



# 2021 1<sup>st</sup> CMC MEETING



**DAISY EKINEH**

**Chairman,  
Commodities Trading Ecosystem Implementation Committee**



# MAJOR PROGRESS SINCE LAST CAMMIC MEETING

## 1.0 Enhancing the Regulatory Framework

The Rules on Warehousing, Electronic Warehouse Receipts and Collateral Management became effective on March 22, 2021. The CTEIC facilitated the development of the Rules.

The Rules provide certainty regarding the rights, roles and responsibilities of participants with respect to:

- Collateral Management Companies
- Warehouses linked to Commodities Exchanges; and
- Issuance of Electronic Warehouse Receipts



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## 1.0 Enhancing the Regulatory Framework

- ❑ Briefly, the Collateral Management Company acts as a third party holder of commodities kept in the warehouse and which may have been financed by a bank. The collateral manager must issue warehouse receipts against the commodities deposited in the warehouse under its control.
- ❑ The warehouse receipts may or may not be tradable on commodities exchanges and could serve as collateral to be used by farmers and processors to secure loans from lending institutions. CBN is being engaged by SEC for acceptance of banks of the receipts.
- ❑ All warehouses linked to commodities exchanges shall be subject to SEC registration and accreditation by the Exchange to which they are linked. This provides assurance that the warehouses have all the requirements to ensure physical delivery of commodities that meet the specified grades and standards.



## **MAJOR PROGRESS SINCE LAST CMC MEETING**

### **2.0 ENGAGEMENT WITH STANDARDS ORGANISATION OF NIGERIA (SON) ON THE DEVELOPMENT OF STANDARDS FOR THE NIGERIAN COMMODITIES TRADING ECOSYSTEM – December 2, 2020**

**In support of the work of the CTEIC, the Executive Management of the Commission engaged the executive management of SON for expedited approval and publication of standards relevant to the Nigerian Commodities Trading Ecosystem.**

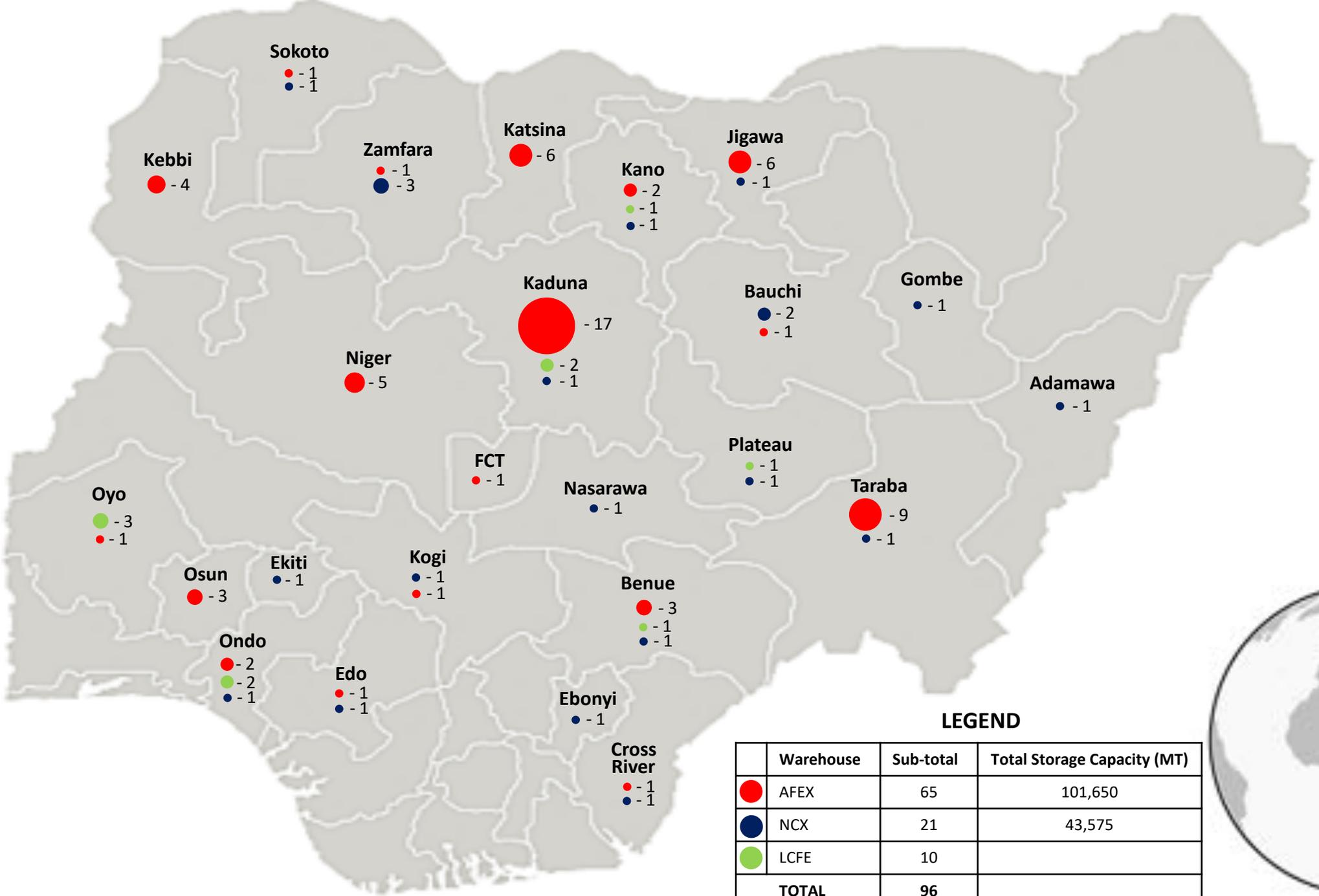


## **MAJOR PROGRESS SINCE LAST CAMMIC MEETING**

### **3.0 Mapping of Warehouses linked to Exchanges**

**The latest mapping of warehouses linked to Commodities Exchanges undertaken by the CTEIC revealed the following:**

- Total storage capacity of 145,225 MT.**
- Kaduna State had the highest concentration of Exchange linked warehouses- 18 warehouses with 58,820 MT storage capacity.**
- Hardly any warehouse linked to Exchanges operated in the South East.**



**LEGEND**

	Warehouse	Sub-total	Total Storage Capacity (MT)
●	AFEX	65	101,650
●	NCX	21	43,575
●	LCFE	10	
	<b>TOTAL</b>	<b>96</b>	

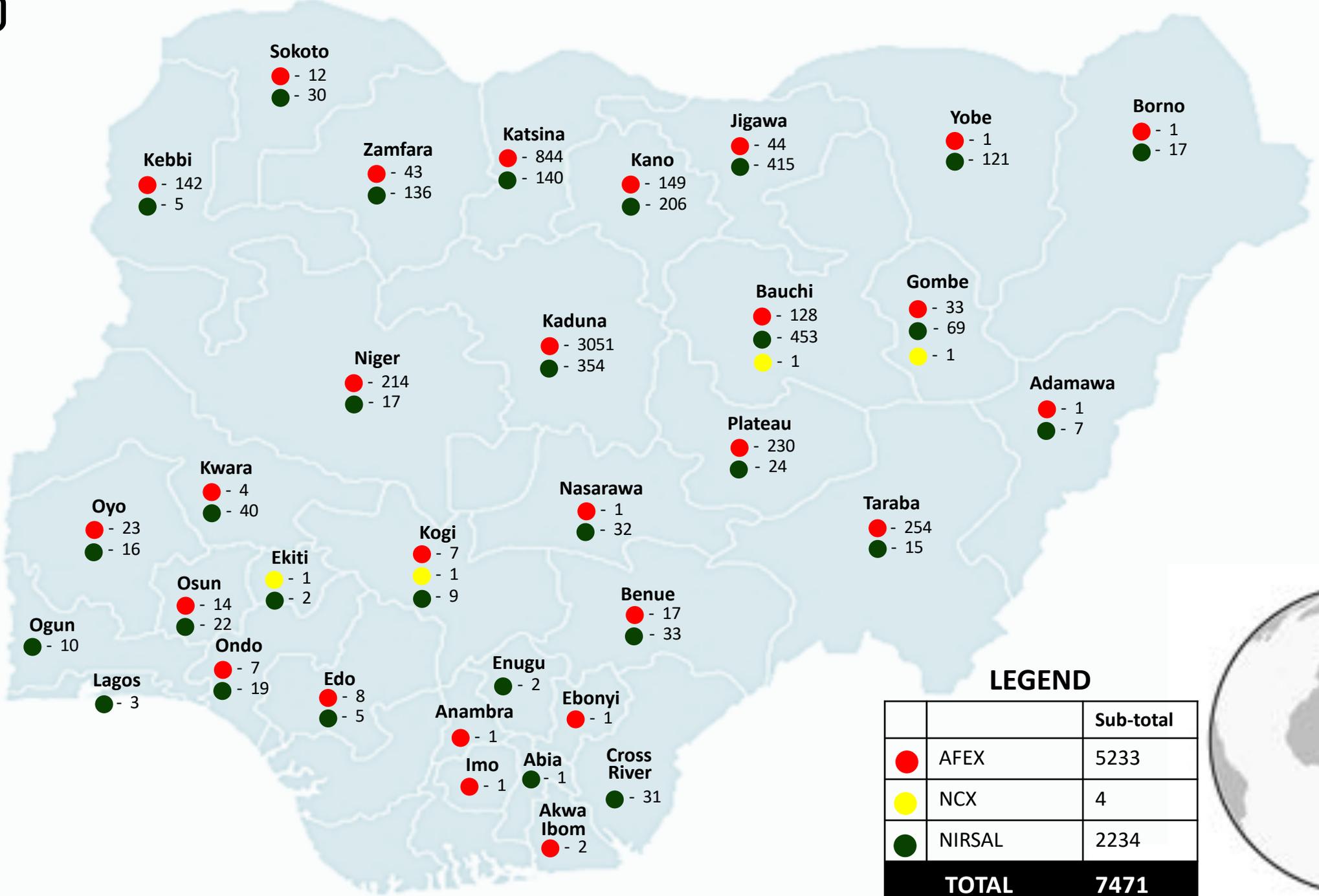




## **MAJOR PROGRESS SINCE LAST CAMMIC MEETING**

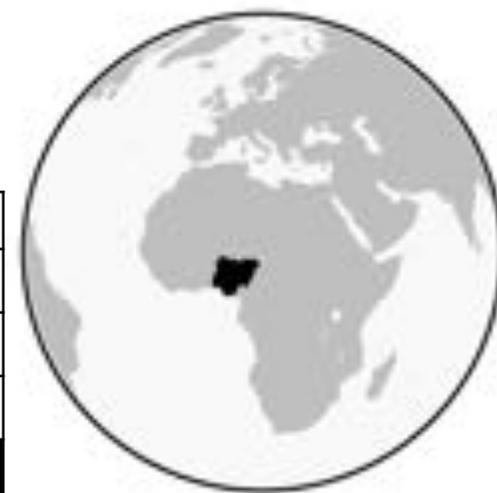
### **4.0 Mapping of Agro Cooperatives across the Federation**

**Mapped a total of 7,471 Agro Cooperatives across the country. CTEIC working to make the Cooperatives stronger and better organized.**



### LEGEND

		Sub-total
<span style="color: red;">●</span>	AFEX	5233
<span style="color: yellow;">●</span>	NCX	4
<span style="color: green;">●</span>	NIRSAL	2234
<b>TOTAL</b>		<b>7471</b>





## **MAJOR PROGRESS SINCE LAST CAMMIC MEETING**

### **5.0 Initiatives by the Commodities Exchanges**

- ❑ As part of the pioneering efforts of AFEX in the area of provision of transparent price information on commodities, it introduced the AFEX Commodities Index (constituents include- maize, paddy rice, soybean & sorghum) in 2016. Effective December 2020, it launched the AFEX Export Index (constituents- cocoa & ginger).**
- ❑ AFEX Commodities Exchange has actively facilitated the actualisation of some of the intended outcomes of the Commodities Trading Ecosystem Report (and by extension the capital market master plan) in the area of introduction of new instruments. It recently raised N10 Billion through the issuance of the Warehouse Receipt backed Commercial Paper.**



## **MAJOR PROGRESS SINCE LAST CAMMIC MEETING**

### **5.0 Initiatives by the Commodities Exchanges**

- Lagos Commodities & Futures Exchange is poised to commence trading in gold following approval by the SEC**



## **ONGOING INITIATIVES {1/2}**

- Engagement with Executives of the Nigeria Governors' Forum (NGF) to present the gains of active participation of States in the Nigerian commodities trading ecosystem;
- Engagement with BOA, NIRSAL and market operators on development of attractive Agric-based Instruments for investors;
- Development of certification system for collateral managers in collaboration with SON, IPAN and SGS;
- Proposed Webinar on post-COVID-19 implications on the ecosystem to be held before the end of Q2 2021;
- The Committee is working on identifying commodities that can be used as pilot project for Proof of Concept for lenders of capital;



## **ONGOING INITIATIVES {2/2}**

- Continued engagement of SON on the approval of Standards for various commodities to be traded on the Commodities Exchanges;
- The Committee has developed a paper on ‘Using the Railways and Inland Waterways for Transportation of Commodities’ for inclusion in the national transportation and logistics framework;
- The Committee is planning technical workshop on commodities based derivatives.