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April 17, 2009

**CIRCULAR TO ALL DISCOUNT HOUSES AND PRIMARY MORTGAGE INSTITUTIONS**

**RE: SANCTIONS FOR VIOLATION OF THE DECISION ON MAXIMUM DEPOSIT RATE, LENDING RATE AND OTHER CHARGES**

It has come to the notice of the Central Bank of Nigeria that notwithstanding our circular to all banks referenced **BSD/DO/GEN/BCD/2009** and dated April 8, 2009 which required all Deposit Money Banks to comply with the Bankers' Committee decision to cap deposit rate at 15 percent per annum, lending rate at 22 per cent per annum, and other charges at 2 percent per annum, customers of banks are allegedly moving their deposits to discount houses and primary mortgage institutions.

Consequently, the CBN has directed that the provisions of the circular, with appropriate modifications, shall apply to discount houses and primary mortgage institutions.

For the avoidance of doubt, any violation of the provisions of the circular by discount houses and primary mortgage institutions shall, without prejudice to the provisions of sections 60 and 60A of the Banks and Other Financial Institutions Act, 1991, as amended, attract the following sanctions:

**Frequency of Breach**

**Penalty**

i) First Time

Monetary penalty of N50 million and a letter of warning to the MD/CEO of the erring discount house and primary mortgage institution.

ii) Second Time

Suspension of the MD/CEO, and all officials of the discount house and primary mortgage institution involved in the breach.

The implementation of these sanctions takes immediate effect.

**D. A. N. EKE**

**Ag. DIRECTOR OF BANKING SUPERVISION**