
RULEBOOK OF NIGERIAN EXCHANGE LIMITED
(ISSUERS' RULES)

PROPOSED RULES FOR LISTING OF ASSET BACKED SECURITIES AND MORTGAGE
BACKED SECURITIES ISSUED BY SPECIAL PURPOSE VEHICLES (SPVs)

Definitions

For the purpose of these Rules, the following definitions shall apply:

“Asset Backed Securities (ABS)”	refers to securities, issued by an SPV backed by a loan, lease or receivables against a pool of loans or mortgage assets, the repayment of which shall be derived from the cash flow of the pool of assets in accordance with the terms and conditions of the transaction.
“Issuer”	means an SPV that issues Asset Backed Securities and/or Mortgage Backed Securities.
“Mortgage Backed Securities (ABS)”	refers to a type of Asset Backed Securities that is securitized by commercial and residential mortgages.
“Originator” or “Sponsor”	means an institution that wholly owns an SPV, or a trustee of the SPV, and is the owner or seller of the loan, mortgage, lease or receivables transferred and assigned to an SPV for the purpose of a securitization.
“Offer Documents”	means a Prospectus or documents for the placement or introduction of the Asset Backed Securities and/or Mortgage Backed Securities.
“Securitization”	means the issuance of securities backed by a pool of assets and includes the acquisition of income generating debt or receivables by an SPV from a Sponsor for the purpose of converting and issuing the debt or receivables to investors as debt security or instruments based on the income flow from the underlying assets.
“Servicer”	refers to the entity or entities designated by the SPV to collect and record payments received on the pool of assets and mortgages, to remit such collections to the SPV, and perform such other services as may be required in the Servicing Agreement.



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- “Special Purpose Vehicle (SPV)” means a legal entity formed for the purpose of acquiring and holding certain assets for the benefit of investors and to carry out securitization, asset transfer, financing, raising of capital, or other objectives stated by the Originator or Sponsor, and as may be approved by The Exchange from time to time.
- “Transaction” means the securitization structure or transaction as approved by the Securities and Exchange Commission (“SEC” or “The Commission”).
- “Viable Asset” means an asset acquired by the SPV that will on its own enable the SPV or its securities to qualify for a listing pursuant to the listing requirements of The Exchange.

1.0 Introduction

- 1.1 The Rules for Listing of Asset Backed Securities and Mortgage Backed Securities Issued by Special Purpose Vehicles (“SPV Rules”) are designed to be a practical guide to listing of Asset Backed and Mortgage Backed Securities issued by an SPV on the Daily Official List of Nigerian Exchange Limited (“The Exchange”). The Rules will provide Issuers and their advisers with important information about listing and disclosure requirements.
- 1.2 No approval granted by The Exchange for the listing of Asset Backed Securities and Mortgage Backed Securities issued by an SPV shall be taken as an expression of The Exchange’s opinion or endorsement of that SPV or its securities’ viability or standing in relation to others.
- 1.3 The SPV’s directors shall be fully accountable for the veracity of any information provided to The Exchange and the public, as well as the authenticity of any supporting documents.

2.0 Listing Requirements

For the Asset Backed Securities or Mortgage Backed Securities issued by an SPV to qualify for listing:

- 2.1 The SPV shall be duly incorporated as a public limited liability company created by a written instrument or any other legal entity permitted to be used for a securitization transaction under Nigerian law, or the applicable law in the SPV’s home country; and shall be registered with the Securities and Exchange Commission (SEC). The SPV shall comply with all applicable Rules and Regulations of the SEC.
- 2.2 The objects of the SPV as stated in its Memorandum and Articles of Association or Constitution shall be limited to matters relating to the Transaction and the SPV shall only carry out activities related to or ancillary to the Transaction.



- 2.3 An application for listing of Asset Backed Securities or Mortgage Backed Securities issued by an SPV shall comply with the eligibility criteria for the asset class for which listing is sought on The Exchange.
- 2.4 Where the Viable Assets to be acquired by the SPV are owned by the Sponsor, the assets shall be transferred in accordance with the Commission's Rules on Securitization (transfer of assets) and the transferred assets shall be in the custody of the applicant SPV at the time of filing the listing application.
- 2.5 The Offer Documents for the Listing of the Securities issued by the SPV shall in addition to complying with the requirements of these SPV Rules contain the information required in the SEC Securitization Rules.
- 2.6 The Listing application shall contain the detailed description of the underlying assets or mortgages.
- 2.7 The SPV shall indicate in its listing application whether or not it intends to provide post-issuance transaction information regarding the Asset Backed Securities or Mortgage Backed Securities to be admitted to trading and the performance of the underlying assets. Where the SPV has indicated that it intends to report such information, details of the information to be reported, where such information can be obtained, and the frequency with which such information will be reported, shall be provided by the SPV.
- 2.7 Such other conditions that The Exchange may prescribe from time to time.

3.0 Continuing Obligations

- 3.1 The SPV shall comply with all applicable laws, rules and regulations in Nigeria as well as relevant laws of its place of incorporation.
- 3.2 The Sponsor shall comply with The Exchange's continuing listing obligations for debt securities.
- 3.3 No changes to the Memorandum and Articles of Association of the SPV, its shareholding structure, place of business, or change of name shall be effected without prior written notification to The Exchange. Such notification shall be delivered to The Exchange not later than fourteen (14) calendar days prior to the proposed change.
- 3.4 The SPV shall immediately notify The Exchange of its intention to issue any new securitized debt instruments.
- 3.5 The SPV shall remain listed till the maturity or repayment of the securitized debt instruments or till the SPV is delisted pursuant to the delisting procedures laid down by The Exchange.



- 3.6 The SPV shall carry out a yearly review of the Viable Assets and publicly confirm that the assets backing the issue have a demonstrated capacity to yield income to service any payments due and payable on the issued securities.
- 3.7 The SPV shall, in respect of any underlying security backing an issue, disclose the nature of changes to the underlying securities as soon as such changes occur, in addition to disclosing the loan to value or level of collateralization of the underlying securities.

4.0 The Servicer

The Servicer shall be registered with the SEC, and shall possess the requisite skill and knowledge to carry out the services required by the SPV. The Servicer shall collect and keep records of payments received on the asset, remit such collections to the SPV, and perform such other duties pursuant to the terms and conditions of the Servicing Agreement entered into with the SPV.

5.0 Relationship between the Servicer and the SPV

The Servicer shall exist and operate independently of the SPV, and shall not share any common ownership, officers, or directors with the SPV. Subject to the approval of the SEC, the Originator or any of the Sellers may act as the Servicer.

6.0 Fees

The SPV or the Sponsor shall be required to pay all applicable listing fees, including but not limited to annual listing fees, application fees in respect of any Asset Backed Securities or Mortgage Securities issued by the SPV as well as any other fees as may be determined by The Exchange from time to time.

7.0 Termination of the Transaction for Which the Special Purpose Vehicle Was Set Up

- 7.1 The transaction for which the SPV was set up shall be terminated if-
- (a) it has not received the transferred assets nor issued the Asset Backed Securities or Mortgage Backed Securities for sale to investors under the Transaction within six (6) months from the date on which the Transaction was approved by the SEC, or within such extended period as approved by the SEC;
 - (b) it has paid in full the debts owed to investors who have invested in the Asset Backed Securities or Mortgage Backed Securities issued by it;
 - (c) conditions for its dissolution as specified in the Transaction occur;



- (d) the SEC finds that the SPV is unable to continue to undertake its business or breaches its obligations and duties under applicable law, and it is in the public interest that SEC liquidates the SPV in accordance with applicable laws.
- (e) the holders of at least two-thirds ($\frac{2}{3}$) of the total amount of its Asset Backed Securities or Mortgage Backed Securities, as applicable, have resolved to dissolve the Special Purpose Vehicle pursuant to the terms of the Offer Documents and the Resolution has been received by the Commission, and The Exchange.

7.2 The conditions for the termination of the SPV, including documentation evidencing the two-thirds ($\frac{2}{3}$) threshold of the votes required to terminate the SPV shall be included in the Offer Documents.

8.0 Sanctions

8.1 Any SPV that breaches any of the Post Listing Rules shall be subject to sanctions, including but not limited to:

- (a) fines,
 - (b) suspension from trading, and
 - (c) delisting of its listed securities;
- as prescribed in the Issuers' Rules of The Exchange.

8.2 Where the SPV or its Sponsor breaches any of the provisions of these Rules, The Exchange may impose any or a combination of the following sanctions:

- (a) Private or public censure;
- (b) Mandatory compliance training;
- (c) Suspension of the Issuer's securities;
- (d) Delisting of the Issuer's securities; and
- (e) Any other penalty that The Exchange deems appropriate in the circumstance.