

Central Bank of Seychelles

Press Interview

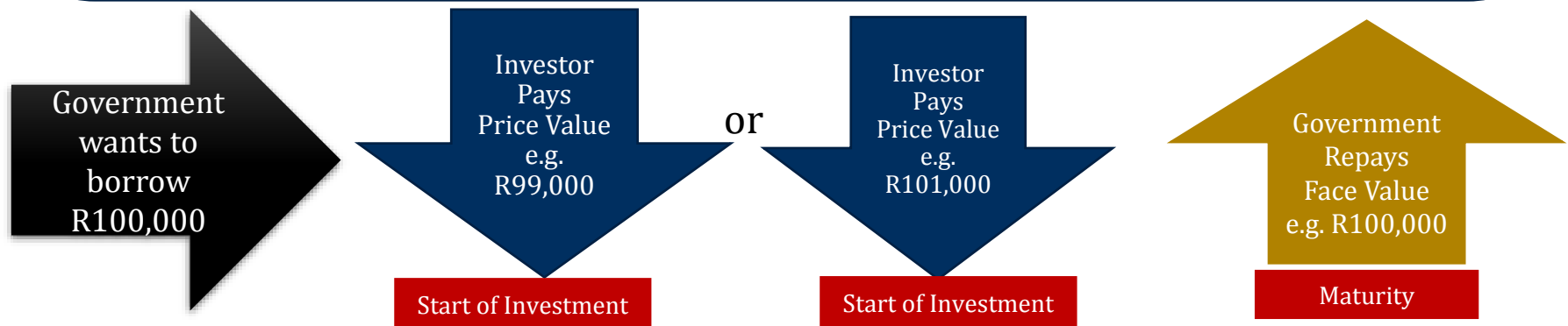
New Method of Issuance for Treasury Bonds & Announcement of Issuance of two Treasury Bonds

November 16, 2021



WHAT ARE TREASURY BONDS (T-BONDS)?

- Government debt securities
- Means for governments to raise funds to **finance budget** and **capital expenditures**
- Usually pay **periodic interests** called **coupons** and repay the **face value at maturity**
- T-bonds are **discount price** instruments and are similar to Treasury bills but longer term (more than one year)



CHANGES TO DEVELOP DOMESTIC BOND MARKET



Aim: 1) Market-determined bond pricing
2) Improve transparency in allotment process



Old Method Tap (Fixed Price) Issuance

- Bond issued at par price (SCR100) for ALL participants
- Fixed bond amount announced
- Fixed coupon rate announced
- Open until fully subscribed or tap closed
- Allotment on several days

First Come, First Served

New Method Auction (Multiple Price) Issuance

- Bond issued at a discount or premium (\neq SCR100) for different participants
- **Target** bond amount announced
- **Fixed coupon rate** announced
- Set auction **window** to submit all bids
- Auction and allotment on **one day**

Best (Highest) Bid Price First



THE TWO STAGES FOR BOND AUCTIONS

1. Competitive stage – for Financial Institutions (FIs) only
2. Non-Competitive stage – for Individuals, Businesses and Other Legal Entities (Non-FIs) only



Competitive Stage (FIs only)

- Price auction (i.e. price discovery stage)
- Allotment Committee (AC) decides cut-off price and amount
- Determine the Weighted Average Price (WAP)
- Require financial knowledge and information i.e. pricing capacity



Non-Competitive Stage (Non-FIs only)

- Allocated at the price (i.e. WAP) determined in the competitive stage
- Accepted on 'first come first serve' basis
- Allotment Committee (AC) decides cut-off amount
- Require access to capital



APPLICATION PROCESS

1. Download form for appropriate bond available on CBS website
<https://www.cbs.sc> Government Securities tab >> Treasury Bonds
2. Enter the required personal or institution details, attach a copy of valid identification document, Registration/License Certificate as required
3. Enter the Face Value (i.e. Application Amount)
4. Enter Bidding Price (Competitive Investors only)
5. Enter instructions for payment of interest and maturity proceeds
6. Sign application form and e-mail to bonds@cbs.sc during the announced bidding window (bids outside the window will be disregarded)



AUCTION, ALLOTMENT & SETTLEMENT PROCESS

Auction and allotment will take place on the last day of the bidding window
Window closes at 8:30am on auction day



Competitive Bidding Stage (T)

- Opening of Bids
- Due Diligence Checks
- Sorting of Bids(price)
- Allotment of Bids from **highest to lowest price** up to **cut-off** determined by AC
- Determine Weighted Average Price (WAP) for each bond



Non-Competitive Bidding Stage (T)

- Opening of Bids
- Due Diligence Checks
- Sorting of Bids (time)
- Allotment of Bids '**First Come, First Served**' at the **WAP** from competitive stage



Results & Settlement

- Allotment Committee Endorsement
- Results Announced (T+1)
- Successful applicants have two working days from the result announcement date to effect payment (T+3)
- Confirmation Letters sent
- **Coupons will be paid on set days; with the last one on maturity date**
- **Face value will be repaid on maturity date**



UPCOMING BOND ISSUE

Target Amount: R400 Million

Issue date: 29th November 2021

Bidding Window: from 22nd November to 8:30 a.m. 29th November 2021

Maturity & Coupon: 4-year at 3.50% p.a. and 6-year at 4.50% p.a. (coupons payable semi-annually)

Target: R200 Million for each bond

Central Bank of Seychelles will hold Awareness Sessions for interested investors in the respective categories

More information on www.cbs.sc, e-mail: fmd@cbs.sc or phone: 4 28 2000, line 2



Thank you



QUESTIONS?
