

Our Ref: FMD/FED/CIR/GEN/01/082/10
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TO ALL AUTHORISED DEALERS

**REVISED GUIDELINES FOR THE OPERATION OF THE
FOREIGN EXCHANGE MARKET: WHOLESALE DUTCH
AUCTION SYSTEM-SPOT (WDAS-SPT)**

Consistent with the objectives of enhancing efficiency in the Foreign Exchange Market through market determination of the Naira exchange rate, the Central Bank of Nigeria will continue to adopt the Wholesale Dutch Auction System (WDAS-SPT) in the year 2011.

Consequently, the guidelines for the operating the system are as follows:

1. The Central Bank of Nigeria (CBN) shall continue to intervene in the Foreign Exchange Market through the wholesale Dutch Auction System-Spot (WDAS-SPT).
2. The CBN shall announce on Mondays and Wednesdays the amount on offer for each auction by 8.30am through the Reuters Dealing 3000 Xtra system. Copies of the announcement may be obtained from the CBN website www.cbn.gov.ng or Financial Markets Department of the Central Bank of Nigeria at the following location:

Abuja: 8th floor, Wing C
CBN Head Office
Central Business District
Abuja.
Fax: 09-46237841
Tel: 09-46237871, 46237870, 46237838, 46237836
3. Authorised Dealers shall submit their bids on Mondays and Wednesdays via Reuters Dealing 3000 Xtra system to the Abuja dealing line.
4. The Authorised Dealers shall submit their bids as per the attached format duly signed by two authorized signatories for any particular auction



session between 9.00am and 10.30am of the day of auction. The hard copies of bid request should be sent to CBN Abuja.

5. Authorised Dealers shall submit bids for not more than one tranche per auction.
6. The minimum bid amount by an Authorized Dealer shall be \$500,000.00 (five hundred thousand dollars) and the currencies of transaction shall be the Nigerian Naira (NGN) and United States dollar (USD).
7. The CBN reserves the right to determine the amount that will be sold to an Authorised Dealer.
8. The CBN shall announce the result of each Auction by 12.00 noon on the day of auction. This announcement shall include both the marginal and weighted average rates of all the successful bids at the auction. Authorised Dealers shall be debited at their bid rate including 1% commission. A copy of result may be obtained from the office mentioned in (2) above.
9. Settlement shall be on spot basis i.e T+2. Authorised Dealers shall ensure that they provide adequate (NGN) Naira cover in their current accounts with the CBN on the settlement date. These accounts shall be debited with the (NGN) Naira equivalent of the USD purchased, at the bid rate as the auction is a multiple-price auction. The CBN shall effect delivery of US Dollars purchased by each Authorised Dealer same day.
10. The delivery of the purchased USD shall be into the nominated correspondent bank account used for WDAS transactions by the Authorised Dealer.
11. Funds purchased from CBN at the Auction shall be used for eligible transactions only. Such fund shall not be transferable in the Inter-bank foreign exchange market including sales to the BDCs, Hotels, etc.
12. Authorised Dealers shall continue to bid at the WDAS-SPT on their own accounts, however, it is the expectation of the CBN that whilst Authorised Dealers have been granted the daily Net Open Position (NOP) limits, WDAS-SPT bids shall be reflective of the immediate demand for the clients of the Authorised Dealer.



13. Authorised Dealers shall return to the Central Bank of Nigeria any unutilized funds purchased from the WDAS-SPT within five (5) working days. The funds shall be purchased by the CBN Forex Dealers at a rate that will be communicated on weekly basis.

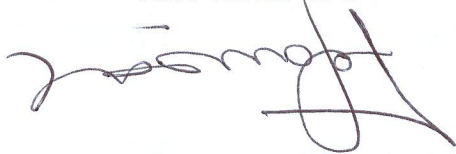
14. The CBN may also purchase foreign exchange from Authorised Dealers and other participants such as oil companies, etc at their offer rates. The CBN shall deliver the Naira cover for US Dollar bought from the banks to the banks' Current Accounts at the CBN. The banks shall deliver US Dollars sold to the CBN, to the CBN SPECIAL FEM ACCOUNT with Chase Manhattan Bank, New York.

15. The marginal rate that clears the market shall be the prevailing exchange rate until the next auction.

16. Authorised Dealers shall display the bid and offer rates conspicuously in their banking halls. The spread between these rates shall not exceed USD/NGN0.50.

17. SANCTIONS:

Contravention of any of the Foreign Exchange Market regulations shall attract appropriate sanctions as spelt out in the provisions of relevant laws and CBN guidelines.



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