

April 20, 2021

FMDQ/MRG/200421/MB-44

To: ALL MARKET PARTICIPANTS

From: MARKET REGULATION GROUP

AMENDMENTS TO FMDQ EXCHANGE REGULATION

1. This Market Bulletin seeks to notify all market participants of FMDQ Securities Exchange Limited ("**FMDQ Exchange**" or the "**Exchange**") of:
 - A. Amendments to the FMDQ Exchange Commercial Paper ("**CP**") Registration and Quotation Rules – July 2020 (the "**Rules**"), the CP Registration and Quotation Infractions & Penalties Guide – July 2020 (the "**Guide**") and General Undertaking by CP Issuers; and
 - B. Amendments to FMDQ Exchange securities admission, trading and market conduct regulation to update relevant provisions from "hours" to "Business Days".
2. All market stakeholders are advised to diligently familiarise themselves with the amended regulation to ensure compliance.
3. The amendments shall take effect immediately and shall be applicable to all securities admitted on the Exchange from the date of this Market Bulletin.

Please be guided accordingly.

PART A: AMENDMENTS TO CP REGULATION AND SUPPORTING DOCUMENTATION

In a bid to ensure the CP Registration and Quotation requirements and processes are operationally sustainable and attainable in order to minimise inadvertent violations of the Rules, the Exchange has identified provisions of the Rules and its attendant Guide which require amendments, which will in effect promote compliance of market stakeholders. A summary of amendments to the Commercial Paper Regulation are provided in the table below:

S/N	Previous Language	Amended Language
Commercial Paper Registration and Quotation Rules (Click here to view)		
1.	Definitions “Registration Member (Quotations)” or “RMQ” means a member of FMDQ Exchange that is licenced to sponsor an Issuer/Promoter of CPs for Registration or Quotation on FMDQ Exchange.	The language has been amended as follows: “Registration Member (Quotations)” or “RMQ” means a member of FMDQ Exchange that is licenced to sponsor the Registration or Quotation of a CP Programme or Issue of an Issuer/Promoter on FMDQ Exchange.
2.	Section 3.1 (viii) The maximum aggregate nominal amount and value of all CPs outstanding under a registered CP Programme, at any given time shall not exceed the Programme size approved by FMDQ Exchange. The maturity date of all outstanding CPs shall also not exceed the validity period of the applicable Issuer/CP Programme rating designated at the commencement of the registration of the CP Programme.	The language has been amended as follows: <i>(ix) As a general principle, the maturity date of all outstanding CPs shall fall within the validity period of the Issuer/CP Programme rating filed with the Exchange at the commencement of the registration of the CP Programme.</i> <i>(x) However, where an Issuer intends to issue a new CP where the Issuer/CP Programme rating filed with the Exchange at the point of registration of the CP Programme will expire prior to maturity of the CP, the Issuer shall be required to provide an extended or renewed applicable rating (i.e. where an Issuer rating was filed with the Exchange at commencement of the registration of the CP Programme, an extended or renewed Issuer rating must be provided) no later than ten (10) Business Days prior to the Issuer/CP Programme rating’s expiration, to ensure that there is always a valid and subsisting rating during the tenor of the new CP. Failure to provide a renewed or extended rating of the same type (i.e. Issuer/CP Programme rating as applicable) where required shall be deemed as an infraction.</i>
3.	Section 5.2(iv) The following documentation and disclosure requirements shall be provided with respect to the Issuer/Promoter: Audited annual reports and accounts covering the preceding three (3) financial years, the most recent not exceeding twelve (12) months from the date of submission of the application for Registration.	The language has been amended as follows: Audited annual reports and accounts covering the preceding three (3) financial years, the most recent not exceeding fifteen (15) months from the date of submission of the application for Registration.
Commercial Paper Registration and Quotation Infractions & Penalties Guide (Click here to view)		

4.	Failure to ensure that the maturity date of all outstanding CPs do not exceed the validity period of the applicable Issuer/CP Programme rating designated at the commencement of registration of the CP Programme.	<p>The language has been amended as follows thereby creating two (2) infractions with attendant penalties:</p> <table><tr><th>Infraction</th><th>Penalty</th></tr><tr><td>Failure to replace an expiring Issuer/CP Programme rating with a renewed/extended Issuer/CP Programme rating of the same type no later than ten (10) Business Days prior to the expiration date of the applicable rating.</td><td><p>i. First time: Notice of Infraction to the MD/CEO of the Issuer, with the MD/CEO of the Sponsor in copy</p><p>ii. Second time: Fine of ₦100,000.00 (one hundred thousand Naira) and ₦10,000.00 (ten thousand Naira) for each business day the infraction subsists</p><p>iii. Third time: Fine of ₦200,000.00 (two hundred thousand Naira) and ₦20,000.00 (twenty thousand Naira) for each business day the infraction subsists.</p><p>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by the Exchange.</p><p>Notwithstanding the above, where an Issuer is culpable of this infraction, the Exchange shall publicise the Issuer’s infraction on the FMDQ Exchange website or such other advised media and a report shall be made to the relevant regulatory authority (where applicable).</p></td></tr><tr><td>Failure to ensure that there is a valid and subsisting CP Programme/Issuer rating during the tenor of all outstanding CP Issues (e.g. due to the expiration of the rating designated at commencement of the CP).</td><td><p>i. First time: Fine of ₦250,000.00 (two hundred and fifty thousand Naira) and ₦25,000.00 (twenty-five thousand Naira) for each business day the infraction subsists.</p><p>ii. Second time: Fine of ₦500,000.00 (five hundred thousand Naira) and ₦50,000.00 (fifty thousand Naira) for each business day the infraction subsists.</p><p>iii. Third time: Fine of ₦1,000,000.00 (one million Naira) and ₦100,000.00 (one hundred thousand Naira) for each business day the infraction subsists.</p><p>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by the Exchange.</p><p>Notwithstanding the above, where an Issuer is culpable of this infraction, the Exchange shall publicise the Issuer’s infraction on the FMDQ Exchange website or such other advised media and a report shall be made to the relevant regulatory authority (where applicable).</p></td></tr></table>	Infraction	Penalty	Failure to replace an expiring Issuer/CP Programme rating with a renewed/extended Issuer/CP Programme rating of the same type no later than ten (10) Business Days prior to the expiration date of the applicable rating.	<p>i. First time: Notice of Infraction to the MD/CEO of the Issuer, with the MD/CEO of the Sponsor in copy</p> <p>ii. Second time: Fine of ₦100,000.00 (one hundred thousand Naira) and ₦10,000.00 (ten thousand Naira) for each business day the infraction subsists</p> <p>iii. Third time: Fine of ₦200,000.00 (two hundred thousand Naira) and ₦20,000.00 (twenty thousand Naira) for each business day the infraction subsists.</p> <p>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by the Exchange.</p> <p>Notwithstanding the above, where an Issuer is culpable of this infraction, the Exchange shall publicise the Issuer’s infraction on the FMDQ Exchange website or such other advised media and a report shall be made to the relevant regulatory authority (where applicable).</p>	Failure to ensure that there is a valid and subsisting CP Programme/Issuer rating during the tenor of all outstanding CP Issues (e.g. due to the expiration of the rating designated at commencement of the CP).	<p>i. First time: Fine of ₦250,000.00 (two hundred and fifty thousand Naira) and ₦25,000.00 (twenty-five thousand Naira) for each business day the infraction subsists.</p> <p>ii. Second time: Fine of ₦500,000.00 (five hundred thousand Naira) and ₦50,000.00 (fifty thousand Naira) for each business day the infraction subsists.</p> <p>iii. Third time: Fine of ₦1,000,000.00 (one million Naira) and ₦100,000.00 (one hundred thousand Naira) for each business day the infraction subsists.</p> <p>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by the Exchange.</p> <p>Notwithstanding the above, where an Issuer is culpable of this infraction, the Exchange shall publicise the Issuer’s infraction on the FMDQ Exchange website or such other advised media and a report shall be made to the relevant regulatory authority (where applicable).</p>
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General Undertaking by CP Issuer (Click here to view)								
5.	N/A	<p>In addition to the above, the following language has been included in the General Undertaking by the Issuer:</p> <p>The Issuer further resolves and undertakes as follows:</p> <p>To acknowledge that FMDQ Exchange reserves the right to penalise the Issuer/Promoter for failure to comply with the provisions of the Rules.</p>						

PART B: AMENDMENTS TO OTHER FMDQ EXCHANGE REGULATION

To ensure that compliance obligations/notifications are fulfilled/provided to the Exchange on business days as opposed to weekends/public holidays, relevant provisions of the Exchange's regulations have been amended from "hours" to "Business Days" as follows:

S/N	Section	Previous Language	Amended Language
Commercial Paper Registration & Quotation Rules (Click here to view)			
1.	7.2	The IPCA/IPA shall notify FMDQ Exchange of the Discreet Issue/CPs sought to be issued under the Programme no later than twenty-four (24) hours prior to the opening of the offer. Such notification shall include the following details: Amount on offer, minimum level of subscription (if applicable) offer open/ close dates, CP Issue Date and settlement dates, amongst others.	The IPCA/IPA shall notify FMDQ Exchange of the Discreet Issue/CPs sought to be issued under the Programme no later than one (1) Business Day prior to the opening of the offer. Such notification shall include the following details: Amount on offer, minimum level of subscription (if applicable) offer open/ close dates, CP Issue Date and settlement dates, amongst others
2.	11.3	The IPCA/IPA shall notify FMDQ Exchange within twenty-four (24) hours of becoming aware of any circumstances that occur which could impact the contents of the Offer Documents making such documents include an untrue statement of a material fact or omit to state any material fact which may make statement(s) in the Offer Document untrue, inaccurate and/or misleading.	The IPCA/IPA shall notify FMDQ Exchange within one (1) Business Day of becoming aware of any circumstances that occur which could impact the contents of the Offer Documents making such documents include an untrue statement of a material fact or omit to state any material fact which may make statement(s) in the Offer Document untrue, inaccurate and/or misleading.
Commercial Paper Registration & Quotation Template Guide (Click here to view)			
1.	GENERAL UNDERTAKING BY CP ISSUER	To notify FMDQ Exchange, through the IPCA/IPA, within twenty-four (24) hours of becoming aware of the following:	To notify FMDQ Exchange, through the IPCA/IPA, within one (1) Business Day of becoming aware of the following:
FMDQ Trading and Reporting Infractions & Penalties Guide (Click here to view)			
1.	Investigation Process	The transaction counterparties shall be expected to provide responses (setting out all material facts with supporting evidence) within twenty-four (24) hours of the request by FMDQ Exchange (or such other timeframe as advised by FMDQ Exchange).	The transaction counterparties shall be expected to provide responses (setting out all material facts with supporting evidence) within one (1) Business Day of the request by FMDQ Exchange (or such other timeframe as advised by FMDQ Exchange).
FMDQ General Market Rules (Click here to view)			
1.	Market Participation / Trading Hours	Where a Member will be absent from trading activities on a particular market day, notification supported with justification must reach FMDQ Exchange Market Services Group (MSG) 24 hours prior to such absence.	Where a Member will be absent from trading activities on a particular market day, notification supported with justification must reach FMDQ Exchange Market Services Group (MSG) one (1) Business Day prior to such absence.
2.	Pre-Settlement Risk Management	Where there is a need to effect changes to counterparty limits, a Member shall advise FMDQ Exchange (Market Services Group) 24 hours prior to the change on the system. Where an emergency Credit Committee meeting was held by Dealing Members to change such counterparty limits, the changes should be communicated to FMDQ Exchange within 24 hours of the conclusion of the emergency meeting.	Where there is a need to effect changes to counterparty limits, a Member shall advise FMDQ Exchange (Market Services Group) one (1) Business Day prior to the change on the system. Where an emergency Credit Committee meeting was held by Dealing Members to change such counterparty limits, the changes should be communicated to FMDQ Exchange within one (1) Business Day of the conclusion of the emergency meeting.
Fixed Income Securities Investment Clients Services Guidelines (Click here to view)			

MARKET BULLETIN



1.	3.4	When the Client issues an instruction, the Dealing Member shall ensure that the Client is advised, within twenty-four (24) hours that their request has been logged.	When the Client issues an instruction, the Dealing Member shall ensure that the Client is advised, within one (1) Business Day that their request has been logged.
2.	3.5	Further to Rule 3.4 above, when a Client issues an instruction for the purchase of Fixed Income Securities, the Dealing Member shall, within twenty-four (24) hours of the instruction, move the Client's funds to a memorandum investment account or place a lien over the Client's funds.	Further to Rule 3.4 above, when a Client issues an instruction for the purchase of Fixed Income Securities, the Dealing Member shall, within one (1) Business Day of the instruction, move the Client's funds to a memorandum investment account or place a lien over the Client's funds.
3.	6.5(vii)	Where Clients request a statement from the Custodian in relation to Fixed Income Securities held on behalf of the Clients, the Custodian shall respond within twenty-four (24) hours of the request.	Where Clients request a statement from the Custodian in relation to Fixed Income Securities held on behalf of the Clients, the Custodian shall respond within one (1) Business Day of the request.
Short-Term Bond Listing Rules (Click here to view)			
1.	4.10(vi)	Executed Offer Documents shall be filed with FMDQ within forty-eight (48) hours of the execution of the updated Offer Documents.	Executed Offer Documents shall be filed with FMDQ within two (2) Business Days of the execution of the updated Offer Documents.
2.	APPENDIX I: SHORT-TERM BONDS REGISTRATION PROCESS	Timelines: i. Approval of STB Programme – 48 hours ii. Approval of Series under a Programme or Single Issue (FMDQ) – 24 Hours, (SEC) – 48 Hours iii. Offer for Subscription + Approval of Allotment Proposal (FMDQ) – 24 Hours, (SEC) - 48 Hours	Timelines: i. Approval of STB Programme – Two (2) Business Days ii. Approval of Series under a Programme or Single Issue (FMDQ) – One (1) Business Day , (SEC) – Two (2) Business Days iii. Offer for Subscription + Approval of Allotment Proposal (FMDQ) – One (1) Business Day , (SEC) - Two (2) Business Days