



BANK OF TANZANIA

**GUIDELINES FOR PARTICIPATION IN PRIMARY AND SECONDARY
MARKETS FOR TREASURY BILLS**

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TREASURY BILLS MARKET

1.0 INTRODUCTION

The Bank of Tanzania as a banker and fiscal agent of the Government issues Treasury bills on behalf of the governments¹. Treasury Bills are debt instruments issued by the Governments in exchange for money borrowed from the public. Treasury bills are short-term securities maturing within a year. Treasury bills are issued for offsetting fluctuations between receipts from the budgeted revenues and payments of the Governments.

Treasury bills are auctioned at fortnightly basis by the Bank of Tanzania through competitive and non-competitive tender systems in the Primary market and subsequently sold and purchased on a continuous basis in the secondary market.

As investment instruments, Treasury Bills have the following advantages:

- They are relatively risk free because they are issued by the Government.
- They are transferable and negotiable.
- They can be pledged as collateral.
- They offer competitive rate of return.

The guidelines are divided into four main parts namely, market set up and participation, auction and tendering procedures, settlement requirements and trading of Treasury bills in the secondary market.

¹ “Governments” stands for the United Republic of Tanzania and The Revolutionary Government of Zanzibar.

2.0 MARKET STRUCTURE AND PARTICIPATION

2.1 Market structure

In the Primary market the Bank of Tanzania issues Treasury bills for the first time on a fortnightly basis. Subsequent sales and purchases of Treasury bills are conducted in the secondary market Over-The-Counter (OTC).

2.2 Eligibility

All East African Community residents are eligible to participate in the 364 days Treasury bills auctions.

2.3 Central Depository System

The Bank of Tanzania maintains and processes Treasury bills transactions through the Central Depository System (CDS). Treasury bills holdings are processed and stored electronically. No physical certificates are issued.

Before participating in Treasury bills auction an investor has to be registered by opening a CDS client securities account through Central Depository Participant (CDPs) of their choice. The procedures are as stipulated in CDS- rules and operational guidelines.

3.0 AUCTION AND TENDERING PROCEDURES

The Bank of Tanzania issues Treasury bills in four maturities namely 35-days, 91-days, 182-days, and 364-days.

3.1 Call for tender

A press release that is also a prospectus (**Annex I**) shall be issued one week before each auction.

In conjunction with issuing a prospectus through newspapers, call for tender is also published electronically in the Bank of Tanzania website (**Error! Hyperlink reference not valid.**) and in the CDS portal.

3.2 Submission of tender forms

CDPs and their clients shall use tender forms, **CDS/FORM/03 (Annex II)**. This form can be obtained from the Bank of Tanzania Head office and Branches, BOT website (**Error! Hyperlink reference not valid.**) and from the CDPs' offices.

The minimum bid amount per bid for Treasury bills is TZS 500,000 face value in multiples of TZS 10,000.

Competitive Bidders can submit multiple bids for every maturity at different prices.

Prices shall be quoted at discount in four decimal places.

Investors shall submit their tender forms through CDPs.

Duly completed tender forms bearing applicant's signature and stamp shall be submitted to the CDPs office. Subsequently CDPs will capture the bid details in the CDS for online submission to BOT.

The Bank of Tanzania reserves the right to accept or reject any or all-tender forms submitted in an auction.

3.3 Allocation to successful bidders

In allocating bids, the Bank shall use the computerized auction system known as Government Securities System (GSS).

The System uses multiple price system to allocate Treasury bills to the successful bidders. Each successful bidder shall pay the price she/he quoted. Successful bidders shall be listed, in a descending order starting with the highest bid price, down to the lowest bid price that exhausts the amount of Treasury bills offered for sale.

If bids at the cut off price exceed the face value of the remaining amount offered for sale, the Bank of Tanzania shall proportionally allocate amounts at the cut off price based on each bidder's amount until the amount offered for sale is exhausted.

3.4 Announcement of results and issuance of bid codes

Auction results shall be made available at the Bank of Tanzania website: **Error! Hyperlink reference not valid.** immediately after the auction, CDPs receive the auction results at their respective offices through CDS portal.

Successful bidders shall obtain bid result details (bid codes); from their CDPs. Bid codes shall be used as a reference for payment of Treasury bills through Tanzania Inter-bank Settlement System (TISS).

4.0 SETTLEMENT

4.1 Settlement of the Successful bids

- Successful bidders shall pay for their Treasury bills bids one day after the auction (T+1).
- Successful bidders shall pay their won amount through banks.
- Commercial banks/settlement banks shall remit payment through TISS to achieve DVP.

4.2 Payment of Redemption Proceeds

On maturity, investors shall be paid the face value (100 percent) of the Treasury bills, which includes cost value and interest amount. The Bank shall pay the investors through their banks' accounts.

4.3 Withholding Tax

- Income earned from investment in Treasury bills is subjected to withholding tax as per the Government regulations.
- All participants exempted from paying withholding tax shall provide to the Bank tax exemption certificates from the Tanzania Revenue Authority (TRA).

5.0 TRADING OF TREASURY BILLS IN THE SECONDARY MARKET

- Sale and purchase of Treasury bills shall be done Over the Counter (OTC), after issuance in the primary market.
- Transfer of Treasury bills traded in the secondary market shall be effected in the Book Entry System. To effect transfer of Treasury bills, participants shall fill in **Transfer Form BOT-FORM-TF CDS/FORM/04 (Annex III)** Duly completed transfer forms shall be submitted to CDPs.
- In case of Treasury Bills that are to be pledged as a collateral, client should fill the Lien Creation form **CDS/FORM/05 (Annex IV)** obtained from Bank of Tanzania website (<https://www.bot.go.tz>) or from CDPs offices. The form shall be submitted to the client CDP for processing in the CDS.
- On lien termination, client should fill the Lien Release Form **CDS/FORM/06 (Annex V)** obtained from Bank of Tanzania website (<https://www.bot.go.tz>) or from CDPs offices. The client shall submit the form to CDP for release of the pledged securities.

6.0 REGISTERED CENTRAL DEPOSITORY PARTICIPANTS (CDPs)

The list of registered CDPs:

1	ABSA BANK TANZANIA LIMITED
2	ACCESS BANK TANZANIA LIMITED
3	AFRICAN BANKING CORPORATION TANZANIA LTD
4	AKIBA COMMERCIAL BANK LIMITED
5	AMANA BANK LIMITED
6	ARCH CO LIMITED
7	AZANIA BANK LIMITED
8	BANK OF AFRICA (T) LIMITED
9	BANK OF BARODA (T) LIMITED
10	BANK OF INDIA (TANZANIA) LIMITED
11	CANARA BANK TANZANIA LIMITED
12	CHINA DASHENG BANK LIMITED
13	CITIBANK TANZANIA LIMITED
14	CORE SECURITIES LIMITED
15	CRDB BANK PLC
16	DCB COMMERCIAL BANK PLC
17	DIAMOND TRUST BANK TANZANIA LTD
18	E.A CAPITAL LIMITED
19	ECOBANK TANZANIA LIMITED
20	EQUITY BANK (TANZANIA) LIMITED
21	EXIM BANK (TANZANIA) LTD
22	FIMCO LIMITED
23	FIRST NATIONAL BANK TANZANIA LIMITED
24	GUARANTY TRUST BANK (TANZANIA) LTD
25	HABIB AFRICAN BANK LIMITED

26	I AND M BANK (T) LTD
27	INTERNATIONAL COMMERCIAL BANK
28	KCB BANK TANZANIA LIMITED
29	MAENDELEO BANK PLC
30	MKOMBOZI COMMERCIAL BANK PLC
31	MWALIMU COMMERCIAL BANK
32	NATIONAL BANK OF COMMERCE LTD
33	NATIONAL MICROFINANCE BANK PLC
34	NCBA BANK TANZANIA LIMITED
35	OPTIMA CORPORATE FINANCE
36	ORBIT SECURITIES CO LTD
37	RASILIMALI LIMITED
38	SMART STOCK BROKERS (T) LTD
39	SOLOMON STOCKBROKERS LIMITED
40	STANBIC BANK TANZANIA LIMITED
41	STANDARD CHARTERED BANK TANZANIA LTD
42	TANZANIA AGRICULTURAL DEVELOPMENT BANK LIMITED
43	TANZANIA POSTAL BANK
44	TANZANIA SECURITIES LIMITED
45	THE PEOPLE'S BANK OF ZANZIBAR LIMITED
46	UBL BANK (TANZANIA) LIMITED
47	UNITED BANK FOR AFRICA (T)LTD
48	VERTEX SECURITIES LTD
49	VICTORY FINANCIAL SERVICES LTD
50	YETU MICROFINANCE BANK PLC
51	ZAN SECURITIES LTD

GLOSSARY

Bid code: An alphanumeric reference assigned to a bid form before details are entered into the computer system for auction processing.

Book Entry System: An exchange and settlement system in a paperless form. It involves transferring of claims without the physical movement of paper documents or certificates.

Central Depository System: A system, which maintains and processes Treasury bills and bonds transactions and transfers through the Government Securities System (GSS).

Collateral: Securities pledged by a borrower against a loan, valid for the duration of the loan.

Cut off-price: The minimum price at which amount offered for sale is exhausted.

Dealer: An individual or firm selling or buying government securities as a principal or on own account.

Face Value: Par value (maturity value) of a security.

Government Securities: Treasury bills, bonds or stocks issued in accordance with the Government Loans Guarantees and Grants Act of 1974 as amended in 2004.

Securities Account: An account that keeps record of securities holdings for all investors in Government securities.

Maturity: The date when the Treasury bill/bond is due for redemption.

Over the counter (OTC): Secondary market trading system that involves sale and purchase of securities that are not listed and traded on an organized exchange.

Securities trading are conducted through telephones and computer network connecting dealers rather than on the floor of an exchange.

Secondary market: Sale and purchase of Treasury bills and bonds after their original issuance in the primary market.

Securities: Financial assets received in exchange for cash.

Settlement date: The date for delivery of securities and payment of funds.

Tender: An action of submitting a formal bid to buy a security in the Treasury bills and bonds auction.

TISS: Tanzania Inter-bank Settlement System is a Real Time Gross Settlement (RTGS), which facilitates payment, and settlement of government securities.

ENQUIRIES SHOULD BE DIRECTED TO:

Director,
Directorate of Financial Markets,
Bank of Tanzania,
P.O Box 2939, Dar-es-Salaam
Tel: G/L 022 – 2234494-97
D/Line: 022 - 22333564
Fax: 022-2112702

Manager,
Financial Markets Department,
Bank of Tanzania,
P.O Box 2939, Dar-es-Salaam
Tel: G/L 022 – 2234494-97
D/Line: 022 – 22333529
Fax: 022-2234049

Branch Director,
BOT Arusha,
P.O Box 3043
Tel: 027 – 2545541-3
Fax: 027 – 2545444/2548722

Branch Director,
BOT Mwanza,
P.O Box 1362
Tel: 028 - 2500313/2500315-7
Fax: 028 – 2500277/2500318

Branch Director,
BOT Mbeya,
P.O Box 1203
Tel: 025 - 2503321-3
Fax: 025 – 2502844/2502602

Branch Director,
BOT Dodoma,
P.O Box 2303
Tel:+255222232506
Fax:

Branch Director,
BOT Zanzibar,
P.O Box 568

Tel: 024 – 2230803/2238234
Fax: 024 – 2230415

SAMPLE (Call for tender)



TREASURY BILLS AUCTION
NUMBER 1083: INVITATION TO TENDER ON 11th MAY 2021

The Bank of Tanzania on behalf of the Government of the United Republic of Tanzania invites applications through Central Depository Participant (CDP) to tender for Treasury Bills of which terms and conditions are as follows:

Issuer	United Republic of Tanzania		
Maturities/Amount		Competitive	Non-Competitive
	35 days up to TZS	1,000 Million	100 Million
	91 days up to TZS.	1,700 Million	100 Million
	182 days up to TZS	3,000 Million	100 Million
	364 days up to TZS	71,000 Million	220 Million
Auction date	Tuesday 11th May 2021		
Procedure for bidding	Bids will be submitted online through Central Depository Participants (CDPs) and the process will be closed at 11.00 a.m. on the auction date		
Price per TZS 100	To be quoted at a discount to four (4) decimal places		
Minimum bid size	TZS 500,000 in multiples of TZS 10,000		
Auction results	Auction results shall be made available on the Bank's Website and at Central Depository Participants' offices immediately after the auction		
Settlement date	Wednesday 12th May 2021 (T+1)		
Form of issuance	Book entry system		
Redemption date	Redemption dates: 35 – Day 16 th June 2021 91 – Day 11 th August 2021 182 – Day 10 th November 2021		

	364 – Day 11 th May 2022
Tax	Interest income is subject to 10% withholding tax
Currency	Tanzania Shilling (TZS)
Defaulters	Successful bidders who fail to honor their obligations on time will be disqualified from participating in the subsequent auctions for a minimum period of one (1) month

The Bank of Tanzania reserves the right to accept or reject any or all applications.

For further details, please contact Financial Markets Department, Bank of Tanzania, 2 Mirambo Street, 11884 Dar es Salaam, P.O. Box 2939, Dar es Salaam (Tel: +255222234494-97, Fax: +255222234217), E-mail: info@bot.go.tz, Web: <https://www.bot.go.tz>



**BID APPLICATION FORM
TO PARTICIPATE IN THE AUCTION OF SECURITIES**

Authorized Dealer Name:

CDS SEC. A/C:

Account Name:

Manager Financial
Markets Bank of
Tanzania
P.O.Box 2939
Dar es Salaam

Date.....

Security Type:

Issuer: Government of Tanzania

Auction Date.....

Maturity period.....Days/Years

I/We tender for Government Securities with the following specifications

Amount of Tender (Face value)	Price per 100 shillings (In Four Decimal places)
Tshs	@

In accordance with the terms of the call for tenders for Government securities. I/We hereby agree to pay through TISS-DVP for the total amount that shall be allocated at the price per hundred shillings

Date	Authorized Signature	Authorized Signature
.....



CDS Form 03: GOVERNMENT SECURITIES TRANSFER FORM
 (To be submitted in duplicate to the Manager Financial Markets)

1	Authorized Dealers:		
	1. Selling Dealer	Name	
		CDS SEC. A/C	
	2. Buying Dealer	Name	
		CDS SEC. A/C	
2	Transacting on behalf of the client:		
	1. Seller	Name	
		CDS SEC. A/C	
	2. Buyer	Name	
		CDS SEC. A/C	
3	Subject:		
	1.Nature of Transaction*		
	2.Bond no		
	3.Bond Auction no.		
	4.Bond Holding no.		
	5.Treasury Bills Auction no.		
	6.Treasury Bills Holding no.		
	7.Face Value		
	8.Price		
	9. Discounted Amount		
4	Delivery Instructions:		
	1. CDS SEC A/C	Debit Account N	
		Credit Account N	
	2. Value Date (DD-MM-YYYY)		
5	Confirmation:		
	1. Authorized Signatory		
	2. Authorized Signatory		

Maturity date of the lien (DD/MM/YYYY): _____/_____/_____

Face Value of lien:

TZS

Value in words: -----

Instructions for disposing of the lien:

In the event that CDS securities posted as collateral mature before the lien has been released by the creator of the lien, then the face value of the affected CDS securities will automatically be credited to the settlement bank of the beneficiary of the lien.

Date **Authorized Signature** **Authorized Signature**

For Official Use Only
Verified By: __Sign__ Date _____
Approved By: __Sign__ Date _____
Remarks: _____

