

# MARKET NOTICE



**To:** ALL FMDQ OTC SECURITIES EXCHANGE MARKET PARTICIPANTS  
**From:** MARKET DEVELOPMENT GROUP  
**Reference:** FMDQ/MDG/090117/MN-4  
**Notice Date:** JANUARY 9, 2017  
**Effective Date:** JANUARY 3, 2017

## REVISED METHODOLOGY FOR PUBLICATION OF NITTY

Following the benchmarking of Nigerian Inter-bank Treasury Bills' True Yields Fixing (NITTY) against the International Organisation of Securities Commissions' (IOSCO) Principles for Financial Benchmarks, it became imperative for FMDQ OTC Securities Exchange (FMDQ) to implement a reform of its NITTY Framework.

NITTY is the FMDQ benchmark risk-free rate which is derived from the conversion of Treasury bills discount rates for benchmark tenors to money market yields i.e. true yields. Consequently, to enhance the credibility of the NITTY administration function, FMDQ has revised the methodology guiding the design, calculation methodology and governance of the NITTY as follows:

- i. The data inputs for the calculation of NITTY shall be revised from transactional data entered on an at arm's length basis between buyers and sellers in the treasury bills market to "polled rates" received daily from FMDQ NITTY Reference Banks
- ii. The revised NITTY shall consist of three (3) benchmark tenors (1, 3, and 6 months) in compliance with the IOSCO sub-principle on benchmark quality. This ensures the rates published are representative of the economic realities of the interest which the benchmark seeks to measure
- iii. The revised NITTY methodology has also been upgraded to include risk management /contingency plans to ensure continuity of the publication of the of NITTY
- iv. The revised NITTY methodology shall take effect from **Tuesday, January 3, 2017**

Furthermore, FMDQ shall continue to conduct its assessment of the 9 and 12 month NITTY benchmark tenors towards re-admitting them to the NITTY tenor range.

Please be guided accordingly.

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