



BANK OF GHANA GUIDELINES FOR ALLOCATION OF FOREIGN EXCHANGE THROUGH FORWARD AUCTIONS TO BULK DISTRIBUTION COMPANIES

The Bank of Ghana (BOG) announces the following guidelines to govern the conduct of foreign exchange (FX) forward auctions on the interbank foreign exchange market for Bulk Oil Distributors (BDC) licensed by the National Petroleum Authority (NPA). This bespoke multiple-price forward FX auctions is intended to minimise the uncertainty of the future availability of FX and aid price discovery especially for the general pricing window within the downstream sector. All participants shall be expected to fully abide by the following rules.

REGULATIONS GOVERNING THE FOREIGN EXCHANGE AUCTION PROCESS

1. Publication of Foreign Exchange Auction Calendar

- a) The BOG will publish an auction target incorporating inputs received from the National Petroleum Authority (NPA) for the foreign exchange forwards on a bi-weekly basis. The target will be published four days preceding the pricing window for the downstream sector on the Bank of Ghana website to enable market participants plan adequately. The announcement shall list the date and time, auction volume target, settlement and other relevant information. Annex I provides a sample auction announcement.

2. Eligibility

- b) Participation in the auction is restricted to only authorised Bulk Distribution Companies licensed by the NPA through their authorized Licensed Foreign Exchange Dealing Banks. Please see Annex I for rules governing BDCs participation.

3. Eligible Currency and Quotation Convention:

- a) The auctions shall be limited to the purchase of the United States Dollar (USD) against equivalent value in the national currency – Ghana Cedi (GHS) on a forward basis at 30-day tenor.
- b) The quotation of rates for bids submitted in the auction shall indicate the equivalent value in the national currency (Ghana Cedi/ GHS), expressed against one unit of the USD quoted up to 4 decimal places. Example of the rate quotation for bid is 7.0000



4. Auction Schedule and Frequency:

- a) In consultation with the NPA on pricing window schedules, the FX auction shall be held bi-weekly and conducted no later than three working days before the 1st and 16th of each month.

5. Bidding Process:

- a) Authorized Banks shall submit their bids via a designated email in the approved format provided by the BOG. Annex II of these regulations provides the format.
- b) Bids with incomplete, missing information or submitted after deadline shall not be accepted.
- c) Bids exceeding the maximum single bid amount or lower than the minimum bid amount shall not be accepted. BOG reserves the right to reject the bid submitted at the lowest exchange rate.
- d) Each bid is final and is irrevocably binding on the bidding bank. Once a bid has been submitted, no request for changes will be entertained by the BOG.

6. Allocation Methodology

- a) The multiple-price auctions would be fixed volume format; the auction cut-off rate would clear the target volume offered in the said auction.
- b) The general principle followed would be that the amount accepted at the auction be kept close to the announced volume, probable variance of not more than ± 10 percent of auction target.

7. Auction Committee

- a) An auction committee comprising BOG staff appointed by the Governor shall oversee the conduct of the auction and decide on the cut-off rate, guided by an allocation methodology.
- b) Only authorized BOG officials may be present at the time of the auction allocation process. Details of individual bids of banks will be kept confidential.

8. Communication of auction results to the market

- a) FX Auction results will be published on REFINITIV dealing system by 3.00pm on the day of the auction.



9. Confirmation and Settlement of Trade:

- a) Unless otherwise announced, the settlement period for both USD and cedi leg shall be on T+30.
- b) BOG dealers shall call FX dealers of the successful banks via the REFINITV Dealing System to confirm and conclude trades for accepted bids to facilitate STP settlement. BOG reserves the right to change the mode of trading.

10. Funding

- a) Participating BDCs will be required to maintain escrow accounts with banks through which their bids are submitted.
- b) BDCs will be required to fund these escrow accounts with cash collections as validated by NPA. Activities of BDCs escrow accounts will be closely monitored by BOG.
- c) BDCs can only participate through banks holding their escrow accounts for any particular auction window.
- d) On settlement date T+30, BOG shall debit a successful Authorised Dealer bank's account to the tune of the cedi equivalent of their successful bids and credit the designated USD account.

11. Other Provisions

- a) FX market conduct rules will apply to foreign exchange funds acquired or sold at the auction.
- b) In particular, the banks are reminded to comply strictly with the regulations in respect of foreign exchange exposure limits as prescribed by the BOG (NOPs).
- c) All Authorized Foreign Exchange Dealer Banks shall also comply with the provisions of the Code of Conduct for the Interbank Foreign Exchange market in Ghana.
- d) The Bank of Ghana reserves the right to amend these rules from time to time based on observations and prevailing circumstances.

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