



---

## **Presentation to Capital Markets Committee (CMC)**

---

**Bola Onadele. Koko**  
**Managing Director/CEO**

**August 15, 2017**

# Agenda

|               |   |          |
|---------------|---|----------|
|               |   |          |
| <b>Part 1</b> | <b>Synopsis</b>                                 | <b>3</b> |
|               |   |          |
| <b>Part 2</b> | <b>Update on OTC Market Statistics</b>          | <b>5</b> |
|               |   |          |
| <b>Part 3</b> | <b>Update on Compliance with SEC Directives</b> | <b>7</b> |
|               |   |          |
| <b>Part 4</b> | <b>Update on Debt Capital Markets</b>           | <b>9</b> |

# Agenda

|               |   |          |
|---------------|---|----------|
| <b>Part 1</b> | <b>Synopsis</b>                                 | <b>3</b> |
| <b>Part 2</b> | <b>Update on OTC Market Statistics</b>          | <b>5</b> |
| <b>Part 3</b> | <b>Update on Compliance with SEC Directives</b> | <b>7</b> |
| <b>Part 4</b> | <b>Update on Debt Capital Markets</b>           | <b>9</b> |

# Synopsis

| S/N | Focus   | Highlight   | Status  | Page          |
|-----|---|---|---|---------------|
| 1   | Update on OTC Market Statistics   | <ul style="list-style-type: none"> <li>FMDQ OTC Market Sizing</li> </ul>  | ↑   | 5             |
| 2   | Update on Compliance with the Securities and Exchange Commission (SEC) Directives | <ul style="list-style-type: none"> <li>Investor Protection Fund (IPF)</li> <li>Circular to All Capital Market Operators (CMOs) without the Required Number of Sponsored Individuals</li> <li>Circular to all CMOs and Public Limited Companies to comply with Executive Order No.004 of 2017 on Voluntary Asset and Income Declaration Scheme (VAIDS)</li> <li>Circular to all CMOs on Rendition of Various Returns for Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) and Nigeria Financial Intelligence Unit (NFIU)</li> </ul> | <div>↑</div> <div>↑</div> <div>↑</div> <div>↑</div> | 7             |
| 3   | Update on Debt Capital Markets (DCM)  | <ul style="list-style-type: none"> <li>Listings and Quotations</li> <li>Dealing Member (Specialists) (DMSs)</li> <li>Debt Capital Market Development (DCMD) Project</li> </ul>  | <div>↑</div> <div>↑</div> <div>↑</div>              | 9<br>10<br>11 |

## Legend

|   |                              |
|---|------------------------------|
| ↑ | Uptrend                      |
| ↓ | Downtrend                    |
| ↑ | Commenced (Work-In-Progress) |
| ↑ | Completed / Launched         |

# Agenda

|        |  |   |
|--------|--|---|
|        |  |   |
| Part 1 | Synopsis                                 | 3 |
| Part 2 | Update on OTC Market Statistics          | 5 |
| Part 3 | Update on Compliance with SEC Directives | 7 |
| Part 4 | Update on Debt Capital Markets           | 9 |

# FMDQ OTC Market Sizing

| Product Category                     | Turnover (₦'trn) |               |               |               |
|--------------------------------------|------------------|---------------|---------------|---------------|
|                                      | Jan – Dec        |               | Jan – Jun     |               |
|                                      | 2015             | 2016          | 2016          | 2017          |
| Foreign Exchange (FX)                | 27.64            | 13.88         | 7.20          | 6.30          |
| FX & Money Market Derivatives*       | 7.11             | 11.07         | 3.04          | 7.95          |
| Treasury Bills                       | 48.24            | 45.45         | 18.60         | 31.31         |
| FGN Bonds                            | 10.73            | 9.04          | 4.97          | 5.35          |
| Other Bonds**                        | 0.13             | 0.04          | 0.03          | 0.00          |
| Eurobonds                            | 0.04             | 0.05          | 0.03          | 0.05          |
| Repurchase Agreements/Buy-Backs      | 31.56            | 31.18         | 13.77         | 15.74         |
| Unsecured Placements/Takings         | 11.97            | 2.95          | 1.30          | 0.67          |
| <b>Total</b>                         | <b>137.43</b>    | <b>113.66</b> | <b>48.94</b>  | <b>67.37</b>  |
| <i>USD Equivalent (\$'bn)</i>        | <i>697.95</i>    | <i>444.85</i> | <i>232.40</i> | <i>225.91</i> |
| <i>No. of Business Days</i>          | <i>245</i>       | <i>252</i>    | <i>125</i>    | <i>124</i>    |
| <i>Average Daily Turnover (₦'bn)</i> | <i>560.92</i>    | <i>451.03</i> | <i>391.53</i> | <i>543.33</i> |
| <i>USD Equivalent (\$'bn)</i>        | <i>2.85</i>      | <i>1.77</i>   | <i>1.86</i>   | <i>1.74</i>   |
| <i>Av. Rate (\$/₦)</i>               | <i>196.90</i>    | <i>255.50</i> | <i>210.59</i> | <i>311.99</i> |

bn – billion; trn – trillion

\*FX & Money Market Derivatives figures also include OTC FX Futures

\*\*Other Bonds include Agency, Subnational, Corporate and Supranational Bonds

Source: FMDQ Data Portal as @ August 3, 2017 (as reported by Dealing Member (Banks) on a weekly basis)

Figures may be subject to change due to potential adjustments from Dealing Member (Banks)

# Agenda

|        |  |   |
|--------|--|---|
|        |  |   |
| Part 1 | Synopsis                                 | 3 |
| Part 2 | Update on OTC Market Statistics          | 5 |
| Part 3 | Update on Compliance with SEC Directives | 7 |
| Part 4 | Update on Debt Capital Markets           | 9 |

# Update on Compliance with SEC Directives

| S/N | Initiative   | Update   | Compliance Status |
|-----|--|--|-------------------|
| 1   | Investor Protection Fund (IPF)   | <ul style="list-style-type: none"> <li>The Board of Trustees of the FMDQ IPF held its inaugural meeting on July 5, 2017, marking the formal launch of the Fund</li> </ul>    |                   |
| 2   | Circular to All Capital Market Operators (CMO) without the Required Number of Sponsored Individuals      | <ul style="list-style-type: none"> <li>FMDQ is currently in compliance with this circular as it has more than the minimum requirement by SEC</li> </ul>                      |                   |
| 3   | Circular to all CMOs and Public Limited Companies to comply with Executive Order No.004 of 2017 on VAIDS | <ul style="list-style-type: none"> <li>FMDQ as an entity has not defaulted on its tax obligations under all relevant Federal and State Tax Laws</li> </ul>                   |                   |
| 4   | Circular to all CMOs on Rendition of Various Returns for AML/CFT and NFIU                                | <ul style="list-style-type: none"> <li>FMDQ has activated the process of improving on its AML/CFT processes in line with SEC Rules and other relevant extant Laws</li> </ul> |                   |

## Legend

|  |                              |
|--|------------------------------|
|  | Commenced (Work-In-Progress) |
|  | Completed / Launched         |



# Agenda

|        |  |   |
|--------|--|---|
|        |  |   |
| Part 1 | Synopsis                                 | 3 |
| Part 2 | Update on OTC Market Statistics          | 5 |
| Part 3 | Update on Compliance with SEC Directives | 7 |
| Part 4 | Update on Debt Capital Markets           | 9 |

# FMDQ Listings & Quotations

## 2015 vs 2016 (Jan – Dec)

**Listings** – In 2016, a total of eleven (11) Bonds and two (2) Funds were listed on FMDQ with a total value of ₦1.42trn

### Total Number of Bonds/Funds Listing (2015/2016)

| Product      | Issuer Category   | 2015         |                   | 2016         |                   |
|--------------|-------------------|--------------|-------------------|--------------|-------------------|
|              |                   | Total Listed | Face Value (₦'bn) | Total Listed | Face Value (₦'bn) |
| Bonds        | FGN*              | 4            | 1578.06           | 4            | 1308.3            |
|              | FGN Eurobond      | -            | -                 | -            | -                 |
|              | FGN Diaspora Bond | -            | -                 | -            | -                 |
|              | Corporate         | 8            | 120.04            | 7            | 107.8             |
|              | Sub-national      | 2            | 12.95             | -            | -                 |
| Funds        | Corporate         | -            | -                 | 2            | 2.64              |
| <b>Total</b> |                   | <b>14</b>    | <b>1,711.05</b>   | <b>13</b>    | <b>1,418.74</b>   |

**Quotations** – In 2016, a total of forty-seven (47) Nigerian Treasury Bills (NTBs) and eighteen (18) Commercial Papers (CPs) were quoted on FMDQ with a value of ₦4.52trn

### Total Number of Quotations (2015/2016)

| Product      | Issuer Category | 2015         |                   | 2016         |                   |
|--------------|-----------------|--------------|-------------------|--------------|-------------------|
|              |                 | Total Quoted | Face Value (₦'bn) | Total Listed | Face Value (₦'bn) |
| NTBs         | FGN             | 45           | 3,740.33          | 47           | 4,391.91          |
| CPs          | Corporate       | 2            | 25.87             | 18           | 123.54            |
| <b>Total</b> |                 | <b>47</b>    | <b>3,766.20</b>   | <b>65</b>    | <b>4,515.45</b>   |

## Matured & Paid Down vs Outstanding CPs (Jan – Jun 2017)

| Product      | Issuer Category     | Total Quoted | Face Value (₦'bn) |
|--------------|---------------------|--------------|-------------------|
| CPs          | Matured & Paid Down | 12           | 40.63             |
|              | Outstanding         | 11           | 33.83             |
| <b>Total</b> |                     | <b>23</b>    | <b>74.46</b>      |

## Jan – Jun 2017

**Listings** – In H1 2017, a total of seven (7) Bonds were listed on FMDQ with a total value of ₦630.70bn

### Total Number of Bonds/Funds Listings (Jan – Jun 2017)

| Product      | Issuer Category           | Total Listed | Face Value (₦'bn) |
|--------------|---------------------------|--------------|-------------------|
| Bonds        | FGN*                      | 2            | 106.25            |
|              | FGN Eurobond (\$1.50bn)** | 1            | 458.85            |
|              | Corporate                 | 3            | 18.60             |
|              | Sub-national              | 1            | 47.00             |
| Funds        | Corporate                 | -            | -                 |
| <b>Total</b> |                           | <b>7</b>     | <b>630.70</b>     |

**Quotations** – In the first six (6) months of 2017, a total of fourteen (14) NTB and twenty-three (23) CPs were quoted on FMDQ with a value of ₦1.94trn

### Total Number of Quotations (Jan – Jun 2017)

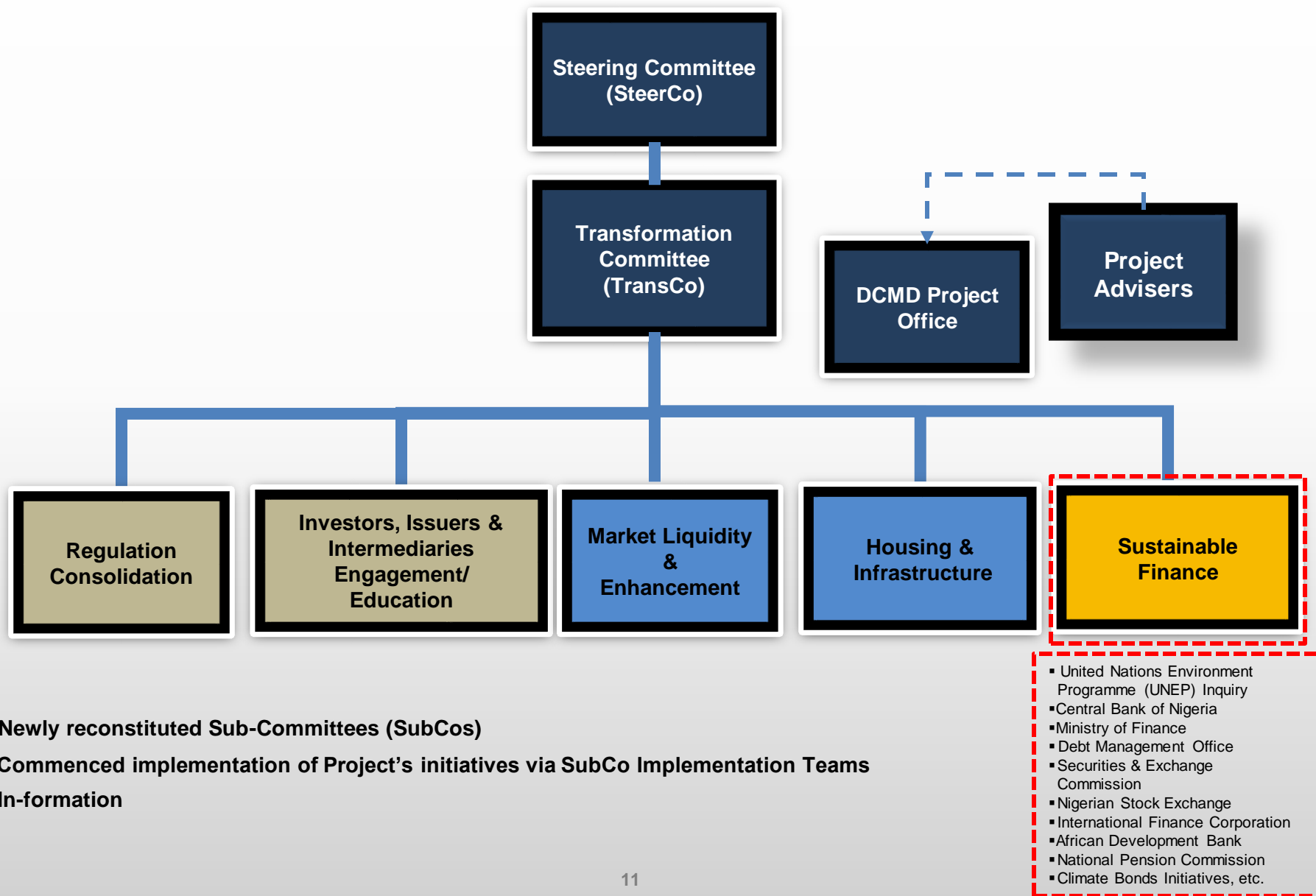
| Product      | Issuer Category | Total Quoted | Face Value (₦'bn) |
|--------------|-----------------|--------------|-------------------|
| NTBs         | FGN             | 14           | 1,865.49          |
| CPs          | Corporate       | 23           | 74.46             |
| <b>Total</b> |                 | <b>37</b>    | <b>1,939.95</b>   |

\* FGN – Federal Government of Nigeria

\*\* USD/NGN Rate at ₦305.90

| S/N | Initiative  | Update  |
|-----|---|---|
| 1.  | <b>Dealing Member (Specialists) (DMS) Market Update</b> | <ul style="list-style-type: none"> <li>▪ As part of the activation of Phase 2 of the DMS Market, Management has now opted for a Single Settlement Bank Structure (SSBS), supported by a Market Development Fund (to help mitigate against market risk) to aid settlement activity, among others, in the DMS market</li> <li>▪ Management is currently revising the market documentation (including the DMS Market Framework, Settlement Bank Framework, Market Operational Standards, and Infractions &amp; Penalties Guide) to reflect the newly introduced SSBS</li> <li>▪ The Q-Deal System (the System) has also been upgraded with new functionalities for the integrated market structure, including profiling of Dealing Member (Banks) as liquidity providers with capabilities of providing quotes to the DMSs and risk management functionalities for the Settlement Bank</li> <li>▪ Preliminary dummy sessions have been conducted to test the features and obtain relevant feedback, which has been incorporated into the System</li> </ul> |

# DCMD Project - Major Highlights



# DCMD Project - Recent Updates

## Implementation of SubCo Recommendations via SITES<sup>1</sup>

### Regulation Consolidation SubCo

- Removal of restrictive regulations on the Insurance sector limiting participation in the Nigerian DCM

### Investors, Issuers & Intermediaries Engagement/ Education SubCo

- Validation of the effectiveness of SEC Corporate Governance Code
- Sensitisation/Awareness Campaign for issuers on the benefits/documentation required to access the DCM

The DCMD Project SubCos highlighted above are in the implementation phase of the various recommendations that were approved by the DCMD Project Steering Committee.

## Formation of the Sustainable Finance SubCo

- Potential members including relevant government agencies/ministries, regulators, development finance institutions, as well as key market stakeholders have been invited to support this initiative
- United Nations Environment Programme (UNEP) Inquiry and the Climate Bonds Initiative are in collaboration with the DCMD Project on this initiative
- Proposed launch date is September 29, 2017

1 - SubCo Implementation Teams

**Thank you for your attention!**



*...empowering the Nigerian debt capital & FX markets*