

07 MARCH 2018

**B-FXITT NOW READY TO CONDUCT BUY OR SELL OPERATIONS**

**Having completed the rollout of the sell side of the BOJ Foreign Exchange Intervention & Trading Tool (B-FXITT), the Bank is pleased to announce it is now in a position to commence buy side operations.**

**Each weekly B-FXITT announcement will be a four-week advance notice of either a buy operation, a sell operation or no operation.** Kindly note that buying and selling operations will **NOT** be conducted simultaneously.

Decisions to conduct a buy operation will also be driven by market intelligence and the Bank’s assessment of market conditions as has been the case since sell operations began on 26 July 2017.

The rules of the buy operation are similar to those of the sell operation. Participation for authorized dealers and cambios is not mandatory. The current schedule for B-FXITT operations is given below.

Operation dates	07 March 2018	14 March 2018	21 March 2018	28 March 2018
Settlement dates	08 March 2018	15 March 2018	22 March 2018	29 March 2018
Sale	USD 20 million	USD 20 million	Nil	Nil
Buy				Nil
Pricing format	Competitive auction for full allotment			

It is important to note that the Bank has been purchasing foreign exchange from the market on a regular basis through the surrender arrangements and therefore B-FXITT buy operations will not fundamentally change market dynamics. The difference is that using the competitive auctioning process of B-FXITT to buy foreign exchange from the market is a more modern, efficient and transparent approach.

Regular buy operations using B-FXITT are intended gradually to replace the Bank’s purchases through the surrender. The Bank has already begun to reduce the

surrender requirement, which is now 10 percentage points lower than the period before October 2017.

Ultimately, as the market deepens and supply conditions continue to improve, it is expected that dealers will begin trading more among themselves to source or sell funds for clients instead of depending on central bank intervention, thereby allowing the Bank to reduce its footprint in the foreign exchange market.

In addition to reductions in the surrender arrangements to boost foreign exchange liquidity, Bank of Jamaica's readiness to introduce the buy side of B-FXITT follows an update to the B-FXITT rules to accommodate these operations. It also follows the introduction of foreign currency net open position limits and foreign currency position limits for authorized dealers and cambios, respectively, for the overall smooth functioning of the market.