



FMDQ OTC Securities Exchange

Presentation to Capital Market Committee (CMC)

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Synopsis

S/N	Focus	Highlight	Status	Page
1	Update on OTC Market Statistics	<ul style="list-style-type: none"> FMDQ OTC Market Sizing 	↑	5
2	Update on Compliance with SEC Directives	<ul style="list-style-type: none"> Investor Protection Fund Board of Trustees FMDQ Appeal Process for Penalties on Trading Infractions 	<div></div> <div></div>	7
3	Update on Debt Capital Markets (DCM)	<ul style="list-style-type: none"> Listings and Quotations Dealing Member (Specialists) (DMSs) Fixed Income Securities Investment Client Service (FISICS) Sukuk Listing Rules DCMD Project Update 	<div>↑</div> <div></div> <div></div> <div></div> <div></div>	9 10 11

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

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FMDQ OTC Market Sizing

Product Category	Turnover (₦'trn)			
	Jan – Dec		Jan – Mar	
	2015	2016	2016	2017
Foreign Exchange (FX)	27.64	13.88	3.95	2.19
FX & Money Market Derivatives*	7.11	8.59	1.30	3.83
OTC FX Futures	-	2.48	0.00	0.69
Treasury Bills	48.24	45.45	8.04	18.27
FGN Bonds	10.73	9.04	2.98	3.44
Other Bonds**	0.13	0.04	0.02	0.00
Eurobonds	0.04	0.05	0.02	0.04
Repurchase Agreements/Buy-Backs	31.56	31.18	6.10	7.71
Unsecured Placements/Takings	11.97	2.95	0.59	0.29
Total	137.43	113.66	23.00	36.46
<i>USD Equivalent (\$'bn)</i>	697.95	444.85	115.89	117.26
<i>No. of Business Days</i>	245	252	60	65
<i>Average Daily Turnover (₦'bn)</i>	560.92	451.03	383.36	560.89
<i>USD Equivalent (\$'bn)</i>	2.85	1.77	1.93	1.80
<i>Av. Rate (\$/₦)</i>	196.90	255.50	198.47	310.90

bn – billion; trn – trillion

*FX & Money Market Derivatives figures do not include OTC FX Futures

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

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

Source: FMDQ Data Portal as @ April 7, 2017 (as reported by Dealing Member (Banks) on a weekly basis)

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Update on Compliance with SEC Directives

S/N	Initiative	Update	Compliance Status
1	Investor Protection Fund (IPF)	<ul style="list-style-type: none"> The selection of the Board of Trustees of the FMDQ-IPF has been completed and approved by the Commission The Board of Trustees shall be formally inaugurated and the FMDQ-IPF activated in Q2 2017 	
2	Appeal Process for Penalties on Trading Infractions	<ul style="list-style-type: none"> The SEC-approved FMDQ Appeal Process for Penalties on Trading Infractions has been published on FMDQ's website 	

Legend

	Commenced (Work-In-Progress)
	Completed /Launched

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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 Bond/Funds Listing (2015/2016)

Product	Issuer Category	2015		2016	
		Total Listed	Face Value (₦'bn)	Total Listed	Face Value (₦'bn)
Bonds	FGN*	4	1,578.06	4	1,308.30
	FGN Eurobond	-	-	-	-
	Corporate	8	120.04	7	107.80
	Sub-national	2	12.95	-	-
	Agency	-	-	-	-
	Supranational	-	-	-	-
Funds	Corporate	-	-	2	2.64
Total		14	1,711.05	13	1,418.74

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
Total		47	3,766.20	65	4,515.45

Matured & Paid Down vs Outstanding CPs (Jan – Dec 2016 & Jan – Mar 2017)

Product	Issuer Category	Jan - Dec 2016		Jan - Mar 2017	
		Total Quoted	Face Value (₦'bn)	Total Quoted	Face Value (₦'bn)
CPs	Matured & Paid Down	8	76.33	4	9.82
	Outstanding	10	47.21	11	6.51
Total		18	123.54	15	16.33

Jan – Mar 2017

Listings – In Q1 2017, a total of five (5) Bonds were listed on FMDQ with a total value of ₦426.61bn

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

Product	Issuer Category	Total Listed	Face Value (₦'bn)
Bonds	FGN*	1	50.00
	FGN Eurobond**	1	315.51
	Corporate	2	14.10
	Sub-national	1	47.00
	Agency	-	-
	Supranational	-	-
Funds	Corporate	-	-
Total		5	426.61

Quotations – In the first three months of 2017, a total of seven (7) Nigerian Treasury Bills (NTBs) and fifteen (15) CPs were quoted on FMDQ with a value of ₦1.11trn

Total Number of Quotations (Jan – Mar 2017)

Product	Issuer Category	Total Quoted	Face Value (₦'bn)
NTBs	FGN	7	1,097.62
CPs	Corporate	15	16.33
Total		22	1,113.95

Debt Capital Markets Initiatives

S/N	Initiative	Update
1.	Dealing Member (Specialists) (DMS) Market Update	<ul style="list-style-type: none"> As part of the activation of the next Phase (Phase 2) of the Dealing Member (Specialists) (DMS) Market (Integration with Settlement Banks), Management secured the commitment of three (3) Dealing Member (Banks) (DMBs) to act as Settlement Banks (SBs) for the DMSs FMDQ also upgraded the FMDQ Q-Deal Trading System, integrating the System with additional features: FMDQ is currently facilitating discussions between DMSs and SBs on the charges/fees structure and on the provision of liquidity/trading lines by the SBs to the DMSs Phase 2 is expected to be activated in Q2 2017
2.	Fixed Income Securities Investment Client Services (FISICS) Rules	<ul style="list-style-type: none"> Following the exposure of the draft FISICS Rules and based on feedback received, Management has commenced market sensitisation and engagements to ensure that the Rules embody best practice FMDQ to finalise Draft FISICS Rules for SEC review in Q2 2017
3.	Sukuk Listing Rules	<ul style="list-style-type: none"> On April 18, 2017, the SEC approved the FMDQ Sukuk Listing Rules. Consequently, FMDQ is now positioned to commence the admission of Sukuk securities to its Quotations List

DCMD Project - Update

S/N	Activities	Description
1.	Reconstitution of Sub-Committees (SubCos) and Deliberations for 2017	<ul style="list-style-type: none"> Two (2) SubCos were re-organised and fortified with additional members to enhance their effectiveness and facilitate the achievement of set objectives/goals <ul style="list-style-type: none"> The Product & Infrastructure Innovation SubCo was renamed Housing & Infrastructure SubCo and assigned a new Chairman (Mr. Samuel Sule of Standard Chartered Capital and Advisory Nigeria Ltd.) Mr. Dipo Odeyemi of FMDQ was reassigned to the Market Liquidity & Enhancement SubCo as co-Chairman All SubCos have commenced deliberations on the optimum strategy for ensuring effective and timely implementation of the Project's initiatives in 2017
2.	Alignment of DCMD Project with the Capital Market Master Plan Implementation Committee	<ul style="list-style-type: none"> The DCMD Project's timeline is being aligned with Capital Market Master Plan Implementation Committee's (CAMMIC) by extending the timeline up to 2025 This is in order to drive effective advocacy and implementation of the DCMD initiatives The Project's initiatives will be implemented in 5-year Rolling Plans (i.e. between 2016 - 2020 and 2020 - 2025) with specific targets set for each year and reviewed every third quarter within the Project's timeframe

DCMD Project - Update../2

S/N	Activities	Description
3.	Engagement of CAMMIC as Key Advocacy Partner for Implementation of DCMD Project Recommendations	<ul style="list-style-type: none"> ▪ FMDQ as the Project Manager of the DCMD Project, requested for and received verbal approval for CAMMIC to act as Advocacy Partners for the Project ▪ Position Papers containing the DCMD Project recommendations will be cascaded to CAMMIC for consideration and implementation support during the life of the Project
4.	Addition of a new SubCo to the DCMD Project	<ul style="list-style-type: none"> ▪ In view of the growing importance of Sustainable Finance in the global economy, a new Sub-Committee – the Sustainable Finance SubCo - is being added to the DCMD Project ▪ The SubCo will focus on pressing environmental, social and governance (ESG) issues affecting business and investment decisions and how the Nigerian DCM can access long-term funding for such impact-related projects in Nigeria ▪ The SubCo's areas of focus will include – Impact Investing, Green Bonds, Microfinance, Credits for Sustainable Projects, Active Ownership, Financial Inclusion, etc. ▪ Membership of this SubCo is currently being constituted, with the guidance of subject matter experts

Thank you for your attention



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