



CENTRAL BANK OF NIGERIA
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BOD/DIR/CIR/2007/GEN/03/002

CIRCULAR TO ALL DEPOSIT MONEY BANKS (DMBs) AND DISCOUNT HOUSES (DHs)

CBN CLASSIFIES FGN BONDS AS LIQUID ASSETS

In order to help deepen the financial market, especially the bonds market, and enhance the information content of the yield curve for effective price discovery as well as bench-mark international best practices, the DMBs and the DHs are hereby informed that all FGN bonds actively traded on the secondary market, irrespective of tenor, would henceforth qualify as liquid assets.

It would be recalled that hitherto, only FGN bonds with three years maturity or less were considered as liquid assets.

By the new decision, all FGN bonds actively traded on the secondary market, shall:

- qualify as eligible instruments for the computation of liquidity ratio of the deposit money banks; and
- serve as collateral for lending/repo at the CBN window. The CBN however, will exercise discretion on the maturity class to admit for purposes of its monetary operations.

This circular takes immediate effect.

A handwritten signature in blue ink, appearing to read 'James K.A. Olekah'.

James K.A. Olekah
Director,
Banking Operations Department