



বাংলাদেশ ব্যাংক

(সেন্ট্রাল ব্যাংক অব বাংলাদেশ)

প্রধান কার্যালয়

মতিঝিল, ঢাকা-১০০০

বাংলাদেশ।

ডেট ম্যানেজমেন্ট ডিপার্টমেন্ট

ডিএমডি সার্কুলার নং-০২

তারিখ: ১৩ ফাল্গুন ১৪৩২
২৬ ফেব্রুয়ারি ২০২৬

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক ও ফাইন্যান্স কোম্পানি।

প্রিয় মহোদয়,

ব্যাংকিং খাতে সুষম তারল্যাবস্থা বজায় রাখার উদ্দেশ্যে বাংলাদেশ ব্যাংক কর্তৃক
'Guidelines for Open Market Operations' জারি প্রসঙ্গে।

দেশের মুদ্রাবাজারে স্থিতিশীলতা বজায় রাখা এবং ব্যাংকিং ব্যবস্থার তারল্য ব্যবস্থাপনাকে অধিকতর কার্যকর করার লক্ষ্যে বাংলাদেশ ব্যাংক কর্তৃক 'Guidelines for Open Market Operations' প্রণয়ন করা হয়েছে।

- ২। প্রণীত গাইডলাইনসের মূল উদ্দেশ্য বাংলাদেশ ব্যাংক কর্তৃক ব্যাংক ও ফাইন্যান্স কোম্পানিসমূহকে স্বল্পমেয়াদি তারল্য সহায়তা প্রদান ও অতিরিক্ত তারল্য উত্তোলন প্রক্রিয়া স্পষ্টীকরণ এবং একইসাথে আধুনিক ও সমন্বিত কাঠামোর আওতায় উক্ত কার্যক্রম পরিচালনা করার মাধ্যমে সামগ্রিক মুদ্রানীতি বাস্তবায়ন সহজতর ও সুসংহত করা। এক্ষেপে, Open Market Operations-এর আওতায় কার্যক্রম সম্পাদনের নিমিত্ত সকল কনভেনশনাল ও শরীয়াহ্ ভিত্তিতে পরিচালিত ব্যাংক ও ফাইন্যান্স কোম্পানিকে গাইডলাইনস্টি যথাযথভাবে অনুসরণের জন্য নির্দেশনা প্রদান করা হলো।
- ৩। এ নির্দেশনা ০৩ মে, ২০২৬ তারিখ হতে কার্যকর হবে।

সংযোজনী: বর্ণনা মোতাবেক (৩০ পাতা)।

আপনাদের বিশ্বস্ত,

(ইস্টেকমাল হোসেন)
পরিচালক (ডিএমডি)
ফোন: ৯৫৩০১৩১

ই-মেইল: istequemal.hussain@bb.org.bd

Guidelines for Open Market Operations



Debt Management Department

Bangladesh Bank

(Central Bank of Bangladesh)

Table of Contents

1. Objectives	1
2. Definition	1
3. Instruments of OMOs for Conventional Banks and Finance Companies	3
3.1 Repurchase Agreement (Repo).....	3
3.2 Standing Lending Facility (SLF).....	3
3.3 Operational and Settlement Procedures of Repo and SLF	3
3.4 Additional Terms and Conditions for Repo and SLF.....	4
3.5 Standing Deposit Facility (SDF)	6
3.6 Operational and Settlement Procedures of SDF.....	6
3.7 Bangladesh Bank Bill (BB Bill)	7
3.8 Operational and Settlement Procedures of BB Bill.....	7
4. Instruments of OMOs for Shari’ah Based Banks and Finance Companies	8
4.1 Islamic Banks Liquidity Facility (IBLF)	8
4.2 Operational and Settlement Procedures of IBLF.....	9
4.3 Treatment Regarding Breach of Terms of Contract.....	10
5. Outright Transactions of Government Securities.....	11
6. General Terms and Conditions	12
7. Dispute Resolution.....	13
8. Modification of Guidelines	13
Annexure-1: List of Eligible Securities for OMOs.....	14
Annexure-2: Rollover Procedures.....	14
Annexure-3: Time Schedule of OMOs	15
Annexure-4: Sample Auction Notice for Outright Sale of Government Securities	16
Annexure-5: Sample Auction Notice for Outright Purchase of Government Securities	17
Annexure-6: Sample Auction Notice for Bangladesh Bank Bill	18
Annexure-7: Prescribed Application Form for Manual Submission.....	19
1. Central Bank Repo Form.....	19
2. Standing Deposit Facility (SDF) Form	20
3. Standing Lending Facility (SLF) Form.....	21
4. Bangladesh Bank Bill (BB Bill) Bid Form	22
5. Islamic Banks Liquidity Facility (IBLF) Form	23
Annexure-8: Allotment Process of Liquidity-Absorbing Variable Auction	24
Annexure-9: Allotment Process of Liquidity-Providing Variable Auction	24
Annexure-10: Accounting Treatment for Collateral-Based Transactions.....	25

List of Acronyms

Acronym	Elaboration
BB	Bangladesh Bank
BB Bill	Bangladesh Bank Bill
BDT	Bangladesh Taka
BGIS	Bangladesh Government Investment Sukuk
CRR	Cash Reserve Ratio
DMD	Debt Management Department
FMI	Financial Market Infrastructure
IBLF	Islamic Banks Liquidity Facility
MPC	Monetary Policy Committee
MTDR	Mudarabah Term Deposit Receipt
OMO	Open Market Operation
PI	Participating Institution
Repo	Repurchase Agreement
RMP	Reserve Maintenance Period
SDF	Standing Deposit Facility
SLF	Standing Lending Facility
SLR	Statutory Liquidity Ratio

1. Objectives

The purpose of these Guidelines is to clarify and streamline the Open Market Operations (OMOs) of Bangladesh Bank, encompassing short-term liquidity support and the absorption of excess liquidity, with a view to ensuring stability in the domestic money market and managing liquidity in the banking system to facilitate the implementation of monetary policy.

2. Definition

2.1 The following terms, as used in these Guidelines, shall have the meanings indicated below unless the context clearly indicates otherwise:

- a) **Bangladesh Bank Bill (BB Bill)** refers to the short-term debt instrument issued by Bangladesh Bank to mop up excess liquidity from the market;
- b) **Electronic System** refers to the Financial Market Infrastructure (FMI) System or any other platform introduced or maintained by Bangladesh Bank for conducting OMOs;
- c) **First Leg Settlement** refers to the initial transfer of funds between Bangladesh Bank and a bank or finance company, effected upon successful completion of the transaction;
- d) **Haircut** refers to the difference between the market value of the collateral and the amount borrowed or lent against that collateral;
- e) **Islamic Banks Liquidity Facility (IBLF)** refers to a framework for providing short-term liquidity facility by Bangladesh Bank to Participating Institutions under the Mudarabah contract where Bangladesh Bank acts as the Investor (Rab-al-Mal) and Participating Institutions act as the investment manager (Mudarib) on the basis of an agreed Profit Sharing Ratio (PSR);
- f) **Open Market Operation (OMO)** refers to the liquidity management tools used by Bangladesh Bank to implement monetary policy, control money supply, and maintain the stability of interest rates. Instruments under OMOs include the Repurchase Agreement (Repo), Standing Deposit Facility (SDF), Standing Lending Facility (SLF), Bangladesh Bank Bill (BB Bill), Outright Transaction of Government Securities, Islamic Banks Liquidity Facility (IBLF), or any other tools introduced by Bangladesh Bank in this regard from time to time;
- g) **Outright Transaction** refers to the purchase or sale of Government Securities in the open market by Bangladesh Bank to control the money supply and maintain liquidity in the banking system at the desired level;

- h) **Repurchase Agreement (Repo)** refers to a short-term liquidity arrangement under which Participating Institutions obtain funds from Bangladesh Bank through the sale of eligible securities, together with a simultaneous and binding commitment to repurchase the same or equivalent securities on a specified future date at a predetermined price or rate, being contractually structured as a sale and repurchase transaction and economically treated as a collateralized financing arrangement;
- i) **Reserve Maintenance Period (RMP)** refers to the specific timeframe during which banks and finance companies shall maintain a required level of cash reserves with Bangladesh Bank to comply with the Cash Reserve Ratio (CRR) requirement;
- j) **Second Leg Settlement** refers to the final settlement where the original transaction is reversed along with the agreed-upon interest or profit on the maturity date;
- k) **Standing Deposit Facility (SDF)** refers to the temporary placement of surplus liquidity by Participating Institutions with Bangladesh Bank without receiving collateral in return, at a specified rate and date;
- l) **Standing Lending Facility (SLF)** refers to a collateralized borrowing arrangement under which Participating Institutions obtain overnight liquidity from Bangladesh Bank on a demand basis against eligible securities, with a commitment to repay at a specified date and rate.

2.2 All other words and expressions used herein, though not specifically defined, shall have the meanings ascribed to them under the Bank Company Act, 1991 (up to date), the Sarkari Rin Ain, 2022 (Public Debt Act, 2022) (Act No. 17 of 2022), the Bangladesh Bank Order, 1972 (P.O. No. 127 of 1972) (up to date), the Finance Company Act, 2023, and any other applicable laws, regulations, or standards currently in force.

3. Instruments of OMOs for Conventional Banks and Finance Companies

Bangladesh Bank (BB) uses various liquidity management instruments to regulate the flow of funds in the banking system and maintain monetary and financial stability. The Repo and SLF are employed to inject funds into the system when needed, while the SDF and BB Bill are used to mop up surplus liquidity from the market. Conventional banks and finance companies that maintain a current account with BB are eligible to participate in these operations.

3.1 Repurchase Agreement (Repo)

- a) **Tenor:** Overnight (1 day) and 7 days;
- b) **Operation Schedule:** The 7 (seven) days Repo shall be the regular Repo operation and conducted on each Tuesday. If a Repo operation coincides with a holiday, it shall be conducted on the next business day;
- c) **Repo for CRR Maintenance:** If there is no regular Repo operation on the end day of the RMP, an overnight (1 day) Repo operation shall be conducted to facilitate compliance with CRR maintenance. Unless otherwise notified, the 14th day and the last day of each month shall be considered as the end day of RMP;
- d) **Interest Rate:** At the policy rate determined from time to time by the Monetary Policy Committee (MPC) of BB for fixed-rate, full-allotment Repo operations.

3.2 Standing Lending Facility (SLF)

- a) **Tenor:** Overnight (1 day);
- b) **Operation Schedule:** SLF shall be conducted on each business day;
- c) **Interest Rate:** As per the rate determined by MPC from time to time.

3.3 Operational and Settlement Procedures of Repo and SLF

3.3.1 First Leg Settlement

- a) **Application Process:** Participating Institutions shall participate in the operations by applying within the specified timeframe through the electronic system;
- b) **Application Amount:** BDT 1.00 (one) crore or above;
- c) **Publication of Result:** Repo result shall be published in the electronic system within the specified timeframe;

- d) **Settlement Value:** The first leg settlement value shall be equal to the market value (clean price) of the eligible securities after applying haircut;

$$\text{First Leg Settlement Value} = \text{Market Value of Securities} \times (1 - \text{Haircut \%})$$

- e) **Fund and Securities Settlement of Repo:** Based on the result, fund settlement shall be conducted by crediting the current accounts of the Participating Institutions, while the securities shall simultaneously be marked as collateralized in favor of BB for the duration of the Repo period;
- f) **Automated First Leg Settlement of SLF:** Applications for SLF shall be settled automatically and immediately upon receipt by the electronic system of BB, with concurrent credit of funds to the Participating Institutions and marking of the securities as collateralized in favor of BB.

3.3.2 Second Leg Settlement

- a) **Settlement Value:** The first leg settlement value plus applicable interest;

$$\text{Second Leg Settlement Value} = \text{First Leg Settlement Value} \times \left(1 + \frac{\text{Interest Rate} \times \text{Tenor}}{365}\right)$$

- b) **Fund and Securities Settlement:** On the maturity date, BB shall debit the current account of the respective institution to recover the second leg settlement value and shall release the collateralized securities to the respective institution. The Participating Institution shall ensure that sufficient funds, equivalent to the second leg settlement value, are available in its current account at maturity.
- c) **Rollover of Repo:** Upon maturity of the existing regular Repo, rollover shall be permitted, subject to the conditions specified in the annexure.

3.4 Additional Terms and Conditions for Repo and SLF

- a) **Default Clause:**

- i) At maturity, if a Participating Institution fails to settle the second leg, BB shall have the right to enforce its security interest over the collateralized securities, and the legal title thereof shall be automatically transferred to BB without any further consent from the Participating Institution;
- ii) BB shall have the immediate right to seize, appropriate, and liquidate (sell) the collateral, or to determine its value in good faith by reference to prevailing market prices to calculate the close-out amount on the default date. The proceeds shall be applied to cover the default and any applicable penalty;

Close-out amount = Market value of collateral (dirty price) – (cash borrowed + interest amount+ applicable penalties)

- iii) Any surplus from the collateral value shall be returned to the institution. Any shortfall shall be recovered by debiting the institution's current account with BB, or otherwise treated as a debt due. The institution shall not be permitted to avail any Repo/SLF facility from BB until the dues are fully settled;
 - iv) BB's rights under this clause including enforcement, close-out, netting, seizure, and liquidation of collateral under these guidelines shall remain valid, binding and enforceable notwithstanding the insolvency, liquidation, restructuring, moratorium, or resolution of a Participating Institution.
- b) **Penalty for default:** In the event of default, the institution shall pay an additional charge as a penalty for the entire Repo/SLF period. In the case of Repo, the penalty shall be equivalent to the agreed Repo rate, whereas in the case of SLF, the penalty shall be equivalent to the agreed SLF rate.

3.5 Standing Deposit Facility (SDF)

- a) **Tenor:** Overnight (1 day);
- b) **Operation Schedule:** SDF shall be conducted on each business day;
- c) **Interest Rate:** As per the rate determined by MPC from time to time;

3.6 Operational and Settlement Procedures of SDF

3.6.1 First Leg Settlement

- a) **Application Process:** Participating Institutions shall participate in the operations by applying within the specified timeframe through the electronic system;
- b) **Applied Amount:** BDT 1.00 (one) crore or above. There shall be no upper limit on the applied amount;
- c) **Automated First Leg Settlement of SDF:** Applications for SDF shall be settled automatically and immediately upon receipt by the electronic system of BB, with concurrent debit of funds from Participating Institutions, in order to ensure efficient and faster processing.

3.6.2 Second Leg Settlement

- a) **Settlement Value:** The first leg settlement value plus applicable interest;
- b) **Formula for Calculating Settlement Value:**

$$\text{Second Leg Settlement Value} = \text{First Leg Settlement Value} \times \left(1 + \frac{\text{SDF Rate} \times \text{Tenor}}{365}\right)$$

- c) **Fund Settlement:** The second leg settlement of SDF transactions shall be conducted by crediting the settlement value to the Participating Institutions' current account on the maturity date.

3.7 Bangladesh Bank Bill (BB Bill)

- a) **Tenor:** Standard Monetary Operations shall have a tenor of 7 days, while Structural Liquidity-Absorbing Operations shall have tenors of 14, 30, 90, and 180 days;
- b) **Discount/Interest Rate:** Auction-determined, but capped at policy rate for Standard Monetary Operations;
- c) **Eligibility for Liquidity Support:** BB Bill shall be eligible as collateral for availing liquidity (Repo and SLF) from BB and for conducting Interbank Repo transactions;
- d) **Tax Treatment:** Income tax shall be deducted from discount/interest as per Government applicable rate.

3.8 Operational and Settlement Procedures of BB Bill

- a) **Auction Announcement:** BB shall issue a notice of BB Bill auction prior to mop up excess liquidity from the market;
- b) **Auction Participation:** Participating Institutions shall submit bids through the electronic system;
- c) **Bid Amount:** BDT 10.00 (ten) lac or its multiples;
- d) **Bidding Procedure:** Bids shall reflect the quantity of bills they wish to purchase and the discount rate (interest rate) they are willing to accept. Separate bids shall be submitted on each auction, and multiple bids may be submitted in any auction;
- e) **Publication of Result:** The result shall be published in the electronic system within the specified timeframe after being finalized by the Auction Committee of BB. Participating Institutions shall have sufficient cash reserves to cover the full amount submitted for the BB Bill;
- f) **Issuance and Settlement Process:** BB Bill shall be issued at discount, based on the final result, the settlement shall be done by debiting the current accounts of Participating Institutions held at BB;
- g) **Maturity Settlement:** At maturity, BB shall pay the face value to the holders by crediting the current account of the Participating Institutions. If the office is closed due to a public holiday, the maturity settlement shall occur on the following business day.

4. Instruments of OMOs for Shari’ah Based Banks and Finance Companies

With a view to managing liquidity within the Islamic banking system in Bangladesh, BB uses Shari’ah-compliant instruments that strictly adhere to Islamic finance principles, avoiding interest (riba) and excessive uncertainty (gharar). The Islamic Banks Liquidity Facility (IBLF) is one of the tools used to inject funds into the Islamic banking system. Shari’ah based banks and finance companies, as well as Islamic branches or windows of conventional banks and finance companies that maintain a current account or an al-wadiah current account with BB, are eligible to participate in these operations.

4.1 Islamic Banks Liquidity Facility (IBLF)

- a) **Tenor:** 7 days;
- b) **Operation Schedule:** IBLF operation shall be conducted on each business day;
- c) **Provisional Profit Rate:**
 - i) The profit under IBLF shall be determined based on a pre-agreed profit-sharing ratio between the BB (Rab-al-Mal) and the Participating Institution (Muḍarib);
 - ii) The provisional profit rate of IBLF shall be indicative only, linked to the one-month Mudarabah Term Deposit Receipt (MTDR) profit rate of the respective Participating Institution;
 - iii) If a one-month MTDR profit rate is not available, the profit rate of the next higher-tenor MTDR profit rate declared by the respective institution shall be used as the indicative provisional profit rate for IBLF;
 - iv) If an institution declares multiple profit rates for the same tenor product, the highest rate of that tenor shall be considered as the provisional profit rate for IBLF;
 - v) The final profit shall be adjusted at the end of the calendar year based on actual realized profit, reported by the Participating Institution. To facilitate this adjustment, Participating Institutions shall submit their final realized Mudarabah profit rate to BB at the end of the calendar year;

4.2 Operational and Settlement Procedures of IBLF

4.2.1 First Leg Settlement

- a) **Application Process:** Participating Institutions shall participate in the operations by applying within the specified timeframe through the electronic system;
- b) **Bid Amount:** BDT 1.00 (one) crore or above;
- c) **Publication of Result:** The result shall be published in the electronic system within the specified timeframe;
- d) **Settlement Value:** The first leg settlement value shall be equal to the market value (clean price) of the securities after applying haircut. If securities do not have an available market price, then the face value of the securities shall be considered as the market value;

$$\text{First Leg Settlement Value} = \text{Market Value of Securities} \times (1 - \text{Haircut \%})$$

- e) **Fund and Securities Settlement:** Based on the result, fund settlement shall be conducted by crediting the current accounts/al-wadiah current accounts of the Participating Institutions, while the securities shall simultaneously be placed with BB as collateral for the duration of the IBLF period, to solely secure the Mudarabah capital against negligence, misconduct, or breach of contract by the Participating Institution.

4.2.2 Second Leg/Maturity Settlement of Investment

- a) **Settlement Value:** The first leg settlement value plus BB's provisional share of profit, if any, subject to final determination based on actual realized profit;

$$\text{Second Leg Settlement Value} = \text{First Leg Settlement Value} \times \left(1 + \frac{\text{IBLF Profit Rate} \times \text{Tenor}}{365}\right)$$

- b) **Fund and Securities Settlement:** On the maturity date, BB shall debit the current account/al-wadiah current account of the respective institution to recover the investment amount and the profit (as per the provisional profit rate), and release the collateralized securities to the respective institution. The Participating Institution shall ensure that sufficient funds, equivalent to the second leg settlement value, are available in its current account/al-wadiah current account at maturity.
- c) **Rollover of IBLF:** Upon maturity of the existing IBLF, rollover shall be permitted subject to the conditions specified in the annexure, provided that the existing Mudarabah

is first deemed terminated through settlement of provisional profit (if any) and confirmation that no loss has occurred, and a new and independent Mudarabah contract is executed thereafter.

4.3 Treatment Regarding Breach of Terms of Contract

a) Default Clause:

- i) At maturity, if the institution fails to settle the investment due to negligence, misconduct, or contractual breach, BB shall have the right to enforce its security interest over the collateralized securities;
- ii) BB shall have the immediate right to seize, and liquidate (sell) the collateral, or to determine its value in good faith by reference to prevailing market prices on the default date, solely to recover the outstanding investment capital and any profit actually realized and distributable as of the date of default, together with actual enforcement-related cost;
- iii) Any surplus from the collateral value shall be returned to the institution. Any shortfall shall be recovered by debiting the institution's current account/al-wadiah current account with BB. Any remaining deficit after such recovery shall be treated as a liability of the institution. The institution shall not be permitted to avail any IBLF from BB until such liabilities are fully settled;
- iv) BB's rights under this clause including enforcement, close-out, netting, seizure, and liquidation of collateral under these guidelines shall remain valid, binding and enforceable notwithstanding the insolvency, liquidation, restructuring, moratorium, or resolution of a Participating Institution.

- b) Penalty for default:** In the event of willful default, negligence, or breach of contractual obligations, an institution shall pay an additional charge as a penalty for the entire IBLF period. BB shall calculate a Shari'ah compliant penalty, using the prevailing Policy Rate as a reference. The penalty shall be debited from the Participating Institution's current account/al-wadiah current account, shall not accrue to BB, and shall be transferred in full to a charity fund 'Bangladesh Bank Disaster Management and Social Responsibility Fund' in accordance with Shari'ah principles.

5. Outright Transactions of Government Securities

- a) **Auction Announcement:** BB shall announce the outright sale or purchase of Government Securities through a public notice. The announcement shall specify the types of securities, the amount to be sold or purchased, and the auction details, including the date, time, and rules of the transaction;
- b) **Order Amount:** BDT 10.00 (ten) lac or its multiples;
- c) **Auction Participation:** Participating Institutions shall submit orders through the electronic system;
- d) **Order Procedure:** An order shall include the quantity of Government Securities the Participating Institution intends to ‘purchase or sell’, and the price (or yield) it is willing to offer or accept. A separate order shall be submitted for each auction, and multiple orders may be submitted in any auction;
- e) **Publication of Result:** After finalizing the result by the Auction Committee of BB, it shall be published in the electronic system within the specified timeframe;
- f) **Fund and Securities Settlement:** Based on the final results, the settlement shall be executed by appropriately debiting or crediting the Participating Institutions’ current accounts with BB and simultaneously transferring the corresponding securities from the seller’s account to the buyer’s account, as applicable to Outright Sales or Purchases.

6. General Terms and Conditions

- a) **Day Count Convention:** Actual/365 basis;
- b) **Settlement Cycle:** T+0;
- c) **Treatment of Collateral:** While providing the facility, the entire securities shall be treated as collateralized securities, even if a haircut is applied to their market value at the prescribed rate. All securities used under the OMOs shall be subject to statutory collateral marking in favor of BB, with the right of appropriation in the event of default, without requiring further consent from the counterparty. These collateral securities shall not qualify as eligible assets for the SLR during the transaction period;
- d) **Coupon/Profit of Securities in Interim Period:** The Participating Institutions shall receive interim coupon/profit (if any) from securities used as collateral;
- e) **Restricted Securities:** Securities maturing within the Repo/SLF/IBLF tenor shall not be considered eligible for applications;
- f) **Use of Securities for Multiple OMO:** Participating Institutions shall be permitted to apply for different OMOs facilities using the same securities, subject to the unencumbered balance of those securities;
- g) **Holiday Settlement Adjustment:** If BB is closed due to a public holiday, the second leg settlement shall occur on the following business day. Interest/profit shall be paid from the day the facility is provided until the settlement date;
- h) **Holiday Treatment of RMP:** If BB is closed due to a public holiday at the end day of RMP, then the fine-tuning operation shall be conducted on the previous working day;
- i) **Debit/Credit Authority of BB:** BB shall have the authority to debit and credit the current account/al-wadiah current account and securities accounts of Participating Institutions in respect of OMOs;
- j) **Manual Application:** In exceptional circumstances, where submission of electronic applications is not possible, manual applications for Repo, SDF, SLF, BB Bill, and IBLF may be submitted to the BB, Motijheel office in prescribed form (see Annexure) within the specified timeframe;
- k) **Details of Authorized Officials:** Participating Institutions interested in conducting OMOs under these guidelines shall provide BB with the necessary information regarding authorized officials (e.g., name, telephone number, e-mail address, sample signature, etc.);

- 1) **Replacement of Existing Circulars and Directives:** All previous policies, guidelines, circulars, and circular letters issued by the relevant department regarding Central Bank Repo, Special Repos/SLF, Reverse Repos/SDF, BB Bill and IBLF shall be deemed replaced by the directives of these guidelines.

7. Dispute Resolution

Any dispute arising regarding the OMOs shall be resolved by BB in accordance with applicable laws and regulations.

8. Modification of Guidelines

BB may modify, extend, add, or remove relevant policies and procedures related to OMOs, as deemed necessary.

Annexure-1: List of Eligible Securities for OMOs

The following unencumbered marketable securities, including such other securities as may be declared eligible by BB from time to time, shall be accepted as collateral for the respective OMO facilities, subject to the applicable haircuts:

Instruments	Eligible Securities	Applicable Haircut
Repo and SLF	Treasury Bills (T-Bill)	5%
	Bangladesh Government Treasury Bonds (BGTB)	5%
	Bangladesh Bank Bill (BB Bill)	5%
IBLF	Bangladesh Government Investment Sukuk (BGIS)	5%

Annexure-2: Rollover Procedures

At the maturity of 7 days Repo and IBLF, rollover shall be permitted upon application by the Participating Institution, subject to compliance with the following conditions:

- a) Participating Institutions shall submit their request for rollover within the stipulated timeframe. Requests received after the stipulated cut-off time shall not be considered;
- b) The Participating Institution shall, on the maturity date, fully settle all accrued interest/profit due to BB as Rab-al-Mal on the maturing transaction prior to consideration of rollover;
- c) BB shall conduct a new mark-to-market valuation of the collateral securities and apply the applicable haircut to determine the revised borrowing/investment limit;
- d) Any shortfall or excess arising from revaluation and haircut adjustments shall be settled through the Participating Institution's current account/al-wadiah current account with BB on the same day;
- e) Upon settlement of the interest/agreed-upon profit share and valuation process, the new Repo/IBLF shall be initiated as a rollover transaction under the applicable OMO terms, reflecting any adjustments to the interest rate/agreed-upon profit share based on actual performance;
- f) If the Participating Institution fails to settle accrued interest/agreed-upon profit share, valuation differences, or provide eligible collateral within the prescribed timeframe, the rollover request shall be rejected and the maturing transaction shall be fully settled;

- g) For 7 days Repo transactions, if the second leg settlement falls on a holiday and the transaction is rolled over, the new Repo transaction shall mature on the next scheduled regular Repo operation day (e.g., a rollover Repo initiated on Wednesday shall be settled on next Tuesday);
- h) Rollover of 7 days Repo and IBLF transactions shall not exceed two (02) consecutive occurrences.

Annexure-3: Time Schedule of OMOs

The submission of applications/bids and the announcement of results for OMOs shall be conducted as follows, or as specified by BB from time to time:

Sl.	Instruments	Submission Time	Result Publication Time	Settlement Time
1.	Central Bank Repo	10:00 am - 3:00 pm	3:30 pm	1 st leg: 4:30 pm 2 nd leg: 1:00 pm (Rollover/Settlement)
2.	SLF	10:00 am- 5:00 pm	-	1 st leg: Continuous basis 2 nd leg: 1:00 pm (Settlement)
3.	SDF	10:00 am - 5:00 pm	-	1 st leg: Continuous basis 2 nd leg: At the start of the day
4.	BB Bill	10:00 am - 12:30 pm	2:30 pm	4:00 pm
5.	Outright Buy-Sell	10:00 am - 12:30 pm	2:30 pm	4:00 pm
6.	IBLF	10:00 am - 3:00 pm	3:30 pm	1 st leg: 4:30 pm 2 nd leg: 1:00 pm (Rollover/Settlement)

Annexure-4: Sample Auction Notice for Outright Sale of Government Securities

To permanently absorb excess liquidity from the banking system, BB proposes an outright sale of government securities held in its portfolio. The terms and conditions of the auctions are as follows:

Auction Date	
Auction Type	Multiple Price Auction
Securities Details	<ol style="list-style-type: none"> 1) Type: Treasury Bond / Treasury Bill/BGIS 2) ISIN: 3) Notified Amount: 4) Maturity Date(s): As per security details 5) Coupon / Discount/Profit Rate: As applicable
Eligibility	<p>For Treasury Bond / Treasury Bill: Conventional banks and finance companies maintaining current accounts with BB.</p> <p>For BGIS: Shari'ah based banks and finance companies, and the Islamic branches or windows of conventional banks and finance companies maintaining current accounts or al-wadiah current accounts with BB.</p>
Bid Submission Time	Bid shall be submitted electronically through the FMI system <u>between 10:00 am and 12:30 pm</u> on the auction day.
Bid Terms	<ol style="list-style-type: none"> 1) Participating Institutions shall bid/quote the price (clean price) for every BDT 100 face value of the securities. 2) Bid Size: BDT 10.00 lac or its multiples. 3) Multiple bids are permitted.
Payment and Settlement	Fund settlement shall be conducted by debiting the current accounts or al-wadiah current accounts of the Participating Institutions held at BB. Simultaneously, the sold securities shall be transferred to the Participating Institution.
Other Terms & Conditions	Successful Participating Institutions shall pay the respective bid price and accrued interest/profit on the nominal value of the securities allotted in the auction, calculated from the issue date.

Interested participants shall submit their bids through the Bangladesh Bank Financial Market Infrastructure (FMI) system within the specified timeframe on the date of auction. Separate bids must be submitted for different prices. The results will be announced by 2:30 p.m. on the same day. Submission of bids in the auction shall be treated as authorization for Bangladesh Bank to debit the Participating Institutions' current accounts or al-wadiah current accounts and credit the securities account. Accordingly, Participating Institutions are advised to ensure that bids are submitted by their authorized officials.

Your faithfully,

Director (DMD)

Annexure-5: Sample Auction Notice for Outright Purchase of Government Securities

To permanently provide liquidity in the banking system, BB proposes an outright purchase of government securities from the market participants. The terms and conditions of the auctions are as follows:

Auction Date	
Auction Type	Multiple Price Auction
Securities Details	1) Type: Treasury Bond / Treasury Bill/BGIS 2) Notified Amount:
Eligibility	For Treasury Bond / Treasury Bill: Conventional banks and finance companies maintaining current accounts with BB. For BGIS: Shari'ah based banks and finance companies, and the Islamic branches or windows of conventional banks and finance companies maintaining current accounts or al-wadiah current accounts with BB.
Offer Submission Time	Offer shall be submitted electronically through the FMI system <u>between 10:00 am and 12:30 pm</u> on the auction day.
Offer Terms	1) Participating Institutions shall submit offers for the outright sale of Government Securities from their holdings: a) specifying the quantity they are willing to sell; b) the price at which they want to sell the securities. 2) Offer Size: BDT 10.00 lac or its multiples. 3) Multiple offers are permitted. 4) Separate offers must be submitted for different prices.
Payment and Settlement	Fund settlement shall be conducted by crediting the current accounts or al-wadiah current accounts of the Participating Institutions held at BB. Simultaneously, the sold securities shall be transferred to the BB.
Other Terms & Conditions	Successful Participating Institutions shall receive the respective offer price and accrued interest/profit on the nominal value of the securities sold in the auction, calculated from the issue date.

Interested participants shall submit their offers through the Bangladesh Bank Financial Market Infrastructure (FMI) system within the specified timeframe on the date of auction. Separate offers must be submitted for different prices. The results will be announced by 2:30 p.m. on the same day. Submission of offers in the auction shall be treated as authorization for Bangladesh Bank to credit the Participating Institutions' current accounts or al-wadiah current accounts and debit the securities account. Accordingly, Participating Institutions are advised to ensure that offers are submitted by their authorized officials.

Your faithfully,

Director (DMD)

Annexure-6: Sample Auction Notice for Bangladesh Bank Bill

According to Circular No. 'Guidelines for Open Market Operations' by Debt Management Department of Bangladesh Bank, the auctions for will be held on The main features of the BB Bill and the auction procedures are as follows.

Auction Method and Type	Multiple-price auction (competitive bids) will be conducted through the BB's electronic platform (FMI System).
Bidding Time	Eligible participants shall submit bids electronically through the FMI system between 10:00 am and 12:30 pm on the auction day. Manual (sealed-cover) bids may be submitted to the concerned department if technical issues occur.
Bid Terms	The face value of each bill is BDT 100.00; Bids must specify the offer price per BDT 100 face value; Separate bids shall have to be submitted for different prices.
Eligibility	All conventional banks and finance companies maintaining current accounts with Bangladesh Bank.
Settlement Time	Successful bids will be settled through participants' accounts maintained with Bangladesh Bank on the same day.
Discount Rate	The bills will be issued and redeemed at a discount
Transferability	Freely tradable and transferable

In exceptional situations such as system failure, bids can be submitted using the manual system (bids in sealed covers) with prior approval from Debt Management Department. The bids will be opened at 12.30 pm and the results will be announced by 02.30 pm on same day. The bids submitted in the auction will be considered as the letter of authorization of the Participating Institutions to debit their current accounts maintained with Bangladesh Bank. Therefore, concerned Participating Institutions are advised to submit bids through their responsible officials.

Your faithfully,

Director (DMD)

Annexure-7: Prescribed Application Form for Manual Submission

1. Central Bank Repo Form

Date:

Executive Director
Bangladesh Bank
Motijheel Office
Dhaka, Bangladesh.

Dear Sir,

Subject: Application for Central Bank Repo.

We, the undersigned, hereby request the BB to conduct a Central Bank Repo transaction on our behalf under the terms specified below:

1. Transaction Date			
2. Requested Amount			
3. Applicable Interest Rate and Tenor			
4. Details of Eligible Securities used for Repo	T-Bill	ISIN:	
		Total Market Value:	
		Value after applying haircut:	
	T-Bond	ISIN:	
		Total Market Value:	
		Value after applying haircut:	
5. First Leg Settlement Value			
6. Second Leg Settlement Value			

We certify that the above information is accurate and complete. We agree to comply with all applicable regulations and terms regarding this transaction.

Authorized Officer's Name, Designation,
Signature and Seal

2. Standing Deposit Facility (SDF) Form

Date:

Executive Director
Bangladesh Bank
Motijheel Office
Dhaka, Bangladesh.

Dear Sir,

Subject: Application for Standing Deposit Facility (SDF).

We, the undersigned, hereby request the BB to conduct a SDF transaction on our behalf under the terms specified below:

1. Transaction Date	
2. Bid Amount	
3. Maturity Date	
4. Applicable Interest Rate	
5. First Leg Settlement Price	
6. Second Leg Settlement Price	

We hereby authorize you to deduct the funds received from our current account as per the application. We agree to comply with all applicable regulations and terms regarding this transaction.

Authorized Officer's Name, Designation,
Signature and Seal

3. Standing Lending Facility (SLF) Form

Date:

Executive Director
Bangladesh Bank
Motijheel Office
Dhaka, Bangladesh.

Dear Sir,

Subject: Application for Standing Lending Facility (SLF).

We, the undersigned, hereby request the BB to conduct a Standing Lending Facility (SLF) transaction on our behalf under the terms specified below:

1. Transaction Date			
2. Requested Amount			
3. Applicable Interest Rate and Tenor			
4. Details of Eligible Securities used for SLF	T-Bill	ISIN:	
		Total Face Value:	
		Total Market Value:	
		Value after applying haircut:	
	T-Bond	ISIN:	
		Total Face Value:	
		Total Market Value:	
	Value after applying haircut:		
5. First Leg Settlement Value			
6. Second Leg Settlement Value			

We certify that the above information is accurate and complete. We agree to comply with all applicable regulations and terms regarding this transaction.

Authorized Officer's Name, Designation,
Signature and Seal

4. Bangladesh Bank Bill (BB Bill) Bid Form

Date:

Executive Director
Bangladesh Bank
Motijheel Office
Dhaka, Bangladesh.

Dear Sir,

Subject: Application for Submission of Bid for BB Bill.

We, the undersigned, hereby request to submit bid for BB Bill on our behalf under the terms specified below:

1. Transaction Date	
2. Tenor	
3. Bid Amount (in Crore BDT)	
4. Offer Price/Rate	

On acceptance, we hereby authorize BB to debit our current account maintained with BB for settlement. We agree to comply with any decisions taken by the Auction Committee of BB.

Authorized Officer's Name, Designation,
Signature and Seal

5. Islamic Banks Liquidity Facility (IBLF) Form

Date:
The Executive Director
Bangladesh Bank
Motijheel Office
Dhaka, Bangladesh.

Dear Sir,

Subject: Request for IBLF.

With reference to the DMD Circular No. Dated we, hereby apply for funds under IBLF as per details given below:

Rab-al-Mal (Partner 1): Bangladesh Bank (BB)
Mudarib (Partner 2):

A. Details of the eligible collateral

1. Security Type		
2. Security Details	ISIN:	
	Total Face Value:	
	Total Market Value:	
	Value after applying haircut:	

B. Details of fund

1. Transaction Date	
2. Requested/Financing amount	
3. Amount in words	
4. Tenor of IBLF	
5. Fund to be credited to Account No	
6. Existing profit sharing ratio applicable for current Mudarabah Term Deposit Receipt	
7. Expected Profit Rate (attach rate sheet)	
8. Expected Profit Amount	
9. Total amount payable to BB at maturity (Financing amount + Expected Profit amount)	

- We hereby authorize BB to mark the securities as collateralized as per the details provided above. We further authorize BB to credit our Current Account/Al-Wadiah Current Account with the allotted amount and to debit the same account for settlement at maturity.
- In the event that we fail to maintain adequate funds in our Current Account/Al-Wadiah Current Account for the settlement of IBLF at maturity due to negligence, misconduct, or breach of contractual obligations, BB is authorized to adjust the investment capital and any profit actually realized and distributable by disposing of the collateralized securities.
- We shall be liable to pay any penalty imposed on us by BB in the event of willful default, negligence or breach of contract.

Yours faithfully,

Authorized Name & Signature
with Seal/Rubber Stamp

Annexure-8: Allotment Process of Liquidity-Absorbing Variable Auction

In a liquidity absorbing variable rate auction (such as BB Bill, Outright Sale), allotment of bids submitted by eligible counterparties shall be made in accordance with the following procedures:

1. Bids shall be arranged in ascending order of offered interest/profit rates or, where applicable, in descending order of offered prices;
2. Bids quoting the lowest interest/profit rates shall be satisfied first, followed by bids at successively higher interest/profit rates, until the total amount of liquidity to be absorbed is exhausted;
3. If the aggregate amount of bids at the cut-off interest/profit rate exceeds the remaining amount available for allotment, the remaining amount shall be allotted on a pro-rata basis among those bids, in proportion to each bid amount relative to the total bids at the cut-off rate;
4. The amount allotted to each Participating Institution shall be rounded to the nearest BDT.

Annexure-9: Allotment Process of Liquidity-Providing Variable Auction

In a liquidity-providing variable rate auction (such as Outright Purchase), the bids of counterparties shall be allotted in the following manner:

1. Bids shall be arranged in descending order of offered interest/profit rates or, where applicable, in ascending order of offered prices;
2. Bids quoting the highest interest/profit rates shall be satisfied first, followed by bids at successively lower interest/profit rates, until the total amount of liquidity to be provided is exhausted;
3. If the aggregate amount of bids at the cut-off interest/profit rate exceeds the remaining amount available for allotment, the remaining amount shall be allotted on a pro-rata basis among those bids, in proportion to each bid amount relative to the total bids at the cut-off rate;
4. The amount allotted to each Participating Institution shall be rounded to the nearest BDT.

Annexure-10: Accounting Treatment for Collateral-Based Transactions

Notwithstanding the contractual structure describing the transaction as a sale and subsequent repurchase, Central Bank Repo transactions conducted under these guidelines shall, for all accounting, prudential, risk management, regulatory, and insolvency-related purposes, be treated as collateralized borrowing arrangements, similar to the SLF and IBLF. Under such arrangements, the Participating Institution (PI) shall retain the economic ownership of, and substantially all risks and rewards associated with, the underlying securities, subject to BB's security interest therein. Accordingly, securities provided as collateral by a PI to obtain liquidity shall not be derecognized from the PI's balance sheet. The cash received shall be recorded as a borrowing liability/investment received, adjusted for any applicable haircut, with no separate margin receivable recognized. The collateralized securities shall remain on the PI's balance sheet for the tenor of the transaction and shall be derecognized only in the event of default, upon BB exercising its right of seizure.

1. Accounting Instructions for Participating Institutions:

- a) **Retention on Books:** Collateralized securities shall remain on the borrower's (PI's) books (HTM at amortized cost, HFT at fair value) and shall be disclosed in the financial statement notes as 'Collateralized Securities under Repo/SLF/IBLF'. Upon entering the first leg, the securities shall be reclassified from unencumbered to encumbered securities, and therefore shall not qualify for SLR purposes during the encumbrance period;
- b) **Cash and Liability Recording:** The borrower (PI) shall record cash received as an inflow with a corresponding Repo/SLF/IBLF liability, equal to the market value of the collateralized security (after haircut) i.e. first leg settlement value;
- c) **Maturity Settlement:** Upon maturity, the borrower (PI) shall repay the Repo/SLF liability/IBLF investment amount along with interest/profit. No re-entry of securities shall be required;
- d) **Revaluation during Repo/SLF/IBLF Period:** The borrower (PI) shall continue normal accounting treatment of securities, whereas the lender (BB) shall not record the securities and shall have no revaluation;
- e) **Coupon/Profit-Bearing Securities:** The borrower (PI) shall continue accruing coupon/profit, while the lender (BB) shall record only a loan/investment and shall not accrue coupon/profit;
- f) **Non-Coupon/Profit-Bearing Securities:** For non-coupon/profit-bearing securities, the borrower (PI) shall maintain normal HFT or HTM treatment, while the lender (BB) shall not recognize the securities and shall record no revaluation;

- g) Default Accounting Treatment:** In the event of default upon formal seizure of securities by lender (BB) at maturity, the borrower (PI) shall derecognize the collateralized security only to the extent of loss realized (including penalty amount in case of Repo and SLF) and shall reflect any shortfall recovery or surplus return in their books.

2. Journal Entries for Participating Institutions

a) At First Leg (T+0)

- i) Recognition of cash and borrowing liability:** Cash received against collateralized securities shall be recorded as a liability. The securities shall remain on the balance sheet (with the lien disclosed off-balance sheet).

Debit	Credit
Balances with Bangladesh Bank	Collateralized Borrowing Liability/Investment Received
Securities remain on balance sheet (disclosed in footnotes)	

- ii) Reclassification of collateralized securities:** Upon entering the first leg, the securities shall be reclassified from Unencumbered to Encumbered Securities, and therefore shall not qualify for SLR purposes during the encumbrance period.

Debit	Credit
Encumbered Government Securities	Investment in Government Securities

b) Interest/Profit Accrual (Reporting day/Maturity)

At the reporting date and/or at maturity, the PI shall accrue the interest or profit expense arising from Repo/SLF/IBLF transactions by recognizing the corresponding payable.

Debit	Credit
Interest/Profit on borrowing	Interest/Profit Payable on borrowing

c) At Maturity (Second Leg Settlement)

- i) Second Leg Settlement:** At maturity, the PI shall repay the liability along with the interest or profit agreed under the collateral arrangement. The collateral securities shall be released with no accounting entry, as they shall never have been derecognized.

Debit	Credit
Collateralized Borrowing Liability/ Investment Received	Balances with Bangladesh Bank
Interest/Profit Payable on borrowing	
(Footnote disclosure updated)	

- ii) Re-classification of collateralized securities:** At maturity, the securities shall be reclassified from Encumbered to Unencumbered Securities, and therefore shall be qualified for SLR purposes.

Debit	Credit
Investment in Government Securities	Encumbered Government Securities

d) In case of Default (Failure to Settle Second Leg)

If the PI fails to repay the borrowing (second leg), the collateralized securities shall be seized and derecognized. The accounting treatment shall depend on the relationship between the market value of the securities and the collateralized borrowing liability.

- i) When Government Securities Market Value = Collateralized Borrowing Liability:** If the collateral value fully covers the liability, no gain or loss shall arise. No additional entry shall be required, as the liability shall be exactly offset by the collateral value.

Debit	Credit
Collateralized Borrowing Liability (Repo/SLF: including interest and penalty)/ (IBLF: including profit)	Government Securities (derecognized upon seizure)
(Footnote disclosure updated)	

- ii) When Government Securities Market Value < Collateralized Borrowing Liability:** If the collateral value is insufficient, a loss equal to the shortfall amount shall be recognized. The loss shall represent the portion of the liability that cannot be recovered from the seized securities.

Debit	Credit
Collateralized Borrowing Liability (Repo/SLF: including interest and penalty)/ (IBLF: including profit)	Government Securities (derecognized upon seizure)
Credit Loss/Impairment Loss (Loss recognized)	Balances with Bangladesh Bank (Shortfall returned to BB)

- iii) When Government Securities Market Value > Collateralized Borrowing Liability:** If the collateral exceeds the liability, the surplus cash shall be returned to the PI.

Debit	Credit
Collateralized Borrowing Liability (Repo/SLF: including interest and penalty)/ (IBLF: including profit)	Government Securities (derecognized upon seizure)
Balances with Bangladesh Bank (Surplus cash returned to PI)	