



LAGOS COMMODITIES
& FUTURES EXCHANGE



CAPITAL MARKET COMMITTEE NOV 2021

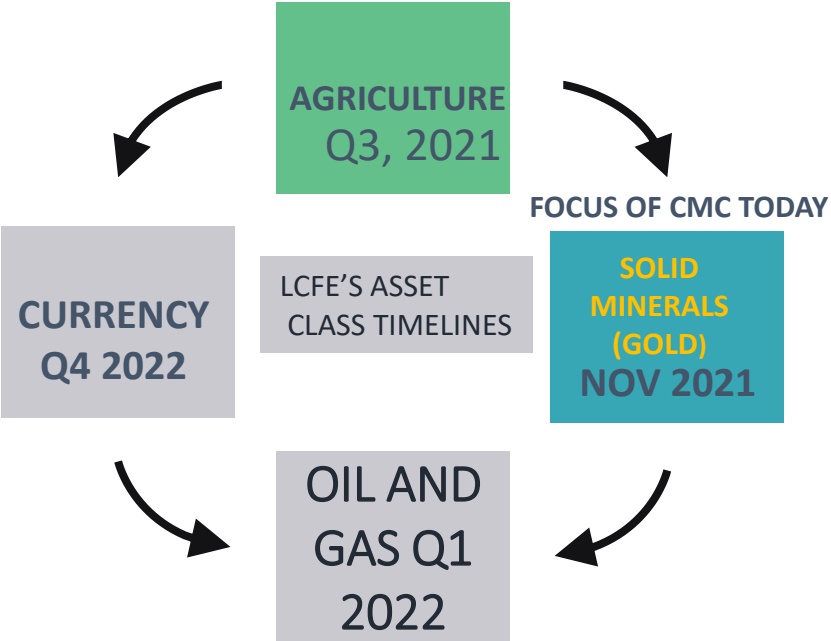
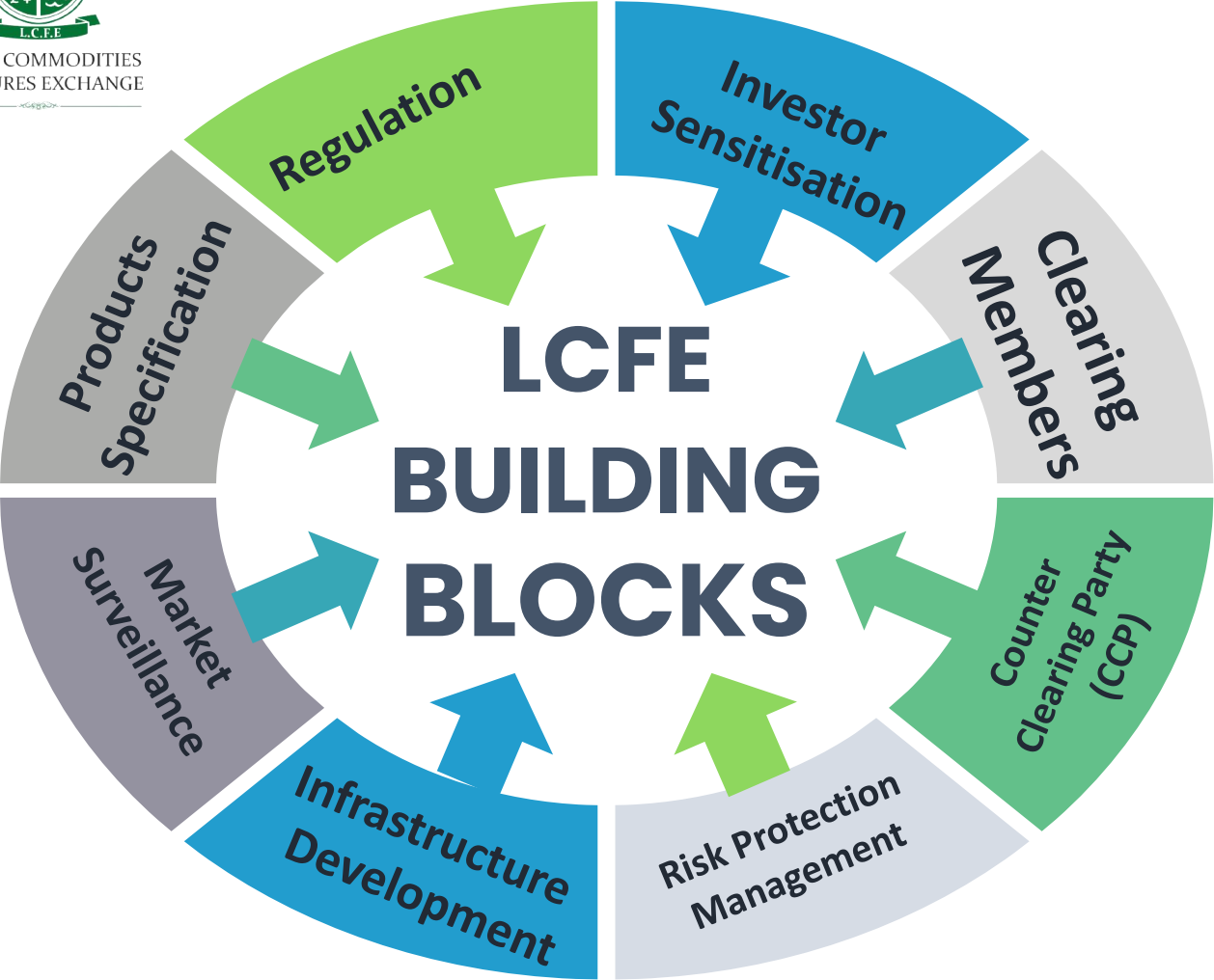


Catalysing the growth of the Commodities Ecosystem in Nigeria

Akin Akeredolu-Ale (MD / CEO, LCFE)



LAGOS COMMODITIES
& FUTURES EXCHANGE





LAGOS COMMODITIES
& FUTURES EXCHANGE

Capital Market Operators Participation in the Gold Ecosystem

**Inflation
Hedge
Instruments**

**Currency
Hedge
Instruments**

**Portfolio
Diversifier
Instruments**

**Safe
Haven
Instruments**

**Commodity
Instruments**

**Form of
Savings
Instruments**





LAGOS COMMODITIES
& FUTURES EXCHANGE

Why Gold Is so Important

Gold supply in the Last Decade

Gold Supply Relatively Unchanged Over Last Decade



Source: ICE Benchmark Administration, Metals Focus, Refinitiv GFMS, World Gold Council, U.S. Global Investors

Gold price Over the Last 30 years





LAGOS COMMODITIES
& FUTURES EXCHANGE

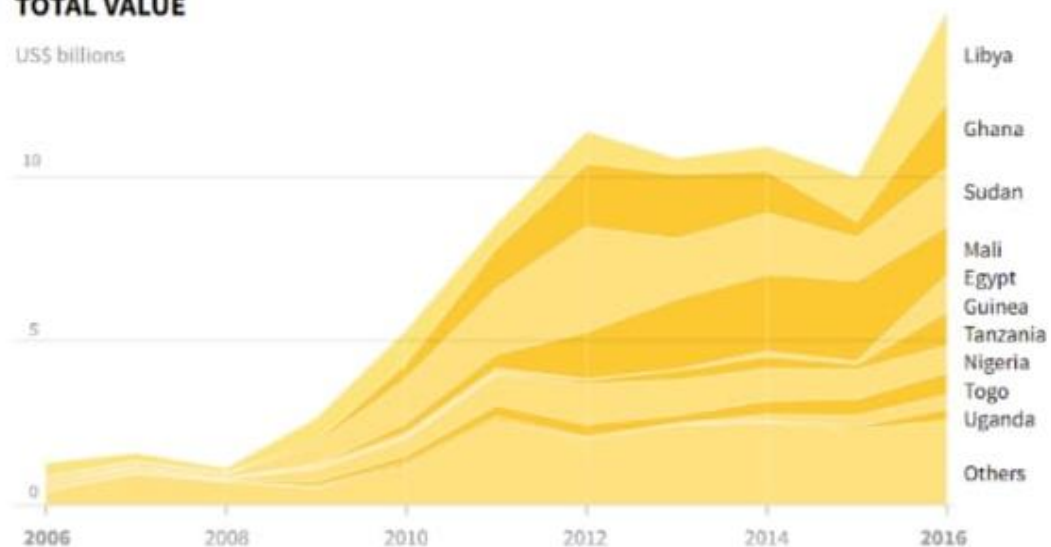
Reuters Investigates

The United Arab Emirates has imported unrefined gold worth billions of dollars from African states since 2006, as rising gold prices after the 2008 financial crisis encouraged informal mining.

Unrefined gold imports reported annually by the UAE

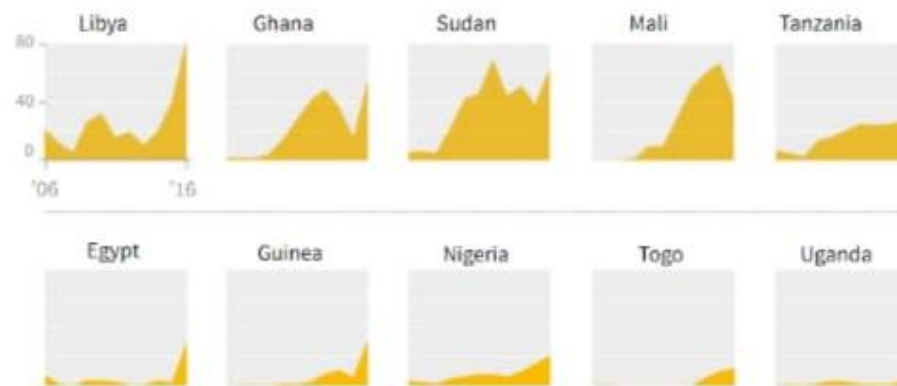
TOTAL VALUE

US\$ billions



WEIGHT, TOP EXPORTERS

Thousands of kilograms

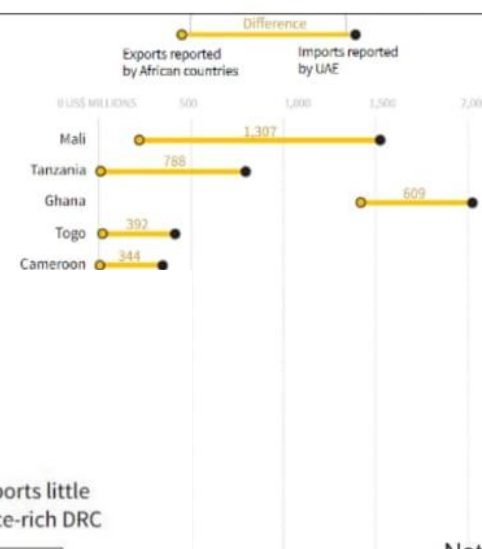




LAGOS COMMODITIES
& FUTURES EXCHANGE

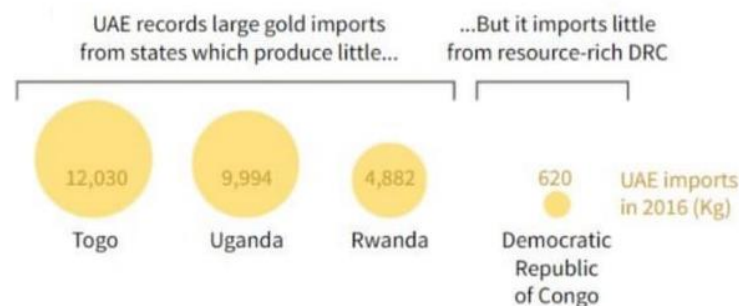
UAE'S IMPORTS BEAT AFRICA'S EXPORTS

- In 2016, UAE reported a much higher value of gold imports from some African states than they said they had exported there. This, trade economists say, is a red flag for illicit activity.



Note: Gold in powder, unwrought or semi-manufactured forms.
Sources: United Nations Comtrade, Natural Earth

AFRICA'S BIG GOLD PRODUCERS AND EXPORTERS



Note: Gold in powder, unwrought or semi-manufactured forms.
Sources: United Nations Comtrade, Natural Earth



Challenges surrounding the mining industry in Nigeria



LAGOS COMMODITIES
& FUTURES EXCHANGE

Focus

1

Limited geoscience data and information

Most of the available geological data in Nigeria are not up to date. This affects the credibility of the information, and it has also affected the realization of mining projects.

Data Collation
Through stakeholder
Alignment and trades

2

Infrastructure development

the infrastructural imbalance within Nigeria is a major challenge to the development of the sector, particularly inadequate electricity supply and access roads to sites of mineral deposits

Infrastructure
Development Funds and
Infrastructure
Development backed
financial instruments

3

Security

Many ethnic, communal and religious conflicts occur intermittently in the country and these affect mining in some communities

Joint stakeholder
initiatives for security

4

Lack of robust fiscal framework

The existing fiscal framework in the mining sector is not investor-friendly and does not consider the strange nature of the sector, particularly, its long development period.

Joint engagement with
government and
regulatory agencies to
develop structured
framework and policies

5

Project funding

Due to the long period of dormancy, multinational corporations have been reluctant to fund major mining projects in the country

Structured Fund raising
opportunities from the
capital market through
Solid mineral backed
financial instruments

6

Assaying & Certification

Difficulty in Assaying Solid Minerals leading to an increase in fraudulent and tainted solid minerals leading to global lack of credibility for the country.

Alignment of Solid
Mineral Stakeholders
to global assayers
and Certification
Agents

Role of
Commodities Exchanges
Like LCFE

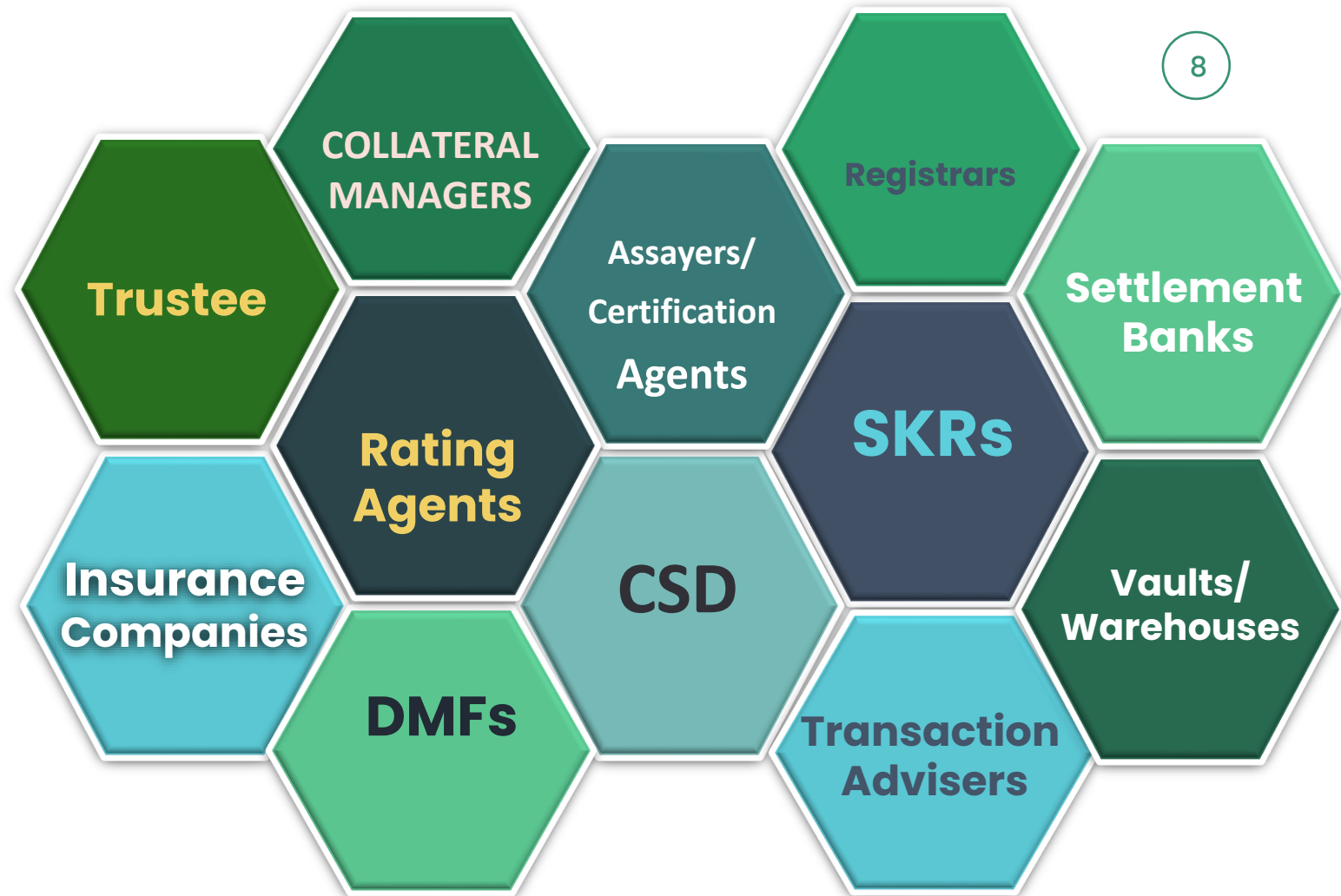
Commodities
Exchanges

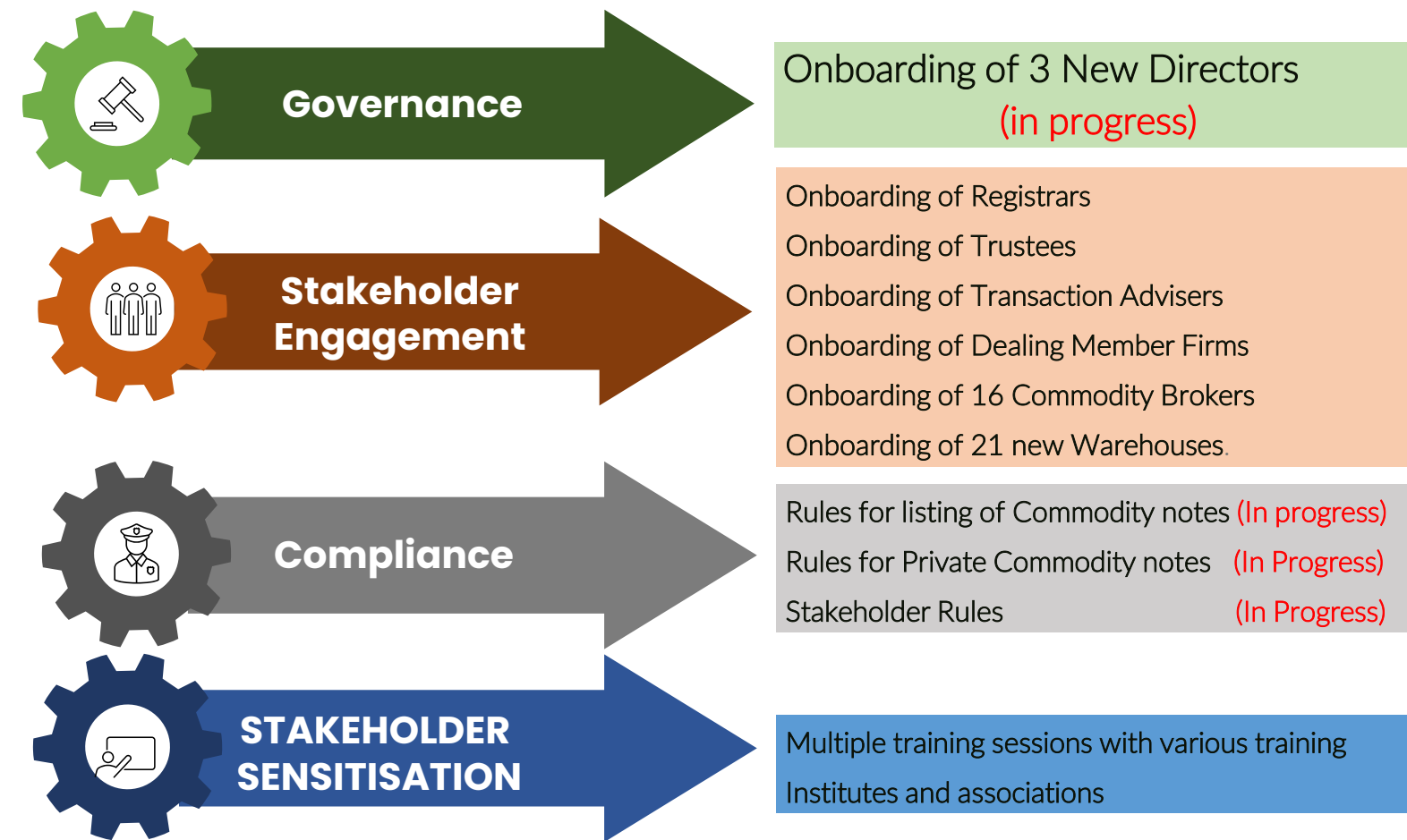




LAGOS COMMODITIES
& FUTURES EXCHANGE

Opportunities in the Gold Ecosystem for Capital Market Operators Via LCFE





LCFE UPDATES



Commendation to the Committee on the stimulation of the Participation of Pension Fund Administrators in Commodity Exchanges

Revision of the Capital Market Master Plan (2021-2025) (Inclusion of the Commodities Ecosystem)

Integration of derivatives market operators into the Capital Market

Fintech Inclusion In Commodities Ecosystem

Challenges in the Solid Mineral sector and its effects on the Capital Market and its investors



LAGOS COMMODITIES
& FUTURES EXCHANGE

ISSUES FOR CMC DELIBERATION





LAGOS COMMODITIES
& FUTURES EXCHANGE

THANK YOU

1st Floor, Niger House, UAC building, 1-5
Odunlami Street,
Marina, Lagos, Nigeria. info@lcfe.ng

+234 915 000 9000
+234 915 000 8000
+234 915 000 4000
info@lcfe.ng
WWW.LCFE.NG