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### CIRCULAR TO ALL BUREAU DE CHANGE OPERATORS AND STAKEHOLDERS IN THE FINANCIAL SERVICES INDUSTRY

#### **REGULATORY AND SUPERVISORY GUIDELINES FOR BUREAU DE CHANGE OPERATIONS IN NIGERIA**

As part of reforms to re-position the Bureau De Change (BDC) sub-sector to play its envisioned role in the foreign exchange market in Nigeria, the Central Bank of Nigeria (CBN) issued the Draft Operational Guidelines for BDC Operations in Nigeria in February 2024, for stakeholder comments/inputs.

Following the conclusion of the stakeholder consultations and in exercise of the powers conferred on it by Section 56 of the Banks and Other Financial Institutions Act (BOFIA) 2020, the CBN hereby issues the attached Regulatory and Supervisory Guidelines for Bureau De Change Operations in Nigeria 2024 for compliance by all operators and promoters of proposed BDCs in Nigeria.

The Guidelines, amongst others, introduces new licensing requirements and categories of BDCs as well as revises the permissible activities, financial requirements, corporate governance requirements and AML/CFT/CPF provisions for BDCs.

All existing BDCs and promoters of proposed BDCs are to note the following:

#### 1. Existing BDCs

All existing BDCs shall:

- a) Re-apply for a new license according to any of the Tiers or license category of their choice as provided in the Guidelines.

- b) Meet the minimum capital requirements for the license category applied for within six (6) months from the effective date of the Guidelines.

## **2. Applicants for New BDC License**

Applicants for new BDC license are required to meet the conditions for the grant of license in accordance with the Tier or category of BDC chosen as stipulated in the Guidelines.

Receipt and processing of applications for license shall commence from the effective date of the Guidelines.. All applications should be submitted electronically and addressed to the Director, Financial Policy & Regulation Department, Central bank of Nigeria, Abuja. In this regard, interested applicants should submit the following information to: [bdclicense@cbn.gov.ng](mailto:bdclicense@cbn.gov.ng) to enable us create them on the portal for the submission of applications:

- a) Name of the promoter
- b) Name of the proposed BDC
- c) E-mail address of the promoter
- d) Phone number of the promoter.

This Guidelines supersedes the Revised Operational Guidelines for Bureau De Change in Nigeria issued in November 2015 and all related circulars and directives.

The Guidelines take effect from June 3, 2024.



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**REGULATORY AND SUPERVISORY  
GUIDELINES FOR BUREAUX DE  
CHANGE OPERATIONS IN NIGERIA**

**FINANCIAL POLICY AND REGULATION DEPARTMENT  
MAY 2024**

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## LIST OF ACRONYMS

AIP	Approval-in-Principle
AML/CFT/CPF	Anti-Money Laundering/Combating the Financing of Terrorism/Countering Proliferation Financing
BDC	Bureau de Change
BOFIA	Banks and Other Financial Institutions Act, 2020
BTA	Business Travel Allowance
BVN	Bank Verification Number
CAC	Corporate Affairs Commission
CARP	Centralised AML/CFT/CPF Rendition Platform
CBN	Central Bank of Nigeria
CCI	Certificate of Capital Importation
CTC	Certified True Copy
ED	Executive Director
FCT	Federal Capital Territory
FIFX	Financial Institutions Foreign Exchange Reporting System
FinA	Financial Analysis Tools
FIRS	Federal Inland Revenue Service
FPRD	Financial Policy and Regulation Department
IMTO	International Money Transfer Operators
INED	Independent Non-Executive Director
ITD	Information Technology Department
KYC	Know Your Customer
MD/CEO	Managing Director/Chief Executive Officer
MEMART	Memorandum and Articles of Association
NAFEM	Nigerian Autonomous Foreign Exchange Market
NCCG	Nigerian Code of Corporate Governance
NED	Non-Executive Director
NFEM	Nigerian Foreign Exchange Market
NFIU	Nigerian Financial Intelligence Unit
NGN	Nigerian Naira
NIBSS	Nigeria Interbank Settlement System
NIS	Nigeria Immigration Service

NOP	Net Open Position
OFI	Other Financial Institutions
OFISD	Other Financial Institutions Supervision Department
PEP	Politically Exposed Persons
PTA	Personal Travel Allowance
RTGS	Real Time Gross Settlement
SLA	Service Level Agreement
TED	Trade and Exchange Department
TIN	Tax Identification Number
TRMS	Trade Monitoring System
USD	United States Dollar

APPROVED

## GLOSSARY

For the purpose of this Guidelines, the following terms will have the meanings assigned hereunder:

S/N	TERM	MEANING
1	Approval-in-Principle	A preliminary approval granted pending the fulfillment of certain conditions for the grant of a right or licence.
2	Branch	An extension of a BDC's operation in another location.
3	Bureau de Change	A company licensed by the CBN to carry on only retail foreign exchange business in Nigeria and whose sole object shall be the carrying on of such business.
4	Business Travel Allowance	A limited foreign currency allowance for persons travelling out of Nigeria on business trips.
5	Corporate Governance	The system of rules, practices, and processes by which a company is directed and controlled.
6	Currency Transaction Report	Used by BDCs to report to regulators any currency transaction greater than USD10,000.
7	Domiciliary Account	An account with a local bank, designed to enable a customer deposit, withdraw, receive or transfer foreign currency through a local bank.
8	Final Licence	A licence which confers on the BDC all the rights and privileges to operate as a lawful entity.
9	Foreign Currency	A currency other than the Nigerian Naira.
10	Franchise	An entity that a BDC grants authorisation to use its name and branding to offer services to members of the public that the BDC is permitted to offer.
11	Franchisee	A company that holds a franchise granted by a Tier 1 BDC.
12	Franchising Policy	A manual or policy developed by the franchisor to guide the operations of franchisees.
13	Franchising Standards	These are the rules, policies and techniques required to be followed to maintain consistency and quality of a franchise.
14	Franchisor	A BDC that grants a license to a franchisee.
15	Net Open Position Limit	Amount of foreign currency a BDC is allowed to hold at a point in time.
16	Nigerian Foreign Exchange Market	It is the trading segment for investors, exporters and end users that allows for foreign currency trading to be made at

		an exchange rate determined by prevailing market circumstances.
17	Non-Eligible Promoters	Natural and legal persons disqualified from owning a BDC in Nigeria.
18	Personal Travel Allowance	A limited foreign currency allowance for individuals travelling out of Nigeria on personal trips.
19	Prepaid cards	A type of payment card that is preloaded with a certain currency (dollar or naira), and can be used to make purchases, pay bills, or obtain cash from ATMs in the case of naira denominated cards only.
21	Provisional Approval	An approval that allows an applicant to proceed to the final stage of an application process upon fulfilling certain conditions.
22	Prudential Requirements	The ratios and targets to ensure the soundness of a BDC and the financial system.
23	Sanctions List	A compilation of individuals, companies, or countries that are restricted or penalized by governments or international bodies.
24	Suspicious Transaction Report	A document that a BDC must file with the Nigerian Financial Intelligence Unit (NFIU) whenever there is a suspected case of money laundering or fraud.
25	Tier 1 BDC	A BDC which is authorized to operate on a national basis. It can open branches and may appoint franchisees, subject to written approval of the CBN.
26	Tier 2 BDC	A BDC which is authorized to establish up to five (5) branches in a State of the Federation or the FCT.
27	Trade Monitoring System	The web portal designed and developed for the automation of CBN foreign exchange trade related processes.

# **REGULATORY AND SUPERVISORY GUIDELINES FOR BUREAU DE CHANGE OPERATIONS IN NIGERIA**

## **1.0 INTRODUCTION**

- 1.1 This Guidelines is issued by the Central Bank of Nigeria (CBN or the Bank) in exercise of the powers conferred on it by the Central Bank of Nigeria Act, 2007 (CBN Act) and the Banks and Other Financial Institutions Act (BOFIA) 2020.
- 1.2 It should be read in conjunction with the CBN Act, the BOFIA, subsidiary legislations made under the Acts, extant Corporate Governance Guidelines for Bureaux de Change (BDCs), as well as written directives, notices, circulars and guidelines that the CBN may issue henceforth from time to time.
- 1.3 This Guidelines supersedes the Revised Operational Guidelines for Bureaux De Change, 2015 and any other circular or guidelines on BDCs issued by the Financial Policy and Regulation Department.
- 1.4 No person shall carry on the business of BDC in Nigeria except with the prior authorization of the CBN as prescribed under this Guidelines.

## **2.0 CATEGORIES OF BDC LICENCE**

There shall be two (2) categories of BDC licence as follows:

### **2.1 Tier 1 BDC Licence**

A Tier 1 BDC:

- a. May operate in any State of the Federation and the Federal Capital Territory (FCT).
- b. May establish branches and appoint franchisees in any State and FCT, subject to the written approval of the CBN.
- c. Shall maintain a minimum distance of one (1) kilometre between its branches, its branch and a franchisee, and between its franchisees.
- d. Shall exercise oversight on its franchisees. All franchisees shall adopt their franchisor's name, logo, branding, technology platform and regulatory rendition requirements.

- e. Shall comply with the franchising standards prescribed in this Guidelines.

## **2.2 Tier 2 BDC Licence**

A Tier 2 BDC is:

- a. Permitted to operate only in one State of the Federation or the FCT.
- b. Allowed to establish five (5) branches in a State of operation, subject to the written approval of the CBN.
- c. Required to maintain a minimum distance of one (1) kilometre between its branches.
- d. Not allowed to appoint franchisees.

## **3.0 NON-ELIGIBLE PROMOTERS**

The following shall not be allowed to participate in the ownership of BDCs, directly or indirectly:

- a. Commercial, merchant, non-interest and payment service banks.
- b. Financial holding companies.
- c. Other Financial Institutions (OFIs), including International Money Transfer Operators and payment service providers.
- d. Serving staff of financial services regulatory and supervisory agencies.
- e. Serving staff of regulated financial services providers.
- f. Government at all levels.
- g. Public officers as defined in the 5<sup>th</sup> Schedule Part IV of the Constitution of the Federal Republic of Nigeria.
- h. Non-Governmental Organizations.
- i. Cooperative societies.
- j. Charitable organizations.
- k. Academic and religious institutions.
- l. Non-Nigerian natural persons.
- m. Non-resident non-regulated companies.
- n. Telecommunication services providers.
- o. Sanctioned individuals and entities.
- p. A shareholder in another BDC (whether directly or indirectly).
- q. Any other persons that the CBN may from time to time designate.

## **4.0 PERMISSIBLE AND NON-PERMISSIBLE ACTIVITIES**

### **4.1 Permissible Activities**

A BDC may:

- a. Acquire foreign currency from the sources listed in Section 5.0 of this Guidelines.
- b. Sell foreign exchange as detailed in Section 6.0 of this Guidelines.
- c. Open foreign currency and naira accounts with Commercial or Non-Interest Banks (CNIBs).
- d. Collaborate with its bankers to issue prepaid debit cards.
- e. Serve as cash-out point for International Money Transfer Operators (IMTOs).
- f. Engage in any other permissible activity that the CBN may specify.

### **4.2 Non-Permissible Activities**

A BDC or its franchisee shall not engage in the following activities:

- a. Street-trading of foreign currencies.
- b. Maintaining any type of account for any member of the public, including accepting any asset for safe keeping/custody.
- c. Taking deposits from or granting loans to members of the public in any currency and in any form.
- d. Retail sale of foreign currencies to non-individuals, except for Business Travel Allowance (BTA).
- e. International outward transfers.
- f. Off-shore business or maintaining foreign correspondent relationship with any foreign establishment.
- g. Opening or maintaining any account with any bank or financial institution outside Nigeria without the prior written approval of the CBN.
- h. Acting as custodian of foreign currency on behalf of customers.
- i. Receiving international inward transfers, except for BDCs that serve as cash-out points for IMTOs.
- j. Forwards, futures, options, derivatives and speculative transactions.
- k. Obtaining foreign exchange from sources other than those listed in Section 5.0.
- l. Selling foreign exchange on credit to any customer.
- m. Trade-related import activities.
- n. Serving as payment or collection agents on behalf of customers.
- o. Dealing in gold or other precious metals.
- p. Carrying on capital market, insurance and/or pension sector activities.
- q. Establishing subsidiaries.
- r. Foreign exchange transaction that involves illicit financial flows.
- s. Financing of political activities.

- t. Dealing in cryptocurrency or with entities dealing in cryptocurrency, crypto assets or such other virtual assets.
- u. Carrying on any other business not expressly permitted by this Guidelines.
- v. Conducting any other activity that the CBN may designate as “non-permissible” from time to time.

## **5.0 SOURCING OF FOREIGN CURRENCIES**

- a. A BDC may purchase foreign currency from:
  - i. Tourists.
  - ii. Returnees from the diaspora.
  - iii. Expatriates with foreign exchange inflows from work, travel, investment or their domiciliary accounts.
  - iv. Residents with foreign exchange inflows from work, travel, investment or their domiciliary accounts.
  - v. International Money Transfer Operators (IMTOs).
  - vi. Embassies, High Commissions and other diplomatic missions in Nigeria except those whose countries are listed on the United Nations Security Council (UNSC) Sanctions List or any other official list.
  - vii. Hotels that are authorised buyers of foreign currencies.
  - viii. The Nigerian Foreign Exchange Market (NFEM) subject to meeting the requirements for authorised dealership licence.
  - ix. Any other source that the CBN may specify from time to time.
- b. The following conditions shall apply for the sourcing of foreign currencies by BDCs:
  - i. Sellers of the equivalent of USD10,000 and above to a BDC are required to declare the source of the foreign exchange and comply with all AML/CFT/CPF regulations and foreign exchange laws and regulations.
  - ii. Customers may sell foreign currencies in their individual domiciliary accounts with Nigerian banks to BDCs. All such sales shall be credited to the BDC's Nigerian domiciliary account.
  - iii. Payments for all digital/transfer purchases of foreign currency by a BDC shall be by transfer to the customer's Naira account. If the customer is non-resident (whether Nigerian or not), a BDC may issue the customer a prepaid NGN card. Where such a card is issued, relevant maximum credit and cumulative limits, in line with relevant Know Your Customer (KYC) requirements, shall apply.
  - iv. Payments to customers for cash purchases of foreign currency, the equivalent of above USD500, shall be by transfer to the customer's Naira bank account.

If the customer is non-resident (whether Nigerian or not), a BDC shall issue the customer a prepaid NGN card.

- v. Payments to customers for cash purchases of foreign currency of the equivalent of USD500 and below may be made in cash.

## 6.0 SALE OF FOREIGN CURRENCIES BY BDCs

The sale of foreign currencies by BDCs shall comply with the following conditions:

- a. The purpose of sale shall be for:
  - i. Personal Travel Allowance (PTA).
  - ii. Business Travel Allowance (BTA), provided that a person who receives BTA on behalf of a non-individual entity shall not be entitled to PTA for the same trip.
  - iii. Payment of overseas medical bills.
  - iv. Payment of school fees abroad.
  - v. Payment of professional examination and annual subscription fees.
  - vi. Repurchase of unused Naira from a non-resident. For this purpose, repurchase shall only occur upon presentation of the receipt issued at the point of purchase of the Naira. The restriction in (c) below on cash payments shall not apply if the original transaction was a cash transaction.
- b. All applications for PTA or BTA shall be through the CBN's Trade Monitoring System (TRMS).
- c. A beneficiary of BTA or PTA may receive up to 25 per cent of the foreign currency in cash, while at least 75 per cent shall be transferred to the customer's prepaid card.
- d. Payments for all sales of foreign exchange by BDCs shall be by transfer to the BDC's Naira account.
- e. Notwithstanding (c) above, a beneficiary of BTA or PTA of the equivalent of USD500 or less may receive his/her BTA or PTA in cash.

## **7.0 FINANCIAL REQUIREMENTS**

- a. The following financial requirements, which may vary at the discretion of the CBN, shall apply to BDCs:

FINANCIAL REQUIREMENTS	AUTHORISATION	
	TIER 1	TIER 2
	(₦'million)	(₦'million)
Minimum capital requirement	2,000	500
Non-Refundable Application Fee	1	0.25
Non-Refundable Licence Fee	5	2

- b. All capital deposits for a BDC licence and any subsequent capital injection shall be subject to verification by the CBN.

## **8.0 APPLICATION FOR LICENCE**

The application for BDC licence shall be processed in two stages, namely: Approval-in-Principle (AIP) and final licence.

### **8.1 Approval-in-Principle**

An application for the grant of a BDC licence shall be addressed to the Governor of the CBN and shall be accompanied by documents listed in Appendix 1.

In considering an application for a licence, the CBN shall be satisfied that:

- a. The objects of the proposed BDC as disclosed in its Memorandum and Articles of Association are in line with the services listed in the provisions of Section 4.1 of this Guidelines, and other related circulars issued by the Bank from time to time.
- b. The major shareholders, members of the board of directors and the top management of the proposed BDC have passed the “fit and proper” persons’ test.
- c. The capital emanated from acceptable sources and earning projections of the proposed BDC are realistic.
- d. The payment for the shares by the shareholders meets the requirements in terms of mode (no cash funding allowed), is properly receipted and duly documented.

Where the CBN is satisfied with the application, which includes verifying the capital contributions of the prospective shareholders, it may issue an AIP to the promoters. The

proposed BDC shall not be incorporated with the Corporate Affairs Commission (CAC) until AIP is granted by the CBN in writing, a copy of which shall be presented to the CAC for registration.

An AIP shall not be construed as approval to commence business.

## **8.2 Requirements for the Grant of Final Licence**

Grant of final licence shall be implemented in two (2) sub-stages, namely: Provisional Approval and Final Licence.

### **8.2.1 Provisional Approval**

- a. Not later than six months after the grant of AIP, the promoters of a proposed BDC shall submit an application for the grant of provisional approval to the Director, Financial Policy and Regulation Department (FPRD), CBN, Abuja.
- b. The application shall be accompanied by the supporting documents listed in Appendix 5.
- c. Upon satisfactory review of the documents submitted, the CBN shall conduct pre-licensing inspection to assess the readiness of the proposed BDC to commence operations. The inspection shall involve amongst others:
  - i. Assessing infrastructure (physical and information technology) provided for the BDC's operation.
  - ii. Sighting the original copies of the documents submitted in support of the application for final licence.
  - iii. Sighting the Shareholders' Register.
  - iv. Sighting the share certificate issued to each investor.
  - v. Assessing security, fire protection and insurance arrangements.
  - vi. Meeting with representatives of the Board and Management team.
- d. Where the pre-licensing inspection is satisfactory, the proposed BDC may be granted provisional approval to enable it commence integration with relevant agencies and institutions.

### **8.2.2 Final Licence**

Upon the grant of provisional approval, promoters of the proposed BDC shall submit an application for final licence within sixty (60) days, accompanied with the supporting documents listed in Appendix 6.

The proposed BDC shall have:

- a. Concluded the integration of its IT infrastructure with that of the CBN: System integration with the CBN will cover connectivity with its extranet gateway (virtual private network) and relevant systems such as the returns rendition system, Financial Institutions Foreign Exchange Reporting System (FIFX), Financial Analysis (FinA), Centralised AML/CFT/CPF Rendition Platform (CARP), TRMS, Tax Identification Number Verification Portal of Federal Inland Revenue Service (FIRS) and any other application that the CBN may deploy.
- b. Concluded the integration of its IT infrastructure with that of the Nigeria Interbank Settlement System (NIBSS): System integration with NIBSS will cover connectivity with Bank Verification Number (BVN) database.
- c. Obtained an operational code from the Director, Trade and Exchange Department.
- d. Obtained a written confirmation from NFIU, indicating that it has been created on the Unit's platform and is able to render returns.
- e. Completed any other activity outlined in the provisional approval.
- f. Provided a written attestation of its Board confirming readiness to commence operations.

Following satisfactory review, the CBN may approve the grant of final licence to the proposed BDC, to enable it commence operations.

Upon notification of the CBN's decision to grant licence, the proposed BDC shall pay the non-refundable licence fee in line with Section 7.0 (a) above, through RTGS to a designated CBN account, and submit the evidence to the Director, FPRD, after which a final licence may be issued.

## **9.0 CORPORATE GOVERNANCE REQUIREMENTS**

### **9.1 BOARD COMPOSITION**

In addition to the extant corporate governance requirements, BDCs are to adhere to the following:

- a. The minimum and maximum number of directors on the Board of a BDC shall be as follows:

<b>Category of BDC</b>	<b>Minimum</b>	<b>Maximum</b>
Tier 1	5	7
Tier 2	3	5

- b. The number of independent non-executive directors (INEDs) shall be at least one (1) for Tier 1 and Tier 2 BDCs, provided that where a BDC is publicly listed, it shall comply with the applicable provisions of CAMA 2020, as amended.
- c. A Tier 1 BDC shall have an Executive Director (ED) other than the MD/CEO. A Tier 2 BDC may have an ED apart from the MD/CEO.
- d. No Board of a BDC shall comprise only one gender.
- e. To achieve gender diversity and promote a gender-inclusive Board, BDCs shall take a practical approach to women's economic empowerment in line with the Nigerian Sustainable Banking Principles.
- f. Prospective and current directors on the Board of a BDC are required to disclose potential and existing board memberships of other entities. Where a current director in a BDC gets appointed to the Board of any financial services entity, a written approval of the CBN shall be required for the prospective director or current director to continue in office.
- g. In the event a director elects to resign his appointment on the Board, such director shall submit a written notice of resignation addressed to the Chairman of the Board, ninety (90) days before the effective date of resignation.
- h. In addition to (g) above, where an INED elects to resign, and such resignation would result in non-compliance with the required number of INEDs, the Board shall within the ninety (90) days' notice period appoint a replacement.
- i. Where a director elects to resign from the board on account of unresolved concerns pertaining to the running of the BDC, such director shall detail the concerns in a written statement to the Chairman for circulation to the Board.
- j. The resigning director shall within seven days of the notice of resignation, forward a copy of the statement in (i) above to the Director, Other Financial Institutions Supervision Department (OFISD), CBN.
- k. Where a Non-Executive Director (NED) resigns from the Board, and such resignation results in NEDs not being in the majority, the Board shall within the ninety (90) days' notice period appoint a replacement.
- l. Where a merger, acquisition, take-over, or any form of business combination involves the appointment of a director from the Board of the legacy institution, the length of service of such director shall include both the periods served pre and post-combination.

## **9.2 ASSESSING PROPRIETY**

In assessing the propriety of prospective shareholders, directors, and senior management staff, the CBN shall consider information available to it on the individuals, including information that may be obtained from relevant agencies such as law enforcement and regulatory agencies, to enable it assess their integrity and suitability to function in the roles proposed.

In assessing a candidate's integrity and suitability, elements to be considered may include the individual's soundness of mind, financial history, conviction history, dismissal from office, involvement in falsification of documents, failure to disclose material information to regulators, and disqualification or suspension from practicing the individual's profession.

In line with the BOFIA, all the conditions stipulating the exclusion of certain individuals from the management of banks and other financial institutions shall apply to the management of BDCs, except with written permission of the Governor of the CBN.

## **9.3 FITNESS REQUIREMENTS**

### **9.3.1. Chairman**

- a. The minimum qualification and experience of the Chairman of the Board shall be as stated for non-executive directors in Section 9.3.2 below.
- b. The Chairman shall meet formally with the Non-Executive Directors (NEDs) at least once every year.

### **9.3.2. Non-Executive Directors**

- a. A non-executive director (NED) shall possess:
  - i. A first degree or its equivalent in any discipline with a minimum of five (5) years post-graduation work experience, or ten (10) years post-secondary school experience in financial services or related industries.
  - ii. Proven skills and competencies in their fields.
  - iii. Knowledge of the operations of financial institutions and relevant laws and regulations guiding the operations of BDCs.
  - iv. Ability to understand financial statements and make meaningful contributions to board deliberations.

- b. At least two NEDs shall have a minimum of three (3) years financial industry experience.
- c. The maximum tenure of a NED shall be three (3) terms of four (4) years each.

### **9.3.3. Independent Non-Executive Directors**

- a. An independent non-executive director (INED) shall meet the requirements outlined for NEDs in Section 9.3.2 above.
- b. In addition to the requirements of the Nigerian Code of Corporate Governance (NCCG) 2018, an INED shall not:
  - i. be a former director or former employee who has served in the BDC at a senior management level.
  - ii. be a former employee of the BDC below senior management level, within the last five (5) years.
  - iii. have any immediate family member as a current employee in senior management position in the BDC.
  - iv. have an immediate family member as a former employee of the BDC who has served at senior management level in the preceding five (5) years.
  - v. have material relationship with the BDC or any of its officers, major shareholders, subsidiaries and affiliates; a relationship which may impair the INED's ability to make independent judgments or act objectively.
  - vi. provide financial, legal or consulting services to the BDC or has done so in the past five (5) years.
  - vii. borrow funds from the BDC or its officers.
  - viii. be part of management, executive committee or board of trustees of an institution, charitable or otherwise, supported by the BDC.
- c. It is the responsibility of an INED to inform the Board whenever his/her independence is impaired as soon as such occurs.
- d. The Board shall annually ascertain and confirm the continued independence of each INED.
- e. An INED shall serve for a single term of four (4) years, which may be renewed only once for another term of four (4) years.

- f. An ED or NED (whether existing or former) shall not become an INED in the same BDC.
- g. An INED shall not become an ED, MD/CEO or NED in the same BDC.
- h. Where there is more than one (1) INED, a formal meeting of only the INEDs shall hold at least once in a year.

#### **9.3.4. Managing Director/Chief Executive Officer**

- a. The Managing Director/Chief Executive Officer (MD/CEO) of a Tier 1 BDC shall possess:
  - i. A minimum of first degree or its equivalent in any discipline.
  - ii. A minimum of ten (10) years post-graduation experience, out of which at least five (5) must have been in the financial services industry, and at least three (3) at the senior management level.
- b. The Managing Director/Chief Executive Officer (MD/CEO) of a Tier 2 BDC shall possess:
  - i. A minimum of first degree or its equivalent in any discipline.
  - ii. A minimum of five (5) years post-graduation experience, out of which at least three (3) must have been in the financial services industry, and at least two (2) at the senior management level.
- c. The tenure of the MD/CEO shall be in accordance with the terms of engagement with the BDC but subject to a maximum period of fifteen (15) years. Such tenure may be broken down into periods not exceeding five (5) years at a time.
- d. Upon expiration of the maximum tenure, the individual shall not be eligible for re-appointment in executive capacity in the same BDC.

#### **9.3.5. Executive Director**

- a. An executive director shall possess:
  - i. A minimum of first degree or its equivalent in any discipline.
  - ii. A minimum of five (5) years post-graduation experience, out of which at least three (3) must have been in the financial services industry, and at least two (2) at the senior management level.
- b. The tenure of an executive director shall be in accordance with the terms of engagement with the BDC but subject to a maximum period of fifteen (15) years. Such tenure may be broken down into periods not exceeding five (5) years at a time.

Provided that where an executive director becomes the MD/CEO, the maximum

cumulative tenure as executive director and MD/CEO in the BDC shall not exceed twenty (20) years.

#### **9.3.6. Senior Management (Head of Department)**

- a. A head of department shall possess a minimum of:
  - i. First degree or its equivalent in any discipline;
  - ii. Eight (8) years post-graduation work experience, out of which at least, five (5) must have been in the financial services industry and at least, two (2) at managerial level.
- b. The following officers shall report directly to the Board or its relevant committee, with indirect reporting to the MD/CEO:
  - i. Head, Risk Management and Internal Audit
  - ii. Company Secretary/Head, Legal
  - iii. Head, Compliance
- c. The appointment and removal of the officers listed in 'b' above shall be done by the Board, subject to CBN's ratification.
- d. Serving officers of financial services regulatory and supervisory agencies shall not be eligible for appointment by any BDC.
- e. Retired principal officers of financial services regulatory and supervisory agencies from the level of director and above shall not be eligible for appointment by any BDC until after two (2) years of their exit from the agencies, or as may be determined by the CBN from time to time.

#### **9.4 EXTERNAL AUDITORS**

- a. The external auditors shall be appointed by the Board, subject to ratification by shareholders at a general meeting. The external auditors shall not resume until the BDC has obtained approval of the CBN.
- b. The tenure of an external audit firm in any BDC shall not exceed ten (10) consecutive years, subject to the rotation of audit engagement partner at least once every five (5) years. Such firm shall not be re-appointed until after a cool-off period of five (5) consecutive years.
- c. Subject to the approval of the CBN, there shall be a cool-off period of three (3) years between the retirement of a partner from an audit firm currently auditing a BDC and appointment of such partner, to the Board of the BDC.
- d. A former staff of a BDC employed by a firm providing audit services shall observe a cool-off period of two (2) years before participating in the audit of the same BDC.

- e. Before a BDC can engage any member of the audit team as an employee, two (2) years' cool-off period shall be observed.
- f. An audit firm shall not provide audit services to a BDC if one of the BDC's top management staff was employed by the firm and worked on the BDC's audit during the immediate past three (3) years.

## 10.0 OPERATIONS OF BDCs

- a. A BDC shall deal in bank notes and coins, plastic cards and such other businesses as permitted in Section 4.1 of this Guidelines.
- b. A BDC shall ensure the confidentiality and protection of the personal information of its customers in line with the Nigerian Data Protection Act 2023.
- c. All transactions by residents shall only commence after electronic retrieval of the potential customer's BVN or Tax Identification Number (TIN) from the NIBSS or FIRS databases, respectively, and the details confirmed to match with the potential customer's standard identification document.
- d. All transactions by non-residents shall only commence after obtaining a copy of the potential customer's passport identification document and validation with the relevant Nigerian agency.
- e. For foreign currency cash purchases:
  - i. Sellers of USD10,000 and above shall be required to declare the source of the foreign exchange.
  - ii. For all customer-present transactions, all the Naira proceeds shall be electronically credited or transferred to the same customer's naira account or prepaid card.
  - iii. For foreign currency purchases on arrival or departure at Border Control Areas from:
    - **Nigerians** – BDCs shall transfer the Naira proceeds to the same customer's naira account, provided that as allowed in Section 6.0 (e), payments to customers for cash purchases of foreign currency of the equivalent of USD500 and below may be made in cash.
    - **Non-residents** visitors without active accounts – BDCs shall credit a prepaid NGN card with the proceeds in line with relevant KYC requirements. This card shall be obtained from a licensed CNIB only.

- The non-resident visitors shall be identified using their international passport or other valid travel documents at the time of sales or purchase of forex to or from a BDC.
- f. For foreign currency sales:
- i. BDCs may sell foreign currency in the equivalent of USD4,000 and USD5,000 for PTA and BTA, respectively, to an individual once every three months.
- Sale of foreign currencies to intending travellers shall be supported by relevant documents, including:

- BVN/TIN.
- Duly completed e-Form A on the TRMS.
- Valid international passport.
- Valid visa.
- Valid international return ticket.
- In addition, for BTA:
  - Letter of request from the corporate body stating the purpose of the visit addressed to the processing BDC,
  - Certificate of the business registration or incorporation,
  - Letter of invitation from the overseas business partner, and
  - Tax clearance certificate.

The amount of foreign currency sold and date of sale shall be endorsed on the passport. A photocopy of the documents listed above, 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:

Foreign currency: .....  
 Amount of FX sold: .....  
 Purpose: .....  
 Value in Naira: .....  
 Date: .....  
 Authorized Signature: .....

- ii. BDCs may sell foreign currency up to the equivalent of USD5,000 to a customer for medical bills once every three (3) months. Requests for such payment shall be supported with the following documents:
  - Duly completed e-Form A on the TRMS,
  - A letter of reference from a specialist doctor, or a specialist hospital in Nigeria,

- Valid international passport,
  - Valid visa,
  - Valid air ticket, and
  - Letter issued by the overseas specialist doctor stating the cost of treatment.
- iii. BDCs may sell foreign currency up to the equivalent of USD10,000 to a customer for school fees once a year. Requests for such payment shall be supported with the following documents:
  - Duly completed e-Form A on the TRMS,
  - Evidence of admission to the course or programme,
  - School invoice, and
  - For post-graduate studies, photocopy of first-degree certificate or its equivalent and certified true copy of statement of result by the awarding institution.
- iv. BDCs may sell foreign currency up to the equivalent of USD2,000 to a customer for professional examination fee and annual professional subscription. Requests for such payment shall be supported with the following documents:
  - Duly completed e-Form A on the TRMS,
  - Evidence of registration or membership, and
  - Invoice from the professional body.
- v. The CBN may review the amounts and frequencies of sale of foreign exchange from time to time.
- vi. Where the invoice for any payment in respect of (ii), (iii) or (iv) above exceeds the amounts provided for under this Guidelines, BDCs shall process such transactions in line with the prescribed limits.
- vii. Outward transfers by a BDC for medical bills, school fees and professional examination/subscription fees shall be through its account with a CNIB.
- viii. Payments for medical bills, school fees and professional examination/subscription fees shall be remitted directly to the account of the hospital, school or professional body, specified in the invoice. For the avoidance of doubt, no payment shall be made to any third party other than to the hospital, school or professional body.

- ix. A beneficiary of foreign currency sale by a BDC may receive up to 25 per cent of the amount in cash, while at least 75 per cent shall be transferred electronically to the beneficiary's prepaid card.
  - x. Sales of the equivalent of USD500 and below by a BDC to a PTA or BTA beneficiary may be settled by the buyer in cash, while sales above USD500 shall be settled by electronic transfer to the BDC's Naira account.
- g. To participate in the Nigerian Foreign Exchange Market (NFEM) as a dealer, a BDC shall apply to the Director, Trade & Exchange Department (TED), CBN, for authorised dealership licence.
- h. Every BDC shall conspicuously display its buying and selling rates. Such rates shall apply throughout all its branches, and where applicable, its franchisees. Disclaimers or statements by a BDC to the effect that an exchange rate indication is not to be relied on, are prohibited.
- i. A BDC shall not give customers price indications which are misleading or make price comparisons which are not genuine or fair.
- j. Every BDC shall maintain adequate records of all its transactions for transparency and compliance with CBN Guidelines, AML/CFT/CPF provisions, circulars or directives.
- k. BDCs shall issue electronic statements/receipts showing details of the transactions with the customers, including BDC's location, customer's name, exchange rate, amount, and date and time of transaction.
- l. BDCs shall maintain electronic records showing details of the transactions with the customers, including BDC's location, customer's name and bank details, BVN/TIN, exchange rate, amount, number of identity document obtained, and date and time of transaction.
- m. 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 made available to CBN and other regulatory authorities on demand.
- n. All BDCs shall maintain politically exposed persons and beneficial ownership registers.
- o. BDCs shall screen customers against sanctions lists prior to transactions.

- p. Every BDC shall transact business at its registered office, branch or franchisee location as approved by the CBN.
- q. Every BDC shall have a functional website to facilitate engagement and communication with stakeholders and the general public.
- r. No BDC, its shareholder, director or officer shall use any personal or corporate account other than the BDC's account to transact the business of the BDC.
- s. Without prejudice to a BDC's discretion to open for more extended hours of business, each BDC shall ensure that it is open for business operations from 8.00 a.m. to 4.00 p.m. each working day in every of its locations.
- t. Every BDC and its franchisee (where applicable) shall open both domiciliary and Naira accounts with a maximum of three (3) CNIBs in Nigeria and inform the CBN accordingly. The accounts shall be used solely for day-to-day operations.

## **11.0 SUPERVISION AND MONITORING OF BDCs**

- a. BDCs are required to comply with all extant rules and regulations prescribed by the Bank.
- b. The CBN shall closely supervise and monitor the operations of BDCs.
- c. The CBN shall continue to publish the list of all BDCs and their registered places of business periodically, for the information and benefit of members of the public.
- d. BDCs shall render the following returns and any other returns as may be required by the CBN in the prescribed format:

RETURN	FREQUENCY	TO BE RENDERED THROUGH
Sources of Funds	Daily	Financial Institutions Foreign Exchange Reporting System (FIFX)
Sources of Funds	Monthly	FIFX
Customer Information	Daily	FIFX
Customer Information	Monthly	FIFX
Forex Sales to End Users	Daily	FIFX
Forex Sales to End Users	Monthly	FIFX
Forex Sales and Purchases	Daily	FIFX
Forex Sales and Purchases	Monthly	FIFX
Statement of Assets and Liabilities	Daily	Financial Analysis (FinA)
Income Statement	Daily	FinA
Statement of Assets and Liabilities	Monthly	FinA
Income Statement	Monthly	FinA
Audited Financial Statements	Annually	FinA

- e. Returns with “daily” frequency shall be rendered not later than 10:00 a.m. of the following day. Returns with “monthly” frequency shall be rendered on or before the 5th day of the subsequent month, while the audited financial statements shall be submitted not later than March 31 of the year following the period the statements relate to.
- f. The CBN may change the intervals for rendition of the returns and statements periodically.
- g. BDC returns on “Forex Sales to End Users” and “Forex Sales and Purchases” shall include sales and purchases from all sources.
- h. The records of the BDCs shall be made readily available to CBN examiners as and when requested. Where a BDC fails to provide the required records, appropriate sanctions shall be imposed.
- i. Every director of a BDC shall execute the Code of Conduct for Directors and ensure strict adherence to its provisions.
- j. Every BDC shall conspicuously display a copy of its licence; exchange rates; Anti-Money Laundering, Combating the Financing of Terrorism and Countering the Proliferation of Weapons of Mass Destruction (AML/CFT/CPF) caution notices; and approved abridged audited financial statements at each of its place of business.

## **12.0 FRANCHISING STANDARDS**

In line with this Guidelines, Tier 1 BDCs may appoint franchisees. Where franchisees are appointed, the franchisors shall be guided by the following standards:

- a. Each franchisor shall have a franchising policy to be approved by the CBN.
- b. Franchisors shall be primarily responsible for monitoring the operations of their franchisees to ensure that they align with the franchisor's standards.
- c. Franchisors shall obtain a written approval from the Director, Other Financial Institutions Supervision Department (OFISD), CBN prior to appointment of franchisees.
- d. Franchisees shall be limited liability companies and have the words "xxx BDC Franchise" in their names where 'xxx' implies the name of the Franchisor.
- e. The same IT requirements shall apply to franchisees as they do to branches of the franchisors.
- f. The franchisor shall be responsible for submitting consolidated reports to the CBN on its operations and those of its franchisees.
- g. The franchisor and its franchisees shall have the same branding standards. Notwithstanding, a franchisee shall prominently display in its office that it is a franchise of the franchisor.
- h. Franchisees shall comply with the policies and procedures of their franchisors.
- i. A franchisor shall appoint a maximum of five (5) franchisees in a State and the FCT.
- j. A franchisor shall not appoint a franchisee in a State where it does not have a branch.
- k. Monitoring of all franchisees in a State shall be handled by a branch of the franchisor in the State or a dedicated unit in the Head Office responsible for monitoring all franchisees. This is without prejudice to the right of the CBN to send examiners to any franchisee location for supervisory oversight.
- l. Except at airports, there shall be a distance of at least one (1) kilometre between a branch of a BDC and another branch or any of its franchisees. Similarly, there shall be a distance of at least one (1) kilometre between franchisees of the same BDC.

## **13.0 BRANCH EXPANSION AND RATIONALISATION**

- a. A BDC may establish branches as permitted by Section 2 of this Guidelines.
- b. The prior written approval of the CBN is required for the change of location of any branch or franchisee outlet.
- c. The prior written approval of the CBN shall also be required for the closure of any branch location or termination of a franchise relationship.

## **14.0 FUNCTIONAL UNITS**

Every BDC shall establish the following functional departments/divisions/units at the minimum:

- a. Operations/Information Technology.
- b. Compliance.
- c. Company Secretariat/Legal Services.
- d. Risk Management and Internal Audit.
- e. Finance and Administration.

## **15.0 PRUDENTIAL REQUIREMENTS**

BDCs are required to observe the following prudential requirements:

- a. Net Open Position (NOP) limit in foreign currency of the equivalent of 30 per cent of its shareholders' funds unimpaired by losses or as may be determined by the CBN from time to time.
- b. Limit total borrowing to 50 per cent of shareholders' funds unimpaired by losses.
- c. Maintain insurance cover over cash (both Naira and foreign currency) in office and in transit, fire, and staff fidelity.
- d. Ensure that no dividend is paid until:
  - i. all its preliminary expenses, organizational expenses, shares selling commission, brokerage, amount of losses incurred, and other capitalized expenses not represented by tangible assets have been completely written off.
  - ii. it has met the required minimum capital for the category of BDC.
  - iii. adequate provisions have been made to the satisfaction of the CBN, for actual and contingent losses on assets, liabilities, off balance sheet

commitments and such unearned incomes as are derivable therefrom.

- iv. it has satisfied corporate governance and prudential requirements stipulated by the CBN.

## **16.0 AML/CFT/CPF REQUIREMENTS**

Every BDC shall comply with the requirements of Money Laundering (Prevention and Prohibition) Act, 2022, Terrorism (Prevention and Prohibition) Act, 2022 and any other relevant laws and regulations that include the following elements:

- a. AML/CFT/CPF Policy.
- b. Development of Compliance Unit and function.
- c. Compliance Officer designation and duties.
- d. Cooperation with the competent or supervisory authorities.
- e. Conduct of Customer Due Diligence.
- f. Monitoring and filing of suspicious transactions reports with the Nigerian Financial Intelligence Unit (NFIU) and other reporting requirements.
- g. Record keeping of all transactions.
- h. AML/CFT/CPF employee training.

## **17.0 ACCOUNTING AND AUDIT OF FINANCIAL STATEMENTS**

- a. A BDC shall ensure that it maintains appropriate books of accounts that are free of material errors and omissions and fairly reflect the transactions of the BDC.
- b. The financial statements shall be prepared in line with standards approved by the Financial Reporting Council of Nigeria.
- c. BDCs shall subject their financial statements to external audit by an appointed auditor.
- d. The audited financial statements and the abridged version of the accounts shall be submitted to the Director, OFISD, CBN, for approval for publication, not later than three (3) months after the end of its accounting year. After such approval, a BDC may publish such financial statements on its website and in a national newspaper.
- e. No BDC shall publicise or publish its audited financial statements in any newspaper without the written approval of the CBN.
- f. The external auditor shall submit a copy of the management letter to the CBN not later than three (3) months after the end of the financial year to which the financial statements relate.

## **18.0 PRESERVATION OF RECORDS**

Every BDC shall maintain all documents obtained from its customers for at least six (6) years after the consummation of the transaction.

## **19.0 REVOCATION OF LICENCE**

The CBN may revoke the licence of a BDC on any of the following grounds:

- a. Where the BDC or any of its directors/officers:
  - i. Engages in multiple ownership of BDCs.
  - ii. Forges, mutilates, alters or defaces any foreign currency, or other instruments of exchange in the foreign exchange markets with intent to defraud.
  - iii. Purchases or sells foreign exchange above transaction limits specified in this Guidelines.
  - iv. Obtains foreign currency from any ineligible source or from an eligible source but in a fraudulent manner.
  - v. Fails to verify customer's identity, BVN or TIN, authenticity of travel documents and invoices before transactions.
  - vi. Has been found guilty of fraudulent or dishonest practices.
  - vii. Fails to commence operations within six (6) months after the grant of a licence.
  - viii. Fails to render any returns for three (3) consecutive months.
  - ix. Renders false returns or sells foreign exchange on the basis of falsified documents.
  - x. Associates, business-wise, with street traders in foreign exchange.
  - xi. Operates from an unapproved location.
  - xii. Uses any personal or corporate account other than the BDC's account to transact any business of the BDC.
  - xiii. Fails to obtain necessary documentation for its foreign exchange transactions.
  - xiv. Fails to comply with any guidelines, directives or circulars of the CBN or provisions of BOFIA 2020.

- b. Where the CBN determines that it is not in the national interest for the BDC to continue to operate, notwithstanding the provisions of Paragraph 19 (a) above.

## **20.0 CHANGE IN OWNERSHIP STRUCTURE**

Except with the prior approval of the CBN, 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.
- c. For the amalgamation or merger of the BDC with any other entity.
- d. For the reconstruction of the BDC.
- e. To employ a management agent or transfer its business to any such agent.

Any BDC wishing to enter into a merger and/or acquisition transaction shall apply to the CBN for approval.

## **21.0 PENALTIES**

A BDC that contravenes any provision of this Guidelines shall be penalised in line with BOFIA 2020 and any other relevant laws and regulations.

## **22.0 AMENDMENT**

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

## **23.0 EFFECTIVE DATE**

This Guidelines shall take effect from June 03, 2024.

**FINANCIAL POLICY AND REGULATION DEPARTMENT  
CENTRAL BANK OF NIGERIA, ABUJA  
MAY, 2024**

## APPENDICES

### **APPENDIX 1 - LIST OF DOCUMENTS IN SUPPORT OF AN APPLICATION FOR GRANT OF APPROVAL-IN-PRINCIPLE**

- a. Letter of application for AIP
- b. Evidence of valid reservation of the name of the proposed BDC with the Corporate Affairs Commission (CAC);
- c. List of proposed shareholders in tabular form, showing their email, business and residential addresses; names and addresses of their bankers, their bank verification numbers (BVNs) for individuals or tax identification numbers (TINs) for corporates, and percentage shareholding;
- d. Satisfactory, verifiable, and acceptable evidence of capital contributed by each of the prospective shareholders of the proposed BDC;
- e. Notarized irrevocable capital refund mandate;
- f. Evidence of payment of non-refundable application fee made through the Real Time Gross Settlement System (RTGS) to a designated account in the CBN;
- g. List of proposed directors in tabular form, showing their email, business and residential addresses, names and addresses of their bankers, and their BVNs;
- h. List of companies/businesses related to the proposed shareholders and directors, if any, indicating the nature of the relationship and size of shareholding where applicable;
- i. Draft copy of the Memorandum and Articles of Association prepared using the standardized template attached as Appendix 2.
- j. Detailed business plan or feasibility study, which shall include, among others:
  - i. The aims and objectives of the proposed BDC;
  - ii. The need for the services of the BDC, supported with a detailed market survey;
  - iii. The products or services the BDC will offer to its intended customers;
  - iv. Ownership structure in tabular form showing name of proposed investor(s), their occupations, and percentage shareholding;
  - v. Explanation of the proposed sources of equity contribution from each investor;
  - vi. Five-year financial projection for the operation of the BDC indicating expected growth and profitability and the details of the assumptions which formed the basis of the financial projection;
  - vii. The branch expansion programme within the first five (5) years of operation (for Tier 1 BDCs only); and
  - viii. The proposed IT requirements and applications to be deployed.
- k. For each significant prospective shareholder that is a natural person, the following:
  - i. Personally signed letter of intent to invest in the proposed BDC, addressed to the Director, Financial Policy and Regulation Department;
  - ii. Personally signed and dated Curriculum Vitae (CV);

- iii. Personally completed, signed and dated Questionnaire for Major Shareholders and Appointees to Board and Management Positions (see Appendix 3);
  - iv. Copy of valid means of identification;
  - v. Bank verification number;
  - vi. Notarised statement of net worth;
  - vii. Tax clearance certificate of the last three (3) years;
  - viii. Letter(s) from bankers, indicating the status of any facility extended to the shareholder;
  - ix. Credit reports from at least two (2) private credit bureaux on the shareholder;
  - x. For shareholders resident in Nigeria, a certificate/statement of good conduct from the Nigerian Police Force;
  - xi. For non-resident shareholders, a certificate/statement of good conduct from the police service (or other appropriate authority) in the country of residence;
  - xii. Evidence of share capital contribution;
  - xiii. Explanation of the source of funds used for share capital contribution;
  - xiv. Confirmation of the shareholder's direct and indirect shareholding interest in other CBN-regulated financial institutions; and
  - xv. A statement clarifying the interest represented by the shareholder.
- I. For institutional shareholders, promoters shall forward the following additional documents:
- i. Profile of the investor(s);
  - ii. Certificate of Incorporation, Status Report, MEMART, and CTC of other relevant incorporation documents issued by the CAC;
  - iii. Resolution of shareholders approving the decision to invest in the equity shares of the proposed BDC;
  - iv. Names and addresses (business and residential) of owners, directors and their related companies, if any;
  - v. Audited financial statements of the last three (3) years;
  - vi. Tax Clearance Certificate of the last three (3) years;
  - vii. Names and details of the beneficial owners of the company;
  - viii. Names, addresses, profiles, and bank details including BVN and/TIN of the beneficial owners of the company;
  - ix. A statement confirming its direct and indirect shareholding interest in any other CBN-regulated financial institution(s) if any; and
  - x. "i – ix" above for any significant corporate shareholder of the investor company.
- m. For regulated foreign institutional investors, promoters shall forward the following documents in addition to those required in 'x' above:
- i. An approval or a 'no objection' letter from the appropriate regulatory authority in the home country; and
  - ii. Certificate of Capital Importation (CCI) on the imported capital.
- n. All requirements detailed in the CBN's Guidelines for Licensing of Banks and Other

Financial Institutions – Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction, including:

- i. Completed and personally signed Beneficial Owners Declaration Form (attached as Appendix 4).
- ii. Notarised statement of net-worth for all beneficial owners.
- iii. Curricula vitae of beneficial owners.
- iv. Draft AML/CFT/CPF compliance policy/manual, which shall at a minimum cover:
  - a. Compliance structure including designation and status of compliance officer;
  - b. Employee screening and monitoring;
  - c. Customer identification and verification;
  - d. Customer due diligence measures;
  - e. ML/TF/PF Risk Assessment;
  - f. AML/CFT/CPF Training of the board, senior management and other employees;
  - g. Independent assessment of the AML/CFT/CPF Programme; and
  - h. Suspicious transaction monitoring, reporting and record keeping.
- o. For each proposed director, the following:
  - i. Personally signed letter of consent to serve as director of the proposed BDC, addressed to the Director, Financial Policy and Regulation Department;
  - ii. Personally signed and dated Curriculum Vitae (CV);
  - iii. Personally completed, signed and dated Questionnaire for Major Shareholders and Appointees to Board and Management Positions (see Appendix 3);
  - iv. Copy of valid means of identification;
  - v. Bank verification number;
  - vi. Notarised statement of net worth;
  - vii. Tax clearance certificate of the last three (3) years;
  - viii. Letter(s) from bankers, indicating the status of any facility extended to the director;
  - ix. Credit reports from at least two (2) private credit bureaux on the director;
  - x. Three (3) letters of reference from persons of reputable standing in Nigeria;
  - xi. For directors resident in Nigeria, a certificate/statement of good conduct from the Nigerian Police Force;
  - xii. For non-resident directors, a certificate/statement of good conduct from the police service (or other appropriate authority) in the country of residence;
  - xiii. A statement clarifying other directorships held by the director;
  - xiv. Confirmation of the director's direct and indirect shareholding interest in other CBN-regulated financial institutions; and
  - xv. A statement clarifying the interest the director will represent on the board.
- p. Organisational structure, showing functional units, responsibilities, reporting relationships and grade (status) of heads of departments/units;

- q. Draft Shareholders' Agreement providing for disposal or transfer of shares as well as authorisation, amendments, waivers, and reimbursement of expenses, among others;
- r. Draft manuals and policies, including:
  - i. Enterprise-wide Risk Management Framework;
  - ii. Whistle Blowing Policy;
  - iii. Code of Ethics and Business Conduct;
  - iv. Business Continuity Plan;
  - v. Operational Manual;
  - vi. Treasury Manual;
  - vii. Board and board committees' Charters;
  - viii. The draft Business Continuity Plan of the proposed BDC;
  - ix. The proposed training programme for Board, management and staff;
  - x. Management succession plan;
  - xi. The organisational structure of the BDC, setting out in detail, the functions and responsibilities of the top management team;
  - xii. Franchising Policy (for proposed Tier 1 BDCs only); and
  - xiii. Internal Control Policy.
- s. Without prejudice to the BOFIA, evidence of deposit of the minimum share capital (see Section 7.0 'i') made through RTGS to a designated account in the CBN; and

Any other documents/information that the CBN may require from time to time.

## **APPENDIX 2 – SAMPLE MEMORANDUM AND ARTICLES OF ASSOCIATION FOR BDCs**

### **BUREAU DE CHANGE**

THE FEDERAL REPUBLIC OF NIGERIA  
COMPANIES AND ALLIED MATTERS ACT 2020  
COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION

OF

XYZ Bureau De Change Limited.....

1. The name of the company is ..... XYZ Bureau De Change Limited The registered office of the company will be situated in.....Nigeria
2. The objects for which the company is established are:
  - a. Acquire foreign currency from the permissible sources.
  - b. Sell foreign exchange as detailed in the BDC Guidelines.
  - c. Open foreign currency and naira accounts with Commercial or Non-Interest Banks (CNIBs).
  - d. Collaborate with their banks to issue prepaid cards.
  - e. Serve as cash-out points for International Money Transfer Operators (IMTOs).
3. The liability of the company is limited.
4. The company is a private company.
5. The authorised share capital of the company is ..... divided into..... ordinary share of N1.00 (One Naira) each.

We the several persons whose names and addresses are subscribed are desirous of being formed into a company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the company set opposite our respective names:

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBERS	NUMBER OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURE

Dated this ..... day of ..... 20

Witness

Name:

Address:

Occupation:

## **ARTICLES OF ASSOCIATION**

Regulations for the management of ..... XYZ Bureau De Change Limited.

### **Interpretation**

1. In these Regulations:
  - a. "the Act" means the Companies and Allied Matters Act (CAMA) 2020.
  - b. "the Guidelines" refers to the Guidelines for the Licensing and Regulation of Bureau De Change in Nigeria.
  - c. "the Company" refers to ..... XYZ Bureau De Change Limited.
2. Unless the context otherwise requires, words or expressions contained in these Regulations bear the same meaning as in the Act.

### **Classes of shares**

The company may from time-to-time issue classes of shares. It shall be the responsibility of the directors to determine the classes of shares to be issued. All the rights or restrictions attached to each particular class of shares shall be specified in the terms of issue but such rights may at any time be varied in accordance with the provisions of section 141 of the CAMA 2020.

### **Pre-emptive rights of shareholders of the company**

1. The company shall not allot any new or unissued shares unless the same are offered in the first instance to all the shareholders or to all the shareholders of the class or classes being issued in proportion as nearly as may be to their existing holdings.
2. The offer to existing shareholders shall be by notice specifying the number of shares to which the shareholder is entitled to subscribe and limiting a time, not being less than 28 days after the service of the notice, after the expiration of which the offer, if not accepted, will be deemed to be declined. Upon the receipt of an intimation from the shareholder that he declines to accept the shares offered or after the expiration of the stipulated time, as the case may be, the board of directors may, subject to the terms of any resolution of the company, dispose of the shares at a price not less than that specified in the offer, or in such manner as they think most beneficial to the company.
3. Regulations 3 and 4 above are not alterable except with the unanimous consent of all the members of the company.

### **Alteration of capital**

1. The company may from time to time by ordinary resolution effect an alteration of its share capital in any of the ways set out in section 125 of the Act.
2. Subject to the provisions of the Act on reduction of capital, the company may, whenever it considers it expedient to do so, by special resolution, after obtaining the CBN's approval reduce its share capital, any capital redemption fund or any share premium account.

### **Meetings**

1. The annual general meeting shall be held at such time and place as the directors shall appoint.

2. The board of directors shall meet at least every quarter.
3. The chairman, of the board of directors shall preside at every general meeting of the company and of the board. In the absence of the chairman within thirty minutes after the time appointed for holding of the meeting or is unwilling to act, the directors present shall elect one of them to serve as chairman of the meeting.
4. If at any meeting no director is willing to act as chairman or if no director is present within thirty minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.

### **Voting**

No member shall be entitled to vote at any general meeting unless all calls or other sums payable by him in respect of shares in the company have been paid.

### **The Seal**

The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf and every instrument to which the seal is affixed shall be signed by a director, and countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

### **Notices**

A notice may be given by the company to any member either personally or by sending it by post to him or to his registered address, or (if he has no registered address within Nigeria) to the address, if any, within Nigeria supplied by him to the company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected at the expiration of seven days after the letter containing the same is posted.

### **Approval by Central Bank**

Prior approval by the Central Bank of Nigeria is required for the following transactions:

- a. Any change in ownership that result in a shareholder having up to 5% of the issues shares of the entity;
- b. Any change in directorship position;
- c. Any change in top management position;
- d. Reduction in share capital;
- e. The opening and closing of branches;
- f. Any change, alteration, variation or amendment shall be made to the MEMART; and
- g. Any change in shareholding that will result in change of control or that will result in a shareholder becoming a significant shareholder (having up to 5% of the equity of the BDC) shall require the prior written approval of the CBN.

### **Scope of Operations**

1. The company shall not engage in the following activities:

- a. Street-trading.
- b. Maintaining any type of account for any member of the public, including accepting any asset for safe keeping/custody.
- c. Taking deposits from or granting loans to members of the public in any currency and in any form.
- d. Retail sale of foreign currencies to non-individuals, except for BTA.
- e. International outward transfers.
- f. Engaging in off-shore business or maintaining foreign correspondent relationship with any foreign establishment.
- g. Opening or maintaining any account with any bank or financial institution outside Nigeria.
- h. Acting as custodian of foreign currency on behalf of customers.
- i. International inward transfers, except for operators with IMTO licence and those that serve as cash-out points for IMTOs.
- j. Borrowing sums which in aggregate exceed the equivalent of 50 per cent of its shareholders' funds unimpaired by losses.
- k. Engaging in forwards, futures, options, or other derivative/speculative transactions.
- l. Obtaining foreign exchange from sources other than those listed in Section 5.0.
- m. Granting of loans and advances in any currency.
- n. Selling foreign exchange on credit to any customer.
- o. Engaging in any trade-related import activities.
- p. Serving as payment or collection agents on behalf of customers.
- q. Dealing in gold or other precious metals.
- r. Carrying on capital market, insurance and/or pension sector activities.
- s. Establishing subsidiaries;
- t. Any foreign exchange transaction that involves illicit financial flows.
- u. Financing of political activities;
- v. All other businesses not expressly permitted by the CBN; and
- w. Other activities that the CBN may classify as non-permissible from time to time.

Names, addresses and descriptions of subscribers	Signature

DATED the .....day of..... 20.....  
 Witness to the above signatures

## **APPENDIX 3 – QUESTIONNAIRE FOR MAJOR SHAREHOLDERS AND APPOINTEES TO BOARD AND MANAGEMENT POSITIONS**

This questionnaire is designed to elicit information which would enable the CBN ascertain your propriety as a major shareholder or member of the board/top management in the institution. You are, therefore, required to answer every question that relates to you honestly and where applicable, provide evidence to support your answer.

Please note that the CBN would periodically request you to attend a performance review interview.

### **A. BIODATA**

- 1) Name of Institution .....
- 2) Name of the appointee/major shareholder .....
- 3) Please specify your relationship with the institution .....
- 4) Current employment .....
- 5) Occupation .....
- 6) Date of birth .....
- 7) Place of birth .....
- 8) Nationality .....
- 9) Entry/resident permit (foreigners) .....
- 10) Parental history .....

### **B. COMPETENCE AND CAPABILITY**

- 1) Give details of educational institutions attended, academic and professional qualifications obtained with dates, in the format below: (Please attach evidence)

	Educational Institution/Professional Body	Academic/ Professional Qualification(S)	Dates	
			From	To

- 2) Give your Employment history in the format below:

	Name(s) and address(es) of Employer(s)	Dates	Position(s) Held	Duties	Reason(s) for leaving	Two (2) Referees from your former employer(s)
						From
						To

If not in employment, please give your business history in the format below:

	Name(s) and address(es) of Company (ies)	Type(s) of business (es)	Dates		Position(s) Held	Two (2) Referees

### C. HONESTY, INTEGRITY, AND REPUTATION

- 1) Have you at any time been charged or convicted of any offence (civil/criminal) or otherwise found liable by a tribunal whether in Nigeria or elsewhere? If so, please, give details of the charge and if convicted, the date(s) of conviction(s), particulars of the offence and the penalty (ies) imposed.

.....  
.....  
.....  
.....

- 2) Have you ever been required to give evidence in any trial or proceedings involving fraud, dishonesty or similar matters, whether in Nigeria or elsewhere other than as an expert witness? If yes, please give details.

.....  
.....  
.....  
.....

- 3) Has any suit ever been brought against you in your personal capacity or against anybody corporate, partnership, society or any other business undertaking to which you are connected as a shareholder, partner, director or manager? If yes, please give details of the circumstances and, if not pending, how it was resolved?

.....  
.....  
.....  
.....

- 4) Have you ever been denied membership of any professional body or entry to any profession or vocation whether in Nigeria or elsewhere? If yes, please give details:

.....

- .....  
.....  
.....  
.....
- 5) Have you ever been dismissed, requested or advised to resign or suspended from any office or employment whether in Nigeria or elsewhere? If yes, please give details:
- .....  
.....  
.....  
.....

- 6) Has there been any civil action in court or petition by anybody against you to any regulator in pursuance of personal debts or other obligations whether in Nigeria or elsewhere? If yes, please give details:
- .....  
.....  
.....  
.....

- 7) Give the details of all your local and foreign bankers, including the names and numbers of personal and business accounts maintained over the past six years in the format below:

**Local**

S/N	Bank	Address	Acct. Name	Acct. No.	Bank Ver. No.	Date Opened

**Foreign**

S/N	Bank	Address	Acct. Name	Acct. No.	Bank Ver. No.	Date Opened

- 8) Have you any immediate relative (spouse, children, siblings, in-laws etc.) who holds a top management position (AGM and above) or significant shares (5% and above) in the institution to which this questionnaire relates or in any entity affiliated to it? If so, please state the nature of the relationship and other details:
- .....  
.....  
.....  
.....

.....

9) Has any loan or credit facility (or part thereof) extended to you by any financial institution/lending agency been restructured, renegotiated, provisioned against or been a subject of write-off or forgiveness for reasons of non-payment by you? If so, please, provide full details of the debts, the circumstances surrounding the action and the current status:

.....

.....

.....

.....

10) Please list below and give details of all the societies, clubs, associations and groups (organized and unorganized) either in school or thereafter, which you are or have been a member:

.....

.....

.....

.....

11) Have you ever been accused, convicted or been a subject of an investigation panel set up for the purpose of examination malpractice, unethical practices, money laundering or other moral misconduct? If yes, please, provide the details:

.....

.....

.....

12) Provide any other information (if any), that would be of relevance to the CBN in determining your suitability or otherwise, for the appointment/position:

.....

.....

.....

#### **D. FINANCIAL SOUNDNESS AND /OR SOLVENCY**

You are please required to attach the following to this questionnaire:

- 1) A statement of your net worth comprising assets (in Nigeria and abroad) at current values

and total liabilities as at the date of appointment, which must be accompanied by a sworn affidavit. The statement would be presented in the format below:

	<b>DESCRIPTION</b>	<b>CURRENT VALUE (₦)</b>	:
	Cash		
	Land and Buildings		
	Factory and other Enterprises		
	Vehicles, Boats and other means of Transport		
	Household Furniture		
	Government Securities		
	Investments (shares, debentures and other securities)		
	Any other assets (Please specify)		
	Total Assets (i-viii)		
	Total Liabilities (as at date of appointment)		

- 2) Your bankers' declaration that you are not in any way indebted to them. If you are, the outstanding amount of the debt(s) should be stated clearly indicating its (their) performance status (whether performing or nonperforming) and whether it (they) is (are) adequately secured or not as well as the nature and type of security (ies) offered.
- 3) A copy of your tax clearance certificate for the last three years.
- 4) Any other information that could assist the CBN in determining your financial stability.

## **E. MISCELLANEOUS**

1. Is any of the under-listed member (s) of your family, connected persons and/or company (ies) in any relationship with the institution to which this questionnaire relates? If yes, please state the nature of relationship and other details?
  - a. Spouse
  - b. Children
  - c. Siblings

- d. In-laws
  - e. Key Employees
  - f. Related Companies
  - g. Others (please specify);...
2. Are you a serving Director or top management staff? If yes, please state your first appointment date and your last interview and/or recertification date.
- .....  
.....  
.....  
.....
3. Please state the number of board meetings you have attended since your appointment in the following format:

Year	Number of meetings attended
.....	.....
.....	.....
.....	.....

4. What percentage of the financial institution's shares do you directly and/or indirectly own?
- .....  
.....
5. Have you been employed by an audit firm that assigned you to work on this institution's financial statements during the last two years? If yes, please state the name of the audit firm:
- .....  
.....  
.....

#### **Declaration by the appointee**

I.....hereby declare that the answers to the above questions are true and that I am fully aware that any concealment, provision of false or misleading information aimed at influencing the approval of my appointment will constitute a breach of Section 49 of BOFIA, 2020, as amended.

I therefore, affirm that the information supplied above (including the attachment) are to the best of my knowledge, true and where any of it is discovered to be false, I should be disqualified from the appointment being sought and subsequent appointments by any financial institution under the purview of the CBN. In addition, I should be prosecuted for false declaration in line with the laws of the Federal Republic of Nigeria.

Signature of Appointee/Major Shareholder:

.....

Date.....

**In the presence of (Managing Director of requesting institution):**

.....

**Date** .....

APPROVED

## **APPENDIX 4 – BENEFICIAL OWNERS DECLARATION FORM**

**To be completed by each Beneficial Owner of an existing or proposed institution**

### **1. BIO DATA**

Name: .....  
(First Name) (Middle Name) (Last/Surname)

Date of Birth: .....

Place of Birth: .....

Nationality: .....

Bank Verification Number: .....

Address of Residence: .....

.....  
Country of Residence: .....

### **2. IDENTIFICATION DOCUMENTS**

(International Passport/National Identity/Drivers Licence/Voters Card)

Means of Identification: .....

Issuing Authority: .....

Identity Number: .....

Date of Issuance: .....

Expiry Date: .....

### **3. OWNERSHIP DETAILS**

Name of Company Owned .....

Effective Date of Ownership: .....

Percentage of Ownership: .....

**State the nature of control:**

**Direct/Indirect:** .....

### **4. SOURCES OF WEALTH AND FUND**

Kindly provide details of source of wealth and fund for the investment in proposed institution:

.....  
.....

## **5. PEP STATUS**

1. Have you held (or holds) any appointment with any agency of government, tiers of government or international organization?

2. If yes, state the type of appointment, period and position held.

### **Declaration:**

I, ..... hereby declare that all information provided on this form is true and factual.

I undertake to promptly [or within a reasonable period and in any event not less than two weeks] inform the Central Bank of Nigeria in writing about any changes in the information provided above.

I understand that it is a criminal offense to provide false information on this form (BOFIA 2020)

**Signature:** .....

**Date:** .....

The beneficial owner undertakes to promptly [or within a reasonable period and in any event not less than two weeks] inform the Central Bank of Nigeria in writing about any changes in the information provided above.

It is a criminal offense to provide false information on this form [insert applicable criminal law and penalty in bold type].

**Signature:** .....

**Name:** .....

**Date:** .....

**Title:** .....

\*Beneficial Owner includes [the natural person(s) who ultimately owns or controls a customer and/or the person on whose behalf the transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement and relevant third parties].

## **APPENDIX 5 - LIST OF DOCUMENTS REQUIRED FOR GRANT OF PROVISIONAL APPROVAL**

1. Letter of application for Provisional Approval
2. A Certified True Copy (CTC) of the Certificate of Incorporation of the proposed BDC.
3. CTC of MEMART of the proposed BDC.
4. A copy of CAC Status Report of the proposed BDC.
5. Evidence of payment of stamp duty on the share capital.
6. A copy of the Shareholders' Register in which the equity interest of each shareholder is properly reflected.
7. Copies of share certificates issued to the shareholders:
8. Evidence of physical location of Head Office (rented or owned) for the business operations.
9. Evidence of CBN's approval of changes in the Board and shareholding after the grant of AIP, if any.
10. Duly executed Shareholders' Agreement.
11. List of senior management staff (Heads of Departments and above); their personally signed, detailed, and updated curriculum vitae stating their qualifications, experience, accomplishments; letters of offer and acceptance of employment; means of identification; tax clearance certificate; and BVNs.
12. A written and duly executed undertaking by the shareholders that the proposed BDC will always be adequately capitalized for the nature and volume of its business.
13. Evidence of provision of office equipment.
14. Evidence of provision of ICT infrastructure:
  - a. That complies with stipulated minimum requirements (for instance processing speed, storage capacity, compatibility with the CBN's IT system, backup, security).
  - b. With capability for:
    - i. real-time verification of customers identities through BVNs/TINs, international passport numbers, air tickets and other relevant documents using application programme interfaces with databases of NIBSS, NIS, and IATA;
    - ii. screening customers and transactions for money laundering, terrorism financing, and proliferation of weapons of mass destruction risks;

- iii. monitoring, collating, and filing of suspicious transaction reports and other regulatory returns; and
  - iv. connecting with, and rendering returns to, the CBN's returns rendition system.
15. Service level agreement (SLA) with relevant vendor(s).
16. Commencement Plan, including the timelines for key activities.
17. A copy of the logo/brand identity for the proposed BDC.
18. Undertaking by the board that the BDC shall comply with all CBN regulations and guidelines relating to BDCs.

APPROVED

## **APPENDIX 6 - LIST OF DOCUMENTS REQUIRED FOR GRANT OF FINAL LICENCE**

1. A written confirmation of successful integration with the relevant CBN platforms from the Director, ITD, CBN;
2. A written confirmation of seamless integration for BVN validation from NIBSS;
3. A written confirmation evidencing the allocation of a Code to the BDC from the Director, Trade and Exchange Department, CBN;
4. A Written confirmation from NFIU, indicating that it has been created on the Unit's platform and is able to render returns.
5. Evidence of insurance cover for relevant activities;
6. Contingency Funding Plan;
7. Business Continuity Plan;
8. Evidence of an SLA between the BDC and the bank where it has a domiciliary account, for the issuance of prepaid cards to its customers;
9. Minutes of pre-commencement Board meeting;
10. Opening statement of affairs;
11. Written attestation of its Board confirming readiness to commence operations; and
12. Any other document, evidence or clarification that the CBN may require.