

## Building Investor Confidence Through Market Transparency



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Every investment decision is, at its core, a judgment shaped by the quality of information available to the investor. Before committing capital, investors want to understand the strength of an issuer, the value and risks of an instrument, the rules governing the market, and how consistently those rules are enforced. When information is timely, reliable, and accessible, confidence grows. When it is incomplete, delayed or uncertain, investors demand greater compensation for risk or may choose not to invest at all.

This is why transparency is fundamental to a well-functioning financial market. It transcends regulatory compliance, serving as the bedrock upon which trust among market participants is established. For FMDQ Group PLC (“FMDQ Group” or the “Group”), championing transparent, efficient and credible financial markets remains central to its role in Nigeria's financial market ecosystem.

Transparency is particularly critical for effective price discovery. Markets can only price assets and risk efficiently when participants have access to the information required to make informed decisions. When prices reflect genuine supply and demand, supported by reliable information about underlying risks, investors are better positioned to allocate capital, while issuers can access funding on more competitive terms.

The result can be a virtuous cycle: greater confidence encourages participation, increased participation supports liquidity, and deeper liquidity, in turn, contributes to more efficient and resilient

markets. Over time, markets that consistently provide reliable information and equitable access have become increasingly attractive to both domestic and international investors.

### Governance as the Foundation of Trust

Transparency, however, cannot stand alone; it must be underpinned by strong governance, clear rules, effective oversight, and genuine accountability.

Investors need assurance that disclosure requirements will be upheld, market conduct will be monitored, and the rules will be applied consistently irrespective of the participant involved. Without these safeguards, transparency can remain an aspiration rather than a dependable feature of the market.

Strong governance, therefore, lends credibility to transparency. It provides investors with confidence that the information available to them can be relied upon and that market institutions will operate consistently, fairly and accountably.

### The Value of Timely Information

The value of information is closely linked to when it becomes available. Information disclosed after an investment decision has been made may provide context, but it cannot eliminate the uncertainty that existed at the time the decision was taken.

Timely disclosure allows investors to assess changing risks, respond to market developments, and make decisions with greater clarity. Equally important is the availability of quality market data that supports price discovery and provides participants with a clearer understanding of market conditions.

As Nigeria's financial markets continue to evolve, access to timely, reliable, and actionable information will become increasingly important. This is particularly relevant as instruments become more sophisticated and investors become more discerning about where and how they deploy capital.

### Confidence Is Earned Over Time

Investor confidence is not created by declarations alone; it is earned through unwavering consistency. It grows when prices reflect true market realities, information is available when it matters, and rules are applied fairly and consistently. When investors trust these

fundamentals, they are more inclined to commit capital, remain engaged over longer term, and explore new products or opportunities.

For issuers, greater investor confidence can translate into broader access to capital and, potentially, more efficient funding costs.

Transparency also strengthens market integrity. Markets where information is accessible and governance frameworks are robust are better positioned to mitigate the risks of manipulation, mispricing, or loss of confidence. More importantly, such markets are more resilient during periods of volatility.

This resilience becomes particularly important during times of economic or financial uncertainty. When markets come under pressure, investors are more likely to remain engaged where they trust the information available to them, understand the rules governing the market, and have confidence in the institutions responsible for upholding them.

### Building Resilient Markets for Nigeria

Nigeria's financial markets have achieved meaningful progress. However, deepening these markets and enhancing their competitive demands sustained focus on transparency, governance, and the quality of information available to market participants.

Greater transparency can broaden the pool of investors willing to participate, improve the efficiency of capital allocation, and help ensure issuers and financial instrument are assessed on their underlying fundamentals rather than on uncertainty or information gaps. Over time, these attributes contribute to deeper, stronger and more resilient financial markets.

This is not a one-time objective; it is a continuous endeavour. As markets evolve, financial instruments become more complex, and investor expectations rise, the standards for transparency must evolve in tandem.

For FMDQ Group, this is an ongoing commitment: to support markets where information is trusted, prices are efficiently discovered, market information is timely and accessible, and participants can engage with greater confidence.

Ultimately, the competitiveness of any financial market is inseparable from the trust it commands. And that trust is built through transparency, consistency, accountability and the continuous provision of reliable market information.

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