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FMD/DIR/GEN/07/001 **JUNE 24, 2016**

CIRCULAR TO ALL DEPOSIT MONEY BANKS

EXTERNALISATION OF DIFFERENTIALS ON OTC FX FUTURES CONTRACTS FOR FOREIGN PORTFOLIO INVESTORS

To facilitate the operational efficiency of the emerging OTC FX Futures Market, organised by FMDQ OTC Securities Exchange (FMDQ), the Central Bank of Nigeria, in line with the powers vested on it by the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 17 of 1995 and the BOFI Act of 1991, hereby issues the operational requirements to guide the externalisation of the differentials on OTC FX Futures Contracts for Foreign Portfolio Investors (FPIs):

i. Along with the requisite certificate of capital importation (CCI), all participating FPIs in the OTC FX Futures Market are required to present an OTC FX Futures Settlement Advice (to be issued by FMDQ) to facilitate the externalisation of the settlement amount (the differential between the OTC FX Futures and the Nigerian Inter-Bank Foreign Exchange (NIFEX) fixing on the settlement date) of OTC FX Futures Contracts.

ii. For the avoidance of doubt, requests for repatriation of settlement amount of OTC FX Futures Contracts by FPIs that are not accompanied with the requisite Settlement Advice from FMDQ, and the CCI should not be processed by any deposit money bank in Nigeria.

24/6/16
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S. A. Olih
For: SA/Head, Financial Markets Department