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## Regulatory framework and approach

- The government is the main recipient, and, therefore, supplier of foreign exchange in the economy, through oil related taxes and revenues of the Nigerian National Petroleum Corporation.
- A Certificate of Currency Importation (CCI) is required for foreign investors to buy FX. These are issued when FX is imported into Nigeria.
- The central bank uses a monetary targeting regime. Under this regime, it uses policy instruments to influence its targets, the reserve and broad money aggregates. The CBN's official target is to keep inflation in the range of 6-9%. A central component of policy is the interest rate corridor around the monetary policy rate (MPR). The central bank intervenes in the money market through the interest rate corridor, where the rate on a standing lending facility constitutes the ceiling and the rate on the standing deposit facility is the floor. The MPR is the midpoint between these rates. By adjusting this corridor, the central bank seeks to influence interest rates in the interbank market and thus the willingness of banks to hold naira. MPR lowered to 11% and the range around the MPR was changed to +200bps and -700bps for the bank's lending and deposit facility, respectively.
- Open market operations and reserve requirements are also used to help manage liquidity. Each week the central bank auctions treasury bills and, less frequently, federal government bonds. A repurchase (repo) market complements open market operations. The central bank also modifies bank reserve requirements to influence liquidity.
- Current details can be found at <http://www.cenbank.org/default.asp>

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## Onshore NGN products

### FX spot

Avg. ticket size:	USD \$1-2mn
Bid/ask spread:	NGN 0.30-0.50
Avg. daily volume:	USD 500mn
Ref. source:	Reuters page <NGNFX=>
Trading hours:	08:00-13:00 GMT

### Government T-bills and bonds

Avg. daily volume USD 200mn (1-year lock up for T-bills was removed in July 2011, there are no lock ups currently in place)

Avg. ticket size:	USD 3-5mn
Bid/ask spread:	50-70bp (Tbills), 20-45bp (bonds)

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## Offshore NGN products

### Non-Deliverable Forward (NDF) (NAFEX and NIFEX)

On Dec 15 2017, the FMDQ announced the cessation of NIFEX with a proposed final NIFEX rate to be published on March 28, 2018. (This proposal was still open for feedback at the time this guide was published.)

Avg. ticket size:	USD 1-2mn
Bid/ask spread:	NGN 5.00 – 7.00
Ref. source:	Reuters page <NIFEX01>, BBG page: NGN FMDA <CRNCY>