



Regulatory Update:

Gone Full Circle - CBN Lifts Restrictions on IOCs' Cash Pooling Arrangements Two Years After Imposing Them

On 25th March, 2026, the Central Bank of Nigeria (“CBN”) issued a circular titled *“Removal of Cash Pooling Requirement for International Oil Companies (IOCs)”* (the “2026 Circular”), granting international oil companies (“IOCs”) operating in Nigeria unfettered access to their repatriated export proceeds. The 2026 Circular permits IOCs to repatriate 100% of their export proceeds through Authorised Dealer Banks (“ADB”)s). This is as opposed to the previous requirement for IOCs to retain 50% of such proceeds in Nigeria for at least 90 (ninety) days. The relaxation of the previous restriction takes immediate effect, and the 2026 Circular supersedes all previous circulars issued by the CBN on cash pooling.

We have highlighted in this regulatory update the requirements of the 2026 Circular and implications for IOCs engaged in cash pooling.

Background – Pre-2026 Circular

First, to appreciate the significance of the 2026 Circular, it is worth recalling how the CBN's approach to IOCs' export proceeds evolved over the past two years. The CBN had long observed that IOCs operating in Nigeria routinely transferred the proceeds of their crude oil exports offshore to fund parent company accounts, a practice known as cash pooling. While the CBN acknowledged the legitimate need for IOCs to meet offshore obligations, it was equally concerned that the outright transfer of these proceeds was reducing liquidity in the domestic foreign exchange market.

In response, to address the liquidity challenge, the CBN issued a circular titled *“Requirements for Foreign Currency Cash Pooling on Behalf of International Oil Companies (IOCs) in Nigeria”*, dated 14th February, 2024 (the “2024 Circular”), which imposed on IOCs a structured cash pooling framework. Under that regime, ADBs were permitted to pool a maximum of 50% of IOCs' repatriated export proceeds in the first instance, with the remaining 50% required to be retained in Nigeria for 90 (ninety)

days from the date of inflow before it could be repatriated. The 2024 Circular also set out documentation conditions that had to be met before any cash pooling transaction could proceed. These included prior CBN approval, a cash pooling agreement between the relevant ADB and the IOC's parent entity, a statement of expenditure incurred by the IOC in relation to the cash pooling, evidence of the source of the foreign exchange inflows, and completion of the relevant Forex Forms under applicable regulations.

Following enquiries from banks and other stakeholders on how the 2024 Circular framework should be applied in practice, the CBN issued a clarification circular on 6th May, 2024, titled *“Further Clarifications on the Circular on Cash Pooling of Repatriated Oil and Gas Export Proceeds by International Oil Companies (IOCs)”* (the “May 2024 Circular”). The May 2024 Circular confirmed that the initial 50% could be pooled immediately or as and when required, and that banks could submit pooling requests ahead of the expected date of receipt, supported by the required documentation, for the CBN's advance approval. The circular also clarified that the retained 50% balance could be applied during the 90-day period to settle specific financial obligations in Nigeria, such as the payment of (a) petroleum profit tax; (b) royalties; (c) domestic contractor invoices; (d) cash calls; (e) domestic loan principal and interest payments; (f) transaction taxes (including local content levy); and (g) tertiary education tax. Sale of foreign exchange by IOCs at the Nigerian Foreign Exchange Market (“NFEM”) were also included as a permitted use.

A further clarification followed on 31st May, 2024, under the circular titled *“Further Clarifications on the Circular on Cash Pooling of Repatriated Oil and Gas Export Proceeds by International Oil Companies (IOCs)”*. This circular addressed specific questions raised about forex sales at the NFEM, as one of the permitted transactions that the retained 50% balance could be applied during the 90-day period. The CBN also confirmed that the 50% balance could be sold to ADBs or eligible users of foreign exchange for eligible transactions. It also confirmed that if an IOC had no outstanding financial obligations to settle during or after the 90-day retention period, the entire 50% balance could equally be sold in the same manner.

Together, the above three circulars formed the CBN's cash pooling framework that governed IOCs' export proceeds from early 2024. While the framework was clearly designed to balance the legitimate treasury needs of IOCs against the CBN's objective of enhancing market liquidity in the NFEM, it introduced a degree of operational friction, particularly the requirement to obtain prior CBN approval for each transaction and to retain 50% of repatriated proceeds for a mandatory 90-day period.

The 2026 Circular

The 2026 Circular has now replaced and superseded the 2024 circulars and marks a deliberate and significant policy shift by the CBN on cash pooling by IOCs. The 2024 Circular expressly notes that the new cash pooling regime was itself part of a broader reform effort aimed at improving liquidity and stability in the NFEM. This means that CBN has now decided that, in line with current market realities and relative stability in the NFEM, further liberalisation is necessary.

Key provisions of the 2026 Circular

These are as follows:

- IOCs may now repatriate 100% of their export proceeds through ADBs. Consequently, the 50/50 split, the 90-day retention, CBN approval, etc., requirements are now abolished.
- ADBs are required to ensure adequate documentation for each transaction by an IOC and to submit a monthly report to the Director of the Trade and Exchange Department of the CBN.
- The 2026 Circular supersedes all previous CBN circulars on cash pooling and takes immediate effect.

The 2026 Circular does not define what constitutes "adequate documentation" for the purposes of the new reporting regime. In the absence of further guidance, it would be prudent for ADBs to maintain robust transaction records that, at a minimum, reflect the information categories previously required under the 2024 Circular, including evidence of the source of inflows and confirmation of the IOC's identity and entitlement to the proceeds.

Practical Implications

For IOCs, the practical effect of the 2026 Circular is unfettered and unrestricted access to their export proceeds to the cash pool with parent companies. There is no longer any requirement to retain a portion of repatriated proceeds in Nigeria for any specified period, and no prior CBN approval is needed before proceeds can be pooled offshore. IOCs now have immediate and unrestricted access to their full repatriated export proceeds from the moment those proceeds are inflowed into Nigeria and paid into their respective export proceeds domiciliary accounts with ADBs.

In the case of ADBs, the removal of the prior approval requirement simplifies the transaction flow process considerably. The obligation to maintain adequate documentation, however, remains, and the monthly reporting requirement to the Director of the Trade and Exchange Department of the CBN introduces a new ongoing compliance obligation that will need to be built into internal compliance processes.



Conclusion

As already stated above, the 2026 Circular takes immediate effect and supersedes all prior circulars on cash pooling. More broadly, the 2026 Circular reflects the CBN's growing confidence in the stability of the exchange rate in the NFEM following the substantial reforms initiated by the CBN from 2023 to date. The unification of the exchange rate windows, the introduction of greater market-based pricing, and the various measures taken to improve foreign currency supply appear to have provided the CBN with sufficient comfort to relax the controls it imposed on IOCs' cash pooling 2 (two) years ago. Given the immediate effect of the 2026 Circular, IOCs could take steps to review their existing cash pooling arrangements. Existing cash pooling agreements between IOCs and their ADBs that were structured under the 50/50 framework may need to be reviewed and amended to reflect the new position. In particular, any contractual terms that track the CBN's prior approval process or incorporate the 90-day retention requirement by reference may now need to be updated.

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