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CIRCULAR TO ALL BUREAUX DE CHANGE

REVISED OPERATIONAL GUIDELINES FOR BUREAUX DE CHANGE

To enhance the operational efficiency of Bureaux De Change and strengthen their regulation in Nigeria, the Central Bank of Nigeria, in line with the powers vested on it by the Central Bank of Nigeria Act of 2007, Foreign Exchange (Monitoring and Miscellaneous Provisions) Act of 1995 and the Banks and Other Financial Institutions Act of 1991 (as amended), hereby issues the attached Revised Operational Guidelines for Bureaux De Change in Nigeria.

The Guidelines, which supersedes the one issued in May 2002 shall take effect from January 1, 2016.

A handwritten signature in black ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

KEVIN N. AMUGO

DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT

REVISED OPERATIONAL GUIDELINES
FOR
BUREAUX DE CHANGE
IN
NIGERIA

**FINANCIAL POLICY AND REGULATION DEPARTMENT
CENTRAL BANK OF NIGERIA
ABUJA**

NOVEMBER, 2015

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REVISED GUIDELINES FOR THE OPERATION OF BUREAUX DE CHANGE IN NIGERIA

1.0 INTRODUCTION

- 1.1 This revised guideline is issued by the Central Bank of Nigeria [hereinafter referred to as “the CBN or the Bank”] in exercise of the powers conferred on it by the Central Bank of Nigeria Act of 2007 [hereinafter referred to as the CBN Act] and the Banks and Other Financial Institutions Act 2004 [hereinafter referred to as “the BOFIA”].
- 1.2 It should be read in conjunction with the provision of the CBN Act, the BOFIA, subsidiary legislations made under the Acts as well as written directions, notices, circulars and guidelines that the CBN may issue from time to time.
- 1.3. No person shall carry on the business of Bureau De Change (BDC) in Nigeria, except with the prior authorization of the CBN.
- 1.4 A BDC shall be construed as any company that is licenced to carry on small scale foreign exchange business in Nigeria and whose sole object is the carrying on of such business on a stand-alone basis.

2.0 APPLICATION FOR LICENCE

- 2.1 The application for BDC licence shall be processed in two stages, namely: Approval-in-Principle (AIP) and final licence.
- 2.2 The requirements for a grant of AIP:
 - a. A formal application to the CBN Governor to grant the promoters an Approval in Principle to carry on the business of a Bureau De Change in Nigeria. The application should be addressed to the Director Financial Policy and Regulation Department (FPRD), Central Bank of Nigeria PMB 0187, Garki Abuja.

Applicants/promoters shall attach to their application the following documents:

- b. A non-refundable application fee of N100,000 [One Hundred Thousand Naira Only] or such other amount as may be determined by the Bank from time to time in bank draft payable to the Central Bank of Nigeria.
- c. Evidence of payment of the prescribed minimum capital of N35 million or any other amount as may be determined by the CBN from time to time, into the

designated CBNaccount.

The Bank shall refund this amount with interest after the proposed institution has obtained its final licence.

d. A copy of feasibility report containing information that includes:

- [i] Aims and objectives of the proposed BDC
- [ii] Need gap in services offered by the BDC
- [iii] Proposed training programme for staff and management succession plan.
- [iv] A five year financial projection for the operation of the proposed Bureau De Change, indicating expected growth and profitability.
- [v] Details of the assumptions which form the basis of the financial projection.
- [vi] Organisational structure of the proposed Bureau De Change indicating the functions and responsibilities of the top management team.
- [vii] Composition of the Board of Directors and the curriculum vitae of each member, including other directorships held [if any].
- [viii] Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) policy and compliance manual
- [ix] Conclusions based on the assumptions made in the feasibility report.

e. A copy of the draft Memorandum and Articles of Association.

f. A letter of intent to subscribe to the shares of the proposed Bureau De Change signed by each subscriber.

g. A copy of the list of the proposed shareholders in tabular form showing their business, and residential addresses and the names and addresses of their respective bankers, as well as the details of their Bank Verification Number (BVN).

2.4 Promoters shall reserve the proposed company's name at the Corporate Affairs Commission (CAC).

2.4 No proposed Bureau De Change shall incorporate/register its name with the Corporate Affairs Commission until an approval-in-principle [AIP] has been obtained from the CBN, a copy of which shall be presented to the Corporate

Affairs Commission.

- 2.6 In considering an application for a licence, the Bank shall satisfy that:
- i. The quality of management staff of the proposed Bureau De Change is not in doubt and they have met the minimum pre-qualification criteria;
 - ii. The adequacy of capital and earning prospects of the proposed Bureau De Change are promising;
 - iii. The objects of the proposed Bureau De Change as disclosed in its Memorandum and Articles of Association agree with the services listed in the provisions of section [1] of these Revised Guidelines and circulars issued by the Bank from time to time.
 - iv. The major shareholders, members of the board of directors and the top management of the proposed Bureau De Change have passed the “fit and proper” person’s test.
 - v. That the payment for the shares by the shareholders meets the requirements in terms of mode (no cash payment allowed), properly receipted and documented.
- 2.7 If satisfied with the promoters’ submission above, the Bank may grant them an Approval-in-Principle (AIP).
- 2.8 An Approval-in-Principle shall not be construed as approval to commence business. To proceed on the latter, a final licence is required.

3.0 REQUIREMENTS FOR THE GRANT OF FINAL LICENCE

Not later than six months after the grant of AIP, the promoters of a proposed BDC shall submit application for the grant of a final licence to the Governor, Central Bank of Nigeria, Abuja, with the following documents:

- [i] Evidence of payment of a non-refundable licencing fee of N1 million (one million naira) only or any other amount as may be determined by the CBN from time to time
- [ii] The names, designations and signed Curricula Vitae (CV) of the proposed members of the top management.
- [iii] Evidence of incorporation of the company with CAC.
- [iv] Evidence of payment of N35 million mandatory caution deposit, or any other amount as may be determined by the CBN from time to time, into a designated CBN account.
- [v] Evidence of having suitable office accommodation for the operation of the proposed BDC.

[vi] Anyother conditions as may be specified in the AIP letter

- 3.1 Thereafter, the Governor may grant a licence to the Bureau De Change.
- 3.2 The Bank may at any time vary or review any condition of a licence or impose additional conditions.
- 3.3 Where a licence is granted subject to the fulfillment of certain conditions, the Bureau De Change shall comply with those conditions to the satisfaction of the CBN within such period as the CBN may specify.
- 3.4 The BDC shall notify the CBN in writing of the date of commencement of its operation.

4.0 FINANCIAL REQUIREMENTS

- 4.1 Financial requirements, which may vary at the discretion of the CBN, are as follows:

[a]Minimum paid-up share capital	-	₦35 million
[b] Non-refundable application fee	-	₦100,000
[c]Non-refundable licensing fee	-	₦1 million
[d]Mandatorycaution Deposit	-	₦35 million
[e]Non-refundable annual licensingrenewal fee [payable not later than30 days after the end of each calendar year]	-	₦ 250,000
[f] Non-refundable change of name fee	-	₦100,000

- 4.2 The licence shall be renewable annually subject to full compliance with these guidelines and payment of annual renewal fee as stipulated above.
- 4.3 Every Licenced BDC shall maintain the mandatory deposit(s) [as stipulated in 4.1(d) above] with the Central Bank of Nigeria as “caution deposit” for the purpose of paying bonafide claimants in the event of default or liquidation of the BDC. Such fund shall bear interest at the industry savings account rateor as may be determined by the CBN from time to time.

5.0 BOARD/MANAGEMENT REQUIREMENTS

5.1 The number of directors on the board of a BDC shall be a minimum of three [3] and a maximum of five [5]. The appointment of directors shall be subject to prior approval of the CBN.

5.1.2 Board of directors shall meet at least quarterly.

5.1.3 An extra ordinary meeting of the Board of Directors shall be convened for the presentation of an Examination Report.

5.1.4 Management staff and other senior officers of the BDC shall possess qualifications and experiences as set out below:

5.2.1 MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

The qualifications and experiences of the Managing Director/CEO shall be first degree or its equivalent in any discipline with three (3) years post-graduation experience.

5.2.2 MANAGEMENT STAFF

The minimum qualifications and experience shall be first degree or its equivalent in any discipline with two (2) years post-graduation experience.

5.2.3 COMPLIANCE OFFICER

One of the Management Staff appointed above should be designated as compliance officer for the purpose of ensuring compliance with all regulatory guidelines and circulars.

Note: The CBN reserves the right to accept any other qualifications or experience that it may from time to time consider as adequate for a particular position in a BDC. All appointments shall be in compliance with the requirements of Approved Person Regime.

5.3 Every BDC shall obtain prior approval of the CBN before changing its location, organisational structure, directors or management staff.

6.0 DISQUALIFICATION AND EXCLUSION OF CERTAIN INDIVIDUALS FROM THE MANAGEMENT OF BUREAUX DE CHANGE IN NIGERIA

In line with the BOFI Act (as amended), all the conditions stipulating the exclusion of certain individuals from the management of banks shall apply to

the management of BDCs except with written permission of the Governor of the CBN.

Note, also, that any director of a BDC whose licence is revoked as a result of breach of any condition upon which the Licence was granted shall not be eligible to apply for a BDC licence.

7.0 OPERATIONS OF BUREAUX DE CHANGE

- 7.1 Every BDC in Nigeria shall deal in bank notes and coins, plastic cards and such other businesses as the CBN may approve from time to time.
- 7.2 The foreign currencies dealt in by a BDC shall be derived from private sources and such other sources which may include the CBN window as determined by the CBN from time to time for the purpose of funding Business Travel Allowance [BTA] and Personal Travel Allowance [PTA].
- 7.3 Any person/individual wishing to sell foreign currency above \$10,000 or its equivalent to a BDC shall be required to disclose the source.
- 7.4. Transactions shall be on spot basis (immediate settlement). For the avoidance of doubt, forward transactions by BDCs are not allowed.
- 7.5 The maximum amount per transaction for a BDC shall be determined from time to time by the CBN with respect to business and personal travel allowances. The maximum amount currently for PTA and BTA per quarter is \$4000 and \$5000, respectively.
- 7.6 Every Licenced BDC shall conspicuously display its buying and selling rates subject to a maximum spread of 3.5% or as the CBN may determine from time to time.
- 7.8. Every Bureau De Change shall keep proper registers and other records of all its transactions for transparency and compliance with Anti Money Laundering Provisions, CBN Guidelines, Circulars or directives. Furthermore, a machine list or receipts showing how the amount sold to or bought from a customer was arrived at, should be issued by the Bureau De Change.
- 7.9. All sales or purchases of foreign exchange shall be properly documented and recorded as may be required by the CBN. Such documents should be arranged sequentially and be made available to CBN and other regulatory authorities on demand.
- 7.10 Purchases of foreign currencies by intending travelers shall be supported by their Bank Verification Number (BVN), validly issued and genuine travelling documents (ticket, passport, visa) and the sales receipt duly signed by the customer. The amount and date shall be endorsed on the passport. In such

cases, a photocopy of the documents, forex endorsement page and sales receipt shall be filed in a sequential order by the BDC. The stamp to be adopted by BDCs should contain the following details:

FX sold
Purpose.....
Value.....
Date.....
Signature.....

- 7.11 Every BDC shall transact business at its registered office approved by the CBN. Any BDC that operates outside its registered office shall be sanctioned.
- 7.12 Similarly, it shall be a ground for the revocation of Licence should any street trader in foreign currencies be found to have any business relationship with a Licenced BDC.
- 7.13 Every BDC shall fix its hours of business which shall be **clearly** displayed in its office.
- 7.14. Every BDC shall be required to open both domiciliary and Naira accounts with Authorized dealers in Nigeria and inform the CBN accordingly. The accounts shall be used solely for day to day operations.

8.0 NON-PERMISSIBLE ACTIVITIES

- 8.1 Engaging in off-shore business or maintaining foreign correspondence relationship.
- 8.2. Engaging in any trade related import activities.
- 8.3 Maintaining a foreign account in whatever form.
- 8.4 Round-tripping of foreign exchange [currency] acquired through the CBN window.
- 8.5 Street trading of foreign exchange.
- 8.6 Carrying on capital market activities.
- 8.7 Any other activity as may from time to time be termed “non-permissible” by the CBN.

9.0 SUPERVISION AND MONITORING OF BUREAUX DE CHANGE

- 9.1 BDCs are required to comply with all extant rules & regulations prescribed by the Bank, while the CBN will closely supervise and monitor their operations.
- 9.2 The CBN shall continue to publish the list of all the Licenced BDCs and their registered places of business periodically, for the information and benefit of members of the public.
- 9.3 In compliance with the provisions of BOFIA as amended, every BDC shall render returns to the CBN in prescribed format and within the deadline stipulated by the CBN.
- 9.4 The records of the BDCs shall be made readily available to the CBN examiners as and when requested. Where a BDC fails to provide the required records, appropriate sanctions shall be imposed.
- 9.5 Every Director of BDC shall sign and execute the Code of Conduct and ensure strict adherence to the code.
- 9.6 Every BDC shall conspicuously display a copy of its Licence, exchange rates and Anti-Money Laundering caution notice at its place of business.

10.0 PROHIBITION OF BRANCH EXPANSION

- 10.1 Bureau De Change is Licenced as a unit institution
- 10.2 No Bureau De Change shall have a branch office outside its registered office
- 10.3 All Bureaux De Change that under the 2002 Guidelines have branches are required to close such branches within 90 days of the 2015 guidelines.

11.0 INTERNAL CONTROL/COMPLIANCE UNITS

Every BDC shall have an Internal Audit/Compliance Unit which shall ensure that the operations of the company conform with the law, rules and regulations issued by the Bank as well as its internal rules and regulations.

12.0 ANTI MONEY LAUNDERING ACTIVITIES

Every BDC shall have an AML/CFT policy in compliance with AML/CFT Act 2011 for, amongst others, identification of customers using relevant means before carrying out a transaction or establishing a business relationship.

A BDC shall not deal with an anonymous customer. The compliance officer shall ensure that there is a compliance programme, prepare suspicious transaction report and render returns on same to the Nigeria Financial Intelligence Unit (NFIU). Where there are no such transactions a “nil return” shall be rendered monthly.

13.0 APPROVAL OF AUDITED ACCOUNTS

Every Licenced BDC shall submit its audited financial statements to the Director, Other Financial Institutions Supervision Department of the CBN for approval, not later than 3 months after the end of its accounting year.

- 13.1 No BDC shall publish its Audited Accounts in the Newspaper without the approval in writing of the CBN.

14.0 PRESERVATION OF RECORDS

Every Licenced BDC shall keep the documents obtained from a customer for a period of at least six (6) years after the severance of relations with the customer or consummation of the transaction.

15.0 REVOCATION OF LICENCE

- 15.1 The CBN shall revoke the licence of a BDC on any or all of the following grounds:

Where the BDC or any of its directors/officers:

- 15.1.1 Forges, mutilates, alters or defaces any foreign currency, or other instruments of exchange in the foreign exchange markets with intent to defraud.
- 15.1.2 Engages in multiple ownership of BDCs
- 15.1.3 Obtains foreign currency from any ineligible source or from an eligible source but in a fraudulent manner.
- 15.1.4 Has been found guilty of fraudulent or dishonest practices by a court of

competent jurisdiction.

- 15.1.5 Fails to operate within six [6] months after the grant of a licence.
- 15.1.6 Fails to pay all necessary fees including Licence renewal fee within the stipulated period.
- 15.1.7 Fails to render returns for three [3] consecutive months.
- 15.1.8 Render false returns or sells foreign exchange on the basis of sham documents.
- 15.1.9 Associates business -wise, with street trading in foreign exchange.
- 15.1.10 Submits false information/data during and after the processing of the application for licence.
- 15.1.11 Fails to comply with any guidelines, directives or circulars of the CBN or provisions of BOFIA Act for a period of six [6] months.
- 15.1.12 Engages in any other act or acts which in the opinion of the CBN constitutes a violation or breach of this guidelines, the BOFIA Act (as amended), circulars and other regulations issued by the CBN.
- 15.1.13 Operates from a location other than its approved head office.
- 15.2 Where the CBN believes that it is not in the national interest for the BDC to continue to operate, notwithstanding the provisions of paragraph 14.1 above.

16.0 CHANGE IN OWNERSHIP STRUCTURE

Except with the prior consent of the Bank, no BDC shall enter into an agreement or arrangement:

- a. Which results in a change in the control or ownership of the BDC.
- b. For sale, disposal or transfer of the whole, or any part of the business of the BDC or its licence issued for the business of BDC thereof.
- c. For the amalgamation or merger of the BDC with any other entity.
- d. For the reconstruction/restructuring of the BDC, to employ a management agent or to transfer its business to any such agent.

For the avoidance of doubt, any BDC wishing to go into a merger or/and acquisition shall apply to the CBN for approval.

17.0 RENEWAL OF LICENCE

Every BDC licence shall expire on 31st December of each year and shall be renewed within the 30 days of the subsequent year with a non-refundable fee of N250,000 [two hundred and fifty thousand naira] only or at such a fee as may be stipulated by the Bank from time to time, subject to its operations being satisfactory to the Bank

Note that any BDC licence that has not been renewed after expiration time line shall be deemed to have lapsed.

18.0 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Every BDC shall comply with the requirements of the Foreign Exchange (Monitoring & Miscellaneous Provisions) Act 1995, Monetary Policy Guidelines, the provisions of BOFI Act 2004, Money Laundering (Prohibition) Act (MLA) 2011 as amended, rules and regulations on foreign exchange activities/business and other guidelines issue by the CBN from time to time.

19.0 OFFENCES AND PENALTIES

A BDC that contravenes any provision of this guideline shall be sanctioned in line with the penalty table (annexed) and other extant laws/regulations.

20.0 AMENDMENT

The Bank reserves the right to amend or revise the guidelines from time to time.

21.0 COMMENCEMENT

This guideline shall take effect from January 1, 2016.

**CENTRAL BANK OF NIGERIA
ABUJA**

NOVEMBER 2015

Table 1: PENALTIES FOR INFRACTIONS BY BUREAUX DE CHANGE (BDCs)

S/N	INFRACTIONS	PENALTIES	REMARKS
1	Operating without a valid licence	Outright closure of the institution and prosecution of the owners	
2	Engaging in prohibited activities as contained in the guidelines.	Revocation of licence	
3	Failure to attain the prescribed minimum paid-up share capital within the time allowed.	Revocation of licence.	
4	Failure to obtain the approval of the CBN for the appointment of new Directors and top management staff	The institution to pay a fine of five thousand naira (₦5, 000) per day for the period the infraction subsists subject to a maximum of N500,000	
5	Non-rendition of regulatory returns.	A fine of five thousand naira (₦5,000) for each day outstanding subject to a maximum of N500,000 and if it continues, it would be suspended from bidding for a period of three months.	
6	Late rendition of regulatory returns	A fine of ₦5,000 for each day of the default subject to a maximum of N50,000	
7	Submission of false/Inaccurate information/report to the CBN.	Revocation of licence	
8	Failure to comply with any requirement of the monetary policy guidelines, provisions of the Banks and Other financial Institutions Act (BOFIA) 2004 as amended, as well as other circulars issued by the CBN	One month suspension and if it persists, three months suspension.	
9	Relocation of office without the approval of the CBN.	A fine of one million naira (₦1,000,000).	
10	Operation outside registered office and branch(es)	Six months suspension and revocation thereafter if not rectified.	
11	Change in ownership, take over or amalgamation without CBN approval.	A fine of two million naira (₦2,000,000) and three months suspension	
11	Failure to pay annual licence renewal fees within 3 months	Revocation of licence	

12	Failure to convene a special meeting of the Board of Directors for the presentation of an Examination Report and failure to convey the reaction of the Directors to the CBN.	A fine of One hundred thousand Naira (N100,000) for each month during which the default persists subject to a maximum of one million naira (N1,000,000).	
13	Failure to display relevant information (licence, exchange rates, AML/CFT caution notice)	A fine of fifty thousand naira (₦50,000).	
14	Failure by Directors to complete and execute the code of conduct forms.	A warning letter to the erring Director, and suspension of the Director should the breach persist after one month of CBN's warning.	
15	Non-compliance with the code of conduct by the Directors	Removal of the Director from office	
16	Lack of documentation on forex sales	A fine of one million naira (₦1,000,000) and suspension of the BDC for a period of three months	
20	Failure to comply with the stand-alone policy.	A fine of five hundred thousand naira (₦500,000) with a warning letter and suspension for three months.	
21	Sale of PTA/BTA in excess of permissible amount within the same quarter to an individual	A fine of five hundred thousand naira (₦500,000) and suspension of the BDC for a period of two months.	
24	Incomplete documentation of customer's identification i.e. missing documents	A fine of five hundred thousand naira (₦500,000) and suspension for three months	
25	Improper documentation of customer's identification i.e. expired documents	A fine of five hundred thousand naira (₦500,000) and suspension for three months	
26	Falsified or inaccurate documentation of customer's identification i.e. non-alignment of data on document	A fine of two million naira (₦2,000,000) and suspension for three months	
27	Non adherence to the 3.5% or any spread approved by CBN, between buying and selling rates.	Three months suspension.	
28	Multiple ownership of BDC.	Revocation of licence (s) of the affected BDCs.	
29	Inability to locate the BDC at its registered office	Six months suspension and revocation thereafter if not rectified.	