

# MARKET NOTICE

AUGUST 5, 2016

FMDQ/MDG/050816/MN-01

**TO:** ALL FMDQ OTC SECURITIES EXCHANGE MARKET PARTICIPANTS

**FROM:** MARKET DEVELOPMENT GROUP

## CONTINGENCY PLAN FOR THE PUBLICATION OF NIFEX

The Nigerian Inter-bank Foreign Exchange Fixing (NIFEX) is the FMDQ OTC Securities Exchange (FMDQ) reference rate for Foreign Exchange (FX) spot operations in the Nigerian FX market. NIFEX is an FX reference rate intended to represent spot FX market rates that are polled independently and objectively. NIFEX is published every business day at a specific time on the FMDQ e-Markets Portal. FMDQ has adopted best practices in accordance with appropriate international FX benchmark regulations and guidance, particularly the International Organisation of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

FMDQ is the benchmark administrator for NIFEX and thus, has primary responsibility for all aspects of the benchmark determination process. This includes the development, determination, dissemination and governance of NIFEX.

To enhance the credibility of the NIFEX administration function, the following risk management initiatives/contingency plans have been developed to attend to instances of extreme market conditions (extreme market conditions are defined as events that may prevent the successful computation of the NIFEX on any particular business day. These events include, among others, insufficient quote contributions and force majeure [political, social, acts of God etc.]).

1. In instances where there are quotes below the documented threshold, the previous day's NIFEX shall be maintained and published as the current NIFEX
2. In circumstances of a force majeure event, leading to the unavailability of quotes in the market, the previous day's NIFEX will be maintained and published as the current NIFEX
3. Any republished rates from the previous business day will be identified as such on the FMDQ e-Markets Portal
4. After three (3) consecutive business days of republishing the previous day's NIFEX (in this case, the NIFEX of three (3) business days prior), an FMDQ Market Review Committee meeting shall be convened in a special session to devise a strategy for the appropriate determination of future NIFEX during the extreme market condition, towards preserving the continuity of the NIFEX publication

Please be guided.



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