

Nigerian Exchange Group Update to Capital Market Committee (CMC)

Oscar N. Onyema OON
Group Managing Director/ Chief Executive Officer

2022 Second Capital Market Committee (Webinar) Meeting
18 August 2022

OVERVIEW



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NGX Group Plc. – Activity Report

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Nigerian Exchange Limited – Market Report

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NGX Regulation Limited – Regulatory Report

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Upcoming Market Events



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MISSION, VISION AND STRATEGIC PRIORITIES



VISION

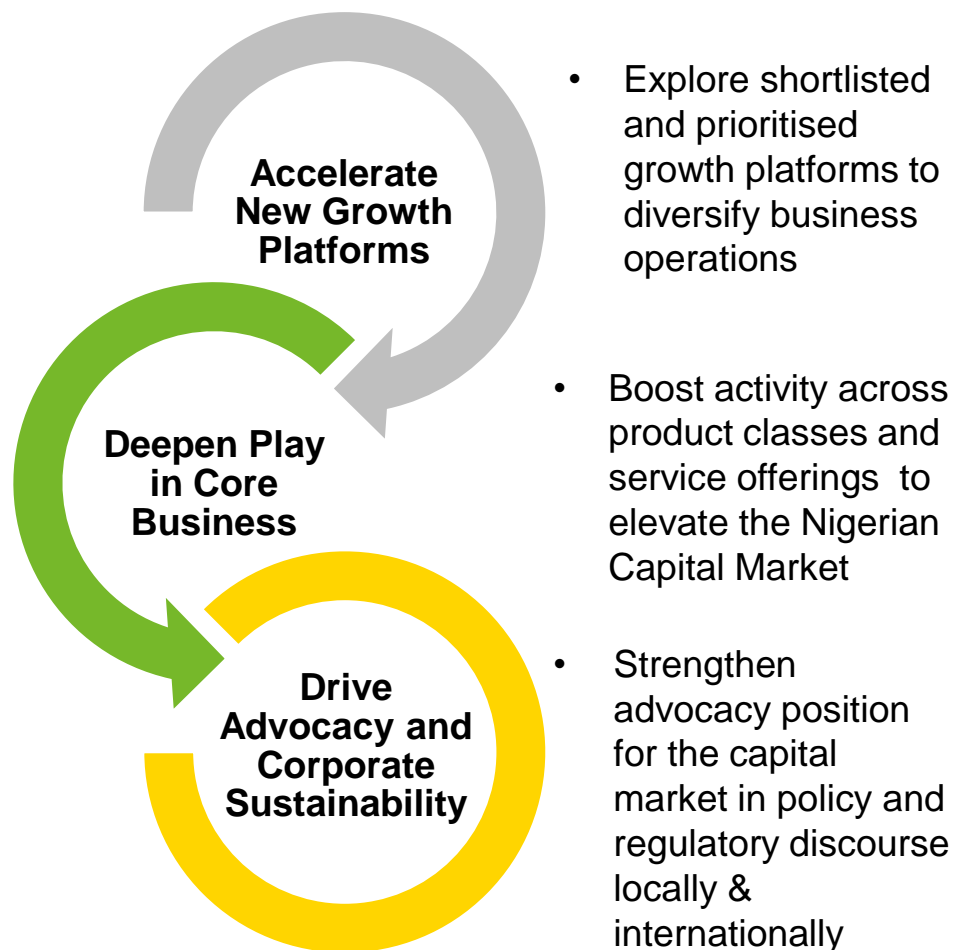
Africa's Preferred
Exchange Hub

MISSION

To provide investors
and businesses a
reliable, efficient and
adaptable Exchange
Hub in Africa to save
and access capital



STRATEGIC PRIORITIES





STAKEHOLDER ENGAGEMENT UPDATES

- **Investor Relations:** Held Investor conference call to discuss the 2021 financial performance and outlook for 2022. Participants included Domestic Institutional Investors (PFAs, Asset Managers, Trustees, Insurers, Corporates), International Institutional Investors, and Shareholders.

OTHER UPDATES

- **Physical Resumption:** The office was officially re-opened on Tuesday, 14th June 2022, in line with the FGN directives on Covid-19. The resumption is a hybrid work structure which aims at enhancing efficiency, value creation and to engender work-life balance.

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Presented by

Temí Popoola, CFA

Chief Executive Officer, Nigerian Exchange Limited



Q2'2022 ACHIEVEMENTS



❑ NGX All Share Index crossed 50,000 Basis Points Hits over 13-year High. The NGX ASI appreciated by 178.22 basis points or 0.34 per cent to close at 53,086.46 basis points from 52,908.24 basis points it opened for trading.

❑ Debt Management Office (DMO) Listing of the Triple-Tranche USD4.00Billion Eurobonds, USD1.25 Billion Eurobonds and the ₦250 Billion Sukuk on NGX

❑ Hosted a CEOs Roundtable on “Creating the Enabling Ecosystem for Accessing Capital from the Nigerian Capital Market



❑ Nigerian Exchange Limited (NGX) and Ghana Stock Exchange (GSE) have reiterated commitment to strengthen cross-border trading initiatives with the aim of moving investments, access to capital and integration of both capital markets in the continent.

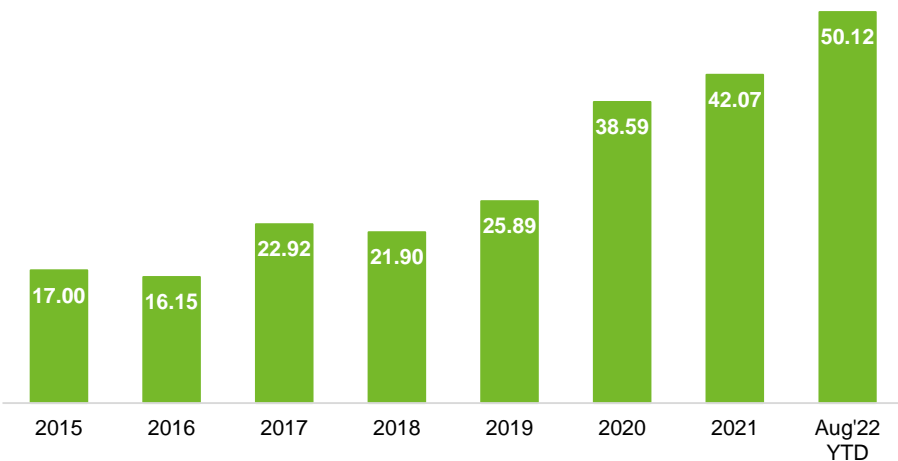
❑ Nigerian Exchange Limited and Bank of Industry (BOI) signed a Memorandum of Understanding (MoU) geared towards deepening the capital market and enhancing inclusive growth

❑ NGX hosts Africa Walk to foster collaboration across markets and drive innovation and technology adoption in the Nigerian capital market

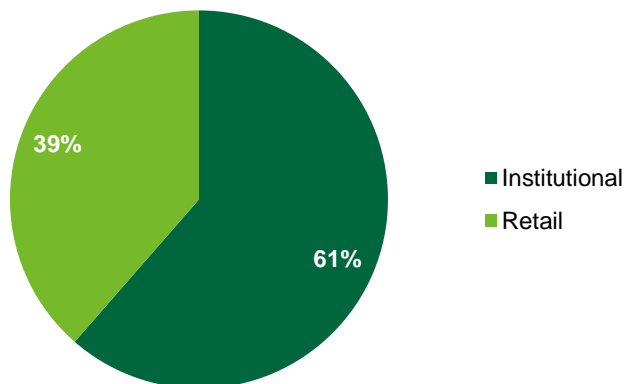
NGX MARKET SNAPSHOT (1/2)



NGX TOTAL MARKET CAPITALIZATION (N'TRILLION)

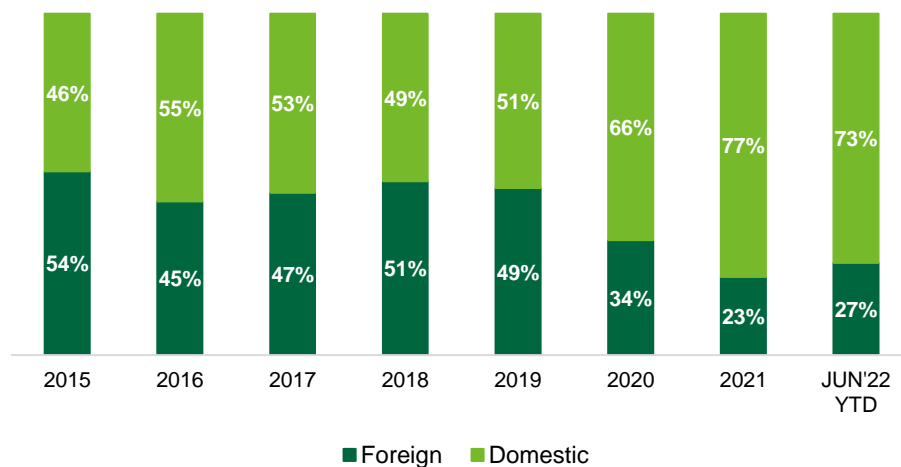


DOMESTIC INVESTOR ACTIVITY: JUN'22 YTD

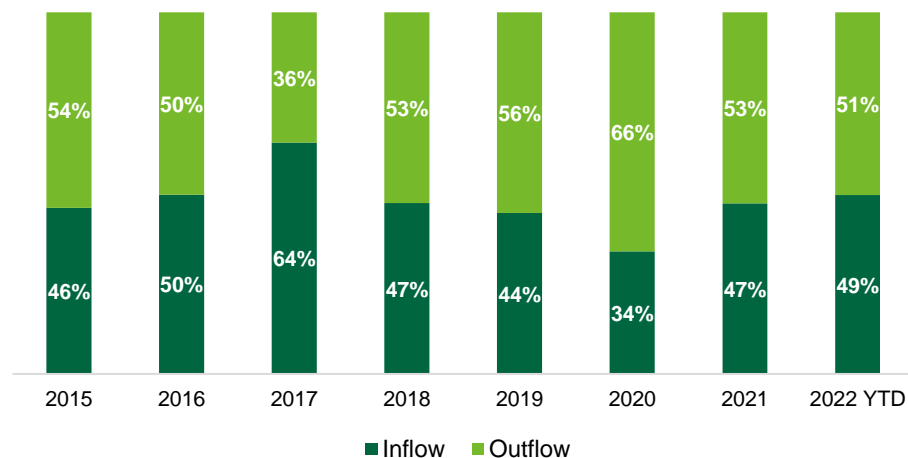


Source: NGX Research

EQUITY VALUE TRADED: DOMESTIC VS FOREIGN



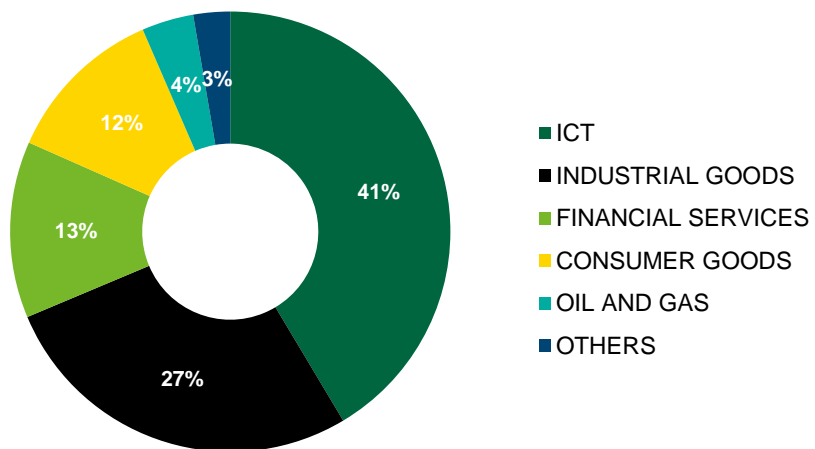
TOTAL FOREIGN PORTFOLIO FLOW (EQUITY)



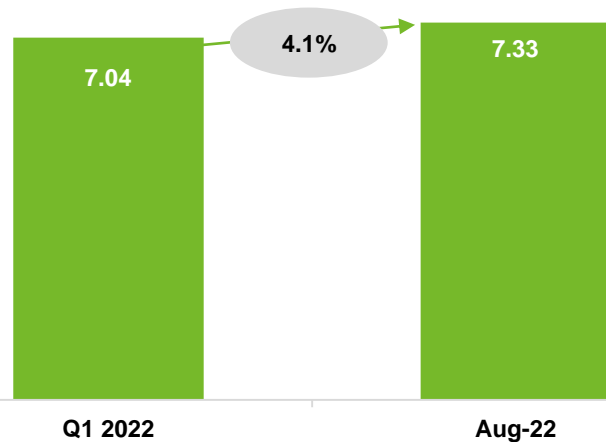
NGX MARKET SNAPSHOT (2/2)



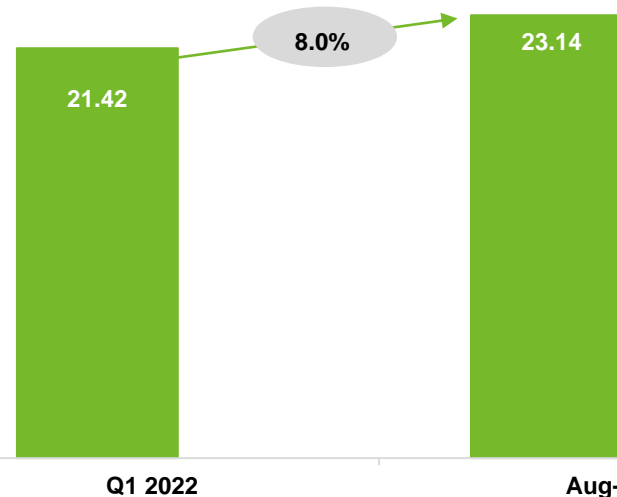
MARKET CAPITALIZATION BY INDUSTRY



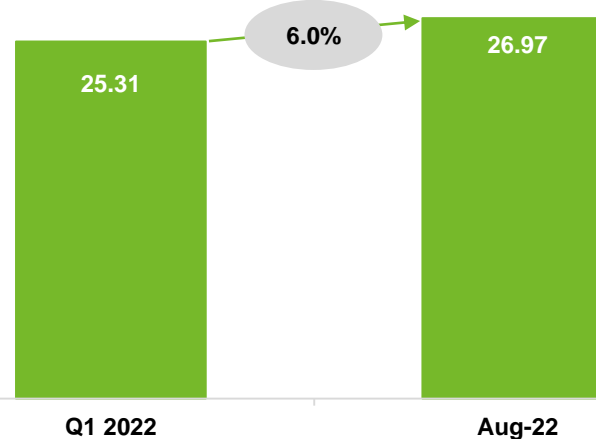
ETF MARKET CAPITALIZATION (N'BILLION)



FIXED INCOME MARKET CAPITALIZATION (N'TRILLION)



EQUITY MARKET CAPITALIZATION (N'TRILLION)



Source: NGX Research

MARKET DEVELOPMENT



NGX Launches West Africa's First Exchange Traded Derivatives Market



MARKET TRADES - April 14, 2022 (DAY 1)

Contract Name	Volume Traded	Trade Price (N)	Value Traded (N)
NGX30M2	1	1,827.75	1,827,750.00
NGX30M2	1	1,827.00	1,827,000.00
NGXPENSIONU2	1	1,796.50	1,796,500.00
TOTAL	3		5,451,250.00

- NGX Exchange Traded Derivatives (ETDs) Market was launched on April 14th 2022.
- The ETDs Market commenced trading activities by the first three Trading License Holders – Cardinal Stone Securities Limited, Meristem Securities Limited and APT Securities and Funds Limited that were cleared by NGX Regulation Limited to facilitate transactions on behalf of investors on NGX Derivatives Market.

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Tinuade Awe

Chief Executive Officer, NGX Regulation Limited



KEY REGULATORY DEVELOPMENTS



Vulnerability Assessment & Penetration Testing (VAPT)

To proactively identify cyber security vulnerabilities and mitigate the risk of cyber attacks, Trading License Holders (TLHs) that maintain digital trading applications are required to conduct VAPT and submit the reports semi-annually.

The first VAPT for 2022 was due on 30 June, and of the 122 affected TLHs, 121 (≈99%) have submitted their reports, while 1 (≈1%) requested for an extension due to ongoing system upgrades.



Risk-Based Supervision (RBS) Examination Cycle

In line with the 2022 RBS examination plan, the supervision priorities for 2022 have been published.

Accordingly, the examination of Trading License Holders of NGX have commenced via a range of risk factors. These examinations remain temporarily virtual with the 2022 cycle representing the third cycle of virtual RBS examinations.



Rulemaking and Guidance

On 22 April 2022, NGX RegCo issued Interpretative Guidance on NGX's Derivatives Market Rulebook to ensure proper direction and better understanding of the Rules.

Also, the following Rules have become effective:

- Rules on Suspension of Trading in Listed Securities (*effective 30 June 2022*); and
- Amendments to Rules Governing the Use of the Issuers' Portal (*effective 1 July 2022*).



Derivatives Market

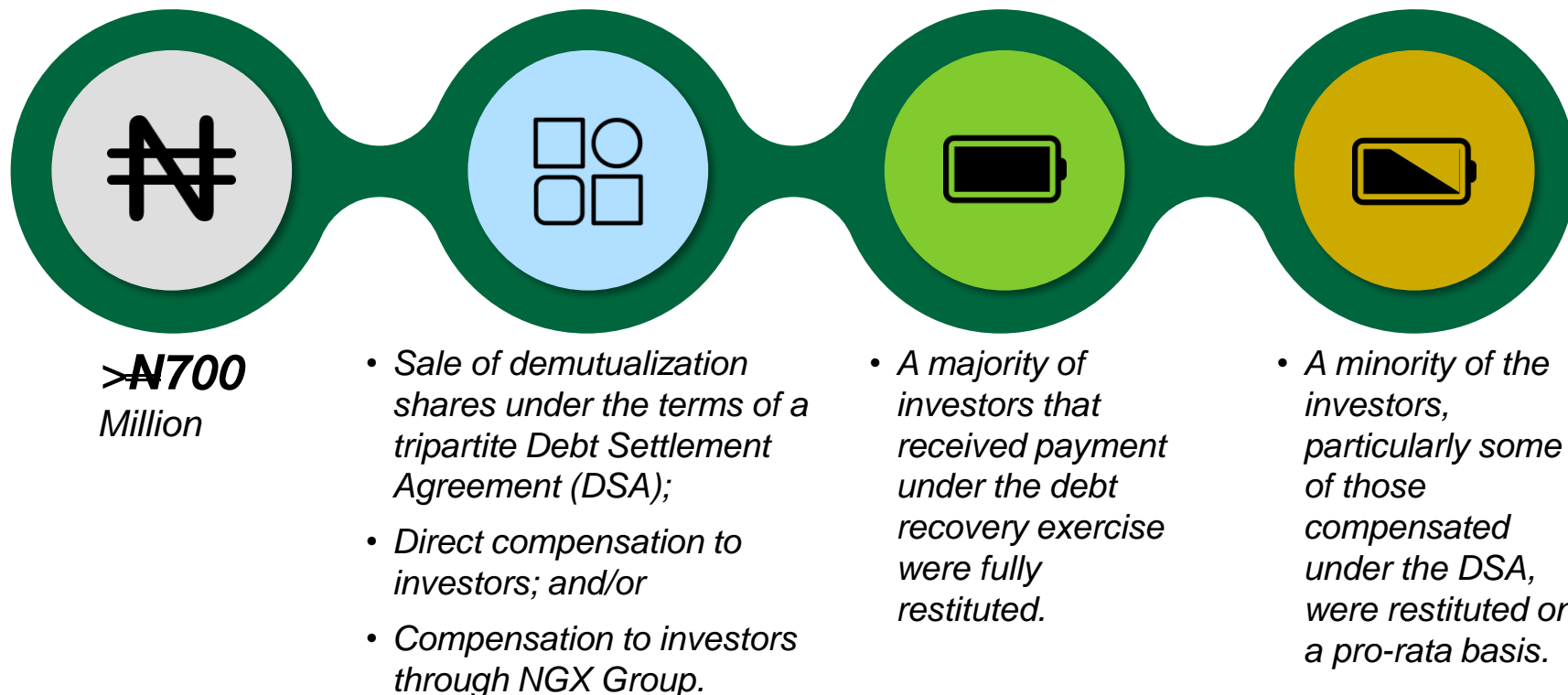
Prior to the 14 April 2022 launch of NGX's Derivatives Market, the regulatory approval process was completed for three (3) Derivatives Market Trading Members (DMTM) as follows:

- CardinalStone Securities Limited (*first licensee*);
- Meristem Stockbrokers Limited (*second licensee*); and
- APT Securities & Funds Limited (*third licensee*).

SPECIAL DEBT RECOVERY EXERCISE



In 2020, The NSE* commenced a special recovery exercise (spearheaded by its Regulation Division*) against indebted members eligible to benefit from the demutualization of The NSE. A summary of the **recoveries made for investors** is provided below:



Note: The special debt recovery exercise has evolved into a joint recovery exercise with the SEC, the apex regulator, to protect investors and recover funds due from debtor TLHs to investors who have (i) suffered losses as a result of the unauthorized activities of TLHs; and (ii) filed claims/complaints before the SEC and/or NGX RegCo.

*The NSE – The Nigerian Stock Exchange which is now known as Nigerian Exchange Group further to the demutualization of The NSE. The Regulation Division metamorphosed from a Division of The NSE into NGX RegCo, a standalone company.

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