



FMDQ SPOTLIGHT

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FMDQ
OTC Securities Exchange



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FMDQ, UNEP, Others champion Lagos Financial Centre for Sustainability

...Lagos joins London, New York, Paris, 20 Other Financial Centres in FC4S Network

With the global momentum towards building sustainable financial systems, the City of Lagos joined, on May 30, 2019, twenty-three (23) other international financial centres, including London, New York, Paris, Geneva, Hong Kong, Shanghai, Seoul, to mention a few, as a member of the International Network of Financial Centres for Sustainability (“FC4S Network”), a United Nations (UN) Environment Programme-convened international network that seeks to shift private capital to climate friendly and green investments.

The objective of the FC4S Network is to create a platform for financial centres to exchange experiences and take common action on shared priorities to accelerate the expansion of green and sustainable finance and the long-term vision of the Network is rapid global growth of green and sustainable finance across the world’s financial centres, supported by strengthened international connectivity, and a framework for common approaches, a vision that closely aligns with FMDQ Securities Exchange PLC (FMDQ or the Exchange)’s Debt Capital Markets Development (DCMD)’s economic development agenda to reposition and organise the Nigerian Debt Capital Market (DCM) to access a global pool of long-term sustainable capital.

This landmark achievement for Lagos, a megacity whose securities exchanges have over 860 listed securities, valued at more than USD 360 billion, which now extends the membership of the FC4S Network to three (3) African countries – Morocco, Nairobi and Nigeria – was facilitated by FMDQ, through the activation of the Lagos Financial Centre for Sustainability (“LFC4S”) in April 2019, following a challenge posed to FMDQ by the UN Environment Programme (UNEP) Inquiry, to provide an advocacy platform that will support policy makers in the pursuit to mobilise impact investments and drive standards needed to tackle the state’s socio-economic challenges. With forty-three (43) senior representatives from twenty-six (26) organisations in attendance at the inaugural LFC4S meeting convened by FMDQ, participants approved the constitution of a Governance Board, and unanimously elected Mr. Bola Onadele. Koko, Managing Director/CEO, FMDQ, as the Chairman and Mr. Doyin Salami, CEO, Kainos Edge Consulting Limited, as Vice Chairman. Furthermore, FMDQ was selected as the LFC4S Secretariat and four (4) Thematic Leads – Dr. Farouk Aminu (Head, Investment Supervision, National Pension Commission), Mrs. Kemi Awodein (Managing Director, Investment Banking, Chapel Hill Denham Advisory Limited), Dr. Andrew Nevin (Partner & Chief Economist, PricewaterhouseCoopers) and Mr. Chidi Mike-Eneh (Head. Credit, InfraCredit) – were appointed to lead the following Areas – Policy & Regulation; Issuances & Investments; Research, Education & Engagements and Legal & Risk Management, respectively.



Recognising the potential of the LFC4S, Satya S. Tripathi, UN Assistant Secretary-General and Secretary of the UN Environment Management Group in the UN Environmental Programme, in his press release announcing the admission of Lagos into the Network, said “Lagos joining the FC4S opens up new possibilities for Nigeria and countries in West Africa to leverage sustainable finance for social and climate impact. We welcome Lagos into the fold and look forward to doing great things together.”

Commenting on the initiative, the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu said “I am confident that the establishment of the Lagos Financial Centre for Sustainability will contribute significantly to Lagos State’s push to attract sustainable private capital that will complement public resources to address infrastructure and social challenges and enhance climate change mitigation. We support this initiative and congratulate FMDQ Securities Exchange and the UN Environment Programme for championing this innovative private sector-led solution.”

Mr. Bola Onadele. Koko, MD/CEO, FMDQ, also the convener of the inaugural LFC4S meeting and pioneer Chairman of the LFC4S Governance Board, commented that, “as the economic and financial centre of Nigeria, Lagos has the advantage of financial resources and strong human capital to support the development of green and sustainable financial markets, and FMDQ, in collaboration with key market stakeholders, will continue to devote resources to drive initiatives that will entrench sustainability in the Nigerian economy.” He further stated that the LFC4S will work actively with other financial centres to ensure global growth in green and sustainable finance, thereby delivering long-term prosperity to Nigeria. He concluded that “FMDQ recognises the imperative role it plays in the Nigerian financial market and the opportunities its business presents in its ability to promote sustainable economic growth and development in the wider economy.”

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FMDQ Holds Series II Bootcamp Training for Corporate Issuers in the Nigerian Debt Capital Markets

Owing to the need for increased stakeholder engagement and continuous market sensitisation on the opportunities that exists in the Nigerian DCM for corporates seeking to raise capital for their businesses and beyond, FMDQ, through the Debt Capital Markets Development ('DCMD') Project, deployed a series of bootcamp training sessions across various stakeholder groups in the Nigerian DCM. These training sessions, an initiative of the Investors, Issuers & Intermediaries Engagement/Education ('IIIEE') Sub-Committee of the DCMD Project, which aims to build capacity and know-how of the DCM stakeholders with respect to debt issuances, was flagged off by the Series I Bootcamp Training Programme in October 2018. The inaugural session brought together potential issuers with the aim of promoting an increase in capital formation through the Nigerian DCM.

In the same vein, the Series II Bootcamp Training Programme which held on Friday, June 14, 2019, at FMDQ's business complex, Exchange Place, brought together corporates and other potential issuers in the Nigerian financial markets. With its theme – The Nigerian Debt Capital Markets: A More Viable Means of Financing for Corporates – the session focused on the importance of good corporate governance practices for potential issuers that seek to expand their businesses and grow profitability in the long term, modalities for accessing various finance options in the Nigerian DCM and steps to simplifying the documentation process required, amongst others.



The DCMD Project is a market-wide initiative comprising of 85 members from various stakeholder groups including regulators, pension fund operators, investment banks, solicitors, fund managers, corporates etc. The Project was set up by FMDQ in collaboration with these key market stakeholders with the aim of stimulating and positioning the Nigerian DCM to deliver on its developmental role in the economy, by taking deliberate steps to address the challenges faced by the various segments of the market. As part of its mandate to make the Nigerian financial markets “GOLD” – Globally Competitive, Operationally Excellent, Liquid and Diverse – FMDQ, through the DCMD Project, continues to champion initiatives aimed at making it easier for DCM stakeholders to access and raise capital in line with its role as an economic development catalyst, serving to bring prosperity to the Nigerian citizenry.



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FMDQ and ASHON Collaborate Towards Expansion of the Nigerian Fixed Income Market

FMDQ and the Association of Securities Dealing Houses of Nigeria ('ASHON or the Association') – the professional body that provides rules and regulations that guides the Nigerian Stockbroking Houses, as well as advocates and represents its members – have come together in a much anticipated and collaborative move to develop and expand the Nigerian fixed income market by deepening the participation base and by effect, increasing the network effects of the market.

Having effectively organised the inter-bank market, and further, paved the way for non-bank financial institutions to participate in the Nigerian fixed income market, FMDQ is set to expand and by extension, improve the network effect of its markets' by creating opportunities for inclusion/integration of additional participants, specifically targeted at retail market operators including, but not limited to the members of ASHON. To this end, and to further drive the potential of the FMDQ markets – Fixed Income, Foreign Currency & Derivatives – the Exchange recently hosted the Governing Council and other members of ASHON to a meeting at its business complex, Exchange Place, with a view to building a strategic and formidable partnership between both institutions.



The meeting provided a platform for the stockbroking community and the Exchange to deliberate on key reforms and architecture relevant to a well-functioning and integrated capital market and sought

to unveil FMDQ's proposed Retail Market Architecture. In addition, the Association was availed benefits associated with bespoke FMDQ Membership Categories - Dealing Member (Specialists) and the Associate Member (Brokers) - through which their fixed income markets' needs will be met.

The expansion of the Nigerian fixed income market to include retail participation is essential to promote increased stakeholder inclusion and participation as well as improve liquidity in the market through the network effects created. These are ingredients essential to attracting and retaining investor interests from both domestic and foreign participants. It is expected that this budding FMDQ-ASHON relationship shall be leveraged on to deliver value to the FMDQ markets, and by extension, the Nigerian economy.

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FMDQ Holds First Bi-Annual Members' Meeting for 2019

As part of its commitment to develop the Nigerian financial markets and in recognition of the crucial roles its various stakeholders play in this development, FMDQ, held its first bi-annual Members' Meeting for 2019 on June 19, at Exchange Place. The bi-annual gathering brought together the various Members of FMDQ (in particular, the Dealing, Associate & Registration Members) to deliberate and collectively contribute to the market development activities which FMDQ champions. The interactive session afforded FMDQ Members the opportunity to interact, review and contribute to the shaping of the market architecture, in line with their needs and the value-adding services provided by FMDQ. The meeting discussed latest updates on FMDQ market regulation initiatives, derivatives market development project, DCMD project and FMDQ's clearing infrastructure – FMDQ Clear Limited.

This meeting continues to provide an all-important platform which FMDQ shall continue to leverage to effectively impact its markets through the collaborative support of its members towards causing the DCM to maximally contribute its quota to the development of the nation.

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FMDQ Adopts Eco-friendly Operations Towards a Green Environment **...Executes Waste Recycling MOU with RecyclePoints Limited**

In recognition of the significant role Exchanges' play in driving economic growth and development in a nation, FMDQ, committed to the integration of environmental, social and governance (ESG) considerations in its business operations, guided by its five (5) Sustainability Pillars – Business, Markets, People, Community and Environment – is poised to promote good governance in business practices, create mechanisms to reduce poverty and inequality, promote investment in sustainable development, and thus, create better societies for all.

In complement to the Green strides FMDQ has made in the financial market, through the launch of the Green Bond Market Development Programme, the establishment of the Lagos Financial Centre for Sustainability, the sensitisation programmes to enlighten the market about the benefits of issuing Green Securities, etc., FMDQ, as part of its Environmental Sustainability Agenda, which is directed at reducing its carbon footprint, implementing renewable energy initiatives and promoting efficient waste management/recycling processes, has entered into a strategic collaboration with RecyclePoints Limited, a waste recycling and social benefit company that motivates people to recycle their everyday waste by creating value from recycled products. This collaboration was formalised at a signing ceremony on Monday, June 17, 2019 at FMDQ's business premises, Exchange Place, in a bid to actively manage the Exchanges' environmental impacts and to build a mindful culture that is eco-conscious and one which commits itself to conservation and eco-friendly sustainable business practices.



A fundamental part of FMDQ's commitment to facilitating a greener environment is hinged around waste prevention and recycling. While prevention will minimise or eliminate waste through proper sensitisation and imbibing of best practices company-wide, recycling, via the partnership with RecyclePoints Limited, will commence with the collection of recyclables generated at FMDQ, reducing the negative environmental impacts derived from the Exchange and operational costs as a result of the internal drive on conservation and recycling.

Commenting on the signing of the Memorandum of Understanding (MOU), Mr. Bola Onadele. Koko, Managing Director/CEO, FMDQ, said, "addressing the environmental challenges associated with improper waste disposal practices in Nigeria requires a behavioural change and mindset shift for every responsible citizen – individuals and corporates alike, and that is why at FMDQ, we know that there is no better place to start than from within our organisation. By collaborating with RecyclePoints Limited, we are making a strong commitment to inculcate responsible and sustainable environmental practices in our day to day activities".

Also speaking on the partnership, the Chief Executive Officer, RecyclePoints Limited, Mr. Mazi Ukonu said "It is highly laudable to witness yet another responsible corporate citizen sign-up to our corporate recycling program. FMDQ, with today's signing continues to showcase that it is committed to the values of sustainability and maintaining a positive impact on its immediate environment. By leveraging our corporate recycling program, FMDQ is putting action to words with its pledge to pursue an all-inclusive sustainability agenda covering social, economic and environmental activities. We at RecyclePoints are very privileged to join hands with them to ensure their objectives are achieved".



FMDQ Hosts Stakeholders Session on Central Counterparty Derivatives Clearing

Ahead of the launch of the planned FMDQ derivatives market onto the Nigerian financial markets landscape, FMDQ, in collaborating with the market participants towards ensuring an all-inclusive market, and in keeping to its agenda of promoting diversity, hosted stakeholder groups to a session on central counterparty (CCP) derivatives clearing.

This session, themed – ‘An Active and Viable Derivatives Markets’ – which held on June 18, 2019, at FMDQ’s business complex, Exchange Place, provided a platform to deliberate on key architecture required for the smooth functioning of the derivatives market from a buy- and sell-side perspective. It also focused on obtaining the views and expectations of these stakeholders for clearing, capital and operational risk management, and market connectivity. In order to learn from country experience, the session was anchored by Mr. Roy Siddhartha, a Derivatives Trading, Risk Management, Clearing and Settlement Specialist with experience spanning over thirty-five (35) years from the State Bank of India (SBI).



A well-functioning derivatives market requires amongst others, a CCP infrastructure to provide guarantee to parties in a trade, that in the event of a default from either party before fulfillment of obligation in the trade, the CCP would fulfill those financial obligations to the non-defaulting party at the time agreed in the trade. CCPs play an important role in efficiently reallocating counterparty credit risks and liquidity risks in the Nigerian financial markets.

Towards achieving this operational excellence, in order to align the Nigerian financial markets to international standards, and in a bid to promote settlement finality on products traded, FMDQ activated its Clearing House – FMDQ Clear Limited – in June 2018, ahead of transitioning into a CCP, to deliver 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.



Undoubtedly, the Nigerian derivatives market is a gold mine and market participants look to take advantage of the opportunities present in the market to meet their business needs. FMDQ, on its part, shall continue to work with relevant bodies and stakeholders to provide requisite architecture and capacity to empower the markets in support of the Nigerian economy.

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FMDQ and S&P Dow Jones Indices Co-Host Fixed Income Indices Sensitisation Workshop

Coming on the heels of the recently co-branded FMDQ/S&P Nigerian Sovereign Bond Index, FMDQ and S&P Dow Jones Indices (“S&PDJI”) co-hosted market stakeholders to a Fixed Income Indices Sensitisation Workshop to build knowledge and capacity of the use of indices for investment management . The Workshop which was themed – Benchmarking Bonds with FMDQ/S&P Fixed Income Indices – provided an avenue to expand participants’ knowledge of indices and their use as performance benchmarks for investment management mandates. For the targeted audience, it was an interactive platform to obtain insights and share views on issues around index specification and challenges to their adoption/use in the development of products in the Nigerian financial markets.

In attendance at the Workshop were regulators, the investing community/associations and other key participants, including but not limited to National Pension Commission, Pension Fund Operators, CFA Society Nigeria, Fund Managers Association of Nigeria, amongst others.

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S&P Dow Jones Indices
A Division of **S&P Global**

S&PDJI / FMDQ Fixed Income Indices Sensitisation Workshop

Theme:
Benchmarking Bonds with S&PDJI / FMDQ Fixed Income Indices

Strictly by Invitation

FMDQ had in 2017 signed a cooperation agreement with S&PDJI – the world’s leading provider of financial market indices, to create and launch co-branded indices for Nigeria’s fixed income market.

This Agreement, the first of its kind with an Africa-based securities exchange to offer fixed income indices, led to the development of the FMDQ/S&P Nigerian Sovereign Bond Index in 2018. The co-branded index was developed to track the performance of local currency denominated sovereign debt publicly issued by the Nigerian Government in its local market; and essentially, marked the beginning of joint efforts to establish a transparent environment for market participants to gain insights into the Nigerian capital markets and develop a range of other FMDQ/S&P Fixed Income indices.

[Click here for more on the FMDQ/S&P Co-branded Index \(NGN & USD\)](#)

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FMDQ-Next Holds Trading Challenge with University Students, Recent Graduates and NYSC Candidates

FMDQ Next Generation Financial Market Empowerment Programme (FMDQ-Next), 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 university graduates in Nigeria, held 'Teach-a-Class' sessions during the month of May, imparting financial markets knowledge into forty-three (43) of the participants who took part in the Programme. These sessions were specifically targeted at tertiary level, recent graduates and National Youth Service Corp (NYSC) participants and were deployed in four (4) streams. On the final day of each of the streams, three (3) top winners emerged during the Trading Competition and on Monday, June 24, 2019, the twelve (12) finalists competed during the Final Trading Challenge.

The Trading Challenge took place at FMDQ's building complex, in the dedicated state-of-the-art Trading Simulation Room – FMDQ Q-Hub - created solely for the education and development of the participants enrolled on the FMDQ-Next Programme, giving them real-life experiences of trading activities on a bustling Exchange floor and an inspiring environment to learn. The Q-Hub, features a 40-seater centre, features a total of 30 trading stations and tablets, 2 touch-screen human-sized giant-tabs, 3 interactive LED screens and musical instruments (guitar, piano and drums). The bespoke FMDQ-Next Trading Application provides participants with practical experience in trading various financial instruments, enabling them to execute trades, manage virtual portfolios, access a built-in news system that announces new market information, access educational material, amongst others, in a simulated environment. The Q-Hub also features a 40-foot price ticker tape, which provides live financial market data and information and multiple LED screens for live news feeds, to broadcast breaking news from local and global markets.

At the end of the Challenge, three (3) top winners emerged, who had also been the winners on the preliminary competitions. The three (3) top winners were given gifts and offered Internship Positions at the Exchange. Ms. Kaodi Ugoji, Associate Executive Director, Corporate Development, FMDQ

Securities Exchange, commented, “It is so exciting to see the youth show a very keen interest in the activities of the financial market. Through the FMDQ-Next Programme, we are privileged to play our part in investing in the future today, as we continue to champion financial markets literacy in the next generation of Nigerian youth”.



The FMDQ-Next Programme is FMDQ’s Flagship Corporate Responsibility Programme, which supports the United Nation’s Sustainable Development Goals, 4 - Quality Education, Goal 8 - Decent Work and Economic Growth and Goal 10 - Reduced Inequalities. The Initiative is an expression of FMDQ’s ongoing commitment to proffering solutions to some of our societal problems, as we believe the Programme will bolster the students’ academic abilities, spark an interest and understanding of finance, encourage positive financial decision making early on, in a bid to encourage economic prosperity across varied communities and advance socio-economic development in our nation.

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FMDQ-Next Excursions to Exchange Place: Investment Society of the University of Lagos

As Excursions are a way in which the FMDQ-Next Programme promotes financial market awareness and literacy, in June, the Exchange invited the Investment Society of the University of Lagos to the Exchange Place on an Excursion. In attendance, were twenty-nine (29) students in their 2nd, 3rd and final year of study. The purpose of the Excursion was to give the students the opportunity to visit the Exchange, learn about our history, purpose, the workings of the financial market eco-system, the different markets and securities traded, the varied career options within the Exchange and financial market, amongst others.

The day commenced with a tour around Exchange Place, where the Students were shown around the Q-Hub, Archives and Media Room. This was followed by a presentation on FMDQ, introducing the students to who we are and the role the Exchange plays in the financial market eco-system. After which there was a teaching session on the Introduction to the Financial Markets, where they learnt about savings and investments, the types of markets that exist, the different products traded in the financial market, etc.



They also had the opportunity to learn about the different functions carried out within the Exchange, which enlightened the students on the various career paths that exist working for an Exchange and in the financial market. The Excursion ended with a Cross Word Puzzle challenge and a prize giving ceremony.



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US\$26 Billion OTC FX Futures Contracts Traded as 36th OTC FX Futures Contract Matured on FMDQ

On Wednesday June 26, 2019, the 36th OTC FX Futures contract - NGUS JUN 26 2019 with value of \$529.10 million, matured and settled on FMDQ. This maturity brings the total value of matured Naira-settled OTC FX Futures contracts on FMDQ, since the inception of the market in June 2016, to circa \$16.74 billion; with a total of about \$25.86 billion worth of OTC FX Futures contracts traded so far.

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.

The Central Bank of Nigeria (CBN), as observed over the last thirty- five (35) maturities, introduced a new contract, NGUS JUN 24 2020 for \$1.00 billion at \$/₦365.37 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 and on the FMDQ Twitter page, [@FMDQOTCExchange](https://twitter.com/FMDQOTCExchange).

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The Debt Management Office Lists over US\$5.00 Billion FRN Eurobonds on FMDQ

The Federal Republic of Nigeria (FRN), through the Debt Management Office (DMO), marked the official listing of its latest Eurobonds – FRN triple tranche US\$2.87 billion Eurobonds (the “Triple Tranche Eurobonds”) under its Global Medium-Term Note Programme and the FRN dual US\$2.50 billion Eurobonds (“Dual Eurobonds”) under its Global Medium-Term Note Programme – on FMDQ on June 14, 2019. These listings on FMDQ underscore the government’s unrelenting commitment to support the growth and development of the nation’s DCM.

To commemorate these, the Exchange hosted the FRN, represented by the Director-General of the DMO, Ms. Patience Oniha, along with key representatives from the DMO to a Listing Ceremony, as has become tradition, at FMDQ’s business complex, Exchange Place. Also present at the Ceremony were the sponsors to the issues on FMDQ and the Registration Members (Listings) of FMDQ, FSDH Merchant Bank Limited and Stanbic IBTC Capital Limited, representatives from the Lead Managers, Citibank Global Markets Limited and Standard Chartered Bank PLC, as well as Trustee, Banwo & Ighodalo, amongst others.

Whilst giving the welcome address, Ms. Tumi Sekoni, Associate Executive Director, Capital Markets at FMDQ applauded the issuer and sponsors of the issues on FMDQ, commending the DMO for another successful outing by the FRN in the international markets. She commented that listing the Eurobonds on FMDQ would promote, among others, visibility for the issues and rightly position the nation to maximise the potential that can be realised via the Nigerian DCM. She reiterated FMDQ’s commitment to remain unyielding in its support for the development of the Nigerian DCM through its highly efficient listings, quotations and noting service.

Ms. Patience Oniha, Director-General of the DMO, during the issuer’s special address highlighted that the FRN, through the DMO, is listing the Dual and Triple Tranche Eurobond issues on Nigerian domestic exchanges. The Dual and Triple Tranche Eurobonds, which were issued respectively in February 2018 and November 2018, were oversubscribed, demonstrating the on-going confidence of international capital market investors in Nigeria’s investment story. The Eurobonds will represent the use by Government of long-term lower cost funds to finance infrastructure while also creating opportunities for domestic borrowers. The listing of the latest Eurobond issues will provide benchmarks for corporations which intend to issue Eurobonds in the international capital markets and further deepen the domestic capital markets by ensuring that the securities can be traded easily by domestic investors.



Also commenting on the listing, Mrs. Hamda Ambah, Managing Director, FSDH Merchant Bank Limited, sponsor of the triple tranche issue on FMDQ, congratulated the FRN, through the DMO on the successful issuance of the Triple Tranche Eurobonds in November 2018. She noted that “Given the unfavorable state of the market at the time of issuance, the result was simply outstanding. A combination of fine pricing and an oversubscribed high-quality order book is evidence of the hard work that the DMO is doing to position Nigeria as a prominent and attractive issuer in the international capital market. At FSDH Merchant Bank Limited, we are proud to have supported the DMO in the achievement of this important milestone.”

Mr. Kobby Bentsi-Enchill, Executive Director & Head, Debt Capital Markets, Stanbic IBTC Capital Limited, speaking on behalf of the sponsor of the dual tranche issue on FMDQ, congratulated the DMO, the Ministry of Finance and the FRN on successful international capital markets activities. He noted that, “Having previously issued a total of US\$4.80 billion of Eurobonds in 2017, the DMO returned to the capital markets in the early half of 2018 to raise additional US\$2.50 billion to meet its objectives of extending maturity profile whilst substituting expensive local currency borrowing for cheaper dollar denominated funding. The transaction did very well with a considerable level of oversubscription supported by quality investors, which demonstrated growing confidence in the FRN and allowed the DMO to significantly tighten pricing. Stanbic IBTC is exceptionally pleased to have worked with the DMO and other parties to the transaction on achieving notable success in its debt management strategies. We are also pleased to sponsor the listing of the FRN Dual Eurobonds on the FMDQ, which will invariably lead to the deepening of the DCM.”

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Turnover & Dealing Member (Banks) League Table Report

The FMDQ 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 Market Turnover (January – May 2019)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	24,187,032	66,933
Foreign Exchange Derivatives	12,795,631	35,410
Treasury Bills	37,328,191	103,248
FGN Bonds	5,429,862	15,027
Other Bonds*	348	1
Eurobonds	104,270	289
Repurchase Agreements/Buy-Backs	19,643,041	54,374
Unsecured Placements/Takings	602,229	1,667
Money Market Derivatives	7,500	21
Commercial Papers	-	-
Total	100,098,103	276,969
<i>No. of Business Days</i>	105	105
<i>Average Daily Turnover</i>	953,315	2,638

Average YTD \$/N @ 361.58

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

The total turnover for the January - May 2019 period amounted to ₦100.10trn. Trading activities in Treasury Bills contributed the largest to overall turnover, accounting for 37.28% of the market. FX (Spot FX and FX Derivatives) transactions accounted for 36.95% whilst Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 19.63%, and Bonds, Unsecured Placements & Takings and Money Market Derivatives representing 5.53%, 0.60% and 0.01% respectively, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - May 2019)

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	UNITED BANK FOR AFRICA PLC
2	STANBIC IBTC BANK PLC
3	ACCESS BANK PLC
4	STANDARD CHARTERED BANK NIGERIA LIMITED
5	ECOBANK NIGERIA LIMITED
6	FIRST BANK OF NIGERIA LIMITED
7	CITIBANK NIGERIA LIMITED
8	CORONATION MERCHANT BANK LIMITED
9	WEMA BANK PLC
10	ZENITH BANK PLC

The top ten (10) Dealing Member (Banks) accounted for 77.52% (₦77.03trn) of the overall turnover in the market, with the top three (3) accounting for 55.90% (₦43.06trn) of this sub-section of the market. United Bank for Africa PLC, Stanbic IBTC Bank PLC occupied the 1st and 2nd positions respectively, while Access Bank PLC maintained the 3rd position in the value traded for the overall over-the-counter (OTC) market.

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UPCOMING EVENTS

FMDQ-Next Summer Camp 2019

The 2019 edition of the FMDQ-Next Summer Camp is set to commence from July 2019 running through till August 2019. Scheduled across three (3) sessions/batches involving children ages eight (8) – sixteen (16) years, participants will be exposed to learning around financial markets, personal finance and other exciting topics. Practical and hands-on experience will also be availed to these students via FMDQ's bespoke trading simulation room, FMDQ Q-Hub.

The FMDQ-Next Summer Camp is a novel initiative of the FMDQ Next Generation Financial Market Empowerment Programme ("FMDQ-Next"), targeted at primary and secondary school students.

[Registration](#) is ongoing for these Sessions.

Follow this link to register your child/ward: <https://www.fmdqotc.com/fmdq-next-registration-form/>

Hurry now! Slots are filling quickly! Admission is availed on a first come, first serve basis.



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FMDQ-Next 2019 SUMMER CAMP

(Ages 8-16)

- Financial Market Education
- Trading Simulation Exercises
- Fun Games & Activities
- Quizzes & Competitions

10:00 AM – 2:00 PM

Stream 1: July 22 – 31, 2019
Stream 2: August 5 – 16, 2019
Stream 3: August 21 – 30, 2019

Admission is FREE!
Limited Spaces Available

The FMDQ Next Generation Financial Market Empowerment Programme (FMDQ-Next) is 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.

FANTASTIC PRIZES TO BE WON!

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The Naira-settled OTC FX Futures

Introduction

In the [May edition](#) of this publication, we discussed Non-Deliverable Forwards (NDF) extensively and the Naira-settled OTC FX Futures was mentioned as an example of an NDF, albeit with risk management elements of a standard Futures contracts. As a recap, NDF is a cash-settled, short-term forward contracts, where parties agree to a rate/price for a predetermined date in the future, without the obligation to deliver the notional amount on maturity. This edition of the monthly newsletter shall provide further insights into the Naira-settled OTC FX Futures currently traded on FMDQ.

Background to the Naira-settled OTC FX Futures

In June 2016, the CBN in collaboration with FMDQ, introduced the Naira-settled OTC FX Futures - non-deliverable Forwards which cash-settled at maturity in Nigerian Naira based on the difference between the contract (Futures) rate and a proxy for the spot FX rate. For the Naira-settled OTC FX Futures, the proxy for the spot FX rate is NAFEX (Nigerian Autonomous Foreign Exchange Fixing); which is an independent fixing of the inter-bank FX market administered by FMDQ.

The OTC FX Futures while being an NDF has elements of a standard Futures contract, hence its name which alludes to being both a forward and futures contract. The table below shows some fundamental and generally accepted differences between Forwards and Futures contract and how the OTC FX Futures contract has element of both:

Feature	Forwards	Futures	OTC FX Futures
Traded on Exchanges	N	Y	
Bilateral contracts without an Intermediary*	Y	N	Y
Standardised contracts	N	Y	N
Non-standardised contracts	Y	N	Y
Risk Management through Margining by a Third Party	N	Y	Y
Source of Credit (Counterparty) Risk to a Buyer	Seller	CCP	Seller (CBN)

Y – Yes; N – No

The key direct market participants in the OTC FX Futures market are as follows:

- Banks registered with FMDQ as Futures Dealing Member (Banks), as “**Buyers**” of the OTC FX Futures for their clients and themselves
- CBN as the “**Seller**” of the OTC FX Futures to clients and banks
- FMDQ as the “Futures **Exchange**” and trading platform for the OTC FX Futures
- FMDQ Clear Limited (“**FMDQ Clear**”) as the “**Clearing House**” carrying out clearing, risk management and settlement of OTC FX Futures contracts traded

As the seller of the OTC FX Futures contracts, the CBN offers a new contract every month to replace the contract maturing in that month. Consequently, there are always twelve (12) open OTC FX Futures contract at any point in time for clients to hedge their FX risk for between one (1) and twelve (12) months.

See open OTC FX Futures contracts via the below link:

<https://www.fmdqotc.com/wp-content/uploads/2019/06/OTC-FX-Futures-Open-Contracts-June-21-2019-1.pdf>

Benefits of the Naira-Settled OTC FX Futures

- The introduction of the OTC FX Futures market encourages end-users to spread out their demand for Spot FX deals as they are now able to lock down the exchange rates for future FX requirements. This has begun to eradicate the constant front-loading of FX requirements and minimise the disequilibrium in the Spot FX market. End-users will make better judgement as to the timing of accessing the Spot FX market
- The availability of the OTC FX Futures improves the business planning practice of end-users and FX sellers, as the future exchange rate is guaranteed through the OTC FX Futures
- An end-user (buyer of USD) may consider it wiser to delay the purchase of its USD requirement in the Spot FX market if the Spot FX rate is higher than the OTC FX Futures rate of a particular tenor. The end-user will borrow USD or obtain trade finance and simultaneously hedge its exchange rate exposure with an attractive OTC FX Futures contract sold by the CBN. Upon maturity of the OTC FX Futures contract, the end-user will access the Spot FX market
- The OTC FX Futures attracts significant capital flows to the Nigerian fixed income and equity markets as returns can now be enhanced as FX exposures are hedged. Foreign Portfolio Investors (FPIs) are able to use the OTC FX Futures for capital protection
- The envisaged increase of supply of US Dollars due to the OTC FX Futures offered by the CBN in the Spot FX market causes the Spot FX rate to moderate

- OTC FX Futures, as non-deliverable forwards, are ideal for FPIs and even Foreign Direct Investors (FDIs) in hedge the exchange rate risk without interest in buying outright Forwards which will necessitate liquidation of its investment to pay for outright Forwards

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