

MARKET NOTICE

To: ALL MARKET PARTICIPANTS
From: FIXED INCOME AND CURRENCIES MARKETS GROUP
Reference: FMDQX/FCG/170220/MN-20
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REVISION TO THE NIGERIAN INTER-BANK TREASURY BILLS' TRUE YIELDS FIXING ("NITTY") METHODOLOGY

This Market Notice is issued further to the circulars issued by the Central Bank of Nigeria ("CBN"), between October 23 - 24, 2019, targeting the activities of Deposit Money Banks ("DMBs") and other market participants in the markets for its Open Market Operations ("OMO") bills. These circulars placed a restriction on the purchase of OMO bills in the primary and secondary markets by domestic corporates (inclusive of non-bank financial institutions) and individuals, thus limiting participation to only DMBs and Foreign Portfolio Investors.

Based on the foregoing and the impact of the above referenced circulars on the markets and reference data for Nigerian Treasury Bills ("T.bills"), it has become imperative for FMDQ Securities Exchange ("FMDQ Exchange") to implement a revision of the Nigerian Inter-Bank Treasury Bills' True Yields Fixing ("NITTY") Methodology to ensure the fixing is reflective of the relevant underlying securities market and remains relevant to market participants while promoting market transparency.

NITTY is the FMDQ Exchange benchmark risk-free rate which is derived from the conversion of T.bills discount rates for benchmark tenors to money market yields i.e. true yields. Consequently, FMDQ Exchange hereby notifies all stakeholders of the following consequential revisions to the methodology guiding the design, calculation and governance of NITTY as follows:

S/N	Section/ Clause	Old Text	New Text
1.	1	The Nigerian Inter-bank Treasury Bills' True Yield Fixing ("NITTY") is the FMDQ Exchange 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.	The Nigerian Inter-Bank Treasury Bills' True Yields Fixing ("NITTY") is the FMDQ Exchange benchmark risk-free rate which is derived from the conversion of <i>Nigerian Treasury Bills ("T.bills")</i> discount rates for benchmark tenors to money market yields i.e. true yields.
2.	2.3	N/A	New text: <i>NITTY data inputs shall not include rates for Open Market Operation ("OMO") bills.</i>
3.	3.1	NITTY quotes shall be determined as detailed below and it is expected that FMDQ Reference Banks shall contribute only 'professional spot quotes' i.e. spread between bid and offer must be standardised.	NITTY quotes shall be determined as detailed below and <i>FMDQ Reference Banks shall contribute only 'professional spot quotes on T.bills'</i> i.e. spread between bid and offer must be standardised <i>and shall not include quotes on OMO bills.</i>

The revised NITTY methodology shall take effect immediately and is available on the FMDQ Benchmark Administration page on the FMDQ Group website (Click [here](#) to view).

Please be guided accordingly.

Should you have any question(s) about this Market Notice, please do not hesitate to contact the FMDQ Fixed Income and Currencies Markets Group at fcg@fmdqgroup.com.