



## **GUIDELINES FOR ELECTRONIC MATCHING SYSTEM (EMS)**

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**PART I**  
**PRELIMINARY PROVISIONS**

<b>1.1 Introduction</b>	<p>Pursuant to Section 50(1) of the BOT Act, 2006, the Bank of Tanzania is mandated to formulate, determine and implement the exchange rate policy in the United Republic of Tanzania (URT). In fulfilling this mandate, among other things, the Bank is empowered to establish mechanisms that promote transparency, efficiency, and order in the Interbank Foreign Exchange Market (IFEM).</p> <p>In pursuit of this mandate, the Bank has adopted Electronic Matching System (EMS) as the designated platform for trading in the IFEM. EMS provides a centralized, anonymous, and rule-based environment for interbank foreign exchange transactions, thereby enhancing market depth, improving price discovery, minimizing counterparty risk, and ensuring consistency with the exchange rate policy framework.</p> <p>These Guidelines describe the rules and procedures in which Interbank foreign exchange trading shall be executed through EMS.</p>														
<b>1.2 Citation</b>	These Guidelines shall be cited as “Guidelines for Electronic Matching System (EMS)”.														
<b>1.3 Application</b>	These Guidelines shall apply to all commercial banks and approved non-bank participants.														
<b>1.4 Scope</b>	These Guidelines cover conduct of foreign exchange spot transactions in the EMS.														
<b>1.5 Definitions</b>	<p>For these Guidelines, unless the context otherwise requires, the following definitions shall apply:</p> <table border="1" data-bbox="467 1189 1461 1937"> <tr> <td data-bbox="467 1189 699 1270">“Bank”</td> <td data-bbox="707 1189 1461 1270">Has the meaning ascribed to it by the Bank of Tanzania Act of 2006, Cap. 197.</td> </tr> <tr> <td data-bbox="467 1270 699 1395">“Dealing Code”</td> <td data-bbox="707 1270 1461 1395">A unique identifier assigned to a System Participant for the purpose of performing transactions and activities for their own account within the EMS.</td> </tr> <tr> <td data-bbox="467 1395 699 1520">“System Participant”</td> <td data-bbox="707 1395 1461 1520">An entity which successfully applies to be user of the EMS. This includes, a commercial bank or any other non-bank entity that the Bank may deem fit to participate in the EMS.</td> </tr> <tr> <td data-bbox="467 1520 699 1601">“Market Making”</td> <td data-bbox="707 1520 1461 1601">The act of continuously providing two-way quotes, good for the minimum tradeable amount.</td> </tr> <tr> <td data-bbox="467 1601 699 1682">“Spot Transaction”</td> <td data-bbox="707 1601 1461 1682">Transaction with settlement taking place within two business days (T+2) after the trade date.</td> </tr> <tr> <td data-bbox="467 1682 699 1762">“Business Day”</td> <td data-bbox="707 1682 1461 1762">Any working day from Monday to Friday, other than officially declared public holiday.</td> </tr> <tr> <td data-bbox="467 1762 699 1937">“Electronic Matching System”</td> <td data-bbox="707 1762 1461 1937">A rule-based system or platform, provided by a third-party service provider approved by the Bank, through which system participants conduct foreign exchange trading on an anonymous basis, with buy and sell orders automatically matched on a price–time priority basis.</td> </tr> </table>	“Bank”	Has the meaning ascribed to it by the Bank of Tanzania Act of 2006, Cap. 197.	“Dealing Code”	A unique identifier assigned to a System Participant for the purpose of performing transactions and activities for their own account within the EMS.	“System Participant”	An entity which successfully applies to be user of the EMS. This includes, a commercial bank or any other non-bank entity that the Bank may deem fit to participate in the EMS.	“Market Making”	The act of continuously providing two-way quotes, good for the minimum tradeable amount.	“Spot Transaction”	Transaction with settlement taking place within two business days (T+2) after the trade date.	“Business Day”	Any working day from Monday to Friday, other than officially declared public holiday.	“Electronic Matching System”	A rule-based system or platform, provided by a third-party service provider approved by the Bank, through which system participants conduct foreign exchange trading on an anonymous basis, with buy and sell orders automatically matched on a price–time priority basis.
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<b>1.6 Objective</b>	<p>The objectives of these Guidelines are to;</p> <ol style="list-style-type: none"> <li>i. Establish a transparent, orderly, and efficient interbank foreign exchange market through the use of the EMS.</li> <li>ii. Provide a clear regulatory framework governing system participation, access, trading conduct, market making, and dispute resolution in the EMS.</li> <li>iii. Enhance price discovery and market transparency by promoting firm, competitive, and visible interbank foreign exchange quotes.</li> <li>iv. Strengthen market integrity and discipline by ensuring anonymous trading, clear accountability of System Participants and adherence to ethical and regulatory standards.</li> </ol>
<p><b>PART II</b></p> <p><b>SYSTEM PARTICIPATION, ACCESS AND DEALING CODES</b></p>	
<b>2.1 Eligibility for System Participation</b>	<ol style="list-style-type: none"> <li>1. All commercial banks licensed to operate in Tanzania shall automatically qualify as System Participants in the EMS.</li> <li>2. Any non-bank legal entity seeking to become a System Participant shall submit a formal application to the Bank for approval prior to engaging the EMS service provider.</li> </ol>
<b>2.2 Approval and Access to the EMS</b>	<p>Access to the EMS shall be granted subject to approval by the Bank and the execution of a relevant agreement between the EMS service provider and the entity seeking access.</p>
<b>2.3 Dealing Codes</b>	<ol style="list-style-type: none"> <li>1. The EMS service provider shall assign a unique Dealing Code to each approved System Participant for identification and trading purposes.</li> <li>2. System Participants shall be fully responsible for the security and use of their assigned Dealing Codes.</li> <li>3. Any action executed on the EMS through a Dealing Code shall be deemed to have been undertaken by the System Participant to whom the Dealing Code has been assigned.</li> </ol>
<b>2.4 Cessation of System Participation</b>	<ol style="list-style-type: none"> <li>1. A commercial bank that ceases to operate or is no longer authorised to conduct banking business in Tanzania shall, by operation of law, cease to be a System Participant.</li> <li>2. A non-bank System Participant that no longer wishes to participate in the EMS shall provide the Bank with at least thirty (30) days prior written notice.</li> </ol>
<p><b>PART III</b></p> <p><b>TRADING ON EMS PLATFORMS</b></p>	
<b>3.1 Scope of Trading</b>	<p>EMS shall be used exclusively for executing interbank spot foreign exchange transactions involving the Tanzanian Shilling (TZS) against the United States Dollar (USD).</p>
<b>3.2 Mandatory Use of EMS</b>	<ol style="list-style-type: none"> <li>1. All interbank foreign exchange transactions shall be conducted through the EMS.</li> <li>2. Any interbank foreign exchange transaction intended to be executed outside the EMS shall require prior written approval from the Bank.</li> </ol>
<b>3.3 Trading Modality and Anonymity</b>	<ol style="list-style-type: none"> <li>1. Trading on the EMS shall be conducted on an anonymous basis, whereby participants may place or hit quotes without disclosing their identity.</li> <li>2. The identity of counterparties shall only be revealed to the respective participants after a trade has been successfully matched, for purposes of settlement.</li> </ol>

<b>3.4 Price Transparency and Counterparty Limits</b>	<ol style="list-style-type: none"> <li>1. The best bid and offer prices quoted on the EMS shall be visible to all participants.</li> <li>2. The execution of a trade shall be subject to the availability of counterparty credit limits established between participants.</li> </ol>
<b>3.5 Trading Parameters</b>	<ol style="list-style-type: none"> <li>1. The minimum trading lot size on the EMS shall be USD 100,000.</li> <li>2. Trades shall be executed in multiples of USD 100,000 thereafter.</li> </ol>
<b>3.6 Trading Hours</b>	<ol style="list-style-type: none"> <li>1. Trading on the EMS shall be conducted from 09:00 hours to 16:00 hours East Africa Time (EAT) on business days.</li> <li>2. The Bank may revise trading hours and notify participants accordingly.</li> </ol>
<b>3.7 Order Validity and Expiry</b>	<ol style="list-style-type: none"> <li>1. Any unexecuted orders shall remain valid and executable until the close of trading hours.</li> <li>2. All unmatched orders shall automatically expire at the close of the trading hours.</li> <li>3. Participants may re-enter such orders at the commencement of the next business day.</li> </ol>
<b>3.8 Firm Quoting Requirement</b>	<ol style="list-style-type: none"> <li>1. All bid and offer prices quoted on the EMS shall be firm and executable.</li> <li>2. Firm quotes shall remain valid until cancelled or amended by the participant that submitted the quote.</li> </ol>
<b>3.9 Trade Finality and Cancellation</b>	<ol style="list-style-type: none"> <li>1. All trades executed on the EMS shall be final and binding upon matching.</li> <li>2. A trade may only be cancelled upon mutual agreement between the counterparties and subject to prior written approval from the Bank.</li> </ol>
<p><b>PART IV</b></p> <p><b>MARKET MAKING</b></p>	
<b>4.1 Appointment of Market Makers</b>	<ol style="list-style-type: none"> <li>1. The Bank shall appoint Market Makers from among eligible participants in the EMS.</li> <li>2. The appointment of Market Makers shall be based on the total foreign exchange trading volume (IFEM and Retail Market), size of Tier 1 capital and any other criteria as the Bank may determine.</li> <li>3. The number of Market Makers shall be determined by the Bank and communicated to participants accordingly.</li> <li>4. The Bank shall review the list of Market Makers and communicate to participants semi-annually.</li> </ol>
<b>4.2 Disclosure of Market Makers</b>	The Bank shall communicate the list of appointed Market Makers to the market on a semi-annual basis.
<b>4.3 Roles and Responsibilities of Market Makers</b>	<ol style="list-style-type: none"> <li>1. The market makers shall continuously provide two-way quotes in the EMS, good for the minimum tradeable amount.</li> <li>2. The Market Makers shall maintain adequate bilateral credit lines with other participants, and in any case not fewer than fifty per cent (50%) of the IFEM Participants to facilitate effective participation in market making activities.</li> <li>3. Market Makers shall quote prices that reflect prevailing market conditions and maintain fair and orderly market practices.</li> </ol>
<b>4.4 Non-Market Makers</b>	All other banks, at their discretion, can provide two-way quotes in the EMS good for the minimum tradeable amount that reflect prevailing market conditions-

<b>PART V</b>	
<b>NON-BANKS PARTICIPANTS</b>	
<b>5.1 Eligibility and System Access</b>	<ol style="list-style-type: none"> <li>Interested non-bank institutions shall apply to the Bank to become EMS System Participants.</li> <li>Non-bank institutions approved by the Bank to participate in the EMS shall obtain and maintain the requisite infrastructure from authorized EMS service provider.</li> <li>Access to the EMS shall be subject to compliance with all operational and regulatory requirements prescribed by the Bank.</li> </ol>
<b>5.2 Permitted Trading Activities</b>	<ol style="list-style-type: none"> <li>Non-bank System Participants shall participate in the EMS solely as sellers of foreign currency.</li> <li>Non-bank System Participants shall not place quotes on the EMS platform.</li> </ol>
<b>5.3 Governance, Policies and Controls</b>	Non-bank System Participants shall establish and maintain appropriate internal policies and procedures to prevent, detect, and respond to improper market practices and conduct.
<b>PART VI</b>	
<b>OVERSIGHT, MONITORING AND ENFORCEMENT</b>	
<b>6.1 Market Monitoring and Surveillance</b>	The Bank shall continuously monitor all transactions executed on the EMS platform to promote market integrity, transparency, and orderly market conditions.
<b>6.2 Review of EMS Operations</b>	<ol style="list-style-type: none"> <li>The Bank reserves the right to periodically review the operations of the EMS, including system performance, efficiency, and compliance by participants.</li> <li>Such reviews may include assessments of system participant conduct, trading patterns, and adherence to applicable guidelines and regulations.</li> </ol>
<b>6.3 Enforcement and Sanctions</b>	<ol style="list-style-type: none"> <li>Any violation of these Guidelines or other applicable laws, regulations, or directives issued by the Bank shall attract appropriate regulatory action.</li> <li>Such actions may include but are not limited to monetary penalties as provided for under the Banking and Financial Institutions Act 2006, suspension, or revocation of EMS access rights.</li> </ol>
<b>PART VII</b>	
<b>DISPUTES RESOLUTION</b>	
<b>7.1 Bilateral Resolution</b>	Any dispute arising from transactions executed on the EMS shall, in the first instance, be resolved bilaterally between the counterparties involved.
<b>7.2 Industry Arbitration</b>	Where a dispute cannot be resolved through bilateral engagement, the matter shall be escalated to the Financial Markets Dealers Association (ACI-Tanzania) for arbitration.
<b>7.3 Final Resolution by the Bank</b>	<ol style="list-style-type: none"> <li>Where a dispute remains unresolved following arbitration, a final appeal may be submitted to the Bank.</li> <li>The decision of the Bank shall be final and binding to all parties.</li> </ol>

**PART VIII**  
**EFFECTIVENESS AND AMENDMENT**

<b>8.1 Effectiveness</b>	All System Participants shall commence using EMS for executing outright spot transactions effective from May 18, 2026.
<b>8.2 Issuing Authority</b>	The Bank of Tanzania, in accordance with its mandate under the Bank of Tanzania Act, 2006, shall be the sole authority responsible for issuing, interpreting, and administering these Guidelines.
<b>8.3 Review</b>	The Bank may periodically review these Guidelines in collaboration with participants to ensure effectiveness, relevance, and alignment with market developments and regulatory requirements.
<b>8.4 Amendment</b>	The Bank may amend these Guidelines, in whole or in part, as deemed necessary. Any amendment shall take effect upon issuance, and System Participants shall be duly notified.

**DODOMA**  
**April 20, 2026**

**Mr. EMMANUEL M. TUTUBA**  
**GOVERNOR**