

June 25, 2019

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**To: ALL DEALING MEMBER (BANKS) OF FMDQ SECURITIES EXCHANGE PLC**  
**From: MARKET REGULATION GROUP**

## **ROLLOVER OF OTC FX FUTURES CONTRACTS FOR FOREIGN PORTFOLIO INVESTMENTS**

1. In recognition of the dynamic nature of the Nigerian financial market, FMDQ Securities Exchange PLC (“**FMDQ**”) reviews its regulation from time to time to ensure alignment with global best practices as well as provide an enabling environment for financial market participants. FMDQ hereby issues this Market Bulletin (“**MB**”) in a bid to continue to support the foreign currency liquidity and the fixed income market standards in the country, whilst promoting flexibility to support Clients’ business strategies in the OTC FX Futures market.
2. Consequently, Dealing Member (Banks) (“**DMBs**”) are hereby notified of the **introduction of OTC FX Futures contract rollovers for Foreign Portfolio Investments (“FPIs”) only.**
3. Rollovers of OTC FX Futures contracts are now permitted for FPIs strictly subject to the following conditions:
  - (i) The initial OTC FX Futures contract purchased must be valid and meet the relevant criteria as stipulated in the OTC FX Futures Market Operational Standards.
  - (ii) Rollover of an OTC FX Futures contract shall be for the exact amount and tenor of the original contract.
  - (iii) The combined tenor of the initial OTC FX Futures contract and attendant subsequent rollover(s) shall not exceed twelve (12) months. *Kindly see table below for illustration of the maximum number of rollover(s) and permitted tenor for rollover of OTC FX Futures contracts:*

Tenor of Initial OTC FX Futures Contract	Maximum Number of Rollover(s)	Permitted Tenor for Rollover of Initial OTC FX Futures Contract
1M	11	1M
2M	5	2M
3M	3	3M
4M	2	4M
5M	1	5M
6M	1	6M
7M – 12M	0	N/A

*N/A – Not Applicable*

4. Where a Futures Bank intends to rollover an OTC FX Futures contract for an FPI, the Futures Bank shall be required to book the “rollover” (i.e. the new contract) no later than five (5) business days after the maturity of the OTC FX Futures contract.
5. Furthermore, the Futures Bank shall be required to apply the appropriate designation of “rollover” to relevant trades by indicating on the FMDQ Futures Trading & Reporting System or such other FMDQ-advised medium.

*Should you require any further clarification/information with respect to this Market Bulletin, please do not hesitate to contact the Market Regulation Group at [mrq@fmdqotc.com](mailto:mrq@fmdqotc.com).*

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6. "Rollovers" must have the exact parameters and underlying documentation of the initial OTC FX Futures contract except for the contract name and rate as applicable. Deviation from any of the above criteria/requirements will imply that a new and unrelated OTC FX Futures contract has been executed.
7. This MB shall become effective on **June 26, 2019** and shall be applicable to OTC FX Futures contracts entered into on or after this date. In the interest of clarity, OTC FX Futures contracts executed prior to the effective date of this MB are not eligible for rollover.
8. The above provisions shall be read in conjunction with the OTC FX Futures Market Operational Standards and all other related OTC FX Futures Market documentation.

*Please be guided accordingly.*