



FMDQ: The Gains and Uncertainties of Market Evolution, the Inside Story.



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Proshare Graphics.

Proshare's Economic and Market Intelligence Unit traces the evolution of a financial market infrastructure (FMI) in this report and makes the case for transitioning the FMDQ Group into a fit-for-purpose entity that aligns global best market practices with institutional development. Following a market impact assessment of its evolution and extensive potential contributions to overall economic development, analysts are left without a doubt that no time is better than the present for FMDQ's critical and strategic shift to an evolutionary framework that supports superior management and regulatory governance of the traded public and corporate debt platform.

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1 Executive Summary.

Three schools of thought have made strong but divergent cases for how Nigeria's FMDQ Exchange should evolve. One school of thought, the '**institutional hawks**', argue that the FMDQ should remain a membership-controlled unlisted Holding company with solid regulatory support (using the fast-paced growth of the Exchange relative to the NGX, Nigeria's premier equity market, as a justification), the second school of thought, the 'market movers' argue that there is a compelling need to transit, after a decade, FMDQ's board composition and its listing on an Exchange to establish its market value and improve corporate governance quality critical to its long-term viability. A third school gaining increasing attention, the '**Status quo adherents**', argue that what is not broken need not be fixed or should be handled with minimal disruption to the existing order.

While the hawks argue that all local banks and the Central Bank of Nigeria (CBN) should continue as owners of the FMDQ, market movers believe that the banks and their regulator should demutualize their equity interests in the FMDQ and allow the debt market trading floor to be owned by investors rather than members.

Beneath the different schools' positions lies the undisputable yet less spoken about admirable developmental and catalytic role that the Central Bank of Nigeria (CBN) played in building and sustaining a viable foreign currency, treasury bill, and bond market, that kickstarted the formal entity. However, analysts argue that the time has come for the CBN to reassess its market intervention role and help to facilitate the FMI's independence. Analysts note that no catalyst remains present in a chemical reaction permanently. Likewise, no regulator should exercise commanding influence in a market operator or enabling infrastructure beyond a nurturing phase.

While two schools (the Hawks and adherents) point to corporate governance lapses at the listed and demutualised NGX as an avoidable problem, the opposing school, the movers, insist that the NGX's difficulties are surmountable and require minor tweaks; which the FMDQ can benefit from as it evolves. For example, the domination of power within the NGX governance structure by prominent corporations and billionaire investors represents a red flag. The Securities and Exchange Commission (SEC) should introduce guidelines that limit the share ownership of the Exchange by individuals with large equity interests in

companies listed on either the premium or mainboard board of the exchange; including other safeguards to moderate the potential significant influence of high-net-worth individuals on the exchange's decisions and actions.

Besides, the proponents have noted that having such governance challenges raises concerns over the fairness and clarity of market action. The alternative school acknowledges the challenges of the share-ownership structure of the NGX as presently constituted but notes that listing does not require share-ownership concentration. This school argues that the FMDQ could be demutualised (move from ownership by members to ownership by shareholders) with caps placed on the number of shares held by individuals, corporations and associated or related parties.

This school (the movers) insist that the NGX's hierarchical governance arrangement is inferior to a flatter, less hierarchical structure that supports organisational agility and flexibility. Indeed, this school contends that if the FMDQ were to trade the same asset classes as the NGX (in addition to its currency trading and short-term government debt instruments), the institutional rivalry would require both trading platforms to become more efficient, effective, and competitive. Thereby creating competing institutions that enrich capital market investor experiences.

The third school presents a more nuanced corporate interpretation that reflects a fresh perspective on FMDQ's evolution. The third school, 'Status quo adherents' traces the antecedents of the exchange to the loose association of bank treasury dealers of all licensed banks in the country and believes that the FMDQ should remain a members-driven entity with no immediate intention of listing on any exchange or require a change in board composition and decision-making framework. They make a compelling case that the challenge of the FMDQ revolves around its corporate governance and administrative structure (a function of its evolutionary journey) rather than its institutional ownership or membership. Advocates of this school argue that the position of a treasury and public sector specialty trading floor must be preserved to ensure stability, predictability, and sustainability of Nigeria's debt market.

Expectedly, the adherent's argument meets with some resistance. Indeed, as far as the demutualization doves are concerned, Nigeria

needs a reimagined and robust market for the trading of the equities of public sector assets and state-owned companies (SOEs, with the preferred trading floor being the FMDQ which is licensed to trade both equities and debt instruments and has strong public sector institutional history. The trouble with this argument however is that FMDQ has no equity trading experience and has a heavy money-market leaning operation. Furthermore, the influence of the CBN on the board of the FMDQ which would be trading equity assets of the federal government would be an aberration from best global trading regulatory practices and may require the Federal Competition and Consumer Protection Council (FCCPC) to determine competitive fairness in the trading of public sector-related equity assets of governments (states and federal).

The influence of the CBN in FMDQ is understandable considering the fund/treasury managers antecedents. Yet, looking at a broader trading floor that trades both treasuries and equities, the financial market infrastructure (FMI) may require new thinking in its governance architecture, i.e. rethinking of the exchange's ownership and control. The exchange needs to be structured in a way that allows it for investors and those seeking funds. The school argues that rather than have the NGX and FMDQ to merge into a bigger financial market infrastructure, it should support a framework where two FMI's exist to trade primary and secondary market assets such that individual efficiencies offer advantages all to the benefit of the debt and equities market.

The relationship between regulatory speed and financial infrastructure flexibility has been troubled by the Securities and Exchange Commission's (SEC's) hitherto slow regulatory response to corporate environmental changes and delayed policy guidance to capital market operators on the equity markets sell side. Over time, the domestic market has either failed to respond to global financial events or has responded weakly.

In more relatable terms, regulators and market operators have been predominantly reactive rather than proactive leading to poor alignment between investors' aspirations and market adjustments. The asymmetry between investor imagination and capital market infrastructure governance has hampered Nigeria's Capital Market development. This is highlighted in the lag between when Nigerians began trading foreign equity instruments on platforms like and the time the Securities and Exchange Commission (SEC)

eventually released its trading guidelines in consultation with the Central Bank of Nigeria (CBN).

Nigeria's financial market regulation has historically pulled behind innovation, thereby unwittingly allowing Ponzi scheme merchants to build tidy personal financial empires before the regulator patched the damage and reduced the carnage. The same weaknesses played out during collective investment scheme (CIS) developments. The regulatory responses have usually come several months after scheme subscribers have lost their monies, with scheme/product promoters disappearing into a life of obscene luxury, without a forceful deterrence established.

In this report, **Proshare Analysts** argue that the exponential rise in digitalisation, market collaboration and co-creation, blockchain integration, and artificial intelligence enhancements support ongoing global financial disintermediation, currently disrupting market realities and calling for pre-emptive regulatory responses to ensure investors and other stakeholders stay adequately protected. Analysts therefore, recommend that the FMDQ should, by 2025, review its ownership arrangement and move towards best global governance practices for Financial Infrastructures as is the case in the United Kingdom (UK), the United States of America (USA), and even South Africa (SA). This would imply, but would not be limited to, the following actions:

- Readdress the relationship between the Central Bank of Nigeria (CBN) and the FMDQ. Hawks have argued that the present situation should be left alone on the ground that what is not broken needs no fixing. Contrarian analysts contend that the present ownership structure and operations of the FMDQ is not future-ready and is UNPREPARED for a world where the FMDQ and the NGX trade similar financial assets. They argue that the FMDQ would need an ownership structure change and a governance structure evolves towards a fir-for-purpose FMI status.

They insist that if the country expects financial infrastructure convergence, then the FMDQ must be future-ready by relying less on patronage facilitated by the CBN. The well-articulated fear in some quarters is that less involvement of the CBN, at this time, could lead to a fall in FMDQ's operating earnings which could collapse what has been built with

the speed of a poorly made soufflé. This is the nature of disruption, and of intentional and deliberate interventions whose success will be predicated on timing, sequencing and the pitch for change.

While it is true that the CBN and the banks have supported the rapid growth of the FMDQ, mainly through large foreign exchange-related transactions (reflective of the exchange's bank treasury association background), the emerging market realities will require a different thinking, one in which there would be a confluence of traded assets on both NGX and FMDQ.

There are those on the extreme end of the argument spectrum who argue that the two platforms should be merged into one single traded assets infrastructure to strengthen and deepen Nigeria's capital market to compete continentally, if not globally, and attract listings by large corporations across the African continent. We believe that as desirable as it sounds, the market's evolutionary trajectory does not support this proposition.

On this point, we note that the recent differences of opinion between the CBN and the leadership of the FMDQ exchange, justifies a rethinking, reworking, and repositioning of the FMDQ as an asset trading platform with significant public sector pull. Analysts, in the report lend credence to this with the case for a repositioning of the relationship between the banks, CBN, and the public debt exchange to enable SOEs list their equity on the FMDQ.

- Ⓟ Commence the listing of the financial market infrastructure (FMI) on a traded equity exchange (this position is not popular with market insiders; who would rather support the revision of the exchange's accountability, transparency, and efficiency governance). The third school referred to earlier, the 'status quo adherents' believe that it serves the best interest of the financial market for money market traders and all banks in the country to be the principal owners of the trading platform. They argue that Proshare's case for listing is weakened by the brilliant performance of Nigeria's premier fixed-income exchange since 2011; even as they admit that issues raised by Proshare concerning the FMDQ's institutional governance may require revisiting and modification.

- Ⓟ Confronting and resolving the aberration of a central bank owning shares in an FMI selling public debt and equity (this contradicts global best governance practices in the running of financial Market Infrastructure); and addressing the inter-operability of markets (convergence in service efficiency).
- Ⓟ The process for superintending FMDQ's transition into a governance-compliant listed Financial Market Infrastructure (MFI). In a separate corporate report on the post-demutualisation of the NGX prepared by Proshare, it was evident that the smooth balancing of strategic purpose and stakeholder interests ensured that the NGX's evolutionary progress allowed for a more transparent governance and ownership arrangement. But, as noted in the report prepared by Proshare's Economy and Market Intelligence Unit (EMIU), *'The institutional challenge of running independent and profitable subsidiaries puts into question the wisdom of the exchange's Holding company structure. It challenges the sustainability of the hierarchical order that appears to be the product of hubris rather than detailed business planning and calculations. The weak strategic processes, programmes and policies in the evolution of the NGX's Holdco structure have crippled its efficiency and effectiveness, raising issues around the timing/sequencing of the structural change.'*

The analysts in **Section 2** of the report provide the context for the evolution of the FMDQ and point out that the creation of the FMI has supported the growth of the domestic debt market, creating opportunities for efficient and effective price discovery and opening both public and private sector borrowers to alternative sources of financing. However, given the dynamic shifts in global capital markets, the report makes an early case for reconfiguring the exchange ownership. This they believe has become more pressing as the central bank moves to assert more control over the communication of foreign exchange rate activity and its recent introduction of the Bloomberg **Electronic Foreign Exchange Matching System (EFEMS)**.

Section 3 of the report builds on the earlier section's theme. It makes a case for reviewing capital markets operations by allowing the dominant financial market infrastructures (FMIs), the FMDQ and NGX, to explore the convergence of their market products and services. This would strengthen both institutions and promote larger

traded volumes and broader instruments, increasing market breadth and depth.

Section 4 reviews the global market's best practices and highlights lessons that can be drawn from the successes and failures of other markets. We provide a comparative review of four exchanges (NYSE, NASDAQ, LSE and NGX) with FMDQ and note that a gap in the Nigerian market is the absence of a code of professional ethics and market practices monitored and managed by an independent agency such as done by the Financial Industry Regulatory Authority (FINRA) in the USA, established to protect investors and ensure fair market practice. The Nigerian SEC has been reticent in supporting a similar agency in Nigeria.

Section 5 considers who should lead market reforms and adopts economist Gunnar Myrdal's concept of cumulative causation, where actions become self-reinforcing, and cause and effect interact progressively. According to the analysts, FMDQ should lead the call for market evolution, as market interactions lead to continuously dynamic resolutions that improve overall market wellbeing. Nigeria's capital market convergence should start now. Considering the success of the NGX Group in migrating from a member-based ownership format to a shareholder-based format, and its subsequent listing on the NGX Limited trading floor, a school of thought believes that FMDQ needs to adopt a similar path to the future (this argument has its opponents that feel that well should be left alone).

Section 6 of the report reinforces this notion and underscores the importance of moving from a membership-based structure to a shareholder-based entity by listing the FMDQ Group either on its own platform or the NGX.

Section 7 places emphasis on the FMDQ's importance in the price discovery process/role and its need to operate with stronger self-governance and accountability and pursue a sustained profit-focused corporate purpose. A large proportion of the platforms relative size has been associated with its foreign exchange activity, without this business segment the platform's size shrinks notably.

Section 8 examines FMDQ's potential for broadening the scope and scale of Nigeria's capital market. The report notes, "*The possibility of FMDQ as a broader equity and debt trading platform leading to a significant shift in the local capital market's competitive architecture.*"

The final section, **Section 9** of the report, offers closing thoughts and observes that the FMDQ needs to move swiftly to ensure that it does not play 'Tail End Charlie' in a rapidly changing financial ecosystem. For FMIs like the FMDQ to thrive, having regulators like the CBN as equity holders and board members is an uncomfortable breach of best global corporate governance practice, and the CBN may need to sell its equity interest in FMDQ.

In the report's **closing thoughts**, it was stated that whilst a crab may possess the habitat advantage to embark on a riverbank crawl, FMDQ possesses no such advantage. Speed will be as important a variable in tomorrow's business success as reliability, credibility, and integrity. Those actively engaged in financial market strategy recognise the need to make multiple sequential moves; this underscores the unspoken Holy Grail of business success. In other words, diligence in planning and execution is never enough and will always require rethinking, reworking, and revalidation. The difference between companies that win and those that lose is that while winners are forward-looking, agile and flexible, losers operate from their corporate memories rather than imagination.

Proshare's analysts note that Nigeria's financial market infrastructure needs makeovers, starting with both the NGX (which has evolved to a demutualised and market-listed entity) and FMDQ Group (which has strong advocates of staying with its present governance structure and market status). According to one of Proshare's senior analyst: *'While the NGX needs to review its governance structure and share ownership distribution, the FMDQ needs to decide whether it would be better off as an unlisted mutualised members-only exchange or follow the NGX example without the flaws, flourish or fanfare.'*

2 FMDQ - Climbing the New Governance Buggy Bike.

Nigeria's premier corporate and public debt trading platform, the FMDQ, has raised the profile of traded debt instruments and promoted efficiency in the country's currency and futures markets. The company has significantly increased the size of Nigeria's debt and FX market from N104trn in 2014 to N208.25trn in half year 2024. However, as the saying goes, 'good can often become the enemy of better'. After a decade of growth along a traditional path, changing the corporate bike and its destination has become necessary. **Considerations must begin to shift**

from the foundational and old ways to those of institutional growth and sustainability.

Essentially, what began as a member-based platform for secondary market trading in debt and currencies needs to evolve into a shareholder-based platform, with an expanded scope of traded instruments and less shareholder intrusion in daily management.

In her book 'The Zero-Sum Game, *The Rise of the World's Largest Derivative Exchange*', Erika Olson reviews the activities, persons, and events that led to the merger of the Chicago Board of Trade (CBoT) and the Chicago Mercantile Exchange ('merc'). She pointed out that both institutions had become hardened rivals with animosity brimming at the surface, and both sets of employers nestled in an 'Us versus Them' mindset, making it difficult for them to see a bigger picture that was emerging in commodity trading both in the United States of America (USA) and globally.

According to Olson, as recently as 2006, the CBOT members were a privileged club of institutions and persons that were legendary in their self-interest and meanness to Exchange staff. Members' untamed greed reflected a market locked in the old ways of the power class. However, over time, even power and privilege give way to progress and modernity. This archetypal shift in mindset – as a trend shaping the global financial markets – towards a bigger picture and for the greater good, driven by modern governance, has become relevant to, and crucial for the evolution of FMDQ, and the NGX.

In 2006, the CBOT celebrated its 'side-by-side' trading arrangement that allowed traders to trade physically and electronically simultaneously rather than at separate times. This represented the innocent beginnings of disruption in the futures commodity exchange. On page 12 of her book, Olson asks, "Why would the members ever allow the board of directors to bless the launch of side-by-side trading for Corn, Wheat, and Soybean futures, then," Olson answers her question by noting that, 'Perhaps it was getting too embarrassing to continue ignoring market trends. What the slow-to-change contingent of members lacked in business sense, they made up for in pride, and they couldn't stand humiliation.'

Proshare analysts make the case for Nigeria's Old Boys and Girls Club of banks - a smattering of financial infrastructural interests and their grand patron, the Central Bank of Nigeria (CBN) - which has exercised effective influence over the FMDQ rather than the apex capital market regulator, the

SEC, to climb on the modern corporate buggy bike of ownership by shares rather than membership.

Proshare analysts argue that the era of financial market infrastructure (FMI) controlled by cigar-smoking and cognac-swilling corporate barons is over, or at least should be, as in Europe, Asia, and America. **Holding on to 17th-century structures and biases in running 21st-century financial trading platforms can only lead to dark and unpleasant consequences.** The FMDQ should be prepared for a strategic shift from member ownership to shareholder ownership with the eventual listing on a registered exchange.

The FMDQ Plc is a self-regulatory organisation (SRO) licensed in 2012 by the Securities and Exchange Commission (SEC) as an over-the-counter (OTC) trading platform for government treasuries (bonds and bills), private debt instruments (commercial papers (CPs)), currencies, and derivatives. The entity has since transformed into to a full-fledged 'financial market infrastructure (FMI) Group, structured as a Capital Market Holding Company, warehousing five (5) wholly owned subsidiaries, viz:

1. FMDQ Securities Exchange Ltd (Nigeria's Largest Exchange by Market Turnover);
2. FMDQ Clear Ltd (Nigeria's Foremost Central Counterparty);
3. FMDQ Private Markets Ltd (Nigeria's Private Capital Information Repository);
4. FMDQ Depository Ltd (Nigeria's Integrated Securities Depository); and
5. iQx Consult Ltd (Information Technology Services Company).

In the following paragraphs, Proshare Analysts explain why FMDQ must begin a new journey of improved transparency, institutional integrity, and operational credibility given a more competitive and convergent market evolution (*see illustration 1*).

Illustration 1:



Market observers agree that the FMDQ was a bold and timely response to several treasury market gaps identified by its promoters and pioneers. Despite this, more contemporary realities highlight the need to plug new (which, in a way, resulted from the FMDQ's accomplishments). Whilst FMDQ has created fixed-income and foreign exchange market liquidity, the institution's governance structure has come under question, given the precise role of the CBN and all FMDQ's bank members. Given this realisation, analysts have made a case for the realignment of the governance of the FMDQ with minimal regulator influence. The problem is not that the regulator has proven to be overbearing, but that there is a need to eliminate the possibility of a regulator behaving like a ten tonne Gorilla to cause potential governance havoc (see illustrations 2 & 3).

Illustration 2:

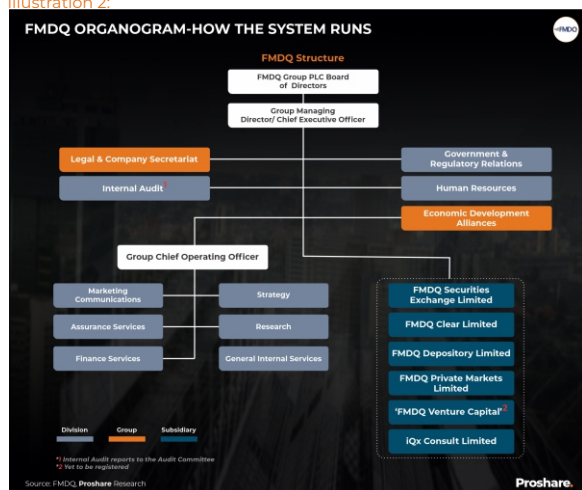
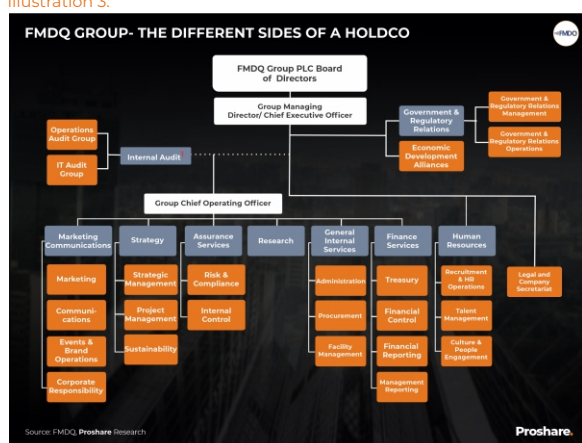


Illustration 3:



Evaluating Tier 1 Banks:
The Making of the Class of 2024. [Download](#) Proshare

3 Nigeria's Financial Market Infrastructure (FMI) – State of Play and Need for Market-Fit-Solutions .

The State of Play

A combination of continuous improvement and the adaptation to innovative disruptions by the SROs (Self-Regulatory Organisations), the likes of NGX, FMDQ, NASD, etc and Securities Clearing and Depositories bodies, like CSCS, FMDQ Clear, NG Clearing, etc, which make up the market infrastructure ecosystem, has yielded a state-of-the-art Financial Market Infrastructure (FMI) that facilitates near perfect execution of trading, clearing, settlement, and depository functions for market participants.

Proshare Analysts note that Nigeria's FMIs are at the forefront of innovation and market development, leveraging cutting-edge technologies and best practices to improve the efficiency and speed of service delivery. For instance, while the market settlement cycle remains at transaction day plus three days (T+3), there are ongoing efforts to shorten the delivery and settlement cycle to T+1, which would reduce the counterparty and liquidity risks and increase the turnover and liquidity of the market, akin to the US stock market transition to T+ 1 trade settlement window in May 2024.

Although the industry regulator had, in a 2017 note, announced the implementation of a shortened settlement cycle for most securities transactions to T+2, under amendments to Rule 15c6-1 that the Commission had earlier adopted following extensive preparation and coordination among regulators and industry. Analysts opine that the regulator's lack of policy actions to follow through with commitment stalled the transition and retained the T+3 settlement cycle to date.

Furthermore, the integration and synchronisation of FMIs and the payment system have also allowed instant transactions in securities trading with the Direct Cash Settlement (DCS) initiative launched in 2016. This initiative has facilitated the direct crediting of securities sale proceeds to the seller's bank account and debiting the same from the buyer's account through the market payment and settlement infrastructure. It has removed brokers and custodians from the settlement process, allowing the DCS system to improve efficiency and guarantee market transparency (see Illustration 4).



A few pain points in the current market infrastructure include:

- ❑ Static regulations, which are focused more on policing than on promoting market growth, stifle innovation and competitiveness.
- ❑ Lack of sufficient financial products due to a regulatory environment largely resistant to product development.
- ❑ The Central Bank's monetary policy overly influences the debt market.
- ❑ Though considerable progress has been made, FMIs are yet to be fully integrated with contemporary technological innovation, making the market less efficient and competitive than global peers.

Market-Fit Solutions

- ❑ Introduction of time-sensitive regulation that promotes growth, innovation, and market development rather than excessive enforcements that fall short of expectations compared to prevalent global standards.
- ❑ Establish regulatory sandboxes, specifically for testing and implementing new financial market infrastructure projects, allows stakeholders to experiment with innovative solutions in a controlled environment while ensuring regulatory compliance.
- ❑ Develop indigenous FinTech solutions tailored to Nigeria's market needs, such as market attractiveness for listing, increased liquidity, and financial inclusion.
- ❑ There is a critical need for an environment that enables the development of diverse financial products, particularly in asset and risk management.
- ❑ Implementing stricter codes of conduct and corporate governance frameworks for CMOs and regulators will boost investor confidence and market credibility.

- ❑ Restructured market, such that the debt market operates independently of monetary policy to prevent regulatory interference and undue market control.
- ❑ Integrating the local settlement systems with the intra-African payment system, the Pan-African Payment and Settlement System (PAPSS), to facilitate the clearing and settlement of trading transactions within and outside the African Exchanges Linkage Programme (AELP).

4. Benchmarking and Lessons.

Leading exchanges globally have adopted the proposed shareholder and publicly traded ownership models, while in other regions, smaller exchanges have merged to leverage economies of scale and scope. This strategy is essential for thriving in an increasingly competitive and dynamic market environment. The evolution process has led to a significant shift in the global market structure, with multiple listed exchanges operating alongside one another (see illustration 5).



Over the past two decades, more than 63 exchanges in 51 countries have undergone demutualisation, shifting from cooperative (non-profit) structures to profit-oriented businesses. This transformation has fundamentally altered the exchanges' orientation and mandates, prompting internal and external changes that expand market benchmarks beyond financial performance, regulatory compliance, investment flows, and product diversification. Enhanced performance across these metrics is critical to demutualisation in various markets (see table 1).

Table 1:

Exchange	Competitive	Ownership Reform	Facilitating	Broadening Access	Unlocking Value
Budapest Stock Exchange	✓	✓	✓	—	—
Bursa Malaysia	✓	✓	✓	✓	✓
Philippine Stock Exchange	✓	✓	—	—	✓
Nigeria Stock Exchange	✓	✓	✓	✓	✓

However, the transition of exchanges from private member-owned entities to publicly listed companies is not without its own challenges, particularly around the notion of self-regulation (SRO). This shift in the SRO concept raises critical concerns about potential conflicts of interest and whether exchanges should continue to act as SROs. The issue centres on balancing the need for market oversight with the commercial pressures of being a for-profit company.

Proshare Analysts observe that there is no universal approach to resolving this dilemma. In some cases, exchanges maintain their self-regulatory status even after becoming publicly listed, while in others, the government or a regulatory agency assumes oversight responsibilities. Alternatively, some markets transfer regulatory duties to independent, non-governmental bodies like the US FINRA, which is still under the SEC’s overall regulatory supervision. However, these arrangements raise questions about leadership and oversight capacity, particularly in emerging and frontier markets where such transitions are still evolving.

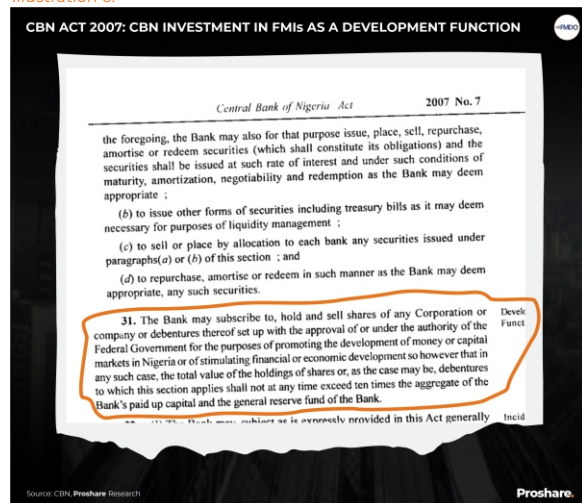
For example, regulatory functions at the Nigerian Exchange Group (NGX) are carried out by a subsidiary NGX Regco, under its holding company structure. Despite this, the overlapping roles of regulators in Nigeria require further adjustments to align with best global practices. Some analysts are still unclear about how a financial market trading floor can operate within a framework where a parent Holding company owns the regulatory company that ensures trading floor compliance. Proshare’s Economy and Market Intelligence Unit (EMIU) understands that the lean finances of the NGX Regco, for example, have softened its capacity to provide extensive regulatory compliance oversight. Apart from turf conflicts and ‘in-group, out-group’ compartmentalisation of corporate interests, the NGX still struggles to make economic sense of the Holdco structure, with the real estate and regulation subsidiaries representing operational loss leaders.

In Nigeria's financial markets, the NGX heads equity trading, while FMDQ leads the debt market,

setting competitive boundaries between the platforms. In contrast, the U.S. capital market features multiple exchanges, such as NASDAQ, NYSE, and CBOT, while India operates over 14 exchanges. The World Federation of Exchanges attributes this diversity to technological advancements, heightened regulatory demands, and geopolitical influences.

While the CBN's intervention in the FMDQ has served admirably as a catalyst to Nigeria's fixed-income market development, it may be necessary for the relationship to be reappraised to resolve the increasingly thorny issue of a conflict of interest. This becomes especially important as the CBN serves as a regulator for other significant stakeholders of the FMDQ exchange. To align with the best global governance practices, as seen with America's NYSE and NASDAQ, in which the Federal Reserve Bank has no beneficial interest, the CBN may take pride and credit for its early role in Nigeria’s fixed-income market development. However, this may be the time for the CBN to adjust its role and allow private sector investors to pursue the exchange's next growth agenda. (see Illustration 6).

Illustration 6:



5 Who Takes the Lead in Building the Bridge for Changes.

Analysts argue that capital markets can attain efficiency through well-developed regulatory structures, good financial market infrastructure (FMI), trust-building transparency, and market-enhancing product diversity. The absence of some of these factors has hindered Nigeria’s capital market growth. Regulations have proven outdated, focusing on policing rather than innovation and expansion. This means the

regulator has followed rather than led market evolution, creating situations where operators develop products with minimal or non-existent short-run regulatory guardrails. An analyst with over thirty years of experience has described the situation as “a regulation tortoise chasing a market hare”.

This situation has hindered market development. Rather than adopting proactive and market-creating rules and regulations, the regulator has been stuck in a rut of enforcement and sanctions, which, although necessary, remains less effective in modern terms. Regulators must understand shifting investor preferences (such as digital and fungible assets) and develop the rules that guide transactions in these new market spaces. They must adopt a more dynamic view of the markets, taking advantage of the successes and learning from the failures of first-mover rules and regulations in other markets.

Proshare Analysts affirm that the best approach to market development is coevolution between the regulator and the regulated. This is similar to economist Gunnar Myrdal’s notion of development being a product of **cumulative causation**. Capital market regulators must initiate and respond to market evolution in a synchronised fashion that enables them to actively participate in evolutionary market processes as they form, not when they are completed.

Recent reviews of the two dominant capital market trading infrastructures have shown that they have operated a monolithic asset structure since inception. NGX is popularly known for its equity stock trading and FMDQ for its traded debt market instruments. Compared to leading exchanges comprising multiple asset classes showing greater diversity and flexibility, the domestic structure has prevented growth and innovation. Therefore, there appears to be a need for the exchanges to rethink and evolve from their present models to one that allows for the broader trading of different asset classes on each exchange. Nigeria’s capital market growth depends on the two exchanges’ willingness to diversify their traded assets and trading cultures. For instance, FMDQ should trade more than debt instruments, currencies, and derivatives, and the NGX should widen and strengthen its fixed-income activities, thereby creating healthy competition between the two exchanges and encouraging innovation and market progress (see table 2).

Table 2:

	FMDQ	NGX
Stocks	0	152
Government Bond	9	38
Corporate Bond	57	25
Derivatives	2	4

The relatively slow responses of both exchanges to global market changes raise questions about the quality of market governance and regulations that guard and guide the equity and debt markets. Globally, regulators are not seen to be active participants in the daily operations of financial infrastructures except as issuers and buyers of public debt instruments. In the case of the FMDQ, there are concerns about an inherent conflict of interest with the Central Bank of Nigeria (CBN), the banker to the federal government, having a membership interest and board seat in the country’s primary debt market infrastructure.

The CBN may need to reappraise the situation. A decent way of doing this is by supporting the demutualisation of the exchange to put it on equal footing with the NGX. This is not to say that the NGX is the best specimen of a demutualised exchange, yet, its demutualisation has improved/cleansed some of its activities as it continues to pursue operational excellence.

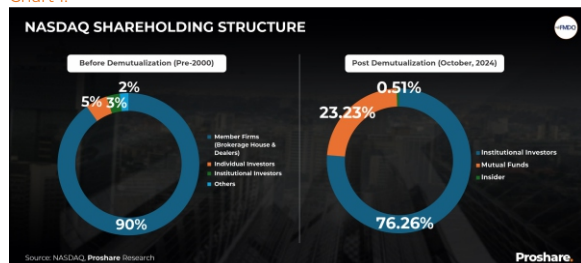
The governance of FMIs remains a sore point for market observers. For instance, the concentration of influence and power in certain NGX offices and officials may require review, as its holding company structure may need additional scrutiny. Nevertheless, demutualisation and the probable listing of the FMDQ are available choices for greater institutional credibility, integrity, and reliability.

3 From Member-Based to a **Diverse Shareholder-Based Structure.**

Since the establishment of FMDQ in 2013, FMDQ has operated as a private market owned by a few institutional investors and the regulator. The firm has a shareholding distribution of 15.41% held by CBN, 63.67% held by 22 banks, and the Financial Market Dealers Association has held 12.19%. The regulator seems to be a common denominator in all the institutional investors holding a stake in the exchange, signalling dominance. While the presence of a regulator is essential for the exchange, the dominance could create political

and personal interest risks. To avoid this outcome for a vital financial infrastructure (FI), there is an urgent need to transition from membership-based ownership to shareholder-based ownership of the exchange, akin to the transition of the US NASDAQ. (see chart 1).

Chart 1:



A shareholder-based structure would drive growth (as was seen with the CBoT in the USA) and spur efficiency since the accountable return on investment and stricter governance standards would ensure that the exchange pursues strategic objectives to maximise profit while upholding best global governance practices, as has recently been seen at the Nigerian Exchange Limited (NGX). Proshare Analysts believe that this transition of the FMDQ would position it for market expansion beyond its current limitations, competing with exchanges in other developing countries as it should be (see table 3).

Table 3:

Feature	Ownership and Governance	Innovation and Technology	Regulatory Standards
NYSE	Publicly listed, under ICE with independent board for transparency and regulatory compliance.	High-frequency hybrid model (electronic and traditional trading), advanced data, blockchain integration.	Operate under US SEC regulation, which enforces strict listing, disclosure, and ethical standards to maintain investor trust.
Nasdaq	Publicly listed, tech-focused with independent directors to balance oversight and market needs.	NASDAQ is a pioneer in tech, uses cutting-edge digital infrastructure, and invest heavily in cloud tech, AI, and ML for secure and efficient trades.	Regulated by US SEC, which emphasis on transparency and disclosure, given its focus on high-growth, tech-driven companies.
LSE	Publicly listed under LSE Group, governed by FCA standards, balancing oversight and operations.	LSE uses modern platforms for global trading, employing blockchain, and cutting-edge financial data solutions through its subsidiary - Refinitiv.	FCA-regulated, adhering to regulatory standards and UK Governance Code for high transparency and board accountability.
NGX	Public listing under NCX Group with board structure aligning with global standards.	Has modernise trading platforms, data analytics and adopted automation and real-time data services to ensure a competitive edge in the African capital markets.	Nigerian SEC-regulated, with framework designed to protect investors, ensure fair market practices, and maintain transparency.
FMDQ	Private, owned by the CBN and other financial institutions with independent board but narrow shareholding base.	At the forefront of innovation in Nigeria's financial markets, particularly in the fixed income, currency, and derivatives markets. Has invested heavily in advanced trading technologies.	Also, Nigerian SEC-regulated and an SRO. It has a robust internal regulatory framework that aligns with global standards to ensure market integrity and investor protection.

From Private Ownership to Public Listing: The New Normal.

Following the CBoT playbook and the US NASDAQ examples, the proposed transition of the FMDQ would be a precursor to an equally important step of listing the FMDQ on a formal exchange where its shares that could be bought and sold transparently. Proshare's analysts say, 'What's the point of reinventing the wheel when all that is required is to improve the present one?' The FMDQ requires a few quick tweaks, the first being ownership restructuring and then a listing (greater pricing transparency and governance accountability).

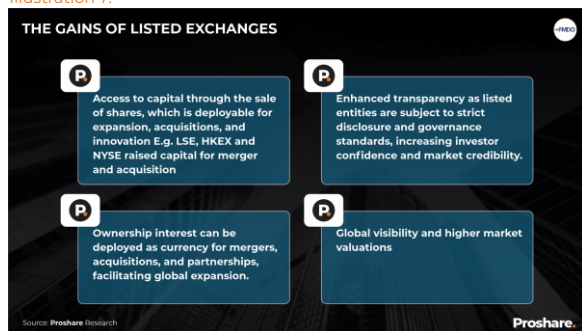
Industry advocacy for more companies to list on local equity exchanges to broaden and deepen the local capital market and enhance capital formation often overlooks the benefits of having the exchanges as listed entities. However, historical precedents have demonstrated that listing exchanges can be powerful models for market credibility, transparency, and growth. As publicly traded companies, exchanges like the New York Stock Exchange (NYSE) and NGX align themselves with the stringent standards they impose on others and set a benchmark for governance and operational excellence. Such practice ultimately enhances investor confidence, drives market participation, and opens new avenues for growth and expansion within the capital market ecosystem.

For instance, when the London Stock Exchange Group (LSE) went public in 2001, it enhanced its transparency. It gained access to new capital, enabling it to finance strategic acquisitions, such as its purchase of Borsa Italiana in 2007. These moves expanded LSE's influence in Europe and diversified its revenue streams. Similarly, the New York Stock Exchange (NYSE) became a publicly traded company in 2006 after merging with Archipelago Holdings, allowing it to raise capital to fund further technological advancements and global expansion. The for-profit model it takes on and its ability to issue shares enabled the NYSE to complete its merger with Euronext, forming NYSE Euronext and positioning it as the world's first transatlantic exchange group. The Hong Kong Exchanges and Clearing Limited (HKEX) also benefitted from being a quoted Exchange with financial flexibility that enabled it to enhance its infrastructure and expand its offerings, including its acquisition of the London Metal Exchange (LME) in 2012.

Locally, the NGX's journey from the conception of listing at the beginning of the Oscar Onyema years at the NGX (then known as NSE) through to its listing on the NASD in 2021 and then to its self-owned trading platform in the same year somewhat enhanced its profile and attracted a broader spectrum of investors. Although perhaps related to the narrowness of the unlisted equity market, the transition of the NASD from a membership base to a shareholder base has yet to emerge as a priority.

As one of the key pillars of the Nigerian capital market, particularly in fixed-income, currency, and derivatives trading, the listing of FMDQ on an equity exchange would not only subject it to higher regulatory standards but also boost its market integrity and capital mobilisation prospects, which is important for technological upgrades, product diversification, and regional expansion, thereby cementing FMDQ's leadership in the capital market beyond turnover size to actual market capitalisation. (see illustration 7).

Illustration 7:



8. FMDQ as a Broader Market FMI; Clear Heads and Open Minds.

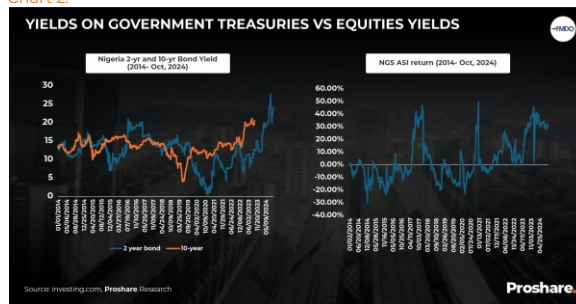
The possibility of FMDQ as an equity and debt trading platform would significantly shift the local capital market competitive context. With its strong foreign currency (FX) price discovery antecedents, fixed income transactions, corporate debt trading, with, to a lesser extent, derivatives activities, FMDQ's extension into equities could enhance capital market depth and provide investors with more expansive traded asset opportunities.

Analysts have expressed worries over the ability of the FMDQ to offer publicly tradeable equity asset classes that cater to state-owned enterprises (SOEs) wanting to list on the exchange. With about 151 equities listed on the NGX as of 2024 and roughly 100 stockbrokers, the market seems too

shallow to mobilise the needed capital to fund the country's development needs and corporate expansion goals through equity raise. The jury is still out on this claim, as the strategic sale of public companies on a domestic exchange would test the waters for the financialisation of public corporations.

From an investor's perspective, the evolution of two sizable equity and debt exchanges could spur faster innovation and reduce transaction costs through competitive pressures. Nevertheless, the success of FMDQ's equity trading would depend on its ability to attract a broad base of listings and maintain investor confidence, particularly considering the NGX's global heft and national brand identity. (see chart 2).

Chart 2:



9. The CBN and Its Catalyst Role - Time for a Role Reversal.

The Central Bank of Nigeria (CBN) must keep its nose and hands out of the cookie jar. For FIs like FMDQ to thrive, having regulators like the CBN as equity holders and board members is an uncomfortable breach of best global corporate governance practice. The CBN, we believe, acknowledges this point and should need no further nudge to take actions to redress this situation, restrict itself to the oversight of the money market, and deliver on its mandate to catalyse money and capital market development without direct institutional equity participation.

Concerning the FMDQ, the regulator has done an admirable job of supporting fixed income and currency market development but must now allow the institution to fend off the ingenuity and creativity of its managers. **A catalyst is not a permanent feature of a chemical reaction; once it does its job, it vapourises and disappears.** This appears to be a good time for the CBN to do just that: concentrate on its money market oversight role over FMDQ's currency and derivatives activities.

10 Closing Thoughts.

Like any other thriving and forward-looking business, transitioning from a membership-based to a shareholder-based corporate structure through listing will mirror the growth trajectory of a successful startup that matures into a public company. Observers contend that FMDQ's shift to a shareholder-based ownership corporate model would democratise its equity, enhance transparency, and unlock new capital-raising opportunities. To stretch the argument further, they suggest that if FMDQ eventually operationalises its license as an equity exchange by securing strategic listings, broadening its investor base, and encouraging a regulatory environment conducive to healthy competition with other exchanges, this would strengthen its position and contribute to the overall growth and resilience of Nigeria's capital market (lessons along these lines can be taken from the competition between the American NYSE and NASDAQ, and the previous competition between the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME) before their merger).

No Looking Back

Over the last eleven years, the FMDQ has made significant progress, but its trajectory along a sustainable growth path will require a philosophy encompassing purposefulness, growth, and grit. The rules of competitive engagement will change over the next five years as capital market infrastructures such as the NGX and FMDQ see tradeable assets converge. The micro monopolistic structures prevailing in the equity and fixed-income markets will eventually attract the interest of the [Federal Competition and Consumer Protection Council \(FCCPC\)](#). Having single dominant markets for trading separate asset classes challenges the concepts of efficient market price discovery and competitiveness. The FMDQ and NGX need to look forward rather than backwards as they prepare for the dynamics of future markets rather than the convenience of the present.

Market analysts perceive that the following features will define the future of traded assets:

- Ⓟ Multiple asset classes traded on competing exchanges like the USA's NYSE and NASDAQ.
- Ⓟ A confluence of traded instruments across markets that would include derivatives,

currency transactions, and Commercial Papers (Cps).

- Ⓟ Treasury bonds and bills will actively trade on at least two different trading platforms, with investors having the choice to trade on either.
- Ⓟ Although asset classes will be similar, asset names and sectors may differ. For example, the FMDQ may trade in equities tilted towards technology companies (like America's NASDAQ), while the NGX trades equities with broader classifications. However, situations may arise where companies list on both exchanges.

The reality of the new market would broaden and deepen activities to support more vibrant capital mobilisation and resource allocation. However, an alternative perspective of tomorrow's market evolution conceives a situation where the FMDQ and NGX merge/collaborate as a single entity. The advantage of this would be that:

- Ⓟ A more extensive set of tradeable assets would be available to investors on a more rigorous single-exchange.
- Ⓟ A single exchange would probably involve greater market efficiency and transparency. A single exchange would also produce more cost-effective outcomes, thereby reducing market intermediation costs.
- Ⓟ A single prominent exchange would make the new entity continentally attractive, creating a more significant pull factor for foreign portfolio investors (FPIs).
- Ⓟ The new exchange would draw on economies of scale and scope, creating 'blue ocean' or uncontested market opportunities for investors. Advocates of the operational convergence of the exchanges believe that the NGX and FMDQ (to a lesser extent) need to scale up to deliver more value to investors and provide better opportunities for long-term domestic capital raise.

While [Proshare Analysts](#) agree with the merits of a larger single exchange, they believe that a superior convergence scenario is to move towards competing exchanges with similar traded assets. While the institutional convergence school can point to the success of the merger of America's Commodity Exchanges, i.e. the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME), those who oppose a single multi-asset exchange can point to the effectiveness of the competitive reality of the NYSE and the NASDAQ in the same United States (US) capital market.

In reflecting on his time at the digital trading floor, NASDAQ, Robert Greifeld, in his 2019 book 'Market Mover, Lessons from a Decade of Change at NASDAQ' noted that it was essential to quickly discount the institution's successes and face the adrenalin rush that comes from climbing the next hill and crossing the next river - Greifeld noted on page 258 of his book that, *'At Nasdaq. I spent more time thinking about how not to become complacent as a leader and how not to lose our edge as a competitive, innovative company than I spent thinking about any other accomplishments. I pushed our team not to become self-satisfied, and I pushed myself as well. If you're not careful, personally and organizationally, past success will be a weight on future success, and the greater the success, the heavier the weight.'*

Proshare Analysts argue that FMDQ must avoid complacency and seize the moment as local deposit money banks (DMBs) raise fresh tier 1 capital. The FMDQ may equally see it fit to do any or all the following quickly:

Shift from a member-based to a shareholder based entity;

- Ⓟ Expand stakeholder ownership/composition;
- Ⓟ Redefine purpose and extend the corporate mandate (to include equity trading in mainly tech, public sector-related and ICT stocks);
- Ⓟ Reinforce forward and futures trading by building larger traded volumes and contracts and.
- Ⓟ List shares on a local (and perhaps international) equity exchange between 2025 and 2026.

Instructively, NASDAQ's former chief executive officer, Greifeld, observed, *'I also never wanted to fall into the trap of thinking that Nasdaq's success was inevitable. There was nothing preordained about it. It had to be re-earned every day. Just because we were riding the momentum of past execution didn't mean that our momentum couldn't stall.'* This may represent nuggets of wisdom that the owners of the FMDQ could draw lessons from.

The FMDQ should see 2025 as the year of strategic adjustments, preparing itself for market disruption as investors approach 2025 more intentionally around market trading infrastructure development and expanded traded asset classes. Corporate development will demand greater market agility and compelling institutional flexibility to accommodate fresh

asset classes/products that fill current investment gaps.

While FMDQ embarks on this institutional remodelling, the Securities and Exchange Commission (SEC) must improve its capacity, creativity, and character by adopting a market development mindset that contributes towards the growth of the market and consequentially generates regulatory revenue needed to improve its people, processes and plans. The Ministry of Finance (MoF) should recognise the links between capital market growth and economic prosperity and take steps to assist the SEC and SROs in fulfilling their mandates by providing stronger fiscal support.

In closing, a searchlight must be beamed on the delay, complacency, and aged structures that make it difficult for brokers to do no more than earn commissions without incentives/rewards to support innovativeness and market growth and development. Brokers' complacency is a major pebble in the shoe of market growth, reflected in the divergent pace of development between the FMDQ and the NGX. While the FMDQ has shown rigour and adaptability in its operations and product/service delivery over the last decade the NGX has been less forceful. If the FMDQ is to lead the charge towards a deeper and broader domestic capital market, it must be prepared for a significant shift in mindset. In this case, it must consider brokers' reluctance to step outside their operational comfort zones and their narrow commission-based trading activities.

In other words, the market must move from the simple issue of listing the FMDQ on an equity trading exchange and focus on the timing, context, and appropriateness of a new-look debt and equity market trading architecture, which, for some analysts, could not come sooner.



Appendix.

COMPARATIVE ANALYSIS OF MARKET EXCHANGES: 1/3 FMDQ

Feature	NYSE	NASDAQ	LSE	NGX	FMDQ
Ownership and Governance	<ul style="list-style-type: none"> Operates under the Intercontinental Exchange (ICE), which is a publicly traded company. The public listing of the NYSE ensures accountability, transparency, and adherence to global governance standards. The governance framework includes an independent board of directors, which fosters a balanced decision-making process, ensuring transparency, reducing conflicts of interest, and maintaining trust among market participants. Public listing has strengthened NYSE's commitment to shareholder value, regulatory compliance, and investor protection. 	<ul style="list-style-type: none"> Similar to NYSE, NASDAQ is publicly listed, which increases transparency and market scrutiny. NASDAQ's board is composed of independent directors, ensuring objectivity in its oversight and decision-making processes. This governance structure is designed to protect against conflicts of interest, especially given NASDAQ's dual role as a marketplace and a technology provider for other exchanges. The company's governance emphasizes regulatory compliance, market transparency, and the protection of both retail and institutional investors. 	<ul style="list-style-type: none"> The LSE operates as a publicly listed company under the LSE Group, ensuring broad ownership and enhanced market credibility. LSE's governance framework is guided by an independent board that ensures the separation of oversight from day-to-day operations, thus promoting market integrity. By maintaining this structure, the LSE ensures compliance with regulatory standards set by bodies like the Financial Conduct Authority (FCA), while also balancing the interests of global investors, shareholders, and listed companies. Public ownership helps the LSE maintain transparency, market confidence, and long-term sustainability. 	<ul style="list-style-type: none"> NCX operates under a holding company structure, with the Nigerian Exchange Group (NGX Group) being a publicly traded company on its own platform. This move to public listing enhances transparency and corporate governance, aligning with global best practices. NCX Group has a board of directors that includes both executive and independent non-executive members. This structure is aimed at balancing shareholder interests while ensuring strong governance. 	<ul style="list-style-type: none"> FMDQ is owned by a diverse group of stakeholders, including the central bank, other DM banks, and other financial institutions. While not publicly listed, FMDQ operates as a private company with a narrow shareholding base. FMDQ has a well-established governance structure, including an independent board and committees that oversee the operations and regulatory compliance of the exchange. The group is currently comprised of five subsidiaries including an exchange, a central counterparty clearing company, a depository company, a private market company, and a technology services company.

COMPARATIVE ANALYSIS OF MARKET EXCHANGES: 2/3 FMDQ

Feature	NYSE	NASDAQ	LSE	NGX	FMDQ
Innovation and Technology Integration	<ul style="list-style-type: none"> Has embraced high-frequency trading and robust data analytics infrastructure to support fast and transparent trades, enhancing market efficiency. The NYSE also operates on a hybrid model, combining electronic trading with its traditional open outcry system, offering market participants the benefits of both approaches. Its use of data-driven decision-making tools and real-time trading analytics ensures transparency and improves liquidity. Additionally, the NYSE's integration of blockchain technology in certain aspects of its operations demonstrates its commitment to innovation and staying ahead in the evolving financial landscape. 	<ul style="list-style-type: none"> NASDAQ is known for its focus on technology companies and is the world's first electronic exchange. It uses cutting-edge digital infrastructure to enable seamless trading. NASDAQ has been a pioneer in technological innovation, being the world's first fully electronic exchange. It remains a leader in digital trading infrastructure, continually advancing its platform to support seamless, high-frequency trading and data-driven operations. NASDAQ's investment in cloud technology, machine learning, and artificial intelligence (AI) helps optimize market surveillance, enhance security, and boost trading efficiency. Furthermore, NASDAQ has expanded its influence by providing exchange technology solutions to other markets globally, demonstrating its dual role as both a marketplace and a technology innovator. Its focus on integrating new technologies ensures that it remains at the forefront of the global exchange industry. 	<ul style="list-style-type: none"> Like NYSE and NASDAQ, LSE uses modern trading platforms that support electronic trading, high-frequency trading, and global market access. LSE has made significant strides in data analytics and post-trade services, allowing for greater efficiency in settlement and clearing. The LSE also employs blockchain technology for more secure and transparent financial transactions. Moreover, through its subsidiary Refinitiv, LSE offers cutting-edge financial data solutions that support trading, risk management, and compliance. By leveraging these technologies, LSE ensures that it can provide fast, reliable, and transparent trading, cementing its place as a leading global exchange. 	<ul style="list-style-type: none"> NCX has modernized its trading platforms, embracing electronic trading and advanced data analytics to support market participants. This includes efforts to introduce more sophisticated trading instruments, such as derivatives and exchange-traded funds (ETFs). NCX is focused on leveraging technology to improve the efficiency and transparency of its market operations. It has adopted automation and real-time data services to ensure a competitive edge in the African capital markets. 	<ul style="list-style-type: none"> FMDQ is at the forefront of innovation in Nigeria's financial markets, particularly in the fixed income, currency, and derivatives markets. It offers a wide range of products, including bonds, treasury bills, and derivatives, catering to institutional investors. FMDQ has heavily invested in advanced trading technologies, including an automated trading system for fixed-income and derivatives markets. The platform supports transparency and enhances liquidity, positioning FMDQ as a key player in market infrastructure development.

Source: Proshare Research Proshare.

Appendix.

COMPARATIVE ANALYSIS OF MARKET EXCHANGES: 3/3					
Feature	NYSE	NASDAQ	LSE	NGX	FMDQ
Regulatory Standards	<ul style="list-style-type: none"> The NYSE operates under the stringent oversight of the U.S. Securities and Exchange Commission (SEC), which enforces rigorous regulatory standards to protect investors and maintain market integrity. The exchange is required to comply with SEC rules on disclosure, market manipulation, insider trading, and corporate governance, ensuring a fair and transparent marketplace. The NYSE also enforces its own listing standards, which are among the highest globally, requiring companies to meet stringent financial and corporate governance criteria. These robust regulatory frameworks ensure that the NYSE upholds high ethical standards and accountability, fostering investor confidence and promoting long-term stability in the financial markets. 	<ul style="list-style-type: none"> NASDAQ is similarly regulated by the U.S. SEC, adhering to the same strict rules and guidelines that govern other major U.S. exchanges. It is particularly known for its emphasis on transparency and disclosure, especially given its focus on high-growth, technology-driven companies. NASDAQ's listing requirements include comprehensive financial reporting and corporate governance standards to ensure market integrity and investor protection. Additionally, NASDAQ operates sophisticated market surveillance systems, designed to detect and prevent market abuses such as insider trading or market manipulation, ensuring compliance with both SEC regulations and internal policies aimed at safeguarding the market's reputation. 	<ul style="list-style-type: none"> The London Stock Exchange is regulated by the Financial Conduct Authority (FCA), one of the most respected and stringent regulatory bodies globally. The LSE adheres to a comprehensive set of regulatory standards focused on promoting transparency, market integrity, and investor protection. These include detailed requirements for disclosure, reporting, and governance that companies must meet to maintain their listings. In addition, the LSE follows the UK Corporate Governance Code, which sets high standards for board accountability, risk management, and shareholder rights. The exchange's commitment to these regulatory standards ensures that it operates within a trusted and secure framework, making it a highly reputable venue for global capital. 	<ul style="list-style-type: none"> NGX operates under the regulation of the Securities and Exchange Commission (SEC) of Nigeria. The regulatory framework is designed to protect investors, ensure fair market practices, and maintain transparency in listings and trading. The NGX adheres to global governance standards, including disclosure requirements, corporate governance codes, and listing rules that are comparable to international markets. 	<ul style="list-style-type: none"> FMDQ is also regulated by the SEC and operates as a self-regulatory organization (SRO). It has developed a robust internal regulatory framework that aligns with global standards to ensure market integrity and investor protection. FMDQ places a strong emphasis on compliance with both local and international regulatory frameworks, which is reflected in its listing, trading, and reporting standards. It also works closely with market regulators to ensure best practices are followed.

Source: Proshare Research

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26. FMDQ Exchange-Traded Derivatives to Go Live on July 12th, 2023.
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28. FMDQ Depository Ltd Becomes a Member of International Securities Services Association.
29. FMDQ Lists \$5.25bn Eurobond and N250bn 10yr Ijarah Sukuk.
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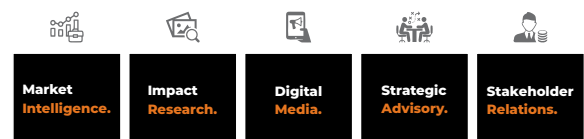
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