

July 26, 2024

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To: ALL MARKET PARTICIPANTS

From: RULES & REGULATION GROUP

INTRODUCTION OF THE FMDQ EXCHANGE SHARI'AH ADVISER RECOGNITION FRAMEWORK

1. This Market Bulletin seeks to notify all market participants of FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) of the introduction of the Shari’ah Adviser Recognition Framework (the “**Framework**”) for non-interest finance securities seeking to be admitted on the Exchange.
2. In a bid to ensure that all non-interest finance securities offered by market participants of the Exchange are in compliance with Shari’ah principles, the Framework outlines the relevant criteria for the recognition of Shari’ah Advisers for non-interest finance securities seeking to be admitted on the Exchange.
3. The Framework shall take effect immediately and shall be read in conjunction with relevant FMDQ securities admission Rules¹.
4. All market participants are hereby advised to familiarise themselves with the Framework to ensure compliance.
5. Kindly take note and be guided accordingly.

¹ Commercial Paper Registration and Quotation Rules - October 2023; Sukuk Listing Rules - April 2017 (as may be amended and supplemented) and such other securities admission regulation for non-interest finance products as may be prescribed by FMDQ Exchange from time to time.



FMDQ Exchange Shari'ah Adviser Recognition Framework

FMDQ Securities Exchange Ltd

July 26, 2024

FMDQ EXCHANGE SHARI'AH ADVISER RECOGNITION FRAMEWORK

Introduction

In a bid to ensure that non-interest finance securities, offered by market participants of FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) are in compliance with relevant Shari’ah principles, the Exchange has established its Shari’ah Adviser Recognition Framework.

Consequently, the following shall be recognised as Shari’ah Advisers for non-interest finance securities seeking to be admitted on the Exchange:

- Members of a CBN²-approved Advisory Committee of Experts (“**ACE**”)
- SEC³-registered and/or recognised Shari’ah Advisers
- Individuals, Corporate or ACE that have participated as Shari’ah Adviser in any CBN-approved or SEC-approved non-interest finance transaction (“**NIFT**”) in the last twelve (12) months from the proposed NIFT admission application filing date
- Foreign Shari’ah Advisers registered and/or recognised by applicable foreign regulatory bodies

In the interest of investor protection, there shall be at least two (2) individuals that qualify to act as Shari’ah Advisers on any proposed NIFT (*applicable when it is neither a committee nor corporate that seeks to act as Shari’ah Adviser*).

The table below sets out the details of the specific requirements to be provided for the Exchange’s assessment of prospective Shari’ah Advisers towards recognition:

S/N	Recognition Criteria	Requirement
1.	Individuals or ACE recognised by the CBN	Shari’ah Advisers in this category shall be required to provide evidence of either: <ul style="list-style-type: none"> ▪ Membership of a CBN-approved ACE ▪ Participation⁴ in a CBN-approved NIFT in the last twelve (12) months from the proposed application filing date
2.	Individuals or Corporate registered/recognised by the SEC	Shari’ah Advisers in this category shall be required to provide evidence of either: <ul style="list-style-type: none"> ▪ SEC’s recognition/registration ▪ Participation in a SEC-approved NIFT in the last twelve (12) months from the from the proposed application filing date
3.	Foreign Shari’ah Advisers	Foreign Shari’ah Advisers shall provide the following: <ul style="list-style-type: none"> ▪ Full name, address, jurisdiction of residence and contact information ▪ Evidence of registration/recognition of such Shari’ah Advisers by the applicable regulatory body in the foreign country ▪ Profile and Shari’ah qualification and experience of the foreign Shari’ah Advisers and their principal officer(s). Where the adviser is a body corporate/association, at least two (2) principal officers must provide their Shari’ah qualification and experience ▪ Agreement between the prospective Issuer and the foreign Shari’ah Advisers

² Central Bank of Nigeria.

³ Securities and Exchange Commission Nigeria.

⁴ Participation entails carrying out a primary function or role such as an Adviser, Issuer, Issuing House, Fund Manager, etc. for an NIFT.