

MARKET NOTICE

To: ALL MARKET PARTICIPANTS
From: FIXED INCOME AND CURRENCIES MARKETS GROUP
Reference: FMDQX/FCG/010823/MN-41
Notice Date: August 1, 2023
Effective Date: August 2, 2023

TEMPORARY ADJUSTMENTS TO THE ADMINISTRATION OF THE NIGERIAN AUTONOMOUS FOREIGN EXCHANGE FIXING

This Market Notice is issued to notify market participants of the temporary adjustments to the administration of the Nigerian Autonomous Foreign Exchange Fixing (“NAFEX” or the “Benchmark”) by FMDQ Securities Exchange Limited (“FMDQ Exchange” or the “Exchange”) as contained in the extant NAFEX Methodology.

On **Wednesday, July 26, 2023**, the Exchange exercised expert judgement as permitted under the extant Methodology to the input (transaction) data utilised in the computation of NAFEX to prevent undue influence and preserve the representativeness of the Benchmark thereby resulting in a refix of the Benchmark.

Consequently, in line with the Exchange’s objective of ensuring the integrity of the Benchmark, reduce the spate of interventions in the computation of the Benchmark, and in line with global best practices by benchmark administrators, the Exchange is adopting the following temporary adjustments to the administration of NAFEX as follows:

1. Computation of NAFEX shall be based on Level II input data as stipulated in the extant NAFEX Methodology with the following slight modification - *All trades (irrespective of transaction size) between **12:00 Noon** prior day - **12:00 Noon** current trading day subject to the availability of a minimum of ten (10) transactions within the stated time shall be applied for the computation of NAFEX.*
2. Where any market participant holds concentrated net positions in Naira-settled OTC FX Futures or standard exchange-traded FX Futures (*i.e., the market participant’s net open position is 50.00% or more of gross long/short positions*), the weighting of the relevant input (transaction) data of such market participant for the computation of NAFEX shall be restricted to a weighting range of 20.00% or less (*on a declining scale as the market participant’s net open position increases towards 100.00%*).
3. The daily publication time of NAFEX has been revised from 12:30 PM to **1:00 PM**.

The Exchange will continue to monitor market trends and communicate any necessary updates on the administration of NAFEX to market participants.

Please be guided accordingly.

Should you have any question(s) about this Market Notice, please do not hesitate to contact Fixed Income and Currencies Markets Group at fcg@fmdqgroup.com