



---

## **Presentation to Capital Markets Committee (CMC)**

---

**Bola Onadele. Koko**  
**Group Managing Director/Chief Executive Officer**  
**FMDQ Group**

**April 15, 2021**



**FMDQ Group**

**2.**

**FMDQ Securities Exchange Limited**

**6.**

**FMDQ Clear Limited**

**11.**

**FMDQ Depository Limited**

**14.**

A light gray map of the African continent is positioned on the left side of the slide. The country of Nigeria is highlighted in green and white, matching its national flag. A small purple location pin is placed on the western coast of Nigeria.

## FMDQ Group

2.

FMDQ Securities Exchange  
Limited

FMDQ Clear Limited

FMDQ Depository Limited

# Debt Capital Market Development Project



## Debt Capital Market Development Project 2025

### Housing Finance SubCo

- Development of the National Housing Strategy
- Advocacy for the withdrawal of 25% from RSA as equity contribution for mortgage loans
- Advocacy on the passage of Model Mortgage Foreclosure Law
- Advocacy for the adoption of Uniform Underwriting Standards by commercial banks
- Participation in the Financial Strategy System (FSS) 2020 Housing Finance Committee
- Execution of Housing Roundtables in collaboration with relevant stakeholders

### Infrastructure Finance SubCo

- Supported the birth of the newly-established InfraCo which backs the development of Nigeria's infrastructure
- Spearheading the tradability framework of the Road Infrastructure Tax Credit Scheme
- Collaboration with the Infrastructure Concession Regulatory Commission to support advocacy efforts on the National PPP Policy, capacity building on project bonds, etc.

### Sustainable Finance SubCo

- Implementation of the Nigerian Green Bond Market Development Programme
- 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 Market Development Project../2

## Investors, Issuers and Intermediaries Education/Engagement SubCo

- Sensitised market stakeholders via a webinar on the short-term financing option in the Nigerian debt markets

## Regulation Consolidation SubCo

- Provided recommendations for the removal of restrictive regulations in the insurance sector to the House of Representatives Committee on Insurance and Actuarial Matters through the NIA.
- The Consolidated Insurance Bill 2020 seeks to repeal, re-enact and consolidate the Insurance Act 2003 with other insurance related laws, and has gone through second reading and public hearing

## Key Next Steps

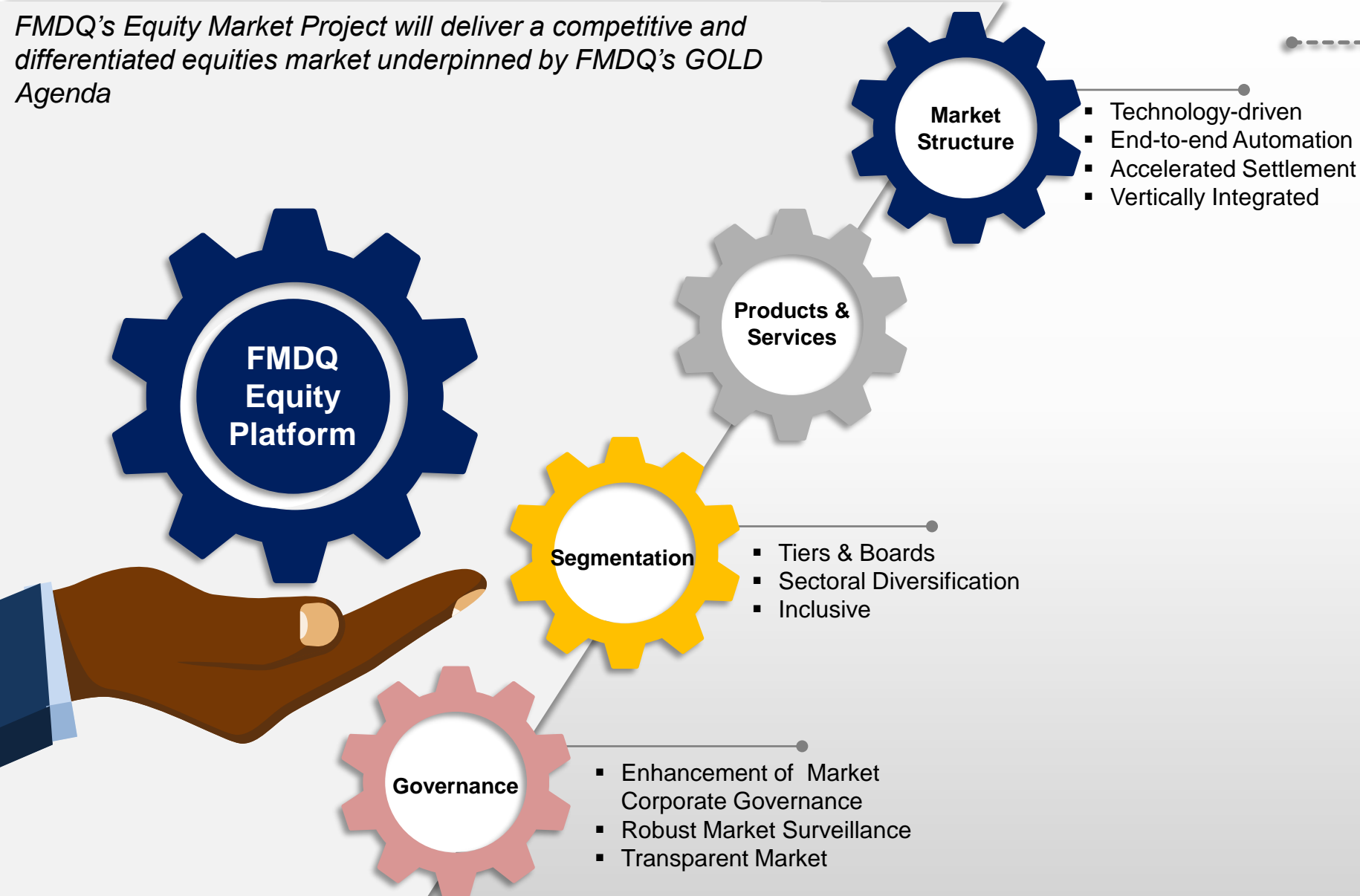
- Continuous capacity building sessions for market participants and stakeholders
- Follow up on the implementation of the Sub-Committees' recommendations

## Strategic Objectives



# Equity Market Project

*FMDQ's Equity Market Project will deliver a competitive and differentiated equities market underpinned by FMDQ's GOLD Agenda*





FMDQ Group

**FMDQ Securities Exchange  
Limited**

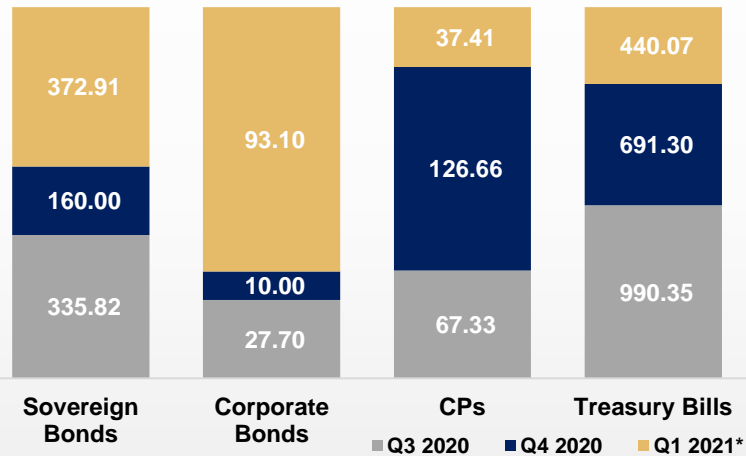
6.

FMDQ Clear Limited

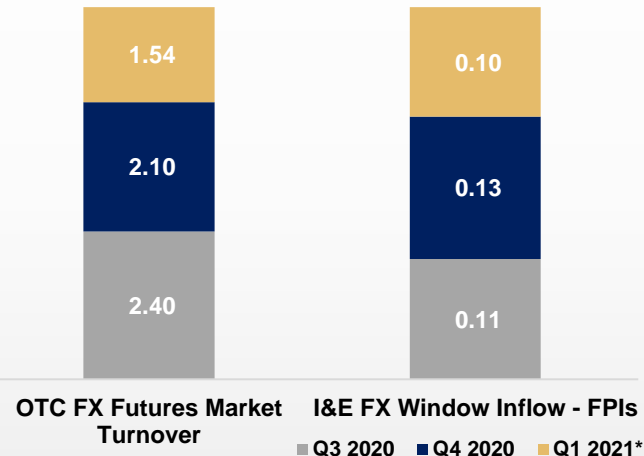
FMDQ Depository Limited

# Market Statistics

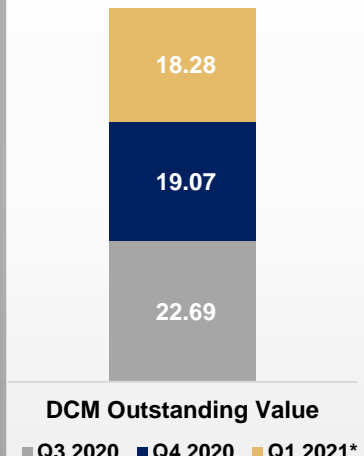
**Total Issuances | ₦'bn**



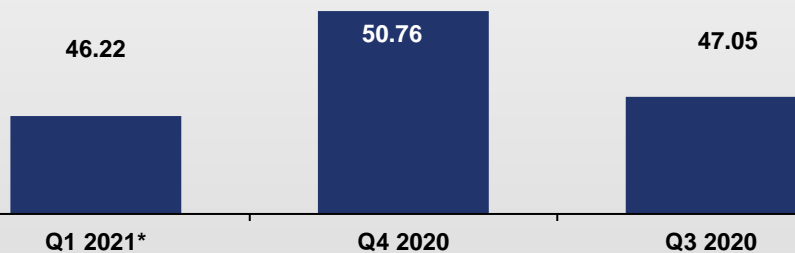
**OTC FX Futures and I&E FX Window Inflows | \$'bn**



**DCM Outstanding Value | ₦'trn**



**Market Turnover | ₦'trn**



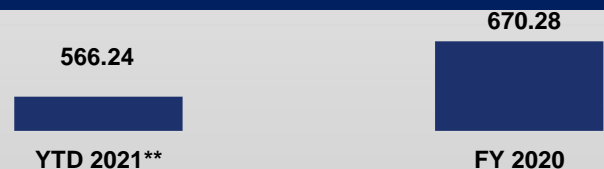
**FGN Savings Bond Issuances**

Tenor	Q1 2021*	Q4 2020	Q3 2020
	(₦'mm)		
2-Year	1,048.68	60.13	229.00
3-Year	1,707.12	491.13	583.22
<b>Total</b>	<b>2,755.80</b>	<b>551.26</b>	<b>812.22</b>

**S&P FGN Bond Index YTD (%)**



**S&P FGN Bond Index**



**Note:** DCM – Debt Capital Markets; FPIs – Foreign Portfolio Investments; I&E FX – Investors' and Exporters Foreign Exchange; S&P – Standard & Poor's CPs- Commercial Papers; OTC – Over-the-Counter; FGN – Federal Government of Nigeria; Q1 2021\* – Data as at March 19, 2021; YTD – Year to Date; YTD 2021\*\* – Data as at March 19, 2021



# Key Market Development Initiatives

S/N	Initiative	RAG Status	Phase(s)
1.	<b>Bilateral Repo with Collateral Management Project</b>		<ul style="list-style-type: none"> <li>Market Documentation</li> <li>System Deployment</li> <li>Stakeholder Engagements</li> </ul> <div>Completion Level <b>96%</b></div>
2.	<b>FMDQ Derivatives Market Development Project</b>		<ul style="list-style-type: none"> <li>System Deployment</li> <li>Stakeholder Education</li> <li>Product Development</li> <li>Legal &amp; Regulatory</li> <li>Risk Management and Operational Readiness</li> </ul> <div>Completion Level <b>50%</b></div>
3.	<b>Dealing Member (Specialist) Market (DMS)</b>		<ul style="list-style-type: none"> <li>System Deployment</li> </ul> <div>Completion Level <b>50%</b></div>
4.	<b>Brokers' Orderbook Surveillance System (BOSS)</b>		<ul style="list-style-type: none"> <li>Market Documentation</li> <li>System Deployment</li> <li>Stakeholder Engagement</li> </ul> <div>Completion Level <b>50%</b></div>

Note: RAG Status

Completed
  Work-in-Progress
  Yet to Commence



FMDQ Group



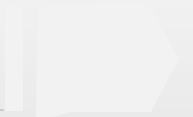
FMDQ Securities Exchange  
Limited



**FMDQ Clear Limited**



FMDQ Depository Limited



# Journey to CCP

FMDQ Clear has now become strategically positioned to provide Central Counterparty (“CCP”) services in the near-term, as the required legal and regulatory basis have now been secured.

## Legal Basis

Netting Law and Bankruptcy  
Remoteness



**CAMA  
2020**

## Regulatory Basis

Central Counterparty &  
Derivatives Market Rules



**SEC RULES  
2019**

FMDQ Clear has transitioned from a Central Clearing House to a Central Counterparty



## Central Clearing House

- Clearing of bilateral trades
- Limited central risk management mechanisms that provide some level of settlement assurance
- Collateral management



## Central Counterparty

- All CCH activities
- Clear all kinds of cash and derivatives products
- Novates each transaction
- Additional risk management structure (Mutualised Default Fund)
- Multilateral netting

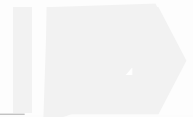
# Activation of CCP

With the required legal and regulatory basis now in place, FMDQ Clear is activating key initiatives towards the planned roll-out of CCP services and de-risking the Nigerian financial markets.

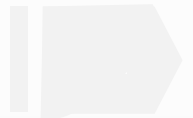




FMDQ Group



FMDQ Securities Exchange  
Limited



FMDQ Clear Limited



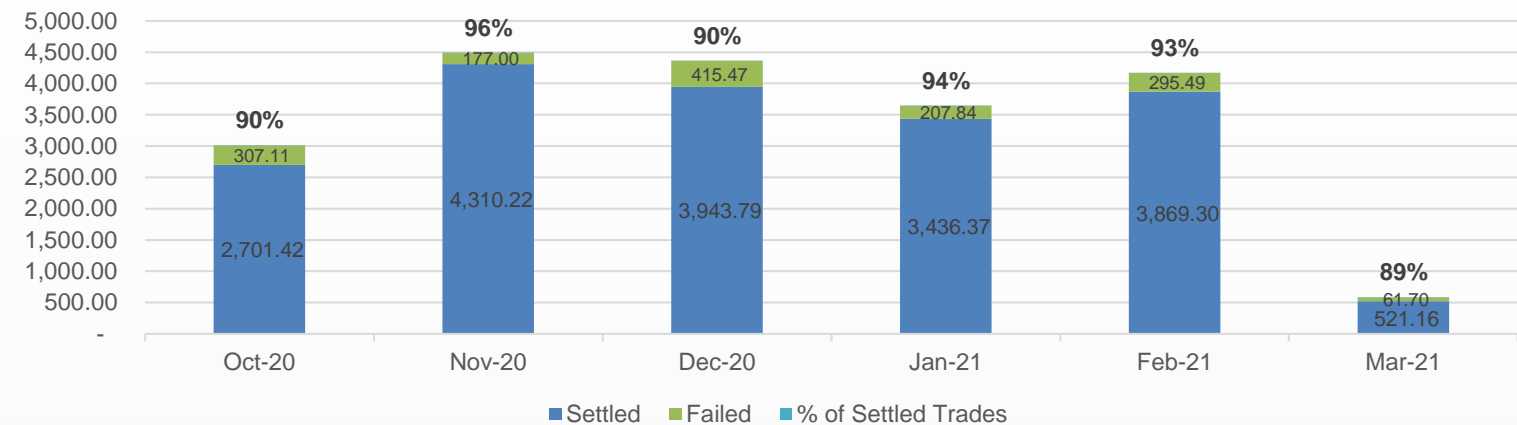
**FMDQ Depository Limited**



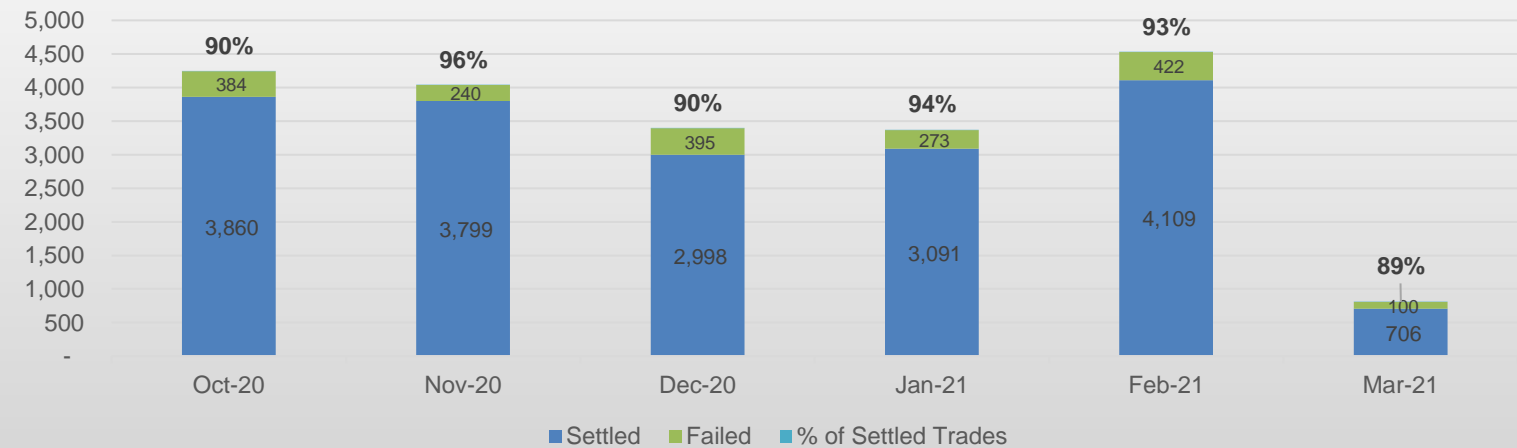
# Summary of Settlement Activities



Value( ₦'bn)



Transaction Volume



Note: As at March 12, 2021

# Settlement Guarantee Fund

FMDQ Depository recognises the need to de-risk secondary market activities and corresponding service components that fall within its mandate.

Conceptualisation and Delivery of a Settlement Guarantee Fund nearing completion with a financial market development company

**Participants' Engagement**



**Regulatory Engagement**

**Thank you for your attention!**



***A Vertically Integrated Financial Market Infrastructure Group***