> <p>iii. Competitors</p> <p>iv. Regulation</p> <p>v. Environmental matters</p>
		Management Overview	<p>Profiles of the following key persons:</p> <p>i. Board of directors</p> <p>ii. Key Management staff</p>
		Financial Performance	<p>i. Summary of consolidated and [individual] financial statements</p> <p>ii. Trading performance history</p> <p>iii. Cash flows, working capital and capex</p> <p>iv. Income statements</p> <p>v. Credit metrics</p> <p>vi. Financial structure and bank relationships</p>
		Other Information	<p>i. Legal matters/litigation</p> <p>ii. Other (socially responsible investment)</p> <p>iii. Health and safety</p> <p>iv. Research and development</p> <p>v. Information Technology</p> <p>vi. Intellectual property</p> <p>vii. Insurance</p> <p>viii. External Risk Factors</p> <p>ix. Related party transactions</p>
5.	Terms and Conditions of the Issue	Form, Denomination and Title	The Issuer will be required to maintain a register in respect of the Issue, which will record the serial number (if relevant), holder and transfer of each Issue. The person in whose name the STB is registered shall be treated as its absolute owner for all purposes.

			The Offer Documents shall state whether the STBs shall be issued in certificated or dematerialised form.
		Status of the Issue	<p>i. The Offer Documents shall state whether the Issue constitutes secured or unsecured debt obligations of the Issuer</p> <p>ii. The Offer Documents shall also state whether the Issue ranks pari passu other senior debt of the Issuer having equivalent characteristics save duly documented exceptions (any specific limitation on granting of security interests to be stipulated in the negative pledge provision)</p>
		Negative Pledge	<p>i. When drafting this clause, consideration should be given to consistency with negative pledge clauses in existing bank loans and other senior debt documentation with similar characteristics (if any), particularly with regards to exceptions and thresholds, so that investors' claims benefit from the same protections as those bank loans and other senior debts.</p> <p>ii. When drafting the negative pledge, the Issuer should compile a statement of existing security interests or guarantees and submit it to the investors.</p>
		Financial Covenants	<p>The financial covenants described below may vary depending on the circumstances of the Issuer and the STB Issue.</p> <p>i. Financial covenants may include, inter alia, one or several covenants such as, a gearing ratio, cash flow ratios, a leverage ratio, an interest cover ratio and possibly annual limits on capital expenditure.</p> <p>ii. The ratios, each component of the ratios and any corresponding definitions should be clearly drafted to ensure consistency with those used in the Issuer's bank loans and other senior debt documentation with similar characteristics (if any) and/or the accounting policies or requirements of the Issuer.</p> <p>iii. The frequency and timing for calculating the ratios and providing such calculations to investors should be stipulated in the Offer Documents (likely to be annually, or more frequently, depending on the relevant regulatory requirements, other requirements of the investors and the situation of the Issuer).</p>

		Information Disclosure Undertakings	<p>Although the circumstances will vary for each Issuer and each Issue, the information that Issuers are likely to be required to disclose to investors in order to ensure compliance with, and/or prevent a breach of, an undertaking, and/or as part of the STB Registration Process, may include the following, inter alia:</p> <ul style="list-style-type: none"> i. Financial data prepared on the basis set out in the Offer Documents (consolidated and non-consolidated annual financial statements and, where appropriate, interim financial statements, along with the relevant statutory auditors' reports and significant historical data), statement of existing security interests or guarantees and business plan, where appropriate; ii. Events affecting the Issuer's indebtedness, such as occurrence of an event of default, characteristics of new debt, amendments and waivers, acquisitions and the extension of financing, invocation of an exception to the negative pledge for a significant amount, etc.; iii. Description of debt, security interests and guarantees and other specific characteristics in order to assess the potential for subordination of claims. iv. All documents sent to the Issuer's shareholders or other creditors. v. Details of litigation, arbitration or administrative procedures and further information regarding the financial condition, business and operations of the Issuer or its group as may be reasonably requested by the investors and in all cases as agreed between the Issuer and the investor. vi. Details of any fixed assets owned by the Issuer shall be provided in the form of a "Property Schedule" vii. Details of the Issuer's compliance with the relevant codes of corporate governance
		Other undertakings	<p>Other required undertakings will depend on the nature and situation of the Issuer and the Issue. However, generally, the Issuer may be required to give some or all of the following undertakings as to:</p> <ul style="list-style-type: none"> i. Compliance with all relevant authorisations and laws. ii. Restrictions on disposals of assets. iii. Restrictions on mergers and corporate restructurings generally in certain circumstances. iv. Restrictions on substantial changes to business.

			<ul style="list-style-type: none"> v. Potential requirement to hold an annual meeting with senior management of the Issuer. vi. Use of proceeds of the Issue. vii. Sources of repayment in respect the Issue. viii. Potential limits on the incurrence of additional indebtedness of the Issuer and its subsidiaries.
		Representations	<p>Although the circumstances will vary for each Issuer and each Issue, the information that Issuers are advised to represent to investors may include some or all of the following representations as to:</p> <ul style="list-style-type: none"> i. Corporate matters: due incorporation and existence of the Issuer, power and authority to Issue the STB, validity and admissibility of authorisations and compliance with Issuer's shareholders' agreement, memorandum and articles of association or such other equivalent constitutional documents. ii. Governing law, enforceability and conflict: that obligations under the Issue are legal, valid, binding and enforceable, and do not conflict with law or regulation applicable to the Issuer, its constitutional documents and other obligations. iii. Tax Considerations in respect of the Issue. iv. Accuracy of the information provided. v. Financial statements. vi. Insolvency proceedings. vii. Pari passu ranking. viii. Litigation pending or threatened. ix. That the Issue shall be listed/quoted on the FMDQ OTC Securities Exchange which, upon approval for the Quotation by the FMDQ Board Listings, Markets and Technology Committee shall be made available for secondary market trading to Accredited Investors (i.e.) Qualified Institutional Investors and Eligible Individual Investors as defined in the FMDQ Short-Term Bonds Registration Process and Listing Rules (as may be amended and supplemented by FMDQ OTC Securities Exchange). x. That the directors (or equivalent designation) of the Issuer 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 their knowledge and belief, there are no facts, the omission of which would make any statement herein misleading or untrue.

		Events of Default	<p>The scope and application of the events of default will depend on the structure and complexity of the Issuer and its group (if applicable), and will be set out in the Offer Documents. Although the circumstances will vary for each Issuer and each Issuer, the events of default will usually include:</p> <ul style="list-style-type: none"> i. Non-payment of amounts due under the Issue (unless caused by certain technical errors or remedied within a certain grace period). ii. Breach of financial covenants by the Issuer. iii. Breach of other obligations by the Issuer (unless remedied within a certain grace period). iv. Misrepresentation (unless capable of being remedied and actually remedied within a certain grace period). v. Cross default and/or cross acceleration. The defaults which may trigger a cross default clause may be subject to minimum thresholds and usually cover financial indebtedness such as bond debt, bank debt, financial debt such as leasing debt, receivables and factoring debt, derivatives and guarantees or indemnities. vi. Events relating to insolvency, creditors' processes (subject to certain thresholds and grace periods). vii. Repudiation. viii. Occurrence of a material adverse change (on the basis of a definition to be agreed).
		Information specific to Securitised Debt	<p>Where the Issue is secured on specific assets, the following should be provided:</p> <ul style="list-style-type: none"> 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.
		Transferability	<p>Applicable restrictions to transferability of the STB (e.g. registration, number of transfers) should be disclosed.</p>

			The Offer Documents should also expressly state that the STBs can also be transferred to investors who qualify as Accredited Investors in accordance with the FMDQ Short-Term Bonds Registration Process and Listing Rules.
		Ratings	The extracts of the rating reports of the Issuer and the Issue shall be provided in the Offer Documents.
		Parties to the Issue	The Offer Documents shall provide documents shall provide information about all parties to the Issue.
		Location of the Register	The name and registered address of the Registrars to the Issue.
		Liability for False and Misleading Statements in the Offer Documents	The Offer Documents shall state clearly and unambiguously that liability for any false or misleading statement in the Offer Documents shall be treated in accordance with the provisions of sections 85 and 86 of the Investments and Securities Act 2007 and such other relevant laws and regulations.
		Incorporation by Reference	Documentation may be incorporated in the Offer Document by reference where such document had previously been filed with FMDQ.
		Date of the Prospectus	Every Prospectus shall be dated on the front cover and the date shall not be earlier than the date of execution of the Offer Documents or the completion board meeting
6.	Information to be provided in Supplementary Shelf Prospectus/Pricing Supplement		<p>The supplementary shelf prospectus/pricing supplement shall state that the offer period which should not be longer than twenty-eight (28) business days from the date of the issue of the supplementary prospectus or such longer period as may be allowed by FMDQ, subject to the approval of the Commission.</p> <p>The supplementary shelf prospectus/pricing supplement shall further disclose the following information:</p> <ol style="list-style-type: none"> Any significant or material change in the information disclosed in the shelf prospectus. The supplementary shelf prospectus/pricing supplement shall amend all false and misleading statements in the shelf prospectus and include any omissions in the shelf prospectus Any legal proceedings commenced against either the Issuer since the approval of the shelf prospectus That the supplementary Offer Document has been registered by the Commission and that a copy has been lodged with FMDQ.

APPENDIX IV: CONTENTS OF THE ABRIDGED PROSPECTUS

The front cover of the Offer Document shall state in bold, the following:

INVESTMENT IN THE SHORT-TERM BONDS IS STRICTLY FOR ACCREDITED INVESTORS AS DEFINED UNDER THE FMDQ SHORT-TERM BONDS REGISTRATION PROCESS AND LISTING RULES.

A COPY OF THIS ABRIDGED PROSPECTUS WITH THE DOCUMENTS SPECIFIED IN IT HAVE BEEN REVIEWED BY FMDQ OTC SECURITIES EXCHANGE (“FMDQ”) AND APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) PURSUANT TO THE FMDQ SHORT-TERM BONDS REGISTRATION PROCESS AND LISTING RULES AS APPROVED BY SEC.

THE DIRECTORS OF THE ISSUER INDIVIDUALLY AND COLLECTIVELY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING OR UNTRUE”;

The abridged Prospectus shall contain information, the substance of which is contained in the Prospectus and shall also contain the following statements and information:

1. The dates of opening and closing of the Offer
2. Indebtedness of the Issuer
3. History and business of the Issuer
4. Parties to the Issue
5. Purpose of the Issue
6. Summary of financial information of the Issuer
7. Claims and litigations involving the Issuer
8. Material contracts
9. Procedure for application and allotment (state if there would be preferential allotment)
10. Application form for subscription
11. Any other information required by the Commission from time to time.

All information contained in an abridged Prospectus may be expressed in such condensed or summarised form as may be appropriate in the light of the circumstances under which it is to be used.

APPENDIX V: FORM OF GENERAL UNDERTAKING

[ISSUER LETTERHEAD]

**The Managing Director/CEO
FMDQ OTC Securities Exchange
1 Olosa Street
Victoria Island
Lagos**

[Name of Issuer] acknowledges that it shall remain on the Quotations List of FMDQ at the Committee's discretion and hereby resolves and undertakes as follows to:

1. Promptly notify the Committee of the following:

- (i) Attachment or prohibitory orders restraining the Issuer from transferring STB from the account of the registered holders and furnish to FMDQ with particulars of the numbers of STB so affected and the names of the registered holders.
- (ii) Any action which will result in the redemption, conversion, cancellation, retirement in whole or in part of the STBs registered by the Commission and listed/quoted on the Exchange.
- (iii) Any action that would adversely affect the payment of interest on the STB to investors.
- (iv) Any actual or proposed change in the form or nature of any of the STBs that are registered by the Commission and listed/quoted on the Exchange or in the rights or privileges of the investors thereof and make an application for the quotation of the STB which have changed, if FMDQ so requires.
- (v) Any actual or proposed changes in the directorship or leadership of the Issuer
- (vi) Any actual or proposed change that would affect the rights and obligations of the investors in the STB.
- (vii) Any expected default in timely payment of interest or redemption or repayment amount or both in respect of the STB on the Exchange as soon as the same becomes apparent.
- (viii) Any other information not in the public domain necessary to enable the investors in the registered and listed/quoted STB to clarify their positions and to avoid the creation of a false market in such registered and listed/quoted STB.
- (ix) Any changes in the general or legal character, form or nature of business/activities, disruption of operation due to natural disaster.
- (x) Any revision and/or reduction in ratings of the Issuer and the Issue.

- (xi) Any events such as strikes and other force majeure event which have a bearing on the interest payment/principal repayment capacity.
- (xii) Any proposed changes in the terms of the Offer Documents, the Trust Deed, underwriting agreement, vending agreement, Bond Specialist agreement and such other relevant transaction documents.
- (xiii) Any proposed changes to the parties to the transaction as outlined in the Offer Documents.
- (xiv) Any proposed changes in the collateral, if any, deposited under the Trust Deed
- (xv) Delay/default in payment of interest/principal amount for a period of more than three months from the due date.
- (xvi) Any information having bearing on the operation/performance of the Issuer including price sensitive information.
- (xvii) Any information which FMDQ may request from time to time whilst the Issue remains on the Quotations List.

2. The Issuer agrees as follows to provide the following documents:

- (i) 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.
- (ii) All resolutions passed by the holders of the security within seven (7) days of the passing of the resolutions.
- (iii) 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.
- (iv) Annual ratings report by a rating agency accredited by the Commission within three (3) months after the anniversary of the security.
- (v) Annual utilisation report showing that the proceeds of the security have been disbursed in line with the Offer Documents.
- (vi) Quarterly unaudited management accounts.
- (vii) Quarterly compliance report in the FMDQ-advised template (See [Appendix VIII](#))

3. The Issuer further agrees to:

- (i) Inform FMDQ, of its intention to raise funds through the issuance of subsequent STBs prior to issuing such STBs.
- (ii) Make an application to FMDQ for the Registration and Listing/Quotation of such new issue of STBs and to submit such provisional documents as required by FMDQ.
- (iii) To notify FMDQ, with particulars of any arrangements under which any Director has waived

or agreed to waive any emoluments;

- (iv) 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 (1) 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;
4. To comply with Rules of FMDQ governing Registration and Listing/Quotation of STBs as may be amended from time to time.
 5. To pay any relevant fees and dues payable to FMDQ in respect of any Issue registered and listed/quoted on the Exchange.
 6. To adhere to any post-Listing/Quotation compliance requirements and continuous disclosure standards that may be prescribed by FMDQ.
 7. To recognise that the Committee reserves the right to remove any security from the Quotations List as it deems fit.

SIGNED FOR AND ON BEHALF OF: [Name of Issuer]

[Director]

[Secretary]

Dated this _____ day of _____ 20__

APPENDIX VI: DECLARATION OF COMPLIANCE BY ISSUER

[ISSUER LETTERHEAD]

The Managing Director/CEO
FMDQ OTC Securities Exchange
1 Olosa Street
Victoria Island
Lagos

DECLARATION OF COMPLIANCE BY [NAME OF ISSUER]

We _____ and _____
Director and Secretary respectively of [Name of Issuer] (hereinafter referred to as “the Issuer”), declare as follows that:

1. All documents required by any applicable law in connection with the Issue have been duly filed and that to the best of our knowledge, information and belief the Issuer has complied with all other legal requirements in connection with the Issue.
2. There are no other facts relating to the Issuer’s application for Listing/Quotation which should be disclosed to FMDQ.
3. The Board, management and other authorised representatives of the Issuer 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 Offer Documents misleading.
4. We agree to comply with the post-Listing/Quotation compliance requirements as provided in the Rules and as may be revised from time to time.
5. We understand and acknowledge that the Listing/Quotation may be subject to periodic review and acknowledge that FMDQ may require more information regarding the Issue and any supporting documents from time to time.
6. We undertake to provide and not to withhold any information which may be required to assess the quality of the STBs listed/quoted on the Exchange including but not limited to any revision OR downgrade in the ratings of Issuer and the Issue.
7. We undertake to comply with all FMDQ Rules, Guidelines, Bulletins and such other regulation

that relates to the STB listed/quoted on the Exchange.

8. We make this declaration conscientiously believing same to be true.

SIGNED FOR AND ON BEHALF OF: [Name of Issuer]

[Director]

[Secretary]

Dated this _____ day of _____ 20__

APPENDIX VII: LETTER OF INDEMNITY BY ISSUER

[ISSUER'S LETTERHEAD]

[Date]

**The Managing Director/CEO
FMDQ OTC Securities Exchange
1 Olosa Street
Victoria Island
Lagos**

LETTER OF INDEMNITY

_____ **[Name of Issuer]** _____ hereby unconditionally and irrevocably undertakes, indemnifies and agrees to keep indemnified and hold harmless, FMDQ OTC Securities Exchange (FMDQ) and its officials against any action, claim, causes, suits, proceedings and demands whatsoever, which may at any time be taken and made against FMDQ and/or its officials whether directly or indirectly, that may arise by reason of or in consequences or in connection with the process of Registration and Listing/Quotation of the Short-Term Bonds of _____ **[Name of Issuer]** _____ on FMDQ and/or on account of any subsequent suspension or removal of the listed/quoted Short-Term Bonds from the FMDQ Quotations List.

Yours faithfully,

FOR: [Name of Issuer]

[Director]

[Director/Secretary]

APPENDIX VIII: SPONSOR'S DECLARATION

[SPONSOR'S LETTERHEAD]

[Date]

**The Managing Director/CEO
FMDQ OTC Securities Exchange
1 Olosa Street
Victoria Island
Lagos**

SPONSOR'S DECLARATION IN RESPECT OF [DESCRIPTION OF ISSUE]

[Name of Sponsor] being the Sponsor to the [Name of Issuer] ("the Issuer") in respect of the [Description of Issue] hereby declares as follows that:

After due and careful enquiry have satisfied ourselves that the statements in the Offer Documents are true and no facts known to the Issuer and [Name of Sponsor] are omitted.

Yours faithfully,

FOR: [Name of Sponsor]

[Authorised Signatory]

[Authorised Signatory]

APPENDIX IX: ALLOTMENT REPORT

The table below provides an indicative template of the Allotment Report to be submitted by the Sponsor of the STB Issue within two (2) business days of settlement.

S/N	Issue Description	Investor Group	Allocation (%)*
1.		Pension Fund Administrator	
		Asset Managers	
		Eligible Individual Investors	
		Trustees	
		Insurance Companies	
		Discount Houses	
		Others (Please Specify)	
TOTAL			100%

**Note: The allocation percentages should be arranged in descending order i.e. highest percentage allotted to the lowest percentage allotted.*

Yours faithfully,

FOR: [Name of Sponsor]

[Authorised Signatory]

[Authorised Signatory]

APPENDIX X: COMPLIANCE REPORT

The table below provides an indicative template of the information which FMDQ may require to be contained in the quarterly report prepared by the Sponsor to an Issue. Please note that the information requested in this compliance report is non-exhaustive and FMDQ retains the rights to request further information as it deems fit.

[SPONSOR LETTERHEAD]

Name of Issuer:	
Issue/Programme Description:	
Name of Sponsor:	
Reporting Period:	

S/N	NOTIFICATION	YES	NO	N/A
1.	Have there been any audited accounts of the Issuer and/or consolidated accounts of its group (where applicable) after the date of last submission?			
2.	Have there been any interim reports (provisional or unaudited) of the Issuer after the date of last submission?			
3.	Have there been any changes in the directors of the Issuer?			
4.	Have there been any changes in capital structure, or any other corporate action that could affect the price of the STB in the market?			
5.	Have there been any alterations to the memorandum and articles of association or other equivalent constitutional documents of the Issuer?			
6.	Have there been any changes in the general character or nature of the business of the Issuer or its group?			
7.	Are there any circumstances that may affect the company's creditworthiness or ability to make the principal and/or interest in respect of the Issue?			
8.	Have there been any changes in the terms of the Issue as contained in the Offer Documents?			

9.	Have there been any proposed changes to the parties to the Issue as stated in the Offer Documents?			
10.	Have there been any leakages of the financial statement, revision/downgrade in the ratings or any other information that may affect the price of the Issue?			
11.	Have there been any resolutions passed at a board meeting, annual general meeting, extra-ordinary general meeting or any other meeting that is likely to affect the terms and conditions of the Issue?			
12.	Have there been any circulars, notices, reports, documents or announcements issued to holders of the STB or made in respect of the STB?			
13.	Have there been any decisions of any subsidiaries of the Issuer to acquire another business or section of another business?			

IF THE ANSWER TO ANY OF THE QUESTIONS ABOVE IS “YES”, THE ISSUER IS REQUIRED TO PROVIDE ADDITIONAL INFORMATION/DETAILS IN A SEPARATE SHEET OR ATTACH SUPPORTING DOCUMENTATION.

THIS COMPLIANCE REPORT WAS PREPARED BY:

Name: _____

Designation: _____

Signature: _____ **Date:** _____

FOR AND ON BEHALF OF:

[NAME OF ISSUER]