



FMDQ SPOTLIGHT

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C O N T E N T S

- **New Stories**
 - Empowering Minds & Creating Memories: FMDQ Group Wraps up its 2023 Financial Literacy Summer Camp Programme
 - 86th FX Futures Contract Matures and Settles on FMDQ Exchange
- **At a Glance**
 - Update on Clearing and Settlement Activities
 - Update on Admitted Securities on FMDQ Depository
- **FMDQ Exchange Listings & Quotations**
 - Flour Mills of Nigeria PLC Lists ₦46.00 Billion Bond on FMDQ Exchange
 - FMDQ Exchange Admits Saroafrica Funding SPV PLC Commercial Paper Programme on its Platform
 - FMDQ Exchange Supports Infrastructure Development with the Listing of the FGN Roads Ijarah Sukuk on its Platform
 - Zylus Homes and Property Limited Taps the Capital Markets, Registers Commercial Paper Programme on FMDQ Exchange
 - FMDQ Exchange Admits Lionseal Industries Limited's ₦10.00 Billion Commercial Paper Programme on its Platform
 - Golden Oil Funding SPV PLC Joins other Corporates to Raise Finance from the Nigerian Debt Markets
 - FMDQ Exchange Lists Lagos State Government ₦19.82 billion Forward Ijarah Lease Sukuk on its Platform
- **FMDQ Turnover and Dealing Member (Banks) League Table**
 - FMDQ Market Turnover Report (January – July 2023)
 - Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January – July 2023)
- **FMDQ Learning**
 - Beginners Knowledge on FMDQ Exchange-Traded Derivatives Market – Series II



Empowering Minds & Creating Memories: FMDQ Group Wraps up its 2023 Financial Literacy Summer Camp Programme

As part of its commitment to fostering financial literacy in the younger generation, FMDQ Group PLC ("FMDQ Group"), through its flagship corporate responsibility programme, FMDQ Next Generation Financial Markets Empowerment Programme ("FMDQ-Next") - a learning and development initiative aimed at promoting financial market awareness and literacy among students across all levels, primary, secondary, and tertiary, as well as fresh graduates – has successfully completed the 4th edition of its FMDQ-Next Summer Camp Programme ("the Programme") at its business complex, Exchange Place, in Lagos.

The highly successful 2023 Summer Camp Programme, which impacted a total of one hundred and thirty (130) participants from diverse backgrounds, was designed for Primary School (ages 8 – 10) and Secondary School (ages 11–16) students, and delivered in two (2) Streams, between August 2 – 25, 2023. The fully funded FMDQ-Next Programme equipped participants with essential knowledge and skills to navigate the complexities of financial markets, enhanced their understanding of savings and investment, and provided the opportunity to learn about the various investment vehicles, and the roles of the different financial market participants, through educational and interactive exercises and activities. The participants, strictly selected on a first-come, first-served basis, were prestigiously catered for and given a tour of Exchange Place, the FMDQ world-class Archives, as well as quality interaction time with the Chief Executive Officer of FMDQ Group and other senior executives, amongst other activities.

The Secondary School participants of the Programme were granted an additional opportunity to immerse themselves in the world of currency trading within a simulated environment in FMDQ Q-Hub, a state-of-the-art Trading Simulation Room. This cutting-edge platform, powered by the FMDQ-Next bespoke trading system, empowered participants to gain practical experience in trading, identifying potential risks, and effectively managing virtual portfolios with the ultimate goal of making profits. The top three (3) finalists of this competition were honoured with remarkable prizes, including laptops, tablets, as well as future internship positions at FMDQ Group. Acknowledging excellence beyond the Secondary School level, the Primary School participants were not left out of the prize giving as the top three (3) finalists in each Stream were also awarded impressive prizes. In addition to fostering financial markets education, the Programme served as a platform for participants to showcase their artistic talents in music, drama, and arts, with Talent Shows that enabled participants to demonstrate their flair in singing, dancing, playing musical instruments, amongst others.



The parents/guardians and participants expressed their delight at FMDQ Group's effort in empowering the next generation for financial success. Speaking on this, Mrs. Amanda Okafor, a parent who brought her three (3) children from the USA specifically for this Programme, remarked, "I appreciate the Programme's focus, which is educating the younger generation about financial markets in a fun and exciting way. It was truly an enriching and memorable experience for my children. I was particularly impressed by the well-thought-out schedule that balanced financial markets education, recreation, and personal growth. Seeing my children return home each day with a newfound sense of confidence and a genuine excitement to share their experiences was incredibly rewarding". In addition, Nestor Odionyenma, a student at Ray Jacobs Boarding School, Imo State and a Secondary School class participant, stated, "the variety of learning activities offered during the Programme was truly impressive. I have learnt about the financial market instruments such as commodities, equities, treasury bills, derivatives, amongst others, and also learnt about the importance of savings and long-term benefits of investing. I have also made new friends from different backgrounds and age groups, and together, we shared laughter and experiences that I will cherish forever. I sincerely appreciate FMDQ-Next for creating such an engaging and enriching environment".

Also speaking on the Programme, the Group Chief Operating Officer, FMDQ Group, Ms. Kaodi Ugoji, stated "we are extremely proud of the knowledge, enthusiasm, and dedication shown by our

participants throughout the 2023 Summer Camp Programme, and it has indeed been a remarkable journey of learning, growth, and creating lasting memories. By combining theoretical learning with practical experiences, our aim, which was to expose the students to the intricate workings of the financial markets, was achieved". She further commented that "as the Programme comes to an end, we extend our heartfelt gratitude to both our amazing students and their supportive parents/guardians, and we wish all the students the best of luck in their studies and endeavours".

Since FMDQ-Next launched in July 2018, over one thousand and twenty-two (1,022) participants, from primary students, through to fresh graduates, have been positively impacted through four (4) Summer Camps; six (6) Corporate Excursions; eight (8) Virtual Financial Literacy Sessions; fourteen (14) Trading Challenges; and ten (10) Internships with FMDQ Group. The FMDQ-Next initiative is an expression of FMDQ Group's ongoing commitment to continually implement innovative initiatives that ensure a sustainable financial future for the next generation.

[Back to Top](#)

86th FX Futures Contract Matures and Settles on FMDQ Exchange

On Wednesday, August 30, 2023, the 86th FX Futures contract – NGUS AUG 30 2023, with a nominal value of \$0.71 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 \$62.23 billion; with a total of circa \$67.79 billion traded so far.

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-five (85) maturities, introduced a new contract, NGUS AUG 30 2028, for \$1.00 billion at \$/₦1,567.49 to replace the matured contract. The apex bank also refreshed its quotes on the existing 1 to 60-month contracts.

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

Update on Clearing and Settlement Activities

FMDQ Clear, following the activation of its Central Counterparty role, continued to offer bespoke risk management services to de-risk the Nigerian financial markets by eliminating inherent counterparty risks, delivering capital and cost efficiency to its Members, and facilitating settlement finality across all cleared 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	June 2023	July 2023	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	6,253	6,253	N/A
2	Value of Traded & Cleared Contracts (\$'bn)	67.78	67.78	N/A
3	Value of Open Contracts (\$'bn)	6.79	6.26	(7.68)
Settlement				
4	No. of Matured & Settled Contracts	5,806	5,847	0.71
5	Value of Matured & Settled Contracts (\$'bn)	61.00	61.52	0.85

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

S/N	Sovereign Fixed Income	June 2023	July 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	13,611.45	15,943.66	17.13
2	Value of Trades Settled (₦'bn)	11,523.74	12,888.53	11.84
3	Value of Unsettled Trades (₦'bn)	2,087.71	3,055.13	46.34

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

S/N	Non-Sovereign Fixed Income	May 2023	June 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	21.00	0.00	100
2	Value of Trades Settled (₦'bn)	21.00	0.00	100
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	100

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

[Back to Top](#)

Update on Admitted Securities on FMDQ Depository

FMDQ Depository Limited (“**FMDQ Depository**”), as a credible and effective Depository in the Nigerian debt markets, has continued its operations of responsive and unparalleled settlement services for fixed income securities trades with zero incidences of failed settlement cycles and settlement defaults, which is attributable to the Company’s technology platforms, operational and risk management framework.

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

- Lagos State Government ₦115.00 billion Series 1 Fixed Rate Bond under its ₦1.00 trillion Debt and Hybrid Instruments Issuance Programme
- Lagos State Infrastructure Sukuk SPV PLC ₦19.82 billion Series 2 Fixed Return Forward-Ijarah Lease Sukuk under its ₦1.00 trillion Debt and Hybrid Instruments Issuance Programme
- O3 Capital Limited ₦0.75 billion Series 2 Commercial Paper (CP) under its ₦5.00 billion CP Issuance Programme
- AOS Orwell Limited ₦4.12 billion Series 1 CP under its ₦8.00 billion CP Issuance Programme
- Bigoz Logistics Limited ₦0.91 billion Series 2 (Tranche A) CP under its ₦20.00 billion CP Issuance Programme
- River Jamieson SPV Limited ₦15.31 billion Series 1 Fixed Rate Bond under its ₦25.00 billion Private Company Bond Issuance Programme
- Hartleys Supermarket & Stores Limited ₦0.36 billion Series 2, ₦0.35 billion Series 3 and ₦0.10 billion Series 4 CPs under its ₦5.00 billion CP Issuance Programme

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

[Back to Top](#)

Also, the Head, Debt Solutions, FCMB Capital Markets Limited, Mr. Ikechukwu Omeruah, stated "FCMB Capital Markets Limited is delighted to have acted as the Lead Issuing House/Sponsor to the ₦46.00 billion Series 1 bond issuance by Flour Mills. We are committed to providing our clients with distinct, sensible and actionable guidance on a diverse range of funding options with the ultimate view of increasing resources available for strategic planning and enhancing operational efficiency. We are thankful to the Board and Management of Flour Mills for trusting FCMB Capital Markets Limited and the rest of the team of advisers to deliver the successful bond issuance."

As part of its mandate to organise and govern markets within its purview and align the Nigerian debt markets with international best practices and standards, FMDQ Exchange will continue to promote credibility for securities admitted on its platform, through its highly efficient registration, listing and quotation service, instituting requisite world-class standards to drive transparency, governance, market oversight and liquidity to power growth in the Nigerian financial markets.

[Back to Top](#)

FMDQ Exchange Admits Saroafrica Funding SPV PLC Commercial Paper Programme on its Platform

In line with its mandate to facilitate the development of the Nigerian debt markets, FMDQ Exchange continues to use its platform, to ensure the seamless registration, listing, quotation and trading of debt securities in the Nigerian financial markets space. As a result of this, the Board Listings and Markets Committee of the Exchange has approved the **registration of the Saroafrica Funding SPV PLC ₦25.00 billion CP Programme** on its platform.

Saroafrica Funding SPV PLC (the "Issuer") is a special purpose vehicle set up by Saroafrica International Limited ("Saroafrica") to raise finance from the CP market, through the listing of debt securities. Saroafrica is an agricultural commodity exporting company that is involved in the local and international trading of cocoa. Saroafrica has five (5) main subsidiaries - Saro Agrosciences, Saro Agroallied, Saro Lifecare, Saro Oil Palm and Gossy Warm Springs and two (2) joint ventures - AgriSeedCo and Green Hills Agricultural Products. This CP programme, which was sponsored by Afrinvest Capital Limited – a Registration Member (Quotations) of the Exchange, allows Saroafrica to efficiently raise short-term finance from the Nigerian debt markets, through CP issues, within the approved CP Programme limit.

In support of its mandate to deepen the Nigerian financial markets, FMDQ Exchange will continue to support the efficient allocation of capital by providing a credible platform for capital formation and effective intermediation towards fostering economic growth and development. The Exchange will continue to fulfil its market development, organiser, and governance mandates, by providing a cost-

effective, efficient, well-regulated, transparent, and trusted platform where the raising and transfer of capital can take place, whilst adding value to its diverse stakeholder groups.

FMDQ Exchange Supports Infrastructure Development with the Listing of the FGN Roads Ijarah Sukuk on its Platform

In fulfillment of its role as a catalyst for infrastructure capital, FMDQ Exchange continues to use its reputable platform to raise capital for infrastructure development, enhancing quality of life and business activities in the country. The Federal Government of Nigeria (FGN), through the Debt Management Office (DMO), Nigeria has again demonstrated its unrelenting commitment to the development of Nigeria's infrastructure sectors via the Nigerian debt capital markets (DCM), by listing the **Federal Government of Nigeria (FGN) Roads Sukuk 1 PLC ₦130.00 billion Ijarah Sukuk** on FMDQ Exchange's platform.

FGN Roads Sukuk Company 1 PLC (the "Issuer") is a special purpose vehicle established by the Federal Government of Nigeria to raise funds for the construction and rehabilitation of Federal Roads in Nigeria. This Sukuk issuance – sponsored by Stanbic IBTC Capital, Greenwich Merchant Bank Limited, and Vetiva Capital Management Limited – all Registration member (Listings) of the Exchange, will allow the issuer to finance the construction and rehabilitation of several roads across the country. The listing of the ₦130.00 billion Sovereign Sukuk will provide an avenue for Sukuk holders to trade the Sukuk and obtain liquidity for their investments.

In recognition of the crucial role infrastructure plays in enabling sustainable development in the economy, FMDQ Exchange will continue to demonstrate its commitment to projecting the debt markets as the key source to finance for infrastructure growth. The Exchange will continue to promote credibility for securities admitted on its platform, through its highly efficient Securities Admission Service, instituting requisite world-class standards to drive transparency, governance, market oversight and liquidity to power growth in the Nigerian financial markets.

Zylus Homes and Property Limited Taps the Capital Markets, Registers Commercial Paper Programme on FMDQ Exchange

FMDQ Exchange, a wholly owned subsidiary of FMDQ Group, is deeply committed to fostering the growth of the Nigerian debt markets. In pursuit of this commitment, the Exchange offers a platform that facilitates seamless registration, listing, quotation, and trading of debt securities in the Nigerian financial markets. It is in this regard that FMDQ Exchange, through its Board Listings and Markets Committee, granted approval for the **registration of the Zylus Homes and Property Limited ₦10.00 billion CP Programme** on its platform.

Zylus Homes and Property Limited (“**Zylus Homes**” or the “**Issuer**”) is a cutting-edge real estate and investment company, dedicated to increasing access to homes and property ownership in Africa. The CP programme, which is sponsored by Pathway Advisors Limited – a Registration Member (Quotations) of the Exchange – empowers the Issuer to efficiently generate short-term financing from the Nigerian debt markets through CP issuances, all within the bounds of the approved CP Programme.

The admission of the Zylus Homes CP Programme on the FMDQ Exchange’s platform validates the Exchange’s conscious drive to support the goals of corporate businesses and to deepen the Nigerian capital markets by steadfastly availing its efficient platform for the registration, listing and quotation of debt securities. As the leading organiser for the Nigerian debt markets and in its role as a catalyst for infrastructure development, FMDQ Exchange will continue to support Issuers, like Zylus Homes, with tailored financing options to enable them achieve their strategic objectives, while also deepening and effectively positioning the Nigerian debt markets for growth, in support of the realisation of a globally competitive and vibrant economy.

FMDQ Exchange Admits Lionseal Industries Limited’s ₦10.00 Billion Commercial Paper Programme on its Platform

The Nigerian debt markets continue to stand as a sustainable financing option as it provides the efficient mobilisation and allocation of resources in the economy to effectively support corporates looking to expand their business operations. It is against this backdrop that FMDQ Exchange, Nigeria’s largest Securities Exchange by Market Turnover, through its Board Listings and Markets Committee, announced the quotation of the **Lionseal Industries Limited ₦10.00 billion CP Issuance Programme** on its Platform.

Lionseal Industries Limited (“**Lionseal Industries**” or the “**Issuer**”) is an agro-centred company in Nigeria that deals in the manufacturing of various formulations of herbicide, insecticides, fumigants, amongst others. Lionseal Industries also conducts training programmes for farmers, extension agents and distributors on weed eradication, identification and control of pests and diseases, spraying techniques and safety standards. The ₦10.00 billion CP Programme, which is sponsored by Meristem 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. The CP market continues to provide issuers renewed opportunity to grow their businesses and restore the much-needed confidence of investors, whilst contributing to the overall growth of the Nigerian economy.

As an Exchange with a commitment to facilitate growth and development in the Nigerian debt markets and the economy at large, FMDQ Exchange will continue to remain innovative whilst providing timely and cost-efficient Securities Admission Service to support its stakeholders, particularly issuers and investors, towards accessing capital in the Nigerian debt markets, amongst other service offerings.

Golden Oil Funding SPV PLC Joins other Corporates to Raise Finance from the Nigerian Debt Markets

As part of its ongoing commitment to support the growth of the Nigerian debt markets, FMDQ Exchange continues to utilise its platform to facilitate the seamless registration, listing, quotation, and trading of debt securities within the Nigerian financial markets landscape. To this end, the Exchange's Board Listings and Markets Committee has granted approval for the **registration of Golden Oil Funding SPV PLC ₦15.00 billion Asset-Backed CP Programme** on its platform.

Golden Oil Funding SPV PLC (the "**Issuer**") is a Special Purpose Vehicle set up by Golden Oil Industries Limited ("**Golden Oil Industries**") to raise finance from the CP market, through the listing of debt securities. Golden Oil Industries is engaged in the production and supply of healthy oil, such as refined palm oil, palm kernel oil, olein, soybean oil, stearin, soybean meal, soy lecithin, and palm kernel de-oiled cake, as a cooking medium for the consumers in the Nigeria food market. This asset-backed CP Programme, which is sponsored by FSDH Capital Limited (*Lead Sponsor*) and Coronation Merchant Bank Limited (*Co-Sponsor*) - both Registration Members (Quotations) of the Exchange, enables the Issuer to effectively raise short-term capital from the Nigerian debt markets through the issuance of CPs within the established CP Programme limit.

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 continue to sustain its efforts in supporting Issuers, such as Golden Oil Industries, with tailored financing options to enable them to achieve their strategic objectives.

[Back to Top](#)

FMDQ Exchange Lists Lagos State Government ₦19.82 billion Forward Ijarah Lease Sukuk on its Platform

Committed to projecting the Nigerian debt markets as the key source of finance for infrastructure development and as part of its role as a catalyst for infrastructure capital, FMDQ Exchange, is pleased to announce the approval for the **listing of Lagos State Infrastructure Sukuk SPV PLC ₦19.82 billion Series 2 Forward Ijarah Lease Sukuk under its ₦1.00 trillion Debt and Hybrid Instruments Issuance Programme** on its platform. A forward lease sukuk is a debt instrument used to raise funds from non-existent assets whose subject matter does not exist at the time of the sukuk issuance.

The Lagos State Infrastructure Sukuk SPV PLC (the “**Issuer**”) is a special purpose vehicle set up by the Lagos State Government to raise funds from the Nigerian debt markets. The proceeds from the Lagos State Infrastructure Forward Ijarah Lease Sukuk, which is sponsored by Chapel Hill Denham Advisory Limited (*Lead Sponsor*) and Lotus Financial Services Limited (*Co-Sponsor*) – both Registration Member (Listings) of the Exchange, will be used by the Issuer for the construction/rehabilitation of 3.42km of the Awoyaya Section of Eti-Osa, Lekki-Epe Expressway.

As the foremost debt Securities Exchange in Nigeria, FMDQ Exchange will continue to transform the Nigerian debt markets 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 debt markets for growth.

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.

[Back to Top](#)

FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

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

The FMDQ Market Turnover Report details 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, Sukuk & 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 Exchange Market Turnover (January – July 2023)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	22,981,312	44,004
Foreign Exchange Derivatives	17,352,376	34,161
Treasury Bills	11,409,880	21,353
OMO Bills	14,607,764	28,611
CBN Special Bills	9,423,126	18,793
FGN Bonds	15,167,937	29,406
Promissory Notes	1,909	4
Other Bonds*	150	0
Eurobond	97,389	171
Repurchase Agreements/Open Repos	29,495,666	55,513
Unsecured Placements/Takings	1,480,468	2,940
Money Market Derivatives	15,000	29
Commercial Papers	4,600	10
Sukuk Bonds	97,874	172.5
Total	122,135,450	235,168

<i>No. of Business Days</i>	141	141
<i>Average Daily Turnover</i>	866,209	1,668

Average YTD \$/₦ @ 519.35

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), CBN - Central Bank of Nigeria

Source: FMDQ Data Portal as @ August 4, 2023; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January - July 2023 period amounted to ₦122.14 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 33.02% of overall market turnover. Repurchase Agreements (Repos) accounted for 24.15%, whilst transactions in OMO Bills accounted for 11.96%. Bonds, T.bills, CBN Special Bills, Promissory Notes, Unsecured Placements & Takings and Money Market Derivative accounted for 12.58%, 9.34%, 7.72%, 0.002%, 1.21% and 0.01%, of overall market turnover.

FMDQ Dealing Member (Banks) League Table (January - July 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	United Bank for Africa PLC
2	Stanbic IBTC Bank 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	Union Bank of Nigeria PLC

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and Access Bank PLC ranked 1st, 2nd and 3rd positions respectively, based on value traded during the period under review. The top ten (10) Dealing Member (Banks) accounted for 73.94% (₦90.30 trillion), while the top three (3) accounted for 42.55% (₦51.97 trillion) of the overall turnover of trades in the secondary market.

[Back to Top](#)



Beginners Knowledge on FMDQ Exchange-Traded Derivatives Market – Series

II

In our previous article, we started the discussion on FMDQ Exchange-Traded Derivatives (ETD) market, the key participants in the market, users of the ETD product, how the market works, risk management mechanisms, unique selling points and briefly discussed the pioneer products in the FMDQ ETD market. ([Click here to view previous article](#)).

In this edition, we will delve into detailed information about one of the pioneer products in the FMDQ ETD market – the FGN Bond Futures, its features, how the FMDQ FGN Bond Futures market works, users and uses of the product, etc.

Introduction to FMDQ FGN Bond Futures

Designed to enhance the depth and diversity of product offerings in the Nigerian financial markets, FMDQ FGN Bond Futures are financial derivatives that create an obligation for the contract holder to buy or sell an FGN bond on a specified date at a predetermined price. These standardised derivatives contracts are created by and traded on the FMDQ Exchange.

FMDQ FGN Bond Futures Contract Specifications

The FMDQ FGN Bond Futures is characterised by the following features:

S/N	Item	Description
1.	Contract Name	There are six (6) different contract types categorised according to their tenor in years ("Y"), namely 2Y, 5Y, 10Y, 15Y, 20Y and 30Y FGN Bond Futures
2.	Underlying	Sovereign bonds of the Federal Government of Nigeria
3.	Central Counterparty	FMDQ Clear
4.	Trading Hours	9:00 AM – 4:00 PM
5.	Settlement Method	Cash settled in Nigerian Naira
6.	Contract Size	₦50,000,000.00
7.	Expiry Date	Penultimate Thursday in the Contract Expiration Month
8.	Contract Expiry Months	Quarterly - March, June, September, and December
9.	Contract Tenors	Three (3), Six (6), Nine (9), and Twelve (12) Months Contracts
10.	Quote Convention	Futures Price in Percentage Points to two (2) decimal places

How the FMDQ FGN Bond Works

Step	Action	Description
1.	Listing Approval	FMDQ FGN Bond Futures contracts approved by the Securities and Exchange Commission, Nigeria are listed for trading on the FMDQ Q-ex System or another system designated by FMDQ Exchange
2.	Trade Execution	Derivatives Trading Members access the Q-ex Trading System for trade initiation, execution, and management. The Q-ex Trading System offers transparent, competitive pricing and smooth trade execution for FMDQ FGN Bond Futures
3.	Transparency and Price Information	FMDQ Exchange publishes relevant price data for FMDQ FGN Bond Futures via accessible channels to enhance transparency and price discovery
4.	Trade Clearing	FMDQ Clear centrally clears executed trades through novation, assuming roles of buyer and seller
5.	Initial Margin Requirement	Users of FMDQ FGN Bond Futures provide "good-faith-deposit" or Initial Margin to FMDQ Clear to mitigate counterparty risk. FMDQ Clear determines Initial Margin amount for each contract, which is displayed as a percentage of the contract's notional value
6.	Variation Margin Requirement	Open positions in FMDQ FGN Bond Futures are valued daily by FMDQ Clear using the mark-to-market approach as specified in the Contract Specification . The gains/losses from daily valuation are settled as Variation Margins between holders of open positions and FMDQ Clear through the Clearing Members.
7.	Daily Settlement	All Variation Margin obligations are settled before the market opens on the next business day

Users & Uses of FMDQ FGN Bond Futures

As discussed in the previous article, users of FMDQ ETD market include institutions and individuals that have exposure to market risk factors. Similarly, in the FMDQ FGN Bond Futures market, the users of the products vary across banks, non-bank financial institutions and other corporate institutions. The table below shows the summary of the users and uses of FMDQ FGN Bond Futures.

S/N	Uses	Users		
		Banks	Non-Bank Financial Institutions	Other Corporates
1.	Risk Management Tool	Applicable	Applicable	Applicable
2.	Investment Option	Applicable	Applicable	Applicable
3.	Modification of Portfolio Allocation	Not Applicable	Applicable	Not Applicable
4.	Trading Income Generation	Applicable	Applicable	Not Applicable

Legend

	Applicable
	Not Applicable

Conclusion

As we conclude our discussion on FMDQ FGN Bond Futures, it is pertinent to note the key features of the market outlined below:

- FMDQ FGN Bond Futures are standardised derivatives contracts that create an obligation to purchase or sell FGN bond at an agreed date and predetermined price in a bid to hedge against price fluctuation
- These contracts are cash-settled contracts traded on the Q-ex Trading System
- They can be used by Banks, Non-Bank Financial Institutions, and other Corporates to hedge interest rate risk on their FGN bonds and other fixed-income investments

To learn more about the FMDQ FGN Bond Futures and other hedging instruments provided by FMDQ Exchange, kindly visit our [website](#) or contact the Derivatives Business Group at dbg@fmdqgroup.com.

In our next edition, we will discuss the FMDQ Naira-Settled Exchange-Traded FX Futures, as we uncover yet another layer of transformative potential.

[Back to Top](#)

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