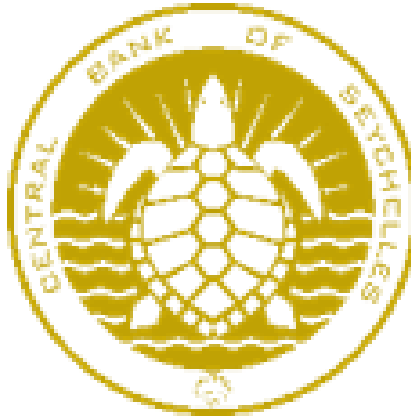




“Investing For Tomorrow”

Central Bank of Seychelles

Financial Markets Division

OUTLINE



What Are Government Securities?



Central Bank's Role



Who Can Participate?



Why Invest in Government Securities?



Treasury Bills



Bonds



WHAT ARE GOVERNMENT SECURITIES



WHAT ARE GOVERNMENT SECURITIES?

GOVERNMENT SECURITIES

Meaning, Forms

Characteristics



WHAT ARE GOVERNMENT SECURITIES?

Debt Instruments:

- Issued by the Government to:
 - meet its financing needs
 - raise capital to finance projects being undertaken by the government
 - assist the central bank in the implementation of monetary policy

Investment and Savings Instruments:

- Investors may use government securities as a method to save money or for investment. These can be either through:
 - Treasury bills
 - Treasury bonds including bonds guaranteed by the government



CENTRAL BANK'S ROLE

CBS Act and Public Debt Management Act, permits the Central Bank to act as agent to the government

- Undertake the role of issuing and managing the government securities/government guaranteed securities on behalf of the government or other public entities.



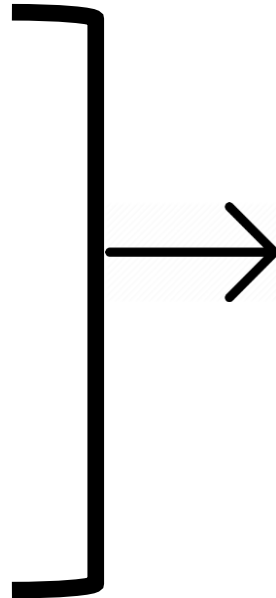
WHO CAN PARTICIPATE



individuals

SINGLY jointly

LEGAL ENTITY



Resident /
Non-Resident



INDIVIDUAL PARTICIPANTS

Jointly

- The investment is in the name of two individuals

Either or Survivor

- The investment is in the name of the first person on the form
 - The second person is the beneficiary



**WHY
INVEST IN
GOVERNMENT
SECURITIES**





Government securities are risk free instruments where the return is guaranteed

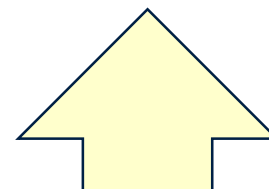
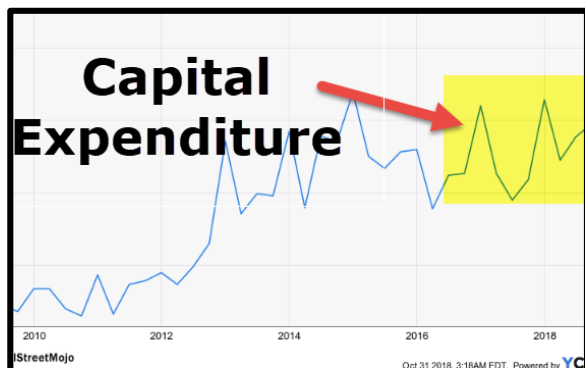
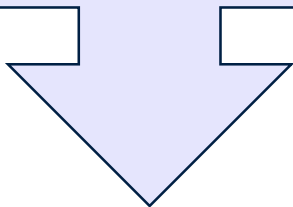
Investing in government securities is a way to raise additional funds to pay for other financial obligations.



Investing in government securities is an alternative method of saving money.



Funds from government securities issuances are used to finance capital expenditures and any other expenditures by the government.

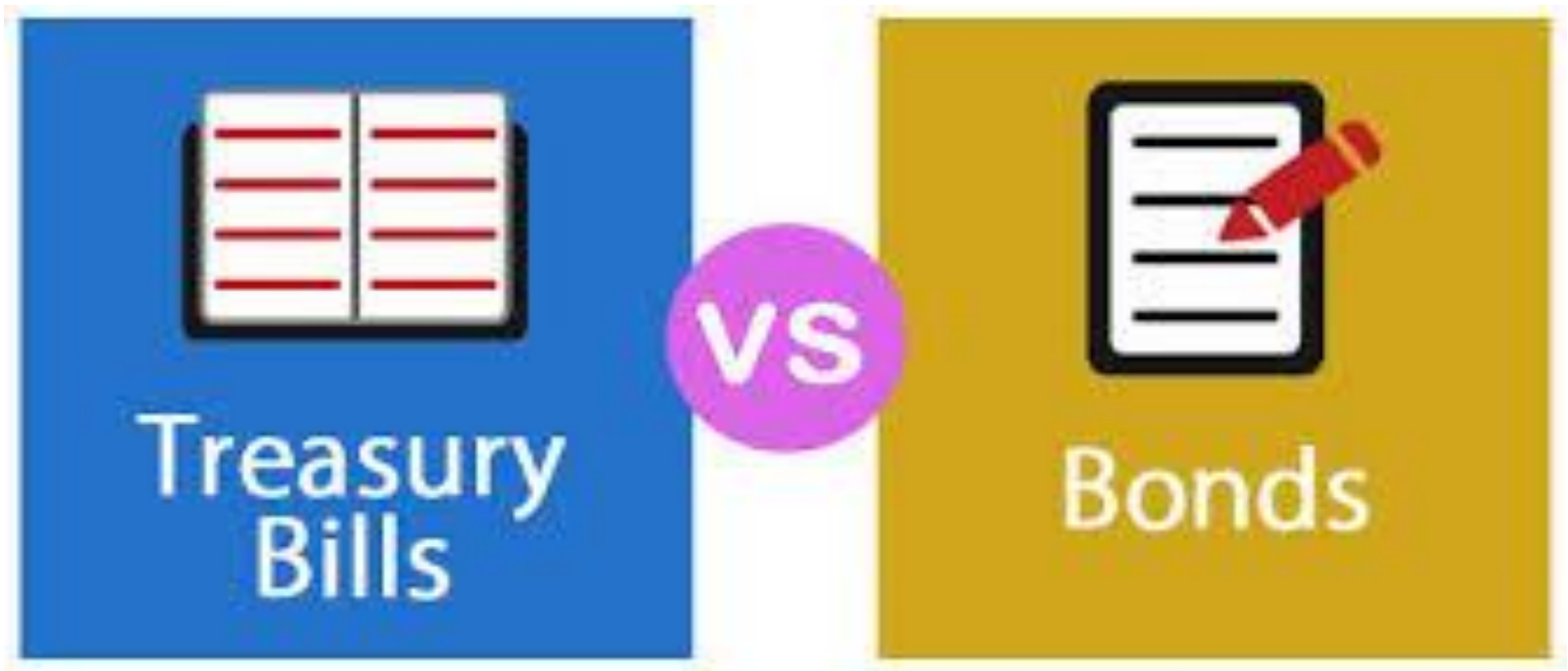


Important element in the decision making process for the central bank and the government in relation to the market interest rate.



TREASURY BILLS AND BONDS





CHARACTERISTICS OF

TREASURY BILLS AND BONDS

	Treasury Bills	Bonds
1 Characteristic	• Short term securities with maturities of three, six and one year • Issued on tender basis • Purchase at a discount and face value received upon maturity • Currently on a weekly basis • Minimum bid amount of R5,000 and thereafter in multiples of R5,000 • Available to investors holding an account at a local bank in the local currency	• Long-term investment with a maturity date exceeding one year • Purchase at face value • Purchase price will depend on the issuance method, i.e. whether it is done by tender or by tap • Minimum purchase amount of R1,000 and thereafter in multiples of R1000 • Available to investors holding an account at a local bank in the local currency
2 Application	Application through form with the following details: • Full name • NIN • Address • Telephone Number • Banking Details	
3 Results	• Confirmation letter • Publication on the Central Bank website and National TV	



TREASURY BILLS – THE PROCESS

Step 1:

Investors must fill in an application form.

The forms are available online on Central Bank website

Once completed, the forms should email using email address tbillsauction@cbs.sc

Step 2:

Allotment Process is done by an Allotment Committee.

Staff from Central Bank assist throughout the process and final decision is made by the Committee.

Result of the auction is disseminated after the auction is completed to all successful and non-successful applicants....

Step 3:

Payment of successful application is T+3

The method of payments is by bank transfer

The issue date is T+3 after the auction day.

Any late payment/non-payment will result in the investors being barred from future auction for a period of time.

Step 4:

Upon maturity, the face value is credited in the investors accounts as per the details on the application forms.

Any changes in account number, the investor must notify the Central Bank before the maturity date.



TREASURY BILLS: INTEREST RATE / TENDER PRICE CALCULATOR

www.cbs.sc/Domestic/interestratecalc.jsp

You Are Here: Domestic Debt > Government Securities > Treasury Bills

Interest Rate / Tender Price Calculator

Below is the calculator to convert tender price into interest rate and vice versa. Please note that the tender price should be used on the tender application forms.

365

▼

No of Days

Kindly remember to change the number of days for the respective maturity you wish to convert the rate/price.

Interest Rate %	5.00	to Tender Price	Calculate	95.24
Tender Price		to Interest Rate %	Calculate	

Clear Fields



BONDS – THE PROCESS

Step 1:

Investors must fill in an application form.

The forms are made available online on Central Bank website when there is an issuance

Once completed, the forms should be emailed to bonds@cbs.sc

Central Bank staff will inform the investors when to make payment which is T+3 after the investors have been notified that they have been successful.

Step 2:

The method of payments is by bank transfer.

Any late payment/non payment may result in the investors being barred from future auction for a period of time.

A confirmation letter is sent to the successful applicants with all the relevant details.

Step 3:

Interest on the bond is paid into the bank account provided on the application form throughout the life of the bond as per the prospectus, unless otherwise stated.

Step 4:

Upon maturity the principal plus accrued interest from the last interest payment date is credited in the investors accounts as per the details on the application forms.

Any changes in account, details the investors must notify the Central Bank before the maturity date and any interest payment date.



THANK YOU!

