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TED/FEM/FPC/GEN/01/111

July 9, 2009

**TO: ALL AUTHORISED DEALERS,
CLASSES 'A' & 'B' BDC OPERATORS**

**RE: OPERATIONAL GUIDELINES FOR DIRECT FOREIGN EXCHANGE
CASH SALES TO BOTH CLASSES 'A' & 'B' BUREAU DE CHANGE (BDC)
OPERATORS**

In the continued effort to further liberalise the foreign exchange market, notice is hereby given that the Central Bank of Nigeria will resume the direct foreign exchange (cash) sales to Class 'B' BDC operators with effect from Monday July 13, 2009 subject to the following conditions:

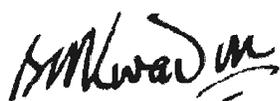
1. All Class 'B' BDCs must have a valid operating licence;
2. Payment of caution deposit of US\$20,000.00 (twenty thousand United States Dollars) which will be deposited in a non-interest bearing account with the CBN. The BDCs should instruct their bankers to indicate their names on the transfer message. The commission arising from the transfer shall be borne by the BDC and not the CBN.
3. The market days for Classes 'A' (bank and non-bank) and 'B' BDCs shall be Tuesdays and Wednesdays every week, respectively. The banks' Class 'A' BDCs should however, at WDAS of Mondays indicate their intention to purchase foreign exchange (cash).
4. Class 'B' BDCs must ensure that the Naira equivalent of foreign exchange purchases are transferred to the CBN branch nearest to them on or before Monday through RTGS, while Class 'A' BDCs must ensure that their current accounts with the CBN are fully funded.

5. The maximum cash disbursement to each Class 'B' BDC shall be US\$100,000.00 (one hundred thousand United States Dollars) per week while for all Class 'A' BDCs, shall be a maximum of US\$1,000,000.00 (one million United States Dollars) per week. It should be noted that the CBN reserves the right to sell less.
6. The CBN shall disburse foreign exchange (cash) to BDCs at the clearing rate of the immediate past Wholesale Dutch Auction System (WDAS) session and all BDCs are required to sell at no more than 2% spread above the CBN selling rate.

Furthermore, the minimum paid up capital for Class 'A' BDC has been reviewed downward from N500.0 million to N250.0 million with effect from July 7, 2009. Consequently, Class 'A' BDCs that had earlier paid N500.0 million (five hundred million Naira) but yet to obtain final licence are entitled to a refund of N250.0 million (two hundred and fifty million Naira only) upon application to the Director, Other Financial Institutions Department, CBN Lagos or Abuja.

For the avoidance of doubt, both Classes 'A' & 'B' BDCs are required to promptly render daily returns on the utilization of cash disbursed to them as failure to do so will result to imposition of appropriate sanction.

The provisions of this circular supersede the provisions of **section (1)** of the circular ref: "**TED/FEM/FPC/GEN/01/027 of February 27, 2009 on Operational Guidelines for Class 'A' Bureau de Change Operators.**"



Batari Musa
Ag. Director
Trade & Exchange Department