



NATIONAL BANK OF KAZAKHSTAN

PUBLIC INFORMATION NOTICE

April 2, 2018

On the introduction of a new instrument of monetary policy on the provision and withdrawal of liquidity in the money market

In order to improve the efficiency of the transmission mechanism of monetary policy, as well as to develop the market of derivative financial instruments, the National Bank decided to begin conducting one day currency swap transactions on the platform of the joint stock company “Kazakhstan Stock Exchange” both for the provision and withdrawal of liquidity.

The liquidity provision in national currency through the currency swap will be carried out at the National Bank’s base rate plus 2% (two percent) per annum.

Withdrawal of liquidity in national currency through one-day currency swap will be carried out at the interest rate calculated according to the following formula taking into account the rate differential between United States and Kazakhstan, which provides a relationship between the money and currency markets:

$$(R_KZT - R_USD) / (1 + R_USD),$$

where,

R_KZT - the National Bank’s base rate minus 1% (one percent) per annum;

R_USD - one-day USD LIBOR rate for the previous working day according to information resources of Bloomberg or Thomson Reuters.

A wider corridor of rates for swap transactions relative to the corridor of rates for standing facilities transactions is designed to discourage the use of foreign currency as collateral when borrowing tenge liquidity.

The daily volume of National Bank’s transactions to withdraw liquidity through currency swap transactions will be limited to 500,000,000 (five hundred million) US dollars.

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