

25 January 2018

BOJ CUTS DAILY FOREIGN EXCHANGE SALE REQUIREMENT FOR CAMBIOS AND AUTHORISED DEALERS

Effective 7 February 2018, Bank of Jamaica will reduce the amount that authorised dealers (ADs) and cambios are required to sell to the central bank from their daily purchases of foreign exchange (FX).

For both ADs and cambios, the amount required to be sold to the central bank will be reduced by 5.0 percentage points.

This latest reduction therefore brings the total surrender requirement from ADs and cambios to 20 per cent and 15 per cent of daily gross purchases, respectively.

The continued reduction in surrender requirements, in conjunction with the BOJ Foreign Exchange Intervention & Trading Tool (B-FXITT), is in keeping with Bank of Jamaica's ongoing reform programme to make its interaction with the foreign exchange market more transparent and to improve the efficiency and transparency of the FX market in general.

The central bank expects this reduction in surrender requirements to improve liquidity conditions in the FX market and contribute to its deepening.

Going forward, the central bank will conduct periodic reviews of market conditions and other factors to determine the scope for further reductions in the surrender requirements, concurrently with further enhancements to B-FXITT.