



Presentation to Capital Markets Committee (CMC)

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Bonds/Funds Listings & CP Quotations (Aug. 2018 – Oct. 2018)

Product	Issuer Category	Total Listed	Face Value (₦'bn)
Bonds	FGN	-	-
	FGN Eurobonds	-	-
	FGN Green Bond	-	-
	Corporate	1	7.00
	Sub-national	-	-
Funds	Corporate	2	14.26
CPs	Corporate	4	83.78
Total		7	105.04

Matured & Paid Down vs Outstanding CPs (Aug. 2018 – Oct. 2018)

Product	Issuer Category	Total Quoted	Face Value (₦'bn)
CPs	Matured & Paid Down	15	171.78
	Outstanding ¹	11	193.94
Total		26	364.72

OTC FX Futures and I&E FX Window Flows

S/N	Indicator	May - July 2018	Aug. - Oct. 2018	% Change
1	OTC FX Futures Market Turnover (\$'mm)	2,598.97	1,792.27	(31.04)
2	I&E FX Window Flows - FPIs (\$'bn)	3.04	1.85	(31.04)

Debt Capital Markets Sizing & S&P Bond Index

S/N	Indicator	May - July 2018	Aug. - Oct. 2018	% Change
1	DCM Market Sizing (₦'trn)	89.98	91.29	1.46
2	S&P Bond Index	1,066.84	1,040.87	(2.43)

FGN Savings Bond Subscription (Aug. 2018 - Sep. 2018)

Issuance	Aug. (₦'mm)	Sep. (₦'mm)	Total (₦'mm)	No. of Retail Subscribers	Aug.	Sep.	Total
2-Year Bond	49.33	91.56	140.89	2-Year Bond	130	125	255
3-Year Bond	176.52	549.39	725.91	3-Year Bond	181	211	392
Total	225.85	640.95	1,235.58	Total	311	336	647

Total Number of NTBs (Aug. 2018 – Oct. 2018)

Product	Issuer Category	Total Quoted	Face Value (₦'bn)
NTBs	FGN	7	806.88

FGN Bonds Yield (%)

	2Y	5Y	10Y
Oct. 31, 2018	15.33	15.29	15.56
Jul. 27, 2018	13.38	13.40	13.57
Change (%)	11.65	11.12	8.89

Treasury Bills Yield (%)

	3M	6M	12M
Oct. 31, 2018	12.61	13.58	16.50
Jul. 27, 2018	12.55	12.90	13.79
Change (%)	0.48	5.27	19.65

FMDQ OTC Market Sizing



Product Category	Turnover (₺'trn)		Change %
	Jan. - Oct.		
	2017	2018	
Foreign Exchange (FX)	15.75	36.29	130.38
FX & Money Market Derivatives*	13.67	18.31	34.00
Treasury Bills	50.52	57.47	13.75
FGN Bonds	8.24	10.13	22.86
Other Bonds**	0.03	0.11	312.54
Eurobonds	0.08	0.07	(19.36)
Repurchase Agreements/Buy-Backs	25.74	22.56	(12.35)
Unsecured Placements/Takings	1.28	0.73	(43.01)
Total	115.32	145.67	26.32
<i>USD Equivalent (\$'bn)</i>	365.72	403.26	
<i>No. of Business Days</i>	208	206	
<i>Average Daily Turnover (₺'bn)</i>	554.43	707.14	
<i>USD Equivalent (\$'bn)</i>	1.16	1.12	
<i>Average Rate (\$/₺)</i>	315.33	361.23	

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 @ November 5, 2018 (as reported by Dealing Member (Banks) on a weekly basis)

Figures may be subject to change due to potential adjustments from Dealing Member (Banks)¹

Recent Developments/Updates

Initiative	Recent Development	Factors Responsible for Development/Challenges	Next Steps
Debt Capital Markets Development Project	Sustainable Finance SubCo <ul style="list-style-type: none"> ▪ Executed Series 2 regulatory/ government agencies training session in Abuja ▪ Executed focused training sessions for potential issuers ▪ Executed focused training session for staffs of SEC ▪ Executed Investors Capacity Building session on Green Bonds 	<ul style="list-style-type: none"> ▪ Need to demystify the concept of green finance/precipitate issuance of corporate green debt instruments in the Nigerian debt capital markets 	<ul style="list-style-type: none"> ▪ Execute Issuers Capacity Building session (Q1 2019) ▪ Execute local verifiers workshop (Q2 2019)
	Market Liquidity & Enhancement SubCo <ul style="list-style-type: none"> ▪ Ongoing research on model markets/development of position papers on the modalities for expanding retail sector participation in the Nigerian DCM 	<ul style="list-style-type: none"> ▪ Need to increase retail participation in the Nigerian DCM 	<ul style="list-style-type: none"> ▪ Conclude position paper/engage market participants to obtain buy-in on new concepts (Q4 2018)
	Investors, Issuers & Intermediaries Engagement/ Education <ul style="list-style-type: none"> ▪ Executed the maiden bootcamp training for corporate issuers. The session provided a platform for SEC, rating agencies, issuers & potential issuers to interact and discuss the process of issuances of debt securities in the Nigerian DCM 	<ul style="list-style-type: none"> ▪ To promote increase in capital formation through the Nigerian DCM 	<ul style="list-style-type: none"> ▪ Organise bootcamp training for intermediaries in the Nigerian DCM (Q1 2019)

Recent Developments/Updates../2

Initiative	Recent Development	Factors Responsible for Development/Challenges	Next Steps
Debt Capital Markets Development Project	Housing SubCo <ul style="list-style-type: none"> ▪ Engaged leadership of Pension Fund Operators Association of Nigeria (PenOp) on steps required to operationalise Mortgage Warehouse Funding Limited ▪ Commenced the process for appointment of a suitable Management Consulting firm to develop a National Housing Strategy in collaboration with Office of the Vice President (OVP) ▪ Engaged key market participants on modalities for Pension Fund Administrators (PFAs) participation in Home Ownership and Mortgage Expansion Strategy (HOMES) ▪ Participated in the technical session organised by the CBN towards setting up a Mortgage Guarantee institution under the National Housing Finance Programme 	<ul style="list-style-type: none"> ▪ To unlock inherent potentials in the housing and mortgage markets and deepen the Nigeria debt capital markets 	<ul style="list-style-type: none"> ▪ Execute FMDQ Housing Roundtable (Q4 2018) ▪ Engage CBN on steps required to implement adoption of the Uniform Underwriting Standards by Commercial Banks (Q4 2018) ▪ Develop Position Paper on the withdrawal of RSA contributions to be applied as equity contributions for mortgages (Q4 2018)

Recent Developments/Updates../3

Initiative	Recent Development	Factors Responsible for Development/ Challenges	Next Steps
Debt Capital Markets Development Project	Regulation Consolidation SubCo <ul style="list-style-type: none"> Received letter from SEC on the commencement of the implementation of the Sub-committee's recommendations on the issuance of interpretive guidance notes by the SEC. Frequently Asked Questions have now been uploaded on the SEC's website 	<ul style="list-style-type: none"> To promote transparency, consistency and fairness in the regulation of the Nigerian capital market 	<ul style="list-style-type: none"> Continued engagement with SEC to ensure complete implementation of the issuance of interpretive guidance notes before the end of Q4 2018
	<ul style="list-style-type: none"> Developed and presented Position Paper on the streamlining of bonds issuance process in the Nigerian DCM at the 2nd SteerCo meeting dated September 25, 2018 	<ul style="list-style-type: none"> To reduce time to market of bond issuances in the Nigerian DCM To facilitate issuances/listings in the Nigerian DCM 	<ul style="list-style-type: none"> Convene meeting between SteerCo and executive management of SEC in November 2018 to further discuss the approval and implementation of the proposal for streamlining of bonds issuance process
	<ul style="list-style-type: none"> Engaged the National Insurance Commission (NAICOM) for approval of the removal of restrictive regulations limiting insurance sector's participation in the Nigerian DCM Received a formal acceptance from NAICOM to join the Regulation Consolidation SubCo 	<ul style="list-style-type: none"> To promote active participation of the insurance sector in the Nigerian DCM 	<ul style="list-style-type: none"> Continuous follow up with NAICOM to ensure inclusion of recommendations in the prudential guidelines as agreed Follow-up on status of review of the Insurance Act which is currently with Ministry of Finance/ Justice as it is required to actualise our initiative

Recent Developments/Updates../4

Initiative	Recent Development	Factors Responsible for Development/Challenges	Next Steps
Debt Capital Markets Development Project	Infrastructure SubCo <ul style="list-style-type: none"> Executed the inaugural infrastructure SubCo meeting on October 24, 2018 	<ul style="list-style-type: none"> To allow for better focus on critical initiatives required to drive infrastructure development in Nigeria 	<ul style="list-style-type: none"> Review the National Integrated Infrastructure Masterplan (NIIMP) to identify key projects that will guide SubCo's focus area (Q4 2018)
Retail Market Development	<ul style="list-style-type: none"> Engagements currently ongoing with SEC on the development of regulation to support Retail Custody Account for Fixed Income Securities Following feedback received from market, FMDQ re-exposed the Draft FISICS Guidelines to targeted stakeholders for further deliberation FMDQ is in advanced stages of finalising the modalities for activation of the Dealing Member (Specialists) market 	<ul style="list-style-type: none"> To increase retail participation and expand the investor base in fixed income securities Need for market participants to properly appreciate the reforms sought to be introduced by the regulation To enhance retail market development in the fixed income market 	<ul style="list-style-type: none"> SEC to issue regulation to support FMDQ's proposal Incorporate suggested amendments following re-exposure of Draft Guidelines to SEC for approval (Q4 2018) Preparation for Market Go-Live in (Q4 2018)

Issues for CMC Deliberation



Issue	Objective
SEC Rules on Primary Issuance Fees	SEC to reconsider its position on published Rules concerning Primary Issuance Fees offered by capital market operators

Thank you for your attention!



...empowering the Nigerian debt capital & FX markets