



SEC/REMI/E&MI/NGX/Vol. 01/22

January 28, 2022

The Chief Executive Officer
Nigerian Exchange Limited
Nigerian Exchange Group House
2/4, Customs Street, Marina
Lagos.

Dear Sir,

**Re: New Rules and Sundry Amendments to SEC Rules - Fixed Income
Primary Issuance Fees**

Please refer to your letter dated November 2, 2020 on the subject.

This is to convey the Commission's approval for Nigerian Exchange Limited (NGX) to introduce a **Non-Exclusive (Dual) Listing Fee of 0.0375%** of offer size for listing of corporate bonds by Issuers with existing equity listing on the Exchange.

Yours faithfully,

Abdulkadir Abbas
**Head, Registration, Exchanges, Market Infrastructure and Innovation
Department**
For: Director General



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November 2, 2020

Mr. Lamido Yuguda CFA

Director General
Securities and Exchange Commission
Plot 272, Samuel Adesujo Ademulegun Street,
Central Business District,
Garki, Abuja.

Dear DG:

RE: NEW RULES AND SUNDRY AMENDMENTS TO SEC RULES- FIXED INCOME PRIMARY ISSUANCE FEES

In 2014, the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange (NSE) and the Central Securities Clearing System (CSCS) conducted a Transaction Cost Analysis (TCA). This exercise revealed both explicit and implicit transaction costs to be high in comparison to benchmark exchanges.

Further to the study, the NSE in collaboration with the SEC and other participants embarked on a market-wide Competitive Pricing Structure (CPS) project in 2015 with the aim of incentivizing investors and issuers for increased order flow and listings across an array of products and asset classes. This resulted in the new pricing structure as detailed in the SEC Rules circulated in November 22nd, 2017.

FIG. 1: REVISED INCOME PRIMARY ISSUANCE FEES OF THE NIGERIAN STOCK EXCHANGE

S/N	CATEGORY	ORIGINAL APPLICATION FEES	REVISED APPLICATION FEES (2017)
1	Companies with Equity Listing on The NSE	0.15% of offer size	0% of offer size
2	Companies without Equity Listing	0.15% of offer size	0.0375% of offer size
3	States and Supra-nationals	0.15% of offer size	0.05% of offer size

Given that the revised fee structure has been in operation for almost three (3) years without commensurate incentives for listed companies for exclusive bond listings, we humbly request that a review be implemented to improve the pricing structure on primary market fixed income listings at The NSE as proposed in Fig.2.

The NSE appreciates the efforts of the SEC in driving this initiative towards streamlining the fees accruable to capital market stakeholders and will continue to work closely with the SEC to develop the market.

FIG.2: PROPOSED FIXED INCOME PRIMARY ISSUANCE FEES OF THE NIGERIAN STOCK EXCHANGE:

S/N	CATEGORY	CURRENT APPLICATION FEES	PROPOSED APPLICATION FEES
1	Corporate Bonds of issuers without listed equity	0.0375% of offer size	0.0375% of offer size
2	Exclusive Listing: Corporate Bonds of issuers with existing listed equity on NSE	0% of offer size	0% of offer size
3	Non-Exclusive (Dual) Listing: Corporate Bonds of issuers with existing listed equity on NSE	0% of offer size	0.0375% of offer size
4	States and Supra-nationals	0.05% of offer size	0.05% of offer size

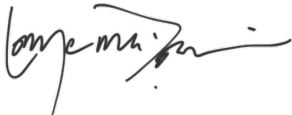
In line with the Exchange’s commitment to boost market efficiency and increase market participation, the NSE is proposing a revision of application fees in its fixed income market. The fee revision is aimed at increasing market activities in the fixed income space while also incentivizing issuers and listed companies who choose to exclusively list their bonds on the NSE.

With this, we propose that corporate bonds exclusively listed on the NSE and are issued by existing listed companies will attract a 0% application fee. For Corporate Bonds with non-exclusive listings issued by existing listed companies as well as Corporate Bonds of unlisted companies, application fees of 0.0375% will apply. Furthermore, application fees for State and Supranational Bonds remain the same at 0.05%.

We commend the Commission for carrying the entire market along in this initiative and remain appreciative of your continued support regarding our collective efforts to enhance the global competitiveness of Nigeria’s capital markets. The NSE remains committed to building an enduring marketplace and will continue to pursue initiatives that add value to issuers and other capital market stakeholders.

Please accept the assurances of our highest regards.

Yours sincerely,



Oscar N. Onyema, OON