



PRESS RELEASE

KENYA FOREIGN EXCHANGE CODE

The Central Bank of Kenya (CBK) announces the issuance of the [*Kenya Foreign Exchange Code \(the FX Code\)*](#) to commercial banks. The FX Code sets out standards for commercial banks, and aims to strengthen and promote the integrity and effective functioning of the wholesale foreign exchange (FX) market in Kenya. It will facilitate better functioning of the market, reinforcing Kenya's flexible exchange rate regime for greater resilience of the economy.

The FX Code focuses on six leading principles to be adhered to by institutions:

- **Ethics:** Ethical and professional behavior when operating in the FX market.
- **Governance:** Implementation of a sound and effective governance framework to oversee FX market activity.
- **Execution:** Exercising due care when negotiating and executing transactions.
- **Information Sharing:** Clarity and accuracy in communication.
- **Risk Management and Compliance:** Development and maintenance of a robust control and compliance framework.
- **Confirmation and Settlement Processes:** Ensuring predictable, smooth, and timely settlement of FX transactions.

Kenya's FX market has expanded significantly over the years in tandem with global developments. It is an important enabler of trade, investments, and remittances into and out of the Kenyan economy. Progressively, the Central Bank of Kenya (CBK) in its oversight role over the FX market has enhanced the regulation and surveillance of the market. CBK continues to closely monitor the market considering its growing complexity and emerging risks to fair and effective trading. It is against this backdrop that CBK has issued the *FX Code*.

In preparing this *FX Code*, CBK has also benefitted from related guidance issued by global standard-setting bodies as well as by supervisory authorities in other jurisdictions. In particular, the FX Code draws from the [*Global Foreign Exchange Code \(Global Code\)*](#) customized as appropriate to the Kenyan context.

To help restore trust and promote the effective functioning of the global FX market, the Bank for International Settlements (BIS) spearheaded the development of the Global Code. In developing the Global Code, BIS worked with various market participants from various jurisdictions including Central Banks, banks, asset management firms and corporates. The Global Code provides a common set of guidance to participants to underpin effective functioning of the FX market. Additionally, it provides a set of principles universally recognized as best practices. To date, 51 countries have stated their commitment to the Global Code.

CBK will continue to work with all stakeholders to ensure the integrity and effective functioning of the FX market in Kenya.

CENTRAL BANK OF KENYA

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