



T+1 DEFAULT MANAGEMENT PROCEDURE

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See below CSCS' Clearing and Settlement process for T+1 Transaction settlement:

Day T

- Execution of trades on the floor of the Exchange by Dealing Members
- Matched and confirmed trades are transmitted to CSCS by Exchange.
- CSCS sends notification net financial obligation "settlement report" at end of day to dealing member firms, custodians, and settlement banks latest 5:00pm (GMT+1).

Day T + 1

- Settlement bank escalates any unfunded cash settlement account to CSCS on or before 12:00pm. Escalations are to be sent to erm@cscs.ng and operations@cscs.ng. The bank shall also copy the client in all communications.
- CSCS engages the bank and the defaulting participant to meet its obligation, reiterating the consequences of not doing so before the settlement of T+1, 2.30 pm as we are going to utilize the 5pm NIBSS session window.
- Settlement bank to reconfirm unfunded cash settlement account position to CSCS by 2:30 pm; any unfunded account as at 2:30 pm on T+1 is considered a default, and this will follow through with suspension of securities.
- CSCS to send the final settlement advise to the settlement banks at 3pm.
- CSCS sends the NIBSS settlement report by 4:00 pm
- The bank is to appoint a broker to whom the cautioned securities will be transferred for sale, to cover their position.

CLAUSE

- The defaulting broker will be liable for applicable penalties with regard to default mechanisms and to pay any difference from the sales of the shares versus the position at the bank.