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**TO: ALL COMMERCIAL BANKS AND
AUTHORIZED DEALERS IN NIGERIA'S
FOREIGN EXCHANGE MARKET**

**FURTHER GUIDELINES ON THE
OPERATIONS OF THE FOREIGN EXCHANGE MARKET**

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria met today, and among other things, reviewed the developments in the domestic foreign exchange market. It noted the success of the measures introduced in January, 2009, especially in respect of the re-introduction of the Retail Dutch Auction System (RDAS) and the subsequent moderation in the exchange rate. However, in order to strengthen the effectiveness of the RDAS as well as anchor expectations and further stabilize the exchange rate, the CBN wishes to communicate the following information and guidelines for your noting and full compliance:

- i) The Central Bank of Nigeria is committed to managing the exchange rate within a band of ± 3 per cent until further notice;
- ii) The foreign exchange Net Open Position of banks shall be one (1) per cent of Shareholders' funds with effect from Wednesday, February 11, 2009;

- iii) All purchases of foreign exchange by Authorized Dealers (whether from the CBN window or from other sources) shall be for the use of customers and shall not be used for inter-bank transactions. Any such funds purchased by Authorised Dealers and which is not sold to customers for eligible transactions within five (5) working days should be surrendered to the CBN for repurchase at the latter's buying rate;
- iv) The price at which the CBN stands ready to buy foreign exchange shall be at no more than one (1) per cent below its immediate past selling price at the RDAS;
- v) The buying and selling rates by Authorised Dealers shall not be more than one (1) per cent around the CBN rates. The buying and selling rates by the Bureaux de Change shall not be more than two (2) per cent around the CBN rates.

All Authorised Dealers and BDCs are enjoined to ensure compliance with the provisions of this circular as any breach will attract appropriate sanction including possible suspension from foreign exchange transactions.



B. MUSA
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Cc: Nigerian National Petroleum Corporation
Oil and Oil Services Companies
Oil and Non-Oil Exporters