



BANK of ZAMBIA
OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DGO/fmkts/bp

February 24, 2020

CB Circular No. : 06/2020

To : All Heads of Commercial Bank

ADJUSTMENT TO RULES AND GUIDELINES FOR OPEN MARKET OPERATIONS

Reference is made to the above subject matter and CB Circular No. 05/2018, wherein the Bank of Zambia made amendments to the Rules and Guidelines for Open Market Operations (OMO). In that circular, commercial banks were informed that all OMO transactions shall only be on the overnight tenor basis.

Kindly be notified that the Bank has made a further adjustment to the cited rules by allowing for OMO transactions beyond the overnight tenor. This means that Bank of Zambia, shall with immediate effect, also undertake longer-term OMO tenors when managing domestic liquidity as and when required.

Bids for the overnight tenor shall continue to be accepted at interest rates of no more than 50 basis points above or below the Bank of Zambia Policy Rate as is currently the case.

For OMO transactions beyond the overnight tenor, the Bank of Zambia shall pre-announce the interest rate applicable on each maturity tenor on offer. Commercial banks will be expected to bid at no more than 50 basis points above or below the pre-announced interest rate, as is the case with overnight OMO transactions.

All the other rules and guidelines remain unchanged.

For further details and clarifications, please contact the Director – Financial Markets.

A handwritten signature in black ink, appearing to read 'Francis Chipimo', written in a cursive style.

Francis Chipimo (PhD)
DEPUTY GOVERNOR – OPERATIONS

cc Governor