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## FREQUENTLY ASKED QUESTIONS - COMMERCIAL PAPERS (CPs)

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### Q1: What is a Commercial Paper (CP)?

A Commercial Paper is a short-term, unsecured money-market instrument issued as a promissory note by a corporate to meet short-term financing needs, typically working capital. CPs may be issued at a discount or with stated interest and are normally repayable at par on a fixed maturity date.

### Q2: Why list a CP on NGX?

Listing on NGX provides formal market access and visibility, supports price discovery, and enables participation by qualified institutional and eligible investors. Listed CPs can also be traded on the NGX secondary market, improving liquidity for investors.

### Q3: Who can issue CPs?

Eligible corporate issuers must meet the issuer eligibility criteria set by the Securities and Exchange Commission (SEC) and NGX. This usually includes demonstrating sound corporate governance, meeting financial thresholds, and providing required documentation. Issuances may be done as a single (discreet) issue or under a CP Programme that allows multiple tranches under a standard documentation set.

### Q4: Who can invest in commercial papers?

Qualified institutional investors, high net worth individuals and retail investors subject to requirements set by the SEC.

### Q5: How can an investor purchase Commercial Papers?

Investors can access CPs through a broker or asset management firm that offers available instruments, using a valid CSCS account and CHN (Clearing House Number). Before investing, review the issuer's credit rating,

financial information, and other disclosures provided in the offer document.

### Q6: Who are typically parties involved in a CP issuance?

Key parties include the Issuer, Issuing/Placing Agent (IPA), Trading License Holders, Receiving Bank and Paying Agent, Collecting/Receiving Agent and Issuing, Placing, and Collecting/Receiving Agent or IPCA where applicable, solicitors, auditors, credit rating agencies.

### Q7: Who may act as Issuing and Placing agents?

Only firms authorised and registered by the SEC can act as IPAs and sponsor a CP application to be listed on NGX. Trading License Holders can also sponsor CP applications to be listed on the Exchange.

### Q8: Can CPs listed on NGX be traded after listing?

Yes. CPs listed on NGX are tradable on the secondary market through registered Trading License Holders. Secondary trading increases liquidity and gives investors the option to exit prior to maturity subject to market conditions.

### Q9: How are CPs issued — single issue or programme?

Issuers may choose a single discreet issuance or a CP Programme. A CP Programme is a shelf framework allowing repeated issuances under a common core disclosure document, usually valid for a defined period and updated with supplements for subsequent tranches. Programmes reduce repetitive documentation for frequent issuers.



**Q10: What are the common tenors and minimum sizes for CPs?**

CP are usually issued for tenors not less than 30 days and not more than 364 days, inclusive of any rollovers from the date of issue. The minimum size of a CP issue is One Hundred Million Naira (₦100,000,000) or such minimum size as the SEC may stipulate from time to time.

**Q11: Are CPs interest-bearing or discount instruments?**

Either. Issuers may issue CPs at a discount to par or as interest-bearing notes. The instrument's pricing and yield should be clearly stated in the offer documents.

**Q12: Must CPs be dematerialised?**

Yes. CPs listed on NGX must be deposited with a central securities depository (CSD) licensed by the SEC. This ensures seamless clearing, settlement and custody.

**Q13: What documentation is required for listing on NGX?**

All CPs issued for listing on The Exchange shall first be approved and registered by the Securities and Exchange Commission (SEC). The Issuer must submit executed offer documents, including the Information Memorandum/Prospectus as approved by the Regulator, together with other information, as may be prescribed by The Exchange from time to time. The exact checklist will be provided by NGX Issuer Regulation and must be completed before listing.

**Q14: Is credit rating required?**

A minimum of investment-grade credit rating is required for issuance. Issuers must obtain an issuer or issue rating from an agency registered with the SEC.

**Q15: How does repayment and redemption work?**

On maturity, the Paying Agent shall effect payment in full, through automatic transfers to the bank account of the CP holder.

**Q16: Does the Exchange regulate the parties involved in CPs?**

NGX regulates Issuers and Trading License Holders involved in CPs. All other parties are regulated by the Securities and Exchange Commission, to the extent that they are registered as capital market operators.

**Q17: What enforcement or sanction framework applies?**

NGX maintains listing rules and a sanctions regime that applies to Issuers and Trading License Holders for any non-compliance. The specific penalties are set out in the NGX Rules for Listing of Commercial Papers. For IPAs that sponsor a CP listing on NGX, any noted non-compliance will be escalated to the SEC for regulatory action.

**Q18: Where can I get further help or clarification?**

Contact NGX Issuer Regulation at [issuerregulation@ngxgroup.com](mailto:issuerregulation@ngxgroup.com) or NGX Secondary Market at [secondarymarkets@ngxgroup.com](mailto:secondarymarkets@ngxgroup.com). For legal and regulatory clarifications consult the SEC and NGX rules applicable to commercial papers.