



FMDQ SPOTLIGHT

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C O N T E N T S

■ **New Stories**

- FMDQ Commemorates the 2024 World Investor Week – Hosts the Securities and Exchange Commission, Nigeria, the Lagos State Government, Among Others
- FMDQ Group PLC Holds 12th Annual General Meeting, Records Significant Achievements Amid Challenging Economic Conditions
- 100th Cleared Naira-Settled Non-Deliverable Forwards Contract Matures and Settles on FMDQ Exchange

■ **At a Glance**

- Update on Clearing and Settlement Activities
- Update on Admitted Securities on FMDQ Depository

■ **FMDQ Listings & Quotations**

- FMDQ Exchange Approves Maiden Sultiva Wakalah's ₦20.00 billion Non-Interest Commercial Paper Programme
- FMDQ Exchange Demonstrates Continued Support for Infrastructure Growth with Registration of INT Towers Commercial Paper Programme

■ **FMDQ Turnover and Dealing Member (Banks) League Table**

- FMDQ Turnover & Dealing Member (Banks)' League Table Report (January - September 2024)
- FMDQ Dealing Member (Banks) League Table (January – September 2024)
- FMDQ Fixed Income Primary Markets Sponsors' and Solicitors' League Table (January – September 2024)

■ **FMDQ Learning**

- The Building Blocks of Risk Management

FMDQ Commemorates the 2024 World Investor Week – Hosts the Securities and Exchange Commission, Nigeria, the Lagos State Government, Among Others

In keeping with its five-year tradition, FMDQ Group PLC (“**FMDQ Group**”, the “**Group**”), Africa’s first vertically integrated financial market infrastructure (FMI) group, joined the global financial markets community in commemorating the IOSCO World Investor Week (WIW) 2024. This annual initiative, led by the International Organisation of Securities Commissions (IOSCO) in partnership with the World Federation of Exchanges (WFE), aims to promote investor education, protection, and financial literacy while raising awareness of their importance.

In celebration of this global event, FMDQ welcomed a high-level delegation from the Securities and Exchange Commission, Nigeria (SEC), the Lagos State Government, and other financial markets stakeholders to Exchange Place, on October 7, 2024. The event underscored the crucial role a well-informed investor base plays in the development of Nigeria’s capital markets and the broader economy. It featured discussions on the significance of financial literacy and FMDQ’s efforts to drive sustainable market practices through education and innovative solutions.

Delivering the welcome address, Mr. Bola Onadele. Koko, Chief Executive Officer, FMDQ Group, stated, “It is impossible not to marvel at the rapid transformation taking place in today’s global financial landscape. Technology & Digital Assets, Cryptocurrency, and Sustainable Finance – the themes of this year’s event – are reshaping global markets and introducing new possibilities for growth and innovation. Therefore, the themes could not be more timely or relevant, as they represent not only extraordinary opportunities but also the need for vigilance, education, and strategic foresight to protect investors in a rapidly evolving environment. Nigeria, as a leading financial market centre in Africa, is at the forefront of many of these developments. The Central Bank of Nigeria pioneered the launch of the eNaira, a Central Bank Digital Currency. Our youthful population has become prominent users of cryptocurrency and digital assets. Additionally, the Lagos State government is advancing sustainable finance initiatives, including launching the Financial Centre for Sustainability, Lagos, and promoting the issuance of a green bond”.

Mr. Bola Ajomale, Executive Commissioner Operations, SEC, representing the Director-General, Dr. Emomotimi Agama, delivered a compelling address on the role of Nigeria’s capital markets in fostering innovation and economic growth. He highlighted Nigeria’s position as one of Africa’s largest and most dynamic nations, making it an engine for innovation, entrepreneurship, and economic development. Recognising the interconnectedness of global markets, Mr. Ajomale emphasised the importance of collaboration between Nigeria and the international financial community. He reaffirmed the SEC’s commitment to fostering transparent, secure, and efficient financial markets in Nigeria while embracing innovation and prioritising investor protection.



Similarly, the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu, represented by the Deputy Chief of Staff, Honourable Samuel Egube, said “Lagos State has always embraced forward-thinking solutions to foster economic growth, financial inclusion, and create wealth. The emergence of digital assets and the increasing role of technology in finance present significant opportunities and challenges, and it is imperative that we engage thoughtfully and strategically with these developments. He noted that while digital assets and technology present significant opportunities, they also bring challenges in areas like regulation, security, and investor protection. As we seek to address global challenges such as climate change, inequality, and economic instability, it is clear that finance must be a force for good”.

FMDQ Group remains committed to investor education, financial literacy, sustainable and digital finance. This commitment is reflected through our education initiatives like FMDQ Academy, which provides specialised financial markets training to key stakeholders, in line with FMDQ’s markets and products development agenda, and FMDQ-Next, which promotes financial markets awareness and literacy among students at primary, secondary, and tertiary education levels, as well as to fresh graduates. Additionally, FMDQ Green Exchange, Africa’s first Green Exchange, continues to lead in promoting sustainable securities and investment practices.

As part of the IOSCO WIW 2024 commemorations, FMDQ hosted a ‘Ring the Bell for Financial Literacy’ Ceremony in support of WFE’s initiative to promote investor education and protection. Additionally, social media campaigns were launched to reiterate FMDQ’s commitment to the WIW cause.

FMDQ Group PLC Holds 12th Annual General Meeting, Records Significant Achievements Amid Challenging Economic Conditions

The year 2023 presented numerous macroeconomic challenges, both globally and domestically. Factors such as heightened inflation, changes in monetary policies, and exchange rate volatility created a difficult economic environment. Despite these hurdles, FMDQ Group navigated these complexities successfully, reinforcing its commitment to stakeholder value and the advancement of Nigeria's financial markets. On Friday, October 25, 2024, FMDQ Group held its 12th Annual General Meeting (AGM) to transact its ordinary and special business and receive relevant approvals from its shareholders.

The AGM was chaired by Dr. Jibril Aku, Group Chairman, FMDQ Group, and as part of the ordinary business, he presented the Audited Financial Statements for the year ended December 31, 2023, to shareholders, together with the Reports of the Directors and Auditors. Dr. Jibril Aku commended the Group's performance despite the aforementioned challenges, noting that FMDQ Group continued to execute its Strategy during the year under review. Speaking further, he highlighted that FMDQ Group, along with its subsidiaries – FMDQ Securities Exchange Limited (“**FMDQ Exchange**”), FMDQ Clear Limited (“**FMDQ Clear**”), FMDQ Depository Limited (“**FMDQ Depository**”), and FMDQ Private Markets Limited (“**FMDQ Private Markets**”) – remained dedicated to promoting innovative solutions and delivering efficient services across the financial and capital markets value chain.

Commenting on the Group's financial performance, the Chairman stated, “Amid the turbulence experienced by global and domestic economies in 2023, FMDQ Group recorded an impressive financial performance, with revenue rising by 49.21% from ₦22.98 billion in 2022 to ₦34.29 billion in 2023. Overall market activity in the securities admission business of FMDQ Exchange's market reported a 70.19% whopping increase, from one hundred and sixty-one (161) securities in 2022, with a total value of ₦1.70 trillion, to two hundred and seventy-four (274) securities, with a total value of ₦2.49 trillion in 2023. FMDQ Group achieved key milestones in 2023, including the successful launch of the Exchange-Traded Derivatives (ETD) market in July 2023, with two (2) pioneer products – the FGN Bond Futures and Naira-Settled Exchange-Traded FX Futures – 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 Clear also activated its Central Counterparty (CCP) services for the ETD market launched during the year, with its three (3) pioneer General Clearing Members – Access Bank PLC, Stanbic IBTC Bank Limited, and Zenith Bank PLC. Additionally, Approvals-in-Principle were granted to four (4) Deposit Money Banks in the course of the year. FMDQ Depository was not left behind as it deployed its world-class Central Securities Depository system - Q-ex Depository. Additionally, the franchise expanded its footprint by lodging one hundred and eighty-two (182) securities, valued at ₦1.25 trillion, an impressive 54.24% increase from the one hundred and eighteen (118) securities lodgements valued at ₦967.70 billion recorded in 2022. FMDQ Private Markets witnessed a 29.00% decrease in the number of Private Companies' Securities noted – a total of ten (10) securities were noted in 2023, compared to fourteen (14) noted in the previous year of 2022. However, the cumulative value of noted

securities as of December 2023 was ₦780.96 billion, surpassing the ₦345.16 billion noted by the end of December 2022”.

Speaking on the outlook for 2024 for FMDQ Group and its subsidiaries, the Chief Executive Officer of FMDQ Group, Mr. Bola Onadele. Koko, stated “Building on the successful activation of the FMDQ ETD Market in 2023, FMDQ Exchange will expand its product offerings and prioritise the activation of the Bilateral Repurchase Agreement (Repo) market with collateral management service. Beyond ensuring efficient domestic clearing and CCP services, FMDQ Clear will continue to strategically position itself for recognition and relevance as a leading CCP on the global stage. FMDQ Depository will continue to expand its services to include new products and asset classes positioning itself to deliver more technology-based value-driven solutions and efficient service delivery to its stakeholders. FMDQ Private Markets will continue ramping up efforts to activate its structured solutions business, with a focus on deploying Artis DealRoom, a cutting-edge digital platform designed to facilitate activities in the supply chain market. In line with its Principal Investment Framework, FMDQ Group will continue to position itself as a fully integrated financial market infrastructure (FMI) group, by consolidating and developing its capital market businesses, and seeking investments with strategic and financial benefits, while making significant efforts to progress its capital raising agenda to further enhance the Group’s sustainability and resilience”.

The Group’s achievements in 2023 reflect the dedication of its Board, Management, and Staff, along with the unwavering support and collaboration of its stakeholders. As FMDQ Group embarks on the next decade, it is optimistic about its ability to harness opportunities and remains committed to advancing Nigeria’s financial markets, while maintaining its position as a critical FMI group. Guided by its dream in motion, “**Born Local...Going Global**”, FMDQ Group will continue to face each challenge with unwavering determination, courage, and diligence, striving to uphold the GOLD standard set for the markets it serves.

Please click [here](#) to view the full 2023 FMDQ annual Report and Accounts.

[Back to Top](#)

100th Cleared Naira-Settled Non-Deliverable Forwards Contract Matures and Settles on FMDQ Exchange

On Wednesday, October 30, 2024, the 100th Cleared Naira-Settled Non-Deliverable Forwards (“Cleared USD/NGN NDFs”) contract – NGUS OCT 30 2024, with a nominal value of \$0.005 billion, matured and settled on FMDQ Exchange. This brings the total value of matured FX Futures contracts on the Exchange, since its inception of the market in June 2016, to approximately \$67.68 billion, with a total of circa \$67.79 billion so far traded.

The matured contract was valued for settlement against the NAFEX (Nigerian Autonomous Foreign Exchange Fixing) using the FMDQ Exchange reference Spot FX rate published the same day. The associated clearing and settlement activities were carried out by FMDQ Clear accordingly.

Additionally, FMDQ Exchange introduced a new contract, NGUS OCT 31 2029, with a rate of \$/₦5,333.32, which replaces the matured contract. The Exchange has also updated quotes for the existing 1 to 60-month contracts.

For more information on the Cleared USD/NGN NDF contracts, please visit our website at www.fmdqgroup.com/exchange/market-products/derivatives/ or contact our Derivatives Business Group at dbg@fmdqgroup.com.

[Back to Top](#)

Update on Clearing and Settlement Activities

FMDQ Clear is dedicated to its core function of clearing and CCP services for FMDQ's ETD market products, Fixed Income Spot & Repo transactions, Spot FX trades, and any new clearable products that may be developed in the short- to medium-term.

The tables below provide an overview of the clearing and settlement activities across the derivatives (currency futures) and fixed income markets. For more information on FMDQ Clear, please click [here](#).

Table 1: Clearing and Settlement Activities in the Currency Futures (Derivatives) Market

S/N	Currency Futures	August 2024	September 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)	0.11	0.11	(2.41)
Settlement				
4	No. of Matured & Settled Contracts	6,239	6,241	0.03
5	Value of Matured & Settled Contracts (\$'bn)	67.68	67.68	N/A

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

S/N	Sovereign Fixed Income	August 2024	September 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	17,699.92	18,609.29	5.14
2	Value of Trades Settled (₦'bn)	16,765.69	16,862.37	0.58
3	Value of Unsettled Trades (₦'bn)	934.23	1,746.92	86.99

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

S/N	Non-Sovereign Fixed Income	August 2024	September 2024	Change (%)
1	Total Value of Trades Processed (₦'bn)	0.40	2.78	595.00
2	Value of Trades Settled (₦'bn)	0.40	2.78	595.00
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	N/A

Update on Admitted Securities on FMDQ Depository

FMDQ Depository Limited (“**FMDQ Depository**”), is committed to positioning itself as a world-class Central Securities Depository (CSD). With a steadfast commitment to value delivery and operational excellence, FMDQ Depository will continue to enhance its CSD application and expand its offerings by introducing new products and asset classes tailored to meet the evolving needs of FMDQ 's market-facing entities.

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

- SKLD Integrated Services Limited ₦0.85 billion Series 12 and ₦1.42 billion Series 13 Commercial Papers (“CPs”) under its ₦3.50 billion CP Issuance Programme
- Daraju Industries Limited ₦3.97 billion Series 28 and ₦2.20 billion Series 29 CPs under its ₦20.00 billion CP Issuance Programme
- Eunisell Limited ₦1.50 billion Series 6 and ₦2.00 billion Series 7 CPs under its ₦20.00 billion CP Issuance Programme

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

[Back to Top](#)



FMDQ LISTINGS & QUOTATIONS

FMDQ Exchange Empowers MeCure Industries Limited to Access Nigerian Debt Markets with ₦40.00 Billion Commercial Paper Programme

FMDQ Exchange reaffirms its dedication to advancing the Nigerian debt markets by providing a dynamic platform that enables corporates to secure the essential funding through the Nigerian debt markets, for their growth and expansion. In line with this mission, the Exchange, through its Board Listings and Markets Committee, has approved **the registration of MeCure Industries PLC's ("MeCure Industries") ₦40.00 billion CP Programme** on its platform. This registration not only strengthens MeCure's financial strategy but also underscores FMDQ Exchange's pivotal role in fostering a robust and transparent financial market infrastructure.

MeCure Industries is a trailblazing pharmaceutical company, committed to advancing healthcare through cutting-edge technology and innovation for over a decade. Renowned for pioneering the development of novel therapeutics, MeCure Industries introduced the industry's first tablet-in-capsule formulation, Liquitab Floatcap, setting new standards in pharmaceutical innovation. The quotation of this CP Programme, sponsored by DLM Advisory Limited (*Lead Sponsor*), a Registration Member (Quotations) of the Exchange, strategically positions MeCure Industries to access the Nigerian debt markets for financing at an opportune time.

FMDQ Exchange remains steadfast in its mission to develop and expand the Nigerian financial markets by providing a well-regulated, transparent, and efficient platform for issuing and trading securities. Upholding its standard of excellence, the Exchange offers a streamlined process that allows companies from diverse sectors to access crucial funding opportunities. FMDQ Exchange actively engages with market stakeholders to ensure the integrity and credibility of securities listed on its platform, fostering an environment that supports economic growth and development. Through these initiatives, the Exchange enhances market liquidity and transparency, empowering issuers to achieve their strategic objectives while building investor confidence.

[Back to Top](#)

FMDQ Exchange Enhances Liquidity and Market Confidence with New AB Microfinance Bank Limited Commercial Paper Quotation

FMDQ Exchange continues to drive growth in Nigeria’s debt markets by enabling companies like AB Microfinance Bank Nigeria Limited to access critical funding through diverse financial instruments. The Exchange focuses on innovation, liquidity, and high regulatory standards, fostering confidence and stability among issuers and investors. Recently, the Exchange approved the **quotation of AB Microfinance Bank’s ₦2.75 billion Series 4 CP under its ₦9.00 billion CP Issuance Programme**, further strengthening Nigeria’s financial markets.

AB Microfinance Bank Nigeria Limited (“AB Microfinance Bank” or the “Issuer”) is a licensed microfinance bank regulated by the Central Bank of Nigeria (“CBN”), committed to empowering entrepreneurs by providing easy access to affordable loans. The bank’s focus on financial inclusion and support for small businesses drives its mission to improve business opportunities across Nigeria. The quotation of its ₦2.75 billion Series 4 CP, sponsored by DLM Advisory Limited (Lead Sponsor), strategically positions AB Microfinance Bank to raise funds from Nigeria’s debt markets, offering flexibility to pursue growth.

FMDQ Exchange continues to drive the evolution of Nigeria’s debt markets by delivering tailored solutions that cater to both issuers and investors. Through efficient and transparent securities admission services, the Exchange provides a trusted platform for corporates to access capital and optimise their financial strategies. It also supports the growth of key industries, ensuring they have the resources to fuel economic development. This commitment strengthens investor confidence and promotes a dynamic, sustainable financial ecosystem.

Other securities admitted to the Exchange platform in October 2024, include:

- Chrisland Schools Limited ₦0.35 billion Series 4 Tranche A and ₦0.96 billion Series 4 Tranche B CPs under its ₦8.00 billion CP Programme
- TGI Foods SPV PLC ₦9.83 billion Series 1 and ₦19.16 billion Series 2 CPs under its ₦100.00 billion CP Programme
- Eunisell Limited ₦1.50 billion Series 6 and ₦2.00 billion Series 7 CPs under its ₦20.00 billion CP Programme
- MeCure Industries PLC ₦40.00 billion CP Programme
- AB Microfinance Bank Nigeria Limited ₦2.75 billion Series 4 CP under its ₦9.00 billion CP Programme
- Valency Agro Nigeria Limited ₦2.74 billion Series 1 and ₦4.01 billion Series 2 CPs under its ₦40.00 billion CP Programme
- SKLD Integrated Services Limited ₦0.85 billion Series 12 and ₦1.42 billion Series 13 CPs under its ₦3.50 billion CP Programme

- Johnvents Industries Limited ~~₦~~4.26 billion Series 10 and ~~₦~~14.55 billion Series 11 CPs under its ~~₦~~30.00 billion CP Programme

FMDQ Group is Africa's first vertically integrated FMI group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading platform, clearing & central counterparty, and settlement services for financial markets 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, FMDQ Depository 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 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 – September 2024)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	115,901,249	79,556
Foreign Exchange Derivatives	30,453,775	22,018
Treasury Bills	31,002,643	21,946
OMO Bills	32,748,587	22,746
CBN Special Bills	2,929,215	2,337
FGN Bonds	18,083,661	13,021
Promissory Notes	22,203	18
Other Bonds*	8,318	7
Eurobond	446,435	309
Repurchase Agreements/Open Repos	82,861,100	57,940
Unsecured Placements/Takings	455,719	328
Money Market Derivatives	350	0
Commercial Papers	-	-
Sukuk Bonds	650,004	503
Total	315,563,259	220,728

No. of Business Days	184	184
Average Daily Turnover	1,715,018	1,200

Average Year-to-Date (YTD) \$/₦ @ 1,578.81

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 @ October 9, 2024; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for Jan. – Sep. 2024 period was ₦315.56 trillion. Trading activities in the FX market (Spot FX and FX Derivatives) contributed the largest share, accounting for 46.38% of overall market turnover. Repurchase Agreements (Repos) followed, representing 26.26%, whilst transactions in OMO Bills accounted for 10.38%. Bonds, T.bills, CBN Special Bills, Promissory Notes and Unsecured Placements & Takings accounted for 6.08%, 9.82%, 0.93%, 0.01% and 0.14% of the overall market turnover, respectively.

FMDQ Dealing Member (Banks) League Table (January – September 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.

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	Wema Bank PLC
6	Standard Chartered Bank Nigeria Limited
7	Citibank Nigeria Limited
8	Zenith Bank PLC
9	Sterling Bank PLC
10	Ecobank Nigeria Limited

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and First Bank of Nigeria Limited ranked 1st, 2nd and 3rd, respectively, based on value traded during the review period. The top ten (10) Dealing Member (Banks) accounted for 69.27% (₦218.56 trillion), while the top three (3) accounted for 38.96% (₦122.94 trillion) of the overall turnover of trades in the secondary market.

[Back to Top](#)

FMDQ Fixed Income Primary Markets Sponsors' League Table (January – September 2024)

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

Rank	Bonds	Rank	Commercial Papers
	Registration Member (Listings)		Registration Member (Quotations)
1 st	Stanbic IBTC Capital Limited	1 st	Cordros Capital Limited
2 nd	Vetiva Capital Management Limited	2 nd	Quantum Zenith Capital & Investments Limited
2 nd	Greenwich Merchant Bank Limited	3 rd	FCMB Capital Markets Limited
3 rd	FCMB Capital Markets Limited	4 th	Coronation Merchant Bank Limited
4 th	Chapel Hill Denham Advisory Limited	5 th	Stanbic IBTC Capital Limited
5 th	Comercio Partners Capital Limited	6 th	Meristem Capital Limited
5 th	Quantum Zenith Capital & Investments Limited	7 th	Rand Merchant Bank Limited
6 th	United Capital PLC	8 th	Comercio Partners Capital Limited
6 th	Vetiva Advisory Services Limited	9 th	United Capital PLC
6 th	Afrinvest Capital Limited	10 th	Vetiva Advisory Services Limited
6 th	Rand Merchant Bank Limited	11 th	Greenwich Merchant Bank Limited
6 th	FBNQuest Merchant Bank Limited	12 th	CardinalStone Partners Limited
7 th	CardinalStone Partners Limited	13 th	FBNQuest Merchant Bank Limited
		14 th	Absa Capital Markets Nigeria Limited
		15 th	Kairos Capital Limited
		16 th	FSDH Capital Limited
		17 th	Chapel Hill Denham Advisory Limited
		18 th	ARM Securities Limited
		19 th	Tiddo Securities Limited
		20 th	Futureview Financial Services Limited
		21 st	Afrinvest Capital Limited
		22 nd	Iron Global Markets Limited
		23 rd	Vetiva Capital Management Limited
		24 th	AVA Capital Partners Limited

	25 th	Constant Capital Markets and Securities Limited
	26 th	SCM Capital Limited
	27 th	UCML Capital Limited
	28 th	SFS Financial Services Limited
	29 th	FSDH Merchant Bank Limited
	30 th	Emerging Africa Capital Advisory Limited
	31 st	Nova Merchant Bank Limited
	32 nd	Radix Capital Partners Limited
	32 nd	Boston Advisory Limited
	33 rd	Pathway Advisors Limited
	34 th	DLM Advisory Limited
	35 th	FSL Securities Limited
	36 th	Renaissance Securities Nigeria Limited
	37 th	Mega Capital Financial Services Limited
	38 th	First Ally Capital Limited

Total Market Participation Analysis Q3 2024 (Bond and CP Markets)

The top three (3) Sponsors during the review period were Stanbic IBTC Capital Limited, FCMB Capital Markets Limited and Quantum Zenith Capital & Investments Limited, contributing 36.12% to total issuances in the bonds and CP categories. In the bond market, the top three (3) Sponsors were Chapel Hill Denham Advisory Limited, Stanbic IBTC Capital Limited and FCMB Capital Markets Limited. For the CP market, the top three (3) Sponsors were Cordros Capital Limited, Coronation Merchant Bank Limited, and Meristem Capital Limited.

FMDQ Fixed Income Primary Markets Solicitors' League Table (January – September 2024)

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

Rank	Bonds Solicitors	Rank	Commercial Papers Solicitors
1 st	Tsedaqah Attorneys	1 st	Banwo & Ighodalo
1 st	Abdulai Taiwo & Co. Solicitors	2 nd	G. Elias & Co.
2 nd	The New Practice	3 rd	The New Practice
3 rd	Banwo & Ighodalo	4 th	Templars
4 th	Aluko & Oyeboode	5 th	Aluko & Oyeboode
5 th	Templars	6 th	Detail Commercial Solicitors
		7 th	Udo Udoma & Belo-Osagie
		8 th	Mathmer Legal Practitioners
		9 th	Wigwe & Partners
		10 th	Advocaat Law Practice
		11 th	TOLG Advisors
		12 th	Olaniwun Ajayi LP
		13 th	Adeniji Kazeem & Co.
		14 th	JTO Partners
		15 th	Aelex Partners
		16 th	Greychapel Legal
		17 th	Africa Law Practice NG & Company
		18 th	Duale Ovia and Alex Adedipe (DOA)
		19 th	Pathway Advisory Limited
		20 th	Aiden Allan & Co.

Total Market Participation Analysis Q3 2024 (Bond and CP markets)

During the review period, Banwo & Ighodalo emerged as the top Solicitor, participating in both bond and CP markets. The New Practice ranked second, participating solely in the bond market, while G. Elias & Co. secured third place also participating solely in the CP market. Collectively, the top three (3) solicitors for Q3 2024 contributed 85.49% to total issuances.

[Back to Top](#)



The Building Blocks of Risk Management

In financial markets, prices are constantly in flux as investors react to new information about the global economy, specific industries, and individual companies. While businesses impact the overall economy, the government and central bank also play a crucial role in establishing rules through taxes, regulations, and policies influencing business operations and economic activity. Effective collaboration between the government and central bank fosters stability, ensuring companies benefit from favourable conditions in certain jurisdictions while exploring ways to manage difficulties in others.

Given these complexities, a well-structured risk management framework has become indispensable. This article explores the fundamentals of risk management, explaining the concept of risk, how it differs from risk-taking, various types of organisational risk, and the critical importance of effective risk management.

What is Risk?

The term “risk” can be confusing, as it is often conveying different meanings to people in various contexts. Even when used correctly, “risk” comprises three closely related but distinct meanings. At its core, risk is about uncertainty; it refers to the exposure to unknown outcomes, and can include any of the following:

- **The underlying uncertainty** of a situation (i.e., what we don’t know or can’t predict)
- **The extent of the risky action** taken (i.e., the decision or action that involves uncertainty)
- **The potential outcomes** or range of results from that action (i.e., what could happen as a result)

To make these distinctions more precise, the term “**Risk Driver**” refers to the underlying source of uncertainty. On the other hand, the term “**Risk Position**” describes (or quantifies) the specific action taken that involves risk, whilst “**Risk Exposure**” represents the potential impact or outcomes that result from those actions.

Identification of Risk

Having established that all risks stem from an uncertain future, understanding the key elements that drive it is essential to effectively evaluate and measure risks. There are two (2) main types of risk drivers: **systematic** and **unsystematic**.

Systematic risk drivers are external factors beyond the control of a company or individual, such as government policies, natural disasters and economic recessions, creating risks that affect the entire financial system or economy. This type of risk is a product of broad market forces that impact all businesses and industries simultaneously. It cannot be mitigated through product-, business- or industry-specific diversification strategies.

On the other hand, unsystematic risk drivers are unique factors that affect a particular company, industry or individual. These risks are internal to a business or unique to a market, posing distinct challenges to the entity in question. Unlike systemic risk, this risk is idiosyncratic and can be reduced or mitigated through diversification strategies such as spreading investments across different products, sectors, or industries.

Categorisation of Risk

Most risks lead to financial consequences in some way, and they are classified into two (2) broad groups: **financial** risks and **non-financial** risks. Financial Risks are primarily financial and originate from activities in the financial markets. These risks stem from fluctuations in asset prices, interest rates, foreign exchange rates, or counterparty defaults and are sub-divided into three (3) major types:

- **Market Risk:** typically arises from certain fundamental economic conditions or events in the economy or industry or developments in specific companies, such as movements in interest rates, stock prices, exchange rates, and commodity prices
- **Credit or Default Risk:** is the risk of loss arising as a result of one party failing to pay an amount owed on a contractual obligation (such as a bond, loan or derivative)
- **Liquidity Risk:** occurs when an organisation cannot meet its short-term financial obligations due to an inability to convert assets into cash quickly

On the other hand, Non-Financial Risks arise from factors outside of financial markets. These risks are typically associated with an organisation's internal operations or external events that are not directly related to market conditions. These risks include:

- **Operational Risk:** usually arises from inadequate or failed people, systems, and internal policies, procedures, and processes, as well as from external events that are beyond the control of the organisation but affect its operations
- **Legal Risk:** typically arises from being sued over a transaction or anything an organisation does or fails to do
- **Compliance Risk:** arises when an organisation fails to adhere to laws, regulations, or internal policies, which can result in financial or reputational damage

- **Model Risk:** arises when an organisation uses the wrong model or uses the right model incorrectly
- **Settlement Risk:** is closely related to default risk but deals more with risks arising from the inability to settle payments that occur just before a default

The Importance of Risk Management

Economic decisions involve determining the best resource allocation while managing associated risks because every business and investor encounters risk in some form. Risk management is the process of identifying, assessing, and proactively mitigating potential threats. The goal is to minimise the chances of losses while maximising opportunities for gains. In finance, effective risk management is crucial for protecting a company's value by managing its exposure to uncertainty. Companies may avoid certain risks, pursue others for potentially higher rewards, and implement strategies to control the risks. Taking on risk is often a calculated strategy for potential gains, but unmanaged risks can have severe consequences if underestimated.

Risks are often interconnected and can transition between different types. For instance, a market change can lead to credit risk, where another owes one party money, resulting in operational issues during the transaction process. This may further trigger settlement risk, as funds need to be exchanged between counterparties. Legal risks may also arise, with contract disputes or lawsuits following significant losses. Without the market risk trigger, many of these risks might be less prominent. However, avoiding all risks limits a business's potential, as risk is pivotal to growth and wealth creation.

It is important to note that risk management is not about predicting future events but preparing for the impact of unexpected events. Effective risk management provides a structured approach to decision-making before, during, and after a risk event. Since risks are dynamic, the risk management process is continuous, enabling companies to adapt and stay aligned with their objectives. While it may not eliminate losses, good risk management better equips businesses to navigate crises and make sound decisions that ultimately enhance the value of their operations.

Conclusion

The importance of sound risk management cannot be overstated. In simpler terms, risk management is about making decisions and taking actions that help achieve goals while accepting a reasonable level of risk. It is not about avoiding all risks but understanding which risks are worth taking to reach objectives, measuring, and managing those risks. In our next article, we will discuss the risk management framework, highlighting the tools for effective risk management and the role of risk appetite in determining successful risk management strategies.

[Back to Top](#)

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