



T+2 DEFAULT MANAGEMENT PROCEDURE

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See below CSCS' Clearing and Settlement process for T+2 Commodities 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 5pm (GMT+1).

Day T+1

- Settlement bank escalates any unfunded cash settlement account to CSCS on or before 8:00am. 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+2.
- Settlement bank to reconfirm unfunded cash settlement account position to CSCS by 3:00pm, any unfunded account as at 3pm on T+1 is considered a default.
- At 3:00pm CSCS shall divert all the 'buy' side of the settlement to CSCS buy back account.
- CSCS sends the NIBSS settlement report by 5:00pm reporting final and irrevocable settlement obligation for all settlement banks.

Day T + 2

- 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 broker is cautioned by CSCS.