



OPERATIONAL GUIDELINES FOR THE ISSUANCE AND REDEMPTION OF
GOVERNMENT TREASURY AND SUKUK BILLS

APRIL 2021

Table of Contents

1.0 Introduction.....	2
2.0 Securities.....	2
3.0 Bidding	2
4.0 Auction allotment and Settlement	4
5.0 Non- compliance.....	5
6.0 Transfers and secondary market.....	5
7.0 Reservation	5
8.0 Definition	6

1.0 Introduction

The Central Bank of The Gambia issues and manages government securities on behalf of the Government of the Gambia in its capacity as the agent of the government. Treasury bills and sukuk-al-salaam are short-term debt instruments issued by the government at a discount and redeemed at their face values at maturity to borrow funds for a period of not more than one year.

Unless otherwise specified in a Notice, these guidelines regulate the issuance and redemption of Treasury and SAS bills issued by the Government of The Gambia that, by the terms of the Notice, are made subject to these Conditions.

2.0 Securities

2.1 These bills are direct obligations of Gambia government issued under the laws of the Gambia and are subject to these conditions and applicable notice. They are used to borrow funds to meet government short-term financing needs, redeem maturing securities and for development of the financial market by providing benchmark yields for pricing longer-term securities.

2.2 The tenors of these securities are:

91-Day

182-Day

364-Day

3.0 Bidding

3.1 Form of issue

Treasury and SAS bills are issued in script-less security settlement (SSS) form. The SSS is an online bidding platform for securities auction and settlement. The electronic record of holdings of securities kept by the Central Bank acts 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.

3.2 Frequency of issue

These securities are normally issued on a weekly basis usually on Wednesdays.

In the event the auction day falls on a public holiday, auction is conducted on the immediate following business day.

3.3 Notification of issuance

The Ministry of Finance publishes the medium-term debt management and the annual borrowing plan and based on this, a rolling monthly issuance calendar is produced. The Bank announces, at least within a week before the auction, the calendar for the upcoming month on its website (www.cbg.gm) including the amount offered, security type and auction date.

3.4 Tenders

3.4.1 Security details for auction are created in the electronic securities settlement system at a specified period

3.4.2 All applications are submitted electronically through the SSS by primary dealers for their own investments and their clients

3.4.3 Tenders must be in multiples of D5000 with a minimum bid of D25,000

3.4.4 Bids can be competitive or non-competitive. However, primary dealers can only bid competitively.

3.4.5 Each competitive bid must be above D1.0 million with a purchase price. The price shall be quoted in Dalasi and bututs per D100. Bidders may submit multiple 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.

3.4.6 Bids of D1.0 million and below fall under the non-competitive category. In a non-competitive bid, the investor agrees to buy securities at the weighted average yield of accepted competitive bids. Investors bidding non-competitively for their own account shall not be allowed to bid competitively for their own account in the same auction.

3.4.7 The auction closes at 11.00am on Tuesdays and if that falls on a public holiday, auction takes place on the following business day. Settlements take place on a t+1 basis, usually on Wednesdays.

3.4.8 Submitted bids are irrevocable, representing firm commitments of the eligible participants. By bidding for a security, a bidder agrees to pay the book value of the security awarded in an auction.

4.0 Auction method, allotment and Settlement

4.1 Allotment

4.1.1 Non-competitive bids- The Bank first accepts in full all non-competitive bids. However, in the even the non-competitive bid amount exceeds the float size of a particular profile, 25% will be allocated to the competitive bidder with the highest price and the remaining balance will be prorated among the non-competitive bidders using the price of the accepted competitive bidder(s).

4.1.2 Competitive bids- competitive bids will be ranked in descending order of price or ascending order of yield. Bids that offer the highest price/lowest yield will be accepted in full until the float size is exhausted. Bids at the lowest accepted price may be satisfied in part or in a pro-rata basis in the event of an oversubscription.

4.1.3 Bills will be sold to competitive bidders through multiple-price auction where successful bidders purchase bills at the price they bid.

4.1.4 Publication of auction result- The Bank publishes the result of the auction by close of business on the auction day on its website at www.cbg.gm. The report includes range of prices/yields submitted and accepted, bid volume submitted and accepted and the weighted price and yield of each profile.

4.2 Settlement

4.2.1 Settlement period is t+1, this means, first working day after the auction, usually on Wednesdays.

4.2.2 The amount to be paid shall equal the discounted value of the allocated face value amount calculated based on the quoted price using the following formula:

$$\text{Cost} = (\text{allotted face value} \times \text{quoted price}) / 100$$

The yield (Y) corresponding to the quoted price is calculated using the actual number of days to maturity (D), a year day count of 365 days, quoted price (P) and the discount per 100 (d) which is the difference between 100 and the quoted price using the following formula:

$$Y = (d/P) * (365/D)$$

4.2.3 Mode of payment- payments are made through the settlement partners' accounts with CBG through the Real Time Gross Settlement (RTGS).

4.2.4 Repayment at maturity- On maturity date, the face value of the amount allotted shall be paid to holders.

5.0 Non-compliance

When a PD/investor fails to comply with these guidelines and/or applicable notices, the Bank shall determine appropriate action including prohibiting the PD/ investor from participating in future auctions, revocation of PD license, among others.

6.0 Transfers and secondary market

6.1 Transfers: 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 government/organization's officer who has died, resigned, or dismissed, 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 determine 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 entity that has been dissolved, merged or consolidated with another organization, succession shall be determined in accordance with applicable law and the terms of the documents by which the dissolution, merger or consolidation was effected on.

6.2 Secondary Market – The Central Bank no longer rediscounts bills. Investors wishing to rediscount must consult their bank and the bank is obliged to honor the request.

7.0 Reservation

The Central Bank reserves the right to accept or reject any or all bids submitted under these rules. The Bank also reserves the right to award more or less securities than specified in the Notice. The Bank may from time to time amend these guidelines. Although the Bank shall endeavor to give reasonable notice of any amendments, it reserves the right to introduce any amendment with immediate effect, where 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.

8.0 Definition

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

“Bid” means an offer to buy a stated face value of Treasury and SAS bills in an auction.

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

“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.

“Central Bank” means the Central Bank of The Gambia.

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

“Guidelines” means these procedures guiding the Issue and Redemption of Treasury Bills and SAS Bills.

“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 where the amount is specified in the Notice.

“Secondary Market” a market where previously issued securities are bought and sold.

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

“Script-less Securities Settlement System (SSS)” an electronic platform for bidding and settlement of treasury and SAS bills in which electronic records of holding securities serve as adequate proof of ownership.

“Treasury bills” are securities issued at a discount, redeemed at their face value at maturity and have maturities of not more than one year.

“Sukuk-Al-Salaam (SAS) bills” an Islamic instrument equivalent to the treasury bills issued by the Central Bank.

“Yield” means an annualized rate of return to maturity on bills based on the book value of the bill.