



BANK OF ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - ADMINISTRATION

June 16, 2003

CB Circular No. 09 /2003

To : All Commercial Banks

FOREIGN EXCHANGE MARKET OPERATIONS

As you may be aware, the process that has been underway to introduce the broad-based interbank foreign exchange system in Zambia is on the verge of completion. Market segmentation has long been identified as a hindrance to the growth or development of an efficient interbank market and has been known to cause distortions in the market itself. Direct deals between corporates, which have become common lately, are a form of segmentation.

It has therefore become necessary for us to call on all stakeholders to support the new inter-bank system by commencing to conduct all foreign exchange transactions through the banking system as per laid down rules, which have been circulated to you. Kindly note that, henceforth, inter-corporate trades shall not be permitted. All Banks are therefore requested to notify their corporate customers accordingly.

PP.

Denny H Kalyalya (Dr)
DEPUTY GOVERNOR - OPERATIONS