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FOREX RESERVE & TREASURY MANAGEMENT DEPARTMENT
(PUBLIC DEBT SECTION)

Circular No- FRTMD(PDS)135/2003 - 1312 **Date: 11 December 2003**

All Scheduled Banks/Financial Institutions

Dear Sir,

Notice for Auction of 5-year and 10-year
Bangladesh Government Treasury Bonds.

In terms of notification no- MF/IRD/SAVINGS/S-10/2003/303, dated 10 September 2003 (copy enclosed) issued by the Internal Resources Division of the Ministry of Finance, the first auction of the newly introduced 5-year and 10-year Bangladesh Government Treasury Bond, will be held on 28 December 2003 at Bangladesh Bank. After issue of these bonds, Secondary trading shall take place under the arrangement of 'scripless electronic book entry system' through 8 (eight) banks (Sonali Bank, Agrani Bank, Janata Bank, Prime Bank Ltd., Uttara Bank Ltd., Jamuna Bank Ltd., Southeast Bank Ltd., National Credit and Commerce Bank Ltd.) and one financial institution (International Leasing and Financial Services Ltd.) appointed as primary dealers for trading of government securities.

Main features and procedures for participation in the auction of the bonds, in brief, are as under (Notification on 10-09-2003 could be seen for detailed information):

a.	Amount to be proposed for the auction	Upto total of Tk100.00 crore (face value) for each of the 5-year and 10-year bond.
b.	Face value	Tk1.00 lac or multiples
c.	Coupon	7.50% on 5-year bond and 8.50% on 10-year bond payable on half yearly basis, subject to tax deduction as applicable.
d.	Eligible parties & transferability	All institutional or private investors including provident fund, life insurance companies, banks and financial institutions. Freely tradable and transferable through primary dealers.
e.	Conditions for non-resident investors	Purchase value payable from balance with the non-resident foreign currency accounts of the non-resident individuals or institutions. Bonds purchased by non-resident investors are not saleable to any Bangladeshi resident within one year of investment, but freely saleable to any other non-resident party/investor. Profits after deduction of taxes and sales proceeds are freely transferable to abroad in foreign currencies.
f.	Procedures for participation in the auction	Any bank or financial institution maintaining current account with Bangladesh Bank including the banks and financial institutions appointed as primary dealers for trading of government securities may submit bids in their own names or on behalf of their customers - individual/institutional investors.

Sealed bid quoting total face value of bonds and offer price at premium/par/discount on face value of Tk100.00 each is required to be submitted in the prescribed form into the tender-box placed at the office of the General Manager, Bangladesh Bank, Motijheel Office, Dhaka by 10:00 a.m. on 28 December 2003. Auction will be held at 1:30 p.m. and the result of the auction will be declared at 3:00 p.m. of the same day. Separate bids must be submitted for bonds with different maturities. In this regard, bids for purchasing of bonds shall be treated as authority to debit the current accounts of the bidding banks/financial institutions with the Bangladesh Bank. Accordingly, the bidders are requested to submit bids under the signature(s) of the officer(s) authorized to operate their respective accounts with the Bangladesh Bank.

Yours faithfully
Sd/-
(Md. Belayet Hossain)
General Manager