

Capital Market Update of Nigerian Exchange Group

2021 Third Capital Market Committee (Webinar) Meeting

11 November 2021

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OUTLINE



Report on Regulatory Activities from NGX Regulation Limited

Report on Market Activities from Nigerian Exchange Limited



REPORT ON REGULATORY ACTIVITIES FROM NGX REGULATION LIMITED

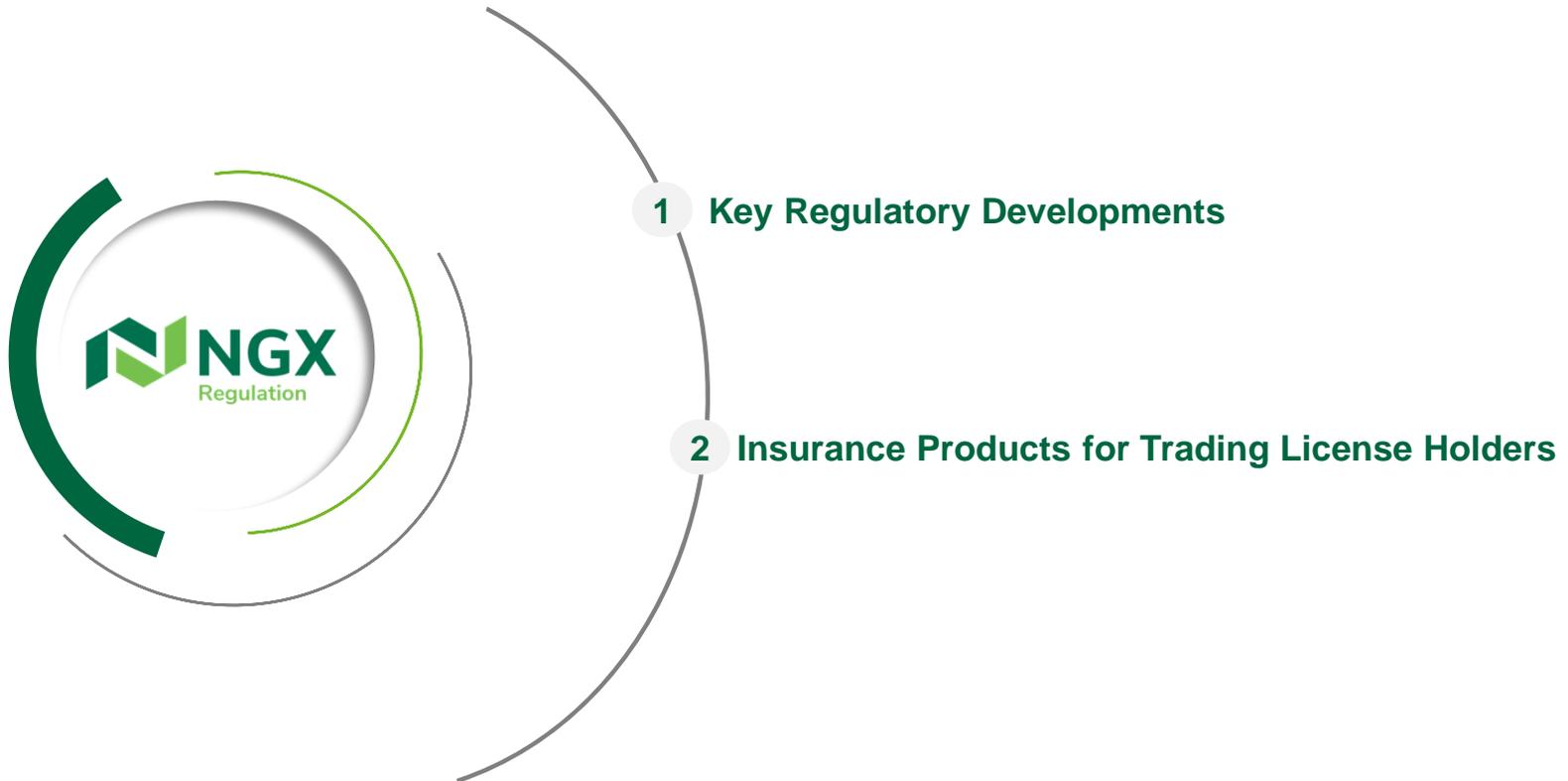
Presented by

Tinuade Awe
Chief Executive Officer
NGX Regulation Limited

11 November 2021

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KEY REGULATORY DEVELOPMENTS



Insurance Product for Trading License Holders

In line with the SEC's Rules, a consortium of Insurance Companies is being put together to administer insurance for TLHs.

Accordingly, 13 insurance companies are currently undergoing the accreditation process being managed by NGX RegCo in conjunction with the Association of Securities Dealing Houses of Nigeria (ASHON).



Derivatives Market

In preparation for the launch of NGX's Derivatives Market, our existing regulatory tools (e.g., surveillance systems, processes and policies, etc.) were reviewed and updated to make adequate provisions for the regulation of this new market.

Further to the completion of the pre-reviews and updates, NGX RegCo will commence the regulation of NGX's Derivatives Market upon the market launch.



Implementation of New Rules

In September 2021, NGX RegCo notified the market of the implementation of Rules on Custodial Account for Minors (an addition to the Rulebook of The Exchange, 2015) effective 2 December 2021.

The Rules provide guidance to TLHs regarding the operation and management of stockbroking accounts opened on behalf of and in the name of a minor (an individual who is less than 18 years).



Mandatory Compliance Training (MCT)

A MCT was organized for some defaulting Listed Companies in September 2021.

The MCT is often used in lieu of financial penalties, with employees of market participants required to attend a compliance training organized by NGX RegCo at a minimized cost. This training helps in addressing areas of the market participants' deficiencies and ultimately promotes compliance.

INSURANCE PRODUCTS FOR TRADING LICENSE HOLDERS



The Rules of the Securities and Exchange Commission (SEC) mandate TLHs to take up insurance to cover the risks associated with their business operations –

- The Fidelity Guarantee against theft, fraud or dishonest acts of employee;
- Professional Indemnity in respect of loss arising from any claim(s) for any act or omission or breach of duty by officer, employee and sponsored individuals;
- Directors and Officers Liability in respect of claims against wrongful acts committed in the capacity of a director; and
- Settlement of investors' claims for pecuniary losses suffered in the situations under Section 198 of the Investment and Securities Act (ISA).

The Investors' Protection Fund (IPF) of NGX is a co-insured to the insurance policy. The insurance product in effect:

Boosts investors' confidence in the capital market/enhances financial security.



Reduces instances of litigation.



Preserves the IPF from depletion; and sustains the IPF in the long term.



Provides wider indemnity coverage for risks associated with stockbroking operations.



REPORT ON MARKET ACTIVITIES FROM NIGERIAN EXCHANGE LIMITED

Presented by

Temi Popoola
Chief Executive Officer
Nigerian Exchange Limited

11 November 2021

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The Sustainable Exchange Championing Africa's Growth



*As at October 2021

**Net Asset Value (NAV) excluded in Market cap

PRODUCTS*



155 Equities
(₦21.79 Tn)

145 Bonds
(₦19.13 Tn)

5 Investment Sch.
(₦25.99 Bn)

12 ETFs
(₦7.07 Bn)

56 Memo. Listings
(₦ 1.01 Tn)**

LISTINGS*



155
Listed Companies



8 Domestic
companies



1 Foreign & 133
Domestic companies



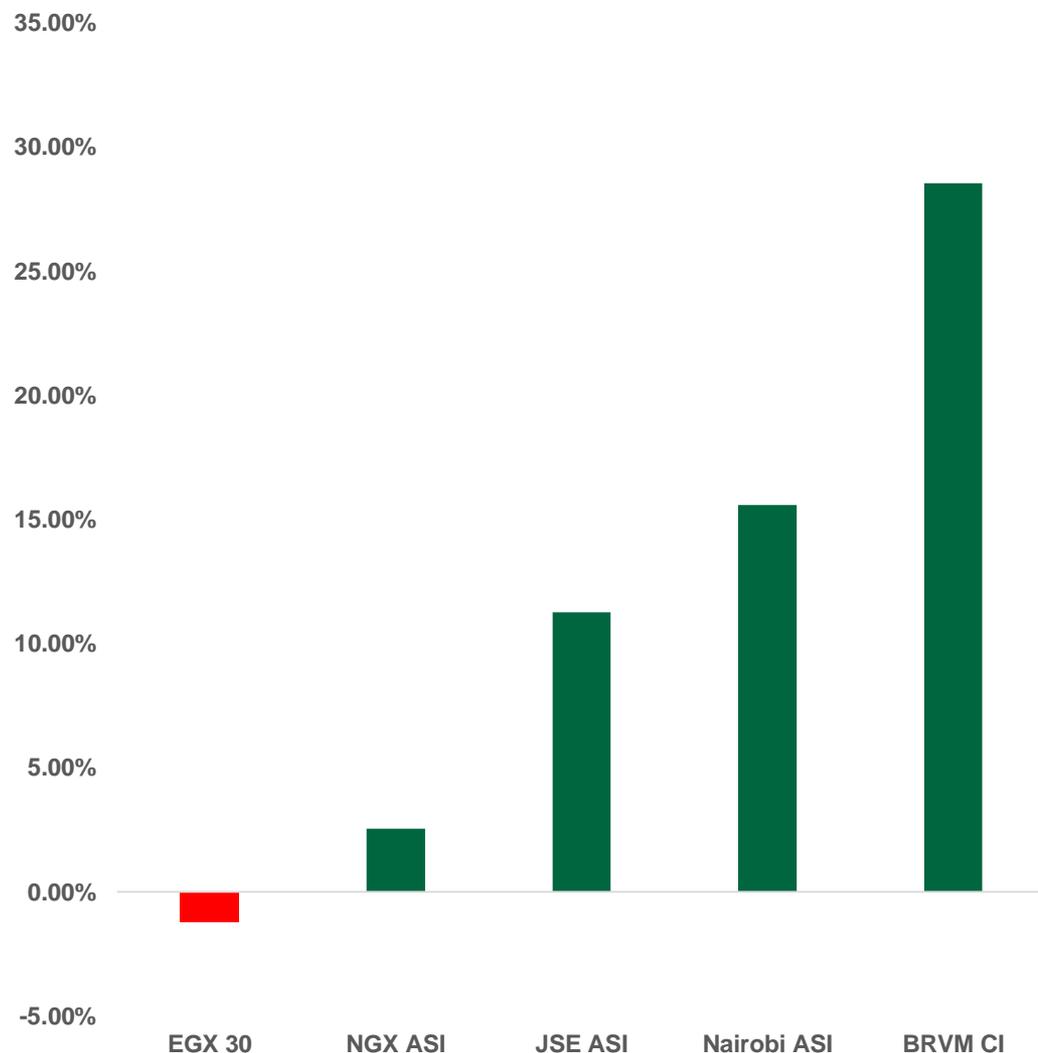
Growth Board
5 Domestic
companies

Derivatives Launched

PERFORMANCE OF AFRICAN STOCK INDEXES



YTD Return Of Major African Indexes



NGX ASI recorded positive gains in Q3 2021, as investors gained circa N1.2 trillion within the period.

This was bolstered by rally for capitalized stocks, impressive H1 2021 financial performance from listed entities and renewed investor confidence amid the successful \$4bn Eurobond issuance.

NGX ASI closed the period at over 40k points representing an appreciation of over 2,300 points against June's closing figure while market capitalization closed at N20,995Tn for the same period.

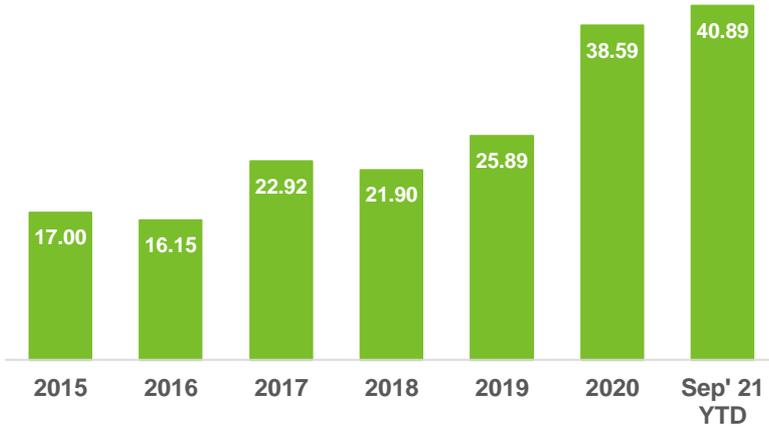
We expect the growth to continue in Q4 2021 supported by impressive corporate announcements from listed companies.

Rallies in BVRM CI, JSE ASI and Nairobi ASI were fueled by rising commodity prices and private consumption due to easing lockdown restrictions, vaccination efforts and a pickup in global activity.

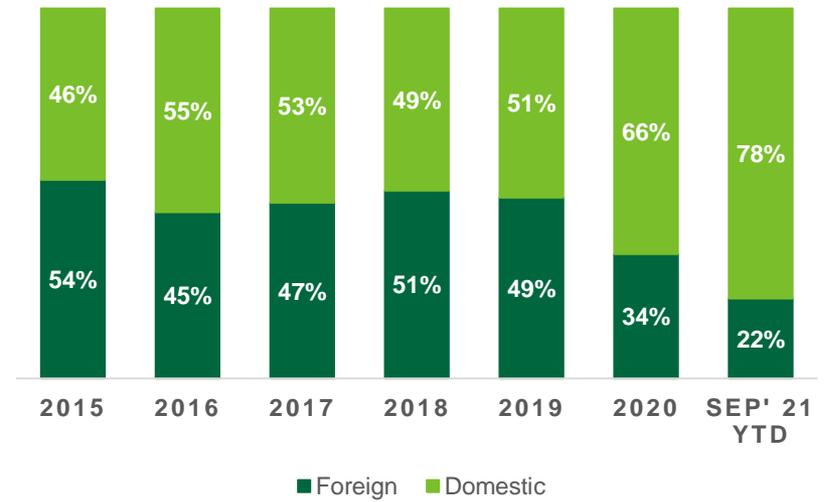
NGX MARKET SNAPSHOT



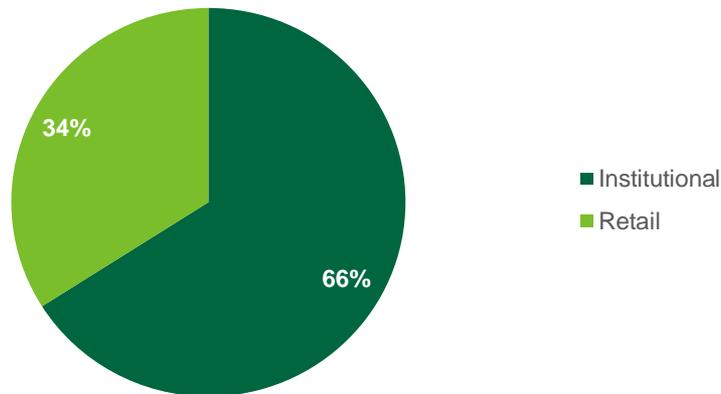
NGX ALL SHARE INDEX (N'TRILLION)



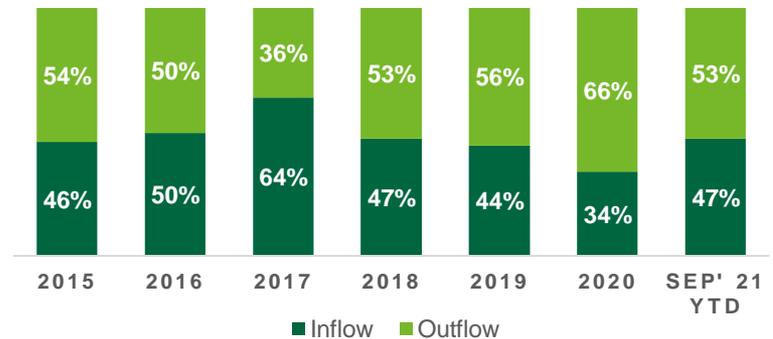
EQUITY VALUE TRADED: DOMESTIC VS FOREIGN



DOMESTIC INVESTOR ACTIVITY: SEP'2021 YTD

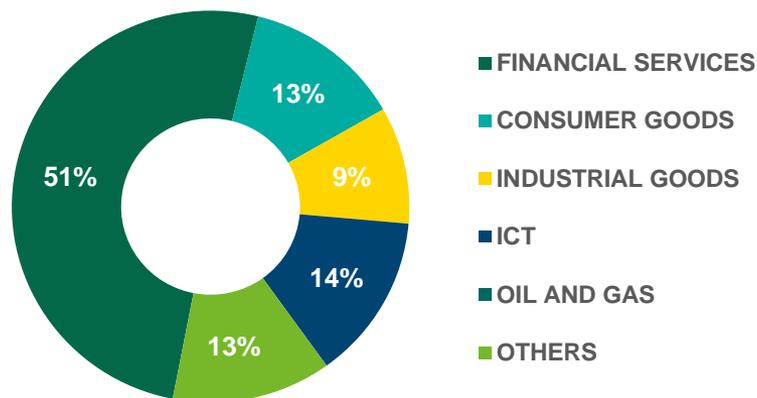


TOTAL FOREIGN PORTFOLIO FLOW (EQUITY)

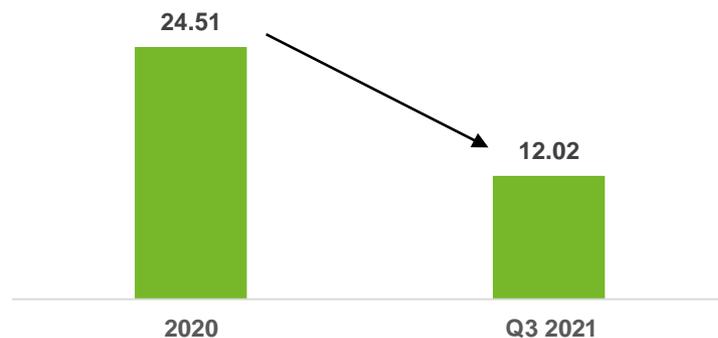




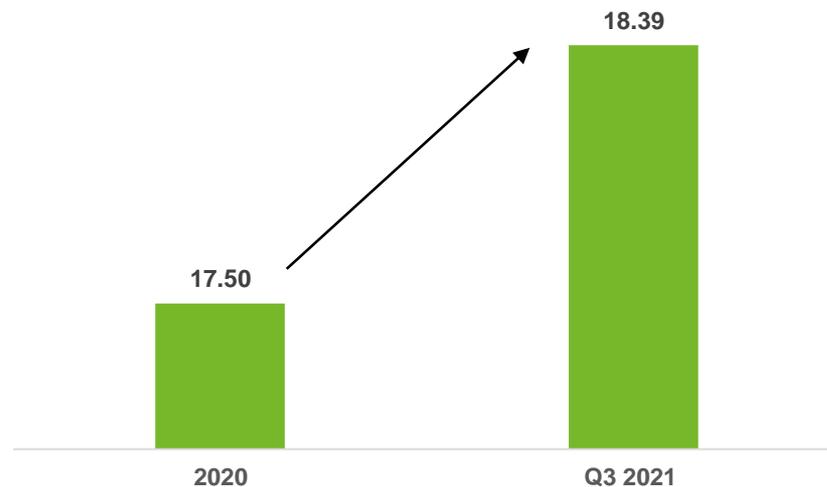
MARKET TURNOVER BY SECTOR



ETF MARKET CAPITALIZATION (N'BILLION)



FIXED INCOME MARKET CAPITALIZATION (N'TRILLION)



- NGX fixed income market capitalization has risen marginally by 5.09% to ₦18.39Tn as at Q3 2021 from ₦17.50Tn as at the end of 2020.
- NGX ETF market capitalization fell by 50.96% to ₦12.02Bn, driven by New gold ETF redemptions and FX controls hampering the creation of new units.

2021 YTD ACHIEVEMENTS



1
**NGX GROUP
SUCCESSFUL
LISTING**

A total of 1,964,115,918 shares were admitted to trading, representing the issued share capital of the Group on October 15 2021

2
**ENHANCED RETAIL
PARTICIPATION**

YTD retail investor participation rose to 34% by September 2021. The value of domestic equity value traded has grown to 78% from 66% in the same period in 2020.

3
**TECHNOLOGY
CONFERENCE**

First technology conference post demutualization successfully hosted with over 700 participants in attendance.



WELCOME TO THE MAIN BOARD



Having satisfied the Listing Requirements of The Exchange and obtained relevant regulatory approvals, NGX Group is now listed in the Financial Services and Capital Market Infrastructure sector of the Exchange, with the ticker “NGXGROUP”.

A total of 1,964,115,918 shares were admitted to trading, representing the issued share capital of the Group on October 15 2021.

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For more information on this presentation, please contact Tinuade Awe, CEO, NGX Regulation Limited at tawe@ngxgroup.com; or Temi Popoola CFA, CEO, Nigerian Exchange Limited at tpopoola@ngxgroup.com.

THANK YOU