

JULY 2025

NEW FMDQ ADMISSION RULES FOR COMMERCIAL PAPERS – EFFECTIVE JULY 1, 2025

Big changes are here. Starting July 1, 2025, the FMDQ Exchange will no longer admit or quote any Commercial Paper (CP) without prior approval from the Securities and Exchange Commission (SEC). This shift stems from the implementation of the SEC's New Rules on the Issuance of Commercial Papers, issued on December 23, 2024.

Previously, short-term debt instruments like CPs operated outside SEC oversight, especially those with maturities under 270 days. The new regime closes that gap, establishing full regulatory control over CP issuance regardless of tenor, to improve market transparency and investor protection.

After a brief suspension of CP admissions in early 2025 to align with these rules, FMDQ resumed operations. Now, the updated FMDQ Market Notice makes it official: SEC approval must precede any CP admission or quotation on the FMDQ platform.

Key New Requirements for Issuers

To issue or quote a CP, companies must now meet the following conditions:

- Be incorporated under CAMA with at least **5 years** of operational history
- Provide **audited financial statements** for the past 3 years
- Have minimum **shareholders' funds of N500 million** (as per the latest audited accounts)
- Maintain **total debt not exceeding 400% of shareholders' funds**
- Submit full documentation (Programme Memorandum, tax compliance evidence, etc.) to the SEC for review and approval before issuance

Implications for Issuers

- **All CP applications pending as of June 30, 2025**, without complete documentation, must now pass through SEC clearance first.
- No CP can be admitted by FMDQ without the SEC's green light.
- Non-compliant issuers risk regulatory sanctions, including fines, disqualification, or suspension under SEC rules.

What This Means for You

If you're a frequent issuer or currently planning a CP transaction, you must:

- Review your compliance with the new SEC criteria
- Prepare all required documentation well in advance
- Ensure SEC clearance is obtained before approaching FMDQ for quotation

Need help navigating the new process? We're available to support you with compliance reviews, documentation, and regulatory filings.

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