

MARKET NOTICE

To: ALL MARKET PARTICIPANTS
From: DERIVATIVES MARKET GROUP
Reference: FMDQX/DMG/30/6/23/MN-37
Notice Date: June 30, 2023
Effective Date: July 3, 2023

RESUMPTION OF THE PROVISION OF QUOTES IN THE NAIRA-SETTLED OTC FX FUTURES MARKET

1. This Market Notice serves to notify all participants in the Naira-Settled OTC FX Futures (“**NSOFF**”) market (“**NSOFF Market**”) of recent updates and developments.
2. Effective Monday, July 3, 2023, the Central Bank of Nigeria (“**CBN**”) shall resume the quotation of offer quotes for NSOFF contracts with tenors between thirteen (13) to sixty (60) months (13M – 60M), for a one (1) year period (i.e., July 3, 2023 - June 28, 2024), following which the CBN shall halt the provision of offer quotes for contract tenors between thirteen (13) to twenty-four (24) months, and will only provide offer quotes for the twenty-five (25) to sixty (60) months NSOFF contracts to facilitate hedging of long-term FX risk exposures by market participants.
3. Consequently, short-term hedging needs of market participants (i.e., hedges for FX exposures of twelve (12) months and below) may be fulfilled using the FMDQ Naira-Settled Exchange-Traded FX Futures (“**NSEFF**”) contracts to be introduced by FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) in the FMDQ Exchange-Traded Derivatives (“**ETD**”) Market planned for go-live on **July 12, 2023**. In addition, Futures Banks shall be able to commence providing quotes for NSOFF contracts with tenors between one (1) to twelve (12) months in the NSOFF Market at a date to be communicated by the Exchange.
4. Therefore, with effect from Monday, July 3, 2023, open NSOFF contracts with terms to maturity of thirteen (13) to sixty (60) months shall be valued or marked-to-market using the executable offer quotes provided by the CBN and Futures Banks for the relevant contract tenors on the applicable valuation dates, while NAFEX rate shall remain the reference rate for the mark-to-market valuation of all open NSOFF contracts with terms to maturity of one (1) to twelve (12) months.
5. Furthermore, the trading hours for the NSOFF Market have now been extended to 4:00 PM (i.e., the NSOFF Market will be open from 9:00 AM to 4:00 PM daily).
6. Please note that this Market Notice shall be read in conjunction with the NSOFF Market Framework and such other NSOFF Market 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.

This FMDQ Exchange Market Notice can be found on our website at: <https://www.fmdqgroup.com/markets/market-notice/>