



2014

ANNUAL REPORT & ACCOUNTS

FMDQ

...empowering the OTC markets

Global Competitiveness | Operational Excellence | Liquidity | Diversity

FMDQ OTC PLC

Leading the Revolution in the Nigerian Debt Capital Market

Content

Notice of 3rd Annual General Meeting	3
Company Profile	4
Sustainability Strategy	8
Strategic Journey	19
Chairman's Letter	23
CEO's Review	27
Governance Structure	35
Compliance, Risk & Control	44
Organisational Design	49
Board of Directors	52
Audit Committee	57
Management Team	58
Financial Reports	59
Notable Dates and Events	96
Corporate Information	100

NOTICE OF THE 3RD ANNUAL GENERAL MEETING OF FMDQ OTC PLC (RC 929657)

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting (AGM) of FMDQ OTC PLC will hold at the Intercontinental Hotel, Plot 52, Kofo Abayomi Street Victoria Island, Lagos, on Thursday, April 30, 2015 at 11:00AM to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2014 together with the reports of the Directors and the Auditors thereon
2. To appoint the External Auditors
3. To authorise the Directors to fix the remuneration of the External Auditors
4. To re-elect the members of the Audit Committee

SPECIAL BUSINESS

1. To consider and, if thought fit, pass the following resolution as a special resolution:
 - (a) That Article 5 of the Articles of Association of the Company be amended as follows:

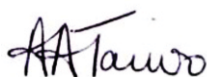
"Any person to be appointed as a Director shall have a minimum of 10 years' experience in the financial services industry."

NOTES**Proxy**

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member. For the appointment to be valid, a duly completed and duly stamped proxy form must be deposited at the office of the Company Secretary, FMDQ OTC PLC, No. 1 Olosa Street, Victoria Island, Lagos, not less than 48 hours before the time fixed for the meeting.

Audit Committee

In accordance with section 359 (5) of the Companies and Allied Matters Act 2004, any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the AGM.

BY ORDER OF THE BOARD


Atinuke Taiwo
Company Secretary
FRC/2015/NBA/00000011223

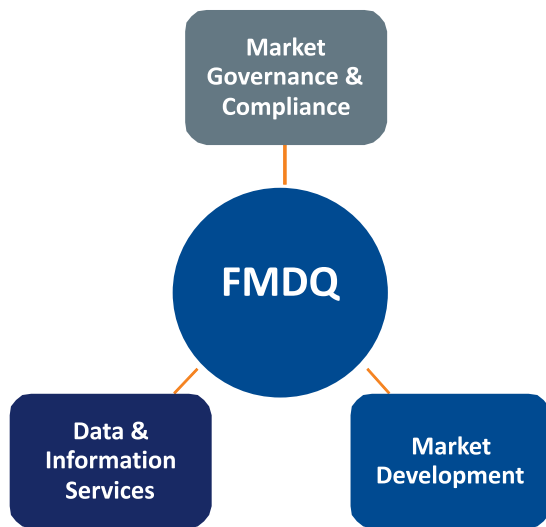




COMPANY PROFILE

Who we are

Registered by the Securities and Exchange Commission (SEC) as an over-the-counter (OTC) market in 2012, and launched onto the Nigerian financial market landscape in November 2013, FMDQ OTC PLC (FMDQ) has dual responsibilities of a securities exchange and self-regulatory organisation (SRO), and brings together Nigeria's fixed income and currency operations under a single market governance structure.



By virtue of its registration, FMDQ is empowered to carry-out the following functions:

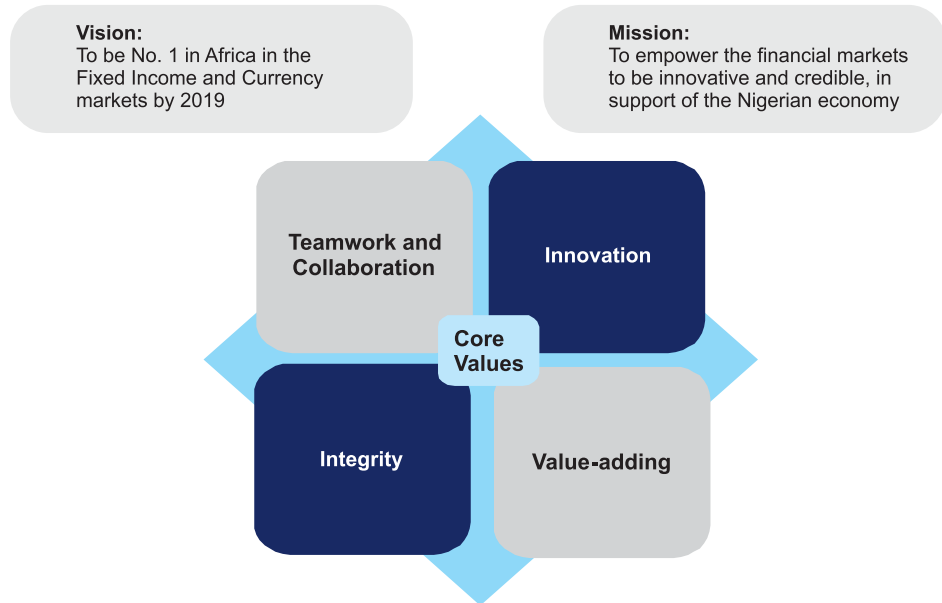
- **Market Governance & Compliance:** focus on maintaining market confidence, credibility & integrity through regulation, surveillance and enforcement of market rules
- **Market Development:** focus on ensuring market efficiency and liquidity by driving product innovation and institutionalising robust market architecture covering: quotation, trade execution, straight-through- processing (STP), settlement, clearing and risk management (market intervention standards), etc.
- **Data & Information Services:** position as a market information repository, servicing the needs of the regulators, operators, investors and other numerous local and international end users

With a vision to be No. 1 in Africa in the Fixed Income and Currency markets by 2019 and a mission to empower the financial markets to be innovative and credible, in support of the Nigerian economy, FMDQ is positioned to drive global competitiveness by deepening its markets through product innovation, institutionalising robust market architecture and providing world-class market governance.

FMDQ's primary focus is on the OTC markets - fixed income (money, treasury bills, bonds and repos), currencies and derivatives.

As an organisation with the strategic intent of bringing about revolutionary changes in and fostering the development of the Nigerian Debt Capital Market (DCM), FMDQ is a key financial market infrastructure in the Nigerian financial markets landscape.

FMDQ's Corporate Statements



Value Proposition

As Nigeria's foremost DCM securities exchange, FMDQ (the Company) shows unwavering commitment towards empowering the Nigerian financial markets and economy at large, through the use of enhanced technology, capabilities and expertise. In undertaking its market development and governance roles, the Company invests in market-centric innovations and technology advancements.

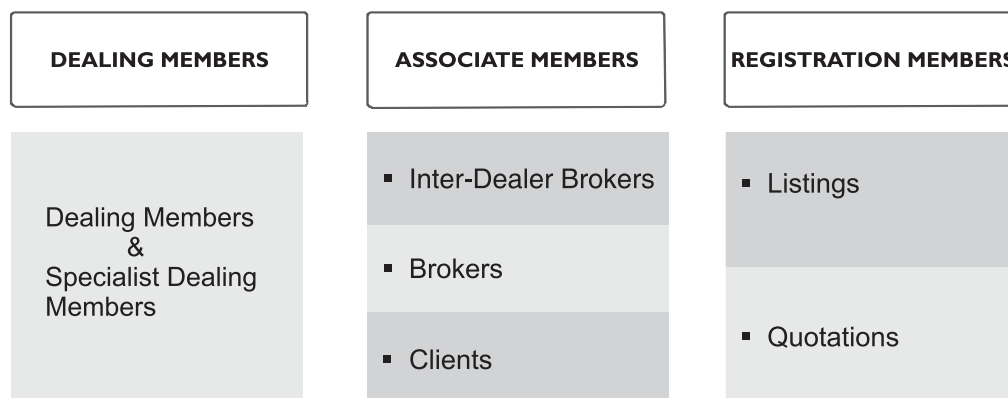
These commitments are driven by FMDQ's "GOLD" (Global Competitiveness, Operational Excellence, Liquidity and Diversity) Agenda for the transformation of the FMDQ markets.

FMDQ's "GOLD" Agenda

G	O	L	D
Global Competitiveness	Operational Excellence	Liquidity	Diversity
<ul style="list-style-type: none"> ▪ Governance ▪ Transparency ▪ Professionalism ▪ Payment & Settlement Technology ▪ Documentation ▪ Central Counterparty ▪ Trade Repository 	<ul style="list-style-type: none"> ▪ Certification ▪ Standardisation ▪ Market Information ▪ Legal Support ▪ Clearing, Delivery versus Payment (DVP) / Delivery by Value (DBV), Straight-Through-Processing (STP) 	<ul style="list-style-type: none"> ▪ Network Effects ▪ Trade Volume ▪ Trading Intensity 	<ul style="list-style-type: none"> ▪ Products Diversification ▪ Markets Diversification ▪ Players/Foreign Participation

Memberships

A key aspect of FMDQ's mandate remains to promote growth and diversity in the Nigerian financial markets through effective integration of the DCM, as well as the alignment of the domestic markets with international standards. To this effect, FMDQ continues to re-define and broaden its membership base, which cuts across the value chain of the financial markets.



There are currently three (3) membership categories described as follows:

1. Dealing Members

This membership category consists of the Central Bank of Nigeria (CBN)- licenced banks and discount houses, licenced by FMDQ to make market on debt securities, money market instruments and currencies traded OTC on FMDQ. These Members are able to clear and settle their trades directly via the settlement systems.

FMDQ is in the process of expanding this membership category to accommodate securities dealing firms to deal in treasury bills and Federal Government of Nigeria (FGN) bonds. These institutions will be licenced by FMDQ as and make up the membership sub-category, Specialist Dealing Members (SDMs). These Members are only able to clear and settle their trades through the CBN- licenced banks and discount houses.

There were twenty-six (26) FMDQ-licenced Dealing Members as at December 31, 2014

2. Associate Members

This category of membership is made up of three (3) sub-categories:

- **Inter-Dealer Brokers:** This sub-category is made up of SEC-registered inter-dealer brokers who are authorised to offer brokerage services amongst Dealing Members only
- **Brokers:** This sub-category is made up of SEC-registered brokers who are authorised to offer brokerage services between Dealing Members and clients only

- **Clients:** These are end-users of the products traded on the FMDQ platform. This category includes institutional investors (asset/fund managers, Pension Fund Administrators (PFAs) etc.) and corporate treasurers that participate on the platform in various capacities

There were thirteen (13) FMDQ-licenced Associate Members as at December 31, 2014

3. Registration Members

This category of membership is made up of two (2) sub-categories:

- **Listings:** This sub-category is made up of issuing houses sponsoring issuers of publicly offered/privately placed fixed income securities, such as, bonds, asset-backed securities, mortgage-backed securities and mutual funds for listing and/or quotation on the FMDQ platform
- **Quotations:** This sub-category is made up of financial institutions sponsoring issuers of commercial papers and other short-term fixed income securities on the FMDQ platform

There were twenty-seven (27) FMDQ-licenced Registration Members as at December 31, 2014

SUSTAINABILITY STRATEGY

In its drive to promote sustainable growth and development as a backbone for an efficient DCM, FMDQ considers certain factors ideal. Key amongst these is the continuous communication and engagement of all stakeholders in the FMDQ markets in order to ensure that products and services are tailor-made to meet the needs of each stakeholder group.

Stakeholders

In implementing FMDQ's mandates, emphasis is laid on process and outcome of interactions with our stakeholders.

Key Exchange Stakeholder Groups

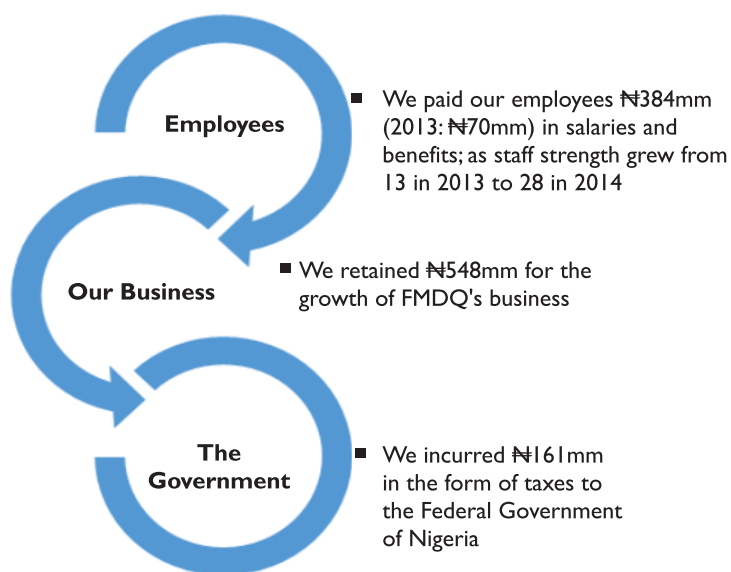


- A key success factor for a securities exchange is the support and collaboration of its stakeholders. Therefore, FMDQ strives to develop and maintain participative, collaborative and informative relationship with its diverse stakeholders, integrated with its strategic and business development operations
- FMDQ maintains a synergetic relationship with each stakeholder group. By working to create and contribute to an environment in which these stakeholders are able to flourish, FMDQ supports its own long-term ability to create value - making the Nigerian financial market globally competitive, operationally excellent, liquid and diverse

Value Created for Stakeholders

As a securities exchange driven to consistently add value to its stakeholders, invariably ensuring its relevance, FMDQ continues to seek ways to transform the market where its stakeholders operate, for their benefit. With a drive to be self-sustainable, FMDQ, through some of the value-adding methods adapted, achieved the creation of value for some of its stakeholders in economic terms as depicted below.

	2014	2013
	₦'000	₦'000
Revenue	1,672,374	127,435
Other Income	80,632	28,218
Operating Expenses	(1,044,487)	(289,008)
Total Economic Value Created	708,519	(133,355)



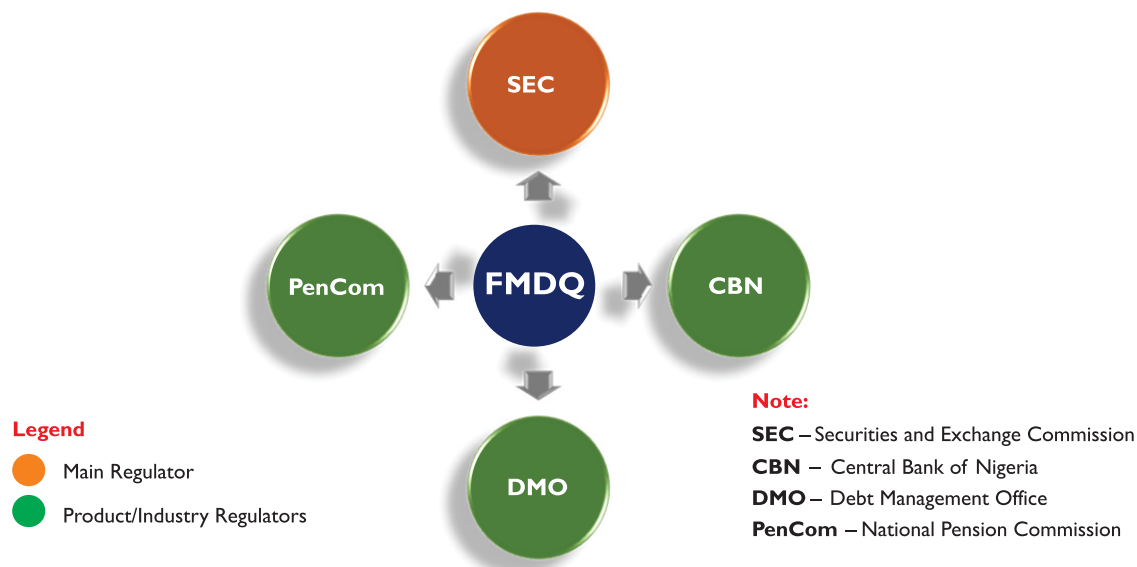
As the creation of value is not measured only in economic terms, FMDQ, throughout 2014, engaged in other activities, as shown below, with the ultimate goal to transform its markets.

Value Created	Initiative	Market Transformation Impact
Price Transformation and Market Transparency	<ul style="list-style-type: none"> ▪ FMDQ Bloomberg E-bond Trading and Surveillance System ▪ FMDQ Daily Quotations List ▪ FMDQ Market Activity Report ▪ FMDQ Website 	<ul style="list-style-type: none"> ▪ Trading systems with online real-time surveillance capabilities ▪ Credible, reliable and consistent source of financial markets price information ▪ Price discovery ▪ Provision of timely information
Product & Market Innovation	<ul style="list-style-type: none"> ▪ FMDQ Commercial Paper Quotation Process ▪ FMDQ Federal Government of Nigeria (FGN) Bond Index ▪ FMDQ NIBOR (Nigerian Inter-bank Offered Rate) Reform Program ▪ FMDQ NITTY (Nigerian Inter-bank Treasury Bill's True Yields), NIBOR and NIFEX (Nigerian Inter-bank Foreign Exchange Fixing) 	<ul style="list-style-type: none"> ▪ Product diversification - Fixed Income (FX) ▪ Fixed income benchmarks and indexes ▪ Credible fixings and yield curves ▪ Market Architecture Development
Listings, Quotations and Market Liquidity Enhancement	<ul style="list-style-type: none"> ▪ Competitive Fixed Income Listing & Quotation Pricing Structure ▪ Fixed Income Specialist Framework ▪ Visibility and Sensitisation Campaigns ▪ Inclusion of FGN Bonds and Commercial Paper Quotations on FMDQ Bloomberg E-bond Trading System and FMDQ Website 	<ul style="list-style-type: none"> ▪ Fixed income market liquidity ▪ Efficient listings and quotations processes ▪ Dynamic platform for the listing and quotation of debt securities ▪ Enhance visibility and transparency of fixed income securities
Financial Market Support for Economic Development	<ul style="list-style-type: none"> ▪ Strategic Partnerships with Government-Sponsored Enterprises, Supranational Organisations, Public-Private Partnerships and Regulators 	<ul style="list-style-type: none"> ▪ Development of infrastructure (power, housing, road etc.), small & medium scale enterprises, agriculture and other key sectors through efficient and effective long-term debt financing structures
Market Governance & Supervision	<ul style="list-style-type: none"> ▪ FMDQ Commercial Paper Quotation Rules ▪ FMDQ Bond Listing & Quotation Rules ▪ Codified Rule Books for Fixed Income, Money Market, Treasury Bills and Bonds ▪ FMDQ General Market Rules ▪ E- bond Trading Rules 	<ul style="list-style-type: none"> ▪ Rules, regulations, standards and agreements

External Governance

The regulatory terrain of the Nigerian financial markets is characterised by various parties, overseeing separate but inter-dependent aspects of the markets. FMDQ, including its activities, Members and products, are regulated by the below-listed in varying capacities:

FMDQ's interface with SEC, CBN, DMO and PenCom



a. The Securities and Exchange Commission

As the apex regulatory organisation for the Nigerian capital markets, the Securities and Exchange Commission (SEC) has a mandate of carrying out the functions and exercising all the powers prescribed in Section 13 of the Investments and Securities Act 2007 (ISA). The SEC, as a licensor and primary regulator of FMDQ - public company, securities exchange and SRO - has direct oversight over all FMDQ's activities. Such oversight include:

I. Periodic Reporting

As a public company, FMDQ is required to furnish SEC with periodic (monthly, quarterly and annual) reports of key activities that occurred during the period under review

II. Rule Filings/Approvals

In its capacity as a market organiser and SRO, FMDQ is empowered by the SEC to make Rules, subject to the Commission's approval, to govern the markets under its purview. On December 5, 2014, the following Rules were approved by the SEC:

- FMDQ General Market Rules - These Rules provide general guidance for the Members on issues including but not limited to market conduct, trading hours, disciplinary procedure and dispute resolution

- FMDQ Bond Listing and Quotation Rules - These Rules stipulate the listing requirements for securities (debentures, bonds (FGN, agency, sub-national, supranational and corporate), fixed income mutual funds, exchange traded funds, asset-backed securities, mortgage-backed securities and non-participating preference shares) sought to be listed on the FMDQ Platform. The Bond Listing and Quotation Rules also provide the post-listing requirements and penalties for breach of the requirements
- FMDQ Codified Rule Book for FGN Bonds - These Rules contain existing rules and regulations of SEC, Debt Management Office, and CBN in relation to FGN Bonds which are being adopted by FMDQ in order to provide a holistic and comprehensive set of rules. They guide the market operations and standards for the secondary market activities of FMDQ's Dealing Members in the FGN Bond market

b. The Central Bank of Nigeria (CBN)

The CBN is the apex regulatory organisation for the banking industry. The CBN plays a significant role in the Nigerian financial markets regulatory landscape as it is the primary regulator for the FMDQ Dealing Members (Banks and Discount Houses) as well as some of the products traded on the FMDQ platform such as foreign exchange (FX), money market and treasury bills. To this effect, FMDQ, from time to time, sends out its product-related Rules to the CBN for review and consent (that is the provision of a "No Objection").

c. The Debt Management Office (DMO)

The DMO coordinates the issuance of FGN Bonds and as such is a key regulatory stakeholder in FMDQ's business. Like the CBN, the DMO is a product regulator so, in order to enable coherence in the fixed income market standards, FMDQ ensures that its Rules governing FGN Bonds are in alignment with those of the DMO.

d. The National Pension Commission (PenCom)

The PenCom is the regulator for the Nigerian pension industry [PFA and Pension Fund Custodians (PFC)]. The PFAs form a large part of the institutional investor base and are an important target audience for investments in the debt securities being listed and traded on the FMDQ platform.

Key Focus Areas - Products

As a budding OTC market securities exchange, market transparency, development and innovation remain at the forefront of our sustainability drive.

a. Price Formation & Market Transparency

In 2013, FMDQ identified the need for a robust price formation and discovery mechanism in order to entrench governance and promote transparency in the market. This it sought to achieve through market development initiatives that provide price and volume data to stakeholders - domestic and foreign, and detailed information to relevant regulators. The attraction to and confidence of investors in secondary market securities hinge heavily on the depth of transparency available through the Exchange. Some price formation and market transparency initiatives include the following:

I. FMDQ Daily Quotations List (DQL)

Following its launch on the FMDQ website on November 7, 2013, the DQL has attracted much interest and commendation from various stakeholder groups. It has continued to gain acceptance as the official source for closing market prices and promotes uniformity in valuation.

Consequently, FMDQ took steps to improve the efficiency in the preparation of the DQL by reviewing various elements of its methodology. These included:

- The revision of the data source for fixed income closing prices to the FMDQ Bloomberg E-bond Trading System
- Reformed NIBOR derivation process replacing the old methodology
- Re-defined hierarchy of data input rules in line with the International Organisation of Securities Commission (IOSCO) Principles for Financial Benchmarks
- The introduction of standard Closing Price Methodologies

In order to improve the clarity of data releases in line with the evolving nature of the OTC markets, several new reports and information channels were also developed including:

- The FMDQ Website price ticker
- Publication of daily FMDQ Market Activity Report (MAR)
- Inclusion of Daily Percentage Change (DPC) indicators to closing price reports
- Regular review of the FMDQ DQL methodology in line with global best practice

ii. The Nigerian Inter-bank Offered Rate Reform

In line with the IOSCO principles for Financial Benchmarks, FMDQ undertook a reform of the flagship Nigerian money market benchmark fixing - The NIBOR. The reform was centered on enhancing and formalising the NIBOR process towards strengthening its credibility as a money market benchmark.

This entailed a revision of the NIBOR definition, underlying philosophy, calculation methodology, benchmark tenors and selection criteria of the NIBOR contributory banks as the first part of a two-phased reform program. Furthermore, a Reference Bank Code of Conduct was established to guide the performance of the contributory banks and formalise a proper governance process. The process also included the documentation of a NIBOR Contingency Plan and the development of a portal for daily submissions. The reformed NIBOR, launched April 23, 2014, consists of only four (4) tenors (Overnight, 1, 3 & 6 months) in compliance with the IOSCO Principle on Benchmark Quality. This ensures the rates published are representative of the economic realities of the interest that the benchmark seeks to measure.

The reform will ensure NIBOR, over phased approaches, complies with the nineteen (19) Principles of IOSCO which have been internationally adopted as the standards for Financial Benchmarks.

b. Product Innovation & Market Development

FMDQ market development and innovation initiatives for 2014 focused on the stimulation of growth in the existing spot markets. Short-term goals specifically focused on the re-introduction of defunct products and the improvement in the liquidity of the existing markets.

i. Commercial Paper

Desirous of entrenching governance and transparency in the Nigerian OTC market, FMDQ identified the need for a robust structure around the issuance and quotation of Commercial Papers (CPs). Consequently, in 2014, FMDQ worked to revive the CP market and initiated the quotation of CPs on its platform to provide transparency to an opaque market.

FMDQ achieved this through the development of a Commercial Paper Quotation Process (CPQP) that facilitates the provision of price/value data and detailed issuers' information to stakeholders (investors, issuers and regulators).

In support of this process, FMDQ also released its Commercial Paper Quotation Rules (CPQR) to govern the quotation of CPs on its platform. These Rules were adopted from the CBN Guidelines on the Issuance and Treatment of Bankers' Acceptances and Commercial Papers (November 18, 2009) and enhanced through wide consultations with stakeholders.

Following the introduction of the CPQP and CPQR, which were granted "No Objection" status by the CBN, FMDQ successfully quoted its first CP - The Stanbic IBTC Bank PLC ₦100billion Multi-Currency Commercial Paper Issuance Programme - on its platform on November 3, 2014.

This development ensures the enhancement of transparency at the short-end of the corporate yield curve. In addition, the CP market resuscitation has also aided price formation in the money market and is expected to lead to the emergence of a corporate interest rate benchmark - The FMDQ Short-Term Corporate Debt Index.

iii. Fixed Income & Foreign Exchange Market Risk Management Framework

As a debt capital-focused securities exchange in Nigeria, a critical strategic goal for FMDQ as a market organiser is to maintain stable and liquid financial markets. To this end, FMDQ developed a framework to guide activities in situations where there is 'extreme' disorder in the Fixed Income (FI) and FX markets, to help maintain functional markets, reduce volatility, promote investor confidence and foster market stability & continuity.

This framework outlines the main approach to arriving at the triggers that determine the decision to intervene in the secondary markets.

Key Market & Product Development Focus for 2015

FMDQ, in its capacity as a market organiser and enabled by technology, will in 2015, focus on consolidating on the improvements in the cash markets. This will involve the development of the derivatives market and deepening of product offerings.

i. Repo & Securities Lending

With the lingering credit risk considerations in the Nigerian OTC financial market, FMDQ will seek to establish a repurchase agreement (repo) market with a collateral management system to boost money market liquidity levels.

The documentation of the repo trading guidelines commenced as an initiative of the Financial Markets Dealers Association (FMDA) in 2013, however FMDQ has taken over the initiative and is keen on early establishment of comprehensive best market practices for the Nigerian repo market as a precursor to an efficient securities market and the development of interest rate derivatives in the OTC market. The guidelines shall apply to the dealings of all market participants to promote the smooth functioning of the market.

The repo market project was upgraded to include collateral management and securities lending, for which FMDQ has developed and documented a robust architecture to be delivered in 2015 towards the functioning of a properly structured market.

ii. Fixed Income Specialist System (FISS)

One of the critical plans to enhance liquidity in the Nigerian bond market in 2015 is the introduction of the Fixed Income Specialist System (FISS). The FISS is defined as a market where FMDQ Dealing Members that elect to act as Specialists will commit to show prices to calling parties during the trading hours. A Dealing Member will indicate the securities for which it is willing to act as Specialist and commit to provide quotes to institutional investors and other trading members, other Specialists inclusive, to offer them liquidity and price discovery.

To achieve this, the role of the Specialists will include making quotes, matching buyers with sellers, keeping investors informed, standing accountable for the market in the respective securities and ensuring that orders have an equal opportunity to interact and receive the best possible execution.

The FISS will promote the listing and trading of the non-FGN (agency, sub-national, supranational, corporate and infrastructural) bonds on the FMDQ platform, presenting issuers and investors the benefits of improved access to capital, liquidity, price formation, price discovery and risk management.

Other benefits of the FISS include:

- Primary issuance price formation improvement such that there would be less argument on the yield at which primary market investors will subscribe to the bond
- Reduced investors' apathy such that investors will not suffer mark-to-market loss as the FISS will provide prices for comparable bonds
- Liquidity in the non-FGN bond market
- Competitive pricing/quoting for investors
- Price transparency and uniformity in portfolio valuations
- Market credibility as secondary market prices can be validated

iii. Specialist Dealing Members (SDMs)

FMDQ also seeks to introduce another segment of the fixed income market to accommodate Non-Bank Financial Institutions (NBFIs) /Securities Dealing Firms.

The SDM market will be a distinct segment where NBFIs /Securities Dealing Firms will actively trade Federal Government treasury securities (FGN bonds and T.bills). This market will operate alongside the Primary Dealer Market Maker (PDMM) market. PDMMs will be able to come into this market but will be on a single quote basis only.

The framework and modalities of this initiative are currently being developed ahead of the launch in 2015.

iv. Loan Sale

A major value proposition of FMDQ is market development, covering trading and funding liquidity, transparency, global competitiveness and capacity boosting of the Nigerian market participants.

Liquidity is a major consideration as the financial markets industry has witnessed major shocks in the recent past. Liquidity mismatches continue to deepen as the banking sector continues to support an economy that grapples with the challenge of addressing the infrastructural shortfalls, housing deficits and an ailing agricultural sector. The credits to borrowers will continue to be via loan syndications as borrowers are yet to appreciate the benefits of bond issuance costs where they meet the qualifications. The capacity of FMDQ Dealing Members to fund these credits in support of laudable economic development activities would diminish if these loans remain on their balance sheets. FMDQ seeks to find solutions to liquefy the balance sheets.

Where the loan syndication documentation permits the lenders to transfer the loan rights, a great value-add from FMDQ would be the development of a 'Loan Sale Market' to address primarily the balance sheet mismatches, enhance the capacity of Members and provide an alternative asset class for the growing pension funds.

Finally, FMDQ will, after the development of the Loan Sale Market framework, embark on a well-coordinated advocacy drive to secure the buy-in of major regulators - the CBN, the National Pension Commission (PenCom) and the National Insurance Commission (NAICOM).

v. Fixed Income (FI) and Foreign Exchange (FX) Derivatives

One of FMDQ's strategic objectives is to introduce a full complement of fixed income and currency derivative products to manage risk by 2019. To achieve this, a Market Assessment Report was developed for FMDQ by its consultants. The Report articulates the situation analysis of the financial markets as a basis for formulating the product and market development strategic goals, objectives and roll-out plan. One of its major observations is the urgent need for a well-developed derivatives market.

Therefore, FMDQ intends to commission a study, after issuing a Request for Proposal (RfP) in 2015 towards the introduction of various derivative products through the years 2015 to 2018.

Findings from this study will support FMDQ's Product Roll-out Plan for the introduction of FX and interest rate derivatives into the Nigerian marketplace.

In the immediate, FMDQ is developing its FX Options trading requirements and Rules so as to secure a "No Objection" from the CBN. Additionally, FMDQ is also working with Thomson Reuters to implement the new FX trading system - Thomson Reuters Foreign Exchange Trading System (TRFX). The implementation of this system will foster system-based dealing on FX Forwards, Swaps & Cash for Differences.

FMDQ is also looking to review and promote enabling derivatives laws, guidelines, policies and documentation standards. This will include adapting the Global Master Repurchase Agreement (GMRA) and the International Swaps and Derivatives Association (ISDA) Master Agreement.

vi. Fixed Income Indices

Subsequent to the launch of the FMDQ FGN Bond Index, FMDQ commenced research into the development of other FI Indices (e.g. T.bills Index, Corporate Debt Index and Money Market Index) based on interactions with stakeholders, the buy-side clients and financial services regulators who had highlighted and realised the need for such indices.

Consequently FMDQ will improve on the existing index by developing a Nigerian Composite Bond Index Series. The proposed Nigerian Composite Bond Index family will include:

- A composite index of FGN debt obligations (FGN Fixed Income Index) and five composite term structure indices (T.bills Index, Short-, Intermediate-, Medium- & Long-Term Indices) which can be combined to form the FGN -FI- Index
- Sub-national Bond Index
- Corporate Fixed Income Index
- Commercial Paper Index

These indices will be rolled out in phases based on the integrity and availability of the underlying input price data.

vii. Fixings Reform

FMDQ engages continuously with global policies, principles and standards. For example, FMDQ has undertaken a reform program of the fixings in the Nigerian marketplace in line with the IOSCO principles for Financial Benchmarks. The fixings include: NIBOR, NIFEX and NITTY.

In addition to the NIBOR Reform Program, the NIFEX and NITTY will also be reviewed periodically and upgraded in line with the IOSCO principles for Financial Benchmarks.

In conclusion, FMDQ with the aid of its technology solutions and initiatives, will continuously work to develop and promote integrated clearing and settlement processes for all products/markets, promote fair and transparent financial markets, practices, policies and encourage development of rules & regulations that meet global standards.

Key Focus Areas - Services

As a service driven organisation, we lay emphasis on some key service areas to ensure delivery at the highest possible standards, satisfying the needs and desires of our stakeholders. Our key services include:

I. Listing and Quotation

FMDQ provides a platform for the listing and quoting of fixed income securities such as bonds, commercial papers and mutual funds. In the provision of these services, we ensure, at every juncture, that the requisite standards for financial security are met, whilst delivering on other value-add (liquidity, visibility, price formation and transparency).

II. Trading and Connectivity

FMDQ offers systems for trading, online real time price discovery, best price execution and clearing, providing the necessary visibility, transparency and liquidity that are the marks of our market.

III. Data and Information

A key mandate for FMDQ is the provision of pre-trade and post-trade information services, real-time prices, trading data and market data to Member institutions, investors, issuers, regulators etc., thus creating the required transparency and visibility for our markets to thrive.

IV. Self-Regulatory Organisation

As an SRO, FMDQ is the front-line regulator for the OTC markets under its governance. FMDQ maintains market confidence, credibility and integrity through robust regulation, investigations, documentation and enforcement of market rules, market surveillance, Members' examination, dispute resolution etc., providing the required confidence critical to the success of our markets.

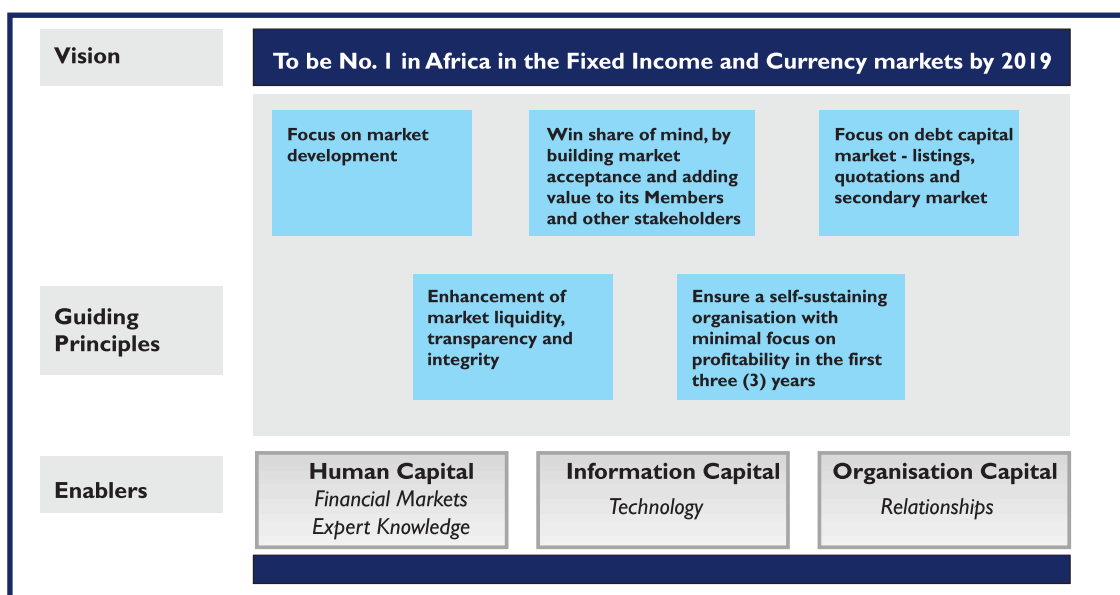


STRATEGIC JOURNEY

During the Board Strategy Retreat in October 2014, the FMDQ Strategic Plan was reviewed and updated to reflect current realities and shareholders' sentiments, resulting in the FMDQ 2015 - 2019 Strategic Plan. The broad strategic direction for FMDQ is to be positioned as a world-class securities exchange, with the immediate three (3) years' focus encapsulated in financial market development. As the level of sophistication of the markets remains low and challenging, and interest rate and foreign exchange are fundamental to the Nigerian economy as monetary policy products, FMDQ is compelled to focus on the domestic fixed income and currency markets with brand extension to the development of plain-vanilla derivatives.

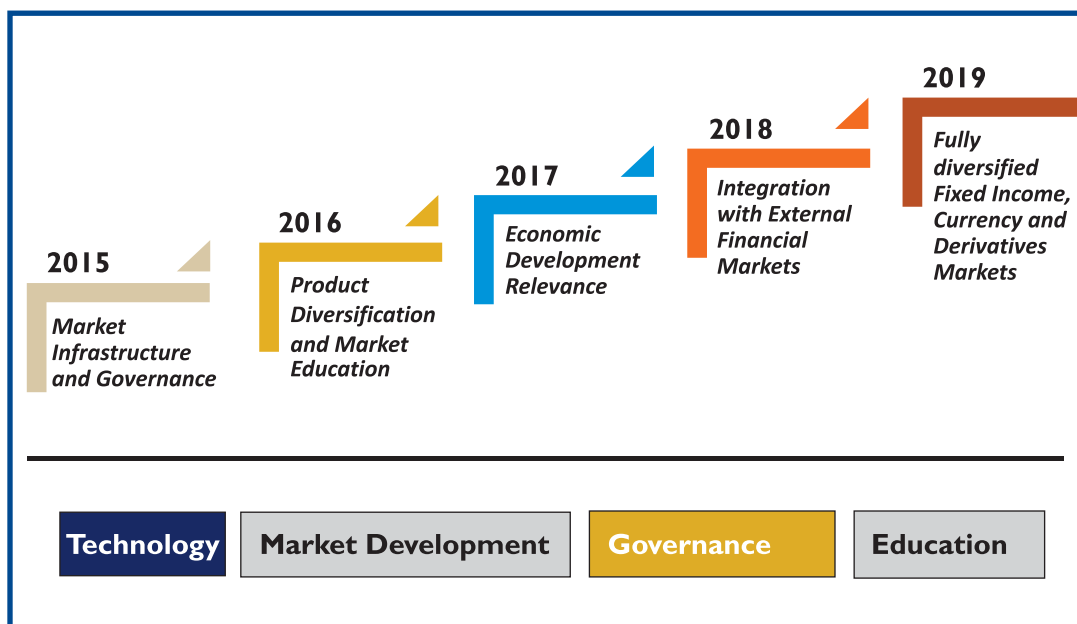
This review led to the crafting of a more focused and audacious vision, which also highlights the FMDQ target markets. The upgraded FMDQ Strategy will be driven by product innovation, business development, people and technology. Also, at the heart of our Strategy are the strong partnerships that we build with our diverse stakeholders and the highest standards of performance and integrity which we apply in the delivery of our mandate.

FMDQ 5 -Year Strategy Underpinnings



Having distilled the Strategic Objectives from the Guiding Principles and mapped them to Balanced Scorecard Perspectives and Strategic Themes, we will direct and consolidate all efforts, over the five (5) year planning period, towards achieving these objectives, including but not limited to, product innovation, market development and governance, stakeholder education and market integration with international markets.

FMDQ 5-Year Strategic Vision: 2015 - 2019



Review of 2014

In 2014, FMDQ focused on articulating and developing its membership categories and before the end of the year, the Company had achieved the full activation of its three (3) membership categories - Dealing, Associate and Registration Members - and closed the year with sixty-six (66) licenced Members. The Company organised quarterly and ad-hoc stakeholder sessions in order to sensitise the market about FMDQ's plans, brainstorm on market development initiatives and obtain feedback from the market.

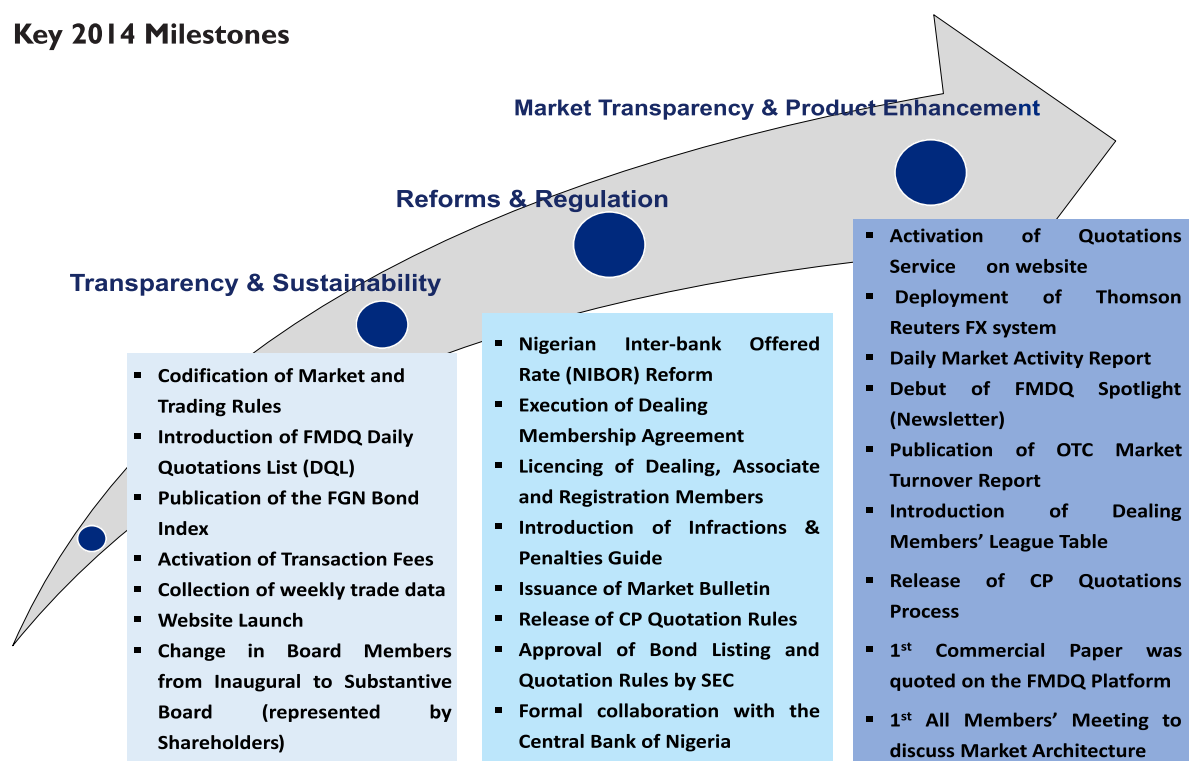
The establishment of the Codified Rule Books for FGN Bonds, Money Market, Foreign Exchange and Treasury Bills, as well as the FMDQ Bond Listing and Quotation Rules and the Commercial Paper Quotation Rules during the year have shown FMDQ's commitment to providing cohesive governance in the secondary market for the enhancement of the Nigerian financial market. Another 2014 initiative was the reform of the NIBOR in compliance with the Principles for Financial Benchmarks of IOSCO.

The Company also received a "No Objection" to the FMDQ Commercial Paper Quotations Rules and Process by the CBN, leading to the quotation of the first CP on the platform. Also, upon approval of the FMDQ Bond Listing and Quotation Rules by the SEC in December 2014, the business commenced its revenue diversification and maximum efforts were directed at ensuring that bonds to be issued were listed on our platform.

In line with our objective to enhance transparency in the financial market, FMDQ launched its Market Activity Report, which captures daily high and low prices and market turnover values of traded FGN bond & treasury bills securities. This report reflects and enhances market depth and trade velocity analysis for the fixed income market. The publication of the monthly FMDQ OTC Market Turnover Report, introduction of the monthly Dealing Members' League Table and the monthly newsletter - "FMDQ Spotlight" during the year were also initiatives that supported this objective.

The Company activated most of its franchises during the year. The Market and Business Development, Regulatory and Technology franchises were established during the first half of the year, while other franchises including Strategy, Audit, Compliance, Risk and Control were activated during the second half of the year. The HR and Research franchises will be fully operational in 2015.

Key 2014 Milestones



FMDQ 2015 Focus

In the financial year 2015, FMDQ will focus on facilitating the development of market infrastructure through integrating the FMDQ Bloomberg E-bond Trading System with the clearing and settlement systems of the Central Securities Clearing System (CSCS), CBN Scripless Securities Settlement System (S4) & Euroclear. Such integration will enable STP of OTC transactions from trading through to settlement. The Company will also focus on technology initiatives, including but not limited to upgrading the existing trading systems, development and launch of the FMDQ e-Discovery tool to enhance transparency and price discovery, implementation of a collateral management service for the existing bi-lateral repo market and development of the FMDQ OTC Market Information Portal.

Product diversification will also be a core focus area in 2015 with the roll-out of products such as currency derivatives, repos and syndicated underwritten commercial papers issuance facility. Provision of pre-trade and post-trade information services, real time prices, trading data and market data to Member institutions, investors, issuers, regulators etc., will be prioritised to create the required transparency and visibility for our market. Other key initiatives include the development of reliable and credible fixings and indices, with a global brand, to promote transparency and accountability in the portfolio management industry, implementation of the FISS to enhance the liquidity of non- FGN bonds and development of the framework for the integration of non-bank Dealing Members into the fixed income two-way quote (2WQ) market. FMDQ will also consolidate the efforts made during 2014 in executing its governance function by focusing on surveillance of trading activities. In preparation for this, a reporting tool to enable Dealing Members monitor their level of compliance with the E-bond Trading Rules will be deployed in 2015.

The chart below presents FMDQ's 2015 focus, strategic initiatives to be implemented during the year and the key objectives to be achieved

FMDQ 2015 Focus





CHAIRMAN'S LETTER

Dear Distinguished Shareholders,

It is my pleasure to welcome you to the 3rd AGM of your Company. You will agree with me that the efficiency of the Nigerian financial market is crucial in the development of the economy. An organised and a well-functioning market, with robust infrastructure, is a strong mitigant against systemic shocks. Thus, FMDQ's twin responsibilities, as an OTC market organiser and SRO, would be critical in shaping the Nigerian economy, going forward, as we forge ahead in delivering on our mandates.

Operating Environment

During the review year, global economic activities were largely influenced by concerns on the steady decline of crude oil prices and the potential effects of the USA tapering. Volatilities in the domestic fixed income securities market were contained on the back of moderated developments in both external and domestic environments. Yields were generally higher in 2014 than in the preceding year, reflecting largely, the shift in investors' risk perception across maturities as well as the tight monetary policy stance of the CBN. The policy stance was intended to stem the reduction in foreign portfolio inflows and the pressures in the foreign exchange market, curb excess liquidity in the banking system and encourage investment in government bonds by foreign and domestic investors.



Dr. (Mrs.) Sarah O. Alade, OON
Chairman, FMDQ OTC PLC

The domestic economy recorded a real Gross Domestic Product (GDP) growth of 6.2 percent in 2014. The growth was attributed to the effectiveness of the on-going economic reforms under the Federal Government Transformation Agenda, especially the power sector reform and the accompanying investments. The end-period headline inflation (year-on-year) stood at 8.0 percent and remained within the CBN's target band of 6 - 9 percent for the year, an outcome that largely buoyed by the tight monetary policy stance of the Bank.

The FX market remained stable at the three markets segments in the first three quarters of the year. However, the market witnessed high volatility in the last quarter due to excessive demand pressure and developments in the external sector following the crash in the international crude oil prices. Consequently, foreign reserves and oil prices dropped by 20.1 and 37.0 percent, respectively, from the levels at end-December 2013. In a bid to stabilise the markets, the CBN officially excluded some items from the Retail Dutch Auction System (RDAS) window, placed a cap on the maximum amount eligible for interest on its standing deposit facility, depreciated the value of the naira by 8.0 percent and increased the Monetary Policy Rate (MPR) and Cash Reserve Ratio (CRR) for private sector funds to 13 and 20 percent, respectively.

Corporate Development

In 2014, the company focused on activating and developing the functions within its three (3) main divisions - Markets & Business Development, Legal, Regulatory & Company Secretariat and Operations & Technology.

During the year, FMDQ achieved unprecedented transparency in the OTC fixed income and currency markets and equally positioned itself to offer value-added services to the listing of bonds in Nigeria by achieving the approval of its Bond Listing and Quotation Rules by the SEC.

In line with its SRO mandate and mission to integrate the erstwhile fragmented capital markets, FMDQ closed the year with sixty-six (66) licenced Members across three (3) categories - Dealing, Associate and Registration Membership categories. The first All Members' Meeting, which brought together the different participants in the FMDQ market as represented by its respective membership categories, was held in December 2014, to articulate the architecture of the financial market in which the participants will operate.

Changes to the Board

Board Composition

In July 2014, six (6) Members of the Inaugural Board, comprising Mr. Aigboje Aig-Imoukhuede, CON, (Chairman) and five Directors - Mr. Emeka Onwuka, OON, Mr. Laoye Jaiyeola, Mr. Akinsowon Dawodu, Dr. Demola Sogunle and Mr. Sola Adegbesan - who helped birth and pilot this organisation selflessly in the embryonic period, retired from the Board.

The retiring Members were replaced by six (6) new Members and I had the privilege of succeeding the outgoing Chairman. The other five (5) new Directors included Mr. Stephen Olabisi Onasanya, Mr. Peter Amangbo, Mr. Phillips Oduoza, Mr. Sadiq Mohammed and Mr. Bayo Adeyemo.

In line with corporate governance best practices and to ensure equitable representation on the FMDQ Board, the new Board was constituted along stakeholders' influence, thereby allowing participation from our diverse stakeholder groups, including shareholders (the CBN, FMDA, NSE, through its subsidiary - NSE Consult Ltd., banks and discount houses), Bankers' Committee, Dealing Members, buy-side and sell-side.

The current Board members are committed to building on the progress made by our predecessors and working assiduously towards actualising FMDQ's vision of becoming No. 1 in Africa in the Fixed Income and Currency markets by 2019.

Activation of Audit Committee

The Audit Committee was instituted at the 2014 AGM with six (6) members comprising of three (3) shareholders' CEOs nominated by Financial Markets Dealers Association (FMDA) and three (3) Directors appointed by the Board. Mr. Herbert Wigwe, CEO of Access Bank PLC was appointed Chair of the Committee.

Focus for 2015 and beyond

Conscious of its role in and responsibilities to the Nigerian economy, the Board refined FMDQ's vision. The broad strategic direction for FMDQ is to be positioned as a world-class securities exchange, with the immediate three (3) years' focus encapsulated in financial market development. The Board, at its retreat in the last quarter of 2014, developed five (5) Guiding Principles for the company as follows:

- focus on market development
- focus on the enhancement of market liquidity, transparency and integrity
- win share of mind, by building market acceptance and adding value to its Members and other stakeholders
- remain focused on debt capital market - listings, quotations and secondary market
- operate a self-sustaining Company with minimal focus on profitability in the first three (3) years

Growth Priorities for 2015

In order to deliver on its key mandates of market development and governance, FMDQ will, in 2015, focus on product and market development initiatives that will promote price discovery and transparency to all stakeholders, provide quality and reliable market research, promote education and capacity building for stakeholders, foster integration of the markets, increase investor confidence and reduce market failure.

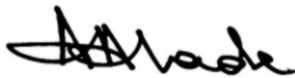
The activation of the SRO function and integration of the FMDQ trading systems to the clearing & settlement systems of the CBN and CSCS to ensure straight-through-processing of transactions, are also key focus areas for us in 2015.

Conclusion

2014 was a year of hard work, in a volatile environment, with all efforts geared towards building and developing the FMDQ franchise. I take this opportunity to express my appreciation to the Board, shareholders, regulators, Members, customers, employees and other stakeholders for their unrelenting support for the Company.

We are counting on the continuous support of our widely dispersed stakeholders to maintain their commitment and pledge to abide by the rules of engagement as collaborators in our unique mission of empowering the financial market to be innovative and credible, in support of the Nigerian economy.

As a securities exchange, we look forward to delivering innovative and value-adding solutions to our stakeholders and providing a safe and credible platform for our customers to list, quote and trade securities.



Dr. (Mrs.) Sarah O. Alade, OON
Chairman

CEO'S REVIEW



Bola Onadele. Koko
Managing Director/Chief Executive Officer
FMDQ OTC PLC

In 2014, our team articulated and activated FMDQ franchise-building initiatives, focusing on areas of opportunity that support our growth objectives. We continued to anticipate our stakeholders' evolving needs, expanding our product and service offerings accordingly, to drive innovation and long-term growth.

On behalf of the Management and Staff of FMDQ, it is my pleasure to share with you highlights of the financial and operational performances of your Company for the year ending December 31, 2014.

Financial Review

a. Revenue

As the Company launched into its first full year of operations, FMDQ recorded a revenue of ₦1.75 billion in 2014 compared with ₦155.65 million in 2013. This growth is attributable to the fact that transaction fee income for 2013 was charged only in December while 2014 enjoyed the full benefit of the recognition of income for the full year, accounting for 91.29% of total revenue. Interest Income, income from membership application fees and annual dues, sponsorships and a grant income accounted for the balance.

b. Control of Expenses

Total operating expenses increased to ₦1.04 billion (2013: ₦289.01 million) as we ramped up business operations in 2014. With the rapid expansion of the business, it became pertinent to hire staff in senior management roles to build the various franchises within the company. We also increased staffing in middle management and junior roles, bringing the total number of Staff at the end of the year 2014 to 28, from a Staff strength of 13 at the end of 2013. Management adopted a very prudent approach in rolling out the business operations and introducing strategic initiatives to ensure continuity of business growth as we navigated the challenges that 2014 presented.

Performance Summary

Year Ended December 31	2014	2013	Variance
	₦' 000	₦' 000	%
Revenue	1,753,006	155,653	1,026.23
Operating Expenses	(1,044,487)	(289,008)	261.40
Profit/(Loss) Before Tax	708,519	(133,355)	631.30
Tax Expense	(160,584)	0	N/A
Total Comprehensive Income	547,935	(133,355)	510.88

Business Development - Revenue Drive

To ensure FMDQ continues to maintain its self-sustainability goal, Management, during the year, developed revenue generating initiatives around memberships, quotation of debt instruments and bond listings.

a. Memberships

2014 saw the full activation of the various FMDQ membership categories. Whilst twenty-six (26) Dealing Members and two (2) Associate Member - Inter-Dealer Brokers were inherited from the market at inception of FMDQ, the drive for the integration of the capital market operators in FMDQ motivated Associate and Registration membership registrations of the provisional licencing of 38 new Members towards the end of 2014. The activation of these two membership categories generated revenue for the organisation in the form of application fees and membership dues.

The Associate membership category, consisting of 3 sub-categories, the Inter-Dealer Brokers, the Brokers and the Clients is viewed as instrumental to achieving the capital market integration sought by our market as it provides a platform where the participants - the Clients, made up of the pension managers, fund managers, institutional investors, non-bank corporate treasurers etc., the Brokers, who are also licenced by and members of the NSE, and the Inter-Dealer Brokers - can pool together their expertise, resources, ideas etc., effectively building our OTC market, by way of their now more impactful and direct participation in the market. FMDQ also makes available this opportunity and avenue to

contribute to the development of the Nigerian OTC market, to the Registration Members in the Listings and Quotations sub-categories, who are the sponsors of issuers of fixed income securities on FMDQ and are also key in ensuring the growth and global competitiveness of our market.

Looking ahead to 2015, focus will be centered on improving our network effects in the areas of Associate Member - Clients' registrations as well as activating a new membership category, the Specialist Dealing Members to be made up of securities dealing firms dealing in FGN Bonds and Treasury Bills.

b. Listings & Quotations

As a securities exchange positioned to bring about revolutionary change in the Nigerian DCM, our listings and quotations business development efforts commenced in earnest following the regulatory approvals of our CP Quotation Process and Rules by the CBN, and our Bond Listing and Quotation Rules by the SEC. The development of the CP Quotation Process and Rules in October 2014 paved the way for the enhancement of transparency and governance at the short-end of the corporate yield curve. The first CP quotation on FMDQ occurred in November 2014 with the quotation of the Stanbic IBTC Bank PLC ₦100bn Multi-Currency Commercial Paper Issuance Programme.

The approval of the FMDQ Bond Listing and Quotation Rules in December 2014 was the final stride in ascertaining FMDQ as a fully integrated OTC securities exchange aptly placed to provide world-class listings and quotations services. Again, business development efforts commenced immediately to drive the listings business; including but not limited to market sensitisation campaigns, strategic relationships and collaborations, issuer and issuing house visibility campaigns and development of a competitive pricing structure in alignment with FMDQ's market development mandate. We pitched our initial bond listing fees at 50% of the existing listing fees with an obligation to the market to align the fees with global standards. We saw, towards the end of the year, expressions of interest from our Listings and Quotations Members (under the Registration Members category of membership) and issuers, looking to sponsor the issuers of bonds/CPs and issue bonds/CPs respectively on the FMDQ platform.

c. Transaction Fees

In the course of 2014, we generated revenue through the trading activities on the platform in the form of transaction fees. Initiatives to boost revenue in this area were explored and it is expected they would be activated in 2015. These initiatives, centered on liquidity enhancement, include the implementation of rebate schemes and the activation of the FMDQ Fixed Income Specialists and SDM. Transaction fees in the year accounted for circa 91% of the total revenue generated. Diversification of our income stream is thereby pertinent and became part of our focus towards the end of the period, with more emphasis to be placed on this in 2015.

Whilst we continue to focus on key business development initiatives to improve market liquidity, transparency, credibility and integrity, which will in turn improve our revenue and ensure self-sustainability, our primary goal, looking forward into the next three (3) years, is the development of the Nigerian financial market and our commitment in this regard remains unwavering.

Technology

The importance of technology as a key enabler of FMDQ's strategic objectives cannot be over-emphasised as technology fosters efficiencies and innovations across the financial markets value chain.

Further to the approval of the Board to engage Bloomberg L.P. to deploy and implement a fixed income trading system for the OTC market, FMDQ, in partnership with Bloomberg, launched the FMDQ Bloomberg E-bond Trading System (E-bond) in March 2014. This system completely revolutionised the trading of FGN bonds and treasury bills for our Dealing Members through the provision of increased liquidity, efficiency, surveillance and transparency. We have commenced the process of including non-FGN bonds (agency, sub-national, supranational and corporate) and CPs to the E-bond system.

In April 2014, FMDQ engaged Thomson Reuters to deploy the Thomson Reuters Market Tracker System for monitoring FX trading activities among FMDQ Dealing Members on a real-time basis. The information obtained from the Market Tracker System included trade size, values, rates, counterparties and currencies.

To further add value to, and increase liquidity, transparency and efficiency of our markets, we have initiated, for completion in 2015, key technology projects as described below:

- **e-Markets:** This solution will be designed to suit the needs of different users in varying capacities from FMDQ Members to regulators, issuers, investors and financial institutions. It would include modules such as e-Discovery for price transparency, e-MarketData for market data analysis, e-Broker for trade reporting by Brokers, e-Registration and e-Subscription for membership registration and administration of debt instruments listings and quotations
- **Thomson Reuters Foreign Exchange Trading (TRFXT) System:** Subsequent to the huge success recorded from the implementation of the E-bond system for bonds and treasury bills, we identified the need to revamp the current FX trading system. To this end, the implementation of an integrated trading system for FX, in partnership with Thomson Reuters, is currently underway. This new system, when delivered, will bundle together various solutions pertinent to the FX trading value chain, thus providing better user experience, improved market access as well as cheaper acquisition costs to our Members
- **Systems integration:** We have engaged with major stakeholders in the clearing and settlement space, i.e. the CBN and CSCS, to facilitate straight-through-process integration of OTC transactions from trading to settlement. The integration will benefit FGN bonds, treasury bills, repos, non-FGN bonds, CPs as well as FX trades.

We will continue to leverage on our technology investments to provide innovation, development and operational excellence in the financial market in an effective and efficient manner.

Risk Management

Complying with internal policies, regulations and statutory requirements is fundamental for FMDQ. As a trusted market organiser and SRO, we must ensure that we continue to meet the highest standards of corporate governance, integrity and compliance. Having identified the risks inherent in our business, we must be proactive in managing them, therefore, the Compliance, Risk & Control Group, established towards the end of the year, immediately commenced preliminary education on risk management company-wide, whilst preparations were being made for the commencement of the maiden enterprise risk assessment program.

During the year, an Enterprise Risk Manager was engaged, Standard Policies and Procedures Manuals were developed for key operational processes, and the risk management oversight function strengthened with the activation of the Board Risk Management Committee, positioning the franchise to benefit from contributions from Non-Executive Directors with considerable and specialist experience.

Stakeholder Focus

A key success factor for a securities exchange is the support and collaboration of its stakeholders, therefore, FMDQ consistently strives to develop and maintain participative, collaborative and informative engagement with the diverse stakeholders integrated with its strategic and business development operations.

During the year, we regularly engaged our stakeholders on various initiatives, including but not limited to:

- Periodic reports and structured meetings with regulators (SEC, CBN and DMO)
- Presentation to the CBN Banking Supervision Department
- Presentation of FMDQ's role in developing the Nigerian financial markets at the Financial Services Regulation Coordinating Committee (FSRCC) Retreat
- Presentation to Nigeria Deposit Insurance Corporation (NDIC) Investment Managers
- Attendance at the Financial Market Sub-Committee (FMSC) of the Bankers' Committee Meeting
- Consultation with domestic and international exchanges and associations on best practices
- Regular engagements with the different Membership classes on topical issues affecting their market and also to receive feedback on market development initiatives
- Organised the first All Members' Meeting to discuss market architecture

We also actively participated in various financial market Committees and Workgroups such as:

- Capital Market Committee (CMC) - Sub-Committee on Exchanges (Member): To conduct diagnostic review of all Exchanges in Nigeria and proffer ideas to develop and strengthen the Exchanges
- FMDQ Financial Market Support for Economic Development (FMS-ED) Workgroup: To act as a think-tank driving an all-inclusive approach to the articulation of reforms and development of the financial markets in support of economic development
- Financial Markets Sub-Committee of Bankers' Committee Meeting: To provide regular updates and seek support for FMDQ's activities from the Bankers' Committee

We successfully completed our membership of the Institute of International Finance (IIF) and actively participated at its annual international conference as well as the Financial Markets Conference held in Nigeria. We also attended the international conference organised by the United Nations on the Sustainable Stock Exchanges Initiatives for Securities Exchanges CEOs and Regulators.

In addition to developing all of the above relationships in the coming year, we will seek to establish strategic and/or technical alliances with key domestic and international securities exchanges and associations to facilitate the development of FMDQ, with a focus on product and market development initiatives, technology (trading & surveillance systems), capacity building for FMDQ staff and stakeholder education, amongst others.

Other Highlights of 2014

During the year, we also invested in some bespoke initiatives to drive the enhancement of transparency and integrity as well as foster market credibility, in fulfilment of our market development and governance mandates. Some of these initiatives include:

- Reform of the NIBOR in compliance with the Principles for Financial Benchmarks of the IOSCO
- Codification of Market and Trading Rules for Bonds, Treasury Bills, Money Market and FX
- Unveiling of a book on the birth and berth of FMDQ, "A Securities Exchange as an Agent of Change"
- Issuance of Daily Market Activity Report
- Introduction of E-bond Trading Infractions and Penalties Guide
- Debut of the FMDQ monthly newsletter - "FMDQ Spotlight"
- Publication of monthly OTC Market Turnover Report
- Introduction of monthly Dealing Members' League Table
- Initiation of quarterly Market Development Stakeholders' Sessions

Strategic Outlook

Management developed the 5-year Strategic Plan for 2015 - 2019 and we expect to immediately initiate all activities scheduled for 2015 to allow us achieve franchise consolidation.

With a more audacious vision to be No. 1 in Africa in the fixed income and currency markets by 2019, and a mission to empower the financial markets to be innovative and credible, in support of the Nigerian economy, FMDQ is positioned to deliver innovative and value-adding solutions to the market. During its 5-year horizon, the Company will focus on developing innovative products and market infrastructure, promoting price discovery and transparency to all stakeholders, providing quality and reliable market research, facilitating education and capacity building for stakeholders, fostering integration of the Nigerian financial market with international markets, increasing investor confidence and reducing market failure, towards the development of fully diversified fixed income, currencies and derivatives markets.

The roll-out of products such as currency derivatives, repos and syndicated underwritten commercial papers issuance facility (SUCPIF) will go a long way towards providing stakeholders with value and creating market depth. The implementation of the Bond Specialist System to enhance the liquidity of non-FGN bonds through the commitment of FMDQ Dealing Members to show two-way quotes on a daily basis and execute deals to willing participants in these securities in the secondary market is another 2015 strategic initiative geared at further deepening the markets. In addition, the development of reliable and credible fixings and indices, in partnership with an international index company, to promote transparency and accountability in the portfolio management industry towards the development of Global Investment Performance Standards in our market is also being explored.

FMDQ Education is an initiative geared towards shaping the minds of the professionals ahead of the new products that will define the markets, and has a mission "to rally financial market participants in alignment with FMDQ's product innovation agenda". We aim to facilitate the education of market participants - regulators, Members, issuers, fund managers, corporate treasurers, etc. - on FMDQ products and markets in a bid to build capacity and improve knowledge base in the market.

With SEC's approval for bond listing on FMDQ, the service has commenced and maximum efforts will be directed at ensuring that we support all upcoming bond listings on our platform as FMDQ is now best-placed to provide integrated service to the Nigerian DCM and specifically, to issuing houses (sponsors of bond issues on the FMDQ platform) and issuers with value-adding solutions to their needs.

2015 is bound to be enterprising and fulfilling for the FMDQ franchise. Management, therefore, was painstaking with its scenario planning. Despite the potential challenges, we see an exciting year ahead, as we embark on the implementation of our Strategic Plan, and the execution of opportunities that market evolution is creating, towards catapulting FMDQ to becoming the foremost securities exchange in Nigeria and beyond.

Appreciation

I will like to seize the opportunity to thank the inaugural and current Board Members for their support and guidance in steering FMDQ towards the achievement of our vision of becoming No. 1 in Africa in the Fixed Income and Currency markets by 2019.

To the six (6) Directors who retired during the year, I want to specially acknowledge your colossal contributions to FMDQ from its inception through its developmental stages, and wish you the best in all your endeavors.

My sincere appreciation goes to all our stakeholders, including but not limited to our Members, regulators (SEC, CBN and DMO) and issuers on our platform, for their staunch support and belief in FMDQ's ability to deliver on its mandates of market development and governance. I would also like to thank the FMDQ Staff for their dedication and hard work towards the development of the FMDQ franchise.

Our team remains driven by the evolving challenges that allow us to serve our markets with innovative solutions. The FMDQ core values - teamwork and collaboration, innovation, integrity and value-adding - capture our commitment to our mandates and we will strive to continually meet and exceed expectations in the years to come. We look forward to working with all our stakeholders as we continue to implement ground-breaking initiatives that will embed FMDQ in the Nigerian financial market eco-system and make the Nigerian fixed income and currency markets more globally competitive.



Bola Onadele. Koko
Managing Director/Chief Executive Officer



GOVERNANCE STRUCTURE

FMDQ continues to put in place an effective corporate governance architecture that seeks to ensure proper oversight of its business by the Directors and the Management of the Company; and also carries on its business and delivery of its services in a manner that engenders public trust and confidence.

FMDQ adheres to all domestic regulations and continuously benchmarks itself against global best practices. The Company continues to emphasise a value-led culture, high behavioural standards and robust procedures as fundamental tools in the entrenchment of a strong corporate governance framework. In building the corporate governance structure, we continue to review the external factors that present risks and opportunities for our business in order to ensure our strategy is appropriate, developing orderly and stable fixed income securities markets, as well as enhancing FMDQ's role as an SRO, and ensuring that FMDQ manages its risks and resources appropriately.

As a public company, FMDQ ensures compliance with the Code of Corporate Governance for Public Companies issued by the SEC, in order to ascertain that FMDQ remains a pace setter in the area of good corporate governance practice.

i. Compliance with the Securities and Exchange Commission's Code of Corporate Governance

As a public company, the Company confirms that throughout the year ended December 31, 2014, it has aimed to comply with the principles set out in the SEC's Code of Corporate Governance. The Code is applied through policies and procedures adopted by the Board of Directors and applicable to the Company's business as documented in mandates, which also set out the roles and delegated authorities applying to the Board, Board Committees and the Executive Management Committee

ii. Shareholding

The Company is owned by the:

1. Central Bank of Nigeria
2. Financial Market Dealers Association
3. NSE Consult Limited (a fully owned subsidiary of The Nigerian Stock Exchange)
4. Twenty-four (24) of the Twenty-six (26) banks and discount houses operating in Nigeria as at December 31, 2014

iii. Board Structure

The tone for proper corporate governance by FMDQ is set by the Board of Directors. The Board is committed to ensuring that FMDQ puts in place effective corporate governance while adding value to its shareholders. FMDQ recognises its importance as a market organiser and SRO and relies on the extensive experience of its Board of Directors. Through the various Board Committees, the Directors are conversant with all aspects of FMDQ's business and are thus to exercise sound judgement on matters relating to the Company's business.

As at December 2014, the Board of Directors were composed of eleven (11) Non-Executive Directors and (1) Executive Director. The Board is headed by a Chairman who is elected from the Non-Executive Directors. The Board is required to meet at least four (4) times a year and more frequently where necessary.

iv. Board Members as at Year Ended December 31, 2014

- Dr. (Mrs.) Sarah O. Alade, OON
- Mr. Jibril Aku
- Mr. Stephen Olabisi Onasanya
- Mr. Peter Amangbo
- Mrs. Bola Adesola
- Mr. Phillips Oduoza
- Mr. Yinka Sanni
- Mr. Oscar N. Onyema, OON
- Mr. Bayo Adeyemo
- Mr. Sadiq Mohammed
- Alhaji Muhammad Nda
- Mr. Bola Onadele. Koko

v. Board Members Who Retired in 2014

- Mr. Aigboje-Aig Imoukhuede, CON
- Mr. Emeka Onwuka, OON
- Dr. Demola Sogunle
- Mr. 'laoye Jaiyeola
- Mr. Akinsowon Dawodu
- Mr. Sola Adegbesan

vi. Attendance at Board Meetings For the Year Ended December 31, 2014

Director	Position	April 4	July 31	July 31*	October 3	December 19
Dr. (Mrs.) Sarah Alade, OON <i>(appointed July 31, 2014)</i>	<i>Chairman, Board of Directors</i>	N/A	N/A	✓	✓	✓
Mr. Jibril Aku	<i>Vice Chairman, Board of Directors and Chair, Board Markets and Technology Committee</i>	✓	x	x	✓	✓
Mr. Olabisi Onasanya <i>(appointed July 31, 2014)</i>	<i>Chair, Board Governance and HR Committee</i>	N/A	N/A	✓	✓	✓
Mr. Peter Amangbo <i>(appointed July 31, 2014)</i>	Director	N/A	N/A	✓	✓	✓
Mrs. Bola Adesola	<i>Chair, Board Finance and General Purpose Committee</i>	x	x	x	✓	✓
Mr. Phillips Oduoza <i>(appointed July 31, 2014)</i>	<i>Chair, Board Listings and Quotations Committee</i>	N/A	N/A	✓	✓	x
Mr. Yinka Sanni	Director	x	✓	✓	✓	✓
Mr. Oscar N. Onyema, OON	<i>Chair, Board Regulation and Supervision Committee</i>	x	✓	✓	✓	x
Mr. Bayo Adeyemo <i>(appointed July 31, 2014)</i>	Director	N/A	N/A	✓	✓	✓
Mr. Sadiq Mohammed <i>(appointed July 31, 2014)</i>	Director	N/A	N/A	✓	x	✓
Alhaji Muhammad Nda	<i>Chair, Board Risk Management Committee</i>	x	✓	✓	✓	✓

N/A - Not applicable; not a Member of the Board of Directors at the time.

* - There were two (2) Board meetings held on July 31

vii. Board Committees and Attendance at Board Committee Meetings For the Year Ended December 31, 2014

Under the Company's Articles of Association, the Board is empowered to create and delegate authority to Committees in order to effectively discharge its responsibilities. Members of the Committees are nominated from the Board of Directors. These Members are well experienced and possess stellar qualifications. The duties and responsibilities of each Committee, in addition to those expressly delegated by the Board of Directors from time to time, are set out in each Committee's Charter.

To this end, the Board has well-established six (6) Board Committees to assist in the execution of its duties. These are as follows:

Board Regulation and Supervision Committee (BRSC)

The Committee ensures the Company's ability to discharge its regulatory and supervisory functions as an SRO.

Director	March 21	July 17	September 22	December 8
Mr. Oscar N. Onyema, OON <i>Committee Chair</i>	✓	✓	✓	✓
Mr. Yinka Sanni	N/A*	N/A*	✓	✓
Mr. Sadiq Mohammed <i>(appointed July 31, 2014)</i>	N/A*	N/A*	✓	✓
Mr. Bayo Adeyemo <i>(appointed July 31, 2014)</i>	N/A*	N/A*	✓	✓
Mr. Bola Onadele. Koko	✓	✓	✓	✓

N/A* - Not a Member of the Committee at the time.

Board Listings and Quotations Committee (BLQC)

The Committee provides direction in connection with the Company's listings and quotations franchise, as a securities exchange in Nigeria

Director	September 23	October 30
Mr. Phillips Oduoza <i>(appointed July 31, 2014)</i> <i>Committee Chair</i>	✓	✓
Mrs. Bola Adesola	✓	✓
Mr. Jibril Aku	✓	✓
Mr. Sadiq Mohammed <i>(appointed July 31, 2014)</i>	✓	✓
Mr. Bola Onadele. Koko	✓	✓

Board Finance and General Purpose Committee (BFGPC)

The Committee oversees the Company's financial disposition, strategy and structure. The Committee also supports and advises the Board with respect to its responsibility as well as exercises authority delegated to it by the Board in relation to matters as set out as its mandate.

Director	March 17	July 21	September 22	December 5
Mrs. Bola Adesola <i>Committee Chair</i>	✓	✓	✓	✓
Mr. Peter Amangbo <i>(appointed July 31, 2014)</i>	N/A*	N/A*	N/A*	✓
Mr. Bayo Adeyemo <i>(appointed July 31, 2014)</i>	N/A*	N/A*	N/A*	✓
Alhaji Muhammad Nda	N/A*	N/A*	N/A*	x
Mr. Bola Onadele. Koko	✓	✓	✓	✓

N/A* - Not a Member of the Committee at the time.

Board Risk Management Committee (BRMC)

The Committee exercises oversight over the nature, extent and approach of the Company's operational risk management plan.

BRMC previously met as the Board Audit and Risk Committee (BARC), and was subsequently decoupled into two (2) separate Committees, i.e. BRMC and the Audit Committee. The BARC last sat on July 16, 2014. The Members of the BRMC are as follows:

- Alhaji Muhammed Nda (Committee Chair)
- Mr. Olabisi Onasanya
- Mr. Peter Amangbo
- Mr. Oscar N. Onyema, OON
- Mr. Bola Onadele. Koko

Board Governance and HR Committee (BGHRC)

The Committee provides oversight for the Company's corporate governance structure and human resources function. The Committee supports and advises the Board in the exercise of this responsibility as well as exercises authority delegated to it by the Board in relation to matters as set out as its mandate

Director	March 17	July 21	October 2	December 17	December 19
Mr. Olabisi Onasanya <i>Committee Chair</i> (appointed July 31, 2014)	N/A*	N/A*	✓	✓	✓
Mr. Yinka Sanni	N/A*	N/A*	✓	✓	✓
Mr. Phillips Oduoza (appointed July 31, 2014)	N/A*	N/A*	✓	x	x
Alhaji Muhammed Nda	N/A*	N/A*	✓	✓	✓

N/A* - Not a Member of the Committee at the time.

Board Markets and Technology Committee (BMTC)

The Committee drives the discharge of the Company's value proposition through its "GOLD" Agenda by providing guidance for the value chain operations (origination, sales & trading) through automation and value-add by promoting price discovery and transparency

Director	March 24	July 25	September 22	December 10
Mr. Jibril Aku <i>Committee Chair</i>	✓	✓	✓	✓
Mr. Yinka Sanni	N/A*	N/A*	N/A*	✓
Mr. Bayo Adeyemo (appointed July 31, 2014)	N/A*	N/A*	N/A*	✓
Mr. Sadiq Muhammed (appointed July 31, 2014)	N/A*	N/A*	N/A*	✓
Mr. Bola Onadele. Koko	✓	✓	✓	✓

N/A* - Not a Member of the Committee at the time.

viii. Audit Committee

The Audit Committee was established in line with section 359(6) of the Companies and Allied Matters Act 2004. The Committee has oversight responsibility for the Company's Financial Statements and other tasks as described below:

- Review of the established Company procedures to reveal irregularities and ensure the accuracy of data and information provided in audited financial statements
- Review of the internal audit report on a regular basis (quarterly in the least)
- Ensures the audited Financial Statements are in compliance with statutory requirements and the relevant accounting and reporting framework
- Maintains oversight of the internal and external audit functions, in addition to the adequacy of the control environment

The Internal Auditor has access to this Committee and makes presentations to its Members. The Members of the Audit Committee are as follows:

Name	Representation	Position
Mr. Herbert Wigwe	Shareholder	Committee Chair
Mr. Uzoma Dozie		Member
Mrs. Mary Akpobome		
Mr. Olabisi Onasanya	Director	
Mr. Peter Amangbo		
Mr. Oscar N. Onyema, OON		

ix. Executive Committee

FMDQ's Executive Committee (ExCo) was activated in December 2014. The ExCo meets monthly to discuss matters relating to the business and activities of the Company, the implementation of the Board's policies & decisions and also to deal with specific matters relating to the Company as the circumstances arise.

It is made up of the Senior Management Team consisting of the following:

- The Managing Director/Chief Executive Officer
- All Divisional Heads
- The Group Head, Research Group (who interfaces with relevant government agencies)

Other Management Committees which assist with the ExCo's tasks are:

- Management Steering Committee
- Market Review Committee
- Management Listings & Quotations Committee

Management Steering Committee

Management Steering Committee (MSC) was established with the objective of ensuring development of all the franchises of the Company, taking responsibility, at all times, for the definition and achievements of related outcomes.

It consists of the following:

- Managing Director/Chief Executive Officer
- All Divisional Heads
- All Functional Heads (Group Heads, Acting Group & Unit Heads)

Market Review Committee

The Market Review Committee (MRC) meets bi-monthly to discuss matters relating to financial market and identify risks to the economy. The MRC meeting is anchored on the Financial Markets Review Report published bi-monthly by the FMDQ Research Group and the Report is shared with the Nigerian financial services regulators.

It consists of the following:

- Managing Director/Chief Executive Officer
- All Divisional Heads
- Group Head, Market Development
- Group Head, Research

Management Listings and Quotations Committee

Management Listings and Quotations Committee (MLQC) was established to support FMDQ's listings and quotations franchise and is charged with the main responsibility of reviewing listing and quotation applications and when it deems fit, recommending for approval any security sought to be listed or quoted on the FMDQ platform to the BLQC.

It consists of the following:

- Managing Director/Chief Executive Officer
- Divisional Head, Operations & Technology
- Group Head, Research Group
- Group Head, Compliance, Risk & Control

x. Relationship with Shareholders

The shareholders have the overall decision-making powers with respect to the affairs of the Company. At the AGM, Members are given the opportunity to air their views and give advice on issues relating to the Company's overall performance for the year. The meeting is conducted in a fair and transparent manner where the regulators such as the SEC and external auditors are invited. The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at the AGM. All shareholders are treated equally, regardless of volume of shareholding.

As an indication of its fundamental responsibility to create shareholder value, effective and ongoing communication with shareholders is seen as essential. In addition to the ongoing engagement facilitated by the Company Secretary, the Company encourages shareholders to attend the AGM. Voting at these meetings are conducted either by a show of hands or a poll depending on the subject matter of the resolution on which a vote is being cast. Separate resolutions are proposed on each significant issue.

xi. Communication Policy

The Board of Directors at its meetings receives updates and information from Management to enable the Board make deliberations, discuss issues, pass resolutions and advise Management on internal operations. The Company's website, www.fmdqotc.com, is updated regularly to provide information to the shareholders, stakeholders and the general public on the activities of the Company.

xii. Ethics and Organisational Integrity

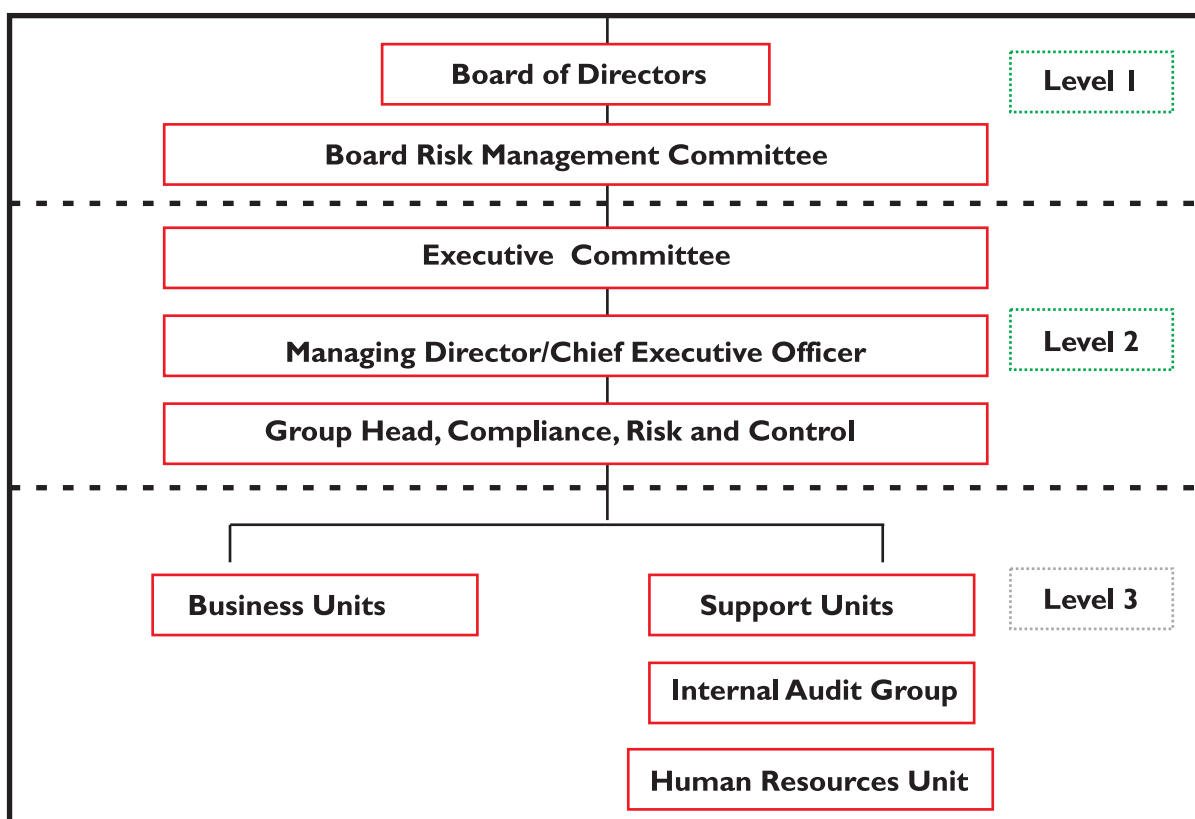
The Board of Directors aims to provide effective and ethical leadership, and ensures that its conduct and that of Management are aligned to the organisation's values and code of ethics. The Board of Directors encourages the inculcation of positive values at all levels of the business.

COMPLIANCE, RISK AND CONTROL

In FMDQ, compliance, risk and internal control is a continuous process and managing risk remains key to creating and sustaining value for our stakeholders. The risk management process is built to throw up any control issues and the compliance process ensures that the compliance and control risks are effectively mitigated. This process also involves the adherence to internal policies as well as compliance with rules and regulations.

The below structure describes the flow of the compliance and risk management process from the Board level to the respective groups in FMDQ.

FMDQ Governance Risk & Compliance Structure



Responsibilities

Board of Directors

- I. Approves FMDQ's GRC Framework and Policies
- ii. Reviews the GRC Framework and Policies to ensure its relevance and that it is up-to-date
- iii. Delegates suitable responsibilities pertaining to the management of Enterprise Risk (ER) to the BRMC and/or the MD/CEO

Board Risk Management Committee

- i. Defines FMDQ's optimal Enterprise Risk Management (ERM) Framework and all other FMDQ frameworks and policies
- ii. Approves all policies aimed at identifying, assessing, monitoring, controlling, mitigating, measuring and complying with ER
- iii. Establishes a management structure capable of implementing the Company's GRC Framework
- iv. Sets FMDQ's risk appetite and tolerance levels
- v. Approves the extent and manner of all risk transfer mechanisms employed by FMDQ (this includes the use of insurance or outsourcing)
- vi. Ensures all GRC decisions made by the Board are effectively implemented by the ExCo
- vii. Reviews GRC reports indicating levels of compliance with policies, major control lapses, corrective actions taken and determining the adequacy of FMDQ's current operational policies and procedures in light of any weaknesses identified
- viii. Ensures that FMDQ's ERM Framework is periodically subjected to effective and comprehensive internal audit by suitably qualified individuals

Executive Committee

- i. Ensures full implementation of the GRC Framework approved by the BRMC and the Board of Directors within all Business Units
- ii. Monitors the implementation of policies, processes and procedures for managing ER in all of FMDQ's material services, activities, processes and systems
- iii. Ensures clear roles and responsibilities for the management of ER are defined throughout all levels of FMDQ, including all Business Units

- iv. Provides support to the MD/CEO to ensure that a culture of compliance is entrenched throughout the Company
- v. Ensures there are adequate systems in FMDQ for maintaining accounting records, safeguarding assets, prevention and detection of fraud and other irregularities, and maintaining an effective system of internal controls
- vi. Reviews GRC reports on a regular basis indicating levels of compliance with policies, major control lapses and defining the corrective actions necessary to correct identified weaknesses
- vii. Creates appropriate incentives to improve FMDQ's management of ER

Managing Director/Chief Executive Officer

- i. Champions, co-ordinates and acts as a catalyst for ERM initiatives
- ii. Develops policies, system and procedures for risk identification, measurement, monitoring and control aligned with the strategic direction and risk appetite defined by the Board
- iii. Ensures custody, maintenance and updating of all GRC policies
- iv. Ensures the successful implementation of all risk management policies and procedures
- v. Supervises the Group Head, Compliance, Risk & Control (CRG)
- vi. Represents ExCo on the BRMC
- vii. Creates awareness of FMDQ's risk policies and ensure a strong risk awareness culture amongst all categories of Staff

Compliance, Risk & Control Group

- i. Promotes a risk awareness culture across FMDQ
- ii. Oversees the day to day management of compliance and ER across all FMDQ's material services, products, activities, processes and systems; and apply appropriate sanctions where required
- iii. Develops and implements methodologies for identifying, assessing, monitoring, controlling and measuring enterprise risks
- iv. Promotes and assists all Business Units with the implementation of the ERM
- v. Provides the ExCo with practical recommendations for the improvement of existing risk management practices
- vi. Provides periodic reports on key ER issues to all key stakeholders i.e. the Board, the ExCo, the MD/CEO as well as the Business Units
- vii. Ensures ER risk policies and controls are regularly updated

Business Units

- I. Identify risks within the process areas for all activities in the respective Business Units
- ii. Develop, and with guidance from the CRG team, suggest controls for mitigating identified risks within the respective Business Units
- iii. Implement all FMDQ policies and procedures for mitigation of ER and compliance
- iv. Perform periodic self-assessments to ensure that the controls in place remain appropriate
- v. Highlight any concerns or key risk indicator breaches to the Group Head, CRG so as to assist with the early detection of potential risks
- vi. Report all ER loss incidents, including near misses and other vulnerabilities to the CRG in a timely manner
- vii. Provide the CRG with a quarterly Strategic Risk Report. This Report should be received during the first week of the last month of the quarter

Human Resources Unit

- i. Assists with the development of appropriate performance measurement criteria for Staff involved in the CRG
- ii. Ensures that these criteria are integrated into FMDQ's Staff performance reward and compensation system
- iii. Ensures that high quality risk management Staff are attracted, retained and continuously developed
- iv. Assists with the creation of a risk-conscious working environment/culture
- v. Assists with the development of appropriate employee-related policies, procedures and practices that address ER arising from people or human resources issues

Internal Audit

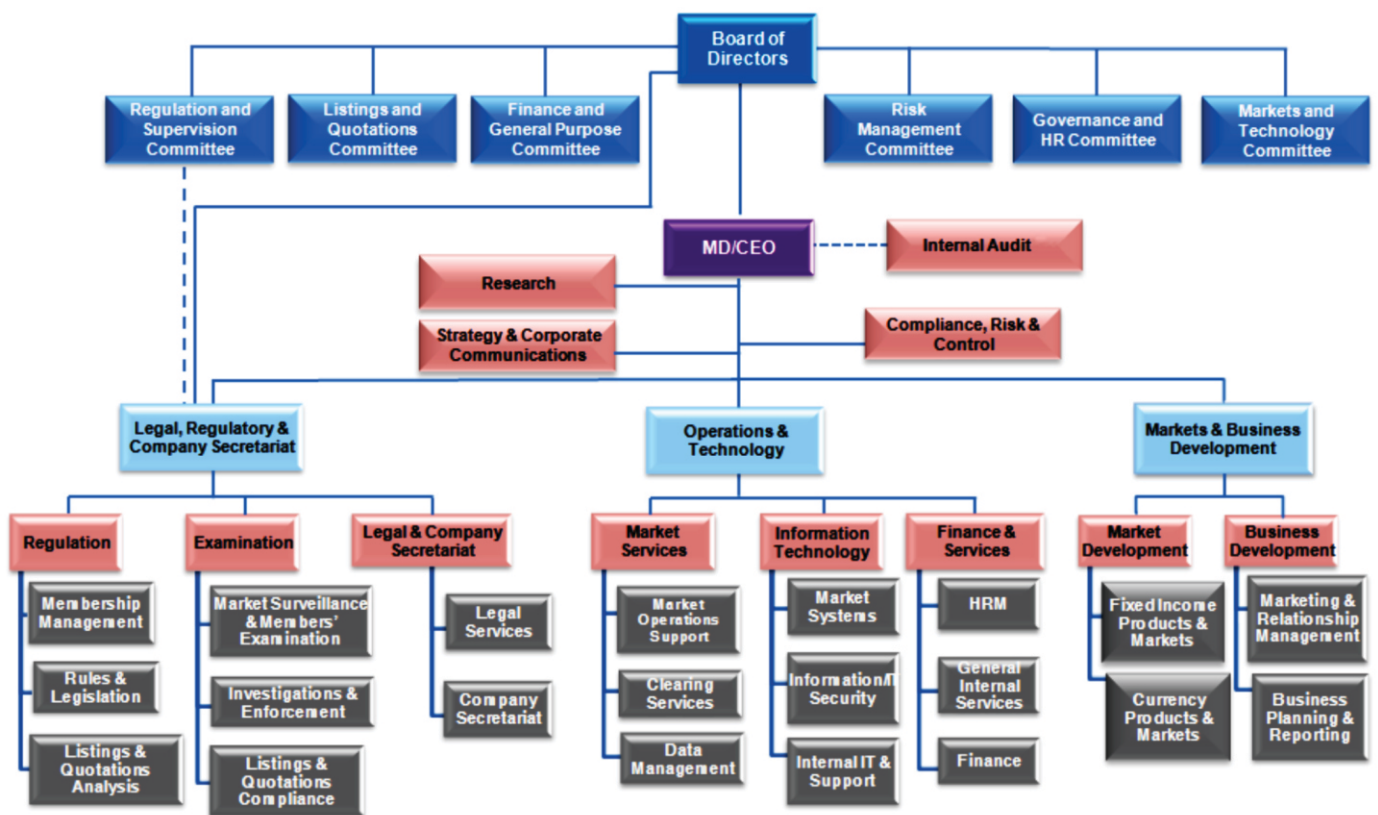
- i. Provides an independent appraisal of FMDQ's GRC Framework, policies and procedures
- ii. Ensures that FMDQ's internal control functions are operating effectively as intended
- iii. Assesses compliance with established controls, including ER methodologies and policy across all Business Units
- iv. Recommends improvements in processes and controls where weaknesses are identified as a result of audit procedures performed

- v. Reports any ER related exceptions noted during audit procedures to the CRG and ultimately report the exceptions and CRG's comments to the Audit Committee

FMDQ's commitment to ensuring zero tolerance for non-compliance remains a key focus. The Compliance, Risk and Control Manual contains the framework for managing risk and ensuring compliance with both external regulations and internal policies and procedures. The Manual clearly defines the governance structure, roles and responsibilities of all internal stakeholders on risk management and compliance issues.



ORGANISATIONAL DESIGN



In order to deliver on its mission and achieve its strategic goals, FMDQ's business services will be driven by clearly separate business lines and Staff functions with specific responsibilities. Key amongst these are:

Markets & Business Development Division (MBD)

This Division is responsible for driving the market organising franchise of FMDQ through conducting market and business development-focused research and engagements. The output of the Division's activities will be leveraged upon as part of the process of achieving FMDQ's core mandates.

The Market Development mandate covers product development, new market development, activation of extinct markets, upgrading the standards of existing markets, pre- and post-trade price discovery, review of market infrastructure to facilitate improved liquidity and efficiency, fixings and indices development to ensure transparency, market integrity and driving fixed income and currency products markets, based on FMDQ's 5-year Strategic Plan; while the Business Development mandates cover development of FMDQ's network effects through marketing & relationship management strategies, business planning & reporting, and building the bonds listings & Fixed Income Securities quotations franchise.

Legal, Regulatory & Company Secretariat Division (LRD)

The mandate for LRD is to ensure that FMDQ's SRO activities meet international standards in line with IOSCO. In addition, LRD's regulation of the OTC markets will align with the rules and regulations of SEC, CBN and DMO, and global best practices. It will therefore review its regulations periodically and build FMDQ's alliances with global stakeholders to ensure alignment with leading market practices and regulatory policies.

This Division will drive FMDQ's self-regulatory function through its three (3) Groups:

- Regulation Group, which is responsible for membership management, listings and quotations analysis and the rules & legislation functions
- Examination Group, which is responsible for market surveillance and Members examination, investigations and enforcement and listings and quotations compliance
- Legal & Company Secretariat Group, which provides legal advisory services to the Company

Operations & Technology Division (OTD)

One of the Division's mandate is to ensure that FMDQ operations are technology-driven in order to facilitate operational excellence and efficiency across the OTC markets under the Company's oversight.

The Groups under this Division are:

- Market Services Group, which is responsible for functions such as Market Operations Support, Clearing Services and Data Management
- Information Technology Group, which focuses on Market Systems, Information/IT Security and Internal IT & Support
- Finance and Services Group, which includes functions such as Human Resource Management, General Internal Services and Finance

OTD is responsible for the implementation of the appropriate technology in support of the market infrastructure agreed with FMDQ Members, and the automation of FMDQ's operations across all other Divisions. In addition, the Division will design and implement appropriate technology to support the activities of MBD and LRD, and implement the organisation's enterprise systems requirements for Risk, Human Resource Management and Finance.

Compliance, Risk & Control Group (CRG)

This Group is responsible for ensuring compliance, implementing enterprise-wide risk management and internal control management processes across the Company. The Group also ensures that the Board-approved risk management frameworks, policies and strategies are implemented. CRG provides counsel and guidance to Management and the Board of Directors to ensure compliance with SEC Rules and Regulations as well as liaise with SEC on compliance issues.

Strategy & Corporate Communications Group (SCG)

The Group is charged with establishing and reviewing key strategic priorities, translating these into a comprehensive Strategic Plan, facilitating the implementation of FMDQ's Corporate Strategy, monitoring and reporting on the execution of the Strategic Objectives and Initiatives as well as the Corporate Performance.

The Group is also responsible for managing the FMDQ brand; coordinating the development, implementation and reporting of communication; press relations; and events, both within and outside FMDQ.

Internal Audit Group (IAG)

The Group has a mandate to provide independent and objective assurance, consulting services, evaluations, analyses and appraisals designed to add value and improve FMDQ's operations and effectiveness of governance and risk management processes, and internal controls environment.

The Group is also responsible for preparing FMDQ's annual audit report and relating with the Board and external auditors on matters arising from these reports.

Research Group (RSG)

The mandate of the RSG is to drive stakeholder value via Macro-Prudential Risk Analysis, Data Analytics and Research & Development.

The Macro-Prudential Unit is responsible for supporting production of research and development reports and the macro-prudential analysis, ensuring quality control in all documents produced in RSG; supporting government relations activities, and updating and managing the Information Repository research/library on the FMDQ Intranet.

The Data Analysis Unit is responsible for the development of market analytics based on data from the research database; supporting the production of research and macro-prudential reports and uploading research reports, data and analytics onto the RSG portal/intranet.

The Research and Development Unit is responsible for collation and storage of data; ensuring regular update and precise management of data, and conducting analytics based on research data.



BOARD OF DIRECTORS

BOARD OF DIRECTORS



Dr. (Mrs.) Sarah O. Alade, OON

Chairman, Board of Directors, FMDQ OTC PLC

Dr. (Mrs.) Alade is the Deputy Governor (Economic Policy), Central Bank of Nigeria, where she superintends over the Economic Policy Directorate, comprising the Research, Monetary Policy, Trade & Exchange, Statistics and Financial Markets Departments.

She is the Chair of the Monetary Policy Implementation Committee (MPIC), a member of the Nigerian Economic Society (NES) and a Fellow of the Nigerian Institute of Operational Research.



Mr. Jibril Aku

Board Vice Chairman and Chair, Board Markets and Technology Committee, FMDQ OTC PLC

Mr. Aku is the Managing Director/Chief Executive Officer of Ecobank Nigeria Limited. He is a former Executive Director of Afribank PLC (now Mainstreet Bank Limited) and former Treasurer of Citibank Nigeria Limited.

He is a member of the Board of Trustees of FMDA, Chairman of FMDA NIBOR Committee and past President of the Money Market Association of Nigeria (now FMDA).



Mr. Olabisi Onasanya

Chair, Governance and HR Committee, FMDQ OTC PLC

Mr. Onasanya is the Group Managing Director/Chief Executive Officer of First Bank of Nigeria Limited and former Managing Director/Chief Executive Officer of First Pension Custodian Nigeria Limited.

He is a Fellow of the Institute of Chartered Accountants of Nigeria, an Associate Member of the Nigeria Institute of Taxation and also a Director of FBN Bank (UK) Limited and FBN Insurance Brokers Limited.



Mr. Peter Amangbo

Member, Board Finance and General Purpose Committee, FMDQ OTC PLC

Mr. Amangbo is the GMD/CEO of Zenith Bank PLC. He trained with PricewaterhouseCoopers and qualified as a Chartered Accountant before joining Zenith Bank PLC in 1993.

He was the Head of Financial Control and Strategic Planning before his reassignment as Head of the Corporate & Retail Banking Group and the Bank's Group Zonal Head, Lagos. He has attended the Advanced Management Programme at INSEAD, France.



Mrs. Bola Adesola

Chair, Board Finance and General Purpose Committee, FMDQ OTC PLC

Mrs. Adesola is the Managing Director/Chief Executive Officer of Standard Chartered Bank Nigeria Limited. She is a former Executive Director of First Bank of Nigeria Limited, former Managing Director of Kakawa Discount House Limited and former Treasurer of Citibank Tanzania.

She is a member of the Board of Trustees of FMDA.



Mr. Phillips Oduoza

Chair, Listings and Quotations Committee, FMDQ OTC PLC

Mr. Oduoza is the Group Managing Director/Chief Executive Officer of United Bank for Africa PLC and former Executive Director, Operations & Technology and later Commercial/Retail Banking at Diamond Bank PLC.

He was also former Deputy Managing Director of Reliance Bank Limited, where he worked briefly before joining the Management and Board of Standard Trust Bank PLC.



Mr. Yinka Sanni

Member, Board Markets and Technology Committee, FMDQ OTC PLC

Mr. Sanni is the Chief Executive Officer of Stanbic IBTC PLC and once served as the CEO of IBTC Pension Managers Ltd. He was also a Non-Executive Director of IBTC Chartered Bank PLC and a Director at Stanbic IBTC Asset Management Ltd.

He has extensive experience in credit and marketing, corporate finance, asset management and stock broking. As the MD/CEO of Stanbic IBTC Bank PLC, he is Chair of the Financial Markets Sub-Committee of the Bankers' Committee.



Mr. Oscar N. Onyema, OON

Chair, Board Regulation and Supervision Committee, FMDQ OTC PLC

Mr. Onyema is the Chief Executive Officer of The Nigerian Stock Exchange. He is the Chairman of the Central Securities Clearing System PLC (CSCS) and President of the African Securities Exchanges Association (ASEA).

He was a Senior Vice President and Chief Administrative Officer at the American Stock Exchange (Amex).



Mr. Bayo Adeyemo

Member, Board Markets and Technology Committee, FMDQ OTC PLC

Mr. Adeyemo is the Country Treasurer & Markets Head, Citibank Nigeria Limited. He is the Vice President of the Financial Markets Dealers Association (FMDA) and a member of the Governing Council.

He is also the Chairman Automation Committee of the FMDA and serves as a member of the SEC Capital Market Committee (Sub-Committee on Exchanges). He is a Fellow of the Institute of Chartered Accountants of Nigeria.



Mr. Sadiq Mohammed

Member, Board Regulation and Supervision Committee, FMDQ OTC PLC

Mr. Mohammed is the Deputy Chief Executive Officer of ARM Group. He manages ARM Pension Managers; ARM's Group Procurement & Administration, and Group Information Technology. He was former Tax & Business Advisory Consultant with Arthur Andersen, Nigeria.

He is a Fellow of the Global Association of Risk Professionals (GARP) having earned GARP's Financial Risk Manager (FRM) charter, and currently serves on the Boards of several companies including Asset & Resource Management Company Limited, Airline Services Logistics PLC, Lekki Concession Company (LCC) and the Moorhouse Sofitel.



Alhaji Muhammad Nda

Chair, Board Risk Management Committee, FMDQ OTC PLC

Alhaji Nda is the Chairman of Midland Advisors Limited.

He is also a former Director, Foreign Operations (including FX Markets & Reserves Management) of the Central Bank of Nigeria (CBN) and a former Director of Currency Operations at the CBN.



Mr. Bola Onadele. Koko

Managing Director/Chief Executive Officer, FMDQ OTC PLC

Prior to his appointment as the Managing Director of FMDQ, Koko was the President of FDHL (a financial markets and risk management consulting firm). During his banking career, he was the Chief Operating Officer of Leadbank PLC, Managing Director/Chief Executive of Trust Bank of Africa, Treasurer of First City Monument Bank PLC and Chief Dealer at Citibank Nigeria Limited.

He is a fellow of the Institute of Chartered Accountants of Nigeria and a member of the Board of Trustees of FMDA.

AUDIT COMMITTEE

FMDQ AUDIT COMMITTEE MEMBERS (SHAREHOLDERS)



Mr. Herbert Wigwe

Mr. Wigwe is Group Managing Director at Access Bank PLC. He started his professional career with Coopers and Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank where he managed several portfolios including Financial institutions, Corporates and Multinationals.

Herbert is an Alumnus of Harvard Business School Executive Management Programme. He holds a Master's degree in Banking and International Finance from the University College of North Wales; a Master's degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria, Nsukka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).



Mr. Uzoma Dozie

Mr. Dozie was appointed Group Managing Director/Chief Executive Officer of Diamond Bank PLC on October 24, 2014. He joined Diamond Bank in 1998 as an Assistant Manager heading the Bank's Oil and Gas Unit. Whilst at Diamond, he also served as Financial Controller from June 2001 to April 2004, and as an Executive Director since 2005. He has been a Director of one of the faculties at the Lagos Business School since 2007.

Uzoma holds a Bachelor of Science degree in Chemistry from the University of Reading, Berkshire, an MSc in Chemical Research from the University College, London and a masters degree in Business Administration from the Imperial College Management School of London 1998.



Mrs. Mary Akpobome

Mrs. Akpobome is Acting Chief Executive Officer (Ag. CEO) of Enterprise Bank Limited. At Heritage Bank, she is the Executive Director - Ivory Banking, overseeing Retail & Personal Banking, E-Banking, SME Development and Private Wealth Management Divisions. Prior to her appointment at Heritage Bank, Mrs. Akpobome worked at Citizens Bank and Bank PHB. She has an MBA from the University of Lagos.

Mary has bagged various professional certificates earned from prestigious institutions including The Lagos Business School, Institute of Management Development, Lausanne, Switzerland and the European Marketing Research Centre, Brussels.



MANAGEMENT TEAM



Dipo Odeyemi
Divisional Head, Operations & Technology



Bola Onadele. Koko
Managing Director/Chief Executive Officer



Atinuke Taiwo
Divisional Head, Legal, Regulatory & Company Secretariat



Emeka Atuma
Group Head, Compliance, Risk & Control



Shola Olufosoye
Group Head, Internal Audit



Emmanuel Etaderhi
Group Head, Research



Kaodi Ugoji
Group Head, Strategy & Corporate Communications



Jumoke Olaniyan
Group Head, Market Development



Tumi Sekoni
Group Head, Business Development



FINANCIAL REPORTS

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

Directors' Report

For the year ended 31 December 2014

The Directors present their annual report on the affairs of FMDQ OTC PLC ("the Company") together with the audited financial statements and auditor's report for the year ended 31 December 2014.

(a) Legal form and principal activity

FMDQ OTC PLC was incorporated in Nigeria under the Companies and Allied Matters Act on 6 January 2011 as a public liability company, and was licensed by the Securities and Exchange Commission on 6 November 2012 to perform the functions as a securities exchange and self regulatory organization.

The Company commenced operations on 1 January 2013.

(b) Principal activities

The principal activities of the Company are developing, organizing and regulating the platform for listing, quotation, registration and trading of debt securities and currencies.

(c) Operating results

Highlights of the Company's operating results for the year are as follows:

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Total Revenue	1,753,006	155,653
Profit/(Loss) before tax	708,519	(133,355)
Taxation	(160,584)	-
Profit/(Loss) after taxation	547,935	(133,355)

(d) Proposed dividend

No dividend was proposed by the Board of Directors in respect of the financial year ended 31 December 2014. (December 2013: Nil).

(e) Directors and their interests

The directors who held office during the year and to the date of this report were:

Dr. (Mrs.) Sarah Alade, OON	- Chairman	Appointed effective July 31, 2014
Mr. Aigboje Aig-Imoukhuede, CON	- Director	Resigned effective July 31, 2014
Mr. Bola Onadele. Koko	- Managing Director/Chief Executive Officer	
Mr. John Delaney	- Chief Operating Officer	Resigned effective February 28, 2014
Mr. Jibril Aku	- Director	
Alh. Muhammad Nda	- Director	
Mr. Emeka Onwuka	- Director	Resigned effective July 31, 2014
Mr. Oscar N. Onyema, OON	- Director	
Mr. Bisi Onasanya	- Director	Appointed effective July 31, 2014
Mrs. Bola Adesola	- Director	
Mr. Peter Amangbo	- Director	Appointed effective July 31, 2014
Mr. Yinka Sanni	- Director	
Mr. Phillips Oduoza	- Director	Appointed effective July 31, 2014
Mr. Demola Sogunle	- Director	Resigned effective July 31, 2014
Mr. Laoye Jaiyeola	- Director	Resigned effective July 31, 2014
Mr. Akinsowon Dawodu	- Director	Resigned effective July 31, 2014
Mr. Sola Adegbesan	- Director	Resigned effective July 31, 2014
Mr. Bayo Adeyemo	- Director	Appointed effective July 31, 2014
Mr. Sadiq Mohammed	- Director	Appointed effective July 31, 2014

None of the directors have an interest in the shareholding of the Company as required to be disclosed under section 275 of the Companies and Allied Matters Act (CAMA) of Nigeria.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

(f) Directors' interest in contracts

None of the directors have notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of Nigeria, of their direct or indirect interest in contracts or proposed contracts with the company during the year.

(g) Major shareholding

According to the register of members, no shareholder other than the under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2014.

Name	2014		2013	
	No. of shares	% Holding	No. of shares	% Holding
Financial Markets Dealers Association (see note (i) below)	169,074,074	26.39%	79,074,074	12.34%
Central Bank of Nigeria	100,000,000	15.61%	100,000,000	15.60%
NSE Consult Limited	41,666,667	6.50%	-	0.00%

(i) Included in the number of shares held by FMDA, are shares held as nominee for some institutions. The analysis of the institutions are as shown below;

Name	No. of shares
First Bank of Nigeria Limited	15,000,000
Express Discount House Limited	15,000,000
Sterling Bank PLC	30,000,000
First City Monument Bank PLC	30,000,000
	90,000,000

The analysis of the distribution of the shares of the Company at the end of the financial year is as follows:

Share range	No. of Shareholders	% Holding	No. of holdings
Local shareholders			
1-15,000,000	18	42.19%	270,000,000
15,000,001 and above	5	57.81%	370,740,741
	23	100.00%	640,740,741

(h) Property and equipment

Information relating to changes in property and equipment is given in Note 17 to the financial statements.

(i) Charitable contributions and other donations

The Company made no charitable contributions and donations during the year. (2013: Nil).

(j) Employment of disabled persons

The Company had no disabled person in its employment as at 31 December 2014 (2013: Nil). The applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

(k) Health, safety and welfare at work

The Company enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Company retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Company's expense. Fire-fighting equipment are installed in strategic locations within the Company's premises.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

(l) Employee consultation and training

The Company places considerable value on the involvement of its employees and has a policy of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

The Company places emphasis on employee development and training. Consequently, in-house training was organised for its employees.


(m) Events after the end of the reporting period

There was no material event subsequent to year end that could impact on the financial statements.

(n) Auditors

Messrs KPMG Professional Services, have indicated their willingness to continue in office as auditors, in accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD



Mrs. Atinuke Taiwo

Company Secretary

FRC/2015/NBA/00000011223

31 March 2015

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

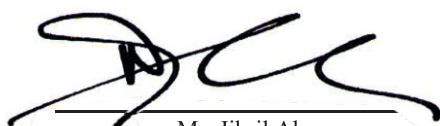
Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2014

The directors accept responsibility for the preparation of the financial statements set out on pages 67 to 95 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mr. Jibril Aku
 Director
 31 March 2015
 FRC/2013/CIBN/00000001879



Mr. Bola Onadele. Koko
 Managing Director/CEO
 31 March 2015
 FRC/2014/ICAN/00000008637

*FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports*

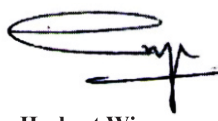
Audit Committee Report

for the year ended 31 December 2014

To the members of **FMDQ OTC PLC**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of FMDQ OTC PLC hereby report on the financial statements for the year ended 31 December 2014 as follows:

- (i) We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- (ii) We are of the opinion that the accounting and reporting policies of the Company are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2014 were satisfactory and reinforce the Company's internal control systems.
- (iii) After due consideration, the Audit Committee accepted the report of the auditors that the financial statements were in accordance with ethical practice and generally accepted accounting principles and give a true and fair view of the state of the Company's financial affairs.
- (iv) We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their final audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.



Mr. Herbert Wigwe
Chairman, Audit committee
FRC/2013/ICAN/0000001998
31 March 2015

Members of the Audit Committee are:

1. Mr. Herbert Wigwe	Shareholder	Chairman
2. Mr. Uzoma Dozie	Shareholder	Member
3. Mrs. Mary Akpobome	Shareholder	Member
4. Mr. Bisi Onasanya	Director	Member
5. Mr. Peter Amangbo	Director	Member
6. Mr. Oscar N. Onyema, OON	Director	Member

**KPMG Professional Services**

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Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 271 0540
Internet www.kpmg.com/ng

To the members of **FMDQ OTC PLC**

We have audited the accompanying financial statements of FMDQ OTC PLC (“the Company”), which comprise the statement of financial position as at 31 December 2014, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 67 to 95.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of FMDQ OTC PLC (“the Company”) as at 31 December 2014, and of the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

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Abayomi D. Sanni	Adebisi O. Lamikanra	Adekunle A. Elebute	Adetola P. Adeyemi
Adewalé K. Ajayi	Ajibola O. Olomola	Akinyemi J. Ashade	Ayodele H. Othihiwa
Ayo L. Salami	Chibuzor N. Anyanedi	Goodluck C. Obi	Ibitomi M. Adepoye
Joseph O. Tegbe	Kabir O. Okunlola	Mohammed M. Adama	Oladapo R. Okubadejo
Oladimeji I. Salaudeen	Olanike I. James	Olumide O. Olayinka	Olusegun A. Sowande
Oluseyi T. Bickersteth	Oluwafemi O. Awotoye	Oluwatoyin A. Gbag	Tayo I. Ogungbenro
Victor U. Onyenkpa			



Report on Other Legal and Regulatory Requirements

Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Signed:

Akinyemi J. Ashade
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
01 April 2015
Lagos, Nigeria



FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Statement of comprehensive income

For the year ended 31 December 2014

<i>In thousands of Naira</i>	Notes	31 December 2014	31 December 2013
Transaction fees	7	1,600,255	76,467
Interest income	8	72,119	50,968
Other income	9	80,632	28,218
Operating income		1,753,006	155,653
Personnel expenses	10	(383,789)	(70,095)
Other operating expenses	11	(603,092)	(207,288)
Depreciation and amortisation	17,18	(57,606)	(11,625)
Profit/(Loss) before income tax		708,519	(133,355)
Income tax expense	12	(160,584)	-
Profit/(Loss) after income tax		547,935	(133,355)
Other comprehensive income, net of income tax:			
Total comprehensive income for the year		547,935	(133,355)
Earnings/(Loss) per share - basic and diluted (kobo)	13	86	(25)

The accompanying notes form an integral part of these financial statements.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Statement of financial position


As at 31 December 2014

<i>In thousands of Naira</i>	Notes	31 December 2014	31 December 2013
ASSETS			
Cash and cash equivalents	14	129,438	26,258
Investment securities	15	1,218,725	352,319
Other assets	16	80,317	122,820
Property and equipment	17	93,275	94,719
Intangible asset	18	54,693	35,614
Total assets		1,576,448	631,730
LIABILITIES			
Other liabilities	19	326,644	90,445
Current tax liability	12 (b)	145,014	-
Deferred tax liability	12 (d)	15,570	-
Total liabilities		487,228	90,445
EQUITY			
Share capital	20 (a)	640,741	535,000
Share premium	20 (b)	21,148	-
Retained earnings	20 (c)	427,331	(120,604)
Deposit for shares	20 (d)	-	126,889
Total equity		1,089,220	541,285
Total liabilities and equity		1,576,448	631,730

These financial statements were approved by the Board of Directors on 31 March 2015 and signed on behalf of the board of directors by:

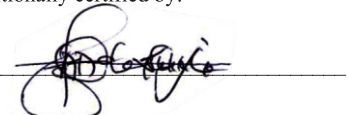


Mr. Jibril Aku (Director)
 FRC/2013/CIBN/00000001879



Mr. Bola Onadele Koko (Managing Director/CEO)
 FRC/2014/ICAN/00000008637

Additionally certified by:



Mr. Adekunle Adesuyi (Financial Controller)
 FRC/2014/ICAN/00000008584

The accompanying notes form an integral part of these financial statements.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Statement of changes in equity

(a) *For the year ended 31 December 2014*

<i>In thousands of Naira</i>	Share capital	Deposit for shares	Share Premium	Retained earnings	Total equity
Balance at 1 January 2014	535,000	126,889	-	(120,604)	541,285
Total comprehensive income for the year:					
Profit for the year	-	-	-	547,935	547,935
Total comprehensive income for the year	-	-	-	547,935	547,935
Transactions with owners, recorded directly in equity:					
Transfer to share capital and share premium	105,741	(126,889)	21,148	-	-
Balance at 31 December 2014	640,741	-	21,148	427,331	1,089,220

(b) *For the year ended 31 December 2013*

<i>In thousands of Naira</i>	Share capital	Deposit for shares	Share Premium	Retained earnings	Total equity
Balance at 1 January 2013	535,000	-	-	12,751	547,751
Total comprehensive income for the year:					
Loss for the year	-	-	-	(133,355)	(133,355)
Total comprehensive income for the year	-	-	-	(133,355)	(133,355)
Transactions with owners, recorded directly in equity:					
Proceeds from share subscription	-	126,889	-	-	126,889
Balance at 31 December 2013	535,000	126,889	-	(120,604)	541,285

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Statement of cash flows

For the year ended 31 December 2014

<i>In thousands of Naira</i>	Notes	31 December 2014	31 December 2013
Cash flows from operating activities			
Profit/(Loss) for the year		547,935	(133,355)
Taxation		160,584	-
Profit before tax		708,519	(133,355)
<i>Adjustments for:</i>			
Depreciation of property and equipment	17	36,283	8,486
Loss on disposal of property and equipment		460	-
Write-off of intangible asset		8,029	-
Amortisation of intangible asset	18	21,323	3,139
Interest income		(72,119)	(50,968)
		702,495	(172,698)
Changes in:			
Other assets		42,503	(113,840)
Other liabilities		280,175	92,924
Interest income received		65,134	50,968
VAT paid		(43,976)	-
Net cash generated from/(used in) operating activities		1,046,331	(142,646)
Cash flows from investing activities			
Acquisition of property and equipment	17	(35,841)	(91,243)
Acquisition of intangible asset	18	(48,431)	(2,873)
Proceeds from sale of Property and equipment		542	-
(Acquisition)/Disposal of investment securities		(859,421)	210,232
Net cash generated from/(used in) investing activities		(943,151)	116,116
Net increase in cash and cash equivalents		103,180	(26,530)
Cash and cash equivalents at beginning of year		26,258	52,788
Cash and cash equivalents at end of the year		129,438	26,258

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

Notes to the Financial statements

For the year ended 31 December 2014

Reporting entity

FMDQ OTC PLC (the 'Company') is a public liability company incorporated in Nigeria under the Companies and Allied Matters Act. The Company was incorporated on 6 January 2011 and commenced operations in January 2013. The address of its registered office is 1 Olosa Street, Victoria Island, Lagos.

FMDQ OTC PLC's principal activities is to function as an over-the-counter market, which makes it a securities exchange and self regulatory organization. It is regulated by the Securities and Exchange Commission.

Basis of preparation

(a) *Statement of compliance with International Financial Reporting Standards*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 29 April 2015.

(b) *Basis of measurement*

These financial statements are prepared on the historical cost basis.

(c) *Functional and presentation currency*

The financial statements are presented in Naira, which is the Company's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(d) *Use of estimates and judgments*

The preparation of financial statements in conformity to IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods, if the revision affects both current and future years.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5.

Significant accounting policies

The accounting policies set out below have been consistently applied to all years presented in these financial statements.

(a) Transaction fees

Fee income on the Company's principal activity as an OTC platform are recognised in the period in which the services are rendered.

(b) Interest

Interest income are recognised in profit or loss using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income presented in the statement of comprehensive income include interest on financial assets measured at amortised cost calculated on an effective interest rate basis.

(c) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

(i) Current tax

Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credit and deductible temporary differences only, to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Financial instruments**(i) Recognition**

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity and investment. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. Financial instruments are recognised (derecognised) on the date the Company commits to purchase or sell the instruments (trade date accounting).

(ii) Classification and subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(a) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturities that the Company has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortised cost, using the effective interest rate method. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Company from classifying investment securities as held-to-maturity for the current and the following two years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Company has collected substantially all of the asset's original principal; and
- sales or reclassifications attributable to non-recurring isolated events beyond the Company's control that could not have been reasonably anticipated.

(b) Financial assets held at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as trading if acquired principally for the purpose of selling in the short term.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

Financial assets may be designated at fair value through profit or loss when:

- The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- A group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in the income statement in 'net trading income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

(c) Available-for-sale

Available-for-sale investments are non-derivative investments that were designated by the Company as available-for-sale or are not classified as another category of financial assets, or strategic capital investments held for an indefinite year of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. All other available-for-sale investments were carried at fair value.

Interest income is recognised in profit or loss using the effective interest rate method. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it otherwise would have met the definition of loans and receivables and if the Company has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

When the Company is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease are recognised and presented within loans and receivables.

When the Company purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Company's financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in Income statement on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Company measures the assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to see a net long position (or paid to transfer a net short position) for a particular exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

(v) Impairment of financial assets

(i) Assets carried at amortised cost

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. If there is an objective evidence of impairment on loan and receivable or a held-to-maturity asset, the amount of the loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows (excluding future credit losses that have not been incurred) discounted at the assets' original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables and held-to-maturity investments. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the balance sheet date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred.

Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent year, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the income statement, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

(vi) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

(vii) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet. In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the asset if control over the asset is lost.

(e) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(f) Property and equipment

(i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The costs of the day-to-day repairs and maintenance of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Leasehold improvements	2 years
Motor vehicles	4 years
Furniture, fittings and equipments	4 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) *De-recognition*

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(g) Intangible assets

Computer software

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

The Company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 10% by the employer.

The Company's contribution to this scheme is charged to the profit and loss account in the period to which they relate. Contributions to the scheme are managed by other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

(ii) *Dividend on ordinary shares*

Dividends on the Company's ordinary shares are recognised in equity in the year in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that were declared after the year end of the reporting period are dealt with in subsequent events note.

(l) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those that may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

Pronouncement	Title	Effective date
IFRS 9 (amended)	<p>Financial Instruments</p> <p>IFRS 9 will replace the existing standard on the recognition and measurement of financial instruments and requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.</p> <p>The accounting for financial assets differs in various other areas to existing requirements such as embedded derivatives and the recognition of fair value adjustments in other comprehensive income.</p> <p>All changes in the fair value of financial liabilities that are designated at fair value through profit or loss due to changes in own credit risk will be required to be recognised within other comprehensive income.</p> <p>The standard has introduced a new expected-loss impairment model that will require more timely recognition of expected credit losses. This new model will apply to financial assets measured at either amortised cost or fair value through OCI, as well as loan commitments when there is present commitment to extend credit (unless these are measured at fair value through profit or loss).</p> <p>With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to either 12-months expected credit losses or full lifetime expected credit losses.</p> <p>A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition as well as for certain contract assets or trade receivables. For all other financial instruments, expected credit losses are measured at an amount equal to 12-month expected credit losses.</p> <p>The standard will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined. The company does not intend to early adopt this standard.</p>	Annual periods beginning on or after 1 January 2018

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Amendments to IAS 16 (Property, Plant and Equipment) & IAS 38 (Intangible assets)	Amendments regarding the clarification of acceptable methods of depreciation and amortisation. This is not expected to impact the Company's operations as the depreciation of items of property and equipment owned by the Company is based on useful life.	Annual periods beginning on or after 1 January 2016
IFRS 15 - Revenue from contracts with customers	This standard will replace the existing revenue standards and their related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments).	Annual periods beginning on or after 1 January 2017. Not expected to be relevant to the Company's financial reporting. The company does not intend to early adopt this standard.

(m) Changes in accounting policies

Except for the change below, the Company has consistently applied the accounting policies set out in note 3 to all periods presented in these financial statements.

The Company has adopted the following new standard and amendment to standard with a date of initial application of 01 January 2014.

(i) IFRIC 21 Levies

The other standards that became effective as at 1 January 2014 are not relevant to the Company's financial reporting and as such were not adopted. These include: Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment entities), and amendments to IAS 39 (Novation of derivatives and continuation of hedge accounting).

The nature and effect of the changes are explained below.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 01 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g. IAS 12 Income Taxes) and fines or other penalties for breach of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

4 Financial risk management

(a) Introduction and overview

FMDQ OTC PLC's vision is to be No. 1 in Africa in the Fixed Income and Currency Markets by 2019. Its mission is to empower the financial markets to be innovative and credible, in support of the Nigerian economy. In pursuing its vision, the Company has identified the need to focus on risk management. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has exposure to the following risks from financial operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, receivables and investment securities.

The Company has exposure to credit risk as it routinely executes transactions with counterparties which comprise mainly of the Central Bank of Nigeria and the Nigerian Commercial banks.

(i) Exposure to credit risk

The Company's exposure to credit risk is influenced mainly by the characteristics of its bankers and Dealing Members. Management considers the default risk of the industry in which the banks operate based on economic factors as this may have an influence on credit risk.

The Company is exposed to credit risk on its balances with banks, receivables, staff advances and investment securities. In 2014, 95% (2013: 97%) of the Company's revenue was attributable to interest income and fees earned on OTC transactions.

(ii) Held to maturity investments (HTM)

The Company limits its exposure to credit risk by investing only in highly liquid money market instruments issued by the Central Bank of Nigeria.

The Company did not have any held to maturity investments that were impaired as at 31 December 2014.

(iii) Cash and cash equivalents

The Company held cash and cash equivalents with maturity profile of less than 3 months with local banks, assessed to have good credit ratings based on the Company's policy.

The carrying amount of the Company's financial assets which represent the maximum exposure to credit risk at the reporting date were as follows:

<i>In thousands of Naira</i>	Note	31 December 2014	31 December 2013
Cash and cash equivalents	14	129,438	26,258
Investment securities	15	1,218,725	352,319
Other assets (excluding prepayments)	16	39,025	85,683
		1,387,188	464,260

(c) Liquidity risk

Liquidity risk is the potential loss arising from the Company's inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable costs or losses. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other company's risks such as credit, market and operational risks.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

The Company maintains adequate liquid assets and marketable securities sufficient to manage any liquidity stress situation.

(ii) *Maturity analysis for financial assets and financial liabilities*

The table below presents the cash flows payable by the Company under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows because the Company manages the inherent liquidity risk based on expected undiscounted cash flows.

31 December 2014

<i>In thousands of Naira</i>	Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 3 months	3 - 6 months	6months - 1 year	Over 1 year
Cash and cash equivalents	14	129,438	129,438	129,438	-	-	-
Investment securities	15	1,218,725	1,316,239	599,141	337,059	21,613	358,427
Other assets (excluding prepayments)	16	39,025	39,025	35,825	-	-	3,200
		1,387,188	1,484,702	764,404	337,059	21,613	361,627
Other liabilities (excluding fines and penalties)	19	274,296	274,296	-	274,296	-	-
		274,296	274,296	-	274,296	-	-
Gap (asset -liabilities)		1,112,892	1,210,406	764,404	62,763	21,613	361,627

31 December 2013

<i>In thousands of Naira</i>	Note	Carrying amount	Gross nominal inflow/(outflow)	Up to 3 months	3 - 6 months	6months - 1 year	Over 1 year
Cash and cash equivalents	14	26,258	26,258	26,258	-	-	-
Investment securities	15	352,319	357,974	-	357,974	-	-
Other assets (excluding prepayments)	16	85,683	85,683	83,716	-	-	1,967
		464,260	469,915	109,974	357,974	-	1,967
Other liabilities	19	-	90,445	-	90,445	-	-
		-	90,445	-	90,445	-	-
Gap (asset -liabilities)		464,260	379,470	109,974	267,529	-	1,967

As part of the management of its liquidity risk, the Company holds liquid assets comprising of cash and cash equivalents and securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

(d) **Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

(i) *Exposure to interest rate risk*

The Company is exposed to an insignificant level of interest rate risk (i.e. the general market risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates) because it invests in financial instruments like FGN bonds and Treasury Bills with fixed rates. Similar to the last financial year, interest rates were fairly volatile. These changes could have a negative impact on the net interest income, if not properly managed. The Company, however, has a significant portion of its investments in non-rate sensitive assets. This greatly assists it in managing its exposure to interest rate risks.

Management is of the view that the assessed impact of interest rate volatility has not been significant on capital or earnings of the Company.

(e) **Operational risk**

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk but excludes strategic risks. Examples are internal fraud, external frauds, business disruptions and system failures, business continuity, empowerment (leadership, change willingness), employment practices and work place safety, clients, products and business practices, damage to physical assets, execution delivery and process management, etc. Operational risk exists in all products and business activities.

The Company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stakeholder's value.

(i) *Legal risk*

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations by the inability of the organization to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Company manages this risk by monitoring new legislation, creation of awareness of legislation amongst employees, identification of significant legal risks as well as assessing the potential impact of these.

Legal risks management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreements and other contractual documents.

(ii) *Reputational risk*

It is recognized that the Company's reputation may suffer adversely due to bad publicity, non-compliance with regulatory rules and legislation, which may lead to a significant drop in new business and/or a significant increase in the number of lapses and/or withdrawals.

The Company promotes sound business ethics among its employees.

The Company also strives to maintain quality customer services and procedures, and business operations that enable compliance with regulatory rules and legislation in order to minimize the risk of a drop in the reputation of the Company.

The Company did not record any issue with major reputational effect in the financial year.

(iii) *Taxation risk*

Taxation risk refers to the risk that new taxation laws will adversely affect the Company and/or the loss of non-compliance with tax laws.

The taxation risk is managed by monitoring applicable tax laws, maintaining operational policies that enable the Company to comply with taxation laws and, where required, seeking the advice of tax specialists.

This risk is well managed within the Company.

(iv) *Regulatory risk*

The Company manages the regulatory risk it is potentially exposed to by monitoring new regulatory rules and applicable laws, and the identification of significant regulatory risks. The Company strives to maintain appropriate procedures, processes and policies that enable it to comply with applicable regulation.

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

The Company has continued to maintain zero tolerance posture for any regulatory breaches in all its areas of operations.

(v) *IT and technological risks*

The Company is exposed to IT and technological risks; these risks could stem mainly from failure to implement effective information and cyber security policies and procedures. This could disrupt operations and cause financial losses that could result in a decrease in earnings. An externally caused information security incident, such as a hacker attack or virus could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information and could result in material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause a decline in the Company's earnings.

Appropriate policies and IT controls are however in place to check any form of information risk and or disruption to operations.

(vi) *Information technology and enterprise risk management*

To manage other risks that are not credit, market and liquidity risk, the Company has adopted the Enterprise Risk Management Model. The other risks in these categories are Strategic risks, Operational risks, Regulatory risks, etc. This model is driven by the Governance, Risk and Compliance framework (GRC). The GRC framework covers Governance which defines responsibility for risk and compliance from Board to Management. It helps to foster the culture of risk management by defining the role of everybody in the company on risk management and compliance. The Risk portion of the GRC framework establishes the process of managing risk from risk appetite definition to risk identification, assessment, quantification and controls. To avoid reputational risk and other strategic and operational risk, the compliance angle of the GRC framework establishes policies, procedures and a methodology to comply with regulation. Furthermore, the company has developed standard policies and procedures and is kick starting the risk management process, the GRC framework has helped the Company to manage strategic, operational and other risks adequately.

(f) **Capital management**

The strategy for assessing and managing the impact of our business plans on present and future regulatory capital forms an integral part of the Company's strategic plan. Specifically, the Company considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Company's assessment taking account of the Company business strategy and value creation to all its stakeholders.

<i>In thousands of naira</i>	Note	2014	2013
Paid up share capital	20	640,741	535,000
Shareholders' funds		1,089,220	541,285

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

5 Use of estimates and judgements

These disclosures supplement the commentary in financial risk management. Key sources of estimation uncertainty are as disclosed below:

(a) Determining fair values

The Company's policy on fair value measurements is discussed under note 3(d)(iv).

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- (i) Level 1 : Quoted market price(unadjusted) in an active market for an identical instrument.
- (ii) Level 2 : Valuation techniques based on observable inputs, either directly - i.e. , as prices - or indirectly - i.e. derived from prices. This category includes instruments valued using : quoted market prices in active markets for similar instruments ; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

There were no financial instruments measured at fair value at the end of the reporting period.

Financial instruments not measured at fair value

The following table sets out the categorisation into levels of the fair value hierarchy of financial instruments not measured at fair value. For financial liabilities and cash and cash equivalents for which fair value could not be reliably determined, the carrying amounts approximates their fair value.

31 December 2014

<i>In thousands of Naira</i>	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment securities	6	1,189,981	-	-	1,189,981
		1,189,981	-	-	1,189,981

31 December 2013

<i>In thousands of Naira</i>	Note	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment securities	6	351,844	-	-	351,844
		351,844	-	-	351,844

(b) Allowance for impairment losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3(d)(v).

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and estimate of cash flows considered recoverable are independently approved by the financial control function.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

(c) Financial asset and liability classification

The Company's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- (i) In classifying financial assets as held-to-maturity, the Company has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by Note 3(d)(ii).

Details of the Company's accounting classification and measurement basis of financial assets and liabilities are given in note 6.

(d) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(e) Recognition of deferred tax assets

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6 Financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

31 December 2014

<i>In thousands of Naira</i>	Note	Held-to- maturity	Loans and receivables	Available- for-sale	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	14	-	-	-	129,438	129,438	129,438
Investment securities	15	1,218,725	-	-	-	1,218,725	1,189,981
Other assets	16	-	39,025	-	-	39,025	39,025
		1,218,725	39,025	-	129,438	1,387,188	1,358,444
Other liabilities (excluding fines and penalties)	19	-	-	-	274,296	274,296	274,296
		-	-	-	274,296	274,296	274,296

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

31 December 2013

<i>In thousands of Naira</i>	Note	Held-to- maturity	Loans and receivables	Available for sale	Other amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	14	-	-	-	26,258	26,258	26,258
Investment securities	15	352,319	-	-	-	352,319	351,844
Other assets	16	-	85,683	-	-	85,683	85,683
		352,319	85,683	-	26,258	464,260	463,785
Other liabilities	19	-	-	-	90,445	90,445	90,445
		-	-	-	90,445	90,445	90,445

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

7 Transaction fees

Transaction fees income comprises fees earned on the over the counter (OTC) transactions carried on by the Company's Dealing Members.

8 Interest income

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Cash and cash equivalents:		
-Treasury Bills	62,740	47,455
-Fixed Deposit	73	3,513
-Current Deposit	2,321	-
-FGN Bonds	6,985	-
	<u>72,119</u>	<u>50,968</u>

9 Other income

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Sponsorship income	1,250	19,100
Post trade monitor services	-	4,118
Income - Grant (See (i) below)	48,432	-
Application fees	17,750	-
Membership dues	13,200	-
Others	-	5,000
	<u>80,632</u>	<u>28,218</u>

(i) Income - Grant relates to the estimated fair value of access to a Market Tracker System given to the Company by Thomson Reuters Ltd. free of charge for a period of 24months.

10 Personnel expenses

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Wages and salaries	267,111	69,378
Other staff cost	78,750	-
Termination expense	30,000	-
Pension cost	7,928	717
	<u>383,789</u>	<u>70,095</u>

(i) Employees earning over N60,000, other than Directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments in the following ranges:

	31 December 2014	31 December 2013
N60,001 - N2,000,000	-	-
N2,000,001 - N3,000,000	1	4
N3,000,001 - N4,000,000	7	2
N4,000,001 - N5,000,000	5	1
N5,000,001 - N6,000,000	4	-
N6,000,001 - N7,000,000	-	2
N7,000,001 - N8,000,000	2	-
N8,000,001 - N9,000,000	2	1
Above N9,000,000	7	3
	<u>28</u>	<u>13</u>

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

(ii) The average number of full time persons employed during the year by the Company was as follows:

	31 December 2014	31 December 2013
Management staff	9	4
Non management staff	19	9
	<u>28</u>	<u>13</u>

(iii) Directors' remuneration

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Highest paid director	64,272	16,667
	<u>64,272</u>	<u>16,667</u>

- (i) No allowance or fee was paid to any of the Non-Executive Directors during the period.
 (ii) The Director's Emolument represents the MD/CEO's salary for the period.

11 Other operating expenses

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Directors' emoluments	64,272	16,667
Auditor's remuneration	14,000	5,000
Professional fees	61,608	99,653
Stationery and office expenses	37,917	25,806
Bank charges	1,253	348
Training and travel expense	20,034	4,097
Information technology expense	11,125	2,944
Communication and advertising expense	4,167	15,802
Insurance expense	6,625	5,490
Loss on disposal of asset	460	-
Write-off of intangible asset	8,029	-
Penalties and fines (See (i) below)	52,388	-
SEC fees	100,000	-
Transaction fee adjustment	179,117	25,234
General administrative expenses	42,097	6,247
	<u>603,092</u>	<u>207,288</u>

- (i) The amount represents an estimate of future cash outflow in respect of penalties and fines to SEC for non filing of annual returns for the years 2011 to 2014.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

12 a. Income tax expense

The effective tax reconciliation is as follows:

	Rate	31 December	Rate	31 December
	%	2014	%	2013
Profit before tax		708,519		(133,355)
NITDA		(7,015)		-
		701,504		(133,355)
Tax using the domestic corporation tax	30%	210,451		-
Non-taxable income	-5%	(35,447)		-
Non-allowable expenses	3%	19,310		-
Loss relieved for the period	-7%	(50,664)		-
Recognition of previously unrecognized tax losses	-1%	(3,762)		-
Tertiary education tax	2%	13,680		-
NITDA	1%	7,015		-
Income tax charge	23%	160,584		-

b. Current tax liability

	31 December	31 December
<i>In thousands of Naira</i>	2014	2013
Balance as at 1 January 2014	-	-
Tax charge (See note c below)	145,014	-
Tax paid	-	-
At 31 December	145,014	-

c. The tax charge for the year comprises:

	31 December	31 December
<i>In thousands of Naira</i>	2014	2013
Income tax	124,319	-
Tertiary education tax	13,680	-
NITDA levy	7,015	-
	145,014	-
Deferred tax charge for the year	15,570	-
	160,584	-

d. Deferred tax

	31 December	31 December
<i>In thousands of Naira</i>	2014	2013
Property and equipment	15,570	-
	15,570	-

13 Earnings per share**(a) Basic and diluted earnings per share**

The calculation of basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The calculation of basic and diluted earnings per share at 31 December 2014 is calculated as follows:

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Number of ordinary shares in issue	640,741	535,000
	640,741	535,000

(b) Profit/(Loss) attributable to shareholders

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Profit/(Loss) for the year attributable to equity holders	547,935	(133,355)
Weighted average number of ordinary shares in issue	640,741	535,000
Basic Earnings/(Loss) per shares (in kobo per share)	86	(25)
Diluted Earnings/(Loss) per share (in kobo per share)	86	(25)

14 Cash and cash equivalents

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Bank balances	129,438	15,305
Placements with banks	-	10,953
	129,438	26,258

15 Investment securities

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Held to maturity investments securities-Treasury bills	895,940	352,319
Held to maturity investments securities-FGN Bonds	322,785	-
	1,218,725	352,319
Current	895,940	352,319
Non-current	322,785	-
	1,218,725	352,319

16 Other assets

Other assets balance comprise

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Account receivables	20,497	81,728
Prepayments	41,292	37,137
Staff advances	3,200	1,967
Other receivables	15,328	1,988
	80,317	122,820
Current	77,117	120,853
Non-current	3,200	1,967
	80,317	122,820

FMDQ OTC PLC
Financial Statements --31 December 2014
Together with Directors' and Auditor's Reports

17

Property and equipment

The movement on these accounts during the year was as follows:

<i>In thousands of Naira</i>	Leasehold improvements	Motor vehicles	Furniture and fittings	Computer equipment	Total
Cost:					
Balance as at 1 January 2013	-	11,400	2,000	-	13,400
Additions	22,823	58,250	4,623	5,547	91,243
Balance as at 31 December 2013	22,823	69,650	6,623	5,547	104,643
Balance at 1 January 2014	22,823	69,650	6,623	5,547	104,643
Additions	5,469	8,000	17,312	5,060	35,841
Disposals	-	-	(2,000)	-	(2,000)
Balance as at 31 December 2014	28,292	77,650	21,935	10,607	138,484
Depreciation and impairment losses					
Balance as at 1 January 2013	-	1,188	250	-	1,438
Depreciation for the year	2,178	4,845	887	576	8,486
Balance as at 31 December 2013	2,178	6,033	1,137	576	9,924
Balance as at 1 January 2014	2,178	6,033	1,137	576	9,924
Depreciation for the year	12,928	17,632	3,460	2,263	36,283
Disposal	-	-	(998)	-	(998)
Balance as at 31 December 2014	15,106	23,665	3,599	2,839	45,209
Carrying amounts					
At 31 December 2013	20,645	63,617	5,486	4,971	94,719
At 31 December 2014	13,186	53,985	18,336	7,768	93,275

- (a) There were no authorised or contracted capital commitments as at the end of the reporting period (31 December 2013: Nil).
- (b) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2013: Nil).
- (c) There were no leased assets included in this property and equipment as at year end (31 December 2013: Nil).

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

18 Intangible asset

<i>In thousands of Naira</i>	Computer software
Balance at 1 January 2014	38,753
Acquisitions	48,431
Asset written off	(10,710)
Balance as at 31 December 2014	76,474
Amortisation and impairment losses	
Balance at 1 January 2014	3,139
Amortisation for the year	21,323
Amortisation written off	(2,681)
Balance as at 31 December 2014	21,781
Carrying amounts	
At 31 December 2013	35,614
At 31 December 2014	54,693

19 Other liabilities

Other liabilities balance comprise	31 December 2014	31 December 2013
Account Payables	63,291	47,317
Regulatory fees (SEC)	100,000	-
Fines and penalties	52,348	-
Accruals	111,005	43,128
	326,644	90,445
Current	326,644	90,445
Non-current	-	-
	326,644	90,445

20 Capital and reserves(a) *Share capital*

<i>In thousands of Naira</i>	31 December 2014	31 December 2013
Authorised - 1,000,000,000 Ordinary shares of 1Naira each (31 December 2013: 535,000,000 of N1.00 each)	1,000,000	535,000
Issued and fully paid 640,740,741 (31 December 2013: 535,000,000 Ordinary shares of N1.00 each)	640,741	535,000

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Other Financial Information

Value added statement

For the year ended 31 December 2014

<i>In thousands of Naira</i>	31 December 2014	%	31 December 2013	%
Operating income	1,753,006	152	155,653	(301)
Brought in goods and services -local	(603,092)	(52)	(207,288)	401
Value added/(eroded)	1,149,914	100	(51,635)	100
Applied to pay:				
- Employees as wages and salaries	383,789	33	70,095	(136)
- Government as taxes	160,584	14	-	-
Retained in the business:				
- For replacement of property and equipment	36,283	3	8,486	(16)
- For replacement of intangible asset	21,323	2	3,139	(6)
- To augment/(deplete) reserves	547,935	48	(133,355)	259
Value added/(eroded)	1,149,914	100	(51,635)	100

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Company.

(b) *Share Premium*

Share premium is the excess paid by shareholders over the nominal value for their shares. The shareholders paid 20k over the nominal value of N1.00 for 105,740,741 shares issued during the year.

(c) *Retained earnings*

Retained earnings is the profit generated by the company not distributed to shareholders as dividends.

(d) *Deposit for shares*

Deposit for shares holds the consideration on shares issued but not allotted. Shares were issued to FMDA and NSE in 2013, however these shares were allotted on 20 January 2014.

21 Related parties transactions

Transactions with related parties are summarised below;

Key management is defined as members of the board and there were no transactions with them during the year, however, the Company had transactions with some of its shareholders. The balances as at year end of these transactions are as disclosed below;

<i>In thousands of Naira</i>	Note	2014	2013
Cash and cash equivalents (See (a) below)	13	129,438	26,258
Bank charges (see (b) below)	11	1,253	348
Advertisement of Company brand (see (c) below)		300	35,880
Account receivables (see (d) below)	16	20,497	81,728
		151,488	144,214

- (a) Cash and cash equivalents is represented by bank balances held with Guaranty Trust Bank PLC, Zenith Bank PLC and Access Bank PLC who are also shareholders in the Company.
- (b) Bank charges represents charges paid on the Company's bank balances held with Guaranty Trust Bank PLC, Zenith Bank PLC and Access Bank PLC who are also shareholders in the Company.
- (c) The Company advertised on Financial Market Dealers' Association (FMDA) 2014 calendar.
- (d) Accounts receivable is represented by transaction fees receivable from trades executed on the OTC platforms by the Dealing Members of the Company during the financial year. These Dealing Members are also shareholders in the Company.

22 Contingent liabilities, litigations and claims

The Company in its ordinary course of business, is presently not involved in any case as a defendant (31 December 2013: Nil).

23 Events after the reporting period

There was no material event subsequent to year end that could impact on the financial statements.

FMDQ OTC PLC
Financial Statements --31 December 2014
 Together with Directors' and Auditor's Reports

Other Financial Information

Financial Summary

Statement of financial position

<i>In thousands of Naira</i>	31 December 2014	31 December 2013	31 December 2012
ASSETS			
Cash and cash equivalents	129,438	26,258	52,788
Investment securities	1,218,725	352,319	562,551
Property and equipment	93,275	94,719	11,962
Intangible asset	54,693	35,614	-
Other assets	80,317	122,820	8,980
Total assets	1,576,448	631,730	636,281
LIABILITIES			
Other liabilities	326,644	90,445	88,530
Current tax liability	145,014	-	-
Deferred tax liability	15,570	-	-
Total liabilities	487,228	90,445	88,530
Net assets	1,089,220	541,285	547,751
CAPITAL AND RESERVES			
Share capital	640,741	535,000	535,000
Share premium	21,148	-	-
Retained earnings	427,331	(120,604)	12,751
Deposit for shares	-	126,889	-
SHAREHOLDERS' FUND	1,089,220	541,285	547,751

Statement of comprehensive income

<i>In thousands of Naira</i>	31 December 2014	31 December 2013	31 December 2012
Operating Income	1,753,006	155,653	80,275
Operating expenses	(1,044,487)	(289,008)	(51,883)
Profit before taxation	708,519	(133,355)	28,392
Taxation	(160,584)	-	-
Profit after taxation	547,935	(133,355)	28,392

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to 2011 have not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

Notable Dates and Events in 2014

S/N	Activity	Date (2014)
1	Publication of FMDQ FGN Bond Index on FMDQ's website	January 1
2	Launch of FMDQ Bloomberg E-bond Trading System	March 17
3	1 st Market Development Stakeholders' Initiatives Session	March 20
4	Publication of FMDQ's daily Market Activity Report on FMDQ's website	April 4
5	Launch of FMDQ portal for electronic trade data collection	April 14
6	Launch of the reformed NIBOR	April 23
7	Held the maiden FMDQ Dealing Members' licencing ceremony	May 21
8	Courtesy visit by the CBN's Monetary Policy Department	June 12-13
9	Launch of FMDQ OTC Market Bulletin	June 13
10	Activation of Associate Member – (Inter-Dealer Brokers) membership category	July 2
11	2 nd Market Development Stakeholders' Initiatives Session	July 3
12	Activation of FMDQ market surveillance in FX trading	July 7
13	Activation of Associate Member – (Brokers) membership category	July 21
14	Held 2 nd Annual General Meeting & Inauguration of new Directors	July 31
15	Publication of the maiden FMDQ OTC Market Turnover Reports	July 31
16	Publication of the maiden FMDQ OTC Market League Table Report	August 1
17	3 rd Market Development Stakeholders' Initiatives Session	September 11
18	Meeting with non – bank financial institutions on participation in the FMDQ markets	September 12
19	Release of the Commercial Paper Quotation Process	October 13
20	Quotation of the 1 st Commercial Paper on FMDQ Platform	November 3
21	Licencing of new Associate and Registration Members	November 21
22	Cocktail reception and dinner party for out going Directors	November 21
23	4 th Market Development Stakeholders' Initiatives Session	December 4
24	Approval of the FMDQ Bond Listing and Quotation Rules by SEC	December 5
25	Inaugural FMDQ Members Only Market Architecture meeting	December 16
26	FMDQ's 2014 market turnover hits the ₦100 trillion mark	December 31

Key Engagements in 2014

Maiden FMDQ Dealing Members' Licencing Ceremony - May 21



2nd Market Development Stakeholders' Initiatives Session - July 3



2nd Annual General Meeting & Inauguration of New Board Chairman - July 31



Key Engagements in 2014 Cont'd

Quotation of the 1st Commercial Paper on FMDQ Platform - November 3



Guests during the Cocktail Reception & Dinner Party for Outgoing Inaugural Directors - November 21



Cocktail Reception & Dinner Party for Outgoing Inaugural Directors - November 21



Stakeholder Visits/Representations

The CBN's Monetary Policy Department on Study-tour at FMDQ



Senior Executives of ICAP Visit FMDQ



Courtesy Visit by Executives of the Association of Stockbroking Houses of Nigeria



Representatives of Global Fund International Visit FMDQ



Senior Executives of the Chartered Institute of Stockbrokers Pay FMDQ Courtesy Visit



Risk Management Association of Nigeria Visits FMDQ



FMDQ's MD/CEO Presenting Recommendations at the Bloomberg's Media Initiative Meeting Towards Promoting Financial Markets Journalism



CEO of Friends Africa Visits FMDQ during the 2014 SME Summit



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Chairman

Dr. (Mrs.) Sarah O. Alade, OON

Other Directors

Mr. Jibril Aku
Mr. Olabisi Onasanya
Mr. Peter Amangbo
Mrs. Bola Adesola
Mr. Phillips Oduoza
Mr. Yinka Sanni
Mr. Oscar N. Onyema, OON
Mr. Bayo Adeyemo
Mr. Sadiq Mohammed
Alhaji Muhammad Nda
Mr. Bola Onadele. Koko

Managing Director/Chief Executive Officer

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Guaranty Trust Bank PLC
Zenith Bank PLC

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