



Codified Rule Book for Money Market

November 2014

Table of Contents

Introduction.....	4
General Standards.....	5
Powers Exercisable	5
Committees	5
Rule Interpretation	5
Rule Applicability.....	6
Authorisation & Approvals for Membership.....	6
Eligible Institutions.....	6
Eligibility Criteria	6
Technical Requirements.....	6
Organisation Requirements.....	7
Revocation of Licence	8
Obligations & Rights	10
Quoting Standards.....	10
Manipulative or other Fraudulent Devices.....	10
Trading & Execution	11
Unsecure Placements and Takings.....	11
Trading Hours	11
Trading Parameters	11
Trading Halt.....	11
Trading Practices	12

Settlement & Reporting **13**

Trade Settlement 13

Trade Confirmation..... 13

Trade Reporting 13

Dispute Resolution, Sanctions & Whistleblowing..... **14**

Mediation 14

Arbitration..... 15

Sanctions 15

Whistleblowing..... 16

References **17**

Introduction

The FMDQ OTC Codified Rule Book for Money Market sets out the market operations standards for money trading on unsecured basis in local and foreign currencies and will guide the activities of FMDQ OTC PLC (FMDQ)-licenced Dealing Members. These Rules do not apply to money trading on secured basis e.g. Repurchase agreements (Repo) and other money market instruments e.g. Commercial Papers (CPs)

These Codified Rules will provide a reference for secondary market trading practices relevant to the Nigerian operating and regulatory environment. They shall be binding on all Dealing Members who shall subscribe to them in their trading activities. These Rules shall be read in conjunction with the FMDQ OTC General Market Rules, Membership Agreements, Market Bulletins, FMDQ Disciplinary Procedure Rules and such other rules and guidelines (including amendments) as Securities & Exchange Commission (SEC), FMDQ and other relevant regulatory authorities may introduce to the market from time to time.

Control of the activities of all Sponsored Individuals (dealers, treasury sales officers, market risk officers, treasury operations officers, compliance officers, internal control officers, treasury audit officers and any other relevant management and operational support staff) is the responsibility of the management of the Dealing Members. Management should clearly set out in writing, the authorities and responsibilities within which their Sponsored Individuals should operate. These include but are not limited to the following:

- General dealing policies including reporting procedures
- Persons authorised to deal
- Products to be dealt in
- Credit risk management and internal controls
- Confirmation and settlement procedures
- Relationships with Dealing Members and other market participants
- Other relevant guidelines as may be required by FMDQ from time to time

Management of Dealing Members should also ensure that Sponsored Individuals are aware of their responsibilities to act professionally at all times, understand and comply with all legal & regulatory provisions applicable to the transactions under the FMDQ Platform.

Codified Rule Book for Money Market

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
General Standards	Powers Exercisable	1111	<p>Institutional Arrangements</p> <ul style="list-style-type: none"> i. Dealing Members shall be supervised by FMDQ ii. Dealing Members shall apply administrative and institutional arrangements that allow for transparent and safe operations iii. Dealing Members in breach of these Rules shall be subject to one or more of the sanctions in Rule Code 1641 below 		
	Committees	1121	<ul style="list-style-type: none"> i. Disciplinary process against a member shall be initiated by the Market Surveillance and Members' Examination Unit of FMDQ. The FMDQ Disciplinary Committee shall preside over matters relating to dealing relationships, market standards and conduct of the Dealing Members upon receipt of a comprehensive report referred to it by the FMDQ Investigative Panel. ii. Appeals from the Disciplinary Committee go to the FMDQ Board Regulation and Supervision Committee (BRSC). 	FMDQ	
	Rule Interpretation	1131	These Codified Rules shall be read in conjunction with all relevant enactments of the National Assembly of the Federal Republic of Nigeria, CBN money market laws and directives,	FMDQ	

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
			all FMDQ Rules, Guidelines and other regulation as may be introduced to the market from time to time		
	Rule Applicability	1141	These Codified Rules seek to establish a framework to guide trading activities	FMDQ	
		1151	i. FMDQ shall obtain a No Objection from the CBN on all new rules, proposed amendments, repeal or additions to its Rules	FMDQ	
Authorisation & Approvals for Membership	Eligible Institutions	1211	All CBN-licenced Deposit Money Banks and Discount Houses automatically qualify as Dealing Members in the money market		
	Eligibility Criteria	1221	i. A Dealing Member shall either be a Deposit Money Bank or a Discount House ii. A Dealing Member is required to comply with the capital requirements and other regulatory requirements of the CBN	CBN	
	Technical Requirements	1231	i. A Dealing Member shall operate a current account with the CBN for the purpose of dealing in the money market ii. A Dealing Member shall ensure that its account is properly maintained at all times iii. A Dealing Member shall have voice recording machines installed in their dealing rooms		

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
			<p>iv. A Member shall keep a record or cause a record to be kept of all trades. The record shall be kept for a period in line with the longest of the provision from the SEC Rules, CBN Circular and DMO Guidelines and must be kept in a form that will enable the records to be conveniently and properly examined</p>		
	<p>Organisation Requirements</p>	<p>1241</p>	<p>A Dealing Member shall have a Treasurer, Chief Dealer (roles may be combined) and money market dealers. The dealers' primary responsibilities shall include:</p> <ul style="list-style-type: none"> i. Monitoring the market (global economic and political developments that can affect the money market) ii. Executing trades through FMDQ-advised trading systems iii. Analysing research compiled by analysts to identify market opportunities iv. Advising fund/investment managers and corporate treasurers on significant market events and trends v. Preparing reports to summarise trading activities vi. Ensuring details of any problems or delays in processing instructions are reported to the relevant authority vii. Constant networking to maintain strong relationships with analysts, investment managers and corporate treasurers viii. Compliance with legal requirements, industry regulations, organisational policies and professional codes of conduct 	<p>CBN</p>	<p>CFB</p>

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
		1242	<p>Required Skills and Competencies for Chief Dealers and money market dealers:</p> <ul style="list-style-type: none"> i. Broad knowledge of the money market ii. Quick thinking and ability to perform under pressure iii. Accurate and excellent attention to detail iv. Swift reactions to changing market conditions v. Good analytical skills, with the ability to digest and summarise multiple sources of information 	CBN	CFB Appendix A
		1243	<p>Generic Skills for all money market dealers:</p> <ul style="list-style-type: none"> i. Articulate, clear communication skills ii. Quick thinking and ability to perform under pressure iii. Excellent numeracy skills 	CBN	CFB Appendix A
		1244	<p>Minimum qualifications & certifications for Chief Dealers and money market dealers</p> <p>A bachelors' degree or equivalent and any relevant certifications as may be determined the Financial Markets Dealers Association (FMDA) for its accreditation exercise from time to time.</p> <p>Certified dealers may be required to undergo an FMDQ induction programme from time to time</p>	FMDQ	
	Revocation of Licence	1251	<ul style="list-style-type: none"> i. The circumstances where the licence of a Dealing Member may be revoked include but are not limited to where: <ul style="list-style-type: none"> a. it is wound up voluntarily; 	FMDQ	

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
			<ul style="list-style-type: none"> b. it has become insolvent; c. it is compulsorily wound up by order of the Court; and/or d. CBN has revoked its banking licence <ul style="list-style-type: none"> ii. Termination of membership shall not prevent FMDQ from collecting any accrued fees, dues, fines or charges due or arising from these Codified Rules or any agreement executed between FMDQ and the Dealing Member. iii. FMDQ reserves the right to apply to the courts to recover any fees, dues, fines or charges due or arising from these Codified Rules or agreements upon termination of its membership and/or take all necessary steps to protect investors until such a time that all reported claims have been settled 	FMDQ	DMA

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
Obligations & Rights	Quoting Standards	1311	<p>Dealing Members (Placers: lenders) shall:</p> <ul style="list-style-type: none"> i. provide one-way quote for acceptable amount where there is an existing credit line for the counterparty requesting a quote ii. decide promptly what to do on a quote agreed to by the Dealing Members during trading hours; <p>Dealing Members (Takers: borrowers) shall:</p> <ul style="list-style-type: none"> i. decide promptly what to do on the quote supplied by the Dealing Members during trading hours; ii. call Dealing Members as many times as they desire during trading hours 	FMDQ	
	Manipulative or other Fraudulent Devices	1321	<ul style="list-style-type: none"> i. Dealing Members are expected to be professional in their dealings ii. Dealing Members shall refrain from engaging in any activity that could impact negatively on the money market iii. Dealing Members are in a position of the highest trust and responsibility and must always conduct themselves in an ethical manner 		

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
Trading & Execution	Unsecure Placements and Takings	1411	The types of unsecured placements and takings are: <ul style="list-style-type: none"> i. Overnight ii. Call iii. Tenor 		
	Trading Hours	1421	Trading hours shall be as determined by FMDQ in consultation with the Dealing Members <i>(Current practice is 10.00am to 2.00pm)</i>	FMDQ	
	Trading Parameters	1431	Standard Amount There is no standard amount for the trades between Dealing Members	FMDQ	
	Trading Halt	1441	FMDQ may declare a trading halt in circumstances where trading activity: <ul style="list-style-type: none"> i. is being or could be undertaken by persons possessing unpublished price-sensitive information ii. is being influenced by a manipulative or deceptive trading practice iii. may be affected by market-wide systemic issues that affect the settlement process of Dealing Members 	FMDQ	

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
	Trading Practices	1451	<p>Notification</p> <ul style="list-style-type: none"> i. Notice by a Dealing Member to re-price or liquidate an existing Call transaction shall be given by 12.30 pm of the effective date to re-price or liquidate the Call transaction ii. Once a Dealing Member has given a liquidation notice to a counterparty, funds must be moved no later than 3pm of the effective date iii. Such notices shall be effective if issued by a money market dealer, Chief Dealer or Treasurer and received in the counterparty-Dealing Member by another money market dealer, Chief Dealer or Treasurer iv. Either counterparty (placer or taker) can give notice to re-price or liquidate an existing Call transaction 	FMDQ	
		1452	<p>Mode of Communication</p> <p>Money market transactions shall be executed on FMDQ-advised trading systems which include but are not limited to the following:</p> <ul style="list-style-type: none"> i. Bloomberg ii. Thomson Reuters iii. Telephone 		
		1453	<p>Confirmation of Inflows</p> <p>All inflows over N50,000,000 must be confirmed to the receiving counterparty by 2pm of the settlement date</p>		

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
		1454	<p>Concluding a Deal</p> <p>i. Dealers shall regard themselves as bound by a deal once all terms have been agreed</p> <p>ii. A deal shall be concluded when either Dealing Member confirms the terms</p> <p>iii. A Dealing Member shall not renege on the agreed terms</p>	FMDQ	
Settlement & Reporting	Trade Settlement	1511	<p>i. The standard settlement date is T + 0 however Dealing Members may mutually agree otherwise for their transactions</p> <p>ii. Transactions shall be settled through the CBN Real Time Gross Settlement (RTGS) system</p>	FMDQ	
	Trade Confirmation	1521	Confirmation of trades shall be by telephone and exchange of letters or any other FMDQ-advised mode of trade confirmation		
	Trade Reporting	1531	<p>i. Dealing Members shall provide FMDQ with the weekly trade data of all their money market trades on the FMDQ platform on or before 4pm of the first working day of the ensuing week</p> <p>ii. All trade data reported must be complete, accurate and submitted in the FMDQ-approved template and through the authorised medium</p>	FMDQ	

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
Dispute Resolution, Sanctions & Whistleblowing	Mediation	1611	Initiation <ol style="list-style-type: none"> i. In the event that a dispute arises amongst Dealing Members, one of the parties in dispute may file a request for mediation to FMDQ ii. FMDQ shall contact the other Dealing Member to confirm if they agree to mediate 	FMDQ	
		1612	Selection <ol style="list-style-type: none"> i. FMDQ shall provide the option of two (2) mediators (financial markets experts) for the disputing parties to select ii. The Dealing Members shall mutually agree on the mediator to be facilitate their dispute resolution iii. If the Dealing Members are unable to agree on a mediator, FMDQ shall select the mediator 	FMDQ	
		1613	Sessions <ol style="list-style-type: none"> i. The Dealing Members, their representatives and the mediator must sign a Mediation Agreement before the mediation can take place ii. FMDQ shall schedule and communicate the mediation date and location iii. The Dealing Members shall discuss all the areas of dispute under the mediator's guidance 	FMDQ	
		1614	Settlement	FMDQ	

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
			If the Dealing Members reach an amicable resolution of their dispute, Terms of Settlement shall be executed between the parties		
		1615	Impasse If the Dealing Members do not reach a settlement, an arbitration case shall be filed.	FMDQ	
		1616	Fees Dealing Members shall pay mediation administrative fees and are responsible for the mediator's fee and attendant expenses	FMDQ	
	Arbitration	1621	i. Where the Dealing Members do not reach a settlement at mediation, the matter shall be referred for arbitration in accordance with the Arbitration and Conciliation Act Cap A18 LFN 2004 ii. Where a settlement cannot be reached at arbitration, the aggrieved Dealing Member shall have recourse to any court of competent jurisdiction	FMDQ	
	Sanctions	1641	i. Infractions under these Codified Rules shall incur one or more of the following sanctions: <ul style="list-style-type: none"> • Warning • Public censure • Fines 		

Rule Section	Rule Sub-Section	Rule Code	Rule	Reference	Detail
			<ul style="list-style-type: none"> • Rebate Programme Disqualification • Negative points towards the FMDQ OTC GOLD Award <p><i>(The Money Market Infractions and Penalties Guide to be developed with the FMDA shall state the details of the infractions and the attendant penalties)</i></p>		
	Whistleblowing	1641	<p>FMDQ is committed to open communication and high ethical, moral and legal business standards. In line with these commitments, FMDQ aims to provide an avenue for Dealing Members to raise concerns and receive assurance that they will be protected from reprisals or victimisation for whistleblowing.</p> <p>Whistleblowing is intended to provide protection for Members who raise concerns regarding the activities of other Members. Activities which FMDQ encourages Dealing Members to report include but are not limited to the following:</p> <ol style="list-style-type: none"> a. Unlawful activity b. Activities that are not in line with the FMDQ Rules, Guidelines and other regulation c. Activities which otherwise amount to serious improper conduct as regards staff of FMDQ, its Dealing Members and their sponsored individuals 		

References

Acronym	Description
CFB	Competency Framework for the Nigerian Banking Industry (November 26, 2012)
DMA	Dealing Membership Agreement