

**BDR/CIR/GOI/12/14**

**24 December 2014**

**IMPLEMENTATION OF THE NSE'S MINIMUM OPERATING STANDARD REQUIREMENTS ("MOS")**

Further to our communication of April 1, 2014 on the MOS, the purpose of this circular is to provide Dealing Members with a clear guide on The Exchange's implementation process.

1. Please note that the deadline for compliance with the MOS remains December 31, 2014.
2. Dealing Members shall cease to submit monthly MOS compliance level reports to The Exchange. Instead, no later than March 31, 2015, each Dealing Member is required to submit one final MOS compliance level report in the prescribed templates previously provided by The Exchange. Dealing Members that do not comply by March 31, 2015 will immediately be suspended from trading until they comply.
3. Commencing in April 2015 and until the beginning of the fourth quarter of 2015, The Exchange will conduct thematic reviews and examinations to evaluate each Dealing Member's level of compliance with the MOS.
4. Dealing Members that have partially complied by the fourth quarter of 2015 may be provided additional timelines to comply as appropriate. The accommodation of additional timelines may be accompanied by penalties as appropriate.
5. Following the thematic reviews and examinations, Dealing Members that are not in compliance with the MOS by the fourth quarter of 2015 will be advised to reclassify from Broker/Dealer status to a classification with lower MOS requirements, i.e., Broker or Dealer or become Sub-Brokers or to exit the Market in an orderly manner.
6. **Reclassification to Broker or Dealer:** Please note that The Exchange will seek the Securities and Exchange Commission's (Commission) approval to a revision of Paragraphs 11 and 12 of the Rules for Registration as a Dealing Member to the extent that Brokers and Dealers will remain Dealing Members of The Exchange and will, therefore, continue to enjoy all Dealing Member privileges. However, Dealing Members that choose to reclassify as either Brokers or Dealers will be required to satisfy the appropriate registration requirements with the Securities and Exchange Commission and also comply with The Exchange's MOS for the respective functions.
7. **Reclassification to Sub-Broker:** Dealing Members that are unable to comply with the MOS may choose to reclassify as Sub-Brokers. The appropriate registration requirements with the Securities and Exchange Commission will be required to perform this function. Please note that firms that choose to reclassify as Sub-Brokers will lose their Dealing Member licenses.

Please be guided accordingly. For further clarification, please contact the undersigned and Femi Shobanjo, Head, Broker Dealer Regulation Department.



Tinuade T. Awe,  
**Head | Legal and Regulation Division**