বাংলাদেশ ব্যাংক
প্রধান কার্যালয়
মতিঝিল,ঢাকা-১০০০
বাংলাদেশ

www.bangladesh-bank.org
www.bangladeshbank.org.bd

ফরেক্স রিজার্ভ এন্ড ট্রেজারী
ম্যানেজমেন্ট ডিপার্টমেন্ট
(পাবলিক ডেট সেকশন)

Scan

পরিপত্র নং-এফআরটিএমডি-০১/২০০৭

তারিখঃ জুন ২৫, ২০০৭

সকল তফসিলী ব্যাংক ও আর্থিক প্রতিষ্ঠান

প্রিয় মহোদয়গণ,

বাংলাদেশ গভর্নমেন্ট ট্রেজারী বন্ড (বিজিটিবি) **Par Value (Face Value)** তে ইস্যুকরণ প্রসংগে ।

সরকার ১ জুলাই, ২০০৭ তারিখ থেকে বর্তমানে প্রচলিত Price based Auction পদ্ধতির পরিবর্তে Yield based Multiple Price Auction পদ্ধতিতে বাংলাদেশ গভর্নমেন্ট ট্রেজারী বন্ড (বিজিটিবি) ইস্যুর সিদ্ধান্ত গ্রহণ করেছে । এতদসংক্রান্ত সরকারী প্রজ্ঞাপনের কপি সংযুক্ত হলো ।

প্রস্তাবিত পদ্ধতিতে কাঙ্খিত ঈল্ড হার ও অভিহিত মূল্যে বন্ড ক্রয়ের পরিমাণ উল্লেখপূর্বক আগ্রহী ব্যাংক ও আর্থিক প্রতিষ্ঠানগুলো বিড দাখিল করবে । অকশন কমিটি কর্তৃক প্রতি অকশনে গৃহীত Cut-off yield হবে ইস্যুতব্য বন্ডের বার্ষিক কুপন হার । সব বিজয়ী বিডারদের এ হারেই কুপনসহ বন্ড ইস্যু করা হবে । Cut-off yield অপেক্ষা কম ঈল্ড দাবীকারী বিডারও Cut-off yield এ উচ্চতর হারে কুপন প্রাপ্ত হবে বিধায় তাদেরকে ঈল্ড হার সমন্বয়জনিত প্রিমিয়ামসহ অভিহিত মূল্য বন্ড ক্রয়কালীন সময়ে সরকারকে প্রদান করতে হবে । বন্ডের কুপন অর্ধ-বার্ষিক ভিত্তিতে প্রদেয় হবে এবং প্রকৃত দিন সংখ্যার ভিত্তিতে বছর গণনা করা হবে । সরকার কর্তৃক সময়ে সময়ে ঘোষিত অর্থ আইন অনুযায়ী বন্ড ধারকদেরকে প্রদেয় সুদের উপর আয়কর কর্তনের বিধান প্রযোজ্য হবে । Yield based Multiple Price Auction এর একটি উদাহরণ এতদসংগে সংযোজিত হলো (সংযোজনী-১)।

অনুগ্রহপূর্বক প্রাপ্তি স্বীকার করবেন ।

আপনাদের বিশ্বস্ত,

সংযোজনী ঃ বর্ণনা মোতাবেক ।

(মোঃ বেলায়েত হোসেন)
মহাব্যবস্থাপক
ফোন ঃ ৭১২০৩৫৭

Government of the People's Republic of Bangladesh
Ministry of Finance, Finance Division
Resources and Debt Management Wing
Domestic Debt Management and Training Section-1

No. MF/FD/RDMS-1/Policy & Organization-3/2006/147 Dated: June 24, 2007

NOTIFICATION

Issuance of Bangladesh Government Treasury Bonds

1. Government has decided to issue Bangladesh Government Treasury Bonds in pursuant of rule-4 of the Public Debt (Central Government) Rules 1946 with maturity of 5, 10, 15 and 20 year.

   For this purpose the following definitions will be applicable:

   a) 'BGTB' means a Bangladesh Government Treasury Bond with maturity of 5, 10, 15 and 20 years, issued in accordance with the terms and conditions mentioned in this notification.
   b) 'Government' means the Government of the People's Republic of Bangladesh;
   c) 'BB' means the Bangladesh Bank;
   d) 'Holder' means an individual or institution in whose name a BGTB is held in the Subsidiary General Ledger (SGL) account or Investment Portfolio Securities (IPS) account maintained with the BB by a bank or financial institution;
   e) 'Primary Dealer'(PD) means a bank or financial institution nominated by the BB for secondary trading and market making in the BGTBs.

2. Eligibility
   i) Individuals and institutions resident in Bangladesh such as banks, non-bank financial institutions, insurance companies, bodies corporate, authorities responsible for the management of provident funds, pension funds etc. - shall be eligible to purchase the BGTBs;
   ii) Individuals and institutions not resident in Bangladesh shall also be eligible to purchase the BGTBs, with coupon payments and resale/redemption proceeds transferable abroad in foreign exchange, provided that:
      (a) the purchase is made with funds from a non-resident foreign currency account with a bank in Bangladesh in the name of the purchaser;
      (b) the BGTB purchased by a non-resident is not resold to a resident in Bangladesh within one year of purchase. Resale to other non-residents subject to fulfillment of (a) above would however be freely permissible.

3. Maturity and other features
   i) BGTBs of 5-year, 10-year, 15-year and 20-year maturity shall be auctioned by the BB;
   ii) BGTBs shall be redeemable at maturity; and shall be freely tradable in the secondary market, subject to the provision mentioned in 2(ii)(b) for non-resident purchasers;
   iii) The BGTBs shall be issued at par through yield-based multiple price auctions. The cut-off yield as decided by the auction committee shall be fixed as the annual coupon rate of the bond irrespective of the yields quoted by the bidders. Bids quoted above the cut-off yield shall not be accepted. The bond shall be priced at par in the cut-off level. Bidders quoting a yield lower than the cut-off yield shall pay a premium along with the full purchase price to the Government at the time of issuance of bonds;

iv) Coupon rates for bonds of each maturity shall be determined in the respective auctions and shall be payable at six-monthly intervals from the dates of issue;
v) BGTBs shall be issued as registered bonds in un-certificated form, maintained in Subsidiary General Ledger (SGL) accounts with the BB;
vi) Coupon payments on the BGTBs shall be liable to tax deduction as per Income Tax laws and regulations in force, except where specifically exempted thereunder;
vii) BGTBs held by banks and financial institutions on their own account shall qualify as approved security for Statutory Liquidity Requirement (SLR) fulfillment; BGTBs held on behalf of clients will not be eligible for this purpose.

4. **Sale procedure in primary issues**

(i) Primary issues of the BGTBs shall be sold by the BB in auctions as per auction calendar announced prior to each financial year and also as per auction notice announced one week prior to each auction;
(ii) Banks and financial institutions maintaining current account with the BB for Cash Reserve Requirement (CRR) fulfillment, including those designated for secondary trading as PDs, may submit bids on own account and on behalf of other eligible purchasers;
(iii) The bids (in form BGTB-1) shall be for face value amounts in multiples of Taka 1.00 lac. The bidding bank/financial institution must ensure sufficient balance in excess of CRR in its current account with the BB to cover the full purchase price and premium if any;
(iv) Separate bids shall be submitted for BGTBs of different maturities;
(v) Bids in sealed covers shall be received upto 10.00 AM on the auction date at the Public Debt Office at BB, Motijheel Office. The bids shall be opened at 11-00 AM on the same day, listed in ascending order of yields (in form BGTB-2) and placed before the Auction Committee. The Committee shall accept bids in ascending order of yields upto the intended volume of issue. Between bids at the same yield, those from the PDs will have precedence over the others; between non-PD bidders at the same yield, the volume accepted shall be apportioned prorata;
vi) Results of the auction shall be announced by 3-00 PM on the auction day. BGTBs shall be issued against the accepted bids on the following day by debit to the current accounts of the bidders with the BB for the purchase price, with advice to them in form BGTB-3. Government's account with the BB shall be credited with the full face value amount of the BGTBs issued. The premium on the issues shall be credited to Government Account separately. The Government shall be advised of the transactions in form BGTB-4A & 4B;
vii) The BGTBs shall be issued as registered stocks in uncertificated form, with no paper scrip. The transactions shall be processed as book-based clearing and settlement through SGL Accounts in which the entries shall represent ownership of securities of an investor, a transfer of ownership shall be completed by debiting and crediting the accounts concerned. Each bank or financial institution submitting bids in the auctions shall be eligible to maintain two SGL accounts with BB Motijheel office, one for their own position and the other, the Investment Portfolio Securities (IPS) account for their clients' position. All transactions between the BB and the SGL account holders and those between the SGL account holders and their clients shall be recorded by the BB in these two SGL accounts (own or IPS) separately. The SGL account holders at their end shall also maintain SGL accounts separately for their own and clients' positions.

5. **Sale procedure in secondary trading**

i) BGTBs purchased in primary issues through auctions may subsequently be traded freely (subject to the provisions mentioned in 2(ii)(b) for non-residents); the PDs shall undertake such secondary purchases and sales, quoting two-way prices. Transfers involved in these sales shall be booked in the SGL accounts with the BB Motijheel office upon application in Form BGTB-5 alongwith transfer declaration in Form BGTB-6. The transfer applications shall be accompanied by a fee of Taka 10 per transfer, chargeable to the transferor;

ii) Transfers between own and IPS or IPS and IPS account of the same bank/financial institution involving no payment settlement through current account with the BB shall be booked rightaway upon receipt of duly filled in application, declaration form and transfer fee. For transfer application accompanied by cheque in payment settlement drawn on current account of the transferee in favour of the transferor, the transfer shall be booked in the SGL accounts concerned on a same day basis after booking of debits and credits to the current accounts concerned;

iii) The transfer fees received shall be credited to the Account of BB, Motijheel office;

iv) The PDs shall report their secondary market trading in BGTBs to BB Motijheel in form BGTB-7 on a daily basis, separately for each issue, from the date of issue in first auction. Other banks and financial institutions shall use the same form for reporting their total holdings, on a weekly basis.

6. Procedure for periodical coupon payments

i) Shut period for transfer transactions shall commence three days before each due date of half yearly coupon payment on a BGTB issue. No transfer effected over this shut period shall be accepted. The balances of issue maturity wise shall be reconciled with account holders by calling for position statements in Form BGTB-8;

ii) Payments at the specified coupon rates shall be calculated for the reconciled balances, and after necessary income tax deduction, if any, shall be credited on the due date to the current accounts of the concerned banks and financial institutions with the BB, by debit to Government account under advice in Form BGTB-9 to the departments concerned;

iii) In case the due date of coupon payment falls on a holiday, the payment shall be made on the immediate next working day.

7. Procedure for redemption of face value at maturity:

i) Shut period on transfer transactions shall commence three days before the maturity date of a BGTB issue (also the due date for the last coupon payment); and all account holders of the issue under redemption shall be sent letters in Form BGTB-10 asking them to return duly signed receipt in Form BGTB-11 along with position statement in Form BGTB-8 for reconciliation of their balances maintained with the BB;

ii) On the maturity date the face value on the reconciled balances (along with the coupon payment net of income-tax deduction, if any) shall be credited to the current accounts of the concerned banks and financial institutions with the BB, by debit to Government account under advice in Form BGTB-9A & 9B to the departments concerned;

iii) In case the maturity date for redemption falls on a holiday, payment shall be made on the immediate next working day.

8. BGTBs issued prior to this Notification shall continue to be governed by the terms and conditions of the Bangladesh Government Treasury Bond Rules, 2003.

<u>Enclosed:</u> 11 (eleven) BGTB Forms.

By order of the President
Sd.
24.06.2007
Syed Monjurul Islam
Joint Secretary (RDM)

BID FORM

The General Manager
Bangladesh Bank
Motijheel, Dhaka,

Bids for Bangladesh Government Treasury Bonds (BGTBs)

Dear Sir,

Pursuant to the Bangladesh Bank notification announcing the ....th auction to be held on..................................... for issuance of 5-year / 10-year / 15-year / 20-year BGTBs,

we ....

(Name of the bank/financial institution maintaining current account with BB Motijheel oiffice) hereby submit bids as follows:

Maturity period: 5/10/15/20 years

Serial No.	Face value amount sought (in multiples of Taka 1.00 lac)	Quoted Yield per Taka 100/- (upto four decimal points)	Remarks

Yours faithfully,

Date: ....

Authorised signature ....

Name and designation...........................:

Official seal: ....

Note:
1. Separate bid forms shall be required for bonds of each maturity.
2. For bids on account of clients, names and addresses of the clients should be mentioned in the Remarks column.

Form BGTB-2

Bangladesh Bank, Motijheel
Public Debt Office

List of bids received for 5-year / 10-year / 15-year / 20-year BGTB in auction No.. held on ....

Serial No.	Name of bidder	Quoted yield per Taka 100/- (upto four decimal points)	Face value amount sought

Form BGTB-3

Bangladesh Bank, Motijheel
Public Debt Office

To

....
....
....
(Name and address of bidder)

Issuance of BGTB against accepted bids

Dear Sir;

We advise having credited today your SGL Account No. .... with us under the .... 5-year /10-year /15-year /20-year BGTBs, against your accepted bids in auction

No.....(yield rate).... held on ....; as follows:

Taka .... on your own account; and
Taka .... on your clients' IPS account.

Total Taka ....

Your current account with us has been debited today for the total purchase price of Taka .... for the BGTBs credited as above in your SGL Account.

Yours faithfully,

....
Authorised Signature

Form BGTB-4A

Bangladesh Bank, Motijheel
Public Debt Office

General Manager
Accounts & Budgeting Department
Bangladesh Bank
Head Office, Dhaka.

Issuance of BGTBs

Dear Sir,

We advise having credited today the Government Account no.. with a sum of Taka .... (Taka ....)

(in figures) (in words)

against issuance of BGTBs in auction No.................................... held on ....; as follows:

	5-year maturity	10-year maturity	15-year maturity	20-year maturity
Face value of the BGTBs realised from the bidders	Taka	Taka	Taka	Taka ....

Yours faithfully,

....

Authorised Signature
Date ....

Endorsement no.................................... date .... to

1. Secretary, Finance Division, Ministry of Finance.
2. Secretary, IRD, Ministry of Finance.

Authorised Signature

Bangladesh Bank, Motijheel
Public Debt Office

General Manager
Accounts & Budgeting Department
Bangladesh Bank
Head Office, Dhaka.

Issuance of BGTBs

Dear Sir,

We advise having credited today the Government Account no.................................... with a sum of Taka .... (Taka ....)
(in figures) (in words)
against issuance of BGTBs in auction No................................ held on ....; as follows:

	5-year maturity	10-year maturity	15-year maturity	20-year maturity
Premium realised over face value ....(+)	Taka	Taka	Taka	Taka ....

Yours faithfully,

....
Authorised Signature
Date ....

Endorsement no................................. date .... to

3. Secretary, Finance Division, Ministry of Finance.
4. Secretary, IRD, Ministry of Finance.

Authorised Signature

Form BGTB-5

General Manager
Bangladesh Bank
Motijheel Office
Dhaka.

Transfers between SGL accounts

Dear Sir,

We .... hereby request the
(Name of bank/financial institution)

Transfer of a sum of Taka .... (Taka ....)
(in figures) (in words)

out of the amount standing at our credit in our SGL Account No......................................
with you under .... percent BGTB of .... year maturity (issued in Auction No
......................................) to the SGL Account No.......................................

The duly completed transfer declaration in Form BGTB-6 is submitted herewith.

Transfer fee of Taka .... is also submitted herewith.

Yours faithfully,

Date: ....

Authorised signature ....
Name ....
Designation ....
Official seal ....

I/We .... do hereby assign and transfer my/our
(transferor)
interest or share in the SGL Account No.......................... of the .... percent BGTB of .... year maturity amounting to Taka .... being the entire balance/portion outstanding at the credit of the aforesaid Account of Taka .... as registered in the books of the Bangladesh Bank, Motijheel together with accrued interest thereon in favour of .... /his/their administrators or
(transferee)
assignees and I/We .... do freely accept the above
(transferee)
amount transferred to me/us.

Signed by the above named transferor
in the presence of

.... Signature of witness

.... Signature of the transferor (seller)

.... Name and address

Signed by the above named transferee
in the presence of

.... Signature of witness

.... Signature of the transferee (buyer)

.... Name and address

Dated the .... day of, ..., 200........

Form B

Daily/Weekly statement on secondary trading of BGTBs as at close of ....

Name of the Primary dealer/bank or financial institution ....

A. Opening balance of BGTB holdings, face value amount Taka .... (Auction No..................)

B. Sales:

To non-banks				To banks, including the Bangladesh Bank				Total sal
Buyer category	Amount in repo Taka	Amount in outright sale Taka	Total Taka	Name of bank	Amount in repo Taka	Amount in outright sale Taka	Total Taka	
1	2	3	4	5	6	7	8	9
Residents:								
a) Individuals								
b) Corporate								
c) Other Institutions								
Non-residents:								
a) Individuals								
b) Corporate								
c) Other Institutions								

C. Purchases:

From non-banks				From banks, including the Bangladesh Bank				Total purch
Seller category	Amount in repo Taka	Amount in outright purchase Taka	Total Taka	Name of bank	Amount in repo Taka	Amount in outright purchase Taka	Total Taka	
1	2	3	4	5	6	7	8	9
Residents:								
d) Individuals								
e) Corporates								
f) Other institutions								
Non-residents:								
d) Individuals								
e) Corporates								
f) Other institutions								

D. Closing balance of BGTB holdings, face value amount Taka ....

(A - B + C)

Date:

Official Seal

Authorised Signature ....

Name ....

Designation ....

Form BGTB-

Position statement of balances of BGTBs in SGL account with Bangladesh Bank, Motijheel

Name of the bank/financial institution ....

Auction No.. Date of issue ....

SGL Account No.	BGTB holder (each IPS client to be shown separately)		Balance in SGL account (face value amount, in Taka, as at close of ....)				Remarks
	own	clients	...... percent 5-year BGTB	...... percent 10-year BGTB	.... percent 15-year BGTB	.... percent 20-year BGTB	

Date:

Official seal:

Authorised Signature ....

Name ....

Designation ....

Form BGTB-9A

Bangladesh Bank, Motijheel
Public Debt Office

General Manager
Accounts & Budgeting Department
Bangladesh Bank
Head Office, Dhaka.

Debit of Govt. Account for payment of periodical coupons/redemption value on BGTBs

Dear Sir,

We advise having debited today the Government Account No..................... with a sum of Taka .... (Taka ....) towards
(in figures) (in words)

towards redemption payment on BGTBs issued dated .... of auction no................................ held on ....; as under:

	.......percent 5 year maturity	.... percent 10 year maturity	.... percent 15 year maturity	.... percent 20 year maturity
Redemption payment at face value due on............................	Taka	Taka	Taka	Taka ....

Yours faithfully,

Authorised signature..

Date..

Endorsement No.. date........................... to:
1. Secretary, Finance Division, Ministry of Finance.
2. Secretary, IRD, Ministry of Finance.

Authorised Signature

Form BGTB-9b

Bangladesh Bank, Motijheel
Public Debt Office

General Manager
Accounts & Budgeting Department
Bangladesh Bank
Head Office, Dhaka.

Debit of Govt. Account for payment of periodical coupons/redemption value on BGTBs

Dear Sir,

We advise having debited today the Government Account No.................... with a sum of Taka .... (Taka ....) towards

(in figures) (in words)

towards periodical coupon payment on BGTBs issued dated .... of auction no.............................. held on ....; as under:

	.......percent 5 year maturity	.... percent 10 year maturity	.... percent 15 year maturity	.... percent 20 year maturity
Coupon payment due on.....................	Taka	Taka	Taka	Taka ....

Yours faithfully,

Authorised signature..

Date..

Endorsement No .... date.......................... to:

3. Secretary, Finance Division, Ministry of Finance.
4. Secretary, IRD, Ministry of Finance.

Authorised Signature

Form BGTB-10

Bangladesh Bank, Motijheel
Public Debt Office

.... Date:........................

....

....

Redemption on maturity of BGTBs in SGL account No........................

Dear Sir,

Please note that .... percent 5-year / 10-year / 15-year / 20-year BGTBs of the issue dated .... (Auction No...........) shall be repaid at par on .... with coupon payment due upto that date. No further coupon payment shall accrue on these Bonds after that date.

Redemption payment at face value amounting to Taka .... (Taka............................)
in figures in words
of these Bonds held in your the SGL Account No.................... with us, and coupon payment thereon amounting to Taka .... (Taka ....) shall be credited
in figures in words
to your current account with us upon your returning the enclosed receipt, duly signed.

Yours faithfully,

Enclosure: Form BGTB-11

....
Authorised signature

Acknowledgement of receipt

Name of bank/financial institution ....

Received the face value amount Taka .... (Taka ....)
in figures in words
of .... percent 5-year / 10-year / 15-year / 20-year BGTBs of issue dated ....

(Auction No................................) held in the SGL account no.................................. with

BB, Motijheel office and coupon profit due thereon amounting to Taka............................
in figures

(Taka ....) by credit to our current account with BB, Motijheel office.
in words

It is certified that the face value amount of the Bonds stated above agrees with that recorded in

our own books.

Date: Authorised Signature...............................

Name..

Official seal Designation...

সংযোজনী-১

Yield Based Auction - EXAMPLE

Auction Amount	Tk. 200.00 crore
Date of Issue	10-Apr-07
Date of Maturity	10-Apr-17
Type of Auction	**Multiple Price auction**
Coupon	12.4000% (Cut-off yield as accepted by the Auction Committee)

Total Premium payable to the Government (Tk.) **3037576.00**

Name of the Bond: **12.4000% BGTB 10042017**

AUCTION BIDS

BIDDER	Amount (Tk. crore)	Yield	Cumulative Amount (Tk. crore)	Allocation (Tk. crore)	Cumulative Allocation (Tk. crore)	Price (per Tk.100 nominal)	Premium Payable (Tk.)
1	2	3	4	5	6	7	8=(Clm 7-100)XClm 6X100000
B	20.00	12.3500%	20.00	20.00	20.00	100.2827	565437
A	45.00	12.3600%	65.00	45.00	65.00	100.2261	1017376
A	19.00	12.3600%	84.00	19.00	84.00	100.2261	429559
B	22.00	12.3700%	106.00	22.00	106.00	100.1695	372888
E	18.00	12.3700%	124.00	18.00	124.00	100.1695	305090
B	9.00	12.3800%	133.00	9.00	133.00	100.1130	101656
C	22.50	12.3900%	155.50	22.50	155.50	100.0565	127019
E	21.00	12.3900%	176.50	21.00	176.50	100.0565	118551
G	30.00	12.4000%	206.50	23.50	200.00	100.0000	0.00
H	30.00	12.4100%	236.50	Rejected Bids			
D	15.00	12.4200%	251.50				

Syntax : (For column 7)

PRICE (*Settlement*, maturity, rate, yield, redemption, frequency, basis)

(For the formula of PRICE please see the in built funtion in Excel which is reproduced overleaf)

Where,

Settlement = Security's settlement date i.e., on which the security is bought/sold.

Maturity = The maturity date is the date when the security expires.

Rate = Security's annual coupon rate i.e., cut off yield rate of that particular auction.

Yield = Security's annual yield quoted by the bidder in that particular auction.

Redemption = Face value

Frequency = The number of coupon payments per year. For semi-annual coupon, frequency = 2.

Basis = 1 Actual/actual .

PRICE

$$PRICE = \left[\frac{redemption}{\left(1+\frac{yld}{frequency}\right)^{\left(N-1+\frac{DSC}{E}\right)}}\right] + \left[\sum_{k=1}^{N} \frac{100 \times \frac{rate}{frequency}}{\left(1+\frac{yld}{frequency}\right)^{\left(k-1+\frac{DSC}{E}\right)}}\right] - \left(100 \times \frac{rate}{frequency} \times \frac{A}{E}\right)$$

where:

DSC = number of days from settlement to next coupon date.

E = number of days in coupon period in which the settlement date falls.

N = number of coupons payable between settlement date and redemption date.

A = number of days from beginning of coupon period to settlement date.