



**REGULATION N°06/2013/CM/UEMOA
CONCERNING TREASURY BILLS AND BONDS ISSUED BY TENDER OR SYNDICATION
WITH ASSISTANCE FROM UMOA-TITRES**

**THE COUNCIL OF MINISTERS
OF THE WEST AFRICAN ECONOMIC AND MONETARY UNION (WAEMU)**

With respect to the amended Treaty of the West African Economic and Monetary Union (WAEMU) dated 10 January 1994, in particular articles 2, 4-a), 4-c), 6, 16, 21, 41 to 43, 62, 76-d), 112 and 113;

With respect to the Treaty of the West African Economic and Monetary Union (WAEMU) dated 20 January 2007, in particular articles 5, 10 and 11;

With respect to the Statutes of the Central Bank of West African States (BCEAO) in the appendices of the WAEMU Treaty dated 20 January 2007, in particular articles 36 to 39;

With respect to the Convention of 3 July 1996 on the creation of the Regional Council for Public Savings and Capital Markets;

With respect to the Convention of 6 April 2007 governing the Banking Commission of WAEMU;

With respect to the General Regulations on the organization, functioning and monitoring of the Regional Financial Market of WAEMU;

With respect to the Decision of the WAEMU Council of Ministers of 6 July 2001 approving the proposals submitted by BCEAO regarding the terms and conditions of the issuance of Treasury bills and bonds in WAEMU member States;

With respect to Decision N°CM/UMOA/006/05/2012 of 10 May 2012 authorizing BCEAO to create a Regional Support Agency for the Issuance and Management of public debt securities by WAMU member States, named "Agence UMOA-Titres";

With respect to Decision N°CM/UMOA/007/05/2012 of 10 May 2012, creating the Financial Stability Fund of WAMU;

In consideration of the promotion of the public debt securities market in WAEMU, particularly through the standardization of the issuance and distribution procedures of the securities which, contributes to developing the Regional Financial Market and improving the competitiveness of the economies of the Union;

Acting on a joint proposal of the WAEMU Commission and BCEAO;

After consultation of the statutory Committee of Experts of 7 June 2013;

SHALL ADOPT THE FOLLOWING REGULATION:

TITLE I: PRELIMINARY PROVISIONS

Article 1: Definitions

For the purposes of this Regulation, the following definitions shall apply:

1. **Agency UMOA-Titres (“Agence UMOA-Titres”)**: Regional support Agency for the issuance and management of public debt securities by WAMU member States;
2. **BCEAO or Central Bank**: Central Bank of the West African States;
3. **Treasury bonds**: Short-term securities issued by States of the Union, negotiable throughout the territory of WAEMU member States;
4. **BRVM (“Bourse Régionale des Valeurs Mobilières)**: Regional Securities Exchange SA;
5. **WAEMU Commission**: Commission of the West African Economic and Monetary Union;
6. **CREPMF (“Conseil Régional de l'Épargne Publique et des Marchés Financiers)**: Regional Council for Public Savings and Capital Markets;
7. **Central Depository or CD/SB**: Central Depository/Settlement Bank, under the Internal Regional Financial Market of WAMU;
8. **National Office**: National Office of BCEAO in the concerned Union member State;
9. **Credit Institution**: Bank or financial Institution carrying out banking operations;
10. **CFA F**: African Financial Community Franc;
11. **WAMU Financial Stability Fund**: Fund created by the WAMU Council of Ministers to provide emergency assistance to member States and support the harmonious development of the regional financial market;

12. **ISIN:** International Securities Identification Number;
13. **Treasury Bonds:** Medium or long term securities, negotiable throughout the territory of WAEMU member States and issued by member States of the Union;
14. **MIC:** Management and Intermediation Company;
15. **SVT (“Spécialistes en Valeurs du Trésor”):** Primary dealers;
16. **WAEMU:** West African Economic and Monetary Union;
17. **WAMU:** West African Monetary Union;
18. **Union:** WAEMU or WAMU.

Article 2: Scope

This Regulation will govern the issuance and distribution of the Treasury bills and bonds subject to an auction or syndication procedure, organized with the support of Agency UMOA-Titres.

TITLE II: PROVISIONS COMMON TO TREASURY BILLS AND BONDS ISSUED BY TENDER

CHAPTER I: ORGANIZATION OF ISSUANCES

Article 3: Issuer

Treasury bills and bonds shall be issued by the State, under the responsibility of the Minister of Finance.

Article 4: Subscriptions – Investors Concerned

Primary subscriptions to Treasury bills and bonds will be reserved for credit institutions, MICs, and regional financial organizations with a settlement account in the books of the Central Bank.

Other investors, individuals or legal entities, irrespective of the State of the territory in which they are established, may also subscribe to Treasury bills and bonds on the primary market via credit institutions and MICs established on Union territory.

The credit institutions and MICs concerned by the first paragraph of this article may be certified as primary dealers, under the conditions specified by a BCEAO instruction. As such, they will be given specific advantages in exchange for their commitment to regularly and significantly participating to public debt security operations.

The amount subscribed per subscriber may not exceed a certain percentage of the total announced amount of the concerned tender. This percentage is specified by a BCEAO instruction.

Article 5: Issuance Schedule

The annual issuance schedule for Treasury bills and bonds will be established by the Agency UMOA-Titres on the basis of the indicative programs provided by the Treasuries. It will be validated by the Advisory Board of the Agency and updated on a quarterly basis according to the amendments made by the Treasuries and in conjunction with the former. In addition to issuance dates, the schedule specifies the instruments, their values and maturity dates, and the issuance procedure.

Two (2) or more States may carry out the issuance of securities on the same day, provided that such securities do not share the same characteristics.

Article 6: Launch of Bonds and Subscription Period

The Agency UMOA-Titres will be responsible for the material organization of public debt security tenders. In cooperation with the Treasury of the issuing State, the Agency will draft the briefing note and the call for tenders, which shall then be communicated to BCEAO. At least seven (7) days before the tender date, BCEAO shall communicate to the tenderers this notice which defines the characteristics of the issuance, including the tender date, the maturity of the Treasury bills or bonds, the amount of the issue, the submission deadline, and the settlement date.

Tenders shall be included in the issuance schedule of the States as established by the Agency UMOA-Titres, unless expressly authorized by the Advisory Board of the Agency.

A line of Treasury bills or bonds may be subject to successive issues sharing the same characteristics.

Article 7: Submission and Opening of Tenders

The Agency UMOA-Titres shall open tenders on the basis of the submissions rendered anonymous and provided by BCEAO. The terms and conditions regarding the submission and opening of tenders are specified by a BCEAO instruction.

Article 8: Tender Results

The Agency UMOA-Titres will establish an anonymous analysis grid, proceed to the analysis of the results, and submit proposals for decision thresholds to the Treasury of the issuing State, who will limit, as a last resort, the value to be adopted for tendering.

This decision will be communicated to the Agency UMOA-Titres and to the National BCEAO Office of the issuing State. BCEAO shall establish the nominal roll of tender results, which shall be sent to the Agency UMOA-Titres and the Treasury of the issuing State. BCEAO shall also notify all operators of their winning bids.

Article 9: Settlement of Treasury Bills and Bonds on the Primary Market

The settlement of purchases of Treasury bills and bonds by primary subscribers shall be carried out through the debit of their settlement account at the Central Bank, on the value date of the issue of these securities. Direct subscribers with no settlement accounts at BCEAO shall carry out the settlement of their bills and bonds on the value date of the operation at the latest, by transfer order or check payable to the issuing Treasury.

Primary subscribers shall make all necessary arrangements to ensure that these accounts are sufficiently funded in order to guarantee the settlement of the securities that have been allocated to them in their own name or on behalf of their clients. Non-observance of this provision shall result in the application of the penalties provided for in Article 21 of this Regulation.

On the first business day following the settlement, all account holders shall receive a statement of their securities account confirming the transactions and providing the latest balances.

On the value date of the issue, the regular account of the issuing National Treasury in the books of BCEAO shall be credited:

- with the proceeds of the winning bids, net of prepaid interests, for Treasury bills;
- with the proceeds of the winning bids, for Treasury bonds.

Article 10: Book Entries and Account Holders

Credit institutions and MICs shall be authorized to hold securities accounts on behalf of their clients and in their own name. Bills or bonds shall be recorded in these accounts in accordance with the rules specified by a BCEAO instruction.

Credit institutions and MICs may not perform transfers, securities pledges, or any other operation affecting in any way the ownership and the right to interests of the securities held on behalf of their clients with no formal authorization from the latter nor a court decision.

Article 11: Repayment Terms

At least a week before the maturity date of the securities, the Agency UMOA-Titres shall invite the concerned Treasury to take the necessary measures to fulfill its obligations. Repayment of the capital shall be carried out on the first business day following the maturity date of the Treasury bills or bonds, at the cost of the issuer. To this end, the Central Bank shall debit the ordinary Treasury account on its books. The Treasury shall take all necessary measures to ensure that its ordinary account is sufficiently funded to guarantee the repayment of the capital.

CHAPTER II: OTHER PROVISIONS

Article 12: Form and Direct Debit of Treasury Bills and Bonds

Treasury bills and bonds issued by tender shall be dematerialized and held in a current account in the books of the Central Bank.

Article 13: Numbering of Treasury bills and bonds

Lines of Treasury bills and bonds are identified by an ISIN code attributed by the authorized organization at the request of the Agency UMOA-Titres.

Article 14: Delivery-Settlement of Treasury Bills and Bonds on the Secondary Market

The Central Bank ensures the clearing of the operations between the parties involved in possession a 'Treasury Bills' account or a 'Treasury Bonds' account and a settlement account in the books of the Central Bank.

Clearing shall be conducted according to the principle of double notification in order to ensure the simultaneous completion of securities delivery and cash settlements. To this end, for each one of the transactions, each contracting party shall send a notification to the Central Bank, specifying the main characteristics of the operations, as follows:

- the identity of the transferor and the corresponding settlement account and 'Treasury bills' or 'Treasury bonds' account numbers;
- the identity of the transferee and the corresponding settlement account and 'Treasury bills' or 'Treasury bonds' account numbers;
- the number of Treasury bills or bonds and the references of the concerned issue;
- the net amount to be settled;
- the value date of the operation.

The shortest settlement deadline shall be the first business day following the conclusion of the transaction for domestic operations and the third business day following the conclusion of the transaction for operations between two (2) Union member States. Contracting parties shall be free to agree upon a term above these minima to conduct their operations. If the instructions provided by the two (2) parties are identical, the operation shall be cleared definitely at the agreed value date. Should there be a conflict between the elements provided, the Central Bank shall suspend the operation and notify the two (2) parties of this decision for amendment.

The Central Bank shall verify the existence of sufficient funds before carrying out the requested clearings.

The communication of the abovementioned notifications to the Central Bank shall be carried out by the means selected by the parties involved, via fax, regular mail, or any rapid means of communication accepted by BCEAO.

The clearing procedure for operations between parties possessing a securities account in the books of the same account holder shall be specified by a BCEAO instruction.

Article 15: Information Regarding Primary Subscription to Treasury Bills and Bonds

Following each tendering, the Central Bank shall draw up an official report co-signed by the Treasury of the issuing State. To this document, which shall be communicated to the Agency UMOA-Titres and to the Treasury of the issuing State, will be attached a summary statement of the submitted bids and the summary statement of the winning bids.

The report shall include the following information:

- the amount paid;
- the coverage rate of the tendered amount by subscriptions and winning bids;
- the weighed average interest rate or the weighed average auction price;
- the average yield;
- the marginal rate applied to Treasury bills, defined as the highest rate offered for the winning bids, and/or the marginal price applied for Treasury bonds, defined as the lowest price offered for the winning bids.

This official report shall be communicated to the banking system and to CREPMF by BCEAO, who shall ensure its widespread dissemination.

Article 16: Weekly Information Regarding Secondary Market Operations

On the first business day of the week, primary dealers and other investors concerned by paragraph 1 of Article 4 above shall communicate to the National BCEAO Office of the State in which they reside, for each purchase or sale transaction carried out during the previous week, the number of Treasury bills and bonds and their unit price for securities with similar maturities.

This data shall be sent to the Agency UMOA-Titres, which shall send a summary to the Treasury, the Central Bank, the banking system, and CREPMF. BCEAO shall ensure the wide dissemination of this summary.

Article 17: Monthly Information Regarding Secondary Market Operations

On the first business day of each month, the primary dealers and other investors concerned by paragraph 1 of Article 4 above shall communicate to the National BCEAO Office of the State in which they reside the stock of outstanding Treasury bills and obligations held by the different categories of investors, including households, non-financial institutions, insurance companies and credit institutions.

This data shall be provided to the Agency UMOA-Titres who shall produce, within the first ten days of each month, a report specifying the following:

- series of securities and their outstanding stock at the beginning of the period;
- categories of investors;
- settlements paid;
- any payment incident;
- the outstanding stock of securities at the end of the period.

This document shall be sent by the Agency UMOA-Titres to the Treasury, CREPMF, and the Central Bank, the latter of which shall ensure its wide dissemination.

Article 18: Repurchase of Securities by their Issuers

Each member State may proceed to the early repurchase of the entirety or a part of the securities this State has issued, either by acquiring them directly on the secondary market, or by organizing public takeover bids with the assistance of the Agency UMOA-Titres.

Direct repurchases on the secondary market shall be carried out over-the-counter with security holders. To this end, the State shall be represented on the market by its authorized agents, including intermediaries such as credit institutions, MICs, or primary dealers.

Public takeover bids for securities shall be conducted via tender and organized with the assistance of the Agency UMOA-Titres, following the same procedures as the tendering of Treasury issues of bills and bonds.

Article 19: Prevention of Defaults of Payment

The prevention of defaults of payment shall be ensured through the mechanisms of the Financial Stability Fund.

Article 20: Liquidity of Treasury Bills and Bonds

Treasury bills and bonds are eligible for redemption by the Central Bank under the terms set by the Monetary Policy Committee.

Treasury bills and bonds may be subject to exchanges through the primary dealers and investors concerned by the first paragraph of Article 4 of this Regulation. Within this framework, these institutions are required to list the purchase and sale prices for which they are willing to carry out transactions. In addition, Treasury bonds may be exchanged at the Regional Securities Exchange SA.

The Central Bank, within the framework of its monetary policy actions, may proceed to outright purchases or sales of Treasury bills and bonds.

Article 21: Penalties

Any subscriber of Treasury bills or bonds who, at the payment date, does not possess sufficient funds for the coverage of their winning bids, shall be suspended from participation in tenders throughout all Union territory, until their situation has been regularized and for the duration of at least one auction session, without prejudice to any other penalty applicable to defaults of payment. In the event of a repeat offence, the subscriber shall be suspended for at least two (2) sessions. This suspension shall be delivered by the Agency UMOA-Titres.

The Agency UMOA-Titres shall publish an announcement, for each specific tender, listing the defaults of payment and penalties inflicted to their authors.

Infringement of the provisions of paragraph 2 of Article 10 of this Regulation shall be recorded and penalized by the Banking Commission of WAMU if committed by a credit institution, and by CREPMF if committed by a MIC.

Transfers, securities pledges or any other operation affecting in any way the ownership and right to interests of the securities held on behalf of clients and conducted without their formal authorization shall be declared null and void, and the concerned operations shall be deemed never to have benefited from this backing.

TITLE III: SPECIFIC PROVISIONS FOR TREASURY BILLS ISSUED BY TENDER

Article 22: Duration

Treasury bonds have an initial maturity of seven (7), twenty eight (28), ninety one (91), one hundred eighty two (182), three hundred sixty four (364), or seven hundred twenty eight (728) days.

Article 23: Nominal Value per Unit

The nominal value per unit of Treasury bills is set to one (1) million CFA Francs or a multiple of this amount.

Article 24: Yield

Upon issuance, Treasury bills shall be accompanied by a compensation payable in advance and deducted from the nominal value of the bills, based on an interest rate expressed in percentage per year, using a 360-day year and four (4) decimals.

TITLE IV: SPECIFIC PROVISIONS FOR TREASURY BONDS ISSUED BY TENDER

Article 25: Briefing Note for CREPMF

Before the issuance date of the bonds, the Central Bank shall send to CREPMF, on behalf of the Treasury, a briefing note produced by the Agency UMOA-Titres.

Article 26: Nominal Value per Unit

The nominal value per unit of Treasury bonds is set to one ten thousand (10,000) CFA Francs or a multiple of this amount.

Article 27: Duration

Treasury bonds are issued with maturities exceeding two (2) years.

Article 28: Auction type

Auctions shall be formulated in terms of the price offered for the acquisition of a bond. The auction procedure is detailed by a BCEAO instruction.

Article 29: Minimum Subscription

Direct subscribers of Treasury bonds, i.e. credit institutions, regional financial organisms, and MICs, shall submit tenders for a minimum of one hundred (100) bonds.

The minimum value for direct subscriptions by primary dealers is specified in a BCEAO instruction.

Other subscribers to Treasury bonds on the primary market via the intermediary of credit institutions and MICs may submit tenders for one (1) or several Treasury bonds.

Article 30: Interests and Coupon Payments

Treasury obligations shall generate an annual fixed-rate compensation based on the nominal value. The interest rate for each issuance shall be set by the issuer, in agreement with the Agency UMOA-Titres.

Periodic interest payments shall be made according to the declared characteristics of the Treasury bonds. Payments due on a non-business day shall be made on the following business day, without additional interest. Debt service payments linked to the issuance of bonds shall be recorded in the State budget.

TITLE V: ISSUANCE OF TREASURY BONDS BY SYNDICATION AND WITH ASSISTANCE FROM THE AGENCY UMOA-TITRES

Article 31: Organization of issuances by syndication

Issuances by syndication shall be conducted according to the current regulations decreed by CREPMF.

Treasuries may use the Agency UMOA-Titres for the organization of issuances by syndication.

Article 32: Appointment of the syndicate manager

The Agency UMOA-Titres shall, in conjunction with the Treasury of the issuing State, define the specifications regarding the selection of the syndicate manager.

The selection of the syndicate manager shall be carried out by the concerned Treasury, in conjunction with the Agency UMOA-Titres, following a tendering procedure.

TITLE VI: FINAL PROVISIONS

Article 33: Terms and Conditions of Implementation

Following consultation, Instructions from BCEAO and CREPMF, each within the limits of their respective assignments, shall specify, as necessary, the terms and conditions of the implementation of this Regulation. To this end, the Central Bank or CREPMF requires the approval of the Council of Ministers of the Union, or in-between two (2) sessions of the latter body, the approval of its current President.

Article 34: Amendments

This Regulation may be amended by the Council of Ministers of the Union by request of BCEAO, on the basis of a joint proposal by the WAEMU Commission and BCEAO.

Article 35: Entry into force

This Regulation shall render void and replace all previous and contrary provisions, including Regulation n°06/2001/CM/UEMOA of 6 July 2001 regarding Treasury bills and bonds issued by tender. This Regulation shall take effect on the date of its signature and shall be published in the Official Journal of the Union.

Done at Dakar, 28 June 2013

For the Council of Ministers

The President

Abdel Karim KONATE