FMDQ SPOTLIGHT

FMDQ
...empowering the OTC markets

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New Stories

Thomson Reuters Market Tracker Solution Goes Live at the Central Bank of Nigeria & FMDQ OTC PLC

Thomson Reuters, the world's leading source of intelligent information for business and financial professionals, has launched its foreign exchange trade reporting solution for the CBN and FMDQ.

The solution is enhancing the supervisory role of Nigeria's regulators over the foreign exchange market and helping automate the regulatory reporting requirements of market stakeholders. Thomson Reuters Market Tracker is automating the tracking of foreign exchange market volumes and activity in real time. The CBN is the fifth central bank in Africa using this solution. In addition to other strategic initiatives and bespoke innovations being introduced by FMDQ to suit all markets, this Solution is expected to boost transparency, improve market credibility and sustain investor/user confidence.

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FMDQ Co-Sponsors the 5th Africa Debt & Capital Markets Summit

In consolidation of its stance as the foremost debt capital securities exchange, positioned to revolutionalise the Nigerian debt capital market (DCM), FMDQ participated as an Associate Sponsor at the 5th Africa Debt & Capital Markets Summit (ADCM) which held in Washington D.C. on April 16, 2015.

With MD/CEO of FMDQ, Bola Onadele. Koko, as a panelist at this Summit, this year's deliberations focused on the emergence of financial hubs in Africa, the latest bond issues including sovereign debut sukuk bonds, private equity, and the role of African and international investors (pension funds, sovereign wealth funds, hedge funds) in Africa's capital markets. The Summit also highlighted a range of opportunities in the African debt and capital markets which investors can tap into and also provided insights into new trends in financial services such as insurance and management of investment risk.

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FMDQ Listings & Quotations

FMDQ Welcomes Pioneer Corporate Bond Listing

FMDQ, on April 8, 2015, welcomed the listing of the United Bank for Africa PLC N30.50bn Series 1: 7 year 16.45% Fixed Rate Subordinated Unsecured Notes due in 2021. This listing is the first corporate bond to be listed on FMDQ's platform following the approval of FMDQ Bond Listing and Quotation Rules by the Securities and Exchange Commission (SEC) in December 2014. To commemorate this momentous occasion, FMDQ hosted United Bank for Africa PLC (UBA)'s Group Managing Director/CEO, Mr. Phillips Oduoza, to the FMDQ Bond Listing Ceremony in honour of the pioneer listing. The Lead Issuing House and sponsor of the bond on FMDQ platform, United Capital PLC, was also represented at the ceremony by the Group CEO, Mrs. Toyin Sanni.

Highlights of this Ceremony included the unveiling of the UBA ₦30.5bn Bond Listing Scroll by Mr. Bola Onadele. Koko, MD/CEO, FMDQ OTC PLC and Mr. Oduoza, presentation of the UBA ₦30.5bn Bond Listing Plaque to the Issuer/Issuing house, autographing of the FMDQ Bond Listing Wall of Fame by Issuer and signing of the FMDQ Bond Listing Register by Issuer/Issuing house.

Click to view details of United Bank for Africa PLC ₦345bn Medium-Term Note Programme Listing

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FMDQ Turnover & Dealing Members' League Table

The FMDQ OTC Market Turnover Report shows the turnover on all products traded on the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.Bills), Money Market (Repurchase Agreements, Buy-Backs and Unsecured Placements/Takings) and Bonds (FGN Bonds and Other Bonds). FX and Money Market Derivatives are embedded in the FX and Unsecured products categories. These figures exclude primary market auctions in T.Bills, Bonds and FX.

The data, collated from the weekly trade data submissions by FMDQ Dealing Members, represents trades executed between Dealing Members, Dealing Members & Clients, and Dealing Members & the Central Bank of Nigeria (CBN).

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FMDQ OTC Market Turnover (January – March 2015)

	Turnover (₦'mm)
Foreign Exchange	8,420,034
Foreign Exchange Derivatives	2,199,599
Treasury Bills	8,439,474
FGN Bonds	1,959,177
Other Bonds	8,256
Eurobonds	334
Repurchase Agreements/Buy-Backs	9,032,987
Unsecured Placements/Takings	2,669,039
Money Market Derivatives	32,485
	32,761,385
USD equivalent ('mm)	*168,093*
No. of Business Days	60
Average Daily Turnover	546,023
USD equivalent ('mm)	*2,802*

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The FMDQ League Table shows the rankings of its Dealing Members across all products traded on the FMDQ platform – FX, FX Derivatives, T.Bills, Bonds (FGN Bonds, Eurobonds and Other Bonds), Money Market (Repurchase Agreements, Buy-Backs and Unsecured Placements/Takings) and Money Market Derivatives. It depicts the overall ranking for the cumulative value traded across all products.

Top 10 Dealing Members in FMDQ Market (January – March 2015)

Rank	Dealing Member
1	Stanbic IBTC Bank PLC
2	First Bank of Nigeria Limited
3	Access Bank PLC
4	Diamond Bank PLC
5	United Bank for Africa PLC
6	Ecobank Nigeria Limited
7	Skye Bank PLC
8	Mainstreet Bank Limited
9	Standard Chartered Bank Nigeria Limited
10	Citibank Nigeria Limited

First Bank Nigeria Ltd. moved to 2nd position due to increase in Repos/Buy-Back transactions as Access Bank PLC and Diamond Bank PLC moved positions to 3r^{d} and 4^{thh} respectively. Every other Dealing Member maintained their positions on the League Table except

Mainstreet Bank Ltd. and Standard Chartered Bank Nig. Ltd. who swapped positions at 8th and 9th due to increase in Repos/Buy-Back and Unsecured Placement/Taking transactions by Mainstreet Bank Ltd.

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Upcoming Events

FMDQ Debt Capital Market Workshop

FMDQ, in partnership with the Securities and Exchange Commission (SEC), will be holding a workshop on "Nigeria's Debt Capital Market". This workshop, will focus on challenges in the Nigerian DCM and drill down to practical and implementable solutions. The Workshop aims to be the catalyst for the rejuvenation and growth of the Nigerian DCM. All DCM stakeholders are encouraged to attend. Details of the workshop will be communicated in due course.

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FMDQ Learning

Introduction to Government Bonds

A Government bond is a debt instrument issued by a government to support government spending and most often issued in a country's domestic currency. Since bonds issued by government are guaranteed by the government, they are widely considered the most secured investment option. Most government bonds do not have specific collateral backing them. They are backed by the full faith and credit of the government. Government bonds have maturities ranging from 1 to 50 years.

In Nigeria, the highest bond maturity is 20 years. While securities issued with less than 1 year maturities are often referred to as bonds, they are called Treasury Bills in Nigeria. Sovereign, Sub-national and Agency bonds are the various types under which government bonds in Nigeria can be classified.

Government bonds can be categorised based on the following types:

- Treasury Bonds
- Treasury Notes
- Collaterised Mortgage Obligations (CMO)

- Agency Bonds

The various features of these bonds are:

- Treasury Bonds: These are very long term government bonds. They are issued with either fixed or floating coupon rates
- Treasury Notes: These are bonds with middle-range maturities. They are essentially the same as treasury bonds except for their shorter maturities
- Collaterised Mortgage Obligations (CMOs): This was created to relieve investors of prepayment uncertainties that arise when home owners refinance their mortgages. Interests are paid to all their investors but principal payments are made out in order of maturity. The collateral on these bonds is a pool of mortgages that a trustee holds
- Agency Bonds: Agencies of the government raise money to help certain areas of the economy. Bonds issued by these government agencies are call Agency Bonds. These securities are sold by the government agency to raise money. These are mostly consider safe investments as they are generally guaranteed by the government

Though government bonds are considered safest investment because of their creditworthiness and guarantee by the government, they have their own risks. Like most bonds, government bonds carry interest rate risk, reinvestment risk, inflation risk, default risk, liquidity risk and rating downgrades.

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