



## More Time, More Forex: CBN Extends BDC FX Window to May 2025

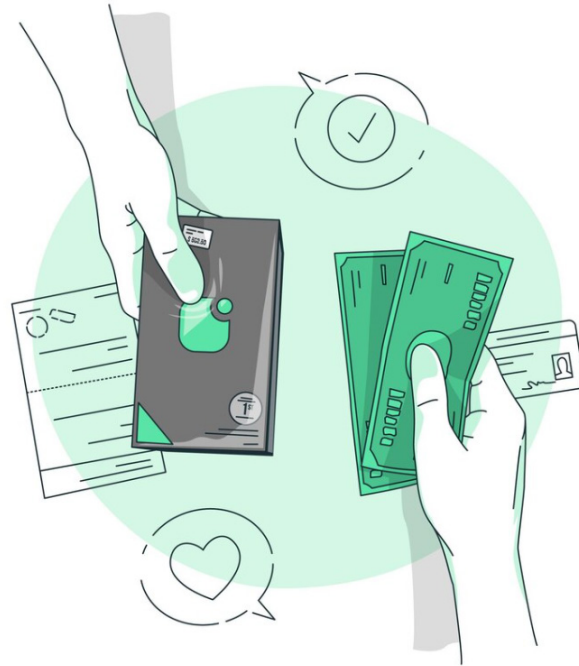
### Introduction

The Central Bank of Nigeria (CBN) has extended the deadline for Bureau De Change (BDC) operators to access foreign exchange (FX) through the Nigerian Foreign Exchange Market (NFEM) from January 30, 2025, to May 30, 2025. This extension aims to enhance FX liquidity for retail transactions, including personal and business travel, while supporting market stability amid persistent demand pressures.

### Key Highlights of the CBN Directive

- **Extended Deadline:** BDCs can continue purchasing FX under this arrangement until May 30, 2025.

- **Weekly Cap of \$25,000:** BDCs can purchase a maximum of \$25,000 per week from Authorized Dealers under NFEM regulations
- **Full Funding Requirement:** BDCs must fully fund their accounts before purchasing FX at prevailing NFEM rates.
- **1% Pricing Cap for End-Users –** BDCs must limit their pricing margin to 1% above acquisition cost to prevent excessive pricing.
- **Retail FX Transactions Remain in NFEM** – Personal Travel Allowance (PTA), Business Travel Allowance (BTA), and other retail transactions must be processed within NFEM at market-determined rates.



## Implications for Businesses and Investors

This policy extension affects various stakeholders, including businesses, financial institutions, and investors:

### 1. BDC Operators:

- The extended FX access window offers a longer period to stabilize operations and meet retail FX demand.
- Strict compliance with funding and reporting requirements remains essential to avoid regulatory sanctions.

### 2. Businesses and Individuals:

- SMEs, importers, and travelers benefit from extended access to FX for essential transactions.
- The 1% pricing cap may offer businesses more stable exchange rates, reducing FX volatility.

### 3. Investors and Financial Institutions:

- The extension signals the CBN's commitment to stabilizing the FX market and boosts investor confidence.
- FX market participants should monitor liquidity levels and adjust their hedging strategies accordingly.

## Looking Ahead: What to Expect

- **FX Market Liquidity Impact:** The extension may ease short-term forex shortages, but broader policy shifts could still impact supply and pricing.
- **Potential Policy Adjustments:** While the extension provides short-term relief, businesses should prepare for possible future policy changes and integrate risk-mitigation strategies into their financial planning.
- **Compliance Monitoring:** BDCs and businesses must adhere to CBN reporting and regulatory requirements to ensure continued market participation.

## Navigating FX Policy Changes with SimmonsCooper Partners

As Nigeria's foreign exchange policies continue to evolve, businesses and investors must proactively adapt to shifting regulatory requirements. For strategic insights on navigating FX policy changes, assessing business risks, or ensuring compliance, contact us at [info@scp-law.com](mailto:info@scp-law.com) or visit [www.scp-law.com](http://www.scp-law.com).