

MARKET NOTICE

To: ALL MARKET PARTICIPANTS
From: FIXED INCOME AND CURRENCIES MARKETS GROUP
Reference: FMDQX/FCG/16/10/20/MN-21
Notice Date: October 16, 2020
Effective Date: October 22, 2020

CLARIFICATION ON THE NIGERIAN INTER-BANK OFFERED RATE FIXING METHODOLOGY

This Market Notice is issued to provide clarity on the computation methods adopted by FMDQ Securities Exchange Limited (“**FMDQ Exchange**” or the “**Exchange**”) in the administration of the Nigerian Inter-Bank Offered Rate Fixing (“**NIBOR**”) Methodology.

Further to the circulars issued by the Central Bank of Nigeria, in October 2019, with respect to the bifurcation of Open Market Operation (“**OMO**”) Bills and Nigerian Treasury Bills (“**NTBs**”), the Exchange has identified the need to provide clarity on the impact of the bifurcation on the administration of the NIBOR methodology due to the application of NTBs as base/risk-free rates in the computation of tenored NIBOR benchmarks.

Based on the foregoing and as outlined in Section 3.1.1 of the revised NIBOR Methodology (*click [here](#) to view*), the following clarifications are provided on the computation of NIBOR:

- (i) Tenored NIBOR (i.e. one (1), three (3) and six (6) month NIBOR) shall be computed using the yields of NTBs with equivalent days to maturity as the base yields.
- (ii) Reference Banks shall be required to quote bid and offer credit-spreads above the base yields for each tenored NIBOR, to compute NIBOR for the day.
- (iii) The base yields (i.e. NTB yields) for NIBOR computation shall be derived from the FMDQ Exchange intra-day Daily Quotations List published daily at Noon.

These clarifications have been included in the revised NIBOR Methodology 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 Exchange Fixed Income and Currencies Markets Group at support@fmdqgroup.com