

MM 0002



(Amended November 2002)

GENERAL CONDITIONS OF ISSUE AND REDEMPTION OF TREASURY BILLS AND CENTRAL BANK BILLS

CENTRAL BANK OF THE GAMBIA OPERATIONAL NOTICE

1.0 INTRODUCTION

1.1 PURPOSE

Unless otherwise specified in a Notice, these General Conditions of Issue and Redemption of Treasury Bills and Central Bank Bills (the "Conditions") including the appendices, regulate the issuance and redemption of Treasury bills and Central Bank bills and any other securities issued by the Government of The Gambia that, by the terms of the Notice, are made subject to these Conditions.

1.2 TERMINOLOGY

"Auction" means a bidding process that the Central Bank uses to allocate and sell Treasury bills and Central Bank bills.

"Bid" means an offer to buy a stated face value of Treasury bills or Central Bank bills in an auction.

"Bidder" means a person or entity who bids in an auction.

"Book Entry" Treasury Bills will be issued in "book-entry" form. This means that, the electronic record of holdings of securities kept by the Central Bank will be adequate proof of ownership of Treasury Bills by the registered owner.

"Book Value" is the face value of securities less any discount amount.

"Business Day" means any day other than weekends and public holidays when the Central Bank is open to provide all or substantially all of its banking functions.

"Call" means redemption, of a security, in whole or in part prior to maturity.

"Central Bank" means the Central Bank of The Gambia.

"Central Bank bills" are securities issued at a discount, are redeemed at their face value at maturity and have maturities of not more than one year. Central Bank bills are direct obligations of the Central Bank of The Gambia. They are issued under the Central Bank of The Gambia Act 1992, and are subject to these Conditions, and the applicable Notice.

“Conditions” means these General Conditions of Issue and Redemption of Treasury Bills and Central Bank Bills and any appendices and supplements as amended from time to time.

“Discount Rate” means an annualised rate of return to maturity on bills based on the face value of the bill (see Appendix A for an example).

“Face value” means the stated value of a bill at original issuance.

“Issue date” means the date on which a bill is issued, interest will begin to accrue from that date.

“Maturity date” means the date on which a bill becomes due and payable and stops earning interest.

“Multiple-price auction” means an auction in which each successful bidder pays the price at which they bid.

“Notice” means an offering announcement.

“Public Offering” means the face value of securities offered to the public in an auction. This amount is specified in the Notice.

“Security” means a Treasury bill or Central Bank bill as described in these Conditions or any other obligation issued by the Government of The Gambia or the Central Bank, that by the terms of the applicable Notice, is made subject to these Conditions.

“Treasury bills” are securities issued at a discount, are redeemed at their face value at maturity and have maturities of not more than one year. They are direct obligations of the Government of The Gambia. They are issued under the laws of The Gambia and are subject to these Conditions, and the applicable Notice.

“Yield” means an annualised rate of return to maturity on bills based on the book value of the bill (see Appendix A for an example).

1.3 AUTHORITY

Gambia Government Treasury Bills, are issued and redeemed at the Central Bank of The Gambia (hereinafter referred to as “Central Bank”) as from July 16, 1986 under the Local Loans Act 1963 as amended by the Local Loans (Amendment) Act 1977 and by Resolution of the House of Representatives on July 4, 1986.

Under Section 54 b (iii) of the Central Bank of The Gambia Act 1992, the Central Bank is authorised to issue securities acknowledging indebtedness of the Bank having such terms and conditions as the Board shall determine and to trade in such securities.

1.4 THE ROLE OF THE CENTRAL BANK

The Central Bank, as fiscal agent of the Government of the Republic of The Gambia and on its own behalf is authorised under Sections 43, 46 and 50 of the Central Bank of The

Gambia Act 1992 to conduct all activities necessary to carry out the actions contained in these Conditions and any Notice.

2.0 BIDDING

2.1 FORM OF ISSUE

Treasury bills and Central Bank bills will be issued in “book-entry” form. That is, the electronic record of holdings of securities kept by the Central Bank will act as adequate proof of ownership of securities by the registered holder. However, the Central Bank will provide a statement of holdings to investors upon request.

2.2 FREQUENCY OF ISSUE

Securities will normally be issued on a weekly basis or as may be determined by the Central Bank from time to time. A tentative calendar is available at the Banking Services Department of the Central Bank.

2.3 DAY OF NOTICE AND AUCTION

The Central Bank will invite tenders for the sale of bills by issuing an offering announcement called a Notice in a form similar to Appendix B. The Notice lists the amount offered, auction date, issue date and type of security. The Notice and these Conditions will govern the conduct of the sale. In the event of any conflict between the Notice and the Conditions, the former prevails. Both the Notice and auction will take place every Wednesday or on any other day as the Central Bank may determine.

2.4 TENDERS

Tenders must be submitted directly to the Central Bank of The Gambia. Tenders must be made on the white coloured form MM 0001A (for **competitive bids**) and on the blue coloured form MM 0001B (for **non-competitive bids**) available at the Banking Services Department of the Central Bank. Tenders should provide the information requested on the application forms. Incomplete tenders or tenders that are not on the prescribed form may be accepted or rejected at the option of the Central Bank. Tenders not received at the stipulated time will be barred from the auction. Bids for Treasury bills and Central Bank bills are binding on the bidder after the closing time specified in the Notice.

The Central Bank or the Government of The Gambia will not be responsible for delays, errors or omissions in the submission of tenders.

2.5 AMOUNT OF TENDER

Each tender must state the face value of bills bid for and must be for a multiple of D2,500 with a minimum of D2,500.

2.6 COMPETITIVE BIDS

All bids above D100,000 must use competitive bidding procedures. In a competitive bid, the investor bids to purchase a stated face value of bills at a specified price. The

General Conditions of Issue and Redemption

Of Treasury Bills and Central Bank Bills

Page 3 of 11

bid must show the price offered for each D100 tendered. The price should be quoted in Dalasis and Bututs to the exclusion of fractions of Bututs. Bidders may submit tenders at different prices but each tender will be considered on an individual basis. There is no limit to the maximum amount an investor may bid for competitively. Competitive bids could be rejected or only a portion of the bid may be awarded. The Central Bank will sell Treasury bills to competitive bidders through multiple-price auctions where successful competitive bidders are awarded Treasury Bills at a yield that equals the price bid they submit.

2.7 NON COMPETITIVE BIDS

All bids of D100,000 and below must use non-competitive bidding. In a non-competitive bid, the investor agrees to buy securities at the weighted average yield of accepted competitive bids. In return, he/she is guaranteed a bill. Investors bidding non-competitively for their own account will be prohibited from bidding competitively for their own account in the same auction.

2.8 DELIVERY OF TENDER

Each tender should be enclosed in a sealed envelope addressed to the Senior Manager, Banking Services Department, Central Bank of The Gambia, and marked on the outside "Treasury bills" or "Central Bank bills". To prevent misdelivery or delay, the sealed envelope should be deposited in the Tender Box provided for the purpose in the Banking Hall of the Central Bank. It is advisable not to send tenders by post or deliver them to staff of the Central Bank.

2.9 RESPONSIBILITY FOR PAYMENT

By bidding for a security, a bidder agrees to pay the book value for any securities awarded to it in an auction.

2.10 CERTIFICATIONS

By bidding for a security, a bidder is deemed to have certified that it agrees with these Conditions and the applicable Notice. Further, the bidder is deemed to have certified that the information provided on the tender is accurate and complete.

3.0 AUCTIONS AND SETTLEMENT

3.1 ACCEPTANCE

The Central Bank of The Gambia reserves to itself the right to accept any portion of the tender or the whole of it and the right of rejecting any or all tenders without assigning any reason whatsoever.

3.2 AUCTION PROCESS

The Central Bank determines which bids to accept at a meeting held after the closing time for receipt of bids. The Central Bank first accepts in full all non-competitive bids. It then accepts competitive bids starting with those that offer the highest prices (lowest yields) until it reaches the amount of the public offering. Bids at the lowest accepted

price will be prorated in the event that the issue is oversubscribed. That is, a percentage of the bids received at the lowest accepted price will be awarded to bidders who bid at that price.

3.3 ANNOUNCEMENT OF AUCTION RESULTS

The Central Bank will make an official announcement, through a press release, of the auction results after the auction is concluded. The press release may contain information such as the amount of the public offering, the amount of bids accepted, the weighted average yield and any other information that the Central Bank may deem necessary to include.

3.4 NOTICE OF ACCEPTANCE

The Central Bank will provide notice of awards to bidders whose bids are successful as early as possible after the date of tender.

3.5 MODE OF PAYMENT

Payments will be accepted in the form of cash, personal cheques, banker's cheque, Central Bank payment order made payable to the bidder, proceeds of maturing securities and for banks, by authorised debit to their accounts at the Central Bank. Where payment is made by cheque, such cheques should be drawn in favour of the Central Bank of the Gambia. Treasury bills or Central Bank bills maturing on the same date will be accepted in full or part payment of the amount due.

3.6 DATE OF SETTLEMENT

Payment of the amount due in respect of accepted tenders must be made in full before 09.00 a.m. for cheque payments and 12.30 p.m. for cash payments on the date of issue of the bills or as specified in the Notice.

3.7 REMEDIES FOR FAILURE TO PAY

When a person or an entity fails to pay for the securities awarded to it, the Central Bank will determine an appropriate remedy. This may include barring that person or entity from participating in future auctions for a certain length of time.

4.0 TRANSFERS AND SECONDARY MARKET

4.1 TRANSFERS

Treasury Bills are transferable at the Central Bank, 1 / 2 Ecowas Avenue, Banjul, The Gambia by instrument in writing in any usual or common form, without charge and stamp duty.

4.1.1 Procedure

On an approved Central Bank form similar to Appendix C, the owner must authorise the transfer of the security from the owner's account to a buyer's account. The authorisation of the transferor for the transfer of the securities shall be irrevocable after the transfer has been made to the new owner's account.

The Central Bank will not be liable for any loss which the transferor may incur as a result of the transfer or the inability of the Central Bank to complete the transaction.

4.1.2 Death

Upon the death of an owner, succession shall be determined in accordance with the Laws of The Gambia.

If a security is registered in the name and title of a governmental officer or other organisation's officer who has died, resigned or been removed, succession shall be determined in accordance with applicable law.

If a security is registered in the name of a partnership that has been dissolved or terminated, succession shall be determined in accordance with applicable law and the terms of the partnership agreement.

If a security is registered in the name of a company or an unincorporated association that has been dissolved, merged or consolidated into another organisation, succession shall be determined in accordance with applicable law and the terms of the documents by which the dissolution, merger or consolidation was effected.

4.2 OUTRIGHT PURCHASE

The Central Bank may, on any business day, purchase securities in multiples of D2,500 before maturity, at the request of the holder, by re-discount at a rate of 3 per cent above the average yield of the last issue of Treasury Bills or at any rate as may be determined by the Central Bank.

4.2.1 Procedures and Liability

On an approved Central Bank form similar to Appendix D, the owner must authorise the sale of the security to the Central Bank. The authorisation of the seller for the transfer of the securities shall be irrevocable after the transfer has been made to the account of the Central Bank.

By agreeing to sell the securities to the Central Bank, an investor agrees to accept the price as determined by the Central Bank.

The Central Bank and the Government of The Gambia will not be liable for any loss which the seller may incur as a result of the sale or the inability of the Central Bank to complete the transaction.

The Central Bank and the Government of The Gambia shall not be liable for changes in market conditions affecting the price received for the security, or for any loss the seller may incur as a result of the transaction or the inability of the Central Bank to complete the transaction.

4.3 OUTRIGHT SALE

The Central Bank will, on any business day, sell Treasury Bills in multiples of D2,500 before maturity, at the request of the buyer and subject to availability from its own holdings, at a rate of 1 per cent below the average rate of the last issue of Treasury Bills or at any rate as may be determined by the Central Bank.

4.3.1 Procedures and Liability

On an approved Central Bank form similar to Appendix D, the buyer must authorise the purchase of the security from the Central Bank. The authorisation of the buyer for the purchase of the securities shall be irrevocable after the transfer has been made to the account of the buyer.

By agreeing to buy the securities from the Central Bank, an investor agrees to pay the price as determined by the Central Bank.

The Central Bank and the Government of The Gambia will not be liable for any loss which the buyer may incur as a result of the purchase or the inability of the Central Bank to complete the transaction.

The Central Bank and the Government of The Gambia shall not be liable for changes in market conditions affecting the price paid for the security, or for any loss the buyer may incur as a result of the transaction or the inability of the Central Bank to complete the transaction.

4.4 DATE OF REPAYMENT

Treasury bills and Central Bank bills are repayable on their maturity date. If this date falls on a public holiday, the bills will be repaid on the next succeeding working day. The full face value is due on maturity day. The Government of The Gambia may, at any time, redeem any security, in whole or in part, prior to maturity. In the event securities are redeemed before their maturity date, accrued interest calculated from the issue date to the redemption date plus the book value of securities will be paid to the investors.

5.0 RESERVATIONS

The Central Bank reserves the right to accept or reject any or all bids submitted under these rules. The Central Bank also reserves the right to award more or less securities than the amount of securities specified in the Notice. The Central Bank also reserves the right to waive any of the rules for any or all bidders.

The Central Bank may from time to time amend these Conditions. The Central Bank will endeavour to give reasonable notice of any amendments, but reserves the right to introduce any amendment with immediate effect, if necessary. The Central Bank may also vary or omit any of the procedures described in this Notice on any particular business day if deemed necessary.

CENTRAL BANK OF THE GAMBIA
BANJUL
NOVEMBER 2002

Appendix A

COMPUTATION OF YIELD, DISCOUNT RATE FOR TREASURY AND CENTRAL BANK BILLS

1. Conversion of the purchase price to a discount rate for Treasury bill/Central Bank bill of all maturities

$$d=(100-p)/100*365/t$$

Where:

p=price offered, in Dalasi and Bututs to exclusion of fractions of Bututs

t= the term of the bill (91, 182 or 364 days)

example:

For a 91 day bill issued 07 August 2002 maturing 06 November 2002, at a price of D96.40, the discount rate is calculated as follows:

Definitions:

p= 96.40

t=91

Solution

$$d=(100-p)/100*365/t$$

$$d= (100-96.40)/100*365/91$$

$$d=(0.036*4.010989)$$

$$d=.144439$$

$$d=14.44\%$$

2. Conversion of the purchase price to a yield (investment rate) for Treasury bill/Central bank bills of all maturities

$$i=(100-p)/p*365/t$$

Where:

p=price offered, in Dalasi and Bututs to exclusion of fractions of Bututs

t= the term of the bill (91, 182 or 364 days)

example:

For a 91 day bill issued 07 August 2002 maturing 06 November 2002, at a price of D96.40, the yield is calculated as follows:

Definitions:

p= 96.40

t=91

Solution

$$i=(100-p)/p*365/t$$

$$i= (100-96.40)/p*365/91$$

$$i=(0.037344*4.010989)$$

$$i=.14978797$$

$$i=14.98\%$$

General Conditions of Issue and Redemption

Of Treasury Bills and Central Bank Bills

Page 8 of 11

Appendix B

WEEKLY TREASURY BILL NOTICE

**OFFER OF THREE MONTHS, SIX MONTHS AND ONE YEAR
GAMBIA GOVERNMENT TREASURY BILLS**

The Central Bank of The Gambia will auction three series of Treasury Bills totalling D350 million to be issued on Tuesday, 07 August 2002. This offering of Treasury bills is governed by the terms and conditions set forth in the General Conditions of Issue and Redemption of Treasury Bills and Central Bank Bills (MM 0002, as amended).

Tenders for the bills should be deposited directly in the tender box located at the Banking Services Department of the Central Bank. They should not be handed over to Central Bank staff. Tenders that are altered or not deposited in the box before 10.30 a.m. on the auction date will be disqualified.

Term	91-day bill	182-day bill	364-day bill
Identification Number			
Offering Amount	50,000,000	75,000,000	225,000,000
Auction Date	07-Aug-02	07-Aug-02	07-Aug-02
Issue Date	13-Aug-02	13-Aug-02	13-Aug-02
Maturity Date	12-Nov-02	11-Feb-03	12-Aug-03
Payment Date	13-Aug-02	13-Aug-02	13-Aug-02

Minimum bid amounts and multiples
Deadline for Receipt of Tenders
Deadline for Payment

2,500
10.30 a.m. on auction day
13 August 2002

**SECURITY
TRANSFER REQUEST**



Transfer No.....

For reason of agreement entered into, the **Transferor** named, does hereby **Transfer** to the **Transferee** named, **The Gambia Government Treasury Bill** specified below subject to several conditions on which the said bill is held by the **Transferor**, and the **Transferee** does hereby agree to accept and hold the said **Gambia Government Treasury Bill** subject to the terms an conditions aforesaid.

Certificate Number: Issue Date Maturity Date:

Face Value:

Transferor Details

Name

Address

Transferee Details

Name

Address

Signed and delivered by the parties to this transfer on this day of

For Transferor

For Transferee

Name

Name

Designation

Designation

Signature

Signature

Stamp

Stamp

Date

Date

**FOR OFFICIAL USE ONLY
(Central Bank of The Gambia)**

	Transfer Registered by:	Transfer Authorised by:
Name
Signature
Date

Appendix D

CENTRAL BANK OF THE GAMBIA

NAME: -----

ADDRESS: -----

DATE: -----

The Senior Manager
Banking Services Department
Central Bank of The Gambia
1-2 Ecowas Avenue
BANJUL

Dear Sir

REDISCOUNT OF TREASURY/CENTRAL BANK BILLS

I/we wish to rediscount my/our Treasury/Central Bank Bill detailed below: -

Issue Date -----

Maturity Date -----

Amount Held D-----

(-----Dalasis)

Amount to rediscount D-----

(-----Dalasis)

Thank you for your cooperation.

Yours faithfully

(Signature)