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

USE OF FX FORWARD CONTRACTS FOR ACCESS TO THE OTC FX FUTURES MARKET

1. As a proactive agent of change in the Nigerian financial markets, FMDQ OTC Securities Exchange (“**FMDQ**” or the “**OTC Exchange**”) continues to engage and collaborate with stakeholders to identify ways to drive the requisite growth and development to support the Nigerian economy, whilst still fostering good governance, transparency, and efficiency in the markets. FMDQ hereby issues this Market Bulletin (“**MB**”) in a bid to boost foreign currency liquidity 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 informed that Clients wishing to import foreign currency into the country for the purpose of executing eligible underlying transactions (“**EUTs**”) including foreign portfolio investments and foreign currency loans, at a future date, are permitted to hedge their future foreign currency exposures using OTC FX Futures contracts.
3. In the interest of clarity, please note that Clients may access the OTC FX Futures market on the basis of foreign exchange (“**FX**”) forward agreements/contracts for the importation of foreign currency into Nigeria at a later date, subject to the following conditions:
 - (i) The forward contract to be used for access to the OTC FX Futures market must be a **deliverable forward**.
 - (ii) The OTC FX Futures contract purchased to hedge the future foreign currency exposure must be **one (1) month longer** than the tenor of the forward contract at the minimum.
 - (iii) The Futures DMB shall execute the OTC FX Futures contract with minimum documentation such as the Deal Confirmation of the FX forward transaction and an executed forward contract which must be updated to FFTRS or such other FMDQ-advised medium.
 - (iv) Subsequently, the Futures DMB shall provide the following documentation within three (3) business days of the maturity of the forward contract:
 - (a) Valid Certificate of Capital Importation.
 - (b) SWIFT confirmation of the inflow.
 - (c) Other valid capital importation documentation and such other documentation as may be prescribed by FMDQ from time to time.
4. This MB is made pursuant to the OTC FX Futures Market Operational Standards (the “**Standards**”). The provisions of section 3.4 of the Standards remain effective, however, this MB shall supersede section 3.4 of the Standards to the extent of any inconsistency.
5. This MB shall take effect **immediately**.

Please be guided accordingly.

Should you have any questions about this Market Bulletin, please do not hesitate to contact the Market Regulation Group at mrg@fmdqotc.com.