



Bangladesh Bank
Head Office
Motijheel, Dhaka-1000
Bangladesh
www.bb.org.bd

Debt Management Department

DMD Circular No. -07

Date: 29 July, 2012

Managing Director/Chief Executive

All scheduled bank companies working in Bangladesh

Dear Sir,

Rationalization of investment of scheduled banks in Government securities

As per section 33 of Bank Company Act, 1991 (amended up to 2013), the commercial banks hold Treasury bills(T-Bills) & bonds for maintaining SLR. The holdings of T-Bills & bonds by Banks are also considered as liquidity coverage against liabilities. At present, T-Bills & bonds are not distributed rationally among the overall Banking system. For rationalization of such distribution it has been decided that 60% of unsubscribed amount in auction will be distributed among the Primary Dealer(PD) Banks and remaining 40% of the unsubscribed amount will be distributed among the 25 non PD Banks(list shown in [Annexure II](#)) until further instructions. It is mentionable that any bank other than PDs who will buy T-Bills & Bonds in this process, will not be treated as PD. But non-PD banks (Annexure-II) will get assured liquidity support from Bangladesh Bank like other PDs as per circular letter no [DMD 01/2012](#) dated 22/02/2012. The new allocation procedure of T-Bills & Bonds in auction is shown in [Annexure-I](#).

The above circular will come into effect from 1 August, 2012. Circular number 06 dated 24/07/2012 will be replaced by this circular.

Please acknowledge receipt

Yours faithfully,

Sd/-

(Bishnu Pada Saha)
General Manager
Phone: 9530131

Allocation Procedure of T-Bills & Bonds in auction

- a) Auction of T-Bills & Bonds will be held for notified amount as per pre-announced auction calendar. The non-PD Banks can also submit bids in auction through PDs.
- b) The unsubscribed amount in the auction(if any) shall be distributed among the PDs and Non-PD banks. Sixty percent(60%) of unsubscribed amount shall be distributed among twelve PDs and the remaining forty percent(40%) of unsubscribed amount shall be distributed among twenty five Non-PDs.
- c) The half of the distributable amount for PDs will be allocated as per their underwriting obligation & remaining half will equally be distributed among them. The total demand and time liabilities(TDTL) of banks that are used for the calculating CRR/SLR, will be considered as basis to determine underwriting obligation. The total proportion of PDs in the above TDTL will be converted to 100% and the underwriting obligation will be determined on the monthly basis according to their individual share in DTL.
- d) The distributable amount(40% of unsubscribed portion) for 25 non-PD Banks will be distributed according to their individual share in DTL which will be determined by using the method mentioned in paragraph c.

Illustration: The following information of an auction of T-Bills or Bonds may be considered as an example:

Notified amount	BDT 100 crore
Subscribed amount	BDT 20 crore
Unsubscribed amount	BDT 80 crore

Distributable amount for PDs = 60% of BDT 80 crore, i.e., BDT 48 Crore

Distributable amount for non-PDs = 40% of BDT 80 crore, i.e., BDT 32 Crore

Allocation of distributable amount among PDs

Fifty percent of BDT 48 crore i.e., BDT 24 crore will be distributed among the 12 PDs according to their underwriting obligation which will be determined on the basis of proportions in TDTL and the remaining BDT 24 crore will equally be distributed among them.

Allocation of distributable amount among non-PDs

The full distributable amount(BDT 32 crore) will be allocated among 25 non-PD Banks on the basis of their share in TDTL.

In case of distribution of securities among PD and non-PD banks the cut-off price which is determined in the auction mentioned in paragraph (a) will be considered as sale value.

- e) For the allocation of unsubscribed T-Bills & Bonds, the underwriting obligation for the PDs and non-PD banks(mentioned in paragraph c) will be communicated in the last week of previous month of auction.

List of Non-PD Banks

Sl No.	Name of Non-PD Banks
1	Rupali Bank Ltd.
2	Bank Asia Ltd.
3	Bangladesh Commerce Bank Ltd.
4	Brac Bank Ltd.
5	Dhaka Bank Ltd
6	Dutch-Bangla Bank Ltd.
7	Eastern Bank Ltd.
8	IFIC Bank Ltd.
9	One Bank Ltd.
10	Premier Bank Ltd.
11	Pubali Bank Ltd.
12	Standard Bank Ltd.
13	The City Bank Ltd.
14	The trust Bank Ltd.
15	United Commercial Bank Ltd.
16	Bank Alfalah Limited
17	City Bank N.A., Bangladesh
18	Commercial bank of Ceylon
19	Habib Bank Ltd.
20	The Hongkong and Shanghai Banking Corporation Limited, Bangladesh (HSBC Bangladesh).
21	National Bank of Pakistan
22	State Bank of India
23	Standard Chartered Bank
24	Woori Bank Ltd.
25	Basic Bank Ltd.