



# ***FMDQ SPOTLIGHT***

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## NEW STORIES

### **FMDQ Group and FSD Africa Help Bridge Gender Finance Gap in Africa**

FMDQ Group PLC (“**FMDQ Group**”) and Financial Sector Deepening (“**FSD**”) Africa - the Implementing Partners of the Nigerian Green Bond Market Development Programme (“**the Programme**”) - organised a two-day event from Tuesday, April 18, to Wednesday, April 19, 2023, to introduce gender bond to key market players within the Nigeria financial markets space. The events examined the state of gender equality in Nigeria and discussed the opportunities for Nigerian issuers and investors to use gender-sensitive/intentional approaches in bridging the gender finance gap in Nigeria. Also, it afforded potential issuers, an opportunity to learn from the Tanzanian experience in navigating the issuance process of a gender bond.

External shocks such as pandemics, climatic disruptions, and economic downturns, have continuously had adverse impacts on humanity, with vulnerable groups such as women and their businesses being badly hit. Consequently, financial market players globally as well as in Africa are now empowering women and expanding their access to finance and economic inclusion through a debt market instrument that seeks to support the advancement and equality of women - Gender Bond. Although at its emerging stage, understanding the gender bond framework for Nigeria's debt market can play a crucial role in supporting the efforts to attain the United Nations' (UN) 2030 Sustainable Goals (SDGs) 5 and 10 - *Gender Equality* and *Reduced Inequalities*, respectively.

In attendance at the events were Mr. Ben Llewellyn-Jones OBE, Deputy High Commissioner, British Deputy High Commission Lagos, Ms. Beatrice Eyong, United Nations Women Country Representative to Nigeria, Mr. Bola Onadele. Koko, Chief Executive Officer, FMDQ Group PLC, Ms. Ruth Zaipuna, Chief Executive Officer, NMB Bank PLC, Ms. Mary Njuguna, Principal Specialist, Capital Markets, FSD Africa, as well as other market stakeholders.

The first event, a Breakfast Session for C-Suite Executives, highlighted the impact sustainable finance can have in driving women's economic empowerment as well as increased participants' knowledge and awareness of gender bond. Welcoming participants to the event, Mr. Bola Onadele. Koko, Chief Executive Officer, FMDQ Group PLC, gave a broad overview of the Programme's achievements from its inception in 2018 till date in the areas of policy advisory, technical support for green bond issuances, and market capacity building. He challenged everyone within their individual areas of expertise to be encouraged by the progress of the Programme as it relates to green bonds and similarly, push the envelope with gender bonds as we continue to develop and entrench the principles of sustainability in the Nigerian capital markets and create prosperity for all.

The Breakfast Session featured a panel discussion themed, “*The Role of Financial Markets in Strengthening Gender Financing in Nigeria*”, with members of the panel including the Chief Executive Officer of NMB Bank PLC, Tanzania, a representative of British International Investment PLC, an Associate Director of PwC Nigeria, a representative of FMDQ Securities Exchange Limited, a Deputy

Director of the Securities and Exchange Commission, Nigeria and the Gender Network Manager, FSD Africa. The members of the panel established the business case for investing in women owned/led businesses, women-focused initiatives and the urgency for closing the \$42.00 billion gender financing gap in Africa. Also, the panelists reiterated the importance of leveraging sustainable and innovative financial instruments such as gender bond in financing women owned/led businesses.



The second event was a Masterclass which featured a deep dive into the modalities surrounding the issuance of NMB Bank PLC's first gender bond in Tanzania (Jasiri Bond). The Treasurer of NMB Bank PLC, during his session, stirred the zeal of potential issuers to the impact of women empowerment through a gender bond as he shared the stories of the beneficiaries of the NMB Bank PLC's Jasiri Bond.

According to Sustainalytics, a global leader in Environmental, Social and Governance (ESG) research, and a technical partner for the gender bond awareness sessions, the key steps required for a gender bond issuance includes the development of a framework, disclosure of information to an external reviewer, documentation of a second opinion, development of a pre-issuance report, and annual documentation of the impact of the gender bond.

The events ended with the Programme reiterating its commitment to support institutions willing to bridge the gender finance gap as well as other sustainable financing gap in Nigeria through financial instruments like sustainable or sustainability-linked bonds i.e., Gender Bond, Green Bond, Blue Bond, Social Bond, etc. Some of the ways the Programme provides support to market players are through technical assistance towards the issuance of sustainable or sustainability-linked bonds and capacity building workshops/focused trainings on sustainable finance, amongst others.

## About the Nigerian Green Bond Market Development Programme

The Nigerian Green Bond Market Development Programme was launched in 2018 to create awareness and education on green finance, whilst serving as the primary vehicle to explore and implement initiatives geared towards accelerating the development of the Nigerian Green Bond Market and supporting broader debt market reforms that impact green bonds. The objectives of the Programme include, amongst others:

- To facilitate the establishment and development of a Green Bond market in Nigeria
- Support the development of guidelines and listing requirements for Green Bonds in Nigeria
- Develop a pool of Nigeria-based licensed verifiers to support issuers
- Develop a pipeline of green investments and facilitate engagement with extant and potential investors
- Support broader debt capital markets reforms that have an impact on the non-government bond market in Nigeria

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## FMDQ Exchange Educates Market Stakeholders on Exchange-Traded Derivatives

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. As part of the Project, a Stakeholder Education and Sensitisation workstream was designated and activated by FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) to build capacity among market participants and sensitise them on Exchange-Traded Derivatives (“**ETD**”) market and products.

In alignment with the continued efforts to drive and promote participation in the FMDQ ETD market, the Exchange organised two (2) webinar sessions for end-users themed, “**FMDQ Exchange-Traded Derivatives Market - Hedging Financial Market Risks in Treasury & Investment Management**” on Thursday, April 20 & 27, 2023. The webinar sessions, which were targeted at Fund/Asset Managers and Corporate Treasurers, leveraged the membership base of relevant associations in the Nigerian financial markets, to sensitise market participants on the applicability of FMDQ ETD market in risk, treasury, and investment management, whilst examining various use cases of the maiden FMDQ ETD product – FMDQ Federal Government of Nigeria (“**FGN**”) Bond Futures. The Sessions also focused on analysing the investment landscape *vis-à-vis* the impact of inflationary pressures on investment

returns in the Nigerian financial markets, as well as the risk management opportunities availed in the FMDQ ETD market, particularly FMDQ FGN Bond Futures.

Furthermore, a third webinar session for Brokers/Dealers, set to hold on Thursday, May 4, 2023, will focus on optimising effective investment and treasury management using the FMDQ ETD market. In furtherance to the approval of the FMDQ Derivatives Market Rules and the pioneer ETD products by the Securities and Exchange Commission, Nigeria, FMDQ Exchange shall continue to focus its efforts on the swift activation of a robust and thriving ETD Market, while working assiduously to deliver critical market development initiatives for the Nigerian financial markets.

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## **FMDQ Exchange Hosts DCMD Retail Webinar Session on Investment Options in the Nigerian Debt Markets**

The importance of market education and knowledge dissemination cannot be overemphasised in market development, as there is a crucial need for the distribution of information and knowledge to existing and imminent issuers, investors, and intermediaries to help make informed financial decisions and address investment related issues towards building investors' confidence.

The Investors, Issuers & Intermediaries Engagement/Education Sub-Committee ("**IIIEE Sub-Committee**" or the "**Sub-Committee**") of the Debt Capital Markets Development Project ("**DCMD Project**") is saddled with the responsibility to facilitate investors' awareness, champion corporate governance, enhance debt markets research, corporate credit ratings and improve collaborations across the Nigerian debt markets ecosystem, amongst others, as part of the overall efforts to further deepen the debt markets. The Sub-Committee also organises several sensitisation programmes for market participants across the value chain – issuers, intermediaries, and investors – that aim to improve financial literacy, increase market participation, promote diversified investors base, and drive market depth and liquidity.

In furtherance to this mandate, IIIEE Sub-Committee organised a retail investors webinar session on Wednesday, April 26, 2023, themed "**Investment Options in the Nigerian Debt Markets – Bonds**", to discuss the Nigerian debt markets and various investment options available to retail investors. The webinar session focused on increasing participation of retail investors in fixed income



products/investments and demystify its benefits to retail investors, awareness on the modalities and requirements in participating in the fixed income markets, amongst others.

The DCMD Project is aimed at addressing the challenges hindering the growth of the Nigerian debt markets, by providing a transformation framework with workable solutions that will stimulate growth and accelerate the development of the market to become a world-class, properly functioning debt capital market by 2025. FMDQ Group serves as the project office of the DCMD Project, and with the collaboration of its stakeholders, will continue to champion initiatives aimed at making it easier for participants in the Nigerian debt markets to access and raise capital, as well as foster development towards upgrading the markets to its global counterparts.

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## **82<sup>nd</sup> FX Futures Contract Matures and Settles on FMDQ Exchange**

On Wednesday, April 26, 2023, the 82<sup>nd</sup> FX Futures contract – NGUS APR 26 2023, with a nominal value of \$181.57 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 \$60.07 billion; with a total of circa \$65.27 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 eighty-one (81) maturities, introduced a new contract, NGUS APR 26 2028, for \$1.00 billion at \$/₦703.61 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](#)

## Update on Clearing and Settlement Activities

FMDQ Clear, as a Securities and Exchange Commission registered Central Counterparty, is saddled with the mandate of providing efficient post-trade services and guaranteeing settlement finality, i.e., the irrevocability of settlement, to eliminate the inherent counterparty risk and enhance the stability of the Nigerian financial markets.

In view of this mandate, 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	February 2023	March 2023	Change (%)
<b>Clearing</b>				
1	No. of Cleared Contracts	6,026	6,070	0.73
2	Value of Cleared Contracts (\$'bn)	64.47	65.04	0.89
3	Value of Open Contracts (as of March 31, 2023) (\$'bn)	4.84	5.14	6.40
<b>Settlement</b>				
4	No. of Matured & Settled Contracts	5,700	5,721	0.37
5	Value of Matured & Settled Contracts (\$'bn)	59.63	59.89	0.44

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

S/N	Sovereign Fixed Income	February 2023	March 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	12,972.02	15,072.43	16.19
2	Value of Trades Settled (₦'bn)	11,484.29	13,345.05	16.20
3	Value of Unsettled Trades (₦'bn)	1,487.73	1,727.38	16.12

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

S/N	Non-Sovereign Fixed Income	February 2023	March 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	0.35	6.73	1822.86
2	Value of Trades Settled (₦'bn)	0.35	6.72	1820.00
3	Value of Unsettled Trades (₦'bn)	0.00	0.01	0.01

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



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

As a strategically positioned Central Securities Depository, FMDQ Depository Limited (“**FMDQ Depository**”) complements the clearing function discharged by FMDQ Clear by offering market participants an unrivalled opportunity to experience enhanced straight-through-processing.

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

- FCMB Group PLC ₦20.69 billion Series I Fixed Rate Bond under its ₦300.00 billion Debt Issuance Programme
- Greenwich Merchant Bank Limited ₦7.39 billion Series 1 and ₦4.81 billion Series 2 Commercial Papers (“**CPs**”) under its ₦100.00 billion CP Issuance Programme
- SKLD Integrated Services Limited Issue of ₦126.71 million Series 2 and ₦590.34 million Series 3 CPs under its ₦2.00 billion CP Issuance Programme
- O3 Capital Limited ₦100.00 Series 1 CP under its ₦5.00 billion CP Issuance Programme
- Sterling Bank PLC Issue of ₦14.04 billion Series 3 and ₦33.82 billion Series 4 CPs under its ₦100.00 billion CP Issuance Programme

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

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In keeping with its commitment to develop the Nigerian debt markets, FMDQ Exchange continues to sustain its efforts in supporting issuers with tailored financing options to enable them achieve their strategic objectives, deepen and effectively position the Nigerian financial markets for growth. It is in this regard that the Exchange approved for quotation on its platform, the **Sterling Bank PLC ₦14.04 billion Series 3 and ₦33.82 billion Series 4 CPs under its ₦100.00 billion CP Issuance Programme**. The successful quotation of these CPs is a validation of the confidence issuers, investors, and other market stakeholders have in FMDQ Exchange and its services.

Sterling Bank PLC (“**Sterling Bank**” or the “**Issuer**”) is a full service national commercial bank in Nigeria, which has evolved from the nation’s pre-eminent investment banking institution to a fully-fledged commercial bank. Recognised for its innovative approach to banking, the Issuer will utilise the proceeds from the quotation of these CPs, which are sponsored by Stanbic IBTC Capital Limited (*Lead Sponsor*); Comercio Partners Limited, Constant Capital Markets and Securities Limited, Kairos Capital Limited, SCM Capital Limited, and United Capital PLC (*Co-Sponsors*) – all Registration Member (Quotations) of FMDQ Exchange, to fund its short-term working capital requirements.

As is tradition, CPs quoted on FMDQ Exchange benefit from the commendable and efficient quotation process, in addition to the continuous provision of invaluable information and diversified market stakeholders. The Exchange will also continue to sustain its efforts in supporting Issuers, such as Sterling Bank, with tailored financing options to enable them to achieve their strategic objectives.

## **Fidson Healthcare PLC Taps the Nigerian Debt Markets, Quotes Commercial Paper on FMDQ Exchange**

Access to capital remains a top priority for corporates, as low-cost capital is required to meet short-term debt obligation such as working capital needs, funding expansion aspirations and existing debt obligations. The CP market continue to stand as a sustainable financing option as it provides affordable

and seamless avenue for obtaining capital, thereby supporting corporates looking to expand their business operations. Following the approval of the Board Listings and Markets Committee of FMDQ Exchange, the **Fidson Healthcare PLC ₦5.00 billion Series 4 CP under its ₦10.00 billion CP Issuance Programme** was admitted on the Exchange's platform in April 2023.

Fidson Healthcare PLC ("**Fidson Healthcare**" or the "**Issuer**") is a leading pharmaceutical manufacturing company that is engaged in manufacturing and sale of pharmaceutical and healthcare products in Nigeria, with over thirty-five (35) registered pharmaceutical products, across different therapeutic areas, in the pharmaceutical industry. The Issuer will utilise the proceeds from the quotation of this CP, which is sponsored by FSDH Capital Limited (*Lead Sponsor*); CardinalStone Partners Limited, and Coronation Merchant Bank Limited (*Co-Sponsors*) – all Registration Member (Quotations) of FMDQ Exchange, to finance its short-term working capital requirements geared towards providing quality services to its valued customers.

From this CP quotation, Fidson Healthcare stands to benefit from the Exchange's increased pool of diverse investors base, highly responsive and efficient listings/quotations process, and credible benchmark pricing required for appropriate portfolio valuation, amongst others.

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### **Magnificent Multiservices Limited Quotes its ₦3.75 billion Commercial Papers on FMDQ Exchange's Platform**

In keeping with its mandate to continuously enhance its service offerings and generate long-term value for its stakeholders in the Nigerian financial markets, FMDQ Exchange, through its Board Listings and Markets Committee, is pleased to announce the quotation of the **Magnificent Multiservices Limited ₦2.75 billion Series 3 (Tranche A) and ₦1.00 billion Series 3 (Tranche B) CPs under its ₦20.00 billion CP Issuance Programme** on its Platform in April 2023.

Magnificent Multiservices Limited ("**Magnificent Multiservices**" or the "**Issuer**"), a real estate subsidiary of Raedial Holdings Limited, is a future-forward real estate company committed to building long-lasting homes that are efficient, aesthetically pleasing, and practical in the world today. The Issuer will utilise the proceeds from the quotation of these CPs, which are sponsored by Qualinvest Capital Limited – a Registration Member (Quotations) of FMDQ Exchange, to finance its working capital requirements geared towards providing quality services to its valued customers.

In accordance with its strategic objectives to provide credible market structures to corporate and commercial businesses with the opportunities to meet their short-term funding requirements, FMDQ



Exchange will continue to provide a liquid, transparent and efficient market geared towards supporting the aspirations of corporates, such as Magnificent Multiservices, to unlock the required capital to bridge the funding gap in Nigeria's real estate sector.

## **FMDQ Exchange Welcomes the Landwey Investments Limited Commercial Paper Programme to its Platform**

FMDQ Exchange, Nigeria's largest securities exchange by market turnover, through its Board Listings and Markets Committee, has approved the **registration of the Landwey Investments Limited ₦20.00 billion CP Programme** on the Exchange's Platform in April 2023. The approval for the registration of this CP Programme further reinforces the Exchange's commitment to enhancing access to capital for infrastructure development through its credible and transparent platform.

Landwey Investments Limited ("**Issuer**"), is a full-scale real estate development company that offers a wide range of real estate services, including property development, property management, property sales, and property leasing. The registration of this CP Programme, which is sponsored by Mega Capital Financial Services Limited – a Registration Member (Quotations) of FMDQ Exchange, strategically positions the Issuer to raise short-term finance efficiently and quickly from the Nigerian debt markets at a time in the future it deems suitable, through CP issues, within the approved Programme limit.

As a catalyst for infrastructure capital, the registration of this CP Programme on FMDQ Exchange's platform demonstrates its commitment to projecting the Nigerian debt markets as the key source of finance for infrastructure development. The Exchange will continue to sustain its efforts in supporting issuers with tailored financing options to enable them achieve their strategic objectives, in support of the realisation of a resilient and vibrant economy.

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## **FMDQ Exchange Commemorates the Quotation of Greenwich Merchant Bank's Commercial Papers on its Platform**

FMDQ Exchange is pleased to announce the approval for the quotation of the **Greenwich Merchant Bank Limited ₦12.20 billion Series 1 and Series 2 CPs under its ₦100.00 billion CP Issuance Programme** on its Platform. Greenwich Merchant Bank Limited ("**Greenwich Merchant Bank**" or the

“Issuer”) is a Nigerian financial institution that provides a wide array of banking and financial services to corporate organisations, high net worth individuals, and institutional clients.

In commemorating this remarkable accomplishment, FMDQ Exchange held a quotation Ceremony at its offices on Wednesday, April 26, 2023. Present to celebrate the successful quotation of the CPs were the Issuer, Greenwich Merchant Bank, represented by its Group Managing Director/Chief Executive Officer, Mr. Bayo Rotimi and other representatives of Greenwich Merchant Bank Limited. Also, the Sponsors of the CPs – Stanbic IBTC Capital Limited (*Lead Sponsor*), Afrinvest Capital Limited, ARM Securities Limited, Greenwich Merchant Bank Limited and Rand Merchant Bank Nigeria Limited (*Co-Sponsors*) – all Registration Member (Quotations) of FMDQ Exchange, as well as other parties to the issue, were present at the Ceremony.

Welcoming guests to the Ceremony, Ms. Tumi Sekoni, Managing Director, FMDQ Exchange, represented by Ms. Jumoke Olaniyan, Senior Vice President, Business Development Division, FMDQ Exchange, congratulated the Issuer and other parties for the remarkable job well done towards ensuring the success of the issuances. Ms. Olaniyan further noted that with the growing interest of corporate entities in the CP market to finance short-term funding and liquidity requirements through the debt markets, FMDQ Exchange will continue to maintain a dependable and resilient platform for the quotation of CPs, thereby ensuring uninterrupted access for businesses.

The Group Managing Director/Chief Executive Officer, Greenwich Merchant Bank, Mr. Bayo Rotimi whilst delivering the special address, stated that “Greenwich Merchant Bank's maiden CP Issuance was 22.00% oversubscribed with orders of over ₦12.20 billion, confirming the strength of our value proposition to the Nigerian economy. We remain committed to delivering innovative and cutting-edge financial solutions to discerning issuers and investors towards creating viable alternatives and deepening the Nigerian capital markets.”

Delivering the sponsor's remarks, the Executive Director, Stanbic IBTC Capital Limited, Mrs. Oyinda Akinyemi, stated that “Stanbic IBTC Capital is pleased to have acted as Lead Arranger/Issuing and Paying Agent to the debut CP Issuances by Greenwich Merchant Bank. As the leading investment banking franchise in Nigeria, we pride ourselves in bringing new Issuers to the debt markets. The remarkable success of this transaction is reflected in the strong participation from a diverse group of investors. The quotation of these CPs on FMDQ Exchange will aid transparency and liquidity, further deepening the domestic debt markets. We thank the Board and Management of Greenwich Merchant Bank for trusting the team of professional advisers to deliver a successful transaction.”

## **Zedcrest Capital Limited Quotes Maiden Commercial Paper on FMDQ Exchange**

Whilst consistently seeking ways to empower its stakeholders by proffering solutions that address pressing needs, and ultimately delivering value, FMDQ Exchange continues to provide access to capital for corporates entities through its efficient and proficient Securities Admissions Service. In this regard, the Board Listings and Markets Committee of the Exchange has approved the quotation of the **Zedcrest Capital Limited ₦5.00 billion Series 1 CP under its ₦15.00 billion CP Issuance Programme** on its platform. Zedcrest Capital Limited (“**Zedcrest Capital**” or the “**Issuer**”), a subsidiary of Zedcrest Group, is a proprietary and capital management firm, investing in debt and equity capital markets, business acquisitions and buyouts.

To commemorate the CP quotation, FMDQ Exchange, held a prestigious Quotation Ceremony at its offices in April, for the Issuer, represented by the Group Managing Director, Mr. Dayo Amzat, along with other key representatives from Zedcrest Capital. Also present at the Ceremony were the representatives from the sponsor to the quotation, CardinalStone Partners Limited, as well as other parties to the issue.

Ms. Tumi Sekoni, Managing Director, FMDQ Exchange, represented by Ms. Jumoke Olaniyan, Senior Vice President, Business Development Division, FMDQ Exchange, whilst welcoming guests to the Ceremony, congratulated the Issuer for the successful quotation of its maiden CP, stating that FMDQ Exchange’s quotation service has been tailored to provide, amongst others, a unique opportunity for Issuers to raise finance thereby meeting their short term funding needs even as the Nigerian debt markets becomes aligned with international best practices and standards. She also stated that through this quotation, Zedcrest Capital will benefit from FMDQ Exchange’s diversified investor base, its highly efficient and responsive securities admission processes, amongst others. She highlighted that FMDQ Exchange will remain dedicated to advancing the growth of the Nigerian debt markets by leading and supporting market-driven initiatives and maintaining its position as the preferred platform for registration, listing, quotation, trading, and reporting of financial securities.

Whilst delivering the special address, Mr. Dayo Amzat commented that “Zedcrest Capital is pleased to announce its ₦5.00 billion CP Issue under our ₦15.00 billion shelf Programme quoted on the FMDQ Exchange’s platform. This programme marks our entry into the capital market as an issuer and the proceeds will be deployed to implement Zedcrest Capital’s 2023 strategic goals of digitising its consumer finance business and expanding its securities dealing offerings beyond West Africa. We are proud to welcome top local investors from the Pensions, Asset Management and Insurance industries as strategic partners. We are humbled by the faith placed on us and we look forward to rewarding their trust through strong execution of our 2023 aspirations.”

Also, the sponsor of the CP and Registration Member (Quotations) of the Exchange, CardinalStone Partners Limited, through its Group Managing Director, Mr. Michael Nzewi, stated that “CardinalStone Partners Limited is pleased to announce its role as the Sole Arranger to the ₦5.00 billion Series 1 CP Issue for Zedcrest Capital Limited under its ₦15.00 billion CP Programme. As the Sole Arranger, we utilised our extensive network of relationships with a diverse pool of investors including Pension Fund Administrators, Asset Managers and Insurance companies to successfully execute this transaction.



This achievement is a testament to our unwavering commitment to deliver exceptional financial advisory and capital-raising solutions to our esteemed clients. We remain committed to providing innovative and tailored financial services, strengthening our position as a leading investment firm in Nigeria.”

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## **FMDQ Exchange Admits CardinalStone Partners Limited Commercial Paper Programme on its Platform**

In maintaining its support for the development of the Nigerian debt markets, FMDQ Exchange continues to use its platform, to efficiently enhance the registration, listing, quotation and trading of debt securities in the Nigerian financial markets space. In this regard, the Board Listings and Markets Committee of the Exchange has approved the **registration of the CardinalStone Partners Limited ₦20.00 billion CP Programme** on the Exchange platform.

CardinalStone Partners Limited (the “**Issuer**”) is a multi-asset investment management firm that provides services encompassing financial advisory, asset management, securities trading, share registration, and consumer finance on a retail and institutional scale. This CP Programme, which is sponsored by FBNQuest Merchant Bank Limited (Lead Sponsor); Emerging Africa Capital Advisory Limited, CardinalStone Partners Limited, FCMB Capital Markets Limited and United Capital PLC (Co-Sponsors) – all Registration Member (Quotations) of the Exchange, allows the Issuer to efficiently raise short-term finance from the Nigerian debt markets, through CP issues, within the CP Programme limit.

The successive and successful admittance of the securities listed and quoted so far in the year 2023, following the due approvals obtained, attests to the efficient and uniquely tailored listing and quotation services offered by FMDQ Exchange – Nigeria’s largest securities exchange by market turnover of over ₦169 trillion over the last nine (9) years.

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.

# 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 -)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	9,531,691	20,652
Foreign Exchange Derivatives	7,624,073	16,519
Treasury Bills	4,364,181	9,456
OMO Bills	7,187,612	15,573
CBN Special Bills	4,577,163	9,917
FGN Bonds	7,181,971	15,561
Promissory Notes	1,909	4
Other Bonds*	100	0
Eurobond	31,532	68
Repurchase Agreements/Open Repos	11,179,743	24,223
Unsecured Placements/Takings	352,491	764
Money Market Derivatives	11,000	24
Commercial Papers	4,600	10
Sukuk Bonds	22,455	48.7
<b>Total</b>	<b>52,070,520</b>	<b>112,822</b>

No. of Business Days	64	64
Average Daily Turnover	<b>813,602</b>	<b>1,763</b>

Average YTD \$/₦ @461.54

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 @ April 11, 2023; Figures reported by Dealing Member (Banks) on a week-ending basis



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The total turnover for the Jan. – Mar. 2023 period amounted to ₦52.07 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 32.95% of overall market turnover. Repurchase Agreements (Repos) accounted for 21.47%, whilst transactions in OMO Bills accounted for 13.80%. Bonds, T.bills, CBN Special Bills, Unsecured Placements & Takings, Money Market Derivative and commercial papers accounted for 13.90%, 8.38%, 8.79%, 0.68%, 0.02% and 0.01% of overall market turnover.

### **FMDQ Dealing Member (Banks) League Table (January - March 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	FIRST BANK OF NIGERIA LIMITED
5	CORONATION MERCHANT BANK LIMITED
6	ZENITH BANK PLC
7	ECOBANK NIGERIA LIMITED
8	POLARIS BANK LIMITED
9	STERLING BANK PLC
10	STANDARD CHARTERED BANK 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 73.78% (₦58.36 trillion), while top three (3) accounted for 36.82% (₦29.13 trillion) of the overall turnover of trades in the secondary market.

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## **FMDQ Fixed Income Primary Markets Sponsors' League Table (January – March 2023)**

The FMDQ Fixed Income Primary Markets Sponsors' League Table shows the rankings of sponsors of fixed income securities (excluding FGN Bonds and T.bills) on FMDQ Exchange. The Registration Member (Listings) (“**RML**”) and Registration Member (Quotations) (“**RMQ**”) (collectively referred to as “**Registration Members**” or “**RMs**”) are FMDQ Exchange’s authorised sponsors of securities listed and quoted on the Exchange.

RANK	BONDS	RANK	COMMERCIAL PAPERS
	REGISTRATION MEMBER (LISTINGS) (RMLs)		REGISTRATION MEMBER (QUOTATIONS) (RMQs)
1 <sup>st</sup>	Absa Capital Markets Nigeria Limited	1 <sup>st</sup>	Stanbic IBTC Capital Limited
1 <sup>st</sup>	Stanbic IBTC Capital Limited	2 <sup>nd</sup>	ARM Securities Limited
1 <sup>st</sup>	Rand Merchant Bank Nigeria Limited	3 <sup>rd</sup>	Rand Merchant Bank Nigeria Limited
1 <sup>st</sup>	FCMB Capital Markets Limited	4 <sup>th</sup>	Afrinvest Capital Limited
1 <sup>st</sup>	United Capital PLC	5 <sup>th</sup>	Greenwich Merchant Bank Limited
1 <sup>st</sup>	Vetiva Capital Management Limited	6 <sup>th</sup>	FBNQuest Merchant Bank Limited
2 <sup>nd</sup>	Chapel Hill Denham Advisory Limited	7 <sup>th</sup>	FSDH Capital Limited
3 <sup>rd</sup>	Renaissance Securities Nigeria Limited	8 <sup>th</sup>	Chapel Hill Denham Advisory Limited
4 <sup>th</sup>	Ecobank Development Company Limited	9 <sup>th</sup>	FCMB Capital Markets Limited
4 <sup>th</sup>	Afrinvest Capital Limited	10 <sup>th</sup>	Coronation Merchant Bank Limited
4 <sup>th</sup>	FBNQuest Merchant Bank Limited	11 <sup>th</sup>	United Capital PLC
4 <sup>th</sup>	Coronation Merchant Bank Limited	12 <sup>th</sup>	Quantum Zenith Capital & Investments Limited
4 <sup>th</sup>	Standard Chartered Capital and Advisory Nigeria Limited	13 <sup>th</sup>	CardinalStone Partners Limited
4 <sup>th</sup>	Meristem Capital Limited	14 <sup>th</sup>	SFS Financial Services Limited
4 <sup>th</sup>	Quantum Zenith Capital & Investments Limited	15 <sup>th</sup>	UCML Capital Limited
4 <sup>th</sup>	Futureview Financial Services Limited	16 <sup>th</sup>	DLM Advisory Limited
4 <sup>th</sup>	Greenwich Merchant Bank Limited	17 <sup>th</sup>	Radix Capital Partners Limited
		17 <sup>th</sup>	Boston Advisory Limited
		18 <sup>th</sup>	Cordros Capital Limited
		19 <sup>th</sup>	Mega Capital Financial Services Limited
		20 <sup>th</sup>	Kairos Capital Limited
		20 <sup>th</sup>	SCM Capital Limited
		21 <sup>st</sup>	EAC Advisory Limited
		22 <sup>nd</sup>	Nova Merchant Bank Limited
		23 <sup>rd</sup>	Qualinvest Capital Limited

### Total Market Participation Analysis Q1 2023 (Bond and CP markets)

The top three (3) Sponsors were (in order) Stanbic IBTC Capital Limited, Rand Merchant Bank Nigeria Limited and Afrinvest Capital Limited contributing 33.24% to total issuances in the bonds and CP categories for the review period. In the review period the following Sponsors who occupied top positions were Absa Capital Markets Nigeria Limited, Stanbic IBTC Capital Limited, Rand Merchant Bank Nigeria Limited, FCMB Capital Markets Limited, United Capital PLC, Vetiva Capital Management Limited, Chapel Hill Denham Advisory Limited and Renaissance Securities Nigeria Limited in the bond category. In the CP markets, the top three (3) Sponsors were Stanbic IBTC Capital Limited, ARM Securities Limited and Rand Merchant Bank Nigeria Limited.

### FMDQ Fixed Income Primary Markets Solicitors' League Table (January – March 2023)

The FMDQ Primary Market Solicitors League Table shows the rankings of solicitors of fixed income securities (excluding FGN Bonds and T.bills) listed and/or quoted on FMDQ Exchange.

RANK	BONDS SOLICITORS	RANK	COMMERCIAL PAPERS SOLICITORS
1 <sup>st</sup>	Banwo & Ighodalo	1 <sup>st</sup>	Aluko & Oyeboode
2 <sup>nd</sup>	Aluko & Oyeboode	2 <sup>nd</sup>	Banwo & Ighodalo
3 <sup>rd</sup>	The Metropolitan Law Firm	3 <sup>rd</sup>	Udo Udoma & Belo-Osagie
		4 <sup>th</sup>	The New Practice
		5 <sup>th</sup>	G. Elias & Co.
		6 <sup>th</sup>	Templars
		7 <sup>th</sup>	Mathmer Legal Practitioners
		8 <sup>th</sup>	Advocaat Law Practice
		9 <sup>th</sup>	Olaniwun ajayi
		10 <sup>th</sup>	TOLG Advisors
		11 <sup>th</sup>	Africa Law Practice NG & Company
		12 <sup>th</sup>	Detail Commercial Solicitors
		13 <sup>th</sup>	Chariots and Spirit LP

### Total Market Participation Analysis Q1 2023 (Bond and CP markets)

The most active Solicitor for the review period was Aluko & Oyeboode participating as solicitor in both the bond and CP markets for the review period. Banwo & Ighodalo came in second place participating in both the bond and CP markets while Udo Udoma & Belo-Osagie came in third place participating in the CP market only. The top three (3) solicitors for Q1 2023 contributed 87.19% to total issuances.

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## A Refresher on Derivatives and Exchange-Traded Derivatives

Derivatives are financial instruments that create a right and/or obligation and derives its value from the price or value of an underlying product, rate, index or measure of economic value or event. In simpler terms, Derivatives are legal agreements between two or more parties to trade or exchange cash flows based on the underlying asset at an agreed price on a predetermined date in the future and derive their value from an underlying asset. The underlying assets are financial instruments, such as, commodities, index, exchange rates, interest rates and other products, etc.

Historically, derivatives are said to have existed even in cultures as ancient as Mesopotamia<sup>1</sup> wherein the King passed a decree that if there was insufficient rain leading to insufficient crop produces, lenders would have to forego their debts to the farmers as it would simply be written off. Thus, the farmers were given a derivatives contract by the King, which meant that if certain events unfolded in a certain way, they had the right to simply walk away from their debt obligations. It should be noted that derivatives have been in existence for centuries, with the first recorded use of derivatives dating back to ancient Greece. However, the modern derivatives market emerged in the 1970s, primarily driven by the need for corporations to manage their exposure to risk.

Innovations in the modern financial markets have largely been based on the idea of derivatives. What started as a simple idea in ancient times was later developed into standard contracts during the Chicago Board of Trade era has now become a maze of complex financial instruments and contracts. The asset classes on which derivatives were based have undergone a rapid expansion.

## Types of Derivatives

Derivatives are either traded on an Exchange or over-the-counter (“OTC”), and are generally classified along four (4) contract types, namely:

- **Forwards:** These are bilateral, non-standardised, bespoke derivatives contracts between two (2) parties to buy or sell an underlying asset at an agreed rate/price on a predetermined date in the future
- **Futures:** Futures are standardised forward contracts that obligate parties to buy or sell an underlying asset at a predetermined future date for a set price. Futures are traded on a securities exchange, like FMDQ Exchange.

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<sup>1</sup> Historical region of Western Asia



- **Options:** These are derivatives contracts that give the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price during a specific period of time
- **Swaps:** A swap contract is an agreement between two (2) parties to exchange or swap cashflows based on the underlying asset at an agreed price on a predetermined date in the future. Swaps usually involve the exchange of a fixed cash flow for a floating cash flow. Typically, one party will consent to pay the floating interest rate on a principal amount while the other party will pay a fixed interest rate on the same amount in return

The OTC market is dominated by Forwards and Swaps, while Futures and Options dominate the ETD derivatives market.

### Differences Between OTC Derivatives and ETDs?

It is worthy to note that OTC derivatives are bilaterally negotiated and customised to meet the exact needs of the counterparties to the transactions. On the other hand, ETDs are standardised, mostly anonymously traded, and may not provide perfect hedges. Where derivatives traded OTC are largely considered illiquid and expose the counterparties to significant counterparty risk, ETD markets have mechanisms in place to minimise counterparty risk and are generally more liquid.

The table below highlights differences between OTC and Exchange-Traded Derivatives:

S/N	Over-the-Counter Derivatives	Exchange-Traded Derivatives
1.	Bilateral agreement between two parties	Central Clearing Houses (CCH) or Central Counterparty (CCP) acts as a counterparty to both parties
2.	Collateral is negotiated amongst the counterparties	Margining is in accordance with the CCH/CCP Rules
3.	Credit risk exposure is managed by the counterparties	Credit risk exposure is managed by the CCH/CCP

### Participants in the Derivatives Market

Globally, the participants in the derivatives market can be broadly categorised into the following three (3) groups:

- Hedgers:** Hedgers are risk averse investors that use derivatives to reduce their existing risk or future exposure. An example might be a farmer who sells cattle futures in order to reduce price uncertainty when her herds are finally ready to be sold. Another example might be a bond issuer that uses Interest Rate Swaps to convert their future bond interest obligation to better match their expected future cashflows

- b. **Speculators:** Speculators buy or sell an asset in the expectation of short-term gains. It is risky because the trade can move against the speculator just as quickly, resulting in potentially significant losses
- c. **Arbitrageurs:** Arbitrageurs take advantage of mispricing in assets, resulting in risk-free profits. For example, let us consider a situation where gold futures trade much higher than the Spot price of gold. An arbitrageur may sell the gold future, purchase the Gold in the Spot market now, store it and deliver it into the Futures contract to essentially lock-in riskless profit.

## Why Derivatives?

We have highlighted five (5) uses/benefits of derivatives *inter alia*:

- **Hedging:** Derivatives are commonly used as a tool for hedging against price risks. Putting it simply, derivatives serve as a form of risk insurance
- **Speculation:** Derivatives can be used as a means of speculation, allowing traders to profit from price movements in the underlying assets. Speculators often use derivatives to take on large positions in the market with relatively small amounts of capital
- **Increased Liquidity:** Derivatives can increase liquidity in the underlying market, as they provide an additional avenue for trading and investing
- **Flexibility:** Derivatives can be tailored to suit a variety of investment and risk management needs, allowing investors to customize their exposure to different markets and risks
- **Lower Transaction Cost:** Derivatives can be traded electronically, which can result in lower transaction costs compared to traditional forms of trading

## Conclusion

Derivatives play a vital role in modern financial markets, serving as essential instruments for risk management, speculation, and price discovery. From their origins in commodities trading to their current widespread use in financial markets worldwide, derivatives have proven to be powerful tools that enable market participants to manage risk and gain exposure to a wide range of assets.

However, owing to the complexity and risk involved in participating in the Derivatives market, market participants are advised to have a sound understanding of these products and their associated risks before investing in them.

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