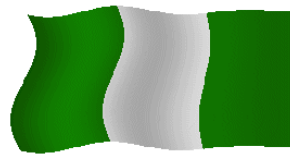




DEBT MANAGEMENT OFFICE
NIGERIA



FEDERAL GOVERNMENT OF NIGERIA SAVINGS BOND

A PRESENTATION BY
DEBT MANAGEMENT OFFICE
TO
STOCKBROKING FIRMS AT THE NIGERIAN STOCK EXCHANGE
FEBRUARY 17, 2017



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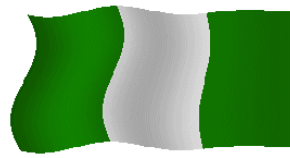
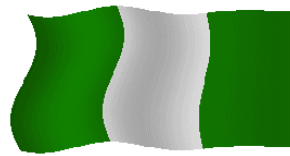


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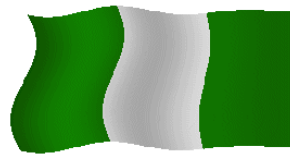
- Issuance/Settlement Process
- The Role of Stockbrokers
- The Role of the Government Stockbroker
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- Questions and Answers



Issuance/Settlement Process

Steps in the Issuance and Settlement Process

- Step 1: Offer for Subscription begin with the publication of Offer for Subscription Notice and announcement of interest rate by the DMO in at least 3 national dailies.
- Step 2: Investors obtain forms from Distribution Agents or download from the DMO website, fill, submit and pay to Distribution Agents (Accredited Stockbrokers) - list to be published by the DMO.
- Step 3: Distribution Agents submits Subscription Forms (hard and electronic copies) and remit payments to Government Stockbroker (GS) with appropriate Excel Sheets.
- Step 4: GS forwards a Schedule of Investors and the amount received from Stockbrokers to the CBN and CSCS, respectively for settlement.
- Step 5: CSCS and CBN update their records and inform the DMO on Settlement Date (T + 3).
- Step 6: On Settlement Date CSCS debits the DMO's account for the volume of Bonds issue, credits investors' account with CSCS and generate text messages to Investors.



The Role of Stockbrokers (DAs)

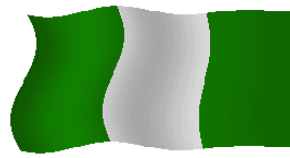
Accredited Stockbroking Firms will act as the Distribution Agent for the Federal Government of Nigeria Savings Bond.

Primary Market Role

- † To Market and distribute the FGN Savings Bond.
- † To provide requisite investor education on the FGNSB to their clients.
- † To open a Central Securities Clearing System (CSCS) Account for investors without CSCS account.
- † To receive payments from investors.
- † To forward hard and electronic subscription forms with Spreadsheets and remit payments to Government Stockbroker.

† Secondary Market Role

- † Provide a two-way-quotes on the floor of the Nigerian Stock Exchange.



The Role of the Government Stockbroker and Central Securities Clearing System

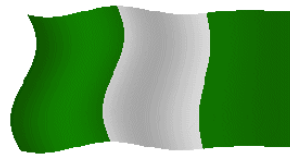
Government Stockbrokers:

- † Act as the receiving agent for the FGN Savings Bond on behalf of the Government.
- † Ensure timely receipt of schedule of investors and payments from Distribution Agents (DAs).
- † Forward schedule of investors and the amounts paid to the CBN/CSCS.
- † Ensure that the total proceeds are remitted into the FGN Savings Account domiciled at the CBN.
- † Conduct periodic reconciliation with DAs and the DMO.

Central Securities Clearing System:

Subject to receipt of the schedule of investors, the CSCS will be expected to:

- † Credit investor accounts with CSCS and debit the DMO's account for the volume of Bonds issued to each investor.
- † Generate text messages to investors on purchase and sale of their Bonds.
- † Update CBN S4 with primary and secondary market transaction details.



Issuance Process, Pricing and Secondary Market

Issuance Process

- † To be issued on a Monthly Basis
- † To be issued through Offer for Subscription
- † To be open to investors for 5 working days, including the day of announcement and closure.

Pricing

The price will be fixed by the DMO and announced on the first day of Offer. The price will be based on competitive fixed rates.

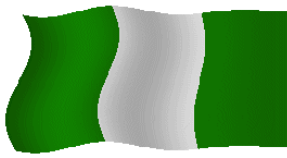
Secondary Market

All secondary market transactions would be carried out on the trading floors of the NSE's and bonds would be priced as a percentage of par value but with a corresponding yield, which would be generated automatically by the system in place.

It is expected that the NSE's dedicated Fixed Income Market Makers, Government Stockbroker and all the Distribution Agents would make daily two way quotes, while the Government Stockbroker would also act as the buyer and seller of last resort for the FGN Savings Bond, as it does for the FGN Bond on the NSE.



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QUESTIONS & ANSWERS