



REGISTRATION REQUIREMENTS FOR DIGITAL SUB-BROKER

The provisions of the [Commission's Rule on Corporate and Individual Sub-Broker](#) shall, with all necessary modifications, apply.

Sub-Broker/Sub-Broker Serving Multiple Brokers Through a Digital Platform

An application for registration as Sub-Broker/Sub-Broker Serving Multiple Brokers through a Digital Platform shall comply with the following requirements: -

A. Payment of fees

- i. Evidence of Payment of Filing/Application Fee – N50,000 (Fifty Thousand Naira);
- ii. Evidence of Payment of Processing Fee – N200,000 (Two Hundred Thousand Naira);
- iii. Evidence of Payment of Registration Fee – N200,000 (Two Hundred Thousand Naira);
- iv. Evidence of Payment of Sponsored Individual Fee – N50,000 (Fifty Thousand Naira) for each sponsored individual.

B. Forms

- i. Duly Executed Form SEC 2C – For the Company
- ii. Form SEC 2 and 2D – Sponsored Individuals/Compliance Officer (To be completed in duplicates); (Note that every applicant is to have at least three sponsored individuals, one of whom should be a Compliance Officer who shall be responsible for monitoring compliance with the ISA 2007, Rules and Regulations, notifications, guidelines, instructions etc. issued by the Commission or the Federal Government)
- iii. Form SEC 2 and 2D – Directors of the Company (To be completed in duplicates).

C. Minimum Paid-Up Capital and Fidelity Insurance Bond

- i. Evidence of Required Minimum Paid up Capital – N10,000,000 (Ten Million Naira) (i.e. Bank balances, Fixed asset or Investment in quoted Securities);
- ii. Current Fidelity Insurance Bond covering at least 20% of the minimum paid-up capital as stipulated by the Commission's Rules and Regulations.

D. Sponsored Individuals and Directors

- i. Minimum of three sponsored Individuals;
- ii. Managing Director of the Company shall be among the sponsored individuals;
- iii. Full postal addresses of immediate previous employers, bankers (with Current Account number) and nominated referees of sponsored individuals;
- iv. Evidence of compliance with Rule 20 (4) on Qualifications of Sponsored Individuals and Compliance Officers;
- v. Detailed curriculum vitae of sponsored individuals and Directors which should include details of activities from Secondary School to date with dates; (all gaps in employment and educational history should be explained);



- vi. Copies of credentials of sponsored individuals shall be made available for sighting by the SEC;
- vii. Evidence from the Sponsored Individuals of having the minimum post-graduation experience to perform the function as stipulated by the Commission`s Rules and Regulations;
- viii. Police clearance report for each Sponsored Individual. Each Sponsored Individual shall report at the SEC head office in Abuja or the Lagos zonal office with two recent passport photographs to commence the process;
- ix. Copy of means of Identification of the Directors and the Sponsored Individuals of the Company (current International Passport, National Identity Card, current driver`s license issued by Federal Road Safety (FRSC), Inland Revenue Tax Clearance Certificate or recent utility payment documents voters card and BVN).

E. Applicant Company

- i. Profile of the Company to include among others, brief history of the company, organizational and shareholding structure, principal officers as well as details of past and current activities;
- ii. The name(s) and address (es) of the company`s subsidiaries/associated companies, type of business and percentage holding;
- iii. Evidence of payment of shares allotted to the shareholders;
- iv. A copy of the agreement signed between the sponsoring broker/dealer firm and sub- broker;
- v. Sworn statement of guarantee from the sponsoring Broker/Dealer;
- vi. Securities owned by broker or dealer or in which the broker or dealer has an interest shall be listed in a separate schedule and valued at the current market price;
- vii. Operational manual or organizational chart of the company
- viii. Business plan;
- ix. Bank statement of accounts operated by the Company for the last 6 months.

F. Corporate Documents

A copy each of the following, duly certified by the CAC:

- i. Certificate of Incorporation;
- ii. Memorandum and Articles of Association – this shall include the power to perform the specified function;
- iii. CAC Form(s) showing Statement of Share Capital, Return of Allotment, and Particulars of Directors;
- iv. Latest audited accounts or audited statement of affairs of the company. Note that the cash assets ratio shall be 60% liquid assets and 40% fixed and other assets;
- v. Sworn undertaking to keep proper records and render returns;
- vi. Sworn undertaking to abide by SEC Rules and Regulations and the Investments and Securities Act No.29 of 2007 by a director or the company secretary (to be notarized);
- vii. The Commission may require such other documents as it considers necessary for registration;
- viii. An application for registration shall only be considered as having been filed when all document (s)/information have been completed;
- ix. Every applicant Company/Firm shall be inspected in the course of processing an application for registration;
- x. A fair knowledge of the Rules and Regulations of the Commission and Investments & Securities Act No 29 of 2007 and the Capital Market is an essential prerequisite for registration.
Note: the original copy of the certificate shall be presented for sighting by an authorized officer of the SEC;



Additional Registration Requirements for Sub-Broker Serving Multiple Brokers Through a Digital Platform

A sub-broker shall have an agreement with multiple brokers.

In addition to compliance with the existing requirements in Rule 67, the Sub-broker shall have the following:

- a. Copy of "multiple principal agreement" with every sponsoring broker.
- b. Description of the Technology on which its infrastructure is built:
 - i. Structure
 - ii. Capability/limitation
 - iii. Security
 - iv. back-up & recovery process
- c. Certification that the Infrastructure is sufficient to perform the required function by an IT Service Provider registered by NITDA or other recognized Agency, and endorsed by a representative of the Association of Securities Exchanges
- d. Evidence of documented policies and procedures for managing technology risks.
- e. Electronic Communication channel through which all communications with clients would be made.
- f. Method of establishing the suitability of potential clients to utilize its infrastructure for transactions.
- g. Notice to potential clients of the features, risks, responsibilities, obligations and liabilities associated with the use of its infrastructure.
- h. Before execution of an order, proof that the Client is fully aware of and understands the risks associated with the service being offered.
- i. Confirmation that it would not delegate its functions to another sub-broker without the written permission of the Commission
- j. Adequate KYC requirements and processes
- k. Binding Legal Agreement with Potential clients taking into consideration the following amongst others:
 - i. The respective rights and liabilities of the parties
 - ii. Provisions relating to the security (physical and IT security) of the infrastructure (user identity, passwords, authentication codes, etc.), to avoid unauthorized system access;
 - iii. Limits that are expressed as a notional amount for each Customer above which the orders cannot be placed
 - iv. Warranties, indemnities, charges and Customer/product specific conventions;
 - v. Conditions (such as for entering orders, error trade policies, etc.) and restrictions such as the right to suspend the service, to reject or cancel orders, etc.
 - vi. A requirement to have knowledge of trading rules and applicable laws and regulations; and
 - vii. A requirement that the Customer or his/her personnel who manage the process are authorized, qualified and competent.