Listing Requirements

For

NASD Private Markets

1. GENERAL REQUIREMENTS

This section sets out requirements that are applicable to the admission of Securities for Noting on the NASD Private Markets Platform and should be read in conjunction with the admission requirements set out in subsequent paragraphs.

1.1. APPOINTMENT OF A DUE DILIGENCE ADVISER/TRANSACTION SPONSOR

1.1.1. The Arranger/Due Diligence Adviser/Transaction Sponsor shall be a financial institution, non-bank financial institutions, other financial services operators, and related professional services firms in Nigeria, duly registered by their relevant regulators/professional bodies, that are Capital Market Operators (CMO) licensed by SEC and registered by NASD Private Markets.

1.1.2. Except as expressly stated otherwise, all applications for listing on the Private Market must come through an/*Arranger*/ Due Diligence Adviser / Transaction sponsor registered with NASD to participate on the private markets in connection with their application for admission.

1.1.3. The *Arranger*/ Due Diligence Adviser / *Transaction sponsor* shall be *required* to *fill* the NASD Form P1A and submit *all* required documents as stated in the form *accompanied* with a *formal application* letter to *NASD.*

1.1.4. NASD shall review the application documents and communicate its feedback to the Due Diligence Adviser within Forty-Eight (48) hours. Feedback may include a request for additional or omitted documents, rectification of documentation or request for further information.

1.1.5. The *Arranger*/ Due Diligence Adviser / *Transaction sponsor* appointed must ensure that the applicant receives sound, fair and impartial guidance, and advice as to the application of these guidelines and that all necessary documents supporting an application for admission are filed with NASD. Due Diligence Advisers are responsible for communicating with NASD during the application process.

1.1.6. The Role of the Due Diligence Advisers on the Private Markets shall include:

a. Acts as the Arranger/Transaction Sponsor

b. Advising the Applicant on the proposed terms of the Issue including pricing, timing, and investors' preferences.

c. Preparing the application for Noting to NASD.

d. Obtaining NASD's approval of the application.

e. In the case of an offer, liaising with relevant parties for the distribution of the Offer Documents and marketing the Issue aggressively to ensure full subscription.

f. Noting of Securities on the NPM upon conclusion of the admission process.

1.2. NOTING REQUIREMENTS FOR PRIVATE CORPORATE BOND

1.2.1. Private securities for offering are not approved or endorsed by and / or registered with the commission. However NASD reserves the right to disclose information to the commission if required.

1.2.2. Transaction Sponsor/Arranger/Promoter/Issuers/Due Diligence Advisers must ensure that all requirements, disclosures, and compliance reports in NASD Private Market guidelines are provided and complied with.

1.2.3. NASD reserves the right to remove a private security from its market for failure to abide by the guidelines of the private market.

1.2.4. Due Diligence Advisers shall be responsible for ensuring that Issuers/Promoters are duly aware of the rights and obligations under the private market guidelines and ensure compliance with all reporting and disclosure obligations of their enrolled issuance. They shall also bear full responsibility for the accuracy and completeness of information provided in accordance with the guidelines.

1.2.5. Transaction Sponsors/Due Diligence Advisers seeking enrollment/noting shall ensure compliance with the guidelines of the private market before issuance, offer or sale of the securities to investors.

1.2.6. Securities to be noted on the NASD Private Markets must be an issue offered by way of private placements to selected Qualified Institutional Investors and High Net-worth Investors. Provided that where the issue is to High Net-worth Investors, the DDA/Arranger/Transaction Sponsor shall provide proof that a comprehensive due diligence exercise has been carried out to ascertain the investment knowledge/suitability of the HNIs.

1.2.7. An application for the noting of private securities on the NASD Private markets shall be initiated by an Arranger / Due Diligence Adviser using the NASD Form P2A with the documentation and disclosure requirements.

1.2.8. An approved security for Noting shall be registered and will have the security in a dematerialized form with NASD's approved CSD/ Custody unit within Ten (10) business days.

1.2.9. Corporate Bonds can be noted as a Discreet issue or enrolled as a Programme. Where the issue is enrolled under a programme, the issuer through its Due Diligence Adviser will provide all applicable documents with respect to each series/tranche to NASD.

1.2.10. The Issuer/promoter of a private bond issue may be rated by a credit rating agency recognized or registered in Nigeria evidenced by a valid and subsisting credit rating report.

1.2.11. Private securities noted on the NASD Platform shall only be sold to Qualified Institutional Investors and duly confirmed High Net-worth Investors.

1.2.12. The NASD Private Market portal and information shall only be accessible to relevant Qualified Institutional Investors, duly proofed High Networth Investors and Capital Market Operators registered with NASD Private Markets.

1.2.13. Secondary market transfers of a noted security must be effected on a private and bilateral basis to reported to the NASD through the qualified investors and reported to NASD through legalandcomplaince@nasdng.com

1.2.14. A private bond issue may be interest bearing or issued at a discount to face value as may be determined by the Issuer.

1.2.15. A private bond issue shall be issued option-free and only redeemable at maturity.

1.2.16. A private bond issue may be issued as securitized instruments backed with a defined securitized mechanism.

1.2.17. The minimum size of a Bonds Issue (Discreet or under a Programme) shall be #50,000,000.00 (Fifty Million Naira) and in multiples of #10,000,000.00 (Ten Million

Naira) thereafter or its equivalent for foreign currency Bond issues rounded to the nearest thousand.

1.2.18. An issue is excluded from a minimum level of subscription if underwritten.

1.2.19. Securities can be noted as a discreet issue or enrolled as a programme. Where the securities are issued as a Programme, the issuer can issue in series with separate maturity dates or re-open an existing issue series with no change in the maturity date.

1.2.20. A programme issue shall be effective for a specifically pre-notified period. An extension of the period shall be subject to an approval from NASD upon filing of the required documentation and applicable pricing supplement.

1.2.21. The maximum aggregate nominal amount and value of all issues outstanding under an enrolled corporate bond Programme, at any given time shall not exceed the Programme size enrolled by Private Markets.

Rating:

1.2.22. As part of the registration requirements, either the Issuer/Promoter of private securities Issue shall be rated by a CBN-licensed credit bureau, or a credit rating agency registered or recognized by the SEC.

1.2.23. The minimum rating shall be investment grade as evidenced by a valid and subsisting Credit Rating Report.

1.2.24. If the corporate bond issue has been rated by more than one rating Agency, the lower of the two ratings along with the amount specified against the rating shall be adopted. Where the ratings are the same with different amounts, the rating with the lower amount should be adopted.

1.2.25. While the credit rating agency can decide the validity period of the credit rating, the credit rating agency is responsible for monitoring the rating assigned to an Issuer based on its track record at regular intervals and shall notify the Issuer of any revision in the rating, particularly when the rating is due for review.

1.2.26. The Issuer shall notify NASD of any revision to its credit rating at any point in time by the credit rating agency within forty-eight (48) hours of the Issuer becoming aware of the revision.

Credit Enhancement:

1.2.27. Corporate Private Bonds may be guaranteed in full or part by any of the following entities:

- **a.** CBN-licensed banks.
- **b.** Development finance institutions.
- **c.** Credit guarantee institutions and agencies
- **d.** Corporations.
- **e.** The Federal Government of Nigeria.

1.2.28. Where the Issue is guaranteed by a corporate entity, such entity shall have a valid and subsisting credit rating of no less than an AAA grade from a credit rating agency registered or recognized by the SEC.

1.2.29. If the guarantor's credit rating is downgraded below AAA, either prior to or following the issuance of the bond, the Issuer shall replace the guarantor with another eligible guarantor within five (5) working days.

1.2.30. NASD shall require the Issuer to provide the following relevant documents in respect of the guarantor:

- **a.** Deed of Guarantee
- **b.** Audited Financial Statements not exceeding nine (9) months from the previous financial year end.
- **c.** Latest unaudited financial statements.
- **d.** Credit Rating Report of the Guarantor

2. ADMISSION OF SECURITIES FOR NOTING

2.1. Eligibility for Admission

2.1.1. The asset class of securities eligible for admission under the NASD private markets includes forms of equity and debt instruments.

2.1.2. Interest bearing or issued at a discount to face value.

2.1.3. Securitized - asset backed, mortgaged backed, or other securitization mechanisms applicable.

2.1.4. A discrete issue or a programme

2.1.5. Redeemable at maturity and option-free.

2.1.6. An issuer/promoter seeking noting of a private issue shall;

a. Be duly registered under relevant law as a limited liability company.

b. Ensure that its shares are not subject to any legal or regulatory restriction that prevents trading or exchange on a private basis or limits its capacity to issue securities or borrow.

c. Have been in operation for more than two (2) years before the date of application.

d. Have an evidenced minimum unimpaired by loss shareholders' funds of N50,000,000 (Fifty Million Naira) before, during and after the period of admission.

e. Where applicable be rated by a recognized credit rating agency in the Nigerian Capital Markets or backed by a guarantor.

f. Ensure that its shares are dematerialized into a Depository approved by NASD.

g. comply with NASD's Guidelines and Regulations and undertakes to pay all relevant fees as prescribed by NASD from time-to-time.

2.2. Documentation Requirements for

2.2.1. Application for Noting

I. Mandatory:

a. Duly completed NASD Private Markets Application Form

b. Placement Memorandum or relevant Document(s) for the Issue

c. Pricing supplements for each Issue/series/tranche, or information containing material changes on the issue.

d. Audited annual reports and accounts for twelve (12) months from the date of the submission of the application.

e. Details of changes in any of the following:

i. Company profile

ii. Short profiles of the current members of the Issuer/Promoter's Board of Directors

iii. Profile of the Management Team together with the most recently filed CAC 7 (Particulars of Directors)

iv. Composition of the Board of Directors and Management Team

f. Board resolution authorizing the Programme/Issue and approved amount (if separate from the Board resolution authorizing the full Programme amount).

g. Resolution of the Company in general meeting authorising the Programme/Discreet Issue.

h. Valid and subsisting credit rating of the Issue obtained from an authorized credit rating agency registered or recognized in the Nigerian capital markets or Credit information report by a CBN-licensed credit bureau.

i. Notarized letters of consent of all parties named in the Offer Documents.

j. Sources of repayment/funding plan for the Issue

k. Executed Trust Deed

l. Details of any litigations/claims currently involving the Issuer/Promoter (Where applicable)

m. Transaction Sponsors Declaration in respect of the issue

n. Bank reference on the Issuer/Promoter to be provided by the Receiving and paying Agent. (Where applicable)

o. Duly completed Allotment Report p.

p. Evidence of payment of bond Issue fees

q. Issuer Confirmation of Payment Terms

II. Non-Mandatory:

a. Most recent unaudited interim reports and accounts not exceeding three (3) months from the end of the last quarter preceding the application.

b. Any change on the Issuer cashflow

c. Details of the Issuer/Promoter's current debt profile type, purpose and maturity dates

d. Details of credit enhancement(s) (where applicable)

e. Executed Underwriting Agreement (where applicable)

2.2.2. Fast Track Procedure

2.2.2.1. Notwithstanding the provisions of clause 2.3.1, where an application is accompanied by the following documents, it will be eligible for a fast-tracked approval process.

f. Proof of AAA-rating by a credit rating agency duly registered with or recognised by the Securities and Exchange Commission ("SEC");

g. Documentation showing 100% guarantee by a financial guarantor recognised by NASD;

h. Evidence that the debt instrument is offered exclusively to qualified institutional investors ("QII") and high net-worth individuals ("HNI"); and

i. evidence of payment of the applicable noting fees are submitted along with the application.

2.2.2.2. Such Fast-tracked approval shall be granted no more than 3 days from the date of application.

2.2.3. Requirements for the Issuer

a. Memorandum an Articles of Association

b. Certificate of Incorporation

c. Particulars of directors/shareholders (as applicable)

d. Audited annual reports and accounts covering the period relevant to the market segment, the most recent not exceeding twelve (12) months from the date of the submission of the application for the noting of the Issue (where applicable)

e. Latest interim audited financial statements of the guarantor not exceeding (12) months from the date of the application for the Noting of the Security

f. External auditor's comfort letter on the Issuer/Promoter

g. Corporate profile of the Issuer/Promoter (Name, registered office, principal activity, legal form, sector, structure, subsidiaries, associates, location, products/services, numbers of employees)

h. Any documentation that provides information and details of any charges/encumbrances on the issue (if any)

i. Issuer's cash flow

j. Comprehensive schedule of the Issuer/Promoter's current debt profile by type, purpose, tenor, and maturity dates

k. Comprehensive schedule of all material contracts executed by the Issuer.

l. Details of any litigation/claims currently involving the Issuer

m. Evidence of the limit of the issuer's borrowing powers (if any)

n. Valid and subsisting credit rating report(s) on the Issuer/Promoter obtained from credit rating agency registered or recognized in the Nigerian capital market (where applicable)

o. Undertaking to abide by the Guideline, including continuous reporting and disclosure requirements and to pay all relevant fees as provided by NASD.

p. Declaration of Compliance and disclosure by the Issuer

q. Letter on Indemnity