

09-61636401

09-61636418

March 12, 2009

BSD/DIR/GEN/CIR/03/002

CIRCULAR TO ALL BANKS

RE: REFORMS OF THE BDC SEGMENT OF THE FOREIGN EXCHANGE MARKET

It has come to our notice that in a bid to meet the new capitalization requirement in our circular ref. TED/FEM/FPC/01/026 dated February 26, 2009 some Bureau de Change (BDC) shareholders are seeking facilities from the banks to capitalize their institutions.

We wish to remind all deposit money banks and other financial institutions that our circular BSD/DO/CIR/VOL1/8/2000 dated November 9, 2000 that prohibits borrowing to capitalize banks is also applicable to the BDCs as financial institutions

For the avoidance of doubt, capital verification and other applicable tests will be carried out on all funds utilized to capitalize BDCs and those found to have been borrowed from the deposit money banks and other financial institutions will be rejected.

Banks are therefore advised not to grant credits for the purpose of capitalization of the BDCs. Erring banks will be appropriately sanctioned

D.A.N. Eke
AG. DIRECTOR OF BANKING SUPERVISION