

CMC - NG Clearing

MD/CEO - Tapas Das

August 2021



NG CLEARING

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About Us



NG Clearing – Nigeria's Premier CCP



Incorporated as NGX in 2016 and changed its name to NG Clearing Limited. In 2021, received SEC's approval as a Central Counterparty.



Established as a market infrastructure to clear & settle trades in multiple asset classes across Exchanges in Nigeria.



Owned by reputed Financial Institutions such as Exchange, Depository, top commercial & merchant Banks, Nigerian Sovereign Investment Authority, private equity firm and stock brokers association.



**8th Floor, UBA House
57 Marina Road, Lagos**

Mission & Vision



Our Mission



We ensure safe and resilient financial markets for growth

Our Vision

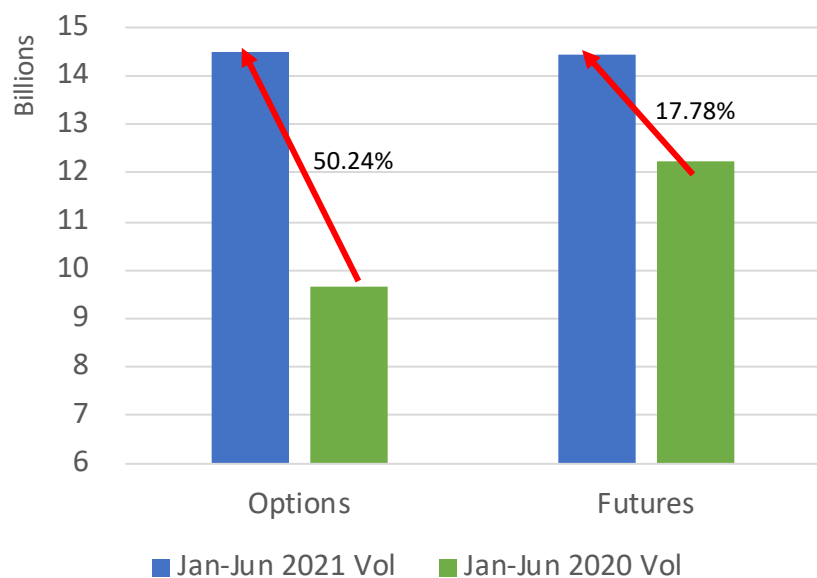


To be the most trusted Central Counterparty in Africa

Explosive Growth in Global Equity Derivative

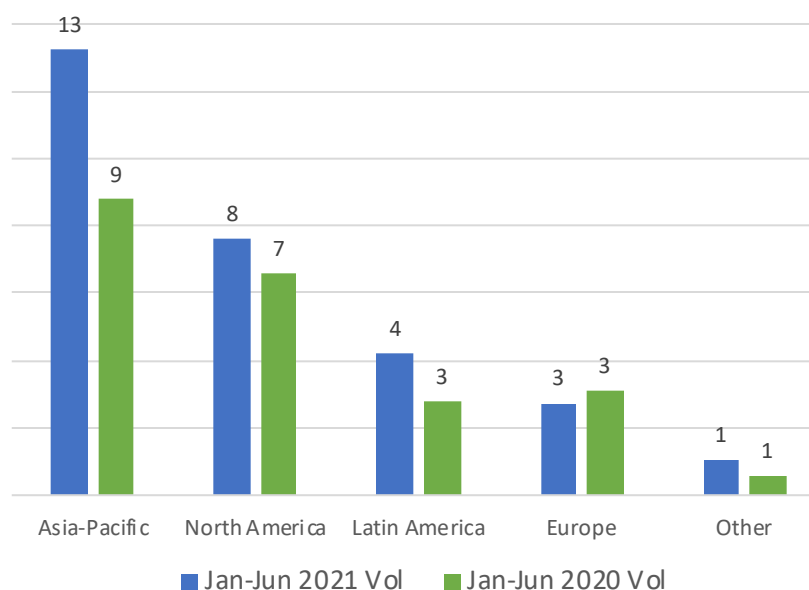


Global Futures and Options Volume



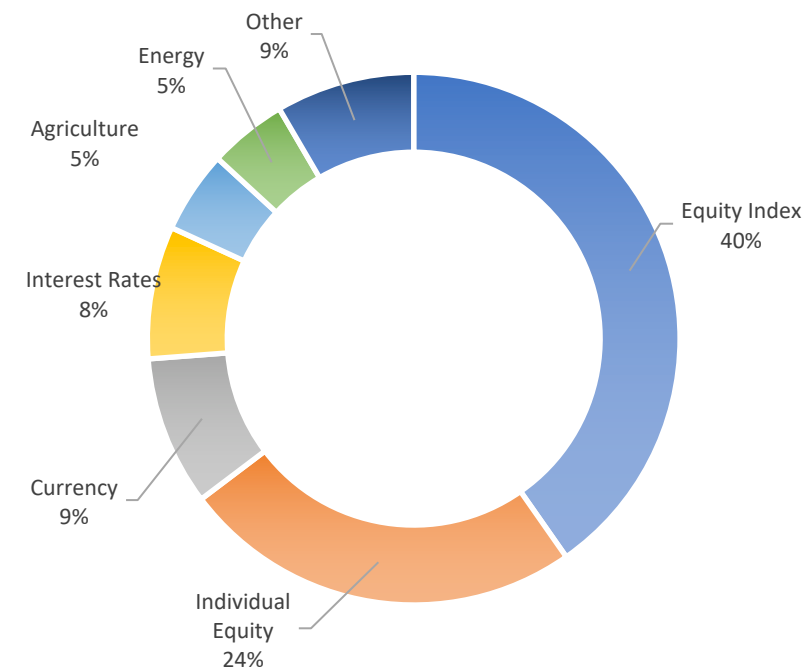
Options and Futures are equally traded by volume; between Jan – June 2021, both recorded 14 billion contracts globally. Options recorded volume increased by 50.24% between 2020 and 2021, while Futures recorded 17.78% within the same period.

Global Futures and Options Volume by Region



Asia-Pacific and North America lead the global volume while Other (consisting of Greece, Israel, South Africa and Turkey) recorded an annual growth of 194.5%.

Derivative Volume by Category



Equity Derivatives (Equity Index (40% & Individual Equity (24%)) constituted 64% of global derivatives market. This validates the product launch.

The Journey so far



Incorporated in 2016 to function as a CCP in the Nigeria financial market

2016

Participated in the development of the legal and regulatory framework for CCP in Nigeria

2017

- Signed technology agreement with experienced technology partner
- Obtained Approval In Principle from SEC

2020

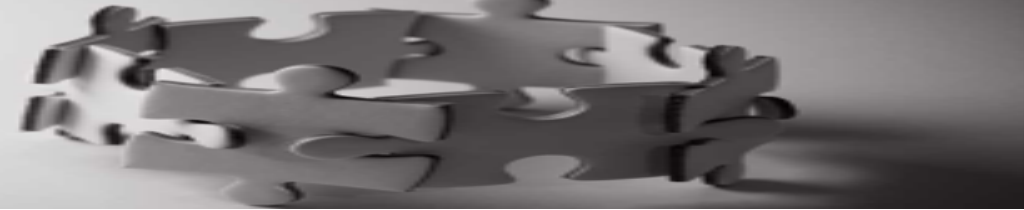
- Developed draft rule book
- Technology vendor provider assessment and selection

2018

2021

- 2021
- SEC's Registration of NG Clearing as a CCP
 - SEC's Approval of rulebook and circular.
 - Obtained No Objection from CBN
 - Stakeholder awareness session

Our Value Proposition



- Reduction of counterparty risk through novation, netting and robust risk management
- Availability of resource (pre-funded) to manage a default

Robust Risk Management

- Protecting market participants from clearing member defaults by preventing insufficient collateralization of market and credit risk
- Default management tools that foster market confidence

Market Stability and Resilience

- Transparent risk framework and public disclosures
- Daily reporting on positions and cashflows

Transparency

Cost & Operational Efficiency

- Netted positions reduce overall administration cost
- Netting significantly reduces costs for trade and collateral processing

Our Operational Capabilities



NG Clearing is fully aligned to global leading best practices

Infrastructure & Connectivity

NG Clearing aligns itself to market standards via the infrastructure adopted and connectivity set-ups that are implemented.

Key technologies

NG Clearing leverages leading risk management technologies to deliver safety and soundness across the markets.

Collateral Management Best Practices

NG Clearing deals with cash and will undertake steps to adopt non-cash collateral as volume increases.

Straight Through Member Onboarding

NG Clearing has efficient and straight through membership processes and properly vets all members to meet the strict criteria.

PFMI Principles

NG Clearing is built on global leading standards, aligning to all 24 principles under the Principles for Financial Market Infrastructure

Risk Methodologies

NG Clearing adopts leading Risk Management Policies, Margin methodologies (IM/VM models), Valuation methodologies, Liquidity Add-ons and Stress Testing capabilities to its risk frameworks.

Default Management

NG Clearing adopts best practice Default Waterfall.



Highlight of NG Clearing's Rulebook



NG Clearing rulebook and circular sets out, amongst others:

1

**Applications and
Membership**

2

Accounts

3

**Acceptance and
Novation**

4

Position Management

5

Settlement

6

Margin and Collateral

7

Default Fund

8

Default

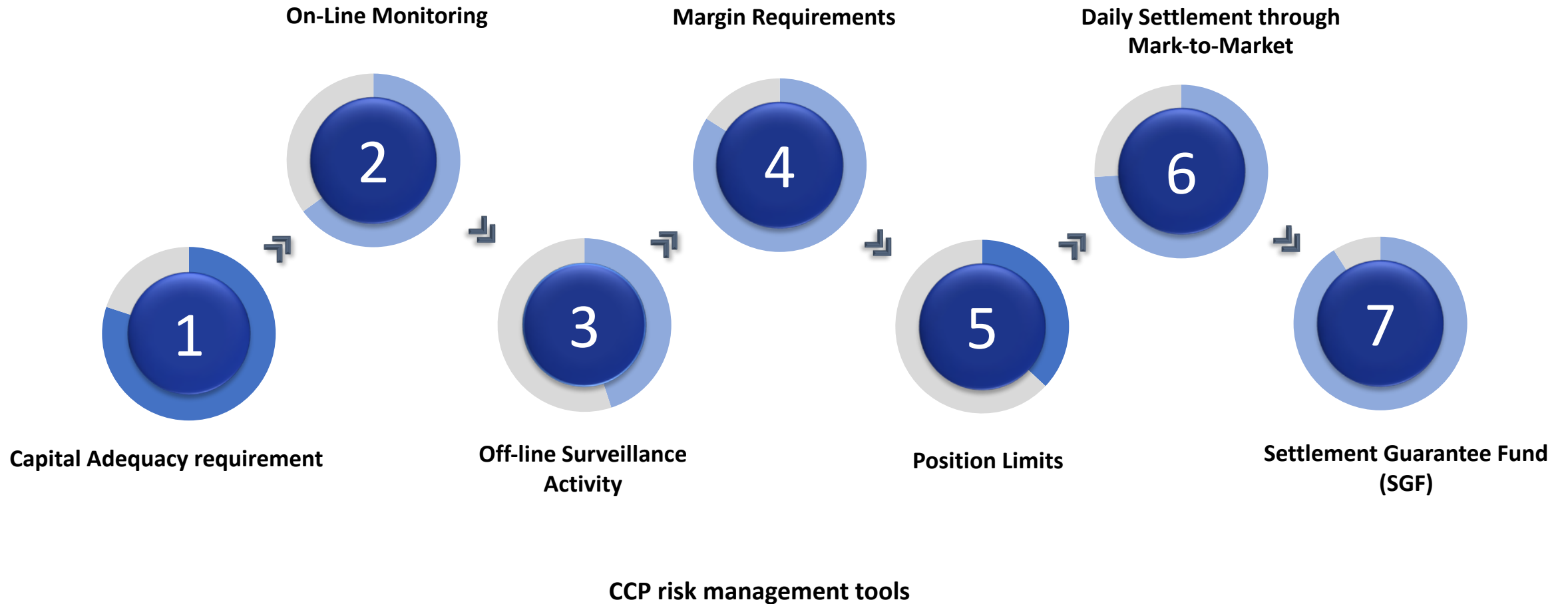
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**Settlement Finality
Rules**

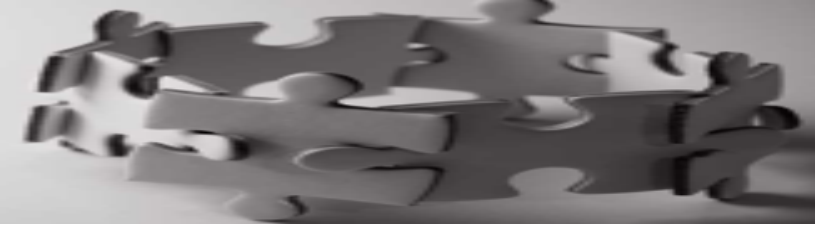
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**Administrative
Arrangements**

Salient Features of Risk Containment Measures



Operational Readiness Updates



01

- Completed business and technical requirement analysis
- Completed system design and development

02

- Completed deployment of Clearing and Risk Management System

03

- Completed User Acceptance testing and currently in the process of commencing market wide testing with key participants

04

- Rulebook and Circular approved by the SEC.
- Registration of Clearing members with SEC ongoing

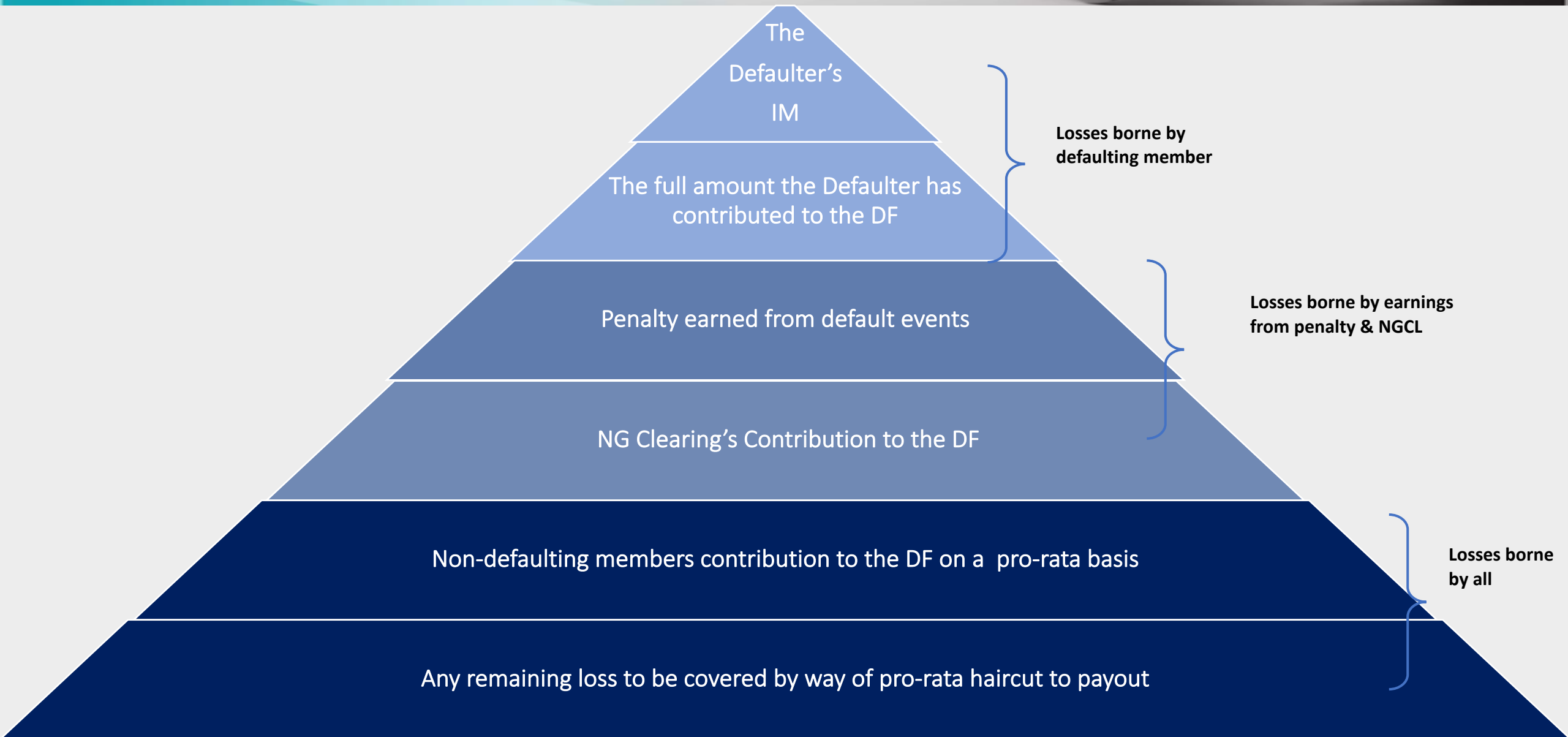
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- Derivatives Clearing training and awareness session with PFAs and Asset Managers
- Further Stakeholder education and training is ongoing

06

- Risk Management and Operational documentation - completed

NG Clearing Waterfall



Thank You



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