FMDQ’s conceptual identity is prosperity

*The Managing Director/Chief Executive Officer of FMDQ OTC Securities Exchange, BOLA ONADELE. KOKO, in this interview, shares his views on the need for the market stakeholders – government, regulators, banks, Nigerian corporates, foreign investors, Nigerians – to effectively harness the potential and opportunities inherent in the Nigerian debt capital market (DCM).

Continued from yesterday

With the issuance of the pioneer Sukuk by the Federal Government of Nigeria in 2012, do you think other issuers will favourably consider this alternative asset class? What can you say to the challenge faced by these issues, if any, and how is FMDQ supporting them?

Permit me to begin by noting that unlike conventional bonds which have precedents for use on a wide variety of purposes, including economic development, the issuance of Sukuk in Nigeria can only be deployed for specific purposes and as such, Sukuk is now treated as a separate asset class on those assets rather than interest, as in the case of conventional bonds. Although the emergence of Sukuk and other Islamic financial products has been very much as one of the most significant developments in the global financial and indeed, the Nigerian financial scene, the Federal Capital Territory (FCT) Director of the Public Relations Office, Mr. Nuhu Jibril, has recently reiterated the commitment of the FCT Administration in supporting the Nigerian capital market, with soft underpinnings being in place as a result of the new capital market law.

Interestingly, you raised the issue of the infrastructure deficit in Nigeria. What is FMDQ doing to support the Government’s agenda in this regard?

Yes, when the operations of FMDQ began, the OTC’s Exchange’s Board of Directors took on the role of a market operator and was responsible for the development of the market within its purview, that is, the third tier. Initially, the focus of the OTC was on regulatory and compliance, management, clearing and trading services, and other market participants were invited to the market. Since the creation of FMDQ in 2012, it has also demonstrated its willingness to support the Government’s agenda and has further denied that via the SEC’s approval of the FMDQ Sukuk Listing Rules.

Tell us about the recent launched Nigerian Green Bond Market Development Program. What does this initiative aim to address? Do we expect to see issuers access this market?

In today’s global financial markets landscape, the initiative focuses on sustainable and green finance. In a platform to access capital, interchange, transfer value or transfer risks through the requisite touchpoint in this regard that, for instance, FMDQ, we are committed to innovation and the development of market instruments and related assets, including green bonds. The programme is further supported by the establishment of the Financial Markets Development Division (FMDD), which is responsible for the development of new market instruments and related assets, including green bonds. In this regard, FMDQ, in collaboration with the Nigerian government, has launched the Nigerian Green Bond Market Development Program (the Programme). The Programme is designed to engage issuers and investors in the Nigerian debt capital market and to support the development of the green bond market in Nigeria.

The programme will also include the development of guidelines and regulations for the issuance and trading of green bonds, as well as the development of market infrastructure and related assets. The programme would support the development of the green bond market in Nigeria, and the government is committed to it by funding the infrastructure for the implementation of the programme.

What is FMDQ thinking about?

One of FMDQ’s aspirations as a market operator is to provide a platform where issuers and investors can access the market promptly and efficiently. As such, FMDQ has taken steps to ensure that the issuance process is streamlined and that the market is well-regulated, taking into account the specific needs of issuers and investors. FMDQ has also introduced measures to ensure that issuers are adequately informed about the market, and that investors are assured of the safety and quality of the securities they are investing in.

The OTC provides a platform for issuers to list their securities, and as such, FMDQ has been working closely with the relevant regulatory authorities to ensure that issuers are informed about the requirements and regulations governing the issuance of securities on the OTC. FMDQ has also introduced measures to ensure that issuers are adequately informed about the market, and that investors are assured of the safety and quality of the securities they are investing in.

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