



# ***FMDQ SPOTLIGHT***

NEWSLETTER EDITION 100 – February 2023





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## NEW STORIES

### **FMDQ Group Joins the South Africa-Nigeria Business Chamber**

In light of the significance of FMDQ Group PLC (“**FMDQ Group**” or the “**Group**”) as a critical financial market infrastructure group in Nigeria and in furtherance of the Group’s strategic objective to activate strategic alliances to boost market & business development activities and promote the visibility of the franchise, FMDQ Group is pleased to announce that it has joined the South Africa-Nigeria Business Chamber (“**SA-NBC**” or the “**Chamber**”).

The SA-NBC is a privately funded, not-for-profit, membership-driven enterprise based in Johannesburg and registered with the Companies and Intellectual Property Commission, South Africa. The SA-NBC was formed in 2005 by companies from Nigeria and South Africa as a resource for bilateral trade and investment and it is the only officially recognised organisation in South Africa facilitating business between Africa’s two biggest economies. Some of the benefits accruable to FMDQ Group as a member of the Chamber include the opportunity to engage with a network of companies with specific expertise and experience in the South Africa-Nigeria business axis and advocacy on issues affecting the bilateral relationship of both nations, amongst many others.

With FMDQ Group’s vision to be the leading African builder of ecosystems of financial infrastructure and services for markets, this membership will provide a supportive inroad for the Group’s introduction to the South African financial market, which will be beneficial to all entities within FMDQ Group, as well as serve as a viable tool to enhance visibility for the Group and facilitate networking with corporates who operate out of Africa’s largest financial markets.

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### **FMDQ Depository Limited Becomes a Member of the International Securities Services Association**

In furtherance of the advancement of its business development agenda through strategic alignment with relevant international professional bodies, FMDQ Depository Limited (“**FMDQ Depository**”), a wholly owned subsidiary of FMDQ Group, Africa’s first vertically integrated financial market infrastructure group, is pleased to announce its approval as a member of the International Securities Services Association (“**ISSA**” or the “**Association**”).

FMDQ Depository, a Central Securities Depository ("CSD") registered by the Securities and Exchange Commission, Nigeria, considers this approval beneficiary to the execution of its mandate to provide a safe depository for financial markets assets, a robust platform for collateral services and transfer agency, as well as facilitate effective settlement of capital market transactions, thereby reducing operational risk and improving efficiency. ISSA, founded over forty (40) years ago, is a global industry association that facilitates collaboration with its members and provides the leadership necessary to drive changes in the securities services industry.

Speaking on the membership acceptance, Mr. Bola Onadele. Koko, Chief Executive Officer, FMDQ Group PLC, stated "FMDQ Depository is excited to become a Member of ISSA, the leading global securities services industry association that connects members, such as CSDs and other firms that are involved in all aspects of the securities value chain, for the purpose of effecting positive change that impacts the industry. Our acceptance as a member of this well-established and innovative association is a testament to our commitment to being a foremost and diversified depository in Africa by 2025".

As a member of ISSA, FMDQ Depository will be entitled to the association's membership benefits such as access to learning and education, best practices and principles in the global securities services industry, networking opportunities and provision of support for FMDQ Depository's service development, risk reduction strategies and operational efficiencies, with the ultimate aim of positioning the Company to provide cutting edge solutions to clients and engage optimally with stakeholders.

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## **80<sup>th</sup> FX Futures Contract Matures and Settles on FMDQ Exchange**

On Wednesday, February 22, 2023, the 80<sup>th</sup> FX Futures contract – NGUS FEB 22 2023, with a nominal value of \$137.58 million, matured and settled on FMDQ Securities Exchange Limited ("**FMDQ Exchange**" or the "**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 \$59.63 billion; with a total of circa \$64.28 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 the 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-nine (79) maturities, introduced a new contract, NGUS FEB 23 2028, for \$1.00 billion at \$/₦696.58 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](http://www.fmdqgroup.com)

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

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## Update on Clearing and Settlement Activities

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	December 2022	January 2023	Change (%)
<b>Clearing</b>				
1	No. of Cleared Contracts	5,969	5,995	0.44
2	Value of Cleared Contracts (\$'bn)	63.57	64.03	0.72
3	Value of Open Contracts (as of January 31, 2023) (\$'bn)	4.29	4.53	5.67
<b>Settlement</b>				
4	No. of Matured & Settled Contracts	5,674	5,685	0.19
5	Value of Matured & Settled Contracts (\$'bn)	59.28	59.49	0.37

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

S/N	Sovereign Fixed Income	December 2022	January 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	19,180.40	9,675.48	(49.55)
2	Value of Trades Settled (₦'bn)	9,435.02	8,559.59	(9.27)
3	Value of Unsettled Trades (₦'bn)	9,745.38	1,115.88	(88.55)

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

S/N	Non-Sovereign Fixed Income	December 2022	January 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	1.37	4.83	252.55
2	Value of Trades Settled (₦'bn)	1.32	4.40	236.36
3	Value of Unsettled Trades (₦'bn)	0.05	0.43	760

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

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## **Update on Admitted Securities on FMDQ Depository**

FMDQ Depository is a Central Securities Depository registered by the Securities and Exchange Commission, Nigeria. FMDQ Depository is positioned to provide a safe depository for financial markets assets, as well as facilitate effective settlement of capital market transactions, thereby reducing operational risk and improving efficiency.

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

- Godmade Homes Limited ₦391.35 million Series 1 Tranche A Commercial Paper
- Skymark Partners Limited ₦501.35 million Series 8 Commercial Paper
- TrustBanc Holdings Limited ₦1.16 billion Series 13 Commercial Paper

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

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## FMDQ LISTINGS & QUOTATIONS

### Nigerian Breweries PLC Quotes Over ₦67.00 Billion Commercial Papers on FMDQ Exchange

Access to capital remains a top priority for corporates, as capital is required to meet short-term debt obligation such as working capital needs, funding expansion aspirations and existing debt obligations. The Commercial Paper ("CP") market satisfies this requirement by providing competitive and timely access to capital, thereby helping corporates diversify their funding sources. Having successfully met the FMDQ Exchange Commercial Paper Quotation requirements and following the subsequent approval of the Board Listings and Markets Committee of FMDQ Exchange, the **Nigerian Breweries PLC ₦16.49 billion Series 1, ₦5.03 billion Series 2, and ₦45.74 billion Series 3 CPs under its ₦100.00 billion CP Programme** was admitted on the Exchange's platform on January 30, 2023.

Nigerian Breweries PLC ("**Nigerian Breweries**" or the "**Issuer**") is the pioneer and largest brewing company in Nigeria, engaged in the making and selling of lager, stout, non-alcoholic malt, and soft drinks. Nigerian Breweries operates over ten (10) breweries and approximately two (2) malting plants across the country. Through the registration of this CP Programme, which is sponsored by Stanbic IBTC Capital Limited (the *Lead Sponsor*), FCMB Capital Markets Limited and FBNQuest Merchant Bank Limited, all Registration Member (Quotations) of the Exchange, the Issuer is availed the opportunity to raise short-term finance from the Nigerian debt markets at a time it deems suitable, through CP issuances, within the CP Programme limit.

As a Securities Exchange with a commitment to facilitate growth and development in the Nigerian debt markets and the economy at large, FMDQ Exchange will continue to sustain efforts in ensuring that corporates have uninterrupted access to a credible, efficient, and robust platform for the registration, listing, quotation, and trading of debt securities.

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## **FMDQ Exchange Admits O3 Capital Limited's ₦5.00 billion Commercial Paper Programme on its Platform**

As Nigeria's largest securities exchange by market turnover, FMDQ Exchange continues to provide a liquid, transparent and efficient market geared towards supporting the aspirations of corporates seeking to access capital to bridge the funding gap in their various sector. In furtherance to its mandate and commitment to transform and develop the Nigerian debt markets, FMDQ Exchange approved the **registration of the O3 Capital Limited ₦5.00 billion CP Programme** on its platform, in February 2023.

O3 Capital Limited ("O3 Capital" or the "Issuer") is the first non-bank card issuer in Nigeria, offering customers convenient payment cards and powering a cashless Nigeria. The CP Programme, which is sponsored by UCML Capital Limited – a Registration Member (Quotations) of FMDQ Exchange, will avail the Issuer the opportunity to raise short-term finance from the Nigerian debt markets through CP issuances within the Programme limit.

According to the Managing Director/CEO, O3 Capital Limited, Mr. Abimbola Pinheiro, "O3 Capital is pleased to announce the registration of its ₦5.00 billion CP Programme on FMDQ Exchange. The CP Programme is a strategic move for O3 Capital Limited towards achieving the growth of its existing credit card portfolio to Pan Nigeria and to facilitate the introduction of a new credit card portfolio on an international card scheme to the Nigerian market. The registration of this CP Programme has diversified funding opportunities and availed O3 Capital a platform to raise short-term finance within the Nigerian debt markets".

Commenting on the successful registration of the CP Programme, Mr. Egie Akpata, Director, UCML Capital Limited said "we are delighted with the successful registration of the O3 Capital Limited ₦5.00 billion CP Programme. This reinforces our commitment to enable all our clients access the debt capital market and optimise their capital structure. We are glad that UCML Capital Limited was instrumental in the successful registration of the programme and thank the Board and Management of O3 Capital Limited for the opportunity to work with them".

## **African Nonferrous Industries Limited Joins Other Corporates to Raise Capital from the Commercial Paper Market**

The Nigerian CP market continues to avail corporate institutions the opportunity to successfully tap the Nigerian debt markets to access stable short-term finance to fund key activities in their organisations. In this regard, FMDQ Exchange is pleased to announce the approval of the **registration of the African Nonferrous Industries Limited ₦10.00 billion CP Programme** on its platform.

African Nonferrous Industries Limited (“**ANFIL**” or the “**Issuer**”) is the largest manufacturer and exporter of Refined Lead in Nigeria with an annual capacity of thirty thousand (30,000) metric tonnes. This successful registration of this CP Programme, which is sponsored by FBNQuest Merchant Bank Limited (*Lead Sponsor*) and Coronation Merchant Bank Limited (*Co-Sponsor*) – both Registration Member (Quotations) of the Exchange, positions the Issuer to raise short-term finance from the Nigerian debt markets easily, through CP issues within its CP Programme limit.

Speaking on the successful registration of the CP Programme, the Group Chief Financial Officer, African Nonferrous Industries Limited, Mr. Munish Modi, stated “we are the largest manufacturer of Refined Lead in Nigeria with current installed capacity of thirty thousand (30,000) metric tonnes per year. We are the leading producer and exporter of high purity refined Lead in Nigeria. Our business is one hundred percent export-oriented business with a huge international market and customers all over the world who purchase our products. We will have a production capacity target of forty thousand (40,000) metric tonnes per year by 2023. We are also ISO 9001:2015, Quality Austria certified since April 2019”. He further stated “we seek to take advantage of this opportunity to consolidate our market share, drive growth and boost our foreign exchange earnings in the short to medium term. With that in mind we are seeking to tap into the CP market to raise funds to support short-term funding needs. We are enthusiastic about the successful registration of this ₦10.00 billion CP Programme. We are confident that this will provide a platform to enhance operational efficiencies by diversifying our sources of short-term funding. We look forward to building a strong partnership with the investor community as we issue series of CPs under this Programme”.

Also, the Head, Capital Markets, FBNQuest Merchant Bank Limited, Mr. Oluseun Olatidoye, said “FBNQuest Merchant Bank Limited, the investment banking and asset management subsidiary of FBN Holdings PLC, is pleased with its role as Lead Arranger on the registration of African Nonferrous Industries Limited’s ₦10.00 billion CP Programme. ANFIL is the leading producer and exporter of high purity refined Lead in Nigeria and with the rise in demand for energy globally, the volume for its lead is also expected to increase. Our role reinforces our commitment to supporting medium and large companies in accessing the capital markets for raising funding for their working capital requirements and capital expansion”.

In line with its strategic objectives to support institutional growth and stimulate continuous development of the economy at large, FMDQ Exchange has shown its steadfastness in aligning the Nigerian debt markets to international standards, through the promotion and provision of a world-class quotation service, availing issuers and investors the much-needed global visibility, confidence and protection in the markets.

## **FMDQ Exchange Admits the Hartleys Supermarket & Store Limited Commercial Paper on its Platform**

Committed to the continuous development of the Nigerian financial markets, in collaboration with market stakeholders, FMDQ Exchange, a wholly owned subsidiary of FMDQ Group, has through its Board Listings, Markets and Technology Committee, approved the **registration of the Hartleys Supermarket & Stores Limited ₦5.00 billion CP Programme** and quotation of the **₦0.62 billion Series 1 CP under its ₦5.00 billion CP Issuance Programme** on its platform.

Hartleys Supermarket & Store Limited (the “**Issuer**”) is a world-class brand that is driven by the commitment to deliver the ultimate shopping experience to its customers by offering a wide variety of the freshest and highest quality products at competitive prices, through exceptional customer service, across its various store locations. The quotation of the Series 1 CP, sponsored by United Capital PLC – a Registration Member (Quotations) of FMDQ Exchange, strategically positions the Issuer to raise finance for its general corporate purposes from the Nigerian debt markets. Through this quotation, the Issuer will not only benefit from the Exchange’s robust platform but also gain access to a wide range of qualified institutional investors.

The registration of the Hartleys Supermarket & Stores Limited CP Programme and the subsequent quotation of its Series 1 CP, validates its conscious drive to support the goals of corporate businesses and to deepen the Nigerian debt markets by steadfastly availing its efficient platform for the registration, listing and quotation of debt securities. As an Exchange positioned to bring about revolutionary changes in the Nigerian debt markets, FMDQ Exchange will continue to provide a dynamic and innovative platform for capital formation, offering institutions the support required to positively impact their sectors and the overall economy.

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## **FMDQ Exchange Welcomes Another Flour Mills of Nigeria PLC Commercial Paper Programme on its Platform**

As the leading organiser for the Nigerian debt markets, FMDQ Exchange, through its Board Listings and Markets Committee, has approved the **registration of the Flour Mills of Nigeria PLC ₦200.00 billion CP Programme** on its platform. The registration of this CP Programme strategically positions Flour Mills to raise short-term finance from the Nigerian debt markets easily, through CP issues within its CP Programme limit and quoted on FMDQ Exchange for visibility of the issue and desired transparency for the investors.

Flour Mills of Nigeria PLC (“**Flour Mills**”) is one of Africa’s brands in the food and agro-allied industry with its operations in four major sectors – food, sugar, agro-allied and support services. The registration of this CP programme, sponsored by FBNQuest Merchant Bank Limited (*Lead Sponsor*) and FCMB Capital Markets PLC (*Co-Sponsor*) – both Registration Member (Quotations) of FMDQ Exchange, validates the Exchange’s conscious drive to support the goals of corporate businesses and to deepen the Nigerian financial markets.

As part of its efforts towards unlocking the potential of the Nigerian economy, FMDQ Exchange shall continue to support institutional growth and stimulate continuous development of the economy at large, through the provision of a world-class Securities Admission Service, in line with its strategic objectives.

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## **FMDQ Exchange Welcomes the Godmade Homes Limited Commercial Paper on its Platform**

FMDQ Exchange, the choice platform for the listing, quotation and trading of debt securities in Nigeria, is pleased to announce the approval and admission for the **quotation of the Godmade Homes Limited ₦0.39 billion Series 1 (Tranche A) CP under its ₦5.00 billion CP Programme** on its platform.

Godmade Homes Limited (“**Godmade Homes**” or the “**Issuer**”) is one of Africa’s foremost, customer-centred housing solutions provider with several local and international architectural landmarks, that provides unique housing solutions with a host of highly profitable real estate investment opportunities. The Godmade Homes CP, which is sponsored by Qualinvest Capital Limited – a Registration Member (Quotations) of the Exchange, will be used by the Issuer to finance its working capital costs.

In a continuous bid to demonstrate its support for the development of the Nigerian debt markets in general and the real estate sector in particular, FMDQ Exchange will continue to remain innovative whilst providing timely and cost-efficient listing and quotation services to support its stakeholders, particularly issuers and investors, towards accessing capital in the Nigerian financial markets, amongst other service offerings.



# FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

## FMDQ Turnover & Dealing Member (Banks)' League Table Report

The FMDQ Exchange Market Turnover Report shows the turnover on all products traded in the FMDQ Exchange secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, CBN Special Bills, Promissory Notes, Bonds (Federal Government of Nigeria (“FGN”) Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds) CPs 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 Exchange Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

### FMDQ Exchange Market Turnover (January 2023)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	2,692,984	5,835
Foreign Exchange Derivatives	1,980,820	4,292
Treasury Bills	1,348,651	2,922
OMO Bills	2,010,485	4,356
CBN Special Bills	830,295	1,799
FGN Bonds	1,820,135	3,944
Promissory Notes	1,909	4
Other Bonds*	100	0
Eurobond	13,136	28
Repurchase Agreements/Buy-Backs	2,191,688	4,749
Unsecured Placements/Takings	142,792	309
Money Market Derivatives	4,000	9
Commercial Papers	-	-
<b>Total</b>	<b>13,036,996</b>	<b>28,246</b>

No. of Business Days	19	19
Average Daily Turnover	<b>686,158</b>	<b>1,487</b>

Average YTD \$/₦ @461.55

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 @ February 9, 2023; Figures are reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January 2023 period amounted to ₦13.04 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 35.85% of overall market turnover. Repurchase Agreements (Repos) accounted for 16.81%, whilst transactions in OMO Bills accounted for 15.42%. Bonds, T.bills, CBN Special Bills, Promissory Notes, Unsecured Placements & Takings and Money Market Derivative accounted for 14.06%, 10.35%, 6.37%, 0.01%, 1.10% and 0.03%, of overall market turnover.

### **FMDQ Dealing Member (Banks) League Table (January 2023)**

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

RANK	DEALING MEMBER (BANKS)
1	STANBIC IBTC BANK PLC
2	UNITED BANK FOR AFRICA PLC
3	ACCESS BANK PLC
4	POLARIS BANK LIMITED
5	ZENITH BANK PLC
6	CORONATION MERCHANT BANK LIMITED
7	ECOBANK NIGERIA LIMITED
8	STERLING BANK PLC
9	STANDARD CHARTERED BANK NIGERIA LIMITED
10	FIRST BANK OF NIGERIA LIMITED

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and Access Bank PLC ranked 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> positions respectively, based on value traded for the review period. The top ten (10) Dealing Member (Banks) accounted for 75.72% (₦14.42 trillion), while the top three (3) accounted for 43.74% (₦8.32 trillion) of the overall turnover of trades in the secondary market.

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## Introduction to Commercial Papers II – Key Stakeholders and Issuance Process

In the first edition of this series, we introduced Commercial Papers and discussed the characteristics and benefits of issuing and investing in Commercial Papers. ([Click here to view previous series](#)).

This edition captures the key stakeholders in the Commercial Paper market, regulation and governance in the market, as well as the issuance process for issuers seeking to raise capital in the financial markets.

### A. Key Stakeholders

Similar to the bond market, there are several stakeholders that participate in the regulation, issuance and investments in the Commercial Papers market. The table below highlights the parties to the issuance of Commercial Papers and their roles.

S/N	Stakeholder	Responsibility
1.	<b>Regulators</b>	<p>The apex regulator in the Nigerian capital markets is the Securities and Exchange Commission (SEC), however in the Commercial Papers market, the Central Bank of Nigeria (CBN) and FMDQ Securities Exchange Limited are responsible for the regulation and governance of the market. The following are the key activities carried out by the regulators, as applicable:</p> <ul style="list-style-type: none"> <li>▪ Publish rules and regulation that govern the activities in the market</li> <li>▪ Provide interpretive guidance for the rules &amp; regulations</li> <li>▪ Act as market organiser to drive further transparency, governance, market oversight, and credibility</li> </ul>
2.	<b>Arrangers/Dealers</b>	<p>The following are the responsibilities of a dealer/arranger in a Commercial Paper transaction:</p> <ul style="list-style-type: none"> <li>▪ General transaction management</li> <li>▪ Investor/roadshow presentation</li> <li>▪ Draft and review of all transaction documents</li> <li>▪ Liaise with regulators for approvals</li> <li>▪ Co-ordinate quotation of CPs</li> <li>▪ Quarterly compliance reporting</li> </ul>
3.	<b>Rating Agencies</b>	<p>Credit Rating Agencies conduct a thorough assessment of the issuer/issue to ascertain the issuer's ability to meet its debt obligations and issues a rating report. A high credit rating is indicative of low-risk and may encourage investors to buy the security. The Credit Rating Agency must be</p>

		registered or recognised by the SEC to qualify the Commercial Paper Programme for registration.
4.	<b>Legal Counsels /Solicitors</b>	The solicitors identify all legal and regulatory issues that will impact the issue and advises accordingly. The solicitor prepares a legal opinion on the issue, the transaction agreements, and also reviews other transaction documents to ensure the issuer is in good corporate standing to undertake the transaction.
5.	<b>Auditors</b>	The auditors ensure clarity and correctness of all material financial facts pertaining to the issue and the issuer's financial reports, and issues a comfort letter. A comfort letter only contains an opinion, and it is not an assurance or guarantee that the issuer being reported upon will remain financially viable.
6.	<b>Issuing, Placing, Paying and Collecting Agents ("IPCAs")/Issuing and Placing Agent ("IPA")</b>	IPCAs/IPAs are CBN-licensed banks/non-bank financial institutions sponsoring the registration and quotation of Commercial Paper Programmes and series issuances. However, only IPCAs can act as Collecting & Paying Agents for the purposes of collecting and paying funds from/to investors on behalf of the issuer or promoter of the Commercial Paper. The following are key activities executed by IPCAs/IPAs: <ul style="list-style-type: none"> <li>▪ Reconciliation of issue proceeds</li> <li>▪ Lodgement of the Commercial Papers with the Depository</li> <li>▪ Facilitation of over-the-counter trades and coordination of reporting with the Depository</li> <li>▪ Maintenance of register of Commercial Papers holders</li> <li>▪ Facilitation of payment of maturity proceeds</li> </ul>
7.	<b>Depository</b>	This is a financial market infrastructure that holds securities, in this case Commercial Papers, either in certificated or uncertificated (dematerialised) form so that ownership can be easily transferred through a book entry rather than the transfer of physical certificates. Responsibilities of the depository are highlighted below. <ul style="list-style-type: none"> <li>▪ Creates unique identifier for the Commercial Papers</li> <li>▪ Finalises lodging and distribution of Commercial Papers in the investors' depository account</li> <li>▪ Facilitates settlement of the Commercial Papers</li> </ul>
8.	<b>Guarantors</b>	These are banks and non-banks institutions that provide issuers with credit enhancement facilities by way of stand-by credits or guarantees to the issue, based on their prudent commercial judgment.
9.	<b>Issuer</b>	These are institutions seeking to finance short-term liabilities using commercial papers. While highly rated organisations are most favourable for raising capital through commercial papers, organisations with low credit ratings may use credit enhancement facilities (Guarantors) to boost their credit rankings for the Commercial Paper issuance.



10.	<b>Investors</b>	<p>Investment in Commercial Papers is open to both Qualified Institutional Investors (“QIIs”) and Eligible Investors (“EIs”), as defined in the FMDQ Commercial Papers Rules. The IPCA/IPA are obligated to ensure that QIIs and EIs meet the qualifying criteria. It is worthy to note that only guaranteed Commercial Papers, that is Commercial Papers that have credit guarantors, may be sold to all investors (i.e., QIIs, EIs and any other investor), however clean Commercial Papers, that is Commercial Papers without credit guarantors, can only be sold to QIIs and EIs.</p> <p>These investors include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms, and EIs, i.e., investors that have executed a declaration attesting to their eligibility in the manner prescribed in the FMDQ Commercial Papers Rules.</p>
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#### B. Regulation and Governance of Commercial Papers

In Nigeria, the issuance of securities is regulated by the SEC, the agency established under the Investment and Securities Act, 2007 for the regulation of investments and securities business in Nigeria. However, in pursuant to the [SEC Consolidated Rules and Regulations, 2013](#), rules and regulations requiring registration in the aforementioned SEC Rules and Regulations shall not apply to any note or banker’s acceptance which has a maturity, at the time of issuance, not exceeding nine (9) months. Hence, SEC does not regulate the issuance of Commercial Papers in Nigeria.

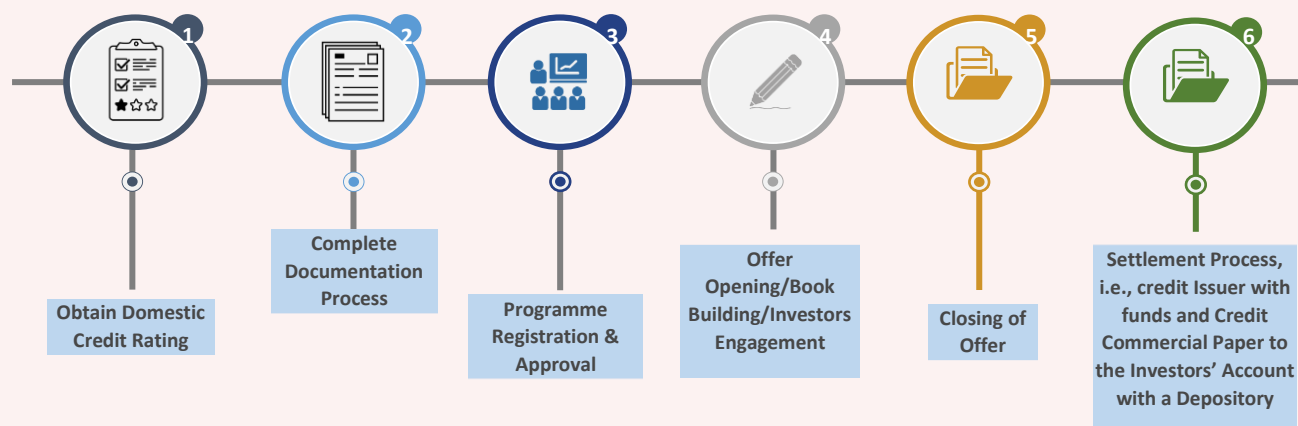
The issuance of Commercial Papers in Nigeria is regulated by the CBN, as Deposit Money Banks were historically major players in the Commercial Paper market and the CBN is the regulator of the Nigerian banking sector. In order to ensure uniform practice and correct treatment of Commercial Papers by Deposit Money Banks and Discount Houses in Nigeria, the CBN issued [Guidelines on the Issuance and Treatment of Bank Acceptance and Commercial Papers, 2009](#), to deepen and facilitate the effective and efficient functioning of the Nigerian money market.

Consequently, in 2016, the CBN, exercising its powers to regulate Deposit Money Banks, issued a Circular in July 2016 – [Letter to all Deposit Money Banks and Discount Houses: Mandatory Registration and Listing of Commercial Papers](#) – wherein the approval of the quotation rules of the erstwhile FMDQ OTC Securities Exchange (now FMDQ Securities Exchange Limited) and clearance for the quotation of Commercial Papers in Nigeria were communicated. Through the Circular, the CBN mandated that Deposit Money Banks only deal in Commercial Papers that are registered, quoted, or intended for quotation on Authorised Securities Exchanges, in any capacity including, but not limited to, an issuer, guarantor or IPCA. Consequently, following CBN’s approval of its [Commercial Papers Registration and Quotation Rules](#), FMDQ Securities Exchange Limited, erstwhile FMDQ OTC Securities Exchange was cleared for the quotation of Commercial Papers in Nigeria.

Furthermore, the CBN reissued [Guidelines on the Issuance and Treatment of Bank Acceptances and Commercial Papers, 2019](#) to regulate the issuance of Commercial Papers by Deposit Money Banks as well as the treatment of Commercial Papers by financial institutions. This covers instances where Deposit Money Banks act as guarantors or IPCAs to a Commercial Paper issuance.

### C. Issuance Process

The issuance process in the Commercial Papers market is similar to bond market. However, the registration of Commercial Paper Programmes does not require the approval of the SEC, as stated above. The issuance process, is as follows:



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