



FMDQ COMPLAINTS MANAGEMENT FRAMEWORK

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1. INTRODUCTION

- 1.1. This Complaints Management Framework (the “**Framework**”) has been developed by FMDQ OTC Securities Exchange (“**FMDQ**” or the “**Exchange**”) to address complaints arising out of issues that are covered under the FMDQ Rules¹ made pursuant to the Investments and Securities Act 2007 (“**ISA**”), and the Securities and Exchange Commission (“**SEC**” or the “**Commission**”) Rules and Regulations 2013 and other issues that arise in respect of activities conducted within the markets which FMDQ organises - *i.e.* over-the-counter (“**OTC**”), debt capital, currency, derivatives markets, *inter alia* - (the “**FMDQ markets**”).
- 1.2. The Framework is developed in keeping with the commitments of the Exchange to establish and sustain best practices aimed at maintaining fair, transparent and orderly financial markets.
- 1.3. Due consideration has also been given to the regulatory environment - both local and international - as well as standards set by the International Organisation of Securities Commissions (“**IOSCO**”), and most notably, the *Rules Relating to the Complaints Management Framework in the Nigerian Capital Market* issued by the Commission on February 12, 2015 (“**SEC Rules on Complaints Management**”).
- 1.4. In accordance with the SEC Rules on Complaints Management which were made pursuant to the ISA and the SEC Rules and Regulations 2013, FMDQ in its capacity as a self-regulatory organisation (“**SRO**”) in the Nigerian capital market is vested with the authority to resolve the following complaints:
 - (i) Complaints by clients against FMDQ Members.
 - (ii) Complaints between and amongst FMDQ Members.
 - (iii) Complaints by FMDQ Members against the Exchange.
 - (iv) Complaints against FMDQ Members by the Exchange.
 - (v) Such other complaints as may be determined by the SEC from time to time.
- 1.5. The following complaints shall not be handled under this Framework:
 - (i) Complaints on matters that are being heard or presided upon by a court of law or other forum of competent jurisdiction.
 - (ii) Complaints falling outside the purview of the Exchange.
 - (iii) Complaints falling outside the purview of the Securities and Exchange Commission.

¹ includes Guidelines, Agreements and such other regulation as may be developed by FMDQ from time to time

2. OBJECTIVE

- 2.1. This Framework is designed to ensure that all complaints outlined in 1.4 above are managed in a fair, impartial, transparent and timely manner.
- 2.2. The Framework also seeks to support the primary objectives of securities regulation in any capital market, which are aimed at achieving the following:
 - (i) Protecting investors.
 - (ii) Ensuring that the markets are fair, efficient and transparent.
 - (iii) Reducing systemic risk.

3. RESPONSIBILITY FOR IMPLEMENTATION OF THE FRAMEWORK

- 3.1. The Management of FMDQ shall ensure that the Exchange has a complaints management function which enables complaints to be received and investigated fairly, and market infractions identified and resolved accordingly. Management shall also be responsible for the implementation and monitoring of compliance with this Framework.
- 3.2. FMDQ is committed to instituting the requisite financial market infrastructure to drive transparency, governance, market oversight, credibility and market liquidity to power growth in the Nigerian financial markets with a view to protecting investor interests.
- 3.3. FMDQ is also committed to ensuring that complaints are investigated while conflicts/complaints are resolved fairly.

4. COMPLAINTS MANAGEMENT BY FMDQ MEMBERS

- 4.1. Members shall establish clearly defined complaints management policies in line with this Framework to handle and resolve complaints from clients and other Members.
- 4.2. The complaints management policy shall be endorsed by the senior management of the Member including the chief compliance officer or such other person occupying an equivalent function who shall be responsible for the implementation and monitoring of compliance with the policy.
- 4.3. Members shall have a complaints management function which shall be directly responsible for the fair and transparent handling of complaints with responsibilities including but not limited to investigation and reporting of complaints.
- 4.4. Members shall publish their complaints management policies on their websites.
- 4.5. Members shall acknowledge receipt of complaints received by email/letter within two (2) business days.

- 4.6. Members shall file copies of every complaint as well as the acknowledgement emails/letters with FMDQ within one (1) business day of the acknowledgment of the complaint.
- 4.7. Members shall ensure that all complaints are resolved within ten (10) business days of receipt of the complaint.
- 4.8. Members shall notify the Exchange within two (2) business days of resolution of the complaint and where the complaint is not resolved within the timeframe stated in 4.7 above, the Member and/or the complainant shall refer the complaint to the Exchange within two (2) business days of the lapse of the aforementioned timeframe.
- 4.9. The referral letter/email shall be accompanied by a summary of proceedings of events leading to the referral, copies of relevant supporting documents and such other information as FMDQ may require.

5. REGISTRATION AND REPORTING OF COMPLAINTS

- 5.1. Members shall maintain Complaints Register for the registration of all complaints that fall within the scope of this Framework.
- 5.2. The Complaints Register shall provide the following information:
 - (i) The date that the complaint was received.
 - (ii) Details of the complainant (including name, address, telephone number, e-mail address).
 - (iii) Nature and details of the complaints.
 - (iv) Details of steps taken to resolve the complaints.
 - (v) Status of the complaints.
 - (vi) Date of the resolution of the complaints.
 - (vii) Such other information as may be required by FMDQ.
- 5.3. Members shall submit a complaints management report to FMDQ on a monthly basis to the Examination Group² in the FMDQ-advised template.
- 5.4. Where the Members do not receive any complaints within the monthly reporting period, a nil report shall be submitted.

6. COMPLAINTS MANAGEMENT BY THE EXCHANGE

² The Examination Group of the Exchange is vested with the responsibility of conducting surveillance, investigations and carrying out the enforcement function of FMDQ in its capacity as a self-regulatory organisation

- 6.1. Complaints may be filed with FMDQ at first instance or by referral.
- 6.2. Complaints between Members and complaints against FMDQ may be filed at first instance.
- 6.3. Other complaints, such as the complaints by or against clients shall be through a referral upon the lapse of the timeframe stated in 4.7 above.
- 6.4. Upon receipt of a complaint, whether at first instance or by referral, FMDQ shall use its best endeavours to ensure as follows that:
 - (i) An acknowledgement of receipt is issued within two (2) business days of receipt of the complaint.
 - (ii) The complaint is resolved within twenty (20) business days of receipt of the complaint.
 - (iii) Where it is unable to resolve the complaint within the timeframe stipulated in 6.4 (ii) above, it refers the complaint to the Commission within two (2) business days of the lapse of the aforementioned timeframe.
- 6.5. All complaints shall be dated and signed by the authorised representative(s) of the complainant as well as provide the following information:
 - (i) Material facts of the complaint along with other supporting documents.
 - (ii) Name, full address and telephone number of the complainant.
 - (iii) Name, full address and telephone number of the respondent.
 - (iv) Such other information as FMDQ may require.
- 6.6. Where a complaint is made against a Member or Client, the complaint shall be addressed to the Examination Group via email to complaints@fmdqotc.com or via post to the following:

Group Head, Examination
FMDQ OTC Securities Exchange
1 Olosa Street
Victoria Island
Lagos

- 6.7. Where a complaint is made against FMDQ, the complaint shall be addressed to the Compliance, Risk & Finance Group³ via email to complaints@fmdqotc.com or via post to the following:

Group Head, Compliance, Risk & Finance
FMDQ OTC Securities Exchange
1 Olosa Street

³ The Compliance, Risk & Finance Group of the Exchange is charged with the responsibility of ensuring FMDQ is in compliance with all extant laws and regulations in Nigeria

Victoria Island
Lagos

- 6.8. Prior to notifying the complainant of the outcome of the resolution by either of the Examination Group or the Compliance, Risk & Finance Group of the Exchange, a report shall be prepared to Management of the Exchange for approval. Management may also provide further direction with respect to the effective resolution of the complaint.

7. APPEALS TO THE SECURITIES AND EXCHANGE COMMISSION

- 7.1. Where a complainant is not satisfied with the decision of the Exchange, all further appeals shall be referred to the Commission.

8. REVIEW AND INTERPRETATION OF THE FRAMEWORK

- 8.1. FMDQ may review this Framework and the procedures relating to complaints management from time to time.
- 8.2. Any question regarding interpretation or scope of this Framework should be referred to the Market Regulation Group⁴ at mrg@fmdgotc.com.

⁴ The Market Regulation Group of the Exchange is vested with the responsibility of developing Rules, Guidelines and other regulation as may be required by FMDQ in the exercise of its SRO functions.