FMDQ SPOTLIGHT

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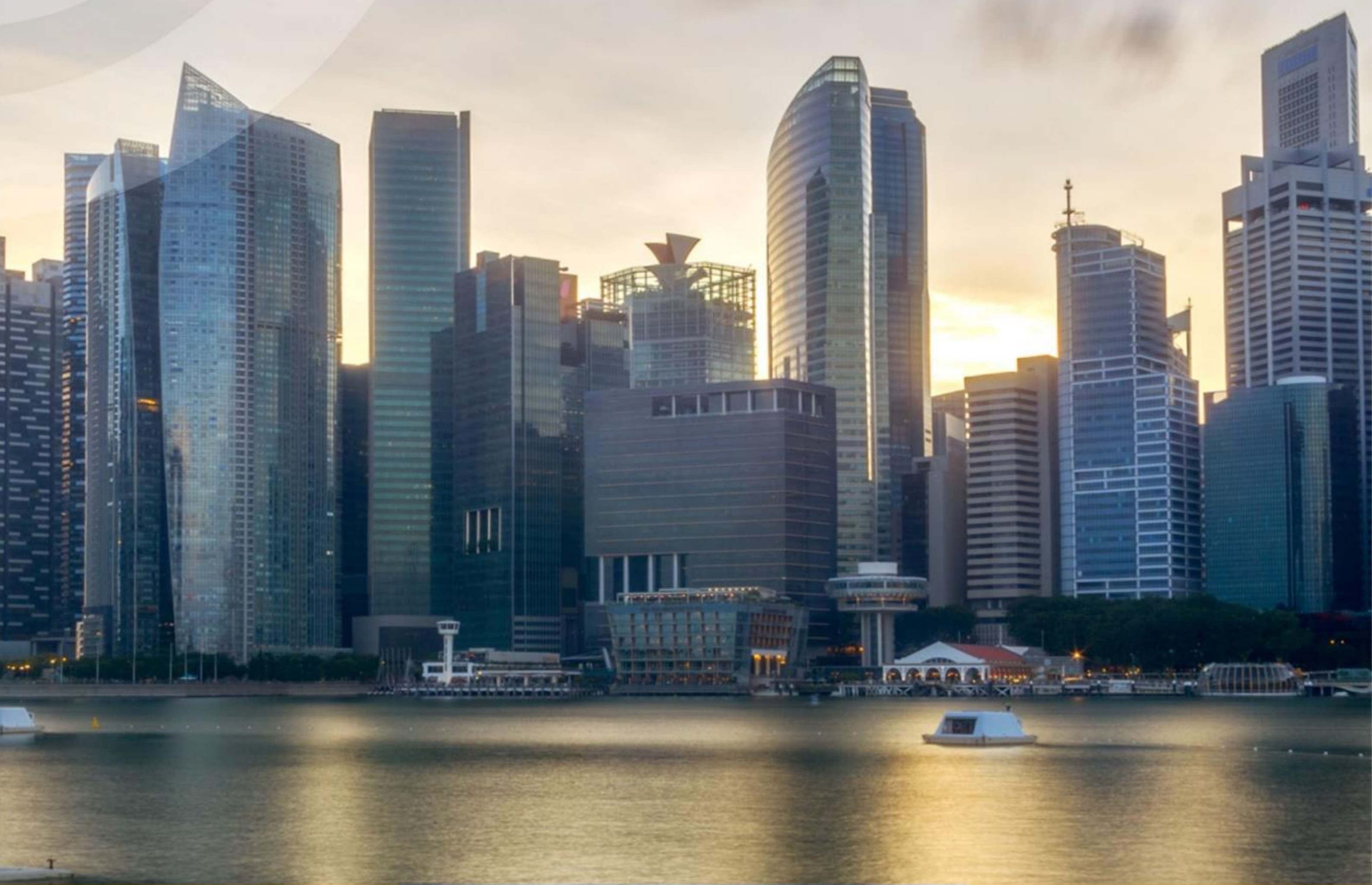

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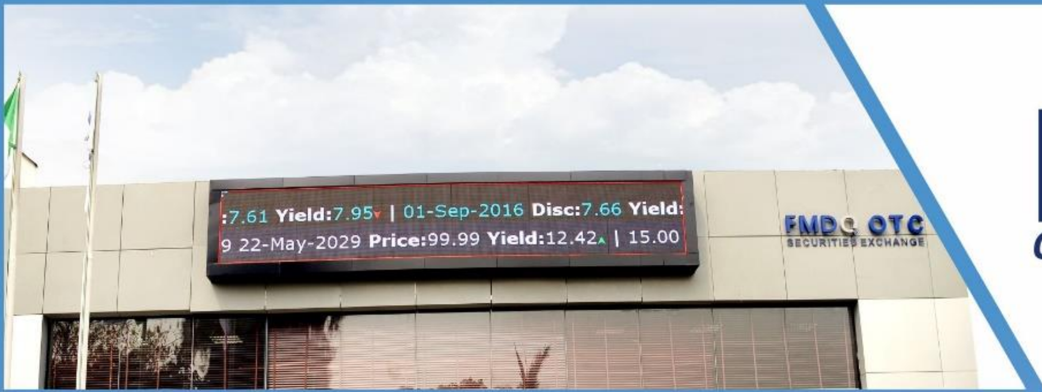

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NEW STORIES

FMDQ, CBI, FSD Africa, Launch Nigerian Green Bond Market Development Programme

As the prime mover and champion of innovative and game-changing financial markets initiatives, FMDQ OTC Securities Exchange ("FMDQ" or the "OTC Exchange"), in partnership with Climate Bonds Initiative ("CBI"), Financial Sector Deepening Africa ("FSD Africa") (all three (3) institutions referred to as the "Parties"), is making, what can be seen as one of its most significant contributions yet, to the development of the Nigerian non-sovereign debt capital markets (DCM), specifically the green bond market. The Parties are spearheading a 3-year Nigerian Green Bond Market Development Programme (the "Programme") to, among others, create awareness and drive education required to integrate the principles of green financing into the Nigerian DCM, thereby facilitating the establishment and development of the green bond market in Nigeria. The Programme, more specifically, will support the development of guidelines and listing requirements for green bonds in Nigeria, develop a pool of Nigeria-based licensed verifiers to support issuers, facilitate engagement with extant and potential issuers and investors, and support broader DCM reforms that have/will have an impact on the non-government bond market in Nigeria.

In March 2018, the Parties formalised a partnership, which stemmed from the growing global recognition of the role sustainability plays in strengthening financial stability and supporting overall economic growth in a nation, through the signing of a Cooperation Agreement, to support the development of the Nigerian green bond market for a period of three (3) years. The partnership is aimed at, among other things, enabling the OTC Exchange garner the necessary support required to promote impact investing as entrenched under the sustainable finance pillar in the FMDQ Debt Capital Markets Development (DCMD) Project, and at providing the necessary tools to allow the OTC Exchange continually pursue an economic development agenda to reposition and organise the Nigeria DCM to access a global pool of long-term climate-related capital.

Subsequently, in June 2018, the Parties, supported by the Securities and Exchange Commission ("SEC") and Access Bank PLC ("Access Bank"), launched the Programme in a 4-day series of events, commencing with a Green Bond Bootcamp for key regulators and other major capital market participants focusing on the basics of green bonds, its pricing, and project identification methodologies required to foster green issues, then followed by a series of targeted roundtable sessions for investors, issuers and intermediaries respectively, to demystify the concept of green bonds as an alternative financing instrument for market stakeholders, and culminating in the official Launch Ceremony of the Programme on Thursday, June 7, 2018. The Ceremony brought together all the key financial market stakeholders (regulators, issuers, investors, intermediaries, *inter alia*) to discuss the concept of green bonds and the opportunity for Nigeria. Among those present at the Launch Ceremony were His Excellency, Mr. Akinwunmi Ambode, Governor, Lagos State, ably represented by the Deputy Governor, Lagos State, Dr. Idiat Oluranti Adebule, Honorable Minister of State for Environment, Mallam Ibrahim Usman Jibril, Chairman, House Committee of Capital Markets, Honorable Tajudeen Yusuf, Vice Chairman, Senate Committee on Capital Market, Senator Foster Ogola, Ag. Director-General, SEC, Ms. Mary Uduk, Deputy British High Commissioner to Nigeria, Ms. Laure Beaufils, Commissioner for Finance, Lagos State, Mr. Akinyemi Ashade, Director-General, Debt Management office (DMO), Ms. Patience Oniha, represented by Mr. Oladele Afolabi, Director, Portfolio Management Department, DMO, and Group Deputy Managing Director, Access Bank, Mr. Roosevelt Ogbonna, amongst other capital market operators.

Welcoming the guests to the Launch, Honorable Tajudeen Yusuf, expressed the House's avowed commitment to innovations aimed at making the Nigerian DCM deeper, more liquid, vibrant, and capable of financing the development of infrastructural projects that will support the preservation of the economic environment. Whilst His Excellency, Mr. Akinwunmi Ambode, represented by Dr. Idiat Oluranti Adebule, during his keynote speech stated, "the State Government will continue to be at the forefront of the campaign that will make our environment healthy and sustainable". He further stated that Lagos State had set out policies and programmes on tree planting, conservation, transportation systems, waste and water management that would focus on providing profitable investment opportunities and climate-friendly projects.

Mallam Ibrahim Usman Jibril, during his speech commented, "the ministry having paved the way for the first sovereign issuance will continue to engage the network of private and public players that will help the Federal Government meet its Nationally Determined Contributions (NDCs) as enshrined in the Paris Agreements".

Commenting for one of the partners, Ms. Justine Leigh-Bell, Director, Market Development, Climate Bonds Initiative, stated, "we are very excited about this significant milestone. Working with FMDQ and FSD Africa will provide a platform to open up the Nigerian economy to a wider investor universe as we commence our journey to deepen the local capital markets by entrenching financing instruments such as green bonds". She further stated that development of green bonds will help address environmental challenges as well as plugging the infrastructure gap. Whilst Dr. Evans Osano, Director, FSD Africa, also commented, "this partnership will provide the opportunity to work closely together in developing Nigeria's debt capital markets through the Nigerian Green Bond Market Development Programme as it is expected that this Programme will improve access to a complementary source of longer-term capital, alongside traditional, shorter-term bank loans, while also contributing to the financing of 'green' investments and improving the environment".

Mr. Bola Onadele. Koko, Managing Director/CEO of FMDQ, in his closing remarks, reiterated the advantages of issuing green instruments to help tackle some of the infrastructural challenges in Nigeria and stated that FMDQ, as an OTC Exchange with a passion for developing the Nigerian DCM, was excited and optimistic that its pursuit to develop a Nigerian green bond market, in partnership with reputable institutions such as FSD Africa and CBI, would help address infrastructure gaps and environmental challenges in a sustainable manner to deliver prosperity for Nigerians.

The Parties are expected to deliver a series of targeted educational and awareness campaigns in the coming months in support of their Nigerian green bond market development agenda.

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FMDQ Unveils Critical Clearing Infrastructure – FMDQ Clear Limited

The Nigerian fixed income and derivatives markets have hitherto experienced slow growth due to sustained counterparty, credit and settlement risks. Being Africa's largest economy, the development of the Nigerian financial markets is crucial, with improved market architecture, increased risk management structures, growing need for bespoke hedging products i.e. derivatives and regulation, as key drivers for this development.

In a significant milestone for the nation's financial markets, the SEC registered FMDQ Clear Limited ("FMDQ Clear"), the first central clearing house in Nigeria, a wholly-owned clearing and settlement subsidiary of FMDQ.

As part of its continued pursuit to strengthen the Nigerian financial markets, and in a bid to promote settlement finality on products traded, FMDQ activated the clearing house to deliver highly efficient post-trade services across Nigeria's fixed income and derivatives markets, addressing some of the key drivers for the development of the markets – risk mitigation, capital efficiency and price transparency - while ensuring safety, stability, confidence and ultimately, inclusiveness in the marketplace.

FMDQ Clear, having assumed the responsibility of a critical financial market infrastructure (FMI) in the Nigerian financial market landscape, has commenced initiatives to ensure that its risk management activities underpin its effectiveness, reliability and long-term sustainability, as it strives to resolve key clearing and settlement issues that have led to the birth of the franchise, with the development of a robust risk management framework that provides the structure for risk policies, processes and internal control mechanisms to manage, assess and contain the risks posed to the clearing house, in compliance with the global standards set out in the International Organisation of Securities Commissions (IOSCO) Principles for Financial Market Infrastructures (PFMIs).

To ensure a full understanding of the needs of the market, and its readiness for growth and development, FMDQ, in 2015, engaged Salonika Consultancy Consortium, an international-based consortium, to conduct a feasibility study on the introduction of OTC derivatives to the Nigerian financial market. One of the strong recommendations of this study was the activation of a clearing house to ensure certainty of settlement finality and enforceability, promote market confidence among participants and facilitate orderly markets in periods of stress. Furthermore, in 2017, FMDQ, supported by Frontclear Management B.V. ("Frontclear"), a Netherlands-based development finance company, engaged Catalyst Development (UK) Limited, a specialised consulting company focused on clearing, risk and regulation, to conduct a feasibility study on the activation of a central clearing house infrastructure in Nigeria, culminating in the birth of FMDQ Clear.

Furthermore, FMDQ Clear, positioned to becoming a world-class central clearing house, has formally partnered with Frontclear, which provides third-party settlement guarantee funds (SGFs), to further strengthen the clearing house risk waterfall framework, with a third-party settlement guarantee arrangement that improves on settlement finality, a first of such infrastructure in Africa. The SGF is aimed towards mitigating settlement failure, usually triggered by the inability of Clearing/Dealing Members or clients to meet their settlement obligations, and ensuring the complete settlement of trades, by providing compensation on replacement costs (adverse market risk movement) for clients whose trades are not settled on the agreed settlement date due to default of a Clearing/Dealing Member.

The governance structure of FMDQ Clear also conforms to the IOSCO PFMIs, with the Board of Directors chaired by Ms. Daisy Ekineh, an independent Non-Executive Director of FMDQ, and a capital market doyen with over 30 years of experience, garnered from various roles, including but not limited to being a former Acting Director-General of the SEC, who has played a critical role in driving several policy initiatives in the Nigerian capital market. She was also a Chair of the African & Middle East Regional Committee of IOSCO. She is ably supported by Alhaji Ahmad Abdullahi, the Director of Banking Supervision of the Central Bank of Nigeria ("CBN"), whose experience in financial system stability will be brought to bear in providing guidance to the Company; Mrs. Vivien Shobo, the Chief Executive Officer of Agusto & Co. Limited, a risk management expert and the Chairperson of the SEC-registered Credit Rating Agencies Association in Nigeria; Mr. Bola Onadele. Koko, Managing Director/CEO of FMDQ, an experienced financial market architect, amongst other shareholder representatives also on the Board. The Board will also consist of representatives of Clearing Members i.e. banks, to ensure that key market participants are duly represented.

The establishment of this clearing infrastructure, FMDQ Clear, will greatly contribute to making the Nigerian inter-bank market globally competitive, operationally excellent, liquid and diverse, in line with FMDQ's "GOLD" Agenda for the transformation of the Nigerian financial markets, as participating Clearing/Dealing Members will have expanded access and in turn, be better able to serve the needs of their client base and the real economy. The support of and input from key Nigerian financial services regulators, including the SEC, CBN, the National Pension Commission ("PenCom"), as well as the local banking industry and other key market stakeholders cannot be over-looked in the achievement of this milestone in the Nigerian financial markets and such collaborative efforts have helped to place Nigeria on a global pedestal. The recent circular released by the CBN, directing all deposit money banks who wish to participate in the OTC market to pledge a collateral of ₦1.00 billion worth of Government/CBN Securities, to enhance efficiency in trading and post-trade activities, and build confidence in the financial markets, is a strong indication of the CBN's continuous support for the development of the Nigerian financial market.

In its quest towards becoming a fully diversified and integrated market infrastructure, FMDQ, providing a securities exchange – an efficient platform for registration, listing, quotation, noting, trading, order execution and trade reporting of fixed income, currency and derivative products; a central clearing house – facilitating the clearing, settlement and delivery of securities and financial market products within the Nigerian capital market; and offering a full suite of products, *inter alia*, remains resolute in its commitment to its strategic mandate of aligning the markets within its purview to international standards.

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CBN, FMDQ, FMDA Deliver Straight-Through-Processing to the Nigerian Fixed Income Market

CBN, FMDQ and the Financial Markets Dealers' Association ("FMDA"), the association of FMDQ Dealing Member (Banks), achieved a most commendable feat in the fixed income market in the month of June 2018 – Straight-through-Processing (STP) for the settlement of fixed income trades.

FMDQ, with the critical and commendable support of the CBN and the FMDQ Dealing Member (Banks), successfully deployed a fixed income market STP settlement solution through its Proprietary Market System – **FMDQ's Q-ex** – a customised fully-integrated multi-asset trading system with attendant post-trade services capabilities. FMDQ's **Q-ex** was integrated with the CBN's Scripless Securities Settlement System (S4) to provide STP capabilities for efficient settlement in the fixed income market, improving the efficiency of the trading, reporting and settlement processes, whilst further developing, in no small measure, the Nigerian financial markets.

Q-ex provides an unrivalled means through which trades executed by its Members (currently the Dealing Member (Banks), are reported and subsequently settled, with minimal to no human intervention, via the respective channels. The deployment of the FMDQ Q-ex Settlement Solution operated by FMDQ Clear, will essentially streamline business processes to reduce friction along the fixed income trades settlement value-chain, boost productivity of the market participants and promote efficiency of post-trade services. It can be argued that the Nigerian fixed income market has not been performing at its optimum, as the market has been marked with bouts of low productivity, inefficiency and invariably, settlement defaults, all of which would likely have marred the market's integrity and significantly lowered investor confidence. With integrity being one of the key ingredients for a successful market, as adjudged by global counterparts, the achievement of STP in the fixed income market via the integration of **Q-ex** and the CBN's S4 could not have come a moment too soon, as this integration sets a clear and certain path for market-wide confidence in the Nigerian fixed income settlement processes, and by extension, the fixed income market, to be restored. The integration also makes possible, unparalleled visibility and transparency of the post-trade workflow (settlement obligations, reconciliations etc.) amongst FMDQ Members and their trading counterparties – another must for a successful market.

From informing the customisation of its applications and systems to allowing for seamless and robust integration to **Q-ex**, the CBN again demonstrated its progressiveness and affirmed its interest in re-engineering the Nigerian financial markets towards achieving global competitiveness. On the other hand, also key to the success of this initiative is the FMDA, who provided an avenue for market engagements, ensuring effective and value-adding communication with FMDQ and has remained dogged in its desire to see through the delivery of an automated clearing and settlement process that works for the market.

According to Bola Onadele. Koko, Managing Director/Chief Executive Officer at FMDQ, "the development of FMDQ's Q-ex and its subsequent linkage to the CBN's S4 is one of the key medium- to long-term initiatives of FMDQ, aimed at making the Nigerian financial market operationally excellent – delivering on the "O" in FMDQ's GOLD Agenda. With the continued collective efforts of the CBN, the SEC and indeed, other key regulators and stakeholders, we at FMDQ, are confident that the potential of our domestic markets, acting as a catalyst to propel economic growth, shall be realised. To build and sustain a well-functioning market, it is hoped that all hands remain on deck even as FMDQ continues to re-affirm its commitment to promote a world-class financial market operating in alignment with international best practices."

Following the successful establishment of the first clearing infrastructure in Nigeria – FMDQ Clear - and the official launch of the Nigerian Green Bond Market Development Programme in partnership with FSD Africa and CBI, FMDQ continues to demonstrate its unrelenting commitment to its mandate of transforming the Nigerian financial markets, championing game-changing initiatives and collaborating with key market stakeholders to ensure the realisation of its market development objectives, for the ultimate benefit of the Nigerian economy.

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FMDQ Holds 1st Bi-Annual Members' Meeting for 2018

With collaboration as one of its key values, FMDQ, on June 29, 2018, played host to its Members, represented by the respective membership categories of the OTC Exchange (Dealing, Associate & Registration Members) at its first Members' Meeting for 2018. Topics presented and discussed at the Meeting ranged from Market Development & Regulation Initiatives, Derivatives Market Development, Financial Market Education to Market Systems.

The Members Meetings, which hold twice a year, provide a platform for collective discussion on and better understanding of the initiatives being undertaken by the OTC Exchange. The Meetings are crucial with respect to highlighting new FMDQ initiatives as they impact the market, and affording FMDQ Dealing, Associate and Registration Members the opportunity to interact, review and contribute to the shaping of the architecture of the FMDQ markets, in line with their needs and the value-adding services provided by the OTC Exchange.

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24th OTC FX Futures Contract Matures and Settles on FMDQ

The NGUS JUN 27 2018 contract with notional amount of $638.87 million matured and settled on FMDQ OTC Securities Exchange, on Wednesday, June 27, 2018. The matured contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ reference Spot FX rate published same day. The associated clearing/settlement activities were effected accordingly.

A new contract NGUS JUN 26 2019 for $1.00 billion at $/₦362.60 was introduced by the CBN to replace the matured contract and refreshed its quotes on the existing 1- to 11-month contracts. The contracts quotes are published daily on FMDQ's website at www.fmdqotc.com and on the FMDQ Twitter page, @FMDQOTCExchange.

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Quotation of the ₦20.00 Billion Coronation Merchant Bank Limited Commercial Papers on the OTC Exchange

Corporates and commercial entities have continued to raise funds from the debt markets to finance their short-term funding needs. The commercial paper (CP) market, as resuscitated and organised by FMDQ, continue to serve as an alternative, stable and viable source of raising working capital for businesses.

In June 2018, the Board Listings, Markets and Technology Committee of FMDQ approved the successful quotation of the Coronation Merchant Bank Limited ₦20.00 billion Series 1 & 2 CPs under its ₦100.00 billion CP Programme. These CPs, which will enhance liquidity buffers of Coronation Merchant Bank Limited, a key player in the Nigerian banking industry, will be availed adequate governance and global visibility, through their quotation on FMDQ, to ensure they remain credible. These issues will also enjoy transparency through continuous disclosure of information as hosted on the quotation's page of FMDQ's website, for the ultimate benefit of the investors and alignment of the OTC Exchange's markets to international best practices.

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Turnover & Dealing Member (Banks) League Table Report

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), Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds)) Commercial Papers and Money Market (Repos/Buy-Backs and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ OTC Market Turnover (January - May 2018)

Product Category	(₦'mm)	($'mm)
Foreign Exchange	16,523,231	45,832
Foreign Exchange Derivatives	8,819,800	24,465
Treasury Bills	28,260,026	78,390
FGN Bonds	4,410,250	12,233
Other Bonds*	89,298	248
Eurobonds	25,740	71
Repurchase Agreements/Buy-Backs	10,549,487	29,260
Unsecured Placements/Takings	487,721	1,353
Money Market Derivatives	550	2
Commercial Papers	-	-
Total	**69,166,105**	**191,854**

No. of Business Days	101	101
Average Daily Turnover	**684,813**	**1,900**

Average YTD $/₦ @ 360.52
mm - million
**Other Bonds include Agency, Sub-national, Corporate & Supranational Bonds*
Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks)
Source: FMDQ Data Portal as @ June. 6, 2018; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January to May 2018 period amounted to ₦69.17 trillion. Trading activities in T.bills contributed the largest to overall turnover, accounting for 40.86% of the market. FX market transactions (Spot FX and FX Derivatives) accounted for 36.64% whilst Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 15.25%, and Bonds and Unsecured Placements & Takings representing 6.54% and 0.71% respectively, of overall market turnover.

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Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - May 2018)

The FMDQ League Table shows the rankings of its top ten (10) Dealing Member (Banks) by overall market turnover in the FMDQ Markets.

RANK	DEALING MEMBER (BANKS)
1	STANBIC IBTC BANK PLC
2	ACCESS BANK PLC
3	UNITED BANK FOR AFRICA PLC
4	STANDARD CHARTERED BANK NIGERIA LIMITED
5	ECOBANK NIGERIA LIMITED
6	CITIBANK NIGERIA LIMITED
7	UNION BANK OF NIGERIA PLC
8	FIRST BANK OF NIGERIA LIMITED
9	ZENTH BANK PLC
10	FIRST CITY MONUMENT BANK LIMITED

The top ten (10) Dealing Member (Banks) accounted for 74.70% (₦51.67 trillion) of the overall turnover in the market, with the top three (3) accounting for 45.22% (₦31.28 trillion) of this sub-section of the market. Stanbic IBTC Bank PLC, Access Bank PLC and United Bank for Africa PLC were the leaders in the value traded for the overall over-the-counter (OTC) market, ranking 1^{st}, 2^{nd} and 3^{rd} respectively.

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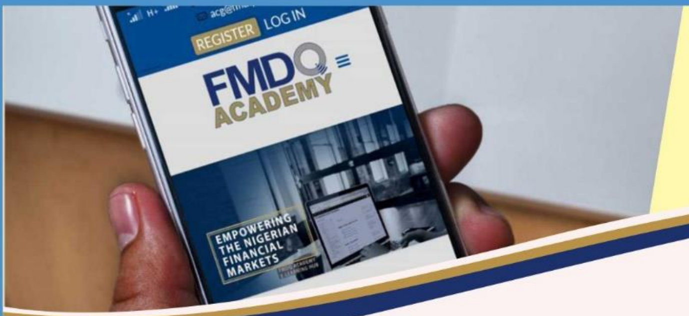

Introduction to Green Bonds – Part 1

Green bonds are fixed income securities issued to raise capital specifically to support climate-related or environmental projects. Ideally, bonds categorised as 'green' imply that proceeds raised from their issuance will be tagged for projects intended to benefit the environment. Green bonds could be issued by financial, non-financial and/or public entities.

Green bonds are similar to regular bonds in that they are coupon-paying instruments, bearing a promise by the issuer to repay interest and principal at maturity but with a particular 'green' purpose given to the use of the proceeds of the bond. The specific use of the funds raised — to support the financing of specific projects— distinguishes green bonds from regular bonds. This edition of FMDQ Spotlight is the first of a two-part series on green bonds, including among others, topics on green bond principles, parties involved in a green bond issuance and benefits of green bonds.

Green Bond Principles

There is no single global framework which must be followed to label a bond as 'green'. However, the known primary global guidance comes from the International Capital Markets Association ("ICMA") which produced the Green Bond Principles (GBP). GBP are a set of voluntary guidelines framing the issuance of green bonds in the capital market. These Principles encourage transparency, disclosure, and integrity in the development of the green bond market. The GBP set the foundation for the various elements that need to be incorporated within a Green Bond Policy Framework — a critical document developed prior to the issuance of a green bond depicting the sustainability-based qualities and the environmental value-add of a given green project and which gives credibility to a green bond.

The core elements typically covered in a Green Bond Policy Framework are as follows:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

1. Use of Proceeds

The use of proceeds is a fundamental element of green bonds issuance. Proceeds realised from the issuance of green bonds must be directed towards projects that deliver clear environmental benefits. Some areas of eligible projects include:

- Renewable energy and energy efficiency
- Pollution prevention and control
- Sustainable land use (including sustainable forestry and agriculture)

- Sustainable water management (including clean and/or drinking water)
- Clean transportation

Routines and systems are set up to ensure the proceeds are allocated to the intended projects.

2. Process for Project Evaluation and Selection

Within the Framework, the below should typically be outlined:

- a process to identify eligible green projects
- a process to determine how a selected project(s) fits within the eligible green projects categories identified in (1) above
- the environmental sustainability objectives of a selected project(s)

3. Management of Proceeds

The process for managing and tracking the proceeds of issued green bonds should be clearly and publicly disclosed.

Typically, the net proceeds from an issuance is moved to a sub-portfolio account or tracked and attested to in an appropriate manner by a formal internal process linked to the issuer's lending and investment operations for green projects. Where the green bonds are outstanding, the balance of the tracked proceeds are periodically adjusted to match allocations to eligible green projects made during a given period. Full disclosures must exist with respect to the intended types of temporary placement for the balance of unallocated proceeds.

4. Reporting

Another key element of the Green Bond Policy Framework is the reporting of the funded project(s). Detailed reporting promotes credibility and transparency of the entire process. For instance, it not only provides periodic information which assures the investors, but also highlights the issuers effort in the promotion of sustainability and related practices. On an annual basis, or as is required/agreed, periodic reports on the use of green bond proceeds and expected climate and/or environmental impacts of eligible projects must be reported.

Benefits of Green Bonds

i) Benefits to the Issuers

For issuers, the benefits of issuing green bonds include but are not limited to the following:

1) Acquisition of public acceptance by demonstrating willingness to promote green projects: When issuers, such as companies or governments, issue green bonds, the proceeds are allocated to green projects, and in promoting these projects, the issuers are in turn being promoted.
2) Diversification of funding base: Through the issuance of green bonds, issuers are availed the opportunity to diversify their funding base by building relationships with new investors, who value investment destinations that help to solve environmental problems such as global warming.
3) Possibility of raising funds on favorable terms: Emerging renewable energy companies, for example, who wish to access long-term funding may find it difficult to obtain loans

with advantageous terms. In such cases, by issuing a green project bond, these companies may be able to raise funds on relatively favorable terms from investors who are well versed in evaluating the feasibility of the renewable energy projects.

ii) Benefits to the Investors

Some of the benefits for investors investing in green bonds are as follows:

1) Return on investments and environmental benefits: Investors can gain both the environmental benefits that contribute to creating a sustainable society as well as returns on their bond investments.
2) Diversification of investment portfolio: Green bonds serve as an alternative investment asset class, allowing investors to hedge their investment risks through diversification of their portfolio.

The growing need for energy efficient and clean technologies globally, especially in emerging market countries, has generally helped to drive forward the importance of and the issuance of green bonds. These securities form a sub-set of the fixed-income market and they present issuers an opportunity to widen their investor base as they appeal to environmental, social and governance (ESG) investors. To launch the Nigerian economy into the world of opportunities inherent in the green bond market, the Nigerian Green Bond Market Development Programme was launched by FMDQ, FSD Africa and CBI in June 2018 and will run over a 3-year period with a focus on, among others, the promotion of market education about green finance and sustainable investing.

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