

August 16, 2018

FMDQ/MRG/160818/MB-29

To: ALL MARKET PARTICIPANTS OF FMDQ OTC SECURITIES EXCHANGE

From: MARKET REGULATION GROUP

## INTRODUCTION OF FMDQ CLEAR LIMITED

1. As part of its continued pursuit to strengthen the Nigerian financial markets, FMDQ OTC PLC (“**FMDQ**”) established FMDQ Clear Limited (“**FMDQ Clear**”), a central clearing house registered by the Securities and Exchange Commission (“**SEC**” or the “**Commission**”) to deliver end-to-end clearing and settlement services that will help enhance efficiency, integrity and confidence in the Nigerian financial markets.
2. FMDQ Clear was established to address some of the key drivers aimed at enhancing the development of the markets – risk mitigation, capital efficiency, price transparency and financial markets stability whilst also delivering highly efficient post-trade services and related activities across the FMDQ markets
3. Following the introduction of FMDQ Clear, it has become imperative for all relevant FMDQ Regulation (Membership, Products & Market Agreements<sup>1</sup>, Rules, Frameworks, Standards and such other regulation prescribed by FMDQ from time to time) to be aligned to the new market architecture for clearing and settlement of transactions in the FMDQ markets.
4. Based on the foregoing, all FMDQ market participants are hereby notified of the following:
  - (i) All post-trade services and related activities including but not limited to matching of trades, collateral management, margining, risk management and transmission of settlement instructions are activities carried out by **FMDQ Clear Limited**.
  - (ii) All relevant FMDQ Regulation shall be revised to include **FMDQ Clear Limited** as the designated securities clearing and settlement entity.
  - (iii) The OTC FX Futures Agreements executed between FMDQ and Dealing Member (Banks) (“**DMBs**”) is amended to replace all references to “Clearing Agent” and “Nigeria Inter-Bank Settlement System PLC” with “**FMDQ Clear Limited**”.
5. This Market Bulletin shall take effect **immediately**.

*Please be guided accordingly.*

*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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<sup>1</sup> Including but not limited to the OTC FX Futures Market Agreements, Dealing Membership Agreements for Dealing Member (Banks) and (Specialists), DMS Market Agreements