

MARKET BULLETIN

September 7, 2016

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

DEVELOPMENT OF FOREIGN EXCHANGE ORDER FILLING METHODOLOGY BY DEALING MEMBER (BANKS)

1. In furtherance of its mandate as a proactive agent of change in the Nigerian financial markets, FMDQ OTC Securities Exchange (“FMDQ”) has undergone wide consultations with stakeholders in the financial markets and identified the urgent need to take further steps to enhance transparency and promote good business practice in the financial markets.
2. The current situation in the Nigerian foreign exchange (FX) market has given rise to concerns regarding the transparency and fairness of the distribution of FX to end-users in the inter-bank FX market. Feedback obtained from consultations reveal that end-users are concerned about access to fair supply of FX in the inter-bank market, especially in periods of illiquidity.
3. Based on the foregoing, FMDQ hereby directs all Dealing Member (Banks) (“DMBs”) to develop a **Foreign Exchange Order Filling Methodology** (the “**Methodology**”) shall articulate the process for filling clients’ FX orders, particularly in times of market illiquidity.
4. The Methodology shall be a **written policy** which will serve as an internal guide for DMBs in meeting their clients’ FX demands, with the aim of addressing concerns regarding transparency and allaying any doubts with respect to the fairness of the FX order filling process in the inter-bank market. The development of the Methodology will also ensure that there is no preferential treatment for certain clients, thus discouraging untoward practices by DMBs and protecting the integrity of the Nigerian inter-bank market.
5. Consequently, DMBs are directed as follows:
 - (i) To ensure their respective Methodologies are developed and operational by **Wednesday, September 14, 2016**.
 - (ii) To advise FMDQ of the development of their respective FX Order Filling Methodologies no later than close of business on **Wednesday, September 14, 2016**.
 - (iii) Where a DMB is unable to develop its Methodology within the stipulated timeframe, such DMB shall be required to provide justification and advise of the timeline for the development of the Methodology, on or before **Wednesday, September 14, 2016**.
 - (iv) DMBs shall make their respective Methodologies available for the inspections by the FMDQ Examination Group and the Central Bank of Nigeria (“**CBN**”).
6. Further to the above, DMBs shall ensure that the implementation of their documented Methodologies are auditable.
7. Failure to comply with the contents of this FMDQ OTC Market Bulletin shall be considered a violation of the FMDQ Rules, and shall attract one or more of the following penalties:
 - a. Warning Letters
 - b. Fines
 - c. Suspension
 - d. Public Censure
 - e. Such other penalties as FMDQ may determine from time to time

Please be guided accordingly.



Jumoke Olaniyan
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