



The Governor

NATIONAL BANK OF RWANDA DIRECTIVE N° 01/2017 OF 30/06/2017 ON
THE OVERNIGHT DEPOSIT FACILITY

Pursuant to Law N° 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in Articles 6 and 76;

Pursuant to Law N° 03/2010 of 26/02/2010 concerning payment systems, especially in Article 7;

Having reviewed the Standing Deposit Facility Guidelines of 18/05/2012;

Whereas in line with the liquidity management program and at discretion, the Central Bank has put in place an instrument, the "Overnight Deposit Facility" which allows commercial banks to place excess funds for remuneration;

The National Bank of Rwanda herein referred to as "Central Bank" decrees:

CHAPTER ONE: GENERAL PROVISIONS

Article one: Definitions

In this "Directive", unless the context otherwise requires, the following terms shall mean:

- **Central Bank:** The National Bank of Rwanda;
- **ODF:** Overnight Deposit Facility allowing the commercial banks to place excess funds with the Central Bank for remuneration.

Article 2: Purpose

This Directive aims at establishing the framework for the Central Bank to declare in use the ODF which allows commercial banks to place excess funds for remuneration.

Article 3: Scope

Under this Directive, the Central Bank shall provide the ODF to commercial banks which are under its supervision.

CHAPTER II: APPLICATION REQUIREMENTS AND APPLICABLE TERMS

Article 4: Specific criteria of eligibility for the ODF

Any bank licensed or governed by the Law N° 007/2008 of 09/04/2008 concerning organization of banking and regulatory instruments or such amended law and regulations shall be eligible to take part in ODF.

Article 5: Terms of ODF

The Central Bank provides the ODF on an overnight basis and the transaction will be settled on the next business day. The ODF rate shall be the last repo rate minus 1% and access to the facility will run on business days from 4:30 PM to 5:30 P.M.

Article 6: Calculation of interests

The formula applied to calculate the due interests is: **The Deposited amount*rate/364*100.**

Article 7: Deposit Limits

There will be no limit on the amount a bank can place under this ODF framework.

However, it will be in the interest of the commercial banks to ensure that any transfer does not result in their average reserves falling below statutory reserve requirements. Moreover, the Central Bank may set limit within the framework of monetary aggregate management.

CHAPTER III: PROCEDURAL INSTRUCTIONS

Article 8: Application to the Facility

An eligible commercial Bank as specified in article 3 and 4 of this Directive shall send a request to the Central Bank via Central Securities Depository (CSD) platform. Application must specify the following:

- i. Amount to be transferred into the ODF framework;
- ii. Interest rate; and
- iii. Settlement date and due date.

Article 9: Approval or refusal

The Central Bank will avail on permanent basis the securities named "ODF" at disposal of commercial banks in the system. To this effect, the Central Bank will approve the deposit application through the Central Securities Depository system by authorizing the transactions to be settled via Real Time Gross Settlement (RTGS). In



case of refusal, the Central Bank will notify the concerned commercial bank by e-mail as to why the transfer was not approved in which case, the commercial bank's reserves will remain unchanged.

Article 10: Repayment

Commercial banks shall have their current accounts credited of the sum of the amount deposited and interest accrued on the ODF by 11:00 A.M. of the following business day.

Article 11: Prohibitions

Subject to provision of article 6 of this Directive, commercial banks shall not be granted any waiver as a result of mismanagement of reserve requirements brought about the excessive investment in the ODF.

Commercial banks will not be permitted to make use of both the ODF and Lending Facility on the same business day.

Article 12: Repealing provision

All prior provisions contrary to this Directive are hereby repealed.

Article 13: Commencement

This Directive shall come into force on the date of signature.

Done at Kigali, on 30/06/2017

RWANGOMBWA John
Governor

