

**THE GOVERNOR**

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Ref. No. IA.248/301/01 F.124**31 May 2023****To: All Foreign Exchange Authorized Dealers****RE: DIRECTIVES ON FOREIGN EXCHANGE OPERATIONS**

As part of the undertaking of its statutory mandate, the Bank of Tanzania has reviewed the foreign exchange market operations in consideration of the current market development. Therefore, to foster macroeconomic stability and safeguard the stability of the financial system in the country, the Bank is reminding all the dealers of foreign exchange to observe the requirements under the foreign exchange regime in the country at all-time which include but are not limited to the following:

- (i) All Foreign exchange transactions exceeding USD 1,000,000.00 per transaction in the retail market shall at all times be traded within the interbank foreign exchange market prevailing quoted prices. All transactions of a single customer in a day shall be summed up for the purpose of determining this amount.
- (ii) Trading of foreign exchange with international foreign currency brokers who are not licensed in the United Republic of Tanzania is strictly prohibited.
- (iii) At all times, foreign exchange dealers are required to strictly observe the procedures for Know Your Customer (KYC) in their undertakings.
- (iv) The limit for the foreign exchange Net Open Position (NOP) shall be ten per cent (10%) of Core Capital and has to be observed at all times.
- (v) All Letters of Credit (LCs) for transit cargoes shall be funded by foreign exchange mobilized from respective destination countries.

It is reiterated that compliance with the requirements stated hereinabove is mandatory and shall be subject to examination and monitoring by the Bank of Tanzania and infringement attract penal sanctions as provided for in the Foreign Exchange Act, 1992.

These directions cancel instructions contained in the Circular that was issued by the Bank on 06th August 2020 with ref. No. IA.248/301/01 F.87.

The above directives shall take effect from 01st June 2023.

Emmanuel M. Tutuba

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