



**DEBT MANAGEMENT OFFICE
NIGERIA**

**GENERAL RULES AND REGULATIONS GOVERNING
THE PRIMARY DEALER MARKET MAKER (PDMM) SYSTEM
IN FEDERAL GOVERNMENT OF NIGERIA (FGN) SECURITIES**

**December 24, 2012
Debt Management Office, Nigeria**

PREAMBLE

Pursuant to the provisions of sections 6, 7 and 23 and all other powers conferred upon it under the Debt Management Office (Establishment) Act 2003 as may be amended, the Debt Management Office hereby makes the following Rules and Regulations to implement its Primary Dealer Market Maker (PDMM) system for the primary and secondary markets in Federal Government of Nigeria (FGN) securities.

INTRODUCTION

The Debt Management Office (DMO) is the regulator of the PDMMs regarding their rights and obligations vis-à-vis the DMO.

The introduction of a PDMM system is intended to enhance the ability of the DMO to achieve efficient funding of the debt of the Federal Government of Nigeria through the development of strong primary and secondary markets. Qualifications for PDMM status shall be determined by the DMO and are subject to periodic review. The DMO is committed to the development of the FGN securities market, not only to be able to efficiently source funds for the Federal Government of Nigeria from a deep and efficiently working market, but also and more importantly, to facilitate the development of the capital market to enable sub-nationals and private sector operators access long-term funds for the development of the economy. In so doing, the DMO also seeks to meet the investment needs of diverse domestic and foreign investors whose objectives include liquidity, safety and diversification in their asset portfolios.

VALIDITY AND AMENDMENT

This Circular is valid till December 31, 2014, but may be amended from time to time by the DMO through the issuance of Notices and Announcements specifying the amendment(s) thereto.

TABLE OF CONTENTS

	Page
Section I. Definition of Terms	4
Section II. General Provisions <ul style="list-style-type: none">• General Responsibility of a Primary Dealer Market Maker• Eligible Institutions• Eligibility Criteria	6
Section III. Primary and Secondary Markets <ul style="list-style-type: none">• Primary Market• Secondary Market• Performance Evaluation	6
Section IV. Reporting and Technical Requirements <ul style="list-style-type: none">• Reporting Requirements• Technical Requirements	9
Section V. Organisation <ul style="list-style-type: none">• Organisational Structure• Systems and Procedures• Ownership and Board	11
Section VI. Customer Requirements	12
Section VII. Privileges <ul style="list-style-type: none">• Operational Privileges• Other Privileges	13
Section VIII. Primary Dealer Market Makers Association	14
Section IX. Restrictions and Activities <ul style="list-style-type: none">• Market Misrepresentation• Customer Inducements• Manipulation• Personal Trading• Collusive Activities	15
Section X. Dissemination of Information	15
Section XI Application for, Suspension and Revocation of a PDMM Licence <ul style="list-style-type: none">• Application for a PDMM Licence• Suspension and Revocation of Licence	16

SECTION I. DEFINITION OF TERMS

Broker - Any person engaged in the business of effecting transactions in a securities market for the account of his customer for a Fee.

Broker-Dealer - Any entity, other than a bank, engaged in the business of buying or selling securities on its own behalf or for others.

Multiple Price Auction– An auction in which securities are sold to the highest bidders and successful bidders are awarded securities at the prices that they bid, also known as Competitive Auction.

Competitive Bid – Refers to a Bid for securities in which the Bidder specifies the amount being bid for and price or yield at which he is willing to buy the securities.

Customer – Refers to any party who buys or sells FGN Securities other than the PDMMs, the Debt Management Office (DMO) and the Central Bank of Nigeria (CBN).

Dealer - An entity that stands ready and willing to buy a security for its own account (at its bid price) or sell from its own account (at its ask price). Also defined as an individual or a firm acting as a principal in a securities transaction.

Dutch Auction – An auction in which the lowest price necessary to sell the entire offering becomes the price at which all securities offered are sold, also known as Single Price auction.

Federal Government of Nigeria Securities (FGN Securities or Government Securities) - Securities issued by the Federal Government of Nigeria.

Federal Government of Nigeria Securities Dealer - A dealer in FGN Securities.

Global Depository Notes (GDN) – refers to a debt security created by a depository bank that evidences ownership by an investor (foreign) of a local currency–denominated debt security.

Inter-Dealer Broker - An intermediary between dealers in securities who matches 'best' bids with the 'best' offers to arrive at the right price.

Near Term Maturity – Refers to FGN Securities whose Term-to-Maturity is 12 calendar months or less.

Non-Competitive Bid – Refers to a Bid for securities in which the Bidder specifies only the amount being bid for. The Bidder agrees to accept the price or yield determined at the Auction.

Over-the-Counter Market – A securities market created by a network of dealers who trade securities through telephone or an electronic platform. The securities traded may or may not be listed on a Stock Exchange.

Primary Dealer Market Maker System - A System whereby some institutions are given the exclusive rights to purchase and/or underwrite all Government Securities issued for their own holding and/or for resale.

Primary Dealer Market Makers – Institutions (Dealers) appointed under the PDMM System.

Primary Market - The market in which new securities are issued by Governments, government agencies, companies, etc., in order to raise capital.

Regulatory Authorities - Regulators of institutions eligible to be PDMMs in the capital market such as the CBN for banks and discount houses, Securities and Exchange Commission (SEC) for capital market operators, The Nigerian Stock Exchange (NSE) for members registered to trade on the floors of the Exchange and the DMO for financial institutions registered as PDMMs.

Repurchase Agreements (REPO) - A short-term loan agreement by which one party sells a security to another party but promises to buy back the security on a specified date at a specified price.

Rump or illiquid Securities – Refers to those FGN Securities whose volumes outstanding are considered by the DMO in consultation with PDMMs, too small to support an active Two-Way-Quote Market.

Sales Officer – A person designated by the PDMM institution to market (sell) FGN Securities to customers.

Secondary Market - The market in which previously issued securities are traded among investors.

Securities - Instruments that evidence the holder's claim against the issuer.

Securities (Bond) Buybacks – The purchase by an issuer of its own securities

Securities Exchange (Switches) – Refers to the process for securities holders to consensually exchange their existing securities for another security with a different maturity.

Securities Exchange - An organised market for the purchase and sale of securities such as a Stock Exchange.

Securities Lending – Securities Lending refers to transactions in which one party (the lender) transfers to another party (the borrower) securities (equities, bonds) often against the transfer of collateral in order to protect the lender against the possible default of the borrower, with the simultaneous agreement by the borrower to transfer to the lender equivalent securities on a fixed date or on demand (open), against the transfer to the borrower by the lender of assets equivalent to such collateral.

Special Allotment – This refers to the sale of securities by the issuer to an investor under special terms.

Trader – A person designated by the PDMM institution to buy and sell securities.

SECTION II. GENERAL PROVISIONS

A. General Responsibility of a Primary Dealer Market Maker

The PDMMs' role is to, among others, take up, market and distribute the Primary Issuance of FGN Securities and enhance secondary market trading activities.

B. Eligible Institutions

PDMMs may include Banks, Discount Houses and Broker-Dealers.

C. Eligibility Criteria

1. Possession of a valid licence from the appropriate regulator. In the case of banks and discount houses, the Central Bank of Nigeria (CBN) and for broker-dealers, the Securities and Exchange Commission (SEC) and The Nigerian Stock Exchange (NSE).
2. A prospective applicant must be in full compliance with the requirements set forth by its regulator(s) before being considered for a PDMM licence by the Debt Management Office (DMO). This means that a prospective PDMM must not be in violation of any rules and regulations of its regulatory(s). A letter from the regulator of a prospective PDMM confirming full compliance with all regulatory requirements is one of the pre-conditions for the appointment of a PDMM.
3. Demonstrate capacity to fulfill the Reporting and Technical Requirements as stated in Section IV and Organisation, Systems and Procedures as provided in Section V.
4. Notwithstanding the minimum capital requirement prescribed by any regulator, the minimum required from a prospective PDMM is ₦3 billion in Shareholders Fund, unimpaired by losses and excluding Revaluation Surplus, as at the last financial year-end before the date of application. This requirement must be supported by the Audited Accounts of the prospective PDMM. This requirement is subject to review by the DMO from time to time.

Any institution licensed by the DMO as a PDMM, shall be required to meet all the Criteria listed in Section II(C) on a continuous basis.

SECTION III. PRIMARY AND SECONDARY MARKETS

A. Primary Market

1. PDMMs shall abide by all primary issuance rules and requirements established by the DMO as specified in this Circular, the DMO's Operational Circular 1 (A Guide to Operations for the Debt Management Office, Nigeria in the Federal Government of Nigeria Bond Market) and any other Notices, Publications and Circulars that the DMO may issue from time to time, including amendments thereto.
2. PDMMs shall submit bids for their proprietary account and on behalf of their customers at auctions for FGN Securities. No PDMM or customer with their affiliated entities as a group, may be awarded more than 30% of any security offered at the auction.

3. All non-PDMM bids shall be submitted through a PDMM, with the exception of designated Government Accounts and Government Agencies which may be submitted through the DMO or CBN.
4. A PDMM must submit bids for its own account at each FGN Securities Auction.
5. A PDMM must participate in every FGN Securities primary auction.
6. PDMMs shall take up a total amount equal to, at least, 60% of their proportional allotment of all primary offerings over a rolling six-month period, currently defined as an amount allotted to a PDMM relative to the total allotment made to all PDMMs. Allotment for this purpose refers to the successful bids for the PDMMs own account (proprietary) and for customers account.
7. PDMMs are required to submit bids for non-PDMM institutions and individuals at the request of the institution or individual. They shall be expected to have customer bid submissions equal to at least 20% of their proportional share of total bids over a rolling six-month period.
8. In the event of under-subscription at the auction, the shortfall may be allotted proportionately to all PDMMs unless the DMO decides otherwise.
9. Under exceptional circumstances, the DMO reserves the right to apply a Cut-off Rate, and not to allot all of the Securities on offer, where it establishes that bids are at an unacceptably deep discount to the prevalent market level. Such circumstances would include but not limited to: market collusion, market manipulation and any misrepresentation. This is particularly pertinent in the **Single Price Auction** process where all successful bids are allotted at the lowest accepted price that covers the amount offered, that is, at the Marginal Rate. In the event that the DMO applies a Cut-off Rate for any Securities on offer, the PDMMs will not be obliged to take-up the un-allotted portion of the Securities as indicated in Section III(A)(8).
10. In specific instances, the DMO may make Special Allotment of Securities to bidders at the Auction, such Special Allotments would be disclosed in the applicable Offer document and Auction Result.
11. The DMO may also, arrange or collaborate with a duly licenced third party, for FGN Bonds to be issued in the form of Global Depository Notes to foreign investors. Such allotment and issuance would be disclosed in the Auction Results.

B. **Secondary Market**

1. The DMO shall be responsible for monitoring the activities of PDMMs in the secondary market for FGN Securities.
2. PDMMs are obligated to make markets in FGN Securities on request, following the "Secondary Market Making Rules" ("Two-Way Quote Market") as established by the DMO in consultation with the PDMMs. PDMMs shall make on demand and in all conditions continuous and effective two-way prices to all

PDMMs and non-PDMMs. However, PDMMs are not obligated to quote prices to customers for whom they have not completed due diligence.

3. Only PDMMs and any other financial institutions operating in the Two-Way-Quote market for FGN Securities may trade through duly registered "Intermediaries" (Inter-Dealer Brokers).
4. A PDMM shall maintain a minimum level of secondary market activity (excluding Repos) measured in terms of the Total Nominal Value of securities traded and the Total Number of Trades. Each PDMM's activity must equal at least 60% of its proportional share of these two parameters, over a rolling six-month period.
5. A PDMM shall publish representative price quotes on its corporate website or other public place on a daily basis.
6. A PDMM is expected to sign-up and be connected to duly registered new trading infrastructure and platforms that may be introduced from time to time for the buying and selling of securities.
7. A PDMM is encouraged but not under obligation to give Two-Way-Quotes in FGN Securities that have been designated as rump or illiquid.
8. A PDMM is allowed to vary his Bid and/or Ask for Prices where the request is for a transaction outside the standard parameters (such as size and settlement date) specified in the Secondary Market Making Rules.
9. PDMMs shall comply with the following:
 - a. No Commission or Fee shall be received by or paid to a PDMM or customer(s) for activities in the secondary market except Inter-Dealer Brokers.
 - b. FGN Securities shall be traded on the Over-the-Counter (OTC) Market. However, where the Securities are listed on the NSE, transactions on the NSE are permitted; and,
 - c. Trading shall be amongst the PDMMs and between themselves and non-PDMM institutions or individuals.
10. The DMO may be active in the secondary market in the following areas:
 - a. Executing transactions on behalf of Government Agencies or Government Funds;
 - b. Securities Buybacks including the purchase of near-term maturity securities to smoothen redemption cashflows and bidding for rump stocks;
 - c. Securities Switches; and,
 - d. Securities Lending.
11. The DMO's Securities Lending services is available only to PDMMs.
12. The Operations of the DMO in relation to Securities Buybacks, Switches and Securities Lending will be governed by Procedure Manuals, Guidelines or Terms and Conditions issued for each product.

C. Performance Evaluation

The DMO shall review the primary and secondary market activities of the PDMMs semi-annually, or at other intervals that the DMO may decide, and determine if individual PDMMs are fulfilling their primary market obligations as set out in **Section III(A)(4-7)** and secondary market obligations in **Section III(B)(2-8)**. The Performance Evaluation will be the primary basis for the recognition of excellence or sanctions as detailed in the following sections:

a. Awards and Recognitions

The DMO starting from January 2013, will introduce an award system to recognise outstanding PDMMs. The awards will be issued under a set of criteria to be published by the DMO in due course.

b. Sanctions

Non-compliance may result in the following actions:

- i. **Caution Notice:** A PDMM will be given a 30-day notice within which to explain any violations of Section III, and another 30 days within which to rectify same. If the explanation is unsatisfactory or rectification is not done within the specified period, the DMO may suspend or revoke the PDMM's licence;
- ii. **Suspension of PDMM Status:** The period of suspension shall be determined by the DMO and shall not be rescinded without formal renewed commitment to fulfilling the primary and secondary requirements by the suspended PDMM; and,
- iii. **Revocation of PDMM Status:** The PDMM status may be revoked and, re-issuance of the PDMM licence may be permitted after twelve (12) calendar months or such other period that the DMO may determine after a formal application would have been made by the affected PDMM. The re-instatement of the licence is solely at the discretion of the DMO.

SECTION IV. REPORTING AND TECHNICAL REQUIREMENTS

A. Reporting Requirements

1. PDMMs shall maintain such accounting and other records of their respective activities in the Primary and Secondary Markets as set forth by the DMO and their respective regulatory authorities from time to time.
2. All PDMMs shall file the reports in (a-b) below in an electronic form, with the DMO, within five (5) working days following the month under review:
 - a. Monthly position statements for the PDMM's trading account based on total holdings, by trade date, of FGN Securities in the following categories:
 - i. Bonds maturing in 3 years or less;
 - ii. Bonds maturing between 3+ years and 5 years;
 - iii. Bonds maturing between 5+ years and 10 years; and,
 - iv. Bonds with maturities of 10+ years.
 - b. Monthly secondary market trading activities in the PDMM's trading account with counterparts in the following categories:

- i. Purchases and Sales with other PDMMs;
 - ii. Purchases and Sales with non-PDMM banks and discount houses;
 - iii. Purchases and Sales with Pension Funds;
 - iv. Purchases and Sales with other domestic clients; and,
 - v. Purchases and Sales with foreign institutions.
3. All PDMMs shall submit a monthly Report of Repo transactions undertaken by them for each month within five (5) working days of the end of each month in the format shown below;

Table 1: Details of FGN Securities sold on Repo Basis to other Parties.

Counterparty	Nominal Value (₦m)
PDMMs	
Non PDMMs (Banks and Discount Houses)	
Pension Fund Administrators	
Other Local Institutions	
Foreign Institutions	

Table 2: Details of FGN Securities Bought on Repo Basis from other Parties

Counterparty	Nominal Value (₦m)
PDMMs	
Non PDMMs (Banks and Discount Houses)	
Pension Fund Administrators	
Other Local Institutions	
Foreign Institutions	

4. All PDMMs including those acting as custodians for foreign investors who participate in the domestic FGN Securities market, shall file with the DMO, monthly bond holding positions by foreign investors for transactions in the primary and secondary markets within five (5) working days of the end of each month, in the following format:

Table 3: Holdings of FGN Bonds by Foreign Investors

Name	Country of Origin	Nominal Value (₦)

5. All PDMMs shall file with the DMO, within one (1) week of each auction, its **Subscription and Allotment** at the Auction detailing participation by:
- i. Own account;
 - ii. Banks;
 - iii. Discount Houses;
 - iv. Pension Funds;
 - v. Other Non-Bank Financial Institutions;
 - vi. Governments and Government Agencies;
 - vii. Foreign Investors;
 - viii. Other Institutions; and,
 - ix. Individuals.
6. Any other Report that may be requested by the DMO from time to time.

B. Technical Requirements

1. A PDMM, for the purpose of trading in FGN Securities, shall provide for the following:
 - a. Trading and Sales Office with designated office space for Trading and Sales Officers; and,
 - b. Customer Service locations.
2. A PDMM shall have communications equipment consistent with maintaining communications with the DMO, other PDMMs and customers.
 - a. Interconnected telephone system with at least two (2) lines per trader, sales officer(s) and one (1) GSM line per dealer;
 - b. E-mailing systems;
 - c. Computers, printers, scanners and photocopiers;
 - d. Financial calculators or programmes for calculating securities prices and Yield-To-Maturity; and,
 - e. Trading and data screen capabilities.
3. The PDMMs shall have internal technical capabilities for providing current and accurate information to Management, Traders, Salesmen, the DMO and, other regulatory authorities. Such information shall include, but not limited to, those in paragraph 3 (a-f) below:
 - a. Daily Inventory Position;
 - b. Daily Profit and Loss;
 - c. Daily Mark-to-Market Valuation;
 - d. Trading Activity;
 - e. Customer Activity; and
 - f. Credit review of current open trades with counterparties.
4. PDMMs are under obligation to report and record their holdings and trading activities in FGN Securities in a manner consistent with the provisions of the accounting standard(s) that may be prescribed by their respective regulators from time to time.
5. The DMO shall periodically embark on On-Site Inspections to PDMMs' Offices to ascertain compliance with Section IV(B)(1-3) above. The DMO may employ the services of a third party such as the CBN, to conduct on-site inspections on its behalf.
6. A PDMM will be given fourteen (14) days within which to rectify any violation in this Section and if found unsatisfactory, the DMO may invoke any of the actions stated in Section III(C).

SECTION V. ORGANISATION

A. Organisational Structure

1. At the beginning of each calendar year PDMMs will provide the DMO with an organisational chart of its Bond Trading Department (Group or Division as may be applicable) and the names of individuals with management responsibilities for Bond investments trading activities. This list should include the following:

- a. All individuals with oversight responsibilities for investment and trading activities related to FGN Securities;
 - b. All individuals with authority to trade (buy or sell) FGN Securities, including the manager of the relevant Department; and,
 - c. The Manager for clearing and settlement operations.
2. Any changes in the organisational chart and personnel must be reported to the DMO, within seven (7) working days of assumption of duty by such staff.
 3. A PDMM shall not employ any individual who has been sanctioned in activities relating to the FGN Securities Market, or barred from securities investing or trading activities by any regulatory authority including those regulators listed in Section II(C).

B. Systems and Procedures

1. A PDMM shall have policies and procedures for creating limits and monitoring same for self, customers and its FGN Securities traders. These include:
 - a. Credit Policy that describes procedures for establishing limits with customers including limits on Repurchase Agreements on a per-customer or counter-party basis;
 - b. Risk Policy procedures for establishing institutional position limits in FGN Securities; and,
 - c. Risk Policy procedures for establishing individual traders position limits in FGN Securities.
2. Policy on documentation and other procedures required for bidding for and trading with counterparties.
3. Compliance Policy that establishes a system of monitoring institutional and individual compliance to Guidelines or Circulars on investment and trading in FGN Securities by their respective regulatory authorities, as well as in-house policies and procedures.

C. Ownership and Board

A PDMM must advise the DMO in writing of material changes in its ownership and Board within 14 Days of their occurrence.

A PDMM will be given fourteen (14) days within which to rectify any violation of Section V(A-C) above, and if found unsatisfactory, the DMO may invoke the actions stated in Section III(C).

SECTION VI. CUSTOMER REQUIREMENTS

1. The primary contact with a customer shall be through a Sales Officer. The PDMM has full responsibility for the actions of its Sales Officers.
2. PDMMs shall comply with the following rules for customer activities:
 - a. All information concerning customer activity is confidential and should not be provided to any party outside the individual PDMM with the exception of fulfilling the appropriate reporting requirements or demands of regulators and/or a Court of Law.

- b. PDMMs shall not refuse a request to bid at an auction or give a quote for FGN Securities from customers, provided such customers meet their customer selection or acceptance criteria including due diligence requirements.
- c. For secondary market trades where the Customer is not part of the Two-Way-Quote Market, Sales Officers shall make requests for customers' bids and/or offers to the appropriate Traders. They are required to relay the prices given by the Traders to the customer and immediately provide the customer's response back to the Trader. The flow of prices and information shall be without delay. The Sales Officer represents the customer for this purpose and must accurately reflect all requests and responses to the Traders in a timely fashion.
- d. A Sales Officer is not allowed to bid at an auction on behalf of a customer or trade for a customer's account without proper authorisation by the customer. Standing Orders may be placed by the customer and be subsequently filled by the Trader, but the completion of the trade must be reported immediately to the customer and the transaction details confirmed within twenty four (24) hours by a means mutually accepted by the PDMM and the customer.
- e. A PDMM may decline a Customer's request where the Customer has not complied with the PDMM's internal policies or procedures such as Know-Your-Customer policy or where no limit (cash or credit) has been established for the Customer or the request will lead to an excess in the Customer's Limit. A refusal to bid or trade with a Customer should be made only after the deadline to bid or trade with the Customer has been approved by the PDMM's management and the reason(s) should be disclosed to the Customer.

SECTION VII. PRIVILEGES

The DMO shall determine specific benefits that accrue to the PDMMs. The DMO may review these benefits from time to time at its discretion. These are as follows:

A. Operational Privileges

- 1. PDMMs have exclusive right to bid in auctions for themselves and for their Customers;
- 2. PDMMs may earn a Fee only on Customers' winning bids. The Fee will be paid in the form of a Commission after the monthly auction at a Rate of 0.5%. The Fee may be changed at the discretion of the DMO;
- 3. PDMMs may solely at their discretion share the Fee with their Customers.
- 4. PDMMs shall be paid an Underwriting Fee of 0.075% on their proportionate share of unsubscribed FGN Securities at any Auction subject to the provision contained in Section III(A)(9). The Fee will be paid after the applicable Auction; and,
- 5. Preferred counterparty for DMO's secondary market activities, the DMO will

only deal with PDMMs in the FGN Securities secondary market.

B. Other Privileges

1. PDMMs shall automatically, subject to signing the required agreements with an Inter-Dealer Broker (IDB), have trading and viewing access to the services of duly registered IDB firms which will enable them to unwind or acquire positions with each other and other institutions who are part of the Two-Way Quote System.
2. PDMMs are automatically invited to send a representative to the DMO's periodic consultation meetings on the FGN Securities market once appointed.
3. The DMO will regularly schedule meetings with PDMMs for the purpose of receiving inputs into its debt management plans and strategies regarding future debt issuance, new products and general operations of the FGN Securities Market.
4. A PDMM automatically becomes a member of the Trade Group Primary Dealer Market Makers Association (PDMMA), a self-governing body that represents the PDMM community's interests in the wider market place and with other regulators.

SECTION VIII. PRIMARY DEALER MARKET MAKERS ASSOCIATION

1. PDMMs are required to establish an association known as the Primary Dealer Market Makers Association (The Association). Since the PDMMs are members of other large Trade Groups such as the Financial Markets Dealers Association (formerly Money Market Association of Nigeria), it is understood that the Association may at a future date be called by another name provided, however, that it bears relevance to the role of the PDMMs in the FGN Securities Market;
2. PDMMs shall be encouraged to maintain an active membership of the Association;
3. The Association may from time to time propose Trading Rules, Procedures and changes to existing Trading Rules and Procedures to the DMO for approval. These Trading Rules and Procedures shall include but not be limited to:
 - a. Method of price quotations to other PDMMs in market making;
 - b. Standard amount;
 - c. Maximum spread;
 - d. Standard settlement, (T+0, T+1, etc.) for secondary market trades;
 - e. Trading hours;
 - f. Method of price quotations for non-standard transactions; and,
 - g. Sanctions for non-compliance by any PDMM.
4. The Association may propose and establish Inter Dealer Broker institutions from time to time.
5. The Association may within the context of its own Rules admit other banks, discount houses and broker dealers into the Two-Way Quote System, however, this should be advised to the DMO within seven (7) working days of such admission.

SECTION IX. RESTRICTIONS AND ACTIVITIES

1. PDMMs and their personnel are restricted from making any statements or engaging in any activity, which could negatively impact the FGN Securities market.
2. The following activities are considered restrictive and in violation of this Rule.
 - a. **Market Misrepresentation** - PDMMs' personnel shall not disseminate rumours or false information about the market, price levels or market participants.
 - b. **Customer Inducements** - PDMMs' personnel are forbidden from giving or receiving any form of compensation, monetary or otherwise, as inducement to bid at auctions or complete a trade for a customer.
 - c. **Manipulation** - PDMMs' shall not engage in activities, which are intended to manipulate market prices or obstruct the efficient functioning of the market.
 - d. **Personal Trading** - The PDMM's Bond Traders are restricted from any personal trading or investment activity in FGN Securities in the secondary market without prior notice being given to and approval received from the Trader's Compliance Officer. Ownership interests in equities, bonds, mutual funds or other financial instruments shall be reported to the Trader's Compliance Officer.
 - e. **Collusive Activities** - Traders and Sales Officers are strictly prohibited from activities with other PDMMs', customers, and individuals within the FGN Securities market resulting in transactions that do not reflect proper market practices.
3. All persons engaging in activities, which jeopardize the efficiency of the marketplace, shall be prosecuted in accordance with the Investments and Securities Act (ISA), 2007 as may be amended from time to time and other applicable laws. In addition, the DMO may bar the individual from participating in the market for FGN Securities. Where it is the corporate body, its PDMM license may be revoked.

SECTION X. DISSEMINATION OF INFORMATION

1. The DMO may request that a PDMM comment or make recommendations on policies, market conditions or other matters that relate to the FGN Securities market. Dissemination of such requests outside the bond trading department is forbidden.
2. Non-public information concerning any government statistics or policies is highly confidential and may not be made public.
3. The receipt of confidential information from any unauthorized source must be reported to the PDMM's management and immediately reported to the DMO by the appropriate PDMM's officer.
4. Failure to comply with these mandates or the dissemination of confidential information may result in disciplinary action by the DMO and other appropriate authorities.

SECTION XI. APPLICATION FOR, SUSPENSION AND REVOCATION OF A PDMM LICENCE

A. Application for a PDMM Licence

1. Eligible institutions who wish to become PDMMs in FGN Securities may apply to the DMO or in the cases where the DMO invites applications from interested parties, respond to such invitations in the prescribed format.
2. Only institutions who meet the conditions in Section II can apply to be considered as PDMMs. In addition, applicants must meet the following criteria and others that may be prescribed by the DMO from time to time:
 - a. Must be rated a minimum of B+ (or its equivalent) by any of the recognised international rating agencies (Standard and Poor's, Fitch or Moody's) or any other recognised by SEC.
 - b. Participation in the primary and secondary markets for FGN Securities including the Two-Way-Quote Market would be an advantage.
3. The acceptance of an application and the issuance of a PDMM licence for FGN Securities is at the sole discretion of the DMO.

B. Suspension and Revocation of Licence

1. Without prejudice to the provisions in Section III(C), the DMO may suspend or revoke the licence of a PDMM for any of the following reasons:
 - a. Where the PDMM is classified as financially distressed or having poor corporate governance by its regulator.
 - b. An intervention by a regulator or regulators in the PDMM due to adverse developments in the PDMM institution.
2. For the avoidance of doubt, a PDMM's licence is automatically revoked once the licence issued by one or more of its regulators is withdrawn, suspended or revoked.

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