



# ***FMDQ SPOTLIGHT***

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 **FMDQ** 



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## FMDQ Group 2023 Highlights and Outlook for 2024

In 2023, the Nigerian financial markets experienced a dynamic and transformative year marked by significant developments. The market witnessed robust growth and increased investor confidence, fueled by positive economic indicators and government initiatives aimed at bolstering the financial sector. Key sectors, including banking, telecommunications, and energy, played pivotal roles in driving market performance, with several companies recording impressive financial results. Overall, 2023 was a year of positive momentum and strategic advancements in the Nigerian financial markets, reflecting the resilience and potential of the country's financial landscape.

FMDQ Group PLC ("**FMDQ Group**" or the "**Group**") remained committed to delivering value to its diverse stakeholder groups, acknowledging its pivotal role as a crucial financial market infrastructure group within the Nigerian economy. The Group, in collaboration with its wholly owned subsidiaries – FMDQ Securities Exchange Limited ("**FMDQ Exchange**" or the "**Exchange**"), FMDQ Clear Limited ("**FMDQ Clear**"), FMDQ Depository Limited ("**FMDQ Depository**"), and FMDQ Private Markets Limited ("**FMDQ Private Markets**") – stayed dedicated to promoting innovative solutions and delivering efficient services.

Memorable highlights from events in 2023 across FMDQ Group and its subsidiaries are captured below:

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

To start the year 2023, FMDQ Group joined the South Africa-Nigeria Business Chamber ("**SA-NBC**" or the "**Chamber**"). The SA-NBC is a privately funded, not-for-profit, membership-driven enterprise based in Johannesburg and registered with the Companies and Intellectual Property Commission, South Africa. The SA-NBC was formed in 2005 by companies from Nigeria and South Africa as a resource for bilateral trade and investment and it is the only officially recognised organisation in South Africa facilitating business between Africa's two biggest economies. Some of the benefits accruable to FMDQ Group as a member of the Chamber include the opportunity to engage with a network of companies with specific expertise and experience in the South Africa-Nigeria business axis and advocacy on issues affecting the bilateral relationship of both nations, amongst many others.

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

In furtherance of the advancement of its business development agenda through strategic alignment with relevant international professional bodies, FMDQ Depository became a member of the International Securities Services Association (**ISSA**). ISSA, founded over forty (40) years ago, is a global

industry association that facilitates collaboration with its members and provides the leadership necessary to drive changes in the securities services industry. As a member of ISSA, FMDQ Depository is entitled to the Association's membership benefits such as access to learning and education, best practices and principles in the global securities services industry, networking opportunities and provision of support for FMDQ Depository's service development, risk reduction strategies and operational efficiencies, with the aim of positioning the Company to provide cutting edge solutions to clients and engage optimally with stakeholders.

### **FMDQ Group Joins the Global Community in Commemorating the 2023 International Women's Day**

FMDQ Group joined the global community in commemorating the 2023 International Women's Day, by joining one hundred and twenty-three (123) other global exchanges and central counterparties to participate in the "Ring the Bell for Gender Equality" Ceremony, which held at Exchange Place. The Bell Ringing ceremony is an initiative of the World Federation of Exchanges in partnership with Sustainable Stock Exchanges Initiative, United Nations (UN) Global Compact, International Finance Corporation and UN Women, to raise awareness about the importance for women's economic empowerment, and the available opportunities for the private sector to advance gender equality and sustainable development.

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

FMDQ Group and Financial Sector Deepening (FSD) Africa - the Implementing Partners of the Nigerian Green Bond Market Development Programme - organised a two-day event in April 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.

### **Nigeria Launches a 10-Year National Housing Strategy Blueprint to Provide Quality Housing for Nigerians**

The Federal Ministry of Works and Housing, in collaboration with FMDQ Group and the Office of the Vice President of Nigeria, took a significant stride in addressing Nigeria's housing challenges with the launch of the highly anticipated 10-Year National Housing Strategy Blueprint ("**Housing Blueprint**") for Nigeria. The Housing Blueprint was officially launched by the Former Honourable Minister of Works and Housing, Mr. Babatunde Raji Fashola, SAN, CON, in Abuja in May 2023. The Housing Blueprint, a collaborative effort between the Federal Ministry of Works and Housing, FMDQ Group, the Office of the Vice President of Nigeria, PricewaterhouseCoopers and other key housing stakeholders outlines a holistic approach to tackle Nigeria's housing deficit and create a vibrant housing market.

## **FMDQ-Next Commemorates Children’s Day, Holds Excursion for Secondary Schools**

In line with FMDQ Group’s Corporate Responsibility Agenda, and its focus on promoting financial literacy for the next generation, FMDQ Group, through its flagship corporate responsibility programme, FMDQ Next Generation Financial Markets Empowerment Programme (“**FMDQ-Next**”), commemorated the 2023 Children’s Day by hosting students from Caro Favoured School and Prince Charles International School, on a one-day excursion at FMDQ’s business complex, Exchange Place, in May 2023. The excursion was marked by a series of captivating events that provided the participating students and their tutors with a multifaceted learning experience. Commencing with a tour of Exchange Place, the students were given an exclusive opportunity to delve into the intricacies of FMDQ Group as a company and the wide array of business services it offers.

## **FMDQ Exchange-Traded Derivatives Market Goes Live**

July 2023 marked yet another significant milestone in the Nigerian financial markets as FMDQ Exchange and FMDQ Clear, with the support of the Securities and Exchange Commission, the Central Bank of Nigeria, and the Debt Management Office, Nigeria, went live with the introduction of the dynamic FMDQ ETD market, making it possible for market stakeholders – corporates, foreign & domestic investors and pension fund administrators – to hedge inherent financial market risks in their operational and investment activities, providing an opportunity to convert risk to financial security, which in turn will help attract capital flows, reduce cost of capital, promote market liquidity, and ultimately deepen the Nigerian financial markets. The ETD Market went live with two (2) pioneer products - the FGN Bond Futures and Naira-Settled Exchange-Traded FX Futures (**NSEFF**) - which are traded and cleared on world-class FMDQ ETD systems, the FMDQ Q-ex Trading System and FMDQ Q-ex Clearing System, respectively.

## **FMDQ Group PLC Holds 11<sup>th</sup> AGM; Achieves Remarkable Progress Despite Slow Economic Growth**

Having successfully navigated the challenging operating environment of 2022, FMDQ Group released its 2022 Annual Report and Accounts at its recently held 11<sup>th</sup> Annual General Meeting (**AGM**). Presiding over the AGM, which was held as a hybrid event, the Group Chairman (now retired), FMDQ Group, Dr. Kingsley Obiora, OFR, in presenting the Annual Report and Accounts of FMDQ Group to its shareholders, commended the continued resilience of the FMDQ markets despite the challenging year in the global and domestic markets, with the uncertainties faced in the macroeconomic environment, such as increased inflation, rising interest rates, sustained illiquidity of the FX market, as well as the geopolitical turmoil, including the Russia-Ukraine war, amongst others.

## **FMDQ Group Holds its 2023 Financial Literacy Summer Camp Programme**

FMDQ Group, through its flagship corporate responsibility programme, FMDQ-Next, successfully completed the fourth (4<sup>th</sup>) 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, in August 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.

### **FMDQ Exchange Holds Naira-Settled Exchange-Traded FX Futures Webinar Session for End-Users**

Further to the activation of the FMDQ ETD market with the introduction of two (2) pioneer products – FGN Bond Futures and Naira-Settled Exchange-Traded FX Futures, FMDQ Exchange organised a webinar Session to drive participation in the FMDQ ETD market and boost the knowledge of stakeholders in the recently introduced FMDQ ETD market (the “**Session**”). The Session which held in September 2023, themed, “Navigating FX Market Volatility with FMDQ Exchange-Traded FX Futures”, was organised to sensitise end users in the FMDQ ETD market, particularly on the FX Futures, exploring the market structure, features, applicability as well as providing a comprehensive comparison vis-à-vis the extant Naira-Settled Non-Deliverable Forwards.

### **FMDQ Group Joins the Global Financial Markets Community to Commemorate the 2023 World Investor Week**

For the fourth (4<sup>th</sup>) consecutive year, FMDQ Group joined the global financial markets community to commemorate the seventh (7<sup>th</sup>) edition of the World Investor Week (“**WIW**”) which held in October 2023. The 2023 WIW themes align with FMDQ Group as our dedication to financial literacy and investor education, as well as the protection of their interests, drives FMDQ to develop innovative and sustainable initiatives in the Nigerian financial landscape. FMDQ is committed to creating markets which, in addition to being globally competitive, provides an environment where the interests of investors are protected.

### **FMDQ Group Recognises Excellence in the Nigerian Financial Markets: Announces Winners of its 6<sup>th</sup> Annual GOLD Awards**

In continuation of its corporate tradition of recognising the invaluable contributions of market participants in fostering growth in Nigeria’s Fixed Income, Currencies, and Derivatives markets, FMDQ Group proudly announces the winners of the 2023 FMDQ GOLD Awards. Now in its sixth (6<sup>th</sup>) year, the FMDQ GOLD Awards was launched to commemorate FMDQ’s first (1<sup>st</sup>) Lustrum. The 2023 FMDQ GOLD Awards, duly verified by Ernst & Young, Nigeria, a global assurance services firm, were presented across three (3) broad Award Categories – Primary Market Awards, Secondary Market Awards & FMDQ Members’ & Clients’ Choice Awards [which afforded FMDQ Exchange Members and Clients an opportunity to nominate and vote active participants across the fixed income and currencies markets] – saw twenty-seven (27) Awards and twenty-eight (28) Award winners (including two (2) joint

winners). The validated results, including winners, nominees, finalists, and award descriptions, can be found on the FMDQ GOLD Awards website – [www.fmdqgroup.com/goldawards/](http://www.fmdqgroup.com/goldawards/).

### **FMDQ Group Celebrates a Decade of Innovation in the Nigerian Financial Markets**

FMDQ Group celebrated a decade of innovation in the Nigerian financial markets on November 7, 2023, marking its illustrious journey at the FMDQ 10<sup>th</sup> Anniversary event held on November 10, 2023, in Lagos. This prestigious occasion brought together key stakeholders, industry leaders, and esteemed guests from local and international jurisdictions to honour FMDQ's dedicated decade of service to the Nigerian financial markets. The event was an evening of reflection, entertainment, and recognition, highlighting FMDQ's commitment to excellence and its pivotal role in the growth and development of Nigeria's financial landscape.

### **FMDQ Group Joins Other Global Exchanges for the Inaugural Ring the Bell for Climate**

In line with its commitment to environmental sustainability and climate finance, FMDQ Group joined one hundred and twenty-three (123) other global exchanges and central counterparties to participate in the inaugural Ring the Bell for Climate Initiative (the "Initiative") on December 11, 2023, at the Exchange Place. The Initiative, a concept of the World Federation of Exchanges (WFE), is aimed at promoting sustainable and climate-friendly business practices within the global financial sector.

### **Outlook for 2024**

As we enter 2024, marking the beginning of the next decade of FMDQ Group's presence in the Nigerian financial markets, the organisation's visions and objectives remain as bold and ambitious as ever. Despite the current challenging market conditions in Nigeria and globally, FMDQ Group remains steadfast in its commitment. Through unwavering determination and collaborative efforts, we aim to capitalise on the opportunities within our business environment, striving for a performance that further demonstrates the resilience of our brand.

Some of the key market development initiatives to look forward to in 2024, include but are not limited to:

- Expansion of FMDQ Exchange's Derivatives Product Bouquet
- Launch of the FMDQ Equity Market
- Activation of Bi-lateral Repurchase (**Repo**) Agreement with Collateral Management Product
- Launch of Lodge and Launch Initiative for the Commercial Paper (**CP**) Market
- Activation of Central Counterparty Services for Fixed Income Spot and Repo Markets
- Launch of ARTIS DealRoom, a digital platform developed to provide small and medium-sized enterprises with financing to optimise their supply chain activities
- Activation of a new subsidiary - FMDQ Venture Capital Limited

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

On Wednesday, December 27, 2023, the 90<sup>th</sup> FX Futures contract – NGUS DEC 27 2023, with a nominal value of \$0.35 billion, 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 \$64.59 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.

The contracts quotes are published daily on FMDQ's website at [www.fmdqgroup.com](http://www.fmdqgroup.com)

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



## Update on Clearing and Settlement Activities

FMDQ Clear, Nigeria's foremost Central Counterparty, continues to drive efficiency in its operations, delivering value to the Nigerian financial markets and making it seamless for investors to clear and manage their risks effectively.

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	October 2023	November 2023	Change (%)
<b>Clearing</b>				
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)	4.16	3.55	(14.67)
<b>Settlement</b>				
4	No. of Matured & Settled Contracts	5,981	6,028	0.79
5	Value of Matured & Settled Contracts (\$'bn)	63.62	64.24	0.97

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

S/N	Sovereign Fixed Income	October 2023	November 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	10,097	19,451.10	92.64
2	Value of Trades Settled (₦'bn)	9,043	16,739.69	85.11
3	Value of Unsettled Trades (₦'bn)	1,054	2,711.41	157.25

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

S/N	Non-Sovereign Fixed Income	September 2022	October 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	0.00	0.00	0.00
2	Value of Trades Settled (₦'bn)	0.00	0.00	0.00
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	0.00

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

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

FMDQ Depository, the choice securities depository for the Nigerian capital market, has continued to leverage on the collaboration of its stakeholders to deliver on its operational mandate, to implement value-added products and service offerings.

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

- Zylus Homes and Property Limited Issue of ₦0.52 billion Series 1 Commercial Paper (CP) under its ₦10.00 billion CP Issuance Programme
- Valency Agro Nigeria Limited ₦0.67 billion Series 24 and ₦1.26 billion Series 25 CPs under its ₦40.00 billion CP Issuance Programme
- Saroafrica Funding SPV PLC ₦0.64 billion Series 1 and ₦9.81 billion Series 2 CPs under its ₦25.00 billion CP Issuance Programme
- Fidson Healthcare PLC ₦1.05 billion Series 5 and ₦3.95 billion Series 6 CPs under its ₦10.00 billion CP Issuance Programme
- Sundry Foods Funding SPV PLC ₦5.50 billion Series 2 Fixed Rate Bond under its ₦20.00 billion Multi-Instrument Debt Issuance Programme
- Neveah Limited ₦0.48 billion Series 14 and ₦1.90 billion Series 15 CPs under its ₦20.00 billion CP Issuance Programme
- MTN Nigeria Communications PLC ₦2.93 billion Series 8 and ₦49.97 billion Series 9 CPs under its ₦250.00 billion CP Issuance Programme
- ZSG SPV Limited ₦13.10 billion Series 2 Fixed Rate Bond under its ₦20.00 billion Private Bond Programme
- SKLD Integrated Services Limited ₦0.22 billion Series 6 and ₦0.10 billion Series 7 CPs under its ₦2.00 billion CP Issuance Programme
- Bigoz Logistics Limited ₦0.15 billion Series 2 (Tranche C) CP under its ₦20.00 billion CP Issuance Programme
- Robust International Commodities Limited ₦0.21 billion Series 13 and ₦2.56 billion Series 14 CPs under its ₦30.00 billion CP Issuance Programme
- Skymark Partners Limited ₦0.94 billion Series 17, ₦0.47 billion Series 18, ₦0.18 billion Series 19 CPs under its ₦10.00 billion CP Issuance Programme
- CC Receivables SPV Limited ₦50.00 billion Guaranteed CP Discrete Issuance
- Hartleys Supermarkets and Stores Limited ₦0.28 billion Series 5 and ₦0.40 billion Series 6 CPs under the ₦5.00 billion CP Issuance Programme
- Credit Direct Limited ₦5.00 Series 1 and ₦5.00 billion Series 2 CPs under its ₦10.00 CP Issuance Programme

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

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## FMDQ LISTINGS & QUOTATIONS

### **Stanbic IBTC Bank PLC Registers its ₦100.00bn Multicurrency Commercial Paper Programme on FMDQ Exchange**

FMDQ Exchange, through consistent collaboration with its stakeholders, continues to deepen and effectively position the Nigerian debt markets for growth in support of the realisation of a globally competitive and vibrant economy. In keeping with its commitment to providing a reliable and credible platform to support capital formation, the Exchange approved the registration of the **Stanbic IBTC (“Stanbic IBTC Bank” or the “Issuer”) Bank Limited ₦100.00 billion Multicurrency CP Programme** on its Platform.

Stanbic IBTC Bank Limited, a subsidiary of Stanbic IBTC Holdings PLC, is a commercial bank in Nigeria that offers a wide range of personal and business banking, as well as investment and wealth management services, through its over one hundred and eighty (180) branches across Nigeria and online banking platforms. The Stanbic IBTC Bank CP Programme, which is sponsored by Stanbic IBTC Bank Limited – a Registration Member (Quotations) of FMDQ Exchange. As is the corporate tradition, this CP Programme will be availed the benefits of the value-driven listings and quotations service provided by FMDQ Exchange, including global visibility through its website and systems, liquidity credible price formation and continuous information disclosure to protect investor interest, amongst others.

As a Securities Exchange with a commitment to facilitate growth and development in the Nigerian debt markets and the economy at large, FMDQ Exchange will continue to show its commitment to promoting an efficient, transparent, and well-regulated markets, which will attract and retain both domestic and foreign investors.

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### **FMDQ Exchange Approves the Quotation of the Saroafrica Funding SPV PLC ₦10.45bn Commercial Papers on its Platform**

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 satisfy this requirement by providing affordable and quick way to get capital, thereby helping corporates diversify their funding. Having successfully met the FMDQ Exchange Commercial Paper Quotation requirements and following the subsequent approval of the

Board Listings and Markets Committee of FMDQ Exchange, the **Saroafrica Funding SPV PLC ₦0.64 billion Series 1 and ₦9.81 billion Series 2 CPs under its ₦25.00 billion CP Programme** was admitted on the Exchange's platform on December 21, 2023.

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. The net proceeds from the CPs which are sponsored by Afrinvest Capital Limited (*Lead Sponsor*), Alpha Morgan Capital Advisory Partners Limited, Coronation Merchant Bank Limited, EDC Securities Limited and Greenwich Merchant Bank Limited (*Co-Sponsors*) – all Registration Member (Quotations) of the Exchange, will be used by the Issuer to fund its working requirement.

The timely admission of these CPs, and in general, securities on FMDQ Exchange, is a testament to the efficient processes and integrated systems through which the Exchange has continued to create unique value for its diverse stakeholders. In keeping with its commitment to the development of the market, FMDQ Exchange shall sustain its efforts in supporting issuers with tailored financing options to enable them achieve their strategic objectives, deepen and effectively position the Nigerian debt capital market for growth, in support of the realisation of a globally competitive and vibrant economy.

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## **GZ Industries Limited Quotes Series 1 and 2 Commercial Papers on FMDQ Exchange**

To guarantee sustained business operations in the current challenging economic environment, corporate institutions have continued to explore alternative financing options by tapping the debt markets to plug capital shortfalls. It is in this regard that FMDQ Exchange is pleased to announce the admission of the **quotation of the GZ Industries Limited ₦1.62 billion Series 1 and ₦18.38 billion Series 2 CPs under its ₦50.00 billion CP Issuance Programme** on its platform.

GZ Industries Limited (“**GZ Industries**”) is a leading manufacturer of premium quality, aluminium beverage cans. The proceeds from the quotation of the quoted CPs, which are co-sponsored by Rand Merchant Bank Nigeria Limited – (*Lead Sponsor*), CardinalStone Partners Limited, Stanbic IBTC Capital Limited, and United Capital PLC (*Co-Sponsors*) – all Registration Member (Quotations) of the Exchange, will be utilised by the Issuer to support its short-term working capital and funding requirements.

As part of its efforts towards unlocking the potential of the Nigerian economy, FMDQ Exchange shall continue to support institutional growth and stimulate continuous development of the economy at large, through the provision of a world-class Securities Admission Service, in line with its mandate. The Exchange will continue to demonstrate commitment towards delivering a globally competitive, operationally excellent, liquid and diverse (“GOLD”) standard to the Nigerian debt markets, availing issuers and investors the much-needed global visibility, confidence and protection in the markets.

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 – November 2023)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	38,473,852	63,703
Foreign Exchange Derivatives	24,617,376	43,305
Treasury Bills	22,722,965	35,512
OMO Bills	25,020,721	41,935
CBN Special Bills	21,968,130	34,515
FGN Bonds	23,787,213	40,334
Promissory Notes	2,994	6
Other Bonds*	150	0
Eurobond	205,682	309
Repurchase Agreements/Open Repos	53,587,759	86,297
Unsecured Placements/Takings	2,173,269	3,843
Money Market Derivatives	15,000	29
Commercial Papers	4,600	10
Sukuk Bonds	194,238	296.5
<b>Total</b>	<b>212,773,949</b>	<b>350,094</b>
<b>No. of Business Days</b>	<b>224</b>	<b>224</b>
<b>Average Daily Turnover</b>	<b>949,884</b>	<b>1,563</b>

Average Year-to-Date (YTD) \$/₦ @ 607.76

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 @ December 8, 2023; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January - November 2023 period amounted to ₦212.77 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 29.65% of overall market turnover. Repurchase Agreements (Repos) accounted for 25.19%, whilst transactions in OMO Bills accounted for 11.76%. Bonds, T.bills, CBN Special Bills, Promissory Notes, Unsecured Placements & Takings and Money Market Derivatives accounted for 11.37%, 10.68%, 10.32%, 0.001%, 1.02% and 0.002%, of overall market turnover.

### **FMDQ Dealing Member (Banks) League Table (January – November 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.

<b>RANK</b>	<b>DEALING MEMBER (BANKS)</b>
1	STANBIC IBTC BANK PLC
2	UNITED BANK FOR AFRICA PLC
3	ACCESS BANK PLC
4	FIRST BANK OF NIGERIA LIMITED
5	ZENITH BANK PLC
6	CORONATION MERCHANT BANK LIMITED
7	ECOBANK NIGERIA LIMITED
8	STANDARD CHARTERED BANK NIGERIA LIMITED
9	STERLING BANK PLC
10	POLARIS BANK 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 during the period under review. The top ten (10) Dealing Member (Banks) accounted for 74.74% (₦159.03 trillion), while the top three (3) accounted for 45.33% (₦96.45 trillion) of the overall turnover of trades in the secondary market.

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## **Green Bond Financing: Driving Sustainable Development in Nigeria**

In response to the escalating threats of climate change on energy, food supplies, and water resources, governments are increasingly compelled to construct resilient structures and infrastructures. This urgency has driven collaboration between governments and the private sector, including institutional investors, leveraging innovative funding options and issuing of sustainable securities – green bonds, blue bonds, etc., for infrastructure development. These efforts aim to bolster energy, food security, and clean water supply.

Continuing from our previous discussion on sustainable finance ([please click here to view previous article](#)), this article focuses on green bonds, including the principles guiding the green bond market, the benefits they offer, amongst other relevant subject matters.

### **Introducing Green Bonds**

Green bonds are debt securities whose proceeds are dedicated to financing projects, assets, and expenditures with environmental and/or climate related benefits. They are also strategically positioned to amplify the crucial roles that debt markets can play in funding projects dedicated to advancing environmental sustainability.

### **Green Bonds Principles**

The Green Bond Principles (**GBP**) are voluntary guidelines set out by the International Capital Markets Association (**ICMA**) to promote transparency, disclosure, integrity, and robust reporting within the evolving green bond market. These principles outlines the issuance for green bonds, offer vital guidance to market participants, and aid in providing essential information increase capital allocation towards environmentally sustainable projects.

The GBP, as of 2021, incorporates four (4) core components, in line with updated guidelines and definitions for external reviews specified in the "*Guidelines for Green, Social, and Sustainability Bond External Review*". The four (4) core components are detailed below:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting



## Use of Green Bonds Proceeds

Proceeds from green bonds are exclusively directed to finance or refinance green projects, spanning renewable energy initiatives, energy efficiency improvements, sustainable waste management, clean transportation, and climate change adaptation efforts. By allocating funds to such projects, green bonds play a pivotal role in mitigating environmental impact and fostering sustainable development.

Green bonds find application across diverse entities, including governments, municipalities, corporates, and financial institutions. Governments may issue green bonds to fund national renewable energy initiatives, while corporates utilise them for sustainable infrastructure projects. Financial institutions often serve a critical role by underwriting and distributing green bonds, facilitating capital flow to green projects.

## Process for Project Evaluation and Selection

The meticulous evaluation and selection of projects financed by green bonds are integral to upholding their environmental integrity. Issuers undergo rigorous assessments to ensure alignment with established green criteria, such as the Climate Bonds Standard or other internationally recognised frameworks. This evaluation scrutinises the environmental impact and mitigation of potential risks associated with the projects.

Issuers of green bonds should clearly articulate and communicate to investors, the environmental sustainability objectives, process in determining how the projects fits within the eligible Green Project categories, and the related eligibility criteria, including process applied to identify and manage potential environmental and social risks associated with the projects.

## Management of Proceeds

Preserving the integrity of green bonds hinges on effective management of proceeds. Issuers are tasked with segregating and tracking fund usage, ensuring exclusive allocation to eligible green projects. This oversight is crucial for maintaining investor confidence and upholding transparency and accountability principles inherent in green bond issuance.

The GBP encourages a high level of transparency and recommend that issues' management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking methods and the allocation of funds from the green bond proceeds.

## Reporting

Transparency and disclosure are foundational in the Green Bond market. Issuers are expected to provide regular reporting on the allocation and impact of proceeds, offering investors insights into the environmental performance of the funded projects. Comprehensive reporting mechanisms enhance market confidence and allow stakeholders to monitor the contribution of green bonds to sustainable development objectives.

The GBP recommend the use of qualitative performance indicators and where feasible quantitative performance measures and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination, issuers with the ability to monitor achieved impacts are encouraged to include those in their regular reporting.

## Benefits of Green Bonds

Green bonds offer several benefits, which contribute to their growing popularity as a financial instrument for funding environmentally friendly projects. Below are some of the core benefits of green bonds:

- **Environmental Impact:** Green bonds are specifically earmarked to finance projects with positive environmental outcomes, such as renewable energy, energy efficiency, sustainable water management, and climate change adaptation. By directing capital to these projects, green bonds help to mitigate environmental damage and promote sustainable development
- **Access to Capital:** Green bonds provides issuers, such as governments, corporates, or financial institutions, with access to a new and growing investor base that specifically seeks to support environmentally friendly initiatives. This expanded investor base can lead to lower financing costs, helping to fund green projects more effectively
- **Transparency and Credibility:** The strict standard of transparency green bonds is subjected to, enhances the credibility of the issuer and the market, providing assurance to investors that their funds are being used for their intended purpose
- **Market Development:** The issuance of green bonds contributes to the development of the broader sustainable finance market. By creating a specific asset class for environmentally friendly projects, green bonds help to stimulate innovation and investment in sustainability, driving the transition to a low-carbon and more sustainable economy

## Conclusion

In the ongoing global push for sustainable finance, green bonds shine as a guiding light, aligning capital markets with environmental goals. In Nigeria, the adoption of green bonds marks a significant change, showcasing a new approach to nurturing economic growth alongside environmental care. Despite challenges, the strict adherence to GBP, transparent reporting, and thorough project selection processes makes them powerful instruments in pursuing sustainable development goals.

The next and concluding article of this series will further highlight Nigeria's progression in this path, showcasing the country's dedication to a future where financial innovation and environmental responsibility go hand in hand, leaving a legacy for future generations.

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