

BLP Monthly Finance Titbits

July, 2024

1

CBN issues Revised Guidelines for the Deposit of Foreign Currency at Lagos and Abuja Branches by Deposit Money Banks

On Thursday, June 27, 2024, the CBN issued a circular titled "Revised Guidelines for the Deposit of Foreign Exchange Currency at Lagos and Abuja Branches by Deposit Money Banks" approving for Deposit Money Banks ("DMBs") to deposit their excess foreign currency notes with the Lagos and Abuja branches of the CBN.

The CBN noted that the approval was in response to the increasing demand by DMBs to deposit their foreign exchange cash with the CBN for onward credit to their offshore accounts with the correspondent banks.

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2

CBN Discontinues the CBN Price Verification System Portal

On Wednesday, June 26, 2024, the CBN issued a circular titled- "Discontinuance of the Central Bank of Nigeria Price Verification System Portal", discontinuing the operation of the PVS due to the recent developments in the Nigerian FX market.

The CBN further instructed that all applications for Form 'M' will be validated without the PVS Report from Monday, July 1, 2024.

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3

CBN Introduces New Measures to Enhance Naira Liquidity for the Settlement of Diaspora Remittances

On Monday, June 24, 2024, the CBN by a Circular titled "New Measures to Enhance Local Currency Liquidity for Settlement of Diaspora Remittances" (the "IMTO Circular"), announced the implementation of new measures targeted at enabling eligible International Money Transfer Operators ("IMTOs") to access Naira liquidity through the CBN's window. These measures are envisaged to improve Naira liquidity and ensure smooth functioning of the foreign exchange markets.

All participants in this sector, including IMTOs and authorized dealer banks, are required to submit daily regulatory returns containing comprehensive information on the sources of its funds.

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4

FIRS, NCS to Receive \$10,000,000.00 for Technical Assistance from the \$750 million World Bank loan

The Federal Inland Revenue Service (“FIRS”) and the Nigeria Customs Service (“NCS”) are expected to receive the sum of Ten Million United States Dollars (USD\$10,000,000.00) for technical assistance from the newly approved Seven Hundred and Fifty Million United States Dollars (\$750,000,000.00) Accelerating Resource Mobilization Reforms (“ARMOR”) Program-for-Results (PforR) project.

According to a stakeholder engagement plan document for the project procured from the World Bank’s website, the FIRS and the NCS will receive Five Million United States Dollars (USD\$5,000,000.00) each in investment financing.

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5

FGN Requests 18-month Deadline Extension for the Closing Date of the World Bank’s \$800 million palliative loan

The FGN due to economic difficulties and increasing rate of inflation, has requested an eighteen (18) months deadline extension period for the closing date of the World Bank’s Eight Hundred Million United States Dollars (\$800,000,000.00) palliative loan (the “Facility”).

The Facility when disbursed, will be used to improve the country’s social safety net programmes. An approval of the extension period implies that the closing date will be amended from June 30, 2024, to December 31, 2025.

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6

The Nigerian Exchange Limited Imposes Fine of over Seventy-Six Million, Eight Hundred Thousand Naira (N76,800,000.00) on Nine (9) Firms for Late Filing of Annual Reports

The Nigerian Exchange Limited (“NGX”) has imposed a fine of Seventy-Six Million, Eight Hundred Thousand Naira (N76,800,000) on nine (9) quoted companies for their failure to file their audited financial statements after the regulatory due date.

The companies include African Alliance Insurance Plc, VFD Group Plc, FBN Holdings Plc, Sterling Financial Holdings Company Plc, UPDC Plc, ABC Transport Plc, Presco Plc, eTranzact International Plc, and NCR (Nigeria) Plc.

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7

Fidelity Bank Commences Capital Raise in accordance with the CBN Recapitalization Programme

Fidelity Bank PLC (the “Bank”) opened its One Hundred and Twenty-Seven Billion, One Hundred Million Naira (N127,100,000,000.00) rights issue and public offer.

The Bank commenced its public offer of Ten Billion Naira (N10,000,000,000.00) with ordinary shares of fifty (50) kobo each at Nine Naira, Seventy-Five Kobo (N9.75k) per share and a rights issue of Three Billion, Two Hundred Thousand Naira (N3,200,000,000.00) ordinary shares of fifty (50) kobo each at Nine Naira Twenty-Five Kobo (N9.25K) per share.

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8

Ministry of Solid Minerals Development to Sell Refined Gold to the CBN to Improve Nigeria's reserves by Five Million United States Dollars (\$5,000,000.00)

The Minister of Solid Minerals Development, Dr. Dele Alake (the "Minister") has announced the introduction of the National Gold Purchase Programme which is in line with the FGN's plan to sell locally sourced and refined gold to the CBN to bolster the country's foreign reserves.

The Minister noted that the (70) kilograms of gold had been sourced and refined to meet the London Bullion Market Association Good Delivery Standard. He further stated that the first commercial transaction had strengthened the Nigerian foreign reserve by Five Million United States Dollar (\$5,000,000.00), thus inputting about Six Billion Naira (N6,000,000,000.00) into the Nigerian rural economy.

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The FGN signs Memorandum of Understanding with Afreximbank for the Grant of Three Billion United States Dollars

The FGN has signed a Memorandum of Understanding ("MoU") with Afreximbank for the grant of a Nigeria Industrialisation Financing Facility for industrial park and light manufacturing (the "Arrangement") worth Three Billion United States Dollars (\$3,000,000,000.00). The facility will be disbursed for the purpose of creating about twenty thousand (20,000) jobs across the country and to attract investment estimated at over Two Billion United States Dollars (\$2,000,000,000.00)

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10

FGN's Bond Auction Realises Low Demand from Investors than Anticipated

The DMO announced on June 20, 2024 that the FGN intended to raise the sum of at least Four Hundred and Fifty Billion Naira (N450,000,000,000.00) through its latest bond offer for June, 2024.

The FGN bonds were auctioned on Monday, June 24, 2024 across three (3) tranches, including a reopened nine-year bond, five-year and seven-year tenure bonds at One Hundred and Fifty Billion Naira (N150,000,000,000.00) each.

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11

SEC Launches Initiative to Improve the Registration of Virtual Assets Service Providers

In March 2024, the SEC announced significant changes to its Rules on digital assets issuance, offering platforms, exchange, and custody. One of the key highlights of the said alteration is the increase of registration fees payable by Virtual Asset Service Providers ("VASP") from Thirty Million Naira (N30,000,000.00) to One Hundred and Fifty Million Naira (N150,000,000.00). The increment raised much criticism from stakeholders because of its potential implications on reducing business participation.

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12

SEC Issues Framework on Banking Sector Recapitalization Programme

On June 21, 2024, SEC released a framework titled “2024 Framework on Banking Sector Recapitalisation Programme”, (the “Framework”) in accordance with the CBN’s Banking Sector Recapitalization Programme (the “Programme”).

The Framework seeks to provide a comprehensive guide for Banks and market participants to navigate the Programme effectively. It also aims to ensure that the capital raising process is conducted efficiently, amongst its other objectives.

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Nigeria’s Foreign Reserve Surges as Exchange Rate records Stability

On June 20, 2024, the Nigeria foreign reserve was reported to have experienced a surge of five per cent (5%), the equivalent of which is about One Billion, Four Hundred and Seventy Million United States Dollars (USD\$1,470,000,000), as compared to March 2024. As of June 20, 2024, Nigerian foreign reserve was recorded at Thirty-Three Billion, Six Hundred Million United States Dollars (USD\$33,600,000,000) reflecting a Nine Hundred Million United States Dollars (USD\$900,000,000) increase in less than a month, from the amount recorded as of June 3, 2024.

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14

Wema Bank Commences Recapitalization Scheme, concludes First Tranche of Capital Raise Programme

In March, 2024, the CBN issued a circular (the “Circular”) launching a recapitalization programme which required commercial banks to raise their capital to meet a minimum capital requirement for their respective banking licence. This entire process must be completed within a 24-month from the 1st of April, 2024.

Wema Bank Plc. (the “Bank”) had, prior to the issuance of the Circular, in December 2023, launched a Capital Raise programme (the “Programme”), which included a Forty Billion Naira (N40,000,000,000.00) Rights issue.

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The Nigerian Naira Depreciates in Value at Two Hundred and Fifteen Per Cent (215%) in One Year since Forex Market Harmonisation in 2023

At close of trade on Friday, June 14, 2024, Nigeria recorded a Two Hundred and Fifteen per cent (215%) depreciation in the Naira over a period of one year following the Forex market harmonization on June 14, 2023.

This was represented in the value of the Naira which stood at One Thousand Four Hundred and Eighty-two Naira, Seventy-two Kobo (N1482.72) to One Dollar (\$) on June 14, 2024, as compared to Four Hundred and Seventy-one Naira (N471) to One Dollar (\$) which was its value as of June 14, 2023.

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The World Bank Approves Two Billion, Two Hundred and Fifty Million United States Dollars (USD\$ 2,250,000,000.00) Facility to Provide Financial and Technical Support to the Nigerian Government

On June 13, 2024, the World Bank (the “Bank”) announced its approval of two facilities; One Billion, Five Hundred Million Dollars (\$1,500,000,000) for Nigeria Reforms for Economic Stabilisation to Enable Transformation (“RESET”)’s Development Policy Financing Program and Seven Hundred and Fifty Million Dollars (\$750,000,000) for the Nigeria Accelerating Resource Mobilization Reforms Program-for-Results.

The funds are to be applied towards providing immediate financial and technical support to stabilize the Nigerian economy.

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