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FMD/DIR/CIR/GEN/08/008

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TO ALL AUTHORISED DEALERS

FURTHER LIBERALIZATION OF THE INTER-BANK FOREIGN EXCHANGE (FX) MARKET

The Central Bank of Nigeria (CBN), in its efforts to further develop the Nigerian FX market, continues to embark on initiatives that serve to improve the FX market structure. Consequently, further to the CBN Circular referenced FMD/DIR/CIR/GEN/08/007 dated April 21, 2017 on the Establishment of the Investors' & Exporters' (I&E) FX Window, the CBN hereby issues the following directives:

1. INTER-BANK TRADING

- a. Authorised Dealers may defease their excess foreign currency trading positions to other Authorised Dealers without seeking prior approval from the CBN.
- b. All inter-bank transactions shall be subject to a maximum spread of ₦1.00.
- c. Funds purchased by an Authorised Dealer from another Authorised Dealer, in the inter-bank market, shall not be held in position overnight by the buying Authorised Dealer or sold to another Authorised Dealer.
- d. Such Inter-bank purchases shall only be sold by the buying Authorised Dealer to its customers for Permitted/Eligible Transactions as outlined in the above-referenced Circular. All documentation requirements for Permitted Transactions shall apply.
- e. Authorised Dealers shall not exceed their respective Foreign Currency Trading Position Limit (FCTPL) without the approval of the CBN. Compliance with the FCTPL shall be strictly monitored by the CBN.
- f. All inter-bank trades - spot, forwards, futures, options and swaps - that have an impact on an Authorised Dealer's FCTPL are expected to comply with rate reasonability standards.

- g. The CBN reserves the right to intervene, as a buyer or seller, as it deems fit in the inter-bank market.
- h. Authorised Dealers must report to the CBN, details (source and applications indicating the amount, counterparty, deal rate, etc.) of all inter-bank purchases/sales by 4 p.m. daily through the portal provided (fxreturns@cbn.gov.ng). Compliance is mandatory.

2. ON-BOARDING OF FMDQ TRADING SYSTEM

Authorised Dealers are again advised to encourage their corporate clients to on-board the FMDQ-advised FX Trading System immediately, to avoid sanctions, foster the speedy migration of the activities of the I&E FX Window unto the FX Trading System and, in turn, ensure that the objective of deepening the market is achieved.

This circular takes immediate effect.

Please ensure compliance.



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