



FMDQ SPOTLIGHT



Newsletter Edition 7 – May 2015

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New Stories

FMDQ Holds 3rd Annual General Meeting

The 3rd AGM of FMDQ OTC PLC (FMDQ) held at the InterContinental Hotel on April 30, 2015. The Shareholders received the financial statements of FMDQ as at December 31, 2014, together with the Report of the Directors & Auditors. The Shareholders appointed external auditors, authorised the Directors to fix the auditor's remuneration and re-elected the members of the Audit Committee.

The Chairman, Dr. (Mrs.) Sarah Alade, OON, noted that in 2014, FMDQ's focus was primarily on achieving unprecedented transparency in the fixed income and currency markets, and consolidating the value-add services for listing on FMDQ's platform. The MD/CEO, Mr. Bola Onadele. Koko, commended all stakeholders (Shareholders, Registered Members, Regulators, Issuers etc.) in the FMDQ markets for their unwavering support towards the growth and development of FMDQ. He pledged a renewed commitment to delivering on FMDQ's mandate of market development and governance towards making the Nigerian markets globally competitive.

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FMDQ Co-Sponsors 4th Annual Investor Conference of the Association of Assets Custodians of Nigeria

With an unwavering commitment to foster innovation and development in the Nigerian debt capital market space, FMDQ partnered the Association of Assets Custodians of Nigeria (AACN) as a co-sponsor for the AACN's annual investor conference which held in London on May 7, 2015.

By seeking ways to make the Nigerian securities market more attractive for investors, the conference themed 'Nigeria: Navigating Changes, Extracting Opportunities' provided an interactive forum for market participants from various sectors and nations, such as financial institutions, investment services, financial services and advisory, consulting, asset management, legal services and stock exchanges to gain in-depth knowledge about the state of the Nigerian capital market and its outlook for the future.

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FMDQ Listings & Quotations

FMDQ Board Approves Listing of two (2) Corporate Bonds

Following the recent listing of United Bank for Africa PLC (UBA) ₦345bn Medium-Term Note Issuance Programme: Series 1: 16.45 UBA 30-DEC-2021 (₦30.5bn) on FMDQ's platform, FMDQ is pleased to announce the approval for the listing of Tranche A: 182-Day T.Bills+1.2 Stanbic 30-SEP-2014 (₦0.1bn) and Tranche B: 13.25 Stanbic 30-SEP-2024 (₦15.44bn) under the Stanbic IBTC Bank PLC ₦150bn Structured Note Programme; and 14.25 FCMB 20-NOV-2021 (₦26.0bn), under the FCMB Financing SPV PLC ₦100bn Debt Issuance Programme, on FMDQ's platform. These listings provide the necessary visibility and liquidity for the secondary market trading of Corporate bonds in the Debt Capital Market (DCM).

FMDQ, shall provide continuous information disclosure on these bonds to include price/value data and detailed issuers'/issue information to stakeholders via the 'Listings & Quotations' page on FMDQ website. The bonds shall be included on the FMDQ-Bloomberg E-bond Trading System (E-bond) and also on the FMDQ website, providing issuers, investors, dealers, regulators and the general public with tools for improved price discovery and transparency.

[Click to view details of bonds listed on FMDQ platform](#)

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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 (Repos), Buy-Backs and Unsecured Placements/Takings) and Bonds (Federal Government of Nigeria (FGN) Bonds, Eurobonds & 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 – April 2015)

	Turnover (₦'bn)
Foreign Exchange	10,633
Foreign Exchange Derivatives	3,243
Treasury Bills	12,564
FGN Bonds	2,962
Other Bonds	8
Eurobonds	30
Repurchase Agreements/Buy-Backs	12,858
Unsecured Placements/Takings	4,675
Money Market Derivatives	49
	47,023
<i>USD equivalent (bn)</i>	<i>240</i>
No. of Business Days	82
Average Daily Turnover	573
<i>USD equivalent (bn)</i>	<i>3</i>

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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 – April 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	Skye Bank PLC
7	Ecobank Nigeria Limited
8	Mainstreet Bank Limited
9	Standard Chartered Bank Nigeria Limited
10	Citibank Nigeria Limited

All Dealing Members maintained their positions on the League Table except Skye Bank PLC and Ecobank Nigeria Ltd. who swapped positions at 6th and 7th due to increase in Treasury

Bills, Repos/Buy-Back, Unsecured Placement/Taking and Money Market Derivatives transactions by Skye Bank PLC.

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Upcoming Events

FMDQ 'Members Only' Meeting

An FMDQ 'Members only' meeting will be convened in July 2015, where action points from the last meeting in December, 2014 will be discussed. As part of the agenda for this meeting, key market development initiatives and outlook will be discussed. All FMDQ Members are encouraged to attend. Details of the meeting will be communicated in due course.

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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 (DCM)". This Workshop which aims to be the catalyst for the rejuvenation and growth of the Nigerian DCM, will focus on challenges in the Nigerian DCM and drill down to practical and implementable solutions. 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 Bond Options

This is an option contract in which the underlying asset is a bond. It is an option to buy or sell a bond at a certain price on or before the option expiry date. It allows investors the ability to hedge the risk of their bond portfolios or speculate on the direction of bond prices with limited risk.

The term 'bond option' is also used for option-like features of some bonds. This is referred to as 'Embedded Options'. These are an inherent part of the bond, rather than a separately traded product. These options are not mutually exclusive, so a bond may have several options embedded.

Bonds of this type include:

- **Callable Bond**: allows the issuer to buy back the bond at a predetermined price at a certain time in future
- **Puttable Bond**: allows the holder to demand early redemption at a predetermined price at a certain time in future
- **Convertible Bond**: allows the holder to demand conversion of bonds into the stock of the issuer at a predetermined price at a certain time period
- **Extendible Bond**: allows the holder to extend the bond maturity date by a number of years
- **Exchangeable Bond**: allows the holder to demand conversion of bonds into the stock of a different company, usually a public subsidiary of the issuer, at a predetermined price at certain time period in future

An investor buys a call option on the bond in anticipation of drop in interest rates and an increase in bond price. An investor buys the put option in anticipation the opposite will be the case. One result of trading in a bond option is that the price of the underlying bond is 'locked in' for the term of the contract, thereby reducing the credit risk associated with fluctuations in the bond price.

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