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To: ALL AUTHORISED DEALERS

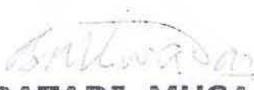
**NON-TRANSFERABILITY OF FUNDS PROCURED FROM
THE WHOLE SALE DUTCH AUCTION SYSTEM (WDAS)
AMONG AUTHORISED DEALERS**

The Central Bank has observed with concern the widening spread between the WDAS and the inter-bank exchange rates. This has been traced largely to authorized dealers who purchase funds at the WDAS window and sell at the inter-bank market. As a result of this activity the end-users end up paying a high price for foreign exchange due to the arbitrage activities of the banks. Consequently, the following guidelines which take effect from the date of this circular are issued to address these problems. Authorized Dealers are to note that the provisions of this circular supersede that of **paragraph 9 of the Circular Reference TED/FEM/FPC/GEN/01/10 dated July 8, 2009.**

- (a) Funds procured from the Wholesale Dutch Auction System (WDAS) shall not be transferable at the inter bank window. For the avoidance of doubt, WDAS funds are not eligible for trading among authorized dealer banks. Furthermore, WDAS funds shall not be transferred/sold to Authorized buyers (BDC, Hotels, etc.).
- (b) Without prejudice to the provision of paragraph (a)

above, Authorized Dealers shall continue to bid at WDAS on their own accounts and ensure that their daily approved limit of foreign exchange Net Open Position (NOP) is complied with.

- C) Authorized Dealers are reminded that the spread between their buying and selling rates must not exceed fifty kobo (50 kobo).
- D) In line with Section 4 of the Memorandum 27 of the foreign exchange manual, dealers are required to keep records of WDAS and inter-bank transactions and these should be made available to examiners on demand.
- E) Authorized Dealers are advised to ensure compliance with the guidelines of the Circular, including (D) above. Failure to comply shall lead to withdrawal of Authorized dealership license.


BATARI MUSA
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