

The Managing Director  
 Central Securities Clearing System Ltd  
 Stock Exchange House  
 2/4, Customs Street  
 Lagos

All information/data to be typewritten please

Dear Sir,

**Use of Shares in CSCS Depository as Collateral for Loan Facility**

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J O I N T M E M O R A N D U M

**THIS AGREEMENT** is dated ..... day of ..... 200....

**Between** ..... of .....

[hereinafter referred to as the “Borrower/Shareholder”] And .....

A Bank/Company incorporated in Nigeria and having its registered office at .....

..... [hereinafter referred to as the “Lender”]. In consideration of

the sum of ₦ ..... (words) [.....

.....]

granted to the Borrower/Shareholder by the Lender, we hereby jointly agree as follows:

- (a) That CSCS Limited should place a lien on the following stock(s)/security(ies) in CSCS System until it receives a letter of discharge from the Lender.

<u>Security</u>	<u>Units</u>	<u>CSCS Investor’s A/C No.</u>
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**[Please note that this may be extended to accommodate all the stocks before the next item “b” below.]**

- (b) That the letter of advice of lien placement by CSCS shall be sent to the parties after the procedure have been duly completed at CSCS.

- (c) (i) That the lien shall be in place for (duration) ..... Months,
- (ii) That the effective drawn down date is .....
- (d) That the Borrower/Shareholder undertakes to fully redeem his/her/their financial obligation to ..... [Lender]
- (e) That the Lender reserves the right to sell the stock(s)/security(ies) or any part thereof in the event of default in payment by the Borrower/Shareholder at the expiration of the loan due date, without recourse to the Borrower/Shareholder, albeit, a copy of an undated letter from the Borrower/Shareholder authorizing the Lender to sell the stock(s) must be forwarded to CSCS via a letter from the Lender instructing CSCS to so move the shares to a stated stockbroking firm to effect sale.
- (f) That CSCS is not obliged to obey/recognize any instruction/agreement/arrangement, which is not part of this memorandum.
- (g) That this joint memorandum is in fulfillment of CSCS requirements for the use of shares as collateral for loan facility.
- (h) That CSCS is hereby indemnified and remain indemnified by the parties from any breach of this agreement.
- (i) That the Lender hereby ascertains the genuineness of the Borrower/Shareholder as the owner of the stock(s) who signs this Agreement in the presence of the Lender and in the presence of each other confirms the genuineness of the stated stock(s) and further absolves and indemnifies CSCS of any damage resulting from CSCS acting on such information in this Agreement.
- (j) That the Lender and/or the Borrower hereby agrees (as co-defendant/plaintiff to CSCS) hereby agrees and UNDERTAKES to express commitment to the cause of CSCS and to take up CSCS role/defence against any suit/action/issue that may arise as a result of the release of the stated lien stocks on the Lender's instructions.
- (k) That the Lender and/or the Borrower hereby agrees (as co-defendant/plaintiff to CSCS) and UNDERTAKES to take full responsibility for damages that may be awarded against CSCS or that CSCS may incur as a result of the release of the lien stocks to any stockbroking firm and/or on the instructions of the Lender. The Lender and/or the Borrower is given to understand and hereby agrees to off-set the damages that any court of law/Tribunal may impose on CSCS as a result of CSCS acting on Lender's instructions to release and as such PROMISES to defend the suit with the interest and in favour of CSCS, against the claimant or any other party, with huge commitment to ensure that CSCS does not incur any liability.

(Please note the additional paragraphs j and k above inserted for the promotion of the capital market)

**Dated this ..... Day of ..... 20...**

.....  
**Signed [Borrower/Shareholder]**

.....  
**Signed [Lender]**

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 Commissioner for Stamp Duties/Commissioner for Oaths