



**DISCLOSURE REQUIREMENTS  
FOR  
ISSUERS OF SECURITIES ADMITTED TO TRADE ON NASD**



## **CONTINUING OBLIGATIONS**

### **1. INTRODUCTION**

- 1.1. These guidelines set out the continuing obligations that an Issuer is required to observe upon admission of its securities. Observance of the continuing obligations is essential to the maintenance of an orderly market and to ensure all stakeholders have simultaneous access to the same information.
- 1.2. This section shall apply to all Issuers whose securities are admitted on NASD, whether by way of Admission of Securities or Admission of Company.

### **2. GENERAL OBLIGATION OF DISCLOSURE**

- 2.1. Every Issuer shall keep NASD, its shareholders and other relevant stakeholders informed, as soon as reasonably practicable, of any information relating to the Issuer (including information on any major new developments in the Issuer's sphere of activity which is not public knowledge) which:
  - a. is necessary to enable them and the public to appraise the Issuer's position;
  - b. is necessary to avoid the establishment of a false market in its securities;
  - c. might reasonably be classified as material or price sensitive; and
  - d. might reasonably be expected materially to affect market activity in and the price of its securities.
- 2.2. An Issuer whose securities are admitted on NASD and on any other securities exchange must ensure that equivalent information is made available at the same time to NASD and such other securities exchanges.
- 2.3. Where an Issuer is unsure of what information to disclose, it shall make efforts to informally discuss same with NASD immediately after becoming aware of such information.

### **3. MATERIAL OR PRICE SENSITIVE INFORMATION**

- 3.1. Pursuant to these Guidelines, material or price sensitive information which should be immediately (at least 24 hours upon occurrence) disclosed to NASD before announcement to the public includes but is not limited to:
  - a. Changes in the Board of Directors of the Issuer;
  - b. The death, resignation, dismissal or appointment of a principal officer;
  - c. Change in the Company's Accounting year end;
  - d. Annual and Interim Results or any recommendation or decision that dividends or scrip issues will or will not be made.
  - e. Profit warnings or a change in the financial forecast or expectation;
  - f. Proposed capital raising or restructuring exercise or changes in the capital structure.



- g. Giving or receiving a notice of intention to make a takeover or mergers, or acquisitions or tender offers or divestments;
- h. Any proposed change in the business model or general character or nature of the business of the company or of the group;
- i. Major new developments in the issuer's sphere of activities including major new products, contract awards and expansion plans;
- j. Any change in voting control or in beneficial ownership of the securities carrying voting control;
- k. Items of unusual or non-recurrent nature;
- l. Change of registered office or opening of new branch office;
- m. Any proposed alteration of the Memorandum or Articles of Association;
- n. Any application filed for the winding up or liquidation of the Company and its assets;
- o. Any other information necessary to enable shareholders to appraise the position of the company and to avoid the establishment of a false market in the securities of the company.

### 3.2. **Specific Disclosure relating to an Issuer's Securities**

An issuer must notify NASD of the following information relating to its capital:

#### 3.2.1. Alterations to capital structure

Any proposed change in its capital structure including the structure of its admitted debt securities, save that an announcement of a new issue may be delayed while a marketing or underwriting is in progress.

#### 3.2.2. New issues of securities

Where an Issuer has issued any new securities, whether equity or debt securities, and any guarantee or security in respect thereof.

#### 3.2.3. Changes of rights attaching to securities

Any change in the rights attaching to any class of admitted securities (including any change in loan terms or in the rate of interest carried by a debt security) or to any securities into which any admitted securities are convertible.

#### 3.2.4. Redemption or drawing

Any purchase, sale, drawing or redemption by the issuer of its admitted securities.

#### 3.2.5. Basis of allotment

The basis of allotment of admitted securities offered generally to the public for subscription or sale and of the results of any rights issues to shareholders before dealing commences.

#### 3.2.6. Issues affecting conversion rights

The effect, if any, of any issue of further securities on the terms of the exercise of rights under options, warrants and convertible securities; and



3.2.7. Results of new issues

The results of any new issue of admitted securities or of a public offering of existing securities.

**4. CONFIDENTIALITY**

Information that is required to be disseminated pursuant to Rule 14.1 must not be given to a third party before it is notified to NASD except as permitted in this Rule. An Issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance; these persons may include prospective underwriters of an issue of securities or providers of funds or loans. In such cases, the Issuer must advise the recipients of such information that it is confidential and that they should not deal in the issuer's securities before the information has been made available to the public.

**5. FINANCIAL REPORTING AND DISCLOSURE**

**5.1. Financial Statements**

5.1.1. All companies whose securities are admitted on NASD shall be required to submit electronic copies of their financial statements as follows:

- a. Audited Financial Statements: to be submitted within 90 days from the Company's financial year end.
- b. Interim (Quarterly) Accounts: to be submitted within 30 days from the end of each quarter. An Issuer shall not announce its Interim Accounts without first filing its Audited Financial Statements for the prior year.
- c. All financial statements shall be prepared in line with accounting standards as published from time to time by relevant accounting bodies including the Institute of Chartered Accountants of Nigeria and the International Reporting Financial Standards.

5.1.2. All companies admitted on NASD shall publish their financial statements on their website upon submission to NASD.

5.1.3. A company that is unable to meet the filing deadline must request for an extension of time to file at least 14 days to the submission deadline. The request shall be in writing and give sufficient justification. NASD shall decide every request on its merit and reserves the right to decline any such request.



## **5.2. Minimum Shareholding (free float)**

- 5.2.1. Every company with securities admitted on NASD must at all times maintain the minimum free float percentage prescribed by NASD.
- 5.2.2. Where the Issuer is unable to maintain the free float at any time, it must immediately notify NASD and shall furnish NASD with its plan to meet the free float within a specified period to be set by NASD.
- 5.2.3. Where the free float falls significantly below the number prescribed by NASD, NASD may impose such punitive measures as it deems fit, including and up to removal of the securities from NASD Securities List.

## **5.3. Clarification of Rumour and Response to Unusual Trading Activity**

- 5.3.1. Where unusual price movement or trading activity, or both occur without any apparent publicly available information, the admitted company shall respond promptly to any enquiries made by NASD.
- 5.3.2. An admitted company shall respond promptly to inquiries made by NASD concerning rumours regarding it.

## **5.4. Corporate Governance**

Every admitted company is required to comply in all material respects with relevant corporate governance regulations applicable in Nigeria and best practice. In particular, NASD shall monitor compliance with the SEC Code of Corporate Governance and the Nigeria Code of Corporate Governance.

## **5.5. Mode of Disclosure to NASD**

Pursuant to Rule 4(1) of the Rules and Regulations of NASD OTC, all notifications to NASD shall be made by email to [legalcompliance@nasdng.com](mailto:legalcompliance@nasdng.com) and [marketoperations@nasdng.com](mailto:marketoperations@nasdng.com).

## **5.6. Penalties for Non-Compliance**

- 5.6.1. In respect of companies admitted on NASD, a breach of these Rules shall attract a penalty of ₦200,000 in the first instance and ₦5,000 for every day of default in addition to any other sanctions, including and up to delisting.
- 5.6.2. For companies admitted by security, a breach of these Rules shall attract such sanctions as appropriate including and up to publication of the company's name and infraction on NASD's website and escalation to the Securities and Exchange Commission.