



FMDQ SPOTLIGHT

NEWSLETTER EDITION 112 – FEBRUARY 2024





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FMDQ Group PLC Hosts the Nigerian Senate Committee on Capital Market

In a landmark event marking the commencement of impactful market-driven collaborations and successful engagements, the Management of FMDQ Group PLC (“**FMDQ Group**”), Africa's first vertically integrated financial market infrastructure (FMI) group, hosted delegations from the tenth (10th) Senate Committee on Capital Market (the “**Senate Committee**”). Led by the Senate Chairman, Senator Osita Izunaso, the visit took place on Tuesday, February 6, 2024, at Exchange Place. The event was also graced by the Director-General of the Securities and Exchange Commission (**SEC**), Mr. Lamido Yuguda, and Executive Commissioners of the SEC.

The Senate Committee on Capital Market is the legislative arm of the government responsible for providing supervision over the Nigerian capital market and proffering strategic direction, where required, for the associated regulators, operators, and financial market infrastructures such as FMDQ Group. The objective of the courtesy visit by the Senate Committee was to engage the market and enhance their knowledge and capacity towards the development of the Nigerian capital market. The visit was part of the two-day Retreat of the Committee and concluded with the delegation's visit to FMDQ Group.

In her Welcome Address, Ms. Tumi Sekoni, Managing Director, FMDQ Securities Exchange Limited, representing the Chief Executive Officer, FMDQ Group, Mr. Bola Onadele. Koko, expressed gratitude to the Senate Committee and the SEC for their visit, reiterating the importance of continuous engagements with the Senate Committee to proffer solutions to challenges in the capital market through legislation and other collaborative initiatives. Ms. Sekoni stated that “at FMDQ, we advocate for the strength of partnerships with the government, regulators, and market participants as we recognise the critical role of a collaborative approach in our relentless pursuit of excellence in our operations to fortify the resilience of our capital market”. She concluded by acknowledging and applauding the SEC's commitment to the development of FMDQ Group, thus contributing significantly to the strength and resilience of the Nigerian financial landscape.

The Senate Committee Chairman commended FMDQ Group for its remarkable endeavours in deepening and fortifying the Nigerian capital market, through its subsidiaries FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited and FMDQ Private Markets Limited. He also lauded the advancement made by FMDQ Group, referring to it as a “21st Century Digital Exchange and the future of the Nigerian capital market”.

The visit concluded with a reaffirmation of the commitment from the Senate Committee, the Commission, and FMDQ Group to collaborate further in deepening and developing a credible, innovative, and transparent capital market, thereby elevating Nigeria's position on the global financial stage.

FMDQ Group Launches State-of-the-Art Crèche for its Staff

As part of its dedication to fostering a family-friendly workplace, FMDQ Group reaffirms its commitment to its Staff by inaugurating a crèche facility, at Exchange Place, ushering in a new era of support for working parents. This initiative underscores FMDQ Group's commitment to fostering a supportive work environment that enables staff to balance their professional responsibilities with family obligations.

The newly launched crèche, christened 'Q-Kiddies', will provide a safe, nurturing, and convenient childcare solution for FMDQ employees, allowing them to focus on their roles with peace of mind. Equipped with modern amenities and staffed by qualified childcare professionals, the facility ensures that parents within the Organisation can maintain productivity while nurturing their families. This initiative aligns with FMDQ Group's broader efforts to promote work-life balance and employee satisfaction, reflecting its values of inclusivity, care, and support for its workforce.

According to Ms. Kaodi Ugoji, Group Chief Operating Officer, FMDQ Group, "Q-Kiddies represents a significant step forward in supporting our working parents, underscoring FMDQ Group's commitment to fostering a family-friendly workplace. We are excited to offer this essential amenity to our growing staff, ushering in a new era of support and convenience for our employees". As FMDQ Group continues to prioritise the holistic well-being of its employees, the crèche facility stands as a testament to its ongoing commitment to fostering a thriving workplace culture.

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92nd FX Futures Contract Matures and Settles on FMDQ Exchange

On Wednesday, February 28, 2024, the 92nd FX Futures contract – NGUS FEB 28 2024, with a nominal value of \$0.35 billion, 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 \$65.51 billion; with a total of circa \$67.79 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**").

FMDQ Exchange introduced a new contract, NGUS FEB 28 2029 with a rate of \$/₦3,622.54, replacing the matured contract. Furthermore, the Exchange has updated its quotes for existing 1 to 60-month contracts. The contracts quotes are published daily on FMDQ's website at www.fmdqgroup.com

[Click here to view Open Cleared Naira-Settled Non-Deliverable Forwards Contracts](#)

Update on Clearing and Settlement Activities

Given its status as a Central Counterparty, FMDQ Clear continues to provide clearing services in the Nigerian financial markets to eliminate counterparty default risk, ensure settlement finality, improve the integrity, resilience and stability of 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 2023	January 2024	Change (%)
Clearing				
1	No. of Cleared Contracts	6,255	6,255	N/A
2	Value of Cleared Contracts (\$'bn)	67.79	67.79	N/A
3	Value of Open Contracts (\$'bn)	3.20	2.63	(17.87)
Settlement				
4	No. of Matured & Settled Contracts	6,065	6,093	0.46
5	Value of Matured & Settled Contracts (\$'bn)	64.59	65.16	0.88

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

S/N	Sovereign Fixed Income	December 2023	January 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	16,303.14	16,613.17	1.90
2	Value of Trades Settled (₦'bn)	13,850.19	14,395.37	3.94
3	Value of Unsettled Trades (₦'bn)	2,452.95	2,217.80	9.59

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

S/N	Non-Sovereign Fixed Income	December 2023	January 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	12.35	14.72	19.20
2	Value of Trades Settled (₦'bn)	12.35	14.72	19.20
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	N/A

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

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Update on Admitted Securities on FMDQ Depository

FMDQ Depository Limited (“**FMDQ Depository**”), registered by the Securities Exchange Commission, Nigeria (SEC), is positioned to provide a safe depository for financial markets assets, as well as facilitate the settlement of capital market transactions.

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

- Daraju Industries Limited ~~₦~~0.46 billion Series 16 and ~~₦~~5.10 billion Series 17 Commercial Papers (CPs) under its ~~₦~~20.00 billion CP Issuance Programme
- Skymark Partners Limited ~~₦~~1.54 billion Series 20, ~~₦~~0.80 billion Series 21 and ~~₦~~1.70 billion Series 22 CPs under its ~~₦~~10.00 billion CP Issuance Programme
- Afrinvest (West Africa) Limited ~~₦~~5.00 billion Series 1 and ~~₦~~5.00 billion Series 2 CPs under its ~~₦~~25.00 billion CP Issuance Programme
- Robust International Commodities Limited ~~₦~~7.69 billion Series 15 CP under its ~~₦~~30.00 billion CP Issuance Programme
- SKLD Integrated Services Limited ~~₦~~0.74 billion Series 8 and ~~₦~~0.56 billion Series 9 CPs under its ~~₦~~2.00 billion CP Issuance Programme
- Coleman Technical Industries ~~₦~~2.25 billion Series 11 and ~~₦~~17.75 billion Series 12 CP under its ~~₦~~30.00 billion CP Issuance Programme

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

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FMDQ LISTINGS & QUOTATIONS

Climax Lubricant Industries Limited Debuts its ₦10.00 billion Commercial Paper Programme on FMDQ Exchange

The Nigerian debt markets continue to serve as a sustainable financing avenue, efficiently mobilising and allocating resources to support corporate expansion in the economy. Committed to the continuous development of the Nigerian financial markets, FMDQ Exchange, a wholly owned subsidiary of FMDQ Group, has through its Board Listings, Markets and Technology Committee, approved the **registration of Climax Lubricant Industries Limited ₦10.00 billion CP Programme** on its platform in February 2024.

Climax Lubricant Industries Limited (the “**Issuer**”) is a Nigerian based company specialising in the manufacturing and distribution of lubricants for various mechanical devices across industries such as automotive, industrial, marine, and other specialty applications. Serving both local and foreign customers, the Issuer prides itself on delivering quality products at competitive prices. Sponsored by Pathway Advisors Limited, a Registration Member (Quotations) of the Exchange, the CP Programme empowers the Issuer to efficiently raise short-term finance from the Nigerian debt markets through CP issuances within the Programme limit.

FMDQ Exchange is dedicated to fostering growth in the Nigerian debt markets and economy. Through innovative practices and timely, cost-efficient Securities Admission Service offering, the Exchange supports stakeholders, including issuers and investors, in accessing capital and other essential services.

FMDQ Exchange Admits Dangote Refinery PLC Commercial Paper Programme on its platform

FMDQ Exchange, Nigeria’s largest Securities Exchange by market turnover, with an annual average of c. ₦177.49 trillion over the last ten (10) years), through its Board Listings and Markets Committee, approved the **registration of Dangote Sugar Refinery PLC ₦150.00 billion CP Programme** on its platform in February 2024. The successive and successful admittance of this CP programme, along

with other securities admitted so far in the year 2024, attests to the efficient and uniquely tailored listing and quotation service offered by FMDQ Exchange.

Dangote Sugar Refinery PLC (the “**Dangote Sugar Refinery**”) is a leading sugar manufacturer in Nigeria, known for its dedication in producing quality and innovative refined sugar products. With a focus on sustainability and customer satisfaction, it plays a pivotal role in fulfilling the sugar needs of the Nigerian market. This CP Programme, sponsored by Stanbic IBTC Capital Limited (*Lead Sponsor*); Absa Capital Markets Nigeria Limited and Greenwich Merchant Bank Limited (*Co-Sponsors*) – all Registration Member (Quotations) of the Exchange, enables Dangote Sugar Refinery to efficiently raise short-term finance from the Nigerian debt markets through CP issuances within the Programme limit. By leveraging the Exchange’s robust platform, Dangote Sugar Refinery gain access to a wide range of qualified institutional investors.

As Dangote Sugar Refinery and numerous other corporates successfully meet their funding needs, while contributing to the nation’s development through their activities in the debt capital markets, FMDQ Exchange remain dedicated to taking crucial steps towards upgrading and aligning the Nigerian financial markets in line with its mandate to deepen the sophistication of the markets.

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FMDQ Exchange Admits Fewchore Finance Company Limited Commercial Paper Programme on its platform

As part of its mandate to accelerate the growth of the Nigerian financial markets, FMDQ Exchange, continues to enhance its service offerings and generate long-term value for its stakeholders in the Nigerian debt markets. In this regard, the Exchange, through its Board Listings and Markets Committee, has announced the **registration of Fewchore Finance Company Limited ₦5.00 billion CP Issuance Programme** on its platform in February 2024.

Fewchore Finance Company Limited (the “**Issuer**”) is a Nigerian-based company licensed by the Central Bank of Nigeria to provide flexible and affordable instant loans with actionable financial advisory services, as well as high-return investment opportunities. This CP Programme, which is sponsored by United Capital PLC - a Registration Member (Quotations) of the Exchange, empowers the Issuer to efficiently raise short-term finance from the Nigerian debt markets through CP issuances within the Programme limit.

As a Securities Exchange dedicated to fostering growth and development in the Nigerian debt markets and the broader economy, FMDQ Exchange remains steadfast in its commitment to advancing the financial landscape of the nation. With a focus on promoting an efficient, transparent, and closely regulated marketplace, we strive to create an environment that attracts and sustains the interest of both domestic and foreign investors. Our unwavering dedication to excellence, coupled with our relentless pursuit of growth and development, positions FMDQ Exchange as a pivotal player in advancing the Nigerian debt markets and contributing to the overall economic prosperity of the nation.

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

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

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

The FMDQ Market Turnover Report shows the turnover on all products traded in the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, CBN Special Bills, Promissory Notes, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational), 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 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 2024)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	4,033,798	4,370
Foreign Exchange Derivatives	4,208,702	4,559
Treasury Bills	1,962,606	2,126
OMO Bills	2,297,194	2,489
CBN Special Bills	897,891	973
FGN Bonds	1,997,622	2,164
Promissory Notes	8,339	9
Other Bonds*	-	-
Eurobond	24,307	26
Repurchase Agreements/Open Repos	5,580,870	6,046
Unsecured Placements/Takings	60,100	65
Money Market Derivatives	-	-
Commercial Papers	-	-
Sukuk Bonds	166,360	180
Total	21,237,789	23,008

No. of Business Days	19	19
Average Daily Turnover	1,117,778	1,211

Average Year-to-Date (YTD) \$/₦ @ 923.07

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) or CBN

Source: FMDQ Data Portal as @ February 9, 2024; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for January 2024 period amounted to ₦21.24 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 38.81% of overall market turnover. Repurchase Agreements (Repos) accounted for 26.28%, whilst transactions in OMO Bills accounted for 10.82%. Bonds, T.bills, CBN Special Bills, Promissory Notes and Unsecured Placements & Takings accounted for 10.30%, 9.24%, 4.23%, 0.04% and 0.28% of overall market turnover.

FMDQ Dealing Member (Banks) League Table (January 2024)

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	FIRST BANK OF NIGERIA LIMITED
4	ACCESS BANK PLC
5	ZENITH BANK PLC
6	ECOBANK NIGERIA LIMITED
7	CORONATION MERCHANT BANK LIMITED
8	FIRST CITY MONUMENT BANK LIMITED
9	STERLING BANK PLC
10	UNION BANK OF NIGERIA PLC

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and First Bank of Nigeria Limited ranked 1st, 2nd and 3rd positions respectively, based on value traded for the review period. The top ten (10) Dealing Member (Banks) accounted for 71.63% (₦15.21 trillion) of the overall turnover of trades in the secondary market, with the top three (3) accounted for 41.62% (₦8.84 trillion).

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Understanding FX Market Products

The previous article provided an overview of the Foreign Exchange (FX) market, outlining its characteristics and structure while highlighting how the FX market operates as a vital cog in the global financial ecosystem, facilitating international trade, commerce, and finance. (Click [here](#) to view previous article)

This article delves into the various FX market products prevalent in both the global and Nigerian financial markets, which enables financial market participants to execute diverse financial strategies and manage risks in international trade and investment.

Types of FX Market Products

FX market products are diverse, each with specific features that cater to the needs of different market participants. Understanding these products is pivotal for investors and other relevant market stakeholders to navigate the FX market effectively.

FX market products are discussed in more detail below:

- **FX Spot Market:** The FX spot market is where currencies are bought and sold for immediate delivery. It is the most straightforward and widely traded segment of the FX market. Participants in the spot market include banks, corporations, hedge funds, and individual traders. In Nigeria, the FX spot market operates through Authorised Dealers, who are commercial banks licensed by the Central Bank of Nigeria. Transactions in the FX spot market are settled on a T+2 basis, meaning the exchange of currencies occurs two (2) business days after the trade date
- **FX Derivatives Market:** The FX derivatives market is where currencies are bought and sold for future delivery. The major products in the FX derivatives market include FX forwards, FX futures, FX swaps and FX options.
 - **FX Forwards:** FX forwards are customised FX financial contracts that allow two (2) counterparties to agree on a specific exchange rate (also called “**Forward Rate**” or “**Forward Price**”) today at which they will trade currencies at a future date, beyond the standard two-business-day (T+2) settlement period. These contracts obligate the counterparties to complete the transaction at the agreed forward rate on the agreed-upon settlement date, which may be weeks, months, or even years in the future. In Nigeria, the Cleared Naira-Settled Non-Deliverable Forwards contracts available on FMDQ Exchange is an example of an FX forward (albeit a hybrid product of a forward and a futures)

- **FX Futures:** FX Futures are standardised financial contracts traded on organised exchanges and are backed by a clearinghouse, which reduces counterparty risk. FX Futures require two (2) parties to exchange a specific amount of one currency for another currency at a predetermined price (also called “**Futures Rate**” or “**Futures Price**”) agreed today for settlement on a specified future date. An example of FX Futures in the Nigerian financial market is the FMDQ FX Futures products available on FMDQ Exchange. Furthermore, a major distinction between FX Forwards and FX Futures are that FX Forwards are customised contracts while FX Futures are standardised contracts
- **FX Swaps:** FX swaps are bespoke financial contracts that involves exchanging a series of cashflows. It can be x-rayed as a contract that simultaneously combines a spot transaction and a forward transaction into a single agreement. FX swaps are used to exchange one currency for another using a specific exchange rate at the spot date while simultaneously agreeing to reverse the exchange at a future date
- **FX Options:** FX options are financial products that provide the holder with the right (but not the obligation) to buy, sell, or exchange currencies at an agreed-upon exchange rate on a future date. To acquire this right, the option holder pays an upfront premium. FX options offer flexibility, as they can be exercised if the agreed exchange rate becomes favourable (“in-the-money” i.e., if that agreed exchange rate for the FX option contract is better than the FX rate available in the market at option expiry)

Conclusion

In conclusion, FX products are indispensable tools in the global and Nigerian financial markets, allowing participants to navigate the complexities of currency trading and risk management. The sophistication of these products continues to evolve, driven by market demand, innovation, and regulatory developments. As the Nigerian market integrates further with the global financial system, the role of FX products and the regulatory framework surrounding them becomes increasingly pivotal in fostering liquidity, stability, and efficiency in currency markets.

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