



**BANK OF ZAMBIA**  
**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

March 13, 2012

**CB Circular No** : 04/2012

**To** : All Commercial Banks

**COLLATERAL ACCOUNT FOR THE OVERNIGHT LENDING FACILITY**

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Reference is made to CB Circular No 5/2009 dated 30 November 2009 in which the Bank of Zambia announced the introduction of the Overnight Lending Facility (OLF). In the Circular, commercial banks were advised to operate separate OLF Securities Accounts which would hold securities encumbered under the OLF arrangement.

Commercial banks are hereby advised that, with immediate effect, a separate OLF Securities Account is no longer required. Instead, all commercial banks seeking funds from the OLF Window will be required to transfer sufficient securities pledged to cover the value of the loan to the **BOZ OLF COLLATERAL ACCOUNT** at the point of accessing the loan. The Bank of Zambia will return these securities the following day to the respective banks once the loan has been paid off in full. In view of this, the attached OLF Form, **OLF L1**, has been modified to accommodate this change.

The Bank further advises that in the event of default, the pledged securities covering the loan, that is, the market value of securities including the haircut will be forfeited to the Bank of Zambia.

For any clarification regarding these issues, kindly contact our Financial Markets Department.

A handwritten signature in black ink, appearing to read 'Bwalya K.E. Ng'andu'.

**Bwalya K.E. Ng'andu (Dr)**  
**DEPUTY GOVERNOR – OPERATIONS**



**BANK OF ZAMBIA**

Date.....

**Overnight Lending Facility (OLF) Application Form**

A.

Name of Commercial Bank			
Amount bid (figure) K	OLF Rate	Tenor	Maturity Date
Amount Bid in words			

B      Securities to be pledged to the BOZ OLF Collateral Account

Type of Security	Security No.	Maturity Date	Face Value (K)
Total			
Total Face Value of Securities in words			

C.      Indicate interest amount to be paid at maturity

K
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E.      If successful, kindly credit our current account held at Bank of Zambia and transfer the appropriate amount of securities from our Securities Main Account to the BOZOLF Collateral Account

F. Authorised Signatories

Name..... Designation..... Signature.....

Name..... Designation..... Signature.....

G. Official Stamp

**For official use only**

1) Status of application.		
2) Amount and Interest to be applied at Maturity	Amount	Interest
3) Processed by		
4) Approved by		

**Note:** Refer to **RULES AND PROCEDURES OF THE OVERNIGHT LENDING FACILITY** document for the appropriate haircuts