



FMDQ OTC PLC

Summary of E-Bond Trading Rules

August 20, 2014

Trading Rules

List of Tradable Instruments

S/N	Rules Description	Rule
1.	Nigeria T-Bills (NIGTB)	Yes
2.	Federal Government of Nigeria Bonds (NIGB)	Yes

General Trading Characteristics – Two-way-quote

S/N	Rules Description	Rule
1.	Quote Convention	<ul style="list-style-type: none"> ▪ Bonds – Price ▪ T.bills – Discounts
2.	Bid/Ask Spread	<ul style="list-style-type: none"> ▪ Bonds: 15bps for bonds with a term to maturity (TTM) of 3 years or less 30bps for bonds with TTM over 3 years
3.	Default Order Size (standard volumes)	<ul style="list-style-type: none"> ▪ T.bills: 25bps ▪ N50mm for bonds between N30bn and N75bn in issue ▪ N100mm for bonds N75bn or higher volume in issue. This should be entered as 100,000 (M) on E-Bond ▪ N250mm for T-bills. This should be entered as 250,000 (M) on E-Bond
4.	Entering of 2-way live quotes into the trading platform	<ul style="list-style-type: none"> ▪ For Dealing Members only
5.	Market hours	<ul style="list-style-type: none"> ▪ 10am - 2pm

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Request For Quote

S/N	Rules Description	Rule
1.	Max number of dealers requested in RFQ – This is the number of dealers a price taker can send request to	<ul style="list-style-type: none"> Five (5) for Institutional Investors One (1) for Inter-member dealers
2.	Max number of dealers accepted in RFQ – This is the number of dealers a price taker can accept or drive through	<ul style="list-style-type: none"> Two (2) for Institutional Investors One (1) for Inter-member dealers
3.	Dealer response time (quote time) – The time the price maker has before quoting.	<ul style="list-style-type: none"> One (1) Minute
4.	Dealer response time (wire time) – The time the price taker has to deal on quote	<ul style="list-style-type: none"> 15secs after quote is received. Note: quotes may be given in less than 15secs
5.	Total request quote time – Total time of the RFQ in which the price taker must act. RFQ is sent simultaneously	<ul style="list-style-type: none"> 1min 15secs
6.	Participants	<ul style="list-style-type: none"> All Dealing Members – Two-way or one-way quote RFQ (for benchmark securities) Approved institutional investors – One-way-quote RFQ
7.	Default Size (institutional investors only)	<ul style="list-style-type: none"> Guaranteed size - N500mm Above guaranteed – Optional for market maker
8.	Size Increment	<ul style="list-style-type: none"> N1mm increment
9.	Request method	<ul style="list-style-type: none"> Requester must specify intent whether to BUY or SELL (for 1WQ) or 2WQ
10.	Non-benchmark securities	<ul style="list-style-type: none"> RFQ request must be 2WQ for standard sizes
11.	Termination of quote	<ul style="list-style-type: none"> Price makers can terminate quote before it is taken. This should however be used with strong justification
12.	Non-standard volumes	<ul style="list-style-type: none"> Quotes for non-standard volumes are optional

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Firm Anonymous Orders

S/N	Rules Description	Rule
1.	Quoting obligation	<ul style="list-style-type: none"> ▪ Benchmark Securities: 2WQ for standard sizes and condition should be "All or None" ▪ Non-Benchmark Securities: Optional
2.	Default order size	<ul style="list-style-type: none"> ▪ To be multiples of two-way quote standard volumes ▪ Same volume should be specified for bid and offer
3.	Firm quote replenishment	<ul style="list-style-type: none"> ▪ 3mins from when a quote is hit/lifted ▪ 1 way quote to replace the one taken or 2WQ if the bid and offer were taken. Maximum spreads must be maintained
4.	Participants	<ul style="list-style-type: none"> ▪ Dealing Members only
5.	Trending of quotes	<ul style="list-style-type: none"> ▪ Both bid and offer should be changed separately within approved spread

Voice Trade or External Trades Reporting (VTR)

S/N	Rules Description	Rule
1.	Trades done outside the E-Bond trading platform (voice trades).	<ul style="list-style-type: none"> ▪ All trades (electronic or voice) must be entered on to the E-Bond using VTR
2.	Time lag for reporting voice trades	<ul style="list-style-type: none"> ▪ 30mins after execution
3.	Date/Time of trade	<ul style="list-style-type: none"> ▪ Actual date and time of trade must be entered during VTR
4.	Confirmation of trades	<ul style="list-style-type: none"> ▪ Only concluded trades must be entered in the VTR ▪ Enter email address of non E-Bond counterparty in the "Cpty" field of VTR and dealer code for E-Bond Dealing Members ▪ Non E-Bond counterparties must affirm trade via reply mail, E-Bond Dealing Member must affirm trades electronically

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Other Trading Rules

S/N	Rules Description	Rule
1.	Two-way quote market participation	▪ 80% of weekly total trading hours
2.	Notification for market absence	▪ 24hours
3.	Absence due to technical fault before start of trading	▪ 1hour
4.	Out of market duration	▪ Not more than two (2) consecutive days
5.	Permissible absence due to non-technical issues	▪ 3 times per quarter
6.	Counterparty limit	<ul style="list-style-type: none"> ▪ FMDQ must be advised 24hours before making changes on the system. However, for an emergency change to the counterparty limits, Members can advise 24hours after ▪ Setting of counterparty limit is required. However, where it is not set, the default is "Unlimited"
7.	Indicative Quotes	<ul style="list-style-type: none"> ▪ Members are expected to update their indicative quotes throughout the trading hours ▪ Intra-day indicative price should not be more than 5% or more from the same member's anonymous firm quotes or quotes to Associate Members
8.	Date convention	▪ MM/DD/YYYY for now
9.	Market Trading hours	▪ 10.00am to 2.00pm for now
10.	Trading Setup	<ul style="list-style-type: none"> ▪ Dealer code must not be visible in anonymous quotes ▪ Activate "auto-suspend all order on logoff" under Setup>>User Defaults>>Anonymous

