



RULES GOVERNING THE INTRADAY AND THE LOMBARD CREDIT FACILITIES

BANK OF TANZANIA
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1.0 CITATION

These Rules shall be cited as The Bank of Tanzania Intraday and Lombard Credit Facilities Rules, 2025. The Rules have been made in compliance with the provisions of the Bank of Tanzania Act, 2006.

2.0 COMMENCEMENT

The Rules shall come into force with effect from the date signed by the Governor.

3.0 DEFINITIONS:

Unless the context requires otherwise, the following terms shall have the meaning ascribed thereto as follows:

- 3.1 “Delivery Versus Payment (DVP)” means a settlement system in financial markets that ensures the simultaneous transfer of securities and receipt of payment.
- 3.2 “Eligible Securities” means Treasury bills or Treasury bonds with remaining days to maturity of more than three days
- 3.3 “Intraday Loan Facility” means an interest free standing facility that provides collateralized loans and is repaid within a business day
- 3.4 “Lombard Loan Facility” means a standing facility that provides overnight collateralised loans to commercial banks.
- 3.5 “The Bank” means the Bank of Tanzania
- 3.6 “TISS” means the Tanzania Inter-Bank Settlement System.

4.0 INTRADAY LOAN FACILITY

4.1 Application

A commercial bank shall apply for Intraday Loan Facility in accordance with the terms and conditions stipulated in this section.

4.2 Eligibility

At any time, intra-day loan facility shall be available to all commercial banks which are Tanzania Inter-Bank Settlement System (TISS) participants holding sufficient eligible securities.

4.3 Interest

No interest shall be charged or paid on the amount borrowed through the intra-day loan facility.

4.4 Loan Size and Collateral

The commercial banks shall request for the Intraday Loan Facility through the Bank's Central Depository System (CDS) specifying:

- a) Amount required in Tanzania shillings; and
- b) Eligible Securities to be attached.

4.5 Safety Margin/Hair cuts

The safety margin shall be as per Collateral Management Framework.

4.6 Repayment

Intraday loan shall be paid on the same business day.

4.7 Conversion of intraday loans

4.7.1 The Bank shall convert, without prior notice, the Intraday Loan Facility not recovered from the participant's clearing and settlement account into Lombard loan 5 minutes prior to the final cut-off time of the TISS.

4.7.2 Where the Intraday Loan Facility has been converted into Lombard Loan Facility, the Bank shall impose a penalty of TZS 5.0 million (Five Million Only) on each automatic conversion. The terms and conditions for the Lombard Loan Facility shall apply thereafter.

5.0 **LOMBARD LOAN FACILITY**

5.1 Application

Commercial banks shall apply for Lombard Loan Facility in accordance with the terms and conditions stipulated in this section.

5.2 Eligibility

At any time, the Lombard facility shall be available to all commercial banks, which maintain settlement accounts with the Bank and hold sufficient eligible collateral.

5.3 Time Frame

This shall be an overnight facility.

5.4 Interest

The Lombard rate shall be based on the prevailing Central Bank Rate (CBR) plus 200 basis points. The day count for interest computation shall be Actual/365 days.

5.5 Loan application and Collateral

A commercial bank shall request for the Lombard Loan facility through the Central Depository System (CDS) or as may be guided by the Bank with attachments of eligible securities.

5.6 Safety Margin/Haircuts

The safety margin in the computation of collateral value shall be as per BOT Collateral Management Framework.

5.7 Transfer of Funds

5.7.1 Funding

A commercial bank which fulfils the above conditions shall be granted the Lombard facility through TISS with pledged securities held by the Bank.

5.7.2 Repayment

The Lombard facility and attributable interest cost, as indicated on the Lombard ticket, shall be paid to the Bank by the respective commercial bank by 1400 hours, the next business day.

A commercial bank shall send MT 202 through Delivery versus Payment (DVP) to the Bank with the following details:

- Beneficiary Account: 9963301001 Standby Credit Facility account.
- Lombard settlement details captured from Lombard ticket.

Partial repayment and payment outside the DVP or payment not in accordance with the Lombard ticket are strictly not allowed and will not be considered as part of the repayment of Lombard Loan.

5.7.3 Failure to repay.

In case a commercial bank fails to repay Lombard Loan through DVP by 1400 hours the next business day, the Bank shall charge the respective commercial bank a penalty of TZS 5.0 million (Five Million Only). The charge is applicable for every day the Lombard loan remains outstanding.

Any Lombard that remains unpaid in the next business day shall be converted to a new Lombard, and the Bank shall apply a compounding interest rate on chargeable interest computation.

The Bank shall engage any commercial bank that fails to repay the facility in two days.

5.8 Refund of penalties

5.8.1 A commercial bank may apply for the refund of interest or penalty on Lombard provided there is justifiable reason such as system challenges accompanied with supporting evidence.

5.8.2 Such refund shall be applied within five working days from the day such penalty is charged, and all the necessary details shall be attached to support the application.

6.0 AMENDMENTS

6.1 The Bank, at its sole discretion, may amend these Rules should the monetary policy or other conditions necessitate the modification.



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Emmanuel M. Tutuba

GOVERNOR

Date: 24 March 2025