



BANK of ZAMBIA

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

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To : All Heads of Commercial Banks

INTRODUCTION OF FOREIGN EXCHANGE SWAPS AS INSTRUMENTS OF MONETARY POLICY

In our continued effort of enhancing the efficacy of our monetary policy operations as well as nurturing our domestic financial markets, the Bank of Zambia wishes to announce the introduction of foreign exchange swaps (FX swaps) as an additional instrument of monetary policy under our Open Market Operations (OMO). The primary purpose of introducing the FX swaps is to increase the number of instruments in the toolkit available to the Central Bank to assist improve the liquidity management effort in the money markets.

Kindly note that the introduction of FX swaps is with immediate effect.

We wish to advise that the rules and procedures governing FX swaps are contained in the OMO Guidelines which will be issued soon.

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DEPUTY GOVERNOR – OPERATIONS