



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT  
Government Centre, Port Louis, Mauritius

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Circular No. 6 of 2019

My Ref. : CF/30/10/6 V3

Date: 20 May 2019

From : Financial Secretary  
To : Supervising Officers of Ministries/Departments and Officers-in-Charge of  
Non-Financial Public Sector Bodies

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**SUBJECT : Using Surplus Funds for Early Repayment of Public Sector Debt**

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In order to enable the early repayment of public sector debt, Government will be issuing specifically designed Treasury Certificates (TCs) through the Bank of Mauritius (BOM) as from 3 June 2019. This will have the added benefit of reducing the excess liquidity in the banking system as well as the cost of mopping up that excess liquidity. The TCs, which will be open exclusively to Non-Financial Public Sector Bodies (NFPSB), will also provide an opportunity to these bodies to directly invest their temporary surplus cash balances in an instrument of maturities that will meet their cash flow requirements. This will confer various benefits to public sector bodies on account of the following:

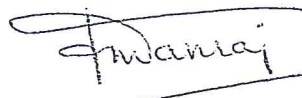
- (i) Investment in Government securities generally yields higher returns as compared to bank deposits of similar maturities;
- (ii) Government securities are risk-free financial instruments, thus the most secured type of investment;
- (iii) Investment in Government instruments will encourage the development of the market for Government securities; and
- (iv) This initiative will contribute to improving public sector cash management.

2. The key features of the new instrument as well as the mechanism for investing therein are outlined in the attached Note at **Appendix I** to this Circular. An Application Form for opening of accounts in Book Entry Form at the Bank of Mauritius is attached at **Appendix II**.

3. Additionally, NFPSBs may invest their surplus funds in traditional Government securities through the secondary market. The Note at **Appendix I** also outlines the process for making such investments.

4. In view of the above-mentioned benefits, NFPSBs are requested to invest their surplus cash balances, after taking into account their near term cash requirements, directly in new Treasury Certificates that will be issued or in traditional Government securities through the secondary market. This Circular supersedes any previous investment guidelines issued by this Ministry to NFPSBs.

5. Supervising Officers are requested to bring the contents of this Circular to the attention of all extra-budgetary units, local authorities and non-financial public enterprises falling under their purview and to ensure adherence thereto.



**D.D Manraj, GOSK**  
**Financial Secretary**

**Copy to:**

- (i) Secretary to Cabinet and Head of the Civil Service
- (ii) Director of Audit
- (iii) Accountant General
- (iv) Directors, Economic and Finance, MOFED

**Note on Investment in Treasury Certificates and Other Government Securities**

Government will be issuing through the Bank of Mauritius (BOM), as from **Monday 3 June 2019**, Treasury Certificates (TCs) specifically designed for Non-Financial Public Sector Bodies (NFPSBs). The TCs will be open for investment exclusively by NFPSBs.

The key features and the mechanism for investment in this new instrument are outlined below:

**i) Features of Treasury Certificates**

- The issuance will be in book entry format.
- The maturities will be for 91 days, 182 days and 364 days.
- To facilitate submission of bids by NFPSBs, the issue will be made at par.
- Bids will be for a minimum of Rs 100,000 and in multiples of Rs 50,000.
- The yields on these instruments will be the same as the weighted average yields for last issued T. Bills/BOM Bills of similar maturities.
- Interest on the TCs will be paid at maturity or on encashment.
- In case of unforeseen cash requirements by a NFPSB, the TCs can be redeemed before maturity through the BOM. The yield applicable on the TCs will be calculated by interpolation based on the remaining time to maturity of the instrument/s.

**ii) Mechanism for Investment in Treasury Certificates**

- An account in Book Entry Form will have to be opened by each NFPSB at the BOM for recording of the TCs.
- Application for opening of an account at the BOM by a NFPSB should be accompanied by an extract of their Board's resolution authorising the designated person/s to invest in Treasury Certificates.
- Tenders for issuance of TCs for will be made on a fortnightly basis on Monday.



- Invitation for bids will be posted on the website of the BOM by 1000hrs and bids will have to be submitted electronically on a set format to a secured email address at the BOM at latest by 1100hrs on Tuesday. The original tender form will need to be submitted to the BOM before the settlement deadline of 1300hrs on Thursday.
- Bid amounts may be submitted for any or all of the 3 maturities.
- Allocation will be made by the existing Allocation Committee for Government Securities on the basis of bid amounts and maturities preferred by the market.
- The Allocation Committee will reserve the right to issue an amount higher than the tender amount.
- Bidders will be informed of the respective amount allocated, and the results of the tender will be posted on the website of the BOM on the same day (Tuesday).
- Settlement will be made through MACSS at latest by 1300hrs on Thursday.
- In case of need for redemption of the TCs before maturity by a NFPSB, the BOM should be informed by way of letter duly signed by the authorised person/s. Upon receipt of the letter, the BOM will process same urgently and thereafter inform the applicant with copy to MOFED and the Treasury.

### **Investment in Traditional Government Securities**

- NFPSBs can also invest in traditional GOM securities through the secondary market.
- There are currently four registered primary dealers (PDs) that are authorised to buy Government securities on the primary market and trade them on the secondary market.
- The four PDs are (1) State Bank of Mauritius Ltd, (2) The Mauritius Commercial Bank Ltd, (3) Barclays Ltd, and (4) Afrasia Ltd.
- NFPSBs can consult the websites of the PDs for bid and offer prices for GOM securities of various maturities and liaise with them for purchase or disposal of the desired securities.

*Ministry of Finance and  
Economic Development  
20 May 2019*



### Application for the Opening of an Account in Book Entry Form for Government of Mauritius Treasury Certificates

Chief-Accounting and Budgeting Division  
Bank of Mauritius  
PORT LOUIS

We hereby request Bank of Mauritius to open and maintain an Account in Book Entry Form for the purpose of recording investments in Government of Mauritius Treasury Certificates.

1 Name of Non-Financial Public Sector Body: .....

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2 Address: .....

3 Email Address: ..... BRN/Identification No: .....

4 Instructions for the Payment of Interest and Maturity/Encashment Proceeds.

Beneficiary Name	
Bank	
Beneficiary Account No	

5 List of persons authorised to operate the account.

	Name	Designation	Signature
1			
	Telephone No:		
2			
	Telephone No:		
3			
	Telephone No:		
4			
	Telephone No:		

Please attach the following documents:

- i. Duly certified extract of Board resolution for the opening and operation of the above account.
- ii. Copy of NIC and proof of address.

Authorised Signatories

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Date:

Seal: