



FMDQ SPOTLIGHT

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NEW STORIES

FMDQ Group and FSD Africa Sign MoU with the Lagos State Government to Facilitate the Maiden Lagos State Green Bond Issuance

Tuesday, September 14, 2021, witnessed a landmark event in the Nigerian capital markets, in a signing ceremony to commemorate the execution of a Memorandum of Understanding (“MoU”) between the Lagos State Government (“Lagos State”) and the Implementing Partners of the Nigerian Green Bond Market Development Programme (“NGBMDP” or the “Programme”) – FMDQ Holdings PLC (“FMDQ Group”) and Financial Sector Deepening (“FSD”) Africa – to facilitate the issuance of the maiden ₦25.00 billion Lagos State Green Bond and other sustainability-linked debt securities towards achieving the global Sustainable Development Goals (“SDGs”). Among those present at the remarkable signing ceremony held at the Lagos State House, Marina, Lagos, were the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu, Commissioner of Finance, Lagos State, Dr. Rabiul Onaolapo Olowo, Special Adviser, Office of Sustainable Development Goals & Investment, Lagos State, Mrs. Solape Hammond, and other members of the Lagos State Executive Council; as well as representatives of the NGBMDP Implementing Partners including Mr. Bola Onadele. Koko, Chief Executive Officer, FMDQ Group and Mr. Mark Napier, Chief Executive Officer, FSD Africa.

Speaking at the signing ceremony, the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu, stated, “I strongly believe that the Green Bond Programme will open the doors of deep sustainable funds for infrastructure and social development for Lagos State, being the biggest player in the subnational capital markets, and therefore open new doors overall for lots of others. As a State, we embrace the transparency and commitment that comes with a Green Finance Framework. We believe it sends an important signal to investors in the market about who we are – a state that is fiscally responsible, prudent and disciplined. It is our intention to continue to validate this reality, as well as our commitment to building a Greater, Circular, Climate-resilient and Prosperous Lagos State which is unwavering”.

Mr. Bola Onadele. Koko, in his remarks at the signing ceremony stated, “FMDQ Group is proud and honored to be part of this momentous signing ceremony. The dynamism of Lagos State as a hub for commerce/financial market activities and the State’s incredible potential for catalysing broad-based sustainable development call for the need to unlock and attract capital to fund key projects in the State.” Mr. Onadele further highlighted, “this will stimulate economic growth, enhance job creation, and align the State’s THEMES (Traffic Management and Transportation, Health and Environment, Education and Technology, Entertainment and Tourism, as well as Security and Governance) Agenda towards transitioning Lagos State to a greener and more sustainable economy in line with the United Nations SDGs. This iconic MoU signing is timely and FMDQ Group, as the local partner to the NGBMDP and an agent of change, empowering markets for economic progress towards delivering prosperity, is excited about this opportunity to support the developmental aspirations of Lagos State”.



The United Kingdom's Deputy High Commissioner in Lagos, Mr. Ben Llewellyn-Jones, in his remarks stated that the need to mitigate the impact of climate-related risk on the millions of Lagosians is now urgent and pressing, and that the UK Government, through its FSD Africa Development Programme, is committed to help mobilise green financing via the capital markets to support the Lagos State Government's initiative to build a sustainable and resilient megacity. "We are currently working with the State Government to build a pipeline of green infrastructure projects through our portfolio of programmes, including our Future Cities Nigeria Development Programme. We will continue to work with the Lagos State to strengthen its resilience, ahead of COP26 and thereafter", he remarked.

Globally, the green bond market has shown rapid growth as government and corporate entities are raising funds from the debt capital markets ("DCM") to finance positive environmental and climate projects, to support the development of their countries. In the Nigerian financial markets in particular, to support the entrenchment of sustainable finance, the Nigerian Green Bond Market Development Programme was launched in 2018 to 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 nation's green bond market. The Programme supported the successful issuances of Africa's 1st Climate Bonds Certified Corporate Green Bond by Access Bank PLC and the NSP-SPV PowerCorp PLC Series 2 Green Bond, amidst key stakeholder engagement and sensitisation sessions, technical assistance and other funding-related supports. [Click here to view more photos from the event](#)

FMDQ Group CEO and Management Pay Vice President Professor Yemi Osinbajo, SAN, GCON Courtesy Visit

The Chief Executive Officer of FMDQ Group, Mr. Bola Onadele. Koko, along with a few members of Management, made a courtesy call on the Vice President of the Federal Republic of Nigeria, Professor Yemi Osinbajo, SAN, GCON, at the Presidential Villa, State House, Abuja, in September 2021. Among the delegates in the Vice President's entourage were the Special Adviser to the President on Economic Matters, Office of the Vice President, Dr. Adeyemi Dipeolu, and the Deputy Chief of Staff to the President, Office of Vice President, Mr. Ade Ipaye, as well as other Special Advisers to the President. The focal point of the visit was discussion on how the Nigerian financial markets could be leveraged for the nation's transformation.

Mr. Onadele, during his presentation, expressed his immense appreciation of the Vice President's active and impactful contributions towards the development of the nation's financial markets. In particular, Mr. Onadele underscored the passing of the Companies and Allied Matters Act 2020, set to spur economic and a new wave of innovative developments, improve the ease of doing business, stimulate increased economic activity, thereby creating employment, generating additional wealth, and increasing tax revenue for the government, and introduce a new paradigm in the financial markets whilst repositioning Nigeria as a compelling destination for capital. He also highlighted the launch of the Financial Centre for Sustainability, Lagos Fintech Hackathon in March 2021, wherein the Vice President urged participants to develop creative solutions for sustainable farming and cleaner energy, as well as the passing of the Petroleum Industry Act 2021, critical to enable the oil and gas sector access debt and equity capital. All of these and more, including the Vice President's exemplary leadership of various committees aimed at developing the Nigerian economy for prosperity for Nigerians, including, but not limited to the National Economic Council, Economic Sustainability Committee, the Steering Committee of the National Poverty Reduction with Growth Strategy, and the Presidential Enabling Business Environment Council, giving credence to his unwavering commitment and efforts towards the growth and development of the Nigerian economy.

Mr. Onadele reiterated during the meeting, FMDQ's commitment to performing its strategic roles as a market organiser, catalyst for capital formation, adviser to governments and regulators and financial markets diplomat, to support the development and implementation of innovative solutions towards attracting capital to boost productivity in Nigeria, reduce unemployment, bridge the infrastructure gap, and support Nigeria's achievement of the United Nations Sustainable Development Goals. He also asserted that one of the top priorities for FMDQ was to support the development of commerce in Nigeria, postulating that commerce was the life blood of every nation, and that thriving and liquid money, capital and foreign exchange markets were sine qua non in the development of Nigeria's trade, industry, and commerce. He indicated that FMDQ demonstrated its agenda in this respect through the establishment of the FMDQ Private Markets, to promote the inclusion of private companies in the capital markets, and provide access to long-term private capital to small, medium, and large enterprises. Additionally, Mr. Onadele highlighted tax incentive and tax-related initiatives which would further bolster activity in the financial markets and solicited the Vice President's continuous support of the financial markets development agenda.



Professor Osinbajo commended FMDQ Group on the laudable achievements and developments made in the Nigerian financial markets and beyond since its establishment and reassured FMDQ that he was willing and excited to support FMDQ in championing the realisation of Nigeria's full potential. He also urged the Management of FMDQ Group to further explore ways to de-risk the Nigerian financial markets and the housing finance sector.

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FMDQ Post-Annual General Meeting Press Release

- **Nigerian Financial Markets Display Resilience in 2020**
- **CBN's OTC FX Futures Product Provides Succour to Corporates and Investors**

2020 was undoubtedly challenging, with the outbreak of the COVID-19 pandemic, and the attendant turbulence in the global and domestic economic landscapes. With a GDP contraction of 1.79% in 2020, a significant decline from the 2.21% growth recorded in 2019, inflation rate of 13.25% compared to 11.40% in 2019, and a trade deficit of \$33.46 billion, a 33.77% increase from the deficit of \$25.01 billion in 2019, Nigeria was plunged into its second recession in two (2) years. Indeed, the fortunes of

the Nigerian financial markets were not spared in 2020 as activities in the foreign exchange (FX) market remained constrained by reduced liquidity and volatile capital flows, leading to market contraction. The capital market saw investors access the fixed income market to avoid losses in equity portfolios, but by mid-2020, the fixed income market took a turn as yields started tumbling to below 1% per annum, and the equity market picked up in the last quarter of 2020 as investors surged back in.

As corporates and investors were faced with very difficult choices during the period, many found succour in the Central Bank of Nigeria (CBN)'s innovative Naira-settled OTC FX Futures product, a panacea for the foreign exchange rate risk faced by market participants – domestic and international. Whilst the product, launched by the CBN in 2016 following almost two (2) years of major challenges in the FX market, has been successfully traded on FMDQ Securities Exchange Limited (FMDQ Exchange), and cleared on FMDQ Clear Limited (FMDQ Clear) – both wholly owned subsidiaries of FMDQ Group – since its inception, 2020 saw a significant increase in participation levels from hedgers, with total value of OTC FX Futures Contracts of \$18.88 billion from 1,726 deals, up from \$15.07 billion from 1,068 deals, \$7.88 billion from 671 deals and \$5.49 billion from 613 deals, in 2019, 2018 and 2017, respectively.

At its 9th Annual General Meeting (AGM) which held recently, FMDQ Group, an integrated financial market infrastructure (FMI) group and a one-stop platform to commence and end all financial market transactions in a seamless, timely and cost-efficient manner, revealed significant market development initiatives across all its subsidiaries, in contribution to the development of the Nigerian financial markets, with a focus on de-risking the markets across the full capital market value chain – trade and post-trade. The Group Chairman, FMDQ Group, and Deputy Governor, Economic Policy, CBN, Dr. Kingsley Obiora, stated that despite the challenges, “2020 was a landmark year for FMDQ, as it saw the Company's reorganisation into a Group structure, with FMDQ Group becoming a non-operating Holding Company registered by the Securities and Exchange Commission (SEC), with three (3) SEC registered capital market subsidiaries – FMDQ Exchange, FMDQ Clear and FMDQ Depository – and a private markets subsidiary, FMDQ Private Markets, all further consolidating our business model, transforming FMDQ to Africa's first vertically integrated FMI group. Our Group's performance in 2020 was remarkable, improving across financial metrics and strategic positioning, despite the challenges experienced during the year. The sustained performance of the Group is a result of enhanced product and market development activities, as well as the diversification and expansion of the business to incorporate clearing and settlement services”.

An analysis of FMDQ Group's financial performance shows that its market diversification strategy was successful, as the Group recorded an increase of 44.00% in Revenue, to ₦31.00 billion, in 2020. Total market activity in the fixed Income, currency and derivatives markets declined marginally by circa 8% to ₦215.09 trillion in 2020 from ₦232.68 trillion in 2019, with the most actively traded product category – Nigerian Treasury Bills & Open Market Operation (OMO) Bills – contributing a combined total of 35% to total turnover. The Securities Admission business of the Exchange continued to thrive in 2020, as an impressive number of eighty-two (82) securities – thirteen (13) Bonds, sixty-seven (67) Commercial Papers and two (2) Funds – were admitted on the platform, with a total value of ₦2.07 trillion. In the Clearing business, owing to the impact of the COVID-19 pandemic that inadvertently shaped the course of the year, a decline of 22.00% in the value of cleared sovereign fixed income

securities transactions was recorded by the Group. On the other hand, as corporates and investors sought relief from the volatilities experienced in the market, there was a marked increase in OTC FX Futures participation levels, as total value of contracts executed by local and foreign corporates on FMDQ Exchange and cleared by FMDQ Clear grew by 25.25%. The Depository and Private Markets business also contributed, albeit marginally, to the Group's Revenue during the period under review.

A further analysis of FMDQ Group's performance shows that whilst the Futures Management Fees earned on the OTC FX Futures Product – charged to clients (local and foreign corporates) for the maintenance and valuation of open contracts and collateral margins – was the highest contributor to Revenue at 44%, with ₦13.71 billion, the Revenue was well-diversified across various sources and participants, with a split of 41% (2019: 53%) from clients (local and foreign), 17% (2019: 14%) from Dealing Member (Banks), 23% (2019: 8%) from the CBN (as a transaction party in the OTC FX Futures market) and 18% (2019: 25%) from other sources including securities admissions, interest income, settlement and depository services, private market notings, amongst others.

According to FMDQ Group's Chief Executive Officer, Mr. Bola Onadele. Koko, "I am incredibly proud of the progress we made in 2020, and we would never have achieved this without the unwavering support of all our stakeholders. As the pandemic strained our economy and markets during the year, the level of engagement by our stakeholders testified to their commitment to making our markets thrive. The support of the SEC – the apex regulator of the capital markets, and the CBN – the apex bank, has been invaluable and is extremely appreciated. Also, the unrivalled support of the Board Chairman and Directors cannot be overemphasised and has been critical to the achievements and progress made during the year. Your exemplary leadership, trust, and determination to steer the ship with utmost care, during the turbulent year, despite your busy schedules, was nothing short of remarkable, as evidenced by the Corporate Governance and Board Evaluation Reports from our external consultant, PricewaterhouseCoopers (PwC), upon their conclusion of the 2020 reviews in accordance with the SEC's Corporate Governance Guidelines, 2020, and the Nigerian Code of Corporate Governance, 2018." A review of the Reports from PwC, which were published in the Group's 2020 Annual Reports, revealed that FMDQ Directors retained a high level of competence in 2020, maintaining oversight of the Group's affairs and providing adequate guidance towards achieving the objectives of the Group, and that FMDQ complied significantly with the principles set forth in the Codes.

FMDQ Group will, in 2021, continue to focus its attention on critical market development initiatives, towards the swift activation of robust and thriving Derivatives and Equity Markets, whilst consolidating its Debt Markets leadership position, across its Exchange, Clearing and Depository businesses. 2021 will also see FMDQ Group working to deliver on its commitment for the Private Markets – to be the leading marketplace for private capital in Nigeria – in collaboration with domestic and global partners, to create synergies that will be beneficial to all stakeholders, from the start-up enterprises, to the small-sized, through to the medium and large-sized private companies.

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63rd FX Futures Contract Matures and Settles on FMDQ

On Wednesday September 29, 2021, the 63rd FX Futures contract – NGUS SEP 29 2021 with a nominal value of \$340.97 million, matured and settled on FMDQ 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 \$52.49 billion; with a total of about \$57.38 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.

The Central Bank of Nigeria (CBN), as observed over the last sixty-two (62) maturities, introduced a new contract, NGUS SEP 30 2026 for \$1.00 billion at \$/₦606.02 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

[Click here to view Open FMDQ OTC FX Futures Contracts](#)

At a Glance: Update from FMDQ Clear

FMDQ Clear, Nigeria's Premier Central Counterparty, continues to deliver on its mandate to enhance the integrity of and eliminate the inherent risks to bilateral trades in the Nigerian financial market, while supporting its safety and reliability.

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 August 31, 2021)	July 2021	August 2021	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	5,464	5,477	0.24
2	Value of Traded & Cleared Contracts (\$'bn)	55.85	56.02	0.30
3	Value of Open Contracts (as of Aug. 31, 2021) (\$'bn)	4.19	3.86	(7.79)
Settlement				
4	No. of Matured & Settled Contracts	5,086	5,134	0.94
5	Value of Matured & Settled Contracts (\$'bn)	51.64	52.15	1.00

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

S/N	Sovereign Fixed Income	July 2021	August 2021	Change (%)
1	Total Value of Trades Processed (₦'bn)	3,390.42	3,418.18	1.00
2	Value of Trades Settled (₦'bn)	3,266.65	3,202.23	(2.00)
3	Value of Unsettled Trades (₦'bn)	123.76	215.94	74.00

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

S/N	Non-Sovereign Fixed Income	July 2021	August 2021	Change (%)
1	Total Value of Trades Processed (₦'bn)	0.64	1.00	57.00
2	Value of Trades Settled (₦'bn)	0.43	0.74	72.00
3	Value of Unsettled Trades (₦'bn)	0.21	0.27	26.00

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

At a Glance: Update from FMDQ Depository

FMDQ Depository's role as a Central Securities Depository complements the clearing function discharged by FMDQ Clear by providing the requisite framework for collateral caching, asset servicing and settlement services in the Nigerian financial markets, offering market participants an unrivalled opportunity to experience enhanced straight-through-processing.

During the period in view, FMDQ Depository successfully admitted the MTN Nigeria Communications PLC ₦28.81 billion Series 1 Fixed Rate Bond under its ₦200.00 billion Bond Issuance Programme.

FMDQ Depository will continue to provide requisite structures to deliver a client-focused depository of choice, with excellent operational capabilities tailored to provide value-adding services to its stakeholders in the Nigerian financial market.

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

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FMDQ LISTINGS & QUOTATIONS

FMDQ Exchange Admits Mixta Real Estate PLC Series 42 – 44 Commercial Papers on its Platform

In a continuous bid to demonstrate its commitment to the development of the Nigerian capital markets, FMDQ Exchange, through its Board Listings and Markets Committee, approved the **quotation of the Mixta Real Estate PLC ₦2.07 billion Series 42, ₦0.99 billion Series 43, and ₦4.66 billion Series 44 Commercial Papers (“CPs”) under its ₦20.00 billion CP Issuance Programme** on its platform. These quotations, and others by corporates across diverse sectors, continue to validate FMDQ Exchange as the choice platform for the registration, listing and quotation of debt securities in the Nigerian financial market. It also lays credence to the innovation, efficiency, and operational excellence for which the Exchange is reputed for as endorsed by issuers, investors, and other market stakeholders.

Mixta Real Estate PLC (“Mixta”), a subsidiary of Mixta Africa, specialises in the development of urban infrastructure and affordable housing and was established with the objective of responding to the existing housing deficit across the African continent. The Mixta Real Estate CPs, which are sponsored on the Exchange by FBNQuest Merchant Bank – a Registration Member (Quotation), would be used to finance the issuer’s short-term funding requirements. The issuer will also benefit from FMDQ Exchange’s diversified investor base, its highly responsive and efficient listing and quotation processes, and credible benchmark pricing required for appropriate portfolio valuation, amongst others.

FMDQ Exchange will continue to remain innovative even as it continues to provide timely and cost-efficient listing and quotation services to support its stakeholders, particularly issuers and investors, towards accessing capital in the Nigerian financial market, amongst other service offerings.

FMDQ Exchange Admits Eunisell Limited’s ₦3.50 billion Series 1 Commercial Paper

FMDQ Exchange, through consistent collaboration with its stakeholders, continues to deepen and effectively position the Nigerian debt markets for growth in support of the realisation of a globally competitive and vibrant economy. In keeping to its commitment of providing a reliable and credible



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platform to support capital formation, FMDQ Exchange is pleased to announce the quotation of the **Eunisell Limited (the “Issuer”) ₦3.50 billion Series 1 CP under its ₦10.00 billion CP Programme** on the Exchange platform.

Eunisell Limited is a leading chemical and specialty fluid management company, supplying key products and offering production solutions to a wide range of customers operating in Africa in the oil and gas, manufacturing, and automotive industries. The Eunisell Limited CP, which was sponsored for quotation on the Exchange by Vetiva Capital Management Limited – a Registration Member (Quotations) of FMDQ Exchange – shall be availed a host of benefits, including, but not limited to, global visibility, transparency, credible price formation, and continuous information disclosure, through FMDQ Exchange’s website, systems and the FMDQ Daily Quotations List. The proceeds from the issuance will be used to support the Issuer’s general corporate purposes and short-term funding requirements.

Speaking on the successful CP issuance, the Managing Director, Eunisell Limited, Mr. Chika Ikenga, stated, “Eunisell Limited is pleased to notify the public of the issuance of its Series 1 CP on the FMDQ Exchange platform. The Series 1 ₦3.50 billion CP represents a strategic milestone in Eunisell Limited’s broad funding plan. This issuance will help the Company meet its short-term funding needs, thus supporting our near-term growth aspirations”.

Furthermore, the sponsor of the CP on FMDQ Exchange, Vetiva Capital Management Limited, represented by the Director and Head, Investment Banking, Dr. Gbadebo Adenrele, commented, “Vetiva Capital Management Limited is grateful for the opportunity to have partnered with Eunisell Limited, acting as the Lead Arranger to the Company on its ₦3.50 billion Series 1 CP Issuance under its ₦10.00 billion CP Programme. The robust participation by institutional investors in this debut issuance by Eunisell Limited demonstrates confidence in the Company’s vision and management team. This issuance will enable Eunisell Limited meet its short-term funding needs and pave the way for further capital market activities in the near-to-medium term”.

As part of its mandate to organise and govern markets within its purview, and promote credibility and transparency of the markets, FMDQ Exchange shall continue to provide an efficient platform targeted at supporting the aspirations of institutions and government within the Nigerian financial markets, in alignment with the FMDQ Group’s ‘**GOLD**’ Agenda to make the markets globally competitive, operationally excellent, liquid and diverse.

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FMDQ Exchange Admits Prima Corporation Limited Series 1 CP on its Platform

Committed to delivering exceptional value to the Nigerian financial markets and its stakeholders, FMDQ Exchange demonstrated its steadfastness as it again achieved swift time-to-market, when the FMDQ Exchange Board Listings and Markets Committee approved the quotation of the **Prima Corporation Limited ₦3.57 billion Series 1 CP under its ₦30.00 billion CP Programme** on the Exchange's platform. Prima Corporation Limited ("Prima" or the "Issuer") is a leading manufacturer of preforms and caps in West Africa, supplying a host of international and local brands.

The Group Executive Director, Prima Corporation Limited, Mr. Debasis Roy, commenting on the successful CP issuance stated, "Prima Corporation Limited is pleased on the quotation of the inaugural Series 1 CP Issuance under the ₦30.00 billion Programme. We are delighted at the opportunity to access an alternative source of funding to meet our short-term working capital needs". Also, commenting on the quotation, the Head, Capital Markets, FBNQuest Merchant Bank Limited, Mr. Oluseun Olatidoye, said, "FBNQuest Merchant Bank Limited is delighted about the quotation of the Prima Corporation Limited inaugural Series 1 CP under the ₦30.00 billion Programme. The funds raised will be utilised to meet the working capital needs of Prima Corporation Limited. FBNQuest Merchant Bank Limited is also pleased with its intermediation role in assisting businesses to access alternative sources of funding through the domestic debt markets".

Positioned to bring about revolutionary changes in the Nigerian debt markets, FMDQ Exchange, with the collective efforts of its varied stakeholders, shall continue to deliver value-adding services and initiatives, ranging from its highly efficient listings & quotations service to product & market innovations, amongst others. The quotation of the Prima Corporation Limited CP validates FMDQ Exchange's conscious drive to support the goals of corporate businesses and to deepen the Nigerian financial markets by steadfastly availing its efficient platform for the registration, listing and quotation of debt securities.

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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), OMO Bills, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds) Commercial Papers, CBN Special Bills 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 - August 2021)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	16,622,701	40,674
Foreign Exchange Derivatives	17,802,349	43,635
Treasury Bills	10,396,765	25,481
OMO Bills	25,020,025	61,617
CBN Special Bills	5,162,393	12,581
FGN Bonds	13,263,405	32,540
Promissory Notes	135,139	338
Other Bonds*	5,800	14
Eurobond	272,931	671
Repurchase Agreements/Buy-Backs	30,776,765	75,295
Unsecured Placements/Takings	1,867,647	4,567
Money Market Derivatives	12,110	31
Commercial Papers	-	-
Total	121,338,030	297,445
No. of Business Days	162	162
Average Daily Turnover	749,000	1,836

Average YTD \$/₦ @407.93

mm – million

* Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks), Central Bank of Nigeria

Source: FMDQ Data Portal as @ September 8, 2021; Figures reported by Dealing Member (Banks) on a week-ending basis



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The total turnover for the Jan. – Aug. 2021 period amounted to ₦121.34 trillion. Trading activities in FX (Spot FX and FX Derivatives) contributed the largest to overall turnover, accounting for 28.37% of the market. Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 25.36%. whilst transactions in OMO Bills in accounted for 20.62%. Bonds, Treasury Bills, Unsecured Placements & Takings, CBN Special Bills, Promissory Notes and Money Market Derivatives accounted for 11.16%, 8.57%, 1.54%, 4.25%, 0.11% and 0.01% respectively, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - July 2021)

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

RANK	DEALING MEMBER (BANKS)
1.	ACCESS BANK PLC
2.	STANBIC IBTC BANK PLC
3.	UNITED BANK FOR AFRICA PLC
4.	ZENITH BANK PLC
5.	FIRST BANK OF NIGERIA LIMITED
6.	ECOBANK NIGERIA LIMITED
7.	FIRST CITY MONUMENT BANK LIMITED
8.	CORONATION MERCHANT BANK LIMITED
9.	GUARANTY TRUST BANK LIMITED
10.	FBNQUEST MERCHANT BANK LIMITED

The top ten (10) Dealing Member (Banks) accounted for 75.84% (₦97.27 trillion) of the overall turnover of trades in the secondary market, with the top three (3) accounting for 63.14% (₦61.42 trillion) of this sub-section of the market. Access Bank PLC, Stanbic IBTC Bank PLC and United Bank for Africa PLC ranked 1st, 2nd and 3rd positions respectively, in the value traded for the review period.

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Understanding the Road Infrastructure Refurbishment and Development Tax Credit Scheme

Nigeria's infrastructure deficit remains a challenge to sustainable economic growth and development. Specifically, Nigeria's road network accounts for more than 90.00% of domestic passengers and cargo but road transport has been the bane of commuters across the country. According to the Infrastructure Concession Regulatory Commission ("ICRC"), Nigeria has about 195,000km of road network, of which only 60,000km are paved, leaving 135,000km of road untarred, whilst a large proportion of the paved roads are in bad conditions due to poor maintenance. Furthermore, the World Economic Forum's ("WEF") 2018-19 Global Competitiveness Report reveals that poor supply of infrastructure is the largest impediment to the ease of doing business in the country, with Nigeria scoring a 25.20 out of 100 when assessed on the quality of road infrastructure¹.

Further, finance has been a major impediment to the maintenance and development of infrastructure. The Nigerian government typically finances its infrastructure projects through three (3) major sources which are oil revenue, taxation, and debts. However, considering the volatile global crude oil prices and concerns regarding Nigeria's rising debt profile, the government has increased its focus on revenue from taxation. To this end, the Nigerian government conceived a method to deploy private capital towards road infrastructure.

To encourage public-private partnership intervention in the construction and or refurbishment of critical road infrastructure in key economic areas within the country, the President of Nigeria (the "President"), His Excellency, President Muhammadu Buhari signed an Executive Order 007 ("EO 007" or the "Order") on January 25, 2019, on the Road Infrastructure Refurbishment and Development Tax Credit Scheme Order 2019 (the "Scheme") in Nigeria.

The Order provides a framework for Eligible Participants² to partner with the Nigerian government in developing road infrastructure, by constructing and/or refurbishing approved Eligible Roads³, without any advanced sum from the Nigerian government. To compensate Eligible Participants for the project costs, Eligible Participants would be entitled to corporate income tax credit in an amount equal to the sum of the project cost, and 'an uplift' on the project cost at a rate equal to the prevailing Monetary Policy Rate plus 2.00%. This tax credit, dubbed as the Road Infrastructure Tax Credit Certificate ("RITCC") can be netted off the amount payable as Companies' Income Tax by the Eligible Participant in a given year, subject to a maximum of 50.00% of the value of the RITCC per year.

¹ World Economic Forum (2019) *The Global Competitiveness Report 2019*. Retrieved from: http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

² Eligible Participant is any company or corporation (other than a corporation sole), established by or under the Companies and Allied Matters Act or any law in force in Nigeria duly designated as a Sponsor of Eligible Road pursuant to this Order or certified by the Committee to be eligible to participate in the Scheme.

³ Eligible Road means any road approved by the President as Eligible for the Scheme on the recommendation of the Minister of Finance.

The credit issued in this Scheme is in line with the provision in the Companies Income Tax Act 2011 ("CITA" or "ACT"), Section 23 (2) which grants the President the power to exempt any company or class of companies from all or any of the provisions of the Act or exempt all or any profits of any company or class of companies from any source, on any ground which appears sufficient as determined by the President.

Listed below are some of the key highlights of the Scheme:

- The Scheme shall run for a period of ten (10) years from the commencement date of the Order.
- The Road Infrastructure Refurbishment and Development Tax Credit Scheme Management Committee (the "Committee") shall administer and implement the Scheme
- Participants in the Scheme are entitled to recover the cost incurred during the construction or refurbishment of eligible roads as credit against Companies Income Tax ("CIT") payable
- Project costs will be evidenced by a certification of work done issued by the relevant regulatory authority, the ICRC
- RITCC may qualify as an asset and will be accounted for in line with International Financial Reporting Standards and unutilised credits can be carried forward to subsequent years until it is fully utilised
- RITCC holders are excluded from making claims on other tax incentives for the same project
- An Eligible Participant may sell or transfer its tax credit to other companies, as a form of security or otherwise

The following Companies may participate in the scheme:

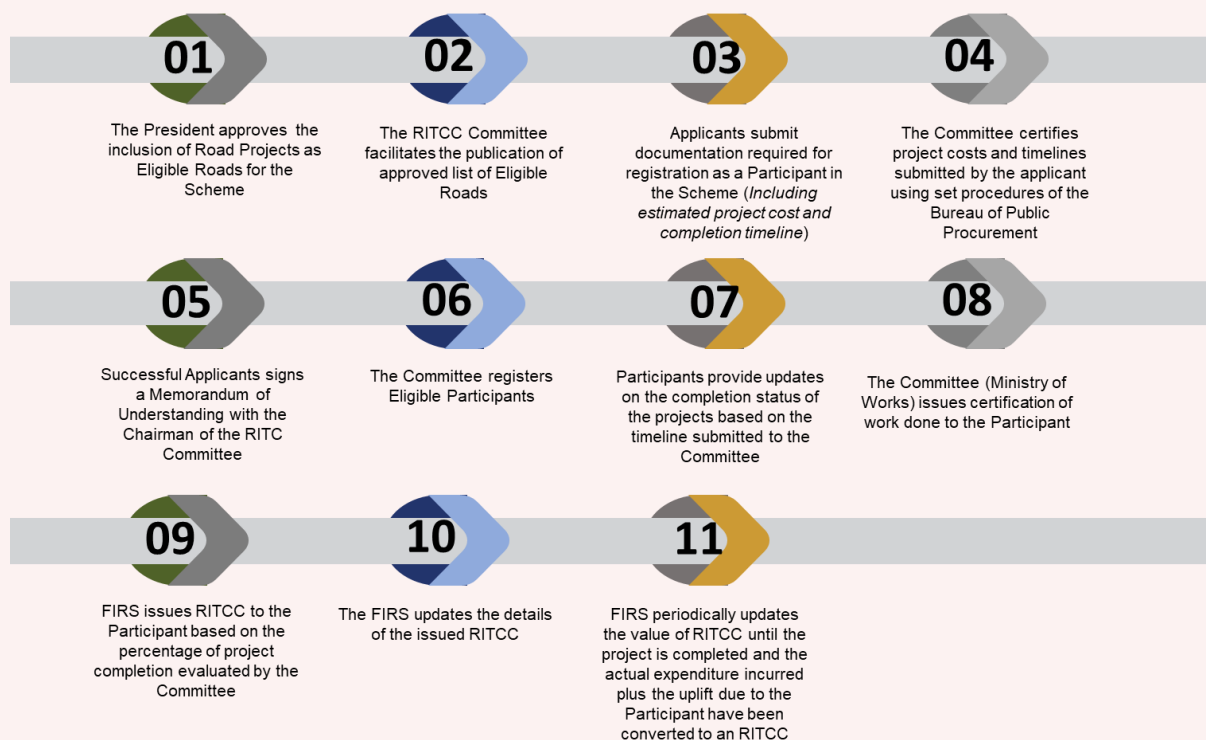
- Any company or corporation (other than a corporation sole), established by or under the Companies and Allied Matters Act ("CAMA") or any law in force in Nigeria
- A pool of companies operating through a special purpose vehicle ("SPV") registered with and designated by the Securities and Exchange Commission ("SEC" or the "Commission") set up solely for the purpose of managing funds received by the pool of companies for the construction or refurbishment of any eligible road, in the Scheme and represented by a Fund Manager duly registered with the Commission
- Institutional Investors such as Pension Fund Administrators ("PFAs"), Collective Investment Schemes, Insurance Companies, Investment Banks

How does the Scheme work?

- Interested companies are required to provide a written expression of interest, valid and current corporate tax clearance certificate and project cost and timeline bids

- The Committee deliberates and approves applications received from Participants
- RITCCs are issued to Participants by the Federal Inland Revenue Service annually, in proportion to the project costs incurred by the Participants in the applicable year
- RITCC issued may be utilised in any year of assessment limited to 50.00% of the company income tax payable for the year of assessment. However, there is an exception to the 50.00% rule. In instances where the Eligible Roads are in an economically disadvantaged areas, the tax credit shall be available for utilisation without the 50.00% limitation, in any year of utilisation
- RITCC holder may designate a portion or the entire value of the Certificate as tradeable on a relevant securities exchange

Image 1: How the Road Infrastructure Refurbishment and Development Tax Credit Scheme Works



To encourage the participation in the Scheme, EO 007 made provision for trading of the RITCCs on Securities Exchanges such as FMDQ Exchange. This allows Participating Companies to register the whole or part of RITCC as a tradable instrument.

FMDQ Exchange offers a robust platform for the onboarding and trading of various tradable instruments (including RITCC) within the Nigerian financial markets. Participating Companies may therefore onboard their RITCC on the FMDQ Exchange. Consequently, FMDQ Exchange also provides a repository system solely for the submission and record of completed trade of RITCC either on FMDQ Exchange or any other relevant securities exchange this is to further promote liquidity, transparency and the integrity of the market. For further information onboarding and trading of RITC, kindly send an email to mrg@fmdqgroup.com.

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