

Terms & Conditions Governing the Issue of T-Bills

a) Particular Covenants

The Government securities are obligations of the Royal Government of Bhutan. The securities shall have a fixed maturity period, volume and the discount rate announced from time to time. The Ministry of Finance shall redeem the Bills on maturity at face value (price + discount).

b) General Covenants

The Royal Securities Exchange of Bhutan Limited and the Royal Monetary Authority of Bhutan on behalf of the Ministry of Finance is authorized to offer for sale of securities and receive tenders from the general public or the financial institutions through the facility of the Royal Securities Exchange of Bhutan Ltd.

- 1) The Bills of varying maturities with a maximum tenure of 364 days will be sold by the Royal Monetary Authority of Bhutan on auction basis. The date and place of auction and the exact tenure of Bills will be announced by RMA from time to time.
- 2) The Treasury Bills Management Committee will make allocations at the auctions by means of either “uniform price” or “multiple price” or “tap sale”.
- 3) The tender forms along with the terms and conditions are obtained from the websites of the RMA or from the RSEBL office. The tenders must be submitted up to the time specified by the RMA on the prescribed Application Form and shall be irrevocable after submission.
- 4) The bids of the financial institutions shall be submitted through their respective brokerage subsidiaries, while bids by all other participants may be submitted directly to the Royal Monetary Authority of Bhutan. No commission will be charged by the brokers in the primary transaction. For secondary transaction, the individual holder of the Bills must transact through their respective Brokers.

- 5) The bid must be submitted on official tender form and there has to be sufficient balance in the bank account and lien noted in the form. All bids must be stated in multiples of Nu. 1,000/- subject to the condition that each individual bid be for a minimum of Nu. 10,000/- or 10 units.
- 6) In submitting the tenders, no financial institution may bid directly or indirectly on behalf of any other financial institutions and no bidder may bid in concert with other bidders. The overscribed bids within the limit of total available bids will be prorated accordingly at the time of allotment.
- 7) The Treasury Bills Management Committee reserves the right to accept or reject any or all the bids either wholly or partially, without assigning any reason.
- 8) The securities shall be issued in book-entry form and will be registered in the Ledger of the Ministry of Finance at the RSEBL. The securities shall be registered in multiples of Ngultrum 1,000/- (one thousand).
- 9) The letters of allotment in respect of securities allotted shall be dispatched by post at the risk of the tenderers unless alternative arrangements for pick-up have been made in advance with the RSEBL.
- 10) The RMA/RSEBL will not bear any liability whatsoever for any errors in the tenders received or for delays in the transmission of the tenders.
- 11) The securities shall be listed on the RSEBL and all transactions have to be routed through the facilities of the RSEBL.
- 12) In the event of under subscription, the RMA shall not participate in the purchase of T-Bills. In such a situation:

- a) government will have to reduce its expenditure,
- b) float another issue of T-Bills after two weeks so that the fund could be raised.

13) The Bills will be redeemed at par on maturity through the Principal Government Account directly by RMA. The RSEBL shall provide information to RMA and DPA at least 7 working days before maturity date.