



FMDQ SPOTLIGHT

NEWSLETTER EDITION 78 – APRIL 2021



FMDQ

The logo features a stylized icon to the left of the text 'FMDQ', consisting of three horizontal bars of varying lengths. The 'Q' is a large, bold letter with a yellow outline and a small graphic element at its bottom right corner.



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58th FX Futures Contract Matures and Settles on FMDQ

On Wednesday April 28, 2021, the 58th FX Futures contract – NGUS APR 28 2021 with a nominal value of \$753.32 million, matured and settled on FMDQ Securities Exchange Limited (“FMDQ Exchange” or “the Exchange”). This maturity brings the total value of matured currency futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$50.11 billion; with a total of about \$54.67 billion so far traded.

The matured contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ Exchange reference Spot FX rate published same day. The associated clearing/settlement activities were effected accordingly by FMDQ Clear Limited (“FMDQ Clear”).

The Central Bank of Nigeria (CBN), as observed over the last fifty-seven (57) maturities, introduced a new contract, NGUS APR 29 2026 for \$1.00 billion at \$/₦613.33 to replace the matured contract. The apex bank also refreshed its quotes on the existing 1 to 60-month contracts.

The contracts quotes are published daily on FMDQ’s website at www.fmdqgroup.com and on the FMDQ Twitter page, @FMDQGroup.

[Click here to view Open Contracts](#)

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At a Glance: Update from FMDQ Clear

Following the receipt of an approval-in-principle to become Nigeria's premier Central Counterparty, FMDQ Clear, continued to drive efficiency in its operations, delivering value to the Nigerian financial market and making it seamless for investors to clear and manage their risks effectively.

The tables below provide an overview of the clearing and settlement activities cutting across the derivatives (currency futures) and fixed income markets.

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

S/N	Currency Futures (as of March 31, 2021)	February	March	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	5,259	5,333	1.41
2	Value of Traded & Cleared Contracts (\$'bn)	53.62	54.37	1.40
3	Value of Open Contracts (as of March 31, 2021) (\$'bn)	5.97	5.01	(16.08)
Settlement				
4	No. of Matured & Settled Contracts	4,781	4,901	2.51
5	Value of Matured & Settled Contracts (\$'bn)	47.65	49.36	3.59

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

S/N	Sovereign Fixed Income	February	March	Change (%)
1	Total Value of Trades Processed (₦'bn)	4,164.80	5,571.71	33.78
2	Value of Trades Settled (₦'bn)	3,869.30	5,304.73	37.10
3	Value of Unsettled Trades (₦'bn)	295.49	266.97	(9.65)

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

S/N	Non-Sovereign Fixed Income	January	February	Change (%)
1	Total Value of Trades Processed (₦'bn)	0.16	5.56	3373.58
2	Value of Trades Settled (₦'bn)	0.16	0.08	(51.49)
3	Value of Unsettled Trades (₦'bn)	0.00	5.48	N/A

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

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At a Glance: Update from FMDQ Depository

FMDQ Depository Limited (“FMDQ Depository”), the choice securities depository for the Nigerian capital market, continues to avail the requisite infrastructure to deliver a client-focused depository of choice, providing benefits including an efficient and seamless processing, accurate and timely information, reliable platform for recordkeeping, amongst others.

For the period in view, FMDQ Depository successfully onboarded the following securities:

- **Parthian Partners Limited ₦4.74 billion Series 2 Commercial Paper under its ₦20.00 billion Commercial Paper Issuance Programme**
- **MTN Communications Nigeria PLC ₦19.77 billion Series 3 and ₦53.74 billion Series 4 Commercial Papers under its ₦200.00 billion Commercial Paper Issuance Programme**
- **CardinalStone Financing SPV Limited ₦5.00 billion Series 1 Fixed Rate Bond under its ₦10.00 billion Bond Issuance Programme**

The appointment of this securities on FMDQ Depository positively reinforces the agenda and commitment of FMDQ Holdings PLC (“FMDQ Group” or “FMDQ”) to offer innovative and seamless services towards making the Nigerian financial markets GOLD – Globally Competitive, Operationally excellent, Liquid and Diverse.

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

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FMDQ LISTINGS & QUOTATIONS

Stanbic IBTC Bank Quotes \$8.31 Million Worth of Commercial Paper on FMDQ Exchange

As part of its commitment to continue to empower the Nigerian debt capital markets (DCM), FMDQ Exchange has, through its innovative practices and the concerted efforts of its stakeholders, continued to positively influence the competitiveness of the Nigerian financial markets. In keeping with this mandate, the Exchange has approved the quotation of the **Stanbic IBTC Bank PLC \$8.31 million Series 2 Commercial Paper under its ₦100.00 billion Multi-Currency Commercial Paper (CP) Issuance Programme** on its platform. The proceeds from the issue of this CP will be used solely to support the issuer's short-term funding requirements, as part of its asset and liability management strategy for its banking operations.

The successive and successful admittance of securities listed and quoted so far in the year 2021, following the due approvals obtained from the FMDQ Board Listings, Markets and Technology Committee, attests to the efficient and uniquely tailored listings and quotations service offered by FMDQ Exchange. From the continuous provision of invaluable information to global visibility, improved secondary market liquidity, efficient price formation and unique transparency, the activities and value-adding services of the Exchange continue to be experienced by businesses, corporate and government entities with debt securities listed/quoted on FMDQ.

FMDQ Exchange shall continue to sustain its efforts in supporting issuers with tailored financing options to enable them achieve their strategic goals, deepen, and effectively position the Nigerian DCM for growth in support of the realisation of a globally competitive and vibrant economy.

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FMDQ Exchange Admits Series 12, 13 and 14 Nigerian Breweries PLC CPs on its Platform

Corporate institutions continue to successfully tap the Nigerian DCM to access stable short, medium and long-term finance to fund key activities in their organisations. The commercial paper market continues to provide issuers renewed opportunity to grow their businesses and restore the much-needed confidence of investors, whilst contributing to the overall growth of the Nigerian economy.

In this regard, FMDQ Exchange is pleased to announce the approval of the quotation of the **Nigerian Breweries PLC ₦1.05 billion Series 12, ₦0.94 billion Series 13, and ₦2.67 billion Series 14 Commercial Papers (the “CPs”)** under its **₦100.00 billion Commercial Paper Issuance Programme** on its platform. This comes on the back of note-worthy debt issuances on the Exchange, including the recently quoted Stanbic IBTC Bank PLC \$8.31 million CP, Coronation Merchant Bank Limited ₦14.84 billion CP, Dufil Prima Foods PLC ₦20.40 billion CP, and the United Capital PLC ₦5.32 billion CP, amongst others.

In a statement provided by the Finance Director, Nigerian Breweries PLC, Mr. Rob Kleinjan, he said, “Nigerian Breweries PLC is delighted to announce the quotation of series 12 - 14 CP issuances under its ₦100.00 billion CP Issuance Programme. We are pleased with the continuous opportunity to access alternative source of funding to meet our short-term working capital needs.” Also, the co-sponsors to the issue and Registration Member (Quotations) on FMDQ Exchange, through the Head, Capital Markets, FBNQuest Merchant Bank Limited, Mr. Oluseun Olatidoye stated that “the co-sponsors are delighted about the quotation of Nigerian Breweries PLC Series 12 - 14 CP issuance under the ₦100.00 billion programme. The funds raised will be utilised to meet the working capital needs of Nigerian Breweries PLC, and FBNQuest Merchant Bank is pleased with its role in further deepening the domestic debt markets”.

The quotation of these CPs on the Exchange’s platform validates its conscious drive to support the goals of corporate businesses and to deepen the Nigerian financial markets. FMDQ Exchange is committed to powering the growth of the Nigerian DCM by steadfastly availing its efficient platform for the registration, listing, quotation and trading of securities.

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FMDQ Exchange Admits the TrustBanc Holdings Commercial Paper Programme on its Platform

Following due diligence process, FMDQ Exchange, through its Board Listings and Markets Committee, has approved the **registration of the TrustBanc Holdings Limited ₦10.00 billion Commercial Paper Programme** on its platform. The registration of this CP Programme strategically positions TrustBanc Holdings Limited to raise short-term finance from the Nigerian DCM easily, through CP issues within its CP Programme limit.

TrustBanc Holdings Limited (“TrustBanc Group”) is a brand investment management firm that offers an array of financial services through its subsidiaries: TrustBanc Asset Management, TrustBanc Capital, TrustBanc Microfinance Bank, TrustBanc Artur and Primelink BDC. According to the Group CFO, TrustBanc Group, Mr. Azeez Lawal, “the ₦10.00 billion CP Issuance Programme was established to

enable TrustBanc Group further broaden its sources of capital by accessing funding from the Nigerian DCM. We would like to thank and commend Union Capital Markets Limited (UCML) for their support in ensuring the successful registration of the CP Programme". Mr. Egie Akpata, Director, UCML, also commented on the successful registration of the CP Programme saying, "We are delighted with the successful registration of the ₦10.00 billion CP Programme by TrustBanc Group. This reinforces our commitment to enable all our clients access the DCM and optimise their capital structure. We are glad that UCML was instrumental in the successful registration of the programme and thank the board and management of TrustBanc Group for the opportunity to work with them". FMDQ Exchange will continue to provide timely and cost-efficient services to support its stakeholders, particularly issuers and investors, towards accessing capital, managing risks and invariably, improving their corporate profile.

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Eunisell Limited Joins a Host of Other Corporates to Raise Capital from the Nigerian DCM... Registers ₦10.00 Billion Commercial Paper Programme on FMDQ Exchange Platform

Coming shortly on the heels of the recent registration of the TrustBanc Holdings Limited ₦10.00 billion Commercial Paper Programme on its platform, FMDQ Exchange, following the due diligence of its Board Listings and Markets Committee has approved the Registration of the **Eunisell Limited ₦10.00 billion Commercial Paper Programme** on its platform. Eunisell Limited ("the Issuer") will greatly benefit by gaining access to a wide range of knowledgeable and capitalised investors with the registration of its CP programme and subsequent quotation of CP notes on FMDQ Exchange.

Speaking on the important of the programme registration, Mr. Chike Ikenga, Managing Director, Eunisell Limited, stated "Eunisell Limited is a leading chemical and specialty fluid management company, supplying key products and offering production solutions to a wide range of customers operating in Africa in the oil and gas, manufacturing, and automotive industries. The CP Programme is pivotal to Eunisell's strategic objectives of accessing the debt capital market and broadening its financing sources even as a leading private chemical and production solutions business in Nigeria".

Also commenting on the registration of the CP Programme, the sponsor of the bond and a Registration Member (Quotation) on FMDQ Exchange, Vetiva Capital Management Limited through its Director and Head, Investment Banking, Dr. Gbadebo Adenrele, stated "Vetiva Capital Management Limited is pleased to have acted as the Sole Arranger to Eunisell Limited on its debut ₦10.00 billion Commercial Paper Programme. Vetiva is particularly delighted to have introduced a leading player from the

chemicals supply and oil field services sector to the Nigerian DCM, which would provide diversification benefits to investors”.

FMDQ Exchange is committed to powering the growth of the Nigerian capital market through its efficient and proficient platform for registration, listing, quotation, trading and reporting of securities and financial products. The Exchange will continue to work closely with its stakeholders to provide access to capital for issuers seeking to raise debt finance by providing an enabling platform that promotes requisite secondary market liquidity, among other benefits.

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MTN Nigeria Communication PLC Quotes Additional Commercial Papers on FMDQ Exchange

As businesses and institutions adjust to the new ‘normal’, corporate entities have continued to seek innovative and capital effective ways to source funding to finance their institutional needs. In keeping to its commitment of providing a reliable and credible platform to support capital formation, FMDQ Exchange is pleased to announce the approval and admission for quotation of the **MTN Nigeria Communications PLC (“MTN Nigeria” or “the Issuer”) ₦19.77 billion Series 3 and ₦53.74 billion Series 4 Commercial Papers under its ₦200.00 billion Commercial Paper Issuance Programme** on its platform.

MTN Nigeria Communications PLC (“MTN Nigeria”) is Nigeria’s premier provider of connectivity, communication and collaboration solutions, and the largest privately owned mobile operator in Africa, Europe, and the Middle East. The company serves over sixty-one (61) million subscribers with national coverage and a fibre network that reaches every state in the nation. The Chief Financial Officer, MTN Nigeria, Mr. Modupe Kadiri, stated “MTN Nigeria is very pleased with the success of our series 3 and Series 4 CP issuances, which further diversify our funding sources, help to optimise our finance cost and strengthen the Nigerian financial markets. The issuance was well received by the market, with strong participation from a diverse group of investors, signifying the market’s continued confidence in our business. By quoting these CPs on FMDQ Exchange, we are able to provide investors with a strong platform for liquidity and price discovery. Proceeds from the issuance will be deployed towards the company’s working capital and general corporate purposes”.

Speaking on the recent CP quotation, the Managing Director of Chapel Hill Denham Advisory Limited - a Registration Member (Quotation) of FMDQ Exchange - Mrs. Kemi Awodein, revealed that “Chapel Hill Denham Advisory Limited is honoured to have worked with MTN Nigeria as Sole Arranger and Dealer on the Series 3 and Series 4 CP issuances to raise an aggregate amount of ₦75.1 billion across

the two series at competitive rates during a period of unsettling and volatility in the fixed income market. This issuance represents the largest CP issuance this year and its success demonstrates the Issuer's strong credit, leading position in the market and industry; as well as its long-term prospects".

As part of its mandate to organise and govern markets within its purview, and promote credibility and transparency in the Nigerian debt capital market space, FMDQ Exchange shall continue provide an innovative and efficient platform targeted at supporting the aspirations of institutions and governments, and making the Nigerian financial markets globally competitive, operationally excellent, liquid and diverse, in line with FMDQ Group's 'GOLD' Agenda, with a view to achieving its full potential of driving growth and development in the nation.

FMDQ Exchange Admits FBNQ MB Funding SPV PLC's ₦8.00 billion Series 2 Bond on its Platform

Committed to fostering the development of the Nigerian debt capital market by championing and supporting strategic market-driven initiatives, FMDQ Exchange, the choice platform for the registration, listing, quotation, trading and reporting of financial securities, through its Board Listings and Markets Committee, welcomed the **listing of the ₦8.00 billion Series 2 FBNQ MB Funding SPV PLC Fixed Rate Bond under its ₦50.00 billion Bond Issuance Programme** on its platform.

FBNQ MB Funding SPV PLC is a special purpose vehicle set up by FBNQuest Merchant Bank Limited ("FBNQ MB"), the investment banking subsidiary of FBN Holdings PLC, to raise funds which will be utilised for the purchase of the 10-year 6.25% Subordinated Unsecured Notes issued by FBNQuest Merchant Bank Limited. As FBNQ MB Funding SPV PLC and a host of other corporates continue to meet their funding needs effectively and sustainably, as well as contribute to the development of the nation through their activity in the DCM, FMDQ Group and its entities will continue to take crucial steps, towards upgrading and aligning the Nigerian financial market in line with its mandate to deepen the sophistication of the markets.

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BUA Cement PLC Lists Largest Corporate Bond on FMDQ Exchange

In a remarkable feat that once again validates the innovative and credible capital market solutions, championed, and efficiently delivered by FMDQ Exchange, the Exchange is pleased to announce the admission of **BUA Cement PLC ₦115.00 billion Series 1 Fixed Rate Senior Unsecured Bond under its ₦200.00 billion Bond Issuance Programme**, for listing to its platform, as approved by the Board Listings and Markets Committee of the Exchange. This issuance, a first by BUA Cement PLC (“BUA Cement” or “the Company”), becomes the largest corporate bond issued in the Nigerian debt capital markets. The proceeds from the issuance will be used to refinance existing debt obligations of the issuer, finance the issuer’s working capital as well as fund its Debt Service Reserve Account.

BUA Cement is a publicly listed firm that produces cement products in Nigeria. It is the second largest cement producer in Nigeria and the largest cement producer in the North Western region of the country. Speaking on the significance and successful issuance of the Bond, the Chairman, BUA Cement, Abdul Samad Rabiu, stated "this is the largest corporate bond issue in the history of Nigeria's DCM. This is in line with our core strategy to continue seeking out viable investment and growth opportunities within Nigeria. This bond issue - a first by BUA Cement, demonstrates our confidence in the Nigerian DCM as well as continued investor confidence in BUA Cement’s business model, our management team, and long-term strategy, all supported by strong credit ratings. We remain committed to unlocking opportunities within the industry for Nigeria".

The Chief Executive Officer, BUA Cement, Engineer Yusuf Binji, also mentioned “the success of the bond issue underscores the strength of BUA Cement’s brand. The transaction, being the largest corporate bond issuance in the history of Nigeria's DCM, reiterates the strength and acceptance of BUA Cement’s brand and the trust placed by stakeholders in the Company's strong cash generation capacity, credit profile and strategy driven by a well experienced management team. Diversifying and extending the duration of our funding sources with the inclusion of this Bond, at a competitive rate, will further enable us to achieve our strategic objectives and vision. We also have confidence in FMDQ Exchange, hence our decision to list the Bond on the Exchange. BUA Cement is profoundly grateful to the entire transaction parties, the bondholders and the regulators, who have made this become a reality today.”

The Head, Debt Capital Markets, Stanbic IBTC Capital, Tokunbo Aturamu expressed his delight at the successful issuance and listing of BUA Cement PLC’s ₦115.00 billion 7.50 % 7-year Fixed Rate Series 1 Bond. He noted that this is the largest bond issued by a corporate issuer in the history of the Nigerian capital markets and thanked the investor community for their overwhelming support of the bond issue and BUA Cement, as evidenced by an over-subscription level of 38.00%. Mr. Aturamu commended BUA Cement for embracing the DCM as a complementary source of raising financing and expressed his appreciation to the board and management of BUA Cement for the opportunity given to Stanbic IBTC Capital to act as the Lead Issuing House to the landmark bond issue. Mr. Aturamu also commended the other Issuing Houses, UCML Capital Limited and Tiddo Securities Limited, for the important role they played in the success of the bond issue.

The admission of this Bond to FMDQ Exchange is reflective of the potential of the Nigerian DCM and the commendable level of confidence demonstrated by both issuer and investors, as well as validates the efficient processes and integrated systems through which FMDQ Group has sustained its service delivery to the market and its diverse stakeholders. The BUA Cement bond, like all other securities listed, quoted, and traded on the FMDQ Exchange platform, shall be availed global visibility through FMDQ Exchange's website and systems, transparency through its inclusion in the FMDQ Daily Quotations List, governance and continuous information disclosure to protect investor interest, credible price formation amongst other benefits derived from its preferred admission on the FMDQ Exchange platform.

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CardinalStone Financing SPV PLC Raises Capital from the Nigerian Bond Market

In another remarkable achievement that continues to shape the world of corporate debt financing and attests to the unique and credible platform for the registration, listing, quotation, trading and valuation of debt securities provided by FMDQ Exchange, FMDQ Exchange is pleased to announce the approval for listing on its platform, the **CardinalStone Financing SPV PLC ₦5.00 billion Series 1 Fixed Rate Bond under its ₦10.00 billion Debt Issuance Programme**. The successive admittance of this bond, following due approval from the FMDQ Board Listings and Markets Committee, attests to the highly efficient time-to-market and uniquely tailored listings and quotations service offered by FMDQ Exchange.

CardinalStone Financing SPV PLC is a special purpose vehicle set up by CardinalStone Partners Limited, a full-service investment banking firm and financial services company that provides a wide range of services including investment banking, asset management, securities trading, registrar services and consumer finance; to raise finance through the Nigerian debt capital market. The proceeds of the bond issuance will be utilised for the purchase of the 5-year Fixed Rate Unsecured Notes issued by CardinalStone Partners Limited, under the terms of the Master Notes Issuance Agreement executed between CardinalStone Financing SPV Plc and CardinalStone Partners Limited.

Speaking on the significance of the bond issuance, the Managing Director, CardinalStone Partners Limited, Mr. Michael Nzewi commented that "the full subscription level recorded demonstrates investors' confidence in CardinalStone and the ability of our management team to create value. This longer tenor debt capital injection will enable the Company to execute the next phase of its mid- to long-term growth strategy". He further stated that "we are honoured to be setting a precedence by issuing the first bond by an independent investment banking and asset management firm in Nigeria". Also, the Managing Director, Chapel Hill Denham Advisory Limited (Sponsor of the Bond and a Registration Member (Listings) on FMDQ), Mrs. Kemi Awodein mentioned that "Chape I Hill Denham

is honoured to have been mandated as the Lead Issuing House and we are of the view that the Company is much better positioned to accelerate growth following this bond issue. The bond issuance demonstrates the Company's compelling story and the long-term prospects of the Company. At Chapel Hill Denham we pride ourselves on our ability to consistently deliver excellent results to our esteemed clients and we are excited to have been part of this very important transaction."

By listing its bond on FMDQ Exchange, CardinalStone Financing SPV PLC will enjoy exceptional benefits which include, but are not limited to, unrivalled and efficient platform for access to capital, value transfer and risk management, enhanced investor confidence in the issuer, transparent/relevant information disclosure on the issue, effective price formation and global visibility, amongst others.

FMDQ Group is Africa's first vertically integrated financial market infrastructure (FMI) group providing a one-stop platform for the seamless and cost-efficient execution, risk management, clearing, settlement and depository services, as well as data and information services across the debt capital, foreign exchange, and derivatives markets in Nigeria, through its subsidiaries, FMDQ Exchange, FMDQ Clear, FMDQ Depository and FMDQ private Markets Limited.

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FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

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

The FMDQ Market Turnover Report shows the turnover on all products traded on the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate & Supranational) & Eurobonds) Commercial Papers, CBN Special Bills and Money Market (Repos/Buy-Backs and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ Market Turnover (January - March 2021)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	5,006,577	12,420
Foreign Exchange Derivatives	7,620,868	18,863
Treasury Bills	3,987,370	9,889
OMO Bills	16,489,850	40,856
CBN Special Bills	1,715,595	4,199
FGN Bonds	5,231,871	13,001
Other Bonds*	93,850	238
Eurobond	154,312	382
Repurchase Agreements/Buy-Backs	9,036,862	22,422
Unsecured Placements/Takings	968,858	2,381
Money Market Derivatives	12,110	31
Commercial Papers	-	-
Total	50,318,123	124,681
No. of Business Days	60	60
Average Daily Turnover	838,635	2,078

Average YTD \$/₦ @402.60

mm – million

* Other Bonds include Agency, Sub-national, Corporate, Supranational Bonds & Promissory Notes

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks), CBN Central Bank of Nigeria

Source: FMDQ Data Portal as @ March 31, 2021; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the Jan. – Mar. 2021 period amounted to ₦50.32 trillion. Trading activities in OMO Bills contributed the largest to overall turnover, accounting for 32.77% of the market. Transactions in FX (Spot FX and FX Derivatives) accounted for 25.10% whilst Repurchase Agreements (Repos)/Buy-Backs product categories (Repos/Buy-backs) accounted for 17.96%. Bonds, T.bills, Unsecured Placements & Takings, CBN Special Bills and Money Market Derivatives accounted for 10.89%, 1.93%, 7.92%, 3.41%, and 0.02% respectively, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - March 2021)

The FMDQ Dealing Member (Banks) League Table shows the rankings of the top ten (10) Dealing Member (Banks) in the FMDQ markets by overall market turnover.

RANK	DEALING MEMBER (BANKS)
1	ACCESS BANK PLC
2	STANBIC IBTC BANK PLC
3	ZENITH BANK PLC
4	UNITED BANK FOR AFRICA PLC
5	FIRST BANK OF NIGERIA LIMITED
6	CORONATION MERCHANT BANK LIMITED
7	POLARIS BANK LIMITED
8	STANDARD CHARTERED BANK NIGERIA LIMITED
9	FBNQUEST MERCHANT BANK LIMITED
10	GUARANTY TRUST BANK PLC

The top ten (10) Dealing Member (Banks) accounted for 78.74% (₦39.62 trillion) of the overall turnover of trades in the secondary market, with the top three (3) accounting for 67.84% (₦26.88 trillion) of this sub-section of the market. Access Bank PLC, Stanbic IBTC Bank PLC and Zenith Bank PLC ranked 1st, 2nd and 3rd positions respectively, in the value traded for the review period.

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FMDQ Fixed Income Primary Markets Sponsors’ League Table (January – March 2021)

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

RANK	BONDS	RANK	COMMERCIAL PAPERS
	REGISTRATION MEMBER (LISTINGS) (RMLs)		REGISTRATION MEMBER (QUOTATIONS) (RMQs)
1 st	<i>Planet Capital Ltd.</i>	1 st	<i>Stanbic IBTC Capital Ltd.</i>
2 nd	<i>FCMB Capital Markets Ltd.</i>	2 nd	<i>Coronation Merchant Bank Ltd.</i>
3 rd	<i>Stanbic IBTC Capital Ltd.</i>	3 rd	<i>Chapel Hill Denham Advisory Ltd.</i>
4 th	<i>DLM Advisory Ltd.</i>	4 th	<i>Renaissance Securities Nigeria Ltd.</i>
		4 th	<i>Afrinvest (West Africa) Nigeria Ltd.</i>
		6 th	<i>FBNQuest Merchant Bank Ltd.</i>
		7 th	<i>United Capital PLC</i>

Total Market Participation Analysis Q1 2021 (Bond and CP Markets)

The top three (3) sponsors in both the bond and CP markets were Stanbic IBTC Capital Ltd., Planet Capital Ltd. and FCMB Capital Markets Ltd., contributing 57.01% to total issuances in the review period. Stanbic IBTC Capital Ltd., occupying the 1st position, contributed 22.80% to total issuances and participated in both the bond and CP markets, whilst Planet Capital Ltd. and FCMB Capital Markets Ltd. participated in the bond market only, and contributed 19.83% and 14.38% respectively to total issuances in the period.

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FMDQ Fixed Income Primary Markets Solicitors' League Table (January – March 2021)

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

RANK	BONDS SOLICITORS	RANK	COMMERCIAL PAPERS SOLICITORS
1 st	<i>The New Practice</i>	1 st	<i>G. Elias & Co.</i>
2 nd	<i>Banwo & Ighodalo</i>	2 nd	<i>Banwo & Ighodalo</i>
3 rd	<i>G. Elias & Co.</i>	3 rd	<i>Aluko & Oyebode</i>
		4 th	<i>Duale, Ovia & Alex Adedipe</i>
		5 th	<i>Advocaat Law Practice</i>
		6 th	<i>Olaniwun Ajayi LP</i>

Total Market Participation Analysis Q1 2021 (Bond and CP Markets)

The most active solicitor for the review period was Banwo & Ighodalo participating as solicitor in both the bond and CP markets for the review period. The New Practice came in second place participating only in the bond market while G. Elias & Co. came in third place participating in the bond and CP markets. The top three (3) solicitors for January – March 2021 (in both the bond and CP markets) contributed 78.67% to total issuances.

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Derivatives Market Risks – The Role of Central Counterparties

In earlier editions of our FMDQ Learning publications between January and March 2020, we introduced the concept of Derivatives: discussing its history, uses/benefits, types of derivatives and derivatives markets, as well as developments in the Nigerian derivatives market. Specifically, with respect to the types of derivatives markets, we introduced the two (2) types of derivatives markets and their distinguishing characteristics as follows:

S/N	Type of Derivatives Market	Summary Description
1.	Over-the-Counter (OTC) Derivatives Markets	<ul style="list-style-type: none"> Derivatives contracts are bespoke in nature, bilaterally negotiated, and not traded on organised exchanges May or may not be risk managed by a Central Counterparty
2.	Exchange-Traded Derivatives (ETD) Markets	<ul style="list-style-type: none"> Derivatives contracts are standardised in nature. They are anonymously and centrally traded on exchanges Risk managed by a Central Counterparty

This publication aims to introduce some key risks associated with a derivatives market and the role/importance of Central Counterparties (CCPs) in managing these risks. Some of the key risks participants in derivatives market face include:

- **Market Risk** – This is the risk of financial loss arising from the changes in the price or value of derivatives contracts
- **Liquidity Risk** – This is the risk of financial loss arising from the inability to close-out or offset a particular position in a derivatives contract. This is significant in OTC derivatives market due to the bespoke and bilateral nature of derivatives contracts executed
- **Legal Risk** – This is the risk of financial loss due to legally defective agreements or changes in relevant laws. This is significant especially in OTC derivatives market compared to ETD markets
- **Counterparty Risk** – This is the risk of financial loss arising from the possibility of one (1) party to a derivatives contract failing to meet its financial obligations under the derivatives contract when they fall due. It is the most significant risk in derivatives markets and could arise as a

consequence of Market, Legal or Liquidity Risk. This risk is significant in OTC derivatives market due to the bilateral nature of transactions and minimal in ETD markets due to their centrally traded nature and risk management by CCPs

Derivatives contracts have often been implicated since the 2008/2009 Global Financial Crisis (“GFC”). However, while derivatives were not primarily responsible for the GFC, OTC derivatives exacerbated the financial losses, as counterparties in OTC derivatives contracts which referenced mortgage assets (which was primarily responsible for the GFC) defaulted in their obligations. Contrastingly, ETD markets, on the other hand, performed impeccably well during the GFC, with no records of a CCP default.

CCPs are financial market infrastructures (FMIs) which centrally manage counterparty risk in derivatives markets. In ETD markets, CCPs guarantee the performance of all derivatives contracts executed in ETD markets through novation, margining, and default administration. Novation refers to CCPs interposing themselves legally between buyers and sellers of each executed derivatives contract, thereby becoming the seller to every buyer and buyer to every seller.

CCPs aggregate risks in ETD markets, effectively becoming the counterparty (and only source of counterparty risk) to all transaction counterparties in ETD markets. This is a major distinction between ETD and OTC markets, as counterparties to OTC derivatives contracts face counterparty risk on each and all their derivatives contracts. Consequently, CCPs have to be financially sound and be able to assess the risks of derivatives contracts. Some of the resources and approaches used by CCPs to manage risks in ETD markets includes:

- **CCP Membership Requirements:** Only admitted members of the CCP can clear trades directly with the CCP (i.e., all derivatives trades must be cleared by the CCP through its Clearing Members). As a result, CCPs typically set stringent admission requirements for becoming Clearing Members to minimise the counterparty risk CCPs face
- **Initial Margin:** CCPs demand initial margins (“good-faith deposit”) for contracts executed and positions opened in ETD markets. CCPs collect initial margins from transaction counterparties through Clearing Members for all open positions in ETD markets. The initial margin is designed to cover potential losses in the event of default by any market participant on its financial obligations during the tenor of the derivatives contract
- **Daily Marking-to-Market:** To prevent accumulation of financial losses arising from market risks in ETD markets, open positions in ETD contracts are valued (marked-to-market) daily and valuation (mark-to-market) gains and losses are settled daily by market participants through Clearing Members. The valuation (mark-to-market) gains and losses paid to or received from participants are referred to as Variation Margins
- **Default Funds:** These are funds setup through contributions by a CCP and its Clearing Members designed to cover excess financial losses arising from a counterparty default

Conclusion

Having outlined the risks of derivatives contracts, the role of a CCP in an ETD market cannot be undermined.

In Nigeria, FMDQ Clear received an Approval-in-Principle¹ from the Securities and Exchange Commission in September 2020 to transition into a full CCP, becoming Nigeria's premier CCP, representing a key milestone towards the development of an active ETD market in Nigeria, as is being championed by FMDQ Group.

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¹ FMDQ Group website - <https://fmdqgroup.com/fmdq-clear-landmarks-as-nigerias-premier-ccp/>

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