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**1. Maintenance of Authorised Representatives [Rule 1(6)(3)(a) and (4)(e)]**

- a. All Participating Institutions shall ensure that they maintain at least 2 Authorised Representatives (principal, enquiries and compliance contacts as well as Authorised Traders) whose details shall be formally communicated to NASD.
- b. Any Participating institution which fails to comply with (a) above shall be liable to pay a fine of ₦20,000 and ₦1,000 for every additional day for which the default subsists and may be suspended from the market where the default subsists beyond 30 days.

**2. Appointment or resignation of Authorised Representatives [Rule 4(2)(8)]**

- a. Participating Institutions shall inform NASD in writing of the exit of any of their Authorised Representative(s) (principal, enquiries and compliance contacts as well as Authorised Traders) within 14 days of the formal appointment/acceptance of resignation of an Authorised Representative from the date of exit of the Authorised Representative(s).
- b. Any Participating Institution which fails to comply with (a) above shall be liable to pay a fine of ₦20,000 and ₦1,000 for every additional day for which the default subsists.
- c. A replacement for an Authorised Representative(s) must be communicated to/registered with NASD within 60 days of the exit of such Authorised Representative(s).

**3. Proper records of Transactions, Customers and other information [Rule 2(5)(7), (8)]**

- a. All Participating Institutions shall maintain proper records and documents of transactions executed on the NASD OTC Market for a period not less than six years.
- b. Participating Institutions are required to obtain and preserve the necessary Know Your Customer [KYC] / client information from their customers.
- c. Where a Participating Institution fails to maintain proper records it shall be liable to pay a fine of ₦20,000 and ₦1,000 for every additional day for which the default subsists.

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#### **4. Rendition of Quarterly and Annual Reports [Rule 3(5), 6(4)(4)]**

- a. All Participating Institutions shall submit to NASD quarterly reports reviewing their procedures or transactions in connection with their activities on the Market not later than 30 days from the end of the relevant period (“the due date”).
- b. The information to be filed quarterly shall include, reports on activities on the Market, complaint(s) received during the quarter and status at the time of reporting, infraction(s) during the period and penalty sustained, compliance with existing Anti-Money Laundering, Know Your Customer and Know Your Employee procedures/requirements.
- c. All Participating Institutions shall submit to NASD annual reports not later than 90 days from the end of the relevant period (“the due date”). The information to be filed annually shall be the Audited Financial Statements of the Participating Institution prepared in line with the applicable Financial Reporting Standards as adopted by the country from time to time.
- d. Non-receipt of the reports by the due dates shall attract a penalty of ₦50,000 in the first instance and ₦5,000 for every additional day for which the default subsists.
- e. Where a Participating Institution is unable to file the report(s) within the time required due to reasons beyond its control, a formal application for the extension of time within which to file the reports must be made by the Participating Institution at least one week before the due date.
- f. Where upon examination of the application for extension, Management finds that hardship will be done if refused, Management shall at its sole discretion grant an extension for a period not exceeding one month from the initial due date of the report(s).
- g. Failure to file the reports before the expiration of the new due date shall attract a penalty of ₦20,000 in the first instance and ₦1,000 for every additional day for which the default subsists.

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**5. Inspection of Participating Institutions [Rule 3(6), 6(4)(17)]**

- a. Periodic (scheduled and on the spot) inspections shall be conducted to the offices of Participating Institutions to ensure compliance with the Rules of the Market.
- b. Under no circumstance shall a Participating Institution refuse to allow access to any premises where it operates.
- c. Participating Institutions shall give correct and complete answers to all enquiries, present the necessary documents for inspection, allow copying of documents in their possession and render such cooperation as may be required by the representative(s) of NASD.
- d. Participating Institutions which fail to grant NASD access to their premises shall be suspended immediately until the access is granted.
- e. All Participating Institutions shall not later than 1 week from the date of an inspection make available to NASD such information or documents as requested during the inspection or pay a fine of ₦5,000 for every day of non-compliance.

**6. Change in business name [Rule 4(2)(1)]**

Where a Participating Institution fails to notify NASD of a change in business name within 14 days of the Board passing the resolution for the change of name, it shall be liable to a fine of ₦20,000 and ₦1,000 for every additional day for which the default subsists. Participating Institutions which fail to notify NASD within 30 days of the resolution being passed may be suspended from operating on the market.

**7. Change of address, closure and opening of new office [Rule 4(2)(2)]**

- a. Any Participating Institution that fails to notify NASD of a change of address or closure of office (14 working days before) or opening of a new branch office, shall be liable to a fine of ₦20,000 and ₦1,000 for every additional day for which the default subsists.



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- b. All Participating Institutions shall notify the public 14 working days before the closure of office and shall publish such notification in 2 National daily newspapers or it shall be liable to a fine of ~~₦~~20,000 and ~~₦~~1,000 for every additional working day for which the default subsists.

**8. Change in Board and shareholding structure [Rule 4(2)(3)]**

All Participating Institutions shall notify NASD of a change in their Board and shareholding structure within 14 days of the Board passing the appropriate resolutions or be required to pay a fine of ~~₦~~20,000 and ~~₦~~1,000 for every day for which the default subsists.

**9. Commission of fraudulent acts [Rule 5(3)(1)]**

A Participating Institution which misappropriates funds or securities belonging to its client shall be liable to pay a fine equivalent to twice the amount or value of securities misappropriated.