



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 "final settlement report" at end of day to dealing member firms, custodians, and settlement banks latest 5:00pm (GMT+1).
- Settlement bank escalates any unfunded cash settlement account to CSCS on or before 6:00pm. 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.
- Settlement bank to reconfirm unfunded cash settlement account position to CSCS by 6:15pm, any unfunded account as at 6:15pm on T+0 is considered a default.
- At 6:15pm CSCS shall divert all the 'buy' side of the settlement to CSCS buy back account.
- CSCS sends the NIBSS settlement report by 6:30pm reporting final and irrevocable settlement obligation for all settlement banks.

Day T + 1

- The bank is to appoint a broker to whom the cautioned securities will be transferred to for sale.
- The bank is at liberty to liquidate the securities transferred to recover its position using a broker of choice.
- The defaulting broker is cautioned by CSCS.