



TEMPLARS LEGISLATIVE WATCH:

- **CBN CIRCULAR ON AUTOMATION OF FORM 'NXP' ON THE TRADE MONITORING SYSTEM**
- **REVISED GUIDELINES FOR THE REGISTRATION OF CASH IN TRANSIT AND CURRENCY PROCESSING COMPANIES IN NIGERIA**

CBN CIRCULAR ON AUTOMATION OF FORM 'NXP' ON THE TRADE MONITORING SYSTEM

On 28 October 2019, the Trade and Exchange Department of the Central Bank of Nigeria ('CBN') issued a circular ("the Circular") to the effect that all hard copies of Form 'NXP' for commercial exports (Oil & Gas and Non-Oil) shall henceforth become automated and replaced with a new e-Form 'NXP', effective from 31st October 2019. The online form is meant to ease the application process by enabling applicants to complete the form NXP in the comfort of their homes and offices and subsequently submit the document to the authorised dealer bank.

The processing of the e-Form 'NXP' shall be done electronically and initiated by exporters via the Trade Monitoring System at www.tradesystem.gov.ng, subject to the payment of the prescribed fee and submission of a valid Tax Identification Number ('TIN'). The possession of a TIN is a prerequisite for the completion of the online e-Form NXP.

The Circular further provided that all hard copies of Form 'NXP' established on or before 30 October 2019 shall be utilized within 90 days of the establishment of the Form. However, all established hard copy Form 'NXP' for which shipment has not taken place within the transition period of 90 days will be deemed cancelled. In effect, after this window, all NXP transaction must be initiated online.

A charge of N5000.00 per declaration is applicable with effect from 31 October 2019. There will be a direct debit of the processing bank account for this charge which is then recoverable from the customer by the bank.

The general public including all commercial exporters and banks have been directed by the CBN to ensure full compliance with this newly implemented directive.

REVISED GUIDELINES FOR THE REGISTRATION OF CASH IN TRANSIT AND CURRENCY PROCESSING COMPANIES IN NIGERIA

On Monday 28 October 2019, the Central Bank of Nigeria ('CBN') published the revised guidelines for the registration of Cash-in-Transit ('CIT') and Currency Processing Companies ('CPC') in Nigeria ('the Guidelines'), which mandates all companies, including Deposit Money Banks, who are desirous of providing currency distribution and/or currency processing services in Nigeria, either for themselves or for other Deposit Money Banks to register with the CBN. Failure by a company to duly register with CBN before performing these services shall result in its facility being closed and the promoters handed over to the appropriate law enforcement agencies for prosecution.

The revised Guidelines are an update to a circular earlier published by the CBN on 14th December 2009, on the 'Notice to Companies Providing Currency Sorting and Distribution Services and Deposit Money Banks providing these Services for themselves or other Banks in Nigeria'. The revised Guidelines amongst other things provides that companies registered to operate national CPC and CIT shall have a minimum share capital of N4.0 billion, while companies registered to operate regional CPC and CIT shall have a minimum share capital of N2.5 billion. The Guidelines define national operation for a CIT company to be a company registered to operate in all states of the federation, while a regional operation for a CIT company means a company operating within the states of one (1) geo-political zone in Nigeria.

In addition, all Deposit Money Banks desirous of providing currency processing and distribution services are required to jointly float a subsidiary company, which shall be subject to the regulatory and supervisory framework of the CBN.

Salient requirements for the registration of CITs and CPCs provided under the Guidelines are summarised in the table below:

Cash-In-Transit ('CIT) - National Operation		
S/N	Requirements	Documentation
1.1	<ul style="list-style-type: none"> ■ Company must be duly incorporated in Nigeria and registered to carry out National operations; ■ Minimum capital of N1,000,000,000 (One billion Naira); ■ Promoters/directors must be private companies or individuals with proven integrity and experience in financial services; ■ All approved vehicles of registered service providers must be captured in the Cash Activity Reporting Portal (CARP) and only vehicles captured in the database may be used for CIT services; ■ All armoured vehicles must have six-sided minimum plate standards of less than B3+ with separate compartments and personnel; vehicle tracking systems; and fitted with run-flat tires; ■ The roles and responsibilities of the representatives of customers should be clearly stated in the Service Level Agreements; and ■ The CIT must have a tariff for both intra- and inter city cash movements and for air, rail and road movements. 	<ul style="list-style-type: none"> ■ All promoters/directors must present evidence of clearance from the relevant security agencies; ■ Evidence of Insurance to cover the cash-in-transit agencies; ■ Transport Agreement with cargo airlines for cash movements between cities services by airports; ■ Evidence of liaison with the appropriate security agencies such as the NPF, DSS, ONSA, NCS, EFCC, NFIU etc; ■ Operation and procedure manuals; ■ Proposal detailing the mitigation of risks arising from operational risks, reputational risks and technological risks; and ■ Upon registration, execution of a working agreement with the NPF to provide security back-up.

Cash-In-Transit (‘CIT) - Regional Operation

S/N	Requirements	Documentation
2.1	<ul style="list-style-type: none"> ■ Company must be duly incorporated in Nigeria and registered to carry out Regional operations; ■ Minimum capital of N500,000,000 (Five Hundred Million Naira); ■ Promoters/directors must be private companies or individuals with proven integrity and experience in financial services; ■ All approved vehicles of registered service providers must be captured in the Cash Activity Reporting Portal (CARP) and only vehicles captured in the database may be used for CIT services; ■ All armoured vehicles must have six-sided minimum plate standards of less than B3+ with separate compartments and personnel; vehicle tracking systems; and fitted with run-flat tires; ■ The roles and responsibilities of the representatives of customers should be clearly stated in the Service Level Agreements; and ■ The CIT must have a tariff for both intra- and inter city cash movements and for air, rail and road movements. 	<ul style="list-style-type: none"> ■ All promoters/directors must present evidence of clearance from the relevant security agencies; ■ Evidence of Insurance to cover the cash-in-transit agencies; ■ Transport Agreement with cargo airlines for cash movements between cities services by airports; ■ Evidence of liaison with the appropriate security agencies such as the NPF, DSS, ONSA, NCS, EFCC, NFIU etc; ■ Operation and procedure manuals; ■ Proposal detailing the mitigation of risks arising from operational risks, reputational risks and technological risks; and ■ Upon registration, execution of a working agreement with the NPF to provide security back-up.

Currency Processing Companies ('CPC) - National Operation

S/N	Requirements	Documentations
3.1	<ul style="list-style-type: none"> ■ Company must be duly incorporated in Nigeria and registered to carry out National operations; ■ Minimum capital of N3,000,000,000 (Three billion Naira); ■ Promoters/directors must be private companies or individuals with proven integrity and experience in financial services; ■ The company must have adequately secured vaults, either owned or leased; located in secured areas with adequate parking space and easy accessibility and meet the minimum CBN requirements in terms of location, area, size doors (minimum of 1.97 metres in length and breadth 0.9 metres) and loading bays (length: 9.144 metres, breadth: 3.458 metres and height: 4.5 metres); ■ The company must demonstrate commitment to acquire its own vaults in the future (where it operates in leased vaults); and ■ The processing systems deployed must be programmable and adaptable to conform to the sorting standards as advised by the CBN from time to time. 	<ul style="list-style-type: none"> ■ All promoters/directors must present evidence of clearance from the relevant security agencies; ■ Evidence of technical support from manufacturers of currency processing systems; ■ Evidence of Insurance to cover cash and personnel; and ■ Proposal detailing the mitigation of risks arising from operational risks, reputational risks and technological risks.

Currency Processing Companies ('CPC) - Regional Operation

S/N	Requirements	Documentations
4.1	<ul style="list-style-type: none"> ■ Company must be duly incorporated in Nigeria and registered to carry out Regional operations; ■ Minimum capital of N2,000,000,000 (Two billion Naira); ■ Promoters/directors must be private companies or individuals with proven integrity and experience in financial services; ■ The company must have adequately secured vaults, either owned or leased; located in secured areas with adequate parking space and easy accessibility and meet the minimum CBN requirements in terms of location, area, size doors (minimum of 1.97 metres in length and breadth 0.9 metres) and loading bays (length: 9.144 metres, breadth: 3.458 metres and height: 4.5 metres); ■ The company must demonstrate commitment to acquire its own vaults in the future (where it operates in leased vaults); and ■ The processing systems deployed must be programmable and adaptable to conform to the sorting standards as advised by the CBN from time to time. 	<ul style="list-style-type: none"> ■ All promoters/directors must present evidence of clearance from the relevant security agencies; ■ Evidence of technical support from manufacturers of currency processing systems; ■ Evidence of Insurance to cover cash and personnel; and ■ Proposal detailing the mitigation of risks arising from operational risks, reputational risks and technological risks;

According to the CBN, the new Guidelines are expected to enhance the efficiency and cost-effectiveness of currency management, facilitate the generation of fit Naira banknotes for payment, promote the use of shared facilities to drive down currency management cost, engender healthy competition among service providers and ensure product quality, integrity and standardization in Nigeria.

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