

# Presentation to Capital Market Committee (CMC)

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**NG CLEARING**

## About Us

# NG Clearing – Nigeria's Premier CCP

- Incorporated in 2016. Recognised by the Securities and Exchange Commission (SEC) as a Central Counterparty (CCP) in 2021.
- Owned by reputed Financial Institutions such as Exchange, Depository, top commercial & merchant Banks, Sovereign Investment Authority, and stock brokers association.
- Established as a Market Infrastructure Institution (MII) to clear & settle trades in multiple asset classes across Exchanges as a CCP in Nigeria.
- Policies and procedures benchmarked in accordance with the Global Best Practices including the Principles for Financial Market Infrastructures (PFMIs) prescribed by the CPSS-IOSCO.

8<sup>th</sup> Floor, UBA House,  
57 Marina Road, Lagos.



# Our Services



## **Risk Management**

Counterparty risk management through margining and guaranteeing settlement of trade even if the counterparty defaults



## **Clearing and Settlement**

Establishes obligations of buyers and sellers in order to settle the trade by becoming the buyer to every seller and the seller to every buyer of a cleared trades



## **Collateral Management**

Collects and manages collateral placed by clearing members through margin to cover the risk of a counterparty's default

<p><b>Central Counterparty</b></p> 	<p><b>Pioneer Trading Members</b></p>   	<p><b>Pioneer Clearing Members</b></p>  
<p><b>Trading Venue</b></p> 		

We launched the  
**Equities Derivatives Market on**  
**April 14, 2022**



List of contracts currently listed for trading.

Market Status  OPEN  NG CLEARING	
SYMBOL	EXPIRY
NGX30	SEP-22
NGXPENSION	DEC-22
NGX30	SEP-22
NGXPENSION	DEC-22

# Update on Market Engagement Activities



- Ongoing discussions with other Exchanges to partner in the clearing & settlement of commodity derivatives.
- Engaging Trading License Holders to understand their perspectives and steps required to deepen the market.
- Engaged with the Association of Asset Custodians of Nigeria ("AACN"), Chartered Institute of Stockbrokers ("CIS"), and Association of Securities Dealing Houses of Nigeria ("ASHON") to share the landscape on the activities of NG Clearing.
- Facilitated the discussion between ASHON governing council and NSE Academy ( Training Institute of NSE India) to design and deliver a training programme that would include real time trade simulations.

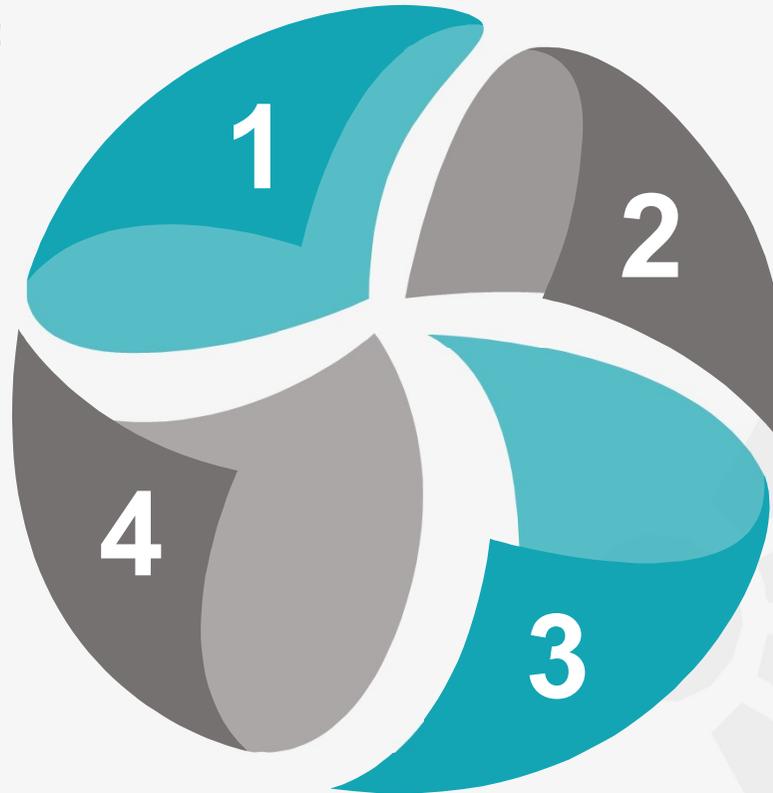
# Value Proposition for Central Clearing

## Robust Risk Management

- Reduction of counterparty risk through novation, netting and robust risk management.
- Availability of resource (pre-funded) to manage a default.

## Transparency

- Transparent risk framework and public disclosures
- Daily reporting on positions and cashflows



## Market Stability and Resilience

- Collateral management to prevent systemic risk and excessive risk taking.
- Default management tools that fosters market confidence.

## Cost & Operational efficiency

- Netted positions reduces overall administration cost
- Netting significantly reduces costs for trade and collateral processing

**Thank  
You**



**NG CLEARING**