

**RULES FOR THE ADMISSION OF RIGHTS ISSUES ON
NASD OTC SECURITIES EXCHANGE**

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1. DEFINITIONS

S/N	SUBJECT	DEFINITION
1.	CAMA	Company and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004
2.	COMPANY	The Company seeking to raise capital via Rights Issue
3.	RIGHTS CIRCULAR	A document which contains relevant information on the Rights Issue in line with the provisions of the Rules and Regulations of the Securities and Exchange Commission.
4.	ISA	Investment and Securities Act, 2007
5.	MEMART	Memorandum and Articles of Association
6.	NASD SECURITIES LIST	Contains information on Securities trading on NASD OTC Securities Exchange.
7.	NASD	NASD PLC
8.	NASD OTC	NASD OTC Securities Exchange
9.	PARTICIPATING INSTITUTION	An Issuing House duly registered with the Securities and Exchange Commission and licensed with NASD to participate on the NASD OTC Securities Exchange with respect to a Rights Issue.
10.	PLC	Public Limited Company
11.	PROFESSIONAL PARTIES	These include Auditors, Receiving Banks, Registrars, Issuing House, Solicitors and any other expert providing professional advice to the Company in respect of the Rights Issue.
12.	RIGHTS ISSUE	An offer to existing shareholders to purchase additional shares in proportion to their existing holdings.
13.	RULES	Guidelines and Requirements for undertaking a Rights Issues on NASD OTC Securities Exchange
14.	SEC	Securities and Exchange Commission
15.	SEC RULES	Securities and Exchange Commission, Consolidated Rules and Regulations, 2013 and any applicable amendments issued from time to time.
16.	STOCKBROKERS	All members of the Association of Stockbroking Houses in Nigeria who are registered as Participating Institutions (as defined under these Rules) with NASD
17.	VAT	Value Added Tax
18.	VENDING AGREEMENT	A contract between the Company undertaking a Rights Issue and Issuing House

1. INTRODUCTION

This document prescribes guidelines for companies seeking to raise capital via a Rights Issue on the NASD OTC Securities Exchange.

Companies who wish to raise capital via a Rights Issue shall in addition to the following guidelines and requirements, comply with the relevant provisions of the ISA, SEC Rules and Regulations, CAMA and other applicable legislation in Nigeria.

2. GENERAL REQUIREMENTS:

- 2.1. A Company seeking to raise capital via Rights Issue on NASD OTC must:
 - a. be registered at the CAC as a PLC.
 - b. have registered its Securities with the SEC.
 - c. have its Securities admitted on NASD PLC.
- 2.2. The Application for admission of a Rights Issue shall be sponsored by a Participating Institution.
- 2.3. The subscription offer shall remain open for a maximum period of Twenty-Eight (28) working days

3. REQUIRED DOCUMENTATION

- 3.1. An application letter duly executed by the Participating Institution representing the Company.
- 3.2. Completed and Executed NASD Form 3.
- 3.3. An approval letter from the SEC for the Company's proposed Rights issue.
- 3.4. A Letter of Indemnity (Appendix III) duly executed by authorized representatives of the Company and notarized in favor of NASD PLC.
- 3.5. A General Undertaking (Appendix I) to abide by the Rules and Regulations of the NASD OTC Securities Exchange duly executed by authorized representatives of the Company and notarized.
- 3.6. A Shareholders' Resolution approving the Rights Issue.
- 3.7. The Notice of the General meeting approving the proposed Rights issue as published in two (2) national dailies.
- 3.8. Audited Financial Statements of the preceding year.
- 3.9. Unaudited Financial Statements (Interim Accounts) for the current fiscal year in which the application is brought.
- 3.10. Consent letters duly executed by each Director, Company Secretary and Professional Advisers to the Issue and notarized.
- 3.11. A Certified True Copy of the Company's most recent Return on Allotment (Form CAC 2).
- 3.12. A Certified True Copy of the Company's most recent Particulars of Directors (Form CAC 7)

- 3.13. A copy of the Vending Agreement between the Issuing House and the Company.
- 3.14. A Copy of the Underwriting agreement (if underwritten).
- 3.15. A Certified True Copy of the Company's MEMART.
- 3.16. A letter of Confirmation executed by a Solicitor that there are no restrictive clauses in the Company's MEMART for the transfer of shares.
- 3.17. A Copy of the draft Rights Circular to be forwarded to the Securities and Exchange Commission's (SEC) prior to SEC's approval of same.
- 3.18. A copy of the Rights Poster to be circulated to the public upon SEC's final approval.
- 3.19. Evidence of payment of applicable fees.

4. APPLICATION PROCEDURE/TRADING NOTIFICATION

- 4.1 The Participating Institution(s) shall forward its application with the requisite accompanying documents to NASD.
- 4.2 NASD shall review and advise the Participating Institution on its compliance status.
- 4.3 NASD PLC shall give its conditional approval to the proposed Rights Issue pending the final approval of the SEC and holding of the Signing Ceremony.
- 4.4 The Participating Institution(s) shall forward to NASD the Final approval of SEC for the Rights Issue and other outstanding documents which may be requested by NASD not later than 48 hours after the Signing Ceremony.
- 4.5 NASD shall notify the Participating Institution in writing within 48 hours of its decision following receipt of the afore mentioned documents.
- 4.6 NASD shall notify the OTC Market of the open and close date of the Rights Issue.

Please Note:

- NASD and its approved list of Professional Advisers, including NASD approved Stockbrokers shall be highlighted in the Rights Circular.
- NASD requires all documents to be submitted in electronic and hard copy formats.
- Please visit NASD's website at <https://nasdng.com/investors/full-list-of-brokers/> for a list of eligible stockbrokers.
- To apply for the admission of new securities on NASD OTC Securities Exchange in line with Clause 2.1(c), please visit the website at https://nasdng.com/wp-content/uploads/2018/11/NASD_Form_3_Admission_to_trade_a_new_security_v4.pdf

- The above requirements are not exhaustive and NASD reserves the right to request additional information.

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APPENDIXES

APPENDIX I – FORM OF GENERAL UNDERTAKING

APPENDIX II – FORM OF INDEMNITY LETTER

APPENDIX III – DOCUMENTATION CHECKLIST

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APPENDIX I**FORM OF GENERAL UNDERTAKING****[TO BE PRINTED ON COMPANY'S LETTERHEAD]****GENERAL UNDERTAKING BY THE COMPANY TO ABIDE BY THE NASD
OTC SECURITIES EXCHANGE RULES AND REGULATIONS**

(DATE)

The Managing DirectorNASD PLC
UBA House
57, Marina Road
Lagos Island,
Lagos.

Dear Sir,

**UNDERTAKING TO ABIDE BY THE RULES AND REGULATIONS OF THE NASD OTC SECURITIES
EXCHANGE**

(THE COMPANY) acknowledges that the privilege to remain on the NASD OTC Securities Exchange is subject to the approval of the Board of NASD PLC and hereby undertakes to abide by the Rules of the NASD OTC Securities Exchange, the Code of Conduct for Capital Market Operators as outlined by the Securities and Exchange Commission and any other applicable rules governing the business of the OTC Securities Exchange.

We agree to act in an ethical manner while trading on the NASD OTC Securities Exchange, to keep proper records and render timely returns.

Thank you.

Your Faithfully,
For: (the Company)

COMPANY SECRETARY

DIRECTOR

APPENDIX II**FORM OF INDEMNITY LETTER****[TO BE PRINTED ON COMPANY'S LETTERHEAD]****LETTER OF INDEMNITY**

(DATE)

The Managing DirectorNASD PLC
UBA House
57, Marina Road
Lagos Island,
Lagos

Dear Sir,

INDEMNITY TO NASD PLC ON THE (NAME OF COMPANY) RIGHTS ISSUE OF - ORDINARY SHARES OF ₦ -EACH AT ₦ - PER SHARE (THE "RIGHTS ISSUE")

We, (NAME OF COMPANY) whose securities are to be offered to existing shareholders and the general public warrant to NASD PLC ("NASD"):

1. That the statements contained in the Rights Circular which is to be issued are correct and that there are no facts known or unknown which are not disclosed in the Rights Circular, omission of which would make any statement misleading,
2. To indemnify and keep indemnified NASD generally against all liability and more particularly against any actions, claims, proceedings by any person or any damages or costs incurred by NASD in contesting any proceeding arising from, as a result of or in connection with the statements and facts contained in the Rights Circular and the admission and trading of the Company's shares being offered via the Rights Issue on the NASD OTC Securities Exchange.

Dated this _____ day of _____ 20

Director_____
Company Secretary

APPENDIX III
DOCUMENTATION CHECKLIST
DOCUMENT CHECKLIST FOR UNDERTAKING A RIGHTS ISSUE

RIGHTS ISSUE			
S/N	DOCUMENTATION	YES/NO	COMMENTS
1.	An application letter by the Participating Institution		
2.	Completed and Executed NASD Form 3		
3.	A conditional approval from SEC for the Company's proposed Rights Issue		
4.	An executed and notarized Letter of Indemnity in favor of NASD Plc		
5.	A General Undertaking to abide by the Rules and Regulations of the NASD OTC Securities Exchange duly executed by authorized representative of the Company and notarized		
6.	Consent letters executed by the Directors of the Company and Professional Parties and notarized		
7.	Shareholders' resolution of the Company		
8.	Notice of the Meeting wherein the resolutions were passed as advertised in the National newspapers		
9.	The Audited Financial Statement of the preceding year		
10.	The unaudited financial statement (interim accounts) for the current fiscal year in which the application is brought		
11.	CTC Form CAC 2		
12.	CTC Form CAC 7		
13.	CTC Company's MEMART		
14.	Letter of Confirmation from Solicitor indicating no restrictive clause in Company's MEMART		
15.	A copy of the Underwriting agreement (if underwritten)		
16.	A copy of the Vending agreement		
17.	A copy of the Drafts Rights Circular and Poster		
18.	Evidence of payment of administrative fees		
POST SEC APPROVAL			
S/N	DOCUMENTATION	YES/NO	COMMENTS
1.	SEC Final approval letter		
2.	Duly executed Rights Circular and Poster		
3.	A copy of the duly executed Rights a as approved by the SEC		
4.	Evidence of advert of the Rights issue in at least one (1) National Daily Newspaper		