



MM 0002

(Amended July, 2018)

***GENERAL CONDITIONS OF ISSUE AND REDEMPTION OF  
TREASURY, SUKUK-AL-SALAAM (SAS) 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 and SAS Bills (the “Conditions”) including the appendices, regulate the issuance and redemption of Treasury and SAS 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 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.

**“Script-less Securities Settlement System (SSS)”** Treasury and SAS will be issued in “SSS” 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 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, redeemed at their face value at maturity with 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 SAS 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.

**“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, SAS or CBG 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, 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.

**“Sukuk-Al-Salaam (SAS) bills”** are securities issued at a discount, 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 annualized rate of return to maturity on bills based on the book value of the bill.

### 1.3 AUTHORITY

Gambia Government Treasury and SAS 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 51 of the Central Bank of The Gambia Act 2005, the Central Bank may issue securities of its own, specify the conditions for the security and sell or purchase them for monetary policy purposes.

### 1.4 THE ROLE OF THE CENTRAL BANK

The Central Bank, as the fiscal agent of the Government of the Republic of The Gambia and 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

Treasury and SAS bills will be issued in script less security settlement (SSS) form; 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 will normally be issued on a weekly basis or as may be determined by the Central Bank from time to time.

### 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 on print media and on the CBG website on ([www.cbg.gm](http://www.cbg.gm)). The Notice lists the amount offered, auction date, issue date and security type. 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 online (SSS) through Primary Dealers or directly to the CBG for amounts equal to or above D5 million. Incomplete tenders, tenders with alterations and/ or tenders that are not on the prescribed form will not be accepted. 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 the bill in multiples of D5000 with a minimum bid of D25, 000.

### 2.6 COMPETITIVE BIDS

All bids above D1, 000,000 must state the purchase price of the bid. 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 can be rejected or only a portion of it may be awarded. The Central Bank will sell Treasury and SAS bills to competitive bidders through multiple-price auctions where successful competitive bidders are awarded Bills at a yield that equals the price they submit.

## 2.7 NON COMPETITIVE BIDS

Bids of D1, 000,000 and below are classified under this category. 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 (DIRECT APPLICATIONS TO THE CBG)

Each tender (through the CBG) should be enclosed in a sealed envelope addressed to the Second Deputy Governor, Central Bank of The Gambia. To prevent delay, 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 of the security awarded in an auction.

## 2.10 CERTIFICATION

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 AUCTION AND SETTLEMENT**

## 3.1 ACCEPTANCE

The Central Bank of The Gambia reserves the right to accept or reject any portion of the tender or the whole of it without providing any reason.

### 3.2 AUCTION PROCESS

The Central Bank determines which bids to accept at a meeting held after the closing time (11:00 am) for receipt of bids. The Central Bank first accepts in full all non-competitive bids, 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 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- to the print media and online on its website at [www.cbg.gm](http://www.cbg.gm), of the auction results after the auction is concluded. The press release contains 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.

### 3.4 NOTICE OF ACCEPTANCE/REJECTION

The Central Bank provides notice of awards to bidders whose bids are successful or otherwise as early as possible after the date of the auction.

### 3.5 MODE OF PAYMENT

Payment must be made by direct debit through the RTGS or the securities settlement account. Where payment is made by cheque, such cheques should be drawn in favor of the Central Bank of the Gambia. Treasury and SAS bills maturing on the same date will be accepted as 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 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 or any other form without charge and stamp duty.

#### *4.1.1 Procedure*

On an approved Central Bank form similar to Appendix C, the owner must authorize the transfer of the security from the owner's account to a buyer's account. The authorization 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 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 association that has been dissolved, merged or consolidated into 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.



## 4.2 OUTRIGHT PURCHASE

The Central Bank may, on any business day, purchase back securities in multiples of D5, 000 before maturity, at the request of the holder, by rediscount, at the Monetary Policy Rate (MPR) 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 authorize the sale of the security to the Central Bank. The authorization 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 may, on any business day, sell securities in multiples of D5,000 before maturity, subject to availability from its own holdings, at the request of a potential buyer, at a rate of 2 per cent below the latest MPR 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 authorize the purchase of the security from the Central Bank. The authorization 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 and SAS 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 date. 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**

#### **JULY 2018**

*General Conditions of Issue and Redemption  
Of Treasury, SAS and Central Bank Bills*

## Appendix A

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

#### **1. Conversion of the purchase price to a discount rate (d) for Treasury bill/SAS 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 on 07 August 2002, maturing 06 November 2002 with a price of D96.40, the discount rate is calculated as follows:

Definitions:

$$p = 96.40$$

$$t = 91$$

#### **Solution**

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

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

$$d = (0.036 * 4.010989)$$

$$d = 0.144439$$

$$d = 14.44\%$$

#### **2. Conversion of the purchase price to a yield (investment rate, i) for Treasury, SAS and 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 with a price of D96.40, the yield is calculated as follows:

Definitions: p = 96.40, t = 91

#### **Solution**

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

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

$$i = (0.037344 * 4.010989)$$

$$i = 0.14978797$$

$$i = 14.98\%$$

*Appendix B*

**WEEKLY TREASURY AND SAS BILL NOTICE**

**ISSUE OF THREE MONTHS, SIX MONTHS AND ONE YEAR GAMBIA GOVERNMENT SECURITIES**

Tenders for the following Gambia Government Securities (Treasury Bills and Sukuk-Al-Salaam Bills) amounting to **D700,000,000-00** to be issued on **2<sup>nd</sup> August 2017**, will be received up to 11.00 a.m. on Tuesday **1<sup>st</sup> August 2017** in the proportion of;

| <b>TREASURY BILLS</b>   | <b>SUKUK- AL-SALAAM</b> |
|-------------------------|-------------------------|
| 3 Months - 70 Million   | 3 Months - 10 Million   |
| 6 Months - 100 Million  | 6 Months - 10 Million   |
| 12 Months - 500 Million | 12 Months -10 Million   |

Applications from Primary Dealers and Non-Primary Dealers who are qualified to participate directly in the Primary Market should be submitted with full payment for their bids.

Tenders below the minimum amount of **D5 million** should be submitted through a **Registered Primary Dealer**.

**Given that the Security Settlement System (SSS) has gone live, all applications for Treasury/SAS bills should be submitted electronically through Primary Dealers before 11.00 a.m. on Tuesdays. Central Bank clients should submit their bids to the Open Market Operations (OMO) unit.**

Copies of the General Conditions of Issue and Redemption of Government Securities and the Guidelines for Primary Dealership in Money Market Instruments can also be downloaded from the Central Bank Website at [www.cbg.gm](http://www.cbg.gm).

**BANKING DEPARTMENT**

**CENTRAL BANK OF THE GAMBIA**

**25<sup>th</sup> July 2017.**

**Appendix C**

Central Bank of The Gambia

SECURITY TRANSFER REQUEST

Transfer No.....

For reason of agreement entered into, the Transferor named, does hereby Transfer to the Transferee named, The Gambia Government Security 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 Bill subject to the terms and 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 Authorized by:

Name .....

Signature .....

Date .....

**Appendix D**

**CENTRAL BANK OF THE GAMBIA**

NAME: -----

ADDRESS: -----

-----

-----

DATE: -----

The Second Deputy Governor  
Central Bank of The Gambia  
1-2 Ecowas Avenue  
BANJUL

Dear Sir

**REDISCOUNT OF TREASURY/SAS/CENTRAL BANK BILLS**

I/we wish to rediscount my/our Treasury/SAS/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

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(Signature)