

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

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1. DEFINITIONS

| S/N | SUBJECT | DEFINITION |
|-----|----------------------------------|--|
| 1. | CAC | Corporate Affairs Commission |
| 2. | CAMA | Companies and Allied Matters Act, 2020 |
| 3. | COMPANY | The Company seeking to raise capital via Rights Issue |
| 4. | 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. |
| 5. | ISA | Investments and Securities Act, 2007 |
| 6. | MEMART | Memorandum and Articles of Association |
| 7. | NASD SECURITIES LIST | Contains information on Securities trading on NASD OTC Securities Exchange. |
| 8. | NASD OTC | NASD Over the Counter Securities Exchange |
| 9. | OTC | Over the Counter |
| 10. | PARTICIPATING INSTITUTION | A Stockbroking Firm duly registered with the Securities and Exchange Commission as well as NASD to participate on the NASD OTC Securities Exchange with respect to a Rights Issue. |
| 11. | PLC | Public Limited Company |
| 12. | 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. |
| 13. | RIGHTS ISSUE | An offer to existing shareholders to purchase additional shares in proportion to their existing holdings. |
| 14. | RULES | Guidelines and Requirements for undertaking a Rights Issues on NASD OTC Securities Exchange |
| 15. | SEC | Securities and Exchange Commission |
| 16. | SEC RULES | Securities and Exchange Commission, Consolidated Rules and Regulations, 2013 and any applicable amendments issued from time to time. |
| 17. | STOCKBROKERS | All members of the Association of Stockbroking Houses in Nigeria who are registered as Participating Institutions (as defined under these Rules) with NASD. |
| 18. | VAT | Value Added Tax |

| | | |
|-----|--------------------------|---|
| 19. | 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 must:

- a. be registered at the CAC as a PLC.
- b. have registered its Securities with the SEC.
- c. have all its underlying securities admitted on NASD.

2.2. The Application for admission of a Rights Issue shall be sponsored by a Participating Institution.

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. A copy of SEC's approval letter to 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.
- 3.5. A General Undertaking (Appendix II) to abide by the Rules and Regulations of NASD duly executed by authorized representatives of the Company and notarized.
- 3.6. A Copy of the Rights Circular approved by the SEC.

- 3.7. Completed Documentation Checklist (Appendix IV)
- 3.8. 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 shall give its conditional approval to allow the Rights Issue securities trade on NASD 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 Completion Board Meeting/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 publish the Rights Issue on all NASD communication channels.
- 4.7** The Participating Institution shall file the Allotment Report with NASD and SEC's approval of same within 48 hours of obtaining SEC's approval.
- 4.8** Before the opening date of the Rights Issue, the Issuer through the Participating Institution is expected to bring an Application to NASD for the Admission of its underlying securities on NASD. This Application shall be brought in line with the Admission of Company requirements stipulated in the Rules and Regulations of NASD.

APPENDICES

- APPENDIX I -- GENERAL NOTICE**
- APPENDIX II -- FORM OF GENERAL UNDERTAKING**
- APPENDIX III -- FORM OF INDEMNITY LETTER**
- APPENDIX IV -- DOCUMENTATION CHECKLIST**

APPENDIX I- GENERAL NOTICE

- Participating Institutions referenced in the Rights Circular must be registered with NASD and duly registered with the Commission.
- 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_2-Admitted_Companies.pdf.
- The above requirements are not exhaustive, and NASD reserves the right to request additional information.

APPENDIX II -- 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 Director

NASD 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 III -- FORM OF INDEMNITY LETTER

[TO BE PRINTED ON COMPANY'S LETTERHEAD]

LETTER OF INDEMNITY

(DATE)

The Managing Director

NASD 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 IV
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 | | |
| 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. | A copy of the Drafts Rights Circular and Poster | | |
| 7. | Evidence of payment of fees | | |
| POST COMPLETION BOARD MEETING | | | |
| S/N | DOCUMENTATION | YES/NO | COMMENTS |
| 1. | SEC Final approval letter | | |
| 2. | Duly executed Rights Circular approved by the SEC | | |