

CBL/ED-S/222/04

July 16, 2004

In light of the existing and future foreign exchange trading activities of commercial banks as a result of the resumption of inter-bank trading and the introduction of the foreign exchange auction, the Central Bank of Liberia (CBL) hereby directs that:

1. Each commercial bank is to develop, maintain, and implement detailed written procedures on managing its foreign exchange risks, with clear statements of policy on approval limits and trading positions.
2. Each commercial bank shall, in all foreign exchange transactions, observe a net open position limit of 10% of its net worth. In other words, a commercial bank shall not take, for its own account, a foreign exchange position in an amount exceeding 10% of its net worth.

This directive shall become effective on July 31, 2004 whereupon a copy of the written procedures on foreign exchange risk shall be submitted by each bank to the CBL.

Kind regards

Yours truly,

T. Negbalee Warner, Esq.
Executive Director/Supervision