



# ***FMDQ SPOTLIGHT***

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## **FMDQ 2018 Highlights and Outlook for 2019**

As an OTC Exchange positioned to bring revolutionary changes in the Nigerian debt capital, foreign exchange (FX) and derivatives markets, FMDQ OTC Securities Exchange (FMDQ or the OTC Exchange), in 2018, rolled out market development initiatives, with a focus on infrastructure/housing development, sustainable finance development, clearing and settlement solutions, new products development, financial markets education and capacity building, proprietary market system launch, amongst others, with key support from, and collaboration with market stakeholders and regulators.

The year was marked by significant activities/events, ranging from the launching and implementation of key activities and initiatives, to the making of history in the Nigerian financial markets. Some of these included but were not limited to:

**Operationalisation of FMDQ Clear Limited:** As part of its continued pursuit to strengthen the Nigerian financial markets, and in a bid to promote settlement finality on products traded, FMDQ commenced the year with the activation of its Clearing House - FMDQ Clear Limited (“FMDQ Clear”), the first central clearing house in Nigeria, a wholly-owned clearing and settlement subsidiary of FMDQ, 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 led to its birth.

**Listing of the Pioneer Infrastructure Bond in Nigeria - ₦10.00 billion Viathan Funding PLC Power Bond:** As part of its quest to unlock capital for infrastructural and economic development in Nigeria, FMDQ listed the pioneer infrastructure bond in Nigeria – Viathan Funding PLC ₦10.00 billion Series 1 10-year 16.00% Senior Guaranteed Fixed Rate under its ₦50.00 billion Bond Issuance Programme, making this the first-ever infrastructure bond to be issued in the Nigerian debt capital market (DCM) and listed on FMDQ.

**Listing of the Pioneer Federal Government of Nigeria Roads Sukuk on FMDQ:** In what was a historic event, the Federal Government of Nigeria (FGN), through the Ministry of Finance (MoF) and the Debt Management Office (DMO), in February, demonstrated its unrelenting commitment to the development of Nigeria’s infrastructure sectors via the Nigerian DCM, by listing on FMDQ, its first

sovereign Sukuk in the Nigerian DCM, the ₦100.00 billion Federal Roads Sukuk Company 1 PLC 7-Year 16.47% Ijarah Sukuk due 2024.

**Partnership with Financial Sector Development Africa and Climate Bonds Initiative:** In its bid to revolutionise the Nigerian DCM into a world class, properly functioning and globally competitive DCM, FMDQ, in March, formalised its strategic partnership with the Financial Sector Development (FSD) Africa (Kenya) and Climate Bonds Initiative (CBI) (United Kingdom), through the signing of a Cooperation Agreement to support the development of the Nigerian Green and non-Government Bonds markets for a period of three (3) years. This partnership stems from the growing global recognition of the role sustainability plays in strengthening financial stability and supporting overall economic growth in a nation.

**Listing of the Pioneer Federal Government of Nigeria Green Bond on FMDQ:** In the month of April, the FGN, through the MoF, Ministry of Environment (MoE) and the DMO, took a cue from other countries, by listing the first green bond in the Nigerian DCM - the Federal Government of Nigeria ₦10.69 billion Series 1 5-Year 13.48% Fixed Rate Bonds due 2022 – on FMDQ. This is yet another commendable feat for the FGN, with the MoF, MoE and the DMO, in their respective roles, addressing environmental challenges as well as championing development in the Nigerian DCM.

**Partnership with Frontclear to deliver First-class Clearing Structure in Nigeria:** FMDQ, and its wholly-owned clearing and settlement subsidiary, FMDQ Clear, in May, partnered with Frontclear, a Netherlands-based development finance company, through the signing of a Guarantee Fund Agreement, to jointly enhance FMDQ Clear with the support of a Settlement Guarantee Fund (SGF).

**Launch of the Nigerian Green Bond Market Development Programme:** FMDQ, in partnership with CBI and FSD, supported by the Securities and Exchange Commission (“SEC”) and Access Bank PLC, launched the Green Bond Market Development Programme, in June, 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.

**Launch of FMDQ Q-ex Settlement Solution:** FMDQ, with the critical and commendable support of the CBN and the FMDQ Dealing Member (Banks), successfully deployed a fixed income market Straight-through-Processing 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. FMDQ 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.

**Commencement of Co-branding Indices:** FMDQ, in partnership with S&P Dow Jones Indices (SPDJI), the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators (e.g. the S&P 500® and the Dow Jones Industrial Average®), in July, launched a co-branded fixed income index. The successful launch of the S&P/FMDQ Nigeria Sovereign Bond Index marked the activation of the inaugural co-branded indices with SPDJI. The S&P/FMDQ Nigeria Sovereign Bond Index, formerly branded as S&P Nigeria Sovereign Bond Index, tracks the performance of local currency denominated sovereign debt publicly issued by the government of Nigeria in its domestic market. A range of other S&P/FMDQ Fixed Income indices will be developed in due course.

**Launch of FMDQ's New Business Complex - Exchange Place:** FMDQ, launched and opened the doors of its new office complex, Exchange Place, to its stakeholders in July. From Q-Hub, the well-equipped trading simulation room for the FMDQ Next Generation Financial Market Empowerment Programme; to a world-class media room for the efficient dissemination of market-impacting news and information about FMDQ and its markets; to the FMDQ Archives, a museum-style historical exhibit of key milestones achieved in the Nigerian financial markets, showcasing and preserving the markets and chronicles the history of FMDQ as an agent of change in the financial market from its beginnings in 2013 till date, Exchange Place is a suitable business complex which showcases FMDQ's transparency agenda, digitalisation and positions FMDQ to perform its roles in the Nigerian financial markets more effectively.

**Launch of FMDQ Next Generation Financial Market Empowerment Programme:** FMDQ, also in July, launched its Next Generation Financial Market Empowerment Programme (FMDQ-Next), its flagship corporate responsibility programme, and a learning and development initiative aimed at promoting financial market awareness and literacy among students across all levels (primary, secondary and tertiary), as well as fresh graduates within the country, making financial market education accessible to students from different backgrounds, and empowering the next generation of Nigerian youth to be financially astute, ultimately adding value to their society in the future. The FMDQ-Next initiative is an expression of the FMDQ's ongoing commitment to the community in which it operates, as the Programme will bolster the students' academic abilities and help demystify the workings of the financial market at early age, further enhancing their professional marketability and ability to positively contribute to society in the future.

**FMDQ Welcomes British Prime Minister During Official Visit to Lagos:** In the wake of a historic moment in the nation's financial center, Lagos - the visit of the British Prime Minister - FMDQ was most honoured to play host to the British Prime Minister, Ms. Theresa May, at its offices, Exchange Place, in August 2018. Ms. May visited Nigeria as part of her Africa tour to improve trade and investment relations between the United Kingdom and Africa.

**FMDQ Receives Award for the Development and Transformation of the Nigerian Debt Capital Market:** The OTC Exchange, in September, was honored to win an award “In Special Recognition of FMDQ’s Contribution towards the Development and Transformation of the Nigerian Debt Capital Market” at the Capital Markets Correspondents Association of Nigeria (CAMCAN) Nigerian Capital Market Performance Awards 2018. The Award pays tribute to and validates FMDQ’s efforts towards revolutionising the Nigerian debt market and confirms that it lives true to its culture of innovation, through the implementation of forward-thinking initiatives for the development of a well-developed debt capital market in Nigeria.

**FMDQ Hosts Maiden Investors’ Roundtable:** Further to the launch of the Nigerian Green Bond Market Development Programme (“the Programme”) into the Nigerian DCM, FMDQ, CBI and FSD Africa conducted the maiden Investors Capacity Building and Training Session in line with the provisions and objectives of the Programme in the month of October. The Session provided a platform to build the required technical capabilities within the investor community to drive green bond investment decisions.

**FMDQ Commemorates its Fifth Year Anniversary:** FMDQ, having sustained its commitment through the years to transform and make the Nigerian financial markets GOLD -Globally Competitive, Operationally Excellent, Liquid and Diverse - with the invaluable support of its stakeholders, turned five (5) on November 7, 2018. To commemorate the five (5) years anniversary, the Exchange embarked on a week-long series of commemoration activities, commencing with a visit to one of its strategic media partners, BusinessDay Media Limited, followed by an Anniversary Reception at its business premises, Exchange Place, which played host to national icons, financial market doyens, market participants and its employees. During the week, FMDQ also conducted its inaugural Staff Leadership Development Series (SLDS), which is aimed at enhancing staff leadership capacity and competencies, and was kickstarted by Mr. Fola Adeola, MFR, an industry captain whose experience and wealth of knowledge is undoubtedly exemplary; and ended the week with a Media Parley, where it hosted media professionals in the Nigerian capital market

**FMDQ Hosts Inaugural GOLD Awards:** FMDQ introduced and hosted the Inaugural FMDQ GOLD Awards, a first of its kind in the Nigerian fixed income, currencies and derivatives markets, geared at recognising the commitments and invaluable contributions of FMDQ’s market participants and stakeholders who have contributed towards the growth and development of the markets. Details of the nomination categories, nominees and award winners, amongst others can be found on <https://www.fmdgotc.com/goldawards/>

**Launch of the Dealing Member Specialists Market:** Following its long-time agenda to foster market integration, improve network effects and promote liquidity in the Nigerian financial markets, FMDQ launched a new market - Dealing Member (Specialists) (DMS) Market - for stockbrokers to trade fixed income securities with banks in the Nigerian DCM in December 2018. This unprecedented market development initiative comes on the back of the fragmentation identified in the Nigerian fixed income

market and provides seamless integration of the fixed income inter-bank market, generates additional liquidity to the Nigerian fixed income market and serve as an avenue for effective and efficient retail participation in this market. The DMS category is a subset of the FMDQ Dealing Member category and is made up of securities dealers, including investment banking firms, securities trading/stockbroking firms and OTC fixed income dealers licenced to make market in all fixed income products admitted for trading on the FMDQ platform.

### **Other Market Development Initiatives**

In addition to its market development activities, over the course of the year, FMDQ admitted the listings of fifteen (15) bonds with a total value of ₦315.52 billion. The OTC Exchange also admitted the quotations of sixty (60) commercial papers (CPs) with a total value of ₦505.30 billion. By their admission to the FMDQ platform, these securities have gained access to the full complement of the unsurpassed FMDQ Listings and Quotations Service, which includes, but is not limited to, improved secondary market liquidity, efficient listings/quotations process, unprecedented transparency and information disclosure, global visibility and improved network effects.

Whilst the year came with its fair share of challenges for FMDQ's markets, the markets experienced a steady development, with growth primarily driven by trading activities in the Treasury bills (T.bills) and FX markets. In all, the total over-the-counter (OTC) market turnover saw a year-on-year growth rate of 28.74%, rising from the ₦142.03 trillion recorded in 2017 to in ₦182.86 trillion 2018.

Trading activities in the T.bills market contributed the largest to overall turnover, accounting for 39.44% of the total market turnover, whilst FX transactions (including FX derivatives) followed with a combined share of 37.04%, and Repos/Buy-backs accounted for 16.50%. Bonds and Money Market transactions (including Unsecured Placement & Takings, Commercial Papers and Money Market Derivatives), on the other hand, had smaller shares of the market, accounting for 6.55% and 0.47% respectively. This turnover represents trades executed among Dealing Members, Dealing Members & Clients, and Dealing Members & the Central Bank of Nigeria (CBN).

### **Outlook for 2019**

Having delivered value-adding initiatives and solutions in line with its 2018 strategic focus - Market Diversification, FMDQ, leveraging on the effective support and collaboration of its stakeholders remains committed to continue working assiduously, in 2019, to deliver innovative and key market development initiatives, including but not limited to:

- Introduction of new derivatives products to the financial market landscape, and expansion of the Nigerian derivatives market
- Activation of new products such as repurchase agreement (Repo) with collateral management service
- Full operationalisation of the DMS Market to further enhance market integration and retail participation in the fixed income markets



- Infrastructure/Housing development
- Sustainable Finance development
- Development and launch of new/co-branded indices
- Financial market education and capacity building for its stakeholders through FMDQ Academy

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### **31<sup>st</sup> OTC FX Futures Contract Matures and Settles on FMDQ**

The year 2018 has shown a steady flow of transactions and activities in the Naira-settled OTC FX Futures market. This market, which was launched out of the desire to address the need for risk management in the Nigerian FX market, has continued to be an effective hedging product for investors (local and international), businesses and government institutions alike.

On Wednesday, January 30, 2019, the 31<sup>st</sup> OTC FX Futures contract, NGUS JAN 30 2019, with contract amount of \$515.09 million, matured and settled on FMDQ. The contract, which stopped trading on January 22, 2019, 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.

The CBN, as observed over the last thirty (30) maturities, introduced a new contract, NGUS JAN 29 2020 for \$1.00 billion at \$/₦364.65, to replace the matured contract. The apex Bank also 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](http://www.fmdqotc.com) and on the FMDQ Twitter page, [@FMDQOTCExchange](https://twitter.com/FMDQOTCExchange).

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## FMDQ LISTINGS & QUOTATIONS

### **FMDQ Admits Sterling Investment Management SPV PLC ₦32.90 billion Bond to its Platform**

The Board Listings, Markets and Technology Committee of FMDQ granted the approval of the Sterling Investment Management SPV PLC ₦32.90 billion 16.25% Series 2 Fixed Rate Unsecured Bond under a ₦65.00 billion Debt Issuance Programme on its platform. In streamlining the efficiency of its processes and delivering value to both corporate and commercial businesses desirous of accessing the debt capital markets (DCM), FMDQ has continued to avail its credible platform as well as tailor its Listings, Quotations and Notings services to suit the needs of issuers.

By listing its bond on FMDQ, Sterling Investment Management SPV PLC enjoys exceptional benefits which include, but are not limited to, enhanced investor confidence in the issuer, transparent/relevant information disclosure on the issue, effective price formation and global visibility. A formal listing ceremony is being planned to commemorate the listing of the Sterling Investment Management SPV PLC on FMDQ, in honor of the issuer.

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### **Eterna PLC Raises Capital in the Commercial Papers Market**

FMDQ has admitted the Eterna PLC ₦3.00 billion Series 1 Commercial Paper (CP) Notes under its ₦10.00 billion CP Debt Issuance Programme, for quotation on its platform. The successive admittance of this CP, following due approval from the FMDQ Board Listings, Markets and Technology Committee, attests to the highly efficient time-to-market Listings, Quotations and Noting services offered by FMDQ.

FMDQ recognises the potential of a fully-functional DCM and shall continue to innovate and provide efficient services, as may be necessary, to support issuers, investors, intermediaries and other stakeholders, towards achieving an operationally excellent and competitive DCM.

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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 – FX, 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 - December 2018)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	43,975,101	121,459
Foreign Exchange Derivatives	23,748,093	65,580
Treasury Bills	72,122,537	199,203
FGN Bonds	11,800,468	32,601
Other Bonds*	105,526	293
Eurobonds	74,569	206
Repurchase Agreements/Buy-Backs	30,179,754	83,309
Unsecured Placements/Takings	824,324	2,279
Money Market Derivatives	25,550	71
Commercial Papers	877	2
<b>Total</b>	<b>182,856,799</b>	<b>505,003</b>
<i>No. of Business Days</i>	248	248
<i>Average Daily Turnover</i>	<b>737,326</b>	<b>2,036</b>

Average YTD \$/₦ @ 361.98

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 @ January 7, 2019; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January to December 2018 period amounted to ₦182.86 trillion. Trading activities in T.bills contributed the largest to overall turnover, accounting for 39.44% of the market. FX market transactions (Spot FX and FX Derivatives) accounted for 37.04% whilst Repos/Buy-Backs product categories (Repos/Buy-backs) accounted for 16.50%, and Bonds and Unsecured Placements & Takings representing 6.55% and 0.45% respectively, of overall market turnover.

### **Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - December 2018)**

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

<b>RANK</b>	<b>DEALING MEMBER (BANKS)</b>
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	FIRST BANK OF NIGERIA LIMITED
7	CITIBANK NIGERIA LIMITED
8	GUARANTY TRUST BANK PLC
9	CORONATION MERCHANT BANK LIMITED
10	ZENITH BANK PLC

The top ten (10) Dealing Member (Banks) accounted for 76.09% (₦139.13 trillion) of the overall turnover in the market, with the top three (3) accounting for 58.31% (₦81.13 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<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> respectively.

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## **FMDQ Fixed Income Primary Markets Sponsors' League Table (January - December 2018)**

The full-year (FY) FMDQ fixed income primary markets sponsors' league table shows the rankings of sponsors of fixed income securities (excluding FGN Bonds and T.bills) on FMDQ.

RANK	Bonds
	Registration Member (Listings) (RMLs)
1	FBNQuest Merchant Bank Limited
2	Chapel Hill Denham Advisory Partners Limited
3	Lotus Financial Services Limited
4	Stanbic IBTC Capital Limited
5	Constant Capital Markets & Securities Limited
6	Dunn Loren Merrifield Advisory Partners Limited
7	Renaissance Securities (Nigeria) Limited
8	Planet Capital Limited
9	United Capital PLC
9	FCMB Capital Markets Limited

A review of market participation for bond listings revealed that of the thirty (30) FMDQ RMLs, only ten (10) were sponsors to bonds listed on the OTC Exchange in the period. FBNQuest Merchant Bank Ltd., Chapel Hill Denham Advisory Partners Ltd. and Lotus Financial Services Ltd. and came 1st, 2nd and 3rd respectively in this category.

RANK	Commercial Papers
	Registration Member (Quotations) (RMQs)
1	Stanbic IBTC Capital Limited
2	Coronation Merchant Bank Limited
3	Chapel Hill Denham Advisory Partners Limited
4	FBNQuest Merchant Bank Limited
5	Cordros Capital Limited
5	FCMB Capital Markets Limited

For the year 2018, the CP market saw the participation of six (6) RMQs out of thirty- two (32) FMDQ RMQs in this category. The top three (3) positions were occupied by Stanbic IBTC Capital Ltd., Coronation Merchant Bank Ltd. and Chapel Hill Denham Advisory Partners Ltd. with market participation of 49.22%, 21.00% and 15.78% respectively, of the total value of the CPs quoted.

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## **FMDQ Fixed Income (Bonds) Primary Markets Solicitors' League Table (January - December 2018)**

The 2018 FMDQ league table represents the top solicitors of debt securities listed and/or quoted on FMDQ, excluding FGN Bonds and T.bills.

RANK	Bonds
	Solicitors to the Issue
1	Banwo & Ighodalo
2	Solola Akpana & Co.
3	G. Elias & Co.
4	Aluko & Oyebode
5	Olaniwun Ajayi LP
6	The New Practice
6	KB & Company
7	Udo Udoma & Belo Osagie
8	Jackson, Etti and Edu

RANK	Commercial Papers
	Solicitors to the Issue
1	Aluko & Oyebode
2	Banwo & Ighodalo
3	G. Elias & Co.
4	Udo Udoma & Belo Osagie

The most active solicitors for the year 2018 were Banwo & Ighodalo and Aluko & Oyebode participating as solicitors in bond listings and CP quotations respectively for the review period with a total participation value of ₦229.02 billion and ₦187.09 billion respectively. Solola Akpana & Co. and G.Elias & Co. ranked 2<sup>nd</sup> and 3<sup>rd</sup> position respectively in the bond category, while in the CP category, Banwo & Ighodalo and G.Elias & Co. ranked 2<sup>nd</sup> and 3<sup>rd</sup> respectively.

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## **Introduction to Commercial Paper**

The December 2018 edition of the [FMDQ Spotlight](#) provided an overview of Green Bond Financing as a subset of Sustainable Finance, including the green bond principles, the uses of green bond proceeds and how these proceeds can be managed. This month's edition, however, will focus on one of FMDQ's short-term DCM products, Commercial Paper (CP).

## **What is Commercial Paper**

A CP is a financial instrument (maximum 270 days tenor), consisting of unsecured and discounted promissory notes issued by institutions to meet short-term debt obligations. CPs are debt instruments in the money market and a source of financing for investment-grade issuers. CPs are commonly issued by companies with high credit ratings and therefore fall within the low risk asset classes. Commercial papers are classified as unsecured debt because they are not usually backed by any form of collateral. As a result, only firms with high-quality debt ratings will easily find buyers without having to offer a substantial discount (higher cost) for the debt issue, or secure the paper with a guarantee from another company with high credit rating (Guaranteed CP).

## **Features of Commercial Paper**

- CP is a short-term money market instrument with a fixed maturity dates
- CP is issued at a discount to face value basis, but it can also be issued in interest-bearing form
- At maturity, the CP issuer pays the amount due to the holder of the CP
- A financial institution (e.g. bank, discount house, investment bank) acts as agent for a CP issue, arranging and selling the paper to investors
- Companies that issue CPs usually have favourable credit rating

## **Advantages of Commercial Paper**

- CP offer higher yields than most other money market instrument
- CP is a liquid instrument with very strong secondary market trading possibilities
- It provides risk diversification for investors
- It provides an alternative for raising short-term capital for issuers

## Commercial Paper Market in Nigeria

CPs were introduced in Nigeria in 1962 to finance the export-marketing operations of the Northern Marketing Board. Under that arrangement, the Marketing Boards met their cash requirements by drawing ninety-day (90-day) bills of exchange on the Boards. The bills were then discounted with the commercial banks participating in the scheme. The role of the CBN at the time, was to provide rediscounting facilities for the bills and in 1968, the CBN took over the responsibility from the Marketing Boards. The main participants in Nigeria's CP market were the banks and discount houses. At its peak in 2011, the CP market was worth about ₦190.00 billion per month. However, the growth of the market was severely hampered by the flagrant abuse of the CPs by market participants. To curtail such activities, the CBN issued the " *Guidelines on the Issuance and Treatment of Bankers' Acceptances and Commercial Paper [2009]*. The guidelines provided a more restrictive regulatory regime than had been obtainable before its implementation.

The resultant effect was a slowdown in market activity from when the guidelines became effective. The market saw the sharp decline from trillions worth of CP transactions to zero levels by 2013, and this was the status until 2014. FMDQ, having made the decision to embark on key initiatives and strategies for the restoration of the Nigerian CP market back in 2014, released the FMDQ Commercial Paper Quotation Rules & Process in 2014, and focused efforts and the requisite resources to organise and resuscitate the undeniably extremely important market.

FMDQ took crucial steps towards promoting transparency, governance, integrity and efficiency, thereby regaining the lost interest and confidence in the Nigerian CP market, by adopting initiatives specifically targeted at achieving the objective to revive the market. Transparency, price discovery, liquidity, rollover governance (i.e. matured CPs are approved for rollover only with the consent of investors), efficient quotation processes are some of the transformation elements now evident in the Nigerian CP market today. Issuers and investors alike, are now able to effectively and sustainably contribute to the development of the nation's debt markets.

There now appears to be hope for businesses looking to tap the debt market for short-term capital and investors looking to diversify their portfolios, as the FMDQ-championed CP market reform since 2014, which was predicated on the back of the CBN Guidelines, has contributed, in no small measure, to the revival of the activities in the CP market. It has provided issuers renewed opportunity to grow their businesses and meet short-term funding obligations as well as restoring the much-needed confidence required by investors to actively participate in the market. The CP market has crossed over ₦1.00 trillion in value from its zero levels in 2013.

FMDQ has ably embraced the role of a change agent in the Nigerian financial market and it is expected that it will not rest on its oars but continue to deploy initiatives to improve the prosperity of all categories of capital raising, investing and trading stakeholders - governments, businesses, and individuals - through its compelling activities and use of technology in promoting access to capital.

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