

FINANCE UPDATE

**HIGHLIGHTS OF THE
CIRCULARS ISSUED IN
THE FINANCE INDUSTRY
IN AUGUST 2022**



 LAGOS | ABUJA

Dear Esteemed Client,

Introduction

The Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC) and the Nigerian Exchange Limited issued the following Circulars in August 2022. We hope that you find some of the information useful in your operations.

- **FPR/DIR/PUB/CIR/001/058 - ADJUSTMENT OF INTEREST RATE ON ALL CENTRAL BANK OF NIGERIA INTERVENTIONS**
- **WARNING AGAINST INVESTING WITH UNREGISTERED INVESTMENTS CROWDFUNDING PLATFORMS**
- **GUIDELINES ON TRADE EXECUTION VIA NIGERIAN EXCHANGE LIMITED'S ON-MANUAL NEGOTIATED DEAL WINDOW FOR FIXED INCOME SECURITIES1**

FPR/DIR/PUB/CIR/001/058 - ADJUSTMENT OF INTEREST RATE ON ALL CENTRAL BANK OF NIGERIA INTERVENTIONS

The Central Bank of Nigeria has announced that the interest rate on all its intervention facilities which was reduced from 9% per annum to 5% rate per annum as part of measures to ameliorate the adverse effects of the COVID-19 pandemic on the Nigerian economy is to revert to the 9% rate. All intervention facilities which were effective before July 20, 2022, and those that became effective from July 20, 2022, are not to be subject to the 9% interest rate.

This announcement overrules the earlier [circular issued by the CBN in March 2002](#) which extended the reduction in interest rates for a one-year period commencing the 28th of February 2022 to the 27th of February 2023. This announcement will no doubt impact struggling small and medium size enterprises. Businesses are therefore advised to take cognisance of this adjustment in their business plans and forecast for the year.

For more information on the circular, please refer [here](#)

UPDATES FROM SEC

WARNING AGAINST INVESTING WITH UNREGISTERED INVESTMENTS CROWDFUNDING PLATFORMS

The Securities and Exchange Commission ("Commission") has issued a circular advising the investing public to refrain from making investment(s) with or through any crowdfunding platform not registered with the Commission as doing so would be in contravention of the law. The Commission had in January 2021 published its crowdfunding rules and requested that crowdfunding platforms register with the Commission latest June 30, 2021. Interested investors are advised to conduct due diligence on crowd funding platforms to ensure that they are registered with SEC before making an investment.

For more insights on crowdfunding in Nigeria, read our [highlights on the SEC's rules on Crowdfunding](#) and for more information on the circular, please refer [here](#)

CROWDFUNDING



UPDATE FROM THE NIGERIAN EXCHANGE LIMITED

GUIDELINES ON TRADE EXECUTION VIA NIGERIAN EXCHANGE LIMITED'S ON-MANUAL NEGOTIATED DEAL WINDOW FOR FIXED INCOME SECURITIES

The Nigerian Exchange Limited (the Exchange or the NGX) has issued a guideline offering guidance to holders of approved trading licenses (Trading License Holder) on how to use the NGX On-Manual Negotiated Deal² Trading Window (also known as "Neg-Deal Window") to execute their trades on mutually agreed-upon terms. The Guidelines are to be read in conjunction with The Rules of The Exchange, as well as any additional Rules or Guidelines that the SEC, NGX and other relevant regulatory authorities may introduce to regulate the fixed income securities market from time to time.

A Trading License Holder can either be a body corporate who is a member of a recognised securities exchange and is licensed to engage in dealing in securities on that exchange; or a market participant who has been granted a market trading license by The Exchange to trade in securities.

Highlights of the Guideline include:

Holders of approved trading licenses are to note that the On-Manual Negotiated Deal Window is to be used: as a trading channel to carry out negotiated fixed income deals during the hours of 09:30 to 14:30 (the Exchange's trading hours); to trade listed debt securities that have been lodged in an authorized Central Securities Depository (CSD) in Nigeria; and is restricted to the trading of a specific volume of fixed income securities under pre-negotiated bilateral terms. Use of the Neg-Deal Window for cross deals or lone trade executions is also prohibited.

The Guideline provides the timelines within which Trading License Holders are advised to enter the trade details of previously negotiated orders after a deal has been reached. For enterprises that come to an agreement during NGX trading hours, within 30 (thirty) minutes; and for companies whose agreements were not made during trading hours or on non-trading days, not later than 10:00 am on the following trading day on NGX.

Although the Guideline posits that a trade is considered finalized once all parties have agreed to the conditions, the selling Trading License Holder has put the transaction into the Neg-Deal Window, and the buying Trading License Holder has accepted it, Trading License Holders are however to note that the NGX has the autonomy to suspend or halt deal execution where a deal is being influenced by a manipulative or dishonest trading practice; or in response to a regulatory direction.

All agreed transaction conditions made verbally, via email, telephone, and/or other technological methods must be reduced into writing as soon as is practicable in order to decrease the likelihood of trade disputes. On security, the guidelines directs that both the NGX Neg-Deal Window and the apps used by Trading License Holders must be protected by adequate security measures, which the Trading License Holders are obligated to maintain and enforce.

The very commendable and detailed Guidelines will undoubtedly boost seamless trading and provide clarity and direction for the market participants.

For more information on the Guideline, please refer [here](#)

CONTACTS



UCHECHI IBEKU

uchechi.ibeku@advocaat-law.com



GLORY OGUNGBAMIGBE

glory.ogungbamigbe@advocaat-law.com



MARGARET OKPO-MFON

margaret.okpo-mfon@advocaat-law.com