



Presentation to Capital Market Committee (CMC)

Bola Onadele. Koko
Chief Executive Officer
FMDQ Group

August 12, 2021



FMDQ Group

2.

FMDQ Securities Exchange Limited

5.

FMDQ Clear Limited

8.

FMDQ Depository Limited

12.



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Debt Capital Markets Development Project

Debt Capital Markets Development Project 2025

Housing Finance

- Development of the National Housing Strategy
- Advocacy for the Withdrawal of 25% from RSA as equity contributions for Mortgages
- Advocacy on the passage of Model Mortgage Foreclosure Law
- Advocacy for the Adoption of Uniform Underwriting Standards by Commercial Banks
- Execution of Housing Roundtables in collaboration with relevant stakeholders

Infrastructure Finance

- Spearheading the development of the tradability framework of the Road Infrastructure Tax Credit Notes
- Direct engagements with identified institutions on infrastructure finance initiatives
- Execution of capacity building sessions on infrastructure finance and leveraging the debt capital markets for infrastructure development

Sustainable Finance

- Implementation of the Nigerian Green Bond Market Development Programme (NGBMDP)
- Activation of the Financial Centre for Sustainability, Lagos
- Collaboration with the Federal Ministry of Environment – PACET Agenda

Vision

To become a world class, properly functioning debt capital market by 2025

Strategic Objectives



Debt Capital Markets Development Project../2

Investors, Issuers and Intermediaries Education/Engagement SubCo

- Ongoing preparation for the retail investors knowledge sharing session to sensitise market participants on the various investment options in the Nigerian debt capital markets

Regulation Consolidation SubCo

- Engaged relevant regulatory authorities on intervention in the equalisation of tax treatments in the Nigerian debt capital markets, as well as in other advocacy initiatives like leveraging the media platforms, in anticipation of the expiration of the existing Tax Exemption Order in January 2022

Key Next Steps

- Continuous engagement with relevant regulatory agencies and institutions on the SubCos' recommendations as relevant
- Facilitate relevant capacity building sessions targeted at retail investors in the Nigerian debt capital markets

Strategic Objectives





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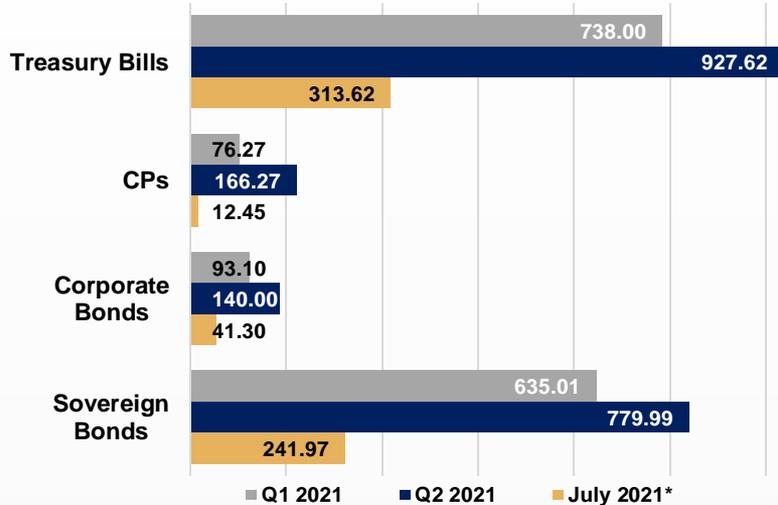
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FMDQ Depository Limited

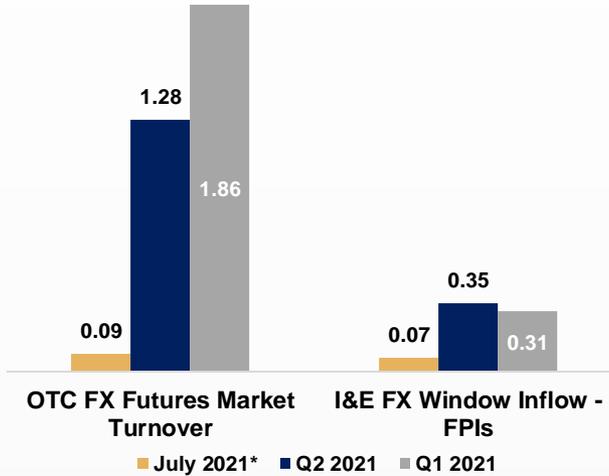
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Market Statistics

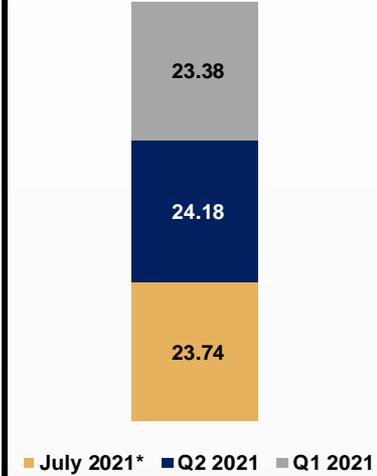
Total Issuance | N'bn



OTC FX Futures & I&E FX Window Inflow | \$'bn



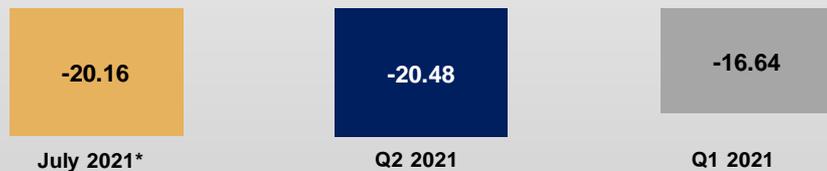
DCM Outstanding Value | N'trn



Market Turnover | N'trn



S&P FGN Bond Index YTD (%)



FGN Savings Bond Issuances

Tenor	July 2021*	Q2 2021	Q1 2021
	(N'mm)		
2-Year	341.01	589.48	1,048.68
3-Year	620.99	1,516.25	1,707.12
Total	962.00	2,105.73	2,755.80

S&P FGN Bond Index



Key Market Development Initiatives

S/N	Initiative	RAG Status	Phase(s)
1.	Bilateral Repo with Collateral Management Project		<ul style="list-style-type: none"> Market Documentation System Deployment Stakeholder Engagements <div style="border: 1px dashed black; padding: 5px; margin-top: 10px;"> Completion Level 90% </div>
2.	FMDQ Derivatives Market Development Project		<ul style="list-style-type: none"> System Deployment Stakeholder Education Product Development Legal & Regulatory Risk Management and Operational Readiness <div style="border: 1px dashed black; padding: 5px; margin-top: 10px;"> Completion Level 70% </div>
3.	FMDQ Securities Trading System for Dealing Member (Specialist) & Brokers <ul style="list-style-type: none"> <i>Dealing Member (Specialist) Market (DMS)</i> <i>Brokers' Orderbook Surveillance System (BOSS)</i> 		<ul style="list-style-type: none"> Market Documentation System Deployment Stakeholder Engagement <div style="border: 1px dashed black; padding: 5px; margin-top: 10px;"> Completion Level 50% </div>

Note: RAG Status

Work-in-Progress



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FMDQ Clear Limited – Clearing Activities



FMDQ Clear Limited (“FMDQ Clear” or the “Company”) has recorded several key milestones in its journey to becoming a Central Counterparty (“CCP”). In addition, the much-needed legal and regulatory basis are now in place.



Registered by the SEC in Nov. 2017



Commenced operations in Jan. 2018



Integrated trading system with CBN settlement platform in Jun. 2018



Registered as a CCP in Sep. 2020

OTC FX Futures

Achievements

- Central Clearing
- Margining
- Active Collateral Management

Impact

0%

- ZERO unsettled contracts

Clearing Statistics

₦20.21trn

(\$55.65bn)

worth of contracts

Cleared
as at Jun. 30, 2021



Open Contracts

₦1.83trn

(\$4.25bn)

worth of contracts

Open
as at Jun. 30, 2021



FMDQ Clear Milestones

Regulatory

Fully registered as a CCP with the SEC

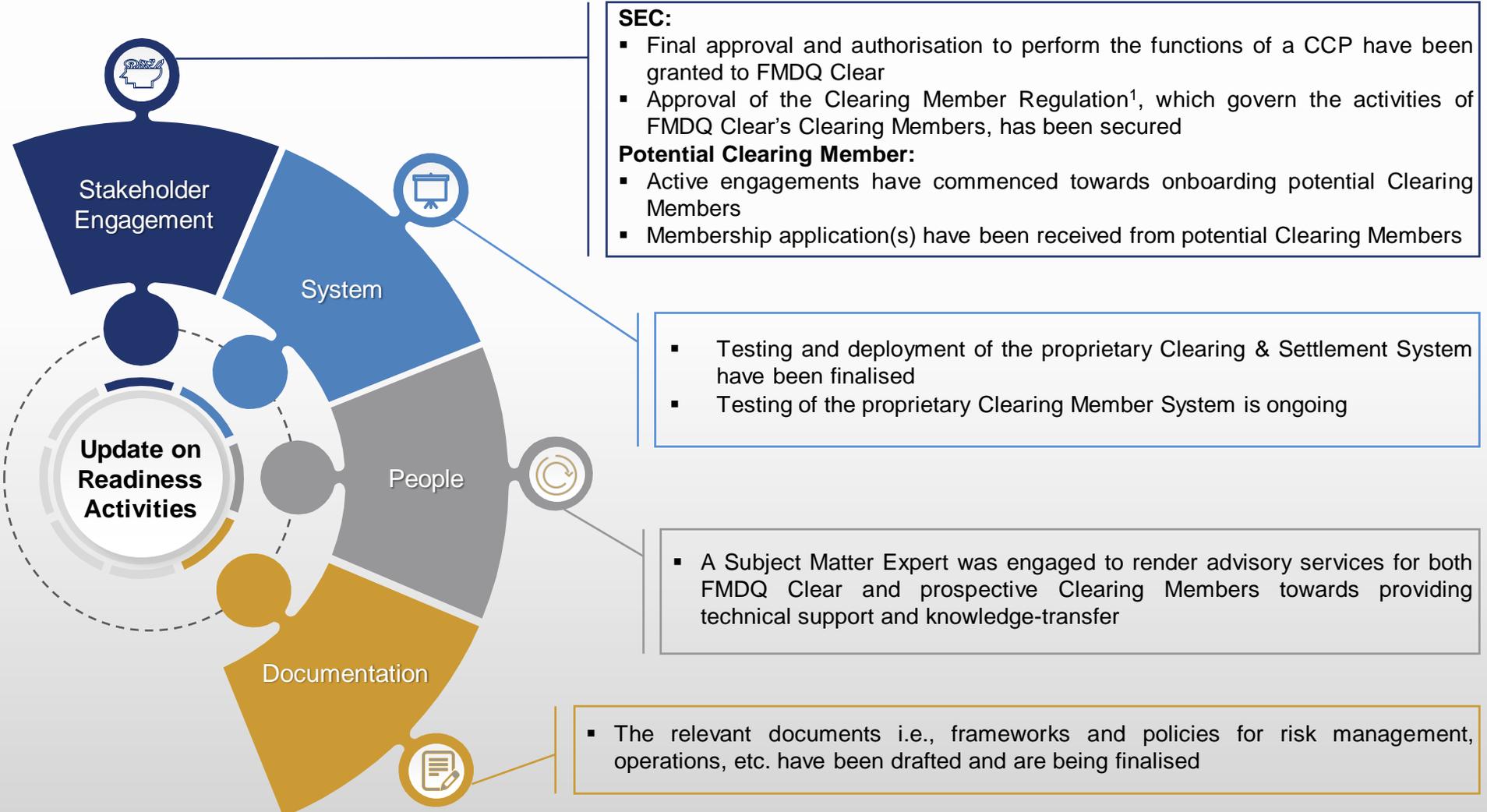
Financial Capacity

₦5.00bn regulatory capital

Growth of the Default Resolution Reserve to c. ₦20.00bn in the short-term and N30bn in medium-/long-term

Activation of CCP Services: FMDQ Clear Readiness Activities

FMDQ Clear continued with its efforts to put in place the necessary requirements and structures for the activation of CCP services for the Exchange-Traded Derivatives Market.



FMDQ Clear aims to channel further efforts towards the following to enable the activation of CCP Services in the immediate-term

REGISTRATION

- Accelerate engagements with prospective Clearing Members
- Expedite the Clearing Member application review process
- Accelerate Clearing Members registration with the SEC

TECHNOLOGY

- Actively commence system configuration and Clearing Member set-up on the Clearing Member Clearing System

OPERATIONALISATION

- Acquire and build clearing technical capacity
- Educate applicable stakeholders on the associated market structure and role of market participants
- Finalise all requisite documentations that guide the provision of CCP Services ahead of the Derivatives Market launch



FMDQ Holdings PLC

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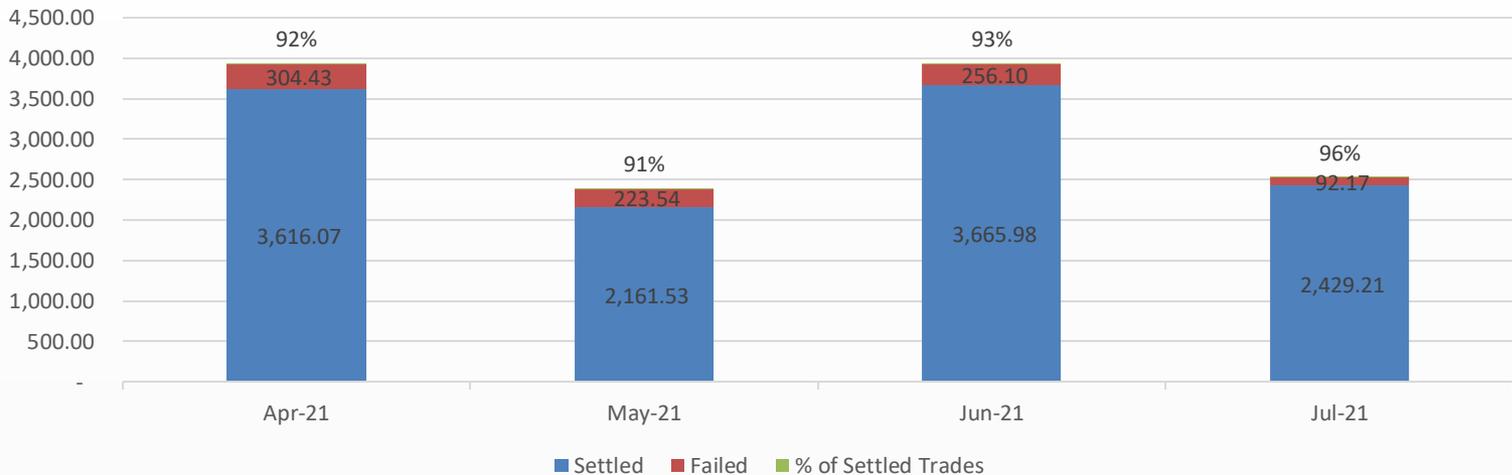
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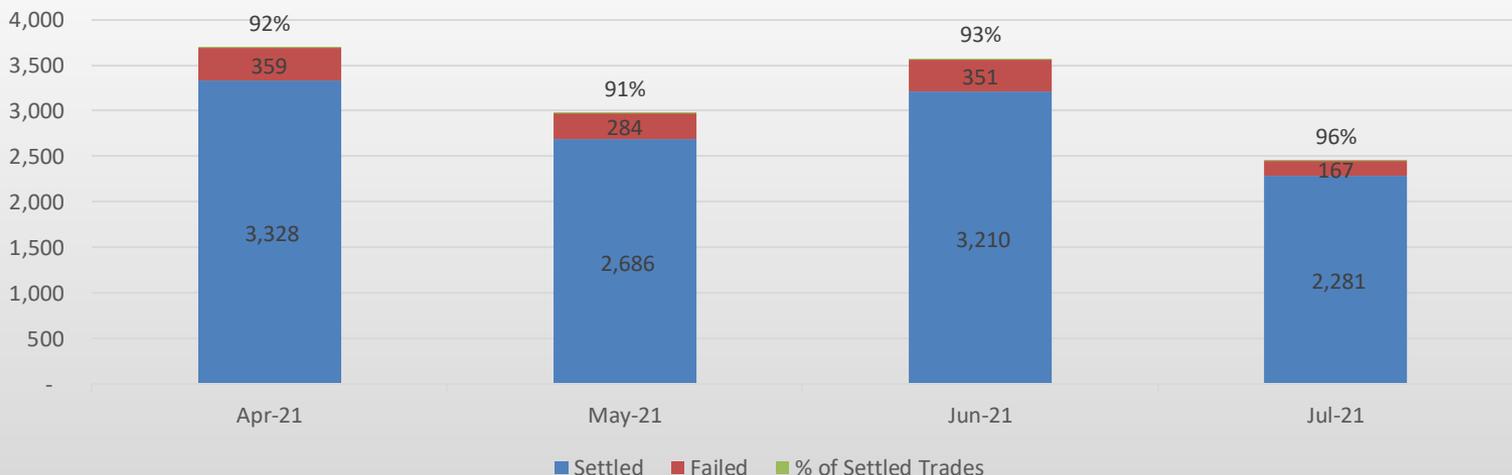
Sovereign Securities Trade Settlement Summary: Value (₦'bn) and Transaction Volume



Value (₦'bn)

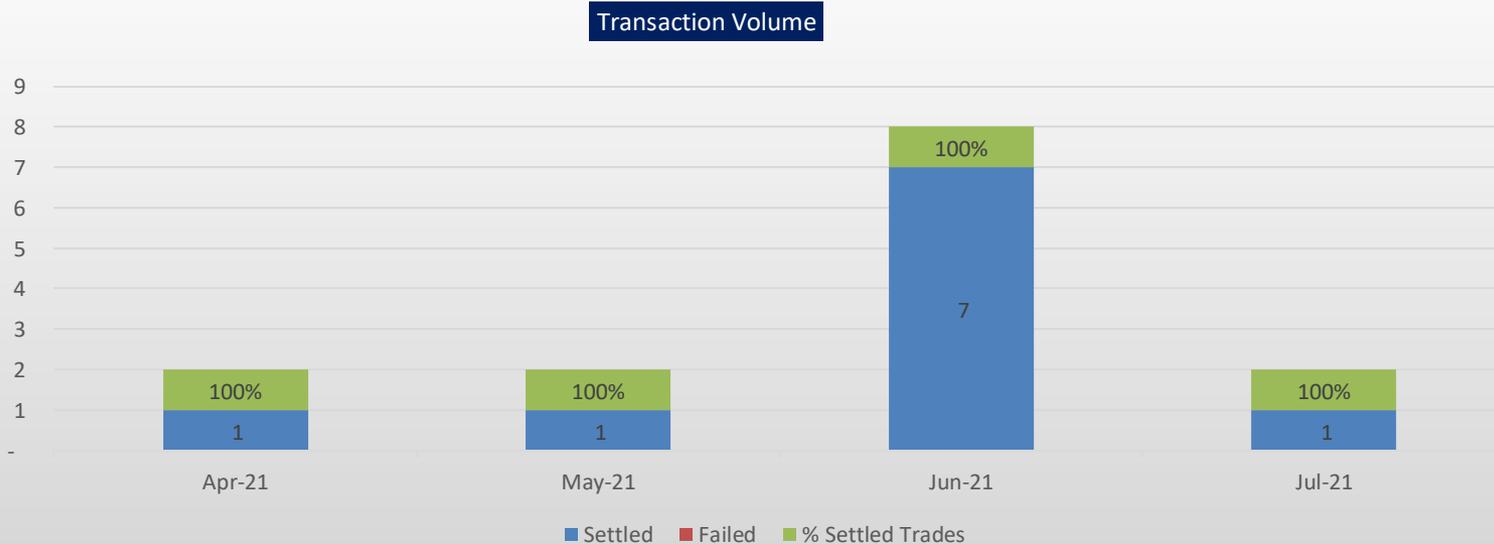
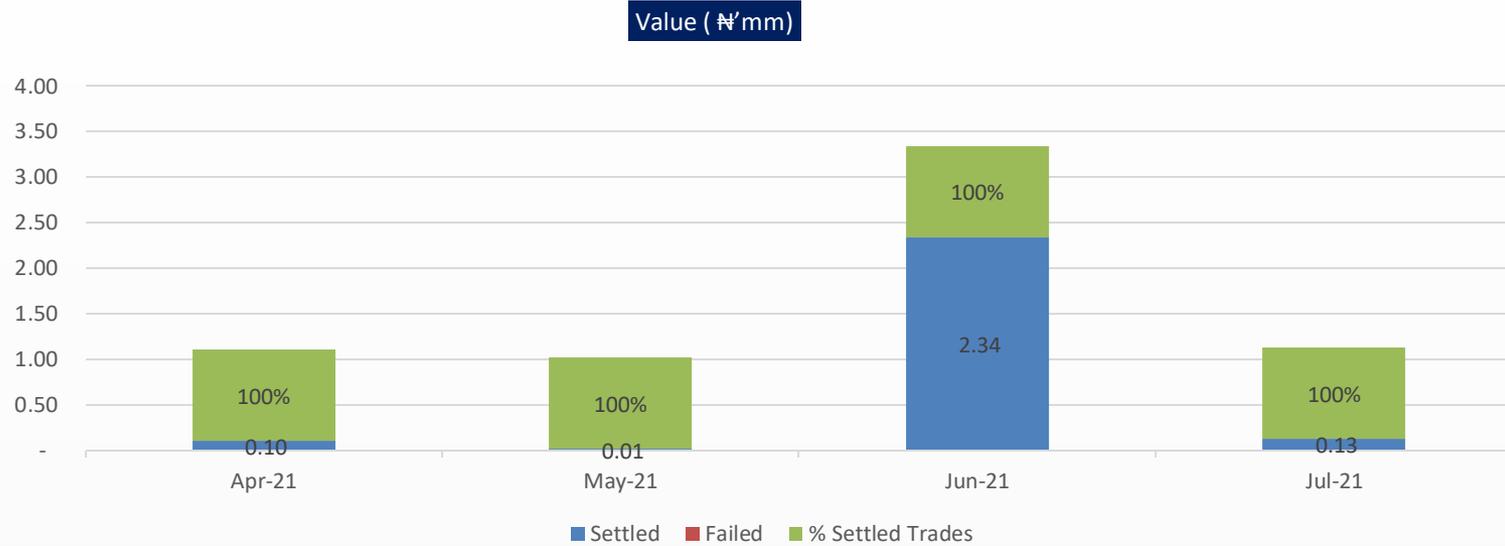


Transaction Volume



Note: Report is at July 23, 2021

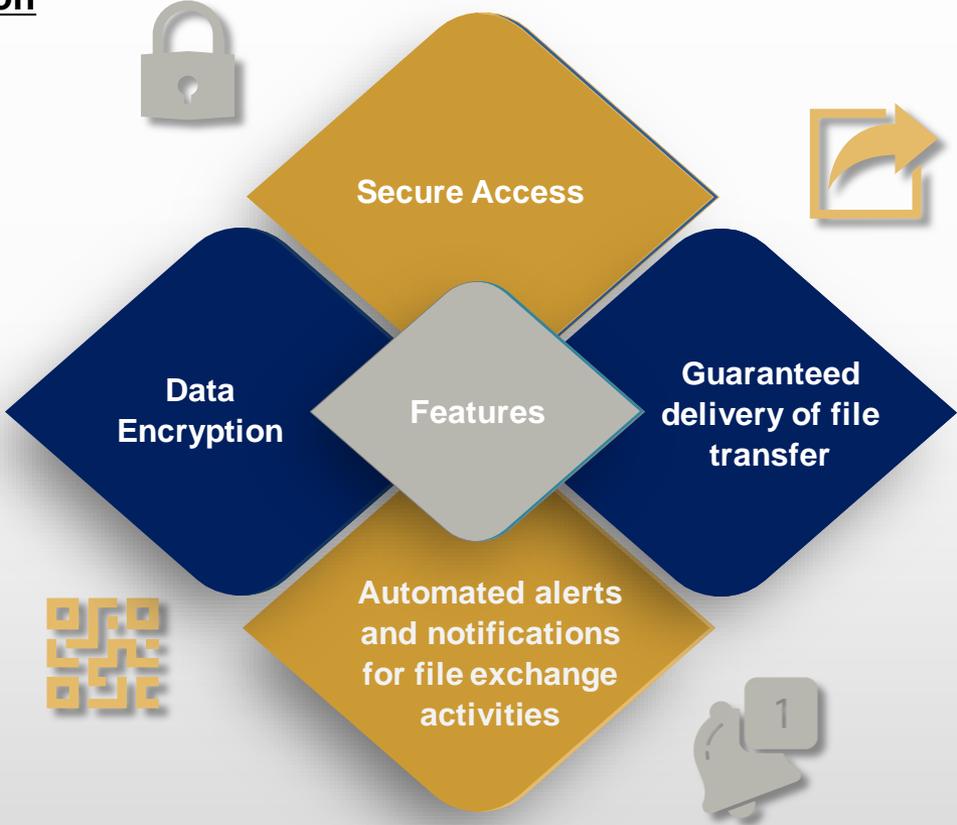
Non-Sovereign Securities Trade Settlement Summary: Value (₹mm) and Transaction Volume



Note: Report is as at July 23, 2021

A portal which facilitates secure and efficient exchange of data in alignment with global best practices was activated for various participants in Q2 2021.

Features of the Application



20.00% of depository participants are onboarded – This exercise will be progressed in Q3 2021

Thank you for your attention!



A Vertically Integrated Financial Market Infrastructure Group