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Circular to Chief Executive Officers of Commercial Banks

Amendment to the Rules for Accessing the Lombard Facility

The captioned subject refers.

The current Rules for the Lombard facility at the Bank of Uganda allow the commercial banks to access a loan equivalent to the 100% of the face value of the pledged Treasury securities if the securities are less than 91 days to maturity and up to 75% of the face value of the collateral for instruments with 91 days or more to maturity.

In order to mitigate the potential risk of inadequate collateral cover, Bank of Uganda has amended the guidelines to include a clause that reads as follows:

“Bank of Uganda extends Lombard funds to a commercial bank applicant of not more than 75% of the market value of the Treasury Securities pledged as collateral whose time to maturity shall not be more than twenty five years.”

The market value of the pledged collateral securities on the day of the Lombard settlement shall be derived from the previous business day's prices/yield curve which is always posted on the Bank of Uganda website.

The updated Rules governing the Lombard Facility are available on the Bank of Uganda website at [https://www.bou.or.ug/bou/bou-downloads/Financial Markets/Rules Governing-the-Lombard-and-the-Rediscount-window.pdf](https://www.bou.or.ug/bou/bou-downloads/Financial%20Markets/Rules%20Governing-the-Lombard-and-the-Rediscount-window.pdf)

This is to inform you accordingly.

Mary Katarikawe

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