FMDQ HOLDINGS PLC
ANNUAL REPORT AND ACCOUNTS 2020

FMDQ

Africa's First Vertically Integrated Financial Market Infrastructure Group

▪ EXCHANGE ▪ CENTRAL COUNTERPARTY ▪ DEPOSITORY ▪ PRIVATE MARKETS

FMDQ

Africa's First Vertically Integrated Financial Market Infrastructure Group

FMDQ Exchange

Nigeria's Largest Exchange by Market Turnover

FMDQ Depository

Nigeria's Integrated Securities Depository

FMDQ Clear

Nigeria's Premier Central Counterparty

FMDQ Private Markets

Nigeria's Private Capital Marketplace Organiser

Fixed Income | ***Currencies*** | ***Derivatives*** | ***Equities***

HOW WE SERVE

Registration | Listing | Quotation | Noting | Trading | Clearing

Central Counterparty | Settlement | Risk Management | Depository | Data and Information

STRATEGIC ROLE

Market Organiser

Adviser to Government and Regulators

Catalyst for Infrastructure Capital

Financial Markets Diplomat

▪ EXCHANGE ▪ CENTRAL COUNTERPARTY ▪ DEPOSITORY ▪ PRIVATE MARKETS

Content

NOTICE OF THE 9TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting ("AGM") of FMDQ Holdings PLC (the "Company") is scheduled to hold at Exchange Place, 35, Idowu Taylor Street, Victoria Island, Lagos State, on Friday, July 30, 2021, 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, 2020, together with the reports of the Directors, Auditor, and Audit Committee thereon
2. To re-appoint Messrs. KPMG Professional Services as the Company's External Auditor and to authorise the Directors to fix the remuneration of the External Auditor
3. To elect the members of the Audit Committee
4. To disclose the remuneration of Managers of the Company

SPECIAL BUSINESS

1. To fix the remuneration of Directors of the Company
2. To consider and, if thought fit, pass the following, as special resolutions of the Company:

(1) “That ₦9,733,633,665.00 in the bonus share reserve be capitalised and made available for distribution to the members of the Company, in the form of ordinary shares, in the proportion of one (1) bonus share for every one (1) share held by the members. That the bonus shares so issued shall be allotted, and credited as fully paid to the members in the indicated proportions and such bonus shares shall rank parri passu in all respect with the existing ordinary shares of the Company"

(2) “That the Board of Directors, Company Secretary, and Management of the Company be authorised to take all steps required to give effect to these resolutions including, without limitation, the preparation, execution, and filing of all necessary documents, notifications, forms and agreements with, and as required by the Securities and Exchange Commission, Corporate Affairs Commission or any other relevant regulatory agency”

NOTES

1. Compliance with COVID-19 Directives and Guidelines

The convening and conduct of the AGM shall be in strict compliance with the relevant directives and guidelines issued by the Federal Government of Nigeria, State Governments, health authorities and regulatory agencies in curtailing the spread of the coronavirus (COVID-19) in Nigeria, particularly the physical distancing directive and prohibition of gatherings of more than fifty (50) persons, under the COVID-19 Health Protection Regulations of 2021. To this end, members will be entitled to select proxies from a list of attendees. However, for the avoidance of any doubt, members will be able to attend and effectively participate in proceedings virtually.

2. Proxy and Attendance by 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 of the Company. For the appointment to be valid, the duly completed and duly sealed proxy form must be deposited at the office of the Ag. Company Secretary, FMDQ Holdings PLC, Exchange Place, 35, Idowu Taylor Street, Victoria Island, Lagos State, not less than forty-eight (48) hours before the time fixed for the meeting. Details of same can also be emailed to: GroupCS@fmdqgroup.com.

Members who wish to appoint proxies can choose their preferred proxy from the list set out below:

1. Central Bank of Nigeria
2. Mr. Bola Onadele. Koko
3. Mr. Noel Orji

3. Virtual Attendance

A Zoom Cloud Meeting link shall be provided to members, via email, prior to the meeting to enable members and stakeholders, who are unable to physically attend the meeting, attend and effectively participate in proceedings.

4. Audit Committee

In accordance with section 404(6) of the Companies and Allied Matters Act 2020, 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 Ag. Company Secretary at least twenty-one (21) days before the AGM. Details of same can also be emailed to: GroupCS@fmdqgroup.com.

Section 404(5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements. Consequently, a detailed curriculum vitae affirming the nominee's qualifications should be submitted with each nomination.

BY ORDER OF THE BOARD

Noel Orji
Ag. Company Secretary
FRC/2021/002/00000022462
FMDQ Holdings PLC
Exchange Place
35, Idowu Taylor Street
Victoria Island
Lagos State
Nigeria
June 30, 2021

ABOUT THIS REPORT

Board Responsibility for Annual Report

The Board of Directors of FMDQ Holdings PLC (hereinafter referred to as the "Company", "FMDQ", "FMDQ Group", or "the Group") affirms that this Annual Report has been prepared in line with the Securities and Exchange Commission's Code of Corporate Governance and global best practices. The Board confirms responsibility for the integrity of the Annual Report, and believes the Report addresses the material issues and fairly presents the performance of FMDQ Holdings PLC. The Board is comfortable with the reliability and integrity of the information contained herein.

Disclaimer

Some of the statements in the Annual Report may contain progressive statements concerning the Group's Strategy, performance, and growth. Readers are cautioned not to place undue reliance on the progressive statements. Legislation in Nigeria governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Scope and Boundaries

This Annual Report presents the consolidated activities and Audited Financial Statements of FMDQ Group and its subsidiaries for the year ended December 31, 2020. It also describes the strategic path that has been taken over the past year and the way this fits into the Group's Strategy, the operating environment in which the Group operates, as well as its business and operational models.

2020 FULL YEAR FOOTPRINTS

Circa
₦215 trillion
($567 billion)
Market Turnover

245
Members
across the Nigerian financial markets

63
Bonds/Sukuk*
(excl. Eurobonds)
valued at over
₦1.21 trillion
($3.00 billion)

41
Registered Commercial Paper Programmes
valued at over
₦3.02 trillion
($7.40 billion)

248
Quoted Commercial Papers
valued at over
₦2.12 trillion
($5.20 billion)

Over
422
Listed/Quoted Federal Government of Nigeria Debt Securities valued at circa
₦74.07 trillion
($263.73 billion)

3 Global Standards Benchmarks

- Nigerian Autonomous Foreign Exchange Fixing (NAFEX)
- Nigerian Inter-bank Offered Rate (NIBOR)
- Nigerian Inter-bank Treasury Bills' True Yields Fixing (NITTY)

Over
$52 billion
OTC FX Futures Traded
(circa $44 billion settled)

African Securities Exchanges Association (Full Member)
World Federation of Exchanges (Affiliate)
International Organisation of Securities Commissions (Affiliate Member)
International Capital Markets Association (Member)
International Swaps and Derivatives Association (Associate Member)
Sustainable Stock Exchanges Initiative (Observer Status)

As @ December 31, 2020, *Naira-Denominated Bonds/Sukuk (excluding Conventional Federal Government of Nigeria Bonds and Savings Bonds)

Group Profile

Overview

Corporate Statements

Value Proposition

GOLD Agenda

GROUP PROFILE

Overview

FMDQ Group is Africa's first vertically integrated financial market infrastructure (FMI) group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading, clearing & central counterparty, settlement, risk management for financial market transactions; and depository of securities; as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited and iQx Consult Limited – towards transforming the Nigerian financial markets to become "GOLD" (Globally Competitive, Operationally Excellent, Liquid and Diverse) in alignment with its global counterparts.

FMDQ was registered as an OTC Market and self-regulatory organisation (SRO) by the Securities and Exchange Commission (SEC), Nigeria, in 2012, launched on to the Nigerian financial market in 2013, and subsequently registered by the SEC as a Securities Exchange in March 2019. Having obtained all the necessary statutory and regulatory approvals, FMDQ was reorganised into a non-operating holding company structure, which saw the Company's name change from FMDQ Securities Exchange PLC to FMDQ Holdings PLC, becoming the non-operating Holding Company warehousing the wholly owned subsidiaries. Following the approval of the SEC, FMDQ Group transferred its securities exchange registration to a new SEC-registered subsidiary, FMDQ Securities Exchange Limited, and in 2020, the corporate restructure to a non-operating Holding Company saw the Exchange (the erstwhile parent company), move to a wholly owned subsidiary.

As a vertically integrated FMI group, FMDQ provides a robust and integrated platform, with straight-through-processing capabilities for the Nigerian financial markets, through its Exchange, Central Counterparty, Depository and Private Markets subsidiaries.

FMDQ Securities Exchange Limited ("FMDQ Exchange" or "the Exchange"), registered by the SEC as a Securities Exchange and SRO, is focused on organising the debt, foreign exchange and derivatives markets, and provides an efficient platform for the registration, listing, quotation, trading and reporting of securities and financial products.

FMDQ Clear Limited ("FMDQ Clear") is Nigeria's premier Central Counterparty (CCP). Registered by the SEC, FMDQ Clear provides post-trade services to enhance the integrity of and eliminate the inherent counterparty risks in financial market transactions, whilst facilitating settlement finality, towards delivering capital and cost efficiencies, and de-risking the Nigerian financial markets.

FMDQ Depository Limited ("FMDQ Depository"), registered by the SEC, is positioned to provide a safe depository for financial markets assets, as well as facilitate settlement of capital market transactions. With innovation at the core of FMDQ Group's existence, the efficient and integrated linkages amongst FMDQ Exchange, FMDQ Clear and FMDQ Depository, guarantee seamless market making for all securities held on the FMDQ platform.

To extend the opportunities in the capital markets to private companies, FMDQ Private Markets Limited ("FMDQ Private Markets") promotes their inclusion and participation in the markets by providing the much-needed information in the market for private companies' securities via its Private Companies' Securities Portal (Restricted) and ultimately improving transparency and credibility in the market for private issuances.

"FMDQ is Africa's first vertically integrated financial market infrastructure (FMI) group, providing execution, clearing, settlement and depository services across the public and private markets. As a technology-enabled and systemically critical FMI group, FMDQ, operates the largest Securities Exchange in Nigeria, with an average annual turnover of $564 billion over the last seven (7) years, as well as the premier Central Counterparty, and one of the Depositories in the country."

Role of FMDQ in the Ecosystem

In delivering on its transformation agenda for the Nigerian financial markets, FMDQ Group continues to play key strategic roles in the markets, guided by its five (5) sustainability pillars, encouraging sustainable economic growth and development, towards delivering prosperity for Nigeria, Nigerians, and other market participants.

Market Organiser

- Integrating issuers, sell-side, buy-side, retail investors and all end-users
- Promoting transparency, liquidity, market efficiency and market conduct
- Minimising credit and operational risks
- Facilitating market education

Organised Markets | Post-trade Services

Adviser to Government and Regulators

- Championing innovative measures and frameworks to enhance government revenue, access to capital and financial markets
- Advocating global best practices

Advocacy | Advisory

Catalyst for Infrastructure Capital

- Promoting innovative private sector-led solutions to the nation's housing challenge
- Projecting the debt capital market as the key source of finance for infrastructure development

Housing and Infrastructure Capital | Sustainable Finance

Financial Markets Diplomat

- Promoting Nigeria as the investment destination in Africa
- Disseminating unbiased financial markets information

Integration With External Markets | Foreign Capital

CORPORATE STATEMENTS

Group Vision

To be the leading African builder of ecosystems of financial infrastructure and services for markets.

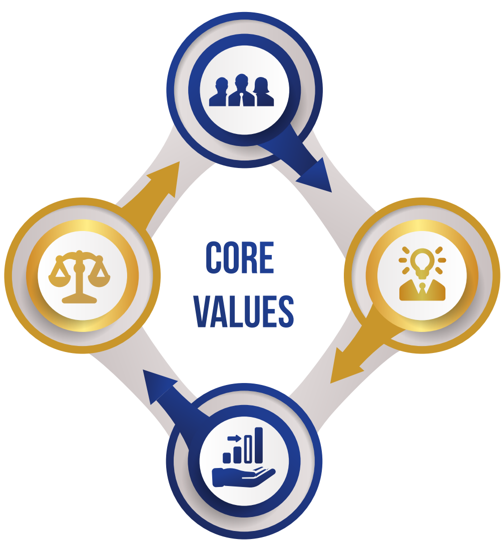
Group Mission

We collaborate to empower markets for economic progress towards delivering prosperity.

Our Core Values

Teamwork and Collaboration

We work as a team and collaborate with our stakeholders to foster shared understanding and combined action.



Integrity

We are principled in our conduct and can be trusted to act responsibly and professionally in delivering our mandate.

Innovation

We nurture and deliver on forward-thinking ideas towards making our markets globally competitive.

Value Adding

We consistently seek opportunities to exceed our stakeholders' expectations.

VALUE PROPOSITION

In keeping with its mission to empower markets for economic progress towards delivering prosperity, and in cognisance of the critical role our business plays in the financial market ecosystem, FMDQ Group's value proposition is structured to spur its developmental agenda for the Nigerian financial markets through the development of innovative products and services, and the implementation of robust market architecture for efficient delivery.

To consistently generate long-term value for our stakeholders, FMDQ continues to pursue diverse avenues to enhance its service offerings to its wide range of stakeholders, towards delivering on its value proposition, which is hinged on the pillars of Product Innovation, Market Governance & Development, Listings & Liquidity Enhancement, Price Formation & Transparency, and Economic Development Advocacy.

Product innovation
- Interest Rates & Currency Hedging Products
- Bond Exchange-Traded Funds
- Non-Interest Finance Products

Market Governance & Development
- Market Rules & Regulation
- Systems Integration
- Post-trade Services
- Standards & Benchmarks
- Securities Registration, Listings & Quotations
- Noting

Listings & Liquidity Enhancement
- Competitive Listings and Quotations Processes
- Network Effects (Markets Integration)
- Fixed Income Market Specialists
- Financial Market Volatility Management

Price Formation and Transparency
- Trading Systems
- Information Repository
- FMDQ Quotation Service
- Noting Service

Economic Development Advocacy
- Government & Regulatory Collaborations
- Financial Market Support for Infrastructure & Housing Finance

THE FMDQ "GOLD" AGENDA

The FMDQ "GOLD" Agenda remains the compass guiding the assessment of FMDQ's markets, as well as underscoring the commitment of FMDQ towards the transformation of the Nigerian financial market, as a prosperity conduit for the Nigerian economy, in line with other international financial markets and global best practices.

G — Global Competitiveness
- Governance
- Transparency
- Professionalism
- Technology Documentation
- Central Counterparty
- Payment & Settlement
- Trade Repository

O — Operational Excellence
- Certification
- Standardisation
- Market Information
- Legal Support
- Clearing
- Delivery versus Payment/Delivery versus Free
- Market Systems
- Straight-through-Processing

L — Liquidity
- Network Effects
- Trade Volume
- Trading Intensity

D — Diversity
- Product Diversification
- Market Diversification
- Market Players / Foreign Participation

Chairman's Statement

Dr. Kingsley Obiora
Group Chairman

Dear Shareholders,

I welcome you, with great pleasure, to the 9th Annual General Meeting of our Company. It is my privilege to present to you the Annual Report and Accounts of FMDQ Holdings PLC for the financial year ended December 31, 2020.

The year 2020 was understandably challenging, with the outbreak of the COVID-19 pandemic, and the attendant turbulence in the global and domestic economic landscapes. However, in a great testament to the ingenuity of our Staff, our Company was able to achieve remarkable strides during the year.

Specifically, 2020 was a landmark year for FMDQ, as it saw the Company's reorganisation into a Group structure, with FMDQ Group becoming a non-operating Holding Company registered by the Securities and Exchange Commission (SEC), with three (3) SEC-registered capital market subsidiaries. These regulated subsidiaries include FMDQ Securities Exchange Limited, FMDQ Clear Limited and FMDQ Depository Limited, all further consolidating our business model, transforming FMDQ to Africa's first vertically integrated financial market infrastructure (FMI) group, and helping to de-risk the markets across the full capital market value chain, from pre-trade, trade to post-trade.

Furthermore, in a bid to extend the opportunities in the capital markets to private companies, provide the much-needed transparency in the market for private companies' securities, and ultimately improve credibility in the market for private issuances, FMDQ Private Markets Limited was incorporated and operationalised in 2020. In order to ensure operational efficiency and build resilience in the FMDQ Entities, another wholly owned subsidiary, iQx Consult Limited, our Information Technology franchise, was also operationalised in 2020.

Operating Environment

The outbreak of the COVID-19 pandemic significantly affected the global economy in 2020, with its effect being felt across all economies. The reduction in economic activities led to a severe decline in global economic activities and by extension, in the demand for energy products. This, in addition to the tensions between Saudi Arabia and Russia, which triggered an oil price war, caused a plummet in oil prices to unprecedented levels. Thus, advanced and developing economies alike struggled to prevent a slide into recession, with the International Monetary Fund projecting a 4.4 per cent contraction for the year. The rebound in economic activities when countries relaxed their lockdown rules was setback by a second wave of infections towards the latter part of the year.

On the domestic front, Gross Domestic Product (GDP) grew by 1.87 per cent in Q1 2020 compared with 2.10 per cent in the first quarter of 2019 but contracted by 6.10 per cent and 3.62 per cent in Q2 and Q3 2020, respectively, as Nigeria was plunged into its second recession in two (2) years. However, slow recovery started in Q4 2020 as the GDP grew by 0.11 per cent. Overall, 2020 recorded a GDP contraction of 1.79 per cent, a significant decline from the 2.21 per cent growth recorded in 2019. The weak performance was to be expected, with the impact of the pandemic and consequent nationwide lockdown hampering economic activities and affecting demand negatively, combined with the severe effect of the drop in world oil prices. To address the poor performance of the economy, the Central Bank of Nigeria continued to stimulate the economy through various credit expansion programmes, while the Federal Government of Nigeria also continued various expansionary fiscal policies to mitigate the effects of COVID-19.

Financial Performance

Our Group's performance in 2020 was remarkable, improving across financial metrics and strategic positioning, despite the challenges experienced during the year. Group Revenue grew substantially by 44.45 per cent to ₦31.00 billion, from ₦21.46 billion in 2019, with Company Revenue coming in at ₦17.06 billion, a slight decrease of 3.67 per cent from ₦17.71 billion recorded in 2019. Though Group and Company Expenses increased to ₦14.84 billion and ₦9.42 billion in 2020, from ₦8.24 billion and ₦6.50 billion in 2019, respectively, the Group Profit Before Tax at ₦16.16 billion, surpassed the ₦13.22 billion recorded in 2019, representing a 22.24 per cent increase, while Company Profit Before Tax decreased by 28.40 per cent to ₦7.64 billion. Group Total Assets stood at ₦329.49 billion, while Company Total Assets amounted to ₦31.27 billion, a growth of 40.93 per cent and 15.32 per cent from 2019, respectively.

The sustained performance of the Group is as a result of enhanced product and market development activities, as well as the diversification and expansion of the business to incorporate clearing and settlement services. The decrease in performance of the Company in 2020 is attributable to the corporate restructure which saw the Exchange, the parent company as of 2019, move to a wholly owned subsidiary, hence all related revenues in 2020 were recorded in Group position only, as opposed to Group and Company position as was done in 2019.

The turnover from trading activities on the Exchange's platform, across the fixed income, foreign exchange and derivatives markets, showed a slight decrease of 7.56 per cent in 2020, closing at ₦215.09 trillion, from the turnover of ₦232.68 trillion reported in 2019, and this was as a result of the slowdown in activities in the market given the obvious challenges experienced during the year.

A detailed account of the Group's financial performance is set out in the Financial Reports section of the Annual Report.

Corporate Development

Effective January 1, 2020, FMDQ Group became a SEC-registered non-operating Holding Company, warehousing four (4) wholly owned subsidiaries - FMDQ Exchange, FMDQ Clear, FMDQ Depository and iQx Consult, while in February 2020, FMDQ Private Markets was incorporated as a wholly owned subsidiary of the Group.

The newest addition to the Group, FMDQ Private Markets, is an organised information repository positioned to promote transparency and inclusion of private companies in the capital markets, thereby strengthening the Group's strategic positioning as a one-stop financial market infrastructure group, with a platform to execute, clear and settle transactions in the Nigerian financial markets, across the public and private markets landscape.

Having previously received approval for the FMDQ Exchange Equity Listing Rules from the SEC, which solidified FMDQ's position as a full-spectrum market, poised to offer all products in the financial markets space, the Equity Market Development Project was activated during the year, with a focus on relevant market research, feasibility studies and market architecture design activities, towards the determination of the FMDQ Exchange Equity Market entry strategy and value-adding market structure towards full operationalisation of the Market. Furthermore, following the launch of the FMDQ Exchange-Traded Derivatives (ETD) Market Development Project, to concentrate corporate effort towards developing a more vibrant derivatives market in Nigeria, 2020 focused on the second phase of the Project, which broadly included activities relating to legal, regulatory and risk management documentation, system deployment, product development and stakeholder engagement, amongst others. These activities, in addition to other financial market developments, such as introduction of Netting Laws in the Banks and Other Financial Institutions Act (BOFIA), 2020 and Companies and Allied Matters Act (CAMA), 2020, have advanced the Project towards the eventual launch of the FMDQ ETD Market, with the planned introduction of pioneer fixed income products in 2021.

Within the year, FMDQ Clear, as part of its efforts to ensure safety, engender stability and instil confidence in the Nigerian financial markets, secured an Approval-in-Principle from the SEC in September 2020, on its registration as Nigeria's foremost Central Counterparty (CCP). This laudable feat, alongside the required legal basis via the new CAMA 2020, effectively positioned FMDQ Clear to activate CCP services for financial products in the derivatives and cash markets, which sets in motion the Company's vision of becoming a globally accepted CCP by 2025.

Business Development

In the Exchange franchise, our Securities Admission business continued to thrive in 2020, as we admitted an impressive number of eighty-two (82) securities, down by 2.38 per cent from the previous year, with a total value of ₦2.07 trillion, also a drop from ₦2.73 trillion in 2019. We recorded a total of thirteen (13) Bonds, sixty-seven (67) Commercial Papers (CPs), and two (2) Funds, across various sectors, listed and quoted on our platform, as well as the registration of eleven (11) CP Programmes. The Exchange also experienced growth in its membership base, as the year closed with a total of two hundred and forty-five (245) Members, resulting in a 12.90 per cent increase from the two hundred and seventeen (217) Members in the previous year. This growth was seen across all three (3) Membership categories.

The Clearing franchise focused on building operational readiness and capabilities to extend its services from just clearing and settlement to providing CCP services in the near-term. To kickstart the series of activities required for the activation of CCP Services, FMDQ Clear commenced active engagements with CBN-licenced Banks, who form the pool of potential Clearing Members, to secure their buy-in for Clearing Membership. This was further intensified by the submission of the Clearing Member Regulation, which will govern the activities of Clearing Members and outline the requirements for participation as a Clearing Member, for the SEC's consideration, during the year. With two (2) Clearing Membership categories - Direct and General Clearing Members - activated during the year, four (4) Deposit Money Banks expressed interest to become Clearing Members of FMDQ Clear, and active engagements towards their full registration in 2021 is ongoing.

The Depository franchise continued to focus on deepening its relationship with industry stakeholders and participants, improving market penetration of its securities-related services, and extending same into new market segments, as well as the development of an upgraded 5-Year Strategy that will ensure its long-range objectives are realised. FMDQ Depository admitted a total of twenty-one (21) securities - fifteen (15) Commercial Papers and six (6) Bonds - valued at circa ₦411.00 billion in 2020 and the number of active Participants on the Depository's platform grew to fifty-three (53), from twenty-one (21) in 2019, across seven (7) of its nine (9) Participant's categories.

The Private Companies' Securities Noting business of FMDQ Private Markets took off in the later part of 2020, and whilst it only noted one (1) security issuance on its platform, the Company's extensive engagements had generated a robust pipeline by the end of the year, which have crystallised in 2021. Furthermore, the Private Markets franchise recorded a total number of ten (10) Members under its single Transaction Sponsor Membership category and has since increased this from one (1) in 2020, to two (2) Membership categories, each with sub-categories.

Sustainability and Corporate Responsibility

As a socially responsible organisation, FMDQ remains involved and committed to supporting the well-being of its stakeholders, through its sustainability and corporate responsibility agenda. During 2020, the Group contributed significantly to efforts geared towards the containment of the COVID-19 pandemic. As a member of the Capital Market Support Committee for COVID-19 (CMSCC), a commendable initiative of the SEC, set up to provide support to the vulnerable groups on behalf of the Nigerian capital markets, FMDQ Group donated its resources – human capital and financial - handsomely to support the initiative. The Group also joined the local and international communities to mark the World Mask Week by donating face masks to vulnerable groups and students within its host community.

In addition, FMDQ, in partnership with the Lagos State Government and Robert & John Limited, presented ten thousand, seven hundred and fifty (10,750) e-learning devices, preloaded with Government accredited curriculum to the Lagos State Government for onward dissemination to students and teachers at public schools in the State, as part of steps to move one million students to e-learning. This was done in continuation of the Group's efforts in ensuring the education and development of the next generation. Indeed, in recognition of the importance of youth development, FMDQ, through its flagship corporate responsibility initiative, FMDQ Next Generation Financial Markets Empowerment Programme (FMDQ-Next), observed the International Youth Day 2020, in line with the global agenda to celebrate mainstream young peoples' voices, actions, and initiatives, as well as their meaningful, universal, and equitable engagement, by organising a well-attended webinar on financial markets, for the secondary school participants, amongst other initiatives embarked on during the year.

The Group continued to deliver in line with its five (5) sustainability pillars, to foster sustainable growth and development of the markets under its purview, and ultimately, the Nigerian economy. The details of our sustainability activities are set out in the Sustainability and Corporate Responsibility Agenda section of the Annual Report.

Governance

Dr. Okwu Joseph Nnanna retired as FMDQ Group Chairman on May 29, 2020, after three (3) years of meritorious service, and I had the distinct honour of succeeding him on the Board of the Group. There were no further appointments to, or retirements from the Board during the year.

As required by the Securities and Exchange Commission (SEC) Corporate Governance Guidelines, 2020, and the Nigerian Code of Corporate Governance, 2018, (the Code), PricewaterhouseCoopers, on the approval of the Board, was engaged to conduct the 2020 FMDQ Group Board Evaluation and Corporate Governance Evaluation. The reviews revealed that our Directors retained a high level of competence during the year, maintaining oversight of the Group's affairs and providing adequate guidance towards achieving the objectives of the Group, and that FMDQ complied significantly with the principles set forth in the Code. The Reports on the output of the two (2) evaluation reviews are set out in the Corporate Governance section of the Annual Report.

Outlook for 2021

The crippling effects of the COVID-19 pandemic are still being felt, with the global and domestic economy alike still recovering from its ravages. Whilst we are hopeful that recovery will continue as the world slowly returns to some form of normalcy, particularly with the approval and distribution of vaccines, the possibility of continuous mutation and emergence of new variants of the virus, such as the delta variant, which may be more contagious or deadly than the original strain, places a restraint on our optimism.

In view of the impact of COVID-19 pandemic on FMDQ's business and markets, and in order to ensure we took proactive steps to preserve value for our stakeholders, FMDQ Group had, in 2020, changed its Strategic Horizon for the five (5)-Year Strategic Plan from the initial period of 2020 - 2024 to 2021 - 2025, whilst continuing to focus on developing and assembling the structures to drive the execution of extant Strategic Initiatives, as identified in 2020.

As the vision of FMDQ Group - 'To be the leading African builder of ecosystems of financial infrastructure and services for markets' - has begun to crystallise with the attainment of the status of Africa's first vertically integrated financial market infrastructure group, providing execution, clearing and settlement services across the public and private markets, FMDQ Group will, in 2021, continue to focus its attention on market development initiatives, towards the swift activation of robust and thriving Derivatives and Equity Markets, whilst consolidating its Debt Markets leadership position. 2021 will also see us working to deliver on our commitment for the Private Markets - to be the leading marketplace for private capital in Nigeria - as we collaborate with domestic and global partners to create synergies that will be beneficial to all stakeholders, from the start-up enterprises, to the small-sized, through to the medium and large-sized private companies.

Conclusion

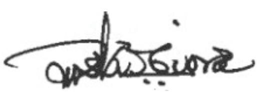
It has been my great pleasure to complete my first year as the Group Chairman of FMDQ Board. Indeed, the challenging year was safely navigated through the dedication and astute leadership of the Board of Directors, and I would like to use this opportunity to extend my deep appreciation to the Directors for their support and steadfastness, despite the novel tough times we faced in 2020.

I also appreciate the commitment and resilience of our dedicated Management and Staff towards implementing key Strategic Initiatives and achieving progress for the Group, whilst working under unprecedented circumstances.

On behalf of the Board, my profound gratitude goes to our shareholders, especially the CBN and Financial Markets Dealers Association; our regulator - the SEC - for reenergising the markets by providing choice for market participants amongst the major infrastructure service providers; other financial services regulators; our esteemed Members and Participants across all our capital market platforms; and all other stakeholders, including market participants, for the constant support and confidence reposed in the Group.

In line with our Group mission, we will continue to work collaboratively with market stakeholders to empower markets for economic progress towards delivering prosperity.

I wish you all a safe and progressive year ahead!



Dr. Kingsley Obiora

Group Chairman

CEO's Review

Mr. Bola Onadele. Koko

Group Managing Director/Chief Executive Officer

"2020 was an unprecedented year, with the COVID-19 pandemic and the broader business, social and economic challenges faced globally. FMDQ Group has continued to focus on the welfare of our employees by ensuring they are adequately empowered to work safely, and as the Group's trading, clearing, settlement, and depository platforms are web-based, the transition to remote operations for employees, customers, and other stakeholders, was seamless. The Group was therefore able to satisfy all its customers and stakeholders, through its subsidiaries, without compromising quality.

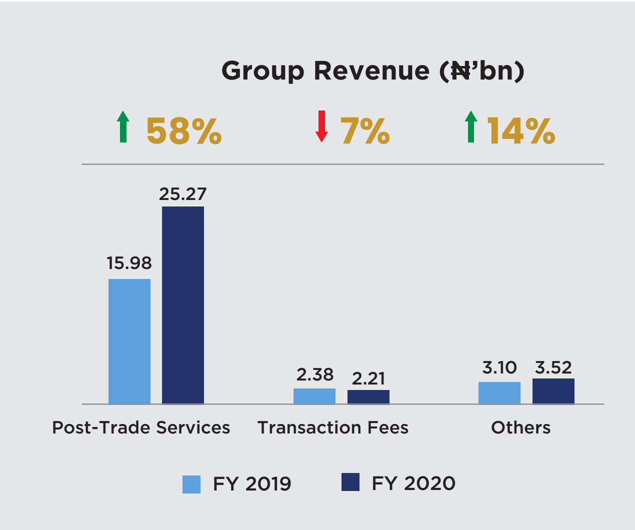
Despite the challenges, 2020 saw groundbreaking achievements for FMDQ Group, with the reorganisation of the Company to a capital market non-operating Holding Company, with five (5) subsidiaries - providing financial markets services across the public and private markets - and consolidating its position as Africa's first vertically integrated financial market infrastructure (FMI) group. The Group also delivered an exceptional financial performance in 2020.

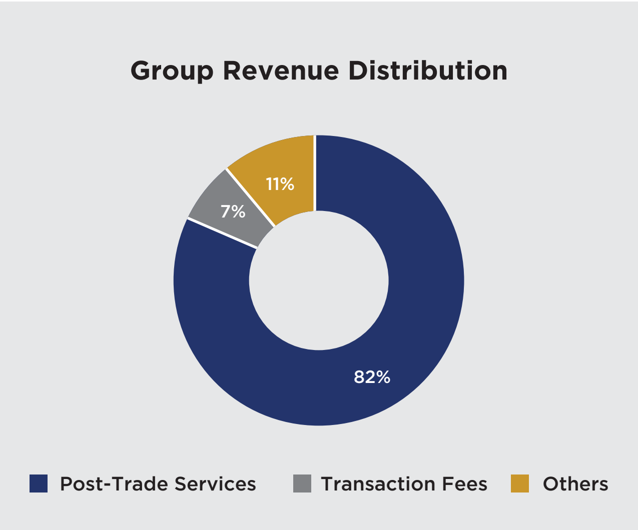
On behalf of Management, I am therefore pleased to present you with the highlights of the Group's financial performance and key activities for FMDQ Holdings PLC for the year ending December 31, 2020."

Performance Review - Group

- **Consolidated Revenue**

Total Revenue earned by the Group in 2020 was ₦31.00 billion, a 44% increase from ₦21.46 billion earned in 2019. The increase in revenue was largely driven by the intensified product and market development activities of FMDQ Group's "gateway" subsidiary, FMDQ Exchange, and the post-trade services rendered by the Group's clearing house subsidiary, FMDQ Clear





Earnings from post-trade services contributed 82% (₦25.27 billion) to the Group's overall revenue, while Transaction Fees and Non-Transaction Fees (including Interest Income) contributed 7% (₦2.21 billion) and 11% (₦3.52 billion) respectively. The core market participant categories of the Group receiving the gamut of services rendered were Clients (Non-bank) contributing about 54% of the overall revenue earned, Dealing Members (Banks) and other transaction counterparties contributing 38%, while 8% was contributed by other sources

- **Consolidated Expenses**

The period saw an increase in Group operating expenses by circa 80%, from ₦8.24 billion to ₦14.84 billion, in line with the Group's commitment to execute its Strategic Initiatives, pursue market development initiatives and develop its people to support the execution of corporate goals. The major driver for the growth in operating expenses were personnel and strategic initiative expenses, as well as statutory expenses (value-added tax and withholding tax), which increased by c. 71% and 208%, respectively, from 2019, largely on the back of increased resources to support the execution of the Strategic Objectives. The year closed with one hundred and sixteen (116) staff, a 14% increase from one hundred and two (102) staff in 2019

Highlights of 2020 Financial Performance

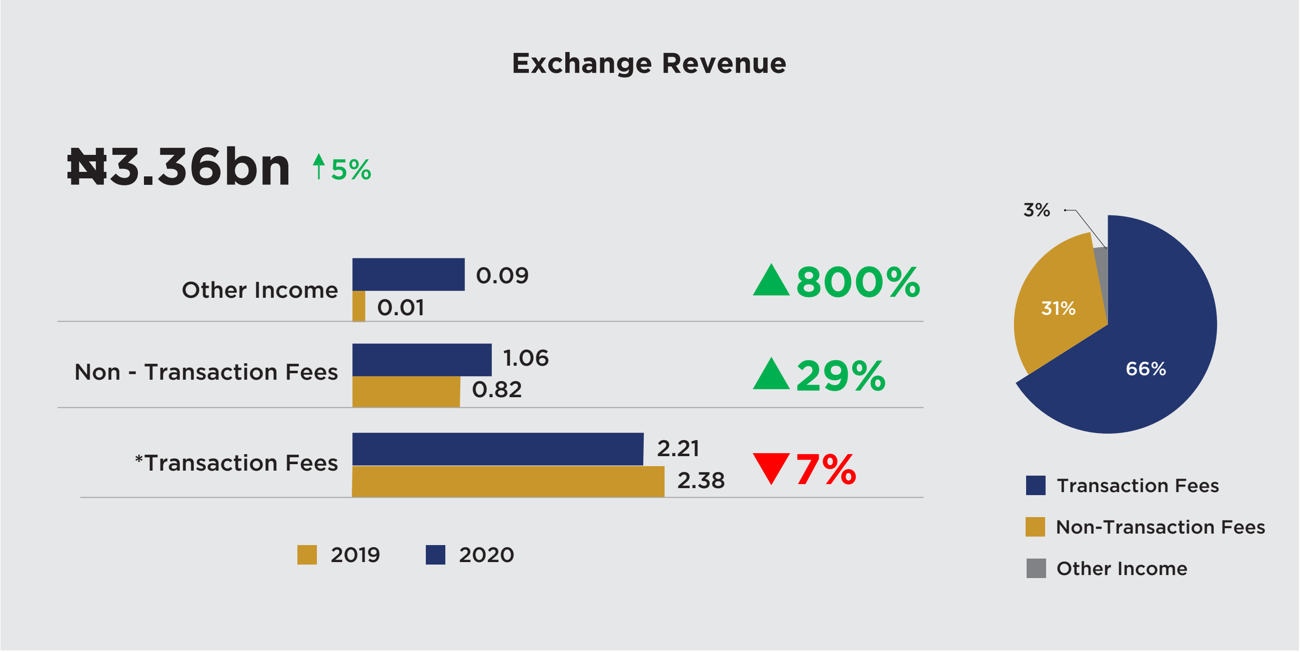
Year Ended December 31	2020 (₦'000)	2019 (₦'000)	Variance (%)
Revenue	31,002,806	21,457,264	44.49
Operating Expense	(14,844,627)	(8,237,679)	80.20
Profit Before Tax	16,158,179	13,219,585	22.23
Tax Expense	(4,919,134)	(2,982,707)	64.92
Other Comprehensive Income	1,752,957	406,103	331.65
Total Comprehensive	**12,992,002**	**10,642,981**	**22.07**

Performance Review - Subsidiaries

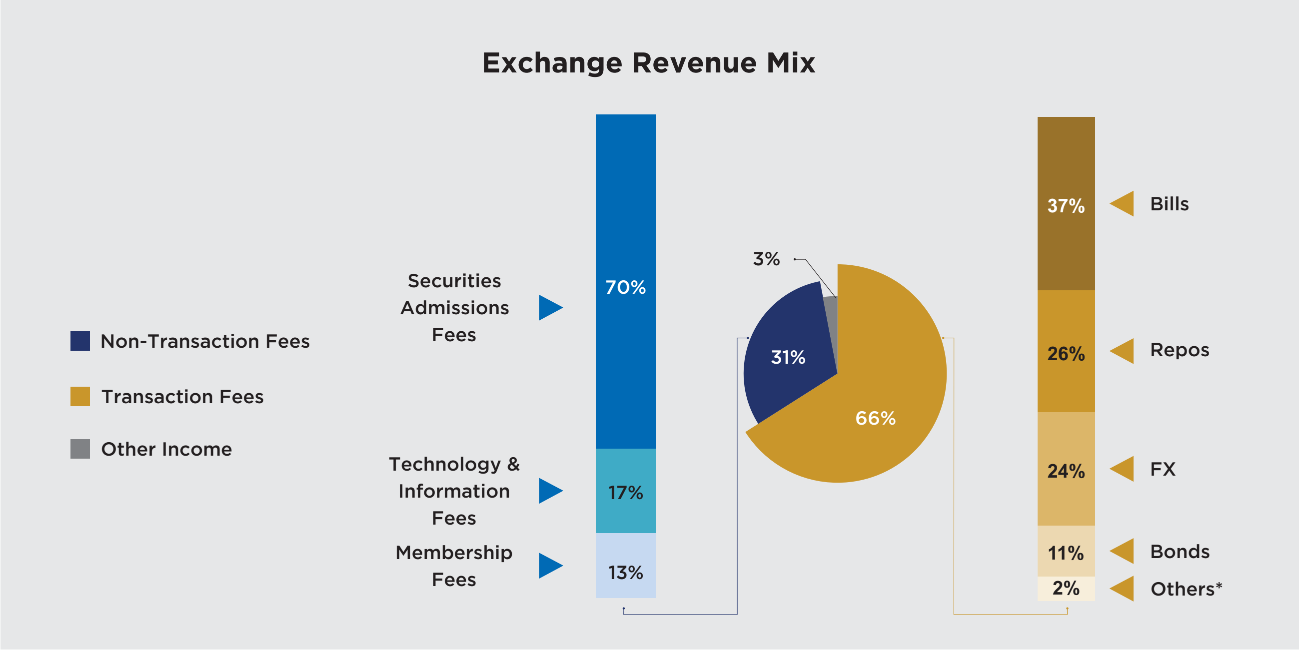
- **Exchange Business**

Following the approval of the Securities and Exchange Commission (SEC) in 2020, FMDQ Securities Exchange PLC, the erstwhile parent company, transferred its securities exchange registration to its SEC-registered subsidiary, FMDQ Exchange and changed its name to FMDQ Holdings PLC. The corporate restructuring saw the Exchange (the parent company as of 2019), move to a wholly owned subsidiary.

Total revenue earned by the Exchange business increased by 5% to ₦3.36 billion in 2020 from ₦3.20 billion in 2019. The increase in total revenue was largely driven by earnings from Non–Transaction Fees, which increased by 29% to ₦1.06 billion in 2020 from ₦818.26 million in 2019, with the largest contribution to this category from the Securities Admissions Service. Transaction Fees and Non-Transaction Fees contributed 66% (₦2.21 billion) and 31% (₦1.06 billion) to total revenue respectively, while Other Income, comprising interest income, penalties & fines, amongst others, contributed 3% (₦87.13 million).



**Represents Net Transaction Fees after deduction of Settlement Fees Refunds*



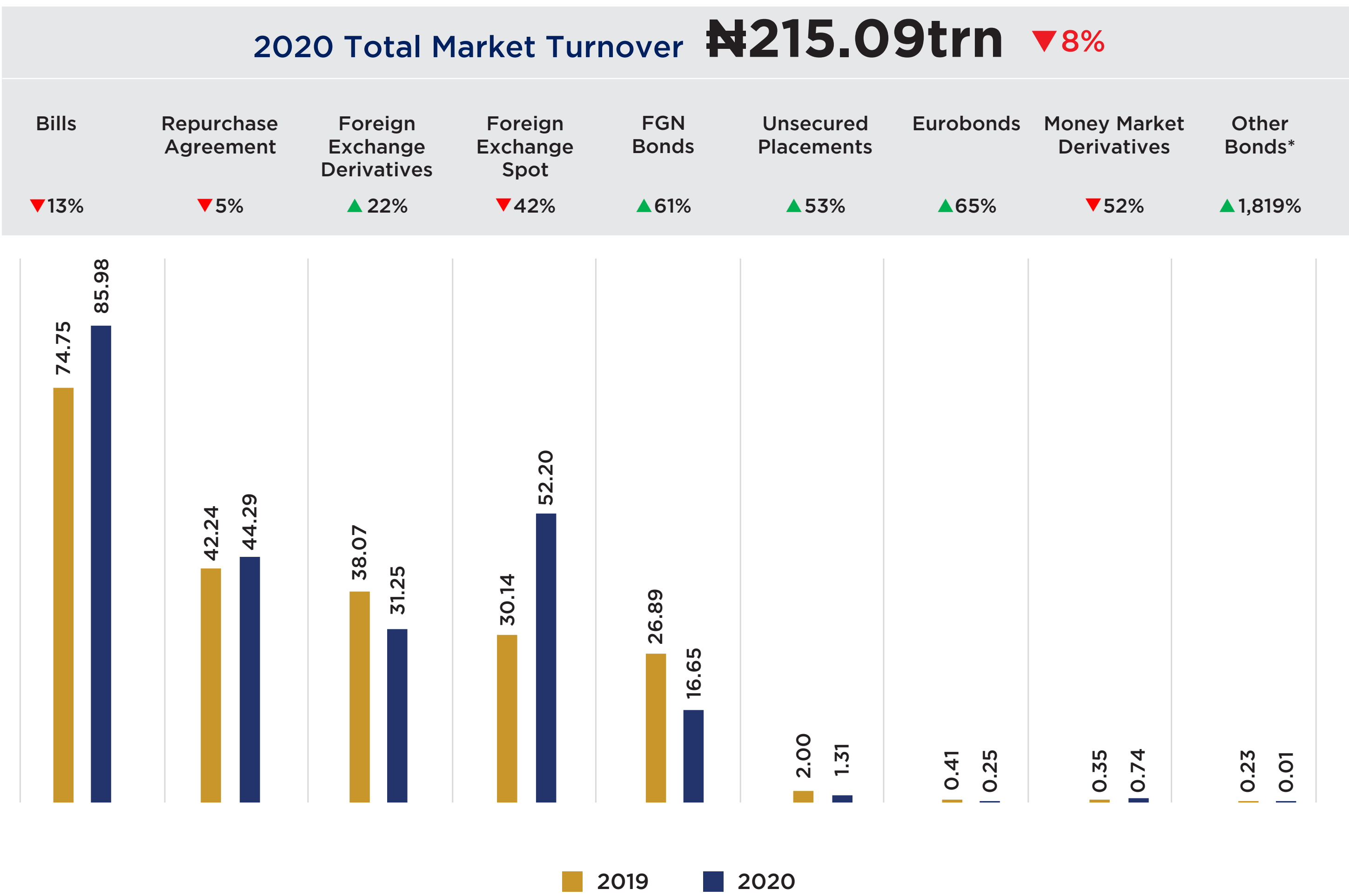
Market Turnover

Total market activity in the fixed Income, currency and derivatives markets declined by c. 8% to ₦215.09 trillion in 2020 from the turnover of ₦232.68 trillion reported in 2019. The most actively traded product category in the market in the review period was the Bills (Nigerian Treasury Bills ("NTBs") & Open Market Operation Bills ("OMO Bills")), contributing a combined total of 35% to total turnover, followed by Repurchase Agreements/Buy-Backs ("Repos") and Foreign Exchange Derivatives contributing 20% and 18% to total turnover respectively

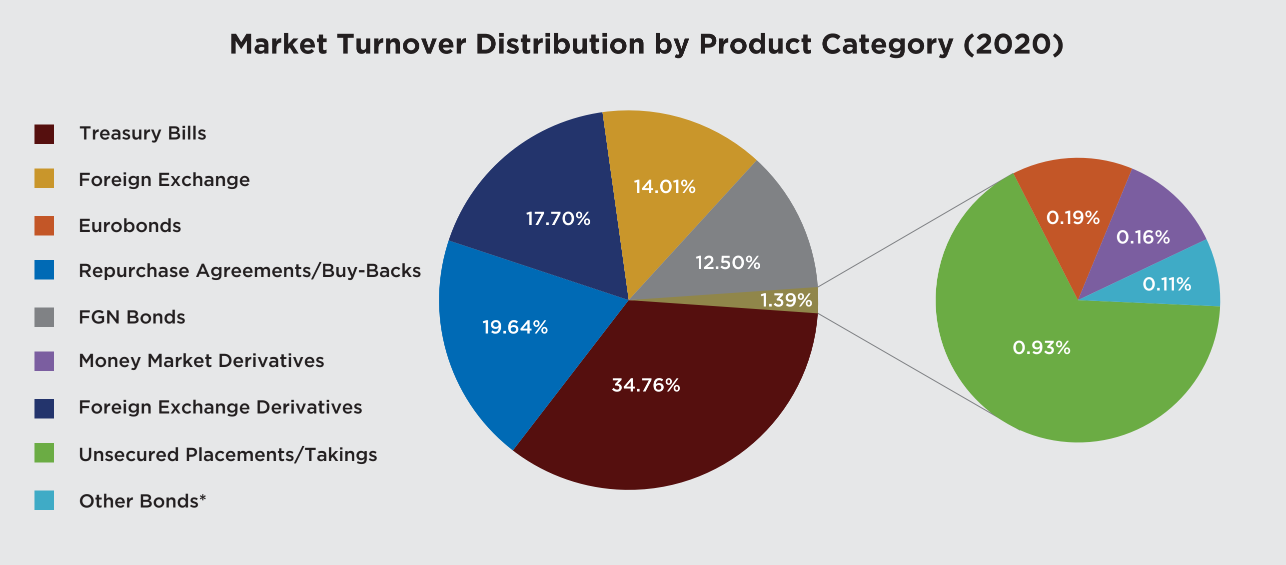
Market Turnover

	2020	2019	Total Variance (%)
Total Market Turnover (₦'bn)	215,088.56	232,680.53	▼ 7.56
Total ($'bn)	565.65	643.00	▼ 12.03
No. of Trading Days	251	246	▲ 2.03
Average Daily Turnover (₦'bn)	856.93	945.85	▼ 9.40
Average Daily Turnover ($'bn)	2.25	2.61	▼ 13.79
Average USD/NGN rate	382.09	361.95	▼ 5.56

Market Turnover by Product Category - ₦'trillion



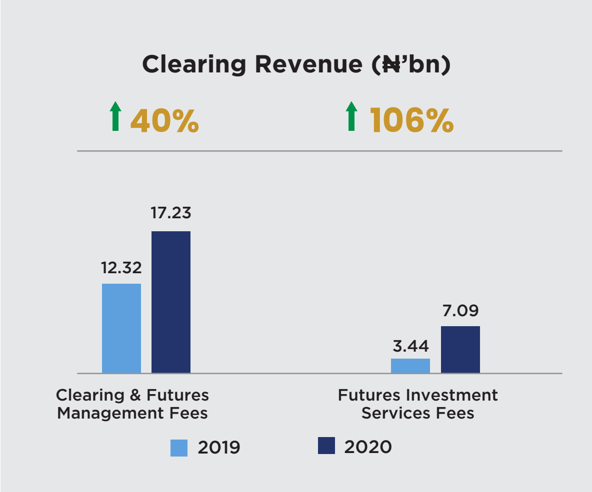
Bills – Nigerian Treasury Bills & Open Market Operation Bills
** Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes*

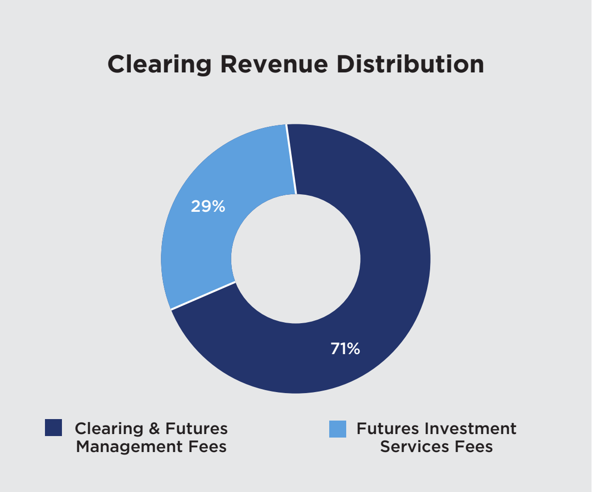


- **Clearing Business**

In 2020, the total revenue (excluding interest income) earned by FMDQ Clear was ₦24.32 billion, a significant growth of 54% from the ₦15.76 billion revenue recorded in 2019. The Clearing & Futures Management Fees earned on the OTC FX Futures Product contributed the bulk of the revenue generated in 2020

Clearing and Futures Management Fees, earned from the trade matching and overall administration of executed OTC FX Futures contracts, increased by 40% from 2019 to ₦17.23 billion and contributed 71% to the total revenue (excluding interest income) earned by FMDQ Clear in 2020. Similarly, Futures Investment Services Fees, earned from the margin and investment management services, increased remarkably by 106% from 2019 and contributed 29% to the total revenue for the year

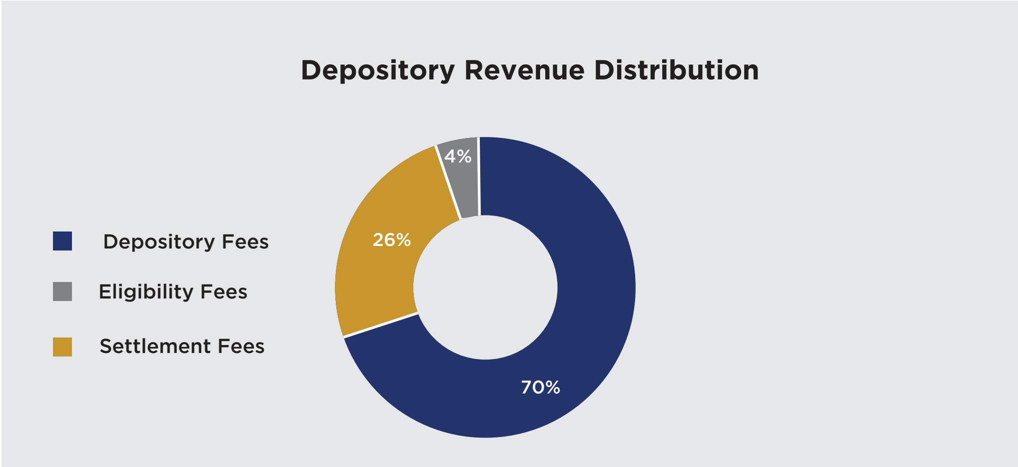




Owing to the impact of the COVID-19 pandemic that inadvertently shaped the course of the year, a decline in the value of cleared sovereign fixed income securities transactions was recorded by the Company. A total transaction value of ₦59.14 trillion was cleared during the year, representing a 22% Year-on-Year (YoY) decrease. On the other hand, there was a marked increase in OTC FX Futures participation levels and activities, as total value of contracts executed on FMDQ Exchange and cleared by FMDQ Clear grew by 25% from $15.07 billion in 2019 to $18.88 billion in 2020, while total number of executed contracts grew by 62% from 1,068 contracts in 2019 to 1,726 contracts in 2020

- **Depository Business**

In 2020, the total core revenue (excluding interest and other income) earned by FMDQ Depository was ₦26.25 million. The Depository Fees earned from security issues admitted contributed c. 70% of total core revenue earned, while Eligibility Fees generated from Participants onboarding and Settlement Fees generated from settling trades in non-sovereign securities contributed c. 26% and c. 4% respectively. Total revenue earned (including interest and other income), however, stood at ₦386.09 million in 2020



In the period under review, the Depository continued executing its market entry strategies, through the development of strategic capabilities and commencement of commercial activities, with immediate focus on core services of security admittance, asset warehousing and settlement services for fixed income securities. Furthermore, focus on service delivery excellence drove improvements in the maturity levels of its operational and risk management frameworks and attendant processes, which were applied to settlement activities on executed sovereign and Central Bank of Nigeria (CBN) securities on FMDQ Exchange, as well as full post-trade activities of FMDQ Private Markets

- **Private Markets Business**

  FMDQ Private Markets was incorporated and operationalised in February 2020, with an immediate focus of promoting inclusion of private companies in the capital market, providing the much-needed information in the market for private companies' securities and ultimately, improving transparency and credibility in the market for private issuances

  Our Private Markets franchise provides a medium for the disclosure of activities of private companies in the Nigerian debt and equity capital markets, serving as an information repository for the recording of these activities via a restricted access portal, the Private Companies' Securities Information and Distribution Portal (PCS Portal)

  Ahead of operationalising its pioneer Noting service, FMDQ Private Markets successfully onboarded Transaction Sponsors, and more recently, Associate Sponsors, to sponsor the noting of Private Companies' Securities on the PCS Portal (Restricted). The subsidiary has also commenced the engagement of key stakeholders, including financial institutions, non-bank financial institutions, other financial services operators and related professional services firms in Nigeria and offshore, duly registered by their relevant regulators/professional bodies and recognised by FMDQ Private Markets, to become a part of this closed community

  In its first year of business, FMDQ Private Markets revenue was a total of ₦83.86 million, with 79% contribution from one (1) security issuance noting on its PCS Portal (Restricted), and 21% from Sponsorship Eligibility Fees and Annual Dues

Business Development – Revenue Drive

The year 2020 was reflective of a challenging backdrop arising from the COVID-19 pandemic, testing the efficiency and reliability of the Group's systems and business models. The COVID-19 pandemic aggravated the prevailing decline in economic growth, high unemployment, high fiscal burden as well as a historic crash in global oil prices. The uncertainty accompanying the pandemic resulted in an increase in local cost pressure and inflation, as well as global market volatility. The local market took its cue from the pandemic-fueled uncertainty as deteriorating fundamentals led to a downgrade in Nigeria's sovereign credit rating. Despite the volatility in trading volumes resulting from the impact of the pandemic affecting Transaction Fees earned, the downward trend in interest rate levels spurred primary market issuances in the Fixed Income market, positively impacting revenues from securities admissions. Amid the crises accompanying the COVID-19 pandemic, the operational reliability demonstrated by the Group and its subsidiaries was a direct consequence of our focus on technology infrastructure, key skills, and building lasting relationships with its clients and stakeholders.

- **Transaction Fees**

  The Exchange market had a turbulent year as transactions in the Fixed Income, Currencies, and Derivatives products categories were largely affected by uncertainty arising from the COVID-19 pandemic.

However, Transaction Fees revenue declined marginally by 7% to ₦2.21bn in 2020 from ₦2.38bn in 2019, depicting the resilience of the markets during the period. The Treasury Bills & OMO Bills market was the major driver of Transaction Fees, contributing 37%, while revenue from the Repo/Buy-Back and FX ("Spot FX and FX Derivatives") markets contributed 26% and 24% respectively. Transaction Fees contributed 7% to the Group's total revenue in 2020

- **Post-Trade Services**

FMDQ Clear, in line with its mandate of de-risking the Nigerian financial markets via the delivery of world-class post-trade services that will mitigate the inherent counterparty risks and enhance the integrity of the Nigerian financial markets, has recorded major milestones towards the attainment of this mandate. It has recorded success as a Central Clearing House from inception and gained valuable experience on the workings for centrally cleared products through the clearing of fixed income spot and OTC derivatives products. In 2020, post-trade services from FMDQ Clear for the overall administration of the OTC derivatives products, contributed 58% to the Group's total revenue

Within the year, the on-going FMDQ Exchange-Traded Derivatives Market Development Project for the establishment of a vibrant and liquid derivatives market gained momentum following the registration of FMDQ Clear as a Central Counterparty by the SEC, underpinned by a much-needed legal framework – the bankruptcy remoteness and netting provisions introduced by the repeal & re-enactment of the Companies and Allied Matters Act, 2020 ("CAMA 2020"). With these market development elements in place and FMDQ Clear now a critical financial market infrastructure, the scope of financial market products that can be developed and deployed within the Nigerian financial markets landscape has been redefined

Following the full operationalisation of FMDQ Depository, the provision of settlement services for sovereign and CBN securities was transferred to the Depository from FMDQ Clear in 2020, leveraging on the operational efficiency spurred by the successful integration of the FMDQ Proprietary Market System, the Q-ex System with the CBN's Scripless Securities Settlement System ("S4"). During the year, a total of ₦59.14 trillion worth of trades in sovereign securities were settled from 67,467 trades

- **Securities Admissions**

The FMDQ Exchange Securities Admissions franchise continued to effectively support the market for debt securities in the Nigerian economy. The Exchange successfully admitted to its platform, a total of eighty-two (82) securities, spread across Commercial Papers [sixty-seven (67)], Bonds [thirteen (13)] and Funds [two (2)], in 2020. Commercial Papers issuances quoted on the Exchange recorded a total of ₦801.60 billion from seventeen (17) institutions, Corporate Bond issuances listed on the Exchange amounted to a total of ₦187.20 billion from nine (9) institutions, and Funds listed totalled ₦28.52 billion from one (1) financial institution. Revenue from Securities Admissions Services increased by a commendable 50% to ₦735.15 million in 2020 from ₦490.00 million in 2019. Securities Admissions Service contributed 2% to FMDQ Group's revenue in 2020

- **Private Companies' Securities Noting**

The Private Companies' Securities Noting business of FMDQ Private Markets began in earnest in the second half of the year. Though it only completed the noting of one private company's bond issuance valued at ₦8.40 billion - the Private Markets franchise had built a solid transaction pipeline valued at ₦260 billion by the end of the year, and these pipeline transactions have come to fruition in 2021. FMDQ Private Markets will therefore continue to focus on expanding its membership base to drive membership and transaction growth, as well as on diversifying its product mix from private company corporate debt to promissory notes, sukuks, green bonds, as well as equities in 2021, ensuring the availability of more capital and liquidity solutions to private companies and qualified institutional investors in Nigeria

- **Depository Services**

The Depository's revenue drive was focused on primary market activities and as a result, active participants were onboarded, and new security issues admitted in the fixed income segment of the market. A total of twenty-one (21) securities were admitted, comprising fifteen (15) Commercial Papers and six (6) Bonds, with a cumulative value of ₦411.00 billion. Two (2) of the Bond issues had dual depository mandate, with 50% of issued value warehoused at FMDQ Depository

- **Data and Information Services**

  The promotion, licensing, and sale of FMDQ data and information products across all FMDQ markets led to the realisation of a total of thirty-four (34) subscribers to the Data and Information Services offering. These subscribers comprised four (4) international data subscribers, twenty-seven (27) local data subscribers and three (3) data redistributors, profiled on the bespoke FMDQ e-Markets Portal. The e-Markets Portal availed subscribers trading and market data, securities valuations, and analytics, among others. Revenue from Data and Information Services increased by 3% to ₦41.19 million in 2020

- **Memberships**

  In 2020, the Exchange's Membership franchise increased by 13% to two hundred and forty-five (245) Members from two hundred and seventeen (217) Members recorded in 2019. The growth in the Memberships franchise was driven largely by the 23% increase in the Affiliate Members category. The Dealing, Registration and Associate Members categories also witnessed growth of 10%, 11% and 10% respectively, as the Exchange continued to promote awareness of its services across the financial markets. Total revenue earned from the Exchange's Memberships however, declined by c. 7% to ₦146.3 million in 2020 from ₦157.15 million recorded in 2019

FMDQ Exchange Membership Base

As part of the Group's efforts to build and deploy a resilient Central Counterparty ("CCP") with requisite risk management structures, FMDQ Clear has created two (2) Clearing Membership categories

These Clearing Members will be responsible for the daily performance of the Exchange-Traded Derivatives contracts executed by Trading Members and/or Clients that they represent at the CCP. In addition, they are expected to contribute to the mutualised Default Risk Management Fund to support the resolution of any event of default. With the expression of interest received from four (4) Deposit Money Banks to become Clearing Members of FMDQ Clear, active engagements with these potential Clearing Members are ongoing, towards their full registration in following year

For the Depository franchise, the number of active Participants on its platform grew by 152% from twenty-one (21) in 2019 to fifty-three (53) in 2020, driven by the admission of Assets/Fund Managers, Issuing Houses, Settlement Banks, amongst others. Total revenue earned from FMDQ Depository Memberships in 2020 amounted to ₦6.85 million

In its first year, FMDQ Private Markets recorded a total number of ten (10) Members under its Transaction Sponsor Membership category, heralding the Market's acceptance of FMDQ Private Markets value proposition. Total revenue earned from Memberships amounted to ₦17.81 million. As the franchise and its markets evolve, FMDQ Private Markets will continue to expand its Membership base, which currently includes a second category - Associate Sponsors - to accentuate the involvement of key market stakeholders and players in the Private Markets ecosystem

- **Technology Services**

  In 2020, FMDQ leveraged on technology to facilitate secure and reliable remote working access, which became the normal way of doing business for its Members and clients in 2020. The Group successfully operated and delivered efficient and secure full electronic access to its markets with the support of efficient trading & execution, clearing, settlement, and depository Systems, amongst others. The reliability of the Group's technology platform, on which the markets depend, and the efficiency of its operating processes had a direct impact on its earnings, reputation, and ongoing sustainability, resulting in revenue from Technology Services recording a 3% increase from ₦130.94 million in 2019 to ₦134.67 million in 2020

Stakeholder Focus

FMDQ Group recognises that its transformative agenda for the Nigerian financial markets cannot be achieved without active collaboration with its varied stakeholders, as entrenched in its Strategic Objective - to activate and leverage on partnerships and strategic alliances (both local and international). FMDQ, therefore, places a high premium on cultivating and sustaining various mutually beneficial relationships, such as technical alliances, strategic partnerships, associations memberships, etc., with local and international stakeholders with the capacity to support FMDQ and its markets, in actualisation of the Group's Vision 'to be the leading African builder of ecosystems of financial infrastructure and services for markets'.

During the year, FMDQ's engagement with stakeholders included, but were not limited to the following:

- FMDQ hosted the Executive Members of the 9th Nigerian Senate Committee on Capital Market led by the Committee Chairman, to an oversight visit to FMDQ's business complex, Exchange Place. This visit provided an avenue to showcase FMDQ Group as a strategically important FMI and to discuss further areas of mutual interest, opportunities, and associated initiatives towards building a resilient capital market in Nigeria

- As a technology-enabled and systemically important FMI group, FMDQ sought for and was accepted as a Corporate Member of the FinTech Association of Nigeria (FintechNGR), affording the Group, particularly our wholly owned technology subsidiary, iQx Consult, an avenue to collaborate with industry players and policymakers in formulating an appropriate policy framework towards the growth of the Nigerian FinTech industry

- FMDQ attended annual membership meetings and conferences of Associations to which FMDQ belongs, including the International Organisation of Securities Commissions (“IOSCO”), World Federation of Exchanges (“WFE”), African Securities Exchanges Association (“ASEA”), International Capital Markets Association (“ICMA”), International Swaps and Derivatives Association (“ISDA”) Nigerian Economic Summit Group (“NESG”). These events continue to provide a platform for knowledge sharing, capacity building and networking with diverse financial market participants, fueling FMDQ's quest to develop the markets under its purview, necessitating FMDQ's recent admittance to the Futures Industry Association (“FIA”)

- Furthermore, FMDQ continuously identified opportunities to create value for its stakeholders, and despite the restrictions due to COVID-19, we proactively hosted various webinars and sensitisation sessions in order to develop market knowledge, build required capacities and to understand stakeholder expectations, which have in no small measure promoted growth and development in the Nigerian financial markets. Some of these include:

  - Capacity Building Roundtables for the Executive Council of Lagos State Government, potential issuers in the Nigerian Agricultural Sector, amongst others, in partnership with the Implementation Partners of the Nigerian Green Bond Market Development Programme - Financial Sector Deepening (FSD) Africa, Kenya and Climate Bond Initiative (CBI), UK

- Sensitisation Session for market participants on Short-term Financing Option in the Nigerian debt markets, through the FMDQ Debt Capital Markets Development (DCMD) Project

- Stakeholder Sensitisation webinar on Sustainable Finance in Emerging Markets for key stakeholders in the Nigerian financial markets, in partnership PricewaterhouseCoopers (PwC) Nigeria

- As part of its efforts to accelerate the expansion of sustainable finance in Nigeria, Financial Centre for Sustainability (FC4S), Lagos in collaborative partnership with FMDQ Group, UNEP Inquiry and CBI UK, flagged off the Green Tagging Project, which seeks to leverage the work carried out through the development of the Nigerian Sustainable Finance Roadmap to design a reporting framework through which all financial institutions can report their financing of projects in a homogenous manner

- As it has become a corporate tradition of FMDQ Group to host its flagship annual GOLD Awards, which recognises the contributions and efforts of local and international market stakeholders in the Fixed Income, Foreign Exchange, and Derivatives Markets, towards making them GOLD - Globally Competitive, Operationally Excellent, Liquid and Diverse - FMDQ held its 3rd annual GOLD Awards "by Publication" across all traditional and online media channels on November 6, 2020. The Awards, which covered the review period of October 2019 to September 2020, uniquely cut across the FMI value chain of FMDQ's business – Exchange, Central Counterparty, Depository and Private Markets, as presented below

	2020 FMDQ GOLD Awards					
	Award Categories			Award Winners		
FMDQ Entity	Non-Voting	Voting	Total	Non-Voting	Voting	Total
FMDQ Exchange*	15	5	20	18	5	23
FMDQ Clear	3	0	3	3	0	3
FMDQ Depository	5	0	5	5	0	5
FMDQ Private Markets	2	0	2	2	0	2
FMDQ Group**	1	0	1	1	0	1
Grand Total			31			34

**Includes Market Resilience Award*
*** Leadership Award*

FMDQ will continue to sustain its existing partnerships, whilst exploring and initiating new collaboration opportunities with relevant stakeholders, possessing the capacity to support the Group in its mandate to positively impact the Nigerian economy through the transformation of its financial markets.

Risk Management

In recognition of the importance of maintaining sound and resilient business operations given our role as an integrated FMI Group; and our commitment to continuously create value for our stakeholders, FMDQ has continued to ensure the successful and sustainable execution of our Corporate Strategy by deploying and implementing a robust Enterprise Risk Management Framework across the Group's business operations. The Framework is aligned with our Strategic Objectives and enables FMDQ to proactively identify, analyse, treat, monitor, and report on risks, which span across strategic, operational, compliance and financial reporting obligations of the Group, amongst others.

In 2020, the Group expanded the scope of the Framework and methodologies to support newly operationalised entities. To ensure we keep our commitment to protect our stakeholders' data and assets in line with global best practices, we validated our continued adherence to both the Global Data Protection Regulation (GDPR) and the Nigeria Data Protection Regulation (NDPR) 2019 standards, with a clean NDPR Audit Report issued by an external Data Protection Compliance Officer. Considering growing cyber threats across the globe, the Group's Information Security Management System franchise continued to assess and monitor the resilience of FMDQ's system and technology infrastructure, to ensure continued confidentiality, integrity, and availability of our information systems.

In response to the outbreak of the novel coronavirus, and the attendant lockdown directives, FMDQ swiftly activated the Group's Business Continuity Management Plan, which fully supports digitised operations of all business services and operations, allowing FMDQ's Members, clients, and other stakeholders to conduct their businesses/transactions on FMDQ's platforms without disruption.

Technology

To enable the Group fulfil its mandate as a technology powerhouse, FMDQ commenced the year by operationalising its IT franchise as a wholly owned subsidiary - iQx Consult Limited - to position the franchise to effectively support FMDQ Group's business operations, and provide financial market technology services to the markets, in the medium- to long-term. In alignment with these objectives, the Company embarked on a transformational journey, with a review of the technological landscape towards repositioning the technology franchise to cater for the ever-changing technology needs of the Group and its markets.

The first phase of the technology transformation journey focused on establishing a digital foundation to introduce stability, reliability and set the baseline for building enabling structures to support the Group's business and markets, and bolster FMDQ's technology security landscape. Indeed, given the challenges the year presented, and the consequent opportunities for the digitisation industry globally, this expansion for FMDQ Group could not have been more timely.

With the urgent need to adequately support business continuity during the pandemic, FMDQ enhanced its technological capabilities, to further strengthen the security of its infrastructure, particularly with the implementation of the 'work from home' (WfH) initiative, and the activation of the Information Technology Disaster Recovery Plan. Several initiatives were implemented during the year:

- FMDQ platforms across trading, clearing, settlement, and depository activities, all web-based, were fully optimised to support remote transactions by our Members, Clients, and other stakeholders, with a focus on maintaining stability and availability of all systems, successfully ensuring markets were able to remain open throughout the year, enabling price discovery and access to liquidity
- The e-Markets Portal was redesigned and rebuilt using more recent technologies, such as the microservices architecture and REST API (Representational State Transfer; Applications Programming Interface). The Portal was also efficiently optimised for mobile use
- Activation of virtual private network (VPN), Two-Factor Authentication (2FA) on all network and security fabric infrastructure, and other remote working systems, such as Bloomberg Anywhere for specific Business Units, to support heightened WfH plans for the Group
- Implementation of Aruba ClearPass for Secure Network Access Control (NAC) for the defense of the entire network and security Infrastructure perimeter, including both physical and cloud-based systems
- Furthermore, a SolarWinds Project was implemented during the year, with a solution deployed to enhance effective monitoring of our infrastructure assets to provide FMDQ with firsthand information on future issues and allow for proactive decisions to be taken from an informed perspective on our assets

Key Highlights for 2020

2020 was an extraordinary year, whilst the devastating impact of COVID-19 pandemic on public health and social interactions remain apparent and are being addressed world over, firms and economies globally are still in the process of fully comprehending and addressing the economic and social impacts of the outbreak.

Notwithstanding these and in recognition of our role as a critical FMI group in the Nigerian financial markets, providing listing, quotation, noting, trading, clearing, settlement, depository and data & information services, across the fixed income, currencies and derivatives markets, FMDQ's consolidation into a non-operating Holding Company, completing the value chain of pertinent financial market infrastructure required to support market efficiency and promote straight-through-processing of capital market transactions in the Nigerian financial market, shows the resilience of not only the Group, but also the market stakeholders who have constantly supported the growth and development of the markets.

Some of FMDQ Group's achievements for the year include:

- The SEC granted an Approval-in-Principle for FMDQ Clear's registration as a CCP, thereby positioning FMDQ Clear as the foremost CCP in Nigeria, positioned to de-risk the Nigerian financial markets and support the development of thriving derivatives, repos, and commodities markets in Nigeria

- Receipt of Statement of Compliance with IOSCO's Principles for Financial Benchmarks ("PFBs") after an independent review of FMDQ Exchange's Benchmark Administration Framework to assess its compliance with the IOSCO's PFBs with respect to the governance of its benchmarks, quality of the benchmarks, quality of the methodologies, and FMDQ Exchange's accountability as a Benchmark Administrator

- FMDQ Private Markets was established to promote the inclusion of private companies in the capital markets, create opportunities for a diverse range of participants, and bridge the financial ecosystem's funding gap. In addition, the objective of the newly incorporated subsidiary is to democratise access to capital to private companies and improve the credibility of the private securities market by eliminating information asymmetry and increasing transparency and openness in the market

- The CBN, in collaboration with FMDQ Group, by activating long-term Naira settled OTC FX Futures contracts, introduced forty-seven (47) new monthly contracts, thereby extending the maximum contract tenor to five (5) years, and bringing the total number of open OTC FX Futures contracts to sixty (60) from thirteen (13)

A detailed account of the key highlights of 2020 for the Group is presented in the Strategic Report section of this Annual Report.

Strategic Outlook

After a difficult year in 2020, and with minimal recovery thus far in 2021, we are cautiously optimistic about the year, given the lingering effects of the pandemic on our economy, public health, and socio-economic drivers. The economy remains depressed, with a sustained slowdown in economic activities and reduced participation across all spheres of the financial markets.

Looking ahead, a lot depends on the efficiency of the continued efforts to slow the spread of the virus, and the successive variants, the rate of the recovery in global economies and pick-up of economic activities, the efficacy of fiscal and monetary policies in our nation to support financial markets liquidity and investor confidence, amongst others, and whilst we hope to see more progress in these areas in the coming periods, we expect the recovery to be gradual and continue even past the current year.

On our part, FMDQ Group will continue to work assiduously to deliver innovative and critical market development initiatives, with the support of and in collaboration with its stakeholders. Buoyed by the tailwind provided by the introduction of market-friendly provisions in CAMA 2020, we look forward to the achievement of the following in 2021:

- FMDQ Exchange will focus its efforts on facilitating the development of a thriving derivatives market with the imminent introduction of exchange-traded derivatives products, starting with Fixed Income Futures products, having received the SEC's approval for the FMDQ Derivatives Market Rules in February 2021. The Exchange will also focus on the activation of the Repo market with collateral management service

- FMDQ Clear, following the approval of the FMDQ Clearing Member Rules in April 2021, and the receipt of its full registration as a CCP from the SEC in June 2021, will continue to work on the immediate activation of CCP services for financial market transactions (cash and derivatives) and position itself for global recognition and relevance

- FMDQ Depository will focus on extending its services to new asset classes and customer segments, by providing requisite support for all trading venue-related services of the Group. The Depository will also focus on the enhancement and further digitisation of Participants interfaces and services through progress digitisation and standardisation of its service consumption platforms, to further improve operational excellence, reduce operational risks and generally, improve service delivery capacity

- As it commenced its second year of operations, our Private Markets subsidiary received the recognition of the Central Bank of Nigeria for the FMDQ Private Markets Capital Platform for Private Companies' Securities in February 2021. This laudable feat sets the pace for deepening the Private Markets and promoting the inclusion of the largest pools of capital within and outside Nigeria, and we will continue to work on expanding the capacity of the Platform to provide transparency, reduce information asymmetry, lower securities issuance distribution costs, and accommodate small-to medium-sized private companies' desires to access capital with greater ease. Another key focus area for 2021 is the development of the FMDQ Private Markets Startup Accelerator and Liquidity Ecosystem (SCALE) product which will extend much-needed opportunities to market segments that are currently poorly served by capital providers and drive an inclusive growth and development of the Nigerian economy. Having recently clinched a global partnership, in July 2021, with the Oxford Foundry, the entrepreneurial centre of the University of Oxford, UK - the first of its kind for both parties - FMDQ Private Markets will be well-placed to achieve its mandate to accelerate the growth of Nigeria's start-up ecosystem and nurture a future generation of young Nigerian leaders in entrepreneurship, through knowledge exchange and collaboration

- Underscoring FMDQ's strong commitment to sustainability in its business, markets, and society at large, and in cognisance of the need for Nigeria to continuously stay at the forefront of the global sustainable finance drive, FMDQ Group has taken the lead in championing sustainable finance initiatives in alignment with the drive to promote sustainable finance in the Nigerian financial markets. As a result, FMDQ Group, through its wholly owned subsidiary, FMDQ Exchange, has introduced a Green and Sustainable Exchange – **FMDQ Green Exchange** – the first Green Exchange on the African continent, which will be a virtual information repository platform dedicated to driving the growth of green and sustainable securities, and providing reliable green data in the Nigerian financial markets. It will bring together market participants, issuers, and investors alike, promoting transparency, and providing access to Nigeria's budding green and sustainable financial markets in 2021

Conclusion

I am incredibly proud of the progress we made in 2020, and we would never have achieved this without the unwavering support of all our stakeholders. As the pandemic strained our economy and markets during the year, the level of engagement by our stakeholders testified to their commitment to making our markets thrive.

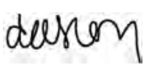
The support of the SEC – the apex regulator of the capital markets and the CBN – the apex bank, has been invaluable and is extremely appreciated. Our gratitude also goes to the Debt Management Office, National Pension Commission, and other financial services regulators for their continued collaboration with FMDQ Group and market development efforts.

Also, the unrivalled support of the Board Chairman and Directors cannot be overemphasised and has been critical to the achievements and progress made during the year. Your exemplary leadership, trust, and determination to steer the ship with utmost care, during the year, was nothing short of remarkable.

Finally, I am humbled by the passion and commitment of the Staff and Management of FMDQ Group; whose extraordinary efforts ensured that our markets remained operational despite the challenges experienced during the year. We remain driven by the evolving challenges that demand innovative solutions and remain steadfast on delivering on our commitment to overcoming these challenges and making our markets **"GOLD."**

We realise now, more than ever before, that during our journey, we may face challenges outside of our control, which may hinder or delay implementation of some of our initiatives. We however wish to assure you of our renewed commitment to channel adequate resources towards achieving our objectives for the markets under our purview, and for our Group, and making sustainable progress, under the leadership and guidance of the Board. Permit me to leave you with the words of Isokrates (436 – 338 BC), the Ancient Greek Rhetorician – **"We should be patient in the present situation and have courage for the future".**

Please stay safe!



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

Strategic Report

STRATEGIC REPORT

Strategic Journey

Having marked the end of FMDQ's first lustrum Strategic Plan (2015 – 2019), the year 2020 commenced with the activation of a non-operating Holding Company structure for FMDQ Group. With the achievement of Africa's first FMI group status in 2019, the reorganisation into a Holding Company strategically positions FMDQ Group as a one-stop and integrated platform for the seamless execution, clearing and settlement of financial market transactions; depository of securities; risk management as well as data and information services, across the debt capital, foreign exchange and derivatives markets, through its wholly owned subsidiaries – FMDQ Exchange, FMDQ Clear and FMDQ Depository. In addition to these subsidiaries, in February 2020, FMDQ Private Markets was birthed, to extend the capital market opportunities to private companies, invariably extending FMDQ's reach to both the public and private markets. This central focus was predicated on consolidating FMDQ as a world-class FMI group, with an audacious Group Vision and Mission statement.

5-Year Strategy (2021 - 2025)

Guiding Principles

1. Establish a diversified, integrated and highly profitable FMI Group
2. Foster significant development of the Debt Capital and Derivatives Markets via systemically important Exchange, Central Counterparty and Depository
3. Ensure diverse and strategic ownership, and maintain strong focus on Members' interests
4. Promote prosperity as the big idea, collaborating with stakeholders to deliver value
5. Adopt and champion sustainability principles in the market, and be a good corporate citizen
6. Ensure operational excellence, resilience (people and resources) while leveraging world-class technology, to provide valuable solutions

Strategic Enablers

Talent	Policies & Processes
Technology	Relationships

Corporate Scorecard

2020 began with a great deal of optimism for FMDQ Group, with a keen drive to commence its new 5-Year Strategic Horizon (2020 – 2024), following the documentation of the Group's Strategic Plan at the end of 2019. However, the COVID-19 pandemic took centre stage, triggering devastating health and economic crises, causing disruptions to economies and businesses, and severe challenges to communities. To effectively manage the widespread situation, FMDQ proactively moved the implementation of its 2020 – 2024 Strategic Plan, to a new Horizon, 2021 -2025, shifting the focus for 2020 to driving the execution of extant Strategic Initiatives and laying adequate foundation for the implementation of the 5-Year Plan within the new Strategy Horizon.

Strategic Highlights

Against this challenging backdrop, FMDQ Group made significant progress in delivering on the defined strategy for the year 2020, as the year was marked with significant market development initiatives which demonstrated the resilience of the Nigerian financial market. Of particular note are the following:

- **De-risking of the financial markets/ Introduction of Long-Dated OTC FX Futures Contracts for up to 5 Years** – The Central Bank of Nigeria (CBN), in collaboration with FMDQ Group, and in alignment with its strategic focus of de-risking the financial markets value chain, in February 2020 announced the introduction of the Long-Term Naira-Settled OTC FX Futures Contracts, extending the maximum contract tenor from one (1) year to up to five (5) years, providing more opportunity to hedge foreign exchange exposure in Nigeria, thereby enhancing business and financial planning in the eco-system. The Naira-settled OTC FX Futures product was introduced in 2016, with the CBN as the pioneer seller of the OTC FX Futures contracts, offering non-standardised amounts for different tenors, now from one (1) month through to sixty (60) months to Authorised Dealers, who in turn offer same to clients with trade-backed transactions or trade same with other Authorised Dealers, settling on bespoke maturity dates. Its introduction has brought succour to Nigerian corporates, foreign portfolio investors (FPIs), foreign direct investors (FDIs) and other investors, serving to moderate and minimise the disequilibrium in the Spot foreign exchange (FX) market; attracting significant capital flows to the Nigerian fixed income and equity markets; and achieving exchange rate stability

- **Approval-in-Principle for Central Counterparty –** The Nigerian financial markets marked the ground-breaking landmark following the successful registration of FMDQ Clear by the SEC on September 29, 2020, to become Nigeria's premier CCP. This critical and much needed FMI introduces endless possibilities to the scope of permissible products that can be developed and deployed within the ecosystem. The FMDQ Clear CCP will enable the development of thriving repurchase agreements, derivatives, and commodities markets in Nigeria, like other developed economies and markets. See section on FMDQ Clear for more information

- **FMDQ Depository Mandate –** After the existence of a single depository for over 26 years, in 2019, the SEC deemed it necessary for the Nigerian financial markets to have access to an alternative depository by approving the registration of FMDQ Depository, to empower issuers and investors with freedom to choose their depository of choice for market activities; to provide enhanced value, and service delivery. FMDQ Depository commenced delivering on its operational mandate to implement value-added products and service offerings and has succeeded in establishing itself as a credible Depository, supporting securities in both the public and private markets. Its role is complemented with FMDQ Group providing efficient listing and trading services through FMDQ Exchange and the much-required risk management, clearing and settlement services through FMDQ Clear; offering market participants an unrivalled opportunity to experience enhanced liquidity and straight-through-processing (STP)

- **Launch of FMDQ Private Markets Limited –** In a bid to bridge the funding gap and further improve opportunities in the capital market ecosystem for different players in the market, FMDQ Private Markets, a wholly owned subsidiary of FMDQ Group and the latest addition to the Group, was established to promote the inclusion of private companies in the capital markets; by providing the much-needed transparency in the market for private securities, eliminating information asymmetry and ultimately, improving credibility in the market for private issuances

- **Key Partnerships –** During the year, the Financial Centre for Sustainability (FC4S) Lagos, in collaboration with FMDQ Group as its secretariat, signed a Memorandum of Understanding (MOU) with one of the founding members of the FC4S Global Network, Casablanca City Finance Authority (CFCA), Morocco, to promote sustainable finance and the United Nation's Sustainable Development Goals. FMDQ Group also formalised a partnership with AFEX Commodities Exchange (AFEX) by executing an MOU towards developing products to deepen the Nigerian capital market, in recognition of the importance of product innovation to market development and encouraging participation of a wider swathe of investors in the capital market

- **Awards –** In the course of the year, FMDQ Group won two (2) Awards - **'Best Integrated Financial Market Infrastructure Provider of the Year'** and **'Best Liquidity Solutions Provider/Multilateral Trading Facility of the Year'** - at the 8th Annual BusinessDay Banks and Other Financial Institutions Awards, beating several African Stock Exchanges in the both categories. The Award was in recognition of the Group's unwavering contribution to the development of the Nigerian financial markets and economy at large

- **COVID-19 Response –** Our commitment to being a good corporate citizen was even more paramount during the year with the pandemic, as we had to ensure the safety of our employees, by activating remote work to ensure that they remained safe and healthy during the pandemic and lockdown. We went beyond our normal giving to support our immediate communities during the pandemic, through donations to the tune of ₦225.00 million, to help cushion the effects of the pandemic on the most vulnerable in society. FMDQ also procured face masks for distribution to the vulnerable groups including our partner charities. In light of our critical role as a financial market infrastructure group in Nigeria, it was imperative to maintain market confidence, as such, we provided the required support to stakeholders in a bid to ensure business continuity and minimise interruptions to our financial market obligations, ensuring that our Members, clients and other stakeholders continued to conduct their business on our platforms as normal. More information on FMDQ's Response to the COVID-19 Pandemic can be found in the Update Report on FMDQ's Response to COVID-19.

Strategic Positioning

Having extended the activation of the 2020 – 2024 Strategic Plan to 2021 – 2025, as result of the pandemic, the strategic focus for 2021 will be to commence the implementation of the new 5-year Strategic Plan, and FMDQ Group is set to commence its second lustrum Strategic Plan in earnest with the key initiatives.

A major focus for the Exchange business, will be the launch of a vibrant Derivatives market, with other derivatives products beyond the OTC FX Futures product. The Derivatives Market Project which launched in 2018 to set the tone for and facilitate the launch of a standardised derivatives market in the Nigerian financial market; coupled with the stakeholder engagements cutting across various financial market participants to equip the market participants with the necessary know-how and capacity to utilise these products, will aid the introduction of the new derivatives products into the Nigerian financial markets, boosting the depth and diversity of offerings in the Nigerian financial market.

To support the Derivatives market and others, will be the establishment of the requisite services for FMDQ Clear to perform its critical duties as a central counterparty, which will see it interpose itself between two (2) counterparties, by becoming the buyer to every seller and seller to every buyer, thereby aggregating and consolidating counterparty risks and introducing the much-desired counterparty agnostic trading feature that will boost the growth of trading liquidity of financial products in the Nigerian markets to international standards. In addition, the CCP, with its robust risk management structures and financial resources, will manage the consolidated risks in an operational, cost- and capital-efficient manner that unlocks value for market participants within its value chain.

Following the restructuring of the erstwhile FMDQ Exchange Noting Service to the FMDQ Private Markets platform, its key focus now will be on delivering value across an array of service offerings to private companies – small-, medium- and large-scale enterprises – , including the product expansion beyond bonds, thereby enabling companies benefit from access to pools of debt and equity private capital, improved corporate governance, and enhanced visibility within an organised environment designed specifically to meet their needs. FMDQ Private Markets will also look to expand its Membership Categories to cater for other market participants in the private markets ecosystem, as well as introduce products, services and platforms to serve small and medium-sized enterprises (SMEs) and early-stage ventures that are underserved by capital market providers.

With the successful establishment of the dual depository mandate for security issues which provides investors with the ability to choose which depository to use for both primary and secondary market activities, FMDQ Depository, having succeeded in establishing itself as a strong, effective and credible depository supporting securities in both the public and private markets, will also be focused on expanding its service offerings, towards making it the depository of choice in the Nigerian financial markets.

Having delivered value-adding strategic initiatives and solutions to the financial market, leveraging on the effective support and collaboration of our key stakeholders, despite the impact of the COVID-19 pandemic, we remain committed to delivering innovative market development initiatives, towards the reviving and development of our financial markets, economy at large, as well as towards the delivery of prosperity to Nigerians. As we adapt to our evolving new normal, FMDQ Group is well positioned to face the challenges of the future.

Stakeholder Engagement

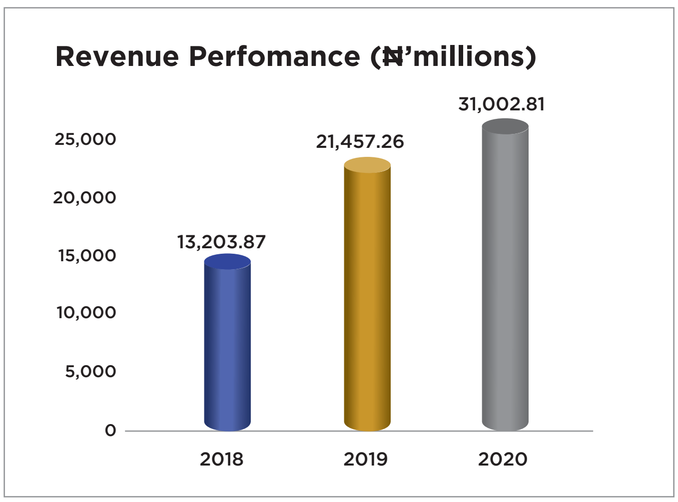
FMDQ Group's engagement with its varied stakeholders provides an important avenue for communication and exchange of ideas, towards the establishment of strong collaboration and strategic alliances for the actualisation of mutual goals, set in the delivery of prosperity for Nigerians, through the continued development of the financial market.

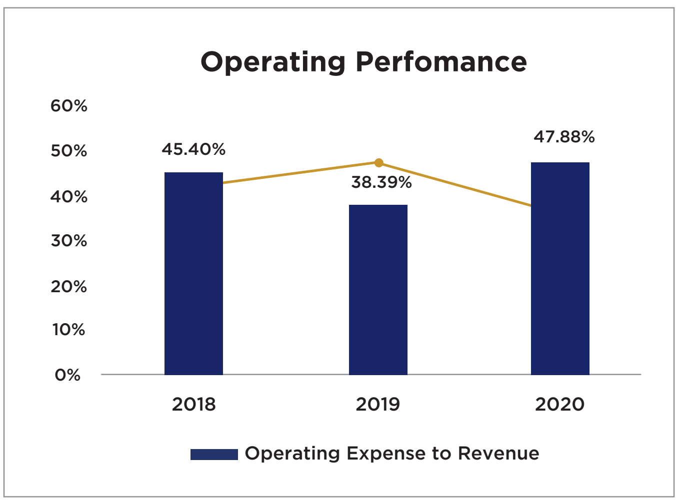
In 2020, despite the challenges occasioned by the COVID-19 pandemic and the resultant shift to a virtual work environment by most organisations, FMDQ Group was deliberate in ensuring continuous engagement with its stakeholders through channels compliant with the 'new normal', including publications (webpages, social media, online and print), virtual interviews, reports, webinars and virtual meetings. These engagements were focused on market and product development, business and franchise development, financial markets education, sustainability and nation building.

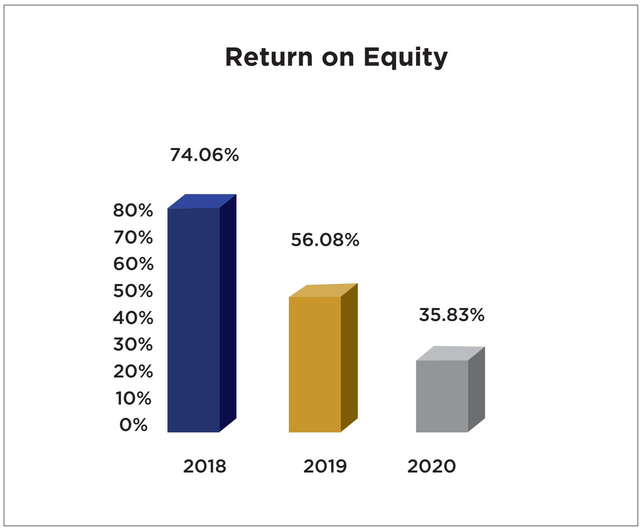
Value Created for Stakeholders

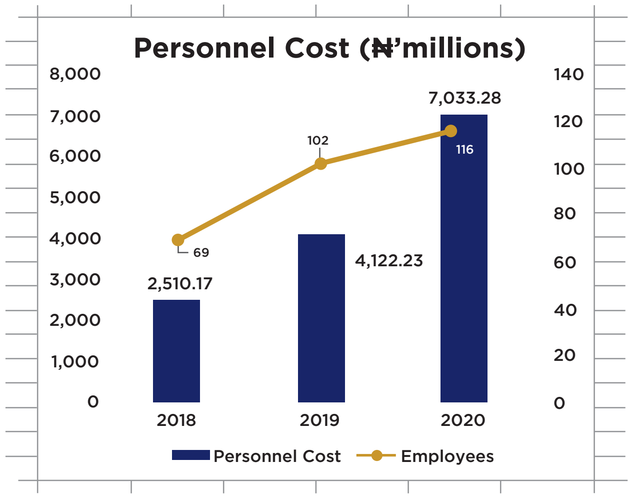
In keeping with its broad line of service offerings, FMDQ continuously seeks novel ways and explores all available opportunities to create and add both economic and non-economic value to its varied stakeholders through active collaboration. In line with its status as an FMI, FMDQ works actively with its stakeholders across the Exchange, Clearing and Depository subsidiaries, as well as its Private Markets business, for the mutual advancement of the Nigerian financial markets through the lens of its GOLD Agenda.

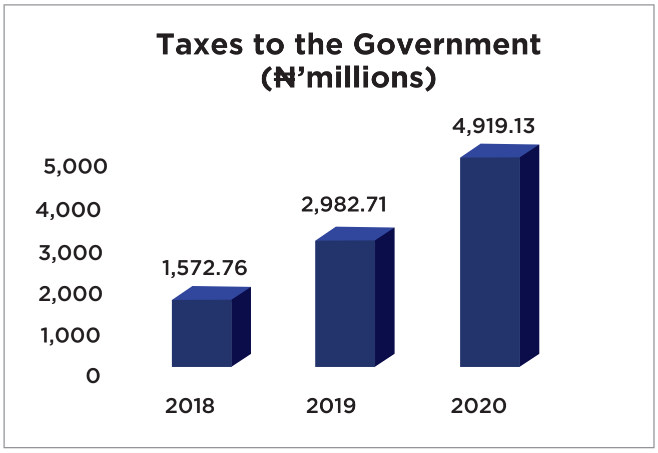
The Economic and Non-economic value delivered by FMDQ Group to its stakeholders in 2020, are outlined below.

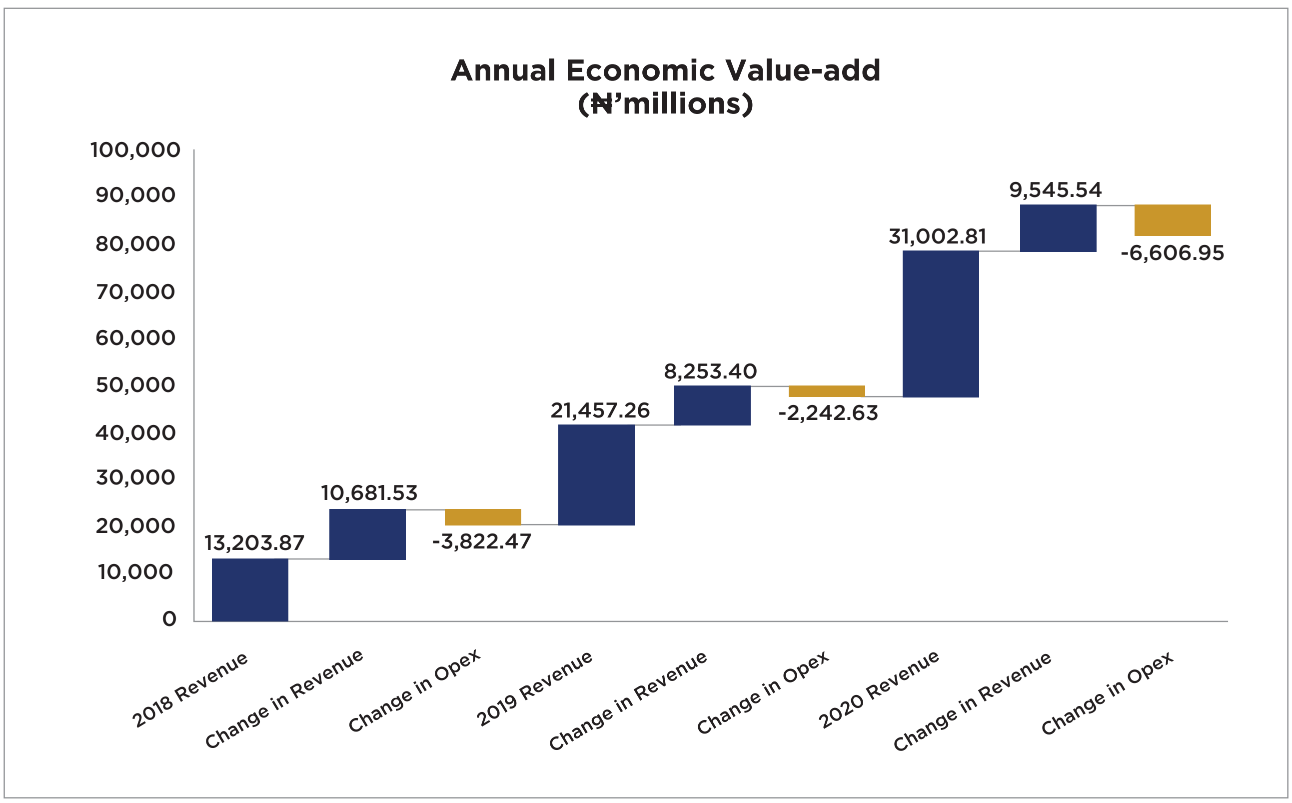





Return on Equity
74.06%
56.08%
35.83%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2018
2019
2020


Personnel Cost (₦'millions)
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
140
120
100
80
60
40
20
0
7,033.28
102
116
69
2,510.17
4,122.23
2018
2019
2020
Personnel Cost
Employees


Taxes to the Government (₦'millions)
4,919.13
2,982.71
1,572.76
5,000
4,000
3,000
2,000
1,000
0
2018
2019
2020


Annual Economic Value-add (₦'millions)
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
13,203.87
10,681.53
-3,822.47
21,457.26
8,253.40
-2,242.63
31,002.81
9,545.54
-6,606.95
2018 Revenue
Change in Revenue
Change in Opex
2019 Revenue
Change in Revenue
Change in Opex
2020 Revenue
Change in Revenue
Change in Opex

Non-Economic Value

As a critical FMI established on the foundations of strong collaboration with key stakeholders in the Nigerian financial markets, FMDQ, continues to nurture relationships with its stakeholders and identifies opportunities to create value for them towards positioning the markets within its purview.

During the year, FMDQ, in keeping with this commitment recorded some significant accomplishments across various areas of its business and market development initiatives, which demonstrated the resilience of the Nigerian financial market, amidst evident challenges related to the implications of the COVID-19 pandemic.

Listings and Quotations	Admission for listing of the Dangote Cement PLC ₦100.00 billion Series 1 Bond under its ₦300.00 billion Bond Programme. Admission for quotation of the MTN Nigeria Communications PLC ₦100.00 billion Series 1 & 2 Commercial Paper (CP) notes under its ₦200.00 billion CP Issuance Programme More information on these Admissions can be found in the below referenced section of this Report. Strategic Report >> FMDQ Exchange >> Securities Admissions
Market Development	Establishment of FMDQ Private Markets to promote the inclusion of private companies in the Nigerian capital markets. More information about FMDQ Private Markets can be found in the below referenced section of this Report. Strategic Report >> Corporate Scorecard >> Strategic Highlights
	FMDQ Clear landmarks as Nigeria's Premier CCP, SEC grants Approval-in-Principle for CCP Registration More information on the registration of FMDQ Clear as Nigeria's premier CCP can be found in the below referenced section of this Report. Strategic Report >> Corporate Scorecard >> Strategic Highlights
	FMDQ Clear landmarks as Nigeria's Premier CCP, SEC grants Approval-in-Principle for CCP Registration. More information on the registration of FMDQ Clear as Nigeria's premier CCP can be found in the below referenced section of this Report. Strategic Report >> Corporate Scorecard >> Strategic Highlights
	Introduction of long-dated OTC FX Futures contracts for up to (five) 5 years by the CBN to show its commitment towards the development of the FX market and indeed, the Nigerian financial markets. More information on the introduction of long-dated FX Futures contracts can be found in the below referenced section of this Report. Strategic Report >> Corporate Scorecard >> Strategic Highlights
	Partnership with AFEX to promote product innovation for Nigeria's capital markets. More information on the partnership with AFEX can be found in the below referenced section of this Report. Strategic Report >> Corporate Scorecard >> Strategic Highlights >> Key Partnerships

Stakeholder Engagements	Execution of the Capacity Building Roundtable for the Executive Council of Lagos State Government, themed "The Role of Sustainable Finance Instruments in Driving Economic Development", in partnership with the Implementation Partners of the Nigerian Green Bond Market Development Programme – Financial Sector Development (FSD) Africa and Climate Bonds Initiative (CBI) UK.
	Hosting of the Sensitisation Session for market participants on Short-term Financing Option in the Nigerian debt markets, through the FMDQ Debt Capital Markets Development (DCMD) Project. More information on the Sensitisation Session can be found in the referenced section of this Report Strategic Report >> External Governance >> Highlight of the Debt Capital Markets Development Project >> Investors, Issuers & Intermediaries Engagement/Education
	Hosting of the Capacity Building Session themed, Green Financing Opportunities and Combating Currency Volatility for current and potential issuers in the Nigerian agricultural sector, in partnership with the Implementation Partners of the Nigerian Green Bond Market Development Programme – Financial Sector Development Africa and Climate Bond Initiative UK.

FMDQ EXCHANGE

Vision

To be the most attractive Exchange in Africa by 2025

2020 in Focus – Exchange Business

FMDQ Exchange, represents the gateway for reliable and efficient access to capital and value creation. As a fully integrated, multi-asset class Exchange hub, the Exchange is aligned with the FMDQ Group mandate to consistently create value for its stakeholders by driving change and providing unrivalled value-adding services to its various stakeholders through, regulation, price discovery, transparency, and education initiatives, structured not only to positively impact the Nigerian financial markets, but the economy at large.

A key impact of regulatory directives on the markets was evident during the year in focus in relation to the bifurcation of the Bills market, following the directives of the CBN in October 2019, on Open Market Operations (OMO) which restricted domestic corporates (inclusive of non-bank financial institutions) and individuals from purchasing and investing in OMO Bills in both the primary and secondary markets. This resulted in the separation of the trading, reporting, clearing and settlement of Nigeria Treasury Bills (NTBs) and OMO Bills on all the Exchange Systems and reporting platforms with consequential impact on the markets.

The Exchange, nonetheless, continued to record achievements across its product/market development and market governance agendas to include, inter alia:

A. Product and Market Development

S/N	Category	Description
1	**Upgrade of the Naira-Settled OTC FX Futures Market Structure**	**Introduction of Long-Term Naira-Settled OTC FX Futures Contracts** In a bid to support foreign investors and long-term borrowers seeking to hedge long-term FX risk exposures, FMDQ Exchange, in collaboration with the CBN introduced long-term monthly OTC FX Futures contracts for up to five (5) years. This development extended the maximum contract tenor of OTC FX Futures from thirteen (13) months to five (5) years through the introduction of forty-seven (47) new monthly OTC FX Futures contracts, bringing the total number of open OTC FX Futures contracts at any point to sixty (60) monthly contracts.
		Hedging of Deliverable FX Forward Transactions Using OTC FX Futures Contracts Having observed risk exposures in the FX market, FMDQ Exchange updated the OTC FX Futures Market Structure allowing Dealing Member (Banks) (DMBs) to hedge their FX exposures arising from short positions in deliverable FX Forward contracts executed with clients, using OTC FX Futures contracts. **Pre-Liquidation of OTC FX Futures Contracts and Hedging of FX Exposures of Returns Earned on Naira Investments by Foreign Portfolio Investors (FPIs)**

S/N	Category	Description
		In line with its market development mandate, FMDQ Exchange updated the OTC FX Futures Market Structure to permit the pre-liquidation of OTC FX Futures contracts for FPIs only, subject to specific conditions stipulated by the Exchange. Furthermore, the OTC FX Futures Market Structure was revised to allow FPIs to hedge, with the OTC FX Futures contracts, the full value of their FX exposures to include the principal and returns earned on underlying foreign portfolio inflows.
2	**Trading of CBN Special Bills**	In December 2020, the CBN introduced Special Bills (CSBs) as an additional liquidity management tool in the Nigerian financial market. Consequently, FMDQ Exchange, in its capacity as a market organiser in the Nigerian Fixed Income market, implemented necessary measures to facilitate the trading, clearing, settlement and valuation of CSBs.
3	**Securities Admissions**	**Listing of the Largest Sub-national Bond - ₦100.00 billion Series III Bond of Lagos State Government of Nigeria** In March 2020, the largest Sub-national Bond with a value of ₦100.00 billion was listed on FMDQ Exchange by the Lagos State Government of Nigeria to fund infrastructure and other capital projects. **Quotation of the Pioneer Commercial Paper (CP) from the Telecommunications Industry** Following the registration of the pioneer Commercial Paper Programme from the telecommunications industry segment in 2019, the ₦100.00 billion CPs were quoted on FMDQ Exchange in June 2020 by MTN Nigeria Communications PLC. Laudably, it was also noted as the largest CP quoted by a Nigerian corporate. **Listing of the Largest Corporate Bond Issuance - Dangote Cement PLC** In June 2020, FMDQ Exchange listed the largest Corporate Bond in Nigeria, issued by Dangote Cement PLC (Dangote Cement). The proceeds from the issuance of the Bond were used to further broaden Dangote Cement's sources of funding by accessing long-term debt at competitive costs from the capital market.
4	**Revision to The Nigerian Inter-Bank Offered Rate Fixing (NIBOR) Methodology**	FMDQ Exchange, as a Benchmark Administrator, identified the need to provide clarity on the impact of the bifurcation of the NTBs and OMO Bills by the CBN, on the administration of NIBOR due to the application of NTBs as base/risk-free rates in the computation of tenored NIBOR benchmarks. Therefore, the NIBOR Methodology was revised to provide clarification on the computation of tenored NIBOR benchmarks, using NTBs only as a base rate.
5	**Stakeholder Engagements and Sensitisation**	**FMDQ Academy** (the "Academy") In line with the Academy's mandate, the Exchange is committed to delivering fully sponsored and specialised trainings to Nigerian financial markets stakeholders on various financial markets products, and standards/regulations, through effective instructional approaches and technology. In 2020, the Academy focused on delivering its learning programmes through its online learning platform (e-Learning Hub) due to the adverse impact of the COVID 19 pandemic which restricted physical gatherings. The Academy published an additional course "Overview of Financial Markets" to its existing self-paced e-learning courses, totaling six (6) available courses on the e-Learning Hub.

S/N	Category	Description
		Consequently, the year-on-year sign ups (new users' registrations) on the e-Learning Hub increased by 102% (six hundred and thirty-seven (637) to one thousand, two hundred and eighty-nine (1,289). Furthermore, course enrolments across the six (6) courses on the e-Learning Hub increased by 86% (two thousand and eighty-three (2,083)) to four thousand, five hundred and seventeen (4,517).

B. Self-Regulatory Organisation Report

As part of the Exchange's mandate as a self-regulatory organisation (SRO) in ensuring the integrity of its markets towards inspiring confidence of Members, market stakeholders and participants, the Exchange supervises its Members and markets with a view to monitoring and enforcing compliance with all FMDQ Exchange Rules and other applicable rules and regulations. In addition to the various regulations already in place, the following surveillance and enforcement activities were carried out during the year:

S/N	Category	Description
1	**Market Governance**	**Revision of Commercial Papers Registration and Quotation Rules and Attendant Infractions & Penalties Guide** FMDQ Exchange continually seeks ways to improve the governance structure of its markets, therefore, the Exchange, in consultation with key stakeholders, identified additional areas of the Commercial Papers Registration and Quotation Rules that required revision, to improve the extant registration and quotation process and to promote compliance of market stakeholders. Furthermore, to ensure that market participants were fully aware of the consequences of the failure to comply with the provisions of the relevant Rules, the Exchange updated the attendant Commercial Papers Registration and Quotation Infractions & Penalties Guide to align with the revised Commercial Papers Registration and Quotation Rules. **Documentation and Exposure of Draft FMDQ Exchange Derivatives Market Rules & Derivatives Trading Membership Requirements** In view of the imminent launch of the FMDQ Exchange Derivatives Market, the Exchange developed and exposed the Draft FMDQ Exchange Derivatives Market Rules & Derivatives Trading Membership Requirements to ensure that prospective market participants contributed to the crafting and were made aware of the governance structure for the trading of derivative contracts, as well as the admission requirements to participate in the FMDQ Exchange derivatives markets. **Induction Programme for Members' Authorised Representatives** As part of the Exchange's strategic objective to ensure all its Members and their Authorised Representatives are adequately equipped to perform their responsibilities within FMDQ Exchange's markets and appropriately sensitised on the Exchange's regulatory structure and market oversight activities, FMDQ Exchange conducted its first virtual Induction Programme for its DMBs' Authorised Representatives in 2020, adapting to the 'new normal' brought about by the COVID-19 pandemic.

S/N	Category	Description
2	**Market Surveillance**	**Market Intervention** The outbreak of the COVID-19 pandemic necessitated the activation of the Exchange's Business Continuity Management Plan (BCMP) which included the commencement of remote working by the end of Q1 2020, prioritising the health and safety of its employees. As a result, the Exchange adapted a few of its market surveillance activities and increased its monitoring of Members' compliance with relevant trading guidelines on its trading platform. As part of its COVID-19 pandemic response and following its assessment of the prevailing market conditions and economic outlook, the Exchange granted waivers on some trading infractions to its DMBs. FMDQ Exchange continued to periodically monitor trading activities in the Fixed Income market, adopting comparative global responses and best practices to grant the necessary regulatory forbearance to support activities within its markets, while maintaining the principles of market integrity, orderliness, and investor protection.

C. Services

- **Memberships**

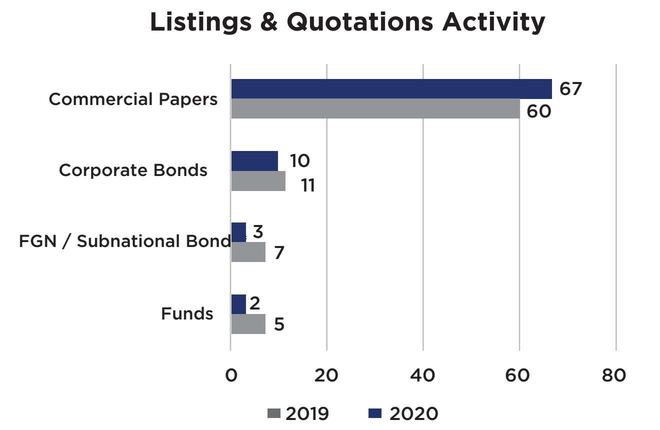
FMDQ Exchange provides transparency, governance, credibility and market liquidity to various stakeholder groups in the Nigerian financial markets through its Memberships Service. FMDQ Exchange Members make up a network of participants from diverse firms and interest groups, ranging from the dealers, market makers, investors, brokers, financial market regulators, and other interested participants. The Exchange's Membership Service creates a credible platform for the effective integration of market participants, empowers markets for economic progress, and addresses the business needs of various stakeholders, whilst delivering unrivalled value-adding services to not only impact the Nigerian financial markets, but the African markets at large

In 2020, FMDQ Exchange onboarded twenty-eight (28) new Members, bringing its membership base to a total number of two hundred and forty-five (245) Members. This represents a thirteen percent (13%) increase from the preceding year (2019) having recorded a total number of two hundred and seventeen (217) Members. The membership base of the Exchange has continued to increase as it continues to deliver long-term sustainable value for its various stakeholders

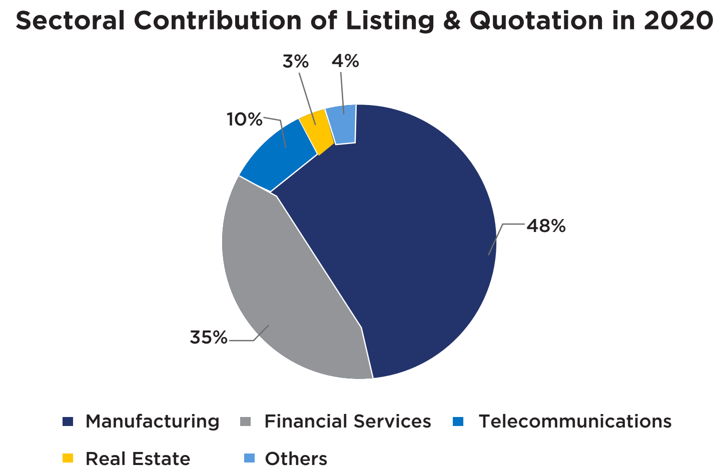
- **Securities Admissions**

Whilst consistently seeking ways to empower its stakeholders by proffering solutions that drive originality, addressing pressing needs, and ultimately delivering pragmatic and aspirational value, FMDQ Exchange provides access to capital for corporates and government entities through the efficient and proficient services offered by FMDQ Exchange's Securities Admissions Franchise – Registration, Listings and Quotations. Through continuous information disclosure, FMDQ Exchange provides tailored and value-adding services, offers end-to-end support for a streamlined and seamless process, fosters transparency and information symmetry, and promotes credibility. The Exchange provides a dynamic and innovative platform for capital formation, offering institutions the support required to impact their sectors and the economy at large

FMDQ Exchange listed and quoted a total of eighty-two (82) securities in 2020 – thirteen (13) Bonds, from issuers in the sovereign, sub-national and corporate (financial services, manufacturing, and energy sectors) categories, sixty-seven (67) Commercial Papers from seventeen (17) institutions ranging from corporates in the oil and gas, financial services, manufacturing, real estate, telecommunications and fast-moving consumer goods sectors, and two (2) Funds - and registered eleven (11) Commercial Paper Programmes



*Includes both local currency and Foreign currency denominated bonds



Securities Admissions (2020)

Bond Listing	Commercial Paper Quotations	Fund Listing
▪ GEL Utility Funding SPV PLC Series 1 ₦13.00bn Bond	▪ Dangote Cement PLC ₦200.00bn Series 13-18 CPs	▪ Chapel Hill Denham Nigeria Infrastructure Debt Fund Series 5 & 6
▪ Eat & Go Finance SPV PLC Series 1 ₦11.50bn Bond	▪ Flour Mills of Nigeria PLC ₦35.60bn Series 11-14 CPs	
▪ Flour Mills of Nigeria PLC Series 3 Tranches 1 & 2 ₦20.00bn Bond	▪ Mixta Real Estate PLC ₦34.81bn Series 15-31 CPs	
▪ FBNQ MB Funding SPV PLC Series 1 ₦5.00bn Bond	▪ Stanbic IBTC Bank PLC ₦52.79bn Series 52-54 CPs	
▪ Dangote Cement PLC Series 1 ₦100.00bn Bond	▪ Union Bank of Nigeria PLC ₦61.28bn Series 3-7 CPs	
▪ Axxela Funding 1 PLC Series 1 ₦11.50bn Bond	▪ FSDH Merchant Bank Limited ₦47.21bn Series 1-2 CPs	
▪ United Capital PLC Series 1 ₦10.00bn Bond	▪ Citibank Nigeria Limited ₦5.00bn Series 1-2 CPs	
▪ LAPO MFB SPV PLC Series 2 ₦6.20bn Bond	▪ Eterna PLC ₦3.00bn Series 2 CP	
▪ NOVAMBL Investments SPV PLC Series 1 ₦10.00bn Bond	▪ Nigerian Breweries PLC ₦111.54bn Series 5-11 CPs	
▪ Lagos State Government of Nigeria Series 2 Tranches 3 & 4 ₦12.25bn Bond	▪ Coronation Merchant Bank Limited ₦37.82bn Series 5-10 CPs	
▪ Lagos State Government of Nigeria Series 3 ₦100.00bn Bond	▪ First City Monument Bank Limited ₦29.47bn Series 1 CP	

Securities Admissions (2020)

Bond Listing	Commercial Paper Quotations	Fund Listing
	▪ Dufil Prima Foods PLC ₦15.78bn Series 1-2 CPs ▪ United Capital PLC ₦20.32bn Series 1-3 CPs ▪ Sterling Bank PLC ₦15.00bn Series 1-2 CPs ▪ MTN Nigeria Communications PLC ₦100.00bn Series 1-2 CPs ▪ Guinness Nigeria PLC ₦5.00bn Series 1-2 CPs ▪ CardinalStone Partners Limited ₦5.00bn Series 1 CP ▪ Stanbic IBTC Bank PLC ₦22.00bn Series 1 CP	

Data & Information Services

FMDQ Exchange provides an information repository of accurate, transparent and insightful comprehensive financial markets data, and pre- and post-trade information services, among others, for the Nigerian Fixed Income, Currencies, and Derivatives markets, meeting the increasing need for data, information and analytics of its varied stakeholders. Through the FMDQ Exchange e-Markets Portal, the Exchange created a one-stop shop for the provision of data and analytics for the Debt Capital, Money, Currency, and Derivatives markets, designed to suit users in varying capacities – from issuers, investors, financial institutions, regulators through to the Exchange's Members, as well as individuals with a keen interest in the financial markets

The total number of Information Services subscriptions as at December 2020, were thirty-four (34), comprising four (4) international data subscribers, twenty-seven (27) local data subscribers and three (3) data redistributors

Market Connectivity

With the aim of fostering governance, providing global visibility, improving liquidity, credibility, and transparency in trading activities for the efficient running of the markets, FMDQ Exchange provides bespoke and tailored proprietary Systems and other relevant financial markets infrastructure for trading, online real-time price discovery and efficient price execution, amongst others. These Systems provide the requisite robust, efficient, and secure technology for supporting and furthering market development with the aim of optimising, facilitating and boosting trading and connectivity of market participants in the FMDQ Exchange markets

2021 Outlook / Focus

A. Product Development

- **Bilateral Repurchase Agreement with Collateral Management**

  FMDQ Exchange, in collaboration with the CBN, commissioned the Bilateral Repurchase Agreement (Repo) with Collateral Management Project (Repo Project) to standardise and centrally coordinate on-system trading of Repos while enhancing market integrity by the introduction of a centralised risk and collateral management service to minimise counterparty risk. The Repo Project is at an advanced stage of completion and go-live is scheduled for 2021

- **Exchange-Traded Derivatives**

  The FMDQ Exchange Derivatives Market Development Project (the "Project") was activated to facilitate the launch of an active and viable Exchange-Traded Derivatives (ETD) market in Nigeria. The Project is currently at an advanced stage of completion for Phase II of the three (3) implementation phases of the Project, which upon completion, will culminate in the launch of the FMDQ Exchange ETD market in 2021

- **FMDQ Equity Market**

  Having received approval for the FMDQ Exchange Equity Listing Rules from the SEC in December 2019, the Exchange shall continue to deliver on the FMDQ Exchange Equity Market Development Project in 2021. The Project will focus on relevant market research, feasibility studies and market architecture design activities, towards the determination of the FMDQ Exchange Equity Market entry strategy and value-adding market structure toward full operationalisation of the market

- **Trading, Clearing and Settlement of Federal Government of Nigeria (FGN) Promissory Notes (PNotes)**

  Following the establishment of the FGN Promissory Notes Programme and issuance of FGN PNotes by the Debt Management Office (DMO), FMDQ Exchange seeks to promote liquidity in the Nigerian financial markets by creating a vibrant secondary market for FGN PNotes via trading, clearing and settlement of FGN PNotes, in collaboration with FMDQ Clear and FMDQ Depository The initial valuation and closing price methodology for FGN PNotes have been finalised and conclusion of the initiative is slated for 2021

- **FMDQ Academy**

  In recognition of the importance of financial markets stakeholders' education and in a bid to continually improve quality and accessibility of the Academy's learning offerings, ultimately improving the learning experience of market stakeholders, the Academy aims to upgrade its e-Learning Hub, deploy a mobile learning application and revamp its website in 2021

B. Market Development/Service Improvement

- **FMDQ Securities Trading System for Dealing Member (Specialists) & Brokers**

  This initiative is targeted at integrating non-bank financial institutions with the inter-bank Fixed Income market, by creating a centralised orderbook for Broker/Dealers, with DMBs and Dealing Member (Specialists) to participate as liquidity providers. This initiative will also serve as an efficient channel for integrating retail participants into the Nigerian Fixed Income market, thereby promoting liquidity and depth in the Nigerian financial markets

- **Securities Admissions Portal**

  FMDQ Exchange, as a market organiser seeks to improve all securities registration processes and enhance the application review process by eliminating manual coordination of workflow capabilities. Consequently, the Exchange, in 2021, will provide an automated system that manages all stages of the securities admissions process, to ensure efficiency and further improve its already rapid turnaround time

- **FMDQ 'Green Exchange' Initiative**

  FMDQ Exchange has identified the need for Nigeria to remain at the forefront of the global sustainable finance drive. To this end, FMDQ Exchange seeks to launch the 'Green Exchange' (FMDQ Green Exchange), which will be a virtual information repository platform wholly dedicated to supporting transparency, good governance, and compliance in the growth of green and sustainable securities in the Nigerian financial markets, by highlighting and showcasing securities issuances that align with global environmental, social and governance principles

- **Unsettled Fixed Income Trades Module**

  As part of its efforts to maintain an orderly and efficient market, add value to its Members and stakeholders, and enhance monitoring and settlement activities in the Fixed Income market, FMDQ Exchange will be developing the Unsettled Fixed Income Trades Module (the "Module") to automate the daily submission of unsettled Fixed Income trades by DMBs. The Module, scheduled to launch in 2021, will effectively and more accurately capture details of all unsettled trades and serve as a central historical database of all such trades, thereby minimising the risks arising from unsettled trades and the failure to adequately monitor them

- **Member Regulation and Oversight Information System**

  In a bid to enhance service engagement between FMDQ Exchange and its current and prospective Members and eliminate potential errors during the onboarding of prospective Members, the Exchange is working to create an interactive portal for the swift processing of membership applications and to provide a central database for all FMDQ Exchange Member-related data. The Member Regulation and Oversight Information Portal is scheduled to be launched in 2021

FMDQ CLEAR

Vision

To be a globally accepted CCP by 2025

2020 In Focus – Clearing Business

FMDQ Clear continued to deliver first class post-trade services to enhance the integrity of and eliminate the inherent risks to bilateral trades during the year. Even as the financial markets and economy at large faced the headwinds from the impact of the COVID-19 pandemic, FMDQ Clear showed operational resilience, as it was able to consistently render its services seamlessly and manage the counterparty default risk with a high degree of reliability.

The following key activities were carried out by FMDQ Clear in 2020:

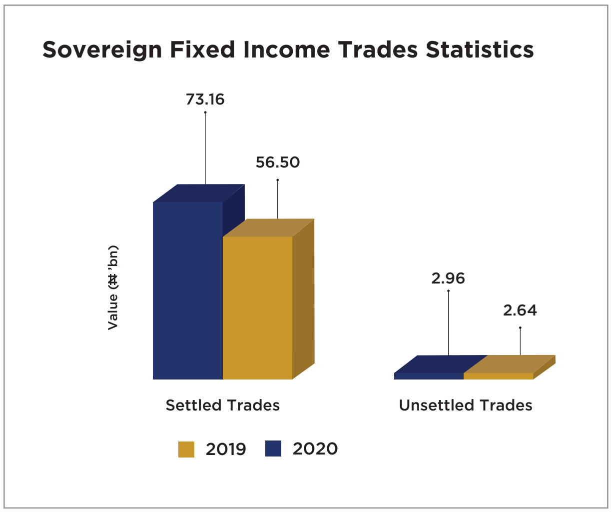
A. Clearing Activities

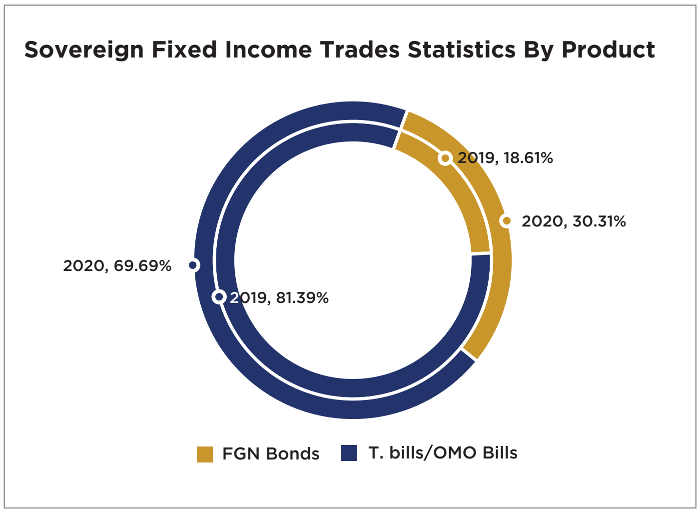
- **Clearing of Fixed Income Securities**

  The COVID-19 pandemic impacted market activities in the fixed income segments, as well as other segments of the global economy. In 2020, FMDQ Clear witnessed a declined growth in the value of sovereign fixed income securities transactions cleared by the franchise. A total transaction value of ₦59.14 billion was cleared during the year, representing a c. 22% YoY decrease. However, the market segment continued to maintain a low level of unsettled trades (c. 4%) as part of the productivity gains from the STP from FMDQ's proprietary market system (FMDQ Q-ex System) to the CBN's Scripless Securities Settlement System (S4) for the settlement of sovereign fixed income transactions

  Inter-Member trades continued to account for a considerable fraction of (c. 79%) of trades in the sovereign securities segment, whilst the CBN OMO Bills accounted for c. 64% of the trades cleared within the year. Furthermore, clearing activities for non-sovereign transactions declined within the year, as total value of transactions cleared by the FMDQ Clear plunged by c. 33% YoY

Snapshot of Fixed Income Securities Clearing Activities





Finally, in readiness for the full activation of CCP services for the Derivatives Market in 2021, all activities related to the Spot fixed income market segment have been transferred to FMDQ Depository, FMDQ's settlement and depository subsidiary, effective December 2020.

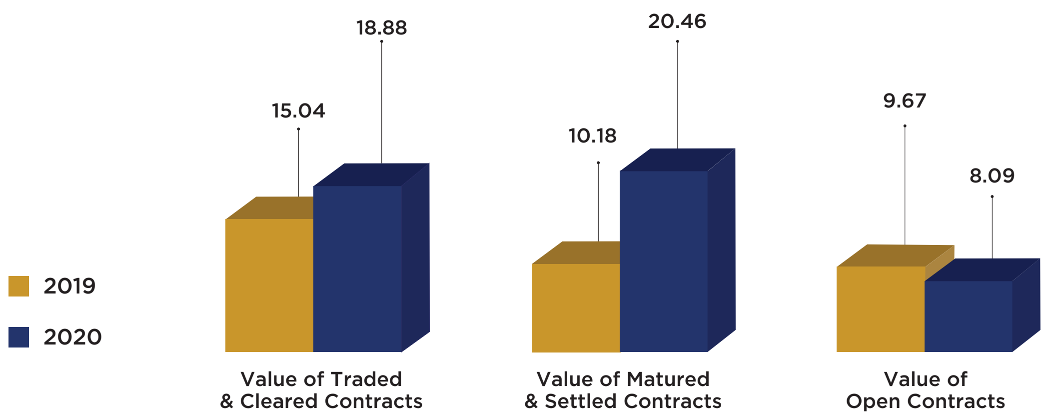
- **Clearing of OTC FX Futures**

  FMDQ Clear, in its capacity as the Clearing Agent for the OTC FX Futures product, is responsible for all post-trade activities, including margin processing (collection of initial and variation margins) on open contracts, settlement of matured contracts and the investment of the product funds

OTC FX Futures Clearing & Settlement

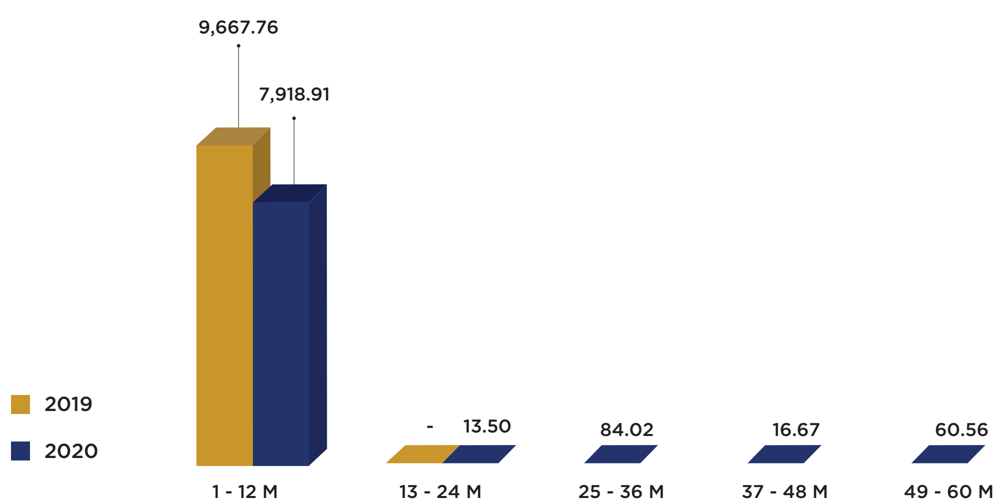
In 2020, a total of 1,726 OTC FX Futures contracts with a nominal value of $18.88 billion were executed and processed for clearing on the FMDQ OTC FX Futures Trading & Reporting System (FFTRS) representing an increase of 61.61% and 25.25% respectively relative to 2019. Of the 1,726 contracts recorded in the year, 746 contracts were executed in March 2020 only. This was attributed to the rising economic uncertainty created by the rapid spread of COVID-19 towards the end of Q1 2020, which resulted in an upward spike in the demand for futures contracts. Further to this, whilst a total contract value of $20.46 billion matured during the year, the value of open contracts as at December 31, 2020, stood at $8.09 billion, lower than that of 2019 and represented by a decline of 16.28%, which is reflective of reduced contract execution levels post March 2020, which in turn is largely attributed to the prevailing economic uncertainties triggered by the COVID-19 pandemic and scarcity of Spot FX.

OTC FX Futures Contracts Statistics (₦'bn)



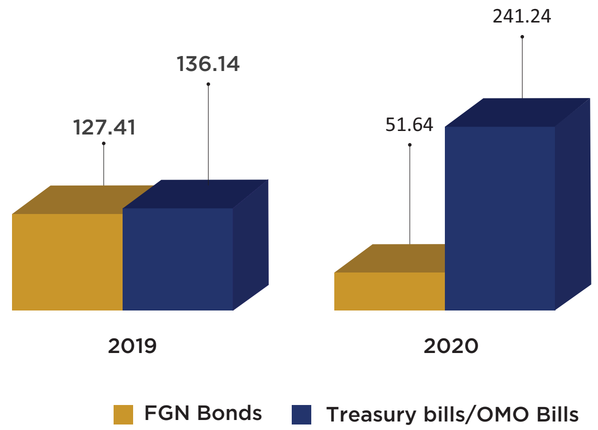
With the introduction of long-term contracts (14 – 60 months) in 2020, a review of the profile of open contracts as at December 31, 2020, shows that shorter tenored contracts (1 – 12 months) were being executed, which accounts for the bulk of open contracts (c. 97.84%), reflected in the average tenor of executed contracts recorded in 2020

Open OTC FX Futures Contracts Maturity Profile ($'mm)



OTC FX Futures Margin Administration

FMDQ Clear continued to process the collection of initial margins in form of cash and eligible securities from the OTC FX Futures transaction counterparties (i.e., CBN and Futures Banks) to cater for the counterparty default risk inherent in the contracts, which may arise from future adverse movement of prices of open contracts or traded securities. With the mild increase in market activity, the total value of eligible securities pledged as collateral by the Futures Banks increased by 11.13% in 2020 compared to 2019, whilst the total value of cash margins collected increased by 31.20% Y-o-Y.



OTC FX Futures Funds Investment Management

To consistently create value for its stakeholders, FMDQ Clear continued to facilitate the investment of the OTC FX Futures Funds (i.e., cash margins in the Margin Fund and unreleased contract settlement amounts in the Clients' Resolution Fund) in sovereign securities (FGN Bonds; Treasury Bills, FGN Promissory Notes and Reverse Repurchase Agreement) in line with predefined guidelines

B. Product and Market Development

In 2020, FMDQ Clear operated in line with its mandate to provide efficient post-trade services to enhance the integrity of and eliminate the inherent counterparty risks in the Nigerian financial markets, as well as facilitate finality, certainty, and irrevocability of settlement. Some of the notable product and market development activities that gained further traction during the year, in line with the overall FMDQ Group's mandate of value creation, are captured below:

- **Activation of CCP Services for Fixed Income Derivatives Market**

  Within the year, FMDQ Clear, as part of its efforts to ensure safety, engender stability and instil confidence in the Nigerian financial markets, secured an Approval-in-Principle from the SEC in September 2020, on its registration as a CCP. This laudable feat, alongside the required legal basis via the new Companies and Allied Matters Act 2020, effectively positioned FMDQ Clear to activate CCP services for financial products in the derivatives and cash markets, which sets in motion the Company's vision of becoming a globally accepted CCP by 2025

  To kickstart the series of activities required for the activation of CCP Services, FMDQ Clear commenced active engagements with CBN-licenced Banks, who form the pool of potential Clearing Members, to secure their buy-in for Clearing Membership. This was further intensified by the approval of the Clearing Member Regulation (i.e., Clearing Member Rules & Derivatives Clearing Membership Requirements, which govern the activities of Clearing Members and outline the requirements for participation as a Clearing Member of FMDQ Clear) by the SEC in 2021

- **Bilateral Purchase Agreement with Collateral Management**

  In 2020, FMDQ Clear continued to support the planned activation of the Bilateral Repo with Collateral Management market by FMDQ Exchange, in furtherance of FMDQ Group's mandate to deepen the Nigerian financial markets, and transform them to be globally competitive, operationally excellent, liquid and diverse, through its 'GOLD' Agenda. However, though the COVID-19 pandemic slowed down preparations for the launch of this market, FMDQ continued to ramp up efforts and engagements with key market stakeholders to ensure that these planned offerings are activated in the short term

- **Default Resolution Reserve**

  In line with its mandate to de-risk the Nigerian financial markets, FMDQ Clear has continued to deploy its Earnings to a robust Default Resolution Reserve, with an ambition to grow the CCP's financial resources to c. ₦25.00 billion in the medium-term. These financial resources position FMDQ Clear to clear transactions in the Spot and Derivatives markets, thereby reinforcing FMDQ Group's aspiration of building financial markets that are truly reflective of the position of the Nigerian economy in Africa and enable significant flow of transactions

C. Services

FMDQ Clear, in line with the Group's integrated structure, continued to deliver on facilitating settlement finality, eliminating inherent counterparty risks, and delivering capital and cost efficiencies to its Members through offering the following clearing and settlement services for fixed income and derivative products traded on FMDQ Exchange:

- **Clearing Service**

  FMDQ Clear, on a near-real time basis, efficiently matched, confirmed, and aggregated transactions across market participants and trading venues. The company continued to strive for the reduction of operational risks for market participants and pursued this through its integrated clearing system which delivers STP between trading and settlement systems

- **Clearing Risk Management**

  FMDQ Clear provided dependable risk management solutions for its Members and clients, and as part of its risk management process, administered initial and variation margins on transactions. To guarantee certainty & finality of settlement as well as the safety of transactions that occur on the Exchange, the Company collected these margins in form of cash or eligible securities which in turn covers the potential risk of future adverse price movement on open contracts or traded securities

- **Collateral Management**

  FMDQ Clear also continued to showcase its competence in the management of cash and non-cash collateral for meeting margin needs for transactions in a way that maximised capital efficiency for market participants. This was attributed to its robust and sophisticated technologies. As a result, non-cash collaterals posted for this purpose were valued daily using market prices, considering applicable allowances for each collateral's liquidity risk and pending transactions, and then evaluated to ensure the collateral value was sufficient to cover the participant's margin requirement(s)

- **Settlement Processing**

  FMDQ Clear supported the settlement of cash deliverable derivatives executed on the FMDQ Exchange platform, by seamlessly integrating with other financial systems payment infrastructure. This approach assured that participants receive value for executed contracts on settlement dates whilst reducing the chance of counterparty risks caused by Members operational failures

2021 Outlook

Sequel to the Approval-in-Principle granted by the SEC for FMDQ Clear's registration as a CCP, and the receipt of its full registration as a CCP from the SEC in June 2021, FMDQ Clear will continue to focus on the immediate activation of CCP services for financial market transactions in the Derivatives and Cash Markets.

- **Activation of CCP Services – Derivatives Markets**

  Following efforts to operationalise the FMDQ Clear CCP licence alongside internal readiness plans for commencing CCP services, FMDQ Clear continued with its activities to put in place the necessary requirements and structures (stakeholder engagement, systems, people, and documentation) for the activation of FMDQ Clear CCP services, for the soon-to-be launched Exchange-Traded Derivatives and Cash Markets, which sets in motion the Company's vision of becoming a globally accepted CCP by 2025

- **Activation of CCP Services – Cash and Repo Markets**

  FMDQ Clear will pursue the expansion of its CCP services to also accommodate the cash markets and bilateral repo products traded on FMDQ Exchange, leveraging on the expertise of its 'best-in-class' subject matter expert consultants. FMDQ Clear, based on the positive feasibility and huge growth potential of a CCP-cleared repo market in Nigeria, alongside liquidity benefits to be enjoyed by participating banks and other wholescale market players, will commence the provision of CCP services for the cash markets in the near-term, effectively transforming and revolutionising the Nigerian financial markets

- **Onboarding of Clearing Members**

  As part of its requirements for the provision of CCP services, FMDQ Clear will accelerate its engagements with target institutions that qualify for its Clearing Membership, in line with its documented Derivatives Clearing Membership Requirements towards registering them as Clearing Members across the relevant membership categories.

Registration efforts will commence with the four (4) CBN-licenced commercial banks who formally registered their interest with FMDQ Clear in becoming Clearing Members of the CCP, in 2020

- **Global Recognition & Relevance**

  In line with the Company's aspiration to become a globally accepted CCP by 2025 and to better position the Company to be attractive to potential clients, FMDQ Clear will actively pursue a membership with CCP12 Global Association (CCP12) following the potential benefits that could accompany said membership and support the delivery of its CCP mandate. CCP12 aims to promote effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. This would set FMDQ Clear CCP on course to be strategically positioned for global visibility by being an active player amongst the comity of world-class CCPs

FMDQ DEPOSITORY

Vision

To be the Nigerian Depository of choice by 2025

2020 In Focus – Depository Business

During the year FMDQ Depository continued executing its market entry strategies, through the development of strategic capabilities and commencement of commercial activities with immediate focus on core services of security admittance, asset warehousing and settlement services for fixed income securities. Furthermore, focus on excellent service delivery drove improvements in the maturity levels of the Company's operational and risk management frameworks, in addition to attendant processes which were applied to settlement activities of FMDQ Exchange's operated trading venues and full post trade activities of FMDQ Private Markets.

Depository Services

- **Memberships**

  FMDQ Depository's Members are Participants that hold and administer securities or an interest in securities on behalf of an investor(s) or themselves; and have been accepted as Participants (Members) in accordance with the rules and regulation of FMDQ Depository. As at December 2020, the Participants base of FMDQ Depository totaled fifty-three (53), representing an increase of 52% (32 Members) from the from twenty-one (21) Participants in 2019

- **Securities Admittance**

  The primary market focused component of FMDQ Depository's securities service was developed into a market leading offering and supports participant and investor account structure preferences, efficient interactions between stakeholders, timely onboarding of securities and accurate execution of allotment instructions supported by robust technology solutions

- **Asset Warehousing**

  Fundamental to the Depository's asset warehousing service is accurate record keeping, high confidentiality and fidelity of data and strong risk management practices in line with globally recognised standards. These were achieved in the course of the financial year and consequently, underpinned the delivery of competitive and differentiated service

- **Settlement Services**

  FMDQ Depository operated unparalleled settlement services for fixed income securities trades, with movement of securities and cash linked in a manner that mitigated attendant risks, leveraged optimisation algorithms that reduced settlement defaults and consequently, supported improved market confidence

Market Development

Market development activities of FMDQ Depository were driven by the need to deepen relationships with capital market operators and market participants, achieve effective communication of value propositions and its establishment as a credible Depository in Nigeria. The on-going realisation of these were demonstrated by the significant share of market achieved in 2020 for securities issued and the onboarding of a number of capital market operators as Participants. Further development activities targeted market penetration through flexible pricing structure for services, use of targeted incentives and extension of services to new segments of the market.

2021 Outlook & Focus

FMDQ Depository, leveraging on the effective support and collaboration of its stakeholders remains committed to delivering innovative and key market development initiatives, including but not limited to:

- The enhancement of and further digitisation of Participant interfaces and services through progress digitisation and standardisation of its service consumption interfaces, to further improve operational excellence, reduce operational risks and generally, improve service delivery capacity
- Service extension to new asset classes and customer segments by providing requisite services for all trading venue related initiatives of the Group, new asset class activation, market penetration initiatives and targeting of new customer segments
- Enhance core depository services and lay the groundwork for business expansion and diversification

FMDQ PRIVATE MARKETS

Vision

To be the largest, most diverse organiser of markets for private capital in Nigeria by 2025

In ensuring that private companies have an organised marketplace to raise debt and equity capital via private placements in the Nigerian capital markets, FMDQ Group established FMDQ Private Markets Limited. FMDQ Private Markets, a wholly owned subsidiary of FMDQ Group, is strategically positioned to provide the much-needed information and transparency in the markets for private short, medium and long-term securities, by eliminating information asymmetry and ultimately improving credibility in the market for private issuances.

FMDQ Private Markets commenced its business activities in 2020, operating as a platform that facilitates financial transactions between private Nigerian companies desirous of raising capital from the debt and equity markets, and Qualified Institutional Investors (QIIs) interested in diversifying their portfolios with assets unidentified in sectors often neglected. The FMDQ Private Markets architecture is designed as an ecosystem for members via a restricted Private Companies' Securities (PCS) Information and Distribution Portal (PCS Portal) that serves as an information repository while providing flexible and adaptable guidelines, simplified processes and market-based requirements for the admission of private companies' securities issued via private placement to QIIs under improved governance regime. The robust ecosystem aggregates stakeholders in the private capital markets, such as Transaction Sponsors, Associate Sponsors (Trustees) and Associate Sponsors (Solicitors), QIIs, amongst others, to support private companies seeking to raise capital.

2020 in Focus – Private Markets Business

A. Product/Market Development

Following the operationalisation of the Private Markets franchise in February 2020, FMDQ Private Markets, with the vision to become the largest, most diverse organiser of markets for private capital in Nigeria by 2025, charged itself with the creation of an information repository, engagement and onboarding of several private capital stakeholders to enable it operate in markets that were once stunted by fragmentation, company size, lack of visibility, limited credit information, and poor regulatory infrastructure, which hindered private companies from efficiently accessing capital

Now supported by passionate stakeholders, technology, and effective risk identification and management, FMDQ Private Markets is positioned to promote the use of private markets as the driver of prosperity to corporates and SMEs by providing capital for accelerated economic activity, through the following product and market development initiatives:

- **Corporate Bonds, Promissory Notes and Equities**

  FMDQ Private Markets, in its desire to support private companies and ensure their participation in the Nigerian financial markets, established a new category of securities for private companies called Private Companies' Bonds, Promissory Notes and Equities. These securities were created for issuance by private companies to qualified institutional investors (QIIs), and only via private placements, as part of its market assurance approach. The issuance of these securities is done through eligible Transaction Sponsors of FMDQ Private Markets and are guided by the FMDQ Private Markets Noting Guidelines

- **Private Companies' Securities (PCS) Information and Distribution Portal (Restricted)**

  In the effort to curb the information asymmetry that has crippled the private markets sector for so long, FMDQ Private Markets launched a Restricted PCS Portal to serve as the information repository for private company securities disclosures and trade data noted by the Private Markets platform. This platform is only accessible to Transaction Sponsors and QIIs recognised in the Nigerian capital markets and profiled by FMDQ Private Markets

Membership and Onboarding of Transaction Sponsors

FMDQ Private Markets "Transaction Sponsor" Membership category is largely made up of bank and non-bank financial institutions who have met the eligibility criteria of and have been recognised by FMDQ Private Markets to act as Sponsors to Issuers who desire to note their securities on the Restricted PCS Portal. The Transaction Sponsor membership category is further classified into Transaction Sponsor (Bonds), Transaction Sponsor (Notes) and Transaction Sponsor (Equities) Membership sub-categories. A total of ten (10) Transaction Sponsors were onboarded during the year

B. Services

FMDQ Private Markets focuses on delivering a range of services to small, medium and large-scale private companies, thereby allowing such companies to benefit from access to pools of debt and equity private capital, improved corporate governance, and enhanced visibility within an organised environment designed with the intention of meeting their needs. These services include:

- **Private Companies' Securities (PCS) Noting**

  FMDQ Private Markets offers the PCS Noting Service (the "Service") which is aimed at enabling private companies and their debt/equity issuances (strictly via private placement) to gain access to a large pool of eligible Institutional Investors, through eligible Transaction Sponsors, upon the satisfaction of key criteria contained in the Noting Guidelines. The service also provides institutional investors with additional portfolio diversification opportunities as well as higher-than market return potential, whilst also providing liquidity for shareholders. It also creates an opportunity for companies to remain private, enjoy greater flexibility, enhance corporate visibility and operate with improved corporate governance ahead of a public listing.

- **Information and Data Services**

  FMDQ Private Markets provides a medium for the disclosure of activities of private companies in the Nigerian debt and equity capital markets, serving as an information repository for the recording of these activities via a restricted PCB portal

2021 Outlook/Focus

The year has started off on a very good note for the Private Markets franchise, with the CBN's recognition of FMDQ Private Markets Capital Platform for Private Companies' Securities. This will further increase the credibility of FMDQ Private markets business, expand participation of institutional investors in private companies' securities, and deepen the investor universe and the private markets at large. In this vein, FMDQ Privates Markets will continue to focus on growing the private capital enterprise in the view of making itself indispensable in the Nigerian capital market over the coming years. In 2021, the Company will focus on expanding its private capital products, as well as its range of service offerings within the Nigerian financial markets, some of which include:

- **Integrated Noting Service**

  The FMDQ Private Markets Noting Service will be complemented with depository services through FMDQ Depository. This will create an avenue for the simultaneous noting of securities in the FMDQ Private Markets and the onboarding and safeguarding of same securities in FMDQ Depository. This would enable Private Markets, through the outsourced depository services, carry out the admission of all types of private companies' securities and execute corporate actions, such as share transfer, coupon payments, dividend payments, buy-backs, bonus issues, amongst others

- **Expansion of Membership Categories**

  FMDQ Private Markets will expand the Transaction Sponsor membership category to cater for other participants in the private capital markets ecosystem including Solicitors and Trustees. The institutions in these categories will be duly registered by their relevant regulators/professional bodies and authorised by FMDQ Private Markets to act as Associate Sponsors - Trustees or Solicitors (as applicable) to issuers of private companies' securities for noting on the Private Markets

- **Addition of New Private Companies' Securities**

  In addition to the corporate bonds, promissory notes, and equities securities noted in the Private Markets, there will be the addition of sukuk and green debt securities along with the development of relevant product guidelines and infraction guidelines to guide the noting of such securities

- **Product Launch for SMEs & Early-Stage Ventures**

  FMDQ Private Markets will oversee the development of products, services, and platforms to serve the SME market's working capital needs, as well as the early-stage capital requirements of start-up ventures. To drive this initiative will be the introduction of FMDQ Private Markets' supply chain matching platform, as well as its Startup Accelerator and Liquidity Ecosystem (SCALE) product. These will all be in line with its mandate to extend opportunities to market segments that are currently poorly served by capital providers. The SCALE product will be seeking strategic partners in 2021 to develop a world class accelerator program for high-impact Nigerian ventures and budding entrepreneurs, all of which are critical for the accelerated private company growth, the development of Nigeria's economy and the creation of shared prosperity, and has already received the support of the Oxford Foundry, the entrepreneurial centre of University of Oxford, UK, via a global partnership activated in July 2021.

EXTERNAL GOVERNANCE

At FMDQ, we engage with government and regulators on public policy, regulation and official guidance that may affect the Group's businesses, the capital markets, and economic activities of our stakeholders to provide long-term value, create an enabling environment for its market participants and promote the growth of the Nigerian economy. During the year, FMDQ provided feedback and made recommendations to proposed guidelines, rules, bills, and policies issued by legislative and regulatory bodies to ensure adequate coverage of the markets, the business and promote innovation.

As a result of the COVID-19 pandemic and in accordance with the restrictions imposed by the FGN, during the year physical government engagements and meetings were halted. However, virtual meetings with key government and regulatory officials, were held to promote market education, contribute to policy advocacy efforts, and broker collaborative engagements to foster capital market innovation.

The table below sets out how FMDQ engaged its government and regulatory stakeholders.

Highlight of Government/Regulatory Stakeholder Engagements

Government/Regulatory Stakeholder	Engagement Focus
Presidency/Office of the Vice President	As a sought-after adviser to Government, FMDQ sustained its mutually beneficial relationship with top cadre officials in the Presidency and the Office of the Vice President, bringing to fore innovative initiatives and opportunities to promote economic prosperity for Nigeria. FMDQ also provided insight on pertinent legislations that affect the capital market, such as the Finance Act 2020; Banks and Other Financial Institutions Act, 2020; Companies and Allied Matters Act, 2020; in line with its advocacy objectives.
Presidential Enabling Business Executive Council (PEBEC)	At the 3rd Annual PEBEC Awards ceremony, FMDQ was awarded the Special Recognition Award (Private Sector) for Strategic Communication Support in appreciation of its contributions to the ease of doing business intervention of the Federal Government.
National Assembly	FMDQ maintained good relations with the leadership of the National Assembly and key Committees at both the Senate and House of Assembly. Following an introductory meeting with the Senate Committee on Capital Market and Finance at the National Assembly complex, FMDQ hosted Executive Members of the Senate Committee on Capital Market to an Oversight Visit to FMDQ's Business Complex, Exchange Place, in March 2020. This Oversight Visit provided an avenue to showcase FMDQ as a strategically important FMI and obtain the commitment of the Committee to collaborate and ensure the speedy passage of relevant legislations that support the delivery of FMDQ's innovative solutions and spur capital market growth. FMDQ also participated in the interactive session of the Senate Committee on Capital Market.

Government/Regulatory Stakeholder	Engagement Focus
Ministry of Finance	FMDQ virtually engaged the Office of the Minister of Finance which chairs the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme (RITCS or the "Scheme") Management Committee (RMC) in a bid to demonstrate support for the Ministry in the execution of its mandate as Chair of the RMC and offer further insights on the viability of the Scheme. FMDQ also led various discussions with the Office of the Minister of Finance and Director, Capital Markets on several initiatives including the extension of Value Added Tax (VAT) Exemption Order for capital market transactions.
Ministry of Works and Housing	FMDQ led various collaborative engagements with the Ministry of Works and Housing on the development of a National Housing Strategy Blueprint. The year saw the successful appointment of representatives of the Ministry on the Working Group to work with the appointed consultants on the delivery of the Project.
Ministry of Environment	FMDQ spearheaded engagements with the Honourable Minister of Environment and senior cadre officers of the Ministry of Environment on proposed collaborative areas with the Nigerian Green Bond Market Development Programme, including the Policy Reviews and Formulation, Advocacy, Capacity Building, Engagements, and Technical Assistance Agenda, post-issuance report for the Series I Sovereign Green Bond, assessment for the Series II Sovereign Green Bond, etc.
Ministry of Agriculture and Rural Development (FMARD)	The Office of the Minister of Agriculture was engaged on a proposal to support the FMARD's green projects via green finance and other opportunities for green financing for agribusiness.
Lagos State Government	In furtherance of the collaborative initiatives between FMDQ, partners of the Nigerian Green Bond Market Development Programme and the Lagos State Government, FMDQ executed a Lagos State Executive Council Roundtable, themed, "The Role of Sustainable Finance Instruments in Driving Economic Development".
Akwa Ibom State Government	FMDQ facilitated engagements with senior representatives of the Akwa Ibom Smart City Project on the need to build the capacity of members of the technical committee on green financing, to ascertain areas for support via the Nigerian Green Bond Market Development Programme.
Nigerian National Petroleum Corporation (NNPC)	To drive debt capital markets (DCM) issuance by government agencies, FMDQ held an introductory meeting between Management of FMDQ Group and the NNPC to proffer capital raising alternatives via the Nigerian capital market, in support of the NNPC's capital raising efforts.

S/N	Government/Regulatory Stakeholder	Engagement Focus
	Kaduna Electricity Distribution PLC (Kaduna Disco)	FMDQ executed a series of bilateral meetings with top officers of Kaduna Disco, geared towards financing its transition aspirations via green bonds.
	Central Bank of Nigeria	As the apex Bank of the country sought to address domestic and external challenges impeding the growth of the Nigerian economy, FMDQ supported the CBN's advocacy initiatives and contributed to the ongoing conversation aimed at addressing measures needed to drive double digit growth in Nigeria and developing funding models that support improvements of vital sectors of the economy.
	Securities and Exchange Commission	During the year, a new Director General (DG) of the SEC was appointed. FMDQ established a firm relationship with the newly appointed DG and Commissioners, and reaffirmed the joint resolve to build a market that is dynamic, transparent, and innovative. Key engagements with the SEC within the year included the review of capital market rules and legislations, including the Investment and Securities Bill, participation on technical committees, approval of FMDQ's market rules and support for the SEC's market education efforts.
	National Pension Commission	As a key stakeholder in FMDQ's markets, FMDQ engaged the pension industry regulator on relevant proposals ranging from the utilisation of Retirement Savings Account balances towards the payment of equity contribution for residential mortgages; inclusion of Repos as investible instruments by Pension Fund Administrators, etc.
	Debt Management Office (DMO)	FMDQ liaised with the DMO on various initiatives including FMDQ's proposal for the equalisation of tax treatment for all asset classes in the Nigerian debt capital markets, and FMDQ's initiative aimed at achieving equalisation of tax treatment for all debt securities.
	National Insurance Commission (NAICOM)	Owing to the potential of the insurance sector in the financial markets, FMDQ liaised with NAICOM on the need to remove restrictions in the Insurance Prudential Guidelines.
	RITCS Management Committee (RMC)	In a bid to support the Federal Government's initiative aimed at leveraging private sector capital and efficiency for the construction, refurbishment, and maintenance of critical road infrastructure in key economic areas in Nigeria, FMDQ made submissions to the RMC Sub-Committee on the tradability of the tax credits on the potential of the RITCS and proffered innovative solutions for adoption.
	Financial System Strategy 2020 (FSS2020)	FMDQ, in line with its financial advocacy agenda, provided relevant support to the FSS2020 initiatives during the year and contributed to the ongoing conversation aimed at solving the housing dearth in Nigeria. FMDQ also actively participated at the FSS2020 Housing Finance Retreat and various virtual forums for the Nigerian mortgage and financial markets sectors.

Highlight of Government/Regulatory Stakeholder Engagements

The Debt Capital Markets Development Project (DCMD Project), a market-driven initiative, spearheaded by FMDQ Group in collaboration with the International Finance Corporation and supported by the SEC amongst other key financial markets stakeholders, was set up to implement the resolutions from the Nigerian Debt Capital Markets Workshop in 2015 and to proffer recommendations and articulate solutions to issues in the Nigerian DCM, thereby positioning the Nigerian DCM to support the exponential and sustainable development of the economy. The DCMD Project aims to address the challenges limiting the growth in the debt markets and promote the achievement of the overarching desire of fostering highly liquid, deep, efficient, and well- developed debt markets to support the developmental aspirations of the Nigerian economy.

The DCMD Project is structured around a Steering Committee with an oversight function, a Transformation Committee and six (6) Sub-Committees formed in line with the key transformation levers viz: Regulation Consolidation; Investors, Issuers and Intermediaries Engagement/Education; Market Liquidity and Enhancement; Housing Finance; Infrastructure Finance; and Sustainable Finance, with its membership structure cutting across various stakeholders in the Nigerian DCM ecosystem.

Sub-Committee	Activity
Regulation Consolidation ("RC")	In line with the mandate to liaise with regulatory and market stakeholders to harmonise the regulatory framework, amend restrictive and conflicting policies, whilst also advocating for new policies and guidelines to stimulate the growth and development of the debt markets, the RC Sub-Committee focused its advocacy efforts on the following initiatives during the year: a. **Equalisation of Tax Treatment for all Categories of Debt Securities –** Following the Companies Income Tax (Exemption on Bonds and Short-Term Government Securities) Order, 2011 which exempted (i) "Short-Term Federal Government of Nigeria securities, such as Treasury Bills and Promissory Notes", (ii) "Bonds issued by Federal, State and Local Governments and their Agencies", (iii) "Bonds issued by corporate bodies including supra-nationals" and (iv) "interest earned by holders of the [aforementioned securities in (i) – (iii)]" from the tax imposed under the Companies Income Tax Act for a period of ten (10) years (i.e. up to January 2, 2022), the Sub-Committee, in collaboration with FMDQ Exchange, engaged in advocacy with government and regulatory agencies for the extension of the tax exemption order for all categories of debt securities to support the continued and sustainable development of the Nigerian debt markets b. **Removal of Restrictive Regulations in the Nigerian Insurance Commission Prudential Guidelines** - To encourage insurance/reinsurance companies' participation in the non-sovereign debt capital markets, the Regulation Consolidation Sub-Committee presented for the consideration of the NAICOM, the removal of restrictive regulations in the NAICOM Prudential Guidelines and its effect on the development of the Nigerian debt capital markets. This was also presented to the House of Representatives Committee on Insurance and Actuarial Matters through the Nigerian Insurers' Association for consideration of the Consolidated Insurance Bill 2020. The Sub-Committee will continue its advocacy drive in 2021 for these crucial market development agendas.

Sub-Committee	Activity
Investors, Issuers & Intermediaries Engagement/Education (IIIEE)	In a bid to facilitate investors' readiness and literacy by empowering market participants, the IIIEE Sub-Committee continued to execute engagement and sensitisations sessions with relevant market stakeholders to drive awareness and participation in the Fixed Income, Currency and Derivatives markets by giving insight into the various capital raising and investment options, market cycles, market fundamentals, benefits, and accessibility to the FMDQ Exchange markets, amongst others. Notably in 2020, the IIIEE Sub-Committee facilitated a webinar titled "Short-term Financing Options in the Nigerian Debt Markets: Commercial Papers" as part of its education and sensitisation mandate. Given the potential impact of retail investors on markets, the Sub-Committee shall seek to expand its capacity building efforts to this category of investors in 2021 towards developing a more diversified investor base in the Nigerian Fixed Income market, as a start.
Market Liquidity & Enhancement (MLE)	The MLE Sub-Committee acts as the think-tank, driving an all-inclusive approach to the proposed reforms on the market development initiatives of FMDQ Exchange whilst serving as an advocacy partner in sensitising market stakeholders and pushing forward key market development initiatives for implementation. The MLE Sub-committee also conceptualises and articulates ideas through rigorous research on modalities in highly liquid model markets that can be adaptable in the Nigerian DCM; monitors and analyses developments in the Nigerian financial markets and makes recommendations to improve market liquidity and global competitiveness of the markets. In 2021, the MLE Sub-Committee will continue to ensure product diversity and development in the secondary markets, to foster the creation of market liquidity.
Housing Finance	The Housing Finance transformation lever, through its Sub-Committee, seeks to develop methodologies for effective housing delivery in Nigeria, in collaboration with key stakeholders in the Nigerian housing sector, develop strategies to promote the delivery of affordable housing through the Nigerian DCM, as well as conceptualise ideas through rigorous research of modalities adopted in developed countries/ model markets that can be adaptable to the Nigerian DCM. The Sub-Committee has executed housing roundtables to create a platform for expert discussions towards reforms in the Nigerian housing sector, as well as supported various advocacy efforts of key housing sector stakeholders.

Sub-Committee	Activity
Infrastructure Finance	To drive infrastructure development through the Nigerian DCM, this transformation lever, through its Sub-Committee, seeks to develop strategies that will promote the development of critical infrastructure, facilitate the creation and update of DCM products as a means of financing infrastructure and support the legislature to develop laws and an enabling environment to encourage private sector participation in Infrastructure. In 2020, the Sub-Committee executed a webinar session themed, "Leveraging the Debt Capital Markets for Infrastructure Development". The session was geared towards critically discussing how domestic and foreign debt securities and innovative financing can be employed to encourage private investments in infrastructure in Nigeria.
Sustainable Finance	The global challenge of climate change has no borders and requires coordinated efforts towards combating and adapting to its adverse impacts. It is, therefore, imperative to canvass to investors towards financing projects that are sustainable. The transformation lever, through its Sub-Committee, advocates for the development of regulatory frameworks to support various sustainability-linked capital markets products, facilitate capacity building sessions for key market stakeholders and collaborate with local and international partners to develop modalities for identification of eligible projects and offering debt capital markets securities in line with global best practices. Key achievements of the Sub-Committee consist of the development of a Nigerian Sustainable Finance Roadmap in collaboration with the United Nations Environment Programme, which was launched in 2018, and the execution of the Nigerian Green Bond Market Development Programme, a partnership between FMDQ, CBI, UK and FSD Africa, Kenya.

Highlight of the Nigerian Green Bonds Market Development Programme

Following the official launch of the Nigerian Green Bond Market Development Programme (NGBMDP or the "Programme") in June 2018, the implementing partners – FMDQ Group, CBI and FSD Africa – have successfully executed various capacity building sessions, as well as stakeholder engagements for key stakeholders in the Nigerian debt capital market towards stimulating awareness and the knowledge of green bonds.

In light of the COVID-19 pandemic, the NGBMDP leveraged virtual tools and continues its efforts in building the capacity of relevant stakeholders and engaging key market players raising awareness of green bonds and its eligible project pipelines.

Key highlights of 2020 activities by the NGBMDP are as follows:

- Supported the launch of the Green Tagging Project by FC4S, Lagos
- Engaged with selected State Governments on the potential of leveraging green financing for infrastructural development
- Executed the maiden capacity building webinar on green bonds targeted at the Agribusiness Sector
- Engaged with relevant Ministries, Departments and Agencies in the Sovereign Green Bond Issuance Process on collaborative areas as part of the implementation efforts of the Programme
- Executed a Lagos State Executive Council Roundtable Session in collaboration with the FC4S, Lagos as part of the advocacy efforts in driving the entrenchment of Sustainable Development Goals (SDGs) in institutions at the subnational and sovereign level in Nigeria

- Participated at the 2020 Climate Bonds Initiative Conference which held in September 2020. The NGBMDP facilitated the participation of the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu, at a panel session at the conference themed, "Government Leadership for the Transition", to highlight the infrastructural development efforts of Lagos State Government

- CBI announced the approval of two (2) African-based verifiers with one (1) from Nigeria. This sets a good precedence for the onboarding of more local verifiers in the Nigerian markets

The Programme also executed various bilateral engagements with existent and potential green bond issuers, investors, regulators, and intermediaries and continuously worked in line with its Cooperation Agreement to ensure that the agreed implementation workstreams are executed.

Highlight of FMDQ Market Development Workgroup

In 2020, Nigeria recorded its second recession as Gross Domestic Product (GDP) contracted in two (2) consecutive quarters – Q2 2020 and Q3 2020 - by 6.10% (the worst GDP contraction recorded since Q1 2004 (7.59%)) and 3.62% respectively. As at Q4 2020, Nigeria exited economic recession as it grew by 0.11% whilst full year GDP for 2020 contracted by 1.92%, relative to a real GDP growth rate of 2.27% recorded in 2019. The financial sector contributed 3.00% to the real GDP growth, recording a growth rate of 13.34% in 2020. To support economic recovery and drive sustainable economic growth in Nigeria via the Nigerian financial markets, FMDQ Exchange, as a market organiser and financial markets adviser, continues to leverage on the expertise of the FMDQ Market Development Workgroup (FMDW).

The FMDW was established in 2015 with the objective of identifying and deliberating on issues facing the Nigerian financial markets, whilst driving an all-inclusive approach to the proposed reforms in the markets and articulating the role to be played by various stakeholders. Consequently, the Workgroup is tasked with brainstorming and articulating how the Nigerian financial markets can achieve the GOLD standard, whilst fostering sustainable economic development. The Workgroup consists of key institutions in the Nigerian financial markets with the necessary expertise and resources to advise, implement and advocate best practice initiatives across the various financial markets' products.

In a bid to achieve the objectives of the FMDW and promote inclusiveness, the membership structure covers representatives of key stakeholders across the value-chain of the financial markets' ecosystem, including regulators, buy-side, sell-side, trade associations and infrastructures.

FMDW Membership Structure

Sustainability Agenda

- FMDQ Sustainability Policy
- 2020 Sustainability Report
- Special Report: FMDQ Green Exchange
- Corporate Responsibility Report
- Update Report on FMDQ's Response to the COVID-19 Pandemic
- Special Report: Financial Centre for Sustainability, Lagos

SUSTAINABILITY AGENDA

Sustainability Policy

Introduction

FMDQ recognises the imperative role it plays in the Nigerian financial market and the opportunities its business presents in its ability to promote sustainable economic growth and development in the wider economy; and as such understands that the delivery of long term business success and value creation is not only hinged on financial, but also environmental and social performance. The Policy, developed in line with the SEC's Code of Corporate Governance for Public Companies, 2014, requirements for sustainability reporting and the ten (10) Principles of the United Nations ("UN") Global Compact, which prioritises four (4) key areas - Human Rights, Labour, Environment and Anti-Corruption - aims to guide the Company in:

- providing a frame of reference for integrating sustainability in our business activities
- developing a sustainable value system and a principled approach to doing business
- being intentional about making a positive impact on our relationships with all our stakeholders
- dealing with business opportunities and risks in terms of direct and indirect sustainability impacts

Strategic Approach

FMDQ, through its activities, aims to achieve sustainability in the areas it actively operates and impacts, as such, its Sustainability Strategy is guided by five (5) main Sustainability Pillars:

- **Our Business** - To ensure that sustainability practices are a core part of the Company's business strategy, where sustainability is embedded across FMDQ's business operations and activities

- **Our Markets** - To promote responsible business practices and sustainable development in our markets & wider economy

- **Our People** - To create a work environment that attracts, fosters engagement, and retains talented employees of diverse backgrounds to fulfil their potential

- **Our Community** - To champion capital market education for the next generation and empower the communities in which we operate, to advance socio-economic development in our nation

- **Our Environment** - To actively manage our environmental impacts derived from the activities of running the Company's operations

Our Sustainability Commitment

Environment

FMDQ recognises that the economic activities of running the business activities may have impacts that could threaten the environment, and therefore is committed to a responsible approach to the environment, taking into consideration the impact of our activities. Our major environmental impacts include energy usage, emissions from generator use and transport, materials usage such as paper, and waste management. These areas have informed the scope of our sustainability and corporate responsibility environmental focus, also in compliance with all environmental and regulatory requirements applicable to our business.

Anti-Corruption

FMDQ is committed to applying high standards of honesty and integrity consistently across its operations and in all its business dealings.

We are guided and operate in accordance with our core values and are committed to applying the principles of integrity, transparency, accountability and ethics to prevent corruption and bribery in all its forms, which include, facilitation payments, fraud, extortion, collusion, money laundering, an offer or receipt of any in-kind benefits such as, free goods, gifts, loans, fees, rewards, holidays, or special personal services or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust, for the purpose of an inappropriate advantage, or that can result in moral pressure to receive such an advantage in the conduct of the enterprise's business. FMDQ does not tolerate any of these forms of corruption and bribery in the running of its business or in those with whom it does business.

Human Rights and Labour Standards

At FMDQ, respect for human rights is of paramount value to us. We strive to respect and promote human rights in all our business activities in adherence with the UN Guiding Principles on Business and Human Rights, alongside Labour Standards as described in the International Labour Organisation (ILO)'s Declaration on Fundamental Principles and Rights at Work, in our relationships with our employees, suppliers and vendors. This is in line with our commitment to reduce as much as possible any potential negative impacts on society. FMDQ therefore commits to, amongst others, prohibiting the use of all forms of forced labour, child labour, modern forms of slavery and human trafficking in any business activity engagement.

Diversity & Inclusion

At FMDQ, we are committed to creating an inclusive workplace culture and environment that fully embraces and promotes diversity and equal opportunity, where each employee is treated with respect and can fulfil potential. We do not discriminate on the grounds of gender, age, colour, physical appearance or disability, marital status, national origin, citizenship status, race, religion, political affiliation (or the lack of one), sexual orientation, thinking styles, personality traits (e.g. introverts or extroverts), family status, veteran status or other legally protected category. We value, respect and leverage on the idiosyncratic creative potential and unique contributions that individuals of different backgrounds, exposure, experience and perspectives bring to help in proffering innovative solutions; to enhance the understanding of the needs of our diverse stakeholders, tailor our products and services accordingly and to build a high performing, creative and more innovative organisation that delivers positive business results. Our commitment to diversity & inclusion extends to all areas of business, including but not limited to recruitment and selection, Board & Management appointments, attraction & retention of employees, promotion & career progression, performance management, remuneration, training & development, talent management, succession planning, redeployment and redundancy.

Workplace Health & Safety

At FMDQ, we consider our employees to be one of our most valuable assets and thus are committed to achieving the highest standards of health and safety, by providing and maintaining a work environment that minimises any risks that might jeopardise the health and safety of our employees, visitors and people our operations impact, as we believe that a safe and healthy workplace is a fundamental right of every person and precursor to business success.

Communicable and Serious Diseases

FMDQ is committed to ensuring a consistent and equitable approach regarding the prevention of communicable and serious diseases, such as HIV/AIDS, malaria, among employees and their families, and the management of the consequences of same, including the care and support of employees living with the diseases. This Policy ensures that:

- Employees or potential employees with Communicable and Serious Diseases ("CSD") will be protected against discrimination, victimisation, or harassment
- Regulatory requirements, about CSD, is complied with
- The privacy of person(s) with a communicable or serious disease is protected
- Accidental infection of others within the workplace is avoided
- Appropriate awareness and education programmes are provided

Corporate Social Investment

As a responsible organisation that understands the significant role it can play in helping solve some of our societal problems, FMDQ has identified the ways in which it can support its host communities by championing financial market education for the next generation and through the empowerment of the communities in which it operates, to advance socio-economic development in our nation, by engaging in the following key initiatives:

- **FMDQ Next Generation Financial Markets Empowerment Programme** – a learning and development initiative aimed at promoting financial market awareness, development, and literacy among students across all levels (primary, secondary and tertiary), as well as fresh graduates, within the country. FMDQ aims to make financial market education accessible to both disadvantaged and privileged students

- **FMDQ Staff Corporate Social Responsibility (CSR) Initiative** - an initiative championed by FMDQ Staff, from honorariums, funds raised through auctions carried out on gifts received, and contributions from staff, which are donated to select charity organisations. The Initiative focuses on four (4) main categories, namely, Orphanages, Centres for Youth Rehabilitation, Homes for the Elderly and Special Needs Centres

Other Reference Policies

The table below provides a summary of other reference FMDQ Policies and Guidelines that support the Company's sustainability commitments and approach to its business activities and operation.

Policy	Policy Summary
Code of Conduct (Corporate Governance Manual)	This Policy outlines the principles governing FMDQ's business activities and operations, ensuring that it conducts its business in accordance with the highest standards of business ethics and compliance. The Policy covers Corporate Governance Principles and Structure, Compliance with Laws, Rules & Regulations, Code of Conduct for Directors & Management, Corporate Opportunities, Confidentiality, Protection and Proper use of Company Assets, Fair Dealing, Record Keeping, etc.
Risk Management	This Policy defines the approach adopted by FMDQ in identifying and assessing the risks associated with its business, ensuring that they are adequately managed.
Compliance	This Policy sets out to promote honesty, ethical conduct and ensure compliance with laws, regulations, rules and professional standards, as well as with the policies of FMDQ in order to protect its assets and integrity of the firm.
Anti-Money Laundering & Combating the Financing of Terrorism	The Anti-Money Laundering & Combating the Financing of Terrorism Policy (AML/CFT Policy) sets out the guidelines for FMDQ's compliance with AML/ CFT obligations under the law, as well as regulatory directives, and actively prevents any transaction that facilitates criminal activities.
Conflict of Interest (FMDQ Staff Handbook)	This Policy sets out FMDQ's approach to identifying potential conflicts of interest, ensuring they are effectively managed and prevented from materialising, to mitigate against reputational, regulatory or financial impact to FMDQ.

Whistle Blowing	This Policy outlines the whistleblowing provisions in place to report any concerns regarding malpractice or misconduct within FMDQ. Through this Policy, FMDQ aims to promote and encourage ethical behaviour and decision making that underpin and support FMDQ's values in an open, fair and transparent manner and at the same time avoiding the occurrence of unethical behaviour. It also provides an avenue for stakeholders to raise concerns and receive assurance that they will be protected from reprisals or victimisation for whistleblowing.
Corporate Communications	The Policy defines and provides guidelines on the extent, quality and output of communication with FMDQ external stakeholders and on the adherence to and quality of internal communications in line with FMDQ-approved standards.
Business Continuity Management	The Policy is designed to guide FMDQ Staff on how to minimise the impact to the market or stakeholders in the event of a disruption to normal business activity or operations.
Brand Management	This Policy sets out the guidelines for the management, enhancement and preservation of the corporate brand identity of FMDQ.
Remuneration Policy	This Policy describes the basic principles of FMDQ's Remuneration Policy for Directors (Executive and Non-Executive), Management and staff. It provides an objective, adaptable and competitive remuneration structure that is tailored to specific circumstances of the organisation, in order to attract, motivate and retain highly skilled and performing staff and Management, as well as Executive Directors; has regard for job content and the performance of teams and individual employees; reflects market best practices and incentivises and motivates Non-Executive Directors and employees.
Promotion Policy	This Policy provides an overview of the promotion guidelines for FMDQ and is aimed at enabling Executive Management determine and award promotions within the organisation.
Gifts & Honorariums (Corporate Governance Manual and FMDQ Staff Handbook)	This provides guidance on how to account for any gifts or honorariums received. This Policy is used alongside the AML/CFT Policy

Enforcement

Disciplinary action will be taken against any employee who is found to be in breach of the Policy. Allegations of discrimination which are not made in good faith will also be treated as a disciplinary matter. Failure of relevant stakeholders e.g. consultants, vendors, and clients, to comply with this Policy may result in their contracts being terminated.

Sustainability Report

In recognition that financial market infrastructure businesses are uniquely positioned to address key global challenges, and must therefore produce economic, social and positive environmental impact, FMDQ Group continues to play a critical role in the Nigerian financial market ecosystem, by contributing to economic development and sustainable growth, as well as making strides in embedding sustainability as a fundamental part of organisational culture and business strategy.

Our approach to Sustainability is guided by our business strategy, and what we consider relevant to delivering our strategy, in view of the role we are equipped to play in impacting the markets and society. We are also guided by various sustainability frameworks which shape our initiatives, they include the United Nations SDGs, the World Federation of Exchanges (WFE) principles, the United Nations Sustainable Stock Exchanges Initiative (SSEI) - gender equality, decent work and economic growth, responsible consumption and production, climate action and partnerships for the goals -, United Nations Global Compact and the national agenda. We assess these initiatives for their contribution towards fulfilling the principles as spelt out by the frameworks and report accordingly.

2020 Sustainability Highlights

₦225.00 Million
Total amount spent on COVID-19 donations

₦12.50 Million
donated to the community

50% Women | Executive Management
67% Women | Managing Director Grade
56% Women | Employees

Held the Annual "Ring the Bell for Gender Equality" Ceremony for Women Empowerment

Held the "Ring the Bell for Financial Literacy" to promote Financial Education

Launched FMDQ-Next Financial Literacy Virtual Series

221
Participants impacted by Financial Literacy Sessions

126
Volunteer Hours

Our Sustainability Report is structured within the context of our five (5) Sustainability Pillars – Business, Markets, People, Community and Environment - which are aligned to matters most material to the Group and integral to delivering our strategy. Throughout the report, we highlight the SDGs that are supported across our business activities, communities and our environmental sustainability practices.

Sustainability Pillars

BUSINESS

Strategic Agenda

To ensure sustainability practices are embedded and guide FMDQ's business operations and activities.

SDG Impact Area

8 DECENT WORK AND ECONOMIC GROWTH | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Corporate Governance

In recognition that good governance is essential to maintaining long term sustainable success, FMDQ Group, as a key financial market player in the Nigerian financial market ecosystem, and as an SRO that regulates the members in the markets within its purview, is committed to the corporate governance standards, as set out by the Securities and Exchange Code of Corporate Governance for Public Companies 2011, to ensure we continue to generate value for our stakeholders, contribute to the development of society and prioritise environmental stewardship.

We are also guided by our core values of Teamwork and Collaboration, Integrity, Innovation and Value-adding, in our approach to executing our business strategy, ensuring highest standards in corporate business conduct, to maintain the confidence of our stakeholders.

Our Sustainability Policy provides guidance on our responsibilities to our business, markets, people, community and the environment, ensuring that sustainability principles guide everything we do. The FMDQ Group Board Finance and Strategy Committee is responsible for providing direction on; ensuring the relevance and effectiveness of the FMDQ Sustainability Strategy and oversees the development and implementation of FMDQ's Sustainability Strategy, policies and initiatives. In addition, with guidance and support from FMDQ Management, there are dedicated Sustainability and Corporate Responsibility groups focused on the execution, communications and reporting of Group-wide sustainability and corporate responsibility initiatives.

Further information on our corporate governance framework can be found in the Corporate Governance Report section of the Annual Report. For policies covering Anti-Bribery and Corruption, Anti-Money Laundering, Conflict of Interests, Whistleblowing, amongst others, those can be found on the FMDQ website – www.fmdqgroup.com.

Stakeholder Engagement

As a financial market infrastructure group that plays a critical role in the Nigerian financial markets, we strive to remain a trusted FMI business that consistently brings about value creation for all our stakeholders. Stakeholder Engagement is a core part of our culture, as it enables us to understand the needs of our stakeholders and assess their expectations adequately, determine future trends and opportunities for strategic development and to provide innovative solutions that can benefit our stakeholders.

FMDQ actively engages with a varied stakeholder base, which include its shareholders, regulators, Members, employees, issuers, investors, government authorities, strategic and media partners, amongst others, through various channels, to develop mutually beneficial relationships, build resilient markets, and promote sustainable economic growth. We work towards building an active and constructive dialogue with our stakeholders to ensure that we continue to meet their expectations.

During the year FMDQ engaged its local and international stakeholders on a variety of initiatives, details of which can be found in the Strategic Report section of the Annual Report.

MARKETS

Strategic Agenda

To promote responsible business practices and sustainable development in our markets and wider economy

SDG Impact Area

As Africa's vertically integrated financial market infrastructure Group, FMDQ Group commits to playing a leading role in championing sustainable development in the Nigerian financial markets through the development of a sustainable finance ecosystem, the advancement of sustainable finance initiatives, the establishment of relevant Environmental, Social and Governance (ESG) partnerships and collaborations, and through education and capacity building in the financial markets, in order to support the transition towards a sustainable future.

Sustainable Finance Initiatives and Capacity Building

The Nigerian Green Bond Market Development Programme

The Nigerian Green Bond Market Development Programme, in partnership with CBI, UK and FSD Africa, launched in 2018 to promote the issuance of green debt securities; generate awareness and drive the required engagements to integrate the principles of green financing into the Nigerian debt capital market; develop Nigeria-based licensed verifiers and support the development of guidelines and listing requirements for green bonds in Nigeria.

The key developments in 2020 include:

- The announcement by CBI of the approval of two (2) African-based verifiers, one of them a Nigerian
- Engagement with relevant Ministries, Department and Agencies in the sovereign green bond issuance process on collaborative areas as part of implementation efforts of the Programme

More updates on the Nigerian Green Bond Market Development Programme can be found in the External Governance Section.

Following the Launch of the FC4S, Lagos, to create a platform for financial centres to exchange experiences and take common action on shared priorities, for the acceleration and expansion of green and sustainable finance, during the year, FC4S Lagos, in collaboration with FMDQ Group, was very active on the following initiatives:

- Signed an MOU with Casablanca Finance City Authority, Morocco, one of the founding members of the FC4S Global Network, to promote sustainable finance and the United Nation's sustainable development goals. The MOU was executed by both parties at a virtual Signing Ceremony which took place during the FC4S Global Network Annual General Meeting hosted by Finance for Tomorrow, the Paris FC4S chapter, with about thirty-two (32) member countries in attendance

Organised a Green Tagging Project Kick-Off Ceremony, in collaboration with FMDQ Group and other key stakeholders in the Nigerian financial market, to leverage on the effort put into the development of the Nigerian Sustainable Finance Roadmap, to design a reporting framework under which all financial institutions can standardize reporting of their financing of projects and to provide a monitoring/reporting mechanism, that can serve as a transparency tool for the benefit of regulators

Held a stakeholder sensitisation webinar session, in partnership PricewaterhouseCoopers (PwC) Nigeria, themed "Sustainable Finance in Emerging Markets: Portfolio Diversification", as part of the Market Education and Sensitisation campaigns efforts of the Research, Education and Engagements Thematic Area of FC4S Lagos, to further bridge the knowledge gap, as well as provide insights on how participants can leverage sustainable finance for the diversification of investment portfolios

Organised a Capacity Building Roundtable Webinar (Roundtable) for the Executive Council of Lagos State Government, in partnership with the implementing partners of the NGBMDP – FMDQ, CBI UK, and FSD Africa, themed, "The Role of Sustainable Finance Instruments in Driving Economic Development". The closed Roundtable, which brought together members of the Lagos State Executive Council, including Commissioners, Special Advisers and Permanent Secretaries of Lagos State Ministries, Departments and Agencies, was delivered as part of the advocacy efforts of FC4S Lagos in driving the entrenchment of SDGs in institutions at the subnational and sovereign level in Nigeria

See External Governance Section for more information on sessions that held in the year and for updates on the Debt Capital Market Development Project.

Partnerships

Towards the advancement of sustainable markets and performance in relation to environmental, social and governance, FMDQ Group has partnered and actively participates with various local and international organisations and initiatives:

- UN Global Compact – supporting principles
- World Federation of Exchanges - Affiliates
- UN Sustainable Stock Exchange Initiative (SSEI) – Observer status
- African Securities Exchange Association (ASEA) – Full Member
- International Organisation of Securities Commissions (IOSCO) – World Investor Week
- Ring the Bell for Gender Equality
- Ring the Bell for Financial Literacy

FMDQ actively participates in the Working Groups, where discussions on sustainable finance, ESG practices, focus areas, trends, etc. are analysed and assessed, for adoption by financial market infrastructures, in order to integrate sustainability across business operations and markets.

PEOPLE

Strategic Agenda

FMDQ is committed to creating a work environment that attracts, fosters, engagement and retains talented employees of diverse backgrounds to fulfil their potential

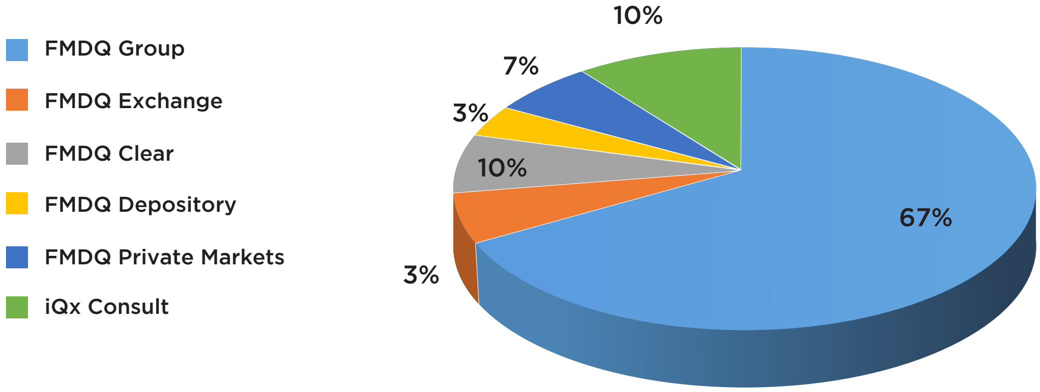
SDG Impact Area

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

At FMDQ, we recognise and appreciate the fact that our people are our greatest assets. Our ability to recruit and retain best talent is essential to our continuous success as a business. Our recruitment strategy continues to evolve based on current environmental and economic realities, as well as our drive to maintain a high-performance culture.

Our rigorous recruitment and selection process ensures that only the best talent in terms of technical capabilities, culture fit, and potential are selected to join the Group. Based on our manpower requirements in 2020, a total of thirty (30) new employees were hired across the Group, despite the impact of the COVID-19 pandemic in our operating environment.

Recruitment Across FMDQ Group



20 New Employees — FMDQ Group

1 New Employee — FMDQ Exchange

3 New Employees — FMDQ Clear

1 New Employee — FMDQ Depository

2 New Employees — FMDQ Private Markets

3 New Employees — iQx Consult

Learning and Development

Talent Development : This remains a paramount factor that drives success within FMDQ. Despite the challenges presented by the COVID-19 pandemic, we strategically deployed learning and development programmes that provided our employees with a range of trainings, webinars/conferences and staff empowerment sessions. Our commitment to Staff training and development continued as 79% of the staff attended trainings during the year. They include:

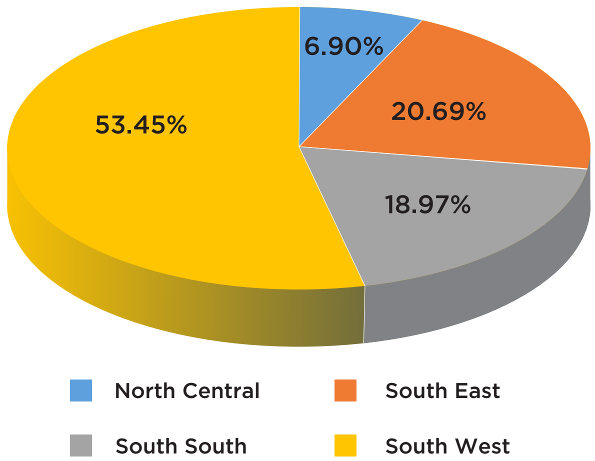
- Technical trainings focused on financial market development, understanding of the capital market, risk management, derivatives, information security awareness, audit, compliance, human resource, and information technology focused trainings
- Soft skills trainings focused on effective management, leadership, business writing, amongst others
- Webinars and conferences ranging from derivatives related matters to private capital and data protection; organised by local and global institutions

Knowledge Sharing/Empowerment Sessions: These held in the year, with a focus on Derivatives, CCPs, amongst others, as well as internal knowledge transfer on key learnings gained from webinars/conferences attended. Other learning and development initiatives deployed in 2020 included capacity building trainings by our technology subsidiary - iQx Consult, on key systems usage

Diversity and Inclusion

Grooming a diverse talent pool and promoting an inclusive culture are of upmost importance at FMDQ. This drive ensures that we continue to thrive and succeed as a business and remain a reflection of the society we serve. At FMDQ, imbibing a non-discriminatory culture that transcends gender, ethnicity, physical appearances or disability, age, sexual orientation, religion, and socio-economic background, among others, is key.

Ethnicity Distribution

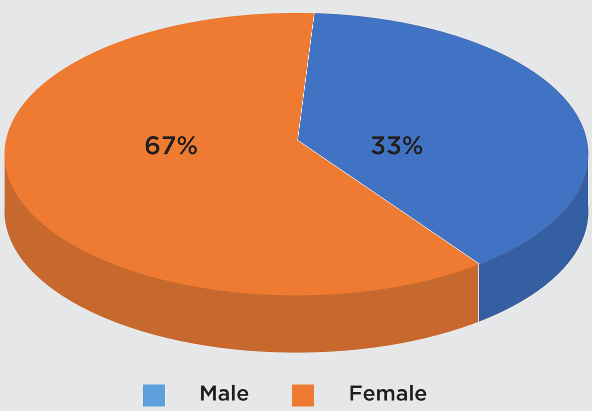


With a total staff strength of one hundred and sixteen (116) as of December 31, 2020, FMDQ's recognition and appreciation of the ethnic diversity in Nigeria shines through. As a Group, we continually take deliberate steps in ensuring that our recruitment and talent management practices are devoid of unethical practices, while constantly promoting a culture of inclusion.

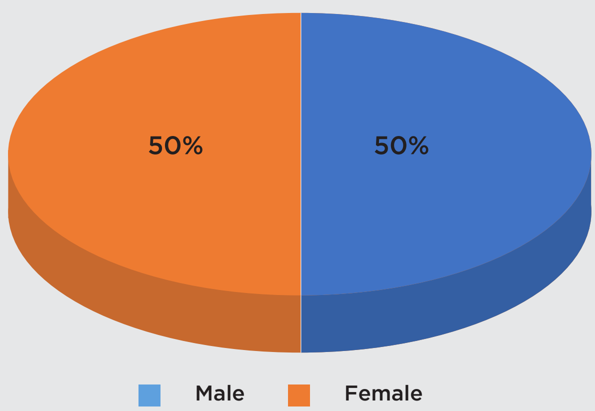
At FMDQ, opportunities are provided to all staff to thrive regardless of their gender. This is evident in the continuous increased representation of women across all levels.

Gender Representation as of December 31, 2020

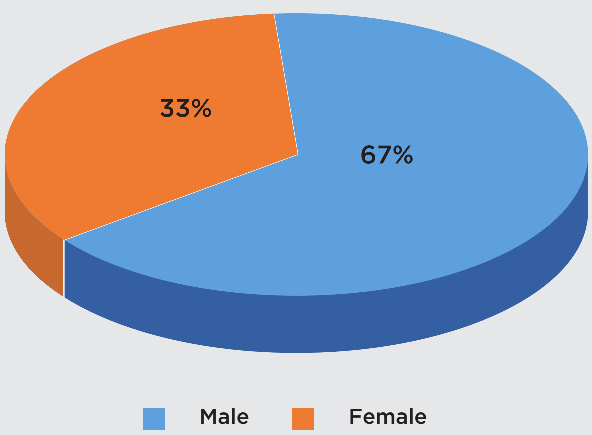
Managing Director Grade



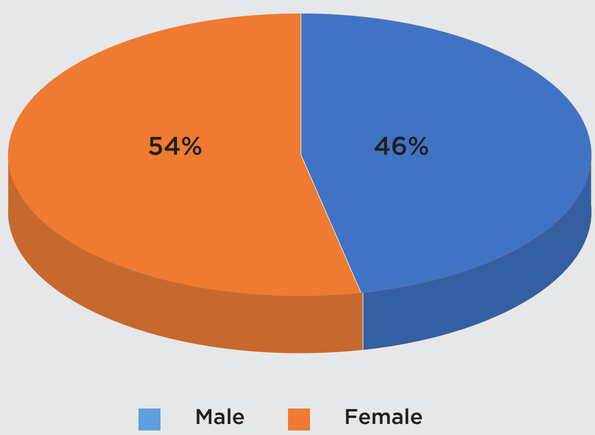
Executive Committee



Business Leadership Committee



All Staff



In support of the United Nation's Sustainable Development Goal 5 – Gender Equality, focused on the achievement of gender equality through the empowerment of women and girls, FMDQ commemorated International Women's Day, by paying a visit to one of its partner charities, Echoes of Mercy & Hope Foundation, focused on rehabilitation and empowerment of young girls. The visit was led by female staff of FMDQ, aimed at empowering the young girls towards striving to excel in their chosen career paths.

FMDQ also joined over seventy-five (75) exchanges around the world to host the "Ring the Bell for Gender Equality" ceremony, where male and female Business Executives gathered for the Ceremony to raise awareness for the pivotal role of the private sector in advancing gender equality. The Bell Ringing Ceremony was followed by a commemorative event which featured, amongst other activities, a documentary filmed by both male and female staff of FMDQ providing insights on their desired legacies and on becoming change agents in the world; a Career Talk, themed "Becoming a Change Agent in Your World"; and a Mental Health Talk on "Mitigating the Stress of Success".

Health and Wellbeing

As a people centric business, the health and wellbeing of every staff remained of the utmost importance to FMDQ. In compliance with the Governments directives imposing the lock down of public spaces and offices due to the global COVID-19 pandemic, a remote work policy was designed and implemented in 2020. However, after the lock down was lifted by the Government, FMDQ continued operating a remote working system while monitoring the spread and management of the COVID-19 pandemic, and only when necessary, key employees were permitted into the office premises.

Employee check-up calls were made to ascertain the wellbeing of staff, their challenges, and suggestions on how to promote wellbeing. Based on feedback received, the following initiatives were introduced:

- Health Talk: Health talks were delivered by medical professionals on the following topics:
  - The COVID-19 Virus
  - Essential Tools for Building Mental Resilience for Optimum Productivity
- Online Gym: Professional fitness coaches were engaged to drive the workout sessions on a weekly basis

See Update Report on FMDQ's Response to the COVID-19 pandemic, for more on initiatives impacting people.

COMMUNITY

Strategic Agenda

To champion financial markets education for the next generation & empower the communities in which we operate to advance socio-economic development in our nation.

SDG Impact Area

FMDQ Group, like many other organisations, faced a series of unprecedented challenges in 2020 presented by the COVID-19 pandemic. To navigate these challenges for ourselves as a key financial market player and find new opportunities to support not just our people who are of paramount importance to us, but also support the communities in which we operate, FMDQ Group carried out various support programmes to ease the burden on those who were significantly affected by the COVID-19 pandemic, in addition to the support it already provides to it host communities.

Corporate Philanthropy

In line with FMDQ Groups' commitment to advancing socio-economic development in its host communities, the Group has consistently supported and created shared value for its four (4) partner charities – namely, Echoes of Mercy and Hope Foundation, Holy Family Home for the Elderly, Living Fountain Orphanage and Modupe Cole Memorial Childcare and treatment Home/ School - through the FMDQ Staff CSR Initiative, where funds raised from auctions carried out on gifts and honorariums received by FMDQ employees are donated to these charity organisations.

In line with the Group's Corporate Matching gift policy, funds raised by FMDQ employees were matched by FMDQ Group, boosting the total amount raised to ₦2.50 million. The Group also provided food, household items, face masks, amongst other items tailored to the specific needs of our partner charities, in a bid to reduce the challenges exacerbated by the COVID-19 pandemic.

Towards supporting Ogun State in addressing the increasing security challenges faced by the State, FMDQ Group donated the sum of ₦10.00 million to the Ogun State Trust Fund (OGSTF), to support its mission of creating a safe, secure and developed State. Five thousand (5,000) face masks were also distributed to ensure the safety of OGSTF personnel and security agencies in the execution of their duties.

COVID-19 Support

In the wake of the COVID-19 pandemic, which caused disruptions in various sectors and brought about untold hardship on the global economy, governments, local communities, businesses, and families; more than ever, FMDQ Group's social obligation has been most paramount this year than most.

In addition to our typical corporate giving and corporate social investments, FMDQ Group continued to explore various opportunities, partnerships and collaborations, to cushion the effects of the COVID-19 pandemic on the most vulnerable in society.

See Update on FMDQ's Response to COVID-19 for more information on how we supported our communities.

Corporate Social investment

Towards bridging the financial literacy gap that exists in society and to build the financial resilience of the next generation of Nigerians, the FMDQ Next Generation Financial Markets Empowerment Programme (FMDQ-Next) which was launched in 2018, to promote financial market awareness and literacy among students across all levels, during the year continued to make significant strides in positively impacting its communities, amidst the pandemic.

See Update Report on FMDQ's Response to the COVID-19 pandemic, More information is captured in the Corporate Responsibility Report.

Employee Volunteering

Despite the COVID-19 pandemic, FMDQ employees remained committed to building and impacting the lives of people in its communities by giving back their time, knowledge and expertise, totaling one hundred and twenty-six (126) volunteer hours, through engagements online via the FMDQ-Next Initiative, where they teach and provide the students with practical knowledge on mechanisms of the financial market, how to create and manage wealth, career advice, amongst others. In 2021, there will be more opportunities to mobilise our employee volunteer potential.

Ring the Bell for Financial Literacy

In commemoration of the 2020 World Investor Week, initiated by the WFE and in partnership with IOSCO, FMDQ Group, showcased its contribution to investor education, investor protection and held a "Ring the Bell for Financial Literacy" ceremony.

The Ceremony, held in collaboration with the SEC, Nigeria, had the Chief Executive Officer, FMDQ Group, Mr. Bola Onadele. Koko, and other members of FMDQ's Executive Management in attendance, with the purpose of creating awareness of the importance of financial literacy for all stakeholders.

ENVIRONMENT

Strategic Agenda

FMDQ is committed to actively managing the environmental impacts derived from running the Company's operations.

SDG Impact Area

Climate change is increasingly becoming one of the biggest risks facing the world today. As a responsible financial market infrastructure group, FMDQ is committed to promoting and managing its environmental impacts in a responsible manner, as we recognise our duty to play a role to help protect the planet.

The COVID-19 pandemic caused global disruptions to economic and social activities, which brought about several effects on the environment and climate. As energy is critical to implementing all business, social and economic activities, we recognise that resources must be utilised in a fashion that delivers long term sustainability and profitability for the business, with reduced impact on the environment. In response to the COVID-19 pandemic, FMDQ Group immediately activated its work from home policy, to ensure the safety of all its employees. This had a positive impact on its energy use, as FMDQ's Business Complex was essentially closed to the majority of its Staff, thereby reducing electricity consumption. Our carbon emissions were also significantly reduced due to the limited use of generators, reduced commute time to work by employees, driven by the shift to remote working, as well as the close to zero business travel journeys. We also achieved significant reductions in our water use and waste production. However, energy utilisation is assumed to have increased per employee, as a result of working from home.

In addition to this, we introduced initiatives to streamline and digitise workflow by going paperless, as all documents that previously required physical print were now disseminated via digital channels, thereby promoting a greener environment.

The COVID-19 pandemic has enlightened us further on the importance of digitisation and its transformative impacts on costs savings, resource efficiency and the innovative possibilities that exist when travel and physical interactions are limited. We will continue to put in measures to further reduce our emissions, energy and water consumption, and accelerate plans to implement our Recycle Programme, in a bid to advance our environmentally sustainable business practices within FMDQ's business complex.

SPECIAL REPORT ON FMDQ GREEN EXCHANGE

Financial innovation in the sustainable economic development context has been accelerating in recent years, aimed at meeting the diverse needs of issuers, investors, projects, and a broad range of financial markets participants alike. This is in response to the sustainable investment opportunities presented particularly for countries like Nigeria, as the biggest economy in Africa, which continues to grapple with a myriad of economic, social and infrastructure challenges. Thus, emphasising FMDQ Groups' strong commitment to sustainability across its business, markets and society at large, is its recognition of the necessary fusion between sustainable development and economic development, through sustainable finance, towards integrating the ESG principles into financial products, investment decisions and corporate practices; in cognisance that the sustainable investment opportunities could contribute to the continued transformation and development of Nigeria into a global powerhouse, and in parallel provide good returns for investors.

It is in accordance with this core objective that FMDQ Group has continued to take the lead in championing sustainable finance initiatives in the Nigerian financial markets. Some notable initiatives include, inter alia:

Formalisation of a partnership in March 2018, through the execution of a Cooperation Agreement, to support the development of the Nigerian Green Bond market between FMDQ Group, CBI UK and FSD Africa, which led to the establishment of the Nigerian Green Bond Market Development Programme.

Hosting of the Nigerian Capital Markets Conference in November 2019, which saw the launch of the State of the Market Report under the Green Bond Segment that focused on charting "A Green Path to Economic Development in Nigeria".

Working assiduously with key stakeholders in the financial markets ecosystem to set up FC4S, Lagos, making Lagos the 23rd member of the FC4S Network.

Providing a platform for the listing of Green and Sustainable securities. Some of the listed securities include: two (2) FGN Green Bonds (in 2018 and 2019) totaling ₦25.69 billion, tailored towards renewable energy, afforestation programs, climate mitigation and adaptation projects; the listing of three (3) Corporate Green Bonds totaling ₦29.83 billion, and representing the pioneer Climate Bond Certified Corporate Green Bond in Africa and the first Green Infrastructure Bond in Nigeria: *Access Bank PLC ₦15.00 billion 5-year 15.50% Fixed Rate Senior Unsecured Green Bond due 2024 and North South Power Limited ₦8.50 billion 15-year 15.60% Series 1 Guaranteed Fixed Rate Senior Green Infrastructure Bond (Series 1 Green Bonds), due 2034 and ₦6.33 billion 10-Year 12.00% Fixed Rate Senior Green Bonds due 2031.*

As FMDQ Group remains steadfast and committed to the sustainable finance drive, through the implementation of initiatives that will promote its sustainability agenda, in line with global standards and trends across leading financial market infrastructures, the Group now sees it pertinent to launch a dedicated platform for the advancement of sustainable and green finance, through the launch of the FMDQ Green Exchange.

FMDQ Green Exchange will be Nigeria's foremost Green Exchange and the first Green Exchange in Africa, which will become home to the already listed five (5) green and sustainable securities, valued at ₦55.52 billion on FMDQ Exchange; and will provide access to relevant data and information on all green and sustainable securities listed on the Exchange, thereby affording such issuers increased visibility, and providing access to ESG-related resources and data.

The key objective of the FMDQ Green Exchange is to provide new and potential investors with relevant data and information for their investment considerations and decisions with respect to specific ESG-requirements on compliant issuers and issues for their portfolios in the Nigerian financial markets, while potential and existing issuers, as well as other stakeholders will be able to use the repository of data and information as a resource tool to aid their knowledge and activities within the green and sustainable finance markets space. The key benefits anticipated from the FMDQ Green Exchange upon its proposed 2021 launch includes, amongst others:

- Providing an extensive repository for sustainability-linked resources and data
- Promoting stakeholders' engagement sessions where key market participants can interact to promote the growth of green and sustainable finance
- Collaborating on and/or facilitating sustainability-linked certification programmes
- Boosting investors' confidence through the adoption and implementation of globally accepted regulatory framework and standards for sustainability reporting

CORPORATE RESPONSIBILITY REPORT

As a financial market infrastructure Group, we understand the significant role we play in advancing sustainable economic growth and development in the financial market, and that is why we continue to go beyond our financial market responsibilities to ensure that our communities are also empowered, as they are part of our business success and pertinent to our nation's success.

In cognisance of the integral role financial education plays in building a sustainable financial future, and as a champion for the empowerment of the next generation of Nigerians, FMDQ Group, through its flagship corporate responsibility agenda, FMDQ-Next has throughout the year, continued to educate and build the financial resilience of the next generation, as well as contribute to the socio-economic development of its immediate communities, in support of SDG 1- No Poverty, SDG 3- Good Health and Well-being, SDG 4 – Quality Education and SDG 8 – Decent Work and Economic Growth.

FMDQ-Next is a learning and development initiative aimed at promoting financial market awareness and literacy among students across all levels (primary, secondary, tertiary), as well as fresh graduates. The Initiative was launched in July 2018 to:

- Introduce participants to the world of finance and investments, exposing them to a wide range of skills which position them for personal growth and innovation thinking for the future
- Teach participants principles to create and manage wealth
- Provide opportunities for students to interact with financial market participants, gaining practical knowledge about key financial market concepts
- Demystify the workings of financial markets for the participants, empowering them to be financially astute from an early age
- Enhance the professional marketability of the youth, thereby developing Nigeria's local technical capital

FMDQ-Next

The FMDQ-Next Initiative has developed several exciting programmes, which include:

Teach-a-Class Sessions
involving fun, educational and interactive financial markets exercises and activities

Excursions and Tours
where students are given the opportunity to visit FMDQ Group, as well as local and international financial markets institutions

Trading Simulation Exercises
where students learn how to trade a variety of securities in the financial market through the management of a virtual portfolio in a simulated environment

Summer Camp Programme
specifically for primary and secondary school students who learn about the financial market over the summer holidays

In a bid to indeed make financial markets education inclusive and accessible to all regardless of ethnic and social background, the FMDQ-Next Initiative commenced the year by joining the rest of the world to mark International Day of Education, to honour education and highlight its centrality to human wellbeing, sustainable development, and achievement of shared prosperity, via a special excursion to Exchange Place, themed, "Making Financial Markets Education Accessible to All". This Excursion was centred around making financial market education accessible to the most vulnerable children in society, including those displaced and/or with little or no access to quality education, let alone, financial markets education; and to equip the children with financial markets knowledge, exposure and provide access to lifelong learning opportunities, aiding the acquisition of the knowledge and skills needed to participate fully in society, the economy and contribute to sustainable development.

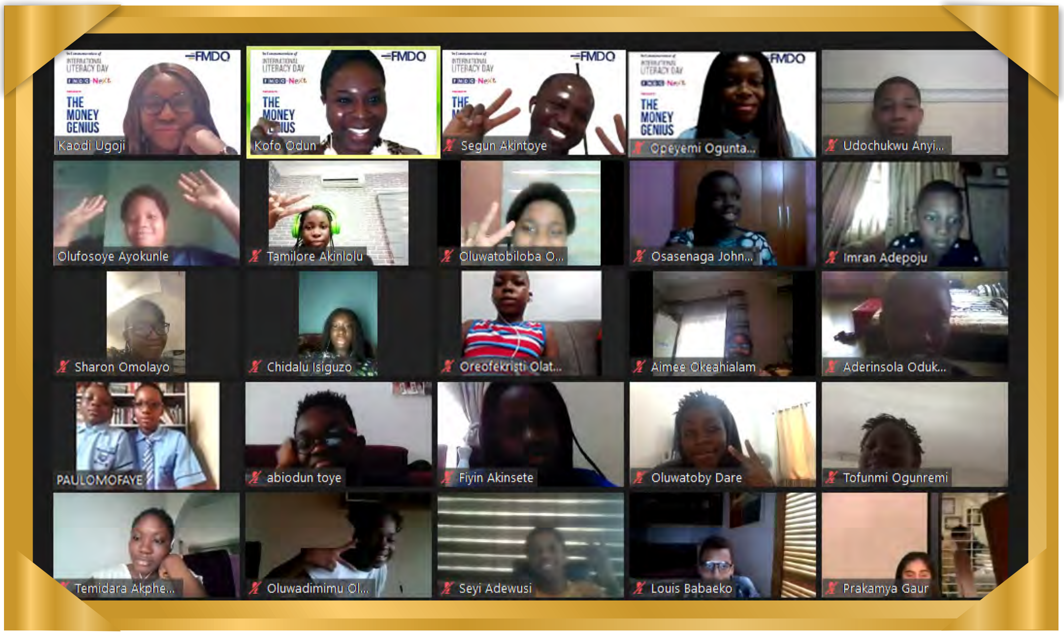
The children were opportune to tour FMDQ's Business Complex, meeting members of Staff, including the Group Chief Operating Officer, Ms. Kaodi Ugoji. They were taught the importance of savings, how to manage and grow wealth, the financial market eco-system, various investment vehicles, amongst others.

As part of experiential learning, the children had the opportunity to visit the Q-Hub - a dedicated state-of-the-art Trading Simulation Room - for a practical trading session utilising the FMDQ-Next bespoke trading application. The key beneficiaries were children affiliated with Slum2School Africa Initiative, Kabara Community Development Initiative, Echoes of Mercy and Hope Foundation, LOTS Charity Foundation, amongst others.

FMDQ-Next Excursions give students the opportunity to learn about the role of financial market infrastructures in the economy, the workings of the financial market ecosystem, the different investment vehicles available for wealth creation, the various career paths in the financial market, amongst others, aiding the development of real-world experiential learning, as well as personal development, which provides an avenue to challenge the thoughts of young minds in alignment towards becoming the next generation of financial market experts.

Launch of the FMDQ-Next Financial Literacy Virtual Series

In the wake of the COVID-19 pandemic, physical FMDQ-Next Programmes were halted to ensure the safety of all participants and staff, however, to ensure that momentum was not lost in delivering financial market education, FMDQ-Next, commenced online financial market education sessions by launching its Financial Literacy Virtual Series. The inaugural 3-part virtual series, which was launched on International Literacy Day, titled "The Money Genius", was targeted at kids between the ages of 10 – 16 years, with the purpose of teaching them how the financial market works, how to grow and invest money, especially during a pandemic, and key attitudes for wealth creation. Participants across the three (3) streams totalling over one hundred and seventy (170), had an exciting time learning, and engaging in quizzes, interactive discussions, fun games, and activities.



Millions of children around the world have been impacted by the COVID-19 pandemic, which has changed the way children are educated; propelling schools, governments, and organisations to collaborate, to ensure learning continuity and to minimise the potential loss of educational human capital and the diminished economic opportunities in the long-term for students. As an organisation committed to the empowerment of the next generation, FMDQ Group, via the FMDQ-Next Initiative will continually innovate and implement initiatives that ensure a solid sustainable financial future for the next generation.

Key Highlights

Over **220** participants in 2020

5 Excursions

10 Trading Challenges

Over **730** participants since programme launched in 2018

2 Summer Camps

3 Virtual Financial Literacy Sessions held

8 Internships

UPDATE REPORT ON FMDQ'S RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic hit the local and global landscape in an unprecedented manner, putting an overwhelming burden on governments, business operations, health care systems, institutions and communities, who are still grappling with the effects and impact of the pandemic. As one of the worst humanitarians and economic crises, it was especially critical for FMDQ Group to contribute to addressing multiple challenges presented by the pandemic, focusing on protecting its people, ensuring the continuous operation of critical financial market systems and providing relief to the worst hit by the pandemic in vulnerable communities.

Supporting our Employees during the Pandemic

As the safety of our employees is of utmost importance, once the pandemic started to sweep across the country, and the associated restrictions introduced to control its spread started to impact our business and local community, we immediately moved our non-essential employees into a virtual office environment, through the activation of our work from home policy, before extending it to all employees, to ensure that they remained safe and healthy during the pandemic and lockdown.

We ensured that for the essential staff that had to work from the office to support all critical operations, preventive measures were adopted to address the pandemic, such as compulsory COVID-19 PCR tests before accessing the office, compulsory thermal checks, provision and use of masks once on the premises, enforcement of social distancing , use of hand sanitisers at the entrance and across our offices; hourly cleaning and disinfecting of the office, restriction of physical meetings of employees either at the Exchange Place, client site or third-party locations, amongst others, all in a bid to keep all employees and their families safe.

In recognition that sound physical and mental health is essential to high performing employees, throughout the year, we made efforts to promote the physical and mental wellbeing of all employees, by launching our FMDQ Employee Wellbeing Initiatives, which included virtual fitness classes, as well as quarterly health talks, aimed at providing employees with the opportunity to be enlightened on key health matters that impact wellbeing. We also worked closely with our Health Management Organisation (HMO) provider to ensure continued and safe access to healthcare during the pandemic.

In addition, we ensured that no employee was furloughed and reassured all employees of their job security during the pandemic, as well as activated outstanding leave days for non-essential staff. As most of our employees were working from home, it was critical to maintain clear lines of communication, achieved through periodic Management updates and regular meetings with colleagues and supervisors; provision of communication tools, such as phones, internet data, amongst others. To facilitate professional and personal development, we deployed a series of virtual trainings and provided learning resources, access to online courses and other capacity building initiatives.

Supporting our Communities during the Pandemic

With half a billion people anticipated to be pushed into poverty in developing countries, the COVID-19 pandemic has spared no country. At FMDQ Group, our social obligation was more paramount than it ever has been, in our quest to cushion the impact of the ravaging effects of the pandemic on the people in our communities. Beyond our existing corporate giving and corporate social investment, it was paramount to extend more support to the most vulnerable in society. FMDQ supported people and families in its communities through the following:

- The donation of ₦165.00 million to Lagos State Government for the procurement of 10,750 units of pre-loaded educational tablets, loaded with a government-accredited curriculum to support e-Learning for public school students and teachers in Lagos State. With schools severely impacted by the lockdown and the shift to technology to ensure learning continuity, this rendered millions of Nigerian public-school children stranded. As a result, FMDQ Group, partnered with the Lagos State Government to support its drive to move one (1) million students online, supporting remote educational services for public schools, in a bid to minimise the potential for loss of educational human capital and diminished economic opportunities in the long-term for students, due to the pandemic

- FMDQ donated the sum of ₦60.00 million to the Securities and Exchange Commission – Capital Market Support Committee (CMSC) on COVID-19 Initiative, to coordinate the capital market community's efforts towards mitigating the effects of the pandemic, through the purchase and distribution of palliatives to the most vulnerable in society, as well as critical medical equipment, which include, oxygen cylinders, oxygen concentrators, ambulances, masks, amongst others, to designated hospitals and isolation centres

- FMDQ joined the local and international community to mark the World Mask Week, with the aim of promoting the use of facemasks in public, by donating face masks to vulnerable groups and students within its host community; FMDQ Group also participated in the Wear-A-Mask Challenge, initiated by the World Health Organisation (WHO) to promote mask wearing in the face of the pandemic, by running a four (4) week online campaign, to create awareness and educate its stakeholders on the importance of wearing a face mask to curb the spread of the COVID-19. This was done alongside the FMDQ Group's COVID-19 prevention campaign which ran for a 9-month period in 2020 and will continue to run in 2021

- FMDQ donated over seven thousand (7,000) face masks to various communities. Through the "FMDQ Cares" campaign, we also provided relevant information to the public to combat the pandemic, as well as provided regular sensitisation on COVID-19

- Through FMDQ Group's flagship corporate responsibility programme, FMDQ-Next, a virtual financial literacy series was launched to ensure that the next generation remained empowered with financial knowledge despite the pandemic not making it possible for physical sessions

Supporting our Markets during the Pandemic

The pandemic has forced organisations to adopt sustainable measures and strategies to ensure continuity of our business operations. For us at FMDQ, we have had to recalibrate our business practices to support the sudden emergence of the "new normal" which required modifications to the existing structures and strategy. Owing to our critical role as a financial market infrastructure group in Nigeria, providing listing, trading, clearing, settlement and data & information services, our mandate remains critical to the functioning on the Nigerian financial markets. We recognised the importance to maintain market confidence and provided the much-needed support to stakeholders at such a critical time. As such, in a bid to ensure continuity of our business operations and minimise interruptions to our financial market obligations, FMDQ proactively activated its Business Continuity Management Plan which supports all our business services and operations, allowing our Members, clients and other stakeholders to conduct their business on our platforms as normal.

FMDQ focused on maintaining stability and availability of all our systems. Our trading, clearing, settlement and depository platforms, which are all web-based were optimised for virtual use to fully support remote trading by our members, ensuring that the markets remained operational throughout the year. To improve the Exchange's Members whose reporting obligations to the Exchange have been affected by the disruptions caused by the COVID-19 pandemic, FMDQ Exchange approved the extension of the deadline for the submission of the Quarterly Compliance Reports.

In the same vein, FMDQ Depository, waived the sub-account creation fee for issuers and investors warehousing their investments in the Dangote Cement PLC's Series 1 ₦100.00 billion debut bond which was issued and oversubscribed within the month in view and for which FMDQ Depository holds a mandate as the joint depository. FMDQ Exchange, alongside FMDQ Clear, now the Central Counterparty Franchise of the financial market infrastructure Group, held a joint stakeholder session with Members of their respective franchises during the lockdown to deliberate on the effectiveness of their Business Continuity Plans vis-à-vis their response strategies, establishing the continued readiness of all parties to maintain an active market during the lockdown. The Group also continued to launch new products and implement new financial market initiatives despite the transition to remote work.

FMDQ continued to provide information on how its mission is continuously executed, in response to the pandemic, to its market participants. Our existing engagement strategy with our stakeholders had to be modified to accommodate virtual communication models. Alternate communication channels were also published for market participants to contact FMDQ with the aim of maintaining fair, orderly, and efficient markets. In recognition of the importance of consistent stakeholder engagement in this period FMDQ participated at the live webinar with the Chief Executive Officer (CEO), FMDQ Group, Mr. Bola Onadele. Koko, sharing valuable insights on the "Challenges, Opportunities and Outlook for the Nigerian Capital Markets in the Aftermath of COVID-19", organised by BusinessDay Media Limited.

As the global economy grapples with the onslaught of COVID-19, we indeed acknowledge that we are operating in unchartered territory, as the sheer magnitude of the aftershock is largely unknown. According to a press report from the WHO, the COVID-19 pandemic, might be here for the long haul and therefore, individuals, businesses and organisations need to develop measures through which they must adapt to this new normal. As the global economic engine gradually sputters back to life, with all the uncertainties associated with the virus, there is a need to pay critical attention to the new measures that must be implemented to ensure that our lives, work environments, amongst others are braced for the post pandemic era.

SPECIAL REPORT ON FINANCIAL CENTRE FOR SUSTAINABILITY, LAGOS

FC4S LAGOS

The journey towards establishing the Financial Centre for Sustainability (FC4S), Lagos started in 2018 when the United Nations Environment Programme (UNEP) Inquiry with the support of FMDQ Group put together the Nigeria Sustainable Finance Roadmap Report (the "Report") after months of research into the opportunities and challenges embedded in the Climate Change crisis in Nigeria. At the launch of the Report, in 2018, the UNEP Inquiry challenged FMDQ to lead market stakeholders in championing an initiative that would funnel finance into green/sustainable finance projects to help build a climate-resilient, inclusive, and sustainable Nigerian economy. Consequently, in 2019, FC4S Lagos was admitted into the global network of the UN-convened FC4S, as the 23rd member of the FC4S Network, which now has thirty-five (35) member countries, joining New York, London, Geneva, Shanghai, amongst others, with a mission "To position Nigeria as a leading market in sustainability principles through investments, innovation, partnerships and capacity development".

FC4S Lagos, structured as an Incorporated Trustee with the aspiration to be independently run and self-funded, is led by a Governance Board (elected by market stakeholders) constituting the Chairman, Mr. Bola Onadele. Koko, Managing Director/Chief Executive Officer, FMDQ group; Dr. Doyin Salami, Chairman, National Economic Advisory Council as Vice Chairman, and four (4) Members: Dr. Farouk Aminu, Commissioner, PenCom; Dr. Andrew S. Nevin, Chief Economic/Partner, PwC; Mrs. Kemi Awodein, Managing Director, Investment Banking, Chapel Hill Denham Advisory Partners; and Mr. Chidi Mike- Eneh, Head of Risk, InfraCredit. FMDQ currently serves as the Secretariat of FC4S Lagos, coordinating the activities of the financial centre and liaising with the international network towards meeting the overarching objective of promoting green and sustainable finance in Nigeria.

Over the course of the year 2020, the following activities took place:

- Following the successful launch of the FC4S Lagos, the Executive Governor of Lagos State, Mr. Babajide Sanwo-Olu co-signed a Declaration with the FC4S Lagos Chairman, Mr. Bola Onadele. Koko. The Declaration was a crucial step in operationalising FC4S Lagos and conveyed the commitment of Lagos State Government to support FC4S Lagos's broad overarching objective of "providing an advocacy platform that will support policymakers in mobilising impact investments and driving standards required to grow green and sustainable finance instruments/projects in Nigeria and West Africa.", in line with the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement

- As part of its efforts to accelerate the expansion of sustainable finance in Nigeria, FC4S Lagos in collaborative partnership with FMDQ Group, UNEP Inquiry and CBI UK, flagged off the Green Tagging Project (GTP)
- The GTP seeks to leverage the work carried out through the development of the Nigerian Sustainable Finance Roadmap to design a reporting framework through which all financial institutions can report their financing of projects in a homogenous manner. Stanbic IBTC Bank PLC, Sterling Bank PLC and Wema Bank PLC have been selected for the pilot study to ascertain the extent to which Nigerian banks are lending to environmentally friendly projects
- FC4S Lagos signed an MOU with the Nigeria Climate Innovation Centre (NCIC) and implemented several capacity building sessions and sector-specific studies on the potential of Nigeria's nascent green economy
- A key development was the execution of the Green Bonds Roundtable in partnership with the Nigerian Green Bonds Market Development Programme – FMDQ Group, CBI and FSD Africa, Kenya - for the Lagos State Government. The focus of the roundtable was to enhance the prospects of issuance of sub-national green bonds in Nigeria to address critical infrastructural issues like clean transportation, renewable energy, sustainable housing, expansion of healthcare facilities and extension of funding to SMEs for job creation opportunities
- Within the year, FC4S Lagos also partnered with PwC Nigeria in creating awareness on green/sustainable finance via quarterly knowledge sharing webinars on the SDGs, Circular Economy, amongst others

In the coming years, FC4S Lagos is optimistic of the following:

- An accelerated pace in the achievement of the objectives and initiatives of FC4S Lagos amid growing awareness of local and international stakeholders on the increasing relevance of sustainable finance and the SDGs. This expectation is buttressed by the recent integration of SDGs imperatives into the Federal Government of Nigeria's medium-term economic framework in its second Economic Recovery and Growth Plan
- The NCIC and FC4S Lagos' plan to tap the creativity of Nigerian youth via the execution of a maiden SDGs Fintech Hackathon that aims to examine how Fintech solutions can help in resolving the SDGs in Nigeria
- FC4S Lagos to be positioned to seek grants from government, development finance institutions, philanthropic organisations and donor agencies that are focused on supporting the development of sustainable finance and the implementation of the SDGs in Nigeria

Governance Structure

Corporate Governance Report

FMDQ's Remuneration Policy

GOVERNANCE STRUCTURE

Corporate Governance Report

a. FMDQ's Approach to Corporate Governance

FMDQ Group remains committed to strong corporate governance as the Company recognises the role of good corporate governance practices on the efficacy of the Board of Directors (the Board). The Board, therefore, is dedicated to ensuring that the Group meets best practice corporate governance principles and adheres to high ethical standards, values and behaviours. To this end, the Board has put in place relevant structures, policies and processes to ensure adherence with the *Securities and Exchange Commission Code of Corporate Governance Guidelines, 2020*, the *Nigerian Code of Corporate Governance, 2018,* the relevant provisions of extant laws—such as, but not limited to the Investments and Securities Act, 2007, the *Companies and Allied Matters Act* 2020, etc.—and global best practices, to deliver sustainable value for the Company's shareholders, employees, communities, and other stakeholders. The responsibilities of the Board are detailed in the Board Charter. The Board's conduct is also governed by the Company's Memorandum and Articles of Association. All Board Committees have charters which inform their activities.

The Company's guiding corporate governance principles are documented in the *Code of Corporate Governance Manual*. This document, along with all the other corporate governance documents (such as, but not limited to, Whistleblowing Policy, Corporate Communications Policy, Insider Dealing Policy, Anti-money Laundering and Combating the Financing of Terrorism Policy, etc.) which underpin the Company's governance architecture, are regularly updated from time to time.

The Company's approach to corporate governance is guided by the following core principles, which, as noted, are enshrined in the Corporate Governance Manual:

Principle	Description
Ethical Culture	Trust, integrity and good governance shall be hallmarks of the Board's governance approach. In setting the tone at the top, the Board shall nurture the strong corporate values that are well entrenched in the culture of the Company and reinforce the ethical principles on which FMDQ's reputation and successes are founded. These values shall be extended into every segment of the Company's operations and business activities.
Stewardship	The members of the Board shall be the stewards of the Company, exercising independent judgment in supervising Management and safeguarding the interests of shareholders, and strengthening its focus as an FMI Group. 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 the Group.
Independence	Independence from Management is fundamental to its role, and, 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, considering 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 goals, and monitoring the Company's performance in executing strategies and meeting objectives.
Oversight of Risk	A key priority of the Board shall be embedding a strong risk management culture throughout the organisation and overseeing 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 Company'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 the Group.
Accountability & Transparency	The Board shall carefully define the expectations and scope of duties of the Board, its Committees and Management and shall be accountable to FMDQ Group's shareholders as well as other stakeholders and the SEC. Transparency is fundamental to good governance, and the Board shall take seriously FMDQ Group's commitment to constructive stakeholder engagement, clear and comprehensive disclosure and financial reporting and its role as a public interest entity.
Continuous Improvement	The 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, the Group's corporate governance system shall be subject to ongoing review by the Board Governance and Human Resources Committee.

b. Founding of FMDQ Private Markets Limited

During the period under review, the Company founded FMDQ Private Markets Limited to promote the inclusion of private companies in the capital markets by providing the much-needed information in the market for private companies' securities and ultimately, improving credibility in the market for private issuances. FMDQ Private Markets Limited was incorporated in February 2020.

c. Compliance with the Securities and Exchange Commission's Corporate Governance Guidelines 2020, the Nigerian Code of Corporate Governance 2018, and Required Assurances

Throughout the year ended December 31, 2020, the Company complied with the provisions of the SEC Corporate Governance Guidelines (SCGG) and the Nigerian Code of Corporate Governance (NCCG). The Company, as such, applied the principles of the SCGG and the NCCG to its corporate governance structure and practices.

The Board assures stakeholders that an able internal audit function exists in the Company and that, similarly, the risk management, control and compliance functions, as well as other associated mechanisms are operational and functional within the Company.

d. Shareholding

The Company is owned by the following:

- Central Bank of Nigeria
- Financial Market Dealers Association (FMDA)
- NSE Consult Limited (a fully owned subsidiary of the Nigerian Stock Exchange)
- Eighteen (18) commercial banks, four (4) merchant banks and one (1) discount house

e. Cross-shareholding

The Company does not hold shares or rights in any entity that is a shareholder of FMDQ; hence there is no cross shareholding.

f. Board of Directors

The Board of FMDQ Group is accountable to its shareholders for the overall direction and control of the Company. It is committed to high standards of governance designed to protect the interests of its shareholders and all other stakeholders, while promoting the highest standards of integrity, transparency, and accountability. The profiles of the Directors of FMDQ Group are set out on the Company's website: ***https://www.fmdqgroup.com/about/board-of-directors/***

The Board is duly constituted to provide support for, and control of the activities of the Executive Committee—chaired by the Chief Executive Officer—to ensure effective day-to-day management of the Company. The Board is responsible for monitoring Management's implementation of the Company's strategic plans and initiatives for the long-term benefit of the Company and its shareholders. Directors act in a manner that will enhance the value of shareholders by exercising reasonable care, skills, diligence, and independent judgment, whilst taking into consideration the impact of the business on the community and the interest 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	Components
Strategy & Management	▪ Approval of the Company's Strategic Plan ▪ Review of delivery of the strategy and performance against Strategic Plan ▪ Approvals for recruitment and selection of Senior Vice President and above
Structure and Capital	▪ Promotion to levels from Senior Vice President and above ▪ Proposal of major changes to the Company's corporate structure, excluding internal reorganisations, which may be approved by the Chief Executive Officer ▪ Proposal of changes relating to the Company's capital structure or its status as a PLC ▪ Approval of Capital Plan, as may be applicable
Legal Requirements	▪ Approval of Financial Statements ▪ Proposal on appropriation of profits in line with the Company's Appropriation Policy ▪ Approval of Annual Report and Accounts ▪ Approval of any significant change in accounting policies or practice ▪ Appointment (or removal) of the Company Secretary ▪ Authorisation for Directors' conflicts or possible conflicts of interest ▪ Recommendation to the shareholders of the appointment or removal of auditors ▪ Approval of allotment of shares

Power	Components
Financial Dealings	▪ Approval of Annual Budgets ▪ Approval of sale of assets in accordance with limits specified by the Board from time to time ▪ Approval of capital expenditure or investments in accordance with limits specified by the Board from time to time ▪ Approval of Leases ▪ Approval of accounting and investment policy ▪ Approval of changes in major banking relationships ▪ Approval of profit appropriation
Regulatory Requirements	▪ Approval of resolutions and corresponding documentation for shareholders at AGMs ▪ Approval of all shareholder circulars, prospectuses and listing particulars ▪ Approval of press releases concerning matters decided by the Board
Board Membership and Board Committees	▪ Approval of FMDQ Board structure, size and composition, including appointments and removals ▪ Succession planning for the Board and Management ▪ Approval of FMDQ Board Committee membership ▪ Approval of continuation in office of Directors seeking re-election at the AGM
Expenses in the Ordinary Course of Business	▪ Approval of all expenses over ₦100.00 million in the ordinary course of business or as may be prescribed by the Board from time to time
Disposal of the Company's Fixed Assets	▪ Approval of the disposal of assets in accordance with limits specified by the Board from time to time
Remuneration	▪ Approval of the framework for remuneration packages of the Chief Executive Officer and the Executive Directors ▪ Proposal of Chairman and Non-Executive Directors' remuneration ▪ Approval of the framework for remuneration packages of Executives in specialist roles ▪ Determination and authorisation of employee shares/compensation schemes
Corporate Governance	▪ Approval for process of the Board performance evaluation process ▪ Determination of independence of Non-Executive Directors ▪ Approval of Corporate Governance Framework ▪ Appointment (or removal) of members of Executive Management
Delegation of Authority	▪ Approval of Board and Board Committee Charters

g. Board Balance and Independence

The Board remains satisfied that it has the appropriate balance of skills, experience, independence, and knowledge to enable it and its committees discharge their duties and responsibilities effectively, as required by the SEC and Financial Reporting Council of Nigeria (FRCN) Codes of Corporate Governance. In the same vein, it is pertinent to note that the independence of the Board from Management is a notion that the Board takes seriously; to this end, the Board and all Board Committees are chaired by Non-Executive Directors, while the Group Board Regulation and Risk Management Committee (GBRRMC) — which is the Board Committee responsible for overseeing the Company's self-regulatory organisation franchise — is chaired by an Independent Non-Executive Director. All Directors have access to the advice and services of the Company Secretary and the Board solicits for external opinion and counsel as and when required.

The Directors have a broad range of skills and experience and, thus, bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Company.

h. Board Structure

As at December 31, 2020, the Board comprised of eight (8) Directors which include: four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director, who is the Chief Executive Officer. The Board is responsible for the governance of the Company and is committed to ensuring that effective corporate governance is put in place and adhered to.

As stipulated in the SEC and FRCN Codes of Corporate Governance, the offices of Chairman and Chief Executive Officer are separate and distinct with a clear division of responsibilities. The Chairman provides leadership to the Board whilst ensuring its effectiveness in discharging its supervisory duties. The Board delegates responsibility for the day-to-day management of the Company to the Chief Executive Officer but retains responsibility for the overall strategy and direction of the Company. The Chief Executive Officer is the head of the Management Team who then delegates authority to the appropriate Senior Executives for specific activities and transactions.

During the reporting period, members of the Board of Directors were as follows:

S/N	Director	Role
1.	**Dr. Okwu Joseph Nnanna*** *(representing Central Bank of Nigeria)*	**Former Group Chairman**
2.	**Dr. Kingsley Obiora**** *(representing Central Bank of Nigeria)*	**Group Chairman**
3.	**Mr. Jibril Aku** *(representing FMDA Board of Trustees)*	**Group Vice Chairman**
4.	**Mr. Kennedy Uzoma** *(representing Systemically Important Banks)*	**Non-Executive Director**
5.	**Mr. Ebenezer Onyeagwu** *(representing Systemically Important Banks)*	**Non-Executive Director**
6.	**Ms. Daisy Ekineh** *(Independent Non-Executive Director)*	**Non-Executive Director**
7.	**Mr. Emeka Onwuka, OON** *(Independent Non-Executive Director)*	**Non-Executive Director**
8.	**Mr. Sadiq Mohammed** *(Independent Non-Executive Director)*	**Non-Executive Director**
9.	**Mr. Bola Onadele. Koko** *(Chief Executive Officer)*	**Executive Director**

**-- Retired from the Board on May 29, 2020*
***-- Appointed to the Board on May 29, 2020*

. **Board Meeting Attendance in the Year Ended December 31, 2020**
The attendance at Board meetings for the year ended December 31, 2020, is outlined as follows:

S/N	Director	May 28	May 29	Jul. 24	Oct. 30	Dec. 17
1.	Dr. Okwu Joseph Nnanna* *(Former Group Chairman)*	✓	✓	*N/A*	*N/A*	*N/A*
2.	Dr. Kingsley Obiora** *(Group Chairman)*	*N/A*	✓	✓	✓	✓
3.	Mr. Jibril Aku *(Group Vice Chairman)*	✓	✓	✓	✓	✓
4.	Mr. Kennedy Uzoma	✓	✓	✓	✓	✓
5.	Mr. Ebenezer Onyeagwu	✓	✓	✓	✓	✓
6.	Ms. Daisy Ekineh	✓	✓	✓	✓	✓
7.	Mr. Emeka Onwuka, OON	✓	✓	✓	✓	✓
8.	Mr. Sadiq Mohammed	✓	✓	✓	✓	✓
9.	Mr. Bola Onadele. Koko	✓	✓	✓	✓	✓

** -- Retired from the Board on May 29, 2020*
*** -- Appointed to the Board on May 29, 2020*
N/A -- means member was not a member of the Board at the time of the subject meeting

When meetings are arranged at 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 or Board in advance of the meeting, as relevant and clarification/guidance was provided in this regard.

j. Retirement of Directors

Dr. Okwu Joseph Nnanna retired from the Board during the reporting period.

k. Appointments to the Board and Directors' Appointment Policy

With the Company's Articles of Association providing that section 285(1) and (2) of the Companies and Allied Matters Act, 2020 shall not apply, the Board has adopted a formal 'Directors' Appointment Policy', which outlines the policy to be observed when appointing Directors to the Board. It consists of: (i) a process flow; (ii) checklist; and (iii) the composition of the Board of Directors based on the Company's shareholding configuration from which Directors are to be selected.

The objectives of this Policy are:
(a) to ensure that the process of appointing a Director is undertaken in an objective, clear and transparent manner
(b) to ensure that the appointments are made on the basis of an assessment of skills, knowledge, and experience, having regard to the nature of scope of the Company's objectives and activities; and
(c) to outline the Board's composition, drawn from and representative of its shareholding configuration

A detailed appointment letter spelling out comprehensive terms, as it relates to the role, duties and responsibilities, performance evaluation process, code of conduct and obligations on disclosures is issued to Directors upon joining the Board. Dr. Kingsley Obiora was appointed to the Board during the reporting period.

l. Compliance with Statutory Returns

The Board aimed to ensure all regulatory reports for 2020 were made to regulators promptly. No fine was levied against the Company in 2020.

m. Board Performance and Evaluation

As required by the SCGG and the NCCG, PricewaterhouseCoopers Nigeria ("PwC"), on the approval of the Board, was engaged to conduct the evaluation of the Company's Board and Corporate Governance practices for the year 2020. PwC commenced the evaluation process in February 2021, met with relevant personnel and examined relevant documentation. They also conducted interviews with the Board Chairman and Chairs of the Board Committees and administered questionnaires to the Directors and Management Team. Extracts in relation to the output of these processes, which were transmitted to the Board by PwC, are set out below.

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, P.O. Box 2419, Lagos, Nigeria

T: +234 (1) 271 1700, F: +234 (1) 270 3109,
www.pwc.com/ng
RC 39418

Partners: S Abu, O Adekoya, O Adeola, T Adeleke, W Adetokunbo-Ajayi, A Akingbade, UN Akpata, O Alakhume, C Azobu, E Erhie, K Erikume, U Muogilim, C Obaro, P Obianwa, C Ojechi, O Oladipo, W Olowofoyeku, P Omontuemhen, O Osinubi, T Oyedele, AB Rahji, O Ubah, Y Yusuf

FMDQ Holdings Plc
Exchange Place
35 Idowu Taylor Street
Lagos.

1 July 2021

Attention: **Dr. Kingsley Obiora**

Dear Sir

REPORT ON THE OUTCOME OF THE BOARD EVALUATION FOR THE PERIOD ENDED 31 DECEMBER 2020

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Board of Directors of FMDQ Holdings Plc. (" FMDQ" or "the Company") as required by Securities & Exchange Commission Corporate Governance Guidelines (SCGG), 2020 ("the Guidelines" or "SEC Guidelines") and as prescribed by principle 15 of the Nigerian Code of Corporate Governance (NCCG), for the period ended 31 December 2020.

Our responsibility was to reach a conclusion on the Board performance based on work carried out within the scope of our engagement as contained in our Letter of Engagement dated 14 January 2021. In carrying out the evaluation we have relied on representations made by members of the Board and Management and on the documents provided for our review.

The Board has complied significantly with the provisions of the SCGG and NCCG. Areas of compliance include: the Board's oversight of the Company's financial performance, and strong oversight of operations and risks; as well as effective response to crises and business continuity. Details of our other findings and recommendations are contained in our report.

We also facilitated a Self and Peer Assessment of each Director's performance in the year under review. This assessment covered the Director's time commitment to the business of the Company as well as a self & peer assessment. Each individual Director's assessment report was prepared and is made available to them respectively while a consolidated report of the performance of all Directors is submitted to the Board Chairman.

Yours faithfully,
for: **PricewaterhouseCoopers Chartered Accountants**

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, P.O. Box 2419, Lagos, Nigeria

T: +234 (1) 271 1700, F: +234 (1) 270 3109,
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FMDQ Holdings Plc
Exchange Place
35 Idowu Taylor Street
Lagos.

2 July 2021

Attention: **Dr. Kingsley Obiora**

Dear Sir

REPORT ON THE OUTCOME OF THE CORPORATE GOVERNANCE EVALUATION FOR THE PERIOD ENDED 31 DECEMBER 2020

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of FMDQ Holdings Plc corporate governance practices as required by Securities & Exchange Commission Corporate Governance Guidelines (SCGG), 2020 ("the Guidelines" or "SEC Guidelines") and prescribed by Principle 15 of the Nigerian Code of Corporate Governance (NCCG), for the period ended 31 December 2020.

Our evaluation was carried out within the scope of our engagement as contained in our Letter of Engagement dated 14 January 2021. In carrying out the evaluation we have relied on representations made by members of the Board and Senior Management as well as the documents provided for our review.

FMDQ Holdings Plc has complied significantly with the principles set forth in the Nigerian Code of Corporate Governance and the guidelines of the Securities & Exchange Commission Corporate Governance Guidelines, in the 2020 period. The Company maintained a strong ethical and business culture, effective Board oversight of its risk, compliance and internal control systems and processes, and deployed effective crisis response protocols in the face of the pandemic.

Yours faithfully,
for: **PricewaterhouseCoopers Chartered Accountants**

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659

n. Board Training and Development

Upon appointment to the Board, all Directors receive an onboarding pack, which helps to familiarise Directors with the Company's operations, affairs, as well as the Company's strategy documents and the regulatory framework within which the Company operates. The onboarding session is usually organised by the Company Secretary and the Company's strategy function.

As part of the induction process, new Directors meet with the Company's Executive(s) to receive briefings on operational matters and strategic initiatives to help inform their understanding of the Company's business operations and other relevant areas. The Company is committed to ensuring that Directors attend trainings to continually update their skills and knowledge of the Company's business, relevant operating environment, and overall economic landscape to assist them effectively discharge their duties.

o. Code of Business Conduct and Ethics for Directors and Conflict of Interest Policy

The Company has a robust Code of Business Conduct and Ethics for Directors, which sets out to ensure that Directors are making ethical decisions when performing their duties. This Code is intended to provide guidance to the Directors with respect to recognising and handling areas of ethical issues, information on how to report unethical conduct and to help foster a culture of openness and accountability.

The document applies to all Directors. Directors are encouraged to ask questions about circumstances that they require clarity as far as the provisions of the Code is concerned. Such questions are to be directed to the attention of the Chairman of the Group Board Governance and Human Resources Committee who may consult with the Company Secretary, or external counsel, as appropriate.

In addition, the Board has adopted a Conflict of Interest Policy, which outlines guidelines and procedures in connection with the identification, disclosure, and management of any real, potential or perceived conflicts of interest on the Board of FMDQ Group. It provides a systematic mechanism for disclosing and evaluating potential and actual conflicts and procedures for the Board, or a committee with Board-delegated authority, in considering any transaction or arrangement where a conflict may exist.

The Policy is intended to supplement, not replace, applicable laws governing conflicts of interest, such as the Companies and Allied Matters Act 2020, the Investments and Securities Act 2007 and any other relevant laws.

p. Whistleblowing Policy

Not applicable during the reporting period.

q. Audit Committee

The Statutory Audit Committee was established in accordance with the provisions of the Companies and Allied Matters Act 2004 (now Companies and Allied Matters Act 2020). The Committee is constituted of Non-Executive Directors and shareholders of the Company. The Non-Executive Directors who serve on the Committee are determined by the Board, while shareholders elect their representatives at the AGM of the Company. Any member may nominate a shareholder to the Committee by giving a written notice of such nomination to the Company Secretary at least twenty-one (21) days before the AGM.

The composition and attendance chart of the Audit Committee for the period is set out as follows:

S/N	Name	Interest represented	May 25	Aug. 7	Dec. 7
1.	Mr. Nnamdi John Okonkwo (Chair)	Shareholders	✓	✓	✓
2.	Mr. Emeka Onwuka, OON*	Board of Directors	✓	✓	✓
3.	Mr. Ebenezer Onyeagwu	Board of Directors	✓	✓	✗
4.	Mr. Sadiq Mohammed*	Board of Directors	✓	✓	✓
5.	Mrs. Hamda Ambah	Shareholders	✓	✓	✗
6.	Mr. Banjo Adegbohungbe	Shareholders	✓	✓	✓

** – Became a Board of Directors' representative after appointment to the Board on January 1, 2020*

r. Reports of Board Committees

The FMDQ Board has, as noted above, adopted a formal Board charter that details the Board's role, authority, responsibilities, membership and operations. The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees. The Board has three (3) Board Committees. A summary of their activities during the reporting period is set out as follows:

- **Group Board Regulatory and Risk Management Committee (GBRRMC)**

  The Committee was created by the Board to advance the Company's regulatory and supervisory functions in addition to exercising oversight over the nature, extent and approach of the Company's operational risk management plan.

  The attendance at GBRRMC meetings for the year ended December 31, 2020, is outlined as follows:

S/N	Director	Meeting Dates			
		May 8	Jul. 15	Oct. 19	Dec. 11
1.	Ms. Daisy Ekineh (Chair)	✓	✓	✓	✓
2.	Mr. Ebenezer Onyeagwu	✓	✓	✓	✓
3.	Mr. Sadiq Mohammed*	✓	✓	✓	✓
4.	Mr. Bola Onadele. Koko	✓	✓	✓	✓

*-- *Appointed to the Baard with effect from January 1, 2020*

Activities for Period Under Review

During the period under review, GBRRMC sought to enhance the Company's regulatory and supervisory functions as a self-regulatory organisation. The Committee, inter alia, received and approved the Business Continuity Management Plan which was activated following the outbreak of the COVID-19 pandemic and oversaw the implementation of the Information Security Classification, oversaw the development of the Risk Appetite and Systems Control Frameworks, and noted the upgrade of pertinent risk-related policies as they applied to the Company.

- **Group Board Finance and Strategy Committee (GBFSTC)**

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

  The attendance at GBFSTC meetings for the year ended December 31, 2020, is outlined as follows:

S/N	Director	Meeting Dates					
		Apr. 5	May. 19	May 26	Jul. 17	Oct. 19	Dec. 11
1.	Mr. Jibril Aku (Chair)	✓	✓	✓	✓	✓	✓
2.	Mr. Emeka Onwuka, OON*	✓	✓	✓	✓	✓	✓
3.	Ms. Daisy Ekineh	✓	✓	✓	✓	✓	✓
4.	Mr. Sadiq Mohammed*	✓	✓	✓	✓	✓	✓
5.	Mr. Bola Onadele. Koko	✓	✓	✓	✓	✓	✓

*-- *Appointed to the Board with effect from January 1, 2020*

Activities for Period Under Review

During the period under review, the Committee, amongst other things, reviewed, and considered a revision of the FMDQ Group 2020 - 2024 Strategic Plan in light of the outbreak of the COVID-19 pandemic and recommended same to the Board. Additionally, the Committee received and considered propositions for innovation and new business.

- **Group Board Governance and Human Resources Committee (GBGHRC)**

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

  The attendance at GBGHRC meetings for the year ended December 31, 2020, is outlined as follows:

S/N	Director	Meeting Dates				
		May 8	Jul. 16	Oct. 21	Nov. 6	Dec. 15
1.	Mr. Kennedy Uzoka (Chair)	✓	✓	✓	✓	✓
2.	Mr. Emeka Onwuka, OON*	✓	✓	✓	✓	✓
3.	Mr. Ebenezer Onyeagwu	✓	✓	✓	✓	✓
4.	Mr. Sadiq Mohammed	✓	✗	✓	✓	✓

*-- *Appointed to the Board with effect from January 1, 2020*

Activities for Period Under Review

During the period under review, the Committee, amongst other things, reviewed and presented to the Board for ratification, the Board and Board Committee charters in line with the Nigerian Code of Corporate Governance 2018, and the Committee's mandate to ensure the development and periodic review of same. Thereby enhancing the Company's corporate governance and administrative architecture. The Committee also accepted and oversaw the execution of the proposition to position FMDQ Group as a High-Performance Organisation over the period.

COMPANY'S REMUNERATION POLICY

Policy Statement

The purpose of this Policy is to provide stakeholders with an understanding of the remuneration philosophy and policy applied by the Company for employees, Management and Directors (executive and non-executive). FMDQ believes in performance motivation with the use of a transparent reward system and has established this as a continued practice in the organisation.

Remuneration Philosophy

The Company's Board of Directors and its Governance and Human Resources Committee set a remuneration philosophy which is tailored to specific circumstances of the organisation in order to enable FMDQ attract, motivate and retain highly skilled and performing staff and Management, including Executive Directors. The philosophy is reflective of market best practices and incentivises all employees and the Non-Executive Directors (NEDs) to pursue the short and long-term growth and successes of FMDQ within an appropriate control framework, to promote sustainable value creation for shareholders. The Company's remuneration scheme, which is objective, transparent and in line with best practices, shall also be subject to the following:

a) Transparent Communication/Non-Discriminatory Practices

- All forms of discrimination are not acceptable, i.e. race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, age, disability, religion, belief, political opinion, culture, language, etc.
- While remuneration in FMDQ shall be free of discriminatory distinction, objective distinction based on performance and demonstration of pre-defined competencies shall be applied
- All information required to take decisions regarding remuneration shall be communicated frankly and openly, while the confidentiality of the personal remuneration information of individuals shall be guarded
- The Company shall reward all staff fairly and consistently according to their roles and individual value-add to the organisation

b) Performance-driven Remuneration

- FMDQ strives to strengthen the link between performance and remuneration by establishing and operating a performance management system that makes it possible to differentiate between excellent, average and below average performers

c) Affordability

- FMDQ sets limits with regard to remuneration and other human resource costs, informed by its Strategic Plan, as well as consideration of the annual budgetary realities, peers' pay scales and inflation rate

d) Benchmarking

- FMDQ may participate in an annual benchmarking compensation/remuneration survey to determine the competitiveness and fairness of its pay structure

Remuneration Structure for Employees

The Company shall adopt a remuneration structure which is mindful of the total cost of each employee to the Company and allocates a total value to an employee's role/ job content and Grade & Level, as approved by the Board Governance and Human Resources Committee.

Remuneration for Non-Executive Directors

NEDs shall receive fixed annual fees for service rendered on the Board and Board Committee meetings. The component of NEDs' remuneration may include:

(i) A sitting allowance for each Board Committee and Board meetings attended during the year Chairing a Committee shall attract a higher allowance
(ii) An annual vacation allowance for the NED and
(iii) Any other as may be approved by the Board and shareholders of the Company

Compliance

The Company complies with all applicable laws and codes

Review

The Board Governance and Human Resources Committee, in performance of its duties under the Board Charter, shall review the Company's Remuneration Policy. It shall put to the Board any proposal it deems timely with respect to the items included and the amount earmarked to them. This Policy will be reviewed at least every 2 years from the effective date.

Compliance, Risk & Control

Governance, Risk & Compliance Structure

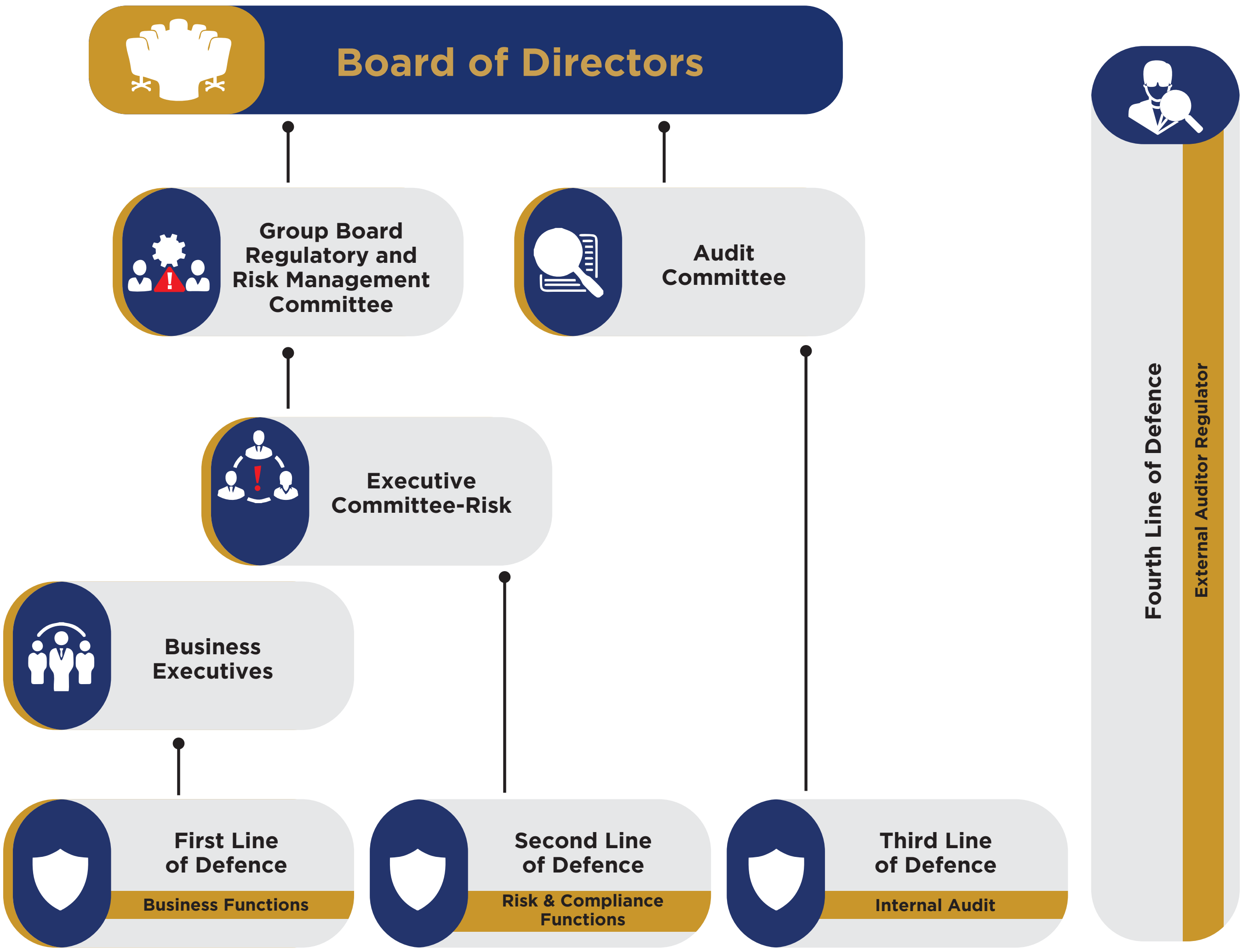
Risk and Control Reports

COMPLIANCE, RISK & CONTROL

Governance, Risk & Compliance Structure

FMDQ developed a Governance, Risk and Compliance (GRC) Framework which underpins governance, risk management and compliance activities across the Group. The Framework, which is modelled after the global best standards - the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control - Integrated Framework 2013, the ISO 31000 Risk Management and IOSCO's principles and guidelines, defines the responsibilities guiding the identification, assessment, management, and reporting of risks across the Group.

These functions are managed by a robust governance structure led by the Board through the "Four (4) Lines of Defence" Model, with oversight from the Group Board Regulatory and Risk Management Committee, Executive Committee (Risk) and Management (Business Executives).



The Board has the ultimate responsibility for the oversight of the Group's enterprise risk management programme; sets and approves the Group strategy, risk management framework and risk appetite, the GRC model and delegates suitable responsibilities pertaining to the management of enterprise risk to the Board Regulatory and Risk Management Committee. The Board Committee supports the Board through the monitoring of compliance with risk policies, adequacy of internal controls, the risk profile of FMDQ against Board-approved risk appetite and reporting of risk management matters to the Board.

On a regular basis, the Audit Committee monitors and reviews the Group's GRC Framework, as well as activities of the Internal Audit function, ensuring it has the necessary resources and access to relevant information to independently perform its assurance role.

The Executive Committee (Risk) (ExCo-Risk) ensures the application of a consistent and effective methodology to manage the risks associated with the business and operations of the Group. ExCo-Risk also ensures full implementation of appropriate risk management processes and methodologies, and champions risk management initiatives across the Group.

Management is involved in the day-to-day administration and monitoring of risks and acts as risk champions - catalysts for enterprise-wide risk management initiatives, promoting awareness of the Group's risk policies and ensuring a strong risk awareness culture amongst all categories of staff.

In addition to the GRC structure, the execution of risk management policies and procedures across the Group is well coordinated via the "Four (4) Lines of Defence" model, which consists of Business Units, risk and compliance functions, internal audit franchise and external auditor/regulator.

Business Units
(First Line)

- Adhere with defined processes and complies with limits
- Execute tasks adhering to policies
- Provide feedback on the controls and policies in place
- Develop business processes, controls and policies aligned with the risk appetite
- Provide inputs for risk reporting
- Implement reporting framework
- Review the impact of regulatory requirements to processes, policies, and controls

Risk & Compliance
(Second Line)

- Monitors compliance with statutory and regulatory requirements
- Supports the business in the development of its risk appetite & strategy
- Provides inputs to the business to develop and maintain policies
- Develops and enforces risk governance model
- Defines risk controls & processes
- Monitors effectiveness of controls & residual risk
- Monitors data accuracy, risk reporting trends and issues
- Identifies and assesses relevant regulatory changes

Internal Audit
(Third Line)

- Monitors articulation of risk appetite and organisational compliance with limits framework
- Assesses compliance with policies, regulations and applicable standards, in alignment with global best practices
- Reviews appropriateness of and compliance with controls and processes
- Monitors the risk reporting framework
- Tests implementation of process, policy and controls

External Auditor / Regulator
(Fourth Line)

- Monitors the business operations of the Group in an independent manner by constantly conducting assessments of risk management framework, internal control and compliance
- Evaluates the effectiveness and adequacy of internal control and audit programmes

Risk Management Report

The risk management process of FMDQ conforms with ISO 31000 Risk Management and COSO (the standards which guided the development of the Group's GRC Framework). Our Enterprise-wide Risk Management (ERM) Policy is hinged on the establishment of a Group-wide risk oversight, monitoring and reporting, that fosters risk integration. The ERM Policy defines a structured approach by which the Group identifies, evaluates, manages, and reports the risks inherent in its business operations in a structured and cyclical manner.

FMDQ Group continuously evaluates the risk exposures inherent in its business operations and operating environment, in line with the defined broad risk categories approved by the Board. The illustration below depicts the elements of the risk management process in FMDQ.

Risk Management Process

	Key Processes	Description
1	Context Establishment	Definition of the Group's strategic objectives, scope of risk assessment process, and risk evaluation criteria
2	Risk Identification	Identification of risk events that could potentially impact the Group's strategic objectives and key business processes by relevant Business Units
3	Risk Assessment	Evaluation of severity of identified risk events via likelihood of occurrence and impact based on pre-defined assessment parameters
4	Risk Treatment	Evaluation of effectiveness of extant controls and recommendation of new mitigation plans to address residual risks
5	Risk Reporting & Monitoring	Monitoring of the implementation of risk treatment plans and residual risk exposure for periodic reporting to the Board

Risk Profile

FMDQ, as a vertically integrated FMI faces certain risks that, if not properly managed, could create an exposure for the Group. The profiling of risks inherent in the Group's business operations guides the enterprise-wide risk assessment process that is performed continuously. To ensure a consistent approach to management and reporting of risks, FMDQ has classified key risks that affect its business operations under ten (10) broad risk categories. The broad risk categories are adequately treated through the following mitigation measures:

Broad Risk Category	Description	Mitigation strategy
Strategic Risk	The uncertainties in the Group's strategic intent and in the achievement of its strategic goals and objectives	▪ Strategic risk assessment ▪ Periodic evaluation of operating environment, as well as macroeconomic conditions ▪ Scenario analysis and impact assessment
Business Risk	The possibility that the Group's operations or competitive environment will cause it to generate financial results that are worse than expected	▪ Proactive monitoring of FMI industry trends, competitors and evolving digital landscape ▪ Product and service diversification ▪ Stakeholders' engagement and relationship management

Broad Risk Category	Description	Mitigation strategy
Regulatory Risk	The potential impact of a change in laws, rules and regulations that affect the business and any other activities of the Group	▪ Active engagement with regulators and policy makers ▪ Continuous monitoring of changes in both local and global regulatory landscape, standards, and requirements
Operational Risk	The probability of a loss resulting from failed or inadequate processes, people, systems, and external events. These risks include legal risks but exclude strategic and reputational risks	▪ Application of a robust operational risk management framework, and internal control processes ▪ Business Continuity Management Plan ▪ Independent assessment of the Group's Information Technology (IT) infrastructure by an external party ▪ Legal review of contracts
Hazard Risk	A major exogenous or endogenous factor which affects the environment in which the Group operates. Many of these factors, however, cannot be controlled	Occupational, Health & Safety procedures ▪ Business Continuity Management Plan ▪ Physical security measures and enhancements ▪ Routine fire drills and trainings
Financial Risk	The risk that arises from movements in prices of financial assets will lead to a loss (Market Risk) and the risk that a company or bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process of fulfilling financial obligations (Liquidity Risk).	▪ Establishment of investment limits and asset quality via Board-approved Investment Policy ▪ Gap analysis ▪ Stress testing and Sensitivity analysis ▪ Mark-to-Market analysis

Broad Risk Category	Description	Mitigation strategy
Credit Risk	The risk of an economic loss from the failure of a counterparty to fulfil its contractual obligations, or from the increased risk of default during the term of the transaction	▪ Establishment of Investment limit ▪ Credit rating guiding eligibility of investible securities ▪ Collateral management and margin collections ▪ Stress testing to determine adequacy of collected margins ▪ Default management and recovery procedures in place
Financial Accounting Risk	The risk of unreliability of information reported in the Group's financial statements	▪ Internal control review of Group's accounting system and financial reports ▪ Independent audit of Group's Financial Statements
Compliance Risk	The potential impact of exposure to regulatory or legal penalties, financial forfeiture, and material loss arising from failure to act in accordance with statutory laws, rules and regulations, internal policies and code of conduct, or prescribed best practices. This may expose the Group to the risk of fines, penalties, and litigation.	▪ Compliance monitoring programme and periodic update of Compliance Register and Calendar ▪ Periodic scanning of regulatory environment ▪ Review and interpretation of rules and regulations by legal functions (both in-house and external) ▪ Periodic training and awareness programmes
Cyber Risk	Any potential for technology failures to disrupt the Company's business, such as information security incidents or service outages	▪ Business Continuity Management Plan ▪ Back-up and disaster recovery process ▪ Periodic Vulnerability Assessment and Penetration Testing (VAPT) ▪ Continuous staff sensitisation

Information Security Report

Public and private organisations continue to be the targets of cyber-attacks which are growing in frequency, complexity, and sophistication. Whilst the Group continues to deploy state-of-the-art security measures, the developing technology landscape continues to expose FMDQ to cyber risks.

FMDQ, in its commitment to building efficient and stable financial markets, supported by robust technology infrastructure, strengthened its Information Security Management System (ISMS) by ensuring that global best information security practices are implemented to protect the confidentiality, integrity, and availability of its IT assets.

The year 2020 saw the engagement of an external Consultant to conduct quarterly VAPT exercises, to regularly evaluate the exposure of the Group's IT applications and network infrastructure to threats and vulnerabilities that can be exploited by unauthorised parties. The Company closely monitors the execution of established recommended actions to remediate identified vulnerabilities, as part of its commitment to keeping up with emerging trends and global best practices. Furthermore, the Group reassessed its compliance with the Nigeria Data Protection Regulation (NDPR) and General Data Protection Regulation (GDPR), to ensure continued protection of the personal identifiable information of data subjects.

To ensure that FMDQ continues to build resilience in its information technology network and systems, FMDQ, during the year in view, developed a robust roadmap to attain ISO 27001 certification. The attainment of the certification will further enhance the adequacy and effectiveness of the extant ISMS and provide assurance to the stakeholders of the Group.

Finally, the Group complements the procurement and deployment of in-house IT security assessment tools with periodic information security awareness for staff through publication of newsletters, facilitation of workshops, administration of questionnaires, amongst others, to strengthen its weakest link.

As cyber-attacks are becoming increasingly sophisticated and precise, we will continue to be vigilant, conduct regular checks of our security measures, and reinforce them whenever necessary.

SEC Supervisory Report

FMDQ, a Capital Market Holding Company with SEC-registered subsidiaries, is required by law to comply with the provisions of the Investment and Securities Act, 2007 (ISA) and the SEC Rules and Regulations, 2013. The Commission, empowered by the ISA, in the exercise of its general and specific rule-making authority, adopts a consultative approach by obtaining inputs from capital market operators and participants before its final adoption.

In its supervisory role, SEC periodically conducts routine inspections, audits, and inquiries into the activities of capital market operators and SROs, to ensure uniform compliance with its provisions. The Board of Directors and Management, in line with their commitment, adhered to relevant SEC Rules and Regulation, as well as relevant recommendations from the SEC in their quest to develop the Nigerian capital markets.

Anti-Fraud Policy

FMDQ maintains a zero-tolerance approach to fraud, bribery, and corruption; and will uphold all applicable laws relevant to countering and investigating such activities across its businesses and operations.

The Anti-Fraud Policy (AF Policy) is an expression of our commitment to the fight against bribery and corruption. FMDQ believes that an effective implementation of its AF Policy will strengthen its reputation, build the respect of employees, raise credibility with key stakeholders, maximise shareholders' value, and ultimately support global economic growth. The Group's Policy applies to all transactions, operations, projects, bid processes, procurements, negotiations, arrangements, documentation processes, applications, agreements, contracts, awards, decisions, practices, and other business dealings of the Group.

FMDQ is committed to:

- Developing an anti-fraud culture across the Group
- Seeking to minimise the opportunities for fraud, bribery, and corruption
- Having effective systems, processes, procedures, and controls in place to enable the prevention and detection of fraud, bribery, and corruption
- Ensuring that all staff are aware of the risks of fraud, bribery and corruption and understand their obligations to report any actual or suspected incidents of fraud, bribery, and corruption
- Taking all reports of fraud, bribery, and corruption seriously, and investigating them proportionately and appropriately
- Meeting its obligations to report any incident of fraud, bribery, and corruption to appropriate external authorities
- Observing and upholding its Policy on fraud

FMDQ will consistently apply high standards of ethics, honesty, and integrity across its operations and in all its business dealings. The Group operates according to its core values and is committed to preventing corruption and bribery in all its forms and does not tolerate this in its business or in those with whom it does business.

Internal Control Report

FMDQ's internal control framework is modelled after the COSO Framework, which defines internal control as "a process effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives" in three (3) categories - effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. The scope of internal control at FMDQ therefore extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and endeavours of all types and at all levels of the Group.

The COSO model, which consists of five (5) components as shown below, is implemented in FMDQ's operations and business processes.

01

Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across FMDQ. The Board of Directors and Management establish the importance of internal controls and monitor the effectiveness of the internal control systems. Furthermore, the Group developed a formal Code of Ethics that is communicated to all staff (including new recruits). We have adopted a whistleblowing Policy, under which whistle-blowers can raise concerns via dedicated channels to our independent Internal Audit function. Our overall aim is to build risk awareness and control responsibility into our culture, which are the foundations of our internal control system. Through our strong tradition of good corporate governance and a corporate culture based on sound business ethics and accountability, the actions of Management and its commitment to effective governance are transparent to all.

02

Risk Assessment

We continue to improve our risk management process and the quality of information generated, whilst maintaining a simple and practical approach. We have embedded risk management into our operations and functional areas; through a bottom-up and top-down approach, the Group conducts periodic Group-wide risk assessments to identify and evaluate risk inherent in our business operations. With the support of a strong risk culture, Business Units are risk conscious and open to disclosing risk and loss events, through relevant risk monitoring tools developed by Management, for tracking and resolution. On an annual basis, Business Units review and update their risk registers, providing assurance that controls are embedded into all processes and operate effectively.

03

Control Activities

Control activities are an integral part of the Group's day-to-day operations, as embedded into our standardised business processes. Control activities have traditionally been built on top-level reviews, approval and authorisation limits, segregation of duties, and physical controls. These control policies are formalised as written policies and procedures, with defined limits of delegated authority and segregated duties and controls. We leverage automation as much as possible to improve the effectiveness of controls. As a proactive institution, the embedded controls across business processes are continuously being reviewed for adequacy and effectiveness, with a primary objective to minimise identified risks.

04

Information and communication

Management understands the need for timely, reliable, and accurate information flow for effective governance. Management reports to the Group Board Regulation and Risk Management Committee on a quarterly basis on the state of internal controls in the Group. Key policies such as the whistleblowing Policy, Employee Code of Conduct, Disciplinary Policy, etc., are duly communicated to all staff and posted on the Group's intranet. Furthermore, the Internal Audit function reviews the state of controls in the Group and provides an independent report to the Audit Committee on a quarterly basis. The AGMs are organised and attended by external parties, such as shareholders who actively participate in proceedings. FMDQ's Annual Reports are published on the Group's corporate website, making available information on the financial performance of FMDQ to external stakeholders.

05

Monitoring

The Group Board Regulation and Risk Management Committee oversees the Group-wide control framework – policies and processes. Management provides reports to the Group Board Regulation and Risk Committee on major risks, adequacy and effectiveness of extant controls and appropriate mitigating measures. Furthermore, the Internal Audit franchise independently assesses the control environment and reports on control deficiencies to the Audit Committee to ensure deployment of adequate resources to mitigate risks perceived to be of high impact, which could threaten the achievement of the Group's Strategic Objectives. Management actively monitors corrective actions on the identified deficiencies and provides update reports to the Group Board Regulation and Risk Management committee on a quarterly basis.

Organisation Design

- Board of Directors
- Audit Committee
- Management Team
- Organisation Structure
- Communication Policy

BOARD OF DIRECTORS

Dr. Kingsley Obiora

Group Chairman

Dr. Obiora is the Deputy Governor, Economic Policy Directorate, CBN. He is also the Chairman of the Africa Finance Corporation.

Prior to his appointment at the CBN, he served as an Alternate Executive Director at the International Monetary Fund (IMF) in Washington D.C., United States of America, where he was responsible for conducting the daily operations of the IMF and also assisted to represent the interests of twenty-three (23) African countries including Nigeria. He also worked at the West African Monetary Institute and the Centre for Econometric and Allied Research at the University of Ibadan. He was also Special Adviser on Economic Matters to the Governor of the CBN, as well as Technical Adviser to Nigeria's National Economic Management Team. He represents the CBN on the Board of FMDQ Group.

Mr. Jibril Aku

Group Vice Chairman

Mr. Aku is the Chairman of the Board of Directors of Marathon Asset & Fund Management Limited. He was formerly Group Head Strategy of Ecobank Transnational Incorporated and prior to that engagement, the Managing Director/CEO of Ecobank Nigeria Limited, Executive Director of Afribank PLC (now Skye Bank PLC) and Treasurer of Citibank Nigeria Limited.

He is a member of and represents the Financial Markets Dealers' Association Board of Trustees on the Board of FMDQ. He is also Chairman of FMDQ NIBOR Committee and the erstwhile President of the Money Market Association of Nigeria (now FMDA).

Mr. Kennedy Uzoka

Non-Executive Director

Mr. Uzoka is the Group Managing Director/CEO of United Bank for Africa PLC (UBA) .

Prior to this appointment, he served as the CEO of UBA Africa, managing the Group's country subsidiaries across eighteen (18) countries in Africa, as well as supervising key strategic support areas in Digital Banking, Information Technology and Personal Banking. He represents Systemically Important Banks on the Board of FMDQ Group.

Mr. Ebenezer Onyeagwu

Non-Executive Director

Mr. Onyeagwu is the Group Managing Director/CEO of Zenith Bank PLC.

He has served Zenith Bank PLC in various capacities; as Executive Director in charge of Lagos and South-South Zones, and was responsible for strategic groups/business units of the bank, including Financial Control & Strategic Planning, Treasury and Correspondent Groups, Human Resources Group, Oil and Gas Group, Credit Risk Management Group, etc. He represents Systemically Important Banks on the Board of FMDQ Group.

Ms. Daisy Ekineh

Non-Executive Director

Ms. Ekineh is the Technical Advisor to the Capital Market Master Plan Implementation Council. She was a one-time Chair of the African & Middle East Regional Committee of the International Organisation of Securities Commissions. She serves as an Independent Non-Executive Director and was appointed to the Board of FMDQ Group 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. She serves as an Independent Non-Executive Director on the Board of FMDQ Group. She is also the Chairman of FMDQ Depository Limited.

Mr. Emeka Onwuka, OON

Non-Executive Director

Mr. Onwuka is the Chief Financial Officer and Executive Director of Seplat Petroleum Development Company PLC. Prior to this, he was a Partner and Head of Private Clients & Family Wealth at Anderson Tax Nigeria, and also served as Group Managing Director, Diamond Bank PLC, and Chairman, Enterprise Bank Limited, among others. He also served on the inaugural Board of the erstwhile FMDQ OTC PLC from 2012 to 2014.

He serves on the Boards of Ecobank Nigeria Limited, Airtel Networks Limited (Bharti Airtel), as well as the Board of FMDQ Group as an Independent Non-Executive Director. He is also the Chairman, FMDQ Securities Exchange Limited.

Mr. Sadiq Mohammed

Non-Executive Director

Mr. Mohammed is the Deputy Chief Executive Officer of the Asset & Resource Management (ARM) Group, where he is responsible for providing strategic direction for the Group's business, as well as for other businesses within the ARM Group.

He sits on the Board of SunTrust Bank Nigeria Limited. He serves as an Independent Non-Executive Director on the Board of FMDQ Group. He is also the Chairman of FMDQ Clear Limited.

Mr. Bola Onadele. Koko

Group Managing Director/Chief Executive Officer

Mr. Onadele is the Chief Executive Officer of FMDQ Group. He serves as a Non-Executive Director on the Boards of FMDQ Securities Exchange Limited, FMDQ Clear Limited, and FMDQ Depository Limited, as well as Chairman of FMDQ Private Markets Limited and iQx Consult Limited.

Prior to this engagement, he was the President of FDHL, a financial markets and risk management consulting firm he founded in 2001, where he provided business leadership in the empowerment of the Nigerian financial market. His career spans 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 the Financial Markets Dealers' Association.

AUDIT COMMITTEE

Mr. Banjo Adegbohungbe

Committee Chair

Mr. Adegbohungbe is the Managing Director/CEO of Coronation Merchant Bank Limited. He has over twenty-six (26) years' banking experience in operations, technology and product management spanning international trade, foreign and local payments, foreign exchange, fixed income, money markets and loans. He worked at Citibank Nigeria Limited (formerly Nigeria International Bank Limited) and Access Bank PLC prior to joining Coronation Merchant Bank Limited in July 2018.

Mrs. Nneka Onyeali-Ikpe

Member

Mrs. Onyeali-Ikpe is the Managing Director/CEO, Fidelity Bank PLC, where she was formerly the Executive Director, Lagos and Southwest, Nigeria. She has over thirty (30) years' experience in the banking sector, having worked at various banks including Standard Chartered Bank PLC, Zenith Bank PLC and Citizens International Bank Limited, where she held several management positions in Legal, Treasury, Investment Banking, Retail/Commercial Banking and Corporate Banking. She is also an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.

Mrs. Bukola Smith, FCA

Member

Mrs. Smith is the Managing Director/CEO of FSDH Merchant Bank Limited. She has over twenty-nine (29) years of work experience in the banking industry with a track record of strategic execution and leadership. Prior to this appointment, she was the Executive Director, Business Development at First City Monument Bank Limited (FCMB) and held several leadership positions since joining in 2006, including being responsible for FCMB's over two hundred (200) branches across the country, as well as its Public Sector, Business Banking, Agriculture and Transaction Banking Divisions.

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

- Mr. Ebenezer Onyeagwu
- Mr. Emeka Onwuka, OON
- Mr. Sadiq Mohammed

MANAGEMENT TEAM

Mr. Bola Onadele. Koko

Chief Executive Officer, FMDQ Group

Mr. Onadele is the Chief Executive Officer of FMDQ Group. He serves as a Non-Executive Director on the Boards of FMDQ Securities Exchange Limited, FMDQ Clear Limited, and FMDQ Depository Limited, as well as, Chairman of FMDQ Private Markets Limited and iQx Consult Limited.

Prior to this engagement, Koko was the President of FDHL, a financial markets and risk management consulting firm he founded in 2001 where he provided business leadership in the empowerment of the Nigerian financial markets. His career of over twenty-seven (27) years spans across Coopers and Lybrand Associates (Chartered Accountant), 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.

Ms. Kaodi Ugoji

Group Chief Operating Officer, FMDQ Group

Ms. Ugoji is the Group Chief Operating Officer of FMDQ Group. She also serves as a Non-Executive Director on the Board of all FMDQ Group subsidiaries – FMDQ Securities Exchange Limited, FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited and iQx Consult Limited.

She holds a Master's degree in Finance and Management from Cranfield University, UK; a Bachelor's degree in Accountancy from the Rivers State University of Science and Technology, Nigeria; and a Professional Certificate in Strategic Management from Harvard University, USA. Kaodi has over twenty (20) years' experience in Treasury, Asset Management, Business Development, Marketing Communications, Finance, Project Management and Strategy functions of various organisations including Guaranty Trust Bank PLC, Hermes Investment Managers Limited, London, UK, Diamond Bank PLC and Guinness Nigeria PLC.

Ms. Tumi Sekoni

Managing Director, FMDQ Securities Exchange Limited

Ms. Sekoni is the Managing Director of FMDQ Exchange. She also serves as a Non-Executive Director on the Boards of FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited and iQx Consult Limited.

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 twenty (20) years, Tumi has built her career across Trading, Operations, Business Analysis, Business Development, Products & Markets Development, Marketing and Project Management in various organisations including Guaranty Trust Bank PLC, Goldman Sachs International, UBS, London and Merrill Lynch.

Mr. Ayodele Onawunmi

Managing Director, FMDQ Clear Limited

Mr. Onawunmi is the Managing Director of FMDQ Clear. He also serves as a Non-Executive Director on the Boards of FMDQ Securities Exchange Limited and FMDQ Private Markets Limited. Prior to joining FMDQ Clear Limited, he was the Managing Partner of 213 Capital, an African focused investment and risk advisory firm.

He holds a Master's degree in Finance from London Business School, UK; and a Bachelor's degree in Basic Medical Sciences from the University of Ibadan, Nigeria. Ayodele has over twenty (20) years' experience in Trading, Corporate & Investment Banking, Pension Fund Management and Financial Market Consulting in various organisations, including Access Bank PLC and Chapel Hill Denham Group.

Mr. Emmanuel Alao

Chief Operating Officer, FMDQ Depository Limited

Mr. Alao is the Chief Operating Officer of FMDQ Depository. Prior to joining FMDQ Group, he was the Chief Information Officer at Air Peace Nigeria Limited.

He holds a Master's degree in Business Administration from CASS Business School, City University, UK, and a Bachelor's degree in Electronics & Electrical Engineering from the University of Benin, Nigeria. Emmanuel's work experience of over twenty-eight (28) years' spans across Technology, Project Management and Consulting functions in various organisations including Citibank Nigeria, FCMB Limited, London International Financial Futures & Options Exchange, JPMorgan Chase, Santander UK, KPMG UK and Air Peace Nigeria Limited.

Mrs. Funlola Akintonde

Head, Human Resources, FMDQ Group

Mrs. Akintonde is the Head, Human Resources of FMDQ Group, comprising three (3) Groups – Recruitment & HR Operations, Talent Management and Culture & People Engagement.

She holds a Bachelor's degree in Economics from University of Ibadan, Nigeria; and is a Certified R3 Consultant. Funlola has over seventeen (17) years' experience in Human Resources (HR) Management, Business Support, Administration, HR & Management Consulting, and Business Process Redesign. She worked with various organisations including Eczellon Capital, UBA Capital PLC, Chapel Hill Denham Group, KPMG Professional Services, MTN Nigeria and Accenture. Prior to joining FMDQ, she was the Lead Consultant for Aracely Limited, a Human Resource consulting firm that delivers successful solutions to businesses.

Mrs. Adaze Uzor-Kalu

Head, External Relations, FMDQ Group

Mrs. Uzor–Kalu is the Head, External Relations of FMDQ Group, comprising two (2) Groups – Government & Regulatory Relations and Economic Development Alliances. Prior to joining FMDQ Group, she was the Executive Director, Asset Management at the Nigerian Electricity Liability Management Company.

She holds a Bachelor's degree in Accounting and Finance from the London Metropolitan University, UK; is a fellow of the Association of Chartered Certified Accountants; and a member of the Institute of Chartered Accountants of Nigeria. Adaze brings over twenty-one (21) years' experience across private and public sectors in areas such as Financial Accounting, Investment Banking, Infrastructure Debt Capital Raising, Housing Finance, Strategy and Business Development from organisations such as BGL PLC, Federal Housing Authority, Cluttons LLP, UK, O2 Telecoms UK and Fortis Bank.

Mr. Shina Oliyide

Head, General Internal Services, FMDQ Group

Mr. Oliyide is the Head, General Internal Services of FMDQ Group. He has a Master's degree in Information Technology from Ladoke Akintola University, Nigeria; a Master's degree in Project Management from the University of Lagos, Nigeria; a Post Graduate Diploma in Entrepreneurship and Management from the International School of Management, Nigeria; a Post Graduate Certificate in Business Administration from the University of Roehampton, UK; a Post Graduate Certificate in Artificial Intelligence and Machine Learning from the University of Texas, U.S.A. (McCombs School of Business); and a Bachelor's degree in Quantity Surveying from the Federal University of Technology, Akure, Nigeria.

Shina has nineteen (19) years' experience in Project Management, Facility Management, Real Estate and Construction from organisations such as, Stanbic IBTC PLC, Alphamead Facilities and Management Services Limited, Basscomm Nigeria Limited and Kuramo Industries Nigeria Limited. Prior to joining FMDQ Group, he was the Executive, Facilities Management at Broll Property Services Limited.

Mr. Vincent Nwani

Head, Research, FMDQ Group

Mr. Nwani is the Head, Research of FMDQ Group. He holds a Doctor of Philosophy (Ph.D.) in Economics from Monarch Business School, Switzerland; a Master's degree in Economics from the University of Ibadan, Nigeria; and a Bachelor's degree in Economics from the University of Port Harcourt, Nigeria.

Vincent has over seventeen (17) years' experience in Economics, Research & Intelligence, Business Policy Advocacy and Business Advisory functions of various institutions including Kavind Limited, First Bank of Nigeria PLC, BGL Group PLC and Magnartis Finance & Investment Limited. Prior to joining FMDQ Group, he served as a Director at the Lagos Chamber of Commerce and Industry.

Ms. Jumoke Olaniyan

Head, Market Architecture, FMDQ Securities Exchange Limited

Ms. Olaniyan is the Head, Market Architecture of FMDQ Exchange, comprising four (4) Groups – Market Development, Equity Market, Market Regulation and Academy.

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 over fifteen (15) years of work experience spans across Training, Consulting and Banking, within various organisations including IBFCAgusto Training Limited (now IBFCAlliance Limited), FDHL 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 CBN and the SEC.

Mr. Dipo Omotoso

Head, Information Services, FMDQ Securities Exchange Limited

Mr. Omotoso is the Head, Information Services of FMDQ Exchange, comprising two (2) Groups – Market Data and Index Services.

He holds an MBA from the University of Calabar; and a Bachelor's degree in Chemistry from Obafemi Awolowo University, Nigeria. Dipo has over twenty (20) years' experience in Securities Trading, Treasury Operations, Treasury Risk Management and Strategic Planning, Development and Management. His career spans across institutions including the Nigerian Stock Exchange (now Nigerian Exchange Group), BGL Securities Limited and Diamond Bank PLC. Prior to joining FMDQ Exchange, he served as the Head, Markets & Treasury Services at SunTrust Bank Limited.

Mr. Ebenezer Nwoji

Head, Market Oversight Division, FMDQ Securities Exchange Limited

Mr. Nwoji is the Head, Market Oversight of FMDQ Exchange, comprising three (3) Groups - Market Services, Examination and Member Regulation.

He holds a Master's degree in Finance from the University of Lagos, Nigeria; and a Bachelor's degree in Accountancy from the University of Nigeria Nsukka, Nigeria; and is a Certified Treasury Dealer. Ebenezer has over fifteen (15) years' experience spanning across Investment Banking, Trading, Asset and Liability Management, Treasury Risk Management and Market Regulation within various organisations including Afribank International Limited (Merchant Bankers) and Mainstreet Bank Limited.

Mrs. Tayo Bakare

Head, Depository Operations, FMDQ Depository Limited

Mrs. Bakare is the Head, Depository Operations of FMDQ Depository. Prior to joining FMDQ Depository, she was the Head, Global Markets Operations at Stanbic IBTC Bank PLC.

She holds a Bachelor's degree in Industrial Relations and Personnel Management from the University of Lagos, Nigeria. Tayo has about eighteen (18) years' experience in Marketing, Treasury and Banking Operations Management (Branch Operations, Reconciliation, Clearing, Domestic Operations and Archive Management) from organisations such as United Bank for Africa PLC and Metropolitan Bank Limited.

Mr. Yemi Osinubi

Head, Private Capital, FMDQ Private Markets Limited

Mr. Osinubi is the Head, Private Capital of FMDQ Private Markets, responsible for business and market development, as well as stakeholder engagement. He holds an MBA in Finance & Management Information Sciences from the University of Houston, Texas, USA; a Bachelor's degree in Biochemistry from the University of Lagos, Nigeria; and is a Chartered Financial Analyst.

Yemi has over twenty-three (23) years' experience spanning across Project & Infrastructure Finance, Corporate Development, Private Equity and Financial Advisory within various organisations including Aquila Energy Capital Corporation, Oando PLC, African Capital Alliance, Riverbank Capital Limited and the International Finance Corporation.

Mrs. Shola Olufosoye

Head, IT Operations, iQx Consult Limited

Mrs. Olufosoye is the Head, IT Operations of iQx Consult, comprising four (4) Groups – Application Management, Infrastructure Management, Service Management and Process Automation.

Shola's over twenty-six (26) years' experience 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 Committee which saw the creation of ValuCard Nigeria Limited and Interswitch PLC.

Mr. Adetokunbo Dosunmu

Head, Product Engineering, iQx Consult Limited

Mr. Dosunmu is the Head, Product Engineering of iQx Consult, comprising four (4) Groups - Applications Development, Infrastructure Design, Quality Assurance and Digital Innovation. Prior to joining iQx Consult, he was the Head, Applications Development, First Bank of Nigeria Limited.

He holds a Bachelor's degree in Computer Science from University of Lagos. Adetokunbo's work experience of over seventeen (17) years spans across Technology, Software Development, Project Management and Consulting functions in various organisations including MTN Nigeria Communications PLC, Access Bank PLC, Soft Alliance and Resources Limited and Eminent Technology.

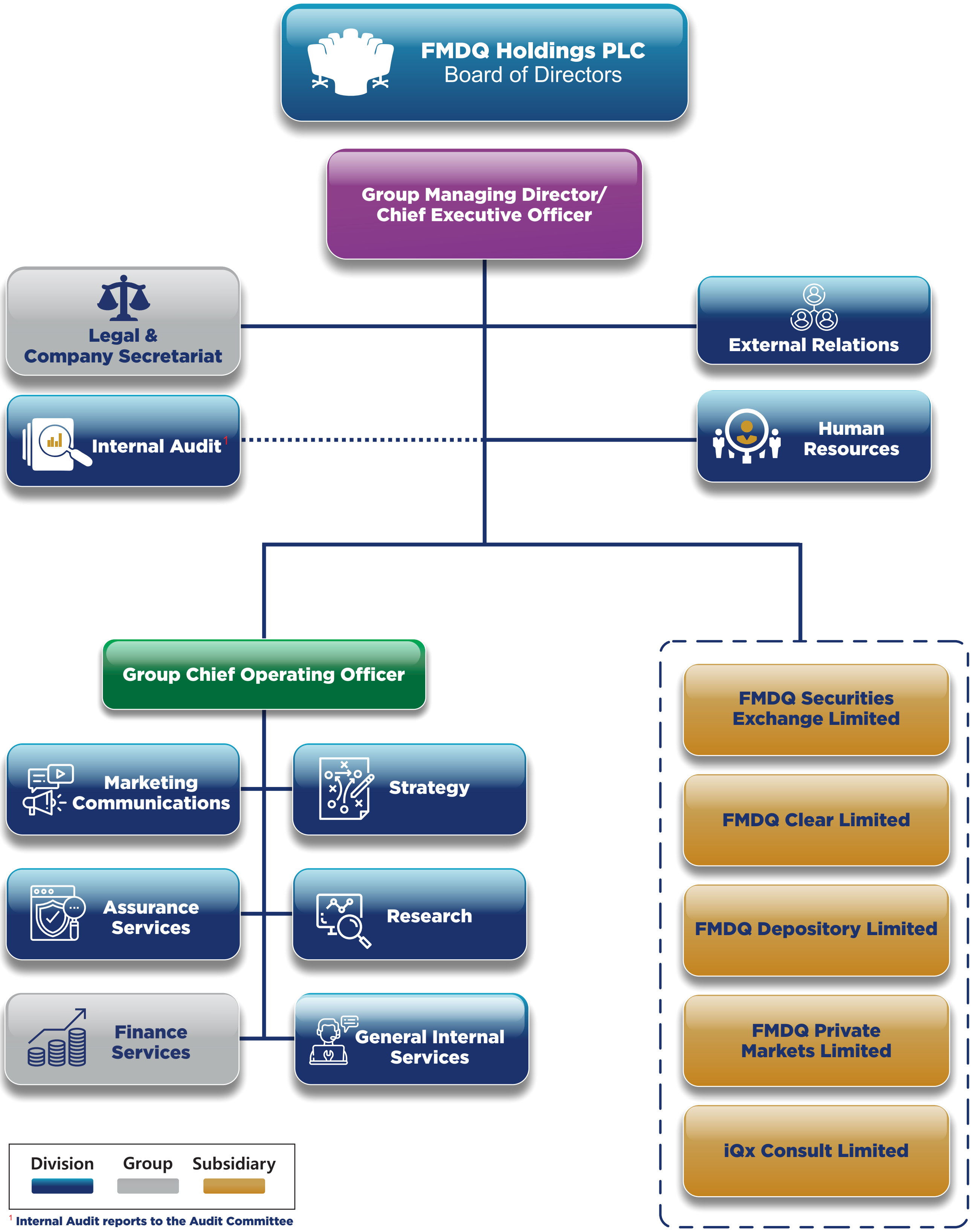
Mr. Emmanuel Etaderhi

Executive Secretary, FC4S Lagos

Mr. Etaderhi is the Executive Secretary, Financial Centre for Sustainability, Lagos. Prior to this, he was the Head, Economic Development of FMDQ Group. He holds a Master's degree in Management, a Master's degree in Economics and a Bachelor's degree in Business Administration from the University of Lagos, Nigeria.

Emmanuel's work experience of over twenty-six (26) years 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 joining FMDQ in 2014, he served the Delta State Government as Special Assistant to the Finance Commissioner.

ORGANISATION STRUCTURE



[1] Internal Audit reports to the Audit Committee

COMMUNICATIONS POLICY

Policy Statement

FMDQ is committed to the dissemination of timely, accurate and quality information to its internal and external stakeholders. All internal and external communications should be aimed towards the achievement of FMDQ's vision and mission and should be in line with its approved Strategy. All external communication must be approved by Communications Group ("CMG"), through the Group Chief Operating Officer ("GCOO"). The CEO shall approve all communication with government representatives and FMDQ's regulators, as well as confidential or sensitive information. Exceptions may exist in situations where such communication is part of a Division/Group's functions; for example, Business Development Division's communication with its existing/potential Members and clients and Market Services Group's communication with existing FMDQ Members, to mention a few.

All presentations/materials for external use must be reviewed by CMG prior to exposing these documents to the stakeholders to ensure brand compliance and accuracy of information related to the Company. This includes presentations to external stakeholders at meetings, seminars, conferences, etc. and materials to be uploaded to the website.

FMDQ's relationship with the press media, particularly business reporters, is at the heart of its success. The media, which serves as the medium through which FMDQ reaches its external stakeholders, is accorded high priority in FMDQ. As such, communication with media is to be handled with the highest levels of sensitivity and professionalism and must always be handled by CMG as this is the approved Group for communication and interface with the media. Only Authorised Persons shall be permitted to grant interviews of any sort (print, TV, online) and be quoted with respect to FMDQ's external communications.

Guidelines for Internal Communication

FMDQ's internal communication is targeted at all its internal stakeholders, towards the achievement of its overall objectives. Furthermore, internal communication is aimed at strengthening the organisational culture and feeling of commitment among the internal stakeholders, thereby increasing active participation and team spirit.

Internal communication shall be handled by the Divisions/Groups responsible for such correspondence, including Marketing Communications Division and Human Resources Division (for Staff members) and Legal & Company Secretariat Group (for Board of Directors).

Communication between and amongst Staff members must always be professional. Staff members are to be addressed by either their first names or by their initials in all written communication, except letters which must bear the full name of the Staff member. The use of titles, nicknames or any other names is strictly prohibited in written communication.

Disclosure of Confidential Information

FMDQ is committed to providing timely, accurate, and complete disclosure of its basic company information in an appropriate manner. Disclosure of confidential information is however strictly prohibited as detailed in the FMDQ Confidentiality and Non-Disclosure Agreement which is signed by all Staff members upon assumption of duty. Violation of this Agreement may attract legal redress.

Public Statements of Personal Opinion

FMDQ staff are to refrain from making public statements of opinion regarding FMDQ, its markets and the Nigerian financial markets, and from presenting personal opinions regarding the Group as facts. Such public statements may include quotes given to media, contribution to blogs, published articles, etc. Any such public statements must be approved by the CEO (or his designate) before publication.

Financial Reports

Directors' Report
For the year ended 31 December 2020

The Directors present their annual report on the affairs of FMDQ Holdings PLC ("the Company") and its subsidiaries together with the audited financial statements and auditor's report for the year ended 31 December 2020.

(a) Legal form
FMDQ Holdings PLC, was incorporated as FMDQ OTC PLC in Nigeria under the Companies and Allied Matters Act, 2004 on 6 January 2011 as a public liability company, and was registered by the Securities and Exchange Commission (SEC) on 6 November 2012 to perform its functions as a securities exchange and self-regulatory organisation. The Company commenced operations on 1 January 2013.

Effective 16 December 2019, the Company transferred its securities exchange license to its SEC-registered subsidiary company, FMDQ Securities Exchange Limited, and subsequently became a non-operating holding company in line with the Securities and Exchange Commission's new requirements for holding companies operating in the capital markets.

(b) Principal Activities
Effective 1 January 2020, the Company became a non-operating holding company.

The Group has five (5) wholly owned subsidiary companies, FMDQ Clear Limited, FMDQ Depository Limited FMDQ Securities Exchange Limited, FMDQ Private Markets Limited and iQx Consult Limited. The results of the subsidiary companies have been consolidated in these financial statements.

(c) Operating Results
Highlights of the Group's operating results for the year are as follows:

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Operating income	31,002,806	21,457,264	17,061,174	17,708,739
Profit before taxation	16,158,179	13,219,585	7,635,344	10,667,280
Taxation	(4,919,134)	(2,982,707)	(2,508,084)	(3,101,383)
Profit after tax	11,239,045	10,236,878	5,127,260	7,565,897

(d) Proposed dividend
No dividend was proposed by the Board of Directors in respect of the financial year ended 31 December 2020 (December 2019: Nil).

(e) Directors and their Interests
The Directors who held office during the year and to the date of this report were:

Name of Director	**Position**
Dr. Kingsley Obiora*	Group Chairman
Dr. Okwu Joseph Nnanna**	Group Chairman
Mr. Jibril Aku	Group Vice Chairman
Mr. Bola Onadele. Koko	Group Managing Director/CEO
Mr. Kennedy Uzoka	Director
Ms. Daisy Ekineh	Director (Independent)
Mr. Ebenezer Onyeagwu	Director
Mr. Emeka Onwuka, OON	Director (Independent)
Mr. Sadiq Mohammed	Director (Independent)

* Appointed 1 June 2020
** Resigned 29 May 2020

None of the Directors has an interest in the shareholding of the Group as required to be disclosed under section 301 of the Companies and Allied Matters Act, 2020 (CAMA), of Nigeria.

Directors' Report
For the year ended 31 December 2020

(f) Directors' interest in contracts

None of the Directors has notified the Group for the purpose of section 303 of the Companies and Allied Matters Act, 2020 (CAMA) of Nigeria of their direct or indirect interest in contracts or proposedcontracts with the Group 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 Group as at 31 December 2020.

Name	2020 No of shares	2020 % Holding	2019 No of shares	2019 % Holding
Central Bank of Nigeria	1,500,000,000	15.41%	100,000,000	15.61%
Financial Markets Dealers Association (FMDA)	1,186,111,110	12.19%	79,074,074	12.34%
Access Bank PLC	675,000,000	6.93%	45,000,000	7.02%
NSE Consult Limited	625,000,005	6.42%	41,666,667	6.50%

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

31 December 2020

Share range (Local shareholders)	No. of Shareholders	% Holding	No. of holdings
1 - 250,000,000	18	42.14%	4,172,552,550
250,000,001 and above	8	57.86%	5,561,111,115
	26	100.00%	9,733,663,665

31 December, 2019

Share range (Local shareholders)	No. of Shareholders	% Holding	No. of holdings
1- 15,000,000	18	42.14%	270,000,000
15,000,001 and above	8	57.86%	370,740,741
	26	100.00%	640,740,741

(h) Property and equipment

Information relating to changes in property and equipment is given in Note 27 to the financial statements.

(i) Charitable contributions and other donations

The Group made charitable donations to non - political organisations amounting to N236.6 million during the year (December 2019: Nil).

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Donation to SEC's Capital Market Support Committee on COVID-19 Initiative	60,000	-	60,000	-
Donation to Lagos State Government on COVID-19 Initiative	165,000	-	165,000	-
Donation of Face Masks to Support the Control of COVID-19	1,565	-	1,565	-
Donation to Ogun State Security Trust Fund	10,000	-	10,000	-
	236,565	-	236,565	-

(j) Employment of disabled persons

The Group had no disabled person in its employment as at 31 December 2020 (December 2019: 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 Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as much as possible, be identical with that of other employees.

Directors' Report
For the year ended 31 December 2020

(k) Health, safety and welfare at work
The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. During the year, COVID-19 protocols were strictly adhered to. Fire-fighting equipment are installed in strategic locations within the Company's premises.

(l) Employee consultation and training
The Group 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 Group. The Group places emphasis on employee development and training. Members of staff embarked on different training programs in the course of the year.

(m) Transfer of Operations
FMDQ Holdings PLC obtained approval to transfer its securities exchange registration to FMDQ Securities Exchange Limited on 16 December 2019 and therefore discontinued operations as a securities exchange and became a non-operating Holding Company effective 1 January 2020.

(n) Disclosure on COVID-19
The COVID-19 pandemic which started in China in December 2019 and rapidly spread across the world is impacting all aspects of life in a manner that is unprecedented. The impact cuts across businesses, the economy and social interactions. These impacts seem like they will remain for the foreseeable futureIn a bid to curtail the spread of the virus, the Federal Government of Nigeria imposed movement restrictions in Lagos and Ogun State as well as the Federal Capital Territory on 29 March 2020. Gradual lifting of movement has commenced with daily updates announced. In adapting to the government's response to COVID-19, the Group's Management swiftly held a meeting to discuss how employees will work from home and the company will run in its full capacity. As all employees had previously been provided with adequate productivity tools to support remote working in line with the Group's policy, and the Group's trading, clearing and settlement platforms are web-based, the transition for employees, customers and other stakeholders, was seamless. The Group was therefore able to satisfy all its customers, through it subsidiaries, without compromising quality, as well as report on its financials on time and in full.

(i) Assessment of Impact

(a) Impact of COVID-19 on Impairment of Financial Assets
The Group does not see a significant impairment impact on its financial assets as a result of COVID-19. The Group's financial assets are predominantly fixed income and sovereign (treasury bills and FGN bonds) in nature and are subsequently classified as stage 1. The stage allocation remains unchanged as there is no significant increase in credit risk. The impact of forward-looking information has also been considered in assessing the impact of COVID-19 on impairment of financial assets. These include GDP growth, exchange rate, country rating, and inflation. Whilst COVID-19 had negatively impacted all of the forward-looking information, other variables in the computation ensured that the impact remained minimal.

(b) Going concern assessment
The Group will continue to assess the status of the fight against the pandemic and its impact on the Group's business. However, based on current assessment, the Directors are confident that the Going Concern of the Group will not be threatened and would be able to continue to operate post COVID-19 and in the foreseeable future.

(c) Outlook
Management is confident that with all the tools put in place to ensure every employee can access the basic information need to carry out day to day activities, we can continue with business operations uninterrupted. Notwithstanding, since we cannot reasonably estimate the length or severity of this pandemic, Management would continue to assess the material impact on the Group's financial position, results of operations, and cash flows in fiscal 2021 and would regularly make appropriate disclosures thereon to all stakeholders.

(o) Events after the end of the reporting date
There was no events after the reporting date that could have had a material effect on the financial statements of the Group that have not been provided for or disclosed in these financial statements.

(p) Auditors
Messrs KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors of the Group. In accordance with section 401 (2) of the Companies and Allied Matters Act of Nigeria, 2020, therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Mr. Unekuojo Idachaba
Ag. Company Secretary
FRC/2021/002/00000022478
31 March 2021

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2020

The Directors accept responsibility for the preparation of the annual consolidated and separate 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, 2020, and Financial Reporting Council 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, 2020, 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.

The Directors have made an assessment of the Group and the Company's ability to continue as a going concern and have no reason to believe the Group and the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Dr. Kingsley Obiora
Chairman
FRC/202 1/0031000000225 5 7

31 March 2021

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

3 I March 2021

FMDQ Holdings PLC
Annual Report and Financial Statements
31 December 2020

Statement of Corporate Responsibility for the Financial Statements for the Year Ended 31 December 2020

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director/CEO and Financial Controller, hereby certify the financial statements of the FMDQ Holdings PLC for the year ended 31 December 2020 as follows:

a) That we have reviewed the audited consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2020.

b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and the Company as of and for, the year ended 31 December 2020.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to the officer by other officers of the companies, particularly during the year ended 31 December 2020.

e) That we have evaluated the effectiveness of the Group and the Company's internal controls within 90 days prior to the date of the audited consolidated and separate financial statements, and certify that the Group and the Company's internal controls are effective as of that date.

f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

g) That we have disclosed the following information to the Group and the Company's Auditors and Audit Committee:

(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Group and the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and

(ii) there is no fraud that involves management or other employees who have a significant role in the Group and the Company's internal control.

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

31 March 2021

Mr. Dimeji Oladosu
Financial Controller
FRC/2021/001/00000022585

31 March 2021

Audit Committee Report

For the year ended 31 December 2020

To the members of FMDQ Holdings PLC

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act of Nigeria, 2020, the members of the Audit Committee of FMDQ Holdings PLC hereby report on the financial statements for the year ended 31 December 2020 as follows:

(i) We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the cooperation of Management and staff in the conduct of these responsibilities.

(ii) We are of the opinion that the accounting and reporting policies of the Group 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 2020 were satisfactory and reinforce the Group's internal control systems.

(iii) After due consideration, the Audit Committee accepted the report of the auditorsthat the financial statements were in accordance with ethical practices and generally accepted accounting principles and give a true and fair view of the state of the Group'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.

Mrs. Hamda Ambah

Chairman, Audit Committee

FRC/2013/CISN/00000001749

29 March 2021

Members of the Audit Committee

1. Mr. Nnamdi John Okonkwo*	Shareholder representative	Chairman
2. Mrs. Hamda Ambah	Shareholder representative	Chairman
3. Mr. Banjo Adegbohungbe	Shareholder representative	Member
4. Mrs. Nneka Onyeali-Ikpe ***	Shareholder representative	Member
5. Mr. Sadiq Mohammed	Director	Member
6. Mr. Emeka Onwuka, OON	Director	Member
7. Mr. Ebenezer Onyeagwu	Director	Member

* Resigned December 31, 2020
***Appointed January 1, 2021

KPMG

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FMDQ Holdings PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separatefinancial statements of FMDQ Holdings PLC (" the Company") and its subsidiaries (together, "the group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December, 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December, 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements inNigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report in this regard.

KPMG

Information Other than the Financial Statements and Audit Report thereon
The Directors are responsible for the other information. The other information comprises Corporate Information, Directors' Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Audit Committee Report and Other National Disclosures the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 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.

In preparing theconsolidated and separate financial statements, the directors are responsible for assessing the Group (and Company)'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group (and Company) or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separatefinancial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group (and Company)'s internal control.

KPMG

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group (and Company)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (and Company) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Nneka

Nneka Eluma, FCA
FRC/2013/ICAN/00000000785
For: KPMG Professional Services
Chartered Accountants
31 March 2021
Lagos, Nigeria

FMDQ Holdings PLC
Annual Report and Financial Statements
31 December 2020

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

In thousands of naira	*Notes*	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Treasury income	9	1,023,023	3,190,982	-	-
Treasury expense	10	(138,957)	(1,134,144)	-	-
Net treasury income		884,066	2,056,838	-	-
Transaction fees (net)	11	2,213,278	2,381,877	-	2,381,877
Clearing and futures management fees	12	17,228,485	12,318,374	-	-
Participant fees	13	110,116	1,050	-	-
Interest income calculated using the effective interest method	14	1,935,227	1,889,341	825,131	767,630
Other income	15	8,487,005	2,785,496	16,091,614	14,534,944
Gain on foreign exchange revaluation	16	144,629	24,288	144,429	24,288
Total Operating Income		31,002,806	21,457,264	17,061,174	17,708,739
Impairment losses on financial instruments	18	(335,598)	(137,018)	(79,170)	(46,706)
Personnel expenses	17	(7,033,284)	(4,122,226)	(5,428,277)	(3,869,902)
Other operating expenses	19	(6,899,747)	(3,494,592)	(3,353,424)	(2,641,008)
Depreciation	27	(567,647)	(478,942)	(556,608)	(478,942)
Amortisation	28	(8,351)	(4,901)	(8,351)	(4,901)
Profit before taxation		16,158,179	13,219,585	7,635,344	10,667,280
Income tax expense	20(a)	(4,919,134)	(2,982,707)	(2,508,084)	(3,101,383)
Profit after taxation		11,239,045	10,236,878	5,127,260	7,565,897
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
FVOCI debt instruments - net change in fair value	33(d)	1,752,957	406,103	872,647	396,790
Other comprehensive income, net of income tax		1,752,957	406,103	872,647	396,790
Total comprehensive income for the year		12,992,002	10,642,981	5,999,907	7,962,687

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

Consolidated and Separate Statements of Financial Position

As at 31 December 2020

In thousands of naira	*Notes*	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
ASSETS					
Cash and bank balances	21	27,032,460	9,536,031	5,235,415	332,796
Investment securities	22	16,859,539	16,147,529	9,351,771	7,717,276
Client resolution fund (CRF) asset	23	59,552,180	30,044,416		
Margin and fixings variance settlement assets	24	219,910,774	172,601,258		
Other assets	25	3,575,499	3,419,506	3,283,205	6,204,888
Investment in subsidiaries	26			11,206,831	11,000,000
Property and equipment	27	1,714,701	1,796,773	1,459,729	1,796,773
Intangible assets	28	49,046	33,446		33,446
Deferred tax assets	20(d)	800 221	214,879	730,968	28,834
Total assets		**329,494,420**	**233,793,838**	**31,267,919**	**27,114,013**
LIABILITIES					
Client resolution fund (CRF) liability	30	59,552,180	30,044,416		
Margin and fixings variance settlement liabilities	31	219,910,774	172,601,258		
Other liabilities	29	12,511,271	9,442,617	6,986,651	9,176,636
Provisions	32	626,416	44,100	374,638	44,100
Current tax liabilities	20(c)	5,524,027	3,408,047	3,229,770	3 340,674
Total liabilities		**298,124,668**	**215,540,438**	**10,591,059**	**12,561,410**
EQUITY					
Share capital	33(b)	9,733,664	640,741	9,733,664	640,741
Share premium	33(c)	137,328	21,148	137,328	21,148
Retained earnings	33(c)	3,540,921	363,779	1,281,815	
Bonus share reserve	33(e)	2,175,336	9,721,911	2,175,336	9,721,911
Fair value reserve	33(d)	2,126,194	373,237	1,242,203	369,556
Other reserves	33(f)	13,656,309	7,132,584	6,106,514	3,799,247
Total equity		**31,369,752**	**18,253,400**	**20,676,860**	**14,552,603**
Total liabilities and equity		**329,494,420**	**233,793,838**	**31,267,919**	**27,114,013**

These financial statements were approved by the Board of Directors on 31 March 2021 and signed on its behalf by:

Dr. Kingsley Obiora
Group Chairman
FRC/2021/003/00000022557

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

Additionally certified by:

Mr. Dimeji Oladosu
Financial Controller
FRC/2021/001/00000022585

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

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2020

Group

31 December 2020

In thousands of naira	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves	Total equity
Balance as at 1 January 2020		640,741	21,148	373,237	363,779	9,721,911	7,132,584	18,253,400
Total comprehensive income for the year								
Profit for the year		-	-	-	11,239,045	-	-	11,239,045
Other comprehensive income		-	-	1,752,957	-	-	-	1,752,957
Total comprehensive income		**-**	**-**	**1,752,957**	**11,239,045**	**-**	**-**	**12,992,002**
Transactions with owners, recorded directly in equity								
Appropriation of profit	33(c)	-	-	-	(8,061,903)	1,538,178	6,523,725	-
Issue of shares	33(b)	9,092,923	116,180	-	-	(9,084,753)	-	124,350
		9,092,923	**116,180**	**-**	**(8,061,903)**	**(7,546,575)**	**6,523,725**	**124,350**
Balance as at 31 December 2020		**9,733,664**	**137,328**	**2,126,194**	**3,540,921**	**2,175,336**	**13,656,309**	**31,369,752**

31 December 2019

In thousands of naira	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves	Total equity
Balance as at 1 January 2019		640,741	21,148	(32,866)	4,695,328	-	2,286,068	7,610,419
Total comprehensive income for the year								
Profit for the year		-	-	-	10,236,878	-	-	10,236,878
Other comprehensive income		-	-	406,103	-	-	-	406,103
Total Comprehensive income		**-**	**-**	**406,103**	**10,236,878**	**-**	**-**	**10,642,981**
Transactions with owners, recorded directly in equity								
Appropriation of profit	33(c)	-	-	-	(1,513,179)	-	1,513,179	-
Transfer from retained earnings	33(c)	-	-	-	(13,055,248)	9,721,911	3,333,337	-
		-	**-**	**-**	**(14,568,427)**	**9,721,911**	**4,846,516**	**-**
Balance as at 31 December 2019		**640,741**	**21,148**	**373,237**	**363,779**	**9,721,911**	**7,132,584**	**18,253,400**

Company

31 December 2020

In thousands of naira	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves	Total equity
Balance as at 1 January 2020		640,741	21,148	369,556	-	9,721,911	3,799,247	14,552,603
Total comprehensive income for the year								
Profit for the year		-	-	-	5,127,260	-	-	5,127,260
Other comprehensive income		-	-	872,647	-	-	-	872,647
Total comprehensive income		**-**	**-**	**872,647**	**5,127,260**	**-**	**-**	**5,999,907**
Transactions with owners, recorded directly in equity								
Appropriation of profit	33(c)	-	-	-	(3,845,445)	1,538,178	2,307,267	-
Issue of shares	33(b)	9,092,923	116,180	-	-	(9,084,753)	-	-
		9,092,923	**116,180**	**-**	**(3,845,445)**	**(7,546,575)**	**2,307,267**	**124,350**
Balance as at 31 December 2020		**9,733,664**	**137,328**	**1,242,203**	**1,281,815**	**2,175,336**	**6,106,514**	**20,676,860**

31 December 2019

In thousands of naira	Notes	Share capital	Share premium	Fair value reserve	Retained earnings	Bonus share reserve	Other reserves	Total equity
Balance as at 1 January 2019		640,741	21,148	(27,234)	3,669,193	-	2,286,068	6,589,916
Total comprehensive income for the year								
Profit for the year		-	-	-	7,565,897	-	-	7,565,897
Other comprehensive income		-	-	396,790	-	-	-	396,790
Total Comprehensive income		**-**	**-**	**396,790**	**7,565,897**	**-**	**-**	**7,962,687**
Transactions with owners, recorded directly in equity								
Appropriation of profit	33(c)	-	-	-	(1,513,179)	-	1,513,179	-
Transfer from retained earnings	33(c)	-	-	-	(9,721,911)	9,721,911	-	-
		-	**-**	**-**	**(11,235,090)**	**9,721,911**	**1,513,179**	**-**
Balance as at 31 December 2019		**640,741**	**21,148**	**369,556**	**-**	**9,721,911**	**3,799,247**	**14,552,603**

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

Consolidated and Separate Statements of Cash Flows

For the year ended

In thousands of naira	Notes	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Cash flows from operating activities					
Profit for the year		11,239,045	10,236,878	5,127,260	7,565,897
Income tax expense	20(a)	4,919,134	2,982,707	2,508,084	3,101,383
Profit before taxation		16,158,179	13,219,585	7,635,344	10,667,280
Adjustments for:					
Depreciation of property and equipment	27	567,647	478,942	556,608	478,942
Gain on disposal of property and equipment	38(ii)	(2,415)	(1,382)	(2,415)	(1,382)
Gain on transfer of investment securities	38(i)	-	-	-	(169,546)
Impairment charge on financial assets	18	335,598	137,018	79,170	46,706
Amortisation of intangible assets	28	8,351	4,901	8,351	4,901
Foreign exchange gain	38(vii)	(236,280)	(14,136)	(236,280)	(14,136)
Cash-settled share-based payment expense	17	1,903,092	606,346	1,903,092	606,346
Share dividend from subsidiary	15(f)	-	-	-	(1,000,000)
Interest income	14	(1,654,658)	(1,385,641)	(808,269)	(742,200)
Interest expense	35(ii)	43,599	43,894	43,599	43,894
		17,123,113	**13,089,527**	**9,179,200**	**9,920,805**
Changes in:					
Other assets	38(vi)	(1,678,634)	(1,824,657)	1,548,096	(528,662)
Other liabilities	38(v)	2,898,802	3,003,582	(2,942,084)	7,005,879
Provisions	32	582,316	21,346	330,538	21,346
Placement pledged as collateral	21	80,597	(5,000,000)	-	-
		19,006,194	**9,289,798**	**8,115,750**	**16,419,368**
Tax paid	20(c)	(1,972,279)	(1,120,387)	(1,896,532)	(1,110,130)
VAT paid	38(v)	(1,777,134)	(1,246,517)	(1,194,592)	(663,976)
Net Cash from operating activities		**15,256,781**	**6,922,894**	**5,024,626**	**14,645,262**
Cash flow from investing activities					
Interest received	38(iv)	1,550,784	903,904	639,609	581,021
Acquisition of property and equipment	38(ii)	(554,825)	(732,513)	(468,551)	(732,513)
(Acquisition)/Disposal of intangible assets	28	(8,351)	(22,672)	(8,351)	(22,672)
Proceeds from sale of property and equipment	38(ii)	71,665	1,398	71,665	1,398
Net purchase of investment securities	38(i)	1,045,503	(3,223,236)	(356,908)	(8,300,621)
Additional investment in subsidiaries	38(viii)	-	-	(2,000)	(6,340,000)
Net Cash genrated from/(used) in investing activities		**2,104,776**	**(3,073,119)**	**(124,536)**	**(14,813,387)**
Cash flow from financing activities					
Payment of lease liabilities	35(iii)	-	(37,400)	-	(37,400)
Net Cash used in financing activities		**-**	**(37,400)**	**-**	**(37,400)**
Net increase/(decrease) in cash and bank balances		**17,361,557**	**3,812,375**	**4,900,090**	**(205,525)**
Effect of exchange rate changes on cash and bank balances	38(vii)	2,792	2,303	2,529	2,303
Cash and bank balances at the beginning of the year		4,536,031	721,353	332,796	536,018
Cash and bank balances at end of the year	21	**21,951,863**	**4,536,031**	**5,235,415**	**332,796**

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

Notes to the Consolidated and Separate Financial Statements

1 Reporting entity

FMDQ Holdings PLC, formerly FMDQ Securities Exchange PLC, was incorporated as FMDQ OTC PLC (the 'Company'), a public liability company, in Nigeria under the Companies and Allied Matters Act of Nigeria, 2020. The Company was incorporated on 6 January 2011 and commenced operations in January 2013. The address of its registered office is 35 Idowu Taylor Street, Victoria Island, Lagos.

In 2017, the Company invested in a new entity, FMDQ Clear Limited. In 2019, the Company invested in two (2) new entities, FMDQ Depository Limited and FMDQ Securities Exchange Limited. During the year, the Company invested in two (2) additional entities; FMDQ Private Markets Limited and iQx Consult Limited. The five (5) entities are wholly owned subsidiaries of FMDQ Holdings PLC. As such, the consolidated and separate financial statements as at and for the year ended 31 December 2020 therefore comprise the Company and its subsidiaries (together referred to as 'the Group').

Prior to 16 December 2019, FMDQ Holdings PLC's principal activities was to function as a market organiser, with dual responsibilities of a securities exchange and self-regulatory organisation. It is regulated by the Securities and Exchange Commission. Effective 16 December 2019, the Securities and Exchange Commission granted the Company approval to transfer its securities exchange license to its newly incorporated subsidiary Company, FMDQ Securities Exchange Limited, and become a non-operating holding company in line with the Securities and Exchange Commission's new requirements for holding companies operating in the capital markets.

2. Changes in accounting policies

Except as noted below, the Group has consistently applied the accounting policies as set out below to all periods presented in these consolidated and separate financial statements. The following amended standards and interpretations were effective during the year but are not expected to have a significant impact on the Group's financial statements.

— Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
— Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
— COVID-19-Related Rent Concessions (Amendment to IFRS 16)
— Reference to Conceptual Framework (Amendments to IFRS 3).
— Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
— IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
— IBOR reform phase 2.
— Disclosure of accounting policy (amendment to IAS 1).
— Definition of accounting estimate (amendment to IAS 8).
— Annual improvements.

Significant accounting policies
Except for the changes explained in note 2, the Group has consistently applied the following accounting policies to all periods presented in these financial statements.

3 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and its interpretation committee effective and available as at 31 December 2016. These financial statements comply with the Companies and Allied Matters Act of Nigeria, 2020 and the Financial Reporting Council of Nigeria (FRC) Act, 2011.

The consolidated and separate financial statements were authorised for issue by the Directors on 31 March 2021.

4 Basis of preparation

(a) Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for:

- cash & cash equivalents, client resolution fund assets & margin Fund assets measured at amortized cost on each reporting date,
- financial assets at fair value through OCI measured at fair value on each reporting date,
- financial liabilities which are measured at amortized cost on each reporting date.

(b) Functional and presentational currency

The consolidated and separate financial statements are presented in Naira, which is the Group's functional currency. Unless otherwise stated, financial information presented in Naira have been rounded to the nearest thousand.

Notes to the Consolidated and Separate Financial Statements

(c) **Use of estimates and judgments**
In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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 7.

4.1 Basis of consolidation

(a) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having control over an investee.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). When the proportion of the equity held by non controlling interests (NCIs) changes, the carrying amounts of the controlling and NCIs are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Loss of Control
On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity relating to a subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(c) Non-controlling interests
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(e) Business combination
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

5.1 Translation of foreign currencies

Translation and balances
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated

Notes to the Consolidated and Separate Financial Statements

into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognised in OCI.

5.2 Cash and bank balances

Cash and bank balances are made up of cash, cash equivalents and placements pledged as collateral.

Cash comprises cash in hand and demand deposits. Cash equivalents are short term liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents comprise deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Placements pledged as collateral represents amounts which the Group has placed with its bank as collateral in order to facilitate lending to the Group's Dealing Member Specialists. This balance has also been included as part of cash and bank balances for the purpose of cash flow statements.

Cash and bank balances are carried at amortised cost in the statement of financial position.

5.3 Financial instruments

(a) Recognition and initial measurement

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(b) Classification and subsequent measurement

Financial assets

The Group classifies financial assets into the following categories: amortised cost and FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management. The information considered includes:
– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows

Notes to the Consolidated and Separate Financial Statements

or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Group's Management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely principal and interest (SPPI) assessment
In assessing whether the contractual cash flows are solely principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features
- prepayment and extension features, and
- terms that limit the Group's claim to cash flows from the specified assets.

Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI for debt instruments are reclassified to profit or loss.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(c) Derecognition
Financial assets
The Group 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 in which the Group neither transfers nor retains substantially all the risks and the rewards of the ownership and it does not retain control of the financial asset.
On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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(d) Modifications of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (c)) and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows: - fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and - other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them 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 IFRS, or for gains and losses arising from a group of similar transactions such as in the Group’s trading activity.

(f) 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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

If there is no quoted price in an active market, then the Group uses valuation techniques that maximises the use of relevant technique incorporating all the factors that market participants would take into account in pricing a transaction.

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 Group 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 recognised in 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 Group 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 Group 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.

5.4 Impairment of financial instruments

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Trade and other receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(i) Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the assets original effective interest rate.

IFRS 9 ECL Impairment model uses a three-stage approach based on the extent of credit deterioration since origination:
Stage 1 – 12-month ECL applies to all financial assets that have not experienced a Significant Increase in Credit Risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month probability of default (PD) that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.

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Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses. The impairment requirements of IFRS 9 are complex and require management judgments, estimates and assumptions, particularly in the areas of assessing whether the credit risk of an instrument has increased significantly since initial recognition and incorporating forwardlooking information into the measurement of ECLs.

Inputs into measurement of ECL
The key inputs into the measurement of ECL are the following variables:
- probability of default (PD);
- loss given default (LGD)
- exposure at default (EAD)

ECL for exposures in stage 1 (12-month ECL) is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

These parameters are generally derived externally from Standard and Poor's (S&P), Moody's, Fitch and they are adjusted to reflect forward-looking information as described above.

PD is an estimate of the likelihood of default over a given time horizon, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group plans to estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, and counterparty industry. LGD estimates are recalibrated for different economic scenarios and, for lending, to reflect possible changes in the economies. They are calculated on a discounted cash flow basis using the effective interest rate as the discount.

EAD represents the expected exposure in the event of a default. The Group expects to derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

Forward looking information (FLI)
The Group will incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Group intends to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process would involve developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations and selected private-sector and academic forecasters.The base case is expected to represent a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios would represent more optimistic and more pessimistic outcomes.

Impairment on trade receivables - the simplified approach
Loss allowance on trade receivables or contract assets that result from transactions in the scope of IFRS 15 are measured using a simplified approach. The Group's trade receivables do not contain a significant financing components and have a short duration, typically less than 12 months which means that measuring the loss allowance as lifetime ECLs generally does not differ from measuring at 12-month ECLs. Trade receivables without a significant financing component are measured on initial recognition at the transaction price determined in accordance with IFRS 15 and do not have a contractual interest rate. This implies that the effective interest rate for these receivables is zero accordingly, the discounting of cash shortfalls to reflect the time value of money when measuring ECL is not generally required.

(ii) Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

(iii) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are charged to profit and loss and deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

5.5 Revenue recognition

(i) Interest income and expense

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
– the gross carrying amount of the financial asset; or
– the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rate of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(ii) Other income

Other income comprises insurance claims, sponsorship income, bond listing fees, technology services, penalties and fines, membership dues, application fees, commercial paper quotation fees, margin management fee, processing fees, eligibility fees, depository fees, Q-ex maintenance fees, franchise development support and outsourcing (FDSO) income and any other income earned from non-core operations. Other income is recognised when the the performance obligations have been satisfied.

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(iii) Treasury income

Treasury income represents total interest income earned by the Group from investing the Client Resolution Fund (CRF) assets and Margin Funds. The Group invests the Funds in treasury bills and other money market instruments, through a Fund Manager- Stanbic IBTC Asset Management Limited (SIAML) and the Clearing Treasury Group. The income is recognised using effective interest rate.

(iv) Treasury expense

Treasury expense represents total interest expense to be paid to the FX futures clients on the outstanding CRF liabilities. The liabilities represent settlement amounts due on matured FX futures transactions, but which are yet to be claimed by the clients. The Group pays an agreed percentage of the outstanding amounts to the clients.

(v) Processing fees

Processing fee is computed as a third of the total interest earned by the clients on the CRF. The processing fee is earned when the client makes a claim on the FX futures settlement amount by purchasing spot FX for the underlying contract. The unearned portion of the processing fee is recognised as a liability, and unwinds to profit or loss as the client makes claim for the settlement amount sequel to purchase of spot FX.

(vi) Franchise development support and outsourcing (FDSO) income

FDSO income represents fees earned from FMDQ Clear Limited and FMDQ Securities Exchange Limited, a wholly owned subsidiary, in respect of the franchise development support and outsourced services rendered by the parent Company. The fees are accrued in line with the executed agreement with the parent Company, which requires FMDQ Clear Limited and FMDQ Securities Exchange Limited to pay 60% and 20% (2019: 75% from FMDQ Clear Limited) of its realised revenue, excluding interest income on proprietary capital respectively.

(vii) Transaction fees

Transaction fees represent fees charged by the Company on the face value of the secondary market transactions carried out by its Dealing Members and Brokers on its platform. The Company charges a fee on the face value of the transactions executed.

(viii) Clearing and futures management fees

Clearing fee is earned by the Group on clearing services carried out on the FX futures transactions that were traded on the erstwhile platform of the parent Company, FMDQ Holdings PLC. The fee is a one-off payment and is computed as 0.05% of the face value of the FX futures contract. It is accrued as the income is earned.

Futures management fee is charged to transaction parties for the maintenance and valuation of open contracts and collateral margins.

(ix) Participant fee income

Participant fee income represents a yearly subscription fee which is realised as income over the 12 month period. This income is collected upfront and then recognised over the 12-month period on a straight line basis.

5.6 Prepayments

Prepayments are essentially insurance paid in advance. Prepayments are carried at cost less amortisation expensed in profit or loss.

5.7 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 Group. 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.

5.8 Property and equipment

(i) Recognition amd 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 Group and its cost can

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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.

(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	over the period of the lease
Motor vehicles	4 years
Office equipment	4 years
Computer equipment	3 years
Right of use assets	Lower of lease term or the useful life for the specified class item

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Depreciation is not recognised on items of property and equipment that are under construction.

(iv) Derecognition

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.

5.9 Intangible assets

Computer software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group 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.

5.10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of non-financial 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 Group 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.

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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.

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.

5.11 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
— fixed payments, including in-substance fixed payments;
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
— amounts expected to be payable under a residual value guarantee; and
— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

5.12 Provisions

A provision is recognised if, as a result of a past event, the Group 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 Group 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 Group 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 Group recognises any impairment loss on the assets associated with that contract.

5.13 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 Group 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 Group's contribution to this scheme is charged to profit or loss 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.

The Group also operates a defined contribution plan called "Directors' Exit Pay" for its Executive and Non-Executive Directors. Under this plan, the Group contributes 50% of the Executive Director's annual gross salary and 50% of the Non-Executive Directors' annual Director's fees for every year of service. The Group's contributions are managed by a separate Fund Manager and the Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay the Directors upon exit.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group 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 Group 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.

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A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

(iv) Cash-settled share-based payment transactions
The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any change in the fair value of the liability is recognised in profit or loss.

5.14 Taxation
Income tax expense comprises current tax (company income tax, tertiary education tax, national information technology development agency levy and Nigeria police trust fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.
The Group had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

(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.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:
- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax
Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

In line with the Finance Act 2020, minimum tax if applicable will be determined based on 0.25% of gross turnover, less franked investment income, provided the Company earned gross turnover up to N25 million in the relevant year of assessment.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Finance Act 2020
The Finance Act was signed into law on 4 January 2021. It introduces changes to the Companies Income Tax Act, Value Added Tax Act, Petroleum Profits Tax Act, Personal Income Tax Act, Capital Gains Tax Act, Customs and Excise Tariff Etc. (Consolidation) Act and Stamp Duties Ac t. Having now been passed by both arms of the National Assembly, and thereafter assented to by the President, it is expected that its provisions will come into force in 2021. The Finance Act is applicable to 2020 year end financial statements.

Notes to the Consolidated and Separate Financial Statements

Following the Finance Act, 2020, the minimum tax rate has been amended to 0.25% of company turnover, and companies with turnover of less than NGN25 million in a year of assessment will be exempted from the minimum tax.

(ii) Deferred tax

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, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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

(iii) Fair value reserves

Fair value reserves represent the fair value gains or losses on valuation of financial assets measured at fair value through other comprehensive income.

(iv) Share scheme reserve

Share scheme reserve recognises the impact of revisions to estimates of share-based payment transactions. The movement in this reserve also incorporates share options exercised during a reporting period.

Notes to the Consolidated and Separate Financial Statements

(v) Bonus share reserve

Bonus share reserve represents appropriations from retained earnings. These funds are to be used for the issuance of bonus shares to existing shareholders. The amount transferred is based on approval by the Board of Directors.

(vi) Other reserves

Other reserves warehouse funds appropriated from the Group's retained earnings as asset sinking fund reserve and special reserves (Company), investor protection re serve and market development reserve (FMDQ Securities Exchange Limited), as well as the default resolution reserve (FMDQ Clear Limited). During the year, the Board of Directors approved a yearly appropriation of 25% of the Company's profit after tax to a asset sinking fund reserves, to cater for the Group's capital projects/asset acquisition needs and another 20% of the Company's profit after tax to a special reserve to ring fence a portion of the general reserves to facilitate achievement of the Company's vision. Further to this, the Board of Directors of FMDQ Securities Exchange Limited approved the appropriation of 50% of annual profit after tax be transferred into the market development reserve on an annual basis. It was also agreed that 10% of annual profit after tax of FMDQ Securities Exchange Limited be transferred investor protection reserve. For FMDQ Clear Limited, the Board approved that the Company's profit after tax be appropriated into a default resolution reserve.

5.16 Client resolution fund (CRF) assets and liabilities

Client resolution fund represents funds held by the Group's clearing subsidiary, FMDQ Clear Limited, with respect to settlement amounts on matured FX futures transaction traded on FMDQ's platform, but which are yet to be claimed by the FX futures clients as at the end of the reporting period. The clients are entitled to a fixed interest percentage on the outstanding balance, pending when they claim the funds. The Group invests these funds in treasury bills and other money market instruments and earns interest on the investment. These funds are recognised in the books as assets, and corresponding liabilities (CRF liabilities). In line with the Group's accounting policy, CRF assets and liability are classified and measured at amortised cost.

5.17 Margin assets and liabilities

Margin funds represent cash margins pledged to the Group's clearing subsidiary - FMDQ Clear Limited - by the Central Bank of Nigeria for its open OTC FX Futures contracts. Margin fund assets and liabilities are classified and measured at amortised cost.

Notes to the Consolidated and Separate Financial Statements

6 Financial Risk Management

(a) Introduction and overview

The Group's vision is to be the leading African builder of ecosystems of financial infrastructure and services for markets. Its mission is to collaborate to empower markets for economic progress towards delivering prosperity. In pursuing its vision, the Group has identified the need to focus on risk management. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has exposure to the following risks from financial operations:
(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

(i) Credit risk

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

Investment securities

The Group limits its exposure to credit risk by investing mostly in highly liquid money and capital market instruments issued by the Federal Government of Nigeria.

Client resolution fund (CRF) assets at amortised cost

CRF assets represents unclaimed clients' funds which have been invested in government securities. The funds are under the custody of a fund manager, and the credit risk is directly linked on the underlying government securities, which are mostly treasury bills.

Margin assets at amortised cost

The funds are under the custody of a fund manager, and the credit is directly linked to the credit risk on the underlying government securities, which are mostly treasury bills.

Cash and cash equivalents

The Group held bank balances with local banks, assessed to have good credit ratings based on the Group's policy.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		Carrying amount			
In thousands of naira	Notes	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Cash and cash equivalents	21	27,032,460	9,536,031	5,235,415	332,796
Investment securities	22	16,859,539	16,147,530	9,351,771	7,717,276
Other assets (net)	25	1,490,435	1,688,833	1,609,872	4,531,909
Client resolution fund assets	23	59,552,180	30,044,416	-	-
Margin assets	24	219,910,774	172,601,258	-	-
		324,845,388	230,018,068	16,197,058	12,581,981

Notes to the Consolidated and Separate Financial Statements

The following table represents an analysis of the credit quality of financial assets at amortised cost and FVTOCI. It indicates whether assets measured at amortised cost or FVTOCI were subject to 12-month ECL or lifetime ECL allowance and in the latter case, whether they were credit-impaired.

GROUP	**2020**				**2019**			
	FVOCI	**Amortised cost**		**Total**	**FVOCI**	**Amortised cost**		**Total**
In thousands of naira	**12- month ECL**	**12- month ECL**	**Lifetime ECL**		**12- month ECL**	**12- month ECL**	**Lifetime ECL**	
BBB- to AAA	-	7,718,887	-	7,718,887	-	5,995,956	-	5,995,956
BB- to BB+	-	-	-	-	-	-	-	-
B- to B+	15,281,047	302,083,496	-	317,364,543	12,250,030	211,799,458	79,179	224,128,667
C to CCC+	-	-	-	-	-	-	-	-
D	-	-	-	-	-	-	-	-
Gross carrying amount	15,281,047	309,802,383	-	325,083,430	12,250,030	217,795,414	79,179	230,124,623
Loss allowance	-	(238,042)	-	(238,042)	-	(106,552)	(79,179)	(185,731)
Amortised cost	15,281,047	309,564,341	-	324,845,388	12,302,530	217,688,862	79,179	229,938,892
Carrying amount	15,281,047	309,564,341	-	324,845,388	12,250,030	217,688,862	79,179	230,018,071

COMPANY	**2020**				**2019**			
	FVOCI	**Amortised cost**		**Total**	**FVOCI**	**Amortised cost**		**Total**
In thousands of naira	**12- month ECL**	**12-month ECL**	**Lifetime ECL**		**12- month ECL**	**12- month ECL**	**Lifetime ECL**	
BBB- to AAA	-	1,236,215	-	1,236,215	-	105,233	-	105,233
BB- to BB+	-	-	-	-	-	-	-	-
B- to B+	9,351,771	5,609,072	-	14,960,843	7,717,276	4,764,112	46,364	12,527,752
C to CCC+	-	-	-	-	-	-	-	-
D	-	-	-	-	-	-	-	-
Gross carrying amount	9,351,771	6,845,287	-	16,197,058	7,717,276	4,869,345	46,364	12,632,985
Loss allowance	-	-	-	-	-	(4,639)	(46,364)	(51,003)
Amortised cost	-	6,845,287	-	6,845,287	7,894,617	4,869,345	46,364	12,581,982
Carrying amount	9,351,771	6,845,287	-	16,197,058	7,717,276	4,864,706	-	12,581,982

Notes to the Consolidated and Separate Financial Statements

Significant increase in credit risk

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 90 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Definition of default

The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group

In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Collateral

The Group does not hold collateral.

Concentration risk

Concentration risk refers to any single exposure or group of exposures large enough to cause credit losses which threaten the Group's ability to maintain its core operations. It is the risk that common factors within a risk type or across risk types cause credit losses or an event occurs within a risk type which results to credit losses.

As at the reporting date, the Group's credit risk exposure were concentrated as follows:

in thousands of naira	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
Government	16,859,539	16,147,530	9,351,771	7,717,276
Banks/financial institutions	307,985,849	213,870,538	6,845,287	4,864,705
	324,845,388	**230,018,068**	**16,197,058**	**12,581,981**

(ii) Liquidity risk

Liquidity risk' is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Group's operations and investments.

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

Notes to the Consolidated and Separate Financial Statements

Maturity analysis for financial assets and financial liabilities

Group
31 December 2020

in thousands of naira	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and bank balances	21	27,032,460	27,032,460	21,951,863	-	-	5,080,597
Investment securities	22	16,859,539	18,174,669	2,076,588	2,192,070	535,019	13,370,992
Other financial assets (net)	25	1,490,435	1,701,721	1,701,721	-	-	-
CRF Assets	23	59,552,180	59,656,327	55,026,384	4,629,943	-	-
Margin and fixings variance settlement assets	24	219,910,774	220,281,669	215,063,445	-	-	5,218,224
		324,845,388	326,846,846	295,820,001	6,822,013	535,019	23,669,813
Other financial liabilities	29	(10,055,380)	(10,055,380)	(10,055,380)	-	-	-
CRF Liabilities	30	(59,552,180)	59,656,327	55,026,384	4,629,943	-	-
Margin and fixings variance settlement liabilities	31	(219,910,774)	220,281,669	215,063,445	-	-	5,218,224
		(289,518,334)	269,882,616	260,034,449	4,629,943	-	5,218,224
Gap (assets - liabilities)		35,327,054	596,729,462	555,854,450	11,451,956	535,019	28,888,037

31 December 2019

in thousands of naira	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and bank balances	21	9,536,031	9,547,878	4,547,878	-	-	5,000,000
Investment securities	22	16,147,529	19,552,591	3,641,504	2,189,331	4,810,550	8,911,206
Other financial assets (net)	25	1,688,836	1,802,071	1,802,071	-	-	-
CRF Assets	23	30,044,416	30,044,416	30,044,416	-	-	-
Margin and fixings variance settlement assets	24	172,601,258	172,601,258	172,601,258	-	-	-
		230,018,070	233,548,214	212,637,127	2,189,331	4,810,550	13,911,206
Other financial liabilities	29	(6,702,363)	(6,702,363)	(6,702,363)	-	-	-
CRF Liabilities	30	(30,044,416)	(30,044,416)	(30,044,416)	-	-	-
Margin and fixings variance settlement liabilities	31	(172,601,258)	(172,601,258)	172,601,258)	-	-	-
		(209,348,037)	(209,348,037)	209,348,037)	-	-	-
Gap (assets - liabilities)		20,670,033	24,200,177	3,289,090	2,189,331	4,810,550	13,911,206

Company
31 December 2020

in thousands of naira	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and cash equivalents	21	5,235,415	5,235,415	5,235,415	-	-	-
Investment securities	22	9,351,771	10,101,104	2,004,170	1,143,642	319,303	6,633,989
Other financial assets (net)	25	1,609,872	1,609,872	1,609,872	-	-	-
		16,197,058	16,946,391	8,849,457	1,143,642	319,303	6,633,989
Other financial liabilities	29	(6,858,970)	(6,858,970)	(6,858,970)	-	-	-
		(6,858,970)	(6,858,970)	(6,858,970)	-	-	-
Gap (assets - liabilities)		9,338,088	10,087,421	1,990,487	1,143,642	319,303	6,633,989

Notes to the Consolidated and Separate Financial Statements

31 December 2019

in thousands of naira	Notes	Carrying amount	Gross nominal inflow/(outflow)	3 Months	3 - 6 Months	6 - 12 Months	Over 1 Year
Cash and cash equivalents	21	332,796	332,796	332,796	-	-	-
Investment securities	22	7,717,276	9,575,840	1,816,649	1,026,490	325,245	6,407,456
Other financial assets (net)	25	4,531,909	4,582,913	4,582,913	-	-	-
		12,581,981	14,491,549	6,732,358	1,026,490	325,245	6,407,456
Other financial liabilities	29	(8,592,196)	(8,592,196)	(8,592,196)	-	-	-
		(8,592,196)	(8,592,196)	(8,592,196)	-	-	-
Gap (assets - liabilities)		3,989,785	5,899,353	(1,859,838)	1,026,490	325,245	6,407,456

As part of the management of its liquidity risk, the Group holds liquid assets comprising 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.

(iii) 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 Group'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, to ensure the Company's solvency while optimising the return on risk.

Exposure to interest rate risk

The Group is exposed to interest rate risk (i.e. the 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 measured at fair value through other comprehensive income. This implies that the changes in market interest rates can have material impacts on the carrying amounts of the financial instruments. The impact of rate changes could have an adverse impact on the Company's financial position if not properly managed.

The table below shows the sensitivity of the carrying amount of the financial instruments as at 31 December 2020. The analysis is based on the assumption that interest rates increased/decreased by 200bp and 500bp with all variables held constant.

Group

Scenario *in thousands of naira*	**200bps** **31-Dec-20**	**500bps** **31-Dec-20**
Investment securities measured at fair value- year end balance	15,281,047	15,281,047
Impact of increase in interest rate on carrying amount	(305,621)	(764,052)
Impact of decrease in interest rate on carrying amount	305,621	764,052

Group

Scenario *in thousands of naira*	**200bps** **31-Dec-19**	**500bps** **31-Dec-19**
Investment securities measured at fair value- year end balance	12,238,421	12,238,421
Impact of increase in interest rate on carrying amount	(244,768)	(611,921)
Impact of decrease in interest rate on carrying amount	244,768	611,921

Notes to the Consolidated and Separate Financial Statements

Company

Scenario *in thousands of naira*	**200bps 31-Dec-20**	**500bps 31-Dec-20**
Investment securities measured at fair value- year end balance	9,351,771	9,351,771
Impact of increase in interest rate on carrying amount	(187,035)	(467,589)
Impact of decrease in interest rate on carrying amount	187,035	467,589

Company

Scenario *in thousands of naira*	**200bps**	**500bps**
	31-Dec-19	**31-Dec-19**
Investment securities measured at fair value- year end balance	7,717,276	7,717,276
Impact of increase in interest rate on carrying amount	(107,121)	(267,803)
Impact of decrease in interest rate on carrying amount	107,121	267,803

Exposure to exchange rate risk

The Group is exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because the Group has invested in a Eurobond and has bank balances denominated in foreign currency. 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 Group's revenue and net assets.

The exchange rate as at 31 December 2020 was $/N470.00 (31 December 2019: $/N364.70)

Exposure to currency risk

Group *In thousands of naira/USD*	**USD 31-Dec-20**	**NGN 31-Dec-20**
Bank balance	21	9,870
Investment securities	9,060	4,258,200
	9,081	4,268,070

Company *In thousands of naira/USD*	**USD 31-Dec-20**	**NGN 31-Dec-20**
Bank balance	20	9,400
Investment securities	2,716	1,276,520
	2,736	1,285,920

Group and Company *In thousands of naira*	**USD 31-Dec-19**	**NGN 31-Dec-19**
Bank balance	6	2,188
Investment securities	1,600	583,520
	1,606	585,708

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:

Group

Scenario level	**Bank Balances**	**Investment Securities**
31 December 2020	**200bps**	**200bps**
In thousands of naira		
Increase	(171)	(72,543)
Decrease	171	72,543
Scenario level	**500bps**	**500bps**
Increase	(428)	(181,359)
Decrease	428	181,359

Notes to the Consolidated and Separate Financial Statements

Company **Scenario level**	**Bank Balances**	**Investment Securities**
31 December 2020	**200bps**	**200bps**
In thousands of naira		
Increase	(166)	(21,744)
Decrease	166	21,744
Scenario level	**500bps**	**500bps**
Increase	(416)	(54,359)
Decrease	416	54,359

Group and Company **Scenario level**	**200bps**	**200bps**
31 December 2019		
In thousands of naira		
Increase	(40)	(11,670)
Decrease	40	11,670
Scenario level	**500bps**	**500bps**
Increase	(101)	(29,176)
Decrease	101	29,176

(iv) Risk prevention strategies

The Group has adopted the risk and control self-assessment model to aid the identification, assessment and control of risks to prevent it 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 Group'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 Group adopt a detective or corrective controls. The Group believes that even after controls are put in place there could be residual risks. The Group also evaluates the residual risks and then design a risk treatment plan for such risks with high residual risks.

(b) Capital management

The strategy for assessing and managing the impact of business plans on present and future regulatory capital forms an integral part of the Group's strategic plan. Specifically, the Group considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Group's assessment taking account of the Group business strategy and value creation to all its stakeholders. The Securities and Exchange Commission ("SEC") sets and monitors capital requirements for the Group's subsidiaries as follows:

	Minimum capital	**Total equity**
In thousands of naira	**31-Dec-20**	**31-Dec-20**
FMDQ Clear Limited	5,000,000	13,047,236
FMDQ Depository Limited	5,000,000	5,426,130
FMDQ Securities Exchange Limited	500,000	1,662,377
FMDQ Private Markets Limited	-	5,719
iQx Consult Limited	-	1,585,110

FMDQ Private Markets Limited and iQx Consult Limited are not regulated by SEC, thereby they do not have minimum capital requirement imposed on them.

The Group's shareholders' funds at the end of the year was higher than the minimum requirement stipulated by SEC which is required to be the sum of the aggregate minimum capital of all its subsidiaries.

In thousands of naira	Note	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Paid up share capital	33	9,733,664	640,741	9,733,664	640,741
Shareholders' funds		31,369,752	18,253,400	20,676,860	14,552,603

7 Use of estimates and judgments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is included in the following notes.

(a) ***Determining fair values***

The Group's policy on fair value measurements is discussed under note 5.3(f).

The Group 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 - as prices, or indirectly- 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 inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs could have a significant effect on the instrument's valuation. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Financial instruments measured at fair value

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

Group

31 December 2020

In thousands of naira	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	15,281,047	-	-	15,281,047
		15,281,047	-	-	15,281,047

31 December 2019

In thousands of naira	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	12,238,421	-	-	12,238,421
		12,238,421	-	-	12,238,421

Notes to the Consolidated and Separate Financial Statements

Company
31 December 2020

In thousands of naira	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	9,351,771	-	-	9,351,771
		9,351,771	-	-	9,351,771

31 December 2019

In thousands of naira	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
FVOCI - debt instruments	22	7,717,276	-	-	7,717,276
		7,717,276	-	-	7,717,276

(b) ***Valuation techniques and inputs used in fair value measurement***
The price used in determining the fair value of the FGN Bonds, Treasury bills and Eurobonds is the price of FGN Bonds, Treasury bills and Eurobonds with similar maturity and discount as quoted on the FMDQ. This is publicly available and represents the price at which the instruments would be transacted at the reporting date.

(c) ***Allowance for impairment losses***
Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 5.4.

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 judgments about a debtor's financial situation and estimate of cash flows considered recoverable are independently approved by the financial control function.

(d) ***Income tax***
The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) ***Recognition of deferred taxes***
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, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and 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.

(f) ***Share based payments***
The Group estimates cash-settled share-based payment transactions based on valuation using an option pricing model. The model considers the exercise price of the option, tenor of the option, current price of the underlying shares and expected future volatility in share prices and probability of meeting the terms upon which the options are to be exercised.

Notes to the Consolidated and Separate Financial Statements

8 Classification of financial assets and liabilities and fair value hierarchy

The table below set out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group
31 December 2020

In thousands of naira	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	27,032,460	27,032,460	2
Investment securities	22	15,281,047	1,605,248	17,006,662	1
Other financial assets (net)	25	-	1,490,435	1,490,435	2
Client resolution fund assets	23	-	59,552,180	59,642,868	1
Margin and fixings variance settlement assets	24	-	219,910,774	220,251,282	1
		15,281,047	309,591,097	325,423,707	
Other financial liabilities	29	-	10,055,380	10,055,380	2
Client resolution fund liabilities	30	-	59,552,180	59,642,868	1
Margin and fixing variance settlement liabilities	31	-	219,910,774	220,251,282	1
		-	289,518,334	289,949,530	

31 December 2019

In thousands of naira	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	9,536,031	9,536,031	2
Investment securities	22	12,238,421	3,911,021	16,136,960	1
Other financial assets (net)	25	-	1,688,833	1,688,833	2
Client resolution fund assets	23	-	30,044,416	30,044,416	1
Margin and fixings variance settlement assets	24	-	172,601,258	172,601,258	1
		12,238,421	217,781,559	230,007,498	
Other financial liabilities	29	-	6,702,363	6,702,363	2
Client resolution fund liabilities	30	-	30,044,416	30,044,416	1
Margin and fixings variance settlement liabilities	31	-	172,601,258	172,601,258	1
		-	209,348,037	209,348,037	

Company
31 December 2020

In thousands of naira	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	5,235,415	5,235,415	2
Investment securities	22	9,351,771	-	9,351,771	1
Other financial assets (net)	25	-	1,609,872	1,609,872	2
		9,351,771	6,845,287	16,197,058	
Other financial liabilities	29	-	(6,858,970)	(6,858,970)	2
		-	(6,858,970)	(6,858,970)	

Notes to the Consolidated and Separate Financial Statements

31 December 2019

In thousands of naira	Notes	Fair value through OCI	Amortised cost	Fair value	Fair value hierarchy
Cash and cash equivalents	21	-	332,796	332,796	2
Investment securities	22	7,717,276	-	7,717,276	1
Other financial assets (net)	25	-	4,531,909	4,531,909	2
		7,717,276	4,864,705	12,581,981	
Other financial liabilities	29	-	8,592,196	8,592,196	2
		-	8,592,196	8,592,196	

9 Treasury income

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Treasury income (See note (a))	1,023,023	3,190,982	-	-
	1,023,023	3,190,982	-	-

(a) The amount represents interest income earned from investing the client resolution fund assets as a result of additional treasury activities carried out by the Group. The Group invests the funds in treasury bills and other government securities, through a Fund Manager- Stanbic IBTC Asset Management Limited (SIAML) and the Company's Clearing Treasury Group, a unit within the Company. There was a general decline in interest rates during the year, resulting in a significant decrease (year-on-year) in treasury income.

10 Treasury expense

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Treasury expense (See note (a) below)	138,957	1,134,144	-	-
	138,957	1,134,144	-	-

(a) This amount represents interest to be paid to the clients on the outstanding client resolution fund. There was a general decline in interest rates during the year, resulting in a significant decrease (year-on-year) in treasury expense

11 Transaction fees (net)

Transaction fees income comprises fees earned on the secondary market transactions carried on by FMDQ's Dealing Members. Transaction fees can be analysed as follows:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Transaction Fees- foreign currency trading	250,595	426,354	-	426,354
Transaction Fees- treasury bills trading	831,395	973,679	-	973,679
Transaction Fees- repo transactions	315,685	336,862	-	336,862
Transaction Fees- open buy back transactions	269,282	270,160	-	270,160
Transaction Fees- money market transactions	31,520	24,261	-	24,261
Transaction Fees - FX Derivatives	283,498	248,501	-	248,501
Transaction Fees - FGN Bonds	259,522	182,881	-	182,881
Transaction Fees - Eurobonds	8	1,720	-	1,720
Transaction Fees - all products	-	26	-	26
IDB - All Products	21,646	12,440	-	12,440
	2,263,151	**2,476,884**	**-**	**2,476,884**
Transaction fees expense (See note (a) below)	(49,873)	(95,007)	-	(95,007)
Transaction fees income (See 34(d))	**2,213,278**	**2,381,877**	**-**	**2,381,877**

(a) The amount represents fees charged by the CBN for settlement of executed fixed income securities which is borne by FMDQ on behalf of the Dealing Members.

Notes to the Consolidated and Separate Financial Statements

12 Clearing and futures management fees

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Clearing fee	3,517,139	2,744,960	-	-
Futures management fee	13,711,346	9,573,414	-	-
	17,228,485	12,318,374	-	-

(i) Futures management fee is a monthly fee earned on the maintenance and valuation of outstanding FX futures contracts. The fee is determined monthly as 0.025% of the face value of outstanding FX futures contracts and is apportioned based on the number of days the transaction was outstanding for each month.

13 Participant fees

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Noting application and processing dues	66,050	-	-	-
Sponsorship eligibility fees	12,000	-	-	-
Eligibility Fees	25,174	1,050	-	-
Annual sponsorship dues	5,813	-	-	-
Settlement fees	1,079	-	-	-
	110,116	1,050	-	-

Participant fee is a yearly subscription and noting fee paid by the private market participants. The fees are earned at a point in time while the noting fee and eligibility fees is recognised over a 12-month period on a straight line basis.

Performance obligations and revenue recognition policies
Clearing and futures management fee, sponsorship eligibility fees, annual sponsorship fees, noting application fees, eligibility fees and transaction fee income from contract s with clients are measured based on the consideration specified in a contract with a client. The Group recognises revenue when it transfers control over a service to a client.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Transaction fees	The Group provides a platform on which secondary market trade transactions are executed. Transaction fees are charged weekly. The Group sets the rates for each category of transaction and clients on an annual basis.	Revenue from trade transactions executed is recognised at the point in time when the trade takes place. The amounts to be collected from customers on 31 December are recognised as trade receivables.
Clearing and futures management services	The Group's clearing subsidiary provides various futures transactions-related services, including clearing and futures management services. Fees for clearing services and futures management services are charged weekly and monthly respectively. The Group sets the rates on an annual basis.	Revenue from clearing services is recognised at a point in time, when the services are provided while revenue from futures management services is recognised over time (throughout the lifetime of a futures contract) as the services are provided. The amounts to be collected from customers on 31 December are recognised as trade receivables.

Notes to the Consolidated and Separate Financial Statements

Participant fees

The Company provides transactions related services, including debt and equity noting services. Transaction sponsors are charged sponsorship fees annually upon registration. A transaction sponsor must present an issuer (private company) of each security for the Company's noting services. Annual noting fees are charged on the completion of the noting process. The Company sets the rates on an annual basis.

Revenue from sponsorship fees and application fees is recognised at a point in time, when the services are provided while revenue from annual noting fees is recognised over time (throughout the lifetime of a noting contract) as the services are provided. The amounts to be collected from customers on 31 December are recognised as accounts receivable.

14 Interest income calculated using the effective interest method

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Treasury bills	667,608	1,006,776	185,453	402,107
Fixed deposit	137,337	37,314	16,609	22,698
Call deposit	143,232	466,386	254	2,732
FGN bonds	846,172	336,422	564,978	297,650
Eurobond	140,878	42,443	57,837	42,443
	1,935,227	**1,889,341**	**825,131**	**767,630**
Explained by:				
Interest income earned on investment securities (See note 38(iv))	1,654,658	1,385,641	808,269	742,200
Interest income on cash and cash equivalents	280,569	503,700	16,862	25,430
	1,935,227	**1,889,341**	**825,131**	**767,630**

The interest income has been determined using the effective interest rate approach.

15 Other income

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Sponsorship income	-	42,945	-	42,945
Membership application fees	24,381	43,975	-	43,975
Membership subscription dues	121,972	113,173	-	113,173
Insurance claims	-	16,734	-	16,734
Bond listing fees	307,328	269,452	-	269,452
Penalties and fines (See note (a))	1,250	788	-	788
Commercial paper quotation fees	371,452	193,153	-	193,153
Technology services (See note (b))	175,856	130,938	-	130,938
Gain on sale of property and equipment	2,415	1,382	2,415	1,382
Franchise development support and outsourcing (FDSO) (See note (c))	-	-	15,925,525	12,315,262
Gain on transfer of investment securities	-	-	-	169,545
Margin management fees (See note (d))	7,108,392	1,603,859	-	-
Processing fees	52,034	131,699	-	300
Q-ex Maintainance fee	17,302	-	-	-
Fund listings fee	56,374	-	-	-
Accruals no longer required	21,005	130,813	21,005	130,813
Share dividend from subsidiary	-	-	-	1,000,000
Other revenue	227,244	106,585	142,669	106,484
	8,487,005	2,785,496	16,091,614	14,534,944

Notes to the Consolidated and Separate Financial Statements

(a) Penalties /fines - This relates to monies received as sanctions for infractions by FMDQ's Members. 50% of the penalties/fines received have been appropriated to the Investor Protection Fund of the Exchange.

(b) This income relates to system usage fees charged on all trades done on FMDQ Futures Trading & Reporting System (FFTRS) by its Dealing Members.

(c) FDSO income represents fees earned from FMDQ Clear Limited and FMDQ Securities Exchange Limited, a wholly owned subsidiary, in respect of the franchise development support and outsourced services rendered by the parent Company. The fees are accrued in line with the executed agreement with the parent Company, which requires FMDQ Clear Limited and FMDQ Securities Exchange Limited to pay 60% and 20% (2019: 75% from FMDQ Clear Limited) of its realised revenue, excluding interest income on proprietary capital respectively. This is recognised as income in the Company's books and as expense in the subsidiaries' books. Both transactions were eliminated upon consolidation.

(d) This income relates to 1% management fee charged to the CBN on the management of the margin funds. This includes 0.375% which is recognised as an expense with respect to 0.125% and 0.25% for settlement agency and investment management fees respectively.

16 Gain on foreign exchange revaluation

The unrealised gain is largely due to the foreign exchange differences arising from the Group's investment in Eurobond.

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
(Loss)/gain on cash and bank balances	(91,651)	12,455	(91,851)	12,455
Gain on foreign exchange revaluation- Eurobond	236,280	11,833	236,280	11,833
	144,629	**24,288**	**144,429**	**24,288**

17 Personnel expenses

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Wages and salaries	2,206,882	1,271,190	1,086,778	1,107,579
Productivity bonus (See note (i))	2,703,738	2,012,327	2,329,419	1,950,775
Other staff costs	34,013	115,249	16,484	100,536
Pension costs	185,559	117,114	92,504	104,666
Cash-settled share-based payment (See notes (iv) and 29)	1,903,092	606,346	1,903,092	606,346
	7,033,284	**4,122,226**	**5,428,277**	**3,869,902**

(i) This includes employees' high performance bonus as implemented by the Board of Directors.

(ii) 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:

Categories (in numbers)	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Less than N2,000,000	4	4	4	4
N2,000,001 - N5,000,000	29	29	10	24
N5,000,001 - N8,000,000	26	26	9	22
N8,000,001 - N11,000,000	27	13	6	11
N11,000,001 - N14,000,000	5	5	4	4
N14,000,001 - N17,000,000	7	7	5	5
N17,000,001 - N20,000,000	3	3	2	2
Above N20,000,000	15	15	10	11
	116	102	50	83

Notes to the Consolidated and Separate Financial Statements

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

Numbers	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Categories				
Management staff	19	15	7	10
Non-management staff	97	87	43	73
	116	102	50	83

(iv) Share appreciation rights (cash-settled)

(a) The Group granted share appreciation rights (SARs) to the Group Managing Director/Chief Executive Officer (GMD/CEO) that entitle him to a cash payment. The amount of the cash payment is determined based on the increase in the share price of the Holding Company between grant date and the time of exercise.

The terms and conditions of the grants are as follows:

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
SARs granted to the GMD (5% of the Company's shareholding)	486,683	6.4 years' service and Key Performance Indicators (KPIs) as indicated in employment contract	6.4 years
Total SARs	486,683		6.4 years

(b) Description of share-based payment arrangements
Details of the liabilities arising from the SARs were as follows:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Total carrying amount of liabilities for cash-settled arrangements	2,509,438	606,346	2,509,438	606,346
Total intrinsic value of liability for vested benefits	-	-	-	-

(c) Measurement of fair values
The fair value of the SARs is determined using the binomial model adjusted for exit rate and vesting period. The inputs used in measuring the fair value at grant date and measurement date were as follows:

	31-Dec-20	31-Dec-19
Fair value (naira)	11.10	66.81
Share price (naira) (See note (i) below)	9.58	61.34
Exercise price (naira)	1.00	15.22
Expected volatility (weighted average)	57%	52%
Expected life (weighted-average)	6.4 years	6.4 years
Expected dividends	-	-

(i) The 2019 share price was based on 640.74 million issued shares, while the 2020 share price was based on 9.73 billion shares due to increase in issued shares during the year. The 2019 share pri ce using the 9.7 billion issued shares is 4.04 per share.

The expected volatility is based on the historical share price returns of comparable companies using 252 days as business days in the year.

The fair value of the liability is remeasured at each reporting date.

Notes to the Consolidated and Separate Financial Statements

(d) Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options are as follows.

In thousands of options	Number of options 2020	Weighted average exercise price 2020 (naira)	Number of options 2019	Weighted average exercise price 2019 (naira)
Outstanding at 1 January	32,037	15.22	-	-
Increase due to bonus share issue	454,646	-	32,037	15.22
Outstanding at 31 December	486,683	1.00	32,037	15.22
Exercisable at 31 December	-	-	-	-

The options outstanding at 31 December 2020 had an exercise price of N1.00 (2019: 15.22) following the issue of bonus share during the year. The weighted-average contractual life of the option is 6.4 years. No options were exercised in 2020 (2019: Nil).

18 Impairment losses on financial assets

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Impairment charge on financial assets	335,598	137,018	79,170	46,706
	335,598	137,018	79,170	46,706
Explained by:				
Impairment charge on securities at amortised cost (See note 22(b))	24,843	1,913	-	-
Impairment charge on investment securities at FVOCI (See note 33(d))	241,179	7,255	130,174	4,333
Impairment charge on investment securities	266,022	9,168	130,174	4,333
Impairment charge on other assets (See note 25(a))	98,051	99,244	(51,004)	42,243
Impairment (write-back)/charge on margin assets (See note 29(vi))	(28,475)	28,475	-	-
Write-off from other assets	-	130	-	-
	335,598	137,018	79,170	46,706

19 Other operating expenses

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Audit fees	53,500	47,825	26,500	27,825
Professional fees	307,212	288,603	248,376	258,778
Professional fees (legal) (see note (vi))	607,491	10,322	595,145	10,322
Stationery and office expenses	6,944	506	6,944	506
Bank charges (See note 34(d))	4,012	8,269	3,651	6,720
Travel and lodging expense	36,564	88,902	36,428	83,223
Training and development expense	143,911	149,581	121,311	139,344
Information technology expense	511,996	281,688	273,715	281,688
Publicity and advertising expense	339	-	339	-
Investor Protection Fund	625	22,894	-	22,894
Insurance expense	95,136	25,171	58,473	16,778
Penalties and fines	-	2,610	-	-
SEC regulatory expense (See (i))	222,741	238,230	-	238,230
Corporate gifts	-	10,009	-	10,009
Professional membership	2,721	6,626	2,721	6,626
General administrative expenses	560,540	665,306	504,639	918,603
Business development expense	368,494	150,557	350,854	92,064
Directors' allowances (See note (ii))	535,024	228,799	353,368	227,499
Bond listing /quotation events	12,844	5,354	368	5,354
Interest expense on capitalised lease liability (See note 35(ii))	43,599	43,894	43,599	43,894
Corporate development	402,692	227,036	392,099	226,676
Settlement agency fees, investment management fees and other investment expenses (see note (iii))	1,015,280	353,627	52	2,630
Fee rebate	1,640	1,050	-	-
VAT and WHT expense (see note (iv))	1,966,442	637,733	334,842	21,345
	6,899,747	**3,494,592**	**3,353,424**	**2,641,008**

Notes to the Consolidated and Separate Financial Statements

(i) SEC charged 10% on net realised transactions fee income by the Company on secondary market trading on FMDQ's markets as SEC fees for the year.

(ii) Allowance paid to the Directors during the year:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Sitting allowances	41,300	9,940	11,390	8,640
Retirement contributions (see note (v) below)	264,500	123,000	264,500	123,000
Other allowances	229,224	95,859	77,478	95,859
	535,024	228,799	353,368	227,499

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Board Chairman allowances	16,446	24,872	16,446	24,872

(iii) These are fees paid to the Settlement Agent, the Nigerian Inter-bank Settlement System (NIBSS) and the Fund Manager, Stanbic IBTC Asset Management Limited for management of a portion of the Margin and Client Resolution Funds and settlement activities.

(iv) Included in the Group's amount is the VAT expense on FDSO (Franchise Development Support and Outsourcing) fees paid by FMDQ Clear Limited and FMDQ Securities Exchange Limited to the Company. See note 15(c).

(v) Retirement contributions are in respect of the Non-Executive Directors' Exit pay payable to an external fund, Stanbic IBTC Asset Management Limited (SIAML).

(vi) This includes professional legal fees incurred in respect of increase in the Company's authorised and issued share capital.

20 Income tax expense

(a) The tax charge for the year comprises:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Income tax	4,986,711	2,999,711	2,929,214	2,998,144
Tertiary education tax	356,053	236,662	204,269	207,929
NITDA Levy	160,981	142,503	76,353	105,617
Police Trust Fund Levy	731	551	382	368
See note (c) below	5,504,476	3,379,427	3,210,218	3,312,058
Deferred tax credit for the year (See note 20(d)(ii))	(585,342)	(396,720)	(702,134)	(210,675)
	4,919,134	2,982,707	2,508,084	3,101,383

(b) The effective tax reconciliation is as follows:

	Rate %	Group 31-Dec-20	Rate %	Group 31-Dec-19	Rate %	Company 31-Dec-20	Rate %	Company 31-Dec-19
Profit before income tax		16,158,179		13,219,585		7,635,344		10,667,280
NITDA Levy		(160,981)		(142,503)		(76,353)		(105,617)
		15,997,198		13,077,082		7,558,991		10,561,663
Tax using the domestic corporation tax	30	4,799,159	30	3,923,125	30	2,267,697	30	3,168,499
Non-taxable income	(7)	(1,080,897)	(11)	(1,403,454)	(7)	(449,389)	(6)	(624,075)
Non-allowable expenses	4	683,107	5	688,166	3	408,772	2	243,045
(Recognition of previously unrecognised tax losses)/Losses for which no deferred tax asset has been recognised	-	-	(5)	(604,846)	-	-	-	-
NITDA Levy	1	160,981	1	142,503	1	76,353	1	105,617
Tertiary education tax	2	356,053	2	236,662	3	204,269	2	207,929
Police Trust Fund Levy	-	731	-	551	-	382	-	368
Income tax charge	30	4,919,134	22	2,982,707	30	2,508,084	30	3,101,383

(c) Current tax liabilities

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	3,408,047	1,508,690	3,340,673	1,498,429
Tax charge (See note 20(a))	5,504,476	3,379,427	3,210,218	3,312,058
Tax paid	(1,972,279)	(1,120,387)	(1,896,532)	(1,110,130)
Withholding Tax credit notes utilised	(1,424,590)	(359,683)	(1,424,590)	(359,683)
Balance, end of the year	5,524,027	3,408,047	3,229,770	3,340,673

(d) Deferred tax assets

(i) Deferred tax assets are attributable to the following:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Property and equipment	(71,880)	(168,069)	(113,709)	(168,069)
Impairment allowances	69,081	14,591	41,657	2,871
Tax losses	-	174,325	-	-
Share-based payment liability	803,020	194,032	803,020	194,032
	800,221	214,879	730,968	28,834

(ii) Movement in temporary differences during the year:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Opening balance	214,879	(181,841)	28,834	(181,841)
Deferred tax credit (See note20(a))	585,342	396,720	702,134	210,675
Closing balance	800,221	214,879	730,968	28,834

Notes to the Consolidated and Separate Financial Statements

(iii) Unrecognised deferred tax assets

The unrecognised deferred tax assets within the Group are in respect of impairment allowances and unutilised tax losses. Deferred tax asset was not recognised because it is not probable that future taxable profits will be available against which the asset can be utilised.

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Group 31-Dec-20	Group 31-Dec-19
	Gross amount	**Gross amount**	**Tax effect**	**Tax effect**
Impairment allowances	-	1,913	-	574
Tax losses	-	7	-	2
	-	1,920	-	576

The Company (FMDQ Holdings PLC) had no unrecognised deferred tax asset as at 31 December 2020. (2019: Nil)

Tax losses carried forward

In line with the applicable tax laws, tax losses are to be carried forward indefinitely. Therefore, the required disclosure on expiration date of unutilised tax losses does not apply.

21 Cash and bank balances

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Cash at bank	21,951,853	2,396,415	5,235,405	332,796
Placement with Banks	10	2,139,616	10	-
Cash and bank balances for cash flow purposes	**21,951,863**	**4,536,031**	**5,235,415**	**332,796**
Placement pledged as collateral (See note (a))	5,080,597	5,000,000	-	-
Total cash and bank balances	**27,032,460**	**9,536,031**	**5,235,415**	**332,796**
Current	21,951,863	4,536,031	5,235,415	332,796
Non-current	5,080,597	5,000,000	-	-
	27,032,460	**9,536,031**	**5,235,415**	**332,796**

Included in cash and bank balances for the Group and Company respectively are balances with Guaranty Trust Bank PLC, UBA PLC, Access Bank PLC, Zenith Bank PLC and Stanbic IBTC Bank PLC, all of which are related entities to the Group. (See note 34(d)).

(a)This represents N5 billion placement with Stanbic IBTC Bank PLC ("the Bank") which acts as cash collateral for overdraft lines which the Bank provides Dealing Member Specialists of FMDQ Securities Exchange Limited. This balance is restricted as the Group is required to maintain it with the Bank as collateral in lieu of overdraft availed to Dealing Member Specialists of FMDQ Securities Exchange Limited. The placement earned interest at 3.25% for the first half of the year and 0.5% for the second half of the year (2019: 6%), and FMDQ Clear Limited has an agreement with FMDQ Securities Exchange Limited for a refund of the excess of Nigerian Interbank Treasury Bills' True Yields Fixing ("NITTY") over the expected interest rate from Stanbic IBTC Bank PLC

Notes to the Consolidated and Separate Financial Statements

22 Investment securities

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Debt securities (see note (i) below)	16,859,539	16,147,529	9,351,771	7,717,276
	16,859,539	**16,147,529**	**9,351,771**	**7,717,276**
Current	3,698,683	9,298,283	2,826,998	2,462,787
Non-current	13,160,856	6,849,246	6,524,773	5,254,489
	16,859,539	**16,147,529**	**9,351,771**	**7,717,276**

(i) The Group's debt securities can be analysed as follows:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Treasury bills - FVOCI	3,221,763	5,379,647	2,826,998	2,462,787
FGN Bonds - FVOCI	7,790,818	6,200,505	5,248,392	4,605,748
Eurobond - FVOCI	4,258,548	648,741	1,276,381	648,741
Investments held with Stanbic IBTC Asset Management Limited (SIAML) (See note (a) below)	9,918	9,528	-	-
Investment securities at fair value	**15,281,047**	**12,238,421**	**9,351,771**	**7,717,276**
Treasury bills - amortised cost	493,758	3,911,021	-	-
FGN Bonds - amortised cost	1,111,490	-	-	-
	16,886,295	**16,149,442**	**9,351,771**	**7,717,276**
Allowance for ECL impairment on investment securities at amortised cost (See note (b) below)	(26,756)	(1,913)	-	-
	16,859,539	**16,147,529**	**9,351,771**	**7,717,276**

(a) This amount represents an investment account with SIAML which includes both fixed income mutual fund and investment in treasury bills.

(b) The movement in impairment on investment securities at amortised cost during the year was as follows

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	(1,913)	-	-	-
Impairment loss during the year (See note 18)	(24,843)	(1,913)	-	-
Balance, end of the year	(26,756)	(1,913)	-	-

23 Client resolution fund asset

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Client resolution fund asset (See note (a) below)	59,552,180	30,044,416	-	-
	59,552,180	**30,044,416**	**-**	**-**
Current	59,552,180	30,044,416	-	-
Non-current	-	-	-	-
	59,552,180	**30,044,416**	**-**	**-**

(a) Client resolution fund asset represents funds held by the Group with respect to settlement amounts on matured FX futures transaction traded on FMDQ's platform, but which are yet to be claimed by the FX futures clients as at the end of the reporting period. The clients are entitled to a fixed interest percentage on the outstanding balance, pending when they claim the funds. The Group invests these funds in treasury bills and other money market instruments and earns interest on the investment. These funds are recognised in the books as assets, and corresponding liabilities (CRF liability). See note 30.

24 Margin fund assets

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Margin fund asset (See note (a) below)	219,910,774	172,601,258	-	-
	219,910,774	**172,601,258**	**-**	**-**
Current	219,910,774	172,601,258	-	-
Non-current	-	-	-	-
	219,910,774	**172,601,258**	**-**	**-**

(a) Margin funds represent cash margins pledged to FMDQ Clear Limited by the Central Bank of Nigeria for its open OTC FX Futures contracts. The balances are recognised in the books as assets, and corresponding liabilities. It is worthy of note that non-cash margins (initial and variation), in treasury bills and FGN bonds were advised by the Futures Banks to the Central Bank of Nigeria as pledged to FMDQ Clear Limited. These have not been recognised in the Group's books.

25 Other assets

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Account receivables (See note 34(d))	1,684,453	1,801,829	1,324	299,766
Staff advances	-	242	-	242
Intercompany receivables (See note 34(d))	-	-	1,608,548	4,282,905
Other receivables	17,268	-	-	-
Financial assets	1,701,721	1,802,071	1,609,872	4,582,913
Allowance for impairment on other assets (See note (a))	(211,286)	(113,235)	-	(51,004)
Net financial assets	1,490,435	1,688,836	1,609,872	4,531,909
Prepayments	181,131	368,185	157,097	352,507
WHT receivables	1,903,933	1,362,485	1,516,236	1,320,472
	3,575,499	3,419,506	3,283,205	6,204,888
Current	3,575,499	3,419,506	3,283,205	6,204,888
Non-current	-	-	-	-
	3,575,499	3,419,506	3,283,205	6,204,888

(a) The movement in allowance for impairment during the year was as follows:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	113,235	13,991	51,004	8,761
Impairment loss during the year (See note 18)	98,051	99,244	(51,004)	42,243
Balance, end of the year	211,286	113,235	-	51,004

26 Investment in subsidiaries

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Investment in FMDQ Clear Limited	-	-	5,000,000	5,000,000
Investment in FMDQ Depository Limited	-	-	5,000,000	5,000,000
Investment in FMDQ Securities Exchange Limited	-	-	1,000,000	1,000,000
Investment in FMDQ Private Markets Limited	-	-	1,000	-
Investment in iQx Consult Limited	-	-	205,831	-
	-	-	11,206,831	11,000,000

Notes to the Consolidated and Separate Financial Statements

27 Property and equipment

Group

In thousands of naira	Leasehold improvements	Motor vehicles	Office Equipment	Right of use assets	Computer equipment	Total
Cost						
Balance as at 1 January 2020	597,474	485,630	967,855	404,147	187,424	2,642,530
Additions	6,530	419,641	38,016	-	90,638	554,825
Disposals	-	(169,000)	-	-	-	(169,000)
Balance as at 31 December 2020	604,004	736,271	1,005,871	404,147	278,062	3,028,355
Balance as at 1 January 2019	557,512	366,780	893,473	-	100,252	1,918,017
Transition adjustments (see note 35(i))	-	-	-	342,856	-	342,856
Additions	39,962	126,850	74,382	61,291	87,172	389,657
Disposals	-	(8,000)	-	-	-	(8,000)
Balance as at 31 December 2019	597,474	485,630	967,855	404,147	187,424	2,642,530
Accumulated Depreciation						
Balance as at 1 January 2020	111,202	211,465	381,289	47,954	93,847	845,757
Charge for the year	60,065	160,599	238,030	53,062	55,891	567,647
Disposals	-	(99,750)	-	-	-	(99,750)
Balance as at 31 December 2020	171,267	272,314	619,319	101,016	149,738	1,313,654
Balance as at 1 January 2019	52,488	121,344	157,099	-	43,868	374,799
Charge for the year	58,714	98,105	224,190	47,954	49,979	478,942
Disposals	-	(7,984)	-	-	-	(7,984)
Balance as at 31 December 2019	111,202	211,465	381,289	47,954	93,847	845,757
Carrying amounts						
As at 31 December 2020	432,737	463,957	386,552	303,131	128,324	1,714,701
As at 31 December 2019	486,272	274,165	586,566	356,193	93,577	1,796,773

(a) There were no authorised or contracted capital commitments as at the end of the reporting period (31 December 2019: Nil)
(b) There were no capitalised borrowing costs related to the construction of property and equipment during the year (31 December 2019:Nil)
(c) The leased assets included in this property and equipment as at year end is the right of use assets (31 December 2019: Nil)
(d) There were no impairment losses on any class of property and equipment (31 December 2019: Nil)
(e) All classes of property and equipment are non-current.

Notes to the Consolidated and Separate Financial Statements

Company

In thousands of naira	Leasehold improvements	Motor vehicles	Office Equipment	Right of use assets	Computer equipment	Total
Cost						
Balance as at 1 January 2020	597,474	485,630	967,855	404,147	187,424	2,642,530
Additions	6,530	419,641	38,016	-	4,364	468,551
Disposals	-	(169,000)	-	-	-	(169,000)
Transfer to Subsidiary	-	-	(353,549)	-	(191,788)	(545,337)
Balance as at 31 December 2020	604,004	736,271	652,322	404,147	-	2,396,744
Balance as at 1 January 2019	557,512	366,780	893,473	-	100,252	1,918,017
Transition adjustments (see note 2a)	-	-	-	342,856	-	342,856
Additions	39,962	126,850	74,382	61,291	87,172	389,657
Disposals	-	(8,000)	-	-	-	(8,000)
Balance as at 31 December 2019	597,474	485,630	967,855	404,147	187,424	2,642,530
Accumulated Depreciation						
Balance as at 1 January 2020	111,202	211,465	381,289	47,954	93,847	845,757
Charge for the year	60,065	160,599	238,030	53,062	44,852	556,608
Disposals	-	(99,750)	-	-	-	(99,750)
Transfer to subsidiary	-	-	(226,901)	-	(138,699)	(365,600)
Balance as at 31 December 2020	171,267	272,314	392,418	101,016	-	937,015
Balance as at 1 January 2019	52,488	121,344	157,099	-	43,868	374,799
Charge for the year	58,714	98,105	224,190	47,954	49,979	478,942
Disposals	-	(7,984)	-	-	-	(7,984)
Balance as at 31 December 2019	111,202	211,465	381,289	47,954	93,847	845,757
Carrying amounts						
As at 31 December 2020	432,737	463,957	259,904	303,131	-	1,459,729
As at 31 December 2019	486,272	274,165	586,566	356,193	93,577	1,796,773

(a) There were no authorised or contracted capital commitments as at the end of the reporting period (31 December 2019: Nil)
(b) There were no capitalised borrowing costs related to the construction of property and equipment during the year (31 December 2019:Nil)
(c) The leased assets included in this property and equipment as at year end is the right of use assets (31 December 2019: Nil)
(d) There were no impairment losses on any class of property and equipment (31 December 2019: Nil)
(e) All classes of property and equipment are non-current.

Notes to the Consolidated and Separate Financial Statements

28 Intangible assets

Group

In thousands of naira	Computer Software	Work-in-progress	Total
Cost:			
Balance as at 1 January 2020	107,864	9,065	116,929
Additions	23,951	-	23,951
Balance as at 31 December 2020	131,815	9,065	140,880
Balance as at 1 January 2019	85,192	9,065	94,257
Additions	22,672	-	22,672
Balance as at 31 December 2019	107,864	9,065	116,929
Accumulated Amortisation			
Balance as at 1 January 2020	83,483	-	83,483
Amortisation during the year	6,538	1,813	8,351
Balance as at 31 December 2020	90,021	1,813	91,834
Balance as at 1 January 2019	78,582	-	78,582
Amortisation during the year	4,901	-	4,901
Balance as at 31 December 2019	83,483	-	83,483
Carrying amounts			
As at 31 December 2020	41,794	7,252	49,046
As at 31 December 2019	24,381	9,065	33,446

(a) There were no impairment losses on intangible assets (31 December 2019: Nil)
(b) The intangible assets are non-current assets.

Notes to the Consolidated and Separate Financial Statements

Company

In thousands of naira	Computer Software	Work-in-progress	Total
Cost:			
Balance as at 1 January 2020	107,864	9,065	116,929
Additions	-	-	-
Transfer to subsidiary	(107,864)	(9,065)	(116,929)
Balance as at 31 December 2020	-	-	-
Balance as at 1 January 2019	85,192	9,065	94,257
Additions	22,672	-	22,672
Balance as at 31 December 2019	107,864	9,065	116,929
Accumulated Amortisation			
Balance as at 1 January 2020	83,483	-	83,483
Transfer to subsidiary	(90,021)	(1,813)	(91,834)
Amortisation during the year	6,538	1,813	8,351
Balance as at 31 December 2020	-	-	-
Balance as at 1 January 2019	78,582	-	78,582
Amortisation during the year	4,901	-	4,901
Balance as at 31 December 2019	83,483	-	83,483
Carrying amounts			
As at 31 December 2020	-	-	-
As at 31 December 2019	24,381	9,065	33,446

(a) There were no impairment losses on intangible assets (31 December 2019: Nil)
(b) The intangible assets are non-current assets.

29 Other liabilities

Other liabilities balance comprises

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Account payables (See note (iv))	4,291,580	3,809,537	926,421	637,408
Accruals	3,254,362	2,162,130	2,781,229	2,054,131
Intercompany payables	-	-	641,882	5,169,961
Deposit for shares (See note (v) below)	-	124,350	-	124,350
Cash-settled share-based payment liability (See note 17)	2,509,438	606,346	2,509,438	606,346
Financial liabilities	10,055,380	6,702,363	6,858,970	8,592,196
Regulatory fees (SEC)	22,655	22,949	22,655	22,949
Unearned fee income (See note (ii))	2,059,214	1,875,188	23,494	189,652
Statutory payables (See note (iii))	374,022	813,642	81,532	371,839
Non-financial liabilities	12,511,271	9,414,142	6,986,651	9,176,636
Allowance for impairment on margin assets (See note vi)	-	28,475	-	-
	12,511,271	9,442,617	6,986,651	9,176,636
Current	10,001,833	8,836,271	4,477,213	8,570,290
Non-current	2,509,438	606,346	2,509,438	606,346
	12,511,271	9,442,617	6,986,651	9,176,636

Notes to the Consolidated and Separate Financial Statements

(i) Amount represents accruals for Directors exit pay. The Company contributes 50% of the Executive Directors' annual gross salary and 50% of the Non-Executive Directors' annual Director's fees for every year of service. The Company's contributions are managed by a separate Fund Manager and the Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay the Directors upon exit.

(ii) Amount relates to processing fee income for which the performance obligation is yet to be fulfilled. Processing fee is computed as one third of the total interest earned by the clients on the customer resolution fund, and is earned when the settlement amount is paid out to the customer after making a valid claim.

(iii) Statutory payables include payables in respect of Withholding Tax, Value A dded Tax, PAYE (Pay As You Earn) and pension.

(iv) **Account payables**

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
CRF Interest payable to clients(See note (a))	3,119,316	3,048,644	-	-
Payables to other third parties(See note (b))	861,516	433,104	615,672	309,619
Lease liabilities	310,748	327,789	310,748	327,789
	4,291,580	**3,809,537**	**926,420**	**637,408**

(a) This amount represents interest payable to futures clients on the Client Resolution Fund (CRF) assets with the Group.
(b) Payables to other third parties include payables for consultancy and professional fees.

(v) **Movement in Deposit for shares**

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Balance, beginning of the year	124,350	124,350	124,350	124,350
Movement to share premium (See note 33(c))	(116,180)	-	(116,180)	-
Movement to Share capital (See note 33(b))	(8,170)	-	(8,170)	-
Balance, end of the year	-	124,350	-	124,350

During the year, the Group got approval from CAC for the allotment of share to Suntrust Bank for share deposit made in the prior period at N1 per share.

(vi) **Movement in Allowance for impairment on margin assets**

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Balance, beginning of the year	28,475	-	-	-
Movement during the year (See note18)	(28,475)	28,475	-	-
Balance, end of the year	-	28,475	-	-

30 Client resolution fund liability

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Client resolution fund liabilities (See note 23)	59,552,180	30,044,416	-	-
	59,552,180	**30,044,416**	**-**	**-**
Current	59,552,180	30,044,416	-	-
Non-current	-	-	-	-
	59,552,180	**30,044,416**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

31 Margin fund liabilities

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Margin fund liabilities (See note 24)	219,910,774	172,601,258	-	-
Fixings variance settlement liabilities (See note 24)	-	-	-	-
	219,910,774	**172,601,258**	**-**	**-**
Current	219,910,774	172,601,258	-	-
Non-current	-	-	-	-
	219,910,774	**172,601,258**	**-**	**-**

32 Provisions

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance at the beginning	44,100	44,100	44,100	44,100
Additions	582,316	-	330,538	-
Balance at the end	626,416	44,100	374,638	44,100
Current	-	-	-	-
Non-current	626,416	44,100	374,638	44,100
	626,416	44,100	374,638	44,100

The addition to the provision balance relates to VAT and WHT tax liability resulting from a revised assessment carried out by FIRS on the Company's 2016 -2019 financial years.

33 Capital and Reserve

(a) Share Capital

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Authorised - 26,000,000,000 Ordinary shares of N1.00 each (31 December 2019: 1,000,000,000 of N1.00 each	26,000,000	1,000,000	26,000,000	1,000,000
Issued and fully paid 9,733,663,665 (31 December 2019: 640,740,741) Ordinary shares of N1.00 each	9,733,664	640,741	9,733,664	640,741

(b) Movement in share capital

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	640,741	640,741	640,741	640,741
Bonus share issue (See note 33(e))	9,084,753	-	9,084,753	-
Issue of shares (See note 29(v))	8,170	-	8,170	-
Balance, end of the year	9,733,664	640,741	9,733,664	640,741

During the year, the Group got approval from CAC for the allotment of bonus share to its existing customers. The Group also got approval for the allotment of shares to Suntrust Bank PLC for deposit for shares already made in the prior period.

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.

Notes to the Consolidated and Separate Financial Statements

(c) Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares. The movement in share premium during the year was because of share allotment to Suntrust Bank during the year from Deposit for shares in the prior year.

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	21,148	21,148	21,148	21,148
Issue of shares (See note 38(i))	116,180	-	116,180	-
Balance, end of the year	137,328	21,148	137,328	21,148

(c) Retained earnings

Retained earnings is the profit generated by the Group not yet distributed to shareholders as dividends. During the year, the Board of Directors approved the appropriation of 30% of the Group's profit into a bonus share reserve for the purpose of strengthening the Group's capital base. Further to this, the Board also approved a yearly appropriation of 25% of the Company's profit after tax to a asset sinking fund reserves, to cater for the Group's capital projects/asset acquisition needs and another 20% of the Company's profit after tax to a special reserve to ring fence a portion of the general reserves to facilitate achievement of the Company's vision. The movement in retained earnings is as follows:

In thousands of naria	Note	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year		363,779	4,695,328	-	3,669,193
Profit for the year		11,239,045	10,236,878	5,127,260	7,565,897
Transfer to bonus share reserve	33(e)	(1,538,178)	(9,721,911)	(1,538,178)	(9,721,911)
Appropriation to market development reserve	33(f)	(430,968)	-	-	-
Appropriation to investor protection reserve	33(f)	(86,194)	-	-	-
Default resolution reserve appropriation	33(f)	(3,879,637)	(3,333,337)	-	-
Transfer to other reserves	33(f)	(2,307,267)	(1,513,179)	(2,307,267)	(1,513,179)
		(8,242,244)	**(14,568,427)**	**(3,845,445)**	**(11,235,090)**
Balance, end of the year		3,360,580	363,779	1,281,815	-

(d) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of investment securities at FVOCI until the investment is derecognised or impaired. The movement in fair value reserves is as follows:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	373,237	(32,866)	369,556	(27,234)
Impairment on FVOCI investment securities (See note 18)	(241,179)	(7,255)	(130,174)	(4,333)
Fair value gain/(loss) on investment securities at FVOCI	1,994,136	413,358	1,002,821	401,123
Financial assets at FVOCI - net changes in fair value (See note 38(i))	**1,752,957**	**406,103**	**872,647**	**396,790**
Balance, end of the year	2,126,194	373,237	1,242,203	369,556

(e) Bonus share reserve

The bonus share reserve, approved by the Board of Directors on 20 December 2019, represents reserves for bonus shares to be issued to strengthen the Company's capital base. The cumulative change is based on the amount approved by the Board of Directors for appropriation to the bonus share reserve. The movement in bonus share reserve is as follows:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	9,721,911	-	9,721,911	-
Transfer from retained earnings (See note 33(c))	1,538,178	9,721,911	1,538,178	9,721,911
Allotment of share capital (See note 33(b))	(9,084,753)	-	(9,084,753)	-
Balance, end of the year	2,175,336	9,721,911	2,175,336	9,721,911

Notes to the Consolidated and Separate Financial Statements

(f) Other reserves

This relates to the asset sinking fund reserve and special reserves (Company), investor protection reserve and market development reserve (FMDQ Securities Exchange Limited), as well as the default resolution reserve (FMDQ Clear Limited). During the year, the Board of Directors approved an appropriation of 25% of the Company's profit after tax and a reappropiation of the existing reserves of N3.8 billion to an asset sinking fund reserves to cater for the Group's capital projects/asset acquisition needs and another 20% of the Company's profit after tax to a special reserve to ring fence a portion of the general reserves to facilitate achievement of the Company's vision. Further to this, the Board of Directors of FMDQ Securities Exchange Limited approved the appropriation of 50% of annual profit after tax be transferred into the market development reserve on an annual basis. It was also agreed that 10% of annual profit after tax of FMDQ Securities Exchange Limited be transferred to investor protection reserve. For FMDQ Clear Limited, the Board approved that the Company's profit after tax be appropriated into a default resolution reserve. The movement in other reserves is as follows:

In thousands of naira		**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Balance, beginning of the year		7,132,584	2,286,068	3,799,247	2,286,068
Appropriation to market development reserve	33(c)	430,968	-	-	-
Appropriation to investor protection reserve	33(c)	86,194	-	-	-
Default resolution reserve appropriation	33(c)	3,879,637	3,333,337	-	-
Transfer from retained earnings (See note (i) below)	33(c)	2,307,267	1,513,179	2,307,267	1,513,179
Balance, end of the year		13,836,650	7,132,584	6,106,514	3,799,247

(i) Transfer from retained earnings

In thousands of naira	**Group 31-Dec-20**	**Group 31-Dec-19**	**Company 31-Dec-20**	**Company 31-Dec-19**
Balance, beginning of the year	-	-	-	-
Appropriation to asset sinking fund reserve	1,281,815	-	1,281,815	-
Appropriation to special reserves	1,025,452	-	1,025,452	-
Balance, end of the year	2,307,267	-	2,307,267	-

34 Group subsidiaries and related party transactions

(a) Parent and ultimate controlling party

FMDQ Holdings PLC is the ultimate Parent Company with five subsidiaries: FMDQ Clear Limited, FMDQ Depository Limited, FMDQ Private Markets Limited, iQx Consult Limited and FMDQ Securities Exchange Limited.

(b) Subsidiaries

The Group's investment in subsidiaries as at 31 December 2020 are shown below:

Entity	**Year-end**	**Form of Holding**	**Effective holding**	**Nominal share capital held**	**Country of incorporation**	**Nature of Business**
FMDQ Clear Limited	31 Dec	Direct	100%	5,000,000,000	Nigeria	Securities clearing and settlement
FMDQ Depository Limited	31 Dec	Direct	100%	5,000,000,001	Nigeria	Central securities depository
FMDQ Securities Exchange Limited	31 Dec	Direct	100%	1,000,000,000	Nigeria	Securities exchange
iQx Consult Limited	31 Dec	Direct	100%	1,000,000	Nigeria	Advisory and consultancy in information technology
FMDQ Private Markets Limited	31 Dec	Direct	100%	1,000,000	Nigeria	Private markets

Notes to the Consolidated and Separate Financial Statements

(c) Condensed financial information

The condensed financial data of the consolidated entities as at 31 December 2020, are as follows:

Condensed profit or loss and other comprehensive income				**31 December 2020**				
In thousands of naira	**Group balances**	**Elimination entries**	**FMDQ Holdings PLC**	**FMDQ Clear Limited**	**FMDQ Depository Limited**	**FMDQ Securities Exchange Limited**	**FMDQ Private Markets Limited**	**iQx Consult Limited**
Operating income	31,002,806	(18,802,844)	17,061,174	25,086,104	386,085	3,407,647	83,862	2,894,821
Impairment charge on financial asset	(335,598)	-	(79,170)	(139,318)	(26,857)	(90,253)	-	-
Personnel expenses	(7,033,284)	-	(5,428,277)	(200,588)	(230,682)	(825,687)	(71,905)	(276,147)
Operating expenses	(6,899,747)	18,802,844	(3,353,424)	(19,536,936)	(39,745)	(1,629,773)	(5,828)	(250,929)
Depreciation	(567,647)	-	(556,608)	-	-	-	-	(11,039)
Amortisation	(8,351)	-	(8,351)	-	-	-	-	-
Profit before tax	16,158,179	-	7,635,344	5,209,262	88,801	861,934	6,129	2,356,706
Taxation	(4,919,134)	-	(2,508,084)	(1,339,319)	(551)	(277,913)	(1,410)	(791,856)
Profit after tax	11,239,045	-	5,127,260	3,869,943	88,250	584,021	4,719	1,564,850
Other comprehensive income	1,752,957	-	872,647	804,449	-	75,860	-	-
Total comprehensive income	12,992,002	-	5,999,907	4,674,392	88,250	659,881	4,719	1,564,850

Notes to the Consolidated and Separate Financial Statements

Condensed financial position

In thousands of naira	**31 December 2020** Group balances	Elimination entries	FMDQ Holdings Plc	FMDQ Clear Limited	FMDQ Depository Limited	FMDQ Securities Exchange Limited	FMDQ Private Markets Limited	iQx Consult Limited
Cash and bank balances	27,032,460	-	5,235,415	14,824,387	3,883,036	855,612	46,783	2,187,228
Investment securities	16,859,539	-	9,351,771	4,921,377	1,578,493	1,007,899	-	-
Client resolution fund (CRF) assets	59,552,180	-	-	59,552,180	-	-	-	-
Margin fund assets	219,910,774	-	-	219,910,774	-	-	-	-
Other assets	3,575,499	-	3,283,205	1,473,442	30,978	765,165	39,239	466,192
Investment in subsidiary	-	(11,206,831)	11,206,831	-	-	-	-	-
Property and equipment	1,714,701	-	1,459,729	-	-	-	-	254,972
Intangible assets	49,046	-	-	-	-	-	-	49,046
Deferred tax assets	800,221	-	730,968	73,608	8,594	-	-	-
	329,494,420	**(11,206,831)**	**31,267,919**	**300,755,768**	**5,501,101**	**2,628,676**	**86,022**	**2,957,438**
Financed by:								
Client resolution fund (CRF) liabilities	59,552,180	-	-	59,552,180	-	-	-	-
Margin fund liabilities	219,910,774	-	-	219,910,774	-	-	-	-
Other liabilities	12,511,271	-	6,986,651	6,776,610	65,825	691,113	78,893	599,733
Provisions	626,416	-	374,638	251,779	-	-	-	-
Current tax liability	5,524,027	-	3,229,770	1,226,881	9,145	277,913	1,410	791,856
Deferred tax liability	-	-	-	-	-	-	-	-
Share capital	9,733,664	11,206,831	9,733,664	5,000,000	5,000,000	1,000,000	1,000	1,000
Share premium	137,328	-	137,328	-	-	-	-	-
Bonus share reserve	2,175,336	-	2,175,336	-	-	-	-	-
Fair value reserves	2,126,194	-	1,242,203	808,130	-	75,861	-	-
Retained earnings/ accumulated deficit	3,540,921	-	1,281,815	26,135	426,131	66,627	4,719	1,564,849
Other reserves	13,656,309	-	6,106,514	7,203,279	-	517,162	-	-
	329,494,420	**11,206,831**	**31,267,919**	**300,755,768**	**5,501,101**	**2,628,676**	**86,022**	**2,957,438**

Notes to the Consolidated and Separate Financial Statements

The condensed financial data of the consolidated entity as at 31 December 2019, are as follows:

Condensed profit or loss and other comprehensive income			**31 December 2019**			
In thousands of naira	**Group balances**	**Elimination entries**	**FMDQ Holdings PLC**	**FMDQ Clear Limited**	**FMDQ Depository Limited**	**FMDQ Securities Exchange Limited**
Operating income	21,457,264	(13,832,334)	17,708,739	16,660,717	546,797	4,493
Impairment charge on financial asset	(137,018)	-	(46,706)	(88,399)	(1,913)	-
Personnel expenses	(4,122,226)	-	(3,869,902)	(104,391)	(147,933)	-
Operating expenses	(3,494,592)	12,644,908	(2,641,008)	(13,088,839)	(53,932)	(4,725)
Depreciation and amortisation	(478,942)	-	(478,942)	-	-	-
Amortisation	(4,901)	-	(4,901)	-	-	-
Profit before tax	13,219,585	(1,187,426)	10,667,280	3,379,088	343,019	(232)
Taxation	(2,982,707)	-	(3,101,383)	123,795	(5,118)	-
Profit after tax	**10,236,878**	**(1,187,426)**	**7,565,897**	**3,502,883**	**337,901**	**(232)**
Other comprehensive income	406,103	-	396,790	25,901	-	-
Total comprehensive income	**10,642,981**	**(1,187,426)**	**7,962,687**	**3,528,784**	**337,901**	**(232)**

Condensed financial position			**31 December 2019**			
In thousands of naira	**Group balances**	**Elimination entries**	**FMDQ Holdings PLC**	**FMDQ Clear Limited**	**FMDQ Depository Limited**	**FMDQ Securities Exchange Limited**
Cash and bank balances	9,536,031	-	332,796	6,562,465	1,636,727	1,004,044
Investment securities	16,147,529	-	7,717,276	4,521,146	3,909,108	-
Client resolution fund (CRF) assets	30,044,416	-	-	30,044,416	-	-
Margin fund assets	172,601,258	-	-	172,601,258	-	-
Other assets	3,419,506	(9,452,866)	6,204,888	6,658,405	7,125	1,952
Investment in subsidiary	-	(11,000,000)	11,000,000	-	-	-
Property and equipment	1,796,773	-	1,796,773	-	-	-
Intangible assets	33,446	-	33,446	-	-	-
Deferred tax assets	214,879	-	28,834	186,046	-	-
	233,793,838	**(20,452,866)**	**27,114,013**	**220,573,736**	**5,552,960**	**1,005,996**
Financed by:						
Client resolution fund (CRF) liabilities	30,044,416	-	-	30,044,416	-	-
Margin fund liabilities	172,601,258	-	-	172,601,258	-	-
Other liabilities	9,442,617	(9,452,866)	9,176,636	9,502,660	209,961	6,228
Provisions	44,100	-	44,100	-	-	-
Current tax liability	3,408,047	-	3,340,674	62,250	5,118	-
Deferred tax liability	-	-	-	-	-	-
Share capital	640,741	(10,500,000)	640,741	5,000,000	5,000,000	1,000,000
Share premium	21,148	-	21,148	-	-	-
Bonus share reserve	9,721,911	-	9,721,911	-	-	-
Fair value reserves	373,237	-	369,556	3,681	-	-
Retained earnings	363,779	-	-	-	337,881	(232)
Other reserves	7,132,584	(500,000)	3,799,247	,359,471	-	-
	233,793,838	**(20,452,866)**	**27,114,013**	**220,573,736**	**5,552,960**	**1,005,996**

Notes to the Consolidated and Separate Financial Statements

(d) Related party transactions

Key Management is defined as members of the Board of Directors. Furthermore, the Group had transactions with some of its shareholders. The balances as at year end and the amounts during the year of these transactions are as disclosed below:

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Cash and bank balances (see (i) below & note 21)	27,032,460	9,536,031	5,235,415	332,796
Bank charges (see (ii) below & note 19)	4,012	8,269	3,651	6,720
Account receivables (see (iii) below & note 25)	1,684,453	1,801,829	1,324	299,766
Director's fees, emoluments and allowances (see (iv) below & 19 (ii)	535,024	228,799	353,368	227,499
Transaction fee income (net) (see (v) below & note 11)	2,213,278	2,381,877	-	2,381,877
Sponsorship income(see (vi) below & note 15)	-	42,945	-	42,945
FDSO income (See (vii) below & note 15)	-	-	15,925,525	12,315,262
Intercompany receivables (See note 25)	-	-	1,608,548	4,282,905

(i) Cash and bank balances is represented by bank balances held with Guaranty Trust Bank PLC, UBA PLC, Zenith Bank PLC, Stanbic Bank PLC and Access Bank PLC who are also shareholders in the Company.

(ii) Bank charges represent charges paid on the Company's bank balances held with Guaranty Trust Bank PLC, Zenith Bank PLC, Stanbic Bank PLC, UBA PLC and Access Bank PLC who are also shareholders in the Company.

(iii) Accounts receivable is represented by transaction fees receivable from trades executed on the platform by the Dealing Members of FMDQ during the financial year. These Dealing Members are also shareholders in the Company.

(iv) Directors' fees and allowances is represented by emoluments and allowances accrued during the year for the Board of Directors.

(v) Transaction fee income represents income earned on transaction fees charged to Dealing Members who are also shareholders in the Company.

(vi) The sponsorship income includes amount received from some sponsors who are also shareholders in the Company to finance its debt capital conference and awards.

(vii) The FDSO income represents fees earned from FMDQ Clear Limited and FMDQ Securities Exchange Limited, a wholly owned subsidiary, in respect of the franchise development and outsourced services rendered by the parent Company. The fees are accrued in line with the executed agreement with the parent Company, which requires FMDQ Clear Limited and FMDQ Securities Exchange Limited to pay 60% and 20% (2019: 75% from FMDQ Clear Limited) of its realised revenue, excluding interest income on proprietary capital respectively.

35 Leases

Leases as lessee

The Group leases its office and offsite premises. The office premises' lease runs for a period of 5 years, with an option to renew the lease after that date while the offsite premises' lease runs for a period of 2 years, also with an option to renew the lease after that date. Lease payments are renegotiated annually to reflect market rentals. Under the lease agreement, the Company is restricted from entering into any sub-lease agreements.

i Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (see Note 26).

In thousands of naira	Office premises 31-Dec-2020	Office premises 31-Dec-2019
Balance at 1 January	356,193	-
Transition adjustments	-	342,856
Additions	-	61,291
Depreciation charge for the year	(53,062)	(47,954)
Balance at 31 December	303,131	356,193

Notes to the Consolidated and Separate Financial Statements

See below for maturity analysis of lease liabilities as at 31 December 2020.

At 31 December 2020, the future minimum lease payments under non-cancellable operating leases were payable as follows.

In thousands of naira	Office premises 31-Dec-2020	Office premises 31-Dec-2019
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	30,322	60,640
Between one and five years	-	334,988
More than five years	280,426	121,279
Total undiscounted lease liabilities at 31 December	310,748	516,907

ii Amounts recognised in profit or loss

In thousands of naira	31-Dec-2020	31-Dec-2019
2019 – Leases under IFRS 16		
Interest on lease liabilities	43,599	43,894
Depreciation on right of use assets	53,062	47,954

iii Amounts recognised in statement of cash flows

In thousands of naira	31-Dec-2020	31-Dec-2019
Total cash outflow for leases	-	37,400

iv Movement in lease liabilities

In thousands of naira	31-Dec-2020	31-Dec-2019
Balance at 1 January	327,789	-
Transition adjustments	-	260,003
Additions	-	23,892
Interest on lease liabilities	(17,041)	43,894
Balance at 31 December	310,748	327,789

v Extension options

The lease of both the office and offsite premises contains extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has determined that it would exercise the extension options and has therefore estimated and included the potential future lease payments in the lease liability recognised.

36 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 2019: Nil).

37 Events after reporting period

There was no events after the reporting date that could have had a material effect on the financial statements of the Group that have not been provided for or disclosed in these financial statements.

Notes to the Consolidated and Separate Financial Statements

38 Cashflow workings

(i) Investment Securities

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance at the beginning of the year	16,147,529	12,033,788	7,717,276	1,841,640
Fair value gain recognised in OCI (See note 33(d))	1,752,957	406,103	872,647	396,790
Non-cash transfer to subsidiary company (See note 38(vi))	-	-	-	(3,160,000)
Gain on non-cash transfer to subsidiary company (See note 15)	-	-	-	169,546
Gain on foreign exchange revaluation (See note 38 (vii))	236,280	11,833	236,280	11,833
Impairment charge on investment securities (See note 18)	(335,598)	(9,168)	-	(4,333)
Interest receivable	103,874	481,737	168,660	161,178
Balance at the end of the year (See note 22)	(16,859,539)	(16,147,529)	(9,351,771)	(7,717,276)
Movement in investment securities	**1,045,503**	**(3,223,236)**	**(356,908)**	**(8,300,621)**

(ii) Property and equipment

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance at the beginning of the year	1,796,773	1,543,218	1,796,773	1,543,218
Investment in subsidiary (See note 38(viii))	-	-	(179,737)	-
Balance at the end of the year (See note 27)	(1,714,701)	(1,796,773)	(1,459,729)	(1,796,773)
	82,072	**(253,555)**	**157,307**	**(253,555)**
Explained by:				
Acquisition of property and equipment (See note 27)	(554,825)	(389,657)	(468,551)	(389,657)
Transition adjustment to right of use asset (See note 27)	-	(342,856)	-	(342,856)
	(554,825)	(732,513)	(468,551)	(732,513)
Gain on disposal of PPE (See note 15)	(2,415)	(1,382)	(2,415)	(1,382)
Proceeds on disposal	71,665	1,398	71,665	1,398
Depreciation	567,647	478,942	556,608	478,942
	82,072	**(253,555)**	**157,307**	**(253,555)**

(iii) Intangible assets

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance at the beginning of the year	33,446	15,675	33,446	15,675
Investment in subsidiary (See note 38(viii))	-	-	(25,095)	-
Balance at the end of the year (See note 28)	(49,046)	(33,446)	-	(33,446)
	(15,600)	(17,771)	8,351	(17,771)

(iv) Interest received

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Interest income earned on investment securities (See note 14)	1,654,658	1,385,641	808,269	742,200
Interest receivable	(103,874)	(481,737)	(168,660)	(161,178)
Interest received	1,550,784	903,904	639,609	581,022

Notes to the Consolidated and Separate Financial Statements

(v) Other liabilities

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance at the beginning of the year	(9,442,617)	(7,044,237)	(9,176,636)	(2,221,892)
VAT paid	1,777,134	1,246,517	1,194,592	663,975
Interest expense	(43,894)	(43,894)	(43,599)	(43,894)
Payment of lease liabilities	-	37,400	-	37,400
Impairment charge on margin assets (See note 29)	-	(28,475)	-	-
Cash-settled share-based payment expense (See note 17)	(1,903,092)	(606,346)	(1,903,092)	(606,346)
Balance at the end of the year (See note 29)	12,511,271	9,442,617	6,986,651	9,176,636
Movement in other liabilities	2,898,802	3,003,582	(2,942,084)	7,005,879

(vi) Other assets

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company) 31-Dec-19
Balance at the beginning ot the year	3,419,506	2,053,907	6,204,887	6,078,281
Impairment on other assets (See note 18)	(98,051)	(99,245)	51,004	(42,243)
WHT receivables utilised during the year (See note 20(c))	(1,424,590)	(359,683)	(1,424,590)	(359,683)
Write-off from other assets (See note 18)	-	(130)	-	(130)
Balance at the end ot the year (See note 25)	(3,575,499)	(3,419,506)	(3,283,205)	(6,204,887)
Movement in other assets	(1,678,634)	(1,824,654)	1,548,096	(528,662)

(vii) Effect of exchange rate changes in cash and bank balances

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Unrealised exchange rate gain on foreign exchange revaluation on Eurobond	236,280	7,097	236,280	11,833
Realised exchange rate (loss) /gain	(94,443)	2,303	(94,380)	2,303
	141,837	9,400	141,900	14,136
Foreign exchange (loss)/gains on bank balances	2,792	-	2,529	10,152
Gain on foreign exchange revaluation (See note 16)	144,629	24,288	144,429	24,288

(viii) Investment in subsidiaries

In thousands of naira	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance at the beginning ot the year	-	-	11,000,000	500,000
Additional investment in FMDQ Clear (investment securities) (See note 38(i))	-	-	-	3,160,000
Investment in iQx Consult - Intangibles (See note 38(iii))	-	-	25,095	-
Investment in iQx Consult - PPE (See note 38(ii))	-	-	179,737	-
Additional investment in FMDQ Clear (bonus shares received)	-	-	-	1,000,000
Balance at the end ot the year (See note (viii))	-	-	(11,206,831)	(11,000,000)
Cash movement in investment in subsidiaries	-	-	(2,000)	(6,340,000)

Other National Disclosures

Other National Disclosures

Value Added Statement
for the year ended 31 December 2020

In thousands of naira	Group 31-Dec-20	%	Group 31-Dec-19	%	Company 31-Dec-20	%	Company 31-Dec-19	%
Operating income	31,002,806		21,457,264		17,061,174		17,708,739	
Bought in goods and services - local	(7,235,345)		(3,631,610)		(3,421,555)		(2,687,714)	
Value added	23,767,461	100	17,825,654	100	13,639,619	100	15,021,025	100
Distribution of Value Added								
To Employees								
Employees as wages and salaries	7,033,284	30	4,122,226	23	5,428,277	40	3,869,902	25
To Government								
Government as tax	4,919,134	21	2,982,707	17	2,508,084	18	3,101,383	22
Retained in business								
- For replacement of property and equipments	567,647	2	478,942	3	567,647	4	478,942	3
- For replacement of intangible asset	8,351	-	4,901	-	8,351	-	4,901	-
- To augment reserves	11,239,045	47	10,236,878	57	5,127,260	38	7,565,897	50
Value added	23,767,461	100	17,825,654	100	13,639,619	100	15,021,025	100

Other National Disclosures

Financial Summary

Group

In thousands of naira	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
ASSETS				
Cash and bank balances	27,032,460	9,536,031	721,353	347,979
Investment securities	16,859,539	16,147,529	12,033,788	1,791,572
Client resolution fund (CRF) asset	59,552,180	30,044,416	33,792,665	-
Margin and fixings variance settlement assets	219,910,774	172,601,258	130,150,700	-
Other assets	3,575,499	3,419,506	2,053,907	262,880
Property and equipment	1,714,701	1,796,773	1,543,218	614,123
Intangible assets	49,046	33,446	15,675	18,002
Deferred tax assets	800,221	214,879	-	-
Total Assets	329,494,420	233,793,838	180,311,306	3,034,556
LIABILITIES				
Client resolution fund (CRF) liability	59,552,180	30,044,416	33,792,665	-
Margin and fixings variance settlement liabilities	219,910,774	172,601,258	130,150,700	-
Other liabilities	12,511,271	9,442,617	7,044,237	942,017
Provisions	626,416	44,100	22,745	21,246
Current tax liability	5,524,027	3,408,047	1,508,690	41,589
Deferred tax liabilities	-	-	181,841	67,991
Total Liabilities	298,124,668	215,540,438	172,700,887	1,072,843
EQUITY				
Share capital	9,733,664	640,741	640,741	640,741
Share premium	137,328	21,148	21,148	21,148
Retained earnings	3,540,921	363,779	4,695,328	298,070
Bonus share reserve	2,175,336	9,721,911	-	-
Fair value reserves	2,126,194	373,237	(32,866)	(45,520)
Other reserves	13,656,309	7,132,584	2,286,068	1,047,274
Total Equity	31,369,752	18,253,400	7,610,419	1,961,713
Total Equity and Liabilities	329,494,420	233,793,838	180,311,306	3,034,556

Group

In thousands of naira	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Operating Income	31,002,806	21,457,264	13,203,865	2,522,341
Impairment charge on financial assets	(335,598)	(137,018)	(8,926)	-
Operating expenses	(14,509,029)	(8,100,661)	(5,986,123)	(2,172,582)
Profit before taxation	16,158,179	13,219,585	7,208,816	349,759
Taxation	(4,919,134)	(2,982,707)	(1,572,763)	(113,000)
Profit after taxation	11,239,045	10,236,878	5,636,053	236,759
Other comprehensive income	1,752,957	406,103	12,654	74,649
Total comprehensive income	12,992,002	10,642,981	5,648,706	311,408

Other National Disclosures

Financial Summary

Company

In thousands of naira	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
ASSETS					
Cash and bank balances	5,235,415	332,796	536,018	345,254	313,483
Investment securities	9,351,771	7,717,276	1,841,640	1,279,826	1,552,978
Other assets	3,283,205	6,204,888	6,078,281	277,777	185,080
Investment in subsidiary	11,206,831	11,000,000	500,000	500,000	-
Property and equipment	1,459,729	1,796,773	1,543,218	614,123	457,533
Intangible assets	-	33,446	15,675	18,002	18,029
Deferred tax assets	730,968	28,834	-	-	-
Total Assets	31,267,919	27,114,013	10,514,832	3,034,982	2,527,103
LIABILITIES					
Other liabilities	6,986,651	9,176,636	2,221,892	941,177	815,540
Provisions	374,638	44,100	22,754	21,246	21,246
Current tax liability	3,229,770	3,340,674	1,498,429	41,589	23,772
Deferred tax liabilities	-	-	181,841	67,991	16,240
Total Liabilities	10,591,059	12,561,410	3,924,916	1,072,003	876,798
EQUITY					
Share capital	9,733,664	640,741	640,741	640,741	640,741
Share premium	137,328	21,148	21,148	21,148	21,148
Retained earnings	1,281,815	-	3,669,193	297,682	1,108,585
Bonus share reserve	2,175,336	9,721,911	-	-	-
Fair value reserves	1,242,203	369,556	(27,234)	(43,866)	(120,169)
Other reserves	6,106,514	3,799,247	2,286,068	1,047,274	-
Total Equity	20,676,860	14,552,603	6,589,916	1,962,979	1,650,305
Total Equity and Liabilities	31,267,919	27,114,013	10,514,832	3,034,982	2,527,103

Company

In thousands of naira	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
Operating Income	17,061,174	17,708,739	13,250,430	2,505,833	2,040,906
Operating expenses	(9,425,830)	(7,041,459)	(7,077,623)	(2,156,462)	(1,600,531)
Profit before taxation	7,635,344	10,667,280	6,172,807	349,371	440,375
Taxation	(2,508,084)	(3,101,383)	(1,562,502)	(113,000)	(118,505)
Profit after taxation	5,127,260	7,565,897	4,610,305	236,371	321,870
Other comprehensive income	872,647	396,790	16,632	76,303	(73,359)
Total comprehensive income	5,999,907	7,962,687	4,626,937	312,674	248,511

2020 HIGHLIGHTS: NOTABLE DATES

January

FMDQ Exchange Receives Statement of Compliance to IOSCO's Principles for Financial Benchmarks

FMDQ Group Commemorates International Day of Education

GEL Utility Funding SPV PLC ₦13.00bn Series 1 Fixed Rate Infrastructure Bond Listed on FMDQ Exchange

Citibank Nigeria Limited ₦36.00bn CP Programme Registered on FMDQ Exchange

UCML Capital Limited ₦10.00bn CP Programme Registered on FMDQ Exchange

Lagos State Government of Nigeria Series 2 ₦6.91bn Tranche III and ₦5.34bn Tranche IV Fixed Rate Bonds Listed on FMDQ Exchange

Flour Mills of Nigeria PLC ₦2.00bn Series 11 and ₦5.00bn Series 12 CPs Quoted on FMDQ Exchange

Dangote Cement PLC ₦7.13bn Series 13 and ₦42.87bn Series 14 CPs Quoted on FMDQ Exchange

February

FMDQ Establishes FMDQ Private Markets Limited

CBN, FMDQ Introduce Long-Dated OTC FX Futures Contracts for up to 5 Years

FC4S Lagos in Partnership with FMDQ Group Hosts Green Tagging Kick-off Project Ceremony

Stanbic IBTC Bank PLC $33.00mm Series 52 and $43.52mm Series 53 CPs Quoted on FMDQ Exchange

Union Bank of Nigeria PLC ₦8.89bn Series 3 and ₦17.39bn Series 4 CPs Quoted on FMDQ Exchange

Mixta Real Estate PLC ₦2.00bn Series 15 CP Quoted on FMDQ Exchange

FSDH Merchant Bank Limited ₦23.60bn Series 1 CP Quoted on FMDQ Exchange

Citibank Nigeria Limited ₦2.50bn Series 1 and ₦2.50bn Series 2 CPs Quoted on FMDQ Exchange

Chapel Hill Denham Nigeria 150.00mm Units of ₦100 each at ₦108.45 Series 5 Infrastructure Debt Fund Listed on FMDQ Exchange

Lagos State Government of Nigeria ₦100.00bn Series 3 Fixed Rate Bond Admitted on FMDQ Depository

Citibank Nigeria Limited ₦2.50bn Series 1 CP Admitted on FMDQ Depository

March

FMDQ and AFEX Nigeria Sign MOU to Promote Product Innovation in Nigeria's Capital Market

FMDQ Commemorates 2020 International Women's Day

FMDQ Pays Courtesy Visit to Senate Committee on Finance and the Federal Ministry of Environment

FMDQ Group Welcomes Senate Committee on Capital Markets on an Oversight Visit to Exchange Place

FMDQ Partners with SEC Nigeria and AFEX on a 2-Day International Conference on the Nigerian Commodities Market

Sterling Bank PLC ₦100.00bn CP Programme Registered on FMDQ Exchange

Eterna PLC ₦3.00bn Series 2 CP Quoted on FMDQ Exchange and Admitted on FMDQ Depository

Nigerian Breweries PLC ₦1.07bn Series 5 and ₦52.76bn Series 6 CPs Quoted on FMDQ Exchange

Coronation Merchant Bank Limited ₦4.31bn Series 5 and ₦11.90bn Series 6 CPs Quoted on FMDQ Exchange

Mixta Real Estate PLC ₦1.10bn Series 16, ₦2.42bn Series 17, ₦4.58bn Series 18 and ₦3.68bn Series 19 CPs Quoted on FMDQ Exchange

First City Monument Bank Limited ₦29.47bn Series 1 CP Quoted on FMDQ Exchange and Admitted on FMDQ Depository

Stanbic IBTC Bank PLC ₦25.00bn Series 54 CP Quoted on FMDQ Exchange

Dufil Prima Foods PLC ₦1.52bn Series 1 and ₦14.26bn Series 2 CPs Quoted on FMDQ Exchange

Lagos State Government of Nigeria ₦100.00bn Series 3 Fixed Rate Bond Listed on FMDQ Exchange

Eat & Go Finance SPV PLC ₦11.50bn Series 1 Fixed Rate Bond Listed on FMDQ Exchange

Citibank Nigeria Limited ₦2.50bn Series 2 CP Admitted on FMDQ Depository

2020 HIGHLIGHTS: NOTABLE DATES CONT'D

April

FMDQ Depository and SEC Revolutionise Depository Services in Nigeria

FMDQ Exchange Extends Registration Members' Quarterly Compliance Report Submission

FMDQ Depository Engages Participants, Holds Webinar on Post-Trade Market Structure

Flour Mills of Nigeria PLC Series 3 ₦12.50bn Tranche A and ₦7.50bn Tranche B Fixed Rate Bonds Listed on FMDQ Exchange

Coronation Merchant Bank Limited ₦0.03bn Series 7 and ₦6.64bn Series 8 CPs Quoted on FMDQ Exchange

United Capital PLC ₦1.35bn Series 1 and ₦3.97bn Series 2 CPs Quoted on FMDQ Exchange

Sterling Bank PLC ₦6.85bn Series 1 Tranche A and ₦8.15bn Series 2 Tranche A CPs Quoted on FMDQ Exchange

Chapel Hill Denham Nigeria 162.72mm Units of ₦100 each at ₦109.72 Series 6 Infrastructure Debt Fund Listed on FMDQ Exchange

May

Nigerian Breweries PLC ₦13.03bn Series 7 and ₦24.33bn Series 8 CPs Quoted on FMDQ Exchange

Flour Mills of Nigeria PLC ₦10bn Series 13 and ₦20bn Series 14 CPs Quoted on FMDQ Exchange

June

FMDQ Group Holds Green Bond Capacity Building Webinar for Agribusiness

FMDQ Exchange Holds Webinar on Combating Currency Exchange Volatility

CEO, FMDQ Group, Shares Insights on Capital Markets at the BusinessDay Digital Dialogue Session

Dangote Cement PLC ₦100.00bn Series 1 Fixed Rate Bond Listed on FMDQ Exchange and Admitted on FMDQ Depository

MTN Nigeria Communications PLC ₦20.00bn Series 1 and ₦80.00bn Series 2 CPs Quoted on FMDQ Exchange and Admitted on FMDQ Depository

FBNQ MB Funding SPV PLC ₦5.00bn Series 1 Fixed Rate Bond Listed on FMDQ Exchange

Coronation Merchant Bank Limited ₦6.00bn Series 9 and ₦9.00bn Series 10 CPs Quoted on FMDQ Exchange

Mixta Real Estate PLC ₦1.34bn Series 20, ₦0.57bn Series 21, ₦0.15bn Series 22 and ₦1.24bn Series 23 CPs Quoted on FMDQ Exchange

Guinness Nigeria PLC ₦10.00bn CP Programme Registered on FMDQ Exchange

Dangote Cement PLC ₦34.00bn Series 15 and ₦66.00bn Series 16 CPs Quoted on FMDQ Exchange

Sterling Bank PLC ₦6.85bn Series 1 and ₦8.15bn Series 2 CPs Admitted on FMDQ Depository

G.O.S Management Company Limited ₦8.40bn Private Company Bond Admitted on FMDQ Depository

July

FMDQ Exchange Holds H1 2020 Members' Only Meeting

FMDQ Group and Subsidiaries Hold Annual General Meetings

Axxela Funding 1 PLC ₦11.50bn Series 1 Fixed Rate Bond Listed on FMDQ Exchange

United Capital PLC ₦10.00bn Series 1 Fixed Rate Bond Listed on FMDQ Exchange

LAPO MFB SPV PLC ₦6.20bn Series 2 Fixed Rate Bond Listed on FMDQ Exchange

Guinness Nigeria PLC ₦2.50bn Series 1 & ₦2.50bn Series 2 CPs Quoted on FMDQ Exchange and Admitted on FMDQ Depository

Mixta Real Estate PLC ₦1.91bn Series 24, ₦0.50bn Series 25 ₦1.03bn Series 26 and ₦1.50bn Series 27 CPs Quoted on FMDQ Exchange

United Capital PLC ₦10.00bn Series 2 Fixed Rate Bond Admitted on FMDQ Depository

August

FC4S Lagos Partners with FMDQ, FSD Africa and CBI to Engage Lagos State Government on Capacity Building Roundtable for Sustainable Finance

FMDQ Group Holds Debt Capital Markets Development Project Webinar

FMDQ Group Donates e-Learning Devices to Lagos State Government

FMDQ Group Donates ₦60.00mm to the Capital Market Support Committee for COVID-19 Initiative

FMDQ Group Donates ₦10.00mm to Ogun State Trust Fund

FMDQ-Next Commemorates 2020 International Youth Day

FMDQ Marks World Mask Week, Donates Face Masks to Vulnerable Groups and Students Within its Host community

CardinalStone Partners Limited ₦10.00bn CP Programme Registered on FMDQ Exchange

2020 HIGHLIGHTS: NOTABLE DATES CONT'D

September

FMDQ Clear Receives Approval in-Principle from SEC for Central Counterparty Registration

FMDQ-Next Commemorates International Literacy Day

Mixta Real Estate PLC ₦2.39bn Series 28 CP Quoted on FMDQ Exchange

CardinalStone Partners Limited ₦5.00bn Series 1 CP Quoted on FMDQ Exchange

Dangote Cement PLC ₦16.00bn Series 17 and ₦34.00bn Series 18 CPs Quoted on FMDQ Exchange

First City Monument Bank Limited ₦100.00bn CP Programme Registered on FMDQ Exchange

Me Cure Industries Limited ₦20.00bn CP Programme Registered on FMDQ Exchange

Flour Mills of Nigeria PLC ₦10.00bn Series 13 and ₦20.00bn Series 14 CPs Admitted on FMDQ Depository

G.O.S Management Company Limited ₦8.40bn Private Company Noted on FMDQ Private Markets

October

FMDQ Group Commemorates World Investor Week

FMDQ Commemorates Nigeria's 60th Independence Anniversary: Publishes Opinion Piece on Forbes Magazine and BusinessDay Newspaper

Mixta Real Estate PLC ₦3.68bn Series 29 CP Quoted on FMDQ Exchange

November

FMDQ Group Unveil Winners of its 3rd Annual FMDQ GOLD Awards

FMDQ Group Receives Awards at the 8th Annual BusinessDay Banks' and Other Financial Institutions Awards

FMDQ Exchange Sensitises Stakeholders on Short-term Financing Option in the Nigerian Debt Markets

FMDQ Exchange Holds 3rd Members' Induction Programme for Dealing Member (Banks)

Mixta Real Estate PLC ₦1.34bn Series 30 CP Quoted on FMDQ Exchange

Rand Merchant Bank Nigeria Limited ₦80.00bn CP Programme Registered on FMDQ Exchange

FSDH Merchant Bank Limited ₦23.60bn Series 2 CP Quoted on FMDQ Exchange

Union Bank of Nigeria PLC ₦17.50bn Series 5, ₦2.50bn Series 6 and ₦15.00bn Series 7 CPs Quoted on FMDQ Exchange and Admitted on FMDQ Depository

2LP Management Company Limited ₦10.90bn Series 1 Tranche B Private Company Bond Admitted on FMDQ Depository

December

FMDQ Exchange Holds H2 2020 FMDQ Exchange Members' Meeting

FMDQ Sponsors and Attends Capital Markets Correspondents Association of Nigeria's 2020 Annual Workshop

Total Nigeria PLC ₦30.00bn CP Programme Registered on FMDQ Exchange

Nigerian Breweries PLC ₦3.10bn Series 9, ₦7.15bn Series 10, and ₦10.09bn Series 11 CPs Quoted on FMDQ Exchange

United Capital PLC ₦15.00bn Series 3 CP Quoted on FMDQ Exchange

Mixta Real Estate PLC ₦5.67bn Series 31 CP Quoted on FMDQ Exchange

Stanbic IBTC Bank PLC ₦22.00bn Series 1 CP Quoted on FMDQ Exchange

NOVAMBL Investments SPV PLC ₦10.00bn Series 1 Fixed Rate Bond Listed on FMDQ Exchange

NCNR SPV Limited ₦10.50bn Private Company Bond Admitted on FMDQ Depository

2020 HIGHLIGHTS: FMDQ IN THE NEWS

INSIDEBUSINESS — NEWS · INTELLIGENCE · INVESTING · ECONOMY · TAXATION · POLITI

CBN, FMDQ Launch Long-Dated FX Contracts

Sep 19, 2020 — MARKET

The Central Bank of Nigeria (CBN) in collaboration with FMDQ Holdings PLC ("FMDQ Group"), have introduced the much awaited long-dated FX Futures, extending the maximum contract tenor to up to five (5) years.

CBN, FMDQ Introduce Long-Dated OTC FX Futures Contracts for Up to 5 Years

FMDQ Clear landmarks as Nigeria's Premier CCP

… SEC grants approval-in-principle for CCP registration

BUSINESS DAY

FMDQ Clear Landmarks as Nigeria's Premier CCP

A8 BUSINESS DAY — Thursday 01 October 2020

"Mr. Bola Onadele. Koko is the Chief Executive Officer of FMDQ Group - Africa's first vertically integrated financial market infrastructure group - which provides a one-stop platform for the listing, trading, clearing, risk management, and settlement of financial market transactions across the fixed income, foreign exchange, derivatives and equities markets, as well as depository of securities, through its wholly owned subsidiaries – FMDQ Securities Exchange, FMDQ Clear, FMDQ Depository and FMDQ Private Markets.

In this piece, he shares insights, amidst mixed feelings of disappointment and optimism, on the future of Nigeria and considerations that will facilitate restoring her to all her former glory."

FMDQ Commemorates Nigeria's 60th Independence Anniversary: Publishes Opinion Piece in BusinessDay Newspaper

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9th Senate Committee On Capital Markets Visits FMDQ, Pledges To Drive Pro-Market Legislations

The Management of FMDQ Holdings Plc, recently hosted the Executive members of the Ninth (9th) Nigerian Senate Committee on Capital Market led by the Chairman, His Excellency, Senator Ibikunle Amosun and accompanied by Ms. Mary Uduk, Ag. Director-General, Securities and Exchange Commission (SEC) and other SEC representatives on a courtesy visit on Thursday, March 19, 2020, to Exchange Place, Lagos.

The Senate Committee on Capital Market is the legislative arm of the government responsible for providing supervision over the Nigerian capital market and proffering strategic direction, where required, for the associated regulators, operators and financial market infrastructures such as FMDQ.

FMDQ Group Welcomes Senate Committee on Capital Market on an Oversight Visit to Exchange Place

BUSINESS DAY

SEC, FMDQ Depository revolutionise depository services in Nigeria

…FMDQ Depository appointed sole depository to Lagos State N100bn bond

In June 2019, the Securities and Exchange Commission (SEC), in another unprecedented and forward-thinking market development posture, registered another depository, FMDQ Depository Limited (FMDQ Depository) in the Nigerian capital markets after the existence of a sole depository for over 26 years; thereby empower-

FMDQ Depository Revolutionise Depository Services in Nigeria

FinancialEDGE

AFEX and FMDQ Sign MoU to Promote Product Innovation for Nigeria's Capital Market

In a signing ceremony which was held on Wednesday, March 4, 2020, at the AFEX Commodities Exchange Limited (AFEX) offices in Abuja, FMDQ Holdings PLC (FMDQ Group) and AFEX formalised their partnership by executing a Memorandum of Understanding (MoU), solidifying their mutual interest in developing products to deepen the Nigerian capital market.

FMDQ and AFEX Nigeria Sign MOU to Promote Product Innovation in Nigeria's Capital Market

FMDQ Group unveils winners of its 3rd Annual Gold Awards

… Institutionalises beacon of recognition for market stakeholders

BUSINESS DAY

FMDQ Group Unveils Winners of its 3rd Annual GOLD Awards

BUSINESS DAY — TRACKING TRENDS | INFORMING DECISIONS

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FMDQ, FC4S Lagos, UNEP, others kick off Nigerian Green Tagging Project

FMDQ Group in Partnership with FC4S, Lagos Host Green Tagging Kick-off Project Ceremony

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FMDQ provides depository for Lagos, Dangote's N200b bonds

April 14, 2020 in Business, Equities

Barely 11 months after it was registered, Nigeria's second depository, FMDQ Depository Limited, has onboarded two corporate and government bonds worth N200 billion to its platform.

FMDQ Depository was appointed as sole depository to the Lagos State Government's N100 billion bond and a joint depository to the Dangote Cement's N100 billion bond. The two marked epochal change in the financial markets, which had operated with sole depository for more than 26 years.

FMDQ Admits ₦100.00bn Dangote Cement Bond and ₦100.00bn MTN Nigeria Commercial Papers

2020 HIGHLIGHTS: FMDQ 2020 GOLD AWARD WINNERS

2020 HIGHLIGHTS: FMDQ 2020 GOLD AWARD WINNERS CONT'D

2020 HIGHLIGHTS: FMDQ 2020 GOLD AWARD WINNERS CONT'D

2020 HIGHLIGHTS: KEY STAKEHOLDER ENGAGEMENTS


FMDQ Commemorates International Day of Education

FMDQ Commemorates International Women's Day

Official Launch of Financial Centre for Sustainability (FC4S), Lagos

FMDQ Group in Partnership with FC4S, Lagos Host Green Tagging Kick-off Project Ceremony

2020 HIGHLIGHTS: KEY STAKEHOLDER ENGAGEMENTS CONT'D

FMDQ and AFEX Nigeria Sign MOU to Promote Product Innovation in Nigeria's Capital Market

FMDQ Group Welcomes Senate Committee on Capital Market on an Oversight Visit to Exchange Place

FMDQ Group Presented e-Learning Devices to Public School Teachers and Students in Lagos State

FMDQ Marks World Mask Week; Donates Face Masks to Vulnerable Groups and Students within its Host community

2020 HIGHLIGHTS: KEY STAKEHOLDER ENGAGEMENTS CONT'D

CEO, FMDQ Group with the Executive Governor, Lagos State at the Signing Ceremony of the Lagos State Government ₦100.00bn Bond Issuance

FMDQ Receives Awards at the BusinessDay Banks' and Other Financial Institutions Awards

FMDQ Group Pays Courtesy Visit to Senate Committee on Finance

FMDQ Group Pays Courtesy Visit to Ministry of Environment

FMDQ Partners with SEC Nigeria and AFEX on a 2-Day International Conference on the Nigerian Commodities Market

FMDQ Sponsors and Attends Capital Markets Correspondents Association of Nigeria's 2020 Annual Workshop

FMDQ EXCHANGE - REGISTERED, LISTED & QUOTED SECURITIES

Corporate Bonds	Subnational Bonds	Funds	Commercial Paper Programmes	Commercial Papers
10	3	2	11	67
₦187.20bn ($0.46bn)	₦112.25bn ($0.27bn)	₦28.52bn ($0.07bn)	₦996.00bn ($2.43bn)	₦801.57bn ($1.95bn)

Listed Bonds & Funds

NOVA
FMN
FBNQuest
LAPO Microfinance Bank
GEL UTILITY FUNDING SPV PLC
DANGOTE CEMENT
EAT N'GO
Axxela
United Capital
CHAPEL HILL DENHAM

Registered Commercial Paper Programmes

UCML CAPITAL
citi
Sterling
GUINNESS NIGERIA
Stanbic IBTC Bank
CARDINALSTONE
FCMB
MECURE INDUSTRIES LIMITED
RMB
TOTAL

Quoted Commercial Papers

CORONATION
DANGOTE CEMENT
Stanbic IBTC Bank
MTN
fsdh MERCHANT BANK LTD
MIXTA NIGERIA
United Capital
CARDINALSTONE
Nigerian Breweries Plc
Dufil Making Life Taste Better!
FMN
eterna
Sterling
citi
GUINNESS NIGERIA
unionbank
FCMB

January - December 2020

FMDQ DEPOSITORY - ADMITTED SECURITIES

Commercial Papers	Corporate Bonds	Subnational Bonds	Private Company Bonds
15	2	1	3
₦222.47bn ($91.26mm)	₦110.00bn ($45.13mm)	₦100.00bn ($41.02mm)	₦29.80bn ($12.23mm)

Admitted Bonds

United Capital

DANGOTE CEMENT

Admitted Commercial Papers

GUINNESS NIGERIA

FMN

citi

FCMB

Sterling

MTN

eterna

unionbank

Admitted Private Company Bonds

G.O.S

NCNR SPV

2LP Management Company

FMDQ PRIVATE MARKETS - NOTED SECURITIES

Noted Private Company Bond

Private Company Bond
1
₦8.40bn
($20.48mm)

G.O.S

January - December 2020

FMDQ PEOPLE: EXECUTIVE COMMITTEE

FMDQ PEOPLE: HIGHLY EXCEPTIONAL EMPLOYEES (HPES)











CORPORATE INFORMATION

FMDQ Holdings PLC

Registered Office	Exchange Place 35 Idowu Taylor Street Victoria Island Lagos, Nigeria
RC No	RC 929657
Ag. Company Secretary	Mr. Noel Orji Exchange Place 35 Idowu Taylor Street Victoria Island Lagos, Nigeria
Group Chairman	Dr. Kingsley Obiora
Group Vice Chairman	Mr. Jibril Aku
Other Directors	Mr. Kennedy Uzoka Ms. Daisy Ekineh Mr. Ebenezer Onyeagwu Mr. Emeka Onwuka, OON Mr. Sadiq Mohammed
Chief Executive Officer	Mr. Bola Onadele. Koko
Subsidiaries	FMDQ Securities Exchange Limited (RC 1617162) FMDQ Clear Limited (RC 1382108) FMDQ Depository Limited (RC 1550384) FMDQ Private Markets Limited (RC 1655759) iQx Consult Limited (RC 1428322)
Auditor	*Messrs*. KPMG Professional Services KPMG Towers Bishop Aboyade Cole Street Victoria Island Lagos, Nigeria
Bankers	Access Bank PLC Guaranty Trust Bank PLC Stanbic IBTC Bank PLC Zenith Bank PLC

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www.fmdqgroup.com +234-1-700-8555 info@fmdqgroup.com @FMDQGroup