



FMDQ SPOTLIGHT

NEWSLETTER EDITION 93 – JULY 2022



 **FMDQ** 



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FMDQ Group PLC Commends Stakeholders for its Market Resilience at 10th Annual General Meeting

2021 was a critical year that saw the global economy largely sustain its path to recovery from the adverse impact of the COVID-19 pandemic, with economic activities continuing to benefit from fiscal stimulus from governments and accommodative monetary policy implemented by central banks across the globe. Locally, the Nigerian economy remained on a positive but slow trajectory and continued to rebound from its COVID-19 pandemic-induced recession due to a raft of commendable fiscal and monetary stimulus packages rolled out by policymakers. Having successfully navigated this challenging operating environment, FMDQ Group PLC (“**FMDQ Group**” or the “**Group**”) has released its 2021 Annual Report and Accounts at its recently held 10th Annual General Meeting (“**AGM**”).

Presiding over the AGM, which was held as a virtual event, the Group Chairman, FMDQ Group, Dr. Kingsley Obiora, in presenting the Annual Report and Accounts of FMDQ Group to its shareholders, commended the continued resilience of the FMDQ markets despite the pervading uncertainty and slow recovery in the global and domestic economic landscapes. Speaking further, he said “We witnessed our second year as a vertically integrated financial market infrastructure group in 2021, during which we consolidated efforts geared towards the de-risking of the markets under the FMDQ Group’s purview, across the full capital market value chain - pre-trade, trade, and post-trade activities. We were thus able to impact the markets in various ways, including providing registration, listing & quotation services, and noting services for the public and private markets, respectively; offering integrated trading, clearing and settlement services; operating a secure and efficient securities depository; as well as providing data and information services, across the debt capital, foreign exchange, derivatives markets, whilst positioning for the equity markets”.

An analytical presentation of FMDQ Group’s performance revealed a moderate performance in 2021, reporting a decline of 32.90% in the Group revenue, which translated to a drop from ₦31.00 billion in 2020 to ₦20.80 billion in 2021. Overall market activity in the securities admission business of the Exchange Market reported a 6.1% marginal increase, from eighty-two (82) securities in 2020 to eighty-seven (87) securities - nineteen (19) listed Bonds, sixty-six (66) quoted Commercial Papers (“**CPs**”), one (1) listed Sukuk and one listed (1) Fund, with a total value of ₦1.03 trillion, as well as the registration fifteen (15) CP Programmes valued at ₦470.00 billion in 2021. The Clearing subsidiary secured its full Central Counterparty (“**CCP**”) registration from the Securities and Exchange Commission in June 2021, after which the registration of six (6) Deposit Money Banks as Clearing Members of FMDQ Clear Limited (“**FMDQ Clear**”) commenced. FMDQ Depository Limited (“**FMDQ Depository**”) and FMDQ Private Markets Limited (“**FMDQ Private Markets**”) continued to thrive, recording increases across their business services. The Depository business saw the lodgement of thirty-one (31) non-sovereign fixed income securities, with a cumulative value of circa ₦689.38 billion, a 47.62% increase from the twenty-one (21) non-sovereign fixed income securities lodgement valued at ₦411.00 billion recorded

in 2020. FMDQ Private Markets recorded the noting of nine (9) private companies' securities with a total value of circa ₦240.00 billion, compared to the one (1) security noted in 2020 and valued at ₦8.40 billion. The performance of the Group, despite the vicissitudes of the economy in the year 2021, resulted from continued product/service innovation and diversification towards market development, as well as efficient cost management.

The Chief Executive Officer of FMDQ Group, Mr. Bola Onadele. Koko, while speaking about the 2022 outlook for FMDQ Group and its subsidiaries, said “FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) will continue to work assiduously towards the launch of the FMDQ Exchange-Traded Derivatives (“**ETD**”) Market with fixed income futures as a maiden product. FMDQ Clear will continue to focus on the activation of CCP Services for the soon-to-be-launched FMDQ ETD market and other financial market transactions in the Fixed Income Spot & Repo Markets. FMDQ Depository will continue to focus on digitisation initiatives, robust risk management and up-scaling of its service delivery capacity. FMDQ Private Markets will continue to facilitate diverse capital and liquidity solutions to private companies across markets and sectors in Nigeria. Ultimately, FMDQ Group will continue to develop its capital market businesses, as well as seek investment opportunities to provide strategic and financial returns to the Group, whilst positioning to raise equity capital via Rights Issues and/or Offer for Subscription in the coming periods.

FMDQ Group’s commitment remains set on executing its strategy, as the Group continues to work collaboratively with resilient market stakeholders to empower markets for economic progress towards delivering prosperity, whilst exploring attractive prospects in the Nigerian financial market, with the potential to transform the economy.

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73rd FX Futures Contract Matures and Settles on FMDQ Exchange

On Wednesday, July 27, 2022, the 73rd FX Futures contract – NGUS JUL 27 2022, with a nominal value of \$204.31 million, matured and settled on FMDQ 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 \$57.10 billion; with a total of circa \$60.87 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.

The Central Bank of Nigeria (CBN), as observed over the last seventy-two (72) maturities, introduced a new contract, NGUS JUL 28 2027, for \$1.00 billion at \$/₦638.22 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

[Click here to view Open FMDQ OTC FX Futures 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 in 2021, FMDQ Clear continues 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 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	May 2022	June 2022	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	5,737	5,764	0.47
2	Value of Traded & Cleared Contracts (\$'bn)	60.35	60.67	0.53
3	Value of Open Contracts (as of June 30, 2022) (\$'bn)	3.76	3.77	0.18
Settlement				
4	No. of Matured & Settled Contracts	5,494	5,532	0.69
5	Value of Matured & Settled Contracts (\$'bn)	56.59	56.90	0.55

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

S/N	Sovereign Fixed Income	May 2022	June 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	4,279.15	3,374.66	(21.14)
2	Value of Trades Settled (₦'bn)	3,998.27	2,932.63	(26.65)
3	Value of Unsettled Trades (₦'bn)	280.89	442.03	57.37

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

S/N	Non-Sovereign Fixed Income	May 2022	June 2022	Change (%)
1	Total Value of Trades Processed (₦'bn)	7.10	7.92	11.50
2	Value of Trades Settled (₦'bn)	5.11	3.87	(24.28)
3	Value of Unsettled Trades (₦'bn)	1.99	4.05	103.36

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

At a Glance: Update from FMDQ Depository

FMDQ Depository, the choice securities depository for the Nigerian capital market, following its operationalisation in 2019, has continued to leverage on the collaboration of its stakeholders across the Nigerian capital market to deliver on its operational mandate, to implement value-added products and service offerings.

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

- Veritasi Homes and Properties Limited ₦1.00 billion Series 3 Commercial Paper
- Eunisell Limited ₦4.00 billion Series 2 Commercial Paper
- Skymark Partners Limited ₦0.77 billion Series 2 and ₦1.18 billion Series 3 Commercial Papers
- Lagos State Government ₦137.33 billion Series 4 Fixed Rate Bond
- Dangote Cement PLC ₦4.27 billion Series 2 (Tranche A), ₦23.34 billion Series 2 (Tranche B), ₦88.40 billion Series 2 (Tranche C) Fixed Rate Bonds
- Lekki Gardens Estate Limited ₦3.49 billion Series 1 (Tranche A) Commercial Paper
- NCNR SPV Limited ₦13.20 billion Series 2 Fixed Rate Bond

FMDQ Depository complements the clearing function discharged by FMDQ Clear by providing the requisite framework for collateral caching, asset servicing and settlement services in the Nigerian financial markets, offering market participants an unrivalled opportunity to experience enhanced straight-through-processing.

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

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FMDQ LISTINGS & QUOTATIONS

FMDQ Exchange Lists Pioneer Shelter-Afrique ₦46.00 billion Bonds

Due to the increased demand for housing the Nigerian real estate sector has recently seen an increase in demand for housing, particularly in urban areas. This in turn has encouraged more corporates in the real estate sector to tap into the debt markets to access long-term funding solutions for the provision of affordable and adequate housing in Nigeria and across Africa. It is in this regard that FMDQ Exchange approved the pioneer listing of **the Company for Habitat and Housing in Africa (“Shelter-Afrique”)** **₦27.18 billion Series 1 (Tranche A) and ₦18.82 billion Series 1 (Tranche B) Fixed Rate Bonds** under its **₦200.00 billion Domestic Bond Issuance Programme** on its platform.

Shelter-Afrique is a pan-African development finance institution exclusively dedicated to housing finance in Africa. With a partnership of forty-four (44) African Governments, the African Development Bank and the Africa Reinsurance Corporation, Shelter-Afrique offers a host of products and related services to support the efficient delivery of affordable housing and commercial real estate. The proceeds from these bonds, which are co-sponsored by FSDH Capital Limited (*Lead Sponsor*), FCMB Capital Markets Limited and United Capital PLC – all Registration Member (Listings) of the Exchange, will be used by the Issuer for mass housing development, mainly by Tier 1 Real Estate Developers and Lines of Credit.

The admission of the dual tranche bonds on FMDQ Exchange reflects the potential of the Nigerian DCM and the commendable level of confidence demonstrated by both the issuer and the investors, as well as validates the efficient processes and integrated systems through which FMDQ Group has maintained its service delivery to the market and its diverse stakeholders. In line with its strategic goals of supporting institutional growth and stimulating continuous economic development, FMDQ Exchange will continue to align the Nigerian DCM to international standards through the promotion and provision of a world-class listing and quotation service, providing issuers and investors with much-needed global visibility, confidence, and protection in the markets.

Dangote Cement PLC Lists Triple-Tranche Series 2 Bonds on FMDQ Exchange

Corporate institutions have continued to explore alternative financing options by tapping the Nigerian debt capital market to sustain their business activities and plug capital shortfalls. FMDQ Exchange provides access to capital for corporate Institutions through its efficient and proficient Securities Admissions Franchise. It is with this mandate that FMDQ Exchange approved the **listing of the Dangote Cement PLC ₦4.27 billion Series 2 (Tranche A), ₦23.34 billion Series 2 (Tranche B) and ₦88.40 billion Series 2 (Tranche C) Fixed Rate Bonds** under its **₦300.00 billion Multi-Instrument Issuance Programme** on its platform.

Dangote Cement PLC (“**Dangote Cement**”) is one of Africa’s largest cement producers, with a production capacity of 51.6 million tonnes per year across ten countries. The proceeds from the Dangote Cement PLC Series 2 Tranches 1- 3 bonds, which are sponsored by Stanbic IBTC Capital Limited (*lead sponsor*), Absa Capital Markets Nigeria Limited, Coronation Merchant Bank Limited, Eco Development Company Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, Futureview Financial Services Limited, Meristem Capital Limited, Quantum Zenith Capital Limited, Rand Merchant bank Nigeria Limited, Standard Chartered Capital and Advisory Nigeria Limited, United Capital PLC and Vetiva Capital Management Limited - all Registration member (Listings) will be used to fund expansion projects, refinance short-term debts, as well as working capital expenditure.

These listings, and others by corporates across diverse sectors, continue to validate FMDQ Exchange as the choice platform for the registration, listing and quotation of debt securities in the Nigerian financial markets. It also lays credence to the innovation, efficiency, and operational excellence for which the Exchange is reputed for as endorsed by issuers, investors, and other market stakeholders. FMDQ Exchange shall continue to provide an efficient platform targeted at supporting the aspirations of institutions and government within the Nigerian financial markets, in alignment with FMDQ Group’s ‘**GOLD**’ Agenda to make the markets globally competitive, operationally excellent, liquid and diverse.

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FMDQ Exchange Admits Bigoz Logistics Limited Commercial Paper Programme on its Platform

Having successfully met the FMDQ Commercial Paper Quotation requirements and following the subsequent approval of the Board Listings and Markets Committee of FMDQ Exchange, the **Bigoz Logistics Limited ₦20.00 billion CP Programme** was admitted on the Exchange’s platform. The

successful registration of this CP Programme is yet another notable stride in FMDQ Exchange’s drive to develop a vibrant and efficient debt capital market despite the economic and market uncertainties. The CP market continues to provide issuers with a renewed opportunity to grow their businesses and restore the much-needed confidence of investors, whilst contributing to the overall growth of the Nigerian economy.

Bigoz Logistics Limited (the “Issuer”) is a freight forwarding, project logistics management, shipping agency, haulage and supply chain management company based in Nigeria. The registration of this CP Programme, which is sponsored by Qualinvest Company Limited, a Registration Member (Quotations) of the Exchange, strategically positions the Issuer to raise short-term finance from the Nigerian DCM at a time in the future it deems suitable, through CP issues, within the CP Programme limit.

As part of its mandate to organise and govern markets within its purview and promote credibility and transparency in the Nigerian DCM space, FMDQ Exchange will continue to promote credibility for securities admitted on its platform, through its highly efficient registration, listing and quotation platform, instituting the requisite world-class standards to drive transparency, governance, market oversight, and market liquidity to power growth in the Nigerian financial markets.

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FMDQ Exchange Welcomes FGN \$5.25 billion Eurobonds and ₦250.00 billion Ijarah Sukuk on its Platform

In acknowledging the crucial role the Nigerian debt capital market plays in sustaining the growth and development the Nigerian economy, the Federal Government of Nigeria (“**FGN**”) through the Debt Management Office, Nigeria (DMO), has again demonstrated its recognition of this key requirement for successful economies by listing the **\$5.25 billion Eurobonds of the Federal Government of Nigeria** and the **₦250.00 billion Ijarah Sukuk of the Federal Government of Nigeria Roads Sukuk Company 1 PLC** on FMDQ Exchange.

To commemorate these remarkable achievements, the Exchange hosted the FGN, represented by the Director-General of the DMO, Ms. Patience Oniha, along with other key representatives from the DMO to an impressive Listing Ceremony. Also present at the Ceremony were the representatives from the co-sponsors to the listings and Registration Members of the Exchange - Chapel Hill Denham Advisory Limited, FSDH Merchant Bank Limited, Stanbic IBTC Capital Limited, Greenwich Merchant Bank Limited and Vetiva Capital Management Limited - and the Financial Adviser to the listing of the Federal Government of Nigeria Roads Sukuk Company 1 PLC Ijarah Sukuk, Buraq Capital Limited.

Ms. Kaodi Ugoji, Group Chief Operating Officer, FMDQ Group PLC, whilst giving the opening remarks, applauded the issuer for another remarkable job well done, stating that this is another highly laudable step by the Sovereign, through the DMO, towards supporting the growth and development of the nation's DCM. She also commended the sponsors and other parties for their concerted efforts towards ensuring the success of the issuances. She highlighted that FMDQ Exchange, will remain steadfast in its commitment towards the development of all facets of the Nigerian DCM, and by extension, the economy at large.

According to the Chief Executive Officer, FMDQ Group PLC, Mr. Bola Onadele. Koko, "the listing of the FGN Eurobonds and Ijarah Sukuk on FMDQ Exchange demonstrates the resilience of the Nigerian financial markets and stands as a clear attestation to the powerful appeal of the FMDQ brand to a variety of issuers and investors. In line with our mandate as a market organiser, we remain driven by the evolving challenges that demand innovative solutions and remain resolute on delivering on our commitment to overcoming these challenges and making our markets."

Ms. Patience Oniha, Director-General of the DMO, whilst delivering the special address, said "being here today marks an accomplishment that could not have been achieved without the tenacity of our Transaction Advisers and support of stakeholders too numerous to mention: the Federal Ministry of Finance, Budget and National Planning, Central Bank of Nigeria, Budget Office of the Federation, National Bureau of Statistics, etc. The DMO is grateful for your support. I would like to specially thank the FMDQ Exchange for making today a reality and I look forward to more FGN Securities listings on the domestic exchanges. The proceeds from these Eurobonds Issuances are being used to part-finance the 2021 budget deficit, whilst the listing of the ₦250.00 billion Sovereign Sukuk will provide an avenue for Sukuk holders to trade the Sukuk and obtain liquidity for their investments".

Delivering the sponsor's remarks for the listing of the FGN Eurobonds, the Chief Executive Officer, Chapel Hill Denham Advisory Limited, Mr. Bolaji Balogun, said "Chapel Hill Denham is grateful to the DMO for the opportunity to have been the Nigerian Bookrunner and Joint Lead Manager on the Federal Government of Nigeria's landmark triple tranche US\$4.00 billion Eurobond issuance and follow-on US\$1.25 billion Eurobond issuance under the Global Medium Term Note Programme. This represents Nigeria's largest-ever Eurobond transaction, delivering unprecedented levels of domestic investor participation on a sovereign Eurobond issuance. We are grateful to the investor community for their continued support. Despite challenging market conditions, both outings recorded oversubscriptions, indicative of global and domestic confidence in Nigeria's long-term growth trajectory".

The co-sponsor for the listing of the FGN Eurobond and Registration Member (Listings) of FMDQ Exchange, FSDH Merchant Bank Limited, through the Managing Director, Mrs. Bukola Smith, added "We are pleased to have advised the Debt Management Office on the successful Issuance of the multi-tranche US\$4.00 billion and the standalone US\$1.25 billion Eurobonds. The Federal Republic of Nigeria has now successfully raised US\$5.25 billion, under its Global Medium Term Note Programme, to finance capital projects in the 2021 Appropriation Act. The success of this transaction paves the way for more domestic institutions to access required funding via the International Debt Capital Market".

Similarly, the co-sponsors for the listing of the FGN Ijarah Sukuk and Registration Member (Listings) of FMDQ Exchange, through Mr. Funso Akere, Chief Executive, Stanbic IBTC Capital Limited, stated, "Stanbic IBTC Capital, Greenwich Merchant Bank Limited, and Vetiva Capital Management Limited are delighted to have acted as Issuing Houses on this landmark ₦250.00 billion 10-year Sovereign Sukuk issuance, which was 346% subscribed and attracted wide participation from institutional and retail investors. Infrastructure development is a key driver for economic growth and an important focus area for Stanbic IBTC, and we commend the DMO for utilising the proceeds to fund the construction and rehabilitation of road infrastructure across Nigeria, which should improve intra and inter-state connectivity and the ease of doing business in Nigeria".

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, 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, FMDQ Depository and FMDQ Private Markets. 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 Exchange Market Turnover Report shows the turnover on all products traded in the FMDQ Exchange secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), OMO Bills, Central Bank of Nigeria (CBN) Special Bills, Promissory Notes, Bonds (Federal Government of Nigeria 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 Exchange 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 - June 2022)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	17,307,252	41,428
Foreign Exchange Derivatives	12,690,346	30,379
Treasury Bills	7,028,280	16,816
OMO Bills	15,964,311	38,252
CBN Special Bills	10,295,597	24,598
FGN Bonds	8,517,854	20,410
Promissory Notes	1,000	2
Other Bonds*	10,682	26
Eurobond	187,782	450
Repurchase Agreements/Open Repos	23,753,870	56,830
Unsecured Placements/Takings	698,068	1,670
Money Market Derivatives	1,500	4
Commercial Papers	-	-
Total	96,456,542	230,864
No. of Business Days	119	119
Average Daily Turnover	810,559	1,940

Average YTD \$/₦ @417.81
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 @ July 8, 2022; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January – June 2022 period amounted to ₦96.46 trillion. Trading activities in the FX (Spot FX and FX Derivatives) market had the largest contribution, accounting for 31.10% of overall market turnover. Repurchase Agreements (Repos) accounted for 24.63%, whilst transactions in OMO Bills accounted for 16.55%. CBN Special Bills, Bonds, T.bills and Unsecured Placements & Takings accounted for 10.67%, 9.04%, 7.29%, and 0.72%, of overall market turnover.

Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January - June 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.	UNITED BANK FOR AFRICA PLC
3.	ACCESS BANK PLC
4.	ECOBANK NIGERIA LIMITED
5.	ZENITH BANK PLC
6.	FIRST BANK OF NIGERIA LIMITED
7.	CORONATION MERCHANT BANK LIMITED
8.	FIRST CITY MONUMENT BANK LIMITED
9.	STANDARD CHARTERED BANK NIGERIA LIMITED
10.	STERLING BANK PLC

Stanbic IBTC Bank PLC, United Bank for Africa PLC, and Access Bank PLC ranked 1st, 2nd and 3rd positions respectively, based on value traded for the review period. The top ten (10) Dealing Member (Banks) accounted for 77.33% (₦74.59 trillion), while the top three (3) accounted for 56.10% (₦41.84 trillion) of the overall turnover of trades in the secondary market.

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FMDQ Exchange Fixed Income Primary Markets Sponsors' League Table (January – June 2022)

The FMDQ Exchange 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) ("RMLs") and Registration Member (Quotations) ("RMQs") (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	Chapel Hill Denham Advisory Limited	1 st	Stanbic IBTC Capital Limited
2 nd	Stanbic IBTC Capital Limited	2 nd	FBNQuest Merchant Bank Limited
3 rd	CardinalStone Partners Limited	3 rd	Coronation Merchant Bank Limited
4 th	Quantum Zenith Capital and Investments Limited	4 th	FSDH Capital Limited
5 th	Vetiva Capital Management Limited	5 th	UCML Capital Limited
6 th	Planet Capital Limited	6 th	Standard Chartered Capital & Advisory Nigeria Limited
7 th	FCMB Capital Markets Limited	7 th	Chapel Hill Denham Advisory Limited
		8 th	FCMB Capital Markets Limited
		9 th	United Capital PLC
		10 th	EAC Advisory Limited
		11 th	Nova Merchant Bank Limited
		12 th	FSDH Merchant Bank Limited
		13 th	Renaissance Securities Nigeria Limited
		14 th	CardinalStone Partners Limited
		15 th	Rand Merchant Bank Nigeria Limited
		16 th	Afrinvest Capital Limited
		17 th	SFS Financial Services Limited
		18 th	Mega Capital Financial Services Limited
		19 th	Boston Advisory Limited
		20 th	Cordros Capital Limited
		21 st	DLM Advisory Limited

Total Market Participation Analysis H1 2022 (Bond and CP markets)

The top three (3) Sponsors in the bond markets were (in order) Chapel Hill Denham Advisory Limited, Stanbic IBTC Capital Limited and CardinalStone Partners Limited contributing 71.13% to total issuances in the bonds category for the review period. In the CP markets, the top three (3) Sponsors were Stanbic IBTC Capital Limited, FBNQuest Merchant Bank Limited and Coronation Merchant Bank Limited contributing 41.63% to total issuances in the CP category for the review period.

Fixed Income Primary Markets Solicitors' League Table (January – June 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.

RANK	BONDS	RANK	COMMERCIAL PAPERS
	SOLICITORS		SOLICITORS
1 st	Aluko & Oyebode	1 st	Aluko & Oyebode
2 nd	Olaniwun Ajayi LP	2 nd	Udo Udoma & Belo-Osagie
3 rd	Banwo & Ighodalo	3 rd	Banwo & Ighodalo
4 th	Sefton Fross	4 th	G. Elias & Co.
5 th	G. Elias & Co.	5 th	Olaniwun Ajayi LP
6 th	Templars	6 th	Sefton Fross
		7 th	Advocaat Law Practice
		8 th	The New Practice
		9 th	Africa Law Practice NG & Company
		10 th	Detail Commercial Solicitors

Total Market Participation Analysis H1 2022 (Bond and CP markets)

The top three (3) Solicitors for the review period in the bond markets were Aluko & Oyebode, Olaniwun Ajayi LP, and Banwo & Ighodalo contributing 81.97% to issuances in the bonds category for the review period. In the CP markets, the top three (3) Solicitors were Aluko & Oyebode, Udo Udoma & Belo-Osagie and Banwo & Ighodalo contributing 79.37% to issuances in the CP category for the review period.

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Understanding Financial Benchmarks II – FMDQ Benchmarks

The previous edition of this series provides a summary of financial benchmarks ("**Benchmarks**"), their general application in accordance with the International Organisation of Securities Commissions' ("**IOSCO**") Principles for Benchmarks (the "**Principles**"), and the scope of those Principles. Additionally, it gives a brief overview of Benchmark Administrators and the Benchmarks managed by FMDQ Exchange. To read the previous edition, [click here](#)

This edition focuses on the FMDQ Exchange Benchmarks ("**FMDQ Benchmarks**"), their users, and applications.

As detailed in the previous edition, FMDQ Exchange oversees three (3) Benchmarks in the Nigerian financial markets as a Benchmark Administrator in accordance with the IOSCO framework:

- **Nigerian Autonomous Foreign Exchange Fixing ("NAFEX")** is a reference rate for Spot Foreign Exchange (FX) operations in the autonomous FX market which comprises recognised FX trading segments. These segments include but not limited to the Inter-bank market, the Investors' and Exporters' FX Window and any such approved and recognised trading segment as may be defined from time to time¹
- **Nigerian Inter-bank Offered Rate Fixing ("NIBOR")** represents the short-term lending rates of reputable banks in the Nigerian financial market quoted as annualised rates.² It is used as a floating rate index of financial contracts such as bonds, interest rate derivatives, money market instruments, retail loans and long dated mortgages
- **Nigerian Inter-Bank Treasury Bills' True Yields Fixing ("NITTY")** is a Benchmark risk-free rate which is derived from the conversion of Nigerian Treasury Bills (T.bills) discount rates for benchmark tenors to money market yields i.e. true yields³

As a Benchmark Administrator, FMDQ Exchange is primarily responsible for the development, management, administration, publication/dissemination, and governance of the Benchmarks. A detailed documentation of the computation and publications process of the Benchmarks are detailed in the [Benchmark's methodologies](#).

¹Source: FMDQ Exchange NAFEX methodology

²Source: FMDQ Exchange NIBOR methodology

³ Source: FMDQ Exchange NITTY methodology

Why are FMDQ Benchmarks Important?

FMDQ Benchmarks are important because they provide the basis for pricing spot FX, short-term interest rate products. The Benchmarks can be used by virtually every stakeholder participating or aiming to participate in the Nigerian financial markets. Market participants may use FMDQ Benchmarks for the following:

- **Pricing of Financial Contracts/Instruments:** Market participants may price a financial contract or instrument using Benchmarks. For example, NIBOR can be used as a Benchmark for pricing an ongoing debt arrangement (contract) where the size and funding costs will reset daily. i.e., in Day 1 and Day 2 of the existing contract, the contract can be repriced to the Overnight (O/N) NIBOR of 10.00% and 9.55% (hypothetical values) respectively
- **Valuation of Financial Instruments in a Portfolio:** Consider an FX portfolio manager with a portfolio valued at \$20.00mm. To determine the value of the portfolio in Naira at any point in time, the portfolio manager may use NAFEX to value its FX portfolio. For example, if the NAFEX on June 3, 2022, was \$/₦422.20 (hypothetical rate), this means that the value of the portfolio on that day will be ₦8.44 billion ($\$20.00 \text{ million} \times \$/\₦422.20$)
- **Settlement of Derivatives Transactions:** Fixed Income and Interest Rate derivatives (NIBOR) and FX derivatives (NAFEX): If Counterparty A has a floating rate liability/loan benchmarked on a 3M NIBOR plus 3% that resets quarterly and is concerned that NIBOR will trend upwards in the subsequent repayment periods, Counterparty A will seek to lock into a fixed set of rates on its payment obligations. As such, Counterparty A will sell a portfolio of Short-Term Interest Rate ("STIR") Futures with consecutive expiration dates to mirror its repayment periods, thus converting its floating rate liabilities (payment obligations) into a sequence of fixed-rate liabilities

The intuition is that as the STIR Futures mature and payment obligations fall due, the profit from the STIR Futures transaction will offset the increased interest cost on the liability. This approach also applies vice versa to the lender who will buy STIR Futures to protect their loan income benchmarked on a 3M NIBOR plus 3% from an unexpected decline in interest rates.

Generally, Benchmarks provide an indication of the spot markets of their underlying at a particular point in time, hence, market participants typically consider Benchmarks whilst making financial decisions.

Some advantages of FMDQ Benchmarks include inter alia:

- Promoting transparency in the Nigerian financial market
- Providing growth and income potential for market players through the trading of hedging products
- Enabling foreign and local investors benefit from a market-driven independent reference rate

As a market organiser aimed at empowering markets for economic progress towards delivering prosperity, FMDQ Exchange consistently publishes Benchmarks, NAFEX and NITTY at 12 Noon and NIBOR at 2:00 PM on its corporate website daily for use and reference by markets participants [view](#)

[here](#). Further, historical data of published Benchmarks are exclusively available on FMDQ Information Portal (e-Markets Portal). For more information on access to the FMDQ e-Markets Portal, kindly contact the Memberships & Subscriptions Group at mbg@fmdqgroup.com

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