



FMDQ OTC PLC

2015

ANNUAL REPORT & ACCOUNTS

# FMDQ OTC Securities Exchange

LEADING THE REVOLUTION IN THE NIGERIAN DEBT CAPITAL MARKET

## LEADING THE REVOLUTION IN THE NIGERIAN DEBT CAPITAL MARKET



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**G**LOBAL COMPETITIVENESS **O**PERATIONAL EXCELLENCE **L**IQUIDITY **D**IVERSITY

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# FMDQ OTC Securities Exchange

*LEADING THE REVOLUTION IN THE NIGERIAN DEBT CAPITAL MARKET*

■ Global Competitiveness ■ Operational Excellence ■ Liquidity ■ Diversity

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## NOTICE OF THE 4<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 4<sup>th</sup> **Annual General Meeting** (“**AGM**”) of FMDQ OTC PLC (the “**Company**”) will be held at the Intercontinental Hotel, Plot 52, Kofo Abayomi Street, Victoria Island, Lagos, on Friday, April 8, 2016 at 11:00 AM prompt to transact the following:

### ORDINARY BUSINESS

1. To lay before the members, the Audited Annual Financial Statements and Other Information for the year ended December 31, 2015, together with the Reports of the Directors, the Auditors and the Audit Committee thereon
2. To re-appoint Messrs. KPMG Professional Services as the Company's External Auditors and to authorise the Directors to fix the remuneration of the External Auditors
3. To elect/re-elect the members of the Audit Committee

### SPECIAL BUSINESS

1. To ratify the appointment of Directors of the Company
2. To fix the remuneration of, and ratify payments hitherto made to, Directors of the Company
3. To amend the Articles of Association of the Company and pass the following as a special resolution of the Company:

That the Articles of Association of the Company be and is hereby amended by: (i) the insertion of the following additional Articles as Articles 3, 4, 6, 7, 8 and 9 respectively; and (ii) amending the previous Article 4, which is the new Article 9:

#### “TRANSFER AND TRANSMISSION OF SHARES

*3. No member of the Company may transfer its shares except with the approval and other conditions laid down by Directors provided however that such transfer is for the entirety of the shares held in the case of a member being wound up, and the shares must first be offered to the existing shareholders/members proportional to their shareholding. The existing shareholders in this circumstance shall be obliged to pay for the shares so transferred at a price to be determined by the Board of Directors on the basis of a valuation opinion provided by professional advisers for the time being, and the decision so reached shall be final.*

*4. In the case of a liquidation of a registered member, its shares shall be disposed of in the manner stipulated in Article 3 above. In the case of an amalgamation of a registered member, its successors-in-title shall be the only persons recognised by the Company as having any title to its shares.*

#### DIRECTORS

*6. The CBN nominee shall be the Deputy Governor overseeing the CBN financial markets franchise.*

*7. The Board of Directors shall determine the composition and structure of the Board and appoint persons to be Directors in accordance with the determination so made, either to fill casual vacancies or to make additions to the Board, provided that all appointments to the Board shall be subject to ratification of the members at the subsequent general meeting.*

8. In making appointments to and formulating the composition of the Board, the Board of Directors shall ensure that there is robust representation of members as well as capital and financial markets participants relevant to the Company's business, in addition to Independent Directors and Executive Directors, as may be applicable.

9. Section 259(1) and (2) of the Act shall not apply."

## NOTES

### 1. Proxy

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member. For the appointment to be valid the duly completed and duly sealed proxy form must be deposited at the office of the Company Secretary, FMDQ OTC PLC, No. 1 Olosa Street, Victoria Island, Lagos not less than forty-eight (48) hours before the time fixed for the meeting

### 2. Audit Committee

In accordance with section 359(5) of the *Companies and Allied Matters Act 2004*, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the AGM

### 3. Ratification of the Appointment of Directors

Ms. Daisy Ekineh was appointed as an Independent Non-Executive Director with effect from October 30, 2015, whilst Dr. Adesola Adeduntan was appointed as a Non-Executive Director with effect from January 1, 2016. Their appointments are being presented for shareholders' approval. The profiles of the Directors are contained in the Annual Report

## BY ORDER OF THE BOARD



**Ajibola Asolo**  
Company Secretary  
FRC/2015/NBA/00000013523  
FMDQ OTC PLC  
1, Olosa Street  
Victoria Island  
Lagos, Nigeria  
March 4, 2016





## ABOUT THIS REPORT

### Board Responsibility

The Board of Directors of FMDQ OTC PLC (hereinafter, “**FMDQ OTC Securities Exchange**”, “**FMDQ**”, the “**Exchange**”, the “**OTC Exchange**”, the “**Securities Exchange**”, or the “**Company**”) acknowledge responsibility for the integrity of the Annual Report and Accounts (“the **Report**”). The Board believes that the Report covers all material issues and fairly presents the performance of the Securities Exchange and is comfortable with the reliability and integrity of the information contained herein.

### Disclaimer

Some of the statements in the Report constitute forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

### Scope and Boundaries

This Report presents the activities and Audited Annual Financial Statements of the Exchange for the year ended December 31, 2015. It also describes the path taken over the past year and the way this fits into the Company’s strategy. In addition to reviewing the operating environment for the year under review, the Report also focuses on key aspects of FMDQ’s business and operating models.





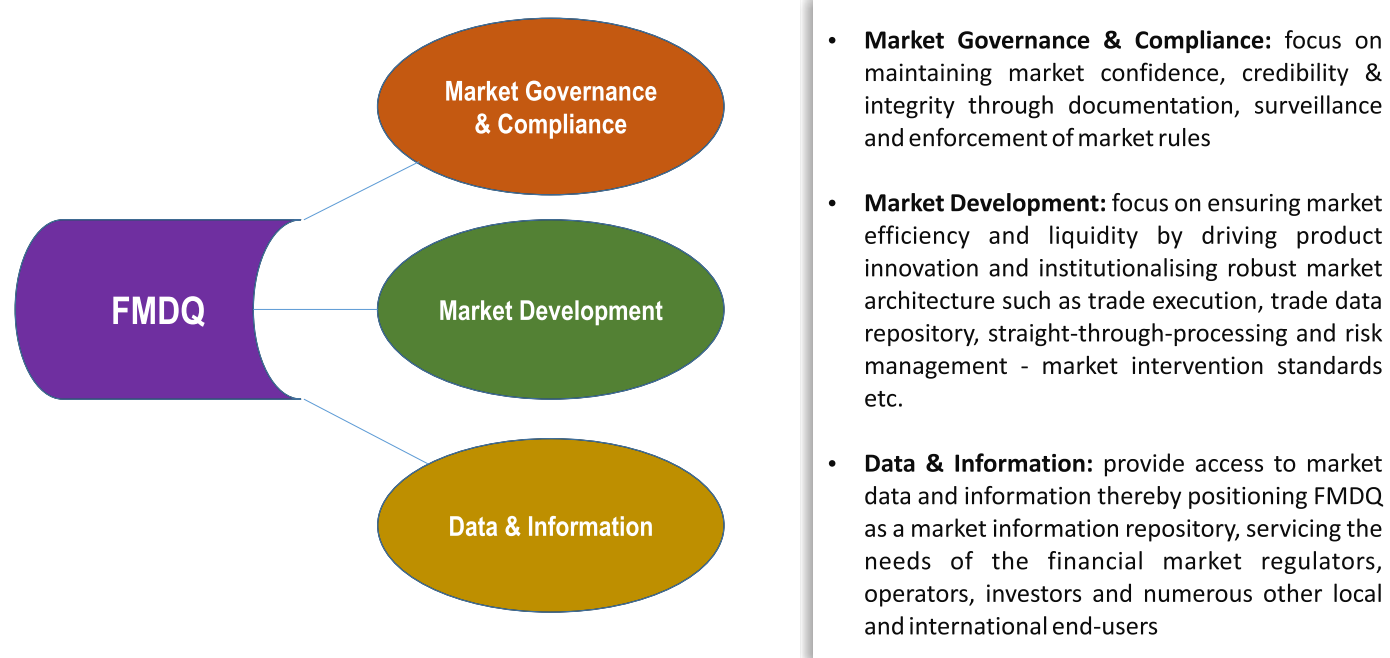
## COMPANY PROFILE

### Who we are

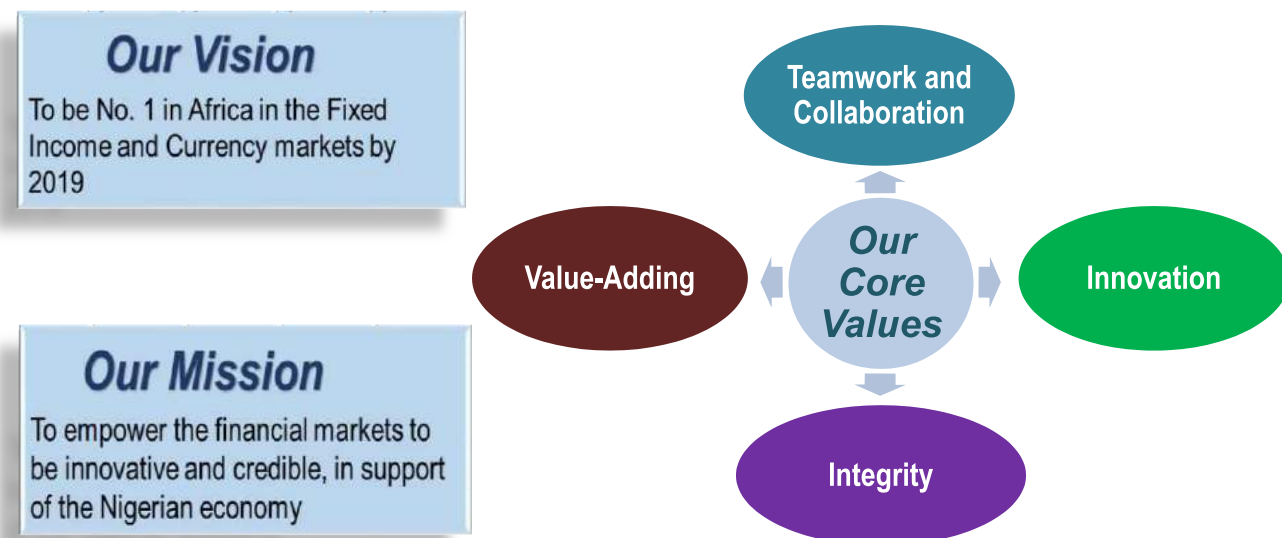
FMDQ OTC Securities Exchange was established with the strategic intent of revolutionising and fostering the development of Nigeria's financial markets. Registered by the Securities and Exchange Commission (SEC) as an over-the-counter (OTC) market, FMDQ uniquely combines the functions of a securities exchange (organising and deepening the markets) and a self-regulatory organisation (SRO) with the responsibility of regulating the activities of its Members in the markets under its governance, through effective collaboration with key financial market regulators.

Nigeria's foremost debt capital securities exchange, FMDQ, through effective collaboration with relevant financial markets stakeholders, provides an exclusive market governance structure for the OTC markets within its purview: fixed income (money, commercial papers (CPs), Nigerian treasury bills (t.bills), bonds, repurchase agreements (repos)), currencies and derivatives.

As a market organiser and frontline regulator of its Members' activities, FMDQ is empowered to offer the following:



## Corporate Statements



## Value Proposition

In line with its mission and part of its strategy for the transformation of the markets, FMDQ is committed to drive change and impart knowledge through **Transparency, Integration, Regulation and Education** initiatives. FMDQ's system and product innovation activities are geared towards maximising stakeholder value and empowering the Nigerian financial markets and the economy at large through the following initiatives:

Listings & Liquidity Enhancement	Market Governance & Development	Product Innovation	Price Formation & Transparency	Financial Market Support for Economic Development
<ul style="list-style-type: none"> <li>Competitive Listings and Quotations Processes</li> <li>Fixed Income Specialist System</li> <li>Dealing Member (Specialists) Market</li> <li>Collateral Management</li> <li>Network Effects: Market Integration</li> </ul>	<ul style="list-style-type: none"> <li>Regulation &amp; Supervision</li> <li>Financial Markets Risk Management</li> <li>Repo and Securities Lending Frameworks</li> <li>Standards &amp; Benchmarks</li> <li>Straight-through-Processing</li> <li>Standards for Fixed Income &amp; FX</li> <li>Capacity Building</li> </ul>	<ul style="list-style-type: none"> <li>Interest Rate and FX Derivatives</li> <li>Bond Exchange Traded Funds</li> </ul>	<ul style="list-style-type: none"> <li>FMDQ Daily Quotations List</li> <li>Market Activity Report</li> <li>Fixings Governance</li> <li>Trading Systems - FMDQ-Bloomberg E-Bond Trading System (E-Bond) / Thomson Reuters Foreign Exchange Trading System</li> <li>FMDQ e-Knowledge</li> <li>FMDQ Quotation Service</li> </ul>	<ul style="list-style-type: none"> <li>Development Finance Institutions (DFIs)</li> <li>Public-Private Partnerships (PPPs)</li> <li>Government Sponsored Enterprises (GSEs)</li> </ul>



## FMDQ's "GOLD" Agenda

FMDQ's commitment to the transformation of the Nigerian financial markets is driven through its "GOLD" (Global Competitiveness, Operational Excellence, Liquidity and Diversity) Agenda. This Agenda propels the Exchange's compelling value proposition and presents opportunities for reforms with far reaching implications for the development of the Nigerian financial markets.

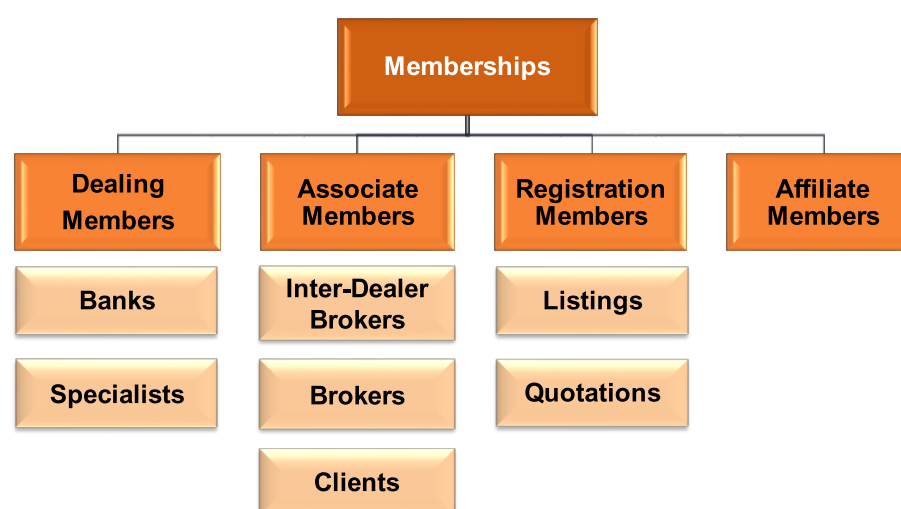
<b>G</b> <b>Global Competitiveness</b>	<b>O</b> <b>Operational Excellence</b>	<b>L</b> <b>Liquidity</b>	<b>D</b> <b>Diversity</b>
<ul style="list-style-type: none"> <li>▪ Governance</li> <li>▪ Transparency</li> <li>▪ Professionalism</li> <li>▪ Payment &amp; Settlement Technology</li> <li>▪ Documentation</li> <li>▪ Central Counterparty</li> <li>▪ Trade Repository</li> </ul>	<ul style="list-style-type: none"> <li>▪ Certification</li> <li>▪ Standardisation</li> <li>▪ Market information</li> <li>▪ Legal support</li> <li>▪ Clearing, Delivery versus Payment, Delivery versus Free, Straight-through-Processing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Network Effects</li> <li>▪ Trade Volume</li> <li>▪ Trading Intensity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Products Diversification</li> <li>▪ Markets Diversification</li> <li>▪ Market Players/Foreign Participation</li> </ul>

The "GOLD" Agenda continues to serve as FMDQ's benchmark for assessing the quality of the markets under its purview and contributions as a market organiser and SRO in the Nigerian financial markets.



As part of its mandate to integrate the Nigerian financial markets, thereby improving the markets' network effects, and also to promote market liquidity, with particular focus on the debt capital markets (DCM), FMDQ constantly seeks the active involvement of participants within the DCM space, whilst providing governance structures to maintain the standards of the markets in line with global best practices. In order to ensure the maintenance of high levels of transparency, further advocate an effective investor protection scheme and support the Exchange's long-term ability to consistently create value for its stakeholders, FMDQ currently has four (4) membership categories, as shown below.

#### FMDQ Membership Categories



#### 1. Dealing Members

This membership category is made up of two (2) sub-categories as follows:

- **Banks:** These are the Central Bank of Nigeria (CBN)-licenced banks who are market makers in all the products traded OTC on the FMDQ platform, i.e. fixed income, money and currency; providing liquidity in these products
- **Specialists:** These are non-bank financial institutions (investment banking firms, securities dealing firms etc.) making markets in Federal Government of Nigeria (FGN) bonds and Nigerian treasury bills, generating liquidity for the markets. These Members are only able to clear and settle their trades through CBN-licenced banks who are also FMDQ Dealing Members

As at December 31, 2015, there were twenty-three (23) FMDQ-licenced Dealing Member (Banks) and sixteen (16) institutions had commenced the process of becoming Dealing Member (Specialists).

## 2. Associate Members

FMDQ Associate Members is classed into three (3) sub categories as follows:

- **Inter-Dealer Brokers:** These are SEC-registered inter-dealer brokers authorised by FMDQ to offer brokerage services amongst FMDQ Dealing Members (banks and specialists) only
- **Brokers:** These are SEC-registered brokers authorised by FMDQ to offer brokerage services only between FMDQ Dealing Members and other clients
- **Clients:** These are end-users of the products traded on the Exchange i.e. the fixed income, currency and derivatives products. This sub-category includes institutional investors (asset/fund managers, pension fund administrators, insurance companies and other corporates) that participate in the FMDQ markets in various capacities

**As at December 31, 2015, there were fourteen (14) FMDQ-licenced Associate Members.**

## 3. Registration Members

This category of membership is split into two (2) sub-categories as follows:

- **Listings:** This sub-category is made up of SEC-licenced issuing houses sponsoring issuers of publicly offered/privately placed fixed income securities including bonds (sovereign, agency, sub-national, corporate and supranational), asset-backed or mortgage-backed securities and mutual funds for listing on the Exchange
- **Quotations:** This sub-category is for financial institutions sponsoring issuers of commercial papers (CPs) and private companies' bonds which are quoted on the Exchange

**As at December 31, 2015, there were thirty-six (36) FMDQ-licenced Registration Members.**

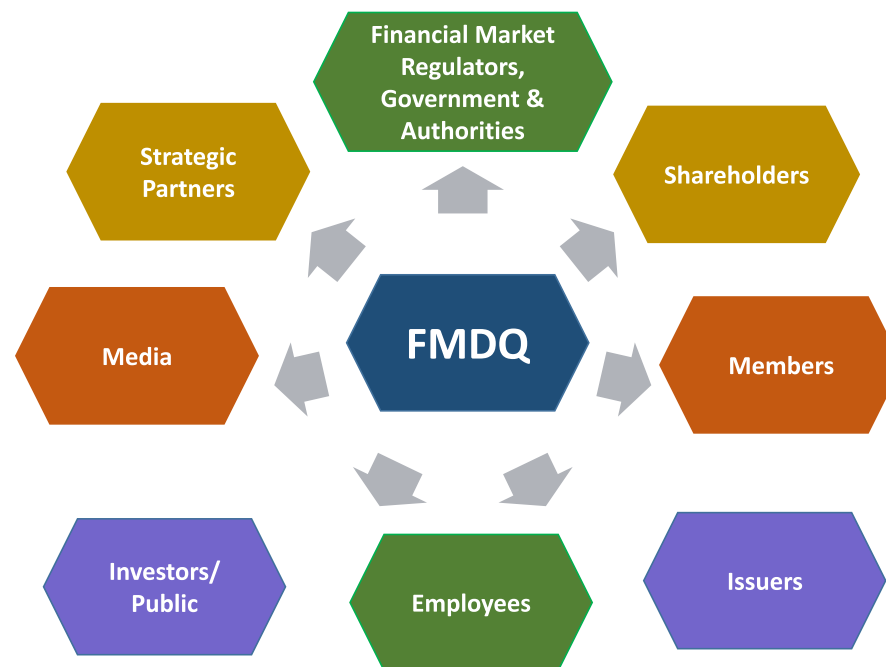
## 4. Affiliate Members

This category is ideal for institutions and individuals with keen interest in the FMDQ markets, have an association with the financial markets and wish to take advantage of the Exchange's commitment to develop the Nigerian financial markets via capacity building through knowledge and information. This new membership category was created with the needs of FMDQ's stakeholders at the fore, towards building market confidence and efficiency. FMDQ Affiliate Members are not vested with any participatory/voting rights on the Exchange as either Dealing, Associate or Registration Members.

**As at December 31, 2015, there were two (2) FMDQ-licenced Affiliate Members.**

## SUSTAINABILITY STRATEGY

### Key Stakeholder Groups



### Stakeholder Engagement

As a budding securities exchange, the collective inputs of our stakeholders, based on participative, collaborative and/or informative relationships, are central to the smooth functioning of FMDQ. Emphasis is therefore laid on the process and outcomes of the synergetic relationships with these varied stakeholder groups.



FMDQ's relationship and engagement with its key stakeholders are depicted below:

S/N	Stakeholder and Key Interest	How FMDQ Engages	Focus of Engagement
1.	Financial Market Regulators, Government & Authorities <i>Financial markets development, in line with global standards and best practices</i>	Periodic reports, presentations, trainings/seminars, meetings and FMDQ website	Regulatory issues, development of products and services, market surveillance, market rules and interventions, investor protection mechanisms, compliance, tax and financial performance
2.	Shareholders <i>Return on Investment and value-creation</i>	AGM, Annual Report & Accounts, periodic reports, meetings, press releases and FMDQ website	Financial performance, growth areas, company sustainability, and new initiatives
3.	Members <i>Tailor-made innovations to deepen and strengthen the Nigerian financial markets and alignment to global standards</i>	Seminars/trainings, advertisements, press releases, newsletters, reports, one-on-one meetings, Members' meetings and FMDQ website	Market development and governance activities, new products, services and initiatives
4.	Issuers <i>Value-add for listing and quotation of securities on FMDQ's platform</i>	Presentations, road shows, bespoke listing & quotation ceremonies, meetings, reports, advertisements, press releases/articles and FMDQ website	Listing and quotation requirements, current and historical information of issues etc.
5.	Investors <i>Knowledge of the FMDQ markets, regulations and investor protection mechanisms</i>	Presentations, road shows, meetings, reports, advertisements, press releases/articles and FMDQ website	FMDQ markets, products and investor education
6.	Media <i>Visibility for FMDQ's markets and franchise, financial markets literacy and awareness</i>	Interviews, press releases/articles, advertisements, reports, newsletters, presentations, seminars, meetings and FMDQ website	Initiatives and trends in the business and franchise, products, services and value-adding initiatives
7.	Employees <i>Company strategy, values, policies, learning &amp; development, motivation and retention strategies</i>	Acculturation sessions, meetings, training needs analysis, emails, performance reviews, team building sessions, FMDQ Staff Club, FMDQ Intranet and website	Development and training, health and safety, remuneration, personnel welfare, company financial performance and code of conduct & ethics
8.	Public <i>Corporate Social Responsibility (CSR), financial markets education and awareness</i>	Advertisements, press releases/articles and FMDQ website	FMDQ business and franchise, products, services and initiatives, financial markets literacy initiatives and CSR activities

## Value Created for Stakeholders

FMDQ continuously seeks innovative avenues through which it can create and add value to its diversified stakeholders which include among others, its shareholders, employees, Members, market regulators & government agencies, strategic partners, issuers and investors. FMDQ works actively with its stakeholders to create a mutually beneficial environment that not only allows for stakeholders to flourish but also for FMDQ to achieve its ultimate goal of developing and revolutionising the Nigerian DCM, making it globally competitive, operationally excellent, liquid and diverse. All of these are evident in and harmonises with the organisation's core values of team work and collaboration, innovation, integrity and value-adding.

In 2015, with its growth agenda, as seen in the significant ramping up of its operations, FMDQ continued the trend of ensuring the delivery of value to its stakeholders both in economic and non-economic terms.

### Economic Value

		2015 (₦'000)	2014 (₦'000)
1.	Revenue	1,846,962	1,672,374
2.	Other Income	244,014	80,632
3.	Operating Expense	(1,617,246)	(1,044,487)
	<b>Total Economic Value Created</b>	<b>473,730</b>	<b>708,519</b>

The Business	Employees	The Government
FMDQ retained in 2015	FMDQ paid in 2015	FMDQ paid in 2015
<b>₦787mm</b>	<b>₦518mm</b>	<b>₦114mm</b>
<b><u>Up 44%</u></b>	<b><u>Up 35%</u></b>	<b><u>Down 29%</u></b>
₦584mm reinvested in the business in 2014	₦384mm paid as salaries and benefits in 2014	₦161mm paid as taxes to Federal Government of Nigeria in 2014

## Non-Economic Value

FMDQ's non-economic value-add to stakeholders were delivered along a wide range of initiatives and market transformation activities, a few of which are highlighted below:

S/N	Area of Value Creation	Initiative
1.	Capacity Building	<p><b>Introduction of Affiliate Membership and e-Knowledge</b></p> <ul style="list-style-type: none"> <li>▪ The Affiliate membership category was launched in 2015 with the sole aim of catering to the needs of institutions and individuals with a keen interest in the FMDQ market space without the need for full participation. It was created with the purpose of developing and building capacity in the Nigerian financial markets through effective knowledge acquisition and information dissemination. Some of the benefits of this membership category include: <ul style="list-style-type: none"> <li>○ Financial market knowledge acquisition</li> <li>○ Trades/investments monitoring ability</li> <li>○ Tools to enable informed investment decisions</li> <li>○ Efficient price discovery</li> </ul> </li> <li>▪ The Exchange also launched its online e-Knowledge module as a tool to aid the realisation of the above mandate. FMDQ e-Knowledge is an information portal granting the user access to invaluable and expedient information on the FMDQ markets including, inter alia, financial markets news, historical facts and data on the financial markets, analytics, mark-to-market &amp; -model prices and rates of FMDQ products, securities &amp; instruments. Information and data on e-Knowledge are contributed by various sources, housed and strategically structured within various sub-modules with enhanced user experience features such as search engines and download capabilities</li> </ul>
2.	Listings and Quotations	<p>As a result of the groundwork laid by FMDQ, enabling the presence of a resilient platform allowing for the registration, listing/quotation and valuation of securities, 2015 saw FMDQ building on this achievement through the listing and quotation of some landmark securities, as follows:</p> <ul style="list-style-type: none"> <li>▪ The pioneer corporate bond listing of United Bank for Africa PLC's ₦30.5bn Series 1: 7-Year 16.45% Fixed Rate Subordinated Unsecured Note - April 2015</li> </ul>

S/N	Area of Value Creation	Initiative
		<ul style="list-style-type: none"> <li>▪ The inaugural listing and quotation of ₦4.8trn FGN bonds and ₦2.8trn Nigerian treasury bills respectively - July 2015</li> <li>▪ The pioneer mortgage bond listing for Nigeria Mortgage Refinance Company (NMRC) PLC's ₦8.0bn Series 1, 15-Year 14.90% Fixed Rate Bond under a ₦140.0bn Medium-Term Note Programme - October 2015</li> <li>▪ The pioneer non-bank (real sector) commercial paper quotation for Nigerian Breweries PLC's ₦17.7bn Series 1 CP Notes under its ₦100.0bn CP Issuance Programme - November 2015</li> </ul> <p>The listing and quotation of the aforementioned securities and others during the course of the year, availed FMDQ the opportunity to provide value to the nation's DCM space and its stakeholders, through its competitive listings and quotations pricing structure, efficient listings and quotations processes, secondary market liquidity, global visibility and unprecedented transparency; reaffirming and securing FMDQ's position as a debt-focused securities exchange with an unwavering commitment to facilitate growth and development in the Nigerian financial market.</p>
3.	Market Standardisation	<p><b>International Capital Market Association (ICMA) and African Securities Exchanges Association (ASEA) Membership Admissions</b></p> <ul style="list-style-type: none"> <li>▪ In 2015, FMDQ gained membership status in ICMA and ASEA, serving to support the Exchange's market transformation agenda for the Nigerian financial markets by implementing the highest standards and bringing the market in line with international best practices. These positive steps will provide a platform through which FMDQ can network, communicate &amp; interact with members of the above international Associations, thereby building strategic collaboration opportunities towards the development of the Nigerian financial markets</li> </ul>
4.	Market Governance	<p><b>The introduction of the Order Based Two-Way Quote (OB2WQ) Foreign Exchange Market Standard</b></p> <ul style="list-style-type: none"> <li>▪ FMDQ, working with the Bankers' Committee (body of Central Bank of Nigeria, Nigeria Deposit Insurance Corporation and regional/commercial and merchant banks operating in Nigeria) , developed and introduced a redefined standard, OB2WQ, in February 2015, to address</li> </ul>



S/N	Area of Value Creation	Initiative
		<p>market volatility following developments in the Nigerian FX market early in the year</p> <p><b>Introduction of the Volatility Management Practice in the Foreign Exchange Market</b></p> <ul style="list-style-type: none"> <li>In its capacity as a market organiser, driving and regulating all secondary market activity in the fixed income, money and currency markets in Nigeria, FMDQ, in February 2015, introduced a Risk Management Framework to address volatility in the FX market, ensuring the continuity of the market and reducing the occurrence of a market shutdown. Volatility triggers and subsequent remedial actions were outlined to maintain stability in the FX market</li> </ul> <p><b>Thomson Reuters Foreign Exchange (FX) Market Tracker Solution</b></p> <ul style="list-style-type: none"> <li>FMDQ, in collaboration with Thomson Reuters, launched an FX trade reporting solution for FMDQ and CBN, to further strengthen the supervisory role played by the regulators of the Nigerian FX market. By automating the tracking of FX volumes and activities real time, this solution will go a long way to boost transparency in the market, improve credibility and sustain investor confidence</li> </ul>
5.	Corporate Social Responsibility (CSR)	<ul style="list-style-type: none"> <li>In line with its core values, FMDQ never lost sight of its responsibility towards constantly adding value to the wider society in which it operates. As a socially responsible organisation, FMDQ remains active in the community where it operates and supports charitable organisations through direct financial and non-financial contributions. Efforts are also continually made towards identifying means by which FMDQ can, through its CSR initiatives, provide an educational support system, which in the long run will foster sustainable development in the nation's economy</li> </ul>

## Corporate Social Responsibility

To demonstrate its commitment to CSR, FMDQ, as one of its strategic objectives, plans to spend up to 2.00% of its revenue on CSR and sustainability programmes by 2019.

The Exchange also funds some of its CSR programmes through honorariums received by FMDQ Management representing the Exchange at external speaking engagements and monies raised from the auction of corporate/seasonal gifts received by Management and Staff during the year.

In 2015, FMDQ embarked on two (2) CSR activities, as follows:

1. A charity visit to the Modupe Cole Memorial Child Treatment Home & School in Lagos State, Nigeria, to support the welfare of the students, as well as the development of the vocational learning centre
2. A visit and donation of financial education books, to the Center for Learning Resources of a Nigerian Higher Institution, Covenant University, Ogun State, Nigeria. This visit was aimed at improving the financial literacy of the University's students, particularly in the DCM space, further promoting our goal of developing the Nigerian financial markets

In the coming year, while consolidating on the gains already made in CSR, FMDQ plans to increase the scope and frequency of its programmes, starting with the development of a comprehensive CSR Framework to guide the process. The FMDQ Foundation, which will focus on financial markets education, will also be an avenue for FMDQ and its stakeholders to enrich the lives of young Nigerians, by educating and empowering them.

## Collaborations with Financial Market Stakeholders

A key success factor for a securities exchange is the constant support and collaboration of financial markets stakeholders. FMDQ continuously works closely with the following stakeholders in varying capacities, including the following:

S/N	Capacity	Focus
1.	The Securities and Exchange Commission Capital Market Committee (CMC)	<ul style="list-style-type: none"> <li>▪ The SEC CMC is an industry-wide Committee comprising members of the SEC, representatives of capital market operators, frontline market regulators, trade groups and other key stakeholders. CMC was established to serve as a medium for exchanging of ideas among market stakeholders as well as for feedback to the SEC on how to continuously improve on market activities and regulation</li> <li>▪ FMDQ actively participates and contributes in three (3) Sub-committees of the CMC - Exchanges, Market Infrastructure &amp; Technology and Rules &amp; Compliance Sub-committees due to its pivotal role as a key Financial Market Infrastructure</li> </ul>

S/N	Capacity	Focus
2.	Bankers' Committee Sub-committee on Financial Markets (FMSC)	<ul style="list-style-type: none"> <li>▪ The FMSC is a standing Committee of the Bankers' Committee charged with the responsibility of addressing gaps on the depth and breadth of products and best practices in the Nigerian financial markets through the advocacy and promotion of initiatives</li> <li>▪ FMDQ sits in-attendance on the FMSC as the project manager for the product and market development mandate of the Sub-committee</li> </ul>
3.	Emerging Capital Market Taskforce (ECMT) – Nigeria-UK Collaboration	<ul style="list-style-type: none"> <li>▪ The Nigeria-UK Capital Markets Project (the Project) emanated from the Emerging Capital Markets Taskforce (ECMT) set up in April 2013 by the Office of the Chancellor of the Exchequer and the Foreign and Commonwealth Office (FCO) in the United Kingdom (UK), to lead projects which will boost investor confidence in emerging market economies</li> <li>▪ The primary objective of the Nigeria-UK Capital Markets Project is to increase capital flows between Nigeria and the UK for mutual benefit. The Project is co-chaired by Mr. Aigboje Aig-Imoukhuede, CON (the President of The Nigerian Stock Exchange) and Sir Roger Gifford (former Lord Mayor of London), and comprises the Nigeria and UK Delivery Groups</li> <li>▪ The Nigeria Delivery Group is responsible for articulating and promoting strategies and initiatives required to drive the developmental evolution of Nigeria's capital markets and has four (4) key work streams - Regulation &amp; Market Transparency, Capital Flows, Capacity and Markets - which are expected to produce white papers and advocacy strategies aligned to short- and medium-term goals</li> <li>▪ FMDQ is a member of the Markets work stream which is currently working on the development of a white paper focused on <b>Liquidity in the Capital Market</b></li> </ul>
4.	Nigerian Economic Summit Group (NESG)	<ul style="list-style-type: none"> <li>▪ As part of FMDQ's push for constructive engagement with the government to foster national economic development via advocacy initiatives, FMDQ became a member of the Nigerian Economic Summit Group in June 2015</li> <li>▪ The NESG is a convener of public-private dialogue and engages government, regulatory agencies, private sector, and civil society on key development issues in Nigeria. It gathers, collates and analyses social and economic data on the Nigerian economy to generate objective reports that support policy advocacy</li> </ul>

S/N	Capacity	Focus
		<ul style="list-style-type: none"> <li>FMDQ actively participated in a number of advocacy initiatives organised by the NESG in 2015 including the “Interactive Session between the Governor of the Central Bank of Nigeria and the Organised Private Sector (OPS)” held on January 27, 2015 and the NESG/German Agency for International Cooperation (GIZ) Micro, Small and Medium Enterprises (MSMEs) Workshop held on December 1, 2015</li> <li>Furthermore, FMDQ has indicated readiness to join the Investment &amp; Competitiveness Sub-committee which is one (1) of the four (4) Thematic Groups of the Policy Commission in NESG to foster conversation and action within a network of private and public sector stakeholders on the Nigerian business environment with focus on local, regional and foreign trade/investments</li> </ul>
5.	FMDQ’s Nigerian Debt Capital Market Workshop	<ul style="list-style-type: none"> <li>FMDQ has always acknowledged the fundamental role capital markets play in driving the actualisation of a nation’s development agenda, by virtue of its ability to pool and mobilise international and local capital towards financing economic growth and development. Therefore, FMDQ, in conjunction with The International Finance Corporation (IFC) and supported by SEC, Nigeria, organised the Nigerian Debt Capital Markets Workshop in October 2015. The Workshop, themed “<i>The Nigerian Debt Capital Markets - Towards a Brighter Future</i>”, was designed to bring together domestic and international financial markets experts to discuss and proffer solutions on the challenges facing the Nigerian DCM. This well attended event concluded by producing the <b>Nigerian DCM Roadmap</b> (i.e. documented DCM-focused initiatives which will impact the real sectors of the Nigerian economy, serving to promote Nigeria’s vision of becoming among the top twenty (20) economies in the world within the next decade). To deliver this successful Conference, FMDQ received both financial and technical support from six (6) capital market players – Chapel Hill Denham Group, Stanbic IBTC Capital Limited, Dunn Loren Merrifield Group, Vetiva Capital Management Limited, Rand Merchant Bank Nigeria Limited and Parthian Partners Limited. KPMG Professional Services also supported the Workshop, acting in the capacity of the Workshop Secretariat</li> </ul>



## FMDQ Workgroups

With a focus on the DCM, and driven by its “GOLD” Agenda for the transformation of the OTC markets, a critical strategic goal for FMDQ is also economic development advocacy. To continuously harness Nigeria’s financial markets for long-term economic development, all stakeholders are expected to closely cooperate and develop various initiatives to channel resources into the real sector – micro, small and medium sized enterprises (MSMEs), Housing, Infrastructure, Agriculture, etc. FMDQ, as the OTC market organiser, presents a platform on which all OTC market development can be coordinated.

Consequently, FMDQ acknowledged the need to establish two (2) Workgroups - Market Development and Financial Market Support for Economic Development - which will draw on the expertise of various stakeholders in the financial market ecosystem.

### 1. FMDQ Market Development Workgroup

The FMDQ Market Development Workgroup provides the needed holistic approach to advising, implementing and advocating best practice initiatives across the various financial market products to ensure our domestic markets are globally competitive, operationally excellent, liquid and diverse.

#### Scope and Objectives

As outlined in its Terms of Reference, the Workgroup is tasked with the following responsibilities:

- To identify and deliberate on the challenges facing the Nigerian fixed income (money market & interest rate) & currency (FIC) markets; act as the think-tank driving an all-inclusive approach to the proposed reforms in the FIC markets and articulate the role to be played by various stakeholders
- To itemise the immediate priorities of the reform agenda and ensure alignment with the mandate of the Financial Markets Sub-committee of the Bankers’ Committee
- To serve as a technical support group for the FMDQ Market Review Forum (an annual event where the FMDQ Board hosts the heads of Financial Services Regulators) on the development of the Nigerian financial market and other related matters
- To monitor and analyse developments in the financial markets and make recommendations to improve market liquidity and global competitiveness of the markets
- To deliberate on such other issues as may be specified from time to time by FMDQ or any stakeholder

## Membership

The Workgroup comprises of senior officials/representatives from the following member organisations:

S/N	Stakeholder Category	Member-Organisation	Name of Member	Designation
1.	Market Intervention Participant	Central Bank of Nigeria	Mr. Emmanuel Ukeje <b>(Chairman)</b>	Director, Financial Markets Department
2.	Buy-Side	Pension Fund Operators Association of Nigeria	Mr. Dapo Akisanya	Head, Technical Committee
		Fund Managers Association of Nigeria	Dr. Ore Sofekun	President
		Association of Corporate Treasurers of Nigeria	Mr. Ishmael Nwokocha	President
		Nigerian Insurers Association	Mr. Thomas Sunday	Director-General
3.	Sell-Side	Association of Issuing Houses of Nigeria	Mr. Victor Ogiemwonyi	Chairman
4.	Trade Association	Financial Markets Dealers Association	Mr. David Adepoju <b>(Vice Chairman)</b>	President
		Institute of Capital Market Registrars	Mr. Peter Ashade	Managing Director/CEO
		Association of Asset Custodians of Nigeria	Mr. Abiodun Adebimpe	Secretary General
		Risk Management Association of Nigeria	Mr. Joshua Uwedinisu	General Secretary
5.	Financial Market Infrastructure	Central Securities Clearing System PLC	Mr. Joseph Mekiliuwa	General Manager
		Nigeria Inter-Bank Settlement System PLC	Mr. Ade Shonubi	Managing Director/CEO
		FMDQ OTC Securities Exchange	Mr. Bola Onadele. Koko	Managing Director/CEO
			Mr. Dipo Odeyemi	Senior Vice President, Market Operations & Technology
			Ms. Jumoke Olaniyan	Associate Vice President, Market Development & Regulation

- Representatives may be changed when their roles in the Organisations they represent change. Vacant positions will be filled by re-nominations from the relevant member-organisations
- The Workgroup may invite any external party/organisation/association to make contributions/input to its work when required

## 2. Financial Market Support for Economic Development Workgroup

A key challenge of an emerging economy, such as Nigeria, is the ability to effectively channel available resources towards enhancement of savings and investment, in order to serve economic development. The unequivocal role which a sound financial market can play to achieve this, through facilitation of funds transfer into the real sector, cannot be over-emphasised.

It is on this premise that FMDQ established the Financial Market Support for Economic Development Workgroup to articulate how financial market activities can be harnessed to foster sustainable economic development. The Workgroup is tasked with providing the needed holistic approach to conceptualising, advising, implementing and advocating best practices across the various economic development initiatives.

The Workgroup is made up of subject-matter experts and stakeholder institutions that conceptualise and coordinate strategic initiatives towards achieving the objective as highlighted above.

### Scope and Objectives

The key responsibilities of the Workgroup include:

- To identify and deliberate on the challenges facing the financial market in its role of supporting economic development in Nigeria, proffering best fit reforms required as well as the roles to be played by various stakeholders
- To act as the think-tank and drive an all-inclusive approach to the articulation of reforms and development of the financial market in support of economic development and advise same to the CBN and Bankers' Committee Sub-committee on Economic Development & Sustainability
- To serve as a technical support group for the FMDQ Market Review Forum on harnessing financial market activities to foster sustainable economic development and other related matters
- To deliberate on such other issues relating to financial market in support of economic development as may be specified from time to time by FMDQ or any stakeholder

## Membership

- The Workgroup comprises a crossbreed of experts in various fields with demonstrable contribution and commitment to economic development in Nigeria
- Members may nominate an expert into the Workgroup, however such nomination must be ratified by a unanimous vote of the existing Workgroup members
- The Managing Director/CEO of FMDQ is a permanent member of the Workgroup and reports periodically to the FMDQ Board of Directors on the activities of the Workgroup
- The Workgroup may invite any external party to make contributions/inputs into its work when required

The current membership of the Workgroup is as follows:

S/N	Name of Member	Organisation	Designation
1.	Dr. Wura Abiola ( <b>Chairman</b> )	Management Transformation Ltd.	Managing Director
2.	Mr. Adekunle Oyinloye	Infrastructure Bank PLC	Managing Director/CEO
3.	Dr. Ezekiel Oseni	Bank of Industry	Chief Risk Officer
4.	Mr. Abubakar Suleiman	Sterling Bank PLC	Executive Director
5.	Mr. Opiuyo Oforiokuma	ARM-Harith Infrastructure Investment Ltd.	Managing Director/CEO
6.	Mr. Patrick Okey Mgbenwelu	FBN Capital Ltd.	Director & Head, Debt Solutions
7.	Mr. Rasheed Olaoluwa	Independent Consultant	
8.	Mr. Bola Onadele. Koko	FMDQ OTC Securities Exchange	Managing Director/CEO

**Note** - Standard Chartered Bank Nigeria Limited, representing the Bankers' Committee Sub-committee on Economic Development, Sustainability and Gender Equality, is also expected to be a member of the Workgroup



## Key Focus Areas – Product & Market Development

### 1. Price Formation & Market Transparency

As part of its mandate, in the course of 2015, FMDQ remained committed to improving price discovery and transparency in the Nigerian financial markets. FMDQ expanded the scope of this mandate by providing timely, up-to-date and comprehensive OTC market data and information through bespoke initiatives largely aimed at reducing information asymmetry, improving market discipline, supporting investors' confidence and promoting resilience and financial stability. These initiatives included:

#### a. FMDQ Daily Quotations List (DQL)

The DQL continues to promote uniformity in valuation, and remains an information tool and a reference point for various stakeholder groups in the Nigerian financial markets. FMDQ has engaged the financial services regulators; CBN, the Debt Management Office (DMO), SEC, the National Pension Commission (PenCom), the National Insurance Commission (NAICOM) and the Nigeria Deposit Insurance Corporation (NDIC) to adopt the DQL as the official source of fixed income prices in Nigeria.

During the year, FMDQ revised the DQL methodology due to a few technical and operational changes, including:

- Upgrade of the Closing Price Derivation Methodologies (fixed income & foreign exchange)
- Reform of the Nigerian Inter-bank Treasury Bills' True Yield (NITTY) and Nigerian Inter-bank Foreign Exchange Fixing (NIFEX) Derivation Processes
- Review of the Derivation & Assignment of Risk Premium for Non-FGN bonds

Furthermore, control measures were established to ensure the integrity of the DQL publications in the national newspapers.

The DQL remains a value-adding tool of FMDQ in the area of price formation and transparency, and market stakeholders have adopted the DQL as an official source for closing market prices.

#### b. Nigerian Inter-bank Offered Rate (NIBOR) Reform and Governance

Having launched the reformed NIBOR in 2014, FMDQ proceeded to document outstanding NIBOR internal process governance and compliance policies in line with the International Organisation of Securities Commissions (IOSCO) Principles for Financial Benchmarks. These included the articulation of the following documents:

- Complaints Policy
- Whistleblowing Policy
- Conflict of Interest Policy

In 2015, the NIBOR methodology was reviewed to preserve the relevance and credibility of the Benchmark. An assessment of the Nigerian money market trade pattern and trends revealed a significant

differential between the rates submitted for the NIBOR fixing, executed trades and closing market rates on the same day. Consequently, a review of the NIBOR data collection and publication time was required.

The following changes to the NIBOR Framework were implemented, in line with the aforementioned IOSCO Principles:

- NIBOR publication time revised to **2:00 PM** daily.
- NIBOR Reference Banks to submit rates between **1:30 PM – 1:45 PM**

The first external Audit of the NIBOR process is due to be conducted in 2016.

#### c. Market Intelligence Reports

The decisions of market participants and stakeholders are largely influenced by the availability of information. Therefore, FMDQ, during the year, worked to fill the information gaps in the Nigerian financial markets by publishing reports that were considered valuable to both domestic and international stakeholders, including financial market regulators. In 2015, the following Market Intelligence Reports were developed and published:

S/N	Report	Description	Frequency
1.	Daily Financial Market Indicator (DFMI)	A daily summary of key financial market indicators covering the equity, fixed income and currency markets. The DFMI tracks index closing values, foreign exchange rates (CBN, Inter-bank, Bureau-de-Change and FX transfer), money market and fixed income closing prices and segment sizing. This Report is published on the FMDQ e-Markets Portal.	Daily
2.	OTC Monthly	A summary of activities that occurred in the FMDQ OTC markets (FX, bonds, repos/buy-backs and money) over the course of a month. The Report, which was launched in May 2015, provides an overview of the market and highlights the major occurrences and is available on the FMDQ website.	Monthly
3.	Financial Markets Review Report (FMRR)	A review of the activities in the OTC markets under FMDQ's purview with regulatory and systemic impact analysis. The Report includes a detailed analysis of the turnover and trading intensity of the various traded products (FX, bonds, t.bills, repos/buy-backs and money), a summary of the Exchange's surveillance activities over its Dealing Members and a League Table depicting Members' performance within the review period. The Report is published two (2) weeks prior to the CBN's Monetary Policy Committee (MPC) meetings and was first published in April 2015. The Report can also be accessed on the FMDQ website.	Bi-Monthly

## 2. Product Innovation and Market Development

In 2015, market development initiatives were centred on actualising the liquidity mandate of the FMDQ “GOLD” Agenda by increasing product offerings, deepening the fixed income and FX markets and managing the volatility in the markets.

### a. Dealing Member (Specialists) Market

Having identified the need and opportunity for the integration of non-bank financial institutions (NBFIs), i.e. investment banking firms, securities dealing (stockbroking) firms and also experienced unregulated OTC fixed income dealing firms into the fixed income market, FMDQ proceeded to develop a modified Dealing Membership category called the “Dealing Member (Specialists)”; which will serve to further deepen the Nigerian fixed income market.

The draft Framework, covering the project roll-out plan, minimum registration requirements, operational modalities and systems requirements for the market segment, was finalised and FMDQ proceeded to implement the various action points within the Framework, with the activation of this new membership category in December.

### b. Fixed Income and Foreign Exchange Derivatives

The absence of a robust financial market diminishes efforts to transform Nigeria’s abundant resources to real economic gains. A key element of this transformation is the development of a deep financial market, coupled with a dynamic derivatives market, where hedging products can be traded freely in a competitive and transparent manner. Derivatives play a vital role in the development and growth of an economy through its crucial role in supporting price discovery, competitiveness, risk management and market efficiency. It helps attract capital flows, reduce cost of capital and deepen the financial markets.

Consequently, FMDQ published a comprehensive Request for Proposal (RfP) in May 2015, for a **Feasibility Study on the Introduction of OTC Derivatives in Nigeria**.

The Evaluation & Selection Process was also concluded towards the end of the year and the successful Consultant was formally engaged. The Study will be completed in 2016.

## 3. Foreign Exchange Market Standards

Following the developments in the Nigerian FX market in 2015, FMDQ, in collaboration with the Bankers’ Committee, developed strategies to address market volatility. To this end, the following measures were introduced to address the immediate challenges ahead of long-lasting solutions:

- a. **The Order-Based Two-Way Quote (OB2WQ) FX Market:** An order-based market is one where all the orders of both buyers and sellers are displayed, detailing the price at which participants are willing to buy or sell a product and the amount of the product required for purchase or available for sale at that price. It is a market where the bid and ask prices are determined by orders made by customers to market makers or dealers. The market price is derived from the process of matching customers’ demand with supply; differing from the hitherto mandatory “quote-driven” market in which prices are determined from

quotations made by market makers or dealers. This redefined, standard, OB2WQ, for the Nigerian FX market, was introduced on February 13, 2015.

- b. **Thomson Reuters (TR) Daily Market Tracker (DMT) Reporting Screen:** To enhance price discovery and transparency in the inter-bank FX market, FMDQ, in collaboration with Thomson Reuters, launched an FX trade reporting solution for FMDQ and the CBN, further strengthening the supervisory role played by the regulators of the Nigerian FX market. FMDQ Dealing Members were therefore required to voice-report and confirm all trades on Thomson Reuters Dealing 3000 FX System, as soon as the trades were consummated. This provided the necessary input into the TR price discovery screens and the FMDQ Deal Tracker Analyser on a real-time basis. The TR price discovery screen is a real-time trade information screen showing the prices and volumes of confirmed FX trades by the Dealing Members. By automating the tracking of FX volumes and activities in real time, this solution proved a boost to transparency, improved credibility and sustained investor confidence.

#### 4. Financial Markets Risk Management Framework

Having developed a robust Framework to help foster and maintain market stability and continuity, FMDQ proceeded to engage the CBN to activate its unique Dealing Room function as a Market Intervention Participant in the fixed income market.

To this end, FMDQ drafted an OTC Market Intervention Agreement to be executed with the CBN along with an FMDQ Bloomberg E-Bond Monitoring Agreement. Upon execution of these Agreements, the CBN will be officially recognised as a Participant under a bespoke participation category known as “Market Intervention Participant”.

#### Key Product & Market Development Focus for 2016

In 2016, FMDQ will look to drive product development and innovation with a high degree of standardisation of products’ structural and contractual terms, and operational processes, leveraging on the expertise of the various stakeholders, through regular stakeholder engagement.

FMDQ will also develop product performance indicators and robust feedback mechanisms for each product and market offering to promote stakeholder feedback.

Product and market development initiatives for 2016 include, but are not limited to, the following:

##### 1. Nigerian Inter-bank Treasury Bills’ True Yield and Nigerian Inter-bank Foreign Exchange Fixings

To ensure the reliability and credibility of FMDQ’s fixings, the NITTY and NIFEX fixing methodologies will be reviewed and restructured during the year. The NITTY and NIFEX underlying philosophies, fixings dynamics and selection criteria for the Reference Banks will be also revised. Furthermore, in order to guide the behaviour of the Reference Banks for all fixings, a Code of Conduct, with infractions and penalties, will be established and executed with these banks to formalise the governance process.

Lastly, the appointment of Fixing Calculation Agents will be finalised to further consolidate on the integrity and accuracy of the fixings to meet appropriate international benchmark regulations (IOSCO Principles) and guidance.

## 2. Repurchase Agreements & Securities Lending

Repurchase Agreements are a key source of liquidity in the financial markets and are widely used as a medium for secured financing. FMDQ seeks to establish international best practices in the Nigerian repo market, with the introduction of screen-based capture of repo trades supported by a robust Collateral Management System (CMS). Consequently, FMDQ has proceeded to execute an Agreement with Bloomberg L.P. for the inclusion of a repo trading module on the FMDQ Bloomberg E-Bond Trading System (E-Bond) while the acquisition of the CMS and integration with the settlement systems (CBN Scripless Securities Settlement System (S4) & CSCS) are scheduled to be concluded in 2016.

## 3. Short-Term Bonds

To drive growth and development in the Nigerian DCM, FMDQ engaged various stakeholders across the DCM value chain (issuing houses, corporate investors etc.) and received overwhelming feedback on the existence of a funding gap between money and capital markets which was yet to be explored within Nigeria's financial markets. In response to this feedback, FMDQ engaged SEC and emphasised the need for the introduction of short-term bonds (STBs) which would effectively bridge the funding gap between short-term issuances like CPs and the traditional medium- and long-term bonds. STBs can be defined as bonds with maturities of no less than twelve (12) months and up to three (3) years.

In collaboration with SEC, FMDQ is developing the STBs registration process, outlining the stages, responsibilities and actions involved in the registration and listing of STBs, to ensure quick time-to-market. The introduction of STBs is expected to further develop and enhance the governance and transparency at the short-end of the corporate yield curve.

## 4. Market Intelligence Reports

FMDQ aims to be recognised as a reference point for financial market data and intelligence, and therefore has identified the following additional Market Intelligence Reports. Preparations towards the production of these Reports will commence in 2016:

- **The Nigerian Fixed Income and Currency (NFIC) Markets Report**– This is an annual Report that will detail the activities in the Nigerian fixed income and currency markets. It will contain a chronology of events that shaped the markets within the review period, statistics, and charts on the markets and an in-depth assessment of the Nigerian financial markets, geared towards providing stakeholders with a robust understanding of the markets as a basis for strategic planning
- **The Nigerian Debt Capital Market Guide** – This is a biennial Report that will outline the structure, regulatory framework, issuance, trading dynamics and development agenda of the Nigerian DCM. It will serve as a guide to anyone interested in issuing or investing in the Nigerian DCM. It will also



detail the various product features and their performance and include a **“Nigerian Debt Structures Report and Listings Table”** for all securities in the Nigerian DCM landscape. This will serve as a handbook of sorts on the Nigerian DCM.

## Key Focus Areas - Services

### 1. Listings and Quotations

As part of its mandate to promote an efficient and well regulated market which will attract and retain both domestic and foreign investors, improve price discovery and transparency for issuers, dealers, regulators and the general public, FMDQ facilitates growth and development in the Nigerian financial markets, with specific focus on the DCM, and in turn, the Nigerian economy at large through its listings and quotations service offering.

FMDQ provides a platform for the listing and quotation of fixed income securities such as bonds (FGN, agency, sub-national, corporate and supranational), CPs and fixed income & money market mutual funds, ensuring that, at every juncture, requisite standards for financial security are met. FMDQ, through the “Listings & Quotations” page on its website, provides robust and unprecedented information disclosure on all debt securities listed and quoted on the Exchange, whilst also delivering on other value-added services such as, liquidity and price formation.

### 2. Memberships

FMDQ provides a credible platform for the effective integration of participants in the Nigerian financial markets with its innovative edge and ability to create membership categories that address the needs of its varied stakeholders, from the market regulators, where applicable, market makers, issuers, investors and brokers, through to members of the general public as appropriate. FMDQ strives to continuously improve the markets’ network effects, thereby promoting market efficiency and liquidity.

### 3. Market Connectivity

FMDQ, as a securities exchange positioned to bring about revolutionary change in the Nigerian financial markets, offers bespoke electronic systems for trading, online real-time price discovery and best price execution amongst others, providing the requisite visibility, transparency and liquidity for a thriving market, thereby effectively and efficiently organising the FMDQ markets and positioning them for global competitiveness.

### 4. Data and Information

FMDQ provides access to market data and information, i.e. provision of pre-trade and post-trade information services, real-time prices, trading data, market data etc., thereby positioning the Exchange as a market data and information repository, servicing the needs of its Members, the financial market regulators, issuers, local and international investors, as well as other market operators.

FMDQ e-Knowledge, the bespoke online knowledge centre, which serves as the main channel for data and information dissemination, has been well recognised by its end-users as a very comprehensive and robust repository for financial market knowledge acquisition, such as, financial market news, fundamentals, tips, education and historical facts; market & model prices and rates of FMDQ products, securities & instruments.

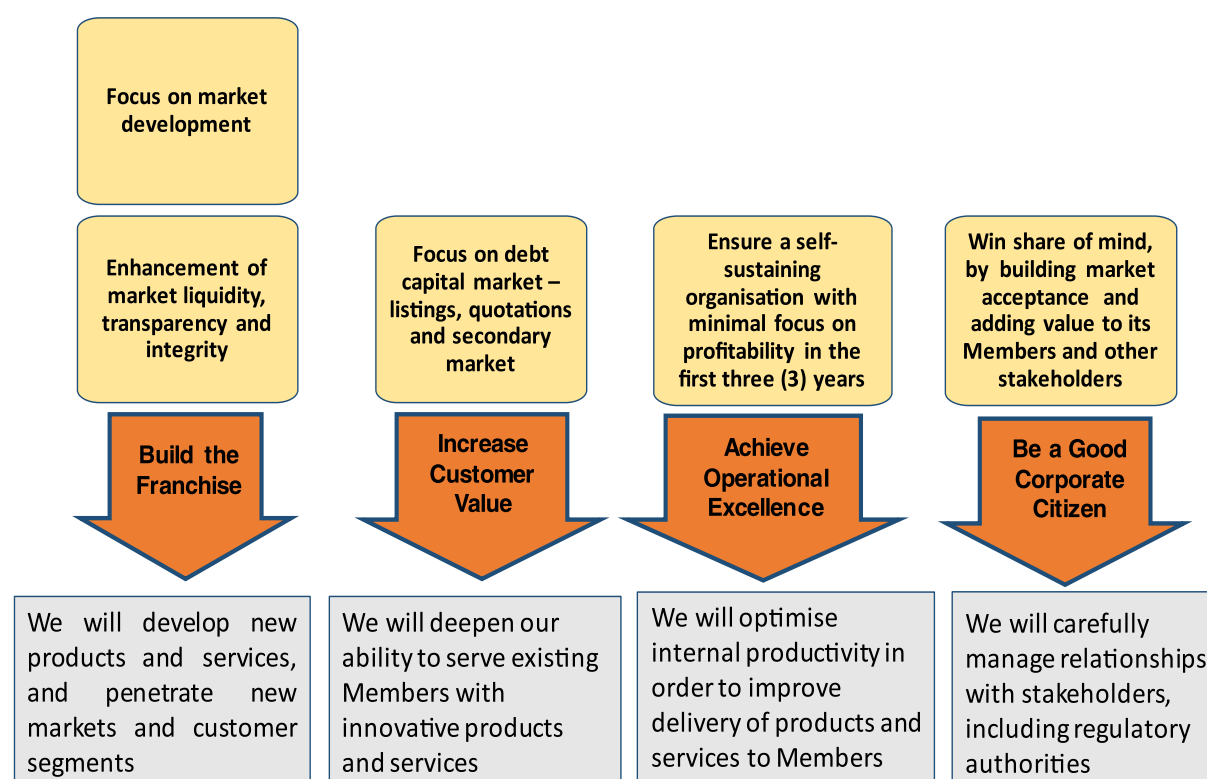
## 5. Market Regulation

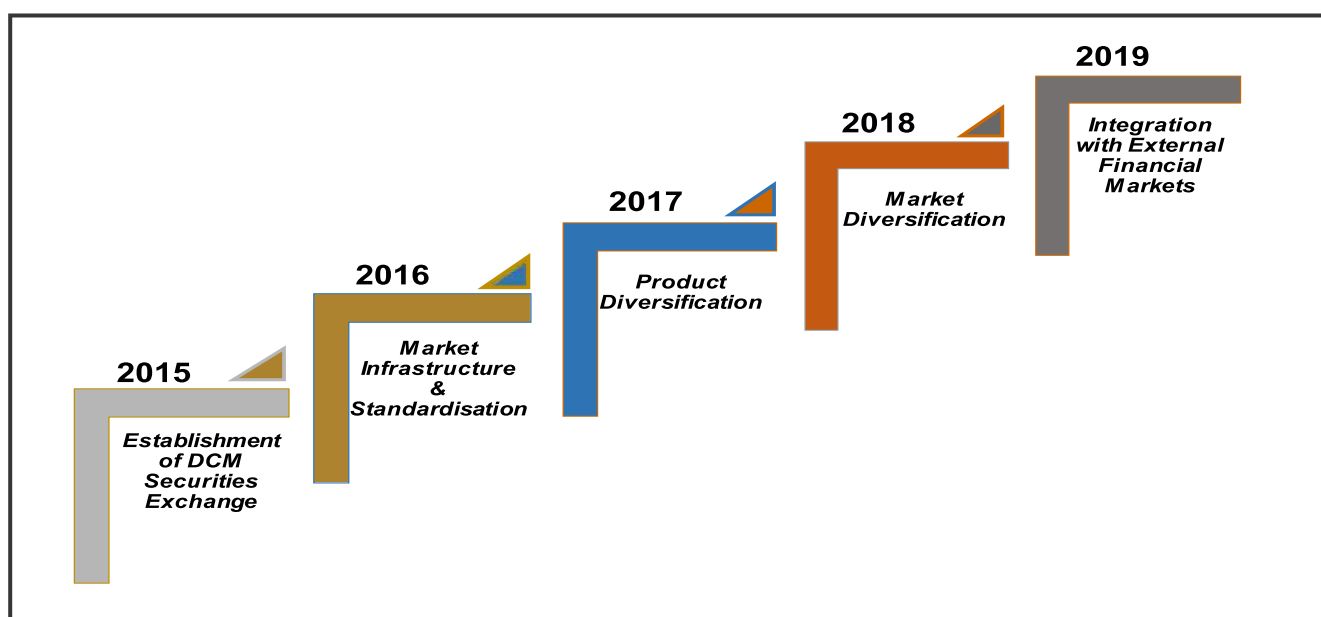
In its capacity as an SRO, the Exchange serves as the front-line regulator for the OTC markets under its control, and upholds market confidence, integrity and credibility through its robust market regulation activities, including, but not limited to, documentation and enforcement of market Rules, Guidelines and Agreements, market surveillance activities, investigations, Members' examination and dispute resolution.

## STRATEGIC JOURNEY

The strategic direction for FMDQ, to be positioned as a world-class securities exchange, with the immediate three (3) years' focus encapsulated in financial market development, still remains valid and is the bedrock of all initiatives and activities carried out by the OTC Exchange. FMDQ's Strategy will continue to be driven by product innovation, people and technology, leveraging on key relationships with its stakeholders in the delivery of its mandate.

### FMDQ 5-Year Strategy (Guiding Principles)



**FMDQ 5-Year Horizon: 2015 - 2019****Review of 2015**

Having set out the Exchange's vision of becoming No. 1 in Africa in the fixed income and currency markets by 2019 and a mission to empower the financial markets to be innovative and credible, in support of the Nigerian economy, unrelenting efforts were geared towards the execution of FMDQ's Strategic Initiatives in 2015.

With FMDQ becoming a full-fledged securities exchange after receiving SEC's approval to list securities in December 2014, and the key franchises within the OTC Exchange fully activated, 2015 saw the consolidation of FMDQ's position as the foremost DCM securities exchange in Nigeria. This was evidenced by some key accomplishments in the DCM space during the year, including but not limited to, the listing of bonds (FGN, sub-national, and corporate (banks and non-banks)), the quotation of Nigerian treasury bills and commercial papers, the publication of financial markets research reports, the activation of the Dealing Member (Specialists) sub-category to integrate non-bank financial institutions (including securities dealing firms) to the fixed income market and the successful planning and execution of FMDQ's 2015 Nigerian DCM Workshop themed "*The Nigerian Debt Capital Markets – Towards a Brighter Future*", in collaboration with key market participants (including the International Finance Corporation (IFC)) and with the support of SEC.

In view of its market development agenda, a comprehensive Request for Proposal (RFP) for a Feasibility Study on the Introduction of OTC Derivatives in Nigeria was published in 2015. After a rigorous evaluation & selection process, the successful Consultant was formally engaged and has now commenced the Project. An implementation Plan will be delivered and rolled out in 2016.

The FMDQ Market Development Workgroup, a platform on which all OTC market development programs can be coordinated to shape reforms in the Nigerian OTC market, was activated. This Workshop is made up of senior representatives from market associations, trade groups, financial market infrastructure providers and the CBN (as a Market Intervention Participant).

A Daily Surveillance Report (DSR), an online self-monitoring surveillance tool, was deployed to assist FMDQ Dealing Member (Banks) monitor their compliance with E-Bond Trading Rules and consequently, the Penalties Regime on E-Bond Trading Infractions commenced. To ensure that the administration of the Penalties Regime is fair and transparent, FMDQ developed and communicated, to all Dealing Member (Banks), an Appeal Process for Penalties on Trading Infractions, which seeks to ensure proper management and adjudication of any petitions made by aggrieved Members and provides a method through which they can appeal against penalties imposed. To further improve compliance to the Trading Rules, FMDQ organised training sessions for the Fixed Income Dealers and the Compliance Officers of the Dealing Member (Banks) on July and August 2015 respectively. The trainings focused on demonstrating the infractions monitoring process using the E-Bond System and the DSR as well as highlighting the role of the Compliance Officers in ensuring compliance to the FMDQ Trading Rules.

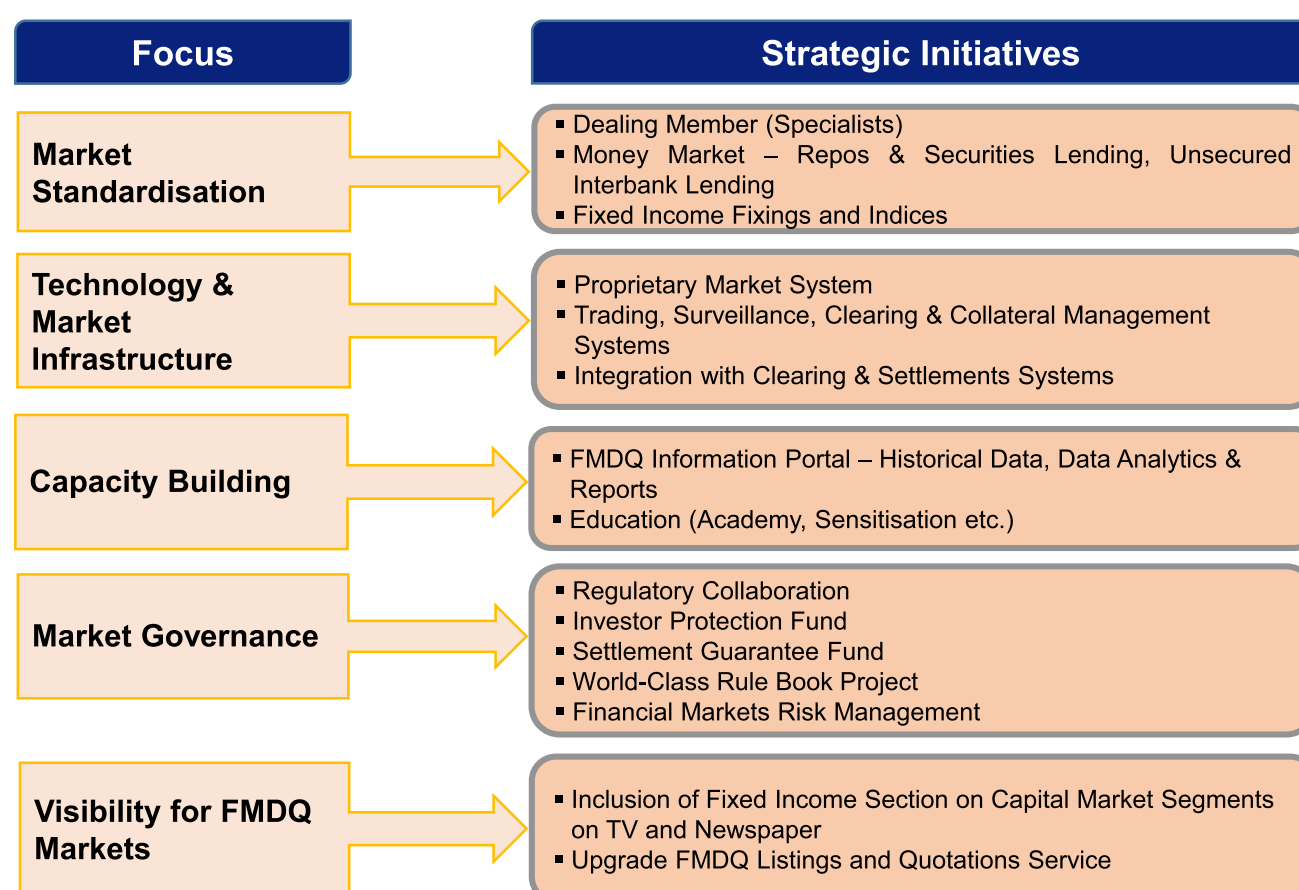
Key 2015 Milestones	
1.	Commencement of FGN and Corporate bonds listing and Nigerian treasury bills quotation
2.	Introduction of Affiliate Membership category
3.	Introduction of Dealing Membership sub-category – Dealing Member (Specialists)
4.	Admission as Full Member Exchange of African Securities Exchanges Association (ASEA)
5.	Admission as Associate Member of International Capital Market Association (ICMA)
6.	Implementation of reforms and governance to Nigerian Inter-bank Offered Rate (NIBOR)
7.	Upgrade of Daily Quotations List (improved methodology and governance)
8.	Launch of FMDQ e-MarketData
9.	Launch of the Thomson Reuters Market Tracker Solution at FMDQ & deployed in CBN
10.	Introduction of price discovery initiatives: <ul style="list-style-type: none"> <li>▪ Launch of FMDQ e-Discovery</li> <li>▪ E-Bond price global display</li> </ul>
11.	Execution of pioneer FMDQ Debt Capital Markets Workshop (2015)
12.	Activation of FMDQ Workgroups: <ul style="list-style-type: none"> <li>▪ FMDQ Market Development Workgroup</li> <li>▪ Financial Market Support for Economic Development Workgroup</li> </ul>
13.	Publication of Market Intelligence Reports: <ul style="list-style-type: none"> <li>▪ Daily Financial Market Indicator</li> <li>▪ OTC Monthly</li> <li>▪ Financial Markets Review Report</li> </ul>
14.	Development of Financial Market Risk Management Framework
15.	Bi-annual All Members' Meeting on FMDQ Market Architecture



## FMDQ 2016 Focus

Having implemented FMDQ's Strategy for the first full year in 2015, and considering the dynamic economic conditions which characterised the year, it became pertinent for Management to, not only assess the 2015 performance and strategy execution, but more importantly, review the 5-Year Strategic Plan, with a focus on aligning strategic priorities to operational realities for the year 2016.

Following the review, the Exchange's key focus areas for 2016 were agreed as follows:



With FMDQ's product and market development agenda at the forefront of the Strategy, and product diversification identified as the key driver of this agenda for 2017, it was evident that 2016 should be a year to focus on putting in the necessary structures for the successful implementation of this agenda. The minimisation of counterparty risks across the Exchange's products was identified as a necessary value-add to the market structure and the year will see the promotion of automatic settlement and a Settlement Guarantee Fund (SGF). The SGF will serve as a precursor to the introduction of a Central Counterparty (CCP) to support FMDQ's market.

FMDQ's Product and Market Development Roll-out Plan for the year includes, but will not be limited to, repos, STBs, Sukuk and credible fixed income benchmarks.

FMDQ will also focus on consolidating its 2015 efforts towards facilitating the development of market infrastructure through integrating the FMDQ Bloomberg E-Bond Trading System with the clearing and settlement systems to enable straight-through-processing of OTC transactions from trading through to settlement. The implementation of a collateral management service for the existing bi-lateral repo market and a proprietary system, FMDQ Q-Deal, for the Dealing Member (Specialists) category, to enable them trade fixed income securities, will be priorities for FMDQ in 2016.

The development of Rules to support FMDQ's market will continue to be a key driver of the Exchange's SRO mandate and the following Rules are currently under development; Private Companies' Bonds Quotation Rules, Fixed Income Securities Investment Clients' Service Rules (in furtherance of FMDQ's investor protection mandate), Short Term Bonds Registration and Listing Rules, Sukuk Listing Rules; and it is intended that the Rules will be released to the market during the year. An Examination Program, which will detail the Exchange's approach to Members' examination and inspection activities, will be developed and implemented to maintain the integrity and credibility of the markets and participants.

## CHAIRMAN'S LETTER

Dear Distinguished Shareholders,

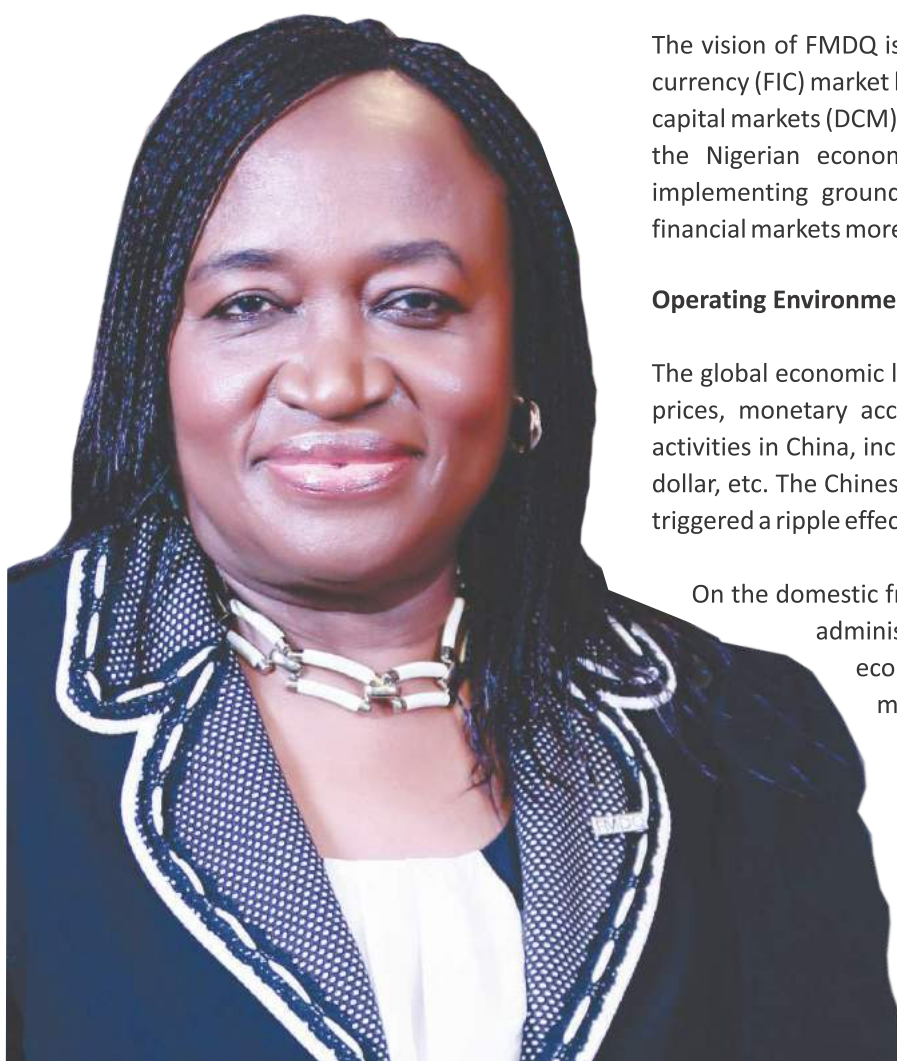
I am pleased to welcome you to the 4<sup>th</sup> Annual General Meeting of your Company during which we will present the 2015 Annual Report & Accounts for FMDQ OTC PLC.

The vision of FMDQ is to become No. 1 in Africa in the fixed income and currency (FIC) market by 2019 with a mandate to develop the Nigerian debt capital markets (DCM), through deepening the financial markets to support the Nigerian economy. FMDQ remains committed to continuously implementing ground breaking initiatives that will make the Nigerian financial markets more globally competitive.

### Operating Environment

The global economic landscape in 2015 was characterised by declining oil prices, monetary accommodation in the EU, rebalancing of economic activities in China, increased interest rate in the US, strengthening of the dollar, etc. The Chinese stock market crash, in the second half of the year, triggered a ripple effect across major global financial centres.

On the domestic front, successful election and swearing in of the new administration in Nigeria signalled hope for the local economy. The decline in oil price affected the equity market as All Share Index (ASI) was down 18.51 per cent over the course of the year. The removal of Federal Government of Nigeria (FGN) bonds from the J.P. Morgan Government Bond Index - Emerging Markets (GBI-EM), prompted the exit of some foreign investors from the local financial market. The potential economic impact of the challenges was mitigated by the reduction in the Monetary Policy Rate (MPR) by the Central Bank of Nigeria (CBN), from 13 per cent to 11 per cent, and the



**Dr. (Mrs.) Sarah O. Alade, OON**  
Chairman, FMDQ OTC Securities Exchange

## CHAIRMAN'S LETTER (Contd.)

Cash Reserve Requirement (CRR) reduced from 25 per cent to 20 per cent towards the end of the year.

The domestic economy recorded a decline in Gross Domestic Product (GDP) growth rate to 2.79 per cent, from 6.23 per cent in 2014, attributed largely to the persistent fall in oil prices, slowdown in businesses and security challenges in some parts of the country. In the face of declining revenue, numerous measures were put in place to block leakages and to preserve foreign reserves which declined by 15.38 per cent during the year. The CBN official exchange rate recorded 14.72 per cent depreciation whilst inflation settled at 9.55 per cent for the year, slightly outside the 9.00 per cent upper limit of the target set by the CBN. In addition, the FX inter-bank market was shifted from a price quote-driven market to a client order-driven one to ensure a credible price formation.

#### Corporate Development

2015 was a busy year for FMDQ. The Company was able to list FGN bonds and corporate bonds (bank and non-bank), as well as quote Nigerian treasury bills and commercial papers on the Exchange. In addition, the successful execution of FMDQ's 2015 Nigerian DCM Workshop themed *"The Nigerian Debt Capital Markets – Towards a Brighter Future"*, in collaboration with the International Finance Corporation (IFC) and with the support of the Securities and Exchange Commission, reinforced the company's focus on establishing its position as the foremost DCM securities exchange in Nigeria in 2015.

In line with its mandate to provide transparency to the capital markets, FMDQ introduced a new membership category, the Affiliate Members. This category, ideal for institutions and individuals interested in taking advantage of the Exchange's commitment to develop the Nigerian financial markets via capacity building already had two (2) institutional Members at the end of 2015. The company also closed the year with seventy-five (75) licenced Members across three (3) categories – twenty-four (24) Dealing Members (Banks), fourteen (14) Associate Members and thirty-seven (37) Registration Members. The Exchange is also working on introducing the Dealing Member (Specialists) category in 2016. In its capacity as a market organiser, FMDQ organised two (2) All Members meetings during the year to, amongst others, provide an update on the FMDQ Market Architecture Framework.

#### Changes to the Board

In October 2015, Ms. Daisy Ekineh was appointed to the Board as the second Independent Non-Executive Director. This appointment, in addition to bringing capital market expertise, will also enhance the corporate governance structure by increasing the number of the Independent Non-Executive Directors on the Board.

Towards the end of the year, the Board received the retirement notice of Mr. Stephen Olabisi Onasanya, which took effect on December 31, 2015. Mr. Onasanya, who retired as the Group Managing Director/Chief Executive Officer of First Bank of Nigeria Limited (FirstBank), served on the FMDQ Board as a Non-Executive Director from 2014 - 2015 and has been replaced by his successor, Dr. Adesola Kazeem Adeduntan, the current Managing Director/Chief Executive Officer of FirstBank.

FMDQ has maintained its high corporate governance stance by continuously ensuring equitable representation on its Board, thereby promoting participation from its diverse stakeholders; the Bankers Committee, Dealing Members, buy-side, the Central Bank of Nigeria, Financial Markets Dealers Association and The Nigerian Stock Exchange. The Board members have shown strong commitment towards the actualisation of FMDQ's mission to empower the financial markets in support of the Nigerian economy.



## CHAIRMAN'S LETTER (Contd.)

**Growth Priorities for 2016**

FMDQ is optimistic about the year ahead, albeit judiciously, considering the expected challenges the Nigerian financial markets will likely face, and remains committed to initiating and engaging in initiatives that will develop and make the FMDQ markets globally competitive by improving liquidity, transparency, governance and efficiency in the markets.

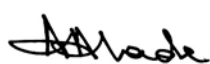
Planned initiatives for 2016 include, but will not be limited to:

- Integration of FMDQ E-Bond Trading System and CBN Scripless Securities Settlement System (S4) to ensure straight-through-processing of transactions
- Integration of FMDQ markets to include securities dealing and investment banking firms in the fixed income secondary markets as Dealing Member (Specialists), in addition to the existing Dealing Member (Banks)
- Pilot run for FMDQ Academy to provide capacity building and financial markets education for FMDQ stakeholders
- Provision of a more diversified products portfolio including short-term and Islamic (Sukuk) bonds
- Quotation of Private Companies' Bonds
- Implementation of FMDQ's Nigerian Debt Capital Market Transformation Agenda
- Feasibility Study and Implementation Plan for the introduction of OTC Derivatives

**Conclusion**

In 2015, we channeled significant efforts towards the execution of our Strategy, with a focus on establishing FMDQ as the Nigerian DCM securities exchange. The Company enjoyed tremendous support from Board members, shareholders, regulators, Members, clients, employees and other stakeholders, contributing significantly to the successes recorded during the year.

On behalf of your Exchange, I would like to extend my appreciation to you all for staying the course with us. To achieve success in our objectives, FMDQ will continue to work collaboratively with and garner the support of our stakeholders to deliver an improved market in 2016.



Dr. (Mrs.) Sarah O. Alade



## CEO'S REVIEW

Having developed the Company's 5-Year Strategic Plan for 2015 - 2019, FMDQ commenced work on the implementation of identified Strategic Initiatives and Projects towards the achievement of the set Strategic Objectives for the year. Our strong focus on adding value to our stakeholders saw us responding to emerging stakeholder needs in product and service areas, thereby facilitating the FMDQ market development and corporate agenda and resulting in a growth in your Company's revenues despite the challenging market conditions that prevailed throughout the year.

On behalf of the Management and Staff of FMDQ, I am pleased to present you with highlights of the performances and key activities of your Exchange for the year ending December 31, 2015.

### Financial Review

#### a. Revenue

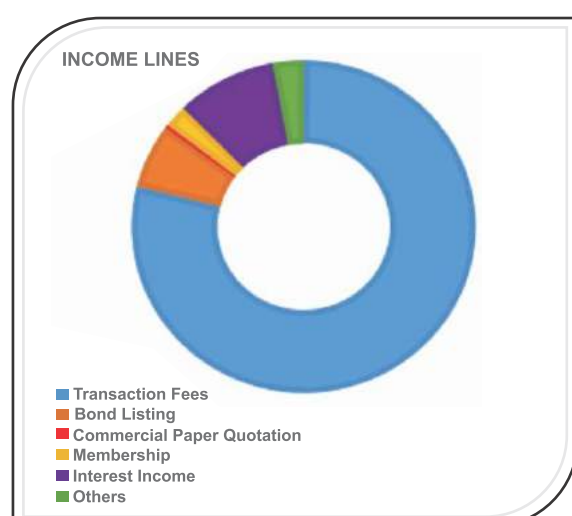
In 2015, FMDQ recorded a 19.28% increase in revenue, from ₦1.75bn in 2014 to ₦2.09bn. This growth was as a result of the Exchange's objective to diversify its revenue sources by introducing other value-adding services.

This strategy saw a reduction in the contribution of transaction fees to 78.89% of total revenue compared to 91.29% recorded in 2014.



**Mr. Bola Onadele. Koko**  
Managing Director/Chief Executive Officer  
FMDQ OTC Securities Exchange

## CEO'S REVIEW (Contd.)



Revenues from bond listings, CP quotations, application fees, membership dues, interest income, and penalties/fines (as the E-Bond Infractions and Penalties Guide came into effect in Q2), accounted for the balance. Interest income rose significantly by 173.71% due to an increase in investible funds resulting from cash received from various revenue sources during the year.

Income Lines	2015 (₦'000)	2014 (₦'000)	Variance (%)
Transaction Fees	1,649,567	1,600,255	3.08
Bond Listing	131,736	-	100.00
Commercial Paper Quotation	6,148	-	100.00
Membership*	45,750	30,950	47.82
Interest Income	197,395	72,119	173.71
Others**	60,379	49,682	6.68
<b>Total</b>	<b>2,090,976</b>	<b>1,753,006</b>	<b>19.28</b>

\*Inclusive of Application Fees and Subscription Dues

\*\*Inclusive of Insurance Claims, Sponsorship Income, Penalties/Fines, Income Grant and Others

## b. Expenses

Total operating expenses increased to ₦1.62bn (2014: ₦1.04bn) as we expanded operations to support the implementation of the Strategic Initiatives to further develop the franchise in 2015. We closed the year 2014 with a staff strength of twenty-eight (28), however, with the expansion of the business it became pertinent to ramp up capacity to drive the operations. We engaged staff, mostly in middle management and junior roles, increasing the total number of staff at the end of the year 2015 to thirty-nine (39).

To monitor and manage expenses, Management implemented budgetary control measures and continued to ensure that the philosophy of prudence, already demonstrated in the year 2014, was strongly adhered to in view of the inevitable expansion of business operations within the year.

During the year, Management invested resources on market development initiatives, membership activities, brand strategy, business marketing and stakeholder engagements to complement the positioning of FMDQ as a securities exchange. To galvanise the Nigerian debt capital market, FMDQ sponsored a DCM Workshop with IFC and SEC acting as collaborator and supporter respectively. We expect these investments to continue to contribute to our revenues in ensuing years.

## CEO'S REVIEW (Contd.)

## Performance Summary

Year Ended December 31	2015 (₦'000)	2014 (₦'000)	Variance (%)
Revenue	2,090,976.00	1,753,006.00	19.28
Operating Expense	(1,617,246.00)	(1,044,487.00)	54.84
<b>Profit/(Loss) Before Tax</b>	<b>473,743.00</b>	<b>708,519.00</b>	<b>(33.14)</b>
Tax Expense	(114,347.00)	(160,584.00)	(28.79)
<b>Total Comprehensive Income</b>	<b>359,383.00</b>	<b>547,935.00</b>	<b>(34.41)</b>

## Market Review

In spite of the challenges the market faced in 2015, FMDQ market turnover grew from ₦103.60trn in 2014 to ₦137.40trn in 2015, a growth rate of 33% year-on-year. In the first half of 2015, the FMDQ markets achieved an overall market turnover of ₦58.60trn and by December, this rose significantly by 134% to close at ₦137.40trn. This figure saw the forecast of ₦125.00trn turnover for 2015 surpassed by 10%. The market turnover represents trades executed amongst the FMDQ Dealing Members (Banks), the Dealing Members and their Clients, and Dealing Members (Banks) and the CBN.

The most actively traded products were treasury bills, accounting for the largest share of the market turnover at 35%, FX (including FX derivatives) with a share of 25% and repos/buy-backs at 23%. Unsecured placements/takings and FGN bonds, on the other hand, had smaller shares of the market, accounting for 9% and 8% respectively.

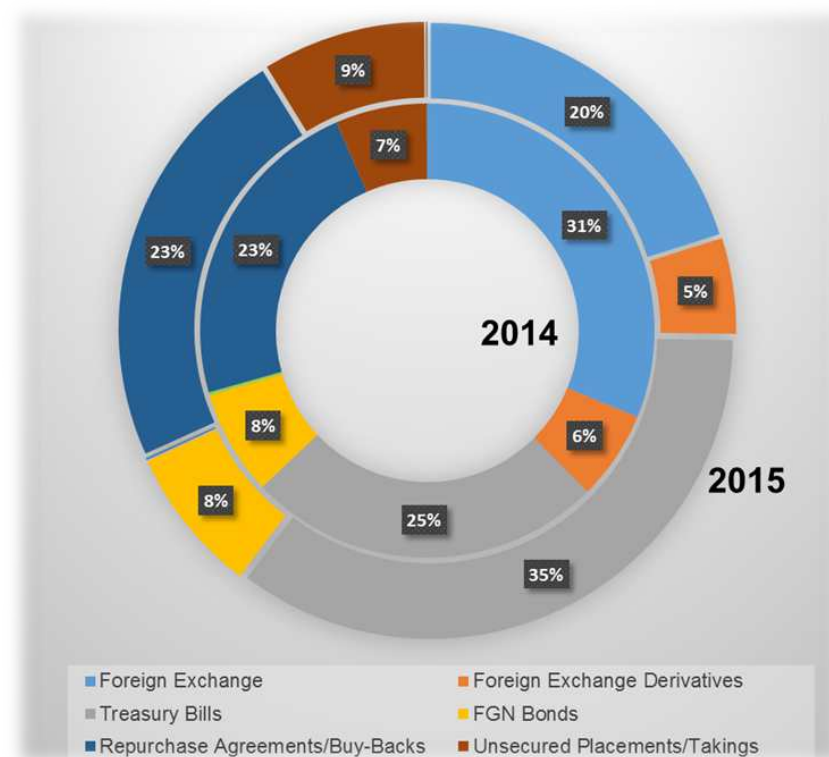
## FMDQ OTC Market Annual Turnover (2014 vs. 2015)

JANUARY - DECEMBER 2014 MARKET TURNOVER REPORT		JANUARY - DECEMBER 2015 MARKET TURNOVER REPORT	
	Turnover (₦'mm)		Turnover (₦'mm)
Foreign Exchange	32,324,766	Foreign Exchange	27,635,846
Foreign Exchange Derivatives	6,554,345	Foreign Exchange Derivatives	7,012,768
Treasury Bills	26,295,864	Treasury Bills	48,235,627
FGN Bonds	7,734,216	FGN Bonds	10,733,768
Other Bonds*	227,578	Other Bonds*	130,504
Eurobonds	-	Eurobonds	38,875
Repurchase Agreements/Buy-Backs	23,661,579	Repurchase Agreements/Buy-Backs	31,564,102
Unsecured Placements/Takings	6,722,221	Unsecured Placements/Takings	11,973,135
Money Market Derivatives	50,829	Money Market Derivatives	101,235
	<b>103,571,397</b>		<b>137,425,861</b>
USD equivalent ('mm)	647,321	USD equivalent ('mm)	697,947
No. of Business Days	254	No. of Business Days	245
Average Daily Turnover	407,761	Average Daily Turnover	560,922
USD equivalent ('mm)	2,549	USD equivalent ('mm)	2,849
Note: USD/₦ @ 160		Note: USD/₦ @ 196.90	



## CEO'S REVIEW (Contd.)

### OTC Market Turnover Distribution by Product



Monthly market turnover in 2015 showed increased activity relative to corresponding months in 2014 for the better part of the year but declined in November and December due to uncertainties in the direction of fiscal and monetary policies

## CEO'S REVIEW (Contd.)

## Business Development – Revenue Drive

FMDQ, whilst focused on and resolute in its desire to promote the development of the Nigerian financial market, continues to drive business development initiatives that will ensure the Exchange achieves and maintains its goal to be self-sustainable. Consequently, during the course of the year, we built upon the strides accomplished in 2014 by improving on our revenue generation abilities from memberships, to bringing landmark securities to the market (listings & quotations), and transaction fees income from secondary market trading activities.

### a. Memberships

Building on the successful activation of the Dealing, Associate and Registration membership categories in 2014, 2015 witnessed the introduction of the Affiliate Member category of membership, buttressing FMDQ's desire to not only integrate the Nigerian capital market, but to also develop same via capacity building initiatives and the provision of adequate information and knowledge acquisition opportunities.

In the same vein, FMDQ also launched the Dealing Member (Specialists) category of membership which will serve to further improve liquidity and price formation in our fixed income (FGN bonds and Treasury bills) markets through the participation of non-bank financial institutions, i.e. the investment banking firms and securities dealing institutions, among others, making market in these securities. This category of membership though expected to be fully implemented in 2016, got off to an encouraging kick-off, with sixteen (16) institutions indicating interest and applying to become Members.

At the end of 2015, membership of the Exchange stood at a total number of seventy-seven (77), with seventy-five (75) full participating Members and two (2) Affiliate Members. A further breakdown of the full participating Members is shown below:

- Dealing Member (Banks) reduced from twenty-six (26) Members in 2014 to twenty-four (24) as a result of acquisition activities amongst our Dealing Members (Banks) with Skye Bank PLC acquiring Mainstreet Bank Limited and Heritage Bank Limited acquiring Enterprise Bank Limited;
- Fourteen (14) registered Associate Members (Inter-Dealer Brokers - two (2); Brokers - five (5) and Clients - seven (7)); and
- Thirty-seven (37) registered Registration Members (Listings – seventeen (17) and Quotations – twenty (20)), up by ten (10) Members from 2014

The year saw our expectation of a more integrated and progressively developing Nigerian OTC financial market come to fruition through the Exchange's diverse membership categories, providing a platform where the participation of the Members would bring together their varied ideas, expertise and resources.

In 2016, we intend to increase focus on delivering more value-added service offerings to our Members, whilst seeking, in tandem, to deepen and broaden, where applicable, the Exchange's existing membership base.



## CEO'S REVIEW (Contd.)

**b. Listings & Quotations**

2015, being the first year following the approval of the FMDQ Bond Listing and Quotation Rules by SEC in December 2014, proved to be a stellar year for listings and quotations of securities on FMDQ, both in terms of number and calibre. The Exchange was honoured to admit the following listings and quotations during the year:

- ₦30.5bn United Bank for Africa PLC Bond Listing – FMDQ saw the listing of the pioneer corporate bond on the Exchange in March - United Bank for Africa PLC ₦345.0bn Medium Term Note Issuance Programme: Series 1: 16.45% UBA 30-DEC-2021
- ₦4.8trn Federal Government of Nigeria Bonds & ₦2.8trn Nigerian Treasury Bills – Another major accomplishment for FMDQ in July as it displayed the sovereign's confidence in and support of our DCM development status in the economy
- ₦8.2bn Wema Bank PLC Commercial Paper (CP) Quotation - FMDQ admitted, in September, the Wema Bank PLC ₦8.2bn Series 1 CP Notes under a ₦20.0bn CP Issuance 3 Programme for quotation on the Exchange. The Wema Bank CP was the second CP to be quoted on the Exchange, following the pioneer quotation of the Stanbic IBTC Bank PLC CP in December 2014
- ₦8.0bn Nigeria Mortgage Refinance Company PLC (NMRC) Bond - FMDQ recorded another milestone achievement in the development of the Nigerian DCM as it listed the NMRC ₦8.0bn Series 1, 15-Year 14.90% Fixed Rate Bond under a ₦140.0bn Medium-Term Note Programme on its platform in October. The issuance and listing marked essential steps towards the development of not only the corporate bond market in Nigeria, but also the Nigerian housing market through the creation of long-term funding for mortgage financing
- ₦17.7bn Nigerian Breweries PLC CP Quotation - In November, FMDQ welcomed the quotation of the Nigerian Breweries PLC ₦17.7bn Series 1 CP Notes under its ₦100.0bn CP Issuance Programme on the Exchange, the pioneer non-bank institution CP quotation on the Exchange

Other bonds listed on the Exchange included the:

- Stanbic IBTC Bank PLC ₦15.5bn Series 1 (Tranches A - 16.29% & B - 13.25%) Bond under a ₦150.0bn Structured Note Programme
- FCMB Financing SPV PLC ₦26.0bn Series 1, 7-Year 14.25% Fixed Rate Unsecured Bond under a ₦100.0bn Debt Issuance Programme
- Fidelity Bank PLC ₦30.0bn 7-Year 16.81% Fixed Rate Subordinated Unsecured Bond
- Transcorp Hotels Series 1 ₦10.0bn Series 1, 16.00% Bond under a ₦30.0bn Medium Term Debt Issuance Programme
- Benue State ₦4.95bn 7-Year 16.50% Fixed Rate Bond Issue
- Cross River State ₦8.0bn Series 1, 7-Year 16.50% Bond under a ₦40.0bn Debt Issuance Programme

## CEO'S REVIEW (Contd.)

**c. Transaction Fees**

FMDQ Dealing Members (Banks), despite the challenges faced in the overall market, and more specifically the FX market, in 2015, generated commendable turnover in the secondary market trading activities. The trading activities around the treasury bills and secured & unsecured money market products accounted for the bulk of the revenue generated from transaction fees, representing a marked difference to 2014 where transaction fees revenue from FX trading activities accounted for the major share of the revenue.

Transaction Fees	2015	2014
	(₦' 000)	(₦' 000)
<b>Foreign currency trading</b>	280,032	900,268
<b>Treasury bills trading</b>	633,429	287,770
<b>Bonds trading</b>	131,107	180,153
<b>Repo transactions</b>	252,259	86,256
<b>Open-buy-back transactions</b>	185,203	64,673
<b>Money market transactions</b>	167,537	81,135
<b>TOTAL</b>	<b>1,649,567</b>	<b>1,600,255</b>

Even with the aforementioned increase in revenue, FMDQ recognises the need to further diversify its overall revenue base and has already made strides in the development of new revenue generation ideas to, not only achieve its diversification objective, but also to improve its overall revenue contribution towards the sustainability of the OTC Exchange, even as the organisation continues to grow and develop its operations, and remain true to its market development agenda.

**Market Surveillance**

As an SRO, FMDQ is responsible for enforcing Members' compliance with its Rules, Guidelines, Agreements and all other regulation, as well as monitoring and enforcing compliance by issuers of listed or quoted securities.

The following key activities supported FMDQ's SRO mandate during the year:

- Activation of penalties regime on Fixed Income Trading Infractions on the FMDQ-Bloomberg E-Bond Trading System
- Development of Appeal Process for Trading Infractions to ensure fairness and transparency in the Penalties Regime
- Development of Market Waiver Policy to guide the tracking and enforcement of infractions in the event of market distress

## CEO'S REVIEW (Contd.)

- Market Compliance Training to further improve Dealing Member (Banks) compliance to the FMDQ-Bloomberg E-Bond Trading Rules
- Activation of Listings and Quotations Compliance function by monitoring listed/quoted securities on the Exchange in order to ensure continued retention of post-listing/quotation standards

## Technology

FMDQ's technology infrastructure, which is mainly based on outsourced cloud subscription services, delivered high reliability and increased functionality to various user categories during the year. The Exchange continued its use of the FMDQ-Bloomberg E-Bond for trading of fixed income securities and Thomson Reuters Dealing 3000 for FX trading, with corresponding integrated market tracking reports that provided FMDQ with an online global view of market trading activities on both systems.

In line with FMDQ's obligation to enhance collaboration with its Members, by extending market transparency to a wider range of market participants and trade reporting, FMDQ developed and launched its proprietary **e-Market** portal. The e-Market portal is an information portal that comprises of the **e-Knowledge** (an online price discovery system providing delayed intra-day market activity - transaction prices and values - in the fixed income and currency markets as well as financial market data and analytics for all Members of the Exchange) and **e-Broker** (an online data reporting tool for Associate Members (Inter-Dealer Brokers & Brokers)) modules.

With a better appreciation of the requirements of an OTC securities exchange, FMDQ developed a robust technology system requirement document in 2015, in anticipation of expanding its technology offerings to new products and markets, and enhanced its SRO function to meet higher regulatory standards. This initiative will drive FMDQ's decision in the near future to upgrade its current technology platform to one that will deliver a complete multi-asset trading (including post-trade) and surveillance system that will meet the needs of its Dealing Members and other market participants.

## Risk Management

FMDQ activated the Enterprise Risk Management (ERM) and Control franchises in the year under review. This activation was to position the Exchange to efficiently identify, assess, quantify, design controls, monitor and report on risk events as they affect FMDQ's business. FMDQ's Strategic Objective to upgrade its ERM to global financial markets infrastructure standards by 2019 necessitated the development of a Compliance, Risk & Control Framework. The Framework is built on the Governance, Risk & Compliance (GRC) Model and has been approved by the Board of Directors.

One of the key drivers to meeting the aforementioned Strategic Objective is the adoption of an International Standard/Guideline and Management has elected to implement ISO30001:2009 for Risk Assessment as well as the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Integrated Framework for the controlling of identified risks.

In 2015, we commenced the process of risk identification and assessment in FMDQ using the Risk and Control Self-Assessment (RCSA) Framework. A Business Continuity Management Framework has been developed as a precursor to the development of a Business Continuity Management Plan.

## CEO'S REVIEW (Contd.)

## Stakeholder Focus

Recognising the importance of effective stakeholder collaboration, FMDQ places a high premium on stakeholder engagements and constantly seeks out collaborative opportunities with its diverse stakeholders in the delivery of its strategic and business development initiatives.

During the year, our engagements with stakeholders included, but were not limited to:

- Strategic meeting of FMDQ's Board Chairman and Director-General of SEC
- Periodic reports and structured meetings with financial market regulators (SEC, CBN, DMO and PenCom)
- Presentation to the CBN Monetary Policy Technical Implementation Committee (MPTIC) and Monetary Policy Implementation Committee (MPIC) on FMDQ's role in enhancing the efficacy of the Nigerian OTC financial markets
- Activation of FMDQ Workgroups – FMDQ Market Development Workgroup and Financial Market Support for Economic Development Workgroup, with key market participants as members
- Consultations with domestic and international exchanges and associations on best practices
- Panelist/speaking engagements at local and international DCM conferences
- Hosting of the 2015 Nigerian DCM Workshop which provided a high-level forum for the Nigerian DCM stakeholders to interact and deliberate within focus groups, with a view to bridging the developmental gaps and fostering sustainable growth in the Nigerian DCM
- Production of monthly reports and newsletters for stakeholders, to keep them abreast of FMDQ market activities
- Presentation at the Association of Assets Custodians of Nigeria (AACN) Annual Investor Conference in London
- Presentation to the Bank of Industry (BOI) on FMDQ Financial Market Support for Economic Development
- Organised Members' Only Meetings to discuss various aspects of the FMDQ Market Architecture Plan
- Presentation at the Capital Markets Correspondents Association of Nigeria (CAMCAN) 2015 Workshop
- Sponsorship of FMDA-INTL FCStone Risk Management Seminar

We also actively participated in various financial market Committees and Workgroups such as:

- SEC Capital Market Committee (CMC): FMDQ actively participates and contributes in three (3) Sub-committees of the CMC – Exchanges, Market Infrastructure & Technology and Rules & Compliance Sub-committees due to its pivotal role as a key financial market infrastructure



## CEO'S REVIEW (Contd.)

- Financial Markets Sub-Committee (FMSC) of Bankers' Committee Meeting: FMDQ sits in-attendance as the project manager for the product and market development mandate of the Sub-committee
- Emerging Capital Market Taskforce (ECMT) – Nigeria-UK Collaboration: FMDQ is a participating member of the Markets Work Stream

We were successfully admitted as a 'Full Member' Exchange of the African Securities Exchanges Association (ASEA), a status which entitles FMDQ to vote during the Association's AGM, fully participate in ASEA events, be featured in publications, as well as the privilege to nominate a representative for election to the ASEA Executive Committee. We also became a member of Nigerian Economic Summit Group, a membership that will drive FMDQ's push for constructive engagement with the government to foster national economic development via advocacy initiatives, EMTA (formerly the Emerging Markets Traders Association) and International Capital Market Association. These memberships will serve the Exchange's market transformation agenda for the Nigerian financial market by implementing highest standards and aligning the markets with international best practices, as well as provide a platform for effective collaboration towards the development of the Nigerian OTC financial markets.

## Outlook

The focus on business development and brand visibility initiatives in 2015 yielded positive benefits as evidenced by an increased interest by issuers in the listing and quotations space and a growing pipeline of securities seeking listings/quotation on the FMDQ platform.

Looking ahead into 2016, FMDQ will continue to work collaboratively with its stakeholders to establish initiatives that would enhance the development of the Nigerian DCM. Some focus areas for 2016 include, but will not be limited to, the diversification of products offerings to include repos (with collateral management), short-term and Islamic (Sukuk) bonds; the quotation of private companies' bonds; the introduction of OTC derivative products; enhancement of the efficiency of market structure through integration of the FMDQ-Bloomberg E-Bond Trading System with the clearing and settlement systems to enable straight-through-processing of OTC transactions; and the activation of FMDQ Academy, which is aimed at facilitating the education of participants in FMDQ's markets.

FMDQ remains unwavering in its commitments to deliver innovative and value-adding solutions to the market, provide quality and reliable market data and information, promote price discovery, transparency and visibility for the OTC markets under its purview, facilitate education and capacity building, and foster integration of the financial markets, ultimately increasing investor confidence and reducing market failure.



## CEO'S REVIEW (Contd.)

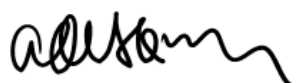
### Appreciation

I would like to acknowledge the support of SEC, CBN, DMO, PenCom, FMDQ Members, the media and other key stakeholders in the Nigerian financial markets throughout the year. Also, the unrivalled support of the FMDQ Board Chairman and Directors cannot be overemphasised and has been critical to the achievements made during the year.

I also wish to acknowledge Mr. Olabisi Onasanya, who resigned from the FMDQ Board on December 31, 2015, for his contributions and support during his term on the Board and as the Chair of the Board Governance and Human Resources Committee. We wish him all the best in his endeavours.

The level of engagement by our stakeholders displays their commitment towards working with FMDQ to achieving our “GOLD” Agenda towards the transformation of the Nigerian financial markets.

My team and I look forward to an exciting and challenging 2016 and are committed to delivering on the FMDQ mission – “empowering the financial markets to be innovative and credible, in support of the Nigerian economy”.



**Mr. Bola Onadele. Koko**  
Managing Director/Chief Executive Officer

## GOVERNANCE STRUCTURE

### Corporate Governance Report

#### 1. The Company's Approach to Corporate Governance

The Exchange has not relented in its efforts to institute an effective corporate governance architecture that ensures that the FMDQ Board of Directors and Management of the Company have adequate oversight of its business operations. Additionally, the Company continuously strives to conduct its business and deliver value-adding services in ways that inspire confidence in its stakeholders.

By adhering to domestic regulations and seeking global benchmarks to promote best practices within the Exchange, emphasis is placed on the cultivation of a high performance, value-aligned culture, promoting high behavioural standards and robust procedures as the underpinnings of a strong corporate governance framework. The external factors that present risks and opportunities for our business are regularly reviewed in order to ensure strategy effectiveness.

The Company's approach to corporate governance is guided by the following core principles:

Principle	Description
Ethical Culture	Trust, integrity and good governance shall be hallmarks of the FMDQ Board's governance approach. In setting the tone at the top, the FMDQ Board shall nurture the strong corporate values that are well entrenched in the culture of FMDQ, and reinforce the ethical principles on which FMDQ's reputation and success are founded.  These values shall be extended into every segment of the Company's operations and business activities.
Stewardship	The members of the FMDQ Board shall be the stewards of FMDQ, exercising independent judgment in supervising Management and safeguarding the interests of shareholders, discharging the Company's SRO function and strengthening its focus as a market organiser.  In fulfilling its stewardship role, the Board shall seek to instil and foster a corporate environment founded on integrity and to provide Management with sound guidance in pursuit of long-term shareholder value, safeguarding the integrity of FMDQ as an SRO and market organiser.
Independence	Independence from Management is fundamental to its role, and, in order to ensure that this independence continues to inform the Board's decision making process, the Board shall put effective mechanisms in place to safeguard this independence. Also, it will be ensured that Independent Non-Executive Directors sit on the Board in order to see to it that the Board does not itself become an echo-chamber.

Principle	Description
Oversight of Strategy	The members of the Board are the key advisors to Management, overseeing strategic direction and the formulation of plans, taking into account both the opportunities and risks of FMDQ's businesses. In carrying out this oversight role, the Board shall actively engage in setting the long term strategic goals for the organisation, reviewing and approving business strategies, corporate financial objectives and financial and capital plans that are consistent with the strategic objectives, and monitoring the Company's performance in executing strategies and meeting objectives.
Oversight of Risk	A key priority of the Board shall be to embed a strong risk management culture throughout the organisation and oversee the frameworks, policies and processes adopted to identify principal risks to the business and systems implemented to manage those risks. The Board shall actively monitor the organisation's risk profile relative to risk appetite and shall seek to ensure that Management's plans and activities provide an appropriate balance of return for the risks assumed and are prudently focused on generating shareholder value and safeguarding the integrity of FMDQ.
Accountability & Transparency	The FMDQ Board shall carefully define the expectations and scope of its duties, Committees and Management, and shall be accountable to FMDQ's shareholders, Regulator (SEC) as well as other stakeholders.  Transparency is fundamental to good governance, and the FMDQ Board shall take seriously, FMDQ's commitment to constructive stakeholder engagement, clear and comprehensive disclosure and financial reporting, as well as its role as a public interest entity.
Continuous Improvement	The FMDQ Board shall be committed to continuous improvement of FMDQ's corporate governance principles, policies and practices, which are designed to align the interests of the Board and Management with those of shareholders, to support the stewardship role of the Board, and to enhance the Board's ability to safeguard the interests of shareholders through independent supervision of Management.  To ensure that these policies and practices meet or exceed evolving best practices and regulatory expectations, FMDQ's corporate governance system shall be subject to ongoing review by the Board Governance and Human Resources Committee.

## 2. Compliance with the Securities and Exchange Commission's Code of Corporate Governance

As a public company, the Company confirms that throughout the year ended December 31, 2015, it aimed to comply with the principles set out in SEC's Code of Corporate Governance. The Company applied the Code's principles of transparency, integrity and accountability by adopting corporate governance best practices as appropriate and proportionate for a company of its size and nature.

In particular, the Company's Corporate Governance Manual (the "CGM") was finalised and approved by the Board of Directors on October 30, 2015. The CGM sets forth the policies and principles adopted by the Board of Directors for the good stewardship of the Company. These policies were prepared based upon current regulations, guidelines and practices appropriate to the Company's circumstances. In particular, attention was paid to the Code of Corporate Governance issued by SEC. Additionally, attention was paid to the Code of Corporate Governance for Banks and Discount Houses 2014, being the principal code which applies to FMDQ's Dealing Member (Banks). The Company's CGM is very comprehensive and regularly updated.

### 3. Board Balance and Independence

There is a strong non-executive element on the Board, and the Non-Executive Directors provide deep corporate experience and knowledge which they apply to their understanding of the Exchange and its strategy.

The Board considers that the Directors possess a strong range of business experience and that the Board has the right mix of skills and experiences given the Company's increasing scale and reach. Similarly, the Company takes the issue of independence very seriously and as such, in 2015, the Board appointed Ms. Daisy Ekineh as the second Independent Non-Executive Director.

### 4. Shareholding

The Company is owned by the following:

- Central Bank of Nigeria
- Financial Markets Dealers Association
- NSE Consult Limited (a fully-owned subsidiary of The Nigerian Stock Exchange)
- Twenty-one (21) banks and two (2) discount houses\* in Nigeria

*\*- The discount houses are currently in liquidation and administration*

### 5. Board of Directors

The Board is the principal decision-making forum for the Company and is responsible to shareholders for achieving the Company's Strategic Objectives and delivering sustainable growth in shareholder value. FMDQ Directors act in a way they consider will promote the long-term success of the Company for the benefit of shareholders as a whole, with regard to the interests of the Company's employees, the impact of the business on the community and the interests of stakeholders. The Board has adopted a formal schedule of matters specifically reserved to it. Key matters reserved to the Board are set out in the table which follows:

Power	Component
Strategy and Management	<ul style="list-style-type: none"> <li>▪ Approval of the Company's Strategic Plan</li> <li>▪ Review of delivery of the strategy and performance against Strategic Plan</li> <li>▪ Approvals for recruitment, selection and promotion of senior executives</li> </ul>
Structure and Capital	<ul style="list-style-type: none"> <li>▪ Proposal of major changes to the Company's corporate structure, excluding internal reorganisations, which may be approved by the Managing Director/CEO</li> </ul>

Power	Component
	<ul style="list-style-type: none"> <li>▪ Proposal of changes relating to the Company's capital structure or its status as a public limited company</li> <li>▪ Approval of Capital Plan, as may be applicable</li> </ul>
Legal Requirements	<ul style="list-style-type: none"> <li>▪ Approval of Financial Statements</li> <li>▪ Proposal on appropriation of profits in line with the Company's Appropriation Policy</li> <li>▪ Approval of Annual Reports and Accounts</li> <li>▪ Approval of any significant change in accounting policies or practices</li> <li>▪ Appointment (or removal) of the Company Secretary</li> <li>▪ Authorisation for Directors' conflicts or possible conflicts of interest</li> <li>▪ Recommendation to the shareholders of the appointment or removal of Auditors</li> <li>▪ Approval of allotment of shares</li> </ul>
Financial Dealings	<ul style="list-style-type: none"> <li>▪ Approval of annual budgets</li> <li>▪ Approval of sale of assets in accordance with limits specified by the Board from time to time</li> <li>▪ Approval of capital expenditure or investments in accordance with limits specified by the Board from time to time</li> <li>▪ Approval of leases</li> <li>▪ Approval of accounting and investment policies</li> <li>▪ Approval of changes in major banking relationships</li> <li>▪ Approval of profit appropriation</li> </ul>
Regulatory Requirements	<ul style="list-style-type: none"> <li>▪ Approval of resolutions and corresponding documentation for shareholders at AGMs</li> <li>▪ Approval of all shareholder circulars, prospectuses and listing particulars</li> <li>▪ Approval of press releases concerning matters decided by the Board</li> </ul>
Board Membership and Board Committees	<ul style="list-style-type: none"> <li>▪ Approval of the FMDQ Board structure, size and composition, including appointments and removals</li> <li>▪ Succession planning for the FMDQ Board and Management</li> <li>▪ Approval of the FMDQ Board Committee membership</li> <li>▪ Approval of continuation in office of Directors seeking re-election at the AGM</li> </ul>



Power	Component
Expenses in the Ordinary Course of Business	<ul style="list-style-type: none"> <li>Approval of all expenses over ₦10,000,000.00 (Ten Million Naira only) in the ordinary course of business or as may be prescribed by the Board from time to time</li> </ul>
Disposal of the Company's Fixed Assets	<ul style="list-style-type: none"> <li>Approval of the disposal of assets in accordance with limits specified by the Board from time to time</li> </ul>
Remuneration	<ul style="list-style-type: none"> <li>Approval of the Framework for remuneration packages of the Managing Director/CEO and the Executive Directors</li> <li>Proposal of Chairman and Non-Executive Directors' remuneration</li> <li>Approval of the Framework for remuneration packages of Executives in specialist roles</li> <li>Determination and authorisation of employee shares/compensation schemes</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>Approval for process of the Board performance evaluation process</li> <li>Determination of independence of Non-Executive Directors</li> <li>Approval of Corporate Governance Framework</li> </ul>
Delegation of Authority	<ul style="list-style-type: none"> <li>Approval of FMDQ Board and Board Committee Charters</li> </ul>

## 6. Board Structure

As stipulated in the Code of Corporate Governance for Public Companies issued by SEC, the roles of Chairman and Managing Director/CEO are distinct and separate with a clear division of responsibilities. The Chairman is responsible for the running and leadership of the Board and ensuring its effectiveness. The Managing Director/CEO has delegated authority from, and is responsible to, the Board for managing the Company's business with the power for further delegation in respect of matters which are necessary for the effective running and management of the business.

The Directors are updated on all aspects of the Company's business and operations through the various Board Committees.

As at December 31, 2015, members of the Board of Directors were as follows:

S/N	Director	Role
1.	Dr. (Mrs.) Sarah O. Alade, OON (representing Central Bank of Nigeria)	Chairman
2.	Mr. Jibril Aku (representing FMDA Board of Trustees)	Vice Chairman
3.	Mr. Olabisi Onasanya* (representing Systemically Important Banks)	Non-Executive Director
4.	Mr. Peter Amangbo (representing Systemically Important Banks)	Non-Executive Director
5.	Mrs. Bola Adesola (representing Financial Markets Active Banks)	Non-Executive Director
6.	Mr. Phillips Oduoza (representing Financial Markets Active Banks)	Non-Executive Director
7.	Mr. Yinka Sanni (representing Bankers' Committee)	Non-Executive Director
8.	Mr. Bayo Adeyemo (representing FMDA Governing Council)	Non-Executive Director
9.	Mr. Sadiq Mohammed (representing the Buy-Side)	Non-Executive Director
10.	Mr. Oscar N. Onyema, OON (appointed pursuant to Company's Articles)	Non-Executive Director
11.	Alhaji Muhammad Nda (appointed pursuant to Company's Articles)	Independent Non-Executive Director
12.	Ms. Daisy Ekineh** (appointed pursuant to Company's Articles)	Independent Non-Executive Director
13.	Mr. Bola Onadele, Koko (Managing Director)	Managing Director/CEO
* - Retired from the Board with effect from December 31, 2015		
**- Appointed to the Board with effect from October 30, 2015		

## 7. Board Meeting Attendance in the Year Ended December 31, 2015

The attendance at Board meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Apr. 30	Oct. 30*	Oct. 30*	Dec. 18	Dec. 22
1.	Dr. (Mrs. ) Sarah O. Alade, OON	✓	✓	✓	✓	✓
2.	Mr. Jibril Aku	✓	✓	✓	✓	✓
3.	Mr. Olabisi Onasanya**	✗	✗	✗	✓	✓
4.	Mr. Peter Amangbo	✓	✓	✓	✓	✓
5.	Mrs. Bola Adesola	✗	✓	✓	✗	✓
6.	Mr. Phillips Oduoza	✓	✓	✓	✓	✓
7.	Mr. Yinka Sanni	✓	✓	✓	✓	✓
8.	Mr. Oscar N. Onyema, OON	✗	✓	✓	✓	✓
9.	Mr. Bayo Adeyemo	✓	✓	✓	✓	✓
10.	Mr. Sadiq Mohammed	✓	✓	✓	✓	✓
11.	Alhaji Muhammad Nda	✓	✗	✗	✗	✓
12.	Ms. Daisy Ekineh***	N/A	N/A	✓	✓	✓
13.	Mr. Bola Onadele. Koko	✓	✓	✓	✓	✓

\*- Two (2) Board meetings were held on October 30, 2015

\*\* - Retired from the Board with effect from December 31, 2015

\*\*\*- Appointed to the Board with effect from October 30, 2015

When arranging Board meetings on short notice, every attempt is made to accommodate Directors' diaries; however, inevitably, not all Directors are able to attend all such meetings. When Directors have not been able to attend meetings due to conflicts in their schedules, they received and reviewed papers to be considered at the relevant meeting. Where they had comments or concerns on the matters to be discussed, they provided these to the Committee in advance of the meeting.

## 8. Retirement of Directors

Mr. Olabisi Onasanya retired from the Board with effect from December 31, 2015.

## 9. Board Development

Each new Director joining the Board is provided with an onboarding programme covering the key business areas of the Company. Directors are provided with key documents including strategy documents, an overview of the business, including the regulatory framework within which the Company operates, and information on directors' responsibilities. Additionally, Directors meet with Executives throughout the Company to better understand each of the business areas together with the Group's governance, financial and legal frameworks. Directors have access to independent professional advice if they judge it necessary to fulfil their responsibilities as Directors.

Directors are encouraged to continually update their skills and knowledge of the business, and reports are presented at Board meetings on particular parts of the business.

## 10. Conflicts of Interest

The Company has established procedures whereby actual and potential conflicts of interest are regularly reviewed and new conflicts are dealt with. The decision to authorise a conflict of interest can only be made by non-conflicted Directors and, in making such decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the Company's success.

## 11. Reports of Board Committees

Under the Company's Articles of Association, the Board is empowered to create and delegate authority to Committees in order to effectively discharge its responsibilities. To this end, the Board exploited its six (6) Board Committees to assist in the execution of its duties. The Reports of the Board Committees are outlined as follows:

- **Board Regulation and Supervision Committee (BRSC)**

The Committee was created by the Board to ensure the Company's ability to discharge its regulatory and supervisory functions as an SRO

The attendance at BRSC meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Mar. 10	Jun. 30	Oct. 16
1.	Mr. Oscar N. Onyema, OON (Chair)	✓	✓	✓
2.	Mr. Yinka Sanni	✓	✓	✓
3.	Mr. Bayo Adeyemo	✓	✓	✓
4.	Mr. Bola Onadele. Koko	✓	✓	✓

#### **Activities for Period under Review**

During the period under review, BRSC sought to enhance the Company's regulatory and supervisory functions as an SRO. In particular, the Committee, *inter alia*, oversaw the commencement of the E-Bond Trading Infraction Penalties Regime, approved the Company's Regulatory Engagement Plan, finalised the Appeal Process for Penalties on Trading Infractions, approved and oversaw the commencement of the World-Class Rule Book Project and approved the seeding of the Exchange's Investor Protection Fund.

#### ■ **Board Listings and Quotations Committee (BLQC)**

The Committee was created to provide direction in connection with the Company's listings and quotations franchise, as a securities exchange in Nigeria.

The attendance at BLQC meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Feb. 17	Mar. 25	May 5	Sep. 1	Sep. 29	Nov. 10
1.	Mr. Phillips Oduoza (Chair)	✓	✓	✓	✓	✓	✓
2.	Mrs. Bola Adesola	✓	✓	✓	✓	✓	✓
3.	Mr. Jibril Aku	✓	✓	✓	✓	✓	✓
4.	Mr. Sadiq Mohammed	✓	✓	✓	✓	✓	✓
5.	Mr. Bola Onadele. Koko	✓	✓	✓	✓	✓	✓



**Activities for Period under Review**

During the period under review, the Committee considered and approved the listings and quotations of the following securities on the FMDQ platform:

S/N	Issue
<b>Listings</b>	
1.	United Bank for Africa PLC ₦30,500,000,000.00 Series 1, 7-Year 16.45% Fixed Rate Subordinated Unsecured Bond
2.	FCMB Financing SPV PLC - ₦26,000,000,000.00 Series 1, 7-Year 14.25% Fixed Rate Unsecured Bond
3.	Stanbic IBTC Bank PLC ₦100,000,000.00 Series 1 (Tranche A), 16.29% Subordinated Floating Rate and the ₦15,440,000,000.00 Series 1 (Tranche B), 13.25% Subordinated Fixed Rate Notes
4.	Benue State Government of Nigeria ₦4,950,000,000.00 7-Year 16.50% Fixed Rate Bond
5.	Fidelity Bank PLC ₦30,000,000,000.00 7-Year 16.48% Subordinated Unsecured Fixed Rate Bond
6.	Nigerian Mortgage Refinance Company PLC ₦8,000,000,000.00 Series 1, 15-Year 14.90% Fixed Rate Bond
7.	Cross River State Government of Nigeria ₦8,000,000,000.00 Series 1, 7-year 17.00% Fixed Rate Development Bond
8.	Transcorp Hotels PLC ₦10,000,000,000.00 Series 1, 7-year 16.00% Fixed Rate Unsecured Bond
<b>Quotations</b>	
9.	Wema Bank PLC ₦8,154,803,000.00 Series I Commercial Paper Notes
10.	Nigerian Breweries PLC ₦17,709,445,000.00 Series 1 Commercial Paper Notes

■ **Board Finance and General Purpose Committee (BFGPC)**

The Committee was created by the Board to oversee the Company's financial disposition, strategy and operational structure. The Committee supports and advises the Board in exercising this responsibility and exercises authority delegated to it by the Board in relation to matters as set out as its mandate.

The attendance at BFGPC meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Mar. 18	Jul. 13	Oct. 19*	Oct. 19*	Dec. 4
1.	Mrs. Bola Adesola (Chair)	✓	✗	✓	✓	✓
2.	Mr. Peter Amangbo	✓	✓	✗	✗	✓
3.	Mr. Phillips Oduoza	✓	✓	✓	✓	✓
4.	Mr. Bayo Adeyemo	✗	✓	✓	✓	✗
5.	Alhaji Muhammad Nda	✓	✗	✗	✗	✗
6.	Mr. Bola Onadele. Koko	✓	✓	✓	✓	✓
* - Two (2) BFGPC meetings were held on October 19, 2015						

**Activities for Period under Review**

During the period under review, the Committee, amongst other things, received, reviewed and considered Statements of Financial Position and Strategy Execution Reports as presented by Management, and reported thereon to the Board. Additionally, the Committee outlined policies for the Company on treasury and investment management.

■ **Board Risk Management Committee (BRMC)**

The Committee was created to exercise oversight over the nature, extent and approach of the Company's risk management plan.

The attendance at BRMC meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Apr. 25	Jul. 14	Oct. 22
1.	Alhaji Muhammad Nda (Chair)	✓	✗	✓
2.	Mr. Olabisi Onasanya*	✗	✓	✓
3.	Mr. Peter Amangbo	✓	✓	✓
4.	Mr. Oscar N. Onyema, OON	✗	✓	✓
5.	Mr. Bola Onadele. Koko	✓	✓	✓

\* - Retired from the Board with effect from December 31, 2015

**Activities for Period under Review**

During the period under review, the Committee, amongst other things, received, considered and approved various Risk and Compliance Reports from Management, the Company's Compliance, Risk and Control Framework, the FMDQ Data Handling and Retention Policy.

■ **Board Governance and Human Resources Committee (BGHRC)**

The Committee was created by the Board to oversee the Company's corporate governance and human capital structures.

The attendance at BGHRC meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Mar. 17	Jul. 16	Oct. 19	Dec. 7
1.	Mr. Olabisi Onasanya* (Chair)	✓	✓	✓	✓
2.	Alhaji Muhammad Nda	✓	✗	✓	✓
3.	Mr. Phillips Oduoza	✓	✓	✓	✓
4.	Mr. Yinka Sanni	✓	✓	✓	✓
* - Retired from the Board with effect from December 31, 2015					

**Activities for Period under Review**

During the period under review, the Committee, amongst other things, oversaw the development of recruitment policies, training and development and outlined comprehensive policies in relation to all human capital management issues affecting the Company. Additionally, the Committee oversaw the finalisation of the Company's Corporate Governance Manual and the Staff Performance Management Framework.

■ **Board Markets and Technology Committee (BMTC)**

The Committee drives the discharge of the Company's value proposition of global competitiveness, operational excellence, liquidity and diversity by providing guidance for the value chain operations (origination, sales and trading) through automation and value-add by promoting price discovery and transparency.

The attendance at BMTC meetings for the year ended December 31, 2015 is outlined as follows:

S/N	Director	Mar. 9	Jul. 1	Oct. 20	Dec. 8
1.	Mr. Jibril Aku (Chair)	✓	✓	✓	✓
2.	Mr. Yinka Sanni	✓	✓	✗	✓
3.	Mr. Bayo Adeyemo	✓	✓	✓	✓
4.	Mr. Sadiq Mohammed	✓	✓	✓	✓
5.	Mr. Bola Onadele. Koko	✓	✓	✓	✓

**Activities for Period under Review**

During the period under review, the Committee, amongst other things, made advances in overseeing the enhancement of the Company's trading systems and technology trajectory, deepening of strategic relationships within the financial and capital market ecosystem (such as that between FMDQ and the Association of Issuing Houses of Nigeria) and put in place infrastructure to extend transparency in the markets.

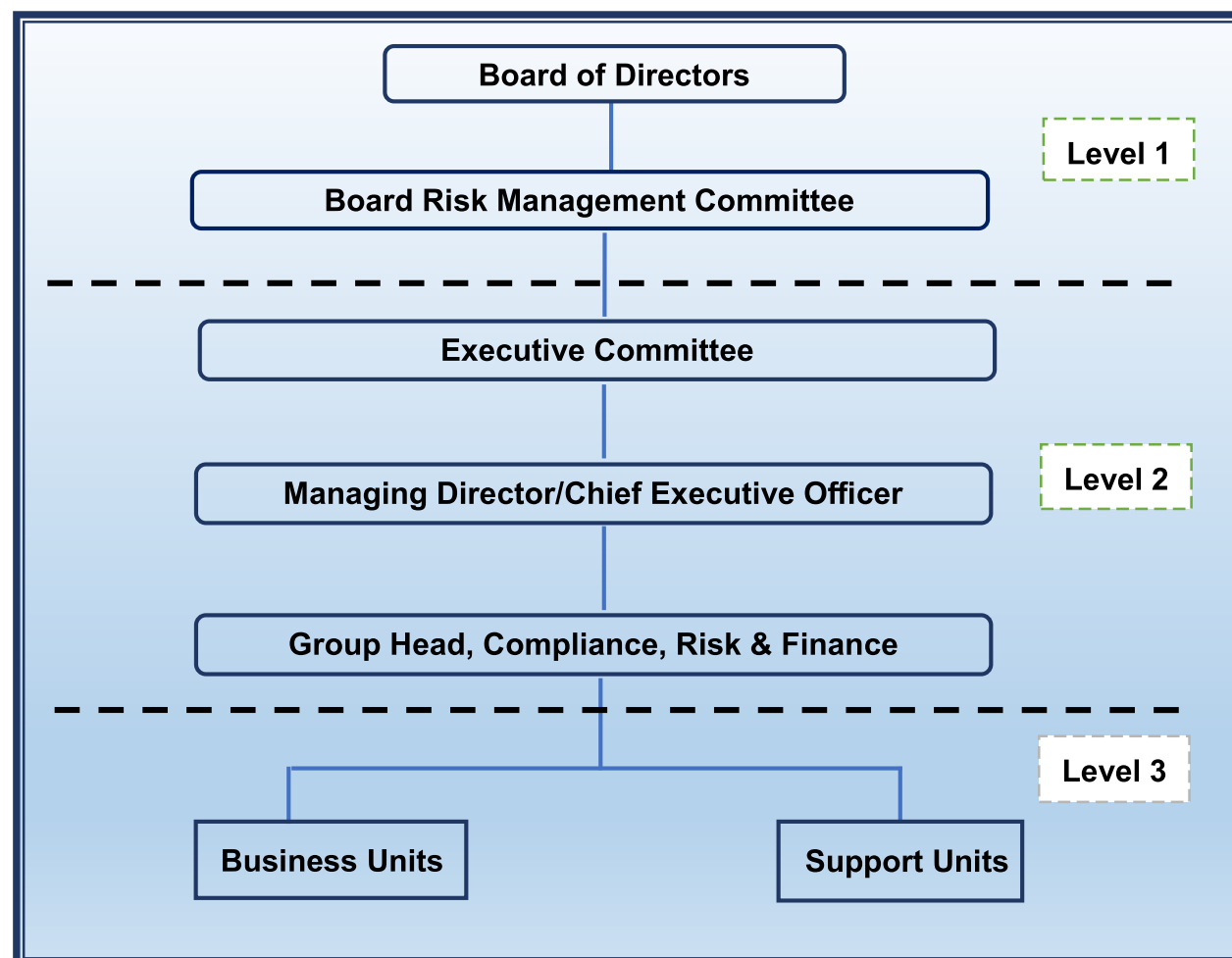
## COMPLIANCE, RISK & CONTROL

### Governance, Risk & Compliance Structure

Governance, Risk Management and Compliance (GRC) work together towards ensuring FMDQ meets its objectives through synchronisation of information and activities across the three (3) pillars. The GRC structure supports efficient operations, enables effective information sharing, promotes effective reporting and avoids wasteful overlaps.

The below structure highlights the flow of the FMDQ GRC Structure across all levels of the Exchange.

**FMDQ Governance, Risk & Compliance (GRC) Structure**



## Responsibilities

### Board of Directors

- i. Approves FMDQ's GRC Model and Policies
- ii. Reviews the GRC Model and Policies to ensure that they remain relevant and up-to-date
- iii. Delegates suitable responsibilities pertaining to the management of Enterprise Risk (ER) to the BRMC and/or the Managing Director/CEO

### Board Risk Management Committee

- i. Defines FMDQ's optimal Enterprise Risk Management (ERM) Framework and all other FMDQ frameworks and policies
- ii. Approves all policies aimed at identifying, assessing, monitoring, controlling, mitigating, measuring and complying with ER
- iii. Establishes a Management structure capable of implementing the Company's GRC Model
- iv. Sets FMDQ's risk appetite and tolerance levels while prioritising GRC activities
- v. Approves the extent and manner of all risk transfer mechanisms employed by FMDQ (e.g. the use of insurance products or outsourcing options)
- vi. Ensures that all GRC decisions made by the Board are effectively implemented by the FMDQ ExCo
- vii. Reviews GRC reports indicating levels of compliance with policies, major control lapses and corrective actions taken; determining the adequacy of FMDQ's current operational policies and procedures in light of any weaknesses identified
- viii. Ensures that FMDQ's ERM Framework is periodically subjected to effective and comprehensive internal audit by suitably qualified individuals

### Executive Committee (ExCo)

- i. Ensures full implementation of the GRC Model approved by the BRMC and the Board of Directors within all Business Units
- ii. Monitors the implementation of policies, processes and procedures for managing ER in all of FMDQ's material services, activities, processes and systems
- iii. Ensures clear roles and responsibilities for the management of ER are defined throughout all levels of FMDQ, including all Business Units
- iv. Provides support to the Managing Director/CEO to ensure that a culture of compliance is entrenched throughout the Company



- v. Ensures that there are adequate systems for maintaining accounting records, safeguarding assets, prevention and detection of fraud and other irregularities, and maintaining an effective system of internal controls
- vi. Reviews GRC reports, indicating levels of compliance with policies, major control lapses and defines the corrective actions necessary to correct identified weaknesses
- vii. Creates appropriate incentives to improve FMDQ's management of ER

#### **Managing Director/CEO**

- i. Champions, coordinates and acts as catalyst for ERM initiatives
- ii. Approves operational policies, system and procedures for risk identification, measurement, monitoring and control aligned with the strategic direction and risk appetite defined by the Board
- iii. Ensures custody, maintenance and updating of all GRC policies
- iv. Ensures the successful implementation of all risk management policies and procedures
- v. Represents ExCo on the BRMC
- vi. Promotes a strong risk awareness culture amongst all Staff

#### **Compliance, Risk & Finance Group**

- i. Oversees the day-to-day management of compliance and ER across all FMDQ's material services, products, activities, processes and systems; and applies appropriate sanctions where required
- ii. Monitors compliance with FMDQ's ER policies and procedures, compliance to regulations and applies appropriate sanctions where required
- iii. Develops and implements methodologies for identifying, assessing, monitoring, controlling and measuring ER
- iv. Assists Business Units with the implementation of the ERM Policy
- v. Provides ExCo with practical recommendations for the improvement of existing risk management practices
- vi. Provides periodic reports on key ER issues to all key stakeholders i.e. the Board, ExCo, the Managing Director/CEO and the Business & Support Units
- vii. Creates awareness of FMDQ's risk policies and promotes a risk awareness culture across FMDQ
- viii. Ensures that all ER policies and controls are regularly updated
- ix. Provides tools to Business Units for risk management and reporting

## Business Units

- i. Identify risks within the process areas for all activities in the respective Business Units
- ii. Develop, and with guidance from CFG, suggest controls for mitigating identified risks within respective Business Units
- iii. Fully implement all FMDQ policies and procedures for mitigation of ER and compliance
- iv. Perform periodic self-assessments to ensure that the controls in place remain appropriate
- v. Highlight any concerns or key risk indicator breaches to the Head, CFG to assist with the early detection of potential risks
- vi. Report, in a timely manner, all ER loss incidents, including near misses and other vulnerabilities to CFG
- vii. Provide CFG with quarterly Strategic Risk Reports

## Human Resources

- i. Assists with the development of appropriate performance measurement criteria to promote risk awareness culture
- ii. Ensures that these criteria are integrated into FMDQ's Staff performance reward and compensation system
- iii. Ensures that high quality risk management Staff are attracted, retained and continuously developed
- iv. Assists with the creation of a working environment with a strong risk awareness culture
- v. Assists with the development of appropriate employee related policies, procedures and practices that address ER arising from people or human resources issues

## Internal Audit

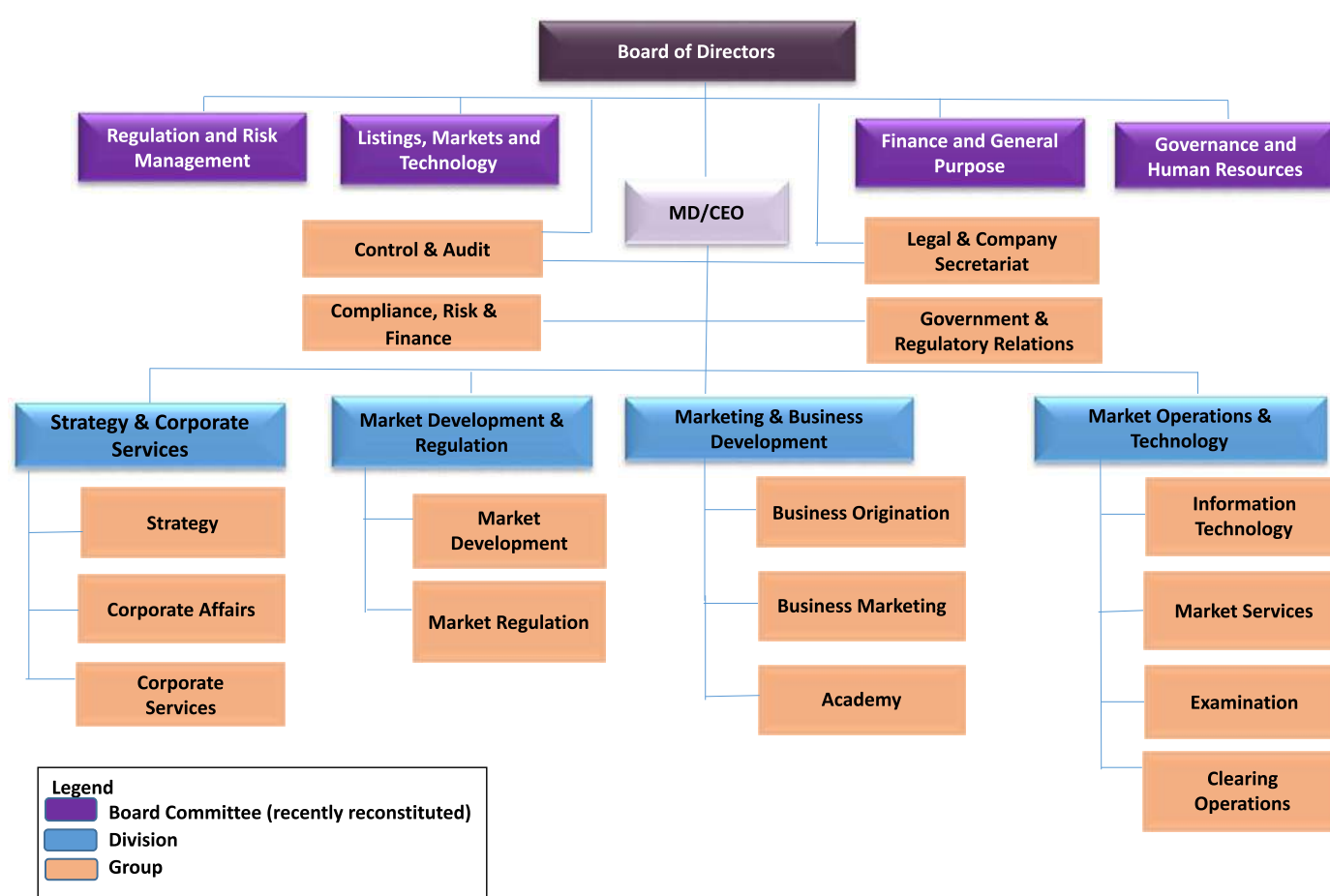
- i. Provides an independent appraisal of FMDQ's GRC Model, policies and procedures
- ii. Ensures that FMDQ's internal control functions are operating effectively as intended
- iii. Assesses compliance with established controls, including ER methodologies and policies across all Business Units
- iv. Recommends improvements in processes and controls where weaknesses are identified as a result of audit procedures performed
- v. Reports any ER related exceptions noted during audit procedures to CFG and ultimately reports the exceptions and CFG's comments to the Audit Committee



## ORGANISATIONAL DESIGN

### FMDQ's Organisation Structure

The Organisation Structure is an important component of FMDQ's governance mechanism. The Exchange operates a lean and flexible Structure and is working towards ensuring that this Structure is optimally supported by automation.



## Brief Description of Key Divisions and Groups

### 1. Managing Director's Directorate (MDD)

This Directorate oversees the following four (4) Groups:

- **Control & Audit Group (CAG)**  
This Group is responsible for the internal audit of all FMDQ's policies, plans and procedures, the development and implementation of the Audit Program and liaison with external auditors and the Audit Committee. The Control function of CAG ensures the integrity of financial and accounting information of FMDQ and reviews operational processes and related internal controls for efficiency and effectiveness
- **Compliance, Risk & Finance Group (CFG)**  
This Group is responsible for ensuring compliance, implementing enterprise-wide risk management and management of all finance and accounting related activities including budgeting, investments, tax planning and administration, amongst others. CFG also provides counsel and guidance to Management and the Board of Directors to ensure compliance with SEC Rules & Regulations and also liaises with SEC on compliance issues
- **Government & Regulatory Relations Group (GRG)**  
This Group acts as the focal point for effective management of FMDQ's relationships with government and regulatory stakeholders at various levels and is the Project Office for the implementation of the FMDQ DCM Development Agenda. GRG is charged with the development and execution of initiatives aimed at advancing FMDQ's objectives at the national and sub-national levels and representation of the Exchange in industry forums, public hearings and regulatory functions
- **Legal & Company Secretariat (LCG)**  
This Group is responsible for providing legal advisory services and support to the Exchange. The Company Secretariat function provides secretarial services to the Board and ExCo, and maintains the Exchange's statutory records and files regulatory returns, amongst others

### 2. Strategy & Corporate Services Division (SCD)

This Division, which drives FMDQ's corporate operations, comprises the following three (3) distinct Groups:

- **Strategy Group** is charged with coordinating the development, implementation and reporting of corporate strategy and key strategic priorities, monitoring corporate performance and providing Project Management Office (PMO) services to the Exchange
- **Corporate Affairs Group** is responsible for all activities relating to internal and external corporate communications and corporate brand management & operations
- **Corporate Services Group** is responsible for the Human Resources function as well as provision of general internal services such as facilities & logistics support and vendor management

### 3. Market Development & Regulation Division (MRD)

The Division is structured to maximise the synergies in the competencies and resources for the implementation of three (3) key areas of the FMDQ Market Architecture Plan, viz. Products & Market Development, Regulation and Memberships Administration. This mandate is achieved through the following two (2) Groups:

- **Market Development Group** is tasked with developing initiatives focused on promoting market credibility, depth, sophistication, efficiency and liquidity by driving product renovation & innovation and institutionalising robust market infrastructure, benchmarks, documentation and risk management standards
- **Market Regulation Group** manages and executes the FMDQ Rules and Regulation Making Process, ensuring that it progressively aligns with global financial markets regulatory landscape. The Group is also responsible for reviewing and recommending for approval, memberships, registrations, listings and quotations applications to the Exchange

### 4. Marketing & Business Development Division (MBD)

This Division adeptly combines FMDQ's marketing activities and business development initiatives through its three (3) distinct Groups below:

- **Business Origination Group** is responsible for the business origination and sales of FMDQ services, generation and growth of FMDQ revenues, development of network effects through effective sales and relationship management activities, business planning and reporting, amongst others
- **Business Marketing Group** handles FMDQ's marketing activities towards potential customers and retention of existing customers
- **Academy Group** is positioned to coordinate FMDQ's education initiatives which includes training interventions and knowledge sharing sessions for stakeholders, towards promoting FMDQ's product innovation agenda

### 5. Market Operations & Technology Division (MTD)

This Division is focused on supporting FMDQ's growing market operations and comprises of four (4) Groups, as follows:

- **Market Services Group** is responsible for markets operations support, collating and managing FMDQ OTC market data and information and developing market data and analytics reports
- **Examination Group** is in charge of the other half of FMDQ's SRO function and is responsible for monitoring market activities to prevent market abuse and trade manipulation, investigating suspicious market activities and recommending actions against erring Members, enforcing post-listings and quotations compliance, amongst other functions

▪ **Global Competitiveness** ▪ **Operational Excellence** ▪ **Liquidity** ▪ **Diversity**



- **Information Technology Group** is charged with formulating and implementing FMDQ's market system strategy, developing bespoke applications for market operations and maintaining effective IT security
- **Clearing Operations Group** is positioned to provide clearing services and conduct valuations and reconciliations for effective collateral management as well as manage margin call administration

### Staff Names and Divisions

S/N	Name	Division
1.	Bola Onadele, Koko ( <b>Managing Director/CEO</b> )	Managing Director's Directorate
2.	Bassey Godwin	
3.	Shola Olufosoye ( <b>Group Head</b> )	
4.	Clement Dakat	
5.	Emeka Atuma ( <b>Group Head</b> )	
6.	Abiodun Mobolade	
7.	Adekunle Adesuyi	
8.	Olubanke Aje	
9.	Emmanuel Etaderhi ( <b>Group Head</b> )	
10.	Ajibola Asolo	
11.	Omolola Olowu	
12.	Kaodi Ugoji ( <b>Divisional Head</b> )	Strategy & Corporate Services
13.	Uzoamaka Etokwudo	
14.	Bede-obong Efo	
15.	Chuks Uche	
16.	Gbenga Onipede	
17.	Mirian Godson	
18.	Jumoke Olaniyan ( <b>Divisional Head</b> )	Market Development & Regulation
19.	Adebola Lawal	
20.	Akinyinka Akintunde	
21.	Tejumade Olajide	
22.	Phiyiku Niyo-Auta	
23.	Olamide Niyi-Afuye	
24.	Theresa Amadi	

25.	Tumi Sekoni <b>(Divisional Head)</b>	Marketing & Business Development
26.	Ndah Adaba	
27.	Kofo Abiose	
28.	Obianuju Iwuamadi	
29.	Patrick Ajunwoko	
30.	Dipo Odeyemi <b>(Divisional Head)</b>	Market Operations & Technology
31.	Segun Akintoye	
32.	Stephen Joseph	
33.	Adedamola Sanni	
34.	Ebenezer Nwoji	
35.	Jemiyotan Onyejiaka	
36.	Kingsley Ukwuoma	
37.	Emmanuel Alao <b>(Group Head)</b>	
38.	Ejike Ngene	
39.	Sadeeq Akintola	
40.	Olaoluwa Balogun	

## Management Committees

The following Management Committees have been constituted for the effective management of FMDQ's internal and external business operations:

### 1. Executive Committee (ExCo)

The ExCo is charged with overseeing and managing the affairs of FMDQ, providing leadership for the overall Strategy of the Exchange and supporting and contributing to the strategic directions set out by the Board. The Committee also acts as the Risk Management Committee to review organisational risk issues. The ExCo meets monthly (and otherwise as required) and consists of the following Members:

- The Managing Director/CEO
- Divisional Head, Market Operations & Technology
- Divisional Head, Strategy & Corporate Services
- Group Head, Government & Regulatory Relations (in the capacity as the most senior Government and Regulatory Relations Officer of FMDQ)
- Secretary: Company Secretariat Officer

## 2. Management Steering Committee

The Management Steering Committee (MSC), which meets quarterly, is responsible for reviewing and monitoring the organisation's Strategy and its franchise-development initiatives/projects, at the respective Group levels. This Committee consists of the following Members:

- The Managing Director/CEO
- Divisional Heads
- Group Heads
- Secretary: Group Head, Strategy

## 3. Management Listings & Quotations Committee

The Management Listings & Quotations Committee (MLQC) supports FMDQ's listings and quotations business by reviewing listing and quotation applications and, recommending for approval, securities sought to be listed or quoted on the FMDQ platform to the responsible Board Committee. This Committee meets as often as required and consists of the following Members:

- The Managing Director/CEO
- Divisional Head, Market Operations & Technology
- Divisional Head, Market Development & Regulation (Convener)
- Group Head, Compliance, Risk & Finance
- Group Head, Legal & Company Secretariat
- Secretary: Group Head, Market Regulation

In attendance (*As required*):

- Divisional Head, Marketing & Business Development
- Group Head, Market Services

## 4. Market Review Committee

- The Market Review Committee (MRC) is established to provide oversight on issues affecting the OTC financial markets in particular and the Nigerian economy in general. The Committee is charged with the responsibility of reviewing issues in the market that pose significant threats to financial markets stability as well as reviewing and approving reports, proposals and recommendations from its Sub-committees. The three (3) Sub-committees include:
  - **Technical Team (MRC-TT):** responsible for the first-level review of all FMDQ financial market standards, data and information, methodologies, publications and research reports before presentation to the MRC

- **Members' Examination (MRC-ME):** responsible for the review of Member's Examination reports before they are sent to the Examinee (Member) and relevant regulators
- **Market Intervention (MRC-MI):** responsible for the review of data and information on market performance during stress periods and for the recommendation of appropriate action to manage observed threat to orderliness and compliance

The MRC meets bi-monthly and consists of:

- The Managing Director/CEO
- Divisional Head, Market Operations & Technology
- Divisional Head, Market Development & Regulation
- Group Head, Compliance, Risk & Finance
- Group Head, Market Development (MRC-TT Member)
- Group Head, Examination (MRC-TT Member)
- Group Head, Market Services (MRC-TT Member)
- Secretariat:
  - Market Intelligence Officer (MRC-TT and MRC on markets reviews)
  - Members' Examination & Investigations Officer (MRC-ME)
  - Market Surveillance & Enforcement Officer (MRC-MI)

## 5. FMDQ Rules & Regulation Committee

The FMDQ Rules & Regulation Committee (FRRC) is responsible for deliberating on and conducting comprehensive reviews and approvals of all draft Rules (which include Guidelines, Market Bulletins, Membership Agreements, Forms and such other Regulation) developed by the Exchange in exercising its SRO function. The Committee meets as required and consists of the following:

- The Managing Director/CEO
- Divisional Head, Market Operations & Technology
- Divisional Head, Market Development & Regulation
- Group Head, Government & Regulatory Relations
- Group Head, Compliance, Risk & Finance
- Group Head, Market Regulation
- Group Head, Examination
- Group Head, Legal & Company Secretariat
- Secretary: Rules & Regulation Unit (Market Regulation Group)

## 6. Trading Infractions Appeal Committee

The Trading Infractions Appeal Committee (TIAC) is responsible for reviewing appeals against penalties on trading infractions. The Committee meets as required and consists of the following Members:

- Divisional Head, Market Operations & Technology
- Divisional Head, Market Development & Regulation
- Group Head, Control & Audit
- Group Head, Market Regulation
- Market Services Group (representative)
- Secretary: Legal & Company Secretariat Group (representative)

## 7. FMDQ Disciplinary Committee

The FMDQ Disciplinary Committee (FDC) is tasked with hearing and determining charges against a Member in respect of a breach of FMDQ Rules relating to any conduct that may impair the integrity and reputation of FMDQ; and granting consent order in respect of any settlement negotiated between FMDQ and a Member. This Committee shall meet as required and be constituted by the FMDQ Board, following a comprehensive investigation report by the FMDQ Investigative Panel. The Committee shall be made up of no less than four (4) and no more than seven (7) members (including a Chairman to be appointed by the Committee members).



## BOARD OF DIRECTORS

## BOARD OF DIRECTORS



**Dr. (Mrs.) Sarah O. Alade, OON**

### ***Chairman, Board of Directors, FMDQ OTC Securities Exchange***

Dr. Alade is the Deputy Governor, Economic Policy, Central Bank of Nigeria, where she superintends over the Economic Policy Directorate, comprising the Research, Monetary Policy, Trade & Exchange, Statistics and Financial Markets Departments. She represents the Central Bank of Nigeria on the Board of FMDQ.

She is the Chair of the Monetary Policy Implementation Committee (MPIC), a member of the Nigerian Economic Society (NES) and a Fellow of the Nigerian Institute of Operational Research.



**Mr. Jibril Aku**

### ***Board Vice-Chairman, and Chair, Board Markets and Technology Committee, FMDQ OTC Securities Exchange***

Mr. Aku is the Group Head Strategy of Ecobank Transnational Incorporated. He was formerly the Managing Director/CEO of Ecobank Nigeria Limited, Executive Director of Afribank PLC (now Skye Bank PLC) and Treasurer of Citibank Nigeria Limited. He represents the FMDA Board of Trustees on the Board of FMDQ.

He is a member of the Board of Trustees of FMDA, Chairman of FMDA NIBOR Committee and past President of the Money Market Association of Nigeria (now FMDA).

## BOARD OF DIRECTORS (Contd.)



Mrs. Bola Adesola

***Chair, Board Finance and General Purpose Committee, FMDQ OTC Securities Exchange***

Mrs. Adesola is the Managing Director/CEO of Standard Chartered Bank Nigeria Limited and a member of the Board of Trustees of FMDA. She represents Financial Markets Active Banks on the Board of FMDQ.

She is a former Executive Director of First Bank of Nigeria PLC, former Managing Director/CEO of Kakawa Discount House Limited, and former Treasurer of Citibank Tanzania.



Mr. Phillips Oduoza

***Chair, Board Listings and Quotations Committee, FMDQ OTC Securities Exchange***

Mr. Oduoza is the Group Managing Director/CEO of United Bank of Africa PLC and former Executive Director, Operations & Technology and later Commercial/Retail Banking at Diamond Bank PLC. He represents Financial Markets Active Banks on the Board of FMDQ.

He was also former Deputy Managing Director of Reliance Bank Limited, where he worked briefly before joining the Management and Board of Standard Trust Bank PLC.



Mr. Oscar N. Onyema, OON

***Chair, Board Regulation and Supervision Committee, FMDQ OTC Securities Exchange***

Mr. Onyema is the Chief Executive Officer of The Nigerian Stock Exchange. He is the Chairman of the Central Securities Clearing System PLC and President of the African Securities Exchanges Association. He was appointed to the Board of FMDQ pursuant to the Company's Articles.

He was previously a Senior Vice President and Chief Administrative Officer at the American Stock Exchange.



Alhaji Muhammad Nda

***Chair, Board Risk Management Committee, FMDQ OTC Securities Exchange***

Alhaji Nda is the Chairman of Midland Advisors Limited. He serves as an Independent Non-Executive Director and was appointed to the Board of FMDQ pursuant to the Company's Articles.

He is also a former Director, Foreign Operations (including FX Markets & Reserves Management) of the Central Bank of Nigeria (CBN) and a former Director of Currency Operations at the CBN.



## BOARD OF DIRECTORS (Contd.)



Mr. Peter Amangbo

**Member, Board Finance and General Purpose Committee, FMDQ OTC Securities Exchange**

Mr. Amangbo is the Group Managing Director/CEO of Zenith Bank PLC. He represents Systemically Important Banks on the Board of FMDQ.

He has served Zenith Bank PLC in various capacities: as the Head of Financial Control and Strategic Planning, Head of the Corporate & Retail Banking Group and the bank's Group Zonal Head, Lagos.



Mr. Yinka Sanni

**Member, Board Markets and Technology Committee, FMDQ OTC Securities Exchange**

Mr. Sanni is the Chief Executive Officer of Stanbic IBTC Bank PLC. He once served as the Chief Executive Officer of IBTC Pension Managers Limited. He was also a Non-Executive Director of IBTC Chartered Bank PLC and a Director at Stanbic IBTC Asset Management Limited.

He represents the Bankers' Committee on the Board of FMDQ. As the Chief Executive Officer of Stanbic IBTC Bank PLC, he is Chair of the Financial Markets Sub-committee of the Bankers' Committee.



Dr. Adesola K. Adeduntan

**(Effective January 1, 2016)**

Dr. Adeduntan is the Managing Director/CEO of First Bank of Nigeria Limited. Prior to this appointment, he was Executive Director/ Chief Financial Officer for the bank. He has also served as a Senior Vice President & Chief Financial Officer at Citibank Nigeria Limited, and worked in a managerial position in KPMG Professional Services. He represents Systemically Important Banks on the Board of FMDQ.

He is a Director of Africa Finance Corporation and a member of Sigma Educational Foundation.



Mr. Bayo Adeyemo

**Member, Board Markets and Technology Committee, FMDQ OTC Securities Exchange**

Mr. Adeyemo is the Country Treasurer & Markets Head, Citibank Nigeria Limited. He is the Vice President of FMDA and a member of the Governing Council. He represents the FMDA Governing Council on the Board of FMDQ.

He is also the Chairman Automation Committee of the FMDA and serves as a member of the SEC Capital Market Committee (Sub-committee on Exchanges).

## BOARD OF DIRECTORS (Contd.)



Mr. Sadiq Mohammed

**Member, Board Regulation and Supervision Committee, FMDQ OTC Securities Exchange**

Mr. Mohammed is the Deputy Group Chief Executive Officer of Asset Resource and Management Company (ARM) Limited. He manages ARM Pension Managers, ARM's Group Procurement & Administration, and Group Information Technology. He was former Tax & Business Advisory Consultant with Arthur Andersen, Nigeria. He represents the Buy-side on the Board of FMDQ.

He currently serves on the Boards of several companies in the group ARM Company Limited, Airline Services Logistics PLC, Lekki Concession Company (LCC) and the Moorhouse Sofitel.



Ms. Daisy Ekineh

**Member, Board Regulation and Supervision Committee, FMDQ OTC Securities Exchange**

Ms. Ekineh is the Technical Advisor to the Capital Market Master Plan Implementation Council (CAMMIC). She was a one-time Chair of the African & Middle East Regional Committee of IOSCO. She serves as an Independent Non-Executive Director and was appointed to the Board of FMDQ pursuant to the Company's Articles.

She previously served as the Chief Operating Officer of Global Mandate Consulting Limited, former Acting Director-General of the Securities and Exchange Commission, Nigeria as well as Executive Commissioner (Operations), and Director, Securities and Investment Services at the Commission.



Mr. Bola Onadele. Koko

**Managing Director/CEO, FMDQ OTC Securities Exchange**

Mr. Onadele is the pioneer Managing Director/CEO of FMDQ. Prior to this engagement, he was the President of FDHL, a financial markets and risk management consulting firm he founded in 2001.

His banking career spanned across Citibank Nigeria (Chief Dealer), FCMB Limited (Treasurer), Trust Bank of Africa (Merchant Bankers) (Managing Director/CEO) and Leadbank PLC (Chief Operations Officer). He is a member of the Board of Trustees of FMDA.



## AUDIT COMMITTEE

### FMDQ Audit Committee Members (Shareholders)



Mr. Herbert Wigwe

#### Committee Chair

Mr. Wigwe is the Group Managing Director/CEO, Access Bank PLC, where he also served as the Group Deputy Managing Director from 2002 – 2014. He started his professional career with Coopers and Lybrand Associates, an international firm of Chartered Accountants before joining Guaranty Trust Bank PLC, where he worked for over ten (10) years and rose to the position of Executive Director. He is the Chairman of The Access Bank (UK) Limited and Interim Chairman of Nigerian Mortgage Refinance Company PLC.



Mr. Uzoma Dozie

Mr. Dozie is the Group Managing Director/CEO of Diamond Bank PLC. He started his banking career with Guaranty Trust Bank PLC in 1993 in the Commercial Banking Unit, and later moved to Citizens International Bank Limited where he worked in the Oil and Gas Division. He joined Diamond Bank in 1998 heading the Bank's Oil and Gas Unit. Whilst at Diamond, he also served as Financial Controller and as an Executive Director. He has been a Director of one of the faculties at the Lagos Business School since 2007.



Mrs. Mary Akpobome

Mrs. Akpobome is the Executive Director, Heritage Bank PLC, with responsibility for all strategic support functions. Before this role, she was appointed the Acting Managing Director of Enterprise Bank Limited following its acquisition. She is a seasoned banker with over 24 years cognate experience who began her banking career with Citizens International Bank before joining Platinum Bank Limited in 2001 and rising to the position of Executive Director Designate (Bank PHB) in 2008.

### FMDQ Audit Committee Members (Directors)

The FMDQ Board representation on the Audit Committee includes the following Directors:

- **Mr. Olabisi Onasanya** *Resigned from the FMDQ Board on December 31, 2015*
- **Mr. Peter Amangbo**
- **Mr. Oscar N. Onyema, OON**
- **Dr. Adesola K. Adeduntan** *Joined the FMDQ Board on January 1, 2016*

## MANAGEMENT TEAM



**Mr. Bola Onadele. Koko**

### *Managing Director/ Chief Executive Officer*

Mr. Bola Onadele. Koko, is the Pioneer Managing Director/CEO of FMDQ. He is an economist and first class chartered accountant. Koko has over twenty-five (25) years' financial services experience and twenty (20) years' involvement in financial markets architecture and diplomacy.

He championed various market structures, fixings and infrastructure in the Nigerian financial markets, some of which include; two-way quoting system, NIBOR, NIFEX & NITTY fixings and FMDQ.



**Mr. Dipo Odeyemi**

### *Senior Vice President*

Mr. Odeyemi is the Divisional Head, Market Operations & Technology. He holds an MBA and a Bachelor's degree in Computer Engineering from the Obafemi Awolowo University, Ile-Ife, Nigeria. He is a certified information system auditor (CISA), a certified information security manager (CISM) and also certified in the governance of enterprise IT (CGEIT) from the Information Systems Audit and Control Association (ISACA), USA.

Dipo's twenty (20) years of work experience spans across Banking, Consulting and Technology Services with focus on process management and automation, banking operations, IT advisory and project management. He was formerly Group Head, Business Process Re-engineering in Guaranty Trust Bank PLC.



**Ms. Kaodi Ugoji**

### *Vice President*

Ms. Ugoji is the Divisional Head, Strategy & Corporate Services. She holds a Master's degree in Finance and Management from Cranfield University, UK and a Bachelor's degree in Accountancy from the Rivers State University of Science and Technology, Nigeria. She also holds a Professional Certificate in Strategic Management from Harvard University, USA.

Over the last fifteen (15) years, Kaodi has worked within the Treasury, Asset Management, Business Development, Project Management and Strategy functions of various organisations, including Guaranty Trust Bank PLC, Hermes Investment Managers Limited, London, UK and Diamond Bank PLC. Prior to joining FMDQ, she was the Head of Treasury Operations in Guinness Nigeria PLC, a subsidiary of Diageo PLC.



**Ms. Tumi Sekoni**

### *Vice President*

Ms. Sekoni is the Divisional Head, Marketing & Business Development. She holds an MBA from Durham Business School, UK and a Bachelor's degree in Economics from the University of Lagos, Nigeria. Over the last fifteen (15) years, she has built her career across Trading, Operations, Business Analysis and Project Management in various organisations including Guaranty Trust Bank PLC, Goldman Sachs International, UBS London and Merrill Lynch.

Prior to FMDQ, Tumi was at Lehman Brothers International (Europe) (in administration), as part of the Project Team working towards realising the objectives of one of the administrations from the largest bankruptcy in history.



MANAGEMENT TEAM (Contd.)



Mr. Emmanuel Etaderhi

Vice President

Mr. Etaderhi is the Group Head, Government & Regulatory Relations. He is an alumnus of the University of Lagos, Nigeria, where he obtained a Master's degree in Management, a Master's degree in Economics and a Bachelor's degree in Business Administration. He also holds a diploma in Electrical Engineering (Power) from the Petroleum Training Institute, Delta State, Nigeria.

Emmanuel's twenty-four (24) years' work experience spans across the Financial Services and Power & Energy Sectors, where he was Head of Financial Advisory & Economic Research at Financial Derivatives Company Limited, Head of Research at Keystone Bank Limited and Acting Head, Strategy/Chief Economist at Unity Bank PLC. Prior to FMDQ, he served the Delta State Government as Special Assistant to the Finance Commissioner.



Ms. Jumoke Olaniyan

Associate Vice President

Ms. Olaniyan is the Divisional Head, Market Development & Regulation. She holds a Bachelor's degree in Accounting from the University of Jos, Nigeria and is a Certified Treasury Dealer. As a Dealer and later a Research and Capacity Development Consultant, her ten (10) years of work experience spans across Training, Consulting and Banking, within various organisations including IBFCagusto Training Limited (Now IBFCAlliance Limited), FDHL (a financial markets risk management consulting firm) and Guaranty Trust Bank PLC.

Jumoke developed and facilitated several financial markets training programs and authored the Financial Markets Diagnosis and Outlook Reports for the Central Bank of Nigeria and the Securities and Exchange Commission.



Mr. Emeka Atuma

Associate Vice President

Mr. Atuma is the Group Head, Compliance, Risk & Finance. He holds an MBA from Manchester Business School, UK and a Bachelor's degree in Accounting from Olabisi Onabanjo University, Ogun State, Nigeria. In addition to being certified in Risk and Information System Control, he is a Financial Risk Manager, a Certified Information System Auditor and a Fellow of the Institute of Chartered Accountants of Nigeria.

Prior to FMDQ, Emeka was Head of Operational Risk Management at Fidelity Bank PLC. He also worked as an Internal Control Officer at FinBank PLC (now part of First City Monument Bank Limited) and a Financial/Treasury Accountant at Great Brands Nigeria Limited.



Mrs. Shola Olufosoye

Associate Vice President

Mrs. Olufosoye is the Group Head, Control & Audit. She holds a Bachelor's degree in Mathematics from the University of Ado-Ekiti, Nigeria (formerly Ondo State University) and a Postgraduate Diploma in Computer Science from the University of Lagos, Nigeria.

Shola has over twenty-four (24) years experience in Relationship Management, Banking, Information Technology and Internal Audit. Her career spans across Customer & Relationship Management in Citibank Nigeria Limited, Head of Information Technology with First City Monument Bank Limited and subsequently Chief Information Officer of Computer Warehouse Group. She served on the Technology Committees which saw the creation of ValuCard Nigeria Limited (now Unified Payment Services Limited) and Interswitch PLC.

## FINANCIAL REPORTS



**Directors' Report***For the year ended 31 December 2015*

The Directors present their annual report on the affairs of FMDQ OTC PLC ("the Company") together with the audited financial statements and auditor's report for the year ended 31 December 2015.

**(a) Legal form and principal activity**

FMDQ OTC PLC was incorporated in Nigeria under the Companies and Allied Matters Act on 6 January 2011 as a public liability company, and was licensed by the Securities and Exchange Commission on 6 November 2012 to perform its functions as a securities exchange and self regulatory organization. The Company commenced operations on 1 January 2013.

**(b) Principal activities**

The principal activities of the Company are developing, organizing and regulating the platform for listing, quotation, registration and trading of debt securities and currencies.

**(c) Operating results**

Highlights of the Company's operating results for the year are as follows:

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Operating income	2,090,976	1,753,006
Profit before tax	473,730	708,519
Taxation	(114,347)	(160,584)
Profit after taxation	359,383	547,935

**(d) Proposed dividend**

No dividend was proposed by the Board of Directors in respect of the financial year ended 31 December 2015. (December 2014: Nil).

**(e) Directors and their interests**

The directors who held office during the year and to the date of this report were:

Dr. (Mrs.) Sarah O. Alade, OON	- Chairman	
Mr. Jibril Aku	- Vice Chairman	
Mr. Bola Onadele, Koko	- Managing Director/Chief Executive Officer	
Dr. Adesola Adeduntan	- Director	Appointed effective 1 January 2016
Mrs. Bola Adesola	- Director	
Mr. Bayo Adeyemo	- Director	
Ms. Daisy Ekinch	- Director (Independent)	Appointed effective 30 October 2015
Alh. Muhammad Nda	- Director (Independent)	
Mr. Olabisi Onasanya	- Director	Retired effective 31 December 2015
Mr. Oscar N. Onyema, OON	- Director	
Mr. Peter Amangbo	- Director	
Mr. Phillips Oduoza	- Director	
Mr. Sadiq Mohammed	- Director	
Mr. Yinka Sanni	- Director	



**Directors' Report Contd.**

None of the directors have an interest in the shareholding of the Company as required to be disclosed under section 275 of the Companies and Allied Matters Act (CAMA) of Nigeria.

**(f) Directors' interest in contracts**

None of the directors have notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of Nigeria, of their direct or indirect interest in contracts or proposed contracts with the company during the year.

**(g) Major shareholding**

According to the register of members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2015.

Name	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
	No. of shares	% Holding	No. of shares	% Holding
Financial Markets Dealers Association (see note (i) below)	169,074,074	26.39%	169,074,074	26.39%
Central Bank of Nigeria	100,000,000	15.61%	100,000,000	15.61%
NSE Consult Limited	41,666,667	6.50%	41,666,667	6.50%

(i) Included in the number of shares held by FMDA, are shares held in a nominee capacity for the following institutions:

Name	<u>2015</u>	<u>2014</u>
	No. of shares	No. of shares
First Bank of Nigeria Limited	15,000,000	15,000,000
Express Discount House Limited	15,000,000	15,000,000
Sterling Bank PLC	30,000,000	30,000,000
First City Monument Bank Limited	30,000,000	30,000,000
	90,000,000	90,000,000

The analysis of the distribution of the shares of the Company at the end of the financial year is as follows:

*31 December 2015*

Share range	No. of Shareholders	% Holding	No. of holdings
Local shareholders			
1-15,000,000	18	42.14%	270,000,000
15,000,001 and above	5	57.86%	370,740,741
	23	100.00%	640,740,741

*31 December 2014*

Share range	No. of Shareholders	% Holding	No. of holdings
Local shareholders			
1-15,000,000	18	42.14%	270,000,000
15,000,001 and above	5	57.86%	370,740,741
	23	100.00%	640,740,741

**Directors' Report Contd.****(h) Property and equipment**

Information relating to changes in property and equipment is given in Note 16 to the financial statements.

**(i) Charitable contributions and other donations**

The Company made no charitable contributions and donations during the year. (2014: Nil).

**(j) Employment of disabled persons**

The Company had no disabled person in its employment as at 31 December 2015 (2014: Nil). The applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as much as possible, be identical with that of other employees.

**(k) Health, safety and welfare at work**

The Company enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Company retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Company's expense. Fire-fighting equipment are installed in strategic locations within the Company's premises.

**(l) Employee consultation and training**

The Company places considerable value on the involvement of its employees and has a policy of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

The Company places emphasis on employee development and training. Members of staff embarked on different training programs in the course of the year.

**(m) Events after the end of the reporting period**

There were no events after the end of the reporting period which could have a material effect on the financial position of the Company as at 31 December 2015 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

**(n) Auditors**

Messrs KPMG Professional Services, have indicated their willingness to continue in office as auditors, in accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD



Mr. Ajibola Asolo  
Company Secretary  
FRC/2015/NBA/00000013523  
12 February 2016

**Statement of Directors' Responsibility in relation to the Financial Statements for the year ended 31 December 2015**

The directors accept responsibility for the preparation of the financial statements set out on pages 91 to 122 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria (CAMA) and the Financial Reporting Council (FRC) of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In discharging this responsibility, they rely on the Management of FMDQ OTC PLC to prepare the annual financial statements, in accordance with International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act of Nigeria, (CAMA).

***Going concern***

The directors believe that the company has adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The annual financial statements support the viability of the company, thus, directors continued the adoption of the going concern basis of accounting in preparing the annual financial statements.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Dr. (Mrs.) Sarah O. Alade  
Chairman  
12 February 2016  
FRC/2015/ICENNIG/00000011558



Mr. Bola Onadele, Koko  
Managing Director/CEO  
12 February 2016  
FRC/2014/ICAN/00000008637



**Audit Committee Report***for the year ended 31 December 2015*

To the members of FMDQ OTC PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of FMDQ OTC PLC hereby report on the financial statements for the year ended 31 December 2015 as follows:

- (i) We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- (ii) We are of the opinion that the accounting and reporting policies of the Company are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2015 were satisfactory and reinforce the Company's internal control systems.
- (iii) After due consideration, the Audit Committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and generally accepted accounting principles and give a true and fair view of the state of the Company's financial affairs.
- (iv) We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their final audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.



**Mr. Herbert Wigwe**  
Chairman, Audit Committee  
FRC/2013/ICAN/00000001998  
12 February 2016

**Members of the Audit Committee are:**

1	Mr. Herbert Wigwe	Shareholder	Chairman	
2	Mr Adesola Adeduntan	Director	Member	(Effective 1 January 2016)
3	Mr. Olabisi Onasanya	Director	Retired	(Effective 31 December 2015)
4	Mrs. Mary Akpobome	Shareholder	Member	
5	Mr. Oscar N. Onyema, OON	Director	Member	
6	Mr. Peter Amangbo	Director	Member	
7	Mr. Uzoma Dozie	Shareholder	Member	

**KPMG Professional Services**

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**INDEPENDENT AUDITOR'S REPORT**

To the members of **FMDQ OTC PLC**

We have audited the accompanying financial statements of FMDQ OTC PLC ("the Company"), which comprise the statement of financial position as at 31 December 2015 and the statement comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 91 to 122.

*Directors' Responsibility*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, these financial statements give a true and fair view of the financial position of FMDQ OTC PLC ("the Company") as at 31 December, 2015, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

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Abayomi D. Sanni	Adebisi O. Lamikanra	Adekunle A. Elebute	Adetola P. Adeyemi
Adewale K. Ajayi	Ajibola O. Olomola	Ayodele H. Othihiwa	Ayodele A. Soyinka
Ayo L. Salami	Chibuzor N. Anyanechi	Goodluck C. Obi	Ibitomi M. Adepoju
Joseph O. Tegbe	Kabir O. Okunola	Mohammed M. Adama	Oladapo R. Okubadejo
Oladimeji I. Salaudeen	Olanike I. James	Olumide O. Olayinka	Olusegun A. Sowande
Oluseyi T. Bickersteth	Oluwafemi O. Awotoye	Oluwatoyin A. Gbagi	Tayo I. Ogungbenro
Victor U. Onyenkpa			





#### Report on Other Legal and Regulatory Requirements

*Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria*

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Signed:

Kabir Okunlola, FCA  
FRC/2012/ICAN/00000000428  
For: KPMG Professional Services  
Chartered Accountants  
2 March 2016  
Lagos, Nigeria



FMDQ OTC PLC  
31 December 2015**Statement of Comprehensive Income***For the year ended 31 December 2015*

<i>In thousands of Naira</i>	<b>Notes</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Transaction fees	7	1,649,567	1,600,255
Interest income	8	197,395	72,119
Other income	9	244,014	80,632
<b>Operating income</b>		<b>2,090,976</b>	<b>1,753,006</b>
Personnel expenses	10	(518,734)	(383,789)
Other operating expenses	11	(1,020,095)	(603,092)
Depreciation and amortisation	16,17	(78,417)	(57,606)
<b>Profit before income tax</b>		<b>473,730</b>	<b>708,519</b>
Income tax expense	12	(114,347)	(160,584)
<b>Profit after income tax</b>		<b>359,383</b>	<b>547,935</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Available-for-sale financial assets – net change in fair value		(46,810)	-
<b>Other comprehensive income, net of income tax</b>		<b>(46,810)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>312,573</b>	<b>547,935</b>

The accompanying notes form an integral part of these financial statements.

FMDQ OTC PLC  
31 December 2015**Statement of Financial Position***As at 31 December 2015*

<i>In thousands of Naira</i>	<b>Notes</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>ASSETS</b>			
Cash and cash equivalents	13	321,281	129,438
Investment securities	14	1,699,921	1,218,725
Other assets	15	77,207	80,317
Property and equipment	16	84,665	93,275
Intangible asset	17	24,870	54,693
<b>Total assets</b>		<b>2,207,944</b>	<b>1,576,448</b>
<b>LIABILITIES</b>			
Other liabilities	18	676,234	326,644
Current tax liability	12 (b)	116,290	145,014
Deferred tax liability	12 (d)	13,627	15,570
<b>Total liabilities</b>		<b>806,151</b>	<b>487,228</b>
<b>EQUITY</b>			
Share capital	19 (a)	640,741	640,741
Share premium	19(b)	21,148	21,148
Fair value reserve	19 (d)	(46,810)	-
Retained earnings	19 (c)	786,714	427,331
<b>Total equity</b>		<b>1,401,793</b>	<b>1,089,220</b>
<b>Total liabilities and equity</b>		<b>2,207,944</b>	<b>1,576,448</b>

These financial statements were approved by the Board of Directors on 12 February 2016 and signed on behalf of the board of directors by:



Dr. (Mrs.) Sarah O. Alade (Chairman)  
FRC/2015/ICENNIG/00000011558



Mr. Bola Onadele Koko (Managing Director/CEO)  
FRC/2014/ICAN/00000008637

Additionally certified by:



Mr. Emeka Atuma (Chief Financial Officer)  
FRC/2016/ICAN/00000013891

The accompanying notes form an integral part of these financial statements.

FMDQ OTC PLC  
31 December 2015**Statement of Changes in Equity****(a) For the year ended 31 December 2015**

<i>In thousands of Naira</i>	Share capital	Share Premium	Fair value reserve	Retained earnings	Total equity
<b>Balance at 1 January 2015</b>	640,741	21,148	-	427,331	1,089,220
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	359,383	359,383
Other comprehensive income	-	-	(46,810)	-	(46,810)
<b>Total comprehensive income for the year</b>	-	-	(46,810)	359,383	312,573
<b>Transactions with owners, recorded directly in equity:</b>					
<b>Balance at 31 December 2015</b>	640,741	21,148	(46,810)	786,714	1,401,793

**(b) For the year ended 31 December 2014**

<i>In thousands of Naira</i>	Share capital	Share Premium	Capital contribution	Retained earnings	Total equity
<b>Balance at 1 January 2014</b>	535,000	-	126,889	(120,604)	541,285
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	547,935	547,935
<b>Total comprehensive income for the year</b>	-	-	-	547,935	547,935
<b>Transactions with owners, recorded directly in equity</b>					
Transfer to share capital and share premium	105,741	21,148	(126,889)	-	-
<b>Balance at 31 December 2014</b>	640,741	21,148	-	427,331	1,089,220

FMDQ OTC PLC  
31 December 2015**Statement of Cash Flows**  
*For the year ended 31 December 2015*

<i>In thousands of Naira</i>	Notes	31 December 2015	31 December 2014
<b>Cash flows from operating activities</b>			
Profit for the year		359,383	547,935
Taxation	12	114,347	160,584
<i>Profit before tax</i>		473,730	708,519
<i>Adjustments for:</i>			
Depreciation of property and equipment	16	48,594	36,283
Loss on disposal of property and equipment		-	460
Write-off of intangible asset		-	8,029
Amortisation of intangible asset	17	29,823	21,323
VAT paid		114,781	-
Interest income	8	(197,395)	(72,119)
		469,533	702,495
<i>Changes in:</i>			
Other assets		17,657	42,503
Other liabilities		349,590	236,199
Interest income received		182,848	65,134
Tax Paid	12 (b)	(145,014)	-
VAT paid		(114,781)	-
<b>Net cash generated from operating activities</b>		759,833	1,046,331
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	16	(39,984)	(35,841)
Acquisition of intangible asset	17	-	(48,431)
Proceeds from sale of Property and equipment		-	542
Acquisition of investment securities		(528,006)	(859,421)
<b>Net cash used in investing activities</b>		(567,990)	(943,151)
<b>Net increase in cash and cash equivalents</b>		191,843	103,180
Cash and cash equivalents at beginning of year		129,438	26,258
<b>Cash and cash equivalents at end of the year</b>	13	321,281	129,438



**Notes to the Financial Statements**  
*For the year ended 31 December 2015***1 Reporting entity**

FMDQ OTC PLC (the 'Company') is a public liability company incorporated in Nigeria under the Companies and Allied Matters Act. The Company was incorporated on 6 January 2011 and commenced operations in January 2013. The address of its registered office is 1 Olosa Street, Victoria Island, Lagos.

FMDQ OTC PLC's principal activities is to function as an over-the-counter market, which makes it a securities exchange and self regulatory organization. It is regulated by the Securities and Exchange Commission.

**2 Basis of preparation***(a) Statement of compliance with International Financial Reporting Standards*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 12 February 2016.

*(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets measured at fair value.

*(c) Functional and presentation currency*

The financial statements are presented in Naira, which is the Company's functional currency. Unless otherwise stated, financial information presented in Naira has been rounded to the nearest thousand.

*(d) Use of estimates and judgments*

The preparation of financial statements in conformity to IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods, if the revision affects both current and future years.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5.

**3 Significant accounting policies**

The accounting policies set out below have been consistently applied to all years presented in these financial statements.

**(a) Transaction fees**

Fee income on principal activity as an OTC platform are recognised in the period in which the services are rendered.

**(b) Interest**

Interest income are recognised in profit or loss using the effective interest rate method.

**Notes to the Financial Statements, continued**

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income presented in the statement of comprehensive income include interest on financial assets measured at amortised cost calculated on an effective interest rate basis.

**(c) Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

**(i) Current tax**

Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

**(ii) Deferred tax**

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credit and deductible temporary differences only, to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(d) Financial instruments****(i) Recognition**

Financial instruments include all financial assets (Cash and cash equivalents, Investment securities and Other assets) and Financial liabilities (Other Liabilities). These instruments are typically held for liquidity and investment. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. Financial instruments are recognised (derecognised) on the date the Company commits to purchase or sell the instruments (trade date accounting).



**Notes to the Financial Statements, continued****(ii) Classification and subsequent measurement**

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

**(a) Held-to-maturity**

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Company has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortised cost, using the effective interest rate method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Company from classifying investment securities as held-to-maturity for the current and the following two years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- (i) sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- (ii) sales or reclassifications attributable to non-recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

**(b) Financial assets held at fair value through profit or loss**

This category has two sub-categories; financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as trading if acquired principally for the purpose of selling in the short term.

Financial assets may be designated at fair value through profit or loss when:

- (i) The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- (ii) A group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in the income statement in 'net trading income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

**(c) Available-for-sale**

Available-for-sale investments are non-derivative investments that were designated by the Company as available-for-sale or are not classified as another category of financial assets, or strategic capital investments held for an indefinite year of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. All other available-for-sale investments were carried at fair value.

Interest income is recognised in profit or loss using the effective interest rate method. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

**Notes to the Financial Statements, continued**

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Company has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

**(d) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

When the Company is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease are recognised and presented within loans and receivables.

When the Company purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Company's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

**(iii) Amortised cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

**(iv) Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.



**Notes to the Financial Statements, continued**

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in Statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Company measures the assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to see a net long position (or paid to transfer a net short position) for a particular exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(v) Impairment of financial assets***(i) Assets carried at amortised cost*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. If there is an objective evidence of impairment on loans and receivables or a held-to-maturity asset, the amount of the loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows (excluding future credit losses that have not been incurred) discounted at the assets' original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables and held-to-maturity investments. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.



**Notes to the Financial Statements, continued****(ii) Available-for-sale financial assets**

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the balance sheet date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss.

If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent year, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the statement of profit or loss, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

**(vi) Financial Liabilities****Recognition**

The Company recognises other financial liabilities initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

**De-recognition of financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

**(vii) Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

**(viii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

**Notes to the Financial Statements, continued**

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost.

**(e) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

**(f) Other income**

Other income comprises insurance claims, sponsorship income, bond listing fees, penalties and fines on dealing members, membership dues, application fees, commercial paper quotation fees. Other income is recognised when the right to receive income is established.

**(g) Other assets**

Receivables are recognised at amortised cost. Appropriate allowance for estimated irrecoverable amounts are recognized in the profit and loss account when there is an objective evidence that the asset is impaired.

Prepayments are recognised at cost less amortised amounts.

**(h) Contingent liabilities**

Contingent liabilities are probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. However, they are recognised, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Contingent liabilities are disclosed in the financial statements when they arise.

**(i) Property and equipment****(i) Recognition and measurement**

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

**(ii) Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The costs of the day-to-day repairs and maintenance of property and equipment are recognised in profit or loss as incurred.



**Notes to the Financial Statements, continued***(iii) Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold improvements	2 years
Motor vehicles	4 years
Furniture, fittings and equipments	4 years
Computer equipment	3 years
Computer software	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

*(iv) De-recognition*

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(j) Intangible assets***Computer software*

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Notes to the Financial Statements, continued****(k) Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.



**Notes to the Financial Statements, continued****(m) Employee benefits***(i) Defined contribution plans*

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

The Company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 10% by the employer.

The Company's contribution to this scheme is charged to the profit and loss account in the period to which they relate. Contributions to the scheme are managed by other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act.

*(ii) Termination benefits*

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

*(iii) Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(n) Share capital and reserves***(i) Share issue costs*

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

*(ii) Dividend on ordinary shares*

Dividends on the Company's ordinary shares are recognised in equity in the year in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that were declared after the year end of the reporting period are dealt with in subsequent events note.

**(o) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

## Notes to the Financial Statements, continued

Pronouncement	Title	Effective date
IFRS 9 (amended)	<p>Financial Instruments</p> <p>IFRS 9 will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the</p> <p>The accounting for financial assets differ in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income.</p> <p>Changes in the fair value attributable to own credit risk for financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognised within other comprehensive income.</p> <p>The standard has introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. This new model will apply to financial assets measured at either amortised cost or fair value through OCI, as well as loan commitments when there is present commitment to extend credit (unless these are measured at fair value through profit or loss).</p> <p>With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to either 12-months expected credit losses or full lifetime expected credit losses.</p> <p>A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition as well as for certain contract assets or trade receivables. For all other financial instruments, expected credit losses are measured at an amount equal to 12-month expected credit losses.</p> <p>The standard will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined. The company does not intend to early adopt this standard.</p>	Annual periods beginning on or after 1 January 2018

**Notes to the Financial Statements, continued**

Amendments to IAS 16 (Property, Plant and Equipment) & IAS 38 (Intangible assets)	Amendments regarding the clarification of acceptable methods of depreciation and amortisation. This is not expected to impact the Company's operations as the depreciation of items of property and equipment owned by the Company is based on useful life.	Annual periods beginning on or after 1 January 2016
IFRS 15 - Revenue from contracts with customers	This standard will replace the existing revenue standards and their related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments).	Annual periods beginning on or after 1 January 2017. The Company has not assessed the impact of this standard on its operations but the impact is not expected to be major. The Company does not intend to early adopt this standard.



**Notes to the Financial Statements**  
*For the year ended 31 December 2015***4 Financial Risk Management****(a) Introduction and overview**

FMDQ OTC PLC's vision is to be the leader in Africa in the Fixed Income and Currency Markets by 2019. Its mission is to empower the financial markets to be innovative and credible, in support of the Nigerian economy. In pursuing its vision, the Company has identified the need to focus on risk management. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has exposure to the following risks from financial operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

**(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, receivables and investment securities.

The Company has exposure to credit risk as it routinely executes transactions with counterparties which comprise mainly of the Central Bank of Nigeria and the Nigerian Commercial banks.

**(i) Exposure to credit risk**

The Company's exposure to credit risk is influenced mainly by the characteristics of its bankers and Dealing Members. Management considers the default risk of the industry in which the banks operate based on economic factors as this may have an influence on credit risk.

The Company is exposed to credit risk on its balances with banks, receivables, staff advances and investment securities. In 2015, 89% (2014: 95%) of the Company's revenue was attributable to interest income and fees earned on OTC transactions.

**(ii) Held to maturity investments (HTM)**

The Company limits its exposure to credit risk by investing mostly in highly liquid money market instruments issued by the Central Bank of Nigeria. In the current year, the Company invested in a Eurobond issued by the First Bank of Nigeria Plc (FBN). FBN is considered a top tier bank in Nigeria with solid financial performance and strong financial reporting ratios.

The Company did not have any held to maturity investments that were impaired as at 31 December 2015.

**(iii) Cash and cash equivalents**

The Company held cash and cash equivalents with maturity profile of less than 3 months with local banks, assessed to have good credit ratings based on the Company's policy.

The carrying amount of the Company's financial assets which represent the maximum exposure to credit risk at the reporting date were as follows:

<i>In thousands of Naira</i>	Note	31 December 2015	31 December 2014
Cash and cash equivalents	13	321,281	129,438
Investment securities	14	1,699,921	1,218,725
Other assets (excluding prepayments)	15	48,103	39,025
		<u>2,069,305</u>	<u>1,387,188</u>



**Notes to the Financial Statements**  
**For the year ended 31 December 2015****(c) Liquidity risk**

Liquidity risk is the potential loss arising from the Company's inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable costs or losses. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other Company's risks such as credit, market and operational risks.

The Company maintains adequate liquid assets and marketable securities sufficient to manage any liquidity stress situation.

**(ii) Maturity analysis for financial assets and financial liabilities**

The table below presents the cash flows payable by the Company for financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows because the Company manages the inherent liquidity risk based on expected undiscounted cash flows.

*31 December 2015*

<i>In thousands of Naira</i>	<b>Note</b>	<b>Carrying amount</b>	<b>Gross nominal inflow/(outflow)</b>	<b>Up to 3 months</b>	<b>3 - 6 months</b>	<b>6months - 1 year</b>	<b>Over 1 year</b>
Cash and cash equivalents	13	321,281	340,697	132,719	207,978	-	-
Investment securities	14	1,699,921	2,163,263	433,809	50,582	367,074	1,311,798
Other assets (excluding prepayments)	15	48,103	51,200	32,807	3,098	15,295	-
		2,069,305	2,555,160	599,335	261,658	382,369	1,311,798
Other liabilities	18	597,798	597,798	-	597,798	-	-
		597,798	597,798	-	597,798	-	-
Gap (asset - liabilities)		1,471,507	1,957,363	599,335	(336,140)	382,369	1,311,798

*31 December 2014*

<i>In thousands of Naira</i>	<b>Note</b>	<b>Carrying amount</b>	<b>Gross nominal inflow/(outflow)</b>	<b>Up to 3 months</b>	<b>3 - 6 months</b>	<b>6months - 1 year</b>	<b>Over 1 year</b>
Cash and cash equivalents	14	129,438	129,438	129,438	-	-	-
Investment securities	15	1,218,725	1,316,239	599,141	337,059	21,613	358,427
Other assets (excluding prepayments)	16	39,025	39,025	35,825	-	-	3,200
		1,387,188	1,484,702	764,404	337,059	21,613	361,627
Other liabilities	19	274,296	274,296	-	274,296	-	-
		274,296	274,296	-	274,296	-	-
Gap (asset - liabilities)		1,112,892	1,210,406	764,404	62,763	21,613	361,627

**Notes to the Financial Statements****For the year ended 31 December 2015**

As part of the management of its liquidity risk, the Company holds liquid assets comprising of cash and cash equivalents and securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

**(d) Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

**(i) Exposure to interest rate risk**

The Company is exposed to an insignificant level of interest rate risk (i.e. the general market risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates) because it invests in financial instruments like FGN bonds, Eurobonds and Treasury Bills with fixed rates. Similar to the last financial year, interest rates were fairly volatile. These changes could have a negative impact on the net interest income, if not properly managed. The Company, however, has a significant portion of its investments in non-rate sensitive assets. This greatly assists it in managing its exposure to interest rate risks.

Management is of the view that the assessed impact of interest rate volatility has not been significant on the capital or earnings of the Company.

**(ii) Exposure to exchange rate**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because the Company has bank accounts denominated in foreign currency in which transactions denominated in foreign currency are carried out. A significant change in the exchange rates between the Naira (functional and presentation currency) relative to the US dollar may have an effect on the Company's revenue.

**Sensitivity analysis of exchange rates**

Arising from exchange rate fluctuations, the Company is exposed to changes in exchange rates. The following shows the sensitivity of the Company's income to changes in exchange rate:

Scenario level	3%	3%
	Bank	Investment
<i>In thousands of Nigerian Naira</i>	Balances	Securities
<b>31 December 2015</b>		
Increase	155	10,745
Decrease	(155)	(10,745)
<b>31 December 2014</b>		
Increase	214	-
Decrease	(214)	-
Scenario level	2%	2%
	Bank	Investment
<i>In thousands of Nigerian Naira</i>	Balances	Securities
<b>31 December 2015</b>		
Increase	36	7,177
Decrease	(36)	(7,177)
<b>31 December 2014</b>		
Increase	143	-
Decrease	(143)	-

**Notes to the Financial Statements**  
*For the year ended 31 December 2015***(e) Risk prevention strategies**

The Company has adopted the risk and control self-assessment model as a model that will it prevent risk from crystallising. Using this methodology, every activity or process is believed to have inherent risk(s). The model involves upfront risk identification, assessment, quantification and mitigation. The Company's strategy for preventing risks is to identify the risk ahead and design preventive controls that reduces the impact of the risk when it occurs. In a situation where there is no preventive controls or it will be costly to put such a control the Company adopt a detective or corrective controls. The Company believe that even after controls are put in place there could be residual risks. The Company also evaluate the residual risks and then design a risk treatment plan for such risks with high residual risks.

**(f) Capital management**

The strategy for assessing and managing the impact of our business plans on present and future regulatory capital forms an integral part of the Company's strategic plan. Specifically, the Company considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Company's assessment taking account of the Company business strategy and value creation to all its stakeholders. The Company is not exposed to any externally imposed capital requirement.

<i>In thousands of naira</i>	Note	2015	2014
Paid up share capital	20	640,741	640,741
Shareholders' funds		1,401,793	1,089,220

**Notes to the Financial Statements**  
*For the year ended 31 December 2015***5 Use of estimates and judgements**

These disclosures supplement the commentary in financial risk management. Key sources of estimation uncertainty are as disclosed below:

**(a) Determining fair values**

The Company's policy on fair value measurements is discussed under note 3(d)(iv).

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- (i) Level 1 : Quoted market price(unadjusted) in an active market for an identical instrument.
- (ii) Level 2 : Valuation techniques based on observable inputs, either directly - i.e. , as prices - or indirectly - i.e. derived from prices. This category includes instruments valued using : quoted market prices in active markets for similar instruments ; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

There were no financial instruments measured at fair value at the end of the reporting period.

**Financial instruments measured at fair value**

The following tables sets out the categorisation into levels of the fair value hierarchy of financial instruments measured at fair value.

31 December 2015

<i>In thousands of Naira</i>	<i>Note</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial Assets</b>					
Available for sale investment securities- Eurobonds	14	-	307,891	-	307,891
		-	-	-	307,891

31 December 2014

<i>In thousands of Naira</i>	<i>Note</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial Assets</b>					
Available for sale investment securities- Eurobonds	14	-	-	-	-
		-	-	-	-



**Notes to the Financial Statements**  
*For the year ended 31 December 2015***(b) Valuation techniques and inputs used in the fair value measurement**

The price used in determining the fair value of the Eurobonds is the average of prices at which trades in the Eurobonds were done towards the end of the year. The price is publicly quoted; however, the market for Eurobonds is considered to be inactive and so the valuation done is considered to be level 2.

**(c) Allowance for impairment losses**

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3(d)(v).

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and estimate of cash flows considered recoverable are independently approved by the financial control function.

**(d) Financial asset and liability classification**

The Company's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- (i) In classifying financial assets as held-to-maturity, the Company has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by Note 3(d)(ii).

Details of the Company's accounting classification and measurement basis of financial assets and liabilities are given in note 6.

**(e) Depreciation and carrying value of property and equipment**

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

**(f) Recognition of deferred tax assets**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

**Notes to the Financial Statements***For the year ended 31 December 2015***6 Financial assets and liabilities***Accounting classification, measurement basis and fair values*

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value:

31 December 2015

<i>In thousands of Naira</i>	Note	Held-to-maturity	Loans and receivables	Available-for-sale	Other amortised cost	Total carrying amount	Fair value	Fair value hierarchy
Cash and cash equivalents	13	-	321,281	-	-	321,281	-	-
Investment securities-Treasury bills and FGN Bonds	14	1,392,031	-	-	-	1,392,031	1,121,567	Level 1
Investment securities-Eurobonds	14	-	-	307,891	-	307,891	307,891	Level 2
Other assets (excluding prepayments)	15	-	48,103	-	-	48,103	-	-
		1,392,031	369,384	307,891	-	2,069,306	1,429,458	
Other liabilities (excluding fines and penalties)	18	-	-	-	597,798	597,798	-	-
		-	-	-	597,798	597,798	-	-

31 December 2014

<i>In thousands of Naira</i>	Note	Held-to-maturity	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value	Fair value hierarchy
Cash and cash equivalents	13	-	129,438	-	-	129,438	-	-
Investment securities	14	1,218,725	-	-	-	1,218,725	1,189,981	Level 1
Other assets	15	-	39,025	-	-	39,025	-	-
		1,218,725	168,463	-	-	1,387,188	1,189,981	
Other liabilities (excluding fines and penalties)	18	-	-	-	274,296	274,296	-	-
		-	-	-	274,296	274,296	-	-

**Notes to the Financial Statements**  
**For the year ended 31 December 2015****7 Transaction fees**

Transaction fees income comprises fees earned on the over the counter (OTC) transactions carried on by the Company's Dealing Members. Transaction fees can be analysed as follows:

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Transaction Fees- foreign currency trading	280,032	900,268
Transaction Fees- treasury bills trading	633,429	287,770
Transaction Fees- bonds trading	131,107	180,153
Transaction Fees- repo transactions	252,259	86,256
Transaction Fees- open buy back transactions	185,203	64,673
Transaction Fees- money market transactions	167,537	81,135
	<b>1,649,567</b>	<b>1,600,255</b>

**8 Interest income**

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Treasury Bills	119,503	62,740
Fixed Deposit	6,897	73
Call Deposit	3,090	2,321
FGN Bonds	51,362	6,985
Eurobond	16,543	-
	<b>197,395</b>	<b>72,119</b>

**9 Other income**

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Sponsorship income	8,714	1,250
Income - Grant (See (i) below)	-	48,432
Membership application fees	19,550	17,750
Membership subscription dues	26,200	13,200
Insurance claims	999	-
Bond listing fees	131,736	-
Penalties/Fines (See (ii) below)	48,000	-
Commercial Papers Quotation fees	6,148	-
Others	2,666	-
	<b>244,014</b>	<b>80,632</b>

- (i) Income - Grant relates to the estimated fair value of the free access to a Market Tracker System given to the Company by Thomson Reuters Ltd.
- (ii) Penalties/fines- This relates to monies received for infraction of trading regulations by dealing members

FMDQ OTC PLC  
31 December 2015**Notes to the Financial Statements**  
**For the year ended 31 December 2015****10 Personnel expenses**

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Wages and salaries	313,827	267,111
Other staff cost	183,924	78,750
Termination expense	-	30,000
Pension cost	20,983	7,928
	518,734	383,789

(i) Employees earning over N60,000 per annum, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments in the following ranges:

	31 December 2015	31 December 2014
N60,001 - N2,000,000	-	-
N2,000,001 - N3,000,000	4	1
N3,000,001 - N4,000,000	7	7
N4,000,001 - N5,000,000	8	5
N5,000,001 - N6,000,000	1	4
N6,000,001 - N7,000,000	4	-
N7,000,001 - N8,000,000	1	2
N8,000,001 - N9,000,000	2	2
Above N9,000,000	12	7
	39	28

(ii) The average number of full time persons employed during the year by the Company was as follows:

	31 December 2015	31 December 2014
Management staff	9	9
Non management staff	30	19
	39	28

(iii) Directors' remuneration

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Highest paid director	137,089	64,272
	137,089	64,272

(a) The highest paid director's remuneration represents the MD/CEO's salary for the year excluding other benefits



**Notes to the Financial Statements**  
**For the year ended 31 December 2015**

(iv) Allowance paid to Non-Executive Directors during the year:

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Sitting allowances	9,020	-
Other allowances	39,777	-
Retirement allowance	1,417	-
	<u>50,214</u>	

**11 Other operating expenses**

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Directors' emoluments	137,089	64,272
Auditor's remuneration	16,800	14,000
Professional fees	37,214	61,608
Professional fees- Legal	914	-
Stationery and office expenses	29,582	14,695
Bank charges	2,744	1,253
Travel expense	61,423	19,727
Training and development expense	72,513	307
Information technology expense	24,384	11,125
Publicity and advertising expense	10,892	4,167
Insurance expense	20,701	6,625
Loss on disposal of asset	-	460
Write-off of intangible asset	-	8,029
Penalties and fines (See (i) below)	26,741	52,388
SEC fees (See note 18)	152,259	100,000
Transaction fee expense (See (ii) below)	70,352	179,117
FMDA development program	30,000	-
Corporate gifts	22,163	3,115
Professional membership	8,434	1,031
General administrative expenses	95,779	37,951
Unrealised gain- foreign exchange revaluation	14,575	-
Strategic initiatives	94,279	-
Board Allowance	50,214	-
Bond listing /quotation events	17,819	-
Rent	23,222	23,222
	<u>1,020,095</u>	<u>603,092</u>

- (i) The amount represents an estimate of a present obligation to SEC in respect of penalties and fines for non filing of annual returns for the months of January to March 2015 and penalties and fines for late remittances to other regulatory bodies.

**Notes to the Financial Statements**  
*For the year ended 31 December 2015*

- (ii) The amount represents fees charged dealing members by the CBN in respect of securities trading which is borne by the Company on behalf of the dealing members.

**12 a. Income tax expense**

The effective tax reconciliation is as follows:

	Rate %	31 December 2015	Rate %	31 December 2014
Profit before tax		473,730		708,519
NITDA		-		(7,015)
		473,730		701,504
Tax using the domestic corporation tax	30%	142,119		210,451
Non-taxable income	-12%	(56,222)		(35,447)
Non-allowable expenses	4%	20,927		19,310
Loss relieved for the period	0%	-		(50,664)
Recognition of previously unrecognized tax losses	0%	-		(3,762)
Investment credit allowance	0%	(570)		-
Tertiary education tax	2%	8,093		13,680
NITDA	0%	-		7,015
Income tax charge	24%	114,347		160,584

**b. Current tax liability**

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Balance as at 1 January 2015	145,014	-
Tax charge (See note c below)	116,290	145,014
Tax paid	(145,014)	-
At 31 December	116,290	145,014

**c. The tax charge for the year comprises:**

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Income tax	108,197	124,319
Tertiary education tax	8,093	13,680
NITDA levy	-	7,015
	116,290	145,014
Deferred tax charge for the year	(1,943)	15,570
	114,347	160,584

**Notes to the Financial Statements**  
**For the year ended 31 December 2015****d. Deferred tax liability**

(i) Deferred tax liability is attributable to the following:

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Property and equipment	13,627	15,570
	13,627	15,570

(ii) Movement in temporary differences during the year:

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Opening balance	15,570	-
Profit or loss	(1,943)	15,570
Closing balance	13,627	15,570

**13 Cash and cash equivalents**

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Cash and bank balances	90,183	129,438
Placements with banks	231,098	-
	321,281	129,438

**14 Investment securities**

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Held to maturity investments securities-Treasury bills	565,867	895,940
Held to maturity investments securities-FGN Bonds	826,163	322,785
Available for sale investments securities- Eurobonds	307,891	-
	1,699,921	1,218,725
Current	671,429	895,940
Non-current	1,028,492	322,785
	1,699,921	1,218,725

**15 Other assets**

Other assets balance comprise

	31 December 2015	31 December 2014
<i>In thousands of Naira</i>		
Accounts receivable	37,215	20,497
Prepayments	29,104	41,292
Staff advances	758	3,200
WHT tax receivable	10,129	15,328
	77,207	80,317
Current	77,207	77,117
Non-current	-	3,200
	77,207	80,317

FMDQ OTC PLC  
31 December 2015Notes to the Financial Statements  
For the year ended 31 December 2015

## 16 Property and equipment

The movement on these accounts during the year was as follows:

<i>In thousands of Naïra</i>	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
<b>Cost:</b>					
Balance as at 1 January 2014	22,823	69,650	6,623	5,547	104,643
Additions	5,469	8,000	17,312	5,060	35,841
Disposals	-	-	(2,000)	-	(2,000)
Balance as at 31 December 2014	28,292	77,650	21,935	10,607	138,484
Balance at 1 January 2015	28,292	77,650	21,935	10,607	138,484
Additions	397	12,800	22,956	3,831	39,984
Disposals	-	-	-	-	-
Balance as at 31 December 2015	28,689	90,450	44,891	14,438	178,468
<b>Accumulated Depreciation</b>					
Balance as at 1 January 2014	2,178	6,033	1,137	576	9,924
Depreciation for the year	12,928	17,632	3,460	2,263	36,283
Disposals	-	-	(998)	-	(998)
Balance as at 31 December 2014	15,106	23,665	3,599	2,839	45,209
Balance as at 1 January 2015	15,106	23,665	3,599	2,839	45,209
Depreciation for the year	12,205	22,343	9,853	4,193	48,594
Disposals	-	-	-	-	-
Balance as at 31 December 2015	27,311	46,008	13,452	7,032	93,803
<b>Carrying amounts</b>					
At 31 December 2014	13,186	53,985	18,336	7,768	93,275
At 31 December 2015	1,378	44,442	31,439	7,406	84,665

- (a) There were no authorised or contracted capital commitments as at the end of the reporting period (31 December 2014: Nil).
- (b) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2014: Nil).
- (c) There were no leased assets included in this property and equipment as at year end (31 December 2014: Nil).



**Notes to the Financial Statements**  
**For the year ended 31 December 2015****17 Intangible asset**

<i>In thousands of Naira</i>	<b>Computer software</b>
<b>Cost:</b>	
Balance at 1 January 2015	76,474
Acquisitions	-
Balance as at 31 December 2015	76,474

**Accumulated Amortisation and impairment losses**

Balance at 1 January 2015	21,781
Amortisation for the year	29,823
Balance as at 31 December 2015	51,604

**Intangible asset**

<i>In thousands of Naira</i>	<b>Computer software</b>
<b>Cost:</b>	
Balance at 1 January 2014	38,753
Acquisitions	48,431
Asset written off	(10,710)
Balance as at 31 December 2014	76,474

**Accumulated Amortisation and impairment losses**

Balance as at 1 January 2014	3,139
Amortisation for the year	21,323
Impairment loss	(2,681)
Balance as at 31 December 2014	21,781

**Carrying amounts**

At 31 December 2014	54,693
At 31 December 2015	24,870

**18 Other liabilities**

Other liabilities balance comprise

	31 December 2015	31 December 2014
Account Payables	95,880	63,291
Regulatory fees (SEC) (See note i below)	152,259	100,000
Accruals	411,826	163,353
Unearned income	16,269	-
	676,234	326,644
Current	676,234	326,644
Non-current	-	-
	676,234	326,644

**Notes to the Financial Statements***For the year ended 31 December 2015*

- (i) SEC charged 10% on realised transactions fee income by the company on secondary market trading on the FMDQ OTC markets as SEC fees for the year

**19 Capital and reserves****(a) Share capital**

<i>In thousands of Naira</i>	31 December 2015	31 December 2014
Authorised - 1,000,000,000 Ordinary shares of 1Naira each (31 December 2014: 1,000,000 of N1.00 each)	1,000,000	1,000,000
Issued and fully paid 640,740,741 (31 December 2014: 640,740,741 Ordinary shares of N1.00 each)	640,741	640,741

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Company.

**(b) Share Premium**

Share premium is the excess paid by shareholders over the nominal value for their shares.

**(c) Retained earnings**

Retained earnings is the profit generated by the company not distributed to shareholders as dividends.

**(d) Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

**20 Related parties transactions**

Transactions with related parties are summarised below;

Key management is defined as members of the board and there were no transactions with them during the year, however, the Company had transactions with some of its shareholders. The balances as at year end of these transactions are as disclosed below;

**Notes to the Financial Statements**  
*For the year ended 31 December 2015*

<i>In thousands of Naira</i>	Note	2015	2014
Cash and cash equivalents (See (a) below)	13	321,281	129,438
Bank charges (see (b) below)	11	2,744	1,253
Advertisement of Company brand		-	300
Account receivables (see (c) below)	16	37,215	20,497
FMDA development program (see (d) below)	11	30,000	-
		391,240	151,488

- (a) Cash and cash equivalents is represented by bank balances held with Guaranty Trust Bank PLC, Zenith Bank PLC and Access Bank PLC who are also shareholders in the Company.
- (b) Bank charges represents charges paid on the Company's bank balances held with Guaranty Trust Bank PLC, Zenith Bank PLC and Access Bank PLC who are also shareholders in the Company.
- (c) Accounts receivable is represented by transaction fees receivable from trades executed on the OTC platforms by the Dealing Members of the Company during the financial year. These Dealing Members are also shareholders in the Company.
- (d) The FMDA development program is an initiative of the Financial Markets Dealers Association geared at developing the capital market. FMDQ decided to support this initiative with N30million. FMDA is a shareholder of the Company.

**21 Contingent liabilities, litigations and claims**

The Company in its ordinary course of business, is presently not involved in any case as a defendant or plaintiff (31 December 2014: Nil).

**22 Events after the reporting period**

There were no events after the end of the reporting period which could have a material effect on the financial position of the Company as at 31 December 2015 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

**Other Financial Information****Value Added Statement***For the year ended 31 December 2015*

<i>In thousands of Naira</i>	31 December 2015	%	31 December 2014	%
Operating income	2,090,976	195	1,753,006	152
Brought in goods and services -local	(1,020,095)	(95)	(603,092)	(52)
<b>Value added</b>	<b>1,070,881</b>	<b>100</b>	<b>1,149,914</b>	<b>100</b>
Applied to pay:				
- Employees as wages and salaries	518,734	47	383,789	33
- Government as taxes	114,347	11	160,584	14
Retained in the business:				
- For replacement of property and equipment	48,594	5	36,283	3
- For replacement of intangible asset	29,823	3	21,323	2
- To augment reserves	359,383	34	547,935	48
<b>Value added</b>	<b>1,070,881</b>	<b>100</b>	<b>1,149,914</b>	<b>100</b>



**Other Financial Information****Financial Summary***Statement of financial position*

<i>In thousands of Naira</i>	31 December 2015	31 December 2014	31 December 2013	31 December 2012
<b>ASSETS</b>				
Cash and cash equivalents	321,281	129,438	26,258	52,788
Investment securities	1,699,921	1,218,725	352,319	562,551
Property and equipment	84,665	93,275	94,719	11,962
Intangible asset	24,870	54,693	35,614	-
Other assets	77,207	80,317	122,820	8,980
<b>Total assets</b>	<b>2,207,944</b>	<b>1,576,448</b>	<b>631,730</b>	<b>636,281</b>
<b>LIABILITIES</b>				
Other liabilities	676,234	326,644	90,445	88,530
Current tax liability	116,290	145,014	-	-
Deferred tax liability	13,627	15,570	-	-
<b>Total liabilities</b>	<b>806,151</b>	<b>487,228</b>	<b>90,445</b>	<b>88,530</b>
<b>Net assets</b>	<b>1,401,793</b>	<b>1,089,220</b>	<b>541,285</b>	<b>547,751</b>
<b>CAPITAL AND RESERVES</b>				
Share capital	640,741	640,741	535,000	535,000
Share premium	21,148	21,148	-	-
Retained earnings	786,714	427,331	(120,604)	12,751
Capital contribution	-	-	126,889	-
Fair value reserve	(46,810)	-	-	-
<b>Shareholders' funds</b>	<b>1,401,793</b>	<b>1,089,220</b>	<b>541,285</b>	<b>547,751</b>

*Statement of comprehensive income*

<i>In thousands of Naira</i>	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Operating Income	2,090,976	1,753,006	155,653	80,275
Operating expenses	(1,617,246)	(1,044,487)	(289,008)	(51,883)
Profit before taxation	473,730	708,519	(133,355)	28,392
Taxation	(114,347)	(160,584)	-	-
<b>Profit after taxation</b>	<b>359,383</b>	<b>547,935</b>	<b>(133,355)</b>	<b>28,392</b>

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to 2011 have not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

## NOTABLE DATES AND EVENTS IN 2015

S/N	Activity	Date
1.	Ghanaian Financial Services Industry Representatives visited FMDQ on a study tour	February 6
2.	FMDQ released Order-based Two-way Quote Foreign Exchange Market Standards	February 13
3.	FMDQ launched the “FMDQ e-Markets” Portal	February 23
4.	FMDQ hosted the pioneer corporate bond listing on its platform - The listing of the UBA PLC ₦30.50bn Bond	April 8
5.	Thomson Reuters Market Tracker solution went live at the CBN and FMDQ	April 8
6.	FMDQ held its 3 <sup>rd</sup> Annual General Meeting	April 30
7.	FMDQ hosted the listing of ₦15.54bn Stanbic IBTC Bank Bond on the Exchange	June 8
8.	FMDQ paid a courtesy visit to the International Capital Market Association (ICMA) Limited, London	June 30
9.	Representatives of the Bank of Uganda paid a courtesy visit to FMDQ	June 30
10.	FMDQ held the first bi-annual “Members Only” Meeting for 2015	July 2
11.	FMDQ paid a courtesy visit to the Thai Bond Market Association and other key Thai financial markets stakeholders, including Bank of Thailand and Securities and Exchange Commission, Thailand	July 6-9
12.	FMDQ hosted the inaugural listing of ₦4.80trn FGN Bonds and quotation of ₦2.80trn Nigerian Treasury Bills on the Exchange	July 13
13.	FMDQ hosted the listing of the ₦26.00bn FCMB Financing SPV Bond on the Exchange	July 27
14.	Representatives of the Central Bank of Kenya, the Kenyan National Treasury and Capital Markets Authority, Kenya visited FMDQ on a study tour	August 26
15.	FMDQ paid a visit to Modupe Cole Memorial Child Care Treatment Home & School as part of its CSR	August 28
16.	FMDQ hosted the quotation of the ₦8.15bn Wema Bank PLC Commercial Paper on the Exchange	September 18
17.	FMDQ Launched Affiliate Members Category	September 29
18.	FMDQ hosted the listing of ₦8.00bn Nigeria Mortgage Refinance Company (NMRC) PLC Bond on the Exchange	September 30

## NOTABLE DATES AND EVENTS IN 2015 (Contd.)

19.	FMDQ became an Associate Member of the ICMA	October 5
20.	FMDQ hosted the listing of ₦30.00bn Fidelity Bank PLC Bond on the Exchange	October 16
21.	FMDQ hosted the 2015 Debt Capital Markets Workshop themed “ <i>The Nigerian Debt Capital Markets - Towards a Brighter Future</i> ”	October 27 - 28
22.	FMDQ Board appointed Ms. Daisy Ekineh as an Independent Non-Executive Director	October 30
23.	FMDQ hosted the quotation of ₦17.70bn Nigerian Breweries PLC Commercial Paper on the Exchange	November 12
24.	FMDQ became a Full Member Exchange of the ASEA	November 15
25.	FMDQ hosted Ms. Arunma Oteh, Vice President and Treasurer, The World Bank	December 2
26.	FMDQ hosted the second bi-annual “Members Only” Meeting for 2015	December 11
27.	FMDQ Market Turnover hits ₦137.42trn	December 31

## STAKEHOLDER TESTIMONIALS

“The Banking and Finance Department of Covenant University, Ota, wishes to express her profound gratitude towards your hospitality to our students and the various interactive sessions with your team during their excursion visit to your office complex on the 16<sup>th</sup> and 17<sup>th</sup> of March, 2015. There is no doubt the visit to your reputable organisation yielded a lot of dividend which cannot be quantified in absolute terms.

This singular honour done to our students has distinguished FMDQ as one of the few financial institutions in Nigeria that has passion for the upliftment of the educational standards for our nation. Your name will be written in the sands of time and posterity will forever remember your good works.”

**- Ikpefan O.A. (Ph.D., ACA, ACIB)**

*Head, Department of Banking & Finance, Covenant University, Ota, Ogun State*  
March 2015

“As a securities exchange, we look forward to delivering innovative and value-adding solutions to our stakeholders and providing a safe and credible platform for our customers to list, quote and trade securities.”

**- Dr. (Mrs.) Sarah O. Alade, OON**

*Chairman, FMDQ OTC Securities Exchange & Deputy Governor,  
Economic Policy Directorate, Central Bank of Nigeria*  
April 2015

“I am pleased to recommend the FMDQ OTC Platform (“FMDQ”) as Nigeria's specialised fixed income Exchange and provider of first-class capital market services. Our experience with the excellent team at FMDQ in our capacity as Lead Issuing House and Lead Underwriter to the UBA Plc ₦30.50 billion Fixed Rate Subordinated Unsecured Notes was quite positive – from initial proposal to list, to the execution and eventual listing of the securities.

Our client, the Issuer, equally testified to the excellent services of FMDQ. We are confident that the platform will provide the securities with transparent price discovery and appropriate liquidity, thereby contributing greatly to the growth and deepening of our capital market.

It is my belief that with consistent focus on its expressed objectives, the development of FMDQ will be extremely beneficial to our capital market and will result in a deeper and more robust market place as the platform continues to provide product innovation, enhanced liquidity and market information.”

**- Mrs. Oluwatoyin Sanni**

*Group Chief Executive Officer, United Capital PLC*  
May 2015

“Having concluded the listing of the UBA PLC Offer for Subscription of ₦30.50bn at 16.45% fixed rate offer, I am happy to have experienced the first listing on the FMDQ platform. Being the pioneer company bond to be listed on this platform, we have witnessed significant activity of trading of the bonds unlike in the past where there was no official secondary trading of bonds. This listing has further created credibility and comfort for investors and other market participants given the ease of access to information and trade movements of all bonds.

I would also like to commend FMDQ's service efficiency and the ease of listing on the Exchange. The listing on FMDQ has also increased liquidity of the bonds which has helped to provide an exit option for initial investors, thus making the bonds more attractive.

I am pleased to be part of this giant landmark in the Nigerian financial markets and also expect that the FMDQ platform will grow to be a bigger and stronger Exchange in the future.”

**- Mr. Phillips Oduoza**

*Group Managing Director/CEO, United Bank for Africa*  
May 2015



#### STAKEHOLDER TESTIMONIALS Contd.

“The FMDQ platform has been instrumental by encouraging the application of international best practices in the local trading environment and in the provision of credible, real-time market information, which enables greater participation by market operators and significantly enhances liquidity. More market development initiatives driven by FMDQ, such as the initiative which led to the revival of the Commercial Paper Market, are awaited with excitement.”

- **Mr. Tolu Osinibi**  
Executive Director, FCMB Capital Markets Limited  
July 2015

“FMDQ will continue to provide a robust and credible OTC platform for the listed FGN securities to the public; continuously work to improve market transparency and price discovery; monitor the activities of dealers to ensure accountability; and, publish relevant market data and information as and when due to guide investors in their investment decisions.”

- **Dr. Abraham Nwankwo**  
Director-General, the Debt Management Office  
July 2015

“Through the provision of reliable market data, FMDQ has empowered the Nigerian debt capital market with price discovery, transparency and market integrity. Following our successful experiences with FMDQ, we decided to list the Fidelity Bank PLC Bond on the Exchange, to be a part of the bond market revolution in Nigeria. The registration and listing process was straightforward and quick, the FMDQ team worked assiduously to obtain requisite approvals and prepare the Bond for instantaneous listing on the Exchange.

- **Mr. Nnamdi Okonkwo**  
Managing Director/CEO, Fidelity Bank PLC  
October 2015

“Since FMDQ began operations, we have seen a phenomenal increase in the liquidity of debt market instruments. We have moved from ₦7.10trn in annual trading volumes in 2012 to an average of ₦5.00trn in monthly volumes.”

- **Mr. Mounir Gwarzo**  
Director-General, Securities and Exchange Commission  
October 2015

“I am a proud Nigerian because FMDQ represents what I tell everybody about Nigeria. FMDQ has shown that it is an institution where everybody is determined for excellence, going the extra mile and pushing harder, and that has made FMDQ look different. Nigeria must take its place in the world. At The World Bank, what we ask for are ideas that can stand the test of time and FMDQ must not relent in its efforts. I am waiting to see the liquidity in this market match what I see in other markets.”

- **Ms. Arunma Oteh**  
Vice President & Treasurer, The World Bank  
December 2015

## HIGHLIGHTS OF 2015

### Stakeholder Engagements



Visit by Representatives of Ghanaian Stock Exchange, Ghanaian Debt Management Office and Ministry of Finance, Ghana



Visit by Representatives of the Bank of Uganda



Visit by Representatives of the Central Bank of Kenya, the Kenyan National Treasury and Capital Markets Authority, Kenya



Visit to Thai Bond Market Association, Thailand by FMDQ Board and Management Delegates



FMDQ Board and Management Delegates Visit the Securities and Exchange Commission, Thailand



FMDQ Visits the International Capital Market Association, United Kingdom



## HIGHLIGHTS OF 2015 (Contd.)



Representatives of FMDQ Visit Modupe Cole Memorial Child Care Treatment Home & School, Lagos



Covenant University Students Visit FMDQ on Study-tour



Strategic Meeting of FMDQ's Board Chairman and Director-General of the Securities and Exchange Commission, Nigeria in Abuja



Sub-Committee on Implementation of the Non-Interest Capital Market Master Plan Visits FMDQ



FMDQ at the 2015 ASEA Conference in Johannesburg, South Africa



Official Launch of the Nigeria-UK Capital Markets Project - "Legal and Regulatory Review and Recommendations"



3<sup>rd</sup> Annual General Meeting of FMDQ



FMDQ's 2<sup>nd</sup> Bi-Annual Members Only Meeting



## HIGHLIGHTS OF 2015 (Contd.)



FMDQ Representatives with the 2015 DCM Workshop Strategic Partners (IFC & SEC)



Press Briefing on the Introduction of the Order-Based 2WQ Market

### Listing and Quotation Ceremonies



The Nigeria Mortgage Refinance Company Bond Listing Ceremony  
- Pioneer Non-Financial Bond Listing on FMDQ



The Commercial Paper (CP) Quotation Ceremony for Nigerian Breweries PLC  
- Pioneer Non-Bank Real Sector CP Quotation on FMDQ



The United Bank of Africa Bond Listing Ceremony  
- Pioneer Corporate Bond Listing on FMDQ



The Listing ceremony of the FCMB Financing SPV Bond on FMDQ



FMDQ's FGN  
Debt Securities Wall



The Listing and Quotation Ceremony of the Federal Government  
of Nigeria Bonds and Treasury Bills on FMDQ





## FMDQ IN THE NEWS





## CORPORATE INFORMATION

Chairman

Dr. (Mrs.) Sarah O. Alade, OON

Vice Chairman

Mr. Jibril Aku

Other Directors

Dr. Adesola Adeduntan  
Mrs. Bola Adesola  
Mr. Bayo Adeyemo  
Mr. Peter Amangbo  
Ms. Daisy Ekineh  
Mr. Sadiq Mohammed  
Alh. Muhammad Nda  
Mr. Phillips Oduoza  
Mr. Oscar N. Onyema, OON  
Mr. Yinka Sanni

Managing Director/Chief Executive Officer

Mr. Bola Onadele. Koko

Company Secretary

Mr. Ajibola Asolo

Registered Office

1, Olosa Street  
Victoria Island  
Lagos

Auditors

KPMG Professional Services  
KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island, Lagos  
Tel: (01) 2718955

Bankers

Guaranty Trust Bank PLC  
Zenith Bank PLC  
Access Bank PLC  
Stanbic IBTC Bank PLC

RC No.

929657

## Leading the Revolution in the Nigerian Debt Capital Market



### LIST

BONDS  
FIXED INCOME  
MUTUAL FUNDS

### QUOTE

COMMERCIAL  
PAPERS  
TREASURY BILLS

### TRADE

FIXED INCOME  
SECURITIES  
CURRENCIES  
DERIVATIVES

...ON FMDQ OTC SECURITIES EXCHANGE

**G**LOBAL COMPETITIVENESS **O**PERATIONAL EXCELLENCE **L**IQUIDITY **D**IVERSITY

FMDQ OTC Securities Exchange


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 [www.fmdqotc.com](http://www.fmdqotc.com)