



February 2024

GUIDELINES FOR THE CENTRAL BANK OF THE GAMBIA BILLS

1.0 INTRODUCTION

1.1 PURPOSE

Unless otherwise specified in a Notice, these General Conditions of Issue and Redemption of Central Bank of the Gambia (CBG) Bills (the “Conditions”) including the appendices, regulate the issuance and redemption of CBG bills.

1.2 TERMINOLOGY

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

“**Bank**” means central bank of the Gambia

“**Bid**” means an offer to buy a stated face value of CBG bills in an auction.

“**Bidder**” means an entity who bids in an auction.

“**Script less Securities Settlement System (SSSS)**” CBG Bills will be issued in “SSSS” form; an online bidding and settlement platform, where the electronic record of holdings of securities kept by the Central Bank will be adequate proof of ownership 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 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.

“CBG” means the Central Bank of The Gambia

“Central Bank bills” are securities issued at a discount, 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 Amended 2018 and are subject to these Conditions, and the applicable Notice.

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

“Discount Rate” means an annualized rate of return to maturity on bills based on the face value of the bill.

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

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

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

“Maturity date” means the date on which the bill becomes due and payable.

“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.

1.3 AUTHORITY

Section 46 (d) of the Central Bank of The Gambia Act 2018 empowers the Bank to issue securities of its own, specify the conditions of the security and sell or purchase them for monetary policy purposes.

1.4 THE ROLE OF THE CENTRAL BANK

The Central Bank, on its own behalf, is authorized 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

CBG bills will be issued in script less security settlement (SSSS) format, an online bidding platform for securities auction and settlement. 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 shall be issued as may be determined by the CBG based on assessment of liquidity conditions.

2.3 DAY OF NOTICE AND AUCTION

The Central Bank will invite tenders for the sale of bills by issuing an “offering announcement called Notice” on the CBG website on (www.cbg.gm). The Notice shall specify the amount offered, auction date, issue date and tenor. The Notice and these Conditions shall govern the conduct of the sale. In the event of any conflict between the Notice and the Conditions, the latter 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 are open to only commercial banks and applications must be submitted online.

2.5 AMOUNT OF TENDER

Each tender must state the face value of bills in multiples of D500,000 with a minimum bid of D1,000, 000 and the quoted yield.

2.6 COMPETITIVE BIDS

There is no limit to the maximum amount an investor may bid. CBG bills will be sold through multiple-price auctions where successful bidders are awarded Bills at the yield they submit.

2.7 RESPONSIBILITY FOR PAYMENT

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

3.0 AUCTIONS AND SETTLEMENT

3.1 ACCEPTANCE

The Central Bank of The Gambia reserves the right to reject bids or accept bids fully or partially without the obligation to provide reason for its decision.

3.2. Price

The Monetary Policy Rate (MPR) will serve as the upper boundary for acceptable bids on CBG bills.

3.3. AUCTION PROCESS

Bids are assigned based on the lowest yield. The Central Bank accepts bids with the lowest yield until the amount offered is attained. Bids at the accepted rate will be proportionally allocated in the event of an oversubscription.

3.4 ANNOUNCEMENT OF AUCTION RESULTS

The Central Bank will publish the auction results on the CBG website at www.cbg.gm on the auction day. The announcement shall contain information on the offer amount, bids accepted and the weighted average yield.

3.5 NOTICE OF ACCEPTANCE

The outcome of the auction can be viewed on the bidding platform and 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.

3.6 MODE OF PAYMENT

Payment shall be made by direct debit on the successful bidder's current account with CBG through the Real Time Gross Settlement (RTGS).

3.7 SETTLEMENT

Payment of the amount due in respect of accepted tenders must be made in full on the date of issue of the bills or as specified in the Notice.

3.8 TENOR

The CBG bills shall have a minimum maturity of 7 days and a maximum of 70 days.

3.9 REDEMPTION

Central Bank bills are only redeemable upon maturity. If this date falls on a public holiday, the bills will be settled on the next working day.

However, the CBG may, at any time, call any security, in whole or in part, prior to maturity, in which case accrued interest plus the book value of securities will be paid.

4.0 RESERVATIONS

The Central Bank may from time to time amend these Conditions in which case reasonable notice shall be given but reserves the right to introduce any amendment with immediate effect, whenever necessary.