



**The Governor**

**NATIONAL BANK OF RWANDA DIRECTIVE N° 4230 /2020 – 00018 [ 613 ]  
OF 30/06/2020 ON THE STANDING LENDING FACILITY**

Pursuant to Law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda, especially in Articles 6 and 46;

Having reviewed the National Bank of Rwanda Directive N° 3250/2019 – 00013 [613] of 13/05/2019 on the Standing Lending Facility;

Whereas the Central Bank wishes to ensure successful implementation of the price based monetary policy framework by assisting commercial banks to effectively manage liquidity;

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

**CHAPTER ONE: GENERAL PROVISIONS**

**Article One: Definition of terms.**

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

1. **Central Bank:** The National Bank of Rwanda
2. **Central Bank Rate (CBR):** The rate set by the Monetary Policy Committee of the National Bank of Rwanda, used to signal its monetary stance
3. **SLF:** an overnight standing lending facility that allows commercial banks to borrow from the Central Bank against collaterals.

**Article 2: Purpose**

This Directive aims at establishing the framework for the Central Bank to avail an overnight standing lending facility for banks that may wish to borrow money at overnight basis against collaterals.

### **Article 3: Scope**

Under this Directive, the Central Bank shall provide the SLF to commercial banks which are under its supervision and subject to the reserve requirement or may decide to include other participants when need arises .

## **CHAPTER II: APPLICATION REQUIREMENTS AND APPLICABLE TERMS**

### **Article 4: Criteria of eligibility for SLF**

Any commercial bank, which is subject to reserve requirement, licensed or governed under the Law N° 47/2017 of 23/09/2017 governing the organization of banking, and regulatory instruments on the date of commencement of this Directive and their amendments shall be eligible to SLF.

### **Article 5: Terms of SLF**

The Central Bank provides the SLF on daily basis to eligible banks when other funding possibilities are not available and yet they want to meet some payment obligations. Access will be available to all commercial banks on a daily basis, at their request, during the Central Bank's business hours, but not later than 5:00 P.M.

An applicant bank is allowed to borrow the amount needed as much as it has sufficient collaterals. However, Commercial banks shall not be permitted to use both the Lending and Deposit Facilities from the Central Bank on the same business day.

The Central Bank may decide to restrict or close access to this facility depending on the monetary policy stance.

### **Article 6: Calculation of interests**

Within the framework of SLF, the Central Bank will charge interests equal to the CBR plus a margin of 1%. The formula to calculate interests will be the amount requested\*rate\*number of days /364.

## **CHAPTER III: PROCEDURAL INSTRUCTIONS**

### **Article 7: Application for the SLF**

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 by indicating the following:





- i. The participant code provided by CSD;
- ii. The requested amount;
- iii. The list of collaterals and CSD code.

### **Article 8: Collaterals, valuation and calculation of haircut**

Accepted collaterals, their valuation and haircut calculation shall be referred to the Directive N° 01/2016 of 19/1/2016 on collaterals accepted by the Central Bank.

### **Article 9: Repayment**

On repayment date and no later than 10:00 A.M, commercial bank shall have its account with National Bank of Rwanda automatically debited of principal and interests through Real Time Gross Settlement (RTGS). If the following date falls on public holiday, the settlement date shall be the next business day

The collateral shall be returned automatically to the commercial bank via CSD.

### **Article 10: Event of default**

If a commercial bank fails to repay the SLF on the due date, the Central Bank shall retain pledged collaterals and shall impose of 50 basis points at each additional day. Within the 15 days of default, the Central Bank will go ahead to acquire and eventually liquidate the pledged securities.

### **Article 11: Repealing provision**

Any prior provisions contrary to this Directive, and the National Bank of Rwanda Directive N° 3250/2019 – 00013 [613] of 13/05/2019 on the Standing Lending Facility, are hereby repealed.

### **Article 12: Commencement**

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

Done at Kigali, on 30/06/2020

**RWANGOMBWA John**  
**Governor**

