

MARKET NOTICE

To: ALL MARKET PARTICIPANTS
From: DERIVATIVES MARKET GROUP
Reference: FMDQX/DMG/20/06/23/MN-36
Notice Date: June 20, 2023
Effective Date: June 15, 2023

RE: REVISION OF THE REFERENCE RATE FOR DAILY VALUATION (MARK-TO-MARKET) OF NAIRA-SETTLED OTC FX FUTURES CONTRACTS

1. This Market Notice (“**MN**”) serves to notify all market participants in the Naira-Settled OTC FX Futures Market (the “**Market**”) of a modification to the reference rate applied for the daily mark-to-market valuation of open positions in Naira-Settled OTC FX Futures (“**NSOFF**”) contracts with term to maturity (“**TTM**”) greater than eight (8) days (> 8 days).
2. Prior to this MN, the reference rate for the valuation of all open NSOFF contracts was as follows (see [MN-29](#)):
 - a. All open NSOFF contracts with TTM greater than eight (8) days (> 8 days) shall be valued or marked-to-market using the executable NSOFF rates quoted by the Central Bank of Nigeria (“**CBN**”) for the relevant NSOFF contracts tenors on the applicable valuation dates
 - b. All open NSOFF contracts with terms to maturity of eight (8) days or less (\leq 8 days) shall be valued or marked-to-market using the daily NAFEX¹ rate
3. However, due to the recent unavailability of offer quotes from the CBN in the NSOFF market as communicated in [MN-35](#), the NAFEX rate shall serve as the reference rate for the mark-to-market valuation of all open NSOFF contracts, regardless of their TTM. This adjustment aims to ensure effective risk management in the Market until further communication from the FMDQ Securities Exchange Limited.
4. Consequently, all open positions in NSOFF contracts have been revalued by FMDQ Clear Limited as at the effective date of this publication.
5. Please note that this MN shall be read in conjunction with the OTC FX Futures Market Framework and such other Market-related documentation applicable and supersedes all relevant provisions of the aforementioned documents to the extent of any conflict.

Please be advised accordingly.

Should you have any question(s) about this Market Notice, please do not hesitate to contact the Derivatives Market Group at support@fmdqgroup.com

¹ Nigerian Autonomous Foreign Exchange Fixing