



# ***FMDQ SPOTLIGHT***

NEWSLETTER EDITION 90 – APRIL 2022



**FMDQ**

The logo features a stylized icon to the left of the text 'FMDQ'. The icon consists of three horizontal bars of varying lengths, with the top bar being the longest and the bottom bar the shortest. The text 'FMDQ' is in a bold, blue, sans-serif font. The letter 'Q' has a yellow outline and a small flag-like graphic at its bottom right corner.



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

On Wednesday April 27, 2022, the 70<sup>th</sup> FX Futures contract – NGUS APR 27 2022, with a nominal value of \$433.59 million, matured and settled on FMDQ Securities Exchange Limited (“FMDQ Exchange” or the “Exchange”). This maturity brings the total value of matured FX Futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$55.94 billion; with a total of circa \$59.66 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 sixty-nine (69) maturities, introduced a new contract, NGUS APR 28 2027 for \$1.00 billion at \$/₦626.97 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](http://www.fmdqgroup.com)

[Click here to view Open FMDQ OTC FX Futures Contracts](#)

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## At a Glance: Update from FMDQ Clear

FMDQ Clear, Nigeria's Premier Central Counterparty, continues to deliver on its mandate to enhance the integrity of and eliminate the inherent risks in financial market transactions, whilst facilitating settlement finality, towards delivering capital and cost efficiencies, and de-risking the Nigerian financial markets.

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	February 2022	March 2022	Change (%)
<b>Clearing</b>				
1	No. of Traded & Cleared Contracts	5,691	5,703	0.21
2	Value of Traded & Cleared Contracts (\$'bn)	59.44	59.60	0.27
3	Value of Open Contracts (as of Mar. 31, 2022) (\$'bn)	4.43	4.09	(7.73)
<b>Settlement</b>				
4	No. of Matured & Settled Contracts	5,380	5,427	0.87
5	Value of Matured & Settled Contracts (\$'bn)	55.01	55.51	0.92

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

S/N	Sovereign Fixed Income	February 2022	March 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	4,149.72	4,421.86	6.56
2	Value of Trades Settled (₦'bn)	3,915.73	4,168.31	6.45
3	Value of Unsettled Trades (₦'bn)	233.99	253.55	8.36

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

S/N	Non-Sovereign Fixed Income	February 2022	March 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	1.61	28.14	1647.68
2	Value of Trades Settled (₦'bn)	1.49	20.54	1278.77
3	Value of Unsettled Trades (₦'bn)	0.12	7.59	6228.22

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

## **At a Glance: Update from FMDQ Depository**

FMDQ Depository continues to provide centralised securities depository and post-trade services in the Nigerian capital market; complementing the clearing function being discharged by FMDQ Clear and offering market participants an unrivalled opportunity to experience enhanced straight-through-processing. FMDQ Depository is positioned to provide a safe depository for financial markets assets, as well as facilitate settlement of capital market transactions.

In April 2022, FMDQ Depository successfully admitted the following securities on its platform:

- TrustBanc Holdings Limited ₦3.21 billion Series 6 Commercial Paper
- Jewel Sukuk SPV Company Limited ₦35.00 billion Al-Ijarah Sukuk
- NECIT Nigeria Limited ₦2.70 billion Series 2 Commercial Paper
- Skymark Partners Limited ₦0.34 billion Series 1 Commercial Paper Notes

FMDQ Depository will continue to provide requisite structures to deliver a client-focused depository of choice, with excellent operational capabilities tailored to provide value-adding services to its stakeholders in the Nigerian financial market.

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

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## FMDQ LISTINGS & QUOTATIONS

### Rand Merchant Bank Nigeria Limited Quotes Series 1 and 2 Commercial Papers on FMDQ Exchange

Whilst consistently seeking ways to empower its stakeholders by proffering solutions that drive originality, addressing pressing needs, and ultimately delivering value, FMDQ Exchange provides access to capital for corporates and government entities through its efficient and proficient Securities Admission Service. In this regard, the Board Listings and Markets Committee of the Exchange has approved the **quotation of the Rand Merchant Bank Nigeria Limited ₦4.50 billion Series 1 and ₦10.50 billion Series 2 Commercial Papers (CPs) under its ₦80.00 billion CP Issuance Programme** on the Exchange platform.

Rand Merchant Bank Nigeria Limited (“Rand Merchant Bank”) is an authorised financial services provider and a subsidiary of FirstRand Group PLC. Rand Merchant Bank offers a comprehensive suite of investment banking products and services; advisory, finance and trading solutions; as well as investment opportunities and fund management to its diverse stakeholders. These CPs, which are co-sponsored by Standard Chartered Capital & Advisory Nigeria Limited – *lead sponsor*; Rand Merchant Bank Nigeria Limited, Stanbic IBTC Capital Limited, FCMB Capital Markets Limited and FSDH Capital Limited – all Registration Member (Quotations) of the Exchange, shall be availed all the benefits of FMDQ Exchange’s prestigious listing and quotation service, including global visibility through the FMDQ Exchange website and systems, governance, credible price formation and continuous information disclosure to protect investor interest, amongst others.

As part of the Exchange’s commitment to continuously leverage technology to foster innovation, transparency, and time-to-market efficiency in its Securities Admission Service, the Exchange, in October 2021, launched its Securities Admission Portal to automate all stages of FMDQ Exchange’s Securities Admission Service from the application filing to the review and approval stages. FMDQ Exchange will continue to provide a dynamic and innovative platform for capital formation, offering institutions the support required to impact their sectors.

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## **CardinalStone Partners Limited Joins Other Corporates to Quote Commercial Paper on FMDQ Exchange**

In maintaining its support for the development of the Nigerian debt capital markets (DCM), FMDQ Exchange uses its platform, to efficiently enhance the registration, listing, quotation and trading of debt securities in the Nigerian financial markets space. In this regard, the Board Listings and Markets Committee of the Exchange has approved the **quotation of the CardinalStone Partners Limited ₦10.00 billion Series 2 CP under its ₦10.00 billion CP Issuance Programme** on the Exchange platform.

CardinalStone Partners Limited (the “Issuer”) is a full-service investment banking and financial services company that provides services encompassing financial advisory, asset management, securities trading, share registration, and consumer finance on a retail and institutional scale. The proceeds from this CP, which is co-sponsored by FBNQuest Merchant Bank Limited – *lead sponsor*; CardinalStone Partners Limited, EAC Advisory Limited, FCMB Capital Markets Limited and United Capital PLC – all Registration Member (Quotations) of the Exchange, will be utilised by the Issuer to support its short-term financing requirements.

The successive and successful admittance of the securities listed and quoted so far in the year 2022, following the due approvals obtained, attests to the efficient and uniquely tailored listing and quotation service offered by FMDQ Exchange – Nigeria’s largest securities exchange by market turnover (with an annual average of c. ₦166 trillion over the last eight (8) years). The quotation of this CP on the Exchange’s platform validates its conscious drive to support the goals of corporate businesses in meeting their capital raising needs 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 Prima Corporation Limited Series 2 Commercial Paper on its Platform**

As part of its drive to provide extraordinary value to its stakeholders and foster development in the Nigerian financial markets at large, FMDQ Exchange continues to avail its credible and efficient platform as well as its tailored registration, listing and quotation services to suit the needs of its varied market stakeholders. The Exchange, following the due approval of its Board Listings and Markets Committee is pleased to welcome the **quotation of the Prima Corporation Limited ₦7.02 billion**

**Series 2 CP under its ₦30.00 billion CP Programme on its platform.** Prima Corporation Limited is a leading manufacturer of preforms and caps in West Africa, supplying a host of international and local brands.

The timely admission of this CP, and in general, all securities on FMDQ Exchange, are reflective of the potential of the Nigerian debt capital market and the commendable level of confidence demonstrated by both issuers and investors in the market. This CP which is sponsored by United Capital PLC – a Registration Member (Quotations) of FMDQ Exchange, shall be availed the benefits of the value-driven quotation service on the Exchange, including global visibility through its website and systems, transparency through its inclusion in the FMDQ Daily Quotations List, credible price formation and continuous information disclosure through FMDQ’s Quoted Commercial Paper Status Report, to protect investor interest. 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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## **FMDQ Exchange Approves the Registration of the SKLD Integrated Services Limited Maiden Commercial Paper Programme 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 CP 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 registration of the SKLD Integrated Services Limited ₦2.00 billion CP Programme on its platform.

SKLD Integrated Services Limited (“SKLD” or the “Issuer”) is an integrated corporate entity providing educational and office supplies, branded product distribution, technology, garment manufacturing and humanitarian aid procurement services through contracts, wholesale, retail and online channels. This CP Programme which is sponsored by Coronation Merchant Bank Limited – a Registration Member (Quotations) of the Exchange, positions the Issuer to raise short-term finance from the Nigerian DCM easily, through CP issues within its CP Programme limit.

Speaking on the successful CP Programme registration, the Deputy Managing Director, SKLD Integrated Services Limited, Mr. Tayo Osiyemi stated, “the successful establishment of our ₦2.00

billion CP Programme confirms SKLD Integrated Services Limited’s ambition to harness the Nigerian capital market, in funding its operations and strategy. It also gives credence to SKLD’s belief in the Nigerian DCM and puts the Company in a position to broaden its potential funding sources and create superior value. We remain steadfast in our objective to unlock value for our stakeholders, while deepening penetration as a supplier of humanitarian relief materials and contract manufacturing for local fashion outfits and contractors. We look forward to a warm reception as we engage with capital market investors under this Programme”.

In line with its strategic objectives to support institutional growth and stimulate continuous development of the economy at large, FMDQ Exchange has shown its steadfastness in aligning the Nigerian DCM to international standards, through the promotion and provision of a world-class quotation service, availing issuers and investors the much-needed global visibility, confidence and protection in the markets.

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## **Veritasi Homes & Properties Limited Taps the Commercial Paper Market... Registers ₦10.00 billion Commercial Paper Programme on FMDQ Exchange**

FMDQ Exchange once again demonstrated its commitment in enhancing access to capital for real estate development, for the good of the Nigerian economy at large. FMDQ Exchange, through its Board Listings and Markets Committee approved the registration of the **Veritasi Homes & Properties Limited ₦10.00 billion CP Programme** on its platform.

Veritasi Homes & Properties Limited (the “Issuer”) is a premium real estate company providing marketing, advisory and developmental services across the real estate value chain in Nigeria. The company’s vision is to be a world-class real estate development company driven by value innovation and optimum service to deliver affordable homes. The CP Programme positions the Issuer to raise finance for a tenor up to two-hundred and seventy (270) days from the debt market at a time in the future it deems suitable. The registration of this CP Programme on the Exchange endorses FMDQ Exchange’s role as a market organiser and lends credence to its reputation of pioneering innovation within the Nigerian financial markets.

Speaking on the successful CP Programme registration, the Managing Director, Veritasi Homes & Properties Limited, Mr. Nola Adetola, stated “Veritasi Homes & Properties Limited is delighted with the successful registration of our ₦10.00 billion CP Programme. The approval of this CP Programme represents a significant milestone in our short-term growth aspirations. We are delighted that the proceeds from the issuance of the CP will be applied to develop superior real estate projects designed for clients at home and in the diaspora. We want to thank Mega Capital Financial Services Limited, the

transaction sponsor, and Pathway Advisors Limited, our financial adviser, for their efforts and professionalism in getting this programme approved. Our commitment as a brand to building a trustworthy business remains, and we look forward to other future engagements with the capital market”.

Also, the sponsor of the CP Programme and a Registration Member (Quotations) of FMDQ Exchange, Mega Capital Financial Services Limited, through the Managing Director, Mr. Emmanuel Egbumokei, mentioned that “Mega Capital Financial Services Limited is pleased about its role as Sponsor of the registration of the Veritasi Homes & Properties Limited’s ₦10.00 billion CP Programme and its plans on the subsequent issues under the Programme. Veritasi Homes & Properties Limited is a real estate development company with focus on creating homes for both the low and middle-income earners in Nigeria. This approved CP Programme will enable Veritasi Homes & Properties Limited access funding from the debt capital market to actualise its strategic objectives”.

In accordance with its strategic objectives to provide credible market structures to corporate and commercial businesses with the opportunities to meet their short-term funding requirements, FMDQ has continued to demonstrate its commitment by championing key market development initiatives to ensure that growth and development opportunities abound for the markets under its purview.

FMDQ Group PLC is Africa’s first vertically integrated financial market infrastructure (FMI) group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading, clearing & central counterparty, settlement, and risk management for financial market transactions; depository of securities, as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Exchange, FMDQ Clear Limited, FMDQ Depository Limited and FMDQ Private Markets Limited. As a sustainability-focused FMI group, FMDQ Group, through FMDQ Exchange, operates Africa’s premier Green Exchange – FMDQ Green Exchange – positioned to lead the transition towards a sustainable future.

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# FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

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

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

The data, collated from the weekly trade data submissions by FMDQ 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 2022)

Product Category	(₦'mm)	(\$'mm)
Foreign Exchange	7,752,676	18,614
Foreign Exchange Derivatives	5,287,401	12,696
Treasury Bills	3,117,788	7,487
OMO Bills	8,990,447	21,587
CBN Special Bills	2,887,873	6,934
FGN Bonds	5,401,804	12,970
Promissory Notes	1,000	2
Other Bonds*	9,601	23
Eurobond	106,740	256
Repurchase Agreements/Buy-Backs	9,731,732	23,365
Unsecured Placements/Takings	238,058	572
Money Market Derivatives	-	-
Commercial Papers	-	-
<b>Total</b>	<b>43,525,120</b>	<b>104,506</b>
<b>No. of Business Days</b>	<b>59</b>	<b>59</b>
<b>Average Daily Turnover</b>	<b>737,714</b>	<b>1,771</b>

Average YTD \$/₦ @416.53

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), Central Bank of Nigeria

Source: FMDQ Data Portal as @ April 7, 2022; Figures reported by Dealing Member (Banks) on a week-ending basis



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The total turnover for the Jan. – Mar. 2022 period amounted to ₦43.53 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 29.96% of overall market turnover. Repurchase Agreements (Repos) accounted for 22.36%, whilst transactions in OMO Bills accounted for 20.66%. Bonds, T.bills, CBN Special Bills, and Unsecured Placements & Takings accounted for 12.68%, 7.16%, 6.63% and 0.55% respectively, of overall market turnover.

### **Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - March 2022)**

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.	STANBIC IBTC BANK PLC
2.	ACCESS BANK PLC
3.	UNITED BANK FOR AFRICA PLC
4.	ECOBANK NIGERIA LIMITED
5.	ZENITH BANK PLC
6.	FIRST BANK OF NIGERIA LIMITED
7.	CORONATION MERCHANT BANK LIMITED
8.	STANDARD CHARTERED BANK NIGERIA LIMITED
9.	FIRST CITY MONUMENT BANK LIMITED
10.	STERLING BANK PLC

Stanbic IBTC Bank PLC, Access Bank PLC and United Bank for Africa PLC ranked 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> positions respectively, based on value traded for the review period. The top ten (10) Dealing Member (Banks) accounted for 77.67% (₦33.81 trillion) of the overall turnover in the market, while top three (3) accounted for 42.59% (₦18.54 trillion) of the overall turnover of trades.

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## FMDQ Fixed Income Primary Markets Sponsors' League Table (January – March 2022)

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 <sup>st</sup>	<i>Chapel Hill Denham Advisory Limited</i>	1 <sup>st</sup>	<i>Stanbic IBTC Capital Limited</i>
2 <sup>nd</sup>	<i>Stanbic IBTC Capital Limited</i>	2 <sup>nd</sup>	<i>Coronation Merchant Bank Limited</i>
3 <sup>rd</sup>	<i>Vetiva Capital Management Limited</i>	3 <sup>rd</sup>	<i>United Capital PLC</i>
4 <sup>th</sup>	<i>Planet Capital Limited</i>	4 <sup>th</sup>	<i>FSDH Capital Limited</i>
5 <sup>th</sup>	<i>CardinalStone Partners Limited</i>	5 <sup>th</sup>	<i>FCMB Capital Markets Limited</i>
5 <sup>th</sup>	<i>FCMB Capital Markets Limited</i>	6 <sup>th</sup>	<i>Nova Merchant Bank Limited</i>
		7 <sup>th</sup>	<i>FSDH Merchant Bank Limited</i>
		8 <sup>th</sup>	<i>UCML Capital Limited</i>
		9 <sup>th</sup>	<i>EAC Advisory Limited</i>
		10 <sup>th</sup>	<i>FBNQuest Merchant Bank Limited</i>
		11 <sup>th</sup>	<i>Renaissance Securities Nigeria Limited</i>
		12 <sup>th</sup>	<i>CardinalStone Partners Limited</i>
		13 <sup>th</sup>	<i>Afrinvest Capital Limited</i>
		14 <sup>th</sup>	<i>SFS Financial Services Limited</i>
		15 <sup>th</sup>	<i>Boston Advisory Limited</i>
		16 <sup>th</sup>	<i>DLM Advisory Limited</i>
		17 <sup>th</sup>	<i>Cordros Capital Limited</i>

### Total Market Participation Analysis Q1 2022 (Bond and CP Markets)

The top three (3) Sponsors in both the bond and CP markets were Chapel Hill Denham Advisory Limited, Stanbic IBTC Capital Limited and Coronation Merchant Bank Limited contributing 41.45% to total issuances in the review period. Chapel Hill Denham Advisory Limited, occupying the 1<sup>st</sup> position, contributed 17.74% to total issuances and participated in the bond market only, Stanbic IBTC Capital Limited contributed 15.31% and participated in both the bond and CP markets, while Coronation Merchant Bank Limited participated in the CP market only and contributed 8.40% to total issuances in the period.

## **FMDQ Fixed Income Primary Markets Solicitors' League Table (January – March 2022)**

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.

<b>RANK</b>	<b>BONDS SOLICITORS</b>	<b>RANK</b>	<b>COMMERCIAL PAPERS SOLICITORS</b>
1 <sup>st</sup>	<i>Aluko &amp; Oyebode</i>	1 <sup>st</sup>	<i>Banwo &amp; Ighodalo</i>
2 <sup>nd</sup>	<i>Banwo &amp; Ighodalo</i>	2 <sup>nd</sup>	<i>Aluko &amp; Oyebode</i>
3 <sup>rd</sup>	<i>Sefton Fross</i>	3 <sup>rd</sup>	<i>Udo Udoma &amp; Belo-Osagie</i>
		4 <sup>th</sup>	<i>Olaniwun Ajayi LP</i>
		5 <sup>th</sup>	<i>Sefton Fross</i>
		6 <sup>th</sup>	<i>Advocaat Law Practice</i>
		7 <sup>th</sup>	<i>Detail Commercial Solicitors</i>
		8 <sup>th</sup>	<i>G. Elias &amp; Co.</i>

### **Total Market Participation Analysis Q1 2022 (Bond and CP Markets)**

The most active Solicitor for the review period was Aluko & Oyebode participating as solicitor in both the bond and CP markets for the review period. Banwo & Ighodalo came in second place participating in both the bond and CP markets, while Sefton Fross came in third place participating in the bond and CP markets. The top three (3) solicitors for Q1 2022 (in both the bond and CP markets) contributed 84.71% to total issuances.

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## Introduction to Non-interest (Islamic) Finance III - Growth Potentials of the Nigerian Non-interest Finance Market

In the first segment of this series, we covered the principles and products in non-interest (Islamic) finance (NIF) - [Introduction to Non-Interest \(Islamic\) Finance I](#). Subsequently, the existing regulatory frameworks in Nigeria were briefly explained in the second segment - Introduction to Non-Interest (Islamic) Finance II. This segment aims to capture the growth opportunities and inhibitors of NIF in Nigeria.

Globally, capital markets are evolving to meet new funding and investments needs through alternative financing models and ethical finance models such as NIF, which provides a complementary source of financing to the conventional model. Recent trends in financial markets show an increased focus on niche market segments in order to diversify the market base. Therefore, the emergence of non-interest capital markets provides a viable and efficient channel for resource mobilisation to a niche which is gaining prominence globally.

The Nigerian NIF market is still at an early stage of development with considerable growth potential due to its rapid population growth, being the world's fifth (5<sup>th</sup>) largest Muslim population<sup>1</sup>, in addition to rising government and corporate financing requirements for economic development and growth. According to the African Development Bank, Nigeria has an infrastructure deficit of \$3.00bn<sup>2</sup>, therefore, substantial capital is required to close this gap. With the increased demand from Asian and GCC<sup>3</sup> countries seeking investments in emerging markets, Nigeria can position itself as an investment destination by developing a vibrant NIF market. In addition to the need for capital, the demand for ethical (non-interest) investment opportunities domestically coupled with the need for financial inclusion represent cogent reasons in favour of this niche market. The strong local investor appetite was reflected in the oversubscription of the FGN 10-year Sukuk in 2021 which was oversubscribed by 3.5 times. In view of the foregoing, it is pertinent for Nigeria to deploy resources for the development of the NIF market which is an underutilised financing channel for resource mobilisation for capital-intensive projects.

Nonetheless, the Nigerian NIF market is encumbered by some factors in realising its full potential. Some of these impediments include:

- **Awareness and Knowledge Gap:** The level of awareness on NIF market is shallow as most individuals/institutions majorly rely on conventional financial market instruments. The low level of awareness on basic Islamic concepts may be attributed to the negative perception and

<sup>1</sup> After Indonesia, Pakistan, India, and Bangladesh

<sup>2</sup> <https://www.proshareng.com/news/Nigeria-Economy/Closing-Nigeria-s-Infrastructure-Gap/58577>

<sup>3</sup> Gulf Cooperation Council

sentiments regarding the operation of NIF market in Nigeria which is led by investor apathy. This has led to paucity of skilled/qualified manpower in the NIF industry, which is critical to the success of the industry

- **Limited Legal and Regulatory Framework:** Despite the increased regulatory frameworks issued by regulators on NIF market over the years, there is still a need for continuous improvement in the legal and regulatory framework especially relating to development of NIF products
- **Dearth of Skilled Market Players and Products:** Due to knowledge and awareness gap, there are few players compared to the conventional financial markets which has hindered the growth of the market. Skilled practitioners are very few. Hence, it is pertinent to encourage more market players into the market. Additionally, there are very limited NIF market products which can be attributed to the knowledge gap within the financial industry

Generally, to address the above challenges identified, there is a need for extensive awareness campaigns, sufficient regulatory frameworks, and introduction of new NIF market products. FMDQ Exchange as a financial market organiser and self-regulatory organisation is committed to the development of the Nigerian capital market through the introduction of innovative products and establishment of regulatory frameworks and guidelines. In addition to the FMDQ Sukuk Listing Rules, the Exchange, through the FMDQ Academy has been positioned to bridge the financial literacy gap amongst the stakeholders, on various products, regulation, concepts etc. in the financial markets.

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