



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

June 15, 2004

CB Circular No: 03/2004

To : All Commercial Banks

RESERVING OF FINANCIAL INSTRUMENTS FOR INTRA-DAY CREDIT IN ZIPSS

Real Time Gross Settlement (RTGS) is on schedule to go live on 21 June 2004. In preparation for this, commercial banks are requested to submit transfer instructions to the Bank of Zambia to reserve Treasury bills to serve as collateral for intra-day repos with the Bank of Zambia.

As RTGS goes live on 21 June 2004, all banks intending to reserve Treasury Bills for the purposes of intraday credit are requested to complete the attached prescribed form in accordance with condition (c) below. The form must be duly signed by an authorised officer and submitted to the Bank of Zambia not later than 17 June 2004.

The following conditions shall apply to the provision of intra-day credit by the Bank of Zambia as discussed with yourselves in the policy position papers on the Zambian Interbank Payment and Settlement System (ZIPSS):

- (a) Bank of Zambia will provide **intra-day credit** by crediting the reserve account in RTGS, which credit the banks may utilise during the day to make payments. The credit will be repaid before the **square off window** (16:00 hrs);
- (b) Where a commercial bank fails to repay the funds back to the Bank of Zambia by 16:00 hrs, the trade will become a **permanent trade** and treated as a **rediscount** of Treasury Bills by the bank to the Bank of Zambia. In that case, the usual rediscounting rules and penalties shall apply;
- (c) Intra-day credit provided will not exceed the existing limit permitted for rediscounting Treasury Bills with the Bank of Zambia by any bank;

- (d) Treasury Bills reserved for intra-day credit purposes shall **not** be available for secondary trading;
- (e) Every bank is required to give five working days prior written notice each time Treasury Bills need to be reserved or un-reserved from the Bank of Zambia RTGS Account. The Notice must be issued in the prescribed form hereto attached and must be signed by a duly authorised representative of the bank; and
- (f) The Intra-day credit provided under this facility shall be used only for RTGS purposes.

***Note that after 15 June 2004 the conditions for reserving financial instruments indicated above shall apply.**



Denny H Kalyalya (Dr)
DEPUTY GOVERNOR – OPERATIONS

Cc: Director – Banking, Currency and Payment Systems
Bank Secretary

(To be completed on commercial bank letter head)

ZIPSS TREASURY BILLS TRANSFER FORM

DDMMYYYY

Reference No. --- / YYYY

The Director
Financial Markets Department
Bank of Zambia
LUSAKA

Dear Madam

TRANSFER OF TREASURY BILLS FOR ZIPSS

Kindly transfer value (**DDMMYYYY**)

Amount (ZMK) from our Treasury bills Main Holding Account
bought on **tender number (XX/YYYY)** at **bid price (XX.XXXX %)**

For **XXX** days

Issued on **DDMMYYYY** and maturing on **DDMMYYYY**

To the Bank of Zambia RTGS Account

Being collateral requirements for ZIPSS intra-day credit

The address of the beneficiary is as follows:

Physical address: **BANK OF ZAMBIA**
 CAIRO ROAD, LUSAKA

Signed for and on behalf of (XYZ BANK)

By:

(Insert name and designation of authorised official under signature hereunder)

In the presence of
NAME
ADDRESS
OCCUPATION

