



CENTRAL BANK OF NIGERIA

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TO: ALL AUTHORISED DEALER BANKS

REQUIREMENTS FOR FOREIGN CURRENCY CASH POOLING ON BEHALF OF INTERNATIONAL OIL COMPANIES (IOCs) IN NIGERIA

The Central Bank of Nigeria (CBN) has observed that proceeds of crude oil exports by International Oil Companies (IOCs) operating in Nigeria, are transferred offshore to fund parent accounts of the IOCs (otherwise referred to as "cash pooling"). This has an impact on liquidity in the domestic foreign exchange market.

While the CBN strongly supports the need for IOCs to have easy access to their export proceeds, particularly to meet their offshore obligations, this must be done with minimal negative impact on liquidity in the Nigerian foreign exchange market.

In line with the on-going reforms in the foreign exchange market, it has become necessary to take measures to address this trend.

Consequently, the CBN hereby direct as follows:

1. Banks are allowed to pool cash on behalf of IOCs, subject to a maximum of 50% of the repatriated export proceeds in the first instance;
2. The balance of 50% may be repatriated after 90 days from the date of inflow of the export proceeds.

The above shall be subject to the fulfillment of the following documentation requirements:

- I. Prior approval of the CBN for the repatriation of funds under the "Cash Pooling" transaction
- II. "Cash Pooling" agreement with the parent entity of the IOCs operating in Nigeria.

- III. Statement of expenditure incurred by the IOC in the immediate past period relating to the "Cash Pooling".
- IV. Evidence of the source of foreign exchange inflows.
- V. Completion of relevant Forex Form(s) as required under extant regulations.

The CBN remains committed to promoting transparency in the Nigerian Foreign Exchange Market and will continue to develop policies to stabilize and further deepen the market.

All banks are required to comply with this circular and inform their customers accordingly.



DR HASSAN MAHMUD

DIRECTOR, TRADE AND EXCHANGE DEPARTMENT