



FMDQ SPOTLIGHT

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FMDQ Group Restates Commitment to the Environment on World Environment Day

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‘Only One Earth’, the theme for the 2022 World Environment Day, championed by the United Nations Environment Programme, rings true as a constant reminder of our duty to ensure the preservation of our environment through sustainable environmental practices, as climate change remains an existential threat to humanity.

As a sustainability-focused financial market infrastructure (FMI) group, FMDQ Group PLC (“FMDQ Group”) joins the global community to commemorate the 2022 World Environment Day by restating its commitment to the preservation of the environment. FMDQ Group’s strong commitment to the preservation of the environment is firmly entrenched in its Sustainability Agenda, which has the ‘Environment’ as one of its five (5) Sustainability Pillars and is hinged on the United Nations (UN) Sustainable Development Goal (SDG) 7 - Affordable and Clean Energy; Goal 12 - Responsible Consumption and Production; and Goal 13 - Climate Action.

Furthermore, FMDQ Group in recognition of the need for Nigeria to continuously stay at the forefront of the global sustainable finance drive, and acknowledgment of the potential of Nigerian financial markets to provide the requisite funding for climate-resilient investments has taken the lead in championing sustainable finance initiatives. Notable amongst these initiatives include the launch and successful implementation of the Nigerian Green Bond Market Development Programme (NGBDP), with Financial Sector Deepening Africa, to accelerate the development of green bonds as a tool for Nigeria to broaden investments in green projects and assets. Now in its 5th year, the NGBDP has successfully impacted over 928 financial market stakeholders through over 34 capacity building meetings and supported the issuance of four (4) Corporate Green Bonds and two (2) Sovereign Green Bonds with a total value of ₦58.51 billion. The NGBDP also recently launched an Impact Report on its activities and how it has supported the use of green bonds in financing low carbon infrastructure in Nigeria.

FMDQ Group also facilitated the establishment of and serves as the Secretariat to the Financial Centre for Sustainability (FC4S), Lagos, the 23rd member of the International Network of Financial Centres (FC4S Network), headquartered in Geneva, Switzerland, whose sole aim is to accelerate the expansion of green and sustainable finance in Nigeria as well as promote the adoption of the UN 2030 SDGs. In a bid to close the gap created by the absence of a dedicated platform for the listing of green and sustainable securities, FMDQ Group, through its wholly owned subsidiary, FMDQ Securities Exchange Limited (“FMDQ Exchange” or the “Exchange”), launched the premier Green Exchange in Africa -

FMDQ Green Exchange. FMDQ Green Exchange is a virtual information repository platform dedicated to driving the growth of green and sustainable securities and providing reliable green data in the Nigerian financial markets - through promoting transparency, good governance, and compliance - by showcasing securities issuances that align with global Environmental, Social and Governance (ESG) principles. FMDQ Group's recent admittance as an Observer Member of the ICMA Green Bond Principles is also pivotal to FMDQ Green Exchange's ability to provide issuers the assurance of its compliance with globally acceptable standards.

Nigeria, in response to being listed among the top ten (10) most vulnerable countries to climate change globally, has, through its Nationally Determined Contributions (NDC), as stated in the NDC Interim Report, pledged a 20% reduction in emissions below business as usual and a further 45% reduction conditional on receiving financial support, capacity building, and technology transfer. Globally, financial markets are assuming a more significant role in the drive to curb the impact of climate change through advocacy and increased investment in sustainability-linked financial instruments, such as green and blue bonds, as the long-term financial benefits of integrating ESG principles into investments far outweigh any immediate cost.

FMDQ Group remains focused on implementing more sustainable-focused initiatives in support of the actualisation of Nigeria's ambitious NDC commitment and is commemorating the 2022 World Environment Day with the launch of its recycling initiative – FMDQ Triple R Initiative - in support of a circular economy. FMDQ Group is also providing support to the Lagos State Government on the issuance of its maiden blue bond, with proceeds aimed at tackling some of the issues with Lagos waterways and addressing attendant environmental challenges.

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FMDQ Exchange Trains over 2,600 Stakeholders on Derivatives to Boost Knowledge of the Exchange-Traded Derivatives Market

The FMDQ Derivatives Market Development Project (the “Project”) was activated in 2018 to break the ground and facilitate the launch of a standardised derivatives market in Nigeria. The Project was also created to cater to the risk and investment management needs of diverse market participants. Given the novelty of derivatives as an asset class in Nigeria, a Stakeholder Education and Sensitisation workstream was designated and activated by FMDQ Exchange, targeting investors and market participants.

FMDQ Exchange, through the FMDQ Academy (the “Academy”) franchise, kicked off a series of bespoke training sessions in April 2019. Since inception, over 2,600 participants have benefitted from the trainings and they include Financial Market Regulators, Financial Institutions, relevant Market Associations, Corporates, Media Practitioners, etc. The trainings are specially designed to address the diverse interests represented in the derivatives market and provide a holistic understanding of the market ahead of the official launch of the FMDQ Exchange-Traded Derivatives (ETD) market.

For the year 2022, some of the themes covered during the training sessions include: Understanding the ETD Market; Derivatives Market Regulation and Market Documentation; Derivatives Trading, Clearing, and Market Operations; and Understanding FMDQ ETD Products. In addition to the training sessions, various engagement sessions were held with key regulators in the industry, including the Central Bank of Nigeria, to ensure the pivotal ETD market takes off on a sure footing.

As a sustainable marketplace, these training sessions are consistent with the Exchange’s mission to enhance investor awareness of financial market products. FMDQ Exchange will continue to equip its stakeholders with the necessary tools to effectively utilise its market to meet their investment goals, capturing opportunities and effectively managing their risk exposures.

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72nd FX Futures Contract Matures and Settles on FMDQ Exchange

On Wednesday, June 29, 2022, the 72nd FX Futures contract – NGUS JUN 29 2022, with a nominal value of \$310.76 million, matured and settled on FMDQ Exchange. This maturity brings the total value of matured FX Futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$56.90 billion; with a total of circa \$60.61 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 seventy (70) maturities, introduced a new contract, NGUS JUN 30 2027, for \$1.00 billion at \$/₦632.60 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](#)

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At a Glance: Update from FMDQ Clear

FMDQ Clear provides post-trade services to enhance the integrity of and eliminate the inherent counterparty risks in financial market transactions, whilst facilitating settlement finality, towards delivering capital and cost efficiencies, and de-risking the Nigerian financial markets.

The tables below provide an overview of the clearing and settlement activities 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	April 2022	May 2022	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	5,709	5,737	0.49
2	Value of Traded & Cleared Contracts (\$'bn)	59.67	60.35	1.14
3	Value of Open Contracts (as of May 31, 2022) (\$'bn)	3.72	3.76	1.08
Settlement				
4	No. of Matured & Settled Contracts	5,457	5,494	0.68
5	Value of Matured & Settled Contracts (\$'bn)	55.94	56.59	1.15

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

S/N	Sovereign Fixed Income	April 2022	May 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	3,532.56	4,279.15	21.13
2	Value of Trades Settled (₦'bn)	3,377.45	3,998.27	18.38
3	Value of Unsettled Trades (₦'bn)	155.11	280.89	81.09

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

S/N	Non-Sovereign Fixed Income	April 2022	May 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	6.35	7.10	11.79
2	Value of Trades Settled (₦'bn)	4.41	5.11	15.76
3	Value of Unsettled Trades (₦'bn)	1.94	1.99	2.75

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

At a Glance: Update from FMDQ Depository

FMDQ Depository Limited ("FMDQ Depository"), registered by the Securities and Exchange Commission, Nigeria, was established as a wholly owned subsidiary of FMDQ Group to provide centralised securities depository and post-trade services in the Nigerian Capital Markets; complementing the clearing function being discharged by FMDQ Clear Limited and offering market participants an unrivalled opportunity to experience enhanced straight-through-processing. FMDQ Depository is positioned to provide a safe depository for financial market assets, as well as facilitate settlement of capital market transactions.

During the period under review, FMDQ Depository successfully admitted the following securities on its platform:

- Presco PLC ₦34.50 billion Series 1 Senior Unsecured Fixed Rate Bond
- Minaret Sukuk Company Limited ₦8.94 billion Series 2 Private Company Sukuk
- UAC of Nigeria PLC ₦7.70 billion Series 1 and ₦11.00 billion Series 2 Commercial Papers
- Trustbanc Holdings Limited ₦2.11 billion Series 7 and ₦3.74 billion Series 8 Commercial Papers

FMDQ Depository through the provision of custody and settlement services, will continue to strive for excellence in its quest to provide unrivalled and value-adding services to financial market stakeholders, particularly, issuers and investors.

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

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In keeping with its mandate to avail its credible platform to support capital formation as well as tailor its registration, listing and quotation services to suit the needs of institutions seeking to raise capital from the Nigerian debt capital market (DCM), FMDQ Exchange, through its Board Listings and Markets Committee, has approved the registration of the **Robust International Commodities Limited ₦20.00 billion Commercial Paper (CP) Programme** on its platform.

Robust International Commodities Limited (the “Issuer”) is an entity incorporated under Robust International Group - an organisation that is engaged in the international trading of agricultural commodities such as cashew nuts, sesame seeds, rice, maize and gum arabic, amongst others. This CP Programme, which is sponsored by Coronation Merchant Bank Limited – a Registration Member (Quotations) of the Exchange, positions the Issuer to raise short-term finance from the Nigerian DCM, through CP issues within its CP Programme limit.

Speaking on the successful CP Programme registration, the Chairman and Managing Director, Robust International Commodities Limited, Mr. Raaghavan Naarayan, stated “We are delighted with the successful registration of our ₦20.00 billion Commercial Paper Programme with FMDQ Exchange. This milestone affirms our ambition to harness the Nigerian capital market in funding our operations and strategy.” Also commenting on the Registration, the Executive Director, Robust International Commodities Limited, Mr. Vishanth Narayan, stated “We remain steadfast in our objective to unlock value for our stakeholders. As a leading player in procurement, sourcing, distributions, supplying, buying, selling and dealing in various agricultural commodities, access to short term finance is critical to our short-term working capital needs and the Commercial Paper Programme provides the opportunity to actualise our strategic objectives. We expect funds from this Programme to broaden our potential funding sources and create superior value, and we look forward to a warm reception as we engage with capital market investors under this Programme.”

As the foremost debt Securities Exchange in Nigeria, FMDQ Exchange will continue to transform the Nigerian DCM by providing a cost-effective, efficient, well-regulated, transparent, and trusted platform where raising of funds can take place whilst adding value to its diverse stakeholder groups. The Exchange will continue to sustain its efforts in supporting issuers with tailored financing options to enable them to achieve their strategic objectives, deepen and effectively position the Nigerian DCM for growth.

FMDQ Exchange Approves the Registration of the Lekki Gardens Estate Limited ₦25.00bn Commercial Paper Programme on its Platform

FMDQ Exchange continues to propel businesses, corporates, and government entities to achieve their strategic objectives and ensure prosperity within the Nigerian financial markets and wider economy. As the leading organiser for the Nigerian DCM and in its role as a catalyst for infrastructure development, FMDQ Exchange through its Board Listings and Markets Committee, has approved the registration of the **Lekki Gardens Estate Limited ₦25.00 billion CP Programme** on its platform.

Lekki Gardens Estate Limited (“Lekki Gardens” or the “Issuer”) is a leading independent luxury real estate company in Nigeria that provides innovative real estate solutions in the areas of property development, facility management and sales of real estate products and services with special skills in service delivery. The CP Programme, which is sponsored by Boston Advisory Limited – a Registration Member (Quotations) of the Exchange, positions the Issuer to raise short-term finance from the Nigerian DCM, through CP issues within its CP Programme limit.

Speaking on the successful CP Programme registration, the Managing Director/Chief Executive Officer, Lekki Gardens Estate Limited, Mr. Richard Nyong said, "Lekki Gardens is pleased to announce the registration of her ₦25.00 billion CP programme. As a leading player in the real estate sector, we appreciate how critical sustained access to steady sources of funding is to real estate development. The approval of this CP programme by the FMDQ Exchange represents a significant milestone in our near-term growth aspirations and further enhances our capacity to unlock value for all our stakeholders." According to the Executive Director, Business Support & Corporate Services, Lekki Gardens Estate Limited, Ms. Emily Atebe, "Lekki Gardens remains strongly committed to enabling the greatest number of people make the most value of their property and property related investments as we contribute our quota to closing the critical gap in home ownership and development. This issuance is in line with our strategy to diversify our financing options as we continue to deliver on our commitment while efficiently managing our cost of funds."

Equally, the Managing Director/Chief Executive Officer, Boston Advisory Limited, Mr. Rotimi Balogun mentioned that "Real estate companies represent one of the most attractive investment options and should leverage the debt capital market for effective pricing, good stability, growth capital and enhanced capital structure. I am therefore pleased to announce the registration of the ₦25.00 billion Commercial Paper Programme Issuance for a premium real estate company, Lekki Gardens Estate Limited, in our capacity as Sponsor, Arranger, Dealer and IPA. For my team and I, this registration is a success from all standpoints. And we believe that the groundbreaking transaction in the real estate space will further assist Lekki Gardens in its drive to be the leading real estate development and management company in Africa's largest market." The Senior Vice-President, Investment Banking, Boston Advisory Limited, Mr. Adekunle Alade also commented that "We are very delighted on the approval of the ₦25.00 billion Commercial Paper Issuance Programme for Lekki Gardens Estate Limited. The registration of this CP Programme strategically positions Lekki Gardens Estate Limited to

access short term funding at a lower rate from the debt capital market and quickly complete its various on-going housing projects.”

As the Nigerian DCM continues to witness significant activity with diverse corporate institutions tapping the market as an efficient alternative to meeting their funding and liquidity requirements, FMDQ Exchange will continue to provide timely and cost-efficient services to support its stakeholders, particularly issuers and investors, towards accessing capital, managing risks and invariably, improving their corporate profile.

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Daraju Industries Limited Joins Other Corporates to Raise Finance from the Nigerian Capital Market

FMDQ Exchange, through its Board Listings and Markets Committee, has approved the registration of the **Daraju Industries Limited ₦10.00 billion CP Programme** on the Exchange’s Platform. The registration of this CP Programme reinforces the confidence of issuers in FMDQ Exchange’s platform, and the Nigerian capital market as a viable marketplace to raise funds to meet the funding requirements of companies and governments.

Daraju Industries Limited (“Daraju Industries”) is a Nigerian registered company with a focus on manufacturing and local trading of household items such as fabric care, oral care and body care products, amongst others. The registration of this CP Programme, which is sponsored by FBNQuest Merchant Bank Limited, a Registration Member (Quotations) of the Exchange, strategically positions Daraju Industries to raise short-term finance for its working capital needs from the Nigerian DCM efficiently and at any time deemed suitable, through CP issues, within the approved Programme limit.

FMDQ Exchange continues to sustain efforts in ensuring that corporates have uninterrupted access to a credible and robust platform for the registration, listing, quotation, and trading of debt securities. The Exchange, through continuous information disclosure, will continue to provide tailored and value-adding services, offer end-to-end support for a streamlined and seamless process, foster transparency and information symmetry, and promote credibility.

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FMDQ Exchange Admits Eat & Go Finance SPV PLC Bond on its Platform

Committed to fostering economic development by championing and supporting market-driven strategic initiatives, FMDQ Exchange, Nigeria's largest Exchange by Market Turnover – with an annual average turnover of c. ₦166 trillion over the last eight (8) years, is pleased to announce the admission for listing on its platform, **the Eat & Go Finance SPV PLC ₦3.50 billion Series 2 Fixed Rate Bond under its ₦15.00 billion Bond Issuance Programme.**

Eat & Go Finance SPV PLC is a special purpose funding vehicle established by Eat 'N' Go Limited ("Eat 'N' Go") to raise finance from the debt capital market through the listing of debt securities. Eat 'N' Go is a master franchisee for the Domino's Pizza, Cold Stone Creamery and Pinkberry Gourmet Frozen Yoghurt brands with over a hundred (100) stores established in nine (9) states across Nigeria. The proceeds generated from the Eat & Go SPV PLC Series 2 Bond, which is sponsored by Chapel Hill Denham Advisory Limited – a Registration Member (Listings) of the Exchange, will be used to fund reserve accounts and offset the costs of the Company's capital expenditure, amongst others.

As part of its efforts toward unlocking the potential of the Nigerian economy, FMDQ Exchange will continue to promote market development in collaboration with its diverse stakeholders, to make the markets within its purview globally competitive.

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FMDQ Exchange Lists ₦50.00bn Bond by Presco PLC

FMDQ Exchange, the choice platform for the registration, listing, quotation, and trading of financial securities, following the due diligence of its Board Listings and Markets Committee, is pleased to announce the approval for the listing of the **Presco PLC ₦34.50 billion Series 1 Fixed Rate Bond under the ₦50.00 billion Bond Issuance Programme** on its platform.

Presco PLC ("Presco" or the "Issuer") is a fully integrated agro-industrial establishment that specialises in the cultivation of oil palm plantations and milling and crushing palm kernels to produce a range of refined vegetable oil. It also has an olein and stearin packaging and biogas plants to treat its palm oil mill effluent. The proceeds generated from the Presco PLC Series 1 Bond, which is co-sponsored by Stanbic IBTC Capital Limited (*Lead Sponsor*), CardinalStone Partners Limited and Quantum Zenith Capital and Investments Limited – all Registration Member (Listings) of the Exchange, will be used by the Issuer to refinance existing facilities from banks and to augment working capital requirements.

As a securities exchange with a commitment to facilitate growth and development in the Nigerian debt capital market and economy at large, FMDQ Exchange continues to show its commitment to promoting an efficient, transparent, and well-regulated market, which attracts and retains both domestic and foreign investors, through the provision of a world-class listing and quotation service, amongst others, in line with its mandate.

FMDQ Group is Africa's first vertically integrated financial market infrastructure (FMI) group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading, clearing & central counterparty, settlement, and risk management for financial market transactions; depository of securities, as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Exchange, FMDQ Clear Limited, FMDQ Depository Limited and FMDQ Private Markets Limited. As a sustainability-focused FMI group, FMDQ Group, through FMDQ Exchange, operates Africa's premier Green Exchange – FMDQ Green Exchange – positioned to lead the transition towards a sustainable future.

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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 in the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, CBN Special Bills, Promissory Notes, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds) Commercial Papers and Money Market Transactions (Repurchase Agreements 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 2022)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	14,321,265	34,326
Foreign Exchange Derivatives	10,675,784	25,587
Treasury Bills	5,336,528	12,792
OMO Bills	14,602,108	35,012
CBN Special Bills	6,978,699	16,708
FGN Bonds	7,546,698	18,100
Promissory Notes	1,000	2
Other Bonds*	10,432	25
Eurobond	158,630	380
Repurchase Agreements/Open Repos	18,079,756	43,334
Unsecured Placements/Takings	541,302	1,297
Money Market Derivatives	500	1
Commercial Papers	-	-
Total	78,252,702	187,566
No. of Business Days	100	100
Average Daily Turnover	782,527	1,876

Average YTD \$/₦ @417.20

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 @ June 9, 2022; Figures reported by Dealing Member (Banks) on a week-ending basis



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The total turnover for the Jan. – May 2022 period amounted to ₦78.25 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 31.94% of overall market turnover. Repurchase Agreements (Repos) accounted for 23.10%, whilst transactions in OMO Bills accounted for 18.66%. Bonds, T.bills, CBN Special Bills, and Unsecured Placements & Takings accounted for 9.86%, 6.82%, 8.92% and 0.70%, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - May 2022)

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

Stanbic IBTC Bank PLC, Access Bank PLC and United Bank for Africa PLC ranked 1st, 2nd and 3rd positions respectively, based on value traded for the review period. The top ten (10) Dealing Member (Banks) accounted for 77.90% (₦60.96 trillion), while top three (3) accounted for 43.30% (₦33.88 trillion) of the overall turnover of trades in the secondary market.

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Understanding Financial Benchmarks

Investors, financial securities traders, and portfolio managers are constantly monitoring financial market activities and trends, as well as events that may impact the financial markets in order to make meaningful decisions about growing their portfolios (i.e., increase its profits/returns) and or managing or mitigating impending risks. One of the tools used to analyse performance of securities, is known as a Financial Benchmark (“Benchmark”).

According to International Organisation of Securities Commissions (IOSCO), Benchmarks are prices, estimates, rates, indices, or values that are calculated periodically, entirely, or partially by the application of a formula or another method of calculation, or an assessment of, the value of one or more underlying Interests². Primarily, Benchmarks are used as references for:

- Determining the interest payable, or other sums due, under loan agreements or financial contracts/instruments
- Determining the price at which a financial instrument may be traded, or the value of a financial instrument, and/or
- Measuring the performance of a financial instrument¹

Examples of Benchmarks include, inter alia, in Africa, South African Benchmark Overnight Rate, Nigerian Inter-Bank Offered Rate, in the United States of America, Overnight Bank Funding Rate, in Europe, Euro Interbank Offered Rate, and in Asia - Hong Kong Interbank Offered Rate.

IOSCO Principles for Financial Benchmarks

Following the Financial Crisis in 2007/2008, and in response to the declining volume of transactions in key interbank unsecured funding markets and the cases of attempted manipulation to key Interbank offered rates (IBORs)², several reforms were launched by the IOSCO, one of which is the IOSCO Principles for Financial Benchmarks (“PFBs” or “Principles”), published in 2013 to provide guidance to Benchmark Administrators on the benchmark-setting process, promote the reliability of Benchmark determinations and address Benchmark governance, quality, and accountability mechanisms as follows³:

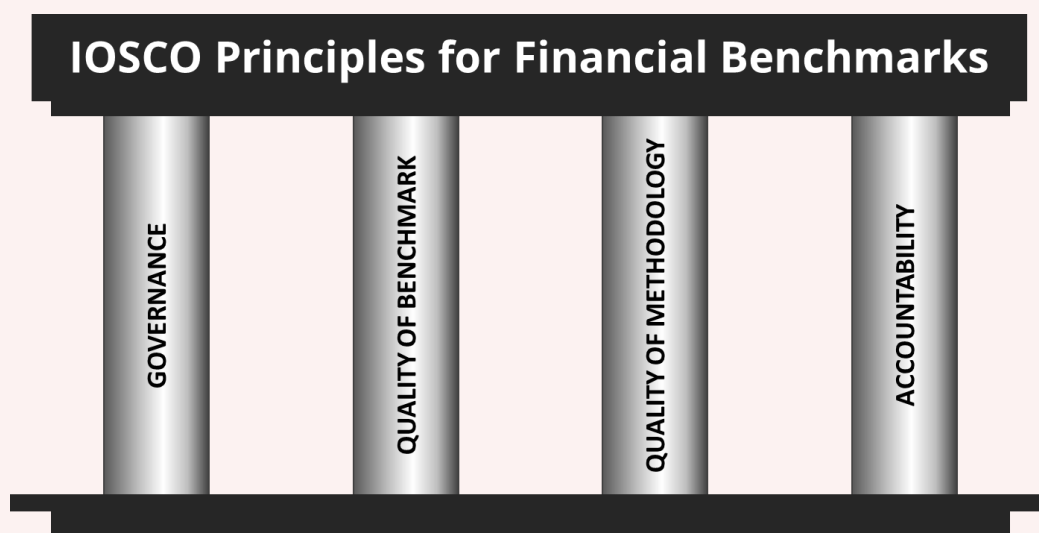
¹ [IOSCO Principles for Financial Benchmarks](#)

² [Bank for International Settlements](#)

³ [Financial Stability Board](#)

- **Governance:** Ensure that Benchmark Administrators have appropriate governance arrangements in place in order to protect the integrity of the Benchmark determination process and to address conflicts of interest
- **Quality of the Benchmark:** Promote the quality and integrity of Benchmark determinations through the application of design factors that result in a Benchmark that reflects a credible market for the interest measured by that Benchmark
- **Quality of the Methodology:** Promote the quality and integrity of methodologies by setting out the minimum information that should be addressed within a methodology, which should be published or made available so that stakeholders may understand and make their own judgments concerning the overall credibility of the Benchmark
- **Accountability:** Establish complaints processes, documentation standards and audit reviews that provide evidence of compliance by the Benchmark Administrator with its quality standards, as defined by the Principles and its own policies

Figure 1: Pillars of IOSCO Principles for Financial Benchmarks



Benchmark Administrators

Benchmark Administrators (“Administrators”) are organisations or legal persons that control the creation and operation of the Benchmark administration process, whether or not they own the intellectual property relating to the Benchmark⁴. Administrators are responsible for the calculation of the Benchmark, determining and application of the Benchmark methodology and disseminating of the Benchmark.

Some Benchmark Administrators include the South African Reserve Bank in Africa; ICE Benchmark Administration in the United States of America; European Money Markets Institute in Europe; and Treasury Markets Association in Asia. The Cost of Hedge is one of the factors considered for market

⁴ [IOSCO Financial Benchmark Consultation Report](#)

participation as it helps market participants weigh and assess the potential benefit of the intending hedge transaction.

FMDQ Exchange as a Benchmark Administrator

As part of FMDQ Exchange's effort to provide world-class market governance and market development services in support of its objectives of fostering global best practices in the Nigerian financial markets, the Exchange became a Benchmark Administrator, under the IOSCO framework and currently administers three (3) Benchmarks in the Nigerian financial markets. The Benchmarks are as follows:

- Nigerian Inter-bank Offered Rate Fixing ("NIBOR")
- Nigerian Inter-Bank Treasury Bills' True Yields Fixing ("NITTY"), and
- Nigerian Autonomous Foreign Exchange Fixing ("NAFEX")

Details of these Benchmarks would be discussed in subsequent edition of this article.

Consequently, to ensure integrity of the Benchmarks, the Exchange, in October 2021, engaged the services of an independent auditor to conduct a revalidation of its Benchmark Administration Framework in compliance with the IOSCO PFB. Further to the audit and assessment exercise, the independent auditor issued an unqualified opinion on the Exchange's Statement of Compliance to the IOSCO PFB, deeming the Exchange's Benchmark Administration process representative of the IOSCO PFB.

You can read more on the Exchange's statement of Compliance with the IOSCO PFB [here](#).

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