Hon. Sir Chukwudi Jones V. Onyereri, KSP
NKWERRE/ISU/NWANGELE/NJABA FEDERAL CONSTITUENCY, IMO STATE
CHAIRMAN COMMITTEE ON BANKING AND CURRENCY
House of Representatives
Federal Republic of Nigeria

LEGISLATIVE BRIEF

LONG TITLE: A bill for an Act to repeal the foreign exchange [Monitoring and Miscellaneous Provisions] Act, CAP F34, Laws of the federation of Nigeria, 2004 and enact the Foreign exchange Act, 2017, to establish a foreign exchange market and to provide for the regulation, monitoring and provision of the transactions conducted in the market and for matters connected therewith.

SHORT TITLE:	**FOREIGN EXCHANGE BILL, 2017**
SPONSOR:	**HON. JONES CHUKWUDI ONYERERI, KSP**

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1.0 BACKGROUND: Currently, the extant law governing foreign exchange regime in Nigeria is not only anachronistic but cannot keep pace with recent development in the foreign exchange market such as round tripping and cross border movement of large amounts of foreign currency. There arises the strident need therefore for repeal of the extant Act and subsequent re-enactment of a new foreign exchange Act to take care of the exigencies of foreign exchange transactions.

2.0 OBJECTIVES: This bill seeks to promote the effective regulation of the Nigerian financial industry with a view to promoting financial system stability under the CBN Act, 2007 and entrenching the deepening of financial markets, which requires the necessary legal frame work to ensure that the goals of stability and growth are achieved. The mono cultural nature of the economy has exposed the financial system to risks associated with the vagaries of movements in the foreign exchange rate and the nation's reserves that may quickly results in systematic failure. This has made a review of this area of law imperative in light of the dynamic nature of the foreign exchange system.

3.0 SYNOPSIS: This bill has 49 sections and an explanatory note. Specifically, Section 5 of the proposed bill amends the extant Act to provide for Authorized dealers to render returns to the CBN which must include information as to the sources of fund above $10,000.

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Section 6 of the proposed bill expands the sources of Foreign Currency in the market such that "non – oil export proceeds" has been amended to read all export proceeds to bring in oil inflows expressly within the forex market.

Section 22 of the proposed bill restricts outward cash flow in a manner that no person shall export foreign currency cash in excess of USS$ 50,000.00 or its equivalent from Nigeria.

Section 25[2] of this bill makes provision for extension of time within which authorized dealers issue certificates of capital importation and make returns to the CBN from 48 hours to 72 hours to reflect current realities.

Section 29 of this bill provides for the operation of foreign currency domiciliary accounts by amending the extant Act to include the period and conditions for penalties upon failure to repatriate proceeds.

Section 36 of the bill makes provisions for export of goods and services.

Section 37 of the Bill contains provisions for collection of debts.

Sections 38 -40 of the bill creates offences.

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Section 41-49, creates miscellaneous provisions on blocked accounts, jurisdiction, and the interpretation section which has been expanded to capture developments since the enactment of the law in 1995.

4.0 **JUSTIFICATION:** Considerable effort has been made to ensure that sections of the 1995 Law have been reviewed to delete superfluous provisions, include electronic transactions where appropriate, as well as address the present role of the minister of Finance and the Central Bank of Nigeria in the supervision of foreign exchange market, in line with the Central Bank of Nigeria Act, 2007 and other applicable legislations passed into Law after Foreign Exchange Monitoring Miscellaneous Provision Act, 1995. It would be recalled that the role of the minister was then in consonance with the 1997 amendment to BOFIA Act which subjected banking supervision / regulation to the approval of the minister. A subsequent amendment in 1998 removed this role. The Bill is therefore to ensure alignment with the extant law. It is also in recognition of the CBN as the regulator of foreign exchange market and the main source of Foreign exchange to the market; and use of the foreign exchange as a major monetary policy.

5.0 Mr. Speaker, my dear distinguished colleagues, I strongly urge you to support the Bill as it lays down credible framework for a more effective

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administration of foreign exchange market in light of present realities in and outside Nigeria.

Hon. Sir Jones Chukwudi Onyereri, KSP.