

Presentation to Capital Market Committee (CMC)

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NG CLEARING

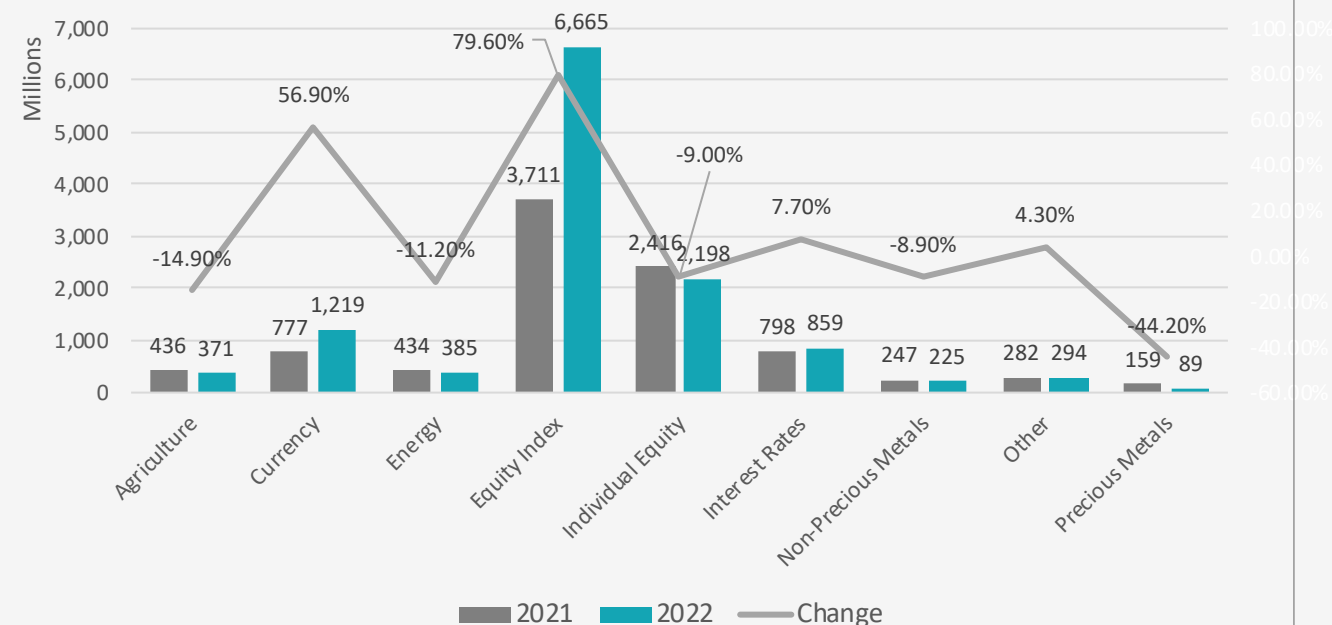
NG Clearing – Nigeria's Premier CCP

- Incorporated in 2016.
Recognised by the Securities and Exchange Commission (SEC) as a Central Counterparty (CCP) in 2021.
- Established as a Market Infrastructure Institution (MII) to clear & settle trades in multiple asset classes across Exchanges as a CCP in Nigeria.
- Owned by reputed Financial Institutions such as Exchange, Depository, top commercial & merchant Banks, Sovereign Investment Authority, and stock brokers association.
- Policies and procedures benchmarked in accordance with the Global Best Practices including the Principles for Financial Market Infrastructures (PFMIs) prescribed by the CPSS-IOSCO.



Global Derivative Products Volume – Number of Contracts

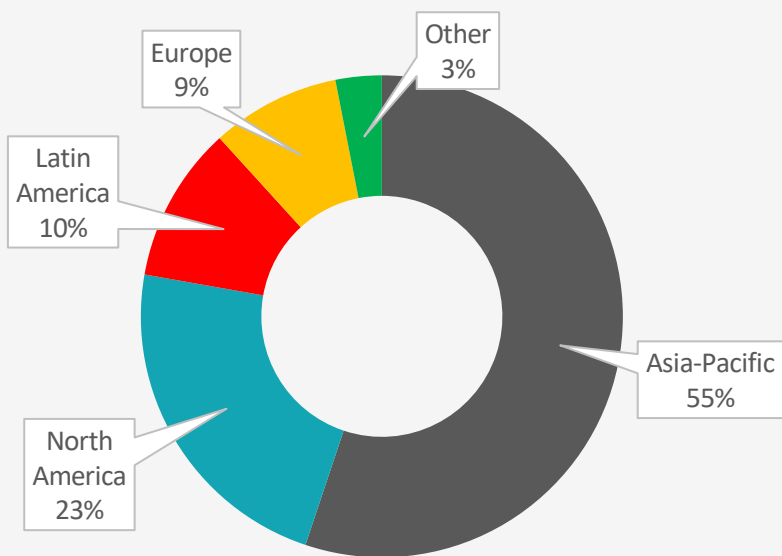
ETD Volume (Futures and Options) Jan & Feb, 2021 vs 2022



Global volume of ETDs reached 6.23 billion contracts in the month of **February**, the highest monthly total ever recorded. The February total was up 2.4% from January 2022 and up 35.6% from February 2021. On a year-to-date basis, volume in the first two months of the year was 12.3 billion contracts, up 32.9% from the first two months of 2021.

The majority of that increase came from equity index contracts. Total open interest at the end of February was 1.06 billion contracts. The February total was down 3.9% from December 2021 but up 5.6% from a year ago.

2022 February ETD (F&O) Volume



It is a good start for the Indexed and Individual Stock Futures.

This validates the decision to start with Equity Index Derivatives as it is the most Exchange Traded Derivative, followed by Individual Stock Derivative Both Futures and Options Contracts. This also allows traders to speculate and leverage which could in turn spur the performance of the financial market and the economy at large.

Our Operational Readiness



Completed

- SEC approval of two Clearing Members
- Pilot Derivative Clearing Sessions with Clearing Members
- Market Wide Mock Sessions with all parties including trading members, clearing members, and NGX Exchange in readiness for launch.
- Completed testing and deployment of the Risk Management, Clearing & Settlement Systems.
- Received approval of rulebook, circular and complaint management framework.
- Received final approval from SEC
- Conducted pilot test of NIBSS interface for fund settlement.

• Business Continuity Plan and Disaster Recovery site are



Ongoing

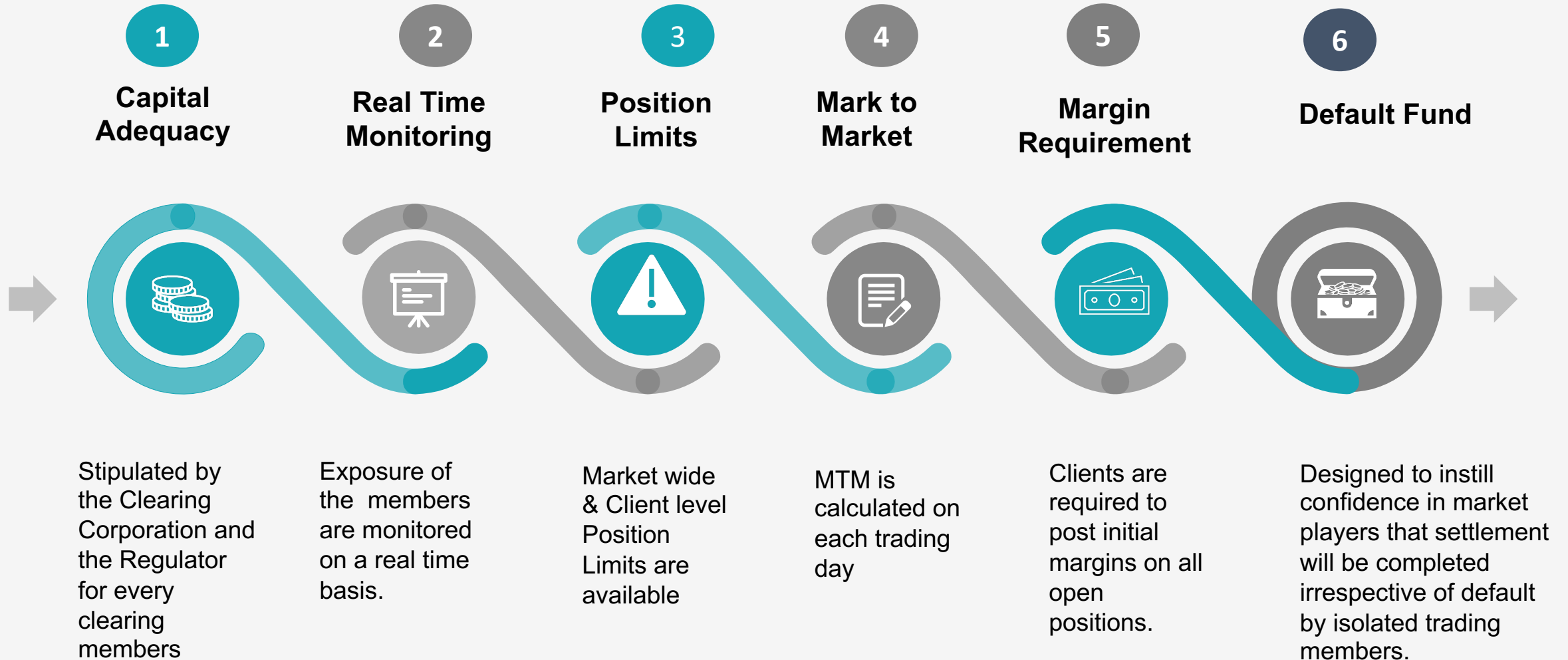
- Continuous Stakeholder awareness sessions
- Continuous Market-Wide Mock
- Go-Live Readiness

Our Robust Interfaces and Systems

Seamless Interfaces Comprehensive reports to Clearing members and Trading Members

- To facilitate risk management of their constituents
- CMs and TMs can start operations without significant investments on internal systems for risk management and settlements
- Granular information on trades, positions, margin requirements, settlement obligations at client/contract level
- Online interfaces to
 - maintain and update client information
 - Manage collaterals with CCP
 - Set and monitor margin limits and monitor the same

Our Risks Management Measures Include:



Thank You



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