

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

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16th December 2008

BANKING CIRCULAR NO.9 OF 2008

TO: ALL CHIEF EXECUTIVES OF COMMERCIAL BANKS

**REVISION OF THE REDISCOUNT RATES METHODOLOGY
FOR GOVERNMENT SECURITIES:**

This has reference to Banking Circular No.6 of 2006 that set the Treasury Bills Rediscount Rate to be equal to the Central Bank Rate (CBR).

The Central Bank has found it necessary to review and revise the Treasury Bill Rediscounting rate first in order to de-link it from the CBR which is a Monetary Policy signalling instrument and second, in order to align it with the market value of the underlying securities. Consequently, it has been decided that the Rediscount Rate for the 91-day Treasury bill will be 3 percentage points above the prevailing 91-day average rate. Similarly, the Rediscount Rate for the 182-day Treasury bill will be 3 percentage points above the prevailing average rate of the 182-day Treasury Bills. These changes take effect immediately.

The Rediscount rates for Treasury Bonds remain as stated in the prospectus of each respective Bond issue.

A handwritten signature in black ink, appearing to read 'JB', with a long horizontal line extending to the right.

JOHN K. BIRECH
ASSISTANT DIRECTOR, BANKING SERVICES DEPARTMENT