RULES OF NIGERIAN EXCHANGE LIMITED
(ISSUERS' RULES)

PROPOSED AMENDMENTS TO THE PROPOSED RULES FOR LISTING OF SECURITIES ISSUED BY SPECIAL PURPOSE ACQUISITION COMPANIES (SPACS)[1]

Legend: *additions underlined and* ***bolded****, deletions ~~struck through~~*

Definitions:

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

"Acquisition"	means the take-over by one company of sufficient shares in another company to give the acquiring company control over that other company.
"Escrow Agent"	refers to an independent third party or entity that holds funds or property in trust for parties while a transaction is finalized or a disagreement is resolved.
"Liquidation Distribution"	refers to a non-dividend distribution that is made to shareholders during the partial or complete liquidation of a company. The company's entire equity is distributed, rather than just its profits being shared.
"Offer Documents"	means a Prospectus or documents for the placement or introduction of the Asset Backed Securities.
"Qualified Investors"	means Qualified Institutional Investors and High Net Worth Investors, as may be defined from time to time in the Securities and Exchange Commission (SEC)'s Rules and Regulations.
"SPAC"	Special Purpose Acquisition Companies ("SPACs") are companies formed to raise capital in an Initial Public Offering ("IPO") with the

[1] **1 Rule Making History**

1. The draft Rules were presented to the Regulation Committee of Council (RegCom) at RegCom's Meeting of 2 July 2020 and approved for exposure to stakeholders for comments;
2. The draft Rules were exposed for stakeholders' comments from 13 July 2020 to 3 August 2020;
3. RegCom considered the draft Rules, and stakeholders' comments thereon at its Meeting of 27 January 2021 and approved the draft Rules for submission to the National Council of The Exchange (Council);
4. Council approved the draft Rules at its Meeting of 1 February 2021 for submission to the Securities and Exchange Commission (SEC);
5. The Council approved Rules were submitted to the SEC for approval on 23 March 2021.

purpose of using the proceeds to acquire one or more unspecified businesses or assets to be identified after the IPO.

"Sponsor" refers to an individual, management team, entity, or the founding shareholders that form the SPAC.

"Subscription shares" means shares that investors can convert into new ordinary shares in the company at a specific time in the future at a fixed price.

"Transaction" means the negotiation of a merger or purchase agreement and/or the acquisition of a business or assets.

"Viable Asset" refers to an asset/business acquired by the SPAC after the IPO, which is qualified for listing on The Exchange further to satisfaction of its requisite listing requirements.

1.0 INTRODUCTION

1.1 These Rules provide a practical guide to listing of a Special Purpose Acquisition Company (SPAC) on the Daily Official List of Nigerian Exchange Limited ("The Exchange"). The Rules 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 securities issued by a SPAC shall be taken as an expression of The Exchange's opinion or endorsement of that SPAC's viability or standing in relation to others.

1.3 The SPAC's sponsors and directors shall be fully accountable for the veracity and completeness of any information provided to The Exchange and the public, as well as the authenticity of any supporting documents.

1.4 Only Qualified Investors shall invest in SPACs.

2.0 LISTING AND OPERATIONAL REQUIREMENTS

2.1 SPAC Admission Requirements:

2.1.1 Each SPAC shall be duly incorporated as a public limited liability company and shall be registered with the Securities and Exchange Commission (SEC). The SPAC shall comply with all applicable Rules and Regulations of the SEC and The Exchange.

2.1.2 The objective of the SPAC as stated in its Memorandum and Articles of Association or Constitution shall be limited to matters relating to a Transaction and it shall only carry out activities related or ancillary thereto.

2.1.3 A SPAC shall not carry on any commercial and/or business operation prior to submitting an application for its listing to The Exchange. It may however consider an acquisition of Viable Assets provided that it has not entered into any oral or written binding acquisition agreement(s).

2.1.4 The prospectus for listing must disclose the acquisition criteria for Viable Assets.

2.1.5 The Sponsor of the SPAC shall satisfy The Exchange that the directors of the SPAC have sufficient and satisfactory experience in running a profitable business. Directors must possess the requisite track record in the identified business segment for intended acquisitions, or the track record of running a successful business for a minimum period of 10 (ten) years, or such period as may be prescribed by The Exchange from time to time.

2.1.6 The documents that shall be submitted to The Exchange in support of an application for listing of a SPAC shall be as prescribed from time to time by The Exchange.

2.2 Minimum Offering Size and Distribution Requirements:

2.2.1 To be eligible for listing on The Exchange, a SPAC shall raise a minimum of:

(a) Four Billion Naira (₦4 billion) through the issue of shares via private placement or IPO for listing on the Main Board, and
(b) Five Hundred Million Naira (₦500 million) for listing on the Standard Segment of the Growth Board.

All capital raised must be paid directly into an escrow account.

OR

2.2.2 A SPAC shall raise the minimum amount of shareholders' funds required for listing on the applicable Board of The Exchange that it seeks to be listed on, as prescribed by The Exchange's Listing Requirements.

2.3 **Capital Structure:**

2.3.1 Shareholders who voted against a proposed acquisition may utilize their redemption right to elect that each security held by the shareholders be redeemed by the SPAC into their pro-rated share of cash held in escrow.

2.3.2 Where the acquisition is not completed within the permitted time frame, the shareholders shall be entitled to their pro-rated share of cash held in escrow in line with a Liquidation Distribution arrangement.

2.4 Operational Requirements

2.4.1 Shareholders holding at least seventy-five percent (75%) of the SPAC's total shares, who are present in person or by proxy, at a meeting of the SPAC's shareholders shall vote in support of the acquisition of each Viable Asset.

2.4.2 All acquisitions must be approved by a majority of:
(a) directors who have no interest in, and have no connection to the acquisition, and
(b) votes cast by shareholders of the SPAC at a meeting duly called for that purpose, provided that in the case of the acquisition of a Viable Asset, shareholders holding at least 75% of SPAC's total shares, who are present in person or by proxy, at such meeting shall vote in support of the acquisition of each Viable Asset.

2.4.3 The SPAC shall not exceed the estimated operating expenses as disclosed in the prospectus unless a resolution is passed in support of the increase by shareholders holding at least ninety percent (90%) of the SPAC's total shares, who are present in person or by proxy, at a duly convened general meeting.

2.4.4 A SPAC shall only obtain debt financing in the following instances:
(a) in the ordinary course of short term trade or accounts payables; or
(b) unsecured loans for a maximum aggregate principal amount equal to ten percent (10%) of the funds in escrow; or
(c) Debt financing concurrent with, or after the completion of an acquisition.

2.4.5 No credit facility shall be entered into prior to an acquisition, unless a resolution is passed in support by shareholders holding at least ninety percent (90%) of the SPAC's total shares, who are present in person or by proxy at a duly convened general meeting, and the facility shall only be drawn down concurrently with or upon the completion of the acquisition.

2.4.6 The IPO prospectus shall include a statement certifying that the SPAC will only obtain debt financing in accordance with these Rules and other applicable Rules of The Exchange.

2.4.7 No SPAC shall adopt a security-based compensation arrangement prior to the completion of an acquisition. Following the acquisition, The Exchange's Rules regarding security-based compensation arrangements shall apply.

2.5 Use of Proceeds and Escrow Requirements

2.5.1 A SPAC shall place at least ninety percent (90%) of the gross proceeds raised during its IPO, any concurrent sale by the company of equity securities, and the underwriter's deferred commissions described below, in escrow with an Escrow Agent acceptable to The Exchange, who has no beneficial interest in the transaction, and is not a related party to the transaction.

2.5.2 Proceeds from the IPO of the SPAC shall be held in a Nigerian bank in good standing with and regulated by the Central Bank of Nigeria (CBN); or a SEC-licensed professional trustee firm that is in good standing, and shall be responsible for holding the funds.

2.5.3 The SPAC shall only invest the capital raised from the IPO in the following instruments:

(a) short dated government treasuries (near cash assets) or short term investments with a maximum tenor of Twelve (12) months (debt securities with a rating of "BBB" or above as rated by a SEC-registered rating agency or a SEC-recognized international rating agent).

(b) cash deposits with a Nigerian bank in good standing with and regulated by the Central Bank of Nigeria (CBN);

and the interest earned in respect of the SPAC will accrue and accumulate in escrow.

2.5.4 The underwriters shall agree to defer and deposit a minimum of fifty percent (50%) of their commissions from the IPO as part of the escrowed funds.

2.5.5 The deferred underwriters' commissions shall only be released to the underwriters upon completion of an acquisition within the permitted time of not later than twenty-four (24) months from the date of closing of its IPO.

2.5.6 If the SPAC fails to complete an acquisition within twenty-four (24) months from the date of closing of its IPO, or within the approved extension period granted pursuant to Rule 2.7.2, the deferred underwriters' commissions placed in escrow shall be distributed pro rata by the SPAC to the holders of the securities as part of the Liquidation Distribution.

2.5.7 Shareholders exercising their redemption rights shall be entitled to their pro rata portion of the escrowed funds including any deferred commissions. Any proceeds from the IPO that are not placed in escrow and interest earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of an acquisition. The contemplated use of such monies shall be disclosed in the SPAC prospectus.

2.6 Subscription by Founding Shareholders

2.6.1 The Subscription Shares of the sponsors shall be held in trust by a SEC-licensed custodian that is in good standing. The terms of the subscription by the sponsors and the terms of the custodial arrangements shall be disclosed in the prospectus.

2.6.2 The terms of the Subscription Shares shall be disclosed in the IPO prospectus. The founding shareholders shall retain and not transfer any of their founding shares prior to the completion of an acquisition; and retain ownership of their shares for a minimum period of twelve (12) months after date of acquisition of Viable Asset.

2.6.3 In the event of the failure of the SPAC to acquire Viable Assets leading to liquidation and delisting, the founding shareholders shall agree that their Subscription Shares (founding shares) shall not participate in a Liquidation Distribution. The terms of the Subscription Shares shall be disclosed in the IPO prospectus.

2.7 Permitted Time for Completion of an Acquisition

2.7.1 A SPAC shall complete acquisitions within twenty-four (24) months from the date of closing of its IPO. Where the acquisition is comprised of more than one Viable Asset, the SPAC shall complete all acquisitions within the stipulated twenty-four (24) months.

2.7.2 The stipulated timeframe above may be extended subject to obtaining the:

(a) prior approval of The Exchange to seek the shareholders' consent; and

(b) shareholders and directors votes in support of the extension by:
   (i) shareholders holding at least 90% of the SPACs total shares, who are present in person or by proxy at a duly convened general meeting; and
   (ii) at least 90% of the directors.

Provided that the extension shall not exceed twelve (12) months.

2.7.3 A SPAC is permitted to adopt a termination date that is earlier than twenty-four (24) months following the closing of its IPO, provided that such earlier date is indicated clearly in its prospectus.

2.7.4 If a listed SPAC fails to complete a qualifying acquisition within the permitted twenty-four (24) months, it must complete a liquidation distribution within thirty (30) calendar days after the end of the initial permitted twenty-four (24) months, except an extension is granted.

2.8 Shareholder and Other Approvals

2.8.1 Where the acquisition is comprised of more than one Viable Asset, each acquisition must be approved by the SPAC's shareholders in general meeting as required in these Rules.

2.8.2 The SPAC's shareholders may impose additional conditions on the approval of an acquisition, provided that the conditions are set out in the prospectus describing the acquisition.

2.8.3 Prior to convening a shareholders' meeting at which a decision will be taken on an acquisition, the SPAC shall prepare an information circular containing prospectus level disclosure of the resulting entity or asset assuming completion of the acquisition. This circular and the notice convening the meeting shall be submitted to The Exchange prior to distribution to shareholders, taking into consideration provisions of applicable laws on statutory timelines for notice of meetings to shareholders.

2.9 Prospectus Requirements for Acquisition Prior to or During the IPO

2.9.1 The SPAC shall prepare and file with the SEC a prospectus containing relevant disclosure regarding the SPAC and its proposed acquisition.

2.9.2 The IPO prospectus shall make specific disclosures including:

(a) The terms of the founding shareholders' or Sponsors' initial investment in the SPAC, or investment of Sponsor's related-parties or related funds, which shall include an agreement not to transfer any of their securities prior to completion of the acquisition, and an agreement that, in the event of a liquidation and delisting prior to completion of the acquisition, the founding securities will not participate in a liquidation distribution.

(b) A statement that, as of the date of filing, the SPAC has not entered into any written or oral binding acquisition agreement with respect to a potential acquisition, notwithstanding the fact that the SPAC may be in the process of reviewing an acquisition.

(c) The SPAC's target business sector or geographic area for its acquisition, if applicable.

(d) The valuation method(s) for ascertaining the value of the acquisitions, if known.

(e) A statement that the SPAC shall only obtain debt financing in the following instances:
(i) in the ordinary course of short term trade or accounts payables; or
(ii) unsecured loans for a maximum aggregate principal amount equal to ten percent (10%) of the funds in escrow; or
(iii) debt financing concurrent with, or after, the completion of its acquisition.

(f) The proposed nature of permitted investments for the SPAC's escrowed funds and any intended use of interest earned on the escrowed funds from the permitted investments.

(g) The anticipated allocation of funds for administrative and working capital expenses.

(h) The limitation, if any, on the exercise of redemption rights for shareholders who vote against a proposed acquisition.

2.9.3 The SPAC shall obtain SEC's approval or No Objection for its prospectus prior to issuing the prospectus to the investors.

2.9.4 If shareholders' approval is not obtained for the acquisition, a notice of redemption shall be posted on The Exchange's website and on the Issuer's website and published in a national daily newspaper at least twenty-one (21) days prior to the redemption deadline and the notice of redemption shall be delivered to all shareholders at least five (5) business days prior to the redemption deadline.

2.9.5 Upon the successful acquisition of a Viable Asset, at the minimum it shall be consolidated into the SPAC; and all relevant accounting requirements as stipulated under the International Financial Reporting Standards (IFRS) shall be complied with in the process of consolidation.

3.0 CONTINUING OBLIGATIONS

3.1 The SPAC shall comply with all applicable laws, rules and regulations in Nigeria as well as relevant laws of its place of incorporation.

3.2 The SPAC shall comply with The Exchange's continuing listing obligations as required by the Board on which its securities are listed. These include but are not limited to the provision of the following to The Exchange via its Issuers' Portal:
(a) regular updates on all acquisitions, and
(b) quarterly statements of affairs of the SPAC.

3.3 No changes to the Memorandum and Articles of Association of the SPAC, its shareholding structure, registered address and 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 twenty-one (21) calendar days prior to the proposed change.

4.0 GENERAL

4.1 Applicability of the Rules

4.1.1 These Rules shall apply to SPACs whose securities are listed on The Exchange.

4.2 Prior Approval for All Publications

4.2.1 All accounts, circulars, notices and press releases to be published by the SPAC pursuant to these Rules and any other applicable Rules of The Exchange shall require The Exchange's prior approval, and where applicable, newspaper publications shall cover a minimum space of the quarter of a page, per newspaper publication.

~~4.3 The SPAC will be delisted upon the completion of the liquidation distribution process and other related matters in line with the delisting process prescribed from time to time in that regard by The Exchange.~~

5.0 CORPORATE GOVERNANCE REQUIREMENTS

5.1 Every SPAC listed on The Exchange shall comply with all applicable Codes of Corporate Governance in force in Nigeria; and the SPAC shall disclose in its annual report a list of the codes of corporate governance to which it is subject.

5.2 In the event of non-compliance with any applicable codes or regulations affecting their governance, all SPACs shall be expected without prompting, to disclose in the Directors' Report of their Annual Report why they are in breach and the steps they are taking to become compliant. A timeframe to cure such breaches must be stipulated in the Directors' report and approved by The Exchange.

6.0 LISTING AND ANNUAL FEES

The Exchange shall from time to time fix and publish applicable annual listing fees, and fees for admitting a SPAC's securities for listing subject to the approval of the Commission.

7.0 SANCTIONS

7.1 **Further to the provisions of Rule.3.2 above,** any breach of ~~these Rules~~ **the post listing obligations of The Exchange** shall attract a ~~fine~~ **sanction** as prescribed by **the Rules for the board of** The Exchange **on which the SPAC is listed** ~~from time to time~~.

~~7.2 The Exchange may delist the SPAC if the breach which led to the imposition of the fine is not remedied within the period stipulated by The Exchange.~~

8.0 CONDITIONS FOR DELISTING OF A SPAC

8.1 **A SPAC shall be liable to removal from the Daily Official List of The Exchange if any of the following conditions are observed:**

(a) the SPAC fails to complete an acquisition of a viable asset within twenty-four (24) months from the date of the closing of its Initial Public Offer (IPO) or the extended time as may be granted by The Exchange;
(b) the Transaction has been completed and the assets consolidated into the SPAC; or
(c) violation of any terms and condition of listing as may be determined by The Exchange from to time.