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

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**Bola Onadele. Koko**  
**Chief Executive Officer**  
**FMDQ Group**

**November 11, 2021**



**FMDQ Group**

**2.**

**FMDQ Securities Exchange Limited**

**5.**

**FMDQ Clear Limited**

**8.**

**FMDQ Depository Limited**

**11.**



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## Debt Capital Markets Development Project 2025

### Housing Finance

- National Housing Strategy Blueprint completed
- FMDQ asked by the presidency to expand the social housing component of the National Housing Strategy Blueprint

### Infrastructure Finance

- Engaged the presidency on the actualisation of the tradability of the Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme (RITCS)

### Sustainable Finance

- Executed a Memorandum of Understanding between the Lagos State Government and the Implementing Parties to the Nigerian Green Bond Market Development Programme (NGBMDP) for the proposed issuance of the maiden Lagos State Green and Blue Bonds

## Vision

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

## Strategic Objectives



## Regulation Consolidation SubCo

- In anticipation of the expiration of the Tax Exemption Order on debt securities in Jan. 2022, relevant government and regulatory agencies were engaged on intervention and consideration of the equalisation of tax treatments in the Nigerian debt markets
- To drive investment participation of insurance sector in the Nigerian debt capital markets, the Nigerian Insurers Association was engaged on the review of the restrictive regulations in the Insurance Prudential Guidelines
- Requested for the extension of the Companies Income Tax Exemption Order due to expire January 2022

## Investors, Issuers and Intermediaries Education/Engagement SubCo

- Developed a comprehensive roadmap to drive market sensitisation and effective advocacy campaign programmes in a bid to create market awareness and increase financial literacy

## Strategic Objectives





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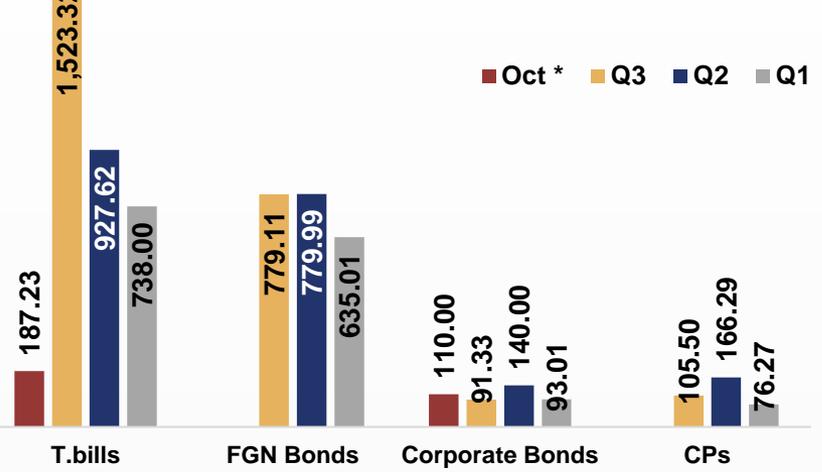
FMDQ Depository Limited

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# Market Statistics

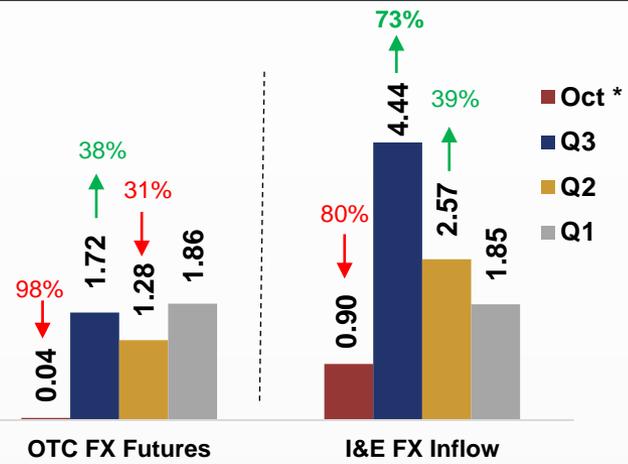


## Total Issuance | 2021 ₦'bn

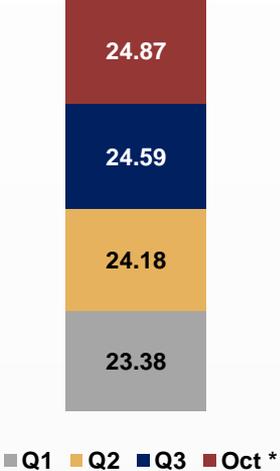


N.B. No FGN Bond and CP issuances for the month of October as at Oct. 14, 2021

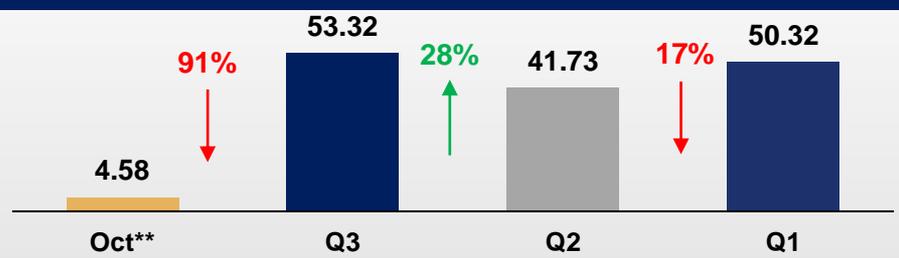
## OTC FX Futures and I&E FX Window Inflow | 2021 \$'bn



## DCM Outstanding Value | 2021 ₦'trn



## Market Turnover | 2021 ₦'trn



## FGN Savings Bond Issuances | 2021 ₦'mm

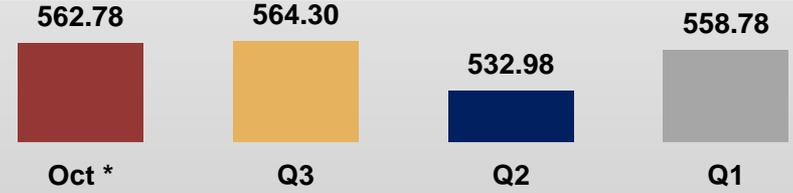
Tenor	Q3	Q2	Q1
2-Year	632.36	589.48	1,048.68
3-Year	1,865.54	1,516.25	1,707.12
<b>Total</b>	<b>2,497.90</b>	<b>2,105.73</b>	<b>2,755.80</b>

N.B. Auction results for the month of October are unavailable as at Oct. 14, 2021.

## S&P FGN Bond Index YTD | 2021 (%)



## S&P FGN Bond Index | 2021



Note: CPs – Commercial Papers; 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; T.bills – Treasury Bills; Oct. \* – Data as at Oct. 14, 2021; Oct. \*\* - Data as at Oct. 8, 2021; YTD – Year to Date

# Key Market Development Initiatives



S/N	Initiative	RAG Status/ Target Go-Live Date	Phase
1.	Bilateral Repo with Collateral Management Project	Q4 2021	<ul style="list-style-type: none"> <li>Market Documentation</li> <li>System Deployment</li> <li>Stakeholder Engagements</li> </ul> <div style="border: 1px dashed black; padding: 5px; margin-top: 10px;">                     Completion Level <b>90%</b> <span style="display: inline-block; width: 100px; height: 15px; background-color: yellow; vertical-align: middle;"></span> </div>
2.	FMDQ Derivatives Market Development Project		<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 style="border: 1px dashed black; padding: 5px; margin-top: 10px;">                     Completion Level <b>75%</b> <span style="display: inline-block; width: 100px; height: 15px; background-color: yellow; vertical-align: middle;"></span> </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



Integrated trading system with CBN settlement platform in Jun. 2018



Commenced operations in Jan. 2018



Registered as a CCP in Sep. 2020

OTC FX Futures

## Achievements

- Central Clearing
- Margining
- Active Collateral Management

## Impact



- ZERO unsettled contracts

## Clearing Statistics

**₦20.97trn**

**(\$57.37bn)**

worth of contracts

**Cleared**

as at Sep. 30, 2021



## Open Contracts

**₦2.13trn**

**(\$4.88bn)**

worth of contracts

**Open**

as at Sep. 30, 2021



## FMDQ Clear Milestones

### Regulatory

- Fully registered as a CCP with the SEC

### Financial Capacity

- ₦5.00bn regulatory capital requirement in place

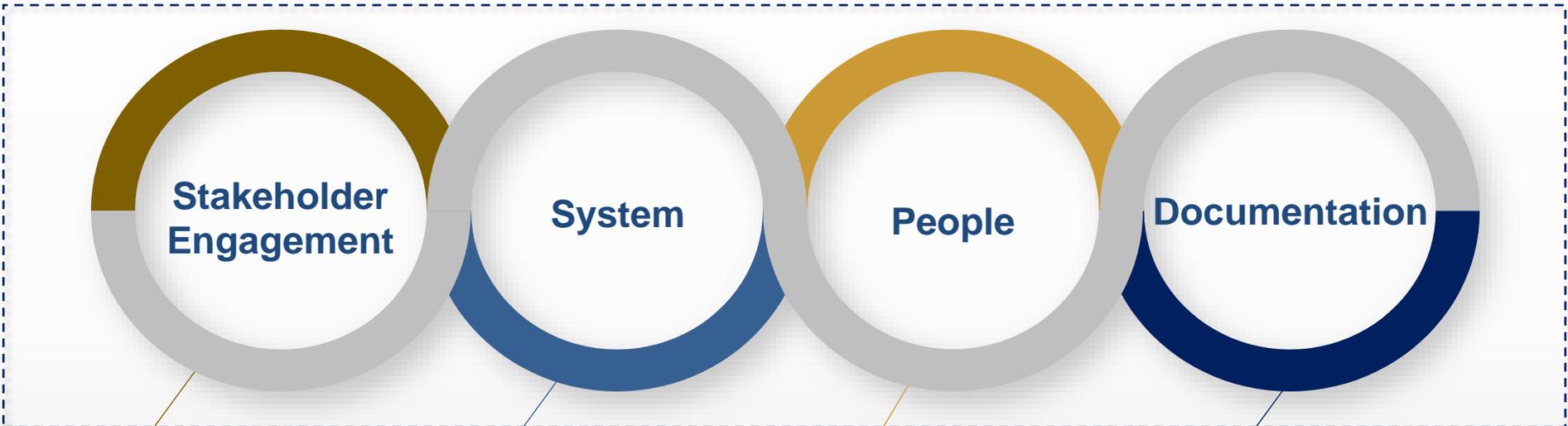
- Growth of the Default Resolution Reserve to c. ₦25.00bn in the short-term

Note: CBN – Central Bank of Nigeria; SEC – Securities and Exchange Commission

# Activation of CCP Services Update



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.



- Ongoing review of Clearing Member applications
- Active engagements maintained with prospective Clearing Members
- Acceleration of Clearing Members' registration with the SEC

- Operationalisation of the relevant Clearing System configuration is being finalised

- Technical capacity of staff and stakeholders are being developed while the Subject Matter Expert continues to provide support and expert knowledge

- Finalisation of all requisite documentations i.e., frameworks and policies for risk management, that guide the provision of CCP Services



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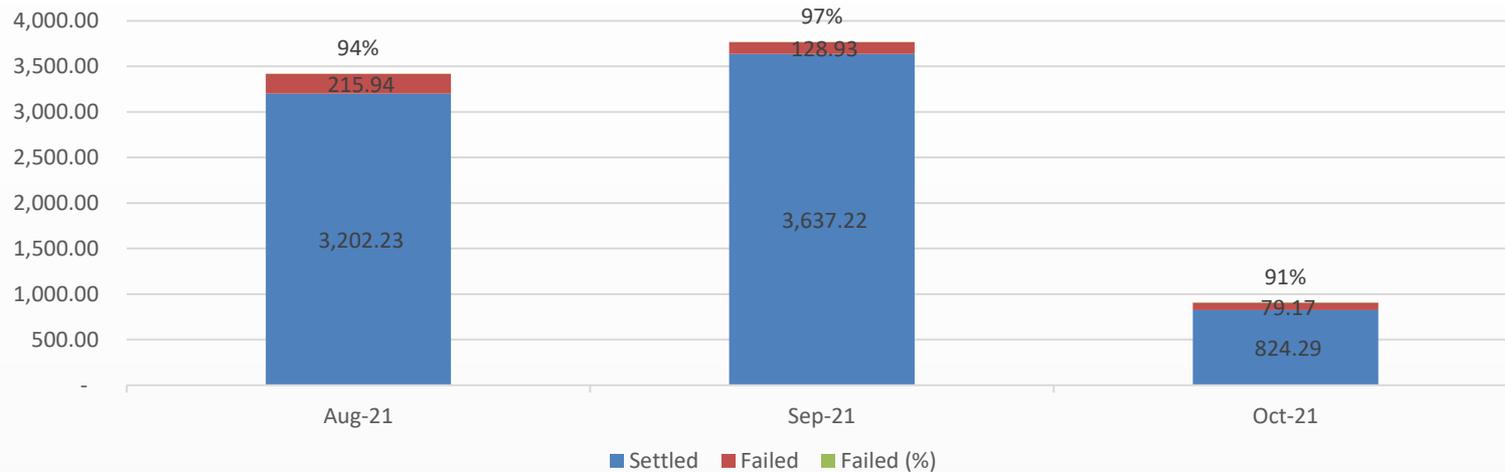
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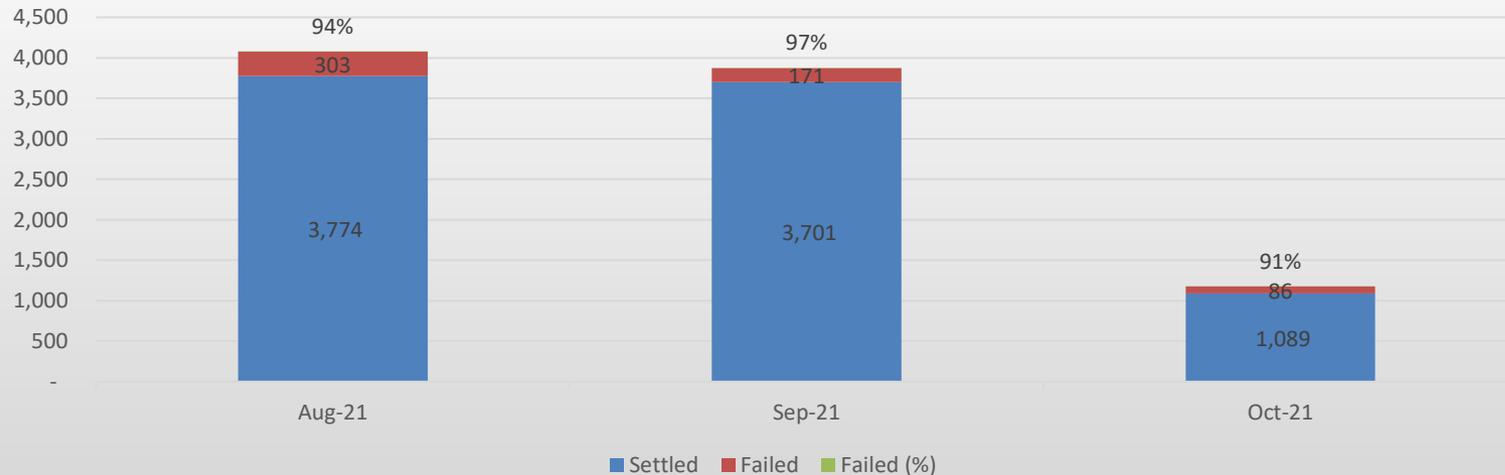
# Sovereign Securities Trade Settlement Summary: Value (₦'bn) and Transaction Volume



Transaction Value (₦'bn)



Transaction Volume



Note: Report is as at October 15, 2021

# Sovereign Securities Trade Settlement Summary: Failed Trades Summary



Failed Trades

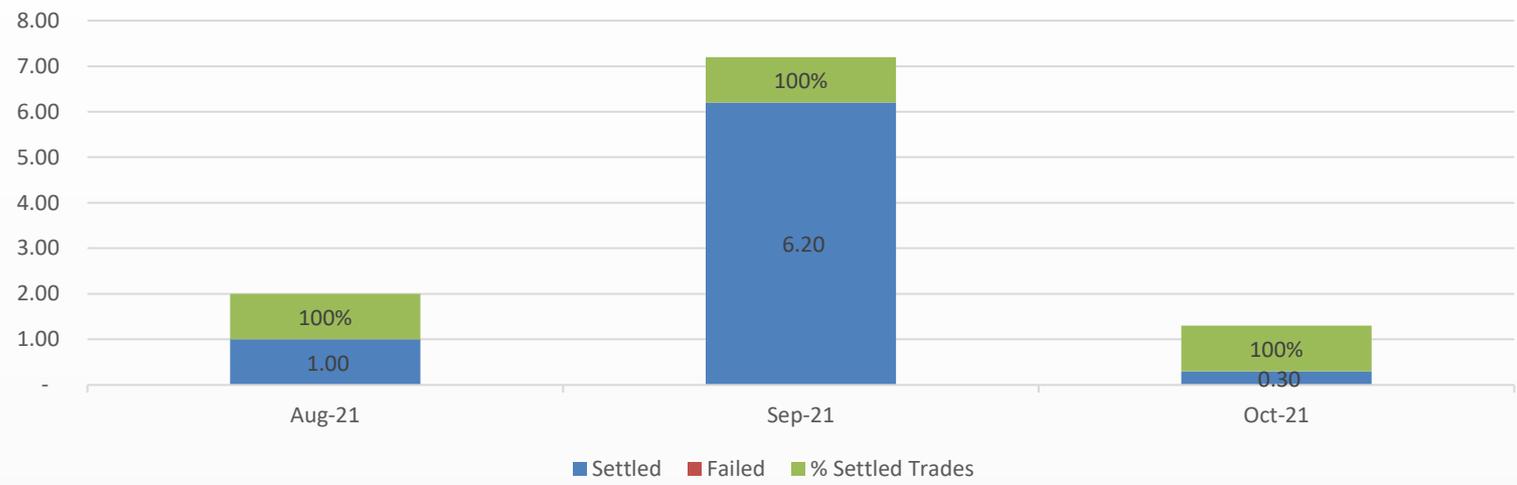


Note: Report is as at October 15, 2021

# Non-Sovereign Securities Trade Settlement Summary: Value (₦'mm) and Transaction Volume



Transaction Value (₦'mm)



Transaction Volume



Note: Report is as at October 15, 2021

**Thank you for your attention!**



**A Vertically Integrated Financial Market Infrastructure Group**