

Government Securities

Government securities are debt instruments issued by the Government to meet its financing needs. The Central Bank is responsible for the administration of the primary market for Government securities which includes Treasury Bills, Treasury Bonds and Government Stocks.

In some countries these securities are also used by the Central Bank as monetary policy instruments to manage the level of liquidity in the economy. The Central Bank of Seychelles currently does not issue its own bills or directly use Treasury Bills or Bonds for monetary policy purposes.

Government securities can be purchased by private individuals and organisations from the Government through the Central Bank who contracts to make future payments of interest and principal according to the terms and conditions of the prospectus or notice of each security issued.

Investments for all securities are in multiples of SCR 5,000 with a minimum value of SCR 5,000. Transfers of bonds/stocks between individuals and organizations are also permitted, provided such transfers are done at the Central Bank. Application forms for securities are available on the Central Bank's website - www.cbs.sc and can also be collected at the Financial Markets Division during office hours.

What security is currently available at the Central Bank?

Government Treasury Bills

What is Government Treasury Bills?

These are short-term securities issued with maturities ranging from three months to one year. Tenders are open to adult individuals (singly or jointly) and corporate bodies. Both resident and non-resident can apply for treasury bills.

What do I need to know if I want to buy Treasury Bills?

- All tenders must be made on the printed application forms available on request from the CBS or the CBS website;
- Tenders must be of a minimum bid size of SCR5,000 and in multiples of SCR 5,000 thereafter. A Tender Price should be offered;
- Completed tender(s) should be placed in a sealed envelope, marked 'Tender for 91 Day or 182 Day or 365 Day Government of Seychelles Treasury Bill's' and should be deposited in the Tender Box at the Banking Hall of the Central Bank Building. As an auction takes place every Friday, tenders should be deposited in the Tender Box before Friday of each week;
- Results of the auction are made available on the same day to applicants whose Tenders have been accepted in whole or in part;
- Results are also published every Tuesday in the Seychelles Nation;
- The Bills will be payable 91 Days, 182 Days and 365 Days after the date of issue, which will be three working days after the auction date;
- Payment mode is either by SWIFT, Cheques or Cash up to SCR25,000

- The Average Tender Rate auction outcome is published on the Central Bank website on the date of the auction;
- Upon maturity of the Treasury Bills, proceeds will be credited to the holders' respective commercial bank account by a swift transfer.

Government Treasury Bonds

The Government has issued several Treasury Bonds in the past. Whenever there is a new issue of Treasury Bonds, approval is required from the Ministry of Finance. The Central Bank of Seychelles then administrates the formalities whereby a Prospectus is published both in the Nation and on the CBS Website.

In 2009 Government stopped the issuance of treasury bonds as it set out to bring down its stock of debt. However, bonds play an important role in financial market developments and to this end an attempt was made earlier this year to resume the issuance of some treasury bonds. However, the returns demanded by the market did not reflect market fundamentals and such the exercise was discontinued once again. Nonetheless as the Seychelles financial market becomes more dynamic, and the Government debt level declines further it is expected that the issuance of treasury bonds will resume.

Information hereunder outlines the procedures currently in place for any future treasury bond issues.

Where can I get an Application form?

- Application forms are available both on the CBS Website and at the Financial Markets Division at the Central Bank.

Issue of bonds

- Treasury Bonds are issued in multiples of SCR 5,000 with a minimum amount of SCR 5,000.

Payments of bonds

- Payment for Treasury Bonds can be made by either cash (up to SCR 25,000), crossed cheque drawn in favour of the Government of Seychelles or a swift transfer from the applicant's respective bank account.

Can I transfer my bonds?

- Yes, it can be transferred in whole or part;
- Transfer should be a minimum value of SCR 5,000 and should be in multiples of SCR 5,000;
- Transfer should be registered in a register of transfers at the Central Bank.

When is payment done?

- A month before redemption of the Treasury Bonds, the bond holders are sent a reminder letter to surrender their Treasury bonds certificate so that payment can be made on the redemption date of the bond;
- Payments can only be made when the holders surrender their certificates. Redemption proceeds are credited to the holders respective commercial bank account by a SWIFT transfer;
- Upon redemption both principal and any accrued interest are paid.

What happens if the certificate is damaged, lost or destroyed?

- When a certificate has been damaged, lost or destroyed, a new bond certificate is issued at a fee of SCR 150.

For More Information

Please call us on 4282039 or 4282035, send us an e-mail at FMD@cbs.sc or visit our website – www.cbs.sc

**Contributed by
The Central Bank of Seychelles**