

AMENDMENT TO THE FOREIGN EXCHANGE SALES AUCTION RULES

Introduction

In order to promote a transparent foreign exchange auction, and facilitate access to the proceeds from the auction by legitimate importers, the Central Bank of Liberia (CBL) hereby issues this directive to guide the use of the proceeds of such foreign exchange auctions. The measures stated herein are in addition to the existing auction rules.

1. All foreign exchange proceeds bought from the auction shall be sold only for import transactions.
2. The spread between the auction price and the sale price shall not exceed fifty Liberian cents per United States Dollar. This spread shall also apply to inter-bank foreign exchange transactions using the proceeds of said auctions.
3. Each bank selling foreign exchange proceeds from the auction shall be required to file a report on each foreign exchange sale transaction, in the attached format prescribed by the CBL. The report must be submitted to the Research Department of the CBL within seven business days as of the date of the auction.
4. Each bank participating in the auction must ensure that they have sufficient funds in their Liberian dollar current accounts with the CBL to cover their foreign exchange purchased from the auction.
5. Settlement of all successful foreign exchange auction bids shall be made within two (2) business days. A business day is herewith defined as a day in which banking business is conducted in Liberia.
6. Successful bidders shall be advised by 1:00 p.m. on the day each auction is conducted.
7. The CBL shall reserve the right to sell the residual funds at any given auction, through a Special window as it may deem necessary at the auction clearing rate. Under this arrangement, all those who submitted unsuccessful bids will be given the opportunity to directly purchase from the special window at the auction rate. Payment of the Liberian dollar equivalent of the auction proceeds shall be made with a Manager's check issued to the order of the CBL.

Penalty for Non-compliance

Any bank that fails to comply with this directive shall be subject to the appropriate supervisory sanctions, including but not limited to suspension from future auction exercises and/or imposition of a fine not less than L\$100,000.

Effective Date

This Directive supersedes the previous Directive No. CBL/SD/003/2009 dated November 3, 2009, and takes effect from November 16, 2009. It shall remain in force until otherwise advised by the CBL.

Signed: _____

CENTRAL BANK OF LIBERIA