

09-61637804
09-61637802

E-mail address: ted@cenbank.org

OUR REF: TED/AD/133/2004

November 17, 2004

TO: ALL AUTHORISED DEALERS

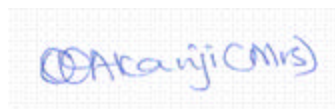
RESURGENCE OF FOREIGN EXCHANGE MALPRACTICES

This is to inform all Authorised Dealers that the Central Bank of Nigeria has obtained market information using the established market intelligence process that many banks are still engaging in foreign exchange malpractices including illegal dealing in the outlawed “free funds” market. This is a serious resurgence of the experience of the past, which had resulted in a serious drain on the level of scarce foreign exchange.

We have noted persistent increase in the demand for foreign exchange even when accounts are not funded, spurious demand and the desperate efforts of some banks to improve their position as a result of the on-going consolidation exercise.

The Central Bank of Nigeria will not hesitate to impose appropriate sanctions, which include, but not limited to withdrawal of the dealer’s licence of any bank found to have been involved in foreign exchange infractions. The Chief Executives of such institutions may also be sanctioned and blacklisted.

Authorised Dealers are therefore advised to comply fully with all regulations in the foreign exchange market and desist from all forms of foreign exchange malpractices.



O. O. AKANJI (MRS)
DIRECTOR
TRADE & EXCHANGE DEPARTMENT