

DATED

SUB-BROKER AGREEMENT¹

Between

[INSERT TRADING LICENSE HOLDER'S NAME]

And

[INSERT SUB-BROKER'S NAME]

¹ This Agreement is intended to serve as a guide to the Parties. Therefore, the clauses contained herein are not exhaustive BUT ARE REQUIRED TO BE MAINTAINED; Parties are at liberty to insert additional clauses as are applicable to them and their transactions and to also insert clauses that it has been indicated they should insert. IT SHOULD ALSO BE NOTED THAT ADDITIONAL AMENDMENTS TO THIS AGREEMENT MAY BE REQUIRED BY THE PARTIES IN LINE WITH NIGERIAN EXCHANGE LIMITED'S GUIDELINES FOR DEALING WITH SUB-BROKERS, AS MAY BE AMENDED FROM TIME TO TIME

THIS AGREEMENT is dated [Insert date]

PARTIES

- (1) [Insert Trading License Holder's name], a company incorporated under the Laws of the Federal Republic of Nigeria with RC Number [●], whose registered office is at [REGISTERED OFFICE ADDRESS] (**The Trading License Holder**), which expression shall where the context so admits, include its, successors-in-title and assigns) of the first part; and
- (2) [Insert Sub-broker's name], a company incorporated under the Laws of the Federal Republic of Nigeria with RC Number [NUMBER], whose registered office is at [REGISTERED OFFICE ADDRESS] (**Sub-Broker**), which expression shall where the context so admits, include its, successors-in-title and assigns) of the second part.

The Trading License Holder and **the Sub-broker** are referred to individually as a "Party" and collectively as the "Parties".

RECITALS

1. [Insert Recitals/background of the relationship and the Parties]

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

- 1.1 "**Agreement**" means this Sub-Broker Agreement between the Trading License Holder and Sub-Broker.
- 1.2 "**Clients**" means (*Parties should insert a definition which indicates the clients that form the basis of this relationship*)
- 1.3 "**NGX**" means Nigerian Exchange Limited.
- 1.4 "**NITDA Regulation**" means the Nigeria Data Protection Regulation 2019 issued by the Nigeria's National Information and Technology Development Agency (NITDA) and any amendment thereto.
- 1.5 "**Personal Data**" means any information relating to an identified or identifiable natural person; an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person; It can be anything from a name, address, a photo, an email address, bank details, posts on social networking, websites, medical information, and other unique identifier such as but not limited to MAC address, IP address, IMEI number, SIM and other

1.6 **“Processing”** means any operation or set of operations which is performed on Personal Data or on sets of Personal Data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction;”

1.7 **“SEC”** means the Securities and Exchange Commission.

1.8 [Insert additional definitions as Parties deem applicable].

2. ARRANGEMENT BETWEEN TRADING LICENSE HOLDER AND THE SUB-BROKER

2.1 The Parties hereby acknowledge and agree that the Sub-Broker shall act within the scope of the authority given to it under this Agreement.

2.2 The Parties hereby agree that the Sub-Broker shall not undertake any activities as a Sub-Broker to the Trading License Holder unless it has been registered by the SEC as a Sub-Broker and NGX has approved for the Trading License Holder to appoint the Sub-Broker as its Sub-Broker.

3. OBLIGATIONS OF THE TRADING LICENSE HOLDER

The Trading License Holder shall be responsible for the following obligations, amongst others:

3.1 Jointly with the Sub-Broker, establish a complaints resolution mechanism between itself and the Sub-Broker for the clients, which complaints resolution mechanism must be acceptable to NGX.

3.2 Maintain a separate record including accounts in respect of the dealings in securities entered into on behalf of the ultimate client.

3.3²

4. OBLIGATIONS OF THE SUB-BROKER

The Sub-Broker shall be responsible for the following obligations, amongst others:

4.1 Ensuring compliance with all applicable the SEC’s Rules for Capital Market Operators.

² Insert other provisions which the Parties feel are relevant and also insert provisions which explain the nature of the relationship with the Parties and the commercial expectations of the Parties

- 4.2³
- 4.3 ⁴Ensure that as a Corporate Sub-Broker, its sponsored individual(s) shall possess such competencies as may be prescribed by the SEC from time to time.
- 4.2 ⁵Ensure that as a Digital Sub-Broker, its sponsored individual(s) shall possess such competencies as may be prescribed by the SEC from time to time.
- 4.2 ⁶Ensure that as an Individual Sub-Broker, they shall possess such competencies as may be prescribed by the SEC from time to time.
- 4.3 Ensure that it complies with NGX's Rules and Regulations Governing Trading License Holders and all Capital Market rules and regulations including the Know Your Customer requirements ('KYC'), as stipulated in **Rule 11.1: Know Your Client**, Rulebook of The Exchange, 2015 (Dealing Members' Rules).
- 4.4 Ensure that it maintains similar legal and regulatory standards expected from Trading License Holders and that it complies with all relevant laws, rules and regulations applicable to the Trading License Holders in relation to the purchase, sale or dealing in securities.
- 4.5 Jointly with the Trading License Holder, establish a complaints resolution mechanism between itself and the Sub-Broker, which is acceptable to NGX.
- 4.6 Maintain a separate record including accounts in respect of the dealings in securities entered into on behalf of the ultimate client.
- 4.7 Display the name of the Trading License Holder in a conspicuous and legible form in the Sub-broker's office.
- 4.8 Keep proper records and books of account in respect of all transactions.

5. OBLIGATIONS OF BOTH PARTIES

- 5.1 The Parties shall ensure that the Trading License Holder's logo and the Sub-broker's logo should be reflected on all receipts, documents and other correspondences in respect of any securities transaction.
- 5.2 Each of the Parties hereby agree that any information provided to it by the other Party shall be maintained in strict confidence by such Party, provided that such information shall be provided to NGX upon request.

³ Insert other provisions which the Parties feel are relevant and also insert provisions which explain the nature of the relationship with the Parties and the commercial expectations of the Parties

⁴ For a Corporate Sub-Broker only

⁵ For an Individual Sub-Broker only

⁶ For a Digital Sub-Broker only

5.3 Each of the Parties shall promptly notify the other Party of any proposed material change in its status, constitution, business, etc., which would likely impact on the trading arrangement between the Trading License Holder and the Sub-Broker.

6. DURATION

6.1 ⁷.

7. CONSIDERATION/COMMISSION/BROKERAGE FEE

7.1 The Trading License Holder shall ensure that there is a mutual understanding between it and the Sub-Broker with respect to the consideration for this Agreement, which will be the sharing of the brokerage/commission from client transactions between them. Provided however, that the brokerage fee/commission payable to the Sub-Broker shall not exceed [⁸] per cent of the value of transaction carried out by the Trading License Holder for the clients. The brokerage fee/commission shall be subject to any changes by the SEC or NGX to the commission receivable for client transactions, and as such may be amended by the Parties.

8. INDEMNITY

8.1 Without prejudice to the Trading License Holder's liability to NGX, the Sub-broker shall be liable to and shall fully indemnify and hold the Trading License Holder harmless from and against all claims, charges, demands, liabilities, judgments, costs, penalties, expenses, damages, losses and/or fees suffered or incurred by arising from any claim against the Trading License Holder or incurred by the Trading License Holder in respect of any unauthorised transaction(s) undertaken by the Trading License Holder on behalf of the Sub-Broker, provided that the Sub-Broker duly authorised the Trading License Holder to undertake such transactions on its behalf.

8.2 ⁹

9. AUDIT RIGHTS

9.1 During the duration of this Agreement and for a six (6)-month period thereafter, the Trading License Holder shall have the right during normal business hours and upon 24 hours written notice to the Sub-Broker to audit and review the records, business, activities and controls of the Sub-Broker. The audit shall be conducted by the Trading License Holder or its Affiliates, or a designee of the

⁷ Parties should insert the provisions which deal with their commencement date and the duration of the Agreement.

⁸ Parties should insert the amount agreed on

⁹ Parties should insert other indemnity provisions which they feel are important to them.

Trading License Holder in such a manner as not to unreasonably interfere with the Sub-Broker's business operations. The Trading License Holder and its Affiliates or designee shall also have the right to make, at their sole expense, copies of any books, documents and records of the Sub-Broker relevant to the audit. In the event that an audit by the Trading License Holder and/or its Affiliates and/or its designee reveals any inaccuracies or breaches of this Agreement by the Sub-Broker, the cost of the audit will be borne by the Sub-Broker and the Trading License Holder may further decide to terminate the Agreement in line with Clause [●] The Parties agree that the confidentiality obligations in this Agreement shall apply to the process of any audit conducted under this Agreement. The Sub-Broker shall during such audit provide all the necessary assistance required by the Trading License Holder or its Affiliates, or a designee, provide the Trading License Holder or its Affiliates, or a designee with all the information required and access to meet with and discuss with anyone within the control of the Sub-Broker which the Trading License Holder or its Affiliates, or a designee needs to see in order to properly conduct the audit. The Trading License Holder's failure to conduct an audit pursuant to this Clause shall not relieve the Sub-Broker from its responsibilities to comply fully with the terms and conditions of this Agreement.

10. TERMINATION ¹⁰

10.1 Trading License Holder's Right of Termination

10.1.1 The Trading License Holder may immediately in writing to the Sub-Broker terminate this Agreement where:

- a) NGX notifies the Trading License Holder that Trading License Holders are no longer allowed to utilise the services of the Sub-Broker; or
- b) The SEC de-registers or suspends the Sub-Broker; or
- c) During an audit of the Sub-Broker, the Trading License Holder discovers that the Sub-Broker has been providing the Trading License Holder with inaccurate information or has breached the terms of this Agreement.

10.2 Consequences of Expiration or Termination

10.2.1 Where the termination of the Agreement is with notice or where the Parties have agreed not to renew the term of the Agreement prior to its expiration, before the date on which the expiration or termination of this Agreement becomes effective:

¹⁰ Parties are expected to include other termination provisions such as terminations with notice and without notice for breach, insolvency etc.

- a) ¹¹..... (*Parties are required to state what happens to the clients of the Sub-Broker upon termination; for example, it is expected that all mandate instructions received from clients must be duly executed before the termination of the Agreement and if not, a clear and seamless process must be stated for concluding the execution of such pending client orders in line with best execution obligations. Parties should also indicate whether or not the clients are to be retained by the Trading License Holder. In the event that the clients are to be transferred to a new Trading License Holder pursuant to the termination, the Agreement should also: (i) stipulate a reasonable time frame within which to finalise the transfer of clients' accounts from the current Trading License Holder to another Trading License Holder; (ii) indicate whose responsibility it is to communicate/introduce the new parties (i.e. clients and the new Trading License Holder); (iii) stipulate who will bear any associated costs of transfer; (iv) stipulate that Parties will co-operate with each other and do all that is necessary to achieve an effective, efficient and a seamless transfer/hand-over process, including prompt execution of any relevant documents and the provision/disclosure of any necessary documents/information; and (v) Parties should expressly undertake to do all of the foregoing; etc.*).

10.3 Where the termination of the Agreement is without notice or where the Agreement expires before decisions are taken on the handover process after the expiration of the Agreement, within two days of the termination or expiration of the Agreement:

- a) ¹²..... (*Parties are required to state the steps to finalise the transfer of clients' accounts from the current Trading License Holder to another Trading License Holder. There should also be a clear arrangement on how to handle any pending client orders which were received prior to the termination of the Agreement*).

10.4 The expiration or termination of this Agreement for whatever reason shall not affect the accrued rights of the Parties arising in any way out of this Agreement as at the date of expiration or termination.

10.5 Upon the expiration or termination of this Agreement, all the provisions of this Agreement which are expressed to survive the expiration or termination of the Agreement or which are required to give effect to such expiration or termination or the consequences of expiration or termination or by implication ought to survive, will survive the expiration or termination of this Agreement howsoever occurring.

11 SEVERANCE

11.1 If a court of competent jurisdiction or other competent body decides that any provision of this Agreement is void or otherwise ineffective but would be valid and effective if appropriately modified, such provision will, to the extent possible, be modified with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible to make it valid and effective. If such a

¹¹ Parties should insert provisions regarding how handovers are to take place after the termination or expiration of the Agreement with respect to issues such as clients.

¹² Parties should insert provisions regarding how handovers are to take place after the termination or expiration of the Agreement with respect to issues such as clients.

provision cannot be so modified, the invalidity or ineffectiveness thereof will not affect or impair the validity or legal effect of any other provision of this Agreement.

12 PERSONAL DATA PROTECTION

A. The Parties hereby undertake and agree to comply with the provisions of the Nigeria Data Protection Regulation 2019 issued by the National Information Technology Development Agency (NITDA), and any amendments thereto (“the Regulation”) in respect of any Personal Data obtained/received pursuant to Agreement / as a result of the relationship of the Parties pursuant to this Agreement .

B. Each Party hereby recognises that all Personal Data obtained/received/collected whilst carrying out its obligations under this Agreement is confidential and agrees to keep them confidential and secret and not to make them available to third parties for any reason whatsoever, not associated with this Agreement allowed by this Agreement, save with the express consent of the Party from/through whom the Personal Data was received/collected/obtained.

C. Each Party shall remain responsible:

- to the Party from/through/as a result of whom the Personal Data was received/collected/obtained;
- to the owner of the Personal Data; and
- to the relevant authorities

for any breach of confidence and breach of the Regulation.

D. The Processing of the Personal Data shall only be carried out by a Party for the performance of this engagement or as allowed by this Agreement or as required or allowed under applicable law, governmental order, decree or regulation.

E. Each Party agrees that the other Party may put its name and other Personal Data obtained pursuant to this Agreement into an electronic directory and may Process (including automated process) and/or profile such Personal Data to the extent necessary in respect of the engagement (in respect of the engagement can include without limitation auditing the work done pursuant to the engagement, or comparing such work provided with other similar work).

F. Each Party will keep hold of the other Party’s Personal Data for no longer than necessary. The length of time a Party retains it will depend on any legal obligations the Party has, the need of it in relation to the work being done pursuant to this Agreement, the existence of the other Party’s consent, any relevant proceedings that apply, what is in line with best practice or the Party’s legitimate interests as a business.

- G. In respect of each Party's Personal Data with the other Party, that Party can do at any time the following by contacting the other Party:
- If allowable, see what Personal Data the other Party has about that Party, if any.
 - Change/correct any Personal Data the other Party has about that Party after providing the required documentation and if it is within that Party's purview to change/correct.
 - If allowable, and subject to the conditions in Clause 12(F) above, have the other Party delete any Personal Data it may have about that Party.
 - Express any concern about the other Party's use of that Party's Personal Data.
- H. The Parties shall develop and adopt the security measures required by the Regulation to protect all Personal Data.
- I. The Parties shall develop and adopt and have in place appropriate technical and organizational measures to protect the Personal Data from accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access.
- J. Each Party shall respond to enquiries concerning the Processing of Personal Data and will cooperate in good faith with the other Party concerning such enquiries within a reasonable time. For the purposes of this Clause, the designated contact point for the Parties where all enquiries and notifications or activities concerning the Processing of Personal Data can be directed to, shall be:

FOR The Trading License Holder:
 ATTN: Data Protection Officer
 (Name
 Email Address

FOR SUB-BROKER:
 ATTN: Data Protection Officer
 Name: ,,,,,
 Email address:

In the event that the designated contact point changes, the Parties shall immediately notify the other Party in writing.

- K. Each Party agrees to notify the other Party immediately, upon discovery of any unauthorized use or disclosure of the Personal Data by a Party (the "Breaching Party") or its Representatives or any other breach of this Clause 12 by the Breaching Party or its Representatives, and will at the Breaching Party's expense cooperate with efforts by the other Party to help the other Party regain possession of the Personal Data, to stop the unauthorized use or disclosure and prevent its further unauthorized use. However, such notification by the Breaching Party

does not constitute a waiver of its obligations under this Agreement or remove the liability of the Breaching Party for any breach which occasioned/caused/led to such unauthorized use or disclosure.

- L. Each Party shall on the expiration or termination of this Agreement or on earlier demand by the other Party cease the use of all Personal Data received/obtained/collected from/through/as a result of the other Party and destroy all such Personal Data in its custody/possession, subject however to Clause 12(F) above.
- M. Each Party's obligations in this provision will survive for as long as the Personal Data remains in the knowledge or custody of that Party

13 GOVERNING LAW, JURISDICTION AND DISPUTE RESOLUTION

This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Nigeria.

Parties should insert other Boiler Plate Clauses which they feel are relevant to them e.g. Confidentiality, Intellectual Property, Waiver, Variation etc.

[Insert execution block as applicable]