

DOS Circular Letter No. - 02

Date: 19/01/2012

**Chief Executive
All Scheduled Banks in Bangladesh.**

Dear Sir,

Marking to Market based Revaluation of Treasury Bills and Bonds held by the banks

Your attention is drawn to the DOS Circular Letter No.-05/2008 regarding Marking to Market (MTM) of Govt. Treasury Bills and Bonds held by the scheduled banks. Considering the recent market developments it has been decided that the Primary Dealers (PDs) of Govt. Treasury securities should follow the procedure mentioned below for MTM of Treasury Bonds held in their portfolios:

1. Treasury bonds issued within the following period and held in HFT category by the PDs may be remeasured at amortized cost instead of fair value:

Issuing Time Range	Tenor
22/07/2009 to 07/12/2011	5 Yrs.
06/05/2009 to 13/12/2011	10 Yrs.
10/06/2009 to 20/12/2011	15 Yrs.
29/04/2009 to 27/12/2011	20 Yrs.

2. In future, treasury bonds categorized as HFT securities which remain unsold for two years from the date of purchase may be remeasured at amortized cost.

3. The treasury bonds remeasured at amortized cost, although categorized as HTM, for the time being will be excluded while calculating the present HTM to HFT ratio (85% : 15% of SLR).

4. The remeasured securities will be eligible for SLR, Repo and ALS operation.

5. All other existing regulations regarding HTM securities will be applicable for the remeasured securities.

Accounting procedure:

6. The book value (fair value) carrying amount of the bonds under consideration becomes the new amortized cost at the date of remeasurement.

7. The remeasurement of the securities mentioned in clause (1) should be carried out within January 31, 2012 without considering the purchase period timeline mentioned above. In this case, the book value (fair value) carrying amount of the bonds under consideration as on January 01, 2012 should be taken as the new amortized cost.

8. Any difference between the new amortized cost and maturity amount should be amortized over the remaining life of the bonds.

9. Existing revaluation reserve for the bonds under consideration should be taken into P/L account at the date of remeasurement.

Reporting requirements:

10. A report on measures taken by the PDs under this circular letter should be submitted to Department of Off-site Supervision (DOS), Bangladesh Bank in the prescribed format (**Annexure-1**) within February 15, 2012.

11. Any future remeasurement shall have to be reported to DOS within the next 10 days of such remeasurement in the prescribed format (**Annexure-1**).

12. The remeasured bonds should be shown under HTM portfolio during regular monthly reporting in DB-5p (DOS Circular Letter No.-05/2008).

13. All other instructions contained in the DOS Circular Letter No.-05/2008 (and the subsequent amendments) and DOS Circular Letter No.-05/2009 shall remain unchanged.

This will have an immediate effect.

Please acknowledge receipt.

Yours sincerely,

Sd:-

(K. M.Gousuzzaman)

General Manager

Phone: 7120376

**Information Regarding Remeasured Treasury Bonds from Fair value to Amortized Cost
(To be submitted as per requirement of DOS Circular Letter No.-02/2012)**

Date of Remeasurement	Date of Issue	Date of Purchase	ISIN	Face Value	Book value (Fair value) as on date
Total					