

RULEBOOK OF THE NIGERIAN STOCK EXCHANGE, 2015
PROPOSED ADDITIONS TO ~~DEALING MEMBERS'~~ / TRADING LICENCE HOLDERS' RULES

PROPOSED RULES FOR FIXED INCOME SPECIALISTS ON THE NIGERIAN EXCHANGE LIMITED

Definitions:

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

Fixed Income Specialist Is a Trading License Holder of The Exchange duly registered by the appropriate market and/or industry regulator(s) to trade in fixed income securities.

1.0 INTRODUCTION

These Rules provide a practical guide to the licensing and regulation of Fixed Income Specialists who are authorised to trade fixed income securities on The Exchange.

2.0 APPLICATION AND LICENSING REQUIREMENTS

- 2.1 Only corporate entities that seek participation in The Exchange's fixed income market shall be licensed in accordance with the Securities and Exchange Commission's Rules and Regulations and other relevant rules and regulations governing the capital market.
- 2.2 Applications for licensing as a Fixed Income Specialist shall be made to The Exchange, supported by documents and information from the applicant, as may from time to time be prescribed by The Exchange.
- 2.3 Each applicant shall submit a notarised copy of the license issued to it by its primary industry regulator in addition to the documents and information required by The Exchange.
- 2.4 All Fixed Income Specialists shall meet the minimum requirements and standards as prescribed by The Exchange from time to time for the following:
- i. Technology;
 - ii. Manpower and equipment;
 - iii. Organizational structure and governance;
 - iv. Effective processes.



3.0 MINIMUM CAPITAL, NET LIQUID CAPITAL AND REPORTING REQUIREMENTS

3.1 Each Fixed Income Specialist shall ensure compliance with the minimum capital requirements, net liquid capital requirements and financial reporting requirements as stipulated by the Rules of The Exchange on Capital and Financial Reporting.

4.0 AUDIT AND EXAMINATIONS

4.1 The Exchange shall be entitled to conduct audits and examinations of each Fixed Income Specialist's operations as part of its supervisory process, to assess each Fixed Income Specialist's compliance with the Rules of The Exchange. Each Fixed Income Specialist shall for such purposes:

- a. provide such information, books and records as The Exchange may request; and
- b. co-operate with The Exchange.

5.0 COMPLAINTS MANAGEMENT AND DISCIPLINARY PROCESS

5.1 Each Fixed Income Specialist shall comply with:

- a. its primary government regulator(s)' complaint management process(es), including the SEC Rules Relating to the Complaints Management Framework of the Nigerian Capital Market.
- b. The Exchange's complaints management and disciplinary process.

6.0 APPLICATION FEES AND ANNUAL SUBSCRIPTION

6.1 The Exchange shall from time to time fix and publish application fees and annual subscriptions payable by a Fixed Income Specialist.

6.2 All Fixed Income Specialists shall pay the annual subscription due to The Exchange, including but not limited to annual charges no later than the last business day in March of every year.

6.3 Any Fixed Income Specialist that fails to pay any of its annual subscription when due to The Exchange shall be liable to a fine of Fifty Thousand Naira (₦50,000) for each day it fails to make the payment for a period of not more than thirty (30) calendar days.

- 6.4 A Fixed Income Specialist that fails to pay any of its annual subscription fees after the thirtieth (30th) day following the last business day in March in any given year shall be suspended from trading forthwith.
- 6.5 The suspension placed on a Fixed Income Specialist for failing to pay any of its annual subscription fees shall be lifted only upon payment of the annual subscription fees due to The Exchange together with the accumulated fines.

7.0 SANCTIONS

7.1 The Exchange may impose one of or a combination of any of the under listed sanctions on a Fixed Income Specialist found to have contravened any provisions of the Rules and Regulations of The Exchange:

- a. Admonition;
- b. Public Censure;
- c. Fine;
- d. Restitution order;
- e. Suspension on such terms and for such period as The Exchange may deem fit;
- f. Revocation of Trading License;
- g. Placing a caution on a Fixed Income Specialist's proprietary account through the applicable Central Securities Depository.

7.2 Where the rules are silent on any breach, The Exchange may impose such penalty or sanctions as it may deem appropriate in the circumstances.

8.0 APPLICABILITY

The Rules that govern Trading License Holders of The Exchange shall apply to Fixed Income Specialists, except where excluded by The Exchange herein, or through other means of communication used by The Exchange.

APPENDIX 1:

**REQUIREMENTS FOR APPLICATION TO OPERATE AS A FIXED INCOME SPECIALIST
ON THE EXCHANGE**

- a. Duly completed Fixed Income Market Application Form of The Exchange;
- b. Letter of Expression of Interest to operate as a Fixed Income Specialist on The Exchange;
- c. CAC certified true copy of its Memorandum and Articles of Association;
- d. CAC Certified true copies of its Certificate of Incorporation and applicable CAC Forms disclosing the particulars of applicant's (i) share capital, list of shareholders and holding, (ii) directors, and (iii) registered address;
- e. For companies that have operated for more than eighteen (18) months, the latest audited accounts and management letter issued by an Audit firm that is duly registered by the SEC; and a Board approved Statement of Affairs for companies that have operated for less than eighteen (18) months;
- f. Evidence of registration and good standing with the Securities and Exchange Commission of Nigeria;
- g. Profile of Authorized Representatives (Managing Director/Chief Executive Officer and Chief Compliance Officer) and their contact details (address, telephone number and email address);
- h. Curriculum Vitae of Dealers and other Principals (which include officers as stipulated in the application form prescribed by The Exchange) of the company with securities trading experience;
- i. Evidence of payment of application and other relevant fees to The Exchange;
- j. Undertaking by the Board and Management of the applicant company that the applicant will be adequately capitalized for the volume of its business at all times;
- k. Attestation by each Board Member and Member of Executive Management in line with the template prescribed by The Exchange;
- l. Company profile detailing:
 - i. History of Company including its business capital growth history;
 - ii. Details of Business Services;
 - iii. Curriculum Vitae of Board Members detailing their names, addresses, and experience; and
 - iv. Profile of each member of the Executive Management of the company.
- m. Any other document(s) or information that may be required by The Exchange.

APPENDIX 2:

**FIXED INCOME MARKET
MEMBERSHIP APPLICATION FORM**

- This form is to be submitted for an application for approval to trade as a Fixed Income Specialist. Please provide all supporting documentation requested within the form [The Exchange reserves the right to request additional information, documentation or confirmations from the applicant or other persons as it might require in considering or processing an application].
- Answers must be written or typed in block letters and all signatures must be original.
- The completed form should be submitted in soft and hard copies to the following address:
The Chief Executive Officer
Nigerian Exchange Limited
Stock Exchange House,
2/4 Customs Street, Marina, Lagos.

A. APPLICANT’S DETAILS

1. Full Name

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2. Other Official Details

Company’s RC Number	
Country and Date of Incorporation	
Registered Office Address	

Official Website Address	
Official Email Address	
Official Telephone Number	
Issued/Paid-up Share Capital (State reporting date)	

3. Other Business Locations or Branches of Applicant (if applicable)

a.	
b.	

4. List of Financial products/asset classes the company currently trades

a.	
b.	
c.	
d.	

5. Indicate the role your Company holds at The Exchange (tick the box if applicable)

Registered Functions	
a. Broker Dealer	<input type="checkbox"/>
b. Broker	<input type="checkbox"/>
c. Dealer	<input type="checkbox"/>
d. Primary Market Maker	<input type="checkbox"/>
e. Supplementary Market Maker	<input type="checkbox"/>
f. Fixed Income Market Maker	<input type="checkbox"/>
g. Designated Adviser	<input type="checkbox"/>
h. Debt Management Office (DMO) Distribution Agent	<input type="checkbox"/>
i. None	<input type="checkbox"/>

6. Is the Company duly registered with the Securities and Exchange Commission (SEC)?

Yes (Attach certificate of registration)	
No (If no, please give reasons and proposed actions).	

**7. Is the Company a member of or licenced to trade on any other Exchange?
If yes, please give details below.**

Name of Exchange	Type of Membership/Licence

8. Applicant's Primary Contact Person

Name			
Position			
Email		Tel	
Address			

9. List at least two (2) suitably qualified and experienced Professionals who are duly registered with the SEC and are to be responsible for the Fixed Income Desk at your Company

Name			
Position			
Email		Tel	
Address			

Name			
Position			
Email		Tel	

Address	
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Name			
Position			
Email		Tel	
Address			

10. Requirements Checklist

STATUS LEGEND: Compliant | Not Compliant | Still in progress

S/N		Status (Tick)	Comment
1	Capital Requirements		
	<i>(Attach Audited Financial Statement)</i>		<i>(Provide Evidence)</i>
a.	Shareholders' Funds (in line with the SEC minimum capital requirements)		
b.	Net Liquid Capital (in line with the stipulated SEC's requirements)		
2	Company Profile		
			<i>(Attach related documents)</i>
a.	CAC certified true copy of the Memorandum and Articles of Association.		
b.	Certified true copies of the Certificate of Incorporation and applicable CAC Forms disclosing the particulars of applicant's (i) share capital, list of shareholders and holding, (ii) directors, and (iii) registered address.		
c.	Most recent audited accounts where the company has been in existence for more than eighteen (18) months.		

S/N		Status (Tick)	Comment
d.	Profile of Executive Management of the company.		
e.	Curriculum Vitae of Board Members detailing the names, addresses, and experience of each Director.		
f.	Company's Profile		
3	Human Resources		
<i>(Attach Curriculum Vitae)</i>			
a.	The Managing Director		
	Name:		
	Email:	Telephone/ Mobile No:	
b.	The Chief Finance Officer		
	Name:		
	Email:	Telephone/ Mobile No:	
c.	The Chief Compliance Officer		
	Name:		
	Email:	Telephone/ Mobile No:	
d.	Risk Management Officer		
	Name:		
	Email:	Telephone/ Mobile No:	
e.	Internal Auditor		
	Name:		
	Email:	Telephone/ Mobile No:	
e.	Settlement Officer		
	Name:		
	Email:	Telephone/ Mobile No:	
f.	Police clearance report and evidence of appropriate backup check on each staff (listed in this form) not registered with the SEC		

S/N		Status (Tick)	Comment
4	Operational Processes		
			<i>(Attach related documents)</i>
a.	Operations Manual and Standard Operating Procedures		
b.	Risk Management Program (Policy + Methodology + Procedures)		
c.	Business Continuity Plan		
d.	Information Security Policy		
e.	Best Execution Policy		
5	Technology		
a.	Trade Execution: Electronic access to the Market with Financial Information eXchange Protocol (FIX 5.0 SP1).		
b.	Trade reconciliation and accounting: Automated client trade confirmation and accounting application that interfaces seamlessly with trading and clearing systems		
c.	Robust database with capability to store historical data and support client/management reporting requirements.		
7	Other Application Documentation		
			<i>(Attach related documents)</i>
a.	Board and Management Undertaking of Adequate Capitalization		
b.	Attestation of Compliance with the ISA as well as SEC and NSE Rules and Guidelines		
c.	i. Firm's Settlement Account		<i>(Provide details)</i>
	ii. Company's current Account		
	iii. Clients' current Account		
8	Evidence of Payment		
a.	Application Fee	₦500,000.00	

11. Is there any other information which you think may be relevant to The Exchange in considering this application?

YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

If the answer is yes, please give details on a separate sheet, and attach it to this form.

12. Applicant Declaration

Iofdo hereby declare as follows:

- a) That I have the authority to make this declaration;
- b) That the information given herein and the document attached here to are true and correct; and
- c) We shall abide by the Rules, Regulations and Agreements of The Nigerian Stock Exchange prescribed from time to time.

NAME	
SIGNATURE	
DATE	