

**RULEBOOK OF NIGERIAN EXCHANGE LIMITED**  
**(ISSUERS' RULES)**  
**PROPOSED RULES FOR LISTING OF HIGH YIELD BONDS**

**1.0 Introduction**

- 1.1 These Rules relate to the listing of High Yield Bonds on The Exchange, and are applicable to public companies seeking to access capital from the Nigerian debt capital market through the issuance of High Yield bonds.
- 1.2 The Rules provide Issuers, sponsors, and investors with guidance on important information on The Exchange's admission and disclosure requirements.
- 1.3 Neither the admission of a High Yield Bond by The Exchange nor the approval of any listing application shall constitute a warranty or representation by The Exchange as to the competence of the Issuers, Sponsor or any other party connected with an Issuer, nor the veracity of information supplied by the Issuer or the suitability of an Issuer's bond for investment or for any other purpose. The Issuer's directors and other representatives shall be accountable for the veracity of any information provided to The Exchange as well as the authenticity of any supporting documents.
- 1.4 High Yield bonds shall be available on a specialized and Closed Board of The Exchange and shall only be accessible to Qualified Institutional Investors.

**2.0 Definitions**

For the purpose of these Rules, unless the context otherwise requires -

- "Commission" or "SEC" the Securities and Exchange Commission.
- "Closed Board" means a platform of The Exchange where securities listed thereon are accessible to only Qualified Institutional Investors.
- "High Yield Bonds (HYB)" means bonds that are rated below investment-grade, and pay higher interest rates because of their higher risk of default.
- "IFRS" means International Financial Reporting Standards.
- "Information Memorandum" includes circular, placement memorandum, explanatory memorandum, or other equivalent document circulated, and relating to the securities for which listing is sought.
- "Issue" means the High Yield Bonds issued by an Issuer to Qualified Institutional Investor.

“Issuer”	means a company that issues High Yield Bonds in line with the provisions of these Rules.
“NGX HYB Platform”	means NGX High Yield Bond Platform, and is a Closed Board of The Exchange for the listing and/or offering of High Yield Bonds to Qualified Institutional Investors.
“Obligor”	means an entity or person that is contractually bound under the debt agreement to make all principal repayments and interest payments on outstanding debt.
“Private Placement”	shall be as defined in the Rules and Regulations of SEC.
“Qualified Institutional Investors”	shall be as defined in the Rules and Regulations of SEC.
“Sponsor”	means a Trading License Holder of The Exchange or any other market participant licensed by The Exchange to sponsor listing applications to The Exchange.
“SPV”	means Special Purpose Vehicle, and is a legal entity created by its shareholder(s) to fulfil a special or specific or temporary purpose(s)/project(s)/objective(s).
“The Exchange” or “NGX”	means Nigerian Exchange Limited.

### 3.0 General Requirements for High Yield Bonds

- 3.1 High Yield Bonds shall be issued by way of Private Placement and shall not include invitation to the public as defined in the Investments and Securities Act 2007 (as may be amended from time to time). There shall be no advertisements to the public in relation to the issuance, offer and sale of High Yield Bonds to Qualified Institutional Investors, including advertisement of the Information Memorandum or other offer documents.
- 3.2 The issue and marketing of the bonds shall be made to Qualified Institutional Investors only in accordance with any applicable laws, rules, and regulations to which the Issuer is subject, and shall not be offered or sold to the public.
- 3.3 Unless otherwise agreed with The Exchange subject to the Commission’s approval, the minimum value of each High Yield Bond to be listed on The Exchange (as applicable) shall be N200,000,000.00 (two hundred million naira) or a value as determined by The Exchange from time to time.

### 4.0 Listing of High Yield Bonds on The Exchange

- 4.1 All High Yield Bonds sought to be listed by a public company on The Exchange shall first be registered with the SEC.
- 4.2 To qualify for listing on The Exchange or NGX HYB Platform, each applicant Issuer shall:
- (a) Be incorporated as a public company (including Special Purpose Vehicle) in accordance with the Companies and Allied Matters Acts (CAMA), 2020,
  - (b) Be authorized to issue debt securities by its Memorandum and Articles of Association or constitution, as the case may be,
  - (c) Comply with the general requirements for High Yield Bonds provided under these Rules,
  - (d) Have a minimum operating track record of two (2) years prior to the date that The Exchange receives the Issuer's application to list its securities on the NGX HYB Platform. Where the Issuer is an SPV with less than two (2) years' operating track record, the Obligor shall meet this criterion,
  - (e) Have IFRS compliant audited financial statements covering the last two (2) financial years, provided that the most recent statement at the time of submission of the Issuer's application to list is not more than nine (9) months old. Where the Issuer is an SPV, the Obligor shall meet this criterion,
  - (f) Have a resolution passed by the board of directors of the Issuer approving the Issue; or have a special resolution passed by shareholders at a general meeting where:
    - (i) The amount to be listed is beyond the specified limit on the borrowing powers of the directors in the Memorandum and Articles of Association or Constitution of the Issuer; and/or
    - (ii) The security to be listed is a Convertible Instrument.
  - (g) Comply with such additional requirements as may be prescribed by The Exchange from time to time.
- 4.3 High Yield Bonds shall only be listed or accessible on the NGX HYB Platform, and all trading activity shall be reported by the Issuer on the NGX HYB Platform.
- 4.4 An application for the listing of High Yield Bonds on the NGX HYB Platform shall only be considered if submitted by a Sponsor.
- 4.5 All applications must be accompanied by the requisite non-refundable application fee and listing fee as prescribed or reviewed by The Exchange from time to time.

## 5.0 Application Procedure and Documents to be Submitted

- 5.1 The Issuer's application shall be submitted to The Exchange in a format prescribed by The Exchange and shall be accompanied by the documents listed in the relevant checklist for listing of High Yield Bonds by public companies as prescribed by The Exchange from time to time.
- 5.2 The application shall be accompanied by an Information Memorandum, where there has been a change in the information contained in the applicable offer document.
- 5.3 After The Exchange's approval for listing of the High Yield Bonds and the Issuer's satisfaction of all conditions prescribed by The Exchange, the Issuer shall make a formal request for listing the security and may indicate a preferred listing date which shall be at least 3 (three) days after The Exchange's receipt of the Issuer's formal request to list the securities.

## 6.0 Continuing Listing Obligations

- 6.1 To satisfy its continuing listing obligations, the Issuer shall:
- (a) promptly provide all information requested regarding its operations and the securities, in the form prescribed by The Exchange from time to time,
  - (b) Comply with the Continuing Listing Obligations (as applicable) stipulated in The Exchange's Rules for Listing of Debt Securities,
  - (c) Comply with such additional requirements as may be prescribed by The Exchange from time to time.
- 6.2 For the duration of the listing, an Issuer shall make available for inspection to all bond holders and any potential bona fide transferee of bonds, a document that sets out the terms and conditions of the listed bond.

## 7.0 Listing Fees

All Issuers of High Yield Bonds shall be required to pay the applicable fees, including but not limited to the application fee for listing on The Exchange, listing fees, as well as any other fees as may be stipulated by The Exchange from time to time.

## 8.0 Delisting of High Yield Bonds

High Yield Bonds listed on The Exchange shall be delisted in line with the delisting procedures set forth by The Exchange for Debt Securities listed on The Exchange.

## 9.0 Sanctions

Where an Issuer 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.

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