



PRESS RELEASE

Notice on Overnight Standing Facilities

1. Autoriti Monetari Brunei Darussalam (AMBD) issued the Notice (Notice No: BU/N-7/2018/57 and BU/N-8/2018/58) on the introduction of the Overnight Standing Facilities on Thursday, 3rd Muharram 1440 corresponding to 13th September 2018. The Overnight Standing Facilities aim to support effective and efficient liquidity management of the banks and to facilitate the smooth functioning of the financial system. The Notice was issued following several rounds of consultations with the Brunei Association of Banks (BAB) on the proposed framework.
2. As part of the objectives set out in the Brunei Darussalam Financial Sector Blueprint 2016-2025, AMBD has been taking steps towards creating conditions conducive to the development of a more efficient money market in Brunei Darussalam. This is in line with the functions of AMBD as stipulated under the AMBD Order, 2010, to develop and manage the interbank funds system as well as to establish the requirements for its participants.
3. In designing the Overnight Standing Facilities framework, AMBD ensures that the instruments and operations in relation to the framework are strictly consistent with the Currency Board principles, as Brunei Darussalam remains fully committed to the Currency Board Arrangement, and the Currency Interchangeability Agreement with the Republic of Singapore.
4. The introduction of the dual Overnight Standing Facilities seeks to create a level playing field for both the Islamic and conventional banks in Brunei Darussalam. The Facilities consist of Syariah-Compliant Funding and Acceptance Facilities as well as Conventional Lending and Deposit Facilities. The Funding and Lending facilities allow banks to obtain Brunei Dollar liquidity from AMBD, against sufficient eligible collateral on an overnight basis. Meanwhile, the Acceptance and Deposit Facilities allow banks to place excess deposits in Brunei Dollars with AMBD, on an overnight basis. Eligible counterparties of the Facilities shall consist of the licensed banks in Brunei Darussalam only.

5. For more information on the Overnight Standing Facilities, members of the public may view the technical notes on the AMBD website at www.ambd.gov.bn.

Autoriti Monetari Brunei Darussalam

Date: 3 Muharram 1440 / 13 September 2018

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