



FMDQ SPOTLIGHT

NEWSLETTER EDITION 75 – JANUARY 2021





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NEW STORIES

55th FX Futures Contract Matures and Settles on FMDQ

On Wednesday January 27, 2021, the 55th FX Futures contract – NGUS JAN 27 2021 with a nominal value of \$1,614.17 million, matured and settled on FMDQ Securities Exchange Limited (“FMDQ Exchange” or the “Exchange”). This maturity brings the total value of matured currency futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$46.03 billion; with a total of about \$53.13 billion so far traded.

The matured contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ Exchange reference Spot FX rate published same day. The associated clearing/settlement activities were effected accordingly by FMDQ Clear Limited (“FMDQ Clear”).

The Central Bank of Nigeria (CBN), as observed over the last fifty-four (54) maturities, introduced a new contract, NGUS JAN 28 2026 for \$1.00 billion at \$/₦613.69 to replace the matured contract. The apex bank also refreshed its quotes on the existing 1 to 60-month contracts.

The contracts quotes are published daily on FMDQ’s website at www.fmdqgroup.com and on the FMDQ Twitter page, [@FMDQGroup](https://twitter.com/FMDQGroup).

[Click here to view Open Contracts](#)

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At a Glance: Update from FMDQ Clear

Following the receipt of an approval in principle to become Nigeria's premier Central Counterparty, FMDQ Clear, continues to ramp up its activities towards supporting the development of a thriving derivatives market as well as its transitioning into a fully-developed CCP to support the stability of and uphold the integrity of the financial markets.

The tables below provide an overview of the clearing and settlement activities cutting across the derivatives (currency futures) and fixed income markets.

Table 1: Clearing and Settlement Activities in the Currency Futures (Derivatives) Market

S/N	Currency Futures (as of December 31, 2020)	November	December	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	5,089	5,161	1.41
2	Value of Traded & Cleared Contracts (\$'bn)	51.15	52.51	2.65
3	Value of Open Contracts (as of December 31, 2020) (\$'bn)	8.94	8.09	(9.47)
Settlement				
4	No. of Matured & Settled Contracts	4,385	4,543	3.60
5	Value of Matured & Settled Contracts (\$'bn)	42.21	44.41	5.22

Table 2: Clearing and Settlement Activities in the Sovereign Fixed Income Market

S/N	Sovereign Fixed Income	November	December	Change (%)
1	Total Value of Trades Processed (₦'bn)	4487.22	4359.26	-2.85%
2	Value of Trades Settled (₦'bn)	4310.22	3943.79	-8.50%
3	Value of Unsettled Trades (₦'bn)	177.00	415.47	134.73%

Table 3: Clearing and Settlement Activities in the Non-Sovereign Fixed Income Market

S/N	Non-Sovereign Fixed Income	November	December	Change (%)
1	Total Value of Trades Processed (₦'bn)	0.78	15	1823.08%
2	Value of Trades Settled (₦'bn)	0.56	3.52	528.57%
3	Value of Unsettled Trades (₦'bn)	0.23	11.48	4891.30%

For more on FMDQ Clear, please click [here](#)

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At a Glance: Update from FMDQ Depository

FMDQ Depository Limited (“FMDQ Depository”), a wholly owned subsidiary of FMDQ Group, was established to complete the value chain of a vertically integrated market infrastructure, by providing collateral caching and settlement services in the Nigerian financial market; complementing the clearing function discharged by FMDQ Clear Limited and offering market participants an unrivalled opportunity to experience enhanced straight-through-processing.

To kick off the year 2021, FMDQ Depository successfully onboarded the following securities to its platform, offering them benefits including efficient and seamless processing, accurate and timely information, reliable platform for recordkeeping, amongst others. The securities include:

- Flour Mills of Nigeria PLC ₦4.89 billion Series 4 Tranche A and ₦25.00 billion Series 4 Tranche B Fixed Rate Bonds under its ₦70.00 billion Bond Issuance Programme
- Total Nigeria PLC ₦2.25 billion Series 1 and ₦12.75 billion Series 2 Commercial Papers under its ₦30.00 billion Commercial Paper Issuance Programme

From improved market making opportunities to secondary market liquidity, FMDQ Depository avails a unique opportunity for investors to enjoy seamless and cost-efficient processes via its linkage to other FMDQ subsidiaries.

For more on FMDQ Depository service offerings, please click [here](#)

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FMDQ LISTINGS & QUOTATIONS

FMDQ Kicks Off 2021 with the Admission of CPs for Total Nigeria PLC, Valency Agro Nig. Ltd. and Mixta Real Estate PLC

The new year 2021 arrived with renewed hopes for the continued development of the Nigerian financial markets as corporates have already commenced with planning towards the achievement of their strategic goals and objectives. The Nigerian Commercial Paper ("CP") market, even during the 'high-points' of the pandemic last year, has continued to provide succour to both private and public institutions as we begin the new year.

FMDQ Exchange has through innovative evolution continued to avail its credible and efficient platform as well as tailor its Listings and Quotations services to suit the needs of issuers and its Registration Members (sponsors of the issue on FMDQ Exchange). Following the due diligence process, the Exchange, through its Board Listings and Markets Committee, has approved the quotation of the **Total Nigeria PLC ₦2.25 billion Series 1 and ₦12.75 billion Series 2 Commercial Papers under its ₦30.00 billion CP Issuance Programme** and the **Mixta Real Estate PLC ₦2.00 billion Series 32 Commercial Paper under its ₦20.00 billion CP Issuance Programme**, as well as the registration of the **Valency Agro Nigeria Limited ₦20.00 billion Commercial Paper Programme**, on its platform.

FMDQ Exchange successfully admitted to its platform, the Quotation and Registration of the following Commercial Papers:

	Total Nigeria PLC ₦2.25bn Series 1 and ₦12.75bn Series 2 Commercial Papers under its ₦30.00bn Commercial Paper Issuance Programme
	Mixta Real Estate PLC ₦2.00bn Series 32 Commercial Paper under its ₦20.00bn Commercial Paper Issuance Programme
	Valency Agro Nigeria Limited ₦20.00bn Commercial Paper Issuance Programme

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The debut issuance of Total Nigeria PLC (Total Nigeria)'s CP, following a volatile period for the oil and gas industry as disrupted by the COVID-19 pandemic demonstrates innovation and confidence in the Nigerian debt capital market (DCM) towards supporting the vibrance of this sector and in turn the reactivation of the Nigerian economy. The issue attracted significant demand from a wide range of investors – resulting in a subscription level of over 4 times the initial issue size – a demonstration of investor confidence in the company.

Commenting on the quotation of the Issue, the Managing Director of Total Nigeria, Mr. Imrane Barry, explained

that "the Programme was set up to enable the company further broaden its sources of capital by

accessing funding from the Nigerian debt capital markets, while also reducing its overall funding costs". He thanked investors for supporting the company's debut Issue and commended the financial advisers, Stanbic IBTC Capital Limited and FBNQuest Merchant Bank Limited, for ensuring the success of the Issue despite the challenging environment. Also commenting on the quotation, Tokunbo Aturamu, Head of Debt Capital Markets, Stanbic IBTC Capital expressed his delight that Total Nigeria has joined the growing list of blue-chip corporates who have embraced CP issuances in the Nigerian debt capital markets as a means of funding their working capital requirements. He also thanked the Board and Management of Total Nigeria for the opportunity given to Stanbic IBTC Capital to act as Sole Arranger, as well as Joint Dealer alongside FBNQuest Merchant Bank, to the ₦15.00 billion debut CP issuance under the Programme.

In the same vein, with double-digit inflation rates and soaring food prices compounded by the growing Nigerian population, it has become more imperative to catalyse the country's agricultural value chain transformation in a bid to drive increased and sustainable production of agricultural products as well as foreign earnings through exports. Valency Agro Nigeria Limited (Valency Agro), is incorporated in Nigeria as a private limited liability company under Valency International Pte Limited (Valency International) – an International commodity trading house with its presence in over 15 countries – deals in the sourcing, production, and trading of Agro and consumer food products. In his remarks, the Managing Director, Valency International Pte Ltd, Mr. Sunil Dhanuka, said "We are glad for the successful registration of Valency Agro's ₦20.00 billion CP Issuance Programme. We also commend FMDQ for the seamless process despite the COVID-19 pandemic and the various restrictions. In line with our vision to grow within the agricultural value chain in Nigeria, Valency Agro is committed to ensure the growth of the Agriculture sector through our deep involvement in Cashew, Sesame, Cocoa and other produce. Proceeds from this CP Programme will be used towards meeting the midterm working capital requirements of the various agricultural produce and on value addition prior to export".

The registration and quotation of these CPs on FMDQ Exchange endorse the evolution of FMDQ Holdings PLC ("FMDQ" or "FMDQ Group") into a world-class vertically integrated financial market infrastructure group and its strategic role as a market organiser, committed to advancing the growth of the Nigerian financial market.

FMDQ Group is unwavering in its pursuit of product and market innovation as well as stakeholder engagement, towards making the Nigerian financial market globally competitive, operationally excellent, liquid and diverse, in line with its GOLD Agenda. FMDQ continues to bring about revolutionary changes in the Nigerian capital market through its exchange, clearing, depository and private markets subsidiaries; providing a seamless process and value-chain for market participants to commence and end their financial market transactions.

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Flour Mills of Nigeria PLC Joins Other Corporates to Float Bond on FMDQ Exchange Platform in 2021

Coming shortly on the heels of the recent Commercial Paper Issuances by Total Nigeria PLC, Valency Agro Nig. Ltd., and Mixta Real Estate PLC, FMDQ Exchange, following the due diligence of its Board Listings and Markets Committee has approved the Listing of the **Flour Mills of Nigeria PLC (“FMN” or “Flour Mills”) ₦4.89 billion Series 4 Tranche A and ₦25.00 billion Series 4 Tranche B Fixed Rate Bonds under its ₦70.00 billion Bond Issuance Programme** on its platform.

The Nigerian economic landscape and business environment has continued to witness disruptions as occasioned by the COVID-19 pandemic with attendant concerns of a prevailing second wave despite global vaccination efforts and restrictive guidelines put in place by governments and advisory bodies. The situation has seen corporates across multiple sectors re-evaluate their financing strategies going into the new year by tapping the debt capital markets as a viable avenue to efficiently raise capital in order to meet their business expansion/working capital needs. The critical role which debt markets play in facilitating sustainable growth and development cannot be overemphasized. The Nigeria debt capital market (DCM) plays an important role in the efficient mobilisation and allocation of resources in the economy and despite the impact of the current times, the market has continued to effectively support corporates looking to expand their business operations. It is in this regard that FMDQ Group in its capacity as a leading market organiser of the Nigerian DCM, amongst others, has continued to provide stakeholders in the Nigerian capital market with a credible and robust platform for capital access, risk management and transfer of value.

As major effects of the pandemic, Nigeria has witnessed rapid inflation characterised by dwindling food security and reduced labour market participation. Flour Mills is strategically positioned to produce and supply products of superior quality and value to the market, thereby, enriching the lives of consumers, customers, communities, employees, and all stakeholders. According to Mr. Omoboyede Olusanya, Group Managing Director/Chief Executive Officer, Flour Mills of Nigeria Plc, “Flour Mills of Nigeria Plc is delighted to have successfully concluded the issuance of ₦29.89 billion Series 4 (Tranche A & B) bonds under the ₦70.00 billion bond issuance programme. The Bond, which coincided with our 60th anniversary celebration was strongly supported by the institutional investor community and corroborates our strategic objective of sustaining our market leadership position whilst backwardly integrating to increase the use of locally sourced materials to develop and produce unique consumer products in alignment with our mission of “Feeding the Nation, Everyday”. The proceeds of both bonds have been used entirely to refinance our existing commercial paper notes also successfully issued during the pandemic.” Also commenting on the listing, Abimbola Kasim, Ag. Managing Director, FCMB Capital Markets Limited, stated “FCMB Capital Markets appreciates the opportunity given to us by the Board and Management of Flour Mills of Nigeria to act as the Lead Issuing House on its ₦29.89 billion Series 4 Bond Issuance, being the final and largest Series under the ₦70.00 billion Bond Issuance Programme registered in 2018. The success of this transaction speaks to Flour Mills’ impressive operational and financial performance, and an affirmation of this strength by investors in the bond who subscribed overwhelmingly during a low interest rate environment. Following this success, we expect Flour Mills and our other clients to continue to explore opportunities to raise funds from the Nigerian debt capital markets to diversify their funding sources.”

As the economic impact of COVID-19 continues to crystallise and business organisations strive to rise above the 'murky waters', FMDQ Group remains steadfast in contributing towards the emergence of a resilient financial market in Nigeria. As with previous bonds issued under the programme and with all other securities listed, quoted, and traded on the FMDQ Exchange platform, the Flour Mills bonds shall be availed total market visibility through FMDQ Exchange's website and systems; transparency through their inclusion in the FMDQ Daily Quotations List; governance and continuous information disclosure to protect investor interest; amongst other benefits derived from the preferred admission to FMDQ Exchange.



FMDQ Exchange successfully admitted to its platform, the Listing of the following Bonds:

**Flour Mills of Nigeria PLC
₦4.89bn Series 4 Tranche A
and ₦25.00bn Series 4
Tranche B Fixed Rate Bonds
under its ₦70.00bn Bond
Issuance Programme**



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Nigeria Mortgage Refinance Company PLC Lists ₦10.00 billion Fixed Rate Bond on FMDQ Exchange

FMDQ Exchange, following the due diligence of its Board Listings and Markets Committee has approved the Listing of the **Nigerian Mortgage Refinance Company PLC (NMRC) Series 3 ₦10.00 billion Fixed Rate Bond under its ₦440.00 billion Bond Issuance Programme** on its platform. The listing joins a host of other corporate securities issued on the FMDQ Exchange Platform to kick off the year 2021 in addition to Total Nigeria PLC, Valency Agro Nig. Ltd., Mixta Real Estate PLC and Flour Mills of Nigeria PLC.

In view of the sustained disruptions occasioned by the impact of the COVID-19 pandemic to businesses and economies alike, the Nigerian capital market has continued to provide the much-needed succor for corporate entities looking to raise funds to meet shortfalls in their working capital needs as well as capital expenditures. The Nigerian real estate sector has evidently been one of the worst-hit sectors with financing remaining a core challenge for property developers and prospective homeowners. The NMRC is a private sector-driven mortgage refinancing company with the purpose of promoting home ownership for Nigerians while deepening the primary and secondary mortgage markets by raising long-term funds from the capital market, to enhance access to affordable housing finance in Nigeria.

In a quote by the Managing Director of NMRC, Mr. Kehinde Ogundimu, he mentioned that “the proceeds of the issue would be used to refinance existing and conforming mortgage loans, he added that the issuance also demonstrates NMRC’s commitment to the provision of affordable liquidity to the mortgage market by attracting long-term funding into the housing finance industry from the capital markets. Mr. Ogundimu further stated that the prevailing interest rate regime will reduce the rate at which the primary mortgage institutions onlend to their customers and in the long-term, substantially drive reduction in mortgage interest rates as well as translate to cost reductions in housing construction finance going forward”. In an additional quote by the sponsors of the transaction on the Exchange, DLM Capital Group said “We are proud to have acted as Issuing House and Financial Advisors on the NMRC Series 3 Bond issuance. The success of the deal indicates that investors have an appetite for long tenured assets and highlights their confidence in NMRC’s operating model. We expect the impact on the mortgage industry to be far reaching, making home-ownership much more accessible to the average individual”.

These recent admissions to FMDQ Exchange’s platform are reflective of the potential of the Nigerian DCM and the commendable level of confidence demonstrated by both issuers and investors in the market. They also validate the efficient processes and integrated systems through which FMDQ Holdings PLC (FMDQ Group or FMDQ), through its wholly owned subsidiaries – FMDQ Exchange, FMDQ Clear Limited, FMDQ Depository Limited and FMDQ Private Markets Limited – has sustained its uninterrupted service delivery to the market and its diverse stakeholders during these uncertain times and beyond. As is the corporate tradition for FMDQ Exchange, these securities shall be availed the benefits of the value-driven listings and quotations service on the Exchange, including global visibility through its website and systems, liquidity credible price formation and continuous information disclosure to protect investor interest, amongst others. In keeping with its commitment to the development of the market, FMDQ Exchange shall sustain its efforts in supporting issuers with tailored financing options to enable them achieve their strategic objectives, deepen and effectively position

the Nigerian DCM for growth, in support of the realisation of a globally competitive and vibrant economy.

FMDQ Group is Africa's first vertically integrated financial market infrastructure (FMI) group providing a one-stop platform for the seamless and cost-efficient execution, risk management, clearing, settlement and depository services, as well as data and information services across the debt capital, foreign exchange and derivatives markets in Nigeria.



FMDQ Exchange successfully admitted to its platform, the Listing of the following Bonds:



Nigerian Mortgage Refinance Company PLC ₦10.00bn Series 3 Fixed Rate Bond under its ₦440.00bn Bond Issuance Programme

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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 - December 2020)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	30,139,716	80,102
Foreign Exchange Derivatives	38,066,706	100,079
Treasury Bills	10,629,826	27,549
OMO Bills	64,124,918	168,809
FGN Bonds	26,885,759	70,602
Other Bonds*	232,377	589
Eurobonds	412,175	1,079
Repurchase Agreements/Buy-Backs	42,240,197	110,686
Unsecured Placements/Takings	2,004,834	5,235
Money Market Derivatives	352,050	919
Commercial Papers	-	-
Total	215,088,558	565,649
No. of Business Days	251	251
Average Daily Turnover	856,927	2,254

Average YTD \$/N @382.09

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 4, 2021; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January - December 2020 period amounted to ₦215.09 trillion. Trading activities in FX (Spot FX and FX Derivatives) contributed the largest to overall turnover, accounting for 31.71% of the market. Transactions in OMO bills accounted for 29.81% whilst Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 19.64%, and Bonds, Treasury Bills, Unsecured Placements & Takings and Money Market Derivatives representing 12.80%, 4.94%, 0.94% and 0.16% respectively, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January – December 2020)

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	ZENITH BANK PLC
5	FIRST BANK OF NIGERIA LIMITED
6	STANDARD CHARTERED BANK NIGERIA LIMITED
7	CORONATION MERCHANT BANK LIMITED
8	ECOBANK NIGERIA LIMITED
9	GUARANTY TRUST BANK PLC
10	FBNQUEST MERCHANT BANK LIMITED

The top ten (10) Dealing Member (Banks) accounted for 79.09% (₦170.12 trillion) of the overall turnover in the market, with the top three (3) accounting for 65.01% (₦110.59 trillion) of this sub-section of the market. Stanbic IBTC Bank PLC, Access Bank PLC and United Bank for Africa PLC maintained the 1st, 2nd, and 3rd positions respectively, in the value traded for the review period.

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FMDQ Fixed Income Primary Markets Sponsors' League Table (January – December 2020)

The 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. The Registration Member (Listings) ("RML") and Registration Member (Quotations) ("RMQ") (collectively referred to as "Registration Members" or "RMs") are the FMDQ-authorised sponsors of these securities listed and quoted on the Exchange.

RANK	BONDS	RANK	COMMERCIAL PAPERS
	REGISTRATION MEMBER (LISTINGS) (RMLs)		REGISTRATION MEMBER (QUOTATIONS) (RMQs)
1 st	Stanbic IBTC Capital Ltd.	1 st	Stanbic IBTC Capital Ltd.
2 nd	Chapel Hill Denham Advisory Ltd.	2 nd	FBN Quest Merchant Bank Ltd.
3 rd	United Capital PLC	3 rd	FCMB Capital Markets Ltd.
4 th	UCML Capital Ltd.	4 th	Chapel Hill Denham Advisory Ltd.
5 th	FBNQuest Merchant Bank Ltd.	5 th	UCML Capital Ltd.
6 th	Greenwich Trust Ltd.	6 th	Rand Merchant Bank Nigeria Ltd.
	EAC Advisory Ltd.	7 th	Standard Chartered Capital & Advisory Nigeria Ltd.
	FSDH Merchant Bank Ltd.	8 th	FSDH Merchant Bank Ltd.
	Absa Capital Markets Nigeria Ltd.	9 th	Coronation Merchant Bank Ltd.
		10 th	Renaissance Securities Nigeria Ltd.
		11 th	United Capital PLC
		12 th	Citibank Nigeria Ltd.
		12 th	CardinalStone Partners Ltd.
		14 th	Cordros Capital Ltd.

The top three (3) sponsors in both the bond and CP markets were Stanbic IBTC Capital Ltd., Chapel Hill Denham Advisory Limited and FBNQuest Merchant Bank Ltd., contributing 66.12% to total issuances in the review period. Stanbic IBTC Capital Ltd., occupying the 1st position, contributed 38.40% to total issuances and participated in both the bond and CP markets. Chapel Hill Denham Advisory Limited and FBNQuest Merchant Bank Ltd contributed 15.77% and 11.95% respectively to total issuances in the period.

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FMDQ Fixed Income Primary Markets Solicitors' League Table (January – December 2020)

The 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	RANK	COMMERCIAL PAPERS SOLICITORS TO THE ISSUE
<i>1st</i>	<i>Banwo & Ighodalo</i>	<i>1st</i>	<i>Banwo & Ighodalo</i>
	<i>Solola Akpana & Co.</i>	<i>2nd</i>	<i>Udo Udoma & Belo Osagie</i>
<i>3rd</i>	<i>Olaniwun Ajayi LP</i>	<i>3rd</i>	<i>Aluko & Oyeboode</i>
<i>4th</i>	<i>G. Elias & Co.</i>	<i>4th</i>	<i>G. Elias & Co.</i>
	<i>The New Practice</i>	<i>5th</i>	<i>Olaniwun Ajayi LP</i>
<i>6th</i>	<i>Aluko & Oyeboode</i>	<i>6th</i>	<i>Sefton Fross</i>
<i>7th</i>	<i>P.O Akinrele & Co.</i>		
<i>8th</i>	<i>Templars</i>		
<i>9th</i>	<i>Tokunbo Orimobi LP</i>		

The most active solicitor for the review period was Banwo & Ighodalo participating as solicitors in both the bond and CP markets for the review period. Udo Udoma & Belo Osagie came in second place participating only in the CP market while Aluko & Oyeboode came in third place participating in both the bond and CP markets. The top three (3) solicitors for January - December 2020 (in both the bond and CP markets) contributed 71.47% to total issuances.

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Sustainability and Sustainable Finance: Brief Overview

Introduction

According to the United Nations (UN)¹, “Sustainable Development” is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Hence, sustainability (from a macroeconomic context) can be viewed as the pursuit of economic growth and development through activities/projects which promote positive environmental, social, and human impacts in the long-term.

In recognition of the importance of sustainability, the UN developed the seventeen (17) Sustainable Development Goals (SDGs) which are focused on addressing the environmental, political, and economic challenges faced by the world as follows:

1. No Poverty: End poverty in all its form	10. Reduced Inequalities: Reduced inequalities within and among countries
2. Zero Hunger: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	11. Sustainable Cities and Communities: Make cities and human settlements resilient and sustainable
3. Good Health and Well-being: Ensure healthy lives and promote well-being for all	12. Responsible Consumption and Production: Ensure sustainable consumption and production patterns
4. Quality Education: Ensure quality education and opportunities for all	13. Climate Action: Take urgent action to combat climate change
5. Gender Equality: Achieve Gender Equality	14. Life Below Water: Conserve and sustainably use marine resources
6. Clean Water and Sanitation: Ensure availability, and sustainable management of water and sanitation for all	15. Life on Land: Promote sustainable use of terrestrial ecosystems
7. Affordable and Clean Energy: Ensure access to affordable and clean energy for all	16. Peace, Justice and Strong Institutions: Promote peaceful and inclusive societies, with access to justice and accountable institutions
8. Decent Work and Economic Growth: Promote sustainable growth, and productive employment and decent work for all	17. Partnership for the Goals: Strengthen implementation and global partnership for sustainable development.
9. Industry, Innovation, and Infrastructure: Promote resilient infrastructure and sustainable industrialisation, and foster innovation	

¹ UN Report of the World Commission on Environment and Development: *Our Common Future*

The term “Sustainable Finance” is used to describe the deliberate consideration of environmental, social and governance (ESG) factors in investment decision-making process in the financial markets. Therefore, Sustainable Finance will typically involve appraising prospective projects and investments for their sustainability across various ESG factors to ascertain their long-term impact on the society.

Some of the key ESG factors and criteria considered during the appraisal of investments for their overall sustainability and long-term impact include:

1. **Environmental Factors:** This typically focuses on how the proposed economic activity or project impacts the overall environment. It usually addresses issues such as the type/source of energy, waste management practices, pollution, natural resource conservation, treatment of animals, etc.
2. **Social Factors:** This typically focuses on issues with respect to relationships with other businesses and the local community. It seeks to assess proposed investments based on how they impact human rights, diversity, welfare, labour relations, community development and consumer protection, etc.
3. **Governance:** This focuses on issues of corporate governance and behaviour. *Corporate governance* assessments seek to appraise promoters of proposed projects on matters such as board diversity, transparency, conflicts of interest, etc. On the other hand, *corporate behaviour* assessments seek to appraise promoters of proposed projects on matters such as business ethics, anti-competitive practices, corruption, historical record on filing of relevant company/tax returns, etc.

Conclusion

Sustainable Finance is considered as very critical to the growth and overall success of the sustainability agenda, as it helps in facilitating the mobilisation of capital to support the delivery of sustainability goals/objectives. This is witnessed through the shift in investments towards more sustainable economic activities, financing long-term sustainable growth, promoting the preservation and restoration of the natural environment, etc.

The next article will be focused on ***Building a Sustainable Finance Ecosystem***.

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