



FMDQ PRIVATE MARKETS

CONSOLIDATED INFRACTIONS & PENALTIES GUIDE

FMDQ Private Markets Limited

June 2025

1. Introduction

This FMDQ Private Markets Limited ("**FMDQ Private Markets**") Consolidated Infractions & Penalties Guide ("**Consolidated I&P Guide**") provides a non-exhaustive list of infractions and their attendant penalties applicable to Members and Issuers within the FMDQ Private Markets ecosystem. It serves as a consolidated reference guide outlining obligations and corresponding sanctions under the governance and operational framework of FMDQ Private Markets, including but not limited to obligations arising from the Consolidated Private Companies' Securities Noting Guidelines ("**PCS Guidelines**"), Membership/Sponsorship Agreements (the "**Agreements**"), Notices, communiques, directives and any such other Terms and Conditions as may be issued and amended by FMDQ Private Markets from time to time. The scope of the Consolidated I&P Guide encompasses both Membership-related and Noting-related obligations, and is intended to promote accountability, transparency, and compliance amongst all parties engaging within the FMDQ Private Markets ecosystem.

There are several factors that FMDQ Private Markets considers in determining the appropriate penalties to be applied in respect of an infraction, including the following:

- The size, severity, and nature of the infraction
- How the infraction came to light
- The actual or potential impact of the infraction, and any other repercussions
- The extent to which the infraction was deliberate, negligent, or reckless
- The general compliance history of the Member and specific history regarding the infraction in question
- The responsiveness and conduct of the Member in relation to the matter under investigation

Penalties that may be imposed in respect of an infraction may include, but are not limited to, the following:

- Warning letters
- Public censure
- Fines
- Suspension of membership on FMDQ Private Markets
- Termination of membership on FMDQ Private Markets
- Exclusion from consideration for FMDQ GOLD Awards
- Report to the regulatory and enforcement authorities (where applicable)
- Such other penalties as may be prescribed by FMDQ Private Markets from time to time

In addition to the penalties for non-compliance listed above, infractions issued to a Member by FMDQ Private Markets may impact on the activities of such Member across other entities within FMDQ Group PLC.

FMDQ Private Markets may, at its discretion, vary the penalties structure outlined below to adapt to the circumstances of any particular case, taking all factors into consideration.

This Consolidated I&P Guide shall be read in conjunction with the PCS Guidelines, Agreements, Notices, communiques, directives, and any other Terms and Conditions as may be prescribed by FMDQ Private Markets from time to time. Further, in keeping with evolving market dynamics and leading practices, this Guide may be subject to periodic review and amendment.

2. Infractions & Penalties

PART A: MEMBERSHIP INFRACTIONS		
S/N	Infractions	Penalties Grid
1.	Failure to notify FMDQ Private Markets of any material changes to information submitted during the membership application process, including but not limited to changes in the Members' Authorised Representatives, Board of Directors, or Management, within one (1) month of such change.	<p>i. First time: ₦1,000,000.00 (One Million Naira) and ₦50,000.00 (Fifty Thousand Naira) for each day the infraction subsists.</p> <p>ii. Second time: Suspension of the Member for such period as may be prescribed by FMDQ Private Markets from time to time.</p> <p><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.</i></p> <p><i>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>
2.	Failure to notify FMDQ Private Markets in writing of any facts or circumstances which may affect the legal form or organisation of the Member, including (but not limited to) any consolidation, reorganisation, merger, change of name, change of control or similar event to which the Member is or will become a party and provide such additional information as FMDQ Private Markets may reasonably require.	
3.	Failure to disclose any event which may impair the Member's ability to comply with the Agreement or any of the FMDQ Private Markets Guidelines, to FMDQ Private Markets within five (5) Business Days of being aware of the event.	
4.	Failure to immediately notify FMDQ Private Markets as soon as it is served with or becomes aware of any litigation or claims against an Issuer (on whose behalf it acts as Sponsor or Professional party) which litigation or claim is likely to affect the value of the Private Company's Security.	
5.	Failure to promptly notify FMDQ Private Markets as soon as it is served with or becomes aware of any proceeding for bankruptcy, insolvency, winding up, administration or similar event (including amicable settlement) in any relevant jurisdiction it is subject to, and to which it is a Party.	
6.	Failure to disclose to FMDQ Private Markets any investigation, sanction, enforcement proceeding or injunction against it in respect of any matter related to the Agreement, or any other membership agreements executed with any securities exchange, self-regulatory organisation, regulatory authority or such other body that may adversely affect the performance of its obligations herein to FMDQ Private Markets within three (3) Business Days of being aware of the investigation, sanction, enforcement proceeding or injunction.	
7.	Failure to keep and maintain proper records and books of account in respect of all activities as a Transaction Sponsor/Professional Party of FMDQ Private Markets and as the Sponsor/Solicitor of a Private Company's Security for a period to be advised by FMDQ Private Markets and where not expressly advised, in accordance with the FMDQ Private Markets Guidelines and any other Applicable Law.	
8.	Participation in fraudulent or misleading conduct that may artificially and/or abnormally affect the price or value of a Private Company Security, create any false or misleading impression as to the market price of any Private Company Security noted on the FMDQ Private Markets PCS Portal (Restricted), breach of the Agreements and/or Applicable Law, mar the integrity and transparency of the process of noting a Private Company Security on the FMDQ Private Markets PCS Portal (Restricted), or any other activities that will adversely Impact the FMDQ Private Markets PCS Portal (Restricted).	Termination of the institution's membership on FMDQ Private Markets.
9.	Failure to provide previously deferred documentation, in respect of the Members' Membership application by the approved submission date	Suspension of the institution's membership on FMDQ Private Markets pending the submission of the outstanding documentation.
10.	Publishing of any advertisements whatsoever in relation to the enrolment, issuance, offer and sale of Private Companies Securities or in respect of any Placement Memorandum, supplemental memoranda or other document related to the enrolment, issuance, offer, sale, or transfer of securities issued	<p>i. First time: Fine of ₦50,000,000.00 (Fifty Million Naira).</p> <p>ii. Second time: Suspension of the Member for such period as may be prescribed by FMDQ Private Markets from time to time.</p> <p><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.</i></p>

PART B: NOTING INFRACTIONS

Pre-Issuance Obligations

S/N	Infractions	Section	Penalties Grid
1.	Failure to ensure the maximum aggregate nominal amount and value of all PCS outstanding under an enrolled Programme, at any given time does not exceed the Programme size approved Private Markets.	4.1v	i. First time: Notice of Infraction to the Compliance Officer of the Transaction Sponsor with the MD/CEO in copy ii. Second time: Fine of ₦250,000.00 (Two Hundred and Fifty Thousand Naira). iii. Third time: Fine of ₦500,000.00 (Five Hundred Thousand Naira).
2.	Failure to adhere to the minimum level of subscription as stated in the Offer Documents or where a minimum level of subscription for an Issue is not stated in the Offer Documents, 50% of the amount approved by the Issuer/Promoter's Board of Directors (where applicable).	4.4ii - iv	<p><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets.</i></p> <p><i>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>
3.	Failure to adhere to the minimum PCS Issue size requirement of ₦100,000,000.00 (one hundred million naira) and multiples of ₦50,000,000.00 (fifty million naira) thereafter		
4.	Failure to provide signed attestation that all investors have been made aware of the fact that the PCS issuance did not meet the minimum level of subscription.		
5.	Failure of the Transaction Sponsor to notify FMDQ Private Markets of the Discrete Issue/Security sought to be issued under the Programme within a period not exceeding two (2) Business Days prior to the opening of the offer.	4.8v	<p>i. First time: Notice of Infraction to the Compliance Officer of the Transaction Sponsor with the MD/CEO in copy ii. Second 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 iii. Third 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><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.</i></p> <p><i>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>

Noting Obligations

6.	Filing of a waiver/deferral request letter later than one (1) Business Day before expiration of the timeframe prescribed by FMDQ Private Markets.	1.5	<p>i. First time: Notice of Infraction to the Compliance Officer of the Transaction Sponsor with the MD/CEO in copy ii. Second time: Fine of ₦100,000.00 (One Hundred Thousand Naira), and ₦10,000.00 (Ten Thousand Naira) for each business day that the infraction subsists iii. Third 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>
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			<p>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets.</p> <p>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</p>
7.	Failure of the Transaction Sponsor to regularise deferred requirement(s) within the timeframe stipulated by FMDQ Private Markets.		Fine of ₦50,000.00 (Fifty Thousand Naira) for each business day in which the documentation requirement(s) remains outstanding.
8.	Failure of the Issuer/Transaction Sponsor seeking Enrolment/Noting privileges for the PCS to file the application no later than twenty (20) Business Days from the date the offer closed and/or funding date.	2.7	Fine of ₦10,000.00 (Ten Thousand Naira) for each Business Day up to the date the application is filed, in addition to the relevant Noting Fees.
9.	Failure of the Transaction Sponsor to provide evidence of lodgement of the PCS Issue within ten (10) Business Days of the noting of the security.	4.1	i. First time: Notice of Infraction to the Compliance Officer of the Transaction Sponsor with MD/CEO in copy
10.	Failure of the Transaction Sponsor to file an application for the PCS within five (5) Business Days of offer close date the Noting Service Group of FMDQ Private Markets.	4.6vi	ii. Second 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
11.	Failure of the Transaction Sponsor (IPA ¹) to provide all the relevant documentation outlined in Appendix III of the Guidelines no later than five (5) Business Days from the Settlement Date of the Issue following the close of the offer.	14.3.6	iii. Third 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>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets.</p> <p>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</p>			
Post -Noting Obligations			
Issuers/Promoters/Originators Obligations			
12.	Failure of the Issuer/Promoter to comply with the continuous reporting and disclosure requirements and other continuous disclosure requirements as may be prescribed by FMDQ Private Markets from time to time ²	8.4	i. First time: Notice of Infraction to the MD/CEO of the Issuer, with the MD/CEO of the Transaction Sponsor in copy.

¹ Applicable only in the issuance of Private Companies Notes (PCNs)

² This shall include but not limited to the completion of periodic anniversary rating review process in respect of the Security (where applicable) and payment of annual Noting fees as prescribed by Private Markets etc.

13.	Failure of the Issuer to notify Private Markets immediately after approval by its Board of Directors or Management of the following information: (i) Any decision regarding non-compliance with any payment due on the issue. (ii) Any decision regarding the acceleration of any payment on a Security. (iii) Any purchase, redemption, or cancellation by the Issuer of its Securities.	8.6	ii. Second time: Fine of ₦100,000.00 (One Hundred Thousand Naira), and ₦10,000.00 (Ten Thousand Naira) for each business day that the infraction subsists iii. Third 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
14.	Failure to comply with the Rollover Process outlined in Appendix IV of the Guidelines, prior, to the maturity of the PCN, where the Issuer/Promoter is desirous of rolling over the PCN.	15.1	Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time. Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).
15.	Failure of the Issuer/Promoter to treat the investors in a fair and equitable manner and in accordance with the Guidelines, Agreements, Notices, communiques, directives and such other Terms and Conditions as may be prescribed by FMDQ Private Markets from time to time.	17.2	
16.	Failure of the Issuer/Promoter to file copies of specified documentation and disclosure requirements outlined in the General Undertaking with FMDQ Private Markets within the timeframe prescribed by the Form of General Undertaking.	General Undertaking	
17.	Failure of the Issuer/Promoter to ensure that the amount raised through the Issue is utilised for the purpose stated in the Offer Documents.	Appendix I	i. First time: ₦500,000.00 (Five Hundred Thousand Naira) ii. Second time: ₦1,000,000.00 (One Million Naira) Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time. Notwithstanding the above, where an Issuer is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).
Transaction Sponsors Obligations			
18.	Failure of the Transaction Sponsor to file accurate quarterly Compliance Reports in the manner prescribed by the Guidelines within ten (10) business days of the end of each quarter	3.8, 8.1, 15.2, 18.10	i. First time: Notice of Infraction to the Compliance Officer of the Transaction Sponsor with the MD/CEO in copy ii. Second time: Fine of ₦100,000.00 (One Hundred Thousand Naira), and ₦10,000.00 (Ten Thousand Naira) for each business day that the infraction subsists iii. Third 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 Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.

			<i>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i>
19.	Failure of the Transaction Sponsor to verify and confirm that the disclosures made by the Issuer are true, fair, and adequate and ensure that the Issuer complies with these Guidelines and such other Terms and Conditions as may be prescribed by FMDQ Private Markets.	18.2	<p><i>i. First time: Notice of Infraction to the Compliance Officer of the Transaction Sponsor with the MD/CEO in copy</i></p> <p><i>ii. 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</i></p> <p><i>iii. 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</i></p> <p><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.</i></p> <p><i>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>
20.	Failure of the Transaction Sponsor to notify FMD Private Markets immediately, and no later than one (1) Business day of becoming aware of any circumstances that have occurred, 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.	18.3	
21.	Failure of the Transaction Sponsor to file any updated or supplemental Offer Documents with respect to each issue/series/tranche, containing details of the new series/tranche and material changes and the impact of said changes, if any, in the information provided in the Offer Documents of the enrolled Programme.	18.5	
22.	Failure of the Transaction Sponsor to notify FMDQ Private Markets where it becomes aware that the amount raised through the Issue is not being utilised by the Issuer for the purposes stated in the Offer Documents.	18.7	
23.	Failure of the Transaction Sponsor to submit an Allotment Report providing a summary of the various groups of investors in the PCS Issue within two (2) Business Days of settlement of the PCS.	18.10	
24.	Failure of the Transaction Sponsor to notify FMDQ Private Markets immediately, and no later than one (1) Business Day of becoming aware of any revision to the Issue/Issuer/Promoter/ Guarantor (where applicable ³)/Programme rating.	18.14	<p><i>i. Fine of ₦500,000.00 (Five hundred thousand Naira) for each investor that does not meet the eligibility criteria</i></p> <p><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets.</i></p> <p><i>Notwithstanding the above, where a Transaction Sponsor is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>
25.	Failure of the Transaction Sponsor to ensure that all investors meet the eligibility criteria for investment in PCS as prescribed by FMDQ Private Markets.	18.9	

³ Where the issue is guaranteed by a corporate entity

26.	Failure of the Transaction Sponsor to notify FMDQ Private Markets no later than one (1) Business Day prior to maturity of the Security, that all investors have been duly informed of the Issuer/Promoter intention to Rollover a PCS.	18.16	<p>i. First time: ₦500,000.00 (Five Hundred Thousand Naira)</p> <p>ii. Second time: ₦1,000,000.00 (One Million Naira)</p> <p><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.</i></p> <p><i>Notwithstanding the above, where an Issuer is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>
Payment Obligations			
27.	Failure of the Issuer to make payment of principal and interest on PCS as and when due to investors (i.e. Credit Default on payment due to investors at maturity by the Issuer/Promoter) ⁴	17.6, 19.3	<p>i. First time: Notice of Default to the MD/CEO of the Issuer, with the MD/CEO of the Transaction Sponsor in copy</p> <p><i>Notwithstanding the above, where an Issuer is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p>
29.	Failure of the Issuer/Promoter to ensure that there are sufficient funds in its funding account with the Transfer Agent to pay investors by 12:00 Noon on the maturity date of the PCN.	16.7	<p><i>Issuers in default of their payment obligations shall pay investors the full value of the amount owed and interest at the Default Rate (i.e. the higher in value of daily overnight NIBOR + 5% per annum or Issue rate + 5% per annum) for everyday such obligations remain outstanding, until its debt is fulfilled.)</i></p>
30.	Failure of the Transaction Sponsor to ensure that received funds are distributed amongst PCN holders on a pro-rata basis in the case of part-payment by an Issuer/Promoter.		<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>
31.	Failure of the Transaction Sponsor, having received funds from the Issuer, to ensure that funds have been transferred to all PCS holders by 2:00 PM on maturity date of the PCS.	16.8	<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><i>Where there are subsequent occurrences of the infraction, penalties prescribed shall be as determined by FMDQ Private Markets from time to time.</i></p> <p><i>Notwithstanding the above, where an Issuer is culpable of this infraction, FMDQ Private Markets shall publicise same in the compliance report on the PCS Portal (Restricted).</i></p> <p><i>Transaction Sponsors culpable of this infraction shall pay investors the full value of the amount owed and interest at the Credit Default Rate (i.e. the higher in value of daily overnight NIBOR + 5% per annum or Issue rate + 5% per annum) for everyday such obligations remain outstanding, until its debt is fulfilled.</i></p>

⁴ For the purpose of the Guidelines, part-payment of the PCN value to investors shall also constitute a default

APPENDIX I: MEMBERSHIP GUIDELINES

S/N	Standard
1.	Where two (2) or more infractions meet the specified thresholds for a fine, the defaulting Member shall be fined for each infraction
2.	All responses to the notices of infraction must be received, and fines paid within the timelines stipulated in the written communication to Members
3.	Penalties imposed in accordance with this Guide do not constitute a waiver of other disciplinary actions which FMDQ Private Markets may deem fit to take from time to time
4.	Appeals against penalties must be in accordance with FMDQ Private Markets' appeals process as may be prescribed by FMDQ Private Markets from time to time
5.	Fines shall be invoiced as and when due and shall not be combined with any other fees
6.	FMDQ Private Markets may, at its discretion, waive the enforcement of any penalty

APPENDIX II: NOTING GUIDELINES

S/N	Standard
1.	A Lead Transaction Sponsor to an Issue shall be liable for all disclosure and reporting obligations when acting as lead during the enrolment/noting application process.
2.	Transaction Sponsors (i.e., Lead and other Co-sponsors) to an Issue shall be held jointly and severally responsible for ongoing notification and disclosure obligations on enrolled/noted Programmes/Issuances and shall be individually liable to pay the full value of any fines levied for violation of the Guidelines.
3.	Where two (2) or more infractions meet the specified thresholds for a fine, the responsible Issuer/Transaction Sponsor(s) shall be fined for each infraction.
4.	FMDQ Private Markets shall publicise infractions in the compliance report on the PCS Portal (Restricted).
5.	Notwithstanding any of the penalties outlined in this Guide or as may be prescribed by FMDQ Private Markets, Issuers in default of their payment obligations shall pay investors the full value of the amount owed and interest at the Default Rate (i.e. the higher in value of daily overnight NIBOR + 5% per annum or Issue rate + 5% per annum) for everyday such obligations remain outstanding, until its debt is fulfilled.
6.	Fines shall be invoiced monthly and shall not be combined with any other fees.
7.	Where a Transaction Sponsor fails to pay penalties in accordance with this Guide other than in the case of a legitimate appeal, FMDQ Private Markets may suspend its membership without prejudice to other actions which Private Markets may take.
8.	Persistent violation of the Guidelines may attract suspension or prohibition from accessing the PCS Portal (Restricted).
9.	FMDQ Private Markets may, at its discretion, waive the enforcement of these penalties.