



BANK OF SIERRA LEONE
GUIDELINES FOR THE CONDUCT OF MAIN
LIQUIDITY OPERATIONS - SEVEN-DAY
REPO AND REVERSE REPO

SEPTEMBER 2026

1. INTRODUCTION

The Main Liquidity Operations (MLOs) are the Bank of Sierra Leone's (BSL), principal open market operations for implementing monetary policy.

The primary objective of the MLO framework is to manage liquidity conditions and steer short-term money market interest rates towards the BSL's Monetary Policy Rate (MPR).

The MLOs shall be conducted through seven-day repo (liquidity absorbing operations) or reverse repo (liquidity providing operations) with eligible counterparties.

These "Guidelines" on the Main Liquidity Operations are issued pursuant to Sections 55 (1a;1b) and 57 of the BSL Act 2019 and may be amended by the BSL from time to time.

2. INTERPRETATIONS

Unless the context otherwise requires, the following expressions shall bear the following meanings hereby respectively assigned to them, namely:

"BSL" means Bank of Sierra Leone, a body corporate which continues to exist under the Bank of Sierra Leone 2019

"Business Day" means any day, other than a Saturday, Sunday or public holiday, on which the BSL is open for business.

"Eligible counterparty" means a commercial bank that has satisfied the participation requirements established by the BSL, including the execution of the Master Repurchase Agreement, and is authorised to participate in Main Liquidity Operations.

"Eligible Collateral" means securities approved by the BSL for use in repo operations.

"Guidelines" mean these Guidelines on MLOs.

"Haircut" means the percentage deduction¹ applied by the BSL to the value of eligible collateral for the purpose of determining the amount of funds that may be provided under a Main Liquidity Operation.

¹ Illustrative example: A 5% haircut applied to collateral valued at NLe1,000,000 results in an adjusted collateral value of NLe950,000. Accordingly, the maximum amount that may be borrowed against the collateral is NLe950,000.

“Master Repurchase Agreement (MRA)” means the legal agreement between the BSL and an eligible counterparty that governs the terms and conditions under which Repo and Reverse Repo operations are conducted.

“Reverse Repo” means a liquidity providing operation through which the BSL provides funds to an eligible counterparty against the transfer of eligible collateral, with an agreement to reverse the transaction on a specified future date and at a pre-agreed rate in accordance with the MRA.

“Repo” means a liquidity-absorbing operation through which the BSL absorbs funds from an eligible counterparty against the transfer of eligible securities, with an agreement to reverse the transaction on a specified future date and at a pre-agreed rate in accordance with the MRA.

“Central Securities Depository” means the electronic system operated by the BSL for the issuance, safekeeping, recording, transfer, and settlement of Treasury Bills, Treasury Bonds and other eligible securities.

“Scripless Securities Settlement System” means the electronic platform operated by the BSL through which securities held in the CSD are transferred and settled.

“Monetary Policy Rate” means the key policy rate determined by the Monetary Policy Committee of the BSL.

3. AUCTION PROCESS

a) Announcement

An announcement for MLOs shall be published electronically through the Scripless Securities Settlement System (SSSS)/Central Securities Depository (CSD) System prior to each auction session for the information of commercial banks.

The announcement shall include the following:

- a) Time and date of the auction.
- b) Total offer amount for the auction.
- c) Maximum/Minimum interest rate for the Repo/Reverse Repo auction
- d) Settlement and repayment dates.
- e) Time and date for submitting bids

The seven-day Repo or Reverse Repo auctions shall be conducted every Thursday by BSL, except otherwise announced.

b) Submission of Bids

For both the Repo and the Reverse Repo auctions, commercial banks shall submit competitive bids electronically through the CSD Platform held at the BSL within the time specified in the auction announcement.

c) Bid Format

For both the Repo and the Reverse Repo auctions, bids submitted shall be a minimum face value of NLe1,000,000.00 (One Million Leones) and thereafter in increments/multiples of NLe100,000.00 (One Hundred Thousand Leones).

For Reverse Repo auctions, the minimum interest rate quoted on bids submitted shall be the Monetary Policy Rate (MPR) of the BSL. For Repo auctions, the maximum interest rate quoted on bids submitted shall be the MPR of the BSL.

Bids shall be quoted in rates of not more than two decimal places (e.g. 20.10, 16.00, 18.25).

d) Auction Allocation

I. **Reverse Repo Operations:** The auction shall be conducted using the multiple rate auction format. This implies that each successful bidder shall be allocated funds at their respective bid rate. In addition, more than one bid per participant shall be allowed but at different rates.

Bids shall be allotted in descending order from the highest to the lowest interest rate that clears the amount put on offer.

If bids at the cut off rate exceed the face value of the remaining amount on offer, the remaining amount shall be prorated and allocated accordingly to bids at the cut off price until the amount offered for sale is exhausted.

II. **Repo operations:** The auction shall be conducted using the multiple rate auction format. This implies that all successful bidders shall be allocated Treasury Securities at their respective bid rate.

Bids shall be allotted in ascending order from the lowest to the highest interest rate that clears the amount put on offer.

If the total amount demanded exceeds the offer amount, the amount offered shall be prorated and allocated accordingly to bidders.

e) Eligible Participants

Commercial banks that have signed the MRA with the BSL and maintain eligible securities in the CSD shall be eligible to participate in MLOs' auctions.

f) Collateral

I. **Reverse Repo operations:** Commercial banks can borrow funds from the BSL using Treasury securities (Treasury bills and Treasury bonds) with maturity of up to but not more than five years) as the underlying collateral. Only Treasury securities with a remaining term to maturity exceeding the term of the reverse repo contract is accepted as collateral.

II. **Repo operations:** BSL shall provide to commercial banks as collateral, Treasury securities with a remaining term to maturity exceeding the term of the repo contract.

g) Haircuts

To protect the BSL from the associated market risks of holding collaterals, the following haircuts shall be applicable to the value of the collaterals.

Remaining Months/Years to Maturities				
	0 to <3 Months	3 to <6 Months	6 to <9 Months	9 to <12 Months
Treasury Bills & Treasury Bonds	10.00%	11.00%	12.00%	13.00%
	1 to <2 Years	2 to <3 Years	3 to <4 Years	4 to <5 Years
Treasury Bonds	17.00%	18.00%	19.00%	20.00%

Haircuts shall be reviewed periodically and may be adjusted to reflect changes in market risk, duration risk and financial market conditions.

h) Rejection of Bids

BSL shall reject any bid submitted after the predetermined time, as well as those that contain insufficient information, are incorrectly filled out, or do not meet the pre-announced parameters.

i) Auction Postponement

The Bank reserves the right to extend the bidding cut-off time or postpone an auction at any time, should any circumstance impair the integrity of the auction process.

If an auction falls on a public holiday, the auction shall be conducted on the next Business Day. An auction could also be postponed in the event of technical failure or natural disaster.

K) Withdrawal/Cancellation of Bids

A bank has the right to withdraw and/or cancel its bids and submit a new bid before the end of the bidding time. However, it is prohibited to withdraw or modify submitted bids after the bidding time.

I) Auction Results

Commercial banks shall be able to view their successful bids on the CSD System upon completion of the auction. The BSL shall publish aggregate auction results.

4. SETTLEMENT

a) Settlement

Settlement of all MLO transactions shall be same as the auction date (T+0) and done on the basis of Delivery Versus Payment (DvP).

Settlement shall be done through Real Time Gross Settlement (RTGS) and Temenos-24 (T-24) systems.

b) Auction Day

For Reverse Repo auctions, successful bidders'/borrowers' current accounts at the BSL shall be credited with the loan amount and ownership of the securities used as collateral by borrowers transferred to BSL. For Repo auctions successful bidders'/lenders' current accounts at the BSL shall be debited with the loan amount and ownership of the securities used as collateral be transferred to the lenders by BSL.

Successful bidders for Reverse Repo auctions shall ensure that the securities offered as collaterals including the haircuts are available and adequate to meet the settlement obligations arising for all successful bids. The BSL shall ensure same for Repo auctions.

c) Maturity Day (Seven Days after the Auction Day)

i. Reverse Repo Auction

BSL shall transfer ownership of the collateral to the borrower after all payments, including interests have been settled.

The BSL shall execute the repayment of the principal and accrued interest of a loan via the current account of a commercial bank without bank acceptance, no later than the end of business hours on the repayment date.

If sufficient funds are not available to repay the loan on the repayment date, commercial banks are allowed to refinance the current 7-day loan with a new 7-day loan using a different collateral. In this case, the current loan shall be repaid immediately once the funds for the new loan are transferred to the bank's current account.

If the current 7-day loan is not repaid before the close of business day, the loan shall be converted into an overnight standing lending facility.

ii. Repo Auction

BSL shall transfer ownership of the collateral from the lender (commercial banks) after all payments, including interests have been settled.

The BSL shall execute the repayment of the principal and accrued interest of a loan via the current account of a commercial bank, no later than the end of business hours on the repayment date.

d) Interest Calculation

The interest at maturity of 7-Day MLOs for both Repo and Reverse Repo auctions is calculated as a simple interest rate with day-count convention.

$$\text{Interest} = ((\text{Face Value} * \text{Interest Rate} / 100) / 365) * \text{Number of Days})$$

5. REVIEW AND AMENDMENT

At the discretion of Bank of Sierra Leone these Guidelines may be reviewed and/or amended as necessary to support effective monetary policy implementation, risk management and market development.

6. EFFECTIVE DATE

These Guidelines shall be effective from the date of its publication in the Gazette.

***Money Market Division
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