



FREQUENTLY ASKED QUESTIONS

What is the WACMI program?

The West African Capital Markets Integration (WACMI) program is the initiative to establish a harmonized regulatory environment for the issuance and trading of financial securities across the West African sub-region. The program will be rolled out in three phases:

- Phase 1: Sponsored Access
- Phase 2: Direct Access by Qualified West African Brokers (QWABs)
- Phase 3: Integrated West African Securities Market (WASM)

In Phase 1, brokers in the member countries will be able to trade securities and settle in markets other than theirs through local brokers in those markets. The objective of Phase 1 is to enable brokers that are not registered market operators of an exchange to participate in the market by granting them remote access to an exchange's trading facility through a local broker.

In order to facilitate a seamless integration process, Phase 1 has been structured into two sub-phases. The first sub-phase is Direct Market Access (DMA), leading to the second sub-phase, Sponsored Access (SA).

What is the difference between Direct Market Access and Sponsored Access?

With DMA, a Sponsoring Member (SM) firm can allow a Sponsored Participant (SP) to submit orders to the trading system under the member firm's trading codes via the member firm's order management systems aka OMS (i.e. dealing member firm's infrastructure).

Unlike DMA, Sponsored Access allows a SP to submit orders under a SM firm's trading codes to the trading system without passing through a member firm's order management systems; instead their orders pass through a series of validation checks provided by the Exchange and the orders are monitored by the member firm in real-time (i.e. Exchange's infrastructure).

Where can I find information on the WACMI program?

Information on the WACMI program can be located on websites of all participating WACMI exchanges (Nigerian Stock Exchange or NSE, Ghana Stock Exchange or GSE, and Bourse Régionale des Valeurs Mobilières SA or BRVM initially). In respect to the NSE, WACMI information is located under the



“Dealing Members” section of our website or by clicking the following link <http://www.nse.com.ng/dealing-members/wacmi>.

What information is available on the WACMI program?

The NSE’s website provides detailed information on the WACMI program, including an overview of the project, details on the phased approach, WACMI news/updates, rules and regulations, applications/agreements, and much more. Contact details are also provided for NSE personnel who can provide additional information.

How can one participate in the WACMI program?

West African exchanges can participate by writing a letter to Mrs. Joyce Boakye, WACMIC Secretariat – jboakye@gse.com.gh, to express their official interest in the program. You will receive a letter of acknowledgement confirming that your interest has been noted; the letter will also advise of next steps necessary to become a full participant.

West African brokers can participate by liaising with the regulated securities exchange in their respective markets to determine if the local exchange is an active participant in the WACMI program.

Investors can participate through brokers in their respective markets.

How can a Dealing Member in Nigeria apply for Phase 1 under the WACMI program? What agreements, if any, must be executed?

Any active Dealing Member firm in Nigeria that is registered with the Securities and Exchange Commission (SEC) and licensed by the Nigerian Stock Exchange can apply for Phase 1 under the WACMI program. Additionally, the Dealing Member firms must have an OMS vendor that is certified by the Exchange for sub-phase 1, DMA.

For the 1st sub-phase, DMA, the steps for the NSE’s “No Objection” are as follows:

- 1) The SM to submit a DMA Notification to the NSE, which is an official letter from the SM advising the Exchange of the SP they wish to sponsor.
- 2) The SP must provide a “Letter of Good Standing” from its domestic exchange where it is an active member to the SM which will be submitted to the NSE alongside the “DMA Notification”.



- 3) The SM must also provide a copy of the risk policy/framework used to monitor/constrain the SP's trading activities. Any subsequent changes to the risk policy/framework must be immediately submitted to the Exchange.
- 4) The SM must provide the name of their OMS provider in the "DMA Notification".

In regards to the second sub-phase, Sponsored Access, approval entails executing Sponsored Access agreements, along with other relevant documentation (i.e. Sponsored Access Rules) as specified by the NSE. The Sponsored Access agreements are listed below and can be found on the NSE's website under the "Dealing Members" section or by clicking the following link <http://www.nse.com.ng/dealing-members/wacmi/rules-agreements>

- Sponsored Access Rules
- Sponsoring Member Access Agreement
- Sponsoring Member's Notice of Intent to Provide Sponsored Access
- Sponsored Participant Agreement

The above rules and agreement must be executed by the respective parties and submitted to the Broker-Dealer Regulation department of the NSE.

How much does Phase 1 cost?

For the 1st sub-phase, DMA, it is envisioned there will be no cost associated with the notification process¹.

For the 2nd sub-phase, Sponsored Access, there is a minimum application processing fee related to document review payable to the Exchange which ranges between N25,000 to N50,000. Commissions between Sponsoring Members and Sponsored Participants may be shared/split as agreed by the two parties.

How long does it take to commence trading?

For the 1st sub phase, DMA, SM's who have OMS vendors that are pre-certified by the Exchange, can establish trading capabilities for the SP immediately, once "No Objection" is granted by the Exchange to the DMA Notification.

In regards to sub-phase 2, Sponsored Access, the NSE is in the process of finalizing the technical requirements and building out the technology required to commence the project.

¹ Cost may be applicable where the Exchange is required for documentation review.



WACMIC
West African Capital Markets Integration Council

*Facilitating the creation
of an integrated capital
market*

Who can I contact at the NSE?

For more information on WACMI, please contact the NSE's Broker Dealer Regulation Department, Olufemi Shobanjo, at oshobanjo@nse.com.ng or the Corporate Strategy department, Okon Onuntuei, at oonuntuei@nse.com.ng.