



**CENTRAL BANK OF NIGERIA**

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**TO: ALL AUTHORIZED DEALERS,  
BUREAUX DE CHANGE AND THE GENERAL PUBLIC**

**DEVELOPMENTS IN THE FOREIGN EXCHANGE MARKET**

**INTRODUCTION:**

Available statistics indicates that Nigeria has become the largest importer of US Dollar due largely to importation of cash by Deposit Money Banks (DMBs). This development has implications for the economy.

In order to address the situation and prevent money laundering, Authorized Dealers and the General Public are hereby notified of the following policy review for compliance:

**1. FOREIGN EXCHANGE MARKET (WDAS)**

The Wholesale Dutch Auction System is hereby suspended and in its place Retail Dutch Auction System (RDAS) is hereby re-introduced with effect from Wednesday, October 2, 2013. The RDAS will take place on Monday and Wednesday of every week and the details of the procedures are hereby attached as Appendix I.

**2. USAGE OF NAIRA DEBIT AND CREDIT CARDS OVERSEAS**

The existing limit of US\$40,000.00 per annum on Naira Debit and Credit Cards has been reviewed upward to US\$150,000.00 (One hundred and fifty thousand US Dollars) per annum subject to monthly rendition of returns by Authorized Dealer banks and Card Issuers (MasterCard and VISA) to the Central Bank of Nigeria. The settlement for the cards shall continue to be with inter-bank funds.

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### **3. FOREIGN CURRENCY BANKNOTES IMPORTATION BY AUTHORIZED DEALERS**

The importation of foreign currency banknotes by Authorized Dealers shall henceforth be subject to a prior approval of the Central Bank of Nigeria. Any Authorized Dealer intending to import foreign currency cash is required to forward an application, stating the amount and purpose to the Director, Trade & Exchange Department, CBN, Abuja for consideration.

### **4. SALES OF FOREIGN EXCHANGE CASH BY AUTHORIZED DEALERS TO BUREAUX DE CHANGE (BDCs)**

Authorized Dealers shall continue to sell foreign exchange cash to BDCs subject to a maximum limit of US\$250,000.00 (Two hundred and fifty thousand US Dollars) per week per BDC. However, Authorized Dealers are required to conduct Know-Your-Customer (KYC) check on BDCs they deal with. Furthermore, BDCs are required to render weekly returns on utilization of funds purchased from all sources to the CBN failing which appropriate sanction shall be imposed.

### **5. RECEIPT OF PROCEEDS OF INTERNATIONAL MONEY TRANSFERS**

Recipients of proceeds of International Inward Money Transfers via Western Union, MoneyGram, etc, shall henceforth be paid in Naira only.

The applicable exchange rate for conversion of the proceeds shall be the prevailing interbank rate on the day of payment by the Authorized Dealer. Accordingly, Authorized Dealers are required to conspicuously display foreign exchange rate/Naira in the banking hall and/or via any medium for the guidance of the recipients.

The Consumer Protection Department, CBN has therefore been directed to ensure that recipients are fairly treated by the Authorized Dealers and any case of poor service delivery should be reported promptly to the CBN for appropriate sanction.

### **6. PAYMENT FOR SMALL SCALE IMPORTS**

Importers intending to pay for imports of non-regulated products valued not more than US\$250,000.00 (Two hundred and fifty thousand US Dollars) per annum using telegraphic transfers shall only complete e-Form "M" online supported with proforma invoice. However,

the relevant shipping documents shall be submitted to the processing bank by the importer not later than 90 days from the date of the transfer. Defaulters in the submission of the final shipping documents should be reported to the CBN monthly by Authorized Dealers for appropriate sanction.

All Authorized Dealers and the general public are to take note of this for compliance.



**Batari Musa**

**DIRECTOR**

**TRADE & EXCHANGE DEPARTMENT**

## Appendix I

### GUIDELINES FOR THE OPERATION OF THE FOREIGN EXCHANGE MARKET - RETAIL DUTCH AUCTION SYSTEM (RDAS)

In consideration of recent developments in the Foreign Exchange Market, it has become necessary to review the guidelines on the operations of the foreign exchange auction. Accordingly, Authorized Dealers are advised of the following changes:

1. The Central Bank of Nigeria (CBN) shall intervene in the Foreign Exchange Market through the Retail Dutch Auction System (RDAS) with effect from Wednesday October 2, 2013.
2. The CBN shall announce on Mondays and Wednesdays the amount on offer for each auction at 8.30 am. Copies of the announcement may be obtained from the Financial Markets Department of the Central Bank at the following location:  
CBN Head Office  
Central Business District, Abuja  
Tel: 09 46237870, 46237871, 46237836& 46237838
3. All Authorized Dealer banks shall be eligible to participate in the market on behalf of their customers.
4. Authorized Dealers shall submit their customers' bids on Monday and Wednesday. The CBN reserves the right to reject bids that are deemed to be unrealistic and/or any application that contravenes foreign exchange regulations.
5. The Authorized Dealers shall submit their customers' bids using the attached format duly signed by two authorized signatories for any particular auction session between 9.00 am and 11.00 am on the market day. The bids should be submitted in flash (USB) in prescribed Excel spread sheet format (attached) by each bank's branch office in Abuja to Director, Financial Markets Department, CBN Head Office, Abuja. Only bids received in soft copy and in the prescribed format shall



- be treated.
6. The minimum bid amount by an Authorized Dealer shall be US\$100,000.00 and the currencies of transaction shall be the Naira and United States Dollars.
  7. The CBN shall announce the result of each Auction by 4.00 pm on Mondays and Wednesdays. A copy of the result may be obtained from the office mentioned in (2) above.
  8. Successful customers' bids by Authorized Dealers shall be debited at the bid rates on Wednesdays and Fridays (T+2).
  9. Authorized Dealers shall ensure that they have adequate Naira cover in their current accounts with the CBN at the time of the bid. The CBN shall promptly debit the current accounts of banks with the Naira equivalent of the foreign exchange purchased on behalf of their customers, at the bid rates plus 1% commission. The CBN shall deliver US Dollars sold to the banks to their Correspondent Bank Account used for FEM Transactions. The CBN shall effect delivery of foreign exchange purchased by each Authorized Dealer within two business days after the auction. A business day shall be defined as a day in which banking business is carried out in Nigeria.
  10. Funds purchased from CBN at the Auction shall be used for eligible transactions only, subject to stipulated documentation requirements. Such funds shall NOT be transferable in the interbank foreign exchange market.
  11. Authorized Dealers shall return to the CBN any unutilized funds within two (2) business days after delivery, at the rate of purchase.
  12. Interest earned on Letters of Credit established and for which settlement has not been effected, shall be repatriated to the CBN for repurchase at the bid rate the funds were purchased.
  13. **SANCTIONS:**  
Contravention of any of the Foreign Exchange Market regulations including the



provisions of this circular shall attract appropriate sanctions as spelt out in the provisions of relevant laws and CBN guidelines.

All Authorized Dealers should note and ensure compliance.



**Batari Musa**

**DIRECTOR**

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## RDAS SCHEDULE OF BID

S/NO.	APPLICANT NAME	FORM M/A NO.	RC NO.	APPLICANT ADDRESS	AMOUNT (US\$)	BID RATE	PURPOSE	BANK NAME	BANK CODE	PAYMENT MODE

.....  
Authorized Signatory

.....  
Authorized Signatory

