

# **DIRECTIVE N° 01/2012 OF 22/05/2012 ON RESERVES REQUIREMENTS.**

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Pursuant to Law n° 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in articles 6, 9, 53 and 56;

Pursuant to Law n° 007/2008 of 08/04/2008 concerning organization of banking, especially in articles 17 and 59;

Having reviewed the Instruction n° 02/2005 of the National Bank of Rwanda on reserve requirements as modified to date;

**The National Bank of Rwanda hereby decrees:**

## **Article one: Purpose of this Directive**

This Directive aims at establishing reserves requirements applicable to banks.

## **Article 2: Definitions**

In this Directive, the following terms and expressions shall mean:

- a) **“Central Bank”**: the National Bank of Rwanda
- b) **“Bank (s)”**: bank or banks licensed or governed under the Law n° 007/2008 of 8/04/2008 concerning organization of banking
- c) **“Business day”**: the day a bank is opened for business and is exclusive of public holidays and weekends.

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**Article 3: Reserves requirements base**

Banks are required to constitute and maintain in their current accounts opened with the Central Bank reserves calculated on the basis of their liabilities and off-balance commitments held in Rwandan Francs and in foreign currencies. Balances on these accounts shall not be interest-bearing. The reserves requirements base shall include the following elements:

- a. Deposits in Rwandan Francs and foreign currency;
- b. Short term notes subscribed in Rwandan Francs and in foreign currencies;
- c. Certificates of Deposits;
- d. Other amounts due to the clients (including Government, contingency organisms, staff.....).

**Article 4: Reserves currency**

For the implementation of Article 3 of this Directive, the required reserves shall be constituted and maintained only in local currency.

**Article 5: Reserves ratio.**

The reserves ratio is fixed at 5% of the reserves requirement base.

**Article 6: Reserves maintenance period**

The reserves maintenance period shall extend over a two weeks period. The first period shall go from the 1<sup>st</sup> day to 15<sup>th</sup> day of a month, and the second from 16<sup>th</sup> day to the last day of the same month.

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**Article 7: Averaging system.**

During the reserves maintenance period the daily reserve balance may fluctuate provided that, at the end of the period specified under article 6, the average equals at least the amount of reserves required.

For public holidays and weekends, the balance to take into account shall be the previous business day.

**Article 8: Reporting obligations**

Banks shall submit to the Central Bank their monthly financial statements and their balance sheets statements as well as a declaration of reserves requirements in accordance with the model attached herewith as Annex I.

The monthly financial statement and the balance sheets statement shall be submitted to the Central Bank as follows:

- a. The balance sheet as at 15<sup>th</sup> of the month "M" shall be submitted on the 25<sup>th</sup> of the same month for the Central Bank's use from the 1<sup>st</sup> day to the 15<sup>th</sup> day of the following month (M+1).
- b. The monthly financial statement of the month "M" shall be submitted to the Central Bank no later than the 10<sup>th</sup> day of the following month (M+1) for the Central Bank's use from the 16<sup>th</sup> day to the last day of the month (M+1).

**Article 9: Case of delayed submission**

Any bank failing to submit to the Central Bank any required reports within the period provided for under article 8 shall be automatically required to constitute its reserves on the basis of the previous period data increased by 10%.

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**Article 10: Penalties on shortage**

In case of any shortage in relation to the required amount referred to under article 6, the defaulting bank shall incur a penalty fee calculated over the period of reserves requirement constitution, at the discount rate increased by 5 points of percentage.

**Article 11: Penalties for misrepresentation or false declaration**

Any bank which makes false declaration or misrepresentation within the framework of its reporting obligation on the reserves requirements shall be liable to penalties in accordance with the Regulation n° 03/2011 of 21/3/2011 on pecuniary sanctions applicable to banks.

**Article 12: Repealing provision**

Any prior provision or Instruction on reserves requirements contrary to this Directive is hereby repealed, especially:

1. The Instruction n° 02/2005 of the National Bank of Rwanda on reserve requirements of 16<sup>th</sup> March, 2005 ;
2. The Instruction n° 01/2007 of 19<sup>th</sup> June, 2007 modifying the Instruction n° 02/2005 on reserve requirements;
3. The Instruction n° 01/2009 of 4<sup>th</sup> February 2009 modifying the Instruction n° 02/2005 on reserve requirements.

**Article 13: Commencement**

This Directive shall come into force on the date of its signature. It shall take effects as from 1<sup>st</sup> June, 2012.

Done at Kigali, on 22 /05/2012.

Amb. GATEPE Claver  
Governor

