



RULEBOOK OF THE NIGERIAN STOCK EXCHANGE

RULES GOVERNING THE LISTING OF SUKUK AND SIMILAR DEBT SECURITIES¹

1.0 Introduction

- 1.1 This Chapter sets out the requirements that must be complied with by an Issuer seeking a listing of its sukuk or debt securities on the Official List of The Nigerian Stock Exchange (The Exchange).
- 1.2 An Issuer may list its sukuk or debt securities as Exchange Traded Bonds.
- 1.3 In addition to these rules, an Issuer shall comply with the rules and regulations of the Commission and any other regulatory requirement as provided by the Commission and The Exchange from time to time.

2.0 Definitions

For the purpose of this Chapter, unless the context otherwise requires -

- “Debt Security”** means a debt instrument such as government bonds, corporate bonds, municipal bonds, preferred stock, collateralized securities and zero-coupon securities, which can be bought or sold between two parties, and has defined basic terms such as notional amount, interest and maturity/renewal date.
- “Exchange Traded Bonds”** includes sukuk or debt securities issued either by companies or Federal, State/ Local Governments and other Government agencies’, which are listed and quoted for trading on The Exchange.
- “Guarantor”** means a person or entity who guarantees to be responsible or gives security for the Issuer’s debt or performance in respect to the terms of the sukuk.

¹ Rule Making History

1. The draft Rules were considered by the Rules and Adjudication Committee of Council (RAC) on 21 October 2014, and approved for exposure to stakeholders for comments.
2. The draft Rules were exposed for stakeholders’ comments from 29 October to 12 November 2014;
3. The RAC considered the draft Rules and stakeholders’ comments thereon at its meeting of 17 February 2015, and approved the draft Rules for submission to the National Council of the Exchange (Council);
4. The Council approved the draft Rules at its meeting of 26 February 2015 for submission to the Securities and Exchange Commission (SEC);
5. The Council approved Rules were submitted to the SEC for approval on 5 March 2015.
6. The SEC approved the Rules on 17 March 2016.



“Issuer”	means an Issuer, listed or otherwise, whose sukuk or debt securities are listed or proposed to be listed on the Exchange as Exchange Traded Bonds / Exchange Traded Instruments;
“Foreign Issuer”	means government, national or corporate entity incorporated outside Nigeria, listed or otherwise on any other exchange other than The Exchange, whose sukuk or debt securities are also listed or proposed to be listed on The Exchange;
“Material Information”	means information that is not generally available to the market; and if it were generally available to the market, it would have a material effect on the market price or value of the Issuer’s listed securities. Material information consists of both material facts and material changes relating to the business and affairs of an Issuer.
“Obligor”	means a person or entity who owes an obligation or a certain debt or duty to another.
“Shari’ah Adviser”	means Shari’ah adviser, recognized or registered by the Securities and Exchange Commission, who reviews and gives rulings on Shari’ah applicability of the sukuk transactions or an Islamic development bank recognized to perform such function.
“Similar debt securities”	means non-interest bearing Shari’ah compliant debt securities.
“Sukuk”	refers to investment certificates or notes of equal value which evidences undivided interest/ownership of tangible assets, usufructs (the right to enjoy a thing, property of which is invested in another) and services or investment in the assets of particular projects or special investment activity using Shari’ah principles and concepts approved by the Commission.
“Trust Deed”	means the agreement entered into between the Issuer and the Trustees governing an issue of sukuk or debt securities in accordance with the Commission’s Rules.
“Trustee”	means the trustee appointed pursuant to the terms of the Trust Deed.



3.0 Approval for admission

- 3.1 An Issuer of the sukuk must appoint a Shari'ah adviser recognized or registered with the Securities and Exchange Commission who will carry out primary responsibilities that include:
- (a) advising on all aspects of the sukuk including documentation and structuring;
 - (b) issuing a Shari'ah certification which outlines the basis and rationale of the structure and mechanism of the sukuk issue, the applicable Shari'ah principles used for the sukuk issue and relevant Shari'ah matters relating to the documentation of the sukuk issue;
 - (c) ensuring that the applicable Shari'ah principles and any relevant resolutions and rulings endorsed are complied with;
 - (d) applying ijtehad (reasoning) to ensure all aspects relating to sukuk issuance are in compliance with Shari'ah principles;
 - (e) carrying out other functions stipulated by the Securities and Exchange Commission's rules and regulations.
- 3.2 An Issuer shall submit its listing application through a Stockbroker.
- 3.3 The Exchange shall exercise discretion over the admission and continued listing and quotation of sukuk or debt securities on its Official List and may approve or reject the applications for listing, as it deems fit.
- 3.4 The Exchange may approve applications for listing and quotation of sukuk or debt securities unconditionally or subject to such conditions, as it deems fit.
- 3.5 Where sukuk or debt securities are issued under a programme, an Issuer may list on The Exchange either all or a certain class or tranche of the sukuk or debt securities issued under the programme.
- 3.6 All Issuers shall comply with the relevant admission procedures and requirements as may be prescribed by the Exchange.
- 3.7 No short-term sukuk or debt securities with original maturity date of less than 1 year shall be listed.
- 3.8 Any issue, offer or invitation of sukuk by a public company intended to be listed on The Exchange shall be subject to the listings requirements of The Exchange.



4.0 Foreign Issuer

- 4.1 Any Issuer which is a foreign government, a national of any foreign country, or a company or other organization incorporated under the laws of any foreign country shall appoint an agent or representative in Nigeria to be responsible for communication with The Exchange, on behalf of the Issuer.
- 4.2 A foreign Issuer shall maintain a paying agent who is registered with the Commission as a Registrar, and who shall be responsible for accepting payments from the issuer of a security and distributing the payments to the holders of the security in Nigeria when required.
- 4.3 All information or documents including financial statements presented, submitted, disclosed or announced by a foreign Issuer shall be in English.
- 4.4 A foreign Issuer shall prepare its financial statements in accordance with the International Financial Reporting Standards (IFRS) but shall also provide certified English translations of such financial statements for holders of its securities that are listed on The Exchange.

5.0 Obligor

- 5.1 Where the Issuer is a special purpose vehicle, the obligor shall comply with the requirements imposed on the Issuer under the Rules of the Commission and of The Exchange as if it were the Issuer.
- 5.2 If the Issuer is a special purpose vehicle, the obligor shall comply with:
- (a) the continuing listing obligations imposed on the Issuer under the Rules of The Exchange as if it were the Issuer, or
 - (b) such directives as may be issued by The Exchange from time to time.

6.0 Continuing listing obligations

All Issuers shall comply with these Rules and any applicable Rules of the Commission as continuing listing obligations.

7.0 Disclosure of information

- 7.1 An Issuer shall immediately announce to The Exchange any material information.
- 7.2 Without limiting the generality of subparagraph 8.1 above, an Issuer shall immediately announce to The Exchange the following:
- (a) any issuance of a new tranche of securities or programme by the Issuer;
 - (b) any change in the terms of issue of the sukuk or debt securities;
 - (c) any redemption or cancellation of the sukuk or debt securities;



- (d) any amendment to the Trust Deed, if applicable;
- (e) any appointment or replacement of Trustee or paying agent, if applicable;
- (f) any change of the Shari'ah Adviser appointed by the Issuer as required under the Commission's Rules;
- (g) any occurrence of an event of default under the Trust Deed;
- (h) any credit rating of its sukuk or debt securities, including a summary of the rating report relevant to the sukuk or debt securities published by a credit rating agency, if available;
- (i) any intention to fix a books' closing date and its reason, stating the books' closing date, which shall be at least 10 business days after the date of announcement of the books' closing date to The Exchange;
- (j) any event which requires an immediate notification to its trustee pursuant to the Trust Deed; and
- (k) any meeting of sukuk or debt securities holders (other than a meeting convened to pass a special resolution), at least fourteen (14) days before such meeting is held, and in the case of a meeting convened to pass a special resolution, at least twenty one (21) days before such meeting is held. The announcement shall include the date of the Record of Depositors which determines whether a depositor shall be regarded as a sukuk or debt securities holder who is entitled to attend, speak and vote at the meeting of the sukuk or debt securities holders.

7.3 An Issuer shall, at least 1 (one) month before the maturity date, announce the maturity date of each issuance of sukuk or debt securities.

7.4 An Issuer which is a foreign corporation shall announce to The Exchange concurrently all information required to be publicly disclosed to its domestic regulatory authorities and other stock exchanges, if applicable.

8.0 Submission of Financial Statements

8.1 An Issuer shall announce its half year unaudited or audited financial statements on a consolidated basis within thirty (30) days of the quarter or half year of the Issuer's financial year, and the statements shall state whether there is any abnormal circumstance that has affected or will affect the business and financial position of the Issuer.

8.2 An issuer and its guarantor shall announce to The Exchange their respective annual audited financial statements, together with the auditors' and directors' reports within 3 (three) months of their respective financial years.

8.3 Sub-paragraph 9.2 above shall not apply to the following persons or entities where they are guarantors:

- (a) the Federal Government of Nigeria;
- (b) a State Government of Nigeria;
- (c) a supranational organisation;
- (d) such other persons as may be approved by The Exchange from time to time.



9.0 De-listing by the Exchange

In addition to the circumstances set out in the Listings Rules of The Exchange, The Exchange may at any time de-list an Issuer from the Official List in any of the following circumstances:

- (a) upon the occurrence of any of the events which the Trustee has declared would render the sukuk or debt securities to be immediately due and repayable pursuant to the Trust Deed;
- (b) upon the maturity or expiration of the sukuk or debt securities;
- (c) upon full redemption of the sukuk or debt securities; or
- (d) any other circumstances which in the opinion of The Exchange, do not warrant the continued listing of the sukuk or debt securities.



APPENDIX

Contents of a Trust Deed Governing the Rights of Bondholders for Exchange Traded Bonds

In addition to the information required to be provided in a Trust Deed as set out in the Rules of the Commission, every Trust Deed or other document governing the rights of bondholders or Exchange Traded Bonds shall provide for the following:

- (1) Where a meeting of sukuk or debt securities holders is held, an Issuer shall ensure that:
 - (a) at least fourteen (14) days' notice in writing of any meeting (other than a meeting convened to pass a special resolution) of sukuk or debt securities holders shall be given by the trustee. In the case of a meeting convened to pass a special resolution, at least twenty one (21) days' notice shall be given. Such notice shall specify the general nature of the business to be transacted.
 - (b) the trustee shall cause at least fourteen (14) days' notice (twenty one (21) days' in the case of special resolution to be passed) to be given of any meeting by advertisement in at least two (2) National Daily Newspapers in Nigeria and in writing to The Exchange.
 - (c) the notices convening a meeting of sukuk or debt securities holders shall contain sufficient information to enable a sukuk or debt securities holder to make informed decisions.
- (2) A sukuk or debt securities holder shall be entitled to attend and vote at any meeting of sukuk or debt securities holders, and shall be entitled to appoint another person (whether a sukuk or debt securities holder or not) as his proxy to attend and vote on the securities holder's behalf. Such proxy shall have the same rights as the sukuk or debt securities holder to vote whether on a poll or a show of hands, to speak and to be reckoned in determining a quorum.
- (3) In the case of an equality of votes the chairman of a meeting of sukuk or debt securities holders shall have a casting vote in addition to his vote (if any) as a sukuk or debt securities holder both on a show of hands and on a poll.