

PURPOSE AND REQUIREMENT OF REPORT

To ensure compliance with the Rules and Regulations, it is mandatory that all Participating Institutions set up and maintain an appropriate system of controls which ensures that they continuously comply with all requirements as stipulated by the Rules.

In line with the provisions of Rule 3(1)(5)-(7) of the Rules and Regulations of the NASD OTC Market, Participating Institutions shall submit quarterly reports reviewing all or part of their procedures or transactions in connection with their activities on the Market. Such reviews shall be conducted by the internal audit or external audit function of the firm (and separate reports prepared and filed for head and branch offices) prepared to ensure compliance with the procedures and measures taken to enforce these provisions.

Participating Institutions are encouraged not to limit the scope of this report to the guidelines below as they are free to expand the scope of the exercise in order to ensure full disclosure of their activities on the market.

The Form below should be completed and submitted to the NASD OTC Securities Exchange not later than one month from the end of the reporting quarter.

NAME OF PARTICIPATING INSTITUTION: -----

REPORTING PERIOD: -----

1. Customer Accounts and Due Diligence

1.1. What is the level of accuracy and completeness of KYC/customer information and documentation during the quarter?

High

Average

Low

1.2. Explain your response above

1.3. Are there processes adopted to verify the identity of the customer (i.e. KYC) on whose behalf transactions are executed?

Yes

No

1.4. What are the processes and documents adopted in this regard?

2. Transactions

2.1. What is the level of accuracy, completeness and availability of transaction records, financial information, reports and filings relating to activities on the Market during the quarter?

High

Average

Low

2.2. Are there proper monitoring mechanisms and systems in place for clients' order management and execution? Yes No

2.3. If Yes, what mechanisms were implemented during the period. If No, give reasons.

3. Client Accounts and Assets

3.1. Were there any unauthorized transactions involving client funds or securities?

Yes

No

3.2. If yes, give details and whether client's account has been restored to the true position?

4. Breach of NASD Rules and Regulations

4.1. Were there any infractions or violations of NASD OTC Market Rules and Regulations during the quarter?

Yes

No

4.2. If yes, state the nature of the infraction or violation and whether sanction imposed has been satisfied.

5. Complaints Management

5.1. Were there any complaints received during the quarter?

Yes

No

Number: _____

5.2. If Yes, how many and what was their nature? (Please attach additional sheet if space provided below is insufficient)

5.3. Is there a proper framework/procedure on ground for the resolution of complaints received?

Yes

No

5.4. Was there an exit (resignation/termination) of any Authorised Representative during the quarter?

Yes

No

6. AML/CFT Compliance

6.1. Are there systems in place to monitor clients' transactions in order to detect and report Suspicious Transactions?

Yes

No

If Yes, List them.

6.2. Are there systems in place to identify, assess and mitigate money laundering and terrorist financing risk?

Yes

No

If Yes, List them. If No, explain why.

6.3. Are there ongoing training programs for employees so that staff are adequately trained in AML & CFT procedure?

Yes

No

If Yes, what are the training programs attended in the quarter? If No, explain.

6.4. Were there incidences of PEPs (Politically Exposed Persons) in the quarter?

Yes

No

If Yes, were they profiled in line with the requirements of existing Money Laundering Laws?

7. Provide the names of your Authorized Representative and Traders for the reporting Quarter:

| S/N | Authorized Representative (s) and Trader(s) | Names | Email and Phone Numbers |
|-----|---|-------|-------------------------|
| a. | Name of Principal Contact - MD/CEO | | |
| b. | Name of Enquiries Officer | | |
| c. | Name of Compliance Officer | | |
| d. | Name(s) of Traders | | |

NOTE:

NASD reserves the right to carry out independent review of the above responses during inspection visits.